

Basic strategy towards 2030

Corporate vision for 2030

Looking toward 2050, there are currently many variables, making deciding on one of the scenarios difficult and possibly even dangerous.

Idemitsu's more than 100 years of achieving growth alongside local communities and fulfilling its social mission of ensuring a stable supply of the energy that is indispensable to daily lives and industries has been based on fossil fuels. Knowing this, we are also fully aware that global climate change and aging societies are social issues that must be solved.

Idemitsu has thus outlined its 2030 vision of being "Your Reliable Partner for a Brighter Future." We will fulfill the following three responsibilities in the business domains of energy/material transition to a carbon neutral/circulatory society, next generation mobility & community for an aging society, and advanced materials to make it possible to overcome such challenges.

We believe it is our responsibility to contribute to social challenges in addition to providing stable energy supply.

Our corporate vision for 2030 is to become Your Reliable Partner for a Brighter Future

and we will fulfill three responsibilities through our business activities:

Responsibility to protect the environment and lifestyles:

Energy/material transition to a carbon neutral/circulatory society

Responsibility to support regional communities:

Next generation mobility & community for an aging society

Responsibility to provide for society with technological capabilities:

Advanced materials to make it possible to overcome such challenges

We will fulfill the three responsibilities through our business activities.

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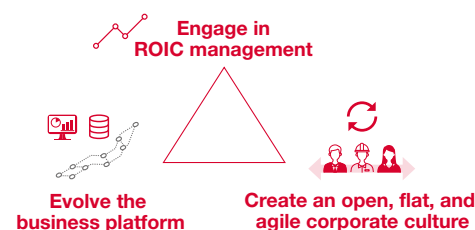
Aim to become a resilient company that can adapt flexibly to any environmental change amid extreme uncertainties in the long-term operating environment.

To realize our 2030 vision, we will implement the three basic strategies of engaging in ROIC management, evolving the business platform, and creating an open, flat, and agile corporate culture.

ROIC management

To create a strong corporate structure, we use return on invested capital (ROIC) as an indicator and focus on capital efficiency. In addition to managing our portfolio, we appropriately include ROIC as a KPI for each business domain and utilize it as a performance management tool. In addition, we use internal carbon pricing for investment decisions and consider the economic impact of GHG emissions when making investment decisions.

Aim to become a **resilient company** that can adapt flexibly to any environmental change amid extreme uncertainties in the long-term operating environment



By engaging in ROIC Management

- Enhance capital efficiency and create a strong corporate structure to increase risk tolerance
- In addition to managing our portfolio, apply ROIC management methodology to accurately measure performance results of each business domain.
- Use ICP (internal carbon pricing) for investment decisions



Evolve the business platform

We are proactively promoting a digital transformation (DX). In April 2021, Idemitsu acquired DX Certification from the Ministry of Economy, Trade and Industry (METI) in recognition of having achieved the requisite readiness level for business transformation through digital technology (DX-ready). In addition, in June 2021, the Company was selected for the first time as a Digital Transformation Stock (DX Stock) 2021 by METI and the Tokyo Stock Exchange in recognition of its proactive efforts to transform its operations and create new businesses while making its existing businesses more efficient.

Regarding governance, our smaller board is composed of members suited to resolving current management challenges with an emphasis on engaging in discussions focused on key issues. As for deliberations concerning nominations and compensation, an outside director heads the Nomination and Compensation Committee to ensure greater fairness and transparency. In addition, we are working to increase the sophistication of global governance, including for overseas Group companies.

Create an open, flat, and agile corporate culture

Idemitsu's overarching management principle is "Nin-gen-Soncho (Having respect for human beings)", and its nearly irreplaceable management resources are its "personnel". We are creating a corporate culture where the employees, who have a diverse range of values, can fully tap their many different capabilities and generate chemical reactions through co-creation. To achieve this, we are promoting initiatives to instill the philosophy and vision, reform the organization, and reform workstyles.

General Manager Workshop "Jungle" Creating an Open, Flat, and Agile Corporate

To create an open, flat, and agile corporate culture, we hosted the inaugural workshop "Jungle" in July 2021, gathering together 36 general managers.

The general managers enhanced their mutual engagement, broadened their perspectives by gaining a better understanding of other departments, streamlined and



accelerated operations, and helped each other refine initiatives for each department.

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Accelerate DX

- Shift from Digital "for Idemitsu" (operational reforms) to "for Customer"/"for Ecosystem" (provide customer/network value)
- *Achieved DX Certification on 4/1/2021 (DX-Ready)
- 6/7/2021 Acquired Digital Transformation Stock 2021

Enhance corporate governance

- Smaller board with members suited to resolving current management challenges and engaging in active discussions
- Further improve the deliberation process for fair and transparent nominations and compensation, led by external directors
- Enhance group internal control, including local entities located overseas



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Internal dissemination of the corporate mission and vision

- Engage in internal branding efforts to establish a shared sentiment towards overcoming social challenges
- Establish a linchpin to adapt rapidly and flexibly to environmental changes

Organizational reforms

- Simplify hierarchy to accelerate decision making; enhance productivity by streamlining administrative divisions
- Increase in growth opportunities through proactive delegation
- Enhance quality of management by optimizing breadth of control

Workstyle reforms

- Revamp the working environment to suit various value sets and lifestyles, providing equal opportunities for all
- Promote search for knowledge through reforms of existing operations; shift to high value-added operations
- Improve operational speed and quality by eliminating perfectionism and promote co-creation



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Business strategy

Petroleum	<ul style="list-style-type: none"> Turn apollostation into a “Smart Yorozuya (Smart One-Stop Shop)”
Basic Chemicals	<ul style="list-style-type: none"> Review refinery/complex structure and turn it into a “CNX* Center” in the area Reduce fixed costs ahead of decrease in demand Deepen integration of refining and petrochemical production Enabling profit contribution from Nghi Son Refinery <p style="text-align: right;">※ CNX: Carbon Neutral Transformation</p>
Functional Materials	<ul style="list-style-type: none"> Commercialize lithium solid-state electrolytes Accelerate development of advanced materials (e.g. electronic materials, performance chemicals, lubricants, grease, functional paving materials, agri-bio products)
Power and Renewable Energy	<ul style="list-style-type: none"> Expand development of renewable energy sources (solar/wind/biomass) Develop distributed energy business centered around renewable energy Convert Solar Frontier's module sales business into a system integrator business
Resource	<ul style="list-style-type: none"> Oil E&P: Shift to Southeast Asian gas development, CCS initiatives using developed technologies Coal: Reduce mine production, shift to low-carbon solution business (black pellets, ammonia) Expand domestic and overseas geothermal business

The business strategies of each segment for 2030 are as follows.

In the petroleum and basic chemicals segments, we are focused on promoting five initiatives. Making apollostation outlets a smart one-stop shop is an initiative that will lead to next-generation mobility and communities. We are working on an energy and material transition by revising our refinery and complex system in preparation for the anticipated decline in demand, further integrating oil refining and chemical operations, shrinking fixed costs, and promoting carbon-neutral transformation centers for all complexes. In addition, we will continue working to make the Nghi Son Refinery profitable.

In the functional materials segment, we are working to swiftly commercialize lithium solid-state electrolytes and accelerate the development of new advanced materials.

In the power and renewable energy segment, we are striving to expand the development of renewable energy power sources and promote the shift to Solar Frontier's system integrator. We will continue leveraging these efforts to develop a distributed energy business.

In the resources segment, we will continue to shift our oil exploration and production business to the development of gas in Southeast Asia and consider CCS initiatives that utilize the development technologies we have cultivated to date.

Regarding our coal business, we will contribute to energy transition by reducing mine production and shift to a low-carbon solution business such as black pellets and ammonia co-firing, and work to expand the geothermal business both in Japan and overseas.

FY2030 Management Targets

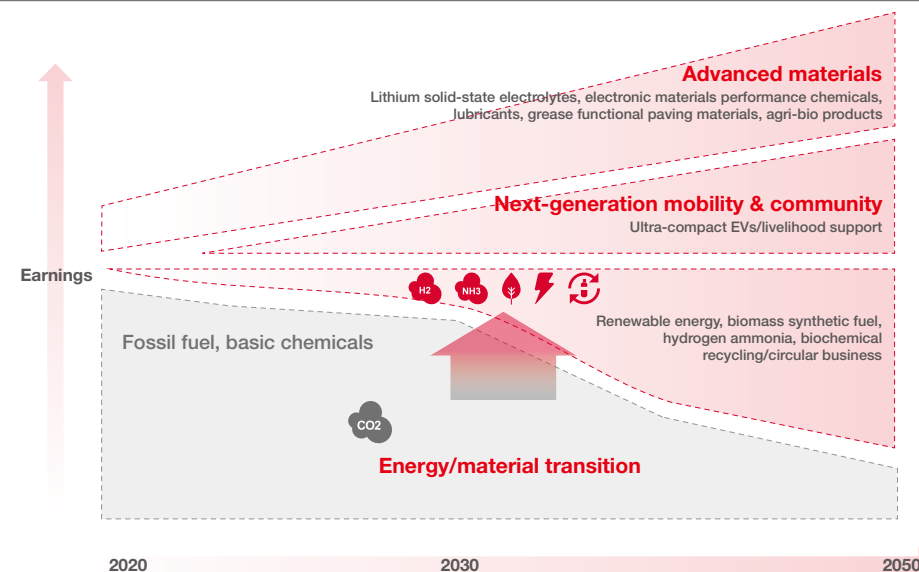
	FY2020		FY2030
Operating + equity income (excl. inventory impact)	¥ 92.8 bn	➔	¥ 250 bn
ROIC	3%	➔	7%
CO₂ reduction (Scope 1+2)	-1.36 million t	➔	-4 million t

*compared to FY2017; includes group refineries

The fiscal 2030 management target is to enhance corporate value by achieving operating + equity income (excluding inventory impact) of ¥250 billion and raising ROIC to 7% through portfolio and performance management.

In addition, with a medium-term target of achieving carbon-neutrality by 2050, we aim to reduce CO₂ four million tons (Scope 1+2) compared with fiscal 2017.

Portfolio transformation for the future



We are implementing basic policies and business strategies aimed at realizing the 2030 vision and our portfolio transformation for 2050. Through an energy and material transition, we will replace the fossil fuel and basic chemicals businesses with circular and next-generation fuel and material businesses. The ultra-compact EV and lifestyle support businesses we are currently operating will lead to the conversion of apollostation outlets into a smart one-stop shop and growth of next-generation mobility and communities. We will continue earnestly promoting the development of new advanced materials.