Idemitsu Group's Sustainability

Approach to Sustainability Promotion

At the Idemitsu Group, we position the promotion of sustainability as a management task, aiming to fulfill our responsibilities to support people and their daily lives and protect the global environment now and in the future that we set out in the Vision for 2050 under the Management Philosophy, "Truly inspired." We established the Idemitsu Group Sustainability Policy with the approval of the Board of Directors in 2021 and have been promoting sustainability initiatives under it since then. We have clearly laid out initiatives related to sustainability in the aim of bringing the entire Idemitsu Group together to contribute to the resolution of environmental and social issues.

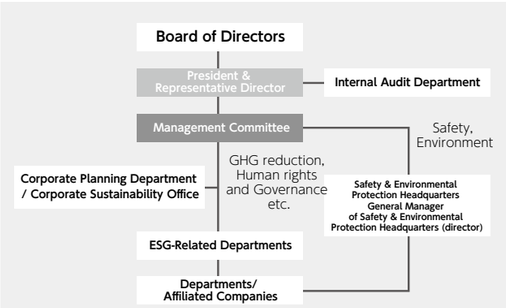
Sustainability management > Sustainability policy/promotion system > Policy

Sustainability Promotion System

At our company, as not only the core ESG issues such as climate change and human rights, but also the issues in each business are closely related to sustainability, all topics are discussed at the Management Committee. The President & Representative Director serves as chair of the Management Committee, and the details discussed are reported to the Board of Directors as appropriate.

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

Sustainability Promotion System



Sustainability Information Disclosure

In countries where we operate, including Japan and other Asian countries, countries in Oceania and Europe, and the United States, rapid progress is being made in the development of international standards regarding the disclosure of sustainability-related information. In response to this international trend, the Idemitsu Group has reaffirmed the importance of disclosing sustainability information and we are preparing to enhance our appropriate disclosure of information in line with the standards in each country.

Specifically, to understand the differences between current initiatives and international standards, we have analyzed the gaps in the information disclosed and created a road map of actions to take in the future. In accordance with this road map, we will appropriately disclose information about matters that have a serious sustainability-related impact on our existing and new business domains, as well as information about our governance, strategy, risk management and metrics and targets in relation to sustainability risks and opportunities.

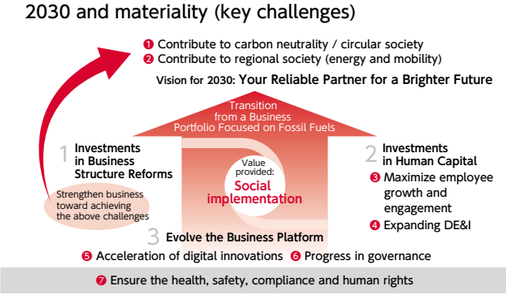
We will continue to disclose and share information about our sustainability-related initiatives to and with our diverse stakeholders in an easy-to-understand manner.

Materiality (Key Challenges) of the Idemitsu Group

Approach to Materiality (Key Challenges)

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

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



List of materiality (key challenges)

Materiality	KPI and Monitoring Indicators			Major Related SDGs
	Category	Achievements in FY2023	Target	
❶ Contribute to carbon neutrality / circular society	Reduce CO_2 (Scope1+2)	-14.6% (compared to 2013)	-46% (FY2030) Carbon neutrality (FY2050)	
	Contribute to Scope 3	Carbon intensity: -1.1% (compared to 2020)	-10% (FY2030) -50% (FY2040)	
	Investments / business strategy	Designated 4 key areas for investment towards CN in 2050	Carbon neutrality investment: Approx. 800.0 billion yen (Reviewed our FY2023-2030 strategic investments based on a timeline)	
	ROIC, targeted earnings	ROIC: 8.4% (excluding inventory impact) Operating + equity income (excluding inventory impact): 310.6 billion yen	7% (FY2030) 270.0 billion yen (FY2030)	
❷ Contribute to regional society (energy and mobility)	Investments / business strategy	Designated 4 key areas for investment towards CN in 2050	Carbon neutrality investment: Approx. 800.0 billion yen (Reviewed our FY2023-2030 strategic investments based on a timeline)	
	Number of customers	Number of service stations in Japan: 6,000	—	
❸ Maximize employee growth and engagement	Idemitsu Engagement Index	70% (FY2024 results)	80% or more (FY2030)	
	Investments in training per employee	52,000 yen	100,000 yen (FY2030)	
❹ Expanding DE&I	Female recruiting ratio	47.3% (Results of college graduates or higher hired between April 1, 2023 and March 31, 2024 Total of new graduates and career hires)	50% or more (FY2030)	
	Female ratio in managerial positions	4%	10% or more (FY2030)	
	Male ratio taking childcare leave	93%	100% (FY2030)	
❺ Acceleration of digital innovations	DX investments	2.25 billion yen	—	
	Enhancement of productivity	Implemented company-wide initiatives to support business structure reforms	30% (FY2025)	
❻ Progress in governance	Effectiveness of the Board of Directors	Had our corporate lawyer, who is familiar with our management situation, interview all outside officers individually for the first time, in addition to conducting a questionnaire survey.	—	
❼ Ensure the health, safety, compliance and human rights	Management health indicators	Physical examination checkup rate: 100%	100%	
	Safety indicators (# accidents, etc.)	Number of serious accidents: 0 Number of fatal accidents: 0 at Idemitsu and 1 at partner companies	0	
	Major compliance violations	0	0	
	Human rights due diligence	Human rights violations: 0	0	

Materiality (Key challenge) Identification Process

Our Group identified materialities for the first time in 2019. Since then, we have engaged in business activities recognizing that those materialities are important social issues for our company. While emphasizing continuity with those materialities, we reviewed our materialities in 2022 based on our Medium-term Management Plan (FY2023–2025), Vision for 2050 and the changes in the external environment. We have now established KPIs and monitoring indicators and are executing sustainability strategies.

Materiality (key challenges) identification process

2019

Step 1 Identification of the issues
With reference to such international guidelines as the GRI Standards and the evaluation criteria of the SDGs and ESG evaluation organizations, we identified environmental and social issues that may be related to our business activities.

Step 2 Confirmation of their importance to stakeholders
We conducted a wide-ranging survey to determine each issue's importance to stakeholders, both internal and external.

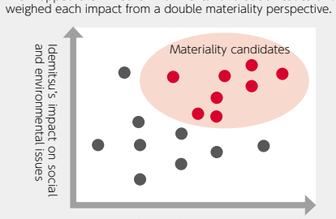
Step 3 Alignment with the corporate strategy
We ensured consistency with the Medium-term Management Plan, verifying the priority level and relevance of each issue.

Step 4 Management discussions and decisions
Final decisions were made after discussion via the Management Committee chaired by the President.

2022

Step 1 Organization of issues and linking them to Idemitsu's initiatives
- We listed environmental and social issues with reference to sustainability-related targets and guidelines (GRI Standards, SASB, SDGs, ISO 26000, etc.).
- We organized the relevance of our current businesses and initiatives to the above environmental and social issues (extracting those relevant from both positive/negative perspectives).

Step 2 Link businesses and initiatives to issues
We mapped the linked environmental and social issues and weighed each impact from a double materiality perspective.



Step 3 Dialog with stakeholders
Based on the mapping results, we held dialogs with institutional investors, external experts, and others to confirm the validity of their expectations and issues for the Group.

Step 4 Management discussions and decisions
Final decisions were made after discussion via the Management Committee chaired by the President.

Climate Change Action

Basic Stance

We aim to fulfill our “responsibility to support people and their daily lives” and our “responsibility to protect the global environment now and in the future” by demonstrating our Group’s strength in social implementation to realize a carbon neutral (CN) and circular society. We seek to accelerate initiatives to address climate change with the understanding and cooperation of our stakeholders by enhancing our disclosure of information about these initiatives with an eye toward disclosing information in line with the IFRS S2 framework, while continuing to disclose information in line with the TCFD recommendations which we endorsed in 2020.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate Change-Related Disclosures Within This Report

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

Area	TCFD recommendations	Our disclosure	Pages
Governance	1. Describe the Board’s oversight of climate-related risks and opportunities	■ Governance system in response to climate change	P.50
	2. Describe management’s role in assessing and managing climate-related risks and opportunities		
Strategy	1. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	■ Risks and opportunities	P.51
	2. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	■ Risks and opportunities	P.51
	3. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	■ Long-term corporate value creation ■ Scenario analysis ■ Transition strategy	P39~46 P.50 P.51
Risk management	1. Describe the organization’s processes for identifying and assessing climate-related risks	■ Risk management	P.73 P.75~77
	2. Describe the organization’s processes for managing climate-related risks		
	3. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management		
Metrics and Targets	1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process 2. Disclose Scope 1 and 2	■ Metrics and Targets	P.52
	2, and, if appropriate, Scope 3 GHG (greenhouse gas) emissions and the related risks	■ Trend in CO_2 emissions (Scope 1, 2 and 3)	P.96
	3. Describe the targets used by the organization to manage climate-related risks and opportunities and disclose performance against targets	■ Metrics and Targets	P.52~53

(Supplementary items)

Amount of greenhouse gases emitted	Absolute emission and emission intensity for Scope 1, 2, and 3	■ Trend in CO_2 emissions (Scope 1, 2, and 3)	P.96
Transition risks	Amount and scope of assets or business activities vulnerable to transition risks	■ Risks and opportunities	P.51
Physical risks	Amount and scope of assets or business activities vulnerable to physical risks	■ Risks and opportunities	P.51
Climate-related opportunities	Ratio of revenues, assets, and business activities that lead to climate-related opportunities	■ Risks and opportunities	P.51
Deployment of capital	Capital expenditures, fundraising, and total amount deployed for climate-related risk and opportunities	■ Message from the CFO	P.13~16
ICP	Price per ton of CO_2 emissions used within the organization (Internal carbon pricing)	■ Strategy	P.49
Compensation	Ratio of compensation for executives linked to climate considerations	■ Compensation for Executives	P.69~70

Governance System in Response to Climate Change

An overview of our corporate governance structure is provided on pp.59-60 of this report, with the following supplemental information regarding the Company’s response to climate change.

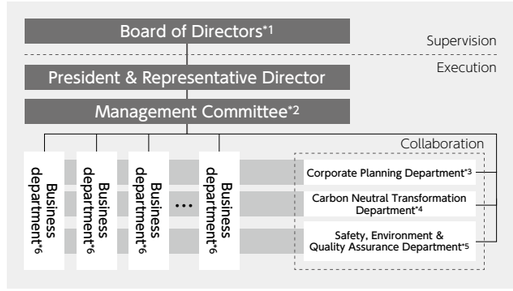
Board of Directors

For the Company, with the main business of fossil fuel sales, responding to climate change is one of the most important management issues. This is an initiative which involves a major business portfolio transition over the medium to long term.

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

Business execution

Initiatives to respond to climate change are company-wide and cover a wide range of themes. We therefore recognize the need to accelerate the planning and execution of company-wide strategies toward the realization of a CN society, and the specialized department (Carbon Neutral Transformation Department) is playing a leading role in the promotion of these activities. The Carbon Neutral Transformation Department leads the company-wide CN strategy planning, GHG reduction target setting, and CNX human resources development in cooperation with related in-house departments.



*1 Supervises the implementation of actions based on policies established for management policies in light of climate change issues
*2 Deliberates the major climate-related agenda items
*3 Scenario analysis
Formulates and manages company-wide investment & finance policies
*4 Drafts the company-wide CN strategy
Sets GHG reduction targets
Monitors the progress of each department’s strategy
*5 Monitors and captures GHG emissions
*6 Drafts and implements CN strategies by business department

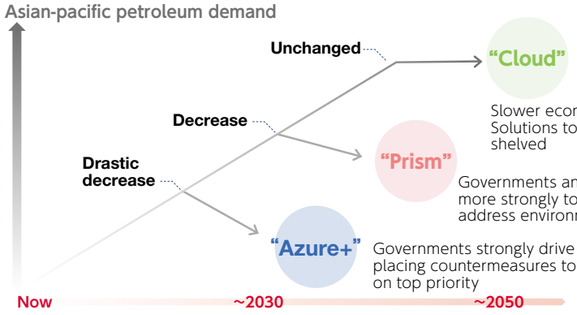
Strategy

Scenario Analysis “Long-term energy business environment scenarios toward 2050”

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

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

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



Environment >
Carbon neutrality/climate change action
* Details of strategies and risk management

The three business environment scenarios are unique to Idemitsu. Other organizations’ projections that are similar to each scenario are as follows.
■“Cloud”: IEA, Stated Policies Scenario
■“Prism”: IEA, lies between the Stated Policies Scenario and Sustainable Development Scenario
■“Azure+”: IEA, Net Zero Emissions by 2050 Scenario

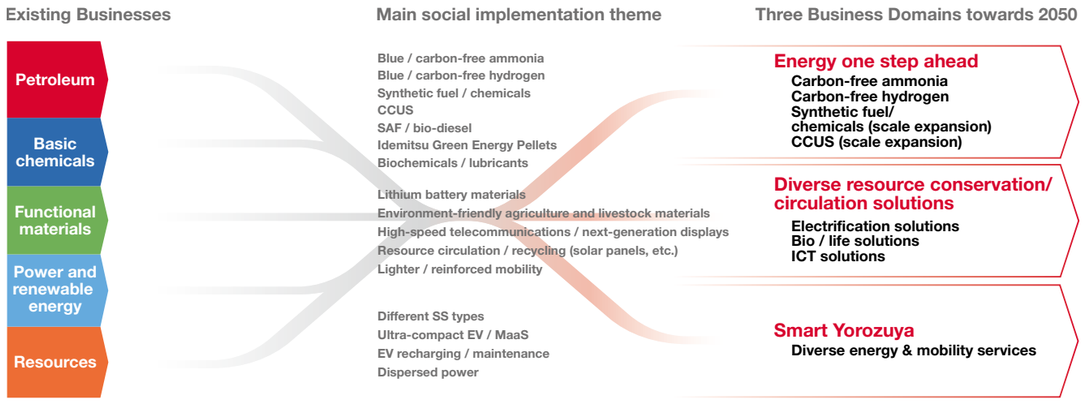
Risks and Opportunities

Based on the long-term business environment scenario toward 2050 (p. 50), we have identified risks and opportunities related to climate change. We have compiled information about the anticipated time frame, degree of financial impact, and our measures against climate change in each area, and we are implementing specific initiatives accordingly. In response to risks and opportunities, we will work on promoting revenue and capital efficiency in existing businesses, creating new businesses through investments in business structure reforms, and business portfolio transition. Through such efforts, we are aiming to achieve 270 billion yen on an operating income + equity income basis as of 2030.

*Details of risk management are provided on p. 73-76)

Transition strategy

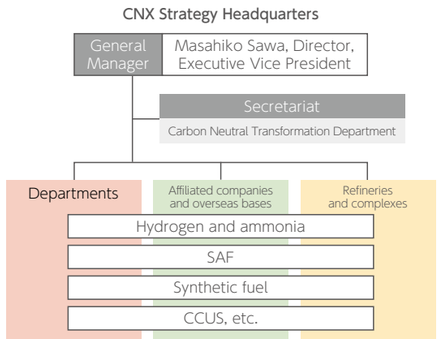
We have selected potential major themes that we will address for social implementation by 2030 in "Our response" in "Risks and opportunities" (see our website). We will promote related initiatives as a part of our transition strategy toward 2050.



Transition strategy system

On December 1, 2023, we established the CNX Strategy Headquarters, which is composed of relevant executives and general managers of related departments. Via this organization, we will share information within the Group in a timely manner and make decisions promptly to increase our mobilization of internal knowledge, information, and human resources, accelerating initiatives for social implementation of CN solution themes.

We will organically allocate human resources from business departments to the CNX Strategy Headquarters, beyond the organizational framework, and build a system under which approximately. 250 team members will work on projects. We will continue to focus our efforts on pushing forward with technological innovation and the reduction of our environmental impact and build a global supply chain aimed at establishing a carbon neutral society.



External evaluation of our transition strategy

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

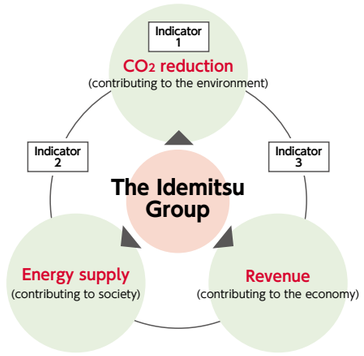
Climate Transition Finance page of the Ministry of Economy, Trade and Industry's website

Metrics and Targets

Approach to setting metrics

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

We understand that, in proceeding with this initiative, it is important to consider how we can simultaneously reduce CO_2 emissions to contribute to the environment, supply energy to contribute to society, and maintain and increase corporate revenue to contribute to the economy. Based on this understanding, we have set the following three indicators and are monitoring the progress of related activities.



Indicator 1 Scope 1 + 2 emissions
Indicator of the extent to which we can reduce the CO_2 emissions accompanying business activities

Indicator 2 Carbon Intensity
Indicator of the extent to which we can supply low-carbon energy to society

Calculation formula = $\frac{CO_2 \text{ emissions (Scope 1 + 2 + 3)}^{*1}}{\text{Amount of energy supplied}}$

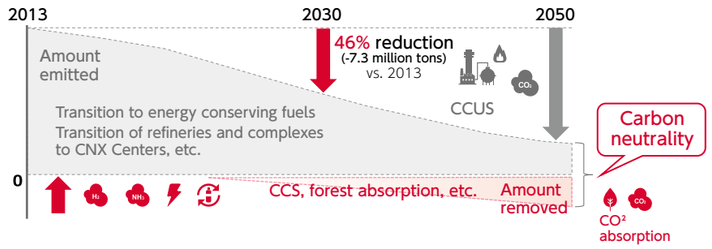
Indicator 3 Fossil fuel business revenue ratio
Indicator of the extent to which we can reduce the ratio of fossil fuel business accounting for company-wide revenue while maintaining and increasing revenue by expanding non-fossil fuel business

*1 Scope 3 refers to Category 11
Includes offset due to negative emissions
*2 Revenue ratio of fuel oil + resource business accounting for company-wide revenue (operating + equity income) [excluding inventory impact]

Target values

Targets and FY2023 results for each indicator are as follows.

Indicator 1 (Scope 1 + 2 emissions)
2030 : ▲46%
(compared to 2013)
2050 : Carbon neutral
2023 result: ▲14.6%

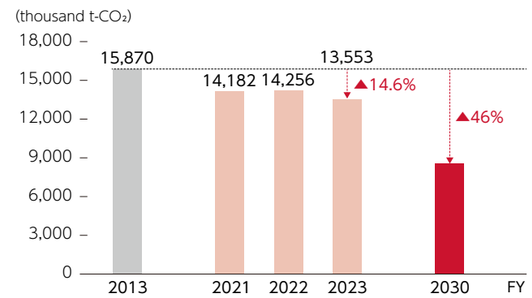


Progress on this indicator value

In FY2023, Scope 1 and 2 emissions decreased 4.9% year on year and declined 14.6% compared to the level in the base year, mainly reflecting the energy-saving activities promoted at our refineries and complexes and shutdown maintenance.

Seibu Oil ceased refining functions in March 2024, and it is expected that actual values for FY2024 will reflect the decrease in emissions associated with this.

■ CO_2 emissions (Scope 1 + 2)

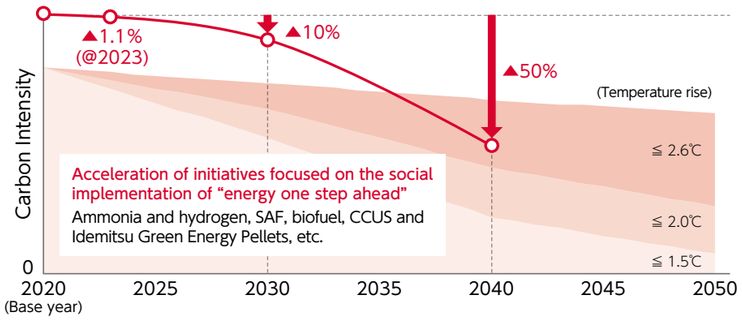


* Scope: Idemitsu, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co.,Ltd.) and major consolidated Group companies
* Figures reflect corrections that have been made to data for past fiscal years.

Indicator 2 (Carbon Intensity)

2030 : ▲10%(compared to 2020)
2040 : ▲50%(compared to 2020)
2023 result : ▲1.1%

We have set targets using an indicator called "carbon intensity" and are promoting related initiatives, from the viewpoint of simultaneously contributing to the environment (by reducing CO_2 emissions) and to society (by supplying the low-carbon energy needed by society) to reduce emissions across our entire supply chain toward the realization of a carbon neutral society.



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

In FY2023, carbon intensity (CI value) declined 1.1% compared to the level in the base year (FY2020) because, among the fossil fuels we sold, the sales ratio of coal, for which the CI value is high, decreased from the level in the base year, whereas the ratios of natural gas and petroleum products, for which the CI value is low, increased.

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

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

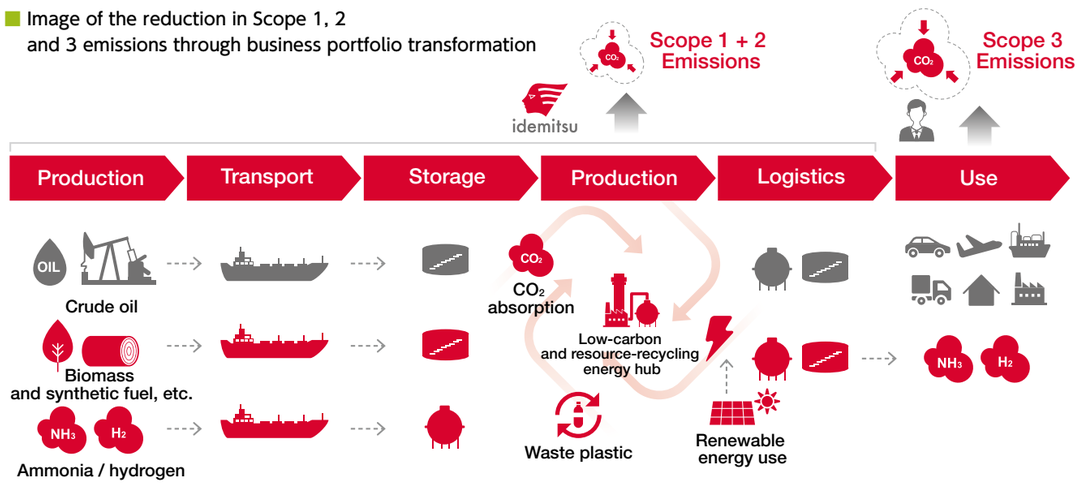
* We assume high octane gasoline will apply to this in 2030

Indicator 3 (Fossil fuel business revenue ratio)

2030 : ▲50% or less
2023 result : 91.5%

While downsizing the fossil fuel business in response to demand trends, we will expand the scale of the new carbon neutral fuel business, thus reducing CO_2 emissions from the entire supply chain while maintaining and increasing the revenue of the company as a whole.

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



Environmental Management

Approach to the Environment

To contribute to the development of a sustainable society in which the economy and environment are in harmony, the Idemitsu group has established a policy of prioritizing environmental conservation as an important criterion for judging value in all of its business activities.

Specific environmental conservation activities include reducing the environmental impact primarily by using energy more efficiently, we actively promote advanced initiatives to solve environmental problems such as climate change, and conducting appropriate education and awareness-raising activities to increase the environmental awareness of all our employees.

Environment > Environmental management
* Detailed information on environmental management, our approach, and our initiatives

Environmental Management System
(Safety & Environmental Protection Headquarters)

We have positioned safety, health, and the environment as the foundation of our management and have established the Safety & Environmental Protection Headquarters to promote initiatives related to these areas.

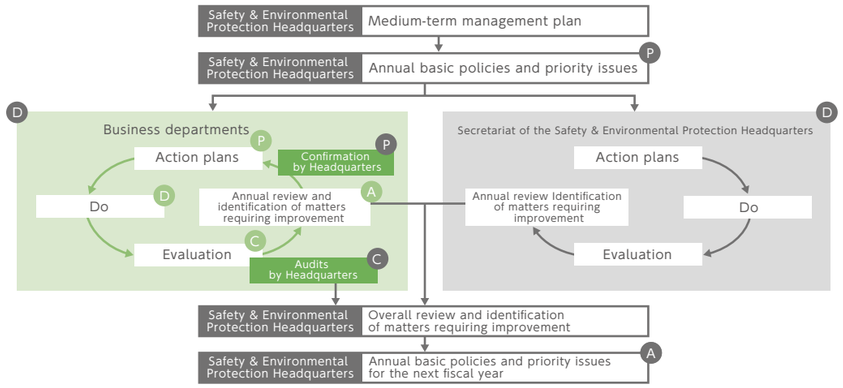
The Safety & Environmental Protection Headquarters is headed by the Director in charge of safety and the environment, who is appointed by the President and Representative Director. Its other members include the general managers of related departments and presidents of major Group companies. The headquarters has a secretariat.

Environmental Management System

The Group's Environmental Management System is grounded in the activities of the Safety & Environmental Protection Headquarters. These activities include preparing a medium-term management plan for safety, health, and the environment and determining, executing, and reviewing annual basic policies and priority issues in line with the medium-term plan. The Safety & Environmental Protection Headquarters monitors and evaluates the PDCA cycle of each department based on these activities, thereby promoting environmental activities throughout the Company.

As of June 30, 2024, a total of 29 departments and affiliated companies within the Group (15 in Japan and 14 overseas) had obtained ISO 14001 certification.

■ Environmental management PDCA cycle



Environmental Education and Awareness-raising Activities

The Safety & Environmental Protection Headquarters provides environmental education for the entire Group.

■ Environmental education and awareness-raising activities in FY2023

Lecture	The future of the circular economy in Japan
Training	Environmental management capability enhancement training (July and November)
Other awareness-raising activities	Distribution of environmental conservation and global environmental information

Environmental Compliance

In 2023, two environmental compliance violations* were recorded at the Group's business sites. We also identify minor compliance violations that are not classified as serious and investigate their causes to prevent recurrence and ensure more reliable environmental protection initiatives.

- An improvement guidance sheet was issued regarding an administrative report on the results of a 180 m stack odor measurement.
- There was an oil leak from the protective part of a crude oil piping flange.

* Environmental compliance violations: Failure to adhere to the regulatory standards set forth in environmental laws and regulations (including local regulations and agreements) that result in the need for accident measures as required by environmental laws and regulations, administrative punishment, instructions, or guidance from government agencies, or damage impacting neighboring residents.

Conservation of Biodiversity and Water Resources

Our Approach

Under our Sustainability Policy (p.47), we strive to reduce the environmental risks of our business activities, conserve the natural environment, and contribute to the creation of a recycling society. We have established biodiversity guidelines and promote biodiversity conservation activities.

Environment > Biodiversity
* Detailed information about our approach to biodiversity and our initiatives

Our Response to the TNFD Recommendations

We have developed a plan to address the items that the TNFD recommends to disclose over the four-year period commencing this fiscal year and we are implementing the plan.

We conducted an initial assessment of the Group's operations to analyze their dependence and impact on nature using ENCORE.*1 The assessment results indicate that our direct coal mining operations have a significant dependence and impact on nature.

This fiscal year, we have started to assess risks regarding our coal business, which has been deemed to have a significant dependence and impact on nature, and the petroleum business, whose sales are large, using the LEAP approach.*2 We are currently evaluating each business site's dependence and impact on nature. In the future, we will identify nature-related risks and opportunities and study countermeasures. We will expand the scope of assessment to identify nature-related risks and opportunities in the value chains of the Group's businesses.

The Group's water-related risks are managed under our overarching risk management structure as part of the risks arising from changes in the business environment, natural disaster risks, risks attributable to operational accidents, climate change-related risks, and environmental regulatory risks. Specifically, in line with our Environmental Protection Policy, voluntary targets regarding wastewater treatment have been set and incorporated into the Group's Environmental Management System operations from the perspective of preventing pollution, effectively utilizing resources, and preserving biodiversity. These targets are stricter than the standards stipulated by national and local governments. In the future, we will explore ways to manage not only water-related risks but also our dependence on and impact on nature and the risks and opportunities we have identified as we follow the TNFD's recommendations.

*1 A tool for assessing the dependence and impact of business processes on nature jointly developed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and financial institutions
*2 An assessment approach recommended in the TNFD recommendations

Initiatives to Conserve Biodiversity

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

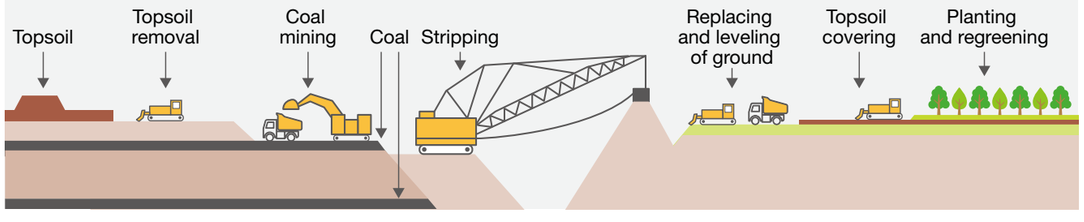
Also, referring to the Protected Planet, a website managed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), we have confirmed the proximity of our main business sites to regions requiring particular attention in terms of biodiversity conservation. As a result of confirming the International Union for Conservation of Nature (IUCN) categories for conservation areas within a 10kilometer radius of Idemitsu business sites, we recognize there were no areas (Ia, Ib) designated as wilderness areas or strict nature reserves based on these results.

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

Rehabilitation of post coal mining sites

The coal mining business entails excavating coal from underground reserves, which in the case of open-pit mining means scraping off the topsoil. At that point, it will have a negative impact in terms of biodiversity. Therefore, we have activities that strive to restore biodiversity (rehabilitation) by returning the topsoil to areas where mining has been completed and planting the same types of plants as had originally been present, thereby keeping the impact on the surrounding environment to a minimum. Furthermore, at our Australian coal mines, we have disclosed information on the acreage that has been mined and rehabilitated in the past and will continue to do so in the future.

■ Rehabilitation of mining sites



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

Ecosystem conservation activities in areas surrounding refineries and complexes

Each of Idemitsu's refineries and complexes aims to be a "park-like factory" and it has established green spaces on their premises that exceed the area specified by law since the start of their operations. Initiatives like these are highly evaluated by external organizations. The Hokkaido Refinery and the Aichi Complex have received the highest stage in the SEGES*3 grading system, 5 (Superlative Stage).

In 2023, our Aichi Complex was recognized as the first "Green Hall of Fame" among domestic petroleum refining facilities. This is because of its continuous maintenance, development, and deepening of the "Superlative Stage" over the years.

The Aichi Complex and the Hokkaido Refinery have been designated as Nationally Certified Sustainably Managed Natural Sites, which the Ministry of the Environment defines as areas where biodiversity is conserved.*4 The 30by30 Alliance for Biodiversity, established in Japan by the Ministry of the Environment and voluntary companies, local governments, and organizations, promotes the certification of Nationally Certified Sustainably Managed Natural Sites. We have been a member of the 30by30 Alliance for Biodiversity since its inception in April 2022 and have been promoting activities for biodiversity conservation to achieve the 30by30 goal.

*3 SEGES: Social and Environmental Green Evaluation System. A system organized by the Organization for Landscape and Urban Green Infrastructure
*4 The Aichi Complex and nearby companies are registered as the Chita Peninsula Green Belt.


Green space at the Aichi Complex

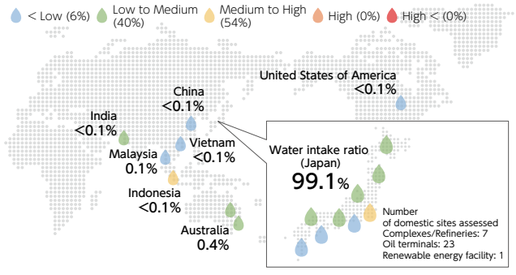

Hokkaido Refinery

Initiatives to Conserve Water Resources

Water stress assessment at business sites

We assess water stress at our major business sites using the World Resources Institute (WRI)'s Aqueduct tool and disclose water stress maps. Although our seven domestic refineries and complexes are not located in regions with high water stress, the volume of water intake by these seven refineries and complexes accounts for approximately 98% of the Idemitsu Group's overall water intake volume. We are committed to reducing water usage and effectively utilizing resources through the recycling of domestic water resources and the management of water quality.

■ Company's major business sites' water stress map



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

Strengthening of water recycling at refineries and complexes

Our refineries and complexes use large volumes of water. Therefore, they are working on reducing their water consumption and not just staying in line with wastewater standards.

Refineries require a certain amount of water (seawater and freshwater) to cool process fluids in the oil refining process. The freshwater (hot water) used for cooling is circulated through an air-cooled cooler and used again as cooling water for the process fluids. This helps reduce environmental impact. As a business that utilizes water, we will continue to increase our efforts to recycle water resources. Approximately 94% of the water intake at our refineries and complexes is seawater, with the remaining 6% being factory water. The industrial water recycling rate was 94%*5 in FY2023.

*5 Water recycling rate = Industrial water recycling volume / (Industrial water intake volume + Industrial water recycling volume)

Collaboration with another company to reduce water usage

The Aichi Complex is reducing its water consumption by obtaining chilled water from another company within the industrial complex. The complex effectively utilizes cold water discharged from the LNG vaporizer of the adjacent Chita LNG Co., Ltd., for process cooling. This helps decrease the amount of water drawn from the Chita region as a whole.

Environment > Water resources > Initiatives

Water quality management

It is also important to regulate the quality of the water used when it is released back into the environment in terms of the usage of water resources. Our wastewater is treated in a number of facilities to improve its quality to a level that does not harm the environment before being released back into the environment. Due to our ongoing efforts in this manner, we had no incidents of violations of the laws and regulations governing the water quality control of wastewater in FY2023 based on the definition of environmental abnormality.

Initiatives Relating to a Circular Society, Waste and Chemical Substances

Basic Approach for Circular Society

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

Establishment of Circular Economy Guidelines

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

The Idemitsu Group Sustainability Policy includes the following: We promote the development of innovative technologies, pursue advance mitigation of environmental risks in our business activities, and contribute to the conservation of the natural environment, as well as the realization of a circular society. We established the Circular Economy Guidelines in 2024 as guidelines for further activities toward a circular economy to complement the Sustainability Policy above.

Environment > Circular society > Policy

Participation in Circular Partners

In 2024, we joined Circular Partners, a partnership aimed at fostering industry, government, and academia cooperation to establish a circular economy.

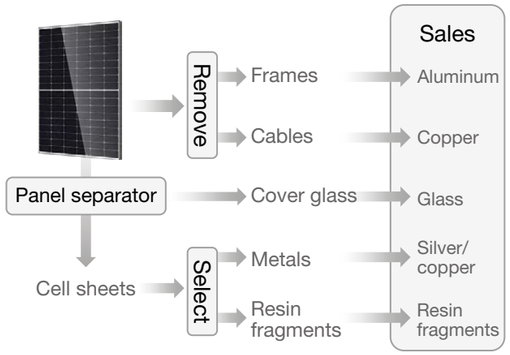
The Ministry of Economy, Trade and Industry established the initiative based on the Growth-Oriented, Resource-Autonomous Economy Strategy developed in March 2023. Creating a circular economy is challenging for individual companies. It is necessary for all parties involved in the product life cycle to collaborate and expand their efforts. Circular Partners is a part of these collaborative efforts.

Circular Partners

Initiative Examples

Solar panel recycling

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



Used plastic recycling

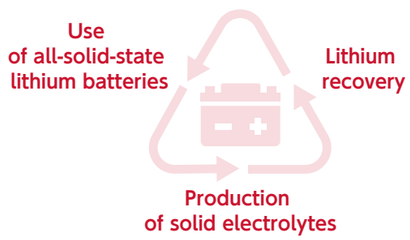
In April 2023, we decided to invest in an oil chemical recycling facility that will employ used plastics as raw materials. Environment Energy Co., Ltd., which has been working jointly to establish oiling equipment technology, and Chemical Recycle Japan Co., Ltd. ("CRJ"), a joint venture to produce chemical recycle oil from used plastic raw materials, are aiming at commercial operation commencement in FY2025.

CRJ produces pyrolysis oil (CR oil) from recovered used plastics using its own technology and Idemitsu produces "renewable chemicals" as a substitute material for crude oil. The production of plastic products using these "renewable chemicals" as raw materials will achieve resource-recycling.

After establishing a business model in the area adjacent to the Chiba Complex, we plan to install oiling equipment at other Group refineries and complexes to expand the business on a large scale, targeting used plastics nationwide.

All-solid-state lithium battery recycling

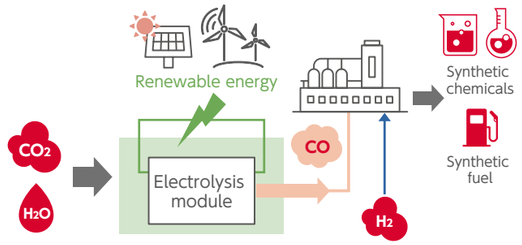
As EVs become more widespread, the supply of lithium and other raw materials is expected to become tighter in the long term. We aim to create more value within the all-solid-state battery value chain by studying a recycling scheme for used batteries.



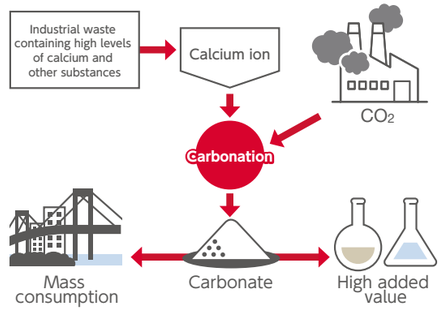
Carbon recycling

Carbon recycling is an initiative to recycle CO_2 into chemicals, fuels, minerals, and other products by treating CO_2 as a carbon resource and generating various carbon compounds from it. We are currently conducting the research and development of carbonation and CO_2 electrolytic reduction technologies.

■ CO_2 electrolytic reduction



■ Carbonation



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

In addition to complying with increasingly strict chemical substance control regulations in Japan and abroad, we are working to manage chemical substance control from the perspectives below to realize production and products that take human health and the environment into consideration, based on the Basic Essential Points on Quality Assurance and the Basic Essential Points on Health, Safety and Environment (HSE).

- Replacement, reduction, or elimination of hazardous substances based on risk assessments of chemical substances
- Implementing measures to reduce risks when handling chemical substances
- Improving the safety of workers and customers (product users) by obtaining or providing information on chemical substances in products

Approach to Preventing Pollution

In addition to complying with environmental laws and regulations for preventing pollution and reducing environmental impact, we are voluntarily implementing initiatives in accordance with our internal rules (Basic Essential Points on Health, Safety and Environment (HSE)).

Approach to Waste Reduction

Our group strives to curb environmental impact by reducing the volume of industrial waste generated and by promoting the reuse of raw materials and the utilization of recycled raw materials from the perspective of the effective use of resources.

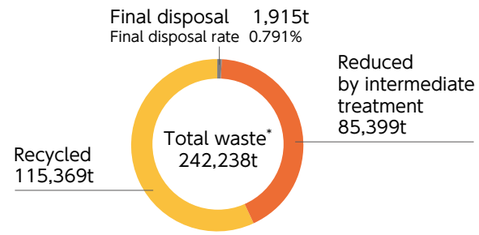
The main waste generated through our business includes waste catalysts from refinery processes, sludge from tank cleaning, and sludge from wastewater treatment facilities. We reduce these types of waste and make them harmless through intermediate treatment such as incineration, dehydration, and neutralization and then recycle them into raw materials for cement and other applications.

Reduction Targets

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

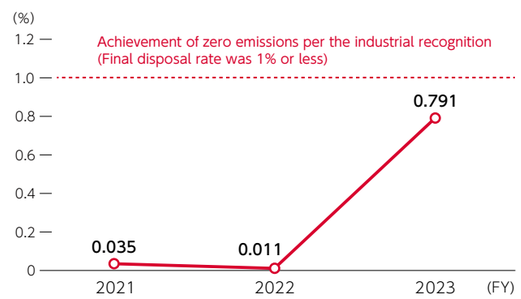
* The petroleum industry (Petroleum Association of Japan): Industry specific goal: Maintain "zero emission" status by keeping the ratio of waste disposed of by landfill at 1% or less from FY2021 onward
The chemical industry (Japan Chemical Industry Association): FY2025 goal for the volume of waste disposed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

■ Breakdown of waste disposal in FY2023



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

■ Final disposal rate at Group refineries



* Total amount of general waste, industrial waste, and specially controlled industrial waste.
* Scope of reporting: Hokkaido Refinery, Chiba Complex, Aichi Complex, Tokuyama Complex, TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co.,Ltd. (after June 2022)

Corporate Governance

Basic Approach to Corporate Governance

In November 2022, we adopted our Vision for 2050, "Shaping Change," with the aim of contributing to a carbon-neutral, recycling-oriented society by 2050. This vision complements our existing Vision for 2030, "Your Reliable Partner for a Brighter Future." We anticipate that by 2050, energy systems and the social structure will likely have seen significant change as the global trend toward carbon neutrality gains momentum. Many challenges will arise in this process, including discontinuous technological innovation. There will be a demand for entities capable of delivering new technologies in a form that is acceptable to society.

In response to emerging social issues and environmental changes, we are committed to fulfilling our responsibility to support people and their daily lives and our responsibility to protect the global environment now and in the future. We will meet this commitment by advancing the social implementation of new technologies based on the knowledge we have accumulated through a stable energy supply and the trust we have built with local communities.

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

The Corporate Governance Code is intended to boost companies' sustainable growth and medium- to long-term corporate value through communication with shareholders. We aim to be a company that is widely trusted and relied upon in society, with a basic commitment of complying with the Corporate Governance Code.

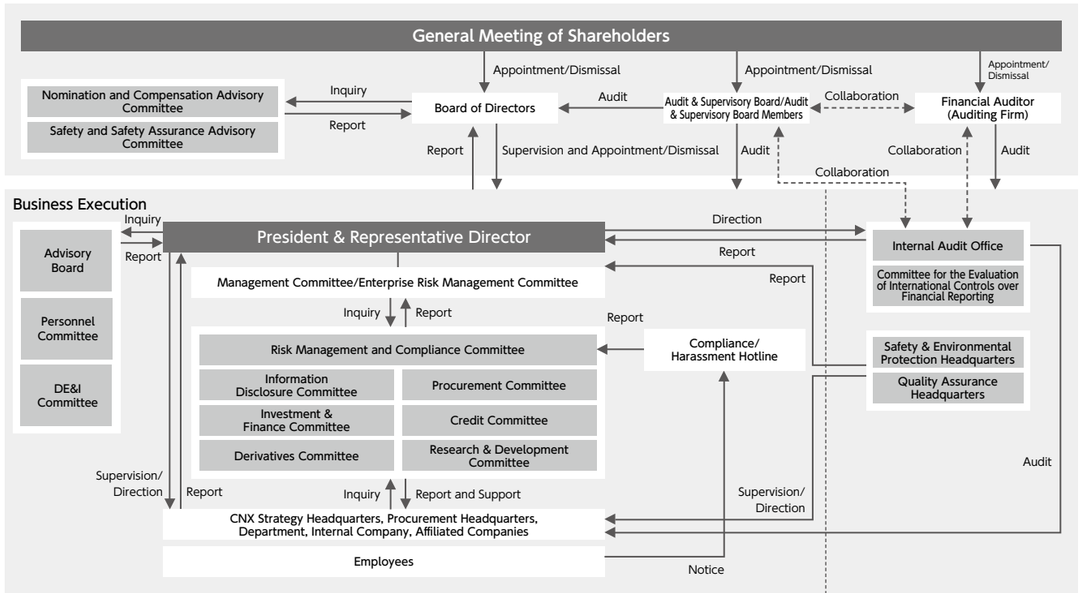
We aim for fair and transparent management by holding open discussions with our Independent Outside Directors and Audit & Supervisory Board Members, who have diverse knowledge and backgrounds. These discussions will encompass the actual state of corporate management and the surrounding environment, and we will take their frank opinions seriously.

Outline of Corporate Governance System

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

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

Corporate governance structure



Overview of Each Committee

Nomination and Compensation Advisory Committee

To enhance the transparency and objectivity of its nomination and compensation functions, as an advisory body to the Board of Directors, we have in place the Nomination and Compensation Advisory Committee consisting of Independent Outside Directors. The Committee issues recommendations on proposals for the General Meeting of Shareholders on the appointment and dismissal of Directors and Audit & Supervisory Board Members, appointment and dismissal of executive officers with titles, and revisions to Directors' remuneration and compensation systems in response to inquiries from the Board of Directors. In FY2023, the Nomination and Compensation Advisory Committee met a total of seven times.

Safety and Safety Assurance Advisory Committee

The committee serves as an advisory body to the Board of Directors on safety enhancement issues, especially technical matters, to prevent major disasters at refineries and complexes. Increasingly severe natural disasters have heightened the importance of ensuring safety and a stable supply. We have thus selected themes and issues based on the latest information and knowledge, and a working group established within the Safety & Environmental Protection Headquarters institutes the necessary measures.

Advisory Board

The Advisory Board serves as an advisory body to the President and Representative Director and consists of external experts. It has opportunities to make recommendations related to management issues.

Personnel Committee

The Personnel Committee serves as an advisory body to the President and Representative Director. It has been established to ensure the placement of the appropriate Executive Officers and other officers in suitable positions, conduct impartial and fair evaluations, and enhance the transparency of decision-making processes. The committee comprises the President and Representative Director, Executive Vice Presidents, the personnel officer, and other officers appointed by the President. They discuss the appointment, dismissal, placement, and evaluation of the Executive Officers and other officers and the selection of Management Committee members. The results of discussions are then reported to the President.

DE&I Committee

The DE&I Committee has been established as an advisory body to the President and Representative Director to create an environment where diverse employees can work with enthusiasm and thrive and, in the process, co-create new value. The committee consists of Directors and officers with diverse attributes, such as gender and job type. Outside Directors participate as advisors. The committee identifies issues related to DE&I promotion, makes recommendations to management, reports regularly to the Board of Directors, and plans and promotes company-wide initiatives.

Management Committee
Enterprise Risk Management Committee

These committees have been established as forums for discussing management strategies and issues for the entire Group and each operating department. Both committees are chaired by the President and Representative Director. In selecting the members of the committees, emphasis is placed on diversity in their specializations and management experience. This ensures comprehensive and effective discussions about cross-functional issues and risks.

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

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

Structure of the Board of Directors and the Audit & Supervisory Board

♂: Male ♀: Female

FY	Directors				Audit & Supervisory Board Members			
	Directors	Number of Outside Directors	Percentage of women	Percentage of Outside Directors	Audit & Supervisory Board Member	Outside Audit & Supervisory Board Members	Percentage of women	Percentage of Outside Audit & Supervisory Board Members
2024	10 (♂9 ♀1)	4 (♂3 ♀1)	20% (2)	40% (4)	2 (♂2)	2 (♂1 ♀1)	25% (1)	50% (2)

Directors and Audit & Supervisory Board Members

As of June 30, 2024

* Board of Directors and Audit & Supervisory Board meeting attendance figures are for FY2023.
* Number of shares held are as of the end of March 2024.

Directors



Representative Director, President and Chief Executive Officer

Shunichi Kito

■ Number of shares of the Company held : 185,356 shares
■ Board of Directors meetings attended : 15／15

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



Representative Director, Executive Vice President Assistant to Chief Executive Officer

Atsuhiko Hirano

■ Number of shares of the Company held : 38,415 shares
■ Board of Directors meetings attended : 15／15

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



Representative Director, Executive Vice President Assistant to Chief Executive Officer

Noriaki Sakai

■ Number of shares of the Company held : 105,853 shares
■ Board of Directors meetings attended : 15／15

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



Director, Executive Vice President Assistant to Chief Executive Officer

Masahiko Sawa

■ Number of shares of the Company held : 43,507 shares
■ Board of Directors meetings attended : 15／15

April	1990	Joined Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")
April	2013	Deputy General Manager of Gas Business Department, Idemitsu Kosan
June	2017	General Manager of Technology & Engineering Center, Idemitsu Kosan
April	2019	Executive Officer and General Manager of Hokkaido Refinery, Idemitsu Kosan
June	2021	Senior Executive Officer (in charge of Manufacturing & Technology), Idemitsu Kosan
June	2022	Director, Managing Executive Officer, Idemitsu Kosan
June	2024	Director, Executive Vice President, Idemitsu Kosan (current)



Director (Non-Executive)

Masakazu Idemitsu

■ Number of shares of the Company held : 4,500,000 shares
■ Board of Directors meetings attended : 15／15

April	2010	Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts (current) 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 (current)
April	2019	Director, Idemitsu Kosan Co.,Ltd.(Non-Executive) (current) Representative Director and President, Showa Kosan Co.,Ltd. (current)
May	2020	Representative Director and President, MI Power Co.,Ltd. (current)
Oct.	2020	Representative Director, General Incorporated Association Idemitsu Philosophy Laboratory (current)
April	2021	Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (current)



Director (Non-Executive)

Kazunari Kubohara

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

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

Audit & Supervisory Board Members



Audit & Supervisory Board Member

Tsutomu Yoshioka

■ Number of shares of the Company held : 59,009 shares
■ Board of Directors meetings attended : 15／15
■ Audit & Supervisory Board meetings attended : 16／16

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



Audit & Supervisory Board Member

Hidefumi Kodama

■ Number of shares of the Company held : 12,284 shares
■ Board of Directors meetings attended : 15／15
■ Audit & Supervisory Board meetings attended : 16／16

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

Independent Outside Directors



Outside Director

Takeo Kikkawa

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

April	1987	Associate Professor, Aoyama Gakuin University School of Business
Oct.	1993	Associate Professor, Institute of Social Science, University of Tokyo
April	1996	Professor, Institute of Social Science, University of Tokyo
April	2007	Professor, Hitotsubashi University Graduate School of Commerce and Management
Jan.	2013	President, Business History Society of Japan
June	2013	Outside Director, Mitsubishi Chemical Holdings Corporation
April	2015	Professor, Graduate School of Innovation Studies, Tokyo University of Science (currently, Graduate School of Management, Tokyo University of Science)
June	2017	Outside Director, Idemitsu Kosan Co.,Ltd. (current)
April	2020	Professor, Graduate School of International Management, International University of Japan
April	2021	Vice President, and Professor, Graduate School of International Management, International University of Japan
Sep.	2023	President, International University of Japan (current)



Outside Director

Maki Kado

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

April	1992	Joined NEC Corporation
April	1996	Joined United Feature Syndicate Inc. Japan Branch
May	2000	Joined Microsoft Product Development Inc. (currently, Microsoft Japan Co., Ltd.)
April	2004	Joined Microsoft Corporation Inc. (US) Headquarters
July	2013	General Manager of Purchasing, salesforce.com Co., Ltd.
April	2014	Business Manager, Coca-Cola East Japan Co., Ltd.
Dec.	2014	Director, Coca-Cola Business Services Company, Limited ("Coca-Cola Business Service")
Jan.	2015	Operating Committee member (Officer), Coca-Cola Cross Enterprise Procurement Group
March	2015	Representative Director and President, Coca-Cola Business Service
Aug.	2015	Representative Director and President, Coca-Cola Business Sourcing Co., Ltd.
June	2016	Budget Committee Chair (Chief Financial Officer), Coca-Cola Cross Enterprise Procurement Group
April	2017	Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan Inc. ("Coca-Cola Bottlers Japan")
Feb.	2019	Executive Officer, Head of Procurement, Coca-Cola Bottlers Japan
June	2019	Executive Officer, Head of Procurement and Head of Executive Business Management, Coca-Cola Bottlers Japan
Nov.	2019	Executive Officer, Head of Business Transformation and Head of Procurement, Coca-Cola Bottlers Japan
Jan.	2020	Executive Officer, Head of Business Transformation, Coca-Cola Bottlers Japan
April	2020	Executive Officer, Executive Business Manager, Coca-Cola Bottlers Japan Holdings Inc. ("Coca-Cola Bottlers Japan Holdings") (current)
June	2021	Outside Director, Idemitsu Kosan Co.,Ltd. (current)
Jan.	2022	Executive Officer, Chief Transformation Officer, Coca-Cola Bottlers Japan
Jan.	2023	Executive Officer and Chief Business Management & Sustainability Officer, Coca-Cola Bottlers Japan Representative Director and Vice President, Coca-Cola Customer Marketing Company, Limited. ("Coca-Cola Customer Marketing")
April	2023	Representative Director and President, Coca-Cola Customer Marketing (current)
Jan.	2024	Executive Officer, Chief Business Strategy Officer, and President of Food Service Company of Coca-Cola Bottlers Japan (current)



Outside Director

Jun Suzuki

■ Number of shares of the Company held : 12,500 shares
■ Board of Directors meetings attended : 11／11

April	1983	Joined Teijin Limited
April	2011	President, Teijin Holdings Netherlands B.V.
April	2012	Corporate Officer, Teijin Limited
April	2013	Executive Officer, Teijin Limited
April	2014	President and Representative Director CEO (Chief Executive Officer), Teijin Limited
April	2022	Chairperson, Member of the Board, Teijin Limited Executive Member of the Policy Board, Japan Business Federation (current)
June	2022	Chair, Japan-Thailand Trade and Economic Committee of the Japan Business Federation (current) Outside Director, The Midori Kai Co., Ltd. (current)
Jan.	2023	ABAC Member (Japan), APEC Business Advisory Council (ABAC) (current)
April	2023	Vice Chairman, Executive Director, Japan Association of Corporate Executives (current) Senior Advisor, Member of the Board, Teijin Limited
June	2023	Senior Advisor, Teijin Limited (current) Outside Director, MS&AD Insurance Group Holdings, Inc. (current) Outside Director, Idemitsu Kosan Co.,Ltd. (current)



Outside Director

Shiori Nagata

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

April	2000	Joined Deloitte Tohmatsu Consulting, Inc.
Jan.	2005	General Manager of Corporate Planning, Tohato Inc.
April	2006	General Manager of Corporate Planning, Accounting, Financing and Supply Chain Management, Tohato Inc.
Jan.	2007	Unison Capital Inc.
Jan.	2011	Vice President, INCJ, Ltd.
Jan.	2015	Executive Officer, General Manager of the Recreational Marine Business Unit, Yanmar Co., Ltd. Representative Director and President, YANMAR Marine International B.V.
April	2020	Director, Chief Strategy Officer, and Head of the Management Strategy Division, Yanmar Holdings Co., Ltd.
Nov.	2022	Temporary Committee Member of Industrial Structure Council, Ministry of Trade, Economy and Industry (Committee on New Direction of Economic and Industrial Policies, Manufacturing Industry Committee) (current)
May	2023	Advisory Board member of Dutch & Japanese Trade Federation (current)
April	2024	Director, Yanmar Holdings Co., Ltd.
June	2024	Outside Director, NEC Corporation (current) Outside Director, Idemitsu Kosan Co.,Ltd. (current)

Independent Outside Audit & Supervisory Board Members



Outside Audit & Supervisory Board Member

Yumiko Ichige

■ Number of shares of the Company held : — shares
■ Board of Directors meetings attended : 15／15
■ Audit & Supervisory Board meetings attended : 16／16

April	1989	Registered as an attorney (Daini Tokyo Bar Association) Law Department, IBM Japan, Ltd.
Dec.	2007	Partner, Nozomi Sogo Attorneys at Law (current)
April	2009	Vice Chairman, Daini Tokyo Bar Association
June	2012	Outside Director, NEC Networks & System Integration Corporation
April	2014	Executive Director, Japan Federation of Bar Associations
May	2014	Outside Audit & Supervisory Board member, AEON MALL Co., Ltd.
Dec.	2014	Outside Director, Audit & Supervisory Committee member, SANYO TRADING CO., LTD.
Dec.	2016	Outside Director, Audit & Supervisory Committee member, FOOD & LIFE COMPANIES LTD.
June	2018	Outside Director, ITOHAM YONEKYU HOLDINGS INC.
June	2018	National Research and Development Agency Council member, Ministry of Land, Infrastructure, Transport and Tourism (current)
Jan.	2019	Information and Communications Council member, Ministry of Internal Affairs and Communications (current)
March	2020	Outside Director, ASKUL Corporation (current)
June	2022	Outside Audit & Supervisory Board Member, Idemitsu Kosan Co.,Ltd. (current)
Oct.	2023	Board Director (Non-Executive) Audit and Supervisory Committee members of Hitachi Astemo, Ltd. (current)



Outside Audit & Supervisory Board Member

Masahiko Tezuka

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

Oct.	1986	Joined Chuo Audit Corporation
March	1990	Registered as a Certified Public Accountant
July	2002	Representative, ChuoAoyama Audit Corporation
Oct.	2005	Executive board member, ChuoAoyama Audit Corporation
May	2006	COO, ChuoAoyama Audit Corporation
Oct.	2007	Partner, Executive board member, Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC)
July	2016	Executive board member, The Japanese Institute of Certified Public Accountants (JICPA)
July	2019	Chairmen, JICPA CEO, Japan Foundation for Accounting Education and Learning (current)
May	2022	Auditor, Japan Association of Corporate Directors (current)
July	2022	Advisor, JICPA (current) Chair of Councilors, Financial Accounting Standards Foundation (current)
June	2023	Outside Director (and Audit & Supervisory Committee Member), Mizuho Bank, Ltd. (current)
Sep.	2023	Outside Auditor, Kagayaki Holdings, Inc (current)
June	2024	Outside Audit & Supervisory Board Member, Idemitsu Kosan Co.,Ltd. (current)

Message from Outside Directors



Outside Director

Shiori Nagata

- Temporary Committee Member of Industrial Structure Council, Ministry of Trade, Economy and Industry
- Advisory Board member of Dutch & Japanese Trade Federation
- Outside Director, NEC Corporation
- June 2024 Appointed Outside Director of the Company

Taking on Heavy Responsibility on the Front Lines of Greenification

Since the Industrial Revolution in the 18th century, which was sparked by the use of coal as an energy source, human civilization has evolved rapidly. The world population, which did not exceed one billion until the mid-18th century, is projected to reach 8.1 billion in 2024. The current development of humanity can be attributed to the use of fossil fuels. However, a new struggle has begun since it became evident that human civilization's carbon emissions are severely impacting the global environment. The struggle is to ensure that humankind can continue to thrive without negatively impacting the global environment. Have we, as humanity, painted a picture of how we can win this struggle? Precisely, what kind of society do we aim to build by victory? Many people are desperately searching for answers to these questions. Idemitsu Kosan is responsible for supplying energy to Japan and the world and is on the front lines of this struggle. As "Your Reliable Partner for a Brighter Future," we are ahead of our competitors in developing a number of highly promising decarbonization solutions. We must go one step further, even ten steps further, with an eye to the distant future. I humbly accept the heavy responsibility of closely supporting Idemitsu in this difficult task, sharing wisdom, and engaging in open and frank discussions as our management team looks at the world with a broad perspective and determines the path the company should follow.

Transforming Idemitsu into a Company That Pursues Crucial Issues and Allows Individuals to Shine

I have taken over from Director Kado and serve as an advisor to the DE&I Committee. The Company advocates Ningen-Soncho(Having respect for human beings) as the foundation of its management, and I feel that inclusion (I) is deeply ingrained in its corporate culture. I believe the Company has the great potential to become the flag bearer of DE&I.

The structures of society and families, and ways of life have changed dramatically in just a few decades. They are continuing to change. Additionally, the generation gap is widening.

It is time to change corporate culture, systems, and mechanisms based on the assumption that the workforce lives and works in a uniform way. The time will come when no company will be able to survive unless they assume that everyone lives differently. This is what diversity (D) and equity (E) mean. Every individual, including women, can shine in companies that accommodate different lifestyles and work styles. A generation that has been burdened with the expectation to "live and work in a standardized way" should also be given the opportunity to shine.

This transformation is not simple. It will require fundamental changes to the Company's system, potentially including changes to the organizational structure, and modifications in the behavior of all employees. As an Outside Director, I aim to contribute to the Company's DE&I transition by continuing to pursue essential issues and high goals and monitoring their achievement closely and warmly.

Overview of Board of Directors

In FY2023, we systematically discussed business structure reforms, human capital investment, the evolution of the business platform and governance, and management initiatives that will contribute to enhancing corporate value. These matters will be further discussed at Board of Directors meetings and meetings of outside officers during the period of the Medium-term Management Plan from FY2023 to FY2025.

Main Agenda Items Discussed by the Board of Directors

Management and business strategies

- Business strategies for the basic chemicals business
- Helping Nghi Son Refinery and Petrochemical LLC (NSRP) contribute to profit
- Strategies related to hydrogen, ammonia, and synthetic fuels
- Progress of the lithium battery materials initiative and strategies for business expansion
- Reviewing refineries and complexes and transforming them into CNX Centers
- Review of investment and future business structure reforms
- Restructuring the R&D system
- Company-wide procurement strategy

Governance

- Basic internal control policy (expanding quality assurance initiatives to prevent deficiencies and inappropriate actions to overseas affiliates)
- Selection of key topics for discussions at Board of Directors meetings and meetings of outside officers
- Revision of basic corporate governance policy
- Revision of performance-linked stock compensation for Directors, etc.
- Future response to further improve the effectiveness of the Board of Directors

IR, General Meeting of Shareholders, and shareholder returns

- Actions for management practices that take into account the cost of capital and stock price (analysis of the current market evaluation, formulation of plans [e.g., upward revision of ROE targets and specific measures to achieve them, review of shareholder return policy, etc.])
- Additional share buybacks in accordance with our shareholder return policy
- Policy on strategic holdings of listed shares
- Measures to broaden the shareholder and investor base, including stock splits, offering shareholder benefits through lotteries, building and operating a communication platform with shareholders (Idemitsu Connect)
- Market reactions following earnings announcements
- Review of the General Meeting of Shareholders and plans for the next fiscal year's meeting

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

Meetings of outside officers

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

- Internal Audit Department's initiatives
  (Review of FY2022 internal audits and initiatives for FY2023)
- Internal control initiatives
  (Review of FY2022 internal control and basic policy for FY2023)
- Market supply and demand trends for crude oil and petroleum products
- Market supply and demand trends for basic chemicals
- Human capital strategy for achieving the Medium-term Management Plan
- Overseas petroleum products business

Officer training

We conducted officer training in October 2023 as we did in 2022. We had a guest lecturer speak about economic security. All Directors and Audit & Supervisory Board Members attended the lecture.

Assessment of the Effectiveness of the Board of Directors

Our policy is to have all of the Directors and Audit & Supervisory Board Members assess the effectiveness of the Board of Directors as a whole and disclose a summary of the results of their assessment at least once a year.

In FY2015, we began to conduct questionnaire surveys of all the Directors and Audit & Supervisory Board Members. To improve the effectiveness of the Board of Directors, we review the assessment process and other points every year. In our design of questionnaire items and analysis of answers, we are advised by an expert third-party organization.

In FY2023, we had our corporate lawyer, who is familiar with our management situation, interview all outside officers (Directors and Audit & Supervisory Board Members) individually for the first time, in addition to conducting a questionnaire survey. This revealed problems recognized by the officers that could not be found through the questionnaire survey alone, and we were able to identify issues to address and fully discuss initiatives for the continued improvement of the effectiveness of the Board of Directors.

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

Implementation of questionnaire survey → Individual interviews based on the results of the questionnaire → Results of the questionnaire and interviews reported to and discussed by the Board of Directors → Measures to address issues which were identified in the step at left, etc. discussed by the Board of Directors

Subjects	All Directors and Audit & Supervisory Board Members
Survey method	Anonymous
Questions	• Board of Directors composition • General effectiveness of the Board of Directors • Discussions at the Board of Directors • Perspective on decision-making • Officer training • Operations of the Board of Directors • Treatment of shareholders and investors • Nomination and compensation

Interview	
Interviewer	Corporate lawyer
Subjects	All Outside Directors and Outside Audit & Supervisory Board Members
Disclosure of results	Anonymous

* Answers to each question are on a 5-point scale, and space is provided for open-ended responses.

Assessment results

Based on the issues identified in FY2022, we implemented the following initiatives in FY2023.

Issues identified in FY2022 and initiatives implemented in FY2023	
(1) Business strategy and human capital strategy	We selected key topics for discussion at meetings of the Board of Directors and meetings of outside officers, etc. during the period of the Medium-term Management Plan (FY2023–2025). Of the selected topics, we discussed the following in FY2023. • Individual business strategies (lubricants, power, coals, lithium, etc.) • Review of refineries and complexes and their transformation into CNX Centers • SAF, blue ammonia, and e-methanol • Measures to improve PBR • Measures regarding individual investors • Human capital strategy In the discussion of each business strategy, we focused on the evaluation of the 16 new projects that help achieve carbon neutrality and decided to work preferentially on four key areas: blue ammonia, e-methanol, SAF, and lithium solid electrolytes. However, we also discussed a wide range of topics including measures to improve PBR, measures regarding individual investors, and human capital strategy.
(2) Shareholder and investor relations	The Board of Directors has been striving to more transparently disclose information on a timely basis, in synch with the disclosure of quarterly financial results, in light of the concerns of and requests from the market. As a result, we were selected by securities analysts as the No. 1 company in the energy sector in terms of excellence (from among 22 companies) in the 2023 Awards for Excellence in Corporate Disclosure. We have also continued to enhance our communication with shareholders and investors through activities such as the holding of briefings by the President and the ESG Top Seminar which outside officers participate in.

As a result of the effectiveness assessment in FY2023, we have determined that the overall effectiveness of the Board of Directors has been secured. Through the questionnaire and individual interviews, we have identified issues and initiatives to improve its effectiveness.

We will continue to increase our efforts to improve the quality of the decisions made by the Board of Directors in the future and enable the Board of Directors to contribute to the continued enhancement of corporate value.

Issues identified in FY2023 and future initiatives	
• Diverse resource-saving and resource-recycling solutions, Smart Yorozuya, DX strategy, enterprise risk management (ERM), procurement strategy, etc. are issues to be discussed more deeply in the future • Responding quickly to environmental change regarding CNX-related issues • How to leverage the knowledge of outside officers who are from diverse backgrounds in discussions • Clarifying the strategic positions of submitted proposals • Approach to the process of selecting a CEO and other top members of management and policy regarding the development of these human resources • Strengthening the link between proposals submitted during meetings of outside officers and the Board of Directors	As a result of the discussions of the issues at left, we have set the continued enhancement of discussions related to management issues and strategies, etc. as an issue and will implement the following initiatives. ❶ We will continue to expand our discussion of business structure reforms, human capital strategy, measures to improve the PBR and other issues. In FY2024, we will also intensively discuss DX strategy, ERM, and procurement strategy as company-wide tasks supporting the foundation of our business. ❷ Regarding the matters to be discussed intensively that were selected in ❶, we will create a road map for the year and discuss the matters at meetings of the Board of Directors and meetings of outside officers in a well-planned manner.

Nomination of Director and Audit & Supervisory Board Member Candidates

Nomination of director candidates

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

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

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

Nomination of Audit & Supervisory Board Member candidates

We select Audit & Supervisory Board Member candidates who have appropriate experience and abilities as well as the necessary financial, accounting, and legal knowledge. In addition, for full-time Audit & Supervisory Board Member candidates, we select those who are familiar with Idemitsu's business and the issues we face, and who are able to carry out auditing and supervision in an accurate, fair, and efficient manner. We utilize human resource standards, skill and career matrices, and other tools to make appointments in consideration of the overall balance.

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

Independence requirements for Outside Officers

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

Skill matrix

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

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

In 2023, the Company reviewed the areas in which contribution of Directors and Audit & Supervisory Board Members (the "Officers") are expected based on the Medium-term Management Plan (FY2023-2025), selected the areas listed below, and elected Officers who have skills, such as knowledge and experience in those areas, while also paying attention to diversity.

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

Succession plan

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

List of areas of expected contribution from directors and auditors

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

Skill matrix

		Name			Terms in office (years)	Areas in which the Company particularly expects Directors and Audit & Supervisory Board Members to contribute							Reasons for having marked the areas with ● as areas of expected contribution
						Corporate philosophy /business strategy	Human resources development / DE&I	Co-creation/ international business	Manufacturing / research	Marketing / supply	Governance / legal affairs	Finance/ accounting / tax	
Director	Reelection	Shunichi Kito			11	●	●			●		●	The Company expects him to lead the establishment and implementation of growth strategies for the realization of the Vision for 2050 based on his record of leading the management integration as President of the Company and his insights from his experience as Director in charge of Accounting, Human Resources, and the Fuel Business.
	Reelection	Atsuhiko Hirano			4	●	●	●		●			The Company expects him to promote business structure reforms, including establishment of a co-creation relationship based on his experience as president of an operating company, his insight from being an officer in charge of corporate planning, and his extensive international business experience in key positions in the solar and petroleum departments.
	Reelection	Noriaki Sakai			3	●	●				●	●	The Company expects him to promote initiatives to reinforce the Company's management foundation for sustainable development, including business structure reforms and human capital investment, based on his deep knowledge and expertise gained due to his experience working in accounting, finance, and human resources departments and his insight related to governance, mainly in the areas of safety, environmental protection and quality assurance.
	Reelection	Masahiko Sawa			2	●	●	●	●				The Company expects him to be a driver of business structure reforms as a technical manager because he has promoted the drafting of medium- to long-term management strategies and the company-wide shift to CNX as the general manager of the CNX Strategy Headquarters in addition to having expertise at R&D and manufacturing and technology departments. He also plays the leading role in work style reforms and DE&I at the manufacturing and technology department.
	Reelection	Masakazu Idemitsu			5	●					●		The Company expects him to strengthen its sustainable development and management foundation in accordance with its Management Philosophy based on his deep understanding of The Origin of Management and the purpose of its existence as a member of the founding family and his long-term perspective on governance as a major shareholder.
	Reelection	Kazunari Kubohara			5						●	●	The Company expects him to strengthen its management foundations from a multifaceted governance perspective based on his expertise related to corporate law and social problems as an attorney and his familiarity with the real estate business.
	Reelection	Takeo Kikkawa	Outside	Independent	7			●	●		●		The Company expects him to strengthen its management foundations from a multifaceted governance perspective based on his expertise related to corporate law and social problems as an attorney and his familiarity with the real estate business.
	Reelection	Maki Kado	Outside	Independent	3	●	●			●			The Company expects her to provide supervision for strengthening its human capital investments and implementing business structure reforms as an Outside Director based on her management experience and broad-based insight in DE&I and retail marketing from her past key positions at global beverage companies.
	Reelection	Jun Suzuki	Outside	Independent	1	●		●	●		●		The Company expects him to provide supervision for strengthening its management foundations and implementing business structure reforms as an Outside Director based on his knowledge of corporate management and governance from his experience as president and chairperson of a global chemical company, and his knowledge of a wide range of businesses, such as chemicals and pharmaceuticals and related technologies.
	New	Shiori Nagata	Outside	Independent	—	●		●		●	●		The Company expects her to provide strategic advice and supervise the improvement of processes related to expertise, organization, and decision-making, and other matters as an Outside Director because she has a strategic perspective and specialized knowledge in corporate planning and management based on her career in a wide range of industries.
Audit & Supervisory Board Member	Reelection	Tsutomu Yoshioka			3	●				●	●		The Company expects him to audit the areas of the Company's management foundation and DX to support its strategies based mainly on his experience as the president of an operating company, as an auditor of a listed company, his experience with the execution of business in the information systems department, and as a person responsible for the sales department.
	Reelection	Hidefumi Kodama			2	●		●				●	The Company expects him to provide review from finance, accounting, and international business perspectives based on his experience drafting medium to long term management strategies, serving as a person responsible for financial management, and management of the international resources and the coal businesses.
	Reelection	Yumiko Ichige	Outside	Independent	2		●				●		The Company expects her to provide review in the areas of management foundation supporting its strategies as an Outside Audit & Supervisory Board Member based on her familiarity with governance at a listed company as an attorney and her experience actively promoting women's advancement, and her familiarity with the fields of intellectual property from her experience serving as a member of the Patent Office Council.
	New	Masahiko Tezuka	Outside	Independent	—		●				●	●	The Company expects him to provide guidance and perform audits from the management strategy, international business, governance, and other perspectives as an outside Audit & Supervisory Board Member because he has held key positions at major auditing firms and been a director and the Chairman of the Japanese Institute of Certified Public Accountants and has extensive experience in the auditing of global businesses.

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

Compensation for Executives

Basic policy on executive compensation

Our basic policies regarding compensation for our Directors and Executive Officers (at Senior Executive Officer level or above) are to increase corporate performance and corporate value over the medium-to-long term to realize the Group's management vision and to establish a compensation system and decision-making process that is transparent, rational, and fair so that we can fulfill our accountability to customers, society, the environment, shareholders, business partners, employees, and other stakeholders. Based on this policy, our executive compensation system is as follows:

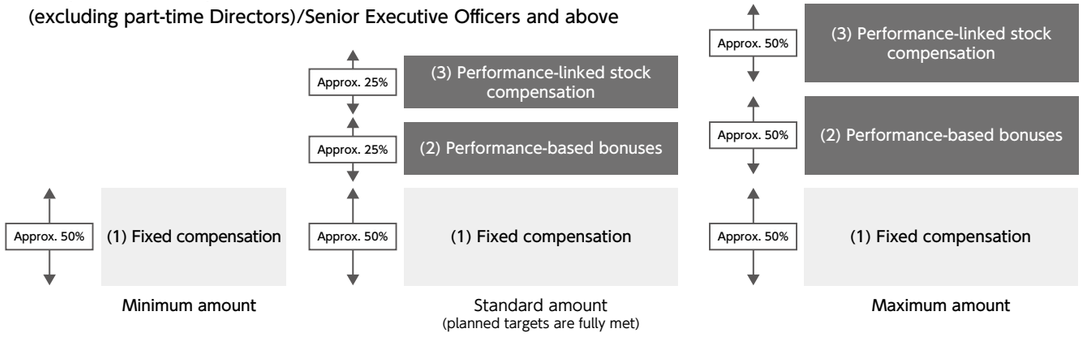
Compensation structure

Compensation system for our Directors (excluding part-time Directors and Outside Directors) and Executive Officers at Senior Executive Officer level or above consists of (1) fixed compensation, (2) performance-linked bonuses, and (3) performance-linked stock compensation, so that the link with performance in the short term and the medium-to-long term will be emphasized respectively and the management's efforts toward improvement of corporate value over the medium-to-long term will be evaluated appropriately. Compensation for part-time Directors and Outside Directors consists solely of fixed compensation from the perspective of ensuring appropriate supervisory functions for assessing the appropriateness of business execution from an objective standpoint.

Compensation standard

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

■ Composition of compensation for Internal Directors (excluding part-time Directors)/Senior Executive Officers and above



■ Compensation systems and performance-linked compensation systems

Type of compensation			KPIs		Outline
			Indicator	Evaluation weight	
Fixed	Fixed compensation		—	—	It shall be paid on a monthly basis in an amount determined according to the role and responsibilities for their duties.
Variable	Short-term	Performance-linked bonuses	Indicators concerning profitability*	40%	It is designed to fluctuate within a range of 0 - 50%. It will be granted in June every year.
			Human capital-related indicators	20%	
			Behavioral targets (Directors) / targets for responsible areas (Executive Officers at Senior Executive Officer level or above)	40%	
	Medium-to-long term	Performance-linked stock compensation	Indicators for capital efficiency (ROIC, ROE)	40%	From the perspective of sharing value with shareholders and continued improvement of corporate value, it places a particular emphasis on the link with the 2030 vision and the Medium-term Management Plan. It is designed to fluctuate within the range of 0 - 50% in accordance with the degree of achievement concerning the financial indicators related to business portfolio transition, and non-financial indicators determined in accordance with materiality to the Company. Stock points are granted to Directors, etc. in June every year from the perspective of serving as an incentive to improve corporate value with a medium- to long-term point of view. The shares are then given to the Directors after they retire.
			Fossil fuel business return rate	20%	
			CO_2 reduction (essential for the realization of carbon neutrality and a circular society)	20%	
			Engagement of employees (evaluating efforts toward maximization of employees' growth and fulfillment)	20%	

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

Process for determining compensation

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

Clawback system

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

Total amount of compensation, etc. by executive category

Total amount of compensation and other wages paid to Directors in FY2023, their breakdown by type and the number of recipients is as presented below.

Category	Number of people	Fixed compensation (Millions of yen)	Performance-linked compensation (Millions of yen)		Total Compensation (Millions of yen)
			Cash compensation	Stock compensation	
Directors (excluding Outside Directors)	7	287	176	135	599
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	62	–	–	62
Outside Directors and Outside Audit & Supervisory Board Members	7	93	–	–	93
Total	**16**	**443**	**176**	**135**	**755**

* The above table contains one Director (none of which is an Outside Director) and two Audit & Supervisory Board Member (one of which is an Outside Statutory Auditor), who resigned as of the conclusion of the 108th Ordinary General Meeting of Shareholders held on June 22, 2023.

Management Monitoring System

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

Audits by Audit & Supervisory Board Members

The four Audit & Supervisory Board Members audit the Directors and other personnel's execution of businesses through activities such as attending meetings of the Board of Directors and examining business reports, financial statements, and consolidated financial statements that are submitted to the annual general meeting of shareholders. Further, they perform audit activities on a daily basis to enhance these audits. These activities include attending important internal meetings other than meetings of the Board of Directors, including meetings of the Management Committee, meeting with officers, general managers, branch managers, managers of complexes, and presidents and auditors of subsidiaries, and conducting on-site inspections of key departments. They also meet with Representative Directors every quarter, in principle, to discuss issues and exchange opinions.

Policy on Strategic Holdings of Listed Shares

Our strategic holdings of listed shares, which have been maintained with the objective of securing and expanding medium- to long-term transactions, are currently being reduced via the annual verification of rationale for such shareholdings. This verification involves both quantitative and qualitative assessments. The former focuses on examining the benefits and risks arising from each shareholding and confirming its propriety vis-a-vis capital cost. The latter focuses on examining such factors as improvement in the stability of the investee business. Results of this verification are discussed by the Board of Directors to decide on whether or not to divest certain shareholdings. We also engage in sufficient dialog with business partners whose shares are earmarked for divestment from its shareholding portfolio. Upon securing their understanding, we execute divestment while giving due consideration to its impact on share prices. As of the end of FY2023, the number of strategic holdings of listed 11 stocks.

Criteria for the Exercise of Voting Rights Associated with Strategic Holdings of Listed Shares

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

Dialog between Outside Directors



Outside Director
Takeo Kikkawa

Outside Director
Jun Suzuki

～Progress in governance～
Improving the Effectiveness of the Board of Directors to Contribute to Business Structure Reforms

We interviewed Outside Directors Kikkawa and Suzuki about the challenges the Company's business structure reforms are facing and the roles and functions of the Board of Directors.

The Path toward Carbon Neutrality Narrowed over the Last Year

—— Please give us your honest thoughts about the Company's initiatives in FY2023.

Kikkawa In FY2023, we screened 16 new projects aimed at achieving carbon neutrality and selected four priority projects. We significantly narrowed our focus to achieve carbon neutrality.

Suzuki I assumed the office of Outside Director in June of last year and participated in the process of selecting projects. During discussions at the Board of Directors, the Outside Directors each drew on their own expertise to present concerns about each project from different perspectives, and I was impressed by that.

Four Priority Projects Reflect Idemitsu Kosan's Characteristics: The Biggest Challenge Is How to Invest

—— What are your thoughts on the energy sector's challenges and the roles that the Board of Directors should play?

Kikkawa The four key areas have very characteristic features of Idemitsu Kosan. Many companies work on ammonia, but the Company stands out by focusing on blue ammonia using CCS*1 technology. The Company employs a unique approach to first produce e-methanol and then gasoline, sustainable aviation fuel (SAF), and diesel for different markets. We are exploring options beyond HEFA*2 and ATJ*3 and focusing on MTJ*4 to produce SAF. We are working on developing lithium solid electrolytes, which is our own unique initiative.

Our main challenge now is how to invest in the four key areas. If we misjudge the timing, we will have to retreat. We believe that we can be the first penguin.

Suzuki Timing is the most difficult part of investing. In my experience in management, when making investment decisions, I first assessed whether the investment was in line with our strategy. We then conducted risk mitigation by identifying all risks and preparing measures and finally examined the economic rationale. Business plans are built on assumptions, and it is important to assess your ability to adapt immediately if those assumptions change. I aim to consider this in evaluating investment opportunities.

*1 CCS : Carbon dioxide Capture and Storage
*2 HEFA : Hydrogenated easters and fatty acids
*3 ATJ : Alcohol to Jet
*4 MTJ : Methanol to Jet

Can an Integrated Research Center Lead to Innovations?

—— What are your thoughts on the challenges in the materials area?

Suzuki Of course, it is important for a business to contribute to society. Ensuring a strong profit is also crucial. Over the past year, I have spoken with individuals of the Advanced Materials Company and stressed the significance of finding a winning strategy for their business.

In these discussions, I was surprised by the idea of investing approximately 50.0 billion yen in the "Innovation Center" (tentative name), an integrated research center. However, I examined the investment plan and determined that the investment is reasonable, considering the investment required for maintenance and renewal. Idemitsu Kosan has a range of excellent technologies. The integrated research center can achieve success, I thought, if these technologies are connected and if the cross-functional development structure and external collaboration are enhanced. Our challenge will be to open up the integrated research center to other areas and outside the Company and use it to drive innovation.

Kikkawa In the field of management studies, it is common knowledge that the era of centralized research laboratories is over. In that sense, the integrated research center can be seen as a challenge to conventional business wisdom around the world. We are currently stepping up cooperation with the companies in the complexes to achieve carbon neutrality, and the integrated research center will serve as an open research and development base for this purpose. I hope that Idemitsu Kosan will lead the companies in the complexes.





Clarifying Our Position within the Overall Strategy: Investments in Human Capital

—— What do you think is necessary to further improve the effectiveness of the Board of Directors?

Kikkawa The composition of Outside Directors is important to ensure the effectiveness of the Board of Directors. Business structure reforms at energy companies require knowledge about materials and management practices. The Company has appointed skilled individuals for this purpose and completed the skill matrix of Outside Directors. I believe that this has improved the effectiveness of the Board of Directors.

Suzuki I believe that we can have better discussions if it is clear where each agenda item at Board meetings and individual projects are positioned within the overall strategy. The current Medium-term Management Plan will end in 2025, and discussions about the next Medium-term Management Plan will begin. We must always keep in mind the long-term overall strategy and discuss matters such as company operations, business policies, project selection, and how and when to invest.

Kikkawa Idemitsu Kosan's Management Philosophy is "Truly inspired." The Company emphasizes developing its employees through its business. To put this philosophy into practice more clearly, we need to discuss investments in human capital and human capital strategy.

Suzuki As you mentioned, succeeding in Idemitsu Kosan's current energy transition challenge requires increasing employee motivation. Idemitsu Kosan prioritizes its human capital in its management approach to human capital. This focus on human capital is deeply ingrained in its corporate culture. I believe it will be meaningful to have in-depth discussions once more about improving human capital management at meetings of the Board of Directors.

Kikkawa How to invest in the energy transition is currently a major theme for management, and much of the discussion at meetings of the Board of Directors is centered around decisions relating to investment in the transition. Outside Directors need to deepen the discussion from every perspective, drawing on their respective expertise.

Suzuki We aim to fully support the direction that emerges after a comprehensive discussion from every angle. We aim to increase the effectiveness of the Board of Directors, applying both the brakes and the accelerator.

ESG Initiatives

Governance

Evolving of Risk Management for Supporting Each Business Activity

As the operating environment rapidly evolves, for instance with changes in the global landscape, economy, and society, as well as responses to climate change, we are working to transform our business structure to achieve carbon neutrality and a circular society.

We have built a robust risk management system through the autonomous activities of our business departments and have maintained a high level of business continuity management (BCM) in preparation for major disasters. However, new changes in the environment are expanding the scope of risks and making them more complex, necessitating the evolution of risk management in order to respond appropriately.



Managing Executive Officer

Kenichi Morishita

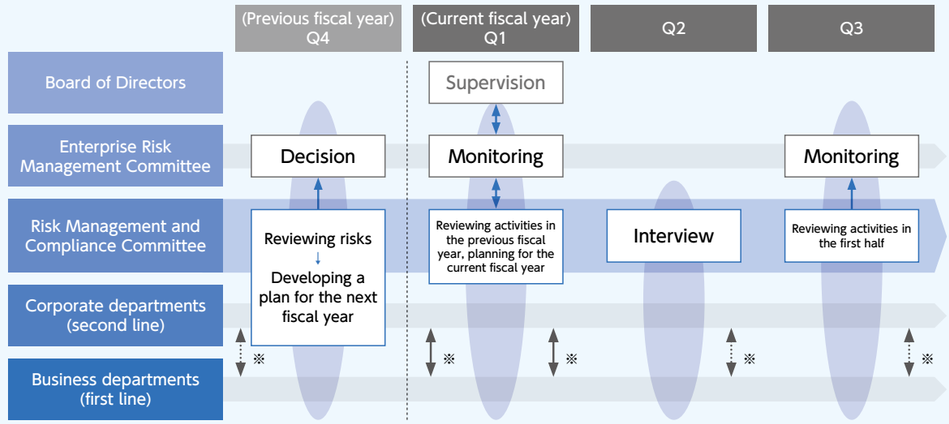
Evolution of Risk Management

Our risk management needs to shift its emphasis from correcting actual risks to preventing potential risks, while strengthening its response to expanded and complex risks. We believe it is necessary to enhance company-wide, integrated risk management as a mechanism for improving the anticipation of potential risks. We view risk management as an important platform that supports each of our businesses, and we are currently reviewing the risk management for the entire Company.

Direction of Enterprise Risk Management

The Company has set two directions for its enterprise risk management (ERM). The first is identifying and prioritizing risk areas and improving integrated management. We will reassess the areas of risk that we should watch out for, taking into account changes in the environment and the transformation of the business structure. We will then identify risks that we will focus on and advance integrated risk management. The second direction is enhancing risk communication. The three lines, business departments, corporate departments, and the internal audit department, will cooperate with each other more closely. Corporate departments will strengthen collaboration with each other. The general affairs, legal affairs, and public relations departments, among others, will work to enhance their ability to predict and respond to the materialization of risks more promptly to improve the effectiveness of their support for the business departments.

■ Diagram of enterprise risk management



* Collaboration to address each risk

Internal Control

Internal Control Promotion System

The Company's Board of Directors has adopted a resolution on the basic policy of the internal control system as a system to ensure the appropriateness of business operations. The Board of Directors confirms that the internal control system is properly established and operated and reviews it annually to ensure its effectiveness.

Based on this resolution, the Company has established a system to ensure that Directors and employees execute their duties in compliance with laws and regulations and that risk management functions effectively.

* Refer to "IV.1. Basic Approach to and Status of Development of Internal Control System" in the Corporate Governance Report for details on the FY2024 basic policy on the internal control system.

Governance > Corporate Governance > Policy

Risk management activities

Based on the "Basic Guidelines for Risk Management," we implement risk management activities using a three-line structure. The Risk Management and Compliance Committee selects significant risks and adopts appropriate measures for addressing them. The chairman reports to the Enterprise Risk Management Committee.

Compliance activities

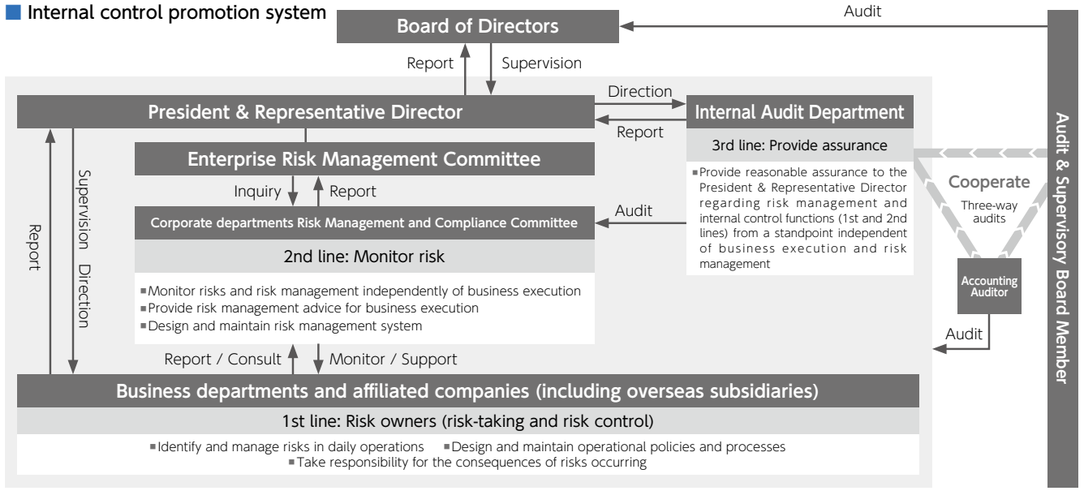
We have established the Risk Management and Compliance Committee in accordance with the Compliance Rules. The committee monitors responses to cases of compliance concerns, especially those reported to the hotline, and promotes compliance activities within the Group.

Risk Management and Compliance Committee

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

Business departments/ affiliated companies (1st line)	Ensure effective "self-management" and promote everyday improvements
Corporate departments (2nd line)	Ensure their own effective "self-management" and monitor the status of "self-management" by the 1st line in specialized areas for corporate functions and support maintenance and improvement of the effectiveness of the self-management
Internal Audit Department (3rd line)	Evaluate the status of "self-management" by the 1st and 2nd lines from an independent and objective standpoint

■ Internal control promotion system



Main initiatives to support internal control in FY2023

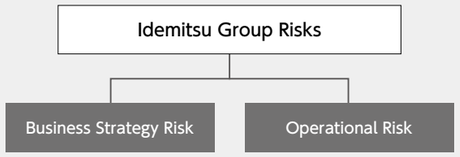
- Implemented initiatives to raise awareness of whistleblower systems both within and outside the Group
- Worked to ensure that risk cases were reported properly in accordance with the Crisis Response Rules and issued alerts for materialized risks
- Conducted a wide range of audits across the Group on the themes of "quality assurance" and "compliance with antitrust law," which can significantly impact management
- Conducted training to ensure that the operation of the database system for affiliated companies is well established and that the rules and regulations governing the management of affiliated companies are well understood
- Rolled out in earnest the web-based self-inspection system, a tool for upgrading the PDCA cycle of self-management through self-inspection

Risk Management

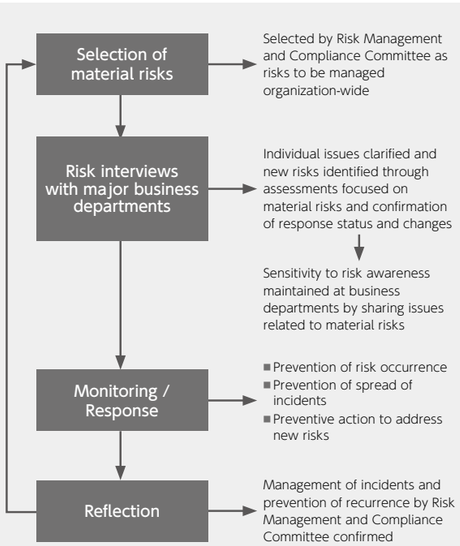
Approach to Risk Management

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

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



Among operational risks, risks managed across the Group due to their comprehensiveness are positioned as “material risks” and are used to monitor risk management in our Group. In addition, we check responses to material risks through risk interviews with major business departments.



Risk Management Activities

Risk assessment and preventive activities during normal times

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

Crisis preparations

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

Self-management and self-inspections

- Each business department conducts regular self-inspections within their department to maintain a system (self-management) for establishing optimal risk management for itself, ensuring effectiveness, and making improvements on a daily basis.
- With the web-based self-inspection system, they check not only the items common to the entire Group but also department-specific rules, commitments, business processes, tasks, and procedures to visualize management.

Initiatives aimed at enterprise risk management

To implement business structure reforms in a rapidly changing business environment, we need to enhance our risk management by transforming it into a company-wide and integrated activity and strengthening risk prevention.

To this end, we will review the current method of categorizing risks as Operational Risk and Business Strategy Risk. Instead, we will adopt a new integrated approach to viewing and managing risks that require our attention. Additionally, we will identify significant risks among these risks from a management perspective and enhance the monitoring function of the Risk Management and Compliance Committee.

Since risks are constantly changing, we will also create a mechanism to effectively respond to foreseen challenges by establishing task teams among related departments in a flexible manner as necessary.

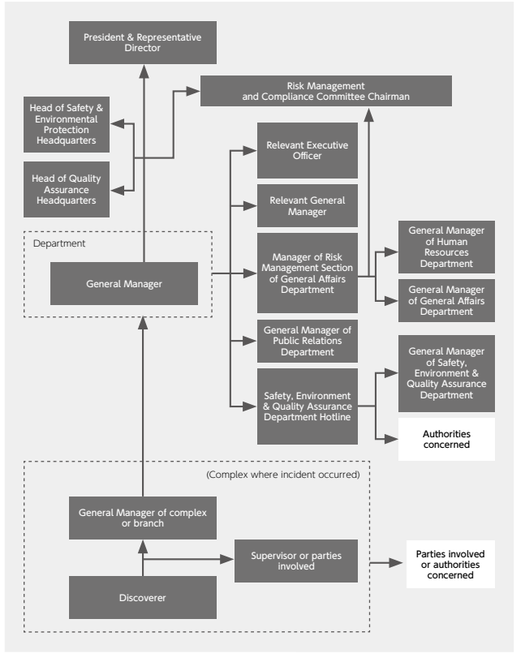
We aim to fully implement these initiatives starting in FY2025 and improve them before the next Medium-term Management Plan is implemented.

Further Enhancement of Crisis Readiness Capabilities

Crisis response

The Crisis Response Rules of the Group set out policies for managing crises, how to determine crisis levels, communication systems, and the establishment of task forces. In the event of a crisis, we will implement prompt and adequate initial measures and respond in an organized manner with a clear chain of command to minimize social impact and damage.

■ Reporting lines



■ Crisis levels

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



Comprehensive disaster drill (September 2024)

Response to Economic Security

The Group monitors international trends daily. We make the necessary preparations for a crisis and respond as required from an economic security perspective, considering the impact. As part of these efforts, all relevant departments develop countermeasures. They conduct drills for various events and incidents that might occur overseas and raise awareness of safety, asset protection, and information and communications security among the relevant personnel. In addition, under the Economic Security Promotion Act, as an energy supplier we investigate and address risks within the Company and the supply chain. We also work daily on risk management to ensure the business continuity of the Group, while staying informed about regulations and policy trends in the United States and other relevant countries.

Information and Security Management

Approach to information and security management

In line with the Basic Policy on Information Security, the Idemitsu Group is endeavoring to ensure the confidentiality of its information assets and the accessibility and security of its information systems and networks.

We have established Customer Information Management Requirements to appropriately collect and use customer information, keeping it up to date while safeguarding it. The requirements also include the proper disposal of such information. Moreover, we work to ensure thorough information management by IT system users by providing e-learning related to information security to all IT system users.

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

● **Number of serious information security violations in FY2023: 0**

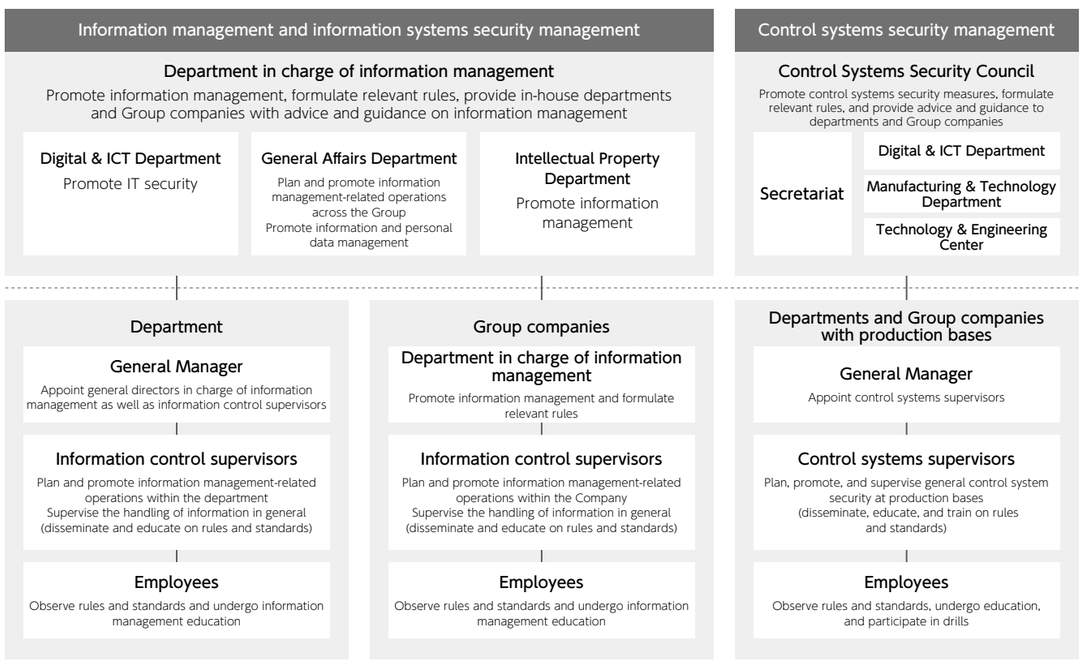
Information and security management promotion system

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

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

* Refer to page 76 for details on crisis response.

■ **Information and security management promotion system**



Supplier survey about information security

If information security incidents occur at suppliers, it could have an impact on the Company. We thus conducted surveys of our suppliers to understand their information security levels. In FY2022 and FY2023, we surveyed the suppliers of control systems. In FY2023, we conducted a survey of the suppliers for the Digital & ICT Department. We plan to expand the scope of these surveys going forward.

Compliance

Approach to Compliance

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

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

Governance > Compliance > Policy

Response to Compliance Violation Concerns

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

● **Major compliance violations in FY2023: 0**
● **Number of cases of corruption and bribery in FY2023: 0**

During the fiscal year under review, there were no major compliance violations or violations of laws and regulations due to corruption or bribery, and no fines or penalties were paid.

Establishment of hotlines

All the compliance-related reports received by the hotlines from employees in Japan and abroad are relayed to the Risk Management and Compliance Committee. The committee secretariat will strictly maintain the confidentiality of those who make reports and ensure that they suffer no disadvantage. The secretariat will appoint a person in charge who will be able to carry out investigations and corrective measures in an impartial manner (and who complies with laws and regulations).

The committee secretariat will determine the results of investigations and corrective measures, as well as the appropriateness of measures to prevent recurrence. They will provide feedback on the investigation results to the persons who made reports.

■ **Results of reports to the hotlines in FY2023**

Domestic/ overseas Internal/ external	Name of contact	Reception	Eligible individuals	Scope of consultation	Consultation method	Number of reports in FY2023
Domestic/ internal	Compliance Consultation Center	General Affairs Department	Officers and employees (including part-time, contract, seconded, and temporary employees) of the Company and affiliated companies as well as those who resigned less than a year ago	Fraud, misconduct, and other compliance issues	In principle, real names are to be used Email or letter	18
	Harassment Consultation Center	Human Resources Department		Sexual harassment, power harassment, and other forms of harassment		37
Domestic/ external	Workplace Helpline operated by third party	Third party (certified industrial counselor)		Compliance issues, and harassment	Can be anonymous Email or phone	19
Overseas/ internal	Idemitsu Global Hotline (IGHL)	General Affairs Department	Employees (including local staff and employees seconded from our company) of the Group's overseas business sites	Misconduct and harassment as well as violations related to occupational safety, facility safety, the environment and quality assurance	Email	8
Total						82

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

Human Rights

Basic Policy

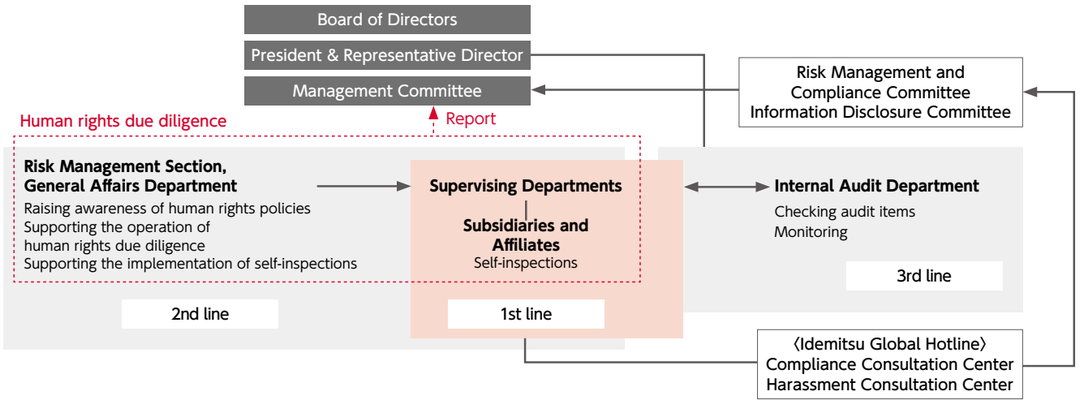
The Idemitsu Group has been practicing people-centered management consistently since our founding, with respect for human beings as the origin of our management. We believe that respect for human rights forms the essential core of management and should be the top priority in all decisions and actions. Based on this belief, in 2019 we established the Idemitsu Group Human Rights Policy to be our guidelines following the approval of the Board of Directors.

In the Idemitsu Group Human Rights Policy, we have set forth nine human rights issues that we consider important. While adhering to laws and regulations related to equal pay for equal work, we are also promoting awareness-raising activities internally. Information about these human rights initiatives is disclosed on the website and other media as necessary.

Promotion System

The Risk Management Section of the General Affairs Department promotes the Company's human rights initiatives in cooperation with related divisions and domestic and overseas Group companies. Important initiatives, results of activities, and issues related to human rights are reported and proposed to the Management Committee and the Board of Directors as appropriate.

■ Human rights promotion system



Conducting Human Rights Due Diligence

At the Idemitsu Group, we conduct human rights due diligence in accordance with the Idemitsu Group Human Rights Policy. During FY2021 and FY2022, we conducted a questionnaire survey of 176 Group companies to investigate how they handle human rights risks. We selected the subjects from all 258 of the Group's domestic and overseas companies while excluding companies we were planning to liquidate and others. As a result, we determined that two improvements were necessary. We needed to inform employees thoroughly of the Idemitsu Group Human Rights Policy and strengthen supply chain management.

Therefore, in FY2023, we provided Group employees with an e-learning program on the Idemitsu Group Human Rights Policy, and approx. 14,000 persons took this course. In addition, we included training related to human rights in our other training programs, including the training programs for newly appointed managers and employees on overseas assignments. We have also evaluated our initiatives related to supply chain management using an external consulting firm and considered our future direction.

We plan to conduct the next questionnaire survey on human rights risks in FY2025.

Reporting Desks Relating to Human Rights

We established reporting and consultation desks for executives and employees to respond to violations of the Code of Conduct, overt or potential, including matters related to human rights. Furthermore, we have established a channel through which stakeholders can report concerns regarding our business activities.

Initiatives Related to the Supply Chain

Sustainable Procurement

Approach to sustainable procurement

We engage in fair and equitable procurement activities to ensure that our management enables us to address all stakeholders sincerely.

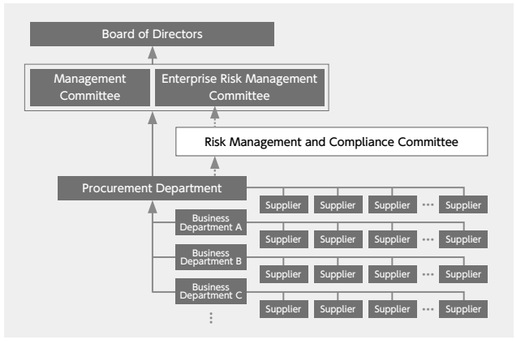
We have established the Basic Procurement Policy, General Rules Concerning Procurement Activities, and Sustainable Procurement Guidelines, aiming to help establish a sustainable society throughout the supply chain.

Specifically, in purchasing materials, construction work, and services, we select suppliers in accordance with our supplier selection criteria and implement initiatives such as efforts to enable suppliers to understand our policy on procurement activities.

Promotion system

We cooperate closely with suppliers to promote sustainable procurement. The Procurement Department plays the leading role in this in accordance with our Sustainable Procurement Guidelines.

Risks which have become apparent are reported to the Risk Management and Compliance Committee and the Board of Directors, and initiatives are implemented under appropriate supervision.



Dialog with suppliers

We believe that a true dialog with suppliers based on relationships of trust is important in building a sound supply chain through sustainable procurement activities.

We take the steps shown in the figure below (the cycle of dialogue with suppliers) when engaging in dialogue with suppliers.

Having each supplier conduct a self-evaluation based on the Sustainable Procurement Self-evaluation Sheet in the first half (Steps 1 and 2) of the process leads to rapid detection of and response to risks that emerge.

We then engage in direct dialog with suppliers when necessary, while also keeping the identification of potential risks in mind (Steps 3 and 4).

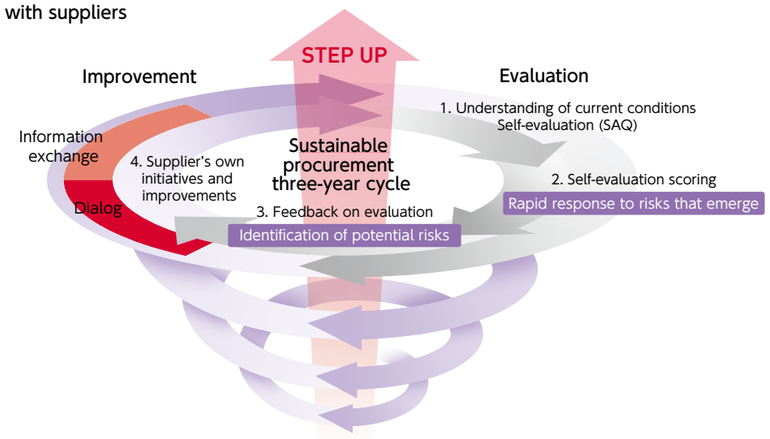
During such dialogs, we ask about the root causes of the problems identified from the perspective of sustainable procurement, and engage in mutual discussion that goes beyond the positions of the orderer and the recipient of an order, and confirm the actions for improvement that will be implemented by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

In FY2023, we expanded the scope to the 11 main purchasing departments* and had 361 suppliers perform a Sustainable Procurement Self-evaluation. We have also engaged in dialogue with a total of 134 companies. We will continue to engage in dialogue in FY2024. Moving toward FY2025, we plan to expand the activities to suppliers of the whole Group.

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

	Up to FY2021	FY2022	FY2023	Up to 2025 Implementation plan
Total number of suppliers that were requested to conduct self-evaluations (Number in each fiscal year)	157 companies (157 companies)	270 companies (113 companies)	361 companies (91 companies)	**400 companies (39 companies)**
Total number of suppliers with which we engaged in dialogue for feedback	128 companies	128 companies	134 companies	**170 companies**

■ The cycle of dialog with suppliers



Implementation of the Human Capital Strategy

Approach to the Human Capital Strategy

Considering our human capital strategy, the fundamental value is that our diverse human resources demonstrate their individuality and grow through their work. To achieve our Vision for 2050, "A strong and flexible team that can shape the future, no matter what the future has in store," we are implementing various measures that are linked to each of the three perspectives: embodying the Management Philosophy / Vision, expanding DE&I, and bringing out the full potential of each individual.

The path to advancing our business structure reforms that we are pursuing has many variables, and optimal solutions are hard to find. Even in such a situation, it is extremely important to develop as many those human resources who take on challenges without fearing failure and who embody the Management Philosophy, "Truly inspired." as possible. We would like to remain a group where a team of diverse human resources works as one to achieve something.



Embodying Management Philosophy / Vision

Initiatives to Instill the Management Philosophy

Our Management Philosophy, "Truly inspired," plays an important role as a compass to go on the long journey of our business structure reforms. To deepen each employee's understanding and practice of the Management Philosophy, we are creating opportunities for workplace communication themed on the Management Philosophy and promoting dialogue with board members through townhall meetings and other events. As a result, more employees are aware of and resonating with the Management Philosophy than before. However, the Idemitsu Engagement Index has revealed that there is an issue in the area of embodying the Management Philosophy. To address this issue, we are considering a new evaluation system that more clearly shows the capabilities required of employees and is linked to the Management Philosophy. We aim to introduce this system from 2025. We will redefine the evaluation items using expressions that employees are likely to share naturally and use in conversations occasionally, further instilling the Management Philosophy and encouraging them to embody it.

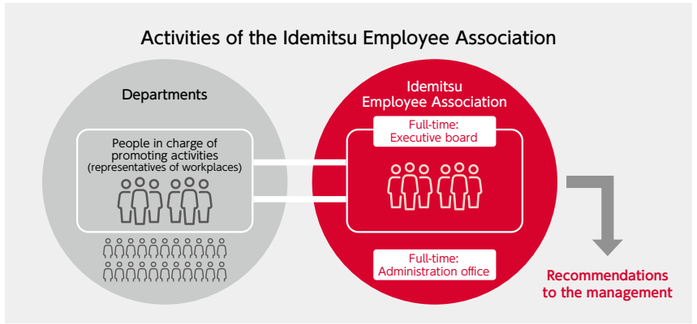
Establishment of the Idemitsu Employee Association

In April 2024, we established the Idemitsu Employee Association with the key message, "Let's create the future of the company ourselves." The goal of the Idemitsu Employee Association is to create opportunities for all employees to voluntarily participate in discussions for the creation of a better company and a better organizational culture, to increase employees' awareness of their participation in management through activities beyond existing relationships based on their department, age, or job grades, and lead activities that enable the self-directed personal development of each employee.

At Idemitsu Kosan, each of our employees plays a leading role. They act and interact with free-thinking people, take measures regarding both the development of an open, flat and agile (OFA) culture and the promotion of the personal development of individuals, and implement activities to change the company for the better.

Structure and features of the Idemitsu Employee Association

- An organization that is independent from the company and where full-time administrative officers (staff in charge of the association) plan and implement its activities.
- All employees participate in its activities.
- Existing activities (including dialogue with the top management, various roundtable talks, inter-departmental interaction events, and the employee engagement survey) are consolidated by the association.
- Workplace activities are promoted by representatives of each department (the people in charge of promoting activities).



- The appointment of full-time administrative officers has made it even more possible to do the difficult task of collecting opinions and recommendations from the whole company.
- Because the Employee Association is independent from the company, it enables voluntary employee activities.
- The activities of the Employee Association also involve management, enabling recommendations by reflecting their opinions.

Expanding DE&I

Status of Each Measure (DE&I Committee)

The Idemitsu Group is advancing DE&I initiatives, aiming to create new value through the interactions and synergies among people with different backgrounds, with different knowledge and experience, and to transform into an organization that continuously generates innovation without being bound by existing values.

We have set the ratio of new hires that are women, the ratio of managers that are women, and the ratio of eligible male employees that take childcare leave as KPIs linked to executive compensation since FY2023.

In 2022, we began a trial of our unique program to recommend that employees take childcare leave. In 2023, we institutionalized the same-sex partnership system in consideration for sexual minorities.

The DE&I Committee, which is an advisory body to the president, made recommendations including the transition from D&I to DE&I in April 2023. It discussed actions to be taken based on the opinions of employees and puts these actions into practice.

Specifically, to address factors that prevent employees from feeling their situation is equitable (such as HR systems, supervisors' attentive listening skills, and too much work-centered customs), the Committee has considered a new management position introduced training programs to improve internal mentoring and attentive listening and feedback skills, and engages in activities including awareness-raising activities for ensuring employees have an understanding of equity and reviewing workplace customs. It is also conducting a trial of people working remotely from distant locations to reduce the number of people who are transferred away from their family, providing minority experience, and implementing other initiatives.

Society > Expanding DE&I
* Our DE&I Policy and details of DE&I initiatives

Promoting the Active Participation of Women

Basic policy and vision of active participation of women

We position the promotion of women's participation and advancement in the workplace as a priority measure in the promotion of DE&I. We aim to be a company where all employees can work energetically regardless of gender and co-create new value with diverse stakeholders.

Numerical targets	FY2023 results	FY2025 targets
Ratio of female recruiting※	47%	≥50%
Ratio of female employees in managerial positions	4%	≥5%

※ New graduates + people hired mid-career (Both with bachelor's degrees or higher)

Nadeshiko Stock Brand

Certified as a company that is excellent in the promotion of women's participation and advancement in the workplace, we were selected as a Nadeshiko Brand for the second consecutive year in FY2023. Nadeshiko Brands are selected jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

Eruboshi certification

In FY2024,we received Eruboshi certification (second level) for the first time. By granting certifications through this system, the Minister of Health, Labour and Welfare recognizes companies with outstanding initiatives in the promotion of women's participation and advancement in the workplace. We achieved this by meeting the certification criteria including the ratio of managers that are women and the ratio of new hires that are women.

Cross-mentoring program involving four companies: Idemitsu Kosan, Tokio Marine & Nichido Fire Insurance, Teijin, and Ricoh

The cross-mentoring program is a mutual mentoring program in which mentors (supporters or advisors) and mentees (the people receiving support or advice) belong to two different companies. Mentoring is implemented with executive officers being mentors and managers who are women being mentees. The goal is to accelerate the elimination of the gender gap by enabling managers who are women to develop their careers autonomously and by enabling diverse human resources to learn from each other and help each other develop beyond the boundaries between companies.

Last fiscal year, this program was implemented by two companies, Idemitsu Kosan Co., Ltd., and Tokio Marine & Nichido Fire Insurance Co., Ltd., This fiscal year, it is being implemented by four companies as Teijin Limited and Ricoh Co., Ltd., have joined the program. A total of 56 people are participating in the program, seven mentors and seven mentees from each company, forming 28 pairs that participate in group training and mentoring.

Promoting the Active Participation of People with Disabilities

At Idemitsu Kosan, each department at the Head Office and each base across Japan hires individuals with disabilities. At the same time, the Head Office, the Chiba Complex, the Advanced Technology Research Laboratories, and the Tokuyama Complex also employ people with disabilities via the team work-style initiative.

This means that people with disabilities work in team work-style to enhance the productivity of the entire company by undertaking tasks from various internal departments.

In July 2024, we newly established the Disabled Employment Promotion Group in the Human Resources Department. We are continuing to promote the active performing of people with disabilities.

DE&I Month

In FY2023, we introduced DE&I Month, a time for us to intensively hold DE&I-related events to enable company-wide understanding of DE&I. This fiscal year, we set the theme for the month as "Personal Development and DE&I (subtitle: What is the true equity that maximizes the power of an organization?). We held events including a lecture by a distinguished person, an interview with a female vice president of our local subsidiary in the United States, and an open talk in which officers participated. As a result, we were able to encourage the more than 2,000 employees who participated in the events to learn about DE&I and increase their awareness from perspectives that are different from ones they have in their daily workplace operations.



[DE&I Month]
The Talk Involving Executives to Learn about Equity Together with Top Management Taking the Podium was held.

Bringing Out the Full Potential of Each Individual

Evolution of HR Systems

We position HR systems as the infrastructure for implementing our human capital strategy. In April last year, we began to consider the transformation of our systems through the setting of the following three goals.

(1) Value and encourage employees to take on challenges without fear of failure

(2) Make DE&I feel more real, especially equity

(3) Enable employees to draw up their lives and career plans on their own by providing them with options

Based on the above goals, we considered the specific measures listed on the right in FY2023.

Regarding the future measures we plan to design them in detail, aiming to start implementing them, and actively engaging employees in 2025.

A. Redefine the competencies that employees are required to have so that they embody the Management Philosophy and reflect the requirements in the evaluation system (to be introduced in 2025 or later): Goals 1 & 2
B. Clarify a new image of managers to promote the active participation of highly professional employees and enhance the options available to employees in their lives and careers (to be introduced in 2025 or later): Goals 2 & 3
C. Respect employees' lives and careers in their transfer and assignment and enhance benefit programs to reduce the cost of changing residences (introduced in 2024): Goals 2 & 3
D. Establish a Career Design Department that supports employees' career development (established in 2024): Goals 2 & 3

Self-Directed Career Development

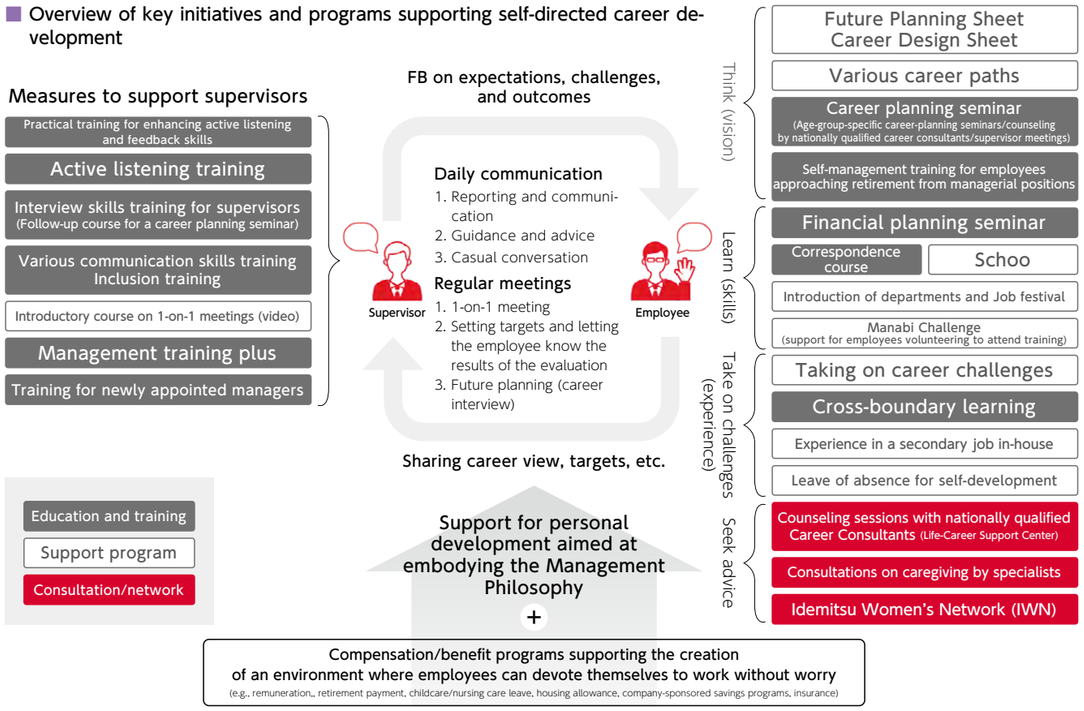
Basic Policy on Career Design and Vision

Self-directed career development(i.e.,career design)

The active participation of each individual leveraging their abilities and individuality forms the foundation of "Bring out the full potential of each individual," which is one of the three pillars of our human capital strategy. This is based on our self-directed career development (i.e., career design) policy. We will enable each individual to think about the career they wish to pursue, and the company will provide as much support as possible to support them fulfill their desires. In addition, we believe that professional development is a part of a person's life, and that helping people lead fulfilling lives, including their work, will enable every employee to feel a sense of fulfillment and personal growth. Our definition of career design is designing one's life by clarifying a vision of the future, including anticipated life events. We believe that one can expand the options and possibilities of their future career by thinking in advance about their vision for professional development and life events.



■ Overview of key initiatives and programs supporting self-directed career development



Structure and roles of the Career Design Department

We have established the Career Design Department as a department specialized in supporting self-directed career development. The Career Design Department consists of two organizations. One is the Career Design Section, which plans and enhances various career training programs and programs for developing employees' skills and enabling them to gain experience, including age-group-specific career planning seminars, aimed at raising awareness of self-directed career development and provide opportunities to reflect on their careers and take action. The other is the Life-Career Support Center, which facilitates career development and self-reflection through career counseling and offers events to foster career awareness including the Life-Career Forum. Together, these organizations promote proactive "career design" among employees.

Overview of self-directed career development

We implement measures to support employees in designing their careers, enabling them to consider their vision and acquire the experience and skills needed to achieve it. For employees who are feeling unsure or facing challenges in their careers, the Life-Career Support Center provides support through counseling such as one-on-one meetings. Furthermore, we support supervisors who are the primary supporter in career development to support their subordinates, including the provision of training to improve skills for interacting with subordinates in meetings. We are working to strengthen and expand measures that support employees in their career development.

Career Design Sheet

This fiscal year, we will introduce the Career Design Sheet, which helps employees in designing their careers by clarifying their vision, including future life events, and visualizing their life plans. This includes identifying the skills and experiences they will need to achieve their vision and making the financial plans necessary to ensure they have sufficient resources for anticipated life events, etc. We will provide this sheet to employees as a supplement to the existing Future Planning Sheet. The Career Design Sheet is not a one-time creation; we recommend that employees revise it regularly to ensure that it reflects changes in their age, stage of active participation in the workplace, and personal life circumstances, and to keep it updated accordingly.

Various career paths

In FY2024, we released and provided employees a tool that showcases the diverse career paths of senior colleagues, offering insights into how they envision their own futures. This tool visualizes how employees who have excelled in various departments and fields developed their capabilities through the acquisition of experience and skills. We encourage employees to use this tool as they consider their own self-directed career development.

Job festival

In July 2024, we held The Job festival to support employees in self-directed career formation. The Job festival was held in the event zone on the 32nd floor of the Head Office. Booths at the venue were operated by 46 departments and affiliate companies, which is greater participation than in the previous year. We also set up special booths related to measures we are implementing, such as the cross-boundary learning and in-house side job programs. We held this event in a hybrid format that combined face-to-face communication with Internet content delivery. Employees who visited the booths were able to increase their understanding of various operations and roles that spread across companies. The event was also an opportunity for internal and inter-departmental interactions. Around 1,100 employees participated in the two-day event, including those who participated online.



Cross-boundary learning

We began to implement a cross-boundary learning program in FY2024 as a means to enhance employees' experience. This program provides opportunities to meet new people in different environments outside their organization and company, allowing them to build external networks. Through this, employees can broaden their perspectives, elevate their viewpoints, and cultivate a mindset for innovation and challenges.

Education and training results

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

■ Investment in trainings

Unit: thousand yen

	FY2021	FY2022	FY2023
Total investment	235,400	247,810	299,138
Per person	43	43	52

Once-a-week Secondment Program

We launched the once-a-week secondment and once-a-week teacher programs in FY2023 to utilize employees' experience and skills to mainly help to solve the issues faced by local communities and improve operations. Working with diverse individuals in environments different from their usual workplaces fosters new work styles and opportunities for employees to consider their future lives and careers. In FY2024, we will continue our collaboration with Nagato Yumoto Onsen Machi Co., Ltd., in Yamaguchi Prefecture, whereby we send four once-a-week teachers to Matsudo City, Chiba Prefecture. Moreover, we began the once-a-week secondment of two employees to a new company. These activities aim to address various challenges faced by local communities.

Counseling sessions with nationally qualified career consultants

Internal career consultants with national qualifications are enhancing and promoting initiatives that support each employee facing issues such as clarifying their unique qualities and desires, as well as resolving their concerns and uncertainties. The consultants help the employees gain insights into solutions and take the first step toward achieving their goals. Furthermore, they identify common organizational issues from a large number of counseling sessions, make recommendations to top management, and take action to address these issues.

Promotion of Diverse and Flexible Working Styles

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

To manage working hours, the work management system is used to properly ascertain the work status of employees, including managers. An ongoing effort is made to maintain consiousness of working hours and improve productivity. Recommendations to improve productivity and use annual paid leave during FY2023 resulted in a 0.4-hour decrease in the average number of hours of overtime work per month and a 2.4% improvement in the time taken off compared with the previous fiscal year. We are continuing to implement initiatives aimed at improving work efficiency and productivity to enhance quality of life (QoL) in terms of improving the workplace culture and employee engagement.

	FY2021	FY2022	FY2023
Average overtime work hours per employee (Hours/month)	20.8	20.5	20.1
Average annual paid leave taken by an employee (Days)	15.3	16.9	17.5
Average usage rate of annual paid leave per employee (%)	75.3	83.0	85.4

Basic approach to a work-life balance

We position work-life balance support and development of the next generation as key measures for promoting DE&I and are working to improve policies to better accommodate life events. Fostering a workplace culture where employees can balance work and life (childcare and caregiving), work easily, and feel a sense of accomplishment will help create an environment where all employees can make full use of their abilities. We are implementing many initiatives to foster such a culture and are establishing systems to enable employees who are ill or injured to continue participating actively while going to doctor's appointments and receiving medical care.

Promoting understanding of the support for a healthy work-life balance (childcare/nursing care)

Regarding childcare, we take measures to support people on leave and people who have returned to work in accordance with the events in their lives, aiming to enable them to learn not only about the programs that are available to them but also how to eliminate anxiety and solve their problems, and to obtain guidance on how to return to work smoothly and to balance work and childcare after returning to work. We have also built an environment that facilitates the balancing of nursing care and work, by holding online seminars, delivering information via our intranet, and introducing external consultation services.

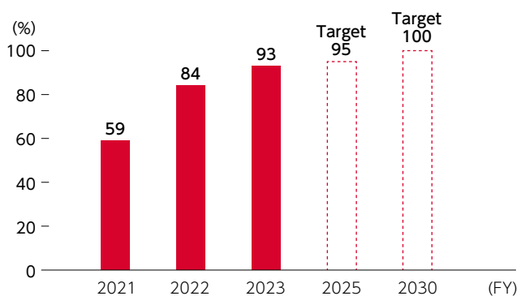
Initiatives aimed at promoting use of childcare leave

From FY2022, we set the company's own recommended (paid) childcare leave and launched a trial. This establishes an environment that enables employees to actively engage in childcare regardless of gender.

Promoting use of childcare leave for men

We regularly communicate information on our intranet and hold a roundtable on the theme of taking childcare leave. Online training for managers is also provided to aid understanding of revisions to laws and the use of childcare leave by men. In FY2023, 176, or 93%, of men took childcare leave.

■ Male childcare leave take-up rate



Aggregation target: Employment at Idemitsu Kosan (including all employees and those seconded to other companies)
* The above includes leave for childcare purposes

Health & Productivity Stock Selection

The idea of prioritizing health and safety in all areas is one of the five pillars of the Action Mindset that forms the foundation of the mindset that our employees should have and actions that they should take. Increasing the health awareness of each employee enables self-directed health management and improvement initiatives and helps enable employees to work energetically at the company. Furthermore, we believe that we can contribute to society by growing continuously.

Selected as a 2024 Health & Productivity company

In recognition of our organizational structure, the status of our implementation of systems and measures, and other initiatives, we were selected by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange as a 2024 Health & Productivity company and by METI and the Nippon Kenko Kaigi in the large enterprise category of the Certified 2024 KENKO Investment for Health (the White 500) for the third consecutive year. In particular, we were evaluated highly for our unique appointment of HR managers, the empathetic support provided by our occupational healthcare staff, the creation of workplaces where employees can work with a sense of security, the establishment and operation of health-conscious systems, health initiatives that will be described later, and other best practices.

Received an "A" ranking in the DBJ* 's Employees' Health Management Rated Loan Program

Highly acclaimed for our initiatives including the identification of health and productivity management issues, measures to control lifestyle-related diseases, and flexible and diverse workstyles, we received an "A" ranking (outstanding in initiatives for employees' health).

* Development Bank of Japan Inc.

Major Health Initiatives

Mental Health Initiatives

We monitor employees who might be vulnerable to stress, such as mid-career newcomer workers and those who have been transferred (e.g., by conducting a pulse survey, having them meet with healthcare professionals) to identify employees experiencing mental health issues as quickly as possible. In addition, we continue to meet with all employees in their first three years at the company so that they can work with peace of mind. We have also set up an internal health support website, where we are supporting employees by providing information about mental health problems, holding webinars, providing various types of training, and offering e-learning programs.

Physical health initiatives

We position health literacy improvement and the prevention of lifestyle-related diseases as priority tasks. We have established Idemitsu Health Actions, which are healthy habits that are desirable for the prevention of lifestyle-related diseases, and promote related initiatives. We are also proactively collaborating with the Society-Managed Health Insurance to promote the good health of employees (such as the provision of specific health guidance). In addition, we have selected items related to lifestyle-related diseases from among the results of regular health checkups and set our own health classification for them. We manage employee health using these classifications. For employees who are at high risk, we implement initiatives to prevent their condition from worsening, such as thorough health guidance provided by our occupational healthcare staff. We are also focusing our efforts on encouraging employees found to need secondary tests during health checkups to undergo these tests. (The percentage of employees who underwent secondary tests was 91.1% in FY2023.) As a cancer control measure, we have added cancer screenings to the standard health checkup items, enabling younger employees to be screened for cancer. Dental checkups are provided at each business location every year to maintain and improve the oral health of employees.

Addressing global health issues

As a corporate entity with many overseas bases, the Idemitsu Group understands the importance of addressing global health problems, such as infectious diseases, and the Group is taking actions accordingly. We support employees assigned overseas by providing education on health management before they are sent abroad (on infectious diseases, the prevention of lifestyle-related diseases, and self-care), following up with employees with high stress levels identified in stress checks, confirming their health status, providing health checkups for both the employees and their family members during their assignments abroad, encouraging them to get vaccinations, conducting health questionnaire surveys, and taking other initiatives.

Women's health initiatives

Regarding health problems specific to women, we organize seminars provided by external specialist physicians and provide information regularly in our efforts to increase both men and women's understanding of these problems. We have introduced reduced working hours system, which are also available to employees being treated for diseases specific to women or have symptoms of these diseases, helping them balance work and treatment.

Measures to prevent excessive work

One criterion we have set for eligibility for an industrial physician meeting is total overtime and holiday work hours in a month exceeding 55 hours calculated based on scheduled working hours (7.5 hours/day).We ask everyone who work more than 55 hours of overtime if they want to meet with an industrial physician. Everyone who works more than 70 hours of overtime meets with an industrial physician. Based on the results of these meetings, we provide guidance to the employees and the departments they are members of.

Exchange of information with external organizations

We participate in the Japan Forum of Health and Productivity Management and the Kenko-no Hi Consortium (Health Day Consortium) and exchange information about health and productivity management and health promotion activities with other companies and share best practices with them.

Safety Initiatives

Policy for Ensuring Safety

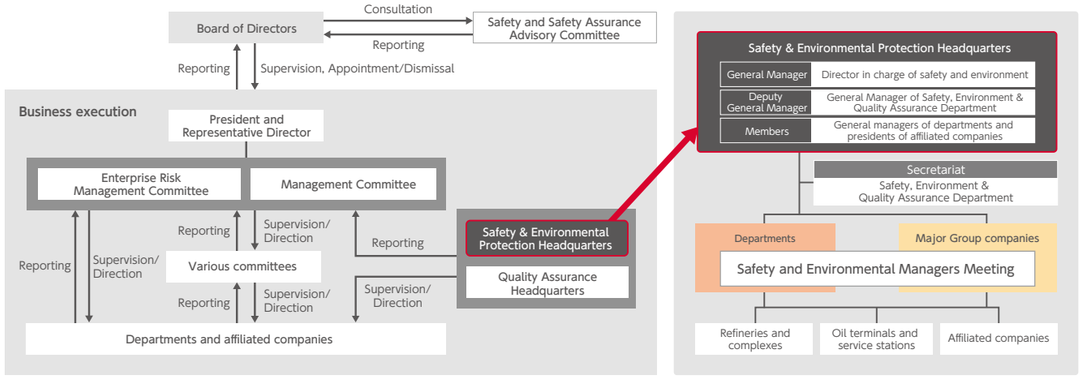
Our Group's policy for ensuring safety is to "eliminate accidents and disasters by reducing and removing through the appropriate allocation of management resources and the maintenance and improvement of facilities, processes and work mechanisms in order to ensure the safety of people as our highest priority while also striving to cultivate a safety-oriented culture. Ensuring safety through this policy is a result of management efforts, and zero accidents and disasters is the ultimate achievement in this field. Based on this recognition, we have established a basic policy in our company rule "the Basic Essential Points on Health, Safety and Environment (HSE)" with the highest - priority on ensuring safety. We thus strive to secure the health, safety, relief of all our people concerned.

Society > Occupational safety
Posted basic policy and details of initiatives for ensuring safety

Organization for Promoting Safety, Health, and Environmental Initiatives

Our Group has positioned ensuring and maintaining safety, health, and the environment as the foundation of our management and has established the Safety & Environmental Protection Headquarters to promote related initiatives. The headquarters consists of general managers of departments and presidents of Major Group Companies overseeing business sites and affiliated companies and presidents of major affiliated companies. Based on the annual basic policies and priority issues determined by the Safety & Environmental Protection Headquarters, we promote activities for safety, health and the environment based on PDCA cycle under the health and safety management system in each business. The secretariat of the headquarters conducts audits by determining the frequency and the content of audits according to the risks and the status of their management. If improvement points are found through the audits, the secretariat follows up on the process from the determination of response plans to the completion of the improvements.

■ **Position of the Safety & Environmental Protection Headquarters in the corporate governance system and the organization of the Safety and Environmental Management System**



Safety and Health Management System

Our Group has leveraged the expertise in safety and health cultivated from our experience to date, and has established and operated our own management system based on the international standard for occupational health and safety management system (ISO 45001) and the certification standards of the High Pressure Gas Safety Act. In addition, we have continually improved the system through internal audits and management reviews.

Overseas, 10 sites in the Group had acquired ISO 45001 certifications as of June 2024.

Natural Disaster Risk Management Guidelines

The Safety and Safety Assurance Advisory Committee, which was established in response to the Tokachi-oki Earthquake that occurred in 2003 has reviewed the countermeasures for earthquakes and formulated Natural Disaster Risk Management Guidelines, which also include, the countermeasures added in 2021 to address with the increasingly serious natural disasters.

Since then, we have examined specific issues such as the countermeasures against giant typhoons and the resistance evaluations and countermeasures from the viewpoint of BCP (business continuity planning) against anticipated earthquakes.

Initiatives & Achievements for Health, Safety, and the Environment

Zero Accident Initiatives

Undertaking "the challenge of zero accidents", we have set the goal of "zero serious injuries" as our target. however, a worker of a partner company passed away by being pinched between a vehicle and a platform due to an operating error in the construction of a solar power plant at a business site managed by a group company in FY2023. We investigated the cause of this accident with the prime contractor and the partner company and implemented thorough the countermeasures to prevent a recurrence. In FY2024, we have continued to take on "the challenge of zero accidents."

Because accidents involving employees of partner companies have occurred frequently in recent years, we have reaffirmed that all workers, including those of partner companies, are taking thorough measures to ensure compliance with "The Life Saving Rules" to protect our lives and the lives of our colleagues working together with us. ("The Life Saving Rules" stipulate five prohibited behaviors with a remarkably high risk of accidents resulting in serious injuries.)

In addition, we discuss accidents which resulted in or could have resulted in serious injuries at company-wide case Study meetings disseminate the results widely as lessons learned for preventing the recurrence of such accidents.

Safety and Environment Training

The secretariat of the Safety & Environmental Protection Headquarters provides training to develop the leadership skills that participants need for the autonomous implementation of the PDCA cycle for safety and environmental management in their departments and business sites. The secretariat provides key personnel in each department with the basic training for leaning about their roles and the fundamentals of safety and environmental management, as well as training to improve their safety and environmental management abilities (implemented 11 times in FY2023).

In addition, we educate new recruits on the importance of ensuring health, safety and the environment as the foundation of management through viewing videos of serious accidents that have occurred within our group.

Super Certified Business Sites

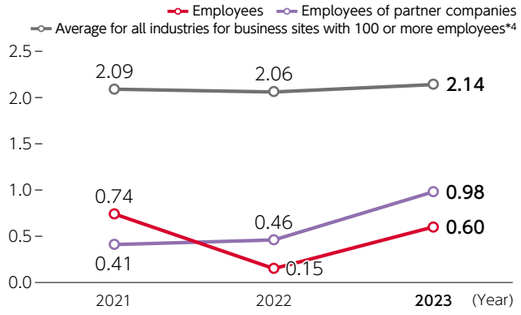
The refineries and complexes of our group have been certified under the High Pressure Gas Safety Act. Furthermore, the refineries and complexes that are working to enhance safety assurances in response to the advancement of safety technologies, such as the use of advanced technologies, the implementation of high-level risk assessments, and the provision of advanced training, have been certified as "Super Certified Business Sites" implementing advanced safety initiatives.

■ **Our Group's health, safety, and environmental performance**

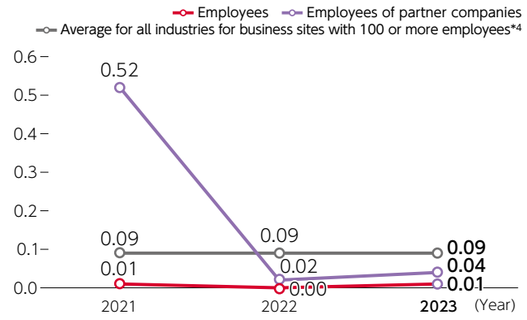
Serious accidents*1	0
Fatal accidents*2	0 at Idemitsu and 1 at partner companies
Lost-time injuries	16 at Idemitsu and 21 at partner companies
Environmental abnormalities	2

*1 Accidents such as fires and explosions
*2 Including accidents at subcontracted construction sites by partner companies where safety is managed by our Group

■ **Occupational accident rate*3**



■ **Severity rate of occupational accidents*3**



*3 [Scope of Reporting]
Hokkaido Refinery, Chiba Complex (Including Prime Polymer Co., Ltd. Anesaki Plant), Aichi Complex, Tokuyama Complex, TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co., Ltd.
Until FY2021, the Chiba Complex includes BASF Idemitsu Co., Ltd..
Employees: Including employee of group refinery companies listed above
Employees of partner companies: Including employees of Idemitsu Plantec Group
[Period]
From January to December
*4 [Reference]
Figures presented as averages for all industries for business sites of 100 or more employees are cited from the Ministry of Health, Labor and Welfare's Survey on Industrial Accidents 2023.

Quality

Basic Approach to Quality

Our Group has defined its basic stance on quality as follows. “To ensure product safety and minimize the impact on people and the environment, we aim to promote quality assurance activities that take into account the entire life cycle of our products and services, from development and consumption to disposal, and strive to improve customer satisfaction and protect consumers.” In addition, the Basic Essential Points on Quality Assurance which is the highest level company rule on quality, define the quality assurance policy as the basic approach to quality.

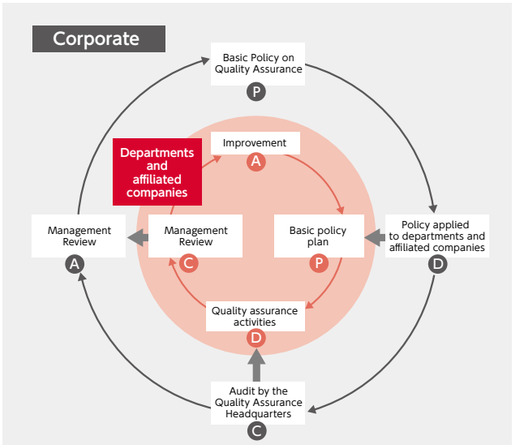
Quality Assurance System

The Quality Assurance Headquarters, which promotes the strengthening of the governance of the Group, aims to realize the quality assurance policy for the group as a whole, while cooperating with departments and affiliated companies. The Quality Assurance Headquarters consists of general managers and presidents of Major Group Companies overseeing business sites. It implements important initiatives including the establishment of policies regarding the quality assurance activities of the Group as a whole and the maintenance, review, and improvement of quality management systems. It also conducts regular quality audits of each department and affiliated company, thus promoting the maintenance and improvement of the management systems.

Departments and affiliated companies carry out quality assurance activities, which help maintain and improve the quality of products and services to fulfill the needs of customers and society. These activities are implemented at each stage from development to manufacturing and the sale of products. Individual departments and affiliated company has own quality management systems to ensure the quality of the products and services provided to customers.

29 sites in the Group had acquired ISO 9001 certification as of June 30, 2024.

■ Idemitsu Group’s quality management system (PDCA cycle)



Initiatives to Ensure Product Safety

Product safety is checked at every stage, from research and development through sales based on the Rule for Product Safety. Laws and regulations of various countries concerning chemical substances have been frequently changing, and it is essential to respond swiftly and decisively to these changes. We respond steadily to the constantly changing laws and regulations of Japan and other countries using tools to manage information about the hazardous properties of the chemical substances used in our products.

Response to Quality Complaints

If a serious product safety or quality issue should occur, we respond in accordance with “The Rules on How to Deal with a Crisis” to minimize damage and impact on our customers and society. The quality complaints and inquiries are accepted at Customer Relations Center and responded to promptly. In FY2023, there were no serious quality accidents that required a company-wide response.

Partnership

Collaboration with Dealers

We operate our businesses in collaboration with more than 1,000 dealers around Japan, leveraging a powerful network of approximately 6,000 service stations nationwide. We will continue to deepen our collaboration with dealers to increase the trust that customers have in the Idemitsu Group’s technologies and services and to continue to create new added value by being sensitive to customer needs.



President Kito speaking at a dealers’ meeting in 2024

Collaboration with shipping and shipping companies

Our petroleum products are transported by land and maritime contract transport companies. To promote safety and strengthen cooperation, the contract transport companies have organized two councils. One is related to maritime safety and the other is for land safety. We participate in their activities as a special member.

Exchanges and Dialogs with Oil-Producing Countries

To build strong relationships of trust with oil-producing countries, we are promoting interactions and dialogue with them via our representative offices established in those countries.



An interaction with an oil-producing country in FY2023

Society > Partnership > Initiatives

Dialogs with Stakeholders

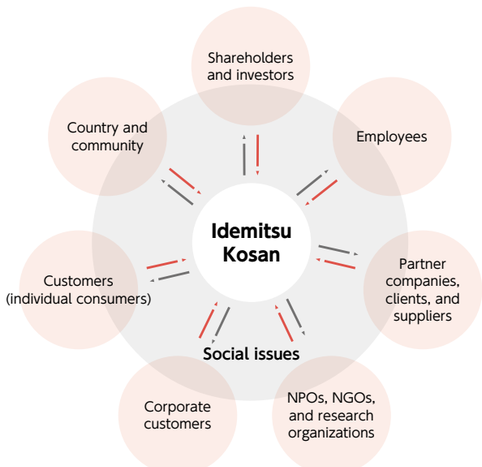
The company proactively engages in dialogue with diverse stakeholders.

While efforts toward a carbon neutral (CN) society by 2050 are progressing both domestically and internationally, petroleum products still play an important role in the energy mix in our daily lives.

In this complex business environment, we will continue to receive valuable opinions and suggestions from our stakeholders and incorporate them into our management policies and business strategies.

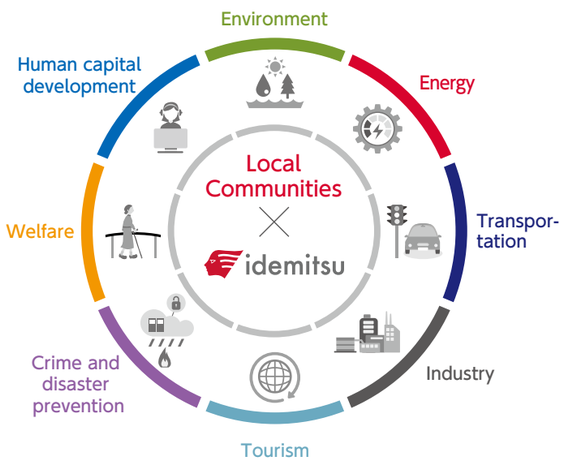
Sustainability management > Stakeholder engagement > Initiatives

■ Our Stakeholders



Initiatives for Regional Development and Solutions to Social Issues

We position solving social issues as an important management challenge and are working on the co-creation of solutions closely attuned to local issues with a focus on eight areas: energy, the environment, transportation, industry, tourism, crime and disaster prevention, welfare, and human capital development.



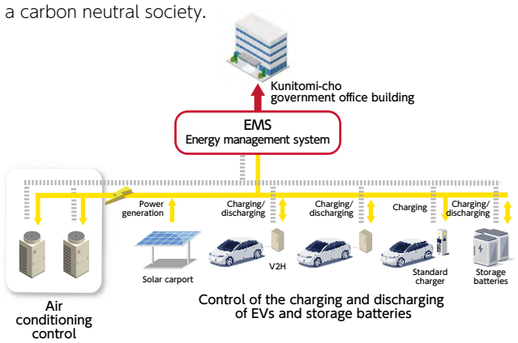
Environment	Comprehensive initiatives to achieve a 46% reduction in greenhouse gas emissions by 2030 and carbon neutrality by 2050
Energy	Introduction of renewable energy for promoting CN Procuring energy from multiple sources in preparation for the increase of fuel prices
Transportation	Decrease of regional transportation networks and decline in the quality of services due to transportation business operators withdrawing from unprofitable service lines
Industry	Decline in local shopping streets and downtown areas, labor shortages, and a lack of local brands resulting from a population drain
Tourism	Nonuse of tourism resources, difficulty of information delivery, and delays in cooperation with local residents and infrastructure development
Crime and disaster prevention	Disaster control measures to address earthquakes and other disasters of increasing severity due to global warming (typhoons, landslides, and bush fires)
Welfare	Increase in the population of aged people with dementia and those who need to be watched over Self-reliance support for aged people and others and prevention of their social isolation
Human capital development	Development of human capital who will take on the increasingly complicated issues faced by local governments Appointment of human capital who will lead regional revitalization and the proactive use of external human capital

Commencement of an Energy Management System (EMS)

We offer idemitsu CN support services to local governments and companies striving to reduce CO_2 emissions and achieve carbon neutrality (CN). These are one-stop services that support local governments and companies in their transition to carbon-neutral electricity and mobility services and their improvement of disaster resilience. In April 2024, we began to provide an EMS which connects the charging and discharging of electric vehicles (EVs) and storage batteries to the output controls of air conditioners.

In preparation for providing this service, we conducted a verification test of the EMS at a Kunitomi-cho government office building in Miyazaki Prefecture. During the verification test, power demand was constantly monitored and predicted, and the discharge of electricity from EVs and storage batteries and air conditioner output were automatically controlled during peak demand times while EVs were charged automatically during non-peak demand periods. This resulted in the reduction of electricity expenses and CO_2 emissions.

We will continue to encourage local governments and companies to shift to electricity from renewable energy sources and introduce EVs, thereby contributing to the achievement of a carbon neutral society.



Solving Regional Mobility Issues through the Development of Mobility Services

We have strengths in the mobility domain, where we have been supporting motorization to date, and strengths in our network of service stations which have been contributing to local communities through the stable supply of energy. Leveraging these strengths, we will continue to increase points of contact with customers and address social issues related to mobility.

Example initiatives

- Provision of car-sharing services that cater to diversifying local needs
- Expanding micro-mobility services as a new option for traveling short distances
- Building and expanding a new drone business model leveraging the network of business sites
- Gradual development of services related to EV charging to prepare for the full-scale use of EVs







Society > Contribute to regional society (energy and mobility) > Initiatives

Corporate Citizenship Activities

Approach to Corporate Citizenship Activities

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

Society > Corporate citizenship activities > Policy

Results of Corporate Citizenship Activities

FY2023 results 338 million yen

Cultural and environmental activities

- Idemitsu Music Award
- Idemitsu Art Award
- Environmental Photo Contest "My Town's ○ and ×"
- Idemitsu Music Events "Performing the future"
- FURUSATO PROJECT
- Hokkaido Idemitsu Children's Drawing Contest
- Idemitsu Living Expedition Team
- Environmental protection and cleanup activities in areas where we operate businesses (see the articles below), etc.

Donations (random order)

- Japanese Red Cross
- Idemitsu Museum of Arts
- Japan Educational Exchanges and Services
- Munch Museum of Norway
- Computers donated to a public school in Bogabri, Australia
- Charitable organization and others

Main Corporate Citizenship Activities

Making biochar to reduce CO_2 emissions and improving village forests

In Ichihara City, Chiba, biochar was made by a total of 40 people including Idemitsu Group employees, local residents, and members of Ichihara SaToYaMa Yokushi-tai, a volunteer group improving village forests in Ichihara City.

If withered bamboo is left unattended, CO_2 is emitted in the microbial decomposition process. Carbon is sequestered by making the bamboo into charcoal, which reduces CO_2 emissions. In this activity, approximately 450-kilogram of bamboo charcoal was made from thinned bamboo. This enables an approximately 800-kilogram reduction of CO_2 emissions, which is the volume of CO_2 emitted by a general household over approximately 3.5 months.

In addition, thinning allows sunlight to reach the surface of the earth, helping protect biodiversity. It also facilitates the growth of deep-rooted plants which are expected to reduce the risk of landslides and to have other effects.

We will continue these activities by leveraging the strengths of the Idemitsu Group and cooperating with local communities and our stakeholders while encouraging employees to participate in such activities in accordance with the Corporate Citizenship Activity Promotion Guidelines.


Bamboo being thinned


Biochar being bagged

Mangrove planting activities in Indonesia

PT. IDEMITSU ENERGY INDONESIA was established as a coal marketing company in 2011. It now also supports the Idemitsu Green Energy Pellet business locally. This company engages in various corporate citizenship activities.

In 2023, the company participated in a project to plant 1,000 mangrove trees in cooperation with LindungiHutan, a local NGO. A total of 15 people including expatriate officers, employees, and members of their families participated in the activities that were carried out twice in an area that includes the artificial islands in North Jakarta, where development is in progress, and in Tangerang, on the west side of Jakarta.

In Indonesia, where economic development continues, littoral erosion by high waves has increased significantly due to the loss of mangroves. There are concerns that this could affect people's lives. The goal of this project is to reduce CO_2 emissions and maintain the ecosystem, in addition to protecting coastal areas to control flooding.

PT. Idemitsu Energy Indonesia will continue locally based activities that will help protect the natural environment and enable it to recover.

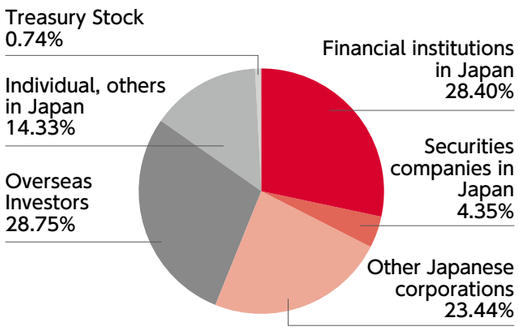


Planting activities

Corporate Profile/Stock Information (As of the end of March, 2024)

Company name	Idemitsu Kosan Co.,Ltd.
President & Representative Director	Shunichi Kito
Established	March 30, 1940 (Founded June 20, 1911)
Capital stock	168.3 billion yen
Consolidated group companies	140 companies
Securities code	5019
Number of shares per unit	100 shares * Idemitsu does not issue different classes of shares.
Total number of authorized shares	2,180,000,000 shares
Total number of shares issued	1,392,642,290 shares
Number of shareholders	113,305 people

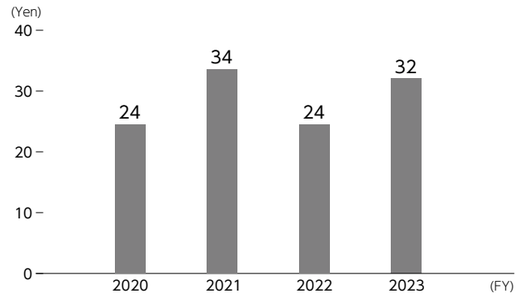
Distribution (Number of shares issued)



Major shareholders (Top 10)

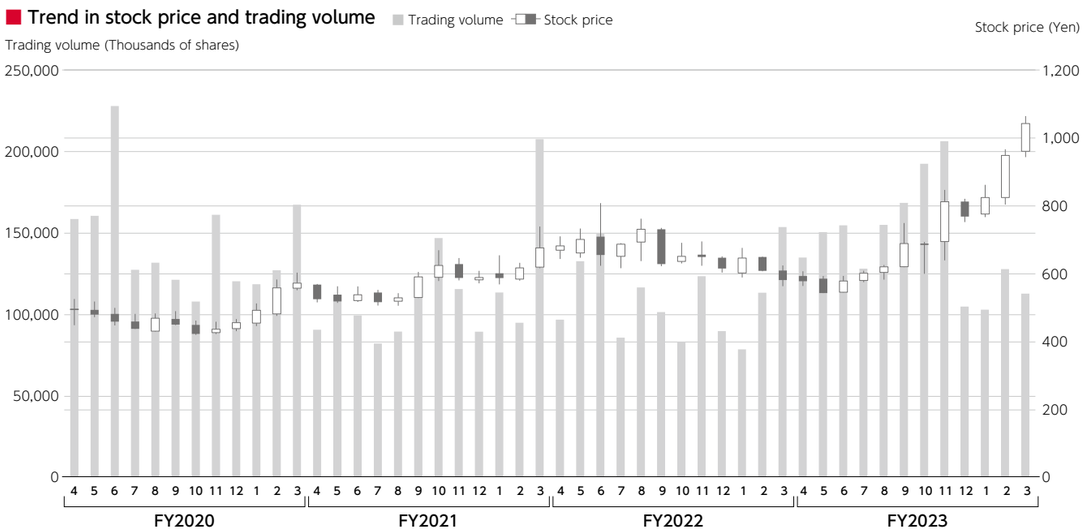
Shareholder's Name	Shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	194,979	14.10
Nissho Kosan Co., Ltd.	135,599	9.81
Aramco Overseas Company B.V.	115,579	8.36
Idemitsu Museum of Arts Foundation	101,962	7.38
Custody Bank of Japan, Ltd. (Trust account)	77,436	5.60
Showa Kosan K.K.	24,872	1.80
Idemitsu Employee Stock Ownership Plan	24,174	1.75
JPMorgan Securities Japan Co., Ltd.	22,706	1.64
STATE STREET BANK WEST CLIENT TREATY 505234	20,632	1.49
Sumitomo Mitsui Trust Bank, Limited	15,428	1.12

Annual cash dividends per share



* The Company owns 10,272,065 shares of treasury stock, which does not include shares held by major shareholders listed on the left. Shareholding ratios are calculated excluding treasury stock.
* The Company conducted a 5-for-1 stock split on January 1, 2024. The figures for FY2022 and earlier have been adjusted to reflect the effect of the stock split.

Trend in stock price and trading volume

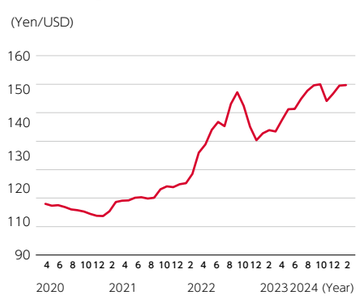


Primary Financial Data

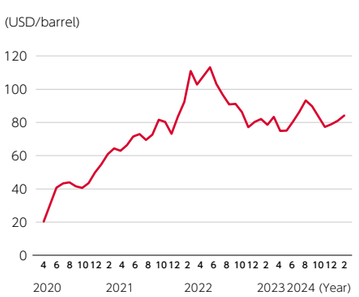
(FY)	2020	2021	2022	2023
■Statement of income				(Unit: 100 million yen)
Net sales	45,566	66,868	94,563	**87,192**
Operating income + equity in earnings of non-consolidated subsidiaries and affiliates	1,003	4,495	3,084	**3,630**
Of which, inventory impact	75	2,332	557	**525**
Operating income + equity in earnings of non-consolidated subsidiaries and affiliates (Excluding inventory impact)	928	2,162	2,527	**3,106**
Ordinary income	1,084	4,593	3,215	**3,852**
Net extraordinary loss	▲438	▲712	267	**▲585**
Net income attributable to owners of the parent	349	2,795	2,536	**2,285**
■Balance sheets				(Unit: 100 million yen)
Assets	39,544	46,012	48,654	**50,123**
Liabilities	27,393	31,647	32,361	**31,998**
Total equity	12,151	14,365	16,293	**18,125**
Interest-bearing debt	13,089	13,649	15,034	**13,427**
■Cash flows				(Unit: 100 million yen)
Cash flows from operating activities	1,705	1,461	▲328	**3,774**
Depreciation and amortization	982	1,048	1,044	**992**
Cash flows from investing activities	▲1,099	▲1,116	701	**▲658**
Cash flows from financing activities	▲562	▲300	▲904	**▲2,805**
■Per share information*				(Unit: Yen)
Net income per share	23.49	188.03	170.67	**161.32**
Equity per share	774.34	949.94	1,102.05	**1,305.18**
Cash dividends per share	24	34	24	**32**
■Management indicators				
Return on shareholders' equity (ROE) %	3.0	21.8	16.8	**13.4**
Shareholders' equity ratio %	29.1	30.7	33.2	**35.9**
Net D/E ratio Times	1.02	0.87	0.87	**0.67**

* The Company conducted a 5-for-1 stock split on January 1, 2024. "Equity per share" is calculated based on the assumption that the stock split was conducted at the beginning of every fiscal year.

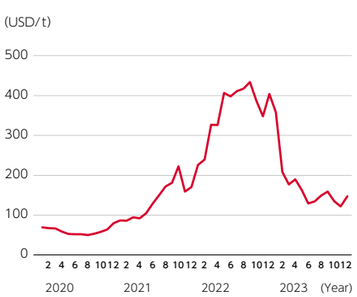
Exchange rate



Dubai crude oil price

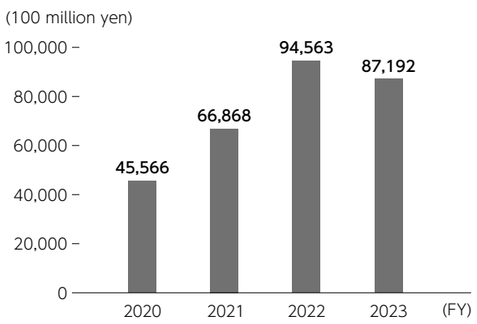


Australian thermal coal price

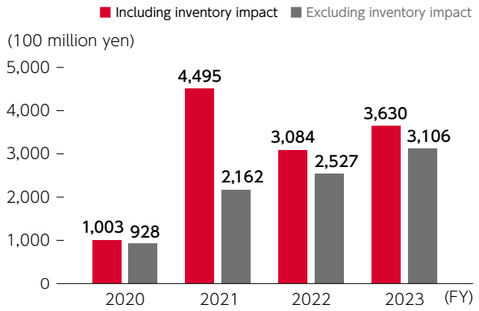


Financial Highlights

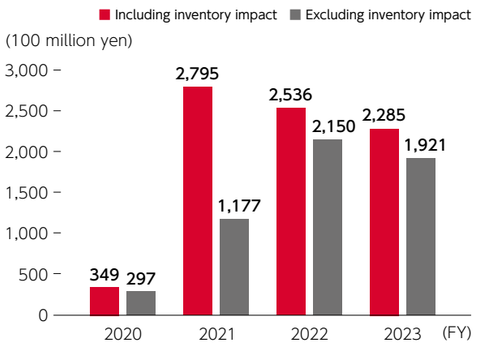
Net sales



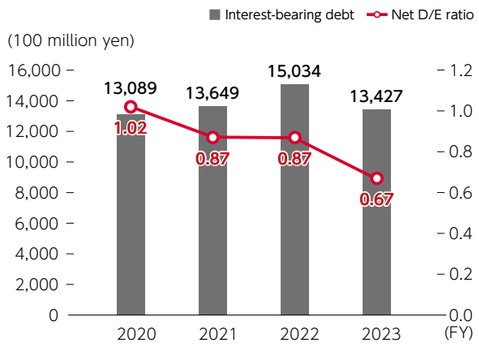
Operating income + equity in earnings of non-consolidated subsidiaries and affiliates



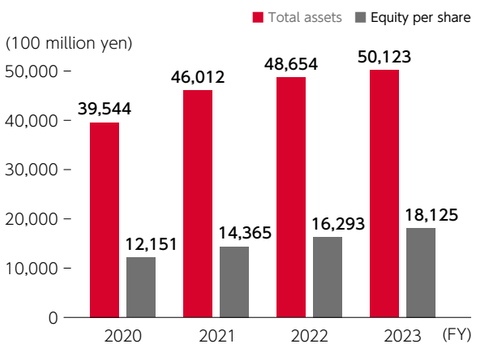
Net income attributable to owners of the parent



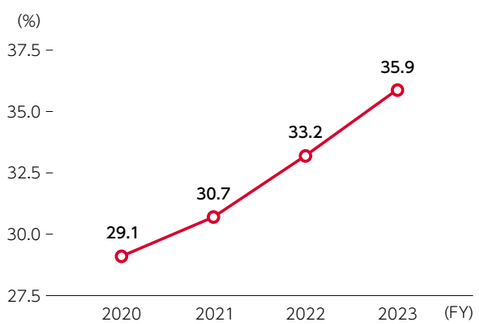
Interest-bearing debt / Net D/E ratio



Total assets / Equity per share

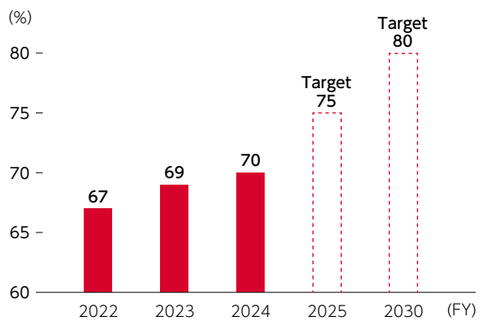


Shareholders' equity ratio



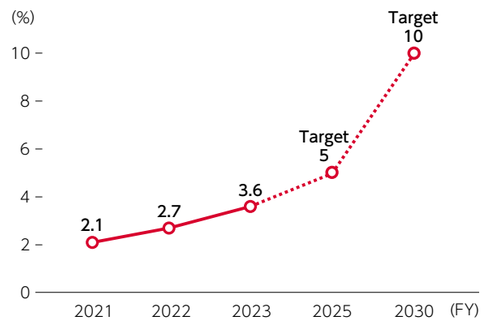
Non-Financial Highlights

Idemitsu Engagement Index



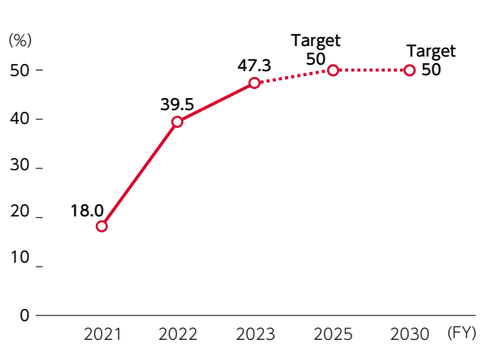
* Scope of Reporting: Idemitsu employees

Female ratio in managerial positions



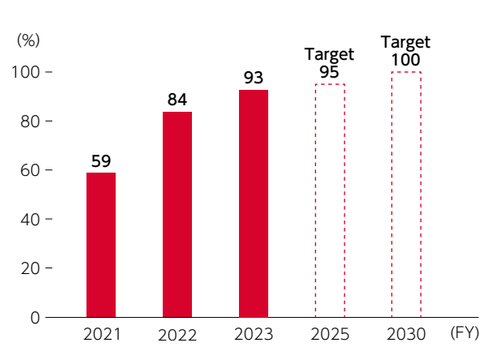
* Scope of Reporting: Idemitsu employees (employees, seniors, full-time contract employees, and advisors) including employees seconded to other companies

Female recruiting ratio



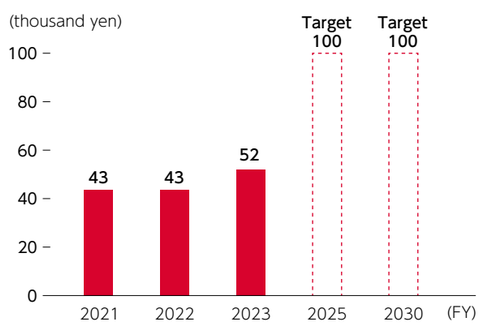
* Scope of Reporting: Idemitsu's direct hires college graduates or higher(Recruitment of new graduates, and Career) between April 1 and March 31

Male ratio taking childcare leave

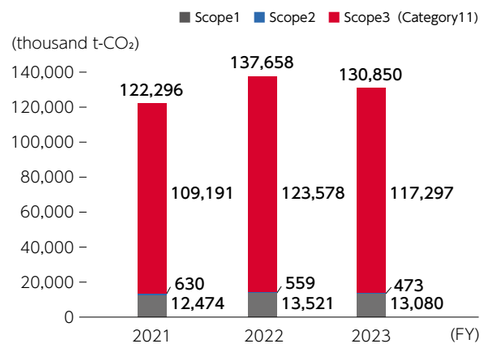


* Scope of Reporting: Idemitsu hires (employees, including employees seconded to other companies, as of March 31)
* The above includes leave for childcare purposes

Amount invested in education per employee



CO_2 emissions (Scope1, 2, 3)



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