

Iwatani



*A world where all enjoy true comfort
- this is Iwatani's desire.*

Corporate Report 2021

Corporate philosophy

Become a person needed by society, as those needed by society can prosper

Our corporate philosophy—*Become a person needed by society, as those needed by society can prosper*—expresses Iwatani Corporation's philosophy since its founding. We're committed to meeting the needs of both society and consumers, a mission handed down over the years as the foundation of all of our businesses. Some examples include our LPG and hydrogen businesses. Iwatani's LPG, which spurred a revolution in household fuel and reduced the burdens of kitchen work, is now a widely used and reliable clean energy source for daily life, for commercial activities, for outdoors activities, and for emergencies. Iwatani was an early adopter of hydrogen energy, which is now on the verge of becoming a major driving force behind revolutionary change across a wide range of fields as the ultimate clean energy source essential to building a sustainable society.

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Editorial policy

The purpose of the Corporate Report 2021 is to ensure understanding among an even broader range of stakeholders. It provides an overview of the Iwatani Group and its business strategies from both financial and non-financial perspectives. We will continue to enhance this content as a tool for clearly and transparently presenting information on the Iwatani Group's efforts to increase its corporate value.

Period covered

Most of the information provided in this Report concerns the period from April 1, 2020 through March 31, 2021, the Group's fiscal year. Some information also refers to events before and after this period.

Published

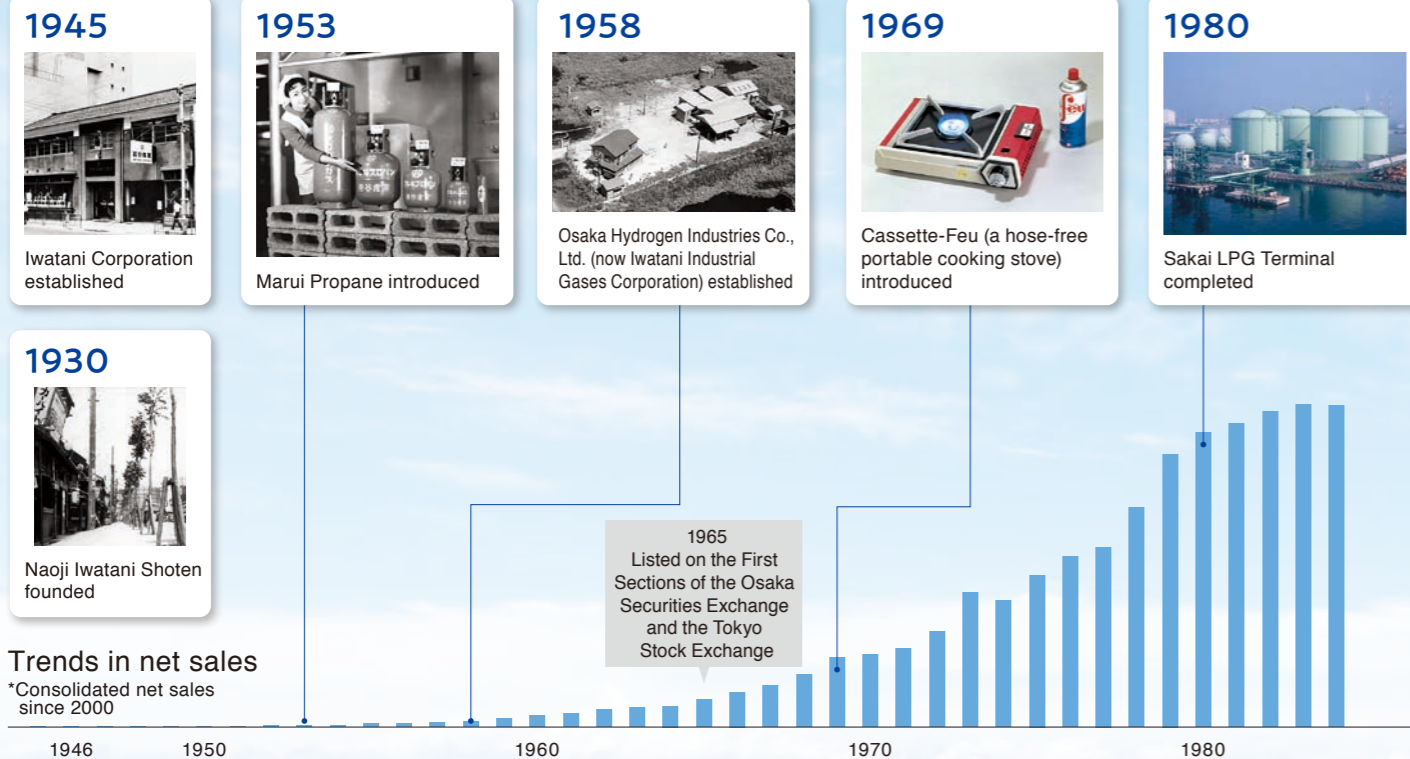
November 2021 (previous Corporate Report published October 2020)

Forward-looking statements (business and other risks)

Forecasts of business performance and other forward-looking statements found in this Report involve risks and uncertainty. Keep in mind that actual results may differ for various reasons from the forward-looking statements presented herein.

A history of meeting society's needs and rising to the challenge of innovation

The Gas and Energy business enriches daily life, supports societal progress, and contributes to a more prosperous future. Some of the gases we handle include LPG, air separation gases, helium, and hydrogen. Iwatani was early to identify the potential latent in these gases and has since built stable supply networks, developed new technologies, and devised new products. Iwatani maintains a firm commitment to pursuing the challenge of innovation in response to the world's needs, centered on Gas and Energy.



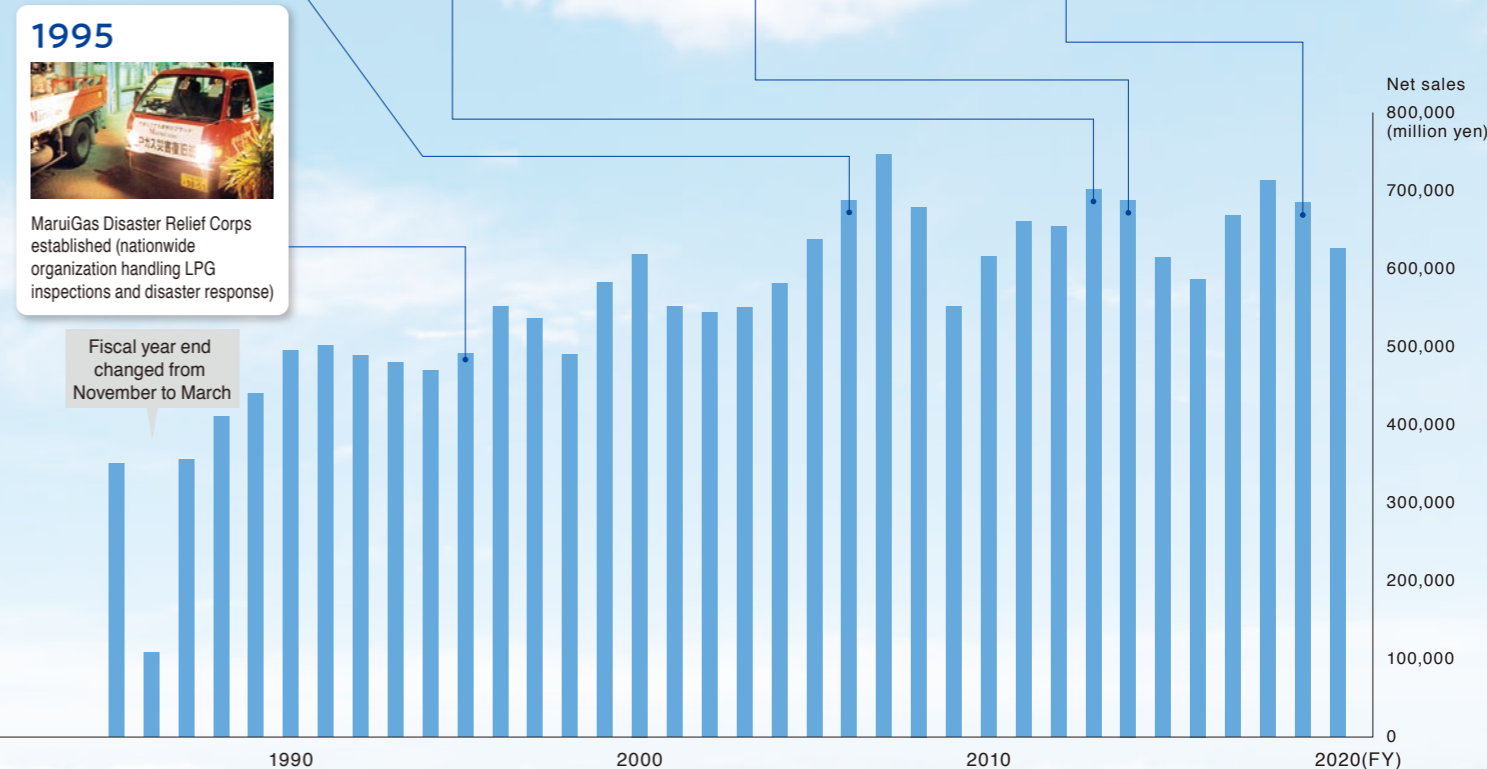
2006
Hydro Edge Co., Ltd. commences operating Japan's largest liquid hydrogen production plant.

2013
First procurement of helium from Qatar

2014
Iwatani Hydrogen Refueling Station in Amagasaki, Japan's first commercial hydrogen refueling station, opens.

2019
Start of hydrogen refueling station activities in the United States

2021
IwataniGateWay service introduced

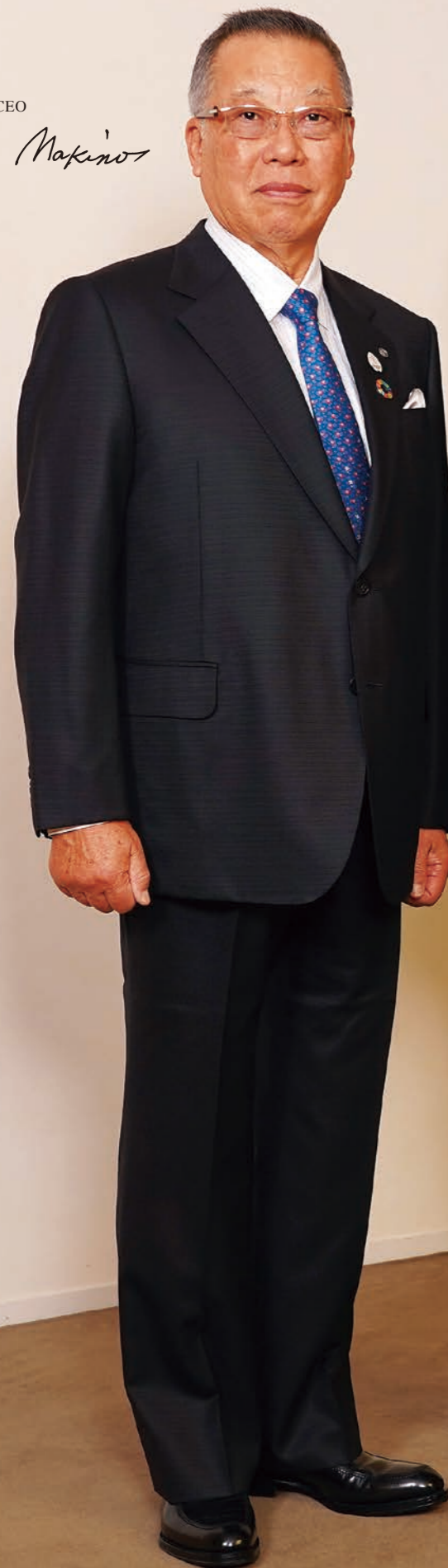


Iwatani's business development

1930	1950	2010
<p>Energy</p> <p>1930 Naoji Iwatani Shoten founded: first sales of oxygen, carbide, and welding rods</p> <p>1941 Hydrogen sales begin.</p> <p>1945 Iwatani Corporation established</p>	<p>Energy</p> <p>1953 Marui Propane introduced</p> <p>1969 Cassette-Feu (a hose-free portable cooking stove) introduced</p>	<p>Energy</p> <p>1977 ALALA Clean home detergents introduced</p> <p>1980 Sakai LPG Terminal completed</p> <p>1981 Imports commence for LPG from Saudi Arabia</p> <p>1994 Kashima LPG Joint Stockpiling Terminal completed</p> <p>1995 MaruiGas Disaster Relief Corps launched</p> <p>2014 First import of LPG from United States</p> <p>2016 First venture into retail electric power</p> <p>2017 First venture into the retail city gas market</p> <p>2021 IwataniGateWay service introduced</p>
<p>Industrial Gases & Machinery</p> <p>Begins supplying metals and other raw materials to industrial gas customers.</p>	<p>Industrial Gases & Machinery</p> <p>1958 Osaka Hydrogen Industries Co., Ltd. (now Iwatani Industrial Gases Corporation) established</p> <p>Full-scale entry into the hydrogen business</p>	<p>Industrial Gases & Machinery</p> <p>1975 Cold Air Products Co., Ltd. established</p> <p>Secured position as an industrial gas manufacturer</p> <p>1978 Japan's first commercial liquid hydrogen plant completed</p> <p>1980 First helium gas imports</p> <p>1985 Alliance formed with Union Carbide Corporation (USA) for joint operations involving industrial gases</p> <p>1994 Kitsuregawa Separate Gas Plant completed</p> <p>2006 Hydro Edge Co., Ltd. brings Japan's largest liquid hydrogen production plant online</p> <p>2013 First helium procurements from Qatar</p> <p>2014 Iwatani Hydrogen Refueling Station, Japan's first commercial hydrogen refueling station, opens in Amagasaki</p> <p>2019 First venture into hydrogen refueling station business in the United States</p>
<p>Materials</p>	<p>Materials</p> <p>1952 Initial sales of synthetic resins</p> <p>1953 Sales begin for gas pipes, joints, valves, and other metal products and raw materials, such as rutile sand (lagging material)</p>	<p>Materials</p> <p>1976 First sales of I-Wrap plastic bags, eventually a long-running staple product</p> <p>1977 Named primary trading company of Kawasaki Steel Corporation (now JFE Steel Corporation) alongside expansion of the metals division</p> <p>1997 Acquisition of Doral Mineral Industries Ltd. (Australia)</p> <p>1999 General distribution rights in Japan for zircon sand acquired from Rio Tinto Group</p> <p>2004 Ultra-precision slit processing business launched in China</p> <p>2012 Initial sales of smartphone materials</p> <p>2012 Initial sales of biomass PET resin derived from plant-based materials</p> <p>2014 Initial sales of palm kernel shells (PKS) as biomass fuel</p> <p>2016 Initial sales of aluminum catalyzed PET resin featuring superior recyclability</p> <p>2020 Capital participation in R-Plus Japan, Ltd.</p>
<p>Agri-Bio & Foods</p> <ul style="list-style-type: none"> Enters frozen foods business using liquid nitrogen and other materials. Enters the livestock business, supplying LPG to heat chicken coops. Development of pig breeding business based on the above 	<p>Agri-Bio & Foods</p> <p>1960 Imports/sales commence for brooder poultry farming equipment</p> <p>1968 Imports/sales commence for peat moss, a material used to improve soil</p>	<p>Agri-Bio & Foods</p> <p>1974 First sales of frozen foods using refrigerants (e.g., carbon dioxide, liquid nitrogen)</p> <p>1981 Introduction of health food product based on Chinese softshell turtle created by freezing and crushing with liquid nitrogen</p> <p>1982 Iwatani Camborough Co., Ltd. established (agreement concluded with Pig Improvement Company(PIC))</p> <p>1988 Iwatani Agri Green Co., Ltd. established</p> <p>2016 Shin Tashiro pig breeding farm completed by Iwatani Camborough Co., Ltd.</p> <p>2021 UM-System Co., Ltd. made wholly-owned subsidiary</p>

Chairman and CEO

Akiji Makino



President

Niroshi Majima



Contributing to society as a trusted company by creating new value

Since our founding in 1930, Iwatani Corporation has provided a wide range of products and services for both daily life and industrial applications, including energy, industrial gases, materials, and food products, based on our corporate philosophy: *Become a person needed by society, as those needed by society can prosper*. These efforts are grounded in our desire to contribute to society by creating new value society will need in the future. This is the major driving force underlying the progress of our businesses. In 1941, we identified hydrogen as the ultimate clean energy source. Since then, we've pushed for progress toward widespread use of hydrogen energy. Under the corporate slogan adopted in 1970 on the 40th anniversary of our founding—*A world where all enjoy true comfort this is Iwatani's desire*—we strive to deliver solutions to the social challenges posed by environmental issues, as well as help achieve the Sustainable Development Goals (SDGs), through contributing to create a carbon-free society based on hydrogen.

As a co-representative of the Japan Hydrogen Association established in December 2020 to accelerate movement toward a hydrogen energy-based society and as a key member of the Hydrogen Council established chiefly by global energy firms, we're acting to promote use of hydrogen around the world.

To stimulate new hydrogen demand, we're developing hydrogen refueling stations for fuel cell vehicles (FCVs). We're expanding our network of hydrogen refueling stations in the US state of California, a pioneer in FCVs. We're also considering producing liquid hydrogen in California at some point in the future.

Our efforts to secure CO2-free hydrogen sources include a project intended to transport and store large volumes of liquid hydrogen produced in Australia, as well as our participation in the Fukushima Plan for a New Energy Society, a project intended to produce green hydrogen using electric power generated from renewable energy sources. We've also begun studying commercial developments related to green liquid hydrogen in partnership with electricity utilities and iron ore producers in Australia. We're carrying out multifaceted feasibility studies, including studies of liquid hydrogen production using brown coal in Hokkaido, Japan.

Our main LPG business has a customer base of 3.2 million households across Japan. We've launched the Iwatani GateWay service, a proprietary Internet-connected IoT platform that adds telecommunications features to household gas alarms and connects them to various other devices to further enhance convenience for customers nationwide. This emerging service connects networked gas alarms to various meters to provide new services in areas such as gas safety, while improving the efficiency of delivery services. In the future, we plan to offer local community support services by creating businesses that address social challenges in rural communities, such as access to retail and healthcare services.

As we advance toward our 100th anniversary and beyond, we remain firmly committed to achieving sustained growth as an evolving comprehensive energy service provider. To do so, we will continue to offer new value to all our customers, shareholders and investors, supply chain partners, local communities, and employees.

Corporate slogan
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- this is Iwatani's desire.

Corporate philosophy
Become a person needed by society,
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Outline of Iwatani Corporate Ethics/
Iwatani Group Environmental Charter

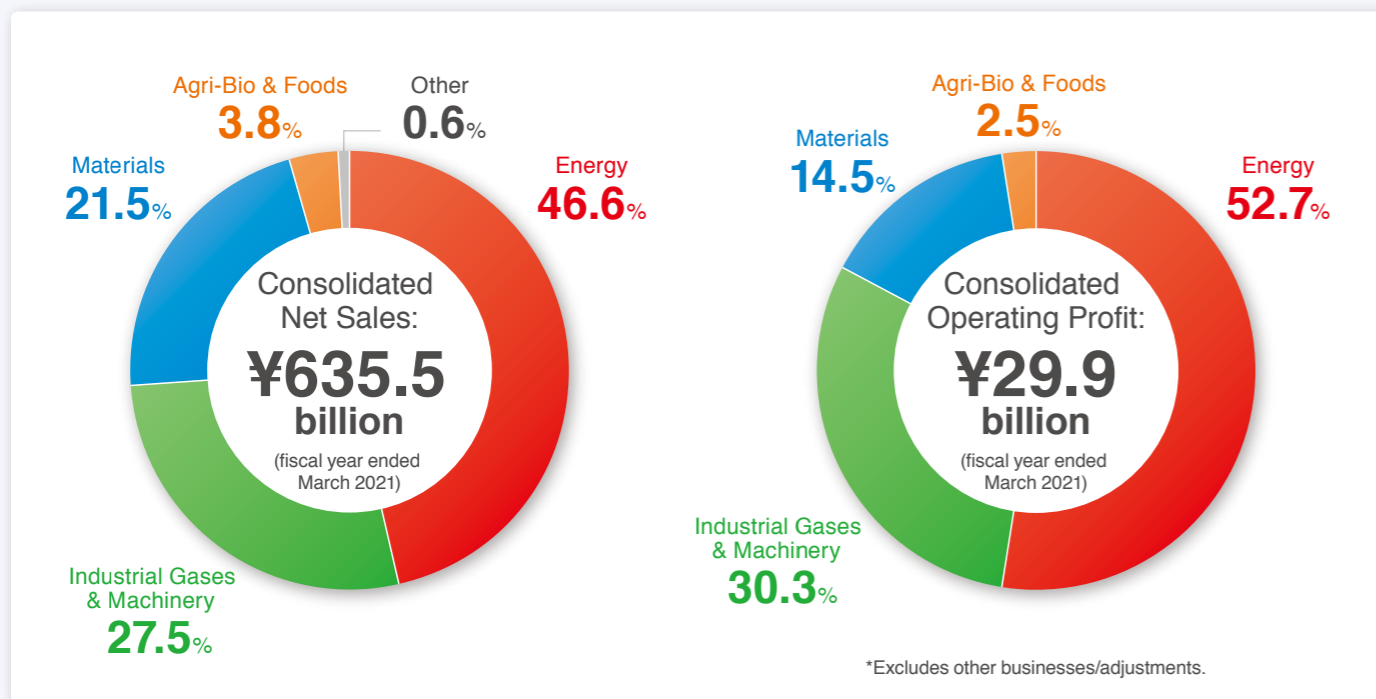


Outline of Iwatani Corporate Ethics

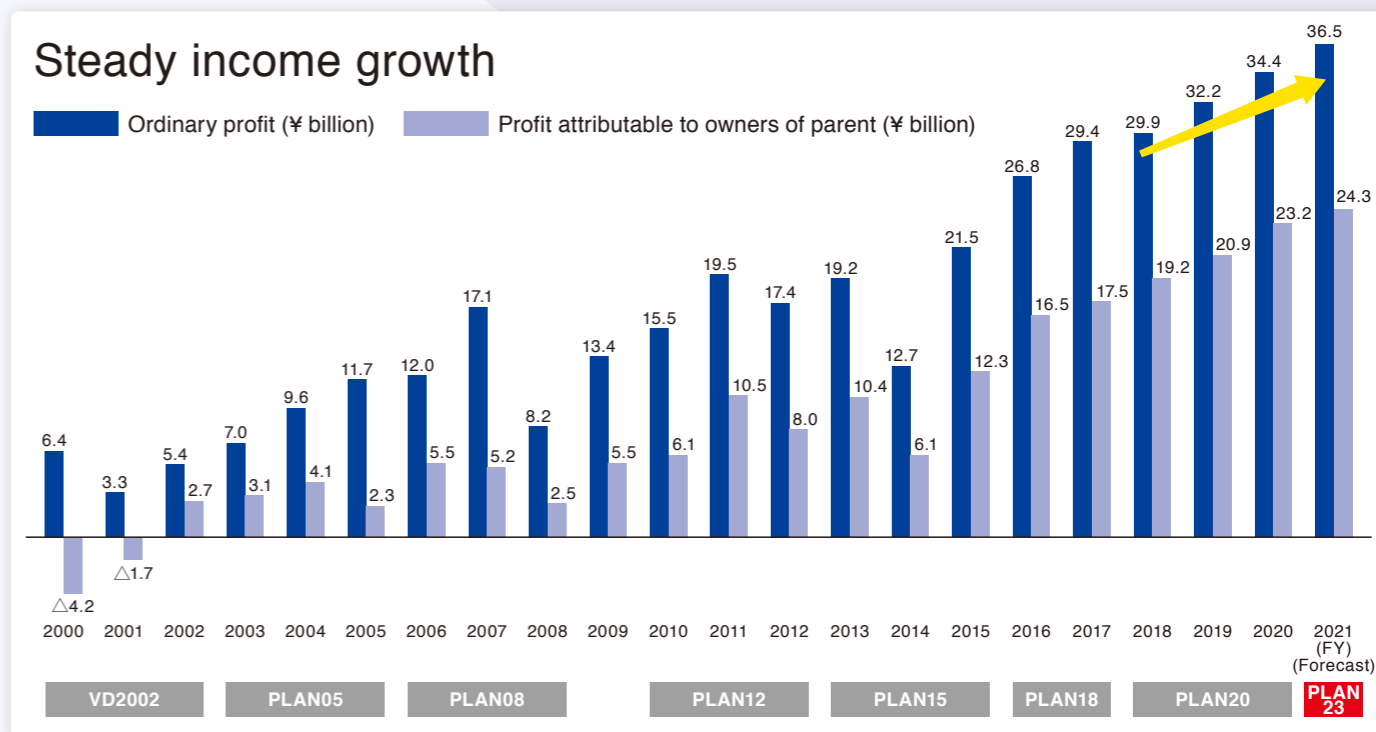
1. We will create new value sought by customers to contribute to society.
2. We will comply with relevant laws and regulations and respect their spirit. We will fulfill social responsibility through fair and free competition.
3. We will actively disclose corporate information and have dialogs with society to gain empathy from and understanding of society at large.
4. We will respect diverse values and create an environment where abilities can be fully demonstrated in a bid to provide leeway and affluence.
5. We will conduct corporate activities aimed at coexisting with the environment in accordance with the idea embodied in the phrase "A world where all enjoy true comfort this is Iwatani's desire."
6. We will engage in corporate management from an international perspective.

An introduction to Iwatani

Financial Results for FY2020



Earning Power



Four Businesses: Our core businesses are Gas and Energy



Energy

- LPG ● Electricity sales and city gas safety services
- Gas equipment, lifestyle products, health foods
- Portable gas cooking stoves and cassette gas canisters



Industrial Gases & Machinery

- Industrial gases (e.g., air separation gases, hydrogen, helium)
- Gas facilities and industrial machinery



Materials

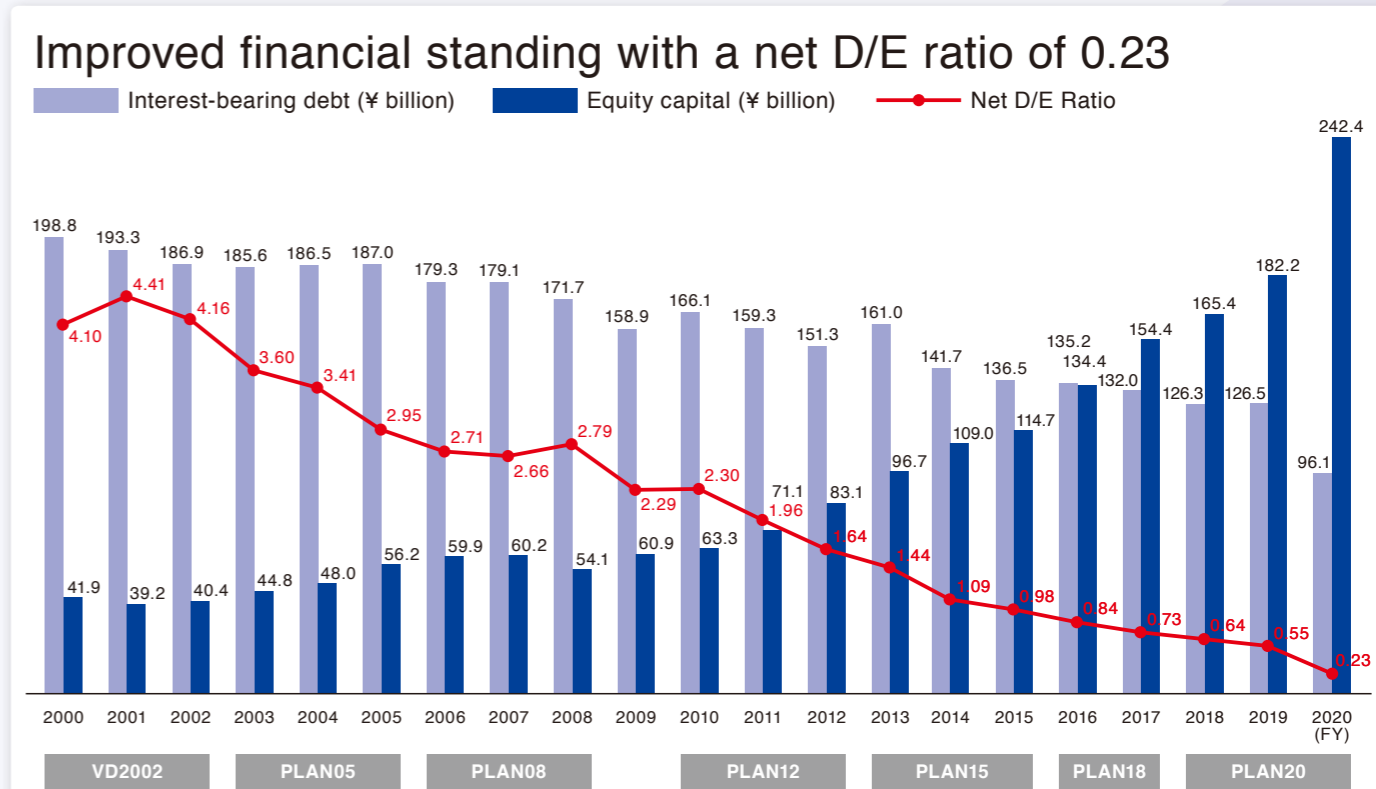
- Functional plastic products
- Resources and advanced materials
- Metals ● Electronic materials



Agri-Bio & Foods

- Frozen foods
- Agricultural materials and equipment
- Pig breeding stock, livestock equipment, etc.

Financial Standing

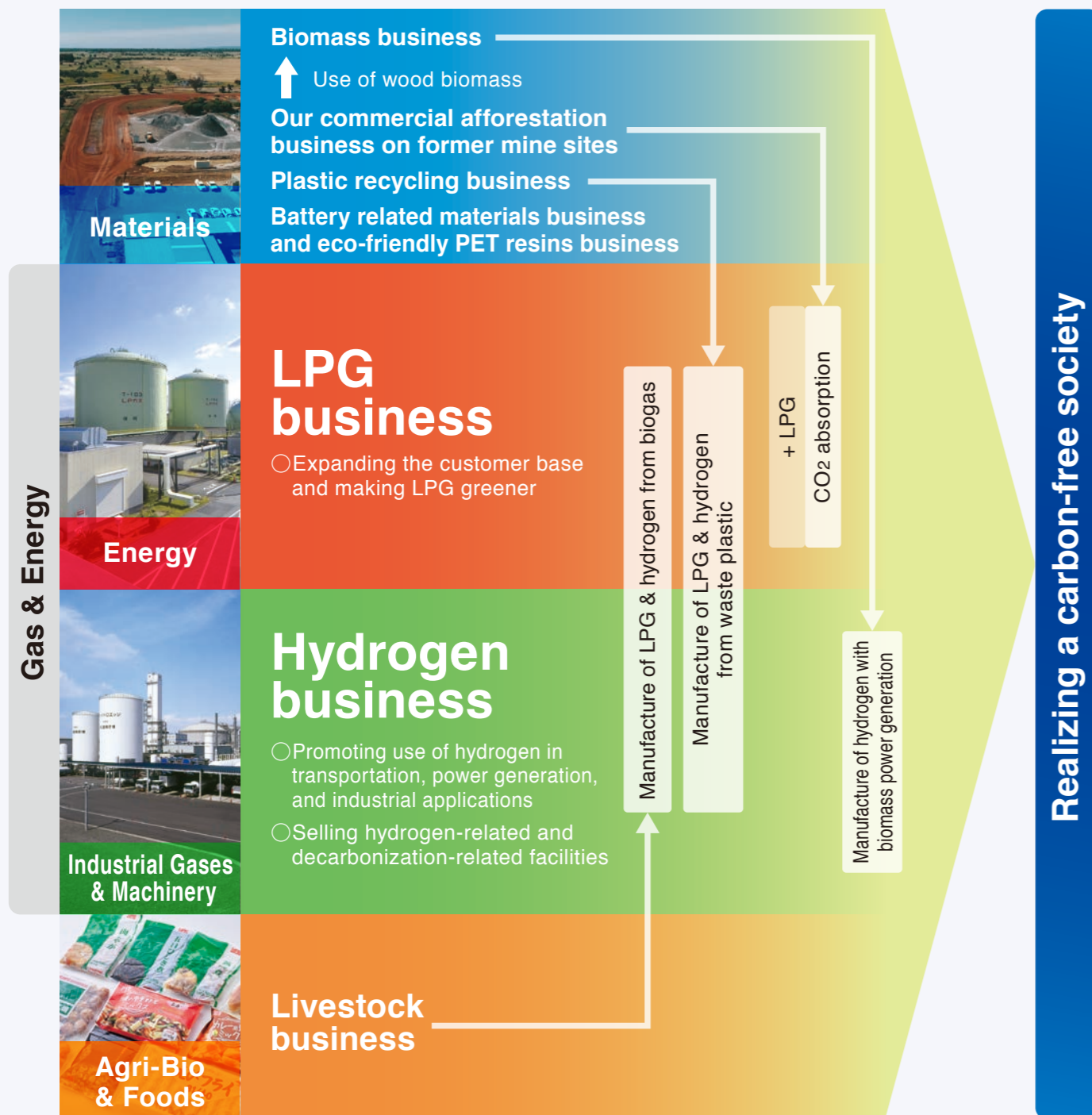


▶ Long-term vision

Amid a dramatically changing business environment, Iwatani has formulated the following long-term vision to clarify our goals for the future of our businesses, including hydrogen, centered on initiatives to move toward a carbon-free society.

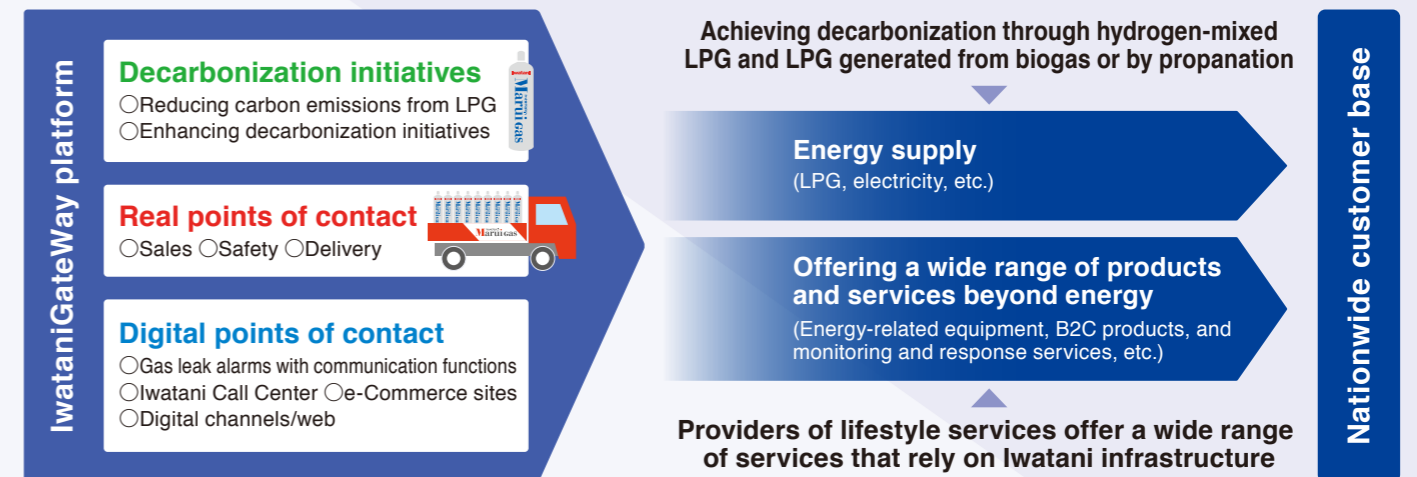
Long-term vision 1 Achieving a carbon-free society through initiatives involving the entire Iwatani Group

Drawing on the strengths of our four businesses—Energy, Industrial Gases & Machinery, Materials, and Agri-Bio & Foods—we will strive to realize a carbon-free society through initiatives in which all these businesses work as one. Specifically, in addition to promoting hydrogen use, we will pursue research on mixed burning of LPG with hydrogen and other materials to reduce carbon emissions and to realize propanation technologies. We will move forward with studies in areas such as hydrogen production based on biomass power, making use of LPG and hydrogen generated in the process of recycling waste plastics, and producing LPG and hydrogen from livestock waste.



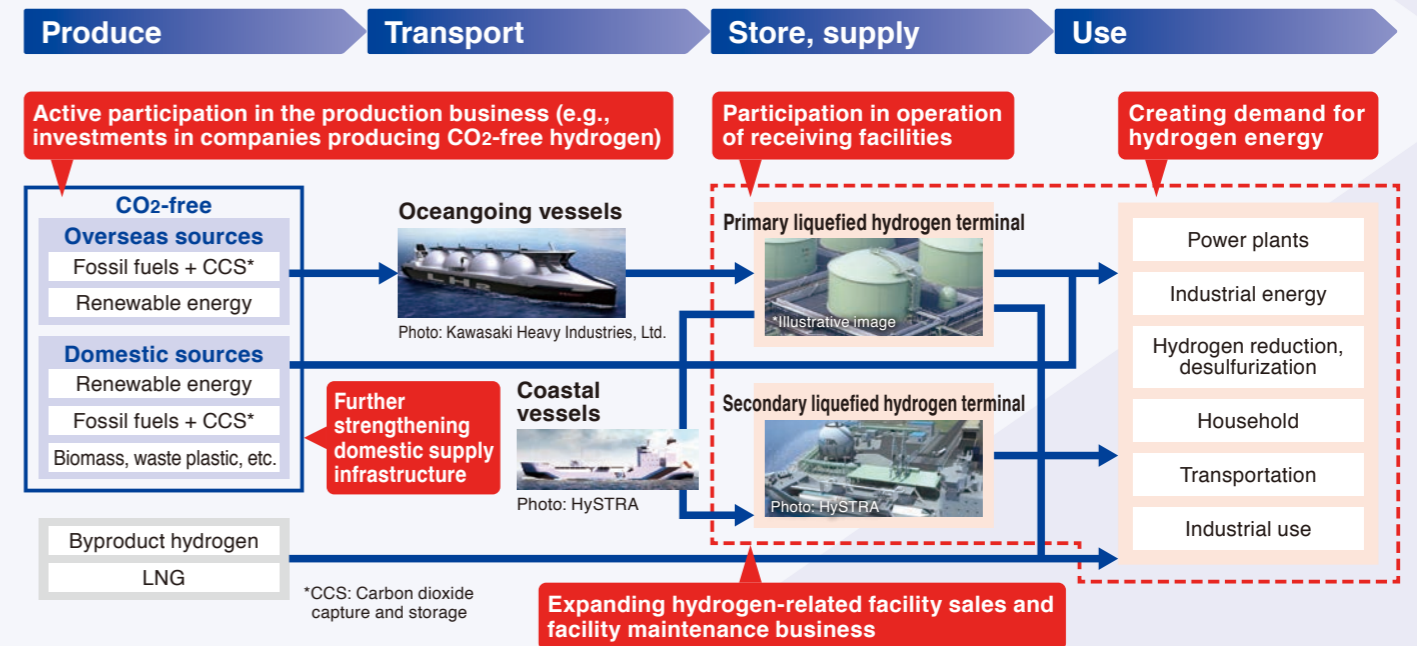
Long-term vision 2 Evolving into a comprehensive energy lifestyle service provider

By moving forward with decarbonization initiatives and by fusing real and digital points of contact, we will identify solutions to social challenges as a comprehensive energy lifestyle service provider.



Long-term vision 3 Establishing a hydrogen energy-based society

As Japan's leading hydrogen supplier, we're committed to building CO₂-free hydrogen supply chains. We're currently moving ahead with a wide range of initiatives to secure overseas sources of CO₂-free hydrogen, including a brown coal project in Australia. In the area of liquid hydrogen, as part of efforts to grow the hydrogen business, we will demonstrate our strengths in upstream through downstream processes to develop CO₂-free hydrogen supply chains in Japan and around the world.



Long-term vision 4 Expanding environmental businesses

We will promote the establishment of a cyclical society by expanding environmental businesses



Long-term vision 5 **SDG initiatives**

Iwatani Group will work to achieve sustainable growth and resolve social issues through its business operations

	<h3>Building Energy Infrastructure to Support Local Communities</h3>	<ul style="list-style-type: none"> ● Securing lifelines in provincial cities ● Building a resilient supply chain ● Enhancing disaster countermeasures and response 	
	<h3>Transition to a CO₂-Free Society</h3>	<ul style="list-style-type: none"> ● Widespread use and stable supply of clean energy 	
	<h3>Realizing a Sustainable Society</h3>	<ul style="list-style-type: none"> ● Expanding use of renewable energy ● Promoting adoption of products with low environmental impact ● Stable supply of scarce resources 	
	<h3>Reinforcing Governance</h3>	<ul style="list-style-type: none"> ● Building a governance system to support sound business activities 	
	<h3>Creating a Vibrant Workplace</h3>	<ul style="list-style-type: none"> ● Developing human resources to support growth strategies ● Creating workplaces where a diverse range of human resources can engage in active roles 	

Long-term vision 6 **Roadmap toward carbon neutrality in 2050**

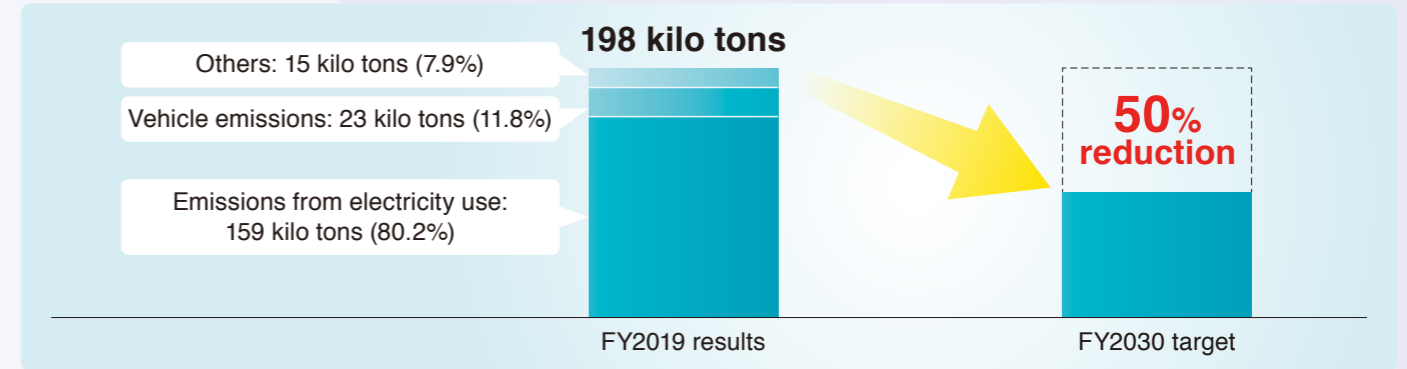
Aiming at carbon neutrality by 2050, we will promote CO₂ emission reductions in our business activities and contribute to CO₂ reduction in society as a whole by expanding the hydrogen business and other initiatives

<h4>Rising to the challenge of achieving zero CO₂ emissions</h4>	<ul style="list-style-type: none"> ● Increasing energy efficiency of our plants, introducing renewable electricity, rationalizing logistics, etc. ● Commercial afforestation on former mine sites ● Lower carbon LPG (hydrogen/ammonia co-firing, etc.) ● Conversion to green LPG (bio-LPG, propanation, etc.) ● Supplying hydrogen to households 	<h4>Rising to the challenge of achieving carbon neutrality within the Company</h4>
<h4>Strengthening contributions to reducing CO₂ emissions*</h4>	<ul style="list-style-type: none"> ● Fuel conversion from fuel oil, etc. to LPG, LNG, etc. ● Supplying hydrogen for transportation (e.g., FCVs, FC buses) ● Expanding sales of biomass fuels, eco-friendly PET resins, battery related materials, etc. ● Commercial afforestation on former mine sites ● Utilizing hydrogen and hydrocarbon from the waste plastic business ● Utilizing biogas from the livestock business (hydrogen, bio-LPG, etc.) 	<h4>Contribution to society's carbon neutrality</h4>

*CO₂ emissions reduced at customer sites via sales of eco-friendly products, etc. via sales of eco-friendly products, etc.

FY2030 CO₂ reduction target

By FY2030, we are seeking to achieve reductions of 50% in CO₂ emissions compared to the FY2019 level by the Iwatani Group in Japan.* *Group CO₂ emissions: Total of Scope 1 and Scope 2 emissions



Major initiatives toward the FY2030 CO₂ reduction target

In FY2019, the Iwatani Group in Japan emitted 198 kilo tons of CO₂. About 80% (159 kilo tons) of this figure came from use of electricity; 20% was emitted by use of fuel by vehicles, offices, and other facilities. Most of the emissions from electricity use were from industrial gas production plants. We will start by advancing energy-saving efforts and shifting to green power at industrial gas production plants, installing solar panels at plants across Japan, and adopting LED lighting and other energy-saving devices and fixtures. We will also continue improving delivery efficiency while considering the use of carbon credits from our commercial afforestation business and other sources.

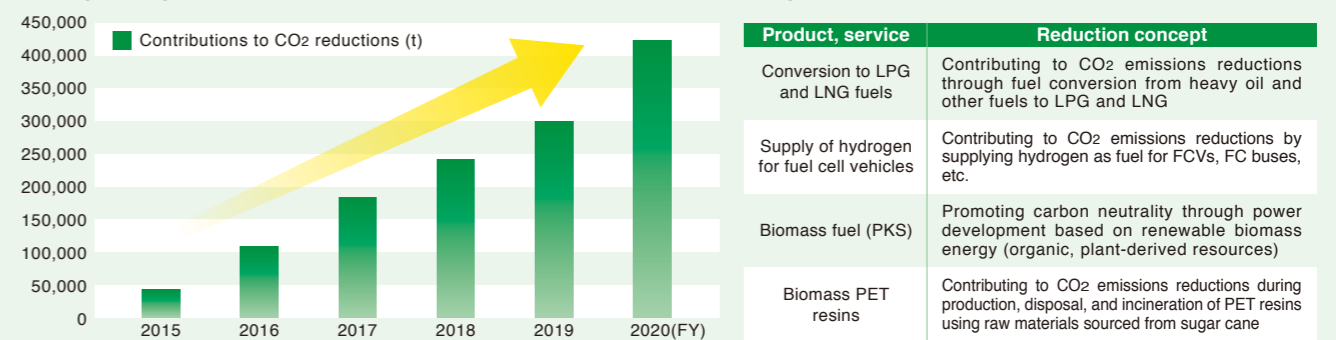
Major reduction efforts

- Energy-saving efforts at industrial gas production plants**
We will move forward with energy-saving efforts at industrial gas production plants, which consume large volumes of electricity, through more efficient energy use, energy-saving devices, and other efforts.
- Installing solar panels and adopting LED lighting at our plants**
We will continue installing solar panels and LED lighting at our LPG filling facilities, industrial gas centers, and sales facilities across Japan.
- Adopting electricity from renewable energy sources**
At our offices, research centers, and other facilities, we're committed to switching to electricity generated by renewable energy sources.
- Improving delivery efficiency**
We will strive to reduce CO₂ emissions by improving the efficiency of delivery of LPG, industrial gas, and other fuels.
- Use of carbon credits from our commercial afforestation business and other sources**
We're currently exploring various carbon credits and commercial afforestation efforts on former mineral sands mine sites in Australia.



Contributions to CO₂ reductions

Our business activities help reduce CO₂ emissions. Various activities, including conversion to LPG and LNG fuels, supplying hydrogen for fuel cell vehicles, and increasing sales of products such as biomass fuels (PKS) and biomass PET resins, helped reduce CO₂ emissions by some 420 kilo tons in FY2020. We're firmly committed to avoiding global warming through proactive development and sales efforts in clean energy.



▶ Medium-term management plan: PLAN23 (2021–2023)

Outlined below is PLAN23, the medium-term management plan for the current three-year period intended to realize Iwatani's long-term vision.

▶ Theme

Establishing a hydrogen energy-based society

Assuming challenges beyond the boundaries of business frameworks

▶ Basic Policies

Enhancing strategic investment to establish a carbon-free society; promotion of digitization

Key Issues (Materiality)



Building Energy Infrastructure to Support Local Communities



Transition to a CO2-Free Society



Realizing a Sustainable Society



Reinforcing Governance



Creating a Vibrant Workplace

▶ Basic strategies

1. Enhancing initiatives toward a carbon-free society

- Promoting the development of a hydrogen energy-based society
- Expanding sales of eco-friendly products

2. Evolving into a comprehensive energy lifestyle service provider

- Expanding the customer base
- Expanding B2C business
- Developing community services based on the IwataniGateWay platform

3. Expanding international businesses

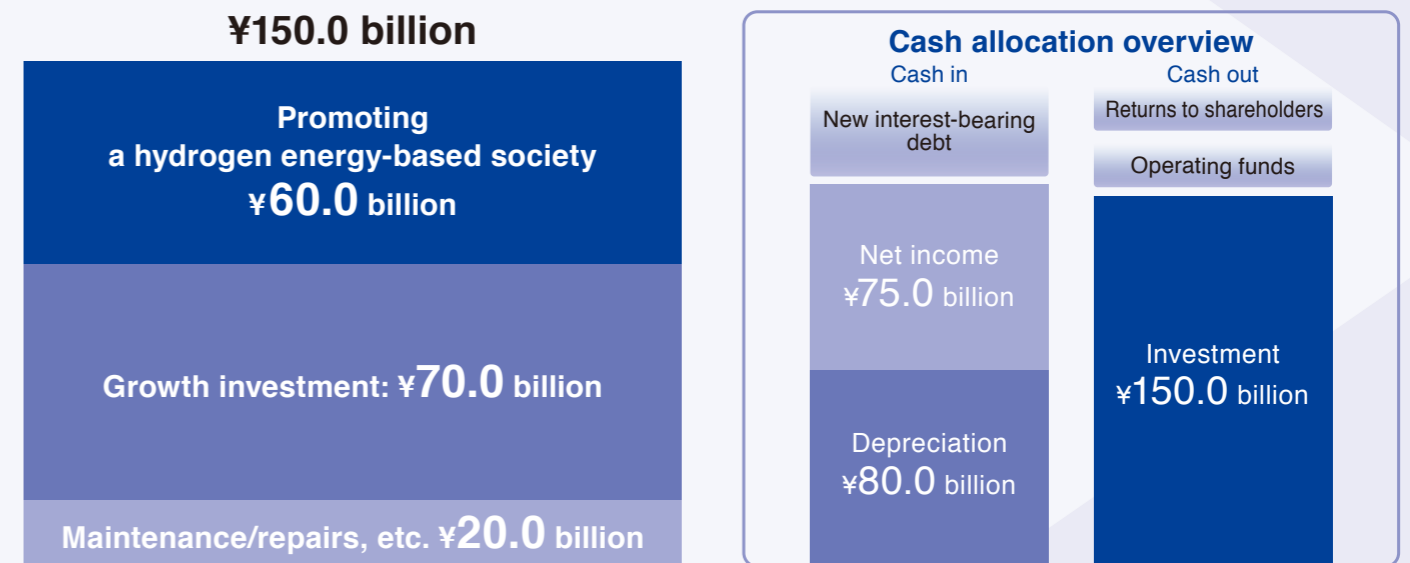
- Enhancing supply structures and manufacturing functions
- Enhancing the cartridge gas business
- Expanding the Industrial Gases & Machinery business in the United States

▶ Management Targets

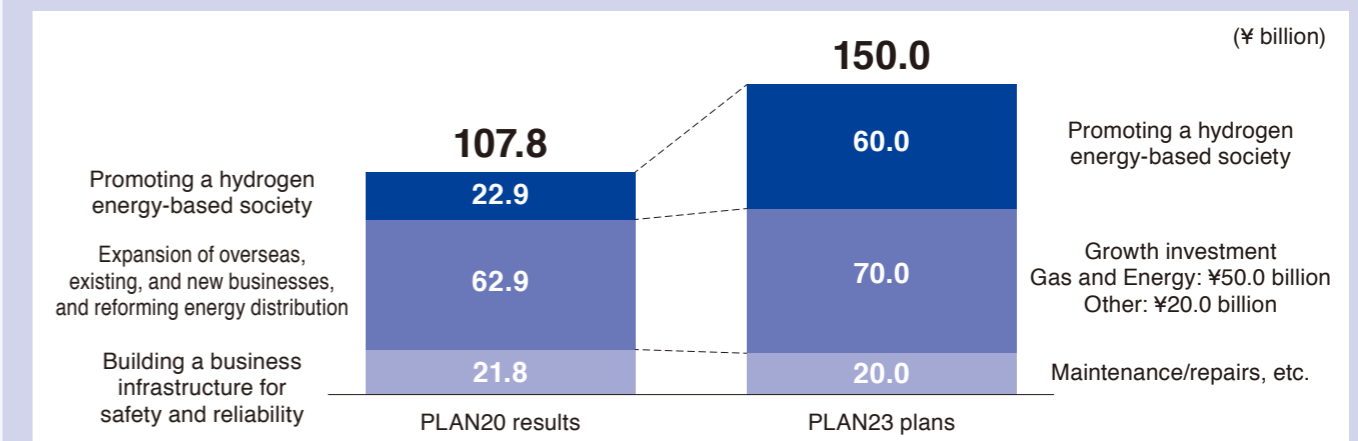
	Management Indicators		Key Business Indicators			
	Ordinary Profit [Excluding impact of LPG import price fluctuation]	Return on Equity (ROE)	LPG direct sales customers	Portable gas cooking stove / cassette gas canister sales volumes (global)	Air separation gas sales volumes	LH2 sales volumes
FY2020 results	¥34.4 billion [¥32.6 billion]	10.9%	1.01 million households	Gas cooking stoves: 4,471 thousand units Gas canisters: 134 million units	1.55 billion m ³	67 million m ³
PLAN23 targets	¥40.0 billion	9% or above	1.10 million households	Gas cooking stoves: 6,500 thousand units Gas canisters: 180 million units	1.70 billion m ³	90 million m ³

▶ Investment plans

We plan to invest a cumulative total of ¥150.0 billion during the three years covered by PLAN23. Over this period, we plan to invest ¥60.0 billion to promote a hydrogen energy-based society. Initiatives include building a liquid hydrogen production plant in the Kanto region and hydrogen refueling stations in Japan and North America. We also plan to make ¥70.0 billion in growth investments centered on the Gas and Energy field, including securing acquiring LPG business rights and expanding industrial gas production plants overseas, along with ¥20.0 billion for maintenance and repairs, including LPG center maintenance.



Under PLAN23, our investment plans reflect an increase of approximately ¥42 billion from investments made during the period of PLAN20, the previous medium-term management plan. Plans call for tripling investments to promote a hydrogen energy-based society. Growth investments will rise by approximately ¥7 billion. We will pursue further growth by these proactive investment activities.



Business Strategies Key strategies and selected targets by business segment

Energy

1. **Increasing sales of LPG and gas machinery by enhancing the customer base**
 -Promoting M&A activities -Identifying/meeting needs based on customer contact points
 2. **Digitizing the nationwide platform**
 3. **Growing the cartridge gas business in Japan and overseas; applying know-how to increase sales of B2C products**
 4. **Moving forward with research and testing to supply green LPG and hydrogen-mixed fuels**

KPI	Unit	FY2020	PLAN23 target
LPG direct sales customers	10,000 households	101	110
IwataniGateWay units installed	Thousand units	150	550
Portable gas cooking stoves (Japan)	Thousand units	2,988	3,500
Portable gas cooking stoves (overseas)	Thousand units	1,482	3,000
Cassette gas canisters (Japan)	Million units	90	120
Cassette gas canisters (overseas)	Million units	43	60

*Excluding impact of LPG import price fluctuation

Industrial Gases & Machinery

1. **Enhancing existing businesses**
 -Expanding sales to growth fields
 -Enhancing the machinery business along with the industrial gases business
 2. **Expanding overseas businesses through strategic investments**
 -Realizing full-scale entry to and assessing M&A activities in North American market
 -Business expansion in China and Southeast Asia
 -Enhancing the specialty gas business overseas, centered on helium
 3. **Expanding the hydrogen business**

KPI	Unit	FY2020	PLAN23 target
Air separation gases sales volumes	Billion m ³	1.55	1.70
Helium direct sales volumes	Multiplier vs. FY2020 sales	1.0	1.3
LH ₂ sales volumes	Million m ³	67	90
Hydrogen refueling stations constructed (Japan)	Stations (cumulative)	53	83
Hydrogen refueling stations constructed (overseas)	Stations (cumulative)	4	23

Materials

1. **Proactive development of the environmental business**
 -Expanding sales of eco-friendly PET resins -Expanding sales of biomass fuels
 -Expanding sales of battery related materials
 2. **Enhancing the resources business**
 3. **Initiatives on cutting-edge materials**
 4. **Enhancing the overseas metal processing business**

KPI	Unit	FY2020	PLAN23 target
Eco-friendly PET resins (Net sales, sales volume)	¥ billion / Thousand tons	4.4 / 35	11.0 / 75
Biomass fuels (Net sales, sales volume)	¥ billion / Thousand tons	3.8 / 257	10.0 / 700
Battery related materials (Net sales, sales volume)	¥ billion / Thousand tons	9.6 / 11	14.0 / 21
Overseas metal processing business sales	¥ billion	7.9	11.0

Agri-Bio & Foods

1. **Enhancing the food products business**
 -Product development and sales channel development targeting general consumers
 -M&A activities targeting companies with sales channels and logistics functions
 2. **Increasing market share in the pig breeding business**
 -Enhancing sales to major pig livestock farmers
 -Increasing production efficiency

KPI	Unit	FY2020	PLAN23 target
Food product businesses sales	¥ billion	11.2	20.0
Market share in the pig breeding business	%	13	20

*FY2020 results for net sales assume application of the Accounting Standard for Revenue Recognition and related standards.

(Reference)

Achievements under PLAN20 medium-term management plan

Management Indicators

	PLAN20 targets	FY2020 results	Achieved: Y/N
Ordinary Profit [Excluding impact of LPG import price fluctuation]	¥33.0 billion	¥34.4 billion [¥32.6 billion]	Y
Return on Equity (ROE)	10.0% or above	10.9%	Y
Net D/E Ratio	0.7	0.23	Y

Key Business Indicators

	FY2017 results	FY2020 results	PLAN20 targets
LPG direct sales customers	0.90 million	1.01 million	1.00 million
Portable gas cooking stove / cassette gas canister sales volumes (global)	Gas cooking stoves: 3,333 thousand units Gas canisters: 103 million units	Gas cooking stoves: 4,471 thousand units Gas canisters: 134 million units	Gas cooking stoves: 4,400 thousand units Gas canisters: 137 million units
Air separation gas sales volumes	1.50 billion m ³	1.55 billion m ³	1.70 billion m ³
LH ₂ sales volumes	59 million m ³	67 million m ³	90 million m ³

Net sales by segment (¥ billion)

	FY2017 results	FY2020 results	PLAN20 targets
Energy	317.4	296.1	373.0
Industrial Gases & Machinery	179.1	174.6	210.0
Materials	135.1	136.4	179.0
Agri-Bio & Foods	30.3	23.9	38.0
Others, elimination	8.6	4.3	8.0
Company total	670.7	635.5	808

Profit by segment (¥ billion)

	FY2017 results	FY2020 results	PLAN20 targets
Energy [Excluding impact of LPG import price fluctuation]	13.5 [13.0]	17.3 [15.5]	15.9
Industrial Gases & Machinery	9.9	9.9	10.7
Materials	4.3	4.7	5.2
Agri-Bio & Foods	1.3	0.8	1.6
Others, elimination	△1.9	△2.9	△1.9
Operating profit (total)	27.1	29.9	31.5
Ordinary profit	29.4	34.4	33
Profit attributable to owners of parent	17.5	23.2	20

▶ Hydrogen business

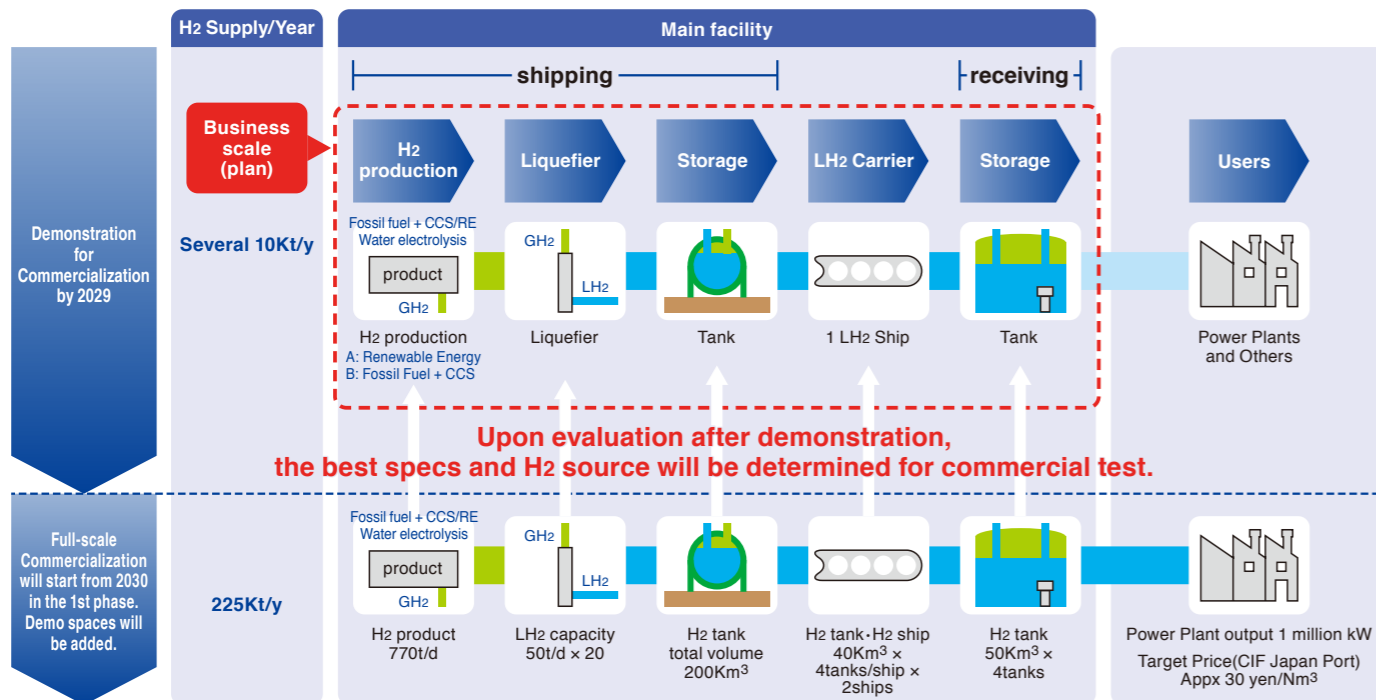
Efforts to establish an international liquid hydrogen supply chain

Ever since Iwatani began hydrogen sales in 1941 as one of the first to identify hydrogen's potential, we have continued to support the growth of hydrogen use in Japan by producing hydrogen, building supply chains, and developing applications (see p. 22). We're also striving to build CO₂-free hydrogen supply chains to help establish a hydrogen energy-based society.



▶ Liquid hydrogen supply chain commercialization feasibility study project (Green Innovation Fund)

Alongside the Japan Hydrogen Energy Co., Ltd. and ENEOS Corporation, Iwatani is pursuing feasibility studies to establish the world's first hydrogen liquefaction and transport technologies capable of handling hydrogen in volumes of up to tens of thousands of tons per year, as part of efforts to build an international liquid hydrogen supply chain incorporating processes from hydrogen production through liquefaction, shipping, international transport, and receipt. This is a part of the Green Innovation Fund/Large-Scale Hydrogen Supply Chain Project sponsored by the New Energy and Industrial Technology Development Organization (NEDO). Our areas of responsibility in this project involve the study of overseas hydrogen sources and shipping facilities and of domestic reception facilities, as well as joint efforts with users by making use of our customer base.



Reference : Japan Hydrogen Energy Co., Ltd.

● Project objectives and overview

With the goal of becoming a global pioneer in establishing sea transport technologies to achieve a hydrogen supply cost of 30 yen/Nm³ (CIF Japan port) in 2030, this project will carry out a commercialization feasibility study by implementing technologies scalable to large-scale facilities developed in existing businesses, as part of efforts to build a commercial liquid hydrogen supply chain (hydrogen supply: several tens of thousands of tons/year/chain).

● Project period

FY2021–2029 (nine years)

● Implementation structure

Japan Hydrogen Energy Co., Ltd. (lead partner)*
ENEOS Corporation
Iwatani Corporation

*Wholly-owned subsidiary of Kawasaki Heavy Industries, Ltd.

Scale of commercialization test facilities

Reflecting the goal of commercialization in FY2030 and beyond, plans call for some project facilities to be at least 100 times larger in scale than those for feasibility testing by HySTRA.

HySTRA feasibility testing
1,250 m³/tanker

Photo: HySTRA

Commercialization (full-scale) project
40 Km³ × 4 tanks/ship

Photo: Kawasaki Heavy Industries, Ltd.

Building a CO₂-free hydrogen supply chain through various projects

▶ CO₂-free Hydrogen Energy Supply-chain Technology Research Association (HySTRA)

The CO₂-free Hydrogen Energy Supply-chain Technology Research Association (HySTRA) was established in 2016 by Iwatani, Kawasaki Heavy Industries, Ltd., Shell Japan Limited, and Electric Power Development Co., Ltd. (J-POWER). HySTRA is testing technologies for producing hydrogen through on-site gasification of untapped brown coal (low-grade coal) resources in Australia, liquefying the hydrogen, and transporting it in large volumes. As a lead member of HySTRA, we have built a loading and unloading facility on Kobe Airport Island, and are currently testing loading and unloading technologies for liquid hydrogen. Feasibility testing of loading and unloading with tankers began in June 2021. The know-how and technologies gained through this project, including operating technologies for liquid hydrogen receiving facilities and loading and unloading technologies for transporting liquid hydrogen between ships and receiving facilities, will be used to build a CO₂-free hydrogen supply chain.

▶ Studies examining a project to build a green liquid hydrogen supply chain between Japan and Australia

With intensifying global competition to secure sources of CO₂-free hydrogen, it is also vital to secure low-cost sources of renewable energy and export ports to ensure Japan's energy security. With a climate that provides more than 300 days of sunshine per year, the Australian state of Queensland offers outstanding renewable energy potential. The Queensland government has adopted a policy calling for a transition from fossil fuels to renewables and hydrogen energy. Stanwell, the state-owned power company, will play a key role in achieving this target. In 2019, Iwatani and Stanwell began studies to examine the feasibility of large-scale clean liquid hydrogen production for exports to Japan. Now, based on the results, six Japanese and Australian companies* have launched preliminary commercialization studies, with the subsequent step in mind of full-scale

studies of commercialization.

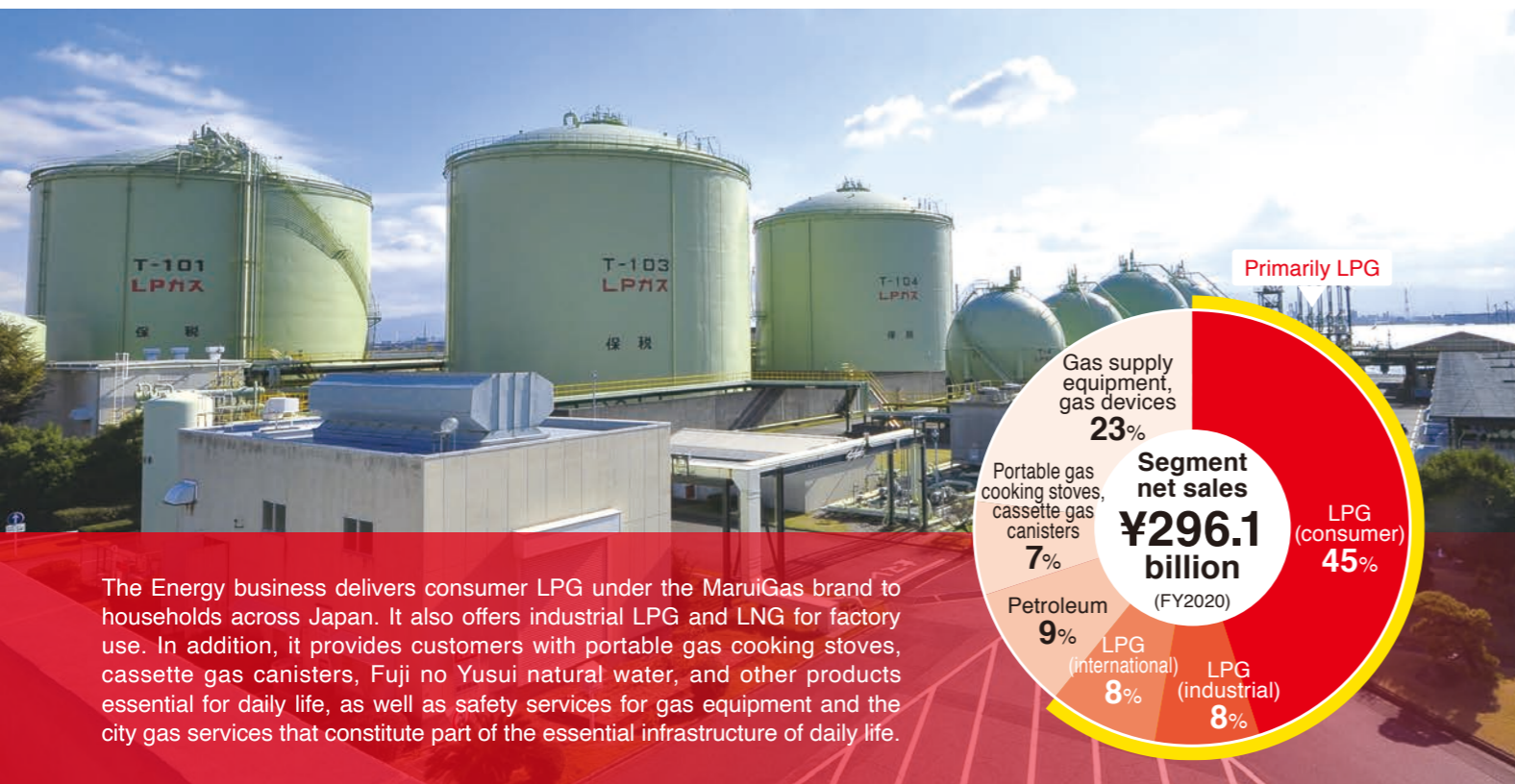
The commercialization studies primarily involve green hydrogen production technologies, construction of hydrogen liquefaction plants, building tankers, related finances and environmental assessments, and evaluating commercialization models. Based on the goal of stable long-term production and supply of low-cost hydrogen, the studies envision hydrogen production capacity of at least 100 t/day by around 2026 and 800 t/day in 2031 and beyond.

*The six companies are Iwatani, Kawasaki Heavy Industries, Ltd., Kansai Electric Power Co., Inc., Marubeni Corporation, and the Australian energy-infrastructure firms Stanwell Corporation Limited and APT Management Services Pty Ltd.

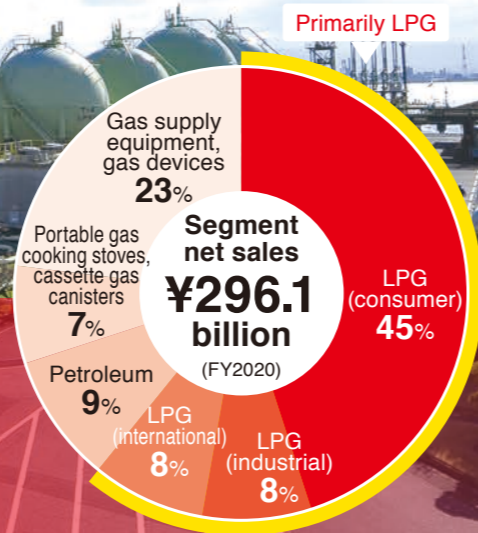


Hydrogen production facility planned for site in Aldoga, Australia (illustrative image)

▶ Energy

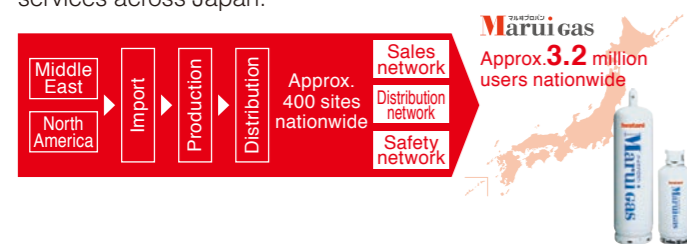


The Energy business delivers consumer LPG under the MaruiGas brand to households across Japan. It also offers industrial LPG and LNG for factory use. In addition, it provides customers with portable gas cooking stoves, cassette gas canisters, Fuji no Yusui natural water, and other products essential for daily life, as well as safety services for gas equipment and the city gas services that constitute part of the essential infrastructure of daily life.



▶ MaruiGas, our national LPG brand

Iwatani is the only LPG company in Japan that operates a nationwide supply network integrating all processes from LPG imports to retail sales. With approximately 400 physical locations nationwide, we draw on our sales, distribution, and safety capabilities to deliver comprehensive high-quality services across Japan.



▶ Japan's top*1 customer base

Delivered to some 3.2 million households across Japan, MaruiGas LPG accounts for the largest single share of the wholesale market. This figure includes direct sales to 1.01 million households, meaning we also hold the top share of the retail market. We're currently seeking to augment our retail business through various initiatives, including mergers and acquisitions with LPG retailers.

*1: Sales market shares in Japan's retail and wholesale LPG markets as of March 31, 2021 (Iwatani Corporation research)

Iwatani's LPG Sales

	Retail	Wholesale
Industry ranking	First among 17,170 companies	First among 1,100 companies
Market share	4.2%	13.2%
Households using MaruiGas	1.01 million	Approx. 3.2 million

As of March 31, 2021

▶ IwataniGateWay: Pioneering services for generations to come

In July 2021, Iwatani launched the IwataniGateWay service, an Internet of things (IoT) platform that adds networking functions to household gas alarms. We're striving to develop new services to deliver solutions that address various community issues, including safety and health management services and home delivery services for seniors, by linking the GateWay system to emergency services to enable emergency response in 30 minutes or less.

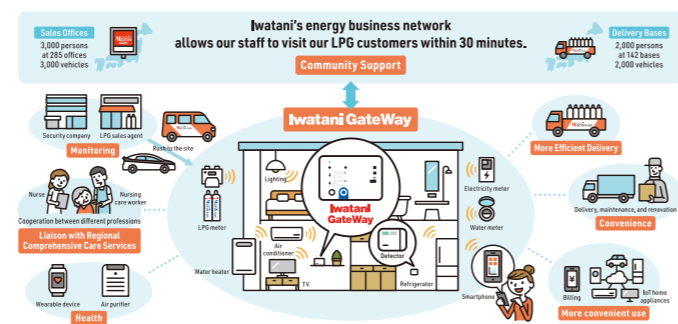


Illustration of our AI/IoT business platform

▶ Expanding the city gas and electricity markets

Building on our LPG business, we ventured into the electricity business in 2016 and the city gas business in 2017. In terms of the city gas business, as we strive to grow our customer base for both city gas and LPG, we provide safety services serving 1.41 million households (as of March 31, 2021).



The Iwatani Denki and Kanden Gas Support Shop logos

▶ Selling and servicing a wide range of products

As a comprehensive energy business handling both gas and electricity, we seek both to grow our customer base nationwide and to offer customers a wide range of products and services, including gas equipment, safety services, and B2C services, such as home water delivery. Our lineup of gas equipment includes energy-saving water heaters and stoves equipped with Si safety sensors. Nationwide, we're promoting use of Ene-Farm systems, which generate electricity and hot water from gas, as products ideally suited to business continuity planning (BCP) initiatives.

Our Fuji no Yusui water delivery service delivers to customers water produced in our own plants under comprehensive quality controls emphasizing safety and peace of mind.



Ene-Farm household fuel cell cogeneration system

Product examples



Eco-Jozu water heater



Gas stove



ALALA series



Fuji no Yusui water

▶ Japan's largest*2 cartridge gas business

Over the half century since we introduced the Cassette-Feu product line, Iwatani has grown its market share and assumed a dominant position in cartridge gas products for home cooking. In recent years, products such as barbecue and hot plate grills and takoyaki makers have been developed, which are popular year round and not just during winter, the best season for Japanese hot pot dishes. Efforts are also being made to boost demand for cartridge

gas in new fields and for new applications, including products to meet demands for camping and other outdoor activities as well as disaster preparedness. We plan to grow this business in new global markets, including Taiwan and North America, in addition to China, while steadily continuing to meet domestic demand.

*2: Domestic market shares for sales of portable gas cooking stoves and cassette gas canisters as of March 31, 2021 (Iwatani Corporation research)

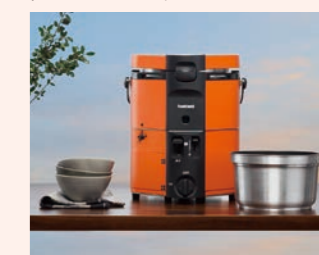


Fore Winds Folding Camp Stove

Domestic market shares
Portable gas cooking stoves: 82%
Cassette gas canisters: 63%
As of March 31, 2021



Iwatani Cassette Gas Canisters



HAN-go cassette gas rice cooker

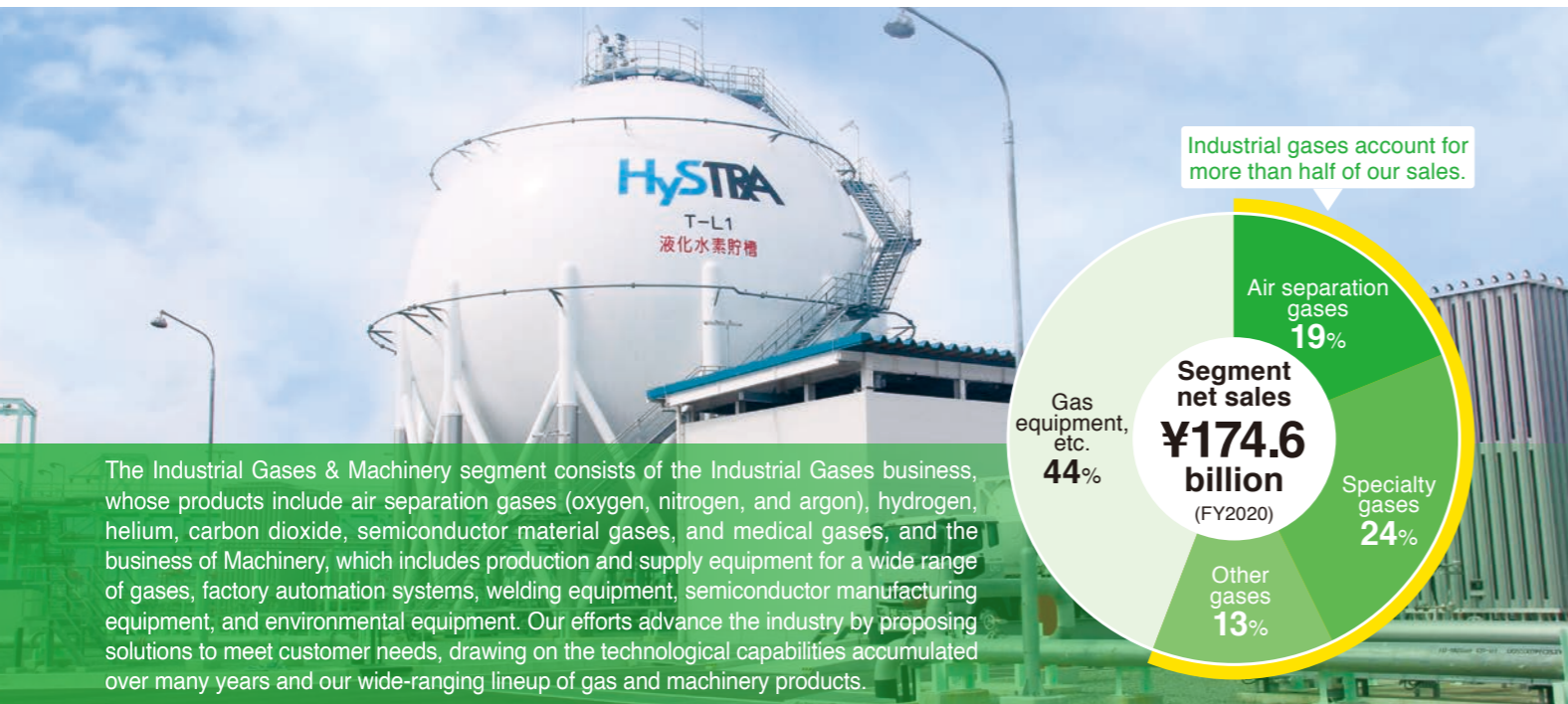


Yakimaru II cassette gas smokeless barbecue grill

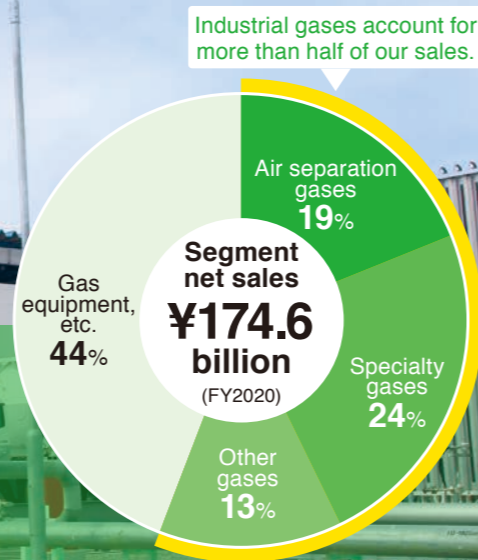


Gas Match STC

Industrial Gases & Machinery

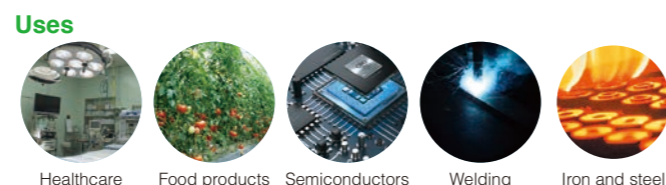


The Industrial Gases & Machinery segment consists of the Industrial Gases business, whose products include air separation gases (oxygen, nitrogen, and argon), hydrogen, helium, carbon dioxide, semiconductor material gases, and medical gases, and the business of Machinery, which includes production and supply equipment for a wide range of gases, factory automation systems, welding equipment, semiconductor manufacturing equipment, and environmental equipment. Our efforts advance the industry by proposing solutions to meet customer needs, drawing on the technological capabilities accumulated over many years and our wide-ranging lineup of gas and machinery products.



Contributing to industry through reliable supply and technological applications

Oxygen, nitrogen, and argon, which have different boiling points, can be obtained by separation from liquefied air. These gases have applications across a wide range of fields, including iron and steel, machinery, semiconductors, chemicals, healthcare, and food products. Beyond proposing technological applications and ensuring reliable handling based on their specific properties, we've built a solid nationwide supply network for these gases.



Robust procurement capabilities make us Japan's top*1 helium supplier

Helium is a rare element, and is essential for state-of-the-art technologies and healthcare. Iwatani has built a stable supply structure based on helium procured from two countries with whom we've secured direct importing rights: Qatar and the United States. Based on this procurement advantage, we're focusing on sales in China and Southeast Asia and on maintaining our leading market share in Japan.

*1: Domestic market share for sales of helium as of March 31, 2021 (Iwatani Corporation research)

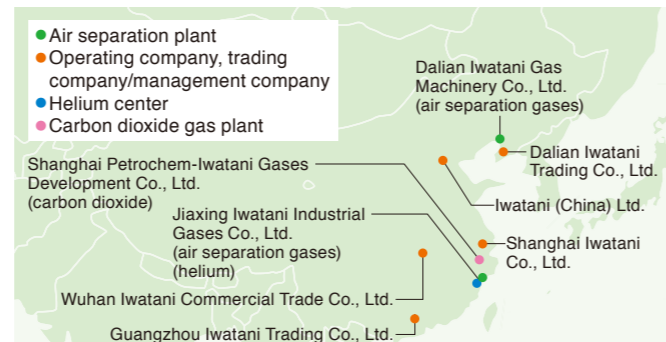
Procurement from two sources: Qatar and the United States



Responding to booming demand for industrial gases in China across a wide range of fields

We're currently expanding our air separation gas facilities and building a new hydrogen gas plant in Zhejiang, China, with the goal of bringing both online in 2021-2022. As a comprehensive gas supplier, we're also focusing on the production and sale of carbon dioxide and helium as part of efforts to grow our businesses in China by meeting growing domestic demand there.

Industrial Gas business sites in China



Japan's top*2 hydrogen supplier

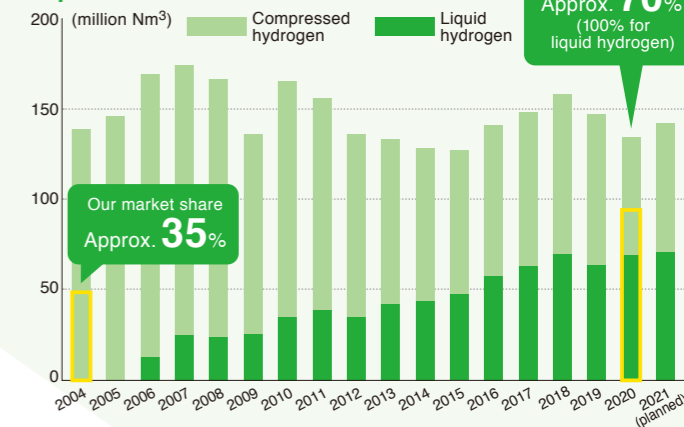
Since our start in this area in 1941, Iwatani has accumulated a lengthy history and extensive experience with and expertise in commercial hydrogen activities. In recent years, sales of liquid hydrogen, a segment in which we hold a 100% market share, have steadily expanded. Our share of the overall Japanese hydrogen market has roughly doubled from 2004 to 70%.

*2: Domestic market shares for sales of compressed hydrogen and liquid hydrogen as of March 31, 2021 (Iwatani Corporation research)

Status of liquid hydrogen plant operations

- Hydro Edge Co., Ltd. [3 lines] 1 line = 3,000 L/h
 2006: Operations commence with two lines.
 2020: One line added
- Chiba Plant of Iwatani Industrial Gases Corporation [1 line]
 2009: Operations commence.
- Yamaguchi Liquid Hydrogen Corporation [2 lines]
 2013: Operations commence with one line.
 2017: One line added

Trends in hydrogen sales volumes in Japan and Iwatani's market share



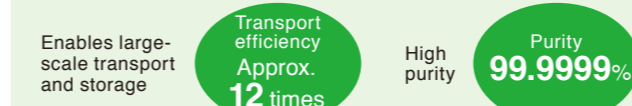
Sales growth based on liquid hydrogen

Liquefying hydrogen reduces its volume to 1/800 that of hydrogen gas, making it much more efficient to store and transport while simultaneously facilitating ultra-high purity levels (99.9999% or higher). These advantages make hydrogen suitable for an increasingly wide range of applications, and demand for liquid hydrogen is naturally growing. In addition to industrial applications, liquid hydrogen will play a key role in the hydrogen-powered society of the future as a fuel for vehicles and for power generation.

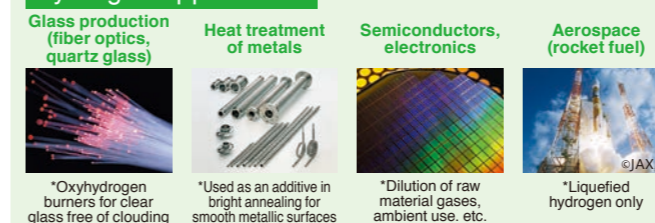
Industrial applications

- Leveraging the advantages of liquid hydrogen to grow our customer base

The advantages of liquid hydrogen



Hydrogen applications



Energy applications

- Building a new energy market

2030 targets

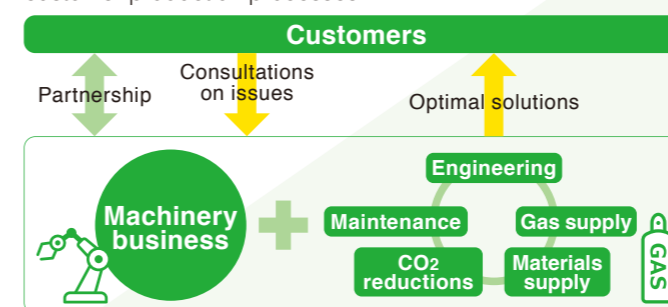
Hydrogen basic strategy	
FCVs	800,000
FC buses	1,200
Forklifts	10,000

Green growth strategy	
Hydrogen	Up to 3 million t



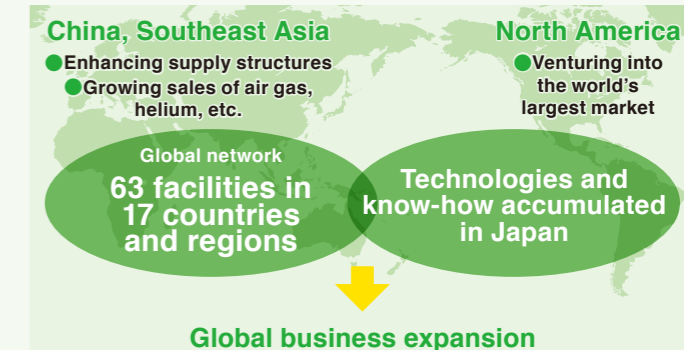
Business expansion based on the Machinery business

Beyond equipment designed to handle industrial gases, Iwatani's Machinery business involves an extensive lineup of technologies, including semiconductor production equipment and robots. Our initiatives in these areas remain unmatched. Combining options such as gas supply, gas equipment maintenance, materials supply, and machinery and equipment, we propose optimal solutions that meet the diverse needs of customer production processes.

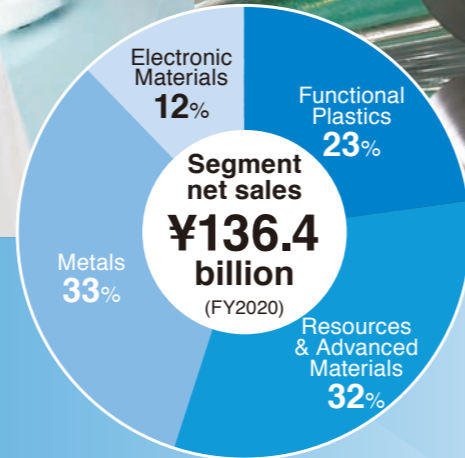
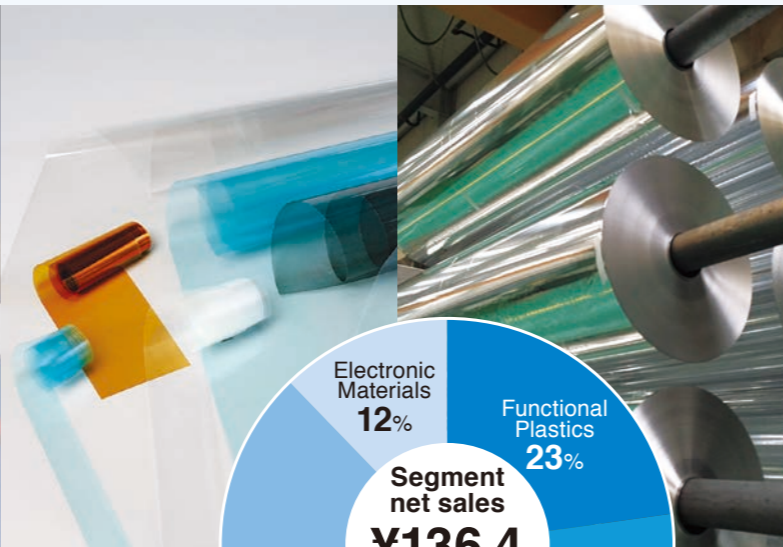


Applying the know-how gained from the domestic market in our international initiatives

Iwatani is seeking to grow its businesses not just in Japan but around the world leveraging our storehouse of technologies and know-how, as well as our global networks. We're also seeking to achieve synergies among business segments through organization-wide joint efforts with other business segments.



Materials



The Materials segment consists of four sections: Functional Plastics, which handles resin raw materials and resin products; Resources & Advanced Materials, which handles mineral sands and other materials; Metals, which handles stainless steel and non-ferrous metals; and Electronic Materials. These segments supply the raw and other materials essential for manufacturing.

Functional plastics

Eco-friendly PET resin helps promote recycling and reduce CO₂ emissions. Future goals include expanding applications to uses beyond beverage bottles, such as packaging materials and household items.



I-Wrap

Eco-friendly PET resin

Resources & Advanced Materials

Through activities ranging from trade in raw materials (primarily mineral resources such as mineral sands and rare metals) to commercial investments, Iwatani supports global industry. Efforts include strengthening our capacity to supply palm kernel shells (PKS) and other biomass fuels currently drawing attention as renewable energy sources, as well as active research and development of state-of-the-art nanomaterials.



Mineral sand quarry

Metals

The stainless steel and other metal products we supply are recyclable resources that help bring us closer to a carbon-free society. Drawing on the manufacturing capabilities of our overseas processing plants, we supply materials for next-generation vehicles, smartphones, and other products and applications. Our research and development efforts also target state-of-the-art materials to identify further possibilities for metal products.



Stainless steel

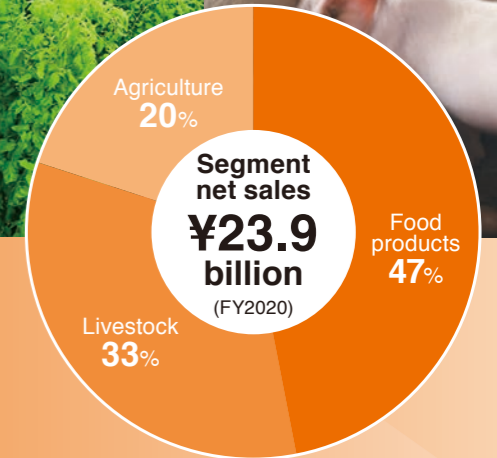
Electronic Materials

As a comprehensive supplier of battery related materials, films for onboard panels, and other materials, which play key roles in the development of next-generation vehicles, as well as of materials for the electric components essential to self-driving car technologies, we contribute to the widespread adoption of next-generation vehicles—products essential to establishing a carbon-free society.



battery related materials

Agri-Bio & Foods



Our efforts in frozen foods, mainstay products of the Agri-Bio & Foods segment, got their start as we sought to develop new applications for the cold energy from liquid nitrogen and other sources. Today, we supply a broad range of safe and dependable frozen foods, including vegetables, seafood, and meats. We support food production in areas ranging from the supply of state-of-the-art agricultural and livestock equipment and materials to pig breeds.

Food products and agriculture

Our food products business further identifies and meets labor-saving needs by enhancing sales of consumer frozen food products, in addition to those of commercial frozen foods. In the agriculture business, we're focusing on becoming a manufacturer capable of offering a wide range of solutions, from next-generation materials to greenhouses, based primarily on the development of automation technologies and labor-saving machinery.



Frozen side dishes



Mediterranean vegetables series

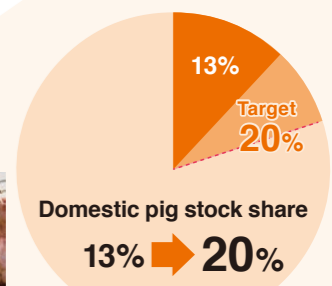
Livestock

As an exclusive agent for the Pig Improvement Company (PIC), the world's largest pig breeding stock company, Iwatani supplies outstanding pig breeds to farmers. In partnership with major business partners, we're currently seeking to grow our domestic market share from 13% to 20%.



Large-scale livestock equipment

Future target



Domestic pig stock share
13% → 20%



Greenhouses (weather-proof film greenhouses)



Agricultural equipment (automated irrigation and pest control system)



Iwatani Camborough's Shin Tashiro pig breeding farm

Sustainable growth initiatives

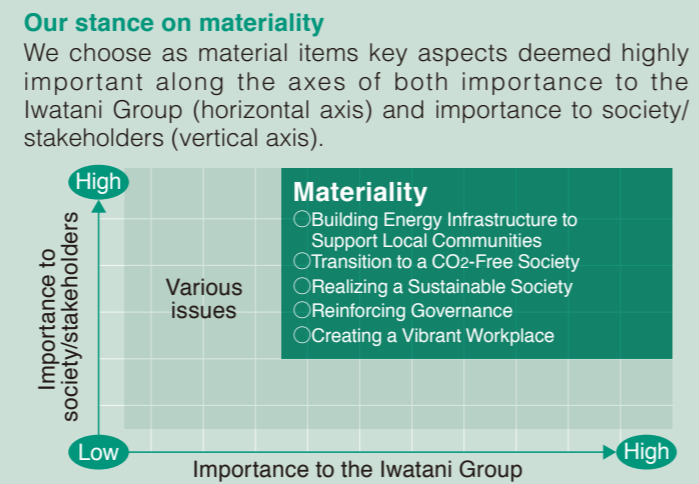
Materiality and SDGs

Based on our corporate philosophy—*Become a person needed by society, as those needed by society can prosper*—the Iwatani Group strives to achieve sustainable growth and to identify solutions to social challenges through activities involving Gas and Energy.

Business environment	Growth strategy	Materiality	Major initiatives	Related SDGs
<p>1 Global trend toward decarbonization and cyclical society</p> <ul style="list-style-type: none"> Accelerating energy diversification and shift toward non-fossil fuels, chiefly hydrogen Accelerating technological development and expanding business opportunities to help reduce environmental impact 	<p>Medium-term management plan PLAN23 (2021–2023)</p> <p>Basic Policies Enhancing strategic investment to establish a carbon-free society; promotion of digitization</p> <p>Basic strategies</p> <p>1. Enhancing initiatives toward a carbon-free society</p> <ul style="list-style-type: none"> Promoting the development of a hydrogen energy-based society Expanding sales of eco-friendly products <p>2. Evolving into a comprehensive energy lifestyle service provider</p> <ul style="list-style-type: none"> Expanding the customer base Expanding B2C business Developing community services based on the IwataniGateWay platform <p>3. Expanding international businesses</p> <ul style="list-style-type: none"> Enhancing supply structures and manufacturing functions Enhancing the cartridge gas business Expanding the Industrial Gases & Machinery business in the United States 	<p>Building Energy Infrastructure to Support Local Communities pp. 27–30</p> <ul style="list-style-type: none"> Securing lifelines in provincial cities Building a resilient supply chain Enhancing disaster countermeasures and response 	<ul style="list-style-type: none"> Expanding use and ensuring the stable supply of MaruiGas Developing Core LPG Centers MaruiGas Disaster Relief Corps Disaster preparedness (portable gas cooking stoves and Fuji no Yusui water supplies) Support Team for Your Community (Kodomo 110-Ban Emergency Call Centers for Kids) Tele-Safe System and IwataniGateWay 	
<p>2 Accelerating digitalization and emergence of social issues</p> <ul style="list-style-type: none"> Increasing utilization of digital technologies to solve social issues Coordination across industry demarcations and more sophisticated lifestyle services through data utilization 		<p>Transition to a CO2-Free Society pp. 31–32</p> <ul style="list-style-type: none"> Widespread use and stable supply of clean energy 	<ul style="list-style-type: none"> Encouraging the transition to alternative fuels (LPG, LNG) Generating demand for hydrogen energy Participating in joint industry/government/academia projects 	
<p>3 Global economic recovery, economic growth, and reevaluating our supply structures</p> <ul style="list-style-type: none"> Conversion to growth expansion policy after the pandemic Decentralization of production facilities and review of the global supply chain 		<p>Realizing a Sustainable Society pp. 33–34</p> <ul style="list-style-type: none"> Expanding use of renewable energy Promoting adoption of products with low environmental impact Stable supply of scarce resources 	<ul style="list-style-type: none"> Expanding use of biomass fuels Developing eco-friendly products Ensuring the stable supply of helium Developing and supplying rare mineral resources 	
		<p>Reinforcing Governance pp. 35–36</p> <ul style="list-style-type: none"> Building a governance system to support sound business activities 	<ul style="list-style-type: none"> Business execution and oversight system Audit system Enhancing risk management system Ensuring thorough compliance 	
		<p>Creating a Vibrant Workplace p. 37</p> <ul style="list-style-type: none"> Developing human resources to support growth strategies Creating workplaces where a diverse range of human resources can engage in active roles 	<ul style="list-style-type: none"> Personnel system Promoting diversity Human resource development and training programs Maintaining and improving employee health 	

Materiality identification process

Identifying issues	Identifying issues gleaned from the Sustainable Development Goals (SDGs), items evaluated by environmental, social, and governance (ESG) rating agencies
Determining the importance of various issues	Analyzing the importance of issues in light of the Iwatani Group's corporate philosophy, the Outline of Iwatani Corporate Ethics, and management strategies.
Identifying materiality	Identifying as material issues judged to be important both to society and stakeholders and to the Iwatani Group



Working toward the Sustainable Development Goals (SDGs)

At Iwatani, we consider a sound understanding of and efforts to achieve the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 essential aspects of identifying materiality. By validating the relationship between each materiality and the 17 Goals and 169 Targets of the SDGs and identifying which SDGs relate to each material issue, the Group will contribute to widespread innovations throughout society.





Building Energy Infrastructure to Support Local Communities

The reliable and uninterrupted supply of energy is essential. As a major LPG supplier, Iwatani contributes to safety and security in local communities by enhancing networks that ensure the delivery and stable supply of fuel and promote disaster preparedness.



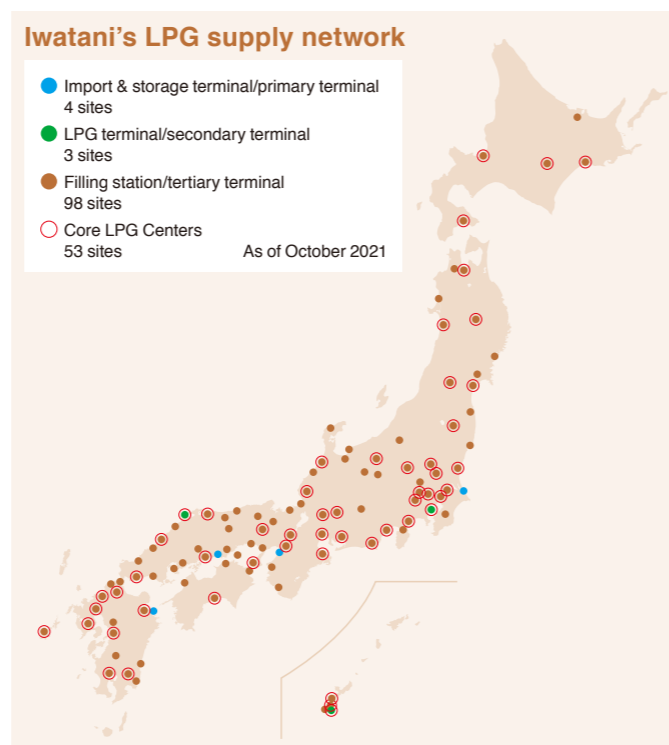
MaruiGas supports households across Japan

As a highly portable and eco-friendly energy source, LPG supports the lives of about one-half of all households in Japan, based on a supply network that covers about 95% of the nation's highly divergent terrain. A vital element of community energy infrastructures, LPG is widely used in commercial, industrial, automotive, and other settings. Iwatani supplies LPG under the MaruiGas brand—Japan's leading LPG brand—to approximately 3.2 million households and a wide range of other users across the country from Hokkaido in the north to Okinawa in the south. We plan to work to improve supply reliability still further and to continue promoting use of LPG, a general purpose energy source that helps reduce our environmental footprint.



Core LPG Centers are critical components of a stable supply structure

The reliable operation of LPG refueling stations, which provide high-capacity storage and handle the filling and shipment of individual LPG containers, is essential to maintaining a reliable supply of LPG, even in the event of an earthquake or other disaster. By developing Core LPG Centers—LPG refueling stations featuring enhanced seismic resistance—Iwatani is striving to make its LPG supply network even more resilient and dependable. In addition to the enhanced seismic resistance of their LPG storage tanks and refueling equipment, Core LPG Centers feature automatic gas dispensers and LPG-powered emergency generators that allow operation even during power failures. We're striving to maintain a structure resistant to potential gasoline shortages in the event of a disaster by increasing the percentage of LPG delivery trucks used to deliver gas from Core LPG Centers to users powered by LPG itself. Currently, Iwatani operates 98 LPG refueling stations across Japan, 53 of which have been converted fully into Core LPG Centers.



Core LPG Centers are highly disaster-resistant.



Disaster-ready LPG bulk storage tank



LPG-powered emergency generators

LPG supports everyday life and business continuity in the event of emergencies

A large-scale disaster can interrupt the supply of electricity, gas, and other lifeline services. To strengthen preparedness for such risks, Iwatani proposes energy systems and equipment using LPG, which does not require supply pipes, to diverse users across Japan, including local governments, hospitals, long-term care facilities, schools, and businesses. LPG-powered emergency generators provide a stable supply of power to avert power failures and voltage drops. Gas heat pumps (GHPs), LPG-powered air conditioning systems, can be used even during power failures. Our proprietary Iwatani Emergency Energy System, which bundles a disaster-ready LPG bulk storage tank, LPG-powered emergency generator, delivery station (a portable large-scale meal preparation system developed jointly with Rinnai Corporation), and a GHP air conditioning system, makes it possible to provide hot meals, generate supply hot water, and provide heating, air conditioning, and other essential services even if grid-based electricity and city gas are unavailable. Natural disasters such as typhoons and torrential downpours have grown more frequent in recent years. Equipment and systems that run on disaster-resistant LPG can help people rebuild their lives and communities for rapid recovery following a disaster. They also have key roles to play in business continuity planning (BCP).



The Iwatani Emergency Energy System

MaruiGas Disaster Relief Corps

Established jointly with some 1,400 MaruiGas distributors to ensure rapid LPG recovery in response to disasters, the MaruiGas Disaster Relief Corps is Japan's only nationwide disaster prevention organization founded by a private sector energy company. Since its establishment in 1995, the MaruiGas Disaster Relief Corps has been deployed 30 times, including for urgent LPG inspections and recovery work in areas affected by Typhoon Hagibis in 2019. Currently, some 3,600 qualified gas technicians from different companies are members of the MaruiGas Disaster Relief Corps. The organization strives to maintain and strengthen its capacity to respond to disasters through annual nationwide drills conducted simultaneously.



A simultaneous drill

Deployment examples



March 2011: Great East Japan Earthquake



April 2016: Kumamoto Earthquake



July 2018: Torrential downpours in western Japan



October 2019: Typhoon Hagibis



Building Energy Infrastructure to Support Local Communities

Iwatani is building brighter futures for local communities by applying the technologies and networks developed through its LPG business efforts, including products and services to address disaster preparedness and Japan's unprecedented super-aging society.



Saudi Aramco-Iwatani relief fund aids disaster-affected areas

In 2009, Iwatani and Saudi Arabia's state-run oil company Saudi Aramco established the Saudi Aramco-Iwatani Emergency LP Gas Relief Program, which provides free portable gas stoves and cassette gas canisters to locations affected by major natural disasters as emergency relief supplies. This fund provided relief in response to heavy damage caused by typhoons in August 2021, when Iwatani delivered portable gas stoves, cassette gas canisters, and Fuji no Yusui drinking water in response to requests from local governments in the affected areas.



Relief supplies for areas affected by the August 2021 typhoons



Relief supplies for areas affected by the July 2020 torrential downpours

Use of Iwatani's portable gas stoves, cassette gas canisters, and Fuji no Yusui Water in stockpiling for disasters

It is recommended that households have on hand at least three days' worth of food, drinking water, supplies for everyday living, portable gas stoves, and cassette gas canisters as emergency supplies in the event of a disaster. As Japan's leading manufacturer of portable gas stoves and cassette gas canisters and as the supplier of Fuji no Yusui natural spring water, Iwatani strives to encourage more widespread stockpiling of emergency supplies for disasters.

To encourage forming adequate stockpiles of cassette gas canisters and natural spring water, we recommend to customers a rolling stock method based on replenishing and regularly using stocks of these items. We also offer Fuji no Yusui J Packs. Ideal for emergency stockpiling, they can be stacked vertically and served even without water-serving equipment.



Cassette-Feu Kazemaru II, with wind baffles for use in windy conditions



Iwatani cassette gas canister



Simple operation of Fuji no Yusui J Pack: simply twist the built-in tap



In limited spaces, J Packs can be stacked

The Support Team for Your Community helps keep communities safe

MaruiGas distributors across Japan draw on their individual sales and distribution networks to carry out activities under the Anata-no Machi-no Sapototai (Support Team for Your Community) banner and to help keep their communities safe and secure. These activities include participation in programs such as Kodomo 110-Ban no Mise (Store Acting as Emergency Call Center for Kids), Ugoku Kodomo 110-Ban (Mobile Emergency Call Center for Kids), and Hitokoe Yobikake Undo (Call-Out Campaign). Their goal is to contribute to the community while engaging in LPG delivery and everyday business operations by reporting and rescuing lost children and exchanging greetings and communication with members of the community.



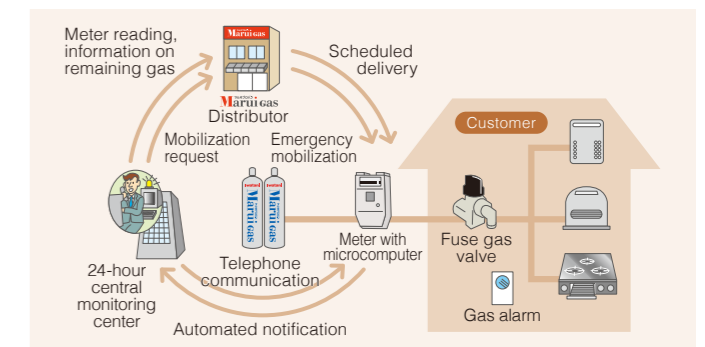
Gas-safety techniques and expertise

Iwatani has established its own comprehensive safety standards, known as the Iwatani Safety Specs (ISS), based on safety techniques and expertise amassed by MaruiGas. We use these standards to strengthen our LPG safety operations. Kanden Gas Support Co., Inc., a joint venture with Kansai Electric Power Co., Inc., uses these reliable safety services to support safety and security in city gas services.



Tele-Safe 24-hour central monitoring system

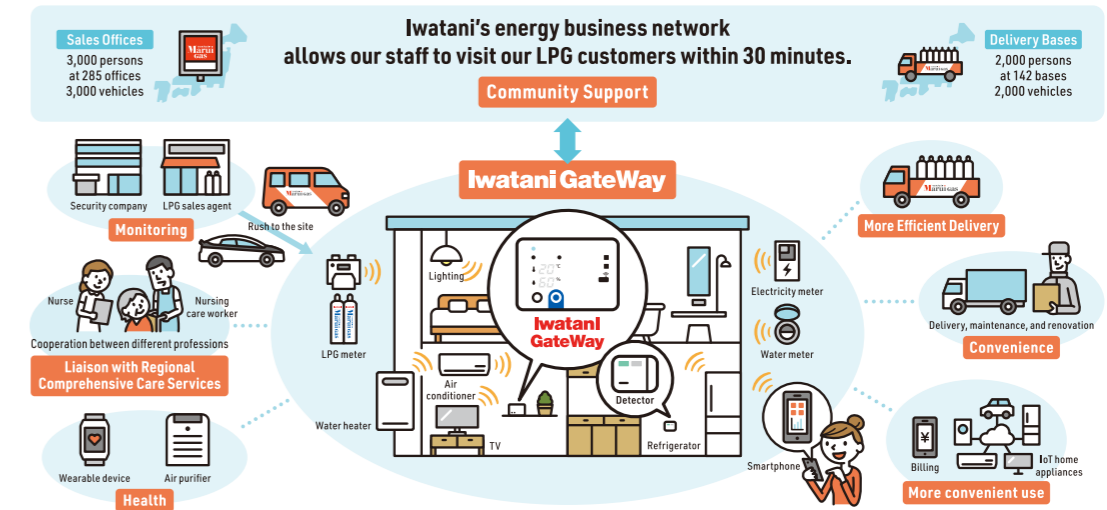
Designed to ensure gas safety in real time, 24 hours a day, 365 days a year, Tele-Safe connects gas meters at customer homes via telecommunications lines to the Iwatani Call Center, a central monitoring center. On detecting a gas leak or other abnormality, the system automatically shuts off the gas supply and notifies the Iwatani Call Center, allowing staff to respond quickly to the incident. This system also helps avoid interruptions of gas service and enables automated meter reading. We're also introducing new services based on this technology, including Mappy Safe, a service that sends text notifications to mobile phones if any gas abnormalities are detected or if no gas is used for extended periods.



Launching the IwataniGateWay IoT platform

In July 2021, we launched the IwataniGateWay service, our unique Internet of Things (IoT) platform that adds networking functions to household gas alarms. We're striving to develop new services to deliver solutions that address various community issues, including safety and health management services and home delivery services for seniors, by linking the GateWay system to emergency services to enable emergency response in 30 minutes or less. As a comprehensive energy lifestyle service provider, we will also seek to deliver solutions that enrich our living environments, including voice-based services in joint efforts with local governments and service

improvements in joint efforts with local governments and other businesses.



New services made possible by the IwataniGateWay IoT platform



Transition to a CO₂-Free Society

To promote use of hydrogen, key to achieving a CO₂-free society, Iwatani is striving to develop hydrogen refueling stations and new technologies based on hydrogen while participating in numerous large-scale testing projects.



Encouraging the transition to alternative fuels

Iwatani is focusing its efforts on proposing to various industrial users a fuel transition from coal and petroleum to LPG and natural gas. LPG and natural gas offer low CO₂ emissions and dependable supply thanks to abundant underground reserves. Adopted with equipment such as gas cogeneration systems, gas heat pump (GHP) air conditioning, and high efficiency water heaters and devices and systems intended to improve operational efficiency, they will cut costs and strengthen business continuity planning (BCP) solutions, in addition to reducing environmental impact. Our integrated LPG and liquefied natural gas (LNG) supply network will provide comprehensive support in aspects ranging from stable supply to equipment improvements and maintenance for customers seeking to make this transition seamlessly.



Cogeneration system



Gas heat pump (GHP) air conditioners

Generating demand for hydrogen energy

Having set the goal to swiftly build a society based on hydrogen energy—that is, one in which fuel cell vehicles (FCVs) are widely used—Iwatani is moving forward to develop hydrogen refueling stations across Japan as essential components of a supply infrastructure supporting the wider use of hydrogen. We built 10 new refueling stations in FY2020 and 15 in FY2021, bringing the total number of sites to 53. We plan to open 30 additional stations by FY2023. By the same year, we plan to increase our number of hydrogen refueling stations in the United States to 23, including the four stations already operating. We're also developing hydrogen refueling station specifications to match conditions at individual locations—for example, stations combined with convenience stores and mobile refueling stations. We're striving to reduce construction costs by modularizing key equipment. In October 2021, we opened the Iwatani Hydrogen R&D Center. There, building on the technologies developed to date, we will accelerate and promote the development of green hydrogen and other new proprietary technologies.

We've also begun working on the hydrogen vessel concept for Expo 2025 Osaka Kansai. This project involves building a ship propelled by electric motors fueled by hydrogen, to carry from 100 to 150 passengers. By transporting passengers between the Expo 2025 venue on an artificial island in Osaka Bay and sightseeing spots around the city of Osaka, this ship should provide an excellent opportunity to demonstrate the potential of hydrogen energy to observers from across Japan and around the world.



Iwatani Hydrogen Refueling Station in Tokyo Kasai can refuel FC buses.



A hydrogen refueling station in the United States

Kansai Area: 14 locations

- Iwatani HRS in Amagasaki
- Iwatani HRS in Osaka Hommachi
- Iwatani HRS in Osaka Morinomiya
- Iwatani HRS in Osaka Suminoe
- Iwatani HRS in Kansai International Airport
- Iwatani HRS in Otsu
- Iwatani HRS in Osaka International Airport
- Iwatani HRS in Wakayama Oda
- Kansai International Airport (hydrogen infrastructure for industrial vehicles)
- Iwatani HRS in Kyoto Kumiyama
- Iwatani HRS in Sakai Mihara
- Iwatani HRS in Nara Daianji
- Iwatani HRS in Hyogo Himeji
- Iwatani HRS in Wakayama-minami Smart Interchange (under construction)

Chubu Area: 13 locations

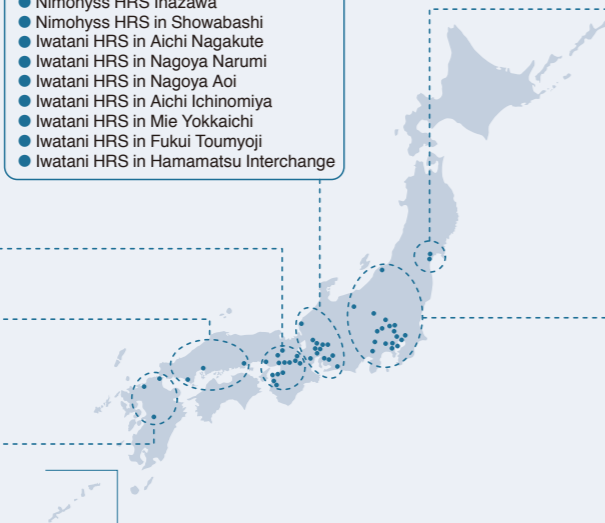
- Iwatani HRS in Aichi Kariya
- Iwatani HRS in Aichi Atsuta Nishi
- Toyota Ecoful Town HRS
- Aichi Prefectural Government Mobile HRS
- Nimohyssh HRS Inazawa
- Nimohyssh HRS in Showabashi
- Iwatani HRS in Aichi Nagakute
- Iwatani HRS in Nagoya Narumi
- Iwatani HRS in Nagoya Aoi
- Iwatani HRS in Aichi Ichinomiya
- Iwatani HRS in Mie Yokkaichi
- Iwatani HRS in Fukui Toumyoji
- Iwatani HRS in Hamamatsu Interchange

Tohoku Area: 2 locations

- Iwatani HRS in Miyagi Sendai
- Iwatani HRS in Sendai International Airport

Greater Tokyo Area/Kanto Area: 18 locations

- Iwatani HRS in Shibakoen
- Iwatani HRS in Tokyo Ariake
- Iwatani HRS in Tokyo Ikegami
- Iwatani HRS in Saitama Toda
- Iwatani HRS in Kofu
- Iwatani HRS in Tokyo Kasai
- Nimohyssh HRS in Kudan
- Iwatani HRS in Tokyo International Airport
- Iwatani HRS in Saitama Nishi
- Iwatani HRS in Sagami Chuo
- Iwatani HRS in Gunma Takasaki
- Iwatani HRS in Gotemba Interchange
- Iwatani HRS in Yokohama Totsuka
- Iwatani HRS in Niigata Chuo
- Iwatani HRS in Saitama Kawaguchi
- Iwatani HRS in Tokyo Higashikurume
- Iwatani HRS in Nagano Kitanagaike
- Iwatani HRS in Tokyo Hamura (under construction)



Iwatani Hydrogen Refueling Stations in Japan (as of August 2021)

*Nimohyssh Hydrogen Refueling Stations are operated by Nippon Mobile Hydrogen Station Services, LLC, a joint venture involving Iwatani, Toyota Tsusho Corporation, and Taiyo Nippon Sanso Corporation.

Japan H₂ Mobility, LLC (JHyM)

The JHyM was established in 2018 to develop and efficiently operate hydrogen refueling stations intended to serve fuel cell vehicles (FCVs) and promote wider use of FCVs. Current participants number 26* Japanese companies, including Iwatani, drawn from the automotive, energy, and finance sectors. Iwatani is active in the construction and operation of hydrogen refueling stations and standardization of related equipment and systems, among other efforts to enhance the hydrogen refueling station networks.

*As of October 2021



From the press conference announcing the establishment of JHyM

Hydrogen Council

Made up of 129* leading companies from the energy, transport, and manufacturing sectors around the world, the Hydrogen Council seeks to achieve its shared goals by formulating recommendations for hydrogen use and effective action plans in joint efforts with policymakers, hydrogen-using businesses, international organizations, and citizens' groups in various countries. As a member of the Hydrogen Council, we share its global vision of hydrogen and are focusing on expanding the use of hydrogen in Japan. *As of September 2021



From a meeting of CEOs held in Paris in January 2020

Participating in and organizing various councils and committees

Iwatani participates in and helps establish various organizations to build and grow a society based on hydrogen energy. In the Kansai region, we serve as the secretariat of the Kobe Kansai Area Hydrogen Utilization Council. We're also a member of the Chubu Hydrogen Utilization Council in the Chubu region and the Tokyo Bay Zero Emission Innovation Council in the Kanto region. Through our participation in these organizations, based on knowledge gained to date from activities involving commercial hydrogen, we're pushing ahead with testing and studies to integrate hydrogen technologies into the social fabric of each region. We also participate in carbon neutral port study committees established by individual ports to advance port functions, in efforts to achieve carbon zero status in waterfront areas, and in studies on hydrogen handling in these areas. Serving as home to oil refineries, power plants, and various other facilities, these areas typically generate significant CO₂ emissions.

Japan Hydrogen Association (JH2A)

The Japan Hydrogen Association (JH2A) was established in December 2020 to accelerate progress toward a hydrogen-based society through various practical projects to implement hydrogen into society. With a membership (253 companies as of October 2021) including not just energy suppliers, automakers, and manufacturers of various types of related equipment but also banks, securities firms, and insurers, the JH2A is a truly nationwide organization. As a co-representative of the JH2A, we are moving ahead with various aggressive activities in partnership with other members.



From an event held to mark the launch of the Japan Hydrogen Association (JH2A)

Fukushima Plan for a New Energy Society

Iwatani also participates in the Fukushima Plan for a New Energy Society, an effort led by the Japanese government and Fukushima Prefecture to test the conversion of electricity generated from solar power into hydrogen for storage and use in local communities. In 2018, we built the Fukushima Hydrogen Energy Research Field in the town of Namie in Fukushima Prefecture. Developed jointly with the New Energy and Industrial Technology Development Organization (NEDO), Toshiba Energy Systems & Solutions Corporation, and Tohoku Electric Power Co., Inc., this facility has the capacity to produce hydrogen equivalent to a 10,000 kW-class power plant from solar power. Feasibility testing began in FY2020. Hydrogen generated by this facility is being used for power generation from fuel cells and to supply hydrogen refueling stations.



Fukushima Hydrogen Energy Research Field Photo: NEDO

Iwatani Hydrogen Energy Forum

Since 2006, Iwatani has hosted the Iwatani Hydrogen Energy Forum at two venues, in Osaka and Tokyo. These events seek to deepen understanding of the various aspects of a society based on hydrogen energy and provide opportunities for networking to catalyze a shift toward such society. Each Forum includes special lectures and Q&A sessions among participants intended to accelerate the widespread use of hydrogen energy.



The 13th Iwatani Hydrogen Energy Forum



Realizing a Sustainable Society

Keeping environmental preservation in mind, Iwatani works constantly on issues related to procurement stability and reliable supply of the resources and raw materials essential to society's progress.



Biomass fuel is a renewable energy source

Biomass power generation generates electricity by burning plant-sourced organic resources (biomass). Demand is growing for biomass power generation, which generates electricity by burning plant-sourced organic resources (biomass)—a renewable energy source that helps keep down CO₂ emissions. Iwatani imports palm kernel shells (PKS) from Indonesia and Malaysia for use in biomass power generation. Through quality controls based on the analytical technologies of the Iwatani R&D Center, we supply high-quality PKS materials to biomass power plants in Japan. We're also making progress on initiatives targeting new biomass fuels, including wood pellets and torrefied pellets, which hold great promise as a coal alternative.



Palm kernel shells (PKS) for use as biomass fuel

Eco-friendly PET resins

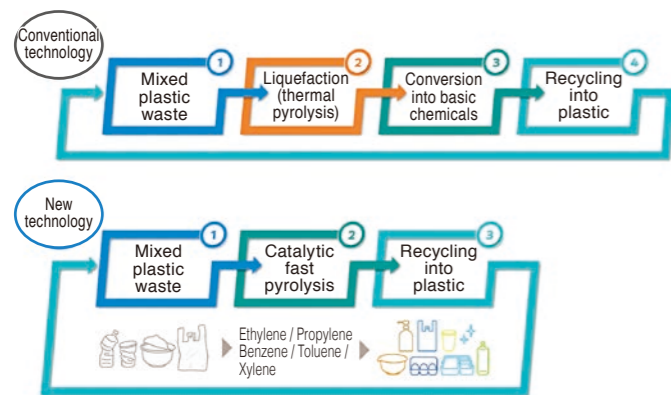
To reduce the environmental impact of the production, disposal, and incineration of the massive volumes of PET plastic bottles, Iwatani has developed biomass PET resin, a plastic made by replacing petroleum-derived monoethylene glycol (MEG), which accounts for up to 30% of all raw materials in conventional PET resins, with Bio-MEG derived from inedible sugar cane. We supply PET resins produced by a plastics manufacturer in Thailand using Bio-MEG sourced from India. We've developed aluminum PET resins produced using an aluminum catalyst (essential to PET production) that contains zero heavy metals. This solution is drawing attention as a new PET resin to promote the recycling of PET plastic bottles.



Bottles made of biomass PET

Recycling used plastics

In June 2020, R Plus Japan, Ltd., a company established by Iwatani in partnership with 12 other companies, began activities related to used plastics recycling. Harnessing recycling technologies utilizing solutions developed by US biochemical startup Anellotech Inc., the company applies chemical methods to recycle plastics including PET bottles directly into raw materials. Since this method requires fewer steps than conventional methods, it helps minimize CO₂ emissions and energy use. This new company is striving to commercialize its recycling technologies by 2027.



Process flowchart

Ensuring the stable supply of helium

Essential in state-of-the-art technologies and healthcare, helium is a rare natural resource produced in a handful of countries. Iwatani seeks to ensure a dependable supply of helium by procuring it from two countries, Qatar and the United States, from whom we have secured direct importing rights. Our organization includes two of Japan's largest helium centers: the Tokyo Helium Center (in Inashiki-gun, Ibaraki Prefecture) and Osaka Helium Center (the city of Osaka), further stabilizing supply capabilities. Each uses high-efficiency helium recovery equipment to cut losses during filling processes to one-eighth previous levels and to make the most effective use of this scarce resource. In addition, the Tokyo Helium Center uses equipment that allows production of ultra-high purity (99.99999%) helium gas—purity levels exceeding 7N, the industry's highest standards. Iwatani plans to introduce this dependable supply of helium to meet growing demand not just in Japan, but in other markets, including China and Southeast Asia.



The Tokyo Helium Center, completed in April 2019

Supplying rare mineral resources

Iwatani pioneered the development and supply of rare mineral resources. In 1952, we became Japan's first company to import titanium ore. In 2000, we ventured into the businesses of extraction and electromelting of zirconium and titanium ore from our own mines in Australia. Since then, we've continued to develop and acquire new mines to ensure stable supplies over the long term. As part of efforts to lessen our environmental impact, we've begun work to restore mines to their original state after use, as well as afforestation activities on former mine sites to absorb CO₂.



Hydrocut® eco-friendly mixed fusing gas

Developed and produced by Iwatani, Hydrocut® eco-friendly mixed fusing gas is made by mixing hydrogen gas, which generates zero CO₂ emissions when burned, with hydrocarbon gases to enhance performance while reducing environmental impact. This cuts CO₂ emissions by some 70% compared to conventional acetylene and 85% compared to conventional propane. With its outstanding safety and workability, Hydrocut® alleviates flashback, soot, and radiant heat, helping to improve working conditions across a wide range of industries, including iron and steel, shipbuilding, construction, and the automotive industry.



Hydrocut®

Providing safe and reliable food products

Iwatani contributes to health and prosperity by supplying safe and reliable food products. We seek to develop products suited to changing lifestyles and consumer needs, including low birth rates, an aging population, and growing numbers of single households. (Examples include frozen vegetables, frozen seafood, and frozen meat products.) Our livestock business supports the production of safe, delicious pork products by supplying high-quality pig breeds to farmers in partnership with the Pig Improvement Company (PIC), the world's largest pig breeding stock company, and the development and supply of hog farming systems based on the latest labor-saving and automation technologies. We strive to contribute to eco-friendly production activities through cross-functional solutions Groupwide.

Jet Duster, a CFC-free compressed-gas dust remover

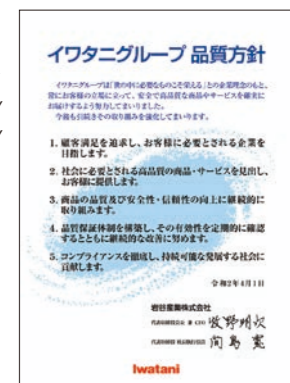
Iwatani Group sells Jet Duster, a CFC-free compressed-gas dust remover containing no chlorofluorocarbons (CFCs), which are harmful to the ozone layer. Commonly used as an alternative fluorocarbon, HFC-134a is not directly harmful to the ozone layer but does have a high global warming coefficient of 1430. Jet Duster makes use of no CFCs or CFC alternatives, and its global warming coefficient does not exceed 1. It has been certified as a product that meets the standards of the Act on Promoting Procurement of Eco-Friendly Goods and Services by the State and Other Entities.



CFC-free compressed-gas dust remover

Quality Assurance

The Iwatani Group has established the Iwatani Group Quality Policy based on its corporate philosophy *Become a person needed by society, as those needed by society can prosper*. In line with this policy, the Quality Assurance Management Department works with the departments responsible for individual products in continual efforts to improve product quality, safety, and reliability.



The Iwatani Group Quality Policy



Mediterranean vegetables series

Mixed vegetables, Japanese side dishes, seafoods

Camborough pork



Reinforcing Governance

We develop and maintain corporate governance structures and strive to raise employee awareness to secure sound management and to fulfill our corporate social responsibilities.

Related SDGs



Business execution and oversight system

Board of Directors

Responsible for Iwatani's business decision-making and oversight, the Board of Directors consists of 12 directors (including three outside directors). Together with swift, appropriate decision-making and oversight based on comprehensive and active deliberation in the Board of Directors, the outside directors 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.

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 director 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.

Joint Committee of Directors and Executive Officers

Once a month, Iwatani's Joint Committee of Directors and Executive Officers, whose membership consists of full-time directors, 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.

Personnel and Compensation Committee

In June 2021, Iwatani established a voluntary Personnel and Compensation Committee as an advisory body to the Board of Directors. This body consists of three or more directors, a majority of whom, including the chair, are outside directors. The goal is to enhance fairness, transparency, and objectivity in procedures related to decision-making on the appointment, dismissal, and compensation of directors and auditors and to strengthen corporate governance, through consultation with this Committee.

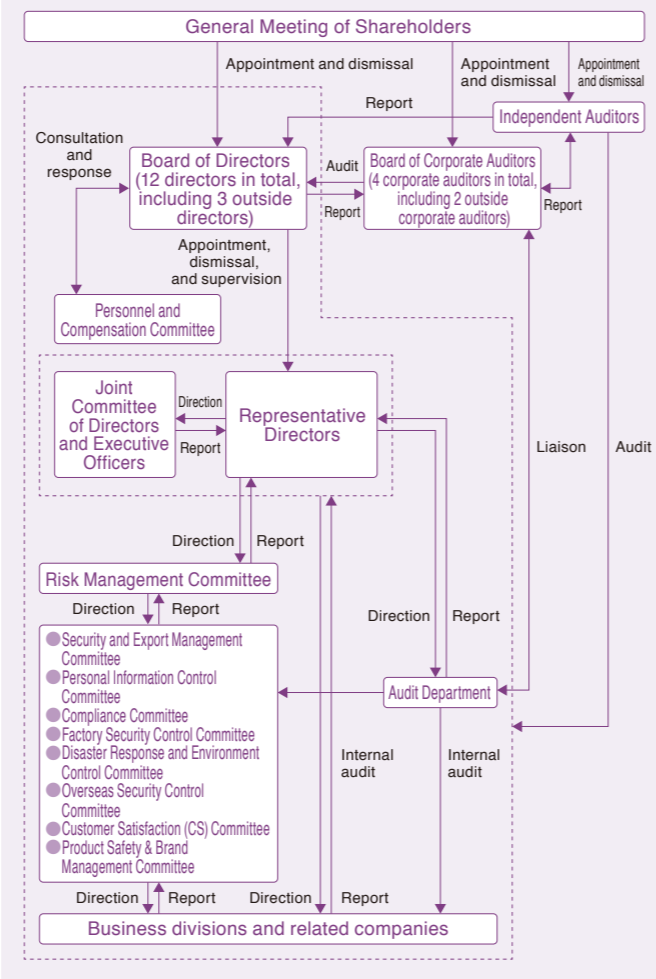
Audit system

Iwatani has adopted a company structure with a board of corporate auditors. The Board of Corporate Auditors consists of four corporate auditors (including two outside corporate auditors). Full-time corporate auditors attend all meetings of the Board of Directors and the Joint Committee of Directors and Executive Officers meetings, and outside corporate auditors also attend Board of Directors meetings, to ensure full oversight of directors' execution of their duties. Corporate auditors are appointed with a focus on matters such as their specialized knowledge of finance, accounting, and the law and their knowledge and experience related to our businesses. Outside corporate auditors in particular are appointed based on the requirements for independent directors established by financial instruments exchanges. 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 corporate auditors, consider whether the business activities throughout the Group are being performed appropriately and efficiently.

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 in a bid for continuous growth and increase in corporate value.

Corporate Governance Structure



Corporate Governance Report:
<http://www.iwatani.co.jp/jpn/ir/pdf/governance.pdf>
List of officers:
<http://www.iwatani.co.jp/jpn/company/company03-02.html>

Risk management system

The Iwatani Group has established a Risk Management Committee to ensure integrated management of risks across all Group companies. Specialized 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 on the meetings, 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.

Specialized individual committees

Committee	Goals, overview
Security and Export Management Committee	Enhancing management structures for compliance with the Foreign Exchange and Foreign Trade Act and preventing improper exports
Personal Information Control Committee	Comprehensive protection of personal information
Compliance Committee	Comprehensive compliance with laws and regulations
Factory Security Control Committee	Formulating priority measures on high-pressure gas safety and other matters
Disaster Response and Environment Control Committee	Developing disaster response measures and deliberating on important matters related to environmental management
Overseas Security Control Committee	Comprehensive international risk management
Customer Satisfaction (CS) Committee	Increasing customer satisfaction
Product Safety & Brand Management Committee	Examining the safety and compliance of products handled, establishing the image of the Iwatani brand, and maintaining and increasing brand value

Compliance

Iwatani acts with uncompromising respect for the letter and the spirit of applicable laws and regulations and fulfills its social responsibilities through free and fair competition.

To prevent the occurrence of corporate misconduct, in 1998 we established the Outline of Iwatani Corporate Ethics as "a norm to be observed in all aspects of business activities on the basis of sharing the management philosophy, morality and values among management team members and employees in the group." We publicize this Outline throughout the Company and Group companies to raise awareness of compliance Groupwide, and also revise the Outline of Iwatani Corporate Ethics to reflect recent changes in the social conditions in which we do business as well as amendments in laws and regulations.

Compliance Committee

The Compliance Committee is set up under the Risk Management Committee to comprehensively promote legal and regulatory compliance by enforcing and enhancing 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've also established a whistleblowing program to enhance compliance through the rapid discovery and rectification of improper actions. We have established a structure whereby reports from employees and others concerning organizational or individual actions in violation of laws or regulations can be addressed properly. Under this system, the Compliance Committee investigates the facts of the matters reported and, as necessary, takes swift corrective and preventive action. Contact points for whistleblowing reports from employees and others have been set up both inside and outside the Company. Response is based on advice from independent experts. Rules prohibiting retributive and disadvantageous treatment safeguard the rights of whistleblowers.

Prohibition of bribery and corruption

The Behavioral Guidelines in the Outline of Iwatani Corporate Ethics prohibit giving and receiving business-related entertainment or gifts beyond social and international norms. They strictly prohibit actions that qualify or may be construed as bribery of public officials or quasi-public officials (e.g., employees of local governments, independent administrative agencies, or auxiliary organs), in Japan or overseas, in connection with doing business. By formulating guidelines such as these and striving to raise awareness among individual employees, we strive to prevent bribery and corruption.

Internal awareness-raising activities

In addition to sharing our management philosophy, ethics, and values through the Outline of Iwatani Corporate Ethics—a set of norms with which Group management and employees must comply in various aspects of business activities—we also implement compliance training to raise awareness of compliance. This training ensures that all employees fully understand the importance of compliance, including compliance with the Antimonopoly Act and other laws and regulations, through lectures by attorneys as guest lecturers.



Creating a Vibrant Workplace

For the sustainable growth and development of our company, it is indispensable for each and every employee to demonstrate their individual abilities to the maximum. We respect individuals, and strive to create workplaces in which our diverse human resources can thrive.

Related SDGs



Personnel system

Iwatani's personnel system is designed to place the best personnel in the most appropriate positions, regardless of qualifications or age, through a point-addition scoring system based on the principles of respect for humanity and full demonstration of individual abilities. In this way, it maximizes the motivation and power of both employees and the organization, to ensure that human resources who take on challenges by working toward even higher goals will be evaluated and treated properly.

Human resource development and training programs

Seeing improvement of the skills of employees as vital to our progress as a company, we support individual skills development in a wide range of ways. We offer various training options suited to employees' growth processes and goals, including group training programs based on objectives and ones performed with other companies as well as those based on employees' job levels, along with study-abroad programs and distance learning. We strive to improve these programs continually. Considering the first year after joining the company to be a particularly important period, we provide a diverse range of training programs for new employees, including living together with colleagues in the dormitories.



Members of a long-term study-abroad program at the University of California, Berkeley

Maintaining and improving employee health

Based on the conviction that our human resources constitute our most important resource, we implement measures intended to ensure safe working environments and help employees stay healthy. In addition to annual stress tests based on a mental health perspective, other measures to maintain employee health include the clear prohibition of smoking during working hours. We have also designated Wednesday as "No Overtime" day to encourage employees to leave at the end of normal working hours and introduced a system that automatically shuts down employee computers to help manage working hours. Through these and other measures, we're making progress on managing both employee working hours and advancing workstyle reforms with goals that include improving work efficiency.

Promoting diversity

Based on the conviction that progress as a company requires assigning diverse human resources to appropriate positions matching their skills and allowing them to demonstrate their individual abilities to the fullest, we strive to promote diversity throughout the organization. Our diversity initiatives include promoting the advancement of women in the workplace through various measures, including measures intended to enable a healthy work-life balance and career continuity and supporting active roles for global human resources by enhancing training for national staff in addition to employees posted overseas.

Specific initiatives

- Fostering a company culture supportive of diverse human resources
- Encouraging the advancement of women in the workplace
- Supporting employees balancing work with childcare and long-term care
- Supporting active roles for global human resources

Maternity, childcare, and long-term care support

Iwatani builds environments in which employees can balance both career and family life. We're enhancing support for childcare through not only maintaining a childcare leave program that provides time off in excess of the legally required period but also providing assistance such as allowances to support those returning to work early from leave and subsidies for childcare services. We've won recognition by the Ministry of Health, Labour and Welfare of Japan as a company that actively supports childcare. With regard to long-term care, we're focusing on supporting employees' work-life balance through means such as providing employees twice the available long-term care leave required by law.



We've earned Kurumi certification under the Act on Advancement of Measures to Support Raising Next-Generation Children

Employee health and welfare programs

We have established the following health and welfare programs to ensure employees can work in sound mental and physical health and with peace of mind.



Iwatani's numerous recreational clubs provide opportunities for employees to enrich their time off, along with opportunities for communication

Refreshment leave; memorial leave; spousal childbirth leave; other leave (marriage, bereavement, pregnancy, nursing care, long-term care); allowances to support those returning to work early from leave; subsidies for use of childcare services; asset-building savings plan; employee stock ownership program; home loans program; Company rental housing program; subsidy programs for kindergarten and school admission fees for transferred personnel; scholarship programs for children of deceased employees and others; assistance with travel costs to enable those on unaccompanied job postings to return home; sympathy grants for accidents, injuries, and illnesses; crisis management service/medical care assistance for employees assigned overseas; support for various club activities; defined-contribution pension plan; membership-based welfare services; etc.

Labor management relations

Based on our conviction that trust between labor and management is essential to corporate growth and that improving employee living standards and corporate growth go hand in hand, we strive to build strong and positive labor management relations. We create the space and opportunities needed for constructive dialogue between labor and management and for open discussions of current issues and ways to build more comfortable working environments.



Poster marking the 30th anniversary of the Labor-Management Joint Declaration

Social contribution activities

Through its support for cultural activities, research and development, international exchange, and technological aid, Iwatani contributes to society.

Joint efforts with the activities of the NHK Symphony Orchestra

Iwatani works with the NHK Symphony Orchestra across Japan as a special supporting corporate member. This reflects our support for the Orchestra's stated purpose, "To augment Japan's music and artistic standards through symphonic music performances and to achieve its social and cultural mission." To mark the Company's 90th anniversary, Iwatani sponsored concerts in 2020 at four venues: Tokyo, Nagoya, Osaka, and Fukuoka.



Iwatani is a special supporting corporate member of the NHK Symphony Orchestra.

A Comfortable Planet - All Japan Elementary School Essay Contest

Since 2010, reflecting our corporate slogan *A world where all enjoy true comfort this is Iwatani's desire*, Iwatani has sponsored the All Japan Elementary School Essay Contest. The contest is open to elementary schoolchildren from across Japan. In 2020, in its 11th year, the contest drew 3,783 entries from 491 schools across Japan.



Technology promotion activities (The Iwatani Naoji Foundation; Iwatani Subsidies for Science and Technology Research; Iwatani Naoji Commemorative Award; Iwatani Scholarship for International Students)

The Iwatani Naoji Foundation

With the goal of improving the lives of the public and promoting international mutual understanding through sustained progress in science and technology, the Iwatani Naoji Foundation encourages and provides subsidies for research and development, supports international exchange, and undertakes human resource development activities.

Iwatani Subsidies for Science and Technology Research; Iwatani Naoji Commemorative Award; Iwatani Scholarship for International Students

The Iwatani Subsidies for Science and Technology Research provide research grants of up to 2 million yen per project for outstanding research projects involving energy and the environment. In FY2020, this program awarded a total of 114.29 million yen to 58 projects. The cumulative total through FY2020 was 1,912.02 million yen awarded to 953 recipients. The Iwatani Naoji Commemorative Award, which honors outstanding achievements in research and development on energy and the environment, was awarded in FY2020 to the Nippon Steel Corporation and Toshiba Energy Systems & Solutions Corporation. The Iwatani Scholarship for International Students, a scholarship program that provides financial support to self-financed graduate students from East Asia and Southeast Asia enrolled in programs in the natural sciences, awarded scholarships of 1.8 million yen per year to each of 29 students. To date, this program has provided 468 students with a cumulative total of 848.86 million yen in scholarships.



Recipients of the 45th (FY2018) Iwatani Subsidies for Science and Technology Research

Improving and promoting welding skills in Asia

Iwatani supports various efforts to improve welding skills in Asia, including the Dalian City - Iwatani Japan-China Welding Technology Seminar and Contest, held for ten years starting in 1997; the Iwatani Welding Seminars held in Hanoi, Jakarta, and other locations since 2007; and the Iwatani-API/IWS Welding Contest held jointly with the Indonesian Welding Society (IWS) in suburban Jakarta from 2016 through 2019. We remain committed to supporting improved welding skills in Asian nations through these activities.



The Iwatani-API/IWS Welding Contest prize-giving ceremony

Contributing to society by promoting athletics

Established in April 2017, the Iwatani Athletics Club (women's Ekiden marathon team) welcomed as head coach Hisakazu Hirose, who has trained numerous long-distance runners over the years. In January 2019, we welcomed Athens Olympic gold medalist Mizuki Noguchi as a Club advisor. In 2021, out of a field of 31, the Club took 12th place in the Princess Ekiden, the qualifying marathon for the All Japan Industrial Teams Women's Ekiden (Queen's Ekiden). This marks the first time the Club has qualified for the Queen's Ekiden. Based on its cornerstone interests in contributing to society and communities through athletic activity and the training of some of Japan's leading athletes, the Club is working hard to achieve its goal of first place in the All Japan Industrial Teams Women's Ekiden.



Iwatani Corporation Athletics Club

Promoting environmental management

We seek to contribute to sustainable development through Groupwide environmental activities, complying in letter and spirit with the Iwatani Group Environmental Charter and the Iwatani Environmental Policy. These efforts seek not merely to prevent industrial pollution, but to focus on global environmental issues, including waste, water pollution from household wastewater, global warming, and depletion of the ozone layer. We strive to enhance our organizations and systems and to raise employee awareness to achieve even better results.

Environmental Policy

IWATANI ENVIRONMENTAL POLICY

Based on the corporate concept of "Gas and Energy," Iwatani has developed its core businesses in LPG and various high-pressure gases while operating a wide range of businesses such as consumer products, foods, machinery, welding materials, electronic equipment, metals, chemicals and minerals. Through all these business activities, Iwatani strives to coexist with local communities and help reduce burdens on the global environment, including global warming, in keeping with the spirit of the Iwatani Group Environmental Charter.

1. We will work to establish a carbon-free society and recycling-oriented society through research and development of technologies that utilize resources effectively and new energy sources which contributing to sustainable development of the society, and by promoting hydrogen and other Eco-friendly Products.
2. We will endeavor to conserve resources and energy, reduce waste, and prevent pollution through our business activities.
3. We will fulfill our compliance obligations to observe environmental laws and regulations, and other related requirements with which we agree.
4. We will commit to continual improvement of the environmental management system to enhance environmental performance by establishing and reviewing environmental objectives.
5. We will provide environmental education which aims to raise awareness of all company and group employees.

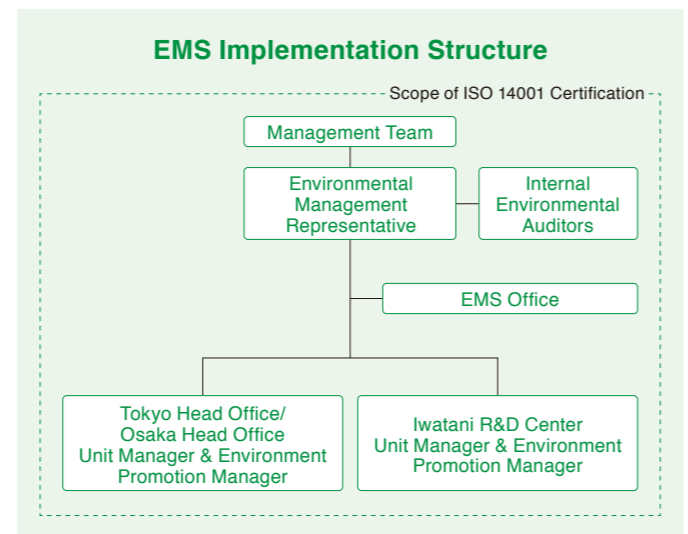
1 Apr. 2020

Iwatani Corporation
Niroshi Majima
 President



Environmental management system

Iwatani has adopted an environmental management system (EMS) and earned ISO 14001 certification for its head offices in Tokyo and Osaka and for the Iwatani R&D Center. These facilities account for more than 60% of all Iwatani personnel.



To raise employee awareness of environmental issues, in addition to the environmental training held at the beginning of each fiscal year, we provide environmental training as part of the training for newly hired employees and managers and in e-learning programs. No violations of environmental laws and regulations occurred in FY2020 (including the Poisonous and Deleterious Substances Control Act, the Industrial Safety and Health Act, the Waste Management and Public Cleansing Act, the Act on the Rational Use of Energy, the Act on Promoting Sorted Collection and Recycling of Containers and Packaging, and the Act on Rational Use and Proper Management of Fluorocarbons). Internal environmental audits were performed twice in FY2020 (in September 2020 and February 2021) for all units. Improvements have been implemented in response to any identified nonconformities. We also underwent periodic review by the High-Pressure Gas Safety Institute of Japan in November 2020; our operational status was rated "fine."

Results of FY2020 environmental activities and SDGs/environmental goals for FY2021

We set environmental goals every year as part of our EMS. In FY2020, we achieved five of six goals, the exception being "Expanded use of eco-friendly products." In FY2021, we modified the existing environmental goals into SDGs/environmental goals, under which we will also strive for progress under the EMS on items related to SDGs.

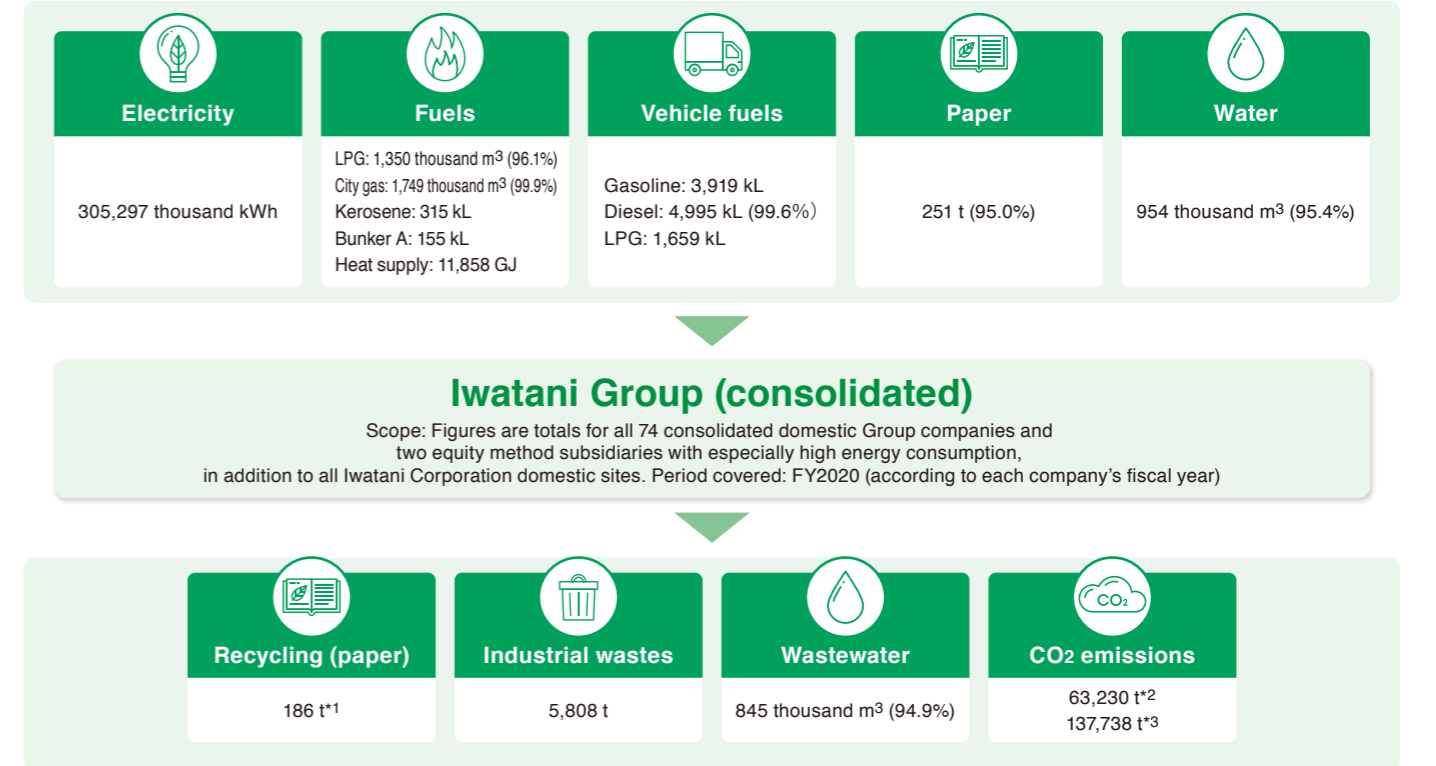
No.	Items	FY2020 Environmental Goals and Results		Achievement
		Goals	Results	
1	Expanded use of eco-friendly products	80 points	76 points	△
2	Promoting environmental activities	10,000 points	11,235 points	○
3	Reductions in environmental impact generated by business vehicles: Introduction of low emission vehicles	25 vehicles	38 vehicles	○
4	Ensuring compliance with environmental legislation in the construction of factories and facilities	Ensuring compliance with environmental legislation	No cases of non-compliance with environmental legislation	○
5	Reductions in environmental impact generated by companywide energy consumption in accordance with regulations on individual businesses under the amended Act on the Rational Use of Energy	Improvements in companywide energy consumption efficiency (1% improvement in average efficiency over FY2016–2020 five-year period)	Improvements in companywide energy consumption efficiency (2.3% improvement in average efficiency over FY2016–2020 five-year period)	○
6	Reductions in burnable waste emissions	1% reduction from average emissions over FY2017–2019 three-year period	33% reduction from average emissions over FY2017–2019 three-year period	○

Achievement: ○=100% achieved; △= 60% or more achieved; × = less than 60% achieved

FY2021 SDGs/ environmental goals
Expanded use of eco-friendly products: 30 points
Promoting SDGs/environmental activities: 6,000 points
Reductions in environmental impact generated by business vehicles: Introduction of low emission vehicles: 25 vehicles
Reductions in environmental impact under the amended Act on the Rational Use of Energy: 1% improvement in average efficiency over the FY2017–2021 five-year period

Material balance

The material balance provides an overview of our environmental impact. In FY2003, Iwatani began surveying consolidated Group companies in Japan for their environmental impact and publishing the results. Our goal is to improve environmental efficiency in our business activities by reducing resource inputs, energy consumption, waste outputs, energy-derived CO2 emissions, and other environmental impact factors.



Note: Where figures/statements include estimates, the percentage of published figures corresponding to actual results is indicated in parentheses.

*1: Recycled paper volumes include paper resources other than those for business use, such as newspapers, magazines, and wrapping paper.

*2: Direct greenhouse gas emissions attributable to the business itself

*3: Indirect emissions accompanying use of electricity, heat, or steam supplied by another firm

Data for the past three years

Shown below are material balance trends for consolidated Group companies in Japan over the past three years (FY2018–2020).

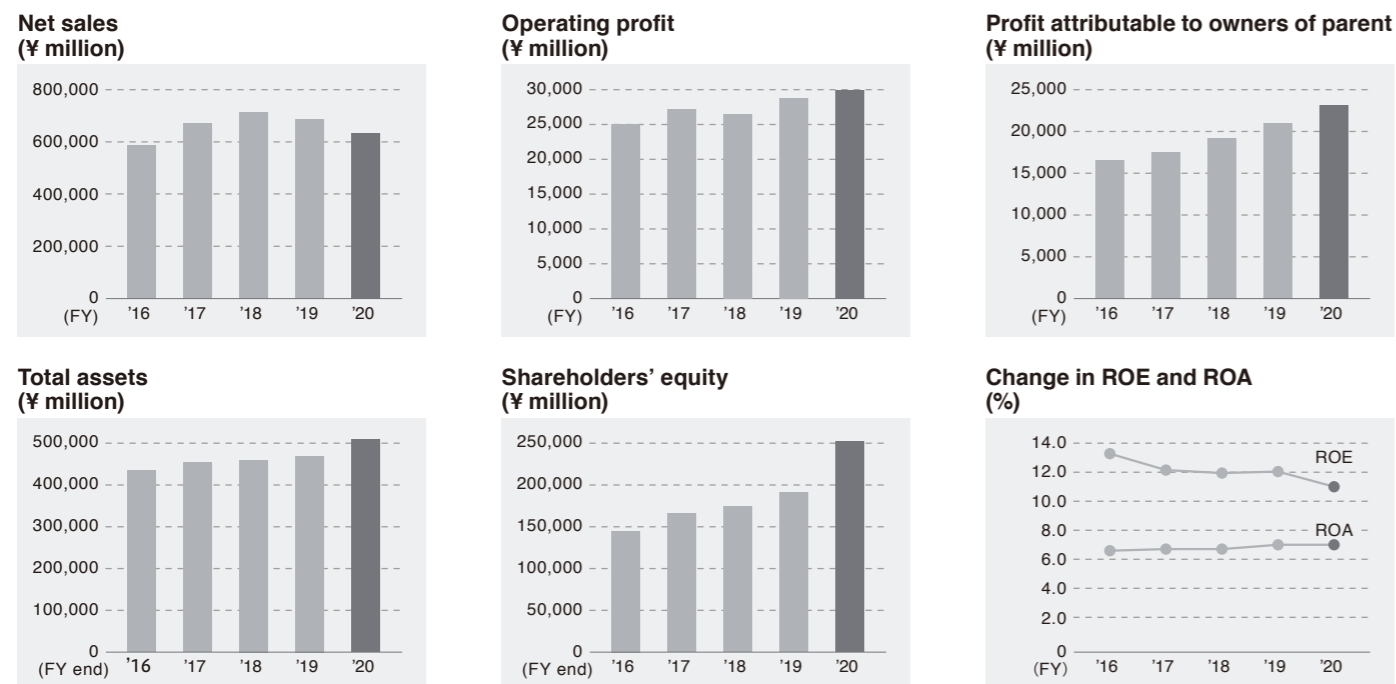
Group		FY2018	FY2019	FY2020	
Inputs	Electricity (thousand kWh)	368,853	338,059	305,297	
	Fuels	LPG (thousand m ³)	966	1,365	1,350
		City gas (thousand m ³)	1,879	1,900	1,749
		Kerosene (kL)	425	305	315
		Bunker A (kL)	238	174	155
		Heat supply (GJ)	42,577	29,742	11,858
	Vehicle fuels	Gasoline (kL)	4,209	3,879	3,919
		Diesel (kL)	5,317	4,570	4,995
		LPG (kL)	2,019	1,676	1,659
	Paper (t)	246	265	251	
Water (thousand m ³)	1,038	964	954		
Outputs	Recycling (paper) (t)	230	177	186	
	Industrial wastes (t)	7,778	6,803	5,808	
	Wastewater (thousand m ³)	870	812	845	
	Energy-derived CO2 emissions (t)	-	-	-	
	Energy-derived CO2 emissions (t)	38,806 ^{*1} /186,028 ^{*2}	37,568 ^{*1} /161,196 ^{*2}	63,230 ^{*1} /137,738 ^{*2}	

*1: Direct greenhouse gas emissions attributable to the business itself *2: Indirect emissions accompanying use of electricity, heat, or steam supplied by another firm

Financial highlights

	2016	2017	2018	2019	2020
Fiscal year					Million yen
Net sales	588,045	670,792	715,085	686,771	635,590
Gross profit	161,592	168,027	170,613	176,259	176,878
Operating profit	25,038	27,193	26,456	28,728	29,986
Ordinary profit	26,834	29,407	29,952	32,270	34,406
Profit before income taxes	26,781	29,040	29,438	32,197	35,009
Profit attributable to owners of parent	16,546	17,577	19,221	20,994	23,207
Comprehensive income	22,498	23,102	15,955	20,780	35,627
Investments*1	33,313	26,205	33,232	34,639	33,777
Depreciation	16,212	16,326	17,098	18,394	19,278
R&D expenses	1,302	1,912	2,428	2,494	2,261
Cash flow from operating activities	37,240	28,510	39,117	40,264	48,779
Cash flow from investing activities	△30,395	△26,427	△23,693	△30,885	△28,831
Cash flow from financing activities	△8,128	△6,332	△13,614	△3,587	△7,052
End of fiscal year					Million yen
Total assets	434,690	453,518	457,603	469,715	509,518
Fixed assets	250,226	262,315	259,768	265,942	289,905
Interest-bearing debt	135,287	132,057	126,359	126,577	96,161
Net interest-bearing debt	113,609	113,823	106,411	101,052	57,379
Net assets	144,879	165,901	173,986	191,152	251,851
Per-share data*2					Yen
Profit attributable to owners of parent	336.22	357.2	390.62	426.63	431.65
Shareholders' equity	2,731.38	3,138.11	3,361.91	3,703.65	4,215.16
Cash dividend applicable to the period	40	55	65	95*3	75
Ratios					%
Operating profit to net sales	4.3	4.1	3.7	4.2	4.7
ROE	13.3	12.2	12.0	12.1	10.9
ROA	6.4	6.6	6.6	7.0	7.0
Equity ratio	30.9	34.0	36.1	38.8	47.6

*1: Figures include property, plant and equipment, intangible assets (excluding goodwill), and investment securities.
 *2: Figures provided under per-share data reflect the effects of the reverse stock split (5:1) implemented in October 2017.
 *3: Includes commemorative dividend of ¥20.



Company data

(As of March 31, 2021)

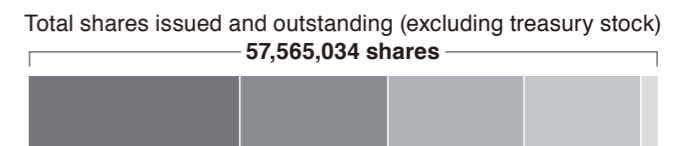
Company overview

Name	Iwatani Corporation		Established	February 2, 1945
Head offices	Osaka Head Office 6-4, Hommachi 3-chome, Chuo-ku, Osaka 541-0053, Japan Tel: 81-6-7637-3131 Tokyo Head Office 21-8, Nishi-Shimbashi 3-chome, Minato-ku, Tokyo 105-8458, Japan Tel: 81-3-5405-5711			
Directors and auditors	Chairman and CEO Akiji Makino Vice Chairman Toshio Watanabe President Hiroshi Majima Member of the Board Vice President Makoto Horiguchi	Member of the Board Senior Managing Officer Naoki Iwatani Member of the Board Senior Managing Officer Akira Ohta Member of the Board Senior Managing Officer Satoshi Watanabe Member of the Board Senior Managing Officer Itaru Ookawa Member of the Board Managing Officer Manabu Tsuyoshi	Member of the Board Shinji Murai*1 Member of the Board Shosuke Mori*1 Member of the Board Hiroshi Sato*1 Audit & Supervisory Board Member Toyofumi Ohama	Audit & Supervisory Board Member Yoshiaki Fukuzawa Audit & Supervisory Board Member Yoshinori Shinohara*2 Audit & Supervisory Board Member Yasushi Yokoi*2
Paid-in capital	35,096 million yen	Employees	10,130 (consolidated)	
Website	http://www.iwatani.co.jp/			

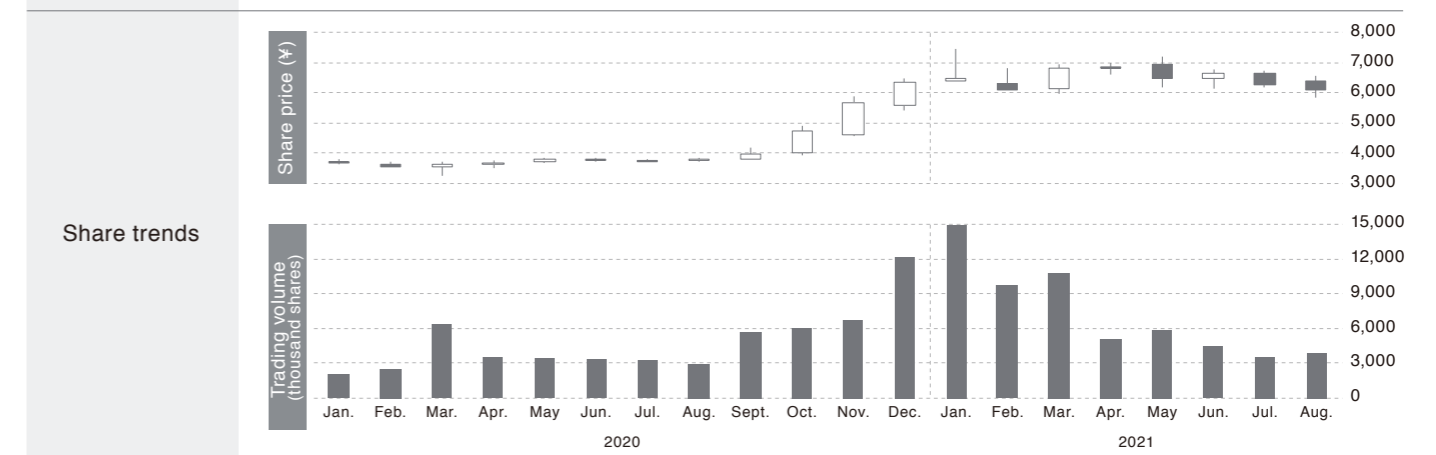
*1 Outside director *2 Outside corporate auditor (As of June 23 2021)

Share information

Shares listed on	First Section, Tokyo Stock Exchange	Total shares issued and outstanding	57,565,034 shares (excluding 996,615 shares of treasury stock)
Shareholders' registry management agent	Mitsubishi UFJ Trust and Banking Corporation		
Distribution of shares by shareholder type	<ul style="list-style-type: none"> Financial institutions 33.5% Individuals and others 23.6% Other corporations 21.7% Foreign corporations and others 18.6% Securities firms 2.6% 		



Shareholder	Shares held (thousand)	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,851	8.43
The Iwatani Naoji Foundation	4,132	7.18
Custody Bank of Japan, Ltd. (Trust Account)	2,831	4.92
MUFG Bank, Ltd.	1,336	2.32
Tetsu Iwatani Co., Ltd.	1,300	2.26
Resona Bank, Ltd.	1,177	2.05
Iwatanisangyou Senyukai	923	1.60
Nippon Life Insurance Company	898	1.56
Iwatani Enyukai	779	1.35
Custody Bank of Japan, Ltd. (Trust Account 5)	724	1.26



Notes: Shareholding ratios are calculated excluding treasury stock (996,615 shares).
 ● Iwatanisangyou Senyukai is Iwatani's employee stock ownership program.
 ● Iwatani Enyukai is a stock ownership program for companies engaged in long-term transaction relationships with Iwatani.

Iwatani

Iwatani Corporation

Osaka Head Office 6-4, Hommachi 3-chome, Chuo-ku, Osaka 541-0053, Japan TEL:81-6-7637-3131
Tokyo Head Office 21-8, Nishi-shimbashi 3-chome, Minato-ku, Tokyo 105-8458, Japan TEL:81-3-5405-5711



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