



Environmental Management / Environmental Policy

Concept of the Environment

Idemitsu Group works to reduce the environmental impact caused by our business activities in order to contribute to the creation of a sustainable society with the harmony between economy and environment. We strive to protect the global environment by appropriately allocating and utilizing our resources and actively promoting advanced initiatives to solve environmental problems such as global warming. We conduct business activities based on our policy with criteria to prioritize global and regional environmental protection in all business segments.

Environmental Protection Policy

1. Make an effort to prevent leaks and contamination and contribute to environmental protection.
2. Actively contribute to preventing global warming and make an effort to reduce greenhouse gases emitted through our business activities.
3. Effectively use resources in all our business activities.
4. Promote green procurement when purchasing material, construction work, services, etc.
5. Be aware of the importance of biodiversity and actively contribute to its maintenance.
6. Work to develop and diffuse technologies and products that create a better environment.
7. Set environmental objectives based on the annual basic policies, and gather power from within and outside the organization to achieve those objectives.
8. Continually improve the Environmental Management System to enhance environmental performance.
9. Actively disclose environmental information and promote communication with parties outside the company to ensure the reliability of our company and improve corporate value.

Environmental Management System

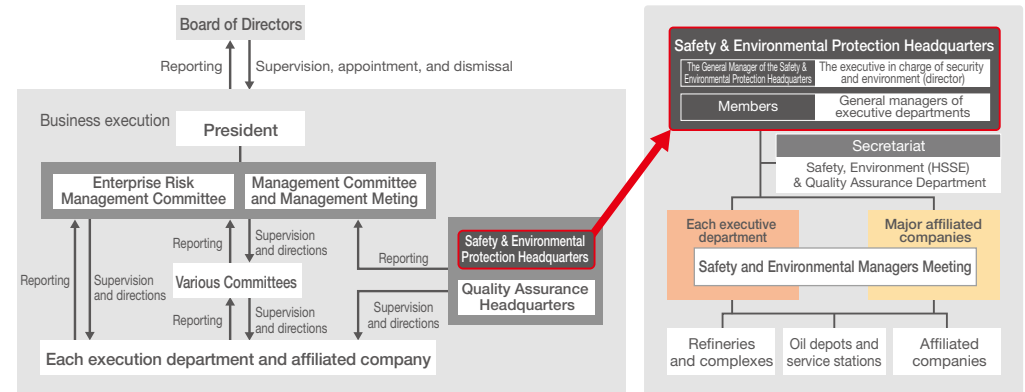
We have positioned "Safety, Health and the Environment" as the foundation of its management, and has established the "Safety & Environmental Protection Headquarters" to promote initiatives to secure and preserve them. It is comprised of the General Manager and the Deputy General Manager of the Safety & Environmental Protection Headquarters, general managers of executive departments that manage business sites, other managers appointed by the General Manager of the Safety & Environmental Protection Headquarters and the secretariat. The executive officer in charge of safety assurance and environmental protection issues (director), who is delegated by the President and Representative Director, serves as the General Manager of the Safety & Environmental Protection Headquarters, overseeing the headquarters as the person in charge of safety, health, and environment, and the Safety, Environment (HSSE) & Quality Assurance Department serves as the secretariat.

The role of the Headquarters is to determine the Medium-term Management plan, the annual basic policies and priority issues on HSSE, to assess and evaluate performance through audits, to maintain, review, and improve the Safety Management System and the Environmental Management System (page 16), and to instruct all executive departments and major group companies to secure management resources necessary to establish, implement, maintain, and continually improve the Management Systems. As a general rule, the Safety & Environmental Protection Headquarters Meeting shall be held once a year in December to decide on our annual basic policies for the next fiscal year.

When establishing and reviewing the Medium-term Management Plan, the annual basic policies and priority issues on HSSE, the secretariat creates a draft proposal putting into consideration of the social environment surrounding HSSE. The secretariat holds deliberations on the draft at the Safety and Environmental Managers Meeting, and get approval at Safety and Environmental Protection Headquarters Meeting. After approval by the General Manager of the Safety & Environmental Protection Headquarters, the secretariat reports them to the Management Committee. If the instructions or opinions from the Management Committee are to be reflected, the General Manager of the Safety & Environmental Protection Headquarters approves the final version again.

Environmental issues, including climate change, are reported to the Board of Directors as necessary and can be oversighted by the Board of Directors.

Position of the Safety & Environmental Protection Headquarters within the Corporate Governance System, and the Safety and Environmental Management System





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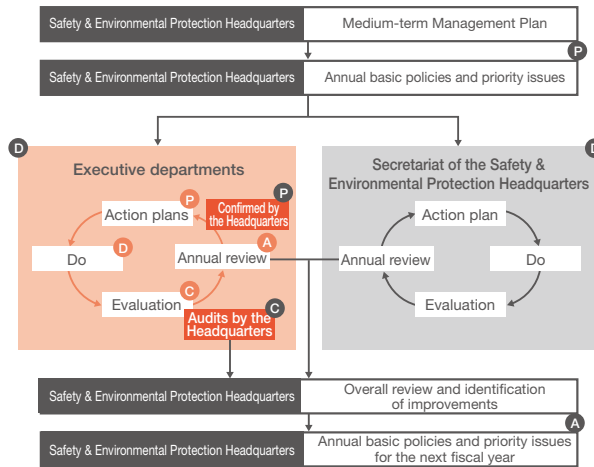
Environmental Management System

Our environmental management system combines the PDCA cycle for the entire group, centered on the Safety & Environmental Protection Headquarters, with the PDCA cycle for each executive department.

The Safety & Environmental Protection Headquarters formulates the Medium-term Management Plan, the annual basic policies and priority issues on HSSE, on which each executive department formulates action plans.

Each executive department implements the PDCA cycle where it carries out its business activities based on the action plans, and periodically evaluates and reviews the activities to identify improvements, which will be reflected in the action plans for the next fiscal year. The secretariat of the Safety & Environmental Protection Headquarters evaluates and reviews the operation of the environmental management system for the entire group every year, and shares the necessary improvements at the Safety & Environmental Protection Headquarters Meeting at the same timing of the review by the executive departments, in order to make continuous improvements.

■ Environmental Management PDCA Cycle



Environmental Education and Awareness-Raising Activities

We provide environmental education for the entire group under the Safety & Environmental Protection Headquarters. We are also engaged in activities to raise awareness of environmental protection in line with the United Nations World Environment Day as well as the Environment Month promoted by the Ministry of the Environment. In June 2019, focusing on global warming and the marine plastic waste problem, we conducted light-down campaigns and clean-up activities to raise environmental awareness among employees.

■ Beach clean-up activities (Odaibakihin Seaside, Tokyo)



Safety and Environmental Audits

In order to confirm and promote the HSSE activities of each executive department, the General Manager of the Safety & Environmental Protection Headquarters or top management visits business sites to provide Safety and Environment-related instructions or safety patrols, or the Safety & Environmental Protection Headquarters secretariat conducts Safety and Environment audits at business sites. In particular, at our company's refineries and plants, the General Manager of the Safety & Environmental Protection Headquarters provides Safety and Environment-related instruction and safety patrol once a year, while the Safety & Environmental Protection Headquarters secretariat conducts Safety and Environment audit once a year. Safety and Environment audits are conducted at other sites every three years in principle. When issues to be improved in safety and the environment are found through audits, the secretariat follows up on each case from the formulation of a response plan to its completion.

Environmental Compliance (Number of Serious Compliance Violations)

In FY2018, there were no serious compliance violations. We will identify minor compliance violations that are not classified as serious compliance violations, investigate their causes to prevent recurrence, and strive to ensure environmental protection.