

# Organization and Human Capital

## Human Resources Policy

### Action Mindset

In order to realize the Management Vision, the 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 abide by the following five pillars: "Independent & autonomy," "Innovation," "Co-creation," "Health & safety," and "Integrity."

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



## Human Rights Policy

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

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 in which 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.

### 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

### Initiatives Related to Human Rights

#### FY2020 Initiatives

##### 1. Conducting human rights due diligence

We are in the process of scoring all of our 241 affiliates in Japan and overseas using around 80 ESG-related queries. These are based on various international standards formulated to identify human rights risks (set to finish in December 2020). Based on the results of our risk identification, we will take countermeasures, mainly in high-risk businesses.

##### 2. Instilling our basic human rights policy in executives and employees

In 2021, we plan to conduct e-learning sessions on basic knowledge of human rights, guiding principles related to business and human rights, cases of human rights abuses, the Company's priority human rights issues, and other similar topics.

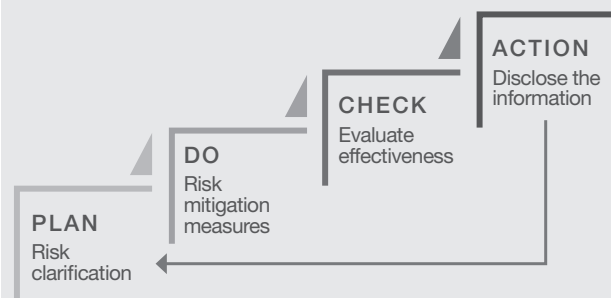
\*Idemitsu Group Human Rights Policy

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



### Human Rights Due Diligence Process

- |                                                                                                                             |                                                                                                                                                                                                                                   |                                                                                                                                             |                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Human rights risk mapping</li> <li>• Risk identification and assessment</li> </ul> | <ul style="list-style-type: none"> <li>• Formulation of countermeasures to key risks</li> <li>• In-house rollout and proposal of countermeasures</li> <li>• Company-wide activities to raise awareness of human rights</li> </ul> | <ul style="list-style-type: none"> <li>• Evaluate effectiveness of measures</li> <li>• Formulate and implement improved measures</li> </ul> | <ul style="list-style-type: none"> <li>• Report progress of human rights initiatives</li> <li>• Assessment by external organization</li> </ul> |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|



Stage of initiatives as of November 2020

## Diversity & Inclusion Policy

Based on the Diversity & Inclusion Policy established in November 2019, we have identified Diversity & Inclusion (D&I) as a priority topic for management. We leverage diverse values, careers, and expertise regardless of disability, sex, or nationality. Moreover, we aim to ensure that every employee can thrive at the Company and are promoting various relevant measures from the perspectives of changing people's mindsets, hiring, development, and other systems.

<b>Changing Mindsets</b>	<ul style="list-style-type: none"> <li>Enhancing D&amp;I awareness (Unconscious bias training) ➡ P.46</li> </ul>
<b>Hiring and Development</b>	<ul style="list-style-type: none"> <li>Hiring concept NEXT BREAKTHROUGH, Developing competencies, Training available for selected personnel, Overseas training programs, Overseas and domestic exchange programs, etc.</li> </ul>
<b>Systems</b>	<ul style="list-style-type: none"> <li>Systems for supporting activities of diverse employees, Expanding teleworking and Work-from-home, Volunteer leaves, Successful ability assessment programs</li> </ul>

\*Idemitsu Group Diversity & Inclusion Policy  
 ➡ <https://sustainability.idemitsu.com/en/themes/200>

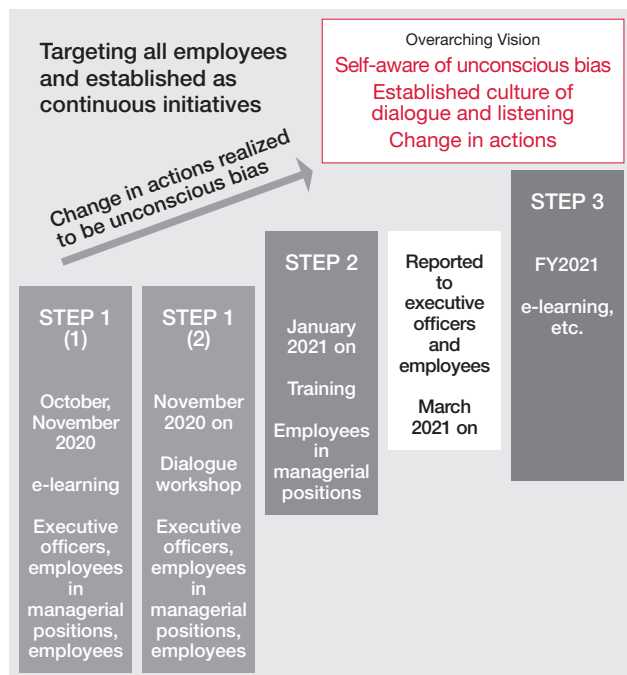


## D&I Initiatives

### Conducting Unconscious Bias Training

Unconscious bias is a type of prejudice that everyone unknowingly harbors. We are aware that the basic principle of D&I is the acceptance of and mutual respect for each other's differences and backgrounds. By ensuring all employees are aware of their biases, we aim to enhance mutual understanding and workplace communications and realize a corporate culture where innovation easily happens. As one such measure, we are rolling out unconscious bias training company-wide. In June 2020, we conducted a trial that included executive officers, and, by November 2020, around 6,000 executive officers and employees had taken e-learning courses.

#### Overview of the Initiatives



## Promoting the Active Participation of Women

With the aim of enabling women and all other employees to thrive at work and ensuring the Company continues to co-create new value with various stakeholders, Idemitsu has positioned promoting the active participation of women as a key D&I promotion measure. To this end, we have set out our vision for both female employees and the company as detailed in the table below. Based on the Act on the Promotion of Women's Participation and Advancement in the Workplace, we formulated a General Employer Action Plan in April 2020 and are promoting initiatives accordingly.

<b>Female Employees</b>	<ul style="list-style-type: none"> <li>At each workplace and in each decision-making body, including meetings, multiple female employees participate and engage without stifling their own opinions</li> <li>Regardless of age or life events, female employees grow while maintaining career aspirations with the aim of creating value</li> </ul>
<b>Company</b>	<ul style="list-style-type: none"> <li>Provide fair growth opportunities regardless of sex, age, or life events, encourage employees to take on new challenges, and evaluate employees fairly according to their growth</li> </ul>

#### Quantitative Goals in the Action Plan (As of April 1, 2019)

	2023 Goal	Current level
Female management-level employees	46 or more (3.0%)	26 (1.7%)
Percentage of female graduate hires	30% or more	22%
Percentage of annual paid leave taken	85% or more	69.3%

## Promoting the Active Participation of Seniors

At present there are 612 senior employees (aged 60 or over) within the Company. Wanting to provide a place where everyone can thrive regardless of age, from FY2021 on, we will introduce a system that allows employees to choose their retirement age from 60 to 65 and that provides a grading, evaluation, and compensation framework equivalent with regular employees. Furthermore, in FY2025, we plan to introduce a system where all employees can continue to work as regular employees until age 65.

Amid diversifying employee preferences regarding working age, employment type, and motivations, we reformed systems to enable people to make full use of their abilities and work with a sense of satisfaction and security past the age of 60. We expect employees aged 60 and over to nurture younger employees through their daily cooperation, passing on their knowledge and skills. In addition, we plan to hold Life Design Seminar during FY2020 as an opportunity for employees to independently think about workstyles after turning age 60 or over while learning about financial plans for after retirement.

#### Overview of Employees Program for Those 60 and Over Going Forward

	FY2021	FY2025 Plan
Conditions for employment	Program to select retirement age between 60 and 65 (Can choose own age)	Regular employee program up to age 65 (All employees remain regular employees up to age 65)
Grading	Same programs as those under age 60	Same as FY2021
Evaluation		
Compensation		
Welfare	No increase at age 60 or after	Same as FY2021
Retirement allowance		

## Organization and Human Capital

### Promoting the Active Participation of People with Disabilities

We are working to create an environment and to provide opportunities in which people with disabilities can demonstrate their abilities to work. In addition to operations at the head office and other sites around the country, employees with disabilities are engaged in cleaning duties and administrative support at some complexes and research centers as well as cultivation work at farms located on facility grounds. Moreover, to create spaces where disabled people can thrive and grow, we are working to develop and normalize “work as team” scheme among our disabled employees and supporting employees, and all of these efforts have garnered positive feedback from applicants to our company. 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.

### Promoting the Active Participation of Foreign National Employees

There are 30 foreign national employees actively working at the Company. As a measure to enable them to securely engage in their work, we have formed Global Nakama Initiative (GNI) as a place for foreign national employees to interact and share information. We are rolling out GNI as a system to enables them to freely exchange opinions and foster conversation. Currently, there are many differences between the ideas and customs of foreign national employees working at Japanese companies and those of Japanese employees. Through this activity, we aim to foster an environment where each foreign national employee can work easily while supporting their life and work in Japan.

### Promoting Work-Life Balance

We position work-life balance support and next-generation development as key measures for promoting D&I and is working to expand systems in line with life events. Fostering a workplace culture where employees can balance work and life (childcare and care giving), work easily, and feel a sense of accomplishment will help create an environment where all employees can make full use of their abilities. In line with this idea, we formulated a General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children and are implementing various initiatives. In addition, in 2012 and 2015, we were recognized by the Ministry of Health, Labour and Welfare as a child-care support company and received the Kurumin certification mark.



### Promotion of Employees' Health

In its Action Mindset, the Group establishes that it will prioritize health and safety in all areas and positions health promotion as a management issue to ensure all Group employees thrive at work while staying mentally and physically healthy. Accordingly, we are promoting health management. In particular, with the COVID-19 pandemic remaining uncontained, we are aware of the high importance of employee health and are thoroughly



supporting employee mental health care. In addition, we have been selected in the large-scale company category of the Certified Health & Productivity Management Organization Recognition Program 2020, wherein the Ministry of Economy, Trade and Industry (METI) recognizes companies that implement particularly excellent health and productivity management. We received praise for the implementation of our systems and measures, its organizational structure, and more.

### Unifying Core HR (Human Resources) Systems

In line with the management goal of developing people, we believe in the boundless potential of human beings and does not place limits on individual growth, allows them to fully demonstrate their abilities, and rolls out HR initiatives that support people-centered management, which enhances the total power of the entire organization and supply chain. Through the new value that the Company creates, we not only contribute to social development, we also enable employees to further enrich their own lives.

In line with the business integration of Idemitsu and Showa Shell, from FY2020 we are unifying core HR systems (grading systems, development and evaluation systems, and compensation systems). As we unify these systems, from September 2019 to February 2020, we held a total of over 100 informational sessions on the system at around 30 locations in Japan and overseas. Through direct dialogue, we worked to ensure employee understanding and acceptance of the systems. And, in conjunction with these briefings, we held opinion exchanges related to the Management Vision and the Medium-term Management Plan in an effort to foster employee understanding through direct dialogue with the president and executive officers.

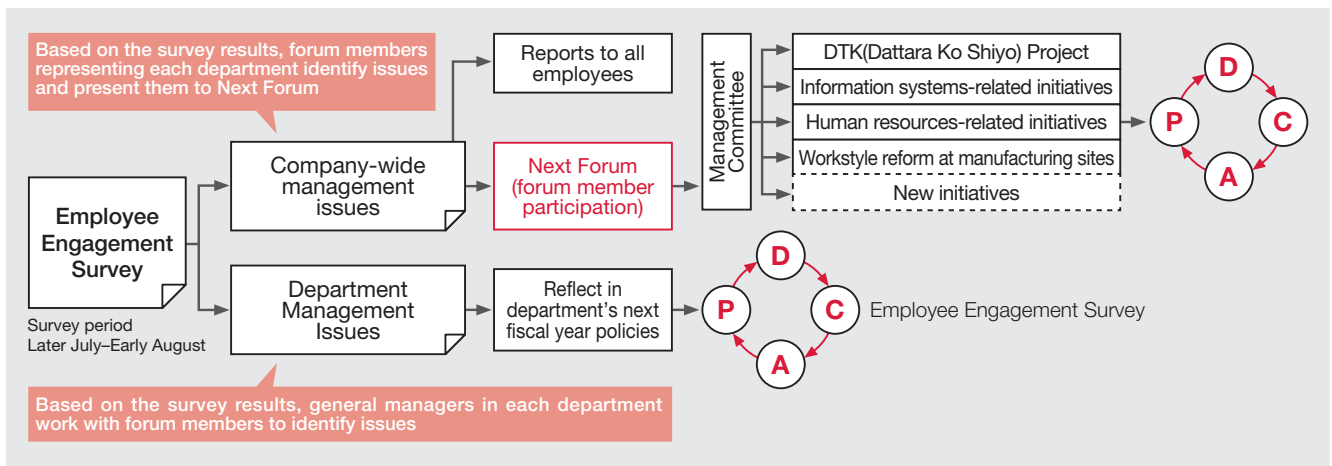
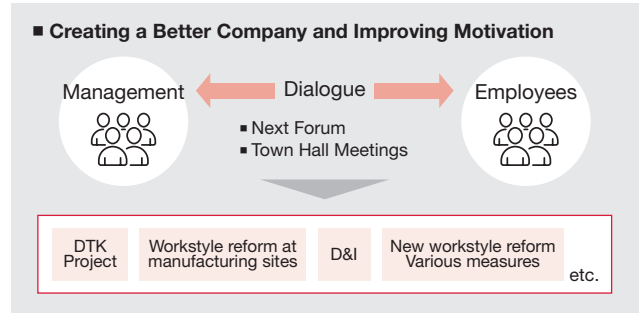


Informational sessions on the system

The new development and evaluation systems are designed to enable employees to continuously grow and develop themselves through comprehending the significance of evaluation that is given. They comprise an “competency evaluation”, which evaluates their work attitude and demonstration level of competencies, and a “performance evaluation”, which evaluates contribution and achievement level of objectives. The evaluation results connect to further growth and are reflected in compensation (pay and bonus) and personnel assignments and transfers. The compensation systems are designed to enable employees to work with a sense of security and acceptance. They comprise basic pay, which is stably provided for demonstrated abilities, bonuses for previous fiscal year results and contributions (based on goal accomplishment), and various allowances.

## Efforts to Improve Workplace Culture and Engagement

We aim to co-create with our employees a better company where all employees can thrive and feel rewarded, and we are working to stimulate internal communication to this end. Next Forum is where employees and management can directly discuss, exchange opinions, and make proposals on company-wide issues. DTK (Dattara Ko Shiyo) Project (=Business Process Redesign) aims to improve operations and make each employee's work engagement. We are rolling out these and other various measures, including initiatives in each department.



## ■ Overview of FY2020 employee engagement survey

**Survey period:** Late July 2020–early August

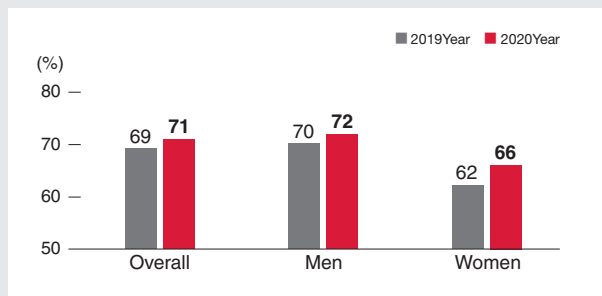
**Scope:** A total of 11,848 people at Idemitsu and 31 affiliates and subsidiaries

**Response rate:** 97.5%

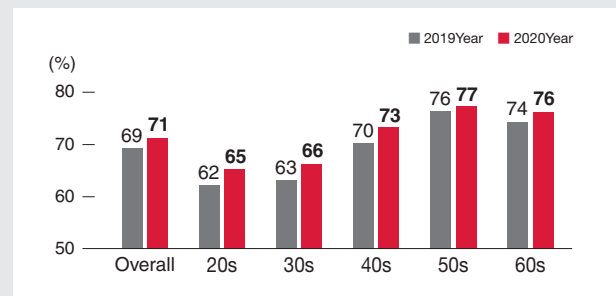
**Changes from the previous survey:** With changes in the social environment, we established a new category of questions (New Workstyles) and added questions related to the level of progress and communication among members in reforming workstyles.

\*Results below are for Idemitsu (non-consolidated)

### ■ Percentage of employees who reported that they have engagement to work in this company



### ■ Engagement, Mutual Trust, and Unity scores by age group



Q. I am able to do my job in new workstyles. \*New category of questions

(Unit: %)

■ Positive response ■ Neutral response ■ Negative response



### ■ Number of freeform comments

Over 50% of all employee responses included freeform comments, an unusually high percentage, representing the heightened awareness of employees regarding this survey.