Management Vision

We are an energy co-creation company that values diversity and inclusiveness, creates new values with customers and stakeholders, and seeks harmony with the environment and society.

- **We will deliver various forms of energy and materials in a sustainable manner.**
- **We will expand and share our problem-solving capabilities with the world.**
- **We will grow stronger by anticipating change and responding flexibly.**

(Translation)

Securities Code: No. 5019
June 10, 2020

To the Shareholders:

NOTICE OF THE 105TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

Please note that the 105th Ordinary General Meeting of Shareholders of the Company will be held as described below.

To prevent the spread of COVID-19 and place the highest priority on your safety, we would greatly appreciate it if you could refrain from attending the Ordinary General Meeting of Shareholders in person, and instead exercise your voting rights either through mail or the Internet (deadline: 5:30 p.m., Wednesday, June 24, 2020).

Yours very truly,

Shunichi Kito
President and Representative Director

Idemitsu Kosan Co.,Ltd.
1-1, Marunouchi 3-chome,
Chiyoda-ku, Tokyo, Japan

Description

1. Date and hour of the meeting:

   Thursday, June 25, 2020, at 10:00 a.m.

2. Place of the meeting:

   "Grand Ball Room", 3F, Grand Hyatt Tokyo
   10-3, Roppongi 6-chome, Minato-ku, Tokyo, Japan

3. Matters forming the objects of the meeting:

   Matters to be reported:

   1. Report on the business report, the consolidated financial statements and the results of audit of the consolidated financial statements by the accounting auditors and the Audit & Supervisory Board for the 105th fiscal year (from April 1, 2019 to March 31, 2020)

   2. Report on the non-consolidated financial statements for the 105th fiscal year (from April 1, 2019 to March 31, 2020)

   Matters to be resolved:

   Proposition No. 1: Election of twelve (12) Directors

   Proposition No. 2: Election of one (1) Statutory Auditor

   Proposition No. 3: Election of one (1) Substitute Statutory Auditor

4. Matters regarding exercise of voting rights:

   1. If you expect to be present by proxy, please make a document evidencing his/her power of attorney presented to a receptionist at the place of the meeting, together with the voting form. (Such proxy must be another shareholder (being one (1) person) of the Company entitled to vote.)

   2. If any institutional investor or any other shareholder who holds shares on behalf of third parties desires to diversely exercise voting rights, please give notice to that effect and of the reason therefor to the Company in writing no later than three (3) days prior to the date of this Ordinary General Meeting of Shareholders.

   3. All fees payable to Internet service providers and telecommunication carriers (such as phone line charges) in accessing the website for the exercise of voting rights must be borne by the shareholders.

- The reception of this meeting will begin at 9:00 a.m. on the date of this Ordinary General Meeting of Shareholders.

- Of the documents to be provided upon giving notice of this Ordinary General Meeting of Shareholders, the following documents, which are posted on our Internet website (https://www.idss.co.jp/) in accordance with the applicable laws and ordinances and Article 15 of the Articles of Incorporation of the Company, are not included in the attached documents to the notice of this Ordinary General Meeting of Shareholders.
  The attached documents to the notice of this Ordinary General Meeting of Shareholders, as well as the following documents, which are posted on our Internet website, are part of the consolidated financial statements or non-consolidated financial statements that have been audited by the Audit & Supervisory Board Members in preparing their audit report and by the accounting auditors in preparing their accounting auditors' reports, respectively.

  1. "Major business offices and plants," "Accounting auditors," and "Systems to secure the properness of business activities (so called "internal control systems") and the summary of the status of the operation of the systems" of the Business Report
  2. "Consolidated statement of changes in shareholders' equity, etc.", and "Notes to consolidated financial statements"
  3. "Non-consolidated statement of changes in shareholders' equity, etc.", and "Notes to non-consolidated financial statements"

- In the event of the revision of any matter in the business report, the consolidated financial statements, the non-consolidated financial statements and the Reference Document for the General Meeting of Shareholders prior to the date of this Ordinary General Meeting of Shareholders, it will be posted on our Internet website set forth above.

Instructions for Exercising Voting Rights

The right to vote at the General Meeting of Shareholders is an important right of all shareholders.
Please review the accompanying Reference Document for the General Meeting of Shareholders before exercising your voting rights.
There are three methods for voting at the General Meeting of Shareholders.

1. Voting by Attendance at the General Meeting of Shareholders

Please present the enclosed voting form to the reception desk if you are present at the meeting.
Date and hour of the meeting: Thursday, June 25, 2020, at 10:00 a.m.

2. Postal Voting

Please indicate "Approve" or "Disapprove" with respect to each proposition on the enclosed voting form and submit the form.
Votes must be received by: Wednesday, June 24, 2020, 5:30 p.m.

3. Electronic Voting via the Internet

Please input "Approve" or "Disapprove" in conformance with the guidance on the next page.
Votes must be completed by: Wednesday, June 24, 2020, 5:30 p.m.

<Instructions for filling out the voting form>

Please indicate approval or disapproval with respect to each proposition.

Propositions No. 1

Approval of all candidates:	Mark ○ in the box labelled "賛"
Disapproval of all candidates:	Mark ○ in the box labelled "否"
Disapproval of certain candidates:	Mark ○ in the box labelled "賛" and indicate the number of each candidate you wish to disapprove.

Propositions No. 2 and No. 3

Approval:	Mark ○ in the box labelled "賛"
Disapproval:	Mark ○ in the box labelled "否"

If you vote both by post and via the Internet, only the vote exercised via the Internet will be treated as valid.
If you vote more than once via the Internet, only the most recent vote will be treated as valid.

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

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

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

1. Please scan the QR Code located at the lower right of the voting form.
   * “QR Code” is a registered trademark of Denso Wave Incorporated.

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

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

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

1. Please access the voting website.
   (Click on “次へすすむ” (NEXT))

2. Please input the “voting code” included in the voting form.
   (Enter “議決権行使コード” (the voting code)) (Click on “ログイン” (Log in))

3. Please input the “password” included in the voting form.
   (Enter “初期パスワード” (the initial password)) (Set the new password you will use)
   (Click on “登録” (REGISTER))

4. Please follow the instructions on the display, and input “Approve” or “Disapprove”.

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

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

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

Reference Document for the General Meeting of Shareholders

Proposition No. 1: Election of twelve (12) Directors

The term of office of all of the Directors will expire at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that twelve (12) Directors be elected.

The candidates for Director are as follows:

Candidate No.	Name				Current position and duties in the Company	Term of office	Meetings attended
1	Reelection	Shunichi Kito			President and Representative Director, Chief Executive Officer	7	16/16
2	Reelection	Takashi Matsushita			Director, Executive Vice President and Executive Officer In charge of Petrochemicals, Functional Materials, Intellectual Property/Research, and Vietnam Project (Vietnam Business Development Department)	7	16/16
3	New election	Susumu Nibuya			Executive Vice President and Executive Officer In charge of Legal (Legal Department), External Affairs and Public Relations, ESG, Corporate Planning, Digital Innovation, and Resources	-	-
4	Reelection	Katsuaki Shindome			Director, Senior Managing Executive Officer In charge of Next Forum, Human Resources, Information Systems, General Affairs, and Internal Control; Head of Safety and Environmental Protection Headquarters; and Head of Quality Assurance Headquarters	1	16/16
5	New election	Atsuhiko Hirano			Managing Executive Officer In charge of Corporate Planning, Business Process Redesign, External Affairs & Secretariat (Corporate Planning Department, Business Process Redesign Department, External Affairs & Secretariat Department, Next Generation Business Department)	-	-
6	Reelection	Masakazu Idemitsu			Director (part-time)	1	16/16
7	Reelection	Kazunari Kubohara			Director (part-time)	1	16/16
8	Reelection	Takeo Kikkawa	Outside	Independent	Director	3	16/16
9	Reelection	Mackenzie Clugston	Outside	Independent	Director	3	16/16
10	Reelection	Norio Otsuka	Outside	Independent	Director	1	16/16

11	Reelection	Yuko Yasuda	Outside	Independent	Director	1	16/16
12	Reelection	Mitsunobu Koshiba	Outside	Independent	Director	1	11/11

* The term of office is the period from the time when each person was appointed as Director of the Company (with respect to candidates for Outside Director, Outside Director of the Company) up to the closing of this Ordinary General Meeting of Shareholders.

* Including the term of office of Director of former Showa Shell Sekiyu K.K. ("Showa Shell") (with respect to candidates for Outside Director, Outside Director of the corporation), Mr. Norio Otsuka and Ms. Yuko Yasuda will each have served as Outside Director for three years.

* Ratio of Outside Directors: 42%.

Areas to which the Company particularly expects Director candidates to contribute								
Corporate philosophy /business strategy	Governance/legal affairs	Finance/accounting/tax	International business/ diversity	Digital innovation/technology	Environment/society/energy policies	Human resources development	Marketing/sales	Manufacturing/supply
✿	✿	✿				✿	✿	
✿			✿	✿				✿
✿	✿				✿		✿	
✿	✿					✿	✿	
✿				✿			✿	
✿	✿							
	✿	✿			✿			
			✿	✿	✿			
			✿		✿	✿		
✿	✿	✿	✿					
	✿		✿			✿		
✿	✿		✿	✿				

✿ indicates areas to which the Company particularly expects the relevant Director to contribute and does not represent all of his/her knowledge and experience.

Candidate No. 1	For reelection	Shunichi Kito (April 6, 1956)



Number of shares of the Company held
21,992 shares

Brief history and position and duties in the Company (and important concurrent office)

April 1980	Joined the Company
April 2005	Deputy General Manager of Personnel Department
July 2008	Deputy General Manager of Treasury Department
June 2011	Executive Officer and General Manager of Treasury Department
June 2013	Director, Managing Executive Officer and General Manager of Treasury Department
June 2014	Managing Director
June 2017	Executive Vice President and Director
April 2018	Representative Director & Chief Executive Officer
April 2019	President and Representative Director, and Chief Executive Officer (to date)

Reason for nomination as candidate for Director

Mr. Shunichi Kito has worked as the top manager in the accounting division, has served as the Executive Vice President, and has assumed the position of Representative Director and Chief Executive Officer as of April 2018. Since April 2019, as the President of the New Integrated Company, he has demonstrated his leadership abilities to realize internal harmonization, to maximize the synergy effect of integration, and also to formulate a growth strategy for the 2030 fiscal year. Thus, management has judged that he will be able to execute business of the Group properly, fairly and effectively.

Candidate No. 2	For reelection	Takashi Matsushita (July 9, 1956)



Number of shares of the Company held
21,444 shares

Brief history and position and duties in the Company (and important concurrent office)

April 1979	Joined the Company
Oct. 2004	Deputy General Manager of Hokkaido Refinery
April 2007	Deputy General Manager of Manufacturing Department
April 2010	Executive Officer and General Manager of Tokuyama Refinery and General Manager of Tokuyama Plant
April 2013	Executive Officer and General Manager of Manufacturing & Technology Department
June 2013	Director, Managing Executive Officer and General Manager of Manufacturing & Technology Department
June 2014	Managing Director
June 2017	Executive Vice President and Director
April 2018	Executive Vice President and Representative Director
April 2019	Director, and Executive Vice President and Executive Officer (to date)
May 2020	President, The Japan Petroleum Institute (to date)
Current duties:	In charge of Petrochemicals, Functional Materials, Intellectual Property/Research, and Vietnam Project (Vietnam Business Development Department)

Reason for nomination as candidate for Director

Mr. Takashi Matsushita has worked as the top manager in the manufacturing division and technology division. He has accumulated wide experience, knowledge, and expertise. He has been responsible for the overall management as the Executive Vice President; promoted restructuring in the fields of manufacturing and technology both inside and outside Japan and delivered solid results. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.

Candidate No. 3	For new election	Susumu Nibuya (November 22, 1959)	
 Number of shares of the Company held 16,405 shares	Brief history and position and duties in the Company (and important concurrent office) April 1982 Joined the Company June 2008 Managing Director, Idemitsu Engineering Co., Ltd. April 2011 General Manager, Internal Audit Office April 2013 Executive Officer and General Manager, Corporate Planning Department June 2015 Director and General Manager, Corporate Planning Department June 2017 Managing Director April 2019 Executive Vice President and Executive Officer (to date) Current duties: In charge of Legal (Legal Department), External Affairs and Public Relations, ESG, Corporate Planning, Digital Innovation, and Resources		Reason for nomination as candidate for Director Mr. Susumu Nibuya has worked as the top manager in the internal audit division and corporate planning division. He has accumulated wide experience, knowledge, and expertise. As Executive Vice President, he has promoted the formulation and implementation of the business policy of the Group and delivered solid results. He is familiar with the business of the Company and issues to be addressed by the Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.

Candidate No. 4	For reelection	Katsuaki Shindome (August 25, 1957)



Number of shares of the Company held
4,568 shares

Brief history and position and duties in the Company (and important concurrent office)

April 1980	Joined Shell Sekiyu K.K.
April 2006	General Manager, Kyushu Branch, Showa Shell Sekiyu K.K.
Nov. 2008	General Manager, Kinki Branch, Showa Shell Sekiyu K.K.
March 2009	Executive Officer, Showa Shell Sekiyu K.K.
March 2013	Corporate Executive Officer, Showa Shell Sekiyu K.K.
April 2019	Director, and Senior Managing Executive Officer (to date)
Current duties:	In charge of Next Forum, Human Resources, Information Systems, General Affairs, and Internal Control; Head of Safety and Environmental Protection Headquarters; and Head of Quality Assurance Headquarters

Reason for nomination as candidate for Director

Mr. Katsuaki Shindome, who served as Executive Officer and also Corporate Executive Officer of Showa Shell, has assumed the position of Director and Senior Managing Executive Officer of the Company as of April 2019. He accumulated wide experience, knowledge, and expertise relating to the sales department and the corporate department which includes health, safety, security and environmental (HSSE) and internal control. Thus, management has judged that he will be able to execute the business of the Company properly, fairly and effectively.

Candidate No. 5	For new election	Atsuhiko Hirano (August 25, 1962)



Number of shares of the Company held
2,283 shares

Brief history and position and duties in the Company (and important concurrent office)

April 1985	Joined Showa Shell Sekiyu K.K.
Sept. 2002	General Manager, Shizuoka Area, Showa Shell Sekiyu K.K.
Sept. 2004	General Manager, Marketing Planning Division, Showa Shell Sekiyu K.K.
March 2005	Executive Officer and General Manager, Marketing Planning Division, concurrently serving as General Manager, Retail Sales Division, Showa Shell Sekiyu K.K.
March 2006	Director, Showa Shell Sekiyu K.K.
March 2009	Corporate Executive Officer, Showa Shell Sekiyu K.K.
March 2013	Senior Corporate Executive Officer, Showa Shell Sekiyu K.K.
July 2014	Representative Director, President, Solar Frontier K.K.
April 2019	Managing Executive Officer of the Company (to date)
Current duties:	In charge of Corporate Planning, Business Process Redesign, External Affairs & Secretariat (Corporate Planning Department, Business Process Redesign Department, External Affairs & Secretariat Department, Next Generation Business Department)

Reason for nomination as candidate for Director

Mr. Atsuhiko Hirano has engaged in fuel sales and corporate planning and thereafter worked as the top manager in the fuel sales division and renewable energy division. He has gained the solid trust of customers and has gained wide experience and knowledge. As Managing Executive Officer, he has managed the corporate planning division and formulated the first medium-term management plan for the New Integrated Company. Thus, management has judged that he will be able to execute business of the Company properly, fairly and effectively.

Candidate No. 6	For reelection	Masakazu Idemitsu (October 15, 1968)	
 Number of shares of the Company held 2,422,000 shares	Brief history and position and duties in the Company (and important concurrent office) April 2010 Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts 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 (to date) Representative Director, Showa Kosan K.K. (to date)		Reason for nomination as candidate for Director Mr. Masakazu Idemitsu has assumed the position of Director of the Company as of April 2019. He has an essential understanding of the details of the Company's business, and its management philosophy, "respect for human beings," as a grandson of Mr. Sazo Idemitsu, the founder of the Company. Thus, management has judged that, from the long-term perspective, he will be able to perform his duties as Director properly.

Candidate No. 7	For reelection	Kazunari Kubohara (July 16, 1967)



Number of shares of the Company held
- shares

Brief history and position and duties in the Company (and important concurrent office)

Dec. 2008	Registered as an attorney, established Kyuhodo Law Firm
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 (to date)
June 2016	Outside Statutory Auditor, Class Technology Co., Ltd.
July 2017	Auditor, Medical Corporation Hakueikai Miyake Dental Clinic (to date)
March 2018	Delegate, Japan Federation of Bar Associations
April 2018	Vice Chairperson of the Legal Services Obstruction Countermeasures Committee, Dai-Ichi Tokyo Bar Association (to date)
April 2019	Director (to date)

Reason for nomination as candidate for Director

Mr. Kazunari Kubohara has an experience working in a corporate environment before he registered as an attorney, is familiar with corporate legal affairs as an attorney, and has extensive knowledge of corporate management. Thus, management has judged that he will be able to perform his duties as Director properly.

Candidate No. 8	For reelection	Takeo Kikkawa (August 24, 1951)



Number of shares of the Company held
- shares

Brief history and position and duties in the Company (and important concurrent office)

April 1987	Assistant Professor, Aoyama Gakuin University School of Business
Oct. 1993	Assistant 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 (to date)
April 2020	Professor, Graduate School of International Management, International University of Japan (to date)

Reason for nomination as candidate for Director

Mr. Takeo Kikkawa 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 has long experience and wide knowledge as a university professor, has full knowledge about corporate management as an expert in business administration studies and especially in energy industry theory, and satisfies the "Requirements for Independence of Outside Officers" of the Company.

Business relationship between the candidate and the Company

There is no business relationship between the candidate and the Company.

Candidate No. 9	For reelection	Mackenzie Clugston (June 19, 1950)



Number of shares of the Company held
- shares

Brief history and position and duties in the Company (and important concurrent office)

June 1982	Joined Department of Foreign Affairs and International Trade of the Canadian Government
August 2000	Canadian Consul General in Osaka
August 2003	Minister, Canadian Embassy in Japan
August 2009	Ambassador of Canada to Indonesia, Timor-Leste and the ASEAN
Nov. 2012	Ambassador of Canada to Japan
June 2016	Outside Director, Kameda Seika Co., Ltd. (to date)
Sept. 2016	Advisor, Sapporo Holdings Limited Professor, Kwansei Gakuin University (to date)
June 2017	Director (to date)
March 2018	Outside Director, Sapporo Holdings Limited (to date)
June 2019	Outside Director, NGK SPARK PLUG CO., LTD. (to date)

Reason for nomination as candidate for Director

Mr. Mackenzie Clugston 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 is familiar with business, administration, and international affairs as a former diplomat and a university professor, has full knowledge about corporate management, and satisfies the "Requirements for Independence of Outside Officers" of the Company.

Business relationship between the candidate and the Company

There is no business relationship between the candidate and the Company.

Candidate No. 10	For reelection	Norio Otsuka (July 5, 1950)



Number of shares of the Company held
999 shares

Brief history and position and duties in the Company (and important concurrent office)

April 1973	Joined NSK Ltd. ("NSK")
Dec. 1999	Deputy Head of Corporate Planning Division HQ, NSK
April 2000	Vice President, Head of Corporate Planning Division HQ, NSK
June 2002	Director, Senior Vice President, Head of Corporate Strategy Division HQ, NSK
June 2004	Representative Executive Vice President, Responsible for Administrative Divisions, Head of Corporate Strategy Division HQ, NSK
June 2007	Representative Executive Officer and Senior Executive Vice President, NSK
June 2009	President and Chief Executive Officer, Chairperson of the Nomination Committee, NSK
June 2015	Director, Chairman, NSK
June 2016	Chairman, the Japan Bearing Industry Association
March 2017	Outside Director, Showa Shell
June 2017	Honorary Chairman, NSK
June 2018	Outside Director, Sojitz Corporation (to date)
	Advisor, NSK (to date)
April 2019	Director (to date)
June 2019	Outside Director, Taisei Corporation (to date)

Reason for nomination as candidate for Director

Management has judged that Mr. Norio Otsuka will be able to perform his duties as an Outside Director properly as he served as President and Chief Executive Officer, and Director, Chairman of NSK, has promoted its global growth strategy, enhanced its corporate governance, and accumulated wide experience and advanced insight regarding corporate management, and satisfies the "Requirements for Independence of Outside Officers" of the Company.

Business relationship between the candidate and the Company

The Company has business relationships with NSK in relation to the transactions of lubricants, etc.; however, the transaction amount is extremely insignificant (4,270,000 yen, namely, the percentage of the Company's consolidated sales for fiscal year 2019 is less than 0.01%).

Candidate No. 11	For reelection	Yuko Yasuda (September 16, 1961)



Number of shares of the Company held
232 shares

Brief history and position and duties in the Company (and important concurrent office)

April 1985	Joined IBM Japan, Ltd.
Sep. 1991	Joined Booz Allen Hamilton Inc.
Sep. 1993	Joined Russell Reynolds Associates Japan Inc. (“Russell Reynolds Associates Japan”)
June 1996	Managing Director, Russell Reynolds Associates Japan (to date)
April 2001	Associate Representative in Japan, Russell Reynolds Associates Japan
April 2003	Representative in Japan, Russell Reynolds Associates Japan Member of Executive Committee, Russell Reynolds Associates Inc. (until March 2006)
April 2013	Member of Executive Committee, Russell Reynolds Associates Inc. (reappointed, until March 2016)
June 2015	Outside Director, SCSK Corporation
March 2017	Outside Director, Showa Shell
June 2018	Outside Director, Murata Manufacturing Co., Ltd. (to date)
April 2019	Director (to date)

Reason for nomination as candidate for Director

Management has judged that Ms. Yuko Yasuda will be able to perform her duties as an Outside Director properly as she served as Representative in Japan of Russell Reynolds Association Japan, and engaged in the executive assessment of a corporation and in the training of CEO successors, has accumulated wide experience as a business manager and broad knowledge about the training of global leaders, and satisfies the “Requirements for Independence of Outside Officers” of the Company.

Business relationship between the candidate and the Company

There is no business relationship between the candidate and the Company.

Candidate No. 12	For reelection	Mitsunobu Koshiba (November 9, 1955)



Number of shares of the Company held
- shares

Brief history and position and duties in the Company (and important concurrent office)

Oct. 1981	Joined Japan Synthetic Rubber Co., Ltd. (currently, JSR Corporation)
June 2002	Officer and General Manager of Electronic Materials Department I, Electronic Materials Division, JSR Corporation (“JSR”)
June 2003	Officer, General Manager of Electronic Materials Division, and General Manager of Electronic Materials Department, JSR
June 2004	Director, General Manager of Electronic Materials Division, JSR
June 2005	Senior Officer, General Manager of Electronic Materials Division and Assistant in charge of Fine Chemicals Business, JSR
June 2006	Managing Director, General Manager of Electronic Materials Division, JSR
June 2007	Managing Director, JSR
June 2008	Senior Managing Director, JSR
April 2009	Representative Director and President, JSR
June 2019	Representative Director and Chairman, JSR (to date) Director (to date)
June 2020	Director and Chairman, JSR (scheduled)

Reason for nomination as candidate for Director

Mr. Mitsunobu Koshiba has long been engaged in research and electronic materials business at JSR, served as the General Manager of Electronic Materials Division, and has been serving as the Representative Director and President of JSR since 2009. Management has judged that Mr. Mitsunobu Koshiba will be able to perform his duties as an Outside Director properly as he has expertise in the technology area as well as long experience and wide knowledge as a business manager, and satisfies the “Requirements for Independence of Outside Officers” of the Company.

Business relationship between the candidate and the Company)

The Company has business relationships with JSR in relation to the transaction of chemicals such as ethylene, styrene monomer, and butadiene, lubricants, fuel oil C, and coal; however, the trading volume is an insignificant percentage of the Company’s consolidated sales, namely, approximately 5 billion yen for fiscal year 2019, which comprises 0.08% of the Company’s consolidated sales.

(Notes) 1. Mr. Masakazu Idemitsu is Representative Director and President of Nissho Kosan, which is the biggest shareholder of the Company. The Company conducts real estate lease transactions with Nissho Kosan, and the terms of which has been determined based on the market rate of the adjacent areas, and the transaction amount of which is approximately 190 million yen per annum. There is no special relationship between any candidate for Directors except Mr. Masakazu Idemitsu and Mr. Mitsunobu Koshiba and the Company.

2. Mr. Takeo Kikkawa, Mr. Mackenzie Clugston, Mr. Norio Otsuka, Ms. Yuko Yasuda, and Mr. Mitsunobu Koshiba are candidates for Outside Director.

3. Under Article 427, paragraph 1 of the Companies Act of Japan, the Company has entered into agreements with each of Mr. Masakazu Idemitsu, Mr. Kazunari Kubohara, Mr. Takeo Kikkawa, Mr. Mackenzie Clugston, Mr. Norio Otsuka, Ms. Yuko Yasuda, and Mr. Mitsunobu Koshiba to limit the liability for damages provided for in Article 423, paragraph 1 of the Companies Act of Japan. Under the agreement, the liability is limited to the amount provided for under law. If the reelection of Mr. Masakazu Idemitsu, Mr. Kazunari Kubohara, Mr. Takeo Kikkawa, Mr. Mackenzie Clugston, Mr. Norio Otsuka, Ms. Yuko Yasuda, and Mr. Mitsunobu Koshiba is approved, the Company plans to continue each agreement.

4. The Company has registered Mr. Takeo Kikkawa, Mr. Mackenzie Clugston, Mr. Norio Otsuka, Ms. Yuko Yasuda, and Mr. Mitsunobu Koshiba as independent officers with the Tokyo Stock Exchange in accordance with its rules.

5. The number of shares of the Company held by each candidate for Director includes the candidate's interests in the Idemitsu Officer Stockholders Committee.

Proposition No. 2: Election of one (1) Statutory Auditor

Statutory Auditor Mr. Taigi Ito will retire upon expiration of the term of office at the close of this Ordinary General Meeting of Shareholders. Hence, it is hereby proposed that one (1) Statutory Auditor be elected.

The Board of Statutory Auditors has consented to this proposition.

The candidate for Statutory Auditor is as follows:

For reelection	Taigi Ito (October 13, 1946)	
 Number of shares of the Company held 5,452 shares	Brief history and position and duties in the Company (and important concurrent office) Jan. 1970 Joined Tsuji Audit Corporation (currently 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 Statutory Auditor (to date) Outside Statutory Auditor, IT Holdings	Reason for nomination as candidate for Statutory Auditor Mr. Taigi Ito 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 Statutory Auditor properly as he has extensive experience as a certified public accountant and a university professor, has full knowledge about corporate management as an expert in corporate accounting, and satisfies the "Requirements for Independence of Outside Officers" of the Company. Business relationship between the candidate and the Company There is no business relationship between the candidate and the Company.

		Corporation (currently, TIS INC.) (to date)	
	June 2014	Outside Corporate Auditor, Mitsubishi Chemical Holdings Corporation Outside Corporate Auditor, Mitsubishi Chemical Corporation	
	June 2015	Outside Director, Mitsubishi Chemical Holdings Corporation (to date)	
	Sep. 2018	Outside Director, Koa Shoji Holdings Co., Ltd. (to date)	

(Notes) 1. There is no special relationship between the candidate for Statutory Auditor and the Company.

2. Mr. Taigi Ito is a candidate for outside Statutory Auditor.

3. Mr. Taigi Ito, who is currently outside Statutory Auditor of the Company, will have served as outside Statutory Auditor for eight years at the close of this Ordinary General Meeting of Shareholders.

4. The Company has entered into an agreement with Mr. Taigi Ito to limit the liability for damages provided for in Article 423, paragraph 1 of the Companies Act of Japan pursuant to the provision of Article 427, paragraph 1 of the said act. The limit on the liability under the agreement shall be the amount as provided for in laws or ordinances. If the reelection of Mr. Taigi Ito is approved, the Company plans to continue such agreement with him.

5. The Company has registered Mr. Taigi Ito as independent officer with the Tokyo Stock Exchange in accordance as provided for in its rules.

6. The number of shares of the Company held by Candidate for Statutory Auditor includes his interests in the Idemitsu Officer Stockholders Committee and the Idemitsu Employee Stockholders Committee.

Proposition No. 3: Election of one (1) Substitute Statutory Auditor

In order to prepare for situations where there is a deficiency in the number of Statutory Auditors, it is hereby proposed that one (1) Outside Statutory Auditor be elected as a Substitute for the Outside Statutory Auditors, Mr. Taigi Ito and Mr. Kenji Yamagishi.

The Board of Statutory Auditors has consented to this proposition.

The candidate for Substitute Statutory Auditor is as follows:

Junko Kai (September 29, 1967)		
 Number of shares of the Company held - shares	Brief history and position and duties in the Company (and important concurrent office) April 1992 Registered as attorney at law (Daini Tokyo Bar Association) June 2006 Committee Member, Disciplinary Enforcement Committee, Daini Tokyo Bar Association March 2007 Lecturer of Criminal Defense, Legal Training and Research Institute April 2010 Tokyo Family Court Conciliation Committee Member (to date) July 2010 Reserve Committee Member, Disciplinary Committee, The Japanese Institute of Certified Public Accountants Oct. 2010 Bar Examiner (Code of Criminal Procedure) Examiner for the Preliminary Bar Examination (Code of Criminal Procedure) June 2014 Committee Member, Pension Special Account Public Procurement Committee, Ministry of Health, Labour and Welfare (to date) Oct. 2015 Special Committee Member, Central Committee for Adjustment of Construction Work Disputes, Ministry of Land, Infrastructure, Transport and Tourism (to date)	Reason for nomination as candidate for substitute Outside Statutory Auditor Ms. Junko Kai has not engaged in corporate management. However, management has judged that she will be able to perform her duties as an Outside Statutory Auditor properly as she has extensive experience as an attorney-at-law and extensive knowledge of corporate management as an expert in corporate legal affairs, and she satisfies the "Requirements for Independence of Outside Officers" of the Company. Business relationship between the candidate and the Company There is no business relationship between the candidate and the Company.

	Feb. 2016	Committee Member, Disciplinary Committee, Daini Tokyo Bar Association (to date)	
	June 2019	Outside Director, Narita International Airport Corporation (to date)	

(Notes) 1. There is no special relationship between the candidate for Substitute Statutory Auditor and the Company.

2. Ms. Junko Kai is a candidate for substitute Outside Statutory Auditor.

3. Under Article 427, paragraph 1 of the Companies Act of Japan, the Company is scheduled to enter into an agreement with Ms. Junko Kai to limit the liability for damages provided for in Article 423, paragraph 1 of the Companies Act of Japan if she is appointed as the Outside Statutory Auditor of the Company. Under the agreement, the liability shall be limited to the amount provided for under law.

4. Ms. Junko Kai has satisfied the requirements for independent officers under the rules of the Tokyo Stock Exchange, and if she is appointed as the Outside Statutory Auditor of the Company, the Company plans to register her as an independent officer with the Tokyo Stock Exchange.

(Reference)

Independence Requirements for Outside Officers

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

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

End

(Attached document)

BUSINESS REPORT

(April 1, 2019 to March 31, 2020)

1. Current state of the Idemitsu Group (the "Group")

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

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

During the fiscal year ended March 31, 2020, the Japanese economy maintained a mild recovery trend helped by continued improvements in capital spending and the employment environment, while the economic outlook remained uncertain owing to the impact of the intensifying US-China trade frictions and the abrupt slowdown in China's economy. Moreover, toward the end of fiscal year 2019, business sentiment considerably worsened owing to the impact of the COVID-19 pandemic.

As for sales volume of petroleum products for the domestic market during fiscal year 2019, demand for gasoline decreased slightly owing to structural factors, including improved vehicle fuel efficiency. Following the trend of the preceding fiscal year, demand for middle distillates such as kerosene remained weak owing to the warmer winter, while heavy fuel oil for the power industry was affected by a year on year decrease in demand, reflecting the progress in diversification of power sources. Consequently, overall demand for petroleum products during fiscal year 2019 was lower compared with the preceding fiscal year.

Dubai crude oil prices were hovering around $70/bbl until the middle of May 2019, but the declining trend continued from late May in the wake of growing uncertainty in the global economy mainly on the back of US-China trade tensions. The larger production cut target by the so called OPEC-plus alliance in December and the additional production cut voluntarily pledged by Saudi Arabia then turned the trend upward. However, from the end of February 2020 onward, crude oil prices continued to decline owing to concerns over a global economic slowdown due to the spread of COVID-19 and lower demand for crude oil, coupled with the breakdown in negotiations for a coordinated production cut among the OPEC-plus member countries. Consequently, the average price of Dubai crude oil for fiscal year 2019 fell by $9.0/bbl from the preceding fiscal year to $60.3/bbl.

While demand for petrochemical products remained strong, the proliferation of new equipment led to oversupply. The average price of naphtha, a petrochemical raw material, decreased by $81/ton from the preceding fiscal year to $540/ton.

The Japanese yen to US dollar exchange rate was around ¥111/$ in April when the fiscal year 2019 started. The yen temporarily appreciated in value to around ¥105/$ mainly owing to the intensifying US-China trade frictions from May to September. However, since October, when expectations of progress in the US-China trade talks were raised, the yen depreciated and remained weak. Then primarily as a result of the impact of the COVID-19 pandemic, the yen temporarily appreciated in value to around ¥102/$. As a result, the average exchange rate for fiscal year 2019 was ¥108.7/$, which was lower by ¥2.1/$ compared to the preceding fiscal year.

Under these business circumstances, the overview of the Group's consolidated operating results was as follows. The progress and results of business for each segment are as described, starting on page 30.

(ii) Operating results:

	Net sales	Operating income	Net income attributable to owners of the parent
104th year	4,425.1 billion yen	179.3 billion yen	81.5 billion yen
	+ 36.6%	-183.2 billion yen	- 104.4 billion yen
105th year	6,045.9 billion yen	-3.9 billion yen	- 22.9 billion yen

(iii) Progress and results of business:

Petroleum segment	Net sales	4,821.0	billion yen (+ 47.4% YoY)
	Operating income	- 76.7	billion yen (- 120.3 billion yen YoY)

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

In domestic manufacturing and supply, the Company worked on creating synergies by strengthening the network alignment among its refineries and complexes; complying with IMO regulations through the optimization of its facilities and operations; enhancing the reliability of its refineries by means of advanced technologies such as AI and IoT; and making logistics more efficient.

In domestic marketing and sales, the Company has defined its service stations (SSs) as customers' life partners to support each customer's daily life and mobility. Based on the concept of SSs being indispensable to local communities, the Company strived to construct new business models. For example, it launched a corporate car-leasing program called Auto Flat Biz and also started MaaS business verification tests using ultracompact EVs in two cities in Gifu Prefecture, namely Hida City and Takayama City.

As for business efforts in overseas markets, the Company inspected and repaired initial defects in facilities at the Nghi Son Refinery in Vietnam, which launched commercial operation in 2018, striving to ensure safe operations. The Company also took steps to enhance its overseas business hubs centering on IDEMITSU INTERNATIONAL (ASIA) PTE. LTD., a subsidiary in Singapore, making efforts to strengthen its marketing and sales networks in the Asia Pacific Rim region and other overseas growth markets.



Auto share official booking site



Nghi Son Refinery in Vietnam

Basic chemicals segment	Net sales	459.2	billion yen (- 2.0% YoY)
	Operating income	10.3	billion yen (- 63.1% YoY)

In the basic chemicals business, the Company made efforts to further reinforce its revenue base. As part of such efforts, construction of a high-efficiency-type naphtha cracking furnace started in Tokuyama Complex, which will enable the complex to achieve energy savings of about 30% compared to the conventional type. Moreover, a companywide cross-segment working group was formed and started to discuss measures to solve waste plastic problems.

Functional materials segment	Net sales	393.8	billion yen (+ 11.9% YoY)
	Operating income	26.5	billion yen (+ 12.1% YoY)

(a) Lubricants business

Under the basic policy of "continuously creating new values as a technology-based & community-based global lubricant maker," the Company strived to promote further expansion overseas as well as product development in new fields. In manufacturing, a second plant was opened in Indonesia, and construction of a second plant started in China. In marketing and sales, a new sales subsidiary was established in the Philippines, and another sales subsidiary launched operations in Pakistan. As for product development, the Company developed a new type of fluid exclusively for driving units of electronic vehicles (EVs) and hybrid electronic vehicles (HEVs).

(b) Performance chemicals business

On the strength of its own technology, the Company strived to expand its intermediate business targeted at automobiles, information & communication, necessities, and durables. In the engineering plastics business, the Company decided to construct the second SPS (syndiotactic polystyrene) manufacturing equipment in Malaysia, in order to double the current production capacity for SPS resin, which the Company boasts as its unique technology. In the adhesive materials business, production equipment to manufacture hydrogenated petroleum resin (Product name: I-MARV®), jointly constructed by Formosa Petrochemical Corporation of Taiwan and the Company, was completed, and its commercial production will start in fiscal year 2020.

(c) Electronic materials business

The electronic materials business evolved around OLED materials, Tough Z (special polycarbonate resin), polyaniline (conductive polymer), and oxide semiconductors. The Company also worked on new business development and new use application development. Back in 2018, the Company started to construct an OLED materials manufacturing plant in Chengdu, Sichuan, China. Now it is aiming to start commercial operation as soon as possible in fiscal year 2020. This manufacturing base will become the Company's third OLED materials manufacturing base, following the one in Japan and the other in Korea; and the Japan-China-Korea tri-polar structure will be established. Once the new manufacturing base starts operations, the combined annual production capacity of the three manufacturing bases will be 22 tons.

(d) High functional asphalt business

In order to fulfill the social mission of supporting Japan's infrastructure, the Company worked on reducing CO2 emissions from roadworks as well as driving down roads' lifecycle costs. The Company also promoted discussions to make use of its domestically cultivated technology for infrastructure construction in Asia and the Middle East.

(e) Agricultural biotechnology products business

In order to contribute to making the world's agricultural production and livestock raising more efficient, the Company strived to develop and market biological agrochemicals/stock-raising materials derived from natural products. New agent development for biological agrochemicals has been advancing in cooperation with SDS Biotech K.K.

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

Using lithium sulfide as a raw material and on the strength of its unique lithium sulfide manufacturing technology, the Company has been engaged in the research and development of solid electrolytes as key materials for next-generation batteries, namely for all-solid-state lithium-ion batteries. Steps were taken toward commercialization. Aiming at early commercialization, the Company decided to newly construct a small mass-production facility for solid electrolytes in the Chiba Complex.



Examples of products made with SPS resin: Automobile parts



Prototype of all solid-state lithium-ion battery

Power and renewable energy segment	Net sales	127.7	billion yen (+ 458.1% YoY)
	Operating income	-1.1	billion yen (- 1.4 billion yen YoY)

Efforts were made under the three basic policies of “maintenance and expansion of underling businesses,” “promotion of renewable energy sources development at home and abroad” and “verification and development of solution businesses.” As for the second basic policy, the Company took steady steps forward. For example, construction of a mega solar power plant was completed in Vietnam; three solar power projects were launched in the USA; the Company participated in a solar power project in the Philippines; and domestically the Company decided to commercialize biomass power generation at Tokuyama Complex. As for the third basic policy, the Company invested in a new regional power company called Kesennuma Green Energy INC. and started verification tests concerning the coexistence with a local community through promotion of a renewable energy-using “local production for local consumption” model.



Mega solar power plants in Vietnam



Invested in Kesennuma Green Energy Inc.

Resources segment	Net sales	241.8	billion yen (- 21.5% YoY)
	Operating income	40.9	billion yen (- 53.1% YoY)

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

In oil/natural gas exploration and production, in Europe, the Company ensured stable production at the existing active oil field in the northern North Sea basin, off the coast of Norway and worked on oilfield development in the northern North Sea basin and the Barents Sea basin, where the Company succeeded in exploration. Moreover, in order to promote the reduction of environmental burdens, the Company started to develop a floating-offshore wind power system to be directly connected with oil/gas production equipment, which is the first attempt in the world. Meanwhile, in an offshore mine site project off the coast of Southern Vietnam, the Company was continuously engaged in natural gas development as its operator.

In the geothermal energy business, while ensuring the safe operation of the existing power plant, the Company progressively discussed development of new geothermal energy business in Oyasu, Yuzawa City, Akita Prefecture and other regions in Japan, as well as branching out overseas.

(Coal business and others)

In the coal business, in order to strengthen competitiveness in the existing mines in Australia and Indonesia, the Company progressively discussed the introduction of new technologies, such as remote automatic coal mining, with the aims of ensuring sound management and coping with environmental changes in the future. Moreover, the Company progressively provided low-carbon solutions through the development of black pellets (biomass fuel) and the marketing of its optimization system to control coal boilers, while also having taken steps forward, such as a feasibility study on a mining resources-using solar power system and another study on a pumped-storage hydroelectric power system, in order to reduce environmental burdens and contribute to local communities.



Image of a floating-offshore wind power system (courtesy of Equinor)



Optimization system to control coal boilers “ULTY-V plus” to reduce CO2 emissions by improving combustion efficiency, etc.

(iv) Overview concerning financial position:

Summary of consolidated balance sheet

(Unit: ¥Billion)

	FY2018	FY2019	Change
Current assets	1,225.4	1,550.3	＋324.9
Fixed assets	1,664.9	2,336.6	＋671.8
Total assets	2,890.3	3,886.9	＋996.6
Current liabilities	1,195.8	1,648.4	＋452.6
Non-current liabilities	815.6	1,038.0	＋222.4
Total liabilities	2,011.4	2,686.4	＋675.0
Total net assets	878.9	1,200.6	＋321.6
Total liabilities and net assets	2,890.3	3,886.9	＋996.6

a) Total assets

Total assets as of March 31, 2020 was ¥3,886.9 billion, up ¥996.6 billion compared with the end of the previous fiscal year.

b) Total liabilities

Total liabilities as of March 31, 2020 was ¥2,686.4 billion, up ¥675.0 billion from the end of the previous fiscal year.

c) Total net assets

The Company’s total net assets as of March 31, 2020 was ¥1,200.6 billion, up ¥321.6 billion compared to the end of the previous fiscal year, reflecting an increase in capital surplus in connection with the share exchange dated April 1, 2019 (up ¥330.8 billion compared to the end of the previous fiscal year), disposition of treasury shares, and repurchases and cancellation of treasury shares through market buying.

(v) Investment in plant and equipment:

The amount of investment in plant and equipment of the Group for fiscal year 2019 totaled ¥143.0 billion, which was primarily used as follows:

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

(vi) Financing:

The Group's working capital requirements were derived mainly from the purchases of raw materials for the manufacture of products, and fluctuated in response to crude oil prices and foreign exchange rates. In fiscal year 2019, in connection with expenditures such as expenses related to the merger with Showa Shell Sekiyu K.K., the balance of short-term loans increased by ¥184.9 billion compared to the end of previous fiscal year. Regarding the funds for plant and equipment, ¥143.0 billion was invested in fiscal year 2019, and a ¥121.0 billion necessary for the funds was borrowed. Lease loans increased by ¥31.1 billion due to a change in accounting standards.

As a result of the foregoing, the Group's interest-bearing debt balance as of the end of the fiscal year 2019 became ¥1,336.3 billion, and increased by ¥384.9 billion compared to the end of the previous fiscal year.

(2) Assets and income/loss:

Item	102nd year April 1, 2016 - Mar. 31, 2017	103rd year April 1, 2017 - Mar. 31, 2018	104th year April 1, 2018 - Mar. 31, 2019	105th year (current year) April 1, 2019 - Mar. 31, 2020
Net sales (million yen)	3,190,347	3,730,690	4,425,144	6,045,850
Ordinary income (loss) (million yen)	139,968	226,316	169,121	(13,975)
Net income (loss) attributable to owners of the parent (million yen)	88,164	162,307	81,450	(22,935)
Net income (loss) per share (yen)	551.19	845.17	401.63	(76.31)
Total assets (million yen)	2,641,633	2,920,265	2,890,307	3,886,938
Net assets (million yen)	619,932	905,929	878,931	1,200,564
Net assets per share (yen)	3,649.83	4,177.40	4,267.21	3,868.68

(3) Major parent company and subsidiaries:

(i) Relationship with the parent company:

Not applicable.

(ii) Major subsidiaries:

Name	Capital	Ratio of voting rights of the Company (%)	Main business
Idemitsu Tanker Co., Ltd.	¥1,000 million	100.0	Transportation of crude oil and petroleum products
SHOWA YOKKAICHI SEKIYU CO., LTD.	¥4,000 million	75.0	Petroleum refining
TOA Oil Co., Ltd.	¥8,415 million	50.1	Petroleum refining and electrical power supply
Idemitsu Retail Marketing Co., Ltd.	¥80 million	100.0	Sale of petroleum products
Idemitsu Supervising Co., Ltd.	¥10 million	100.0	Sale of petroleum products
S.I. Energy, Ltd.	¥500 million	100.0	Sale of petroleum products
IDEMITSU INTERNATIONAL (ASIA) PTE. LTD.	US$245,156 thousand	100.0	Import, export, and trading of crude oil, petroleum products, etc.
IDEMITSU APOLLO CORPORATION	US$165 thousand	100.0	Import, export, and sale of petroleum products, etc.
Idemitsu Unitech Co., Ltd.	¥2,600 million	100.0	Manufacture and sale of plastic products
Solar Frontier K.K.	¥4,750 million	100.0	Manufacture and sale of solar batteries
RS Renewables K.K.	¥100 million	100.0	Supply and sale of electricity
SDS Biotech K.K.	¥810 million	69.7	Manufacture, import, and sale of agricultural chemicals
Idemitsu Petroleum Norge AS	NOK727,900 thousand	100.0	Investigation, exploration, development, and sale of oil resources
Idemitsu Gas Production (Vietnam) Co., Ltd.	¥1 million	100.0	Investigation, exploration, development, and sale of oil resources
IDEMITSU AUSTRALIA RESOURCES PTY LTD	A$106,698 thousand	100.0	Investigation, exploration, development, and sale of coals
Idemitsu Canada Resources Ltd.	C$131,167 thousand	100.0	Investigation, exploration, development, and sale of uranium resources in Canada
Idemitsu Canada Corporation	C$334,000 thousand	100.0	Investigation and promotion of gas and related businesses in Canada

IDEMITSU ASIA PACIFIC PTE.LTD.	US$282,181 thousand	100.0	Overseas service function company

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

(4) Issues to be addressed:

The Company formulated Vision for 2030 and the medium-term management plan targeted for FY2020 to FY2022 in November 2019. In the medium-term management plan, basic policies and priority topics aiming to result in a resilient group which is able to adapt with flexibility and strength to any changes in the business environment in 2030, associated with the three key phrases of structural changes to energy demand, advancement of technological innovation, and changing lifestyles and demands from society, are shown below.

Basic Policies and Priority Topics for the Run-up to 2030

Basic Policy 1 Realizing a resilient business portfolio

Priority Topics	Main Initiatives
Structural reforms to core revenue-generating businesses	・ Pursuing profits in the petroleum business (maximizing integration synergies, making refineries more reliable) ・ Enabling the Nghi Son Refinery to contribute to profits
Expansion of growth businesses	・ Expansion of business scale and domains (M&As on a scale of ¥100 billion during the medium-term management plan period) ・ Increasing the share of operating income from functional materials business to 30% by 2030 ・ Increasing total power generated from renewable energy overseas to 5GW by 2030 ・ Transformation of solar power business
Creation of next-generation businesses	・ Creating new businesses with an eye on societal changes, diversifying customer needs, lessening environmental impact, etc.

Basic Policy 2 Building a business platform suited to the needs of society

Priority Topics	Main Initiatives
Harmony with the global environment and society Progress in governance Acceleration of digital innovations	・ Efforts to reduce greenhouse gas (GHG) (2030: down 15% vs. 2017) ・ Enhancing roles and functions of the Board of Directors ・ Utilizing digital technologies to create new value

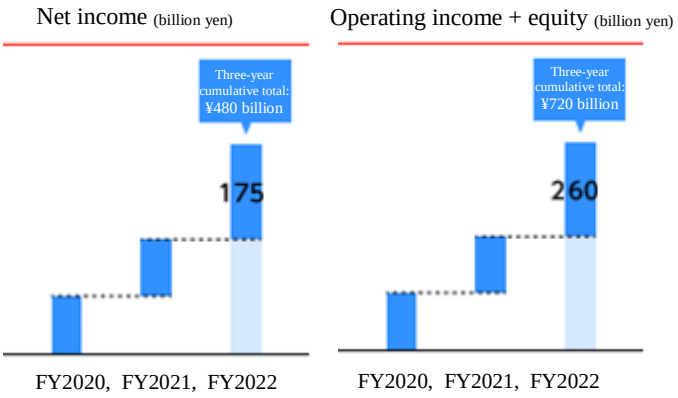
Overview of the Medium-term Management Plan (FY2020-2022)

Management Objectives

FY2020-2022

Aim for net income of the cumulative total of the period of the medium-term management plan of ¥480 billion, and operating income and equity earnings of affiliated companies of ¥720 billion.

In FY2022, the objective of operating income and equity earnings of affiliated companies of ¥260 billion shall be achieved through maximization of integration synergies, improving earnings of the Nghi Son Refinery in the Petroleum segment, as well as expansion of business domains centered on lubricants in the Functional materials segment and expansion of energy sources overseas, among others. In addition, ROE of 10% or higher, and free cash flow of ¥400 billion will be secured.

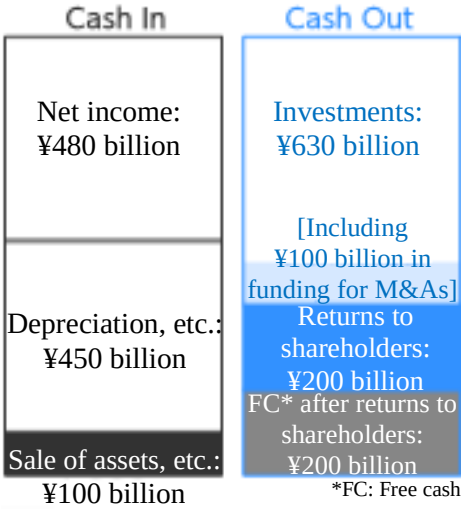


Cash Balance

FY2020-2022

In addition to securing net income of ¥480 billion, cash inflows of ¥1.03 trillion over three years will be secured through means including sale of assets.

It is planned to allocate ¥630 billion to investments including funding for M&As regarding cash out, and free cash after returns to shareholders is expected to be ¥200 billion. Allocation of this free cash would be decided by comprehensively considering matters such as the states of revenues and expenditures, as source of funds to expansion of strategic investment in growth fields, strengthening financial foundation, and returns to shareholders in FY2022 and later.



*FC: Free cash

As of the preparation of this material, effects in connection with the COVID-19 pandemic have not been incorporated due to difficulties in predicting its impact on social life and management. Also, changes in the management environment after returning to a normal state are difficult to estimate at present. The Company will focus on future situations and evaluate and reflect the impact of COVID-19 on the businesses at the appropriate time.

Specific issues for each segment

Petroleum segment

(a) Optimize petroleum refining

The Company will continuously and effectively invest in its petroleum refining business in order to enhance its long-term cost competitiveness and the reliability of its facility operations, whereby the Company will aim to (i) maintain its refining competitiveness against new and powerful refineries in the Asia and Pacific regions, and (ii) maintain its status as an essential refinery group for society.

(b) Develop the petroleum business overseas

The Company will, through its trading business in the Asian and Pacific regions, the demand for which is expected to grow, the operations of the Nghi Son Refinery and the expansion of service stations in Vietnam, and its development of wholesale operations in North America and retail operations in Australia, continue to promote expansion of the overseas petroleum business.

(c) Reinforce the network of dealers and retailers

The network of dealers and retailers is essential to the supply of energy, such as petroleum and gas, which is needed in the regions. In order to stabilize the operational capabilities of dealers and retailers, and to contribute to the resolution of problems in the regions, the Company will build stronger relationships with them, through consulting, information processing, and developing and introducing products and services under the retail schemes that it has cultivated to date. The Company will provide its customers with extra value so that they can make the most of the network of 6,500 service stations of both brands.

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

Basic chemicals segment

In order to further promote stabilization of the revenue base of its domestic businesses, the Company will, in collaboration with customers of industrial complexes in Chiba and Tokuyama, aim to achieve stable production corresponding to its business environment, optimization, and enhancement of cost competitiveness by diversifying raw materials.

By enacting "Fuel and Chemical" examination which is integrated in its petroleum business, the Company will promote more efficient equipment operation and thereby increase its earning power. With products with the increased source of supply as the core, the Company will expand both the business and range of selection of its portfolios, and will aim to stabilize its business base and increase its revenue for olefin and aromatic products.

Functional materials segment

(a) Lubricants

In the fields of automobile lubricant, the Company will support customers' business development through provision of OEM products in line with customers' needs via free use of advanced tribology. Since the number of automobiles sold in Japan has leveled off, the market has begun moving to emerging economies, including those in other parts of Asia, in connection with the overseas relocation of automobile manufacture and parts manufacturers. The Company will continue to expand overseas production bases. Further, to realize a decarbonized society (which is fast becoming a global trend), the Company will engage in development of lubricants which adapt to the electric units of EVs, and grease which adapts to the requirements of higher thermostability and lower noise in connection with motor drive targeted to the EV market. Also, regarding industrial lubricants such as hydraulic oil and gear oil for industrial machinery, the Company will develop environment-responsive functional products meeting energy and resource-saving requirements stemming from enhanced interest in environmental issues.

(b) Performance chemicals

The Company will expand its sales in growing industries domestically and overseas, as well as in areas where growth in demand is expected, based on its proprietary technologies in the fields of engineering plastics and adhesive base materials. The Company will mainly target the fields of automotive and electronic components, and information and communication devices (the technical progress of which is occurring rapidly), as well as daily consumer products, the demand for which is mainly growing in Asia. In order to proceed with stable production and expansion of its business while responding to industry needs, the Company began producing hydrogenated petroleum resin overseas from FY2019, and also plans to produce syndiotactic polystyrene resin overseas in 2022.

(c) Electronic materials

In order to respond to the demand for organic EL materials, the market for which has expanded, the Company will establish research and development systems capable of realizing further performance improvement, enhancing overseas production bases, and meeting users' expectations.

(d) Functional asphalt

As the only general asphalt manufacturer in Japan, the Company will develop and propose eco-friendly products using unique technology and know-hows which the Company has developed. Specifically, the Company will contribute to social infrastructure resilience in and outside Japan through prolonged life of asphalt after construction and improving constraints on construction.

(e) Agricultural biotechnology

The Company will aim to enhance food safety and agricultural production efficiency, develop biotic pesticides, and explore markets for new pesticides that are capable of meeting environmental regulations, which may become stricter in the future.

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

The Company will expedite product research and development for commercialization of solid electrolytes for all-solid-state lithium ion batteries, which will drastically shorten recharge time and improve electricity storage, and enable expansion of the scope of use of lithium ion batteries, including EVs, by improving the battery performance resulting from the all-solid-state. The Company will aim to place them on the market in the 2020s.

Power and renewable energy segment

The Company will distribute electricity to customers by optimizing its external procurement, while still ensuring that such electricity is based on its own competitive electricity sources in Japan. The Company also has various renewable energy power sources, such as wind power, solar, biomass, and geothermal. The Company will continue to promote the development of power sources responding to the characteristics of the regions by utilizing know-hows therefor. Outside Japan, the Company will actively engage in the promotion of its gas-fired power generation business in North America, and renewable energy business in North America and Southeast Asia. In its solar panel business, the Company is aiming for growth by changing its business activities from panel sales to becoming a system integrator engaged in sales of electricity source systems.

Resources segment

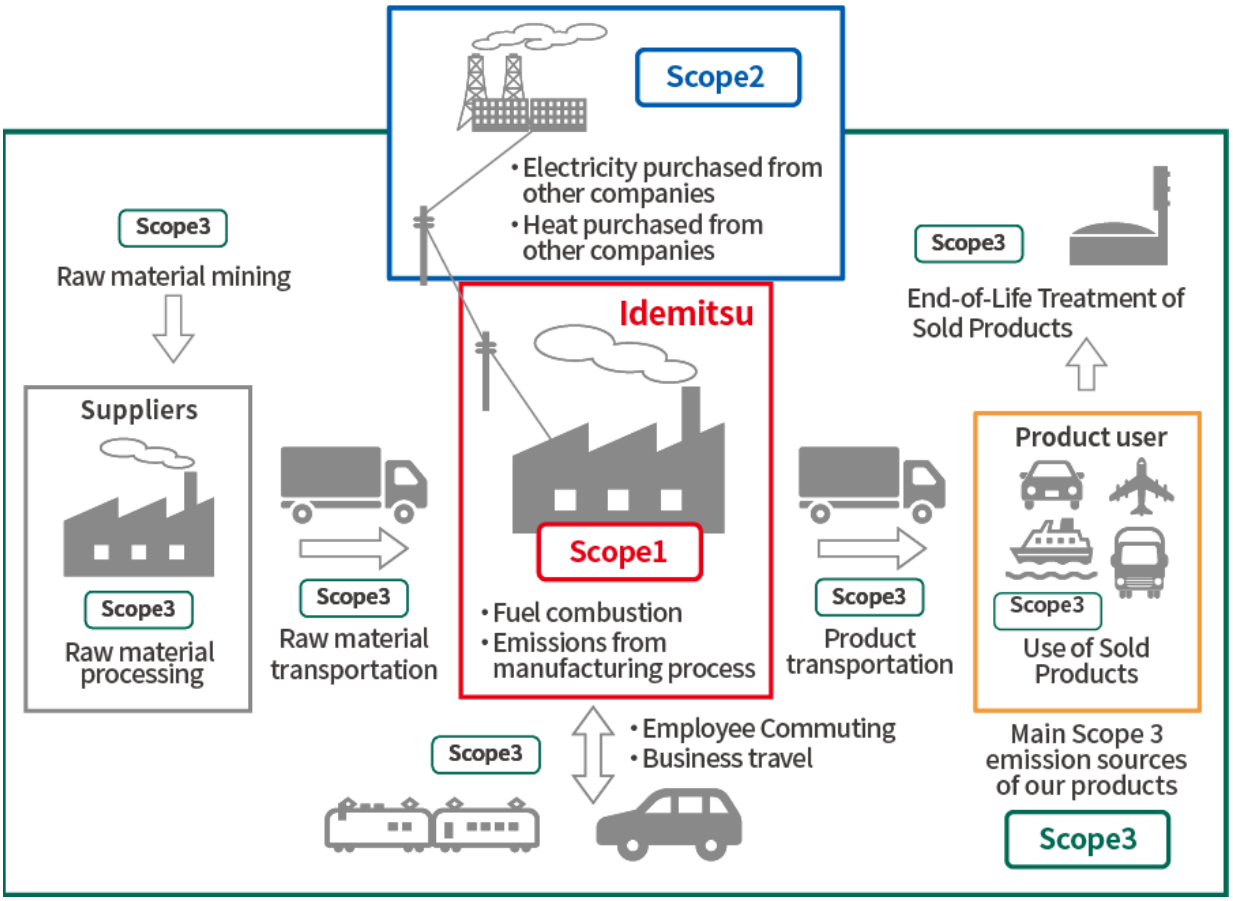
Considering the increase of global energy demand, the Company will make efforts to maintain and improve the value of its existing petroleum and coal resources, and develop gas fields in Asia. For coal, the Company will propose highly efficient combustion techniques and establish manufacturing technology for biomass fuel that can improve the mixed-firing levels of coal to reduce the burden on the environment. Further, for geothermal energy development, the Company will promote surveys and verification of new businesses while maintaining and continuing its geothermal business in Oita.

Greenhouse Gas (GHG) Reduction Targets under the Medium-Term Management Plan

The Group has formulated the three indicators below in the medium-term management plan and will engage in efforts to reduce GHG emissions based on the basic understanding that such reductions should be advanced while simultaneously striving to positively impact the environment, society, and the economy.

(1) Reducing our Scope 1+2 emissions: 2030 reduction target (vs. 2017): -2 million t-CO2 (-15%)	An indicator of the degree to which we have reduced CO2 emissions, generated directly and indirectly from our production activities, through measures such as advancing energy-conservation activities at our refineries and plants.
(2) Low-carbon energy supply: 2050 goal (vs. 2017): -30%	An indicator of the degree to which we, as an energy supplier, have kept down the CO2 emissions per unit of energy supplied to society. (This goal will be revised as necessary in light of the progress of society's shift to low-carbon energy and technological advances.)
(3) Degree of decarbonization of companywide revenues: Setting profit targets and degree of decarbonization based on ascertaining the business environment in 2050	An indicator of how much we have increased profit per unit of CO2 emissions on a companywide basis.

GHG emissions by scope in the supply chain
(Created based on the figure on the Japan Management Association's (JMA) website)



(5) Major businesses (as of March 31, 2020):

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

(6) Employees (as of March 31, 2020):

(i) Employees of the Group:

Segment	Number of employees	Change from the end of the previous fiscal year
Petroleum	6,686 (3,686)	+ 1,933
Basic chemical products	788 (76)	+ 24
Functional materials	3,307 (431)	+ 634
Power and renewable energy	813 (32)	+ 764
Resources	1,212 (77)	+ 479
Others; reconciliation	960 (205)	+ 456
Total	13,766 (4,507)	+ 4,290

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

The increase of employees by 4,290 from the end of the previous fiscal year mainly results from the business integration with Showa Shell Sekiyu K.K. as of April 1, 2019.

The change from the end of the previous fiscal year was compared with the number of employees based on the changed reporting segments.

(ii) Employees of the Company:

Number of employees	Change from the end of the previous fiscal year	Average years of age	Average length of service
4,985 (804)	+ 1,009	42 y/s and 5 m/s	19 y/s and 4 m/s

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

The increase of employees by 1,009 from the end of the previous fiscal year mainly results from the business integration with Showa Shell Sekiyu K.K. as of April 1, 2019.

(7) Major lenders (as of March 31, 2020):

Lender	Debt payable
Japan Oil, Gas and Metals National Corporation	¥135,700 million
MUFG Bank, Ltd.	¥124,412 million
Sumitomo Mitsui Banking Corporation	¥121,084 million
Development Bank of Japan Inc.	¥84,643 million
Sumitomo Mitsui Trust Bank, Limited	¥62,835 million
Mizuho Bank, Ltd.	¥48,405 million
Japan Bank for International Cooperation	¥25,076 million
The Norinchukin Bank	¥23,730 million

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

(i) Share exchange

The Company and Showa Shell Sekiyu K.K. ("Showa Shell") conducted a share exchange in which the Company became a wholly owning parent company and Showa Shell became a wholly owned subsidiary, effective as of April 1, 2019.

(ii) Company split

The Company has conducted the Absorption-type Company Split Agreement in which the Company will be a succeeding company and Showa Shell will be a splitting company, effective as of July 1, 2019, and it has succeeded to the entire business of Showa Shell.

2. Current state of the Company

(1) Shares (as of March 31, 2020):

(i) Total number of authorized shares: 436,000,000 shares

(ii) Total number of issued shares: 297,864,718 shares

(iii) Number of shareholders: 78,366 persons

(iv) Major shareholders (top 10):

Name	Number of shares (thousand shares)	Shareholding ratio (%)
Nissho Kosan Co., Ltd.	27,119	9.11
Aramco Overseas Company B.V.	23,115	7.76
The Master Trust Bank of Japan, Ltd. (Trust account)	21,854	7.34
Idemitsu Culture and Welfare Foundation	12,392	4.16
Japan Trustee Services Bank, Ltd. (Trust account)	12,372	4.15
Idemitsu Museum of Arts Foundation	8,000	2.69
SSBTC CLIENT OMNIBUS ACCOUNT	5,353	1.80
MUFG Bank, Ltd.	5,142	1.73
Sumitomo Mitsui Trust Bank, Limited	5,142	1.73
Sumitomo Mitsui Banking Corporation	5,142	1.73

(Notes) 1. The total number of issued shares increased by 93,925,518 shares as a result of issuance of new shares associated with the share exchange with Showa Shell Sekiyu K.K. conducted on April 1, 2019 and decreased by 4,060,800 shares as a result of the cancellation of treasure stock conducted on March 31, 2020.

2. The shareholding ratios are calculated by excluding treasury stock (21,103 shares). The treasury stock of 21,103 shares does not include the Company shares of 564,207 shares which are owned by The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account).

(2) Stock acquisition rights, etc.:

Not applicable.

(3) Corporate officers:

(i) Directors and Audit & Supervisory Board Member (as of March 31, 2020):

Position	Name	Duties and major concurrent office
Chairman and Representative Director	Takashi Tsukioka	President, Petroleum Association of Japan
Vice Chairman and Representative Director, Vice Chairman and Executive Officer	Tsuyoshi Kameoka	
President and Representative Director, Chief Executive Officer	Shunichi Kito	
Representative Director, Executive Vice President and Executive Officer	Tomonori Okada	In charge of Manufacturing & Technology, Energy Solution, and Technical Products
Director, Executive Vice President and Executive Officer	Takashi Matsushita	In charge of Petrochemicals, Functional Materials, Intellectual Property/Research, and Vietnam Project (Vietnam Business Development Department)
Director, Senior Managing Executive Officer	Katsuaki Shindome	In charge of Human Resources (Human Resources Department 1, Human Resources Department 2), Information Systems, General Affairs and Internal Control Concurrently serving as General Manager of Safety & Environmental Protection Headquarters and Quality Assurance Headquarters
Director	Masakazu Idemitsu	Representative Director and President, Nissho Kosan Co., Ltd.
Director	Kazunari Kubohara	Attorney at law (Kyuhodo Law Firm)
Director	Takeo Kikkawa	Professor, Graduate School of Management, Tokyo University of Science
Director	Mackenzie Clugston	Outside Director, Kameda Seika Co., Ltd. Professor, Kwansei Gakuin University Outside Director, Sapporo Holdings Limited Outside Director, NGK SPARK PLUG CO., LTD.
Director	Norio Otsuka	Outside Director, Sojitz Corporation Outside Director, Taisei Corporation
Director	Yuko Yasuda	Outside Director, Murata Manufacturing Co., Ltd.

Position	Name	Duties and major concurrent office
Director	Mitsunobu Koshiba	Representative Director and Chairman, JSR Corporation
Full-time Audit & Supervisory Board Member	Toshiyuki Tanida	
Full-time Audit & Supervisory Board Member	Kenji Takahashi	
Audit & Supervisory Board Member	Taigi Ito	Certified Public Accountant (Ito Taigi Office) Outside Statutory Auditor, TIS Inc. Outside Director, Mitsubishi Chemical Holdings Corporation Outside Director, Koa Shoji Holdings Co., Ltd.
Audit & Supervisory Board Member	Kenji Yamagishi	Attorney at law (Risolute Law Office)

(Notes)1. Directors Mr. Takeo Kikkawa, Mr. Mackenzie Clugston, Mr. Norio Otsuka, Ms. Yuko Yasuda, and Mr. Mitsunobu Koshiba are Outside Directors.

2. Audit & Supervisory Board Members Messrs. Taigi Ito and Kenji Yamagishi are Outside Statutory Auditors.

3. Audit & Supervisory Board Member Mr. Taigi Ito, who has had experience as a certified public accountant and a university professor, has considerable knowledge of financing and accounting.

4. Directors Mr. Takeo Kikkawa, Mr. Mackenzie Clugston, Mr. Norio Otsuka, Ms. Yuko Yasuda and Mr. Mitsunobu Koshiba, and Audit & Supervisory Board Members Messrs. Taigi Ito and Kenji Yamagishi are independent officers who have been registered in accordance with the rules of the Tokyo Stock Exchange.

5. In accordance with Article 427, paragraph 1 of the Companies Act of Japan and the Articles of Incorporation, the Company has entered into an agreement with Directors Messrs. Masakazu Idemitsu and Kazunari Kubohara, and each Outside Director and each Outside Statutory Auditor to limit the liability for any damage as provided for in Article 423, paragraph 1 of the said act. The maximum liability amount under such agreement is an amount as provided for in laws or ordinances.

6. Chairman and Representative Director Mr. Takashi Tsukioka resigned as President of Petroleum Association of Japan as of May 22, 2020.

7. Director, Executive Vice President and Executive Officer Mr. Takashi Matsushita became President of The Japan Petroleum Institute as of May 25, 2020.

8. Director Mr. Takeo Kikkawa resigned as Professor of the Graduate School of Management of Tokyo University of Science as of March 31, 2020 and became Professor of the Graduate School of International Management of International University of Japan as of April 1, 2020.

9. Director Mr. Mackenzie Clugston became Outside Director of NGK SPARK PLUG CO., LTD. as of June 25, 2019.

10. Director Mr. Norio Otsuka became Outside Director of Taisei Corporation as of June 25, 2019.

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

a) Total amount of remuneration, etc. by categories of officers, the total number of remuneration, etc. by types thereof and the number of officers eligible therefor:

Category	Number	Total amount of remuneration, etc.
Director (Outside Director)	13 (5)	¥540 million (¥68 million)
Audit & Supervisory Board Member (Outside Statutory Auditor)	4 (2)	¥87 million (¥29 million)
Total (Outside Director and Outside Statutory Auditor)	17 (7)	¥627 million (¥97 million)

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

(Basic Policy on Executive Compensation)

The Company's basic policies regarding remuneration for its Directors and Executive Officers ("Directors, etc.") are: a) to increase corporate performance and corporate value over the medium to long term in order to realize the Group's management vision; and b) to establish a remuneration system and decision-making process that is transparent, rational and fair so that the Company can fulfill its accountability to customers, society, the environment, shareholders, business partners, employees, and other stakeholders. Based on this policy, the Company's executive compensation system is as follows:

(Compensation Standard)

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

(Compensation Structure)

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

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

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

Performance-based bonuses are designed to fluctuate within a range of 0 - 200% according to achievement levels, such as roles and company performance (net income attributable to shareholders of the parent company ("net income") and consolidated operating income).

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

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

The weight of each indicator is determined in accordance with the duties of each director.

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

At the 91th Ordinary General Meeting of Shareholders held on June 27, 2006, the amount of compensation for Directors and Audit & Supervisory Board Members was set at 1.2 billion yen or less per year for Directors and 120 million yen or less per year for Audit & Supervisory Board Members. At the time of the resolution, there were 12 Directors and 5 Audit & Supervisory Board Members.

At the 104th Ordinary General Meeting of Shareholders held on June 27, 2019, it was resolved that in addition to the above compensation limits, the Company would contribute up to 1.9 billion yen (provided, however, that in the case of a trust that has already commenced in FY2018, the total amount of 2.3 billion yen shall be calculated for the four business years from FY2018 to FY2021.) in total to a trust that would be covered by the performance-linked stock compensation system for Directors, etc. during the 3 consecutive fiscal years. At the time of resolution, the number of Directors (excluding Outside Directors) covered by this system is 6 and the number of Executive Officers who do not concurrently serve as Directors is 31.

Individual compensation for Directors is determined by the Board of Directors based on the recommendations of the Nomination and Compensation Advisory Committee, which is composed of Independent Outside Directors and Independent Outside Statutory Auditors. Individual compensation for Audit & Supervisory Board Members is determined through discussions among Audit & Supervisory Board Members. The Nomination and Compensation Advisory Committee met a total of 10 times in FY2019, including deliberation on executive compensation.

(iii) Matters concerning outside officers:

a) Outside officers' major concurrent offices of executive directors, etc. of other corporations and the Company's relationships with such other corporations:

Director Mr. Mitsunobu Koshiba is serving as Representative Director and Chairman of JSR Corporation. The Company trades ethylene, styrene monomer, butadiene and other chemicals, lubricants, heavy fuel oil C, coal, and others with the corporation.

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

Director Mr. Mackenzie Clugston is serving as an Outside Director of Kameda Seika Co., Ltd., Sapporo Holdings Limited, and NGK SPARK PLUG CO., LTD. The Company has no special relationship with these corporations.

Director Mr. Norio Otsuka is serving as an Outside Director of Sojitz Corporation and Taisei Corporation. The Company trades di-isobutylene and other chemicals with Sojitz Corporation. The Company has no special relationship with Taisei Corporation.

Director Ms. Yuko Yasuda is serving as an Outside Director of Murata Manufacturing Co., Ltd. The Company has no special relationship with the corporation.

Audit & Supervisory Board Member Mr. Taigi Ito is serving as an Outside Statutory Auditor of TIS Inc., an Outside Director of Mitsubishi Chemical Holdings Corporation, and an Outside Director of Koa Shoji Holdings Co., Ltd. The Company has no special relationship with these corporations.

c) Outside officers' kinship with the executives, etc. of the Company or other businesses having specific relationships with the Company:

Not applicable.

d) Major activities during the fiscal year under review:

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

		Board of Directors		Board of Audit & Supervisory Board Members	
		Meetings attended	Rate of attendance	Meetings attended	Rate of attendance
Director	Takeo Kikkawa	16/16	100%	-	-
Director	Mackenzie Clugston	16/16	100%	-	-
Director	Norio Otsuka	16/16	100%	-	-
Director	Yuko Yasuda	16/16	100%	-	-
Director	Mitsunobu Koshiba	11/11	100%	-	-
Audit & Supervisory Board Member	Taigi Ito	16/16	100%	16/16	100%
Audit & Supervisory Board Member	Kenji Yamagishi	16/16	100%	16/16	100%

Director Mr. Takeo Kikkawa, principally from the standpoint of a specialist in the theory of energy industry as a university professor, Director Mr. Mackenzie Clugston, principally from the global standpoint regarding the overall businesses with broad experience as a diplomat and a university professor, Director Mr. Norio Otsuka, principally from wide experience and advanced insight regarding corporate management, Director Ms. Yuko Yasuda, principally from experience as a business manager and broad knowledge about the training of global leaders, and Director Mr. Mitsunobu Koshiba, principally from expertise in the technology area as well as long experience and wide knowledge as a business manager, have respectively expressed their opinions and provided advice and recommendations for securing the properness of decision-making by the Board of Directors at the meetings of the Board of Directors.

Audit & Supervisory Board Member Mr. Taigi Ito, principally from the standpoint of accounting with broad experience as a certified public accountant and a university professor, and Audit & Supervisory Board Member Mr. Kenji Yamagishi, principally from a legal standpoint as an attorney at law, have respectively expressed their opinions and provided advice and recommendations for securing the properness of decision-making by the Board of Directors at the meetings of the Board of Directors and the Board of Audit & Supervisory Board Members.

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

With respect to the payment of the year-end dividends for the fiscal year ended March 31, 2020, the Company has decided to pay ¥80 per share. As a result, annual dividends for the fiscal year will be ¥160 per share. Also, during the period from November 2019 to January 2020, as a part of returns to shareholders, the Company acquired treasury shares of approximately 12 billion yen and cancelled the acquired treasury shares in March 2020.

The Company announced the Medium-term Management Plan for the new integrated company on November 14, 2019, in which the Company established the shareholder returns policy. Divisions and share buyback for the next fiscal year have not yet been determined. The Company will announce them promptly when reasonable predictions are able to be disclosed.

(5) Fundamental policy on corporate control:

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

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

CONSOLIDATED BALANCE SHEET

(As of March 31, 2020)

(million yen)

ASSETS	
Current assets:	**1,550,288**
Cash and deposit	132,247
Notes and accounts receivable-trade	593,730
Inventories	622,895
Other current assets	203,186
Allowance for doubtful accounts	(1,770)
Fixed assets:	**2,336,649**
Tangible fixed assets	**1,478,122**
Buildings and structures	255,774
Machinery, equipment and vehicles	267,954
Land	811,627
Construction in progress	59,167
Other tangible fixed assets	83,598
Intangible fixed assets	**332,108**
Goodwill	167,104
Other intangible fixed assets	165,003
Investment and other assets	**526,418**
Investment securities	244,007
Investments in capital of affiliates	23,421
Long-term loans receivable	79,825
Assets for employees' retirement benefits	496
Deferred tax assets	38,287
Other investments	142,095
Allowance for doubtful accounts	(1,715)
TOTAL ASSETS	**3,886,938**

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

(million yen)

LIABILITIES	
Current liabilities:	**1,648,420**
Notes and accounts payable-trade	475,664
Short-term borrowings	339,600
Commercial paper	315,965
Accounts payable, other	343,611
Accrued income taxes	11,564
Allowance for bonuses	9,912
Other current liabilities	152,099
Long-term liabilities:	**1,037,953**
Bonds	80,000
Long-term debt	568,133
Deferred tax liabilities	16,200
Deferred tax liabilities upon revaluation	85,410
Liability for employees' retirement benefits	67,542
Reserve for repair works	64,138
Asset retirement obligations	62,130
Other long-term liabilities	94,397
Total liabilities	**2,686,374**
NET ASSETS	
Shareholders' equity:	**1,036,010**
Common stock	168,351
Additional paid-in capital	461,636
Retained earnings	408,064
Treasury stocks	(2,042)
Accumulated other comprehensive income:	**113,999**
Unrealized holding gains on other securities	1,524
Deferred gains (loss) on hedges	(7,667)
Revaluation difference of land	157,834
Translation adjustments	(34,370)
Retirement benefit liability adjustment	(3,321)
Noncontrolling interests:	**50,555**
Total net assets	**1,200,564**
TOTAL LIABILITIES AND NET ASSETS	**3,886,938**

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

CONSOLIDATED STATEMENT OF INCOME

(April 1, 2019 to March 31, 2020)

(million yen)

Account Title	Amount
Net sales	**6,045,850**
Cost of sales	**5,632,657**
Gross profit	**413,193**
Selling, general and administrative expenses	**417,053**
Operating loss	**(3,860)**
Non-operating income	29,300
Interest income	10,829
Dividend income	3,502
Gain on foreign exchange, net	2,613
Subsidy income	7,277
Others	5,077
Non-operating expenses	**39,415**
Interest expenses	13,049
Equity in losses of nonconsolidated subsidiaries and affiliates, net	22,358
Others	4,006
Ordinary loss	**(13,975)**
Extraordinary income	**22,939**
Gain on sales of fixed assets	2,214
Gain on sales of investment securities	503
Gain on step acquisition	17,215
Others	3,005
Extraordinary expenses	**26,190**
Impairment loss on fixed assets	9,044
Loss on sales of fixed assets	428
Loss on disposal of fixed assets	7,870
Others	8,846
Loss before income taxes	**(17,226)**
Income taxes - current	29,696
Income taxes - deferred	(26,136)
Net loss	**(20,786)**
Net income attributable to noncontrolling interests	2,149
Net loss attributable to owners of the parent	**(22,935)**

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

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2020)

(million yen)

ASSETS	
Current assets:	**1,333,100**
Cash and deposit	32,120
Notes receivable-trade	115
Accounts receivable-trade	461,854
Merchandise and finished goods	299,913
Raw material and supplies	195,742
Prepaid expenses	4,323
Short-term loans receivable	190,273
Other current assets	149,815
Allowance for doubtful accounts	(1,057)
Fixed assets:	**1,868,113**
Tangible fixed assets	**1,079,207**
Buildings	77,749
Structures	84,616
Oil tanks	25,027
Machinery and equipment	94,806
Vehicles and transportation equipment	1,523
Tools, furniture and fixtures	11,545
Land	765,035
Leased assets	282
Construction in progress	18,620
Intangible fixed assets	**321,380**
Leasehold rights	11,827
Software	14,671
Goodwill	162,832
Customer-related assets	125,043
Other	7,004
Investments and other assets	**467,525**
Investment securities	18,956
Investments in shares of affiliates	367,456
Long-term loans receivable	23,509
Deferred tax assets	21,027
Other investments	36,651
Allowance for doubtful accounts	(75)
TOTAL ASSETS	**3,201,214**

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

(million yen)

LIABILITIES	
Current liabilities:	**1,474,931**
Accounts payable, trade	364,994
Short-term borrowings	284,866
Commercial paper	315,965
Accounts payable, other	327,580
Accrued expenses	9,669
Advances received	41,611
Deposit received	105,005
Allowance for bonuses	4,460
Other current liabilities	20,775
Long-term liabilities:	**844,990**
Bonds	80,000
Long-term debt	525,808
Deferred tax liabilities upon revaluation	85,410
Retirement allowances for employees	41,978
Reserve for repair works	49,334
Other long-term liabilities	62,458
Total liabilities	**2,319,921**
NET ASSETS	
Shareholders' equity:	**724,814**
Common stock	**168,351**
Additional paid-in capital	**458,105**
Capital reserve	458,105
Retained earnings	**100,360**
Retained earnings reserve	1,081
Other retained earnings	99,279
Reserve for special depreciation	313
Reserve for loss on overseas investment, etc.	217
Reserve for deferred income tax on fixed assets	32,688
Retained earnings carried forward	66,059
Treasury stocks	**(2,002)**
Valuation and translation adjustments:	**156,478**
Unrealized holding gains on other securities	1,221
Deferred gains (loss) on hedges	(2,578)
Revaluation difference of land	157,834
Total net assets	**881,292**
TOTAL LIABILITIES AND NET ASSETS	**3,201,214**

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

NON-CONSOLIDATED STATEMENT OF INCOME

(April 1, 2019 to March 31, 2020)

(million yen)

Account Title	Amount
Net sales	**4,290,578**
Cost of sales	**4,085,043**
Gross profit	**205,534**
Selling, general and administrative expenses	**285,600**
Operating loss	**(80,065)**
Non-operating income	**102,378**
Interest income	1,626
Dividend income	93,337
Gain on foreign exchange, net	1,293
Subsidy income	4,576
Others	1,545
Non-operating expenses	**9,036**
Interest expenses	6,845
Others	2,191
Ordinary income	**13,276**
Extraordinary income	**13,819**
Gain on sales of fixed assets	193
Gain on sales of investment securities	168
Gain on extinguishment of tie-in shares	13,452
Others	4
Extraordinary expenses	**109,033**
Impairment loss on fixed assets	4,880
Loss on sale of fixed assets	283
Loss on disposal of fixed assets	6,342
Loss on revaluation of affiliate stock	92,841
Others	4,685
Loss before income taxes	**(81,937)**
Income taxes - current	778
Income taxes - deferred	(25,931)
Net loss	**(56,784)**

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

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

May 19, 2020

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

Deloitte Touche Tohmatsu LLC Tokyo Office

Kappei Isomata (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Dai Yamamoto (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Motoyuki Suzuki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Minoru Takashima (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Audit Opinion

We have audited the consolidated financial statements, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements of Idemitsu Kosan Co.,Ltd. (the "Company"), applicable to its consolidated fiscal year from April 1, 2019 to March 31, 2020 pursuant to Article 444, paragraph 4 of the Companies Act of Japan.

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

Japan.

Basis for Audit Opinion

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

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

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

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

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

Auditors' Responsibility for Audit of Consolidated Financial Statements

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

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

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

- An audit of consolidated financial statements is not contemplated to express an

opinion on the effectiveness of internal control. However, in assessing risk, Auditors assess internal control related to the audit to form a plan for adequate audit procedures according to conditions.

- Auditors shall evaluate the appropriateness of accounting standards adopted by management and the application method thereof, the reasonableness of accounting estimates made by management and the appropriateness of relevant notes.

- Auditors shall conclude whether it is appropriate for management to prepare consolidated financial statements based on the going concern assumption and whether there are material uncertainties regarding events or conditions which may give rise to material doubts about the going concern assumption based on audit evidence obtained. In case of material uncertainty about the going concern assumption, it is necessary to call attention to the notes to the consolidated financial statements in the audit report or to express a modified opinion on the consolidated financial statements if the notes to the consolidated financial statements on material uncertainty are not appropriate. The Auditors' conclusions are based on audit evidence obtained by the date of the audit report; however, companies may not be able to continue to exist as a going concern depending on future events and conditions.

- Auditors shall evaluate, in addition to whether the presented matters and notes to consolidated financial statements are in accordance with auditing standards generally accepted in Japan, whether the presentation, structure and details of consolidated financial statements, including relevant notes, and the transactions and accounting events forming a basis for consolidated financial statements are properly presented.

- In order to express opinions on consolidated financial statements, sufficient and appropriate audit evidence on the financial information of the Company and its consolidated subsidiaries shall be obtained. Auditors shall be responsible for directing, supervising and conducting the audit of consolidated financial statements. Auditors shall be solely responsible for audit opinions.

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

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

Interest

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

Accountant Act of Japan.

- END -

AUDITORS' REPORT ON THE NON-CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

May 19, 2020

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

Deloitte Touche Tohmatsu LLC Tokyo Office

Kappei Isomata (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Dai Yamamoto (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Motoyuki Suzuki (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Minoru Takashima (seal)
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant

Audit Opinion

We have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the accompanying supplemental schedules (the "Financial Statements") of Idemitsu Kosan Co.,Ltd. (the "Company"), applicable to its 105th fiscal year from April 1, 2019 to March 31, 2020 pursuant to Article 436, paragraph 2, item 1 of the Companies Act of Japan.

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

Basis for Audit Opinion

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

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

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

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

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

Auditors' Responsibility for Audit of the Financial Statements

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

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

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

- An audit of the Financial Statements is not contemplated to express an opinion on the effectiveness of internal control. However, in assessing risk, Auditors assess internal control related to the audit to form a plan for adequate audit procedures according to conditions.

- Auditors shall evaluate the appropriateness of accounting standards adopted by

management and the application method thereof, the reasonableness of accounting estimates made by management and the appropriateness of relevant notes.

- Auditors shall conclude whether it is appropriate for management to prepare the Financial Statements on the going concern assumption and whether there are material uncertainties regarding events or conditions which may give rise to material doubts about the going concern assumption based on audit evidence obtained. In case of material uncertainty about the going concern assumption, it is necessary to call attention to the notes to the Financial Statements in the audit report or to express a modified opinion on the Financial Statements if the notes to the Financial Statements on material uncertainty are not appropriate. The Auditors' conclusions are based on audit evidence obtained by the date of the audit report, however, companies may not be able to continue to exist as a going concern depending on future events and conditions.

- Auditors shall evaluate, in addition to whether the presented matters and notes to the Financial Statements are in accordance with auditing standards generally accepted in Japan, whether the presentation, structure and details of the Financial Statements, including relevant notes, and the transactions and accounting events forming a basis for the Financial Statements are properly presented.

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

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

Interest

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

- END -

THE BOARD OF STATUTORY AUDITORS' AUDIT REPORT

AUDIT REPORT

We, the Board of Statutory Auditors of the Company, based on the audit report prepared by each Statutory Auditor on the performance by the Directors of their duties during the 105th fiscal year from April 1, 2019 to March 31, 2020, have prepared this audit report upon deliberation and hereby report as follows:

1. Method of audit by the Statutory Auditors and the Board of Statutory Auditors and the particulars thereof:

(1) The Board of Statutory Auditors determined the audit policy, assignment of duties among them, etc., received from each Statutory Auditor reports on the state of his performance of audits and the results thereof, and also received from the Directors, etc. and the accounting auditors Deloitte Touche Tohmatsu LLC (the "Accounting Auditors") reports on the state of performance of their duties and demanded their explanations whenever necessary.

(2) Each Statutory Auditor, pursuant to the rules of audits by the Statutory Auditors determined by the Board of Statutory Auditors and in accordance with the audit policy, assignment of duties among them, etc., maintained constant communication with the Directors, the Internal Audit Office and other employees, etc. in an effort to collect information and improve the environment for auditing and conducted our audits in the following methods:

(a) We attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc. reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, statutory auditors, etc. thereof and required the subsidiaries to render reports on their business operations whenever necessary.

(b) With regard to the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation as described in the business report and such other systems provided for in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as necessary to secure the adequacy of business of a corporate group comprising a joint-stock corporation and its subsidiaries, as well as the systems (internal control systems) established pursuant to such resolutions, we received from the Directors, employees, etc. reports on a regular basis, demanded their explanations whenever necessary, and expressed our opinions, on the status of the formulation and operation of the systems. With regard to internal control over financial reporting, we received from the Directors, etc. and the Accounting Auditors reports on the state of evaluation and audits of the internal control and demanded explanations whenever necessary.

(c) With regard to the fundamental policy under Article 118, paragraph 3, item (a) of the Ordinance for Enforcement of the Companies Act of Japan as described in the business report, we, taking into consideration the deliberations thereof, etc. by the Board of Directors or otherwise, investigated the content thereof.

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

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

2. Results of audit:

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

We are of the opinion:

(a) That the business report and its supplemental schedules present fairly the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;

(b) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists;

(c) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the descriptions in the business report and the performance by the Directors of their duties concerning such internal control systems contain nothing to be pointed out. With regard to internal control over financial reporting, we have received from the Directors, etc. and the Accounting Auditors reports that there exists no material inadequacy to be disclosed at the time of preparing this audit report; and

(d) That the fundamental policy on the ideal of the persons who shall control the determination of financial and business policies of the Company as described in the business report contains nothing to be pointed out.

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

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

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

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

May 20, 2020

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

Toshiyuki Tanida (seal)
Full-time Statutory Auditor

Kenji Takahashi (seal)
Full-time Statutory Auditor

Taigi Ito (seal)
(Outside) Statutory Auditor

Kenji Yamagishi (seal)
(Outside) Statutory Auditor

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