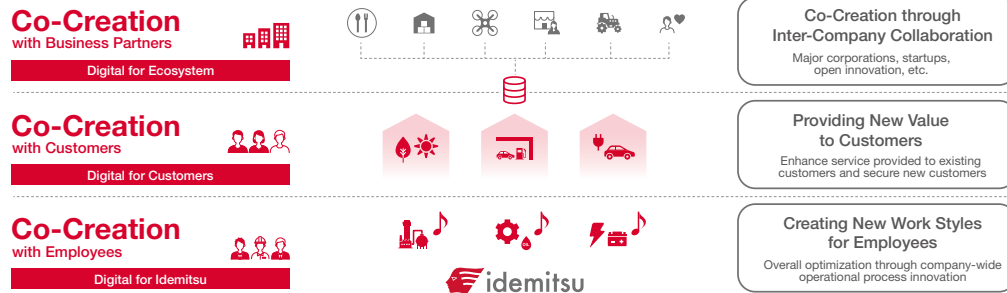


Acceleration of digital innovations

Transforming the Entire Business Processes with Digital Technologies to Create New Customer Value and Improve Employee Experience

The business environment of the energy industry is forecast to undergo major changes going forward. For Idemitsu to continue to grow, proactively applying digital transformation (DX) to all business processes, enhancing operational sophistication, and continuously providing services that meet new needs will be essential. Based on this understanding, we outlined a basic policy of accelerating our business platform for 2030 and are promoting initiatives to accelerate DX.

We established the Digital Transformation Department in January 2020 and began multiple on-site investigations and in-house education programs to foster a corporate culture. We consolidated BPR functions carried out across multiple departments in July 2021, and the Digital & BPR Department will work to create more social and customer value and accelerate the enhancement of employee experience.



DX Stock

Idemitsu was selected as a Digital Transformation Stock in 2021 by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange.



DX銘柄2021
Digital Transformation



Idemitsu Kosan Co.,Ltd.
Executive Officer, CDO & CIO,
General Manager of the
Digital & BPR Department

Yukio Saegusa

The Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) established Proactive IT Management Stocks in 2015, renaming them DX Stocks 2020 in August 2020. Companies that actively engage in digital transformation are selected for and awarded this title. In 2021, 28 companies were selected.

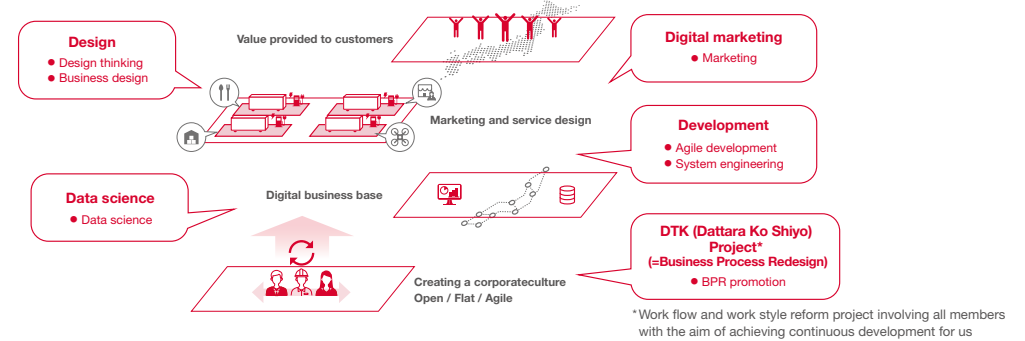
Idemitsu received recognition for actively working to transform its business format and create new businesses while making its existing businesses more efficient. For example, we established the Digital Innovation Department in January 2020 as an organization specializing in the promotion of DX, transformed the refinery maintenance business process, and created new businesses at our service stations.

As a company selected as a DX Stock, going forward the entire company will continue working together to create new value and transform operations through the increasing utilization of digital technologies.

Practicing Value 5D

The Digital & BPR Department uses data to connect all internal and external value provision and focuses on creating a digital business base.

We have secured both highly specialized DX personnel for value maximization and a dynamic organizational structure that facilitates the implementation and promotion of DX.

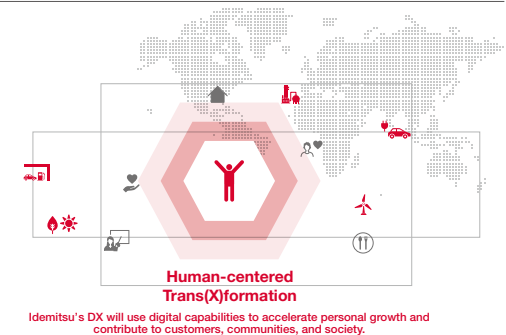


Co-Creation through Inter-Company Collaboration

One aim of digital transformation is to create completely new businesses that contribute to local communities. However, Idemitsu cannot accomplish this by itself. We plan to promote business initiatives through collaboration with companies that have strengths in many different fields, such as healthcare, housing, food, and education. In 2020, we participated in the SmartCityX project for the creation of smart cities through inter-company collaboration.

Co-Creation with Customers (Digital for Customers)

To continue creating new customer value in existing businesses, we need new initiatives that fully leverage the Company's assets. For example, with regard to service stations, it is not enough to simply wait for customers to come to fill their tanks, we need to send out information and transform these facilities into places that offer new experiences. With our apollostation network acting as a one-stop shop for a new era of enriching local residents' lives, we will leverage our accumulated data and realize services tailored to each customer in order to provide optimal services at the best time to meet diverse customer needs, such as solving locally unique issues.





Acceleration of digital innovations

Co-Creation with Employees (Digital for Idemitsu)

To promote the transformation of operating processes across the Company, we launched multiple on-site investigations from April 2020 to help create synergies between divisions and contribute to overall optimization. After confirming the results, we have been making steady progress, including conducting trial runs.

In addition, since the emergency declaration due to the COVID-19 pandemic in April 2020, over 90% of the entire company's employees (excluding the Manufacturing & Technology Department) have been working from home. In terms of DX, we are using more web meetings, going paperless, and utilizing an electronic approval system, and employees have become more aware that workstyles have significantly changed. As of September 2021, departments with occupations that can be done remotely have maintained an in-office attendance rate of less than 30%.

We held online seminars for employees to create and maintain our corporate culture and are promoting activities aimed at transforming the entire company that cover a wide range of content, including the provision of explanations of the necessity of promoting DX to realizing Idemitsu's future vision as well as internal case studies. In addition, we have been holding panel discussions with external experts.

Case Studies Initiatives to enhance the safety and sophistication of refinery maintenance operations using DX

Undertaken as an internal DX project, the transformation of maintenance operations entailed the verification of results while revising the way we conduct operations by adopting an unconventional approach (Agile and Design thinking).

Refineries and relevant departments formed a DX promotion system and implemented continual operational process improvements in 100-day increments. As a result, we were able to see the possibility of reducing maintenance costs and enhancing competitiveness through more efficient operations.

In addition, these initiatives helped create a corporate culture of working as one team to create better products instead of the former with former buyers and sellers.

We have begun considering how to best expand the scope of transformation and are extending the application of knowledge gained from pilot tests to other plants. Going forward, we will continue aiming to promote and maintain operational process improvements and creating synergy across businesses.

Visualizing Frontline Problems



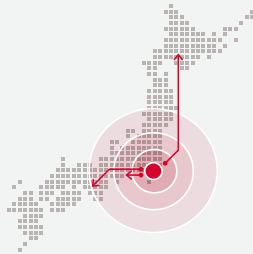
Materialize 100-day sprint



Digital Transformation Office's first investment criteria Experiment Start date: October 1, 2020



Shifting to a swift experience through an unconventional approach (agile, design thinking)



■ As a DX mother plant, the Chiba Complex is further developing DX

