



## Idemitsu Group's Sustainability

### Idemitsu Group Sustainability Policy

In 2021, we formulated the Sustainability Policy to promote sustainability initiatives. The Group will continue working together toward its aim of helping solve material issues facing the global environment and international society, thereby leading to a better future for the next generation.

#### Idemitsu Group Sustainability Policy

As a reliable partner, the Idemitsu Group fulfills the following three responsibilities through its business activities: "Protect the Environment and Lifestyles," "Support Regional Communities," and "Provide for Society with Technological Capabilities." The Idemitsu Group discloses information appropriately, engages in earnest dialogue and collaboration with stakeholders, and aims to enhance its corporate value while remaining a sustainable company that observes the following priority policies.

#### Environment

- While fulfilling the Idemitsu Group's crucial social mission of maintaining the stable supply of energy and materials, we continue striving to realize carbon neutrality, not only within the Idemitsu Group but also throughout society.
- We promote the development of innovative technologies, pursue the 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 economy.

#### Society

- The Idemitsu Group places the highest priority on respect for human rights in all its decisions and actions, and strives in its business activities to prevent and ameliorate adverse impacts on human rights.
- By implementing diversity and inclusion measures, we leverage our diverse capabilities to grow as a company and contribute to the realization of inclusive societies.
- Working together with our partners, we contribute to the realization of a sustainable society throughout the supply chain.
- We make maximum use of our resources to co-create solutions that meet the needs of regional communities.

#### Governance

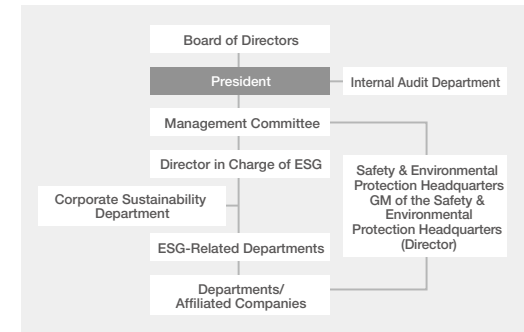
- The Idemitsu Group seeks to enhance deliberations by the Board of Directors and continues to improve its effectiveness.
- We comply with international norms concerning the environment, human rights, labor, safety, and anticorruption.
- We conduct fair and honest management, identify material risks, and implement appropriate risk management measures.

### Sustainability Promotion Structure

To conduct management from the perspective of sustainability, we established the Corporate Sustainability Department to coordinate and manage ESG issues across departments, including climate change and human rights.

Each ESG issue is overseen by a designated department, with its progress reported to the Management Committee by the director in charge of ESG. The Management Committee discusses important policies and measures related to sustainability, reporting the details to the President and, when needed, the Board of Directors.

Under this management structure, we are committed to solving environmental and social issues and strive to achieve sustainable growth.



### Signing of the United Nations Global Compact and Accompanying Initiatives

In July 2019, we announced our support for the 10 principles of the United Nations Global Compact (UNGC) on human rights, labor, the environment, and anticorruption. In addition, we joined the Global Compact Network Japan (GCNJ). We support the UNGC's 10 principles, which relate to protecting human rights, eliminating unfair labor practices, protecting the environment, and preventing corruption. Furthermore, we are working to raise awareness of social issues among all employees and will continue to contribute to the realization of a sustainable society through our business operations as a global energy co-creation company.



## Idemitsu Group's Sustainability

### Priority Topics (Materiality)

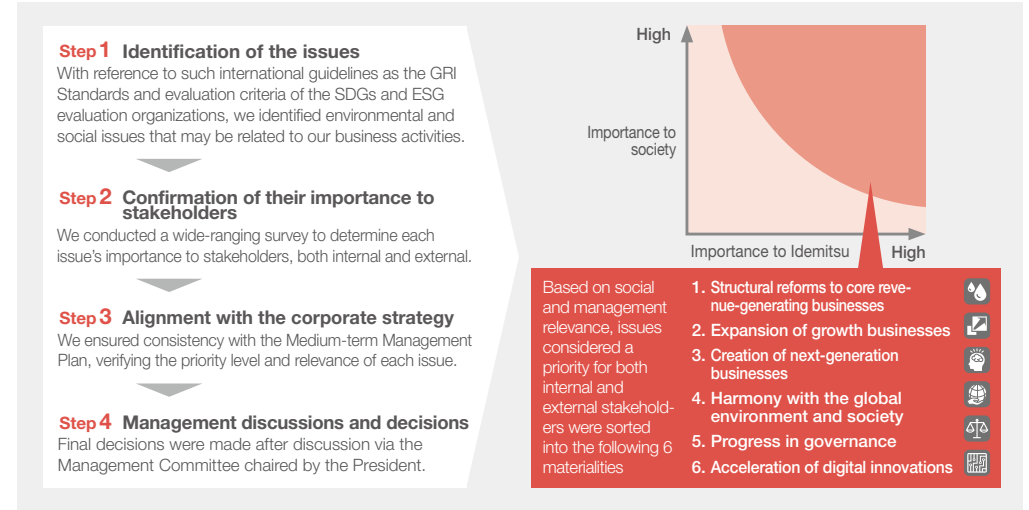
The Group values contributing to society through business. It is our mission to continue supplying the energy underpinning people's lifelines while contributing to the development of society. Recently, the environmental burden of energy use has become a major social issue, and the Group recognizes maintaining harmony with the global environment and society as an important and urgent theme. To this end, the Group identified priority topics (materiality) that it should prioritize during the period of the Medium-term Management Plan. Through concerted effort, the Group will advance toward its aim of achieving the sustainable development of the world's environment and society as well as the Group.

Materiality	Major initiatives	Main relevant SDGs
<b>Structural reforms to core revenue-generating businesses</b> Build a strong supply chain and further strengthen stability and competitiveness through collaboration with partners in the core revenue-generating businesses centered on petroleum products and chemicals.	<ul style="list-style-type: none"> <li>Pursuing profits in the petroleum business (maximizing integration synergies, making refineries more reliable)</li> <li>Enabling Nghi Son Refinery to contribute to profits</li> <li>Utilizing the Pacific Rim supply chain to capture growing demand in Asia</li> <li>Gas development in Southeast Asia</li> </ul>	
<b>Expansion of growth businesses</b> Expand business scale and scope by strengthening R&D in growth fields such as functional materials and renewable energy, which are becoming increasingly necessary in the world.	<ul style="list-style-type: none"> <li>Expansion of business scale and domains (M&amp;As on a scale of ¥100 billion during the Medium-term Management Plan period)</li> <li>Increasing the share of functional materials business to 30% by 2030</li> <li>Increasing total power generated from renewable energy overseas to 5GW by 2030 (of which, 4GW is renewable energy) ➡ p.28</li> <li>Transformation of solar-power business ➡ p.28</li> <li>Black pellet development (biomass fuel) ➡ p.28</li> <li>Strengthening the development of functional materials utilizing open innovation ➡ p.32</li> </ul>	
<b>Creation of next-generation businesses</b> Accelerate technological innovation and innovation beyond organizational frameworks to create new businesses with an eye to the future.	<ul style="list-style-type: none"> <li>Creating new businesses with an eye on social changes, diversifying customer needs, and lessening environmental impact ➡ pp.17,31,32,41</li> <li>Development of next-generation service station business</li> <li>Distributed energy business</li> <li>Circular business ➡ p.33</li> </ul>	
<b>Harmony with the global environment and society</b> Promote measures to realize a low-carbon and circular economy in light of climate change risks, and promote diversity and inclusion in partnership with business partners, communities, and employees.	<ul style="list-style-type: none"> <li>Efforts to reduce GHGs (2030: -4 million t-CO<sub>2</sub> compared to 2017) ➡ p.25</li> <li>Contributing to the areas where we operate business ➡ pp.36-38,75-77</li> <li>Implementing diversity and inclusion initiatives ➡ pp.48-55</li> <li>Making work more rewarding for employees ➡ pp.61-66</li> <li>SDG educational activities ➡ pp.13,14</li> </ul>	
<b>Progress in governance</b> Strengthen governance functions to maintain the trust of shareholders and all other stakeholders.	<ul style="list-style-type: none"> <li>Enhancing the roles and functions of the Board of Directors ➡ pp.82-87</li> </ul>	
<b>Acceleration of digital innovations</b> Capitalize on evolving digital technologies to transform existing business processes and management in response to the business environment and customer needs.	<ul style="list-style-type: none"> <li>Utilizing digital technologies to create new value ➡ pp.17, 18</li> </ul>	

### Materiality Identification Process

To ensure we are able to continue working with our diverse stakeholders to generate new value as an energy co-creation company, we have identified six materialities, taking into careful consideration our long-term priorities as well as environmental and social issues.

These materialities are closely linked to company-wide and departmental strategies as well as the materialities laid out in the materialities Management Plan.



### Correlations between Materiality and the SDGs

When considering the effect on the SDGs of key initiatives that impact materiality, we took into account the fact that each SDG is interconnected. Rather than being confined to one specific goal, the impact of any business activity targeting materiality will, to varying degrees, extend to all the SDGs. That said, we believe we can especially contribute to the achievement of the following three SDGs through our business activities.

Our efforts to achieve these goals may lead to increased environmental burden in the form of higher resource consumption and GHG emissions. Recognizing that our business activities might impose a burden in the following five areas and keep us from achieving the goals, we realize the necessity of making serious efforts to address this.

We are considering measures to minimize or eliminate the negative impact of our operations on these social issues. Specifically, we have set reduction targets for GHG emissions related to the use of petroleum resources and the risk of climate change, and are implementing measures to achieve them. The entire group will also work together to promote the recycling of solar panels and petrochemicals, including plastics.

#### SDGs where we make a larger difference



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





## Idemitsu Group's Sustainability

### Our Efforts to Promote Understanding of the SDGs

By raising awareness of social issues among all our employees through SDG-related efforts, we will enhance awareness of the linkage between business activities and social issues and promote the SDGs through internal communication to ensure that the key points of the SDGs are reflected in future corporate strategy and materiality. We will conduct educational activities so that our employees become fully aware that social issues are also their issues and take the initiative in solving them. In fiscal 2020, we promoted an essential understanding of the SDGs by raising awareness of SDG policies, SDG purposes, and the relationship between the SDGs and our own business through workshops and internal information media.

### External Assessments Related to Sustainability and ESG

#### External Assessments

Idemitsu recognizes sustainability and ESG (environmental, social, and governance) initiatives as management's priority topics and promoted ESG disclosures and engagement. As a result, we acquired the following evaluations in fiscal 2020. Going forward, we will continue focusing on sustainability and ESG initiatives and helping enhance corporate value.

#### CDP

CDP is a nongovernmental organization (NGO) with its headquarters based in the United Kingdom. It operates a global disclosure system to manage environmental impact and spur action on environmental issues. It ranks over 9,500 companies worldwide based on their responses to three types of surveys (climate change, water, and forests). There are eight ranks ranging from A to D-. In the fiscal 2020 survey, Idemitsu acquired an A- in climate change and a B in water.



#### MSCI

MSCI is a United States company that offers services for investment judgments to global investment institutions. MSCI ranks companies on nine levels from AAA to CCC based on the degree of ESG risks and how appropriately they manage those risks. Idemitsu acquired a rating of AA in the fiscal 2020 survey.



#### Nikkei SDGs Management Survey

This survey comprehensively evaluates companies and their initiatives for achieving the SDGs from the perspectives of SDG strategies, social value, environmental value, and governance. In the fiscal 2020, Idemitsu acquired a rating of ★4.0.



#### Nikkei Smart Work Management Survey

With this survey, the Nikkei Group comprehensively evaluates companies from the perspectives of personnel utilization ability, innovation ability, and market development ability regarding Smart Work Management, offered as corporate management to leverage competitive advantages in the new era. Idemitsu acquired a rating of ★3.5 in the fiscal 2020 survey.



#### SOMPO Sustainability Index

Idemitsu's ESG initiatives were evaluated, and the Company's stock was selected for 10 consecutive years since 2012 in SOMPO Asset Management Co., Ltd.'s SOMPO Sustainability Index.



#### Kurumin

Idemitsu analyzes issues, considers specific measures, and formulates action plans aimed at supporting employees and enabling them to balance work and life. In 2012 and 2015, we were recognized by the Ministry of Health, Labour and Welfare as a child-care support company and received the Kurumin certification mark.



#### Certified Health & Productivity Management Organization Recognition Program 2021

We have been selected in the large-scale company category of the Certified Health & Productivity Management Organization Recognition Program 2021, wherein the Ministry of Economy, Trade and Industry (METI) recognizes companies that implement particularly excellent health and productivity management. We received praise for the implementation of our systems and measures, our organizational structure, and more.



#### DX Certification / DX Stock

Idemitsu acquired DX Certification (from the Minister of the Economy, Trade and Industry) on April 1, 2021. Idemitsu's initiatives are DX-Ready, meaning the Company has been recognized as having achieved the requisite readiness level for business transformation through digital technology. In addition, in June 2021, Idemitsu was first selected as a Digital Transformation (DX) Stock 2021 by METI and the Tokyo Stock Exchange.





## Idemitsu Group's Sustainability

### Dialogues with Stakeholders

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

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

We conduct engagement activities by also considering the interests of each stakeholder and the degree of impact on the future. We will enhance corporate value and contribute to social development through responsible dialogue with a diverse range of stakeholders.

Stakeholder	Initiatives	Details	
All	Information disclosure via website	<ul style="list-style-type: none"> <li>We operate an official website to provide our stakeholders with timely corporate disclosure of the latest information on the activities of Idemitsu Group. Contacts are also presented on the website to accommodate various types of inquiries as part of our proactive communication efforts.</li> </ul>	 Official website
Shareholders and investors	Information disclosure to individual Investors	<ul style="list-style-type: none"> <li>In regions around Japan, we hold corporate briefings while participating in IR events for individual investors, with the Executive Officer in charge of IR, the General Manager of the Finance &amp; Accounting Department and other personnel giving presentations on the business overview, management strategies and operational status.</li> <li>In addition to holding the annual general meetings of shareholders in June, we issue the Idemitsu IR Newsletter (Japanese only) twice a year.</li> </ul>	 IR Information
	Information disclosure to analysts and institutional investors	<ul style="list-style-type: none"> <li>In addition to quarterly financial results briefings, we also hold individual IR meetings and small meetings with analysts.</li> <li>Top management team members visit institutional investors in Europe, the United States, and Asia to update them on our management strategies and operational status.</li> </ul>	
Customers (Individuals)	Customer center counters in place ➡ P.16	<ul style="list-style-type: none"> <li>We respond to inquiries that require specialized technological expertise regarding fuel oil, lubricants, and other products while accepting complaints about customer reception at service stations, the quality of gasoline, and the driving manners of our tanker truck drivers. Inquiries and complaints receive proper treatment through the customer center, via collaboration with relevant departments, and are utilized to make necessary improvements.</li> <li>We also promptly cooperate with relevant departments to respond appropriately when receiving concerns or reports regarding Idemitsu's other business activities.</li> </ul>	 Customer center counters
	PR activities through advertising and publicity	<ul style="list-style-type: none"> <li>We constantly engage in advertising activities to enhance the general public's understanding of the business operations and other initiatives being undertaken by the Idemitsu Group</li> </ul>	
Corporate Customers	Holding Customer Seminars ➡ P.16	<ul style="list-style-type: none"> <li>We maintain close communication with corporate clients and promote the development of products and solutions suited to their needs. Our branches throughout Japan hold seminars for corporate clients to deliver information on the latest technical trends in the energy-saving and environment-related fields, as well as on regulatory conditions and other topics directly useful to their operations.</li> </ul>	
Partner companies	Collaboration with Partners ➡ P.72-74	<ul style="list-style-type: none"> <li>We are working to create values through cooperation with our partner companies. We work to realize mutual sustainable development by having common goals, policies, guidelines, etc.</li> </ul>	
Community	Holding community briefing sessions	<ul style="list-style-type: none"> <li>We hold community briefing sessions at least once a year. In doing so, we invite heads of neighborhood associations and other representatives from communities in the vicinity of our refineries, complexes, and plants. We explain our safety and environment-related efforts and hear the opinions of the attendees.</li> </ul>	
	Implementation of environmental education ➡ P.38	<ul style="list-style-type: none"> <li>We hold environmental classes focused on global warming, climate change, and other environmental concerns to help elementary school students and other young people from communities near our refineries, complexes, and plants deepen their understanding of these topics.</li> </ul>	
	Implementation of environmental protection activities ➡ P.20, 38	<ul style="list-style-type: none"> <li>We participate in cleanup activities in the vicinity of refineries, complexes, and plants, as well as local forest and beach conservation activities. In addition to contributing to local communities, these activities facilitate interaction between employees.</li> </ul>	
Employees	Next Forum ➡ P.62-63	<ul style="list-style-type: none"> <li>In a concerted effort to create an even better company, we hold this forum twice a year to provide a place for employees to engage in face-to-face dialogue with top management and exchange their opinions and proposals with regard to company-wide issues. Forum committee members appointed by each department engage in direct dialogue with top management to deliver real voices regarding issues at the workplace.</li> </ul>	
	Holding Townhall Meeting, a platform where all employees can directly have a dialogue with top management ➡ P.63	<ul style="list-style-type: none"> <li>We have been conducting Townhall Meeting since FY2020 as a place for our employees to directly engage in dialogue with top management.</li> <li>Top management shares information with all employees regarding various management issues and engage in direct dialogue.</li> <li>In May 2021, it was held online under the theme "Corporate Philosophy and Medium-Term Management Plan".</li> </ul>	
	Conducting an employee engagement survey ➡ P.62-63	<ul style="list-style-type: none"> <li>We conduct this survey on an annual basis to quantitatively and continuously analyze employee engagement, mutual trust, and a sense of unity. A total of 11,896 employees of Idemitsu and its affiliated companies (response rate: 95.7%) participated in the survey from late July to early August FY2021.</li> </ul>	



## Idemitsu Group's Sustainability

### List of Dialogue Results with Stakeholders

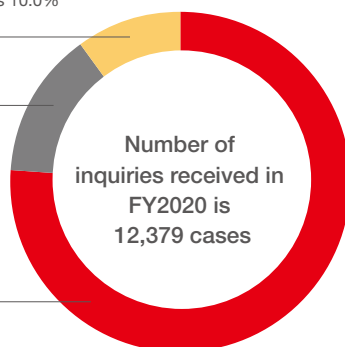
#### Number of inquiries received by customer center

In fiscal 2020, the Customer Center received 12,379 inquiries. We are working to improve customer satisfaction company-wide by sharing customer feedback received by phone, email, and letters within the Group.

Complaints and comments 10.0%  
(1,237 cases)

Awards and Others 13.8%  
(1,714 cases)

Inquiries 76.2%  
(9,428 cases)



#### Implementation of Customer Center "Goon Questionnaire"

We conducted a satisfaction survey of customers who contacted the Customer Center between May and June 2021. We received responses from 448 people.

Questionnaire Period From Tuesday, May 11 to Friday, June 4, 2021

Number of people targeted for implementation 448

Customer calls/234 people

Mail/200 people

Website/14 people

#### Major Customer Seminars Held (Fiscal 2020)

Customer seminars in fiscal 2020 were mainly held online. Participants were accepted regardless of location, resulting in an increase in the number of participants. We will continue to conduct various types of communication, including seminars, for the purpose of providing information and dialogue that is useful for business.

	Methods of holding	Number of times	Participants	Number of Participating Organizations	Number of participants (persons)
17th Apollo Energy Meeting	Online	1	Users in the coal and fuel oil fields	170	600
User Seminars	Online	35	Customers in the fuel oil field	610	1,230
	Set	4		26	
42nd cutting oil workshop	Online	1	Customers in the lubricating oil field	108	170
44th Heat Treatment Study Group	Online	1		134	262
Second Comprehensive Pest Management	Online	1	Consumers in the agricultural sector	—	10
Dairy Productivity Improvement Seminar 2020	Online	1	Customers in the dairy sector	100	150