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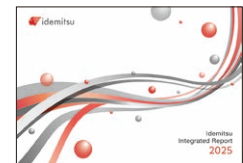
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Thoughts embodied in the cover design

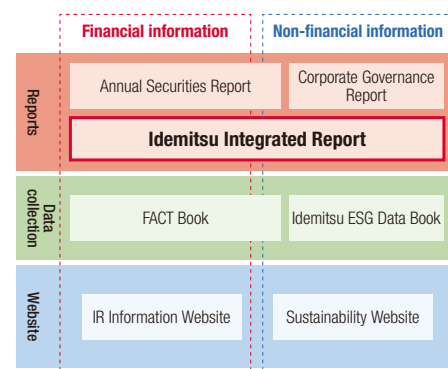
The design was inspired by our 2030 Vision, Your Reliable Partner for a Brighter Future, and our 2050 Vision, Shaping Change. The overlapping curves express our dynamic and flexible approach to continuous challenge, while the spheres of various sizes symbolize diversity. Together, they embody our aspiration to further expand the possibilities of value creation through harmony.



Editorial Policy

This report presents both financial and non-financial information, focusing on specific initiatives undertaken in FY2024. It aims to communicate to a broad range of domestic and international stakeholders the initiatives we are implementing in existing businesses, the progress we are making toward business structure reforms, and our work toward sustainable enhancement of corporate value through better nurturing of personnel. To deepen understanding of these efforts, we have, for the first time, included insights and comments from on-the-ground personnel. We encourage you to read their perspectives.

Communications Media



Scope of the Reporting

As a general rule, this report covers Idemitsu Kosan Co., Ltd. and our 263 Group companies as of the end of June 2025. When the scope differs, this fact is noted.

Reporting Period

Results for FY2024 (April 1, 2024 - March 31, 2025) are included in this report. When the applicable period differs, this fact is noted. Activities since April 2025 are also included.

Publication Information

Japanese version: Published annually since 2001, and the previous edition was published in October 2024.
English version: Published annually since 2003.

Reference Guidelines

We refer to the international integrated reporting framework recommended by IFRS Foundation, TCFD (Task Force on Climate-related Financial Disclosures), the Ministry of Economy,

Trade and Industry's Guidance for Collaborative Value Creation, GRI Sustainability Reporting Standards, ISO 26000, and SASB (Sustainability Accounting Standards Board).

Disclaimer on Forward-looking Statements

Any plans, projections, or targets contained in this report that are not historical facts are based on decisions and assumptions made by the Company using information currently available. Actual results may differ substantially from forecasts due to various factors. Factors that may affect the results of operations include economic conditions, crude oil prices, petroleum product supply and demand, market conditions, and currency exchange rates, but are not limited to these factors.

Contact point for inquiries about Idemitsu Integrated Report

Idemitsu Kosan Co., Ltd. Contact form on the official website:



■ Origins and History

■ The Current Idemitsu Group

■ Value Creation Process

Value Creation Story

Since its founding, Idemitsu Kosan has practiced People-Centered Management, building a 114-year history. Over the course of that history, we have overcome major environmental changes and numerous challenges. We will carry on these values and continue to take on the challenge of creating new value going forward.

3 Origins and History

4 The Current Idemitsu Group

5 Value Creation Process



Origins and History

For Idemitsu, our Management Philosophy is a statement of “what is the meaning of our existence?” Our Management Philosophy is also a universal, unshakeable coordinate, like the North Star, and for employees, it is a guide when they are unsure of their judgments, and it represents a vision to which they should aspire at all times.

Our Vision changes with the times and the environment, and represents our initiatives to realize a sustainable society that we must connect to the future.

Guided by our Action Guideline for realizing our Management Philosophy, we are striving to achieve our Vision. Through these efforts, we believe we can move closer to our goal of achieving both sustainable business growth and human resource development.



The Origin of Management

人間尊重

Ningen-Soncho (Having respect for human beings)
Written by Sazo Idemitsu

These are the words of the founder, Sazo Idemitsu, in his own handwriting. We intend to communicate to the world the importance of “Ningen-Soncho (Having respect for human beings),” a key tenet of our history for over a century, and unassailable ideals we continue to pass down.

Achieving Both Sustainable Business Growth and Human Resource Development



A History of Over 110 Years of Challenge



1911
Idemitsu Shokai founded in Moji (Fukuoka Prefecture)
Expanded operations in Japan and overseas, focusing on sales of petroleum products and lubricants



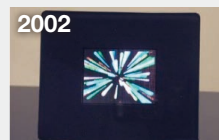
1953
Nissho Maru Incident
Became the first company in the world to import petroleum products from Iran directly



1978
Began research and development of solar cells
Engaged in the development of new energy sources



1996
Began supplying steam to Idemitsu Oita Geothermal Co., Ltd. Takigami Power Plant
Full-scale commitment to alternative energy sources



2002
Commenced development of OLED materials
Successfully prototyped the world's first OLED television and obtained patents for high-efficiency, long-lifetime deep blue emitters



2011
Response to the Great East Japan Earthquake
Secured energy supply systems and ensured delivery to affected areas in Tohoku and Kanto

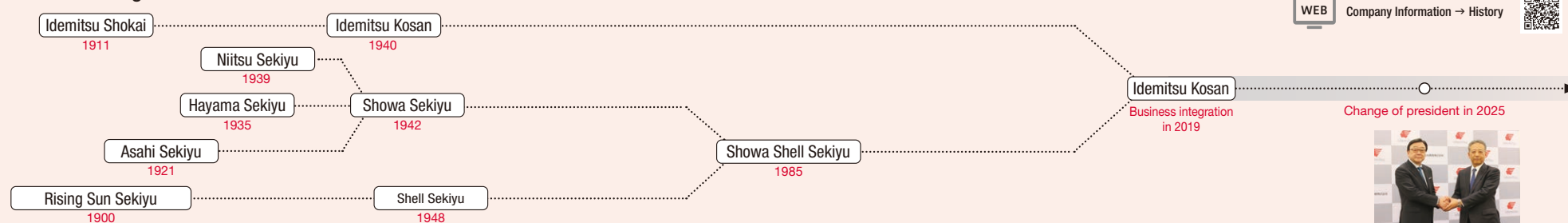


2018
Constructed the Nghi Son Refinery in Vietnam
Built a second refinery in Vietnam, contributing to the country's industrial development



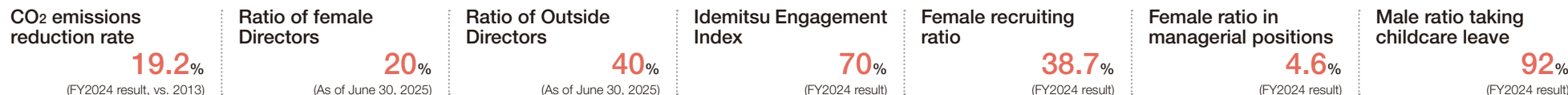
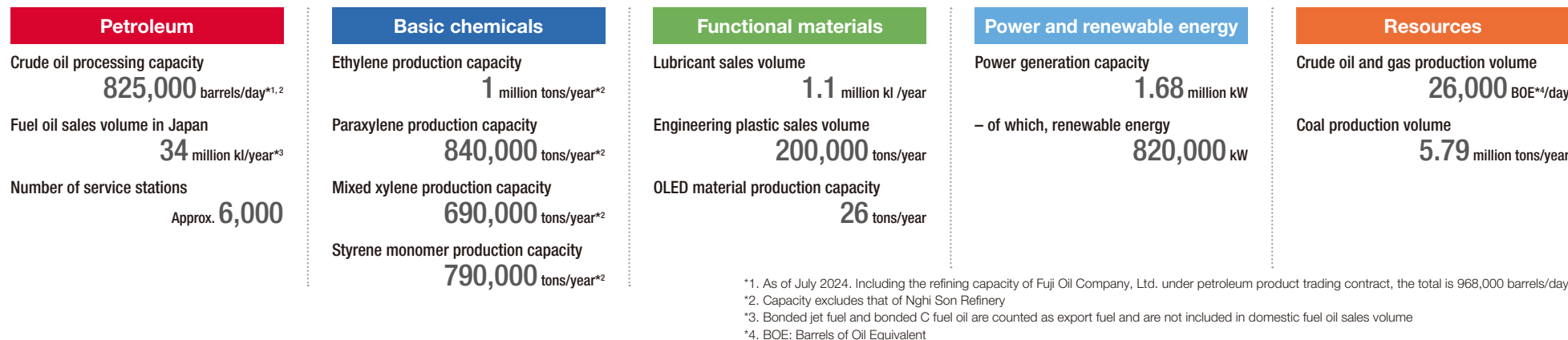
2021
Launched the new brand apollo station
Supporting local communities while addressing the future of energy, mobility, and society

Timeline Through 2025



The Current Idemitsu Group

(Data as of March 31, 2025)

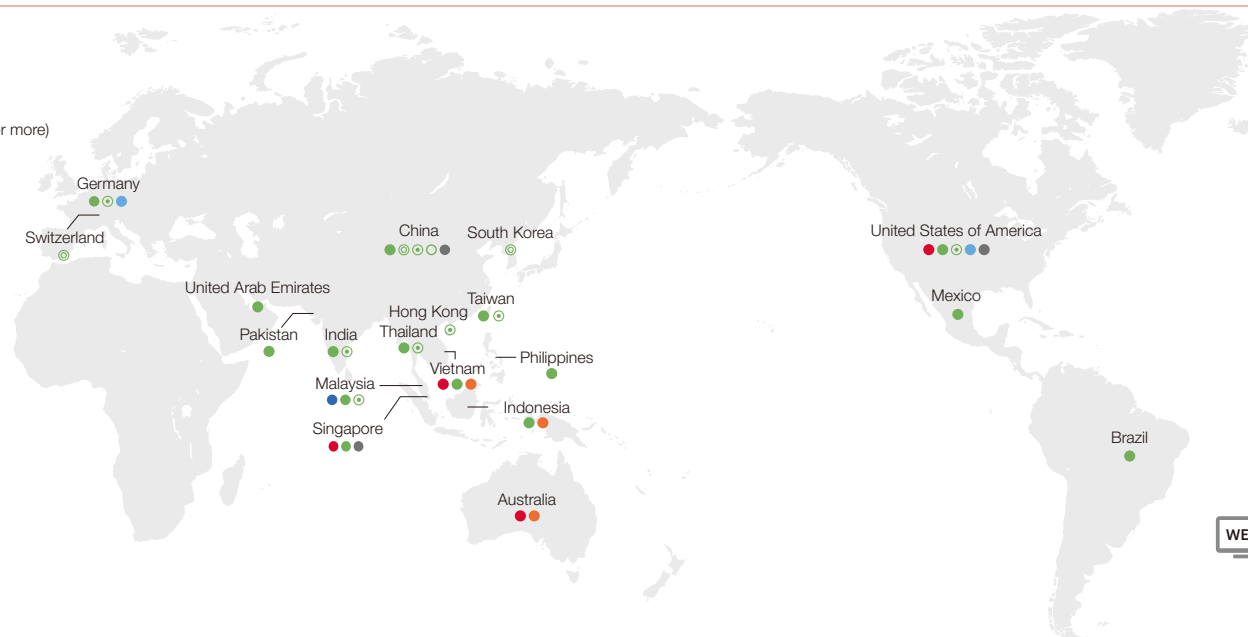


Major overseas group companies

(Equity method / Idemitsu direct investment of 50% or more)

Business Category

- Petroleum
- Basic Chemicals
- Functional Materials (Lubricants)
- Functional Materials (Electronic Materials)
- Functional Materials (Advanced Materials & Performance Chemicals)
- Functional Materials (Pesticides and Functional Feed)
- Power and Renewable Energy
- Resources
- Other



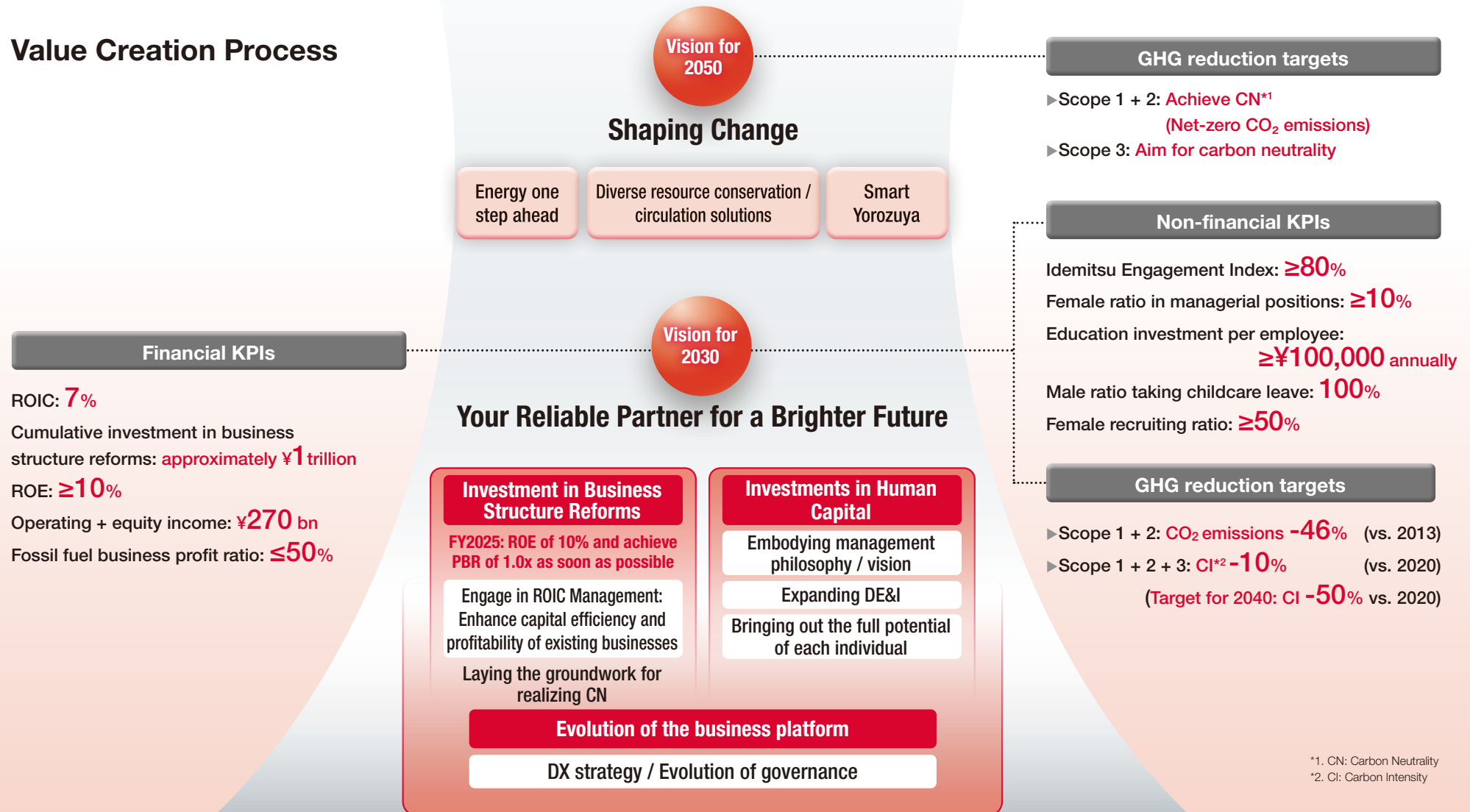
| | |
|--|-------------------|
| Net sales | 9.2 trillion yen |
| Consolidated operating income + equity in earnings of non-consolidated subsidiaries and affiliates | 184.8 billion yen |
| Consolidated number of employees | 14,000 people |
| Overseas employees | 3,100 people |
| Number of group companies | 263 |

■ Origins and History

■ The Current Idemitsu Group

■ Value Creation Process

Value Creation Process



Management Philosophy

Truly inspired

The Origin of Management

Ningen-Soncho (Having respect for human beings)

Message from the Chairman



Idemitsu Kosan's Mission and Management Structure

At Idemitsu Group, we are fulfilling our mission of providing a stable supply of energy and materials while striving to achieve a carbon-neutral society by 2050 as we move forward boldly on energy transition. The business environment is undergoing significant, unforeseen changes, including a global pushback against decarbonization trends and rising geopolitical tensions. Even in this uncertain era, we are taking on the global challenge of the energy transition as a unified Group to remain a leading player in energy supply.

Since my appointment as Representative Director and Chief Executive Officer in 2018, I have led a wide range of initiatives. Above all, I have placed the most significant importance on the People-Centered Management that has been a consistent pillar since our founding. Following the business integration

with Showa Shell Sekiyu in 2019, I have focused on the integration of human capital from both companies, believing that transcending organizational origin is essential to unlocking the true strength of the organization and supporting sustainable growth. I firmly believe that our greatest synergy lies in each and every Group employee working with vitality and bringing their strengths to life in their respective workplaces.

Under the current Medium-term Management Plan (FY2023–2025), we have committed ourselves to ensuring the stable supply of energy and to realizing a carbon-neutral society. As we pursue business structure reforms, we have made management decisions by carefully assessing long-term trends in demand for energy and materials and taking a prudent view of the timeframes involved. Going forward, we recognize that we are entering a critical phase, one that calls for prioritizing investment areas and optimizing resource allocation to achieve social implementation.

Against this backdrop, we announced a new management structure in February 2025. Since FY2025 marks the final year of the current Medium-term Management Plan and the start of full-scale discussions around the next plan, I have determined that this is the ideal timing to transition to the new management structure and pass the baton of the presidency. I will hand over responsibility for internal matters to the new president. As for myself, I will devote my full efforts to external activities aimed at realizing our Vision for 2050, Shaping Change, and further enhancing corporate value.

Toward the Future of the Energy Industry

Achieving a carbon-neutral and circular society requires a balance between energy security and a realistic energy transition. The stable and secure supply of energy is an essential foundation that supports the daily lives of people and economic activity. Through my roles as President of the Petroleum Association of Japan, a member of the GX Implementation Council, and other Keidanren-related activities, I will work closely with government agencies to offer policy recommendations aimed at ensuring the sustainable development of the energy industry. Amid increasing uncertainty due to geopolitical and natural disaster risks, fossil fuels and liquid fuels, which have high energy density and are superior in portability and storability, continue to play an important role. Recognizing this reality, I will promote the low-carbonization of liquid fuels while advocating for the importance of maintaining a stable energy supply and pursuing the optimal energy mix for Japan. We will remain steadfast in our mission to support Japan's energy foundation, including the petroleum industry.

To all our stakeholders who continue to support our activities, I extend my sincere gratitude. Thank you in advance for your continued support and cooperation.

Message from the President



Upon My Appointment as President

My name is Noriaki Sakai, and I assumed the position of Representative Director and President in April 2025.

Since joining the company, I have worked in various departments, including sales, manufacturing, human resources, accounting and finance, and safety and environmental affairs. Through these wide-ranging experiences, I have come to strongly recognize that every role has its own mission, and that it is people who carry out these missions. People are the source of corporate value and the foundation of sustainable growth for a company.

Our founder, Sazo Idemitsu, declared: “Our business is to develop people; the petroleum industry is merely the means.” Developing people who contribute to society and are respected by others is the very purpose of our company. The attitude of each and every employee is to be Truly Inspired, as stated in our corporate philosophy. It has been the driving force that has enabled us to overcome numerous challenges and hardships. Our most important management resource is people, and we will continue to practice People-Centered Management going forward.

The energy industry is undergoing a major transformation. As climate change emerges as a global challenge, financial and geopolitical risks continue to evolve, and people become more aware of energy security, society is becoming increasingly complex, and our business environment is changing rapidly. Even amid the energy transition toward decarbonization, our mission as a Group remains unchanged: to ensure a stable supply of the energy and materials that are needed right now. Having taken on the role of president at this crucial juncture—when we must accelerate our efforts and drive transformation forward—I feel a deep sense of responsibility and purpose.

Looking ahead, what I intend to prioritize in management is balance. While the word “balance” may sometimes suggest a passive stance, I see it as a strong and deliberate effort to steer both offense and defense simultaneously. Ensuring a stable

Message from the President

supply of energy and materials is the fundamental mission of any company in our industry, and that mission remains constant. In particular, existing energy sources will continue to play an essential role in supporting Japanese industry and people's daily lives for the foreseeable future. We must firmly maintain that foundation while simultaneously exploring new business possibilities. This is what it means to achieve both stability and change, and I believe that having a strong sense of balance will be more important than ever. It is about knowing when to accelerate and when to brake, and by doing both deliberately, making sure we continue to move forward.

While it is difficult to predict what the future may bring, no matter what comes, I believe that by maintaining this focus on balance and empowering every employee—nurtured through our business—to perform at their best, we can move boldly into the future with both flexibility and strength.

Vision for 2050/2030 and Basic Policy for 2030

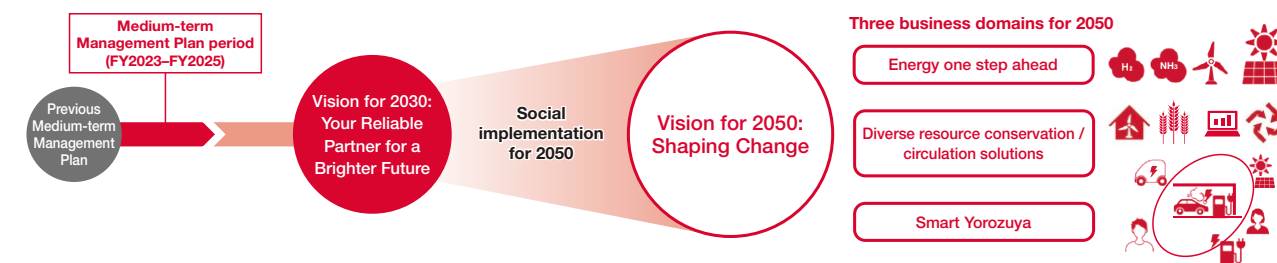
While fulfilling our mission to provide a stable supply of the energy and materials needed today, we will also work to implement new forms of energy, materials, and solutions into society that contribute to a carbon-neutral and circular society. Because we have long provided society with a stable supply of large volumes of energy and materials, we believe we are uniquely positioned to lead the way as a main player in energy,

materials, and carbon-neutral solutions well into the future. To contribute to a carbon-neutral and circular society by 2050, we view the environmental changes ahead as opportunities for business transformation and will promote the social implementation of new solutions. Our specific areas of business implementation are: Energy One Step Ahead, Diverse Resource Conservation / Circulation Solutions, and Smart Yorozyua. Energy One Step Ahead encompasses a range of initiatives designed to establish a stable supply of diverse, environmentally friendly, and carbon-neutral energy sources, including synthetic fuels, ammonia, and sustainable aviation fuel (SAF). Diverse resource conservation/circulation solutions leverages our accumulated technological capabilities to offer carbon-neutral solutions, such as high-performance materials and used plastic recycling, not only for industry but also for general consumers. Smart Yorozyua represents our vision to transform service stations across Japan into local "lifestyle support hubs" that support everyday life and help address regional challenges. Our brand, apollostation, will evolve to meet the unique needs of each community, embracing the concept of yorozu (unlimited diversity), and will serve as a base for supporting energy and mobility in local areas.

Through the social implementation of these three business domains, we aim to fulfill our responsibilities both to support people's daily lives and to protect the global environment for future generations. This is embodied in our 2050 Vision: Shaping Change. Leading up to that, we have set forth our

2030 Vision: Your Reliable Partner for a Brighter Future, identifying this period as a critical phase in which we will firmly uphold safe and stable operations at our refineries and complexes, fulfill our duty to ensure a stable supply of energy and materials, and bring to life our efforts toward realizing a carbon-neutral and circular society.

In line with our medium- to long-term vision, we remain unwavering in our strategic direction. As part of our investment in business structure reforms, we are advancing both the enhancement of capital efficiency and profitability in our existing businesses, and our preparations for a carbon-neutral and circular society. Alongside these investments in business structure reforms, we also place human resources strategy at the core of our management. Through investment in human capital, we are working to maximize employee growth and engagement and to foster the nurturing of personnel that will serve as the source of our competitive strength. To accelerate our management strategy, centered on both business structure reform and human resources strategy, we are also pursuing digital transformation (DX) and enhancing our governance framework to evolve our business platform, thereby laying the foundation for continued transformation.



Message from the President

Reflecting on the Second Year of the Medium-term Management Plan

1. Investments in Business Structure Reforms

To ensure a stable supply of energy and materials, it is crucial to further enhance the capital efficiency and profitability of our existing businesses. In the second year of our Medium-term Management Plan, we focused on strengthening our earnings base by advancing three key initiatives: enhancing the competitiveness of our refining and manufacturing sites, maintaining and reinforcing our service station network while improving customer experience value, and expanding our functional materials and advanced materials businesses. In addition, to achieve a carbon-neutral society by 2050, we screened the 16 projects identified at the time of the current Medium-term Management Plan’s release in November 2022 and, in FY2023, designated four key areas: blue ammonia, e-methanol, sustainable aviation fuel (SAF), and lithium solid electrolytes. We have made steady progress in each of these four businesses.

2. Investments in Human Capital

We place great importance on practicing People-Centered Management, where people are developed through the course of business. Under the current Medium-term Management

Plan, we are advancing initiatives built around three pillars: embodying our corporate philosophy and vision, deepening DE&I (diversity, equity & inclusion), and enabling each individual to fully demonstrate their abilities and uniqueness. Through our business, we aim to develop individuals who can overcome challenges regardless of the environment, and for each employee to become Your Reliable Partner for a Brighter Future.

3. Evolution of Our Business Platform

Our business platform, which forms the foundation of both our Investments in business structure reforms and investments in human capital, is being upgraded to respond to changes in the energy and industrial landscape. We are rebuilding our IT infrastructure and leveraging various digital tools to improve the quality of work and transform our business model. At the core of this transformation is the power of people, and we view the nurturing of digital transformation (DX) personnel as essential. More than 4,000 employees have completed DX literacy training, and we are working to enhance productivity and create new value through the use of AI.

4. Toward the Next Medium-term Management Plan

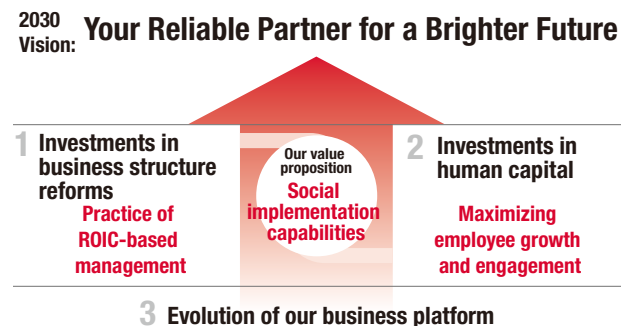
We plan to announce our next Medium-term Management Plan in spring 2026. In the near term, we expect the management environment to remain uncertain, with factors such as the global pushback against excessive decarbonization momentum and the United States’ tariff policies. Nevertheless, achieving carbon neutrality by 2050 remains a shared mission for the world and one that has not changed. At the same time, we believe there should be flexibility in how we envision 2030 and 2040—key milestones on the path to 2050—as well as in the pace at which we move toward them. For example, with electricity demand expected to rise due to the advancement of AI technologies, fossil fuels are likely to continue playing a significant role in society. The timing of increased demand for next-generation fuels may be delayed compared to earlier

projections, and building the necessary supply systems for commercialization will require careful, demand-driven decisions. Under the new management structure, we will strive to embody our visions of Your Reliable Partner for a Brighter Future and Shaping Change by maintaining a high-level balance between the immediate need to ensure a stable supply of energy and materials and the development of next-generation fuels, moving both initiatives forward with strength and determination.

Message to Our Stakeholders

Precisely because we live in a time of uncertainty and disorder, it is essential that we show how we will realize and demonstrate to society our 2030 Vision: Your Reliable Partner for a Brighter Future and our 2050 Vision: Shaping Change. As we adapt to the transition toward a carbon-neutral society, we will continue to leverage our diverse business portfolio to ensure even greater stability and efficiency in the supply of conventional energy and materials. This is not a challenge that can be easily overcome, but I firmly believe it is something only Idemitsu can accomplish. I also intend to carry forward the team-based management approach championed by former President Kito and use the collective strengths of the entire Idemitsu Group to navigate these difficult times.

To move forward into an unpredictable future, co-creation with all our stakeholders will be essential. We will continue to deepen our communication with stakeholders through initiatives such as ESG Top Seminars featuring outside directors and live seminars hosted by the president. The insights gained through these dialogues are being applied to management improvements and are also being integrated into our communication with employees. We will remain steadfast in practicing People-Centered Management and move forward as one Group. I sincerely ask for your continued understanding and support.



Business Structure Reforms

At Idemitsu Kosan Co.,Ltd., we believe that enhancing the capital efficiency and profitability of our existing businesses is essential to ensuring a stable supply of energy and materials. At the same time, with a view toward realizing a carbon-neutral and circular society, we are advancing the transformation of our business portfolio through the social implementation of our three business domains: Energy one step ahead, Diverse resource conservation/circulation solutions, and Smart Yoro-zu-ya.

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Message from the CFO



Review of FY2024 and Progress on the Medium-term Management Plan

Operating + equity income, excluding inventory impact, totaled 214.7 billion yen in FY2024. While this represents a decrease compared to the record-high 310.6 billion yen in FY2023, the decline was mainly due to external factors, such as the reversal of the positive time lag effect in the Petroleum Segment from the previous fiscal year, sluggish product market conditions in the Basic Chemicals Segment, and falling coal prices in the Resources Segment. However, we believe our efforts to strengthen innate profitability have steadily been successful. As a result, we achieved profit exceeding 200 billion yen for the two consecutive years, which we view as solid progress in the second year of the current Medium-term Management Plan (hereinafter, the Current Plan). With regard to ROIC management, we have set KPIs for each business unit and are monitoring progress quarterly, resulting in higher awareness toward capital efficiency not only among management but also across individual employees. In addition, we have pursued greater business platform in finance and accounting departments by streamlining operations through digital technology and providing timely information to support quicker management decision-making.

Meanwhile, our FY2025 earnings forecast for operating + equity income has been revised downward to 147.0 billion yen from what we announced in May 2024, to reflect risks such as the negative time lag impact caused by falling crude oil prices due to U.S. tariff policy trends as of April. Forecast of net income excluding inventory impact is 120.0 billion yen, which doesn't reach the target of 170.0 billion yen required to achieve our target ROE of 10%. At this point, we expect FY2025 ROE of around 7%. However, this forecast does not fully

| Forecasts for FY2025 | | FY2024 | FY2025 (forecasts) | Change |
|--|----------------------------|-------------------|---------------------|--------------------|
| | Operating + Equity Income* | 214.7 billion yen | 147.0 billion yen | -67.7 billion yen |
| | Net income* | 124.8 billion yen | 120.0 billion yen | -4.8 billion yen |
| Three Year Cumulative Total of the Medium-term Management Plan (FY2023–FY2025) | | Initial Plan | Latest Forecasts | Change |
| | Operating + Equity Income* | 560.0 billion yen | 672.2 billion yen | +112.2 billion yen |
| | Net income* | 380.0 billion yen | 436.9 billion yen | +56.9 billion yen |
| | Cash flow | 910.0 billion yen | 1,345.2 billion yen | +435.2 billion yen |

*Excluding inventory impact

Message from the CFO

incorporate potential upside from additional initiatives such as stable operations of refineries and complexes, expansion of our overseas trading business, and acceleration of M&As. Through these efforts, we aim to further improve our profitability.

Although we expect a short of our single-year target for FY2025, the 3-year cumulative profit and cash flow for the entire period of the Current Plan are expected to significantly exceed the initial plan, supported by steady progress until FY2024.

Initiatives to Enhance Corporate and Shareholder Value

Under the Current Plan, we have carried out various initiatives on both “R” (Return: business strategy) and “E” (Equity: capital and financial strategy), in order to enhance corporate and shareholder value—particularly by improving ROE, a capital efficiency indicator.

(1) Business strategy: efforts to improve profitability (“raise R”)

In the Petroleum Segment, we have steadily passed costs on through pricing, resulting in stable domestic margins. We are also focusing on expanding our trading business to capture demand from growing overseas markets, which is becoming a central pillar of the segment. In March 2024, we shut down the refining operations at Seibu Oil, realigning our supply capacity with the decline in domestic demand for petroleum products, thereby boosting the overall refinery utilization rate across the Group.

In the Functional Materials Segment, we are improving our portfolio by expanding overseas sales of lubricants. As for

Advanced Materials & Performance Chemicals, we have almost completed our withdrawal from unprofitable businesses and it is turning into a growth phase. As for M&As, aligned with the Medium-term Management Plan, we welcomed AGRO-KANESHO CO., LTD. (AK), which we expect to generate synergies with our existing business, into our group in FY2024.

In the Resources Segment, we are to increase our ownership in the Boggabri Mine in New South Wales, Australia, from 80% to 90%, thereby enhancing the stable supply system for high-grade coal to Japanese customers and supporting profit.

Meanwhile, progress in achieving profitability of Nghi Son Refinery, one of our structural challenges, is behind to the plan. Considering this as one of the critical management issues, we will strengthen our efforts so that we can disclose a clear path during FY2025.

(2) Capital and financial strategy: optimization of shareholders’ equity (“optimize E”)

To ensure a stable financial base for steady progress of business restructuring, we have improved capital efficiency by maintaining our current credit ratings (R&I: A / JCR: A+). Specifically, during the current three-year Medium-term Management Plan period (FY2023–FY2025), we set a shareholder return policy targeting a total return ratio of at least 50% of net income (excluding inventory impact) and announced plans to control shareholders’ equity at 1.7 to 1.8 trillion yen to accommodate business transformation and business risk. In addition to the shareholder return policy stated above, we announced and completed an additional share buyback totaling 140 billion yen in FY 2024. Notably, half of this amount (70 billion yen) was repurchased through an ASR (Accelerated Share Repurchase) scheme—an industry first—enabling swift optimization of shareholders’ equity and early improvement of ROE. We believe these efforts were effective in terms of both securing a solid financial

base and improving capital efficiency.

(3) ROE trends and evaluation

As outlined above, we have pursued improvements in ROE through both business and financial strategies. Although we have not reached the ROE target of 10% in FY2025 alone, we recognize that our innate capital efficiency has improved steadily from the previous Medium-term Management Plan period to the current one.

We forecast an averaged ROE of just under 9% (excluding inventory impact) for the current Medium-term Management Plan period (shown in gray on the graph) as we did in the previous Medium-term Management Plan period. However, if we adjust for significant external factors from the previous and current Medium-term Management Plan periods, such as the historically high coal prices that peaked in FY2022, the corrected averaged ROE would be around 8% (shown in red on the graph).This represents a significant improvement over the previous Medium-term Management Plan period, thanks to the stabilization of domestic petroleum product margins, structural reforms, including withdrawal from unprofitable businesses, and optimization of shareholders’ equity.

Going forward, we aim to realize further profit improvement by enhancing refineries and complexes utilization, expanding overseas trading, accelerating M&A, and ultimately achieving an ROE of 10% and a PBR of at least 1.0x as quickly as possible.

■ Message from the CFO

■ Initiatives for Achieving Carbon Neutrality by 2050

■ Taking on the Future in the Advanced Materials Domain / Restructuring R&D to Accelerate Innovation

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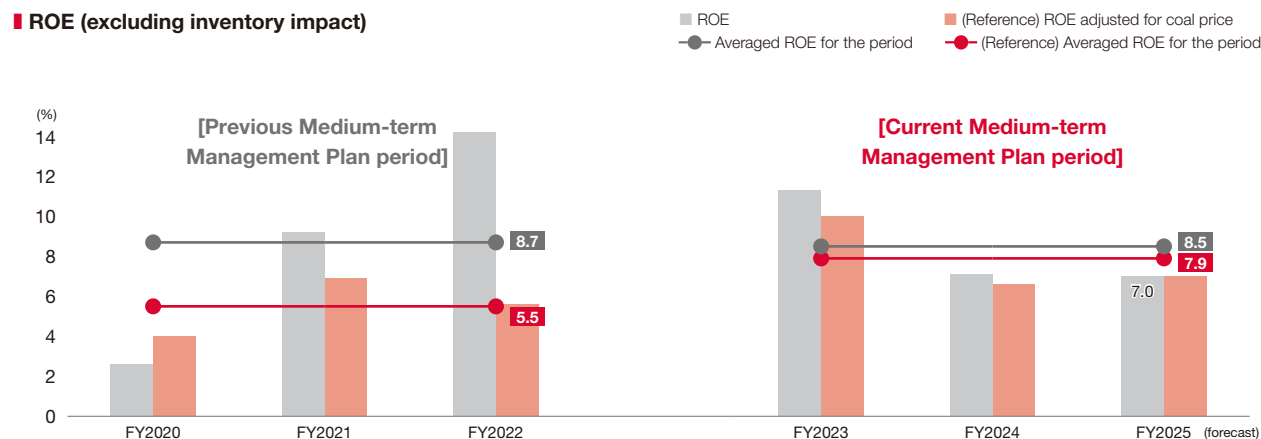
■ Functional Materials Segment

■ Power and Renewable Energy Segment

■ Resources Segment

Message from the CFO

■ ROE (excluding inventory impact)



*ROE adjusted for coal price: calculated using the assumed coal price of \$95/t for FY2025

(4) Growth investments toward future business transformation

From the 16 projects identified in the November 2022 Medium-term Management Plan announcement, we selected four as key areas in FY2023: blue ammonia, e-methanol, SAF, and lithium solid electrolytes. We are steadily advancing efforts in each of these areas.

For blue ammonia, we are considering transforming our Tokuyama Complex into a supply hub and building infrastructure to supply ammonia to companies in the Shunan Complex. Alongside Mitsubishi Corporation, we are also working to

participate in ExxonMobil’s blue ammonia production project, to establish a supply system exceeding one million tons per year by 2030.

We are considering procuring e-methanol from overseas. For example, we have made a joint investment with JOGMEC in HIF Global, a leading developer of synthetic fuel manufacturing projects based on renewable energy. We are also exploring domestic production in the Tomakomai area of Hokkaido, where we plan to build a hydrogen supply chain and e-methanol production facility.

In the lithium solid electrolyte business, we began basic

design of a large-scale pilot plant within FY2024 and have decided to build a large-scale production facility for lithium sulfide, a key intermediate material. Development is progressing as planned in collaboration with Toyota Motor Corporation, with practical use targeted for FY2027–FY2028.

For sustainable aviation fuel (SAF), we began basic design work in fiscal 2024 for a production facility at the Tokuyama Complex using the HEFA (Hydroprocessed Esters and Fatty Acids) process. This project has been selected for support under the GX Economy Transition Bonds initiative by Japan’s Ministry of Economy, Trade and Industry, marking the foundation for future business development in partnership with government and private-sector stakeholders.

While these investments toward achieving carbon neutrality by 2050 are critical, they will take time to contribute meaningfully to earnings. Until then, it will be vital to fully leverage profit opportunities in existing businesses. These include expanding overseas trading to capture international demand, restructuring our basic chemicals business, pursuing M&A with near-term earnings contributions, and entering upstream oil and gas projects in Malaysia. We also plan to explore the expansion of our resource business in combination with carbon capture and storage (CCS).

Going forward, while continuing to make investments based on ensured profitability, we will also pursue selection and concentration—including in existing businesses—and implement management that is conscious of cost and capital and stock price.

■ **Message from the CFO**
 ■ Initiatives for Achieving Carbon Neutrality by 2050
 ■ Taking on the Future in the Advanced Materials Domain / Restructuring R&D to Accelerate Innovation
 ■ FY2024 Review of Operations
 ■ Petroleum Segment
 ■ Basic Chemicals Segment
 ■ Functional Materials Segment
 ■ Power and Renewable Energy Segment
 ■ Resources Segment

Message from the CFO

Shareholder Returns

In FY2024, we returned over 185 billion yen to shareholders through approximately 45 billion yen in dividends and 140 billion yen in share buybacks. This reflects our policy under the current Medium-term Management Plan to maintain a total return ratio of at least 50% of net income (excluding inventory impact) over the three-year period from FY2023 to FY2025. In addition, we executed an extra 100 billion yen in share buybacks to enhance capital efficiency and optimize our financial structure.

In FY 2024, we increased dividends for the second consecutive year. The annual dividend will be 36 yen per share, which is set at the minimum level during the current medium-term management plan.

For FY2025, we will maintain this policy, keeping the annual dividend at 36 yen per share and executing share buybacks flexibly in response to market conditions.

■ Shareholder Return Policy

Total payout ratio of at least 50% of cumulative net income excluding inventory impact in FY2023-2025

| | | |
|-----------------------|--|--------------------------------------|
| Dividends | Annual dividend of 36 yen per share, with this amount set as the minimum level | Dividend per share (yen)*1 |
| Share buybacks | Execute in a flexible manner while monitoring the stock price | Share buyback amount (billion yen)*2 |

*1. Figures reflect per-share amounts adjusted for past stock splits.

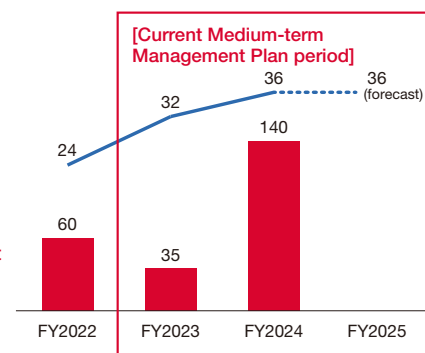
*2. Buyback amounts are based on approved and publicly announced figures.

Dialogue with Capital Markets and External Recognition of IR Activities

We have continuously expanded and enhanced our engagement with investors and analysts in FY2024.

Since 2022, we have led the industry in organizing ESG Top Seminars to facilitate direct dialogue between Outside Directors and the capital markets. At the seminar held in April 2025, we increased the number of Outside Director participants to two and held discussions on topics with high market interests, including progress in business transformation, human capital strategies, and succession planning including top management.

In March 2025, we also hosted a site visit to the Nghi Son Refinery in Vietnam for securities analysts. As one of the most advanced refineries in Asia, the visit and direct interactions with local employees provided analysts with a deeper understanding of the business.



We are honored to say that our IR activities were externally admired, as we were once again awarded the top of the energy sector in Excellence in Corporate Disclosure ranking by the Securities Analysts Association of Japan in 2024. We would like to express our sincere gratitude for the continuous support and guidance from the capital markets.

We will remain engaged to timely and appropriate disclosure and will make company-wide efforts to enhance the value of our information disclosure and the quality of our engagement. We appreciate your continuous support.



2024 Award for Excellence in Corporate Disclosure
— Industries —
SAAJ The Securities Analysts Association of Japan




Presenters (from left): Masahiko Sawa (Executive Vice President), Takeo Kikkawa (Outside Director), Jun Suzuki (Outside Director)



Group photo from the Nghi Son Refinery site visit with securities analysts and Idemitsu Group employees

Initiatives for Achieving Carbon Neutrality by 2050



Managing Executive Officer

Junzo Yamamoto

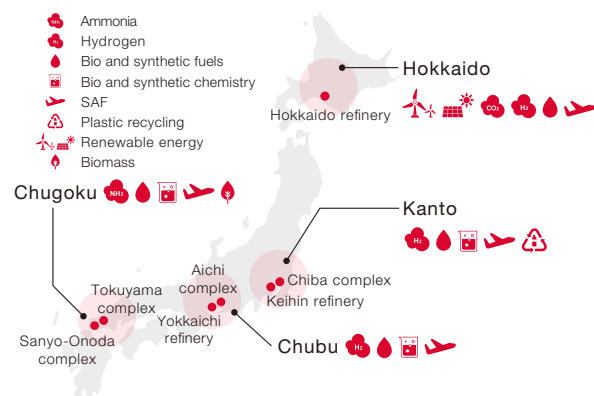
To become a leading player in energy and carbon neutral (CN) solutions as we work toward a carbon-neutral and circular society by 2050, we are advancing the social implementation of Energy One Step Ahead. Specifically, we have identified three Major strategies for CN—blue ammonia, e-methanol, and sustainable aviation fuel (SAF)—and are working toward early implementation by 2030, with commercialization anticipated in the 2030s and beyond. As we develop these businesses, we closely monitor global trends, including the retreat in decarbonization momentum and potential deglobalization under a future Trump administration, as well as domestic policy developments such as the 7th Strategic Energy Plan and GX2040, to inform our decision-making.

Our refineries and complexes have long grown together, supported by local communities. The knowledge, experience, technical capabilities, and infrastructure we have built over the years represent valuable assets for achieving carbon neutrality by 2050. Working in partnership with national and local governments, as well as related companies in Japan and overseas, relationships built on trust over many years, we are advancing our CNX Center initiative.

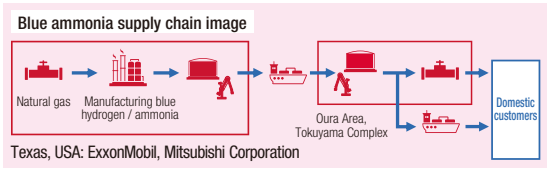
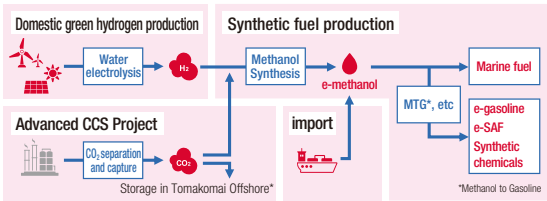
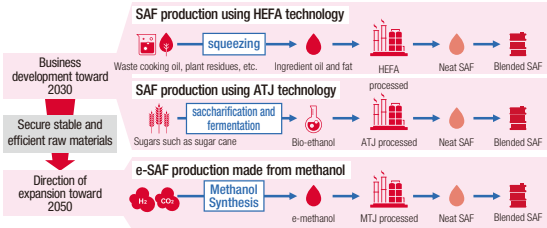
CNX Center Concept

Our CNX Center concept aims to repurpose our refineries and complexes, which have long operated as fossil fuel production hubs, into new supply bases for carbon-neutral fuels and products by leveraging their existing strengths and characteristics. Each site will develop new supply chains tailored to the unique features and demands of its industrial complex, thereby contributing to the transformation to CN across the entire complex.


■ CNX Center concept image



Key CN Businesses

| | FY2024 Initiatives |
|--------------|---|
| Blue ammonia | <div> <div> <ul style="list-style-type: none"> ✓ Participating in a clean hydrogen and ammonia project promoted by ExxonMobil in collaboration with Mitsubishi Corporation, with plans to procure ammonia ✓ Working with Tosoh Corporation, Tokuyama Corporation, and Zeon Corporation to examine the development of an ammonia supply hub in the Shunan Complex, targeting a supply system exceeding one million tons annually by 2030 </div> <div>  </div> </div> |
| E-methanol | <div> <div> <ul style="list-style-type: none"> ✓ Exploring local production of green hydrogen and synthetic fuel (e-methanol) for local consumption in Tomakomai, Hokkaido, an area with high renewable energy potential, in collaboration with partner companies ✓ Jointly investing with JOGMEC in HIF Global, a company advancing synthetic fuel manufacturing projects, and considering the procurement of e-methanol from overseas </div> <div>  </div> </div> |
| SAF | <div> <div> <ul style="list-style-type: none"> ✓ Working toward establishing a domestic supply system with an annual capacity of 500,000 KL by considering the construction of production facilities at both the Chiba Complex (ATJ process) and Tokuyama Complex (HEFA process) ✓ Carrying out initiatives to develop a global supply chain, including initiating pilot planting of pongamia trees in Australia with U.S.-based Terviva Inc. and Australia's Stanmore Resources Ltd. to secure stable long-term feedstock </div> <div>  </div> </div> |

Taking on the Future in the Advanced Materials Domain / Restructuring R&D to Accelerate Innovation



Senior Managing Executive Officer and President, Advanced Materials Company

Hajime Nakamoto

As the business environment becomes increasingly uncertain, we recognize that transforming our business structure to flexibly respond to change and building a foundation for future growth and development are critical management priorities. To date, we have worked to improve our business structure by selectively focusing resources on core businesses to ensure stable earnings and cash flow.

Looking ahead to the creation of new value and businesses, we are advancing a transformation of our business portfolio in the advanced materials domain. For solid electrolytes used in next-generation batteries, we are accelerating development efforts while working to establish the necessary technologies and build a value chain toward mass production.

As part of our R&D restructuring, we have established the Innovation Center ahead of the scheduled completion of a new integrated laboratory (planned for the end of FY2027), which will serve as a hub for technological convergence. This new organization integrates several existing units and redefines the roles and functions needed for R&D, and the creation of new businesses, thereby contributing to the acceleration of our Group's business portfolio transformation. We will continue to work towards becoming a business entity capable of delivering sustainable growth, enhancing corporate value, and contributing to society.

Taking on the Future in the Advanced Materials Domain

To drive the growth of our functional materials business, we are pursuing business transformation across each field within the advanced materials domain.

In the electronic materials business, we are transitioning to a more locally integrated business model in Korea and China, the primary markets for organic EL products. By engaging more closely with local customers, accurately understanding market needs, and collaborating with local companies, we aim to better meet demand.

In the pesticides and functional feed business, we made Agro-Kanesho Co., Ltd. a wholly owned subsidiary in February

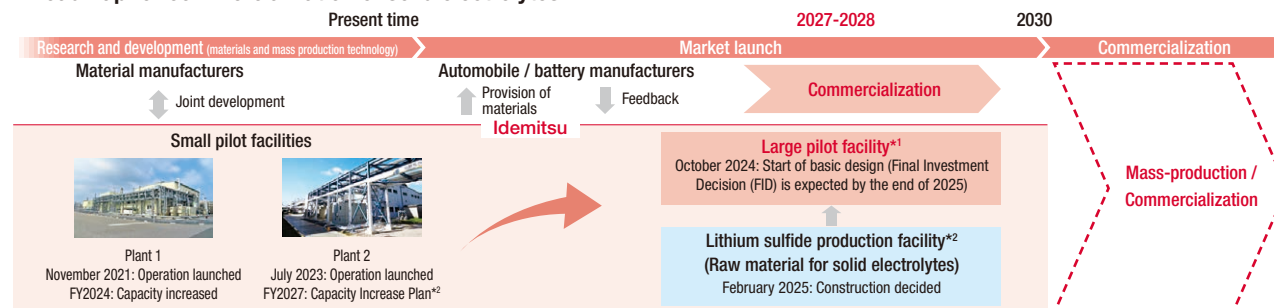
2025. By leveraging synergies with SDS Biotech K.K., which is our subsidiary, we aim to expand distribution channels in Japan and scale up operations overseas, contributing to food security and supporting people's daily lives.

All-solid lithium batteries are next-generation batteries expected to overcome many of the challenges faced by conventional liquid lithium-ion batteries. We are advancing the development of solid electrolytes, which are key materials for all-solid lithium batteries, and in 2023 announced a collaboration with Toyota Motor Corporation. Our goal is to begin practical use of electric vehicles (EVs) equipped with all-solid lithium batteries using our solid electrolytes between 2027 and 2028, thereby contributing to global carbon neutrality.

Restructuring R&D to Accelerate Innovation

Ahead of the scheduled completion of our new integrated laboratory at the end of FY2027, we established the Innovation Center in July 2025 as a new organization that integrates the Advanced Technology Research Laboratories, which promote medium- to long-term research, the Innovation Strategy Department, which oversees R&D strategy development, and the Intellectual Property Department, which handles IP strategy. This new structure enhances our ability to allocate resources strategically and accelerates initiatives focused on social implementation.

■ Roadmap for commercialization of solid electrolytes



*1 Adopted by GI fund, which is Green Innovation Fund Project "Next-generation Storage Battery and Motor Development"

*2 Certified by "Supply Security Plan for Storage Batteries" from METI



Image of the integrated laboratory

■ Message from the CFO

■ Initiatives for Achieving Carbon Neutrality by 2050

■ Taking on the Future in the Advanced Materials Domain / Restructuring R&D to Accelerate Innovation

■ Petroleum Segment

■ Basic Chemicals Segment

■ Functional Materials Segment

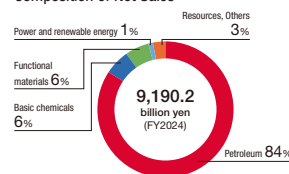
■ Power and Renewable Energy Segment

■ Resources Segment

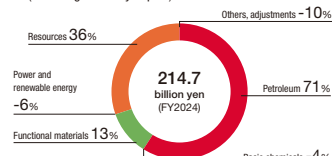
FY2024 Review of Operations

FY2024 Review of Operations

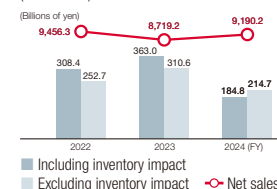
Composition of Net Sales



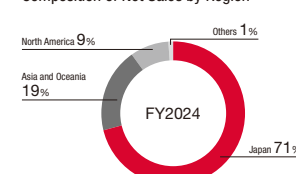
Composition of Operating + Equity Income (excluding inventory impact)



Trends in Net Sales and Operating + Equity Income (consolidated)



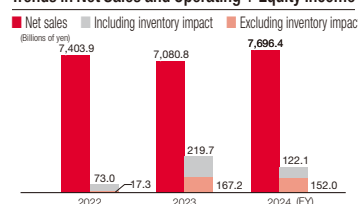
Composition of Net Sales by Region



Petroleum Segment

➔ P.18-19

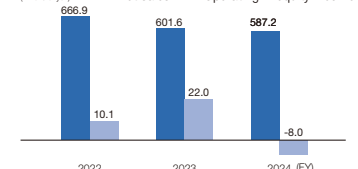
Trends in Net Sales and Operating + Equity Income



Basic Chemicals Segment

➔ P.20

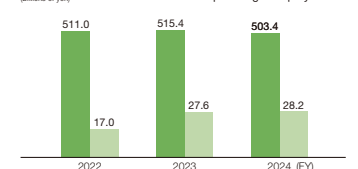
Trends in Net Sales and Operating + Equity Income



Functional Materials Segment

➔ P.21-25

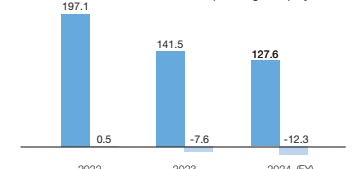
Trends in Net Sales and Operating + Equity Income



Power and Renewable Energy Segment

➔ P.26

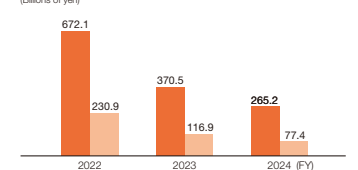
Trends in Net Sales and Operating + Equity Income



Resources Segment

➔ P.27

Trends in Net Sales and Operating + Equity Income



Competitive Advantages

- 5 group refineries and network of 31 oil terminals across Japan
- Approx. 6,000 service stations across Japan with the second largest share of the market
- An established global business with proven experience over many years

- A developed value chain from crude oil and naphtha to synthetic resins
- Integrated operation of petroleum refining and petrochemicals
- Early implementation of a resource circulation supply chain through collaboration with the Petroleum Segment

| | Lubricants | Electronic Materials | Advanced Materials & Performance Chemicals | Bitumen | Pesticides and Functional Feed | Lithium-ion Battery Materials |
|------------------------|---|---|--|--|---|--|
| Competitive advantages | <ul style="list-style-type: none">● Manufacturing, sales, and research and development network spanning the globe● Development of lubricant products that solve the on-site challenges and meet the needs of customers | <ul style="list-style-type: none">● OLED blue light-emitting material technologies● Integrated overseas manufacturing and sales system | <ul style="list-style-type: none">● Material development capabilities that meet market needs● Production system with high cost-competitiveness | <ul style="list-style-type: none">● Integrated production and sales system from development to manufacturing and sales● Development technologies for high-performance asphalt | <ul style="list-style-type: none">● Numerous agrochemical ingredients developed and patented● Research and development capabilities and proposal capabilities that meet customer needs | <ul style="list-style-type: none">● Integrated solid electrolyte manufacturing technologies covering raw materials to finished products● Development system capable of carrying out battery material development and battery evaluation in parallel |
| Manufactured capital | <ul style="list-style-type: none">■ Domestic: Chiba (Ichihara), Kanagawa (Kawasaki and Yokohama), Fukuoka (Mojiri) and Hyogo (Kobe)■ Overseas: China, Taiwan, Thailand, Vietnam, India, Indonesia and America | <ul style="list-style-type: none">■ Domestic: Shizuoka■ Overseas: Korea and China | <ul style="list-style-type: none">■ Domestic: Chiba (Ichihara, Kujukuri and Hasunuma), Kanagawa (Kawasaki), Mie (Kameyama), Hyogo (Himeji) and Yamaguchi (Shunan)■ Overseas: China, Malaysia and Thailand | <ul style="list-style-type: none">■ Domestic: Mie (Yokkaichi), Chiba (Sodegaura) and Yamaguchi (Sanyo-Onoda)■ Overseas: Malaysia | <ul style="list-style-type: none">■ Domestic: Kanagawa (Yokohama) | <ul style="list-style-type: none">■ Domestic: Chiba*■ Pilot facilities |

- Cost competitiveness of power sources within our Group
- Sales channels in the petroleum business
- Experience and knowledge in power source development in Japan and overseas

- Knowledge and achievements in energy resources businesses accumulated over more than 40 years
- Low-carbon solution technologies
- Business foundations in Vietnam and Australia

Manufactured Capital (as of the end of March 2025)

Group refineries

| Domestic | Location | Crude oil processing capacity |
|---|------------------------------------|-------------------------------|
| Hokkaido Refinery | Tomakomai City, Hokkaido | 14.0 |
| Chiba Complex | Ichihara City, Chiba Prefecture | 19.5 |
| Aichi Complex | Chita City, Aichi Prefecture | 16.5 |
| Yokkaichi Refinery (Showa Yokkaichi Sekiyo Co., Ltd.) | Yokkaichi City, Mie Prefecture | 25.5 |
| Keihin Refinery (TOA Oil Co., Ltd.) | Kawasaki City, Kanagawa Prefecture | 7.0 |
| Total | | 82.5* |

Mainstay chemicals production capacities*1

| Domestic | Chemical product | Production capacity | Overseas | Chemical product | Production capacity |
|----------|------------------|---------------------|-----------|------------------|---------------------|
| Olefins | Ethylene | 997 | Aromatics | Paraxylene*2 | 700 |
| | Paraxylene | 836 | | Benzene*2 | 88 |
| | Mixed xylene | 688 | | Styrene monomer | 240 |
| | | | | | |
| | Benzene | 1,020 | | | |
| | Styrene monomer | 550 | | | |
| | Cyclohexane | 240 | | | |

*1. Including products manufactured at Group refineries

*2. Production capacity does not take into account

*1. Including products manufactured at Group refineries
*2. Production capacity does not take into account the investment ratio for the equipment.

Capacity of the group power generation facility portfolio*1

| Type of power generation | Unit: 10,000 kW | Type of power generation | Unit: 10,000 kW |
|-----------------------------|-----------------|--|-----------------|
| Domestic solar power | 18.7 | Domestic thermal power generation | 58.1 |
| Overseas solar power | 51.4 | Overseas thermal power generation | 27.1 |
| Solar power (subtotal) | 70.1 | Thermal power generation (subtotal) | 85.2 |
| Biomass power | 10.3 | Domestic power generation capacity (total) | 89.7 |
| Wind power | 2.0 | Overseas power generation capacity (total) | 78.5 |
| Geothermal power*2 | 0.5 | Power generation capacity (total) | 168.1 |
| Renewable energy (subtotal) | 82.9 | | |

Oil and gas production volume

| Name | Location | Production volume (thousand BOE*/day) |
|-----------------------------|-----------------------------------|---------------------------------------|
| | | FY2024 |
| Vietnam Gas Field | Off the coast of southern Vietnam | 13.5 |
| Norway Oil and Gas Field *2 | Norwegian North Sea | 12.4 |
| Total | | 25.9 |


*1. Barrels of oil equivalent
*2. Figures are based on equity interests held by resource development subsidiaries.
Norway's volume was from January to December, and Vietnam's volume was from April to March due to a change of the fiscal year end.

Coal production volume

| Name | Location | Production volume (thousand ton) |
|---------------|-----------|----------------------------------|
| | | FY2024 |
| Boggabri Mine | Australia | 5,796 |

*1. Figures based on the Group's equity interests
*2. The volume was from January to December as the fiscal year ends in December

Petroleum Segment



Managing Executive
Officer
Petroleum Marketing
Strategy

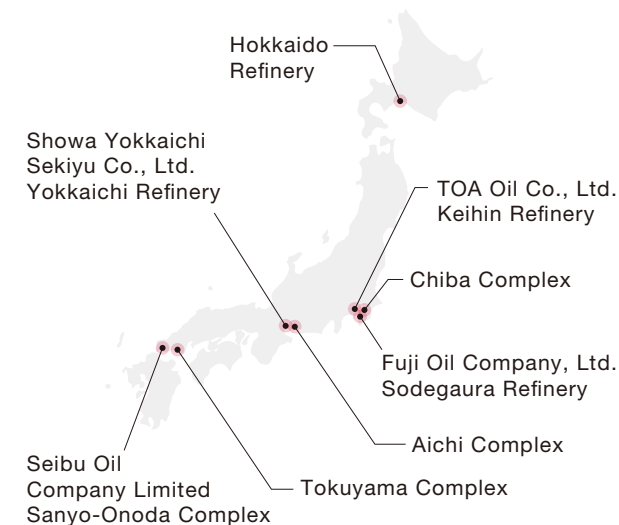
Yoshimasa
Kokubo

Main Businesses

- Crude oil procurement, refining and distribution of petroleum products
- Sale of gasoline, kerosene, diesel oil and automotive lubricants to service stations
- Sale of industrial kerosene, diesel oil, heavy oil and other products
- Sale of aviation and marine fuel
- Sale of low-carbon fuel

The Petroleum Segment’s mission is the stable supply of energy necessary for our economic activities. While fulfilling this responsibility, we are working to strengthen the competitiveness of our refining and manufacturing base, expand our global business, and promote sales strategies that enrich life-styles, and further improve profitability.

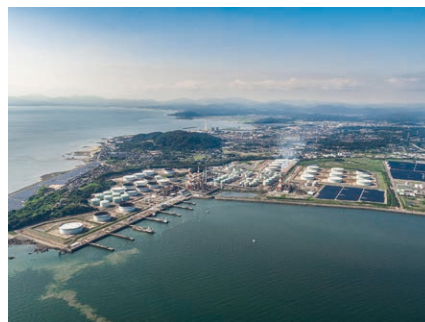
■ List of oil refineries in Japan



Building a Highly Competitive Refining and Manufacturing System

Optimization of refining capacity

Demand for petroleum products is expected to gradually decline in the medium- to long-term in Japan. Against this backdrop, we sought to optimize our group’s supply system with the cessation of refining at Seibu Oil Company Limited Yamaguchi Refinery (crude oil processing capacity: 120,000 barrels per day) in March 2024. Since the shutdown, the average operating rate of our group’s refineries has improved. Meanwhile, even after the shutdown of refining, Yamaguchi Refinery continues to function as a petroleum terminal and stockpiling depot as Sanyo-Onoda Complex to contribute to stable supply. Furthermore, in FY2024, Fuji Oil Company, Ltd.



Seibu Oil Company Limited Sanyo-Onoda Complex

was made an equity method affiliate. We are working on optimization of crude oil and naphtha procurement, and regular maintenance work, to maximize synergies that benefit both companies.

Continuation of safe and stable operations

We consider the safe and stable operation of our refineries and complexes to be our most important management issue. We tackle our work with a safety-first mindset every day. Together with this, we aim to improve operational reliability by enhancing security management, operation management and facility management for even safer and more stable operations. We also work on developing human resources and implementing thorough compliance as the foundation for continuing those activities.

In addition, we consider business continuity plans (BCPs) to prepare for natural disasters and other business risks. Furthermore, we also work on DX. This includes, for example, the early detection of signs of abnormality without being reliant on the experience or eyes of humans by using image analysis.

■ List of results for sales volume

(1,000 kL)

| | FY2023 | FY2024 | Change | |
|-----------------------------|--------|--------|---------|--------|
| Gasoline | 12,597 | 12,355 | (242) | -1.9% |
| Naphtha | 351 | 648 | +297 | +84.8% |
| Jet Fuel | 2,502 | 2,409 | (92) | -3.7% |
| Kerosene | 3,557 | 3,379 | (178) | -5.0% |
| Diesel Oil | 10,031 | 10,028 | (4) | -0.0% |
| Heavy Fuel Oil A | 3,135 | 3,135 | +0 | +0.0% |
| Heavy Fuel Oil C | 2,359 | 1,792 | (567) | -24.0% |
| Total Domestic Sales Volume | 34,532 | 33,747 | (786) | -2.3% |
| Exported Volume | 7,477 | 5,841 | (1,636) | -21.9% |
| Total Sales Volume | 42,009 | 39,588 | (2,422) | -5.8% |

Petroleum Segment

Overseas Business Expansion

NSRP's initiatives

Nghi Son Refinery, operated by our equity method affiliate Nghi Son Refinery and Petrochemical LLC (NSRP), plays an important role as an energy supply base that covers approximately 35% of the demand for petroleum products in Vietnam. After its first Turn Around in 2023, the refinery has consistently operated at high capacity to meet the strong domestic demand in Vietnam. It reached 20 million safe manhours milestone in the first quarter of FY2025. NSRP will continue to operate safely and stably while working on measures to improve profits including the financial cost reduction.



Nghi Son Refinery

Global Trading

We have accumulated a wealth of experience and have a strong track record in international petroleum product trading. Utilizing the specialized knowledge of our group companies from around the world, we conduct a trading business that is responsive to dynamic market changes. We will continue to work to expand profitability while appropriately taking into account the challenges presented by changes in global petroleum supply-demand balances and price fluctuations caused by political, economic, climate and other related factors in the future.

Implementing Sales Strategies in Japan to Enrich Lifestyles

Expansion of Smart Yorozuya Strategy and Drive On

The strength of our sales departments is the network of approximately 1,000 dealers familiar with their local areas and the approximately 6,000 service stations located across Japan. With the slogan, "Various a! in this town," service stations continue to steadily supply the fuel needed by local communities, while working to evolve into Smart Yorozuya that provides diverse services to meet local needs by taking advantage of their highly convenient locations. For example, apolloONE stations, which specialize in mobility services other than refueling, are divided into five business categories including car washing, coating and car sharing. There are 18 apolloONE stations specializing in each of these categories across Japan. Moreover, we have opened environmentally-friendly apollostation Type Green service stations that use as much locally-sourced wood as possible in 12 locations across Japan. We work closely with our long-time partner dealers to evolve into Smart Yorozuyas that meet the diverse needs of local communities.



apolloONE Kagoshima Chuo Eki Nishiguchi (Kagoshima City, Kagoshima Prefecture): a rental car shop that opened in October 2024

We also work to spread and expand the use of our official Drive On app. Drive On was born from our desire to further enrich the travel and refueling experiences of our customers rather than simply using service stations as a place to refuel. We have also started a membership status program for the first time in the industry. The Drive On application has been download over 11 million times to date. Drive On will support the convenient and cost-effective customer experience at our service stations as they evolve into Smart Yorozuya.




YOROZU Promotion Section,
 Petroleum Marketing Department
S. Takano
 (Affiliations as of June 2025)

Taking on the Challenge of Developing apolloONE to Suit Local Needs

We develop the apolloONE mobility service specialty stations that do not offer refueling, highly compatible with customers who use service stations. Our goal is to have 250 stations by 2030. These stores will meet the needs of each community such as vehicle inspections, coatings, used car sales, rental cars and car sharing services. We need to make proposals taking into account various people and information such as the most suitable services for each station location, the desires of dealers and on-site staff, and the actual on-site situation. I find it extremely rewarding to create such unique stations.

We will continue to work to further evolve apolloONE to meet diverse needs such as for the people living in each region, their lifestyles, the management vision of dealers and the thoughts of the staff.

Basic Chemicals Segment



Executive Officer
General Manager of
Basic Chemicals
Department

**Nobuhiro
Miyagishi**

Main Businesses

- Manufacturing and sales of basic chemical raw materials including ethylene, propylene and paraxylene
- Manufacturing / sales and building a supply chain of biomass and chemical recycling products

Strengthening Competitiveness through Consolidation of Ethylene Plants

We have a value chain ranging from crude oil and naphtha to synthetic resins, which are the raw materials of plastics. The integration of petroleum refining and petrochemical businesses is one of our core strengths. As demand for petroleum products continues to decline, we aim to maintain and enhance competitiveness in our core business by flexibly adjusting production volumes to meet the demand for fuels and chemicals.

Meanwhile, due to the construction of large-scale petrochemical plants, mainly in China, and the decline in domestic demand, our ethylene plants—core assets of our petrochemical business—are forced to continue operating at low capacity. Therefore, it is necessary to strengthen our competitiveness by optimizing production capacity. Accordingly, in 2024, we began considering the consolidation of ethylene plants with Mitsui Chemicals, Inc., and we are steadily advancing towards the final decision in the second half of FY 2025. As the environment surrounding the basic chemicals business becomes increasingly severe, we will pursue drastic restructuring of our production system through further collaborations with partner companies.

Building a Resource Circulation Supply Chain

To realize a sustainable society, it is essential to build next-generation industrial complexes aiming to circulate resources and reduce CO₂ emissions. Therefore, we accelerate the pace of our efforts to implement chemical recycling and biochemicals in society.

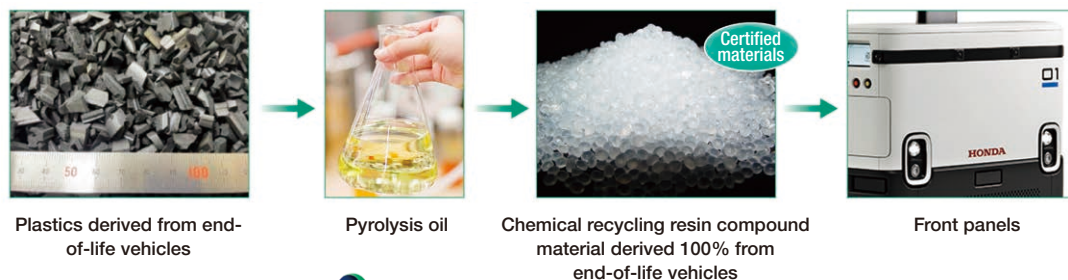
In terms of chemical recycling, Chemical Recycle Japan Co., Ltd. (our affiliate company) is constructing production facilities for recycling of used plastics into oil that will process 20,000 tons of used plastics annually, aiming to start commercial production in 2026. The demand for resource circulation is rapidly increasing, and in Europe, various regulations are being

promoted and announced, such as the mandatory use of recycled materials in plastics used for new vehicle production. In response to these trends, we began a demonstration experiment with Honda R&D Co., Ltd. in 2024. In 2025, in collaboration with a resource recycler MATEC Inc., Chemical Recycling Japan Co., Ltd., a resin manufacturer Prime Polymer Co., Ltd. (an affiliate of our company), and an automobile manufacturer Honda, we developed a chemical recycling resin compound material derived 100% from end-of-life vehicles*¹ and adopted it for the front panel of a platform-type autonomous mobility experimental vehicle (a first in Japan*²). Through collaboration across diverse industries, we will accelerate the establishment of a production system for new “Chemical Recycling products” by re-resourcing used plastics.

Regarding Biochemicals, we work on the sale of products made from imported bio-naphtha as a raw material. In the future, we will aim to establish a production system that utilizes domestically produced bio-naphtha, which is co-produced during SAF production, without relying on imported raw materials.

*1: Using the mass balance method *2: As of 2025 (according to Honda)

■ Example of initiatives with Honda R&D Co., Ltd.

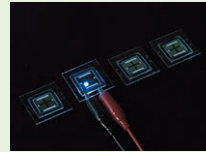


Functional Materials Segment

As well as petroleum, basic chemicals and other core businesses, the Idemitsu Group is involved worldwide in the lubricants business with a stable revenue base and the functional materials business with high-growth potential materials. These product groups are based on molecular and material design, organic synthesis, evaluation and analysis and other shared proprietary technologies cultivated in oil refining and petrochemistry.



Lubricants



Electronic Materials



Advanced Materials & Performance Chemicals



Bitumen



Pesticides and Functional Feed



Lithium-ion Battery Materials

Lubricants

Engaging in Diligent Research and Development Since Our Foundation

We have continued to refine technologies for lubricants over more than 110 years since our foundation. This has made lubricants our biggest business in the Functional Materials Segment. Lubricants are essential for manufacturing sites. We have supported an environment which allows our customers to concentrate on manufacturing by providing them with lubricant technologies and products. At present, more than 3,400 Japanese employees and overseas national staff members work to embody the brand message of “The Heart of Technology” for the lubricants business departments through their respective roles.

WEB The Heart of Technology (video)



The predecessors in our company continued to sincerely face and solve the immediate issues burdening our customers. That has meant that we have cultivated research, design, evaluation and analysis capabilities in research and development over many years. As a result of building up these capabilities, Yoichiro Jido, a Chief Researcher in the lubricants business department, was awarded the title of “JSME Fellow” in FY2024. JSME is one of the largest academic professional groups in Japan with more than 30,000 registered members

at present. This is the second time in 23 years that one of our employees has been honored in this way.



Japan Society of Mechanical Engineers (JSME) website



Moreover, we have frequently visited manufacturing sites and applied the knowledge we have built up and new technologies to produce the Daphne Alphacool NV Series that provides improvements both in terms of the working environment and

management costs. This series won the Grand Award of ‘CHO’ MONODZUKURI Innovative Parts and Components Awards.



Grand Award of ‘CHO’ MONODZUKURI Innovative Parts and Components Awards YouTube (video)



(Japanese only)



(Japanese only)



Award-winning Daphne Alphacool NV Series



Idemitsu Lube Asia Pacific Pte. Ltd.

T. Okano (left)

Sales and marketing Section,
Lubricants Department 2

R. Shinozaki (right)

Strong Collaboration between Sales and Development & Customer-oriented Lubricant Product Development

Many companies have become increasingly conscious of carbon neutrality in recent times. We have developed the Daphne Alphacool NV Series with the desire to make products that can also contribute to carbon neutrality while reflecting the feedback of people actually working at production sites.

We thoroughly investigated the issues from the feedback of the customers who actually used lubricants and the dealers who were involved in selling them in the development of this product. We were then able to realize a formula that could both reduce the amount used and improve the environment and productivity through repeated prototype verification with our customers. We have received many comments about how this product has led to an improvement in the working environment and a reduction in the amount used since we started selling it. We believe that solving this issue using the real feedback from the field in this way led to us receiving this award.

Functional Materials Segment

I Lubricants

Developing Business That Originates from Customer Needs

There was a tough business environment in FY2024 with declining demand due to restrictions on exports to Russia, certification fraud by automobile manufacturers and other factors. In the face of this, we continued to work on various operational efficiency improvements and manufacturing cost reductions. In this way, we steadily maintained and improved profitability. In the sales area, we aim to discover on-site needs on the front line and then create added value in addition to promoting our advanced products to customers. Another reason for our advanced technological capabilities is that our research and development bases in Japan, the United States, China and Singapore and our sales bases in each country exchange information and human resources. We work closely with sales personnel from dealers, and Japanese and overseas sales engineers and national staff members, manufacturing personnel, and after-sales service personnel. At times, we assemble in-house almost the same machines as used by our customers and then conduct demonstration experiments on them. The strength of our lubricant business is that we can propose solutions from various perspectives because we have integrated the processes from research to manufacturing, sales and after-sales support.

We expect demand for engine oil to fall as the switch to electric vehicles advances in the future. Our company leads the world in the development of oil for e-Axle drive units for electric vehicles. We hold a leading share of the market in China where the largest number of electric vehicles are sold in the world. On the other hand, there are currently 1.5 billion passenger cars around the world. It will take 20 years or more by the earliest estimates for the complete switchover in which all new cars are electric vehicles. Of course, we will respond to the transition to a carbon neutral society in a timely manner. However, we also have a responsibility to continue developing and then stably supplying products that satisfy fuel efficiency,

low environmental impact and other needs sought by existing internal combustion engines, HEVs and PHEVs.

From Strategic Alliance Agreements to New Business Domains

It is expected that global demand will increase in the future for industrial lubricants and greases. As such, we plan to further strengthen our business in this area. Industrial lubricants have a wide range of applications. In addition to performance aspects, we are required to provide multifaceted solutions such as know-how including technical support and an extensive product lineup to suit the needs of our customers. As a part of these efforts, we entered into a strategic alliance agreement with Quaker Houghton, a leading company in specialty lubricants in the U.S., in FY2025. Quaker Houghton's processing oils, equipment oils and other oils that are used in the metalwork and automobile and aircraft manufacturing processes by thousands

of companies around the world have been added to Idemitsu's sales lineup. The company will also work together with us to develop new business domains such as aerospace.

We will continue to reach every corner of the globe where lubrication is needed and pool our wisdom to realize lubricants that control friction to an optimal state on a tailor-made basis.



Signing of the agreement with Quaker Houghton



Idemitsu Lubricant (China) Co., Ltd.

Q. Fang (left)
D. Takekawa (right)

Development of Oil Exclusive to e-Axle in the World's Number One Electric Vehicle Market

Our ILC is a fully integrated base combining research and development, manufacturing, and sales functions. We are responsible for the entire market in China. Above all, the electric vehicle field is our main market.

China's electric vehicle market is rapidly growing. It is the number one market in the world. We were one of the first to develop an oil exclusive to e-Axle that was the drive unit of electric vehicles. We hold a leading share of the market in China where competition is intensifying. e-Axle oil needs to be compatible with various components in units. We have worked with our customers on development through repeated trial and error many times. As a result, our products have been adopted by major Chinese automobile manufacturers. We are also rolling out products originating from China both in China and on the global stage.

We will continue going forward to strive to provide value as a comprehensive lubricant manufacturer by combining both advanced research and development and stable manufacturing and supply.

Functional Materials Segment

| Electronic Materials

Developing OLED Materials over 40 Years

After the oil crises in the 1970s, we intensified our search for new businesses outside of energy. As part of this effort, we began researching electronic materials focusing on the organic compounds contained in petroleum. In 1997, based on our strength in molecular design technology, we succeeded in developing a blue-light emitting material for OLED later to be called “Idemitsu Blue.” Blue OLED is said to consume the greatest amount of power and to be the most difficult to emit of the three primary colors of red, green and blue. Idemitsu Blue was adopted in the world’s first OLED television sold in 2007. One of our employees was awarded the Medal with Purple Ribbon for his contribution to its practical application in 2024. We have continued to develop OLED materials to improve their performance since then. In 2022, we achieved the world’s highest level of luminous efficiency and long life with a new light-emitting method (stacked light-emitting element) using stacked light-emitting layers. This achievement won the Distinguished Paper Award in the OLED technology category at the Display Week 2025 symposium organized by the Society for Information Display that is the world’s largest display-related academic society.



Display Week 2025 award ceremony

Expanding OLED Applications and Developing OLED-related Materials

The OLED market is expected to continue growing. The shifting from LCD to OLED displays is underway in smartphones. Furthermore, OLED displays are increasingly being adopted in tablet devices, laptops, in-vehicle displays and other devices. The characteristics required for OLEDs vary depending on the device, application and manufacturer. We provide high-added-value OLED materials that meet the diverse needs of our customers. Moreover, the oxide semiconductors we are developing are expected to contribute to saving energy and improving image quality in OLED displays compared to existing oxide semiconductors. We will continue to develop materials to suit the needs of society and customers based on our world-class R&D capabilities.

| Advanced Materials & Performance Chemicals

Promoting Business Structure Reforms and Establishing Foundations for Growth

The advanced materials & performance chemicals business develops and sells the engineering plastics we are developing to strengthen specific functions and meet various needs, solvents used in paints and other products, adhesive base materials used in disposable diapers and other products, photoreceptors for copiers, and more. Furthermore, we produce products for a wide range of applications, including automotive parts, consumer electronics and optics. In recent years, we have been promoting business structure reforms to concentrate our management resources on high value-added products and growth markets. Although we withdrew from the L-MODU and Bisphenol A businesses, we have begun operation of a second SPS plant in Malaysia and set up an efficient global production system for the product. Furthermore, in terms of sales, we are also establishing the foundations for growth, such as by restructuring our overseas bases, to improve our ability to support overseas growth markets.

Proprietary Engineering Plastic Materials and Diverse Functional Products

Our engineering plastics have various properties. In addition to everyday necessities, we also provide solutions in the electrification, motorization and carbon neutrality fields. For instance, syndiotactic polystyrene resin (SPS resin; product name: XAREC™), which we were the first in the world to successfully synthesize, exhibits heat resistance and chemical resistance due to the crystallization of polystyrene in addition to having the lightweight, electrical and hydrolysis resistance properties possessed by conventional polystyrene. Taking advantage of these properties, SPS resin is being adopted in home appliances, tableware and other everyday items. SPS implementations are also widespread in the automotive parts field that is becoming increasingly electrified and next-generation high-speed communications. We have also succeeded in converting it into fibers. Those fibers are being commercialized mainly in new clothing products. In addition, SPS is attracting attention for its low-carbon properties that are expected to reduce CO₂ by 40% or less through a reduction of the amount used and shortening of the production process compared to general engineering plastics. We will continue to introduce high value-added products in a timely manner to meet the needs of our customers. At the same time, we will also take on the challenge of developing new markets and new applications.



Spun SPS fiber

Functional Materials Segment

| Bitumen

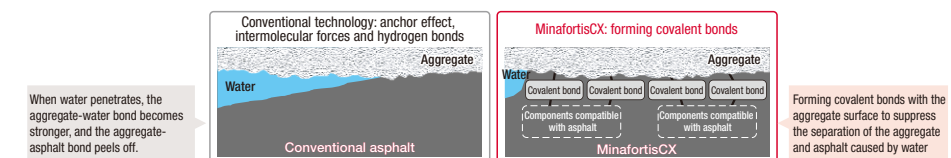
Comprehensive Asphalt Manufacturer That Provides a Stable Supply

We make use of asphalt, the heaviest component obtained in the crude oil refining process, to engage in the bitumen business. It is said that 30% of the asphalt distributed in Japan is dependent on imports. However, we provide a stable supply through an integrated production and sales system – from design and development to manufacture and sales – utilizing the high-quality asphalt we manufacture at our group refineries. Furthermore, we are the only comprehensive asphalt manufacturer in Japan that provides asphalt products for various applications, including those for general roads as well as for construction and industrial products. In addition, we have begun a sales business for polymer modified asphalt (PMA) with the Blackhem Group that manufactures and sells asphalt in Malaysia. This business will meet the growing demand in Malaysia for PMA that can withstand more heavy-duty usage and higher traffic volume.

Technological Innovation in Asphalt

We released MinafortisCX in FY2024. This is a highly water-resistant asphalt that serves as a product for airport runways and taxiways. When water seeps into the aggregate (crushed stone) that makes up the asphalt pavement, it can cause the asphalt to separate from the aggregate. The result of that is damage to the pavement. Accordingly, we have developed a new proprietary technology that gives asphalt the property of forming a chemically strong covalent bond with the aggregate surface. This prevents separation from the pavement even when water seeps into the aggregate. This technology improves pavement strength by providing high water resistance and contributes to reducing the number of times construction work has to be carried by extending the life of the pavement. We will continue to bring about reform in the social infrastructure of roads with advanced technologies and supply chains to lead the way in improving safety and peace of mind and realizing carbon neutrality.

| Idemitsu's proprietary technology



| Pesticides and Functional Feed

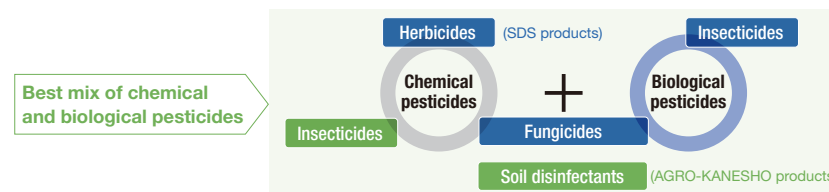
M&As to Strengthen the Pesticide Business

Our pesticide business dates back to the research we began conducting on microbial cultures in the 1960s. We then worked on commercializing biological pesticides and other products that used microbes in the 2000s. After that, we acquired AGRO-KANESHO CO., LTD. (AK), a pesticide manufacturer listed on the Standard segment of the Tokyo Stock Exchange, through a tender offer and turned it into a wholly-owned subsidiary in February 2025 to further expand this business. AK's main products are soil disinfectants and pest control agents. Meanwhile, SDS Biotech K.K. (SDS), which forms the core of our group's agribusiness, has strengths in disease control agents and rice herbicides. Synergies between these two companies will lead to an improvement in corporate value under Idemitsu Agrilife Holdings Co., Ltd. (Agrilife HD) going forward.

Research and Development-based Agrochemical Ingredients Manufacturer

AgriLife HD will aim to propose the best mix of environmentally-friendly chemical and biological pesticides as a company involved in the agriculture and livestock industries. It will achieve this by ensuring AK and SDS mutually use their active ingredients and R&D capabilities to lead to an acceleration in the pace of the development of new agents and mixtures, an expansion in the product lineup, and other effects. In the agricultural field, the company's flagship DACONIL fungicide product has a track record of sales over many years in the Asia-Pacific market. It has strong brand power. In the livestock field, the company's RUMINUP functional feed product, which contains cashew nut shell liquid, was designated as a feed additive that reduces the methane gas found in cow burps by the Ministry of Agriculture, Forestry and Fisheries in May 2025. AgriLife HD will continue to grow as a bio-life solutions proposal-based company to contribute to the safety, security and stable supply of food that is essential for the human race.

| Strengths of both companies and expected effects



Functional Materials Segment

Lithium-ion Battery Materials

Promoting the Development of Solid Electrolytes for Next-generation Batteries

The all-solid-state batteries are expected to contribute primarily to extending the driving range of electric vehicles, shortening charging times and extending the life of batteries. We began researching solid electrolytes, a key material to realize all-solid-state batteries, in 2001. The impetus for that was the establishment of mass production technology for lithium sulfide, an intermediate raw material, in the 1990s. Sulfur components, one of the raw materials of lithium sulfide, are by-products obtained from petroleum refining. We have many years of achievements and experience in handling such sulfur components. Moreover, we will use our know-how in the handling of powders that we have cultivated in our petrochemicals business in the development of lithium sulfide and solid electrolytes. We have also integrated manufacturing technology from raw materials to finished products. Furthermore, our strength is that we can develop this manufacturing technology within a single organization in parallel with materials technologies and battery evaluation technologies.

Solid electrolytes are extremely small particles. That means it is not as easy to mass produce them as with liquids. Nevertheless, based on the technologies we have built up in many years of research and development and existing businesses, we will aim to establish mass production technology by gradually scaling up operations with two small pilot facilities currently in operation and a large pilot facility that we plan to construct in the future.

Focusing on Establishing Mass Production Technology and Building a Value Chain

We carried out the following from 2024 to 2025 to promote the mass production of solid electrolytes in the future.

- Began the basic design of the large pilot facility (October 2024)
- Decided to construct a large-scale production facility for lithium sulfide*1 (February 2025)
- Completed the work to increase the capacity of the small pilot facilities at the Plant 1*2 (April 2025)

*1. This is an intermediate raw material for solid electrolytes.
 *2. This plant has been in operation since 2021.

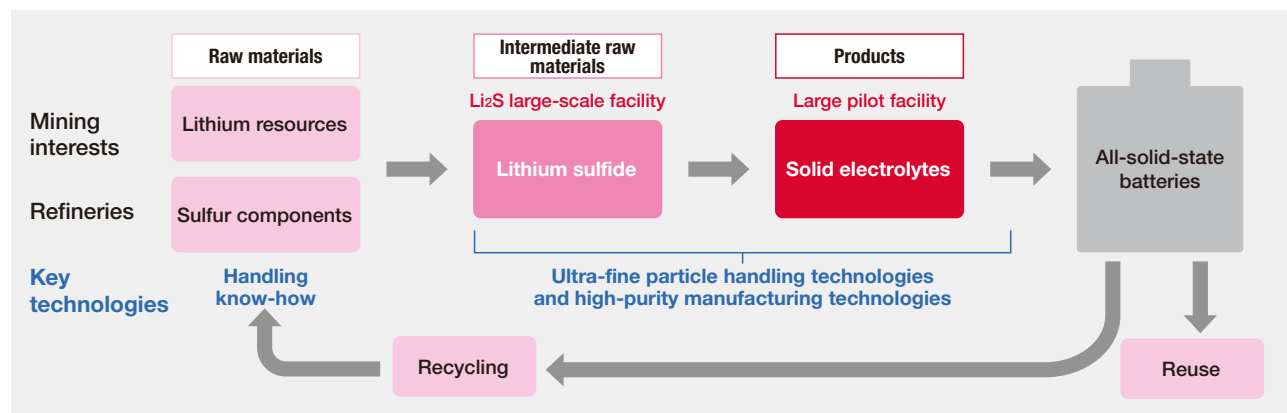
We expanded our solid electrolyte sample production capacity from several tons to ten or more tons per year by expanding the capacity of Plant 1. We will make the final decision on investment by the end of this fiscal year for the next stage that is the large pilot facility. We plan to complete the facility in 2027. We will aim to commercialize electric vehicles equipped with all-solid-state batteries in 2027 to 2028 in the collaboration with Toyota Motor Corporation as we announced in 2023. The solid electrolytes produced in the large pilot facility are planned to be used in the all-solid-state batteries being developed by Toyota Motor Corporation.

Furthermore, we put our efforts into building a value chain focused on solid electrolytes. In addition to investing in lithium mine development, we also explore reuse and recycling technologies focused on increasing the life of all-solid-state batteries. We develop sulfur-based cathode materials as next-generation battery materials free of rare metals. We will aim to contribute to the social implementation of all-solid-state batteries by promoting these initiatives.




Small pilot facilities at Plant 1 (after the increase in capacity)

Our strengths / value chain



Power and Renewable Energy Segment



General Manager of Power & Renewables Business Department
Hiroshi Yoshida

Main Businesses

- Retail sale of power all over Japan
- Development and operation of thermal and renewable energy power sources in Japan and overseas
- Provision of solutions for the solar power generation business (Solar Frontier)

Establishing Solid Business Foundations That Produce Group Synergies

In the Power and Renewable Energy Segment, we steadily operate works while aiming to create group synergies, capture business opportunities, and improve and stabilize capital efficiency.

There are factors that will cause a decrease in power demand in Japan such as the decline in the population. Nevertheless, additional factors including the expansion of data centers and semiconductor plants mean that demand is expected to grow in the medium to long term as the economy expands. On the other hand, we see the risk of fluctuations in wholesale power prices as remaining unavoidable. That is due to factors such as rising resource prices as a result of geopolitical risks and the spread of decarbonized power sources with unstable output. In this business environment, we are focusing on supply and sales to stabilize profitability within its own power sources as a foundation, by reducing market risks through flexible cooperation across our entire supply chain.

One of our strengths lies in our power generation business that has competitive thermal power sources and an extensive range of renewable energy power sources including biomass, wind and solar power. Another of our strengths is our sales business that has a sales network including dealers that have built their business with deep roots in the local community. We strive to deliver various values to customers including power price stability and renewable energy usage options, by taking

advantage of both of those strengths. In particular, by expanding the idemitsu Denki power retail brand for general households, we will aim to strengthen our customer base as a familiar and comprehensive energy company and establish the business foundations that contribute to company-wide development.

Outlook for the Solar Business and Overseas Business

We are reviewing strategies for the solar business and overseas business, and working on restructuring the organizational framework for these operations. Solar Frontier K.K. discontinued production of solar panels in 2022. It has now transitioned

to being a system integrator that provides solutions for the design, construction, maintenance and solar panel recycling. We have established Solar Frontier Engineering K.K as a subsidiary responsible for the EPC (Engineering, Procurement, and Construction) business. We are strengthening our business transformation by using the expertise in the solar business and connections to local communities we have built up to now. Overseas, we own and operate gas-fired and solar power plants in North America and Southeast Asia. We will rebuild our business strategy to create group synergies and capture business opportunities while realizing stable capital efficiency.



South Field Energy Natural Gas-Fired Power Plant



Moji Solar Power Plant



Sales Planning Section,
Power & Renewables Business
Department


S. Hata (left) E. Fujii (center)
S. Kuroda (right)

Provision of New Value to Customers and the Global Environment through idemitsu Denki

idemitsu Denki offers electricity plans for all-electric houses in addition to general houses with gas appliances. Our unique features include a special discount for car users that allows them to choose between a two-yen discount on gasoline or a discount on their electricity bills for electric vehicles and a program that allows customers to earn points by conserving electricity or charging their electric vehicles. We also offer an option to choose renewable energy power. Furthermore, we have a service* in which we purchase the surplus solar power generated on rooftops. We aim to achieve both environmental-friendliness and economic efficiency by combining diverse power sources in a well-balanced manner. At the same time, we maximize the synergies in our Group and help car users choose a suitable electricity plan, and contribute to the use and spread of renewable energy.

* Applies to solar power generation for which the feed-in tariff system has ended

Resources Segment



Senior Executive Officer
General Manager of Coal and Energy Solution Department

Yuzo Yoshida

Main Businesses

- Exploration, development and production of petroleum and natural gas
- Operation of geothermal power plants, and supply of electric power and steam
- Production, procurement and sale of coal

Contributing to Stable Supply of Energy to Customers and Shift to Carbon Neutrality

We are engaging in business in the Resources Segment under the mission of contributing to stable supply of energy and shift to carbon neutrality. In the petroleum, gas and geothermal development business, we continue to safely and stably operate the Sao Vang and Dai Nguyet gas fields in Vietnam and a geothermal power plant at the Takigami Complex in Oita Prefecture (steam supply to the Takigami Power Plant of Kyuden Mirai Energy Company, Incorporated and binary power generation). We will promote the exploration and development of natural gas fields mainly in Southeast Asia, including entering the exploration and development business in Malaysia, as a new initiative in the oil and gas field development business. Through these efforts, we will contribute to reducing the environmental impact of the power source mix in the region. In the geothermal business, we will promote the develop-



Geothermal business in Kokonoe Town, Oita Prefecture

ment of geothermal energy, a domestically Japanese produced low-carbon resource, by building the Katatsumuri Yama Power Plant in Akita Prefecture and conducting multiple surveys

and exploration expeditions in Japan. In the coal business, we hold a 90% stake in Boggabri Mine in Australia and keep its stable operation as the operator. We are going to supply this high-quality coal mainly to Japanese customers. Moreover, we are working to expand the use of Idemitsu Green Energy Pellets biomass fuel to contribute to the shift to carbon neutrality. Made by heating dried woody raw materials at high temperatures, Idemitsu Green Energy Pellets have a high calorific value and outstanding grindability, which can be co-fired with coal in existing customer's boiler. Starting from our plant in Vietnam with an annual production capacity is 120,000 tons, we are aiming to expand our production and procurement bases to various regions and raw materials in the Pacific Rim. Furthermore, leveraging our expertise in evaluating the quality and combustion characteristics of coal and biomass fuels, we have developed a new solution called "idemitsu-R40"*1. This solution enables coal-fired boilers to reliably and efficiently increase the proportion of carbon-neutral (CN) fuels—such as biomass—in the fuel mix. The combination of Idemitsu Green Energy Pellets and idemitsu-R40 will support the transition to a carbon neutral society.



Idemitsu Green Energy Pellets

*1. idemitsu-R40: A new solution package designed to support the transition to carbon neutral for coal-fired boilers. Launched in May 2025. It consists of two key components: consulting services to increase the co-firing ratio of carbon neutral fuel and a support system that facilitates the shift to carbon neutral fuel.

Expanding Business Domains by Using Our Australian Business Foundations

By taking advantage of our coal business foundations in Australia, we are currently participating in four projects including vanadium, lithium and graphite. We are proceeding with exploration and feasibility studies on those projects. The aforementioned critical minerals are important materials for the storage batteries that are necessary for the spread of renewable energy. We decided to make an additional investment in Vecco and to turn it into a majority-owned subsidiary in December 2024. Vecco is a company in Australia that is developing vanadium mines and manufacturing vanadium electrolytes for storage batteries. Using vanadium electrolytes, vanadium flow batteries have a long life with almost no deterioration of the electrodes or electrolytes. Also, they are highly safe because of the non-flammability. Therefore, they are suitable for the storage batteries in power grids. In addition to it, we also expect an improvement in convenience by combining them with solar power and other renewable energy power sources that have unstable output. Our company and Vecco will build a highly competitive supply chain to mine and refine vanadium ore and manufacture electrolytes in Australia. We are also planning global expansion in which we manufacture electrolytes in the United States and Europe using vanadium refined in Australia as the raw material in the future.



Vanadium electrolyte manufacturing (Vecco's production facility)

Message from the Officer in Charge of Human Resources



Our Fundamental Policy on Human Capital Management

Since our Company was founded, we have placed the highest importance on the belief that “people are capital” and the concept of “People-Centered Management.” In September 1945, shortly after the end of World War II, our founder, Sazo Idemitsu, declared that he would protect his employees, rather than laying them off. He said, “We have lost our business, and we still have debts, but Idemitsu Kosan’s human resources include 800 people working overseas. They are the only capital we have, and it is they who will build our future businesses. At Idemitsu Kosan, we respect human beings, so we must not rush to dismiss our workers amid the postwar chaos.” His belief that any difficulty can be overcome as long as employees grow well has been passed down to this day as a fundamental policy, which includes “never laying off employees for company reasons” and “the purpose of our company is to develop people who serve society and are respected, and business is the means to that end.”

Business Strategy Issues We Face, and Human Capital Strategy

Since being designated as a wholesaler in 1949, our mission has been to support Japan’s energy security, and we have developed our business activities by building a network centered on the fuel oil business both within Japan and abroad. However, the business model of petroleum refining and sales that our predecessors built after World War II is entering a period of major transformation as we move toward achieving carbon neutrality (CN) by 2050. Our current Medium-term Management Plan positions investment in business structure reform and human capital as the wheels on which our vehicle travels, and we aim to create an environment where all employees can maximize their abilities and individuality, with their growth fueling the growth of the company as a whole. To that end, we are promoting a human capital strategy comprising three pillars: (1) Embodying Management Philosophy / Vision; (2) Expanding DE&I; and (3) Bringing out the full potential of each individual. I would like to introduce some examples of our main initiatives here.

■ The Three Pillars of Human Capital Strategy



1. Embodying Management Philosophy / Vision

We will use events such as company-wide town hall meetings, which provide a forum for direct dialogue between management—including the president—and employees, to communicate the state of the business, our Management Philosophy, and more, and foster understanding among employees. The Idemitsu Kosan Human Gallery, a venue where people from both inside and outside the Company can learn about our philosophy and history, was also reopened in October 2024 after a major update. Furthermore, we established the New Action Guideline for embodying our Management Philosophy of “Truly inspired,” which will be discussed later.

2. Expanding DE&I

Our Company practices “People-Centered Management,” and it is therefore essential that we create an environment where diverse employees can work and grow together in a vibrant manner. We are focusing our efforts on creating a culture where employees from minority groups, including women, LGBTQ+ individuals, foreign nationals, people with disabilities, and more, can thrive. This includes our cross-mentoring program, which involves pairing employees with mentors from different businesses, as well as initiatives to promote the appointment of female employees in manufacturing settings, with the goal of increasing leadership opportunities for female managers. These efforts have been well-received, as

Message from the Officer in Charge of Human Resources

evidenced by our Company receiving the Nadeshiko Brand award for the third consecutive year in 2024.

3. Bringing out the full potential of each individual

In FY2024, we established the Idemitsu Employee Association with the goal of providing a forum where all employees, including managers, can participate in discussions to create a better company and organizational culture. We also established a Career Design Department to support the autonomous career development of our employees, and have started rolling out voluntary training opportunities and tools for employees to consider their lifelong and life-wide career development.

• The Idemitsu Engagement Index

The Idemitsu Engagement Index (Idemitsu EI) is an important goal indicator for achieving sustainable growth through structural reforms of our existing businesses. This proprietary index has been developed by our Company to measure employee commitment to the organization, identify issues, and ensure that thorough measures are taken (see p. 32).

Setting the New Action Guideline and Promoting Understanding

I would like to provide some additional information about the “New Action Guideline” we established in 2025. Our HR System and Action Guideline were formulated with the merger of Idemitsu Kosan and Showa Shell Sekiyu in 2019. Our policy was to launch an entirely new concept, rather than leaning toward the system of either of the original companies. At the time, the new, integrated company had no Management Philosophy to indicate the company’s purpose of existence, value system, and the like, and serve as a foundation for its HR system. Subsequently, in April 2021, we formalized our Management Philosophy of “Truly inspired.”

However, many employees pointed out that the terminology used in the HR system and Action Guideline was too general, and failed to reflect both our company’s values and the type of people we seek to hire. We therefore redefined the Action Guideline as the New Action Guideline to better reflect our company’s unique characteristics. Our Management Philosophy of “Truly inspired” is based on the belief that “the purpose of our company is to develop people who serve society and are respected, and business is the means to that end.” In redefining our New Action Guideline, we articulated what we expect from our employees based on each part of the Management Philosophy, summarized these as seven elements, and organized those elements into three Basic Attitudes, namely a “complete sense of ownership,” a “constant desire for growth,” and “deep regard for sincerity and mutual trust,” and four Competencies, or the ability to “take on new challenges boldly,” “think thoroughly and make confident decisions,” “overcome differences,” and “empower people.”

We place particular importance on the “complete sense of ownership” element of the New Action Guideline. At Idemitsu, we define a “complete sense of ownership” as “Willingness to take ownership of matters in which one is involved, as well as the

responsibility for completing them.” Generally speaking, a “sense of ownership” refers to an attitude of taking the initiative to actively engage in work and other matters that one is involved in. However, our “complete sense of ownership” takes this concept a step further; it goes beyond a simple sense of responsibility, and encompasses both a deep passion for the success of individual tasks and overall projects, and a strong awareness that one’s actions affect outcomes directly. This includes, for example, behavior such as encouraging other members even outside the scope of one’s own duties, quietly preventing errors and omissions, and the like to help the organization achieve its overall goals.

Starting with a company-wide briefing in February 2025, we began rolling out measures to promote the understanding and acceptance of the New Action Guideline and its evaluation items throughout the company, including small-scale town hall meetings and roundtable discussions in each department. Each employee taking ownership of the New Action Guideline and thoroughly understanding each item will enable us to embody our Management Philosophy of “Truly inspired,” and through such efforts, we aim to achieve sustainable growth for our employees and, by extension, for the Company as a whole.

■ New Action Guideline

| Action Guideline / Evaluation Items | | Definitions |
|-------------------------------------|---|--|
| Basic attitudes | Complete sense of ownership | Willingness to take ownership of matters in which one is involved, as well as the responsibility for completing them |
| | Constant desire for growth | Willingness to self-reflect every day, always learning and growing |
| | Deep regard for sincerity and mutual trust | Willingness to empathize with all involved, both inside and outside the Company, offering respect and supporting their potential |
| Competencies | Take on new challenges boldly | The ability to set high goals and take on challenges, unconstrained by precedent and undeterred by failure |
| | Think thoroughly and make confident decisions | The ability to think from a multifaceted perspective, then make timely decisions with confidence and conviction |
| | Overcome differences | The ability to listen and understand another person’s position, then find a workable solution that allows you to move forward |
| | Empower people | The ability to recognize the potential of all people, then leverage their capabilities to the fullest |

Key Issues in Human Capital Strategy for FY2025

This section discusses two key issues for human capital strategy in FY2025 as we enter the final year of our Medium-term Management Plan: the establishment of the New Action Guideline, and the setting of the Idemitsu Growth Score.

Wrapping up Post Merger Integration (PMI) and Establishing the New Action Guideline

Declining domestic demand for main products has been a long-standing issue, and in FY2019, Idemitsu Kosan and Showa Shell Sekiyu merged their operations in an effort to break out of the industry structure that was plagued with chronic oversupply. Although business synergies were achieved quickly, two companies with different origins and more than 100 years of history each were being merged, making it important to proceed with PMI activities with the utmost caution and care. Rather than favoring the system one company was using at the time of the merger, the current HR systems and Action Guideline were formulated and established under the principle of introducing new concepts. The terms used in the Action Guideline were very general, however, which led to problems in that our Company’s unique values were not reflected and the criteria used for evaluations tended to be ambiguous. Therefore, in April 2021, based on our Management Philosophy of being “Truly Inspired,” we established the New Action Guideline that reflects our company’s unique characteristics. (See the table on page 29 for the New Action Guideline.)

We will revamp our HR system based on this Action Guideline, with the goal of enabling employees to embody our Management Philosophy through their daily work and achieve sustainable growth. We have decided to bring the about five years of PMI activities to a close, both in name and in practice, and make a fresh start. The HR system will serve as the platform for our human capital strategy, and we will set evaluation items, and monitor and evaluate progress, using the “New Action Guideline penetration rate” as a new intermediate indicator.

Setting the Idemitsu Growth Score

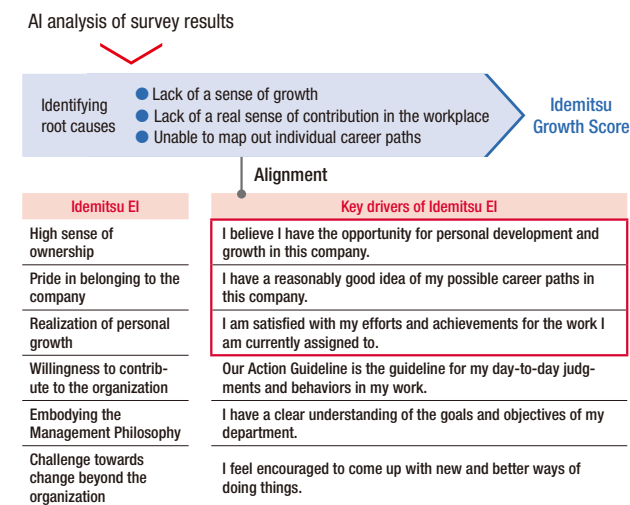
The Idemitsu EI is our most important goal indicator for achieving sustainable growth through structural reforms of our existing businesses. The Idemitsu EI has been gradually improving, from 67% in FY2022, to 69% in FY2023, and then to 70% in FY2024. However, more decisive measures will be needed for us to achieve our target of 75% in FY2025.

Reflecting on the fact that conventional Idemitsu EI analyses were limited to producing measures based on average values, we selected around 30 leaders from each workplace and conducted an anonymous, open-ended survey to identify the issues that employees are actually facing in the workplace. As we analyzed the survey results, the following three points emerged:

- Lack of a sense of growth
- Lack of a real sense of contribution in the workplace
- Unable to map out individual career paths

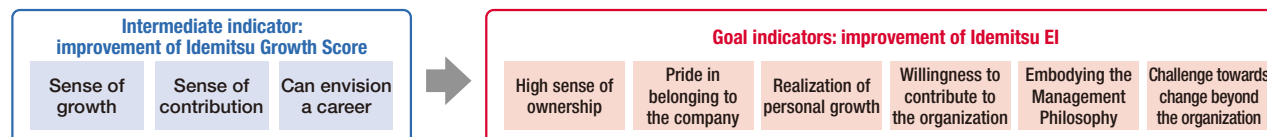
These correspond to three of the six key drivers that contribute particularly to the Idemitsu EI: (1) “I believe I have the opportunity for personal development and growth in this company (sense of growth);” (2) “I am satisfied with my efforts and achievements for the work I am currently assigned to (sense of contribution);” and (3) “I have a reasonably good idea of my possible career paths in this company (can envision a career).” We therefore decided to set the Idemitsu Growth Score with these three points as new intermediate indicators. Note that the correlation coefficient between the Idemitsu Growth Score

Setting the Idemitsu Growth Score



and the Idemitsu EI is 0.8. Although already disclosed at present, we will continue to disclose the Idemitsu EI as a goal indicator. Meanwhile, the Idemitsu Growth Score is both a preceding process leading to the improvement of the Idemitsu EI and an intermediate indicator for addressing urgent and important organizational issues, and we will track this score as a key management indicator while also building a movement for improvement among all employees. We believe that this will ultimately lead to the growth of our existing businesses.

Relationship between Idemitsu Growth Score and Idemitsu EI



Key Issues in Human Capital Strategy for FY2025

Note also that the Idemitsu Growth Score for FY2024 was 64% (up from 60% in FY2022 and 62% in FY2023), but while the average score for the top third was 70%, the average score for the bottom third was 58%, for a difference of 12 points. The Idemitsu Growth Score also varies from department to department depending on the nature of the business, the characteristics of members, and more, and we recognize again the need for a detailed and careful approach in each department.

Developing Measures Contributing to Idemitsu Growth Score

The figure below shows our KPIs and intermediate indicators for human capital management. Based on these, we will focus on the following areas this year to improve the Idemitsu Growth Score.

Expanding opportunities to think proactively about one’s career

The score for “I have a reasonably good idea of my possible career paths in this company” is only 51%, which is an issue.

Our company does offer various types of career support and provides different options to employees, but the percentage of employees who take ownership of those measures to proactively shape their own careers is still too low. To address this, we will set the following as KPIs: the Job Festival, in which all departments to come together to give employees the chance to understand the work of other departments and consider their own careers; the system for experiencing a secondary job in-house, which allows employees to spend 20% of their time working in a different department while continuing their current duties; and the non-departmental activity participation rate, which measures the percentage of employees participating in cross-departmental projects and study experiences outside the company. The self-directed career intention ratio, which supports employees who have experienced these systems and are now making their own career decisions, will be set and monitored as another KPI. We believe that these actions will contribute to “challenge towards change beyond the organization,” one of the key pillars of the Idemitsu EI.

Toward a better sense of career support and an expanded base of next-generation leaders

We will measure how employees perceive our various career assistance measures and the support they receive from supervisors and other colleagues, and adjust our trajectory as needed. To that end, we will set a “career environment support ratio” as a new KPI. Furthermore, as part of the process through which employees clarify their own career plans, we want to both increase the current female ratio in managerial positions at the company and strengthen the pool of employees who aspire to become leaders. We will therefore measure a “leadership aspiration ratio” as an intermediate indicator, which will help create a pipeline of future leaders and managers without gender bias.

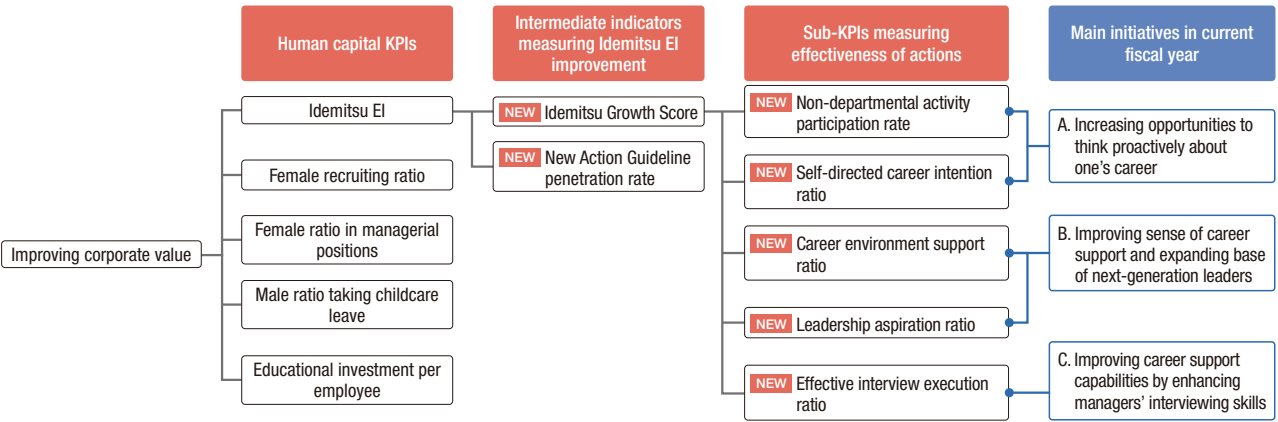
Improving career support capabilities by enhancing managers’ interviewing skills

Immediate supervisors play an extremely important role in supporting the careers of their subordinates. In the first half of FY2025, we will hold training sessions for evaluators of the personnel system based on the New Action Guideline; and starting in the second half, we will conduct a training program over two years for all managers to improve their interviewing skills (active listening and feedback). The first step will be setting an “effective interview execution rate” as a KPI for confirming whether managers are conducting interviews in a way which contributes to improving the senses of growth and contribution of their subordinates.

Visualization and maximum use of human capital

Our company is building a platform that utilizes generative AI technology to visualize human capital and maximize its potential. This will enable us to see employee skills and career potential visually, which in turn will help determine optimal placements and training plans. This fiscal year, we will combine the KPI information set as described above organically and work to leverage it as data for management.

Our KPIs and Intermediate Indicators



Key Issues in Human Capital Strategy for FY2025



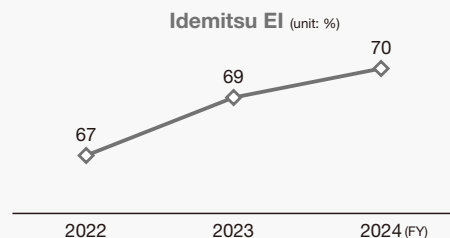
Feature

Idemitsu Engagement Index

The Idemitsu Engagement Index (Idemitsu EI) is a proprietary indicator developed by the Company to measure employee commitment to the organization. It is composed of six elements: (1) High sense of ownership; (2) Pride in belonging to the company; (3) Realization of personal growth; (4) Willingness to contribute to the organization; (5) Embodying the Management Philosophy; and (6) Challenge towards change beyond the organization. To identify the factors that strongly impact the Idemitsu EI, we conducted a multiple regression analysis using the questions from the Employee Engagement Survey as independent variables and Idemitsu EI as the dependent variable, and extracted six key drivers that showed particularly high contribution rates.

● Idemitsu EI

We implemented measures to support autonomy in individual career development and promote proactive involvement in workplace culture in FY2024, including establishing a Career Design Department and an Idemitsu Employee Association, as an approach to each key driver, resulting in the Idemitsu EI rising to 70% for FY2024 (compared to 67% in FY2022 and 69% in FY2023).

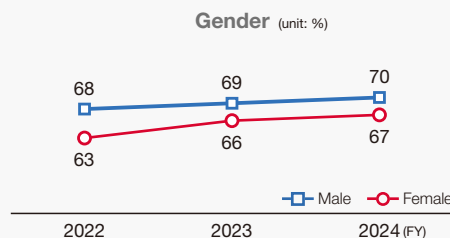


■ Idemitsu EI and Key Drivers

| Idemitsu EI | Key Drivers of Idemitsu EI | |
|--|-------------------------------------|---|
| | Category | Question |
| High sense of ownership Pride in belonging to the company | Company Values, Goals, and Strategy | Our Action Guideline is the guideline for my day-to-day judgments and behaviors in my work. |
| | | I have a clear understanding of the goals and objectives of my department. |
| Realization of personal growth | Career Opportunity | I believe I have the opportunity for personal development and growth in this company. |
| Willingness to contribute to the organization | | I have a reasonably good idea of my possible career paths in this company. |
| Embodying the Management Philosophy | Creativity and Initiative | I am satisfied with my efforts and achievements for the work I am currently assigned to. |
| Challenge towards change beyond the organization | | I feel encouraged to come up with new and better ways of doing things. |

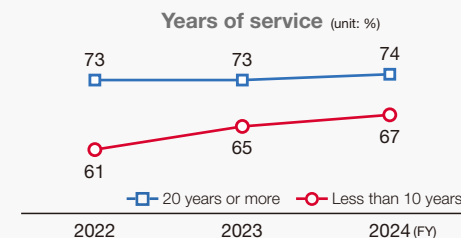
● Gender

The gap between genders dropped from 5 points in FY2022 to 3 points in FY2024. We believe this is the result of various measures we have taken, including mentoring, showing that we achieved a certain level of success. That said, it is clear that women had significantly lower scores than men for the statement “our Action Guideline is the guideline for my day-to-day judgments and behaviors in my work.” Moving forward, we will take care to explain the New Action Guideline in detail to ensure its thorough understanding and permeation.



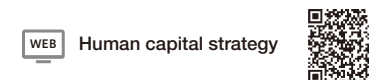
● Years of service

Looking at years of service in the company, as of FY2022, the attributes for employees with less than 10 years of service were more than 10 points lower those for employees with 20 years of service or more. In particular, we found that the score for “the Company’s Management Philosophy guides me in my daily work” was significantly lower than that of employees with 20 or more years of service. Employees with less than 10 years of service include both new graduates and mid-career hires, and we plan to implement measures to ensure that mid-career hires in particular understand and embrace our Management Philosophy.



Our Company has decided to accelerate the publication of our sustainability information based on SSBJ standards, and to move the publication date of our Integrated Report up in response to social demand. Doing so will enable us to ensure the consistency and uniformity of the information in our Securities Report and Integrated Report. In line with this change, the Employee Engagement Survey, which has been conducted every July, will be moved to February instead, which will enable the timely disclosure of the results of the Idemitsu EI in the Securities Report and the Integrated Report.

Implementation of the Human Capital Strategy



Our current Medium-term Management Plan positions investment in business structure reforms and human capital as the wheels on which our vehicle travels, and we aim to create an environment where all employees can maximize their abilities and individuality, using the growth of our employees to grow the company as a whole.

To that end, we are promoting the human capital strategy comprising three pillars: (1) Embodying our Management Philosophy/Vision; (2) Expanding DE&I; and (3) Bringing out the full potential of each individual. Some examples of our initiatives will be introduced here.

Embodying our Management Philosophy/Vision

● Holding town hall meetings

As a forum for direct dialogue between management and employees, we held two hybrid (in-person and online) company-wide town hall meetings (THMs) in FY2024 (June and November). Including those who viewed recordings of the meetings, a total of around 5,000 people participated. The Idemitsu Employee Association, a dedicated organization independent from the company, is responsible for the planning

and execution of such meetings, and represents employees in providing suggestions and engaging in dialogue with management. In June, management explained the current business situation and future strategic directions, which was followed by a lively question-and-answer session with employees. Based on this, opinions were then solicited in each department and the Employee Engagement Survey was conducted. Issues facing the company as a whole were identified from the results, and recommendations were presented to management at the November THM. In April, management issued a company response containing specific items for action, and is moving into a phase of implementing concrete measures to resolve the issues. In parallel with the company-wide THMs, we are also conducting regular THMs at individual complexes and departments, and are striving to use these two-way interactions to enhance a sense of unity and desire to contribute throughout the company. The Idemitsu Employee Association will continue to make proposals and engage in dialogue through THMs, and for FY2025, the Association plans to undertake new initiatives such as proposals for various systems (revising existing systems and proposing new ones) and employee-led

internal and external communication activities. Through these bottom-up efforts, we will raise awareness among our employees, create a better company and organizational culture, and promote one of the pillars of our human capital strategy, “bringing out the full potential of each individual.”

● Idemitsu Human Gallery Reopens after Update

The Idemitsu Human Gallery, which communicates our Company’s philosophy and history, was reopened in October 2024 after updates, on the 8th floor of the SI Building Aoyama (1-3-6 Kita-Aoyama, Minato-ku, Tokyo). This gallery displays valuable historical materials that tell the story of the more than 100 years of history of our Company, and introduces projects we are currently working on as well. The Gallery has been praised highly by employees, shareholders, and many visitors, with around 800 people visiting in six months. We will continue to use the Gallery to deepen our relationships with everyone inside and outside the company, and further develop it as a venue for communicating the mission and progress of the Company.



Town Hall Meeting (November 2024)

■ Recommendations to/responses from management

| | |
|----------------|--|
| Aug - Sep 2024 | ● Soliciting opinions at each workplace |
| Oct - Nov | ● Identifying company-wide issues and making proposals |
| Nov 29 | ● The Idemitsu Employee Association THM (management proposals) |
| Dec - Apr 2025 | ● Dialogue with management/related parties |
| Apr 25 | ● The Idemitsu Employee Association THM (company response) |
| May - | ● Action toward implementation (company/The Idemitsu Employee Association) |

| Proposal | Response from management |
|--|--|
| (1) Restructuring internal communication | <ul style="list-style-type: none"> ■ Reorganize and visualize internal communication ■ Classify information and consider methods for effective individual communication |
| (2)-1 Lack of personnel | <ul style="list-style-type: none"> ■ As a company, promote a “dialogue for mutual understanding” regarding personnel planning and staffing considerations in line with departmental policies |
| (2)-2 Feeling overloaded | <ul style="list-style-type: none"> ■ Reorganize and define targets for productivity activities, and clarify systems for promotion ■ Enhance training for managers to improve interviewing and feedback skills ■ Foster sense of acceptance of evaluations through measures to promote understanding of the new personnel system |



Inside the Idemitsu Human Gallery

Implementation of the Human Capital Strategy



Expanding DE&I

With our Group DE&I policy, we are aiming to create new value through interactions and synergies among people from different backgrounds and who have different knowledge and experience, and to transform into an organization that innovates continuously without being bound by existing values.

● DE&I Committee

In FY2024, under the policy of “engaging in dialogue with people in the field and making proposals based on actual conditions,” we took various measures, including holding Committee meetings in combination with DE&I roundtable discussions and other events at workplaces in the field. In response to the Committee’s recommendations, we are gradually rolling out specific measures to accelerate the “individual ownership” of DE&I issues in FY2025.

● Awareness-raising and culture-building activities

To make DE&I part of our organizational culture, we are working to raise awareness throughout the company and build a culture of DE&I at each workplaces.

The small-group workshop “Unconscious Bias Dialogue,” which promotes awareness of unconscious bias, has been held continuously since 2020, with more than 340 sessions and over 1,700 participants to date.

Furthermore, since FY2023, we have set a “DE&I Month” every year to conduct intensive awareness-raising activities, held roundtable discussions with executives, lectures by speakers from outside the company, exchange events with overseas offices, and more. Furthermore, to address cultural improvement issues specific to individual workplaces, the DE&I Office serves as an advisor, supporting policy proposals and their implementation.

● Basic policy and vision for promoting the 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, and we are aiming to be a company where all employees can work enthusiastically, regardless of gender, and co-create value with diverse stakeholders.

● Nadeshiko Brand

In FY2024, our Company was chosen for the third consecutive year in a row as a “Nadeshiko Brand” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for its outstanding efforts in promoting women’s advancement. We were recognized for our proactiveness in appointing women to various positions, such as management actively working to increase the ratio of women in manufacturing departments, for the cross-mentoring program we hold with other companies for female managers, and more.



● Initiatives for inclusion of multinational employees

We are engaging in activities to promote mutual understanding, such as short-term inbound training programs, with the aim of fostering a sense of unity with the employees working at the overseas bases we have in approximately 20 countries around the world.

● LGBTQ+ initiatives

We are engaged in a variety of activities to promote the understanding of gender and sexual diversity, including implementing mechanisms such as same-sex partner systems and consultation desks, holding ongoing awareness-raising activities such as in-house seminars and e-learning events, and the launching of the Idemitsu Ally Community in FY2024.



● Promoting the active participation of people with disabilities

In addition to promoting individual employment at each of

Message from the DE&I Committee Advisor | Shiori Nagata, Outside Director



In 2021, we established the DE&I Committee as an advisory body to the President, and have been promoting DE&I for three years. These efforts have been recognized throughout society, including the Company being selected as a Nadeshiko Brand for three consecutive years. In the first and second terms we enhanced the system and set KPIs such as the female recruiting ratio and the number of female managers, which laid the foundation for further DE&I advancement. As a result, although the bare number of female employees is still small, the ratio of women in managerial positions is steadily increasing, and the ratio of men taking childcare leave is also extremely high.

In the third term, we held discussions with various workplaces such as refineries and branches to build understanding and action throughout the company. This enabled us

to gain a solid grasp of issues specific to each workplace, such as their characteristics and the challenges they face in promoting DE&I. I believe that moving forward, we will be able to deeply embed the spirit of DE&I into our organization and systems through measures to spread DE&I awareness, such that all employees take ownership of the concept, and create more detailed support systems to meet individual needs.

I think that the essence of DE&I activities lies in attending to each person’s concerns and struggles, and creating a workplace—and, by extension, a society—where all people can thrive and contribute. I am confident that, based on management’s fundamental belief in respect for people, Idemitsu’s DE&I activities will continue to strengthen and develop into the future.



DE&I Committee (held at Kansai Branch)

Implementation of the Human Capital Strategy

our locations throughout Japan, we are also developing a “team employment” format that is not based on the systems of special subsidiaries.

Bringing out the full potential of each individual

● Basic policy of self-directed career development (career design)

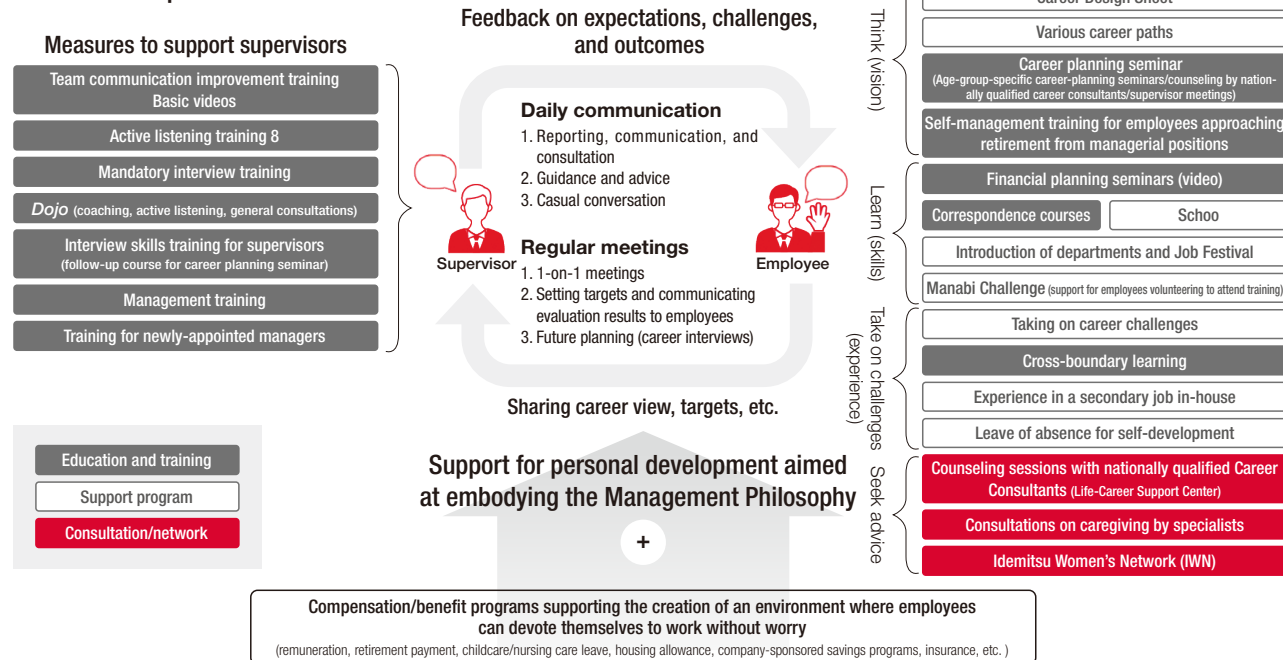
Each individual leveraging their abilities and individuality forms the foundation of “bringing out the full potential of each individual,” which is one of the three pillars of our human capital strategy. This is based on our policy of self-directed career development, or “career design.”

We believe that increasing each and every employee’s engagement and sense of growth through their work, and enhancing both their professional careers and life trajectories, will lead to a stronger organization and, by extension, to the sustainable growth of our company. Based on this idea, in April 2024, we established the Career Design Department to promote self-directed career development with the aim of strengthening the individual. The Career Design Department is developing support measures to help each employee envision the type of person they wish to become, and take proactive steps toward achieving that goal, through self-directed career development based on five strategies connected to the concept of “Bringing out the full potential of each individual.” The following are some of our main initiatives in this area.

● Promoting awareness and understanding of self-directed career development (career design)

The “Career Planning Seminar” for different age groups helps participants consider their ideal states and develop a plan to achieve it, and supports participants in visualizing their career plans, including their skills, experience, and financial plans through the use of the “Career Design Sheet.” In addition, we are working to raise awareness and understanding of self-directed career development through lectures by experts and support for holding career workshops in individual departments.

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



● Proposing diverse career paths

We have developed 13 career paths including *Experience* (turning points and breakthroughs) and *Skills* to visualize the diverse career paths available to employees active in various fields and provide them with hints for envisioning their ideal states. In FY2025, we plan to launch the second phase of this initiative to propose an even more diverse range of career paths.

● Providing skill development menus

We are strengthening our voluntary Skill Development Menu for helping employees achieve the visions they have created for themselves. For example, we have introduced “team communication improvement training (for staff members)” to

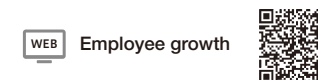
■ Investment in training

Unit: thousand yen

| | FY2022 | FY2023 | FY2024 |
|------------------|---------|---------|---------|
| Total investment | 247,810 | 299,138 | 318,488 |
| Per person | 43 | 52 | 55 |

■ Major seminar achievements

| Name | Details | Participants/year |
|-----------------------------|---|-------------------|
| Career planning seminar | Provide opportunities for employees to consider their careers and take action | 103 |
| Financial planning seminar | Visualize one's life plan | 320 |
| Cross-boundary learning | Expand one's horizons and cultivate a mindset for change and challenges through experience outside the company | 43 |
| Online English conversation | Improve English skills necessary for co-creation and collaboration with domestic and overseas branches and other companies. | 322 |



Implementation of the Human Capital Strategy

strengthen the communication skills required for building organizations and teams, and “English improvement measures,”* built around online English conversation classes, to prepare for future global expansion.

*Number of participants: 322 in FY2024 (up 35% from previous year)

● Cross-boundary learning

This program aims to break down barriers between departments and strengthen organizational capabilities by broadening participants’ perspectives and encouraging them to further realize their abilities, through exposure to diverse values and ways of thinking gained from experiences in different environments outside the company. In FY2024, we offered a total of 13 programs (51 courses), with a total of 43 voluntary participants, a 140% increase from the previous year. In FY2025, we are preparing to expand trial placements at overseas business schools and cross-border programs for senior executives. In addition, we are actively promoting activities such as “once-a-week teacher,” in which our employees visit junior high schools each week to discuss issues arising in educational settings.

● Career consulting to support introspection and strengthen supervisors’ interview skills

Our nationally-qualified in-house career consultants, who



Once-a-week teacher

understand our business and corporate culture, support each employee in articulating their thoughts and visions, thereby encouraging their self-directed career development. From FY2024 on, we have been working to improve our systems through efforts such as establishing new career consultation desks at manufacturing sites where issues were identified in the Employee Engagement Survey, with the aim of helping employees feel more connected to their own careers. We are also introducing various measures to enhance the support and communication skills of supervisors, who are the greatest source of career development support for their subordinates, including the FY2024 rollout of a listening skills program called “Active listening training 8” for all of our approximately 1,400 managers.

● Job Festival

We hold a Job Festival as part of our efforts to support the career development of our employees. At the Festival, each department in the company sets up a booth employees can freely visit for conversation, which provides them with the opportunity to deepen their understanding of other departments’ work and expand their own career possibilities. Approximately 1,100 people participated in the program in FY2024, with over 90% giving positive feedback on the experience. We will continue to implement this program on an ongoing basis with the aim of enhancing employees’ sense of growth and job satisfaction.

As a result of our efforts to promote self-directed career development and make sure it takes hold in the company, a survey conducted among all employees in FY2024 showed that 25% of respondents said they had a “specific vision” of their career, while 58% said they had “just started thinking about it,” for a total of 83% (out of around 2,300 respondents). We have confirmed that efforts to consider one’s ideal career states have gained a certain level of permeation, and we will continue to provide support that takes into account the

characteristics of the diverse job types within the company and issues unique to each department in FY2025.

Health & Productivity

● Health & Productivity Initiatives

We have established a health promotion system headed by the President and are actively engaged in health management under the Idemitsu Group Health Declaration.

The purpose of our health management is to respect diversity in human resource development and maximize our peoples’ potential to contribute to society based on the concept of “People-Centered Management,” which we have valued since our founding. We have therefore adopted “prioritizing health and safety in everything we do” as a universal value, and are promoting both the physical and mental health of each and every employee, as well as fostering a workplace environment that enables everyone to work actively.

High health literacy among employees themselves is essential for improving and maintaining health. Therefore, we have established “Idemitsu Health Action,” a set of ideal lifestyle habits, and are promoting walking and vegetable consumption at each work location, as well as providing health guidance on improving diet and sleep. Furthermore, as part of our efforts to create a vibrant work environment, in FY2024, we had industrial health staff conduct interviews with all employees in their first to third years of employment, totaling 713 people. We are also working to strengthen mental health measures by providing self-care and line-care training, holding seminars on women’s health issues, providing health support and regular follow-ups for employees working overseas, and more.

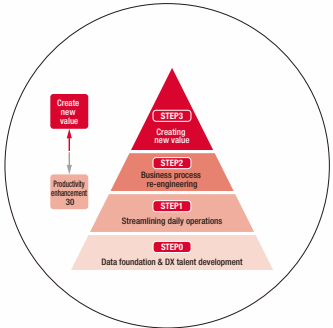
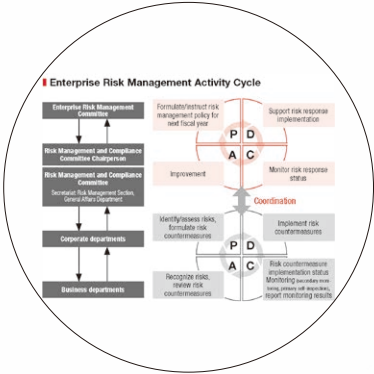
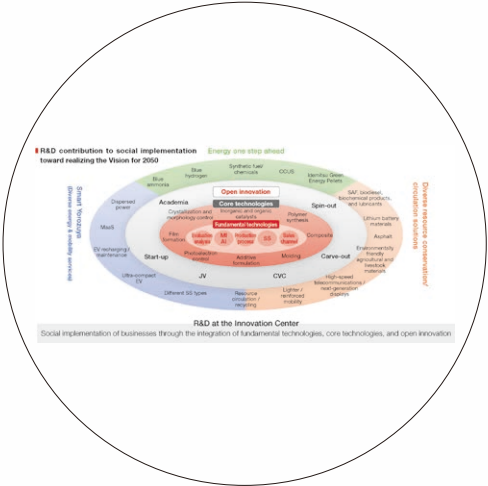
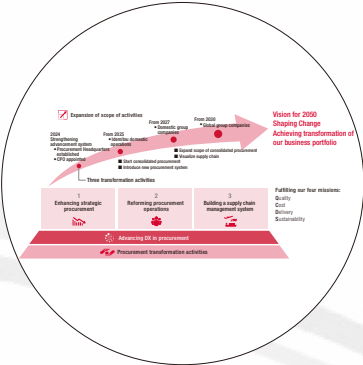
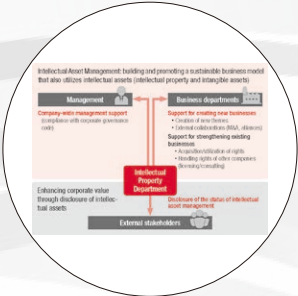
■ Seminar on Women’s Health Issues

| Theme | No. of participants |
|--|---------------------|
| Women-specific health issues needed to know as management skills | 1,134 |
| What both men and women should know about menopause | 1,386 |

Evolution of the Business Platform / Innovation Management

To accelerate our business strategy centered on business structure reforms and human capital strategies, Idemitsu Kosan is developing its DX strategy, procurement transformation, and advancing risk management toward the further evolution of its business platform. Coupled with our proactive efforts in the areas of innovation and intellectual property, we are building a solid foundation for change.

- Evolution of the Business Platform
 - 38 DX Strategy
 - 39 Procurement Transformation Activities
 - 40 Risk Management and Internal Controls
- Innovation Management
 - 42 Innovation Creation Activities
 - 44 Intellectual Property Activities





DX Strategy

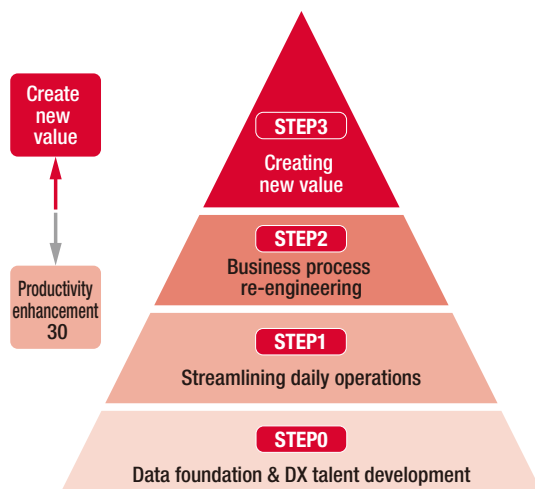
DX that underpins our business

With “Shaping Change” as our motto, our Company is working to improve productivity and transform our business models through data-driven and digital innovation.

We are promoting DX through a three-step process while developing data infrastructure that facilitates easy access and use—the foundation of DX—and nurturing human resources capable of utilizing digital technology. Steps 1 and 2 involve working to improve productivity by streamlining daily operations and re-engineering business processes, while Step 3 focuses on creating new value.

We aim to deliver even more value for our customers by centralizing and standardizing data and increasing the effectiveness of AI applications, as well as developing DX talent capable of spearheading change.

DX Promotion Steps



Step 0: Data foundation & DX talent development

We are working to complete the migration of our business systems to the cloud and build data platform that will enable seamless use data and AI.

We offer training programs tailored to the skill levels of all employees to enable them to use digital technologies independently, and over 4,000 employees have taken our basic course. Furthermore, more than 5,000 have participated in seminars and study sessions on generative AI.

Step 1: Streamlining daily operations

More than 10,000 employees are currently using generative AI and AI-enabled office tools. Low-code apps developed by citizens (657 apps) are also becoming more robust, improving the efficiency of daily operations through labor-saving tasks such as document summarization and preparing meeting minutes, as well as handling internal inquiries and retrieving information.

Step 2: Business process re-engineering

We are promoting the optimization and streamlining of business processes based on the use of AI. In the area of petroleum shipping, we have developed our own fleet optimization model to improve the efficiency of ship assignment operations. Meanwhile, manufacturing departments are actively working to transform business processes by utilizing an integrated information platform to improve on-site operations.

Step 3: Creating new value

We are working to strengthen customer touchpoints for Drive On (a digital platform for service station members), advance the level of research through MI/DX initiatives, develop solutions to increase the utilization rate of CN fuel, and develop an AI-based external corrosion assessment system for production facilities.



Marine Transportation Section,
Crude & Global Business Department
S. Hara (left)
H. Oguri (right)
(Affiliations as of June 2025)

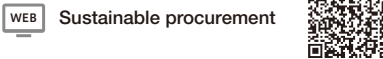
Business process reform case study: introducing a mathematical optimization system for scheduling crude oil tankers

Our Company has introduced a new system that incorporates mathematical optimization into the scheduling of ocean vessels used to transport crude oil from overseas. Before, experienced staff had spent a massive amount of time devising plans that met complex constraints, but the new system has made it possible to quickly create shipping plans that minimize transportation costs.

During proof-of-concept testing, we have been able to reduce work time by up to 40%, and we expect to reduce annual costs by hundreds of millions of yen. The process of carefully modeling the experience and knowledge of the staff in charge and incorporating it into our algorithms served as a “challenge for change” made possible through collaboration between staff on the ground and digital technologies.

We will continue to enhance such functions even more to achieve both the stable supply of petroleum products and improved logistics efficiency.

Procurement Transformation Activities



The Need to Transform Procurement

As rising costs driven by inflation, labor shortages, and other factors continue to impact businesses, the procurement environment has become a critical concern. Coupled with the need to address large-scale disasters, ESG challenges, security risks, and more, ensuring sustainable procurement practices and managing the entire supply chain have become increasingly vital.

In response to these challenges, we are redefining our business portfolio to align with our Vision for 2050, “Shaping Change.” As part of this effort, we are overhauling our procurement strategy and transforming our procurement activities to broaden their scope and enhance operational effectiveness.

Procurement Transformation Initiatives

We are currently driving procurement transformation initiatives with a focus on three key areas: (1) enhancing strategic procurement, (2) reforming procurement operations, and (3) building a supply chain management system. While these initiatives were initially launched within Idemitsu Kosan’s domestic operations, our goal is to extend them across all Idemitsu Group companies, both in Japan and internationally, by 2030.

To accelerate and ensure the reliable execution of these transformation efforts, we established the Procurement Headquarters in April 2024. This centralized structure is supported by managers from all departments, fostering a company-wide, coordinated approach. Additionally, a Chief Procurement Officer (CPO) was appointed in July 2024 to lead these efforts. Moving forward, we will continue to strengthen our initiatives under this enhanced framework.

1. Enhancing strategic procurement

Ensuring the safe and stable operation of our existing businesses remains a top priority. Simultaneously, we are at a critical juncture in implementing new initiatives to reshape our

business portfolio. Both objectives require stable procurement capabilities, particularly for construction-related activities, while proactively addressing procurement risks. To achieve this, we are conducting market analyses, fostering deeper relationships with suppliers, and working to establish mutually beneficial partnerships aimed at maximizing shared value.

2. Reforming procurement operations

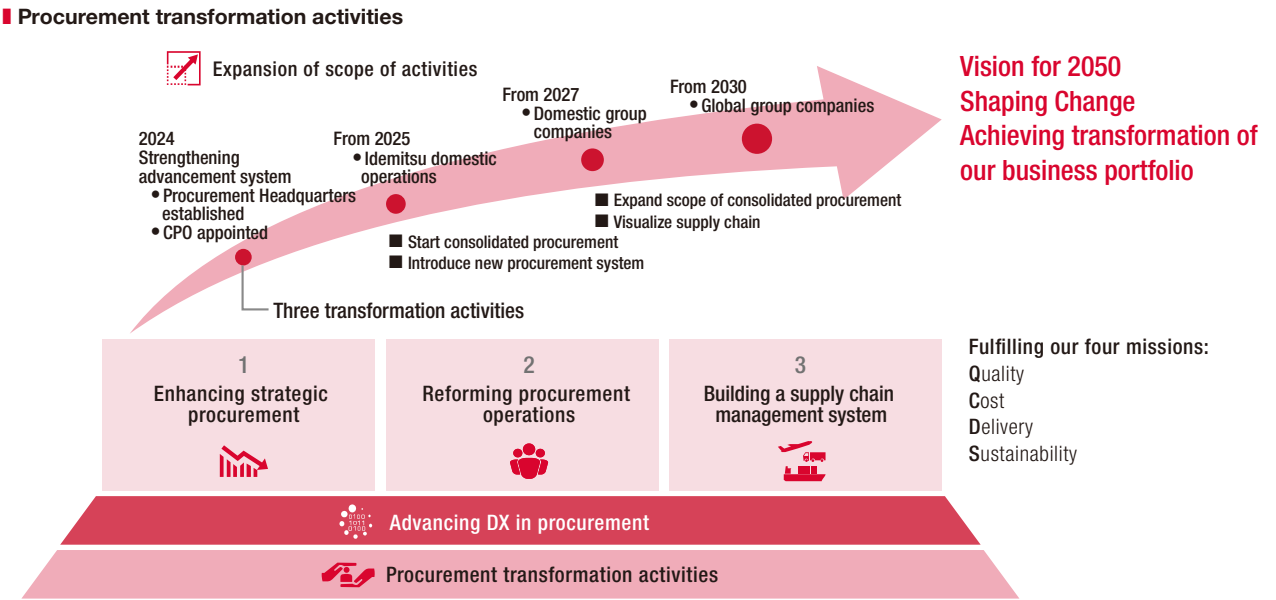
We are undertaking a comprehensive review of procurement operations company-wide to enhance governance, improve productivity, and reduce and optimize costs. Key measures include unifying procurement rules, digitizing processes through the adoption of standardized systems, consolidating procurement functions for indirect materials under a specialized organization, and leveraging digital transformation to enhance data visibility.

In FY2024, we began consolidating procurement functions

and implementing new systems. These systems are expected to go live in July 2025, with a phased rollout of consolidated operations. This approach will enable us to strengthen governance, boost efficiency, and achieve cost optimization.

3. Building a supply chain management system

As a company entrusted with the social responsibility of ensuring a stable supply of energy and materials, strengthening our supply chain is a critical mission. This includes expanding our existing sustainable procurement initiatives, enhancing supply chain visibility to identify and mitigate risks, and establishing a resilient supply chain management system. We are committed to transparency in these efforts and will publish updates on our sustainable procurement initiatives on the Sustainability page of our corporate website as appropriate.




Risk Management and Internal Controls

WEB Risk management



WEB Internal control





Managing Executive Officer

Kenichi Morishita

Introducing Enterprise Risk Management to enhance risk response capabilities

Our company faces a variety of new challenges due to rapidly changing international circumstances, economic and social conditions, climate change, and more. To prepare for these challenges, we are promoting the implementation of Enterprise Risk Management (ERM) as a company-wide initiative. Traditionally, we have relied on each business department to act autonomously in this area, but recent environmental changes have led to increasingly broad and complex risks. ERM will enable us to strengthen our risk response capabilities by centrally identifying risks, and then ensuring our risk responses are coordinated and mutually complementary across management, corporate departments, and business departments.

Furthermore, we will conduct regular and thorough risk evaluations and assessments to enable rapid response to risks before they manifest, strengthen our information sharing systems, and provide education and training to foster risk awareness among all employees. This will not only increase our ability to predict risks, but also build stakeholder trust and strengthen our foundation for sustainable growth.

We intend to continue developing our ERM on an ongoing basis and strive to bring it to an even more advanced level. I would like to take this opportunity to thank all our stakeholders for their understanding that our risk management system is functioning in a more comprehensive and effective manner, and ask for their continued support.

Our Approach to Risk

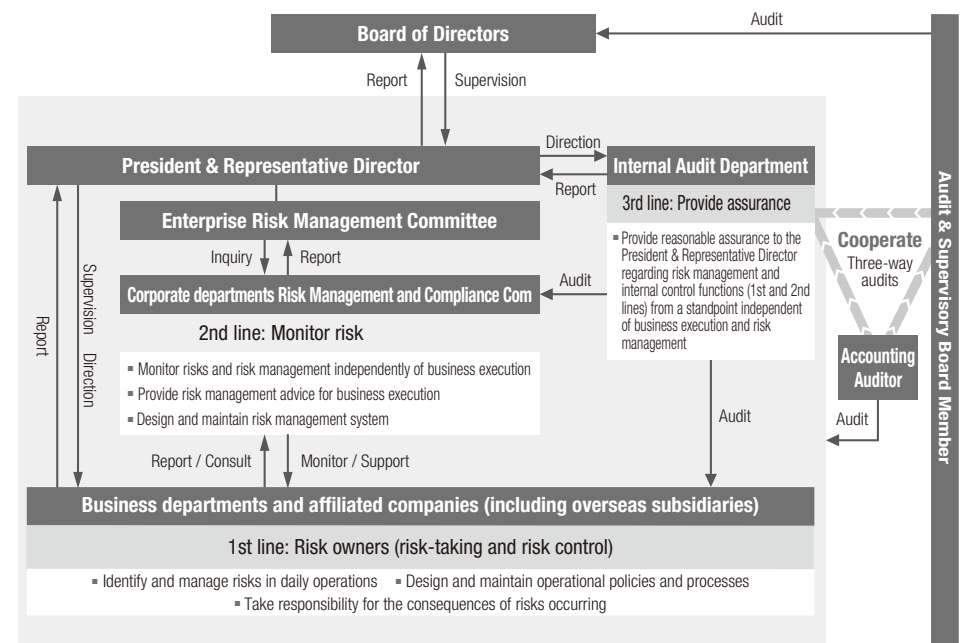
To respond appropriately to the various risks that arise as we work toward achieving our management goals, we are introducing Enterprise Risk Management (ERM), with FY2024 serving as a preparatory period and full-scale implementation commencing in FY2025.

By defining our overall risk profile, putting our risk response status into visual forms, and actively communicating with each other, we will implement risk management tailored to the roles of each office in our business and corporate departments, as well as management, which will in turn lead to the appropriate disclosure of risk-related information.

Risk Management and Internal Controls

Internal controls and risk management are essential elements of sound corporate management. Our company manages these through a three-line system, with the business department handling the first line, corporate department offices handling the second, and the Internal Audit Department handling the third. By implementing risk management from a company-wide perspective based on appropriate internal control processes, and quickly identifying and responding to risks through cooperation from the management level down to on-site employees, we will support the sound operation of the company and aim for sustainable growth.

Risk Management and Internal Control Promotion System



Risk Management and Internal Controls

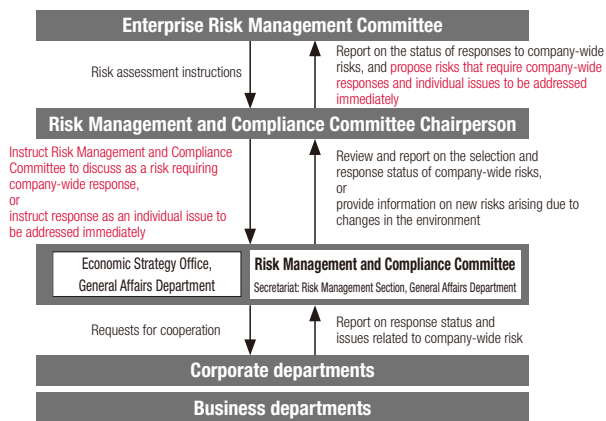
Enterprise Risk Management (ERM)

We conduct our Enterprise Risk Management (ERM) while facilitating appropriate communication between our Enterprise Risk Management Committee and Risk Management and Compliance Committee. Based on discussions led by management, we will organize risks into (1) risk issues which require urgent response and (2) company-wide risks that require company-wide responses, and then confirm the status of responses to those risks. This will enable us to implement enterprise-level risk management that combines responses to risk issues with company-wide risk management activities.

Enterprise Risk Management (ERM) Activity Cycle

In our ERM, we use PDCA cycles to identify, evaluate, and respond to risks, and monitor and improve our responses, based on year-round risk management activities, which include both risk issue-based activities and activities that take into account the status of responses to company-wide risks.

Enterprise Risk Management Activities



The Risk Management and Compliance Committee, which is at the center of our ERM advancement activities, promotes Enterprise Risk Management while coordinating and observing the two PDCA cycles.

Crisis Management

In the Rules on How to Deal with a Crisis (approved by the President), our Company sets out policies for handling crises, how to determine crisis levels, communication systems, the establishment of task forces, and more. In the event of a crisis, we will implement prompt and appropriate measures and respond as an organization, with a clear chain of command, to minimize social impact and damage.

Approach to Economic Security Issues

Our group is closely monitoring the effects of heightened geopolitical risks and intensifying international power struggles on economic security, and is preparing and responding as necessary. As part of this, we are raising the level of crisis

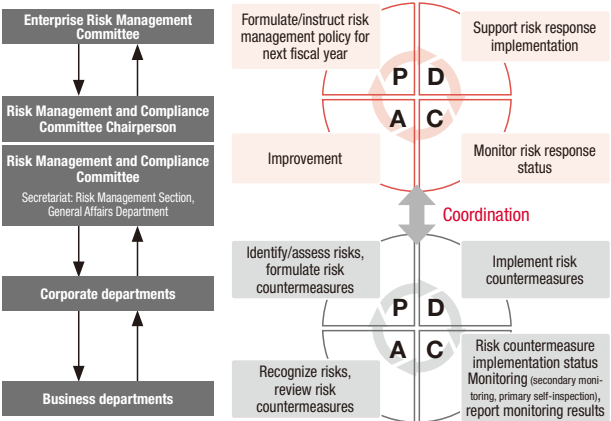
Crisis Response Policy (Excerpt from Rules on How to Deal with a Crisis)

- (1) Place top priority on safety of all people.
- (2) Minimize environmental impact.
- (3) Sincerely deal with a crisis all the time from the viewpoint of ordinary citizens.
- (4) Quickly disclose accurate information.
- (5) Retain Company's reliability by carrying out (1) through (4).

awareness among relevant personnel by having all relevant departments conduct training exercises that simulate various geopolitical risk incidents that could occur overseas, and developing comprehensive response measures to ensure employee safety, protect assets, maintain communications, and more.

Furthermore, we are strengthening measures against cyber-attacks and improving system defenses to ensure that we, as an operator of core infrastructure, can provide a stable supply of energy. We are also strengthening cooperation with relevant government ministries and agencies to both comply with laws and regulations and maintain our corporate value. Moving forward, we will bolster our risk assessment and response measures within the company and across the entire supply chain, diversify our sources of essential raw materials, and improve internal systems related to export control and the transfer of technology. Our group will continue to monitor trends in policy and international affairs, implement flexible and swift risk management responses, and contribute to strengthening Japan's economic security, with the aim of achieving both sustainability in business and international competitiveness.

Enterprise Risk Management Activity Cycle



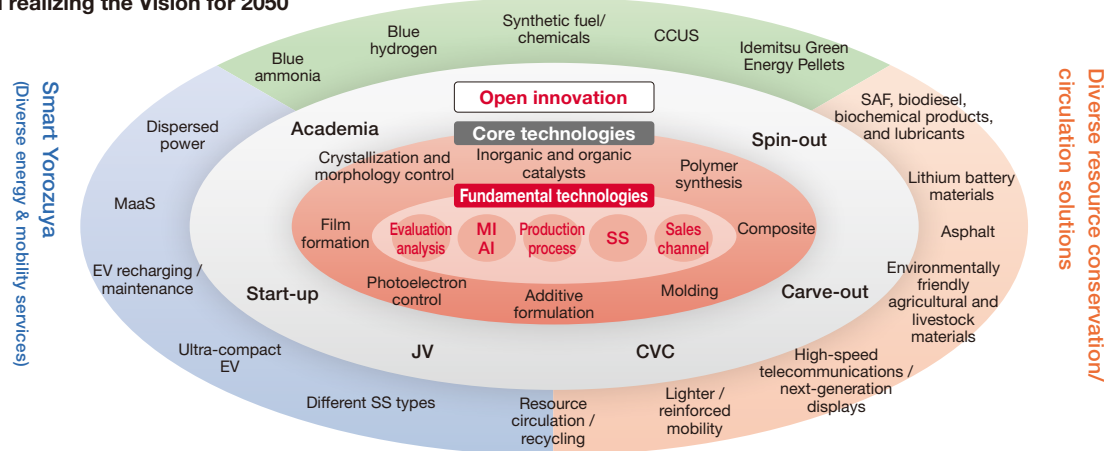
Innovation Creation Activities

Features and Advantages of Idemitsu Kosan's Research and Development

History of our research laboratories

We began industrialization research at the same time as our Tokuyama Refinery was completed in 1957, and have contributed to society through industrialization of polymer materials and catalysts. The Central Research Laboratory, established in 1970, took on the challenge of research and development of various materials, and ultimately created organic electroluminescence (EL) materials, which is the world's best blue light-emitting technology. We have steadily acquired technologies in areas ranging from materials development to process engineering. We are making maximum use of these technologies and expertise as core technologies to develop new businesses, including the development of solid electrolytes as key materials for next-generation batteries, innovative polycrystalline oxide semiconductors that contribute to increased sizes and reduced power consumption in displays, and more.

■ R&D contribution to social implementation Energy one step ahead toward realizing the Vision for 2050



R&D at the Innovation Center

Social implementation of businesses through the integration of fundamental technologies, core technologies, and open innovation

Strengthening our systems for innovation creation

To establish a system in which processes for internal and external collaboration toward social implementation can run at a more advanced level, we established the Innovation Center in July 2025. The Center consists of the Advanced Technology Research Laboratory, which promotes mid- to long-term research, the Innovation Strategy Department, which is responsible for creating R&D strategies, and the Intellectual Property Department, which handles intellectual property strategies. This new organization will serve as an innovation hub for the Group, and we will strengthen management to ensure steady R&D efforts even in uncertain environments.

The Integrated Laboratory, which is scheduled for completion at the end of FY2027 and will consolidate most of our group's domestic research functions, will bring together technologies and expertise in R&D and accelerate co-creation. We will establish an integrated system covering everything from research and development for social implementation to process engineering

WEB Innovation management (research and development)

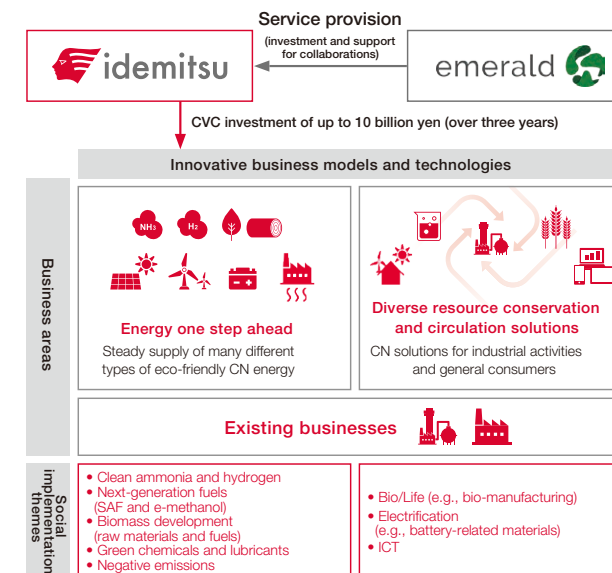


and commercialization, thereby maximizing the technological capabilities of our group.

New innovations from CVC

Since 2019, we have been collecting knowledge about start-ups through investments in venture capital funds in Japan, the United States, and Europe. We established Idemitsu CVC in July 2024 as the next step. We are setting an investment budget of up to 10 billion yen over the three-year period leading up to 2026, and are promoting investment in and collaboration with startups with innovative technologies and business models. As data centers continue to expand to handle the surge in data communication volume and the increased importance of high-speed communication, at the end of FY 2024, we invested in NLM Photonics, a company developing materials for high-speed communication devices, to gain insights into market trends and technological innovations in the field of next-generation communications.

■ Overview of Idemitsu CVC initiatives



Innovation Creation Activities

Toward Creating New Value and Businesses

Academia Collaboration

In the initial stages of R&D, which includes exploration and research that is key to creating new businesses, we proactively collaborate with external parties to work on open innovation. Through the activities of the Idemitsu Kosan Collaborative Research Cluster for Advanced Materials, which we established at the Tokyo Institute of Technology (now known as the Institute of Science Tokyo) in FY2020, we promote the acquisition of technologies in the focus areas of advanced materials and CNX solutions together with the Institute of Science Tokyo. We also established a joint research department with Kobe University and started academic cooperation with the University of California, Santa Barbara, and other institutions. In addition, in 2024, we signed an agreement regarding comprehensive collaborative research with the University of Tokyo's Research Center for Advanced Science and Technology and the Institute of Industrial Science and started joint research with these institutions, aiming to develop next-generation technologies in the field of carbon neutrality.

Driving MI / DX

We are working to accelerate R&D by spreading Materials Informatics (MI) and strengthening DX.

- Reskilling: Across all research departments, we continue to implement and promote the sharing of in-house initiative examples, literacy improvement measures through workshops, and practical training on the use of data science and generative AI.
- Development of DX solutions: We are accelerating the development of solutions to key MI/DX issues related to each R&D theme, such as the digitalization of analysis technologies, by collaborating with domestic and overseas DX consulting firms.
- Data science environment: We are building a companywide cloud environment dedicated to data science that allows us to safely and flexibly leverage open databases and open

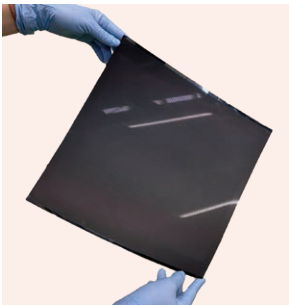
source software, which are essential for MI/DX. We are also building retrieval-augmented generation (RAG) technologies by integrating internal data and generative AI.

Creating New Businesses

1. Development of greenhouse gas fixation plant business using purple photosynthetic bacteria
- We have begun to collaborate with Symbiobe Inc., a start-up originating from Kyoto University, regarding CO₂ and N₂ fixation technologies using purple photosynthetic bacteria, which we began to study as a result of our activities to create new businesses. We are moving towards its commercialization.
 - We aim to achieve the social implementation of technologies for fixation CO₂ and other greenhouse gases and the manufacturing of green biomaterials* by combining technologies related to photosynthetic microorganisms that are owned by Symbiobe Inc. with the process technologies for upscaling that we own.

* Objects related to food or the field of the environment, among those manufactured by "biomanufacturing" that utilize the metabolism of microorganisms.

2. Development of solar cells for space use
- The space industry market is expected to become one trillion dollars by 2040, and the market has been expanding rapidly. We are attempting to develop a solar cell for use in space using the solar cell technologies that we have cultivated to date. In the high-radiation environment of space, existing solar cells degrade, which is an issue. The CIGS solar cells that we are developing have proven to be high radiation resistant. We will proceed with the development of these solar cells with our partners to implement this innovative technology.



Solar cells for use in space



Analytical Technology Laboratory 1,
Analytical Technology Center,
Advanced Technology Research
Laboratories
A. Hamano

The challenge of accelerating materials development with MI/DX cutting-edge technologies

I feel that one of our major strengths in R&D is that researchers in each department who are deeply knowledgeable about materials, independently implement and utilize MI. This has been made possible through reskilling initiatives driven by the Innovation Strategy Department and Advanced Technology Research Laboratories. As a member of the Laboratories, I am exploring how to apply cutting-edge technologies such as quantum computing, which is expected to be the next breakthrough following MI. In addition to understanding the materials, I have occasionally developed unique techniques to suit each theme. In my fourth year at the company, I participated in a three-week training program at a consulting firm in North America to enhance my skills. I collaborated with local engineers and researchers to establish a technology that leverages generative AI to design synthesizable molecules with desired physical properties. Although this field remains uncharted and presents many challenges, I remain committed to reaching the frontier to further accelerate material development.

Intellectual Property Activities

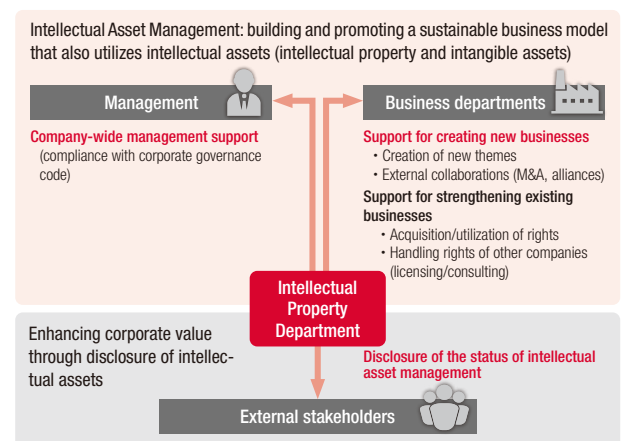
Overview of Our Intellectual Property Activities in FY2024

We are reforming our business portfolio based on the Medium-term Management Plan. As intellectual property (IP), which is an intangible asset, plays an essential role in the implementation of these reforms, we are further expanding the utilization of our intellectual property portfolio.

Specifically, we are analyzing the internal and external environment using the IP Landscape approach, and providing the analysis results to relevant parties in business departments and researchers in the early phases of activities, such as the business planning phase. Through this, we are ascertaining the areas that need to be strengthened in existing businesses and examining the directions of new businesses, while promoting the transformation of our business portfolio.

IP Governance Structure

Our intellectual property governance integrates company-wide policies with on-site needs by linking the Intellectual Property Department and business departments to address both corporate issues for the entire company, and issues



specific to each business department. Through this, we are establishing an effective intellectual property structure that contributes to the growth of Company businesses. We have also recently been working to build a system that incorporates items of concern from the perspective of intellectual property into our responses to economic security issues related to our business.

Advancement of IP Activities

Contributing to increased corporate value through IP

To maximize corporate value, our company is strategically utilizing intellectual property in a way that advances IP creation and protection through various innovations to secure a competitive advantage in each business area.

Specifically, in the Functional Materials and Petroleum segments, we provide business departments with intellectual property information related to alliance partners at an early stage, which makes it easier to select partners that complement our businesses well and increase the likelihood of business success.

Human Resources Development

We are also focusing our energy on developing human resources who can utilize intellectual property in management and use it as a tool to enhance our corporate value. In FY2024, we focused on strengthening our internal intellectual property education program and spreading awareness of intellectual property activities among all employees. Specifically, we invited external experts on a regular basis for IP study sessions aimed at managers of business departments, as a way to deepen their understanding of why intellectual property is important and how to utilize it.

We are also leveraging our system for experience in a secondary job in-house to provide opportunities for non intellectual property departments employees to learn about methods for analyzing and utilizing IP information. In particular, we are working to use such opportunities to improve IP literacy in all employees by ensuring administrative staff have basic knowledge of intellectual property, as well as familiarity with the situation of our and other companies based on the analysis of IP information.

We are furthermore promoting personnel exchanges with departments not directly involved in intellectual property activities to strengthen systems for sharing information and cooperating in IP-related areas. This creates an environment in which each department can make strategic decisions using intellectual property.

Vietnam Business Development Department
 Administration & Financial Coordination Section
C. Kamada

Reaffirming the potential to enhance corporate value by utilizing IP through a secondary job in-house

Inspired by Idemitsu's past achievement of receiving the Imperial Invention Prize and the recent media focus on intellectual property, I decided to apply for the in-house secondary job program to deepen my understanding of our company's intellectual property. Since the fuel oil business accounts for the majority of our sales, I had been under the impression that it would be difficult to strategically utilize intellectual property at our company. However, when I compared case studies with those of other companies, I realized that our company's strategic use of IP is on par with others. The fuel business's high profit enables us to expand our business and to steadily develop technologies in other areas, and I realized that IP strategies built within this environment will lead to future increases in corporate value. I think that as more of my colleagues learn how to utilize IP through the in-house secondary job program, IP will be used more extensively in business management, including investment and financing decisions, which in turn will enable us to create even more value.

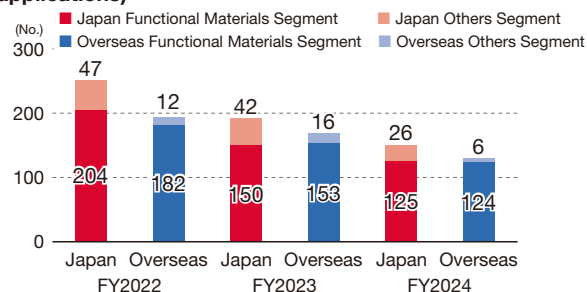
Intellectual Property Activities

Number of Patent Applications and Registered Patents Held

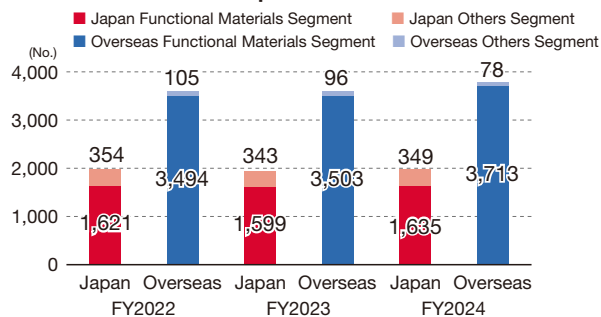
Looking at patent applications and registered patents by business segment within our group, applications in the Functional Materials segment, which consists of technology-driven business departments, account for the majority of applications. Although the number of patent applications has been declining since 2022, the number of registered patents held has increased.

This is due to our focus on improving the quality of our intellectual property rights rather than the quantity, which we achieve by strengthening the open & closed strategy we have been promoting for some time, and executing strategies for filing patent applications in line with our business development.

■ Trends in the number of patent applications (published applications)



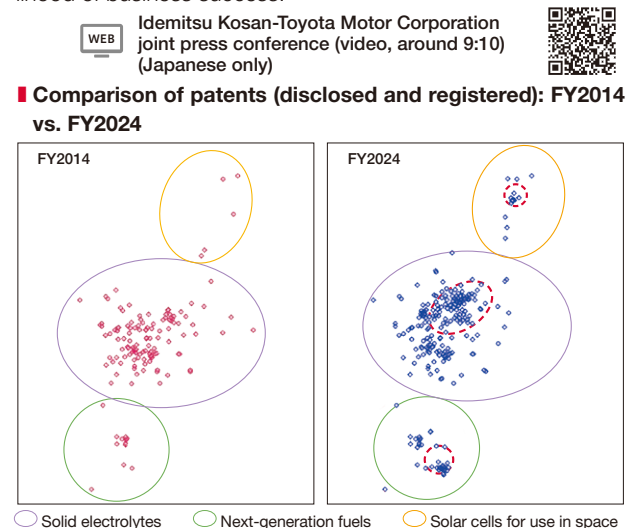
■ Trends in the number of patents held



Protection and utilization of IP related to new businesses

To advance the business portfolio transformation outlined in our current Medium-term Management Plan, one of our most important intellectual property activities is enhancing our intellectual property portfolio related to new businesses.

The figure below shows the distribution of published and registered inventions related to our priority businesses of next-generation fuels, lithium battery materials, and solar cells for use in space. Looking at the lithium battery materials business, the number of areas where patent applications are concentrated is much higher in 2024 (the red broken-line box) than in 2014, which is when we started our joint venture with Toyota Motor Corporation. The same applies to the business areas of next-generation fuels and solar cells for use in space. By concentrating our patent applications in our Company's key technological areas and securing the rights thereto, we are protecting our unique technologies and ensuring a competitive advantage, which helps advance commercialization and increases the likelihood of business success.



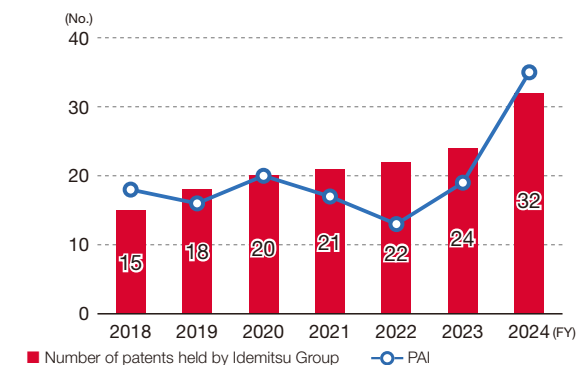
Protection and utilization of IP related to solar cells for use in space

Taking solar cells for use in space as a specific example of our innovation creation activities, we are protecting our technologies through a two-part approach. First, we are reviewing the intellectual property related to materials and manufacturing processes accumulated from the development of our ground-based solar cells along with our group member Solar Frontier, and selecting and utilizing the technologies that can be applied to space environments. Meanwhile, we are strategically filing patents for new technologies that address challenges unique to space, such as radiation resistance, to strengthen our portfolio in terms of both quality and quantity.

We evaluated these patents using the LexisNexis® analysis tool PatentSight®, and the Patent Asset Index (PAI), which is an important indicator, has been improving year by year, reaching a record high in FY2024.

We will continue to collaborate with our R&D departments to acquire, utilize, and enforce our intellectual property rights to commercialize our space solar cell business and improve our competitiveness.

■ Trends in number of patents held and PAI trends in solar cells for use in space



Sustainability

The Idemitsu Group has positioned sustainability as an issue for management, and is working as one in order to contribute to solutions for environmental and social issues. We are also aiming to continue to grow as a company while using our business activities to make a sustainable global environment and society a reality.

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Idemitsu Group’s Sustainability and Materiality (Key Challenges)

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Climate Change Action

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Biodiversity and Water Resource Conservation

55

Circular Society, Waste and Chemical Substances

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Safety, Environment, and Quality Management

58

Human Rights

59

Information Management / Security Management

60

Compliance



■ **Idemitsu Group's Sustainability and Materiality (Key Challenges)** ■ Climate Change Action ■ Biodiversity and Water Resource Conservation ■ Circular Society, Waste and Chemical Substances
 ■ Safety, Environment, and Quality Management ■ Human Rights ■ Information Management / Security Management ■ Compliance

Idemitsu Group's Sustainability and Materiality (Key Challenges)

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 as set out in the Vision for 2050, under our Management Philosophy of "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 with the aim of bringing the entire Group together to help solve environmental, social, and other issues.

Sustainability Promotion System

While the core ESG issues such as climate change and human rights are a given, the various issues faced by each business are closely related to sustainability as well, and our Company therefore discusses all such topics within the Management Committee.

The President & Representative Director serves as chair of the Management Committee, and the details of the discussions are reported to the Board of Directors as appropriate.

Furthermore, the Corporate Sustainability Office, which is a dedicated organization for matters pertaining to sustainability, has been established within the Corporate Planning Department. The Office promotes sustainability management within our Company by working across departments with the divisions responsible for ESG issues. The structure is such that the Corporate Sustainability Office organizes a summary of progress on sustainability-related issues and reports to the Management Committee at least once a year, with the details being submitted by the departments in charge to enable sufficient discussion and monitoring of sustainability in the Management Committee.

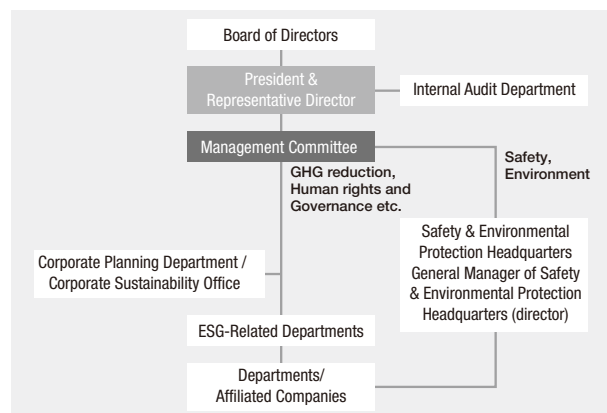
Disclosure of Sustainability-Related Information

In the 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, our Group has reaffirmed the importance of disclosing sustainability information, and we are making preparations toward enhancing the proper disclosure of information in line with the standards of each country.

Specifically, to ascertain the discrepancies between our current efforts and international standards, we have analyzed the information we disclosed for gaps and created a roadmap of actions to take in the future. Based on this roadmap, we will appropriately disclose information about matters that have a major impact on our existing and new business domains from the perspective of sustainability, as well as information about our governance, strategy, risk management, and metrics and targets with respect to risks and opportunities.

We will continue to disclose and share information about our

■ Sustainability Promotion System



Sustainability policy/ promotion system



Idemitsu Group's materiality (key challenges)

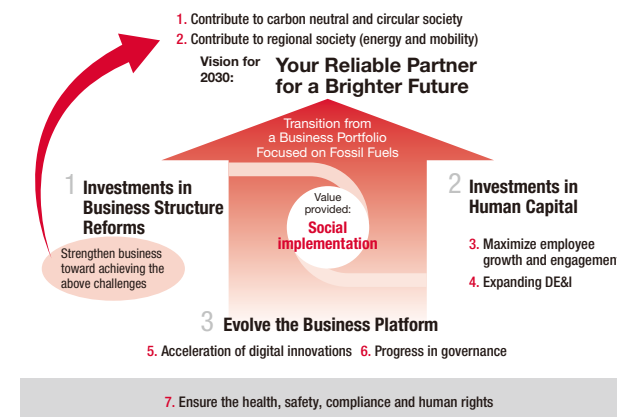


sustainability-related initiatives to and with our diverse stakeholders in an easy-to-understand manner.

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: "(1) contribute to carbon neutrality/circular society" and "(2) contribute to regional society (energy and mobility)" (social challenges to which our Group is contributing), "(3) maximize employee growth and engagement" and "(4) expanding DE&I" (challenges we are focusing on to achieve the first two materialities (key challenges)), "(5) acceleration of digital innovations" and "(6) progress in governance" (the foundation of our Group's activities), and "(7) ensure the health, safety, compliance and human rights" (basic requirements).

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



■ **Idemitsu Group's Sustainability and Materiality (Key Challenges)** ■ Climate Change Action ■ Biodiversity and Water Resource Conservation ■ Circular Society, Waste and Chemical Substances

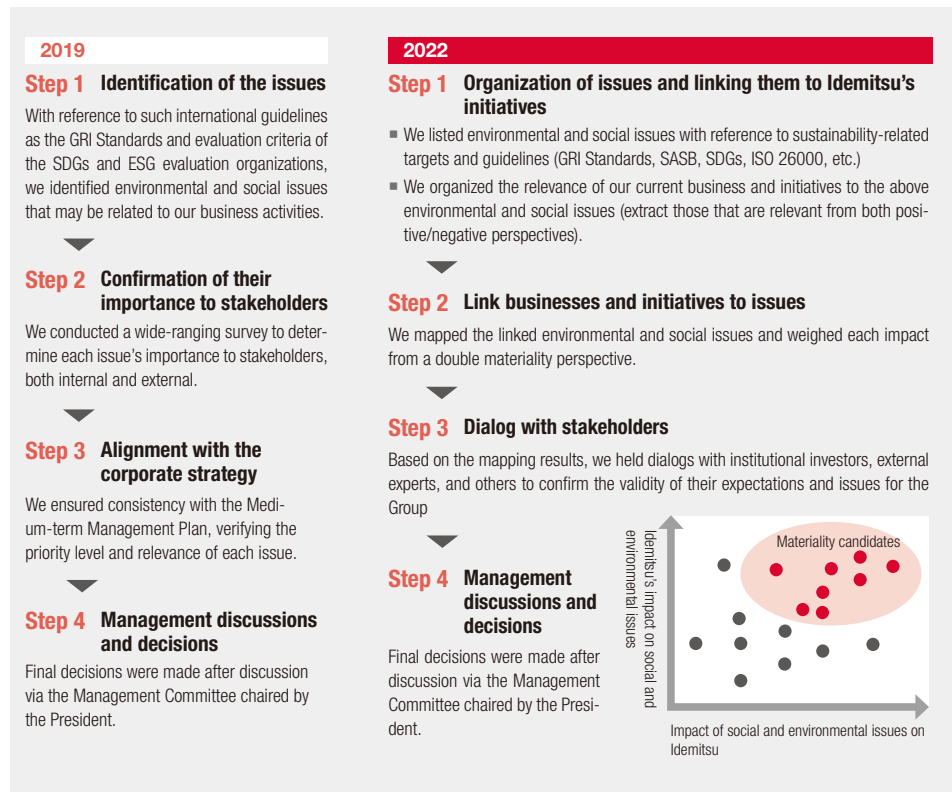
■ Safety, Environment, and Quality Management ■ Human Rights ■ Information Management / Security Management ■ Compliance

Idemitsu Group's Sustainability and Materiality (Key Challenges)

Materiality (Key Challenge) Identification Process

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

■ Materiality (key challenge) identification process



■ List of materiality (key challenges)

| Materiality | KPI and Monitoring Indicators | | | Major Related SDGs |
|---|---|---|--|--------------------|
| | Category | Achievements in FY2024 | Target | |
| 1. Contribute to carbon neutrality / circular society | Reduce CO ₂ (Scope 1 + 2) | -19.2% (compared to 2013) | -46% (FY2030) Carbon neutral (FY2025) | |
| | Contribute to Scope 3 | Carbon intensity: -0.6% (compared to 2020) | -10% (FY2030) -50% (FY2040) | |
| | Investments / business strategy | CN investment: 41.9 billion yen Growth investment: 60.5 billion yen | Approx. 800 billion yen (through FY2030) Approx. 550 billion yen (through FY2030) | |
| | ROIC, targeted earnings | ROIC (excluding inventory impact): 6.0% Operating + equity income (excluding inventory impact): 214.7 billion yen | 7% (FY2030) 270.0 billion yen (FY2030) | |
| 2. Contribute to regional society (energy and mobility) | Investments / business strategy | CN investment: 41.9 billion yen Growth investment: 60.5 billion yen | Approx. 800 billion yen (through FY2030) Approx. 550 billion yen (through FY2030) | |
| | Number of customers | 6,000 SS's in Japan | — | |
| 3. Maximize employee growth and engagement | Idemitsu Engagement Index | 70% | 80% or more (FY2030) | |
| | Investments in training per employee | 55,000 yen | 100,000 yen (FY2030) | |
| 4. Expanding DE&I | Female recruiting ratio | 38.7% (based on the total number of new graduates and mid-career hires with at least a bachelor's degree hired between April 1, 2024 and March 31, 2025) | 50% or more (FY2030) | |
| | Female ratio in managerial positions | 4.6% (as of March 31, 2025) | 10% or more (FY2030) | |
| | Male ratio taking childcare leave | 92% | 100% or more (FY2030) | |
| 5. Acceleration of digital innovations | DX investments | 2.5 billion yen | — | |
| | Enhancement of productivity | Continuing company-wide efforts to support business structure reforms | 30% (FY2025) | |
| 6. Progress in governance | Effectiveness of the Board of Directors | In addition to the survey, conduct individual interviews with all executive officers (internal and external) by counsel familiar with the company's business conditions | — | |
| 7. Ensure the health, safety, compliance and human rights | Employee health indicators | Physical examination checkup rate: 100% | 100% | |
| | Safety indicators (# accidents, etc.) | Number of serious accidents: 0 Fatal accidents: 0 at our company, 1 at partner companies | 0 | |
| | Major compliance violations | 1 | 0 | |
| | Human rights due diligence | Human rights violations: 0 | 0 | |

Climate Change Action

Our Approach to Climate Change

Leveraging our Group’s strength in putting solutions into practice, we aim to fulfill both our “responsibility to support people’s daily lives” and our “responsibility to safeguard the planet for future generations,” thereby helping realize a carbon-neutral and circular society.

In terms of our initiatives to respond to climate change, we wish to enhance disclosures in line with the IFRS/SSBJ S2 framework while continuing to disclose information according to the TCFD recommendations we endorsed in 2020, and accelerate our initiatives with the understanding and cooperation of our stakeholders.

Climate-Related Governance Structure

Recognizing climate change as one of our most critical management issues, the Board of Directors sets company-wide policies from multiple perspectives and oversees their prompt and reliable execution. Major climate-related proposals are first submitted to the Management Committee, while those of particular significance are escalated to the Board of Directors. This creates a structure in which the Board of Directors oversees the reliable execution of measures based on company-wide policy.

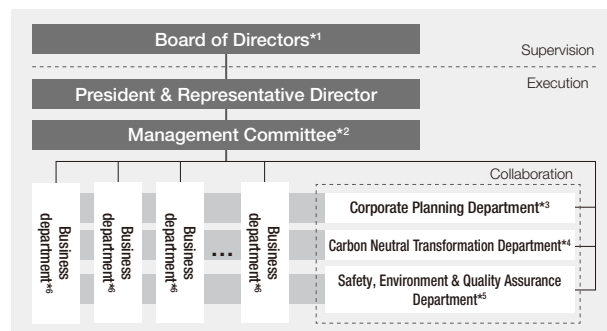
We are formulating and executing company-wide strategies toward achieving a carbon-neutral society, with a specialized department (the Carbon Neutral Transformation Department) playing a leading role. The Carbon Neutral Transformation Department leads the company-wide CN strategy planning, GHG reduction target settings, and CNX human resource development in cooperation with related in-house departments.

*CNX: Carbon Neutral Transformation

Climate Change-Related Disclosures within This Report

The table below shows where each TCFD framework item is covered in this report.

| 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.49 |
| | 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 | ■ Strategy ■ Risks and opportunities | P.49-50 |
| | 2. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning | ■ Risks and opportunities | P.50 |
| | 3. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | ■ Strategy | P.49 |
| Risk management | 1. Describe the organization’s processes for identifying and assessing climate-related risks | ■ Climate-related risk management | P.50 |
| | 2. Describe the organization’s processes for managing climate-related risks | ■ Climate-related risk management | P.50 |
| | 3. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management process | ■ Climate-related risk management ■ Risk Management | P.50 P.40 |
| 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 | ■ Metrics and Targets | P.51-52 |
| | 2. Disclose Scope 1 and 2, and, if appropriate, Scope 3 GHG (greenhouse gas) emissions and the related risks | ■ CO ₂ emissions (Scope 1, 2 and 3) | P.73 |
| | 3. Describe the targets used by the organization to manage climate-related risks and opportunities and disclose performance against targets | ■ Metrics and Targets | P.51-52 |



*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

Specific studies for responding to climate change are being conducted by drafting long-term business environment scenarios targeting the period up to 2050, identifying risks and opportunities based on the output of those scenarios, and proceeding to drafting specific strategies (a list of risks and opportunities can be found on the following page).

Taking into account the overall picture of risks and opportunities, we will organically combine and reorganize our business portfolio into three business areas (“Energy one step ahead,” “Diverse resource conservation and circulation solutions,” and “Smart Yorozuya”), and aim to achieve our Vision for 2050 through the social implementation of our businesses.



Carbon neutrality/climate change action



Climate Change Action

Risks and Opportunities

Based on the long-term business environment scenario toward 2050, we have identified risks and opportunities related to climate change. We have compiled the following table showing the anticipated time frame, level of financial impact, and the Company's response to climate change in each area, and we are promoting specific initiatives in accordance with the details. In response to these 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 transition our business portfolio. Through such efforts, we are aiming to achieve 270 billion yen on an operating income + equity income basis as of 2030.

TCFD Risks and Opportunities

| Category | Matters to be evaluated | Time frame | | | Financial impact*1 | | | Our response |
|------------------|--|------------|---------|---------|--------------------|---------|---------|--|
| | | by 2025 | by 2030 | by 2050 | Level 1 | Level 2 | Level 3 | |
| Transition risks | Reduced domestic demand for fossil fuel | ● | ● | ● | | | ✓ | Expanded supply of fossil alternative fuels Reviewed domestic supply system (CNX Center conversion, Smart Yorozyuya conversion) |
| | Decline in energy and resource prices due to technological innovations | | ● | ● | | | | Strengthening the competitiveness of the entire supply chain |
| | Full-scale implementation of carbon pricing by the government | | ● | ● | | | ✓ | Close monitoring of trends in government policies and implementation/application of an internal carbon price |
| | Regulation of fossil resource extraction projects, careful investment and financing stance of financial institutions | | ● | ● | | ✓ | | Reduced scale of coal mine production |
| | Deterioration in the brand image of corporations handling carbon-intensive businesses | | ● | ● | | | | Continued and strengthened dialog with stakeholders |
| Physical risks | Damage to business sites in coastal areas due to natural disasters and rises in sea levels, and the resulting impact on operations | | ● | ● | ✓ | | | Planned enhancement of equipment maintenance, relocation of control rooms, etc. |
| | Impact of abnormal precipitation, frequent typhoons, etc. on land and marine transportation | | ● | ● | | | | Strengthening of supply chains to maintain supply |
| Opportunities | Expanding demand for alternative fossil fuels (solid fuels) | | ● | ● | | | | Expanding production and supply of Idemitsu Green Energy Pellets |
| | Expanding demand for alternative fossil fuels (gaseous fuels) | | | ● | | | | Establishment of an ammonia and hydrogen supply chain |
| | Expanding demand for alternative fossil fuels (liquid fuels) | | ● | ● | | | ✓ | Establishment of a SAF manufacturing and supply system Establishment of a biodiesel production and supply system |
| | Expanding importance of low-carbon fuel/feedstock supply bases | | ● | ● | | | | CNX Center Concept for domestic refineries and complexes Establishment of a biochemical product manufacturing and supply system |
| | Expanding demand for products and materials supporting realization of a CN society | | ● | ● | | | | Development of next-generation materials*2 |
| | Expanding demand for next-generation storage batteries | | ● | ● | | | ✓ | Commercialization of lithium solid electrolytes |
| | Full-scale expansion of recycling toward achieving a circular society | | ● | ● | | | | Establishment of a recycling business (used plastics/solar panels/lithium batteries) |
| | Stable energy supply to regional communities | ● | ● | ● | | | | Conversion to "Smart Yorozyuya" and the utilization of the service station network |
| | Expanding popularity of electric vehicles | ● | ● | ● | | ✓ | | Entry into the ultra-compact EV market and the development of lubricants for EVs; EV recharging/maintenance |
| | Expanding demand for renewable energy | ● | ● | ● | | | | Development of diverse renewable energy sources at home and abroad |
| | Promotion of distributed energy resource systems and increase in demand | ● | ● | ● | | | | Development of and entry into virtual power plant (VPP) control services |

*1 Financial impacts over a long-term time frame Level 1: Up to 5 billion yen, Level 2: 5 billion yen to 50 billion yen, Level 3: 50 billion yen or more

*2 Super engineering plastics, oxide semiconductors, high-performance asphalts, environment-friendly agriculture and livestock materials, etc.

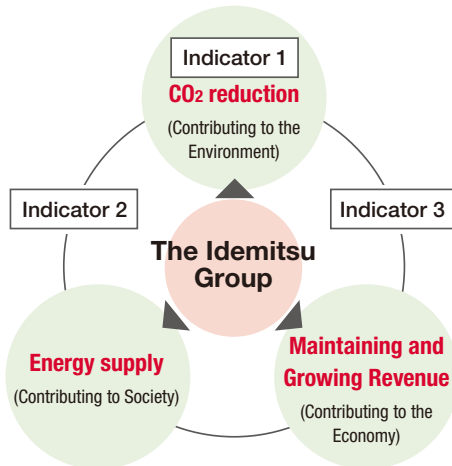
Climate Change Action

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 (Scopes 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 creation of the avoided emissions).

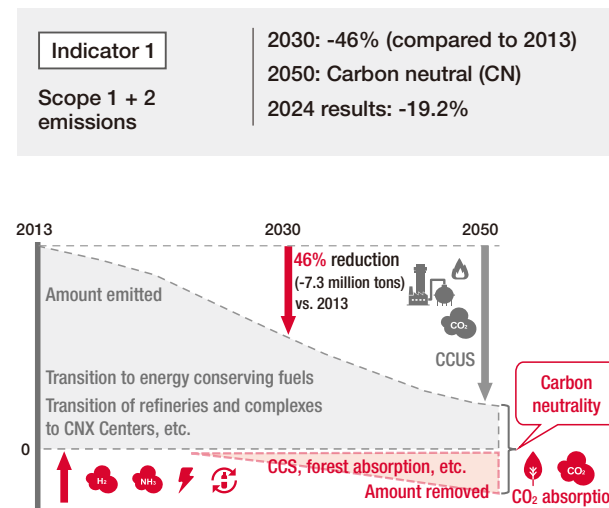
We recognize in proceeding with this initiative that it is important to consider how we can simultaneously contribute to the environment in terms of reducing emissions, contributing to society in terms of supplying energy and contributing to the economy in terms of maintaining and increasing corporate profits. Accordingly, we have set the three indicators listed below and are monitoring the progress on 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, as an energy company, can supply low-carbon energy to society $\text{Calculation formula} = \frac{\text{CO}_2 \text{ emissions (Scope 1 + 2 + 3)}^*1}{\text{Amount of energy supplied}}$ |
| Indicator 3 | Fossil fuel business revenue ratio^{*2} 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

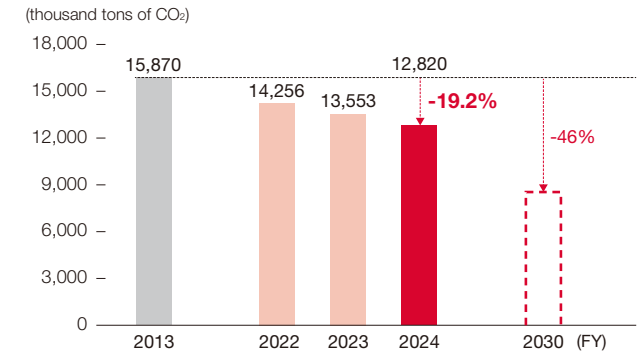
The target values (targeted levels) for each indicator, along with the FY2024 results, are as described below.



Progress on this indicator value

In FY2024, Scope 1 and 2 emissions decreased 5.4% year on year and declined 19.2% compared to the base year level, mainly due to Seibu Oil ceasing their refining operations, energy-saving activities promoted at our refineries and complexes, and large-scale shutdown maintenance.

CO₂ emissions (Scope 1 + 2)



^{*}Scope: Idemitsu Kosan, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd.) and major consolidated group companies

| | |
|--------------------|---|
| Indicator 2 | Carbon intensity 2030: -10% (compared to 2020) 2040: -50% (compared to 2020) 2024 results: -0.6% |
|--------------------|---|

Progress on this indicator value

We have set targets using an indicator called "carbon intensity" and are promoting related initiatives, from the perspective of simultaneously contributing to the environment (by reducing CO₂ 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 CN society.

■ Idemitsu Group's Sustainability and Materiality (Key Challenges) ■ **Climate Change Action** ■ Biodiversity and Water Resource Conservation ■ Circular Society, Waste and Chemical Substances
 ■ Safety, Environment, and Quality Management ■ Human Rights ■ Information Management / Security Management ■ Compliance

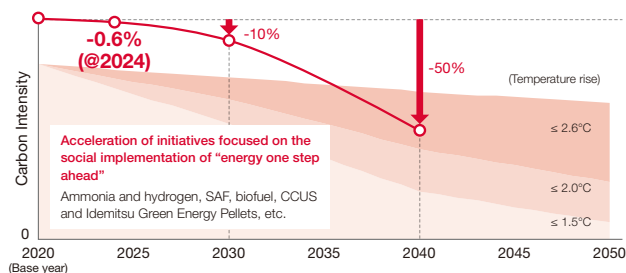
Climate Change Action

Carbon Intensity (the CI value) is an indicator that will be greatly reduced through the implementation of “energy one step ahead,” a future business area which we have identified and which will contribute greatly 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 area.

| 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

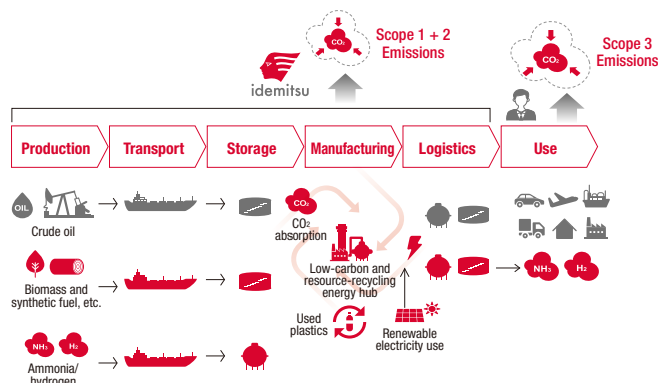
This indicator can also be reduced by reducing the percentage of sales of fossil fuels with high CI values and increasing the percentage of those with low CI values. These efforts have resulted in a drop in the figures, with the reduction rate for FY2024 at 0.6% compared to the base year.



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

| | |
|---|---|
| Indicator 3 | |
| Fossil fuel business revenue ratio | 2030: less than 50% 2024 results: 106.8% |

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



Creating avoided emissions

We believe that achieving CN requires not only reducing our own direct emissions associated with business operations, but also providing new products and services to create “avoided emissions”^{*1}, which contribute to reducing the overall level emissions throughout society. We have begun calculating CO₂ avoided emissions in accordance with guidelines issued in Japan and overseas^{*2} in order to make such avoided emissions visible. In FY2024, we calculated the CO₂ avoided emissions for renewable energy and our boiler control optimization system (ULTY-V plus AT).

We will continue to expand the scope of our calculations and work to contribute to the decarbonization of society by creating further avoided emissions.

CO₂ avoided emissions

Calculation method: stock-based (single year)

The avoided emissions from renewable energy are calculated based on actual operating results for FY2024, with the level for a single fiscal year calculated.

| Subject | CO ₂ avoided emissions (thousand tons of CO ₂) | Formula |
|------------|---|--|
| Solar | 134 | Actual power generation (kWh) × (CO ₂ emission factor for electricity in each country or area (t-CO ₂ /kWh) – CO ₂ emission factor for renewable energy (t-CO ₂ /kWh)) × our share ratio (%) |
| Wind | 19 | |
| Geothermal | 14 | |
| Biomass | 173 | (Actual power generation (kWh) × Japan average emission factor (t-CO ₂ /kWh) – actual annual fuel input per fuel type (MJ) × GHG emission factor for each fuel type (t-CO ₂ /MJ)) × our share ratio (%) |

Calculation method: flow-based (product lifetime)

The avoided emissions from the ULTY-V plus AT boiler control optimization system are calculated by multiplying the number of products sold in FY2024 by their service life.

| Subject | CO ₂ avoided emissions (thousand tons of CO ₂) | Formula |
|---|---|---|
| ULTY-V plus AT boiler control optimization system | 1,207 | Boiler fuel consumption before introduction of ULTY-V plus AT at sales destinations (t/year) × fuel reduction rate achieved by introduction of ULTY-V plus AT × unit calorific value of fuel (GJ/t) × emission factor during fuel combustion (t-CO ₂ /GJ) × service life (years) × our share ratio (%) |

^{*1} Quantified contribution to reduction in CO₂ emissions compared to conventional products and services, resulting from providing products and services that contribute to CO₂ reduction.

^{*2} Main guidelines referenced: Ministry of Economy, Trade and Industry, “Guidelines for Quantifying GHG emission reductions of goods or services through Global Value Chain”; Institute of Life Cycle Assessment, Japan, “Guidelines for Assessing the Contribution of Products to Avoided Greenhouse Gas Emissions”; GX League, “Basic Guidelines for Disclosure and Evaluation of Climate-Related Opportunities”; WBCSD, “Guidance on Avoided Emissions.”

Biodiversity and Water Resource Conservation

Our Approach

Under our Sustainability Policy, our Group is striving to reduce the environmental risks of our business activities, protect the natural environment, and contribute to the creation of a circular society. We have established biodiversity guidelines and are promoting corresponding activities as part of our biodiversity protection efforts.

Conducting Analysis According to LEAP Approach

Our Company has developed a plan to address the items recommended for disclosure by the TNFD for the four-year period starting in FY2024, and we are advancing efforts in accordance therewith. We will disclose the status of our efforts as they progress.

Selecting business for analysis

Based on the results of the ENCORE^{*1} evaluation, our sales figures, and other factors, we have identified the fuel oil and coal businesses as priority businesses and have commenced analysis according to the LEAP approach.

Locate interface with nature (Locate)

We analyzed the proximity of direct operating sites to areas important for biodiversity and physical risks to water, and identified locations associated with areas considered to be ecologically sensitive.

Evaluate dependencies and impacts on nature (Evaluate)

After organizing the dependencies and impacts of each process on the natural environment using ENCORE, we surveyed the conditions at direct operating sites and identified the dependences and impacts. We also reorganized our existing initiatives.

^{*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

LEAP Approach Implementation Plan



^{*2} Implemented for the petroleum and coal businesses (directly-operated sites) in FY2024. We plan to expand the scope of the project in FY2025.

Examples of existing initiatives

| Business | Process | Example initiatives |
|-----------|--------------------|---|
| Petroleum | Transport | <ul style="list-style-type: none"> Introducing ballast water treatment systems, etc. to prevent ecosystem disruption caused by alien species entering via ballast water Preventing marine pollution through measures against oil spill accidents, such as double hull construction for ships Reducing air pollutant emissions through the introduction of exhaust gas recirculation systems, SOx scrubbers, etc. |
| | Petroleum refining | <ul style="list-style-type: none"> Reducing water use through water recycling Reducing GHG emissions through operational and facility improvement Preventing water pollution through the installation of activated sludge treatment equipment, etc. Preventing air pollution through the installation of flue gas desulfurization equipment, flue gas denitrification equipment, etc. |
| | Storage | <ul style="list-style-type: none"> Reducing VOC emissions by converting storage tanks from fixed roof to floating roof types and installing VOC recovery equipment Preventing water pollution by installing oil-water separation tanks, etc. |
| Coal | Coal mining | <ul style="list-style-type: none"> Implementing environmental impact management based on management plans approved by state/federal governments Restoring coal mining sites through rehabilitation^{*3} and implementing biodiversity offsets^{*4} Monitoring groundwater levels, atmospheric pollutants, water pollutants, noise and vibrations caused by blasting excavation, etc. Community engagement by holding Community Consultative Committee, etc. Continuing information exchange and dialogue with Aboriginal communities through Aboriginal Stakeholder Consultative Forum |

^{*3} Activities for restoring topsoil to land after mining operations have ended, planting the same types of plants as before, and restoring biodiversity.

^{*4} Measures taken to compensate for ecosystems and biodiversity lost due to mining.

Looking Ahead

Based on the dependences and impacts on nature we have identified, as well as the status of related initiatives, we will continue to identify risks and opportunities, and work to upgrade our response measures and set targets where necessary. Since it is important to have an overview of the value chain to address issues related to nature, we will also consider analyses that include upstream and downstream factors.

Biodiversity and Water Resource Conservation

Biodiversity Conservation Activities

Our greening efforts, an activity that leads to the preservation of biodiversity, began with the construction of our first Refinery, Tokuyama Refinery (now Tokuyama Complex), which was completed in 1957. The founder Sazo Idemitsu believed that it was necessary to create a factory that would be loved by the public, and he advocated the creation of a lush green park factory where industry and nature would blend together, and a large green space with a Western-style garden was created at Tokuyama Refinery. The founder’s thoughts were later carried over to Refinery and Complex, which were built in various locations, and green space-related activities continue to this day.

Major Biodiversity-Related Activities

| Category | Activity overview | |
|--------------------------------------|---|---|
| Green space management | • Monitoring of plants and animals living in green spaces on the premises | ○ |
| | • Improvement activities for the “Local Forest” green space on the premises | ● |
| | • Protecting the rare species “Mizo Koju” | ◇ |
| | • Activities to protect and nurture the grasslands of Akiyoshidai | □ |
| Engagement with local communities | • Hosting the nature experience event “Idemitsu Living Creatures Research Team” | ○ |
| | • Double cherry blossoms on Refinery grounds open to the public | ○ |
| Cooperation with other organizations | • Participation in the “Corporate Forest” system | ○ |
| | • Participation in the “Haskap Bank” | ○ |
| | • Participating in the “Corporate Forest Project” | ● |
| | • Participating in the “Connecting Lives PROJECT” | ◇ |
| | • Participating in the “Crane Roost Maintenance” Volunteer Program | ◆ |
| | • Participation in the “Town, Forest and Water Exchange Meeting” | ◆ |

○ Hokkaido Refinery ● Chiba Complex ◇ Aichi Complex ◆ Tokuyama Complex
□ Seibu Oil Co., Ltd. Sanyo-onoda Complex

Our ecosystem conservation activities in the areas surrounding our Refineries/Complexes have been highly praised by external organizations, with our Hokkaido Refinery and the Aichi Complex receiving the highest ranking out of five in the SEGES^{*5} evaluation run by the Organization for Landscape and Urban Green Infrastructure, and also being certified as Nationally Certified Sustainably Managed Natural Sites^{*6*7}.

In addition, we believe that it is important to work with members of the local communities to conserve biodiversity from the perspective of coexisting with local nature, and we are working with other organizations in various regions to achieve this goal.

^{*5} The Social and Environmental Green Evaluation System, run by the Urban Green Infrastructure Management Organization, a public interest incorporated foundation.

^{*6} Toward the realization of the 30by30 initiative, the government (Ministry of the Environment) will certify areas where biodiversity conservation efforts are being made through private initiatives as “Nationally Certified Sustainably Managed Natural Sites.”

^{*7} The Aichi Complex is registered as “Chita Peninsula Green Belt” together with surrounding businesses



Hokkaido Refinery



Aichi Complex



Hokkaido Refinery,
General Affairs Section

T. Matsushima

Creating value with local communities by conserving native habitats and creating places for exchange

At the Hokkaido Refinery, we have continued our commitment to greening the premises despite the harsh natural environment. Now, after more than 50 years of operation, it has grown into a rich, green area. The diverse flora and fauna give staff members a place to relax, and serve as a beautiful stage for activities that contribute to the community. Every year, many city residents enjoy the “Idemitsu Living Creatures Research Team,” an environmental class for parents and children, public viewings of the double cherry trees, and more. This photo was taken when the cherry trees were in full bloom.

One activity that takes advantage of the features of our region is our participation in the “Haskap Bank.” The haskap is a fruit with a unique flavor that grows in the eastern part of Tomakomai City, which is the largest natural habitat in Japan and where the refinery is located. Unfortunately, the number of natural habitats has decreased greatly in recent years, and the Haskap Bank is therefore working together with both the government and the private sector to protect and cultivate native species and preserve the culture associated with them. Our refinery has a natural haskap garden on its premises, which has led to cooperative projects, including providing pruning lessons, harvesting experiences, and more. Working together with the community and hearing everyone’s voices is a great source of motivation and fulfillment.

Circular Society, Waste and Chemical Substances

WEB

Circular society



WEB

Waste / chemical substances / pollution prevention



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. Additionally, we strive to shift toward other renewable resources in the long term while suppressing their usage.

Approach to Chemical Substance Management and Reduction, Pollution Prevention, and Waste Reduction

Chemical substance management and reduction: As chemical substance control regulations are becoming stricter both in Japan and abroad, we are working to manage chemical substance control from the perspectives below to realize production and products that take the environment and human health into consideration, based on the “Basic Essential Points on Quality Assurance” and the “Basic Essential Points on Health, Safety and Environment (HSE)”.

- Elimination, replacement, or reduction 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

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

Waste reduction: Our group strives to curb environmental impact by reducing the volume of industrial waste generated, as well as by promoting the reuse of raw materials and the utilization of recycled raw materials, from the perspective of effectively using resources.

Example initiatives

We are promoting initiatives for recycling used plastic. For details, please see the page on the Basic chemicals Segment (p. 20).

Collaborations toward achieving a circular economy

Collaboration with various companies, local governments, universities, and other research institutions is essential for achieving a circular society, and we are therefore engaged in various collaborative projects, as shown in the table below.

| Name | Outline | Goals, achievements, etc. | Partner |
|--|---|---|---|
| Promoting the use of wood for environmentally-friendly service stations “apollostation Type Green” | In November 2022, Idemitsu opened its first environmentally-friendly service station that uses domestically-sourced wood for the canopy and building structure | Reduction of approx. 80 tons of CO ₂ per year | Meiken Lamwood Corp. |
| Selling Idemitsu Renewable Diesel (IRD) and Idemitsu Biodiesel 5 (IBD5), low-carbon fuels derived from waste cooking oil | Selling IRD and IBD5 for vehicles and heavy machinery, aiming to reduce CO ₂ emissions across the entire supply chain | IRD: 100% reduction in CO ₂ emissions IBD5: 5% reduction in CO ₂ emissions *CO ₂ emission reduction amount under domestic laws and regulations | Meitetsu Bus Co., Ltd., Obayashi Corporation/Kajima Corporation, Air Water Inc. |
| Social implementation of synthetic calcium carbonate made from CO ₂ and concrete waste | Fixing CO ₂ in exhaust-gas to produce calcium carbonate, contributing to a reduction in CO ₂ emissions and recycling of resources | Synthetic calcium carbonate with 20% CO ₂ fixation implemented in society as a raw material for industrial materials such as asphalt | Nippon Concrete Industries Co., Ltd. and others |
| Considering investment/commercialization with startups with technology that contributes to the effective utilization of organic waste and resource circulation | Our wholly owned subsidiary, Idemitsu Americas Holdings, has invested in a Canadian startup with technology for composting organic waste in short periods, with the aim of acquiring knowledge and expertise in the resource circulation business | Promotion of technology verification toward commercialization, including demonstrations in Japan Pursuing future commercialization possibilities through collaboration with domestic and international players | Anaconda Systems Ltd |



Chemical Recycle Japan, Co., Ltd.

T. Kusama

Launching and expanding a pyrolysis chemical recycling business

I am in charge of analyzing the business environment and public affairs. The business environment is constantly changing, and my tasks are quickly grasping the trends and updating the business plan with them, as well as discussing with government and academic stakeholders.

I’m motivated by working with my colleagues to launch and expand the business which contributes to the global environment. Efforts toward the circular economy are still in startup phase worldwide, therefore many uncertainties remain. In this environment, we will expand the business by envisioning the ideal business ecosystem to achieve the circular economy and building the ecosystem with the stakeholders.

Safety, Environment, and Quality Management

WEB

Occupational safety


WEB

Quality control/quality assurance


Our Group's Basic Policies

Safety Policy

Our Group's philosophy for ensuring safety is to "eliminate accidents and disasters by reducing and eliminating risks through appropriate allocation of management resources, maintenance and improvement of facilities, processes and work mechanisms, with the aim to eliminate accidents and injuries while also making efforts to cultivate out safety culture for ensuring the safety of people as our highest priority." With ensuring safety as the area of highest importance and priority, we have established a specific policies in our company guidelines the "Basic Essential Points on Health, Safety and Environment (HSE)," and are striving to ensure the health, safety, and security of all parties related to our Group.

Environmental Policy

Our Group's basic policy for environmental protection is to reduce the environmental load associated with our business

activities as well as actively promoting advanced approaches and prevention of global warming, etc. and to contribute building a sustainable society where the economy and the environment are in harmony. This has been put into a specific policy through our internally-defined Basic Essential Points on Health, Safety and Environment (HSE), and we are conducting our business activities with environmental protection at both the global and regional level as an important and high-priority measure of value.

Quality Policy

To ensure product safety and minimize negative impacts on people and the environment, our Group has established specific policies in our internal "Basic Essential Points on Quality Assurance." We are promoting quality assurance activities that take into account the life cycle of products and services provided, from development to consumption or disposal, in an effort to improve customer satisfaction and protect consumers.

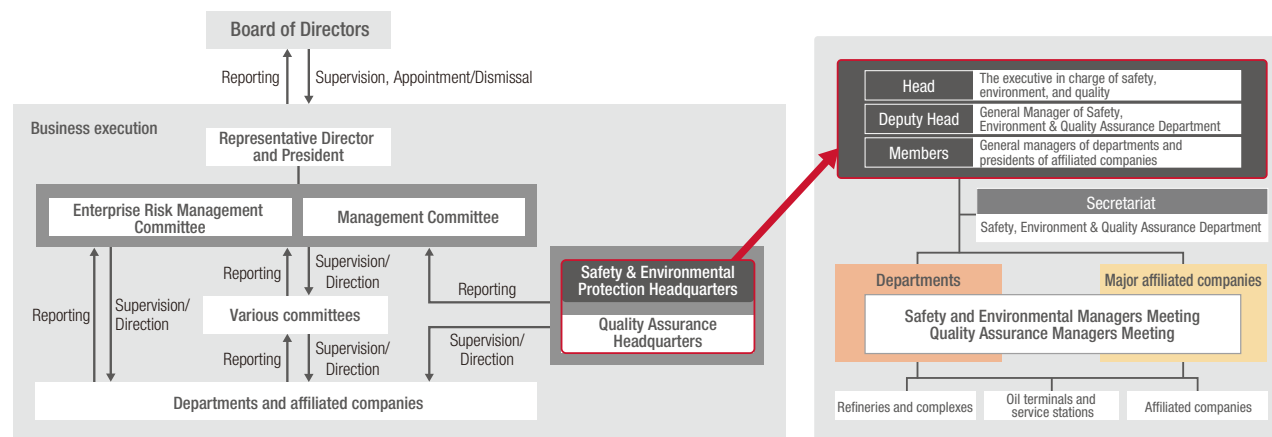
Management Structure Related to Safety, Environment, and Quality Assurance

Our Group has always regarded safety, environment, and quality as the foundations of our business, and we have established a "Safety & Environmental Protection Headquarters" and a "Quality Assurance Headquarters" to promote initiatives for ensuring and preserving those elements. Both headquarters are composed of a Head of Headquarters, a Deputy Head of Headquarters, relevant department General Managers, and presidents of major affiliated companies.

An executive appointed by the Representative Director and President serves as the Head of Safety & Environmental Protection Headquarters and Quality Assurance Headquarters as the person with the highest level of responsibility for safety, environment, and quality.

Both headquarters decide on medium-term management plans, annual basic policies, and priority issues related to safety, environment, and quality assurance. They then assess and evaluate performance through audits, and confirm that the management systems are maintained, reviewed and improved properly. The Head of Headquarters conducts management reviews at the Safety & Environmental Protection Headquarters meeting and the Quality Assurance Headquarters meeting, and ensures the results are reflected in the basic policy for the next fiscal year.

Management Structure Related to Safety, Environment, and Quality



Safety and Environmental Initiatives and Performance

Zero Accident Initiatives

Our Group has set a goal of "zero serious accidents involving injury or death" as part of our challenge to achieve zero accidents. However, in FY2024, there were 52 accidents (30 at our company and 22 at partner companies) resulting in lost-time injuries, including one fatal accident*. We took the fatal accident

Safety, Environment, and Quality Management

extremely seriously, and promptly established an accident investigation committee chaired by an external expert. Based on the results of the accident investigation and the recommendations for preventive measures made by the accident investigation committee, we are working to implement thorough preventive measures, and apply the lessons learned from this accident to prevent similar ones from occurring in the future.

* In May 2024, an accident occurred at Chiba Complex's heavy oil desulfurization facility during maintenance work on a heat exchanger. The accident resulted in the death of one employee from a partner company and injuries to five others (including an employee of our Company).

In FY2025, we will continue our efforts to achieve zero accidents and strive to establish a culture that upholds and enforces our “Life-Saving Rules.”

The “Life-Saving Rules” prohibit five behaviors that pose a significantly high risk of causing serious injuries or death.

We are also holding company-wide case review meetings about such serious accidents or cases that could have resulted in serious injuries or death, to prevent the recurrence and stop the occurrence of similar accidents before they occur.

2024 Idemitsu Group Safety and Environmental Performance

| | |
|------------------------------|---|
| Serious accidents | 0 |
| Lost-time injuries | 52 (including 22 at partner companies, with 1 fatal accident) |
| Environmental abnormalities* | 4 |

* Cases that do not conform to regulatory standards stipulated in environmental laws and regulations, and cases categorized as events specified within the company.

Our Group has leveraged the expertise in safety cultivated from our experience to date, and has established and enacted our own management system based on international standards for occupational health and safety management (ISO 45001) and the certification standards of the High Pressure Gas Safety Act.

Safety and Environmental Training

Each department and affiliated company autonomously conduct various training programs to promote the PDCA cycle of safety and environmental management. Meanwhile, our Company provides basic training to teach key personnel in each department and affiliated company about their roles and basic safety and environmental management based on our internal regulations, as well as specialized training to deepen knowledge in each specialized field (see table below; a total of 11 sessions were held in FY2024).

Education and Training Results in FY2024

| Name of training program | | Total no. of participants | Total training hours |
|--|------------------|---------------------------|----------------------|
| Basic training for newly-appointed safety & environment managers | | 210 | 420 |
| Skill advancement training for safety & environment managers | | 204 | 816 |
| Safety environment audit skills improvement training | Common lecture | 83 | 83 |
| | Exercises | 71 | 213 |
| Environmental management competency improvement training | Basic course | 141 | 282 |
| | Practical course | 126 | 378 |
| Safety & environmental risk assessment training | Common lecture | 78 | 156 |
| | Exercises | 19 | 95 |
| Accident and incident analysis competency improvement training | Common lecture | 56 | 56 |
| | Exercises | 10 | 70 |
| Total | | 998 | 2,569 |

Quality Assurance Initiatives and Achievements

It is also important to provide quality training to the employees who operate quality management systems. We are striving to raise awareness about quality among all employees, both through various training sessions for managers and staff members in charge, and through the regular dissemination of information related to basic quality knowledge, seminars on quality held every November in conjunction with National Quality Month.

In addition to these activities, we have launched a “Quality Award” program in FY2024 with the aim of maintaining and improving the quality awareness of employees engaged in quality-related work, including at business sites, and recognizing their daily efforts. The Head of Quality Assurance Headquarters Award was given to Prime Polymer Co., Ltd.'s Anesaki Plant and Idemitsu Kosan Co., Ltd.'s Chiba Complex (jointly), as well as to Idemitsu Lube Techno Co., Ltd.'s Keihin Complex. At that time, Noriaki Sakai, the Head of Quality Assurance Headquarters (as of FY2024), presented the awards on site.

No serious quality incidents occurred in FY2024.



Prime Polymer Co., Ltd.'s Anesaki Plant & Chiba Complex quality award ceremony



Idemitsu Lube Techno Co., Ltd.'s Keihin Complex quality award ceremony

Human Rights

Basic Policy

Since its founding, Idemitsu Group conducts “people-centered management” for over a century, based on the idea that our most important management resource is “people.” The will of our founder Sazo Idemitsu expressed in the words of Ningen-Soncho (Having respect for human beings) has been passed down without change to this day as the origin of management. We believe that respect for human rights is the foundation of our management and should be given top priority in all the decisions and actions. We have set this forth in the Idemitsu Group Human Rights Policy which must be complied with by all our officers and employees. We also ask our suppliers, business partners and other stakeholders to support this policy and to respect human rights. Based on this policy, we are continuing to address global human rights issues based on culture, customs and social norms in each country and region in accordance with international principles and standards.

Idemitsu Group Human Rights Policy (Excerpt)

In the Idemitsu Group Human Rights Policy, we have set forth nine human rights issues our Group considers important, and we are advancing awareness-raising activities internally while observing laws and regulations related to equal pay for equal work.

Human rights issues that we place importance on

| | |
|--|---|
| (1) Promoting diversity | (7) Improving the working environment |
| (2) Prohibition of Forced Labor | (8) Use of land, water and natural Resources |
| (3) Prohibition of Child Labor | (9) Respect for the Rights of Indigenous People |
| (4) Prohibition of Discrimination | |
| (5) Prohibition of Harassment | |
| (6) Freedom of association and recognition of the right to collective bargaining | |

Human Rights Due Diligence

We are working to identify potential adverse impacts on human rights within our group and among our business partners, and stepping up efforts to develop responses which mitigate risks and establish relief mechanisms. In FY2025, we plan to conduct human rights due diligence for the first time in three years. We will conduct a survey on the state of our responses to human rights risks using a questionnaire, and will report the results as necessary.

Furthermore, the “Compliance Code of Conduct,” established to promote the understanding and practice of a compliance-oriented mindset among all employees both overseas and in Japan, clearly states that we do not tolerate any human rights violations, and that we work to create a healthy and comfortable workplace that is free from harassment and welcomes diversity in terms of race, nationality, gender, and more. We will disclose information on these human rights initiatives and activities to our stakeholders as necessary, and continue to evaluate and improve them.

Reporting Desks Relating to Human Rights

We have 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 (and no reports and consultations related to human rights have been received).

Human Rights Training and Awareness

In our training programs for newly appointed managers and employees assigned to overseas posts, we explain the efforts for human rights required of companies and disseminate the Idemitsu Group Human Rights Policy.

We are also raising awareness of the Idemitsu Group Human Rights Policy throughout the company in conjunction with Human Rights Week from December 4 to 10.

December 4 to 10 is **Human Rights Week!**



On December 10, 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights, which established the principles of respect for fundamental human rights, and designated that day as Human Rights Day.

In Japan, the week of December 4 to 10 is designated as Human Rights Week.

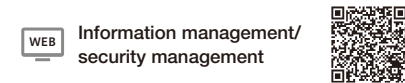
Please take this opportunity to read the **Idemitsu Group Human Rights Policy.**



We believe that **respect for human rights is a core part of our business and should be our top priority in all decisions and actions.** We solidified this belief as the Idemitsu Group Human Rights Policy to be observed by all executives and employees.

Images of internal signage used during Human Rights Week

Information Management / Security Management



Basic Policy

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, as well as to maintain and improve customer services by using information technologies. We appropriately collect and use information on customers, securely store it in an up-to-date state and then appropriately dispose of it according to the Customer Information Management Requirements. Moreover, we work to ensure thorough information management 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 FY2024: 0

Information and Security Management Promotion System

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

* Refer to page 41 for details on crisis response.

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.

Internal Education Initiatives

Personnel nurturing

We define a career development plan (CDP) for ICT* personnel that includes the planning, implementation and operation of security. Upon that, we evaluate the skills of individuals in ICT departments and set targets for them to systematically nurture personnel.

* ICT (Information and Communication Technology)

E-learning about information security

We provide e-learning about information security (in Japanese, English and Chinese) every year. The purpose of this e-learning is to ensure all IT system users (employees, temporary workers and subcontractors, etc.) learn the rules that they must follow. In addition to Japanese, English and Chinese, we also provided this e-learning in Korean and Vietnamese in FY2024.

Control systems e-learning

We have been providing control systems e-learning since FY2019 for control systems users and administrators.

E-learning participation record

| | FY2022 | FY2023 | FY2024 |
|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| E-learning about information security | 16,473 Participation rate: 100% | 16,302 Participation rate: 100% | 16,734 Participation rate: 100% |
| Control systems e-learning | 5,217 Participation rate: 100% | 4,345 Participation rate: 100% | 4,823 Participation rate: 100% |

E-learning for web personnel

We have been providing e-learning for personnel in departments and affiliated companies involved in building and managing websites since FY2023 to ensure that they learn the rules they must follow for website security measures. We provided this e-learning for the personnel who newly play a role as web personnel in FY2024 with 51 employees participating in it.

Security education for DX personnel

We have made a basic cyber security education program available to all employees since FY2024 so that participants can learn an overview and key points to cyber security when promoting an improvement in DX literacy.

Strengthening Security Measures

Increasing the sophistication of measures

We are promoting system measures, including strengthening user authentication functions and increasing the sophistication of defense systems, to respond to the increase in risk of ransomware and other cyberattacks. We are also focusing our efforts on developing specialist personnel in preparation for increasingly ingenious cybercrimes.

Compliance

Our Approach to Compliance

The Idemitsu Group defines compliance as adhering to laws, regulations, internal rules and business contracts, while also refraining from violating ethical and social norms, regardless of whether an actual legal violation might occur. Based on this definition, all Group employees are expected to uphold high ethical standards and to act appropriately and sincerely while maintaining self-discipline.

To this end, the “Compliance Code of Conduct” has been established for employees worldwide to instill the compliance mindset that each employee is expected to adopt and act on. The Code provides explicit, simple and easy-to-understand guidance that exemplifies desirable employee behavior in maintaining compliance.

Response to Compliance Concerns

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

Major compliance violations in FY2024: 1

Number of cases of corruption and bribery in FY2024: 0

In FY2024, one of our subsidiaries received an administrative penalty for compliance violation related to the High Pressure Gas Safety Act and its enforcement of safety management practices. In light of the seriousness of this violation, we seconded a dedicated Director and a member of Audit & Supervisory Board to the subsidiary to strengthen its governance. In parallel, we are working to prevent a recurrence by conducting safety and environment audits on our complexes

and refineries to confirm that no similar cases exist.

There were no violations of laws and regulations arising from corruption or bribery and no fines or penalties were imposed.

Bribery and Corruption Prevention Framework

The Idemitsu Group designates corruption prevention as a key element of its Compliance Code of Conduct. We require that sound and transparent relationships be maintained with public officials, government agencies and all other stakeholders in Japan and abroad in carrying out our business activities. In addition to our existing Anti-Bribery Rules, we introduced the “Guidelines for Preventing Bribery of Public Officials and Other Parties in Japan” in FY2024.

Compliance Hotline Operations and Internal Training

All the reports received by the Compliance Hotline from employees in Japan and abroad are relayed to the Risk Management and Compliance Committee. The committee secretariat appoints impartial personnel to investigate each case and propose corrective measures. The secretariat reviews the investigation results and corrective measures, determines the appropriateness of the measures to prevent recurrence, and subsequently provides feedback on the investigation results to the persons who made the reports.

A total of 67 reports were received by the Compliance Hotline in FY2024. The largest proportion of those reports related to the working environment, including harassment. The Idemitsu Group has established a Workplace Harassment Prevention Guide and offers various training programs, including courses on harassment prevention.

Results of Reports to the Compliance Hotline in FY2024

| Category when received | Number of reports |
|--|-------------------|
| Working environment (harassment and labor relations, etc.) | 41 |
| Leakage or loss of assets or information | 0 |
| Fraudulent accounting | 1 |
| Violations of laws and regulations | 18 |
| Other | 7 |
| Total | 67 |

Results of Internal Compliance Training in FY2024

| Training program | Period | Trainees | Number of participants | Participation rate |
|--|---------------------------|---|------------------------|--------------------|
| Compliance e-learning | October to November 2024 | Employees of our company and 50 affiliated companies in Japan | 14,032 | 99% |
| Face-to-face compliance training | January to March 2025 | Employees | 2,879 | 58% |
| Harassment prevention seminar | November to December 2024 | Employees | 836 | 14% |
| Compliance training for new managers * Provided as a part of new manager training | June 2024 | New managers in FY2024 | 98 | 100% |
| Harassment seminar for managers | September to October 2024 | Managers | 459 | 33% |
| Compliance training for new employees * Provided as a part of new employee training | April 2024 | New employees in FY2024 | 103 | 100% |



- Outline of Corporate Governance System
- Directors and Audit & Supervisory Board Members
- Overview of Board of Directors and Assessment of Effectiveness
- Selection of Officers / Skill and Career Matrix
- Compensation for Executives
- Overview of the Nomination and Compensation Advisory Committee
- Status of the Activities by the Audit & Supervisory Board

Corporate Governance

Idemitsu Kosan considers it important to build good relationships with various stakeholders by improving management transparency and striving for sound and sustainable growth. We also earnestly incorporate diverse and open-minded opinions from those outside our company including shareholders, Independent Outside Directors and Independent Audit & Supervisory Board Members. We are aiming to be a company that is widely relied on and trusted by society through transparent and fair management.



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- Outline of Corporate Governance System

■ Directors and Audit & Supervisory Board Members

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Outline of Corporate Governance System

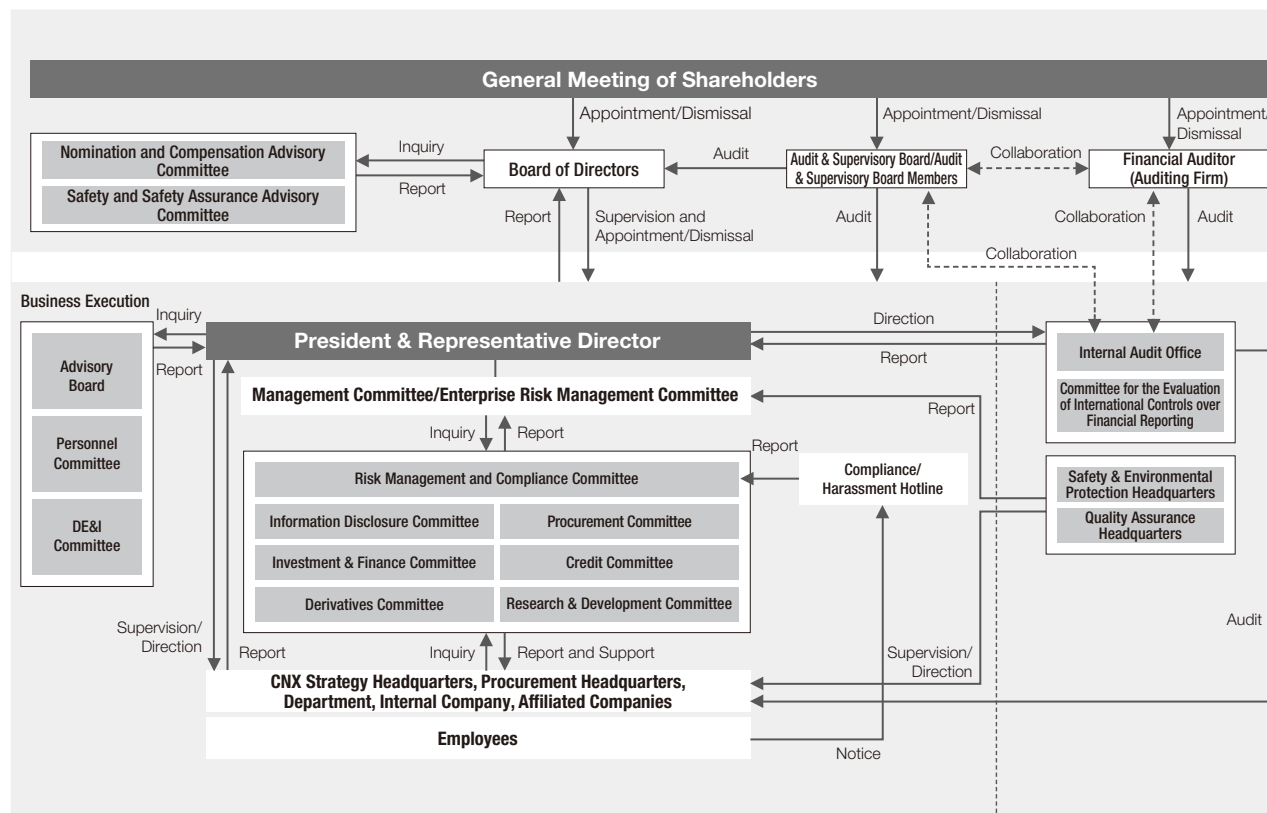
The Board of Directors of Idemitsu makes important business decisions and supervises the execution of business in accordance with laws, regulations, the Articles of Incorporation, and other rules. We have increased the objectivity of the Board of Directors by stipulating in the Articles of Incorporation that the Board of Directors determines the Chair and any Director other than the President & Representative Director can be selected as Chair, separating the roles of the chair and the President & Representative Director. Since 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.

Outline of the System

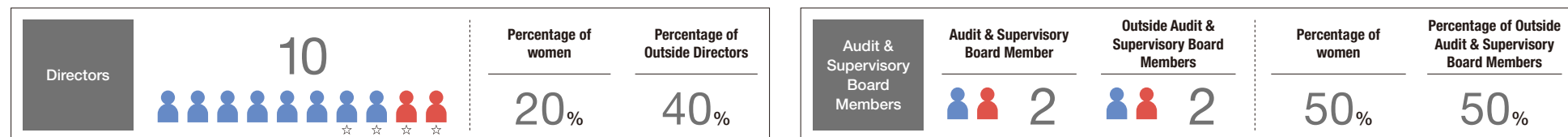
| | |
|--|--|
| Organizational form | Company with Audit & Supervisory Board Members |
| Number of Independent Officers | 6 |
| Number of Board of Directors' meetings held in FY2024 | 15 |
| Number of Audit & Supervisory Board meetings held in FY2024 | 16 |
| Nomination and Compensation Advisory Committee | Yes |
| Number of Nomination and Compensation Advisory Committee meetings held in FY2024 | 9 |
| Accounting auditor | Deloitte Touche Tohmatsu LLC |

Corporate governance structure



Makeup of Directors and Audit & Supervisory Board Members in FY2025

■ : Male
 ■ : Female
 ☆ : Outside Director



- Outline of Corporate Governance System
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Directors and Audit & Supervisory Board Members





As of June 30, 2025

■ Number of shares of the Company held □ Board of Directors meetings attended

Directors

| | |
|---|---|
|  <div>Shunichi Kito Representative Director and Chairman ■ 194,985 shares □ 15/15</div> <div><p>Apr. 1980 Joined Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")</p><p>Apr. 2005 Deputy General Manager of Personnel Department, Idemitsu Kosan</p><p>July 2008 Deputy General Manager of Accounting Department, Idemitsu Kosan</p><p>June 2011 Executive Officer and General Manager of Accounting Department, Idemitsu Kosan</p><p>June 2013 Director, Managing Executive Officer and General Manager of Accounting Department, Idemitsu Kosan</p><p>June 2014 Managing Director, Idemitsu Kosan</p><p>June 2017 Executive Vice President and Director, Idemitsu Kosan</p><p>Apr. 2018 Representative Director & Chief Executive Officer, Idemitsu Kosan</p><p>Apr. 2019 Representative Director, President and Chief Executive Officer, Idemitsu Kosan</p><p>June 2022 Representative Director, President and Chief Executive Officer, Idemitsu Kosan</p><p>Sept. 2022 President, Petroleum Association of Japan (current)</p><p>Apr. 2025 Representative Director and Chairman, Idemitsu Kosan (current)</p></div> |  <div>Noriaki Sakai Representative Director and President ■ 117,312 shares □ 15/15</div> <div><p>Apr. 1985 Joined Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")</p><p>July 2010 Deputy General Manager of Tokuyama Refinery and Deputy General Manager of Tokuyama Plant, Idemitsu Kosan</p><p>July 2012 Deputy General Manager of Human Resource Department, Health Insurance Union President and Corporate Pension Fund President, Idemitsu Kosan</p><p>July 2015 Deputy General Manager of Accounting Department, Idemitsu Kosan</p><p>June 2017 General Manager of Accounting Department, Idemitsu Kosan</p><p>July 2018 Executive Officer and General Manager of Accounting Department, Idemitsu Kosan</p><p>Apr. 2019 Executive Officer and General Manager of Finance Department, Idemitsu Kosan</p><p>July 2020 Senior Executive Officer, Chief Financial Officer, Idemitsu Kosan</p><p>June 2021 Director, Managing Executive Officer, CFO, Idemitsu Kosan</p><p>June 2022 Director, Executive Vice President, Idemitsu Kosan</p><p>June 2023 Representative Director, Executive Vice President, Idemitsu Kosan</p><p>Apr. 2025 Representative Director and President, Idemitsu Kosan (current)</p></div> |
|  <div>Atsuhiko Hirano Representative Director and Executive Vice President ■ 44,205 shares □ 15/15</div> <div><p>Apr. 1985 Joined Showa Shell Sekiyu K.K. ("Showa Shell")</p><p>Sept. 2002 General Manager, Shizuoka Area, Showa Shell</p><p>Sept. 2004 General Manager of Marketing Planning Division, Showa Shell</p><p>Mar. 2005 Executive Officer and General Manager of Marketing Planning Division, General Manager of Retail Sales Division, Showa Shell</p><p>Mar. 2006 Director, Showa Shell</p><p>Mar. 2009 Corporate Executive Officer, Showa Shell</p><p>Mar. 2013 Senior Corporate Executive Officer, Showa Shell</p><p>July 2014 Representative Director, President, Solar Frontier K.K.</p><p>Apr. 2019 Managing Executive Officer, Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")</p><p>June 2020 Director, Managing Executive Officer, Idemitsu Kosan</p><p>June 2022 Director, Executive Vice President, Idemitsu Kosan</p><p>June 2023 Representative Director and Executive Vice President, Idemitsu Kosan (current)</p></div> |  <div>Masahiko Sawa Representative Director and Executive Vice President ■ 49,669 shares □ 15/15</div> <div><p>Apr. 1990 Joined Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")</p><p>Apr. 2013 Deputy General Manager of Gas Business Department, Idemitsu Kosan</p><p>June 2017 General Manager of Technology & Engineering Center, Idemitsu Kosan</p><p>Apr. 2019 Executive Officer and General Manager of Hokkaido Refinery, Idemitsu Kosan</p><p>June 2021 Senior Executive Officer (in charge of Manufacturing & Technology), Idemitsu Kosan</p><p>June 2022 Director, Managing Executive Officer, Idemitsu Kosan</p><p>June 2024 Director, Executive Vice President, Idemitsu Kosan</p><p>June 2025 Representative Director and Executive Vice President, Idemitsu Kosan (current)</p></div> |
|  <div>Masakazu Idemitsu Director (Non-Executive) ■ 100 shares □ 15/15</div> <div><p>Apr. 2010 Councillor, Public Interest Incorporated Foundation Idemitsu Museum of Arts (current)</p><p>Sept. 2015 Director and Vice President, Nissho Kosan Co., Ltd. ("Nissho Kosan")</p><p>Apr. 2016 Representative Director and President, Nissho Kosan (current)</p><p>Apr. 2019 Director, Idemitsu Kosan Co.,Ltd. (current)</p><p>Representative Director and President, Showa Kosan Co., Ltd. ("Showa Kosan") (current)</p><p>Apr. 2020 Representative Director and President, MI Power Co., Ltd. (current)</p><p>Oct. 2020 Representative Director, General Incorporated Association Idemitsu Philosophy Laboratory (current)</p><p>Apr. 2021 Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (current)</p><p>Aug. 2024 Representative Director and President, ZEN Co., Ltd. (current)</p><p>Aug. 2024 Representative Director and President, ENN Co., Ltd. (current)</p></div> |  <div>Kazunari Kubohara Director (Non-Executive) ■ — shares □ 15/15</div> <div><p>Dec. 2008 Registered as an attorney, established Kyuhodo Law Firm (current)</p><p>Apr. 2010 Committee Member, Tokyo Local Third-Party Committee to Check Pension Records, Ministry of Internal Affairs and Communications</p><p>Apr. 2011 Delegate, Dai-ichi Tokyo Bar Association</p><p>Sept. 2015 Auditor, General Incorporated Association for Realizing Prescription for Adequate Amount of Anti-Dementia Drugs</p><p>June 2016 Outside Statutory Auditor, Class Technology Co., Ltd.</p><p>July 2017 Auditor, Medical Corporation Hakuikai Miyake Dental Clinic (current)</p><p>Mar. 2018 Delegate, Japan Federation of Bar Associations</p><p>Apr. 2018 Vice Chairperson, the Legal Services Obstruction Countermeasures Committee, Dai-ichi Tokyo Bar Association</p><p>Apr. 2019 Director, Idemitsu Kosan Co.,Ltd. (current)</p></div> |

Independent Outside Directors

| | |
|---|---|
|  <div>Takeo Kikkawa Outside Director Chair of the Board of Directors Member of the Nomination and Compensation Advisory Committee ■ — shares □ 15/15</div> <div><p>Apr. 1987 Associate Professor, Aoyama Gakuin University School of Business</p><p>Oct. 1993 Associate Professor, Institute of Social Science, University of Tokyo</p><p>Apr. 1996 Professor, Institute of Social Science, University of Tokyo</p><p>Apr. 2007 Professor, Hitotsubashi University Graduate School of Commerce and Management</p><p>Jan. 2013 President, Business History Society of Japan</p><p>June 2013 Outside Director, Mitsubishi Chemical Holdings Corporation</p><p>Apr. 2015 Professor, Graduate School of Innovation Studies, Tokyo University of Science (currently Graduate School of Management, Tokyo University of Science)</p><p>June 2017 Director, Idemitsu Kosan Co.,Ltd. (current)</p><p>Apr. 2020 Professor, Graduate School of International Management, International University of Japan</p><p>Apr. 2021 Vice President and Professor, Graduate School of International Management, International University of Japan</p><p>Sept. 2023 President, International University of Japan (current)</p></div> |  <div>Jun Suzuki Outside Director Chair of the Nomination and Compensation Advisory Committee ■ 12,500 shares □ 15/15</div> <div><p>Apr. 1983 Joined Teijin Limited</p><p>Apr. 2002 General Manager, Bio-Medical Evaluation Research Department, Pharmaceutical Discovery Research Laboratories, Teijin Limited</p><p>Oct. 2003 General Manager, Pharmaceutical Planning Department, Teijin Pharma</p><p>Apr. 2011 Teijin Group Chief Representative of Europe President, Teijin Holdings Netherlands B.V.</p><p>Apr. 2012 Teijin Group Corporate Officer Chief Marketing Officer and Director for BRICs Business</p><p>Apr. 2013 Teijin Group Executive Officer General Manager, Advanced Fibers & Composites Business Group General Manager, Carbon Fibers & Composites Business Unit President and Representative Director, Toho Tenax Co., Ltd.</p><p>June 2013 Member of the Board, Executive Officer, Teijin Limited General Manager, Advanced Fibers & Composites Business Group General Manager, Carbon Fibers & Composites Business Unit President and Representative Director, Toho Tenax Co., Ltd.</p><p>Apr. 2014 President and CEO, Representative Director of the Board, Teijin Limited</p><p>Apr. 2022 Chairperson, Member of the Board, Teijin Limited Executive Member of the Policy Board, Japan Business Federation ("Keidanren") (current)</p><p>June 2022 Outside Director, The Midori Kai Co., Ltd. (current) Chairman, Japan-Thailand Trade and Economic Committee, Keidanren (current)</p><p>Jan. 2023 Member, APEC Business Advisory Council (ABAC) (current)</p><p>Apr. 2023 Vice Chairman, Executive Director, Japan Association of Corporate Executives (KEIZAI DOYUKAI) (current)</p><p>June 2023 Senior Advisor, Teijin Limited (current) External Director, MS&AD Insurance Group Holdings, Inc. (current) Director, Idemitsu Kosan Co.,Ltd. (current)</p><p>Mar. 2025 Executive Member of the Council for Science, Technology, and Innovation (Cabinet Office, JAPAN) (current)</p></div> |
|  <div>Shiori Nagata Outside Director Member of the Nomination and Compensation Advisory Committee Advisor of the DE&I Promotion Committee ■ 372 shares □ 11/11</div> <div><p>Apr. 2000 Joined Deloitte Tohmatsu Consulting, Inc.</p><p>Jan. 2005 General Manager of Corporate Planning, Tohto Inc.</p><p>Apr. 2006 General Manager of Corporate Planning, Accounting, Financing and Supply Chain Management, Tohto Inc.</p><p>Jan. 2007 Unison Capital Inc.</p><p>Jan. 2011 Vice President, INCJ, Ltd.</p><p>Jan. 2015 Executive Officer, General Manager of the Recreational Marine Business Unit, Yanmar Co., Ltd. Representative Director and President, YANMAR Marine International B.V.</p><p>Apr. 2020 Director, Chief Strategy Officer, Head of the Management Strategy Division, Yanmar Holdings Co., Ltd.</p><p>Nov. 2022 Temporary Committee Member, Industrial Structure Council, Ministry of Trade, Economy and Industry (Committee on New Direction of Economic and Industrial Policies, Manufacturing Industry Committee) (current)</p><p>Apr. 2024 Director, Yanmar Holdings Co., Ltd.</p><p>June 2024 Member of the Board Member of the Audit Committee, NEC Corporation (current) Director, Idemitsu Kosan Co.,Ltd. (current)</p><p>Sept. 2024 Administrative Counsel Member of Japan External Trade Organization (current)</p></div> |  <div>Mio Kashiwamura Outside Director Member of the Nomination and Compensation Advisory Committee ■ — shares □ —/—</div> <div><p>Apr. 1998 Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)</p><p>Apr. 2004 Executive Director, SHANGHAI RECRUIT ADVERTISING CO., LTD.</p><p>Oct. 2011 Sales MD Executive Manager of the 2nd MD Department, Ponpare Office, CAP Company, Recruit Co., Ltd.</p><p>Apr. 2012 Executive Directing Manager of the Beauty Information Department, CAP Company, Recruit Co., Ltd.</p><p>Oct. 2012 Senior Vice President, Recruit Lifestyle Co., Ltd. Executive Manager of the Beauty Information Department</p><p>Apr. 2015 Senior Vice President, Recruit Holdings Co., Ltd.</p><p>Apr. 2016 Representative Director and President, Recruit Staffing Co., Ltd.</p><p>Apr. 2018 SBU Executive Officer, Recruit Global Staffing B.V. (currently RGF Staffing B.V.)</p><p>Apr. 2019 Senior Vice President, Recruit Co., Ltd. Representative Director and President, Recruit Marketing Partners Co., Ltd.</p><p>Apr. 2020 Senior Vice President, Recruit Holdings Co., Ltd.</p><p>Apr. 2025 Executive Vice President, Recruit Co., Ltd. (current)</p><p>June 2025 Outside Director, Idemitsu Kosan Co.,Ltd. (current)</p></div> |

- Outline of Corporate Governance System

■ Compensation for Executives
- Directors and Audit & Supervisory Board Members

■ Overview of the Nomination and Compensation Advisory Committee
- Overview of Board of Directors and Assessment of Effectiveness

■ Status of the Activities by the Audit & Supervisory Board
- Selection of Officers / Skill and Career Matrix

Directors and Audit & Supervisory Board Members

* Board of Directors and Audit & Supervisory Board meeting attendance figures are for FY2024.
* Number of shares held are as of the end of March 2025

 Skill Matrix

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As of June 30, 2025

- Number of shares of the Company held

□ Board of Directors meetings attended

■ Audit & Supervisory Board meeting attended

Audit & Supervisory Board Members



Hidefumi Kodama

Audit & Supervisory Board Member

- 12,401 shares

□ 15/15

■ 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)



Nami Kitamura

Audit & Supervisory Board Member

- 30,085 shares

□ —/—

■ —/—

Apr. 1990 Joined Showa Shell Sekiyu K.K. ("Showa Shell")
Apr. 2009 General Manager of New Business Promotion Department, Showa Shell
Secorded to the Industry-Academia Collaboration Initiative Nonprofit Organization
Mar. 2012 Head of Overseas Intellectual Property Strategy Office, Showa Shell
Oct. 2014 General Manager of Product Development Department, Atsugi Research Center, Technology Division, Solar Frontier K.K.
Apr. 2016 General Manager of Marketing Planning Division, Showa Shell
Apr. 2017 General Manager of Energy Solutions Business Division, Showa Shell
Apr. 2019 General Manager of Public Relations Department, Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")
July 2021 Executive Officer, General Manager of Public Relations Department, Idemitsu Kosan
Mar. 2023 Executive Officer, General Manager of Bitumen Department, Advanced Materials Company, Idemitsu Kosan (current)
June 2025 Outside Audit & Supervisory Board Member, Idemitsu Kosan Co.,Ltd. (current)



Yumiko Ichige

Outside Audit & Supervisory Board Member

- — shares

□ 15/15

■ 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
Jan. 2019 Information and Communications Council member, Ministry of Internal Affairs and Communications (current)
Mar. 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. (currently, Astemo, Ltd.) (current)



Masahiko Tezuka

Outside Audit & Supervisory Board Member

- — shares

□ 11/11

■ 11/11

Oct. 1986 Joined Chuo Audit Corporation
Mar. 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
May 2022 Auditor, Japan Association of Corporate Directors (current)
July 2022 Advisor, JICPA
Chair of Councilors, Financial Accounting Standards Foundation (current)
June 2023 Outside Director (and Audit & Supervisory Committee Member), Mizuho Bank, Ltd.
Sep. 2023 Outside Auditor, Kagayaki Holdings, Inc (current)
June 2024 Outside Audit & Supervisory Board Member, Idemitsu Kosan Co.,Ltd. (current)
June 2025 Outside Director, Mizuho Financial Group, Inc. (current)

Overview of Board of Directors and Assessment of Effectiveness

Overview of the Board of Directors

In FY2024, we systematically discussed business structure reforms, human capital strategies, the evolution of the business platform, management initiatives that will contribute to enhancing corporate value, and other matters to achieve the

Medium-term Management Plan (FY2023 to FY2025) as the key themes to be debated by the Board of Directors. Moreover, in addition to resolutions and reports, we added reports (policy inquiries) as a deliberation category to support the gradual deliberation of important matters.

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. We conduct questionnaires of all the Directors and Audit & Supervisory Board Members. To improve the effectiveness of the Board of Directors, we review and strive to improve the assessment process and other points every year. In our design of the questionnaire items and analysis of the answers, we are advised by an external specialist organization.

Corporate lawyers conduct individual interviews with all Outside Officers. This activity make it possible to grasp the Officers' awareness of problems that cannot be identified through questionnaires alone. This leads to discussions on the identification of issues and initiatives toward a further improvement in the effectiveness of the Board of Directors. Moreover, we expanded the scope of this activity to include all Officers in FY2024. We collected their opinions on the challenges and the measures to solve them from both internal and external perspectives to further enhance discussion on our management challenges, strategies and other areas.

Main Agenda Items Discussed by the Board of Directors

| Key Themes | Content of the deliberations by the Board of Directors |
|------------------------------------|--|
| Business structure reforms | <div>In addition to proposals relating to strengthening the profitability of our existing businesses, the Board of Directors also discussed proposals relating to carbon neutrality initiatives, investor relations, the General Meeting of Shareholders and shareholder returns.</div> <div>Main proposals:</div> <div><div><ul style="list-style-type: none">Business strategies relating to diverse resource conservation and circulation solutionsSmart Yorozyua concept and Mobility Yorozyua business strategyProgress in achieving profitability of Nghi Son RefineryBusiness strategies for the functional materials businessReview of the refineries and complexes systemRestructuring of the R&D systemBusiness structure reforms for carbon neutrality in 2050</div><div><ul style="list-style-type: none">Measures to realize management that is conscious of capital costs and stock prices (analysis of the current situation and formulation of plans in relation to market valuation etc.)Purchase of treasury stock in accordance with our shareholder returns policyPolicy for dealing with strategic holdings of listed sharesMeasures for the further expansion in the shareholder and investor base (change in shareholder returns policy)Market reactions following earnings announcementsReview of the Annual General Meeting of Shareholders and initiatives for the next fiscal year</div></div> |
| Human capital strategy | <div>The Board of Directors discussed the revision of our personnel system and other matters to strengthen the relevance of our personnel system and management and business strategies.</div> <div>Main proposals:</div> <div><ul style="list-style-type: none">Revision of the Action Mindset and review of personnel policies to embody our Management Philosophy</div> |
| Evolution of the Business Platform | <div>The Board of Directors deliberated on proposals to contribute to the evolution of governance that supports our business platform.</div> <div>Main proposals:</div> <div><div><ul style="list-style-type: none">Basic internal controls policy (strengthen the management support and monitoring functions relating to internal controls by strengthening the audit system for major affiliated companies)Selection of key themes to be discussed by the Board of Directors</div><div><ul style="list-style-type: none">Future response to further improve the effectiveness of the Board of DirectorsAnnual audit policy</div></div> |

Note: The above is 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 those matters.

Meetings by Independent Outside Directors and Independent Outside Audit & Supervisory Board Member

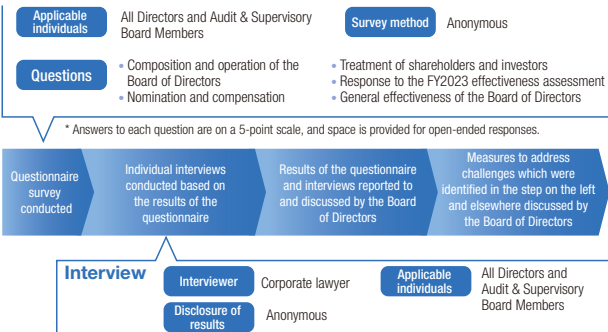
To further enhance discussions at Board of Directors' meetings, we hold meetings by Independent Outside Directors and

Independent Outside Audit & Supervisory Board Member 10 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 matters such as the following.

Main Themes in Meetings by Independent Outside Directors and Independent Outside Audit & Supervisory Board Member

| Theme | Contents |
|------------------------------------|--|
| Business structure reforms | <div><ul style="list-style-type: none">Current situation and challenges in the power and renewable energy business in JapanOverview of lithium battery material initiatives (solid electrolytes)Distribution structure and sales department strategy for the oil industry</div> <div><ul style="list-style-type: none">Ammonia business conceptSmart Yorozyua concept and Mobility Yorozyua business strategy</div> |
| Human capital strategy | <ul style="list-style-type: none">Human capital strategy for achieving the Medium-term Management Plan |
| Evolution of the Business Platform | <div><ul style="list-style-type: none">Risk management and compliance initiativesInternal control initiatives (FY2023 review and FY2024 basic policy)</div> <div><ul style="list-style-type: none">ICT medium-term challenges and DX strategyIntroduction to safety, environment and quality assurance activities, results in FY2024 and plan for FY2025</div> |

Details of the Process for the Assessment of the Board of Directors' Effectiveness



Overview of Board of Directors and Assessment of Effectiveness

Initiatives Based on the Results for the Previous Fiscal Year and the Assessment Results for this Fiscal Year

Based on the challenges identified in FY2023, we selected and systematically discussed the following key themes that should be subject to discussion in Board of Directors' meetings and Meeting by Independent Outside Directors and Independent Outside Audit & Supervisory Board Member to further enhance discussion on management challenges, strategies and other issues in FY2024.

| Business structure reforms |
|---|
| <p>We focused discussions on the projects we will prioritize tacking to realize carbon neutrality (blue ammonia, e-methanol, SAF and lithium sold electrolytes), growth of existing businesses, and financial and non-financial targets in anticipation of formulating our next Medium-term Management Plan.</p> <div> <div> <ul style="list-style-type: none"> Management strategies based on medium- to long-term environmental assumptions Important management challenges for sustainable improvement in corporate value </div> <div> <ul style="list-style-type: none"> Medium-term Management Plan and business execution status Sustainability </div> </div> |
| Human capital strategy and business platform evolution |
| <p>We also discussed themes that will contribute to evolving our business platform, including human capital, DX and IT strategies.</p> <div> <div> <ul style="list-style-type: none"> Human capital strategy Succession plan Business platform evolution </div> <div> <ul style="list-style-type: none"> DX and IT strategies Corporate governance Risk management </div> </div> |

As a result of the effectiveness assessment in FY2024, we have determined that the overall effectiveness of the Board of Directors has been secured. The challenges identified to further improve effectiveness are “further strengthen strategic discussions” and “report and deliberate on the overall risk management structure.” As a result of those discussions, we will implement the following specific initiatives.

| Further strengthen strategic discussions |
|--|
| <p>We will deepen discussions on overall strategy and individual key points discussed by the business executives when formulating our next Medium-term Management Plan in Board of Directors' meetings and Meeting by Independent Outside Directors and Independent Outside Audit & Supervisory Board Member. Moreover, we will look to improve operational aspects of Board of Directors' meetings and Meeting by Independent Outside Directors and Independent Outside Audit & Supervisory Board Member.</p> |
| Report and deliberate on the overall risk management structure |
| <p>We will increase the involvement of the Board of Directors in risk management policies and responses. In this way, we will strengthen the function of the Board of Directors to supervise the operation status of the risk management structure for overall management. Moreover, we will improve reporting and deliberations on serious incidents and troubles that have a large social and financial impact.</p> |

Message from the Chairman of the Board of Directors | Outside Director Takeo Kikkawa

Advice on Governance and Management Issues as Outside Directors



I believe that the functions of outside directors in stock companies can be broadly divided into supervision and advice. Both of these functions are basically working properly in our company. Currently, the increasing responsibility for energy supply and the transition to carbon neutrality are intertwined in a complex manner. In this situation, our biggest management challenge is to set an appropriate investment portfolio and then put it into action. In the process of taking on this challenge, our Outside Directors proactively speak out mainly on the direction of business transformation and risk management by leveraging their respective areas of expertise.

However, that does not mean our governance structure is without problems. Despite the global expansion of our business, our Directors and Audit & Supervisory Board Members are all Japanese. We lack diversity in terms of internationality. Information

sharing between Directors and Audit & Supervisory Board Members is also insufficient. I believe there is room for improvement in these areas.

The biggest challenge facing our company is that we have a strong supply side approach but a weak market-in approach. Energy demand in Japan toward 2040 will increase for electric power, remain flat for gas and decrease for oil. Under such circumstances, we are lagging behind in pursuing business opportunities in the expanding electric power market. The success or failure of new energy businesses depends on whether or not there is an off-taker. We have two trump cards of ammonia and black pellets with coal-fired power plant operators taking on the role of off-takers. Nevertheless, we currently lack the resolve to lead the way in carbon neutrality for coal-fired power plant operators. Moreover, although we have experience and assets in relation to solar and geothermal power generation that other companies do not have, we have been unable to effectively incorporate renewable energy into our strategy for carbon neutrality. To solve these problems, I believe we need to promote a transition to a market-in approach for the electric power market.

Carbon neutrality does not mean reducing CO₂ emissions to zero, but rather balancing CO₂ emissions with capture and absorption to achieve net zero CO₂ emissions. Accelerating the pace of CCUS is essential to increasing CO₂ capture. Our company has great potential for CCUS. The use of fossil fuels is expected to continue in the future due to the increase in demand for electric power. We have sufficient capability to roll out our noble two-front strategy of leading this transition while fulfilling our responsibilities as an energy supplier. I look forward to seeing this capability demonstrated under the leadership of our new President & Representative Director Sakai.

Selection of Officers / Skill and Career Matrix

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 roles 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 capital 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 capital 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.

Succession plan

The Nomination and Compensation Advisory Committee 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.

 **Message from the Chairman of the Nomination and Compensation Advisory Committee (p. 70)**

Officer training

We invite external experts to give officer training at least once a year in principle on the areas necessary for our officers to be able to deliberate on our management issues and other matters. We held this training in FY2024 on the themes of changes in the business environment and corporate behavior

with the aim of obtaining suggestions for our business structure reforms. All our Directors and Audit & Supervisory Board Members participated in this training.

Skill and Career Matrix

It is extremely important for Directors and Audit & Supervisory Board Members, who have a variety of knowledge and experiences, to actively discuss matters at the Board of Directors’ meetings, and to enhance the quality of discussions regarding overall management strategies including human capital strategies.

Since preparing and disclosing the skills matrix in 2020, we have reviewed it as necessary in light of the management issues we face. We reviewed the fields in which we expect our officers to contribute based on the Medium-term Management Plan (FY2023 to FY2025). We also take into account diversity and appoint officers with knowledge and experience in those fields.

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), we supplement them by inviting outside experts to Advisory Board meetings and officer training sessions.

List of fields in which Directors and Audit & Supervisory Board Members are expected to contribute

| 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 capital development / DE&I | The Officers are required to promote the development of human capital 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 capital 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. |

- Outline of Corporate Governance System

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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 capital development / DE&I | Co-creation / international business | Manufacturing / research | Marketing / supply | Governance / legal affairs | | Finance / accounting / tax |
| Directors | Shunichi Kito | | 12 | ● | ● | | | ● | | ● | Served as Representative Director and Chief Executive Officer since 2018, leading management integration. Assumed office as Representative Director and Chairman of the Company in April 2025. The Company expects him to promote growth strategies aimed at realizing the Vision for 2050, based on his insight from his experience as a Director in charge of accounting, human capital, and fuel business. |
| | Noriaki Sakai | | 4 | ● | ● | | | | ● | ● | Assumed office as Representative Director and President of the Company in April 2025. The Company expects him to lead and to strengthen management foundations aimed at sustainable development, including business structure reforms and human capital investment, based on his deep knowledge and expertise from past positions in accounting, finance and personnel affairs, and his insight regarding governance mainly involving safe environment and quality assurance. |
| | Atsuhiko Hirano | | 5 | ● | ● | ● | | ● | | | 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 divisions. |
| | Masahiko Sawa | | 3 | ● | ● | ● | ● | | | | The Company expects him to promote drafting of medium- to long-term management strategies and company-wide carbon neutral transformation as Head of Carbon Neutral Transformation Strategic Headquarters, and to lead business structure reforms as a technical manager, in addition to providing his expertise for R&D and manufacturing and technology divisions. He also promotes the Company's DE&I, such as workstyle reforms in the manufacturing and technology divisions. |
| | Masakazu Idemitsu | | 6 | ● | | | | | ● | | 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 the Company's existence as a member of the founding family and his long-term perspective on governance as a major shareholder. |
| | Kazunari Kubohara | | 6 | | | | | | ● | ● | 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. |
| | Takeo Kikkawa★ | Outside | 8 | ● | | ● | ● | | | | The Company expects him to strengthen its management foundations and supervise as well as advise business structure reforms as an Outside Director, based on his insight related to energy transition trends both in and outside Japan and knowledge of related advanced technologies, and his ample knowledge related to corporate management as an expert in business administration, particularly regarding the energy industry theory. |
| | Jun Suzuki★ | Outside | 2 | ● | | ● | ● | | ● | | The Company expects him to supervise and advise the strengthening of its management foundations and the implementation of 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. |
| | Shiori Nagata★ | Outside | 1 | ● | ● | ● | | | ● | | Possesses a strategic perspective and expert knowledge on management planning and administration from her career experience in a wide range of industries. The Company expects her to promote DE&I, provide strategic advice, and contribute to improving the organization and the decision-making process as an Outside Director. |
| | Mio Kashiwamura★★ | Outside | - | ● | ● | ● | | ● | | | Has held important positions at global human capital companies. The Company expects her to provide supervision and advice toward strengthening efforts in the domain of human capital and business structure reform as an Outside Director, based on her extensive experience and wide-ranging knowledge in areas such as management, human capital, public relations and liaison, and sustainability. |
| Audit & Supervisory Board Member | Hidefumi Kodama | | 3 | ● | | ● | | | | ● | The Company expects him to provide audits 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 managing international resources and the coal businesses |
| | Nami Kitamura* | | - | ● | | ● | ● | ● | | | Possesses extensive experience in such fields as research, intellectual property, promoting new businesses, and public relations, with wide-ranging knowledge and expertise. The Company expects her to provide audits from the perspectives of corporate affairs, research, and new business domains. |
| | Yumiko Ichige★ | Outside | 3 | | ● | ● | | | ● | | Possesses ample experience as an attorney, and has ample knowledge of corporate management as an expert in corporate law. The Company expects her to provide guidance and audits from the perspectives of business strategy, governance, etc., since she actively promotes the empowerment of women in the workplace, and is well versed in the field of intellectual property from her experience as a member of a council in the Japan Patent Office. |
| | Masahiko Tezuka★ | Outside | 1 | | ● | ● | | | ● | ● | Has held key positions at major auditing firms, and served as Executive Board Member and Chairman and President of the Japanese Institute of Certified Public Accountants. The Company expects him to provide guidance and audits from the perspectives of management strategy, international business, governance, etc. as outside Audit & Supervisory Board Member, based on his extensive experience in auditing global businesses |

● indicates areas to which the Company particularly expects the relevant Director or Audit & Supervisory Board Member to contribute and does not represent all of his/her skill and experience.

★ indicates independent officers * indicates newly appointed officers

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 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.

Compensation structure

The 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.

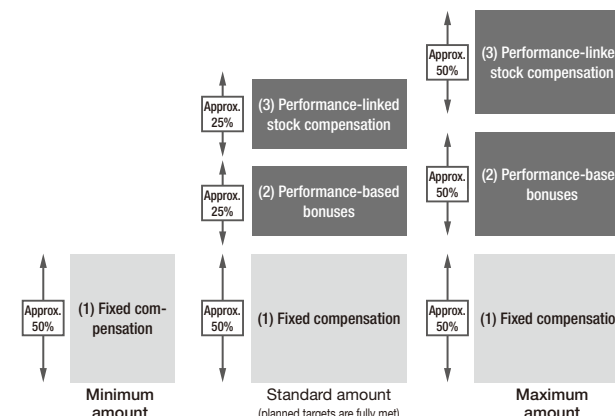
Process for determining compensation

The Board of Directors receives the Nomination and Compensation Advisory Committee’s findings and then determines the amount of compensation for Directors and the method of calculating that. In addition, the individual compensation, etc. of Audit & Supervisory Board Members is determined through consultation among Audit & Supervisory Board Members. The committee met a total of nine times in FY2024. It discussed compensation on a total of six of those occasions.

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.

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 | Profitability indicators* | 40% | It is designed to fluctuate within a range of 0 - 50%. It will be granted in June every year. |
| | | | Human capital-related indicator | 20% | |
| | | | Achievement level of 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 | Capital efficiency indicators (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 revenue ratio | 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

Overview of the Nomination and Compensation Advisory Committee

Overview of the 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, dismissal and positions of Executive Officers with titles, and revisions to Directors' remuneration and compensation systems in response to inquiries from the Board of Directors. In FY2024, the Nomination and Compensation Advisory Committee met a total of nine times.

■ Main Deliberations and Recommendations in FY2024

| Nominations |
|---|
| <ul style="list-style-type: none"> • Proposals for the appointment of candidates for Directors, Audit & Supervisory Board Members and Executive Officers with titles • Proposals for the appointment of advisors • Revision of the basic corporate governance policy • Proposal for the disclosure of the skill and career matrix • Appointment of the Representative Director and President • FY2025 officer structure |
| Compensation |
| <ul style="list-style-type: none"> • Director evaluation and compensation proposal • Setting of performance-linked target values for FY2024 • Behavior targets for Directors • Partial revision of the performance-linked indicators for Executive Officers with titles • Review of the Outside Officer compensation structure • Revision of the officer compensation system (compensation standard for Executive Officers with titles) |

Message from the Chairman of the Nomination and Compensation Advisory Committee

Outside Director Jun Suzuki

Proposals for the Appointment of a New Representative Director and President and Sustainable Human Capital Strategy from Diverse Outside Perspectives



I became an Outside Director in 2023. Since then, I have constantly thought about what would be the best proposal for the Board and how the Committee should be involved in succession, top management appointments, team composition and other areas with a consciousness of the change and appointment of a new Representative Director and President. There are many officers in the company at the Senior Executive Officer level or above with the qualifications to be able to become the Representative Director and President. The Committee discussed this issue from the fall of 2024 based on the required abilities and qualities while referring to data such as the 360-degree evaluations by an outside specialist company. The Committee reached a conclusion in January 2025, and the Board of Directors then made the decision on the new Representative Director and President in February.

The Committee placed emphasis on three perspectives when narrowing down the candidates. The first is well-balanced management capabilities. This means generating

revenue in our core petroleum business while being able to make future-oriented investments to take on the challenge of transitioning to carbon neutrality. The second is inclusive leadership. This refers to supporting employees so that they can work with peace of mind in an uncertain environment and gain backing from stakeholders. The third is contribution to Japan's energy policy. This is about putting into place a structure that allows the Company to contribute even more to Japan's energy policy. We also discussed whether it would be good combination for the Representative Director and President to make decisions and operate our company while the Chairman, with his experience as President, would take on a position to lead Japan's energy policy by strongly voicing opinions on policy matters.

The Company is currently promoting personnel nurturing with continuity over a longer span of time. The Committee has also begun to discuss what human capital should be placed in which positions with an eye on the composition of the team in the next and future generations under this new structure. As the fluidity of human resources continues to increase, presenting young and mid-level employees with well-thought-out career paths will not only lead to the development of internal human resources and increased motivation, but will also send a message to those outside the company who wish to work with us.

Human capital strategy is an extremely important element to raise the corporate value of the Company. The Nomination and Compensation Advisory Committee deals with matters from the personnel system that forms the basis of the human capital strategy to officer personnel and compensation issues that cannot be discussed directly at Board of Directors' meetings. Outside Directors have various backgrounds and discuss issues from a wide range of perspectives based on their respective experiences and knowledge. They provide feedback to business executives, consult with the Board of Directors and create a cycle of discussion, proposals, decisions and monitoring. It is necessary to constantly review a company's systems and mechanisms. In the future, I will continue to provide advice which I think is the best on executive personnel and compensation systems and mechanism, as well as executive and compensation proposals for Directors while also understanding the circumstances and thinking of business executives.

Status of the Activities by the Audit & Supervisory Board

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, meetings with officers, General Managers, branch managers, managers of refineries/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.

■ Record of activities by the Audit & Supervisory Board

| Category | Status of Implementation in FY2024 | |
|---|--|---|
| Audit & Supervisory Board | 16 times a year | The full-time Audit & Supervisory Board Members share the status of activities, and each department provides information. The Board then uses that information to confirm the management issues and the status of the initiatives to deal with them. Resolutions: Appropriateness of accounting audits, consent for the reappointment and compensation of the Accounting Auditor, audit policies and plans, and audit reports by the Audit & Supervisory Board, etc. Reports and discussions: Activities by the full-time Audit & Supervisory Board Members, activities by the Internal Audit Department, investment reviews, refinery operation issues and status, and internal control department system and initiative status, etc. |
| Site visits (on-site interviews) | 10 departments 19 affiliated companies (of which, 11 are overseas companies) 6 visits involved participation by Outside Audit & Supervisory Board Members | The Board interviews representatives, executives and employees and inspects facilities mainly in departments and major affiliated companies responsible for initiatives relating to business structure reforms and investments in human capital. It confirms and debates the status of management and internal controls. The Board places importance on the sites carrying out business structure reforms and the status of initiatives relating to investments in human capital. It shares the results of its site visits with the Officers responsible for those sites and others. It encourages them to put the results into use in the management of each business. The Board continued to visit in this fiscal year the refining subsidiary where inappropriate conduct was discovered in product quality testing in FY2022. It confirmed the status of the subsidiary’s response to the violation of the High Pressure Gas Safety Act uncovered in FY2024. |
| Meetings with Representative Directors | 4 times a year (June, September, December and March) | The Audit & Supervisory Board Members share audit policies and plans and make recommendations based on the audit findings. The Representative Directors explain the important management issues and exchange opinions. |
| Interviews with Executive Officers with titles, Executive Officers and General Managers | 6 Executive Officers with titles 3 Executive Officers 14 General Managers | The Board holds individual discussions mainly on areas relating to this fiscal year’s priority audit categories with Executive Officers with titles, Executive Officers and General Managers who hold important executive positions. It confirms policies, strategies and job execution status. |

In addition, the Board also works with the Group Audit & Supervisory Board Liaison Committee that covers the 13 Audit & Supervisory Board Members dispatched to affiliated companies and the Consulting Group in the General Affairs Department that dispatches part-time Audit & Supervisory Board Members to 62 affiliated companies in Japan and overseas.

Message from an Outside Audit & Supervisory Board Member | Outside Audit & Supervisory Board Member Masahiko Tezuka



Assessment on the Current State of the Company’s Corporate Governance

Looking back on the year since I took up my position as Audit & Supervisory Board Member, I was very impressed with the constructive and lively discussions that took place between Outside Officers and business executives in meetings such as of the Board of Directors and the Audit & Supervisory Board. A number of things are needed for Outside Officers to fulfill their responsibilities: opportunities to obtain the necessary information must be secured, an environment where it is possible to freely speak out in meetings of the Board of Directors and the Audit & Supervisory Board must be in place, and the company must have a resolve to attempt to use the opinions of Outside Officers to improve management and Outside Officers must have the appropriate capabilities. The Company satisfies these elements to a high level. Accordingly, I can say that the Company’s corporate governance is functioning soundly from the perspective of whether or not Outside Officers are fulfilling their responsibilities.

Important Themes and Activities in Audits

The petroleum industry is one which requires extremely difficult management leadership to realize carbon neutrality. The Company also needs to produce results for new businesses, such as solid electrolytes for next-generation batteries, while maintaining the profitability of its fuel oil and other existing businesses. In recent years, a series of serious safety and compliance problems has occurred in the Idemitsu Group. These include a work-related accident at our Chiba complex, and inappropriate conduct in product testing at Toa Oil Co., Ltd. and Showa Yokkaichi Sekiyu CO.,LTD. Whether or not the Company is dealing with these issues and problems is an important

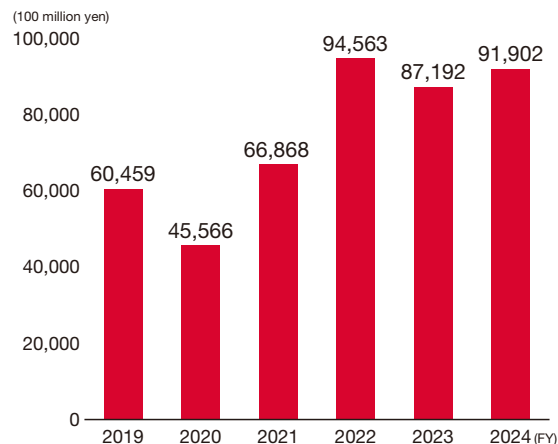
theme in audits. I have also personally visited the Chiba complex, Toa Oil Co., Ltd. and Showa Yokkaichi Sekiyu Co., Ltd. I confirmed that those sites are dealing with the issues and problems appropriately.

Improvement in the Effectiveness of Audits by Engaging in Dialogue and Knowing Sites

The role of Audit & Supervisory Board Members is to be familiar with the policies, mechanisms and people in corporate management. They should then confirm that the company has established management mechanisms based on appropriate policies and that the appropriate people are appropriately operating those mechanisms. If the company is moving in the wrong direction, they need to strongly ask management to correct course. To that end, it is important to deepen dialogue with the Company’s management and employees and to personally understand sites. I will also accurately grasp the situation at sites through dialogue and on-site visits to ensure that management and employees are moving in the correct direction with shared awareness. In this way, I will enhance the effectiveness of audits and contribute to the sound growth of the Company.

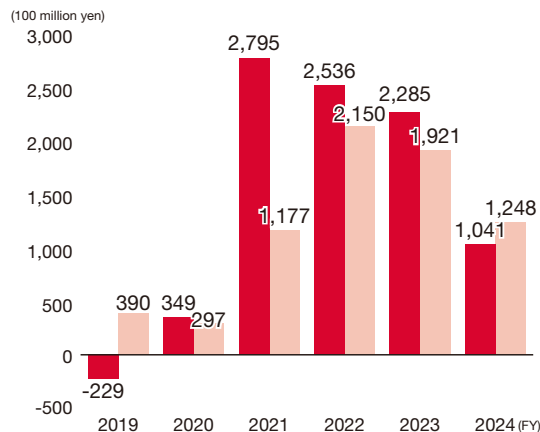
Financial Highlights

■ Net sales



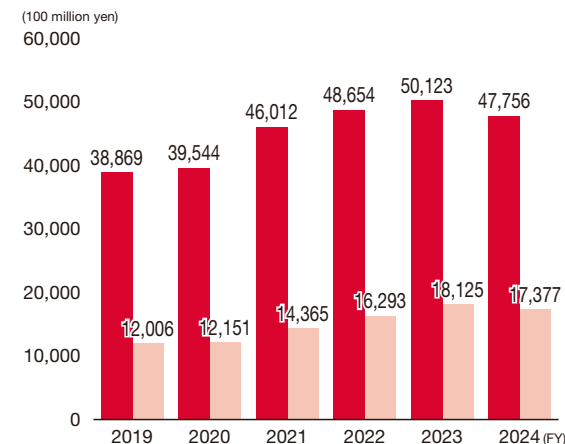
■ Net income attributable to owners of the parent

■ Including inventory impact ■ Excluding inventory impact



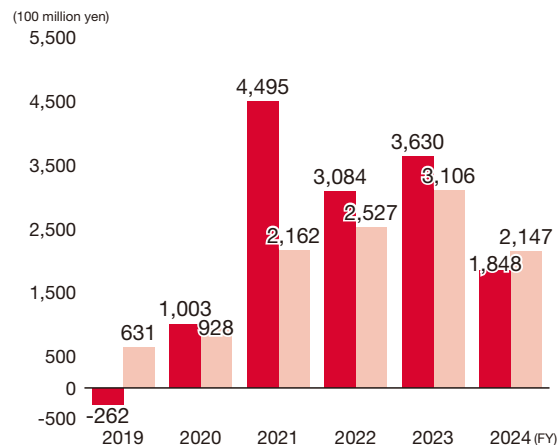
■ Total assets / Total equity

■ Total assets ■ Total equity



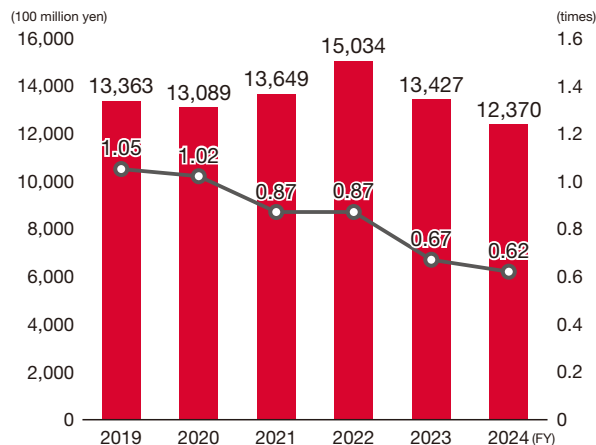
■ Operating income + equity in earnings of non-consolidated subsidiaries and affiliates

■ Including inventory impact ■ Excluding inventory impact

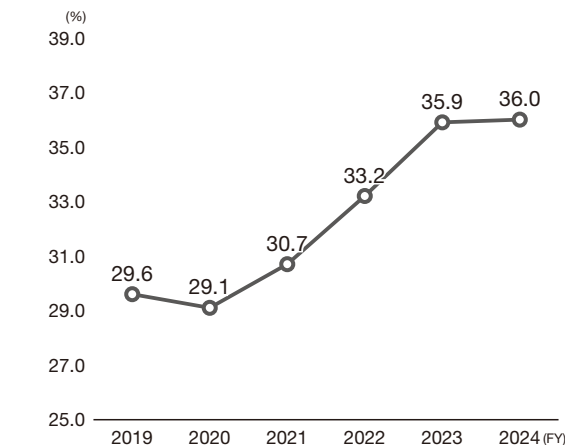


■ Interest-bearing debt / Net D/E ratio

■ Interest-bearing debt ○ Net D/E ratio

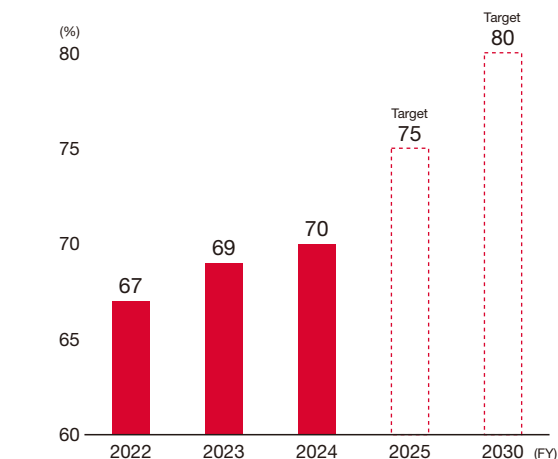


■ Shareholders' equity ratio



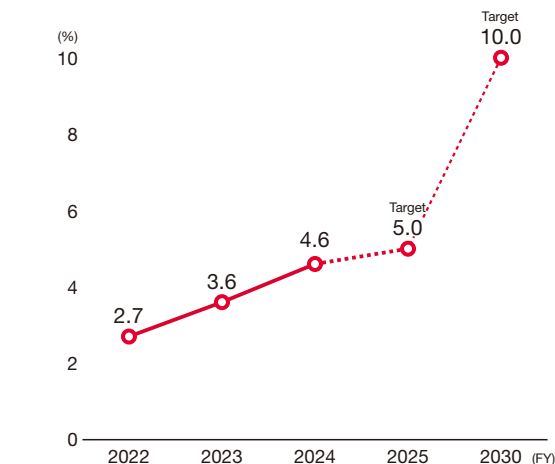
Non-Financial Highlights

Idemitsu engagement index



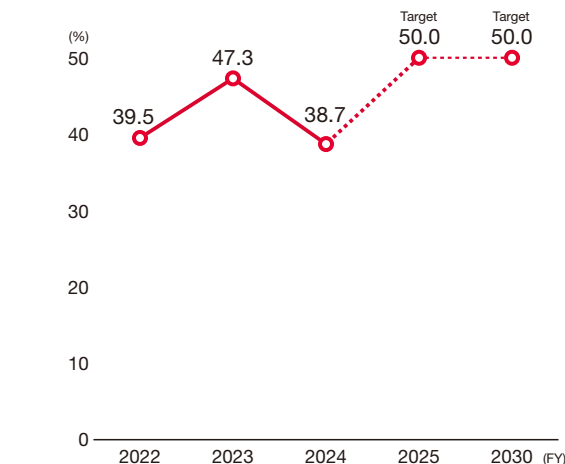
* Scope of reporting: Idemitsu employees (excludes employees seconded to other companies)

Female ratio in managerial positions



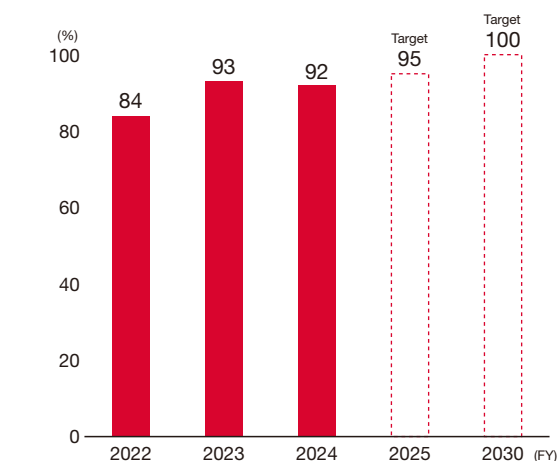
* Scope of reporting: Idemitsu hires (employees, seniors, full-time contract employees and advisors) and includes employees seconded to other companies

Female recruiting ratio



* Scope of reporting: Actual number of college graduates and above (new graduate + mid-career hires) recruited between April 1 and March 31 as Idemitsu's direct hires

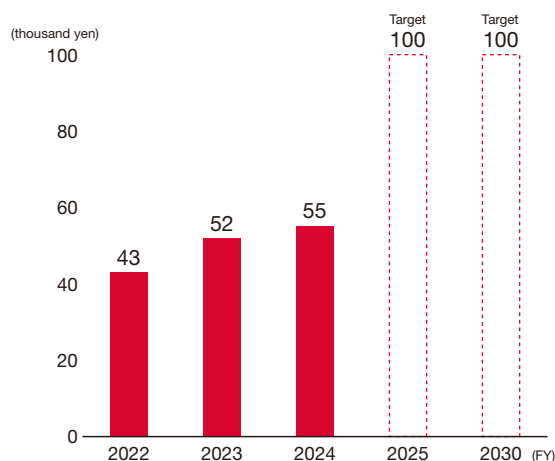
Male ratio taking childcare leave



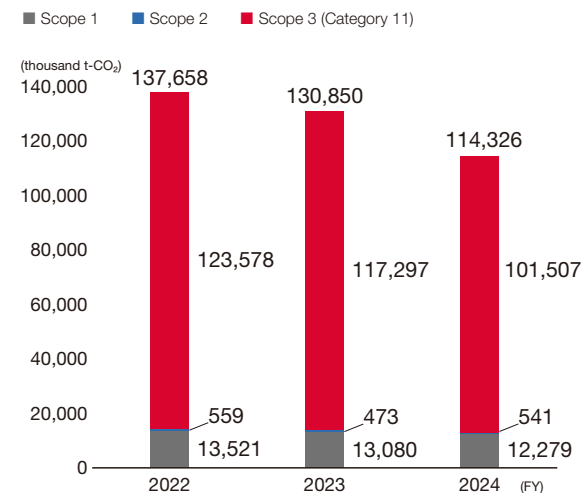
* Scope of reporting: Actual number of Idemitsu hires (including all employees and employees seconded to other companies) as of March 31

* The above includes leave for childcare purposes

Investment in training per employee



CO₂ emissions (Scope 1, 2 and 3)



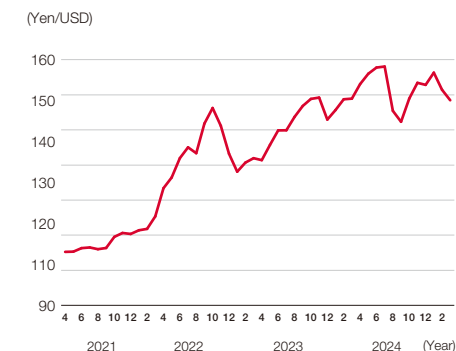
* Scope of reporting: Idemitsu, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd., Seibu Oil Co., Ltd.) and major consolidated Group companies

Selected Financial Data

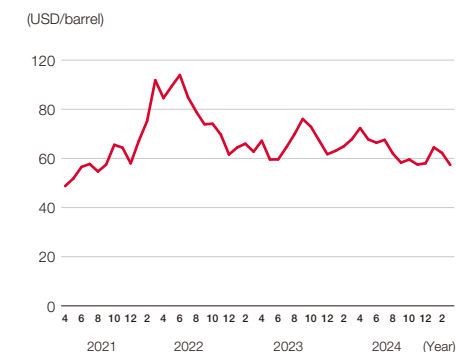
| (FY) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------|--------|--------|----------|----------|----------|
| Statement of income (100 million yen) | | | | | | |
| Net sales | 60,459 | 45,566 | 66,868 | 94,563 | 87,192 | 91,902 |
| Operating income + equity in earnings of non-consolidated subsidiaries and affiliates | -262 | 1,003 | 4,495 | 3,084 | 3,630 | 1,848 |
| Of which, inventory impact | -893 | 75 | 2,332 | 557 | 525 | -299 |
| Excluding inventory impact | 631 | 928 | 2,162 | 2,527 | 3,106 | 2,147 |
| Ordinary income | -140 | 1,084 | 4,593 | 3,215 | 3,852 | 2,148 |
| Net extraordinary loss | -33 | -438 | -712 | 267 | -585 | -564 |
| Net income attributable to owners of the parent | -229 | 349 | 2,795 | 2,536 | 2,285 | 1,041 |
| Balance sheet (100 million yen) | | | | | | |
| Assets | 38,869 | 39,544 | 46,012 | 48,654 | 50,123 | 47,756 |
| Liabilities | 26,864 | 27,393 | 31,647 | 32,361 | 31,998 | 30,379 |
| Total equity | 12,006 | 12,151 | 14,365 | 16,293 | 18,125 | 17,377 |
| Interest-bearing debt | 13,363 | 13,089 | 13,649 | 15,034 | 13,427 | 12,370 |
| Cash flows (100 million yen) | | | | | | |
| Cash flows from operating activities | -327 | 1,705 | 1,461 | -328 | 3,774 | 4,767 |
| Depreciation and amortization | 949 | 982 | 1,048 | 1,044 | 992 | 957 |
| Cash flows from investing activities | -1,345 | -1,099 | -1,116 | 701 | -658 | -1,185 |
| Cash flows from financing activities | 1,579 | -562 | -300 | -904 | -2,850 | -3,435 |
| Per share (Yen)* | | | | | | |
| Net income per share | -15.26 | 23.49 | 188.03 | 170.67 | 161.32 | 77.83 |
| Equity per share | 773.74 | 774.34 | 949.94 | 1,102.05 | 1,305.18 | 1,404.80 |
| Cash dividends per share | 32 | 24 | 34 | 24 | 32 | 36 |
| Major indicators | | | | | | |
| Return on shareholders' equity (ROE) (%) | -2.3 | 3.0 | 21.8 | 16.8 | 13.4 | 5.9 |
| Shareholders' equity ratio (%) | 29.6 | 29.1 | 30.7 | 33.2 | 35.9 | 36.0 |
| Net D/E ratio (Times) | 1.05 | 1.02 | 0.87 | 0.87 | 0.67 | 0.62 |

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

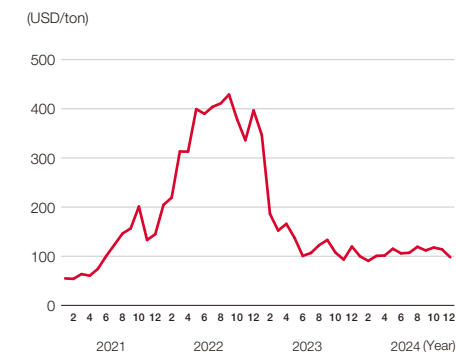
Exchange rate



Dubai crude oil price



Australian thermal coal price

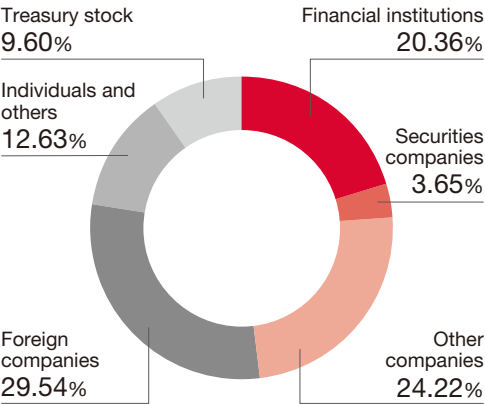


Company Profile / Stock Information

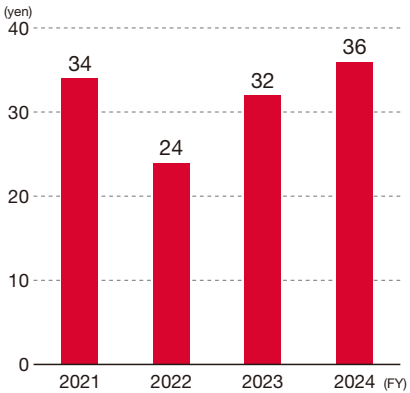
Company profile/stock information (as of the end of March 2025)

| | |
|-------------------------------------|---|
| Company name | Idemitsu Kosan Co., Ltd. |
| President & Representative Director | Noriaki Sakai |
| Established | March 30, 1940 (Founded June 20, 1911) |
| Capital stock | 168.3 billion yen |
| Consolidated group companies | 150 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 | 1,358,078,690 shares * After the cancellation of treasury stock on April 30, 2025: 1,288,747,390 shares |
| Number of shareholders | 109,007 people |

Distribution (Number of shares issued)



Annual cash dividends per share



* We carried out a 5-for-1 stock split (5 for 1 common stock) effective January 1, 2024. We present the above graph and table on a post-split basis. We have adjusted the cash dividends for prior to the fiscal year ended March 31, 2024, taking into consideration the impact of this stock split.

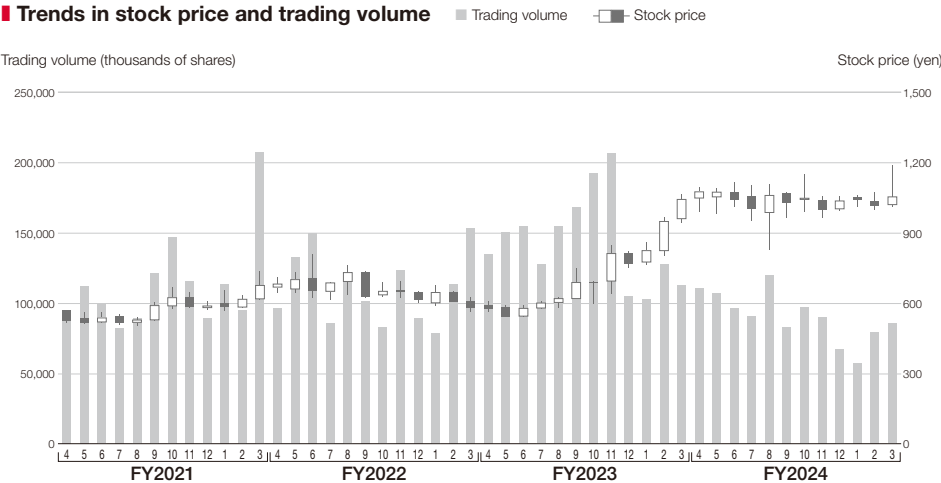
* We paid a commemorative dividend of 10 yen per share in the fiscal year ended March 31, 2022 to mark the 110th anniversary of our foundation.

Major shareholders (Top 10)

| Shareholder's name | Shares held (thousands of shares) | Shareholding ratio (%) |
|--|-----------------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 132,290 | 10.77 |
| Nissho Kosan Co., Ltd. | 127,593 | 10.39 |
| Aramco Overseas Company B.V. | 115,579 | 9.41 |
| Idemitsu Museum of Arts Foundation | 101,962 | 8.30 |
| Custody Bank of Japan, Ltd. (Trust account) | 39,789 | 3.24 |
| Showa Kosan K.K. | 24,872 | 2.03 |
| Idemitsu Employee Stock Ownership Plan | 23,674 | 1.93 |
| JPMorgan Securities Japan Co., Ltd. | 20,370 | 1.66 |
| STATE STREET BANK WEST CLIENT TREATY 505234 | 19,936 | 1.62 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 19,115 | 1.56 |

* Shareholding ratios are calculated excluding 130,317,550 shares in treasury stock. Please note that treasury stock does not include 3,124,160 of the Company's shares that are owned by The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account)

Trends in stock price and trading volume





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