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Press Release

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Announcement on the Continuation and Partial Revision of the Performance-linked Stock Compensation Plan

Idemitsu Kosan Co., Ltd. (“Idemitsu” or the “Company”) hereby announces that its board of directors today adopted a resolution on the partial revision of the performance-linked stock compensation plan (the “Plan”) for directors (excluding outside directors and those who are non-residents of Japan; the same applies hereinafter) and officers (those who are non-residents of Japan; the same applies hereinafter) which was introduced in fiscal year 2018 and partially revised at the 104th annual general meeting of shareholders held on June 27, 2019, and decided to submit a proposal on the partial revision of the Plan as an agenda item for the 107th annual general meeting of shareholders (the “AGM”) to be held on June 23, 2022, as detailed below.

1. Overview of the Plan

The Plan is a performance-linked stock compensation plan where the shares of the Company that are acquired through the trust (the “Trust”) with compensation to directors and executive officers (directors and executive officers collectively referred to hereinafter as “Directors, etc.”) to be paid by the Company as well as the money equivalent to the converted value of such shares (hereinafter referred to as the “Company’s Shares, etc.”) are delivered and granted to Directors, etc. in accordance with their official positions and the degree of achievement for performance targets, etc. (such delivery and grant shall be referred to as the “Delivery, etc.”). In general, Delivery, etc. of the Company’s Shares, etc. to the Directors, etc. occurs after their retirement.

In continuing this Plan, the Company will extend the predetermined trust period for the Trust and make a partial revision to the Plan.

2. Objectives of the Revision

Idemitsu decided to implement this partial revision to the Plan (the “Plan Revision”), which provides medium-to-long-term incentives to Directors, etc., in order to strengthen motivation toward achieving the targets of the current medium-term management plan (fiscal years 2020-2022; the “Medium-term Plan”) and future medium-term management plans to be formulated by matching their durations with the

Plan's duration.

The Company has set up the Nomination and Compensation Advisory Committee, which consists of independent outside directors, as a voluntary advisory body to the Board of Directors in order to ensure transparency and objectivity in the compensation decision process. The revision of the Plan has already been reviewed and approved by the Nomination and Compensation Advisory Committee.

The Plan Revision is subject to approval at the AGM. For details, please refer to the Attachment. The Plan Revision will not make substantial changes to the content of the Trust except as detailed below.

<Attachment>

1. Description of the Plan Revision

(1) Change in Trust Period

A. Trust period

The current Plan covers up to fiscal year 2021 and the trust period of the established Plan expires in August 2022. The Plan Revision extends the covered period to fiscal year 2022 and extends the trust period for the Trust by one year, until August 2023.

B. Continuation of the Trust

At the expiration of the trust period, the Trust may be continued by amending the Trust Agreement and making additional contributions to the Trust. In such a case, the period covered by the Plan and the trust period of the Trust will be extended for the number of years covered in the existing medium-term management plan. For each extended trust period, the Company shall contribute additional money within the upper limit of annual trust money that is approved/resolved at AGM for every year of extension in the trust period multiplied by the number of years covered by the Plan, and Directors, etc. will continue to be awarded points during the extended trust period. Note that, if such additional contributions are to be made, and if there are remaining Company shares (excluding those that correspond to points awarded to Directors, etc. for which Delivery, etc. has yet to be made) and money (hereinafter the "Remaining Shares, etc.") in the trust assets on the last day of the trust period before the extension, then the sum of the amount of the Remaining Shares, etc. and the amount of trust money to be additionally contributed shall be within the upper limit of trust money that shall be approved/resolved at AGM. Re-extensions of the trust period shall also be permitted.

C. Termination of the Trust (extension of the trust period without additional contributions)

Even when terminating the Trust, the Trust shall not be immediately terminated and the trust period of the Trust shall be extended for a certain period if any of the Directors, etc. who might fulfill the conditions for beneficiary rights are incumbent at the expiration date of the trust period (or the extended trust period if extended as set forth in B above). Note that, in such case, no new points shall be awarded to Directors, etc.

(2) Company Shares, etc. to be Delivered, etc. to Directors, etc.

Directors, etc. will be given "grant points," which are calculated by multiplying "basic points" by the performance-linked coefficient. Basic points are fixed for each position title at a certain time every year during the trust period, while the performance-linked coefficient varies, depending on the degree of achievement of performance indicators such as consolidated operating income and net income

attributable to owners of the parent for each fiscal year. (Note that the degree of achievement is evaluated based on indicators excluding the impact of inventory valuation gains or losses.)

After the retirement of Directors, etc., cumulative grant points (“Cumulative Points”) are calculated, and Delivery, etc. of Company Shares, etc. equivalent to Cumulative Points will be issued. Note that one point shall be equivalent to one share of the Company’s stock, any fractions shall be rounded down to the nearest point. However, the number of Company Shares, etc. subject to Delivery, etc. per point will be adjusted based on applicable ratios in the event of stock splits or reverse stock splits, during the trust period.

(3) Maximum total trust money to be contributed to the Trust and maximum total number of points to be given to Directors, etc. in the Trust

A. Maximum total trust money to be contributed to the Trust

The total amount of trust money to be contributed to the Trust by the Company as compensation to Directors, etc. for each trust period shall not exceed 640 million yen per fiscal year, and trust money to be contributed to the Trust during the covered period shall not exceed 640 million yen times the number of years covered. Note that if the trust period is extended pursuant to (1) B above, total trust money to be contributed shall not exceed 640 million yen times the new number of years covered. Note that the initial covered period after the Plan Revision is the one fiscal year which is the last fiscal year of the Medium-term Plan (fiscal year 2022: April 2022-March 2023).

Maximum trust money to be contributed to the Trust during the trust period

- 640 million yen per fiscal year times the number of years covered (*1)
- 640 million yen for the initial trust period after the Plan Revision (*1, *2)

(the one fiscal year which is the last fiscal year of the Medium-term Plan: fiscal year 2022)

(*1) Sum of stock acquisition costs incurred by the Trust and the trust fees/trust expenses during the trust period.

(*2) In the initial trust period after Plan Revision, no new additional contributions or additional Company stock acquisitions will be made in light of the current Remaining Shares, etc.

B. Maximum total number of points to be awarded to Directors, etc.

No more than 200,000 points per fiscal year shall be awarded to Directors, etc. The number of the shares which the Directors, etc. may be awarded from the Trust through Delivery, etc. is subject to the upper limit of the number of the shares corresponding to such points. Therefore, the maximum number of shares of Company stock to be acquired by the Trust during the initial trust period after the Plan Revision (the “Number of Shares to be Acquired”) shall be calculated as the maximum annual points to be awarded times one (200,000 points), as the trust period is extended by one year.

Note that if the trust period is extended pursuant to (1) B above, the maximum Number of Shares to be Acquired during the trust period shall be calculated by multiplying the maximum total number of points to be given per fiscal year by the number of years covered in the new trust period.

For details on the Plan, please refer to “Announcement on the Partial Revision of the Performance-linked Stock Compensation Plan and Additional Contribution to the Trust” announced on May, 15, 2019 and “Announcement on the Introduction of a Performance-linked Stock Compensation Plan” announced on May 15, 2018.

(Reference)

<Description of the Trust Agreement>

1) Trust type	Trust for money other than designated individual investment money trusts (third-party-benefit trust)
2) Trust Objective	Grant incentives to Directors, etc.
3) Assignor	Idemitsu
4) Assignee	Mitsubishi UJF Trust and Banking Corporation (Co-assignee: The Master Trust bank of Japan, Ltd.)
5) Beneficiary	Retired Directors, etc. who meet the conditions for a beneficiary
6) Trust Executor	Third party with no conflicts of interest with the Company (certified public accountant)
7) Trust Contract Date	August 15, 2018
8) Trust Period	August 15, 2018~August 31, 2022 (Trust period planned to be extended to August 31, 2023 through an amendment to the trust agreement)
9) System Start Date	August 15, 2018
10) Exercise of Voting Rights	No exercise
11) Rightsholder	Idemitsu
12) Residual Assets	Residual assets that the rightsholder Idemitsu can receive is limited to trust expense reserve, calculated as trust money minus stock acquisition costs