



Human Resource Development

Specific Initiatives

● Mentor Training (Developing Competencies)

Mentors are senior employees who guide and support the new employees at work and we provided a training to enhance their staff development skills. Started the training in October 2019, we have had 108 participants in total. Results of survey, which we conducted to new employees regarding the guidance provided by their mentors, was provided in a form of feedback during the training and this helped greatly to motivate the mentors.



● Educational Cross-Industry Training for Developing Leadership (Management Personnel Development)

With the aim of training personnel to demonstrate leadership rooted in their own convictions, we have been holding cross-industry training for mid-level employees in conjunction with other companies (in the daily necessities and insurance industries) since fiscal 2016. Every year, 24 people (from three companies) participate in about six-months of training that creates opportunities for them to gain good people skills, nurtures creative innovation through exposure to diverse values and ideas, and helps them explore their own leadership skills as potential leaders of future generations. In addition to this training, we actively send employees to outside training opportunities.



● Workshop for Developing the Foundation of the Organization (Other Support for Employee Growth)

In fiscal 2019, we held workshops throughout Japan, including at overseas bases. In the first workshop, 600 managers, who handle subordinates from different backgrounds, participated in a skill and mindset training program aimed at understanding events that are likely to occur during the integration phase and facilitating the smooth integration. In the second workshop, we encouraged representatives of both managers and staff in charge to further promote understanding of the management vision and to set their own declaration of conduct to achieve it.



● Career Plan Seminar (Other Support for Employee Growth)

Idemitsu offers support to enable each employee to autonomously build their career and work with a sense of satisfaction. For career building, we make departmental introduction materials available to all employees as a way of providing information to deepen understanding of the Company's departments and operations. To revise career plans, we will hold a career plan seminar in fiscal 2020 that helps employees sort out not just what they want to do but also what they can and should do.

Various HR Systems

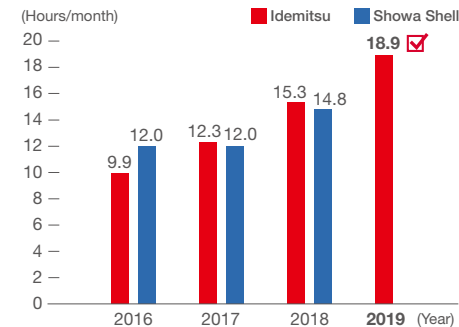
Promotion of Diverse and Flexible Working Styles

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.

During the COVID-19 pandemic, employees whose jobs could be done remotely switched to working from home as a general rule, and, in response to the emergency, we made working hours more flexible and loosened core times for flextime. As a result, we were able to achieve a rate of 90% of employees working from home as of April 30, 2020. In addition, even after the emergency declaration was lifted, we took thorough prevention measures and, as of September 30, 2020, have maintained the physical rate of employees coming into their workplaces below 50%. We are also considering how to use this pandemic experience to realize new workstyles in the post-pandemic era. Furthermore, to promote new workstyles, we formulated guidelines for online communication and meetings, creating a framework that enables employees to work with more flexibility.

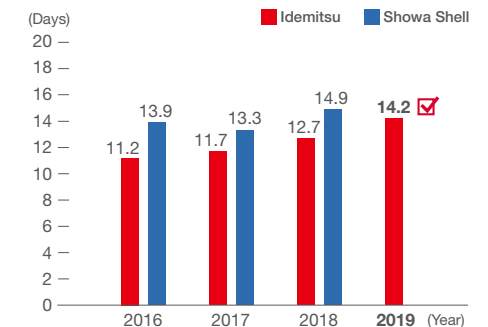
As for the management of working hours, we use the work management system to appropriately grasp the actual working conditions of employees and to regularly raise their awareness of working hours, aiming to increase productivity. In fiscal 2019, overtime work hours increased due to the temporary increase in workload resulting from the management integration. Through efforts to improve workplace culture and engagement (page 47–49), we aim to ensure employees achieve a work-life balance by improving work efficiency and productivity.

■ Average overtime work hours per employee



Note: Results for Idemitsu hiring (employees, seniors, re-employed), excluding employees in managerial positions, employees on leave and seconded employees.

■ Average annual paid leave taken by an employee



Note: Results for Idemitsu hiring (employees, seniors, re-employed), excluding employees on leave and seconded employees.



Various HR Systems

Fair Evaluation and Compensation

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.

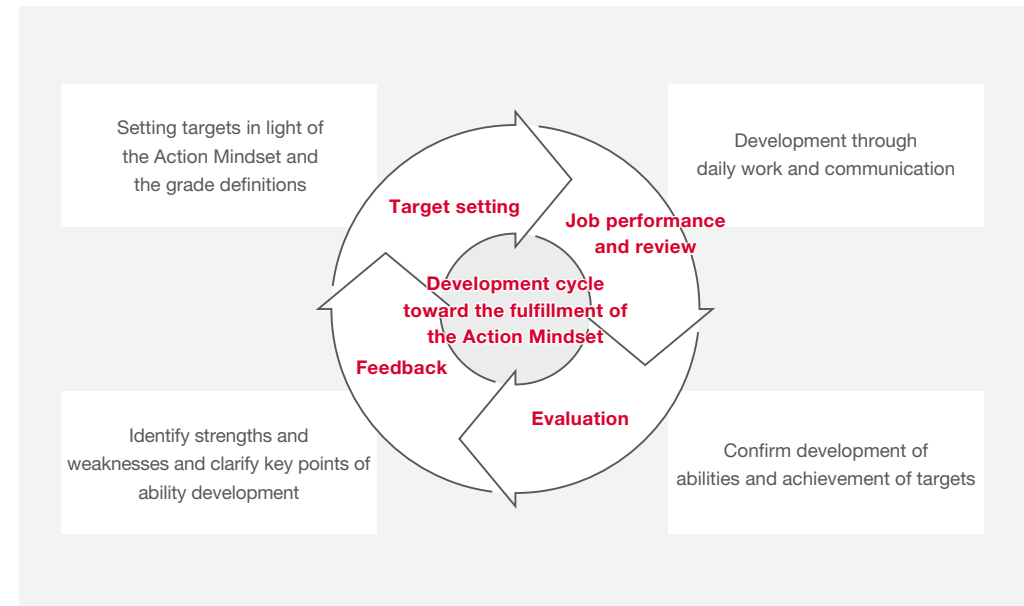
The new development and evaluation systems are designed to enable employees to continuously grow and develop themselves through comprehending the significance of evaluation that is given. They comprise an "competency evaluation", which evaluates their work attitude and demonstration level of competencies, and a "performance evaluation", which evaluates contribution and achievement level of objectives. In interviews with their superiors, employees confirm the target setting, the level of achievement, and abilities to be developed. The evaluation results connect to further growth and are reflected in compensation (pay and bonus) and personnel assignments and transfers. Evaluations are conducted once a year, and an interim interview is conducted during the fiscal year, providing opportunities for employees to work with their superiors to confirm their progress.

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. This is based on the concept of respect for each employee's lifestyle and values along with a desire for the happiness of their family.

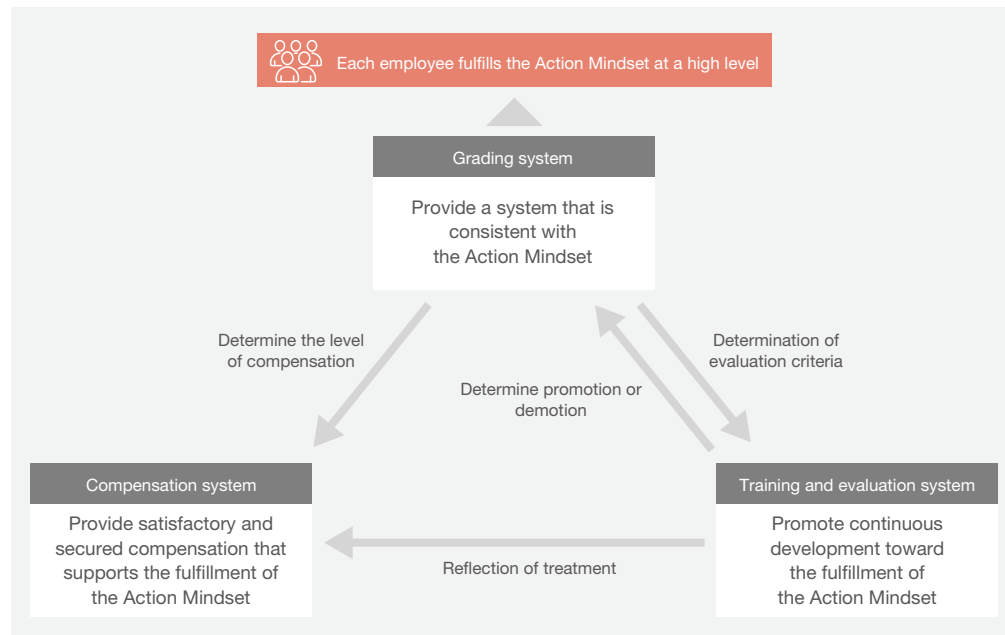
Informational sessions on the system



Development cycle toward the fulfillment of the Action Mindset



Overview of systems for human resource development



Exchange of Opinions with Employees on HR 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. Based on the Labor Standards Act, an employee representative creates written opinion statements accompanying the formulation of or amendment to labor agreements and/or the rules of employment. Dialogues between employees and the Company and notifications of changes to various HR measures, including the rules of employment, are conducted mainly at the Next Forum and employee briefings. In addition, the Idemitsu Showa Shell Labor Union holds labor-management discussions as necessary. Through these efforts, we aim to develop policies that are highly acceptable by employees, including various HR initiatives, salary levels, labor conditions, and welfare benefits.