

Environment Climate Change Action

Basic Stance

We aim to contribute to the realization of a carbon-neutral and circular society by demonstrating our own Group's strength in social implementation and fulfilling our "responsibility to support people and their daily lives" and our "responsibility to protect the global environment now and in the future."

In our efforts to achieve the above, we will continue to strengthen our disclosure of information on initiatives to respond to climate change in a manner in line with the framework of the TCFD recom-

mendations, which we endorsed in 2020, and accelerate our related initiatives with the understanding and cooperation of our stakeholders.

(Related information is provided in the Message from the President (pp.5-10))



Climate Change-Related Disclosures Within This Report

The pages of each TCFD Framework item in this report are provided in the table below.

Area	TCFD recommendations	Our disclosure	Pages
Governance	1. Describe the Board's oversight of climate-related risks and opportunities	■ Governance system in response to climate change	p.76
	2. Describe management's role in assessing and managing climate-related risks and opportunities		
Strategy	1. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	■ Risks and opportunities	p.78
	2. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	■ Message from the CFO (Investment plan and financial strategies) ■ Risks and opportunities	pp.25-28, p.78
	3. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	■ Strategies for business structure reforms ■ Scenario analysis ■ Strategy (CN transition strategy)	pp.13-22, p77, p.79
Risk management	1. Describe the organization's processes for identifying and assessing climate-related risks	■ Risk management ■ Risks and opportunities	p.69, p.78
	2. Describe the organization's processes for managing climate-related risks		
	3. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		
Metrics and Targets	1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	■ Management indicators	p.80
	2. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG (greenhouse gas) emissions and the related risks	■ Toward Reducing CO ₂ Emissions Throughout the Entire Supply Chain ■ Trend in CO ₂ emissions (Scopes 1, 2 and 3)	p.81, p.126
	3. Describe the targets used by the organization to manage climate-related risks and opportunities and disclose performance against targets	■ Target values ■ Performance against targets	p.80

(Supplementary items)

Area	TCFD recommendations	Our disclosure	Pages
Amount of greenhouse gases emitted	Absolute emissions and emissions intensity for Scopes 1, 2, and 3	■ Trend in CO ₂ emissions (Scopes 1, 2 and 3)	p.126
Transition risks	Amount and scope of assets or business activities vulnerable to transition risks	■ Risks and opportunities	p.78
Physical risks	Amount and scope of assets or business activities vulnerable to physical risks	■ Risks and opportunities	p.78
Climate-related opportunities	Ratio of revenues, assets, and business activities that lead to climate-related opportunities	■ Risks and opportunities	p.78
Deployment of capital	Capital expenditures, fundraising, and total amount deployed for climate-related risk and opportunities	■ Message from the President (Investments in business structure reforms) ■ Message from the CFO (Investment plan and financial strategies) ■ Investment policies	p.8, pp.25-28, p.79
ICP	Price per ton of CO ₂ emissions used within the organization (Internal carbon pricing)	■ Investment policies	p.79
Compensation	Ratio of compensation for executives linked to climate considerations	■ Message from the President (Evolution of governance) ■ Compensation for Executives	p.8, pp.63-64

Governance System in Response to Climate Change

An overview of our corporate governance structure is provided on pp.57-58 of this report, with the following supplemental information regarding the Company's response to climate change.

Board of Directors

For the Company, whose main business is fossil fuel sales, addressing climate change is one of the most important management issues, involving a major business portfolio transition over the medium to long-term time frame.

The Board of Directors is tasked with the role of establishing management policies based on a multidimensional view of this issue from various perspectives, and overseeing the prompt and steady implementation of actions based on these policies.

In order to fulfill the above roles, the 11 directors who make up the Board of Directors are knowledgeable and competent in a variety of fields, with a majority of six directors having strengths in the areas of environment, society, resource circulation, regional revitalization, and energy policy.

(Details of the Skill Matrix are provided on pp.61-62)

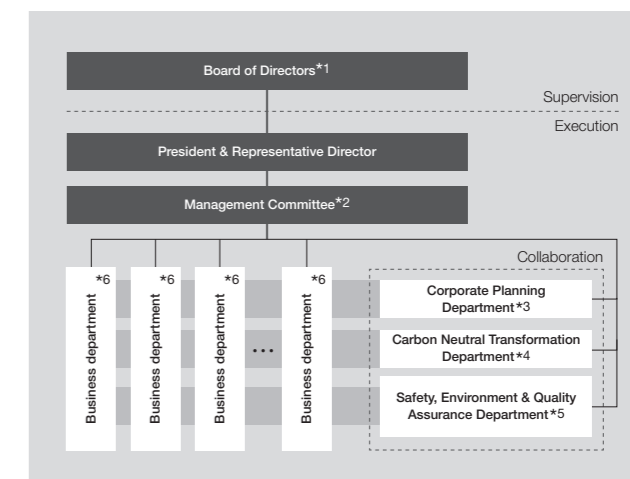
After major climate change-related proposals are submitted to the Management Committee, the highest deliberative body for business activities, the most significant of these proposals are reported to the Board of Directors, which is able to oversee the steady execution of business activities based on the company-wide policy.

Business execution

Since climate change-related initiatives are company-wide and cover a wide range of themes and we recognize the need to accelerate drafting and executing company-wide strategies toward realizing a carbon neutral (CN) society, in July 2021, the Technology & CNX* Strategy Department was established (reorganized as the Carbon Neutral Transformation Department in the April 2022 reorganization) to lead the company-wide CN strategy planning, GHG reduction target setting, and CNX human resources development in cooperation with related in-house departments.

* CNX: Carbon Neutral Transformation

Each business department also drafts and implements CN strategies for each individual business department based on company-wide policies. These major responses to climate-related issues initiated by in-house departments are submitted to the Management Committee, a deliberative body that facilitates smooth and appropriate decision-making for important business execution, for deliberation in accordance with company-wide policies. The membership of the Management Committee is primarily comprising individuals specializing in and/or supervising diverse business fields. This ensures that these committees are able to engage in comprehensive and effective discussions when addressing cross-sectional issues and risks.



*1 Supervises the implementation of actions based on policies established for management policies in light of climate change issues

*2 Deliberates the major climate-related agenda items

*3 Scenario analysis

Formulates and manages company-wide investment & finance policies

*4 Drafts the company-wide CN strategy

Sets GHG reduction targets

Monitors the progress of each department's strategy

*5 Monitors and captures GHG emissions

*6 Drafts and implements CN strategies by business department

Scenario Analysis

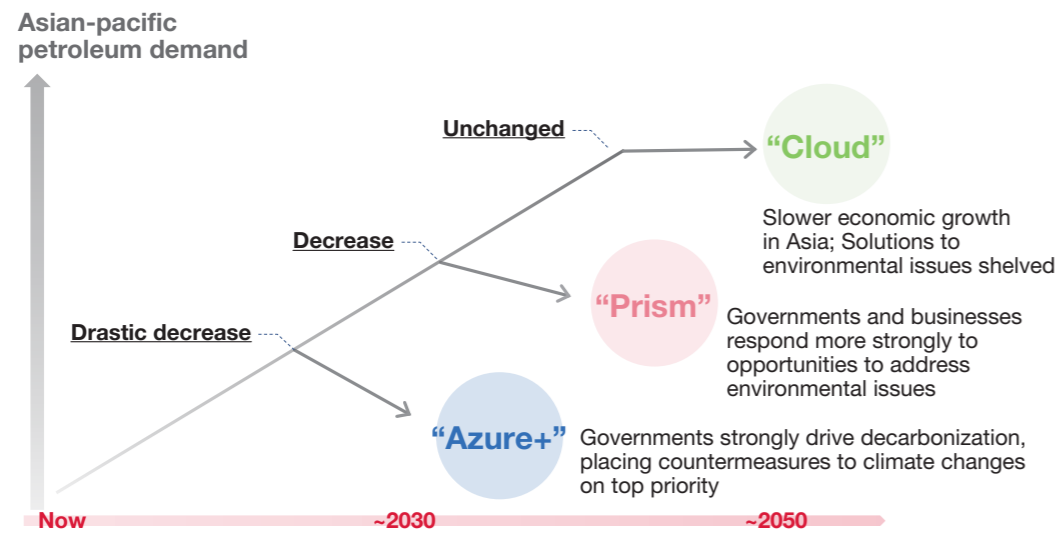
Long-term energy business environment scenarios toward 2050

Specific studies to respond to climate change are conducted by drafting long-term business environment scenarios targeting the period up to 2050, identifying risks and opportunities based on the output of the scenarios, and proceeding to the drafting of specific strategies.

Since the external disclosure of our first business environment scenarios in 2019, we have been continually updating scenarios in response to environmental changes in society, and in reviewing this Medium-term Management Plan (FY2023 to FY2025), three scenarios were assumed, with a strong awareness on the “Azure+” scenario, similar to the IEA’s net zero scenario, which is the most advanced in terms of decarbonization.

In the “Azure+” scenario, national governments are rapidly

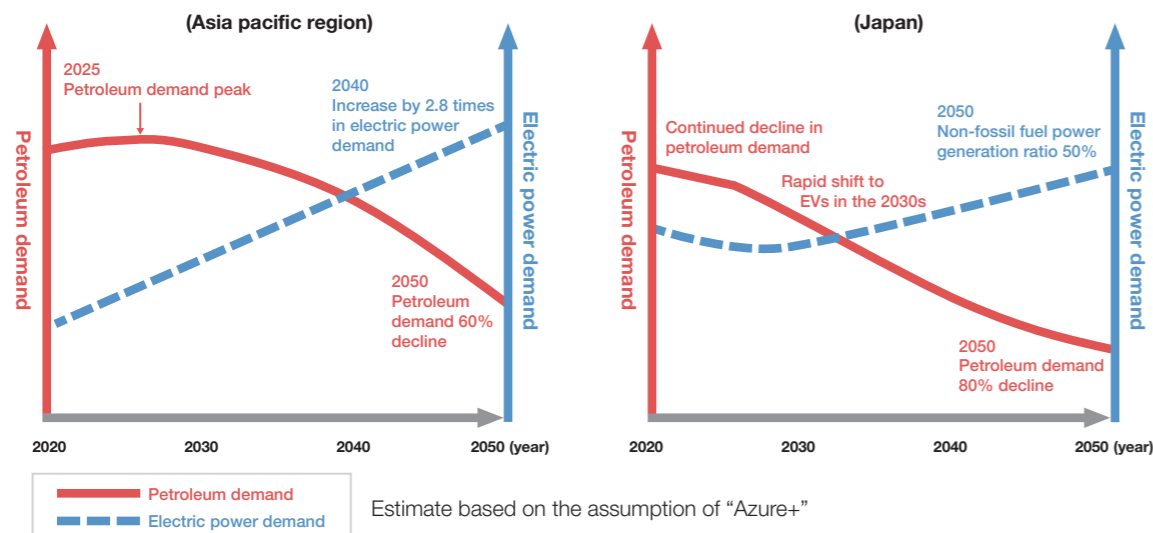
pushing to achieve the 1.5°C target, and the social implementation of various decarbonization technologies is being carried out at a very rapid pace, envisioning a world in which the 2050 CN is achieved. In this scenario, various decarbonization technologies are introduced in addition to renewable energy in order to achieve the goals of the Paris Agreement in an all-out effort. These technologies include nuclear power, hydrogen and ammonia-fired power generation, thermal power with Carbon Capture and Storage (CCS), synthetic fuel, and negative emissions. Regarding the demand for oil within the Asian Pacific region, it is expected to peak out in 2025 and Japan’s domestic oil demand, compared to 2019, can be expected to decrease 30% by 2030, 60% by 2040, and 80% by 2050.



The three business environment scenarios are unique to Idemitsu. Other organizations’ projections that are similar to each scenario are as follows.

- “Cloud”: IEA, Stated Policies Scenario
- “Prism”: IEA, lies between the Stated Policies Scenario and Sustainable Development Scenario
- “Azure+”: IEA, Net Zero Emissions by 2050 Scenario

Long-term energy demand forecast



Risks and opportunities

Based on the long-term business environment scenario toward 2050, we have identified risks and opportunities related to climate change. We have compiled the following table showing the anticipated time frame, level of financial impact, and the Company’s

response to climate change in each area, and in accordance with the contents, we are promoting specific initiatives. (Details of risk management are provided on p.69)

Category	Matters to be evaluated	Time frame			Financial impact*1			Our response
		by 2025	by 2030	by 2050	Level 1	Level 2	Level 3	
Transition risks	Reduced domestic demand for fossil fuel	●	●	●			✓	Expanded supply of fossil alternative fuels and reviewed domestic supply system (CNX Center conversion, Smart Yorozyua conversion)
	Decline in energy and resource prices in line with technological innovation		●	●			✓	Strengthening of the competitiveness of the entire supply chain
	Full-scale implementation of carbon pricing by the government		●	●				Close monitoring of the trend in government policies and implementation and operation of an internal carbon price
	Regulation of fossil resources extraction projects, careful investment and financing stance of financial institutions		●	●			✓	Reduced scale of coal mine production
	Deterioration in the brand image of corporations handling carbon-intensive businesses		●	●				Continued and strengthened dialog with stakeholders
Physical risks	Damage incurred by business sites located in coastal areas due to natural disasters and sea-level rise, and the resulting impact on their operations		●	●			✓	Systematic reinforcement of equipment maintenance, the relocation of control rooms, and the implementation of other measures to mitigate the impact
	Impact on land and marine transportation due to abnormal precipitation and frequent typhoons, etc.		●	●				Strengthening of supply chains to maintain supply
Opportunities	Expanding demand for alternative fossil fuels (solid fuels)		●	●				Expanding production and supply of Idemitsu Green Energy Pellets
	Expanding demand for alternative fossil fuels (Gaseous fuels)			●				Establishment of an ammonia and hydrogen supply chain
	Expanding demand for alternative fossil fuels (Liquid fuels)		●	●			✓	Establishment of a SAF manufacturing and supply system Establishment of a biodiesel production and supply system
	Expanding importance of low-carbon fuel/feedstock supply base		●	●				CNX Center Concept for domestic refineries and complexes Establishment of a biochemical product manufacturing and supply system
	Expanding demand for products and materials supporting CN society realization		●	●				Development of next-generation materials*2
	Expanding demand for next-generation storage batteries			●			✓	Commercialization of lithium solid electrolytes
	Full-scale expansion of recycling toward the realization of a circular society		●	●				Establishment of a recycling business (used plastics / solar panels / lithium batteries)
	Stable energy supply to regional communities		●	●	●			The conversion to “Smart Yorozyua” and the utilization of service station network
	Expanding popularity of electric vehicles		●	●	●			Entry into the ultra-compact EV market and the development of lubricants for EVs. EV recharging / maintenance.
	Expanding demand for renewable energy		●	●	●		✓	Development of diverse renewable energy sources at home and abroad
Promotion of distributed energy resource systems and increase in demand		●	●	●			Development of and entry into VPP (virtual power plant) control services	

*1 Financial impacts over a long-time horizon
 Level 1: Up to 5 billion yen, Level 2: 5 billion yen to 50 billion yen, Level 3: 50 billion yen or more
 *2 Super engineering plastics, oxide semiconductors, high-performance asphalts, environment-friendly agriculture and livestock materials, etc.)

In response to the risks and opportunities, we plan to invest 270 billion yen as of 2030, 110 billion yen more than our FY2022 forecast on an operating income + equity income basis, by promoting reve-

nue and capital efficiency in current businesses, creating new businesses through investments in business structure reforms, and business portfolio transition.

Strategy (CN Transition Strategy)

Social implementation themes

Among the Company's responses to the risks and opportunities described on the previous page, the major ones have been selected as themes to be addressed for social implementation by 2030, and

Decision-making system

Of the social implementation themes to be implemented by 2030, those themes for which the business departments in charge are clear will be promoted as initiatives under the leadership of each business department as its own CN projects, while for other projects, management decision-making will be rapid and flexible as a Cross-organizational Project (2030 Implementation Themes) directly under the control of management. We will strive for early social implementation by distributing resources in a balanced manner in consideration of profitability.

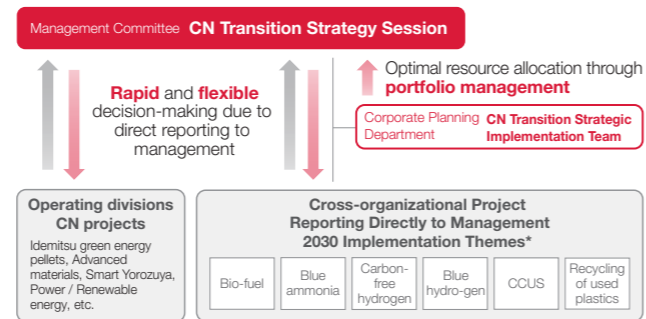
Investment policies

Regarding investments aimed at expanding new businesses that contribute to CN, we plan to invest 290 billion yen by FY2025, the final fiscal year of the Medium-term Management Plan (FY2023 to FY2025), and a cumulative amount of 1 trillion yen by 2030. (Details of the investment plan are provided on p.27)

Since the social implementation status of each proposal that contrib-

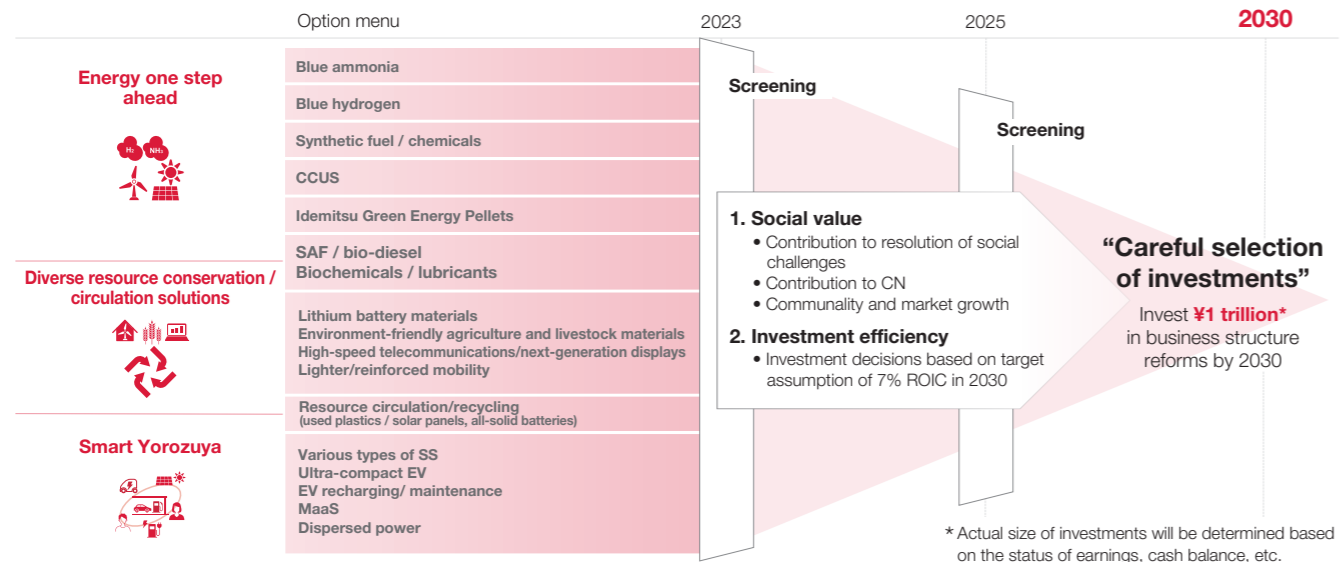
related efforts are in progress.

(Details of social implementation themes are provided on p.7 and pp. 13-22)



* Themes will be reviewed as appropriate according to the external environment and the state of progress of the review.

utes to CN may change significantly depending on trends in technological progress going forward, we will run various options concurrently and rigorously select investment projects through screening based on the social value and investment efficiency of each project during the period of the Medium-term Management Plan.



Furthermore, for investments in new projects, we perform a sensitivity analysis using an internal carbon pricing (Internal carbon pricing, \$100/t-CO₂) after confirming the changes in the amount emitted for Scopes 1, 2, and 3 and the avoided emissions of others before and after the project, and these are used as a reference when evaluating investments.

Our transition strategy has been adopted as a model case study for Climate Transition Finance, an initiative of the Ministry of Economy, Trade and Industry.

Climate Transition Finance, Ministry of Economy, Trade and Industry website:
https://www.meti.go.jp/english/policy/energy_environment/transition_finance/index.html



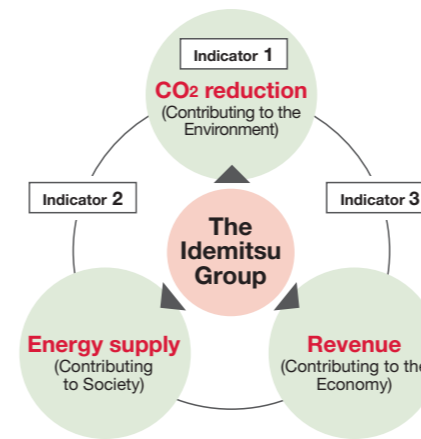
Metrics and Targets

Management indicators

When we consider the reduction in the amount of greenhouse gas (GHG) emissions, we believe it is important to promote related activities while having a positive impact not only on the environment but also on society and the economy.

Given this understanding, as shown in the diagram below, the Company has established a system to evaluate and manage our CO₂ reduction efforts based on three indicators (target values and

monitoring indicators). These are environmental contribution focused solely on reducing CO₂ emissions, contribution to society and the environment by simultaneously reducing CO₂ emission amounts while providing energy, and contribution to the environment and the economy by simultaneously increasing profits while reducing CO₂ emissions.

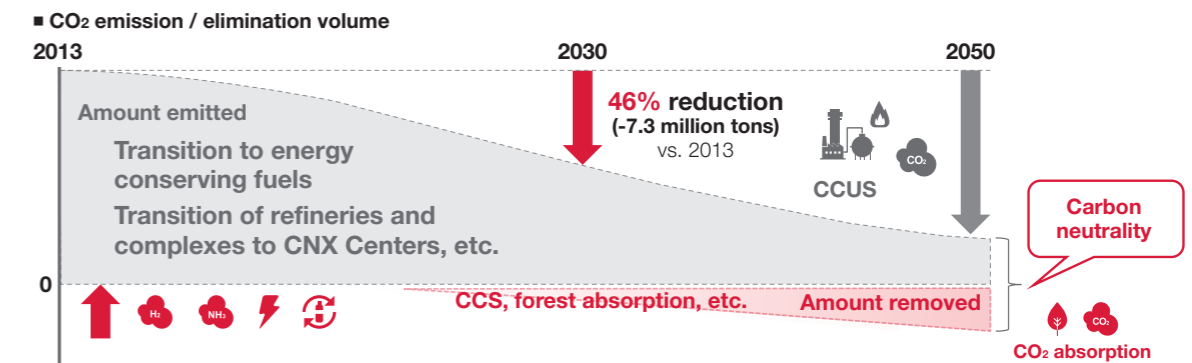


Indicator 1	The Idemitsu Group's Scope 1+2 emissions
Target value	Calculation formula = CO ₂ emissions in target year (Scope 1 + 2) - CO ₂ emissions in base year (Scope 1 + 2)
Indicator 2	Low carbon level of supplied energy
Monitoring indicator	Indicator of the extent to which an energy company can reduce the "CO ₂ emissions per unit of energy" supplied to society
	Calculation formula = $\frac{\text{CO}_2 \text{ emissions (Scope 1 + 2 + 3*1)} - \text{CO}_2 \text{ avoided emissions}*2}{\text{Amount of energy supplied to society}}$
Indicator 3	Degree of carbon exit from corporate earnings
Monitoring indicator	Indicator of how the "Revenue level per unit of CO ₂ " emitted by the Company as a whole is being raised
	Calculation formula = $\frac{\text{Revenues}}{\text{CO}_2 \text{ emissions (Scope 1 + 2 + 3*1)} - \text{CO}_2 \text{ avoided emissions}*2}$
	*1 In the above formulas, Scope 3 emissions refer to those classified as "Category 11: Use of Sold Products." *2 CO ₂ avoided emissions throughout the entire value chain

Target values

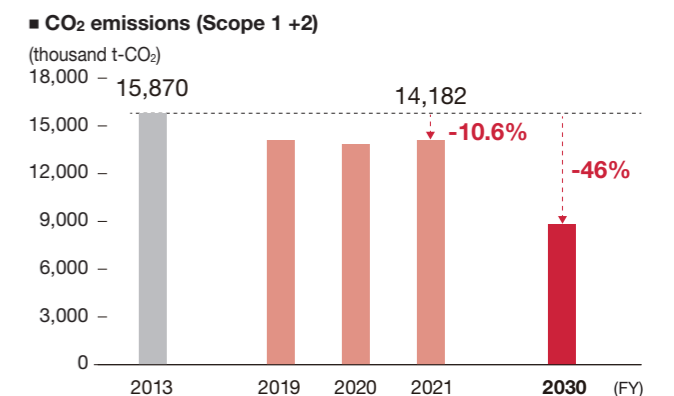
Under the above concept, we have set a GHG reduction target of carbon neutrality for CO₂ emissions (Scope 1 + 2) by 2050, and an

interim target of -46% (compared to 2013) by 2030.



Performance against targets

In FY2021, although emissions reductions were realized through energy-saving activities at refineries and plants, CO₂ emissions rose slightly due in part to an increase in crude oil processing volume following the economic recovery from the COVID-19 pandemic.



* Scope of Reporting : Idemitsu, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co., Ltd.) and major consolidated group companies

Toward Reducing CO₂ Emissions Throughout the Entire Supply Chain

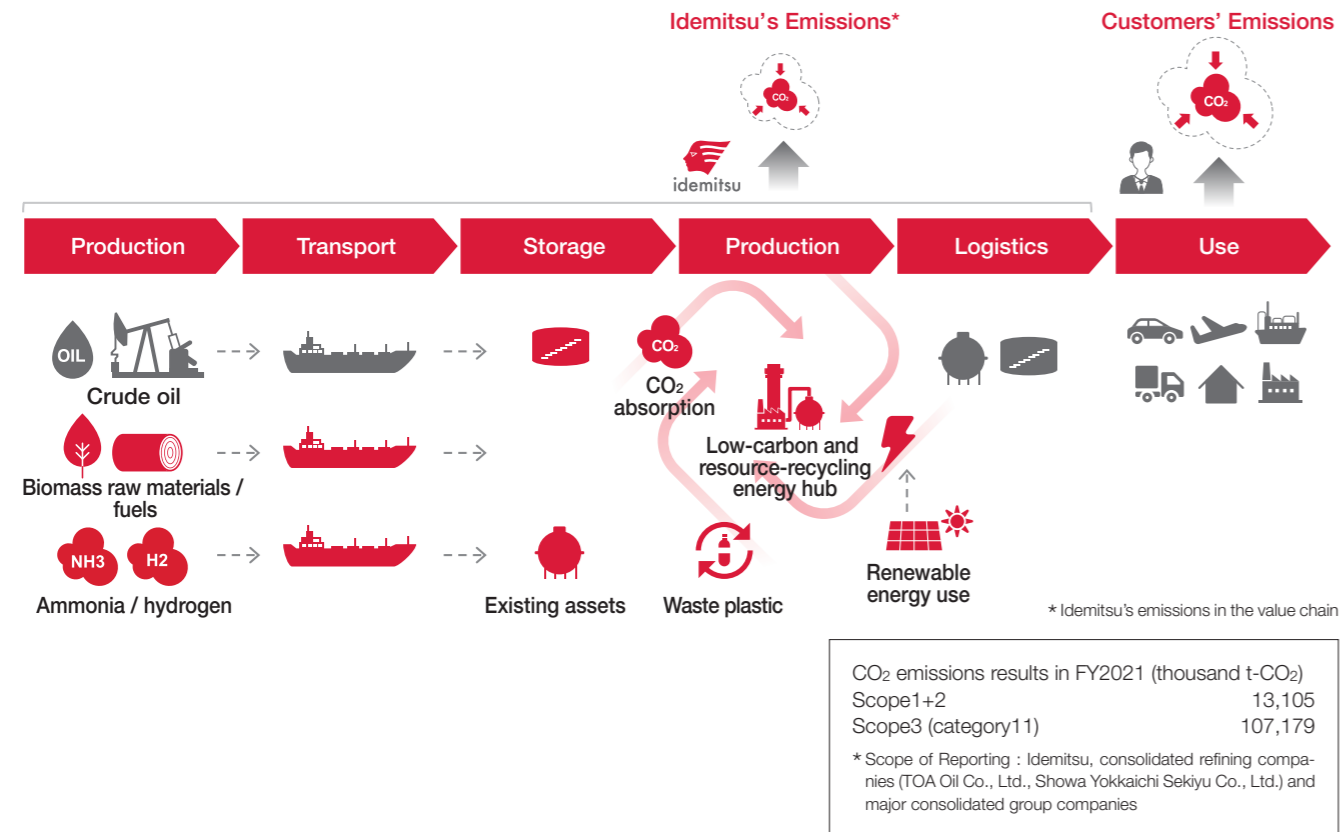
Our principal business is fossil fuel, which results in extremely large amounts of CO₂ emissions when customers use our products (Scope 3), compared to CO₂ emissions associated with our own operations (Scope 1 + 2).

(Trend in CO₂ emissions (Scopes 1, 2, 3) are provided on p.126)

For this reason, in order to realize a carbon neutral society, we consider it important to contribute to the reduction of CO₂ emissions on a global level, including the reduction of Scope 3 emissions, in parallel with the reduction of Scope 1 + 2 emissions.

In an effort to achieve a carbon neutral society by 2050, we aim to achieve carbon neutrality in emissions from our own operations (Scope 1 + 2) and pursue carbon neutrality in emission for the entire supply chain (Scope 3) by providing solutions to businesses and consumers.

We will also work to quantify not only our own Scope1, 2, and 3 emissions but also CO₂ avoided emissions aiming to contribute to the reduction of CO₂ emissions in society as a whole on a global level through our business activities.



Adapting to Climate Change

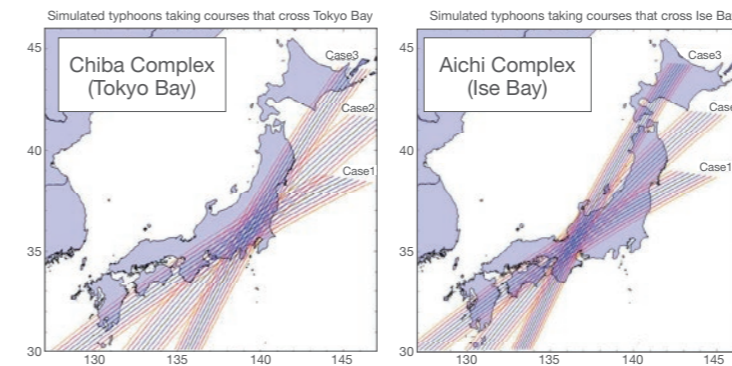
With an increasing frequency of ever more severe natural disasters, it is extremely important to identify possible disaster risks via the development of diverse scenarios. We assume earthquakes, flooding, storm surges, and other emergencies so that we can minimize damage to our refineries and complexes and ensure that operations at these facilities can be promptly restored. To strengthen our ability to ensure safety, we will therefore direct capital expenditure to upgrade facilities, while enhancing operational procedures and human resource capabilities, to mitigate damage even in the event of a disaster with unprecedented severity. By doing so, we will continue to fulfill our mission as an energy supplier.

In recent years, a growing number of typhoons have passed through a large part of the Japanese archipelago while remaining at

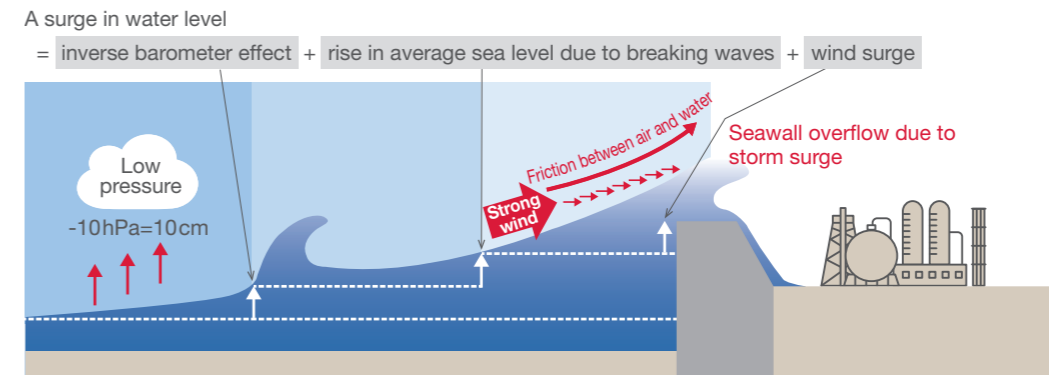
full strength. This phenomenon is believed to be due, in part, to climate change. As these typhoons often induce storm surges, our refineries and complexes located in coastal areas are facing a growing risk of flooding. In response, we have conducted a risk analysis associated with the impact of flooding due to storm surges based on the simulation of typhoons of the largest-possible scale taking courses that directly cross these facilities' sites.

Based on the results of this analysis, we are considering the reinforcement of facility structures via, for example, the installation of flood walls to safeguard seawater pump rooms in addition to the enhancement of disaster response manuals and other procedures designed to provide our staff with guidance on how to mitigate disaster damage.

■ The courses of typhoons assumed to provide a basis for the estimation of storm surge damage to refineries



■ Illustration of storm surge damage



Environmental Management

Approach to the Environment

The Idemitsu Group works to reduce the environmental impact of its business activities through more efficient energy use and other measures in order to contribute to the creation of a sustainable society with harmonious coexistence between the economy and environment. We aim to protect the global environment by conducting appropriate education and awareness raising activities for all

employees to enhance their eco-consciousness and actively promoting advanced initiatives to solve such environmental problems as global warming. To achieve this aim, we have established a policy regarding environmental conservation, both global and regional, as an important value to be prioritized in all our business activities.

Environmental Protection Policy

1. Make all-out efforts to prevent leaks or contamination, and contribute to environmental protection.
2. Actively contribute to the prevention of global warming and work to reduce greenhouse gases emitted through our business activities.
3. Effectively use resources in all our business activities.
4. Promote green procurement when purchasing material, construction work, services, etc.
5. Be aware of the importance of biodiversity and actively contribute to its maintenance.
6. Work to develop and popularize technologies and products that create a better environment.
7. Set environmental objectives based on the annual basic policies, and facilitate concerted efforts to achieve those objectives via internal and external collaboration.
8. Continually improve the Environmental Management System to enhance environmental performance.
9. Actively disclose environmental information and promote communication with parties outside the Company to ensure reliability and improve our corporate value.

Environmental Management System (Safety & Environmental Protection Headquarters)

We have positioned “Safety, Health and the Environment” as the foundation of management and have established the Safety & Environmental Protection Headquarters to promote initiatives to secure and preserve this foundation. Members of the headquarters consist of the General Manager and co-head of the Safety & Environmental Protection Headquarters, general managers of departments in charge of supervising business sites and other managers who are appointed by the General Manager, in addition to the secretariat. The executive in charge of safety and environment (a director) is appointed by the President and Representative Director to serve as the General Manager of the Safety & Environmental Protection Headquarters, overseeing the headquarters as the individual bearing the highest responsibility for safety, health, and the environment. The Safety, Environment & Quality Assurance Department serves as the secretariat.

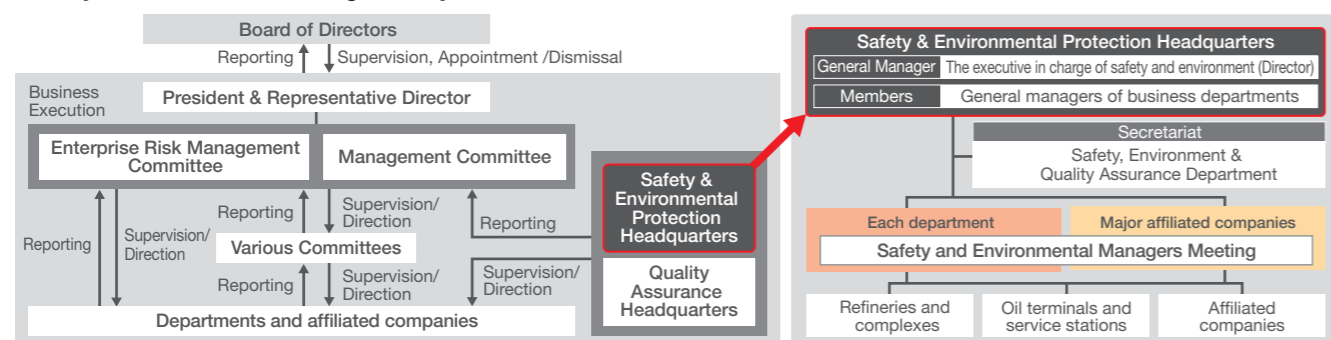
The role of the headquarters is (1) to determine the medium-term management plan, the annual basic policies, and priority issues associated with health, safety and the environment, (2) to assess and evaluate performance through audits, (3) to maintain, review, and improve the Health, Safety and Environmental Management System*, and (4) to instruct all departments and major affiliated companies on how to secure the management resources necessary to establish, implement,

maintain, and continually improve these Management Systems. Progress is checked and the basic policies for the Idemitsu Group for the next fiscal year are determined in the Safety & Environmental Protection Headquarters meeting, once a year in December, in principle.

When establishing and reviewing the Medium-term Management Plan, the annual basic policies, and priority issues regarding the Health and Safety Environment (HSE), the secretariat of the headquarters creates a draft proposal in a way that reflects on outcomes of HSE activities undertaken in the preceding fiscal year and takes into consideration the social conditions surrounding HSE issues. The draft is examined at the Safety and Environmental Managers Meeting attended by managers in charge of safety and the environment from each department and then approved at the Headquarters Meeting. After the draft is ruled on by the General Manager of the headquarters, it is finally reported on to the Management Committee. If the Management Committee has instructions or opinions that should be reflected in the draft, the General Manager of the headquarters once again reviews and approves the final version.

The Board of Directors receives reports from the business executives and provides oversight on environmental issues, including climate change.

Positioning of the Safety & Environmental Protection Headquarters in the corporate governance system and an outline of the Safety and Environmental Management System



Environmental Management System

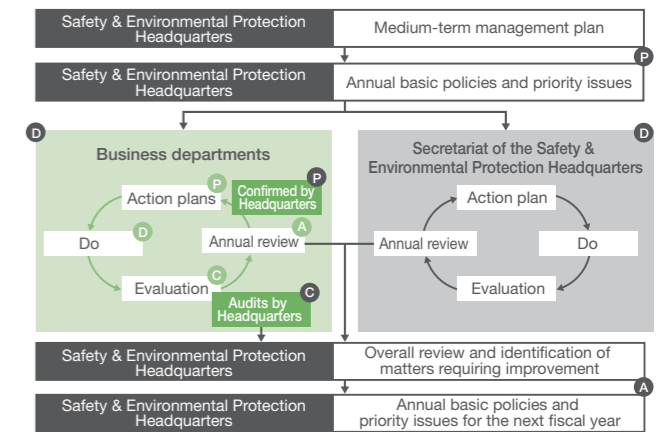
Our Environmental Management System is presented in the diagram on the right. It is based on a combination of the groupwide PDCA cycle, utilized by the Safety & Environmental Protection Headquarters, and the individual PDCA cycles utilized by each business department.

The Safety & Environmental Protection Headquarters formulates a medium-term management plan for the entire Company and identifies annual basic policies and priority issues based on that plan.

In line with these annual basic policies, each business department develops its own action plan. Each business department operates a PDCA cycle in which it executes business activities based on its action plan, periodically evaluates and reviews these activities, and identifies matters that must be improved and reflected in the action plan for the next fiscal year. Meanwhile, the secretariat for the Safety & Environmental Protection Headquarters carries out an annual evaluation and review of group-wide operations of the Environmental Management System. Matters requiring improvement are discussed at Headquarters Meetings in conjunction with reviews carried out by each business department

to ensure continuous improvement. Furthermore, a total of 32 business departments and affiliated companies within the Group (19 in Japan, 13 overseas) acquired ISO 14001 certification as of June 30, 2022.

Environmental management PDCA cycle



Safety and Environmental Protection Audit

In order to confirm and promote the HSE activities of each business department and affiliated company, the secretariat of the Safety & Environmental Protection Headquarters conducts Safety and Environmental audits at our refineries and complexes on an annual basis. At business sites other than those named above, Safety and Environmental audits are carried out at a frequency decided in consideration of the worksite's safety and environmental risks and safety and environmental management status. Should Safety and Environment related issues requiring improvement be discovered by audits, the secretariat will conduct follow-up monitoring on each case and oversee the entire process from

the planning of countermeasures to the completion of their implementation. Furthermore, the General Manager of the Safety & Environmental Protection Headquarters conducts Safety and Environment related instructions or safety patrols by visiting business sites. In particular, we have made it a rule for the General Manager of the Safety & Environmental Protection Headquarters to visit our refineries and complexes once a year to undertake these activities.

Note: In FY2021, a total of 20 business sites underwent audits. The implementation status of these audits is presented in page 109

Environmental Compliance (Number of Environmental Abnormalities)

In 2021, Group complexes recorded one serious compliance violation as listed below. We will identify minor compliance violations that are not classified as serious compliance violations and investigate their causes to prevent recurrence in an effort to step up our environmental protection initiatives.

- Emission of industrial waste of items for which there is no contract with a collection and transportation company

* Environmental abnormalities
 Note: Compliance violation refers to one or more of the following cases that exceeded the regulatory standards that are stipulated in environmental laws and regulations (including local regulations and agreements)
 A. Events that were determined to require “countermeasures in the accident” based on environment-related laws and regulations
 B. Cases in which reports were submitted to government bodies regarding corrections taken after receiving administrative punishment, instruction, or guidance from said bodies
 C. Cases resulting in damage to the bodies, lives, property, etc., of neighboring residents, etc., and compensation paid to them.

Environmental Education & Awareness-Raising Activities

We provide environmental education for the entire Group under the leadership of the Safety & Environmental Protection Headquarters. We are also engaged in activities to raise awareness of environmental protection in line with the Environment Month promoted by the Ministry of the Environment and have established our own “Environment Month” corresponding to this period. Prior to Environment Month, efforts are

being made to raise environmental awareness throughout the entire Group, such as publishing an interview with the General Manager of the Safety & Environmental Protection Headquarters in the Group newsletter at the end of May 2022, holding environmental lectures by outside speakers, and distributing environmental awareness materials and conducting environmental quizzes for Group employees.

Environmental education and awareness-raising activities in FY2022

Education	Let's Find Out About Biodiversity	<ul style="list-style-type: none"> ■ Published an interview with the General Manager of the Safety & Environmental Protection Headquarters in the Group's newsletter ■ Distributed environmental educational materials ■ Conducted environmental quizzes
Activities	<ul style="list-style-type: none"> ■ Environmental lectures (Biodiversity - From global trends to life & work -) ■ Environmentally friendly vegetables (Cool veg) offered at the Head Office cafeteria (Cool veg week) * Cool veg: Short for “cool vegetables,” crops grown on farmland using biochar that contribute to CO₂ emissions reduction 	
Training	Environmental management capability enhancement training	<ul style="list-style-type: none"> ■ In 2021, 167 people, Total 835 hours (annual total) ■ In 2021, 189 people, Total 1,074 hours (as of July 2022)

Biodiversity Conservation

Biodiversity Conservation Guidelines

In our Sustainability Policy (p.51), we explain that we will reduce environmental risks from our business activities and contribute to the conservation of the natural environment and the realization of a

circular society. We have established the following guidelines and promote activities in the field of biodiversity.

Biodiversity Guideline

We continue our business activities while utilizing the natural environment (natural capital) consisting of land, water, air, and ecosystems including a wide variety of species and genes.

The importance of passing on the natural environment (natural capital), which is the foundation of social activities, to future generations in an appropriate manner is a value that we have cherished until now. Idemitsu Group Sustainability Policy clearly states that we will contribute to the preservation of the natural environment and the realization of a circular society by reducing environmental risks from our business activities.

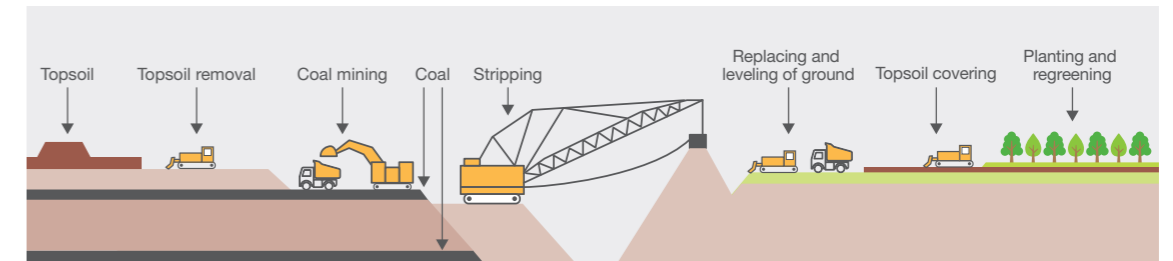
This guideline is established as a supplement to the Idemitsu Group Sustainability Policy and as a guideline for further conservation activities in the field of biodiversity included in the natural environment (natural capital).

- We will accurately grasp the impact of our business activities on biodiversity and strive to reduce negative impacts and increase positive impacts.
- When considering new businesses, we will fully consider the impact from the perspective of biodiversity.
- We will contribute to the restoration of ecosystems whose biodiversity has deteriorated.
- We will contribute to the expansion of ecosystems where biodiversity is conserved.
- We will promote environmental education and awareness of biodiversity.
- We will strengthen disclosure of initiatives related to biodiversity conservation and expand dialogue and cooperation with stakeholders.

➡ <https://sustainability.idemitsu.com/en/themes/319>



Rehabilitation of mining sites



* Prepared by Idemitsu based on data from the Japan Coal Frontier Organization

Rehabilitation status of a post coal mining site (Boggabri) in Australia

(Unit: ha)

Category	2020 results	2021 results	2022 forecast
A. Mining sites	1530.0	1567.5	1599.7
B. Unrehabilitated sites	1406.3	1443.8	1460.8
C. Completed preparation for rehabilitation	N/A	N/A	N/A
D. Sites currently undergoing rehabilitation	292.1	292.1	292.1
E. Rehabilitated sites	N/A	N/A	N/A



2 years after rehabilitation



4 years after rehabilitation



15 years after rehabilitation

Assessing the Impact of Our Business Activities

Assessing the proximity of main business sites to regions requiring conservation from the perspective of biodiversity

Also, referring to the Protected Planet, a website managed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), we have confirmed the proximity of our main business sites to regions requiring particular attention in terms of biodiversity conservation.

As a result of confirming the International Union for Conservation of Nature (IUCN) categories for conservation areas within a 10-km radius of Idemitsu business sites, we recognize the category statuses on the right. Moreover, there were no areas (Ia, Ib) designated as wilderness areas or strict nature reserves based on these results.

To avoid impacting biodiversity in the course of its business activities, the Group complies with strict emission standards set by national and local governments and works hard to prevent environmental pollution.

IUCN categories (International Union for Conservation of Nature categories) and number of sites by region

IUCN category	Number of sites*
Ia Strict Nature Reserve	0
Ib Wilderness Area	0
II National Park	2
III Natural Monument or Feature	1
IV Habitat/Species Management Area	28
V Protected Landscape/ Seascape	11
VI Protected area with sustainable use of natural resources	16

* Number of main business sites with each IUCN categories area within a 10-km radius

Ecosystem Rehabilitation

Rehabilitation of post coal mining sites

The coal mining business entails excavating coal from underground reserves, which in the case of open-pit mining means scraping off the topsoil. At that point, it will have a negative impact in terms of biodiversity. However, by returning the topsoil to areas where mining has been completed and planting the same types of plants as had originally been present, an activity that strives to restore biodiversity

(rehabilitation), the impact on the surrounding environment is kept to a minimum.

Furthermore, at our Australian coal mines, we have disclosed information on the acreage that has been mined and rehabilitated in the past and will continue to do so in the future.

Contributing to Ecosystem Conservation Activities

Ecosystem conservation activities in areas surrounding refineries and complexes

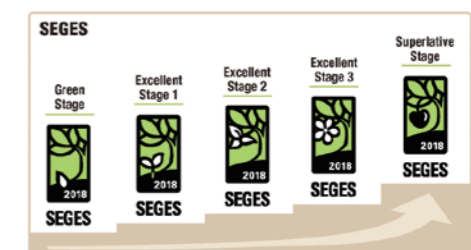
Ever since before the importance of biodiversity conservation was widely recognized in recent years, we have always been conscious of the need to coexist with nature in conducting our business and have given due consideration to this area.

Idemitsu's refineries and complexes were built in the 1950s, at a time when green belts started to be mandated for factory construction. In establishing these green belts, we have responded by exceeding the area required by law, and have sought to harmonize with the surrounding natural environment.

Initiatives like these are highly evaluated by external organizations. Hokkaido Refinery and Aichi Complex have received the highest grade of 5 (Superlative Stage) in the "Social and Environmental Green Evaluation System (SEGES)" organized by the Organization for Landscape and Urban Green Infrastructure.

SEGES Evaluation Points

1. Sustainability of land use: There is greenery and a system in place to enable its continued existence.
2. Green space management: Processes for creating green spaces and for protecting and growing greenery are clear.
3. Utilization of green space functions: The green space contributes to society and the environment.
4. Future potential of green spaces: There is progressiveness and uniqueness in the stance and vision related to the structure of green spaces contributing to society and the environment as well as in initiatives on leading the creation of a society rich with greenery.



Source: SEGES website <https://seg.es.jp/e/index.html>

Participation in the 30by30 Alliance

To achieve the targets of 30by30, we have been a member of the “30by30 Alliance for Biodiversity,” since its inception, which was established in April 2022 by a group of companies, local governments, and organizations with the Ministry of the Environment serving as a secretariat.



* 30by30
Aims to effectively conserve at least 30% of the land and sea areas as healthy ecosystems by 2030 with the goal of stopping and restoring biodiversity loss by 2030 (Nature Positive).

Participation in a government pilot test business to establish a certification system for Natural Symbiosis Sites (tentative name)

For the achievement of 30by30, the government is taking the lead in implementing a scheme to certify areas where conservation activities are continuously implemented by the private sector, etc., as Natural Symbiosis Sites (tentative name).

Idemitsu's Hokkaido Refinery is participating in the pilot test business for the full-scale implementation in FY2023. The Refinery is cooperating in the future development of the national system and has obtained provisional certification as a Natural Symbiosis Site (tentative name).

(Official certification as a Natural Symbiosis Site (tentative name) is scheduled for FY2023, when this system is officially in place)

➡ <https://www.env.go.jp/content/000074690.pdf>
(Japanese only)



Promotion of Environmental Education and Awareness-raising Activities for Biodiversity

Providing opportunities for collaboration with local communities and environmental education

From the perspective of coexisting with nature in local regions, Idemitsu undertakes biodiversity efforts not by itself, but in cooperation with relevant members of the local communities.

The Hokkaido Refinery works with local communities by participating in the Haskap Bank. The purpose of the Haskap Bank is to protect Tomakomai's native haskap resources and to acquire and study techniques for their preservation and cultivation.



Haskap (Tomakomai native species)



Idemitsu Haskap Orchard

To protect hooded cranes, categorized as Vulnerable (VU) by the International Union for Conservation of Nature, that migrate to the Yashiro area of Shunan City around the end of October, the Tokuyama Complex participates and cooperates every year in volunteer activities for “crane roost making” promoted by the Shunan City government.



Scene of the “crane roost making”



Participants in the “crane roost making”

Awareness-raising Activities for Employees

We conduct environment-related educational and awareness-raising activities throughout the entire Company in June each year in conjunction with Japan's Environment Month. In FY2022, we held lectures and other events with outside experts on the theme of “Biodiversity.”

(Details of the activities during Environment Month are described on p.84.)



Group photo with the participants



A walk in the green belt

Utilization of Water Resources

Approach to Utilization of Water Resources

The Idemitsu Group has in place an overarching risk management structure to address risks arising from changes in the business environment, natural disaster risks, risks attributable to operational accidents, climate change-related risks, and environmental regulatory risks. Water-related risks, which fall within these risk categories, are thus managed under the aforementioned structure.

Specifically, in line with the Environmental Protection Policy, voluntary targets regarding wastewater treatment have been set and incorporated into the Group's Environmental Management System operations from the perspective of preventing pollution, effectively utilizing resources, and preserving biodiversity. These targets are even more severe than standards stipulated by national and local governments.

With a particular focus on the effective utilization of water resources, we work to assess our status of water use on a global basis. In reference to the “Aqueduct” data published by the World Resources Institute (WRI), we have also confirmed whether our business sites operate in regions with water stress.

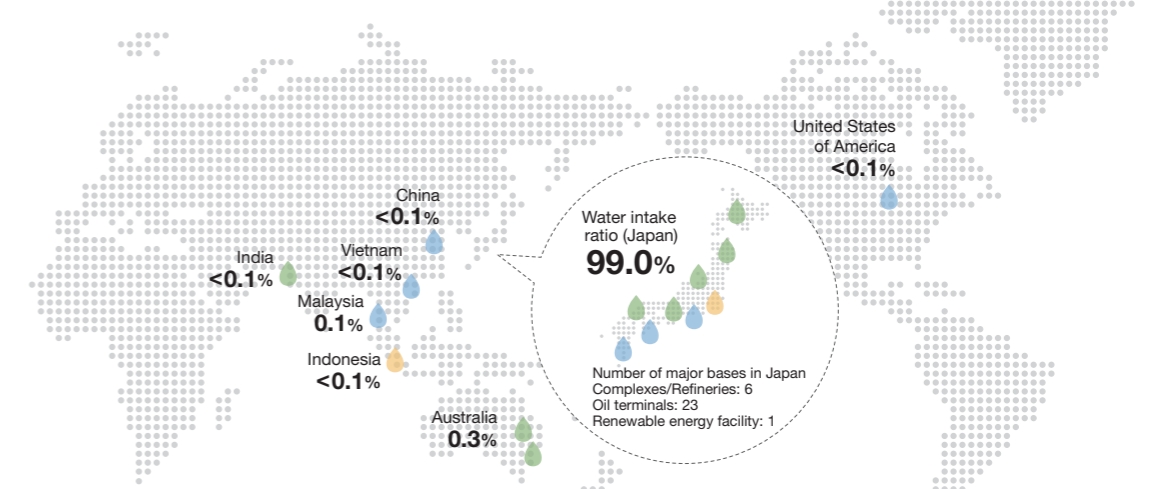
Although our six domestic refineries and complexes are not located in regions with high water stress, the volume of water intake by these business sites accounts for more than 99% of the Idemitsu Group's overall water intake volume. In this way, since most water we use is handled domestically, we are reducing water consumption through the recycling of water resources, first of all for the purpose of thorough water quality control and also for the purpose of efficient use of resources in Japan.

We also operate in countries and regions other than Japan where water resources are not necessarily abundant. The problem of water resources is becoming increasingly serious around the world, and it is said that more than 2 billion people do not have access to safe drinking water. Recognizing the current situation, we have begun efforts to look overseas.

At present, although we do not operate in areas with high water stress, in order to maximize the effective use of precious resources like water, we are promoting efforts to reduce the amount of water used in Japan, where our water utilization is highest.

Company's major business sites' water stress map

● Low (6%) ● Low to Medium (43%) ● Medium to High (51%) ● High (0%) ● High < (0%)



*1 ● to ● Degree of water stress (figures in parentheses indicate the percentage of water intake)
*2 Regional data (%): Ratio of water intake in each region to the Idemitsu Group's overall water intake volume

Strengthening of Water Recycling at Refineries and Complexes

Our refineries and complexes, which use large volumes of water, are working on reducing their water consumption and not just staying in line with waste water standards. A certain amount of water (seawater and fresh water) is required to cool the process fluid during the oil refining process at refineries. Fresh water that becomes hot when used for cooling is circulated in an air-cooled condenser to lower its temperature, and reused as cooling water for the process fluid to reduce the impact on the environment.

As a water user, we will make further efforts to recycle water resources.

Recycling of industrial water

	Unit	FY2021
Industrial water intake volume	thousand tons	82,208
Water recycling rate	%	92

*1 Scope of Reporting: Idemitsu, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd.), and major consolidated group companies

*2 Water recycling rate is for industrial water only. ((1) Industrial water intake volume: 82,208,000 tons (2) Industrial water use volume: 1,031,485,000 tons (3) Industrial water recycle volume: 949,276,000 tons, water recycling rate = (3) / (2) (2) = (1) + (3).

Initiatives for Water Quality Management

It is important to regulate the quality of the water used when it's released back into the environment and to limit the amount of water used through recycling and other methods when it comes to the usage of water resources.

Wastewater from each of our complexes is treated in a number of facilities to improve its quality to a level that does not harm the environment before being released back into the environment. Due to our ongoing efforts in this manner, there were zero violations of the laws and regulations governing the water quality control of wastewater in FY2021, based on the definition of environmental abnormality.

Working Toward a Circular Society

Approach to a Circular Society

The Group believes that realizing the goal of a circular society entails reforming the conventions of mass production, mass consumption, and mass disposal in order to form a society with a reduced reliance on natural resources and that places the lowest possible burden on the environment. We are implementing a variety of initiatives to ensure that renewable resources are recycled within the limits of their renewable capacity. We are working to ensure that non-renewable resources are consumed in the most effective way possible, and that their use is curbed and shifted to other renewable resources over the long term.

Concrete Initiative Examples

Our Group is conducting a company-wide study on sustainable circular business for the maximum possible use of resources by utilizing technologies our departments now possess and incorporating them into the business supply chain.

Specifically, from plastic recycling and a long-term perspective that treats CO₂ as a resource, we are also working on carbon recycling.

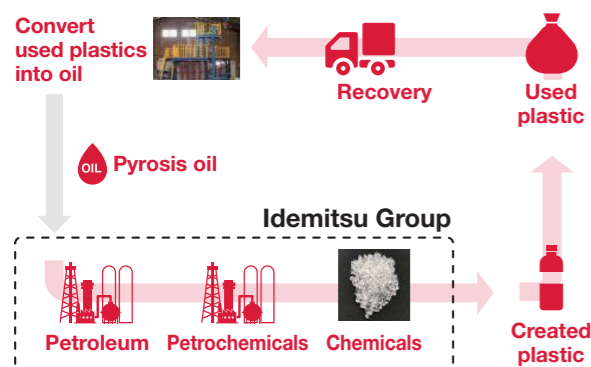
As for resource circulation and recycling, we are continuing to review commercialization in each of the following areas.

- Used plastic
- Solar panels
- All-solid lithium batteries

(1) Used plastic recycling

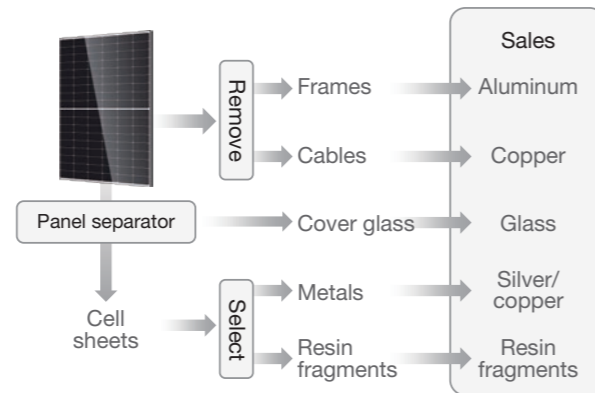
We aim for the commercialization of petroleum conversion in FY2025, and plan to convert the produced oil into chemicals at petroleum and chemical facilities, and supply the chemicals as renewable chemicals.

Concurrently, we have begun reviewing our business alliances with Ichikawa Kankyo Holdings Co., Ltd. and Maeda Sangyo Co., Ltd. regarding the procurement of used plastics, aiming to recycle 20,000 tons of used plastic per year.



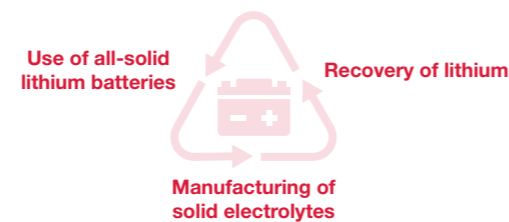
(2) Solar panel recycling

Used solar panels are projected to increase rapidly beginning in the 2030s. Idemitsu Group's Solar Frontier K.K. is developing technologies to recycle solar panels, aiming to achieve a material recycling rate of 90% or more and to commercialize the technology in FY2024.



(3) Recycle all-solid lithium batteries

The supply-demand balance for raw materials, such as lithium, is anticipated to be tight over the long term in line with the widespread use of the EVs. We want to add value to the all-solid lithium battery value chain in the future by reviewing a recycling scheme for used batteries.



Waste Reduction Initiatives

Approach to Waste Reduction

The Idemitsu Group works to curb environmental impact by reducing the volume of industrial waste generation and by promoting the reuse of raw materials and the utilization of recycled raw materials from the perspective of the effective use of resources.

Among the major types of waste generated by our businesses are waste catalysts from refinery processes, sludge from tank cleaning, and sludge from wastewater treatment facilities. We constantly strive to reduce the volume of waste and render it harmless through such intermediate treatments as incineration, dehydration, and dissolution, and we promote the reuse of treated waste such as using it as raw material for cement. By doing so, we are maintaining our "zero emissions" status, that is, keeping the ratio of waste we dispose of by landfill at 1% or less.

Reduction Targets

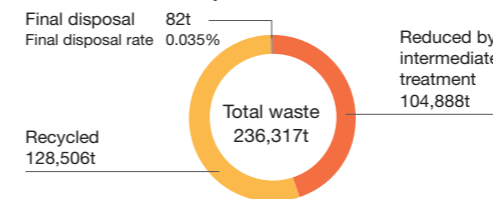
Currently, Japan's petroleum and chemical industries are pursuing their respective voluntary reduction targets* for the final disposal volume of industrial waste in line with Nippon Keidanren's Voluntary Action Plan for Establishing a Sound Material-Cycle Society. Based on these targets, our company has defined its own target for waste, namely, keeping the ratio disposed of by landfill at 1% or less of the overall volume of waste emitted from our refineries and petrochemical plants.

- * The petroleum industry (Petroleum Association of Japan): Industry specific goal: Maintain "zero emission" status by keeping the ratio of waste disposed of by landfill at 1% or less from FY2021 onward
- The chemical industry (Japan Chemical Industry Association): FY2025 goal for the volume of waste disposed of by landfill: 170,000 tons or less
- Industry-specific goal:
 - Reduce the volume of waste disposed by landfill to 170,000 tons or under by FY2025
 - Maintain a recycling rate of 65% or higher by FY2025

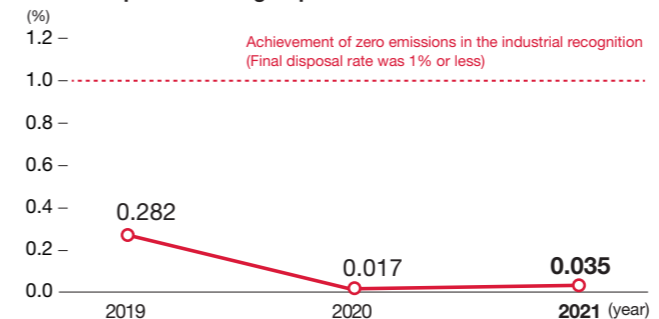
Policy for the Voluntary Action Plan for Establishing a Sound Material-Cycle Society from 2021 and beyond
 https://www.keidanren.or.jp/en/policy/2021/029_plan.pdf



Breakdown of waste disposal



Final disposal rate at group refineries



* Scope of calculation: Hokkaido Refinery, Chiba Complex, Aichi Refinery (currently Aichi Complex), Tokuyama Complex, TOA Oil Co., Ltd. and Showa Yokkaichi Sekiyu Co., Ltd.

Approach to Proper Management of Chemical Substances and Reduction of Hazardous Substances

The Idemitsu Group, which manufactures and supplies petrochemical raw materials and products, has established the "Basic Essential Points on Quality Assurance" and "Basic Essential Points on Health, Safety and Environment (HSE)" and strives to ensure the safety of production line workers

and consumers by conducting prior risk assessments of chemical substances, reducing and eliminating hazardous substances from production processes and products, and providing information on the chemical substances its products contain. In addition, we comply with domestic and overseas chemical substance-related regulations, which have grown ever stricter, and minimize not only the impact on human health but also the negative impact on the ecosystem and the environment.

Initiatives for the Proper Management of Chemical Substances and Reduction of Hazardous Substances

(1) Management of PRTR-designated substances

Crude oil, petroleum products and petrochemical raw materials contain benzene, toluene, xylene, normal hexane and some other highly volatile substances (such as HAPs*1 and POPs*2) regulated by the PRTR Law.*3 These substances partially evaporate into the atmosphere as VOCs*4 whenever oil is transferred into or out of storage tanks, as well as when it is loaded onto tanker trucks and ships. To minimize such VOC emissions, the Idemitsu Group stores these chemicals in floating roof tanks that reduce evaporation, and carries out measures aimed at ensuring VOC recovery during transport. Chemical substances transferred to locations outside industrial complexes are disposed of in compliance with the Waste Disposal and Public Cleansing Law.

- *1 HAP: Hazardous Air Pollutant
- *2 POP: Persistent Organic Pollutant
- *3 PRTR: Pollutant Release and Transfer Register
- *4 VOC: Volatile Organic Compounds

(2) Controlling PCBs

In accordance with the Law concerning Special Measures for Promotion of Proper Treatment of PCB Wastes, at our refineries and complexes, we appropriately store and manage oil containing polychlorinated biphenyls (PCBs) as well as transformers and other equipment that contain these substances. Under the same law and the national Basic Plan for PCB Waste Treatment, final deadlines have been set for the completion of the treatment of all PCB waste and, accordingly, we are steadily carrying out the processing of such waste.

(3) Managing fluorocarbons

In accordance with the Act for Rational Use and Proper Management of Fluorocarbons, which came into effect on April 1, 2020, we have been implementing steps to prevent the leakage of fluorocarbons. We are also considering timing the replacement of large process equipment that uses HCFCs, which have strong ozone depleting effects, to coincide with periodic shutdown maintenance at our refineries and plants.

Approach to pollution prevention

To reduce the environmental impact of our business, we do not only comply with environment-related laws but also autonomously take preventive measures in accordance with our internal rules (Basic Essential Points on Health, Safety and Environment (HSE)). Furthermore, in addition to preventing environmental pollution arising from our business operations, we seek to contribute to society as a whole in terms of the prevention of pollution. To this end, we became a member of the committees of the Ministry of the Environment and Keidanren (Japan Business Federation) that review the application of the Water Pollution Control Law and the Soil Contamination Countermeasures Act to offer our Group's knowledge and experience. We are also developing research and analysis methods while striving to reduce environmental impact by assiduously preventing emissions of pollutants.

Social Human Rights

Top Commitment on Human Rights

The Group advocated “Respect for Human Beings” as its origin of management and has practiced “People-Centered Management” consistently since its founding. Essentially, respect for human rights is an indispensable foundation of management and should be prioritized in all decisions and actions. We have made this the Idemitsu Group Basic Human Rights Policy, which all executives and employees comply with.

Based on this policy, we continually address global human rights issues while referencing the cultures, customs, and social norms of different countries and regions. In addition, in response to human rights issues faced by the Group’s affiliates and supply chain in Japan and overseas in recent years, we have focused our efforts on conducting human rights due diligence and identifying where human rights violation risks exist within the Group and at relevant suppliers. We are also strengthening our efforts to mitigate risks and build a rescue mechanism.

Moreover, we formulated the Compliance Code of Conduct to instill and promote a compliance mindset within each employee working around the world, including in Japan and overseas. The code clearly states that we will create a sound and appropriate workplace free from harassment that accepts diversity in such areas as race, nationality, and gender and that does not tolerate any kind of human rights violation. We regularly disclose to stakeholders these kinds of human rights-related initiatives and actions.

Representative Director,
President and Chief Executive Officer
Idemitsu Kosan Co.,Ltd.
Shunichi Kito

Idemitsu Group Human Rights Policy Formulated — Respect for Human Rights —

We formulated the Idemitsu Group Human Rights Policy in 2019.

- Idemitsu Group seeks to work in harmony with both the international and local community, and does not allow discrimination against any individual or groups. In addition, we prohibit words or actions that could harm human dignity, be it physically or mentally.
- Idemitsu Group respects internationally recognized human rights as set out in the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, as we conduct business both in Japan and worldwide. We also support the United Nations Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights, and the United Nations Global Compact.
- Idemitsu Group complies with the laws of the countries and regions where we operate. If local laws contradict internationally recognized human rights standards, we will seek ways to honor the principles of international human rights without violating local laws.



Idemitsu Group Human Rights Policy
<https://sustainability.idemitsu.com/en/themes/201>

Human Rights Priority Issues

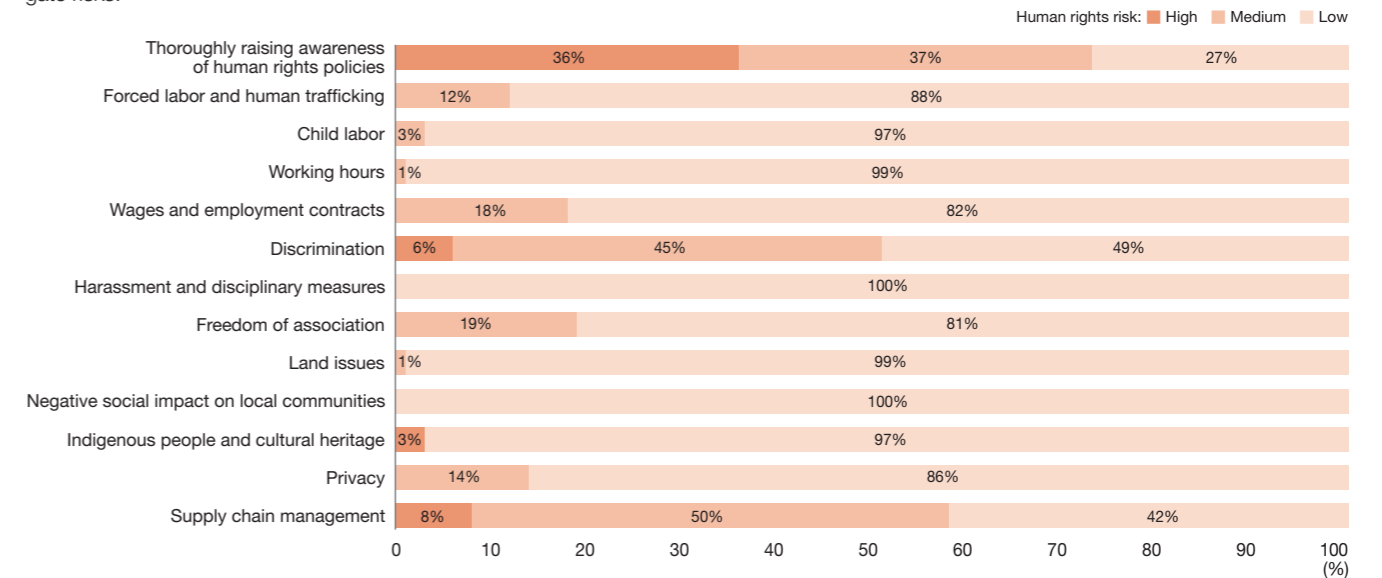
- (1) Promotion of Diversity
- (2) Prohibition of Forced labor
- (3) Prohibition of Child Labor
- (4) Prohibition of Discrimination
- (5) Prohibition of Harassment
- (6) Freedom of Association and Recognition of the Right to Collective Bargaining
- (7) Maintaining our Working Environment
- (8) Land, Water and the Use of Natural Resources
- (9) Respect for the Rights of Indigenous Peoples

Conducting Human Rights Due Diligence

We conduct human rights due diligence according to the Idemitsu Group Human Rights Policy.

From FY2021 through FY2022, we used a questionnaire to survey affiliated companies about the status of response to human rights risks in each company. The questionnaire includes risk evaluation items related to on-site occupational problems, serving as a mechanism that enables us to swiftly identify where risks lie.

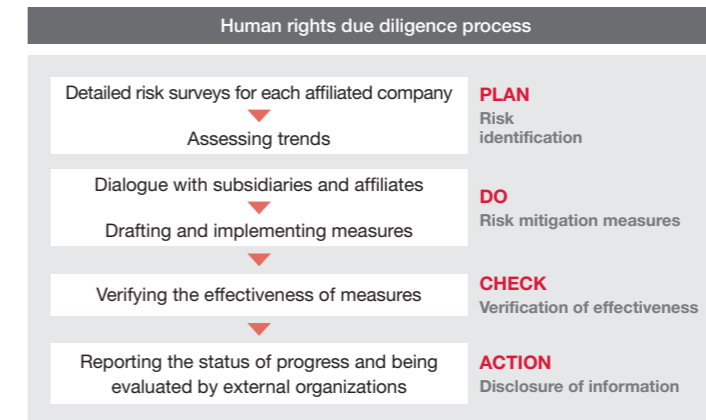
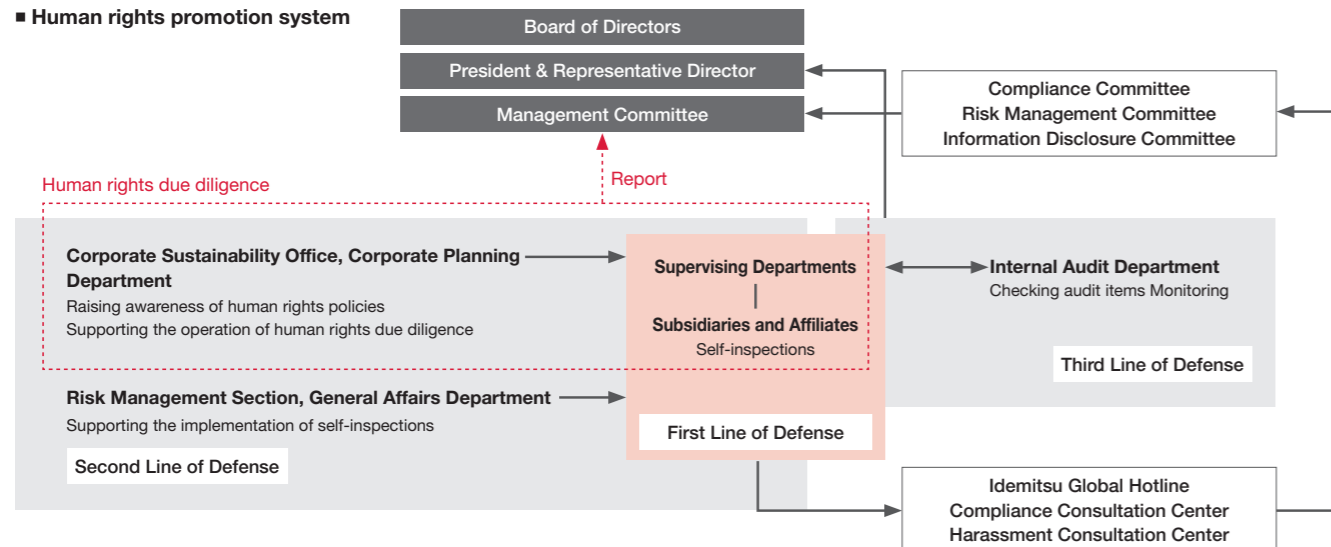
Companies first respond to questions on the four issues regarded as particularly serious issues (force labor and human trafficking, child labor, discrimination, and freedom of association and collective bargaining rights) under the International Labour Organization’s (ILO) core labor standards. For affiliated companies that need further subsequent investigation, we confirm details to ascertain the actual status and draft and implement necessary measures. Regular checks will be subsequently performed in an effort to mitigate risks.



Human Rights Promotion System

We promote human rights through the system shown below.

Human rights promotion system



Hotlines Relating to Human Rights

We established Hotlines* (Idemitsu Global Hotline, Compliance Consultation Center, and Harassment Consultation Center) for executives and employees to respond to violations of the Code of

Conduct, overt or potential, including matters related to human rights.

* Each Hotline is presented in page 66

Initiatives Related to the Supply Chain

Sustainable procurement

Approach to sustainable procurement

Idemitsu aims for the sustainable development of society and the company by conducting fair and equitable procurement based on proper procurement ethics, contributing to the improvement of business competitiveness, and conducting honest management for all stakeholders. To this end, we established the Basic Procurement Policy and internal rules dubbed General Rules Concerning Procurement Activities. Through the policy and rules, we aim to contribute to the realization of a sustainable society throughout the supply chain.

In particular, we have established criteria for selecting suppliers when purchasing or borrowing the materials, construction work, and services necessary for our business operations, and we ensure that suppliers understand the policy.

Sustainable Procurement Guidelines

The business environment is diversifying, and in order to achieve sustainable development, it is expected that every company will actively strive to fulfill its social responsibilities not only for itself but for the entire supply chain. The Basic Procurement Policy is based on the Management Philosophy and Action Mindset and we will work with business partners to co-create a sustainable society throughout the entire supply chain through procurement activities grounded in unwavering ethics. In order to fulfill this responsibility, we formulated our own Sustainable Procurement Guidelines based on ISO 26000 (Guidance on Social Responsibility), ISO 20400 (Guide to Sustainable Procurement), the Sustainable Development Goals (SDGs), and the 10 principles of the United Nations Global Compact. Our guidelines cover seven fields: 1) organizational governance, 2) human rights, 3) labor practices, 4) environment, 5) fair business practices, 6) consumer issues, and 7) social contribution. We exchange information with business partners regarding the status of our sustainability-related efforts as we strive to mutually attain a higher level.

Procurement information
<https://www.idemitsu.com/en/company/purchase/index.html>



Dialog with suppliers

We think engaging in true dialog with suppliers based on a fundamental relationship of trust is extremely important in building a healthy supply chain through sustainable procurement activities.

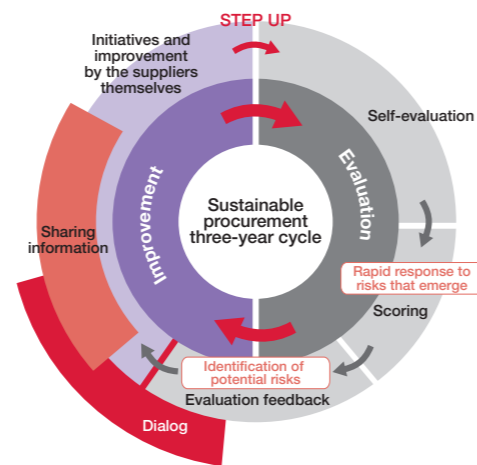
We take steps such as those listed in the diagram below when engaging in a series of dialogs with suppliers.

Having each supplier conduct a self-evaluation based on the Sustainable Procurement Self-evaluation Sheet in the first half of the process leads to rapid detection of and response to risks that emerge. We then engage in direct dialog with suppliers when necessary, while also keeping the identification of potential risks in mind.

During such dialogs, we ask where the root causes of the problems identified are from the perspective of sustainable procurement, and engage in mutual discussion that goes beyond the positions of the orderer and the recipient of an order, and confirm the actions for improvement that will be implemented by both sides.

The Procurement Department engaged in exchanges on self-evaluations with 153 companies last fiscal year and entered into dialog with 126 of those companies.

This dialog cycle is repeated about once every three years. In FY2022, we engage in the second round of dialog with suppliers who we engaged in a first round of dialog with in FY2019.



We received the following feedback on Idemitsu Group initiatives from those in charge of procurement at suppliers.

Feedback from those in charge at suppliers (excerpt)

- We only provide responses for other companies and appreciate the opportunity to engage in such dialog and exchange opinions.
- There are many things that the respondent cannot understand from the self-evaluation questionnaire alone. The opportunity to engage in dialog and receive explanations as we did this time really increased our understanding.
- We have few opportunities to listen to someone talk about the supply chain environment, human rights, long working hours, and other issues so this enabled us to refine our understanding.

Approach to Human Capital Strategy

We strive for People-Centered Management of personal growth based on our Management Philosophy of being "Truly inspired." Our Human Capital Strategy is to leverage the unique characteristics of diverse employees and adhere to the basic value of growth through work. We are implementing measures to create a strong and flexible team that can shape the future, no matter what the future has in store, to achieve our Vision for 2050.

The measures being implemented as part of the Human Capital Strategy broadly consist of two approaches. The first is to foster a culture that provides the foundation for employees to grow.

We are expanding the practice of diversity and inclusion to create new value aimed at resonance with the Management Philosophy / Vision that will direct our team of diverse employees in the same direction and target business innovation.

The second is to promote growth according to an employee's role. We are working to expand investment in training to develop role-based capabilities and equip employees with new skills, and promoting "Bring out the full potential of each individual" to carve out a path to the future in times where we cannot clearly see what lies ahead.

We aim to achieve the Vision for 2050 by placing such measures to implement the Human Capital Strategy at the core of the business strategy and invest in business structure reforms.



Resonance with the Management Philosophy / Vision

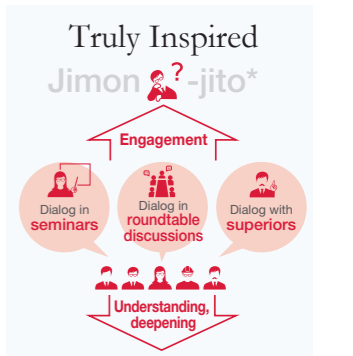
Management Philosophy

Our Management Philosophy expresses why our company exists. The Management Philosophy is universal and is the guiding light we continue to follow as our North Star. It is the anchor for employees when they face difficult decisions and always indicates the vision to strive for.

Concrete initiatives to instill the Management Philosophy

We think it is important for each employee to engage in a process of self-inquiry to gain a deeper understanding of and practice the Management Philosophy. When employees reflect on the points of intersection between their own work and society, the significance of their own work, and mutually share their own understanding in dialog with other employees, this provides a good opportunity to gain new insights, organize their own thoughts, and deepen their understanding.

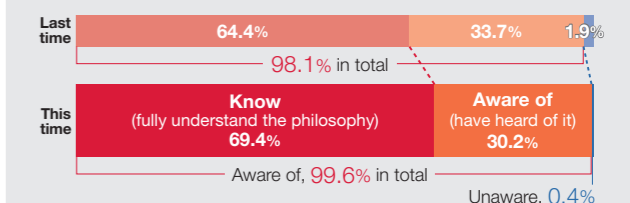
We engage in three types of dialog on the theme of Management Philosophy and implement the following measures to deepen the understanding of each employee.



*Jimon-jito means self questioning & asking in one's own mind.

- Provide opportunities to engage in self-inquiry and gain a more in-depth understanding of the Management Philosophy through three types of dialog in seminars, roundtable discussions, and with superiors.
- Use videos on the in-house website, Group newsletter Idemitsu, and in-house signage to explain the concepts contained in the Management Philosophy.
- Interview with directors and department general managers and post various kinds of information concerning the Management Philosophy on the in-house website.
- Conduct an awareness survey among employees to assess the current level of Management Philosophy comprehension and adoption (conducted in July 2021, and February and November 2022).
- Translate the Management Philosophy into English and Chinese and distribute it to the entire Group.

Are you aware of the Idemitsu Group Management Philosophy, "Truly Inspired"?



In the awareness survey conducted in November 2022, 99.6% of employees responded that they were aware of the Management Philosophy and 69.4% said they fully understand it. The average score of 6.9 out of 10 on the resonance index indicates that initiatives were successful.

* The last survey was conducted in February 2022.

Expanding D&I

We have specified putting diversity and inclusion (D&I) into practice as a key management issue to address, based on the Diversity & Inclusion Policy we formulated in November 2019. The D&I Promotion Committee established the following vision to strive for in pursuing D&I, based on the Action Mindset and other guidelines.

We believe that people are capital and believe in People-Centered Management. Enabling everyone to thrive and advance is our top priority.

By promoting D&I, we aim to:

- (1) Create new value through the chemistry generated through interactions among people with different backgrounds, knowledge, and experience.
- (2) Transform the organization into one that continuously produces innovation without being constrained by conventional values.

D&I Policy

Idemitsu Group Diversity & Inclusion Policy

Idemitsu Group will work with a diverse range of stakeholders to create new values in order to resolve various social issues.

Therefore, it is essential to initiate a positive chemical reaction by incorporating various perspectives, values, and strengths to maximize the potential of each individual.

Idemitsu Group will eradicate discrimination on the basis of position, employment status, age, gender, educational background, place of origin, nationality, race, disability, beliefs, religion, sexual orientation, gender identity, or marital status. We will also actively promote "Diversity & Inclusion" through mutual respect by building each other up and making best use of everyone's individuality.

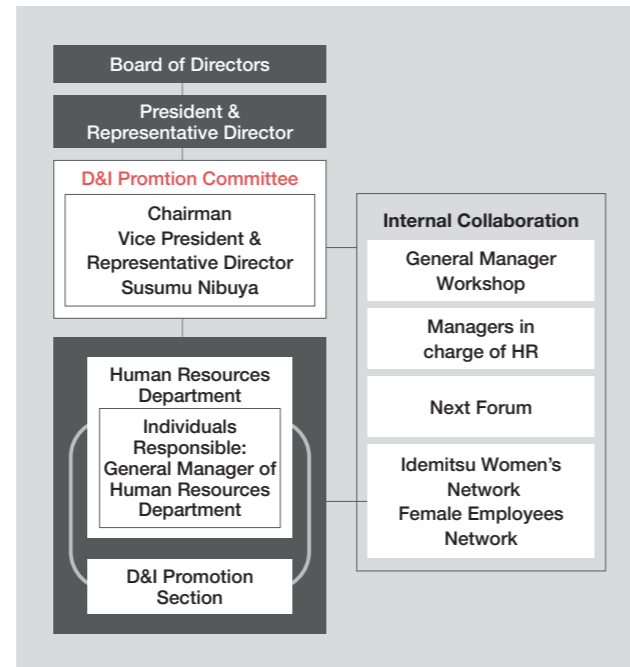
- We will eliminate all forms of discrimination.
- We will create an environment where individuals can make the most of their abilities.
- We will respect work-life balance of each employee.
- We will create a workplace culture that respects and enhances each other's individuality and allows the team to maximize its strengths.



➡ <https://sustainability.idemitsu.com/en/themes/201>

D&I promotion system

In October 2021, we established the D&I Promotion Committee chaired by the Executive Vice President & Representative Director and appointed Maki Kado, Outside Director, as an advisor. The committee takes the lead on identifying management issues related to D&I promotion, setting targets, drafting various measures, etc. This year, the committee solicited opinions on the childcare leave system from all employees. This led to conducting a trial of a system for recommending childcare leave to encourage employees to participate in childcare, regardless of gender.



Initiatives in recognizing unconscious bias

The Idemitsu Group implements ongoing measures to ensure that employees are aware of their unconscious biases and we think this enhances mutual understanding and workplace communication, and helps to create a culture in which innovation easily happens. Measures implemented thus far include e-learning for all employees and lectures by outside experts (mandatory for general managers and above). We also hold "Unconscious bias-Dialogs" interactive, dialog-based workshops and over 1,500 managers and other employees have participated in these. We also conduct facilitation training for this workshop to interested departments to encourage them to promote D&I in their own workplaces. In FY2022, we actively rolled out these initiatives to the entire Group to promote D&I throughout the Idemitsu Group.



➡ <https://sustainability.idemitsu.com/en/themes/341>

Employment Overview

As of March 31, 2022, we had 5,112 non-consolidated employees and 14,209 consolidated employees. We are promoting initiatives that enable all employees, regardless of age, gender, nationality, or disabilities, to work with a sense of engagement.

Status of Recruitment

Our recruitment theme: NEXT BREAKTHROUGH.* We are recruiting people who can challenge themselves and create new value together while respecting diversity. We make it a priority to ensure that employees are not mismatched after joining our company by providing internships and contact points with close senior employees so that they can see what we really are.

We are also working to raise employee motivation, improve the corporate culture, and expand our systems to improve employee retention.

* This message is posted on our new graduate recruitment website and elsewhere. We have developed a wide range of businesses to meet the needs of society and will connect the value and technology we have cultivated to ensure harmony between society and the global environment going forward. Realizing the tremendous potential of diverse employees is essential to creating a new future. We will continue to take on new challenges through NEXT BREAKTHROUGH together with the power and ideas of employees who possess diverse values.

	Number (People)	Ratio (%)
Number of employees	5,112	100
Men	4,460	87.2
Women	652	12.8
Seniors (from 60 to 65 years old)	634	12.4
Seniors (over 65 years old)	112	2.2
Foreign nationals	41	0.8

New graduate recruitment	Number (People)	Ratio (%)
Total	131	100
Men	107	81.7
Women	24	18.3
Foreign nationals	1	0.8

Career recruitment	Number (People)	Ratio (%)
Total	25	100
Men	24	96.0
Women	1	4.0

Active Participation of Women

Basic policy and vision

We have positioned promoting the active participation of women as a key D&I promotion measure with the aim of enabling all employees to thrive at work regardless of their gender and ensuring our company continue to co-create new value with various stakeholders.

General employer action plan based on the Act on the Promotion of Women's Participation and Advancement in the Workplace

When formulating our general employer action plan, we set out to uncover the fundamental factors inhibiting the growth and active participation of female employees by using the actual employment situation, analytical data tools and surveys of all employees on topics such as engagement. Based on these results, we established quantitative targets for issues requiring improvement.

We believe that better workplaces, where women can work easily and feel their work is rewarding, lead to better environments, where all employees can achieve better work-life balance and fully demonstrate their diverse capabilities. Accordingly, from FY2020 onward, we are implementing initiatives based on this action plan.

Numerical targets

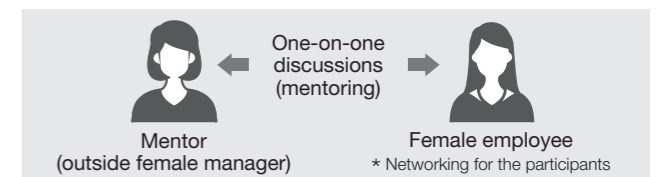
	Current status	Targets
Number of female executives	2 people (as of the end of March, 2022)	≥5 people (as of July 2026)
Percentage of female employees in managerial positions	2.6% (as of the end of March, 2022)	≥5% (as of July 2026)
Percentage of female recruiting (college graduate or higher)	22.9% (as of April 2022)	≥50% (as of April 2026)
Percentage of annual paid leave taken by employees	75.3% (FY2021)	85% (as of the end of March, 2026)

Initiatives to promote the active participation of women

- Hold health promotion seminars
We established new opportunities to deepen understanding of health, regardless of gender, and have added themes dealing with menses, menopause, pregnancy, childbirth, and other health issues specific to women to the perspectives on health management. Three seminars were held in FY2022.
- Employee training to promote understanding of diversity (training by age range, etc.)
- Manager training (understanding D&I through training for new managers, etc.)
- Networking events (opinion exchange meetings with female engineers, etc.)

We launched the Idemitsu Women's Network in October 2022 and are reinforcing promotion of the active participation of women in our company. A total of 59 women participated in the 14 network sectional meetings held thus far.

- Mentoring to support the careers of female employees



Promoting the Active Participation of Seniors

Wanting to provide a place where everyone can thrive regardless of age, in FY2021, we introduced a system that allows employees to choose their retirement age from 60 to 65 and that provides a grading, evaluation, and compensation framework for the 554 senior employees (aged 60 or over) equivalent to that for employees aged 59 and under.

By introducing a system that enables people to make full use of their abilities and work with a sense of satisfaction and security past the age of 60, we encourage senior employees to actively participate in new ways by changing their mindset and acquiring new skills while also utilizing their existing knowledge and skills, in addition to passing on their knowledge and skills and nurturing younger employees through their daily cooperation.

Retirement age	System to select retirement age between 60 and 65* (can choose own age)
Conditions for employment	Same system as those under age 60
Grading	
Evaluation	
Compensation	
Welfare	
Retirement allowance	No increases age 60 or after

* Plan up to FY2024
The system for FY2025 and beyond is under consideration, including extension of the current system.

Promoting the Active Participation of Mid-career Hires (Experienced Personnel)

We position mid-career hires as “immediately useful assets” and hired 25 people with prior experience in FY2021. While no promotion targets by hiring category have been set, we evaluate skills and performance fairly and promote employees to management positions without regard to nationality, company entry category, etc., out of the desire to have diverse personnel demonstrate their abilities.

LGBTQ+ related Initiatives

Based on the Group Human Rights Policy and Diversity & Inclusion Policy, we do not permit any LGBTQ+ related discrimination, understand diversity in sexual orientation and gender identity, encourage respect for and elevation of one another's individuality, and have launched initiatives to create a workplace environment that fully leverages team power.

We received a Silver award in PRIDE INDEX 2022, an index for evaluating LGBTQ+ initiatives.



FY2022 initiatives

- Establishing awareness-raising activities (seminars, e-learning, etc.)
- Establishing dedicated internal and external hotlines for consultation
- Producing ally stickers and distributing them to employees
- Considering a personnel system for same-sex partners, etc.

Promoting the Active Participation of Foreign National Employees

There are 41 foreign national employees actively working at our company, and we are implementing various initiatives to enable them to securely engage in their work. As one such measure, we have formed Global Nakama Initiative (GNI) as a forum for foreign national employees to interact and share information. Currently, there are many differences between the ideas and customs of foreign national employees working at Japanese companies and those of Japanese employees. Through this initiative, we aim to foster an environment where each foreign national employee can participate more actively while supporting their life and work in Japan.

Active Participation of Local Staff at Key Locations Overseas

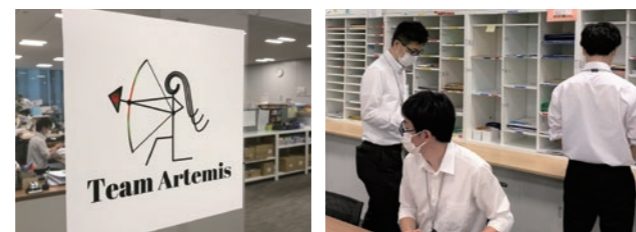
Currently, Japanese expats assigned to a location are responsible for management at overseas Group companies. However, we are working to develop local staff and delegate authority by introducing a personnel system focused on demonstration of competencies, and other measures. At Idemitsu Lubricants America Corporation, four of seven directors are local staff. Team members of more than 10 nationalities work at Idemitsu Research and Business Development Europe AG, from the perspective of diversity.

Promoting the Active Participation of People with Disabilities

We are working to provide opportunities for and an environment in which people can demonstrate their abilities to work and thrive, regardless of the presence or absence of disabilities.

Each department at the Head Office and all locations nationwide in Japan have established an environment that enables individuals with disabilities to work and be employed. The Head Office, Chiba Complex, Advanced Technology Research Laboratories, and Tokuyama Complex also hire people with disabilities with teamwork.

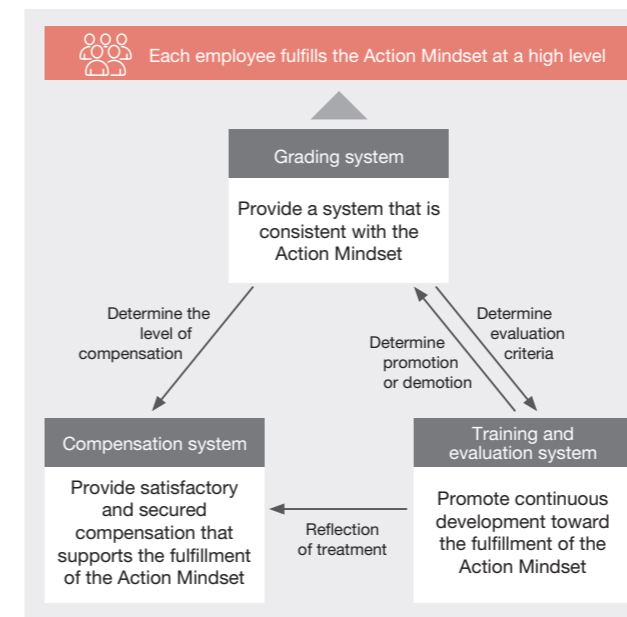
Teamwork in this context refers to a workstyle where multiple people work as a team to help enhance the productivity of the entire company by taking on tasks from various internal departments. This approach does not rely on special affiliated companies and aims to put D&I into practice through rapport in day-to-day work.



Bringing Out the Full Potential of Each Individual

HR Systems

Overview of core HR systems



Multiple grading systems

Grading is based on differences in demonstrated abilities and consists of four grades each for managerial and expert jobs and six grades for general jobs.

Managers	M (Management) jobs <ul style="list-style-type: none"> ■ Indicate the vision and direction of the organization ■ Take the lead on using human resources and organizational skills to create value and structure issues ■ Promote active participation by developing and evaluating subordinates, etc.
	E (Expert) jobs <ul style="list-style-type: none"> ■ Create value and resolve problems by increasing and demonstrating expertise ■ Pass down and share professional knowledge and skills
Staff members	G (General) jobs <ul style="list-style-type: none"> ■ Autonomously execute planning, decision-making, and routine work ■ Motivate and support the growth of team members ■ Assist managers in performing work

Fair evaluation and compensation

In fiscal 2020, we introduced new core HR programs (grading program, development and evaluation program, compensation programs). From fiscal 2019, we have worked to enhance people's understanding of these programs through briefings. In fiscal 2020, we uploaded videos carefully explaining the grading program and the development and evaluation program on our in-house portal website and worked to make sure that everyone understands the HR programs.

The new development and evaluation programs are designed to enable employees to continuously grow through comprehension of the significance of their evaluations. Each evaluation comprises a “compe-

tency evaluation” of the employee's work attitude and level of competency demonstrated and a “performance evaluation” that considers the employee's contribution to and/or achievement of objectives. In interviews with their superiors, employees confirm targets set, level of achievement, and abilities to be developed. The results of evaluations, determined through evaluation by multiple departmental executives from many perspectives, are provided to employees by their superior as feedback to promote further growth of each individual. The results are used as a basis for mutual discussion and to set new individual goals. Evaluation results are also reflected in compensation (promotion or demotion, and increase or decrease in pay) and personnel assignments and transfers.

The compensation programs are designed to enable employees to work with a sense of security and acceptance. They comprise basic pay, which is paid at regular intervals for demonstrated abilities, bonuses for previous fiscal year results and contributions (based on goal accomplishment), and various allowances. This is based on the approach to respect for each employee's lifestyle and values along with a desire for the happiness of their family.

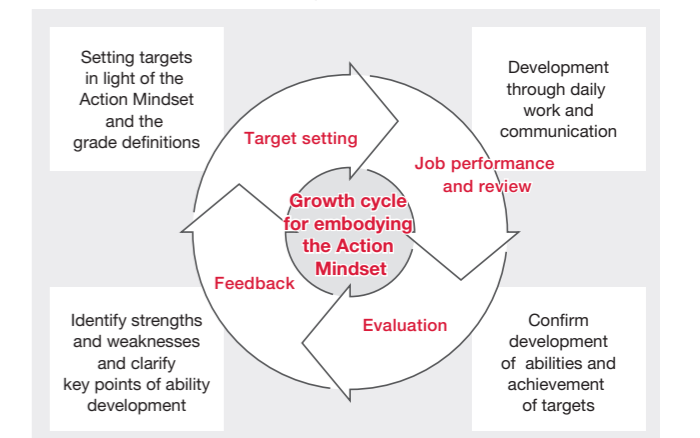
Providing Growth Opportunities for Employees and Accomplishing Business Structure Reforms (Personnel Assignments and Transfers)

Our employees have individual interviews with their superiors once a year to share their hopes and thoughts based on their Future Planning Sheet, which contains information on the level of satisfaction with their current job or workplace, career plans, and personal details. The Human Resources Department uses this information to ascertain the direction of each individual employee's development.

We are also seizing opportunities for growth in the process of going carbon neutral and pursuing business structure reforms, while fulfilling our mission to provide a stable supply of energy and materials based on “Your Reliable Partner for a Brighter Future” in our Vision for 2030.

We assign personnel to the optimal positions for accomplishing business structure reforms in addition to the direction of each employee's development.

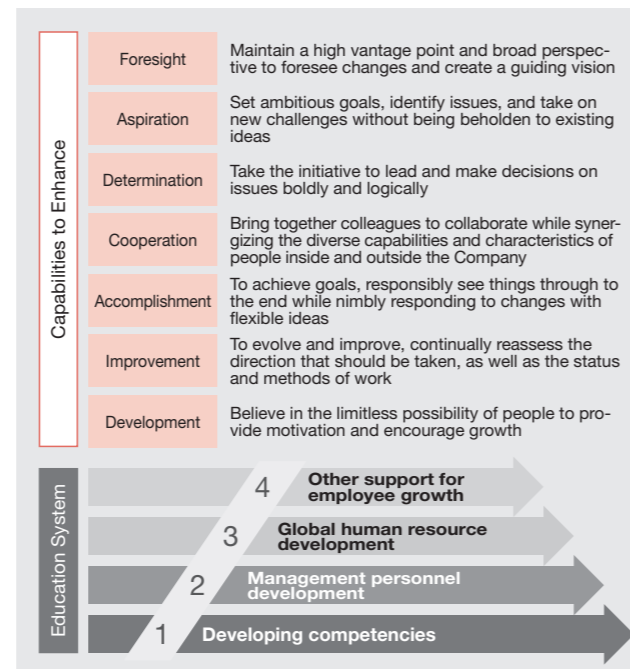
■ Growth cycle for embodying the Action Mindset



Support for Autonomous Life-Career Building

Approach to Human Resources Development

Setting human resource development as one of our management objectives, we formulated an education and training system based on our Management Vision and Action Mindset in 2020. To increase the number of personnel who will embody the Action Mindset to a high degree, we set out “Independent & autonomy,” “Innovation,” and “Co creation,” as the pillars of the Action Mindset that we especially strive to enhance. We meticulously set these pillars and “Growth,” which is the linchpin of the pillars, as “Capabilities to Enhance.” We carefully defined our desired attitude and action level from the perspectives of “Foresight,” “Aspiration,” “Determination,” “Cooperation,” “Accomplishment,” “Improvement,” and “Development.” This made it possible to reflect on one’s own current level and clarify what should be done to achieve growth.

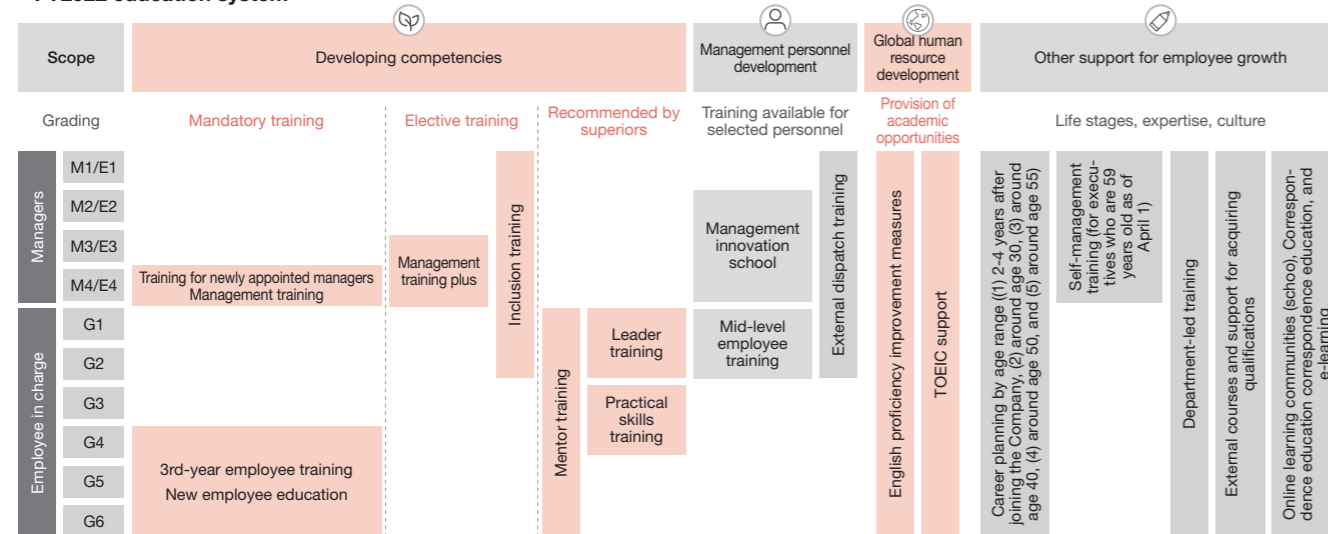


Overview of Our Education and Training System

The base of our education and training system is the cultivation of competencies to enhance the aforementioned capabilities. In addition, we strive to support not only occupational growth but also growth as human beings. We have therefore prepared programs to

enhance people’s sophistication and to support employees at different life stages. We expect all employees to maintain an awareness that they are the main actors of their lives and can grow to become proactive and contributing members of society.

■ FY2022 education system



Education and training results

Most training was conducted online again in FY2021, due to the COVID-19 pandemic. We utilized the advantages of the online format to conduct a large training session on inclusion that will help to build our internal corporate culture.

In FY2022, we continued to support both work and personal growth through developing competencies, management personnel development, global human resource development, and other support for employee growth. We also began to gradually increase in-person group training.

■ Training hours and investment in training in FY2021

Training hours	Total hours, 81,653	16 hours per person
Investment in training (Thousand yen)	Total investment, 235,400	Investment per person, 45*

* Covers training conducted by Idemitsu on a non-consolidated basis, including training by the Human Resources Department, Smart Yorozuya Juku, Business Design Juku, and CNX Center Juku (p.102). The investment amount excluding the three juku was 43,000 yen.

Specific Initiatives for Supporting Life-Career Building

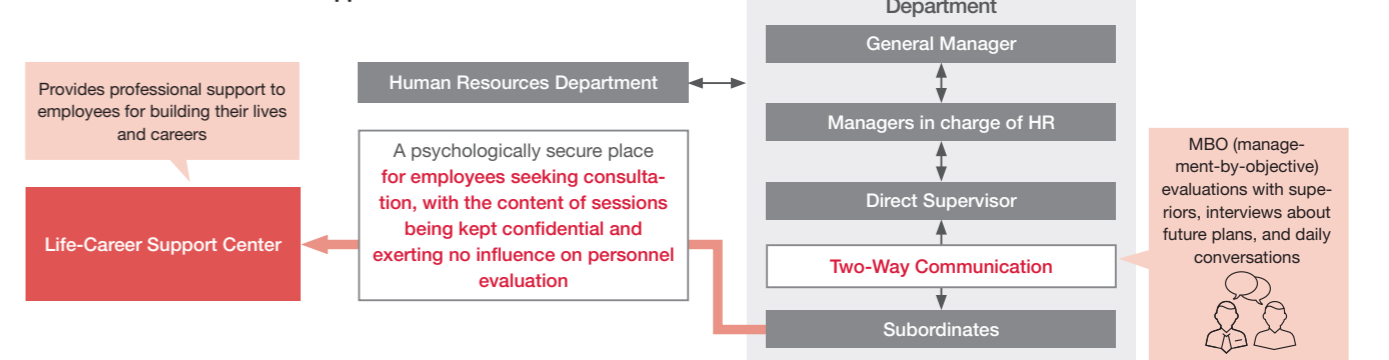
Life-Career Support Center

The Life-Career Support Center (LCSC) was established in July 2021 to support individual employees in building their own lives and careers. Employees can consult the full-time certified career counselors in LCSC about their lives and careers, in addition to consultation provided by their immediate supervisors. LCSC does not have authority over personnel matters such as evaluations and treatment. The Center provides consultation services as a professional consulting center that has the obligation to maintain confidentiality. The career counselors who are consulted engage in dialog with the employee and help the employee to view the employee’s life and career from new perspectives and develop insights. We also appoint part-time advisors from among employees to provide

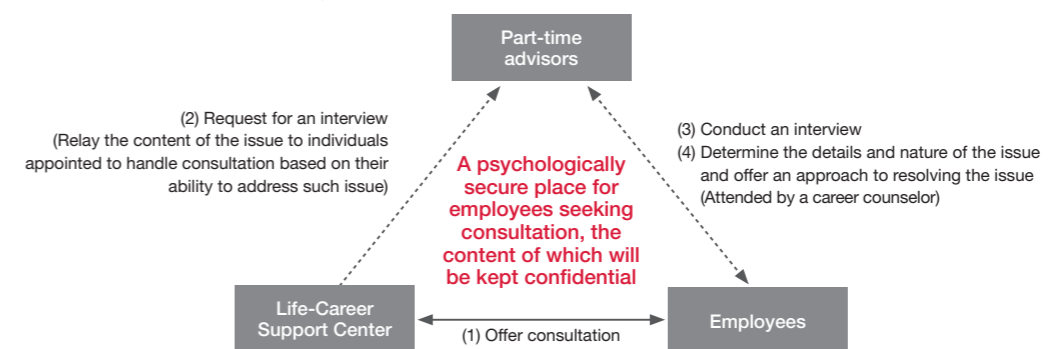
consultation regarding a broad range of career issues. Depending on the nature of the consultation, an employee seeking consultation will meet one-on-one with a career counselor, after which a three-person meeting that includes a part-time advisor may also be coordinated with the consent of the employee seeking consultation.

Two hundred and thirty consultations took place from July 2021 through September 30, 2022. In response to issues that surface during individual meetings, LCSC also discloses the careers of general managers, holds life-career forums, and creates other opportunities to think about one’s career. The Center also offers seminars for superiors on improving interview skills to reaffirm the importance of attentive listening.

■ Position of the Life-Career Support Center



■ Support system for providing career-related consultation



Disclosure of the careers of general managers (“My Career”)

In April 2022, we posted reports on the careers of general managers and the work experiences that formed them and transformed them into the people they are today on our in-house portal site to serve as a reference for employees in building their own careers. The careers of general managers provide hints and material for employees to think about in building their own careers. In the future, we plan to expand this beyond general managers and introduce the careers of a wide range of employees that feel more familiar.

Holding life-career forums

Life-career forums are held to give employees an opportunity to examine and think about their own lives and careers. These forums feature talk sessions that are divided into a company-wide version and local versions. The “My Career” general manager reports are used as material in these sessions and general managers talk about how past major changes in the environment (turning points) led them to become the people they are today.

Holding job fairs

In November 2022, we held a job fair to support employees in building their own lives and careers. The job fair was held in a hybrid format that combined the co-creation space on the 28th floor of the Head Office with online participation. Thirty-one departments made presentations and participants gained a greater understanding of a wide range of jobs and roles throughout the Company. More than 1,300 employees participated in the fair over two days.

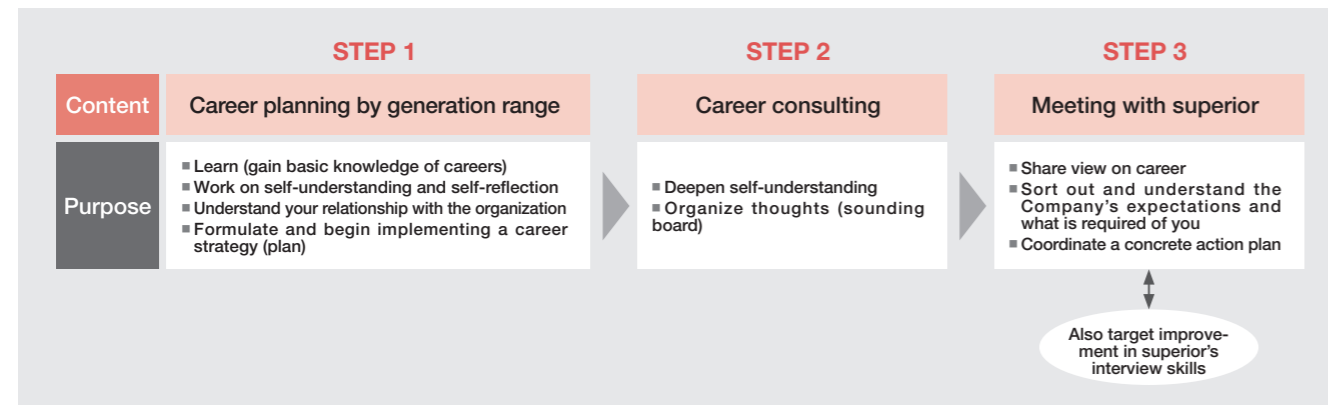


Self-Career Dock (regular career assessment)

Career development training by age range serves as an entry point and meeting with a nationally certified career counselor and with one's direct superior in the workplace completes one cycle. This cycle provides employees with a framework for building their lives and careers for the future by regularly assessment their lives and careers and gaining a deeper understanding of themselves.

Age range targeted	1H of FY2022 Number of participants	2H of FY2022 Anticipated number of participants	Total
2-4 years after joining the Company	29	18	47
Around age 30 (28-32)	48	33	81
Around age 40 (38-42)	42	16	58
Around age 50 (48-52)	33	20	53
Around age 55 (53-57)	33	37	70
Subtotal	185	124	309

■ Flow for the Idemitsu Self-Career Dock



Self-management training

We offer this training to employees who plan to retire from management to give them an opportunity to think about workstyles after retiring from management.

Taking on career challenges

The career challenge system is a system that leads to transfers. Under this system, departments seeking personnel post jobs in-house and employees take the initiative to apply for them.

This system aims to improve job satisfaction while also promoting autonomous career-building as an opportunity to re-examine and improve on one's strengths and weakness and one's life and career plan.

This system was launched in FY2020 and about 100 jobs have been posted in FY2022.

In the future, we will work to expand the areas and types of jobs involved further, promote personnel exchanges that extend beyond divisions, and create an organization that drives innovation from a highly diverse organization.

Returning to work after taking leave for personal reasons

The mid-career hiring program is designed to welcome back employees who have left the Company once.

After rejoining the Company, such employees contribute to building a highly diverse organization by bringing experience and skills they have developed while working in a different industry and/or company.

Gaining experience in a secondary job in-house

We provide employees an opportunity to work on cross-departmental projects and in other departments while remaining in their current position. The goal is for employees to use such experiences in building their own careers and to share their knowledge beyond their own department in-house.

Gaining experience in a secondary job externally

When employees work at another company, etc. outside of working hours, the Human Resources Department first checks to make sure that this does not violate any compliance rules and then approves it.

Support for Gaining New Skills (Business Skill Development) and Learning

DX literacy improvement program

We recognize digital transformation (DX) as one means of implementing business structure reforms to achieve our vision and are pursuing a project to increase DX literacy (Project Hope).

Since April 2022, we have been rolling e-learning courses for managers, executives, and employees and increasing DX literacy from the bottom up.

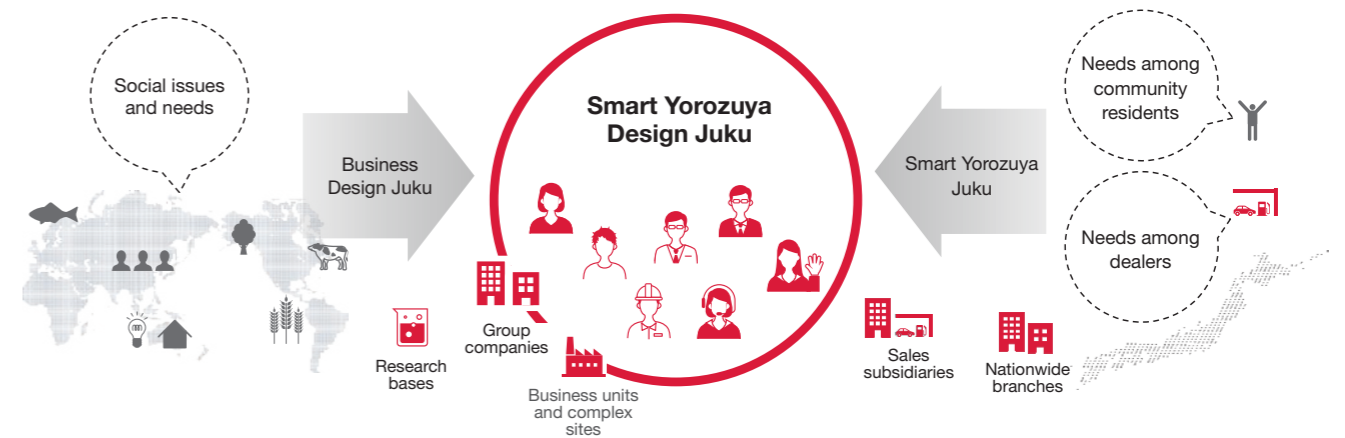
Initiatives to develop human resources capable of innovation

In-house training courses (Juku)

We launched three in-house training courses, each called "Juku" (Japanese for private academy) in July 2021 to develop human resources capable of innovation. The first juku course was held for

three juku in FY2021 for the Smart Yorozuya Juku, Business Design Juku, and the CNX Center Juku, and the second course was held in the first half of FY2022. The curriculum included interviewing target customers and other fieldwork in addition to desk work, and the verified results and future outlook were reported in a results presentation. Since October 2022, a total of 40 people have participated in two juku courses: a Smart Yorozuya Design Juku that integrated the Smart Yorozuya Juku and Business Design Juku, and the CNX Center Juku.

These training courses are designed to equip our human resources with DX literacy and an entrepreneurial mindset. The goal is for participants to mutually share their wisdom, co-create value, and seize good opportunities born of innovation in an era of major change.



Online learning community, Schoo

We introduced e-learning to enable employees to refine themselves according to their own strengths and issues. The Company pays all course fees.

Employees can take courses on topics they want to gain more knowledge of (business skills and critical thinking skills, language study, economy and society, liberal arts, and DX).

Correspondence education

We also offer correspondence courses for acquiring professional qualifications deemed necessary in certain divisions, in addition to business skills and critical thinking skills, and language study. Participants work to improve their skills through text-based learning and producing reports.

Provision of practical English learning opportunities

Lessons appropriate for each person's language level are provided for interested employees. The Company pays part of the tuition fee and provides opportunities to learn English. The Company also pays the fee for taking the TOEIC test (up to twice a year) to provide employees with opportunities to gauge their language level.

Promotion of Diverse and Flexible Working Styles

Promotion of Diverse and Flexible Working Styles

As part of our efforts to create a worker-friendly environment for a diverse range of employees, we have established systems and structures such as the teleworking system, the flextime system, and satellite offices that could help reduce the burden of commuting.

From April 2021, we formalized the adoption of the more flexible working hours introduced as an emergency measure during the pandemic in FY2020 and were able to establish a more flexible work environment. To promote new workstyles using DX, we formulated guidelines for online communication and meetings, creating a framework that enables employees to work with more flexibility.

Initiatives aimed at promoting use of annual paid leave and reducing working hours

To manage working hours, the work management system is used to properly ascertain the work status of employees, including officers. An ongoing effort is made to maintain mindfulness of working hours, to improve productivity. While the average number of hours of overtime work increased during FY2021, recommendations to use annual paid leave resulted in a 5.8% improvement in the time taken off compared to last fiscal year.

We are continuing to implement initiatives aimed at improving work efficiency and productivity to enhance quality of life (QoL) in terms of improving the workplace culture and employee engagement.

Main initiatives aimed at promoting use of annual paid leave

- Informing HR managers of and asking them to promote use of leave and reduction in working hours
- Disclosure of the percentage of employees who used paid time off by department
- Encouraging employees to take five consecutive days off for summer vacation, and at other times

	FY2019	FY2020	FY2021
Average overtime work hours per employee (Hours/month)	18.9	20.0	20.8
Average annual paid leave taken by an employee (Days)	14.2	14.1	15.3

Basic approach to work-life balance

We position work-life balance support and next-generation development as key measures for promoting D&I and are working to upgrade our policies in line with life events. Fostering a workplace culture where employees can balance work and life (childcare and care giving), work easily, and feel a sense of accomplishment will help create an environment where all employees can make full use of their abilities.

Systems Supporting Diverse Employees

To create a worker-friendly environment for a diverse range of employees, on the basis of our Diversity and Inclusion Policy, we have established various systems. We have expanded systems to enable employees to achieve work-life balance, including those undertaking childcare and caregiving, and to continue working over the long term. As a part of our consideration of systems, we conducted trials for new workstyles between October and December 2020. Afterward, we studied and ameliorated issues that emerged and began running new systems from April 2021.

[Systems relating to workstyles]

- Flextime
- Teleworking (some positions are not eligible)

■ Expanded systems based on new workstyles

	Former system	Current system
Flextime		
Flextime	Yes (Head Office, etc: 7:00–10:30, 15:30–22:00)	Yes (Head Office, etc: 7:00–22:00)
Core time	Yes	No
Leave during working hours	Not possible	Possible
Teleworking		
Work place	Limited to home	Home, satellite office, and mobile work possible
Frequency	Up to once per week	No limit
Combination of working at the office and remotely	Not possible	Possible
Leave during working hours	Not possible	Possible

[Systems for time off and leave of absence (for all employees)]

- Annual paid leave (can be taken in half-day increments)
- Carry forward of annual paid leave
- Self-development leave of absence
- Volunteer time off
- Volunteer leave of absence
- Leave of absence to accompany a spouse overseas
- Lay judge and prosecution councilor leave

[Systems for employees for childbirth or childcare]

- Female
- Maternity leave (perinatal leave)
 - Childcare time

Male

- Special leave for childbirth by the spouse
 - Childcare leave at birth (post-natal leave for fathers)
- Male and Female
- Childcare leave
 - Leave to care for sick/injured child

[Systems for employees providing family care]

- Nursing care leave
- Family care leave

[Systems for employees who provide childcare or nursing care]

- Reduced working hours for parenting
- Exemption from overtime work
- Limitation on overtime work and holiday work
- Exemption from late-night shift

[System for employees undergoing medical treatment]

- Reduced working hours when undergoing medical treatment



➡ <https://sustainability.idemitsu.com/en/themes/346>

■ Use of various systems (FY2021 results)

Name of system (Unit: people)	Total	Men	Women
Maternity leave	30	–	30
Childcare leave	108	49	59
Nursing care leave	5	3	2
Reduced working hours for parenting	62	0	62
Leave to care for sick/ injured child	226	133	93
Family care leave	43	35	8

General employer action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

We analyzed the Company's issues, considered specific measures, and formulated an action plan to support the activities of employees who aim to balance work and life. In addition, in 2012 and 2015, we were recognized by the Ministry of Health, Labour and Welfare as a child-care support company and received the Kurumin certification mark.*

* The Kurumin certification mark is awarded by the Ministry of Health, Labour and Welfare to companies that actively support the development of the next generation. Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, the General Employer Action Plan can be formulated and certified if certain standards are met.

Plan period	Plan details
April 1, 2020–March 31, 2023 (3 years)	Measure 1. Initiatives to support balancing work and childcare <ul style="list-style-type: none"> ■ Conducting follow-ups in response to life events and encouraging male employees' participation in childcare
	Measure 2. Initiatives related to revising workstyles <ul style="list-style-type: none"> ■ Implementing initiatives aimed at promoting work-from-home and flextime arrangements and the use of annual paid leave
	Measure 3. Initiatives related to support the development of next generation <ul style="list-style-type: none"> ■ Holding "Children Office Tour" days for our employees' children and providing internships to university students

Promoting use of childcare leave for men

We regularly communicate information on our intranet and hold a roundtable on the theme of taking childcare leave. Online training for managers is also provided to aid understanding of revisions to the Act and use of childcare leave by men.

Promoting understanding of support for work-life balance (childcare and nursing care)

In addition to expanding the system for childcare, we provide support for life events to assuage the concerns of employees on leave and those returning to work, and providing tips to help them learn how to resolve worries and transition smoothly into leave and when returning to work.

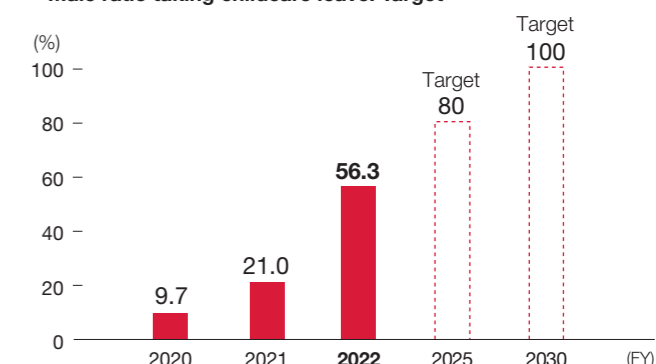
We also provide an environment that makes it easy to work by holding online seminars on nursing care, communicating information on our intranet, and establishing an external consultation hotline.

Initiatives aimed at promoting use of childcare leave

From this fiscal year, we set the company's own recommended (paid) childcare leave and launched a trial.

This establishes an environment that enables employees to actively engage in childcare regardless of gender.

■ Male ratio taking childcare leave: Target



* Scope of Reporting: Idemitsu hires (employees, including employees seconded to other companies)

* As of September 29, 2022

Create an Open, Flat, and Agile Corporate Culture

Initiatives Aimed at Increasing Employee Engagement

We aim to co-create with our employees a better company, one in which all employees can thrive and feel rewarded, and we are working to stimulate internal communication to this end. We create a safe and secure environment where everyone can speak openly and freely and stimulate robust internal communication to enhance the growth and engagement of every employee. We consider this to be the foundation for ensuring that everyone fully understands the company-wide and department-specific targets.

To foster this sort of corporate culture and enhance employee engagement, we rolling out various measures, including an Employee Engagement Survey which is conducted once a year to regularly and quantitatively assess the status of employees and the organization, identify issues, and lead to measures for improvement; the Next Forum where employees and management can directly discuss, exchange opinions on, and make proposals about company-wide issues; and Townhall Meetings in which members of management directly explain the state of our business to employees.

Dialog between Management and Employees

Next Forum

Next Forum is a company meeting for employees and management to directly discuss, exchange opinions on, and make proposals about company-wide issues with the aim of co-creating a better company. Meetings are held twice a year, and forum members (a total of 100 members from all 47 departments) selected from each department gather opinions from the workplace and directly communicate with management. Meetings in FY2021 were held in September 2021 and February 2022.

Engaging in a series of dialogs with management through the Next Forum venue and taking concrete action fosters a sense of involvement in forum members and this is leading to a real sense of change among employees.

From FY2022 onward, 14 leaders are selected from among the forum members and a leader's meeting runs in parallel with the forum. In the leader's meeting, leaders compile a list of issues from a company-wide perspective and present it to management as company-wide suggestions. Forum members gain a greater sense of involvement in management through such activities and we expect this to be the driving force for transforming the corporate culture.

Concrete action on company-wide issues

Numerous actions taken based on Next Forum dialogs are leading to improvement on company-wide issues and the opinions of employees are reflected and acted upon in company-wide activities. We have implemented numerous measures such as townhall meetings to provide opportunities for employees to learn about company policies and the views of management; workshops for general managers, deputy general managers, and managers to stimulate communication among departments; expanding the information and support needed for career-building; and disclosure of the careers of general managers.

We will continue to provide an environment where all employees can grow and achieve self-actualization, and derive a sense of engagement and pride in their work.

Employee Engagement Survey

We conduct an employee engagement survey once a year to quantitatively and continuously analyze employees' engagement, mutual trust, and unity. The results of the survey are fed back to management and all employees. Then they are analyzed in detail, and specific action plans are formulated and implemented based on it. The results of these analyses and plans are then confirmed in the next year's survey. This is the PDCA cycle.

Regarding departmental management issues, in each department, the general manager and other managers formulate action plans to address these issues, reflect them in the next fiscal year's policies, and promote and monitor the plans in daily tasks, thereby conducting the PDCA cycles.

Overview of FY2022 Employee Engagement Survey

Survey period: Late July–early August 2022
 Scope: A total of 11,668 people at Idemitsu and 29 affiliated companies
 Response rate: 95.8%
 Features of the FY2022 survey:

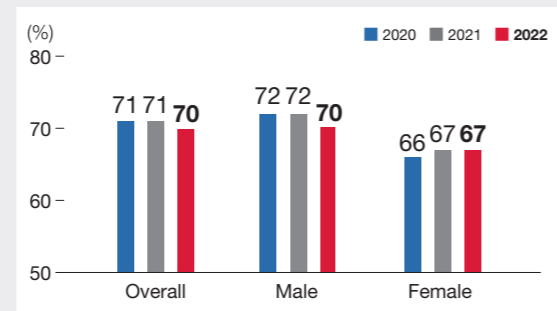
While the engagement score itself decreased slightly, the scores for pride in the company, and a sense of belonging remained high.

Notable improvement was evident in "diversity," an area the entire company has been working on, and a trend of improvement was evident for "flexibility in working styles" and "environment (IT/equipment)," especially at production sites.

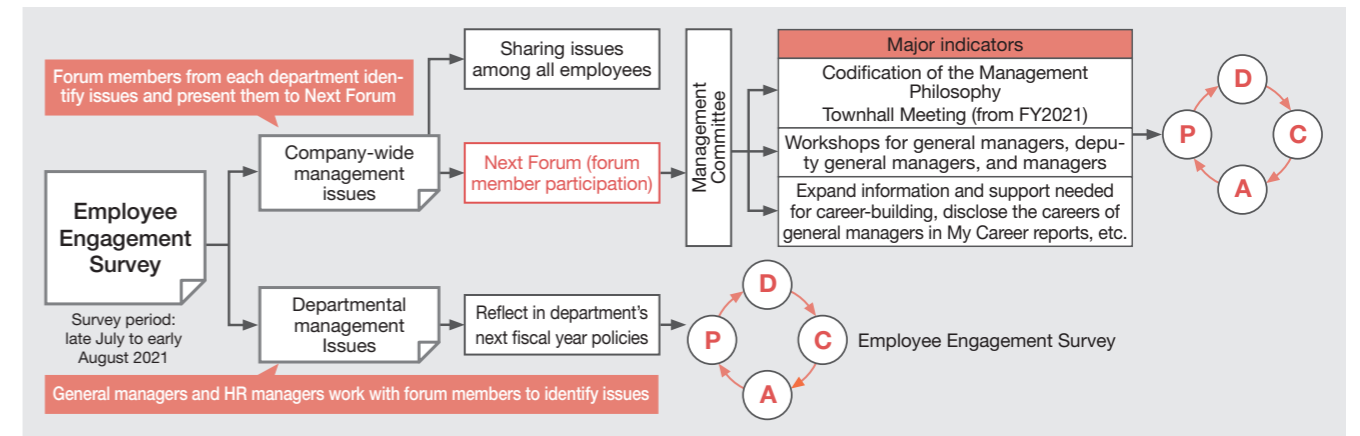
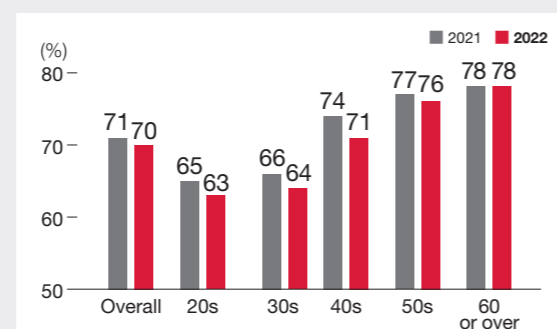
New questions were also incorporated on connections among departments, and fulfillment and dynamism in day-to-day work. We recognize that there is an issue with a difference in scores depending on the department of affiliation (particularly by age group), and management will engage in dialog with employees to determine the real issues and take corrective action.

* Results below are for Idemitsu (non-consolidated)

Percentage of employees who reported they are enthusiastic about working in this company



Engagement, Mutual Trust, and Unity scores by age group



Townhall meetings

Townhall meetings are held to provide opportunities for employees to engage in dialog with management and learn about company policies and the views of management.

Questions gathered from employees in advance are answered by members of management at townhall meetings and they also answer questions via online chats.

In addition to the two townhall meetings held in FY2021, we began holding mini townhall meetings to explain financial results in November 2021, as suggested by the Next Forum. We plan to hold these mini townhall meetings quarterly in the future.

In addition, mini townhall meetings are held for officers and employees of business departments to directly communicate.



Mini townhall meeting in the business department

Exchange of opinions with employees on HR policies

We strive to comply with all applicable labor laws and regulations at home and abroad and to create workplace environments in which all employees can concentrate on their work with assurance and satisfaction. Based on the Labor Standards Act, an employee representative creates written opinion statements accompanying the formulation of or amendment to labor agreements and/or the rules of employment. Dialogues between employees and the Company and notifications of changes to various HR measures, including the rules of employment, are conducted mainly at the Next Forum and employee briefings. In addition, Idemitsu's labor union named Forward Together with Our Energy (FTOE) regularly holds labor-management discussions related to the Company's management situation, vision, policies, workplace environment, and more. Through these efforts, we aim to develop policies that are highly acceptable by employees, including various HR initiatives, salary levels, labor conditions, and welfare benefits.

Promoting an Open, Flat, and Agile (OFA) Corporate Culture

Launch of the OFA Promotion Group (to encourage dialog)

In July 2022, we launched the OFA Promotion Group in the Human

Resources Department to stimulate mutual communication among employees aimed at fostering an open, flat, and agile (OFA) corporate culture and to develop human resources mainly to support employees in autonomously building their lives and careers in order to realize our Vision for 2030, of becoming "Your Reliable Partner for a Brighter Future." The mission of the Idemitsu Group is to develop diverse human resources who are capable of generating innovation and foster an organizational culture where innovation occurs. We strive to stimulate internal dialog throughout the company on a wide range of topics.

Promotion of Activity Based Working (ABW)

We will respond rapidly and flexibly to all changes in the business environment and achieve our business goals. We are pursuing Activity Based Working (ABW) to rise to the challenge of increasing the productivity, engagement, and creativity of each employee, as the driving force behind that. ABW signifies "at any time, at any place, with anyone" and means establishing an environment where employees can independently choose the working style that is optimal for them, regardless of time or place.

In December 2020, we integrated decentralized head office functions and relocated to a new Head Office. The office was designed based on the concept of being able to choose your working style according to the purpose and nature of your work, increasing agility in problem solving and operations, and being able to respond flexibly to changes in the environment.

We are pursuing ABW in each complex and business site, in addition to the Head Office.



Employee album project

We produce an employee album every five years. This album enables those working with the Idemitsu Group around the world to recognize one another's faces, gives employees a greater sense of belonging by reflecting on the history of the company since its founding, and also facilitates development of an open, flat, and agile (OFA) corporate culture. In 2021, the 110th anniversary of the company's founding, we also produced a digital version of an employee album and are finding it useful for communication.

Health Management

Health Declaration

The Group outlines People-Centered Management and positions the development of respected personnel as its ultimate goal. We aim to continue fully leveraging the power of people to contribute to society. To this end, the health of every employee is absolutely essential. We define prioritizing health and safety in all areas as the Group's Action Mindset and aim to be a company where everyone can thrive at work and be healthy in body and mind. We seek to ensure that employees are aware of their own health and work on it independently, the company actively supports them, and employees and the company work as one to realize a healthy company.

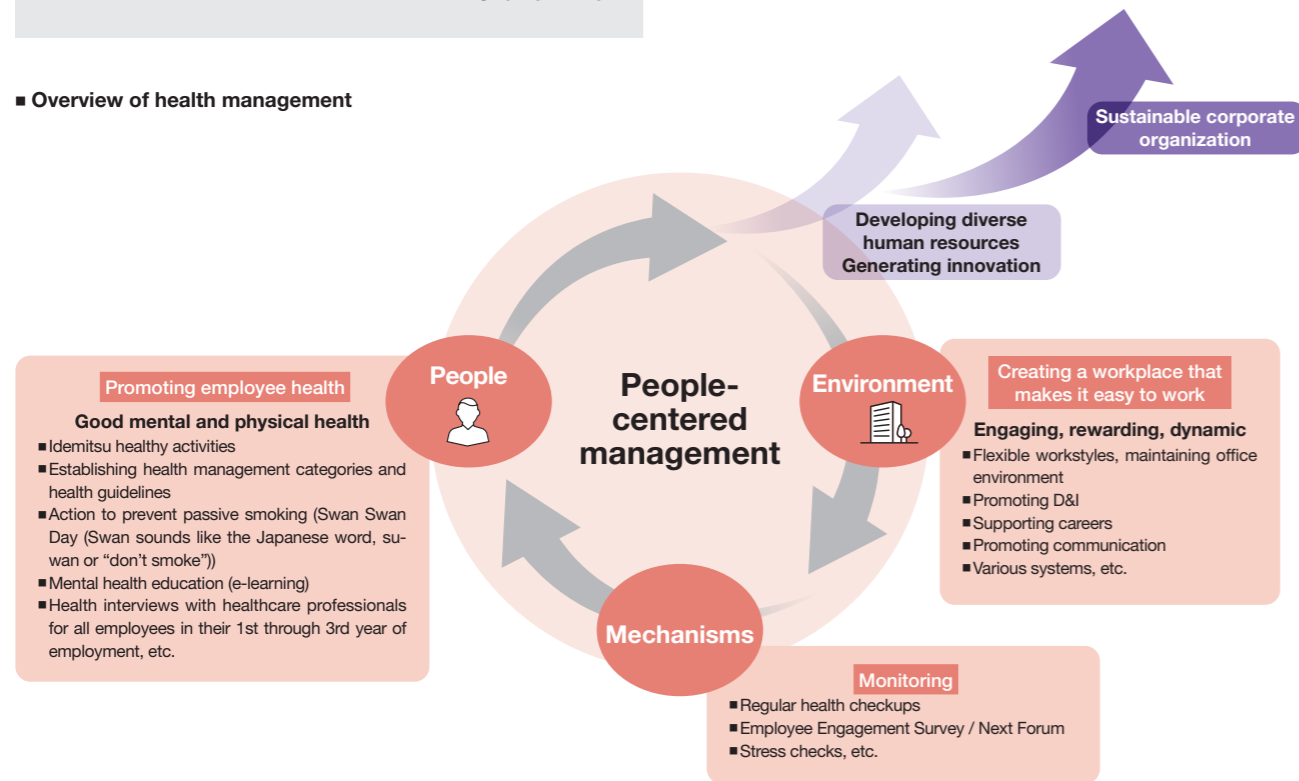
Idemitsu Kosan Co.,Ltd.
Representative Director,
President and Chief Executive Officer
Shunichi Kito

Health Promotion System

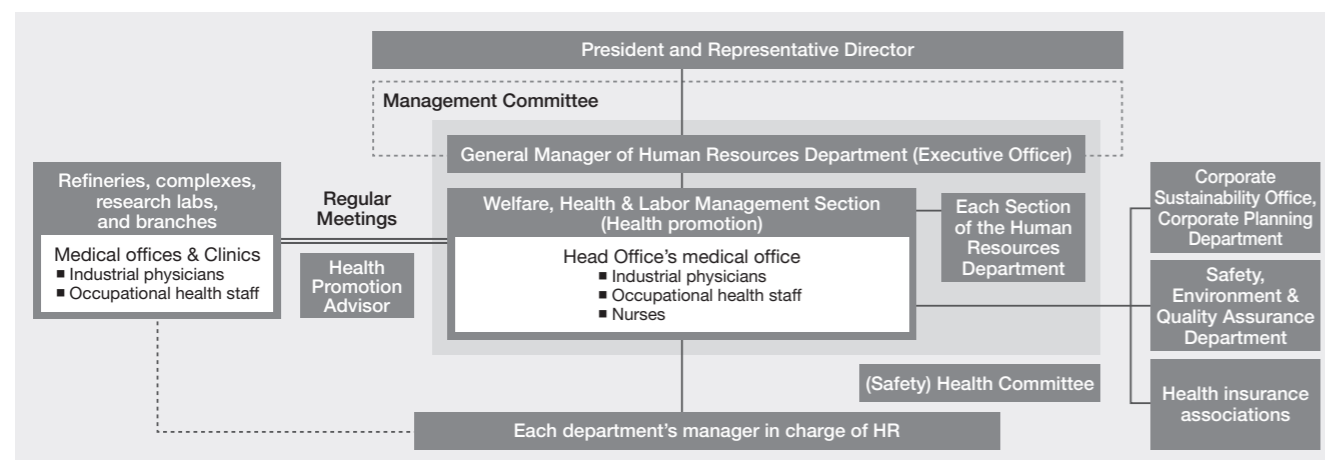
For the promotion of employee health, we placed a company-wide health promotion secretariat in the Human Resources Department in cooperation with health insurance associations and relevant departments. Our health management rules define the roles of the general managers and HR managers of each department with regard to health management and promotion in the workplace.

In addition, we have appointed 18 industrial physicians (including one psychiatrist at the Head Office and one physician for overseas matters) and 18 occupational health staff and nurses to our facilities in Japan as experts (including branches with less than 50 employees). We have also appointed an industrial physician specializing in psychiatry and another in overseas management at the Head Office along with industrial physicians to branches with fewer than 50 people. Furthermore, we receive health management guidance from doctors at the University of Occupational and Environmental Health, Japan

Overview of health management



Health promotion system



Health Committee activities

To support the independent health management of employees, we convene the Health Committee once a month to raise awareness of and engrain health promotion activities at business sites with 50 or more employees based on the Industrial Safety and Health Act. At the Head Office, we have held meetings of the committee online since April 2020 to prevent the spread of COVID-19.

Mental health initiatives

We conduct stress checks annually based on the Industrial Safety and Health Act. In FY2021, 13,456 Group employees were surveyed and 92.5% underwent checkups. We meet with employees who are experiencing a high degree of stress, analyze each workplace, and provide feedback to each department. This is leading to improvements in workplaces. Continuing care is also provided by meeting annually with all employees in their 1st through 3rd years of employment, and other measures. We have also set up an in-house health support site and are supporting employees by communicating information on mental health distress during the COVID-19 pandemic and conducting Webinars. These activities are aimed at reducing mental health distress as indicated by a reduction in the number of any more employees leaving the company due to mental health.

Physical health initiatives

We think a healthy body and health checkups are essential to thriving at work (99.9% of employees underwent checkups in FY2021). Based on the results of the health checkups, we meet with all employees who need re-checks and improvement in lifestyle habits. We also support the health of employees by encouraging employees who need re-checks to receive them (89.1% of employees received re-checks in FY2021). We also place importance on preventive measures for lifestyle-related diseases and actively communicate information and provide health guidance specific to metabolic syndrome in cooperation with the Health Insurance Union.

Cancer screenings were added to the standard health checkups categories. This enables younger employees to be screened to help prevent cancer. Annual dental checkups are provided at each Complex to maintain the dental health of employees and remind them of its importance.

We have established the percentage of employees who manage their health appropriately and the percentage of employees who engage in self-care as indicators of health promotion to manage the health of employees.

Health & Productivity Stock

We received high ratings on the implementation status of initiatives and measures, and on organizational structure in Ministry of Economy, Trade and Industry (METI) health management initiatives, and were selected as a Health & Productivity Stock by METI and the Tokyo Stock Exchange, and as a 2022 Certified Health & Productivity Management Outstanding Organization (White 500) by METI and Nippon Kenko Kaigi.



Addressing global health issues

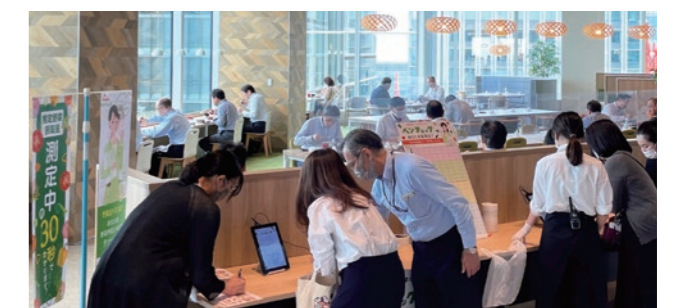
As a company with many overseas bases, the Group understands the importance of addressing global health problems, such as the three big global infectious diseases (tuberculosis, malaria, and HIV/AIDS) and is taking action in this regard. We support employees assigned overseas by providing education on health management before they are sent abroad (on infectious diseases, preventing lifestyle-related diseases, and self-care), follow up on employees with high stress levels after conducting stress checks, confirm their health status, provide health checkups for both the employees and their families during their assignments, and encourage them to get vaccinations.

With regard to the health of employees at the Nghi Son Refinery and Petrochemical Limited Liability Company (NSRP), NSRP not only provides vaccinations for seasonal infections like influenza, but also conducts pest control activities at company accommodations once a month to prevent infections from an animal vector. In addition, NSRP performs medical checkups for residents of neighboring communities and works to improve their health based on the results, such as by providing tuberculosis vaccinations.

During the COVID-19 pandemic, in addition to the aforementioned initiatives, we are taking measures to prevent infections of employees and their families in line with the laws, regulations, and government guidelines of various countries.

Measures when handling hazardous substances

At refineries and complexes, we use radioactive substances in analysis equipment and other machinery. Based on laws related to regulating radioactive isotopes, we have established internal regulations for handling these substances and properly manage them. We have taken such measures as shielding employees with protective gloves, garments, and masks, as well as providing sufficient preparation, including education and training in operational procedures, to complete operations quickly and minimize the time they are exposed to radiation. In addition, to manage the health and safety of the people handling the substances, we prohibit unauthorized entry into managed areas, measure radiation on the border of managed areas (twice annually), manage the exposure of employees who enter managed areas (for example, requiring them to wear personal exposure monitors), and radioactive operation employees receive two health checkups per year. Furthermore, when disposing of waste that includes radioactive substances, we contract an operator that has permits to appropriately dispose of the waste. Furthermore, the radioactive substances handled by Idemitsu are not enough to cause exposure in local communities.



Health promotion events in the employee cafeteria

Ensuring Safety

Policy for Ensuring Safety

Idemitsu's policy for ensuring safety is (1) to ensure the safety of people as our highest priority and (2) to reduce and eliminate risks through the appropriate allocation of management resources and the maintenance and improvement of facilities, processes and work mechanisms with the aim of eliminating accidents and injuries while also (3) making efforts to cultivate a safety-oriented culture. We have established the following specific policies as we strive to ensure the health and safety of all people connected to the Company.

1. Ensure the safety of people and Group refining companies have acquired certification.
2. Ensure the safety assurance of facilities and processes
3. Ensure the safety of work mechanisms and procedures
4. Properly allocate and utilize management resources
5. Cultivate a safety-oriented culture and promote safety management

HSE Initiatives Promotion System

We have positioned "Safety, Health and the Environment" as the foundation of management and have established the Safety & Environmental Protection Headquarters to promote initiatives to secure and preserve this foundation. Members of the headquarters consist of the General Manager and co-head of the Safety & Environmental Protection Headquarters, general managers of departments in charge of supervising business sites and other managers who are appointed by the General Manager, in addition to the secretariat. The executive in charge of safety and environment (a director) is appointed by the President and Representative Director to serve as the General Manager of the Safety & Environmental Protection Headquarters, overseeing the headquarters as the individual bearing the highest responsibility for safety, health, and the environment. The Safety, Environment & Quality Assurance Department serves as the secretariat.

The role of the headquarters is (1) to determine the medium-term management plan, the annual basic policies, and priority issues associated with health, safety and the environment, (2) to assess and evaluate performance through audits, (3) to maintain, review, and improve the Health, Safety and Environmental Management System*, and (4) to instruct all departments and major affiliated companies on how to secure the management resources necessary to establish, implement, maintain, and continually improve these Management Systems. Progress is checked and the basic policies for the Idemitsu Group for the next fiscal year are determined in the Safety & Environmental Protection Headquarters meeting, once a year in December, in principle.

Each department and major affiliated company appoints a manager in charge of safety and the environment to manage and promote the overall HSE activities of the department/affiliated company, including those of the business sites under its management. Each department and major affiliated company employs the PDCA cycle as it autonomously engages in HSE activities, in line with annual basic policies and priority issues determined by the headquarters.

In order to confirm and promote the HSE activities of each

department and major affiliated company, the General Manager or co-head of the Safety & Environmental Protection Headquarters also visits business sites to provide safety- and environment-related instructions and conduct safety patrols. The secretariat of the headquarters also conducts safety and environmental audits at business sites. At our refineries and complexes in particular, the General Manager of the Safety & Environmental Protection Headquarters provides safety- and environment-related instructions and conducts a safety patrol once a year, while the secretariat conducts a safety and environmental audit on an annual basis. Audits of the departments in charge of safety and environment in each headquarters business department are conducted once every three years. At business sites other than those named above, safety and environmental audits are carried out at a frequency determined in consideration of the site's safety and environmental risks and the status of its safety and environmental management. If an audit identifies safety and environmental issues that need improvement, the secretariat determines the improvement plan for each issue and follows up these until improvements have been completed.

To prevent serious accidents across the entire group, we have established the Safety & Safety Assurance Advisory Committee, whose membership includes external experts, as an advisory body to the Board of Directors or the President and Representative Director, with the aim of establishing more effective safety and safety assurance measures.

* Policies, objectives and targets are established to promote safety, health, and environment management activities. A management plan is formulated, implemented, reviewed, and continuously improved to achieve these objectives.

Results of FY2021 safety and environmental audits

Number of audits conducted	20
Total number of findings	198
Number of serious deficiencies	1
Number of minor deficiencies	9

Health and safety management system

While leveraging the know-how we have gleaned from our experience to date, we have built and operate a unique management system based on an international standard for occupational health and safety management systems (ISO 45001) and the certification standards of the High Pressure Gas Safety Act. In addition, we continually improve the system through internal audits and management reviews. Furthermore, regarding ISO 45001, some of our overseas worksites have acquired certification.

Regarding certification under the High Pressure Gas Safety Act, all of Idemitsu's refineries, petrochemical plants, and Group refining companies have acquired certification.

Natural disaster risk management guidelines

In FY2021, we revised the Earthquake Risk Management Guidelines for reinforcement of facility structures and other earthquake mitigation measures implemented since FY2005 to reflect a new approach and added high tide, typhoon, and other mitigation measures to earthquake mitigation measures in the new Natural Disaster Risk Management Guidelines. Specific issues were examined in FY2022 based on these guidelines.

Activities and Results Based on the Annual Basic Policies on HSE

Annual basic policies on HSE in FY2022

Continue to take on the challenge of zero accidents and pursue the following two issues as priority issues.

- Firmly instill a culture of protecting and enforcing protection and strive to prevent conditions that lead to serious accidents by being safety conscious and urging others to be safety conscious.
- Headquarters and business sites work together to autonomously establish, operate, and strengthen the PDCA cycle. Commit to achieving the following three things as a result. "Zero accidents," "Zero serious accidents," and "Zero environmental abnormalities"

* Serious accidents: Fatal accidents and accidents that cause permanent physical injury

Idemitsu Group's safety, health and environmental performance in 2021 (including partner companies)

	(Unit: cases)
Serious accidents	0
Fatal accidents	1
Accidents resulting in lost time injuries	36
Accidents not resulting in lost time injuries	70
Environmental abnormalities	1

Occupational accidents frequency rate*1

Employees	0.74
Employees of partner Companies	0.41

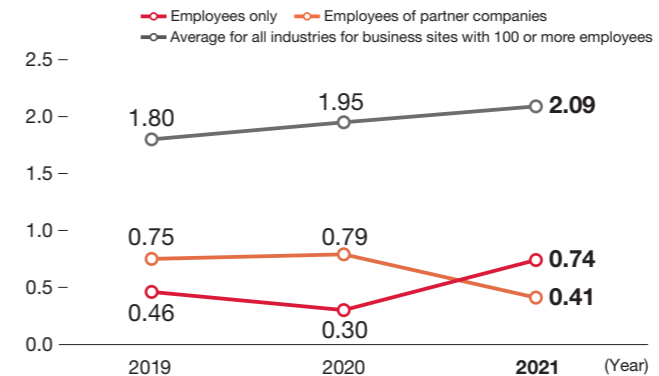
Severity rate*2

Employees	0.01
Employees of partner Companies	0.52

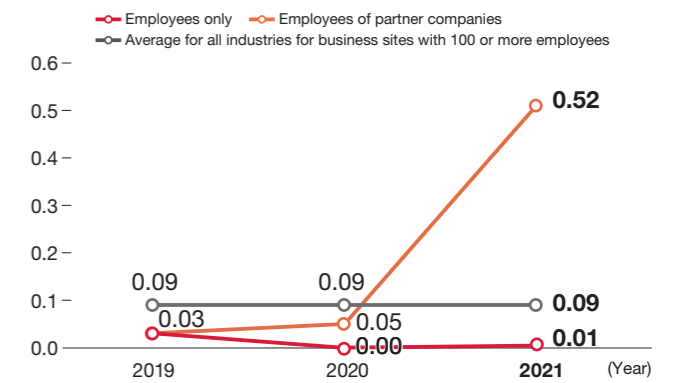
*1 The frequency rate refers to the number of fatalities and injuries due to occupational accidents per 1 million hours of actual work.

*2 The severity rate refers to the number of lost working days due to absences attributable to occupational accidents per 1,000 hours of actual work.

Frequency rate (Accident incidence frequency)



Severity rate (Degree of accident severity)



* [Scope of Reporting] Hokkaido Refinery, Chiba Complex (Including Prime Polymer Co., Ltd. Anesaki Works, BASF Idemitsu Co., Ltd.), Aichi Refinery (currently Aichi Complex), Tokuyama Complex, TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co., Ltd.

Employees: Including employee of group refinery companies listed above.

Employee of partner companies: Including employees of Idemitsu Plantec Group. [Reporting Period] From January to December

* Figures presented as averages for all industries for business sites of 100 or more employees are cited from the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents.

Preventing fatal accidents from occurring again

In June 2021, a tragic accident occurred at Showa Yokkaichi Sekiyu Co., Ltd., resulting in the death of one employee at a partner company. To prevent another fatal accident from occurring, Showa Yokkaichi Sekiyu Co., Ltd. revised rules on safety and strengthened construction management to make sure that safety information is communicated. This information was communicated to all employees of Idemitsu and partner companies.

To prevent similar accidents from occurring again at Group complexes, a thorough effort was made to reconfirm that labeling of hazardous sites and measures to prevent entry into hazardous sites within the complexes is being consistently implemented.

Zero accident initiatives

In 2022, we continued to take on the challenge of zero accidents and firmly establish a culture of protecting and enforcing protection through rules to protect life and other means. We also specified sources of hazards in non-routine processes and during work from the worker's perspective and strengthened hazard mitigation measures. To be more specific, we began holding company-wide case studies on cases that could result in serious accidents and are working to eliminate serious accidents.

Each department and major affiliated company is also working to maintain safe, stable operation through comprehensive identification of potential hazard sources and performing the appropriate risk assessments, while autonomously operating the PDCA cycle for safety and environmental management.

Health and Safety Initiatives

Reinforcement of earthquake resistance of existing facilities

Our refineries and complexes have worked to strengthen our measures in preparation for natural disasters. As for earthquakes, we have periodically assessed the earthquake resistance of our facilities based on the standards required by law to secure resilience against the expected earthquake magnitudes, and strengthen them, if necessary. In addition, having learned lessons from the Tokachi-oki Earthquake and other disasters, we have assessed and enhanced the earthquake resistance of our facilities against expected earthquake magnitudes to an extent that exceeds the standards required by law.

Following the Great East Japan Earthquake on March 11, 2011, laws concerning high pressure gas equipment were tightened and the standards of earthquake resistance were reviewed. In response to these changes, we have been systematically reinforcing the spherical tanks and other relevant facilities that store LPG at the Group's refineries and complexes in order to improve the earthquake resistance of their support structures. From FY2020, we reinforced our facilities at refineries, complexes and oil terminals by employing subsidy programs offered by the government under the banner of building national resilience. Looking ahead, our group will consider the further enhancement of earthquake resistance.



LPG tanks with reinforced support structures (Tokuyama Complex)



Reinforcement of marine jetty with a view to strengthening disaster response capabilities (Yokkaichi Refinery of Showa Yokkaichi Sekiyu Co., Ltd.)

Super certified business sites

At Idemitsu's refineries and complexes, to enhance safety assurance based on advanced protection technologies, we are working to utilize advanced technologies, conduct sophisticated risk assessments, and provide sophisticated education and training. As a result, the following refinery and complexes were certified as Super Certified Business Sites that conduct sophisticated safety assurance initiatives in accordance with the High Pressure Gas Safety Act.

- Tokuyama Complex (certified September 5, 2019)
- Chiba Complex (certified March 17, 2020)
- Hokkaido Refinery (certified June 29, 2021)



As for Group refining companies, Yamaguchi Refinery of Seibu Oil Co., Ltd. (June 4, 2021) and Yokkaichi Refinery of Showa Yokkaichi Sekiyu Co., Ltd. (June 14, 2022) are also certified.



Hokkaido Refinery

The certification of Super Certified Business Sites with sophisticated safety assurance measures, including use of IoT and big data, are needed to enhance the safety assurance of the industry as a whole as it grapples with the increasing age of existing plants and the decrease in veteran employees. The rationalization of regulations for voluntary safety assurance applies to facilities that receive certification and will help strengthen our international competitive advantage.

■ Categorization of facilities related to security

Item	Regular facilities	Certified facilities	Super certified facilities
Period of continuous operation	1 year (operations are suspended once a year for inspection)	4 years, etc. (period recognized by the Minister)	8 years or less (period freely set by the operator)
Completion and security inspection	Inspection by the prefecture	Inspection by the operators	Inspection by the operators
Inspection method	Method set by the proclamation	Method set by the Minister	Method freely set by the operator
Installation and alteration work	Approval from the prefecture, except for minor alterations	Expanded scope of minor alterations not needing approval	Further expanded scope of minor alterations not needing approval
Certification period	—	5 years	7 years
Visualization of security capabilities (mark)	—	Certification mark	Super Certification mark

Use of advanced technology to assure safety

Idemitsu is verifying and introducing advanced technology company-wide. Examples of this include development of AI-based diagnostic technology, a system for continuously measuring the thickness of pipeline walls, cyber security measures, and hands-on training using virtual reality, practical simulators, etc. We are introducing these and various other kinds of technology to business sites according to the circumstances.

National Safety Week initiatives

Idemitsu takes the following measures for National Safety Week, which is sponsored by the Ministry of Health, Labour and Welfare and the Japan Industrial Safety & Health Association.

- An email is sent by the President & Representative Director to Group employees in Japan and overseas to reaffirm respect for human life, which is the underlying principle of National Safety Week, and his commitment to achieving zero accident, an effort the Group continuously undertakes.
- From the Safety & Environment Headquarters to each department, Idemitsu strives to reaffirm and ensure compliance with its rules to protect life.
- At each department, complex, and affiliated company, Idemitsu is implementing safety activities designed for each workplace based on these efforts.

Safety Education

Company-wide education

As part of company-wide education efforts, we use videos of serious accidents that have occurred at Idemitsu in safety training for new employees as part of their orientation every April, thereby teaching them that putting safety first is the foundation of management.

Education via the Safety & Environmental Protection Headquarters

Safety, Environment & Quality Assurance Department as the secretariat of the Safety & Environmental Protection Headquarters conducts training for key persons. Basic training educates them on their roles and the basics of safety and environmental management, and other training enhances their safety and environmental management capabilities (level up training, audit technical capability enhancement training, accident analysis training, environmental management capability enhancement training, and risk assessment training). This training develops the leadership abilities participants need to proactively operate PDCA cycles for environmental and safety management in their own divisions and complexes (carried out 12 times in FY2021).

■ List of training sessions (in the safety area) overseen by the Safety, Environment & Quality Assurance Department in FY2021

	Total number of participants (People)	Total hours of training (Hours)
Safety & Environment: Basic training for newly appointed to managers in charge	150	525.0
Safety & Environment: Training to improve the skills of managers in charge	88	608.0
Training to improve skills in accident failure analysis	18	189.0
Training to improve safety and environmental audit techniques	88	308.0
Training in safety and environmental risk management	120	373.5
Total	464	2,003.5

Education organized by the manufacturing & technology division's technical training center Production facility operator education

Based on the medium-term education plan, the Technical Training Center is carrying out education aimed at developing all operators as production engineers (PEs). PEs are operating division engineers who have a logical understanding of processes, facilities, and systems and the ways that these are interrelated. They are able to synthesize this knowledge to make comprehensive decisions and carry out optimized and efficient operations of the Group's refineries and complexes, thus playing an important role in ensuring the safety of such facilities.

Reinforcing process safety education

The Technical Training Center is working to reinforce process safety education. For example, the center provides training for foremen or their proxies (assistant foremen) with the aim of enhancing their abilities as leaders to make decisions about measures to be taken in emergencies. This training, in which participants form operating teams, utilizes a training plant created by modifying decommissioned desulfurization facilities within the Tokuyama Complex. Developed by Idemitsu, it is the only high-level training of its kind in Japan. The training program is designed to be realistic, thrusting participants into scenarios where irregularities occur at night or on days off, so they must take such steps as reporting and implementing first response, emergency shut-down, and disaster prevention measures as the situation develops. In addition, we provide safety process management training for newly appointed technical managers at refineries and complexes. This training is conducted in two sessions. First, in the basic training, participants go over the key points of safety process management. Follow-up training then fosters an awareness of the urgency of reinforcing process safety and goes over action plans. In addition, as part of experiential training for local authorities and organizations and human resource development in coordination with local communities, we hold seminars to raise safety awareness using our danger simulation facilities and virtual reality, in cooperation with outside training centers. These activities have been well received by our external partners.

Quality Assurance

Basic Approach to Quality

Idemitsu Group has defined its basic stance on quality as follows. "In order to ensure product safety and minimize the impact on people and the environment, we aim to promote quality assurance activities that take into account the entire life cycle of our products and services, from development and consumption to disposal, and strive to improve customer satisfaction and protect consumers." In addition, the Basic Essential Points on Quality Assurance serve as the highest-level internal regulation on quality, and set forth the following Quality Assurance Policy as the basic approach to quality.

Quality Assurance Policy

1. We provide products and services of appropriate quality from the customer's perspective.
2. We realize environmentally conscious production activities and products.
3. We provide safe and secure products.
4. We fulfil our social responsibilities by ensuring thorough compliance at all times.

Quality Control and Quality Assurance System

Our quality assurance system consists of two components: systems in place at business units and affiliated companies, and a corporate-level system for overseeing these. In actual quality activities, these systems work together to ensure that the Group as a whole implements its quality assurance policy.

Quality assurance system at the corporate level

The Quality Assurance Headquarters has been established as a corporate quality assurance organization to strengthen the governance of quality throughout our group. The Quality Assurance Headquarters is headed by the executive in charge of quality assurance (a director) appointed by the Board of Directors. Members of the headquarters consist of the heads of quality-related business divisions and the presidents of affiliated companies, with Safety, Environment & Quality Assurance Department serving as its secretariat. The Quality Assurance Headquarters formulates policies for company-wide quality assurance activities and promotes initiatives to address such important issues as the maintenance, review and improvement of the quality management system. Each business division operates its own PDCA cycle in accordance with these policies. As a general rule, the Quality Assurance Headquarters meets once a year to monitor progress in quality assurance activities and determine our basic policies for the next fiscal year. We also conduct regular quality audits to improve the activities of each department.

Practical fire-fighting training

Training for disaster prevention personnel at refineries and complexes

In the event of a fire or explosion, first-response firefighting and containment measures are extremely important to minimize harm within the effected refinery or complex, as well as external damage. As such, we focus efforts on training disaster prevention personnel. We believe that ongoing, repeated practical drilling (based on the fundamentals of firefighting theory) is crucial. For example, participants learn the basics of disaster prevention in lectures and practice handling actual equipment and extending fire hoses according to response plans. In particular, the Hokkaido Refinery, Chiba Complex, and Aichi Complex conduct firefighting training with real fire in training facilities.

Training with real fires at the Niigata Disaster Prevention Training Center

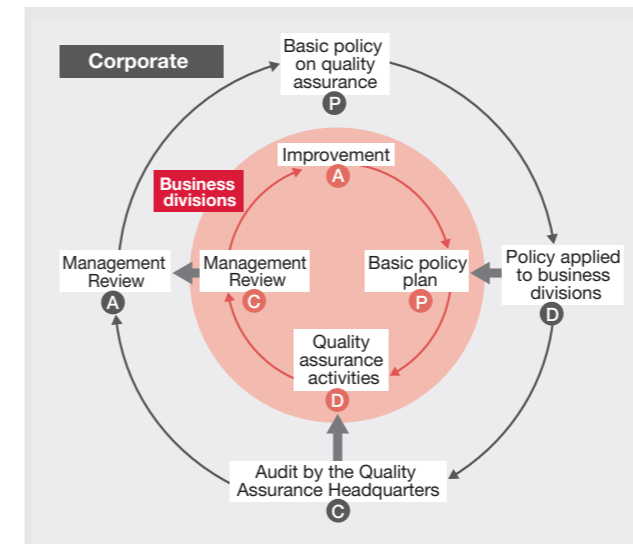
The Safety, Environment & Quality Assurance Department maintains the Niigata Disaster Prevention Training Center. This facility provides training on an ongoing basis to many participants each year, not only from within the Company, but also from other companies in the industry. The training comprises scenarios based on fires occurring at different types of complex facilities and includes both theory (lectures) and practice (drills with real fires) to teach participants about first-response firefighting methods suited to the characteristics of oil fires in order to reinforce first-response firefighting systems at complexes. The training center has been widely praised as providing valuable experience and firefighting skills.

Utilizing external training

Training for top management

To prevent serious industrial accidents and disasters, it is vital that the top management of worksites, such as the general managers of refineries and complexes, maintain a strong awareness of process safety and that accident prevention measures are carried out under their strong leadership. In light of this, oil and chemical industry organizations and related companies, including Idemitsu, communicated the importance of fostering process safety awareness among top management to an external training center. In response, the center has held a special seminar about safety and the role of top management going forward on a regular basis since March 2016. The general managers of Idemitsu's refineries and complexes and the top management of its Head Office manufacturing and technology divisions participate in this seminar every year, working to strengthen production process safety leadership together with the general managers of the refineries and complexes of other companies, mainly those in the region near the training center.

Idemitsu Group's quality management system (PDCA cycle)



Quality control and quality assurance systems in each business department and affiliated company

Our business divisions and affiliated companies conduct quality management activities at every stage of their operations, from product development to manufacturing and sales. These activities are intended to contribute to the maintenance and improvement of the quality of products and services to meet the needs of customers and society. In addition, each business department and affiliated company has introduced a quality management system to ensure the quality of products and services provided to customers. A total of 33 business departments and affiliated companies in our group have acquired ISO 9001 certification. (as of June 30, 2022)

Quality control in lubricants

All company sites in the lubricants business in Japan and overseas have obtained ISO 9001 certification. We position quality assurance activities as the foundation of our business and strive to improve product quality through our ISO 9001-compliant quality management system. We continue to work to prevent complaints and problems in advance with the goal of eliminating all complaints.

Promotion of Quality Control and Quality Assurance

Initiatives to ensure product safety

We conduct checks of product safety at each product stage, from research and development through sales based on Rule for the Product Safety. Regulations of various countries concerning chemical substances have been frequently changing, and it is essential to respond swiftly and decisively to these changes. In FY2017, we introduced a new tool aimed at better managing information on the hazardous properties of chemical substances used in our products. Having expanded the scope of departments subject to chemical information management, we have successfully responded to domestic and overseas regulations, which are evolving frequently.

Providing appropriate product safety disclosure and labeling

We issue safety data sheets (SDS) for the products it manufactures as stipulated under the relevant laws. Each product bears labeling that indicates its hazardous properties and safety-related details in accordance with chemical classification that complies with the GHS (Globally Harmonized System of Classification and Labelling of Chemicals). Product safety information is also available via Idemitsu's website as it is equipped with a system that enables users to search product data by name or usage.

Employee education and awareness raising regarding quality

Idemitsu Group conducts education and awareness raising activities aimed at increasing employees' awareness of quality. Specifically, we hold workshops for managers in charge of quality to empower them to promote quality assurance activities at their respective departments or affiliated companies, as well as internal seminars on such highly specialized topics as responding to laws and regulations on chemical substance management. Such activities help us advance quality assurance activities across the Group. Furthermore, every November, we conduct Quality Month events, holding lectures on quality, soliciting quality slogans, and putting up posters to inspire each and every employee to think about quality.

Response to complaints on quality

In the unlikely event of serious product safety or quality issues, we follow the "Crisis Response Rules" to minimize damage and any impact on society at large. The Customer Relations Center receives quality-related complaints and inquiries and, depending on the content, works with relevant departments to provide a swift response. While there were zero incidents of serious quality issues requiring a company-wide response in FY2021, inappropriate activities related to quality testing occurred at subsidiaries of Idemitsu in 2022.

Status of response to inappropriate activities related to quality

Inappropriate activities related to product testing at subsidiaries of Idemitsu were disclosed in May 2022. These activities occurred at the Keihin Refinery of TOA Oil Co., Ltd. and at the Yokkaichi Refinery of Showa Yokkaichi Sekiyu Co., Ltd. We would like to offer our deepest apologies to our customers and other stakeholders for undermining trust in our operations. TOA Oil and Showa Yokkaichi Sekiyu both established a Special Investigation Committee composed by external experts and independent external directors to investigate these incidents. The inspection reports are posted on the websites of TOA Oil Co., Ltd. and Showa Yokkaichi Sekiyu Co., Ltd. At the link below, we have posted the improvement measures we are considering and implementing in response to the findings in these inspection reports.

Announcement on the Company's action taken against the inspection results relating to inappropriate activity regarding product testing at our subsidiaries
<https://www.idemitsu.com/jp/news/2022/220922.html>
 (Japanese only)



Partnerships

Partnership Building Declaration

In June 2022, we announced the Idemitsu Partnership Building Declaration in support of the Partnership Building Declaration of the Future-Focused Partnership Building Council, whose members include the president of the Nippon Keidanren (Japan Business Federation), the chairman of the Japan Chamber of Commerce and Industry (JCCI), the president of the Japanese Trade Union Confederation (RENGO), and relevant cabinet ministers (the Cabinet Office; Ministry of the Economy, Trade and Industry; Ministry of Health, Labour and Welfare; Ministry of Agriculture, Forestry and Fisheries; and Ministry of Land, Infrastructure, Transport and Tourism).

The Partnership Building Declaration is a declaration on building new partnerships by promoting collaboration and mutual prosperity in the supply chain with operators who strive to create value as well as suppliers.

In October 2021, we formulated the Idemitsu Group Sustainability Policy and will work closely with our partners to help realize a sustainable society throughout the entire supply chain as "Your Reliable Partner for a Brighter Future," our 2030 Vision.



Collaboration with Dealers

We conduct our businesses in collaboration with 1,143 dealers around Japan, leveraging a powerful network of approximately 6,200 service stations nationwide.

Branches serve as contact points with dealers and through them we strive to enhance communication with dealers via the use of the apollostation portal, which was launched in January 2021 during the COVID-19 pandemic as part of digital transformation measures.

In February 2022, we released the FY2022 Sales Strategy Site (video introducing various measures) via the apollostation portal to convey the new fiscal year's policies and measures, and numerous dealers viewed the video.

We are also working to strengthen social contribution and doing our part to revitalize local communities in cooperation with the National Apollo Association, which was launched in October 2021.

The Idemitsu Group has established its own certification and training systems to enhance the knowledge and skills of its staff. Looking ahead, we will leverage these systems to increase customer trust in Idemitsu technologies and services, as well as to continue generating new added value by identifying and being sensitive to customer needs.

In order to ensure a stable supply of energy, service stations, which provide strength in times of disaster, are expected to play a role as disaster response centers. We are demonstrating a system that combines solar panels and power storage functions at several service stations in the Tokyo metropolitan area. In addition to providing a constant refueling function in the event of a power failure, a service station can also be used as a power supply point for charging mobile phones and smartphones and for Wi-Fi connections, enhancing the durability and versatility of emergency power supplies.



A disaster-response service station

Major Independent Certification Programs

Idemitsu Technical Master Program

A qualification program for developing human resources who can make comprehensive energy proposals that meet customer needs in the field of industrial petroleum and lubricant sales.

■ Individuals certified in FY2021				
Division	Individuals certified	(Unit: People)		
		Grade 1	Grade 2	Grade 3
Petroleum division	412	31	92	289
Lubricants division	723	71	165	487
Total	1,135	-	-	-

* From FY2009 to FY2021, the number of promotions and certifications in each division is a total number of people.

Royal Manager (RM) Program

The Royal Manager Program is based on the Shell Royal Manager (SRM) Program, which was launched in 1979 to develop professionals in branch management. The new RM program was established in April 2020 to generate human resources who will manage service stations and branches in a new era and develop human resources for the new integrated company.

■ Cumulative total certified individuals as of June 30, 2022		
(Unit: People)		
Grade 1	Grade 2	Grade 3
2,471	4,492	23,104

* Including individuals certified under the old SRM program

Collaboration with Subcontractors

Refineries and complexes outsource various operations, ranging from plant maintenance to product shipping and loading/unloading cargo, to a number of subcontractors. These subcontractors belong to one of three sector-specific cooperative associations (the Cooperative Association for Construction and Maintenance, the Cooperative Association for Land Transport, or the Cooperative Association for Sea Transport), working together with Idemitsu under its Safety Cooperative Association to promote safety activities.

Employee representatives from the Cooperative Association for Construction and Maintenance at the Chiba Complex visit construction sites along with construction supervisors to check and make sure that the plant environment is safe, help operators enhance their safety awareness, and pass on words of encouragement, such as "Stay safe!" to the employees of subcontractors.

The Cooperative Association for Land Transport holds periodic meetings with managers at transport companies to exchange insights and requests that will result in improvement and safe handling.

The Cooperative Association for Sea Transport carries out periodic safety patrols in tandem with managers at shipping companies to confirm the safety of loading equipment, focusing on implementing preemptive measures to remove potential danger in these sites.

Collaboration with Transport Companies and Maritime Shipping Companies

Our petroleum products are transported by land and maritime contract transport companies. To promote safety and strengthen cooperation, the contract transport companies have organized two councils, one related to maritime safety and another related to land safety. We are a special member of both councils. As for land safety, the Koun-kai council of 32 contract transporters, which provide land transport using tanker trucks, holds safety campaigns and training sessions for operations managers and gives awards to crew members boasting accident-free and violation-free operations. As for maritime safety, the ISG Marine Environment Safety Council, which consists of 10 maritime transport companies operating coastal tankers, carries out safety campaigns through which it ensures the thorough implementation of safety activity policies and specific measures as well as the sharing of best practices and cautionary case studies.

We are working to build a competitive logistics system while placing emphasis on promoting safety activities rooted in the workplace. Our efforts to this end are not confined to calling attention to safety through these councils. We reach out to tanker truck and coastal tanker crews, who are the people actually providing safe transportation, listen to their comments and opinions, and use their input to improve the work environment.

Initiatives to Maintain Our Supply Chain

As Idemitsu Group operates in a broad range of regions in Japan and abroad, we are paying close attention to the maintenance of our supply chain, to this end regularly discussing relevant risks and countermeasures. In light of the particular importance of petroleum supply, which supports essential living infrastructure, the Group has implemented the best possible risk countermeasures by, for exam-

ple, developing a mutual assistance framework involving external companies and strengthening collaboration among subsidiaries, affiliated companies and subcontractors. By doing so, we are striving to ensure that our supply chain is viable no matter the circumstances, even at times of emergency.

Collaboration with Partner Companies

We work with partner companies in diverse industries in Japan and overseas to further expand business, including via the launch of joint ventures and new projects. In Japan, we have established joint ventures in basic chemicals business and other businesses. One example is a collaboration we entered into with NIPPON GREASE Co., Ltd. that entails working together on R&D, the optimization of our product portfolio, discussions on sales channels and other topics, and the regular exchange of technologies. Overseas, we have established the joint venture Nghi Son Refinery and Petrochemical Limited Liability Company (NSRP), which operates the Nghi Son Refinery in Vietnam. In the advanced materials & performance chemicals business, we have partnered with Formosa Petrochemical Corporation (FPCC) to establish Idemitsu Formosa Specialty Chemicals Corporation. This joint venture produces hydrogenated hydrocarbon resin.

Exchanges and Dialogs with Oil-Producing Countries

Idemitsu has been promoting exchanges and dialogs with oil-producing countries in the Middle East and other regions through its representative offices, in order to build strong relationships of trust. In recent years, we have further strengthened our relationships of trust through capital participation in the joint venture businesses.

In addition, we cooperate with these countries on human resource development and technical support, by dispatching experts under the aegis of the JCCP (Japan Cooperation Center for Petroleum and Sustainable Energy) and by accepting senior officials and technical trainees in Japan.

Having decided to refrain from accepting overseas trainees in FY2021 amid the COVID-19 pandemic, but instead conducted remote training for trainees from the United Arab Emirates, Qatar and Sultanate of Oman. We also participate in joint infrastructure development projects in the oil-producing countries (FY2021) implemented by the JCCP.

Through these activities, we are promoting our cooperation with national oil companies in crude oil procurement in order to support, procure and transport the crude oil with flexibility and thus maximize the performance of our refineries even amid volatile market trends.



Remote training session in FY2021

Social Contribution Initiatives

Approach to Social Contribution

We contribute to society by contemplating what will be best for people in the future then doing our utmost to act in their interests. We aim to create a society where every person can live a peaceful and emotionally fulfilled life, based on our management philosophy of being “Truly inspired.”

Based on this policy, we are pursuing activities based in contributing to society through corporate activities as a good corporate citizen, mainly in the areas of culture, local communities, and the environment.

We continue to develop the people who will be responsible for the future in these activities.

Results of Corporate Citizenship Activities

FY2021 **491 million yen**

* The following activities are included in our calculations: Idemitsu Music Award, Shell Art Award, Environmental Photo Contest “Watashi no Machi no O to X” (Things to Preserve and Correct around Our Town), Idemitsu Music Events “Performing the future,” FURUSATO PROJECT, the Hokkaido Children’s Drawing Contest, Idemitsu Flower Fair, Children’s Dial 110 (Kodomo 110-ban) program, College SDGs ACTION! AWARDS (co-sponsoring), and donations (to Japanese Red Cross Society, Idemitsu Museum of Arts, Munch Museum in Norway, construction of the Boggabri Community Childcare Center in NSW, Australia, and other charitable organizations)

Main Corporate Citizenship Activities

Idemitsu Music Awards

In 1990, we established the Idemitsu Music Awards to commemorate the 25th anniversary of the television music program “Untitled Concert” sponsored by Idemitsu. The awards support the activities of promising young and up-and-coming musicians as a way to help elevate music culture in Japan. Over the course of the 31 awards ceremonies held thus far, 109 individuals and one group have been honored. Every honoree continues to shine in their respective field.

■ Recipients of the 31st Idemitsu Music Award



Michiaki Ueno
Cellist



Seiji Okamoto
Violinist



Aimi Kobayashi
Pianist

Shell Art Award (currently Idemitsu Art Award)

The Shell Art Award is a modern art exhibit competition open to all young artists. The competition was held 31 times as the Shell Art Award competition between 1956 to 1981, and the Showa Shell Modern Art Award competition from 1996 to 2001. It was restarted in 2003 and 2021 marked the 50th time the competition was held.

The competition supports young artists of the future and has been a completely open competition since it was first established. This art award is highly evaluated as a “gate to success for young artists.”

■ Winner of the 2021 Grand Prix
Yuta Fukuhara
“Untitled”

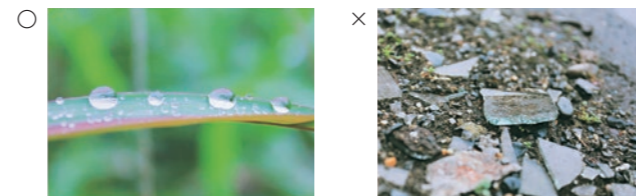


Environmental Photo Contest “Watashi no Machi no O to X” (Things to Preserve and Correct around Our Town)

This photo contest for children and students across the country is supported by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Ministry of the Environment. The photo contest is held to provide children with the opportunity to experience environmental issues up close and enhance their awareness of the environment.

Children submit scenic photos of things that they want to preserve around them (Photo O), and scenic photos of things that they want to improve immediately (Photo X), with comments attached. There were 15,558 entries in the 17th contest in 2021.

■ 2021 Elementary School Gold Award “Shizen ni hikaru kirakira ga suki” (“I like how nature sparkles in the sunlight”)



Idemitsu Music Events “Performing the future”

We have held concerts since 2006, mainly in regions where we have established refineries and complexes. In 2017, the concert program was reimagined as Idemitsu Music Events “Performing the future in music,” with the aim of supporting musical experiences for the future generations in part by providing opportunities for young musicians to showcase their talents and for children and students to perform with professional musicians. In 2021, we again cancelled all of the concerts that had been scheduled in regions around Japan under this program and held an online concert instead.

■ Performance during the online concert



FURUSATO PROJECT

Since 2018, we have been holding the “FURUSATO PROJECT” at elementary schools across the country. This project allows children to participate in hands-on lessons of traditional musical instruments and conduct commemorative cherry tree planting. We started these activities with the aim of providing children of future generations with opportunities to experience real music. We hope these memorable experiences will help children expand their interest in Japanese traditional culture and remember their hometowns, even after growing up, so that they will pass on the essence of those hometowns to future generations.

■ Hands-on Japanese drum lesson



Initiatives addressing community issues in Australia

Idemitsu Australia Pty Ltd. (based in Brisbane), which is one of the coal business bases, is working to promote initiatives that contribute to solving social problems in the community from a long-term perspective under the following four policies by the management level.

- Environmental Management Policy
- Energy Management Policy
- Cultural Heritage Policy
- Stakeholder Engagement Policy

2021 Activities results

■ Construction of the Boggabri Community Childcare Center

We constructed a facility offering care for children below school age as well as after-school care for school-age children and provided it to the municipal government. (Opened in June 2021)

■ Rescue helicopter and support for local hospitals

We are providing support to improve emergency medical care and enhance local hospitals in rural agricultural areas.

Our plan is to support initiatives that can contribute to maintaining the local population and creating productive communities over the long term.

Forest restoration activities in Indonesia

In 2004, P.T. Idemitsu Lube Techno Indonesia was founded to produce and market lubricants in Indonesia and has regularly engaged in activities as a corporate citizen since that time.

Since FY2022, we have worked with OISCA Indonesia, a local NGO, on planting mangrove saplings on the northern coast of the island of Java. Mangroves in the area were cut down for shrimp farming and this negatively affected the fishing industry as well as other industries, so we are working with the local community to restore the mangroves. We planted 10,000 Mangrove saplings in a 1-hectare area in FY2022.

We will continue our nationally and locally-rooted efforts to contribute to the restoration of the natural environment.



Tree planting activities

Support for Japanese language learning in Vietnam

Our Hanoi Office in Vietnam has supported Japanese language classes at Tohoan Junior High School in Hanoi every year since 2015 as a social contribution activity. In typical years, the completion ceremony for the school’s Japanese classes is attended by a many Hanoi Office employees to congratulate students alongside the principal and teachers. The ceremony was held in May, in 2022. The Hanoi Office also gave a commemorative gift to the top students with excellent grades and, after the ceremony, invited all the students to tour the Idemitsu Q8 Petroleum LLC Service Station.

We have also been co-sponsoring the Hanoi City Japanese-Vietnamese Cultural Exchange Festival since 2018 as a similar corporate citizenship activity to give students a chance to become familiar with Japanese culture. The festival was held on December 11 in 2022. The event is geared toward junior high school students and brings together many students and school staff members from 10 schools in Hanoi as well as representatives from Hanoi Department of Education and Training to participate in the cultural exchange. Each school held an audition, and the groups who had the best performances participated in a contest at the festival. We will continue to co-sponsor this festival as a place where we can once again introduce and endear people to Japanese culture.



The completion ceremony for Japanese classes

Dialogs with Stakeholders

Our Group will continue striving to create new value together with our stakeholders.

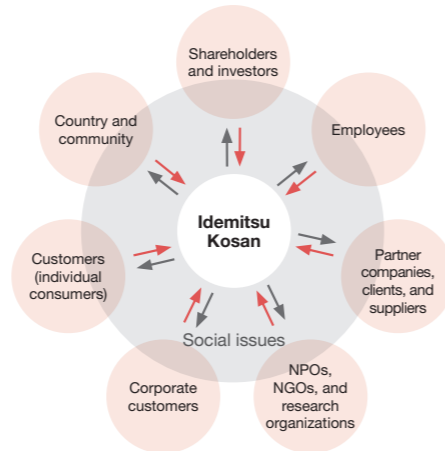
We organize the stakeholders based on consideration of the impact we have on them and the impact we receive from them in terms of the environment, society, and economy.

We conduct engagement activities by also considering the interests of each stakeholder and the degree of impact on the future, including risks.

We think high transparency in disclosing information to stakeholders builds relationships of trust and leads to creating value. Our Group strives to be thorough in compliance and in managing safety and quality. When a problem occurs, we disclose information on our website and disclose the appropriate information in a timely manner through a press release or other form, even when the information is negative for us.

We will enhance corporate value and contribute to social development through responsible dialogue with a diverse range of stakeholders.

■ Creating value with stakeholders



Stakeholders	Initiatives	Details
All	Information disclosure via website	<ul style="list-style-type: none"> We operate an official website to provide our stakeholders with timely corporate disclosure of the latest information on the activities of Idemitsu Group. Contacts are also presented on the website to accommodate various types of inquiries as part of our proactive communication efforts.
	PR activities through advertising and publicity	<ul style="list-style-type: none"> We constantly engage in advertising activities to enhance the general public's understanding of the business operations and other initiatives being undertaken by the Idemitsu Group.
	PR brochure	<ul style="list-style-type: none"> We produce a seasonal PR brochure four times a year to communicate information on our businesses and initiatives, and produce a printed brochure along with posting the digital brochure on our website. These brochures are distributed to our clients in Japan and overseas, dealers, relevant parties in the communities surrounding our sites in Japan, and to the members of the Idemitsu alumni association (Koyukai) and the company social club (Shayukai).
Shareholders and investors	Information disclosure to individual investors	<ul style="list-style-type: none"> In regions around Japan, we hold corporate briefings while participating in IR events for individual investors, with the Executive Officer in charge of IR, the General Manager of the Finance & Accounting Department and other personnel giving presentations on the business overview, management strategies, and operational status. The annual general meeting of shareholders is held in June.
	Holding briefings for and individual meetings with analysts and institutional investors.	<ul style="list-style-type: none"> In addition to quarterly financial results briefings, we also hold individual IR meetings and small meetings with analysts. Top management team members visit institutional investors in Europe, the United States, and Asia to update them on our management strategies and operational status.
Customers (individual consumers)	Customer center counters in place	<ul style="list-style-type: none"> We respond to inquiries that require specialized technological expertise regarding petroleum, lubricants, and other products while accepting a wide range of other inquiries. We also accept complaints about service and customer reception at service stations and tanker truck incidents. Inquiries and complaints receive proper treatment and a quick response through the customer center, via collaboration with relevant departments, and are utilized to make necessary improvements. We also promptly cooperate with relevant departments to respond appropriately when receiving concerns or reports regarding Idemitsu's other business activities.
	PR activities through advertising and publicity	<ul style="list-style-type: none"> We constantly engage in advertising activities to enhance the general public's understanding of the business operations and other initiatives being undertaken by the Idemitsu Group.
Corporate customers	Holding customer seminars	<ul style="list-style-type: none"> We maintain close communication with corporate clients and promote the development of products and solutions suited to their needs. Our branches throughout Japan hold seminars for corporate clients to deliver information on the latest technical trends and legal regulations in the energy-saving and environment-related fields, as well as on other topics directly useful to their operations.
Partner companies	Collaboration with partners ■ P.116	<ul style="list-style-type: none"> We work to create value through cooperation with our partner companies. We work to realize mutual sustainable development by having common goals, policies, guidelines, etc.
NPOs, NGOs, and research organizations	Participation in initiatives, etc.	<ul style="list-style-type: none"> We join in and collaborate on various kinds of initiatives to gather information and work together on resolving social issues.
Country and community	Holding community briefing sessions	<ul style="list-style-type: none"> We hold community briefing sessions at least once a year. In doing so, we invite heads of neighborhood associations and other representatives from communities in the vicinity of our refineries, complexes, and plants. We explain our safety and environment-related efforts and hear the opinions of the attendees.
	Implementation of environmental education	<ul style="list-style-type: none"> We hold environmental classes focused on global warming, climate change, and other environmental concerns to help elementary school students and other young people from communities near our refineries, complexes, and plants deepen their understanding of these topics.
	Implementation of environmental protection activities	<ul style="list-style-type: none"> We participate in cleanup activities in the vicinity of refineries, complexes, and plants, as well as local forest and beach conservation activities. In addition to contributing to local communities, these activities facilitate interaction between employees.
Employees	Next Forum	<ul style="list-style-type: none"> In a concerted effort to create an even better company, we hold this forum twice a year to provide a place for employees to engage in direct dialog with top management and exchange their opinions and proposals with regard to company-wide issues. Forum members appointed by each department engage in direct dialogue with top management to deliver real voices regarding issues at the workplace.
	Holding townhall meetings, a platform where all employees can directly have a dialog with top management	<ul style="list-style-type: none"> We have been conducting townhall meetings since FY2020 as a place for our employees to directly engage in dialog with top management. Top management shares information and engages in direct dialog with all employees regarding various management issues. We have also held quarterly mini-townhall meetings since November 2021 to brief employees on financial results. Various other opportunities are provided to engage in dialog with company executives.
	Conducting an Employee Engagement Survey	<ul style="list-style-type: none"> We conduct this survey on an annual basis to quantitatively and continuously analyze employee engagement, mutual trust, and a sense of unity. A total of 11,177 employees of Idemitsu and its affiliated companies in Japan and overseas (response rate: 95.8%) participated in the survey from late July to early August FY2022.
	Communicating information via Group bulletins, in-house signage, the intranet, etc.	<ul style="list-style-type: none"> We added a comment function under the Group bulletin (posted on the intranet) to help enhance two-way communication. Various kinds of information are communicated through in-house signage, including information on the company's businesses, compliance and health management, and the results of the Employee Engagement Survey.

External Assessments Related to Sustainability and ESG

Idemitsu recognizes sustainability and ESG (environmental, social, and governance) initiatives as management's priority topics and promoted ESG disclosures and engagement. As a result, we acquired

the following evaluations in fiscal 2020. Going forward, we will continue focusing on sustainability and ESG initiatives and helping enhance corporate value.

FTSE4Good Index Series

In 2022, we were listed on the FTSE4Good Index Series. The FTSE4Good Index Series is an internationally prominent series of indexes for environmental, social, and governance (ESG) investors. It comprises companies that are highly commended for their ESG performance.



FTSE Russell Website (FTSE4Good Index Series)
 ➡ <https://www.ftserussell.com/products/indices/ftse4good>

FTSE Blossom Japan Index

In 2022, we were listed on the FTSE Blossom Japan Index. The FTSE Blossom Japan Index is an ESG investment index consisting of Japanese companies that are highly commended for their ESG performance. It is used as a benchmark by Japan's Government Pension Investment Fund.

FTSE Russell Website (FTSE Blossom Japan Index Series)
 ➡ <https://www.ftserussell.com/products/indices/blossom-japan>



FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

We were selected as one of the stocks in the FTSE Blossom Japan Sector Relative Index in 2022. This index reflects the relative performance of companies that excel in ESG response in each sector. Companies that score high on initiatives to improve performance in reducing greenhouse gas emissions are selected. This index is also used by GPIF.

FTSE Russell Website (FTSE Blossom Japan Index Series)
 ➡ <https://www.ftserussell.com/products/indices/blossom-japan>



FTSE Blossom Japan Sector Relative Index

MSCI Japan Empowering Women (WIN) Index

The MSCI Japan Empowering Women Index (WIN) is part of the MSCI environmental, social and governance (ESG) indexes. Japanese companies that excel in gender diversity are selected from various industries. This index is also used by GPIF. We were selected as one of the stocks in the MSCI WIN Index in 2022.

MSCI Website (MSCI Japan Empowering Women (WIN) Select Index)
 ➡ <https://www.msci.com/our-solutions/indices/japan-empowering-women-select-index>

**2022 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)**

SOMPO Sustainability Index

The SOMPO Sustainability Index is operated by Sompo Asset Management Co., Ltd. Stocks of companies that excel in ESG initiatives are selected for inclusion in the index. We have been selected as one of the stocks in the SOMPO Sustainability Index for 11 consecutive years, beginning in 2012.

Sompo Asset Management Co., Ltd. Website
 ➡ <https://www.sompo-am.com/>

2022



Sompo Sustainability Index

2022 Health & Productivity Stock Selection / 2022 Certified Health & Productivity Management Organization Recognition Program (the "white 500")

We have earned two accolades in recognition of our practices and organizational arrangements for promoting employee wellbeing. The first is a listing in the 2022 Health & Productivity Stock Selection, an index provided by Japan's Ministry of Economy, Trade and Industry (METI) in collaboration with the Tokyo Stock Exchange. The second is a listing (in the large enterprise category) among the top 500 model organizations (the "white 500") for health and productivity in a program run by METI and the Nippon Kenko Kaigi (formally known as the 2022 Certified Health & Productivity Management Organization Recognition Program).

Ministry of Economy, Trade and Industry Website (Excellent Health Management Corporation Certification System) (Japanese only)
 ➡ https://www.meti.go.jp/policy/mono_info_service/healthcare/kenko_keiei.html



DX Certification

DX Certification is a program for obtaining certification as a DX-Ready operator by the Minister of Economy, Trade and Industry. DX-Ready means that a company has been recognized as having achieved the requisite readiness level for business transformation through digital technology. We acquired DX certification in 2021.

Ministry of Economy, Trade and Industry Website (DX Certification) (Japanese only)
 ➡ https://www.meti.go.jp/policy/it_policy/investment/dx-nintei/dx-nintei.html



Idemitsu's History

I Founding Period

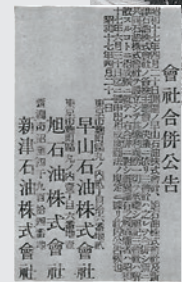
In 1892, Tsunekichi Niitsu established Niitsu Petroleum in Amaze (Niigata Prefecture) and started an oil refinery, and in 1899, Yosaburo Hayama, who would establish Hayama Petroleum, set up his own refinery. Niitsu started in the refining business with a single refiner, and Hayama also worked vigorously in the petroleum business utilizing the petroleum refining technology he had enthusiastically acquired. Both companies, which later became Showa Shell Sekiyu (hereinafter called Showa Shell), survived the early days of the petroleum industry.

In 1911, Idemitsu Shokai, the predecessor of Idemitsu Kosan (hereinafter called Idemitsu), took its first steps into the petroleum sales business in Moji (Fukuoka Prefecture), a trading port in Kitakyushu. Sazo Idemitsu, the founder of Idemitsu, followed a policy of "From producers to consumers." Since our inception, the Company developed its sales channels of lubricants (machine oil) to coal mines and factories, and was pushing forward on the sale of petroleum fuel for fishing boats. Subsequently, the Company expanded abroad, extending its operations to northeast China, Korea, China, and Taiwan. In 1919, Idemitsu developed non-freezing axle oil for the South Manchuria Railway, which led in the elimination of axle burnout accidents on South Manchuria Railway trains.

Asahi Petroleum, one of the origins of Showa Shell, suffered serious financial difficulties in the early Showa period, but Eizo Nagasaki, who became President & Representative Director in 1927, worked to rebuild the Company through thorough rationalization and family-oriented management practices. However, the integration of the petroleum industry progressed under the wartime regimen, and in 1942 the three companies Niitsu Petroleum, Hayama Petroleum, and Asahi Petroleum merged to form Showa Oil.



Headquarters' first shipment at the time of Idemitsu Shokai's founding



Public notice of merger into Showa Oil

I Postwar Period

Idemitsu lost almost all of its businesses and overseas assets due to Japan's defeat in the war in 1945, but 2 days after the war ended, Sazo Idemitsu gave an instruction to his employees, "Remember your pride as Japanese, stop complaining and rebuild," and without firing employee, the Company made a fresh start after the war with "people as capital."

Soon after the end of the war, Idemitsu couldn't return to the petroleum industry, it was engaged in radio repair, farming, fishing, printing, and other businesses, among them the extremely dangerous work of recovering oil from the bottom of tanks for the former Navy. At a time when jobs were scarce after the war, no one would have taken on this demanding and dangerous work, but Idemitsu's young employees dared to take on these difficult jobs and succeeded in completing them.

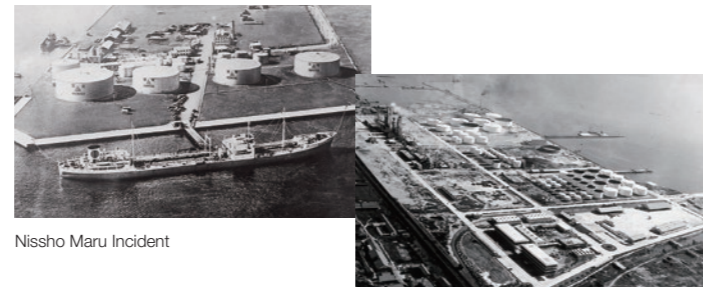


Collecting oil from the bottom of a tank

I Postwar Recovery

In 1949, both Idemitsu and Showa Oil returned to the petroleum industry, but procuring the oil needed for Japan's postwar recovery was a matter of life and death. When Iran, whose interests had been taken over by the major oil companies, declared nationalization of its oil industry, Idemitsu dispatched the Nissho Maru in 1953 to import it. This resulted in a legal dispute with the major oil companies, which it won. This gave the Japanese people, who had lost confidence following the war's defeat, a great deal of energy (Nissho Maru Incident).

In 1957, Idemitsu mobilized "people power" and completed the Tokuyama Refinery in only 10 months, which was expected to take 2 to 3 years. It established a green belt and was a pioneer in taking the environment into consideration at a time when pollution problems had not yet emerged.



Nissho Maru Incident

Construction of Tokuyama Refinery

I After Oil Crisis

Using the oil crisis as an opportunity to evolve into a comprehensive energy company, Idemitsu conducted studies on renewable energy as an alternative to petroleum for the development of new energy sources. Solar cell research commenced at Showa Oil in 1978 and geothermal exploration commenced at Idemitsu in 1979. These subsequently led to the power and renewable energy businesses, including Showa Shell's solar cell technology and Idemitsu's commercial operation of the geothermal power plant in Takigami (Oita Prefecture, 1996). A binary power plant that utilizes thermal water, which was an unutilized resource, also began commercial operation in Takigami (2017). These businesses are also linked to the recycling of solar panels and the provision of solutions throughout the entire life cycle of solar power generation plants, including energy management.



Solar cell research



Geothermal power

I Industry Restructuring and New Business Challenges

In 1985, Showa Oil and Shell Sekiyu merged to become Showa Shell Sekiyu. As a consolidation of large petroleum companies, it triggered an industry reorganization.

Foreseeing new business possibilities beyond petroleum and petrochemicals, Idemitsu began our research and development of OLED materials in 1985. This led to the current electronic materials business, which in 2018 received the National Commendation for Invention Program, the highest national award for invention, for our invention of the OLED element and organic light-emitting medium.



Birth of Showa Shell Sekiyu

Research of OLED materials

I Great East Japan Earthquake

When the Great East Japan Earthquake struck in 2011, both Idemitsu and Showa Shell were quick to set up petroleum supply systems and responded after the disaster by mobilizing the collective efforts of the public and private sectors, together with the government, dealers, and partner companies. Employees from all over Japan also rushed in to assist in the recovery efforts and did their utmost to maintain lifelines, working hard to ensure a stable supply of energy to the affected areas as a top priority.



Supplying energy to disaster-stricken areas

I Nghi Son Refinery in Vietnam

Construction of the Nghi Son Refinery in Vietnam was reviewed in the early 2000s, and a final investment decision was made in 2013 to begin construction. Combining the "people power" of various parties and countries involved, commercial operation began in 2018. We are contributing to a stable supply of petroleum products and the economic development of Vietnam, which depends on imports of gasoline, diesel oil, and other petroleum products.



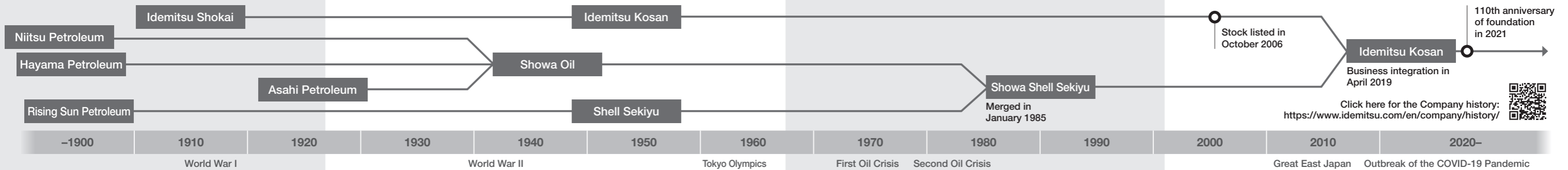
Nghi Son Refinery in Vietnam

I Management Integration and the Future

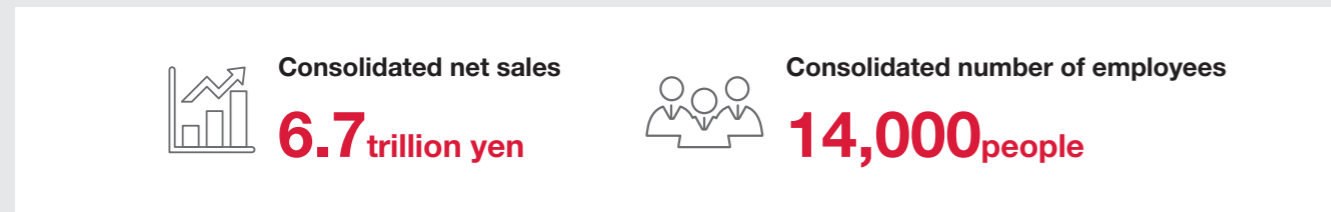
In 2019, Idemitsu Kosan and Showa Shell Sekiyu integrated their businesses with the aim of building a solid management foundation and growing from a global perspective. In 2021, Idemitsu Kosan celebrated its 110th anniversary. We will continue to fulfill our mission of providing a stable supply of energy and materials, and "shaping change" to become a main player in energy and CN solutions in the carbon neutrality (CN) and circular society of 2050.



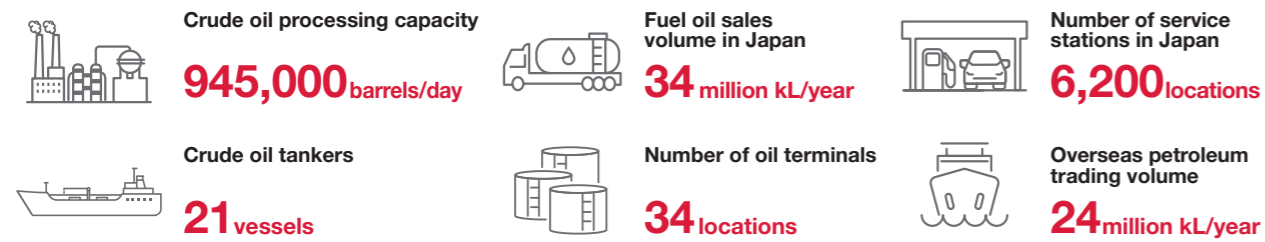
Business Integration between Idemitsu and Showa Shell



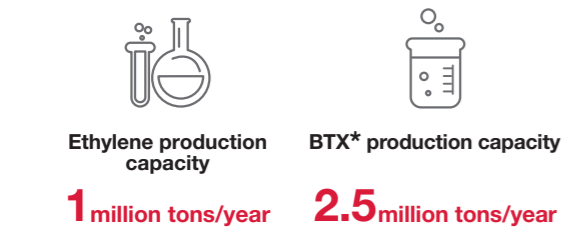
Idemitsu Group by the Numbers



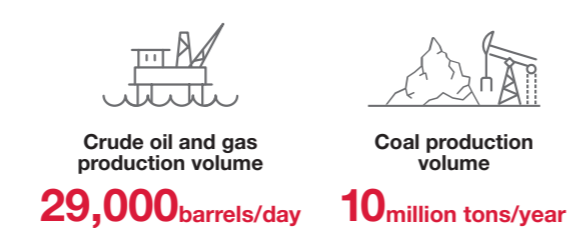
Petroleum



Basic chemicals

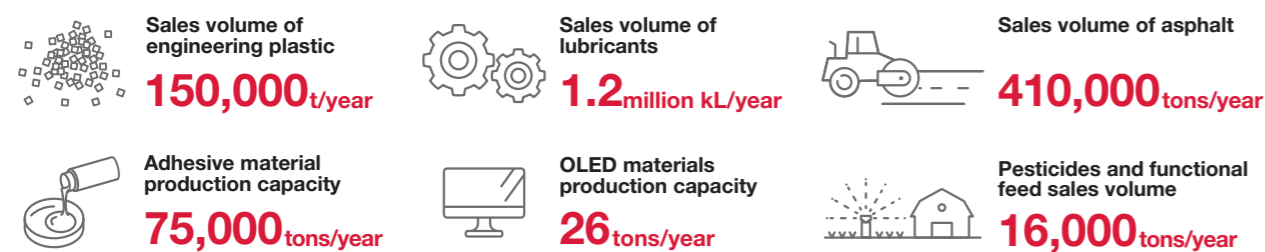


Resources

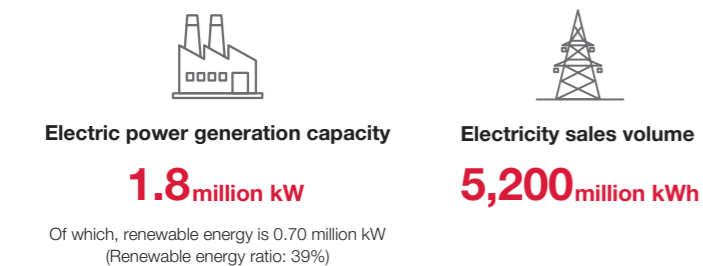


* BTX: Refers to benzene, toluene, and xylene, which are the basis of chemical products.

Functional materials



Power and renewable energy



Overseas

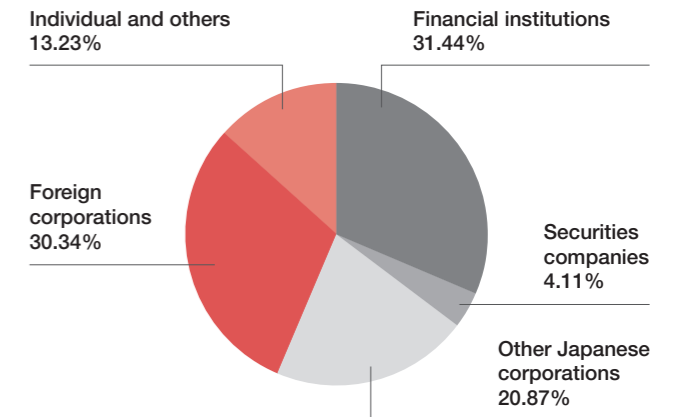


Data as of March 31, 2022
Figures listed are estimates.

Corporate Profile/Stock Information (As of the end of March, 2022)

Company name	Idemitsu Kosan Co., Ltd.
President & Representative Director	Shunichi Kito
Established	March 30, 1940 (Founded June 20, 1911)
Capital stock	168.3 billion yen
Consolidated group companies	143 companies
Securities code	5019
Number of shares per unit	100 shares <small>* Idemitsu does not issue different classes of shares.</small>
Total number of authorized shares	436,000,000 shares
Total number of shares issued	297,864,718 shares
Number of shareholders	68,329 people

Distribution of Shares

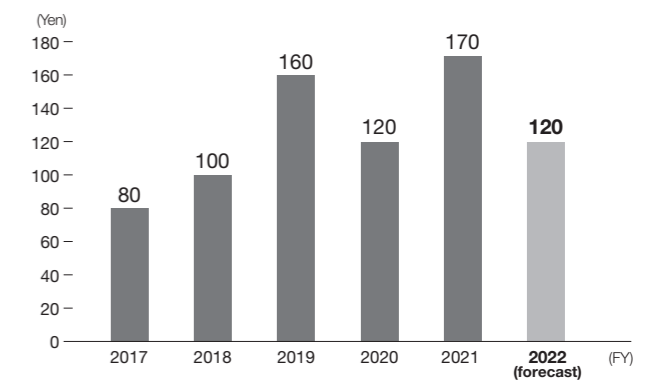


Major Shareholders (Top 10)

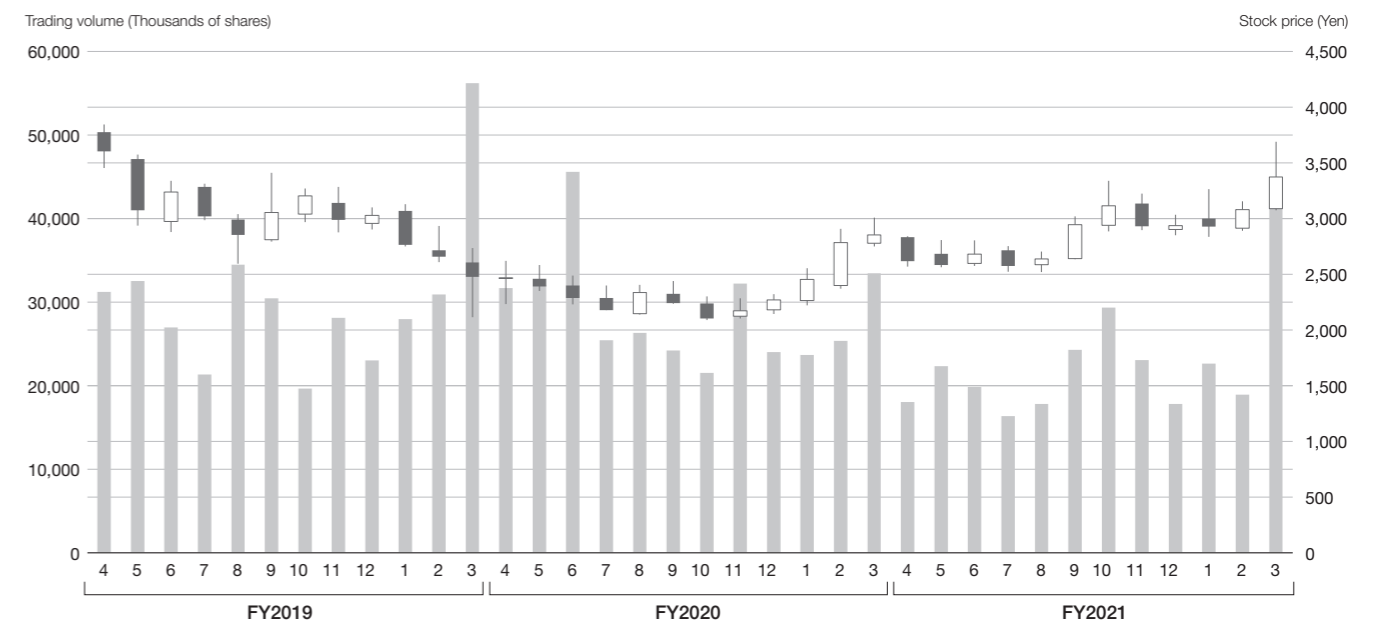
Shareholder's Name	Shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	40,742,100	13.68
Nissho Kosan Co., Ltd.	27,119,900	9.11
Aramco Overseas Company B.V.	23,115,800	7.76
Idemitsu Museum of Arts Foundation	20,392,400	6.85
Custody Bank of Japan, Ltd. (Trust account)	14,136,000	4.75
MUFG Bank, Ltd.	5,142,800	1.73
Sumitomo Mitsui Trust Bank, Limited	5,142,800	1.73
Sumitomo Mitsui Banking Corporation	5,142,800	1.73
Idemitsu Employee Stock Ownership Plan	5,114,286	1.72
STATE STREET BANK AND TRUST COMPANY 505223	5,055,568	1.70

* Shareholding ratios are calculated excluding treasury stock (41,702 shares).
Numbers of shares held are rounded down to the unit displayed.

Annual Cash Dividends per Share

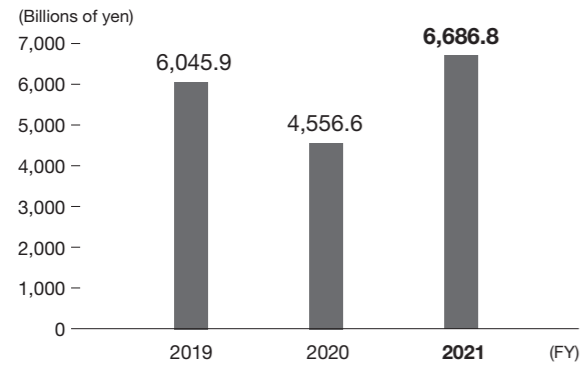


Trend in Stock Price and Trading Volume

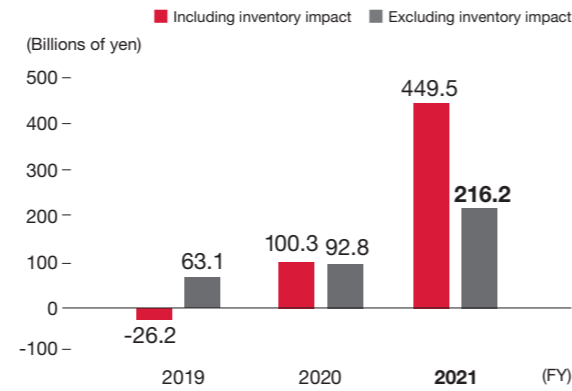


Financial Highlights

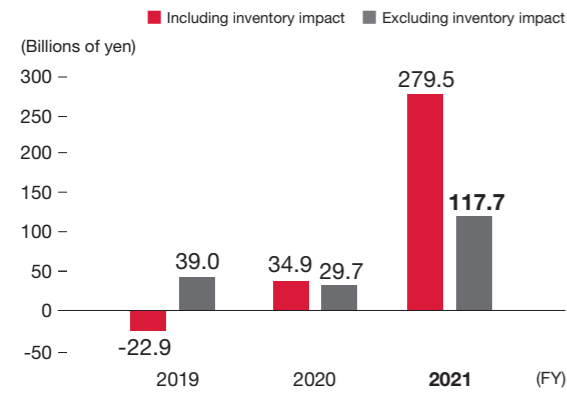
Net sales



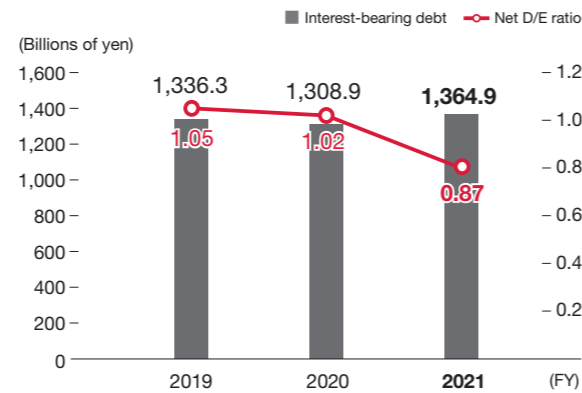
Operating income + equity income



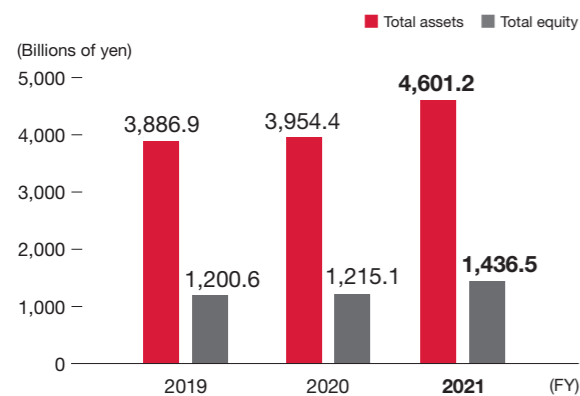
Net income attributable to owners of the parent



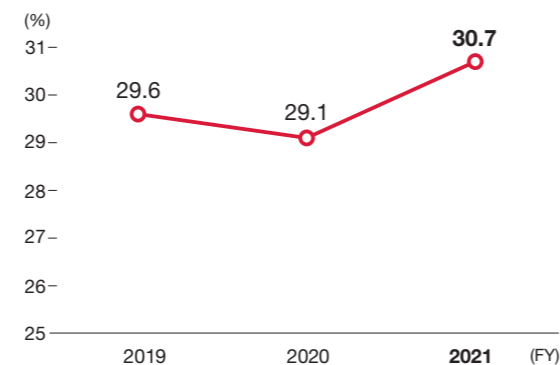
Interest-bearing debt / Net D/E ratio



Total assets / Total equity

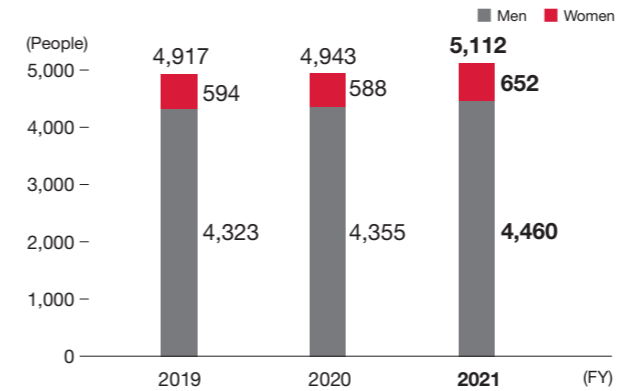


Shareholders' equity ratio



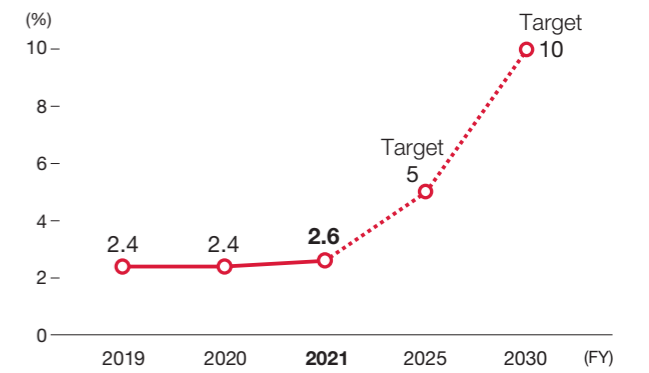
Non-Financial Highlights

Trend in employee composition by gender



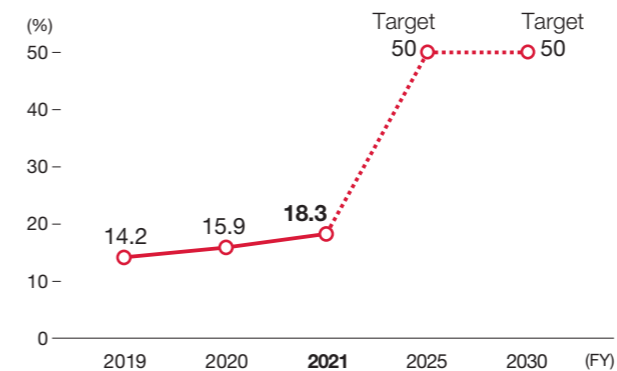
* Scope of Reporting: Idemitsu hires (employees, seniors, full-time contract employees, and advisors) and excludes employees seconded to other companies
 * Data for FY2019 is as of April 1 2020, FY2020 is as of the end of March 2021 and FY2021 is as of the end of March 2022.

Trend in female ratio in managerial positions



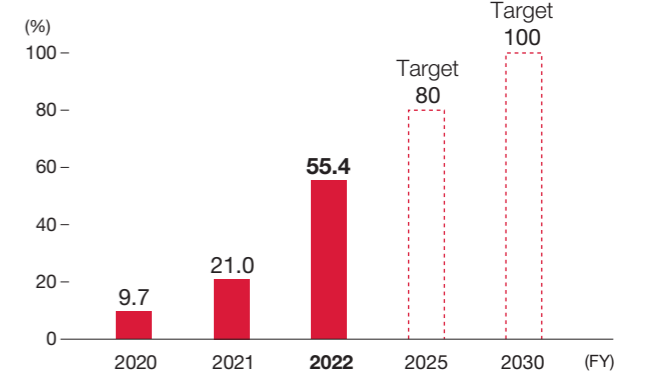
* Scope of Reporting: Idemitsu hires (employees, seniors, full-time contract employees, and advisors) and excludes employees seconded to other companies

Trend in female recruiting ratio



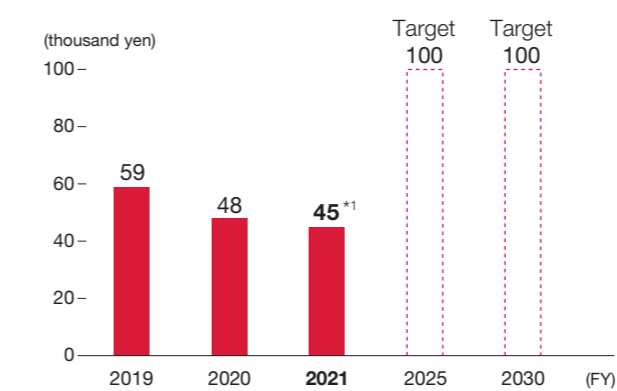
* Scope of Reporting: Results are from Idemitsu's direct hires
 * Result is hired in next April of each fiscal year.

Trend in male ratio taking childcare leave



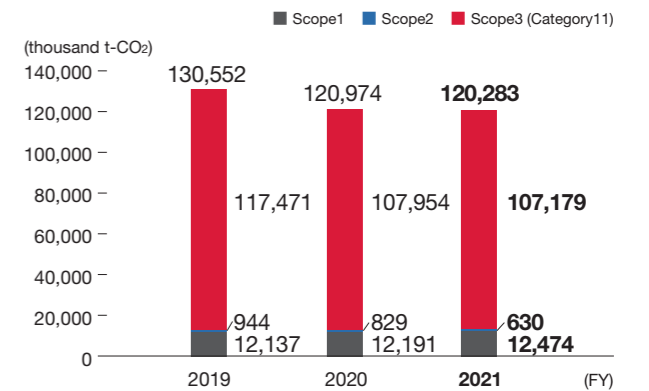
* Scope of Reporting: Idemitsu hires (employees, including employees seconded to other companies)
 * FY2022 is as of the end of September, 2022.

Trend in investment in training per employee



* Scope of Reporting: Results for Idemitsu non-consolidated from training organized by the Human Resources Department
 *¹ This includes 3 in-house training courses (Smart Yorozuya Juku, Business Design Juku, and CNX Center Juku). 3 in-house training courses are 2 thousand yen.

Trend in CO₂ emissions (Scope1, 2, 3)



* Scope of Reporting: Idemitsu, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd.) and major consolidated group companies

Primary Financial Data

Five-Year Trends Prior to Integration

Idemitsu*1

(FY)	2014	2015	2016	2017	2018
■ Statement of income					(Billions of yen)
Net sales	4,629.7	3,570.2	3,190.3	3,730.7	4,425.1
Operating income	-104.8	-19.6	135.2	201.3	179.3
Ordinary income	-107.6	-21.9	140.0	226.3	169.1
Net income attributable to owners of the parent	-138.0	-36.0	88.2	162.3	81.5
■ Balance sheets					(Billions of yen)
Total assets	2,731.0	2,402.1	2,641.6	2,920.3	2,890.3
Total equity	630.4	537.7	619.9	905.9	878.9
Interest-bearing debt	1,006.2	909.6	1,052.3	893.6	951.4
■ Cash flows					(Billions of yen)
Cash flows from operating activities	172.9	216.4	53.5	136.8	151.0
Depreciation and amortization	66.7	80.3	70.2	67.9	61.6
Cash flows from investing activities	-131.1	-98.1	-214.8	-89.9	-122.3
Cash flows from financing activities	-98.3	-105.6	136.1	-51.9	-20.2
■ Management indicators					
Return on shareholders' equity (ROE) %	-	-	1.63	22.3	9.5
Shareholders' equity ratio %	21.5	20.8	22.1	29.7	29.1
Net D/E ratio Times	1.5	1.6	1.6	0.9	1.0

*1 The fiscal period of Idemitsu is from April 1 to March 31 of the succeeding year.

Showa Shell*2

(FY)	2014	2015	2016	2017	2018*3
■ Statement of income					(Billions of yen)
Net sales	2,998.0	2,177.6	1,726.1	2,045.9	3,082.9
Operating income	-18.1	-12.2	46.4	78.5	95.3
Ordinary income	-16.7	-13.3	47.8	93.0	101.1
Net income attributable to owners of the parent	-9.7	-27.5	16.9	42.8	39.1
■ Balance sheets					(Billions of yen)
Total assets	1,176.3	957.7	976.1	1,038.9	1,040.6
Total equity	296.3	243.3	242.5	275.5	283.4
Interest-bearing debt	209.4	155.4	137.6	117.4	126.3
■ Cash flows					(Billions of yen)
Cash flows from operating activities	72.7	74.8	80.9	47.4	74.8
Depreciation and amortization	41.4	38.9	36.9	28.0	30.6
Cash flows from investing activities	-28.2	-43.7	-16.5	-9.6	-50.5
Cash flows from financing activities	-28.1	-56.2	-33.8	-38.0	-21.8
■ Management indicators					
Return on shareholders' equity (ROE) %	-	-	7.6	18.0	15.2
Shareholders' equity ratio %	23.1	23.2	22.7	24.4	25.2
Net D/E ratio Times	0.60	0.62	0.39	0.26	0.28

*2 The fiscal period of Showa Shell is from January 1 to December 31 of the same year.

*3 Data for FY2018 is based on operating results for the 15-month period from January 1, 2018 to March 31, 2019.

*Any plans, projections, or targets contained in this report that are not historical facts are based on decisions and assumptions made by the Company using information currently available. Actual results may differ substantially from forecasts due to various factors. Factors that may affect the results of operations include economic conditions, crude oil prices, petroleum product supply and demand, market conditions, and currency exchange rates, but are not limited to these factors.

Latest Data

(FY)	2019	2020	2021	
■ Statement of income				(Billions of yen)
Net sales	6,045.9	4,556.6	6,686.8	
Operating income + equity in earnings of non-consolidated subsidiaries and affiliates	-26.2	100.3	449.5	
Of which, inventory impact	-89.3	7.5	233.2	
Operating income + equity in earnings of non-consolidated subsidiaries and affiliates (Excluding inventory impact)	63.1	92.8	216.2	
Ordinary income	-14.0	108.4	459.3	
Net extraordinary loss	-3.3	-43.8	-71.2	
Net income attributable to owners of the parent	-22.9	34.9	0.2795	
■ Balance sheets				(Billions of yen)
Assets	3,886.9	3,954.4	4,601.2	
Liabilities	2,686.4	2,739.3	3,164.7	
Total equity	1,200.6	1,215.1	1,436.5	
Interest-bearing debt	1,336.3	1,308.9	1,364.9	
■ Cash flows				(Billions of yen)
Cash flows from operating activities	-32.7	170.5	146.1	
Depreciation and amortization	94.9	98.2	104.8	
Cash flows from investing activities	-134.5	-109.9	-111.6	
Cash flows from financing activities	157.9	-56.2	-30.0	
■ Per share information				(yen)
Net income per share	-76.31	117.47	940.15	
Equity per share	3,868.68	3,871.69	4,749.70	
Cash dividends per share	160	120	170	
■ Management indicators				
Return on shareholders' equity (ROE) %	-2.3	3.0	21.8	
Shareholders' equity ratio %	29.6	29.1	30.7	
Net D/E ratio Times	1.05	1.02	0.87	

■ Exchange rate



■ Dubai crude oil price



■ Australian thermal coal price



Idemitsu Group Network

Overseas Business Sites (As of June 30, 2022)

● Overseas offices ● Local subsidiaries

