

(Translation)

Securities Code: No. 5019

June 1, 2022

To the Shareholders:

NOTICE OF THE 107TH ORDINARY GENERAL MEETING  
OF SHAREHOLDERS

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Dear Shareholders:

We would like to express our appreciation for your continued support.

Please note that the 107th Ordinary General Meeting of Shareholders of the Company will be held as described below.

From the viewpoint of preventing the spread of COVID-19, we would greatly appreciate it if you could carefully determine whether to attend the Ordinary General Meeting of Shareholders in person, taking into consideration your physical condition and safety. You may exercise your voting rights either through mail or the Internet, so please consider it (deadline: 5:00 p.m., Wednesday, June 22, 2022).

Yours very truly,

Shunichi Kito  
Representative Director  
President

Idemitsu Kosan Co., Ltd.  
2-1, Otemachi 1-chome,  
Chiyoda-ku, Tokyo, Japan

## Description

1. Date and hour of the meeting:

Thursday, June 23, 2022, at 10:00 a.m.

2. Place of the meeting:

Otemachi Mitsui Hall  
Otemachi One Mitsui Bussan Building 3F  
1-2-1, Otemachi, Chiyoda-ku, Tokyo, Japan  
Please note that the place of the meeting has been changed since last year.

3. Matters forming the objects of the meeting:

Matters to be reported:

1. Report on the business report, the consolidated financial statements and the results of audit of the consolidated financial statements by the accounting auditors and the Audit & Supervisory Board for the 107th fiscal year (from April 1, 2021 to March 31, 2022)
2. Report on the non-consolidated financial statements for the 107th fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

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|--------------------|---|
| Proposition No. 1: | Partial Amendments to the Articles of Incorporation   |
| Proposition No. 2: | Partial Revision of the Amount and Content of the Performance-linked Stock Compensation, etc. for Directors, etc. |
| Proposition No. 3: | Election of eleven (11) Directors   |
| Proposition No. 4: | Election of two (2) Audit & Supervisory Board Members   |

4. Matters regarding exercise of voting rights:

1. If you expect to be present by proxy, please make a document evidencing his/her power of attorney presented to a receptionist at the place of the meeting, together with the voting form. (Such proxy must be another shareholder (being one (1) person) of the Company entitled to vote.)
2. If any institutional investor or any other shareholder who holds shares on behalf of third parties desires to diversely exercise voting rights, please give notice to that effect and of the reason therefor to the Company in writing no later than three (3) days prior to the date of this Ordinary General Meeting of Shareholders.
3. All fees payable to Internet service providers and telecommunication carriers (such as phone line charges) in accessing the website for the exercise of voting rights must be borne by the shareholders.

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- The reception of this meeting will begin at 9:00 a.m. on the date of this Ordinary General Meeting of Shareholders.
  
  - Of the documents to be provided upon giving notice of this Ordinary General Meeting of Shareholders, the following documents, which are posted on our Internet website (<https://www.idemitsu.com/jp/>) in accordance with the applicable laws and ordinances and Article 15 of the Articles of Incorporation of the Company, are not included in the attached documents to the notice of this Ordinary General Meeting of Shareholders.  
The attached documents to the notice of this Ordinary General Meeting of Shareholders, as well as the following documents, which are posted on our Internet website, are part of the consolidated financial statements or non-consolidated financial statements that have been audited by the Audit & Supervisory Board Members in preparing their audit report and by the accounting auditors in preparing their accounting auditors' reports, respectively.
    1. "Major business offices and plants," "Accounting auditors," and "Systems to secure the properness of business activities (so called "internal control systems") and the summary of the status of the operation of the systems" of the Business Report
    2. "Consolidated statement of changes in shareholders' equity, etc.," and "Notes to consolidated financial statements"
    3. "Non-consolidated statement of changes in shareholders' equity, etc.," and "Notes to non-consolidated financial statements"
  
  - In the event of the revision of any matter in the business report, the consolidated financial statements, the non-consolidated financial statements and the Reference Document for the General Meeting of Shareholders prior to the date of this Ordinary General Meeting of Shareholders, it will be posted on our Internet website set forth above.

## Instructions for Exercising Voting Rights

Although the following methods are available for voting at the General Meeting of Shareholders, in order to prevent the spread of COVID-19, we recommend that you consider exercising your voting rights either through mail or the Internet. As a measure to allow shareholders who do not attend the meeting physically to participate in the meeting, the Company will (1) provide a live stream of the meeting and (2) accept questions in advance. We ask all shareholders to please make use of them.

**1. Voting by Attendance at the General Meeting of Shareholders**

Please present the enclosed voting form to the reception desk if you are present at the meeting.

Date and hour of the meeting:       Thursday, June 23, 2022, at 10:00 a.m.

**2. Postal Voting**

Please indicate “Approve” or “Disapprove” with respect to each proposition on the enclosed voting form and submit the form.

Votes must be received by:       Wednesday, June 22, 2022, 5:00 p.m.

**3. Electronic Voting via the Internet, etc.**

Please input “Approve” or “Disapprove” in conformance with the guidance on the next page.

Votes must be completed by:       Wednesday, June 22, 2022, 5:00 p.m.

<Instructions for filling out the voting form>

Please indicate approval or disapproval with respect to each proposition.

**Propositions No. 1 and No. 2**

Approval:     Mark  in the box labelled “贊”

Disapproval: Mark  in the box labelled “否”

**Propositions No. 3 and No. 4**

Approval of all candidates:       Mark  in the box labelled “贊”

Disapproval of all candidates:   Mark  in the box labelled “否”

Disapproval of certain candidates: Mark  in the box labelled “贊” and indicate the number of each candidate you wish to disapprove.

If you vote both by post and via the Internet, etc., only the vote exercised via the Internet, etc. will be treated as valid.

If you vote more than once via the Internet, etc., only the most recent vote will be treated as valid.

<Instructions for electronic voting via the Internet, etc.>

### Scan Method for the QR Code (“Smart Exercise”)

You can log into the voting website without inputting the voting code and password.

1. Please scan the QR Code located at the lower right of the voting form.  
\* “QR Code” is a registered trademark of Denso Wave Incorporated.
2. Please input “Approve” or “Disapprove” in conformance with the instructions on the display.  
You may only vote by “Smart Exercise” once.  
If you would like to change your vote after submitting your vote, please access the PC version of the voting website, log into the website by inputting your “voting code” and “password” included in the voting form, and submit your vote again.  
\* If you rescan the QR Code, you will be able to access the PC version of the voting website.

### Input method for the “voting code” and “password”

Voting website: <https://www.web54.net>

1. Please access the voting website.  
(Click on “次へすすむ” (NEXT))
2. Please input the “voting code” included in the voting form.  
(Enter “議決権行使コード” (the voting code)) (Click on “ログイン” (Log in))
3. Please input the “password” included in the voting form.  
(Enter “初期パスワード” (the initial password)) (Set the new password you will use)  
(Click on “登録” (REGISTER))
4. Please follow the instructions on the display, and input “Approve” or “Disapprove”.

If you have any inquiries regarding the operation of a PC, smartphone or mobile phone for electronic voting via the Internet, please contact:

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Web Support  
Phone No. 0120-652-031 (toll-free)  
(9:00 a.m. to 9:00 p.m.) (JST)

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

The Company will (1) provide a live stream of the meeting and (2) accept questions in advance to allow shareholders who do not attend the meeting physically to participate in the meeting. We ask all shareholders to please read the following information and make use of it. For further details, please refer to the enclosed “Notice of the Live Stream and Accepting Questions in Advance”.

### Notice of the Live Stream

#### 1. How to participate

(1) Please access the following URL or QR code from your PC or smartphone, as the Company’s dedicated website for viewing the meeting will be available as of one hour prior to the start of the meeting (Thursday, June 23, 9:00 a.m.).

<https://idemitsu.premium-yutaiclub.jp/>



Please allow yourself plenty of time to log in, as the lines are expected to be busy on the day of the meeting.

(2) Please prepare the enclosed voting form, input the “shareholder number” included in the voting form in the ID field, input the “password” included in the enclosed attachment “Notice of the Live Stream and Accepting Questions in Advance” in the password field.

#### 2. Notes on viewing

- Please note that you only will be able to view the live streamed meeting, and will not be able to ask questions, make comments, or exercise your voting rights. Shareholders who intend to view the live stream are asked to exercise their voting rights in advance.
- Please be aware that the video and audio may be distorted or unavailable due to the equipment used, Internet connection quality, line conditions, etc.
- Please refrain from recording this live stream.
- The shareholder numbers and passwords are for the sole use of the individual shareholders to whom they are provided and may not be provided to any third party.
- Shareholders are responsible for their own communication costs.

### Accepting Questions in Advance

#### 1. How to ask questions

Please access the following URL or QR code and click on “第 107 回定時株主総会事前質問受付” (Questions in advance of the 107th Ordinary General Meeting of Shareholders), read our Privacy Policy, and check the “同意する” (agree) box. Then, please fill in the necessary information on the Questions in advance page and submit it to us by the end of the question period stated below. Please note that you will need to enter the shareholder number included in the voting form, so please have the voting form close by.

<https://www.idemitsu.com/jp/ir/stock/meeting/index.html>



Question period: Wednesday, June 1, 2022, 9:00 a.m. to Thursday, June 16, 2022, 5:00 p.m.

After the question period has expired, you will not be able to click the submit button even if you are in the middle of entering a question. We ask shareholders to enter their questions early.

2. Response by the Company

- From the questions received in advance, the Company will select items that are considered to be of most interest to shareholders and will answer them all at once on the day of the General Meeting of Shareholders. Shareholders watching the live stream of the meeting also will be able to hear the answers.
- The Company will not be able to answer all questions from shareholders, nor will it be able to provide individual responses to shareholders who have asked questions.

## Reference Documents for the General Meeting of Shareholders

### Proposition No. 1: Partial Amendments to the Articles of Incorporation

#### 1. Reasons for the amendments

The Company proposes amending its Articles of Incorporation as follows, because a system for providing documents for general meetings of shareholders in electronic format will be introduced, in line with the enforcement on September 1, 2022 of the amended provisions in the proviso of Article 1 of the Supplementary Provisions to the Act Partially Amending the Companies Act (Act No. 70 of 2019).

- (1) Under the foregoing Act, it will be obligatory to stipulate in the Articles of Incorporation that measures to provide information contained in the reference documents, etc. for general meetings of shareholders in electronic format shall be taken. Therefore, the Company proposes establishing a new paragraph 1 of Article 15 (Measures to Provide Information in Electronic Format) in the proposed amendments to the Articles of Incorporation.
- (2) Regarding information contained in the reference documents, etc. for general meetings of shareholders that is subject to the measures to provide information in electronic format, in order to enable the Company to limit the scope of matters to be stated in paper-based format delivered to shareholders who request delivery of materials in such format, to the scope stipulated by the applicable Ministry of Justice ordinance, the Company proposes establishing a new paragraph 2 of Article 15 (Measures to Provide Information in Electronic Format) in the proposed amendments to the Articles of Incorporation.
- (3) Upon the introduction of the system for providing documents for general meetings of shareholders in electronic format, the provisions of Article 15 (Internet Disclosure and Deemed Delivery of Reference Documents, etc. for General Meetings of Shareholders) in the current Article of Incorporation will not be needed. Therefore, the Company proposes deleting those provisions.
- (4) The Company proposes establishing new supplementary provisions relating to the effectiveness of new provisions and deleted provisions described above. The Company proposes deleting these supplementary provisions after the prescribed time passes.

#### 2. The Particulars of the Proposed Amendment

The particulars of the proposed amendment are as follows:

(The underlined parts show the portions to be amended.)

Current Articles of Incorporation	Proposed Changes
<u>Article 15. (Internet Disclosure and Deemed Delivery of Reference Documents, etc. for General Meetings of Shareholders)</u> <u>In convening a general meeting of shareholders, this company may deem to have delivered to its shareholders reference documents for general meetings, business reports, financial statements, and consolidated financial statements by way of disclosure of information to be stated or indicated</u>	(Deleted)



Current Articles of Incorporation	Proposed Changes
<p><u>in such documents through the internet pursuant to the Ordinance of the Ministry of Justice.</u></p> <p>(Newly added)</p>	<p><u>Article 15. (Measures to Provide Information in Electronic Format)</u></p> <p><u>1. When convening a general meeting of shareholders, the Company shall take measures to provide information contained in the reference documents, etc. for the general meeting of shareholders in electronic format.</u></p> <p><u>2. The Company shall not be required to state some or all of the matters stipulated by the applicable Ministry of Justice ordinance that are subject to the measures to provide information in electronic format, in the paper-based format to be delivered to shareholders who request delivery of documents in such format by the record date for exercising voting rights.</u></p>
<p>(Newly added)</p>	<p><u>(Supplementary Provisions)</u></p>
<p>(Newly added)</p>	<p><u>Article 1. (Transition Measures Regarding Provision of Documents for General Meetings of Shareholders in Electronic Format)</u></p> <p><u>1. The deletion of Article 15 (Internet Disclosure and Deemed Delivery of Reference Documents, etc. for General Meetings of Shareholders) of the current Articles of Incorporation and the establishment of Article 15 (Measures to Provide Information in Electronic Format) of the proposed Articles of Incorporation shall take effect from September 1, 2022.</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 (Internet Disclosure and Deemed Delivery of Reference Documents, etc. for General Meetings of Shareholders) of the current Articles of Incorporation shall remain effective for a general meeting of shareholders to be held within six months from September 1, 2022.</u></p> <p><u>3. These supplementary provisions shall be deleted either after (i) the date on which six months have passed since September 1, 2022, or (ii) the date on which three months have passed since the date on which the general meeting of shareholders in the preceding paragraph is held, whichever comes later.</u></p>

Proposition No. 2: Partial Revision of the Amount and Content of the Performance-linked Stock Compensation, etc. for Directors, etc.

1. Reasons for the proposal and that the partial revision of the compensation, etc. is appropriate

The Company introduced the performance-linked stock compensation plan (the “Plan”) where shares of the Company are delivered to its directors (excluding outside directors and those who are non-residents of Japan; the same applies below in this Proposition) and executive officers (excluding those who are non-residents of Japan; the same applies below in this Proposition) in accordance with their official positions and the degree of achievement for performance targets, etc. in order to enhance awareness of contributing to the Company’s medium-to-long-term improvement of performance and increase in corporate value, with the approval of the shareholders at the 103rd Ordinary General Meeting of Shareholders held on June 28, 2018, and partially revised the content at the 104th Ordinary General Meeting of Shareholders held on June 27, 2019.

The Company hereby requests approval for this Proposition, as it desires to partially revise the Plan (the “Plan Revision”) in order to further strengthen motivation toward achieving the targets of the medium-term management plans by matching the duration subject to the Plan that was introduced as medium-to-long-term incentives to directors and executive officers (above senior position) (collectively, “Directors, etc.”) with the duration subject to the Company’s current medium-term management plan (fiscal years 2020-2022; the “Medium-term Management Plan”) and future medium-term management plans to be formulated by the Company.

This Proposition will pay stock compensation to Directors, etc. separately from [the maximum amount of compensation for directors (1.2 billion yen or less annually) that was approved at the 91st Ordinary General Meeting of Shareholders held on June 27, 2006].

The Company believes the Plan Revision to be appropriate, as it aims to enhance awareness of contributing to achievement of the targets for the medium-term management plan and the Company’s medium-to-long-term improvement of performance and increase in corporate value by strengthening the linkage of the medium-term management plan and the Plan. In addition, the Company determined the policy for deciding the content of the individual compensation, etc. for Directors, etc. (an overview is provided on page 73 of the Business Report); however, the policy is not planned to be changed, as it is considered to remain appropriate as a policy where this Proposition is adopted. This Proposition is necessary and reasonable in order to grant individual compensation, etc. for directors whose content conforms to the policy. 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-making process. The Plan Revision has been deliberated over and approved by the Nomination and Compensation Advisory Committee.

The number of directors subject to the Plan will be five if Proposition No. 3 “Election of Eleven (11) Directors” is approved as originally proposed. In addition, as stated above, the Plan targets executive officers (above senior position) as well (executive officers who are not concurrently serving as directors who are currently subject to the Plan are eight as of May 10, 2022), and the compensation under the Plan includes compensation for executive officers (above senior position); however, considering the possibility that those executive officers (above senior position) may newly assume the office of director after commencement of the Plan, this Proposition proposes the amount and content of the overall compensation under the Plan as the compensation, etc. for Directors, etc.

2. Revised amount and content, etc. of the compensation, etc. under the Plan

The Company would like to partially revise the content of the Plan; the revised content is as below.

(1) Overview of the Plan

The Plan is a stock compensation plan where the Company’s shares that are acquired by a trust

(the “Trust”) using compensation to Directors, etc. to be contributed by the Company, and the money equivalent to the converted value of such shares (the “Company’s Shares, etc.”), are delivered and granted (the “Delivery, etc.”) to Directors, etc. through the Trust. In principle, the Delivery, etc. of the Company’s shares to Directors, etc. is carried out after their retirement. (The details are as stated from (2) below.)

(i) Persons eligible for the Delivery, etc. of the Company’s Shares, etc. subject to this Proposition	<ul style="list-style-type: none"> <li>• Directors of the Company (excluding outside directors and those who are non-residents of Japan)</li> <li>• Executive officers (above senior position) of the Company (excluding those who are non-residents of Japan)</li> </ul>
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(ii) Impact that the Company’s shares subject to this Proposition has on the total number of issued shares	
Upper limit of money to be contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> <li>• 640 million yen multiplied by the number of years of the Covered Period (corresponding to the period subject to the Company’s medium-term management plan).</li> <li>• Upper limit shall be 640 million yen as the initial Covered Period after the Plan Revision will be one fiscal year that is the last fiscal year of the period subject to the Medium-term Management Plan (fiscal year 2022: April 2022-March 2023).</li> </ul>
Upper limit of the number of the Company’s shares to be delivered to Directors, etc. (including the number of shares subject to the conversion into cash) (as stated in (2) and (3) below)	<ul style="list-style-type: none"> <li>• Upper limit of the number of points (number of shares) to be awarded to Directors, etc. shall be the number of shares equivalent to 200,000 points (equivalent to 200,000 shares) multiplied by the number of years of the Covered Period.</li> <li>• Maximum total number of points to be awarded to Directors, etc. for one fiscal year that is the initial Covered Period shall be 200,000 points (maximum total number of shares shall be 200,000 shares).</li> <li>• Ratio of the maximum number of shares to be awarded above (per fiscal year) to the total number of issued shares of the Company (as of March 31, 2022; net of treasury shares) is approximately 0.1%.</li> </ul>

(iii) Details of the requirements for achievement of performance (as stated in (3) below)	<ul style="list-style-type: none"> <li>• Vary according to the degree of achievement for the target values of the company performance indicator (consolidated operating income, net income attributable to owners of the parent, etc.) in each fiscal year of the period subject to the Company’s medium-term management plan (however, the degree of achievement of each indicator shall be evaluated based</li> </ul>
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	on indicators excluding the impact of inventory valuation gains or losses).
(iv) Timing of the Delivery, etc. of the Company's Shares, etc. to Directors, etc. (as stated in (4) below)	• After their retirement

(2) Upper limit of money to be contributed by the Company

The Plan covers the fiscal year subject to the medium-term management plan upheld by the Company (the "Covered Period"). The initial Covered Period after the Plan Revision shall be one fiscal year (fiscal year 2022: April 2022-March 2023) that is the last fiscal year of the period subject to the Medium-term Management Plan.

In each Covered Period, the Company will contribute money up to the amount calculated by multiplying 640 million yen by the number of years of the Covered Period (640 million yen for the one fiscal year which is the initial Covered Period after the Plan Revision) as compensation for Directors, etc. to create a trust with a period corresponding to the Covered Period in favor of the Directors, etc. who meet the beneficiary requirements (including continuation of the Trust in the fourth paragraph of this (2); the same applies below). The Trust will acquire the Company's shares from the stock market or the Company (disposition of treasury shares) using the trusted money in accordance with the instructions of the trust executor.

The Company will award grant points (as defined in (3) below) to Directors, etc. in each year during the Covered Period and carry out the Delivery, etc. of the Company's Shares, etc. equivalent to the cumulative value of grant points (the "Number of Cumulative Points") after their retirement (however, in the case of death of the Directors, etc., after their death; the same applies below) from the Trust.

Upon expiration of the trust period of the Trust, the Trust may be continued by amending the trust agreement and making additional contributions to the trust in lieu of creating a new Trust. In such a case, the number of years corresponding to the then medium-term management plan will be a new Covered Period, and the trust period of the Trust will be extended by a period equal to the new Covered Period. The Company will contribute additional money within the amount calculated by multiplying 640 million yen by the number of years of the new Covered Period for each extended trust period and continue awarding points to Directors during the extended trust period; and the Trust will continue the Delivery, etc. of the Company's Shares, etc. However, in the case of such additional contributions, if there are remaining Company's shares (excluding those that correspond to points awarded to Directors, etc. for which the Delivery, etc. has yet to be made) and money (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 amount calculated by multiplying 640 million yen by the number of years of the new Covered Period.

If the trust agreement is not amended and additional contributions are not made to the trust upon expiration of the trust period (or the extended trust period if the Trust is continued as stated in the fourth paragraph of this (2) above), thereafter no points will be awarded to the Directors, etc. However, if any Directors, etc. who may then meet the beneficiary requirements remain in office, the trust period of the Trust will be extended only for a certain period until the Directors, etc. retire and the Delivery, etc. of the Company's shares is completed. Even in such a case, no new points will be awarded to the Directors, etc.

(3) Calculation method and upper limit of the number of the Company's shares to be delivered to Directors, etc. (including the number of shares subject to the conversion into cash)

The number of the Company's shares subject to the Delivery, etc. to Directors, etc. (including the number of shares subject to the conversion into cash) shall be fixed based on the Number of Cumulative Points. One point shall be equivalent to one share (fractions less than one point shall be rounded off). If the Company's shares belonging to the Trust increase or decrease as a result of share split, allotment of shares without contribution, share consolidation, etc., the Company will adjust the per-point number of the

Company's shares subject to the Delivery, etc. (including the number of shares subject to the conversion into cash) in accordance with the ratio of the increase or decrease.

At a certain time each year during the trust period, Directors, etc. will be awarded grant points calculated by multiplying the basic points, which are prescribed for each official position, by the performance-linked coefficient, which varies according to the degree of achievement of the performance targets, such as consolidated operating income, net income attributable to owners of the parent, etc. for each fiscal year during the Covered Period (the degree of achievement of each indicator shall be evaluated based on indicators excluding the impact of inventory valuation gains or losses).

To Directors, etc. who meet the beneficiary requirements, the Delivery of the Company's Shares, etc. equivalent to the Number of Cumulative Points shall be carried out from the Trust after their retirement.

The total number of points to be awarded to Directors, etc. during the trust period of the Trust shall be up to 200,000 points multiplied by the number of years of the Covered Period. In addition, the number of the Company's shares to be acquired by the Trust for the Delivery, etc. to Directors, etc. during the trust period shall be up to the number of shares equivalent to such maximum number of points. Therefore, for the initial trust period after the Plan Revision, the upper limit shall be the number of shares equivalent to the number multiplied by one that is the number of years of the trust period (200,000 shares). This maximum number of shares has been set in reference to the most recent share prices, etc., taking into account the maximum amount of the trust money in (2) above. If the Trust is continued as stated in the fourth paragraph of (2) above, the maximum number of points to be awarded to directors during the extended trust period shall be the number of points calculated by multiplying 200,000 points by the number of years of the new Covered Period; and the number of the Company's shares to be acquired by the Trust for the Delivery, etc. to Directors, etc. during the trust period shall be the number of shares equivalent to such maximum number of points.

(4) Method and timing of the Delivery, etc. of the Company's Shares, etc. to Directors, etc.

Directors, etc. who meet the beneficiary requirements shall receive the Delivery, etc. of the Company's Shares, etc. equivalent to the Number of Cumulative Points after their retirement. Upon such a time, the Directors, etc. shall be delivered the number of the Company's shares equivalent to 70% of the Number of Cumulative Points (shares less than one unit shall be rounded off); and the remainder shall be converted into cash within the Trust and the money equivalent to the converted value shall be paid to the Directors, etc.

If any of the Directors, etc. who meet the beneficiary requirements passes away during the trust period, the number of the Company's shares corresponding to the then Number of Cumulative Points shall be converted into cash within the Trust; and the money equivalent to the converted value shall be paid to their heirs. In addition, if Directors, etc. who meet the beneficiary requirements are dispatched overseas during the trust period, the number of the Company's shares corresponding to the then Number of Cumulative Points shall be converted into cash within the Trust; and the money equivalent to the converted value shall be paid to the Directors, etc.

(5) Voting rights pertaining to the Company's shares within the Trust

With respect to the Company's shares within the Trust (namely the Company's shares before the Delivery, etc. to Directors, etc. subject to (4) above), no voting rights shall be exercised during the trust period in order to ensure the neutrality of the management.

(6) Clawback system, etc.

If any Director, etc. commits an act of material misconduct, violation, etc., the Company may confiscate the beneficial rights to the shares to be delivered under the Plan (malus) or demand the return of money equivalent to the shares, etc. delivered (clawback), from the Director, etc.

(7) Other contents of the Plan

Other contents of the Plan will be determined by the Board of Directors each time upon creation of the Trust, amendment of the trust agreement, and additional contribution to the Trust.

(Reference)

For details of the Plan, please refer to “Announcement on the Continuation and Partial Revision of the Performance-linked Stock Compensation Plan,” a timely disclosure dated May 10, 2022, “Announcement on the Partial Revision of the Performance-linked Stock Compensation Plan and Additional Contribution to the Trust,” a timely disclosure dated May 15, 2019, and “Announcement on the Introduction of a Performance-linked Stock Compensation Plan,” a timely disclosure dated May 15, 2018.


Proposition No. 3: Election of eleven (11) Directors

The term of office of all of the Directors will expire at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that eleven (11) Directors be elected.


The candidates for Director are as follows:


Candidate No.		Name		Current position and duties in the Company	Term of office	Meetings attended
1	Reelection	Shunichi Kito		Representative Director and Chief Executive Officer	9	15/15
2	Reelection	Susumu Nibuya		Representative Director and Executive Vice President Assistant to Chief Executive Officer (Resources, Corporate Planning, External Affairs and Public Relations, ESG, Digital Transformation, and Special Missions) Internal Communication Department	2	15/15
3	Reelection	Atsuhiko Hirano		Director, Managing Executive Officer Assistant to Chief Executive Officer (Petroleum Business and Power & Renewables Business)	2	15/15
4	Reelection	Noriaki Sakai		Director, Managing Executive Officer, Chief Financial Officer (Finance & Accounting Department), in charge of procurement (Procurement Department) Head of Safety & Environmental Protection Headquarters and Head of Quality Assurance Headquarters	1	11/11
5	New election	Masahiko Sawa		Senior Executive Officer Manufacturing & Technology (Manufacturing & Technology Department, Technology & Engineering Center, Idemitsu Engineering, Showa Yokkaichi Sekiyu, Toa Oil, and Seibu Oil)	-	-
6	Reelection	Masakazu Idemitsu		Director (part-time)	3	15/15
7	Reelection	Kazunari Kubohara		Director (part-time)	3	15/15
8	Reelection	Takeo Kikkawa	Outside	Independent Director	5	15/15
9	Reelection	Mitsunobu Koshiba	Outside	Independent Director	3	15/15
10	Reelection	Yumiko Noda	Outside	Independent Director	1	11/11
11	Reelection	Maki Kado	Outside	Independent Director	1	11/11

\* Ratio of Outside Directors: 36%


Candidate No. 1	Reelection	Shunichi Kito (April 6, 1956)	
 Number of shares of the Company held 29,962 shares	Brief history and position and duties in the Company (and important concurrent office)	Reason for nomination as candidate for Director	
	April 1980	Joined the Company	Mr. Shunichi Kito has worked as the top manager in the accounting division, has served as the Executive Vice President, and has assumed the position of Representative Director and Chief Executive Officer as of April 2018. Since April 2019, as the President of the New Integrated Company, he has demonstrated his leadership abilities to realize internal harmonization, to maximize the synergy effect of integration, and also to formulate a growth strategy for the 2030 fiscal year. Thus, management has judged that he will be able to execute business of the Group properly, fairly and effectively.
	April 2005	Deputy General Manager of Human Resource Department	
	July 2008	Deputy General Manager of Accounting Department	
	June 2011	Executive Officer and General Manager of Accounting Department	
	June 2013	Director, Managing Executive Officer and General Manager of Accounting Department	
	June 2014	Managing Director	
	June 2017	Executive Vice President and Director	
	April 2018	Representative Director & Chief Executive Officer	
April 2019	Representative Director, President and Chief Executive Officer (to date)		



Candidate No. 2	Reelection	Susumu Nibuya (November 22, 1959)	
 <p data-bbox="193 869 408 996">Number of shares of the Company held 23,811 shares</p>	<p data-bbox="440 309 978 376">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 387 978 421">April 1982      Joined the Company</p> <p data-bbox="440 432 978 533">June 2008      Managing Director of Idemitsu Engineering Co., Ltd.</p> <p data-bbox="440 544 978 600">April 2011      General Manager of Internal Audit Office</p> <p data-bbox="440 611 978 734">April 2013      Executive Officer and General Manager of Corporate Planning Department</p> <p data-bbox="440 745 978 846">June 2015      Director and General Manager of Corporate Planning Department</p> <p data-bbox="440 857 978 891">June 2017      Managing Director</p> <p data-bbox="440 902 978 958">April 2019      Executive Vice President and Executive Officer</p> <p data-bbox="440 969 978 1048">June 2020      Representative Director and Executive Vice President (to date)</p> <p data-bbox="440 1059 978 1350">Current duties: Assistant to Chief Executive Officer (Resources, Corporate Planning, External Affairs and Public Relations, ESG, Digital Transformation, and Special Missions), Internal Communication Department</p>	<p data-bbox="999 309 1409 376">Reason for nomination as candidate for Director</p> <p data-bbox="999 387 1409 992">Mr. Susumu Nibuya has worked as the top manager in the internal audit division and corporate planning division. He has accumulated wide experience, knowledge, and expertise. As Executive Vice President and Representative Director, he has promoted the formulation and implementation of the business policy of the Group and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>	

Candidate No. 3	Reelection	Atsuhiko Hirano (August 25, 1962)	
 <p data-bbox="193 904 405 1025">Number of shares of the Company held 4,089 shares</p>	<p data-bbox="440 277 978 342">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 353 978 418">April 1985      Joined Showa Shell Sekiyu K.K. (“Showa Shell”)</p> <p data-bbox="440 430 978 495">Sep. 2002      Shizuoka Area Manager, Showa Shell</p> <p data-bbox="440 506 978 604">Sep. 2004      General Manager, Marketing Planning Division, Showa Shell</p> <p data-bbox="440 616 978 848">March 2005      Executive Officer and General Manager, Marketing Planning Division, concurrently serving as General Manager, Retail Sales Division, Showa Shell</p> <p data-bbox="440 860 978 891">March 2006      Director, Showa Shell</p> <p data-bbox="440 902 978 956">March 2009      Corporate Executive Officer, Showa Shell</p> <p data-bbox="440 967 978 1066">March 2013      Senior Corporate Executive Officer, Showa Shell</p> <p data-bbox="440 1077 978 1131">July 2014      President &amp; CEO, Solar Frontier K.K.</p> <p data-bbox="440 1142 978 1196">April 2019      Managing Executive Officer of the Company</p> <p data-bbox="440 1207 978 1261">June 2020      Director and Managing Executive Officer (to date)</p> <p data-bbox="440 1294 978 1440">Current duties: Assistant to Chief Executive Officer (Petroleum Business and Power &amp; Renewables Business)</p>	<p data-bbox="999 277 1402 342">Reason for nomination as candidate for Director</p> <p data-bbox="999 353 1402 992">Mr. Atsuhiko Hirano has worked as the top manager in the fuel sales division and renewable energy division. He formulated the first medium-term management plan for the New Integrated Company and has gained wide experience, knowledge and expertise. He has been responsible for the overall management as the Director and Managing Executive Officer; promoted restructuring the energy business of the Group and delivered solid results. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>	


Candidate No. 4	Reelection	Noriaki Sakai (April 8, 1961)	
 <p data-bbox="193 956 405 1081">Number of shares of the Company held 14,061 shares</p>	<p data-bbox="440 277 627 342">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 353 627 387">April 1985</p> <p data-bbox="440 398 627 432">July 2010</p> <p data-bbox="440 533 627 566">July 2012</p> <p data-bbox="440 734 627 768">July 2015</p> <p data-bbox="440 813 627 846">June 2017</p> <p data-bbox="440 880 627 913">July 2018</p> <p data-bbox="440 981 627 1014">April 2019</p> <p data-bbox="440 1081 627 1115">July 2020</p> <p data-bbox="440 1160 627 1193">June 2021</p> <p data-bbox="440 1261 627 1294">Current duties:</p>	<p data-bbox="647 353 978 387">Joined the Company</p> <p data-bbox="647 398 978 521">Deputy General Manager of Tokuyama Refinery and Deputy General Manager of Tokuyama Plant</p> <p data-bbox="647 533 978 723">Deputy General Manager of Human Resource Department, Health Insurance Union President and Corporate Pension Fund President</p> <p data-bbox="647 734 978 801">Deputy General Manager of Accounting Department</p> <p data-bbox="647 813 978 880">General Manager of Accounting Department</p> <p data-bbox="647 891 978 981">Executive Officer and General Manager of Accounting Department</p> <p data-bbox="647 981 978 1081">Executive Officer and General Manager of Finance Department</p> <p data-bbox="647 1081 978 1149">Senior Executive Officer Chief Financial Officer</p> <p data-bbox="647 1160 978 1261">Director Managing Executive Officer (to date)</p> <p data-bbox="647 1261 978 1552">Chief Financial Officer (Finance &amp; Accounting Department), in charge of procurement (Procurement Department), and Head of Safety &amp; Environmental Protection Headquarters and Head of Quality Assurance Headquarters</p>	<p data-bbox="999 277 1402 342">Reason for nomination as candidate for Director</p> <p data-bbox="999 353 1402 891">Mr. Noriaki Sakai has engaged in sales, human resource, manufacturing, accounting, and finance, and accumulated wide experience, knowledge, and expertise. In addition, he has worked as the top manager in the accounting division and finance division. As CFO, he has promoted reinforcement of management foundations and delivered solid results. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.</p>

Candidate No. 5	New election	Masahiko Sawa (July 11, 1962)	
 <p>Number of shares of the Company held 5,746 shares</p>	<p>Brief history and position and duties in the Company (and important concurrent office)</p> <p>April 1990      Joined the Company</p> <p>April 2013      Deputy General Manager of Gas Business Department</p> <p>June 2017      General Manager of Technology &amp; Engineering Center</p> <p>April 2019      Executive Officer and General Manager of Hokkaido Refinery</p> <p>June 2021      Senior Executive Officer (to date)</p> <p>Current duties: Manufacturing &amp; Technology (Manufacturing &amp; Technology Department, Technology &amp; Engineering Center, Idemitsu Engineering, Showa Yokkaichi Sekiyu, Toa Oil, and Seibu Oil)</p>	<p>Reason for nomination as candidate for Director</p> <p>Mr. Masahiko Sawa has worked as the top manager of the Manufacturing &amp; Technology Department and has accumulated wide experience, knowledge, and expertise. In addition, he has promoted restructuring flexibly and effectively as the head of the department. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively as a technical manager.</p>	

Candidate No. 6	Reelection	Masakazu Idemitsu (October 15, 1968)		
 <p data-bbox="188 943 435 1043">Number of shares of the Company held 3,411,900 shares</p>	Brief history and position and duties in the Company (and important concurrent office)	Reason for nomination as candidate for Director	<p data-bbox="991 398 1401 869">Mr. Masakazu Idemitsu has assumed the position of Director of the Company as of April 2019. He has an essential understanding of the details of the Company's business, and the origin of its management, "respect for human beings," as a grandson of Mr. Sazo Idemitsu, the founder of the Company. Thus, management has judged that, from the long-term perspective, he will be able to perform his duties as Director properly.</p>	
	April 2010	Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts (to date)		
	Dec. 2015	Councilor, Public Interest Incorporated Foundation Idemitsu Culture and Welfare Foundation Director and Vice President, Nissho Kosan Co., Ltd. ("Nissho Kosan")		
	April 2016	Representative Director and President, Nissho Kosan (to date)		
	April 2019	Director (to date) Representative Director and President, Showa Kosan Co., Ltd. (to date)		
	Oct. 2020	Representative Director, General Incorporated Association Idemitsu Philosophy Laboratory (to date)		
April 2021	Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (to date)			


Candidate No. 7	Reelection	Kazunari Kubohara (July 16, 1967)	
 <p data-bbox="193 936 405 1061">Number of shares of the Company held - shares</p>	Brief history and position and duties in the Company (and important concurrent office)	Reason for nomination as candidate for Director	
	Dec. 2008	Registered as an attorney, established Kyuhodo Law Firm	Mr. Kazunari Kubohara has an experience working in a corporate environment before he registered as an attorney, is familiar with corporate legal affairs as an attorney, and has extensive knowledge of corporate management. Thus, management has judged that he will be able to perform his duties as Director properly.
	April 2010	Committee Member, Tokyo Local Third-Party Committee to Check Pension Records, Ministry of Internal Affairs and Communications	
	April 2011	Delegate, Dai-Ichi Tokyo Bar Association	
	Sep. 2015	Auditor, General Incorporated Association for Realizing Prescription of Adequate Amount of Anti-Dementia Drugs	
	June 2016	Outside Statutory Auditor, Class Technology Co., Ltd.	
	July 2017	Auditor, Medical Corporation Hakueikai Miyake Dental Clinic (to date)	
	March 2018	Delegate, Japan Federation of Bar Associations	
	April 2018	Vice Chairperson of the Legal Services Obstruction Countermeasures Committee, Dai-Ichi Tokyo Bar Association	
	April 2019	Director (to date)	

Candidate No. 8	Reelection	Takeo Kikkawa (August 24, 1951)	
 <p data-bbox="189 1025 405 1155">Number of shares of the Company held - shares</p>	<p data-bbox="432 297 986 365">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="432 398 986 566">April 1987 Assistant Professor, Department of Business Administration, Aoyama Gakuin University School of Business</p> <p data-bbox="432 573 986 667">Oct. 1993 Associate Professor, Institute of Social Science, University of Tokyo</p> <p data-bbox="432 674 986 768">April 1996 Professor, Institute of Social Science, University of Tokyo</p> <p data-bbox="432 775 986 902">April 2007 Professor, Hitotsubashi University Graduate School of Commerce and Management</p> <p data-bbox="432 909 986 976">Jan. 2013 President, Business History Society of Japan</p> <p data-bbox="432 983 986 1077">June 2013 Outside Director, Mitsubishi Chemical Holdings Corporation</p> <p data-bbox="432 1084 986 1312">April 2015 Professor, Graduate School of Innovation Studies, Tokyo University of Science (currently, Graduate School of Management, Tokyo University of Science)</p> <p data-bbox="432 1319 986 1352">June 2017 Director (to date)</p> <p data-bbox="432 1359 986 1487">April 2020 Professor, Graduate School of International Management, International University of Japan</p> <p data-bbox="432 1494 986 1688">April 2021 Vice President, and Professor, Graduate School of International Management, International University of Japan (to date)</p>	<p data-bbox="991 266 1410 394">Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director</p> <p data-bbox="991 400 1410 1406">Mr. Takeo Kikkawa has long experience and wide knowledge as a university professor, and has full knowledge about corporate management as an expert in business administration studies and especially in energy industry theory. He has not engaged in corporate management in any manner other than serving as an Outside Officer. However, management has judged that he will be able to perform his duties as an Outside Director properly as he satisfies the “Requirements for Independence of Outside Officers” of the Company and for the above reasons. In addition, when he is elected as an Outside Director, he will operate the Board of Directors properly as the chairman thereof, and will engage in selecting candidates for officers of the Company and deciding the officers’ compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.</p> <p data-bbox="991 1480 1410 1547">Business relationship between the candidate and the Company</p> <p data-bbox="991 1621 1410 1709">There is no business relationship between the candidate and the Company.</p>	

Candidate No. 9	Reelection	Mitsunobu Koshiba (November 9, 1955)	
 <p data-bbox="193 1200 405 1323">Number of shares of the Company held - shares</p>	Brief history and position and duties in the Company (and important concurrent office)		Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director
	Oct. 1981	Joined Japan Synthetic Rubber Co., Ltd. (currently, JSR Corporation)	Mr. Mitsunobu Koshiba was engaged in research and electronic materials business at JSR for the first 9 years after joining JSR and,
	June 2002	Officer and General Manager of Electronic Materials Department I, Electronic Materials Division, JSR Corporation (“JSR”)	then, served as General Manager of Electronic Materials Division since June 2002. He was elected to become Representative Director and President of JSR in 2009.
	June 2003	Officer, General Manager of Electronic Materials Division, and General Manager of Electronic Materials Department, JSR	The management of Idemitsu has confirmed that he will continue to be able to perform and fulfill his duties as their outside director with his expertise in many technology areas along with his long experiences and broad knowledge as a business executive.
	June 2004	Director, General Manager of Electronic Materials Division, JSR	Consequently, his profile satisfies the “Requirements for Independence of Outside Officers” of the Company. In addition, when he is elected as an Outside Director, he will become a chairperson of Nomination and Compensation Advisory Committee of Idemitsu.
	June 2005	Senior Officer, General Manager of Electronic Materials Division and Assistant in charge of Fine Chemicals Business, JSR	
	June 2006	Managing Director, General Manager of Electronic Materials Division, JSR	Business relationship between the candidate and the Company
	June 2007	Managing Director, JSR	
	June 2008	Senior Managing Director, JSR	
	April 2009	Representative Director and President, JSR	
	June 2019	Representative Director and Chairman, JSR Director of the Company (to date)	The Company has business relationships with JSR in relation to the business transactions of lubricants, heavy fuel oil, and coal; however, the trading volume is an insignificant percentage of the Company’s consolidated sales, namely, approximately 1.6 billion yen for fiscal year 2021, which comprises 0.02% of the Company’s consolidated sales.
	June 2020	Director and Chairman, JSR	
	March 2021	Outside Director, A Holdings Corporation (to date)	
	June 2021	Chairman Emeritus, JSR (to date)	
	August 2021	Outside Director, TBM Co., Ltd. (to date)	



Candidate No. 10	Reelection	Yumiko Noda (January 26, 1960)	
 <p data-bbox="193 1061 405 1189">Number of shares of the Company held - shares</p>	<p data-bbox="440 331 970 398">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 434 970 533">April 1982      Joined Tokyo Branch, Bank of America Corporation</p> <p data-bbox="440 539 970 696">March 1996      Deputy General Manager, London Branch, the Long-Term Credit Bank of Japan Ltd. (Head of Structured Finance)</p> <p data-bbox="440 703 970 936">Jan. 2000      Partner, Head of PPP (Public Private Partnership) and Privatization, PwC Financial Advisory Service Co., Ltd. (currently, PwC Advisory LLC) (“PwC”)</p> <p data-bbox="440 943 970 1003">June 2007      Deputy Mayor, Yokohama City</p> <p data-bbox="440 1010 970 1115">Jan. 2011      Partner, Head of PPP and Infrastructure Asia Pacific, PwC</p> <p data-bbox="440 1122 970 1249">Oct. 2017      President and Representative Director, Veolia Japan K.K. (“Veolia”)</p> <p data-bbox="440 1256 970 1361">April 2019      Chairman, Administrative Reform Committee, Japan Association of Corporate</p> <p data-bbox="440 1368 970 1563">June 2020      Vice Chair of the Board of Councillors and Chair of Committee on Environment and Safety, Japan Business Federation (to date)</p> <p data-bbox="440 1570 970 1659">Chairman and Representative Director, Veolia (to date)</p> <p data-bbox="440 1666 970 1765">June 2021      Outside Director, Benesse Holdings, Inc. (to date) Director (to date)</p>	<p data-bbox="999 300 1385 427">Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director</p> <p data-bbox="999 434 1401 763">Ms. Yumiko Noda has worked in financial institutions inside and outside of Japan, has served as the Deputy Mayor of Yokohama City and Partner of PwC, etc., and joined Veolia management as President and Representative Director since 2017, and Chairman and Representative Director since 2020.</p> <p data-bbox="999 770 1401 1473">Management has judged that Ms. Yumiko Noda will be able to perform her duties as an Outside Director properly as she has long experience and wide knowledge as a business manager in the fields of finance, global management, and regional revitalization, and satisfies the “Requirements for Independence of Outside Officers” of the Company. In addition, when she is elected as an Outside Director, she will engage in selecting candidates for officers of the Company and deciding the officers’ compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.</p> <p data-bbox="999 1547 1406 1608">Business relationship between the candidate and the Company</p> <p data-bbox="999 1644 1390 1742">There is no business relationship between the candidate and the Company.</p>	

Candidate No. 11	Reelection	Maki Kado (February 16, 1969)	
 <p data-bbox="193 1173 405 1294">Number of shares of the Company held - shares</p>	<p data-bbox="440 300 967 367">Brief history and position and duties in the Company (and important concurrent office)</p> <p data-bbox="440 405 967 533">April 1992      Joined NEC Corporation April 1996      Joined United Feature Syndicate Inc. Japan Branch</p> <p data-bbox="440 539 967 674">May 2000      Joined Microsoft Product Development Inc. (currently, Microsoft Japan Co., Ltd.)</p> <p data-bbox="440 680 967 770">April 2004      Joined Microsoft Corporation Inc. (US) Headquarters</p> <p data-bbox="440 777 967 866">July 2013      General Manager of Purchasing, salesforce.com Co., Ltd.</p> <p data-bbox="440 873 967 940">April 2014      Business Manager, Coca-Cola East Japan Co., Ltd.</p> <p data-bbox="440 947 967 1081">Dec. 2014      Director, Coca-Cola Business Services Company, Limited (“Coca-Cola Business Service”)</p> <p data-bbox="440 1088 967 1223">Jan. 2015      Operating Committee member (Officer), Coca-Cola Cross Enterprise Procurement Group</p> <p data-bbox="440 1229 967 1319">March 2015      Representative Director and President, Coca-Cola Business Service</p> <p data-bbox="440 1326 967 1460">August 2015      Representative Director and President, Coca-Cola Business Sourcing Co., Ltd.</p> <p data-bbox="440 1467 967 1624">June 2016      Budget Committee Chair (Chief Financial Officer), Coca-Cola Cross Enterprise Procurement Group</p> <p data-bbox="440 1630 967 1765">April 2017      Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan Inc. (“Coca-Cola Bottlers Japan”)</p> <p data-bbox="440 1771 967 1861">Feb. 2019      Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan</p> <p data-bbox="440 1868 967 2024">June 2019      Executive Officer, Head of Procurement and Head of Executive Business Management, Coca-Cola Bottlers Japan</p>	<p data-bbox="999 277 1402 389">Reason for nomination as candidate for Director and Overview of Expected Roles as Outside Director</p> <p data-bbox="999 396 1410 1509">Ms. Maki Kado has been engaged in system development and marketing inside and outside of Japan, has served as a Representative Director and President of Coca-Cola Business Sourcing Co., Ltd., etc., and assumed the position of Executive Officer of Coca-Cola Bottlers Japan in 2017 and Executive Officer of Coca Cola Bottlers Japan Holdings in 2020. Management has judged that Ms. Maki Kado will be able to perform her duties as an Outside Director properly as she has insight, long experience and wide knowledge in the fields of international business, retail marketing and DX, and satisfies the “Requirements for Independence of Outside Officers” of the Company. In addition, when she is elected as an Outside Director, she will engage in selecting candidates for officers of the Company and deciding the officers’ compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.</p> <p data-bbox="999 1576 1410 1644">Business relationship between the candidate and the Company</p> <p data-bbox="999 1677 1410 1778">There is no business relationship between the candidate and the Company.</p>	

Nov. 2019	Executive Officer, Head of Business Transformation and Head of Procurement, Coca-Cola Bottlers Japan
Jan. 2020	Executive Officer, Head of Business Transformation, Coca-Cola Bottlers Japan (to date)
April 2020	Executive Officer, Executive Business Manager, Coca-Cola Bottlers Japan Holdings Inc. (“Coca-Cola Bottlers Japan Holdings”) (to date)
June 2021	Director (to date)

- (Notes) 1. Mr. Masakazu Idemitsu is Representative Director and President of Nissho Kosan, which is a major shareholder of the Company. The Company conducts real estate lease transactions with Nissho Kosan, and the terms of which have been determined based on the market rate of the adjacent areas, and the transaction amount of which is approximately 150 million yen per annum. In addition, he is the Representative Director of the General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (the “Association”). The Company outsources business relating to corporate history and philosophy to the Association, the transaction amount of which is approximately 20 million yen per annum.
- There is no special relationship between any candidate for Directors except Mr. Masakazu Idemitsu and the Company.
2. Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiba, Ms. Yumiko Noda, and Ms. Maki Kado are candidates for Outside Director.
3. Under Article 427, Paragraph 1 of the Companies Act of Japan, the Company has entered into agreements with each of Mr. Masakazu Idemitsu, Mr. Kazunari Kubohara, Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiba, Ms. Yumiko Noda, and Ms. Maki Kado to limit the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act of Japan. Under the agreement, the liability is limited to the amount provided for under law. If the reelection of Mr. Masakazu Idemitsu, Mr. Kazunari Kubohara, Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiba, Ms. Yumiko Noda, and Ms. Maki Kado is approved, the Company plans to continue each agreement.
4. The Company has entered into a liability insurance contract for directors and Audit & Supervisory Board Members with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act of Japan. Under said insurance contract, the insurance company shall compensate for damages that may result from the insured persons (including the Directors of the Company) assuming responsibility in connection with the execution of their duties or receiving claims related to the pursuit of such responsibility. In the event that each candidate is elected and assumes office as the Director of the Company, he/she will be insured under said insurance contract. Said insurance contract will be renewed with the same contents upon the next renewal.
5. The Company has registered Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiba, Ms. Yumiko Noda, and Ms. Maki Kado as independent officers with the Tokyo Stock Exchange in accordance with its rules.
6. The number of shares of the Company held by each candidate for Director includes the candidate’s interests in the Idemitsu Officer Stockholders Committee.


Proposition No. 4: Election of two (2) Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members Mr. Toshiyuki Tanida and Mr. Kenji Yamagishi will expire at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that two (2) new Audit & Supervisory Board Members be elected.

Audit & Supervisory Board has consented to this proposition.

The candidates for Audit & Supervisory Board Member are as follows:

Candidate No. 1	New election	Hidefumi Kodama (December 27, 1964)		
 Number of shares of the Company held 2,411 shares	Brief history and position in the Company	Reason for nomination as candidate for Audit & Supervisory Board Member		
	April 1987 July 2011	Joined the Company Manager of Finance Management Section, Accounting Department	Mr. Hidefumi Kodama held important offices in the accounting field, and has accumulated wide experience, knowledge, and expertise in accounting and finance. He has also served as the top manager of the Public Relations, Resources and Environment Department, and is familiar with the Company's business and its issues. Thus, management has judged that he will be able to carry out supervision and auditing of the Company properly, fairly, and effectively utilizing his wide knowledge.	
	July 2013	Manager of Planning & Coordination Office, Exploration & Production Department 1, and Director and General Manager of General Affairs Department, Idemitsu Oil & Gas		
	April 2015	General Manager of Exploration & Production Planning Department		
	July 2017	General Manager of Public Relations & CSR Affairs Office and in charge of brand strategy		
	April 2018	General Manager of Public Relations Department, and in charge of brand strategy		
	April 2019	General Manager of Coal Business Department		
	April 2021	General Manager of Coal and Energy Solution Department (to date)		

Candidate No. 2	New election	Yumiko Ichige (March 13, 1961)	
 <p data-bbox="193 1189 405 1317">Number of shares of the Company held - shares</p>	Brief history and position in the Company (and important concurrent office)		Reason for nomination as candidate for Audit & Supervisory Board Member
	April 1989	Registered as an attorney (Daini Tokyo Bar Association) Law Department, IBM Japan, Ltd.	
	Dec. 2007	Partner, Nozomi Sogo Attorneys at Law (to date)	
	April 2009	Vice Chairman, Daini Tokyo Bar Association	
	June 2012	Outside Director, NEC Networks & System Integration Corporation	
	April 2014	Executive Director, Japan Federation of Bar Associations	
	May 2014	Outside Audit & Supervisory Board member, AEON MALL Co., Ltd.	
	Dec. 2014	Outside Director, Audit & Supervisory Committee member, SANYO TRADING CO., LTD.	
	Dec. 2016	Outside Director, Audit & Supervisory Committee member, FOOD & LIFE COMPANIES LTD. (to date)	
	June 2018	Outside Director, ITOHAM YONEKYU HOLDINGS INC.	
June 2018	National Research and Development Agency Council member, Ministry of Land, Infrastructure, Transport and Tourism (to date)		
Jan. 2019	Information and Communications Council member, Ministry of Internal Affairs and Communications (to date)		
March 2020	Outside Director, ASKUL Corporation (to date)		

- (Notes)
1. There is no special relationship between each of the candidates for Audit & Supervisory Board Member and the Company.
  2. Ms. Yumiko Ichige is an Outside Statutory Auditor candidate.
  3. Under Article 427, Paragraph 1 of the Companies Act of Japan, the Company is scheduled to enter into an agreement with Ms. Yumiko Ichige to limit the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act of Japan if she is elected and assumes office as an Audit & Supervisory Board member of the Company. Under the agreement, the liability shall be limited to the amount provided for under law.
  4. The Company has entered into a liability insurance contract for directors and Audit & Supervisory Board Members with an insurance company pursuant to the provision of Article 430-3, Paragraph 1 of the Companies Act of Japan. Under said insurance contract, the insurance company shall compensate for damages that may result from the insured (including the Audit & Supervisory Board Members of the Company) assuming responsibility in connection with the execution of their duties or receiving claims related to the pursuit of such responsibility. In the event that Mr. Hidefumi Kodama and Ms. Yumiko Ichige are elected and assume office as Audit & Supervisory Board Members, they will be insured under said insurance contract. Said insurance contract will be renewed with the same contents upon the next renewal.
  5. Ms. Yumiko Ichige has satisfied the requirements for independent officers under the rules of the Tokyo Stock Exchange, and the Company plans to register her as an independent officer with the Tokyo Stock Exchange.
  6. The number of shares of the Company held by the candidates for Audit & Supervisory Board Member includes their interests in the Idemitsu Employee Stockholders Committee.

(Reference) Skills matrix of Directors and Audit & Supervisory Board members (in case where each of the candidates is elected in this shareholders meeting)

While fulfilling its social mission of providing a stable energy supply, the Company wishes to contribute to the realization of a carbon neutral society in 2050, and to utilize this as a business opportunity and improve to become a corporate entity that continue to grow sustainably. To this end, it is very important for Directors and Audit & Supervisory Board members, who have various knowledge and experience, to actively discuss matters at the Board of Directors meetings, and enhance the quality of discussions regarding overall management strategies including human resources strategies.

After preparing and disclosing the skills matrix concerning Directors in the reference documents for the 105th Ordinary General Meeting of Shareholders, the Company continued to review it as necessary in light of the management issues it is facing.

This year, in addition to Directors, the Company included Audit & Supervisory Board members in the subject of the disclosure, and elected skills such as knowledge and experience in the areas listed below as the areas that Directors and Audit & Supervisory Board members (the “Officers”) are expected to have, and elected Officers who have experience and knowledge in those areas, while paying attention to diversity.

For the areas that the Board of Directors members do not have, for example, issues concerning economic security or other areas for which high expertise is required, the Company supplements them by inviting outside experts to Advisory Board meetings and Officer training sessions.

Directors / Audit & Supervisory Board members	Skills / experiences	Corporate philosophy/business strategy	Governance/leg al affairs	Finance/accountin g/tax	International business/diversity	Digital transformation/tec hnology	Environment/soci ety/resource circulation/region al revitalization/ener gy policies	Human resources development	Marketing/sales/ret ail marketing	Manufacturing /supply
Directors	Shunichi Kito									
	Susumu Nibuya									
	Atsuhiko Hirano									
	Noriaki Sakai									
	Masahiko Sawa									
	Masakazu Idemitsu									
	Kazunari Kubohara									
Outside Independent	Takeo Kikkawa									
Outside Independent	Mitsunobu Koshihira									
Outside Independent	Yumiko Noda									
Outside Independent	Maki Kado									
Audit & Supervisory Board members	Tsutomu Yoshioka									
	Hidefumi Kodama									
	Outside Independent	Taigi Ito								



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Outside  
Independent

Yumiko Ichige



indicates areas to which the Company particularly expects the relevant Director or Audit & Supervisory Board member to contribute and does not represent all of his/her skill and experience.

(Reference)

### **Independence Requirements for Outside Officers**

Independent outside officers must not fall under any of the following:

1. A person who has become an executive officer of the Company or its subsidiaries in the present or in the past.
2. A person who is a major shareholder or currently affiliated with an organization that is a major shareholder with a 10% or higher share ratio in the Company's latest shareholder list.
3. A person who is currently affiliated with the Company's business partners or their consolidated subsidiaries with a total annual transaction amount of 2% or more of consolidated net sales in the three most recent business years.
4. A person who is a consultant, accounting professional, legal expert, accounting auditor, or contractor (if they are corporations, associations, or other organizations, those who actually belong to these organizations) who receives money or other properties of ¥10 million or more per annum from the Company other than remuneration for a Director or for Audit & Supervisory Board Member in the three most recent fiscal years.
5. A person who is currently affiliated with non-profit organizations that have received 2% or more of their gross or ordinary income from the Company in the three most recent fiscal years.
6. In the case where a person has belonged to any of the organizations or business partners described in "2." to "5." above, five years have not elapsed since (s)he left the organization or business partner.
7. A person who is the spouse or relative within the third degree of kinship of an officer (excluding those that are not important) or the Company or a specified associated company of the Company.

End

(Attached document)

## BUSINESS REPORT

(April 1, 2021 to March 31, 2022)

### **1. Current state of the Idemitsu Group (the “Group”)**

(1) Business activities for the fiscal year under review:

(i) General economic conditions and environment surrounding the Group:

During the current fiscal year, the Japanese economy continued to show signs of stagnation due to the spread of COVID-19 and the accompanying issuance of states of emergency and activity restriction measures. However, the economy gradually recovered throughout the fiscal year due to the spread of vaccination and other factors.

Regarding domestic sales of petroleum products, gasoline and other primary fuels were on a par with the previous fiscal year since people refrained from going out due to the outbreak of COVID-19, but sales of jet fuel increased from the previous fiscal year due to the resumption and increase of domestic flights.

As to crude oil prices, during the first half of the fiscal year, the prices had been on an upward trend because the supply–demand balance remained tight as oil demand recovered due to economic normalization in the United States and Europe in association with the spread of vaccination against COVID-19, and in terms of supply, OPEC Plus continued cooperative production cutbacks. In the second half of the fiscal year, there was a temporary decline due to concerns about an economic slowdown caused by the spread of the Omicron variant infection. However, moving into January 2022, crude oil prices have turned upward due to observations that the impact on the economy will be limited. After Russia’s invasion of Ukraine in February 2022, geopolitical risks surfaced, and prices of crude oil and other natural resources skyrocketed toward the end of the fiscal year. As a result, Dubai crude oil prices continued to rise from \$63/bbl at the beginning of the fiscal year, and temporarily exceeded \$120/bbl toward the end of the fiscal year, resulting in an annual average price of \$78.1/bbl, up \$33.6/bbl from the previous fiscal year.

The yen’s exchange rate against the U.S. dollar generally ranged from ¥109 to ¥111 in the first half of the fiscal year, but since October, the yen has been sold due to rising expectations of interest rate hikes due to rising prices in the United States and the worsening of Japan’s trade balance against the backdrop of high crude oil prices. In late November, the yen reached ¥115/\$ for the first time in four years, and the dollar has continued to rise since then. From March onward, as the United States decided to raise its policy interest rate, the appreciation of the dollar accelerated sharply against the backdrop of further increases in natural resources due to Russia’s invasion of Ukraine, temporarily reaching ¥125/\$ toward the end of the fiscal year. Consequently, the average rate rose by ¥6.3/\$ from the previous fiscal year to ¥112.4/\$.

(ii) Operating results:

	Net sales	Operating income	Net income attributable to owners of the parent
Year ending March 2021 (106th year)	4,556.6 billion yen	140.1 billion yen	34.9 billion yen
	+46.7%	+294.4 billion yen	+244.6 billion yen
Year ending March 2022 (107th year)	6,686.8 billion yen	434.5 billion yen	279.5 billion yen

(iii) Progress and results of business:

Petroleum segment	Net sales	5,219.4	billion yen (+45.3% YoY)
	Segment income	369.7	billion yen (+262.1% YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

Under the social mission of sustaining Japan's energy security, the Company strived to strengthen the competitiveness of its domestic supply chain, while also being committed to establishing overseas business in order to realize sustainable growth.

In domestic manufacturing and supply, the Company worked on creating synergies by strengthening the network alignment among its refineries and complexes; optimizing its facilities and operations; enhancing the reliability of its refineries by means of advanced technologies such as AI and IoT; and making logistics more efficient. Amid severe fluctuations in demand due to the COVID-19 pandemic, the Company worked to ensure a stable supply of petroleum products by flexibly responding to supply and demand, such as adjusting the operation of refineries and importing and exporting products.

In domestic marketing and sales, in order to maintain and expand businesses utilizing the service station (SS) network, which is the property of the Idemitsu Group, smart measures based on the new application Drive On and car maintenance reservation management system PIT in plus / SEIBIS, and mobility measures such as Raku-Raku Anshin Shaken and Auto Flat, which are personal car leases, will be implemented to make SS a maintenance base for all moving bodies. In addition, in order to fulfill the "responsibility to support community ties" stated in the 2030 Vision, the Company has begun demonstration of mobile brain docks and ghost kitchens as part of the "Smart Yorozuya" concept for SS. Furthermore, the Company is accelerating new initiatives such as the establishment of Idemitsu Tajima EV Co., Ltd., which handles next-generation mobility services, and the acquisition of shares of QLC Produce Corporation, which is working to create a system that comprehensively cooperates and supports the nursing care business.

Regarding business efforts in overseas markets, the Company worked to ensure stable operation of the Nghi Son Refinery in Vietnam. The Company also took steps to enhance its overseas business hubs centering on IDEMITSU INTERNATIONAL (ASIA) PTE. LTD., a subsidiary in Singapore, making efforts to strengthen its marketing and sales networks in the Asia Pacific Rim region and other growth markets.

Consequently, sales in the petroleum products segment were ¥5,219.4 billion, up 45.3% from the previous fiscal year, due to the surging crude oil prices. Segment income was ¥369.7 billion, up 262.1% from the previous fiscal year, due to the impact of gain from inventory valuation from the year-round rise in crude oil prices, improved product margins resulting from time lags, and an increase in equity in earnings of non-consolidated subsidiaries and affiliates, which more than offset an increase in costs such as in-house combustion. Gain from inventory valuation included in operating income was ¥233.2 billion.



Free official application for smartphones, “Drive On”



Brain checkup service using an MRI installed in a vehicle (service name: “Brain Checkup”)

Basic chemicals segment	Net sales	563.5	billion yen (+71.3% YoY)
	Segment income	8.2	billion yen (+140.2% YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

To enhance the competitiveness of our existing business, the Company shut down two old naphtha cracking furnaces and installed a new high-efficiency naphtha cracking furnace at the ethylene production facility of the Tokuyama Complex, and commenced operations in February 2021. By improving the efficiency of ethylene production, the Company plans to achieve an energy saving effect of 30% compared with conventional products and contribute to a reduction in CO2 emissions of approximately 16,000 tons per year.

In addition, the Company has established a company-wide working group to address carbon neutrality, and is starting to study the development of a circular economy including chemical recycling.

Consequently, net sales in the basic chemicals segment were ¥563.5 billion, up 71.3% from the previous fiscal year, due to increases in naphtha prices on a customs clearance basis. Segment income was ¥8.2 billion, up 140.2% from the previous fiscal year, due to factors such as the recovery of product margins of styrene monomer.

Functional materials segment	Net sales	421.4	billion yen (+26.7% YoY)
	Segment income	17.1	billion yen (+31.8% YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

(a) Lubricants business

To expand sales globally, the Company worked to develop lubricants suitable for EV electric units, which are expected to increase in demand in the future, and grease to meet the needs for higher heat resistance and lower noise pollution associated with motor driving. The Company also strengthened initiatives of product development and sales strategy to expand sales of Idemitsu brand products overseas.

(b) Performance chemicals business

On the strength of its own technologies, the Company strived to expand high-performance materials such as engineering plastics for automobiles, information and communication, adhesive substrates for daily necessities, and intermediates for durable consumer goods. In 2020, the Company collaborated with Formosa Petrochemical Corporation (FPCC) of Taiwan to expand the scale of our business by production of hydrogenated petroleum resin (Product name: I-MARV®) to the market for adhesive substrates. Furthermore, in engineering plastics, the Company has decided to expand the production scale of SPS (syndiotactic polystyrene) resin, which is a unique technology of the Company, and started the construction of the second plant in Malaysia. The construction is scheduled to be completed by the end of fiscal year 2022.

(c) Electronic materials business

The electronic materials business evolved around organic EL materials and oxide semiconductors. The Company also worked on new business development and new

application development. The Company's organic EL materials manufacturing plant in Chengdu, Sichuan Province, China, which began commercial operation in 2020, continued smoothly, establishing a manufacturing and supply system with three bases in Japan, South Korea, and China.

(d) Functional paving materials business (High functional asphalt business)

The domestic asphalt demand remained strongly, and the Company strived for a stable supply for infrastructure development and worked on product development based on the needs of the ordering party, and technological development to realize carbon neutrality in collaboration with other business segments. In our overseas business, the results of test construction on the actual expressway with the local client in Southeast Asia were decided to be adopted as an order specification.

(e) Agricultural biotechnology products business

SDS Biotech K.K. became a consolidated subsidiary through a tender offer in June 2011, and has been promoting joint initiatives centering on agriculture-related materials. In order to further strengthen partnerships and realize synergies, the Company has decided to make SDS Biotech a wholly owned subsidiary of the Company and to succeed the Company's Agri-Bio Business Department to SDS Biotech through an absorption-type company split, thereby integrating the operation of the Agri-Bio Business.

(f) Solid electrolytes for all-solid-state lithium-ion batteries business

Using lithium sulfide, for which the Company has its own manufacturing technologies, as a raw material, the Company conducted R&D on solid electrolytes, which are the key materials for the next-generation all-solid lithium ion rechargeable battery, and proceeded with efforts toward commercialization. In November 2021, the Company constructed demonstration facilities for commercial production at the Chiba Complex to realize early commercialization and the operation started.

As a result of the above, net sales in the functional materials segments were ¥421.4 billion, up 26.7% from the previous fiscal year. Segment income was ¥17.1 billion, up 31.8% from the previous fiscal year, due to an increase in profit resulting from an increase in margins in the performance chemicals business and an increase in sales volume in the electronic materials business, which more than offset a decrease in sales volume in the lubricants business segment.





“IDEMITSU E AXLE FLUID,” dedicated fluids that improve the performance of a driving unit called the E AXLE in electric vehicles (EVs) and hybrid electric vehicles (HEVs)



Demonstration facilities toward commercial production of solid electrolytes for next generation batteries



Feed products containing Cashew Nut Shell Extract (CNSE), Ruminap



Experimental pavement of asphalt using synthetic calcium carbonate (carbonate) with immobilized CO2

Power and renewable energy segment	Net sales	138.3	billion yen (+11.8% YoY)
	Segment income	-9.9	billion yen (+7.4 billion yen YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

Efforts are made under the three basic policies of “maintenance and expansion of underling businesses,” “promotion of renewable energy sources development at home and abroad” and “verification and development of solution businesses.” In Japan, the Company is promoting initiatives with local governments, such as concluding a partnership agreement with Saitama City to promote co-creation to realize zero carbon city. Overseas, the development of large-scale solar power plants in the United States and the Philippines was successfully completed. In Southeast Asia, growth market, in addition to large-scale solar power plants, the Company is also working to install photovoltaic power generation system on the roofs of customer facilities.

Consequently, net sales of the power and renewable energy segment were ¥138.3 billion, up 11.8% from the previous fiscal year. Segment loss was ¥9.9 billion, a decrease of ¥7.4 billion from the previous fiscal year, mainly due to the reaction to an increase in procurement costs caused by soaring electricity markets during the previous fiscal year.



Signing ceremony with Saitama City



Photovoltaic power generation system

Resources segment	Net sales	338.8	billion yen (+97.0% YoY)
	Segment income	81	billion yen (+76.3 billion yen YoY)

Segment income = Operating income + Equity in earnings (losses) of nonconsolidated subsidiaries and affiliates

(Oil/natural gas exploration and production and geothermal energy business)

In oil/natural gas exploration and production, in Europe, the Company ensured stable production at the existing oil field in the northern North Sea basin, off the coast of Norway and worked on oilfield development in the northern North Sea basin, where the Company succeeded in exploration, and has commenced production of the Duva oil and gas field. In addition, by transferring a portion of the shares of Idemitsu Snorre Oil Development Co., Ltd. (currently INPEX Norway Co., Ltd.), which was a consolidated subsidiary of the Company, to INPEX CORPORATION, Idemitsu Snorre became an equity-method affiliate, resulting in a reduction and streamlining of the consolidated balance sheet. The Company became the operator of the project to develop natural gas and continued stable production in an offshore mine site project off the coast of southern Vietnam, which began production in November 2020.

In the geothermal energy business, the Company worked to ensure safe operation of existing power plants, as well as the development of new projects in Japan, such as in Oyasu, Yuzawa City, Akita Prefecture, and the examination of overseas projects.

Net sales of the oil and natural gas exploration and production business and the geothermal energy business were ¥75.4 billion, up 128.9% from the previous fiscal year, mainly due to the increase in crude oil prices. Segment income was ¥38.7 billion, up 473.4% from the previous fiscal year.

(Coal business and others)

In Australia, the Company conducted trial production to introduce new technologies such as remote automatic coal mining to enhance the competitiveness of existing mines. In addition, the Company has taken steps to mitigate environmental burdens and contribute to local communities, including studies on the commercialization of solar power system and pumped storage hydroelectric power system using mine assets, and the commencement of joint studies and surveys on the Green Hydrogen and Ammonia Project at Newcastle port

In the low-carbon solutions business, the Company has decided to build a commercial plant for black pellets (Product name: Idemitsu Green Energy Pellet™), a biomass fuel alternative to coal, in Vietnam. In addition to the optimization system to control coal boilers, the Company also started sales of the optimization system of biomass fuel co-firing rate.

Net sales of the coal business and others were ¥263.4 billion, up 89.4% from the previous fiscal year. Segment income was ¥42.3 billion, an increase of ¥44.3 billion from the previous fiscal year, due to the increase in coal prices.

As a result, total net sales of the resources segment were ¥338.8 billion, up 97.0% from the previous fiscal year, and segment income was ¥81.0 billion, up ¥76.3 billion from the previous fiscal year.



Demonstration plant for Idemitsu Green Energy Pellet

システム構成図



Optimization system of biomass fuel co-firing rate

(iv) Overview concerning financial position:

Summary of consolidated balance sheet

(Unit: ¥Billion)

	FY ending March 2021	FY ending March 2022	Change
Current assets	1,665.5	2,368.1	+702.6
Fixed assets	2,288.9	2,233.1	-55.8
Total assets	3,954.4	4,601.2	+646.7
Current liabilities	1,621.3	2,061.3	+440.0
Non-current liabilities	1,118.0	1,103.4	-14.6
Total liabilities	2,739.3	3,164.7	+425.4
Total net assets	1,215.1	1,436.5	+221.4
Total liabilities and net assets	3,954.4	4,601.2	+646.7

a) Total assets

Total assets as of March 31, 2022 were ¥4,601.2 billion, up ¥646.7 billion from the end of the previous fiscal year, mainly due to an increase in inventories and accounts receivable - trade caused by the increased crude oil prices.

b) Total liabilities

Total liabilities as of March 31, 2022 were ¥3,164.7 billion, an increase of ¥425.4 billion from the end of the previous fiscal year, mainly due to an increase in notes and accounts payable - trade owing to surging crude oil prices.

c) Total net assets

The Company's total net assets as of March 31, 2022 were ¥1,436.5 billion, an increase of ¥221.4 billion from the end of the previous fiscal year, mainly due to net income attributable to owners of the parent of ¥279.5 billion, despite dividend payments of ¥35.7 billion and a decrease in noncontrolling interests of ¥39.8 billion.

Consequently, the shareholders' equity ratio as of March 31, 2022 was 30.7%, an increase of 1.6 points from 29.1% at the end of the previous fiscal year. The Net D/E ratio as of March 31, 2022, was 0.9 (end of the previous fiscal year: 1.0).

(v) Investment in plant and equipment:

The amount of capital expenditures of the Group for fiscal year 2021 totaled ¥118.8 billion, which was primarily used as follows:

Segment	Principal capital expenditures
Petroleum	Restructuring, maintenance, and renewal of facilities of the refineries; enhancement, maintenance, and renewal of sales facilities of service stations
Basic chemicals	Restructuring, maintenance, and renewal of production facilities
Functional materials	Restructuring, maintenance and renewal of production facilities
Power and renewable energy	Construction, maintenance, and renewal of power station
Resources	Development and maintenance of oil fields and gas fields; maintenance and renewal of coal production facilities, etc.
Others	Maintenance and renewal of research and development facilities, etc.

(vi) Financing:

The Group's working capital requirements were derived mainly from the purchases of raw materials for the manufacture of products, and fluctuated in response to crude oil prices and foreign exchange rates. In fiscal year 2021, mainly due to the rise in crude oil prices compared to the end of the previous fiscal year, the short-term loans increased by ¥46.1 billion compared to the end of the previous fiscal year. Regarding the funds for capital expenditures, ¥118.8 billion was invested in fiscal year 2021, and necessary funds were procured through a borrowing of ¥28.5 billion and issuance of ¥40.0 billion of bonds.

As a result of the foregoing, the Group's interest-bearing debt balance as of the end of fiscal year 2021 was ¥1,364.9 billion, and increased by ¥56.0 billion compared to the end of the previous fiscal year.

## (2) Assets and income/loss:

Item	104th year April 1, 2018 - March. 31, 2019	105th year April 1, 2019 - March. 31, 2020	106th year April 1, 2020 - March. 31, 2021	107th year (current year) April 1, 2021 - March. 31, 2022
Net sales (million yen)	4,425,144	6,045,850	4,556,620	6,686,761
Ordinary income (loss) (million yen)	169,121	(13,975)	108,372	459,275
Net income (loss) attributable to owners of the parent (million yen)	81,450	(22,935)	34,920	279,498
Net income (loss) per share (yen)	401.63	(76.31)	117.47	940.15
Total assets (million yen)	2,890,307	3,886,938	3,954,443	4,601,183
Net assets (million yen)	878,931	1,200,564	1,215,136	1,436,512
Net assets per share (yen)	4,267.21	3,868.68	3,871.69	4,749.70

(3) Major parent company and subsidiaries:

(i) Relationship with the parent company:

Not applicable.

(ii) Major subsidiaries:

Name	Capital	Ratio of voting rights of the Company (%)	Main business
Idemitsu Tanker Co., Ltd.	¥1,000 million	100.0	Transportation of crude oil and petroleum products
SHOWA YOKKAICHI SEKIYU CO., LTD.	¥4,000 million	75.0	Petroleum refining
TOA Oil Co., Ltd.	¥8,415 million	50.1	Petroleum refining and electrical power supply
Idemitsu Retail Marketing Co., Ltd.	¥80 million	100.0	Sale of petroleum products
Idemitsu Supervising Co., Ltd.	¥10 million	100.0	Sale of petroleum products
IDEMITSU Energy Solutions Co. LTD.	¥100 million	100.0	Sale of petroleum products
IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	US\$45,156 thousand	100.0	Import, export, and trading of crude oil, petroleum products, etc.
IDEMITSU APOLLO CORPORATION	US\$165 thousand	100.0	Import, export, and sale of petroleum products, etc.
Idemitsu Unitech Co., Ltd.	¥2,600 million	100.0	Manufacture and sale of plastic products
SDS Biotech K.K.	¥810 million	100.0	Manufacture, import, and sale of agricultural chemicals
Solar Frontier K.K.	¥7,000 million	100.0	Manufacture and sale of solar batteries
RS Renewables K.K.	¥100 million	100.0	Supply and sale of electricity
Idemitsu Gas Production (Vietnam) Co., Ltd.	¥1 million	100.0	Investigation, exploration, development, and sale of natural gas
IDEMITSU AUSTRALIA PTY LTD	A\$106,698 thousand	100.0	Investigation, exploration, development, and sale of coals
Idemitsu Canada Resources Ltd.	C\$131,167 thousand	100.0	Investigation, exploration, development, and sale of uranium resources in Canada
Idemitsu Canada Corporation	C\$334,000 thousand	100.0	Investigation and promotion of gas and related businesses in Canada
IDEMITSU ASIA PACIFIC	US\$43,634	100.0	Overseas service function



PTE.LTD.	thousand	company
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- (Notes) 1. The “Ratio of voting rights of the Company” is shown by including those held indirectly through its subsidiaries.
2. The “Ratio of voting rights of the Company” is shown by calculating down to the second decimal place and thereafter rounding upward or downward to the nearest first decimal place, as the case may be.

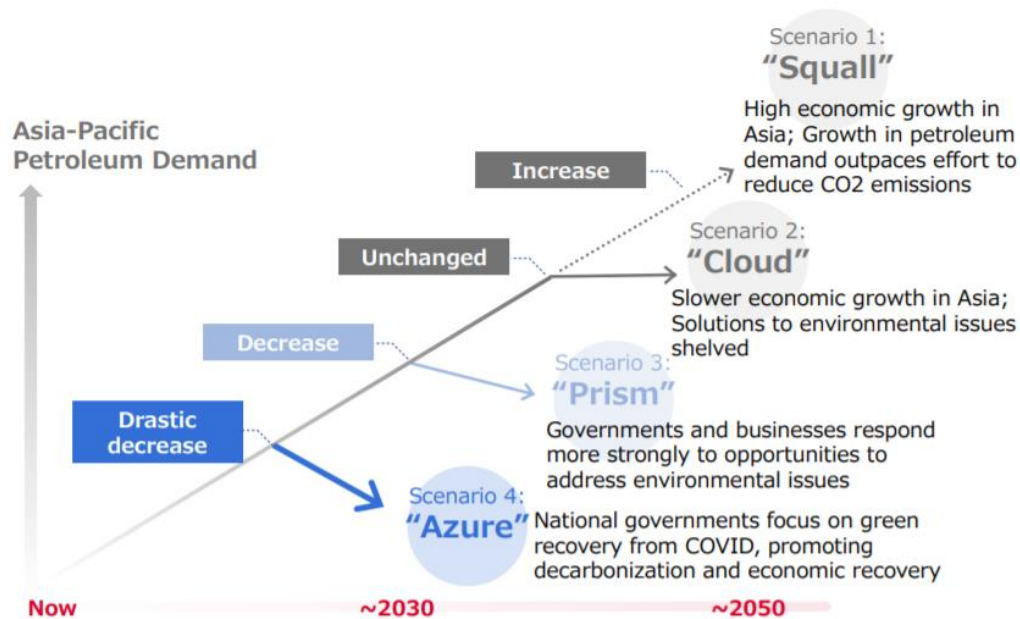
(4) Issues to be addressed:

The Company published the medium-term management plan in November 2019. However, due to the spread of COVID-19 infection, business environments changed significantly. In addition, the Japanese government’s 2050 carbon neutral declaration has accelerated decarbonization. In order to reformulate medium- to long-term strategy and accelerate initiatives, the Company reviewed the medium-term management plan that it published in November 2019. An overview is provided below.

## Anticipated long-term business environment

Many variables make the future business environment extremely uncertain.

Decarbonization and aging are very likely to be advanced.



The medium-term management plan published in 2019 is premised on Scenario 3 "Prism."

↓  
A review of the medium-term management plan recognized that the likelihood of Scenario 4 "Azure" has increased, in which the Asia-Pacific petroleum demand will have passed its peak and decrease sooner.

It is necessary to enhance corporate resilience while engaging in steady efforts towards the resolution of future social challenges.

Reconfirm corporate purpose and establish a corporate vision for 2030

Looking back at the Company’s history, the Company has always cherished its value of “nurturing people through our work, contributing to society by showing infinite possibility.” By codifying this as its corporate mission “Truly inspired,” which serves as the foundation for every employee, the Company will pursue future change.

## The Company's history and key values



## Corporate mission

# Truly inspired

How often do we consider the countries and communities we touch,  
and how much empathy do we have for the people living there?  
Are we contemplating what's best for them and then doing our  
utmost to act in their interests?

Each day, we must reflect on our actions; we must strive to do better  
not only for ourselves, but also for others.  
We make the impossible possible.

With integrity, solidarity, and determination, we will overcome any  
challenge we face.

**The starting point for our operations**

人間尊重 榮進

## Corporate vision for 2030

We believe it is our responsibility to contribute to social challenges in addition to providing stable energy supply.

Our corporate vision for 2030 is to become

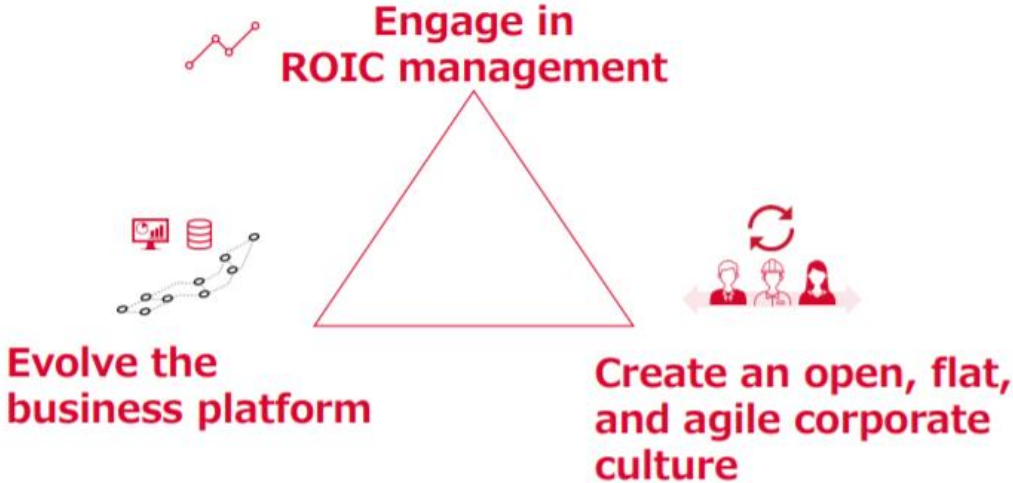
**Your Reliable Partner for Brighter Future**

and will fulfill three responsibilities through its business activities:

- Responsibility to protect the environment and lifestyles: Energy/material transition to a carbon-neutral/circulatory society
- Responsibility to support regional communities: Next-generation mobility & community for an aging society
- Responsibility to provide for society with technological capabilities: New materials to make it possible to overcome such challenges

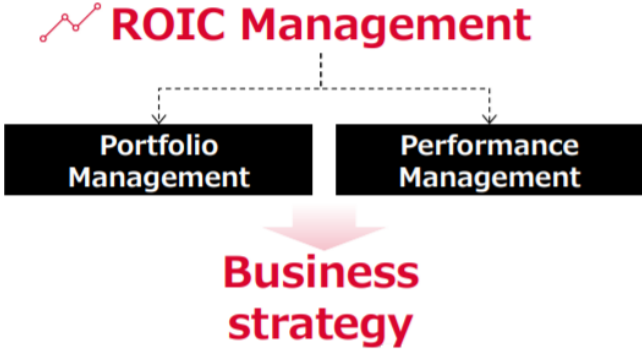
# Basic strategy and management objectives towards 2030

In order to aim to become a resilient company which can adapt flexibility to any environmental changes, amid extreme uncertainties in the medium- to long-term operating environment, the Company has three policies, “Engage in ROIC management,” “Evolve the business platform,” and “Create an open, flat, and agile corporate culture.”



**Basic policy 1** Engage in ROIC Management 

- Enhance capital efficiency and create a strong corporate structure to increase risk tolerance
- In addition to managing our portfolio, utilize ROIC management methodology to accurately measure performance results
- Use of ICP (internal carbon pricing) for investment decisions



Basic  
policy  
2

Evolve the business platform



Accelerate DX

- Shift from Digital “for Idemitsu” (operational reforms) to “for Customer”/”for Ecosystem” (provide customer/network value)  
\*Achieved DX certification on April 1, 2021 (DX-Ready)

Enhance corporate  
governance

- Smaller board with members suited to resolving existing management challenges to engage in active discussions
- Further improve the deliberation process for fair and transparent nominations and compensation, led by external directors
- Enhance group internal control, including local entities located overseas

Basic  
policy  
3

Create an open, flat, and agile  
corporate culture



Internal  
dissemination of the  
corporate mission  
and vision

- Engage in internal branding efforts to establish a shared sentiment towards overcoming social challenges
- Establish a linchpin to adapt rapidly and flexibly to environmental changes

Organizational  
reforms

- Simplify hierarchy to accelerated decision-making; enhance productivity by streamlining administrative divisions
- Increase in growth opportunities through proactive delegation
- Enhance quality of management by optimizing span of control

Workstyle reforms

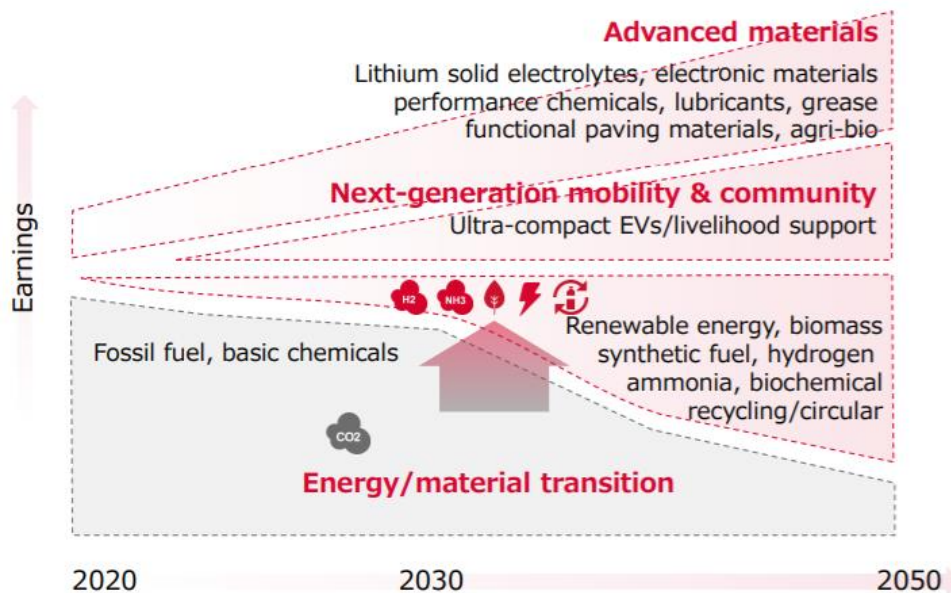
- Revamp the working environment to suit various value sets and lifestyles, providing equal opportunities for all
- Promote search for knowledge through reforms of existing operations; shift to high value-added operations
- Improve operational speed and quality by eliminating perfectionism and promote co-creation

The business strategies based on the basic policies above are provided below.

<p><b>Petroleum</b> <b>Basic Chemicals</b></p>	<ul style="list-style-type: none"> <li>■ Turn apollostation into a “Smart Yorozyua (One-stop shop)”</li> <li>■ Review refinery/complex structure and establish a “CNX* Center” *CNX: Carbon Neutral Transformation</li> <li>■ Reduce fixed costs ahead of decrease in demand</li> <li>■ Deepen integration between refining and petrochemical production</li> <li>■ Enabling profit contribution from Nghi Son Refinery</li> </ul>
<p><b>Functional Materials</b></p>	<ul style="list-style-type: none"> <li>■ Commercialize lithium solid electrolytes</li> <li>■ Accelerate development of advanced materials (e.g. electronic materials, performance chemicals, lubricants, grease, functional paving materials, agri-bio)</li> </ul>
<p><b>Power and Renewable Energy</b></p>	<ul style="list-style-type: none"> <li>■ Expand development of renewable energy sources (solar/wind/biomass)</li> <li>■ Develop distributed energy business centered around renewable energy</li> <li>■ Convert Solar Frontier into a system integrator business</li> </ul>
<p><b>Resources</b></p>	<ul style="list-style-type: none"> <li>■ Oil E&amp;P: Shift to Southeast Asian gas development, CCS initiatives using developed technologies</li> <li>■ Coal: Reduce mine production, shift to low-carbon solutions business (black pellets, ammonia)</li> <li>■ Expand domestic and overseas geothermal business</li> </ul>

**Portfolio evolution for the future**

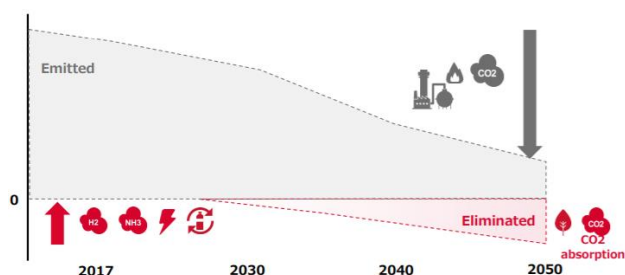
By engaging in the three policies listed in the basic policies, the Company will realize its corporate vision for 2030 and aim for portfolio evolution for the future.



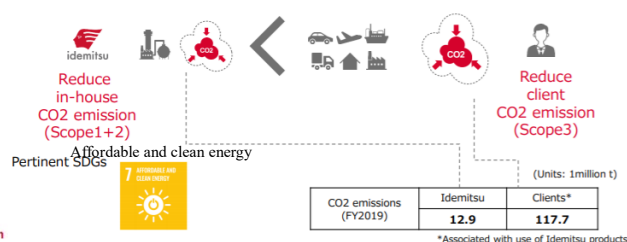
## Pursuing carbon neutrality by 2050

By reducing as much CO<sub>2</sub> (Scope 1 + 2) as possible and prompting efforts for negative emissions, the Company aims to achieve carbon neutrality by 2050. Seeing this as a growth opportunity, the Company will tackle the difficult challenge of SDGs No. 7 “Affordable and clean energy,” by expanding businesses that contribute to decarbonization and further making efforts to reduce CO<sub>2</sub> emissions across the entire value chain, while accurately ascertaining customers’ needs.

### ■ Pursuing carbon neutrality



### ■ Reduction of CO<sub>2</sub> emissions across the entire value chain



## FY2030 management targets

By making the operating + equity income, excluding inventory impact, ¥250 billion, and increasing ROIC to 7% through portfolio management and performance management, the Company aims to improve its corporate value.

Moreover, as the Company’s interim targets for 2050 carbon neutrality, it aims to reduce 4 million t-CO<sub>2</sub> compared to FY2017.

	FY2020 results	FY2030	Compared to FY2020
Operating + equity income	¥92.8 billion*1	¥250 billion	+ 157.2 billion
ROIC	3%	7%	+ 4%
GHG reduction target*2, 3 (Scope 1 + 2)	-*4	- 4 million t	-

\*1: Excludes inventory impact

\*2: Compared to FY2017

\*3: Includes group refineries

\*4: FY2020 results are being calculated

## Overview of the Medium-term Management Plan (FY2020-2022)

### Management objectives

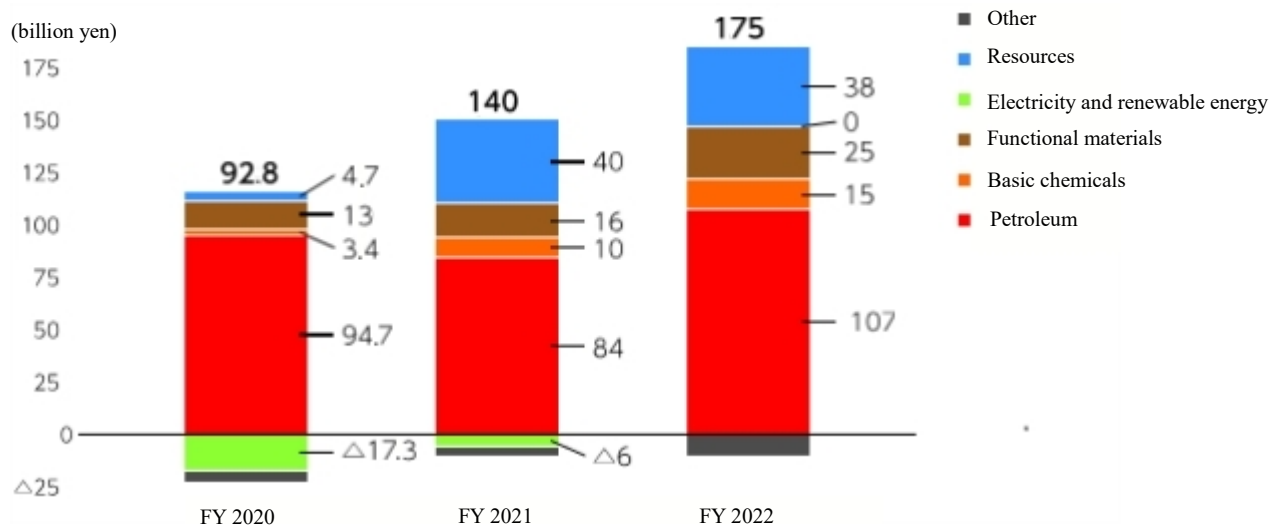
The three-year objectives from FY 2020 to FY 2022 are as provided below (ROE: for FY 2022 only).

Net income (excluding inventory impact)	Operating and equity income (excluding inventory impact)	ROE	FCF
(Three years)	(Three years)	(End of FY 2022)	(Three years)
220 billion yen	410 billion yen	8 %	230 billion yen

Note: Key assumptions for FY 2022: Crude oil \$60/BBL; naphtha \$560/t; coal \$75/t; exchange rate 105 yen/\$

### Operating and equity income by segment (excluding inventory impact)

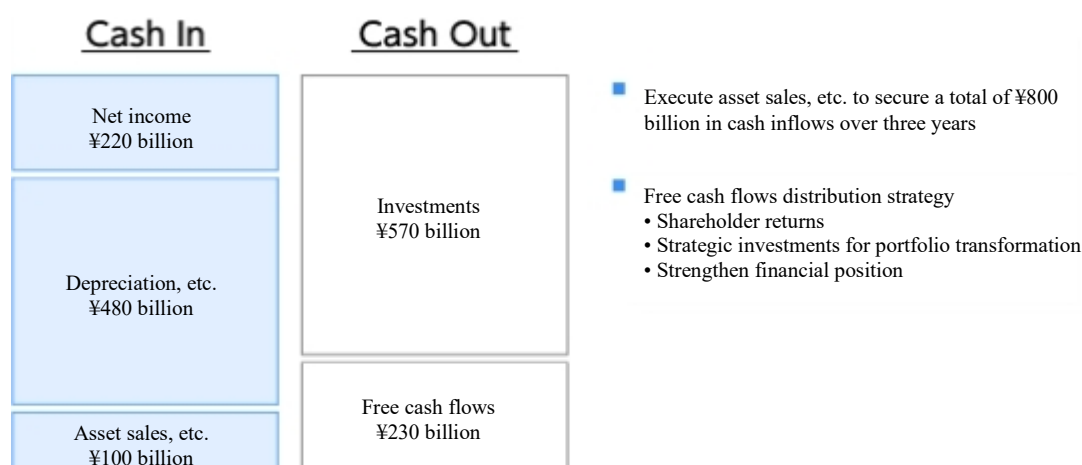
The Company aims to achieve operating income (including equity income) of 175 billion yen in FY 2022, reflecting the expansion of integration synergies in the petroleum segment and the improvement of profit at the Nghi Son Refinery, as well as other factors such as the improvement of resource prices and the basic chemicals market conditions.





## Cash balance

The Company plans to secure 230 billion yen in free cash flow by reducing fixed costs, carefully selecting investment targets, and proactively selling assets. Free cash flow will be allocated to returns to shareholders, strategic investments, and strengthening financial position.

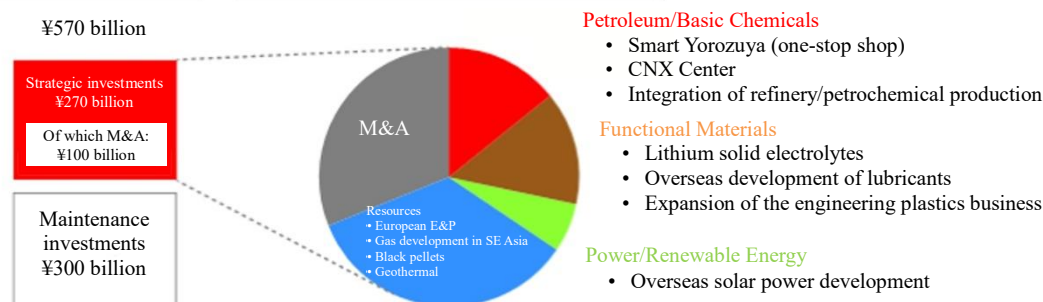


## Investment plan

As an investment plan, the Company estimates 570 billion yen over three years. Funding for strategies and M&As will be allocated to investments to transform portfolios.

Investment breakdown

Breakdown of strategic investments



## Returns to shareholders

The Company positions shareholder returns as a key management priority and sets out the shareholder returns policy as follows:

- aim for a total payout ratio of at least 50% on the three-year cumulative net income excluding inventory impact from FY2020–2022; and
- scheduled to provide stable dividends of ¥120/share.

## Specific issues for each segment

### Petroleum segment

#### (a) Optimize petroleum refining

The Company will aim to establish an optimal refinery structure toward the future by continuously and effectively investing in its petroleum refining business in order to enhance its long-term cost competitiveness and the reliability of its facility operations. In addition, toward the realization of carbon neutrality, the Company is promoting the transition of refineries and complexes to CNX Centers. Its existing facilities, including complexes occupying expansive sites, piers that can accommodate large ships, and groups of tanks, have the potential to be used for production and storage of biomass fuels, hydrogen and ammonia, and synthetic fuels, and for recycling of waste plastics, and the Company is considering initiatives matching the characteristics of each refinery and complex.

#### (b) Develop the petroleum business overseas

The Company will accelerate the overseas petroleum business through its trading business in the Asian and Pacific regions, the operations of the Nghi Son Refinery and the expansion of service stations in Vietnam, and its development of wholesale operations in North America and retail operations in Australia. The state of profitability at the Nghi Son Refinery in FY 2021 has been improved by inventory effects due to higher crude oil prices despite the impact of the COVID-19 pandemic. The Company will continue to improve its earnings in FY 2022 and onward through initiatives such as maintaining stable operations, cost optimization, and recovering margin.

#### (c) Reinforce the network base of dealers

The network of dealers is essential to the supply of energy, such as petroleum and gas, which is needed in the regions. In order to strengthen the profitability of dealers, and to contribute to the resolution of problems in the regions, the Company will build stronger relationships with them, through consulting, information processing, and developing and introducing products and services under the retail schemes that it has cultivated to date. The Company will provide its customers with extra value so that they can make the most of the network of 6,200 service stations of both brands, including the new service station brand “apollostation”, which launched operations in April 2021. To be specific, the Company invented the concept of a Smart Yorozyua as smart one-stop shops for a new era that enriches the lives of local residents, and commenced the provision of a brain checkup service using a trailer with the aim of creating a business that promotes preventive care based at the service station, for “health” that is a material issue in the aging society. The Company will further develop the needs of mobile medical checkup services and service station synergies in regional communities.

In addition, by utilizing digital technology (ICT) to closely coordinate information such as shipment estimates, service station inventories, the operational status of ships and lorries, in real-time and in an interactive manner, the Company will develop ways to deal with the lower logistics demand density

and the shortage of frontline human resources, as well as optimize its logistics systems and improve its services.

## Basic chemicals segment

In order to accelerate stabilization and expansion of the revenue base of its domestic businesses, the Company will pursue cost reduction through drastic efficiency improvement. The Company will, in collaboration with customers of industrial complexes in Chiba and Tokuyama, also aim to achieve stable production corresponding to its business environment, optimization, and enhancement of competitiveness by diversifying raw materials.

By promoting the “Fuel to Chemical” which is integrated in its petroleum business, the Company will optimize the operation of petroleum and chemicals equipment and aim to increase its earning power through logistics alliances. As a part thereof, the Company decided to acquire paraxylene production facilities run by the Chita Plant of ENEOS Corporation. This acquisition will contribute to expanding the paraxylene business and is a specific measure of the “chemical shift” where paraxylene (chemical products) are produced from gasoline components (petroleum products).

Furthermore, while securing the base of the olefin and aromatic businesses, the Company will work to realize solutions to respond to social needs regarding the environment (such as resources recycling and carbon neutrality), not only by independent efforts of the Company but also by seeking alliances with industrial complexes, regional communities and other companies.

## Functional materials segment

### (a) Lubricants

In the fields of automobile lubricant, the Company will support customers’ business development through provision of OEM products in line with customers’ needs via free use of advanced tribology. To realize a decarbonized society (which is fast becoming a global trend), the Company will engage in development of lubricants which adapt to the electric units of EVs, and grease which adapts to the requirements of higher thermostability and lower noise in connection with motor drive targeted to the EV market. Also, regarding industrial lubricants such as hydraulic oil and gear oil for industrial machinery, the Company will develop environment-responsive functional products meeting energy and resource-saving requirements associated with enhanced interest in environmental issues. Further, the Company will promote initiatives to expand and strengthen Idemitsu brand products overseas.

### (b) Performance chemicals

The Company will expand its sales in growing industries mainly in Asia, as well as in areas where growth in demand is expected, based on its proprietary technologies in the fields of engineering plastics and adhesive base materials. Specifically, the Company will mainly target the fields of automotive and electronic components, and information and communication devices (the technical progress of which is occurring rapidly), as well as daily consumer products, the demand for which is mainly growing in Asia. The Company is proceeding with stable production and expansion of its business while responding to industry needs and promoting expansion of production facilities of syndiotactic

polystyrene resin, among other products.

(c) Electronic materials

The organic EL materials market has been expanded due to effects of the surge in shipments of organic EL televisions, among other factors. In order to meet the demand for organic EL materials that is expected to further increase, the Company will make efforts to optimize a system to strengthen business competitiveness while maintaining stable systems to produce and supply materials at the three production bases of Japan, South Korea, and China. In addition, the Company will promote the “acceleration of research and development of high-performance next-generation materials that help electronic devices save energy and last longer” and the “strengthening of relations with display manufacturers and development partners to ascertain the needs of cutting-edge technologies”.

(d) Functional paving materials (Functional asphalt)

As FY 2022 is the second year subject to the “Five-year Acceleration Measures for Disaster Prevention / Mitigation and National Resilience” released by the Ministry of Land, Infrastructure, Transport and Tourism, it is predicted that the demand for pavement in Japan will continue growing steadily. The Company will promote development of products and technologies towards the realization of safety and security of road pavement and carbon neutrality based on the needs of customers and society. Furthermore, in the overseas business, as infrastructure development, such as extension plans for highway constructions, is still vigorous in emerging countries, including ASEAN countries, the demand is expected to be further expanded. The Company will contribute to infrastructure constructions in each country by increasing the use of high-performance asphalt cultivated in Japan.

(e) Agricultural biotechnology

The Company will complete the absorption-type company split of its Agri-Bio Business Department to SDS Biotech K.K. to realize more synergies than ever as a unique new entity of the Idemitsu Group.

(f) Solid electrolytes for all-solid-state lithium ion batteries

All-solid-state lithium ion batteries are the next-generation batteries that hold the key to mass dissemination of EVs (expansion of the cruising range, shortened recharge time, improvement of safety, etc.); thus, the Company will expedite research and development for commercialization of solid electrolytes, which are the key materials therefor, and aim to place them on the market in the late 2020s.

Electricity and renewable energy segment

The Company will distribute electricity to customers by optimizing its external procurement, while still ensuring that such electricity is based on its own competitive electricity sources in Japan. The Company also has various renewable energy power sources, such as wind power, solar, and biomass. The Company will continue to promote the development of power sources responding to the characteristics of the regions by utilizing know-hows therefor. Outside

Japan, the Company will actively engage in the promotion of its gas-fired power generation business in North America, and renewable energy business in North America and Southeast Asia. In its solar battery business, the Company will contribute to the realization of carbon neutrality by changing its business activities from panel sales to becoming a next-generation system integrator.

## Resources segment

Global energy demand has steeply plummeted due to the COVID-19 pandemic. However, the Company will continue to make efforts to maintain and improve the value of its existing petroleum and coal resources, and develop gas fields in Asia, in order to maintain a stable supply. For coal, the Company will propose highly efficient combustion techniques and start the manufacturing of biomass fuel that can improve the mixed-firing levels of coal to reduce the burden on the environment, while working to consider new businesses that utilize its local business bases in Australia. Further, for geothermal energy development, the Company will promote surveys and verification of new businesses while maintaining and continuing its geothermal business in Oita.

## External Evaluation for ESG

### External Evaluation

The Company positions ESG (Environment, Society, and Governance) initiatives as a key management issue and is pursuing information disclosure and engagement regarding its ESG. As a result, the Company obtained the following evaluations. Going forward, the Company will keep working on its ESG initiatives to improve corporate value.

#### CDP



CDP is a non-governmental organization (NGO) headquartered in the United Kingdom that operates a global information disclosure system to manage environmental impacts and work on environmental issues. CDP rates more than 13,000 companies around the world on an eight-point scale, from A to D-, based on the answers of companies to three types of questionnaires (climate change, water, and forest).

The Company was awarded an A- for “Climate Change” and B for “Water” in the 2021 survey.

#### MSCI

MSCI is a US company that provides investment decision-making services for institutional investors around the world. MSCI evaluates based on the degree of each company’s ESG risks and how well they are managed. Companies are rated on a 9-point scale from AAA to CCC.

The Company received an “AA” rating in the 2021 survey.

### Status of Inclusion in the ESG Index

#### SOMPO Sustainability Index



The Company has been selected as a constituent of SOMPO Asset Management Co., Ltd.’s “SOMPO Sustainability Index” for the tenth consecutive year since 2012 in recognition of its ESG initiatives.

#### Kurumin



The Company analyzed its issues, examined specific measures, and formulated an action plan to support the active participation of employees who aim to balance work and family life. In 2012 and 2015, the Company was certified as a childcare-friendly company by the Ministry of Health, Labor and Welfare, and obtained Kurumin Certification for its measures to support raising the next-generation of children.

#### Excellent Health Management Corporation Certification 2022



Among the Ministry of Economy, Trade and Industry’s health management initiatives, the Company was highly evaluated for its “system and measures execution” and “organizational structure” and selected for the “Health & Productivity Stock Selection Program”, which is managed by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange; the Company was also selected for the “Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)” in the Large Enterprise Category,



### Nikkei SDGs Management Survey



This survey comprehensively evaluates companies' efforts to achieve the SDGs from the "SDGs strategy," "social value," "environmental value," and "governance".

The Company received a ★ 4.5 rating in the 2021 survey.

### Nikkei "Smart Work Management" Survey



This survey comprehensively evaluates companies with respect to their "Smart Work Management" proposed by Nikkei Group as corporate management to foster competitiveness in this new era, based on "human resources utilization ability," "innovation ability," and "market development ability."

The Company received a ★ 4.0 rating in the 2021 survey.

which is managed by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

### DX Certification / Digital Transformation Stocks



The Company achieved DX certification (certification by the Minister of Economy, Trade and Industry) on April 1, 2021. This was to recognize that the Company's initiatives were "DX-Ready", which means that it achieved the level where "a company is ready to transform its business through digitalization". Moreover, the Company was for the first time selected as one of the "Digital Transformation Stocks 2021" ("DX Stocks"), which are selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, in June 2021.

### MSCI Japan Empowering Woman Select Index (WIN)



The Company was adopted as a 2022 constituent of the MSCI Japan Empowering Woman Select Index (WIN), which consists of Japanese companies that have excellent gender diversity in the industry.

### FTSE Blossom Japan Sector Relative Index



The Company became a constituent of the FTSE Blossom Japan Sector Relative Index in 2022. This is an index that reflects performance of Japanese companies that have an excellent response to ESG comparatively in each sector. In order to promote the shift to a low carbon economy, in a sector that has a large amount of greenhouse gas emissions, companies whose improvement initiatives are recognized are included.

(5) Major businesses (as of March 31, 2022):

Segment	Major businesses
Petroleum	Import, refinement, transportation, storage and sale of crude oil and petroleum products; production and sale of petroleum-related products; sale of service station related products; import, purchase and sale of LPG; design and construction of petroleum-related facilities; credit card services
Basic chemical products	Production and sale of petrochemical raw material and products
Functional materials	Production and sale of lubricants; production and sale of petrochemical raw material and products; production, sale and licensing of electronic materials; production and sale of composites for construction, civil engineering and roads; production, import and sale of agricultural chemicals
Power and renewable energy	Production and sale of solar batteries; supply and sale of power; construction of solar power plants and sale of electricity
Resources	Investigation, exploration, development and sale of oil, natural gas, geothermal resources, coal and uranium
Others; coordination	Import, purchase and sale of gas; overseas service function company; insurance agency services

(6) Employees (as of March 31, 2022):

(i) Employees of the Group:

Segment	Number of employees	Change from the end of the previous fiscal year
Petroleum	6,819 (3,770)	+130
Basic chemical products	759 (57)	-75
Functional materials	3,714 (531)	+315
Power and renewable energy	719 (88)	-76
Resources	1,053 (53)	-123
Others; reconciliation	1,145 (295)	-6
Total	14,209 (4,794)	+165

(Note) The number of employees represents the number of those actually at work: the number of temporary workers is shown in the parentheses separately.

(ii) Employees of the Company:

Number of employees	Change from the end of the previous fiscal year	Average years of age	Average length of service
5,123 (1,046)	-69	42 yrs and 2 mths	18 yrs and 4 mths

(Note) The number of employees represents the number of those actually at work: the number of temporary workers is shown in the parentheses separately.

(7) Major lenders (as of March 31, 2022):

Lender	Debt payable
MUFG Bank, Ltd.	¥136,140 million
Sumitomo Mitsui Banking Corporation	¥130,193 million
Sumitomo Mitsui Trust Bank, Limited	¥93,948 million
Mizuho Bank, Ltd.	¥92,202 million
Japan Oil, Gas and Metals National Corporation	¥81,949 million
Development Bank of Japan Inc.	¥77,521 million
The Norinchukin Bank	¥29,167 million
Japan Bank for International Cooperation	¥25,034 million

(8) Other important matters concerning the current state of the Group:

Not applicable.

## 2. Current state of the Company

(1) Shares (as of March 31, 2022):

- (i) Total number of authorized shares: 436,000,000 shares
- (ii) Total number of issued shares: 297,864,718 shares
- (iii) Number of shareholders: 68,329 persons
- (iv) Major shareholders (top 10):

Name	Number of shares (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	40,742	13.68
Nissho Kosan Co., Ltd.	27,119	9.11
Aramco Overseas Company B.V.	23,115	7.76
Public Interest Incorporated Foundation Idemitsu Museum of Arts	20,392	6.85
Custody Bank of Japan, Ltd. (Trust account)	14,136	4.75
MUFG Bank, Ltd.	5,142	1.73
Sumitomo Mitsui Trust Bank, Limited	5,142	1.73
Sumitomo Mitsui Banking Corporation	5,142	1.73
Idemitsu Employee Stockholders Committee	5,114	1.72
STATE STREET BANK AND TRUST COMPANY 505223	5,055	1.70

(Notes) The shareholding ratios are calculated by excluding treasury stock (41,702 shares). The treasury stock does not include the Company shares of 501,698 shares which are owned by The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account).

(v) Shares issued to the Company's officers as compensation for the execution of duties during the fiscal year under review:

	Number of shares	Number of persons issued to
Director (except Outside Directors)	6,277 shares (including 1,977 shares which will be converted into cash, and the amount equivalent to such cash by conversion will be granted)	One person
Outside Director	—	—
Audit & Supervisory Board Member	—	—

(Notes) 1. The details of the Company's stock-based compensation are stated in "(3) Corporate Officers, (ii) Total amount of remuneration, etc. payable to corporate officers."

2. The above contains information about shares issued to a resigned company officer.

(2) Stock acquisition rights, etc.:

Not applicable.

(3) Corporate officers:

(i) Directors and Audit & Supervisory Board Member (as of March 31, 2022):

Position	Name	Duties and major concurrent office
Representative Director President and Chief Executive Officer	Shunichi Kito	
Representative Director, Executive Vice President	Takashi Matsushita	Assistant to Chief Executive Officer (Manufacturing & Technology, Petrochemicals, Functional Materials, Intellectual Property/Research, and Vietnam Project) President, Petroleum Association of Japan
Representative Director, Executive Vice President	Susumu Nibuya	Assistant to Chief Executive Officer (Resources, Corporate Planning, External Affairs and Public Relations, ESG, Digital Transformation, and Special Missions) Internal Communication Department
Director, Managing Executive Officer	Atsuhiko Hirano	Assistant to Chief Executive Officer (Petroleum Business and Power & Renewables Business)
Director, Managing Executive Officer	Noriaki Sakai	Chief Financial Officer (Finance & Accounting Department) Procurement (Procurement Department) Head of Safety & Environmental Protection Headquarters and Head of Quality Assurance Headquarters
Director	Masakazu Idemitsu	Representative Director and President, Nissho Kosan Co., Ltd. Representative Director and President, Showa Kosan K.K. Representative Director, General Incorporated Association Idemitsu Philosophy Laboratory Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory
Director	Kazunari Kubohara	Attorney at law (Kyhodo Law Firm)
Director	Takeo Kikkawa	Vice President, International University of Japan and Professor, Graduate School of International Management
Director	Mitsunobu Koshiha	Honorary Chairman, JSR Corporation Outside Director, A Holdings Corporation Outside Director, TBM Co., Ltd.
Director	Yumiko Noda	Chairman and Representative Director, Veolia Japan K.K. Vice Chairs of the Board of Councilors and

Position	Name	Duties and major concurrent office
		Chair of Committee on Environment and Safety, Japan Business Federation Outside Director, Benesse Holdings, Inc.
Director	Maki Kado	Executive Officer, Head of Business Transformation, Coca-Cola Bottlers Japan Inc. Executive Officer, Executive Business Manager, Coca-Cola Bottlers Japan Holdings Inc.
Full-time Audit & Supervisory Board Member	Toshiyuki Tanida	
Full-time Audit & Supervisory Board Member	Tsutomu Yoshioka	
Audit & Supervisory Board Member	Taigi Ito	Certified Public Accountant (Ito Taigi Office) Outside Director, Koa Shoji Holdings Co., Ltd.
Audit & Supervisory Board Member	Kenji Yamagishi	Attorney at law (Risolute Law Office)

- (Notes)1. Directors Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiba, Ms. Yumiko Noda, and Ms. Maki Kado are Outside Directors.
2. Audit & Supervisory Board Members Messrs. Taigi Ito and Kenji Yamagishi are Outside Statutory Auditors.
  3. Audit & Supervisory Board Member Mr. Tsutomu Yoshioka, who has had experience as an Executive Officer in charge of Accounting, Finance, and Credit Management of Showa Shell Sekiyu K.K. (which conducted a business integration with the Company on April 1, 2019), has considerable knowledge of financing and accounting.
  4. Audit & Supervisory Board Member Mr. Taigi Ito, who has had experience as a certified public accountant and a university professor, has considerable knowledge of financing and accounting.
  5. Directors Mr. Takeo Kikkawa, Mr. Mitsunobu Koshiba, Ms. Yumiko Noda, and Ms. Maki Kado, and Audit & Supervisory Board Members Messrs. Taigi Ito and Kenji Yamagishi are independent officers who have been registered in accordance with the rules of the Tokyo Stock Exchange.
  6. In accordance with Article 427, paragraph 1 of the Companies Act of Japan and the Articles of Incorporation, the Company has entered into an agreement with Directors Messrs. Masakazu Idemitsu and Kazunari Kubohara, and each Outside Director and each Outside Statutory Auditor to limit the liability for any damage as provided for in Article 423, paragraph 1 of the said act. The maximum liability amount under such agreement is an amount as provided for in laws or ordinances.
  7. The Company has entered into a liability insurance contract for Directors and Audit & Supervisory Board Members under Article 430-3, paragraph 1 of the Companies Act of Japan with an insurance company, and all the premiums are borne by the

Company. The scope of the insured persons under the insurance contract includes Directors, Audit & Supervisory Board Members, and important employees including executive officers, of the Company and domestic subsidiaries, as well as officers who are seconded to overseas subsidiaries. An overview is that under the insurance contract, the insurance company shall compensate for any damage that may result from the insured Directors and Audit & Supervisory Board Members, who are the insured persons, assuming responsibility in connection with the execution of their duties or receiving claims related to the pursuit of such responsibility; and the contract shall be renewed annually.

The insurance contract has a disclaimer where a claim for damages arising out of any act from which Directors and Audit & Supervisory Board Members illegally gained private benefits, any criminal act, any act that they committed with recognition of the violation of laws and ordinances, etc. is excluded; and measures are taken so as not to impair the appropriateness of the execution of their duties.

The insurance contract will be renewed with the same content upon the next renewal.

8. Directors Mr. Katsuaki Shindome, Mr. Mackenzie Clugston, Mr. Norio Otsuka, and Ms. Yuko Yasuda retired as of June 23, 2021, during the fiscal year 2022.
9. Audit & Supervisory Board Member Mr. Kenji Takahashi resigned as of June 23, 2021, during fiscal year 2022.
10. Mr. Noriaki Sakai was newly appointed as a Director in the 106th Ordinary General Meeting of Shareholders held on June 23, 2021, and became Managing Executive Officer as of the same date.
11. Director Mr. Mitsunobu Koshiba became Outside Director of TBM Co., Ltd. as of August 26, 2021.
12. Director Ms. Yumiko Noda became Outside Director of Benesse Holdings, Inc. as of June 26, 2021.



(ii) Total amount of remuneration, etc. payable to corporate officers:

a) Total amount of remuneration, etc. for the fiscal year under review:

Category	Total amount of remuneration, etc.	Fixed remuneration	Performance-linked remuneration		Number
			Cash remuneration	Stock-based remuneration	
Director (Outside Director)	¥588 million (¥67 million)	¥387 million (¥61 million)	¥91 million (¥5 million)	¥109 million (-)	15 (7)
Audit & Supervisory Board Member (Outside Statutory Auditor)	¥91 million (¥29 million)	¥91 million (¥29 million)	- (-)	- (-)	5 (2)
Total (Outside Director and Outside Statutory Auditor)	¥679 million (¥96 million)	¥478 million (¥90 million)	¥91 million (¥5 million)	¥109 million (-)	20 (9)

(Note) The above table contains four Directors (three of which are Outside Directors) and one Audit & Supervisory Board Member (none of which is an Outside Statutory Auditor), who resigned as of the conclusion of the 106th Ordinary General Meeting of Shareholders held on June 23, 2021.

b) Matters concerning the policy on the determination of the amount of remuneration, etc. of officers and the method of calculation thereof:

(Basic Policy on Executive Compensation)

The Company's basic policies regarding remuneration for its Directors and Executive Officers (senior or higher position) ("Directors, etc.") are: a) to increase corporate performance and corporate value over the medium to long term in order to realize the Group's management vision; and b) to establish a remuneration system and decision-making process that is transparent, rational and fair so that the Company can fulfill its accountability to customers, society, the environment, shareholders, business partners, employees, and other stakeholders. Based on this policy, the Company has made a resolution regarding the policy to determine the remuneration etc. for each individual Director, etc. as follows. The Nomination and Compensation Advisory Committee has conducted a multi-faceted review of the original draft concerning the decision regarding the contents of remuneration, etc. for each individual Director, etc., including whether such report is consistent with the decision policy, and which the Board of Directors also respects, and have determined that it is consistent with the decision policy.

(Compensation Standard)

Compensation levels for Directors, etc. shall be reviewed as appropriate in light of changes in the business environment and external survey data.

## (Compensation Structure)

The Company and Showa Shell Sekiyu K.K. conducted a business integration on April 1, 2019. Starting in FY2019, the compensation structures for the Directors (excluding Outside Directors) and Executive Officers (senior or higher position) are based on new arrangements, contributing to the maximization of synergy creation, business portfolio rearrangement, and enhancement of initiatives for the environment, society and governance, which in turn will lead to further improvement of corporate value, and consist of (1) fixed compensation, (2) performance-based bonuses (shift from performance-linked monetary compensation (periodic equal pay) to performance-based bonuses for the purpose of clarifying the incentive structure), and (3) performance-linked stock compensation.

The ratios of fixed compensation, performance-based bonuses, and performance-linked stock compensation at the time of standard payment are set at approximately 70%, 15%, and 15%. Compensation for Outside Directors consists solely of fixed compensation from the perspective of ensuring appropriate supervisory functions where Outside Directors assess the appropriateness of business execution from an objective standpoint.

Fixed compensation shall be paid on a monthly basis in an amount determined according to the role.

Performance-based bonuses are designed to fluctuate within a range of 0 - 200% according to achievement levels, such as roles and company performance (net income attributable to shareholders of the parent company (“net income”) and consolidated operating income), and will be granted in June every year after evaluations which will also consider the achievement of non-financial goals which contribute to the medium- to long-term enhancement of corporate value when evaluating Representative Directors, and the achievement of goals (i.e. an approach to the medium- to long-term tasks, and personnel education, etc.) set for each sector which the Directors who concurrently serve as Executive Officers (except for Representative Directors), and other Executive Officers (senior or higher or position) are in charge of, when evaluating those Directors.

From the perspective of sharing value with shareholders, performance-linked stock compensation is designed to fluctuate within the range of 0 - 200% in accordance with the achievement of corporate performance (net income and consolidated operating income) for all Directors, etc. This is a medium- to long-term incentive in which the value of assets fluctuates due to stock price fluctuations during the term of office as stock is given to Directors, etc., after their resignation.

The Company uses net income and consolidated operating income as indicators to share value with shareholders and investors, and believes that they are appropriate indicators to strengthen profitability and increase its corporate value.

The weight of each indicator is determined as follows:

Indicator	Directors and Executive Officers (senior or higher position)
Net income	60%
Consolidated operating income	40%

Performance-based remuneration for the fiscal year under review was calculated in reference to the goal value set at the beginning of the fiscal year under review (consolidated operating income: 135 billion yen, and net income: 85 billion yen) and was determined after discussions by the Compensation Advisory Committee.

(The Date of Resolution at the Shareholders General Meeting Concerning Remuneration, etc. for Executives and the Details of Such Resolution)

At the 91th Ordinary General Meeting of Shareholders held on June 27, 2006, the amount of compensation for Directors and Audit & Supervisory Board Members was set at 1.2 billion yen or less per year for Directors and 120 million yen or less per year for Audit & Supervisory Board Members. At the time of the resolution, there were 12 Directors and five Audit & Supervisory Board Members.

At the 104th Ordinary General Meeting of Shareholders held on June 27, 2019, it was resolved that in addition to the above compensation limits, the Company would contribute up to 1.9 billion yen (provided, however, that in the case of a trust that has already commenced in FY2018, the total amount of 2.3 billion yen shall be calculated for the four business years from FY2018 to FY2021.) in total to a trust that would be covered by the performance-linked stock compensation system for Directors, etc. during the three consecutive fiscal years. At the time of resolution, the number of Directors (excluding Outside Directors) covered by this system is 6 and the number of Executive Officers who do not concurrently serve as Directors is 31.

Individual compensation for Directors is determined by the Board of Directors based on the recommendations of the Nomination and Compensation Advisory Committee, which is composed of Independent Outside Directors. Individual compensation for Audit & Supervisory Board Members is determined through discussions among Audit & Supervisory Board Members. The Nomination Advisory Committee and the Compensation Advisory Committee were integrated from July 1, 2021, and the Nomination and Compensation Advisory Committee meetings were held a total of six times in FY2021. Among the meetings, a total of five deliberated over the remuneration, the content of which is as follows:

Meeting date	Major deliberation matters
April 20, 2021	View of reflecting the company performance in the stock compensation and cash bonuses; evaluation of Directors; and response to the revised Companies Act
June 23, 2021	Deliberation scope of a meeting of the Nomination and Compensation Advisory Committee
August 6, 2021	Time frame for executive compensation challenges; non-financial goal for Representative Directors; and a goal for a field of which a Director is in charge
October 19, 2021	Allowance to Outside Directors as the chairperson of the Board of Directors; reconsideration of the medium- to long-term compensation plan; and extension of stock trust period
January 18, 2022	Standards for executive compensation

(iii) Matters concerning outside officers:

- a) Outside officers' major concurrent offices of other corporations and the Company's relationships with such other corporations:

Director Mr. Mitsunobu Koshiba is serving as an Outside Director of A Holdings Corporation and TBM Co., Ltd. The Company has no special relationship with these corporations.

Director Ms. Yumiko Noda is serving as the Chairman and Representative Director of Veolia Japan K.K. and as an Outside Director of Benesse Holdings, Inc. The Company has no special relationship with these corporations.

Director Ms. Maki Kado is serving as an Executive Officer and the Head of Business Transformation of Coca-Cola Bottlers Japan Inc. and an Executive Officer and the Executive Business Manager of Coca-Cola Bottlers Japan Holdings Inc. The Company has no special relationship with these corporations.

Audit & Supervisory Board Member Mr. Taigi Ito is serving as an Outside Director of Koa Shoji Holdings Co., Ltd. The Company has no special relationship with these corporations.

b) Major activities during the fiscal year under review:

Attendance at the meetings of the Board of Directors and the Board of Audit & Supervisory Board Members:

		Board of Directors		Board of Audit & Supervisory Board Members	
		Meetings attended	Rate of attendance	Meetings attended	Rate of attendance
Director	Takeo Kikkawa	15/15	100%	-	-
Director	Mitsunobu Koshiba	15/15	100%	-	-
Director	Yumiko Noda	11/11	100%	-	-
Director	Maki Kado	11/11	100%	-	-
Audit & Supervisory Board Member	Taigi Ito	15/15	100%	16/16	100%
Audit & Supervisory Board Member	Kenji Yamagishi	15/15	100%	16/16	100%

Director Mr. Takeo Kikkawa, principally from the standpoint of a specialist in the theory of energy industry as a university professor, has expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as the Chair of the Nomination Advisory Committee up to the end of June 2021 and a member of the Nomination and Compensation Advisory Committee from July 2021, he has attended all six meetings of the Committee held in the fiscal year under review, and takes part in the supervisory function for the decision-making process for appointment of the Company's officer candidates, executive compensation, etc., from an objective and neutral position.

Director Mr. Mitsunobu Koshiba, with high expertise in the technology field as well as wide experience and broad insights as a manager, has expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as a member of the Nomination Advisory Committee up to the end of June 2021 and the Chair of the Nomination and Compensation Advisory Committee from July 2021, he has attended all six meetings of the Committee held in the fiscal year under review, and leads the supervisory function for the decision-making process for appointment of the Company's officer candidates, executive compensation, etc., from an objective and neutral position.

Director Ms. Yumiko Noda, from wide experience and broad insights regarding finance, global management, and regional revitalization and as a corporate manager, has expressed her opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, as a member of the Nomination and Compensation Advisory Committee, she has attended all five meetings of the Committee held after she assumed office, and takes

part in the supervisory function for the decision-making process for appointment of the Company's officer candidates, executive compensation, etc., from an objective and neutral position.

Director Ms. Maki Kado, from knowledge, wide experience, and broad insights regarding international business, retail marketing, and DX, has expressed her opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors. Furthermore, in order to promote the Company's D&I, she has participated in the D&I Promotion Committee, which was established in October 2021, as an advisor; and as a member of the Nomination and Compensation Advisory Committee, she has attended all five meetings of the Committee held after she assumed office, and takes part in the supervisory function for the decision-making process for appointment of the Company's officer candidates, executive compensation, etc., from an objective and neutral position.

Audit & Supervisory Board Member Mr. Taigi Ito, principally from the standpoint of accounting with wide experience as a certified public accountant and a university professor, has expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors at the meetings of the Board of Directors and the Board of Audit & Supervisory Board Members.

Audit & Supervisory Board Member Mr. Kenji Yamagishi, principally from a legal standpoint as an attorney at law, has expressed his opinions and provided advice and recommendations to secure reasonable and proper decision-making by the Board of Directors at the meetings of the Board of Directors and the Board of Audit & Supervisory Board Members.

(4) Policy on the determination of distribution of retained earnings, etc.:

With respect to the payment of the year-end dividends for the fiscal year ended March 31, 2022, the Company has decided to pay ¥110 per share (Ordinary dividend; ¥60, Commemorative dividend: ¥50). As a result, annual dividends for the fiscal year will be ¥170 per share. With the understanding that shareholder returns are positioned as a key management priority, the Company announced the “Medium-term Management Plan Revision” on May 11, 2021, , in which the Company is scheduled to secure a total payout ratio of over 50% on cumulative net income excluding inventory impact from FY2020-2022, while basically providing stable dividends of ¥120 per share from FY2021-2022.

Based on the above policy, annual dividends for the next fiscal year are scheduled to be ¥120 per share.

(5) Fundamental policy on corporate control:

The Company has exerted its efforts to attain constant and sustainable growth to secure and enhance the corporate value of the Group and the common interests of its shareholders.

Hence, in the event that any party engages in any large purchase action with regard to the shares of the Company and consequently, it threatens to prejudice the corporate value of the Group and the common interests of its shareholders, it is the Company’s fundamental policy to take any appropriate measure to the extent permitted by laws or ordinances and the Articles of Incorporation.



**CONSOLIDATED BALANCE SHEET**

(As of March 31, 2022)

(million yen)

**ASSETS**

<b>Current assets:</b>	<b>2,368,088</b>
Cash and deposit	140,281
Notes and accounts receivable-trade	870,483
Inventories	1,060,205
Accounts receivable, other	242,860
Other current assets	55,283
Allowance for doubtful accounts	(1,026)
<b>Fixed assets:</b>	<b>2,233,094</b>
<b>Tangible fixed assets</b>	<b>1,437,810</b>
Buildings and structures	268,941
Machinery, equipment and vehicles	286,611
Land	779,921
Construction in progress	24,204
Other tangible fixed assets	78,131
<b>Intangible fixed assets</b>	<b>308,628</b>
Goodwill	149,691
Other intangible fixed assets	158,937
<b>Investment and other assets</b>	<b>486,655</b>
Investment securities	261,095
Long-term loans receivable	12,301
Assets for employees' retirement benefits	43,369
Deferred tax assets	10,597
Other investments	161,852
Allowance for doubtful accounts	(2,561)
<b>TOTAL ASSETS</b>	<b>4,601,183</b>

(Note) Figures are indicated by discarding fractions less than one million yen.

(million yen)

## LIABILITIES

<b>Current liabilities:</b>	<b>2,061,273</b>
Notes and accounts payable-trade	840,834
Short-term borrowings	369,043
Commercial paper	237,000
Current portion of bonds payable	10,000
Accounts payable, other	390,920
Accrued income taxes	39,908
Allowance for bonuses	13,942
Other current liabilities	159,622
<b>Long-term liabilities:</b>	<b>1,103,397</b>
Bonds	130,000
Long-term debt	590,767
Deferred tax liabilities	34,468
Deferred tax liabilities upon revaluation	84,211
Liability for employees' retirement benefits	71,648
Reserve for repair works	67,527
Asset retirement obligations	44,914
Other long-term liabilities	79,859

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<b>Total liabilities</b>	<b>3,164,670</b>
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## NET ASSETS

<b>Shareholders' equity:</b>	<b>1,272,306</b>
Common stock	168,351
Additional paid-in capital	460,507
Retained earnings	645,330
Treasury stocks	(1,883)
<b>Accumulated other comprehensive income:</b>	<b>139,795</b>
Unrealized holding gains on other securities	3,443
Deferred gains (loss) on hedges	(5,236)
Revaluation difference of land	157,154
Translation adjustments	(26,762)
Retirement benefit liability adjustment	11,196
<b>Noncontrolling interests:</b>	<b>24,410</b>

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<b>Total net assets</b>	<b>1,436,512</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,601,183</b>
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(Note) Figures are indicated by discarding fractions less than one million yen.

**CONSOLIDATED STATEMENT OF INCOME**

(April 1, 2021 to March 31, 2022)

(million yen)

Account Title	Amount
<b>Net sales</b>	<b>6,686,761</b>
<b>Cost of sales</b>	<b>5,802,585</b>
<b>Gross profit</b>	<b>884,175</b>
<b>Selling, general and administrative expenses</b>	<b>449,722</b>
<b>Operating income</b>	<b>434,453</b>
<b>Non-operating income</b>	<b>40,324</b>
Interest income	9,083
Equity in earnings of nonconsolidated subsidiaries and affiliates, net	15,029
Dividend income	4,284
Gain on foreign exchange, net	2,842
Subsidy income	3,528
Others	5,555
<b>Non-operating expenses</b>	<b>15,502</b>
Interest expense	11,207
Other	4,295
<b>Ordinary income</b>	<b>459,275</b>
Extraordinary income	26,683
Gain on sales of fixed assets	16,114
Gain on sales of investment securities	3,546
Gain on amortization of past service cost	2,144
Others	4,877
<b>Extraordinary expenses</b>	<b>97,896</b>
Impairment loss on fixed assets	15,907
Loss on sales of fixed assets	4,246
Loss on disposal of fixed assets	9,752
Loss on valuation of investment securities	209
Loss on write-down of long-term loans receivable	55,916
Others	11,864
<b>Income before income taxes</b>	<b>388,062</b>
Income taxes - current	71,821
Income taxes - deferred	39,437
<b>Net income</b>	<b>276,803</b>
Net income (loss) attributable to noncontrolling interests	(2,695)
<b>Net income attributable to owners of the parent</b>	<b>279,498</b>

(Note) Figures are indicated by discarding fractions less than one million yen.

**NON-CONSOLIDATED BALANCE**  
**SHEET**

(As of March 31, 2022)

(million yen)

**ASSETS**

<b>Current assets:</b>	<b>2,012,479</b>
Cash and deposit	105,483
Notes receivable-trade	112
Accounts receivable-trade	724,299
Merchandise and finished goods	410,530
Raw material and supplies	488,995
Prepaid expenses	4,375
Short-term loans receivable	154,120
Other current assets	125,855
Allowance for doubtful accounts	(1,293)
<b>Fixed assets:</b>	<b>1,827,151</b>
<b>Tangible fixed assets</b>	<b>1,056,999</b>
Buildings	77,528
Structures	92,597
Oil tanks	20,798
Machinery and equipment	110,932
Vehicles and transportation equipment	1,465
Tools, furniture and fixtures	12,508
Land	732,636
Leased assets	150
Construction in progress	8,381
<b>Intangible fixed assets</b>	<b>299,258</b>
Leasehold rights	11,851
Software	22,796
Goodwill	146,639
Customer-related assets	111,881
Other	6,089
<b>Investments and other assets</b>	<b>470,892</b>
Investment securities	18,173
Investments in shares of affiliates	322,185
Long-term loans receivable	23,032
Prepaid pension costs	27,787
Other investments	79,777
Allowance for doubtful accounts	(64)
<b>TOTAL ASSETS</b>	<b>3,839,630</b>

(Note) Figures are indicated by discarding fractions less than one million yen.

(million yen)

**LIABILITIES**

<b>Current liabilities:</b>	<b>1,753,406</b>
Accounts payable, trade	719,147
Short-term borrowings	209,356
Commercial paper	237,000
Current portion of bonds payable	10,000
Accounts payable, other	385,120
Accrued expenses	3,201
Income taxes payable	24,795
Advances received	49,261
Deposit received	67,177
Allowance for bonuses	9,316
Other current liabilities	39,030
<b>Long-term liabilities:</b>	<b>910,227</b>
Bonds	130,000
Long-term debt	521,618
Deferred tax liabilities upon revaluation	84,211
Retirement allowances for employees	55,606
Reserve for repair works	45,865
Deferred tax liabilities	19,274
Other long-term liabilities	53,650

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<b>Total liabilities</b>	<b>2,663,633</b>
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**NET ASSETS**

<b>Shareholders' equity:</b>	<b>1,017,760</b>
<b>Common stock</b>	<b>168,351</b>
<b>Additional paid-in capital</b>	<b>458,105</b>
Capital reserve	42,105
Other capital surplus	415,999
<b>Retained earnings</b>	<b>393,146</b>
Retained earnings reserve	1,081
Other retained earnings	392,065
Reserve for loss on overseas investment, etc.	47
Reserve for deferred income tax on fixed assets	32,283
Retained earnings carried forward	359,734
<b>Treasury stocks</b>	<b>(1,843)</b>
<b>Valuation and translation adjustments:</b>	<b>158,236</b>
Unrealized holding gains on other securities	2,402
Deferred gains (loss) on hedges	(1,320)
Revaluation difference of land	157,154

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<b>Total net assets</b>	<b>1,175,997</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,839,630</b>
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(Note) Figures are indicated by discarding fractions less than one million yen.

**NON-CONSOLIDATED STATEMENT OF INCOME**

(April 1, 2021 to March 31, 2022)

(million yen)

Account Title	Amount
<b>Net sales</b>	<b>5,064,029</b>
<b>Cost of sales</b>	<b>4,418,165</b>
<b>Gross profit</b>	<b>645,863</b>
<b>Selling, general and administrative expenses</b>	<b>328,572</b>
<b>Operating income</b>	<b>317,291</b>
<b>Non-operating income</b>	<b>55,223</b>
Interest income	1,314
Dividend income	47,700
Gain on foreign exchange, net	1,622
Subsidy income	3,500
Others	1,085
<b>Non-operating expenses</b>	<b>10,600</b>
Interest expenses	5,859
Others	4,741
<b>Ordinary income</b>	<b>361,914</b>
<b>Extraordinary income</b>	<b>23,297</b>
Gain on sales of fixed assets	14,746
Gain on sales of investment securities	3,533
Gain on sales of shares of subsidiaries and affiliates	643
Gain on amortization of past service cost	2,144
Others	2,229
<b>Extraordinary expenses</b>	<b>49,915</b>
Impairment loss on fixed assets	11,779
Loss on sale of fixed assets	3,921
Loss on disposal of fixed assets	7,893
Loss on revaluation of affiliate stock	24,431
Others	1,890
<b>Income before income taxes</b>	<b>335,296</b>
Income taxes - current	33,206
Income taxes - deferred	30,497
<b>Net income</b>	<b>271,592</b>

(Note) Figures are indicated by discarding fractions less than one million yen.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

May 9, 2022

To: The Board of Directors  
Idemitsu Kosan Co., Ltd.

Deloitte Touche Tohmatsu LLC Tokyo Office

Dai Yamamoto  
Designated Limited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Motoyuki Suzuki  
Designated Limited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Minoru Takashima  
Designated Limited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Audit Opinion

We have audited the consolidated financial statements, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements of Idemitsu Kosan Co., Ltd. (the "Company"), applicable to its consolidated fiscal year from April 1, 2021 to March 31, 2022 pursuant to Article 444, paragraph 4 of the Companies Act of Japan.

We are of the opinion that the above consolidated financial statements present properly the financial position and profit and loss of the corporate group comprised of Idemitsu Kosan Co., Ltd. and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in conformity with the audit standards generally accepted in Japan. Our responsibilities under the audit standards are stated in the "Auditors' Responsibility for Audit of Consolidated Financial Statements." We are independent from the Company and its consolidated subsidiaries pursuant to the relevant ethical requirements in Japan and fulfill other ethical responsibilities as Auditors. We believe that our audit obtained sufficient and appropriate audit evidence forming a basis for our opinion.

## Content of Other Statements

Content of other statements includes the Business Report and its annexed detailed statement. The responsibility of the Company's management is to prepare and disclose the content of other statements. In addition, the responsibility of the Statutory Auditors and the Board of Statutory Auditors is to audit the execution of directors' duties in maintaining and improving the reporting process concerning the content of other statements.

Our audit opinion on the consolidated financial statements does not cover the content of other statements; therefore, we do not express any opinion regarding the content of other statements.

Our responsibility in auditing the consolidated financial statements is to read through the content of other statements and consider, in the course of such reading, whether there is any material discrepancy between the content of other statements and the consolidated financial statements or the knowledge that we obtained in the course of audit, and to pay attention to whether there is any indication of a material error in the content of other statements, other than such material discrepancy.

If we determine, based on our work, that there is a material error in the content of other statements, we are required to submit a report concerning that.

There are no matters regarding which we should submit a report in relation to the content of other statements.

## Management's and Statutory Auditors' and Board of Statutory Auditors' Responsibility for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and present properly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly these consolidated financial statements free of material misstatement by fraud or error.

In preparing consolidated financial statements, management is responsible for evaluating whether preparation of consolidated financial statements based on the going concern assumption is appropriate and for disclosing matters concerning the going concern if disclosure thereof is necessary pursuant to corporate accounting standards generally accepted in Japan.

The responsibility of Statutory Auditors and the Board of Statutory Auditors is to audit the execution of directors' duties in maintaining and improving the financial reporting process.

## Auditors' Responsibility for Audit of Consolidated Financial Statements

Auditors are responsible for expressing in the audit report an opinion on consolidated financial statements from an independent standpoint, based on an audit conducted by Auditors, after obtaining reasonable assurance as to whether there are any material misstatements in the consolidated financial statements in general by fraud or error. Misstatements may occur due to fraud or error, and will be considered material if they are reasonably expected to affect the decision making of users of consolidated financial statements individually or in the aggregate.

Auditors shall make professional judgements and conduct the following maintaining professional skepticism throughout the course of an audit in accordance with auditing standards generally accepted in Japan.



- Auditors shall identify and evaluate the risk of material misstatements by fraud or error. Auditors shall also plan and conduct audit procedures adapting to the risk of material misstatements. Selection and application of audit procedures shall be determined by Auditors. Further, Auditors shall obtain sufficient and appropriate audit evidence forming a basis for Auditors' opinion.
- An audit of consolidated financial statements is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, Auditors assess internal control related to the audit to form a plan for adequate audit procedures according to conditions.
- Auditors shall evaluate the appropriateness of accounting standards adopted by management and the application method thereof, the reasonableness of accounting estimates made by management and the appropriateness of relevant notes.
- Auditors shall conclude whether it is appropriate for management to prepare consolidated financial statements based on the going concern assumption and whether there are material uncertainties regarding events or conditions which may give rise to material doubts about the going concern assumption based on audit evidence obtained. In case of material uncertainty about the going concern assumption, it is necessary to call attention to the notes to the consolidated financial statements in the audit report or to express a modified opinion on the consolidated financial statements if the notes to the consolidated financial statements on material uncertainty are not appropriate. The Auditors' conclusions are based on audit evidence obtained by the date of the audit report; however, companies may not be able to continue to exist as a going concern depending on future events and conditions.
- Auditors shall evaluate, in addition to whether the presented matters and notes to consolidated financial statements are in accordance with auditing standards generally accepted in Japan, whether the presentation, structure and details of consolidated financial statements, including relevant notes, and the transactions and accounting events forming a basis for consolidated financial statements are properly presented.
- In order to express opinions on consolidated financial statements, sufficient and appropriate audit evidence on the financial information of the Company and its consolidated subsidiaries shall be obtained. Auditors shall be responsible for directing, supervising and conducting the audit of consolidated financial statements. Auditors shall be solely responsible for audit opinions.

Auditors shall report to the Statutory Auditors and Board of Statutory Auditors on the scope and planned timing of audits, material audit findings, including material inadequacies in internal control identified in the course of the audit process, and other matters required pursuant to the audit standards.

Auditors shall report to the Statutory Auditors and Board of Statutory Auditors their compliance with the relevant ethical requirements in Japan regarding independence, as well as matters reasonably considered to affect the independence of Auditors, and the details of safeguards to remove or mitigate obstructive factors, if implemented.

Interest

Our firm and the engagement partners do not have any interest in the Company or its consolidated subsidiaries which should be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

# AUDITORS' REPORT ON THE NON-CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITORS' REPORT

May 9, 2022

To: The Board of Directors  
Idemitsu Kosan Co., Ltd.

Deloitte Touche Tohmatsu LLC Tokyo  
Office

Dai Yamamoto  
Designated Limited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Motoyuki Suzuki  
Designated Limited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Minoru Takashima  
Designated Limited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

### Audit Opinion

We have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the accompanying supplemental schedules (the "Financial Statements") of Idemitsu Kosan Co., Ltd. (the "Company"), applicable to its 107th fiscal year from April 1, 2021 to March 31, 2022 pursuant to Article 436, paragraph 2, item 1 of the Companies Act of Japan.

We are of the opinion that the Financial Statements above present properly the financial position and profit and loss for the period related to the Financial Statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

### Basis for Audit Opinion

We conducted our audit in conformity with the audit standards generally accepted in Japan. Our responsibilities under the audit standards are stated in the "Auditors' Responsibility for Audit of the Financial Statements." We are independent from the Company pursuant to the relevant ethical requirements in Japan and fulfill other ethical responsibilities as Auditors. We believe that our audit obtained sufficient and appropriate audit evidence forming a basis for our opinion.

### Content of Other Statements

Content of other statements includes the Business Report and its annexed detailed statement. The responsibility of the Company's management is to prepare and disclose the content of other statements. In addition, the responsibility of the Statutory Auditors and the Board of Statutory Auditors is to audit the execution of directors' duties in maintaining and improving the reporting process concerning the content of other statements.

Our audit opinion on the non-consolidated financial statements does not cover the content of other statements; therefore, we do not express any opinion regarding the content of other statements.

Our responsibility in auditing the non-consolidated financial statements is to read through the content of other statements and consider, in the course of such reading, whether there is any material discrepancy between the content of other statements and the non-consolidated financial statements or the knowledge that we obtained in the course of audit, and to pay attention to whether there is any indication of a material error in the content of other statements, other than such material discrepancy.

If we determine, based on our work, that there is a material error in the content of other statements, we are required to submit a report concerning that.

There are no matters regarding which we should submit a report in relation to the content of other statements.

#### Management's and Statutory Auditors' and Board of Statutory Auditors' Responsibility for the Financial Statements

The responsibility of the Company's management is to prepare and present properly the Financial Statements in accordance with corporate accounting standards generally accepted in Japan. This includes maintaining and improving internal control considered necessary by management to prepare and present properly the Financial Statements free of material misstatement by fraud or error.

In preparing the Financial Statements, management is responsible for evaluating whether preparation of the Financial Statements based on the going concern assumption is appropriate and for disclosing matters concerning going concern if disclosure thereof is necessary pursuant to corporate accounting standards generally accepted in Japan.

The responsibility of Statutory Auditors and the Board of Statutory Auditors is to audit the execution of directors' duties in maintaining and improving the financial reporting process.

#### Auditors' Responsibility for Audit of the Financial Statements

Auditors are responsible for expressing in the audit report an opinion on the Financial Statements from an independent standpoint, based on an audit conducted by Auditors, after obtaining reasonable assurance as to whether there are any material misstatements in the Financial Statements in general by fraud or error. Misstatements may occur due to fraud or error, and will be considered material if they are reasonably expected to affect the decision making of users of the Financial Statements individually or in the aggregate.

Auditors shall make professional judgements and conduct the following maintaining professional skepticism throughout the course of an audit in accordance with auditing standards generally accepted in Japan.

- Auditors shall identify and evaluate the risk of material misstatements by fraud or

error. Auditors shall also plan and conduct audit procedures adapting to the risk of material misstatements. Selection and application of audit procedures shall be determined by Auditors. Further, Auditors shall obtain sufficient and appropriate audit evidence forming a basis for Auditors' opinion.

- An audit of the Financial Statements is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, Auditors assess internal control related to the audit to form a plan for adequate audit procedures according to conditions.
- Auditors shall evaluate the appropriateness of accounting standards adopted by management and the application method thereof, the reasonableness of accounting estimates made by management and the appropriateness of relevant notes.
- Auditors shall conclude whether it is appropriate for management to prepare the Financial Statements on the going concern assumption and whether there are material uncertainties regarding events or conditions which may give rise to material doubts about the going concern assumption based on audit evidence obtained. In case of material uncertainty about the going concern assumption, it is necessary to call attention to the notes to the Financial Statements in the audit report or to express a modified opinion on the Financial Statements if the notes to the Financial Statements on material uncertainty are not appropriate. The Auditors' conclusions are based on audit evidence obtained by the date of the audit report, however, companies may not be able to continue to exist as a going concern depending on future events and conditions.
- Auditors shall evaluate, in addition to whether the presented matters and notes to the Financial Statements are in accordance with auditing standards generally accepted in Japan, whether the presentation, structure and details of the Financial Statements, including relevant notes, and the transactions and accounting events forming a basis for the Financial Statements are properly presented.

Auditors shall report to the Statutory Auditors and Board of Statutory Auditors on the scope and planned timing of audits, material audit findings, including material inadequacies in internal control identified in the course of the audit process, and other matters required pursuant to the audit standards.

Auditors shall report to the Statutory Auditors and Board of Statutory Auditors their compliance with the relevant ethical requirements in Japan regarding independence, as well as matters reasonably considered to affect the independence of Auditors, and the details of safeguards to remove or mitigate obstructive factors, if implemented.

#### Interest

Our firm and the engagement partners do not have any interest in the Company which should be disclosed under the provisions of the Certified Public Accountant Act of Japan.

- END -

## THE BOARD OF STATUTORY AUDITORS' AUDIT REPORT

### AUDIT REPORT

We, the Board of Statutory Auditors of the Company, based on the audit report prepared by each Statutory Auditor on the performance by the Directors of their duties during the 107th fiscal year from April 1, 2021 to March 31, 2022, have prepared this audit report upon deliberation and hereby report as follows:

1. Method of audit by the Statutory Auditors and the Board of Statutory Auditors and the particulars thereof:
  - (1) The Board of Statutory Auditors determined the audit policy, assignment of duties among them, etc., received from each Statutory Auditor reports on the state of his performance of audits and the results thereof, and also received from the Directors, etc. and the accounting auditors Deloitte Touche Tohmatsu LLC (the "Accounting Auditors") reports on the state of performance of their duties and demanded their explanations whenever necessary.
  - (2) Each Statutory Auditor, pursuant to the rules of audits by the Statutory Auditors determined by the Board of Statutory Auditors and in accordance with the audit policy, assignment of duties among them, etc., maintained constant communication with the Directors, the Internal Audit Office and other employees, etc. in an effort to collect information and improve the environment for auditing and conducted our audits in the following methods:
    - (a) We attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc. reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, statutory auditors, etc. thereof and required the subsidiaries to render reports on their business operations whenever necessary.
    - (b) With regard to the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation as described in the business report and such other systems provided for in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as necessary to secure the adequacy of business of a corporate group comprising a joint-stock corporation and its subsidiaries, as well as the systems (internal control systems) established pursuant to such resolutions, we received from the Directors, employees, etc. reports on a regular basis, demanded their explanations whenever necessary, and expressed our opinions, on the status of the formulation and operation of the systems. With regard to internal control over financial reporting, we received from the Directors, etc. and the Accounting Auditors reports on the state of evaluation and audits of the internal control and demanded explanations whenever necessary.
    - (c) With regard to the fundamental policy under Article 118, paragraph 3, item (a) of the Ordinance for Enforcement of the Companies Act of Japan as described in the business report, we, taking into consideration the deliberations thereof, etc. by the Board of Directors or otherwise, investigated the content thereof.

- (d) We also monitored and verified whether the Accounting Auditors had maintained an independent position and conducted adequate audits, and received from the Accounting Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Accounting Auditors a notice that “systems to secure adequate performance of duties” (as listed in the items of Article 131 of the Rules of Corporate Accounting) had been established in accordance with the “Standard for Quality Control Concerning Audits” (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary.

In accordance with such methods, we investigated the business report and its supplemental schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements) and their accompanying supplemental schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements), for the fiscal year under review.

## 2. Results of audit:

### (1) Results of audit of the business report, etc.:

We are of the opinion:

- (a) That the business report and its supplemental schedules present fairly the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;
- (b) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists;
- (c) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contain nothing to be pointed out. With regard to internal control over financial reporting, we have received from the Directors, etc. and the Accounting Auditors reports that there exists no material inadequacy to be disclosed at the time of preparing this audit report; and
- (d) That the fundamental policy on the ideal of the persons who shall control the determination of financial and business policies of the Company as described in the business report contains nothing to be pointed out.

### (2) Results of audit of the non-consolidated financial statements and their accompanying supplemental schedules:

We are of the opinion that the method and results of the audit made by the Accounting Auditors are proper.

### (3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the Accounting Auditors are proper.

May 9, 2022

The Board of Statutory Auditors  
Idemitsu Kosan Co., Ltd.

Toshiyuki Tanida  
Full-time Statutory Auditor

Tsutomu Yoshioka  
Full-time Statutory Auditor

Taigi Ito  
Outside Statutory Auditor

Kenji Yamagishi  
Outside Statutory Auditor

- END -