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Press Release

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First Case in the Petroleum Sector Selected as a Transition Finance Model
Example by the Ministry of Economy, Trade and Industry
~Transition Bond Aimed at Achieving a Decarbonized Society~

Idemitsu Kosan Co., Ltd. (“Idemitsu” or the “Company”) hereby announces that it plans to issue its transition bonds (the “Transition Bonds”) aimed at raising funds to reduce greenhouse gas emissions towards a decarbonized society, pursuant to its Revised Medium-term Plan (FY2020-2023) announced in May 2021. The Transition Bonds were selected by Japan’s Ministry of Economy, Trade and Industry (METI) as a model example for its 2021 Climate Transition Finance Model Project, marking the first initiative of the Japan’s petroleum sector.

Idemitsu expects to issue the Transition Bond in FY2022, promoting specific transition-related initiatives using raised funds, executing its business strategy towards 2030, and revamping its business portfolio aimed at achieving carbon neutrality by 2050.

Note that the Company obtained a second party opinion on the alignment of its framework with the existing principles and guidelines from DNV Business Assurance Japan K.K. for the Transition Bond issuance.

Idemitsu’s corporate vision for 2030 is to become a “your reliable partner for brighter future.” The Company aims to live up to 3 responsibilities: responsibility to protect the environment and lifestyles, responsibility to support regional communities, and responsibility to provide for society with technological capabilities, through energy/material transition to a carbon neutral/circulatory society, next-generation mobility & community for an aging society, and new materials to make it possible to overcome such challenges.

(*1) A project whereby METI provides information on and reduces the assessment costs for model examples in order to promote the spread of transition finance. METI selects model examples that conform to the Basic Guidelines on Climate Transition Finance formulated jointly by METI, the Ministry of the Environment (MOE), and the Financial Services Agency (FSA), and are deemed to have model qualities.

https://www.meti.go.jp/shingikai/energy_environment/climate_transition/012.html

- Overview of the transition bond

(1)	Issuant amount	20 billion yen (expected)
(2)	Term	TBD
(3)	Issuance date	FY2022 (expected)
(4)	Uses of proceeds	Projects which meet the qualifying criteria set forth in the Idemitsu Kosan Co., Ltd. Green/Transition Bond Framework (new expenditures and refinancing of existing expenditures) Turning refineries into CNX center ^{※1} (SAF ^{※2} , etc.), Power and renewable energy projects, Low carbon solutions projects for coal power generation, etc.
(5)	External review provider	DNV Business Assurance Japan K.K.
(6)	Lead underwriter	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Others will be determined in a timely manner
(7)	Structuring agent	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
(8)	Bond rating	A (R&I) (expected)

※1 Carbon Neutral Transformation center: Plan to transform refineries and plants into supply bases for the next generation energy such as renewable energy, ammonia, biofuel and synthetic fuel

※2 Sustainable Aviation Fuel

- Expected schedule

Idemitsu plans to determine issuance terms for the Transition Bond after considering various factors including market demand and interest rate trends. Details will be disclosed in a timely manner when they are finalized.

- Reference materials

Idemitsu Kosan Co., Ltd. green/transition bond framework

Second-party opinion by DNV Business Assurance Japan K.K.

<https://sustainability.idemitsu.com/en/themes/508>

(Note) This document has been prepared for the sole purpose of providing information and does not constitute an offer to sell or a solicitation of offer to purchase any securities.

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