



Organization and Human Capital

Human Resources Policy

Action Mindset

In order to realize Management Vision, Idemitsu group has established the "Action Mindset" which is the basis for all employees' attitudes and actions to be taken. Believing in the limitless possibilities of human beings, we strive to grow by constantly increasing each other's potential, and have the following 5 pillars: "Independence and autonomy" "Innovation" "Co-creation" "Health and safety" and "Integrity."

All employees shall strive to deepen understanding of Management Vision, Action Mindset and various policies, take pride in being a member of us, be aware of their responsibilities, and conduct fair and transparent corporate activities.



Concept of Human Rights

Idemitsu Group believes in the infinite possibilities of "the power of human beings". By maximizing the full potential of all our employees, trusting, and cooperating with each other, we aim to contribute to the energy security of countries and regions around the world for the brightness and prosperity of the people who live there.

With this vision for our group, respecting human rights is at the core of everything we do and is the fundamental element of our business. This policy applies to all executive officers and employees of our group. We also expect all business partners, including our suppliers, to understand and comply with this policy.

We seek to work in harmony with both the international and local community, and does not allow discrimination against any individual or groups. In addition, we prohibit words or actions that could harm human dignity, be it physically or mentally.

We respect internationally recognized human rights as set out in the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, as we conduct business both in Japan and worldwide. We also support the United Nations Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights, and the United

Nations Global Compact. In addition, we comply with the laws of the countries and regions where we operate, and if local laws contradict internationally recognized human rights standards, we will seek ways to honor the principles of international human rights without violating local laws.

We promote a culture of open communication and feedback so that employees can discuss human rights concerns with their managers. In addition, to deal with violations or potential violations of the Code of Conduct, including human rights issues, we have a reporting and consultation service (Internal and External Contact Points on page 55) for executives and employees. Also, we have a contact point (Customer Service Center on page 18) for external stakeholders to report concerns about our business activities. We also disclose information on our efforts to respect human rights on our website as needed.

Our group's Human Rights Policy has been approved by the Management Committee, which deliberates on important matters relating to the execution of business, and the Board of Directors, which is the decision-making body for the execution of business, with the advice of outside experts.

Human Rights Priority Issues

1. Promotion of Diversity
2. Prohibition of forced labor
3. Prohibition of Child Labor
4. Prohibition of Discrimination
5. Prohibition of Harassment
6. Freedom of Association and Recognition of the Right to Collective Bargaining
7. Maintaining our Working Environment
8. Land, Water and the Use of Natural Resources
9. Respect for the Rights of Indigenous Peoples

* Idemitsu Group Human Rights Policy

➔ <https://sustainability.idemitsu.com/en/themes/201>



Concept of Diversity and Inclusion

As an energy co-creation company originating in Japan, Idemitsu Group will work with diverse stakeholders to create new values in order to solve the various social issues.

"Idemitsu Group Diversity & Inclusion Policy" has been established to clarify the significance and purpose of diversity and inclusion in our group and to promote them with a common understanding.

* Idemitsu Group Diversity & Inclusion Policy

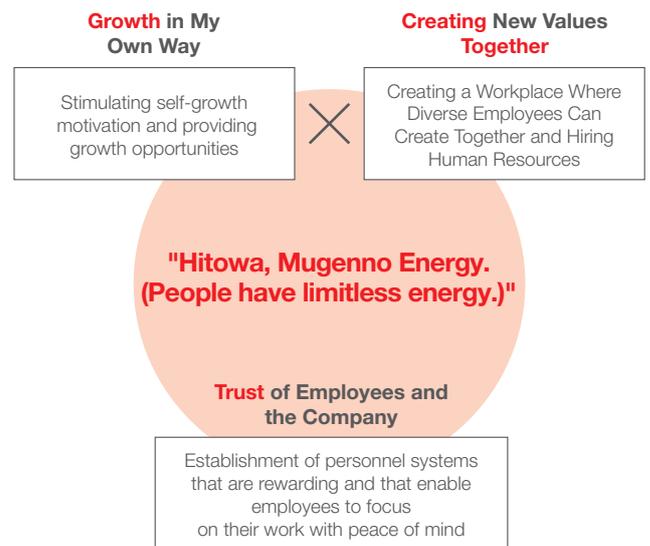
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Basic Concept of Personnel Strategy

Idemitsu recognizes that human resource risks include mismatches in aptitude and career levels resulting from rapid environmental changes such as digitization and robotization, and a shortage of human resources due to intensifying competition in the acquisition of human resources. At the same time, however, we recognize that these environmental changes provide opportunities for diverse employees to grow autonomously and transform themselves into a company that creates new values.

In such an environment, our Management Vision and Action Mindset state that "Hitowa, Mugenno Energy. (People have limitless energy.)" as our slogan. We are developing personnel measures that support the "people-centered management" along the slogan We aim not only to contribute to the development of society, but also to enrich the lives of our employees by enabling each and every one of us to make the best use of our abilities and by enhancing the team strength of the entire organization and supply chain.



■ Overview of Personnel Measures

<p>Growth in My Own Way</p>	<p style="text-align: center;">Stimulating Self-Growth Motivation and Providing Growth Opportunities</p> <ul style="list-style-type: none"> ■ Development of education system to realize Management Vision <ul style="list-style-type: none"> • Enhancement of rank-based and open training to acquire business skills and mindsets • Improving management skills to create new values • Development of domestic and overseas study programs, overseas interns, and external training programs to broaden our horizons ■ Career development support (CDP) for employees based on structural changes and systematic development of management personnel <ul style="list-style-type: none"> • Formulation and implementation of a training plan that emphasizes mutual understanding between employees and the company • Internal recruitment system and personnel transfers to build autonomous career plans • Linking succession plans with education and transfer plans (including national staff)
<p>Creating New Values Together</p>	<p style="text-align: center;">Creating a Workplace Where Diverse Employees Can Create Together and Hiring Human Resources</p> <ul style="list-style-type: none"> ■ Creating workplaces that take advantage of diversity <ul style="list-style-type: none"> • Flexible and flat organization and personnel shift to growth areas • Creating time to create new values by promoting DTK project • Expanding cross-divisional networks, such as promoting the active participation of women • Improvement of workplace culture based on an employee engagement survey and Next Forum • Constructing a collaborative environment through 360 degree evaluation (multifaceted evaluation) ■ Recruitment of diverse human resources <ul style="list-style-type: none"> • Creation of a (recruitment strategy) recruitment and branding method that takes into account the youths' point of view and the uniqueness of us • Examination of recruitment timing and targets based on the characteristics of each division
<p>Trust of Employees and the Company</p>	<p style="text-align: center;">Establishment of Personnel Systems That are Rewarding and That Enable Employees to Focus on Their Work with Peace of Mind</p> <ul style="list-style-type: none"> ■ Shared vision and development of a fair and equitable, and reliable personnel system <ul style="list-style-type: none"> • Understanding and dissemination of Management Vision and Action Mindset • Establishment and operation of a fair and equitable personnel evaluation system • Efficient and reliable business operations through the introduction of a new personnel system ■ Dissemination of systems that respect diversity and work styles regardless of place or time <ul style="list-style-type: none"> • Enhancement of systems, including flexible working hours and telework, and development of measures to promote the use of such systems ■ Enhancement of systems that enable employees to focus on their work with peace of mind <ul style="list-style-type: none"> • Enhancement of systems related to childcare and nursing care and measures to support the return of employees on leave • Implementation of health management leading to autonomous health management • Development of systems and measures for further advancement of employees 60 years and older

Organization and Human Capital

Creating a Workplace Where Diverse Employees Can Create Together and Hiring Human Resources

Employment Situation

As of July 1, 2019, Idemitsu has 13,756 consolidated and 4,825 non-consolidated employees. We are promoting initiatives that enable

all employees, regardless of age, gender, nationality, or disabilities, to work energetically.

■ Status of Employees

(As of July 1, 2019)

	Total	Men	Women	Percentage of women
Number of employees	4,825 people	4,254 people	571 people	11.8%
Number of employees in managerial positions	971 people	949 people	22 people	2.3%
Average age	43.0 years old	43.3 years old	41.0 years old	—
Average years employed	19.3 years	19.6 years	16.9 years	—
Percentage of employees with disabilities	2.11%	—	—	—

* The above data covers Idemitsu hiring (employees, seniors, full-time contract employees, and advisors). Includes employees seconded from Showa Shell, but excludes employees seconded to other companies. However, the percentage of employees with disabilities includes employees seconded to other companies.

* The percentage of employees with disabilities is calculated based on the calculation method of the Ministry of Health, Labour and Welfare.

Status of Recruitment

We said, "Hitowa, Mugenno Energy. (People have limitless energy.)" Under the slogan, we are recruiting people who can challenge themselves and create new values together while respecting diversity. In the hiring process, we make it a priority to ensure that employees do not make any mismatches after joining the company by providing

internships and contact points with close senior employees so that they can see what we really are. We are also working to raise employee motivation, improve the corporate culture, and expand the system to improve employee retention.

■ Recruitment of New Graduates in April 2019

Total	Men	Women	Percentage of women	Foreign nationality	Percentage of foreign nationality
178 people	142 people	36 people	20.2%	5 people	2.8%

■ New graduate retention rate (Average for newly hired employees between 2014 and 2016)

(Unit:%)

Idemitsu	Showa Shell
91.5	95.5

■ Career Recruitment in FY2018

(unit: people)

Idemitsu	Showa Shell
67	42

* Showa Shell's career recruitment include contract employees.

Promotion of Activities by All Employees (Promotion of D&I)

We have formulated the General Employer Action Plan based on the "Act on the Promotion of Women's Participation and Advancement in the Workplace" to promote participation and career advancement of women. In addition, we have been recognized by the Ministry of Health, Labour and Welfare as a child-care support company for the formulation and implementation of the General Employer Action Plan based on the "Act on Advancement of Measures to Support Raising Next-Generation Children" and have received the certification mark "Kurumin." * Based on the plan, we will continue to improve the employment environment and working conditions that will contribute to the development of the next generation and to implement measures to support the development of the next generation.



* Kurumin is a mark awarded by the Ministry of Health, Labour and Welfare to companies that actively support the development of the next generation. Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, the General Employer Action Plan can be formulated and certified if certain standards are met. We have obtained certification since 2012.

Promotion of Activities by Employees Aged 60 and Over

The system will be revised to allow each employee to make the most of his or her abilities after the age of 60 and to work with a sense of satisfaction and security against a backdrop of diversification of working age and form and willingness to work. Beginning in FY2021, we will introduce a retirement age selection system for employees aged 60-65. In FY2025, we plan to introduce a system in which all employees can work as employees up to the age of 65.

Promoting the Active Participation of People with Disabilities

We are working to create an environment in which people with disabilities can demonstrate their abilities and work, and to provide opportunities for such people. In addition to operations at the head office and other sites around the country, in 2011 we began cleaning accommodation facilities at our training centers and in 2015 we began operations in the horticulture division (Idemitsu Yume Farm), which cultivates flowering plants using the greenhouse facilities of our Advanced Technology Research Laboratories. In 2019, we constructed a strawberry plantation in Tokuyama Complex using waste heat from the site, creating employment opportunities such as culti-

vation work. The strawberries are used in company cafeterias, and in the future we plan to increase the number of cultivation houses and hire more people with disabilities. We are also considering ways to promote the employment of people with disabilities in each

department, and with a view to expanding operations at our head office, we will continue to promote the creation of workplaces and employment opportunities where people with disabilities can work with pride and enjoyment.

Efforts to Improve Workplace Culture and Motivation

Next Forum Initiatives

Next Forum is a company meeting for employees and management to directly discuss, exchange opinions, and make proposals on company-wide issues with the aim of becoming a better company. Meetings are held twice a year, and forum members (total of 110 persons) selected from each department gather opinions from the workplace and directly communicate with management. The opinions of employees are fed back into company-wide activities, and



we are implementing better measures so that everyone can work energetically.

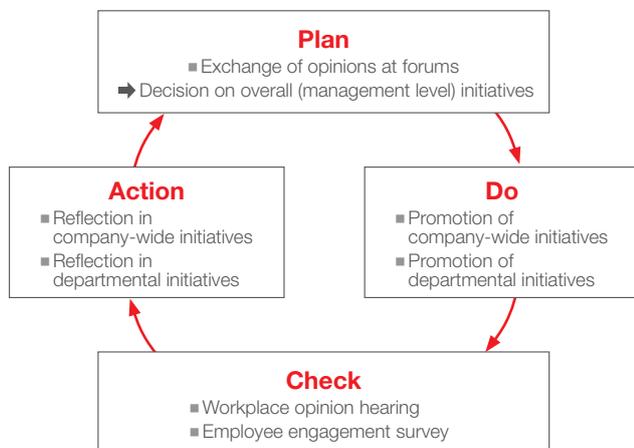
In 2019, meetings were held in February and July to discuss ways to improve work efficiency, including the results of an employee engagement survey and the many comments received from forum members, as well as factors that impede the improvement of work efficiency, such as work structures and workplace culture.



PDCA Cycle Based on an Employee Engagement Survey

We conduct an employees engagement survey once a year to quantitatively and continuously analyze employees' engagement, mutual trust, and unity.

The first survey after the business integration was conducted from late July to early August, covering a total of 10,344 people in our company and affiliated companies (27 companies), with 9,970 people (96.4% of total) responding. The results of the survey are fed back to management and all employees. Then they are analyzed in detail, and specific action plans are formulated and implemented based on it. The results of these analyses and plans are then confirmed in the next year's survey. This is the PDCA cycle.



Results of the 2019 Employee Engagement Survey

Percentage of employees who reported that they are motivated to work

69%

Score of the "operational efficiency" question

Favorable response Interim response Unfavorable response

Q. In my department, business decisions are made quickly.

(Unit:%)



Q. In my department, we have been able to eliminate the factors that make business efficiency worse (bureaucracy, waste, unnecessary rules, etc.).

(Unit:%)



"Engagement, mutual trust, and unity" scores by age group

(Units:%)

Total	Under 30 years of age	Age between 30 and 40	Age between 40 and 50	Age between 50 and 60	60 years or older
69	62	63	70	76	74

Based on the results of the above survey, we will promote company-wide work flow reforms through the creation of a flat organization and DTK (Dattara Ko Shiyo) project (=Business Process Redesign).

The results of these efforts will be confirmed in the following year's survey.