



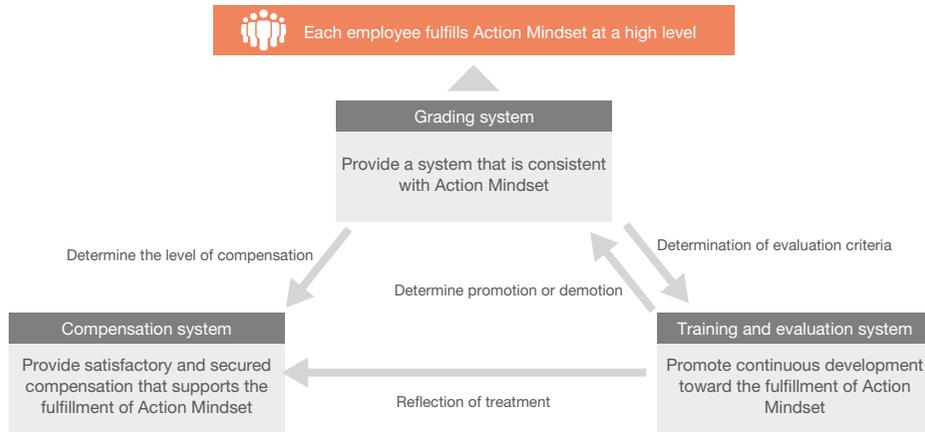
## Establishment of Personnel Systems That are Rewarding and That Enable Employees to Focus on Their Work with Peace of Mind

### Fair Evaluation and Compensation

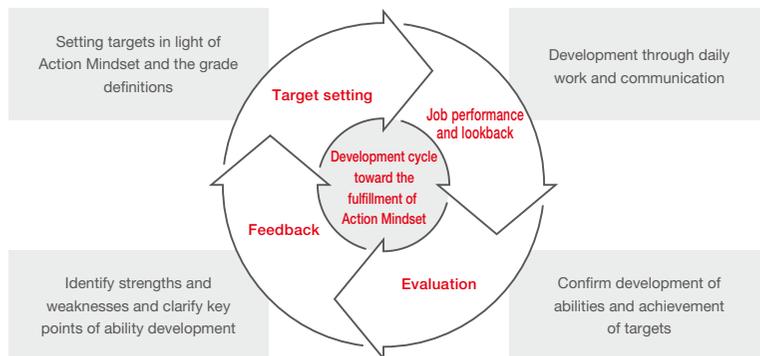
Idemitsu's evaluation system is designed to help each and every employee understand the significance of their evaluation and contribute to their personal development. It consists of "ability evaluation" for evaluating work attitudes and performance and "target achievement evaluation" for evaluating performance results and contributions. In interviews with the superior, employees confirm the target setting, the level of achievement, and abilities to be developed. The results of these evaluations are used for employees' future development, and are reflected in compensation (salary and bonus) and personnel allocation and transfers.

Our compensation system is based on the principle of guarantee of livelihood and fair treatment of employees. Our salary system for employees consists of the basic salary that is paid stably to employees who demonstrate their abilities, a bonus (target achievement evaluation) for the previous year's performance results and contribution, and various allowances. This is based on the concept that we respect each employee's lifestyle and values while wishing for the happiness of their family.

#### Overview of systems for human resource development



#### Development cycle toward the fulfillment of Action Mindset



### Promotion of Diverse and Flexible Working Styles

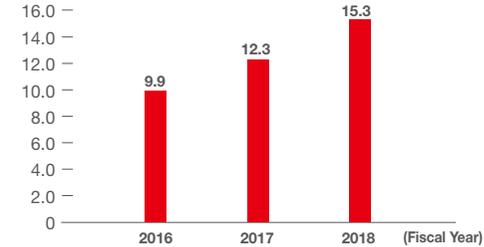
As part of our efforts to create a worker-friendly environment for a diverse range of employees, we have established systems and structures such as the work-from-home system, the flextime system, and satellite offices that could help reduce the burden of commuting. In FY2019, we participated in Telework Days 2019 organized by the National Government and the Tokyo Metropolitan Government to promote the use of the telecommuting system. We will work to ensure that these systems are used to promote efficient work practices going forward.

As for the management of working hours, we use the work management system to appropriately grasp the actual working conditions of employees and to regularly raise their awareness of working hours, aiming to increase productivity. In FY2018, overtime work hours increased due to the reduction of the prescribed working hours by Idemitsu (7.5 hours/day) and the temporary work load resulting from the management integration. In efforts to improve the workplace culture and promote job satisfaction (page 35), we aim to achieve a work-life balance by reviewing work and improving work efficiency.

#### Average overtime work hours per employee

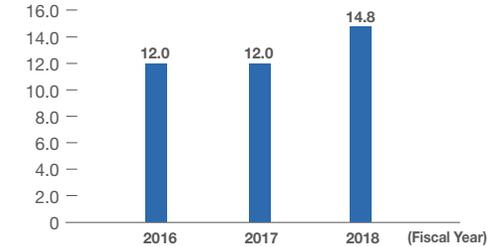
##### Idemitsu

(Hours/month)



##### Showa Shell

(Hours/month)

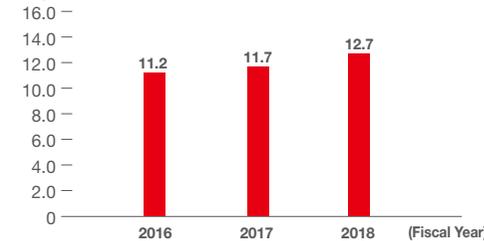


\* Results for Idemitsu and Showa Shell non-consolidated, excluding employees in managerial positions, employees on leave and seconded employees.

#### Average annual paid leave taken by an employee

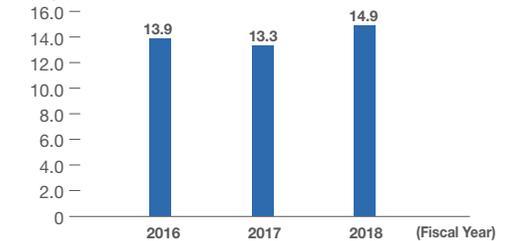
##### Idemitsu

(Days)



##### Showa Shell

(Days)



\* Results for Idemitsu and Showa Shell non-consolidated, excluding employees on leave and seconded employees.

#### Average usage rate of annual paid leave per employee

(FY2018)

(Unit: %)

Idemitsu	Showa Shell
68.4	74.6

\* Results for Idemitsu and Showa Shell non-consolidated, excluding employees on leave and seconded employees.

\* Average usage rate of annual paid leave per employee is the ratio of the number of paid leave taken to the number of paid leave given per year.



## Establishment of Personnel Systems That are Rewarding and That Enable Employees to Focus on Their Work with Peace of Mind

### Expansion of systems to promote D&I

To create a worker-friendly environment for a diverse range of employees, on the basis of our Diversity and Inclusion Policy, we will expand the current systems of Idemitsu and Showa Shell in FY2020 as follows:

#### Systems for all employees

<b>Annual paid leave</b>	Paid leave are granted annually based on the number of years of service (up to 21 days per year). Employees can take leave in half-day increments.
<b>Carryover of annual paid leave</b>	Accrued paid leave can be carried over to the next year if the accrual has been yet taken (up to 31 days per year).
<b>Flextime</b>	Employees can decide the working hours of the day by themselves and can work flexibly.
<b>Telecommuting</b>	Employees can work from home once a week.
<b>Self-development leave of absence</b>	Employees can take a leave of absence of up to two years to attend school or obtain qualifications that will contribute to their career development at the Company.
<b>Volunteer leave of absence</b>	Employees can take a leave of absence of up to two years for activities such as disaster relief and international cooperation, nature and environmental conservation, support for people with disabilities, and support for the cultivation of future generations focusing on children.
<b>Volunteer leave</b>	In addition to annual paid leave, employees can take three days of special paid leave per year for activities such as disaster relief and international cooperation, nature and environmental conservation, support for people with disabilities, and support for the cultivation of future generations focusing on children.
<b>Leave of absence to accompany the spouse overseas</b>	Employees can take a leave of absence up to three years to accompany their spouse overseas.
<b>Lay judge and prosecution councilor leave</b>	If an employee is appointed as a lay judge or a prosecution councilor, they will be granted necessary special paid leave in addition to annual paid leave.

#### System for employees for childbirth or childcare

<b>Maternity Leave (female)</b>	Female employees can take special leave from six weeks (14 weeks for multiple births) before the expected date of delivery until eight weeks after delivery.
<b>Special leave for childbirth by the spouse (male)</b>	When the spouse gives birth, her husband (employee) can take five special paid leave.
<b>Childcare leave</b>	Regardless of sex, employees can take a childcare leave until the child becomes two years old.
<b>Childcare time (female)</b>	Female employees can take up to one hour of childcare time per day in 30 minute increments (up until the child becomes one year old).
<b>Leave to care for sick/ injured child</b>	Employees can take up to 10 days of special paid leave per year to take care of their sick/injured child (up until the child completes the 3rd grade of elementary school). Employees can take them in full-day half-day or one-hour increments.

#### System for employees providing family care

<b>Nursing care leave</b>	Employees can take up to 365 days of nursing care leave per family member (division of leave is available).
<b>Family care leave</b>	Employees can take up to 10 days of special paid leave per year to provide family care. Employees can take them in full-day, half-day or one-hour increments.

#### Systems for employees who provide childcare or nursing care

<b>Reduced working hours for parenting</b>	Employees can reduce their working hours by up to two hours per day in 30 minute increments (childcare: up until the child becomes 3rd grade of elementary school; nursing care: for up to three years).
<b>Telecommuting</b>	Employees can work from home for two days a week (childcare: up until the child becomes 3rd grade of elementary school; nursing care: up until nursing care is no longer necessary). Employees can use the system three times a week up to 10 times a month, including other systems for all employees.
<b>Exemption from overtime work</b>	Employees can be exempted from overtime work (childcare: up until the child becomes one year old; nursing care: up until nursing care is no longer necessary).
<b>Limitation on overtime work and holiday work</b>	Employees are allowed to limit overtime work and holiday work to within the range of 24 hours per month and 150 hours per year (childcare: until the child enters elementary school; nursing care: until nursing care is no longer necessary).
<b>Exemption from late-night shift</b>	Employees can be exempted from late-night shift (childcare: until the child enters elementary school; nursing care: until nursing care is no longer necessary).

#### Various systems usage numbers in FY2018

(Unit: people)

Name of system	Idemitsu			Showa Shell		
	Total	Men	Women	Total	Men	Women
<b>Maternity leave</b>	28	—	28	26	—	26
<b>Childcare leave</b>	47	3	44	37	3	34
<b>Nursing care leave</b>	3	3	0	2	2	0
<b>Reduced working hours for parenting</b>	42	1	41	38	0	38
<b>Leave to care for sick/ injured child</b>	113	51	62	113	56	57
<b>Family care leave</b>	43	34	9	17	11	6
<b>Telecommuting</b>	—	—	—	191	111	80
<b>Self-development leave of absence</b>	—	—	—	3	1	2

\* Idemitsu's systems are available for direct and temporary employees, but not for workers from other temp-staff companies.

\* Idemitsu also had a telecommuting system in FY2018 for reasons of childcare or nursing care, but the number of employees who used the system has not been disclosed.

\* Showa Shell's systems are available for only direct employees and contract employees (re-employed only).

\* During the Telework Days period (July to September 2019), the number of employees who worked from home increased to 1,247.

### Exchange of Opinions with Employees on Personnel Policies

We strive to comply with all applicable labor laws and regulations at home and abroad and to create workplace environments in which all employees can concentrate on their work with assurance and satisfaction. In formulating personnel policies, the Human Resources Department exchanges opinions with employees in advance on the content of policies, salary levels, labor conditions, and welfare benefits by holding briefing sessions for employees and making proposals to the Showa Shell Labor Union, aiming to develop policies that are highly convincing and empathetic.