



Risk Management

Information Management

Information Management System

In line with the Information Security Basic Policies, the Idemitsu Group is endeavoring to ensure the confidentiality of its information assets and to simultaneously secure the accessibility and security of its information systems and networks. Utilizing information technologies, Idemitsu is thus striving to maintain and enhance the level of customer services. In addition, Idemitsu has established the Customer Information Management Standards to appropriately collect and use customer information, keeping it up to date while safeguarding it. The standards also mandate the proper disposal of such information.

As part of our thoroughgoing information management measures, we mandate that all IT system users (including permanent and temporary employees as well as subcontractors) periodically undergo educational programs, such as Security Standards for the Use of IT Systems. At the same time, each division carries out an autonomous inspection of information management every year and data security audits are implemented as part of periodic internal audits. Should information leakage occur, the incident will be handled in accordance with the "Crisis Response Rules," and the Information Control Guidelines.

Information Security Basic Policies

1. The Idemitsu Group shall endeavor to ensure the secrecy of its information assets, secure the availability and security of its information systems and networks, and enhance the level of customer services by employing information technologies.
2. The Idemitsu Group shall put in place appropriate protective measures to prevent the leakage, falsification, or destruction of customer information.
3. The Idemitsu Group shall strive to secure the availability and security of its information systems and networks and protect their secrecy, in an effort to prevent information-related incidents that may cause trouble to customers, business partners, or other stakeholders.
4. The Idemitsu Group shall ensure that all employees, temporary staff, and vendors are aware of the importance of information security and educated on the proper use of information and information systems by providing them with training and otherwise raising their awareness.
5. The Idemitsu Group shall conduct periodic audits aimed at inspecting and evaluating the status of security policy compliance, thereby ensuring robust information security.

Employee education

● Information security education via e-learning

We provide annual e-learning programs (in Japanese, English and Chinese) to instill information security rules that must be observed by all IT system users. Targeting all Group employees at home and abroad, the 2020 round of these programs was implemented during the March – April 2020 period and completed by a total of 14,545 people, or 100% of targeted individuals.

● Specialized e-learning program

In FY2019, we also launched e-learning programs for employees tasked with handling or administering control systems. The 2020 round of this program was implemented during the February – March 2020 period and completed by a total of 4,516 people, or 100% of targeted individuals.

● Training on the handling of suspicious e-mails

On a quarterly basis, we implement training focused on handling targeted e-mail attacks, with the aim of mitigating the risk of contracting computer virus infections borne by suspicious e-mails and raising cybersecurity awareness among employees.

● In-house newsletters designed to raise employee awareness

We distribute the monthly cybersecurity newsletter via e-mail, calling employees' attention to relevant cybersecurity-related topics and thereby raising their awareness.

Intellectual Property

Utilization of Intellectual Property

We have established the Intellectual Property Department to supervise intellectual property. The Intellectual Property Department supports our business development and activities to increase the brand value of our products by collaborating with business and R&D departments to apply for, secure, maintain and utilize intellectual property rights, such as patents and trademarks.

Initiatives to Utilize Intellectual Property

Promotion of Intellectual Property Activity Plans

We use the PDCA cycle to formulate IP Activity Plans based on the directives of the Intellectual Property Strategy Council headed by the general managers of each department. The departments, research laboratories, and the Intellectual Property Department work together to promote priority issues. We have also introduced the "Unit Structure," which efficiently solves problems in a wide range of business fields, from petroleum to functional materials, in accordance with the characteristics and strategies of each business. By doing so, each unit can smoothly carry out intellectual property activities such as patent search and analysis, patent prosecution, negotiations, planning, and administration.

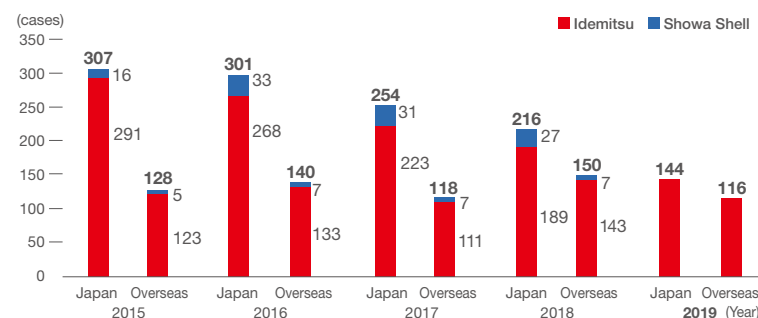
In the petroleum field, we have entered into a cross-licensing agreement and are working to strengthen our competitiveness, to this end reducing costs by making available patents from both parties. In the lubricants field, we command a large share of the global market for refrigerating machine oil, which is one of our strengths, and we have established global patent portfolios.

Because market growth is expected in the OLED business, the core field of the electronic materials business, we have entered into alliance agreements with companies in Japan and overseas that hold useful patents related to OLED materials, enabling the mutual use of patents in specific fields. Through these and other measures, we are working to create and expand businesses while expanding the areas in which development is possible.

Exercising Intellectual Property Rights

Intellectual property rights are being exercised with increasing frequency in response to the diversification of business activities, from licensing to the pursuit of alliances and mergers and acquisitions. We established a specialized negotiations team within the Intellectual Property Department to support its various business segments by handling the negotiation and signing of technology contracts with partners as well as performing due diligence.

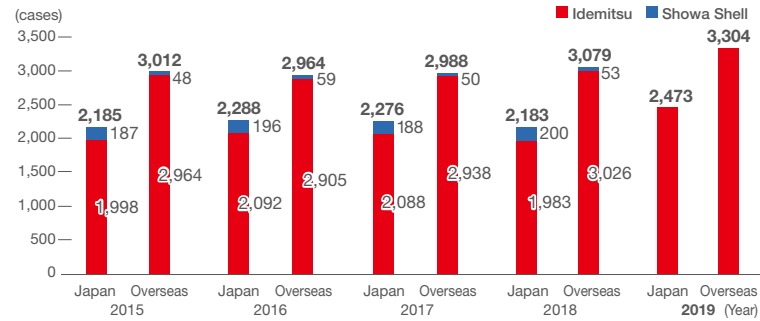
■ Number of patent publications





Intellectual Property

■ Number of registered patents held



Working with Patent Firms and Government Agencies

Through cooperative efforts with patent firms in Japan and major overseas countries, we are focusing our energy on securing the intellectual property rights necessary for business development. In particular, we are strengthening cooperation with overseas patent firms through direct communication with patent attorneys and the dispatch of trainees. To secure a strong patent portfolio, we are also engaging in direct interviews, negotiations, and technology presentations with each country's examiners. In addition, with the support of the Japan External Trade Organization (JETRO), we address pressing issues besetting emerging nations, such as counterfeit products, while lobbying governmental organizations. In these ways, we remain apprised of the patent-related problems and implement robust countermeasures.

Responding to the Patent Laws of Each Country

Patent laws are set independently by each country, and the application for as well as the receipt and maintenance of patents requires adherence to said laws. With a rising number of corporations pursuing global expansion, there has recently been a global trend toward patent law revision aimed at facilitating swift patent acquisition and harmonization, including by ironing out differences between laws, rules, and examination processes. Because of this, in the countries in which they operate or their products are sold, businesses have to pay close attention to every law revision and new piece of legislation. In line with the globalization of business, the Intellectual Property Department stays informed of changes in relevant laws and examination processes used by individual countries and regions, from the United States to Europe, China, South Korea, Taiwan, and others, and takes these changes into account during daily intellectual property activities.

Providing Staff Education

Idemitsu helps its employees be mindful of intellectual property by, for example, providing staff education. This means we strive to ensure employees' awareness of fair competition and respect for the intellectual property rights of other companies while promoting business development by leveraging competitive advantages afforded by acquiring and exercising our own intellectual property rights.

Data Analysis

To beat global competition, it is imperative that the Idemitsu Group understand the strengths and weaknesses of its intellectual properties within the industry while comparing and analyzing the competitiveness of rival companies. To create our own strategies leveraging our strengths, we have established a specialized patent information group because it is important to examine and analyze large numbers of patent abstracts around the world.