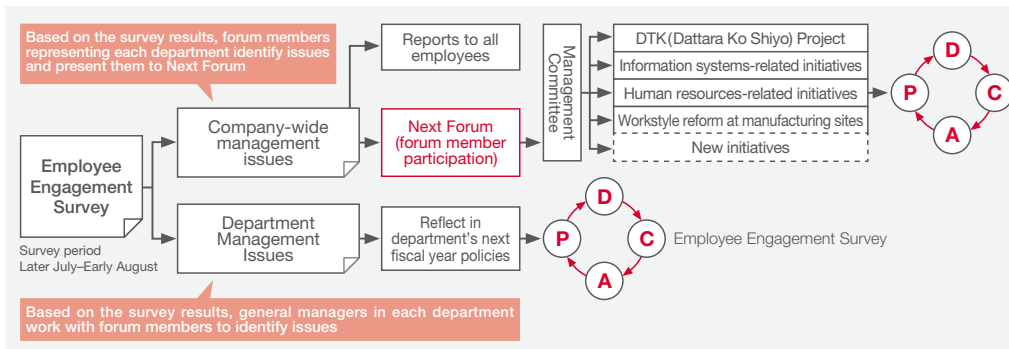
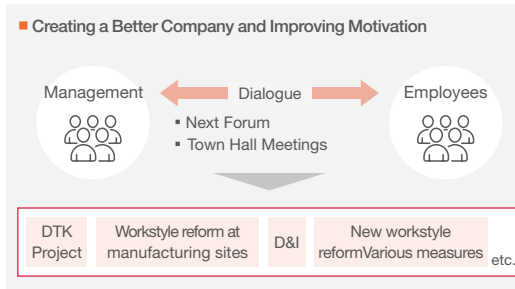


Efforts to Improve Workplace Culture and Engagement

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 engage in dialogue, 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.



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 cocreating a better company. Meetings are held twice a year, and forum members (a total of 110 persons from all 57 departments) selected from each department gather opinions from the workplace and directly communicate with management. In 2020, meetings were held online in March and September as a precaution against COVID-19.

Going forward, by continuing to hold dialogues at the Next Forum, we will reflect and roll out employee voices in company-wide activities, enabling all employees to achieve growth and self-actualization through work at the Company and maintain a consistent feeling of engagement and pride.

■ An online session for the Next Forum in September 2020



Overview of the Next Forum in September 2020

- Report on the progress of each measure proposed by the Company based on the swiftly reported results of the employee engagement survey (detailed on the page to the right) and the results of the previous year's survey.
- Management and forum members debated chosen topics (members selected content in advance that they wanted to discuss with management)
 - Debate topics: internal communication linked to the ease of working in the post-pandemic era, understanding and instilling the Management Vision, and more
- Feedback gained from this forum
 - I felt that we are steadily marching toward the future and gaining a deeper mutual understanding when management and various employee representatives come together to exchange opinions
 - I was glad to hear the frank opinions of Board members

PDCA Cycle Based on an Employee Engagement Survey

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

Company-wide management issues identified in the surveys are discussed by management and employees at the Next Forum. This was the motivation for launching the following company-wide projects: the DTK Project and the reform of workstyles at manufacturing sites. In addition, regarding departmental management issues, in each department, the general manager and other managers formulate action plans to address these issues, reflect them in the next fiscal year's policies, and promote and monitor the plans in daily tasks, thereby conducting the PDCA cycles.

Overview of FY2020 employee engagement survey

Survey period: Late July 2020–early August

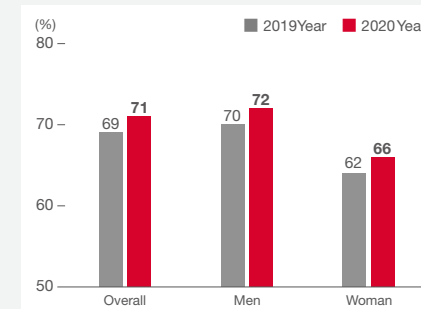
Scope: A total of 11,848 people at Idemitsu and 31 affiliates and subsidiaries

Response rate: 97.5%

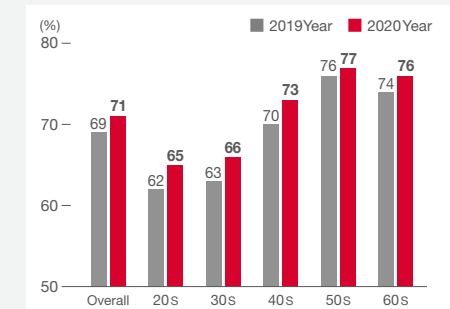
Changes from the previous survey: With changes in the social environment, we established a new category of questions (New Workstyles) and added questions related to the level of progress and communication among members in reforming workstyles.

* 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

■ Positive response ■ Neutral response ■ Negative responses

(Unit: %)

70

15

15

■ 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.



Efforts to Improve Workplace Culture and Engagement

Achievements of initiatives for FY2019 issues and results of the corresponding engagement survey

1. Creating a space for direct communication between management and employees

We expanded the space for direct communication between management and employees by holding townhall meetings* and dialogue with Board members. Therefore, the top management category of the survey rose 9% year on year, and there was a 7% year-on-year improvement in positive responses to the statement: "Top management explains the background and reasons for major agenda items to employees in an easy-to-understand way."

* A place for management and employees where management directly explains medium-term management plans, financial standing, business policies, and so on

2. Enhancing operational efficiency (P.48)

Operational efficiency improved and operations were streamlined due to the DTK Project, decision making was sped up due to the construction of a flat organization, and each specific measure related to reforming workstyles was promoted company-wide. As a result, we achieved a 3% increase in positive responses year on year to the item: "work content and method: operational efficiency." We also achieved a 6% increase for a working environment item (IT equipment). In addition, there was a huge improvement in the form of a 20% year-on-year increase in the response to the statement: "The company is trying to achieve a digital transformation."

3. Practicing D&I (P.36–41)

By taking measures to support work-life balance and achieve new workstyles and by holding Teams lunch subcommittees for employees raising children, the positive responses from female employees rose in all categories.

4. Taking measures to enhance the engagement of young employees (20s and 30s)

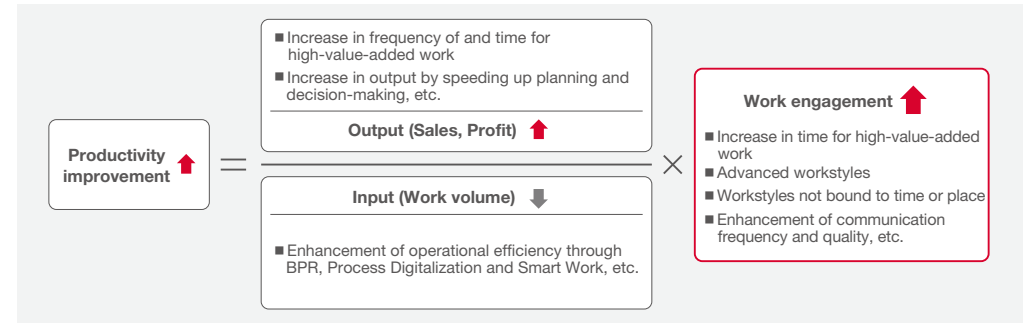
Because young employees indicated a relatively low level of engagement in the previous fiscal year, we implemented career-related measures, strengthened subordinate management and communication through 360-degree management evaluations, and promoted workstyle reforms at manufacturing sites and, as a result, registered major improvements in almost all categories in terms of absolute values.

5. Promoting new workstyles (P.40, 43)

We achieved 70% positive responses to the introduction of new workstyles (promoting working from home, using online meetings, etc.)

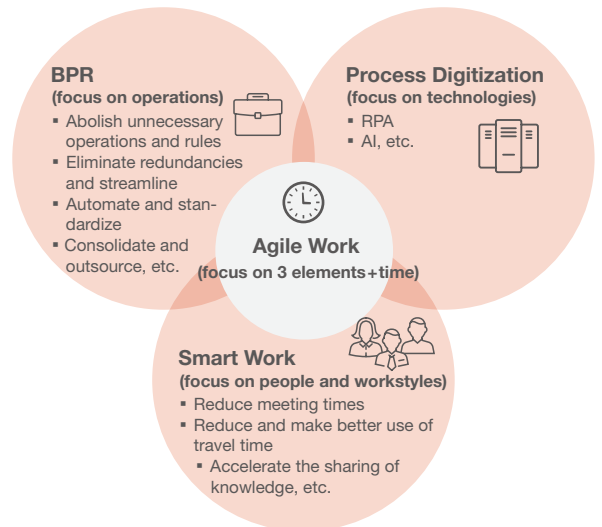
DTK (Dattara Ko Shiyō) Project (Business Process Redesign)

This project was launched with the aim of reforming the workflow and working style of all employees to ensure the sustainable development of the Company. Productivity improvement requires three things: improved results, a reduced volume of work, and better work engagement. Improved results and a reduced work volume are equivalent to the existing operational improvement. The productivity improvement envisioned by this project is aimed at "operational improvement × improvement of each employee's work engagement." We formed a task team comprising the DTK appointees of relevant departments and each department to promote the project as a company-wide initiative.



In fiscal 2019, we focused on creating new ways of working in all divisions, including via digitization, while working to unify similar operations. In a company-wide achievement, we used digital technology to systematize contract management and create a workflow for approval applications. In addition, as department-specific projects, we worked to improve internal operational flows, cut unnecessary meetings, and reduce the frequency of meetings. In addition, regarding the progress of these efforts, we strove to disseminate information through our in-house information portal and enhance understanding through PR videos.

In fiscal 2020, we expanded the scope of activities included in this reform from the head office to branches, refineries, and complexes across the country. As a result, enthusiasm for reform has risen across the Company and we are evolving toward projects where employees are aware of the progress made. Our current reform themes are: Business Process Redesign (BPR), smart work, process digitization, and agile work. We will continue to search through various trials for the new workstyles we aim for while developing and enhancing specific measures.



Promotion of Activity Based Working (ABW)

At any time, at any place, with anyone. Employees choose the most appropriate workstyle for their own work regardless of time or place.



Efforts to Improve Workplace Culture and Engagement

Work Style Reform at Production Sites

Within our manufacturing and technology divisions, we are looking beyond the bounds of existing practices and conventional wisdom and have set up task teams to advance work style reforms with the goal of enhancing employees' professional fulfillment and our competitiveness. These teams are led by the Head Office and include members from production sites. We are advancing initiatives focused mainly on such areas as the diversification of front-line duties, immediately effective workload reductions, and shifting to mainly daytime work.

In FY2019, we completed our review of proposals regarding production site work reforms for operating site production engineers and began to implement certain measures. Specifically, in December 2019 we launched initiatives to immediately reduce workloads, achieving an 8% reduction.

From FY2020, we expanded these initiatives to maintenance divisions and the Group company Idemitsu Plantech, beginning full-scale work style reforms.

Progress of Specific Reforms

● Reform 1: Diversification of front-line operations ⇒ Operations Begun in FY2020 (Stage 1)

To diversify duties and growth speeds at production sites, in line with the operation of a new personnel system, we set up rank-specific growth targets and made it easier to reflect employees' proactiveness, effort, and acquisition of high-level qualifications in their evaluations. The second stage of initiatives to promote the diversification of duties and growth speeds will be launched in FY2021.

● Reform 2: Work style reforms at production sites ⇒ Launched in December 2019, achieving an 8% reduction in workload (target reduction: 6%).

Reducing the workload of young employees— a group with an especially high rate of attrition— was our first priority. However, we determined that young employees are sometimes demotivated when they see how busy their senior colleagues are, and took steps to reduce the workloads of workplaces as a whole.

● Reform 3: Shifting to mainly daytime work ⇒ We completed our review of reform proposals in FY2019 and will consider in detail such matters as facility-related measures while identifying additional issues through test operations in FY2020)

We are limiting nighttime staffing to the minimum needed for specific tasks like monitoring and responding to sudden irregularities as we shift to mainly daytime work, which is less physically taxing. By doing so, we aim to enable employees to focus more on inspections, operations, and high-value-added deliberations and thereby increase professional fulfillment.

Reinforcing Internal Communication

We took steps to strengthen internal communication as a way of maintaining effective contact with employees working from home as part of measures to prevent the spread of COVID-19. In April 2020, we implemented an emergency survey of approximately 2,800 employees, mainly comprising those working from home, about their communication with superiors and colleagues, then reflected the results in various measures. We have also advanced the use of digital tools, for example, holding townhall meetings, dialogue with management, and seminars online. In addition, in light of the present challenging circumstances, as a way of strengthening inter-employee networks, we held meetings of employees balancing work with childcare with the aim of helping employees share their worries and concerns and get through this time together.

Harassment Prevention Initiatives

Approach to Harassment Prevention

The Idemitsu Group believes that respect for human rights must be the highest priority in all of its decisions and actions. Accordingly, we seek to maintain harmonious relationships with international society and local communities, and do not discriminate against any stakeholder group. Furthermore, we do not condone violence or words or deeds that are detrimental to human dignity, whether physically or mentally. To ensure sound, harassment-free work environments, we seek to deepen the understanding of all employees and have established a basic policy for harassment prevention measures and appropriately responding to incidents of harassment. By doing so, we aim to create and maintain work environments in which the human rights of all employees are respected and employees can utilize their abilities to the fullest. In addition, the Human Resources Department, Internal Control Promotion Department, and Corporate Sustainability Department engage in concrete cross-departmental initiatives.

* Basic Policy on Harassment in the Workplace ⇒ <https://sustainability.idemitsu.com/en/themes/200>



Specific Initiatives

● Building Skills for Responding to Consultations about Harassment

From October to November 2020, we provided training aimed at building skills for those responding to requests for consultation about harassment, including the HR managers of company departments and affiliates and officers in charge of responding to consultations. This training taught participants the skills to appropriately respond to consultations from employees about harassment. A total of 98 participants took part, deepening their understanding of the appropriate mindset and key points to keep in mind when fielding consultations as well as the perspectives and feelings of employees making such consultations.

● Anti-Harassment Training

Beginning in December 2018, we have been holding anti-harassment training for management-level employees with the goal of eradicating all forms of harassment, including sexual harassment, abuse of authority over, and harassment related to maternity. A total of 1,065 members of management and management-level employees from the Head Office, complexes, and branches have participated in this training (as of September 30, 2020). The training has served as an opportunity for participants to deepen their understanding of workplace sexual harassment and abuse of authority and reflect on their role as managers in preventing such issues. Going forward, we will continue this training as we strive to ensure harassment-free workplaces.



● Workplace Harassment Prevention Guide

To create and maintain sound, harassment-free workplaces, we have prepared a guide to concrete prevention measures to help raise awareness among all employees, instructing them to not engage in or tolerate harassment.

