

## Message from the President



First off, I would like to offer my sympathy to those who have suffered an infection of COVID-19 and my condolences for those who passed away. In addition, I would like to express my gratitude to all healthcare workers and everyone who is supporting our private lives in many different ways.

As concern for climate change increases around the world, the business environment surrounding Idemitsu is rapidly and significantly changing. The goal of the Japanese government to achieve carbon neutrality by 2050 is a commitment to the international community by the entire nation. As an energy provider, Idemitsu must help reach this goal. We will take on the difficult challenge of the 7th SDG “ensuring access to affordable, reliable, sustainable and modern energy for all” and develop solutions.

In addition, in Japan, which was the first country in the world to experience a low birth rate and aging population, we support local lives through our refineries, complexes, and around 6,300 service stations located in various areas. We realize this support is the Company’s most important mission and are strengthening relevant initiatives.

In May 2021, we revised our Medium-term Management Plan. In order to ensure high resilience to changes in the business environment, Idemitsu, whose main business is fossil fuels, has based its revisions on the belief that it is necessary to rebuild its medium- to long-term strategies and further accelerate its various initiatives and measures.

Idemitsu’s new 2030 vision is encapsulated in the phrase “Your Reliable Partner for a Brighter Future.” The Company recognizes its duty is to work tirelessly to ensure a stable supply of energy and materials as well as to help solve social issues. We will continue fulfilling this responsibility through our business activities. We recently formulated a sustainability policy to realize our 2030 vision and maintain a robust corporate structure well into the future. Under the policy, we will continue striving to swiftly and accurately detect and resolve environmental, social, and governance-related issues.

As for the environment, in the revisions of the Medium-term Management Plan, we clarified that we will strive for carbon neutrality (net zero CO<sub>2</sub> emissions) while fulfilling our social responsibility of ensuring a stable energy supply. To achieve our goal, we must develop innovative technologies and promote their widespread adoption. We will continue recycling resources, including CO<sub>2</sub>, and utilizing non-petroleum resources, while transforming our petroleum business mainly by turning refineries into carbon neutral transformation centers. As a specific goal, we aim to achieve carbon neutrality in our own operations (Scope 1+2) by 2050 and will work to reduce CO<sub>2</sub> emissions throughout the value chain. At the same time, we will continue striving to reduce the environmental burden of the Group’s corporate activities and helping to conserve the natural environment and realize a circular economy.

As for society, we recognize that respect for human rights is fundamental to the conduct of business in all situations and therefore prioritize it in all business-related decisions and actions. In fiscal 2020, we implemented human rights due diligence measures and identified human rights risks within affiliates and subsidiaries in Japan and overseas.

The principles of diversity and inclusion are based on respect for human rights and will continue to inform Idemitsu’s promotion of a wide range of initiatives upholding them. For example, we have expanded the active participation of women, provided support for the autonomy of as well as work opportunities for people with disabilities, advocated respect for diversity (such as gender identity, sexual orientation, and values), and opened the Life-Career Support Center, which helps employees independently build careers. Going forward, we will fully leverage our management resources, including the capabilities of our diverse employees, as we continue promoting various initiatives. These initiatives include turning our approximately 6,300 service stations nationwide into smart one-stop shops and other solutions suited to local communities.

Through dialogues with business partners in accordance with our Sustainable Procurement Guidelines formulated in 2020, we will maintain procurement activities based on a strong sense of ethics and work with all our

business partners throughout the supply chain to help realize a sustainable society.

As for governance, we are working to further enhance deliberations at Board of Directors meetings, which are essential to corporate governance. We are also identifying and taking action in areas that need improvement with the aim of enhancing corporate value so that evaluations of the effectiveness of the Board of Directors do not end up just being superficial and formulaic. One-third or more of the Board of Directors comprise independent Outside Directors. When selecting candidates for such positions, we clarify and announce the knowledge, experience, and capabilities needed through a skill and career matrix. From the perspective of diversity, we increased the number of female directors from one to two.

In addition, for the stability of management, we must preemptively recognize and evaluate risks related to maintaining the Company’s business activities and work to appropriately respond to risks. For example, in our response to the COVID-19 pandemic, we swiftly established emergency response task forces and have worked to ensure employee health and prevent the spread of infection. Going forward, it will not be easy to predict what kind of crises might emerge. Nevertheless, after identifying material risks to the Company, we will appropriately manage the risks, and you can continue to fully expect a stable supply of the energy and materials needed to keep society running.

Our business environment is in a critical turning point due to a medium-to long-term decline in domestic oil demand and climate change issues that need to be addressed worldwide, which have a significant impact on the sustainability of our business.

At such times, we will return to the “Ningen-Soncho (Respect for Human Beings),” Principles of Management, and provide opportunities for each and every employee to grow by working toward the realization of a “Your Reliable Partner for a Brighter Future” based on the codified corporate philosophy of “Truly inspired.”

Based on our sustainability policy, we will continue to fulfill our social mission as an energy company by becoming a “resilient corporate entity” that can respond flexibly and resiliently to any changes in the environment.

In order for us to continue to fulfill our social mission and create new value in the future, we must collaborate with our stakeholders.

Therefore, I would like to ask for your continued understanding and support.

Idemitsu Kosan Co.,Ltd.  
President and Representative Director

**Shunichi Kito**