

## Message from Outside Directors



**Increasing diversity within employees and the board of directors to "stronger and more agile global company."**

Outside Director  
**Mackenzie Clugston**

### **How do you recognize your expected role as an outside director? Please tell us what role you currently play?**

The role expected as an outside director is to provide diversity to the Board of Directors when considering corporate strategies, monitoring executive departments and making decisions on important management issues, in other words, to give opinions from a perspective different from that of internal directors. At the Board of Directors, I actively express constructive opinions from the perspective of a foreign national and former diplomat. I hope to continue contributing to the enhancement of our company's corporate value.

### **What are the characteristics of Idemitsu Kosan's governance?**

After the business integration, the number of independent outside directors increased to five, and several experienced corporate managers joined the board, creating a diverse and powerful structure. I believe that a broad approach from business perspective has revitalized the deliberations of the Board of Directors. The chairman oversees the deliberations of the Board of Directors and leads discussions from a broad perspective even on difficult issues.

Other notable changes following the business integration include internal rules enhancement and Nomination and Compensation Advisory Committee reorganization.

In addition, outside directors are provided with detailed prior explanations of the Board of Directors meetings and given opportunities to visit business sites in Japan and overseas. Through these efforts, we gain a better understanding of the company's business operations and enhance the effectiveness of its governance to support board discussions.

### **What are your expectations for the Idemitsu Group?**

I believe that the business integration is proceeding very smoothly. I think this is because employees at any level of the two companies are actively working toward the integration. I expect to see significant synergies, both financially and non-financial.

Since its founding, our company has been unique among Japanese companies, demonstrating boldness and distinctive corporate culture. I hope Idemitsu Group will make the most of both companies' legacies and use its excellent knowledge in business expansion overseas as well as cutting-edge research as leverage to become one of the world's top energy companies. I believe that by improving the diversity of our workforce, our company can become a "stronger and more agile global company."

Also, I expect that we will anticipate the changes caused by global climate change and take appropriate measures, which at the same time will lead to the resolution of various social issues.



**“I would like to provide support for development of next-generation leaders and success of female leaders.”**

Outside Director  
**Yuko Yasuda**

### **How do you recognize your expected role as an outside director? Please tell us what role you currently play?**

I believe that the most important role of outside directors is to supervise and support executive management which formulates strategy and translates it into action. By engaging in such activities in an objective manner, I hope to contribute to the company to attain sustainable growth. Although I lack actual management experience at large listed companies or knowledge of the oil industry, I believe I am expected to contribute with knowledge of corporate governance, leadership development and succession in terms of global standards as well as diversity. In particular, for the new integrated company, I hope to contribute to the company to implement a transparent leadership succession and development program.

I strongly believe the female talent at this company to be a very important asset for our energy industry in Japan and want to see their further success in this market. As the Chair of the Compensation Advisory Committee of the new integrated company, my mission will be to supervise the development of transparent, performance-based compensation system.

### **What are the characteristics of Idemitsu's governance?**

I've observed that the new integrated company aims for a highly effective corporate governance structure that takes advantage of the strengths of both companies. The board consists of diverse background including management, foreign nationals, academics and women which encourages very active and robust discussions to enhance the quality of the board.

In order to deepen the knowledge and the understanding of business, there are a number of training programs or onsite visiting options available to outside directors, and they provide well-considered explanations of each agenda item just before the actual board meetings. The board spends relatively enough time discussing forward-looking topics such as medium-term management plan and actual action plans to implement the strategy, which I believe to be the most important mission of the board. For example, the board discussed how they could become a resilient energy company to supply energy infrastructure to society, under such high pressure needs as balancing ESG and SDGs issues.

In my observation, one of the challenges of most of Japanese company boards is less active internal directors, compared to the active participation of outside directors. However, at our company, internal directors actively express their opinions to participate in board discussions, which I believe to be a gift of the history and culture of Idemitsu's DNA.