



## Details of Our Environmental Management and Environmental Policy

### Approach to the Environment

The Idemitsu Group works to reduce the environmental impact of its business activities through more efficient energy use and other measures in order to contribute to the creation of a sustainable society with harmonious coexistence between the economy and environment. We aim to protect the global environment by appropriately allocating and utilizing our resources and actively promoting advanced initiatives to solve such environmental problems as global warming. To achieve this aim, we have established a policy regarding environmental conservation, both global and regional, as an important value to be prioritized in all our business activities.

#### Environmental Protection Policy

1. Make all-out efforts to prevent leaks or contamination, and contribute to environmental protection.
2. Actively contribute to the prevention of global warming and work 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 popularize technologies and products that create a better environment.
7. Set environmental objectives based on the annual basic policies, and facilitate concerted efforts to achieve those objectives via internal and external collaboration.
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 reliability and improve our corporate value.

### Environmental Management System

#### Safety & Environmental Protection Headquarters

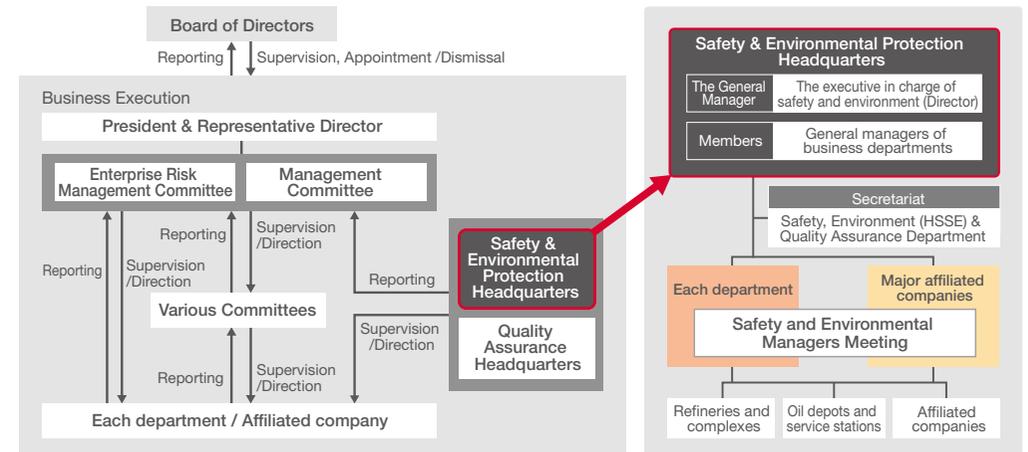
We have traditionally positioned “Safety, Health and the Environment” as key concepts supporting our management foundation, and have established the “Safety & Environmental Protection Headquarters” to promote initiatives to secure employee safety and health as well as to preserve the environment. Members of the headquarters consist of the General Manager and co-head as well as division heads in charge of supervising business sites and others who are appointed by the General Manager, in addition to the secretariat. The executive in charge of safety and environment (Director) is appointed by the President and Representative Director to serve as the General Manager of the Safety & Environmental Protection Headquarters, overseeing the headquarters as the individual bearing the highest responsibility regarding safety, health, and the environment. Safety, Environment (HSSE) & Quality Assurance Department serves as the secretariat.

The primary role of the headquarters is (1) to determine the medium-term management plan, the annual basic policies, and priority HSSE issues, (2) to assess and evaluate performance through audits, (3) to maintain, review, and improve the Environmental Management System (P. 17), and (4) to instruct all departments and major affiliated companies on how to secure the management resources necessary to establish, implement, maintain, and continually improve this Management System. As a general rule, the Safety & Environmental Protection Headquarters Meeting is held once a year in December to decide on such matters as our group’s annual basic policies for the next fiscal year.

When establishing and reviewing the medium-term management plan, the annual basic policies, and priority issues regarding HSSE, the secretariat creates a draft proposal in a way that reflects on outcomes of HSSE activities undertaken in the preceding fiscal year and takes into consideration the social environment surrounding HSSE issues. The draft is examined at the Safety and Environmental Managers Meeting attended by managers in charge of safety and the environment from each department and then approved at the Headquarters Meeting. After the draft is ruled on by the General Manager of the headquarters, it is finally reported on to the Management Committee. If the Management Committee has instructions or opinions that should be reflected in the draft, the General Manager of the headquarters once again reviews and approves the final version.

The Board of Directors receives reports from the business executives and provides oversight on environmental issues, including climate change.

#### ■ Positioning of the Safety & Environmental Protection Headquarters in the Corporate Governance System and an Outline of the Safety and Environmental Management System





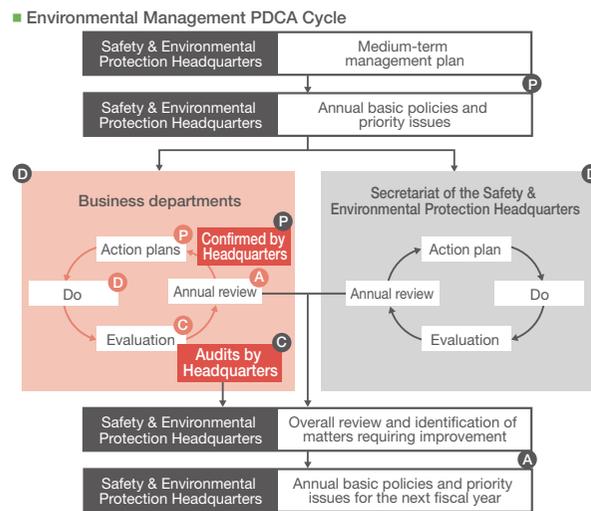
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### Environmental Management System

Our Environmental Management System is presented in the diagram on the right. It is based on a combination of the group-wide PDCA cycle, utilized by the Safety & Environmental Protection Headquarters, and the individual PDCA cycles utilized by each business department.

The Safety & Environmental Protection Headquarters formulates a medium-term management plan for the entire Company and identifies annual basic policies and priority issues based on that plan. In line with these annual basic policies, each business department develops its own action plan.

Each business department operates a PDCA cycle in which it executes business activities based on its action plan, periodically evaluates and reviews these activities, and identifies matters that must be improved and reflected in the action plan for the next fiscal year. Meanwhile, the secretariat for the Safety & Environmental Protection Headquarters carries out an annual evaluation and review of group-wide operations of the Environmental Management System. Matters requiring improvement are discussed at Headquarters Meetings in conjunction with reviews carried out by each business department to ensure continuous improvement.



### Environmental Education and Awareness-Raising Activities

We provide environmental education for the entire Group under the leadership of 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 campaigns to turn off lights and clean-up activities to raise environmental awareness among employees.

■ Beach clean-up activities (Odaiba Seaside Park, Tokyo)



### Safety and Environmental Audits

In order to confirm and promote the HSSE activities of each business department, the secretariat of the Safety & Environmental Protection Headquarters conducts Safety and Environmental audits at our refineries and complexes on an annual basis. At business sites other than those named above, Safety and Environmental audits are carried out once every three years in principle. Should safety- and/or environment-related issues requiring improvement be discovered by audits, the secretariat will conduct follow-up monitoring on each case and oversee the entire process from the planning of countermeasures to the completion of their implementation. Furthermore, the General Manager of the Safety & Environmental Protection Headquarters or other top management representative conducts Safety- and Environment-related instructions or safety patrols by visiting business sites. In particular, we have made it a rule for the General Manager of the Safety & Environmental Protection Headquarters to visit our refineries and complexes once a year to undertake these activities.

Note: In FY2019, a total of 22 business sites underwent audits. The implementation status of these audits is presented in page 50.

### Environmental Compliance (Number of Environmental Abnormalities)

In FY2019, there were no serious compliance violations. We will identify minor compliance violations that are not classified as serious compliance violations and investigate their causes to prevent recurrence in an effort to step up our environmental protection initiatives.

Note: Compliance violation refers to one or more of the following items:

- A. The cases that exceeded the regulatory standards that are stipulated in environmental laws and regulations (including local regulations and agreements)
- B. Events that were determined to require "countermeasures in the accident" based on environment-related laws and regulations
- C. The cases that received administrative punishment, caution, instruction, guidance, etc. from the government
- D. The cases that damaged to the bodies, lives, property, etc. of neighboring residents, etc. and compensated to them.