

# Idemitsu Group's Sustainability

## Approach to Sustainability Promotion

Our Group is focused on the energy business. Therefore, we believe that sustainability promotion itself is a management issue. We established the Idemitsu Group Sustainability Policy with the approval of the Board of Directors in 2021 and have been promoting sustainability initiatives under it since then. We lay out clearly initiatives related to

sustainability in the aim of bringing the entire Idemitsu Group together to contribute to the resolution of environmental and social issues.

Idemitsu Group Sustainability Policy  
 https://sustainability.idemitsu.com/en/themes/201



## Sustainability Promotion System

With our core business being energy, we believe that sustainability is the very definition of a management issue. In addition to core ESG issues such as climate change and human rights, the various issues of each business are also closely tied to sustainability. We have a structure in place for all agenda items to be discussed by the Management Committee. The President & Representative Director serves as chair of the Management Committee, and the details discussed are reported to the Board of Directors as appropriate.

Furthermore, the Corporate Sustainability Office, which is dedicated to matters pertaining to sustainability, has been established within the Corporate Planning Department. Although each ESG issue is overseen by a designated department, the Corporate Sustainability Office is involved across departments to coordinate and promote sustainability management at Idemitsu. The Corporate Sustainability Office puts together a summary of progress on sustainability issues and reports to management at least once a year, and the details are

submitted by the supervising departments to enable sufficient discussion and monitoring of sustainability by management.

### Sustainability Promotion System

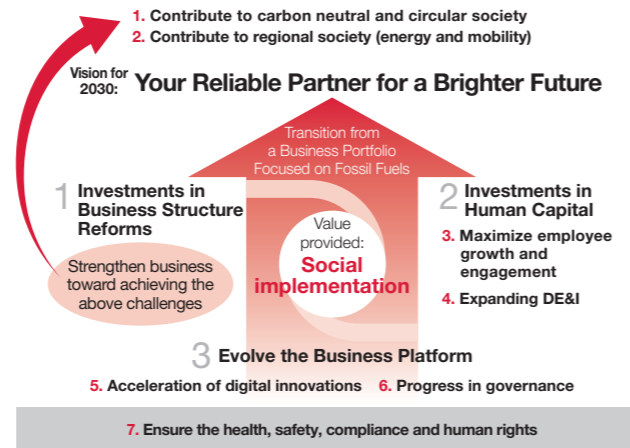


## Materiality (Key Challenges) of the Idemitsu Group

### Approach to Materiality (Key Challenges)

We are aiming for continuous growth as a company while realizing a sustainable global environment and society through our business activities. We are working on seven materialities (key challenges) in line with our Basic Policy for 2030: “contribute to carbon neutrality / circular society” and “contribute to regional society (energy and mobility)” (social challenges to which our Group is contributing), “maximize employee growth and engagement” and “expanding DE&I” (challenges we are focusing on to achieve the first two materialities (key challenges)), “acceleration of digital innovations” and “progress in governance” (the foundation of our Group’s activities), and “ensure the health, safety, compliance and human rights” (basic requirements).

### Image of the relationship between the basic policy for 2030 and materiality (key challenges)



### Correlations Between Materiality (Key Challenges) and the SDGs

We seek to contribute to achieving the SDGs as a member of the international community. Additionally, we have identified and categorized the SDGs where we can have a greater impact and the SDGs that require attention due to potential risks from our business

activities. To minimize or mitigate the impact on societal challenges, our company group will advance technological development and implementation initiatives through our business.

#### SDGs where we make a larger difference



#### SDGs requiring attention due to risks arising from business activities



### List of materiality (key challenges)

Materiality	KPI and Monitoring Indicators			Major Related SDGs
	Category	Achievements in FY2022	Target	
1. Contribute to carbon neutrality / circular society	Reduce CO <sub>2</sub> (Scope 1+2)	-10.5%	-46% (FY2030)	11, 12, 13, 14
	Contribute to Scope 3	Formulated targets relating to a reduction in Scope 3 emissions (carbon intensity; compared to 2020) Expanded the Scope 3 category	Carbon intensity: -10% (FY2030)	
	Investments / business strategy	Engaged in initiatives based on our Carbon Neutrality Investment Policy	Included in 290.0 billion yen in new business creation (three years from FY2023 to FY2025)	
	ROIC, targeted earnings	ROIC: 5.9% Operating + equity income (excluding inventory impact): 252.7 billion yen	7% (FY2030) 270.0 billion yen (FY2030)	
2. Contribute to regional society (energy and mobility)	Investments / business strategy	Engaged in initiatives based on our Carbon Neutrality Investment Policy	Included in 290.0 billion yen in new business creation (three years from FY2023 to FY2025)	7, 9, 11
	Number of customers	6,136 SS bases	—	
3. Maximize employee growth and engagement	Idemitsu Engagement Index	67% (FY2023 results 69%)	80% or more (FY2030)	5, 8
	Investments in training per employee	43,000 yen	100,000 yen (FY2030)	
4. Expanding DE&I	Female recruiting ratio	33.3% (recruitment of those newly graduating in FY2023 with a college degree or greater)	50% or more (FY2030)	5, 10
	Female ratio in managerial positions	3.5% (as of April 1, 2023)	10% or more (FY2030)	
	Male ratio taking childcare leave	84%	100% or more (FY2030)	
5. Acceleration of digital innovations	DX investments	2.0 billion yen	—	8, 9, 11
	Enhancement of productivity	Started a company-wide initiative to support business structure reforms	30%	
6. Progress in governance	Effectiveness of the Board of Directors	The Board of Directors deliberated on its future response to further improve its effectiveness	—	16
	Management health indicators	Physical examination checkup rate: 99.9%	100%	
7. Ensure the health, safety, compliance and human rights	Safety indicators (# accidents, etc.)	Number of serious accidents: 0 Number of fatal accidents: 1	0	10, 16
	Major compliance violations	2	0	
	Human rights due diligence	Human rights violations: 0	0	

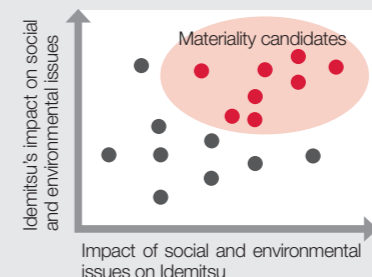
### Materiality (Key Challenge) Identification Process

Our Group identified materialities for the first time in 2019. Since then, we have engaged in business activities recognizing that those materialities are important social issues for our company. While emphasizing continuity with those materialities, we reviewed our

materialities in 2022 based on our Medium-term Management Plan (FY2023-FY2025), Vision for 2050 and the changes in the external environment. We have now established KPIs and monitoring indicators and are executing sustainability strategies.

#### Materiality (key challenge) identification process

2019	2022
<b>Step 1 Identification of the issues</b> With reference to such international guidelines as the GRI Standards and evaluation criteria of the SDGs and ESG evaluation organizations, we identified environmental and social issues that may be related to our business activities.	<b>Step 1 Organization of issues and linking them to Idemitsu's initiatives</b> We listed environmental and social issues with reference to sustainability-related targets and guidelines (GRI Standards, SASB, SDGs, ISO 26000, etc.). We organized the relevance of our current business and initiatives to the above environmental and social issues (extract those that are relevant from both positive/negative perspectives).
<b>Step 2 Confirmation of their importance to stakeholders</b> We conducted a wide-ranging survey to determine each issue's importance to stakeholders, both internal and external.	<b>Step 2 Link businesses and initiatives to issues</b> We mapped the linked environmental and social issues and weighed each impact from a double materiality perspective.
<b>Step 3 Alignment with the corporate strategy</b> We ensured consistency with the Medium-term Management Plan, verifying the priority level and relevance of each issue.	<b>Step 3 Dialog with stakeholders</b> Based on the mapping results, we held dialogs with institutional investors, external experts, and others to confirm the validity of their expectations and issues for the Group.
<b>Step 4 Management discussions and decisions</b> Final decisions were made after discussion via the Management Committee chaired by the President.	<b>Step 4 Management discussions and decisions</b> Final decisions were made after discussion via the Management Committee chaired by the President.



## Dialog with an Outside Director



Outside Director  
Maki Kado

Representative Director,  
Executive Vice President  
Atsuhiko Hirano

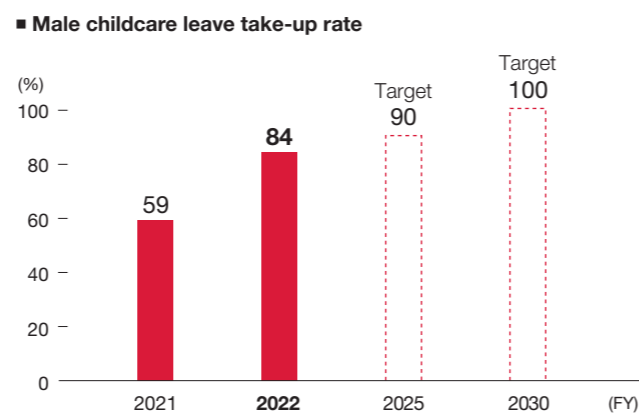
### Utilizing the Teachings of DE&I Promotion in Management to Become a More Sustainable Company

We welcomed Outside Director Kado, who serves as an advisor to the DE&I Committee, to have a discussion with Executive Vice President Hirano. They talked about the evaluation of the DE&I initiatives we received a message about in the integrated report last year and expectations for further corporate value creation.

#### The Challenge is How to Expand Diversity Using Gender as the Starting Point

— Looking back on the past year since 2022, please tell us about your evaluation of D&I promotion and the challenges we face.

**Kado:** We have strived over the past year to put our ideas into action. Specifically, we have identified challenges and formulated solutions focusing on gender for diversity. Moreover, we have established our vision for inclusion. We have made steady progress in those areas. In particular, we have achieved remarkable results in terms of men taking childcare leave.



\* Aggregation target: Employment at Idemitsu Kosan (including all employees and those seconded to other companies)  
 \* These are the figures as of the end of the fiscal year for both FY2021 and FY2022  
 \* The above includes leave for childcare purposes

**Hirano:** I think it is a big development that it is no longer seen as something out of the ordinary when men take childcare leave. For example, we can hear this issue naturally come up as a topic in everyday conversation. Our goal now is to further extend the take-up rate to 100%. The challenge to achieve that goal is how to supplement personnel.

**Kado:** We need to ensure that the benefits are also felt by the employees who cover for those taking leave in the workplace. Initially, we focused on women and started by looking at gender. However, our challenge going forward is how to expand efforts to

people with circumstances such as illnesses, nursing care and disabilities. I feel that Idemitsu Kosan moves very fast from proposing various measures to actually implementing them. We are moving well through the cycle from subsequent feedback to further action. Therefore, I sense that we will quickly move to solve challenges.

**Hirano:** You have a positive evaluation of our efforts. However, conversely, we can say that we are lagging behind the global standard when it comes to D&I. There is still a lot we must do. We will steadily implement measures based on that self-admonition.

#### For Even More People to Participate in Management

— In June 2023, we added the concept of equity to our D&I policy we have been advocating to evolve it into DE&I. Please tell us the background to that and your thoughts about it.

**Kado:** We have received a lot of feedback from employees about D&I. Among that feedback, there were those who felt that only women were receiving preferential treatment. We can presume such an opinion will emerge if we place all women uniformly on a pedestal. At the same time, we cannot say it is possible for women to receive sufficient support. There are those who need a higher pedestal and those who would be better off with a lower pedestal. There may also be some who need a ramp or an electric lift. Equity (E)

means providing each individual with the tools and resources to suit their situation so that everyone obtains the opportunity to participate and succeed.

**Hirano:** I agree with what Ms. Kado has just said. In addition, from a management perspective, in the future we must move forward by creating new value while exploring various options in a world of confusion where no correct answer can be seen. Even more people must participate in management to achieve this. In the background to this is the strong recognition of the importance of diversity (D), inclusion (I) and also equity (E) to ensure everyone can participate in management together with management challenges.

現実 Reality	平等 Equality	公正 Equity
Reality The presence or absence and type of pedestal (ladder etc.) varies depending on the person. There is a big difference in how the target looks and how easy it is to hit it.	Equality All employees have pedestals with the same height. There are differences depending on the person in terms of how the target looks and how easy it is to hit it.	Equity The appropriate pedestal is given depending on the person. All employees can see the target and find it easy to hit it.

— What is necessary to realize equity (E)?

**Kado:** It is difficult just to envision what kind of support is actually needed. We need to create an environment where all employees can freely give opinions such as, “It would be helpful to have this kind of support.” It is also necessary for the departments responsible for human resources and the DE&I Committee to listen to the various circumstances of a wide range of employees and to then collect together their opinions and ideas.

**Hirano:** We have stated that our ideal corporate culture is open (O), flat (F) and agile (A). I want us to collect a wide range of opinions in an open and flat manner as Ms. Kado just said. I would also like us to proceed in an agile manner with various initiatives to change the pedestals of equity (E). If an employee has an idea, I want him or her to first try it out without hesitation and to then deploy it if it goes well and to re-examine it if it does not. I hope we can deploy timely measures in this way.

**Kado:** It is necessary to have the courage to call it quits to move forward in an agile manner. Even with a new measure introduced with great excitement, if we think it could be improved, we must be flexible to make changes without sticking to it as it is. This is an important point which also applies to management.

**Hirano:** It seems that is something we still have to learn. I want us to cultivate the habit of making calm judgments such as to stop doing the things we should stop doing. My desire in doing that is to evolve to a corporate culture in which we act even more agilely while working on DE&I.



We are tackling DE&I across our company. That means it is very important those efforts contribute to our results. In that sense, I am looking for us to engage in collaborative initiatives which can reliably contribute to the development of our company rather than taking actions on our own.

### What Is the DE&I Committee?

#### 1. Main Roles and Functions

- Identifying challenges relating to DE&I promotion and making recommendations to management
- Periodically reporting to the Board of Directors
- Planning and promoting other initiatives across the entire company

#### 2. Members (5 Men and 4 Women)

Chair: Representative Director and Executive Vice President (male)

Members: Representative Director and Executive Vice President (male), Senior Executive Officer (male), a branch manager of the Petroleum Marketing Department (female), General Manager of the Human Resources Department (male), Deputy General Manager of the Innovation Strategy Department (male), President of a group company (female) and a section manager of the Procurement Department (female)

Advisor: Outside Director (female)

#### 3. Activity Achievements

First phase (October 2021 to June 2022): Organized the overall picture of D&I promotion linked to corporate philosophy  
 Set numerical targets calculated backwards from the ideal state  
 Proposed measures to bridge the gap between targets and the reality (revision of the same-sex partner marriage system and trial implementation of child-care leave for non-child-bearers, etc.)

Second phase (ongoing since October 2022): Ensuring penetration of the understanding of equity (from D&I to DE&I)  
 Digging deeper into the challenges to promote the success of women in the workplace  
 Implementing the Five Recommendations public consultation (trial implementation of the elimination of job transfers away from family and introduction of minority experience measures, etc.)

### Engaging in Business Activities with an Awareness of the General Consumers' Point of View

— What point of view does our company need to create further value?

**Kado:** I believe that marketing and publicity activities taking into account general consumers will be very important in the future. I think Smart Yorozyua, one of the pillars of the Medium-term Management Plan, is a good focus of our attention. Therefore, I would like us to move forward with various measures a little more speedily. Since our DE&I initiatives are proceeding speedily, we can utilize what we have learned from that in company-wide marketing and publicity activities including with Smart Yorozyua.

**Hirano:** I think you are right. I was able to think about things from the viewpoint of various employees in addition to the management viewpoint in terms of what I had personally learned in promoting DE&I. For instance, the viewpoint of the supplier has always been strongly emphasized in the past in Smart Yorozyua. However, I want us to satisfy needs standing in the shoes of customers more in the future. If we think about things from the standpoint of the recipient, I believe that can produce a big difference when it comes to marketing and publicity activities. I recognize that this is something we really need to learn.

**Kado:** For example, we need strategies such as those in which we communicate in stories easily understood by the recipient instead of promoting one-off measures when appearing in the media for public

relations. Since Idemitsu Kosan has a lot of good assets, I feel it is necessary to make the most of them and to talk them up.

**Hirano:** We have often communicated at the business department level in the past. However, my expectations have increased that it will be possible for people to understand the social significance of our business and initiatives and the world we are aiming to realize with an even broader perspective by presenting them as a corporate-wide story.

**Kado:** I think that Idemitsu Kosan's greatest asset is “people.” I have had the opportunity to visit various complexes as part of my onboarding process. Everyone I have met has pride and passion in their work. I want to engage in activities so that all employees and also their families feel the pride of working at a wonderful company and doing significant work in terms of public relations activities and marketing. I believe that will also lead to the promotion of DE&I.

**Hirano:** I am very happy to hear that you rate our “people.” I will continue to work on developing systems and mechanisms with a firm awareness of the challenges as a part of management in regards to whether we are getting 100% of the potential of our precious human resources. Our aim with DE&I is to make our greatest asset of “people” into an even more valuable asset.

### All the Elements Necessary to Be a Sustainable Company Are Present

— Finally, please tell us about your expectations for Idemitsu Kosan.

**Kado:** We must continue being a sustainable company as is the core of DE&I. The biggest challenge for Idemitsu Kosan now is undoubtedly carbon neutrality. However, it is not enough just to be sustainable in environmental terms; it is necessary to continue such efforts while growing as a company. I feel that the elements required to continue to be such a sustainable company are all present in Idemitsu Kosan. The question is how to further develop these elements in the future. For instance, in the case of human resources, we need to ensure all our employees are attached to the company, love the brand, and continue working while performing well over the long term. I think we have the foundations for things to go well with just a little ingenuity. Therefore, I say let's make our employees blossom to their full potential.

**Hirano:** We do not know how our business will change in the future toward being a sustainable company. The name of our company is “Kosan” (generate business), not energy or oil. I believe the nature of our business will continue to steadily change depending on how we respond to society's expectations. Above all, human resources are the most important element to sustainability. I believe it is extremely important to ensure we continue to be an attractive company at which outstanding and talented human resources want to work and

which enables them to work for a long period of time once they join. We will strive to engage in various activities including DE&I with the aim of being a sustainable company.



# Climate Change Action

## Basic Stance

We aim to fulfill our “responsibility to support people and their daily lives” and our “responsibility to protect the global environment now and in the future” by demonstrating our Group’s strength in social implementation to realize a carbon neutral (CN) and circular society. We want to continue strengthening our disclosure of information on initiatives to respond to climate change in a manner in line with the

framework of the TCFD recommendations, which we endorsed in 2020, and accelerating our related initiatives with the understanding and cooperation of our stakeholders.



## 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	pp.52
	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	pp.53
	2. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	■ Risks and opportunities	pp.53
	3. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	■ Initiatives for Business Structure Reforms ■ Scenario analysis ■ Strategy	pp.15-18 pp.52 pp.54
Risk management	1. Describe the organization’s processes for identifying and assessing climate-related risks	■ Risk management	pp.79
	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	■ Metrics and Targets	pp.55-56
	2. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG (greenhouse gas) emissions and the related risks	■ Trend in CO <sub>2</sub> emissions (Scopes 1, 2 and 3)	pp.112
	3. Describe the targets used by the organization to manage climate-related risks and opportunities and disclose performance against targets	■ Metrics and Targets	pp.55-56
<b>(Supplementary items)</b>			
Amount of greenhouse gases emitted	Absolute emissions and emissions intensity for Scopes 1, 2, and 3	■ Trend in CO <sub>2</sub> emissions (Scopes 1, 2 and 3)	pp.112
Transition risks	Amount and scope of assets or business activities vulnerable to transition risks	■ Risks and opportunities	pp.53
Physical risks	Amount and scope of assets or business activities vulnerable to physical risks	■ Risks and opportunities	pp.53
Climate-related opportunities	Ratio of revenues, assets, and business activities that lead to climate-related opportunities	■ Risks and opportunities	pp.53
Deployment of capital	Capital expenditures, fundraising, and total amount deployed for climate-related risk and opportunities	■ Investment decision-making system	pp.54
ICP	Price per ton of CO <sub>2</sub> emissions used within the organization (Internal carbon pricing)	■ Investment decision-making system	pp.54
Compensation	Ratio of compensation for executives linked to climate considerations	■ Compensation for Executives	pp.71-72

## Governance System in Response to Climate Change

An overview of our corporate governance structure is provided on pp.63-64 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, responding to climate change is one of the most important management issues. This is an initiative which involves 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.

The 11 Directors who comprise the Board of Directors include those with experience, achievements and knowledge in a variety of fields including the environment, resource circulation, Japanese and overseas energy transition trends, related advanced technologies and sustainability. (Details of the Skill Matrix are provided on pp. 69-70)

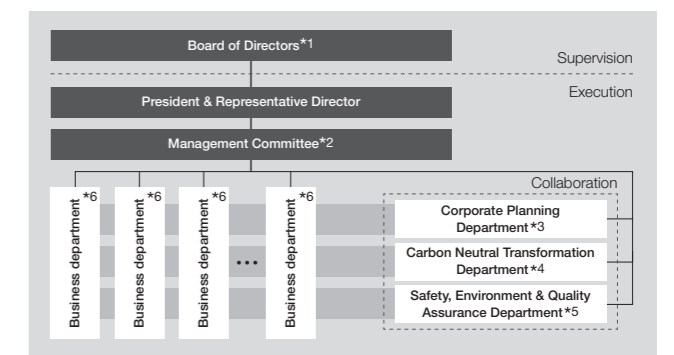
Major climate change-related proposals are submitted to the Management Committee, the highest deliberative body for business activities, and particularly important proposals are reported to the Board of Directors. This gives us a structure in which the Board of Directors oversees the steady execution of business activities based on the company-wide policy.

### Business execution

Initiatives to respond to climate change are company-wide and cover a wide range of themes. Therefore, we recognize the need to accelerate drafting and executing company-wide strategies toward realizing a carbon neutral (CN) society. In 2021, we launched a specialized depart-

ment (now: the Carbon Neutral Transformation Department). The Carbon Neutral Transformation Department leads the company-wide CN strategy planning, GHG reduction target setting, and CNX human resources development in cooperation with related in-house departments.

Each business department drafts and implements CN strategies for each department based on company-wide policies. These major responses to climate change initiated by in-house departments are submitted to the Management Committee for deliberation in accordance with company-wide policies. The membership of the Management Committee emphasizes diversity in specialized fields and areas of responsibility. This ensures that the committee is 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

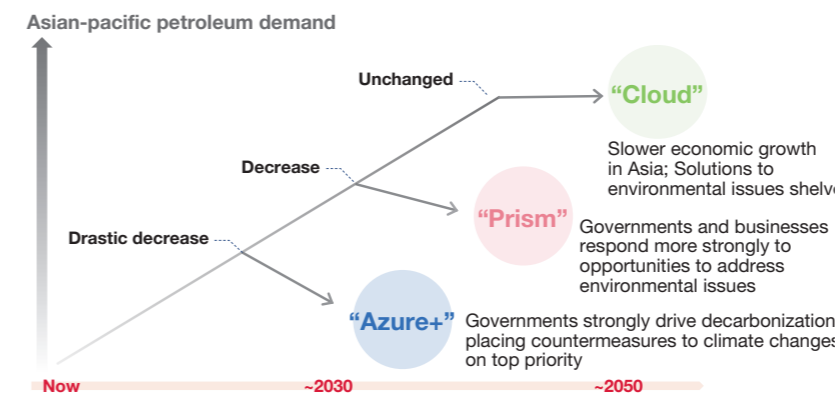
### Long-term energy business environment scenarios toward 2050

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

Risks and Opportunities

Based on the long-term business environment scenario toward 2050 (p. 52), 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. 79)

In response to risks and opportunities, we will work on promoting revenue and capital efficiency in existing businesses, creating new businesses through investments in business structure reforms, and business portfolio transition. Through such efforts, we are aiming to achieve 270 billion yen on an operating income + equity income basis as of 2030.

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
	Expanding demand for alternative fossil fuels (solid fuels)		●	●				Expanding production and supply of Idemitsu Green Energy Pellets
Opportunities	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

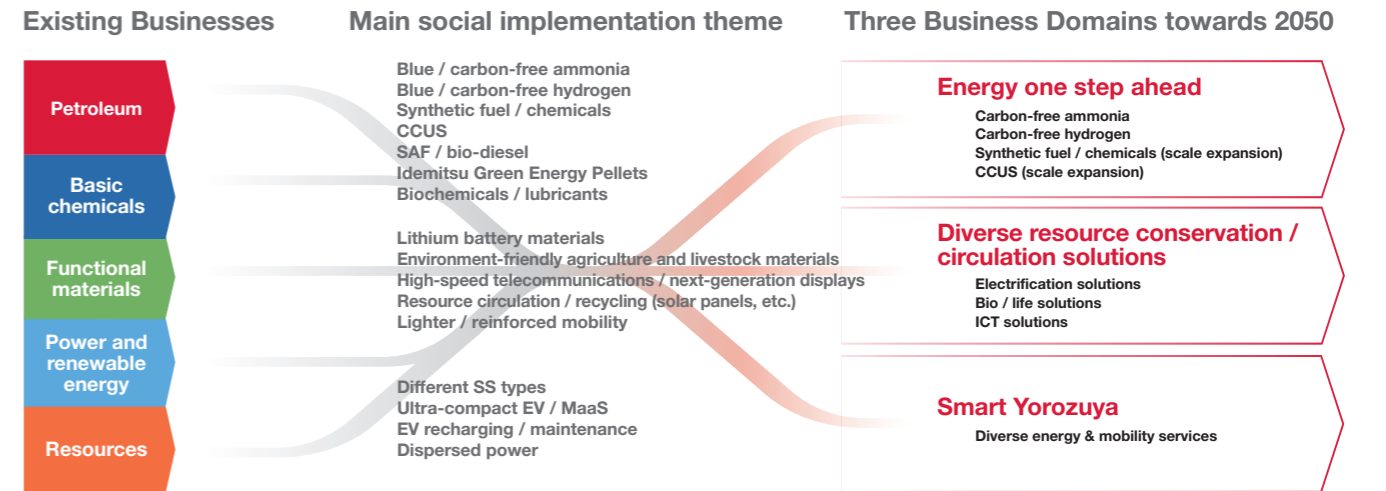
\*1 Financial impacts over a long-time horizon  
Level 1: Up to 5 billion yen, Level 2: 5 billion yen to 50 billion yen, Level 3: 50 billion yen or more  
\*2 Super engineering plastics, oxide semiconductors, high-performance asphalts, environment-friendly agriculture and livestock materials, etc.

Strategy

Transition strategy

We have selected major themes we will address for social implementation by 2030 in "Our response" given in the list of risks and

opportunities on the left of the page. We will promote related initiatives as a part of our transition strategy toward 2050.



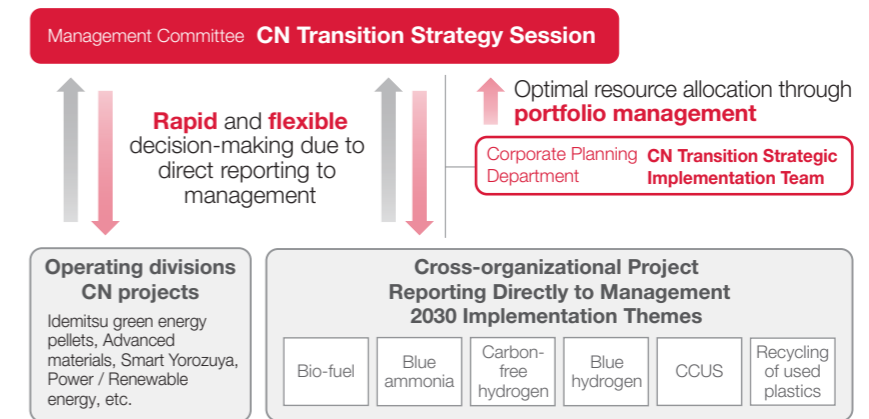
Investment decision-making system

We plan to invest a cumulative amount of 1 trillion yen by 2030 to expand new businesses that contribute to CN.

The social implementation status of each proposal that contributes to CN may change significantly depending on trends in technological progress and trends in the policies of each country and region going forward. Therefore, 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 (FY2023 to FY2025) under the structure given in the figure below.

Furthermore, for investments in new projects, we perform a sensitivity analysis using internal carbon pricing (\$100/t-CO<sub>2</sub>) 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.



External evaluation of our transition strategy

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](https://www.meti.go.jp/english/policy/energy_environment/transition_finance/index.html)



Metrics and Targets

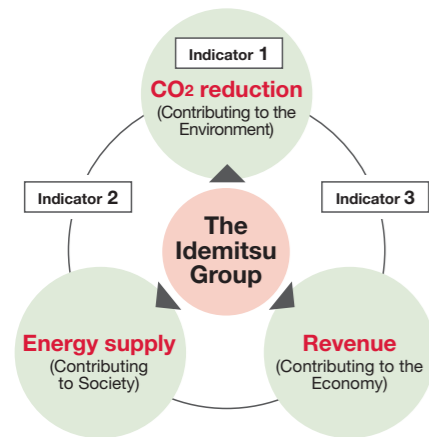
Approach to setting metrics

To realize a carbon neutral society, we believe it is necessary to work on both sides to contribute to a reduction in the direct and indirect emissions (Scopes 1 and 2) which we produce as a result of our business operations and a reduction in the emissions of others by providing new products and services (reduction in Scope 3 emissions and creation of the avoided emissions).

We recognize in proceeding with this initiative that it is important

to consider how we can simultaneously contribute to the environment in terms of reducing emissions, contributing to society in terms of supplying energy and contributing to the economy in terms of maintaining and increasing corporate profits. Accordingly, we have set the three indicators listed below and are monitoring the progress on related activities.

\* We have revised Indicators 2 and 3 based on trends in international discussions on the avoided of emissions.



**Indicator 1 Scope 1 + 2 emissions**  
Indicator of the extent to which we can reduce the CO<sub>2</sub> emissions accompanying business activities

**Indicator 2 Carbon intensity**  
Indicator of the extent to which we, as an energy company, can supply low-carbon energy to society

Calculation formula =  $\frac{\text{CO}_2 \text{ emissions (Scope 1 + 2 + 3)*1}}{\text{Amount of energy supplied}}$

**Indicator 3 Fossil fuel business revenue ratio**  
Indicator of the extent to which we can reduce the ratio of fossil fuel business accounting for company-wide revenue while maintaining and increasing revenue by expanding non-fossil fuel business

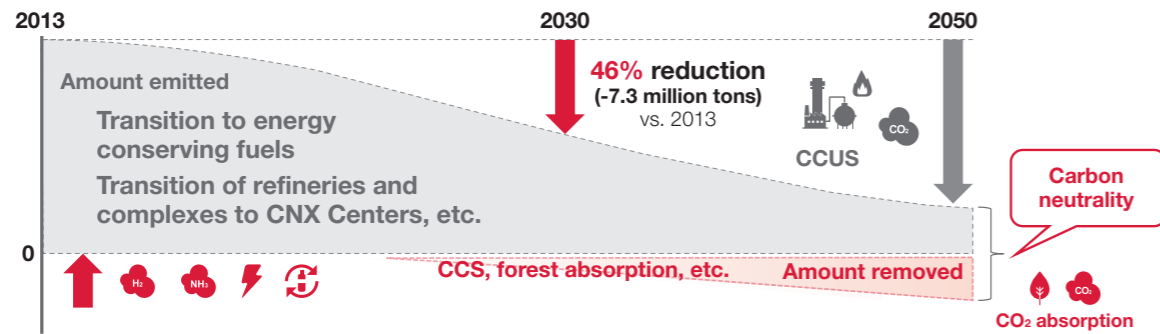
\*1 Scope 3 refers to Category 11  
Includes offset due to negative emissions

\*2 Revenue ratio of fuel oil + resource business accounting for company-wide revenue (operating + equity income) [excluding inventory impact]

Target values

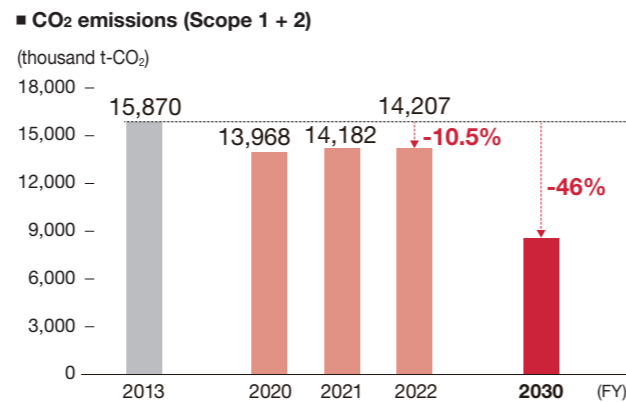
The target values (targeted levels) for each indicator are as described below.

**Indicator 1 (Scope 1 + 2 emissions)**  
2030: -46% (compared to 2013)  
2050: Carbon neutral



Progress on this indicator value

We have promoted energy saving activities at our refineries and complexes. Nevertheless, due in part to the impact of the recovery in the economy from the COVID-19 pandemic in FY2022, the operating rate of our Group's refineries increased by 6% year on year. That meant Scope 1 + 2 emissions increased slightly compared to the previous fiscal year.

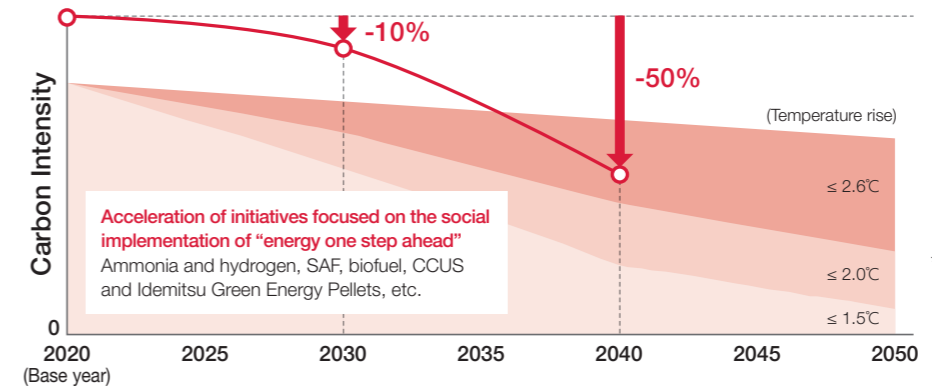


\* Scope: Idemitsu, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkai-chi Sekiyu Co., Ltd., Seibu Oil Co., Ltd.) and major consolidated group companies

**Indicator 2 (Carbon intensity)**  
2030: -10% (compared to 2020)  
2040: -50% (compared to 2020)

We have set a target value using an indicator called "carbon intensity" from the perspective of simultaneously realizing a contribution to the environment (a reduction in CO<sub>2</sub>) and a contribution to society (the supply of the low-carbon energy needed by society) to reduce

emissions across our entire supply chain toward the realization of a carbon neutral society. We are proceeding with initiatives related to this area.



\* The area graph in the figure shows the low carbon level of society based on the IEA scenario (our assumption)

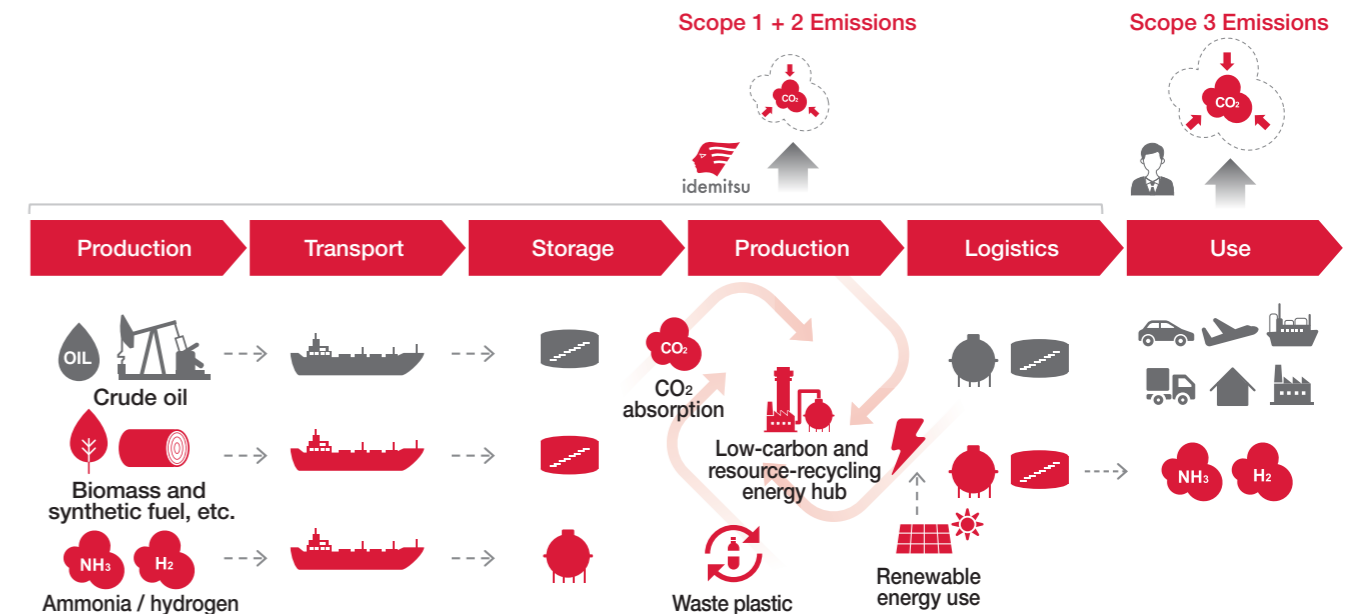
Our company's future business field of "energy one step ahead" is an initiative which will greatly contribute to a reduction in Scope 3 emissions. We would like to contribute to the realization of a carbon neutral society through social implementation in this field.

Social Implementation Theme	Assumed Business Size		
	Unit	2030	2040
Hydrogen and ammonia	million tons	1	4
SAF, biofuel and synthetic fuel	million kL	0.5	2.5
Mixing non-fossil fuels into gasoline*	%	10	20
Idemitsu Green Energy Pellets	million tons	3	3 or more
Tree planting and CCS, etc.	million tons	1	7

\* We assume high octane gasoline will apply to this in 2030

**Indicator 3 (Fossil fuel business revenue ratio)**  
2030: -50% or less

Image of the reduction in Scope 1, 2 and 3 emissions through business portfolio transformation



# 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 long positioned “Health, Safety and Environment” as the foundation of our management and have established the Safety & Environmental Protection Headquarters to promote initiatives to secure and preserve this foundation. Members of the Safety & Environmental Protection Headquarters consist of the General Manager and co-head of the Safety & Environmental Protection Headquarters, general managers of related departments, presidents of major affiliated companies, 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 oversee the headquarters as the individual bearing the highest responsibility for health, safety and environment. The Safety, Environment & Quality Assurance Department serves as the secretariat.

The Safety & Environmental Protection Headquarters performs the following roles and activities.

1. Determines the medium-term plan, the annual basic policies<sup>\*1</sup>, and priority issues associated with health, safety and environment
2. Assesses and evaluates performance through audits

3. Maintains, reviews and improves the Health, Safety and Environmental Management System<sup>\*2</sup>
4. Secures the management resources necessary to continually improve for each department and major affiliated company

<sup>\*1</sup> The Safety & Environmental Protection Headquarters meeting determines the basic policy for the next fiscal year

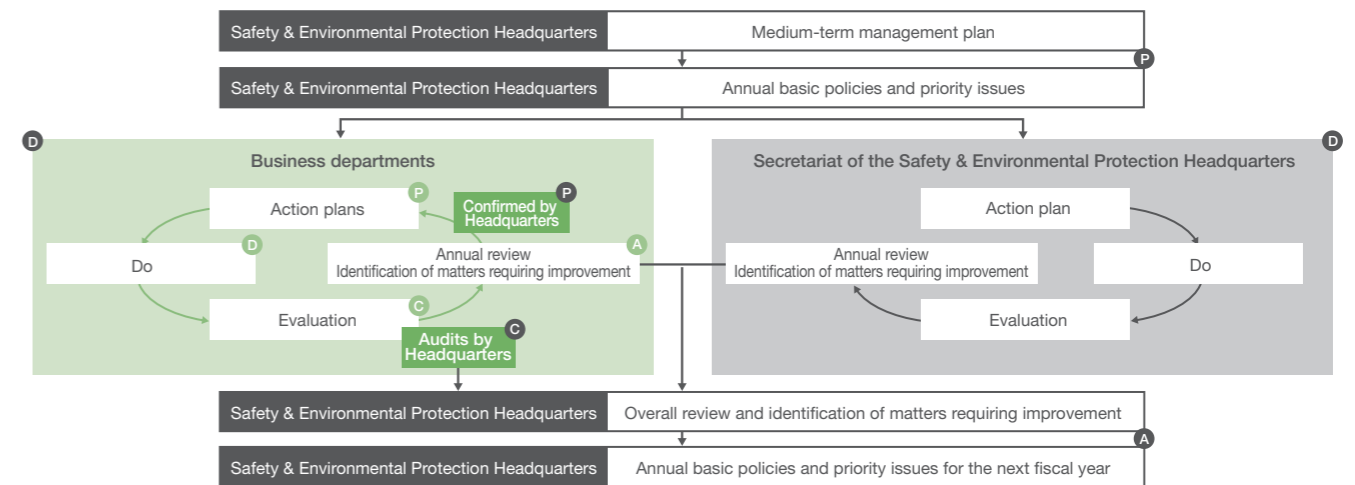
<sup>\*2</sup> This is a mechanism to establish policies, goals, and targets to promote health, safety and environmental management activities, and to then formulate, implement, evaluate and continuously improve management plans to achieve those policies, goals and targets

The secretariat prepares drafts based on a review up to the previous fiscal year and consideration of the social situation to determine the medium-term management plan, basic policies for the fiscal year and key challenges. The Safety and Environmental Managers Meeting then deliberates those drafts with the Headquarters meeting finally giving them approval. The results are then reported to the Management Committee.

The Board of Directors receives reports from business executives and oversees environmental issues including climate change issues.

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 30 business departments and affiliated companies within the Group (17 in Japan, 13 overseas) acquired ISO 14001 certification as of June 30, 2023.

### Environmental management PDCA cycle



## Safety and Environmental 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 or co-head of the Safety & Environmental Protection Headquarters conducts Safety and Environmental Audit or safety patrols by visiting business sites every year.

<sup>\*</sup> The implementation status of these audits (Hokkaido Refinery, Chiba Complex, Aichi Complex, Tokuyama Complex) in FY2022 is presented in page 99

## Environmental Education & Awareness-Raising Activities

We provide environmental education for the entire Group under the leadership of the Safety & Environmental Protection Headquarters. The environmental management capacity enhancement training conducted in FY2022 saw a participation of 283 people. We are also engaged in activities like holding lectures and distribution of materials to raise awareness of environmental protection in line with the Environment Month promoted by the Ministry of the Environment.

### Environmental education and awareness-raising activities in FY2022

Lecture	Biodiversity – From global trends to life & work
Training	Environmental management capability enhancement training (July and November)
Other awareness-raising activities	Distribution of awareness-raising materials and holding of quizzes

## Environmental Compliance

In 2022, our Group business sites recorded 2 environmental compliance violations\* 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.

- Fluorocarbon leakage: Fluorocarbons were disposed without being collected from containers using fluorocarbons.
- Discharge of oil-containing wastewater into the sea: Oil-containing wastewater overflowed from a manhole due to heavy rain, mixed in with a rainwater drainage line and then flowed out into the sea.

<sup>\*</sup> Environmental compliance violations  
 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.

## Biodiversity Conservation

### Biodiversity Conservation Guidelines

In our Sustainability Policy (pp.45), 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 Conservation Guidelines  
 https://sustainability.idemitsu.com/en/themes/423



### Recognition of the Impact of our Business Activities on Biodiversity

#### 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 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

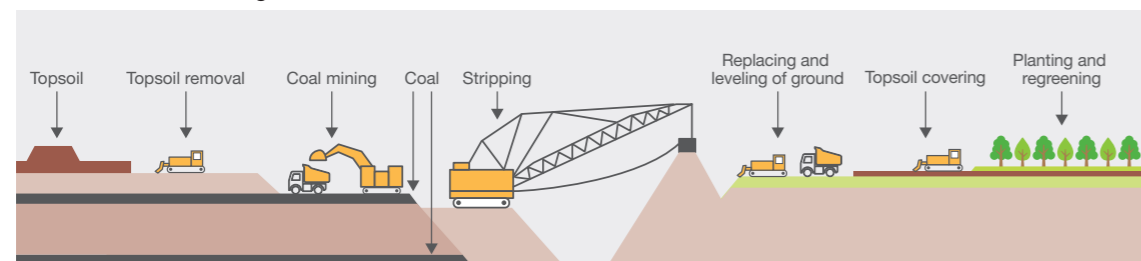
### Ecosystem Rehabilitation

#### 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. Therefore, we have activities that strives to restore biodiversity (rehabilitation), by returning the topsoil to areas where mining has been completed and planting the same types of plants

as had originally been present, 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.

#### Rehabilitation of mining sites



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

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

(Unit: ha)

Category	2021 results	2022 results	2023 forecast
A. Mining sites	1,567.5	1,664.7	1,686.7
B. Unrehabilitated sites	1,443.8	1,384.2	1,362.5
C. Completed preparation for rehabilitation	N/A	N/A	43.7
D. Sites currently undergoing rehabilitation	292.1	280.6	280.6
E. Rehabilitated sites	N/A	N/A	N/A

### 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.

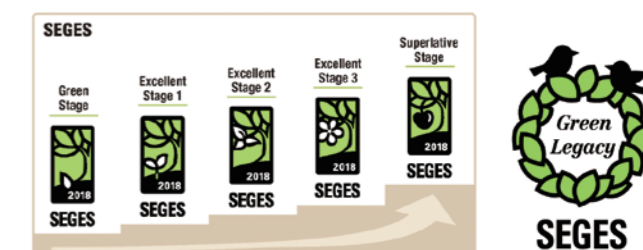
Idemitsu's refineries and complexes aim to be a "park-like factory" and have established green belts (green spaces) within their premises that exceed the area specified by law since the start of their operations.

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.

Our Aichi Complex was recognized as the first "Green Hall of Fame" among domestic petroleum refining facilities. This is because it has been highly evaluated for its continuous maintenance, development, and deepening of the "Superlative Stage" over the years, making significant contributions to the enhancement of green spaces.



Green belts (green spaces) of Aichi Complex



Source: SEGES website https://seges.jp/e/index.html

#### Certification as a Natural Symbiosis Site

We are participating in the 30by30 Alliance for Biodiversity. The Ministry of the Environment has created a mechanism to certify places which contribute to the conservation of biodiversity as "natural symbiosis sites." Our Hokkaido Refinery was certified as a natural symbiosis site in FY2023. Excluding the part which overlaps with the protected area, the certified area will be registered in an international database as an "Other Effective area-based Conservation Measure (OECM)."



Hokkaido Refinery



\* 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).



# Utilization of Water Resources

## Approach to Water Risk Management and Utilization of Water Resources

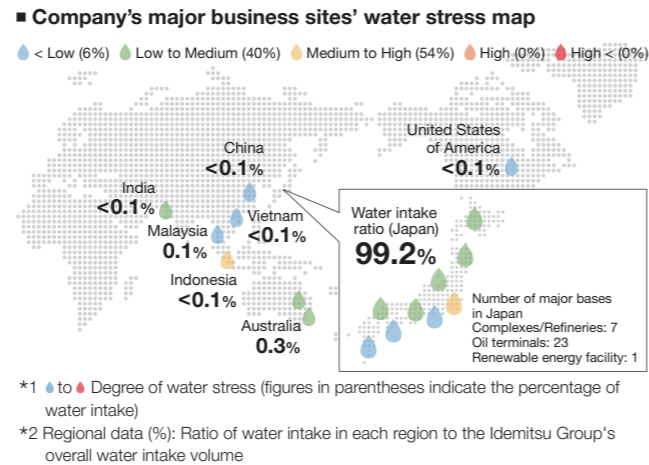
Our Group's water-related risks are managed under our overarching risk management structure as part of risks arising from changes in the business environment, natural disaster risks, risks attributable to operational accidents, climate change-related risks, and environmental regulatory risks.

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 the 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 seven domestic refineries and complexes are not located in regions with high water stress, the volume of water intake by these seven refineries and complexes accounts for 99% of the Idemitsu Group's overall water intake volume. Therefore, we thoroughly control the water quality in Japan while working to reduce our water consumption and

effectively utilize water resources by recycling those resources.

We also operate in countries and regions where water resources are not necessarily abundant. The problem of water resources is becoming increasingly serious around the world. It is said that there are situations and regions where it is not possible to obtain safe drinking water. Recognizing the current situation, we have begun initiatives to look overseas and are disclosing water stress maps.

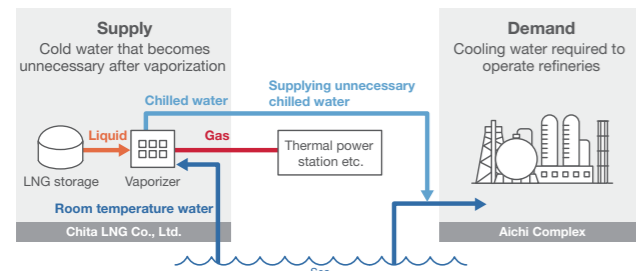


## Strengthening of Water Recycling at Refineries and Complexes

### Reduction in water consumption

Our refineries and complexes use large volumes of water. Therefore, they are working on reducing their water consumption and not just staying in line with wastewater standards. They are also striving to reduce their water consumption by working with other companies. Our Aichi Complex is reducing water consumption by accommodating cold water within the industrial complex. It is effectively utilizing the cold water discharged from the LNG vaporizer of the adjacent Chita LNG Co., Ltd. as its process cooling water. This initiative is contributing to a reduction in water intake over the entire Chita region. It is supported by the Research Association of Refinery Integration for Group-Operation (RING).

### Chilled water supply through cooperation within the industrial complex



## Initiatives for Water Quality Management

It is also important to regulate the quality of the water used when it is released back into the environment in terms of the usage of water resources. Our wastewater 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, we had just one incident of a violation of the laws and regulations governing the water quality control of wastewater in FY2022 (discharge of oil-containing wastewater into the sea: oil-containing wastewater overflowed from a manhole due to heavy rain, mixed in with a rainwater drainage line and then flowed out into the sea) based on the definition of environmental abnormality.

### Recycling of industrial water

	Unit	FY2022
Industrial water intake volume*1	thousand tons	87,649
Water recycling rate*2	%	92

\*1 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. Seibu Oil Co.,Ltd. covers the period from June 2022 to March 2023, after it became a consolidated group company.

\*2 Water recycling rate is for industrial water only. ((1) Industrial water intake volume: 87,649,000 tons (2) Industrial water use volume: 1,147,934,000 tons (3) Industrial water recycle volume: 1,060,285,000 tons, water recycling rate = (3) / (2)) (2) = (1) + (3).

# Initiatives Relating to a Circular Society, Waste and Chemical Substances

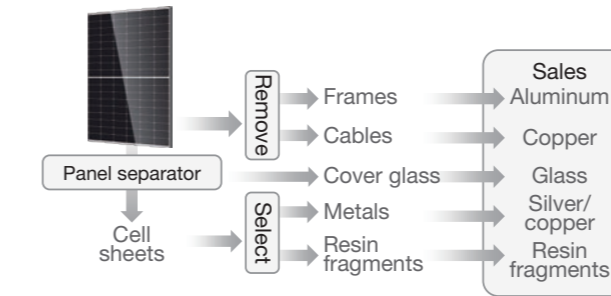
## Basic Approach for Circular Society

Our Group aims to transform the society of mass production, mass consumption, and mass disposal, and create a circular society that minimizes the consumption of natural resources and reduces environmental impact as much as possible. We promote various initiatives to reuse renewable resources within their regenerative capacity and consume non-renewable resources in the most efficient way possible. Additionally, we strive to shift towards other renewable resources in the long term while suppressing their usage.

## Initiative Examples

### 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.



### Used plastic recycling

We are striving to establish a recycling system to return used plastic back into oil (p. 30).

## 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.

## 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.

## 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

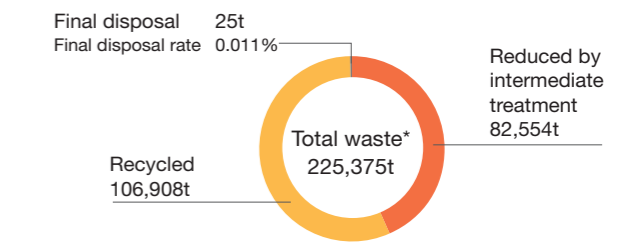
Currently, Japan's petroleum and chemical industries are pursuing their respective voluntary reduction targets\* for the final disposal volume of industrial waste in line with Nippon Keidanren's Voluntary Action Plan for Establishing a Sound Material-Cycle Society. Based on these targets, our company 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](https://www.keidanren.or.jp/en/policy/2021/029_plan.pdf)

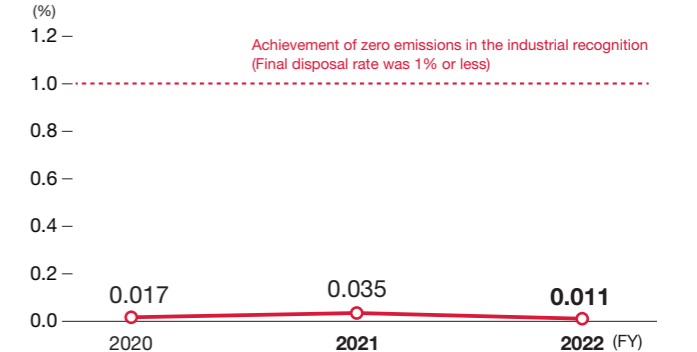


### Breakdown of waste disposal in FY2022



\* The amount of waste generated does not match the total value of each disposal amount in the figure, as it includes the amount of waste disposed of internally.

### Final disposal rate at Group refineries (%)



\* Total amount of General waste, Industrial waste and Specially controlled industrial waste.  
\* Scope of Reporting: Hokkaido Refinery, Chiba Complex, Aichi Complex, Tokuyama Complex, TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co.,Ltd.(after June 2022)

# Corporate Governance

## Basic Approach to Corporate Governance

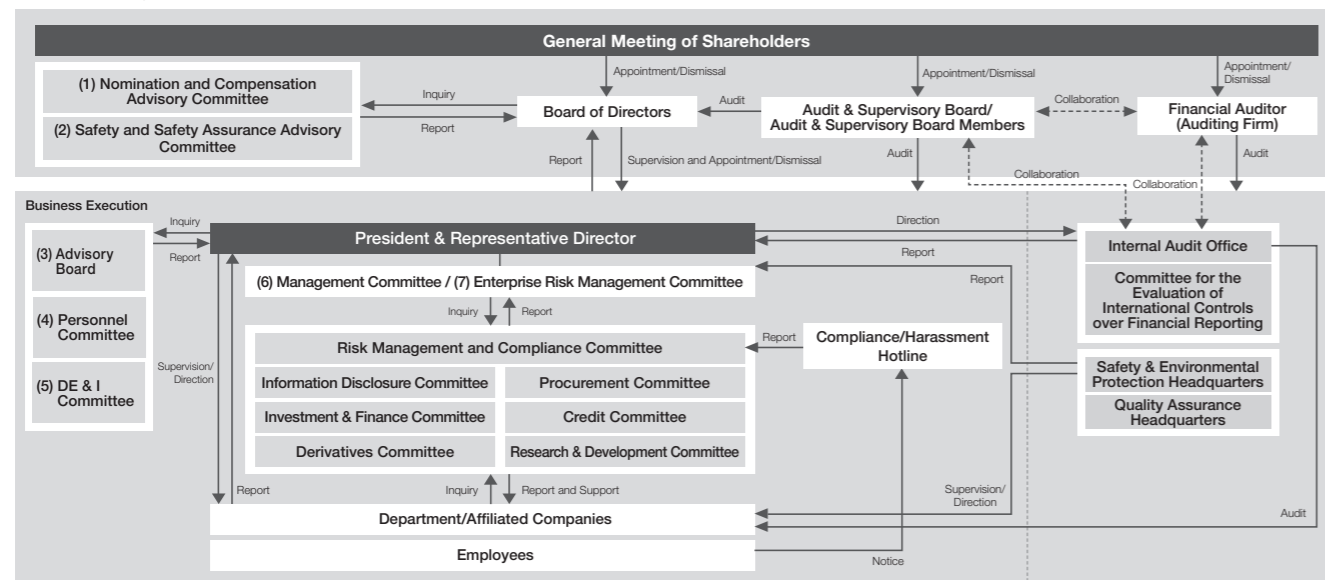
In our previous Medium-term Management Plan (FY2020-FY2022), we established our vision for 2030, “Your Reliable Partner for a Brighter Future.” In our Medium-term Management Plan (FY2023-FY2025) announced in November 2022, we established our vision for 2050, “Shaping Change,” based on a longer time span for achieving a carbon-neutral, circular society by 2050, our energy future, and our vision for the Company’s future.

By 2050, the global transition to carbon neutrality will have accelerated, increasing the likelihood of significant changes in energy systems and social structures. Discontinuous technical innovation and introducing new technologies into society will be critical in that process. To address these issues, we will promote social implementation based on the knowledge we have accumulated and the trust we have built with local communities through stable energy supply, fulfilling our responsibility to support people and their daily lives and to protect the global environment now and in the future.

We will continue to emphasize building good relationships with our stakeholders, including customers, shareholders, business partners, local communities, and employees, by enhancing management transparency and achieving sound and sustainable growth.

Aiming to be a company that is highly regarded and trusted across society, we will comply with the Corporate Governance Code, which aims to achieve sustainable corporate growth and increase corporate value over the medium to long term through dia-

### Corporate governance structure



### Overview of the Board of Directors (as of June 30, 2023)

Chairman	Takeo Kikkawa (Outside Director)
Number of Directors	11
Number of Independent Outside Directors (percentage)	4 (36%)
Number of female Directors (percentage)	2 (18%)
Term	1 year
Number of Board of Directors meetings held in FY2022	15

### Overview of the Audit & Supervisory Board (as of June 30, 2023)

Number of Audit & Supervisory Board Members	4
Number of Outside Audit & Supervisory Board Members (percentage)	2 (50%)
Term	4 years
Number of Board of Directors meetings held in FY2022	16

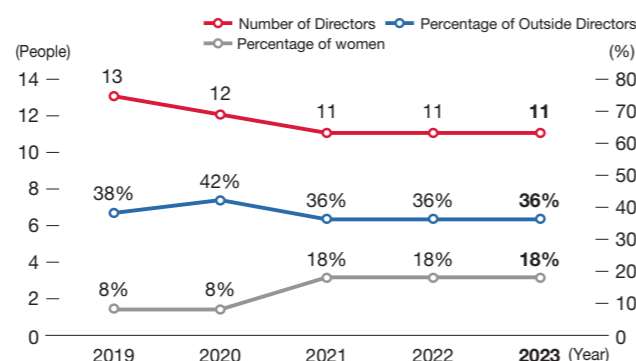
logue with shareholders. We also strive for fair and transparent management, holding frank discussions with diverse independent outside directors and independent outside Audit & Supervisory Board members on the actual state of corporate management and the surrounding environment and incorporating diverse opinions.

## Outline of Corporate Governance System

The Board of Directors of Idemitsu shall make important business decisions and supervise the execution of business in accordance with laws, regulations, the Articles of Incorporation, and other rules. We have increased the objectivity of the Board of Directors by stipulating in the Articles of Incorporation that the Board of Directors determines the chair and any director other than the President & Representative may be selected as chair, separating the roles of the chair and the President & Representative Director. As of FY2021, an Outside Director serves as chair of the Board of Directors. In addition, we delegate authority for business execution to the President & Representative Director, directors (who serve concurrently as executive officers), executive officers, and the heads of departments and other business units with a view to facilitating speedier decision making.

Moreover, the execution of duties is audited by Audit & Supervisory Board Members and the Audit & Supervisory Board, which remain independent of the Board of Directors.

### Composition of Board of Directors



## Overview of Each Committee

### (1) Nomination and Compensation Advisory Committee

To enhance the transparency and objectivity of its nomination and compensation functions, as an advisory body to the Board of Directors, we have in place the Nomination and Compensation Advisory Committee consisting of Independent Outside Directors. The Committee issues recommendations on proposals for the General Meeting of Shareholders on the appointment and dismissal of Directors and Audit & Supervisory Board Members, appointment and dismissal of executive officers with titles, and revisions to Directors’ remuneration and compensation systems in response to inquiries from the Board of Directors. In FY2022, the Nomination and Compensation Advisory Committee met a total of seven times.

#### Nomination and Compensation Advisory Committee system and meetings attended (FY2022)

	Position	Name	Meetings attended
Chairman	Outside Director	Mitsunobu Koshiba	7/7
	Outside Director	Takeo Kikkawa	7/7
	Outside Director	Yumiko Noda	7/7
	Outside Director	Maki Kado	6/7

#### Main agenda items and reports

Category	Agenda Items
Nomination	Director and Audit & Supervisory Board Member candidate and Executive Officer with titles election proposals
	Review of the official post structure
	Review of the skill matrix
	Executive Officer with titles regulations revision proposal
	Succession plans etc.
Compensation	Director evaluation and compensation in FY2021
	Extension of the share trust period
	Non-financial targets of the Representative Director and targets in the field of responsibility of Directors in FY2022
	Revision of the executive compensation system (compensation level, composition, performance-linked compensation indicators and stock compensation plan, etc.)

### (2) Safety and Safety Assurance Advisory Committee (3) Advisory Board

To maintain the transparency and soundness of business management, we have established the “Safety and Safety Assurance Advisory Committee” and the “Advisory Board.” With the inclusion of outside experts into their membership, these bodies are designed to ensure the reception of frank opinions on Idemitsu from a third-party perspective and reflect said opinions in management improvements.

The Safety and Safety Assurance Advisory Committee was established as an advisory body to the Board of Directors for the purpose of preventing major disasters at refineries and complexes etc. and addressing safety enhancement issues. In addition, recent intensification of natural disasters has increased the importance of safety assurance and ensuring stable supply. Therefore, we have set

up a working group within the Safety & Environmental Protection Headquarters to select themes and issues based on the latest knowledge and information and field outside experts’ recommendations on various themes.

The Advisory Board is designed to act as an advisory body to the President & Representative Director, with members consisting of Outside Directors and other outside experts, and has led to ample opportunity to contribute recommendations on management issues.

### (4) Personnel Committee

The Personnel Committee was established as an advisory body to the President & Representative Director, with the aim of facilitating the optimal allocation of human resources, including Executive Officers, to optimal positions. It also aims to ensure fair and impartial evaluation and enhance the transparency of relevant decision-making processes. The members are the President & Representative Director, Vice President, the Officer in charge of personnel, and other officers appointed by the President to discuss and issue recommendations on such matters as the appointment and dismissal of Executive Officers and the selection of members of the Management Committee.

### (5) DE&I Committee

The Committee was established as an advisory body to the President & Representative Director for the purpose of creating an environment in which diverse employees can thrive at work and advance and co-creating new value. In addition to Directors and the Officer in charge of personnel, members include a diverse range of executives of different genders, various job titles, and other attributes. Outside Directors participate as advisors. This committee identifies issues related to the promotion of DE&I and makes recommendations to management, provides regular reports to the Board of Directors, and plans and promotes company-wide initiatives.

### (6) Management Committee (7) Enterprise Risk Management Committee

The Management Committee and the Enterprise Risk Management Committee are charged with deliberating management strategies for the entire Group as well as for each executive department in addition to discussing and reviewing management issues. Both committees are chaired by the President & Representative Director, with their membership 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-departmental issues and risks.

The Management Committee formulates and discusses strategies related to Group management and is a deliberative body that seeks to ensure smooth and appropriate decision making on important matters associated with business execution. The Enterprise Risk Management Committee determines and monitors risk management policies related to Group management.

Specialized subcommittees are established under the Management Committee and the Enterprise Risk Management Committee to deliberate on business execution and risk management issues from a more practical and specialized standpoint.

# Directors and Audit & Supervisory Board Members As of June 30, 2023

\* Board of Directors and Audit & Supervisory Board meeting attendance figures are for FY2022  
 \* Number of shares held are as of the end of March, 2023.


## Directors



**Shunichi Kito**  
 Representative Director,  
 President and Chief Executive Officer

- Number of shares of the Company held: 33,644 shares
- Board of Directors meetings attended: 15/15

April 1980 Joined Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")  
 April 2005 Deputy General Manager of Personnel Department, Idemitsu Kosan  
 July 2008 Deputy General Manager of Accounting Department, Idemitsu Kosan  
 June 2011 Executive Officer and General Manager of Accounting Department, Idemitsu Kosan  
 June 2013 Director, Managing Executive Officer and General Manager of Accounting Department, Idemitsu Kosan  
 June 2014 Managing Director, Idemitsu Kosan  
 June 2017 Executive Vice President and Director, Idemitsu Kosan  
 April 2018 Representative Director & Chief Executive Officer, Idemitsu Kosan  
 April 2019 Representative Director, President and Chief Executive Officer, Idemitsu Kosan  
 June 2022 Representative Director, President and Chief Executive Officer, Idemitsu Kosan (to date)  
 Sep. 2022 President, Petroleum Association of Japan (to date)



**Susumu Nibuya**  
 Representative Director,  
 Executive Vice President and Chief Operating Officer

- Number of shares of the Company held: 27,490 shares
- Board of Directors meetings attended: 15/15


April 1982 Joined Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")  
 June 2008 Managing Director of Idemitsu Engineering Co., Ltd.  
 April 2011 General Manager of Internal Audit Office, Idemitsu Kosan  
 April 2013 Executive Officer and General Manager of Corporate Planning Department, Idemitsu Kosan  
 June 2015 Director Corporate Planning and General Manager of Corporate Planning Department, Idemitsu Kosan  
 June 2017 Managing Director, Idemitsu Kosan  
 April 2019 Executive Vice President and Executive Officer, Idemitsu Kosan  
 June 2020 Representative Director Executive Vice President, Idemitsu Kosan  
 June 2022 Representative Director, Executive Vice President and Chief Operating Officer, Idemitsu Kosan (to date)



**Atsuhiko Hirano**  
 Representative Director,  
 Executive Vice President

- Number of shares of the Company held: 5,951 shares
- Board of Directors meetings attended: 15/15


April 1985 Joined Showa Shell Sekiyu K.K. ("Showa Shell")  
 Sep. 2002 General Manager, Shizuoka Area, Showa Shell  
 Sep. 2004 General Manager, Marketing Planning Division, Showa Shell  
 March 2005 Executive Officer and General Manager, Marketing Planning Division, concurrently serving as General Manager, Retail Sales Division, Showa Shell  
 March 2006 Director, Showa Shell  
 March 2009 Corporate Executive Officer, Showa Shell  
 March 2013 Senior Corporate Executive Officer, Showa Shell  
 July 2014 Representative Director, President, Solar Frontier K.K.  
 April 2019 Managing Executive Officer of the Company, Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")  
 June 2020 Director, Managing Executive Officer, Idemitsu Kosan  
 June 2022 Director, Executive Vice President, Idemitsu Kosan  
 June 2023 Representative Director, Executive Vice President, Idemitsu Kosan (to date)



**Noriaki Sakai**  
 Representative Director,  
 Executive Vice President

- Number of shares of the Company held: 17,744 shares
- Board of Directors meetings attended: 15/15


April 1985 Joined Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")  
 July 2010 Deputy General Manager of Tokuyama Refinery and Deputy General Manager of Tokuyama Plant, Idemitsu Kosan  
 July 2012 Deputy General Manager of Human Resource Department, Health Insurance Union President and Corporate Pension Fund President, Idemitsu Kosan  
 July 2015 Deputy General Manager of Accounting Department, Idemitsu Kosan  
 June 2017 General Manager of Accounting Department, Idemitsu Kosan  
 July 2018 Executive Officer and General Manager of Accounting Department, Idemitsu Kosan  
 April 2019 Executive Officer and General Manager of Finance Department, Idemitsu Kosan  
 July 2020 Senior Executive Officer Chief Financial Officer, Idemitsu Kosan  
 June 2021 Director, Managing Executive Officer, CFO, Idemitsu Kosan  
 June 2022 Director, Executive Vice President, Idemitsu Kosan  
 June 2023 Representative Director, Executive Vice President, Idemitsu Kosan (to date)



**Masahiko Sawa**  
 Director, Managing Executive Officer

- Number of shares of the Company held: 6,967 shares
- Board of Directors meetings attended: 11/11


April 1990 Joined Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")  
 April 2013 Deputy General Manager of Gas Business Department, Idemitsu Kosan  
 June 2017 General Manager of Technology & Engineering Center, Idemitsu Kosan  
 April 2019 Executive Officer and General Manager of Hokkaido Refinery, Idemitsu Kosan  
 June 2021 Senior Executive Officer (in charge of Manufacturing & Technology), Idemitsu Kosan  
 June 2022 Director, Managing Executive Officer, Idemitsu Kosan (to date)



**Masakazu Idemitsu**  
 Director (part-time)

- Number of shares of the Company held: 900,000 shares
- Board of Directors meetings attended: 15/15

April 2010 Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts (to date)  
 Councilor, Public Interest Incorporated Foundation Idemitsu Culture and Welfare Foundation  
 Dec. 2015 Director and Vice President, Nissho Kosan Co., Ltd. ("Nissho Kosan")  
 April 2016 Representative Director and President, Nissho Kosan (to date)  
 April 2019 Director, Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan") (to date)  
 Representative Director and President, Showa Kosan K.K. (to date)  
 May 2020 Representative Director, MI Power Co., Ltd. (to date)  
 Oct. 2020 Representative Director, General Incorporated Association Idemitsu Philosophy Laboratory (to date)  
 April 2021 Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (to date)



**Kazunari Kubohara**  
 Director (part-time)

- Number of shares of the Company held: —
- Board of Directors meetings attended: 15/15

Dec. 2008 Registered as an attorney, established Kyuhodo Law Firm (to date)  
 April 2010 Committee Member, Tokyo Local Third-Party Committee to Check Pension Records, Ministry of Internal Affairs and Communications  
 April 2011 Delegate, Dai-ichi Tokyo Bar Association  
 Sep. 2015 Auditor, General Incorporated Association for Realizing Prescription of Adequate Amount of Anti-Dementia Drugs  
 June 2016 Outside Statutory Auditor, Class Technology Co., Ltd.  
 July 2017 Auditor, Medical Corporation Hakuikai Miyake Dental Clinic (to date)  
 March 2018 Delegate, Japan Federation of Bar Associations  
 April 2018 Vice Chairperson of the Legal Services Obstruction Countermeasures Committee, Dai-ichi Tokyo Bar Association  
 April 2019 Director, Idemitsu Kosan Co., Ltd. (to date)


## Audit & Supervisory Board Members



**Tsutomu Yoshioka**  
 Audit & Supervisory Board Member

- Number of shares of the Company held: 11,455 shares
- Board of Directors meetings attended: 15/15
- Audit & Supervisory Board meetings attended: 16/16

April 1984 Joined Shell Sekiyu K.K.  
 Sep. 2002 General Manager of Hokkaido Branch Office, Showa Shell Sekiyu K.K. ("Showa Shell")  
 April 2005 Representative Director, President, Shoshei Gas K.K.  
 July 2008 Representative Director, President, Enessance Holdings Co., Ltd.  
 March 2011 Executive Officer in charge of Accounting, Finance, and Credit Management, Showa Shell  
 April 2015 Executive Officer and General Manager of Petroleum Business Division Metropolitan Area Branch, Showa Shell  
 March 2017 Audit & Supervisory Board Member, Showa Shell  
 April 2019 Senior Executive Officer, Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")  
 June 2021 Audit & Supervisory Board Member, Idemitsu Kosan (to date)




**Hidefumi Kodama**  
 Audit & Supervisory Board Member

- Number of shares of the Company held: 2,421 shares
- Board of Directors meetings attended: 11/11
- Audit & Supervisory Board meetings attended: 11/11

April 1987 Joined Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")  
 July 2011 Manager of Finance Management Section, Accounting Department, Idemitsu Kosan  
 July 2013 Manager of Planning & Coordination Office, Exploration & Production Department 1, and Director, Idemitsu Kosan and General Manager of General Affairs Department, Idemitsu Oil & Gas  
 April 2015 General Manager of Exploration & Production Planning Department, Idemitsu Kosan  
 July 2017 General Manager of Public Relations & CSR Affairs Office and in charge of brand strategy, Idemitsu Kosan  
 April 2018 General Manager of Public Relations Department, and in charge of brand strategy, Idemitsu Kosan  
 April 2019 General Manager of Coal Business Department, Idemitsu Kosan  
 April 2021 General Manager of Coal and Energy Solution Department, Idemitsu Kosan  
 June 2022 Audit & Supervisory Board Member, Idemitsu Kosan (to date)

## Independent Outside Directors

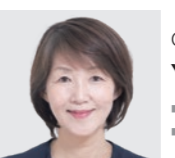


**Takeo Kikkawa**  
 Outside Director

- Number of shares of the Company held: —
- Board of Directors meetings attended: 15/15

April 1987 Associate Professor, Aoyama Gakuin University School of Business  
 Oct. 1993 Associate Professor, Institute of Social Science, University of Tokyo  
 April 1996 Professor, Institute of Social Science, University of Tokyo  
 April 2007 Professor, Hitotsubashi University Graduate School of Commerce and Management  
 Jan. 2013 President, Business History Society of Japan  
 June 2013 Outside Director, Mitsubishi Chemical Holdings Corporation  
 April 2015 Professor, Graduate School of Innovation Studies, Tokyo University of Science (currently, Graduate School of Management, Tokyo University of Science)  
 June 2017 Director, Idemitsu Kosan Co., Ltd. (to date)  
 April 2020 Professor, Graduate School of International Management, International University of Japan  
 April 2021 Vice President, and Professor, Graduate School of International Management, International University of Japan (to date)

**Reason for appointment**  
 Mr. Takeo Kikkawa has long experience and wide knowledge as a university professor, and has full knowledge about corporate management as an expert in business administration studies and especially in energy industry theory. He has not engaged in corporate management in any manner other than serving as an Outside Officer. However, management has judged that he will be able to perform his duties as an Outside Director properly as he satisfies the "Requirements for Independence of Outside Officers" of the Company and for the above reasons. In addition, when he is elected as an Outside Director, he will operate the Board of Directors properly as the chairman thereof and will engage in selecting candidates for officers of the Company and deciding the officers' compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.




**Yumiko Noda**  
 Outside Director

- Number of shares of the Company held: —
- Board of Directors meetings attended: 15/15

April 1982 Joined Tokyo Branch, Bank of America Corporation  
 March 1996 Deputy General Manager, London Branch, the Long-Term Credit Bank of Japan Ltd. (Head of Structured Finance)  
 Jan. 2000 Partner, Head of PPP (Public Private Partnership) and Privatization, PwC Financial Advisory Service Co., Ltd. (currently, PwC Advisory LLC) ("PwC")  
 June 2007 Deputy Mayor, Yokohama City  
 Jan. 2011 Partner, Head of PPP and Infrastructure Asia Pacific, PwC  
 Oct. 2017 President and Representative Director, Veolia Japan K.K. ("Veolia")  
 April 2019 Chairman, Administrative Reform Committee, Japan Association of Corporate Executives  
 June 2020 Vice Chair of the Board of Councilors and Chair of Committee on Environment and Safety, Japan Business Federation Chairman and Representative Director, Veolia (to date)  
 June 2021 Outside Director, Benesse Holdings, Inc. (to date)  
 Director, Idemitsu Kosan Co., Ltd. (to date)  
 June 2022 Vice Chair of the Board of Councilors and Chair of Committee on Environment, Japan Business Federation  
 May 2023 Vice Chairs and Chair of Committee on Environment, Japan Business Federation (to date)  
 June 2023 Outside Director, Mizuho Financial Group, Inc. (to date)

**Reason for appointment**  
 Ms. Yumiko Noda has worked in financial institutions inside and outside of Japan, has served as the Deputy Mayor of Yokohama City and Partner of PwC, etc., and joined Veolia management as President and Representative Director since 2017, and Chairman and Representative Director since 2020. Management has judged that Ms. Yumiko Noda will be able to perform her duties as an Outside Director properly as she has long experience and wide knowledge as a business manager in the fields of finance, global management, and regional revitalization, and satisfies the "Requirements for Independence of Outside Officers" of the Company. In addition, when she is elected as an Outside Director, she will engage in selecting candidates for officers of the Company and deciding the officers' compensation from an objective and neutral position as a committee member of the Nomination and Compensation Advisory Committee.




**Maki Kado**  
 Outside Director

- Number of shares of the Company held: —
- Board of Directors meetings attended: 14/15

April 1992 Joined NEC Corporation  
 April 1996 Joined United Feature Syndicate Inc. Japan Branch  
 May 2000 Joined Microsoft Product Development Inc. (Microsoft Japan Co., Ltd.)  
 April 2004 Joined Microsoft Corporation Inc. (US) Headquarters  
 July 2013 General Manager of Purchasing, salesforce.com Co., Ltd.  
 April 2014 Business Manager, Coca-Cola East Japan Co., Ltd.  
 Dec. 2014 Director, Coca-Cola Business Services Company, Limited ("Coca-Cola Business Service")  
 Jan. 2015 Operating Committee member (Officer), Coca-Cola Cross Enterprise Procurement Group  
 March 2015 Representative Director and President, Coca-Cola Business Service  
 Aug. 2015 Representative Director and President, Coca-Cola Bus Iness Sourcing Co., Ltd.  
 June 2016 Budget Committee Chair (Chief Financial Officer), Coca-Cola Cross Enterprise Procurement Group  
 April 2017 Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan Inc. ("Coca-Cola Bottlers Japan")  
 Feb. 2019 Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan  
 June 2019 Executive Officer, Head of Procurement and Head of Executive Business Management, Coca-Cola Bottlers Japan  
 Nov. 2019 Executive Officer, Head of Business Transformation and Head of Procurement, Coca-Cola Bottlers Japan  
 Jan. 2020 Executive Officer, Head of Business Transformation, Coca-Cola Bottlers Japan  
 April 2020 Executive Officer, Executive Business Manager, Coca-Cola Bottlers Japan Holdings Inc. ("Coca-Cola Bottlers Japan Holdings") (to date)  
 June 2021 Director, Idemitsu Kosan Co., Ltd. (to date)  
 Jan. 2022 Executive Officer, Chief Transformation Officer, Coca-Cola Bottlers Japan  
 Jan. 2023 Executive Officer and Chief Business Management & Sustainability Officer, Coca-Cola Bottlers Japan (to date)  
 Representative Director and Vice President, Coca-Cola Customer Marketing Company, Limited. ("Coca-Cola Customer Marketing")  
 April 2023 Representative Director and President, Coca-Cola Customer Marketing (to date)

**Reason for appointment**  
 Ms. Maki Kado worked in system development and marketing in Japan and overseas and served as the representative director and president of Coca-Cola Business Sourcing Co., Ltd. She previously served as an executive officer of Coca-Cola Bottlers Japan Inc. and has served as an executive officer of Coca-Cola Bottlers Japan Holdings Inc. since 2020 and the representative director and president of Coca-Cola Customer Marketing Co., Ltd. since 2023. Management has judged that she will be able to perform her duties as an Outside Director properly as she has expertise in international business, retail marketing, and DX and DEI knowledge as well as long experience and broad-based knowledge, and satisfies the "Requirements for Independence of Outside Officers" of the Company. In addition, if her appointment is approved, she will provide objective and neutral advice regarding decisions on the selection of executive candidates and executive compensation as a member of the Nomination and Compensation Advisory Committee.

## Independent Outside Audit & Supervisory Board Members

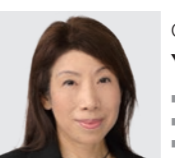


**Taigi Ito**  
 Outside Audit & Supervisory Board Member

- Number of shares of the Company held: 8,031 shares
- Board of Directors meetings attended: 15/15
- Audit & Supervisory Board meetings attended: 16/16

Jan. 1970 Joined Tsuji Audit Corporation (renamed as MISUZU Audit Corporation)  
 May 1973 Registered as Certified Public Accountant (Registration No. 5095)  
 Feb. 1989 Representative partner of MISUZU Audit Corporation  
 July 2004 Deputy Chairman, The Japanese Institute of Certified Public Accountants  
 May 2006 Counsel of MISUZU Audit Corporation  
 Aug. 2007 Opened Certified Public Accountant Ito Taigi Office (to date)  
 April 2009 Professor, Graduate School of Accountancy, Waseda University  
 June 2009 Supervisory Director of The Investment Trusts Association, Japan  
 Oct. 2010 Supervisory Director of Japan Law Foundation  
 Jan. 2012 Chairman of the Disciplinary Committee, The Japanese Institute of Certified Public Accountants  
 June 2012 Outside Audit & Supervisory Board Member, Idemitsu Kosan Co., Ltd. (to date)  
 Outside Audit & Supervisory Board Member, Ito Holdings Corporation (currently, TIS INC.)  
 June 2014 Outside Audit & Supervisory Board Member, Mitsubishi Chemical Holdings Corporation  
 June 2015 Outside Director, Mitsubishi Chemical Holdings Corporation  
 Sep. 2018 Outside Director, Koa Shop Holdings Co., Ltd. (to date)

**Reason for appointment**  
 Mr. Taigi Ito has long experience as a certified public accountant and university professor as well as adequate knowledge about corporate management as an expert in corporate accounting. Although he has not been involved in corporate management in any manner other than serving as an outside officer, management has judged that he will be able to perform his duties as an Outside Audit & Supervisory Board Member properly based on the above and that he satisfies the "Requirements for Independence of Outside Officers" of the Company.



**Yumiko Ichige**  
 Outside Audit & Supervisory Board Member

- Number of shares of the Company held: —
- Board of Directors meetings attended: 11/11
- Audit & Supervisory Board meetings attended: 11/11

April 1989 Registered as an attorney (Daini Tokyo Bar Association)  
 Law Department, IBM Japan, Ltd.  
 Dec. 2007 Partner, Nozomi Sogo Attorneys at Law (to date)  
 April 2009 Vice Chairman, Daini Tokyo Bar Association  
 June 2012 Outside Director, NEC Networks & System Integration Corporation  
 April 2014 Executive Director, Japan Federation of Bar Associations  
 May 2014 Outside Audit & Supervisory Board member, AEON MALL Co., Ltd.  
 Dec. 2014 Outside Director, Audit & Supervisory Committee member, SANYO TRADING CO., LTD.  
 Dec. 2016 Outside Director, Audit & Supervisory Committee member, FOOD & LIFE COMPANIES LTD. (to date)  
 June 2018 Outside Director, ITOHAM YONEYKYU HOLDINGS INC.  
 National Research and Development Agency Council member, Ministry of Land, Infrastructure, Transport and Tourism (to date)  
 Jan. 2019 Information and Communications Council member, Ministry of Internal Affairs and Communications (to date)  
 March 2020 Outside Director, ASKUL Corporation (to date)  
 June 2022 Outside Audit & Supervisory Board Member, Idemitsu Kosan Co., Ltd. (to date)

**Reason for appointment**  
 Ms. Yumiko Ichige has long experience as an attorney as well as adequate knowledge about corporate management as an expert in corporate law. Although she has not been involved in corporate management in any manner other than serving as an outside officer, management has judged that she will be able to perform her duties as an Outside Audit & Supervisory Board Member properly based on the above and that she satisfies the "Requirements for Independence of Outside Officers" of the Company.

## Overview of Board of Directors

In FY2022, we announced our Medium-term Management Plan for FY2023-2025. When formulating this plan, the Board of Directors held intensive discussions from the initial stage of planning consideration and established the course of action in terms of setting

important themes. Furthermore, the Board of Directors utilized meetings of outside officers and Advisory Board while also working with the Management Committee to deepen its discussions and to then lead to the formulation of the Medium-term Management Plan.

### Main Agenda Items Discussed by the Board of Directors

#### Management and business strategies

- Impact on sanctions related to the invasion of Ukraine on our business and our response
- Establishment of the Advanced Materials Company mainly to build a technology-driven management structure and to ensure quick and accurate decision-making
- Efforts to help Nghi Son Refinery and Petrochemical Limited Liability Company (NSRP) contribute to profit
- Establishment of our Medium-term Management Plan (FY2023-2025)
- Turning TOA Oil Co., Ltd. and Seibu Oil Co., Ltd. into wholly-owned subsidiaries
- Business structure reforms of our coal business
- Course of action for the future of our existing businesses

#### Governance

- Establishment of the Risk Management and Compliance Committee to further improve the consistency of discussions on the internal controls system (integration of the Risk Management Committee and Compliance Committee)
- Revision of the amount and contents of performance-linked stock compensation for Directors, etc.
- Organization of the overall picture of D&I promotion linked to our Management Philosophy, KPI setting and measures to strengthen initiatives
- Analysis of the causes of the misconduct in the oil quality test by TOA Oil Co., Ltd. and Showa Yokkaichi Sekiyu Co., Ltd. and measures to prevent that from reoccurring
- Economic security guarantee
- Future response to further improve the effectiveness of the Board of Directors

#### IR, General Meeting of Shareholders, and shareholder returns

- Policy for dealing with strategic holdings of listed shares
- Market reaction after our earnings announcement
- Review of the Annual General Meeting of Shareholders and future direction
- Acquisition and cancelation of treasury stock in line with our shareholder returns policy
- Measures for individual shareholders and institutional investors

Note: The above is only a partial list of agenda items. The Board of Directors has also deliberated on other matters deemed necessary under laws, regulations, and the Idemitsu Articles of Incorporation and passed resolutions on these matters.

#### Meetings of outside officers

In order to further enhance discussions at meetings of the Board of Directors, we hold meetings of outside officers five times a year. These meetings are comprised only of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members. The meeting participants exchanged information and shared awareness about the following matters.

- Review of FY2021 internal audits and FY2022 initiative policy
- Examination of CO<sub>2</sub> emission targets toward the formulation of the Medium-term Management Plan
- Human resource strategy for 2050
- Medium- to long-term strategies for the Advanced Materials Company
- Course of action and initiatives which we should take as we aim for digital transformation

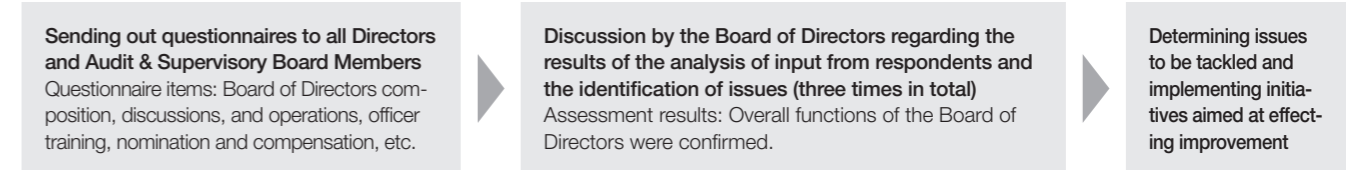
### Assessment of the effectiveness of the Board of Directors

In January 2023, we conducted a questionnaire survey of all Directors and Audit & Supervisory Board Members. Based on the results, we evaluated the initiatives carried out in the FY2022 to address the issues identified in the previous fiscal year. After three rounds of discussion at the Board of Directors, the future issues were identified,

and the details of the initiatives were confirmed.

The questionnaires were designed to verify conformity with Japan's Corporate Governance Code while incorporating items aimed at qualitative improvement. We received advice from an expert third-party organization to determine the content of these items and analyze the responses.

#### ■ Process for the assessment of the Board of Directors' effectiveness



Issues identified in FY2021	Details of initiatives in FY2022
Setting issues with a focus on the medium- to long-term	Starting with discussions on our Medium-term Management Plan, we continued to discuss and share opinions on medium- to long-term strategic issues including the Medium-term Management Plan and the direction of new businesses for business structure reforms to achieve carbon neutrality by 2050.
Further enhancement of information provision to contribute to future management decisions	We confirmed the progress of our digital transformation strategy and implemented a growth strategy for our Advanced Materials Company based on proposals from outside officers at meetings of outside officers in regards to the item of "further enhancement of information provision to contribute to future management decisions." Furthermore, we made steady progress in preparing for the environmental changes which are expected to occur in the future in regards to the latest geopolitical and economic security trends which are becoming increasingly important due to the situation in Ukraine. For example, we have been inviting external experts to provide officer training since FY2021.

#### ■ Future issues and initiatives

Issues identified in FY2022	Future initiatives
Response to management issues	We will deepen discussions toward achieving our medium- to long-term management issues through debate on strategy issues while confirming progress on our Medium-term Management Plan. As a part of this process, we will share information which contributes to strategy discussions more than ever before in meetings of outside officers. We will then continue to move forward while obtaining even more guidance and advice from diverse specialist knowledge of outside officers.
Shareholder and investor relations	We will further improve our ability to convey information to deepen understanding of our businesses. For example, we will establish a platform for individual shareholders. At the same time, we will enhance both the quality and quantity of communication with shareholders and investors to improve our medium- to long-term corporate value. We will achieve this through initiatives such as those to increase discussions between Outside Directors and analysts and institutional investors.

### Nomination of Director and Audit & Supervisory Board Member Candidates

#### Nomination of director candidates

We believe a certain number of directors familiar with Idemitsu's business and issues is required for the Board of Directors to fulfill its role and responsibilities and that it is important to ensure diversity of the required knowledge, experience, and abilities of each Director so that we can secure its independence and objectivity. Based on the above thinking, we utilize human resource standards, skill and career matrices, and other tools to make appointments in consideration of the overall balance.

The President & Representative Director submits a draft to the Nomination and Compensation Advisory Committee with a full assessment of the abilities, knowledge and performance of individual candidates. The Board of Directors then finalizes its decision on the selection based on recommendations of the Nomination and Compensation Advisory Committee.

In addition, the Nomination and Compensation Advisory Committee deliberates on the dismissal of Directors as necessary and reports its conclusions to the Board of Directors

#### Nomination of Audit & Supervisory Board Member candidates

We select Audit & Supervisory Board Member candidates who have appropriate experience and abilities as well as the necessary financial, accounting, and legal knowledge. In addition, for full-time Audit & Supervisory Board Member candidates, we select those who are familiar with

Idemitsu's business and the issues we face, and who are able to carry out auditing and supervision in an accurate, fair, and efficient manner. We utilize human resource standards, skill and career matrices, and other tools to make appointments in consideration of the overall balance.

The President & Representative Director submits a draft to the Nomination and Compensation Advisory Committee with a full assessment of the abilities, knowledge and performance of individual candidates. The Board of Directors then finalizes its decision on the selection based on recommendations of the Nomination and Compensation Advisory Committee after obtaining the consent of the Audit & Supervisory Board.

#### Independence requirements for Outside Officers

In order for the Board of Directors to fulfill its supervisory function and for the Audit & Supervisory Board to fulfill its audit and supervisory functions, we appoint outside officers who have the knowledge and experience to provide useful advice to management, taking into consideration their diverse knowledge and backgrounds, from among those who meet our Independence Requirements for Outside Officers. Our basic policy is to have Independent Outside Directors account for at least one-third of all Directors and for Independent Outside Audit & Supervisory Board Members account for at least half of all Audit & Supervisory Board Members.

**Skill matrix**

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

After preparing and disclosing the skills matrix concerning Directors in 2020, the Company continued to review it as necessary in light of the management issues it is facing.

In 2023, the Company reviewed the areas in which contribution of Directors and Audit & Supervisory Board Members (the "Officers") are expected based on the Medium-term Management Plan (FY2023-2025), selected the areas listed below, and elected Officers

who have skills, such as knowledge and experience in those areas, while also paying attention to diversity.

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

**Succession plan**

The Nomination and Compensation Advisory Committee, which is comprised of Independent Outside Directors, has adopted a mechanism for deliberating on the selection and training of next-generation officer candidates based on the long-term plan and reporting to the Board of Directors. Currently, it is working on selection and training of candidates starting with a succession plan for the President & Representative Director.

**List of areas of expected contribution from directors and auditors**

Perspective	Areas of expected contribution	Reason for selection of areas of expected contribution
To lead change	Corporate philosophy / business strategy	The Officers are required to deeply understand and implement the Company's business objectives and the purpose of its existence, and lead the management to realize the Vision for 2050 based on perspectives such as economic security, SDGs, and DX in the context of a discontinuous management environment.
	Human resources development / DE&I	The Officers are required to promote the development of human resources and increase DE&I in order to realize "A strong and flexible team that can shape the future, no matter what the future has in store," which the Company aims to incorporate in its human resources strategy.
	Co-creation / international business	The Officers are required to build a co-creation relationship with diverse partners based on an international perspective in order to enhance its social implementation capabilities toward the realization of the Vision for 2050.
To support business management	Manufacturing / research	The Officers are required to have knowledge of safety in manufacturing and technology, knowledge of trends in innovative advanced technologies, and knowledge of research areas.
	Marketing / supply	The Officers are required to have knowledge of marketing and sales in each field of business, knowledge of retail marketing, and knowledge of procurement and supply.
	Governance / legal affairs	The Officers are required to have knowledge of governance from a shareholder's perspective, knowledge of risk management related to business operations, and knowledge of legal affairs.
	Finance / accounting / tax	The Officers are required to have knowledge of finance, accounting, and tax affairs that contribute to ensuring capital efficiency and profitability.

**Skill matrix**

	Name	Terms in office (years)	Areas in which the Company particularly expects Audit & Supervisory Board Member to contribute							Reason for selection of areas of expected contribution	
			Corporate philosophy / business strategy	Human resources development / DE&I	Co-creation / international business	Manufacturing / research	Marketing / supply	Governance / legal affairs	Finance / accounting / tax		
Director	Reelection Shunichi Kito	10	●	●			●	●	The Company expects him to lead the establishment and implementation of growth strategies for the realization of the Vision for 2050 based on his record of leading the management integration as President of the Company and his insights from his experience as Director in charge of Accounting, Human Resources, and Fuel Business.		
	Reelection Susumu Nibuya	3	●	●				●	The Company expects him to lead the execution of strategies based on his management experience as Vice President of the Company, his insight as officer in charge of Sustainability, Mobility, and Community Strategy, his expertise from his experience as chair of the DE&I Committee and manager of the Internal Audit Department at a listed company, and his familiarity with its business and the issue it faces.		
	Reelection Atsuhiko Hirano	3	●		●		●		The Company expects him to promote business structure reforms, including establishment of a co-creation relationship based on his experience as president of an operating company, his insight from being an officer in charge of corporate planning, and his extensive international business experience in key positions in the solar and petroleum departments.		
	Reelection Noriaki Sakai	2	●	●				●	The Company expects him to promote strengthening of the management foundation for its sustainable development, including business structure reforms and human capital investment based on his deep knowledge and expertise from past positions in accounting and finance and his insight from his experience in the Human Resources Department.		
	Reelection Masahiko Sawa	1	●		●	●			The Company expects him to promote business structure reforms as a technical manager based on his insight from drafting medium- to long-term management strategies, experience in the international gas business, and management related to technological trends and R&D, his knowledge related to the environment (CCS) and recycling of resources, and his advanced expertise in manufacturing and supply, and his insight into the establishment of a supply chain toward social implementation.		
	Reelection Masakazu Idemitsu	4	●					●	The Company expects him to strengthen its sustainable development and management foundation in accordance with its Management Philosophy based on his deep understanding of The Origin of Management and the purpose of its existence as a member of the founding family and his long-term perspective on governance as a major shareholder.		
	Reelection Kazunari Kubohara	4						●	●	The Company expects him to strengthen its management foundations from a multifaceted governance perspective based on his expertise related to corporate law and social problems as an attorney and his familiarity with the real estate business.	
	Reelection Takeo Kikkawa	Outside Independent	6			●	●		●	The Company expects him to strengthen its management foundations and supervise business structure reforms as an Outside Director based on his insight related to energy transition trends both in and outside Japan and related advanced technologies and his sufficient insight related to corporate management as an expert in business administration, particularly energy industry theory.	
	Reelection Yumiko Noda	Outside Independent	2	●		●			●	The Company expects her to provide supervision for strengthening its management foundation and international business and implementing business structure reforms as an Outside Director based on her management experience and broad-based insight at a global environmental company, and her insight related to finance at financial institutions in Japan and overseas.	
	Reelection Maki Kado	Outside Independent	2	●	●		●			The Company expects her to provide supervision for strengthening its human capital investments and implementing business structure reforms as an Outside Director based on her management experience and broad-based insight in DE&I and retail marketing from her past key positions at global beverage companies.	
Audit & Supervisory Board Member	New Jun Suzuki	Outside Independent	-	●	●	●		●		The Company expects him to provide supervision for strengthening its management foundations and implementing business structure reforms as an Outside Director based on his knowledge of corporate management and governance from his experience as president and chairperson of a global chemical company, and his knowledge of a wide range of businesses, such as chemicals and pharmaceuticals and related technologies.	
	Reelection Tsutomu Yoshioka		2	●				●	●	The Company expects him to provide review in the areas of management foundation and DX to support its strategies based on his experience as president of an operating company, Audit & Supervisory Board member at a listed company, business execution in the Information Systems Department, and as a person responsible in the Sales Department.	
	Reelection Hidefumi Kodama		1	●		●			●	The Company expects him to provide review from finance, accounting, and international business perspectives based on his experience drafting medium- to long-term management strategies, serving as a person responsible for financial management, and management of the international resources and the coal businesses	
	Reelection Taigi Ito	Outside Independent	11			●			●	●	The Company expects him to provide review from the perspective of its management foundation supporting its strategies and international business as an Outside Audit & Supervisory Board Member based on his extensive experience as an outside Audit & Supervisory Board member of a listed company, his familiarity with tax and finance matters at listed companies as a certified public accountant, and his experience auditing global businesses.
	Reelection Yumiko Ichige	Outside Independent	1		●				●		The Company expects her to provide review in the areas of management foundation supporting its strategies as an Outside Audit & Supervisory Board Member based on her familiarity with governance at a listed company as an attorney and her experience actively promoting women's advancement, and her familiarity with the fields of intellectual property from her experience serving as a member of the Patent Office Council.

\* The cells marked by ● indicate areas in which we particularly expect the relevant Director or Audit & Supervisory Board Member to contribute and do not represent all of his/her knowledge and experience.

## Compensation for Executives

### Basic policy on executive compensation

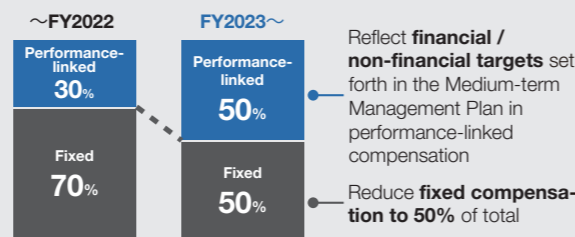
Our basic policies regarding compensation for our Directors and Executive Officers (at Senior Executive Officer level or above) are to increase corporate performance and corporate value over the medium to long term to realize the Group's management vision and to establish a compensation system and decision-making process

that is transparent, rational, and fair so that we can fulfill our accountability to customers, society, the environment, shareholders, business partners, employees, and other stakeholders. Based on this policy, our executive compensation system is as follows:

### Revision of executive compensation system

We reviewed the compensation system to further raise the awareness of Directors, etc. to contribute to improving our medium- to long-term business performance and corporate value. We revised the system to strengthen the linkage between the Medium-term Management Plan and the compensation for Directors, etc.

We have lowered the fixed compensation ratio. In addition, we have linked performance-linked compensation indicators to the transformation of our business portfolio, enhancement of our capital efficiency, and further development of environmental, social and governance initiatives. (We revised the performance-linked stock compensation system at the General Meeting of Shareholders in June 2023.)



### Compensation standard

Compensation levels for Directors, etc. shall be reviewed as appropriate in light of changes in the business environment and external survey data, for the purpose of utilizing and securing high quality personnel who contribute to the realization of the medium-to-long term management vision, and offering appropriate incentives.

### Process for determining compensation

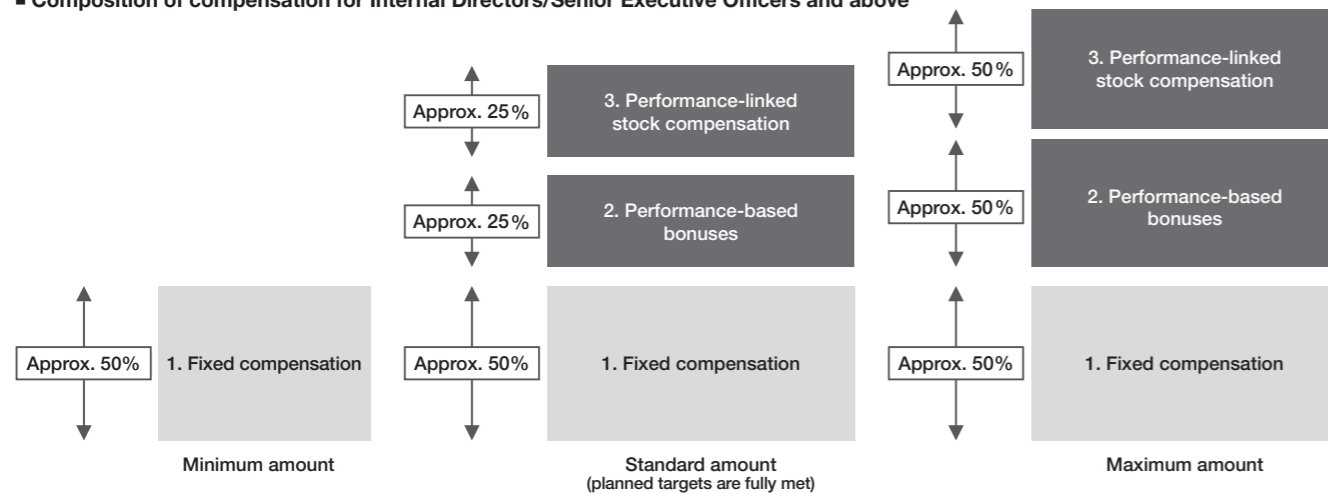
We have established the Nomination and Compensation Advisory Committee, which consists of Independent Outside Directors, as an advisory body to the Board of Directors. The Board of Directors receives the committee's findings and then determines the amount of compensation for Directors and the method of calculating that. In addition, individual compensation, etc. of auditors is determined through consultation among auditors. Compensation, etc. of Officers will be paid within the upper limit of compensation, etc. resolved at a shareholders' meeting.

### Compensation structure

Compensation system for our Directors (excluding part-time Directors and Outside Directors) and Executive Officers at Senior Executive Officer level or above consists of (1) fixed compensation, (2) performance-linked bonuses, and (3) performance-linked stock compensation, so that the link with performance in the short term and the medium-to-long term will be emphasized respectively and

the management's efforts toward improvement of corporate value over the medium-to-long term will be evaluated appropriately. Compensation for part-time Directors and Outside Directors consists solely of fixed compensation from the perspective of ensuring appropriate supervisory functions for assessing the appropriateness of business execution from an objective standpoint.

### ■ Composition of compensation for Internal Directors/Senior Executive Officers and above



### ■ Compensation systems and performance-linked compensation systems

Type of compensation	KPI		Outline	
	Indicator	Evaluation weigh		
Fixed	Fixed compensation	-	-	It shall be paid on a monthly basis in an amount determined according to the role and responsibilities for their duties.
		Indicators concerning profitability*	40%	
Variable	Short-term Performance-linked bonuses	Human capital-related indicators	20%	It is designed to fluctuate within a range of 0 - 50%. It will be granted in June every year.
		Behavioral targets (Directors) / targets for responsible areas (Executive Officers at Senior Executive Officer level or above)	40%	
		Indicators for capital efficiency (ROIC, ROE)	40%	
		Fossil fuel business return rate	20%	
Variable	Medium-to-long term Performance-linked stock compensation	CO <sub>2</sub> reduction (essential for the realization of carbon neutrality and a circular society)	20%	From the perspective of sharing value with shareholders and continued improvement of corporate value, it places a particular emphasis on the link with the 2030 vision and the Medium-term Management Plan. It is designed to fluctuate within the range of 0 - 50% in accordance with the degree of achievement concerning the financial indicators related to business portfolio transition, and non-financial indicator determined in accordance with materiality to the Company. Stock points are granted to Directors, etc. in June every year from the perspective of serving as an incentive to improve corporate value with a medium- to long-term point of view. The shares are then given to the Directors after they retire.
		Engagement of employees (evaluating efforts toward maximization of employees' growth and fulfillment)	20%	

\* current net income attributable to shareholders of the parent company, excluding inventory impact, consolidated operating income + equity income

### Clawback system

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

### Total amount of compensation, etc. by executive category

Total amount of compensation and other wages paid to Directors in FY2022, their breakdown by type and the number of recipients is as presented below.

Category	Number of people	Fixed compensation (Millions of yen)	Performance-linked compensation (Millions of yen)		Total compensation (Millions of yen)
			Cash compensation	Stock compensation	
Directors (excluding Outside Directors)	8	326	112	129	568
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	62	-	-	62
Outside Directors and Outside Audit & Supervisory Board Members	7	92	0	-	92
<b>Total</b>	<b>18</b>	<b>481</b>	<b>113</b>	<b>129</b>	<b>723</b>

\* The above table contains one Director (none of which is an Outside Director) and two Audit & Supervisory Board Member (one of which is an Outside Statutory Auditor), who resigned as of the conclusion of the 107th Ordinary General Meeting of Shareholders held on June 23, 2022.

## Management Monitoring System

Along with supervision by the Board of Directors, audits by the Audit & Supervisory Board Members, and accounting audits, our management monitoring system is supported by the “Internal Audit Department,” which conducts internal audits based on the “Internal Audit Rules” and internal control evaluations based on the “Rules on the Evaluation of Internal Controls over Financial Reporting”.

The Internal Audit Department, which reports directly to the President & Representative Director, conducts regular audits from an independent standpoint to confirm the effectiveness of self-management by each executive department in accordance with internal rules and the status of promotion of risk management and internal controls. The results of audits are reported to the President & Representative Director, the Audit & Supervisory Board Members, the Executive Officers in charge, and the heads of the executive departments in question. The executive departments receiving recommendations for improvements following the audits prepare and submit improvement plans to the head of the Internal Audit Department and execute improvements accordingly. Moreover, the Internal Audit Department provides follow-up audits as necessary. Annual internal audit reviews and plans for the next fiscal year are regularly reported to full-time directors and the heads of executive departments at the “Management Information Liaison Meeting” and to Outside Directors and Audit & Supervisory Board Members at the “Outside Officers Meeting.”

## Audits by Audit & Supervisory Board Members

Audit & Supervisory Board Members (four members) attend meetings of the Board of Directors and audit business reports, financial statements, and consolidated financial statements that are submitted to the annual general meeting of shareholders. They also audit the execution of business operations by Directors on a daily basis. Full-time Audit & Supervisory Board Members attend important internal meetings, such as those of the Management Committee, and meet with general managers, overseas managers, and the presidents of subsidiaries. Outside Audit & Supervisory Board Members strive to enhance auditing by visiting key departments. As a general rule, these individuals hold quarterly meetings with the representative director to discuss issues.

## Strategic Holdings of Listed Shares

### Policy on strategic holdings of listed shares

Our strategic holdings of listed shares, which have been maintained with the objective of securing and expanding medium- to long-term transactions, are currently being reduced via the annual verification of rationale for such shareholdings. This verification involves both quantitative and qualitative assessments. The former focuses on examining the benefits and risks arising from each shareholding and confirming its propriety vis-à-vis capital cost. The latter focuses on examining such factors as improvement in the stability of the investee business. Results of this verification are discussed by the Board of Directors to decide on whether or not to divest certain shareholdings. We also engage in sufficient dialog with business partners whose shares are earmarked for divestment from its shareholding portfolio. Upon securing their understanding, we execute divestment while giving due consideration to its impact on share prices. As of the end of FY2022, the number of strategic holdings of listed 12 stocks.

### Criteria for the exercise of voting rights associated with strategic holdings of listed shares

Our policy for exercising voting rights associated with strategic holdings of listed shares is based on the sustainable improvement of corporate value for both our company and the investee. We assess whether the investee can sustainably increase its corporate value by considering its management strategy, business performance, and other factors. We exercise our voting rights after receiving an explanation of the ballot proposals as necessary. If a ballot proposal by the investee is deemed to create a conflict of interest between Idemitsu and the investee, we consult with Independent Outside Directors and external specialists and exercise our voting rights as necessary.

## Message from Outside Directors



### Outside Director Jun Suzuki

- Senior Advisor, Teijin Limited
- APEC Business Advisory Council (ABAC) Japanese Member
- Vice Chairperson, Keizai Doyukai (Japan Association of Corporate Executives)
- Outside Director, MS&AD Insurance Group Holdings, Inc.
- June 2023 Appointed Outside Director of the Company



### Ensuring the effectiveness of corporate governance

The energy industry, which is at the very beginning of the supply chain, is an important industry that holds the key to carbon neutrality. It is both sobering and rewarding to be involved in managing a company that plays such an important role in influencing Japan's economy and the lives of its people. I hope to contribute to enhancing corporate governance with my independence and skills.

I have been participating in meetings of the Board of Directors since my appointment in June. The discussions have been very

lively, with all of the Outside Directors expressing their opinions frankly from their respective standpoints. This is precisely what a board of directors should look like. The most essential thing in corporate governance is open and frank discussions. In this sense, Idemitsu has the foundation of governance and all the necessary mechanisms and systems in place. As an Outside Director, I will keep a close eye on whether the effectiveness of these mechanisms and systems is firmly secured.

### Aligning vectors to bring about responsible change

Idemitsu will continue to transition and make changes to achieve carbon neutrality by 2050 while fulfilling its great responsibility to support Japanese industry and the lives of the Japanese people. As part of this, the Company is working on various technological developments, and from my point of view, based on the technical expertise I have developed in my principal occupation, it has very advanced technological capabilities. However, it is not enough to simply have advanced technological capabilities. Only when those capabilities are implemented in society can they become a business and social infrastructure. They have to be implemented in society while considering various methods such as technological alliances as well as self-financing.

In order to bring about change, Idemitsu will need to paint a clear picture of the bright future that awaits beyond that change and

gain the understanding of a wide range of stakeholders, including employees. This is how it will align vectors and achieve the transition.

To make this happen, the Company must try various options and achieve success. At the same time, we Outside Directors recognize that our role is to provide more reference material for management to make the best decisions. The Board of Directors will engage in more rigorous discussion than the General Meeting of Shareholders, sometimes pushing the gas, and sometimes hitting the brakes to fulfill its role of supporting the direction of business execution.

I am very pleased and excited to work with a company with such high potential that supports Japan's present and creates its future. I will do my best to contribute to reliable change.

# Internal Control

## Internal Control Promotion System

Our Group's Board of Directors has adopted a resolution on the basic policy on the internal control system as a system for ensuring the appropriateness of business operations. Furthermore, the Board of Directors confirms that the internal control system is properly established and operated and conducts reviews to ensure it is effective.

Based on the above-mentioned resolution of the Board of Directors, the executive departments ensure that the execution of duties by directors and employees is in compliance. Moreover, the system we have in place ensures effective risk management.

\* Refer to "IV.1. Basic Approach to and Status of Development of Internal Control System" in the Corporate Governance Report for details on the FY2023 basic policy on the internal control system.

Corporate Governance Report

➡ [https://ssl4.eir-parts.net/doc/5019/ir\\_material18/210744/00.pdf](https://ssl4.eir-parts.net/doc/5019/ir_material18/210744/00.pdf)



### Compliance activities

In accordance with the "Compliance Rules," the Risk Management and Compliance Committee has been established to monitor appropriate responses to cases of compliance concerns reported to the hotline and other organizations and to promote compliance activities within the Group.

### Risk management activities

In accordance with the "Basic Guidelines for Risk Management," we promote risk management activities through a system that consists of three lines of defense. In addition, a "Risk Management and Compliance Committee" has been established to select and address important risks, and the committee chairman reports to the "Enterprise Risk Management Committee."

### Risk Management and Compliance Committee

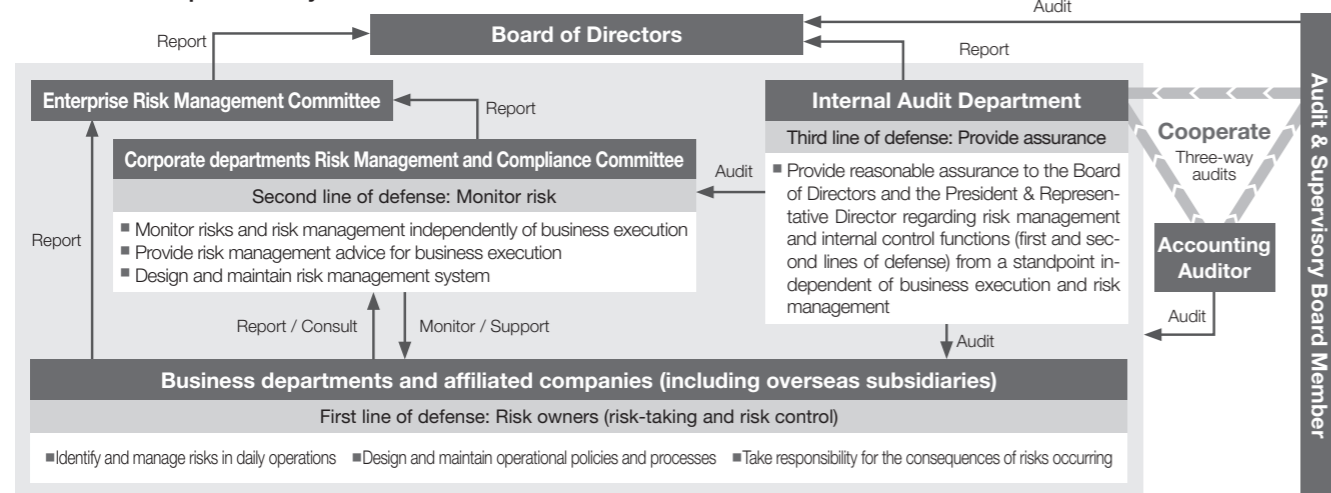
This committee deliberates on matters related to selecting material risks across our entire Group, implementing measures to address them and keeping track of new risks, as well as matters related to responding to suspected cases of compliance violations and disciplinary actions. The chairman is the Officer in charge of General Affairs. Regular committee meetings are held quarterly.

**Business departments/affiliated companies (first line of defense):** Ensure effective "self-management" and promote ongoing improvements as the first line of defense

**Corporate departments (second line of defense):** Ensure their own effective "self-management" and monitor the status of "self-management" by the first line of defense in the specialized area of corporate functions as the second line of defense, and support maintenance and improvement of the effectiveness of such self-management

**Internal Audit Department (third line of defense):** Evaluate the status of "self-management" by the first and second lines from an independent and objective standpoint

### Internal control promotion system



### Main initiatives of FY2022

#### Promotion of introduction of web-based self-inspection system

Introduced and operated a web-based self-inspection system at the headquarters, refineries (complexes), branches, and some affiliated companies to centralize the results of the self-inspections we were already conducting and the details of improvements, and to improve the effectiveness of self-management.

#### Support for internal control at affiliated companies

- Conducted a group-wide audit of initiatives for preventing deficiencies and inappropriate conduct in quality assurance in response to the May 2022 discovery of inappropriate conduct related to product testing at a major affiliated company.
- Completed the establishment of a system for affiliated companies with more than 300 employees in response to the revised Whistleblower Protection Act, which took effect on June 1, 2022, to protect whistleblowers.
- Dispatched Audit & Supervisory Board Members to more than 60 affiliated companies in Japan and overseas.

# Compliance

## Approach to Compliance

The Idemitsu Group defines compliance as adhering with laws, regulations, internal rules and business contracts, in addition to refraining from the violation of ethical and social norms, regardless of the possibility of an actual legal offense occurring. Based on this definition, every Group employee is expected to live up to high ethical standards and act appropriately and sincerely while maintaining self-discipline.

To this end, the "Compliance Code of Conduct" has been established for all employees working around the world to disseminate the compliance mindset that each employee should have and act in accordance with. The code is designed to provide explicit, simple and easy-to-understand guidance that exemplifies desirable employee behavior in terms of maintaining compliance.

### Compliance Code of Conduct

1. Compliance with Laws, Regulations, and Morals
2. Respect for Human Rights
3. Safety, Quality, and Environmental Preservation
4. Fair and Free Competition
5. Anti-Corruption
6. Information Disclosure and Information Management



Idemitsu Group Compliance Code of Conduct

➡ <https://sustainability.idemitsu.com/en/themes/438>

## Response to Compliance Violation Concerns

At our Group, reports from business departments and reports to the various hotlines are regarded as compliance-related concerns, and the Risk Management and Compliance Committee responds by providing support for countermeasures, directing or requesting investigations, and deliberating on and verifying measures to prevent recurrence.

### Establishment of hotlines

All the compliance-related reports received by the hotlines from employees in Japan and abroad are relayed to the Risk Management and Compliance Committee. The Risk Management and Compliance Committee, in turn, appoints individuals to investigations as necessary and thereby determines facts pertaining to the reported incidents while ensuring that the identity of anyone who consults with the center is kept secret and that said individuals are

### Major compliance violations in FY2022: 2

Improper conduct related to product testing at TOA Oil Co., Ltd. and Showa Yokkaichi Sekiyu Co., Ltd.

\* Violations disclosed as having a serious impact on Group management

Refer to page 104 for details on the status of response to inappropriate activities related to quality.

not subjected to disadvantageous treatment. In this way, the committee formulates countermeasures, including reprimands of employees responsible for compliance violation. The committee also provides those who file reports with feedback about measures executed in response while striving to prevent recurrences in line with the Company's promotion system.

### Results of reports to the hotlines in FY2022

Domestic/overseas Internal/external	Name of contact	Reception	Eligible individuals	Scope of consultation	Consultation method	Number of reports in FY2022
Domestic/external	Compliance Consultation Center	General Affairs Department	Officers and employees (including part-time, contract, seconded, and temporary employees) of the Company and affiliated companies as well as those who resigned less than a year ago	Fraud, misconduct, and other compliance issues	In principle, real names are to be used	22
Domestic/internal	Harassment Consultation Center	Human Resources Department	Officers and employees (including part-time, contract, seconded, and temporary employees) of the Company and affiliated companies as well as those who resigned less than a year ago	Sexual harassment, power harassment, and other forms of harassment	Email or letter	22
Domestic/external	Workplace Helpline operated by third party	Third party (certified industrial counselor)	Employees (including local staff and employees seconded from our company) of the Group's overseas business sites	Compliance issues, and harassment	Can be anonymous	6
Overseas/internal	Idemitsu Global Hotline (IGHL)	General Affairs Department	Employees (including local staff and employees seconded from our company) of the Group's overseas business sites	Misconduct and harassment as well as violations related to occupational safety, facility safety, the environment and quality assurance	Email	7

\* External feedback and consultations are accepted by the Customer Relations Center and handled appropriately in cooperation with the Compliance Consultation Center.



## Compliance Promotion Activities

In accordance with the Compliance Code of Conduct, we carry out ongoing education and training to ensure that each and every employee of the Group acts with integrity and fairness based on high ethical standards.

### Compliance Book

In 2020, we published our Compliance Book, with the aim of offering specific compliance standards, including for preventing corruption and conflicts of interest and prohibiting insider trading. We periodically revise the book. All Group employees use the book as a tool to confirm the specific code of conduct. In addition to the Japanese version, we issued English edition of the Compliance Book in an effort to ensure that all Group employees at home and abroad are properly educated on compliance topics.



### Compliance education

We provide regular e-learning on compliance once a year. In November 2022, 18,418 employees took the course (100% participation rate) as we offered it to employees at our company and 58 affiliated companies in Japan. The purpose of the course is to provide employees with mutual understanding about power harassment in the workplace and to give them knowledge about the revised Whistleblower Protection Act and our whistleblower system. In addition, we implement compliance training specifically designed for new hires and individuals appointed to managerial positions.

### “Compliance Room”

We have opened the “Compliance Room,” a new webpage accessible from the internal information portal site. This page features compliance violation case studies and four-frame comic strips, with the aim of providing employees with information on the latest compliance concerns inside and outside of Idemitsu, disseminating other relevant insights to a broad range of Group business units, and raising employees’ awareness of compliance.

## Bribery and Corruption Prevention

Whether it takes place in Japan or overseas, our Compliance Code of Conduct stipulates that all forms of corruption must be prevented. Furthermore, having established basic rules and systems to be observed in the prevention of bribery, we have upgraded them into the “Bribery Prevention Rules” with the aim of preventing violations of the OECD convention and the Foreign Corrupt Practices Act (FCPA) as well as laws and regulations, enforced in countries where we operate, that prohibit unfair competition and bribery. We are currently striving to ensure that these rules are strictly observed. Moreover, we regard anticorruption as a particularly important compliance issue for those working at our overseas sites, and are raising their awareness about the importance of specific preventive measures. We have included articles on such topics as the prohibition of bribery, such as the bribery of public officials and limitations on excessive gifts and entertainment, in our Compliance Book to raise employee awareness.

- Number of cases of corruption and bribery in FY2022: 0
- Number of employee disciplinary actions related to corruption and bribery in FY2022: 0

### Prohibition of Bribery (Bribery of Public Officials): Rules of Conduct (excerpt from the Compliance Book)

We will not improperly offer, provide or promise economic benefits, such as money and goods, to public officials or equivalent, regardless of whether they are located in Japan or abroad. We will maintain sound and transparent relationships with politicians and governments. We will take a firm stance against improper financial transactions.

## Prevention of Anti-competitive Practices

We have established the “Antimonopoly Law Compliance Rules,” which stipulate basic matters that must be observed to ensure compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade as well as competition laws enforced in each country in which we operate in addition to other relevant regulations. These rules also define necessary compliance promotion structures. Specifically, the Representative Director and President is responsible for providing overall supervision over activities aimed at ensuring the proper observance of these rules and preventing employees’ involvement in prohibited practices. The division heads of the Company and presidents of its subsidiaries are tasked with putting these rules into practice. To this end, they strive to ensure that appropriate self-management measures are implemented in a way that gives due consideration to risks associated with the characteristics of their businesses and organizational structures as well as country-specific circumstances and local antimonopoly laws.

## Tax Compliance Initiatives

We consider ensuring the transparency of tax payments to be an essential part of the social responsibilities to be fulfilled by good corporate citizens. Due to the globalization of our business, we are likely to face a growing need to handle a more diverse range of increasingly complex tax-related operations. Accordingly, we believe that the coordinated handling of tax compliance is a matter of increasing importance.

We have appointed a Director who serves as CFO, Executive Vice President and Executive Officer to be responsible for tax governance across the Group, and established the Group Tax Rules, the Group Tax Practice Guidelines and other relevant rules that provide specific operational guidelines based on the Group General Tax Policy, outlined below. We pay taxes in a proper and fair manner in conformity with all applicable tax laws enforced in countries where we operate. By enhancing the transparency of our tax payment through appropriate disclosure, we will fulfill our responsibility as a company.

### Group general tax policy

#### 1. Tax compliance

In accordance with tax regulations, the Group must appropriately execute its business transactions, file tax returns and make tax payments and must not conduct any act against law (tax evasion).

#### 2. Tax expense management

The Group should strictly follow legal requirements and avoid tax risks, while the Group must also make its endeavor to optimize its tax effects within the due course of business allowed under the boundary of law.

### Promotion system

The Finance & Accounting Department serves as the primary business unit responsible for tax-related operations. In accordance with the “Group Tax Rules,” this department is charged with furnishing information and advice to each Idemitsu department as well as Group affiliated company handling transactions. The Finance & Accounting Department is also tasked with providing relevant in-house education and responding to tax inspections in addition to planning and implementing necessary countermeasures aimed at ensuring tax compliance and optimizing the management of tax expenses. Moreover, all Idemitsu Group employees are obliged to comply with the aforementioned regulations and handle tax-related operations in an appropriate manner. To this end, whenever requested by the Finance & Accounting Department, Group employees report on said operations and submit relevant documents while asking it to provide prior consultation where necessary.

### Response to tax compliance violations

Should a tax compliance violation occur, we will take a stringent approach to its correction. We will also ensure that measures to prevent recurrences are implemented in accordance with in-house rules and regulations stipulated by the Idemitsu Group. There were no violations in FY2022.

### Transfer pricing taxation system

Our Group conducts transactions with foreign related parties appropriately in each country and region in conformity with the Group Transfer Pricing Practice Guidelines established in accordance with the Organization for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines and other relevant rules.

### Tax havens countermeasure taxation system

Our Group has established a policy in the Group Tax Practice Guidelines to refrain from using lightly taxed countries solely for the purpose of tax avoidance. If a business site is located in a non-taxable or lightly taxed country, taxes are to be declared and paid in accordance with the provisions of the tax laws, such as unitary taxation, etc.

### Relationship with tax authorities

We cooperate with tax authorities in a straight-forward, appropriate manner and prohibit our employees from making any inappropriate responses involving falsification or concealment. We endeavor to explain our Group’s position and standpoint to the best of our ability in order to ensure the comprehension of tax authorities when they inquire about or point out issues pertaining to our handling of tax-related operations. Moreover, we utilize the advance inquiry procedures offered by tax authorities to ensure the appropriate payment of taxes. By voluntarily disclosing information to tax authorities, we thus strive to prevent the occurrence of and minimize the risk of tax-related incidents.

### ■ Taxes paid by country and region

Country and region	Amount (Millions of yen)
Japan	51,558
Australia	20,148
Singapore	1,094
China	850
Indonesia	836
Germany	468
Russia	314
Thailand	308
India	292
Vietnam	101
Malaysia	92
Mexico	92
Pakistan	55
Taiwan	43
South Korea	33
Others*	-852

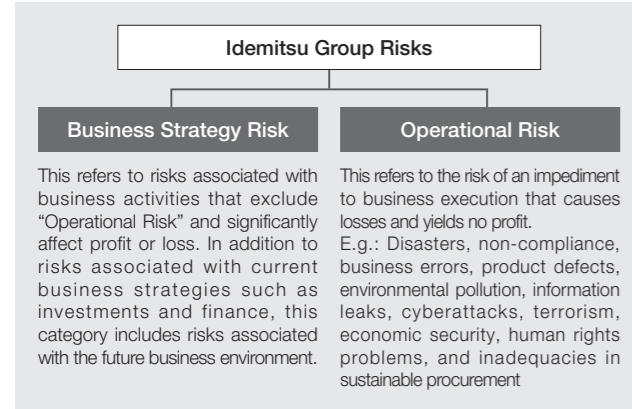
\* Includes refunds, etc.

# Risk Management

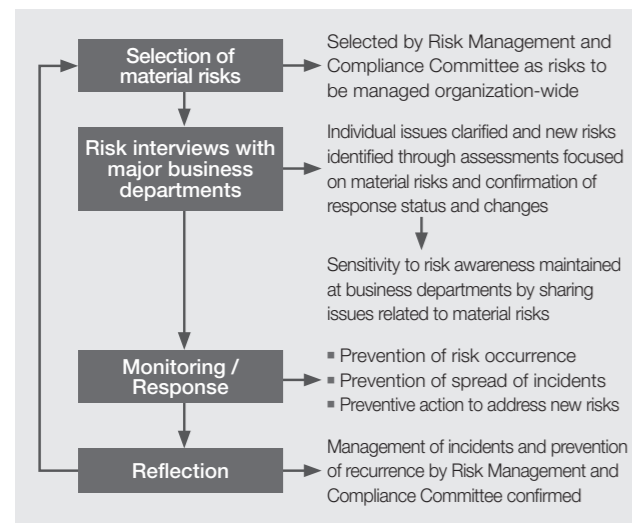
## Approach to Risk Management

The Idemitsu Group strives to stabilize its management by proactively recognizing and evaluating various risks associated with its business activities and taking appropriate measures in accordance with those risks.

In our promotion of risk management, we classify risks associated with our business activities into two categories: "Business Strategy Risk" and "Operational Risk" and promote countermeasures against them.



The Corporate Planning Department manages business strategy risk, and the General Affairs Department manages operational risk. Among operational risk, risks managed organization-wide due to their comprehensiveness are positioned as "material risks" and are used to monitor risk management in our Group. In addition, we verify the response to material risks through risk interviews with major business departments. The Risk Management and Compliance Committee selects material risks based on the results of risk surveys conducted regularly for business departments while taking into account incidents that occurred in the previous fiscal year.



- FY2023 material risks**
- 1. Environmental pollution
  - 2. Fires and explosions
  - 3. Quality accidents
  - 4. Large-scale natural disasters
  - 5. Infectious diseases
  - 6. Information-related risks
  - 7. Antitrust violations
  - 8. Security and legal violations
  - 9. Overseas crises
  - 10. Overseas compliance
  - 11. Fraud
  - 12. Personnel and labor risks

## Risk Management Activities

### Risk assessment and preventive activities during normal times

- Each business department regularly assesses its own risks and develops countermeasures. They also constantly monitor for signs of risk manifestation and strive to prevent them from occurring.
- Corporate departments establish management policies in each specialized risk area and support risk management activities conducted by each business department.
- The Risk Management Section of the General Affairs Department monitors Group risk management activities and provides the necessary support. It also centrally manages information on signs of material risks and, as necessary, takes actions to prevent risks that affect the entire Group after deliberations by the Risk Management and Compliance Committee.

### Crisis preparations

- Each business department also develops the necessary measures to minimize damages in the event of a crisis.
- The Risk Management Section of the General Affairs Department establishes a plan for business recovery and business continuity (BCP) for risks assessed as having a significant impact on the entire Group by establishing the approach to emergency response and matters related to the system. It then conducts regular drills.

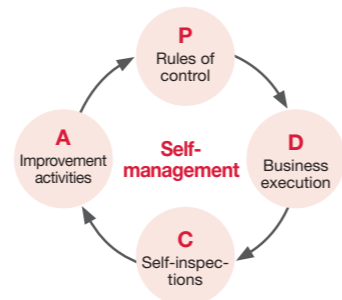
### Fire and casualty insurance

Each business department cooperates with the Risk Management Section of the General Affairs Department to provide efficient and stable fire and casualty insurance coverage for financial loss arising from unforeseen accidents or disasters without being affected by temporary changes in the business environment.

### Self-management and self-inspections

Each business department conducts regular self-inspections within their department to maintain a system (self-management) for establishing optimal risk management for itself, ensuring effectiveness, and making improvements on a daily basis.

With the web-based self-inspection system, they check not only the items common to the entire Group but also department-specific rules, commitments, business processes, tasks, and procedures to visualize management.



## Further Enhancement of Crisis Readiness Capabilities

### Crisis response

Our Group's "Crisis Response Rules" (approved by the President & Representative Director) stipulate our policy on crisis response, crisis level definitions, reporting lines, and establishing emergency task forces, among other matters related to crisis response. In the event of a crisis, we will implement prompt and adequate initial measures and respond in an organized manner with a clear chain of command to minimize social impact and damage.

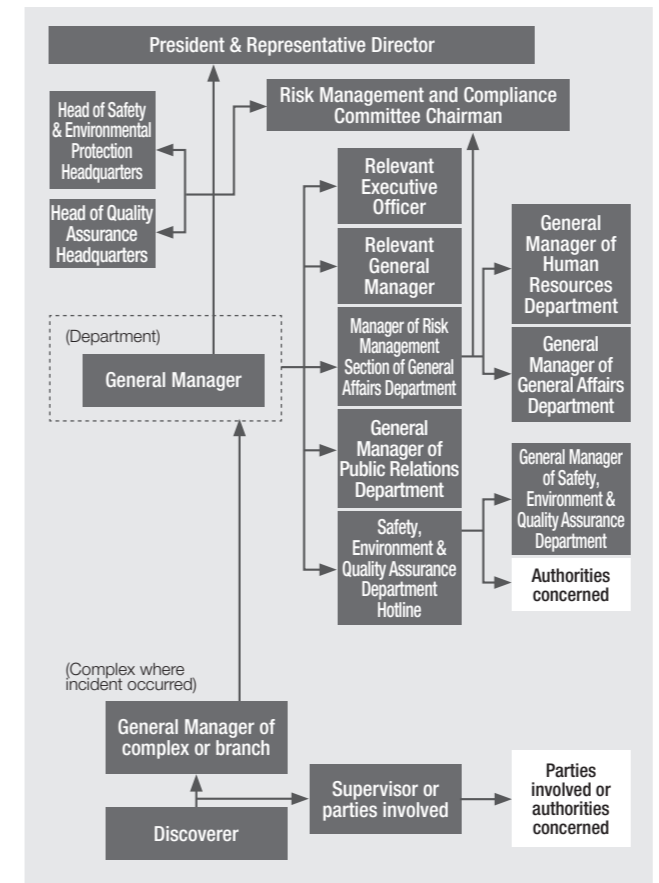
**Policy on crisis response (excerpt from Crisis Response Rules)**

- (1) Place top priority on human safety
- (2) Minimize environmental impact
- (3) Always empathize with general public and respond with sincerity
- (4) Provide prompt and accurate disclosures
- (5) Maintain our Group's credibility by putting above into practice

### ■ Crisis levels

Crisis level	Status	Name of emergency task force
3	A crisis with nationwide social impact requiring a Group-wide response	Level 3 Emergency Task Force (Quasi-Level 3 Emergency Task Force)
2	A crisis equivalent to Level 3	Level 2 Emergency Task Force
1	A crisis with minimal social impact that can be handled by the complex in question	Level 1 Emergency Task Force

### ■ Reporting lines



### Initiatives to upgrade our Business Continuity Plans (BCPs)

We formulated BCPs assuming the occurrence of an earthquake with an epicenter in the Tokyo metropolitan area, a megathrust earthquake involving the Nankai trough, and the outbreak of avian influenza, respectively. Based on said BCPs, we hold annual comprehensive disaster drills and confirm problems related to actual execution and coordination among all business bases in order to strengthen our practical response capabilities. We then reflect relevant feedback in the BCPs. Also, each refinery, complex, and plant carries out periodic disaster prevention drills encompassing their entire site in accordance with applicable crisis response regulations.

In FY2015, we were appointed as a designated public institution by the Cabinet Office and submitted the latest Disaster Prevention Action Plan in December 2019. As a designated public institution, we work to ensure that the tanker trucks we operate in each prefecture have been registered for emergency use.

### Implementation of comprehensive disaster drills

Since 2007, we have held annual comprehensive disaster drills aimed at enhancing the effectiveness of our BCPs. In FY2023, the 17th round of the comprehensive disaster drills was held.

Based on a scenario assuming a major earthquake directly beneath the capital, 180 participants from our headquarters (response headquarters), related branches, and manufacturing bases conducted training in information gathering, communication, and formulation of response measures. Additionally, through a two-part training session simulating the immediate aftermath of an earthquake and 24 hours later, we further focused on enhancing crisis response capabilities as time progressed. As part of this drill, we also confirmed employee safety on a company-wide basis, with approximately 14,000 individuals, including those working at affiliated companies, reporting their safety status in a prompt manner. Looking ahead, we update our BCPs by incorporating issues and takeaways identified in the course of this latest round, with the aim of enhancing our crisis readiness.



Comprehensive disaster drill (September 2023)

## Response to Economic Security

Our Group stays on top of international affairs and takes necessary precautions and actions from an economic security perspective.

We are working on routine risk management to ensure the continuity of our Group's businesses, considering our response as an energy supplier under the Economic Security Promotion Act that went into effect this year, as well as regulatory and policy trends in the United States and other relevant countries.

## Information and Security Management

### Approach to information and security management

In line with the Basic Policy on Information Security, the Idemitsu Group is endeavoring to ensure the confidentiality of its information assets and the accessibility and security of its information systems and networks. We have established Customer Information Management Requirements to appropriately collect and use customer information, keeping it up to date while safeguarding it. The requirements also include the proper disposal of such information. Furthermore, we work to ensure thorough information management

by IT system users by providing e-learning (see the next page for details) related to information security to all IT system users.

Moreover, to reduce the impact of increasingly sophisticated cyberattacks, we have multiple layers of defense in place by systems, including those to prevent unauthorized entry or removal of important information.

■ Number of serious information security violations in FY2022: 0

#### Basic Policy on Information Security

1. Idemitsu Group shall, by securing confidentiality of information assets as well as availability and maintainability of information systems and networks, strive to maintain and improve customer services through the use of information technology.
2. Idemitsu Group shall, by implementing appropriate protective measures, protect information concerning customers from being divulged, falsified, or destroyed.
3. Idemitsu Group shall, by securing availability, maintainability, and confidentiality of information systems and networks, strive not to cause trouble to persons concerned such as customers and business partners.
4. Idemitsu Group shall, by conducting educational and awareness building activities aimed at its employees and dispatched employees as well as external companies to which its businesses are outsourced, make them aware of the importance of information security and ensure the proper utilization of information and information systems by them.
5. Idemitsu Group shall strive to ensure security by conducting an audit on a regular basis to examine and assess the status of compliance, etc. with the security policy.

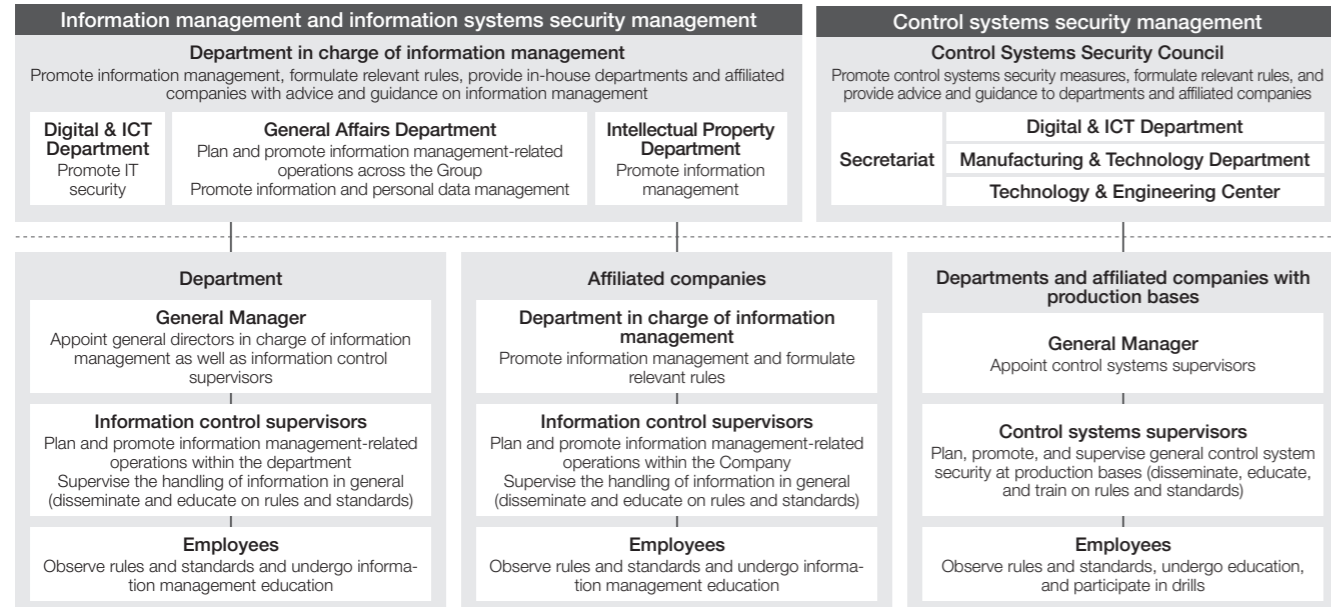
### Information and security management promotion system

In accordance with the “Essential Points on Information Management” approved by the President & Representative Director, the department in charge of information management takes the lead in information management for the Group as a whole. Should information leakage or a serious security incident occur, it will be handled appropriately in accordance with the “Crisis Response Rules” approved by the President & Representative Director and reported to the Risk Management and Compliance Committee. The Officer in charge of General Affairs serves as the Chairman of the Risk Management and Compliance Committee.

We have established a Security Council and promote group-wide security measures in an organized and systematic manner based on the “Control Systems Security Guidelines” to maintain and improve the security of control systems. At production bases, we implement continuous improvements using a PDCA cycle and conduct annual incident response drills. We also provide control systems e-learning to control systems users and administrators.

\* Refer to page 80 for details on crisis response.

#### Information and security management promotion system



### Employee education

#### Human resources development

After defining a Career Development Plan (CDP) for ICT\* personnel, including security planning, implementation, and operations, we evaluate the skills of each individual in the ICT Department and set goals to systematically develop human resources.

\* ICT(Information and Communication Technology)

#### Information security education via e-learning

We provide annual e-learning programs (in Japanese, English and Chinese) to instill information security rules that must be observed by all. Targeting all IT system users at home and abroad, the FY2022 round of these programs was implemented during the January – March 2023 period and completed by a total of 16,810 people, or 100% of targeted individuals.

#### Control systems e-learning program

In FY2019, we also launched e-learning programs for employees tasked with handling or administering control systems. The 2022 round of this program was implemented during the January – March 2023 period and completed by a total of 5,252 people, or 100% of targeted individuals.

#### Training on the handling of suspicious e-mails

On a quarterly basis, we implement training focused on handling targeted e-mail attacks, with the aim of mitigating the risk of contracting computer virus infections borne by suspicious e-mails and raising cybersecurity awareness among employees.

#### In-house newsletters designed to raise employee awareness

We distribute the monthly cybersecurity newsletter via e-mail, calling employees' attention to relevant cybersecurity-related topics and thereby raising their awareness.

## Protection of Personal Information

### Approach to protection of personal information

Regarding the handling of personal information, including specific personal information,\*1 as well as processed anonymous information\*2 (hereinafter collectively referred to as “personal information, etc.”), we have established basic policies (Approved by the President) as outlined below. In accordance with these policies, we will securely and appropriately manage all the personal information, etc., we are entrusted with.

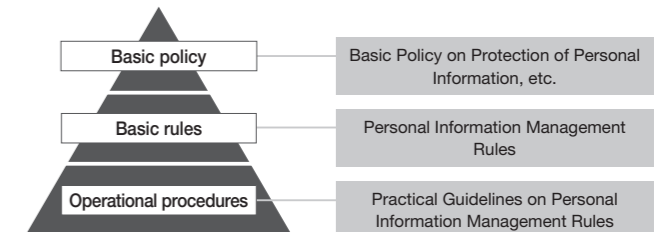
\*1 People's Individual Number and personal information containing said Individual Number, as defined by the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures

\*2 Personal information that is processed to ensure that a specific individual's identity can neither be uncovered nor their personal information restored.

#### Basic Policy on Protection of Personal Information, etc.

1. Compliance with Laws and Regulations
2. Matters concerning the Acquisition of Personal Information, etc.
3. Matters concerning the Use of Personal Information, etc.
4. Matters concerning the Provision and Disclosure of Personal Information, etc.
5. Matters concerning Safe Management Measures
6. Matters concerning the Disclosure of Personal Information, etc.

Basic Policy on Protection of Personal Information, etc.  
<https://sustainability.idemitsu.com/en/themes/439>



### Personal information protection promotion system

The General Affairs Department serves as the secretariat for the protection of personal information, and information control supervisors are assigned to each department and affiliated company to promote related efforts. Every year, we hold a conference for information control supervisors for education within the Group.

■ Number of serious personal information protection violations in FY2022: 0

# 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

## Basic Policy

The Group formulated the Idemitsu Group Human Rights Policy and 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, have established a policy on conducting due diligence on human rights, and began implementing concrete initiatives in 2020. We have clearly specified nine human rights priority issues to focus on as a Group and are advancing educational activities internally along with complying with laws and regulations on the same wages for the same work and other relevant regulations. Information on our series of human rights initiatives like these is posted on our corporate website on a timely basis.

## Human Rights Promotion System

The Risk Management Section of the General Affairs Department promotes the Company’s human rights initiatives in cooperation with related divisions and domestic and overseas Group compa-

## Idemitsu Group Human Rights Policy Formulated

The Group believes that people possess limitless potential. We want to provide energy products and services to countries and regions around the world and contribute to brightening and enriching the lives of people by having our diverse group of employees engage in the process of creation together with our many different stakeholders.

We believe that we must prioritize respect for human rights above all else in all decisions and actions in order to put our beliefs into practice.

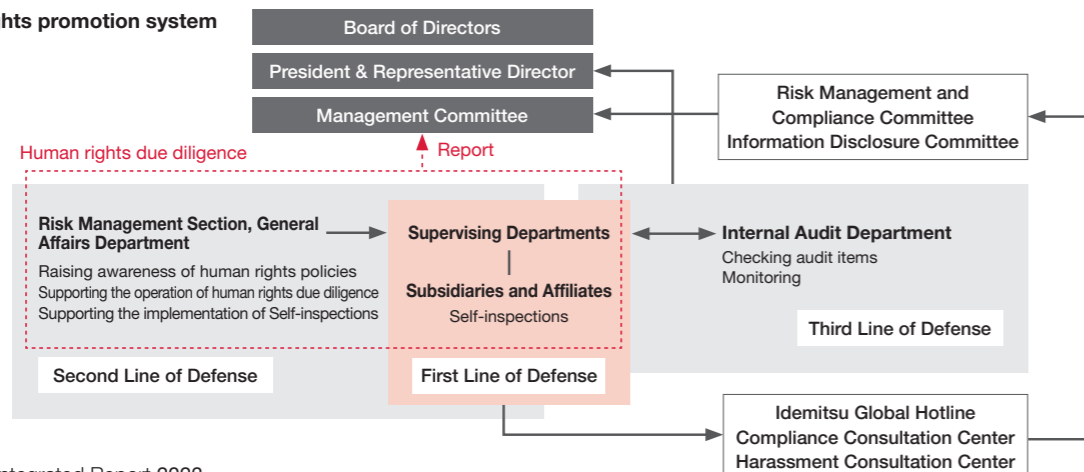
The Idemitsu Group Human Rights Policy was formulated and enacted in 2019 upon approval by the Board of Directors as our policy for pursuing human rights initiatives in the entire Group, based on these beliefs.

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



nies. Important initiatives, results of activities, and issues related to human rights are reported and proposed to the Management Committee and the Board of Directors as appropriate.

### Human rights promotion system



## 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.

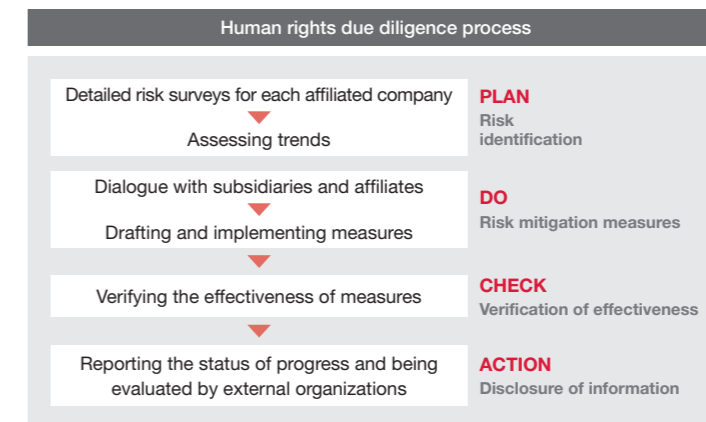
We surveyed 176 out of a total of 258 affiliated and related com-

panies in Japan and overseas, excluding companies scheduled for dissolution and for various other reasons. The results of the survey confirmed that performance of risk mitigation activities related to human rights is good overall, and many categories were scored as low-risk, at 90% or higher. The results also indicated the need for improvement on the following points and we will work to address these as issues in the future.

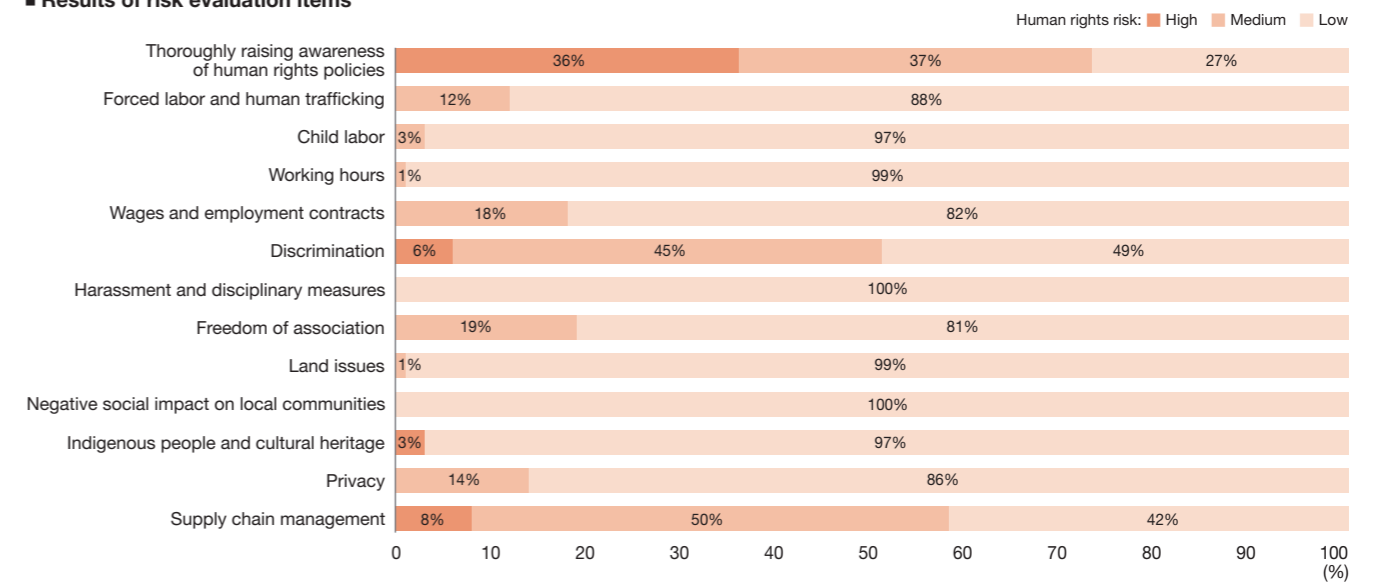
- Thoroughly raising awareness of human rights policies
- Strengthening supply chain management

In light of the issues noted above, we decided to work on thoroughly raising awareness of human rights policies, in particular, this fiscal year, and will conduct compliance training for all employees, training for newly appointed managers, and training for employees on overseas assignments as well as other types of education on human rights.

### Human rights due diligence process



### Results of risk evaluation items



## Reporting Desks Relating to Human Rights

We established reporting and consultation desks\* (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.

Furthermore, we have established a channel through which stakeholders can report concerns regarding our business activities.

\* Each consultation center is presented in page 76

## 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), ISO28001 (Supply Chain Management System), 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.

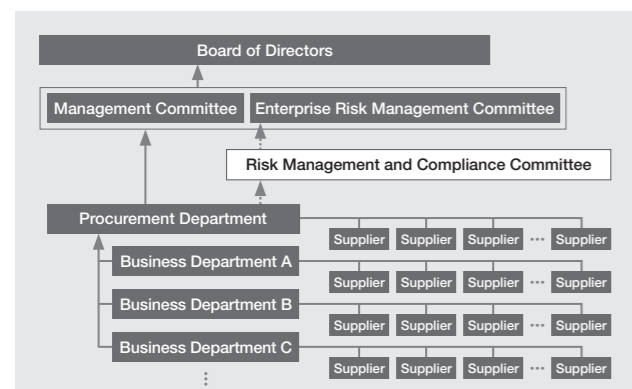
We exchange information with business partners regarding the status of our sustainability-related efforts as we strive to mutually attain a higher level.

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



#### Promotion system

The Group established its Basic Procurement Policy based on the Management Philosophy and Action Mindset. To co-create a sustainable society throughout the entire supply chain with our business partners through procurement activities based on strict ethics, the Procurement Department is leading efforts to move forward in close collaboration with our partners and based on the Sustainable Procurement Guidelines.



#### 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.

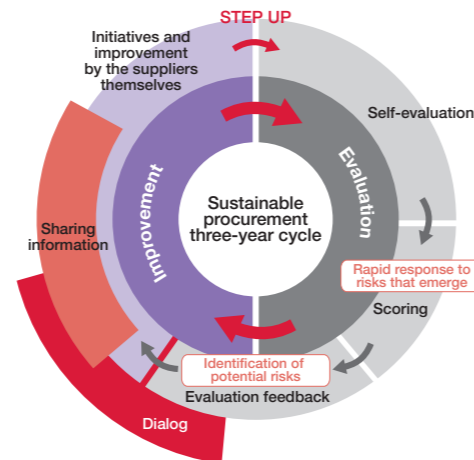
We take steps such as those listed in the diagram below when engaging in a series of dialogs with suppliers.

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.

In FY2022, we expanded the scope to the 10 main purchasing departments\* and had 270 suppliers perform a Sustainable Procurement Self-evaluation. In FY2023, we will engage in a series of dialogs with suppliers who have already completed the self-evaluation.

\* Procurement Department, Petroleum Marketing Department, Distribution & Operations Department, Power & Renewables Business Department, Electronic Materials Department, Lithium Battery Material Department, Advanced Materials & Performance Chemicals Department, Lubricants Department 1, Bitumen Department, and General Affairs Department



## Partnership

### Partnership Building Declaration

The Group, which operates its business in Japan and overseas, considers various risks and mitigative measures on a regular basis as part of the supply chain management (SCM) to maintain our supply chain. In June 2022, we announced the Idemitsu Partnership Building Declaration, a declaration on building new partnerships by promoting collaboration and mutual prosperity in our supply chain with operators who strive to create value as well as suppliers.

We will continue working with all of our partners in the future to contribute to the realization of a sustainable society throughout the entire supply chain.

### Collaboration with Dealers

We conduct our businesses in collaboration with 1,137 dealers around Japan, leveraging a powerful network of approximately 6,000 service stations nationwide. We strive to enhance communication with dealers via the use of the apollostation portal.

We are also working with the National Apollo Association, which dealers nationwide are members of, to strengthen social contribution and revitalize local communities.

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.

#### Idemitsu Technical Master program

■ Individuals certified in FY2022 (Unit: People)

Division	Individuals certified	Grade 1	Grade 2	Grade 3
Petroleum division	441	33	95	313
Lubricants division	801	74	173	554
<b>Total</b>	<b>1,242</b>	<b>107</b>	<b>268</b>	<b>867</b>

#### Apollo Royal Manager (RM) program

■ Cumulative total certified individuals as of June 30, 2023 (Unit: People)

	Grade 1	Grade 2	Grade 3
Individuals certified	319	2,131	8,403
Individuals certified in FY2022	17	96	553

### 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.

### 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. These two councils carry out safety campaigns and share best practices and cautionary case studies in their respective areas. The Koun-kai council of 32 contract transporters, which provide land transport using tanker trucks, carries out these activities for land safety, and the ISG Marine Environment Safety Council, which consists of 10 maritime transport companies operating coastal tankers, carries out these activities for maritime safety.



ISG Marine Environment Safety Council meeting

### 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 joint venture businesses.

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 executive candidate trainees and technical trainees in Japan. We refrained from accepting overseas trainees in the first half of FY2022 during the persistent COVID-19 pandemic, and instead conducted remote training for trainees from the United Arab Emirates and Qatar. As restrictions on entry into Japan were eased during the second half of the year, we resumed acceptance of senior officials and technical trainees from Qatar and Oman for training. Through these activities, we are promoting our cooperation with national oil companies of oil-producing countries in crude oil procurement in order to select, procure and transport the crude oil with flexibility and thus maximize the performance of our refineries even amid volatile market trends.

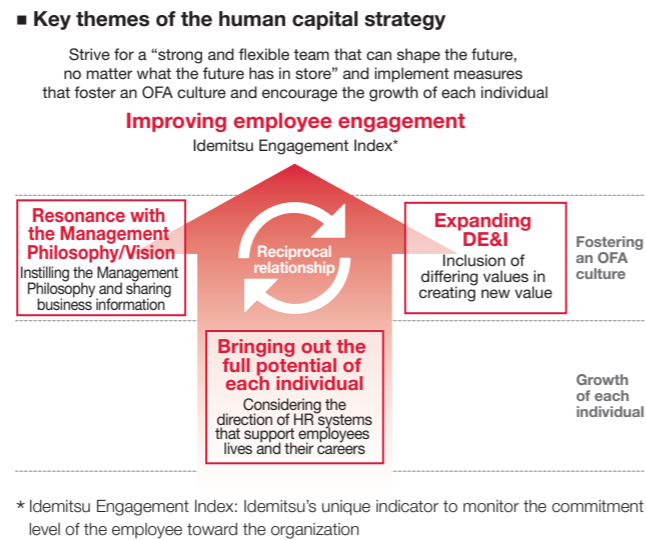


# Implementation of Human Capital Strategy

## Approach to Human Capital Strategy

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. We view our approach to realizing the Vision for 2050 from the two perspectives of fostering an open, flat, and agile (hereafter, "OFA") culture and personal growth. We have also delineated the three key themes of resonance with the Management Philosophy/Vision, expanding DE&I, and bringing out the full potential of each individual, and are implementing various measures linked to each theme. We also introduced the Idemitsu Engagement Index to improve employee engagement in an effort to foster employee growth and engagement, and will use this index to confirm the effectiveness of the measures we are implementing.

The human capital strategy is addressed in the Message from the COO (on Page 19).



## Resonance with the Management Philosophy / Vision

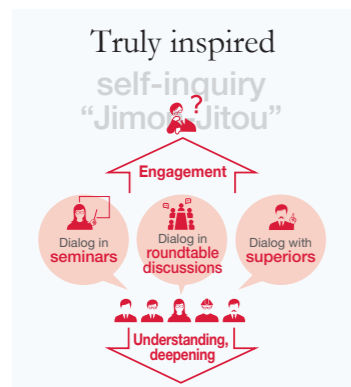
### Management Philosophy

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 "Jimon-Jitou" 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 (seminars, roundtable, and discussions with superiors) on the theme of Management Philosophy and implement the following measures to deepen the understanding of each employee.



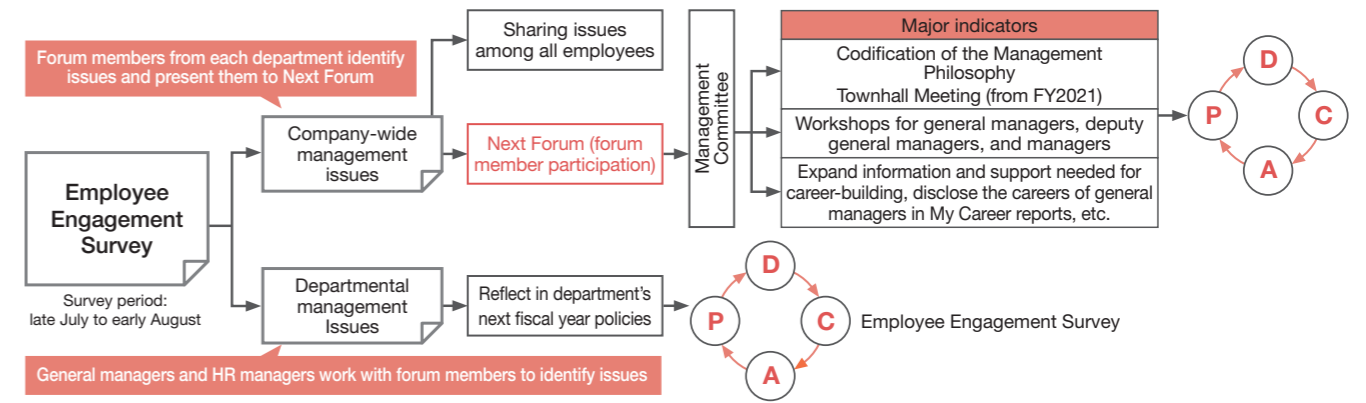
### Next Forum

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 approximately 100 members from all 47 departments) selected from each department gather opinions from the workplace and directly communicate with management. Meetings in FY2022 were held in September 2022 and February 2023.

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. In FY2023, we will further expand opportunities to provide information to forum members and improve their skills so they will be able to present more concrete proposals to management in order to transition into phase of taking action on company-wide issues that were identified in FY2022. By doing so, we will implement activities that are linked to our human capital strategy and forum members will feel involved in management and gain a sense of growth and engagement.

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 always derive a sense of engagement and pride in their work.



### 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 biannual townhall meetings, mini townhall meetings are held to explain financial results and to allow direct dialogue between controlling officers and employees of business departments.



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.

We are also considering soliciting public comments from employees when designing HR systems in the future.

## Expanding DE&I

### DE&I policy

We have specified putting diversity, equity & inclusion (DE&I) into practice as a key management issue to address, based on the Diver-

sity & Inclusion Policy we formulated in November 2019 and updated to the Idemitsu Group DE&I Policy formulated in August 2023.

#### Idemitsu Group DE&I (Diversity, Equity & Inclusion) Policy

Through the promotion of DE&I (Diversity, Equity & Inclusion), the Idemitsu Group aims to:

- Create new value through the interaction and synergy among people with different backgrounds, knowledge, and experiences
- Transform into an organization that continuously generates innovation without being bound by existing values

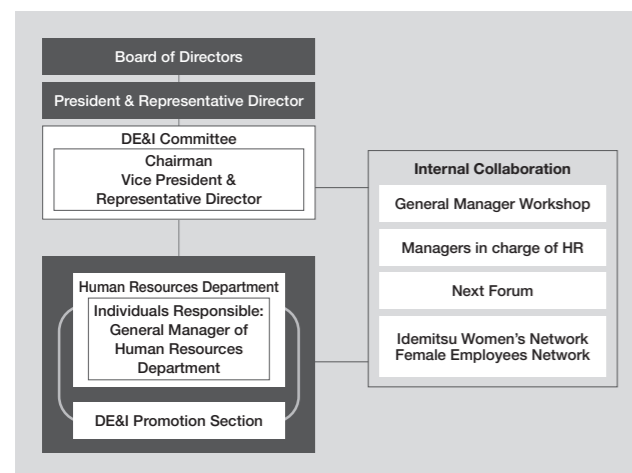
To this end, we will pursue the following:

- We will not tolerate discrimination of any kind based on job status, employment status, age, gender\*, educational background, place of birth, nationality, race, disability, beliefs, religion, or marital status.
- We respect the diversity of each individual's personality, values, and life career.
- We will strive to give appropriate consideration from a fair perspective to enable each individual to maximize their potential.
- We will proactively incorporate and utilize diverse perspectives, values, and abilities.
- We will create a workplace culture in which employees trust each other, enhance each other's skills, and maximize the power of the organization as a whole.

\*Gender refers to sex, sexual orientation, gender identity, and gender expression.

### DE&I system

In October 2021, we established the D&I Promotion Committee (now the DE&I 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 DE&I promotion, setting targets, drafting various measures, etc. The committee made recommendations and solicited input from all employees this year, as it did in 2022. Last year, the committee conducted a trial of a recommended childcare leave program that encourages participation in childcare regardless of gender, and this year, the committee is leading to a transition from D&I to DE&I, a trial to avoid unwanted single employee relocation, and a review of workplace practices.



### 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) and holding "Unconscious bias-Dialogs" interactive, dialog-based workshops. Over 1,500 managers and other employees have participated in these.

We also conduct facilitation training for this workshop for interested departments to encourage them to promote DE&I in their own workplaces. In FY2022, we actively rolled out these initiatives to affiliate companies as well to promote DE&I throughout the Idemitsu Group.

### Active Participation of Women

#### Basic policy and vision of active participation of women

With the aim of enabling women and all other employees to thrive at work and ensuring the Company continues to co-create new value with various stakeholders, Idemitsu has positioned promoting the active participation of women as a key DE&I promotion measure.

#### Numerical targets

	FY2022 Results	Target
Percentage of female recruiting	33.3%*	≥50% (April 2026)
Percentage of female employees in managerial positions	3.5%	≥5% (July 2026)

\* 2023 results for new employees hired who are college graduates or higher

### Nadeshiko Stock Brand

We were recognized as a company that proactively and effectively encourages women's success and was selected jointly by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) as a Nadeshiko Brand for fiscal year 2022. This is the first time that the Company was awarded this designation.



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

We position women's participation and advancement in the workplace as a key measure in promoting DE&I, and are implementing initiatives based on our general employer action plan.

General employer action plan based on the Act on the Promotion of Women's Participation and Advancement in the Workplace  
<https://sustainability.idemitsu.com/en/themes/341>



#### Beginning Cross-mentoring with Tokio Marine & Nichido Fire Insurance Co., Ltd.

TOPICS

Cross-mentoring refers to mutual mentoring in which the mentor (supporter, advisor) and mentee (recipient of the support, advice) belong to two different companies. It is one form of corporate cross-organizational career building and the purpose is to improve a (female) mentee's motivation to advance and improve her leadership skills while enabling the mentor to gain insights into developing diverse human resources. Both companies designate eight women managers of the department general manager level as mentees, and both companies select eight executive officers or other members of top management (including men) as mentors, for a total of 32 participants. The women managers and executive managers from the two companies form 16 pairs and we provide group training and mentoring through December.

### 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. This system provides a grading, evaluation, and compensation framework for the 592 senior employees (aged 60 or over, as of March 31, 2023) equivalent to that for employees aged 59 and under. By introducing this system, 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 to pass on their knowledge and skills to and nurture younger employees. This system will operate through 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 33 people with prior experience in FY2022. 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.

### Promoting the Active Participation of Foreign National Employees

There are about 40 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 National Staff at Key Locations Overseas

More than 3,000 national staff members work in the 68 Idemitsu Group affiliated companies overseas. Currently, Japanese expats are responsible for management at overseas Group companies. However, we are working to develop national staff and delegate authority by introducing a personnel system focused on demonstration of competencies, providing leadership training, and other measures. Team members of more than 10 nationalities work at Idemitsu Research and Business Development Europe AG, from the perspective of diversity.

### LGBTQ+ Related Initiatives

Based on the Group Human Rights Policy and DE&I Policy, we do not permit any LGBTQ+ related discrimination, and 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.



In FY2023, we introduced a same-sex partner system, educated employees through e-learning, and received a Gold award in PRIDE INDEX 2023, an index for evaluating LGBTQ+ initiatives.

### 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.

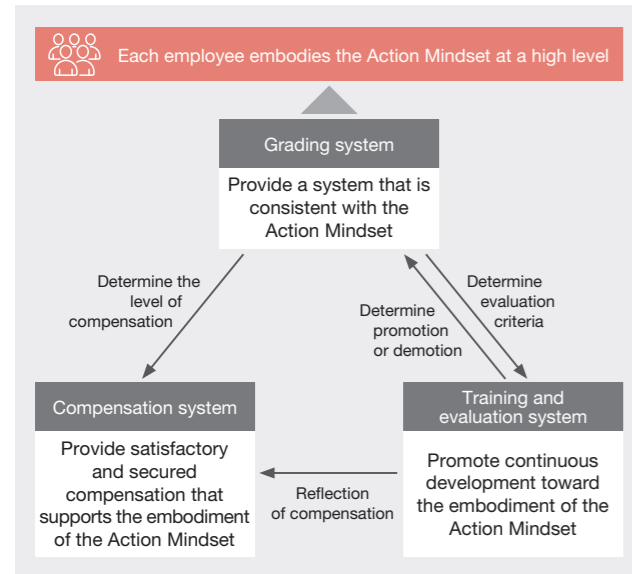
Teamwork in this context refers to a workstyle where multiple people work as a team to help enhance the productivity of the entire company by taking on tasks from various internal departments. This approach does not rely on special affiliated companies\* and aims to put DE&I into practice through rapport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

\* Under the special affiliate company system, when a business owner establishes an affiliate company that focuses on the needs of people with disabilities, employs them, and also meets certain requirements, the workers employed at that affiliate company are deemed to be employed by the parent company and can be included in calculating the actual employment rate, as a special exception.  
[https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou\\_roudou/koyou/jigyounushi/page10.html](https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/koyou/jigyounushi/page10.html) (Japanese)

# Bringing Out the Full Potential of Each Individual

## Core HR Systems

In FY2020, we introduced new core HR systems (grading system, training and evaluation system, compensation system) as a framework for each employee to embody the Action Mindset at a higher level. We have uploaded videos carefully explaining the grading system and the training and evaluation system on our in-house portal website and are working to make sure that everyone understands the HR programs.



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

## Training and evaluation system

The new training and evaluation system is designed to enable employees to continuously grow through comprehension of the significance of their evaluations. Each evaluation comprises a "competency 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 tar-

gets set, level of achievement, and abilities to be developed. Evaluations are determined through evaluation by multiple departmental managers from many perspectives. The results of these evaluations are provided to employees by their superior as feedback to promote further growth of each individual and 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.

## Compensation system

The compensation system is designed to enable employees to work with a sense of security and acceptance. The employee wage structure is comprised of 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 structure is based on the approach to respect each employee's lifestyle and values along with a desire for the happiness of their family.

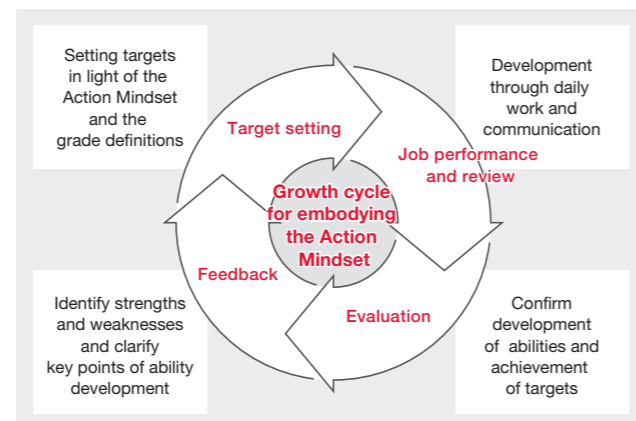
## Providing Growth Opportunities for Employees and Accomplishing Business Structure Reforms (Personnel Assignments and Transfers)

Our employees fill out a Future Planning Sheet, which contains information on the level of satisfaction with their current job and workplace, life and career plans, and personal details. Employees have individual interviews with their superiors to share their hopes and thoughts based on this planning sheet. This information is also shared with the Human Resources Department and employees Department, which uses the information to ascertain the direction of each individual employee's development.

We are also pursuing major business structure reforms to contribute to going carbon neutral by 2050 and realizing a circular society. As we approach 2050, we are seizing opportunities for growth presented by each individual fully demonstrating their abilities and individuality, and creating a good chemistry in the job and workplace they are working at, at the time.

Personnel are assigned to the optimal positions that will both provide opportunities for growth to each individual and accomplish business structure reforms.

## 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.

Attitudes and Actions to be focused on in Seeking Growth	A. Foresight	Maintain a high vantage point and broad perspective to foresee changes and create a guiding vision		
	B. Aspiration	Set ambitious goals, identify issues, and take on new challenges without being beholden to existing ideas		
	C. Determination	Take the initiative to lead and make decisions on issues boldly and logically		
	D. Cooperation	Bring together colleagues to collaborate while synergizing the diverse capabilities and characteristics of people inside and outside the Company		
	E. Accomplishment	Achieve goals, responsibly see things through to the end while nimbly responding to changes with flexible ideas		
	F. Improvement	Evolve and improve, continually reassess the direction that should be taken, as well as the status and methods of work		
	G. Development	Believe in the limitless potential of people to provide motivation and encourage growth		
Education System	Developing competencies	Management personnel development	Autonomous life-career building	Reskilling and other support for employee 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.

## Outline of FY2023 education system (training conducted by Human Resources Department)

Participation grade and method	Developing competencies			Executive personnel development	Support for autonomous life-career building	Reskilling and other support for employee growth					
	Mandatory	Open apply	Recommended by superiors	Available for select personnel	Open apply	Designation	Recommendation	Open apply	Voluntary	Other	
Managers	M1/E1 M2/E2 M3/E3 M4/E4	Inclusion training Management training plus	Management training	Management innovation school	External training	Self-management training for executives who are 59 years old as of April 1)	DX personnel development program (conducted by the Digital & ICT Department)	English proficiency improvement measures	TOEIC exam support	School, correspondence education, and other e-learning	External courses and support for acquiring qualifications
Staffs	G1 G2 G3 G4 G5 G6	Practical skills training	Mentor training	Mid-level employee training	Career planning seminars by age range (Life-Career Dock)						

## Education and training results

We utilize the advantages of both the online and in-person group formats for education and training. We support both work and personal growth through training and learning opportunities linked to developing competencies, management personnel development, support for autonomous life-career building, and other support for employee growth.

## Results of training hours and amount of investment

Training Results		Unit	FY2020	FY2021	FY2022
Training hours	Total hours	Hours	57,581	81,653	74,722
	Per person		10.9	15.6	12.8
Investment in training	Total investment	Thousand yen	256,000	235,400	247,810
	Per person		48	43	43



### Specific Initiatives for Supporting Life-Career Building

#### Life-Career Dock (regular career assessment)

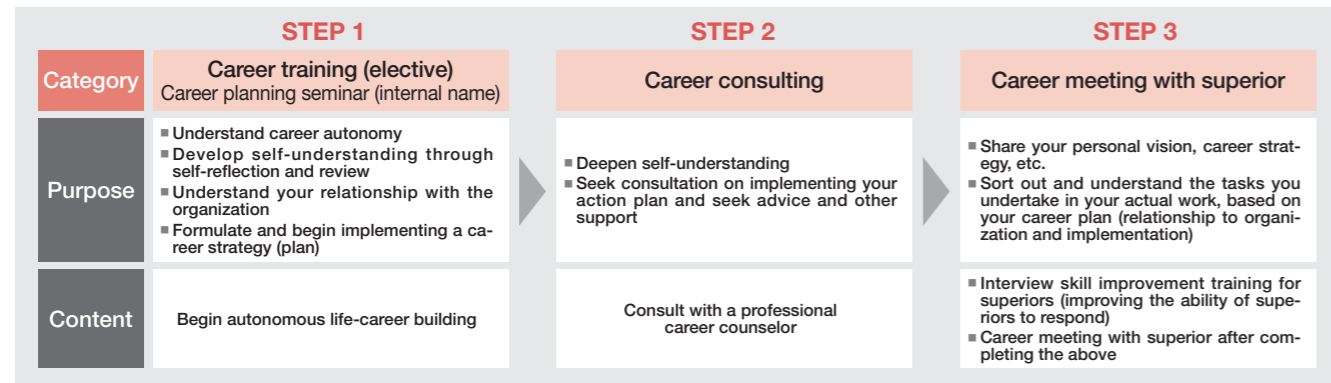
This is an initiative structured as Idemitsu's version of the "Self-Career Dock" recommended by the Ministry of Health, Labour and Welfare.

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 assessing their lives and careers and gaining a deeper understanding of themselves.

Age range targeted	■ Life-Career Dock	
	FY2022 Number of participants	FY2023 Participant quota
2-4 years after joining the Company	37	100
Around age 30 (28-32)	78	100
Around age 40 (38-42)	55	100
Around age 50 (48-52)	51	100
Around age 55 (53-57)	66	100
Total	287	500

(Unit: People)

#### ■ Overview and flow for the Life-Career Dock (Idemitsu's version of the Self-Career Dock)



#### Life-Career Support Center

The Life-Career Support Center (LCSC) is an organization designed 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 meeting with their immediate supervisors for MBO (management-by-objectives) evaluations.

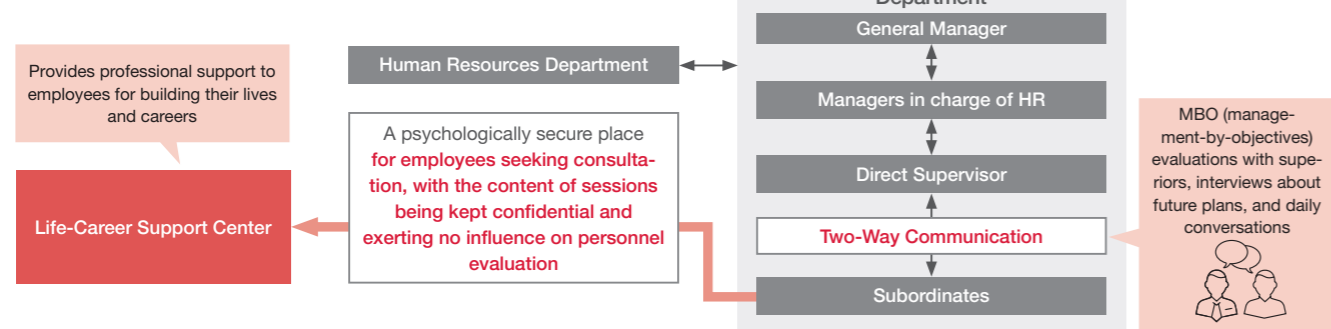
LCSC does not have authority over personnel matters such as evaluations and treatment. The Center provides consultation services as a professional consulting center that has the obligation to maintain confidentiality. The career counselors who are consulted engage in dialog with the employee and help 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.

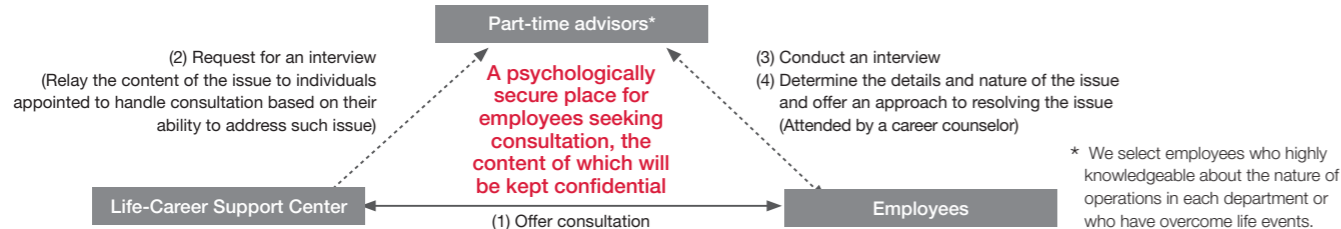
Around 450 consultations took place from July 2021 to July 2023.

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



#### Self-management training

We offer this training to employees who plan to retire from management (managers who are 59 years old on April 1 of the fiscal year) and are interested in continuing to work, 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 engagement 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 and actively employ the experience and skills they have developed while working in a different industry and/or company.

#### Disclosure of careers in My Career reports

Since April 2022, we have 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. We posted a report on deputy general managers in January 2023 and a report on managers in June 2023 to 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. The company-wide version of these forums feature talk sessions in which "My Career" reports are used as material and general managers talk about how past major changes in the environment (turning points) that led them to become the people they are today. The local version of these forums feature employees who are active in each location and feel more familiar.

#### Job festival

In July 2023, we held a job festival to support employees in building their own lives and careers. The job festival was held in a hybrid format that combined a focus on face-to-face communication in the event zone on the 32nd floor of the Head Office with online participation. Forty-two departments and affiliate companies set up booths, exceeding the participation last year. Employees who visited these booths gained a deeper understanding of the wide range of jobs and roles throughout the Company and used this event as an opportunity to network with others in the Company outside of their own departments. Around 500 employees in total participated in the two-day event, including those who participated online.



#### Providing opportunities to gain 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. In the future, we will continue to expand the number of projects and participants and operate a full-fledged program to encourage cross-departmental activities.

#### 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.

#### Once-a-week Secondment Program

TOPICS

This program is targeted at using the experience and skills of our employees to solve local and societal issues and improve operations.

In FY2023, we conducted trials in Yamaguchi Prefecture and Chiba Prefecture, and transitioned to full-scale program operation.

In Yamaguchi Prefecture, we teamed up with Nagato Yumoto Onsen and verified two things: The accumulated experience and skills of employees contributed to the local community and the alliance led to new employee workstyles. In Chiba Prefecture, employees taught special classes and provided school administration support in a middle school under a once-a-week instructor program. They are also working together with the Matsudo City Board of Education on various topics related to school education.

# 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 FY2021, 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.

### Systems relating to workstyles

Flexitime	Flexitime	Yes (Head Office, etc.: 7:00–22:00)
	Core time	No
	Leave during working hours	Possible
Teleworking system (some positions are not eligible)	Work place	Home, satellite office, and mobile work possible
	Number of times	No limit
	Combination of working at the office and remotely	Possible
	Leave during working hours	Possible

### 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. Recommendations to improve productivity and use annual paid leave during FY2022 resulted in a 0.3 hour decrease in the average number of hours of overtime work per month and a 7.7% 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

- Promoting annual paid leave to managers in charge of HR
- 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

### Overtime work and annual paid leave

	FY2020	FY2021	FY2022
Average overtime work hours per employee (Hours/month)	20.0	20.8	20.5
Average annual paid leave taken by an employee (Days)	14.1	15.3	16.9
Average usage rate of annual paid leave per employee (%)	69.5	75.3	83.0

### The main types of leave

[Leave of absence for all employees]

- Annual paid leave (can be taken in half-day increments)
- Carry forward of annual paid leave

[Special time off and 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 Supporting Active Participation of Diverse Employees

We have established various systems to create a worker-friendly environment for a diverse range of employees, based on our Diversity, Equity & Inclusion (DE&I) Policy.

Based on the opinions of employees solicited through employee surveys, we are designing and expanding systems to enable employees to achieve work-life balance, including those undertaking childcare and caregiving, and to continue working over the long term.

Systems for Supporting Activities of Diverse Employees

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



### Basic approach to work-life balance

We position work-life balance support and development of the next generation as key measures for promoting DE&I and are working to upgrade our policies to better accommodate life events.

Fostering a workplace culture where employees can balance work and life (childcare and caregiving), work easily, and feel a sense of accomplishment will help create an environment where all employees can make full use of their abilities. We are implementing many initiatives to foster such a culture and are establishing systems to enable employees who are ill or injured to continue working while going to doctor's appointments and receiving medical care.

### Initiatives aimed at promoting use of childcare leave

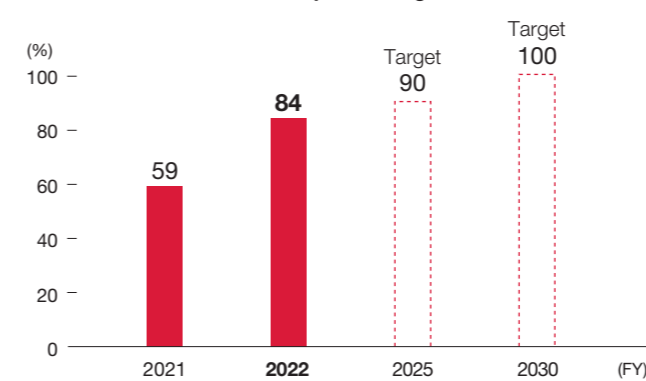
From FY2022, we set the company's own recommended (paid) childcare leave and launched a trial.

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

### 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 laws and use of childcare leave by men. In FY2022, 142 men or 84% of men took childcare leave (including time off taken to care for children).

### Male childcare leave take-up rate: Target



\* Aggregation target: Employment at Idemitsu Kosan (including all employees and those seconded to other companies)

\* These are the figures as of the end of the fiscal year for both FY2021 and FY2022

\* The above includes leave for childcare purposes

### [Systems for employees for childbirth or childcare]

- Maternity leave (perinatal leave)
- Childcare time
- Special leave for childbirth by the spouse
- Childcare leave at birth (post-natal leave for fathers)
- Childcare leave
- Leave to care for sick/injured child
- Reduced working hours for parenting
- Exemption from overtime work
- Limitation on overtime work and holiday work
- Exemption from late-night shift

### [Systems for employees providing family care]

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

### [Other support systems]

- Reduced working hours when undergoing medical treatment (when it is difficult for a patient undergoing medical treatment to work regular hours)
- Pregnancy support leave (when it is necessary to make clinic visits for infertility treatments)

### Use of various systems (FY2022)

Name of system	(Unit: people)		
	Total	Men	Women
Maternity leave	31	—	31
Childcare leave	168	142	26
Nursing care leave	8	7	1
Reduced working hours for parenting	50	3	47
Leave to care for sick/ injured child	228	121	107
Family care leave	56	44	12

\* Eligibility for childcare leave: All Idemitsu employees (including employees seconded to other companies)

\* Childcare leave includes time off for care for children

## 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.

General employer action plan

► <https://sustainability.idemitsu.com/en/themes/345>



### Family Day held

We held a Head Office Family Day in August 2023 to provide an opportunity for employees and their families to deepen their understanding of and share a sense of solidarity



with the Idemitsu Group. Family members toured the office where their family member works and participated along with employees and officers in thinking of plans that on "What we, as a company, can do to achieve a carbon neutral society." Spouses, children, parents, and grandchildren were among the 221 people from 69 families who participated in the event.

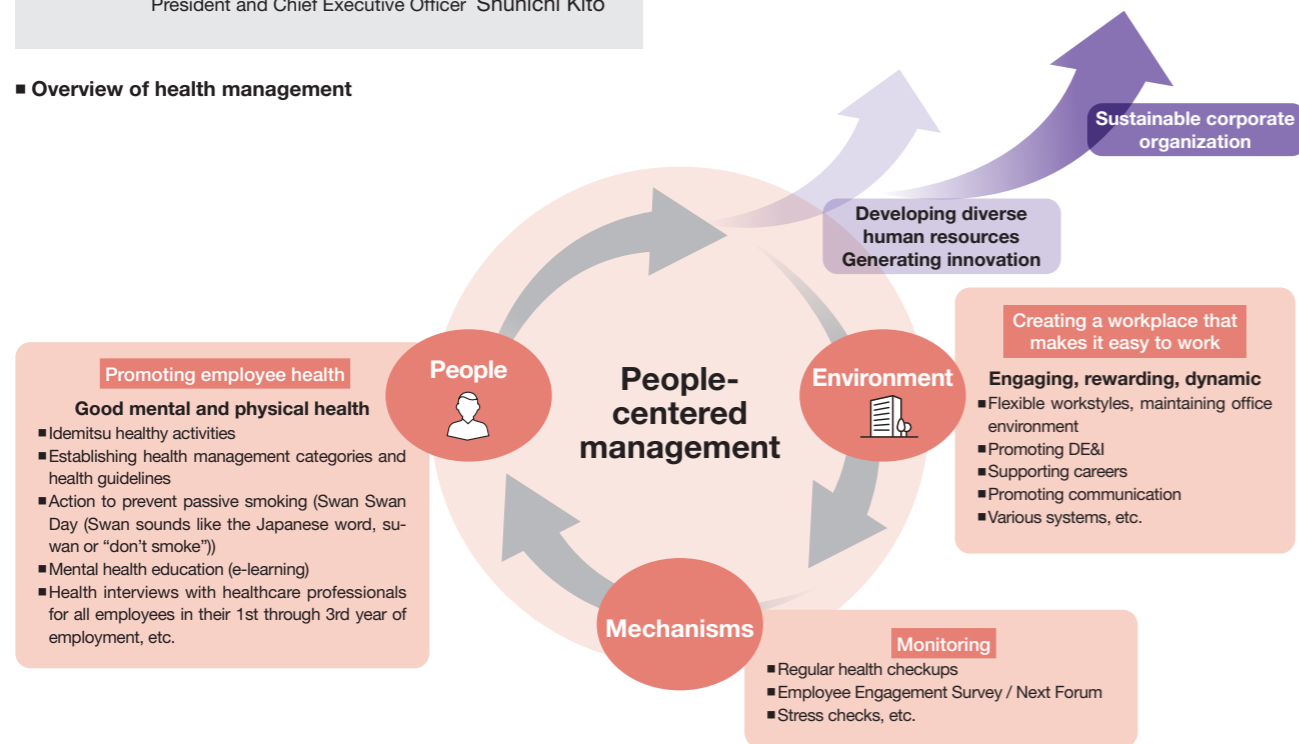
# Health Management

## Health Declaration

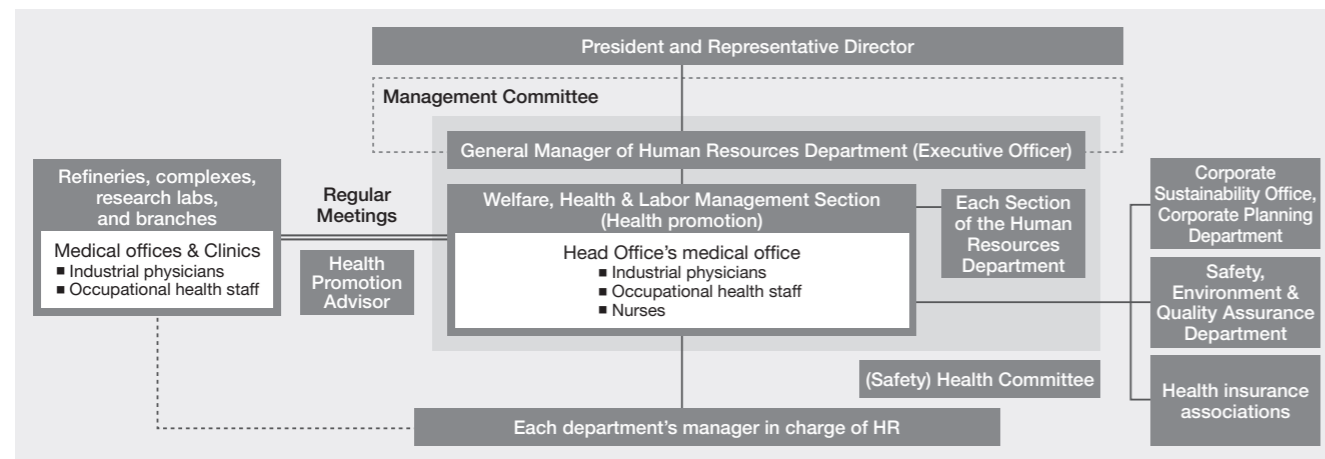
The Group outlines People-Centered Management and positions the development of respected personnel as its ultimate goal. We aim to continue fully leveraging the power of people to contribute to society. To this end, the health of every employee is absolutely essential. We define prioritizing health and 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

### 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

## 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 19 industrial physicians (including one psychiatrist at the Head Office and one physician for overseas matters) and 19 occupational health staff and nurses to our facilities in Japan as experts (including branches with less than 50 employees). Furthermore, we receive health management guidance from doctors at the University of Occupational and Environmental Health, Japan

and engrain health promotion activities at business sites with 50 or more employees based on the Industrial Safety and Health Act.

## Health & Productivity Stock Selection

Among our health management initiatives, the status of implementation of systems and measures and organizational structure have been highly evaluated. We have been selected on 2023 Health & Productivity Stock Selection and 2023 Certified Health & Productivity Management Organization Recognition Program (the "white 500") for the second consecutive year. The Health & Productivity Stock Selection is an index provided by Japan's Ministry of Economy, Trade and Industry (METI) in collaboration with the Tokyo Stock Exchange. The "white 500" is for health and productivity in a program run by METI and the Nippon Kenko Kaigi.



## Specific Initiatives

### Mental health initiatives

We conduct stress checks annually based on the Industrial Safety and Health Act. In FY2022, 12,570 Group employees were surveyed and 91.5% 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 and are putting effort into encouraging employees whose initial exam results indicate a need for a re-check to receive one (89.0% of employees received re-checks in FY2022). We also place importance on preventive measures for lifestyle-related diseases and actively provide health guidance specific to metabolic syndrome in cooperation with health insurance associations.

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 and improve the dental health of employees.

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.

### Improving health literacy and preventing lifestyle-related diseases

We have established Idemitsu health activities as healthy habits for preventing lifestyle-related diseases and are promoting these activities. We have also specified lifestyle-related disease items as a health management category for our company and are making a dedicated effort to prevent such diseases from worsening by having occupational healthcare staff provide guidance to high-risk individuals.

## Prevention, early detection, and response to stress-related disorders

We have exhaustively pursued primary, secondary, and tertiary prevention since FY2018. Self-care and line-care training is provided in hybrid group training, both in-person and online, and we have prepared e-learning courses for various circumstances.

### Passive smoking prevention measures

We encourage refraining from smoking during work hours through Swan Swan Day (Swan sounds like the Japanese word, suwan or "don't smoke") every month on the 22nd and work together with health insurance associations to support smoking cessation by subsidizing the cost of out-patient smoking cessation programs and other efforts.

## 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.

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.

## Safety Initiatives

### 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 specific policies shown at right as we strive to ensure the health and safety of all people connected to the Company.

#### Policy for ensuring safety

1. Ensure the safety of people
2. Ensure the safety assurance of facilities and processes
3. Ensure safety in work mechanisms and procedures
4. Properly allocate and utilize management resources
5. Cultivate safety culture and promote safety management

### HSE Initiatives Promotion System

We have positioned "Health, Safety and Environment" as the foundation of management and have established the Safety & Environmental Protection Headquarters to promote such initiatives. 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. Each department and major affiliated company appoints a manager in charge of safety and environment to manage and promote the overall HSE activities of the department/affiliated company, including those of the business sites under its management.

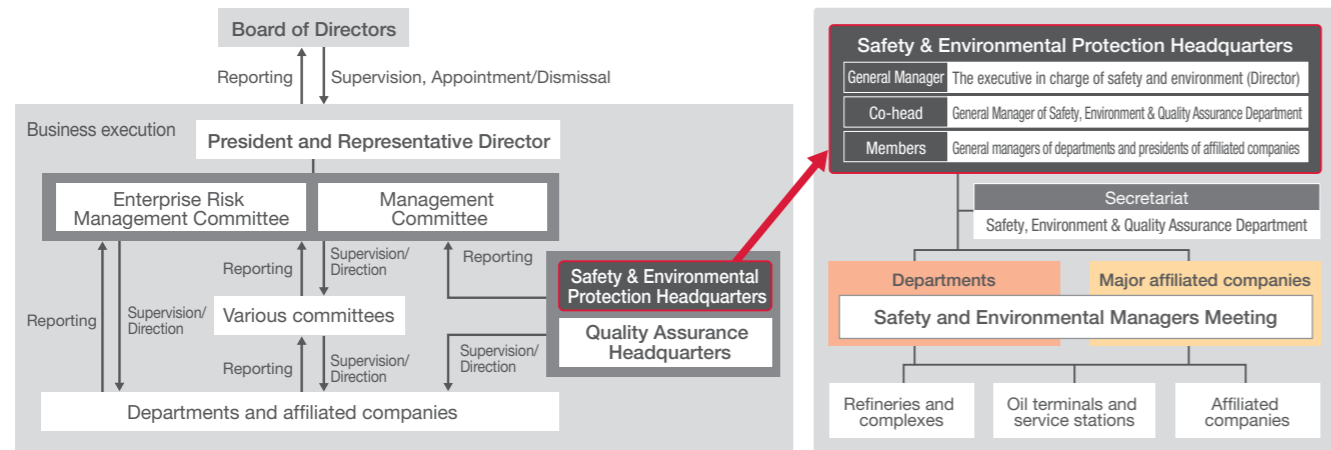
The secretariat of the headquarters determines the frequency of audits according to the safety and environmental risks and management conditions, and conducts audits. The secretariat follows up on any audit findings of points to improve from determination of the response plan to completion of the improvements.

The general manager and co-head of the Safety & Environmental Protection Headquarters visit to business sites every year to conduct safety and environment-related instructions and safety patrols. To prevent serious accidents across the entire group, we have established the Safety & Safety Assurance Advisory Committee, whose membership includes external experts, with the aim of establishing more effective safety and safety assurance measures.

#### Results of FY2022 safety and environmental audits

	(Unit: cases)
Number of audits conducted	14
Total number of findings	181
Number of serious noncompliances	3
Number of minor noncompliances	14

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



### 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 business sites have acquired certification. Regarding certification under the High Pressure Gas Safety Act, all of Idemitsu's refineries, complexes, 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 into Natural Disaster Risk Management Guidelines including high tide and typhoon mitigation measures etc. as well as earthquake mitigation measures by reflecting a new approach. Specific issues were examined in FY2022 based on these guidelines.

## Activities and Results Based on the Annual Basic Policies on HSE

### Idemitsu Group's Safety, Health and Environmental Performance in 2022

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

	(Unit: cases)
Serious accidents	0
Fatal accidents	1
Accidents resulting in lost time injuries	27
Environmental abnormalities	2

#### Occupational accidents frequency rate\*

Employees	0.15
Employees of partner Companies	0.46

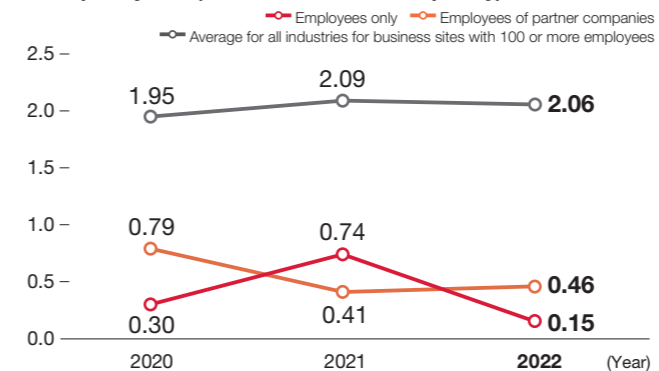
\* The frequency rate refers to the number of fatalities and injuries due to occupational accidents per 1 million hours of actual work.

#### Severity rate\*

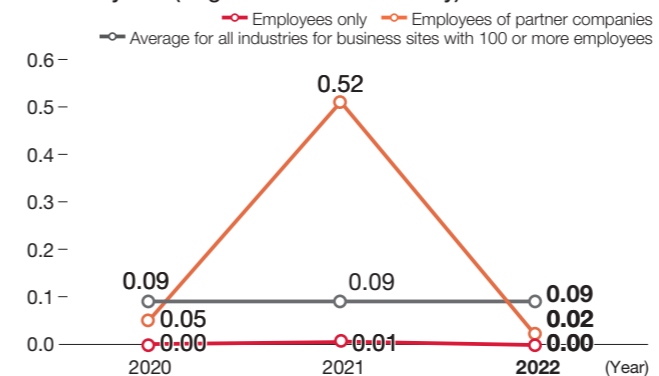
Employees	0.00
Employees of partner Companies	0.02

\* 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), Aichi Complex, Tokuyama Complex, TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co., Ltd.  
Until FY2021, Chiba Complex includes BASF Idemitsu Co., Ltd.  
Employees: Including employee of group refinery companies listed above Employee of partner companies: Including employees of Idemitsu Plantec Group  
\* Figures presented as averages for all industries for business sites of 100 or more employees are cited from the Ministry of Health, Labor and Welfare's Survey on Industrial Accidents 2022.

### Preventing Fatal Accidents from Occurring Again

We worked toward the goal of "Zero serious injuries," including fatal accidents, in FY2022. Unfortunately, one fatal accident occurred.

Electrocution caused the death of one employee of a partner company during construction for complete renovation of a self-service stations of Group companies. Although the construction was being carried out under a contracting agreement, we worked together with the main contractor to determine the cause, shared the case within the Idemitsu Group, and educated everyone on the response to prevent recurrence.

To prevent recurrence of similar accidents in Group business sites, we checked again to make sure that signage was posted in hazardous locations on the premises and reliable measures to restrict access were being implemented.

### Zero Accident Initiatives

In FY2023, we continued to take on the challenge of zero accidents and firmly established a culture of enforcing the rules including "Life Saving Rules". We also strengthened hazard identification and mitigation measures from the worker's perspective in non-routine works. To be more specific, we began holding company-wide case studies on cases that could result in serious injuries and are working to eliminate serious injuries.

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

### Annual Basic Policies on HSE in FY2023

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

- By caring for and encouraging colleagues, establish the culture where everyone keeps the rules and makes others to follow the rules including "Life Saving Rules".
- Securely maintain and strengthen the system for implementing PDCA autonomously, and the head office and business sites work it as one.

Commit to achieving the following three things as a result:  
"Zero serious accidents", "Zero serious injuries" and "Zero environmental abnormalities"

\* Serious injuries: fatalities and injuries resulting in permanent disabilities

## 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.

### 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.

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

### 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.
- The secretariat of the Safety & Environmental Protection Headquarters requests each department to reaffirm and ensure compliance with "Life Saving Rules".
- Each department, business site, and affiliated company, is implementing safety activities designed for each workplace based on the above requests.

## Safety Education

### Company-Wide Education

We use videos of serious accidents that have occurred at Idemitsu in safety training for new employees as part of their orientation, thereby teaching them that putting safety first is the foundation of management.

### Education and Training via the Safety & Environmental Protection Headquarters

As the secretariat of the Safety & Environmental Protection Headquarters, the Safety, Environment & Quality Assurance Department conducts education and training to develop the leadership abilities that participants need to proactively operate PDCA cycles for safety and environmental management in their own departments and business sites. The secretariat conducts basic training for key personnel to educate them on their roles and the basics of safety and environmental management, and other training to enhance their safety and environmental management capabilities (shown in the table below). (Carried out 13 times in FY2022)

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

Name of the Training sessions	Total number of participants (People)	Total hours of training (Hours)
Safety & Environment: Basic training for newly appointed to managers in charge	180	720
Safety & Environment: Training to improve the skills of managers in charge	108	756
Training to improve skills in accident failure analysis	8	88
Training to improve safety and environmental audit techniques	180	720
Training in safety and environmental risk management	(Part 1: Lecture) 131 (Part 2: Exercise) 29	(Part 1: Lecture) 393 (Part 2: Exercise) 116
<b>Total</b>	<b>636</b>	<b>2,793</b>

### 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. These training programs are also open to group refining companies. 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.



During process safety training

### Practical Firefighting Training

#### Drills for disaster prevention personnel at refineries, complexes, and drill sites

In the event of a fire or explosion, first-response firefighting and containment measures are extremely important to minimize harm within the affected refinery or complex, as well as external damage. As such, we believe that ongoing, repeated practical drilling based on the fundamentals of firefighting theory is crucial, and focus efforts on training disaster prevention personnel. 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. At the Niigata Disaster Prevention Training Center, the training comprises scenarios based on fires occurring at different types of refinery and 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 business sites.

### 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.

# Quality Control and 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.**

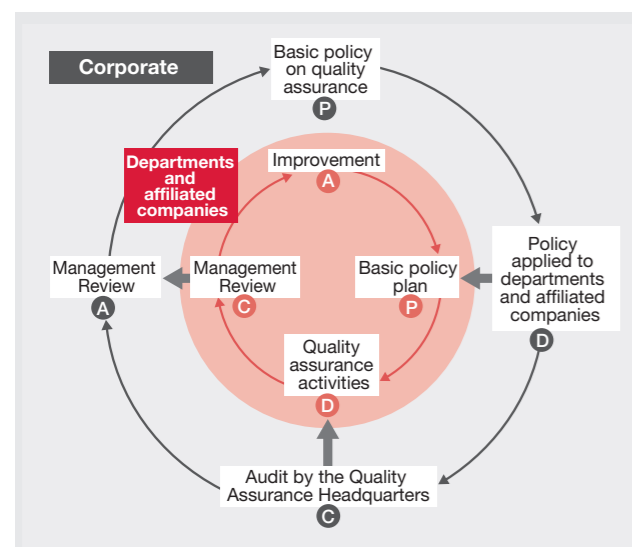
## Quality Control and Quality Assurance System

Our quality assurance system consists of two components: systems in place at departments 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 departments 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 department operates its own PDCA cycle in accordance with these policies. As a general rule, the Quality Assurance Headquarters confirms progress in quality assurance activities and determines our basic policies for the next fiscal year in the Quality Assurance Headquarters meeting. We also conduct regular quality audits to improve the activities of each department.

### Idemitsu Group's quality management system (PDCA cycle)



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

Our departments 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 department and affiliated company has introduced a quality management system to ensure the quality of products and services provided to customers. A total of 32 sites in our Group have acquired ISO 9001 certification. (as of June 30, 2023)

### Quality control in lubricants

All business 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. 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 Idemitsu Group 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, 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.

### 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. TOA Oil and Showa Yokkaichi Sekiyu both established a Special Investigation Committee composed of external experts and independent external directors to investigate these incidents and are working to prevent recurrence. The inspection reports are posted on the websites of TOA Oil Co., Ltd. and Showa Yokkaichi Sekiyu Co., Ltd.

We recognize the seriousness of these incidents and would like to offer our deepest apologies to our customers and other stakeholders for undermining trust in our operations. We also inspected product testing methods in the Idemitsu Group again and will augment quality training for employees going forward.

# Corporate Citizenship Activities

## Approach to Corporate Citizenship Activities

We formulated the Corporate Citizenship Activities Promotion Guidelines for creating a society where every person can live a peaceful and emotionally fulfilled life in the countries and regions where we operate our business, based on our management philosophy of being “Truly inspired” and are undertaking various corporate citizenship activities.

## Corporate Citizenship Activities Promotion Guidelines

Idemitsu formulated the Corporate Citizenship Activity Promotion Guidelines in 2022 to clarify the significance and purpose of engaging in corporate citizenship activities as well as the key areas to focus on and how they align with our Management Philosophy and Vision. Our goal is to contribute to the growth of people and society through such activities.

Based on our Management philosophy, “Truly inspired”, “Idemitsu Kosan Co.,Ltd. engages in corporate citizenship activities with a focus on “Environment” and “Culture” for the purpose of enriching and bringing peace to the daily lives of the residents in the countries and communities where we conduct business activities.

### 1. Focus Areas

“Environment” Protect the global environment now and in the future

“Culture” Foster an enriched mind

### 2. Key Activities

Activities to conserve and regenerate the regional natural environment Activities to connect people, communities, and the next generation through arts

### 3. Our Values in Action

(1) Employee participation

To support the voluntary participation of employees and bring the boundless potential of the human beings for the benefit of the society

(2) Connection with the local communities

To respect the environment and culture of each region, and conduct activities with the people living in the region in mind

(3) Leveraging the Group’s Strengths

To utilize the Group’s strengths, such as assets and know-how

(4) Co-creation with the stakeholders

To work in tandem with diverse stakeholders to co-create values

## Results of Corporate Citizenship Activities

FY2022

340 million yen

\* The following activities are included in our calculations:

Idemitsu Music Award, Idemitsu Art Award, Environmental Photo Contest “Watashi no Machi no ○ to × ” (Things to Preserve and Correct around Our Town), Idemitsu Music Events “Performing the future,” FURUSATO PROJECT, Support for Japanese language learning in Vietnam, the Hokkaido Children’s Drawing Contest, Idemitsu Biodiversity Exploration, 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

### Environment: Protecting the future environment of the earth

#### Ocean waste recycling activity

Sixty five people, including Idemitsu Group employees, their families, and others, participated in this activity to clean the beach shore near the Okitsu-miya Yohaijo, where people can worship the Munakata Taisha Shrine, a world heritage site in Munakata City on Oshima Island, from afar. They picked up around 100 kg of fishing tackle, plastic bottles, and other ocean waste that washed ashore.

The collected waste included roughly 40 kg of plastics. The Idemitsu Group company, Chemical Recycle Japan Co., Ltd., a joint venture with Environment Energy Co., Ltd., recycled this collected plastic waste into oil. This produced over 30 L of oil, 15 L of which was supplied to Munakata City.

This activity was conducted as part of the Group’s corporate citizenship activities to use the “people power” of the Group to demonstrate the importance of and respond to the increasing need of society for greater promotion of recycling of plastics into resources.



Beach cleaning activity



Supplying pyrolysis oil to Munakata City (Left: Katsuya Kouno, Vice Mayor of Munakata City Right: Mikiya Jinno, General Manager, Kyushu Branch, Idemitsu Kosan Co., Ltd.)

#### Ocean waste cleanup activity in the Philippines

Idemitsu Lubricants Philippines Inc., which was established in 2018 as lubricant sales company, engages in locally based corporate citizenship activities.

In December 2022, 23 employees of Idemitsu Lubricants Philippines Inc. participated in cleaning up ocean waste on Manila Bay Walk Dolomite Beach, along Roxas Boulevard near the Manila city center. This cleanup followed the tree planting activity in Tanay, Rizal Province in 2021.

The purpose of this activity was to improve the water quality of Manila Bay and raise awareness about caring for the beach. Participants cleaned up the beach after learning about the history of Manila Bay and the course of events that led to the launch of the cleanup program.

Idemitsu Lubricants Philippines Inc. will continue to participate in activities designed to contribute to the local community through preservation and restoration of the natural environment next fiscal year and beyond.



During the cleanup activity

### Participation in “Linking Lives Project”

The Aichi Complex participates the “Linking Lives Project” as a core member (which includes government agencies, companies, universities, experts, and others in Aichi Prefecture) to increase biodiversity and pursue the creation of ecosystem networks in order to increase green spaces and create an environment that is easy for living creatures to inhabit. In FY2023, the complex participated in LOVE GREEN DAY 2023, one of the events in this project.



LOVE GREEN DAY 2023

### Culture: Enriching the heart

#### Idemitsu Music Awards

In 1990, we established the Idemitsu Music Awards to commemorate the 25th anniversary of the television music program “Untitled Concert,” which began airing in 1964. 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 32 awards ceremonies held thus far, 112 individuals and one group have been honored. Idemitsu views culture, which enriches the heart, as one of our corporate citizenship activities and will continue to weave the history of the Idemitsu Music Awards in connecting people and the next generation.

#### ■ 32nd Idemitsu Music Awards recipients



Masaya Kamei  
Pianist



Tomoki Sakata  
Pianist



Misaki Morino  
Soprano

#### Idemitsu Art Award (formerly the Shell Art Award)

The Idemitsu Art Award was held as the Shell Art Award from 1956-1981, the Show Shell Modert Art Award competition from 1996-2001, and the Shell Art Award competition from 2003-2021, before we changed the name to Idemitsu Art Award and held the competition for the 51st time in 2022.

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.”



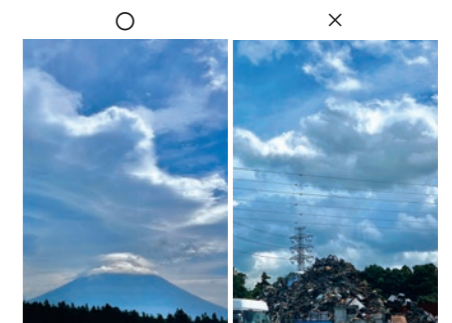
Winner of the 2022 Grand Prix  
Mai Takeshita  
“Sentakumono-kago no nakade odoru” (Dancing in the Laundry basket)

### Environmental Photo Contest “Watashi no Machi no ○ to × ” (Things to Preserve and Correct around Our Town)

This photo contest for elementary school, high school, and technical high school students has been held every year since 2005 and is supported by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Ministry of the Environment. It is held to provide children with the opportunity to enhance their awareness of the environment.

Children identify environmental problems from their own perspective and submit scenic photos of things that they want to preserve around them (Photo ○), and scenic photos of things that they want to improve immediately (Photo ×), with comments attached. The expectation is that this will draw out the potential of each child.

Many schools have used this photo contest in classroom and summer vacation assignments in recent years, as part of their environmental education on the sustainable development goals (SDGs) and other topics. There were 14,259 entries in FY2022.



2022 Middle School Gold Award “Shizen no yama to machi no yama” (“Mountain in nature and mountain in the city”)

### Idemitsu Music Events “Performing the future”

We have held concerts since 2006, mainly in regions where we have established refineries and complexes, based on the concept of having children experience and enjoy music. These concerts are focused on providing young musicians with the opportunity to perform and gain experience. The concerts support them in taking on challenges, growing, and by providing a venue for them to demonstrate their abilities and they spread their wings and fly into the future through music.



At a concert

### FURUSATO PROJECT

Since 2018, we have been holding the “FURUSATO PROJECT” at elementary schools across the country. This project allows children who will lead the next generation to participate in hands-on lessons in traditional musical instruments taught by musicians who play them and conduct commemorative cherry tree planting.



Hands-on Japanese drum lesson

## Dialogs with Stakeholders

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

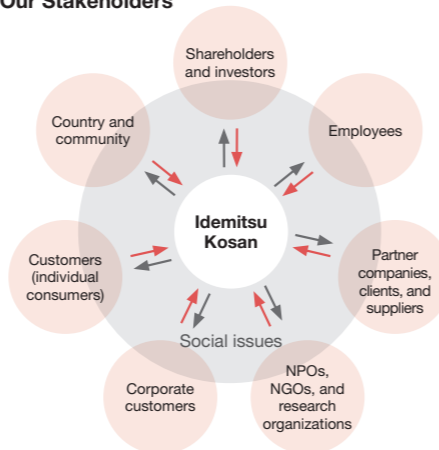
We organize the stakeholders based on consideration of the impact we have on them and the impact we receive from them in terms of the environment, society, and economy.

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.

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

### Our Stakeholders

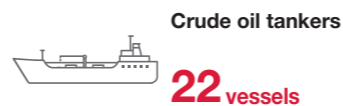
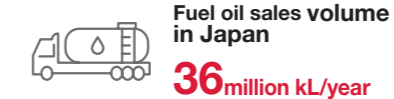
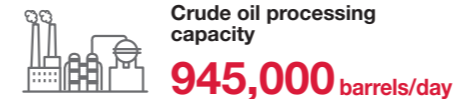


Stakeholders	Initiatives	Details
All	Information disclosure via website	<ul style="list-style-type: none"> <li>We operate an official website to provide our stakeholders with timely corporate disclosure of the latest information on the activities of Idemitsu Group. Contacts are also presented on the website to accommodate various types of inquiries as part of our proactive communication efforts.</li> </ul>
	PR activities through advertising and publicity	<ul style="list-style-type: none"> <li>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.</li> </ul>
	PR brochure	<ul style="list-style-type: none"> <li>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).</li> </ul>
Shareholders and investors	Information disclosure to individual investors	<ul style="list-style-type: none"> <li>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 &amp; Accounting Department and other personnel giving presentations on the business overview, management strategies, and operational status.</li> <li>Idemitsu Connect, a dedicated website for Idemitsu's shareholders, was established to provide content and list events for shareholders and strengthen dialog with our shareholders. (URL: <a href="https://idemitsu.premium-yutaiclub.jp/">https://idemitsu.premium-yutaiclub.jp/</a>)</li> </ul> 
	Information disclosure to analysts and institutional investors	<ul style="list-style-type: none"> <li>In addition to quarterly financial results briefings, we also hold individual IR meetings and small meetings with analysts.</li> <li>Members of top management visit institutional investors in Europe, the United States, and Asia to update them on our management strategies and operational status.</li> </ul>
Customers (individual consumers)	Customer center counters in place	<ul style="list-style-type: none"> <li>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.</li> <li>We also promptly cooperate with relevant departments to respond appropriately when receiving concerns or reports regarding Idemitsu's other business activities.</li> </ul>
	PR activities through advertising and publicity	<ul style="list-style-type: none"> <li>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.</li> </ul>
Corporate customers	Holding customer seminars	<ul style="list-style-type: none"> <li>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.</li> </ul>
Partner companies	Collaboration with partners	<ul style="list-style-type: none"> <li>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.</li> </ul>
NPOs, NGOs, and research organizations	Participation in initiatives, etc.	<ul style="list-style-type: none"> <li>We join in and collaborate on various kinds of initiatives to gather information and work together on resolving social issues.</li> </ul>
Country and community	Holding community briefing sessions	<ul style="list-style-type: none"> <li>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.</li> </ul>
	Implementation of environmental education	<ul style="list-style-type: none"> <li>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.</li> </ul>
Employees	Implementation of environmental protection activities	<ul style="list-style-type: none"> <li>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.</li> </ul>
	Next Forum	<ul style="list-style-type: none"> <li>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.</li> </ul>
	Holding townhall meetings, a platform where all employees can directly have a dialog with top management	<ul style="list-style-type: none"> <li>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 top management.</li> </ul>
	Conducting an Employee Engagement Survey	<ul style="list-style-type: none"> <li>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 11,522 employees of Idemitsu and its affiliated companies in Japan and overseas (response rate: 96.1%) participated in the survey from late July to early August FY2023.</li> </ul>
	Communicating information via Group bulletins, in-house signage, the intranet, etc.	<ul style="list-style-type: none"> <li>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.</li> </ul>

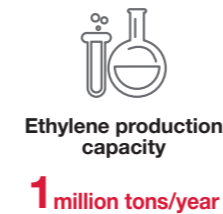
## Idemitsu Group by the Numbers (Data as of March 31, 2023)



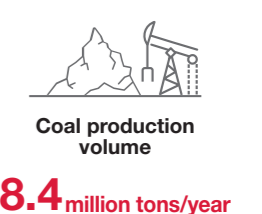
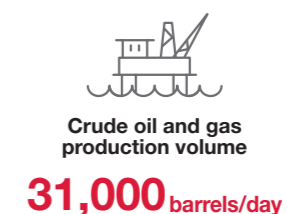
### Petroleum



### Basic chemicals

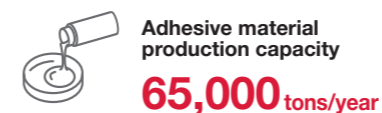


### Resources

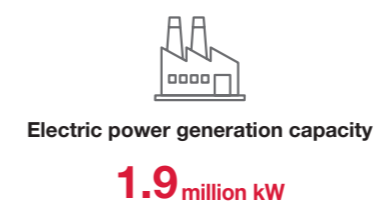


\* Aromatic compounds: Benzene, Xylene, Styrene monomer, Cyclohexane

### Functional materials



### Power and renewable energy



Of which, renewable energy is 0.80 million kW (Renewable energy ratio: 43%)

### Overseas



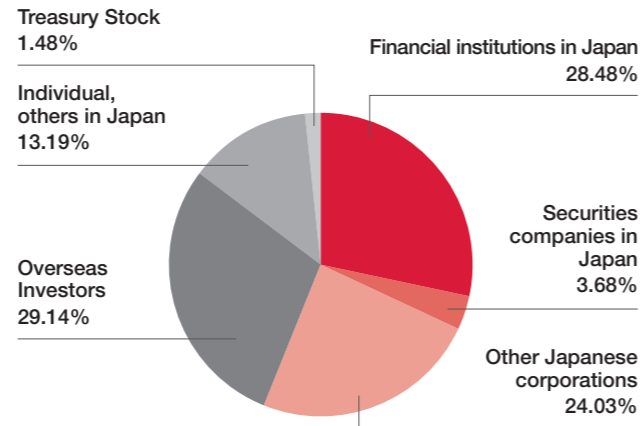
Figures listed are estimates.



## Corporate Profile/Stock Information (As of the end of March, 2023)

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	120 companies
Securities code	5019
Number of shares per unit	100 shares * Idemitsu does not issue different classes of shares.
Total number of authorized shares	436,000,000 shares
Total number of shares issued	297,864,718 shares
Number of shareholders	72,880 people

### Distribution (Number of shares issued)



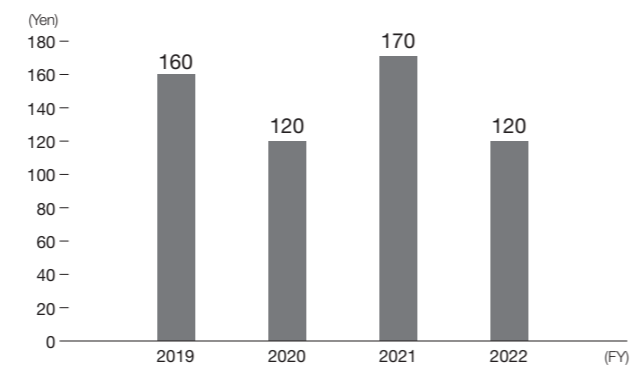
### Major shareholders (Top 10)

Shareholder's Name	Shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	38,358	13.07
Nissho Kosan Co., Ltd.	27,119	9.24
Aramco Overseas Company B.V.	23,115	7.88
Idemitsu Museum of Arts Foundation	20,392	6.95
Custody Bank of Japan, Ltd. (Trust account)	17,035	5.81
STATE STREET BANK WEST CLIENT TREATY 505234	5,143	1.75
Idemitsu Employee Stock Ownership Plan	5,049	1.72
Showa Kosan K.K.	4,974	1.70
Sumitomo Mitsui Trust Bank, Limited	4,114	1.40
MUFG Bank, Ltd.	4,114	1.40

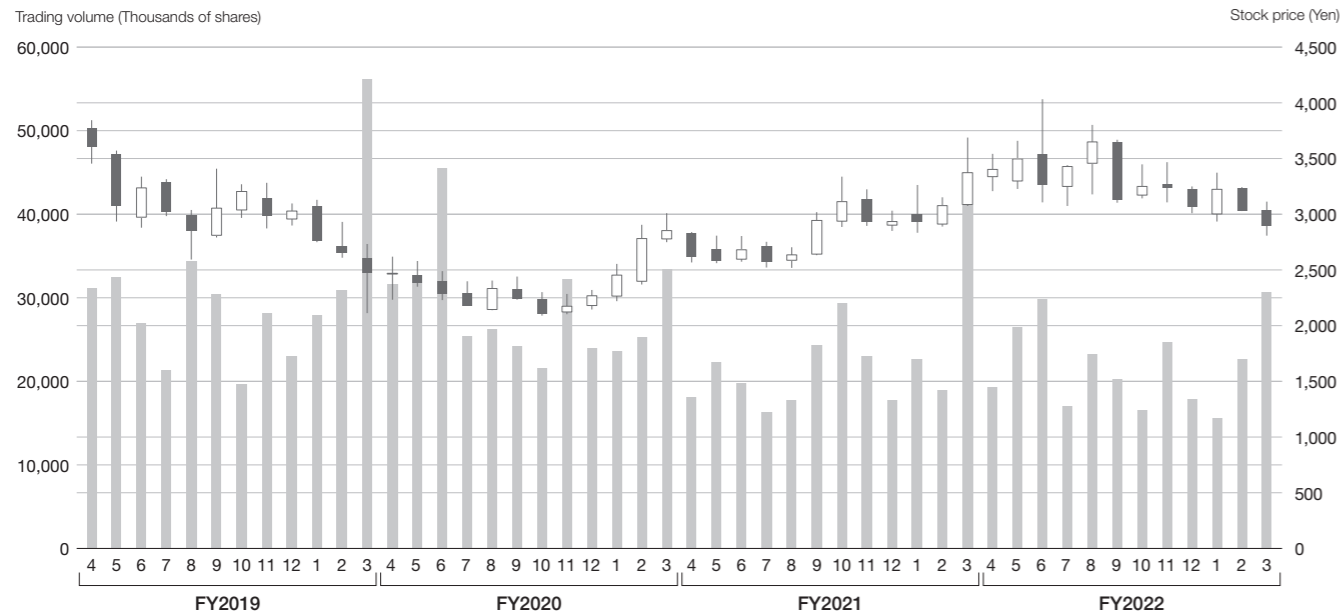
\*1 The Company owns 4,400,631 shares of treasury stock, but is not included as one of the major shareholders listed above. This number does not include 459,314 of the Company's shares, which are owned by The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account).

\*2 Shareholding ratios are calculated excluding treasury stock.

### Annual cash dividends per share



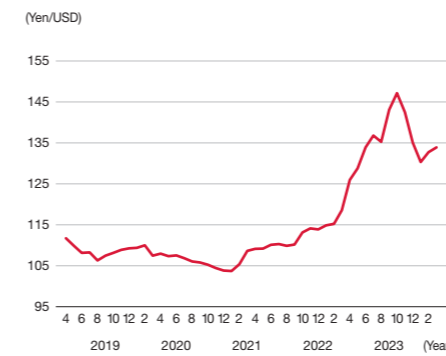
### Trend in stock price and trading volume



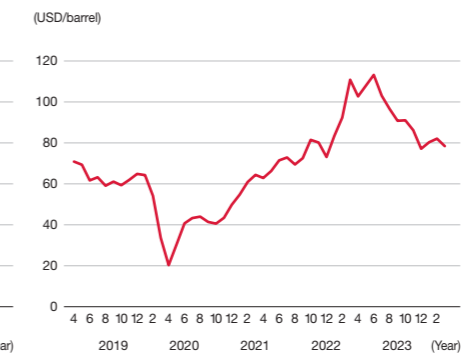
## Primary Financial Data

	(FY)	2019	2020	2021	2022
<b>■ Statement of income</b> (Unit: 100 million yen)					
Net sales		60,459	45,566	66,868	94,563
Operating income + equity in earnings of non-consolidated subsidiaries and affiliates		-262	1,003	4,495	3,084
Of which, inventory impact		-893	75	2,332	557
Operating income + equity in earnings of non-consolidated subsidiaries and affiliates (Excluding inventory impact)		631	928	2,162	2,527
Ordinary income		-140	1,084	4,593	3,215
Net extraordinary loss		-33	-438	-712	267
Net income attributable to owners of the parent		-229	349	2,795	2,536
<b>■ Balance sheets</b> (Unit: 100 million yen)					
Assets		38,869	39,544	46,012	48,654
Liabilities		26,864	27,393	31,647	32,361
Total equity		12,006	12,151	14,365	16,293
Interest-bearing debt		13,363	13,089	13,649	15,034
<b>■ Cash flows</b> (Unit: 100 million yen)					
Cash flows from operating activities		-327	1,705	1,461	-328
Depreciation and amortization		949	982	1,048	1,044
Cash flows from investing activities		-1,345	-1,099	-1,116	701
Cash flows from financing activities		1,579	-562	-300	-904
<b>■ Per share information</b> (yen)					
Net income per share		-76.31	117.47	940.15	853.37
Equity per share		3,868.68	3,871.69	4,749.70	5,510.24
Cash dividends per share		160	120	170	120
<b>■ Management indicators</b>					
Return on shareholders' equity (ROE)	%	-2.3	3.0	21.8	16.8
Shareholders' equity ratio	%	29.6	29.1	30.7	33.2
Net D/E ratio	Times	1.05	1.02	0.87	0.87

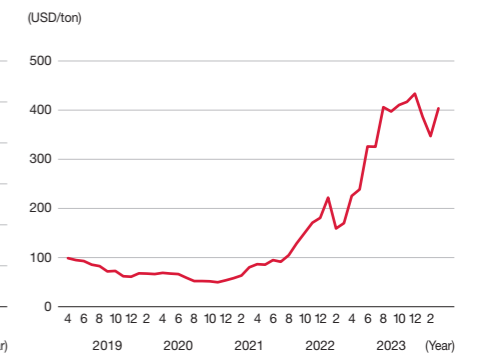
### Exchange rate



### Dubai crude oil price

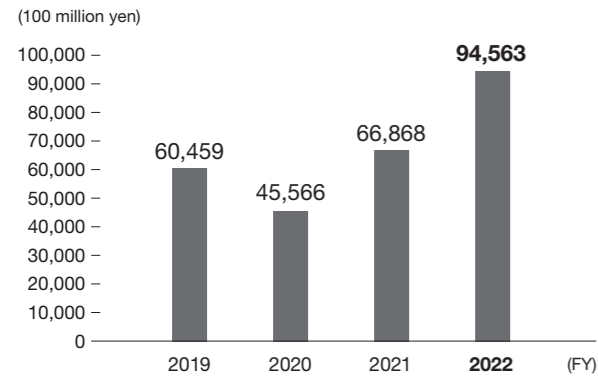


### Australian thermal coal price

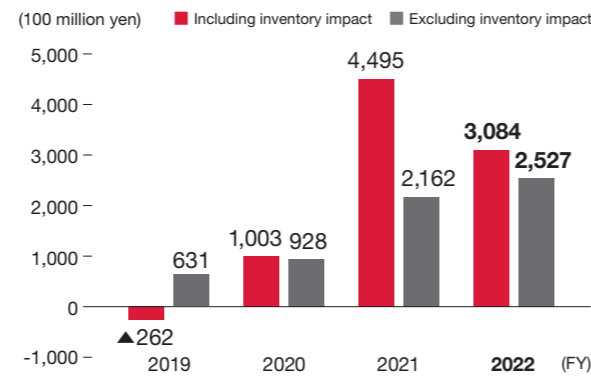


# Financial Highlights

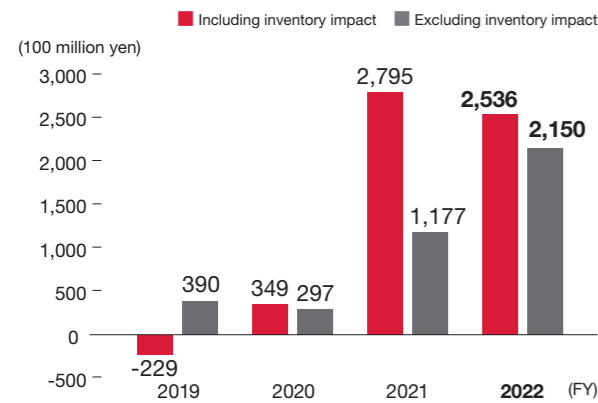
## Net sales



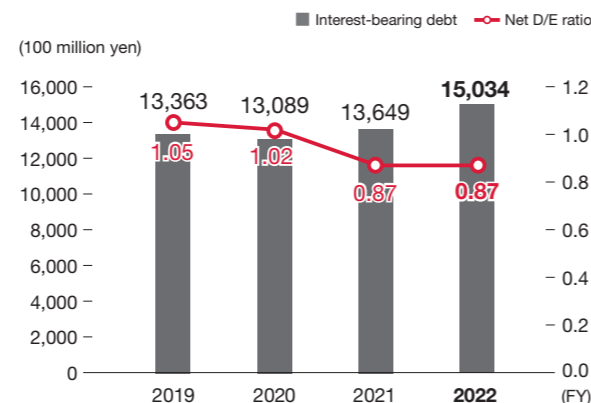
## Operating income + equity in earnings of non-consolidated subsidiaries and affiliates



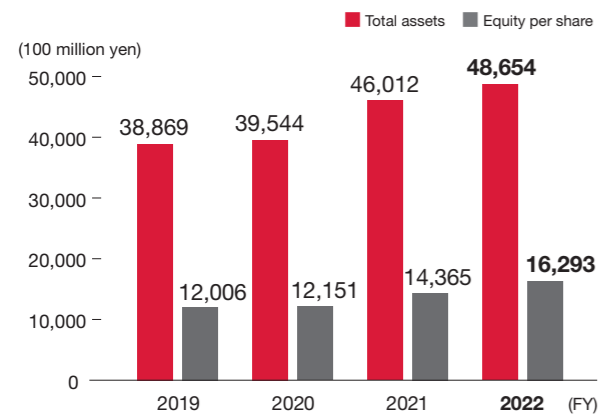
## Net income attributable to owners of the parent



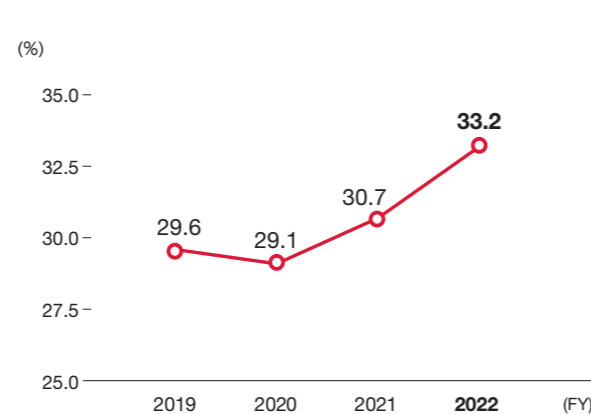
## Interest-bearing debt / Net D/E ratio



## Total assets / Equity per share

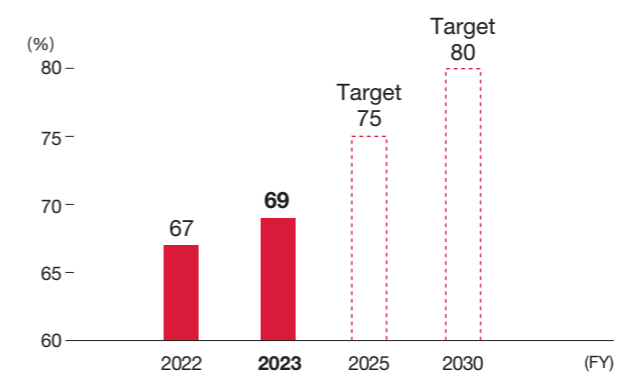


## Shareholders' equity ratio



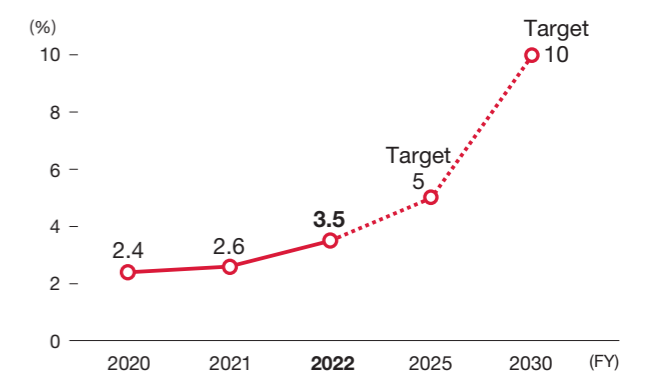
# Non-Financial Highlights

## Idemitsu engagement index



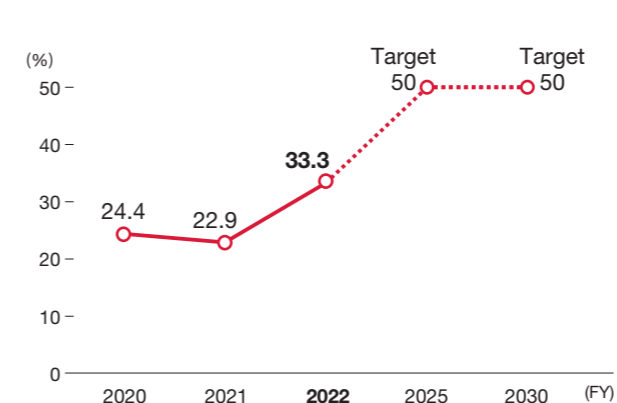
\* Scope of Reporting: Idemitsu employees (excludes employees seconded to other companies)

## Female ratio in managerial positions



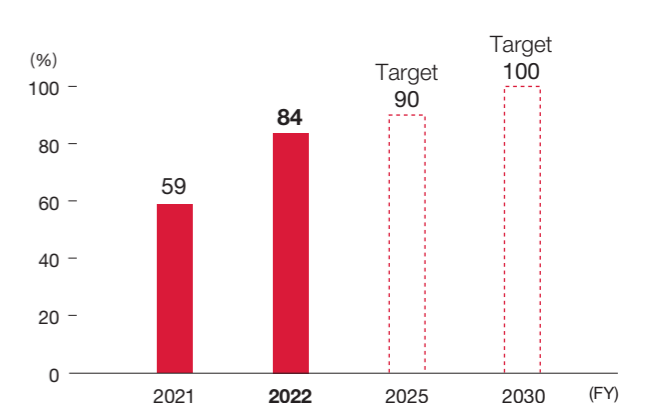
\* Scope of Reporting: Idemitsu hires (employees, seniors, full-time contract employees, and advisors) and excludes employees seconded to other companies

## Female recruiting ratio



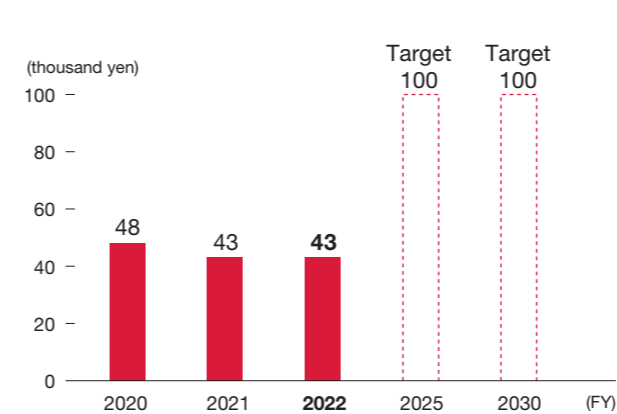
\* Scope of Reporting: Results are from Idemitsu's direct hires  
\* Result is hired in next April of each fiscal year

## Male ratio taking childcare leave

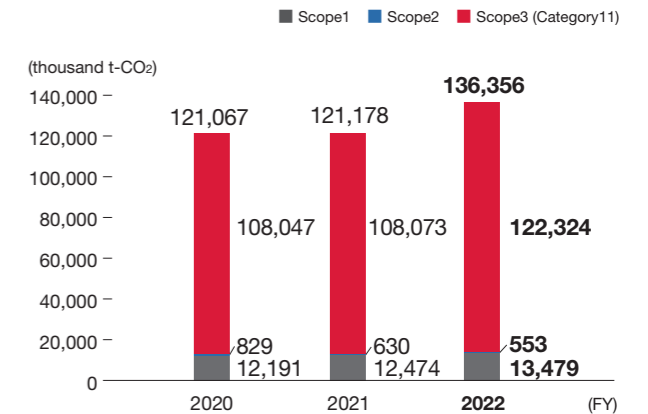


\* Scope of Reporting: Idemitsu hires (employees, including employees seconded to other companies)  
\* These are the figures as of the end of the fiscal year for both FY2021 and FY2022  
\* The above includes leave for childcare purposes

## Investment in training per employee



## CO2 emissions (Scope 1, 2, 3)

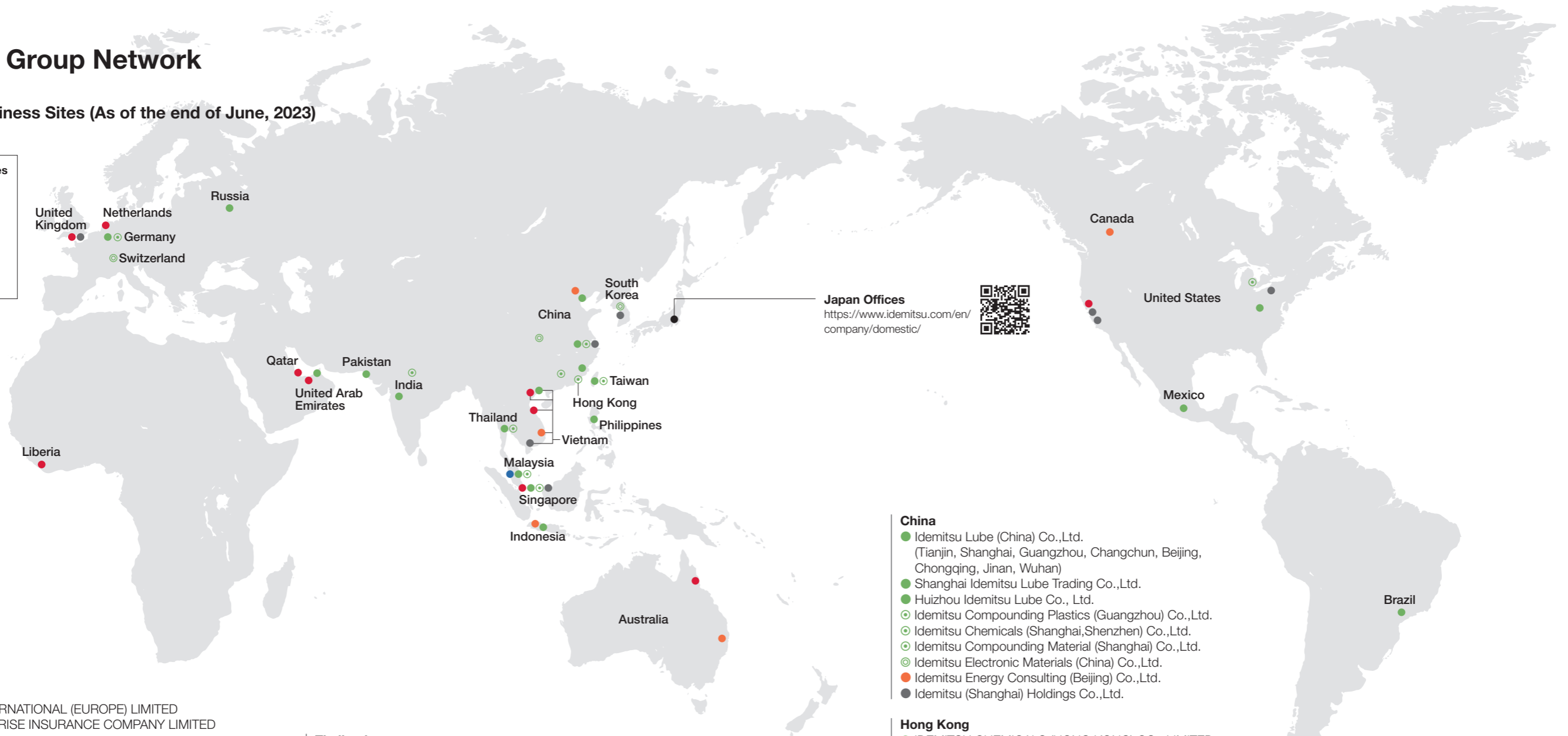


\* Scope of Reporting: Idemitsu, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co.,Ltd.) and major consolidated group companies  
\* The scope of the FY2022 data for Seibu Oil Co.,Ltd. is after June 2022.

# Idemitsu Group Network

## Overseas Business Sites (As of the end of June, 2023)

- Business Categories**
- Petroleum
  - Petrochemicals
  - Lubricants
  - Functional Materials
  - Electronic Materials
  - Coal and the Environment
  - Others



**Japan Offices**  
<https://www.idemitsu.com/en/company/domestic/>



**United Kingdom**  
 ● IDEMITSU INTERNATIONAL (EUROPE) LIMITED  
 ● IDEMITSU SUNRISE INSURANCE COMPANY LIMITED

**Netherlands**  
 ● Idemitsu International (Netherlands) B.V.

**Germany**  
 ● Idemitsu Lube Europe GmbH  
 ● IDEMITSU CHEMICALS EUROPE GMBH

**Switzerland**  
 ● Idemitsu Research and Business Development Europe AG

**Russia**  
 ● Idemitsu Lubricants RUS, LLC

**Liberia**  
 ● APOLLO TANKER CORP.

**Qatar**  
 ● Doha Office

**United Arab Emirates**  
 ● Middle East Office  
 ● Idemitsu Lube Middle East & Africa FZE

**India**  
 ● Idemitsu Lube India Private Limited  
 ● IDEMITSU FINE COMPOSITES (INDIA) PRIVATE LIMITED

**Pakistan**  
 ● IDEMITSU LUBE PAKISTAN (PVT.) LTD

**Thailand**  
 ● IDEMITSU LUBRICANTS (THAILAND) CO., LTD  
 ● Apollo (Thailand) Co.,Ltd.  
 ● Plaloc Asia (Thailand) Co.,Ltd.  
 ● IDEMITSU FINE COMPOSITES (THAILAND) CO.,LTD.

**Malaysia**  
 ● Idemitsu Chemicals (M) Sdn. Bhd.  
 ● Petrochemicals (Malaysia) Sdn. Bhd.  
 ● Idemitsu SM (Malaysia) Sdn. Bhd.  
 ● IDEMITSU LUBE (MALAYSIA) SDN. BHD.  
 ● Idemitsu Advanced Materials (Malaysia) Sdn. Bhd.

**Singapore**  
 ● IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.  
 ● Idemitsu Lube Asia Pacific Pte. Ltd.  
 ● IDEMITSU CHEMICALS SOUTHEAST ASIA PTE LTD  
 ● IDEMITSU ASIA PACIFIC PTE.LTD.

**Vietnam**  
 ● Hanoi Office  
 ● Nghi Son Refinery and Petrochemical Limited Liability Company  
 ● Idemitsu Lube Vietnam Co., Ltd.  
 ● Idemitsu Green Energy Vietnam Limited Company  
 ● IDEMITSU ENGINEERING VIETNAM COMPANY LIMITED

**Indonesia**  
 ● PT. Idemitsu Lube Techno Indonesia  
 ● PT. Idemitsu Lube Indonesia  
 ● PT. IDEMITSU ENERGY INDONESIA

**China**  
 ● Idemitsu Lube (China) Co.,Ltd.  
 (Tianjin, Shanghai, Guangzhou, Changchun, Beijing, Chongqing, Jinan, Wuhan)  
 ● Shanghai Idemitsu Lube Trading Co.,Ltd.  
 ● Huizhou Idemitsu Lube Co., Ltd.  
 ● Idemitsu Compounding Plastics (Guangzhou) Co.,Ltd.  
 ● Idemitsu Chemicals (Shanghai,Shenzhen) Co.,Ltd.  
 ● Idemitsu Compounding Material (Shanghai) Co.,Ltd.  
 ● Idemitsu Electronic Materials (China) Co.,Ltd.  
 ● Idemitsu Energy Consulting (Beijing) Co.,Ltd.  
 ● Idemitsu (Shanghai) Holdings Co.,Ltd.

**Hong Kong**  
 ● IDEMITSU CHEMICALS (HONG KONG) CO., LIMITED

**South Korea**  
 ● Idemitsu Electronic Materials Korea Co., Ltd.  
 ● Idemitsu Advanced Materials (Korea) Sdn. Bhd.

**Taiwan**  
 ● Kuo Horng Co., Ltd.  
 ● Formosa Idemitsu Petrochemicals Corp.  
 ● Idemitsu Chemicals Taiwan Corp.  
 ● Idemitsu Formosa Specialty Chemicals Corp.

**Philippines**  
 ● IDEMITSU LUBRICANTS PHILIPPINES INC.

**Australia**  
 ● Freedom Energy Holdings Pty Ltd  
 ● Trinity Petroleum Services Pty Ltd  
 ● Freedom Fuels Australia Pty Ltd  
 ● IDEMITSU AUSTRALIA PTY LTD  
 ● IDEMITSU COAL MARKETING AUSTRALIA PTY LTD  
 ● Idemitsu Renewable Developments Australia Pty Ltd  
 ● BLIGH COAL LIMITED  
 ● MUSWELLBROOK COAL COMPANY LTD  
 ● BOGGABRI COAL PTY LIMITED  
 ● ENSHAM RESOURCES PTY. LIMITED  
 ● ENSHAM COAL SALES PTY. LTD.  
 ● BOGGABRI COAL OPERATIONS PTY LTD  
 ● NOGOA PASTORAL PTY. LTD.  
 ● IDEMITSU MINERALS AUSTRALIA PTY LTD

**Canada**  
 ● Idemitsu Canada Resources Ltd.

**United States**  
 ● IDEMITSU APOLLO CORPORATION  
 ● Idemitsu Apollo Renewable Corporation  
 ● Idemitsu Lubricants America Corporation  
 ● IDEMITSU CHEMICALS U.S.A. CORPORATION  
 ● Idemitsu Americas Holdings Corporation  
 ● Shoseki US Capital Inc.  
 ● Idemitsu Renewables America, Inc.

**Mexico**  
 ● Idemitsu Lubricants Mexico S.A. de C.V.

**Brazil**  
 ● Idemitsu Lube South America Ltda.