

2026

Idemitsu Integrated Report



CONTENTS

1 Contents and Editorial Policy

Value Creation Story

- 2 The Current Idemitsu Group
- 3 Idemitsu Group's Values
- 4 Value Creation Process
- 5 Idemitsu Group's "Six Capitals"
- 6 Idemitsu Group's Materiality (Key Challenges)
- 7 Message from the Chairman
- 8 Message from the President
- 13 Message from a Former Outside Director

Medium-term Management Plan

Overview

- 14 Review of the Previous Medium-term Management Plan
- 15 Our Business Environment
- 16 Overview of the New Medium-term Management Plan
- 17 Message from the CFO

Business Strategy

- 21 Message from the COO
- 22 GRIT: Exploiting Existing Businesses
- 24 GROWTH: Creating Growth Businesses
- 27 CNX: Staging Up Low-Carbon/Decarbonization Businesses
- 29 FY2025 Review of Operations
- 30 Petroleum Segment
- 32 Basic Chemicals Segment
- 33 Functional Materials Segment
- 37 Power and Renewable Energy Segment
- 38 Resources Segment

Human Capital Strategy

- 39 Message from the CHRO
- 41 Review of the Human Capital Strategy under the Previous Medium-term Management Plan
- 45 Human Capital Strategy under the New Medium-term Management Plan
- 48 Special Feature: Putting the Action Guideline into Practice

Business Platform

- 50 Message from the CSO
- 51 DX / AX Strategy
- 53 Innovation Strategy (R&D / CVC)
- 55 Intellectual Property Strategy
- 57 Governance and ERM
- 59 Safety, Environment, and Quality Management
- 61 Message from an Outside Director and the Chair of the Nomination and Compensation Advisory Committee

Sustainability

- 62 Sustainability Management
- 63 Carbon Neutrality and Climate Change
- 66 Circular Society
- 67 Biodiversity
- 68 Human Rights
- 69 Compliance
- 70 Information Management / Security Management
- 71 Procurement Transformation Activities

Governance

- 72 Corporate Governance
- 74 Directors and Audit & Supervisory Board Members
- 77 Overview of Board of Directors and Assessment of Effectiveness
- 79 Messages from Outside Directors
- 80 Selection of Officers
- 81 Skills and Career Matrix/ Overview of the Nomination and Compensation Advisory Committee
- 82 Compensation for Executives
- 83 Overview of the Audit & Supervisory Board / Message from an Outside Audit & Supervisory Board Member

Data Section

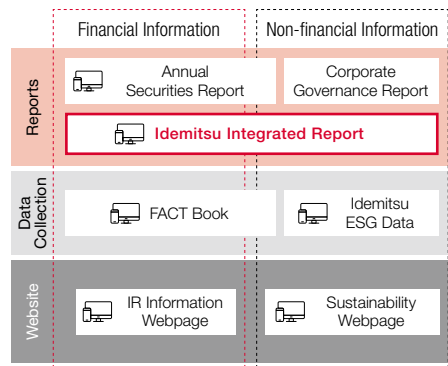
- 84 Financial Highlights
- 85 Non-Financial Highlights
- 86 Non-Financial Highlights / External Evaluation
- 87 Company Profile / Stock Information

Editorial Policy

This report is designed to supplement information on our progress from the previous Medium-term Management Plan and the strategies presented in our new Medium-term Management Plan with financial and non-financial information for FY2025 and an explanation of our concrete initiatives. It also communicates our progress on increasing corporate value over the medium to long term to our stakeholders in Japan and overseas.

We encourage readers to look at the messages from our approaches to realizing the new Medium-term Management Plan, as well as the comments and opinions of employees implementing these approaches on the front line.

Communications Media



Scope of the Reporting

As a general rule, this report covers Idemitsu Kosan Co.,Ltd. and our 262 Group companies as of the end of June 2026. When the scope differs, this fact is noted. Moreover, the previous Medium-term Management Plan covers FY2023-FY2025, and the new Medium-term Management Plan covers FY2026-FY2030.

Reporting Period

Results for FY2025 (April 1, 2025 - March 31, 2026) are included in this report. When the applicable period differs, this fact is noted. Activities since April 2026 are also included.

Publication Information

Japanese version: Published annually since 2001 (previous publication: July 2025)
English version: Published annually since 2003 (previous publication: August 2025)

Reference Guidelines

- IFRS Foundation
- TCFD (Task Force on Climate-related Financial Disclosures)
- The Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation
- SASB (Sustainability Accounting Standards Board)
- GRI Sustainability Reporting Standards
- ISO 26000

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

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[Contents display](#)[Return to last opened page](#)

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[Open external website](#)

P.00 xxxxxxx

[Move to page](#)

The Current Idemitsu Group (Data as of March 31, 2026)

 P.29 FY2025 Review of Operations

Five Business Segments

Petroleum

Crude oil processing capacity **931,000** barrels/day^{*1}

Fuel oil sales volume in Japan **33** million kL/year^{*2}

Number of service stations Approx. **6,000**

The Group's refineries, oil terminals, and network of approximately 6,000 service stations provide a stable supply of fuel essential for living. At the same time, we are strengthening our initiatives for realizing our CNX Center Concept, which aims to repurpose our refineries and complexes into hubs to support carbon neutrality, and Smart Yorozya, which is our initiative for converting service stations into lifestyle support hubs that help address regional challenges.

Basic Chemicals

Ethylene production capacity **1** million tons/year

Paraxylene production capacity **840,000** tons/year

Styrene monomer production capacity **790,000** tons/year

We use naphtha and other byproducts obtained through the crude oil refining process to manufacture and sell products that form the raw material for petrochemicals. With our strength in integrated operation of petroleum refining, our ethylene production capacity is among the largest in Japan.

Functional Materials

Lubricants, electronic materials, advanced materials & performance chemicals, pesticides and functional feeds, and lithium-ion battery materials

Lubricant sales volume **1.1** million kL/year

Engineering plastic sales volume **200,000** tons/year

OLED material production capacity **26** tons/year

We utilize our unique R&D and technology capabilities and expertise to develop and supply materials that contribute to the realization of a sustainable society.

Power and Renewable Energy

Power generation capacity **1.91** million kW

– of which, renewable energy **920,000** kW

We own a diverse range of power plants, including renewable energy facilities such as biomass, wind power, and solar power, as well as highly efficient natural gas-fired power plants with low environmental impact. Leveraging these strengths, we engage in the wholesale of electricity to electric power companies as well as retail sales to industrial customers and households.

Resources

Crude oil and gas production volume **25,000** BOE^{*3}/day

Coal production volume **5.66** million tons/year

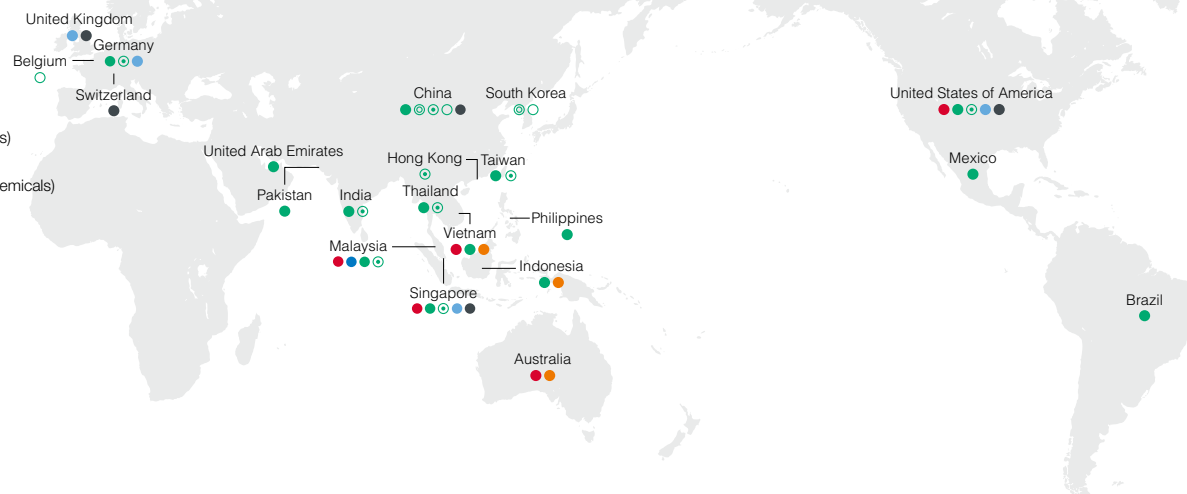
Using our accumulated technologies and expertise, we engage in oil and gas field development overseas, as well as promoting stable supplies of coal and low-carbon solutions such as development and manufacture of biomass fuels. We also operate and develop geothermal power plants in Japan.

^{*1} Capacity includes that of Fuji Oil Company, Ltd. and excludes that of Nghi Son Refinery ^{*2} Bonded jet fuel and bonded C fuel oil are counted as export fuel and are not included in domestic fuel oil sales volume ^{*3} BOE: Barrels of Oil Equivalent

Major Overseas Group Companies

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 **¥8.1** trillion

Consolidated operating income + equity in earnings of non-consolidated subsidiaries and affiliates **¥214.7** billion

Consolidated number of employees **14,000**

Overseas employees Approximately **3,000**

Number of group companies **262**

Idemitsu Group's Values

The origin of management for Idemitsu Kosan was expressed in 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. Moreover, our Management Philosophy, "Truly inspired," expresses the meaning of our existence.

Our Management Philosophy is also a universal, unshakeable coordinate, like the North Star, and a guide for employees when they are unsure of their judgments, representing a vision to which they should aspire at all times.



The Origin of Management

人間尊重 (Ningen-Soncho)

Management Philosophy

真に働く (Makoto ni hataraku)

A History of Challenges



1957

Completed the Tokuyama Complex in 10 months



1978

Began research and development of solar cells



1996

Began supplying steam to Idemitsu Oita Geothermal Co., Ltd. Takigami Power Plant



2002

Developed the world's first OLED display



2011

Dedicated effort to supplying energy to areas affected by the Great East Japan Earthquake



2018

Started commercial operation of the Nghi Son Refinery in Vietnam



2023

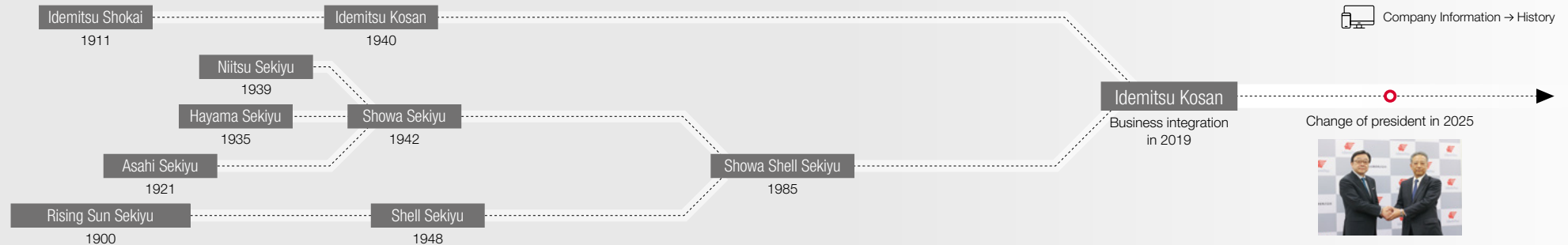
Launched the new "apolloONE" format that is more than just a service station



2026

Decided on investment in construction of a plant for commercialization of lithium solid electrolytes

History



Value Creation Process

Idemitsu Group's Materiality (Key Challenges) P.06

Ensure safe operations and stable supply	Achieve sustainable growth of our people and organization
Exploiting existing businesses	Acceleration of digital innovations
Creating growth businesses	Enhance governance
Maintain harmony with the global environment	Rigorously ensure health, human rights, and compliance

Vision for 2050

Shaping Change

Uphold our responsibility to support people's daily lives and protect the global environment now and in the future

Vision for 2030

Your Reliable Partner for a Brighter Future

Medium-term Management Plan (FY2026–2030) P.16

Business strategy			Human capital strategy	
GRIT Exploiting existing businesses	GROWTH Creating growth businesses	CNX Staging up low-carbon/ decarbonization businesses	Empower all employees to be the main drivers of transformation	More co-creation / innovation
Business platform				
Build a resilient business platform that accelerates business × human capital strategies				

Six Capitals P.05

Management Philosophy

Truly inspired

The Origin of Management

Ningen-Soncho (Having respect for human beings)

 P.03

KPI

► Scope1+2: **Carbon Neutrality**

Financial targets*1

► ROE: FY2027–2028 **12%**

FY2030 **≥ 13%**

► Profit before tax*2: **¥360 bn**

*1: IFRS standards *2: Excluding finance costs

KPI

► ROIC: **≥ 7%**

► Cumulative investment amount: **¥1,800 bn**

► Total payout ratio (period average): **≥ 50%**

► Transformation leaders
(advanced practitioner of Action Guideline):

2,000

► Idemitsu EI: **80%**

► vs. 2013 CO₂ reduction: **-30–46%**

Idemitsu Group's "Six Capitals"

Our six capitals are a classification of management resources that support a company's sustainable value creation, recommended under the framework of the International Integrated Reporting Council (IIRC). In addition to financial capital, the framework evaluates non-financial capitals such as intellectual, human, and natural capital, in order to visualize the company's

overall competitive strength and future potential. We have presented our six capitals in our 2030 Vision: Your Reliable Partner for a Brighter Future, aiming to contribute to the realization of a carbon neutral society while fulfilling our duty of providing a stable energy supply.

● Petroleum ● Basic Chemicals ● Functional Materials ● Power and Renewable Energy ● Resources ● Other

	Characteristics	FY2025 data
Human Capital	- Ensure that all employees understand the philosophy of People-Centered Management, which promotes the growth of both individual employees and the company - A culture of encouraging challenges, regardless of age or position has been established - Realize value creation through the growth and autonomous activity of all employees - Challenge: Further development of talent capable of realizing the Action Guideline at a high level and engaging in transformation	- Consolidated number of employees: 14,000 people - Female recruiting ratio: 45.6% - Male ratio taking childcare leave: 98% - Ratio of local employees appointed to management at overseas local subsidiaries: 36% - Training hours: 15.5 hours/person - Idemitsu Engagement Index: 70% - Female ratio in managerial positions: 5.5% - Investments in training per employee: ¥69,000
Intellectual Capital	- Accumulated intellectual property and technical know-how in petroleum refining and petrochemicals - Expansion of the use of the above capital to business development for the energy transition - Combination of R&D capabilities in petroleum refining process technologies and performance materials, etc. - Challenge: Promotion of joint research and partnerships with universities, research institutes, and other companies	- Total R&D investment for the Group: ¥30.4 billion - Total new patent applications: 307 (● Petroleum: 10; ● Basic Chemicals: 1; ● Functional Materials: 286; ● Power and Renewable Energy: 1; ● Resources: 9) - Receipt of award at SID 2026 Display Industry Awards
Manufactured Capital	- Nationwide end-to-end supply system from crude oil refining to petroleum product supply - Function as key energy supply infrastructure in Japan during disasters and emergencies - Production capability for high-value added products such as lubricants, performance chemicals, and electronic materials - Challenge: Establishment of a next-generation energy supply network for a decarbonized society	- Domestic complexes/refineries: 7 - Crude oil processing capacity: 931,000 barrels/day - Ethylene production capacity: 1 million t/year - Lubricant sales volume: 1.1 million kL/year; ranked 8th in the world (No. 1 among Japanese companies) - Engineering plastic (sales volume): 200,000 t - Power generation capacity: 1.91 million kW - Crude oil production volume: 25,000 barrels/day - Coal production volume: 5.66 million t/year - Capital investment: ¥165,683 million
Social-Relationship Capital	- Trust built with customers, local communities, and business partners over many years - Dealers are not simply business partners, but partners with whom we aim to grow business together - Continued long-term relationships with wide-ranging customers through the nationwide apollostation network - Challenge: Expansion of new collaboration networks in energy transition period	- Number of dealers: Approx. 1,000 - Number of service stations: Approx. 6,000 - Number of downloads of the company app "Drive On": 15 million
Natural Capital	- Shift from dependence on fossil resources to low-carbon and decarbonized resources - Role in making efficient use of limited natural resources and supplying them to society - Contribution to stable energy supply and reduction of environmental impact - Challenge: Expansion of business base to a circular society	- CO₂ emissions (Scope 1 + 2): 12,824 thousand t-CO₂ - CO₂ emissions reduction rate: 19.2% (vs. 2013) - Renewable energy power generation capacity: 920,000 kW (included in Manufactured Capital's power generation capacity)
Financial Capital	- Allocation of earnings from existing businesses to new growth fields - Strong cash generation capability of the petroleum and resource business - Maintain financial soundness while delivering stable shareholder returns - Risk of delayed investment recovery during earnings structure transition	- Net sales: ¥8.1 trillion - Operating income: ¥212,203 million - Cash flows from operating activities: ¥392.4 billion - Shareholders' equity: ¥1,626.2 billion - Shareholders' equity ratio: 36.0% - Dividend payout ratio: 30.7% - ROE: 10.6% - ROIC: 6.5% - Capital stock: ¥168.3 billion

Idemitsu Group's Materiality (Key Challenges)

 P.86 Materiality under the Previous Medium-term Management Plan (FY2025 results)

 Idemitsu Group's materiality (key challenges)

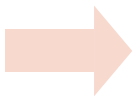
I Approach to Materiality (Key Challenges)

We have identified eight materialities with the aim of continuing to grow sustainably as a company while using our business activities to make a sustainable global environment and society a reality.

Background to the revision of materiality

The Idemitsu Group has revised its management materiality in step with the cycle of formulating its Medium-term Management Plans, from the perspective of enhancing sustainability and corporate value over the medium to long term.

In formulating the Medium-term Management Plan (FY2026-2030), we identified eight materialities, taking into account factors such as changes in the macroeconomic environment and social issues, and classifying these factors by their relevance to business, the environment, society, and governance, while reflecting the views of Directors.

Previous materiality		New materiality	Considerations in identifying new materiality
Contribute to carbon neutrality / circular society	 Revise materiality taking into consideration factors such as changes in the macroeconomic environment and social issues	Ensure safe operations and stable supply Enhance supply systems for energy and materials Increase resilience of supply chains	Public demand for secure energy and materials and a resilient supply chain has increased in the wake of mounting geopolitical risks. In light of this, we have positioned ensuring safe operations and stable supply as one of our key challenges.
Contribute to regional society (energy and mobility)		Exploiting existing businesses Increase capital efficiency of existing businesses Optimize management resource allocation	With a focus on alignment with our business strategy as well as on ESG perspectives, we have added exploiting existing businesses and creating growth businesses as new challenges in line with our GRIT and GROWTH strategy themes.
Maximize employee growth and engagement		Creating growth businesses Strengthen R&D and promote innovation Accelerate global expansion and strengthen international competitiveness	
Expanding DE&I		Maintain harmony with the global environment Pursue initiatives for realizing a carbon neutral society Pursue initiatives for realizing a circular society	Based on our Vision for 2050, Shaping Change, we will continue to pursue initiatives with a consciousness of being in harmony with the environment.
Acceleration of digital innovations		Achieve sustainable growth of our people and organization Empower all employees to be the main drivers of transformation More co-creation / innovation	Reflecting the human capital strategy of the new Medium-term Management Plan, we have clarified the human capital foundation that will support transformation by consolidating these under our goal of achieving sustainable growth for our people and organization.
Progress in governance		Acceleration of digital innovations Promote data infrastructure management and business process re-engineering through acceleration of digital and AI-driven transformation	Considering the impact of digital and AI-driven transformation on the company's medium- to long-term competitive capability, we have reaffirmed the acceleration of digital transformation as a key challenge and will continue to drive this acceleration forward.
Ensure health, safety, compliance, and human rights		Enhance governance Enhance corporate governance Improve decision-making quality through enhanced ERM	Considering the heightened importance of sound management judgement and risk management, which have a significant impact on medium- to long-term sustainability, we aim to increase our ability to handle uncertainty by enhancing governance.
		Rigorously ensure health, human rights, and compliance Promote KENKO Investment for Health Pursue a safe and fair workplace environment	As the basis underlying our People-Centered Management, we will continue to rigorously ensure health, human rights, and compliance to thoroughly promote KENKO Investment for Health, respect for human rights, and conduct grounded in high ethical standards across the Group.

I Materiality Identification Process

We have established a Corporate Sustainability Office within the Corporate Planning Department as an organization dedicated to sustainability. We regularly identify sustainability-related risks and opportunities in our business segments and across the value chain and conduct materiality assessments.

We conduct such materiality assessments from a double materiality* perspective, first considering the expected future business environment based on a scenario analysis, then identifying materiality based on three factors, namely (1) financial impact, (2) the likelihood of occurrence, and (3) short-, medium-, and long-term time horizons.

* An approach to considering materiality from the dual perspective of the financial impact on companies due to environmental, social, and other issues (financial materiality) and the impact of corporate activities on environmental, social, and other issues (impact materiality).

Message from the Chairman



Driving Transformation with People-Centered Management

Director and Chairman

Shunichi Kito

I Sustainable Energy in an Era of Change

Since its founding in 1911, the Idemitsu Group has supported people's daily lives and industries through the stable supply of energy and materials. Today, our operating environment is undergoing a major change. Amid heightened geopolitical risks like the situation in the Middle East, together with policy developments in various countries and shifts in the global economic order, we are in a period of greater complexity and uncertainty about the future.

In a time like this, we are called upon to maintain reliable supplies in the near term while steadily moving ahead with green transformation (GX) toward the realization of a carbon-neutral society in 2050.

In my view, achieving these two objectives is not merely an ideal, but our responsibility as a company that supports society. The importance of energy security has once again come sharply into focus, while the need to maintain and strengthen industrial competitiveness and ensure the sustainability of local communities has also become increasingly apparent. Decarbonization is essential for the future, but realizing it will require a realistic pathway that takes into account technology, costs, systems, and social acceptance. It is crucial that we articulate a vision for what the future should look like from a long-term perspective, rather than being swayed by short-term trends.

In that sense, what Japan needs going forward is a multifaceted approach that combines energy transition with energy addition. This will entail securing stable supplies of conventional energy while steadily building up new supply capabilities, such as renewable energy and next-generation fuels. I believe it is important for the country to advance both of these strategies in tandem.

I Upholding Responsibilities That Support Corporate Value with a Medium- to Long-term Perspective

In this context, we recognize that expectations on the Company are higher than ever. We are called upon to leverage the supply networks, operational capabilities, and diverse business foundation we have built up over many years to ensure a stable supply in the near term while making steady headway in providing new energy sources and materials for society. This is not simply about our own growth—it is a major undertaking that will help enhance the competitiveness of Japan's manufacturing industry as a whole.

The driving force for our advancement is people. Promoting GX is not only about creating new business opportunities—it is also about developing human capital to take the lead in the next generation. I believe that empowering people to grow through the business and channeling that growth into the sustainable strengths of the Company is one of the most critical ways we provide value. Since its foundation, the Company has consistently upheld the philosophy of People-Centered Management, and I believe that this philosophy is becoming increasingly important in an era that calls for transformation.

In April 2025, we launched a new management structure under President Sakai. While the executive team moves forward with transformation in an agile manner, we must hold fast to the core principles that guide our management. As Chairman, I will support the direction of management from a medium- to long-term perspective. In addition, as Chair of the Board of Directors from June 2026, I will strive to foster an environment that facilitates constructive discussion at Board meetings, while further reinforcing sound and highly effective governance.

From the standpoint of the industry, I will also continue to actively put forward policy proposals through forums such as the Petroleum Association of Japan, the GX Implementation Council, and the Japan Business Federation (Keidanren). I will share the front-line perspectives and understanding of the issues gained through dialogue with stakeholders broadly inside and outside the Company, while seeking more in-depth discussions with partners from government, industry, academia, and other fields about the appropriate energy mix for Japan and about establishing and strengthening global supply chains. By taking the lead in setting the direction for these discussions, I intend to help lay the foundations for the sustainable supply of energy and materials.

In today's era of great uncertainty, the Idemitsu Group must not shy away from change, but rather continue striving both to achieve the sustainable prosperity of society and enhance our corporate value. I appreciate your continued understanding and support.

Message from the President



Representative Director, President
and Chief Executive Officer

Noriaki Sakai

Inspiring the Future with Energy and Materials

I Balanced Management with a View to an Uncertain Future

The business environment in which Idemitsu operates faces unprecedented levels of uncertainty. Increasing geopolitical risk driven by mounting tensions in the Middle East has spurred a renewed focus on the importance of energy security. An array of factors is also interacting in complex ways, including the building of new supply chains to address shifting trade policies in various countries and geopolitical factors, along with rapid innovation in AI and other technologies. Furthermore, global moves toward carbon neutrality are not uniform, but have reached a stage where various countries and regions are being called upon to respond realistically based on their particular context.

I believe the Group has a clear role to play in this environment: to continue to provide a stable supply of energy and materials that support people's daily lives and industrial activities. At the same time, looking to the future, we must undertake transformation that will enable us to provide the new value that will support society to come.

Since its foundation in 1911, having upheld Ningen-Soncho (Having respect for human beings) as the foundation of its management, the Company has practiced thorough "people-centered management," guided by a Management Philosophy of being "Truly inspired." Our employees have worked together as a team to start up businesses that contribute to society and followed through with implementing these businesses in society. I believe the cumulative impact of these efforts has shaped the strengths of the Company. Taking these values to heart, since my appointment as President I have adopted a basic management stance that emphasizes balance. Without being swayed by changes in the business environment, I strive to discern what is worth preserving and steadily work to change what should be changed. Enhancing the profitability of existing businesses in a stable manner generates the cash needed to drive the next phase of growth—this cycle is the central axis of my management.

Even in an increasingly adverse environment, employees on the front lines are taking action each day to support the stable provision of energy and materials. I believe it is precisely individual employees fulfilling their role as "Your Reliable Partner for a Brighter Future" who together form the underlying strength of the Group, and who will be the foundation supporting our transformation going forward.

Message from the President

Review of the Previous Medium-term Management Plan

Under the previous Medium-term Management Plan, the Group fulfilled its mission of providing a stable supply of energy and materials with a view toward realizing our Vision for 2030 to become “Your Reliable Partner for a Brighter Future.” At the same time, our efforts to reform the business structure made headway, further enhancing the capital efficiency and profitability of our existing business and laying the groundwork for a carbon-neutral and circular society. Our human resources strategy, the core of the Company’s management, focused on maximizing employee growth and engagement through investments in human capital. We also took steps to pursue digital transformation (DX) and more sophisticated governance as a platform supporting these initiatives.

I believe our ongoing efforts to reform the business structure yielded results to some extent—we met our profit and ROE targets. At the same time, these results also reflect the beneficial impact of factors in the external environment, such as fluctuations in crude oil prices. Going forward, we must be tenacious in seeking to build an even more robust, more stable earnings foundation that is resilient to changes in the environment, and to further enhance capital efficiency.

At the same time, looking ahead to realizing a carbon-neutral society in the future, we strengthened various initiatives through collaboration with numerous partners. The knowledge and networks we have gained through these initiatives are powerful assets for expanding our future options. On the other hand, the context for carbon neutrality has shifted since we formulated the previous Medium-term Management Plan, and the time frame leading up to the point at which society achieves this goal warrants careful consideration. I believe it is vital to take the time needed for preparations and deliberation, weighing factors such as technology, cost, and the external environment, and to seek a greater sense of certainty in stages.

For this reason, although the previous Medium-term Management Plan bore fruit, we also have to reconsider the question of how the Company will create value over the medium to long term amid increasing uncertainties in the business environment. Here, we have steadily consolidated our foundation as we formulated a new Medium-term Management Plan with an eye to future growth.

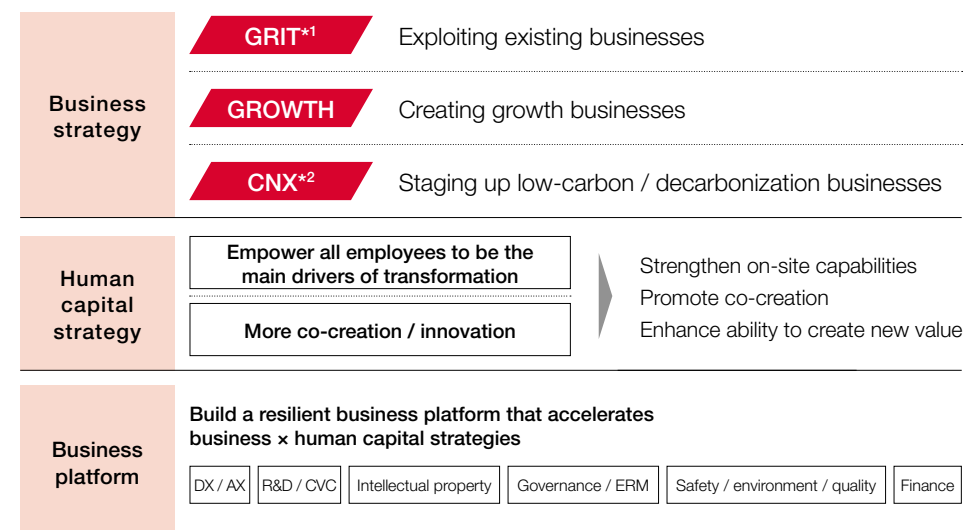
New Medium-term Management Plan

In light of the increasingly uncertain management environment, the Medium-term Management Plan (FY2026–2030) looks to rebalance our business strategy and enhance our “growth power” through a more pragmatic approach to achieve sustainable growth and increase corporate value. By pursuing both our business and human resources strategies, and linking

these organically with our business platform to support and accelerate the strategies, we will reach our various financial targets and ultimately realize our Vision for 2030 to become “Your Reliable Partner for a Brighter Future.”

Under the business strategy, we will pursue co-creation with various partner companies across our five business segments based on three themes: GRIT: Exploiting existing businesses; GROWTH: Creating growth businesses; and CNX: Staging up low-carbon / decarbonization businesses.

Through collaboration across the Group’s diverse businesses, we aim to realize a conglomerate premium that will elevate profit levels for the Group as a whole. In specific terms, this initiative involves dispatching personnel in charge of the electric power business to branches in Japan. As such personnel join the staff at our branches, which focus primarily on the sales of petroleum products, our authorized dealers have begun to engage in the electric power business as well. Going forward, we will create a framework capable of providing a range of products and services, including electricity, in an integrated manner. There are synergies that Idemitsu is uniquely able to generate due to our wide-ranging business portfolio. As we create value that exceeds the sum of our individual businesses, this will further enhance corporate value and contribute to the resolution of social challenges.



*1 The power of perseverance garnered through Guts, Resilience, Initiative, and Tenacity *2 Carbon Neutral Transformation

Message from the President

GRIT: Exploiting Existing Businesses

GRIT stands for Guts, Resilience, Initiative, and Tenacity. It expresses the ability to finish what we set out to do.

In our existing businesses, centered on petroleum, we will tenaciously carry out initiatives to enhance competitiveness across the value chain, from procurement to manufacturing, distribution, and sales. With top priority on the safe and stable operation of our refineries and complexes, we will steadily reinforce the management of security, operations, and facilities, while stepping up initiatives to boost utilization rates. Specifically, in addition to strengthening on-site capabilities, we will capitalize on digital technologies to achieve more sophisticated operations and facility management, invest in improving utilization rates, and promote stronger collaboration between the head office and complexes, targeting even more stable operations. On the sales front, building on our nationwide network of roughly 1,000 dealers and 6,000 apollostation brand service stations, we will seek to forge deeper ties with local communities and reinforce the network so that our service stations continue to be the preferred choice of customers.

We will continue to take rigorous action with regard to underperforming businesses—namely, the Nghi Son Refinery in Vietnam and the basic chemicals and power and renewable energy businesses. We have been systematically restructuring these businesses since the previous Medium-term Management Plan. The Nghi Son Refinery in particular has achieved positive operating income for five consecutive years (excluding inventory impact), while the power and renewable energy business is also narrowing its losses. Although earnings improvement in the basic chemicals business has been delayed due to worsening market conditions, we will step up the pace of structural reforms, including optimizing production capacity through the consolidation of ethylene plants and strengthening our competitiveness in derivative products.

GROWTH: Creating Growth Businesses

GROWTH refers to the creation and expansion of new businesses in medium- to long-term growth fields, building on the technologies, customer base, and international networks cultivated in our existing businesses. The four key areas here are the provision of key materials and solutions, further global expansion, mobility services (Smart Yorozya), and circular businesses. We will organically link businesses and technologies with customer touchpoints while enhancing the certainty and speed of commercialization through co-creation with partners.

The development of electrification and ICT is accelerating globally alongside ecosystems that integrate diverse devices and infrastructure. Idemitsu has a number of key materials and

solutions here, including lithium solid electrolytes and lubricants, and we will expand value creation in this area through co-creation with partners.

In terms of further global expansion, we will step up the pace of business expansion centered on the lubricant, gas and LNG, and resources fields by fully capitalizing on strengths we have developed to date—our overseas trading platform, the customer network of our lubricant business, and knowledge of resource development and operations.

Smart Yorozya is an initiative to develop our nationwide apollostation service stations into more than just a network of fuel supply points by evolving the service stations into important touchpoints with customers and local communities. In addition to expanding customer touchpoints using the Company's Drive On app, we will enhance the added value of the service stations and create new customer value by combining services, such as car body care and car sales.

In terms of circular businesses, we are building a business model that circulates resources while leveraging existing assets in our petroleum refining and petrochemicals facilities with a view to expansion of the circular economy. We will commercialize systems that make effective use of resources, such as the chemical recycling of used plastics, steadily tapping into the expected increase in demand for a circular society.



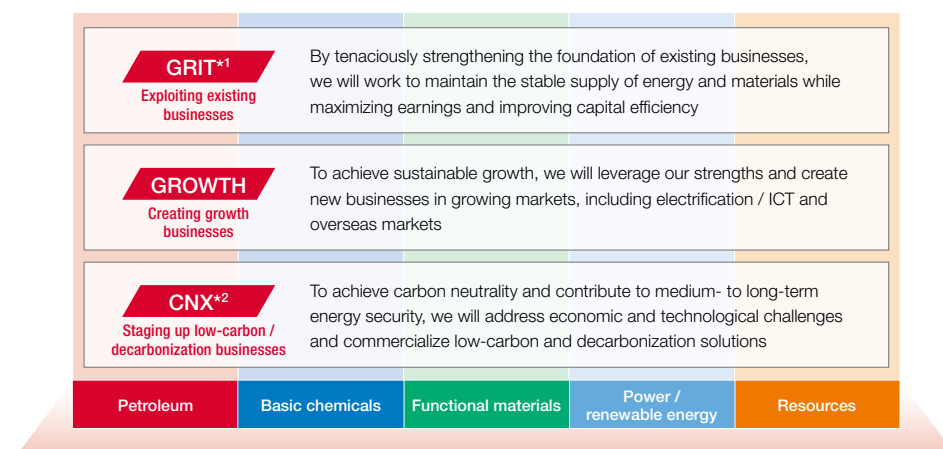
Message from the President

I CNX: Staging Up Low-Carbon / Decarbonization Businesses

Our policy on approaching the low-carbon and decarbonization business remains unchanged, and we will continue to take on the challenge of realizing a carbon-neutral society. The context of carbon neutrality has shifted recently, however, including changes to the timeline for decarbonization. This calls for us to discern a more realistic pathway toward achieving carbon neutrality in society. I do not consider energy security and carbon neutrality to be in opposition, and believe we should approach both issues together. Today, as the issue of energy security is again being examined, it is crucial to enhance the resilience of the supply structure itself, with an eye to the future. Since Japan is susceptible to impacts from the external environment in terms of energy procurement, I believe building a supply framework that is not overly reliant on particular resources will help ensure stable supply in the future.

The low-carbon and decarbonization business will not produce visible results within a short time frame. For just this reason, we must discern the direction of change in society and industry to ensure that we can offer appropriate choices in various phases by moving forward in laying the groundwork in areas such as technology, business infrastructure, and alliances with partners. I consider this to be our responsibility as a company that deals in energy.

Business Strategy for Increasing Corporate Value



*1 The power of perseverance garnered through Guts, Resilience, Initiative, and Tenacity *2 Carbon Neutral Transformation

I Individual Employees Are the Main Drivers of Transformation

The most critical management resource for Idemitsu is our people. Underlying this belief is our fundamental management principle of Ningen-Soncho (Having respect for human beings). Trusting people do their jobs responsibly and enabling them to gain experience in using their own judgement and seeing things through to completion continues to be the source of the overall strength of the Group.

I myself, as a junior employee, once had a customer tell me that “Idemitsu always sends younger representatives, and they make their own decisions on the ground and take responsibility for dealing with us.” Since its founding, the Company has a saying: “Each and every employee is an entrepreneur.” I see the fact that people outside the Company remark on the proactive attitude of individual employees as a real strength, which highlights Idemitsu’s unique character.

Building on this fundamental approach, the human resources strategy in the Medium-term Management Plan is grounded in two key concepts: “Empower all employees to be the main drivers of transformation” and “More co-creation / innovation.” One person alone cannot achieve transformation. As individual employees gain a deeper sense of engagement and personal growth, and as we foster a sense of organizational unity based on the Action Guideline, this will become the foundation for steadily moving forward with transformation.

We will also speed up initiatives to support co-creation and innovation. In addition to collaboration with outside partners, we also emphasize horizontal collaboration within the Group. Mutual understanding and personnel exchanges across Group departments are the objectives of our Job Festival. The festival has been a venue for more active information exchanges among employees than ever before. I’ve been very pleased to see the steady formation of a culture that naturally gives rise to collaboration across organizational boundaries.

Individual employees are the main drivers of transformation. As all of our employees seek to think for themselves and take action, this will steadily heighten our organizational capabilities.

I Business Platform

We are shoring up the business platform that forms the bedrock of our business and human resources strategies. This will give us a more robust foundation to steadily execute both strategies and deliver future growth. In terms of digital transformation (DX), our initiatives go beyond the scope of conventional DX to encompass AI-based management process optimization. Our intellectual property strategy has also taken a step beyond existing activities focused on rights protection to include the implementation of both defensive and offensive strategies for the entire IP portfolio. In a business environment where co-creation is taken for granted, it is essential to consider how to generate value from our intellectual property.

Message from the President

We plan to complete construction of an Integrated Research Institute (tentative name) in March 2028. By integrating dispersed research units and building an R&D framework that spans our businesses, while also strengthening collaboration with outside partners, the laboratory will serve as an integrated framework to handle all stages, from R&D to commercial production. OLED materials, a mainstay product for Idemitsu, have now grown into a stable profit-generating business, after more than 40 years of basic research culminated in the provision of these materials to society. Solid electrolytes are another development that we have advanced by focusing on the sulfur compounds generated by the petroleum refining process and drawing on the research capabilities and technical expertise we cultivated over many years. Ahead of the practical implementation and commercialization of all-solid-state batteries, we are making steady headway in validating mass-production technologies and establishing a supply framework.

Without being distracted by short-term results, we will forge ahead with basic research and link this research to needs in society. I believe the cumulative impact of these efforts is one source of the Company's competitiveness. With the new integrated laboratory serving as a hub, we will steadily increase the speed and accuracy of our value creation through co-creation both within the Group and with outside partners.

I Governance Supporting Global Management

In the wake of the merger of Idemitsu Kosan and Showa Shell Sekiyu in 2019, we worked quickly to strengthen the governance framework. I am proud to say that the continuous reforms we have carried out over the past few years have steadily increased the sophistication of the Group's governance.

On the other hand, from a global governance perspective, there are still issues that remain to be addressed. The Group currently has over 60 overseas bases, and its business fields are expanding rapidly. Heeding the advice of outside directors and considering other factors, we will continue to explore participation in Group management by foreign talent. Moreover, as different countries and regions continuously revise legal regulations and change quasi-statutory rules, an exhaustive review of necessary procedures and frameworks is crucial. Given the limitations on our ability to monitor all business execution from the Japan head office alone, we will strengthen our management structure going forward centered on the local subsidiaries that have extensive knowledge of the local context.

In parallel with this, we will pursue more sophisticated Enterprise Risk Management (ERM) with a view to establishing a framework to enable multiple types of information, including business risks, to be shared and utilized across the Group. We will bolster intelligence functions, which are tasked with the early identification of risks as well as scenario analyses and geopolitical risk assessments. This will enhance the caliber of decision-making for management and sharpen our ability to respond to uncertainties.



I Message to Stakeholders

Precisely because we live in a time of uncertainty and chaos, I believe we are being called upon to demonstrate to society the concrete results of our Vision for 2030 to become “Your Reliable Partner for a Brighter Future.” FY2026 is the initial year of the new Medium-term Management Plan. We will enhance profitability in the near term and generate investment resources for the future. We will use these funds to propel GROWTH and CNX initiatives, paving the way for our next stage of growth. To this end, we will further develop our people, businesses, and technologies, which are the Group's strengths.

Dialogue with stakeholders plays an essential role in achieving this. We will reflect insights gained from dialogue in management and feed back the insights into our dialogue with employees, sharing them across the organization. We will continue to practice “people-centered management” as we drive the Group forward as one Group.

To continue to fulfill our responsibility to protect both the daily lives of people around the world and the natural environment, thus Shaping Change, the Group will inspire the future with energy and materials.

I sincerely ask for your continued understanding and support.

Message from a Former Outside Director



A Company I'm Glad Exists: A Parting Message to Idemitsu Kosan

Former Outside Director
Former Chair of the Board of Directors

Takeo Kikkawa

On June 24, 2026, I stepped down as an Outside Director of Idemitsu Kosan, a position I held for nine years. Looking back on my tenure, I can't help but feel that it's truly a wonderful thing that Idemitsu Kosan exists as a company.

Idemitsu Kosan is a company that is indispensable both to Japan and to the world. This is because it is a rare entity that is simultaneously pursuing both Energy Addition and Energy Transition, two goals that human society is currently pursuing.

While fulfilling its responsibility to supply petroleum, the Company is also focusing its efforts on the development of synthetic fuels (e-fuels) produced from methanol. While fulfilling its responsibility to supply coal, it is paving the way for the co-firing of ammonia and black pellets. The Company is also making a full-scale entry into the natural gas business and increasing its presence in the renewable energy sector, with a focus on solar, biomass, and geothermal power. The development of all-solid-state batteries has the potential to fundamentally revolutionize mobility and power grids.

Why has Idemitsu Kosan been able to become such a rare entity? It's because many people

who work there do not work solely for themselves or even for the Company, but rather think and act with Japan and the world in mind as well.

Because it is united by a shared sense of purpose, the Company is a place where a wide range of opinions are freely and openly exchanged. During the latter half of my tenure as an Outside Director, I was entrusted with the important role of Chairperson of the Board of Directors. At Board meetings, however, lively discussions took place without distinction between Directors and Audit & Supervisory Board Members, Internal and Outside Directors, or Executive and Non-Executive Officers. Over the course of nine years, I cast a dissenting vote on the Board of Directors on two occasions. At dialogue sessions with industry-savvy analysts, which I attended as an Outside Director, I was able to express my views literally without any constraints.

This sense of purpose has taken root not only among Japanese employees but among foreign employees as well. Whether I was talking with an American employee working in the lubricants business in Kentucky, a Canadian employee involved in oil sales in Sacramento, an employee handling trading operations in Singapore, an Australian coal-mining engineer working at the Boggabri Mine, or a young Vietnamese engineer striving to master their craft at the Nghi Son Refinery—they all spoke passionately about what it means to work at Idemitsu.

I've been truly fortunate to have worked alongside such wonderful people for nine years. But that is precisely why I have some parting words I would like to share with them.

My message—to borrow from a Japanese proverb—is: Don't be a frog in a well. In other words, don't live in a bubble. Working with a genuine sense of purpose is amazing. It brings great joy and an immense sense of fulfillment. But if you get too caught up in it, you lose sight of the expectations waiting for you outside the well. We are called on to go beyond the sense of accomplishment derived from a supply-side perspective and adopt a market-driven approach, using that as the starting point for our work. Once you take that first step out of the well, you can identify the source of lost profits, tap into those profits, and enhance corporate value. One example is the need to develop a business model that monetizes environmental value.

When Idemitsu Kosan steps outside the confines of its well, its brilliance as "a company I'm glad exists" will stand out even more.



Review of the Previous Medium-term Management Plan

I FY2020–2022 Medium-term Management Plan

1. Positioning

- A three-year period for rebuilding the management foundation of the newly integrated company and for building opportunities for transforming the business portfolio for the future
- We reclassified key points of its plan in the aftermath of the COVID-19 pandemic and announced a revised Medium-term Management Plan in May 2021

2. Strategy

- Aiming to realize a resilient business portfolio against a backdrop of declining petroleum demand in Japan and changes to the energy structure, we took steps to strengthen our cash generation capability, centered mainly on petroleum as the core business for the earnings base. We also invested in growth fields such as functional materials and renewable energy
- In the revised plan, we announced our Vision for 2030 to become “Your Reliable Partner for a Brighter Future.” This was a course-correction toward a basic concept of transforming the business portfolio and a policy that more strongly emphasized exercising financial discipline and securing the cash needed to realize this transformation

3. Results

	Plan	Achievements
Operating + equity income (bn)	410	252
ROIC (FY2022)	4.2%	6.2%
ROE (FY2022)	8.0%	14.2%
Total payout ratio	50%	50.3%

- Profit levels, ROIC, and ROE all exceeded the plan (excluding inventory impact)
- We stabilized the management foundation through initiatives designed to realize integration synergies, business structure reforms, and capital efficiency gains. We also made headway in laying the management foundation for non-financial domains, such as setting greenhouse gas reduction targets and pursuing digital transformation

4. Issues and continuity with the next Medium-term Management Plan (FY2023–2025)

- Under the initial plan and its subsequent revision, we made strides in stabilizing the earnings base and tightening financial discipline, and clarified the concept and direction for transforming the business portfolio. The direction established under this plan carried over to the next Medium-term Management Plan, formulated to implement this direction and cultivate earnings drivers

I FY2023–2025 Medium-term Management Plan

1. Positioning

- Building on the foundation created under the previous plan, we positioned the new Medium-term Management Plan as an action plan for transforming the business portfolio and realizing the Vision for 2030, looking ahead to the decarbonization of society

2. Strategy

- We pursued management aimed at both maximizing earnings from existing businesses and creating new businesses that contribute to carbon neutrality and a circular society
- In new business creation, we sought to reform the business structure through social implementation in three business domains: Energy One Step Ahead, Diverse Resource Conservation / Circulation Solutions, and Smart Yorozyua

3. Results

	Plan	Achievements
Operating + equity income (bn)	230*	244
ROIC (FY2025)	7%*	6.5%
ROE (FY2025)	10%*	10.6%
Total payout ratio	50%	52%

* Targets revised upward in May 2024

- Profit growth in the Petroleum and Functional Materials segments helped us achieve our targets, including for operating and equity income and ROE
- In our existing businesses, we made progress in strengthening profitability through structural reforms and other initiatives. In new domains, we pursued initiatives in stages, such as the transition of refineries and complexes into CNX Centers, next-generation energy, and solid electrolytes

4. Issues and continuity with the next Medium-term Management Plan (FY2026–2030)

- Although we achieved the targets of the previous Medium-term Management Plan, issues remained to be addressed, including building a stable earnings base that is not reliant on temporary factors such as resource prices and further improving capital efficiency
- We also pushed back the timing of the full-fledged contribution to earnings from new businesses from the initial timeframe, owing to factors such as a slowdown in the push toward decarbonization and advances in technological innovation. Under the next plan, we have rebuilt our growth strategies to achieve the sustainable enhancement of corporate value, taking into account changes in the business environment

Business Environment

I Macroeconomic Environment

The macroeconomic environment for energy and materials is changing significantly, driven by the interaction of multiple factors, including the heightened importance of energy security in light of a shift in decarbonization trends and emerging geopolitical risks, as well as advances in digital technology. In particular, policy developments and the level of technological innovation in various countries impact not only energy supply and demand, but also materials demand and industry structure, and the direction of such changes is not uniform. Moreover, mounting geopolitical risks, climbing inflation, and the emergence of the Global South are among a number of burgeoning factors that are challenging conventional assumptions.

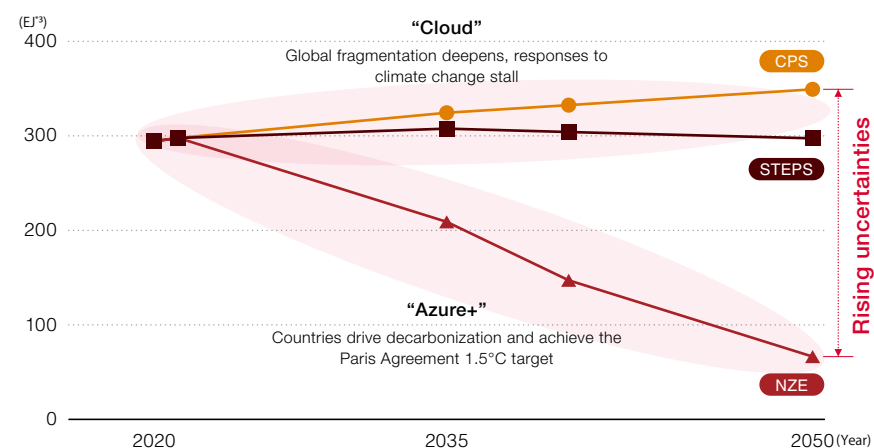
	Changes in the environment	Major developments
Politics	Rising energy security risks due to conflicts in the Middle East and Ukraine	• Sharp fluctuations in crude oil prices • Energy security
	U.S. policy risks	• U.S.: tariffs, supply chain disruptions
	Pushback against decarbonization and a return to fossil fuels, primarily in the U.S. and Europe	• U.S.: withdrawal from the Paris Agreement • Europe: easing of automobile CO₂ emissions regulations
Economy	Progress of global inflation	• Rising costs for raw materials, transportation, construction, etc.
	Signs of a shift change in the international order driven by the rise of the Global South	• Shift of production bases from China to India • Expansion of BRICS influence
Society	Growing momentum away from a mass production, mass consumption economy	• Global Circularity Protocol (GCP) • Moves to begin establishing Circular Economy Act in Europe
	Declining domestic working population and increasing mobility in the labor market	• Human resources shortages and rising personnel costs • Diversification of human resources and careers
Technology	Further advances in digital technologies and the spread of generative AI	• Acceleration of electrification, ICT adoption • Implementation of generative AI, expectations for artificial general intelligence

I Long-Term Outlook for Fossil Fuel Demand

Under the previous Medium-term Management Plan, we formulated a business strategy based on our “Azure+” scenario, under which various countries strongly drive climate change measures and promote the transformation of energy systems. Since that time, however, the outlook for energy supply and demand has changed dramatically in line with the policy developments of various countries, heightened awareness of energy security issues, and advances in technological innovation. In particular, at present we are seeing emerging signs of our “Cloud” scenario, which sees a modest pullback from decarbonization and a generally flat level of demand for fossil fuels.

Looking at the long term, however, decarbonization efforts are expected to pick up momentum again toward the achievement of carbon neutrality in 2050. In this way, future energy supply and demand are heavily influenced by trends in policies, technologies, and society, and the level of uncertainty is higher than ever before. Our focus under the new Medium-term Management Plan is on management that can respond rapidly and flexibly to change, taking into account multiple scenarios predicated on these uncertainties and changes in the environment.

Global Fossil Fuel Consumption*1 (IEA outlook*2)



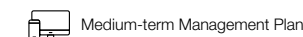
*1 Prepared by Idemitsu based on IEA, “World Energy Outlook 2025” (fossil fuel consumption is the total consumption of oil, gas, and coal)

*2 CPS = Current Policies Scenario: a scenario that assumes only policies already enacted as laws will continue
 STEPS = Stated Policies Scenario: a scenario that considers, in addition to policies already enacted, specific plans and targets officially announced by governments

NZE = Net Zero Emissions by 2050 Scenario: a scenario in which net zero emissions are achieved globally by 2050

*3 EJ = exajoules (10¹⁸ joules)

Overview of the New Medium-term Management Plan



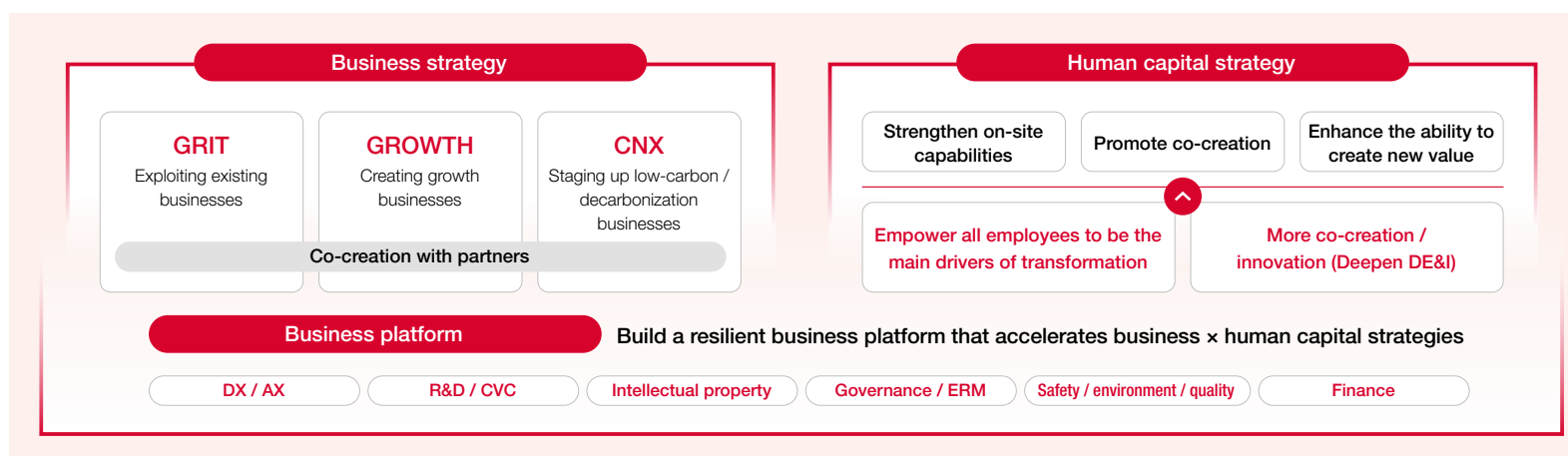
Our basic policy for enhancing corporate value—the three key initiatives involving our business strategy, human capital strategy, and the business platform that supports them both—is unchanged. Under the new Medium-term Management Plan, we will further reinforce these initiatives and strengthen our earnings capability, aiming to achieve our 2030 management target of increasing profitability and capital efficiency while realizing the Vision for 2030 to become “Your Reliable Partner for a Brighter Future.”

The aim of the business strategy is to bolster our stable earnings base by further developing existing businesses while expanding initiatives in medium- to long-term growth domains and improving the overall quality of our business portfolio. We will also strive to find and commercialize solutions to social issues, looking ahead to the transition to a low-carbon or decarbonized society.

Under our human capital strategy, we will seek to strengthen on-site capabilities and promote cooperation across organizations, guided by two themes: “Empower all employees to be the main drivers of transformation,” and “More co-creation/innovation (deepen DE&I).” We will also reinforce the human capital foundation to support the creation of new value. In this way, we will further increase our ability to execute business strategy.

For the business platform that supports these strategies, we will also seek to strengthen our business foundation in several ways, including enhancing management processes through AI, promoting solutions to social issues and value creation via the Innovation Center—our hub for promoting internal and external co-creation—and pursuing more sophisticated integrated risk management (ERM). In this way, we will maximize the impact of our business and human capital strategies, lay down a management foundation capable of responding flexibly and with agility to changes in the environment, and sustainably enhance corporate value.

FY2030 financial targets		ROE	FY2027–2028 12%	FY2030 ≥ 13%	Profit before tax	¥360 bn	
KPI	ROIC	Cumulative investment amount	Total payout ratio (period average)	Transformation leaders (advanced practitioners of Action Guideline)		Idemitsu EI	vs. 2013 CO ₂ reduction
	≥ 7%	¥1,800 bn	≥ 50%	2,000		80%	–30–46%



Message from the CFO



Financial Strategy to Achieve the New Medium-term Management Plan and Enhance Corporate Value

Director, Managing Executive Officer
and Chief Financial Officer

Takashi Sakata

Review of FY2025 and Outlook for FY2026

Operating + equity income, excluding inventory impact, totaled ¥244.1 billion in FY2025, while net income excluding inventory impact was ¥192.3 billion. Despite multiple large-scale regular maintenance projects at our oil refineries during the year, results exceeded the previous year, reflecting improved performance in the Power and Renewable Energy Segment and a positive time lag impact stemming from the sharp rise in crude oil prices at the end of March in the wake of the deteriorating situation in the Middle East. ROE also reached 10.6%, achieving the target of the previous Medium-term Management Plan.

Looking ahead to further expansion overseas, the Company has voluntarily adopted International Financial Reporting Standards (IFRS) from FY2026, aiming to enhance the international comparability of its financial information and optimize Group management and administration through the standardization of our accounting treatment. In conjunction with the voluntary adoption of IFRS, we will change our segment profit and Group-wide management indicator from “operating + equity income” under Japanese GAAP to “income before tax excluding finance expenses” under IFRS.

We formulated our FY2026 earnings forecast on the assumption that the Strait of Hormuz will be open to navigation from the second quarter, but the situation in the Middle East remains uncertain. As a result, we expect net income excluding inventory impact to fall below the previous year to ¥90.0 billion due to a negative time lag impact following a decline in crude prices. Excluding the time lag impact, however, net income is forecast at ¥179.0 billion, a level corresponding to ROE of over 12%. We believe our efforts to strengthen our underlying earnings power are steadily bearing fruit.

Review of the Previous Medium-term Management Plan

We positioned the previous Medium-term Management Plan as a period for promoting business transformation toward a carbon neutral, circular society, based on the assumption that moves toward decarbonization would pick up momentum. The transition is now projected to take place later than initially anticipated, however, while the downturn in fossil fuel demand has also been more gradual than expected. In this environment, we have carried out various initiatives in terms of both “R” (Return: business strategy) and “E” (Equity: capital and financial strategy) to enhance both corporate and shareholder value—particularly by improving ROE, a capital efficiency indicator.

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

From a business strategy perspective, we took steps to improve underperforming businesses and boost the profitability of existing businesses.

In the Petroleum Segment, we steadily passed on costs through appropriate pricing and focused on expanding our trading business to capture demand from growing overseas markets. In our refinery structure, we shut down refining operations at Seibu Oil Company Limited in March 2024 and, to further streamline the operations of the Group overall, we made Fuji Oil Company, Ltd. a consolidated subsidiary in November 2025. In the Basic Chemicals Segment, we optimized production capacity by consolidating ethylene plants and integrating the polyolefin business, and strengthened the competitiveness of the derivative products business.

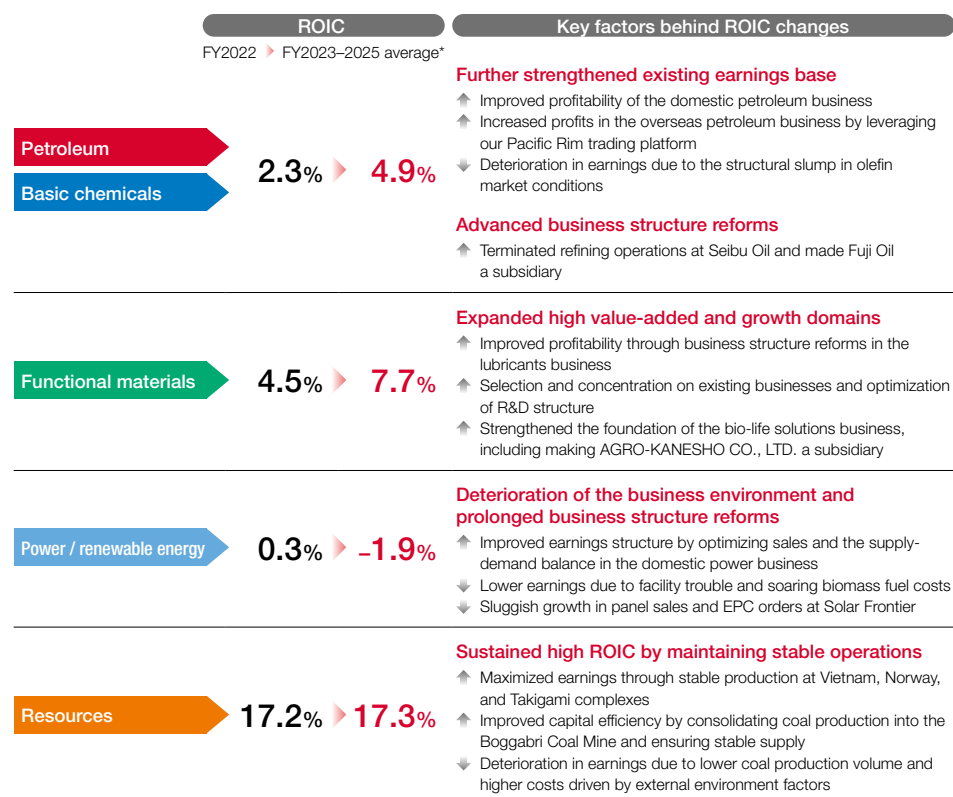
Deterioration in market conditions for the basic chemicals business notwithstanding, thanks to the above initiatives the three-year average ROIC for the Petroleum Segment and Basic Chemicals Segment increased by 2.6 percentage points.

In the Functional Materials Segment, we worked to improve profitability and asset efficiency by expanding overseas sales of lubricants, withdrawing from unprofitable businesses in Advanced Materials & Performance Chemicals, and welcoming AGRO-KANESHO CO., LTD., to the Group in the pesticides area. As a result of these initiatives, the three-year average ROIC for the Functional Materials Segment increased by 3.2 percentage points. In the Power and Renewable Energy Segment, in addition to optimizing sales and the supply-demand balance in the domestic power business, we made headway with initiatives to establish a solid earnings base for Solar Frontier K.K. Nevertheless, deterioration in the business environment brought about by soaring biomass fuel costs and other factors, along with delayed progress on structural reforms, caused a 2.2 percentage-point decline in the three-year average ROIC for the Power and Renewable Energy Segment.

Message from the CFO

In the Resources Segment, we increased 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. As a result, the three-year average ROIC for the Resources Segment increased by 0.1 percentage point, as we maintained high capital efficiency despite cost increases driven mainly by inflation.

In our carbon neutrality-related businesses, which are geared toward the transformation of our business portfolio, in light of the fact that the transition to a carbon neutral, circular society is projected to occur later than initially expected, we made careful decisions, moving forward with needed preparations while discerning the emergence of new demand. We are making steady progress toward the start of production of solid electrolytes in 2027-2028, including the decision in January 2026 to construct a large pilot facility.



* Excluding inventory impact and external environment factors: adjusted for the time lag impact in petroleum and for coal prices (coal prices adjusted to \$120/t based on the FY2025 plan assumptions)

(2) Capital and financial strategy: optimization of shareholders' equity (optimize "E")

Turning to our capital and financial strategy, while maintaining our current credit ratings (A+ from both R&I and JCR), we took steps to further improve capital efficiency by adopting a shareholder return policy targeting a total payout ratio of at least 50% of net income (excluding inventory impact) for the three-year period from FY2023 to FY2025. In addition, we announced plans to control shareholders' equity at ¥1.7 to ¥1.8 trillion to accommodate business portfolio transformation and business risks. We also conducted an additional share buyback of ¥100.0 billion in FY2024 to optimize shareholders' equity. As a result, the total payout ratio over the three-year period was 72%.

Despite the impact of certain temporary factors associated with fluctuations in crude oil prices, total operating + equity income for the three-year period came to ¥769.3 billion, significantly exceeding our target of ¥600.0 billion, with ROE in the final fiscal year reaching 10.6%, exceeding the target of 10%. On the other hand, ROIC for existing businesses was 6.5%, below the 7% target. While we believe we were able to improve underlying earnings power and control shareholders' equity, under the new Medium-term Management Plan, we will work to build a more robust and more stable earnings base that is resilient to environmental changes, as well as to improve capital efficiency.

Initiatives to Enhance Corporate and Shareholder Value under the New Medium-term Management Plan

Under the new Medium-term Management Plan, given increased uncertainties in the business environment, we will drive sustainable growth by focusing on existing businesses that make a strong contribution to profit, while leveraging our strengths to target growth areas with prospects for commercialization. Also, continuing from the previous Medium-term Management Plan, we have again set a key financial target of improving ROE, an indicator of capital efficiency, and will continue pursuing initiatives in terms of both "R" (Return: business strategy) and "E" (Equity: capital and financial strategy).

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

From a business strategy perspective, we will work to grow profits by focusing mainly on GRIT (exploiting existing businesses) and GROWTH (creating growth businesses) initiatives, where we can leverage our strengths. We are forecasting income before tax excluding finance expenses of ¥360.0 billion in FY2030.

Under the GRIT strategy, we will reinforce the value chains of our existing businesses, with the aim of increasing income before tax by ¥110.0 billion by FY2030. We are planning cumulative

Message from the CFO

GRIT investments of ¥830.0 billion over the five years from FY2026 to FY2030. Of this total, ¥760.0 billion will go to maintenance investments to help strengthen the earnings base of existing businesses. Our core concern is the safe, stable operation of our refineries and complexes. We will step up initiatives for stable operations, with ¥590.0 billion in GRIT investments in the Petroleum Segment accounting for 70% of the total, and maintenance and renewal investment in the Petroleum Segment, mainly at refineries, increasing by 30% from the previous Medium-term Management Plan.

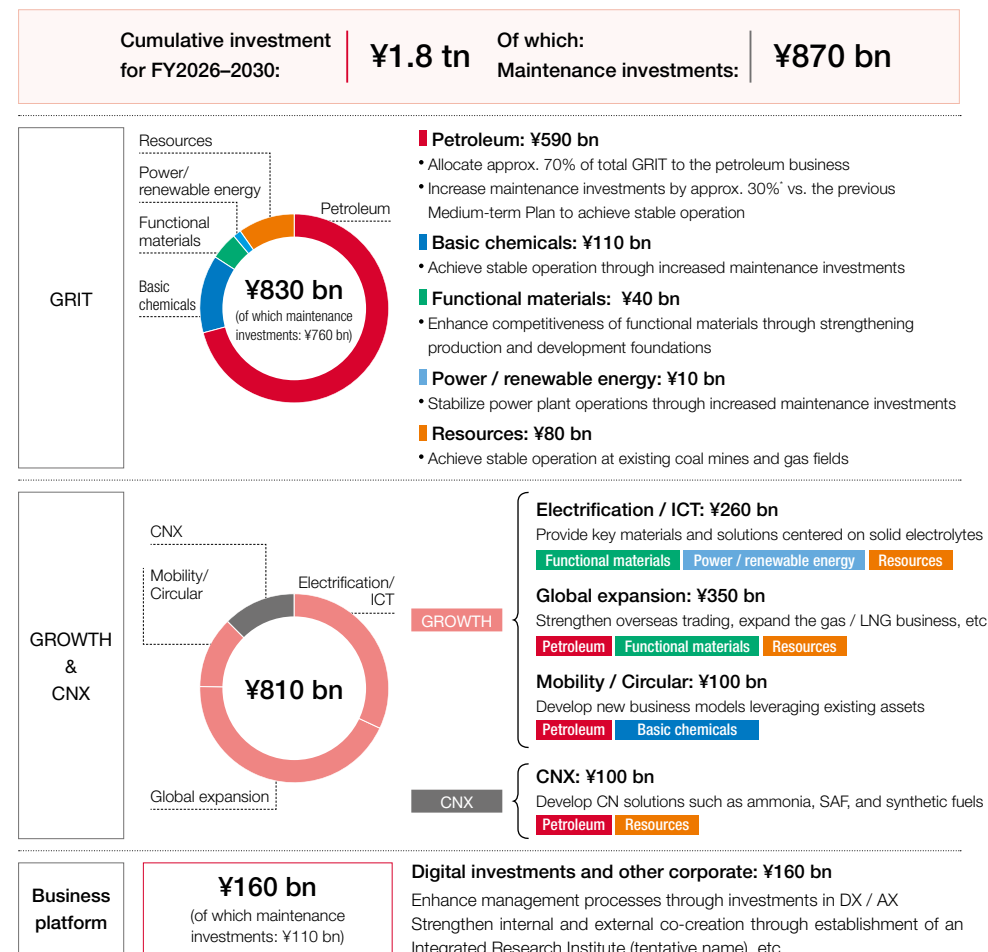
For the Nghi Son Refinery, which is one of our businesses facing challenges, as well as for the Basic Chemicals Segment and Power and Renewable Energy Segment, we will move ahead with business structure reforms while reviewing and judging the businesses based on their capital efficiency, earnings, and financial conditions.

Under our GROWTH Strategy, we aim to realize sustainable growth by creating and expanding businesses in growth areas where we can leverage the Company's strengths. Through GROWTH initiatives, we expect to increase income before tax by ¥60.0 billion by FY2030. We are planning cumulative GROWTH and CNX investments of ¥810.0 billion over the five years from FY2026 to FY2030. Total planned cumulative investment for the five-year period is ¥1.8 trillion, comprising GRIT investment of ¥830.0 billion, the above-mentioned GROWTH and CNX investment of ¥810.0 billion, and business platform investment of ¥160.0 billion, primarily in digital technologies.

(2) Capital and financial strategy: optimization of shareholders' equity (optimize "E")

From a capital and financial strategy perspective, we intend to maintain our A-level bond credit ratings while investing in sustainable growth and improving capital efficiency through highly predictable and stable shareholder returns emphasizing dividends.

Following our voluntary adoption of IFRS in FY2026, shareholders' equity has decreased by ¥430.0 billion, reflecting revisions to land valuations and other factors, while liabilities increased by ¥260.0 billion due to the recognition of lease liabilities. As a result, the net debt-to-equity ratio now exceeds 1.0. This impact is due to changes in accounting standards, however—the Company's ability to generate cash has not changed, so we do not believe this will have an immediate impact on our credit ratings. We will control the net debt-to-equity ratio while being attentive to the level at which our A-level credit ratings can be maintained. With regard to the level of shareholders' equity, our policy under the previous Medium-term Management Plan was to control the level at ¥1.7 to ¥1.8 trillion, taking into account business portfolio transformation and business risks. Since we set this range taking into consideration the negative impact of IFRS adoption on shareholders' equity, the current level of shareholders' equity remains within an appropriate range.



* Excluding IFRS impact

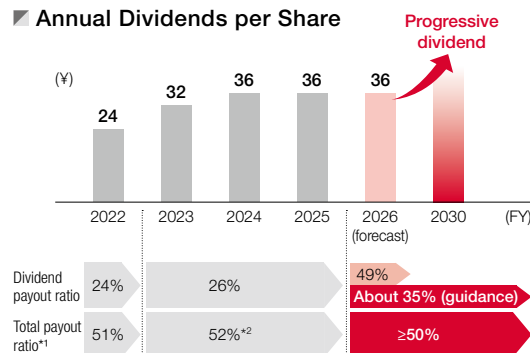
Our policy for shareholder returns is to consider the balance between investing in growth and offering attractive shareholder returns. We will therefore maintain the policy adopted in the previous Medium-term Management Plan of targeting a total payout ratio of at least 50% of net income (excluding inventory impact).

Moreover, to provide more stable returns and enhance predictability, in FY2026 we have introduced progressive dividends with a dividend payout ratio guidance of 35%. We project

Message from the CFO

cumulative operating cash flow of ¥1.77 trillion over the five years of the new Medium-term Management Plan from the profit growth achieved through our GRIT and GROWTH strategies, which we expect to cover most of our planned growth investments of ¥1.8 trillion. Even factoring in shareholder returns of ¥430.0 billion, we believe we will be able to maintain our A-level credit ratings.

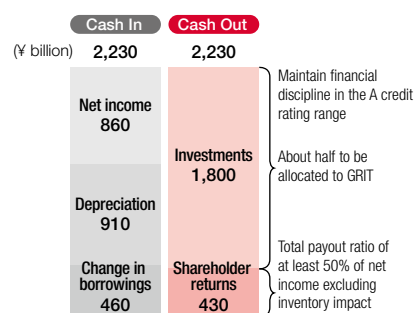
Annual Dividends per Share



*1 Total payout ratio based on net income excluding inventory valuation effects

*2 Additionally, we executed ¥100 billion in share buybacks in FY2024

FY2026–2030 (Five-year Cumulative)



Strengthening Dialogue with the Equity Markets

We continued to expand and enhance our engagement with investors and analysts in FY2025.

In FY2025, we held over 400 meetings with investors and analysts in Japan and overseas. We also hosted a site visit to the Chiba Complex for securities analysts in January 2026 to observe refinery training and our work on solid electrolytes. We believe the visit provided an opportunity for analysts to gain a more in-depth understanding of our efforts to strengthen the earnings base of our existing business and our initiatives in solid electrolytes, which is a growth business.

Increasing the proportion of individual shareholders is another key management theme for Idemitsu. Through lottery-based shareholder benefits, individual investor presentations, tours of our complexes, and the streaming of a “Word from the President” in which the president communicates directly with shareholders, we aim to broaden the range of investors who understand and have buy-in for our business activities and medium- to long-term strategies. These efforts are steadily increasing the number of individual shareholders. Looking ahead, we will use our dedicated shareholder website, “Idemitsu Connect,” to further enhance two-way communication with individual shareholders and share the Company’s progress with them.

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

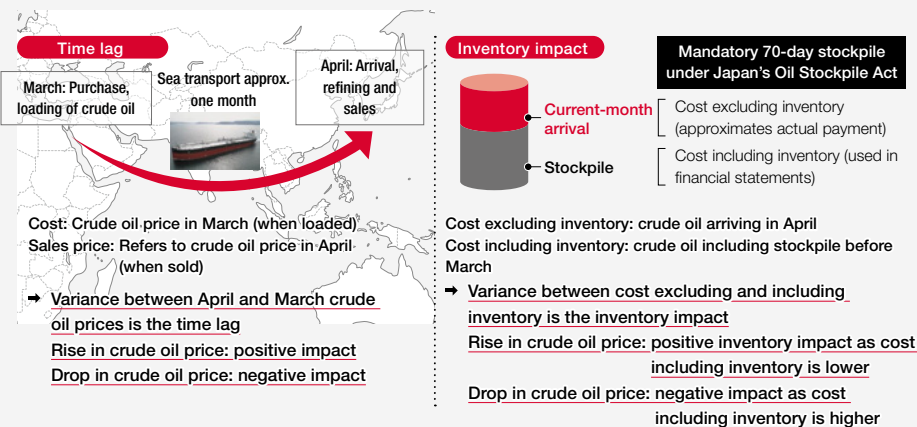
Inventory impact and time lag

The Company’s profits are structurally subject to ups and downs due to inventory impact and time lags caused by fluctuations in crude oil prices.

Inventory impact is calculated as the difference between costs calculated taking into account inventories, including mandatory stockpiles, and costs calculated based solely on crude oil purchased during the current period, excluding existing inventories. Time lags arise because the timing of the crude oil prices referenced for sales prices differs from the timing of crude oil prices referenced for the current-period purchase costs. Current-period purchase costs are the costs of crude oil arriving in Japan during the current period, and are determined mainly by reference to crude oil prices at the time the crude oil is loaded onto tankers in oil-producing countries. In contrast, domestic sales prices are determined by reference to crude oil prices at the time of sale. Since the voyage from oil-producing countries to Japan takes about a month, there is roughly a one-month gap between the timing of the crude oil prices referenced for sales prices and those referenced for costs. As a result, fluctuations in crude oil prices cause ups and downs in profits. Both inventory impact and time lags have a positive impact on profits when crude oil prices are rising and a negative impact when they are falling.

The Company uses profit excluding inventory impact, which approximates a cash-basis measure, as a basis for evaluating the business and determining the total payout ratio.

Concept of Time Lags and Inventory Impact Example: Impact on April earnings



Message from the COO



Accelerating Global Expansion with Diverse Human Capital and Strategic Partners

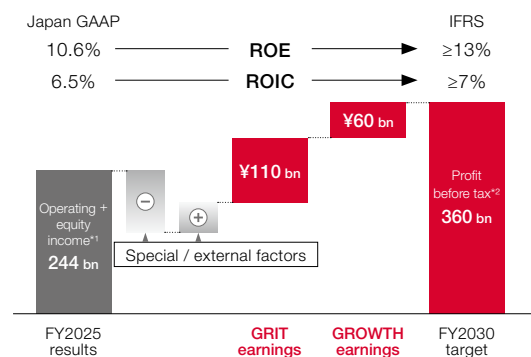
Representative Director, Executive Vice President,
and Chief Operating Officer

Atsuhiko Hirano

With the goal of achieving carbon neutrality by 2050, the Company steadily made preparations under its previous Medium-term Management Plan. At the same time, driven by rising electricity demand due to advances in AI and mounting geopolitical risks, the discussion on the energy transition has evolved into a context of energy addition aimed at meeting this growing demand. Against a backdrop of global priorities centered on the affordability and availability of energy supply, our new Medium-term Management Plan outlines the Company's specific response to these challenges.

With the aim of achieving sustainable growth, in the new Medium-term Management Plan we have reassessed the outlook for energy supply and demand as well as the timeline and likelihood of market formation driven by various megatrends. Based on this reassessment, we have rebalanced our growth strategy by prioritizing the allocation of management resources to areas where we can leverage the Company's strengths. We will advance our strategic themes of GRIT, GROWTH, and CNX, aiming to achieve our FY2030 management targets of ROE of 13% or more and ¥360.0 billion in pre-tax profit.

In particular, under the GROWTH (creation of growth businesses) theme, we will not only shape the pillars of our business for the 2030s but also generate an additional ¥60.0 billion in profits by 2030, thereby



^{*1} Excluding inventory impact ^{*2} Excluding financial expenses

making a significant contribution to achieving the management targets through initiatives such as further global expansion.

While we have steadily expanded global operations through fuel oil trading and lubricant sales across the Pacific Rim, we will further accelerate our penetration into overseas growth markets—with a focus on the energy sector—during the term of the new Medium-term Management Plan.

We view LNG as a core business that enables us to achieve both profitability and decarbonization in the short to medium term. To date, the Company has been engaged in a wide range of energy businesses, including oil, coal, and renewable energy. By adding LNG—a low-carbon energy source with significant growth potential—to our portfolio, we will strengthen our competitiveness as a comprehensive energy company. Our investment in U.K.-based MidOcean Energy, announced in March 2026, serves as the foundation for the expansion of our LNG business. We will build a multi-layered value chain spanning the entire supply chain—from upstream to downstream—including strengthening our natural gas trading operations in North America, such as supplying natural gas to power plants through our investment in Overwatch Capital in the U.S.

Alongside LNG, another key growth driver is regional expansion into India and further westward. In these regions, where population growth and economic development are expected to drive growth in energy demand, we will continue to expand our business operations while also considering the expansion of our existing business areas and collaboration with the LNG sector.

We will seize global growth opportunities by linking our two key strategies—expanding into business areas such as LNG and expanding into India and regions further westward—and continuing to build a sustainable revenue base. As part of our framework to drive these initiatives, we have established dedicated new departments responsible for LNG and for India and regions further westward. These organizations will serve as cross-functional links across the Group's various divisions, enhancing our ability to execute the global growth strategy.

The foundation supporting our global expansion is our people. More than 3,000 local employees working around the world, along with our global network, are the source of our competitive advantage. By providing opportunities for a diverse workforce to thrive and fostering their growth, we will continue to generate drivers of sustainable growth.

In addition, as we move forward with our growth strategy, we will place a strong emphasis on co-creation with outside partners. We believe that actively deepening collaboration with partners like MidOcean Energy with whom we can jointly create value will be key to determining the pace and certainty of our future growth.

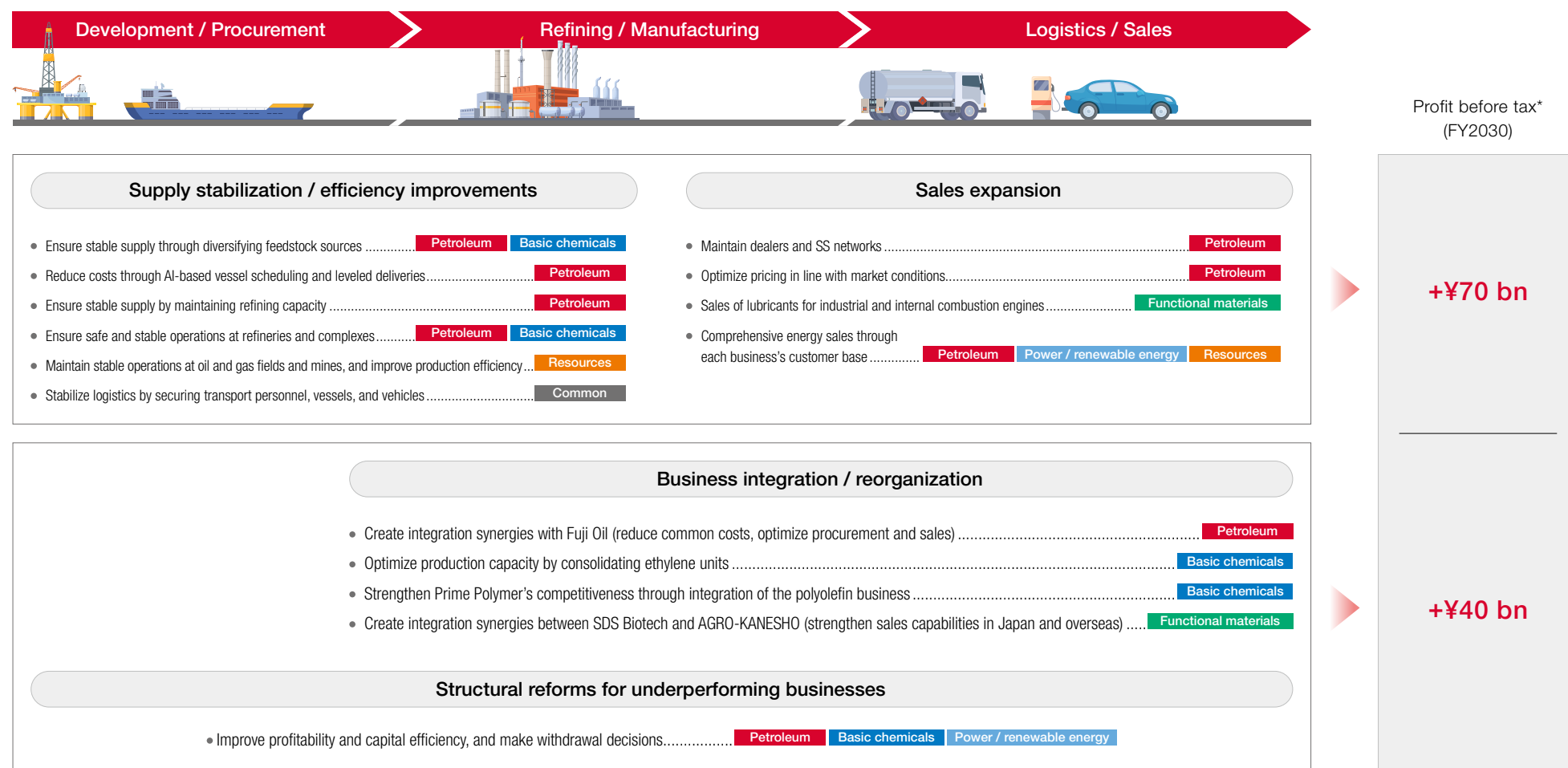
By putting GROWTH into practice in this way, we will enhance the quality of our business portfolio and, by optimally combining it with GRIT and CNX, we will further reinforce our earning power. Even in an uncertain business environment, we will continue to flexibly refine our strategies while keeping pace with changes in the operating environment, thereby achieving the sustainable enhancement of corporate value.

GRIT: Exploiting Existing Businesses

From the perspective of ensuring energy security in Japan, our existing businesses, including petroleum, are taking on even greater social and economic significance.

We will continue to promote initiatives aimed at supply stabilization and efficiency improvements, such as diversifying our feedstock sourcing and implementing measures to improve the utilization rates of our refineries and complexes, while also focusing on strengthening sales through our network of dealers and service stations nationwide.

We will also continue to vigorously pursue initiatives aimed at improving capital efficiency, such as business integration and reorganization, as well as structural reforms of underperforming businesses.



* Excluding financial expenses

GRIT: Exploiting Existing Businesses



A Resilient Value Chain Supporting Stable Supply

Managing Executive Officer

Shintaro Ishida

As an energy company that supports social infrastructure, we have adopted GRIT as a theme of our new Medium-term Management Plan and are working to achieve both a stable supply and high capital efficiency by strengthening our value chain.

First, with regard to crude oil procurement, we leverage the global network we have built through our overseas offices to secure diverse sources of crude oil and mitigate procurement risks. During the recent period of heightened tension in the Middle East, we have been swiftly gathering information and pursuing alternative sources of crude oil from outside the region, while also working to establish procurement routes that bypass the Strait of Hormuz.

Furthermore, safe and stable operations are essential at refineries, business sites, and refining companies, and we have continued to strengthen our safety management, operational management,

and facility management. To further accelerate and enhance these efforts under the new Medium-term Management Plan, we will implement four initiatives: leveraging digital technology, making investments to improve utilization rates, strengthening on-site capabilities, and enhancing collaboration between headquarters and the field. In doing so, we will steadily achieve an average capacity utilization rate* of 90% or higher by FY2030, up from 86% during the previous Medium-term Management Plan period, thereby establishing a safe and stable supply system. * Excluding scheduled maintenance periods

Moreover, maintaining and strengthening our logistics capabilities is essential to ensuring that fuel oil refined at our refineries is reliably delivered to our customers. By leveraging our network of 31 oil terminals nationwide and operating approximately 90 domestic vessels and 1,700 tanker trucks daily, we are committed to ensuring a safe and stable supply. In addition, we will continue to improve delivery efficiency by further advancing logistics DX, including through the use of aIDEM, an AI-powered dispatch system, and build a resilient supply system.

The culmination of these procurement, manufacturing, and distribution efforts is our service station network. In addition to reliably delivering energy to customers who need it, service stations play a vital role in ensuring a stable energy supply by serving as hubs that support local lifelines during disasters. To continue fulfilling this role, it is essential to maintain and evolve our service station network. Together with our approximately 1,000 authorized dealers, we maintain a network of some 6,000 service stations and continue to work toward enhancing their value. In addition, we will strengthen our sales infrastructure to meet our customers' diverse needs by implementing a solution-based sales approach for industrial energy consumers and expanding our small-volume fuel oil delivery network.

Going forward, we will continue to support a stable energy supply by enhancing competitiveness across the entire value chain, from manufacturing to sales, while growing alongside local communities and steadily advancing the implementation of our new Medium-term Management Plan.

Strengthening the Revenue Base through Overall Optimization of the Supply Network

We have a nationwide network of branches that prioritizes close relationships with local customers, combined with a stable supply of raw materials at competitive prices made possible by our trans-Pacific trading capabilities, which we have cultivated over the past half-century. Furthermore, one of our strengths is our agile organizational structure, which enables us to manage the entire process, from crude oil procurement to sales at service stations, in an integrated manner. Under the new Medium-term Management Plan, we will leverage these strengths to align information and planning across all stages of the process, from crude oil procurement through refining, manufacturing, logistics, and sales, while promoting overall optimization, operational efficiency, and cost reduction through the use of AI. Moreover, by making targeted investments to ensure the stable operation of our refinery facilities, we will maintain a stable supply and high operating rates, thereby strengthening our earnings base. By implementing these GRIT initiatives, we will achieve both a stable supply and enhanced competitiveness, leading to medium- to long-term corporate value creation.

TOPIC Taking Ownership of the New Medium-term Management Plan

Creating local value together with authorized dealers

As the partner closest to our authorized dealers, our mission is to strengthen the service station brand network by accurately identifying the unique characteristics of each region, changes in the market environment, and customer needs, and by building service stations that are trusted and valued by local customers.

To achieve this, we are leveraging tools such as the apollostation card, the Mobile Drive Pay payment service, and our Drive On app to strengthen customer relationships and create opportunities for customers to visit our service stations. At the same time, we are working to enhance the appeal of our service stations and create new value by introducing new service features, including apolloONE.

In addition, we work closely with our authorized dealers to share the unique challenges faced by each region, supporting them as they work toward realizing their vision and helping them implement growth strategies tailored to their specific regions. Moving forward, we will continue to leverage the insights we have gained in the field and work alongside our authorized dealers to achieve sustainable growth and create value, thereby contributing to the realization of our new Medium-term Management Plan.



Section Manager, Planning,
Coordination & Industrial Fuel Sales
Section, Kanto First Branch

H. Uda

GROWTH: Creating Growth Businesses

We will identify medium- to long-term social changes and megatrends to drive the creation and expansion of new businesses. Among these, the areas on which the company will focus during the term of our new Medium-term Management Plan are: ❶ providing key materials and solutions that contribute to the advancement of electrification and ICT; ❷ expanding our business in overseas growth markets; ❸ mobility-related services; and ❹ circular businesses aimed at expanding the circular economy.

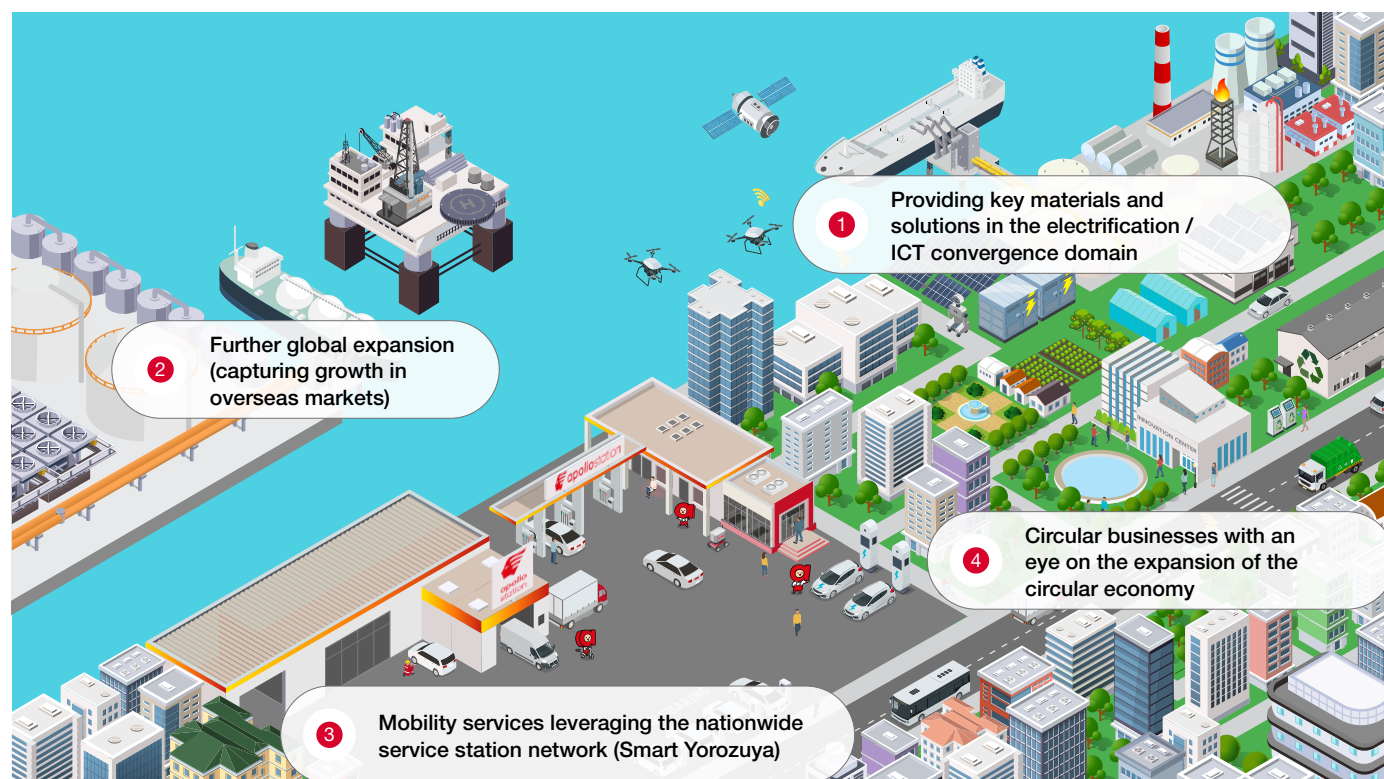
❶ Accelerating business expansion through collaboration with partner companies while focusing on lithium solid electrolytes and the high-value-added lubricants business

❷ Promoting the expansion of the energy and materials businesses, including natural gas and LNG, in global growth markets

❸ Expanding the value we offer by rolling out one-stop mobility services that integrate physical and digital elements in accordance with regional characteristics

❹ Creating and expanding business opportunities both domestically and internationally, including chemical recycling of used plastics

By leveraging our strengths, such as our existing overseas operations and customer networks, to take on challenges in growth areas, we will cultivate new pillars of future revenue and drive sustainable growth.



Profit before tax*
(FY2030)

+¥60 bn

**Expand further
thereafter**

* Excluding financial expenses

GROWTH: Creating Growth Businesses



Accelerating Innovation and Creating New Businesses

Managing Executive Officer
President of Advanced Materials Company

Tetsuji Mishina

In the advanced materials area, we are transforming ourselves into a business that continuously creates new values that contribute to solving social challenges, while staying ahead of changing expectations in society. Going forward, we will accelerate the creation of growth businesses by focusing on the areas of electrification and ICT convergence domain.

Against the backdrop of technological advancements and mounting concern over environmental issues, social structures and market needs are undergoing significant changes. The trend toward electrification, including the widespread adoption of electrified vehicles (xEVs), is expected to continue expanding, while advances in IoT and AI are generating new demand for faster, higher-capacity communications infrastructure.

Reinforcing the power infrastructure to support this demand and pursuing power saving are also vital topics. In this way, a variety of devices and infrastructure are evolving together in an

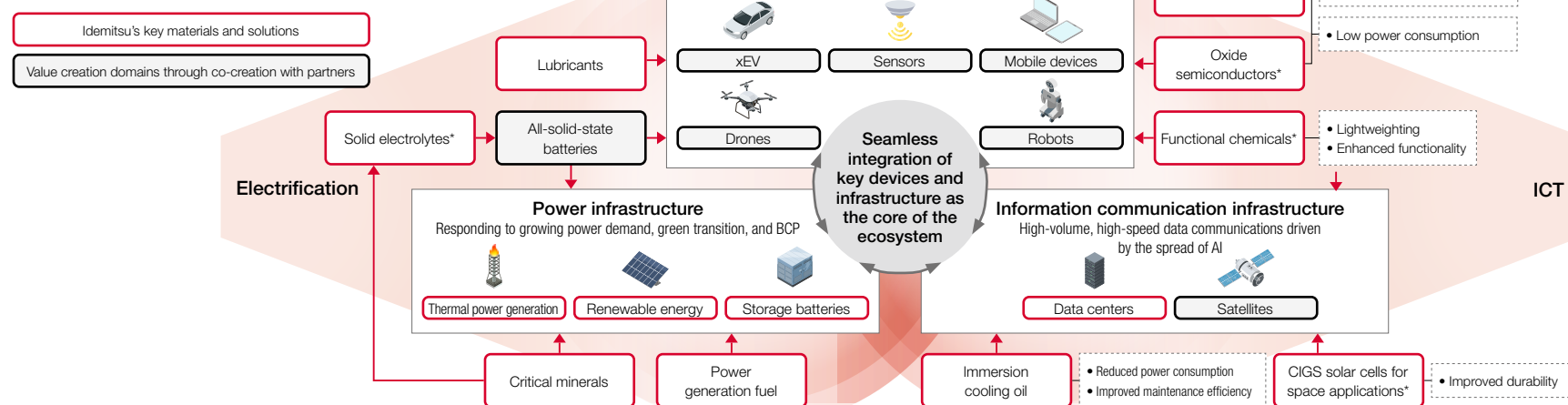
interconnected way. We have identified the areas where new growth opportunities arise from this evolution as the electrification and ICT convergence domain.

To date, we have been developing materials where we hold a competitive advantage, such as solid electrolytes and OLED materials. In addition, we are fostering new businesses to drive future growth, including oxide semiconductors—a next-generation display material—and lightweight, radiation-resistant CIGS solar cells for space applications. Going forward, we will continue to strengthen and expand our materials and technologies to help address social challenges, while broadening our business domains beyond the mere provision of materials to delivering value through application proposals, implementation support, and related services. For example, in addition to xEV applications, we will expand the use of lithium solid electrolytes into the energy storage sector, and advance the use of CIGS solar cells for space applications in satellites that support communications infrastructure. Our aim through such initiatives is to create new growth opportunities through both our materials and solutions offerings.

Creating sustainable innovation is essential to achieving this goal. As part of our Innovation Center initiative, we are further strengthening co-creation both within and outside the Company, including through our cross-functional R&D structure, corporate venture capital (CVC) investments, partnerships with academic institutions, and alliances with other companies. Furthermore, as a hub to accelerate these efforts, we plan to complete construction of an Integrated Research Institute (tentative name) in March 2028. We will go beyond the bounds of research and development centered on the Company's strengths to accelerate the creation of innovation by incorporating insights from both inside and outside the Company.

We will continue to boldly take on the challenge of creating growth businesses that meet evolving societal needs and strive to enhance corporate value on a sustainable basis.

Overall Company Initiatives in the Electrification and ICT Convergence Domain



GROWTH: Creating Growth Businesses



Pioneering New Growth through a Lubricants Business That Connects the World

Managing Executive Officer

Yoshimasa Kokubo

Lubricants play a vital role as products that are essential to supporting society and industry, including uses in automobiles, industrial machinery, and power generation facilities. Although by no means conspicuous, these products are indispensable, contributing to maintaining machinery and equipment performance, saving energy, and boosting productivity, while supporting social infrastructure behind the scenes.

Under the new Medium-term Management Plan, we are working to strengthen the foundations of our existing businesses, expand into growth areas, and take on the challenge of building a

low-carbon and decarbonized society. The lubricants business is a critical business area relevant to all these aspects. Building on our stable customer base and profitability, we will move forward with initiatives to develop high-performance lubricants that help reduce environmental impact and promote a circular business, while accelerating growth in global markets.

Idemitsu's lubricants business has a research, development, manufacturing, and sales network spanning 28 countries worldwide. Integrating sales and R&D, we have provided products and solutions tailored to the needs of each region. We believe this strength—our field-oriented approach—will serve as a solid foundation for creating new value even as the industrial structure changes, driven by trends such as advances in electrification and growing demand for data centers.

Going forward, we will further enhance the competitiveness of our existing businesses while stepping up our expansion into overseas markets with significant growth potential, and accelerate the development of new markets, particularly in the industrial lubricants sector.

In addition, through collaboration with partners in Japan and abroad, we will expand our product, technology, and service offerings to help customers address challenges and contribute to the development of local communities and society.

Looking ahead, we will continue to capitalize on the technical expertise and global network we have cultivated over many years, as well as the on-site approach we have cherished since our founding, to achieve sustainable growth and enhance corporate value through the lubricants business.

TOPIC Taking Ownership of the New Medium-term Management Plan

Paving the way for the future of industrial lubricants through collaboration and solution proposals

We believe strengthening the industrial lubricants area under the new Medium-term Management Plan will require significant transformation on the sales frontlines as well. In addition to relationships we have built with customers over the years, adopting a perspective that transcends the Company's standalone initiatives is essential for delivering value across a broader range of areas. To this end, we are working to expand our product and technology offerings through collaboration with other companies and making inroads into new markets.

We have worked consistently to boost productivity and enhance environmental conditions at the customers' manufacturing sites, and have collaborated with dealers and partner companies to propose and sell lubricants that maximize the performance of industrial machinery. In the field, there is strong demand not only to sell products but also to propose optimal solutions to customer challenges and provide ongoing support. We believe this collaboration will not only expand the range of products and services we offer but also further advance our field-oriented proposal activities, which have long been one of our strengths. We will continue to accurately assess market changes and strive to continually be the Company of choice for our customers.



Section Manager
Industrial Technical Section 2,
Lubricants Department 2

Y. Tatematsu

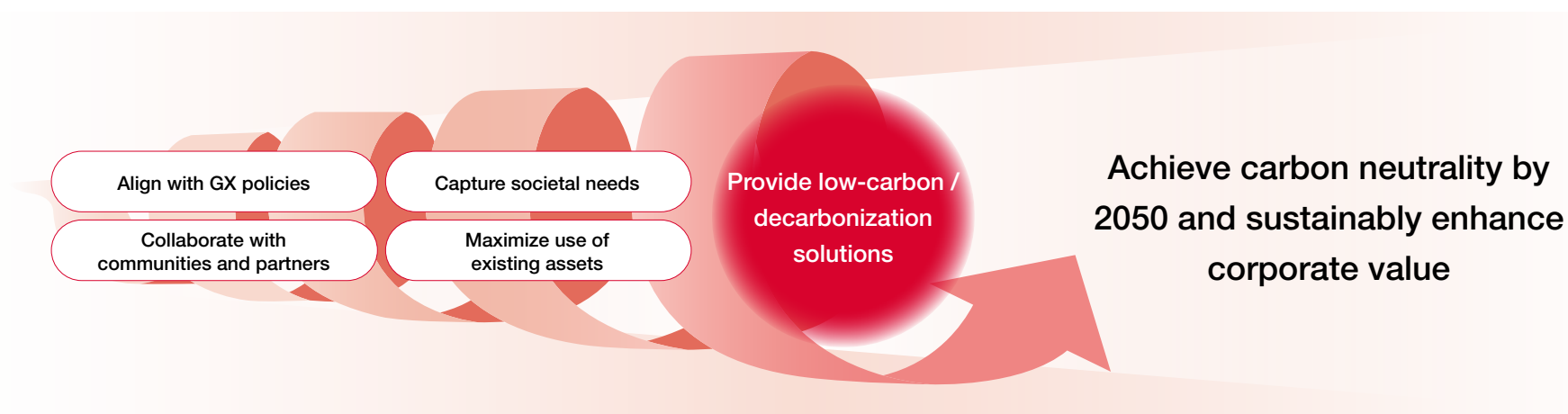
The Lubricants Business Will Further Expand as a Pioneering Force in Overseas Expansion Rooted in Local Communities

The global network for our lubricants business traces back to 1989, with the establishment of a local subsidiary in Thailand and the start of production there. Since then, we have provided high-quality products and advanced technical services directly to customers around the world, supporting the overseas expansion of Japanese and global companies. Currently, in major regions such as North and South America, Europe, the Middle East, Asia, and Oceania, we are responding swiftly to customer needs, expanding our strong, locally rooted customer base, and securing a stable global market share. During the period of the new Medium-term Management Plan, we will continue striving to reinforce sales channels and production systems in the lubricants business, with a focus on Asia, where growth is expected.

Building on the global sales network and expertise in legal and personnel matters we established in the lubricants business, we subsequently expanded into overseas markets in other functional materials businesses. Our strengths lie in the value chains we have built by embedding the business into local communities, surmounting legal and cultural barriers, and adapting to local customs and needs. Drawing on this localized network, concrete plans are currently underway to expand sales of high-performance asphalt, which is essential for infrastructure development, in Asia and regions west of India.

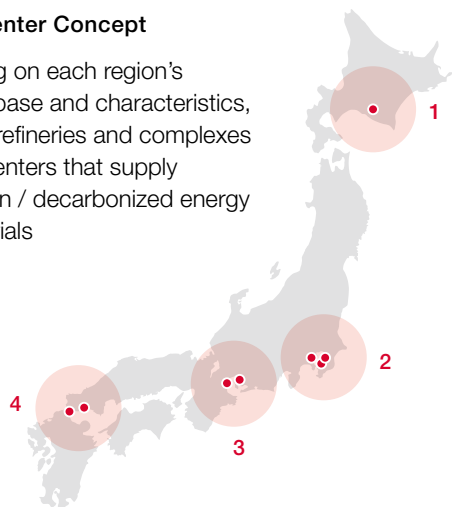
CNX: Staging Up Low-Carbon / Decarbonization Businesses

With regard to the low-carbon and decarbonization initiatives we have been promoting under our previous Medium-term Management Plan, we will continue to advance these efforts while taking into account the need for diversification to ensure a stable supply of energy and materials, and while carefully assessing social conditions and the appropriate timeframe. By providing low-carbon and decarbonization solutions tailored to a variety of needs, we aim to achieve both carbon neutrality (CN) by 2050 and the sustainable enhancement of corporate value.



■ CNX Center Concept

Depending on each region's industrial base and characteristics, transition refineries and complexes to CNX Centers that supply low-carbon / decarbonized energy and materials



	Regional characteristics	Solutions
1. Hokkaido	- Abundant renewable energy resources, track record of large-scale CCS demonstration - Demand for liquid fuels in cold regions where alternatives are limited	CCS Hydrogen Synthetic fuels
2. Chiba Toa Fuji	- Demand for low-carbon / decarbonization at one of Japan's largest industrial complexes - Infrastructure in major metropolitan areas (international airports, circular resources)	Hydrogen Ammonia Bio (incl. SAF) Circulation
3. Aichi Yokkaichi	- Concentration of high-value-added industries with Japan's largest shipment value - Demand for low-carbon / decarbonization through multi-industry collaboration	Hydrogen Ammonia Bio (incl. SAF) Circulation
4. Tokuyama Seibu	- Petrochemical complex aiming for low-carbon / decarbonization through wide-area collaboration - Existing assets and properties	Hydrogen Ammonia Bio (incl. SAF) Technology demonstration

CNX: Staging Up Low-Carbon / Decarbonization Businesses



Diverse Options for Realizing a Carbon Neutral Society

Senior Managing Executive Officer

Junzo Yamamoto

Idemitsu is embracing the challenge of low-carbon and decarbonization projects that will help us achieve carbon neutrality (CN) by 2050 as well as contribute to energy security.

Uncertainties about the future are currently higher than ever, reflecting factors such as mounting geopolitical risks and fluctuations in energy supply and demand. Even in this context, however, our medium- to long-term strategy of aiming for CN remains unchanged. We will realistically and steadily move ahead with the transition while carefully discerning market needs and timeframes.

There is no single path to achieving CN—a combination of diverse energy sources and technologies is essential, depending on regional characteristics, intended uses, and customer needs. We will continue to develop a diverse range of low-carbon and decarbonization solutions to provide the best possible options for customers and society.

For example, with regard to renewable energy, which is in high demand, we will pursue geothermal development and secure a diverse range of renewable energy sources. With regard to biomass utilization, we will work to establish and expand supply systems for liquid fuels, such as sustainable aviation fuel (SAF), bio-diesel, bio-fuel oil, and synthetic fuels, to support the low-carbon transition of sectors that underpin social infrastructure, including aviation, maritime transport, and logistics. In Hokkaido, efforts are underway to realize a low-carbon fuel supply model through the production of green hydrogen derived from abundant renewable energy sources, the underground storage of CO₂ via carbon capture and storage (CCS), and the establishment of a carbon dioxide capture, utilization and storage (CCUS) supply chain that produces synthetic fuels from green hydrogen and captured CO₂.

In addition to developing technologies and establishing cost competitiveness, there are various challenges involved in achieving these goals, including putting institutional and regulatory frameworks in place and stimulating demand. Through collaboration with government agencies, the private sector, and other stakeholders, we will work to address these challenges.

The Idemitsu Group's refineries and complexes have been supported by regional communities for many years, growing alongside the local community. While valuing our ties to the region, we will capitalize on our existing assets, technologies, and talent to evolve these facilities into CNX Centers, hubs for the supply of low-carbon and decarbonized energy and materials. The CNX Center initiative is not merely a shift in infrastructure; it serves as the focal point of transformation that aims to create new industries by leveraging the industrial base and unique characteristics of various regions. Building on the trust we have fostered with local communities and partners, we will further expand collaboration and co-creation with a diverse range of partners both in Japan and abroad, striving to bring about a sustainable society and enhance corporate value.

Low-carbon and Decarbonization Solutions to Meet Diverse Needs

Solutions
Renewable energy
Bio-fuels / chemicals
Hydrogen / ammonia
Synthetic fuels
Offset products
Offsets / negative emissions

The path toward achieving CN varies by region and industry, and there is no single optimal solution. Guided by this recognition, we will work to gain an in-depth understanding of needs in society through dialogue with customers while accurately anticipating technological innovation, policy trends, and future changes in energy supply and demand, to provide every customer with the optimal low-carbon and decarbonization solutions. While leveraging our existing infrastructure and the technology and expertise we have cultivated over many years, we will steadily expand the range of options available and support the realization of a carbon-neutral society.

TOPIC Taking Ownership of the New Medium-term Management Plan

Helping to embed energy sources that are not yet commonplace in society

We are pursuing the commercialization of bio-fuels and synthetic fuels as low-carbon and decarbonization solutions for liquid fuels. With regard to bio-fuels, we are working to expand the social implementation and adoption of sustainable aviation fuel (SAF) in the aviation sector, bio-diesel in the land transportation and construction sectors, and bio-fuel oil in the maritime sector. As we transition from the pilot phase to full-scale implementation in these areas, we aim to expand operations in a way that ensures sustained viability as a business, including the establishment of a stable supply system, while responding to societal needs.

Furthermore, although synthetic fuels hold great potential as the ultimate clean energy source produced from CO₂ and green hydrogen, challenges remain in areas such as stimulating demand, reducing costs, and designing policy. Given these circumstances, our first step is to move forward with the development of foundational infrastructure, such as building supply chains and stimulating demand, with the aim of achieving a phased rollout into society. Convinced that our mission is to transform energy sources that are not yet commonplace into practical options that are firmly embedded in society, we will work tenaciously to make this a reality.



Senior Manager
Biomass and Synthetic Fuel Business
Promotion Section

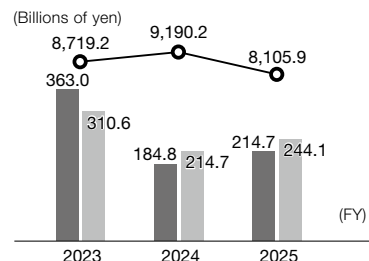
Y. Adachi

FY2025 Review of Operations

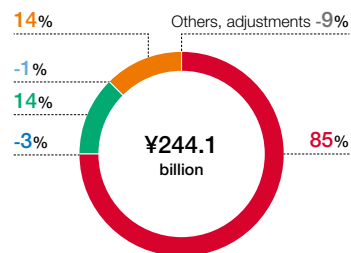
■ Petroleum ■ Basic Chemicals ■ Functional Materials ■ Power and Renewable Energy ■ Resources ■ Others

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

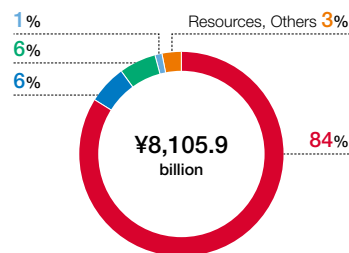
■ Including inventory impact
■ Excluding inventory impact ○ Net sales



Composition of Operating + Equity Income (excluding inventory impact)

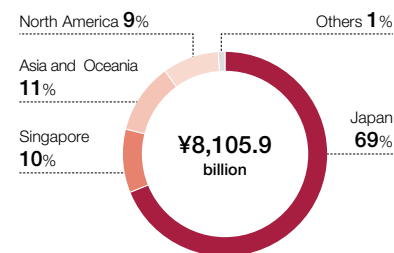


Composition of Net Sales



Composition of Net Sales by Region

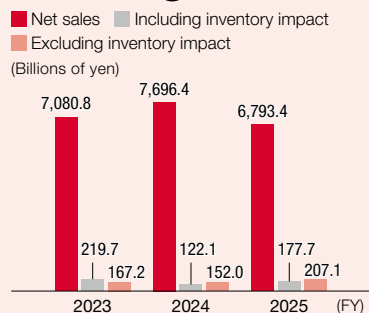
■ Japan ■ Singapore ■ Asia and Oceania ■ North America ■ Others



Net Sales and Operating + Equity Income

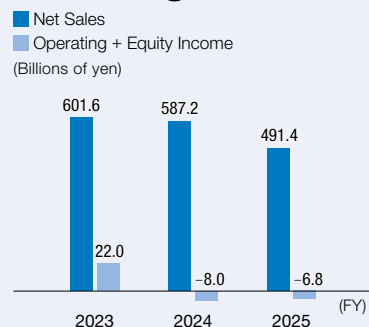
Petroleum

📖 P.30



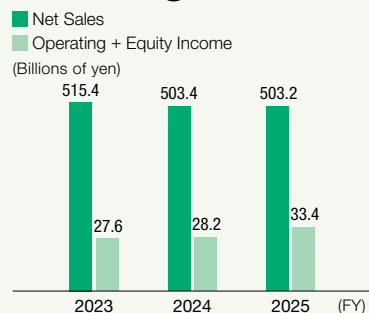
Basic Chemicals

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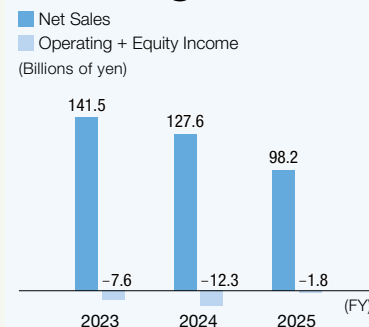
Functional Materials

📖 P.33



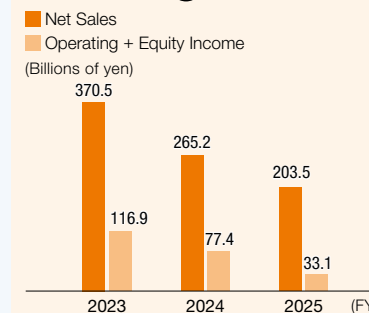
Power and Renewable Energy

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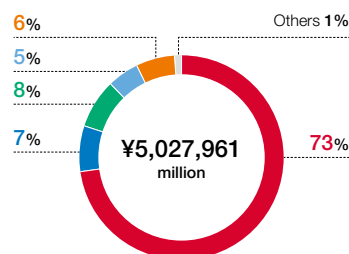


Resources

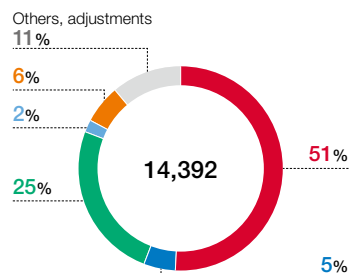
📖 P.38



Composition of Total Assets

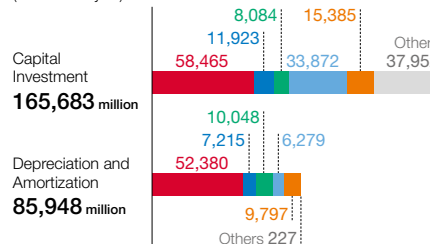


Composition of Employees

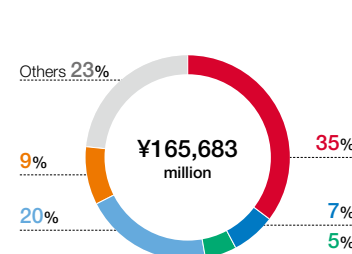


Capital Investment, Depreciation and Amortization

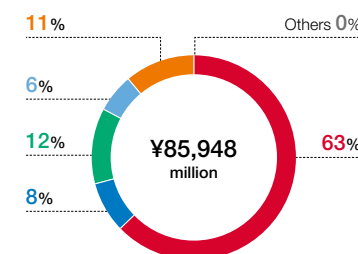
(Millions of yen)



Composition of Capital Investment



Composition of Depreciation and Amortization





Petroleum Segment

Senior Executive Officer
Manufacturing & Technology
and General Manager of
Manufacturing & Technology
Department

Hiroshi Akiya



Manufactured Capital

Group Refineries

(10 thousand barrels per day)

Domestic	Location	Crude oil processing capacity
Hokkaido Refinery	Tomakomai City, Hokkaido	14.0
Chiba Complex	Ichihara City, Chiba Prefecture	20.0
Aichi Complex	Chita City, Aichi Prefecture	16.3
Yokkaichi Refinery (Showa Yokkaichi Sekiyu Co., Ltd.)	Yokkaichi City, Mie Prefecture	22.5
Keihin Refinery (TOA Oil Co., Ltd.)	Kawasaki City, Kanagawa Prefecture	6.0
Sodegaura Refinery (Fuji Oil Company, Ltd.)	Sodegaura City, Chiba Prefecture	14.3
Total		93.1

Overseas	Location	Crude oil processing capacity
Nghi Son Refinery (Nghi Son Refinery and Petrochemical LLC)	Thanh Hoa, Vietnam	20.0

Competitive Advantages

- Nationwide efficient refining, supply, and sales network (long-standing relationships of trust with dealers)
- Diverse crude oil suppliers and optimal refining technologies tailored to each type (with a high capacity to comply with environmental regulations)
- Overseas business foundation (local responsiveness, information-gathering capabilities, and securing global human capital)

Achievements and challenges in the previous Medium-term Management Plan

In the Petroleum Segment, during the previous Medium-term Management Plan, we promoted structural reforms based on the premise of safe and stable operations at each refinery and complex. Because income in the Petroleum Segment is exposed to fluctuations in crude oil prices and petroleum product prices, we are working to optimize the value chain from procurement to sales to strengthen our competitiveness. In addition, we are also working to expand profit opportunities overseas, such as trading petroleum products. Going forward, moves toward decarbonization will significantly change the energy structure, but refineries and complexes will remain essential social infrastructure supporting the stable supply of energy and industrial competitiveness.

As a specific initiative to strengthen competitiveness, in anticipation of future declines in demand, we have ceased refining functions at Seibu Oil Co., Ltd., converting it into a tank terminal that stores and ships petroleum products, such as gasoline, to fulfill our supply responsibilities. In addition, by making Fuji Oil Company, Ltd. a consolidated subsidiary through a tender offer, we have worked to create strategic synergies, such as building out an efficient supply system. Through integration with Fuji Oil and reinforcing our supply strategy, we expect to realize integration synergies, such as through centralized crude oil procurement, more efficient crude oil processing, and unified sales. Furthermore, with Fuji Oil joining our Group's six domestic refineries and complexes, we have not only improved production efficiency but also enabled the sharing of know-how for regular maintenance and joint planning for the carbon neutral transformation (CNX). Above all, we are now better able to respond flexibly to supply and demand fluctuations or incidents, further strengthening our stable supply network. Regarding the future structure of our refineries and complexes, we will continue to assess appropriate processing capacity while monitoring the course of decarbonization.

In our overseas petroleum business, we are developing petroleum product trading operations in the Asia-Pacific region, centered on our Singapore-based Group company, IDEMITSU INTERNATIONAL ASIA. We have extensive experience and a strong track record in overseas transactions, and we are steadily generating profits. Our strength lies in bringing together the expertise of Group companies around the world, enabling us to capture growing demand, especially in Asia, without relying solely on the domestic market. We will continue to accurately respond to changes in the market environment caused by various factors, such as politics, economics, and climate, and aim for further business expansion by leveraging our trading functions.



Tugboats help a very large crude carrier (VLCC) to berth at the Keiyo Sea Berth



Approximately 1,700 Idemitsu Group tank trucks deliver to service stations (SS) nationwide



Vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit) of Fuji Oil

Petroleum Segment

Specific measures of the New Medium-term Management Plan

The Petroleum Segment's mission is to ensure a stable supply of energy and materials essential to economic activities. While fulfilling this responsibility, we are working to further improve profitability.

We consider the safe and stable operation of our refineries and complexes to be our highest management priority. We approach our work with a safety-first mindset and aim to ensure safe and stable operations by enhancing safety management, operation management, and facility management to improve operational reliability.

In response to the aging of our facilities and recent changes in the business environment, we launched a project to improve utilization rates, aiming to further strengthen safe and stable operations while enhancing earning power. Through this project, we are strengthening our personnel structure to enhance risk awareness and provide more opportunities for development, creating an environment that facilitates knowledge and skills transfer, and making investments to prevent problems and minimize production losses when issues occur. We are also addressing medium- to long-term human capital challenges and promoting business transformation and opportunities for growth by utilizing digital and AI technologies. We monitor and follow up on each initiative, aiming for thorough and persistent execution through close collaboration between on-site teams and headquarters.

Through these efforts, we aim to achieve safe and stable operations and enhance earning power by reducing unplanned outages and production opportunity losses.

Our strength in sales lies in our network of over 1,000 dealers and approximately 6,000 service stations nationwide, with whom we have cultivated strong partnerships over many years. We are enhancing the brand value of apollostation through promotions featuring our new character "apo-chan." At the same time, we are enhancing customer touchpoints by expanding the services of our Drive On app, which has surpassed 15 million downloads, and by leveraging customer data for digital marketing.

In addition, while fulfilling our social responsibility to ensure a stable supply of fuel to local communities, we are accelerating the evolution of each service station into a mobility service hub that is trusted and valued by local communities by capitalizing on the unique characteristics of each station. While service stations play a role as social infrastructure, they face a changing business environment due to the structural decline in fuel consumption, making the enhancement of non-fuel services an important management issue. With this understanding, we are developing next-generation service stations that meet local needs, including the rollout of the new apolloONE format, a new service station format without fuel dispensing facilities. We aim to expand from 24 locations at the end of FY2025 to 250 locations by 2030.

Furthermore, to realize a carbon-neutral society by 2050, we are working to expand the supply of offset fuel products marked as Idemitsu Carbon Offset Fuel (ICOF) and accelerate the adoption of sustainable aviation fuel (SAF), biodiesel, and bio-heavy oil. We are building a stable supply chain that covers everything from raw material procurement and manufacturing to logistics and product supply. For biodiesel in particular, we now offer a product lineup that meets customer needs, including Idemitsu Biodiesel 5, which can be used like regular diesel and reduces CO₂ emissions by 5% throughout its lifecycle; Idemitsu Renewable Diesel, which greatly reduces CO₂ emissions; and ICOF B5, which combines ICOF and B5 diesel to achieve net-zero CO₂ emissions. Through these products, we support achieving carbon neutrality.

Through these initiatives, we aim to enhance our corporate value over the medium- to long-term by creating value for local communities while contributing to decarbonization.

Key drivers of the New Medium-term Management Plan

Nghi Son Refinery and Petrochemical LLC (NSRP), a large-scale project symbolizing the economic ties between Japan and Vietnam, commenced operations in 2018 and supplies approximately 30%-40% of Vietnam's domestic demand for petroleum products. In response to the conflict in the Middle East since late February 2026, and taking into account requests from the Vietnamese government, Idemitsu Kosan Co.,Ltd. (Idemitsu) is working in close coordination with the Japanese government and is giving top priority to ensuring Vietnam's energy security by securing crude oil procurement and maintaining stable operations. In addition, Idemitsu is also working to reduce financing costs, including converting sponsor subordinated loans to simple interest basis, with the aim to achieve positive net income around 2030. The necessary provisions have already been recorded, and no adverse impact on Idemitsu's consolidated financial results is expected at least through 2030.

From FY2026, due to organizational changes, we now disclose the results of the bitumen business under the Petroleum Segment instead of the Functional Materials Segment. In Japan, demand for highly durable paving materials is increasing, and we are promoting the expansion of sales for Minafortis, our next-generation polymer modified asphalt launched in 2024. In overseas markets, we are expanding sales of high-performance asphalt in Malaysia and are also considering business development in India and Indonesia.

Basic Chemicals Segment

Executive Officer
General Manager of
Basic Chemicals Department
and Chemical Business Alliance
Promotion

Nobuhiro Miyagishi



Competitive Advantages

- Advanced integrated operation of petroleum refining and petrochemical facilities (Aromatic products such as benzene and paraxylene, optimizing the production balance, developing high-value-added products within our Group, and making effective use of by-products and energy)
- Effective use of existing refineries and petrochemical facilities in the chemical recycling business

Manufactured Capital

■ Mainstay Chemicals Production Capacities (Thousand Tons/Year)

Domestic	Chemical product	Production capacity	Overseas	Chemical product	Production capacity
Aromatics	Olefins	997	Aromatics	Paraxylene* ¹	700
	Paraxylene	836		Benzene* ¹	240
	Benzene	1,130		Styrene monomer	240
	Styrene monomer	550			
	Cyclohexane	240			

*1 Production capacity does not take into account the investment ratio for the equipment

■ Group Petrochemical Bases

Domestic	Location	Overseas	Location
Chiba Complex	Ichihara City, Chiba Prefecture	Pasir Gudang Complex Idemitsu Petrochemicals Malaysia Sdn. Bhd.	Johor, Malaysia
Tokuyama Complex	Shunan City, Yamaguchi Prefecture	Nghi Son Refinery (Nghi Son Refinery and Petrochemical LLC)	Thanh Hoa, Vietnam
Aichi Complex	Chita City, Aichi Prefecture		

Achievements and challenges in the previous Medium-term Management Plan

Leveraging its strengths in integrated operations spanning everything from crude oil refining to petrochemical products, the company is raising operating rates through coordination between its refineries and petrochemical facilities and is optimizing the production balance between fuels and chemical products. Amid an increasingly challenging environment for basic chemicals with the construction and expansion of petrochemical facilities centered on China as well as declining domestic demand, we rebuilt our business platform during the previous Medium-term Management Plan in response to major changes in the market environment. Specifically, in 2025 Idemitsu reached a final agreement with Mitsui Chemicals, Inc. on consolidating ethylene facilities in the Chiba area, with the aim of optimizing production capacity and further strengthening the competitiveness of existing businesses. In addition, in the domestic polyolefin business, a major derivatives business, Idemitsu reached a final agreement in 2025 on integrating the polyolefin operations of Group company Prime Polymer Co., Ltd. and Sumitomo Chemical Co., Ltd. Following this integration in July 2026, we put in place a structure that advances optimization in both production and sales. Furthermore, in the resource circulation field, we decided in 2023 to invest in the pyrolysis (CR) facility of Chemical Recycle Japan Co., Ltd. and commenced commercial operation in April 2026.

Specific measures of the New Medium-term Management Plan

Under the new Medium-term Management Plan, we will fulfill our mission of ensuring the stable supply of chemical raw materials and, by continuing to work on the optimization of production capacity initiated under the previous management plan, as well as on further collaboration with partner companies in our derivatives businesses, we aim to strengthen the earning power of our existing businesses.

In addition, to realize a resource-circulating society, we will incorporate new businesses such as CR and biomass chemicals into our existing supply chains and accelerate their social implementation. As for biomass chemicals, Sony Corporation has adopted plastic using renewable styrene monomer, produced from bio-naphtha and allocated biomass attributes under the mass balance method*², in some models of its high-end BRAVIA 9 II televisions, demonstrating the progress of practical application through collaboration with brand owners. We will continue to grow this business. In the future, we also aim to establish a production system that utilizes domestically produced bio-naphtha, which is co-produced during SAF production.

*2 Mass balance is a method of allocating the characteristics of specific raw materials, such as biomass resources, to a portion of the product based on the input amount of those materials when they are mixed with non-specific raw materials during the distribution and processing stages from raw materials to products

Key drivers of the New Medium-term Management Plan

In addition to rebuilding our business platform, we will expand our resource circulation business with CR at its core. As legislation promoting a circular economy advances in Japan and overseas and demand for recycled plastics grows, in April 2026 the Ichihara Plant of Chemical Recycle Japan Co., Ltd. began commercial operation of a pyrolysis facility capable of processing 20,000 tons of waste plastics annually. Using our proprietary pyrolysis (CR) technology, the facility converts waste plastics generated by households and industries into CR oil equivalent to light crude oil. The CR oil is then processed through petroleum refining and petrochemical units at Idemitsu Group's refineries and complexes and recycled into CR chemical products and other materials using the mass balance method. This enables waste plastics that would otherwise often be incinerated or sent to landfill to be recycled and reused as resources. We are also making progress on demonstration projects with partner companies to expand the use of recycled plastics. In collaboration with TAKENAKA CORPORATION and FUKUJI Chemical Industry CO., LTD., we are exploring the use of recycled plastics in construction materials. In collaboration with Sony Corporation and Mitsubishi Corporation, we are also demonstrating the recycling of plastic cups collected at music festivals into festival merchandise and Sony products. Through these initiatives, we will continue to develop a resource circulation supply chain spanning collection, recycling, and end-use applications.



Waste plastics, CR oil

Functional Materials Segment

Competitive Advantages of Each Business

Lubricants	- Lubrication technologies across a wide range of fields, including automobiles, motorcycles and industrial machinery - In-house production of high-quality base oils - Idemitsu brand recognition
Electronic Materials	- A robust patent network together with accumulated data and expertise, and world-class molecular design and device development capabilities that leverage Materials Informatics (MI) and AI - Total solutions integrating the front plane and the back plane through blue emitting materials and crystalline oxide semiconductor materials - A strong foundation of relationships with customers built on our business bases in Korea and China
Advanced Materials & Performance Chemicals	- Stable raw material supply, advanced manufacturing technology, and high product quality based on our position as an integrated petroleum refiner - Dedicated technical support and collaborative development tailored to each customer's needs - High barriers to entry created by technologies, patents, and customer certifications
Pesticides and Functional Feed	- Ownership of proprietary active ingredients (technical grade materials) - Product development - Prototyping, in-house evaluation and analysis technologies, and collaboration with academia - A strong sales network and customer base in Japan and overseas
Lithium-ion Battery Materials	- Manufacturing technologies that consistently cover everything from raw materials to intermediate materials and solid electrolytes - A structure that completes everything from battery material development to battery evaluation within a single organization, enabling rapid development - Application of technologies and expertise cultivated in the petroleum refining and petrochemical businesses

Manufactured Capital of Each Business

Lubricants	- Japan: Chiba (Ichihara), Kanagawa (Kawasaki and Yokohama), Fukuoka (Mojji) and Hyogo (Kobe) - Overseas: China, Taiwan, Thailand, Vietnam, India, Indonesia, and America
Electronic Materials	- Japan: Shizuoka - Overseas: South Korea and China
Advanced Materials & Performance Chemicals	- Japan: Chiba (Ichihara), Kujukuri, Hasunuma, and Sodegaura, Kanagawa (Kawasaki), Mie (Kameyama), Hyogo (Himeji), and Yamaguchi (Shunan) - Overseas: China and Malaysia
Pesticides and Functional Feed	Japan: Kanagawa (Yokohama), Yamaguchi (Hofu), Ibaraki (Yuki), Niigata (Joetsu)
Lithium-ion Battery Materials	Japan: Chiba*

* Pilot facilities

I Lubricants

Achievements and challenges in the previous Medium-term Management Plan

The lubricants business is the largest one in the company's Functional Materials Segment. At present, more than 3,200 employees across our Group develop and sell optimal lubricants in response to the on-site feedback of our customers. Although a challenging business environment marked by soaring raw material costs continued in FY2025, we all fulfilled our respective roles and advanced business reforms, and as a result we achieved our earnings targets. In addition, we advanced the optimization of our global business structure and implemented measures, such as closing the Tianjin plant in China and integrating operations in Thailand. Through these actions, we are streamlining our production and supply structure, rebuilding a business platform adapted to market conditions and shifting to a more competitive structure. Furthermore, our collection and analysis of data on past sales, inventories, customer behavior, and logistics conditions also led to improvements in our supply chain.

Specific measures of the New Medium-term Management Plan

Under the new Medium-term Management Plan as well, we aim to optimize our product strategy based on data. We will also strengthen relationships with our business partners to reinforce our procurement capabilities for base oils and additives, thereby sustaining a stable supply.

By product, we expect demand for automotive engine oil to turn downward over the medium to long term, but we will strengthen sales promotion activities aimed at increasing profits by expanding our market share. We maintain approximately 50 sales bases and more than 40 production bases in major regions around the world, and a major strength is our ability to meet the needs of globally expanding customers by stably supplying products of identical quality anywhere in the world. In addition to the Japanese automakers with which we have jointly developed products hand in hand for many years, we will actively propose to overseas manufacturers not only engine oils for gasoline vehicles but also engine oils for hybrid vehicles and oils specifically for electric vehicles (EVs). In addition, strengthening industrial lubricants is a key challenge in an environment where demand related to internal combustion engines will decline in the future, and we will cultivate new business areas while also advancing collaboration with partner companies.

The global lubricants market reached \$179.0 billion in 2025, and forecasts indicate that it will grow at an annual rate of 2% and reach \$213.9 billion in 2034. In particular, we expect demand to grow for cooling equipment used in data centers and for refrigeration equipment in emerging countries. Improvements in processing power for generative AI and other applications have sharply increased the amount of heat generated per server, making conventional air cooling methods increasingly difficult to apply. Accordingly, the industry has high expectations for immersion cooling, which cools servers by immersing them directly in a special oil, because

Functional Materials Segment

this method offers high heat dissipation efficiency and reduces power consumption. Some estimates indicate that immersion cooling can reduce electricity used for cooling by 90% or more compared with air cooling. Drawing on the technologies and expertise we have cultivated in cooling oils and electrical insulating oils, which are types of lubricants, we launched the IDEMITSU ICF Series in 2025, a high-performance immersion cooling oil for data centers that combines high safety with excellent cooling performance. In addition, rising demand for air conditioners, mainly in emerging countries, together with the increasing sophistication of cold chains covering frozen and refrigerated foods as well as medical and pharmaceutical products, is also raising the importance of refrigeration oil used in refrigeration and air-conditioning equipment. Refrigeration oil must offer good compatibility with the refrigerants in use, in addition to functioning as a lubricant. Building on the technological capabilities in refrigeration oil that we have accumulated in air-conditioning and car air-conditioning applications, we are advancing the development and supply of products tailored to each region and application.

We will also further strengthen our global supply structure. As part of this, in the Global South, including India where demand is growing markedly, we will develop sales and supply structures suited to the characteristics of each local market. In addition, for Idemitsu Branded Motor Oil (IBMO), our B2C engine oil, we have designated priority regions overseas that have substantial room for new entry, and we are cultivating agents and dealers there. IBMO features a wide range of products, including oils that emphasize fuel economy, oils that emphasize durability and oils for high-output engines. A key strength is that these products combine engine protection with fuel efficiency performance by applying the technological capabilities we have cultivated through many years of collaboration with automakers.

Key drivers of the New Medium-term Management Plan

Lubricants themselves may not be visible in everyday life, but as long as new technologies and machines emerge, there will always be a need for lubricants suited to them. We aim to be a comprehensive lubricants manufacturer that can propose such solutions ahead of other companies.

We have inherited this customer-driven approach to research and development from Sazo Idemitsu, who founded the business in 1911 by selling machine oil. Lubricants consist of base oils, which determine basic performance, and additives, which adjust other properties. Numerous base oils with differing properties exist, and the possible combinations with



A test unit for the IDEMITSU ICF Series of immersion cooling oil for data centers. The series combines high safety with excellent cooling performance by drawing on the technological expertise we have cultivated in developing a wide range of lubricants. Contributing to energy savings at next-generation data centers

approximately 1,000 types of additives are enormous. In addition, because each additive interacts with other additives, formulation requires the utmost care. Approximately 1,000 customers visit our Lubricants Research Laboratory each year to pursue optimal formulations, and through high-quality communication, we have contributed to technical breakthroughs and to resolving the issues our customers face. This represents a history we have built up with our customers over many years and is at the same time one of the company's strengths. In addition, we have formed sales and development teams that visit business partners and conduct proposal-based sales. Through this process, we repeatedly conduct demonstration tests that draw on the knowledge and expertise we have accumulated to date, allowing us to rapidly develop lubricants tailored to the individual challenges and needs of each customer.

Following the Daphne Alphacool NV Series, a water-soluble cutting fluid that won the MONODZUKURI Innovative Parts and Components Award in FY2024, Idemitsu Super Coat RS, a water-displacing long-term rust prevention oil, won the Excellent New Product Award for Industrial Cleaning given by the Japan Industrial Conference on Cleaning in FY2025. Customers recognized the technical originality of this oil, which reconciles the cleaning and rust prevention processes that had previously been difficult to combine, and this recognition led to the award. In addition, we received a Supplier Award (Innovation Category) from Schaeffler Group, a German bearing manufacturer, and global customers likewise hold our technological capabilities in high regard.



High-speed drilling of metal while spraying water-soluble cutting fluid diluted with water. The basic applications of cutting fluid include lubricating and cooling tools as well as preventing rust and cleaning machinery. Optimal formulation design of oil products contributes to higher productivity and a better working environment at processing sites.



The nameplate of the Lubricants Research Laboratory, bearing the title in Sazo Idemitsu's own handwriting. Perhaps because Sazo wished to emphasize it, or perhaps because his brush carried too much momentum, an emphasis mark appears for some reason beside the Japanese character for "research" (研).

Functional Materials Segment

I Electronic Materials

Achievements and challenges in the previous Medium-term Management Plan

The electronic materials business mainly manufactures and sells materials for OLED displays. With a research and development history spanning more than 40 years, this business holds numerous patents centered on blue light emitting materials, and many display manufacturers have adopted these materials. In OLEDs in particular, blue light emission requires the highest energy of the three primary colors and is therefore considered difficult to achieve, and combining high luminous efficiency with a long lifetime is a challenge. In 2022, our stacked light-emitting layer device using the fluorescent blue material we developed achieved world-leading luminous efficiency and a longer lifetime (according to our own research). In addition, we expect this technology to reduce power consumption and also lower environmental impact by improving the product life cycle. The technology also earned high praise because we have already brought it to market and advanced its social implementation, earning it the Display Component of the Year Award at the 2026 Display Industry Awards.

We have worked to strengthen the foundations of the electronic materials business since the period of the previous Medium-term Management Plan. In South Korea, we established Idemitsu Advanced Materials Korea Co., Ltd. to accelerate research and development that accurately captures customer needs and to strengthen our marketing structure. In China, we converted Idemitsu Electronic Materials (China) Co., Ltd. into a joint venture with a Chinese company and have worked to localize the business and strengthen our manufacturing structure. In the OLED market, where we expect demand to expand, we are working to further broaden adoption by positioning our stacked emitting layer technology as a key technology.

Key drivers of the New Medium-term Management Plan

Our strengths in the research and development of electronic materials lies in material design. For OLED materials, we design and synthesize the organic molecules used in the emitting layer in-house, improving luminous efficiency, color purity and lifetime. We have also developed a crystalline oxide semiconductor material, drawing on the inorganic material design technology we have cultivated, for use as a semiconductor material in the circuits that drive OLED displays and similar devices. This new material offers superior electron mobility and stability compared with conventional oxide semiconductor materials and reduces power consumption, and we therefore expect it to serve as a semiconductor material supporting future display technologies. This crystalline oxide semiconductor material has also earned high praise from customers, and we aim to commercialize it at an early stage.

I Advanced Materials & Performance Chemicals

Achievements and challenges in the previous Medium-term Management Plan

In the advanced materials & performance chemicals business, we have used proprietary catalysts and polymerization technologies with petroleum-derived naphtha as the feedstock to develop high-performance, high-value-added products. We offer engineering plastics with excellent durability and heat resistance, as well as solvents, adhesive base materials and engineered materials, which customers adopt widely, mainly in the automotive, home appliance and optical fields. In recent years, we have expanded SPS production capacity and reorganized our overseas network, strengthening our global business platform while aiming for sustainable growth and higher corporate value.

Products	Main applications
Syndiotactic polystyrene (SPS) resin	Connectors, 5G millimeter wave radar, home appliances, cookware and tableware, fibers, films
Polycarbonate (PC) resin	Light guide plates, lenses, automotive lighting, office automation equipment
PBD resin (liquid polybutadiene)	Molding compounds for electrical components, cushioning materials
Hydrogenated petroleum resin	Hot-melt adhesives for disposable diapers, films
Solvents (C4-based, aromatic, normal paraffin-based)	Solvents for paints and printing inks, base materials for lubricants and processing oils, cleaning agents, insecticides, reaction and extraction solvents
Specialty polycarbonate (PC) resin	Organic photoconductor (OPC)
Functional coating agent polyaniline resin	High-performance capacitors



5G millimeter wave radar



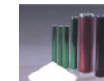
Automotive lighting



Hot-melt adhesives for disposable diapers



Solvents for printing inks



Organic photoconductor (OPC)

Key drivers of the New Medium-term Management Plan

During the new Medium-term Management Plan, we will continue to expand sales of products with a competitive advantage in the market and to develop new applications for them. For example, our proprietary syndiotactic polystyrene (SPS) resin, sold under the brand name XAREC™, offers particularly outstanding heat resistance and chemical resistance among crystalline engineering plastics. It withstands cooking oil heated to nearly 100°C and also transmits electromagnetic waves, so it allows manufacturers to produce tableware and containers that do not feel hot to the touch after microwave heating, and adoption is therefore expanding. In addition, taking advantage of its excellent electrical properties and its dielectric properties, which remain highly stable against changes in frequency, temperature and humidity, we expect it to be adopted in a wide range of electrical components for increasingly electrified automobiles and in parts for communications equipment used under harsh conditions.

Functional Materials Segment

I Pesticides and Functional Feed

Achievements and challenges in the previous Medium-term Management Plan

The AgriLife business, which contributes to the stable supply of food through pesticides and functional feed additives, is an important growth area under the new Medium-term Management Plan (FY2026-2030). By combining the research, development, and manufacturing technologies of SDS Biotech K.K. with the field-based solution capabilities of AGRO-KANESHO CO., LTD., which became a wholly owned subsidiary in 2025, we are beginning to see integration benefits such as stronger collaboration in sales and development and a more complementary product lineup. In April 2027, we plan to merge the two companies to establish Idemitsu Crop Arts Co., Ltd. and accelerate the creation of synergies through an integrated structure ranging from research and development through to sales.

In functional feed additives, the Ministry of Agriculture, Forestry and Fisheries designated the main ingredient of “RUMINUP” as a feed additive intended to reduce greenhouse gases (methane gas) in 2025, and it was registered under the J-Credit Scheme in 2026, marking progress in the creation of environmental value.

Going forward, we will integrate our organizations and business processes and establish a business operation structure to realize the benefits of integration at an early stage.

Key drivers of the New Medium-term Management Plan

In Japan, we will combine our research and development capabilities with our field-based solution capabilities to strengthen solution-oriented proposal activities that go beyond the sale of pesticides. Overseas, we will deepen collaboration with local partners in growth markets and accelerate business development that combines product and technology proposals.

In terms of products, we will strengthen our fundamental competitiveness by expanding our portfolio of chemical pesticides, mainly for vegetables, fruit trees, and paddy rice, while also pursuing differentiation and improved profitability through the deployment of biological pesticides and materials with a low environmental burden. Particularly in the high-value crop field, we will further deepen our proposal-based business to drive improvements in unit selling prices and profitability.

In the functional feed field, we will create new value by achieving both higher productivity and reducing environmental burden.

Through these efforts, we will establish a competitive advantage that unifies everything from research and development to on-site proposals.



An efficacy trial of a paddy rice herbicide

I Lithium-ion Battery Materials

Achievements and challenges in the previous Medium-term Management Plan

Expectations are rising for the practical application and widespread adoption of all-solid-state batteries as a technology that supports advances in electrification. We are advancing the development of solid electrolytes, an essential material for all-solid-state batteries, and establishing mass production technologies for them. Using the two small pilot facilities currently in operation, we supply a range of solid electrolytes tailored to customer needs. In 2025, we decided to construct a large pilot facility, the next stage toward mass production. We aim to complete the facility during 2027, and Toyota Motor Corporation plans to use the solid electrolytes manufactured there in the all-solid-state batteries it is developing. Construction of a large-scale production facility for lithium sulfide, an intermediate raw material for solid electrolytes, is also progressing smoothly toward completion in June 2027. The sulfur component, one of the raw materials for lithium sulfide, is a byproduct generated in large volumes by the refining processes at our refineries and complexes that produce refined petroleum products. In addition, we have invested in lithium mine development in Australia and are considering building a structure to respond to growing demand for lithium, a critical mineral.

In this way, as a leading company in the materials field for all-solid-state batteries, we are steadily building an integrated supply chain spanning raw materials, intermediate raw materials and finished products. Through in-house production, we will achieve the stable supply of quality-controlled products together with strong cost competitiveness, supporting the social implementation of all-solid-state batteries from the materials side.

Key drivers of the New Medium-term Management Plan

Solid electrolytes are extremely small particles of submicron size. As a result, they are more difficult than liquids to mix uniformly or transfer in large-scale mass production equipment, and they readily cause uneven heating and piping blockages, which makes mass production far from easy. However, the company possesses expertise in handling particle materials cultivated through many years of research and development and through its existing businesses. We are also strategically advancing the securing of intellectual property rights for the technologies we develop. Leveraging these strengths, we will scale up in stages from small pilot facilities to a large pilot facility, establishing mass production technology ahead of the rest of the world and advancing our efforts toward commercialization.

Power and Renewable Energy Segment

Executive Officer
General Manager of Power &
Renewables Business Department

Hiroshi Yoshida



Competitive Advantages

- Integrated business operations spanning power generation, electricity sales and next-generation energy
- Nationwide customer base (including numerous corporate and industrial fuel supply accounts)
- Capabilities in developing and operating thermal and renewable energy power generation facilities

Manufactured Capital

Capacity of the Group Power Generation Facility Portfolio^{*1}

Type of power generation	Unit: 10,000 kW
Domestic solar power	19.1
Overseas solar power	59.8
Solar power (subtotal)	78.9
Biomass power	10.3
Wind power	2.0
Geothermal power ^{*2}	0.5
Renewable energy (subtotal)	91.7

Type of power generation	Unit: 10,000 kW
Domestic thermal power generation	83.4
Overseas thermal power generation	16.3
Thermal power generation (subtotal)	99.7
Domestic power generation capacity (total)	115.3
Overseas power generation capacity (total)	76.1
Power generation capacity (total)	191.4

^{*1} Totals of Idemitsu's owned (or contributed) capacity

^{*2} Geothermal power generation is a business within the Resources Segment. Additionally, 27,000 kW worth of steam for power generation is supplied to energy companies

Achievements and challenges in the previous Medium-term Management Plan

In the Power and Renewable Energy Segment, we leveraged the strengths of our Group and built a structure that integrally manages everything from electricity supply through to sales, thereby advancing the stabilization of earnings. In the domestic power business in particular, we utilized our own power generation facilities while raising the precision of operations that control supply and demand, prices and sales volumes in combination, and we built a foundation that secures earnings on a stable basis.

At the same time, problems at thermal power plants and surging biomass fuel prices temporarily squeezed earnings in some stages. Accordingly, securing the stable operation of power generation facilities and strengthening an earnings structure less susceptible to changes in the external environment are challenges going forward.

In addition, we reviewed the solar business and overseas business in terms of their profitability and their roles within the Group. In the solar business, we drew on our experience to date in development, construction and operation, and shifted management resources to EPC (Engineering, Procurement, and Construction) and O&M (Operations and Maintenance) businesses, which saw an improvement in earnings. We are also advancing a review of overseas businesses from the perspectives of profitability and synergies.

Specific measures of the New Medium-term Management Plan

Under the new Medium-term Management Plan, we aim to achieve both a contribution to low-carbon and decarbonization goals and profitability, and we are moving ahead with structural reforms while strengthening our growth foundation both in Japan and overseas. In the domestic power business, we will leverage the strengths of our Group to further increase earning power. At the same time, our power supply, supply and demand, and sales functions will work as one to secure diverse renewable energy power generation facilities, including geothermal, and move forward low-carbon and decarbonization solutions that utilize non-fossil value. On the power supply side, we will utilize our own assets and advance collaboration with other companies while shifting toward the use of FIP, post-FIT and non-FIT power generation facilities, and we will strengthen efforts that connect electricity and environmental value to retail. On the supply and demand side, we will accumulate know-how in supply and demand adjustment at the Himeji Energy Storage Station, which began operation in FY2025, and apply it to business development that reflects the expansion of variable renewable energy. On the sales side, we will leverage our nationwide dealer network to give concrete form to a local production for local consumption model by supplying renewable energy electricity to customers seeking regional circulation, and we will advance the provision of solutions to companies leading in decarbonization.

In the solar business, we will advance structural reforms to bring Solar Frontier K.K. into the black at an early stage while contributing to our renewable energy strategy. For the overseas business as well, we intend to complete the restructuring of our business portfolio and work to improve earnings and enhance the efficiency of invested capital.

Key drivers of the New Medium-term Management Plan

For growth in the domestic power business, we position the creation of touchpoints with more customers and the improvement of services as key drivers of growth, and we will work to strengthen relationships with customers. With "idemitsu Denki", we are enhancing convenience through linkage with our points program, My idemitsu ID and our Drive On app, and we are utilizing digital services to strengthen ongoing relationships with customers. We will also further strengthen collaboration with our sales divisions and dealers, advance the provision of bundled carbon-neutral solutions that combine renewable energy electricity with carbon offset fuel and other offerings, and build relationships with customers that hold potential for further development. Furthermore, we will combine our nationwide sales network with renewable energy power generation facilities rooted in local communities to address local production for local consumption needs, and we will use aggregation that integrates resources on both the generation side and the demand side to maximize the value of renewable energy and optimize supply and demand. Through these efforts, we aim to maximize customer value and establish a stable earnings base.

Resources Segment

Senior Executive Officer
B2B Business Strategy and
General Manager of Coal and
Energy Solution Department

Yuzo Yoshida



Competitive Advantages

- Strong resource interests, including Australian coal and Vietnamese gas fields
- Many years of overseas business experience
- Low-carbon and decarbonization solution technologies, such as geothermal power and biomass fuels

Manufactured Capital

Oil and gas production volume

Name	Location	Production volume (thousand BOE**/day) FY2025
Vietnam Gas Field	Off the coast of southern Vietnam	13.4
Norway Gas Field	Norwegian North Sea	11.2
Total		24.6

*1. BOE: 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 as its fiscal year ends in March.

Coal production volume

Name	Location	Production volume (thousand tons) FY2025
Boggabri Mine	Australia	5,660

*1. Figures based on the Group's equity interests

*2. The volume was from January to December as the fiscal year ends in December

Achievements and challenges in the previous Medium-term Management Plan

In the Resources Segment, safe and stable operations at each site have expanded earnings from existing businesses, and the segment continues to deliver a high ROIC.

In the coal business, we sold the Ensham Mine in Australia and concentrated production at the highly competitive Boggabri Mine, thereby improving capital efficiency. We continue to supply the high-quality coal produced at this mine to customers, primarily in Japan. In our business of black pellets for coal co-firing (product name: Idemitsu Green Energy Pellets (IGEP)), we started commercial production in October 2025 at our own plant in Vietnam, one of the largest of its kind in the world. To expand our business domains, we leverage the business platform we have built in Australia through our coal business and engage in critical minerals business covering vanadium, graphite and lithium, which serve as raw materials for storage batteries that contribute to carbon neutrality (CN). We are currently proceeding with feasibility studies for four projects in Australia.

In the oil, gas and geothermal development business, we secure stable revenues while providing a stable supply of energy to local communities from offshore oil and gas fields in Vietnam and Norway and from the Takigami Complex (geothermal) in Oita Prefecture. In addition, we entered the oil and gas field exploration and development business in Malaysia in FY2025.

Specific measures of the New Medium-term Management Plan

The Resources Segment will continue to strengthen the foundations of existing businesses, develop new businesses and contribute to the CN shift among customers.

In the coal business, we will continue to aim for a stable supply and expand earnings by maximizing production volumes at the existing mine and thoroughly reducing costs. For metallurgical coal, for which we expect firm demand to continue, we are examining and advancing the expansion of procurement sources, including the acquisition of new interests.

Compared with other biomass fuels, IGEP offers a high calorific value and handling characteristics close to those of coal, requires no large-scale modification of existing equipment and enables a smooth fuel conversion. Starting from our plant in Vietnam, which has an annual production capacity of 120,000 tons, we aim to expand our production and procurement bases. We aim to expand sales together with idemitsu-R40, a new solution system that stably and efficiently raises the co-firing ratio of CN fuels in coal-fired boilers.

In our oil, gas, and geothermal energy businesses, we are strengthening our portfolio through continued exploration and development in Malaysia, while ensuring stable operations and reliable energy supply in Vietnam and Norway. At the same time, we are actively promoting carbon-neutral initiatives in the region, including carbon capture and storage (CCS). As part of our efforts to expand domestically produced, stable energy sources, we are advancing the construction of the Katatsumuriyama Geothermal Power Plant in Akita Prefecture. The project is being developed jointly by Idemitsu, INPEX GEOTHERMAL, LTD., and TEPCO Renewable Power, Inc., with operations scheduled to begin in 2027. We will also continue geological surveys and exploration activities throughout Japan to further diversify energy sources and support the transition to a carbon-neutral society.

Key drivers of the New Medium-term Management Plan

In the critical minerals business, in 2025 we decided to introduce vanadium flow batteries (VFBs), which are made from vanadium, at the Boggabri Mine, in which Idemitsu holds a 90% stake. VFBs are durable, safe and environmentally friendly batteries for use as energy storage equipment, and our Australian subsidiary Vecco manufactures and supplies the vanadium electrolyte solutions they use. As global demand expands for electric vehicles (EVs) and renewable energy storage systems, we will contribute to the realization of a low-carbon society by establishing a value chain for battery materials.

Message from the CHRO



Looking Back on the Previous Medium-term Management Plan: Our Transformation Is Still under Way

We are advancing initiatives that place human capital at the core of our management to achieve sustainable growth in corporate value. Amid major changes in the environment surrounding the energy business, we recognize that the foundation supporting the achievement of our financial targets for FY2030 is value creation by our human capital, and that transformation in terms of both quality and quantity is essential.

Under the previous Medium-term Management Plan, we advanced our human capital strategy around three pillars: Embodying Management Philosophy / Vision, Expanding DE&I, and Bringing out the full potential of each individual. With regard to the siloed structure between departments, the inward-looking mindset, and the preference for stability, which we identified as structural challenges to improving corporate value, we implemented a range of measures through the measurement and analysis of the Idemitsu Engagement Index (Idemitsu EI), our proprietary engagement indicator, and we saw a degree of improvement during the previous Medium-term Management Plan. In addition, to put our Management Philosophy into practice, a longstanding challenge, we redefined our Action Guideline in FY2025 based on the Management Philosophy. Although we steadily developed our human capital foundation through a range of measures, the Idemitsu EI fell short of our target, and progress on other major KPIs also remains below our targets.

The new Medium-term Management Plan commenced in FY2026. As described below, we will confront the challenges that came to light under the previous Medium-term Management Plan and pursue a more effective human capital strategy.

Our Challenge Toward 2030: People at the Core of Transformation

Looking toward FY2030, we will invest on an unprecedented scale in the three business domains of GRIT, GROWTH, and CNX, taking on a highly challenging business transformation. Strategy and the amounts of investment alone will not determine our success in this challenge. If our thinking and decision-making remain bound by past practices, we will not create new value, nor will we maximize the returns on our investments. The essence of change always lies with people.

Based on this recognition, we have made “transformation” a clear keyword in the human capital strategy of the new Medium-term Management Plan.

The transformation we aim to achieve does not depend on specific departments or on a limited number of people. How we carry out our work, the relationships between departments, how we engage with parties outside the Company, the yardsticks we use for evaluation—every department and every employee of the Company must question them and keep changing them rather than accepting these as given. In other words, our transformation is not limited to new businesses and technological development. It means reviewing and reshaping our entire business and operations, including business processes, decision-making and the way we collaborate across organizations and with external partners.

Specifically, we will link the results of our investments in human capital to the creation of business value through three changes in actions aligned with our business strategy: strengthen on-site capabilities, promote co-creation, and enhance ability to create new value. All three are essential, and they complement one another.

We also position the productivity gains delivered by investments in our business platform, including DX and AX, as the foundation that allows us to reallocate time to creating added value and pursuing growth opportunities.

Issues Remaining from the Previous Medium-term Management Plan

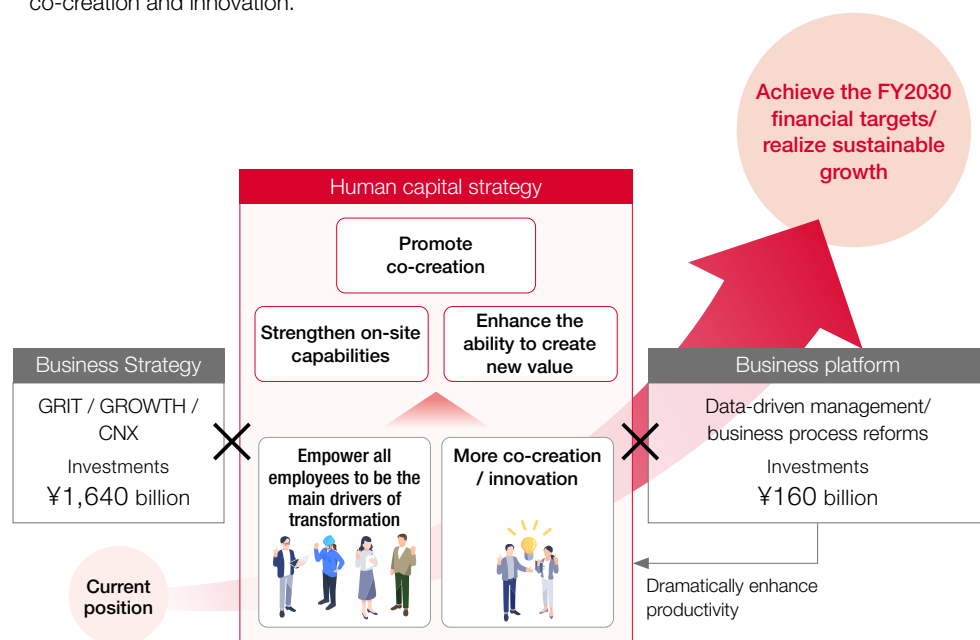
Embodying Management Philosophy / Vision	• Instill understanding and put into practice the Action Guideline • Achieve another leap in job fulfillment through a greater sense of growth and contribution
Expanding DE&I	• Embed and strengthen measures for the advancement of women • Clearly demonstrate the connection between DE&I and business strategy
Bringing out the full potential of each individual	• Rebuild self-directed career support measures and the personnel development framework

Message from the CHRO

From Understanding to Practicing Our Action Guideline

The Action Guideline that we redefined in FY2025 embodies our very values, translating our Management Philosophy of “Truly inspired” into concrete actions. Under the new Medium-term Management Plan, we will link the Action Guideline closely to personnel recruitment, development, evaluation, and assignment, elevating it beyond a common language to being at the core of our actions. We aim to increase its penetration rate to 95% and to expand the ranks of transformation leaders, who embody the Action Guideline at a high level and drive transformation while engaging those around them, to approximately 30% of all employees, thereby transforming our organizational culture itself.

At the same time, transformation cannot be sustained without diversity. This is because homogeneous groups rarely generate new perspectives or ideas. The Company will build a structure that reflects diverse perspectives in decision-making by promoting the advancement of women, developing global human capital, advancing initiatives for LGBTQ+, promoting the advancement of people with disabilities, enabling mid-career hires to excel, and appointing local employees at our overseas subsidiaries. We believe that an environment where people with diverse backgrounds can fully leverage their individual strengths forms the very foundation of co-creation and innovation.



Turning Investment in People into Solid Management Outcomes

To advance our human capital, we will work on four priority challenges under the themes of “empower all employees to be the main drivers of transformation” and “more co-creation and innovation” (further deepening of DE&I). Specifically, we aim to:

- Maximize all employees’ engagement and sense of individual growth
- Unite all employees under the Action Guideline
- Develop diverse transformation leaders
- Create fields where diverse talent can thrive

In addition, through the gains in productivity that result from developing our business platform, we will create an environment in which employees can direct their time and energy toward high-value-added work and their own growth.

To date, Idemitsu has focused on creating a more supportive and enabling work environment, and going forward we will build on that foundation while shifting our focus to job fulfillment, which combines the creation of results with a genuine sense of growth. We believe that the source of our competitiveness lies in building an organization that goes beyond mere satisfaction and improves performance through challenge and learning.

For our human capital KPIs, we emphasize alignment with management strategy and manage progress using quantitative indicators while enhancing the transparency of our disclosures. By enhancing our indicators, beginning with the Idemitsu EI, we will clarify the causal relationship between investments in human capital and management results, thereby fulfilling our accountability to stakeholders.

Looking ahead, we will continue to advance our human capital management, pursuing both sustainable growth and the creation of social value to meet the expectations of all our stakeholders.

Review of the Human Capital Strategy under the Previous Medium-term Management Plan: Building a Foundation for Transformation

I Instilling an Understanding of the Management Philosophy and Action Guideline

In 2025, Idemitsu redefined its Action Guideline to embody the Management Philosophy, “Truly inspired.” The Action Guideline comprises three Basic Attitudes (Complete Sense of Ownership; Constant Desire for Growth; Deep Regard for Sincerity and Mutual Trust) and four Competencies (Take on New Challenges Boldly; Think Thoroughly and Make Confident Decisions; Overcome Differences; Empower People). We held repeated briefings and roundtable discussions across all 60 departments and offices to instill a thorough understanding of the Action Guideline. We provide further details in the Special Feature section that follows (see p.48-49).

As a result, in the Employee Engagement Survey conducted across the Group, the score for empathy with the Management Philosophy improved by five points, from 75% in FY2022 before the previous Medium-term Management Plan began to 80% in FY2025, the final year of the plan, demonstrating a steady increase in empathy with the philosophy. Meanwhile, the score for how well the philosophy has permeated daily operations rose only slightly from 59% to 60%, and the score for how well the Action Guideline has permeated daily operations rose only from 64% to 67%, highlighting the challenge that empathy does not necessarily translate into day-to-day decisions and actions. We must advance to a stage where each and every employee puts the Management Philosophy into practice daily as the basis for their decisions.

I Efforts to Deepen DE&I and Promote the Advancement of Women

Under the Idemitsu Group DE&I Policy, the company aims to create new value through interactions among people with diverse backgrounds, knowledge, and experience, and to transform itself into an organization that continuously generates innovation unconstrained by existing values.

In 2021, we established the DE&I Committee, chaired by the Representative Director and Executive Vice President, and have developed our efforts in stages: building the foundation for DE&I and promoting the advancement of women as a key challenge (first and second terms), identifying issues at each workplace and instilling and deepening DE&I (third term), and advancing company-wide themes together with workplace-specific DE&I initiatives reflecting the characteristics of each workplace (fourth term).

Based on recommendations from the DE&I Committee, we conduct workshops and roundtable discussions on themes such as the advancement of women, LGBTQ+, the active participation of mid-career hires, taking ownership of DE&I, and recognizing unconscious bias, while also enhancing various systems and advancing activities at each organization.

Since FY2023, we have continuously engaged in cross-mentoring in which senior executives serve as mentors and female managers as mentees, with the aim of supporting self-directed career development among female managers and eliminating the gender gap. In FY2025, we collaborated with Tokio Marine & Nichido Fire Insurance Co., Ltd., Teijin Limited, and Ricoh Co., Ltd. to hold not only mentoring sessions but also co-creation events aimed at eliminating the gender gap, thereby creating opportunities for learning and growth that transcend corporate boundaries.

Through these various efforts, the average score for the teamwork and diversity category in the Employee Engagement Survey improved from 74% in FY2022 to 78% in FY2025. In addition, the Idemitsu EI improved from 68% for men and 63% for women in FY2022 to 71% for men and 67% for women in FY2025, and the Idemitsu Growth Score, an intermediate indicator, improved from 61% for men and 50% for women to 66% for men and 60% for women, with the gender gap narrowing as the gains for women exceeded those for men.

Our DE&I-related KPIs also progressed steadily. Comparing FY2022 with FY2025, the ratio of female new hires rose from 39.5% to 45.6%, the ratio of women in managerial positions rose from 2.7% to 5.5%, and the ratio of men taking childcare leave rose from 84% to 98%. These efforts have also earned external recognition, including selection as a Nadeshiko Brand for the fourth consecutive year and Gold certification under the PRIDE Index for the third consecutive year.

Going forward, we believe that linking DE&I more closely to enhancement of corporate value requires more than an understanding of its importance. We must incorporate diverse insights and perspectives into our business activities and decision-making and leverage them as organizational strengths. Building on the foundation we have established, we will promote co-creation by strengthening collaboration inside and outside the Group and improving the quality of decision-making, thereby creating new value and accelerating innovation.



A cross-mentoring session



Review of the Human Capital Strategy under the Previous Medium-term Management Plan

Building a Framework to Support Self-Directed Career Development and Growth

Viewing a work career as part of a life career, and believing that enriching it to enhance employees' sense of fulfillment and growth strengthens organizational competitiveness, we established the Career Design Department in April 2024 and have implemented the following measures.

Overview of Key Measures and Systems Supporting Self-Directed Career Development

Legend

Education and training
Support program
Consultation/network

Measures to support supervisors

Dojo (coaching, active listening, general consultations)
Mandatory interview training
Kikutore 8 (active listening training)
Team communication improvement training basic videos
Management training
Training for newly appointed managers

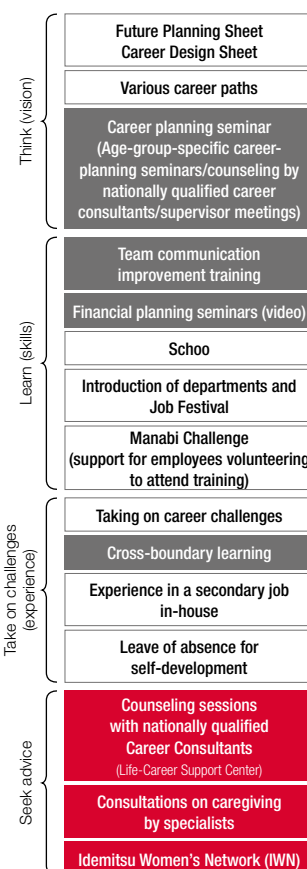
Feedback on expectations, challenges, and outcomes



Support for personal development aimed at embodying the Management Philosophy

+

Compensation/benefit programs supporting the creation of an environment where employees can devote themselves to work without worry
(remuneration, retirement payment, childcare/nursing care leave, housing allowance, company-sponsored savings programs, insurance, etc.)



As opportunities for employees to consider their ideal career and a plan for achieving it, we support each individual in creating a plan through age-specific Career Planning Seminars, and for organizations where the Employee Engagement Survey revealed challenges in career awareness, we have rolled out workshops in which employees think about their careers together with their workplace colleagues, as well as roundtable discussions at refineries and complexes. In addition, to raise the ability of supervisors to support their subordinates and communicate with them, we provide training for all managerial staff on improving listening skills and conducting career interviews.

As opportunities to build experience and skills, we also encourage behavioral change in the workplace through the Cross-Boundary Program, which supports external experience and engagement outside one's usual field, and once-a-week teacher, in which employees spend one day a week at a junior high school addressing challenges in the educational field. At the same time, we have rolled out a menu of options for voluntary, self-elected skill development, including the Team Communication Improvement Training that strengthens co-creation capabilities within the organization and the Manabi Challenge program, which subsidizes half of self-development expenses up to ¥200,000 per year.

Furthermore, nationally certified in-house career consultants support career development through interviews that encourage self-reflection and articulation. We have established consultation offices at refineries, complexes, and research laboratories as well as at the head office, and for employees in their 50s and above we offer the Life Plan YOROZU Consultation sessions, which respond to the desires to keep contributing and to keep growing identified through a joint study with a university.

This investment in supporting self-directed career development has produced clear results. In the Employee Engagement Survey, the score relating to the company's career prospects improved by 11 points, from 44% in FY2022 to 55% in FY2025, an outstanding gain among all survey items, showing that these efforts are bringing about a genuine change in how employees view their careers. The increase was particularly large among younger employees, rising from 38% to 53% for those under 30 and from 40% to 50% for those aged 30 to under 40. Scores related to support for self-directed careers rose across the board. The score for the provision of information on career development support rose from 60% to 70%, the score for a sense of growth through work rose from 71% to 74%, and the score for development opportunities that enable employees to advance rose from 57% to 63%.

On the other hand, the FY2025 results show that the score for gaining experience and skills outside one's own department stood at 46% and the score for work and life careers encompassing both work and private life stood at 56%, neither of which we consider a sufficient level. Although we have made progress in expanding our programs, we will continue to deepen our efforts so that employees can enrich both their work and life careers and gain a real sense of growth.

Review of the Human Capital Strategy under the Previous Medium-term Management Plan

Breaking Down Organizational Silos

Siloed structures between divisions have been a challenge the company has recognized for many years, but through the activities of the Idemitsu Employee Association, established in April 2024, we have steadily created opportunities and platforms for co-creation and innovation across divisions. We describe the Idemitsu Employee Association in the column below (see p.44).

In addition, since 2022 we have held the Job Festival at the head office to support employees' career development and to deepen their understanding of the work and appeal of other departments within the company. Each department sets up a booth, providing opportunities for employees to visit one another and engage in dialogue, and in FY2025 the event set new records with 50 exhibiting departments and 1,167 participants, including employees stationed overseas. We will continue to hold the event going forward.

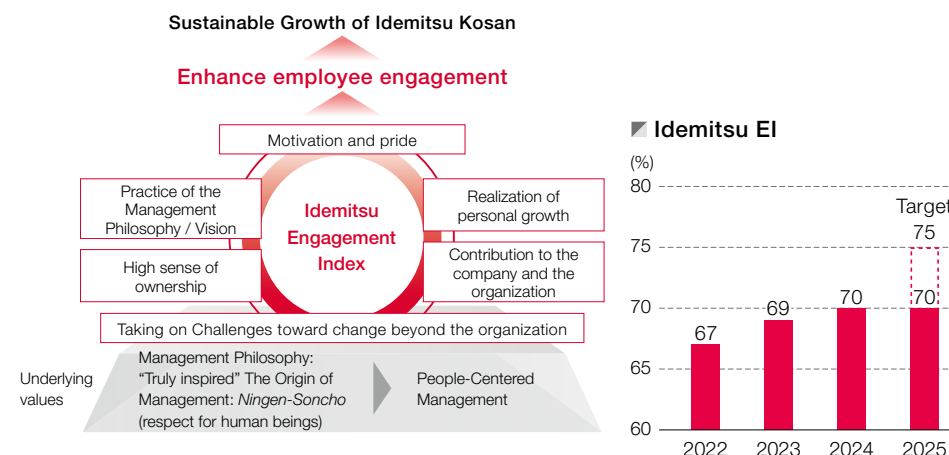
The effects of these efforts are also clearly evident in the figures. In the Employee Engagement Survey, the score for collaboration across organizational boundaries improved by 8 points, from 57% in FY2022 to 65% in FY2025, and employees increasingly feel that the siloed mindset that has long been a challenge is changing.

That said, connections across divisions do not in themselves translate directly into the creation of new value or into management outcomes. Rather than allowing these exchanges to end as one-off events, we will link them to higher-quality cross-divisional decision-making and to concrete co-creation and transformation in practice.

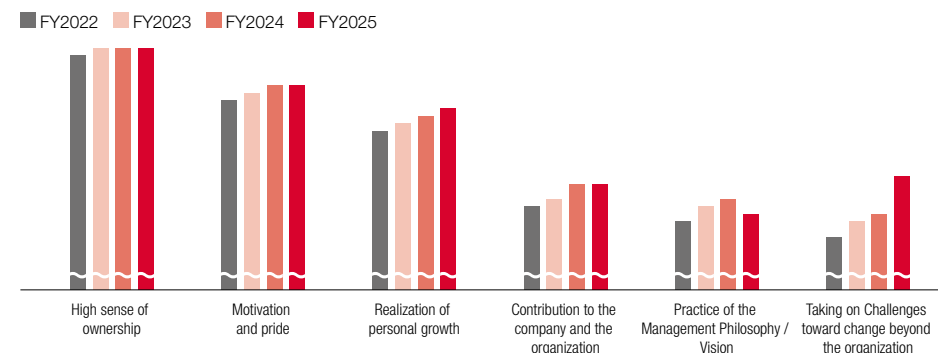
Improving the Idemitsu EI

The Idemitsu EI is a company-wide indicator that we designed independently to measure employee engagement. Rather than measuring only satisfaction, it quantitatively captures the extent to which the values the company holds dear have taken root among employees and are embodied in their daily actions, and it comprises six items: a high sense of ownership, motivation and pride, realization of personal growth, contribution to the company and the organization, embodying the Management Philosophy and Vision, and challenging toward change beyond the organization. In other words, it is an indicator directly linked to management that measures how widely the organization is populated by employees who have genuinely internalized the company's philosophy and strategy and who pursue growth and transformation with a sense of ownership. In addition, we have defined the three elements that correlate strongly with the Idemitsu EI, namely a sense of growth, a sense of contribution and career outlook, as the Idemitsu Growth Score, and we use it as an interim indicator of improvement in the Idemitsu EI.

The Idemitsu EI improved from 67% in FY2022 to 70% in FY2025, but it fell short of the FY2025 target of 75%. The Idemitsu Growth Score likewise improved from 60% in FY2022 to 65% in FY2025, but it did not reach the target of 70%.



Year-on-year Changes in the Components of the Idemitsu EI



Summing up the above, we position the three years of the previous Medium-term Management Plan as a period in which we tilled the soil and sowed the seeds for transformation. In other words, we steadily advanced the building of a foundation for transformation.

At the same time, we believe that we did not always clearly articulate the relationship between our human capital strategy and our management strategy, nor the path toward enhancing corporate value. We regard the new Medium-term Management Plan as a period in which we will bring the seeds sown under the previous Medium-term Management Plan to fruition as solid results and translate them into enhanced corporate value. Accordingly, under the new Medium-term Management Plan, we reexamined and formulated the shape our human capital strategy should take in light of our management strategy, that is, how we should link the human capital strategy to management outcomes.

Review of the Human Capital Strategy under the Previous Medium-term Management Plan

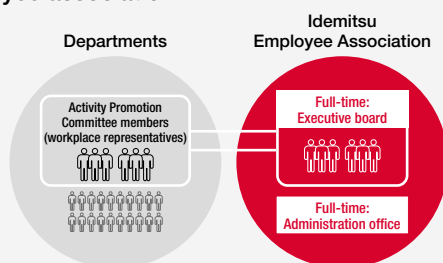
Column Idemitsu Employee Association

Purpose of the Idemitsu Employee Association

The Idemitsu Employee Association was established in April 2024 to connect the voices of employees and co-create value so that all employees, including those in managerial positions, can take the initiative in realizing a better company and organizational culture. As an organization independent of the company, the Association creates opportunities and dialogue that transcend the boundaries of department, generation, and job level. Through these efforts, it fosters a sense of participation in management, encourages self-directed growth, advances the practice of the Action Guideline, and drives innovation through co-creation—thereby steadily executing our human capital strategy.

Structure and features of the Idemitsu employee association

- The organization operates independently of the company, with a dedicated director (person in charge) for planning and managing its activities
- Representatives of each workplace (Activity Promotion Committee members) promote workplace activities
- All employees including managers are eligible to participate in the activities, and all employees engage in activities together



Opportunities for Direct Dialogue between Employees and Management

In FY2025, we held town hall meetings (THMs), which provide opportunities for direct dialogue between management and employees, twice (in June and November), engaging in dialogue on topics such as messages from the officers of the new management structure and the sharing of management policies for the new Medium-term Management Plan. We also promote THMs at the level of individual sites, departments and offices, deepening employees' understanding of and confidence in our management policies by sharing business division strategies and translating them into concrete targets.

With respect to improving workplace culture, the Association compiles and analyzes the results of the Employee Engagement Survey and reports its analysis of company-wide challenges to the company. Activity Promotion Committee members work with departmental managers to explore workplace-specific issues identified by the survey and implement measures, while the Idemitsu Employee Association supports analysis, measure planning, and implementation.



Opportunities for Collaboration and Co-Creation

The Idemitsu Employee Association also organizes a range of events that take on the challenge of transformation across organizational boundaries. The Association plans and runs initiatives such as Head Office Family DAY, which invites families to the workplace; Matching de Internal Exchange, which creates cross-organizational connections lead by theme owners; and the iine! award, which recognizes cross-departmental activities that bring about change, however small. In March 2026, we launched the Oshi-tie Idea Contest, a new forum for putting employee ideas into practice under the themes of the things and activities employees love and improving workplace culture through lateral collaboration.

In addition, to reflect the opinions voiced by employees and promote co-creation and lateral collaboration across departments, we have newly established Area Meetings, which divide departments and sites nationwide into nine groups, as an organization of Activity Promotion Committee members. We also actively provide opportunities for cross-departmental exchange and the sharing of good practices, including the Forest of Hints, which disseminates good examples of departmental measures arising from the Employee Engagement Survey, and Cross Lab, a session for sharing analysis results.

Looking back on the results of the first two years since its establishment

The Idemitsu Employee Association has moved forward, driven by a single desire to create a forum where employees and management unite and think about the future of the Company as their own. In the two years since its launch, precisely because it is an independent organization run by a small number of directors and administration office members, the Association has developed activities swiftly and with flexibility, taking the opinions voiced by employees as its starting point.

In FY2024, we organized the issues based on opinions from across the Company and presented management recommendations at THMs aimed at strengthening organizational unity and improving productivity, while Activity Promotion Committee members provided support for improving workplace culture. In FY2025, we made recommendations on company systems for the first time and held dialogues and exchanged views with the Human Resources Department based on an employee survey, while also creating opportunities for many employees to participate proactively through the Area Meetings and the Oshi-tie Idea Contest. The results of these efforts are also evident in the substantial improvement in the score for collaboration across organizational boundaries in the Employee Engagement Survey introduced on the previous page.

Going forward, the Idemitsu Employee Association will continue to grow together with employees and, drawing strength from the voice of each employee and the challenges they take on, contribute to shaping the future of the Company in advancing our human capital strategy.



Chairperson,
Idemitsu Employee Association

M. Uchiyama

Human Capital Strategy under the New Medium-term Management Plan: Driving Transformation Company-Wide to Deliver Management Outcomes

A Human Capital Strategy Rooted in Our Management Strategy

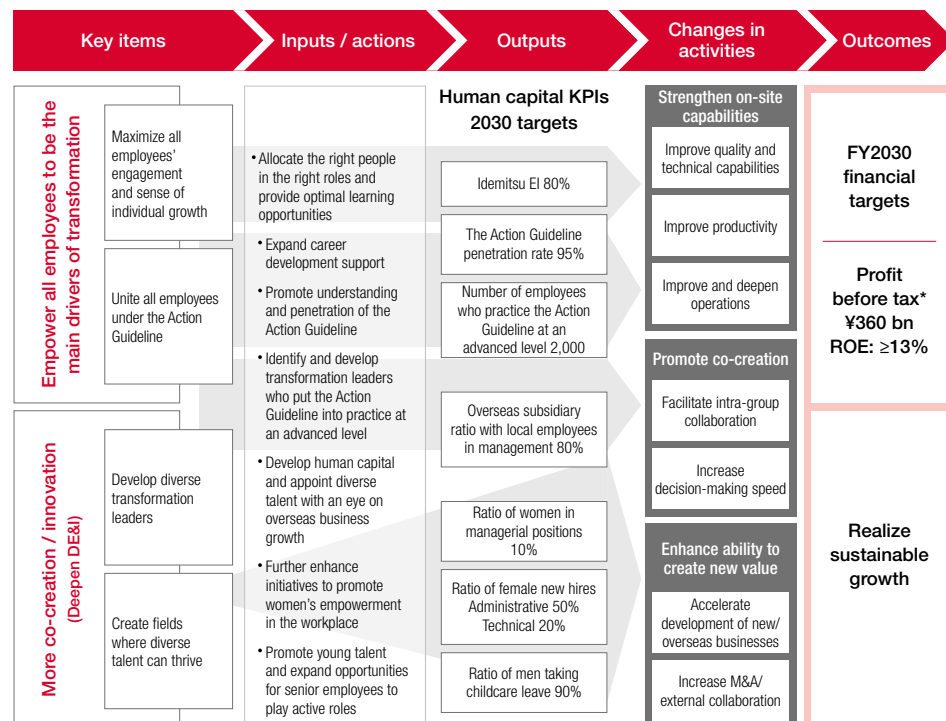
Under the new Medium-term Management Plan, we will rebalance our portfolio across the three domains of GRIT, GROWTH, and CNX, shifting away from the previous Medium-term Management Plan, which reduced the weighting of the fossil fuel business and centered on the CNX domain. We will invest a cumulative total of approximately ¥1.8 trillion over the five years from FY2026 to FY2030, and we have set targets of ¥360.0 billion in profit before tax and an ROE of 13% or more in FY2030, together with the realization of sustainable growth. Achieving these targets requires more than efforts that simply extend past practice. It calls for new ways of thinking and new ways of executing.

With this in mind, we have designated “transformation” as the keyword of our human capital strategy. Here, transformation is not limited to the new businesses and technology development that the GROWTH and CNX domains readily bring to mind. It also means questioning everyday assumptions and practices in every domain, including GRIT, and accumulating changes that

we can actually put into practice. Every business and every role holds an opportunity for transformation, and each employee drives transformation through their daily work. The human capital strategy of the new Medium-term Management Plan is designed to advance this across the entire company.

Two Themes and Four Priority Items

We will deploy the human capital strategy of the new Medium-term Management Plan under two themes: empower all employees to be the main drivers of transformation and more co-creation and innovation (deepen DE&I). We have set four priority items: maximize all employees’ engagement and sense of individual growth, unite all employees under the Action Guideline, develop diverse transformation leaders, and create fields where diverse talent can thrive. Through these items, we will facilitate changes in our activities, strengthening on-site capabilities, promoting co-creation, and enhancing our ability to create new value, and link them to the achievement of our financial targets and sustainable growth.



* Excluding financial expenses

Maximize All Employees' Engagement and Sense of Individual Growth

We position the enhancement of every employee's sense of individual growth at the core of the human capital strategy under the new Medium-term Management Plan. The Idemitsu EI serves as the indicator for this effort, and we aim to raise it from 70% in FY2025 to 80% in FY2030. To achieve this, we will place the right people in the right positions, provide optimal educational opportunities, and expand our support for career development.

At the same time, we will evolve our career development support into an effort through which individuals and the organization grow together, improving the score for in-house career prospects, which remained a challenge under the previous Medium-term Management Plan, and further raising the score for the sense of growth gained through work that draws on one's strengths.

For individuals, we will strengthen growth support by measures such as visualizing skill targets that lead to practicing the Action Guideline, as well as support triggered by life events such as marriage, childbirth, home purchase and nursing care.

For workplaces, we will provide tailor-made hands-on support based on our Employee Engagement Survey, and through workshops that clarify the connections between the individual's aspirations and our Management Philosophy and Action Guideline, we will help employees put into words once again “what it means to work at our company” and “how my work connects to transformation.”

Through these measures, we aim to have each employee take on transformation in the workplace, achieving both a personal sense of growth and growth of the organization.

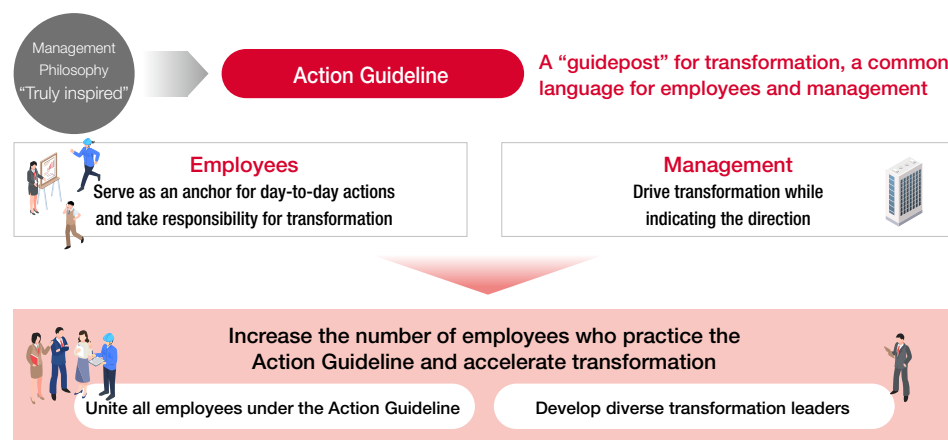
Human Capital Strategy under the New Medium-term Management Plan: Driving Transformation Company-Wide to Deliver Management Outcomes

I Unite All Employees under the Action Guideline

As the previous Medium-term Management Plan made clear, empathy with our Management Philosophy and Action Guideline has spread, but translating them into daily decisions and actions remains a work in progress. Under the new Medium-term Management Plan, we will deepen understanding further and strengthen our efforts toward putting it into practice. We will link the Action Guideline redefined in FY2025 with recruitment, development, evaluation, and assignment, and rather than leaving it as merely a common language, we will establish it as the foundation for the organization's decisions and actions.

Specifically, we will roll out a guidebook for managers that organizes how to communicate each element of the Action Guideline and connect it to action, and we will continue hands-on support such as the roundtable discussions we have conducted ahead of schedule since FY2025.

As a KPI, we will raise the Action Guideline penetration rate from 70% in FY2025 to 95% in FY2030. We explain the KPI for the degree of practice in the following section.



I Develop Diverse Transformation Leaders

Transformation leaders hold the key to advancing our Management Philosophy and Action Guideline from the stage of empathy to practice across the entire organization. Transformation leaders are individuals who practice the Action Guideline at a high level and create new value and transformation through co-creation with others. This is required not only of human capital engaged in new businesses and advanced technologies but also across all functions, including existing businesses and corporate divisions. At present, transformation leaders number an

estimated 1,300, or only about 20% of all employees, and under the new Medium-term Management Plan we have set a KPI of expanding this to 2,000, or approximately 30%, by FY2030. Organizational culture theory regards this 30% level as the minimum threshold at which organizational norms begin to change, and we aim to shift the embodiment of the Action Guideline from a handful of advanced cases to a norm for the entire organization.

To achieve this, in addition to rebuilding the education and training system that leads to practicing the Action Guideline, we will expand opportunities for cross-boundary work outside the company and exposure to different environments, such as one-day-a-week secondments and one-day-a-week teaching assignments. We position the cultivation of transformation leaders not as a mere human capital development measure but as an effort directly linked to improving the Idemitsu EI and, ultimately, corporate value.

I Create Fields Where Diverse Talent Can Thrive

The company is advancing the creation of an environment where diverse human capital can bring their respective abilities and experience to bear to the fullest. In addition to further enhancing measures for the advancement of women, actively promoting young human capital, and expanding opportunities for senior employees to play active roles, we will build a human capital development system that supports the growth of our overseas businesses and promote the appointment of diverse human capital. We continue to position the advancement of women



Human Capital Strategy under the New Medium-term Management Plan: Driving Transformation Company-Wide to Deliver Management Outcomes

as a key challenge and will expand and steadily implement the measures carried over from the previous Medium-term Management Plan.

Looking ahead to the further development of our overseas businesses, we are building a global human capital development system for our domestic employees. As part of this, we will strengthen the development of human capital able to perform on the global stage by enhancing education and training that supports the acquisition of skills required for overseas business and by expanding trainee programs at overseas locations. With regard to local employees at overseas subsidiaries, we will strengthen coordination across the Group and diversify our decision-making layer, taking into account the actual circumstances of each company. Specifically, we will work to instill the Management Philosophy and Action Guideline, rebuild the global grading and evaluation system, and establish mechanisms that promote the appointment of local employees to executive positions at each overseas subsidiary.

As DE&I-related human capital KPIs for measuring the progress of these efforts, we set the following FY2030 targets: an 80% ratio of overseas subsidiaries appointing local employees to management positions, a 10% ratio of females in managerial positions, female recruiting ratios of 50% for administrative positions and 20% for technical positions, and a 90% male ratio taking childcare leave. These KPIs do not merely indicate the level of diversity, as they also serve as indicators for enabling human capital with diverse experience and values to demonstrate their capabilities in decision-making and for accelerating co-creation inside and outside the Group as well as growth in new businesses and overseas businesses. Going forward, we will continue to advance DE&I from understanding to co-creation, thereby strengthening the management foundation that supports the creation of new value.

In the human capital strategy under the new Medium-term Management Plan, we place emphasis on the linkage between management strategy and human capital strategy in order to firmly connect the two themes and four priority items to management outcomes. We position human capital KPIs such as the Idemitsu EI and the Action Guideline penetration rate as outputs within a coherent story that links each priority item to management outcomes, and we will use them to measure the effectiveness of our measures and manage progress. Through these efforts, we will bring about changes in our activities, strengthening on-site capabilities, promoting co-creation, and enhancing our ability to create new value, and firmly connect them to the achievement of our FY2030 financial targets and to sustainable growth.

Health and Productivity Management

Under a health promotion structure headed by the President, the company advances health and productivity management based on the Idemitsu Group Health Declaration. Guided by the concept of People-Centered Management that we have valued since our founding, we uphold prioritizing health and safety in everything we do as a universal value and work to maintain and improve the mental and physical health of each employee and to foster a workplace environment where employees can continue to work with vitality.

Specifically, based on Idemitsu Health Action, which sets out the lifestyle habits the company recommends to employees, we hold walking events and events that encourage vegetable consumption, and we also provide health guidance on improving diet and sleep. In addition, in FY2025 we conducted interviews between occupational health staff and all employees in their first to third year with the company, self-care and line-care training, seminars on women's health issues, and health support for employees posted overseas.

Moreover, through our participation in the Health Day Forum and the Health Day Consortium, we work with participating companies to share knowledge and deepen practice, thereby contributing to the spread of health and productivity management across society as a whole.

In addition, drawing on our review of the previous Medium-term Management Plan, we identified the health issues specific to the company. Going forward, we will strengthen our efforts in priority areas, aiming to maintain and improve employee health and to achieve sustainable corporate value creation.

Details of the Health Seminar for All Employees

Themes	Number of participants
Health and wellbeing of individuals and organizations	755

Presentation of the Company's Health and Productivity Management at the Health Day Forum* 2026



Presentation of a corporate case study on the topic of workplace health promotion that supports an era of change

* A forum hosted by the Health Day Consortium, in which Idemitsu Kosan participates. The Consortium shares knowledge about health and productivity management among companies and works with the Ministry of Health, Labour and Welfare, local governments, and other bodies to promote health across society as a whole.

Special Feature: Putting the Action Guideline into Practice

I The Action Guideline That Embodies Our Management Philosophy, “Truly inspired”

The Action Guideline gives concrete form to the attitudes and competencies we expect of our employees, based on the ideal human capital profile derived from our Management Philosophy of being “Truly inspired.” To be “Truly inspired” indicates an attitude of caring about the nation, local communities, and people, thinking things through thoroughly and working until they are accomplished. It also describes how ambitious individuals, through daily self-reflection and ongoing growth, can join forces to make the impossible possible. The human capital profile derived from this philosophy is a person who is clearly committed to their own work aspirations, takes initiative in thinking things through, sees matters through with a sense of ownership, and continues to embrace challenges without fear of failure.

We redefined the Action Guideline to translate this human capital profile into daily behaviors. The guideline consists of three Basic Attitudes and four Competencies. It underpins the practice of our philosophy by serving as the touchstone for the decisions and actions of each individual employee.

I Initiatives to Instill the Action Guideline

To instill the Action Guideline, we held briefing sessions and roundtable discussions for all 60 departments and offices in FY2025. After carefully gauging the issues each department and office recognizes as well as on-site needs, we shared the background behind the establishment of the Action Guideline and the thinking underlying it, laying the groundwork for employees to have personal buy-in to the guideline.

We designed briefing sessions to emphasize two-way communication rather than the simple transmission of information by, for example, having managers share past episodes in which they embodied the Action Guideline. In roundtable discussions, we also had each department and office choose its own discussion theme, creating a forum where participants considered connections between the Action Guideline and their daily work and the issues they face. Providing opportunities for the candid exchange of views, we fostered conversations grounded in the realities of each workplace. Through these efforts, we are seeking to cultivate an awareness of the Action Guideline not as something merely declared but as the touchstone for daily judgments and actions. Going forward, we will continue to value ongoing dialogue and practical application in the workplace while steadily building understanding for the Action Guideline and instilling it throughout the company.



I Structure of the Action Guideline: Three Basic Attitudes and Four Competencies

The Action Guideline consists of 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, namely the ability to “Take on New Challenges Boldly,” “Think Thoroughly and Make Confident Decisions,” “Overcome Differences,” and “Empower People.” The three Basic Attitudes define the foundation of the kind of human capital profile our company seeks, and employees demonstrate the four Competencies on top of that foundation. The competencies employees demonstrate differ according to each person’s individuality and strengths, and we value the idea that, as the strengths each person brings complement one another, the team as a whole achieves results.

The aim of being aware of these Attitudes and Competencies and putting them into practice in daily work is to raise the quality of decisions and actions in various workplaces and sustainably create value.

Idemitsu Kosan’s Action Guideline

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 one to move forward



Empower People

The ability to recognize the potential of all people, then leverage their capabilities to the fullest

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

Special Feature: Putting the Action Guideline into Practice

Verifying the Effectiveness of Measures to Instill the Action Guideline (Survey)

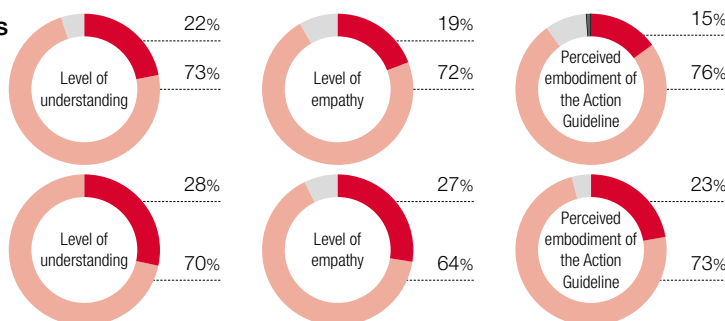
In a survey administered after we took measures to instill the Action Guideline, many employees reported an improved understanding of the Guideline, greater empathy with it, and a clearer image of how to embody it. Looking at individual measures, employees who took part in roundtable discussions tended to give favorable responses at a higher rate than those who attended briefing sessions, pointing to the effectiveness of giving employees the opportunity to connect the Action Guideline with their own work and values through dialogue.

In the open-ended comments, many respondents said they had gained a more in-depth understanding of the background and thinking behind the Action Guideline as well as the relationship between the Basic Attitudes and the Competencies. Respondents also gave positive feedback on the Guideline's consistency with the Management Philosophy, the specificity and clarity of actions described, and the opportunities for dialogue provided through the briefing sessions and roundtable discussions. At the same time, the survey identified issues relating to the interpretation of expressions such as "complete" and "constant," the alignment of understandings in employee evaluations and management, the sharing of concrete actions envisioned for each job type and department, and other aspects. Going forward, we will continue to combine explanation with dialogue while exploring and improving highly effective measures to instill understanding.

Post-implementation Survey (862 Respondents)

Briefing sessions

■ Very high
■ Somewhat high
■ Somewhat low
■ None



Driving Transformation with the Action Guideline as an Axis

Under the human capital strategy of the new Medium-term Management Plan, guided by the aim of empowering all employees to be the main drivers of transformation, we are seeking to develop personnel who take initiative in pursuing growth and transformation by instilling an understanding of the Action Guideline and encouraging employees to put it into practice at an advanced level. Embodying the Guideline heightens employees' sense of ownership and desire to grow, which in turn fosters a culture of co-creating across departments and taking on challenges. The interaction of these changes at the individual and organizational levels strengthens our on-site capabilities, promote co-creation, and enhances our ability to create new value, forming the foundation for supporting sustainable growth and enhanced corporate value.

On-site application and spread of the Action Guideline

I feel that the new Action Guideline makes it easier than before for me to form a concrete image of how I should act, and that it is easier to apply in my work setting. In particular, setting out the three Basic Attitudes as the foundation for action makes the guideline easy to use in cultivating employees and setting goals. At the same time, in a manufacturing setting, I sense we need to interpret and flesh out some of the expressions to match the work of our own department as we communicate them. Many of the values I have inherited from my senior colleagues resonate with the new Action Guideline, and I feel that they naturally overlap in our daily work. As these actions spread throughout the organization and lead to the growth of our human capital, I believe the Company will create even greater value and, as a result, deliver greater value to our customers.



Refining Section 2
Hokkaido Refinery

H. Shimizu

Basing decisions and actions on the Action Guideline

I view the content of the guideline as something that is distinctive to Idemitsu, reflecting the concept that "people are capital." Among the Basic Attitudes, the "Complete Sense of Ownership" resonates with me most strongly—it succinctly expresses the attitude of taking the initiative in addressing issues beyond the confines of one's own role to achieve better results. Also, our section, which handles coal procurement and import operations, frequently coordinates with parties inside and outside the Company, and we often face difficult judgment calls when dealing with differing positions and views. In such situations, I make a point of returning to the new Action Guideline and reaching a decision while respecting diverse perspectives. Having experienced this repeatedly, I feel I have cultivated my own decision-making criteria. Going forward, I intend to contribute to value creation with the new Action Guideline as my touchstone while taking on the challenge of new business domains.



Coal Supply & Logistics Section
Coal and Energy Solution
Department

C. Deguchi

(current role as of June 2026)



Assessment of the Action Guideline and Summary of Issues

Employee assessments	Future issues and direction
Gained a more in-depth understanding of the background and thinking behind the Action Guideline	Expand opportunities for dialogue to achieve a shared interpretation of terms and expressions
Had buy-in to its connection to and consistency with the Management Philosophy	Promote shared understanding to enhance confidence in employee evaluations
It was easier to relate the Action Guideline to my own actions	Expand concrete case studies tailored to job types and departments
Opportunities for dialogue such as roundtable discussions were effective in promoting understanding	Pursue ongoing measures to instill and embed the guideline

Message from the CSO



Strengthening the Management Foundation That Supports Our Business Strategy and Human Capital Strategy

Representative Director,
Executive Vice President,
and Chief Strategy Officer

Masahiko Sawa

As a company that ensures the stable supply of the energy and materials underpinning social infrastructure, Idemitsu has built up its business on a foundation of trust from local communities and customers. Even amid sweeping changes in society and in the industrial structure, we must continue to fulfill our responsibility for the stable supply of energy and materials. To do so, it is critical that we make steady headway with the business strategy and human capital strategy of the Medium-term Management Plan that began in FY2026. We believe that continuously honing the management foundation underpinning such efforts will lead to sustainable growth and enhanced corporate value.

To steadily and rapidly advance the Medium-term Management Plan, we must view the foundation supporting the plan from a cross-organizational perspective and take steps to bolster it against change. It is therefore essential that we position the overall management foundation as our business platform and make it more resilient. In particular, we do not treat safety, environment, quality, digital transformation and AI transformation (DX / AX), intellectual property, and Enterprise Risk Management (ERM) as separate initiatives—rather, our pursuit of greater resilience spans and links together all these elements.

First and foremost, safety, environment, and quality are the fundamental premise of all our business activities. The principle that there can be no business without safety, environment, quality, and compliance lies at the core of the Company's management. The Safety & Environmental Protection Headquarters and the Quality Assurance Headquarters have

taken on the challenge of achieving zero accidents. To this end, they are working to strengthen foundations grounded in on-site operations, ensure the widespread use of autonomous PDCA cycles, and enhance our ability to respond to changes in the business environment. We will develop more sophisticated capabilities for responding to natural disasters, while addressing the risks that accompany carbon neutrality initiatives and new businesses as we continue to pursue trusted business operations based on safety and security.

In addition, taking into account future changes in the working population in Japan, making headway with DX / AX initiatives is essential to enhancing corporate value and achieving sustainable growth. Viewing advances in AI technology as opportunities for further growth, we will structure and centralize the array of business and human capital data held by the Group and apply AI-driven analysis and forecasting to management decision-making. We will also redesign business processes grounded in AI utilization and, beginning with materials and process development through materials informatics (MI) and process informatics (PI), expand the scope of AI application across the Company, thus accelerating the transformation of operations to take full advantage of data and AI.

The role of intellectual property is also changing significantly. The Company positions the whole of its intellectual assets—not only patents but also technologies, expertise, know-how and the insights of our valuable personnel—as vital management resources. Our basic policy under the new Medium-term Management Plan is to pursue both defensive and offensive strategies for our intellectual assets, including strengthening intellectual property risk management, putting diverse intellectual property strategies into practice, and transforming our intellectual property organization, operations, and human capital. We will link these efforts to the business strategies of GRIT, GROWTH, and CNX as well as to co-creation with partners inside and outside the Company, tying them to sustainable growth and the resolution of social issues.

ERM is key to making this management foundation function in an integrated manner. Risk management means more than simply mitigating risk: It is the foundation for raising the quality of management decisions in a highly uncertain environment and for underpinning the resilience of our businesses. In such an environment, what matters is that we anticipate risks from multiple angles across the Company, respond in accordance with their gravity, monitor triggering events, and feed what we learn back into management decisions. The Company will continue to pursue the increased sophistication of these management foundations in an interconnected manner, practicing robust management that responds flexibly to change.

In this way, we will accelerate our efforts to make the business platform more resilient, as the overall management foundation that supports both our business and human capital strategies.

DX / AX Strategy



Strengthening Our Business Foundation through Digital Transformation

Having set out our Vision for 2050, Shaping Change, we have made headway during the previous Medium-term Management Plan (FY2023-FY2025) in digital transformation (DX) leveraging digital technologies and data.

Our aim through DX is not merely to make operations more efficient but also to achieve more sophisticated data-driven decision-making and strengthen the competitiveness of our businesses. We are building a corporate culture in which all employees harness digital technologies in their work and take initiative in reviewing and improving business processes.

Review of the Previous Medium-term Management Plan

During the previous Medium-term Management Plan, we developed data infrastructure across the Group while also cultivating digital-savvy human capital and transforming business processes. This is driving forward frontline-led operational improvements leveraging digital technologies and the creation of new value.

In cultivating human capital, we rolled out training designed to raise DX literacy among all employees, with roughly 5,400 people taking part in the DX basic training program. Around 7,000 people attended in-house seminars on generative AI, reflecting steady advancement in fostering a culture that capitalizes on digital technologies.

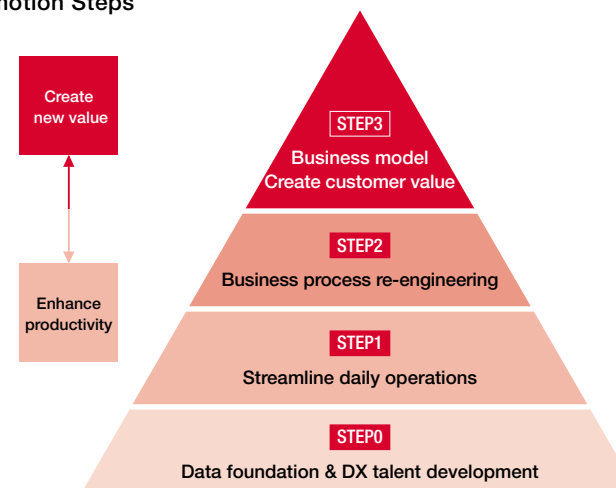
We also held workshops on AI agents for about 100 members of management teams, including executive officers and department heads, enabling them to gain a more in-depth understanding of the potential of AI.

In making day-to-day operations more efficient, our efforts started out with improvements to processes close at hand, such as simplifying the process for approving business trips. We also saw progress in frontline-led app development using low-code tools, with roughly 900 business apps developed by employees across our operations. The use of generative AI is also expanding, with more than 10,000 employees applying this tool in their daily work.

In terms of business process re-engineering, co-creation with business departments has delivered results, such as optimizing the allocation of oceangoing vessels. We are also pursuing more sophisticated research and development through the use of materials informatics (MI) and AI.

In these ways, the company is steadily expanding the scope of operational improvements that draw on data and AI, and putting the infrastructure supporting DX into place. Building on these results, we will evolve toward AI transformation (AX) that fully incorporates AI into management and business transformation.

DX Promotion Steps



Enhance Corporate Value with the Rigorous Use of Data and AI

DX is not simply about adopting IT; it is about transforming the business by refocusing on the purpose and desired outcomes of our operations and reshaping business processes and decision-making.

To date, Idemitsu has pursued transformation by engaging directly with the front lines. Unbound by conventional approaches, we seek to question the ideal form of processes and drive change through intensive deliberation. To accomplish this, tenaciously persevering in these efforts is vital.

The source of our competitiveness lies in the thorough-going use of data and AI to achieve more sophisticated decision-making and business operations. Through co-creation with business departments and external partners, we will target more sophisticated management across the Company, making our businesses more competitive and creating new value.



Executive Officer
Chief Digital Officer

Kazuki Maeda



DX / AX Strategy

I From DX to AX: Transforming Management through the Use of AI

As the use of AI spreads across a broad array of corporate activities, the company will build on the data platform and digital-savvy human capital it has fostered through its DX efforts to date, evolving its initiatives into AX, which applies AI to the transformation of management and business. By capitalizing on AI, we will pursue more sophisticated decision-making and innovate our business processes, aiming to sustainably enhance corporate value.

Under the new Medium-term Management Plan, we will move forward with our DX / AX strategy centered on the following three priority areas.

1. Promote data-driven management

Amid growing uncertainty in the business environment, it is essential to move away from decisions that rely on experience and intuition and instead achieve swift, highly accurate, data-based decision-making.

We will integrate and use data for our businesses, customers, markets, and other areas, putting data-based decision-making into practice in every aspect of management and business. This will enable us to respond quickly to changes in the business environment, leading to the optimization of the business portfolio and the creation of new value.

2. Promote business process re-engineering

Premised on a division of roles between AI and people, we will review how work is performed and advance the automation of operations and decision-making support, thereby concentrating the strengths of our human capital on higher value-added work. We will transform ourselves into an organization that continues to generate high added value with a leaner workforce.

3. Develop a DX / AX platform

We will develop an integrated digital platform that supports AI use and build a secure, highly reliable digital environment. We will also address the need for more sophisticated data governance and cyber security. We will work to minimize damage from cyberattacks and enable swift recovery, strengthening the digital platform to support business continuity.

We will also continue to focus on cultivating the human capital that underpins DX and AX. In addition to raising the digital literacy of all employees, we will cultivate specialist personnel responsible for data analysis and AI use, extending digitally driven autonomous transformation across the organization.

By reinforcing our management foundation through the use of data and AI, the company will strengthen the competitiveness of its businesses and generate sustainable corporate value.

Develop the DX / AX foundation

Accelerate Medium-term Management Plan strategies through DX / AX

Data



- BPR, structuring and centralizing company-wide data
- Visualize human capital skills and thinking/behavioral traits

Systems



- Shift from a data platform to an integrated AI utilization platform
- Strengthen data governance and cyber security

Human capital



- Develop 450 DX experts
- Strengthen personnel exchange between business and IT departments

Data-driven management

Business decisions/execution through the use of data and AI

- Optimize marketing and maximize customer value through the effective use of customer data across the Group
- Place and develop human capital based on business and human capital data
- Utilize market, technology, and competitor data strategically

Business process re-engineering

Redesign and automate processes with AI agents

- Develop materials using MI / AI
- Establish supply chain management that can respond swiftly to environmental changes
- Ensure safe and stable operations and maximize earnings through AI-based predictive monitoring, etc.
- Replace standard tasks with AI and allocate human capital to high value-added work

Innovation Strategy (R&D / CVC)



Innovation management (research and development)

I Innovation Strategy in the Medium-term Management Plan

Areas where we aim to drive innovation

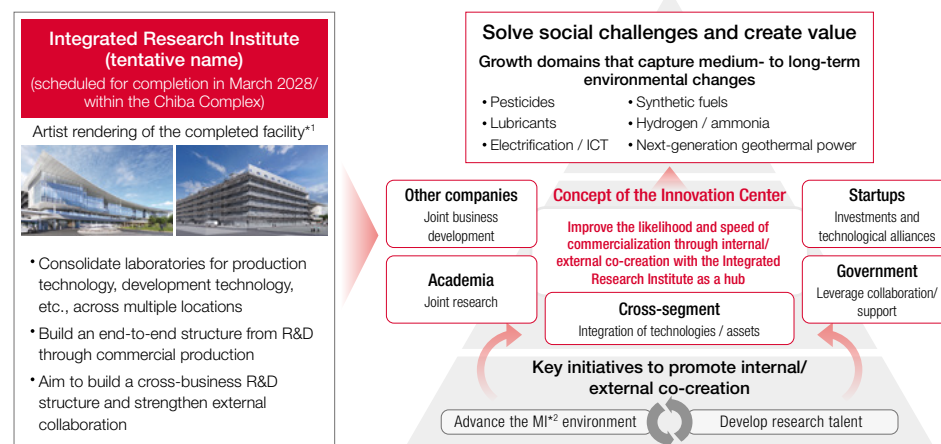
Idemitsu seeks to identify medium- to long-term social issues and the direction of changes in the issues, aiming to create business opportunities that will drive sustainable growth under a company-wide innovation strategy that reaches beyond the boundaries of our existing businesses.

One area of focus is the field of electrification and ICT convergence. Advances in IoT and AI have ushered in an “always-connected society,” which demands faster data processing as well as devices with more advanced functions and lower power consumption. The company is moving forward with the commercialization of key materials essential to society of the next generation, including solid electrolytes for all-solid-state batteries, next-generation display materials, solar cells for use in space, cooling oils for servers, and materials for electronic devices.

Addressing climate change and the transition to a circular society are also important strategic areas. Although there are uncertainties over how the market will take shape, we are taking the lead in developing technologies that support low-carbon / decarbonization, and resource circulation. While assessing economic feasibility and the timeline of social implementation, we are focusing on building a technological foundation that will lead to the creation of future businesses.

Furthermore, concerns over food supply arising from global population growth and climate change represent another key social issue. Drawing on the expertise we have cultivated in our agri-bio business and other operations, and through co-creation with external partners, we are moving ahead with the development of solutions that both reduce environmental impact and improve the productivity of agricultural, forestry, and fishery products.

Overview of the Medium-term Innovation Strategy



*1 Design, etc., may be subject to change *2 Materials Informatics

Pioneering new value through the Innovation Center concept

As social issues grow more complex and technological innovation accelerates, it is increasingly difficult for a single company alone to generate innovation. Idemitsu promotes a fusion of knowledge that transcends the boundaries of companies and technological fields, working to realize the concept of the Innovation Center with the aim of creating new value.

As a hub to speed up the realization of this concept, we plan to complete the Integrated Research Institute (tentative name) in March 2028. The institute will consolidate R&D, production technology, and other functions currently spread across multiple sites, establishing a cross-business structure to drive everything from R&D to commercial production in an integrated manner.

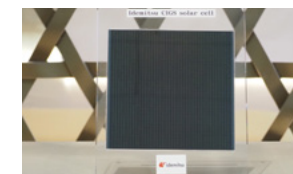
Guided by this concept, we will also advance co-creation with the world's best partners, including academia, startups, and companies. Idemitsu has long pursued joint research with universities, collaborated with research institutions, explored leading-edge technologies through corporate venture capital investment and partnerships, and collaborated with government agencies. Consolidating these networks at the Integrated Research Institute and bringing together knowledge from around the world will lead to new business opportunities.

In addition, we will evolve an advanced environment for materials informatics (MI) and AI transformation (AX), nurture highly skilled digital human capital through MI / AX training and reskilling, and strengthen the pool of talent to lead the process from research to social implementation. By strengthening our human capital foundation, we aim to enhance the organizational capabilities that support internal and external co-creation.

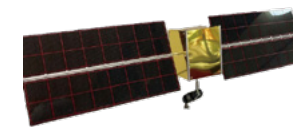
By advancing the Innovation Center concept, we will generate innovation in growth areas across a wide range of fields, including energy, materials, information and communications, and food and agriculture, with a view to medium- to long-term changes in the business environment. In doing so, we will help to address social issues while transforming the business portfolio and sustainably enhancing corporate value.

I Development of Solar Cells for Use in Space

The Medium-term Management Plan positions the field of electrification and ICT convergence as a growth area. We are moving forward with the commercialization of lightweight, radiation-resistant CIGS solar cells for use in space. For this project, which was selected by the Japan Aerospace Exploration Agency (JAXA) for its Space Strategy Fund, we will construct a bench plant within the Advanced Technology Research Laboratories to verify mass production technology. To date, we have conducted space verification aboard JAXA's new HTV-X1 resupply spacecraft and the Chiba Institute of Technology's BOTAN microsatellite, and have pursued overseas collaboration with companies and market development through our U.S. base. Through this project, we will contribute to the development of space infrastructure and to sustainable space development.



CIGS solar cells for use in space



Satellite

Innovation Strategy (R&D / CVC)

I New Innovation Envisioned through CVC

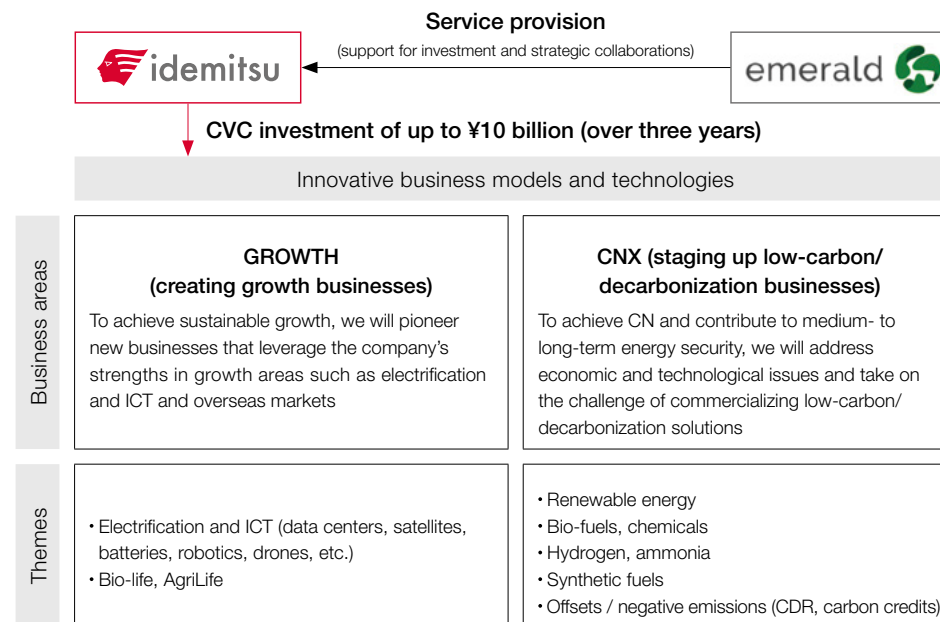
Our approach to strategic investment

Guided by the Group's medium- to long-term vision, Idemitsu CVC makes strategic investments aimed at the creation of growth businesses, the realization of carbon neutrality (CN), and at contributions to energy security. We have budgeted ¥10 billion for FY2024-FY2026, and we are moving ahead with strategic investment in and business co-creation with startups that possess innovative technologies in the areas set out in the Medium-term Management Plan: GROWTH (creating growth businesses), including electrification and ICT, and CNX (low-carbon / decarbonization solutions), including renewable energy, hydrogen and ammonia, and synthetic fuels.

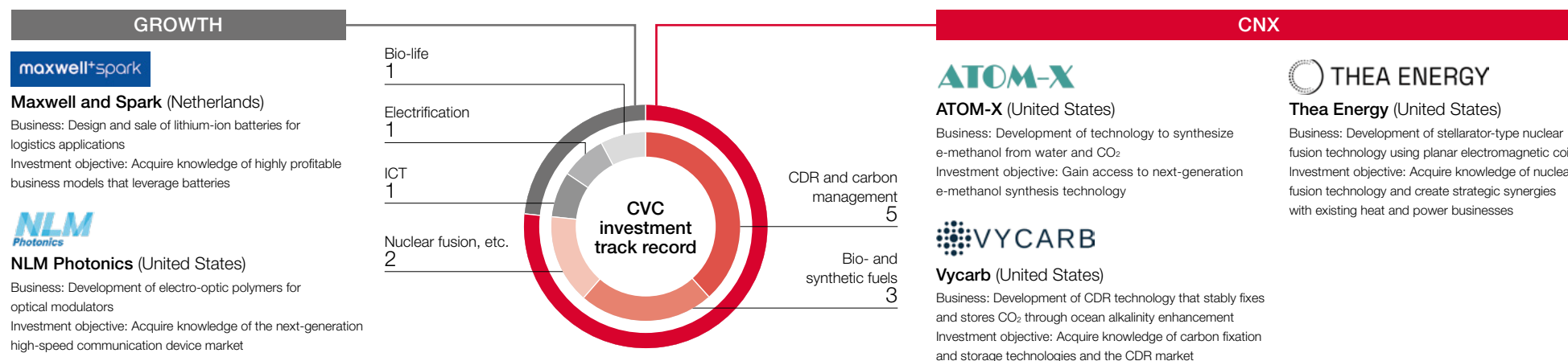
Placing importance on business co-creation that draws on the company's R&D capabilities, supply chains, and domestic and overseas networks, we will accelerate the social implementation of new business models and new products. In addition to our two overseas bases in Switzerland and the United States, we are strengthening access to promising technologies and businesses worldwide through an integrated framework spanning sourcing to post-investment support, capitalizing on our partnership with Emerald Technology Ventures, a global venture capital firm that addresses challenges such as climate change and resource circulation.

Going forward, Idemitsu CVC will continue to leverage the innovative technologies and business models developed by startups around the world to create new value, aiming to help bring about a sustainable society through innovation that supports the society of the future.

Overview of Idemitsu CVC Initiatives



CVC Investment Track Record



Intellectual Property (IP) Strategy



Innovation management (IP activities)

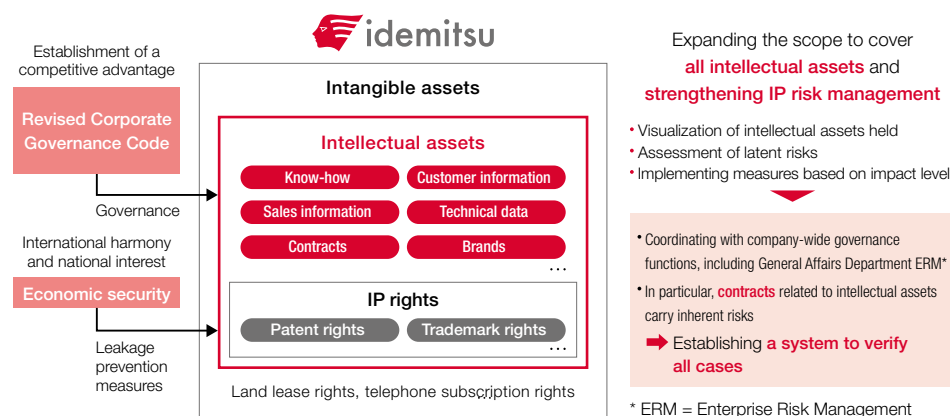
I The Mission of “IP” as a Business Platform

To respond to changes in the macro-business environment anticipated in our Medium-term Management Plan and to support sustainable management, we will strategically promote the protection and utilization of the intellectual assets we own and acquire. From the perspective of economic security, while strictly controlling the flow of highly confidential technical information, it is necessary to share high-value-added technical information with promising partners through co-creation both inside and outside the company in order to accelerate R&D. Given this environment, we will pursue a two-pronged IP strategy consisting of a defensive strategy to strengthen IP risk management and an offensive strategy to actively leverage our diverse intellectual assets. As the foundation for this, we positioned IP as a key component of our company-wide business platform and established the mission of our IP activities as “supporting the maximization of corporate value through both the defensive and offensive use of intellectual assets”. We will disclose the status of our initiatives in a timely and appropriate manner in accordance with the revised Corporate Governance Code.

In addition, we have also redefined the scope of intellectual assets that the company aims to protect and utilize. For the company, valuable intellectual assets refer to all intangible assets, including IP rights such as patents and trademarks, as well as manufacturing know-how, technical data, customer and sales information, contracts, and brands. These are important management resources. To distinguish them from IP rights and IP in the narrow sense, as well as from intangible assets in the broad sense, we will henceforth refer to these valuable assets held by the company as “intellectual assets.”

Defensive Strategy:

Strengthening IP Risk Management Across All Intellectual Assets



I Linkage with Business Strategy

A defensive IP strategy serves as the shared business foundation of GRIT, GROWTH, and CNX. We will enhance the effectiveness of company-wide governance by advancing the visualization of intellectual assets, standardizing management guidelines, and DX, as well as through IP risk assessments and incident response. In each domain, we will implement an offensive IP strategy tailored to its specific characteristics.

In the GRIT domain, we will work to improve the capital efficiency of our existing businesses. By optimizing our patent portfolio and reviewing our alliance agreements, we will enhance profitability and capital efficiency.

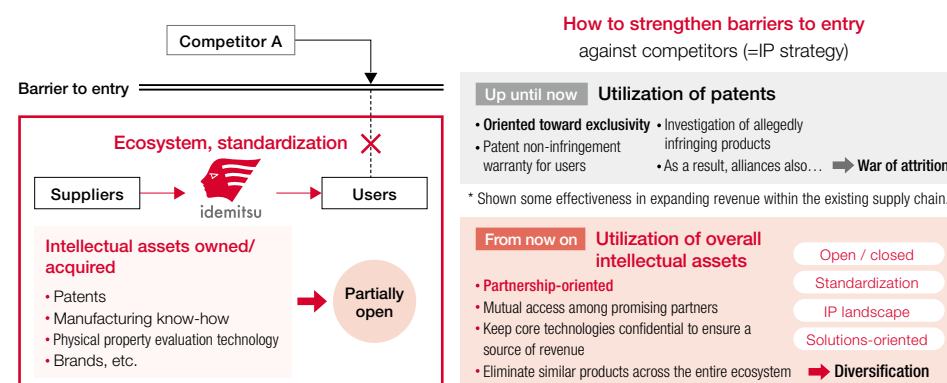
In the GROWTH domain, we will work to create growth businesses through co-creation with partners both inside and outside the company. Going beyond simply utilizing patents after commercialization, we will leverage the company's intellectual assets to promote sharing and co-creation with promising partners, even before commercialization, with a view to building supply chains and ecosystems. Specifically, we will implement partner searches utilizing the IP landscape, open & closed strategies tailored to business characteristics, and international standardization.

In the CNX domain, we will work in tandem with the industry's GX initiatives to strike a balance between industry alliances and monetization, while prioritizing stable energy supply and social implementation. We will establish an IP framework where our partners' companies are involved considering both a regulatory and contractual aspect, and implement highly capital-efficient IP strategies tailored to the timing and methods of social implementation for each product.

We will contribute to enhancing corporate value by thoroughly implementing a defensive approach across all business operations while simultaneously pursuing an offensive IP strategy tailored to each business strategy.

Offensive Strategy:

Implementing Diverse IP Strategies That Leverage All Intellectual Assets



Intellectual Property (IP) Strategy

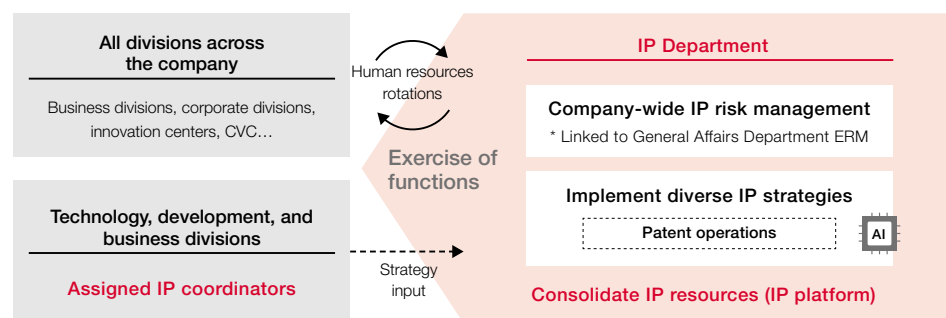
I Transforming the Foundation of IP Organization, Operations, and Human Resources

To enhance the effectiveness of our defensive and offensive IP strategies, we are driving fundamental reforms in our IP organization, operations, and human resources. The basic concept is to view all of our valuable intellectual assets as management resources, build an organization that continues to contribute to enhancing corporate value, and nurture our human resources.

From an organizational perspective, we have consolidated IP management functions, which had previously been dispersed across certain business divisions, to establish an IP platform structure. This makes it easier to allocate resources flexibly, develop human resources, and consolidate knowledge. At the same time, by assigning an IP coordinator to specific business divisions and strengthening practical collaboration with the IP platform, we ensure the flexibility to drive initiatives forward in a manner tailored to each business's characteristics.

On the operational front, we are improving efficiency in routine patent work, for which the company has accumulated in-house expertise, by actively outsourcing certain tasks and implementing generative AI. As a result, the IP Department's human resources will shift toward tasks that involve devising and implementing both defensive and offensive IP strategies. We will redefine the skills required for such IP professionals in terms of their contribution to business management, develop an efficient training plan, and link this to our company-wide human resources strategy to foster professionals capable of driving IP-based business management.

■ Transforming Organizations, Operations, and Human Resources through an IP Platform



I Strengthening Governance of Intellectual Assets

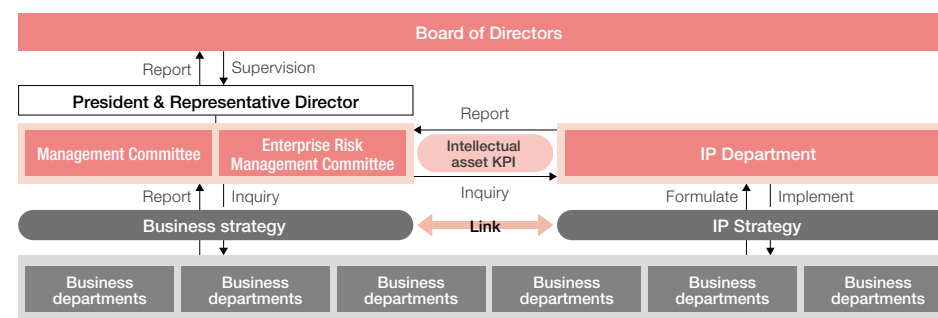
In light of the revisions to the Corporate Governance Code, we believe it is important to continuously assess whether our investment in and utilization of intangible assets, including intellectual assets, are aligned with our management strategy and Medium-term Management Plan. For this reason, we have established a system to manage intellectual assets as an integral part of our business operations, and we will ensure appropriate corporate governance through deliberation, reporting, and verification.

Specifically, the IP Department implements measures in accordance with each business strategy, and the progress and key issues related to these measures are reviewed and confirmed by the Management Committee and the Enterprise Risk Management Committee—both chaired by the President—and, as necessary, submitted to and reported to the Board of Directors. This ensures alignment with company-wide policies from the perspectives of resource allocation and risk management.

In addition, we are developing a set of metrics, including intellectual asset KPIs that accurately reflect IP activities, to enable management to monitor the implementation status of defensive and offensive IP strategies (and the corresponding changes in corporate value).

Under this framework, we will enhance the quality and agility of decision-making regarding intellectual assets. At the same time, through continuous evaluation and timely reviews by senior management, we will further strengthen the effectiveness of governance that bridges management and the frontlines, thereby enabling appropriate decision-making in response to changes in the business environment and advancing the sophistication of our operations.

■ IP Governance System That Links Business and IP Strategies



Governance and ERM



Our Approach to Risk

The business environment surrounding the Group remains highly uncertain due to rising geopolitical risks and changes in economic and social structures. In particular, the escalating tensions in the Middle East and changes in the situation surrounding maritime transport, including through the Strait of Hormuz, could affect crude oil procurement, logistics, supply chains, and energy prices, posing significant management risks to the company, whose core business is in the petroleum industry. In addition, risks surrounding our business are becoming increasingly diverse and complex due to factors such as climate change, regulatory trends, and technological innovations. In this environment, the company has implemented Enterprise Risk Management (ERM) and is working to identify, assess, and manage risks from a company-wide perspective.

Risk Management and Internal Control Systems

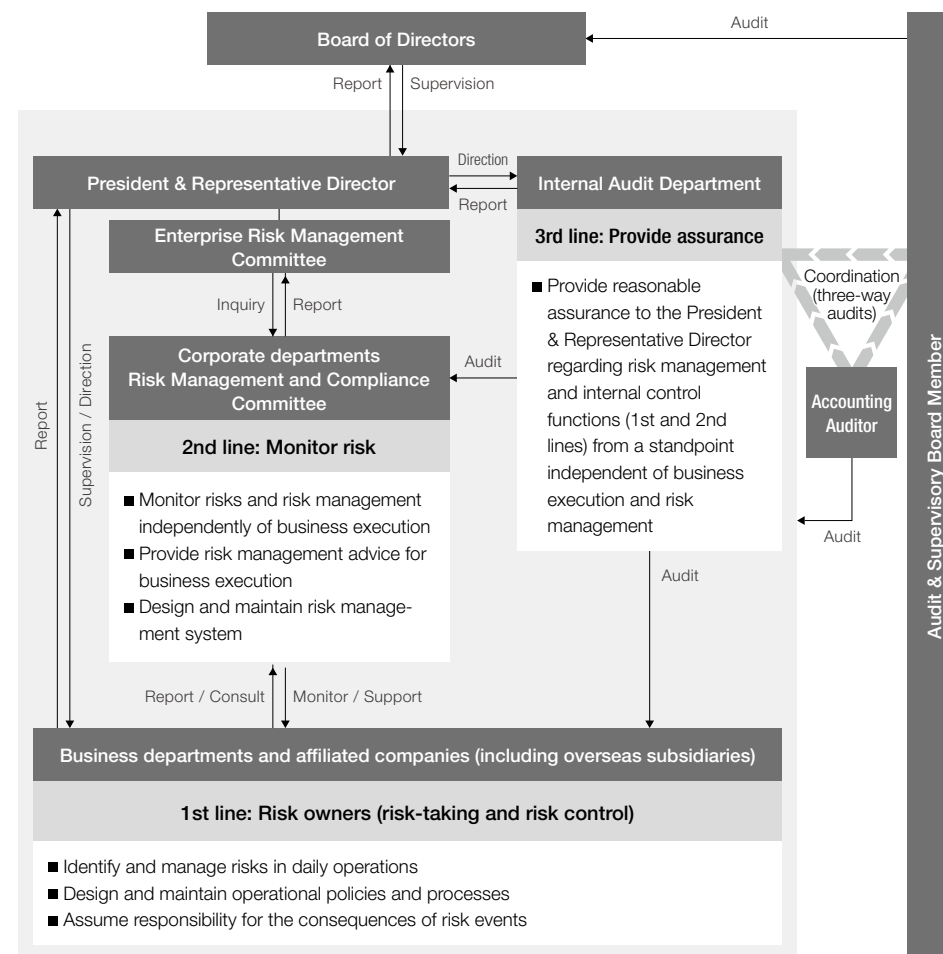
Risk management and internal control systems are the cornerstones of sound corporate management. Under a three-line system—in which our business departments constitute the first line, corporate departments the second line, and the Internal Audit Department the third line—we promote both functions in an integrated manner.

In addition, the Board of Directors has adopted the basic policy on internal control systems pursuant to the Companies Act, as a framework for ensuring the appropriateness of operations. The Board of Directors regularly reviews the status of the establishment and operation of the internal control systems and, in conjunction with the risk management function, conducts ongoing reviews to enhance their effectiveness.

In addition, we have established an integrated risk management framework centered on the Risk Management and Compliance Committee, which operates under the Enterprise Risk Management Committee. Business departments and corporate departments report to the committee on new risks arising from changes in the business environment, in addition to their status in addressing risks and the challenges they face.

Based on this information, the Risk Management and Compliance Committee identifies and assesses the company-wide risk landscape and makes recommendations to the Enterprise Risk Management Committee regarding the selection of key risks and issues that require priority attention. Based on these reports and recommendations, the Enterprise Risk Management Committee makes the necessary management decisions and issues instructions.

Risk Management and Internal Control Promotion System



Governance and ERM

Enterprise Risk Management (ERM) Activities

Based on our Enterprise Risk Management (ERM) framework, we identify risks from a company-wide perspective, organize the potential events and impacts into risk scenarios, and then evaluate them in terms of factors such as impact and likelihood of occurrence. Based on these assessments, we select key risks for management to prioritize and monitor. For the key risks we have identified, we continuously monitor the status of countermeasure implementation and changes in the risk environment, and revise our response policies as necessary. In addition, these initiatives are implemented based on the PDCA cycle, and we are working to enhance company-wide risk management by continuously reviewing risk scenarios and updating risk assessments in light of changes in the business environment and other factors.

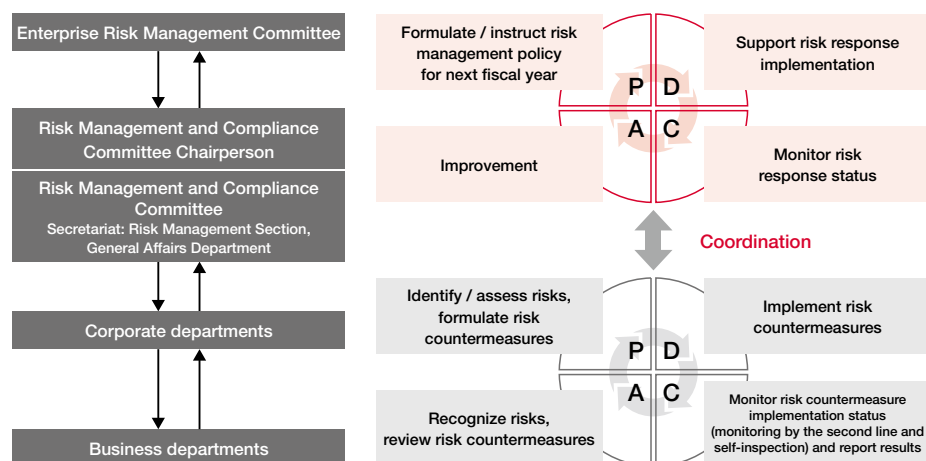
Illustration of the Selection Process for Key Risks

Low ← Likelihood of occurrence → High

Large ← Impact → Small

	4	3	2	1
Special				
I				
II				
III				

Enterprise Risk Management (ERM) Activity Cycle



Crisis Management

In the Rules on How to Deal with a Crisis, the 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.

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

- 1 Place top priority on the safety of all people.
- 2 Minimize environmental impact.
- 3 Respond to crises with integrity at all times from the perspective of the general public.
- 4 Disclose accurate information promptly.
- 5 Maintain the Group's credibility by carrying out (1) through (4).

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 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 cyberattacks 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. We are also strengthening our risk assessment and response measures within the company and across the entire supply chain, diversifying our sources of essential raw materials, and improving 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 economic security, with the aim of achieving both sustainability in business and international competitiveness.

Safety, Environment, and Quality Management



Occupational safety



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, while making the safety of people our highest priority and pursuing efforts to cultivate our safety culture." With ensuring safety as the area of highest importance and priority, we have established specific policies in our company guidelines entitled the "Basic Essential Points on Health, Safety and Environment (HSE)," and are striving to ensure the health, safety, and security of all people connected with our Group.

Environmental policy

Our Group's basic policy for environmental protection is to reduce the environmental impact associated with our business activities, actively promote advanced initiatives and the prevention of global warming and other environmental initiatives, and contribute to building a sustainable society where the economy and the environment are in harmony. These principles are set out in detail in our internal "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 criterion for decision-making.

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 activities that take into account the life cycle of the products and services we provide, from development to consumption or disposal, in an effort to improve customer satisfaction and protect consumers.

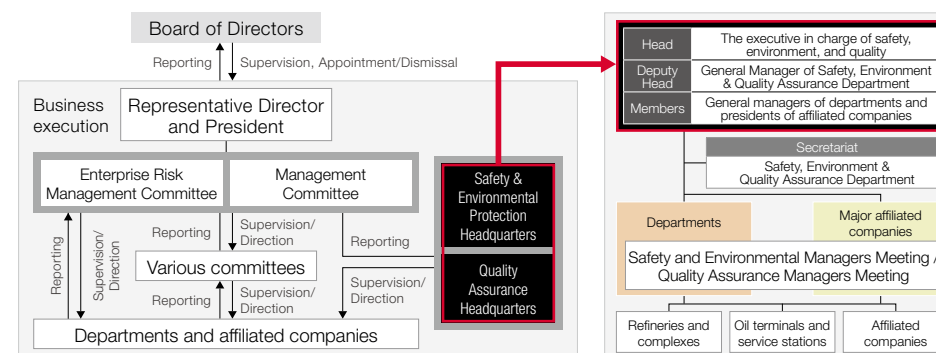
Management Structure Related to Safety, Environment, and Quality

Our Group has always regarded safety, environment, and quality as the foundation of our business, and we have established a "Safety & Environmental Protection Headquarters" and a "Quality Assurance Headquarters" to promote initiatives to ensure safety and quality and preserve the environment. 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 delegated by the Representative Director and President serves as the Head of both the Safety & Environmental Protection Headquarters and the Quality Assurance Headquarters, and oversees the activities of these headquarters as the person with ultimate 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. 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



2050 Vision and Basic Policies on Safety, Environment, and Quality

To realize our Medium-term Management Plan (FY2026–FY2030), we have established a vision for safety, environment, and quality, which form the foundation of the plan, to be put in place by 2050, as well as our targeted state for 2030 and our basic policies, and are pursuing these initiatives across the entire Group.

2050 Vision for safety, environment and quality

- A workplace where all employees of Group companies and partner companies can work safely and with peace of mind, and communities where local residents can live safely and securely.
- Products and services that customers, including downstream customers, and business partners can use with confidence, with continuous improvement achieved through the creation and sharing of value.
- A trusted company that meets expectations for contributing to a sustainable global environment and the realization of a carbon-neutral society by 2050.



Safety, Environment, and Quality Management



Quality control / quality assurance



Idemitsu ESG data

2030 target state for safety, environment, and quality

- A state in which the foundations of safety, environment, and quality have been strengthened and zero serious accidents continue to be maintained.
- A state in which each business responds to changes in stakeholder expectations, and all relevant departments autonomously operate PDCA cycles to achieve continuous improvement.
- A state in which safety, environmental, and quality issues and risks are addressed from a company-wide perspective, and timely communication with management leads to the formulation and execution of necessary business strategies.

Medium-term / FY2026 basic policy on safety, health, environment and quality assurance

We will continue our “Zero-Accident Challenge” and promote the following three initiatives:

- Reinforce the foundations of safety, environment, and quality in all relevant departments
- Establish autonomous PDCA cycles in all relevant departments
- Enhance the company-wide capability to respond to environmental changes

Safety, Environmental, and Quality Initiatives and Performance

Safety and environment initiatives and performance

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 FY2025, there were 59 lost-time injuries, including one fatal accident (35 at our company and 24 at partner companies).

In addition to rigorously implementing measures to prevent recurrence in each case, we hold company-wide case review meetings focused on serious personal injury accidents or incidents that could have led to serious personal injury accidents, and are working to apply the lessons learned across the organization to prevent serious personal injury accidents in the future. In FY2026, we will continue our efforts to achieve zero accidents and strive to establish a culture that upholds and enforces our “Life-Saving Rules.”*

Our Group has leveraged the expertise in safety cultivated from our experience to date, and has established and operates its 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.

From an environmental perspective, one incident requiring corrective action under environmental laws and regulations occurred in 2025. In response to this incident, we have

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

taken the necessary corrective measures in line with guidance from the relevant authorities and have implemented measures to prevent recurrence.

Quality initiatives and achievements

It is 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 regular dissemination of information related to basic quality knowledge and seminars on quality held every November in conjunction with National Quality Month.

In addition to these activities, we 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. In FY2025, the Quality Assurance Headquarters Head Award was presented to the Boggabri Mine of Idemitsu Australia Pty Ltd, and the R&D Analytical Department of Idemitsu Lube Asia Pacific Pte. Ltd.

In 2025, there were no major quality complaints that had a significant impact on management or business operations.

Safety, environment, and quality training

Each department and affiliated company autonomously conducts various training programs related to safety, environment, and quality to promote the PDCA cycle. In addition, we provide basic training to teach key personnel in each department and affiliated company about their roles, basic safety and environmental management, and basic quality assurance based on our internal regulations, as well as specialized training to deepen knowledge in various specialized fields, such as auditor training, improvement of accident and failure analysis skills, and chemical substance management.

■ Safety, Environment, and Quality Training Data

	Safety and environment	Quality
Number of training sessions held, including basic training and specialized training	7	12
Total number of participants (employees)	1,062	1,781
Total training hours	2,228	4,166

Message from an Outside Director and the Chair of the Nomination and Compensation Advisory Committee



Executing Strategies to Ensure a Stable Energy Supply While Advancing Low-carbon and Decarbonization Initiatives

Outside Director
Chair of the Nomination and
Compensation Advisory Committee

Jun Suzuki

Amid intensifying geopolitical shifts and mounting uncertainty in the global energy landscape, ensuring a stable energy supply while advancing decarbonization has become an increasingly critical priority for corporate management. Recognizing that this is the business environment Idemitsu faces, in my capacity as an Outside Director, I have taken part in discussions on the Company's Medium-term Management Plan with a focus on enhancing corporate value over the medium to long term. In my view, under the previous Medium-term Management Plan (FY2023–2025), the Company made steady progress in investing in business restructuring and human capital, as well as in enhancing the business platform. At the same time, we shared an understanding of the significant impact that geopolitical factors can have on the external environment and clearly identified various challenges, including the need to establish a stable earnings base and further improve capital efficiency.

In light of these achievements and challenges, under the new Medium-term Management Plan (FY2026–2030), we agreed on the direction for rebalancing the business strategies and strengthening earnings power, given the highly uncertain business environment. In particular, I believe the Company's new framework, which reorganizes business segments into three pillars—GRIT, GROWTH, and CNX—and clarifies the roles and resource allocation for each, will serve as a crucial foundation for strengthening the Company's ability to execute strategy.

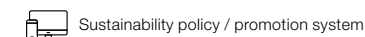
GRIT focuses on improving profitability and capital efficiency by strengthening the foundation of existing businesses. GROWTH aims at creating new growth domains through electrification solutions and global expansion. CNX seeks to contribute to achieving carbon neutrality by 2050 by pursuing opportunities in the low-carbon and decarbonization sectors. The management plan organizes these various initiatives, each of which operates on a different timeframe, so they can establish a common foundation for evolving the business portfolio over the medium to long term. Through discussions at Board of Directors meetings, we have also affirmed the need to simultaneously pursue the two imperatives of energy transition and energy addition. Advancing decarbonization while ensuring a stable energy supply is the cornerstone of the Company's sustainability, and is clearly positioned as the core of the new management plan's strategies.

I believe that, by leveraging its technological capabilities, operational excellence, and global partnerships to steadily advance initiatives that balance energy security with decarbonization, the Company will enhance corporate value over the medium to long term and continue to deliver sustainable value to society. I will continue to contribute to realizing this vision in my capacity as an Outside Director.

In the area of nominations, the Nomination and Compensation Advisory Committee held discussions in preparation for the selection of officers in FY2026, including the formulation of a succession plan for the President. With a view to building a top management team to lead the next generation, the committee shared an understanding of the importance of the systematic development and ongoing evaluation of multiple candidates. Succession planning is not a one-time selection process; rather, its effectiveness should be enhanced through long-term development and the deliberate accumulation of relevant experience, and we have engaged in ongoing discussions from this perspective.

In the area of compensation, in conjunction with the launch of the new Medium-term Management Plan, we also conducted extensive reviews of performance metrics and compensation systems aligned with the plan's strategies. We have a shared vision for reinforcing the linkage between short-, medium-, and long-term targets and results, while also enhancing incentive functions that contribute to increasing corporate value. In addition, we continued to deliberate on what constitutes competitive compensation levels and, in my view, have succeeded in establishing appropriate compensation levels in terms of supporting the Company's sustainable growth.

Sustainability Management



Sustainability policy / promotion system

Approach to Sustainability Promotion

Based on a Management Philosophy of “Truly inspired”, the Group has set forth “Your Reliable Partner for a Brighter Future” as its Vision for 2030 and “Shaping Change” as its Vision for 2050. We will earnestly address social challenges such as energy security, stable supply, economic efficiency, and environmental sustainability, and fulfill our responsibility to support people and their daily lives and our responsibility to protect the global environment now and in the future. In 2021, with the approval of the Board of Directors, we formulated the Idemitsu Group Sustainability Policy and have positioned the promotion of our sustainability strategy as one of our key management priorities.

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.

■ Sustainability Promotion System



Disclosure of Sustainability-Related Information

The Group is working to enhance its sustainability disclosures in line with international standards.

Specifically, we have analyzed the discrepancy between our current disclosures and international standards and based on the results have formulated a roadmap for actions to take in the future. In accordance with this roadmap, we disclose information as appropriate on governance, strategy, risk management, and metrics and targets related to risks and opportunities regarding key sustainability issues in our business activities.

Going forward, we will continue to straightforwardly and appropriately communicate the company's sustainability-related information to our diverse stakeholders.

Participation in Initiatives

Through our participation in various initiatives, including the United Nations Global Compact, the Group is promoting efforts aimed at realizing a sustainable society.

Initiative name, organization name	Description	
United Nations Global Compact (UNGC)	Signed and participated since 2019 Expressing our support for the Ten Principles of the UN Global Compact related to human rights, labor, the environment, and anti-corruption.	 Our company is committed to upholding the Ten Principles of the United Nations Global Compact. Please refer to our Communication on Progress.
TCFD	Endorsed in 2020 Disclosures based on TCFD recommendations * The TCFD was dissolved in October 2023, and the recommendations were transferred to the International Sustainability Standards Board (ISSB).	
GX Future League (formerly GX League)	Participated since 2023 We participate in the GX partnership to realize carbon neutrality. * We also participate in the GX Future Consortium as of 2026.	
ESG Disclosure Study Group	Participated since 2020 Enhancing ESG disclosure and promoting dialogue	
Circular Partners	Participated since 2023 Promoting collaboration for the realization of a circular economy	
Japan Clean Ocean Material Alliance (CLOMA)	Participated since 2019 Promoting initiatives for the realization of a circular society	

Carbon Neutrality and Climate Change



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.

As a company whose primary business is the fuel oil sector, we regard addressing the risks and opportunities associated with climate change as one of our key management priorities and are advancing our initiatives from a medium- to long-term perspective.

We promote initiatives related to climate change in collaboration with our stakeholders. In addition, while continuing to disclose information in accordance with the TCFD recommendations, which we endorsed in 2020, we are working to enhance our disclosures with the goal of complying with sustainability disclosure standards such as IFRS S2 and the SSBJ Climate-related Disclosure Standards.

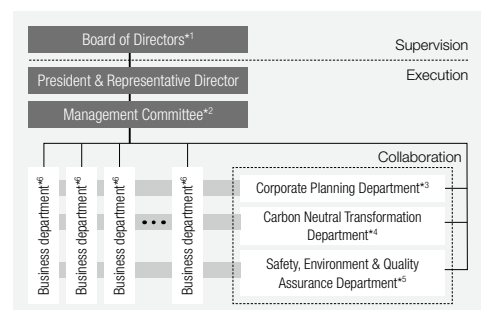
Climate-Related Governance Structure

The Board of Directors is responsible for overseeing initiatives based on the above approach regarding our response to climate change, which is one of the company's most critical management issues. Major climate-related proposals are first reported to and discussed by the Management Committee, while those of particular significance are submitted to and reported to the Board of Directors. This creates a structure in which the Board of Directors oversees execution based on company-wide policy.

The planning and execution of company-wide strategies aimed at realizing a carbon neutral society are led primarily by specialized departments (such as the CNX^{*} Strategy Department). Based on the Board of Directors' nomination, the Representative Director and Executive Vice President serves as head of the CNX Strategy Headquarters, overseeing the company-wide

cross-functional implementation structure and leading various initiatives in collaboration with relevant executives and departments. The CNX Strategy Headquarters and its subordinate CNX Strategy Department are responsible for formulating and implementing company-wide strategies for CNX, setting greenhouse gas reduction targets, and monitoring initiatives across each business.

* CNX: Carbon Neutral Transformation



*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

Climate-Related Strategy

Based on our materiality assessment, the Group has identified the climate-related risks and opportunities—among the key issues identified—that are likely to have a particularly significant impact, as shown in the table below. For the identified risks and opportunities, we have organized them by their nature and category, the timeframe within which their impact is reasonably expected to materialize, and the corresponding measures.

Identification of Climate-Related Risks and Opportunities

Area		Description of risks and opportunities	Materialization timeframe*			Our response
			Short term	Medium term	Long term	
Transition risks	Technologies and markets	Decline in domestic demand for fossil fuels accompanying the decarbonization and low-carbon transition of society	●	●	●	Expansion of the carbon neutral business infrastructure (supply of fossil fuel alternatives), optimization of domestic manufacturing and supply through synergies generated by the business integration with Fuji Oil Company, Ltd., maintaining our network of authorized dealers and service stations through our mobility services business (Smart Yorozyua) and other initiatives, strengthening the global fuel oil business by enhancing overseas trading
	Policies and regulations	Increased costs associated with measures to address stricter greenhouse gas emission regulations both domestically and internationally	●	●	●	Reducing CO ₂ emissions, monitoring policy trends, exploring the procurement of carbon credits
	Reputation	Increased financing costs due to shifts in financial institutions' preferences regarding fossil fuel projects	—	—	●	Strengthening engagement with financial institutions, investors, and others
Physical risks	Acute	Temporary suspension of operations at coastal facilities and disruptions to the import network caused by flooding from wind and storm damage	●	●	●	Reinforcement of levees, systematic strengthening of equipment maintenance, and enhancing the resilience of the supply chain to ensure a steady supply, among other measures
	Chronic	Increased risk of flooding at coastal facilities due to chronic sea level rise	—	—	●	
Opportunities	Products and services	Growing demand for low-carbon and carbon-neutral products and services	—	●	●	Establishing supply chains for bio-fuels (SAF, bio-diesel, and bio-heavy oil), Idemitsu Green Energy Pellets, bio-chemicals, hydrogen, ammonia, and synthetic fuels; expanding the supply and sales of Idemitsu Carbon Offset Fuel; expanding the natural gas business; entering the LNG business; commercializing lithium solid electrolytes; and promoting renewable energy initiatives (such as the development and operation of geothermal power generation)
	Resource efficiency	Progress toward a resource-recycling society	—	●	●	Promoting the chemical recycling business (used plastics)

* The materialization timeframe is marked

* Definition of the time of occurrence

Short term (to 2027): Initial phase of our Medium-term Management Plan (FY2026–FY2030) based on the Group's Vision for 2030, “Your Reliable Partner for a Brighter Future”

Medium term (to 2030): Scope of our Medium-term Management Plan based on the Group's Vision for 2030, “Your Reliable Partner for a Brighter Future”

Long term (to 2050): The year carbon neutrality is achieved based on the Group's Vision for 2050, “Shaping Change”

Carbon Neutrality and Climate Change

Strategy for addressing risks and opportunities

In our Medium-term Management Plan (FY2026–FY2030), the Group has formulated business plans based on three themes: GRIT, which aims to maximize profits from existing businesses and improve capital efficiency; GROWTH, which aims to create new growth areas; and CNX, which is tasked with addressing the various challenges associated with achieving carbon neutrality and implementing low-carbon and decarbonization initiatives.

Examples of GHG Reduction Initiatives

Reduction scope	Initiative example
Scope 1 and 2	Production optimization through consolidation of ethylene plants in the Chiba Region
	Build and charter six next-generation environmentally friendly VLCCs between 2026 and 2029 (methanol dual-fuel, LNG dual-fuel, and ammonia-ready vessels)
	Fuel conversion at asphalt and lubricant plants
	Received a contract for design work and other tasks aimed at launching an advanced CCS project in the Tomakomai area
	Solar panels installed on the roofs of lubricant plants (India, the United States, Thailand, Indonesia)
	Demonstration project for next-generation farm-integrated solar power generation
	Australia's largest-capacity vanadium flow battery to be installed at the Boggabri Mine
Scope 3 reduction/avoided emissions	Begin providing Idemitsu Carbon Offset Fuel (ICOF)
	Begin providing Idemitsu Renewable Diesel (IRD) as a next-generation biofuel
	Design of sustainable aviation fuel (SAF) production facilities and establishment of a supply system
	Completion of a chemical recycling facility for the conversion of used plastic into oil
	Development of solid electrolytes for next-generation batteries (all-solid-state batteries)
	Certification of the phosphorus-free, ash-free diesel engine oil Idemitsu AshFree and the energy-efficient hydraulic fluid Daphne Super Hydro ST under the Kawasaki CN brand
	Sales of RUMINUP® livestock feed, which reduces methane emissions from livestock
	Begin operations at the Himeji Energy Storage Facility, equipped with grid-connected storage batteries
	Launch of idemitsu-R40, a new solution to support the transition to carbon neutrality for coal-fired boilers
	Commercial operation begins for Idemitsu Green Energy Pellets, a coal-replacement biofuel

Development of Low-carbon and Carbon-neutral Solutions for FY2030

Solutions	Main initiatives for FY2030
Renewable energy	- Development and maximization of geothermal energy - Secure a diverse range of renewable energy sources and promote decarbonization proposals that leverage the value of non-fossil fuels
Bio-fuels and chemicals	- Strengthen the SAF supply system (diversification of materials, domestic production, and overseas procurement) - Expand sales of bio-light oil and bio-heavy oil (such as Idemitsu Renewable Diesel and Idemitsu Biodiesel 5) - Expand sales of black pellets (Idemitsu Green Energy Pellets) - Build a supply chain for biochemicals - Preparation for the introduction of gasoline blended with bioethanol
Hydrogen and ammonia	Build a hydrogen and ammonia supply system (domestic green hydrogen production, overseas procurement, and development of domestic ammonia supply hubs)
Synthetic fuels	Phased social implementation of synthetic fuels (demand creation, domestic production, overseas procurement)
Offset products	Expand supply of offset fuels (Idemitsu Carbon Offset Fuel)
Offset/negative emissions	- Social implementation of CCS (Tomakomai) - Generate carbon credits through AWD and forest carbon sequestration

Through the measures outlined in this plan and the response strategies the Group has implemented to date, we will address the impacts and uncertainties that climate-related risks and opportunities pose to the Group's strategy and business model.

Financial impact

The Group recognizes that addressing climate-related risks and opportunities may result in financial impacts, primarily in the form of fluctuations in revenue, costs associated with regulatory compliance, and increased investments necessary to maintain and develop our business. These impacts have been factored into the investment and funding plans outlined in our Medium-term Management Plan (FY2026–FY2030).

Climate-related Risk Management

Climate-related risks and opportunities are identified, assessed, and prioritized as part of our materiality assessment. Furthermore, under the climate-related governance framework described on the previous page, we continuously monitor and manage them through our enterprise-wide integrated risk management (ERM) system. We continuously review them in collaboration with the relevant departments, taking into account the medium- to long-term business environment.

Carbon Neutrality and Climate Change

Metrics and Targets

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

In our Medium-term Management Plan (FY2026–FY2030), we partially revised our GHG reduction targets in light of the uncertainty surrounding the pace of global decarbonization.

Moving forward, we will continue to address economic and technical challenges while responding flexibly and proactively to changes in the business environment, with the goal of achieving both carbon neutrality by 2050 and corporate growth.

GHG reduction targets

CO₂ emissions (Scope 1 + 2)

Indicator of the extent to which we can reduce the CO₂ emissions accompanying business activities

2030: 30-46% reduction (compared to 2013)

2050: Carbon neutral (CN)

Carbon Intensity

Indicator of the extent to which we, as an energy company, can supply low-carbon energy to society

2040: 20-50% reduction (compared to 2020)

Calculation formula = $\frac{\text{CO}_2 \text{ emissions (Scope 1 + 2 + 3)*}}{\text{Amount of energy supplied}}$

* Scope 3 refers to Category 11, including offset due to negative emissions

The FY2025 results

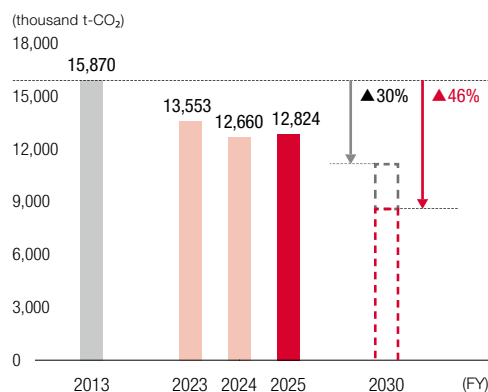
CO₂ emissions (Scope 1 + 2): -19.2%

In fiscal 2025, while we promoted energy-saving initiatives at our refineries and business sites, Scope 1 and 2 emissions increased by 1.3% year on year due to factors such as improved operating rates at some refineries, but decreased by 19.2% compared to the baseline year (compared to 2013).

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

* Reflects revisions to past fiscal years' data

CO₂ Emissions (Scope 1 + 2)



The FY2025 results

Carbon Intensity: -0.5%

Carbon intensity (CI) will be significantly reduced through Scope 3 emissions reductions, providing low-carbon and decarbonization solutions for society. In addition, in fossil fuel sales, reducing the proportion with high CI values (or increasing the proportion of those with low CI values) will also lower the figure. Recently, figures have declined due to the latter factor, resulting in a reduction rate of 0.5% for FY2025 compared to the baseline year (compared to 2020).

Quantifying Avoided Emissions

Avoided emissions refers to the amount of emissions that are avoided in society through the provision of new products or services. Based on guidelines*¹ published both domestically and internationally, we calculated the CO₂ avoided emissions for renewable energy in FY2025. We will continue to work toward expanding the scope of our calculations and make our contributions to a decarbonized society through our business activities more transparent.

*¹ Main guidelines referenced: Ministry of Economy, Trade and Industry, Guidelines for Quantifying GHG Emission Reductions of Goods or Services through Global Value Chain; The Institute of Life Cycle Assessment, Japan, Guidelines for Calculating Greenhouse Gas Avoided Emissions; GX League, Basic Guidelines for Disclosure and Evaluation of Climate-related Opportunities; and WBCSD, Guidance on Avoided Emissions.

CO₂ avoided emissions

Calculation method: stock-based (single year)

We calculate avoided emissions for a single fiscal year based on the actual operating results for FY2025.

Subject	CO ₂ avoided emissions (thousand t-CO ₂)	Formula
Solar	109	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	18	
Geothermal	15	
Biomass	234	(Actual power generation (kWh) × Japan average emission factor (t-CO ₂ /kWh) – actual annual fuel input per fuel type or actual power generated per fuel type (MJ) × GHG emission factor for each fuel type (t-CO ₂ /MJ)) × our share ratio (%)



Circular Society



Circular Society

Waste, Chemical Substances,
and 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.

Circular Society Strategy

Drawing on the technologies held by each department and office within the Group, we are conducting cross-functional studies aimed at realizing sustainable circular business by reusing renewable resources as much as possible and incorporating them into our business supply chain. Specifically, we are engaged in plastic recycling and, from a long-term perspective, carbon recycling initiatives that treat CO₂ as a resource.

Circular business

Under the new Medium-term Management Plan, we will promote chemical recycling utilizing used plastics as raw materials, building on our existing oil refining and petrochemical assets. By integrating all processes—from pre-treatment to recycling and product manufacturing—we will establish a circular business model, capture demand in the expanding recycled plastics market, and achieve both sustainable growth and the societal implementation of resource circulation.

*For details on these initiatives, please see  P. 32 in the Basic Chemicals Segment.

Collaborations toward achieving a circular society

Cooperation across the entire supply chain is essential for realizing a circular society. We are leveraging our existing assets and collaborating with various companies, local governments, and research institutions to advance our initiatives.

Main Collaboration Examples

Name	Outline	Goals, achievements, etc.	Partner
Joint effort by five companies to manufacture recycled plastics and utilize them in construction materials	Using oil-to-chemicals recycling technology, CR oil (light crude oil equivalent) was produced from used plastics, and recycled plastics were manufactured (using the mass balance method). The material has been successfully utilized in construction materials.	Aiming to recycle used plastics generated at construction sites and further promote resource circulation	Takenaka Corporation, FUKUJI Chemical Industry Co., Ltd., Prime Polymer Co., Ltd.
Shiga Prefecture's public works projects adopt concrete containing Calcarbo® for the first time	Trial construction projects using concrete blended with synthetic calcium carbonate that sequesters CO ₂ carried out on the Ane River and the Gioi River in Shiga Prefecture	Achieved a reduction of approximately 610 kg of CO ₂ across the entire concrete manufacturing process	Haikou Onoda Remicon Inc., Nippon Concrete Industries Co., Ltd.
Building a global supply chain for renewable plastic	Joint building of a supply chain with 14 companies across five countries and regions for Sony's high-performance products	Building a global supply chain using biomass resources. Plastic made from the company's renewable SM used in Sony's BRAVIA 9 II.	Sony Corporation, Mitsubishi Corporation, ADEKA CORPORATION, ENEOS Corporation, Mitsui Chemicals, Inc., Toray Industries, Inc., etc., a total of 14 companies
Paving with asphalt containing Calcarbo® in Kashima City	First demonstration installation of asphalt pavement containing synthetic calcium carbonate with sequestered CO ₂ on a general road in Japan	Sequestration of approximately 200 kg of CO ₂ in the road	Nippon Road Co., Ltd.
Launch of supply of Idemitsu Carbon Offset Fuel B5 diesel (ICOF B5)	Began supplying ICOF B5 for drilling equipment used at a geothermal power generation survey site (Kurihara City, Miyagi Prefecture)	Reduction of 5% of CO ₂ emissions using direct biofuel and offsetting the remaining 95% using carbon credits	Kanto Natural Gas Development Co., Ltd.

Reducing Environmental Impact and Appropriate Management

In addition to promoting resource recycling, the Group is committed to reducing environmental impact and preventing environmental pollution through compliance with laws and regulations and voluntary initiatives. Specifically, we are promoting chemical substance management through the elimination, substitution, and reduction of hazardous substances based on risk assessments, as well as waste reduction through measures such as minimizing waste generation and promoting recycling.

Biodiversity



Conducting Analysis According to LEAP Approach

Our approach

Recognizing that our business activities are built upon natural capital and that changes in its sustainability could have a significant impact on those activities, we are assessing our business's dependence and impact on nature, as well as the associated risks and opportunities, based on the LEAP approach^{*1} recommended by the TNFD^{*2}.

Locate interface with nature (Locate), evaluate dependencies and impacts (Evaluate)

Using tools recommended by the TNFD, we are analyzing the anticipated dependencies and impacts on nature for each business process, as well as assessing water stress at our business sites and their proximity to protected areas. Based on these results and environmental data—such as water withdrawal volumes and emissions of environmentally harmful substances—measured at our business sites, we are focusing on sites where our relationship with nature is considered to be relatively significant. At these sites, we are reviewing local conditions and initiatives to gain a thorough understanding of the actual situation.

Assessment of risks and opportunities (Assess), initiatives

We are examining nature-related risks and opportunities, taking into account our dependencies on nature, our impacts on it, and external factors. Physical risks include operational constraints resulting from a reduction in the water supply used in the production process, as well as the additional costs incurred to address these constraints. At each of our business sites, we are implementing measures such as water recycling and the maintenance of water storage tanks to mitigate potential risks. Potential transition risks include a decline in social standing due to concerns about the environmental impact of business activities; operational constraints and additional costs arising from revisions to or tightening of environmental laws and regulations; and liability for damages and a loss of public trust in the event of environmental accidents, such as oil spills. Under our environmental conservation policy and environmental management system, the Group is promoting a variety of initiatives tailored to the specific characteristics of each of our business sites. Examples include reducing industrial water consumption through water recycling at refineries and other facilities; preventing ecosystem disruption caused by invasive species carried in ballast water through the installation of ballast water treatment systems on crude oil tankers; and restoring mined-out areas through rehabilitation^{*3} at coal mines, as well as implementing biodiversity offsets^{*4}.

Going forward, we will continue to review our assessments in light of changes in the natural

environment and social demands, and will consider ways to enhance our response measures as necessary.

^{*1} An approach to evaluating nature-related challenges that includes the steps of Locate, Evaluate, Assess, and Prepare

^{*2} Taskforce on Nature-related Financial Disclosures

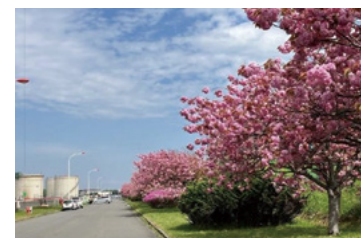
^{*3} Activities for restoring topsoil to land after mining operations have ended, planting the same types of plants as before, and restoring biodiversity.

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

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. At that time, regulations and laws concerning green spaces around factories, such as the Factory Location Act, had not yet been enacted, but our 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 refineries and complexes, which were built in various locations, and green space-related activities continue to this day.

Our biodiversity conservation activities in the areas surrounding our refineries and 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}.



Hokkaido Refinery



Aichi Complex

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

^{*6} Toward the realization of the 30by30 initiative, the Japanese 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."

The Aichi Complex, together with neighboring companies, has been registered as the Chita Peninsula Green Belt.

Human Rights



Basic Policy

Since its founding, Idemitsu Group has conducted “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 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 decisions and actions. We have set this forth in the Idemitsu Group Human Rights Policy which should be complied with by all our officers and employees. We also ask our suppliers and other business partners and other stakeholders to support this policy and take measures 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 | (6) Freedom of association and recognition of the right to collective bargaining |
| (2) Prohibition of forced labor | |
| (3) Prohibition of child labor | (7) Improving the working environment |
| (4) Prohibition of discrimination | (8) Use of land, water, and natural resources |
| (5) Prohibition of harassment | (9) Respect for the rights of indigenous people |

Human Rights Due Diligence

We are working to identify potential adverse impacts on human rights within our Group and among our business partners, stepping up efforts to develop responses which mitigate risks and establish relief mechanisms. In FY2025, we conducted human rights due diligence for the first time in three years at 119 affiliates in Japan and overseas. We found no serious

human rights infringement risk—the same result as the previous survey. Moreover, we confirmed a certain degree of improvement on two points that were identified as needing improvement in the previous survey: thorough dissemination of the Idemitsu Group Human Rights Policy and strengthening supply chain management. Compared to other survey items, however, there is still room for improvement on these two points, and we have designated them as ongoing issues to be addressed from FY2026 onwards.

Furthermore, the “Compliance Code of Conduct,” established to promote the understanding and practice of a compliance-oriented mindset among all employees both in Japan and overseas, 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, 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.



Images of Internal Signage Used During Human Rights Week

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. All Group employees are expected to uphold high ethical standards and to act appropriately and sincerely while maintaining self-discipline.

Compliance Initiatives

Compliance Code of Conduct and Compliance Book

The Compliance Code of Conduct has been established for employees worldwide to instill the compliance mindset required of each employee and guide their conduct.

Furthermore, we have published a Compliance Book that presents specific standards of conduct, and update the content to reflect changes in the times and compliance issues facing the Group.

Response to compliance concerns

Reports from business departments as well as reports to the various hotlines are handled as compliance concerns. The Risk Management and Compliance Committee responds appropriately to these by providing support for countermeasures, directing or requesting investigations, and reviewing and confirming measures to thoroughly prevent recurrences.

In FY2025, there were no serious compliance violations, including legal violations related to corruption or bribery, and no fines or penalties were imposed.

Major compliance violations in FY2025 (including number of instances of corruption or bribery): 0

Bribery and Corruption Prevention Framework

Corruption prevention is a key element of our 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. Specifically, we have introduced Anti-Bribery Rules and Guidelines for Preventing Bribery of Public Officials and Other Parties in Japan.

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 provides feedback on the results to the persons who made the reports. A total of 96 reports were received in FY2025. 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.

In FY2026, we changed the external third-party compliance hotline provider to a law firm, and a lawyer conducted a session for Group employees on how to use the hotline.

Results of Reports to the Compliance Hotline in FY2025

Category when received	Number of reports
Working environment (harassment and labor relations, etc.)	51
Leakage or loss of assets or information	2
Fraudulent accounting	0
Violations of laws and regulations	34
Other	9
Total	96

Results of Internal Compliance Training in FY2025

Training program	Period	Trainees	Number of participants	Participation rate
Compliance e-learning	February-March 2026	Employees of our company and 48 affiliated companies in Japan	13,438	Approx. 99%
Face-to-face compliance training	August-October 2025	Employees of 14 affiliated companies in Japan	Approx. 1,700	Approx. 49%*
Compliance training session	March 2026	Employees of the company	1,108	22%*
Compliance training for new employees * Provided as a part of new employee training	April 2025	New employees in FY2025	150	100%
Compliance training for new managers * Provided as a part of new manager training	June 2025	New managers in FY2025	106	100%
Harassment prevention seminar for all employees	November 2025	Employees of the company	1,077	18%*
Harassment prevention seminar for managers	December 2025	Managers	687	46%*

* Counting only those participating in real time on the day (not including the number who viewed the video)

Information Management / Security Management



Information management / security management

Basic Policy

In line with its Basic Policy on Information Security, the Idemitsu Group is endeavoring to ensure the confidentiality of its information assets and the availability and security of its information systems and networks, as well as to maintain and improve customer services by capitalizing on 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, to reduce the impact of increasingly cunning and sophisticated cyberattacks, we have multilayered system-based defenses in place, including measures to prevent unauthorized access or removal of important information, while working to ensure thorough information management by providing annual information security e-learning to all users of our IT systems.

* Number of serious information security violations in FY2025: 0

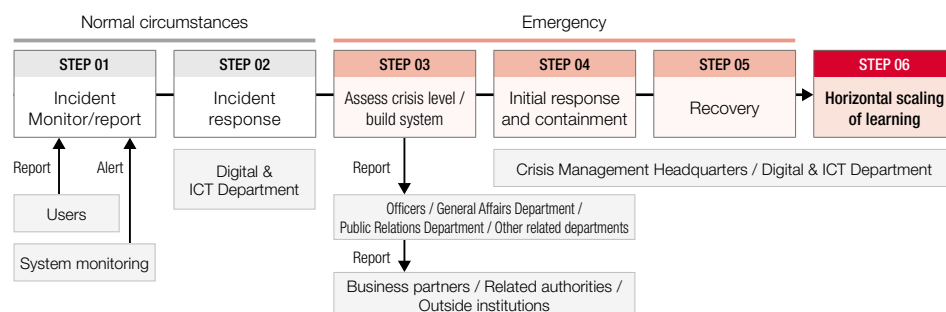
* E-learning participation rate in FY2025 (information-related: 100%; control-related: 100%)

Security Governance and Incident Response Framework

The Group's Risk Management Section in the General Affairs Department handles information management based on the "Essential Points on Information Management" guidelines. In the event of a serious security incident, the Crisis Management Headquarters assesses the crisis level in accordance with the "Crisis Response Rules" and takes appropriate action. In addition, we have established the Control Systems Security Council to systematically and proactively promote control system security measures across the Group.

Normal operations

Under normal circumstances, the Digital & ICT Department takes the lead in monitoring the operational status of all Group companies, and when an anomaly is detected, the department immediately initiates a response and takes appropriate action.



Emergency operations

Depending on the scale and scope of the cyber incident, we establish three crisis levels in accordance with the aforementioned regulations and set up a Crisis Management Headquarters. Our headquarters and business offices work together to ensure swift decision-making and response. Once recovery is complete, the Crisis Management Headquarters takes the lead, working with the Digital & ICT Department to identify lessons learned from the incident and implement them across the Group, thereby driving the PDCA cycle.

Next Medium-term Security Strategy (2026–2030)

Building on the normal-time and emergency response frameworks we have established, the next Medium-term Security Strategy will further expand upon our initiatives to date. Since it is difficult to defend entirely against cyberattacks, which are becoming increasingly cunning and complex, we will go beyond the traditional approach of preventing intrusion and adopt an approach of mitigating cyber damage—based on the assumption that cyberattacks will occur—as our core focus. Our goal is to establish resilience that will allow us to continue operations even if attacked and to recover quickly if operations are disrupted. Informed by the NIST CSF* framework, we will implement a strategy consisting of the following four capabilities. We will strengthen our resistance capabilities by transitioning from traditional layered defense to a zero-trust model. We will enhance our detection capabilities by drawing on AI and other technologies to enable more sophisticated routine SOC monitoring and log management. We will enhance our adaptive capabilities by ensuring the consistent implementation of annual e-learning programs and targeted training exercises. We will ensure recovery capabilities by establishing a business continuity plan (BCP), including emergency response procedures.

* The cybersecurity framework of the U.S. National Institute of Standards and Technology

Capability	Strategic theme	Overview and goals
Resist	Zero trust Security completion	We moved away from a configuration based on on-premises Active Directory and an internal LAN to implement a company-wide zero-trust architecture. We transitioned to an architecture that makes it easier to contain incidents and minimize the scope of impact.
Detect	More sophisticated intrusion detection and log management	By introducing AI-based early warning detection and automated triage, we have automated and enhanced our response processes—from incident detection to containment—during normal operations.
Adapt	Thorough implementation of basic cyber defense measures	We will continue and enhance our existing vulnerability response, training, and targeted exercises, while increasingly automating response processes. At the same time, we will strengthen our legal and governance framework for cyber incidents and work to improve security literacy across the entire Group.
Recover	Formulation of cyber BCP	We have formulated a cyber BCP that codifies our emergency response procedures and, through practical drills, ensure an effective emergency response and strengthen our business continuity capabilities.

Procurement Transformation Activities

I Approach to Procurement Transformation Activities

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 overhauling our procurement strategy and transforming our activities to actively contribute to our business direction and fulfill our Vision for 2050, “Shaping Change,” from a procurement perspective.

I Initiatives for Procurement Transformation

Three key areas are driving our current procurement transformation: (1) enhancing strategic procurement, (2) reforming procurement operations, and (3) establishing a procurement risk management system.

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, even as we stand at a critical juncture for creating growth businesses. Both objectives require stable procurement capabilities, particularly for construction-related activities, and taking strategic initiatives to secure suppliers is essential. To achieve this, we are promoting supplier relationship management activities, which involve conducting market analyses, fostering deeper relationships with suppliers, and working to establish mutually beneficial partnerships aimed at maximizing shared value.

Through these activities, we have established a clear path to securing suppliers for our main projects in preparation for the 2030s.

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 (DX) to enhance data visibility.

In July 2025, we introduced and began operating a system to consolidate our procurement functions across the company. By visualizing and analyzing the purchasing data processed and accumulated through this system, we aim to tailor sourcing strategies for each procurement category and optimize spending.

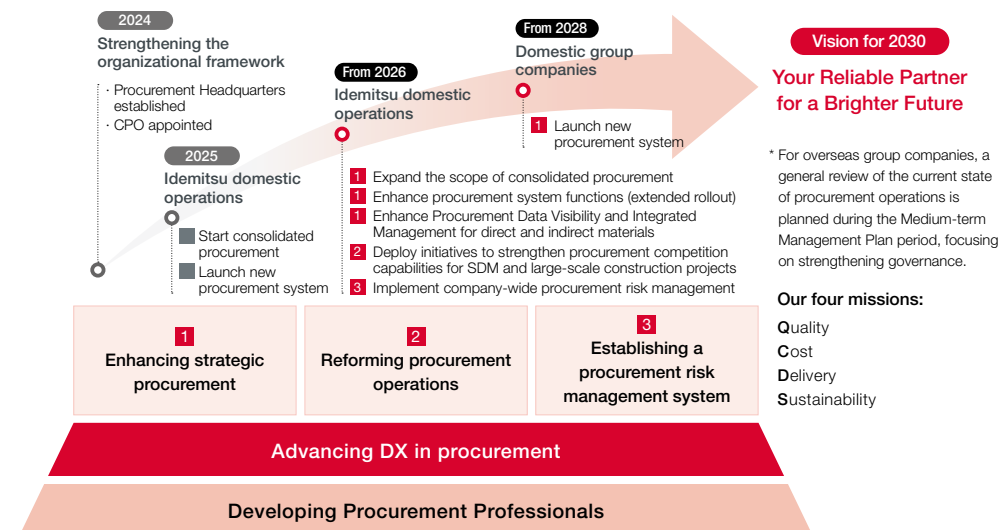
We will continue to strengthen our procurement infrastructure and drive ongoing operation reforms.

3. Establishing a procurement risk management system

As a company entrusted with the social responsibility of ensuring a stable supply of energy and materials, it is imperative for us to enhance the resilience of our supply chain. Amid mounting uncertainties across the geopolitical and economic security landscape, with the goal of ensuring continuous risk mitigation, we have established a procurement risk management system that is capable of comprehensively identifying risks that could lead to business disruptions.

Through this system, the Risk Management and Compliance Committee will ensure company-wide monitoring of the status of identified procurement risks and the progress of their countermeasures.

■ Procurement Transformation Activities: Medium-Term Road Map

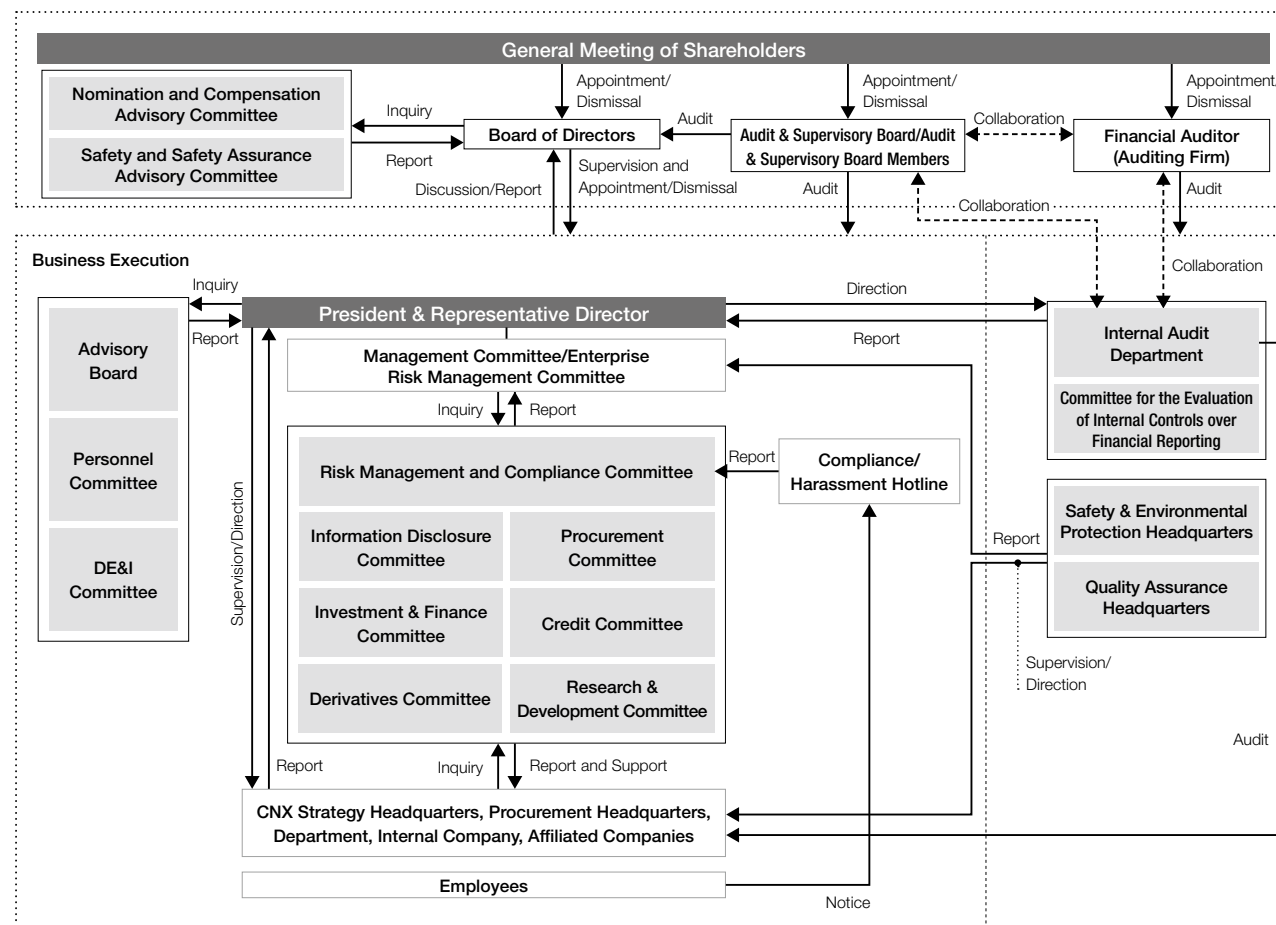


 Corporate Governance

■ Corporate Governance Structure

Idemitsu Kosan recognizes that strengthening corporate governance is an important management priority for realizing its Vision for 2030: Your Reliable Partner for a Brighter Future in order to contribute to the realization of a carbon neutral society while fulfilling its duty of providing a stable energy supply. We aim to be a company that is widely relied on and trusted by society, fundamentally observing Japan's Corporate Governance Code and utilizing diverse views of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members to make our management even more sound and transparent. Through these efforts, we have established a highly transparent, fair, and effective management structure, and we will strive to achieve sustainable growth and corporate value increase, while building trust with our stakeholders.

Organizational form	Company with Audit & Supervisory Board Members
Number of Independent Officers	7
Number of Board of Directors' meetings held in FY2025	15
Number of Audit & Supervisory Board meetings held in FY2025	15
Nomination and Compensation Advisory Committee	Yes
Number of Nomination and Compensation Advisory Committee meetings held in FY2025	9
Accounting auditor	Deloitte Touche Tohmatsu LLC



■ Makeup of Directors and Audit & Supervisory Board Members in FY2026 ■ Male ■ Female ☆ Outside Director



Corporate Governance

Strengthening Corporate Governance over Time

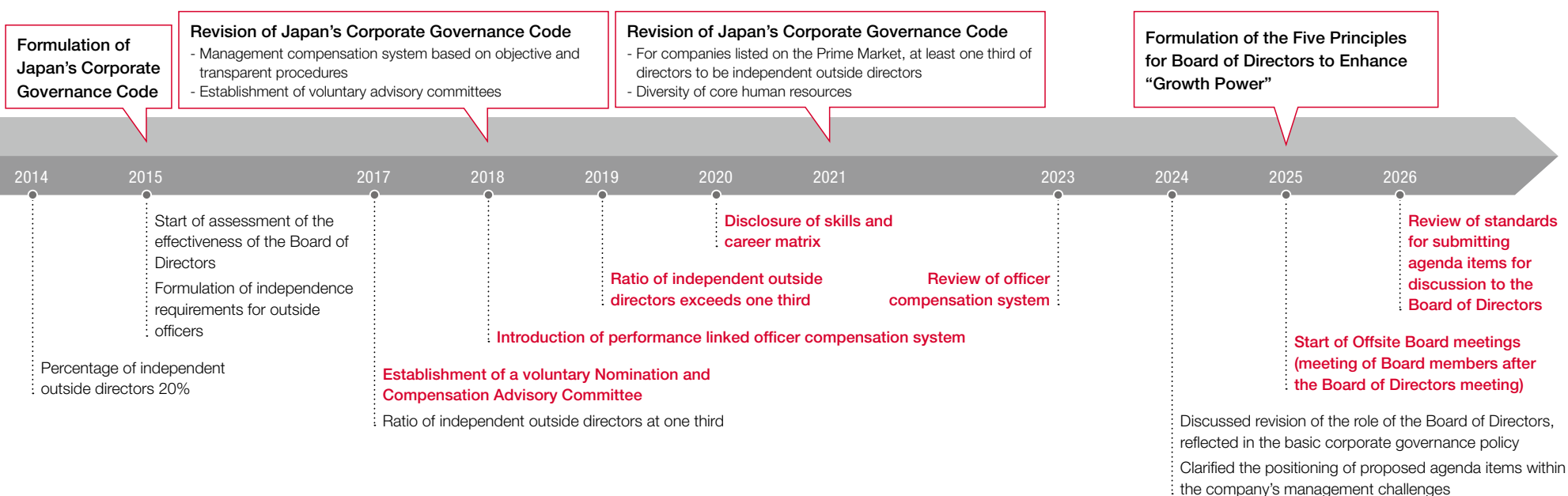
Idemitsu Kosan has positioned corporate governance as the foundation for management that can support sustainable growth and corporate value increase. We pre-empted the requirements of Japan's Corporate Governance Code by increasing the percentage of independent outside directors, as well as strengthening nomination and compensation governance, disclosing the skills and career matrix, and introducing and revising our performance-linked executive compensation system.

Going forward, by further developing our corporate governance, we will continue working to enhance our governance functions with a view to strengthening profitability.

Corporate Governance Characteristics

As a company with an Audit & Supervisory Board, we aim to achieve both rapid decision-making and oversight functions. The Management Committee has been established as a forum for discussion and review of the Group's overall management strategy and priority issues, and conducts smooth and appropriate decision making regarding important matters for business execution, while the Enterprise Risk Management Committee decides on the risk management policy and carries out monitoring. We have established specialist committees for each field, including the Risk Management and Compliance Committee, the Information Disclosure Committee, the Derivatives Committee, and the Research & Development Committee, which are tasked with deliberating on important matters from a practical and a specialist perspective. In addition, the Advisory Board, which serves the President, provides input from outside experts, helping to enhance discussion regarding management issues.

Initiatives to Improve the Effectiveness of the Board of Directors



Directors and Audit & Supervisory Board Members As of June 30, 2026



1 Shunichi Kito
Director and Chairman

2 Noriaki Sakai
Representative Director and President

3 Atsuhiko Hirano
Representative Director and Executive Vice President

4 Masahiko Sawa
Representative Director and Executive Vice President

5 Takashi Sakata
Director

6 Kazuma Ikeda
Director

7 Masakazu Idemitsu
Director (Non-Executive)

8 Kazunari Kubohara
Director (Non-Executive)

9 Jun Suzuki
Outside Director

10 Shiori Nagata
Outside Director

11 Mio Kashiwamura
Outside Director

12 Sumiko Takeuchi
Outside Director

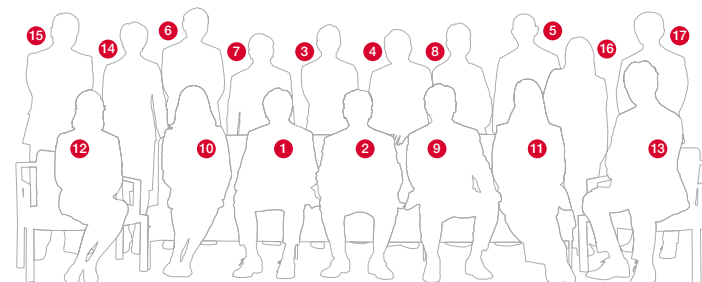
13 So Hirano
Outside Director

14 Nami Kitamura
Audit & Supervisory Board Member

15 Yoshitaka Onuma
Audit & Supervisory Board Member

16 Yumiko Ichige
Outside Audit & Supervisory Board Member

17 Masahiko Tezuka
Outside Audit & Supervisory Board Member



Directors and Audit & Supervisory Board Members As of June 30, 2026

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

* Board of Directors meeting attendance figures are for FY2025.
* Number of shares held are as of the end of March 2026.

Directors



Shunichi Kito

Director and Chairman

■ 199,440 shares
□ 15/15

Apr. 1980 Joined Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")
Apr. 2005 Deputy General Manager of Personnel Department, Idemitsu Kosan
July 2008 Deputy General Manager of Accounting Department, Idemitsu Kosan
June 2011 Executive Officer and General Manager of Accounting Department, Idemitsu Kosan
June 2013 Director, Managing Executive Officer and General Manager of Accounting Department, Idemitsu Kosan
June 2014 Managing Director, Idemitsu Kosan
June 2017 Executive Vice President and Director, Idemitsu Kosan
Apr. 2018 Representative Director and President, Idemitsu Kosan
Apr. 2019 Representative Director, President and Chief Executive Officer, Idemitsu Kosan
June 2022 Representative Director, President and Chief Executive Officer, Idemitsu Kosan
Sept. 2022 President, Petroleum Association of Japan (current)
Apr. 2025 Representative Director and Chairman, Idemitsu Kosan
June 2026 Director and Chairman, Idemitsu Kosan (current)



Noriaki Sakai

Representative Director, President and Chief Executive Officer

■ 128,449 shares
□ 15/15

Apr. 1985 Joined Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")
July 2010 Deputy General Manager of Tokuyama Refinery and Deputy General Manager of Tokuyama Plant, Idemitsu Kosan
July 2012 Deputy General Manager of Human Resource Department, Health Insurance Union President and Corporate Pension Fund President, Idemitsu Kosan
July 2015 Deputy General Manager of Accounting Department, Idemitsu Kosan
June 2017 General Manager of Accounting Department, Idemitsu Kosan
July 2018 Executive Officer and General Manager of Accounting Department, Idemitsu Kosan
Apr. 2019 Executive Officer and General Manager of Finance Department, Idemitsu Kosan
July 2020 Senior Executive Officer Chief Financial Officer, Idemitsu Kosan
June 2021 Director and Managing Executive Officer, Idemitsu Kosan
June 2022 Director and Executive Vice President, Idemitsu Kosan
June 2023 Representative Director and Executive Vice President, Idemitsu Kosan
Apr. 2025 Representative Director and President, Idemitsu Kosan
June 2026 Representative Director, President and Chief Executive Officer, Idemitsu Kosan (current)



Atsuhiko Hirano

Representative Director, Executive Vice President and Chief Operating Officer

■ 49,829 shares
□ 15/15

Apr. 1985 Joined Showa Shell Sekiyu K.K. ("Showa Shell")
Sept. 2002 General Manager, Shizuoka Area, Showa Shell
Sept. 2004 General Manager, Marketing Planning Division, Showa Shell
Mar. 2005 Executive Officer and General Manager, Marketing Planning Division, concurrently serving as General Manager, Retail Sales Division, Showa Shell
Mar. 2006 Director, Showa Shell
Mar. 2009 Corporate Executive Officer, Showa Shell
Mar. 2013 Senior Corporate Executive Officer, Showa Shell
July 2014 Representative Director, President, Solar Frontier K.K.
Apr. 2019 Managing Executive Officer, Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")
June 2020 Director and Managing Executive Officer, Idemitsu Kosan
June 2022 Director and Executive Vice President, Idemitsu Kosan
June 2023 Representative Director and Executive Vice President, Idemitsu Kosan
June 2026 Representative Director, Executive Vice President and Chief Operating Officer, Idemitsu Kosan (current)



Masahiko Sawa

Representative Director, Executive Vice President and Chief Strategy Officer

■ 56,418 shares
□ 15/15

Apr. 1990 Joined Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")
Apr. 2013 Deputy General Manager of Gas Business Department, Idemitsu Kosan
June 2017 General Manager of Technology & Engineering Center, Idemitsu Kosan
Apr. 2019 Executive Officer and General Manager of Hokkaido Refinery, Idemitsu Kosan
June 2021 Senior Executive Officer (in charge of Manufacturing & Technology), Idemitsu Kosan
June 2022 Director and Managing Executive Officer, Idemitsu Kosan
June 2024 Director and Executive Vice President, Idemitsu Kosan
June 2025 Representative Director and Executive Vice President, Idemitsu Kosan
June 2026 Representative Director, Executive Vice President and Chief Strategy Officer, Idemitsu Kosan (current)



Takashi Sakata

Director, Managing Executive Officer and Chief Financial Officer

■ 38,990 shares
□ —/—

Apr. 1990 Joined Showa Shell Sekiyu K.K. ("Showa Shell")
Sept. 2008 General Manager of Finance Department and Manager of Finance Section, Showa Shell
Apr. 2009 General Manager of Marketing and Sales Planning Department, Showa Shell
Apr. 2011 General Manager of Chugoku Branch, Showa Shell
Mar. 2013 Senior Officer and General Manager of Chubu Branch, Showa Shell
Mar. 2015 Executive Officer and General Manager of Finance and Accounting Department, Showa Shell
Mar. 2018 Corporate Executive Officer, Chief Financial Officer, Public Affairs, Accounting, Finance and Financial Risk Management, Showa Shell
Apr. 2019 Senior Executive Officer, Procurement, and General Manager of Accounting Department, Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")
June 2021 Managing Director, Idemitsu International (Asia) Pte. Ltd.
July 2024 Senior Executive Officer and General Manager of Finance and Accounting Department, Idemitsu Kosan
July 2025 Managing Executive Officer, Chief Financial Officer, Financial Strategy, Idemitsu Kosan
June 2026 Director, Managing Executive Officer and Chief Financial Officer, Idemitsu Kosan (current)



Kazuma Ikeda

Director, Managing Executive Officer and Chief Human Resources Officer

■ 31,873 shares
□ —/—

Apr. 1991 Joined Idemitsu Kosan Co.,Ltd. ("Idemitsu Kosan")
Apr. 2019 Deputy General Manager of Retail Marketing Department, Idemitsu Kosan
July 2021 Representative Director and President, Idemitsu Retail Marketing Co., Ltd.
Apr. 2023 General Manager of Human Resources Department, Idemitsu Kosan
July 2024 Executive Officer and General Manager of Human Resources Department, Idemitsu Kosan
July 2025 Senior Executive Officer, Human Resources, and General Manager of Human Resources Department, Idemitsu Kosan
June 2026 Director, Managing Executive Officer and Chief Human Resources Officer, Idemitsu Kosan (current)



Masakazu Idemitsu

Director (Non-Executive)

■ 100 shares
□ 15/15

Apr. 2010 Councilor, Public Interest Incorporated Foundation Idemitsu Museum of Arts (current)
Councilor, Public Interest Incorporated Foundation Idemitsu Culture and Welfare Foundation
Dec. 2015 Director and Vice President, Nissho Kosan Co., Ltd. ("Nissho Kosan")
Apr. 2016 Representative Director and President, Nissho Kosan (current)
Apr. 2019 Director, Idemitsu Kosan Co.,Ltd. (Non-Executive) (current)
Representative Director and President, Showa Kosan Co., Ltd. (current)
Apr. 2020 Representative Director and President, MI Power Co., Ltd. (current)
Oct. 2020 Representative Director, General Incorporated Association Idemitsu Philosophy Laboratory (current)
Apr. 2021 Representative Director, General Incorporated Association Idemitsu Kosan Corporate History and Philosophy Laboratory (current)
Aug. 2024 Representative Director and President, ZEN Co., Ltd. (current)
Representative Director and President, ENN Co., Ltd. (current)
Aug. 2025 Director, Power Consulting Networks Inc. (current)
President and Representative Director, Kona Aquaculture Inc. (current)



Kazunari Kubohara

Director (Non-Executive)

■ — shares
□ 15/15

Dec. 2008 Registered as an attorney, established Kyuhodo Law Firm (current)
Apr. 2010 Committee Member, Tokyo Local Third-Party Committee to Check Pension Records, Ministry of Internal Affairs and Communications
Apr. 2011 Delegate, Dai-ichi Tokyo Bar Association
Sept. 2015 Auditor, General Incorporated Association for Realizing Prescription of Adequate Amount of Anti-Dementia Drugs
June 2016 Outside Statutory Auditor, Class Technology Co., Ltd.
July 2017 Auditor, Medical Corporation Hakueikai Miyake Dental Clinic (current)
Mar. 2018 Delegate, Japan Federation of Bar Associations
Apr. 2018 Vice Chairperson of the Legal Services Obstruction Countermeasures Committee, Dai-ichi Tokyo Bar Association
Apr. 2019 Director, Idemitsu Kosan Co.,Ltd. (Non-Executive) (current)
Aug. 2025 Vice President and Director, Kona Aquaculture Inc. (current)

■ Number of shares of the company held □ Board of Directors meetings attended
 ■ Audit & Supervisory Board meeting attended

Independent Outside Directors



Jun Suzuki

Outside Director
 Chair of the Nomination and
 Compensation Advisory Committee

■ 12,500 shares
 □ 15/15

Apr. 1983 Joined Teijin Limited
 Apr. 2011 Teijin Group Chief Representative of Europe
 Apr. 2012 Teijin Group Corporate Officer
 Apr. 2013 Teijin Group Executive Officer
 June 2013 Member of the Board, Executive Officer, Teijin Limited
 Apr. 2014 President and CEO, Representative Director of the Board, Teijin Limited
 Apr. 2022 Chairperson, Member of the Board, Teijin Limited
 June 2022 Outside Director, The Midori Kai Co., Ltd. (current)
 June 2023 Senior Advisor, Teijin Limited (current)
 External Director, MS&AD Insurance Group Holdings, Inc. (current)
 Outside Director, Idemitsu Kosan Co., Ltd. (current)



Mio Kashiwamura

Outside Director
 Member of the Nomination and
 Compensation Advisory Committee
 Advisor of the DE&I Promotion Committee

■ — shares
 □ 11/11

Apr. 1998 Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)
 Apr. 2004 Executive Director, SHANGHAI RECRUIT ADVERTISING CO., LTD.
 Oct. 2012 Senior Vice President, Recruit Lifestyle Co., Ltd. Executive Manager of the Beauty Information Department
 Apr. 2015 Senior Vice President, Recruit Holdings Co., Ltd.
 Apr. 2016 Representative Director and President, Recruit Staffing Co., Ltd.
 Apr. 2018 SBU Executive Officer, Recruit Global Staffing B.V. (currently RGF Staffing B.V.)
 Apr. 2019 Senior Vice President, Recruit Co., Ltd.
 Representative Director and President, Recruit Marketing Partners Co., Ltd.
 Apr. 2020 Senior Vice President, Recruit Holdings Co., Ltd.
 Apr. 2025 Executive Vice President, Recruit Co., Ltd. (current)
 June 2025 Outside Director, Idemitsu Kosan Co., Ltd. (current)



So Hirano

Outside Director
 Member of the Nomination and
 Compensation Advisory Committee

■ — shares
 □ —/—

Apr. 2010 Assistant Professor, Faculty of Economics, Seijo University
 Apr. 2013 Associate Professor, Faculty of Economics, Seijo University
 Dec. 2014 Temporary Committee Member, Industrial Structure Council, Ministry of Economy, Trade and Industry
 Oct. 2019 Temporary Committee Member, Advisory Committee for Natural Resources and Energy, Ministry of Economy, Trade and Industry (current)
 Apr. 2020 Professor, Faculty of Economics, Seijo University (current)
 Aug. 2020 Chairman, The Study Group for the Advancement of Yokkaichi Complex (current)
 June 2026 Outside Director, Idemitsu Kosan Co., Ltd. (current)



Shiori Nagata

Outside Director
 Member of the Nomination and
 Compensation Advisory Committee

■ 1,499 shares
 □ 15/15

Apr. 2000 Joined Deloitte Tohmatsu Consulting, Inc.
 June 2004 Joined Tohato Inc.
 Jan. 2007 Joined Unison Capital Inc.
 Sept. 2009 Joined INCJ, Ltd. (currently Japan Investment Corporation (JIC))
 Sept. 2014 Joined Yanmar Holdings Co., Ltd.
 Jan. 2015 Executive Officer, General Manager of the Recreational Marine Business Unit, Yanmar Co., Ltd.
 June 2020 Director, Chief Strategy Officer, Yanmar Holdings Co., Ltd.
 Apr. 2024 Director, Yanmar Holdings Co., Ltd.
 June 2024 Member of the Board Member of the Audit Committee, NEC Corporation
 Outside Director, Idemitsu Kosan Co., Ltd. (current)
 Apr. 2026 Executive Officer, Corporate Executive Vice President, CHRO, and Head of People and Culture Division, NEC Corporation (current)



Sumiko Takeuchi

Outside Director
 Member of the Nomination and
 Compensation Advisory Committee

■ — shares
 □ —/—

Apr. 1994 Joined TEPCO
 Jan. 2012 Senior Fellow, Member, Board of Directors, International Environment and Economy Institute (current)
 Apr. 2016 Visiting Professor, University of Tsukuba
 Apr. 2018 Visiting Professor, Kansai University
 Oct. 2018 Co-founder and Co-President, US Innovations, LLC (current)
 June 2019 Outside Director, JAPAN PULP AND PAPER COMPANY LIMITED (current)
 Apr. 2020 Specially Appointed Professor of Tohoku University (current)
 Apr. 2021 Advisor, Deloitte Tohmatsu Financial Advisory LLC
 July 2022 Outside Director, GRID Inc. (current)
 June 2024 Outside Director, Nippon Steel Corporation (current)
 June 2026 Outside Director, Idemitsu Kosan Co., Ltd. (current)

Audit & Supervisory Board Members



Nami Kitamura

Audit & Supervisory Board Member

■ 30,796 shares
 □ 11/11
 ■ 10/10

Apr. 1990 Joined Showa Shell Sekiyu K.K. ("Showa Shell")
 Apr. 2009 General Manager of New Business Promotion Department, Showa Shell and Seconded 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
 June 2025 Audit & Supervisory Board Member, Idemitsu Kosan (current)



Yoshitaka Onuma

Audit & Supervisory Board Member

■ 59,872 shares
 □ —/—
 ■ —/—

Apr. 1988 Joined Idemitsu Kosan Co., Ltd. ("Idemitsu Kosan")
 July 2010 Manager of SPS and PPS Group, Functional Materials Department, Idemitsu Kosan
 Dec. 2015 Deputy General Manager of Accounting Department, Idemitsu Kosan
 Apr. 2019 Deputy General Manager of Finance Department, and Corporate Pension Fund, Idemitsu Kosan
 July 2020 General Manager of Finance Department, Idemitsu Kosan
 July 2022 Executive Officer and General Manager of Finance and Accounting Department, Idemitsu Kosan
 July 2024 Executive Officer, Business Investment Promotion and General Manager of Business Investment Office, Idemitsu Kosan
 July 2025 Executive Officer, Business Investment Promotion and General Manager of Business Investment Office, Idemitsu Kosan
 June 2026 Audit & Supervisory Board Member, Idemitsu Kosan (current)

Independent Outside Audit & Supervisory Board Members



Yumiko Ichige

Outside Audit & Supervisory Board Member

■ — shares
 □ 15/15
 ■ 15/15

Apr. 1989 Registered as an attorney (Daini Tokyo Bar Association)
 Joined IBM Japan, Ltd.
 Dec. 2007 Partner, Nozomi Sogo Attorneys at Law (current)
 Apr. 2009 Vice Chairman, Daini Tokyo Bar Association
 June 2012 Outside Director, NEC Networks & System Integration Corporation
 Apr. 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.
 Mar. 2020 Outside Director, ASKUL Corporation (current)
 June 2022 Outside Audit & Supervisory Board Member, Idemitsu Kosan Co., Ltd. (current)
 Oct. 2023 Outside Director, Hitachi Astemo, Ltd. (currently, Astemo, Ltd.) (current)
 June 2025 Outside Audit & Supervisory Board Member, OMRON Corporation (current)



Masahiko Tezuka

Outside Audit & Supervisory Board Member

■ — shares
 □ 15/15
 ■ 15/15

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 (currently, Deloitte Touche Tohmatsu LLC)
 July 2016 Executive board member, The Japanese Institute of Certified Public Accountants (JICPA)
 July 2019 Chairman, JICPA
 CEO, Japan Foundation for Accounting Education and Learning
 May 2022 Auditor, General Incorporated Association Japan Association of Corporate Directors (current)
 July 2022 Advisor, JICPA (current)
 Chair of Councilors, Financial Accounting Standards Foundation
 June 2023 Outside Director (and Audit & Supervisory Committee Member), Mizuho Bank, Ltd.
 Sept. 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 FY2025, 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 previous Medium-term Management Plan as the key themes to be discussed by the Board of Directors. In addition, in preparation for the formulation of the new Medium-term Management Plan, we set aside time on several occasions following Board of Directors meetings for all Directors and Audit & Supervisory Board Members to hold discussions, during which we engaged in active discussion on various topics.

Main Agenda Items Discussed by the Board of Directors

Key themes	Content of the deliberations by the Board of Directors
Business structure reforms	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. Main proposals: - Business strategies relating to diverse resource conservation and circulation solutions - Progress in achieving profitability of Nghi Son Refinery - Business strategies for the functional materials business - Restructuring of the R&D system - Business structure reforms for carbon neutrality in 2050 - Strengthening the profitability of existing businesses, and M&A - Progress on business structure reforms - 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 policy - Policy for dealing with strategic holdings of listed shares - Market reactions following earnings announcements - Review of the Annual General Meeting of Shareholders and initiatives for the next fiscal year - Direction of Medium-term Management Plan (FY2026–2030)
Human capital strategy	We discussed the status of DE&I initiatives and our human capital strategy for the next Medium-term Management Plan. Main proposals: - Progress of DE&I promotion activities - Human resources strategy under the Medium-term Management Plan (FY2026–2030)
Evolution of the Business Platform	We deliberated on proposals aimed at advancing the governance framework that underpins our business platform. Main proposals: - Basic internal controls policy - Future response to further improve the effectiveness of the Board of Directors - Annual audit policy - Promotion of integrated company-wide risk management activities (ERM)

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.

Offsite Board meetings

(discussion among board members following Board of Directors meetings)

In FY2025, we primarily conducted wide-ranging strategic discussions on our business operations, human resources, and business platforms in conjunction with the formulation of the new Medium-term Management Plan. As for specific topics, discussions of business strategy focused on improving the utilization rates of refineries, operating facilities, and refining companies, as well as policy directions for the power and renewable energy businesses, while for the business platform we covered topics such as finance, DX / AX, R&D, and intellectual property strategy. We addressed particularly important topics on multiple occasions and engaged in lively discussions with both Outside Directors and Audit & Supervisory Board Members, which helped refine the new plan.

Meetings by Independent Outside Directors and

Independent Outside Audit & Supervisory Board Members

To further enhance discussions at Board of Directors' meetings, we hold meetings by Independent Outside Directors and Independent Outside Audit & Supervisory Board Members 6 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.

· Lithium Battery Material Department: overall progress on initiatives	· Summary and direction of Advanced Materials & Performance Chemicals
· About the AgriLife (pesticides) business	· Current status and future of the geothermal business
· Progress of DX	· Internal auditing initiatives (FY2024 review and FY2025 basic policy)
· Preliminary results of the FY2025 Board of Directors effectiveness assessment and open discussion	

Activities of Outside Directors

With the aim of fulfilling their supervisory role from an independent standpoint and providing effective advice based on a deep understanding of the business, Outside Directors engage in activities such as dialogue with domestic and international stakeholders and onsite visits both in Japan and abroad, in addition to participating in Board of Directors discussions. Through these activities, Outside Directors deepen their understanding of management issues and incorporate that insight into the Board of Directors' deliberations and decision-making.

Activity Examples

Activity name	Description
Dialogue with divisions	Discussions are held with various divisions and committees, including the CNX Strategy Department, Advanced Material & Performance Chemicals Department, Basic Chemicals Department, Human Resources Department, and the DE&I Promotion Committee.
Dialogue with outside stakeholders	Outside Directors present at ESG seminars with top management and exchange views on the company's initiatives with outside participants.
Domestic and international visits	Onsite visits to Nghi Son Refinery in Vietnam, the Chiba Complex, etc.

Overview of Board of Directors and Assessment of Effectiveness

Assessment of the Effectiveness of the Board of Directors

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.

In FY2025, we held an open discussion among outside officers with the aim of fostering more active discussion on identifying issues and developing countermeasures, taking into account the Five Principles for Board of Directors to Enhance “Growth Power” in addition to the standard survey questions.

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



Initiatives Based on the Results for the FY2024 and the Assessment Results for FY2025

Initiatives for identified issues

In response to the issues identified in FY2024, we took the following actions in FY2025.

Further strengthen strategic discussions	In formulating the new Medium-term Management Plan, we discussed the overall strategy and key individual issues at meetings of the Board of Directors and outside officers, while also working to improve operational efficiency.
Report and deliberate on the overall risk management structure	We will increase the involvement of the Board of Directors in risk management policies and responses. In this way, we worked to strengthen the supervisory function with respect to the operation status of the risk management structure for overall management. We also endeavored to improve reporting and deliberations on serious incidents and problems that have a large social and financial impact.

Future issues and initiatives

As a result of the effectiveness assessment in FY2025, we have determined that the overall effectiveness of the Board of Directors has been secured. The challenges identified to further improve effectiveness are “further enhance strategic discussions” and “enhance outside officers’ understanding of the company’s business.” As a result of those discussions, we will implement the following specific initiatives.

Further enhance strategic discussions	We will strive to further enhance our strategic discussions by delegating the execution of individual proposals following a review of the criteria for submitting items to the Board of Directors, formulating a roadmap that includes monitoring progress on the new Medium-term Management Plan, and utilizing opportunities for advance briefings and focused discussions on key issues.
Enhance the opportunities for outside officers to improve their understanding of the company’s business	In addition to enhancing outside officer meetings and forums for in-depth discussion (Offsite Board meetings), we will further enrich opportunities for outside officers to improve their understanding by expanding dialogue between executive officers, department heads, and outside officers.



Messages from Outside Directors

Effective Governance through a Balance of On-the-Ground Understanding and Strategic Discussions

Outside Director
Member of the Nomination and
Compensation Advisory Committee

Shiori Nagata



Since taking office as an Outside Director, I have put particular emphasis on getting out in the field. I visited various business sites, including the Chiba Complex, the Kansai Branch, the Nghi Son Refinery in Vietnam, the Trading Department's offices in Singapore and Malaysia, offices in the United States, and the Boggabri Mine in Australia.

What really struck me on these visits was how deeply Idemitsu's Management Philosophy and manufacturing expertise are ingrained in each local site, transcending differences in business formats such as refineries, chemical plants, and mines. I shared the feedback I heard in the field and the challenges I observed in conversations with the Board of Directors and senior management, and this has been reflected in our management discussions.

Furthermore, by seeing for myself the nature of Idemitsu's operations in various regions and their potential, I think I've gained a deeper understanding of the background and objectives of the new Medium-term Management Plan. I believe both high-level strategic discussions at Board meetings and an understanding of realities on the ground form the foundation of effective governance.

The new Medium-term Management Plan outlines a policy for rebalancing strategies under the three themes of GRIT, GROWTH, and CNX, with the aim of achieving both sustainable growth and addressing social issues. I believe this is an excellent management plan that aspires to growth while facing up to harsh realities. Among the various growth areas, I personally have high hopes for the chemical recycling and circular businesses. When I witnessed firsthand the process of used plastic being converted into oil and reborn as a new resource, I was deeply moved and felt a sense of hope for the future. I believe this initiative—which taps into the demand for a circular economy while capitalizing on existing assets—is a prime example of how the Company can use the technical expertise it has cultivated in refining and chemicals to create new value. I strongly expect these new business segments to steadily expand and grow into a key driver of earnings that simultaneously addresses social issues and enhances corporate value.

Starting with Each Individual's Strengths and Passion in Embracing the Challenge of Implementing the Medium-term Management Plan

Outside Director
Member of the Nomination and
Compensation Advisory Committee
Advisor of the DE&I Promotion Committee

Mio Kashiwamura



Over the past year since I assumed the position of Outside Director, through repeated dialogue with the management team and employees in the field, I have come to realize firsthand that the source of Idemitsu's corporate value is undoubtedly its people, and that the Company places the highest priority on fostering a culture where people grow through their work. I later had the opportunity to visit the archives in Moji, the birthplace of Idemitsu, where it finally clicked for me that the palpable passion I was encountering every day out in the field was directly linked to the Management Philosophy of *Ningen-Soncho* (Having respect for human beings) and being "Truly inspired," which the Company has upheld for over a century. This resonated deeply with me, as it overlaps with the respect for the individual that I have valued throughout my career. The Company has just launched a new Medium-term Management Plan under President Sakai. Amid a rapidly changing global landscape, including geopolitical risks and expanding energy demand driven by the spread of AI, the Company has established the three strategic pillars of GRIT, GROWTH, and CNX. It is engaged both in energy addition, which underpins society today, and in energy transition, which is what will lead toward the decarbonized society of the future. This past year, I witnessed the Company's sincere resolve to tackle these two difficult challenges head-on and its efforts to translate that resolve into concrete action.

The question is whether or not the Company can implement these three strategies successfully. I am convinced that the key to this lies in the execution of its human capital strategy in alignment with its business strategy. The new Medium-term Management Plan sets forth the digital and AI-driven transformation of business processes, but no matter how advanced systems become, it is the individual strengths and passion of employees bringing together diverse knowledge that can truly unleash the advanced R&D capabilities Idemitsu has cultivated and create new value to address challenges in society. Starting in fiscal 2026, I have taken over the role of advisor to the DE&I Committee from Director Nagata. While making the most of this role, I will support each employee in charting their own career path and encourage an environment where diverse people can thrive. I will support the process of accelerating co-creation both in the Company and with outside partners to generate new business models and translate these into solid earnings power for the Company.

Selection of Officers

I Nomination of Director and Audit & Supervisory Board Member Candidates

Nomination of Director candidates

We believe it is important to ensure that a certain number of Directors are familiar with Idemitsu's business and management issues so that the Board of Directors fulfills its roles and responsibilities, and to ensure the diversity of the required knowledge, experience, and abilities of each Director from the standpoint of securing the Board's independence and objectivity. Based on this thinking, we utilize human capital standards, skills career matrix, 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. Utilizing human capital standards, skill and career matrices, and other tools based on this thinking, the President submits proposals on each candidate to the Nomination and Compensation Advisory Committee. The Board of Directors then makes its decision based on the committee's recommendations and with the consent of the Audit & Supervisory Board.

Succession plan

The Nomination and Compensation Advisory Committee continuously deliberates on the selection and development of candidates for the next generation of leadership, including the President, based on the company's medium- to long-term management strategy. When evaluating candidates, we utilize methods such as 360-degree evaluations conducted by external specialized firms to assess them comprehensively from the perspectives of management ability, inclusive leadership, and contributions to energy policy. In addition, we conduct selective training programs for prospective management talent, with the aim of developing the next and subsequent generations of leaders.

Officer training

With the aim of ensuring that our officers continuously acquire the knowledge necessary to deliberate on the company's management issues, we conduct officer training sessions with external experts at least once a year, in principle. In FY2025, we conducted officer training with the aim of deepening our consideration of the strategies the company should pursue, taking into account changes in the global situation and the environment surrounding Japan. We carried out officer training focused on what the company should do to prepare in light of the impact of the Trump administration's foreign policy and tariff policies, as well as from the perspective of energy security.

■ 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 have knowledge and experience in promoting the human capital strategy (disseminating the Action Guideline, developing transformative talent, and DE&I).
	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.

Skills and Career Matrix

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

Since preparing and disclosing the skills and career matrix for Directors in 2020, we have periodically reviewed the matrix in light of the management challenges we face and the areas of expertise expected of Directors and Audit & Supervisory Board Members, and have identified the areas set out in the table below. The company has elected Officers who have skills, such as knowledge and experience in these areas, while also paying attention to diversity. For the areas where the Board of Directors members do not have sufficient skills (issues concerning economic security or other areas for which high expertise is required), the company supplements them by inviting outside experts to Advisory Board meetings and Officer training sessions.

	Name	Terms in office (years)	Areas in which the company expects Directors and Audit & Supervisory Board Members to contribute						
			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	13	●	●			●		●
	Noriaki Sakai	5	●	●				●	●
	Atsuhiko Hirano	6	●	●	●		●		
	Masahiko Sawa	4	●	●	●	●			
	Takashi Sakata*	—	●		●		●		●
	Kazuma Ikeda*	—	●	●			●	●	
	Masakazu Idemitsu	7	●	●				●	
	Kazunari Kubohara	7	●					●	●
	Jun Suzuki★	Outside	●		●	●		●	
	Shiori Nagata★	Outside	●	●	●			●	
	Mio Kashiwamura★	Outside	●	●	●		●		
	Sumiko Takeuchi★★	Outside	●		●	●		●	
	So Hirano★★	Outside	●		●	●	●		
Audit & Supervisory Board Members	Nami Kitamura	1	●		●	●	●		
	Yoshitaka Onuma*	—	●				●		●
	Yumiko Ichige★	Outside		●	●			●	
	Masahiko Tezuka★	Outside		●	●			●	●

● 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 skills and experience.

★ indicates independent officers

* indicates newly appointed officers

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 FY2025, the Nomination and Compensation Advisory Committee met a total of nine times.

■ Main Deliberations and Recommendations in FY2025

Nominations	Compensation
- Proposals for the appointment of advisors - Proposal for the disclosure of the skills and career matrix - FY2026 officer structure	- Director evaluation and compensation proposal - Setting of performance-linked target values for FY2025 - Behavior targets for Directors - Directions for Revising the Compensation Structure - Revision of the Compensation Structure

Compensation for Executives

I Basic Policy on Executive Compensation

Our basic policy regarding compensation for our Directors and Executive Officers (at Senior Executive Officer level or above) is 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.

I Overview of Executive Compensation

Compensation standard

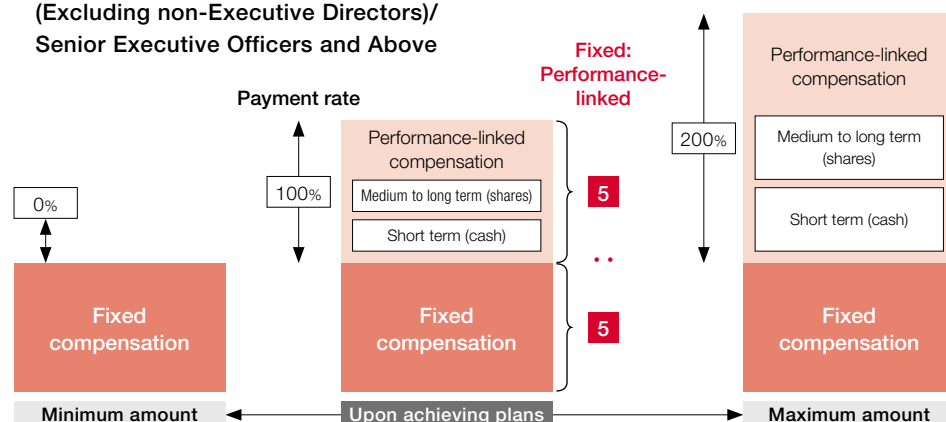
Compensation levels for Directors, etc., shall be reviewed as appropriate in light of changes in the business environment and external survey data for the purpose of utilizing and securing high quality personnel who contribute to the realization of the medium- to long-term management vision, and offering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

Compensation structure

The compensation system for our Directors (excluding non-Executive 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

■ Composition of Compensation for Internal Directors

(Excluding non-Executive Directors)/
Senior Executive Officers and Above



corporate value over the medium to long term will be evaluated appropriately. Compensation for non-Executive 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.

Clawback scheme, etc.

The policy provides that, in the event a Director, etc., engages in serious misconduct or a violation, the company may forfeit the beneficiary rights of the Director, etc., to the shares to be delivered as performance-linked stock compensation (malus) and may require the Director, etc., to return money equivalent to the company's shares, etc., already delivered (clawback).

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 FY2025. It discussed compensation on a total of eight of those occasions.

■ Compensation Systems and Performance-linked Compensation Framework

Type of compensation		KPIs		Outline
		Indicators	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.
	Short term	Profitability indicators (profit before tax excluding finance expenses)	40% (20%)	It is designed to fluctuate within a range of 0% to 200%. It will be granted in June every year.
		Human capital-related indicators	20% (10%)	
		Activity goals (Directors) / goals for the responsible area (Executive Officers at Senior Executive Officer level or above)	40% (70%)	
Variable	Medium to long term	Capital efficiency indicators (ROIC/ROE)	60%	From the perspective of sharing value with shareholders and continued improvement of corporate value, it places a particular emphasis on the link with the Medium-term Management Plan (FY2026–2030).
		CO ₂ reduction	20%	It is designed to fluctuate within the range of 0% to 200% in accordance with the degree of achievement concerning the financial indicators related to capital efficiency, and non-financial indicators determined in accordance with materiality identified by the company.
		Engagement of employees	20%	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.

* The figures in parentheses for performance-linked bonuses represent the weighting for Senior Executive Officers

Overview of the Audit & Supervisory Board / Message from an Outside Audit & Supervisory Board Member

Audits by Audit & Supervisory Board Members

The four Audit & Supervisory Board Members audit the performance of duties by the Directors and other officers by attending Board of Directors meetings and reviewing the business reports, financial statements, and consolidated financial statements submitted to the General Meeting of Shareholders. In addition, they review the key decision-making processes and the status of business operations within the Board of Directors from the perspectives of legality and appropriateness, and exchange views on these matters.

Category	Status of implementation in FY2025	
Audit & Supervisory Board	15 times a year	Through attendance at Board of Directors meetings and participation in key meetings, Audit & Supervisory Board Members discussed and reviewed management issues and the recognition of risks. They also received activity reports from full-time members and information from relevant departments, and shared information regarding changes in the business environment and the progress of business structure reforms. In addition, the Audit & Supervisory Board deliberated on and passed resolutions regarding important matters required by law, such as audit policies and plans, the adequacy of the financial audit, and audit reports.
Site visits (on-site interviews)	6 departments 25 affiliated companies (of which, 20 are overseas companies) 9 visits involved participation by Outside Audit & Supervisory Board Members	Audit & Supervisory Board Members conducted on-site interviews with key departments and affiliated companies both in Japan and overseas to assess the status of business restructuring and CNX-related initiatives, as well as changes in the external environment. They reviewed initiatives to ensure safety, compliance, and quality at manufacturing sites, as well as the status of equipment upgrades, and worked to gain a clear understanding of the current situation regarding investment in human capital and efforts to recruit and develop talent.
Meetings with Representative Directors	4 times a year (June, September, December, and March)	After sharing audit policies and key audit areas, they exchanged views on the business environment surrounding the company and the direction of our business restructuring efforts.
Interviews with Senior Executive Officers, Executive Officers and General Managers	2 Senior Executive Officers 2 Executive Officers 11 General Managers	Focusing primarily on areas related to key audit areas, they conducted individual reviews of the policies governing the duties of each responsible party and the status of their execution of their duties.

Message from an Outside Audit & Supervisory Board Member



Strengths of Our Corporate Governance and Areas for Further Improvement

Outside Audit & Supervisory Board Member

Yumiko Ichige

The greatest strength of our corporate governance lies in the oversight function of our Board of Directors, which is composed of a diverse group of Directors and Audit & Supervisory Board Members from both inside and outside the Company. At board meetings, while everyone works toward the common goal of continuously enhancing corporate value, discussions take place from various perspectives, including, at times, dissenting opinions. While the pace of environmental change varies across our five business segments, we establish an overall strategy for investment timing and the allocation of management resources based on these differences. At the same time, individual projects are reviewed by weighing the potential for profit against the anticipated risks (including the risk of inaction). I believe that, particularly over the past four years, there have been many discussions regarding new business initiatives such as CNX, as we sought to chart the optimal roadmap as responsible change agents while navigating the delicate balance between government policies and shifting market needs. Furthermore, in formulating the new Medium-term Management Plan, strategic discussions were held—sometimes following study sessions with invited experts—on topics such as the geopolitical challenges we face, economic security, and resulting trends in national energy policy, while also taking into account market changes such as the spread of generative AI and rising electricity demand.

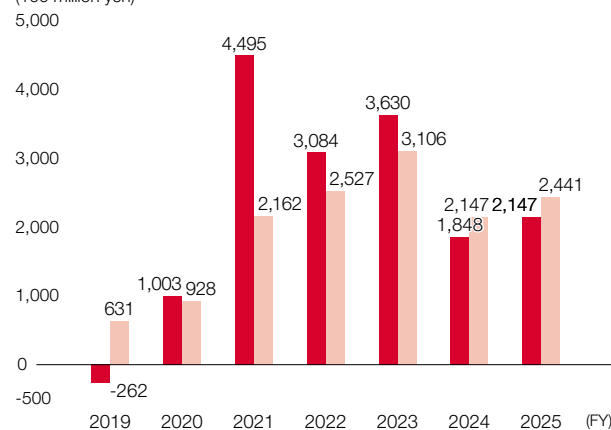
Audit activities for FY2025 focused on the following priority areas: (1) addressing risks associated with business restructuring; (2) the status of initiatives related to human capital investment; and (3) ensuring safety, compliance, and quality, as well as improving refinery utilization rates. The results of the onsite audits and the observations made by Audit & Supervisory Board Members have been provided as feedback to the respective departments. At the same time, regarding coordination with the Board of Directors, although we submit reports annually, due to time constraints, these have not yet led to substantive discussions. In principle, matters brought to light by Audit & Supervisory Board Members are closely related to the Board of Directors' supervisory function. The Audit & Supervisory Board discussed this matter at the beginning of the fiscal year. We intend to further strengthen our collaboration with the Board of Directors going forward by devising more detailed reporting methods that will facilitate the Directors' input and discussions, as well as by consulting with the Board of Directors' secretariat regarding the best practices for information sharing.

Financial Highlights

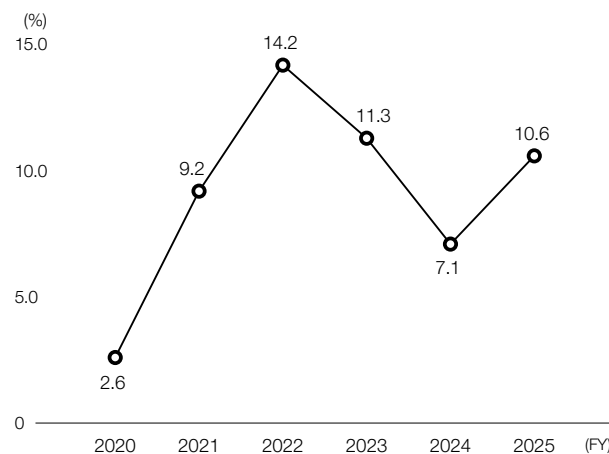
Operating income + equity in earnings of non-consolidated subsidiaries and affiliates

■ Including inventory impact ■ Excluding inventory impact

(100 million yen)

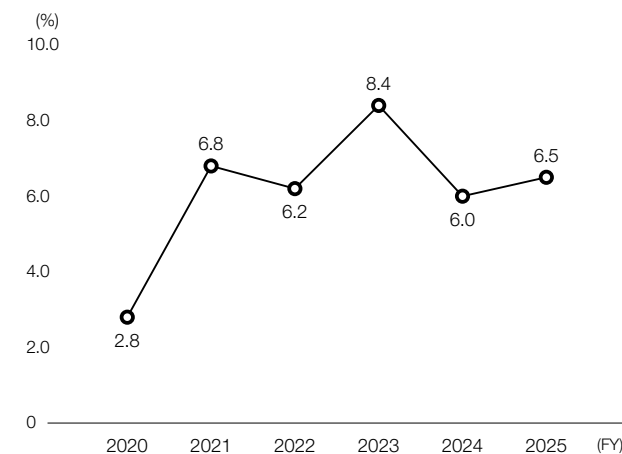


ROE

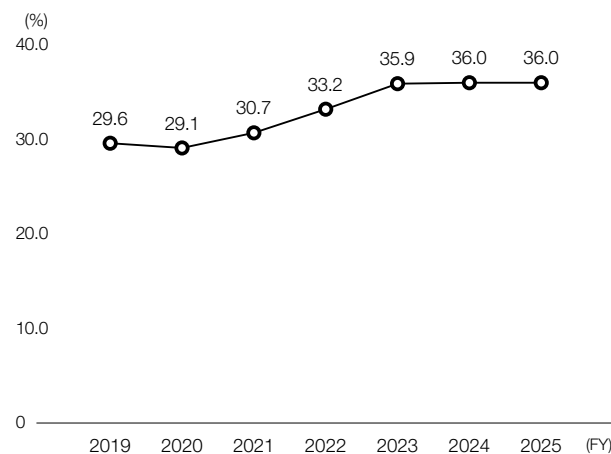


* In FY2019, the company recorded a loss attributable to owners of the parent company, and so no ROE figure is presented.

ROIC



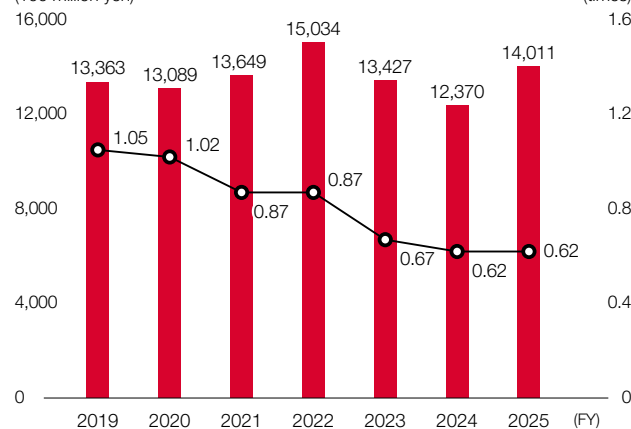
Equity ratio



Interest-bearing debt / Net D/E ratio

■ Interest-bearing debt ● Net D/E ratio

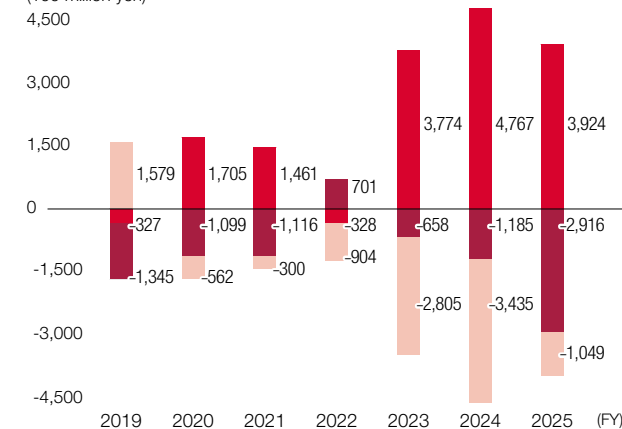
(100 million yen)



Cash flows

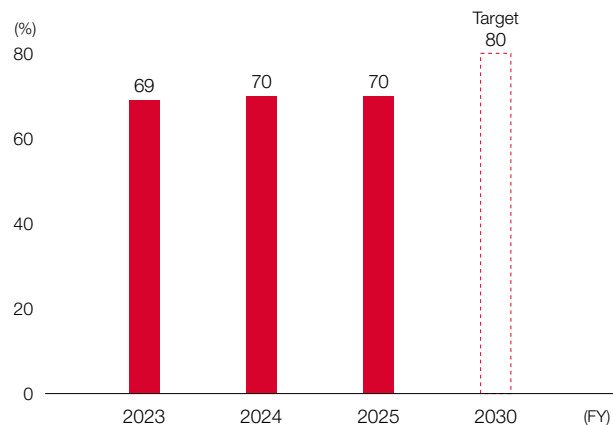
■ Cash flows from operating activities ■ Cash flows from investing activities
■ Cash flows from financing activities

(100 million yen)



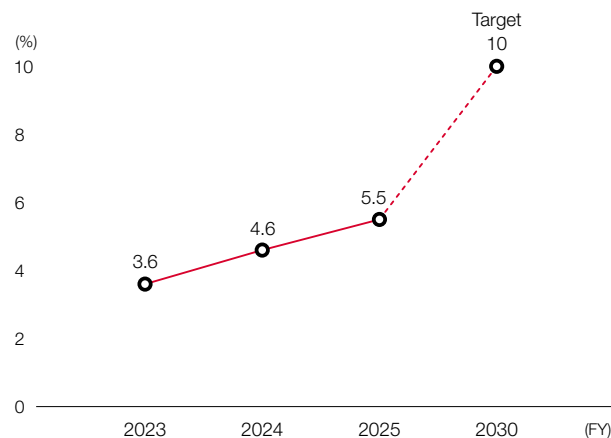
Non-Financial Highlights

Idemitsu engagement index



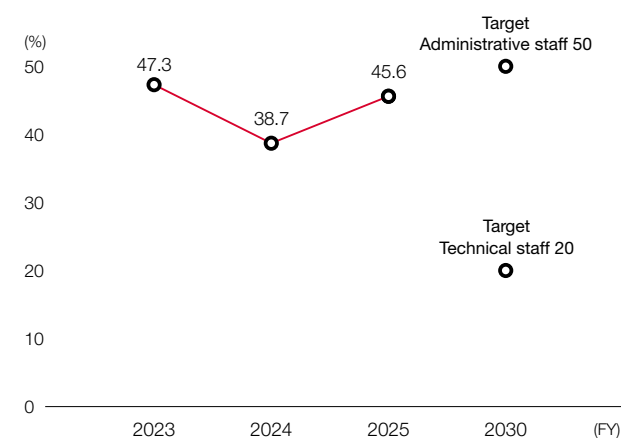
* Scope of reporting: Idemitsu employees (excludes employees seconded to other companies)

Female ratio in managerial positions



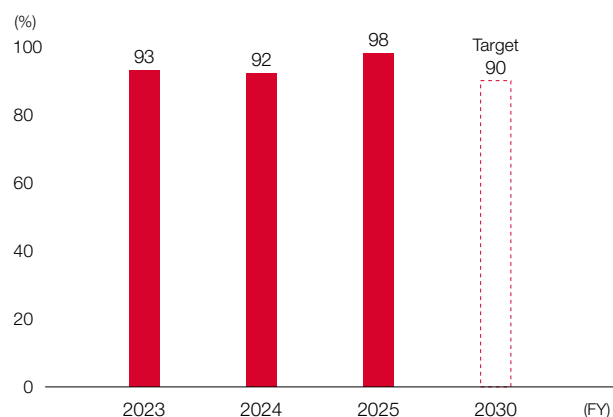
* Scope of reporting: Idemitsu hires (employees, seniors, full-time contract employees and advisors) and includes employees seconded to other companies

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

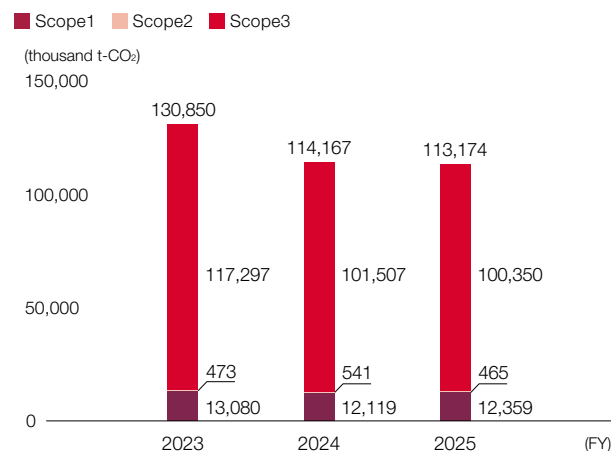
Male ratio taking childcare leave



* 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

CO₂ emissions (Scope 1, 2 and 3)

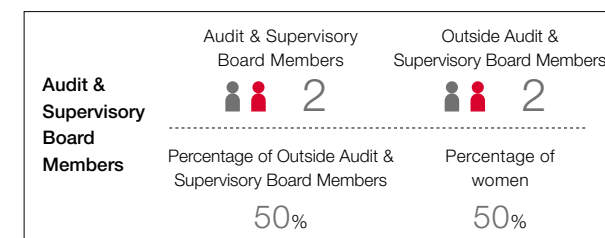
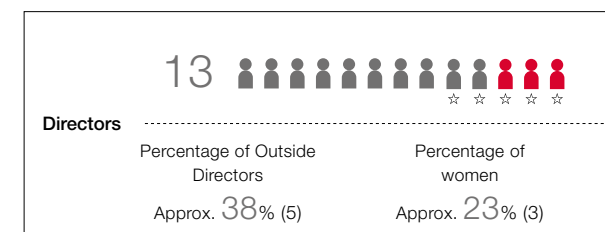


* Scope of reporting: Idemitsu, consolidated refining companies (TOA Oil Co., Ltd., Showa Yokkaichi Sekiyu Co., Ltd.) and major consolidated Group companies

* Figures may not add up to the total due to rounding.

Makeup of Directors and Audit & Supervisory Board Members

♂ Male ♀ Female ☆ Outside Director



Non-Financial Highlights / External Evaluation



I Materiality under the Previous Medium-term Management Plan (FY2025 Results)

The Group has been working to create value through its approach to priority social issues since identifying its materiality in 2019. In 2022, we revised our materiality, giving consideration to the Medium-term Management Plan (FY2023-2025), the 2050 Vision, and changes in the social environment. Having set KPIs and monitoring indicators, we are now promoting initiatives. Below, we review the main initiatives and results of our previous materiality up to FY2025.

Materiality	Category	KPIs and monitoring indicators	
		Achievements in FY2025	Target
1. Contribute to carbon neutrality / circular society	Reduce CO ₂ compared to 2013 (Scope 1 + 2)	-19.2% (compared to 2013)	-46% (FY2030) Carbon neutral (FY2050)
	Contribute to Scope 3	Carbon intensity: -0.5% (compared to 2020)	-10% (FY2030) -50% (FY2040)
	Investments / business strategy	CN investment: 40.2 billion yen Growth investment: 90.4 billion yen	Approx. 800 billion yen (through FY2030) Approx. 550 billion yen (through FY2030)
	ROIC, targeted earnings	ROIC (excluding inventory impact): 6.5% Operating + equity income (excluding inventory impact): 244.1 billion yen	7% (FY2030) 270.0 billion yen (FY2030)
2. Contribute to regional society (energy and mobility)	Investments / business strategy	CN investment: 40.2 billion yen Growth investment: 90.4 billion yen	Approx. 800 billion yen (through FY2030) Approx. 550 billion yen (through FY2030)
	Number of customers	Approx. 6,000 service stations in Japan	—
3. Maximize employee growth and engagement	Idemitsu Engagement Index	70%	80% or more (FY2030)
	Investments in training per employee	69,000 yen	100,000 yen (FY2030)
4. Expanding DE&I	Female recruiting ratio	45.6% (based on the total number of new graduates and mid-career hires with at least a bachelor's degree hired between April 1, 2025 and March 31, 2026)	50% or more (FY2030)
	Ratio of females in managerial positions	5.5% (as of March 31, 2026)	10% or more (FY2030)
	Ratio of males taking childcare leave	98%	100% (FY2030)
5. Acceleration of digital innovations	DX investments	2.83 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 surveys, holding open discussions among outside officers	—
	Employee health indicators	Physical examination checkup rate: 100%	100%
7. Ensure the health, safety, compliance, and human rights	Safety indicators (number of accidents, etc.)	Number of serious accidents: 0 Fatal accidents: 0 at our company, 1 at partner companies	0
	Major compliance violations	0	0
	Human rights due diligence	Human rights violations: 0	0

I External Evaluation and Status of Inclusion as an Index Stock

Our environmental, social, and governance (ESG) and human capital related initiatives have been recognized by external organizations as well, and we have been included in major ESG indexes and investment indicators in Japan and overseas. Going forward, we will continue aiming for sustainable growth through co-creation of value with our stakeholders.



2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

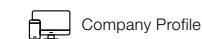
2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



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



Company Profile / Stock Information



Company Profile / Stock Information

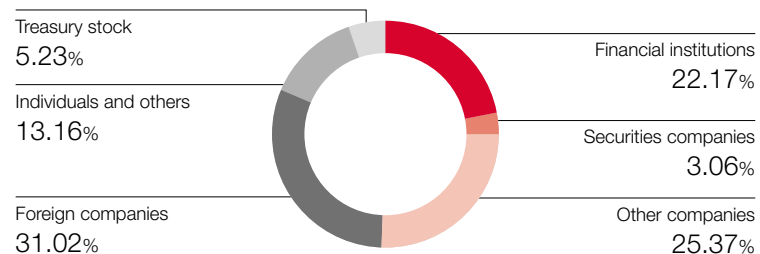
(as of the end of March 2026)

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	1,288,747,390 shares * After the cancellation of treasury stock on April 30, 2026:1,223,217,590 shares
Number of shareholders	126,951

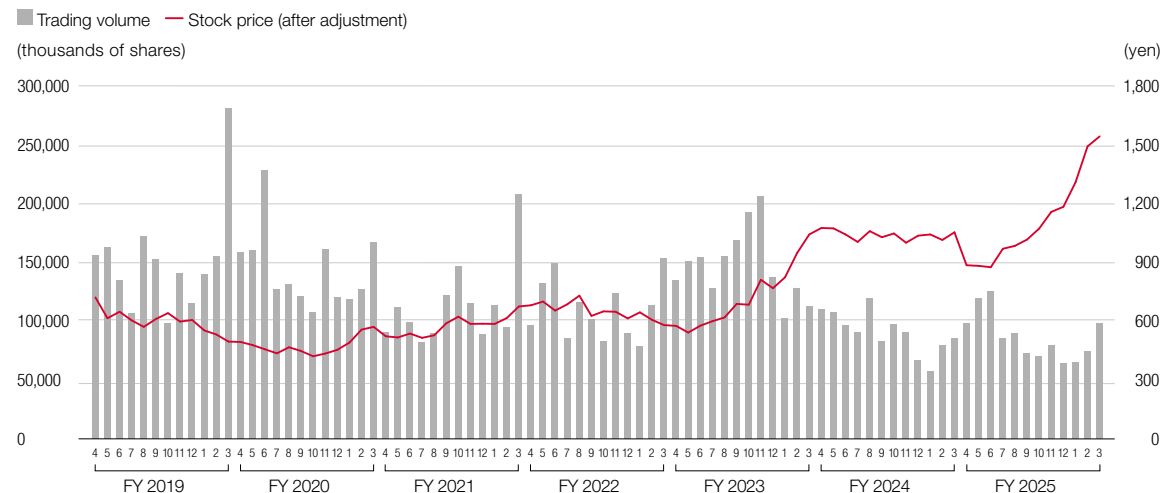
Rating Information (as of August 28, 2025)

Rating agency	Long-term rating	Short-term rating
Rating and Investment Information Center, Inc. (R&I)	A+ (Direction: Stable)	a-1
Japan Credit Rating Agency, Ltd. (JCR)	A+ (Outlook: Stable)	J-1

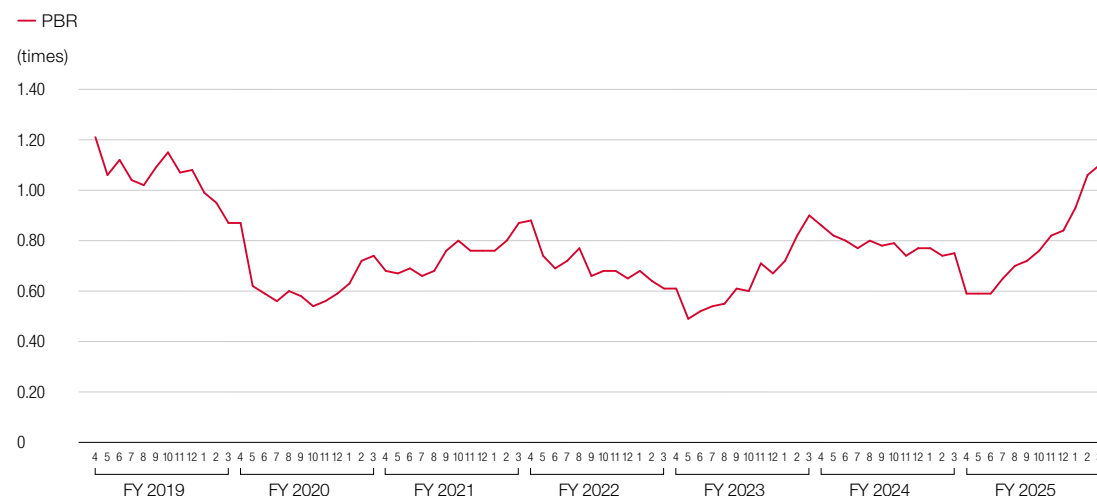
Distribution (Number of shares issued)



Trends in Stock Price and Trading Volume



PBR



Inspiring the future with energy and materials

Idemitsu Kosan has always believed in the infinite possibilities of people.
As we blaze a trail through uncharted territories, we will honor
our responsibility to support people and their daily lives,
and to protect the global environment now and in the future.



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