

# ENEOS REPORT

Integrated Report

# 2022

April 1, 2021 to March 31, 2022



**ENEOS Holdings, Inc.**

# Toward Our Long-Term Vision to 2040

The ENEOS Group announced its Long-Term Vision to 2040 in 2019 and is now moving forward with measures to achieve the envisioned goals in this vision. As an energy and materials company group, contributing to the development of a low-carbon, recycling-oriented society is one of our top priorities. We are accelerating our efforts to strengthen our management foundation and reform our business structure by strengthening the competitiveness of our base businesses and developing and strengthening our growth businesses.





## Envisioned Goals

### Become one of the most prominent and internationally competitive energy and materials company groups in Asia

The ENEOS Group, as one of the most prominent and internationally competitive energy and materials company groups in Asia, will contribute to the development of our communities and help to ensure a vibrant future by optimizing our value chain and efficiently providing a stable supply of products and services.

### Create value by transforming our current business structure

The ENEOS Group will create new value by expanding our growing businesses globally, enhancing our technology-based business, and establishing innovative businesses, taking opportunities arising from digital transformation and changes in social needs.

### Contribute to the development of a low-carbon, recycling-oriented society

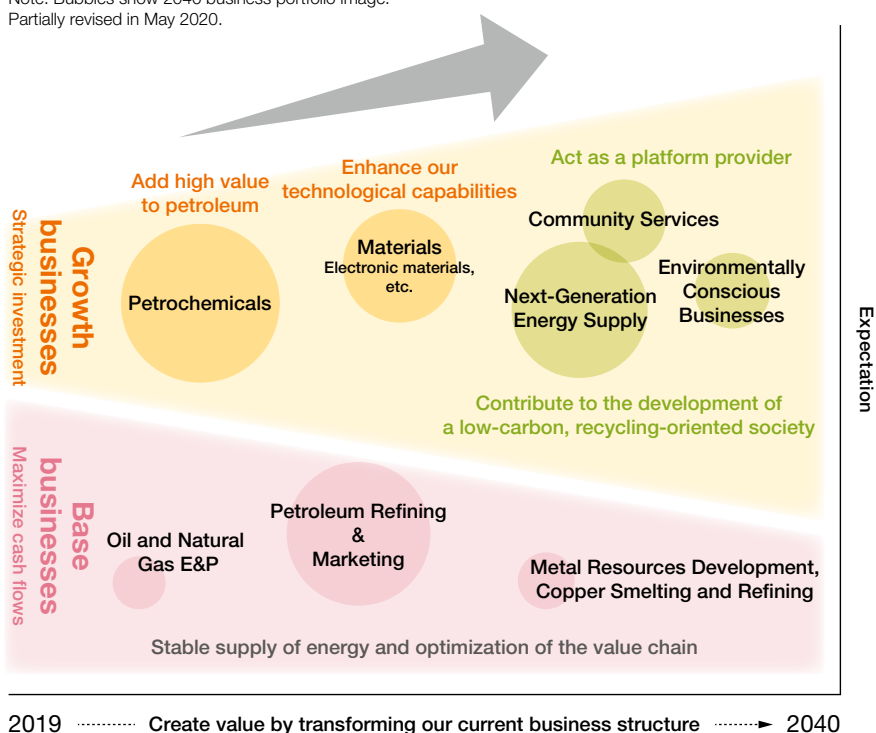
The ENEOS Group will contribute to the development of a low-carbon, recycling-oriented society through the enhancement of environmentally conscious businesses and the pursuit of carbon neutral status in its own CO<sub>2</sub> emissions.

## Overview of Our Future Businesses

### Building a business portfolio to achieve our envisioned goals

#### Pursue both strategic growth and cash flow maximization

Note: Bubbles show 2040 business portfolio image.  
Partially revised in May 2020.





First of all, we would like to express our appreciation to our stakeholders for your ongoing support.

In fiscal 2022, which is the final fiscal year of our second Medium-Term Management Plan, we are striving to reach its management targets. We are also making proactive efforts to ensure steady progress in developing and strengthening growth businesses and enhancing the competitiveness of base businesses toward our Long-Term Vision and pave the way to the next stage.

At the same time, we find ourselves in a dramatically changing business environment, which includes increasing societal demand to achieve a decarbonized, recycling-oriented society, the accelerated pace of digital transformation (DX), and growing geopolitical risks, as seen with the situation in Ukraine.

In our Integrated Report 2022, we clarify the challenges and measures put in place toward our Long-Term Vision in this business environment, and report on our

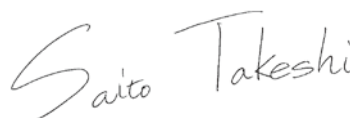
## Moving on to the next stage toward the development of a decarbonized, recycling-oriented society by completing the execution of the second Medium-Term Management Plan

progress to date. The report also contains information on material ESG issues that we have identified based on social issues. Going forward, we will continue our disclosures in order to provide stakeholders with ample information that is clear, concise and easily accessible.

To remain an essential company in the future, we will continue to fulfill our social mission of providing a stable supply of energy and materials, while pursuing further reforms with a view toward sustainable, stable growth.

We ask for your continued support as we move forward.

September 2022



**Saito Takeshi**

Representative Director, President  
ENEOS Holdings, Inc.

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### Regarding Forward-Looking Statements

This report contains certain forward-looking statements. Actual results may differ materially from those reflected in any forward-looking statement due to various factors, which include, but are not limited to, the following: (1) macroeconomic conditions and changes in the competitive environment in the energy, resources, and materials industries; (2) the impact of COVID-19 on economic activity; (3) changes in laws and regulations; and (4) risks related to litigation and other legal proceedings.

### Editorial Policy

In this report, which was developed with reference to the Guidance for Collaborative Value Creation, published by Japan's Ministry of Economy, Trade and Industry, we focus on the progress of our second Medium-Term Management Plan (FY2020–2022), a milestone of our Long-Term Vision to 2040, as well as initiatives for strengthening the competitiveness of our base businesses and developing and strengthening our growth businesses.

This report also contains a special feature on our new carbon neutrality plan, announced in May 2022. In addition, based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we have included information on our initiatives against climate change, a material management issue of the Group.

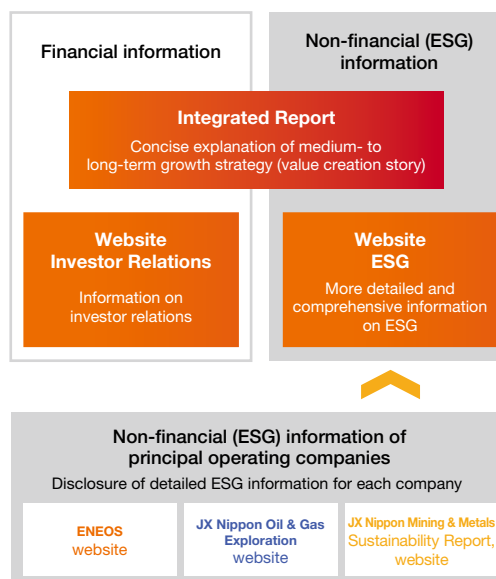
The section on corporate governance includes a discussion among the chairman of the Board of Directors and outside directors regarding the background and discussions on our efforts for strengthening corporate governance.

Our website features comprehensive and detailed information on the Group's business activities, financial information and ESG initiatives, including this report. We will continue to proactively communicate with investors and other stakeholders through clear, concise disclosures.

This report covers the period from April 1, 2021 to March 31, 2022.



### Disclosure Media Framework



# ENEOS Group Philosophy

## Mission

Harnessing the Earth's power for the common good and for the day-to-day life of each individual, we will contribute to the development of our communities and help to ensure a vibrant future through creation and innovation in energy, resources, and materials.

## Our Five Core Values

### As a member of the community

#### High ethical standards

Based on our core principles of integrity and fairness, we conduct all of our business activities in accordance with our high ethical standards.

#### Health, safety and environment

We give the highest priority to health, safety and environmental initiatives, which are vital to the well-being of all living things.

### Supporting day-to-day life

#### Focus on customers

We strive to meet the expectations and evolving needs of our valued customers and of society as a whole through the stable provision of products and services while creating new value as only we can.

### For a vibrant future

#### Taking on challenges

Taking changes in stride, we rise to the challenge of creating new value while seeking innovative solutions for today and tomorrow.

#### Moving forward

Looking to the future, we continue to grow, both as individuals and as a company, through the personal and professional development of each and every employee.

## Positioning of the ENEOS Group Philosophy, Code of Conduct and Company Rules

The ENEOS Group Philosophy reflects a commitment that must be realized by everyone working at the ENEOS Group through our business activities. The Group Code of Conduct is a set of standards to be practiced in order to realize our Group Philosophy and fulfill our responsibilities to society. Various policies complement the Code of Conduct. We have also established corporate regulations that underpin our Group Philosophy, Code of Conduct and policies.



## ENEOS Group Policies

- Disclosure Policy: <https://www.hd.eneos.co.jp/english/disclosure/>
- Tax Matters Policy: <https://www.hd.eneos.co.jp/english/company/system/tax.html>
- Anti-Corruption Policy: [https://www.hd.eneos.co.jp/english/company/policy/anti\\_corruption.html](https://www.hd.eneos.co.jp/english/company/policy/anti_corruption.html)
- Human Rights Policy: [https://www.hd.eneos.co.jp/english/company/policy/human\\_rights.html](https://www.hd.eneos.co.jp/english/company/policy/human_rights.html)
- Competition Law Compliance Policy: [https://www.hd.eneos.co.jp/english/company/policy/competition\\_law/index.html](https://www.hd.eneos.co.jp/english/company/policy/competition_law/index.html)

## Part I

# Value Creation Story

We will realize the ENEOS Group Philosophy by establishing management and business strategies, based on risks and business opportunities, and creating economic value and social value through our businesses.

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### Progress of Second Medium-Term Management Plan

#### Business-Specific Strategies

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#### Special Feature

#### Contributing to a Decarbonized Society

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#### Special Feature

#### Initiatives for Transformation

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# A Look Back on the ENEOS Group's History

To achieve our Long-Term Vision, we are working to enhance the competitiveness of our base businesses, and develop and strengthen our growth businesses.

## 1880s–

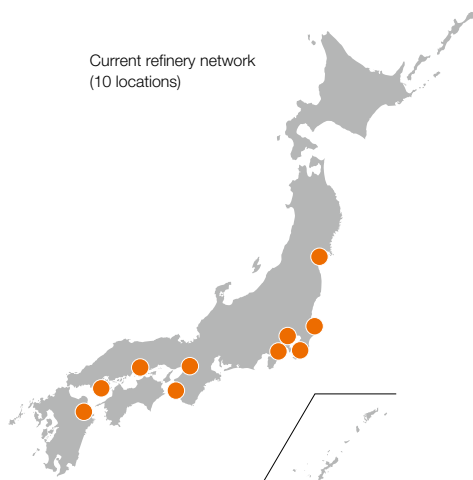
### Start of crude oil production, oil refining and sales, and copper mining and smelting operations in Japan

- 1888 ● Established Nippon Oil, began crude oil production in Niigata Prefecture
- 1893 ● Standard Oil Co. of New York and Standard Vacuum Oil Company commenced sales of heating oil and lubricants in Yokohama
- 1905 ● Established Hitachi Mine
- 1916 ● Opened Saganoseki Smelter and Refinery
- 1919 ● Opened first service station (SS) in Japan
- 1933 ● Successfully extracted crude oil in Akita Prefecture

### Strengthening supply capability to respond to rapidly growing demand for resources and energy

- 1964 ● Opened Kurami Works (functional materials)
- 1970 ● Completed Saganoseki No. 1 Flash Furnace (copper smelting)
- Expanded domestic SS network
- Opened refineries nationwide in Japan

Current refinery network  
(10 locations)



- Energy Business
- Oil and Natural Gas Exploration and Production (E&P) Business
- Metals Business
- Entire Group

### Growth of E&P, response to deregulation of the domestic oil business, participation in overseas mining projects, and growth of the electronic materials business

- 1973 ● Started production at Mubarratz oil field in the UAE
- 1985 ● Opened Isohara Works (thin film materials)
- 1990 ● Acquired gas field interests in Papua New Guinea
- Started production at Escondida Copper Mine in Chile
- 1994 ● Acquired development and exploration interests in the UK
- 1998 ● Removal of restrictions on self-service SS
- 2000 ● Started production at Los Pelambres Copper Mine in Chile

### Consolidation of Japan's oil industry and movement toward new business domains due to decline in domestic oil demand

- 1999 ● Nippon Oil Corporation and Mitsubishi Oil merged
- 2000 ● Tonen K.K. and General Sekiyu K.K. merged
- 2001 ● Established the ENEOS brand
- 2003 ● Started production at SK10 (Helang gas field) in Malaysia
- 2008 ● Nippon Oil Corporation and Kyushu Oil merged
- Started power generation at Kawasaki Natural Gas Power Generation Plant
- 2008–2012 ● Expanded Hitachi Metal Recycling Complex (HMC)
- 2009 ● Started production at Tangguh LNG in Indonesia
- 2010 ● Nippon Oil Corporation and Japan Energy Corporation merged
- 2011 ● Opened JX Metals Precision Technology Kakegawa Works (functional materials)
- 2013 ● Started production at Caserones Copper Mine in Chile
- 2014 ● Started production at PNG LNG in Papua New Guinea
- Started production at Ulsan Aromatics in South Korea (petrochemicals)
- Sequentially opened hydrogen stations

### Toward a new stage of growth driven by base businesses strengthened through multiple structural reforms

- 2017 ■ JX Holdings and TonenGeneral Sekiyu K.K. merged
- Established the JXTG Group
- Started operation of CO<sub>2</sub>-EOR (enhanced oil recovery) project in the US



CO<sub>2</sub> recovery plant in the US

- Started commercial production at Layang oil and gas field off the coast of Sarawak, Malaysia
- 2018 ● Acquired tantalum and niobium business



High-purity tantalum powder

- Launched accelerator program for new business creation
- Started commercial production at Beryl gas field off the coast of Sarawak, Malaysia
- 2019 ■ Announced the Long-Term Vision to 2040
- Integrated SS brands into the ENEOS brand
- Signed statement of support for the TCFD recommendations

## 2020s—

On the way to becoming  
one of the most prominent  
and internationally competitive  
energy and materials  
company groups in Asia

## Second Medium-Term Management Plan (FY2020–2022) aimed at achieving the Long-Term Vision

### Energy Business

#### Growth businesses

##### Materials business

- 2021 • Decided to expand production capacity for polyethylene used for insulation of ultra-high-voltage and high-voltage power cables
- 2022 • Acquired elastomers business from JSR Corporation

##### Expanding the renewable energy business

- 2020 • Started commercial operation of Muroran biomass power plant
- 2021 • Participated in solar power generation businesses in Australia and the USA
- Participated in a solar power generation business in Sanda City, Hyogo Prefecture
- Selected for participation in floating offshore wind power project (offshore of Goto City, Nagasaki Prefecture)
- 2022 • Made Japan Renewable Energy Corporation a subsidiary

##### Next-generation energy supply and environmentally conscious businesses

- 2021 • Signed a memorandum of understanding with Saudi Aramco for collaboration studies on building a supply chain for CO<sub>2</sub>-free hydrogen and ammonia
- Commenced verification for extracting hydrogen from organic hydride (methylcyclohexane) using refining facilities
- Four demonstration projects for the development of a CO<sub>2</sub>-free hydrogen supply chain selected as Green Innovation Fund\* projects
- Decided to launch a joint plastic-to-oil conversion business with Mitsubishi Chemical Corporation
- 2022 • Signed a joint agreement with Toyota Motor Corporation to explore CO<sub>2</sub>-free hydrogen production and usage at Woven City, the prototype city of the future that Toyota has started to develop
- Began feasibility study with TotalEnergies for the production of sustainable aviation fuel (SAF)
- Joint project with Bridgestone Corporation for chemical recycling technologies for used tires selected for the Green Innovation Fund\*
- Began a feasibility study on CCS with Electric Power Development Co., Ltd. (J-POWER) with a view to achieving carbon neutrality in the energy supply

##### New mobility services

- 2020 • Started ENEOS Laundry, laundromats attached to service stations
- 2021 • Started verification trial for an ultra-compact-EV sharing service
- Started nationwide rollout of ENEOS Car Lease
- 2022 • Began operation of electric vehicle charging service business taken over from NEC Corporation

#### Base businesses

##### Rationalizing production and supply systems

- 2020 • Continued collaboration at Chiba Refinery with PetroChina International (Japan) Co., Ltd.
- Terminated the refining and manufacturing functions at Osaka Refinery
- 2021 • Terminated the manufacturing function at Chita Plant
- Decided to terminate some of the crude oil processing units at Negishi Refinery around October 2022
- 2022 • Decided to terminate all functions at Wakayama Refinery around October 2023

##### Upgrading facilities

- 2021 • Succeeded in autonomous operation of petrochemical plant using AI technology

\* A project developed by Japan's Ministry of Economy, Trade and Industry (METI) as part of the New Energy and Industrial Technology Development Organization (NEDO). The project offers continuous support for 10 years to companies that demonstrate their commitment to addressing businesses challenges, in areas ranging from research, development and demonstration to social implementation, to achieve Japan's goal of carbon neutrality by 2050.

### Oil and Natural Gas Exploration and Production Business

#### Growth businesses

##### Environmentally conscious businesses

- 2021 • Executed a joint study agreement for an Australian offshore CO<sub>2</sub> capture and storage hub project
- Obtained approval from an Indonesian government body for a development plan, which includes CCUS, in the Indonesia Tangguh LNG project

#### Base businesses

##### Stable supply

- 2020 • Started oil production at Helang gas field off the coast of Sarawak, Malaysia

##### Reorganizing non-core businesses

- 2022 • Sold the oil and natural gas E&P business in the UK
- Withdrew from the oil and natural gas E&P business in Myanmar

### Metals Business

#### Growth businesses

##### Increasing production capacity for advanced materials

- 2020 • Completed facility expansion to raise production capacity for treated rolled copper foil, high-functionality copper alloy strips and sputtering targets for semiconductors
- 2021 • Decided to construct two new plants in Hitachi City, Ibaraki Prefecture
- 2022 • Acquired large-scale building sites for constructing new plants in Arizona, USA, and Hitachinaka City, Ibaraki Prefecture

##### Pursuing technological development

- 2021 • Established a new company in Europe for lithium-ion battery (LiB) recycling and battery materials projects

#### Base businesses

##### Stable supply

- 2020 • Acquired full rights and interests in the Caserones Copper Mine

##### Enhancing the recycling business

- 2020 • Decided to establish a logistics base for receiving raw materials for recycling in Ozai West Area, Oita Port
- Increased collection and treatment capacity at our recycling center in Taiwan
- 2022 • Acquired the shares of eCycle Solutions Inc.

### Entire Group

#### Group structure

- 2020 ■ Changed trade name to ENEOS and changed Group management structure
- 2022 ■ Made NIPPO CORPORATION go private

#### Strategy

- 2020 ■ Formulated the second Medium-Term Management Plan and Medium-Term Environmental Management Plan
- 2022 ■ Established the ENEOS Group Plan for Carbon Neutrality

#### Procuring funds to achieve the Long-Term Vision

- 2020 ■ Issued ENEOS Green Bonds
- 2021 ■ Issued publicly offered hybrid bonds
- 2022 ■ Issued transition-linked bonds

# Our Businesses and Strengths

Based on the ENEOS Group's shared mission and values, we carry out our business of transforming resources into energy and materials and supplying them to customers.

We have enhanced the supply of next-generation energy and community services utilizing the facilities and assets, customer base and brand power we have developed in our petroleum business. Moreover, in addition to providing high-performance metal materials to businesses and industry, we are expanding our recycling business and other businesses, contributing to the development of a recycling-oriented society.

These are our strengths: a diverse, global value chain that spans our entire range of operations, from resources development to manufacturing, sales and recycling; Japan's largest production and supply network; and innovative technologies represented by our lineup of products with leading worldwide market shares.

## Our Mission

Harnessing the Earth's power for the common good and for the day-to-day life of each individual, we will contribute to the development of our communities and help to ensure a vibrant future through creation and innovation in energy, resources, and materials.

## Our Core Values

### As a member of the community

High ethical standards/  
Health, safety and environment

### Supporting day-to-day life

Focus on customers

### For a vibrant future

Taking on challenges/  
Moving forward

## Our Strengths

- Diverse, global value chain
- Japan's largest refining, production and supply network
- Innovative energy and materials related technologies

### Oil exploration

Exploration, development and production in 9 countries around the world

Equity-entitled crude oil and natural gas production volume

**90,000**  
bbl/day  
(Natural gas sales ratio: **64%**)



### Oil transport

Stable and efficient oil transport



## Resources development

### Copper mine development

Efficient mining operations for stable extraction of natural resources

Equity-entitled copper mine production volume

Approx.  
**190,000**  
tons/year



## Transport

### Copper transport

Using copper concentrate and sulfuric acid carriers that reduce environmental impacts

Exhaust gas (compared to bulk carriers)

**40%** reduction



## Service station (SS) operations

Market share of SS in Japan Approx. **44%** (No.1 in Japan)

## Electricity retailing

Approx.  
**1,010,000**  
contracts  
(as of June 2022)

## Community services

Laundromats / Car sharing services



## Hydrogen stations

Responding to demand for new energy

Market share in Japan

Approx. **29%** (47 locations)  
(as of June 2022)

## Power generation

Responding to society's  
energy needs

Power generation capacity

**2.18** million kW  
(Renewable energy:  
Approx. **0.67** million kW)  
(as of June 2022)

## Oil refining

Largest oil refining  
capacity in Japan

Crude oil processing capacity

**1.87** million bbl/day

## Fuel oil sales

Market share of fuel oil\* sales in Japan Approx. **50%** (No.1 in Japan)

\* Total for gasoline, kerosene, diesel fuel, and fuel oil A

## Petrochemicals manufacturing and sales

Paraxylene  
supply capacity**3.23** million tons/year  
[direct sales basis]  
(No.1 in Asia)Propylene  
supply capacity**1.64** million tons/year  
[direct sales basis]  
(No.1 in Asia)

## Lubricants manufacturing and sales

Supply to Japan  
and overseas markets **38** overseas locations

## Functional materials manufacturing and sales

Delivering solutions with high-performance materials



## Refining and smelting

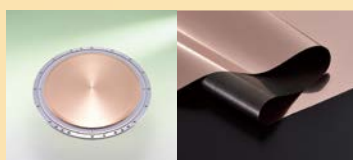
## Refined copper production

Refined copper production  
capacity in Japan

Approx.

**450,000**  
tons/year

## Manufacturing and sales

Functional and thin-film  
manufacturing and salesAdvanced materials underpinning  
information societyProduct lineup with **No.1**  
market share worldwide

## Recycling

## Recycling

Number of recycling  
collection sites**8** in Japan  
and overseas

Note: Figures as of March 2022

# Growth Strategy and Value Created

We are working toward our Long-Term Vision to 2040 by developing and implementing medium-term management plans every three years.

We develop a medium-term management plan every three years as a milestone toward the achievement of our Long-Term Vision to 2040.

In the second Medium-Term Management Plan, established in fiscal 2020, we aim to maximize cash flows by

strengthening the competitiveness of our base businesses and accelerate development and strengthening of our growth businesses through the use of digital technology and collaboration with different industries and areas, while capitalizing on our strengths.

## FY2017–FY2019 First Medium-Term Management Plan

### Carry out structural reforms

Maximize synergies of business integration, etc.

### Stable financial base

Results

#### Free cash flow (three-year total)

|        |                   |   |        |                   |
|--------|-------------------|---|--------|-------------------|
| Target | 500.0 billion yen | ▶ | Result | 828.7 billion yen |
|--------|-------------------|---|--------|-------------------|

#### Net D/E ratio (FY2019 end)

|        |                    |   |        |           |
|--------|--------------------|---|--------|-----------|
| Target | 0.7 times or lower | ▶ | Result | 0.7 times |
|--------|--------------------|---|--------|-----------|

## FY2020–FY2022 Second Medium-Term Management Plan

Pursuing transformation aimed at achieving the Long-Term Vision

### Continue and accelerate structural reforms

### Develop & strengthen growth businesses

#### Group strengths [See pages 11–12](#)

- Development of efficient supply chain
- SS network
- Advanced materials, etc.

Utilize digital technology  
(pursue digital transformation)

Alliances with different industries and areas  
(open innovation, etc.)

### Third and Fourth Medium-Term Management Plans

**Progressive optimization of the  
supply chain**

**Utilization of our relationships with  
customers to roll out new services**

**Continuous creation of new materials**

#### Social value created

Through our business activities  
(Five key items)



Through corporate activities  
(Five key items)



## Long-Term Vision to 2040

### Envisioned goals

Become one of the most prominent and internationally competitive energy and materials company groups in Asia

Create value by transforming our current business structure

Contribute to the development of a low-carbon, recycling-oriented society

### Achieving a responsible transition aimed at maximizing corporate value

**Saito Takeshi**

Representative Director, President  
ENEOS Holdings, Inc.

#### **Q1** What are your aspirations and ambitions as the new President of ENEOS Holdings?

**A**

I will take the lead in our continued evolution and ensuring that we maintain society's trust.

I feel a keen sense of responsibility in guiding the ENEOS Group forward beginning in fiscal 2022, which is the final fiscal year of the second Medium-Term Management Plan and the time for formulating the third Medium-Term Management Plan. First, I will ensure that we achieve our earnings targets by pushing ahead with the basic policies of the second Medium-Term Management Plan; namely, strengthen the competitiveness of base businesses and develop and strengthen growth businesses. My other important mission is to link these results to the third Medium-Term Management Plan, the next stage of our evolution.

The Group's envisioned goals set out in its Long-Term Vision to 2040 are to become one of the most prominent and internationally competitive energy and materials company groups in Asia, to create value by transforming our current business structure, and to contribute to the development of a low-carbon, recycling-oriented society. To achieve these envisioned goals, along with the establishment of our third Medium-Term Management Plan, we will also work on the development of a strategic and specific medium- to

long-term business portfolio that utilizes the Group's strengths, including our technologies, expertise, customer base and brand power, for fiscal 2026 and beyond, implementing measures toward this end in an accelerated manner.

In the current operating environment, there has been increasing demand for the development of a decarbonized, recycling-oriented society, while the importance of energy security in light of geopolitical risks is once again in the spotlight. Furthermore, advancements in digitalization (DX) have accelerated the speed of business activity and creative pursuits worldwide beyond our expectations.

In this operating environment, we must work to achieve recognition of our value by contributing to the resolution of social issues through our business, thereby remaining a trusted presence in society. To achieve this, we must continue to evolve as a company. As head of management, I will take strong leadership in our efforts to tackle the challenges that lay ahead.

## Q2 What did the Group's earnings look like in fiscal 2021? What progress was made with your business portfolio strategy aimed at achieving the transition?



In fiscal 2021, the Group achieved significantly higher profits compared to fiscal 2020, and also completed several M&A deals and actively sold off assets.

Operating income excluding inventory valuation for fiscal 2021 totaled 415.6 billion yen, up significantly year on year, underpinned by the improvement in upstream businesses due to soaring resource prices, a temporary uptick in clean fuel and export margins due to a time lag, and strong sales of advanced materials.

In accordance with our policy of pursuing transformation aimed at achieving the Long-Term Vision laid out in the second Medium-Term Management Plan, we steadily implemented our business portfolio strategy aimed at achieving the transition, including the development and strengthening of growth businesses, as well as M&A and asset sales, in addition to measures to enhance the competitiveness of base businesses, such as restructuring our production and supply systems. Our main results for fiscal 2021 were as follows.

### Base Businesses

#### **Restructuring of our refinery and plant network**

In October 2021, we shut down the manufacturing functions of the Chita Plant as planned. We also decided to decommission certain facilities at the Negishi Refinery (around October 2022) and shut down the refining, manufacturing and logistics functions of the Wakayama Refinery (around October 2023). With the continuation of a stable supply as our top priority, we are optimizing our refinery network from various perspectives, such as international competitiveness, to respond to changes in the business environment.

## **Growth Businesses**

### **Renewable energy**

In January 2022, we acquired Japan Renewable Energy Co., Ltd. (JRE), one of Japan's most prominent renewable energy suppliers. After this acquisition, as of March 31, 2022, our renewable energy power generation capacity, including projects under construction, stood at around 1.23 million kW, surpassing the target of 1 million kW in the second Medium-Term Management Plan. Going forward, we will combine JRE's advanced business development capabilities and our expertise in the energy business to dramatically transform into one of Japan's leading renewable energy providers.

### **New mobility services**

We began the nationwide rollout of ENEOS Car Lease in order to maintain and strengthen our service stations (SS), which are valuable venues for interaction with customers as well as a base for building lifestyle platforms. We also expanded our charging network, eyeing the spread of electric vehicles (EVs) and plug-in hybrid vehicles (PHVs), and we acquired the charging service business of NEC Corporation in June 2022, launching operations at around 4,600 EV chargers.

### **Acquisition of elastomers business**

We acquired JSR Corporation's elastomers business, which includes the manufacture and sale of synthetic rubber, in line with our objective of acquiring and expanding technology-based businesses, and relaunched the business in April 2022 as ENEOS Materials Corporation.

### **Increased production capacity of functional and thin-film materials**

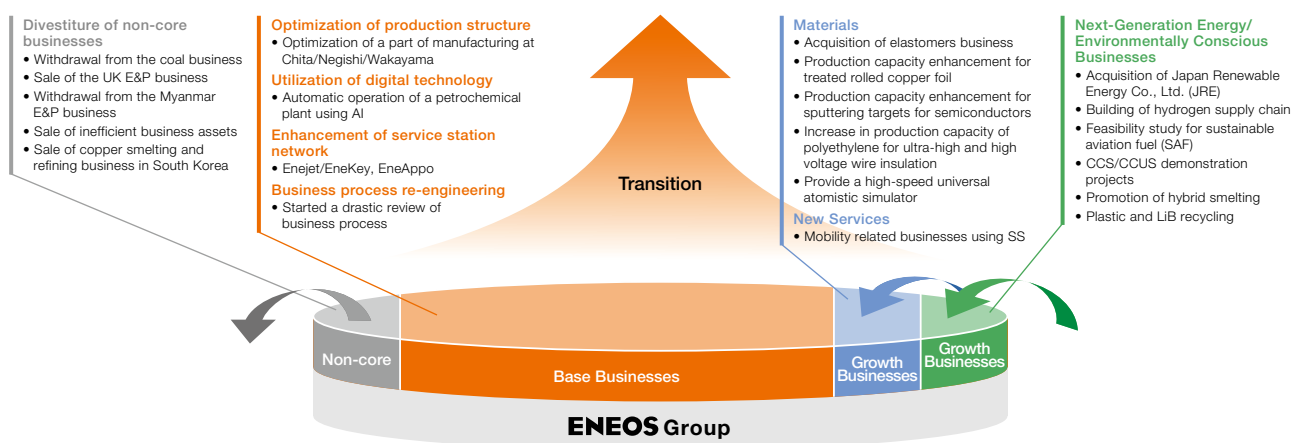
We decided to construct two new plants to capture rapidly growing demand for treated rolled copper foil and sputtering targets for semiconductors, and in order to respond to further increases in demand from the advanced materials sector, we acquired land to build plants that will become new core sites of the Group in Japan and overseas.

## **Other (Sale and Withdrawal from Certain Businesses)**

### **Energy business**

In May 2021, we decided to withdraw from the coal business and sold off our interests in Australia and Canada.

## **Business Portfolio Strategy for the Transition**



**Oil and Natural Gas E&P business**

In March 2022, we sold our UK business and in May 2022 we decided to withdraw from our Myanmar business.

**Metals business**

In May 2022, we decided to sell our copper smelting and refining business in South Korea.

## Q3 What progress has been made regarding initiatives for strengthening the business foundation under the second Medium-Term Management Plan?



We will leverage the on-site competence of each and every employee to enhance our corporate value.

To achieve the envisioned goals in the Long-Term Vision, we need a robust management foundation for the steady implementation of our business strategies. Under the second Medium-Term Management Plan, we are pursuing initiatives under a basic strategy of strengthening the business foundation.

Strengthening corporate governance is a top priority of corporate management. Particularly given the constantly changing business environment, we are focusing on strengthening our management structure and monitoring by the Board of Directors to speed up decision-making and business execution. As part of this effort, we separated the position of chairperson of the Board of Directors from business execution in April 2022. We seek to deepen discussions by incorporating greater transparency and objectivity. We will also undergo appropriate monitoring in our discussions of the third Medium-Term Management Plan, which is currently under development, and medium- to long-term issues related to decarbonization.

In addition, the development and strengthening of human resources who will implement our strategies is one of our key priorities. We will transform our corporate culture into one that embraces new challenges by reforming systems related to workstyles and human resources development, evaluation and compensation. In April 2022, we introduced the ENEOS job grade system<sup>1</sup> for managerial positions. I believe it is important to strengthen the on-site competence of each and every employee. By "on-site competence," I mean that each employee (1) has an accurate understanding of society's needs, (2) thinks and takes positive action within his or her assignment or position, and (3) creates value while providing greater satisfaction to society as a whole. To leverage our on-site competence, we must keep an open and honest mindset and constantly consider, from diverse perspectives, society's expectations of the ENEOS Group and where those expectations intersect with the value we provide. This applies to all businesses and business segments, as I am convinced that combining the on-site competence of each and every employee is key to increasing the corporate value of the Group.

<sup>1</sup> For more information, see Securing and Developing Human Resources for Transformation and Taking on Challenges on page 38.

**Q4** What is the earnings forecast for the second Medium-Term Management Plan (fiscal 2020 to fiscal 2022) and your thoughts on shareholder returns?

**A** We expect to achieve the profit targets in the Medium-Term Management Plan and we decided on share buybacks of 100.0 billion yen.

Compared to the initial plan announced in May 2020, there was a substantial downward impact on profits due to the substantial decline in demand for petroleum products, deteriorating product market conditions overseas, and operating restrictions placed on copper mines caused by the COVID-19 pandemic. We also incurred one-off losses following the restructuring of our production and supply systems for petroleum products, but we did see improved petroleum product margins, including the time lag associated with soaring resource prices, increased profits in the oil and natural gas E&P and copper businesses, and higher sales and profits of advanced materials driven by rampant demand for data communications. In addition, we actively reduced costs and sold off assets in response to the challenging business environment. As a result, we expect to reach our operating income, excluding inventory valuation, target of 970.0 million yen for the entire three-year period of the Medium-Term Management Plan. We also expect to achieve targets for ROE and net debt-to-equity ratio.

Taking the above into account, we decided to implement share buybacks of up to 100.0 billion yen in accordance with our approach to total return ratio, which we announced in May 2022. The timing of this decision was based on our belief that we must once again demonstrate management's strong commitment to achieving the targets in the final fiscal year of the Medium-Term Management Plan and the high esteem in which we hold our shareholders.

We recognize that returning profits to shareholders is a top priority of management. Going forward, we will strive to return profits to shareholders commensurate with our medium-term consolidated performance and outlook, maintaining a stable dividend in the process.

**Q5** Tell us about your new carbon neutrality plan, established in May 2022.

**A** We will significantly contribute to the development of a decarbonized society with a carbon neutrality plan<sup>2</sup> based on global standards.

In May 2020, the year after we established the Long-Term Vision to 2040, the Group announced its goal to achieve carbon neutrality in 2040 in terms of CO<sub>2</sub> emissions from the Group's own production activities (Scope 1 and Scope 2). Since then, the global movement towards decarbonization has accelerated with the Japanese government's declaration of carbon neutrality by 2050, aimed at achieving the 1.5°C target, the COP26 summit, and discussions on topics such as target-setting based on scientific knowledge through the Science Based Targets Initiative (SBTi).

In light of these circumstances, in May 2022, we increased the effectiveness of our plan by adding a 2030 interim target (46% reduction compared to fiscal 2013) to our existing targets for Scope 1 and Scope 2, along with measures such as CCS projects that physically capture and store CO<sub>2</sub>. We also established a new target for carbon neutrality in 2050 for Scope 3, which includes CO<sub>2</sub> emissions by our customers. These targets, which are aligned with the Paris Agreement and the global trend toward the 1.5°C target, reflect the Group's strong determination to contribute to the development of a decarbonized society. Furthermore, we established the Carbon Neutral Strategy Department in April 2022 to ensure the strategic and flexible execution of this new carbon neutrality plan<sup>2</sup>.

Achieving these targets will not be easy. It will require the efforts of society as a whole, including the government, other companies, and customers. The Group will take a proactive role in these efforts and make a significant contribution to the development of a decarbonized society by intensively pursuing the energy transition.

<sup>2</sup> For more information on our carbon neutrality plan, see Special Feature: Contributing to a Decarbonized Society on pages 31–36.

## Q6 Lastly, what are your thoughts on the establishment of the third Medium-Term Management Plan?



We will formulate a plan for realizing a responsible transition as a business that will continue to support society and consumers' lifestyles.

It is the Group's mission to contribute to the development of communities and support consumers' lifestyles through the stable supply of energy, resources, and materials, as stated in the ENEOS Group Philosophy. We can say that this mission is part of the Group's DNA, as it has been passed down through our history of over 130 years.

Long-term efforts are essential to achieving the carbon neutrality plan. In the process, we are expected to fulfill our responsibility to continuously support society and contribute to a vibrant lifestyle, as well as to complete the transition. While this is a major task, we believe the Group is capable of taking on the challenge and leading the way, and that the achievement of results will maximize our corporate value.

Our base businesses will support the execution of the transition. Therefore, we are conducting a thorough review of all business processes, including base businesses, and implementing fundamental reforms across the entire Group through the utilization of digital technology. We are striving to improve work efficiency and cut costs by restructuring the business process with the establishment of specialized organizations, and aiming to improve efficiency through asset slimming. We are also focusing on business reforms via digital transformation (DX)<sup>3</sup> for both enhancing the competitiveness of our base businesses and developing growth businesses.

In developing the third Medium-Term Management Plan, we will maintain our awareness of the business environment and the role we should play, and establish a plan through which we can achieve a responsible transition.

I ask our shareholders and other stakeholders for your continued support and guidance of the Group of going forward.

<sup>3</sup> For more information on our pursuit of digital transformation, see Pursuing Digital Transformation on page 37.

## Business-Specific Strategies

# Energy Business

Improving the efficiency of base businesses and developing growth businesses

## Business Environment and Basic Policies

### Business Environment

Related SDGs



#### Our Strengths

- Competitive crude oil procurement through production optimization tools
- Nationwide network of over 12,000 service stations
- Japan's largest refinery and plant network
- Global supply network for lubricants
- High-performance materials technology
- Expansion of renewable energy businesses, including solar, wind, and biomass

#### Risks

- Declining domestic demand for petroleum products due to population decline and the growth of eco-friendly cars
- Construction of large, highly cost-competitive refineries overseas
- Rapid advancement of decarbonization worldwide
- Sluggish economic activity due to the invasion of Ukraine and the COVID-19 pandemic

#### Opportunities

- Rising demand for renewable energy, hydrogen, synthetic fuels and other forms of clean energy
- Development and strengthening of businesses that will be the next-generation pillars after petroleum
- Rising demand for petroleum and petrochemical products in emerging countries, mainly in Asia

### Basic Policies of Second Medium-Term Management Plan



1

Generate ongoing cash flow by strengthening the competitiveness of base businesses

2

Pursue selective investment to develop and strengthen growth businesses and optimize the business portfolio

3

Strengthen the business foundation

## Progress of Second Medium-Term Management Plan

### Base Businesses

#### Supply Chain Reforms and Proactive Introduction of Digital Technologies

We have worked to further enhance the competitiveness of our entire supply chain in order to ensure safe operations and a stable supply. Following the termination of the refining and manufacturing functions at the Osaka Refinery in fiscal 2020, we terminated the manufacturing function of the Chita Plant in fiscal 2021. We have also decided to decommission some of the facilities of the Negishi Refinery (October 2022) and terminate the refining, manufacturing and logistics functions of the Wakayama Refinery (around October 2023).

We are now focusing on the introduction of digital technologies, having developed an AI system<sup>1</sup> that automates the operations of oil refineries and petrochemical plants. We were the first in Japan to successfully carry out continuous automated operation of a petrochemical plant using AI. Additionally, we established a joint venture company with Preferred Networks, Inc. and launched Matlantis™, a cloud-based atomistic simulator that significantly accelerates the discovery and development of new materials.

<sup>1</sup> Collaboration with Preferred Networks, Inc.

**Saito Takeshi**  
Representative Director,  
President  
ENEOS Corporation



## Growth Businesses

### Petrochemicals

#### Entry into Chemical Recycling and Derivatives Fields

We decided to launch a plastic-to-oil conversion business with Mitsubishi Chemical Corporation in the Kashima district of Ibaraki Prefecture. We plan to start processing oil from waste plastic in fiscal 2023.

In our derivatives business, we decided to expand the production capacity of polyethylene used for insulation of

ultra-high-voltage and high-voltage power cables at ENEOS NUC Corporation in fiscal 2023. ENEOS NUC possesses advanced technologies that few other companies in the world have. We aim to capture rapidly growing demand, mainly in Asia and Europe, and further strengthen our competitiveness.

### Materials

#### Launch of Elastomers Business

With the objective of acquiring and expanding technology-based businesses, we acquired JSR Corporation's elastomers business, which includes the manufacture and sale of synthetic rubber, and relaunched the business in April 2022 as ENEOS Materials Corporation.

Growth is expected for tire materials, ENEOS Materials' main products, as materials used for fuel-efficient tires. By providing tire materials with industry-leading performance to the mobility industry, we aim to strengthen our earning power.

→ See Focus 3 on page 24 for further details.

### Next-Generation Energy Supply and Community Services

#### Expanding Renewable Energy and Building an International Supply Chain for CO<sub>2</sub>-Free Hydrogen

We focused on building up our total renewable energy power generation capacity in Japan and overseas, with a target of 1 million kW or more by the end of fiscal 2022. To further grow the business, we acquired the shares of Japan Renewable Energy Co., Ltd. (JRE), one of Japan's leading renewable energy suppliers, and made it a subsidiary.

We worked on demonstration projects and the development of proprietary technologies in collaboration with companies and local partners in Japan and overseas with the aim of building an

international supply chain for the low-cost, stable supply of CO<sub>2</sub>-free hydrogen. The four demonstration projects, including one for the large-scale demonstration of an MCH (methylcyclohexane) supply chain, were selected as Green Innovation Fund projects by the New Energy and Industrial Technology Development Organization (NEDO).

→ See Focus 1 on page 23 and Advancing the Hydrogen Business on pages 34–36 for further details.

#### Collaboration with Local Communities and Rolling Out Mobility Services

We concluded a basic agreement with Shizuoka Prefecture and Shizuoka City for the promotion of next-generation energy and community development, primarily in the Sodeshi area of Shimizu, Shizuoka City. Pursuant to the collaboration agreement we concluded with Higashimurayama City, Tokyo, in 2020, we decided to conduct an energy management service demonstration using EVs.

In the mobility services business, we started the nationwide rollout of the ENEOS Car Lease service, a car leasing business that uses our service station network. The business was honored with the 2021 Good Design Award in the mobility category for delivering a service that eases car driver stress related to the car buying and maintenance experience.

## Business Foundation

### Human Resources System Reforms and Active Introduction of Digital Technology

In April 2022, we introduced the ENEOS Job Grade System for managerial staff as part of our human resources system reforms. To ensure that each and every employee can fully utilize their skills, we will continue to develop human resources, improve mechanisms for evaluation and compensation, and pursue workstyle reforms in an effort to foster a vibrant, open corporate culture that inspires creativity and motivates employees to take on challenges.

We have actively introduced digital technologies in all aspects of our business activities and are working to combine them into complex solutions. In this way, we aim to increase the efficiency of our base businesses and create innovative new products and services.

→ See Securing and Developing Human Resources for Transformation and Taking on Challenges on page 38 and Pursuing Digital Transformation on page 37 for further details.

### Focus

# 1

### Contribution to a Decarbonized, Recycling-Oriented Society

## Expanding the Renewable Energy Business

The second Medium-Term Management Plan called for increasing the total renewable energy power generation capacity in Japan and overseas to 1 million kW or more by fiscal 2022. As a result of the following new development and M&A aimed at growth, we were able to achieve this target with a total power generation capacity of about 1.23 million kW, including projects under construction, as of March 2022.

### Solar Power Generation Projects

In Japan, we have constructed mega solar power plants on idle company-owned land around the country and participated in development projects as an equity investor. Overseas, we participated in solar power generation projects in the state of Texas in the United States in April 2021, in Queensland, Australia in June 2021, and in Hau Giang Prov-

ince in Vietnam in December 2021. In addition, in September 2021, we commenced Japan's first verification test for installing transparent solar panels for use as building windows in collaboration with Nippon Sheet Glass Co., Ltd. and U.S.-based Ubiquitous Energy, Inc.

### Wind Power Generation Projects

In June 2021, a consortium we participate in was selected as an offshore wind power generation provider offshore of Goto City in Nagasaki Prefecture, and Goto Floating Wind Farm LLC, established after this selection, was awarded Japan's first public offering plan certification in April 2022.

The project will begin construction in September 2022 and commence commercial operation in January 2024. In addition, in July 2021, we signed an agreement with BW Ideol of France for the joint development of a commercial-scale floating offshore wind farm in Japan.

### Acquisition of Japan Renewable Energy Co., Ltd.

In January 2022, we acquired Japan Renewable Energy Co., Ltd. (JRE), one of Japan's leading renewable energy suppliers. JRE maintains a broad portfolio of renewable energy power plants, and is proactively developing offshore wind power projects, in addition to its existing portfolio of solar power, onshore wind power, and biomass power plants.



JRE Tsuruoka Hachimoriyama Wind Farm

### Start of Collaboration with TotalEnergies

In April 2022, we concluded a joint venture business agreement with TotalEnergies to develop onsite B2B solar distributed generation across Asia. TotalEnergies has an established track record worldwide in the field and is the

largest provider in Asia. ENEOS will harness synergistic effects with its expertise and brand power to further expand the business in Japan and overseas.

## Focus 2

### Contribution to a Decarbonized and Recycling-Oriented Society

#### Initiatives in the Mobility Services Business

We are now exploring services related to electric vehicles (EVs) using our nationwide network of over 12,000 service stations, one of our strengths. This includes a route charging business for recharging outside the home, basic charging services in homes through a tie-up with ENEOS Denki<sup>2</sup> power supply, and the consideration and implementation of other services such as EV leasing, sharing and maintenance.

As for route charging, we took over the EV charging service business of NEC Corporation in June 2022, giving us approximately 4,600 chargers (conventional chargers). We plan to have at least 1,000 rapid chargers by fiscal 2025 and up to 10,000 by fiscal 2030. In this manner, we will continue to expand our EV charging network with an eye on the future spread of EVs.

<sup>2</sup> "Denki" means "electricity" in Japanese.



Conceptual image of route charging business

## Focus 3

### Initiatives to Strengthen and Grow the Materials Business

#### Launch of Elastomers Business

In April 2022, ENEOS Materials Corporation, which succeeded the elastomers business of JSR Corporation, commenced business operations.

The company's elastomers business supplies materials that are essential to the mobility industry and contribute to reduced environmental impacts. Solution polymerization styrene-butadiene rubber (SSBR), the company's main elastomers product, is used as a raw material for treads on fuel-efficient, high-performance tires. We will combine the company's technical prowess in polymers and its global production bases and sales system with the ENEOS Group's R&D technologies in elastomers and stable supply capability for basic chemical feedstocks to create synergistic effects.

In the functional materials business, we will concentrate resources on the development and commercialization of high-performance materials, using this elastomers business as a focal point, as we seek to quickly establish a worldwide business and presence as a manufacturer of high-performance materials.

#### ○ Main Products of ENEOS Materials Corporation

ENEOS Materials Corporation maintains a broad lineup of products, including its main product, synthetic rubber for tires used in the mobility industry (SSBR, etc.).

#### Examples of Products Made with Elastomers



## Business-Specific Strategies

# Oil and Natural Gas E&P Business

Working to strengthen base businesses and develop growth businesses aimed at achieving a decarbonized society

## Business Environment and Basic Policies

### Business Environment

Related SDGs



#### Our Strengths

- Safe and stable operations with emphasis on maintaining long-term relationships with governments of oil-producing countries and other stakeholders in our business regions
- Knowledge accumulated through our existing businesses in the United States and joint research in Southeast Asia concerning CCS/CCUS technologies, as well as participation in an offshore CCS project in Australia

#### Risks

- Unstable and uncertain energy demand and market conditions due to increasing geopolitical risks
- Further acceleration of decarbonization and increasing uncertainty about fossil fuel demand due to growing environmental awareness

#### Opportunities

- Strong demand for natural gas driven by the worldwide coal-to-gas shift and economic growth of Asian emerging countries
- Growing demand for CCS/CCUS technologies as decarbonization technologies

### Basic Policies of Second Medium-Term Management Plan<sup>1</sup>

<sup>1</sup> Reviewed initial basic policies in order to strengthen environmentally conscious businesses

1

Base businesses (oil and natural gas E&P business)  
Ensure stable supply of energy and serve as source of capital, human and technological resources for growth businesses

2

Growth businesses  
(environmentally conscious businesses)  
Creation of environmental value through Net Zero initiatives

## Progress of Second Medium-Term Management Plan

### Base Businesses

#### Achieving Safe and Stable Operations and Improved Earnings

In fiscal 2021, production volume was almost the same as the previous fiscal year at 121 thousand barrels per day as we have maintained safe and stable operations even during the COVID-19 pandemic.

In Vietnam, JX Nippon Oil & Gas Exploration signed a memorandum of understanding with its partners in Block 15-2 offshore Vietnam for the purpose of mutual cooperation toward the contin-

uation of joint operations after the expiration of the license. In Papua New Guinea, we entered into a gas agreement with the Papua New Guinea government as an agreement stipulating the framework for future development of the P'nyang Gas Field, expected to become a future source of natural gas supply.

Additionally, we sold our UK business as part of our business portfolio optimization and concentration of resources.

## Nakahara Toshiya

Chief Executive  
Officer, President  
JX Nippon Oil & Gas  
Exploration  
Corporation



## Growth Businesses

## Pursuing Environmentally Conscious Businesses

In fiscal 2021, we participated in CStore1, an offshore CO<sub>2</sub> capture and storage hub project offshore Australia, in order to acquire and further increase our knowledge of CCS<sup>2</sup>/CCUS<sup>3</sup> technologies.

In the Tangguh LNG project in Indonesia, we obtained approval from the Indonesian authorities for a development plan to lower CO<sub>2</sub> emissions and raise the productivity of natural gas using CCUS technology.

We established the Sustainable Business Unit as an organization for the rapid and intensive advancement of environmentally conscious businesses. We also opened the Nakajo Open-innovation Lab (NOiL) in the Nakajo Field Office in order to quickly acquire innovative technologies and business expertise, establish a foundation for sustainable businesses, and contribute to carbon neutrality efforts by local communities.

<sup>2</sup> Carbon dioxide capture and storage

<sup>3</sup> Carbon dioxide capture, utilization and storage

## Focus

## 1

## Contributing to Carbon Neutrality

## Utilizing CCS/CCUS Technologies

## Research and Surveys

JX Nippon Oil & Gas Exploration is conducting research and surveys for the further commercialization of CCS/CCUS technologies accumulated through our large-scale commercial projects in the United States.

In Malaysia, we have been working with the state-owned oil company since 2020 on basic studies and surveys regarding E&P business models with low environmental impacts in gas fields with high-concentration CO<sub>2</sub>.

The CStore1 project in Australia, which we have participated in since fiscal 2021, is a large-scale project for capturing and liquefying CO<sub>2</sub> from industrial facilities in Australia and

the Asia Pacific region and then transporting the liquified CO<sub>2</sub> by ship to inject and store it offshore of Australia.

In addition, JX Nippon Oil & Gas Exploration, along with Electric Power Development Co., Ltd. (J-POWER), was contracted by Japan Oil, Gas and Metals National Corporation (JOGMEC) to survey CO<sub>2</sub> emission sources in Japan and CO<sub>2</sub> capture and transport for future commercialization in Japan. We have established in-house systems for conducting these surveys as well as carrying out independent projects for storing CO<sub>2</sub> separated and captured from emissions sources in Japan at suitable locations in the country.

→ See Pursuing CCS on page 33 for further details.

## Developing New Businesses Using CCS/CCUS Technologies

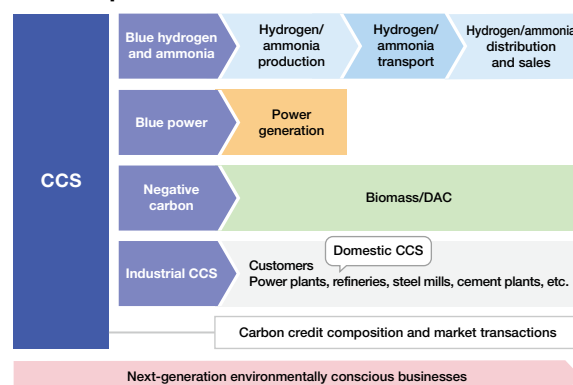
Using our CCS/CCUS technologies, JX Nippon Oil & Gas Exploration aims to create new environmentally conscious businesses and develop them as growth businesses.

We will move forward on the establishment of a power generation business that utilizes carbon-free gas produced from the natural gas projects where our CCS/CCUS technologies have been introduced, and a business to manufacture blue hydrogen and ammonia<sup>4</sup> from residual gas after CO<sub>2</sub> separation.

To gain and improve knowledge and technologies that will contribute to environmentally conscious businesses, in fiscal 2021, we entered into a comprehensive collaboration agreement with 8 Rivers Capital, LLC, a forward-thinking US company striving for the realization of a sustainable, decarbonized society.

<sup>4</sup> Hydrogen, ammonia, and other forms of energy produced without releasing CO<sub>2</sub> into the atmosphere by utilizing CCS/CCUS technologies

## Examples of New Business Models



## Business-Specific Strategies

# Metals Business

Creating new value for copper and rare metals to contribute to the development and innovation of the data society

## Business Environment and Basic Policies

### Business Environment

Related SDGs



#### Our Strengths

- Product lineup focused on copper and rare metals, core materials used in electronics applications
- Elemental technologies in high purification, recycling, and other areas cultivated in our mineral resources and smelting and refining businesses
- Product lineup of functional and thin-film materials with top shares in global niche markets, created through combined application of our elemental technologies
- Integrated supply chain, from mineral resources, smelting and refining, and recycling to advanced materials

#### Risks

- Mineral resources: Fluctuations in metal prices that affect profitability, reduction of high-quality ore, tighter environmental regulations, and emergence of resource nationalism
- Smelting and refining, recycling and environmental services: Intensifying competition with Asian companies, shrinking Japanese market
- Advanced materials: Risk of market loss due to shortened product life cycles, emergence of alternative materials, and economic downturns

#### Opportunities

- Rising number of electronic devices from advancements in IoT and AI along with increasing demand for advanced materials with higher performance and multifunctionality
- Growing need for recycling from increasing demand to transition to a recycling-oriented society
- Increasing demand for copper and rare metals driven by growing middle classes and expanded applications accompanying economic growth in emerging countries

### Basic Policies of Second Medium-Term Management Plan



1

Expand strategic investments, pursue technology development

2

Review business portfolios

3

Develop human resources who can create new value

4

Contribute to the SDGs

## Progress of Second Medium-Term Management Plan

Strategic Investments and Technology Development

Human Resource Development

### Increasing Production Capacity for Advanced Materials in Response to Rising Demand

Demand for leading-edge materials for smart devices, telecommunications infrastructure and power devices is growing substantially due to the growth of remote work and rapid advancements in the data society driven by the protraction of the COVID-19 pandemic. We are already moving ahead with planned increases in production capacity for sputtering targets for semiconductors, treated rolled copper foil, and high-functionality cop-

per alloy strips from the previous Medium-Term Management Plan period, but we have found the need to complete capacity expansion projects ahead of schedule or above and beyond initial plans in order to respond to robust demand.

In December 2021, JX Nippon Mining & Metals decided to establish two plants for producing treated rolled copper foil and sputtering targets for semiconductors in Hitachi City, Ibaraki

**Murayama Seiichi**  
President &  
Representative Director  
JX Nippon Mining &  
Metals Corporation



Prefecture. In March 2022, we acquired a large site in Hitachinaka City, Ibaraki Prefecture for construction of a new factory for advanced materials related businesses, and we acquired an extensive building site in the state of Arizona in the United States

### Identifying and Developing New Business Opportunities

JX Nippon Mining & Metals seeks to create new businesses, recognizing such social trends as the development of a digital society and decarbonization as business opportunities. To this end, in fiscal 2021, we took a capital stake in Addionics Limited, an Israeli start-up that develops next-generation electrodes used in lithium-ion batteries. We also initiated an investment in the “MIRAI SOZO 2 Limited Partnership” venture capital fund in

in order to reinforce our business producing sputtering materials for semiconductors and develop new businesses.

→ See Focus 1 on page 29 for further details.

collaboration with Tokyo Institute of Technology, and we are now pursuing co-creative development.

In addition to these activities, we are using cross-functional interaction and support for idea actualization to develop human resources who can independently take on the challenges of innovation to create new value.

### Increasing Collection and Processing of Raw Materials for Recycling for Hybrid Smelting

Amid growing interest in securing resources such as copper and rare metals, which are essential for a decarbonized society, and metal recycling, we are pursuing “hybrid smelting,” in which we will further increase the input ratio of raw materials for recycling in order to reduce energy consumption and secure a stable supply of resources. We are now working to establish technologies and a system for increasing the collection and processing of raw materials for recycling in order to increase the input ratio of raw materials

for recycling in copper smelting to 50% by 2040. During the period of the second Medium-Term Management Plan, we have acquired the shares of eCycle Solutions Inc., increased the collection and processing capacity of the recycling center in Taiwan, established a logistics base in Oita Prefecture, and increased the pre-processing capacity for raw materials at the nearby Sagano-seki Smelter & Refinery.

### Integrated Advancement of Lithium-Ion Battery Recycling and Materials Development

We are working on technological and system development for closed-loop recycling, in which cobalt, nickel, lithium, and other rare metals contained in used lithium-ion batteries can be reused as raw materials for automotive batteries.

We are also working on the development of technologies for all-solid-state batteries, which are expected to be the batteries of the next generation. We will accelerate commercialization in terms of both recycling and materials development.

→ See Focus 2 on page 30 for further details.

#### Review Business Portfolios

### Sale of Smelting Business in South Korea

After reviewing its business portfolio, JX Nippon Mining & Metals Corporation divested its entire 49.9% stake that its Group company, Japan Korea Joint Smelting Co., Ltd., holds in LS-Nikko

Copper Inc., in order to focus its management resources on areas deemed more important.

#### SDGs

### Activities for Net-Zero CO<sub>2</sub> Emissions and Ensuring Business Transparency through Participation in Initiatives

JX Nippon Mining & Metals has established an interim target of reducing our own CO<sub>2</sub> emissions by 50% by fiscal 2030 compared to fiscal 2018, eyeing the longer-term target of net-zero CO<sub>2</sub> emissions. To achieve this target, we are working on initiatives such as switching to CO<sub>2</sub>-free electricity in all business areas, creating energy through the introduction of solar power and other sources, increasing recycling, and pursuing fuel conversion and fundamental process development.

Additionally, we are pursuing initiatives to address ESG issues companywide. Through our participation in initiatives in all business domains, such as the International Council on Mining & Metals (ICMM) for resource development and the Responsible Business Alliance (RBA)\* for advanced materials, we are working to ensure a stable supply of advanced materials underpinned by transparency in the supply chain, starting from raw materials.

\* Formerly the Electronic Industry Citizenship Coalition (EICC)

### Focus 1

#### Increasing Production Capacity

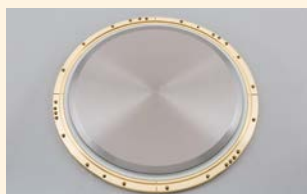
### Expanding the Production System for Advanced Materials Including Treated Rolled Copper Foil, High-Functionality Copper Alloy Strips and Sputtering Targets for Semiconductors

#### Decision to Construct Two New Plants in Hitachi City

JX Nippon Mining & Metals will establish two plants in Hitachi City, Ibaraki Prefecture to increase production capacity for treated rolled copper foil and sputtering targets for semiconductors, demand for which is growing worldwide as

advanced materials for electronics. These new facilities are expected to increase our production capacity of sputtering targets for semiconductors by around 80% and treated rolled copper foil by around 25% compared to fiscal 2020.

#### Sputtering Targets for Semiconductors



#### Treated Rolled Copper Foil for FPCs



#### Acquisition of Large Sites for Building New Plants in Hitachinaka City, Ibaraki Prefecture and Arizona, USA

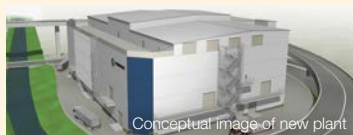
JX Nippon Mining & Metals acquired a site with an area of around 240,000 m<sup>2</sup> in Hitachinaka City, Ibaraki Prefecture, for the purpose of constructing a new plant. Plans call for the facility to begin operation in early fiscal 2025 as an important hub for new businesses related to advanced materials, as well as the production of sputtering targets for semiconductors, treated rolled copper foil and high-functionality copper alloy strips. We anticipate the total investment in the project will be around 200.0 billion yen.

We also decided to acquire a building site with an area of around 260,000 m<sup>2</sup> in the state of Arizona in the United States. By acquiring this extensive site in the U.S., where there are plans among major semiconductor manufacturers to construct large new factories, we will flexibly further expand production capacity for sputtering targets for semiconductors. Furthermore, we intend to make this site the focal point of our business in the advanced materials field in North America by also utilizing it as a site for new business development.

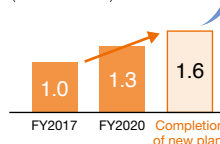
#### Construction of Two New Plants in Hitachi City, Ibaraki Prefecture in Response to Rising Demand

##### New Hitachi Plant (tentative name) (completion scheduled for 2024)

Product | Treated rolled copper foil



Treated rolled copper foil  
Capacity Increases  
(FY2017 = 1.0)

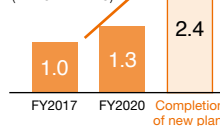


##### New Hitachikita Plant (completion scheduled for 2025)

Products | Sputtering targets for semiconductors



Sputtering targets for semiconductors  
Capacity Increases  
(FY2017 = 1.0)

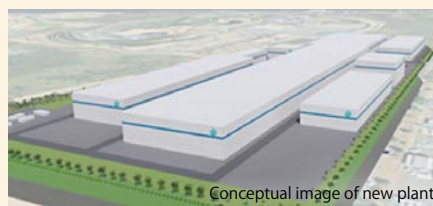


#### Acquisition of Building Sites to Further Increase Production

##### Hitachinaka City, Ibaraki Prefecture (to begin operations sequentially in fiscal 2025)

Products |

- Sputtering targets for semiconductors
- Treated rolled copper foil and high-functionality copper alloy strips
- New businesses related to advanced materials



##### Mesa, Arizona (to begin operations in fiscal 2024 or later)

Products |

- Sputtering targets for semiconductors
- New businesses related to advanced materials

## Focus 2

### Pursuing Technical Development for the Shift to EVs

## Developing Technologies for Closed-Loop Recycling and Next-Generation Battery Materials

### Integrated Advancement of Lithium-Ion Battery Recycling and Materials Development

We are working on technological and system development for closed-loop recycling, in which cobalt, nickel, lithium, and other rare metals contained in used lithium-ion batteries can be reused as raw materials for automotive batteries.

We have already established technology for extracting high quality, reusable raw materials using bench-scale equipment at the Technology Development Center in Hitachi City, Ibaraki Prefecture. Since fiscal 2021, JX Metals Circular Solutions in Tsuruga City, Fukui Prefecture has been conducting verification tests to scale up this technology. This project was adopted by the New Energy and Industrial Technology Development Organization (NEDO) under its Green Innovation Fund, and in fiscal 2022, we will move ahead with research and development, verification and social implementation with the support of NEDO.

We are also working on the development of technologies for all-solid-state batteries, which are expected to be the batteries of the next generation. We will accelerate commercialization in terms of both recycling and materials development.



Bench-scale equipment at Hitachi Works

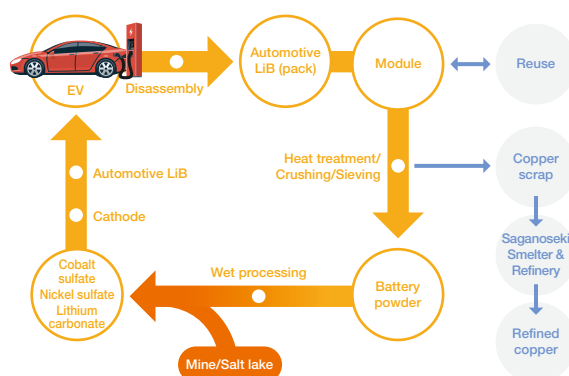


JX Metals Circular Solutions Co., Ltd. (Tsuruga City, Fukui Prefecture)

### Participation in Consortium in Germany for the Realization of Closed-Loop Recycling

JX Nippon Mining & Metals has been participating in a German research consortium called HVBatCycle since fiscal 2022 through our group company, TANI OBIS GmbH. The objective of the consortium, which comprises German companies, research institutions, and academic institutions, including the Volkswagen Group, with the support of the Federal Ministry for Economic Affairs and Climate Action (BMWK), is to research and develop methods for closed-loop recycling. In Europe, where industry-government-academia initiatives to promote the growth of EVs are actively underway, this consortium will take the next step in the social implementation of automotive lithium-ion battery recycling.

### ○ JX Nippon Mining & Metals Group's Vision for Closed-Loop Recycling



# ENEOS

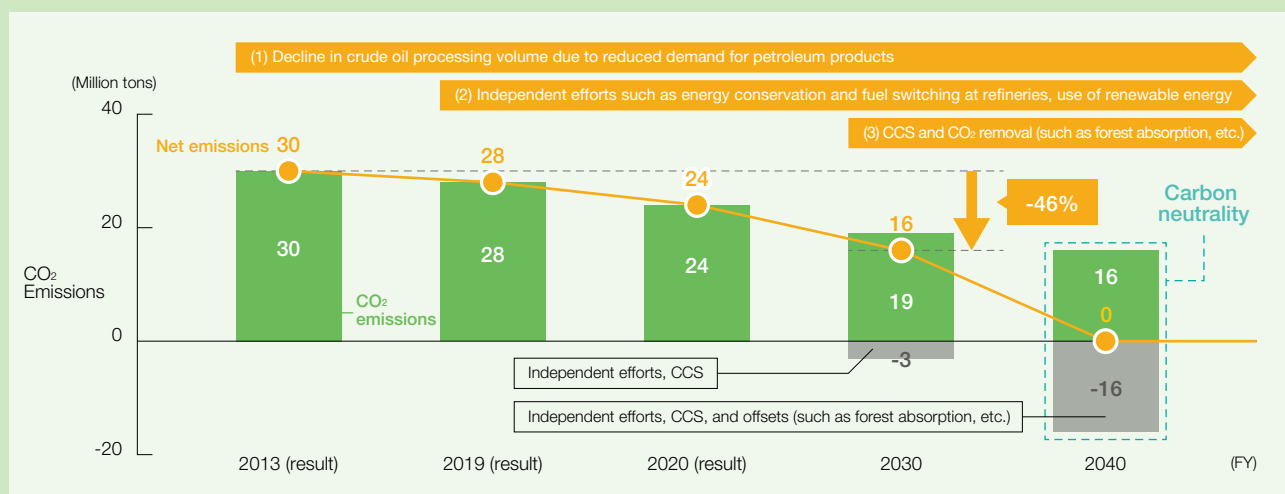
## Carbon Neutrality Plan

### —Aligning with Global Standards—

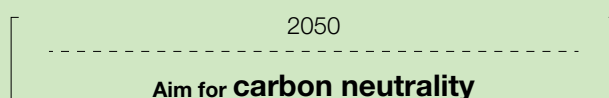
As an energy company group, the ENEOS Group recognizes that climate change involves material management risks as well as tremendous opportunities.

To clarify this stance, the Group established “contribute to the development of a low-carbon, recycling-oriented society” as one of the envisioned goals in its Long-Term Vision to 2040, and we have stated our commitment to work toward carbon neutrality, in terms of not only Scope 1 and 2 emissions, but Scope 3 emissions as well.

#### Scope 1 and Scope 2 (CO<sub>2</sub> emissions from our own production activities) Reduction Target



#### Scope 3 (indirect CO<sub>2</sub> emissions from customers and other sources) Reduction Target



We will work on various initiatives together with the government and other companies to promote the energy transition for all social infrastructure.

- Expansion of renewable energy
- Growth and expansion of hydrogen
- Early commercialization of carbon neutral fuels (SAF, synthetic fuels, etc.)

## Toward a Decarbonized Society

### Contributing to the Energy Transition

In order to ensure the sustainability of providing a stable supply of the energy that underpins the social infrastructure and people's lives, we must transition to clean, CO<sub>2</sub>-free energy that does not emit greenhouse gases.

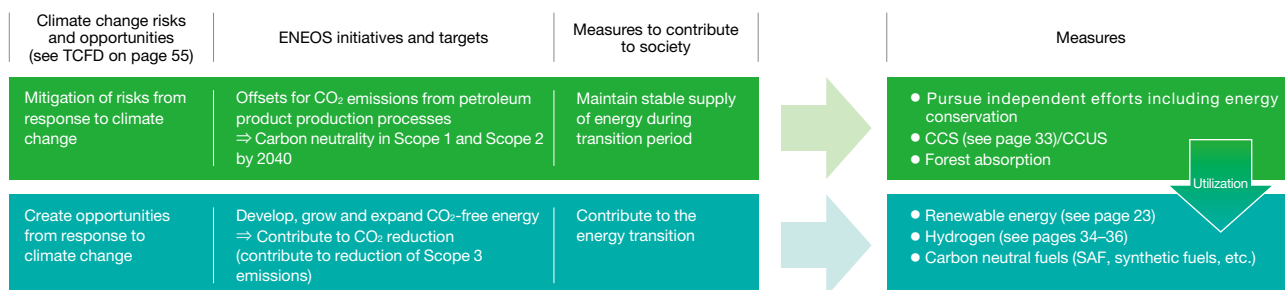
The Group is exploring and implementing a host of measures that fully utilize its assets, including technologies it has accumulated in oil refining and marketing, as well as its refineries, logistics and service station network, in order to promote the rapid growth of economically feasible CO<sub>2</sub>-free energy. We will contribute to the energy transition by expanding renewable energy, quickly building a supply chain for CO<sub>2</sub>-free hydrogen, and pursuing the growth and expansion of carbon neutral fuels such as sustainable aviation fuel (SAF) and synthetic fuels.

### Maintaining a Stable Supply of Energy during the Transition Period

In addition, it will take time to develop the social infrastructure on both the supply and demand sides for the energy transition. In order to continue providing a stable supply of energy without interruption during this transition period, we will need to continue supplying the necessary petroleum products while also making preparations for the supply of CO<sub>2</sub>-free energy.

In order to control CO<sub>2</sub> emissions during the transition period, the Group will use methods such as carbon capture and storage (CCS) and forest absorption to physically reduce and offset Scope 1 and Scope 2 emissions from production processes for petroleum products, thereby contributing to the stable supply of clean energy now and in the future.

### Initiatives and Measures for Climate Change Risks and Opportunities



### The ENEOS Group's External Engagement Activities for a Decarbonized Society

The entire world must work together to achieve the Paris Agreement and the 1.5°C target, and government and policy will play an extremely large role in this. As such, the Group is involved with and contributes to the formulation of policy recommendations by actively participating in government initiatives, as well as economic organizations and trade associations and their activities. Organizations with a particularly strong relation to and influence over climate change policy are government bodies the

Ministry of Economy, Trade and Industry (METI) and Ministry of the Environment (MOE), and trade associations the Japan Business Federation (Keidanren) and the Petroleum Association of Japan (PAJ). Through collaboration and advocacy with these government bodies and trade associations, we are working to ensure that policy, technological innovation, the orientation of society and customer needs are aligned toward the achievement of carbon neutrality by 2050.

### External Engagement Initiatives, Activities and Results

|            |                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Government | Stance                     | Achieve a decarbonized society and net-zero greenhouse gas emissions by 2050                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|            | Our initiatives            | <ul style="list-style-type: none"> <li>Involvement in and contribution to policy recommendations for the oil refining and marketing business, the electricity and gas businesses, and the hydrogen business in alignment with the government target of carbon neutrality by 2050</li> <li>As Keidanren Vice Chair<sup>2</sup> and PAJ President<sup>3</sup>, participate in deliberations of various councils, including those where energy and climate change issues are discussed, and proactively make policy recommendations</li> </ul>                                                                                                                                                                                                                                              |
|            | Our activities and results | <p>METI</p> <ul style="list-style-type: none"> <li>Based on the government's long-term CCS roadmap, pursued public-private initiatives for starting CCS businesses by 2030 (see page 33)</li> <li>Our projects (hydrogen business, etc.) selected for the Green Innovation Fund administered by the New Energy and Industrial Technology Development Organization (NEDO)</li> <li>Actively provided recommendations on system design in the Green Transformation (GX) League</li> </ul> <p>MOE</p> <ul style="list-style-type: none"> <li>Commercialization of oil production from waste plastics with the support of the program on the promotion of advanced resource recycling equipment installation for building of a decarbonized society (operations to begin in 2023)</li> </ul> |
| Keidanren  | Stance                     | Unwavering commitment to work with the government toward carbon neutrality by 2050                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|            | Our initiatives            | <ul style="list-style-type: none"> <li>Take the lead in the implementation of policies related to energy and the environment and get involved in and contribute to the formulation of policy recommendations</li> <li>As Vice Chair, participate in monthly Chair and Vice Chair meetings, and as Chair<sup>4</sup> of the Committee on Environment and Safety, participate in deliberations of various councils and COP to make policy recommendations</li> </ul>                                                                                                                                                                                                                                                                                                                       |
|            | Our activities and results | <ul style="list-style-type: none"> <li>Participation in Challenge Zero, an initiative of Keidanren and the Japanese government to promote innovation for the achievement of a decarbonized society</li> <li>Stated support for voluntary emissions trading</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| PAJ        | Stance                     | Aim to achieve carbon neutrality in CO <sub>2</sub> emissions associated with business activities by 2050 and contribute to the realization of carbon neutrality in society as a whole                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|            | Our initiatives            | <ul style="list-style-type: none"> <li>As the largest company in the petroleum industry in Japan, take the lead in the implementation of policies related to the petroleum and energy industries as a whole, and get involved in and contribute to the formulation of policy recommendations</li> <li>As President, lead petroleum industry discussions on climate change and disseminate information externally through monthly board meetings and press conferences</li> </ul>                                                                                                                                                                                                                                                                                                         |
|            | Our activities and results | <ul style="list-style-type: none"> <li>Considering support for voluntary emissions trading</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

<sup>2</sup> Position as of fiscal 2021; served as Vice Chair of the Board of Councillors until August 2022. <sup>3</sup> Position as of August 2022; serving as Vice-President since September 2022.

<sup>4</sup> Held position until August 2022.

## Pursuing CCS

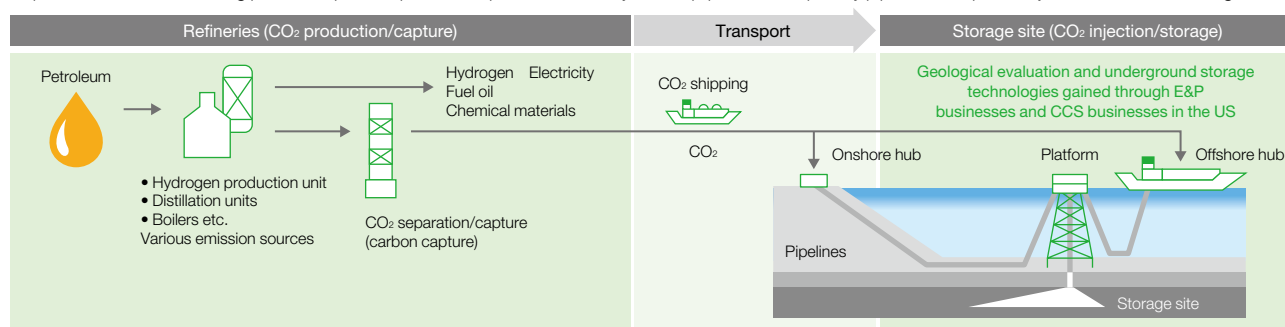
As a major emitter of CO<sub>2</sub>, we are taking the lead in CCS initiatives to contribute to the stable supply of energy and the realization of carbon neutrality.

The Group is preparing to launch Japan's first large-scale CCS business in fiscal 2030 in cooperation with the government, which aims to achieve carbon neutrality by 2050, and various businesses that are actively working to achieve that goal. In the Group's oil and natural gas E&P business, we commercialized a CCS/CCUS business in 2016 in Texas, USA, in which CO<sub>2</sub> captured from exhaust gas at a thermal power plant is injected

underground. Therefore, we already have the necessary technology and knowledge for geological evaluation and CO<sub>2</sub> injection. We will fully utilize this expertise in our domestic CCS initiatives with Electric Power Development Co., Ltd. (J-POWER) (announced in May 2022), and combining this with J-POWER's technologies, we will scale up operations and minimize costs for full-scale implementation of CCS.

### CCS Business Workflow (CO<sub>2</sub> Capture and Storage from Refineries)

Capture of CO<sub>2</sub> emitted during petroleum product production processes directly from equipment, transport by pipeline or ship, and injection at selected storage site



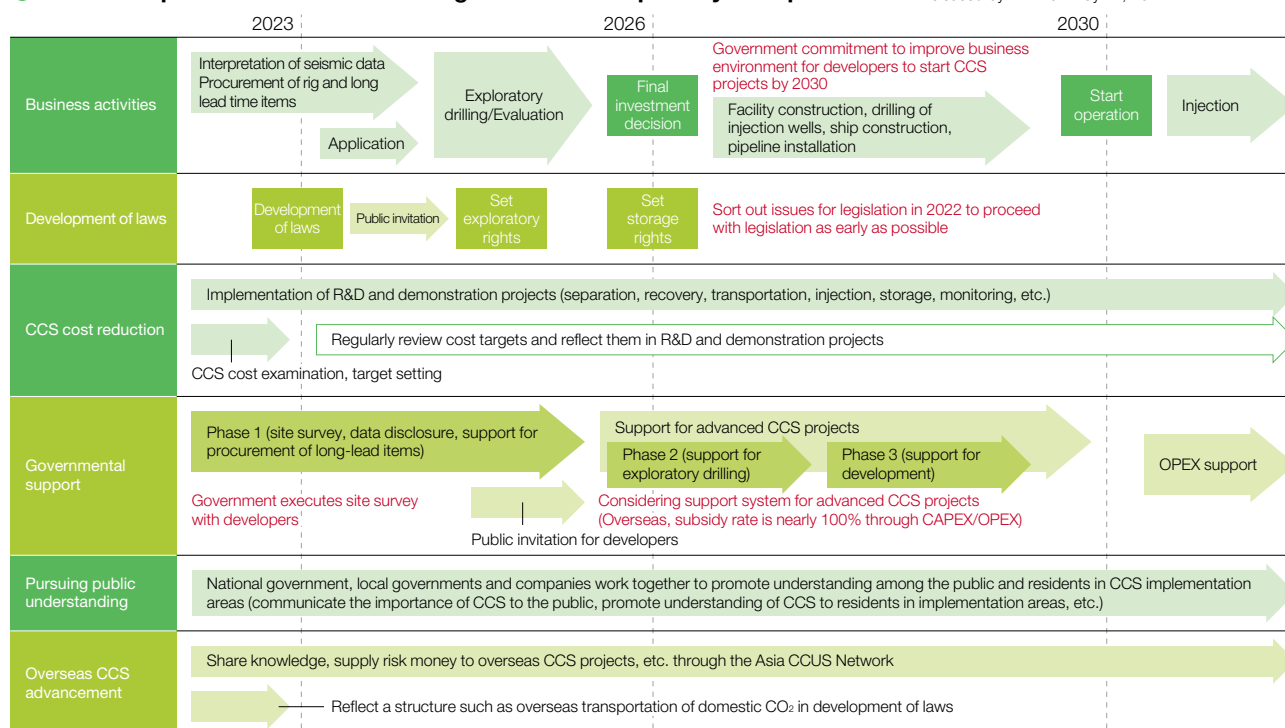
### Collaboration with the Government of Japan

The Ministry of Economy, Trade and Industry has established the CCS Long-Term Roadmap Study Group for the achievement of carbon neutrality by 2050. The study group released its interim report in May 2022. In this report, the government states its com-

mitment to developing a business environment for the start of CCS businesses by 2030 and is considering legislation, ways to promote public understanding, and financial support. The Group will pursue its CCS business in accordance with this framework.

### Interim Report of the METI CCS Long-Term Roadmap Study Group

Note: Developed by ENEOS Holdings based on documents released by METI on May 11, 2022



## Advancing the Hydrogen Business

With an eye on the future mass consumption of hydrogen, we are working to establish a CO<sub>2</sub>-free hydrogen supply chain to contribute to carbon neutrality.

Hydrogen energy does not emit CO<sub>2</sub> during use, and it can be widely used not only in power generation, but also as a heat source in plants or as a reducing agent for the manufacture of iron. Therefore, the widespread adoption of hydrogen is an important key to achieving carbon neutrality by 2050.

In its Long-Term Vision, the Group is focusing on the creation of new businesses using hydrogen from various aspects, including the establishment of a CO<sub>2</sub>-free hydrogen supply chain as part of the next-generation energy supply business, nationwide development of an energy supply system focused on local production for local consumption, and expansion of the hydrogen and synthetic fuel supply business for the transportation sector, to achieve sustainable growth while contributing to a carbon-neutral society.

We will effectively utilize our refineries to quickly establish new hydrogen supply infrastructure. Our refineries have the potential to serve as important hubs for the stable supply of hydrogen due to the fact that they already have expertise in safely handling large amounts of hydrogen, can utilize existing infrastructure, such as ports, piers and tanks, and are ideally located close to a number of industrial business sites expected

### Shiota Tomoo

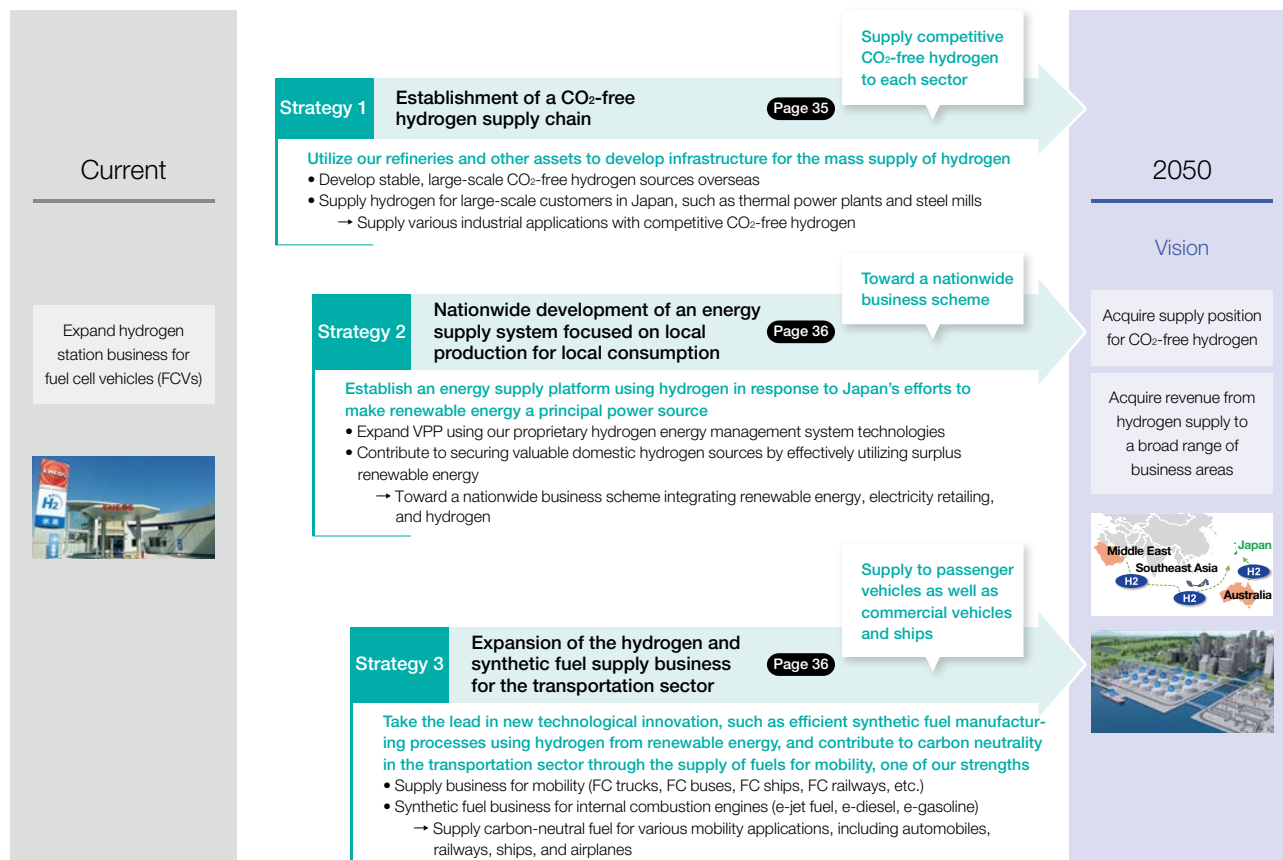
Executive Officer  
General Manager of  
Hydrogen Business  
Promotion Dept.  
ENEOS Corporation



to require large amounts of hydrogen, such as power plants and steel mills.

Last year, we started a demonstration project for a large-scale overseas hydrogen supply chain, which was adopted for funding by the Japanese government's Green Innovation Fund. We aim to quickly commercialize technologies through such initiatives so that we can play a major role in the social implementation of hydrogen.

## Hydrogen Business Strategy and 2050 Vision



**Strategy 1**

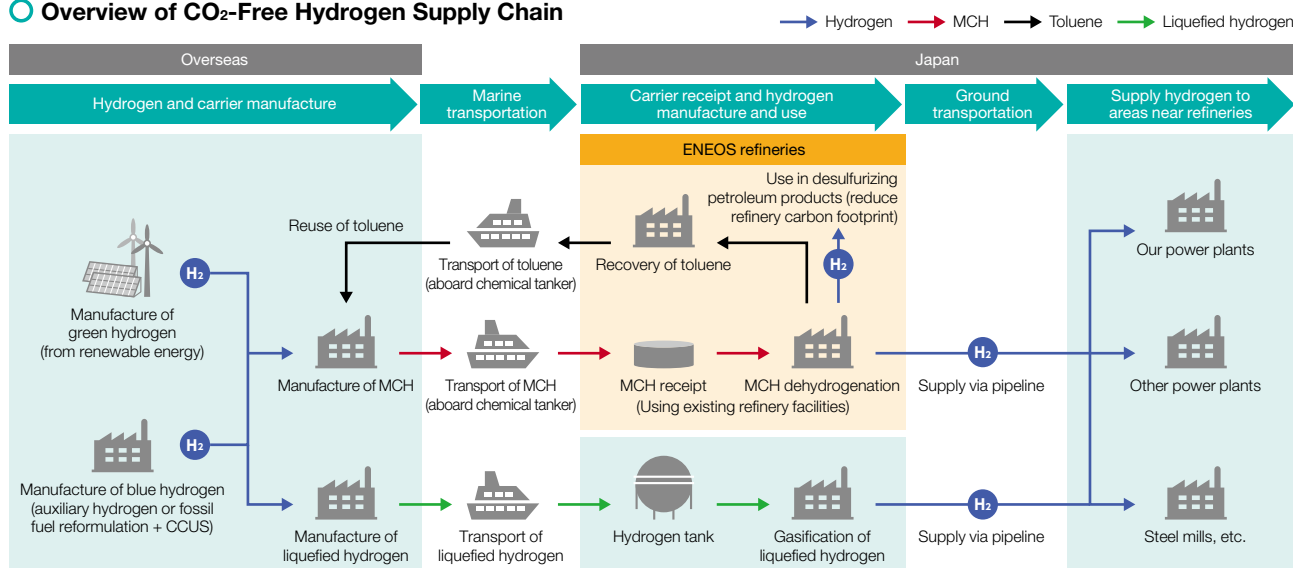
**Establishment of a CO<sub>2</sub>-Free Hydrogen Supply Chain**

The Group is implementing collaborative projects with local governments as well as leading companies in Japan and overseas for the establishment of a supply chain for transporting and supplying Japan with CO<sub>2</sub>-free hydrogen manufactured overseas, where there are ample renewable energy and other resources. Hydrogen carriers, which transport hydrogen in liquid form, include methylcyclohexane (MCH)<sup>5</sup> and liquefied hydrogen. MCH can utilize existing oil infrastructure such as storage tanks

and transport vessels, making it a transport method that can leverage ENEOS' strengths. Using refineries as hubs for receiving mass quantities of CO<sub>2</sub>-free hydrogen, we are pushing forward with the development of systems to supply hydrogen to various industries located near our refineries.

<sup>5</sup> Methylcyclohexane (MCH): A type of organic hydride produced through a reaction between toluene and hydrogen that has similar properties to gasoline in that it can be stored in liquid form at ambient temperature and pressure.

**Overview of CO<sub>2</sub>-Free Hydrogen Supply Chain**



**Procuring CO<sub>2</sub>-Free Hydrogen from Overseas**

CO<sub>2</sub>-free hydrogen can be broadly classified into two types: green hydrogen, which is produced using renewable energy such as solar and wind power, and blue hydrogen, which has fossil fuels as a base and uses CCS to capture and store CO<sub>2</sub> emitted in the manufacturing process.

In order to guarantee the economic feasibility and safety indispensable for energy, the Group is collaborating with leading companies in Australia and state-owned companies in the Middle East and Southeast Asia to study the development of CO<sub>2</sub>-free hydrogen.

→ See ENEOS Initiatives in Japan and Overseas in our ESG Data Book for further details.

**ESG Data Book—Prevention of Global Warming**  
<https://www.hd.eneos.co.jp/english/esgdb/environment/warming.html>

**Relationship between Refineries and Nearby Thermal Power Plants/Steel Mills, etc.**

ENEOS refineries are located close to gas-fired thermal power plants, steel mills and chemical plants, giving them the potential to become important hubs for the stable supply of CO<sub>2</sub>-free hydrogen.



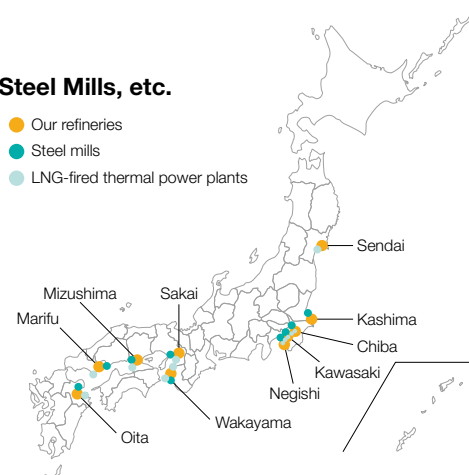
Kawasaki Refinery



Mizushima Refinery

**Utilization of Refineries as Domestic Hubs for Receiving Hydrogen**

Hubs for receiving hydrogen from overseas should have assets such as ports, piers and tanks, as well as easy access to large-scale industrial consumers. In addition to meeting these requirements, our refineries already handle mass quantities of hydrogen for removing sulfur from petroleum products and they have the infrastructure in place for this purpose. As domestic demand for petroleum products is expected to decline over the medium to long term, we will maintain and develop our refineries as new supply hubs for CO<sub>2</sub>-free hydrogen while also making use of idle facilities and land.



## Strategy 2

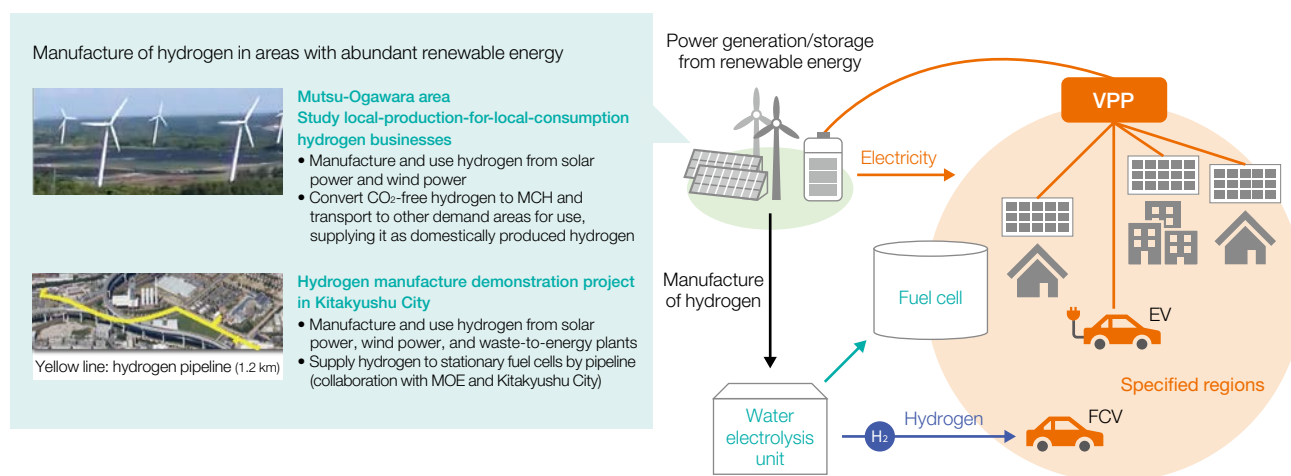
## Nationwide Development of an Energy Supply System Focused on Local Production for Local Consumption

Since the output of solar and wind power plants varies depending on the weather and time of day, supply-demand adjustment of the power system will be an issue in the shift to renewable energy as a main power source. Power to Gas (P2G), in which surplus electricity from renewable energy is converted into hydrogen by water electrolysis units and utilized, is garnering attention as one possible solution.

In regions of Japan such as Tohoku and Kyushu, where renewable energy resources are abundant, the Group is working with local governments and local companies to explore the introduction of a locally produced and locally consumed energy supply system that efficiently produces CO<sub>2</sub>-free hydrogen by combining virtual power plant (VPP) technology and water electrolysis units.

### Locally Produced and Locally Consumed CO<sub>2</sub>-free Hydrogen Business in Japan (Conceptual Image)

We aim to build a proprietary hydrogen energy management system (EMS) that combines hydrogen production with VPP technology that integrates and optimizes distributed power sources such as regional renewable energy and solar power.



## Strategy 3

## Expansion of the Hydrogen and Synthetic Fuel Supply Business for the Transportation Sector

The Group launched a hydrogen station business for FCVs in 2014 and currently operates 47 stations, or about 30% of the total number in Japan. In the future, FCVs are expected to become widespread, mainly in commercial vehicles such as buses and trucks that can take advantage of the short filling time and long driving range. In response, we will develop large-scale hydrogen stations, install water electrolysis units at these stations, and pursue initiatives to manufacture and sell CO<sub>2</sub>-free hydrogen produced from electricity derived from renewable energy.

In addition, synthetic fuels produced through the synthesis of CO<sub>2</sub>-free hydrogen derived from renewable energy and CO<sub>2</sub> are one type of carbon-neutral fuel that can be used without modification in existing engines and fuel supply infrastructure. These fuels are also expected to be used in areas not suitable for electrification or hydrogen utilization.

The Group is also working on the development of highly efficient manufacturing processes and high-performance catalysts with the aim of spreading and expanding the use of synthetic fuels.

### Hydrogen Station Business Strategy

| Basic strategy                                                            | Specific measures                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Tap into new demand for large commercial vehicles (FC trucks and buses) | <ul style="list-style-type: none"> <li>• Enhance existing hydrogen stations</li> <li>• Build new large-scale hydrogen stations (Utilize ENEOS's service station network)</li> </ul>                                                                                                                               |
| 2 Reduce construction and operating costs of hydrogen stations            | <ul style="list-style-type: none"> <li>• Advocate for further reforms of regulations</li> <li>• Build more compact hydrogen stations by packaging main equipment (adapt to service station premises)</li> <li>• Pursue transition to self-service stations and reduce inspection and maintenance costs</li> </ul> |
| 3 Response to carbon neutrality                                           | <ul style="list-style-type: none"> <li>• Expand hydrogen stations with water electrolysis units</li> </ul>                                                                                                                                                                                                        |



**Integrated hydrogen station**  
(supply to FC railways and FCVs)



**Tokyo Oi Hydrogen Station**  
(for FC buses)



**Yokohama Asahi Hydrogen Station**  
(supplies CO<sub>2</sub>-free hydrogen)

## Pursuing Digital Transformation

### Enhancing the Competitiveness of Our Base Businesses and Developing Growth Businesses

The three-year period of the second Medium-Term Management Plan is positioned as a time to pursue transformation toward the achievement of the Long-Term Vision to 2040, and to that end, we are proceeding with digital transformation (DX) across the entire Group. By combining the strengths of the ENEOS Group with digital technology, we will further raise the competitiveness of our base businesses while creating innovative new products and services.

### DX Structure and Governance

The ENEOS Group has appointed a Chief Digital Officer (CDO) and has also put into place a DX structure at each Group company. At ENEOS, we established the DX Promotion Committee, chaired by the CDO. The Committee meets each quarter to deliberate on DX strategy, direction and issues, as well as effectiveness.

In our DX investments, we allocate management resources following deliberation on consistency with business strategies and the direction of DX, profitability, and management risks. Furthermore, through the active utilization of external knowledge

in our collaborations with Preferred Networks, Inc., iXs Co., Ltd., and other companies with advanced technical expertise, we are supporting the tackling of new challenges, including using new technologies with a high level of uncertainty and creating new businesses, while reducing risks.

### Developing Digital Human Resources Who Can Create New Corporate Value and Customer Experiences

The development of digital human resources needed for DX implementation is an important initiative. We have defined the knowledge and skills required of our digital human resources and focus on development through practical programs.

At ENEOS, we have a number of different levels of training, including basic-level training aimed at raising the level of digital literacy and fundamental knowledge, as well as specialized-skill-level training that instills more in-depth knowledge aimed at practical application. We set a target of providing basic-level training to 3,000, or around half, of our administrative employees over a three-year period starting in fiscal 2020. A total of around 2,500 of these employees had taken the training by fiscal 2021. We are now outpacing the targets at each level of training.

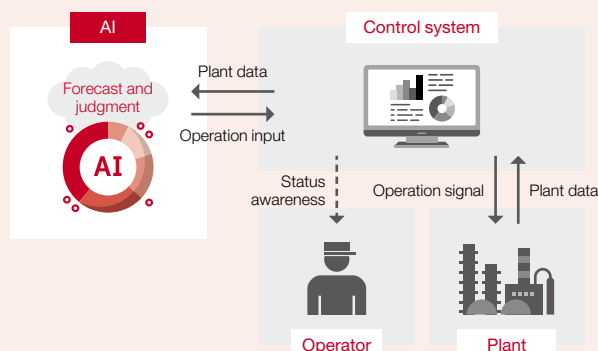
### Utilization of Digital Technology

We are moving ahead with DX initiatives in each area at production sites and in the supply chain.  
We are also utilizing DX in the development of new substances and the discovery of materials.

#### Increasing the Efficiency of Base Businesses

- Autonomous operation of refineries and petrochemical plants using AI technology
- We were the first company in Japan to successfully achieve continuous automated operation of a petrochemical plant for two consecutive days with the development of an autonomous plant operation system using AI<sup>1</sup>
  - We plan to introduce the AI model over a broader range of applicable plant operations to increase production efficiency and conserve energy

#### Automated Control Using AI (Future Concept)



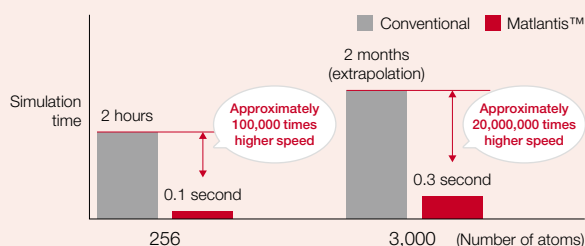
<sup>1</sup> Developed in collaboration with Preferred Networks, Inc.

#### Creating Innovative New Products and Services

We launched Matlantis™<sup>2</sup>, a cloud-based atomistic simulator service accessible from web browsers, through PFCC<sup>3</sup>.

- Drastically increases simulation speed compared to conventional simulators
- Applicable to various substances in any domain
- Accelerates materials development in a variety of substance development areas, contributing to the creation and achievement of innovation
- Speeds up and increases the efficiency of development of new materials and catalysts

#### Simulation Speed Using Matlantis™ (Illustration)



<sup>2</sup> Developed in collaboration with Preferred Networks, Inc.

<sup>3</sup> Preferred Computational Chemistry, Inc. (PFCC) is a joint venture established with Preferred Networks, Inc. (PFN).

# Securing and Developing Human Resources for Transformation and Taking on Challenges

## Moving Away from Conventional Human Resource Measures and Pursuing Transformation

To realize our Long-Term Vision in a rapidly changing business environment, we must ensure the development of the human resources who will implement our strategies.

There were concerns that conventional attitudes and a conformist mentality could lead to a conservative corporate culture and slow down business execution, thereby hindering the company's development. As a countermeasure, in addition to existing initiatives in accordance with the ENEOS Group Basic Policy on Human Resources Development<sup>4</sup>, we are moving forward with initiatives to fundamentally transform systems and awareness under the key phrase "move away from conventional human resource measures and pursue transformation" in the second Medium-Term Management Plan.

For the realization of our Long-Term Vision, we are cultivating an environment in which human resources with diverse skills and values can express their individuality and lead the future with a spirit of transformation and willingness to take

on challenges.

<sup>4</sup> See ENEOS Group Basic Policy on Human Resources Development on page 62.

## HR Measures

We are transforming systems and awareness in terms of securing and developing human resources, evaluation and benefits, and workstyle reform.

To secure and develop human resources, we implement year-round recruitment as well as appropriate placement of personnel through our talent management system to make the best use of human resources with diverse skills and values.

For evaluation and benefits, in fiscal 2022 we introduced the ENEOS Job Grade System for managerial positions at ENEOS to strongly promote a change in awareness toward transformation and taking on challenges.

To promote workstyle reform, we introduced a remote work system, expanding the variation of workstyles to encourage individuals to maximize their abilities and performance.

See the table below for other measures.

## HR Measures

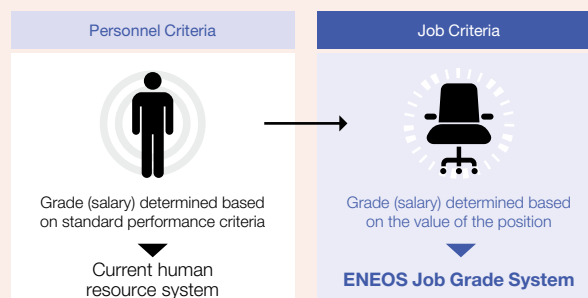
|                                       | Transformation and challenge                                                                                                                                                                            | Diversity                                                                                                                                                                                                                      |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Securing & developing human resources | <ul style="list-style-type: none"> <li>Introduce year-round recruitment</li> <li>Support independent career development</li> <li>Introduce a talent management system</li> </ul>                        | <ul style="list-style-type: none"> <li>Utilize human resources with diverse talents and values</li> <li>Develop human resources who can advance the company's transformation</li> </ul>                                        |
| Evaluation & benefits                 | <ul style="list-style-type: none"> <li>Introduce a personnel evaluation system driven by competence and performance</li> <li>Provide benefits that reflect job duties and performance</li> </ul>        | <ul style="list-style-type: none"> <li>Identify and hire talent based on evaluation from various aspects</li> <li>Actively advance experienced employees</li> </ul>                                                            |
| Workstyle reform                      | <ul style="list-style-type: none"> <li>Promote workstyles that increase productivity and added value</li> <li>Utilize digital tools</li> <li>Maintain and improve physical and mental health</li> </ul> | <ul style="list-style-type: none"> <li>Support balancing work with childcare, family care, and working while receiving medical treatment</li> <li>Change mindsets and build relationships of trust through dialogue</li> </ul> |

## Introduction of ENEOS Job Grade System (for Managerial Positions)

We have introduced the ENEOS Job Grade System for managerial positions in order to fundamentally transform employee awareness and cultivate a corporate culture that embraces challenges.

### Features of the System

|                           |                                                                                                                                                                                                                                   |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Grade (published)         | <ul style="list-style-type: none"> <li>Job grade for the value of each position calculated based on job description<sup>5</sup></li> </ul>                                                                                        |
| Evaluation                | <ul style="list-style-type: none"> <li>Job achievement evaluation and department performance evaluation</li> </ul>                                                                                                                |
| Remuneration              | <ul style="list-style-type: none"> <li>Remuneration corresponding to job grade</li> </ul>                                                                                                                                         |
| Placement and development | <ul style="list-style-type: none"> <li>Clear job descriptions and appropriate personnel placement based on human resource requirements</li> <li>Self-directed career development via post challenge system<sup>6</sup></li> </ul> |



<sup>5</sup> Description of duties and responsibilities stipulated by internal regulations and the roles required to achieve the Medium-Term Management Plan toward the Long-Term Vision

<sup>6</sup> A system for applying for positions based on published job descriptions and grades



## Aiming to achieve the targets of the second Medium-Term Management Plan

### **Tanaka Soichiro**

Senior Vice President  
Responsible for Controller Dept., Finance Dept., Investor Relations Dept.,  
Human Resources Dept., Public Relations Dept., Crisis Management Dept.  
ENEOS Holdings, Inc.

### Overview of Fiscal 2021

Profits increased amid soaring resource prices, a temporary improvement in clean fuel and export margins, and higher sales volume of functional and thin-film materials.

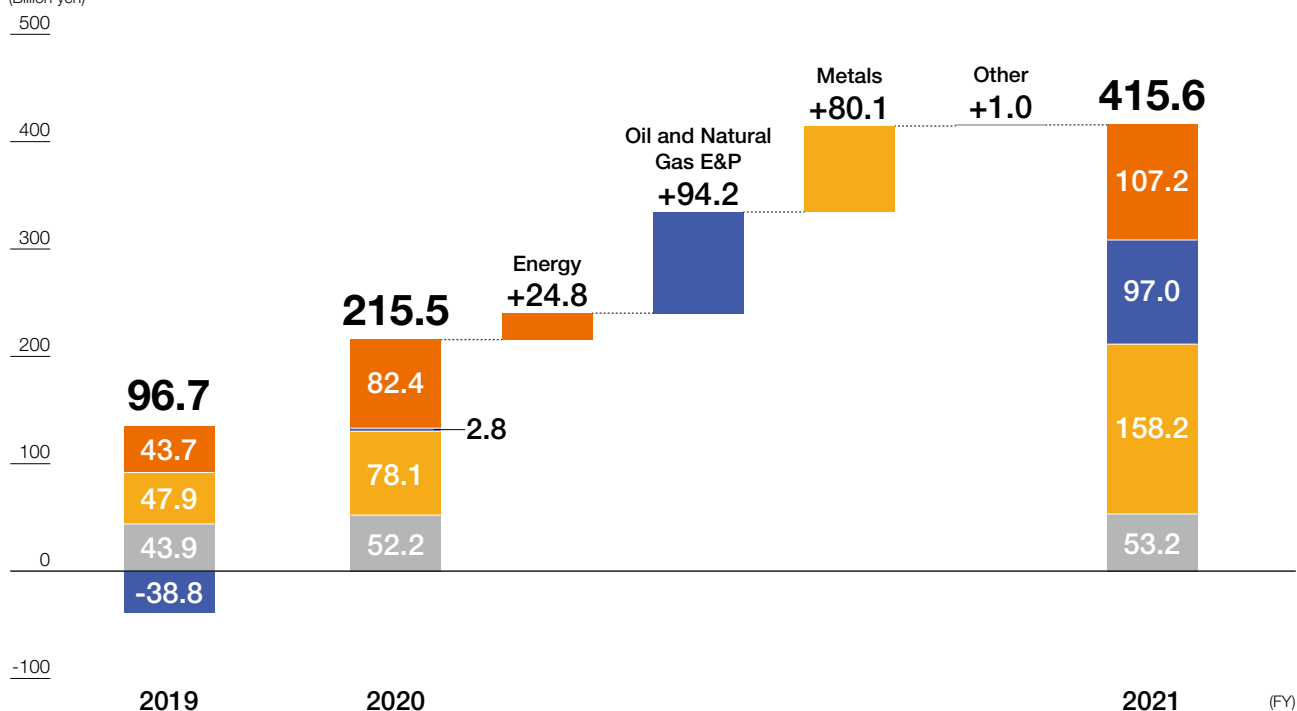
Crude oil prices in fiscal 2021 rose in response to expectations for economic recovery amid the rollout of COVID-19 vaccinations and tight energy supply and demand conditions resulting from coordinated output cuts by OPEC plus and other factors. Toward the end of the fiscal year, crude oil prices surged due to the intensifying international situation surrounding the invasion of Ukraine. Copper prices also remained firm, stemming from such factors as global monetary easing, economic recovery in China, the world's largest consumer, and expectations for an increase in demand due to the spread of electric vehicles (EVs) in the future.

As a result of these resource market conditions, a positive time lag in the rise in prices of petroleum products and higher sales volume of metals and advanced materials, in fiscal 2021 the Group recorded net sales of 10,921.8 billion yen, up 3,263.8 billion yen over the previous year, operating income of 785.9 billion yen, up 531.7 billion yen, and net income attributable to owners of the parent totaled 537.1 billion yen, up 423.1 billion yen, resulting in an increase in both sales and profit. Additionally, operating income excluding inventory valuation totaled 415.6 billion yen, up 200.1 billion yen.

## Operating Income Excluding Inventory Valuation

Energy Business Oil and Natural Gas E&P Business Metals Business Other

(Billion yen)



### Outlook for Fiscal 2022<sup>1</sup>

Real earnings should improve despite our forecast for a downturn year over year.

In fiscal 2022, we expect crude oil prices to rise and copper prices to fall on average for the fiscal year. Although profit is expected to decline due to the elimination of the significant positive time lag in the previous fiscal year for petroleum products and the reversal of gains related to the sale of businesses, we anticipate real earning capacity to improve due to improvements in the capacity utilization rate of refineries, an increase in export volumes, and a recovery in production volume at copper mines.

(Billion yen)

|                                                 | FY2020<br>Actual | FY2021<br>Actual | FY2022<br>Forecast as<br>of May 2022 <sup>1</sup> |
|-------------------------------------------------|------------------|------------------|---------------------------------------------------|
| Net sales                                       | 7,658.0          | 10,921.8         | 12,800.0                                          |
| Operating income                                | 254.2            | 785.9            | 340.0                                             |
| Operating income excluding inventory valuation  | 215.5            | 415.6            | 340.0                                             |
| Net income attributable to owners of the parent | 114.0            | 537.1            | 170.0                                             |

<sup>1</sup> Please see our IR site below for our latest earnings forecast.



Financial Results & Presentation Materials

<https://www.hd.eneos.co.jp/english/ir/library/statement/>

## Forecast for the Second Medium-Term Management Plan

### Main Management Indicators

|                                                 | 2nd Medium-Term Management Plan               | Forecast as of May 2022                       |
|-------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Operating income (excl. inventory valuation)    | (3-year cumulative total)<br><b>¥970.0 bn</b> | (3-year cumulative total)<br><b>¥971.1 bn</b> |
| Free cash flow                                  | (3-year cumulative total)<br><b>¥150.0 bn</b> | (3-year cumulative total)<br><b>-¥40.0 bn</b> |
| Net D/E ratio <sup>2</sup>                      | <b>0.8x or lower</b>                          | <b>0.8x or lower</b>                          |
| ROE                                             | <b>10% or higher</b>                          | <b>11%</b>                                    |
| Net income attributable to owners of the parent | (3-year cumulative total)<br><b>¥510.0 bn</b> | (3-year cumulative total)<br><b>¥821.1 bn</b> |

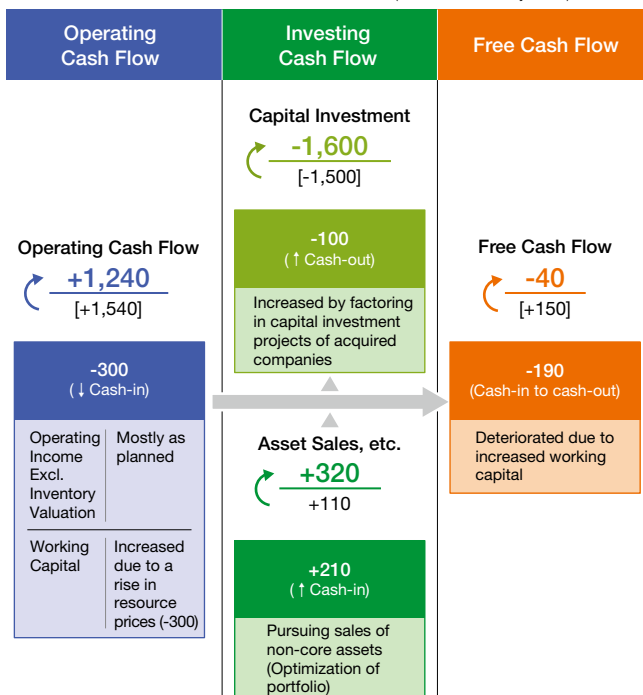
<sup>2</sup> Net D/E ratio adjusted for hybrid bonds (50% of the amount issued is calculated as equity)

### Assumptions

| Plan and outlook           | 2nd Medium-Term Management Plan |      |      | Forecast as of May 2022 |      |      |
|----------------------------|---------------------------------|------|------|-------------------------|------|------|
| FY                         | 2020                            | 2021 | 2022 | 2020                    | 2021 | 2022 |
| Exchange rate (¥ / \$)     | 105                             | 105  | 105  | 106                     | 112  | 120  |
| Crude Oil (Dubai) (\$ / B) | 30                              | 60   | 60   | 45                      | 78   | 90   |
| Copper (LME) (¢ / lb)      | 250                             | 270  | 270  | 312                     | 440  | 420  |

### Cash Flow Plan

Upper line: Forecast as of May 2022  
Under line: vs. the 2nd Medium-Term Mgmt Plan (Announced in May 2020)



### Outlook for the Second Medium-Term Management Plan (FY2020–2022)

## Aiming to optimize our business portfolio while achieving profit targets

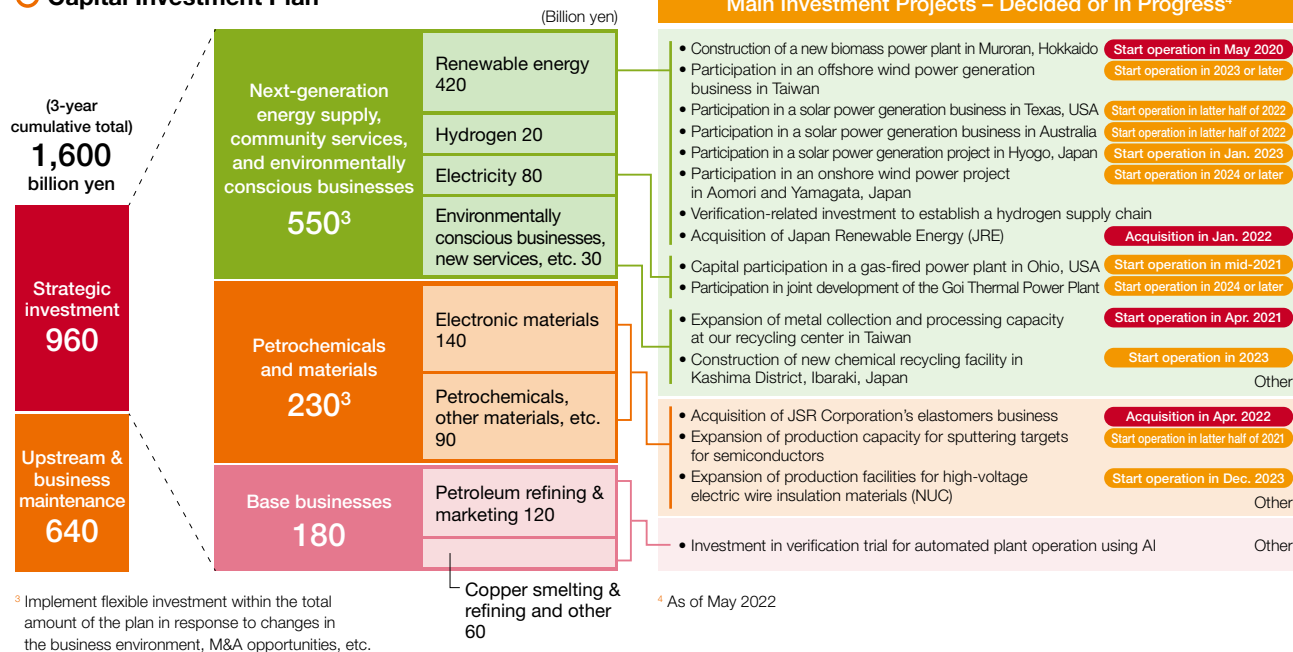
Although impacted by the COVID-19 pandemic, we expect to achieve our target of 970.0 billion yen in operating income excluding inventory valuation over the three-year period of the second Medium-Term Management Plan thanks to an improved bottom line in upstream divisions on soaring resource prices.

Regarding our investment plan, we expect capital investment over the three-year period to total 1.6 trillion yen, exceeding the second Medium-Term Management Plan target by 100.0 billion yen, but net outflows from investing cash flows is expected to decrease by 110.0 billion yen due to the progress made with the sale of non-core assets. On the other hand, operating cash flow is expected to decrease by 300.0 billion yen owing to an increase in working capital caused by soaring resource prices, resulting in a three-year free cash flow of minus 40.0 billion yen.

In addition, we are strongly committed to our carbon neutrality plan, announced in May 2022, and from the perspective of procuring the long-term funds necessary to realize it, we issued Japan's first-ever transition-linked bonds, totaling 100.0 billion yen.

Going forward, we will continue to rigorously manage investment standards with an emphasis on ROIC management, as well as enhance capital efficiency and turnover by carefully selecting investments. At the same time, we will pursue a reasonable debt-to-equity balance by maintaining financial soundness and utilizing financial leverage.

## Capital Investment Plan



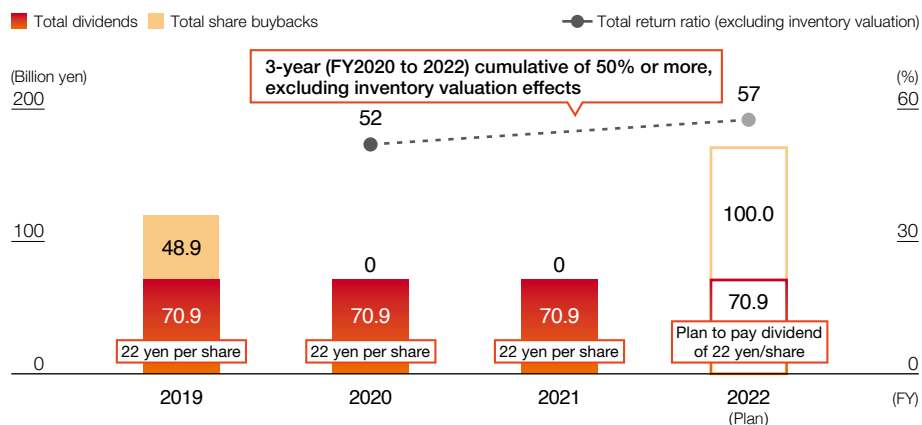
## Policy on Returning Profits to Shareholders

### Determined share buybacks of 100.0 billion yen in light of earnings outlook

We recognize that returning profits to shareholders is an important management task and maintain a basic policy of returning profits that reflect trends and the outlook for consolidated business performance over the medium term.

Under our shareholder return policy, the total return ratio has been set at 50% or more of net income excluding inventory valuation for the three-year period of the second Medium-Term Management Plan. At the same time, we have set the dividend at a level that is the same or higher than the 22 yen per share in fiscal 2021. Based on this policy, our determination to achieve the targets for fiscal 2022, the final year of the second Medium-Term Management Plan, and the belief that we need to reiterate our stance of valuing shareholders, we have decided to buy back 100.0 billion yen of our own shares.

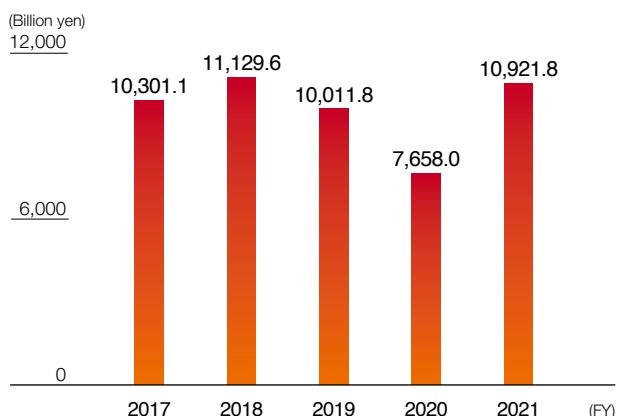
### Total Dividends, Total Share Buybacks, and Total Return Ratio



# Financial and Non-Financial Highlights

## Financial Highlights (IFRS)

### Net Sales

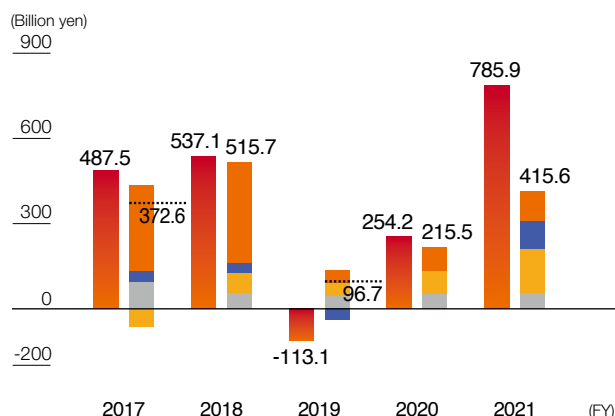


#### Fiscal 2021 Summary

Net sales increased year on year mainly attributed to rising product prices driven by higher crude oil prices, while sales volume of petroleum products was on par with the previous fiscal year.

### Operating Income / Operating Income Excluding Inventory Valuation by Segment

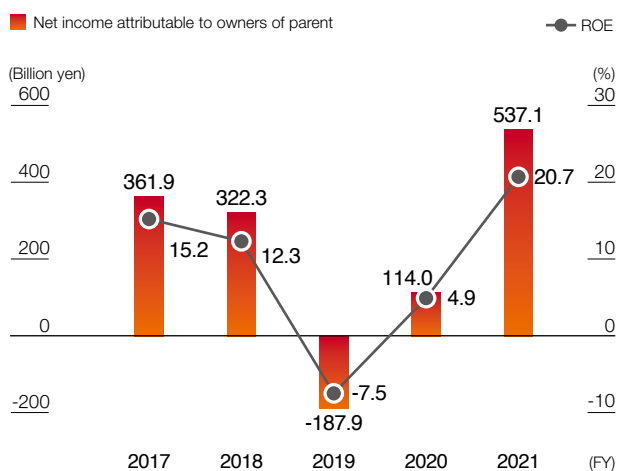
Operating income Energy business Oil and Natural Gas E&P business Metals business Other



#### Fiscal 2021 Summary

Operating income rose substantially amid improving results in inventory valuation and upstream businesses following soaring resource prices, improving clean fuel and export margins temporarily on the time lag, and strong sales of advanced materials.

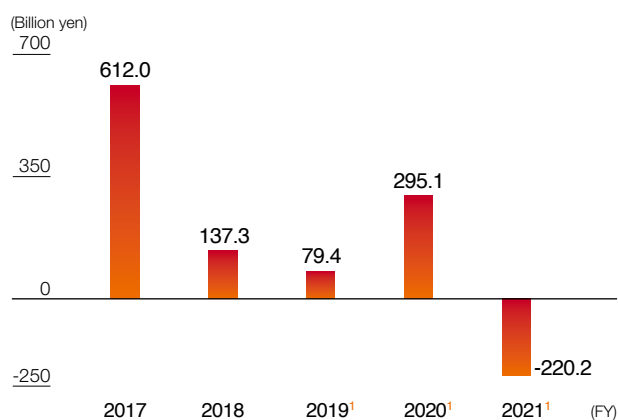
### Net Income and ROE



#### Fiscal 2021 Summary

Net income attributable to owners of parent increased on higher operating income.

### Free Cash Flow

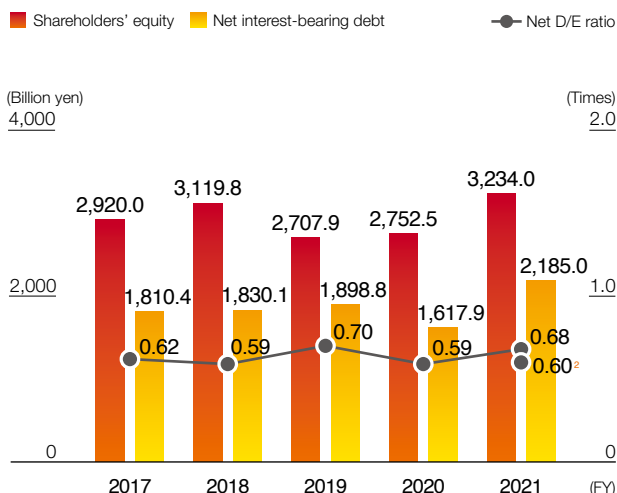


<sup>1</sup> The application of IFRS 16 Leases is excluded from fiscal 2019, fiscal 2020, and fiscal 2021.

#### Fiscal 2021 Summary

Free cash flow after repayment of lease liabilities totaled -220.0 billion yen. The main factor was increased working capital caused by soaring resource prices and the weaker yen.

## Shareholders' Equity, Net Interest-Bearing Debt, and Net D/E Ratio

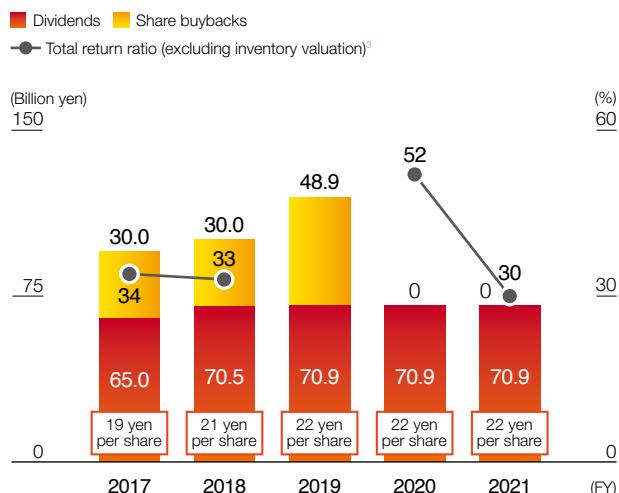


<sup>2</sup> After capital adjustment for hybrid bonds (50% of 300.0 billion yen amount included in equity)

### Fiscal 2021 Summary

The net D/E ratio was 0.68 times, maintaining the target level of the second Medium-Term Management Plan and ensuring a stable financial base.

## Dividends, Share Buybacks, and Total Return Ratio

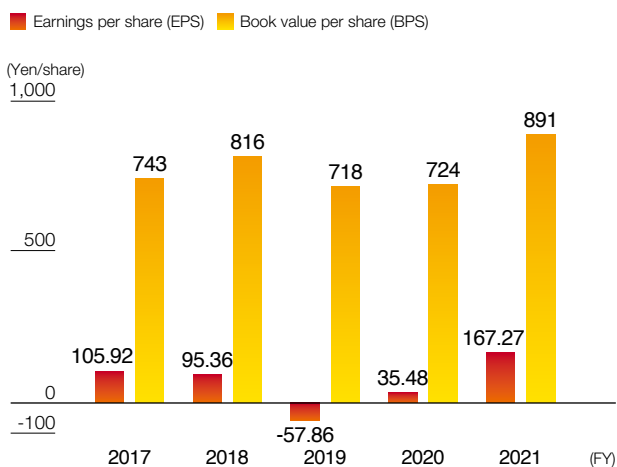


<sup>3</sup> Calculated based on profit attributable to owners of parent excluding inventory valuation.

### Fiscal 2021 Summary

The annual dividend was 22 yen per share, the same as the previous year. For fiscal 2022, we have decided to initiate share buybacks of 100.0 billion yen as an additional shareholder return because we expect to attain the targets of the Medium-Term Management Plan.

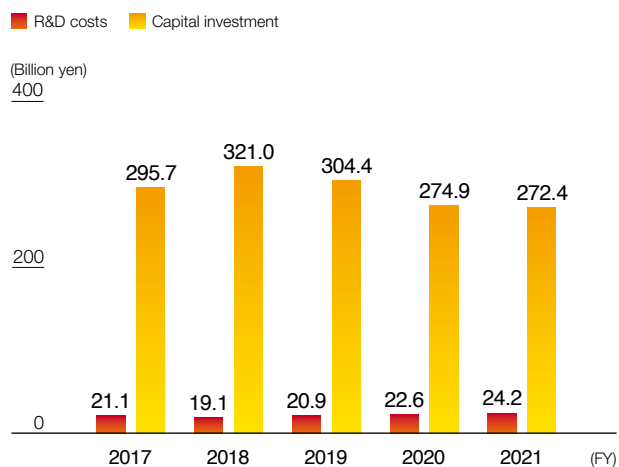
## Earnings per Share (EPS) and Book Value per Share (BPS)



### Fiscal 2021 Summary

EPS was 167.27 yen per share. BPS totaled 891 yen per share on improving net income.

## R&D Costs and Capital Investment

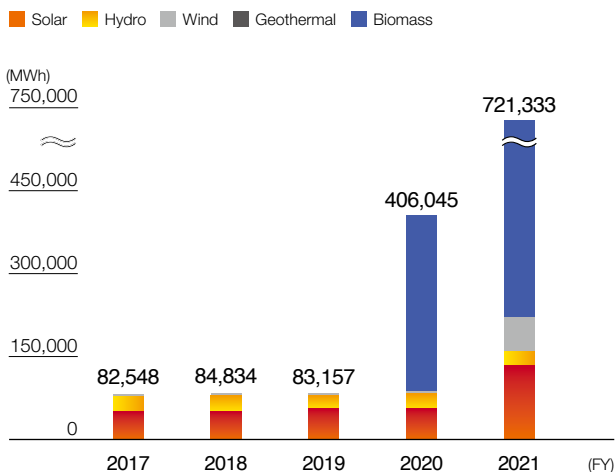


### Fiscal 2021 Summary

The main breakdown of R&D costs was 12.2 billion yen for the Energy business and 11.1 billion yen for the Metals business. Capital investment was allocated in the following ratios: about 60% for the Energy business, 10% for the Oil and Natural Gas E&P business, and 20% for the Metals business, with the remainder allocated to other businesses.

## Non-Financial Highlights

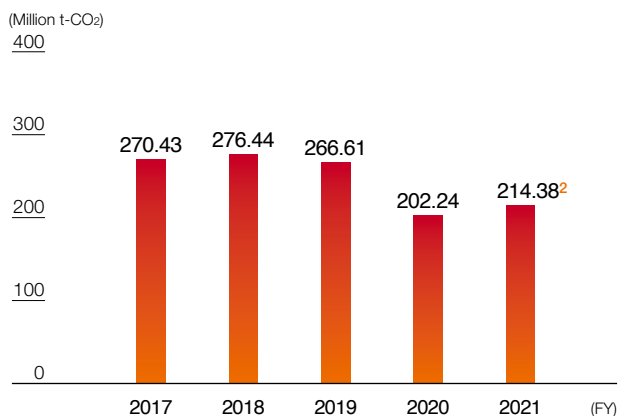
### Power Generation from Renewable Energy



#### Fiscal 2021 Summary

In fiscal 2021, we greatly increased power generation from renewable energy with the inclusion of JRE's renewable energy portfolio. In fiscal 2020, power generation from renewable energy increased with the start of operation of the Muroran Biomass Power Plant.

### CO<sub>2</sub> Emissions<sup>1</sup>



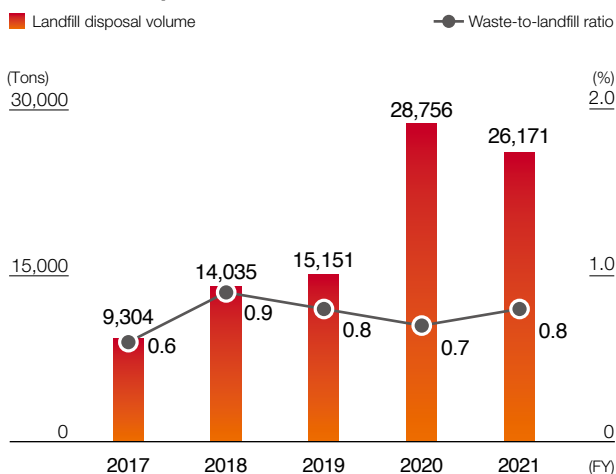
<sup>1</sup> Total of Scope 1, Scope 2 and Scope 3 (direct emissions from corporate activities, indirect emissions from energy use, and indirect emissions from customer consumption). Partially expanded Scope 3 category in fiscal 2018 and onward.

<sup>2</sup> Preliminary figure for fiscal 2021

#### Fiscal 2021 Summary

In fiscal 2021, CO<sub>2</sub> emissions increased with the recovery in demand to a certain degree compared to fiscal 2020, when CO<sub>2</sub> emissions declined due to the substantial drop in petroleum product demand caused by the COVID-19 pandemic. This fiscal year we will continue to work on energy conservation activities aimed at the achievement of carbon neutrality in our own emissions in 2040.

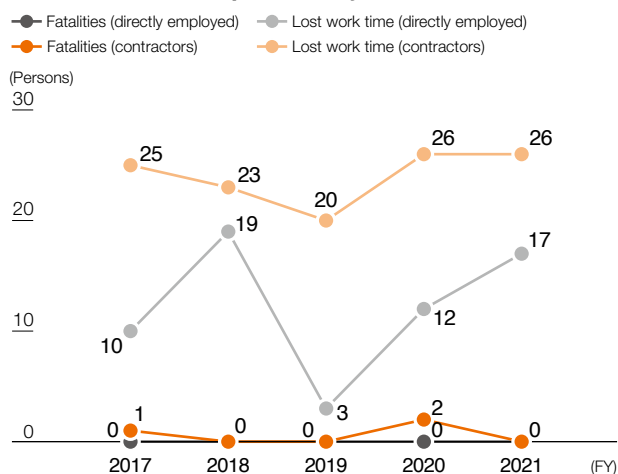
### Landfill Disposal Volume and Waste-to-Landfill Ratio



#### Fiscal 2021 Summary

In fiscal 2021, we maintained our target of a waste-to-landfill ratio of less than 1%, despite a significant increase in landfill disposal volume since fiscal 2020 due to factors such as the start of operation of the Muroran Biomass Power Plant and the inclusion of figures from JX Nippon Mining & Metals affiliate TANI OBIS.

### Number of Occupational Injuries<sup>3</sup>

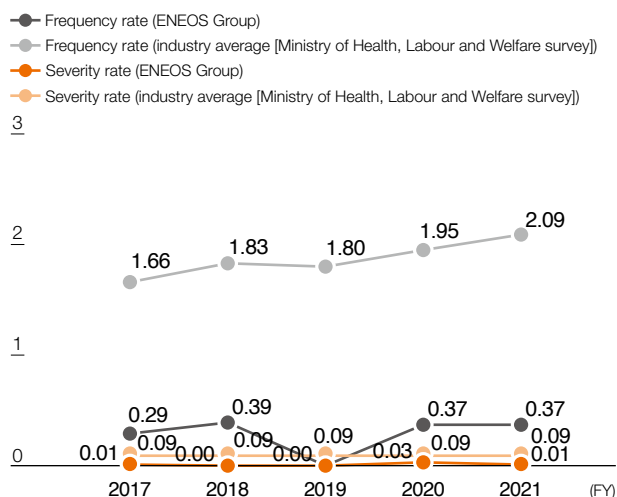


<sup>3</sup> Scope: Principal operating companies

#### Fiscal 2021 Summary

We achieved our target of zero serious occupational injuries (occupational fatalities). However, as the number of lost-work-time accidents among our own employees increased, we continue to work on the thorough implementation of safety activities and safety training.

## Occupational Injury Frequency Rate<sup>4,6</sup> and Severity Rate<sup>5,6</sup>



<sup>4</sup> Number of occupational fatalities and injuries per one million work hours

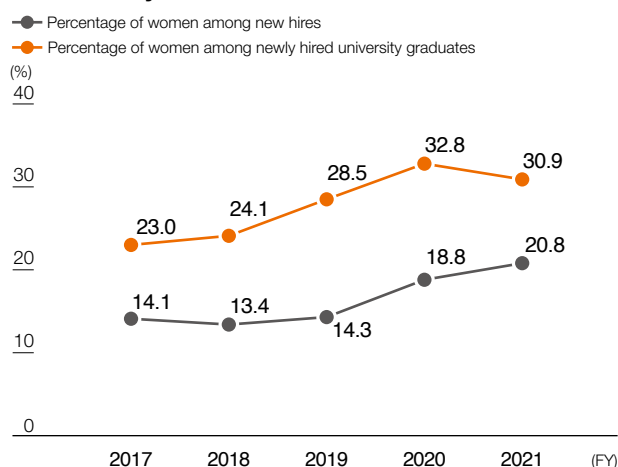
<sup>5</sup> Number of work days lost per one thousand work hours

<sup>6</sup> Scope: The refineries, plants, and business sites of our principal operating companies

### Fiscal 2021 Summary

The frequency rate and severity rate are trending well below the average for all industries in Japan (according to a Ministry of Health, Labour and Welfare survey). Safety is the very foundation of our business activities, and we will continue to strengthen our safety measures going forward.

## Percentage of Women among New Hires<sup>7</sup> and Percentage of Women among Newly Hired University Graduates<sup>7</sup>



<sup>7</sup> Scope of data: ENEOS Holdings and principal operating companies

### Fiscal 2021 Summary

We achieved our target to maintain the rate of women among newly hired university graduates at 25% or higher. Our initiatives to promote women's advancement in the workplace have increased the percentage of women among new recruits, and we aim to maintain this target on a continuous basis.

## Employee Data<sup>8</sup>

|                                                           |                                                  | March 31, 2020 | March 31, 2021 | March 31, 2022 |
|-----------------------------------------------------------|--------------------------------------------------|----------------|----------------|----------------|
| Number of employees                                       | Male                                             | 10,060         | 10,193         | 10,366         |
|                                                           | Female                                           | 1,321          | 1,447          | 1,570          |
|                                                           | Total                                            | 11,381         | 11,640         | 11,936         |
| Turnover rate <sup>9</sup> (%)                            |                                                  | 2.2            | 3.8            | 4.3            |
| Average years of employment                               |                                                  | 19.0           | 18.6           | 18.3           |
| Number of re-hired employees (after mandatory retirement) |                                                  | 799            | 556            | 550            |
| Ratio of female managers (%)                              |                                                  | 3.2            | 3.9            | 4.4            |
| Ratio of employees with disabilities (%)                  |                                                  | 2.4            | 2.5            | 2.5            |
| Paid leave                                                | Number of days of paid leave granted             | 22.2           | 22.0           | 22.0           |
|                                                           | Number of days of paid leave taken               | 20.5           | 19.2           | 20.0           |
|                                                           | Paid leave usage rate (%)                        | 92.3           | 87.4           | 90.9           |
| Childcare leave                                           | Total number of employees taking childcare leave | 330            | 408            | 380            |
|                                                           | Number of male employees taking childcare leave  | 277            | 359            | 333            |
|                                                           | Rate of employees returning to work (%)          | 100            | 99.2           | 100            |
| Number of employees taking family care leave              |                                                  | 6              | 6              | 6              |
| Labor union <sup>10</sup>                                 | Number of members                                | 9,484          | 8,775          | 9,642          |
|                                                           | Membership rate (%)                              | 99.9           | 99.8           | 99.8           |

<sup>8</sup> Scope of data: ENEOS Holdings, ENEOS, JX Nippon Oil & Gas Exploration, JX Nippon Mining & Metals

<sup>9</sup> Percentage of regular employees as of March of each year

<sup>10</sup> ENEOS Holdings and JX Nippon Oil & Gas Exploration do not have labor unions.

Employees of ENEOS Holdings are seconded from principal operating companies and belong to the labor unions at their companies of origin.

## Part II

# ESG Management

We are working to create new value through our business activities to grow sustainability in all aspects of society.

### ESG Management

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### Environmental Initiatives

#### Special Feature

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### Corporate Governance

#### Special Feature

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## ESG Management Structure

To achieve sustainable growth, we must achieve social recognition of our value by building more credibility with our stakeholders through our response to social needs and the resolution of social issues.

The ENEOS Group has accordingly formulated the Basic Policy for ESG Management and established a structure in which the Executive Council analyzes management risks and business opportunities and confirms the status of responses to identified risks and material ESG issues.

### Basic Policy for ESG Management

- ESG management at the ENEOS Group involves formulating management and business strategies based on risks and business opportunities and creating both economic value (profits) and social value (resolution of social issues) through our business in order to realize the ENEOS Group Philosophy.
- The ENEOS Group is a group of companies that strives to earn the trust of stakeholders through the implementation of ESG management in our business operations.

### Process for Identifying Risks and Material Issues and Confirming Response Status

#### 1. Comprehensive discussions (held annually in the third quarter) (see (1) in diagram below)

The Executive Council comprehensively discusses the following matters to ensure effective discussion and quick decision-making.

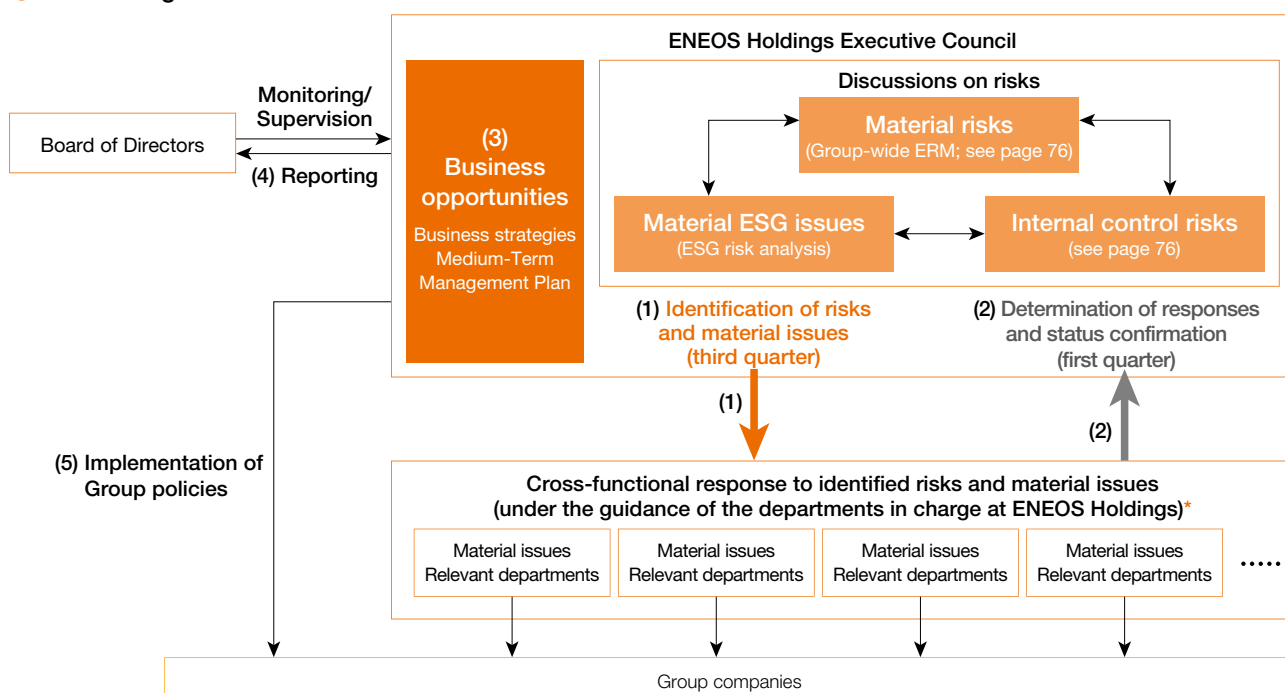
- Material risks identified through the enterprise risk management (ERM) system (see page 76)
- Material ESG issues identified through ESG risk analysis
- Internal control risks identified through the internal control system (see page 76)

#### 2. Determination of responses and status confirmation (annually in the first quarter) (see (2) in diagram below)

Under the guidance of the departments in charge at ENEOS Holdings, the relevant departments and principal operating companies work together in a cross-functional manner to develop and implement responses for the identified risks and material issues.

The Executive Council confirms the status of responses for the previous fiscal year and determines the responses for the current fiscal year.

### ESG Management Structure



\* Example: Internal Control Department and Legal & Corporate Affairs Department work together to build and operate a comprehensive internal control structure (see page 77)

### 3. Discussion of business opportunities (as needed) (see (3) in diagram on the preceding page)

The Executive Council discusses business opportunities when it deliberates on the Medium-Term Management Plan and fiscal year business plans, as well as the budgets based on these plans.

### 4. Reporting to the Board of Directors (as needed) (see (4) in diagram on the preceding page)

The Board of Directors passes resolutions on management, the Medium-Term Management Plan and budgets, and also performs monitoring and supervision by receiving reports (twice a year, in principle) on risks and material issues determined by the Executive Council and on the status of responses.

In fiscal 2021, the following ESG-related matters were reported to the Board of Directors.

- Fiscal 2021 performance results and fiscal 2022 action plans
- Responses to specific issues
  - Carbon neutrality plan
  - TCFD recommendations
  - Business and human rights
  - CSR procurement

### 5. Sharing with Group companies (as needed) (see (5) in diagram on the preceding page)

We share and communicate the identified risks and material issues with all Group companies, and each Group company reflects them in their business strategies.

### ■ Verifying and Identifying Material ESG Issues

The ENEOS Group identifies material ESG issues every year based on various guidelines as well as the assessment items and weightings of ESG assessment organizations.

Following the identification procedures, 15 material ESG issues were identified for fiscal 2022.

In addition, departments responsible and KPIs are set for each material ESG issue, and the progress of KPIs and the results of measures for material ESG issues are reported to the Executive Council and the Board of Directors.

## ○ Identification Procedure for Material ESG Issues

### STEP 1 Designate ESG risks to consider

Designate ESG risks by comprehensively examining various guidelines (GRI Standards, ISO 26000, US Sustainability Accounting Standards Board (SASB), etc.), assessment items of ESG assessment organizations, and the Sustainable Development Goals (SDGs)

### STEP 2 Assess the designated ESG risks

Assess the degree of materiality of the ESG risks designated in Step 1 based on the assessment weightings of ESG assessment organizations

### STEP 3 Identify material ESG issues

Identify the ESG risks assessed in Step 2 that exceed the assessment reference baselines as material ESG issues

## ○ Material ESG Issues Identified for Fiscal 2022

In descending order of assessment score

| Category      | Material ESG issues                                             |
|---------------|-----------------------------------------------------------------|
| Environmental | Contribution to the development of a decarbonized society       |
| Social        | Ensuring safety / Health enhancement                            |
| Governance    | Appropriate structuring and operation of corporate governance   |
| Governance    | Compliance                                                      |
| Social        | Communication with stakeholders (investors, etc.)               |
| Social        | Compliance with international principles on human rights        |
| Social        | Securing and developing human resources                         |
| Environmental | Contribution to the development of a recycling-oriented society |
| Social        | Diversity and inclusion                                         |
| Social        | Work-life management                                            |
| Environmental | Understanding and management of water risks                     |
| Environmental | Understanding and management of biodiversity risks              |
| Governance    | Social responsibility in the supply chain                       |
| Governance    | Effective risk management                                       |
| Environmental | Control of air pollutant emissions                              |

### ■ Status of Responses to Material ESG Issues

For fiscal 2021, we set 25 specific targets (KPIs) for 15 material ESG issues. Twenty-two of the targets were achieved and three were not.

For fiscal 2022, we have identified 15 material ESG issues and set 23 targets (KPIs).

→ See the ENEOS Report: ESG Data Book 2022 (available on our website in January 2023) for further details.

|               | Material ESG Issues                                             | Fiscal 2021 Targets                                                                                                                                                                     |
|---------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental | Contribution to the development of a decarbonized society       | Reduction in CO <sub>2</sub> emissions (independent efforts):<br>Reduce by 4.02 million tons compared to fiscal 2009                                                                    |
|               | Contribution to the development of a recycling-oriented society | Waste-to-landfill ratio: Maintain zero emissions (less than 1%)                                                                                                                         |
|               | Understanding and management of biodiversity risks              | Understand risks at manufacturing sites and examine responses                                                                                                                           |
|               | Understanding and management of water risks                     | Serious environmental incidents: zero<br>Serious legal compliance incidents: zero<br><br>Understand risks at manufacturing sites and examine responses                                  |
|               | Control of air pollutant emissions                              | Serious environmental incidents: zero<br>Serious legal compliance incidents: zero                                                                                                       |
| Social        | Ensuring safety/<br>Health enhancement                          | Serious occupational injuries <sup>1</sup> : zero<br><sup>1</sup> Occupational fatalities                                                                                               |
|               |                                                                 | TRIR <sup>2</sup> : 1.0 or less<br><sup>2</sup> Number of occupational injuries of non-lost-time severity or greater per one million working hours                                      |
|               |                                                                 | Increase the cancer screening rate for employees (recommendations)<br>Achieve screening rate of 70% or higher for stomach cancer, colorectal cancer, breast cancer, and cervical cancer |
|               |                                                                 |                                                                                                                                                                                         |
|               | Communication with stakeholders (investors, etc.)               | Effective engagement with investors and others                                                                                                                                          |
|               | Compliance with international principles on human rights        | Implement human rights due diligence, including for subsidiaries                                                                                                                        |
|               |                                                                 | Implement human rights training                                                                                                                                                         |
|               | Securing and developing human resources                         | Implement effective training and evaluation based on the human resources development plan                                                                                               |
|               | Diversity and inclusion                                         | Maintain rate of women among newly hired university graduates at 25% or higher                                                                                                          |
|               |                                                                 | Maintain employment rate of people with disabilities at 2.3% or higher                                                                                                                  |
| Governance    | Appropriate structuring and operation of corporate governance   | Implement evaluations of effectiveness for the Board of Directors                                                                                                                       |
|               |                                                                 | Improve corporate governance based on the corporate governance code and analysis of the results of exercising voting rights at general meetings of shareholders                         |
|               | Compliance                                                      | Conduct legal compliance inspections                                                                                                                                                    |
|               |                                                                 | Implement training on important laws and regulations (Anti-Monopoly Act, etc.)                                                                                                          |
|               |                                                                 | Appropriate operation of the internal reporting system                                                                                                                                  |
|               | Social responsibility in the supply chain                       | Conduct CSR procurement surveys at overseas sites in addition to domestic sites, where surveys have already been conducted                                                              |
|               |                                                                 | Communicate the Group's procurement policies and procurement guidelines for business partners                                                                                           |
|               | Effective risk management                                       | Steady execution of the risk management process                                                                                                                                         |



ESG Data Book—ESG Management  
<https://www.hd.eneos.co.jp/english/csr/>

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

|   | Results/Progress                                                                                                                                                                                   | Fiscal 2022 Targets                                                                                            |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| 😊 | Reduced by 3.57 million tons compared to fiscal 2009                                                                                                                                               | Reduce by 4.28 million tons compared to fiscal 2009                                                            |
| 😊 | 0.8%                                                                                                                                                                                               | (Ongoing)                                                                                                      |
| 😊 | <ul style="list-style-type: none"> <li>• Checked for protected areas adjacent to manufacturing sites (21 sites)</li> <li>• Confirmed no high-risk sites</li> <li>• Determined responses</li> </ul> | Understand risks at manufacturing sites<br>(increase number of sites subject to risk confirmation)             |
| 😊 | Result: zero                                                                                                                                                                                       | (Ongoing)                                                                                                      |
| 😊 | <ul style="list-style-type: none"> <li>• Checked water risks at manufacturing sites (21 sites)</li> <li>• Confirmed no high-risk sites</li> <li>• Determined responses</li> </ul>                  | Understand risks at manufacturing sites<br>(increase number of sites subject to risk confirmation)             |
| 😊 | Result: zero                                                                                                                                                                                       | (Ongoing)                                                                                                      |
| 😊 | Result: zero                                                                                                                                                                                       | (Ongoing)                                                                                                      |
| 😊 | Result: zero                                                                                                                                                                                       | (Ongoing)                                                                                                      |
| 😊 | 1.13                                                                                                                                                                                               | (Ongoing)                                                                                                      |
| 😊 | Achieved only for colorectal cancer<br>(cancer screening rate (recommendations): 66.4%)                                                                                                            | (Ongoing)                                                                                                      |
| 😊 | Meetings with investors (overseas IR, small meetings for analysts and domestic institutional investors, 212 individual interviews)                                                                 | (Ongoing)                                                                                                      |
| 😊 | Conducted human rights due diligence for ENEOS, JX Nippon Oil & Gas Exploration, JX Nippon Mining & Metals and other Group companies (no serious human rights violations)                          | Conducted survey of technical intern trainees at suppliers and formulated responses                            |
| 😊 | Implemented                                                                                                                                                                                        | (Ongoing)                                                                                                      |
| 😊 | Implemented various training programs                                                                                                                                                              | (Ongoing)                                                                                                      |
| 😊 | 30.9%                                                                                                                                                                                              | (Ongoing)                                                                                                      |
| 😊 | 2.47%                                                                                                                                                                                              | (Ongoing)                                                                                                      |
| 😊 | 90.9%                                                                                                                                                                                              | (Ongoing)                                                                                                      |
| 😊 | 100%                                                                                                                                                                                               | (Ongoing)                                                                                                      |
| 😊 | Implemented                                                                                                                                                                                        | Implement improvement measures based on the fiscal 2021 evaluation of effectiveness for the Board of Directors |
| 😊 | Implemented                                                                                                                                                                                        | —                                                                                                              |
| 😊 | Implemented (no major issues)                                                                                                                                                                      | (Ongoing)                                                                                                      |
| 😊 | Implemented                                                                                                                                                                                        | Strengthen management of personal information and provide legal training according to business needs           |
| 😊 | Implemented (no incidents of rule violations)                                                                                                                                                      | Revise and appropriately apply rules based on the amended Whistleblower Protection Act                         |
| 😊 | Implemented                                                                                                                                                                                        | (Ongoing)                                                                                                      |
| 😊 | Communicated via briefing sessions and notifications                                                                                                                                               | —                                                                                                              |
| 😊 | Implemented                                                                                                                                                                                        | (Ongoing)                                                                                                      |

## Special Feature Contributing to a Decarbonized Society (TCFD)

## Our Response to Climate Change Risks and Opportunities

## Basic Approach

As an energy and materials company group, the ENEOS Group recognizes that its response to climate change involves both material management risks and opportunities. We believe that developing practical solutions to climate change will enable us to continuously generate profits into the future. As a clear expression of our intent, we established the following as our envisioned goals in our Long-Term Vision to 2040: become one of the most prominent and internationally competitive energy and materials company groups in Asia, create value by transforming our current business structure, and contribute to the development of a low-carbon, recycling-oriented society. We have also stated our intent to achieve carbon neutrality in our own emissions by 2040.

To succeed in these endeavors, we are implementing com-

prehensive measures to reduce energy consumption at our refineries, plants, and smelters while developing and strengthening renewable energy, CO<sub>2</sub>-free hydrogen, carbon capture and storage (CCS), and carbon capture, utilization and storage (CCUS) businesses.

To enhance and broaden its disclosures, the Company signed a statement of support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019. The Company also endorsed the Challenge Zero initiative of the Japan Business Federation (Keidanren) in June 2020, and is working on the development of technologies to mitigate the impacts of climate change.



## Overview of TCFD Disclosure Recommendations

| Governance          | Disclose the organization's governance around climate-related risks and opportunities.                                                                                                      | References                                                                                   |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| a                   | Describe the board's oversight of climate-related risks and opportunities                                                                                                                   | Governance System for Climate Change (page 54)<br>Interview with the President (pages 15–20) |
| b                   | Describe management's role in assessing and managing climate change-related risks and opportunities                                                                                         |                                                                                              |
| Strategy            | Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material. | References                                                                                   |
| a                   | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.                                                                 | Risks, Opportunities, and Our Responses (page 55)                                            |
| b                   | Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.                                                          | Financial Impacts of Climate Change-Related Risks and Opportunities (pages 55–57)            |
| c                   | Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.                                   | Building a Business Portfolio That Addresses Risks and Opportunities (pages 57–58)           |
| Risk Management     | Disclose how the organization identifies, assesses, and manages climate-related risks.                                                                                                      | References                                                                                   |
| a                   | Describe the organization's processes for identifying and assessing climate-related risks.                                                                                                  | ESG Management Structure (pages 49–50)<br>Risk Management (page 76)                          |
| b                   | Describe the organization's processes for managing climate-related risks.                                                                                                                   |                                                                                              |
| c                   | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.                                       |                                                                                              |
| Metrics and Targets | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.                                             | References                                                                                   |
| a                   | Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.                                      | ESG Management Structure (pages 49–50)<br>Risk Management (page 76)                          |
| b                   | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.                                                                               | ESG Data Book—Environmental Management                                                       |
| c                   | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.                                                            | Contributing to a Decarbonized Society (pages 31–33)<br>Indicators and Targets (page 58)     |

## Governance System for Climate Change

The Company's Executive Council, chaired by the president, deliberates on the Group's response to climate change, including in future business plans, and manages and evaluates the status of climate initiatives from a cross-functional perspective.

The council reports the results of its deliberations, management, and evaluation to the Board of Directors, which also monitors and supervises the council.

### Deliberations in Fiscal 2021

- Board of Directors and Executive Council  
ESG activity status report (May), disclosures on climate-related financial impacts (July), determination of risks for the following fiscal year (January), examination of carbon neutrality targets (June and following months)

## Response to Climate Change and Link to Executive Remuneration

Remuneration for the Company's directors consists of a monthly remuneration in accordance with role, performance-linked bonuses, and share-based remuneration. The performance indicators on which share-based remuneration is based include CO<sub>2</sub> emissions reduction, along with operating income exclud-

ing inventory valuation, ROE, and other financial indicators.

The inclusion of CO<sub>2</sub> emissions reduction reflects our commitment to reducing emissions and functions as an incentive for forming and implementing highly competitive business strategies from a medium- to long-term perspective (see page 74).

## Scenario Analysis

The ENEOS Group regularly analyzes long-term forecasts of energy demand based on the World Energy Outlook report, published annually by the International Energy Agency (IEA). In formulating our Long-Term Vision to 2040, we referred to the *World Energy Outlook 2018* New Policies Scenario (NPS) and Sustainable Development Scenario (SDS), which is based on the Paris Agreement. Using this information, the Group identified three long-term trends in the business environment: the development of a low-carbon, recycling-oriented society; digital innovation; and lifestyle changes.

We believe that our reference to the NPS and SDS gives our strategies a certain degree of resilience.

In 2040, the Group envisions the mass introduction of renewable energy, a significant reduction in gasoline vehicles, the growth of distributed energy resources with energy storage, and the expansion of resource recycling technology and infrastructure. This scenario is based on the assumption that domestic fuel demand will decline to half the 2017 level, while demand for hydrogen and renewable energy will increase significantly with the development of a low-carbon, recycling oriented society.

We also anticipate advances in digital innovation to trigger dramatic growth in demand for copper, a base metal; raw materials for recycling; and high-performance and advanced materials required for digital devices.

In May 2022, we set new carbon neutral targets, including for Scope 3 emissions, based on a scenario to achieve the 1.5°C target (see page 31). We plan to reflect these targets in the third Medium-Term Management Plan, to be announced in 2023.

### Changes in the Business Environment

#### Development of a low-carbon, recycling-oriented society

- Ever-increasing global warming concerns (extreme weather events and natural disasters worldwide)
- Rapidly decreasing cost of renewable energy and battery storage
- Natural resource conservation efforts worldwide (rare metals, plastic waste, etc.)

#### Digital innovation

- Rapid progress of Internet society and blockchain technology
- Dramatic improvement in productivity with IoT, AI, robotics, etc.
- Electrification (shift to EVs, autonomous driving, etc.)

#### Lifestyle changes

- Growing world economy, especially in Asia, and people seeking abundant life
- People active until 100 years old
- Congestion in urban areas and greater need for community development
- Growth of sharing economy, preference for experiences rather than material possessions



### Scenario in 2040

#### Low-carbon, recycling-oriented society

#### Mass introduction of renewable energy



EVs, used for car sharing and energy storage, replace gasoline and diesel cars

Distributed energy resources with energy storage

Recycling technology and infrastructure for metals and plastic in place



Various service providers help people enjoy a more comfortable life

### Risks, Opportunities, and Our Responses

In fiscal 2017, the Group introduced an enterprise risk management (ERM) structure based on the COSO<sup>1</sup> ERM framework (see page 76). Using this process, we identified risks and oppor-

tunities related to climate change as outlined in the table below.

<sup>1</sup> An internal control framework released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and adopted by countries around the world.

#### Risks and Opportunities Identified and Timeline

| Category         | Examples                                                                                                                                                            | Timeline                                                            | Financial impact in the year 2040                                                                                                                                                                                     |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition risks | Higher costs for achieving carbon neutrality                                                                                                                        | Medium to long term                                                 | <b>¥85 billion annually (estimated)</b><br>Cost of carbon credits to offset the entire 16 million tons of emissions that we aim to reduce by 2040                                                                     |
|                  | Declining demand for petroleum due to advancements in EV technologies<br>Declining demand for petroleum due to growing environmental awareness                      | Medium to long term<br><br>Short term<br>(demand already declining) | <b>¥40 billion annually (estimated)</b><br>Reduction in operating income assuming a 40% decline in domestic petroleum demand in 2040 compared to 2019                                                                 |
|                  | Stranding of upstream oil assets                                                                                                                                    | Medium to long term                                                 | Limited risk                                                                                                                                                                                                          |
| Physical risks   | Increasing frequency and severity of wind and flood damage caused by extreme weather events (major typhoons)                                                        | Short term (extreme weather events already increasing)              | <b>¥2 billion per major typhoon (actual)</b><br>Actual repair costs for each major typhoon                                                                                                                            |
|                  | Rising sea levels caused by global warming                                                                                                                          | Medium to long term                                                 | <b>¥1 billion annually (actual)</b><br>Actual cost for countermeasures in FY2018 and FY2019                                                                                                                           |
| Opportunities    | Increasing demand for raw materials for recycling                                                                                                                   | Medium to long term                                                 | <b>¥40 billion annually (actual)</b><br>FY2021 operating income for smelting and recycling businesses                                                                                                                 |
|                  | Increasing demand for renewable energy, hydrogen, and EVs                                                                                                           | Medium to long term                                                 | <b>¥100 billion annually (estimated)</b><br>Estimate based on market size, market share, and operating income margin                                                                                                  |
|                  | Broader initiatives to reduce environmental impacts in the mobility industry<br>Increasing demand for functional and thin-film materials needed for electrification | Medium to long term                                                 | <b>¥10 billion annually (forecast)</b><br>FY2022 operating income forecast for elastomers business<br><b>¥50 billion annually (actual)</b><br>FY2021 operating income for functional and thin-film materials business |

### Financial Impacts of Climate Change-Related Risks and Opportunities

Recognizing the importance of disclosing information about the implications of climate change on the Group's financial performance, ENEOS Holdings supports the Task Force on Climate-related Financial Disclosures (TCFD) and is enhancing its information

disclosure based on the TCFD recommendations. Calculations of financial impacts include numerous potential risks, uncertainties and assumptions, and changes in material factors may lead to substantially different outcomes from the envisioned scenarios.

## 1. Financial impacts of transition risks

### ① Higher costs for achieving carbon neutrality

The ENEOS Group aims to become carbon neutral in its own emissions by reducing CO<sub>2</sub> emissions by 16 million tons by 2040. Purchasing carbon credits to offset that entire amount would increase costs by approximately 85 billion yen<sup>2</sup> annually. We will reduce our environmental footprint and mitigate this risk through government supported carbon capture and storage (CCS) projects with partner companies, as well as offset initiatives such as forest absorption.

<sup>2</sup> Carbon credit price: (calculation based on IEA *World Energy Outlook 2020*) × quantity (16 million tons) × exchange rate

### ② Declining demand for petroleum due to advancements in EV technologies / Declining demand for petroleum due to growing environmental awareness

Demand for petroleum in Japan is projected to fall by around 40% by 2040 compared with the 2019 level according to the Stated Policies Scenario (STEPS)<sup>3</sup> in the IEA *World Energy*

*Outlook 2020* report. We expect that this drop in demand will reduce operating income from petroleum and other products in the energy business by about 40 billion yen<sup>4</sup> annually from fiscal 2020 to 2022, the period of the second Medium-Term Management Plan.

<sup>3</sup> The scenario incorporates the impact of the COVID-19 pandemic in addition to countries' plans for Nationally Determined Contributions.

<sup>4</sup> FY2020–2022: 305 billion yen ÷ 3 years × 40%

### ③ Stranding of upstream oil assets

The Group's upstream oil assets consisted of reserves totaling 326 million barrels (oil equivalent) as of March 31, 2022, equivalent to an annual production volume of roughly 33 million barrels over the next 10 years. Therefore, we believe that the long-term risk of stranding of upstream assets is low. We estimate an average annual operating income of around 60 billion yen for the oil and natural gas E&P business in the second Medium-Term Management Plan.

## 2. Financial impacts of physical risks

### ① Increasing frequency and severity of wind and flood damage caused by extreme weather events (major typhoons)

Based on repair expenses following major typhoons in fiscal 2018 and 2019, we estimate that a typhoon of similar scale could cause roughly 2 billion yen in damages to our facilities.

### ② Rising sea levels caused by global warming

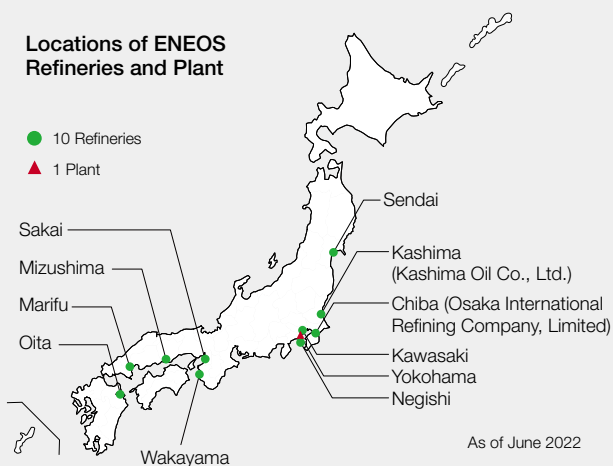
We spent about 1 billion yen annually in fiscal 2018 and 2019 on measures to deal with rising sea levels, including expenses for increasing the number of water pumps and raising the height of structures affected by high tides. Assuming an ongoing need for similar measures, we expect to continue spending about 1 billion yen every fiscal year.

### Response to Physical Risks

During the capital expenditure planning stage, the Group examines risks associated with localized wind and flood damage caused by extreme weather events and rising sea levels and takes action as needed, including incorporating these risks into its business continuity plans (BCPs).

For example, the 10 ENEOS refineries in Japan are geographically dispersed, resulting in a supply system where refineries in one area are able to offset, to a certain degree, any impacts that may arise if refineries in another area are unable to operate at full capacity.

### Locations of ENEOS Refineries and Plant



### 3. Financial impacts of opportunities

#### 1 Increasing demand for raw materials for recycling

The shift to a decarbonized, recycling-oriented society and advances in digital innovation are expected to increase demand for base metals like copper and rare metals. Meeting that growing demand will require making greater use of raw materials for recycling.

In our copper smelting and refining business, raw materials for recycling are being used for the raw materials needed, but we are working to increase the percentage to 50%. In fiscal 2021, operating income in our copper smelting and recycling business amounted to about 40 billion yen, and we aim to increase this amount going forward.

#### 2 Increasing demand for renewable energy, hydrogen, and EVs

We expect demand for hydrogen, renewable energy, and EVs to grow with the shift to a decarbonized, recycling-oriented society. Based on estimates of the size of these markets in 2040, as well as assumptions regarding the Group's market share and operating income rate, we estimate that operating income in these businesses could reach about 100 billion yen by that year. While paying close attention to economic feasibility, we are actively developing these growth businesses to raise our corporate value.

#### 3 Expansion of initiatives to reduce environmental impacts in the mobility industry / Increasing demand for functional and thin-film materials needed for electrification

With the shift to a decarbonized, recycling-oriented society, the

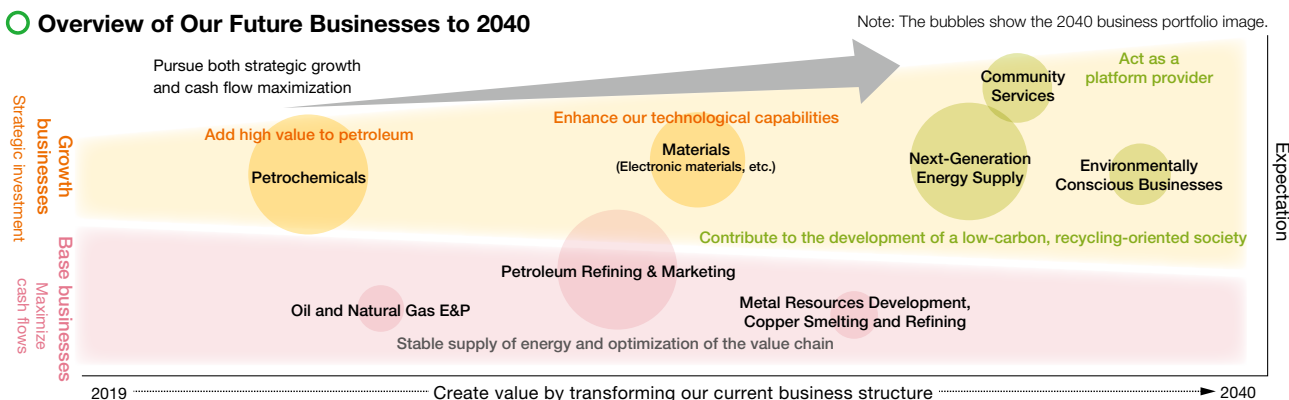
growth of next-generation vehicles, particularly EVs, is anticipated, but demand for automobile tires is expected to increase regardless of the change in power source. Consequently, the global market for synthetic rubber is projected to grow by two to three percent annually.

The ENEOS Group has acquired JSR Corporation's elastomers business, which includes the manufacture and sale of synthetic rubber. We will contribute to the reduction of environmental impacts by supplying the main product of this business, an advanced raw material used in the treads of high-performance, fuel-efficient tires. We expect the elastomers business to generate about 10 billion yen in operating income in fiscal 2022 and to continue producing steady earnings.

Advances in digital innovation are expected to support ongoing high demand for high-performance and advanced materials for IoT, AI and robotics. The Group has high shares of global markets for various electronic materials, such as sputtering targets for semiconductors and rolled copper foil. Our functional materials and thin-film materials businesses generated a combined total of about 50 billion yen in operating income in fiscal 2021, and we seek to further increase income from these businesses in the future. Our metals business, which includes copper mining and smelting as well as resource recycling, generated about 160 billion yen in operating income in fiscal 2021, and we expect growing demand for copper to support the continued steady growth of this business.

## Building a Business Portfolio That Addresses Risks and Opportunities

### Overview of Our Future Businesses to 2040



We are accelerating structural reforms to build a resilient business portfolio that will enable us to respond to the risks and opportunities we have identified and achieve sustainable

growth. In building our business portfolio, we have divided the Group's businesses into the two main categories of growth businesses, where we will increase strategic investment, and

base businesses. In petroleum refining and marketing, one of our base businesses, we will optimize the value chain and maximize cash flows through improved efficiencies and resilience while fulfilling our responsibility to provide a stable supply of energy, even if product demand falls by 50%. In our growth businesses, we will concentrate our management resources effectively to develop and strengthen these businesses.

### Internal carbon pricing system

We are advancing our shift to being a business that contributes to the reduction of carbon emissions by setting an internal<sup>5</sup> carbon price of 50 dollars per ton as a reference and identifying the impacts of both the risks and opportunities associated with changes in our CO<sub>2</sub> emissions. We have set specific CO<sub>2</sub> reduction values with the aim of accelerating the construction of a business portfolio that will enable us to achieve carbon neutrality. We will use these values as factors to guide investments in energy efficiency that will lower our carbon emissions and to encourage exploration of new investments that will advance our conversion to clean energy. The internal carbon price will be updated as the business environment evolves.

<sup>5</sup> For ENEOS and JX Nippon Oil & Gas Exploration business areas

### Realizing a just transition

In building our business portfolio for a decarbonized society, we believe that reducing social and economic burdens is essential to the continuity of social and economic activity during the transition period. The most effective way we can contribute to a just transition is by fully leveraging our strengths, including our refineries, supply chain and other existing assets, our highly professional and motivated human resources, and our close relationships with local communities, including local economies.

For example, in building a hydrogen supply chain, which is currently in progress, we can use our refineries, logistics, and service station network to establish a competitive advantage, which will enable us to minimize any adverse impacts on our employees or related companies as well as on the employment and labor conditions and people's livelihoods in local communities.

Our approach is aligned with the International Labour Organization's *Guidelines for a just transition towards environmentally sustainable economies and societies for all*.

We also conduct human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights every two years, and we will carry out regular reviews and implement appropriate measures as we pursue our initiatives during the transition.

## Indicators and Targets

As a milestone toward its stated goal of achieving carbon neutrality in its own emissions by 2040, the ENEOS Group has developed the Medium-Term Environmental Management Plan for fiscal 2020 to 2022, and has established long-term environmental targets to fiscal 2030.

In May 2022, we set new carbon neutral targets, including for Scope 3 emissions, based on a scenario to achieve the 1.5°C target (see page 31). We plan to reflect these targets in our next Medium-Term Management Plan and long-term environmental targets.

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Environmental Vision (Fiscal 2040)</b>            | The ENEOS Group aims to be carbon neutral in its own CO <sub>2</sub> emissions in fiscal 2040. We will achieve this by strengthening and expanding businesses with low environmental burden and strengthening environmentally conscious businesses.                                                                                                                                                                                        |
| <b>Long-term environmental targets (Fiscal 2030)</b> | We aim to reduce CO <sub>2</sub> emissions by 10.17 million tons in fiscal 2030, compared to fiscal 2009, by pursuing energy conservation measures in our business activities and pursuing sales and development of environmentally friendly products <sup>6</sup> , including renewable energy, while also pursuing environmentally conscious businesses and contributing to the development of a low-carbon, recycling-oriented society. |

### Medium-Term Environmental Management Plan

| Key themes                           | Basic initiatives                                                                                                                       | Concrete measures aimed at FY2022                                                                                                                                                                                                                |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contribution to a low-carbon society | Pursuit of energy conservation measures in business activities<br>CO <sub>2</sub> recovery in business activities (Scope 1 and Scope 2) | <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 2.16 million tons compared to fiscal 2009 by pursuing energy conservation</li> <li>CCS/CCUS initiatives</li> </ul>                                                     |
|                                      | Reduction of CO <sub>2</sub> emissions in the supply chain (Scope 3)                                                                    | <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions of customers by 1.2 million tons compared to fiscal 2009 by promoting sale and development of environmentally friendly products<sup>6</sup></li> </ul>                    |
|                                      | Develop businesses in hydrogen and renewable energy                                                                                     | <ul style="list-style-type: none"> <li>Develop hydrogen station business</li> <li>Develop renewable energy business</li> </ul> <p>Total reduction of 920,000 tons from biomass, solar power, wind power, and other forms of renewable energy</p> |

**Total CO<sub>2</sub> emission reduction target: 4.28 million tons in fiscal 2022**

<sup>6</sup> Information about the Group's environmentally friendly products is available on the following website (available in Japanese only).



Development and provision of environmentally friendly products and services  
<https://www.eneos.co.jp/ecoproducts/>

### Development of a Recycling-Oriented Society

Evaluation: 😊 Achieved/Steady progress ☹️ Not achieved

| Material ESG Issue                                              | Target (KPI)                                                       | Fiscal 2021 Results/Progress    |
|-----------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------|
| Contribution to the development of a recycling-oriented society | Waste-to-landfill ratio:<br>Maintain zero emissions (less than 1%) | 😊 Waste-to-landfill ratio: 0.8% |

The ENEOS Group manages and recycles waste appropriately, with a target of maintaining zero emissions (waste-to-landfill ratio of less than 1%). In fiscal 2021, waste totaled 3,210 thousand tons and landfill waste totaled 26 thousand tons. The waste-to-landfill ratio was 0.8%, indicating that we continue to achieve our zero-emissions target.

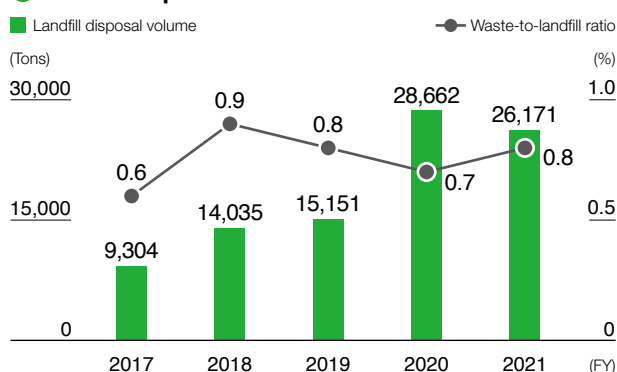
Factors contributing to the decrease in the total volume of waste from the previous fiscal year included the termination of operations at some Group company sites and fewer construction projects involving the removal of existing structures.

We reduce waste through recycling and reuse initiatives such as collecting particulate matter and sludge released from oil refineries for reuse as raw materials for cement, and reusing neutralized slag<sup>1</sup> at our smelting and refining facilities. We apply LCA methodology<sup>2</sup> in evaluating the development of certain lubricant products.

<sup>1</sup> Material generated by the neutralization reaction in the smelting process

<sup>2</sup> LCA (life cycle assessment) methodology involves quantitatively evaluating the environmental effects of product manufacturing throughout the entire life cycle from procurement of raw materials to manufacturing, transport, use, and disposal.

#### Landfill Disposal Volume and Waste-to-Landfill Ratio



→ See the ENEOS Report: ESG Data Book 2022 (available on our website in January 2023) for further details.

ESG DATA ESG Data Book—The 3Rs (Reduce, Reuse, Recycle)  
<https://www.hd.eneos.co.jp/english/esgdb/environment/reduce.html>

#### Example of Activities

##### Joint plastic-to-oil conversion business for recycling of waste plastic

In July 2021, ENEOS and Mitsubishi Chemical Corporation (MCC) decided to launch a joint plastic-to-oil conversion business at the MCC Ibaraki Plant. The facility will have an annual processing capacity of 20,000 tons, making it the largest commercial plastic-to-oil conversion facility in Japan. Operations are scheduled to commence in fiscal 2023.

In light of the growing global issue of waste plastics, the two companies have spent considerable time and effort researching chemical recycling technology. In the new joint business, plastic will be converted to oil using supercritical water treatment technology from Mura Technology of the United Kingdom to chemically liquefy waste plastic procured from third parties. ENEOS and MCC will use the recovered oil as a raw material for reprocessing into petroleum and plastic products, resulting in a highly efficient chemical recycling system.

#### Example of Activities

##### Joint project to convert used tires to raw materials for new tires

ENEOS and Bridgestone Corporation launched a joint project in February 2022 aimed at achieving the social implementation of chemical recycling technologies that enable precise pyrolysis of used tires. The objective is to develop high-yield chemical recycling technologies using precise pyrolysis to break down used tires to recover materials that can be reused as feedstock for petrochemical materials, such as butadiene for synthetic rubber. The project will conduct large-scale demonstrations geared to mass production by 2030 and then quickly advance to commercialization.

The New Energy and Industrial Technology Development Organization (NEDO) of Japan has adopted the project for “Development of Technology for Producing Raw Materials for Plastics Using CO<sub>2</sub> and Other Sources” under its Green Innovation Fund.

## Social Initiatives

### Ensuring Safety

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

| Material ESG Issue | Target (KPI)                                                                                                                                                    | Fiscal 2021 Results/Progress                   |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Ensuring Safety    | <ul style="list-style-type: none"> <li>Zero serious occupational injuries (occupational fatalities)</li> <li>Achieve TRIR<sup>1</sup> of 1.0 or less</li> </ul> | 😊 Zero serious occupational injuries<br>😞 1.13 |

<sup>1</sup> Total recordable incident rate (TRIR) is the number of occupational injuries per one million hours (non-lost-time occupational injuries + lost-time occupational injuries and fatalities)

The ENEOS Group prioritizes and is fully committed to the safety of its workers. We set annual targets for zero serious occupational injuries (occupational fatalities) and a total recordable incident rate (TRIR) of 1.0 or less. We have also established Group-wide Safety Action Items and conduct comprehensive safety activities and safety training for employees, including those of contractor companies.

In fiscal 2021, there were zero serious occupational injuries (occupational fatalities), but as our TRIR was above 1.0, we did not reach our target of achieving a TRIR of 1.0 or less. The primary reason for not achieving the target was identified as workers not sufficiently confirming the safety of their surroundings. We are

continuing efforts to eliminate occupational injuries by providing e-learning and safety awareness training, through which employees learn from past incidents, learn to check the safety of their surroundings, and are encouraged to remind others, to the point of "badgering," about maintaining worksite safety. We are continuously working to improve the safety and health management system through efforts such as raising the effectiveness of risk assessments and employee ability to investigate the causes of accidents. As a company that provides work environments for a large number of employees, including those of contractor companies, we seek to prevent occupational injuries through effective safety activities according to our business characteristics.

→ See the ENEOS Report: ESG Data Book 2022 (available on our website in January 2023) for further details.

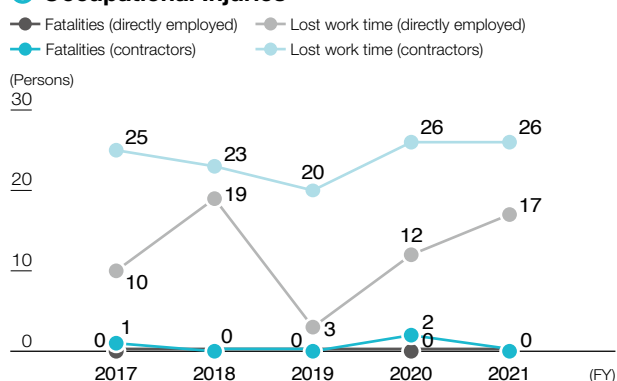
#### Group-wide Safety Action Items

- Preventing falls
- Preventing heatstroke
- Separating people from heavy machinery

#### ESG Data Book—Safety

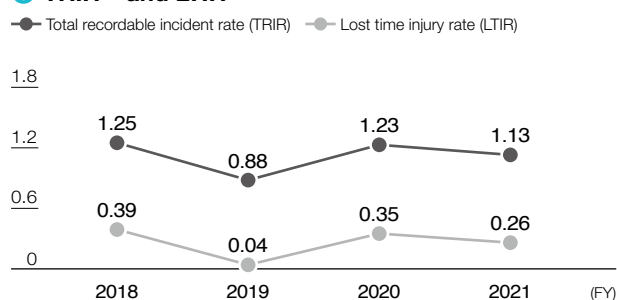
<https://www.hd.eneos.co.jp/english/esgdb/social/safety.html>

#### Occupational Injuries<sup>2</sup>



<sup>2</sup> Scope of data: Principal operating companies

#### TRIR<sup>3,5</sup> and LTIR<sup>4,5</sup>



<sup>3</sup> TRIR: Number of non-lost-time occupational injuries, lost-time occupational injuries and fatalities per million hours, excluding heat stroke (first aid)

<sup>4</sup> LTIR: Number of lost-time occupational injuries and fatalities per million hours

<sup>5</sup> Scope of data: Directly employed employees at the main offices, refineries, plants, and business sites of principal operating companies  
Contractor data is available on the ESG Data Book webpage.

#### Example of Activities

##### Hazard simulation training using virtual reality

The ENEOS Group Safety Education Center in Hitachi City, Ibaraki Prefecture was established to provide workers with safe and controlled opportunities to experience the hazards inherent in their work. The center uses virtual reality technology to simulate daily operations and give employees experiential training in detecting,

avoiding, and handling potentially dangerous situations. In fiscal 2021, two new simulated experiences, falling from temporary scaffolding and coming in contact with heavy machinery, were added to the training program.

## Respect for Human Rights

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

| Material ESG Issue                                       | Target (KPI)                                                                                                                                                    | Fiscal 2021 Results/Progress                                                                                                                                                                                                             |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Compliance with international principles on human rights | <ul style="list-style-type: none"> <li>· Implement human rights due diligence, including for subsidiaries</li> <li>· Implement human rights training</li> </ul> | <p>😊 Implemented human rights due diligence for ENEOS, JX Nippon Oil &amp; Gas Exploration, JX Nippon Mining &amp; Metals, and other Group companies (no serious human rights violations)</p> <p>😊 Implemented human rights training</p> |

As a corporate group with global business operations, the ENEOS Group believes that an important element in striving for sustainable development is respect for the human rights of all stakeholders, including employees. Based on this belief, we have stipulated basic principles on human rights in the ENEOS Group Code of Conduct, and we have supplemented these principles with our Human Rights Policy.

Group companies provide training and e-learning on human rights for all officers and employees to raise awareness and prevent human rights issues from occurring. The Group has three procedures to comprehensively identify and address human rights risks: human rights due diligence, CSR procurement surveys in the supply chain, and a response flowchart for suspected human rights violations.

### Human Rights Due Diligence

Based on its Human Rights Policy, the ENEOS Group began carrying out human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGP) in fiscal 2019. We implement the due diligence process every two years. Human rights due diligence consists of identifying and assessing the scope of human rights violation risks in our business activities, formulating improvement measures, and developing a training system.

In the second round of human rights due diligence, conducted in fiscal 2021, we followed suit from the first round in assessing and verifying whether the Group had committed any human rights violations involving employees, customers, residents living near refineries or smelters, residents living near service stations, or suppliers. In addition, in this second round of human rights due diligence, we carried out engagement with NGO Human Rights Now and members of the ENEOS labor union and the JX Nippon Mining & Metals labor union, and used the results to assess and verify human rights risks in the Group.

### CSR Procurement Surveys in the Supply Chain

We began conducting CSR procurement surveys in cooperation with our suppliers in fiscal 2018. By including the same human rights due diligence verification items in the surveys that are used in the Group, we conduct similar human rights due diligence for our suppliers. Although no serious human rights risks have been identified to date, we have urged suppliers who need improvement to take corrective action. We will continue to monitor the status of improvements with regular checks every three years.

→ See the ENEOS Report: ESG Data Book 2022 (available on our website in January 2023) for further details.

 **ESG Data Book—Human Rights**  
<https://www.hd.eneos.co.jp/english/esgdb/social/rights.html>

### Example of Activities

#### Human Rights Response Flowchart

Upon the directive of the Board of Directors, the ENEOS Group developed the Human Rights Response Flowchart in fiscal 2021 to facilitate timely identification and analysis of and measures to avoid and mitigate the impact of human rights violations caused by the Group in the course of its business activities. The flowchart was formulated in accordance with the human rights due diligence framework of the UNGP with the main objective of determining responses in terms of the impacts of our business operations on human rights violations committed by third parties. Based on this flowchart, we decided to withdraw from our oil and natural gas E&P

project in the Republic of the Union of Myanmar, taking into account the local situation, including the Myanmar government's response to social issues, as well as the feasibility of the project based on gas field evaluation.

We will continue to use the flowchart to determine appropriate responses whenever human rights risks are detected, and we will report to the Board of Directors on the status of those responses twice a year. In this way, we will continue our earnest response to human rights risks in our business activities.

## Human Resource Development

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

| Material ESG Issue                      | Target (KPI)                                                                                | Fiscal 2021 Results/Progress            |
|-----------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------|
| Securing and developing human resources | · Implement effective training and evaluation based on the human resources development plan | 😊 Implemented various training programs |

The ENEOS Group provides training to improve employee skill levels and raise employee awareness in accordance with the Basic Policy on Human Resources Development.

ENEOS provides basic training, leadership training, skill improvement training, and self-development programs. To make our programs more effective, we design training programs tailored to individual employees and encourage self-led career development.

In recent years, we have introduced programs to develop human resources capable of advancing the company's transformation under the second Medium-Term Management Plan. In fiscal 2020, we introduced selective M&A training (project manager training) to develop the human resources needed to carry out our M&A projects, and in fiscal 2021, we launched a training program for future management talent to develop the skills and abilities to bring new perspectives to management.

In addition, based on the Group's human resource development policy, JX Nippon Oil & Gas Exploration and JX Nippon Mining & Metals also conduct human resource development in accordance with their business policies.

Systematic and strategic development of candidates for

senior management positions is more important than ever for all Group companies. We will identify promising candidates at an early stage and provide training to enable them to contribute to their full potential in the future.

### Workflow for the Selection and Development of Management Resources at ENEOS



→ See the ENEOS Report: ESG Data Book 2022 (available on our website in January 2023) for further details.



ESG Data Book—Human Resource Development

<https://www.hd.eneos.co.jp/english/esgdb/social/development.html>

### Number of Hours of Training in Fiscal 2021\*

| Total training hours | Training hours per employee |
|----------------------|-----------------------------|
| 94,518               | 7.4                         |

\* Number of hours of internal group training and external training organized by the human resources departments of ENEOS Holdings and its principal operating companies, aggregated for each employer

### ENEOS Group Basic Policy on Human Resources Development

We will continuously and systematically develop human resources to secure talent capable of tackling challenges globally with the spirit of creativity and innovation.

We will carefully develop employees with a strong awareness of the Group's mission and our five core values, a strong sense of ethics, and a willingness to take on challenges.

We will develop human resources who will help us enhance corporate value over the medium to long term in order to strengthen our management foundation.

We maintain various functions and roles based on the business format and organization of the company. Each of these is indispensable

to the operations of the company, and we will promote appropriate development efforts to ensure that all employees can contribute to the organization by maximizing their capabilities.

We will establish systems for actively supporting employees looking to grow themselves by promoting diverse development and growth tailored to each employee's aptitude.

We believe that supporting the growth of our diverse workforce will help to invigorate company organizations, thereby strengthening our competitiveness. We respect the individuality of each and every employee and support the self-led growth of employees tailored to their aptitude.

## Healthy Work Environment / Health Enhancement

Evaluation:  Achieved/Steady progress  Not achieved

| Material ESG Issue      | Target (KPI)                                                                                                                                                                                                               | Fiscal 2021 Results/Progress                                                                                                                                                           |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Diversity and inclusion | <ul style="list-style-type: none"> <li>Maintain rate of women among newly hired university graduates at 25% or higher</li> <li>Maintain employment rate of people with disabilities at 2.3% or higher</li> </ul>           |  30.9%<br> 2.47% |
| Work-life management    | <ul style="list-style-type: none"> <li>Maintain annual paid leave days taken at 80% or higher</li> <li>Maintain 100% rate of return to work after childcare leave</li> </ul>                                               |  90.9%<br> 100%  |
| Health enhancement      | <ul style="list-style-type: none"> <li>Increase the cancer screening rate (recommendations) (Achieve screening rate of 70% or higher for stomach cancer, colorectal cancer, breast cancer, and cervical cancer)</li> </ul> |  66.4% (Target achieved only for colorectal cancer)                                                 |

The ENEOS Group promotes the management of work-life balance as a way for all employees to increase their motivation and creativity and perform at their full potential. The Group believes that creating environments where employees accept a person's individuality (diversity & inclusion) and everyone is given equal opportunity (equity) will lead to the creation of new value throughout the organization and the growth of the Group. Based on this belief, we have stipulated basic principles for the establishment of a healthy work environment in the Group Code of Conduct, and we implement various measures accordingly.

### ■ Advancement of Women in the Workplace

To support the career planning and growth of our female employees, the Group is working to reform workstyles, change awareness, and develop and expand systems for all employees. Group companies also have their own action plans for the advancement of women in the workplace, which are based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and are implementing measures for the achievement of these plans.

We are taking steps to promote women to leadership positions. ENEOS had 24 women who managed teams or departments in fiscal 2019 and has set a target of at least doubling that number by April 2023. At the end of fiscal 2021, the number of women in leadership positions was 107, and of

these, the number of female managers was 38. JX Nippon Oil & Gas Exploration had 8 women in leadership positions at the end of fiscal 2021 and aims to increase this number to at least 10 in fiscal 2023. JX Nippon Mining & Metals had 17 women in leadership positions at the end of fiscal 2021 and aims to increase this number to at least 24 in the period from April 2021 to April 2023.

### ■ Promoting Career Opportunities for Employees with Disabilities

The Group promotes active participation by employees with disabilities by providing assignments based on individual characteristics and aptitudes rather than grouping individuals at specific worksites. The Group also engages counselors and job coaches to support employees in worksite adaptation.

### ■ Encouraging Employees to Take Annual Paid Leave

We are taking an organizational-level approach to raising awareness in each department about planning for and taking annual paid leave. We encourage employees to take consecutive days off and to designate one day a year of their choice as a personal "memorial holiday" as part of our efforts to foster a corporate culture where employees can easily take paid leave.

### ■ Enhancing Employee Health

Measures to enhance employee health include increasing the participation rate in regular health checkups and cancer screenings, preventing infectious diseases, and implementing measures for mental health. Although our fiscal 2021 cancer screening rate of 66.4% fell short of the target, due in part to the impacts of the COVID-19 pandemic, it was still higher than the previous year. We will continue our efforts to further increase the screening rate.

→ See the ENEOS Report: ESG Data Book 2022 (available on our website in January 2023) for further details.



**ESG Data Book – Healthy Work Environment / Health**  
<https://www.hd.eneos.co.jp/english/esgdb/social/office.html>  
<https://www.hd.eneos.co.jp/english/esgdb/social/health.html>

### ○ Employment Status of Female Employees<sup>1</sup>

(As of March 31, 2022<sup>2</sup>)

| Category                                      | Number of female employees                                                                       | Percentage of total |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------|
| Newly hired employees                         | 149                                                                                              | 20.8%               |
| Employees                                     | 1,497                                                                                            | 12.9%               |
| Leadership positions                          | 132                                                                                              | 4.4%                |
| Directors                                     | 3                                                                                                | 17.6%               |
| Average years of service for female employees | 16.3 years (Difference in average years of service between male and female employees: 2.3 years) |                     |

<sup>1</sup> Scope of data: Data on number of female directors is for employees of ENEOS Holdings; other data is for employees of ENEOS Holdings and principal operating companies.

<sup>2</sup> Data on number of female directors is as of June 28, 2022.



Special Feature

## Discussion

### Two Outside Directors and the Chairman of the Board

#### Ota Hiroko

Outside Director  
(Chair of the Nomination Advisory Committee)  
ENEOS Holdings, Inc.

#### Ota Katsuyuki

Director, Chairman of the Board  
ENEOS Holdings, Inc.

#### Mitsuya Yuko

Outside Director  
(Audit and Supervisory Committee Member)  
ENEOS Holdings, Inc.

## Further enhancing our corporate value over the long term through external perspectives on management and governance

### Topic 1

#### Strengthening governance

### Actively incorporating external perspectives to strengthen governance

#### Chairman Ota

We have made several governance reforms to address major changes in the business environment. In 2018, we became a company with an audit and supervisory committee, and in 2020, we integrated ENEOS and ENEOS Holdings management with

the aim of accelerating decision-making by management through the delegation of authority and strengthened monitoring.

Until March of this year, I was in an executive position, but I am now making a conscious effort to change my mindset in accordance with my current role as chairman of the board. I believe that **in the implementation of governance, it is essential to take external perspectives into account.** Now when making decisions, I use not only my own business execution experience, but also make effective use of the views and expertise of our outside directors.



#### H. Ota

I have served as an outside director since the days of the former JX Holdings. The Company has long utilized outside directors, but I have noticed an improvement in the quality of discussions recently. When developing the Long-Term Vision and the current second Medium-Term Management Plan, the Company actively incorporated the views of outside directors from the very first stages.

I think appointing a non-executive director who is not directly involved in business as the chairman of the board is **a clear step forward for governance**. When the CEO is the chair and the one presenting ideas, input from outside directors is often not given full consideration. Also, stakeholder trust could be lost if the CEO is the board chair and a management issue occurs that the CEO ultimately should take responsibility for. After much discussion by the Nomination Advisory Committee, we decided that a non-executive director should serve as chairman of the board. We also discussed appointing an outside director as the board chair. However, from my experience serving as board chair of another company, I understood that ENEOS Holdings' wide variety of core businesses, each with a high degree of specialization, would make it very challenging for someone from outside the company. We therefore determined that, at least for now, it would be best to appoint someone from inside the company.

#### Y. Mitsuya

The outside directors extensively discussed the candidate choices for the board chair, and particularly about whether they should be from inside or outside the company. Would a chair from outside the company be able to effectively lead the Company's many core businesses with widely different specialties, from upstream to downstream? Someone from outside the Company would also require a huge amount of support from the Company. After much deliberation we

decided, and the Nomination Advisory Committee agreed, that a non-executive director would be the best choice. The Nomination Advisory Committee discussions and processes were also reviewed by the Audit and Supervisory Committee, which I believe provides validation for the **transparency and consistency of our decision**.

Since becoming Chairman of the Board of Directors in April, Mr. Ota has been attentive to the views expressed at the meetings of the outside directors, and he is making a conscious effort to create an environment that encourages the expression of opinions at Board of Directors meetings.

#### Chairman Ota

The meeting agenda is the key point to stimulating discussion at board meetings. Executives and the support office set the agenda items in accordance with board rules, but most important is whether the topics are aligned with current management issues. Rather than taking a formal approach to confirmations or discussions, I would like us to take a more flexible approach to topics based on the outside directors' understanding of the issues so we can have discussions that contribute to enhancing corporate value.

#### H. Ota

We outside directors cannot do anything without information. Information is vital. Therefore, an external perspective is essential when deciding which information the Company should or should not communicate. I believe that appointing Chairman Ota, a non-executive director, as the board chair is a major step toward creating an interface between the inside and outside directors.

## Monitoring through unparalleled business audit reporting

#### Chairman Ota

Monitoring is essential. With a business environment that is changing so dramatically, the execution side is speeding up its attempts at new challenges, which entails taking on risks and conducting trial and error. How can the supervisory side monitor that? Our internal knowledge was sufficient and served us well when the external environment was favorable. But the environment has changed significantly, and the opinions of outside directors who understand our Company's situation, especially what sort of internal discussions we have had, are extremely important. In addition, precisely because we are in a period of rapid change, I believe hearing opinions from diverse outside perspectives will contribute to stable management.

**H. Ota**

Sharing the Executive Council discussions with the Board of Directors is another positive step forward. However, I think the subsequent reporting still needs to be improved. When the outside directors point something out, it is very important for management to look into and follow up on the matter in a timely manner. The execution side seems to think it cannot report to the Board of Directors until it has something fully developed to report.

One very positive point is **the comprehensiveness of the Company's business audit reports**. It's rare to see such broad-ranging reports covering everything from issues about vertical organizational structures to the quality of board meeting discussions. The reports have become even more detailed since the transition to a company with an audit and supervisory committee.

**Y. Mitsuya**

The full-time Audit and Supervisory Committee members also talk to people in the business departments, so they hear first-hand what is being said inside the Company. This ensures **a high level of transparency in our business audit reports, which always receive positive responses when we show them to outside directors who are not Audit and Supervisory Committee members**.

**Chairman Ota**

I believe full-time Audit and Supervisory Committee members also receive feedback in the Executive Council meetings they attend prior to the Board of Directors meetings. We also do our best to provide materials and supplemental explanations to ensure the outside directors are fully informed. I think the key point now is to determine how the supervisory side will carry out its monitoring. When that is decided, then the Company can move ahead to the next step.

**H. Ota**

The business audit reports are issued once a year, but in such a rapidly changing environment, numerous management decisions are made within one year, about which all sorts of opinions are expressed. Information becomes meaningless if it's not immediately shared when it's relevant. It's at those times when we need the board chair to take a non-executive perspective in determining the agenda.

**Y. Mitsuya**

It's the "bad news first" approach. It's critical to have an item on the agenda as early as possible so we can take corrective action before a situation gets out of control.

**H. Ota**

That's the relationship of trust between the inside and outside directors. **Both tension and trust are necessary**, but the challenge is how to keep them in balance. As the board chair, I think that is a particular concern of yours.

**Chairman Ota**

Executives and outside directors (supervision) have the same objective of enhancing the ENEOS Group's corporate value. I think thoroughly communicating that point and engaging in high-quality board discussions will make the Company even better.

**Topic  
2****The second Medium-Term Management Plan toward the Long-Term Vision****Our base businesses will support the pursuit of business opportunities related to carbon neutrality****Chairman Ota**

We have several initiatives we are advancing with unprecedented speed to bring about the transformation in the second Medium-Term Management Plan toward our Long-Term Vision. The initiatives include engaging in major M&A, developing new energies, hydrogen, and synthetic fuels, further expanding our production capacity for electronic materials, optimizing our network of refineries and plants, and selling upstream businesses and assets.

We have also had to deal with unexpected external conditions, such as the COVID-19 pandemic and the conflict in the Ukraine. And it's not just new issues, there are also issues in our base businesses that still need to be addressed. All of these are major topics that need to be discussed when developing the next medium-term management plan.



**H. Ota**

Strengthen the competitiveness of base businesses and generate cash to invest in growth businesses. That's the key mechanism of the second Medium-Term Management Plan, but it seems as if neither of those processes has been completed. We are working on various measures for the base businesses, such as optimizing the production system and fully integrating digital technologies, but we can't really say we have strengthened their competitiveness. Likewise, the growth businesses have achieved results in the electronic and functional materials fields, but efforts in renewable energy are still at the beginning stages and the new platforms have yet to make progress.

The problem is that the high speed at which the world is going green is casting a dark shadow over the future of oil, which is at the core of our business. We were an early player in hydrogen, and now that the government is promoting it, those efforts are primed to start bearing fruit. **We are at a crucial point where we must quickly construct the pillars for new businesses.**

**Chairman Ota**

Many of the companies aiming for carbon neutrality are concerned with the costs associated with the kinds of energy they will need to procure. Because we are a company that produces energy for society, this drive to achieve carbon neutrality has a whole different level of ramifications because it means reforming our business. So for us, a major transition like that is also **a major business opportunity**. That is why it is critical that we continue reforming our base businesses and effectively use the cash they generate to develop growth businesses. We must connect the two.

**Y. Mitsuya**

Another major issue is the pace of progress of each business in responding to the rapid changes in the business environment. The time frames for hydrogen and other initiatives are different, and there are often variances in how fast an initiative generates growth and how fast the environment is changing. The only way to overcome those variances is to **support the growth areas with cash from the base businesses.**

A key factor here will be the motivation of the people in the base businesses. Hearing all these calls to become carbon neutral could make our on-site workers, who are working so hard at their jobs, start to wonder if our production of petroleum products is a bad thing. We should be mindful of that possibility because that could cause a decline in work motivation and even potentially lead to compliance risks. The third Medium-Term Management Plan will need to address risk management in that area as well.

**H. Ota**

The energy crisis triggered by the invasion of Ukraine is a reminder that energy provides security in our lives and is at the very foundation of society and the economy. **Human beings use the earth's resources, and capturing those resources requires huge investment and risk along with a great deal of effort. That is why it is essential to redefine our base businesses and reidentify their purpose.**

We are shifting to growth businesses while at the same time aiming to make all of our operations carbon neutral. Since we are in the energy business, it is imperative that we seriously address climate change issues. We are resolved and determined to make carbon neutral systems a driver of our business growth and have communicated that throughout the Company over the past couple of years.

**Introducing more diverse perspectives and ideas****H. Ota**

One area where I feel the second Medium-Term Management Plan is lagging behind the times is in the diversification of human resources. **The key element here is introducing more diverse perspectives and ideas.**

In the past, the Company's business was quite stable, so there was little need for discontinuous innovation, but times are different now. For example, the digital transformation we are currently advancing takes a completely customer-oriented viewpoint. This is a change for us because it is being driven by the questions of what value can be derived from the accumulated data? And what value are customers looking for? Diversifying our human resources goes beyond simply advancing women's participation in the workplace, it means bringing in different perspectives and ideas.

**Chairman Ota**

While increasing our diversity, we are also gradually changing other areas as well, including our human resources system. For example, we expect to develop new businesses in some areas that we do not have experience in. So, although most of our past M&A have been in related fields, we have begun pursuing M&A and partnerships with startup companies in new fields.

That will put us in contact with different types of people and new ideas, and we should seek to maximize the benefits that will bring. Reaping the rewards will take time, but I would like to link the diversification of our human resources and the new perspectives and ideas they bring to the enhancement of our corporate value.

Topic  
3Looking ahead to the third  
Medium-Term Management Plan

**At this major turning point, a team with each person fulfilling their potential and focusing on a common goal**

## Chairman Ota

When we develop the third Medium-Term Management Plan, I believe it will be important to present a clear roadmap for what we will achieve with new businesses, provide a story with a timeline and quantitative milestones, and explain our strategy for success. In addition, the base businesses have many issues, and we have already begun seeking ways to change their business flow and cost structures. The third Medium-Term Management Plan will need to have effective initiatives in those areas.

Expectations are also growing for us to integrate the views of outside directors and the perspectives of shareholders and others outside the Company on ESG, such as social issues like climate change, human resources, and governance. I am confident that discussions between our management team, who are well-versed in our businesses, and our outside directors, who contribute a vast range of perspectives, will enable us to put together a highly effective management strategy.

## H. Ota

I believe the Long-Term Vision is headed in the right direction, but I also believe that the business environment is changing so quickly that it would be worth going back to the very beginning to actively and flexibly review both the strategies and tactics. The employees are the ones who will get us through this transition period. We must make sure that everyone is contributing to their full potential so we can achieve a breakthrough that will come with the green transformation of society. Indeed, it will be a major transition for us because our businesses in energy and metals are part of the social infrastructure. When we develop the third Medium-Term Management Plan, we will need to thoroughly discuss what our objectives are and what our purpose is, and communicate the answers both inside and outside the Company.



## Y. Mitsuya

In addition to each person fulfilling their potential, it will also be important to share the direction we want to go in. For example, everyone understands the meaning of “well-being,” but we may all have different ideas of what it really is. A small difference now can become a major difference later, so it will be important to make sure that we are all aiming for the same goal.

## H. Ota

It reminds me of the Japanese national rugby team, which has a diverse mix of players. **Each player watches the situations change, thinks about the direction the team should be going, modifies their tactics and strategies, and then works as a team to reach the goal.** That's the kind of organization I would like us to have.

## Chairman Ota

To do that, we first need to clarify and share what we are aiming for, and, second, we need to communicate. We must make a conscious effort to do both in all of our efforts. While quickly and flexibly responding to change, we must all work together to achieve our goals.

## Basic Approach and Framework

ENEOS Holdings has established the ENEOS Group Philosophy as the foundation for the Group's business activities, and works to realize the philosophy through the establishment and appropriate execution of corporate governance to achieve sustainable growth and enhance the corporate value of the ENEOS Group over the medium to long term.

Corporate governance of the ENEOS Group is structured and executed as follows.

### Basic Policy on Corporate Governance

To achieve sustainable growth and increase the corporate value of the Group over the medium to long term, the Company established the Basic Policy on Corporate Governance of ENEOS Group with the objective of establishing and operating a corporate governance framework for the conduct of transparent, fair, timely, and decisive

decision-making in the Group's management.

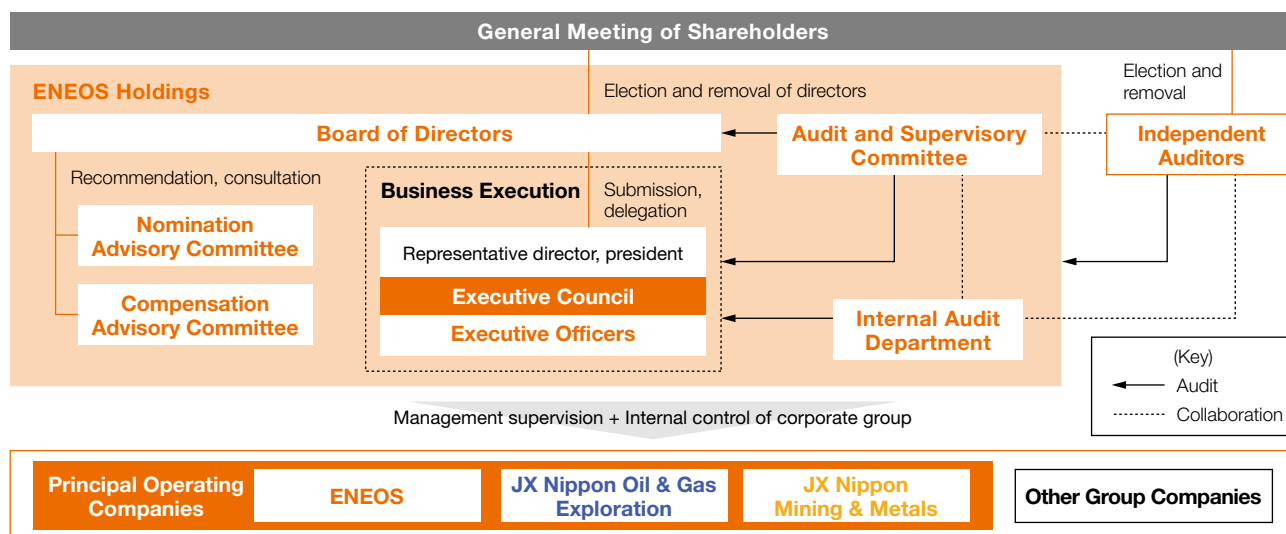
The policy describes systematically and comprehensively the Group's basic approach to corporate governance as well as its establishment and operation, taking into consideration the Corporate Governance Code established by the Tokyo Stock Exchange.

The policy, published on the Company's website, is our commitment to all stakeholders, including shareholders of ENEOS Holdings, Group customers, business partners, employees, and local communities.

 **Basic Policy on Corporate Governance of ENEOS Group**  
<https://www.hd.eneos.co.jp/english/esgdb/pdf/system01.pdf>

 **Corporate Governance Report (Available in Japanese only)**  
[https://www.hd.eneos.co.jp/esgdb/pdf/system\\_governance\\_report.pdf](https://www.hd.eneos.co.jp/esgdb/pdf/system_governance_report.pdf)

### Corporate Governance Framework



### Corporate Governance Framework at a Glance (As of June 28, 2022)

| Item                                                                    | Details                                                                                   |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Organization format                                                     | Company with an audit and supervisory committee                                           |
| Number of directors who are not Audit and Supervisory Committee members | 12 (9 inside, 3 outside)                                                                  |
| Number of directors who are Audit and Supervisory Committee members     | 5 (2 inside, 3 outside)                                                                   |
| Total number of directors                                               | 17 (11 inside, 6 outside; 3 female directors)                                             |
| Percentage of outside (independent) directors                           | 35.3%                                                                                     |
| Percentage of female directors                                          | 17.6%                                                                                     |
| Chairman of the Board of Directors                                      | Director, Chairman of the Board (Non-executive director with no rights of representation) |

| Item                                                                  | Details                                                                                                                                    |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Term of directors who are not Audit and Supervisory Committee members | 1 year                                                                                                                                     |
| Term of directors who are Audit and Supervisory Committee members     | 2 years                                                                                                                                    |
| Adoption of executive officer system                                  | Yes                                                                                                                                        |
| Decision-making body for the appointment and dismissal of directors   | General Meeting of Shareholders                                                                                                            |
| Decision-making body for the upper limit of director remuneration     | General Meeting of Shareholders                                                                                                            |
| Institution assisting the president's decision-making                 | Executive Council                                                                                                                          |
| Voluntary advisory committees for the Board of Directors              | Nomination Advisory Committee and Compensation Advisory Committee (2 inside directors, 3 outside directors; chairperson: outside director) |
| Term of Independent Auditors                                          | 1 year                                                                                                                                     |

## Overview of the Nomination Advisory Committee and Compensation Advisory Committee and Fiscal 2021 Results

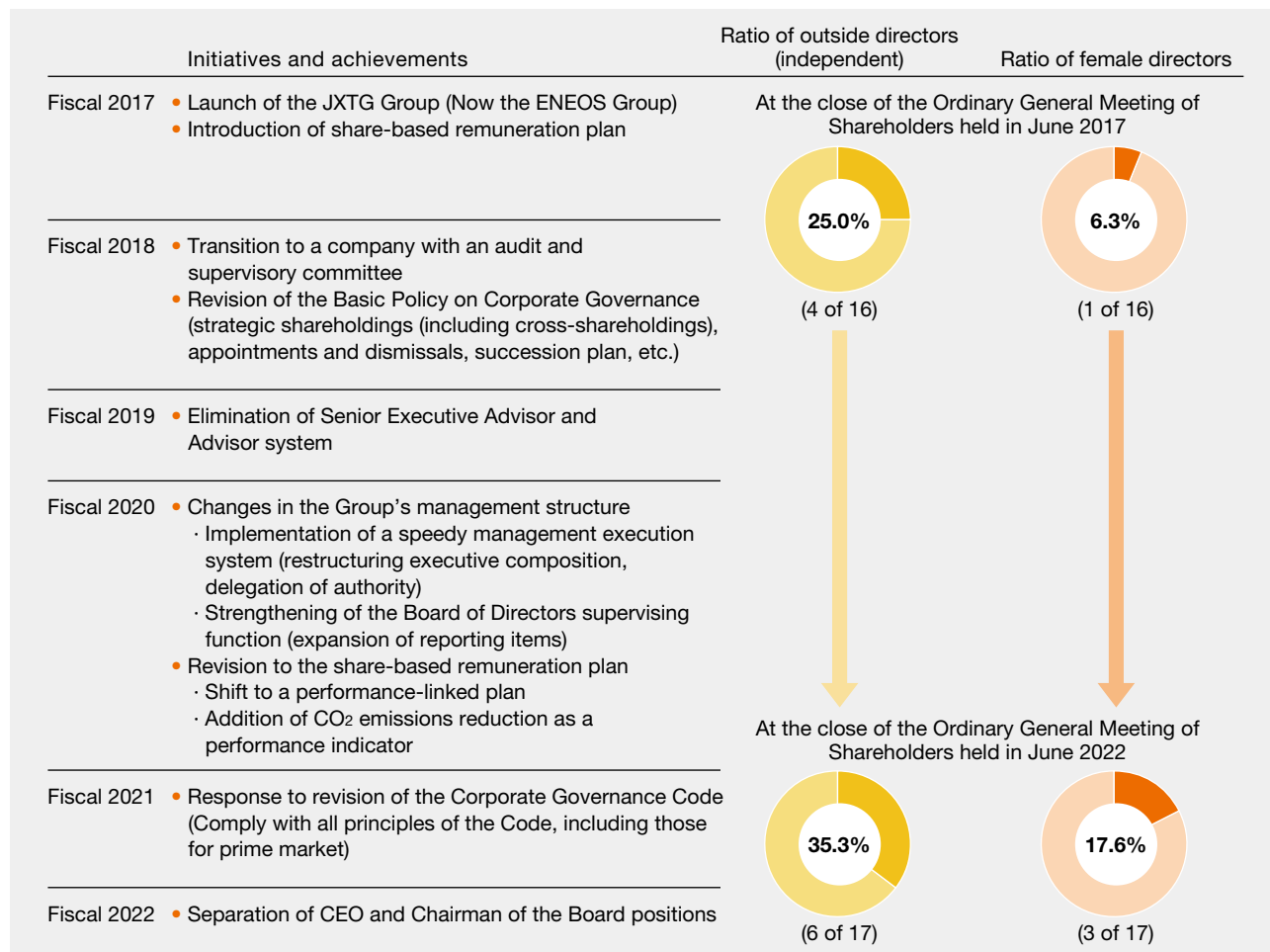
|                         | Nomination Advisory Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Compensation Advisory Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overview                | To ensure the transparency of the process for determining the director candidates of the Company, the Nomination Advisory Committee, the majority of whose members are independent outside directors, has been established to provide advice to the Board of Directors about personnel matters involving the Company's directors (including appointment and dismissal). The Nomination Advisory Committee is composed of three outside directors and two representative directors <sup>1,2</sup> , and one of the outside directors on the committee acts as chairperson. The Company's Board of Directors receives advice from the Nomination Advisory Committee regarding succession planning for the Company's chairperson of the Board and president and for the presidents of the principal operating companies. | To ensure the transparency and objectivity of the process for determining the remuneration and other benefits for directors and executive officers, the Compensation Advisory Committee, the majority of whose members are independent outside directors, has been established to provide advice to the Board of Directors. The Compensation Advisory Committee is composed of three outside directors and two representative directors <sup>1,2</sup> , and one of the outside directors on the committee acts as chairperson. The Board of Directors requests the Compensation Advisory Committee to advise on policies for determining remuneration and other benefits for directors and executive officers, as well as the executive remuneration plan and remuneration amount. |
| Chairperson             | Outside director (Ota Hiroko) <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Outside director (Ota Hiroko) <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Purpose                 | Ensure the transparency of the process for determining director candidates                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Ensure the transparency and objectivity of the process for determining the remuneration and other benefits for directors and executive officers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Results for fiscal 2021 | The committee met six times and deliberated on matters including proposals on candidates for directors of the Company and the role and structure of the Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The committee met three times and deliberated on matters including the executive remuneration plan and executive remuneration levels.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

<sup>1</sup> Composition of the Nomination Advisory Committee and the Compensation Advisory Committee as of June 28, 2022

<sup>2</sup> To ensure constructive discussion between outside directors, who supervise management from an independent and objective perspective, and representative directors, who have the greatest familiarity with the status of management, etc. in the Group, the Nomination Advisory Committee and the Compensation Advisory Committee are each comprised of three outside directors and two representative directors.

<sup>3</sup> For director profiles, see pages 79 to 82.

## Strengthening Corporate Governance



## Evaluation of the Effectiveness of the Board of Directors

Since fiscal 2016, the Company's Board of Directors has conducted annual evaluations of its effectiveness, which serve as a basis for improvement.

In December 2021 and January 2022, the Board of Directors surveyed all directors, including outside directors, to evaluate the Board's effectiveness in fiscal 2021. The results and analysis of the survey were reported to the Board of Directors on April 19, 2022. All of the survey questions received mostly positive responses, and the results indicated that the Board of Directors generally continues to be effective.

The following initiatives were implemented to "further strengthen the oversight function" and "raise the quality of discussions and explanations by the Board of Directors," which were identified as issues to address in the fiscal 2020 Board of Directors effectiveness evaluation.

- 1) Regularly conducted business assessments incorporating progress status reports of major investment projects and capital costs, and increased opportunities for discussion of environmental management issues, such as the financial impacts of climate change
- 2) For outside directors, provided opportunities for reporting

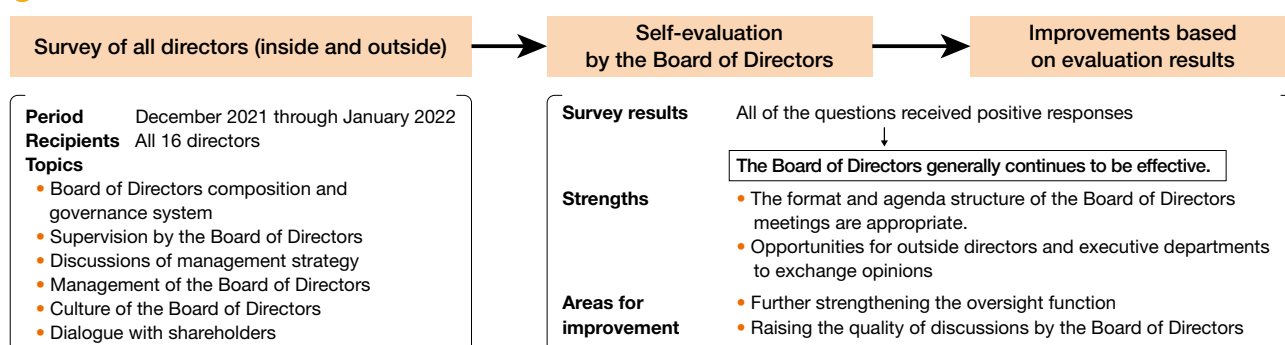
and discussion of initiatives for new businesses and also provided management information as needed via e-mail and other methods

The survey found that these efforts had some positive effect, but comments also indicated the need for further improvements. We plan to implement the following measures.

- 1) To "further strengthen the oversight function," we will provide sufficient opportunities for deliberations on the next medium-term management plan, and will discuss decarbonization and other medium- to long-term issues.
- 2) To "raise the quality of discussions and explanations by the Board of Directors," we will supply background to the agenda items and hold discussions in departments responsible for business execution with the aim of incorporating a wide range of perspectives into the discussions.

In addition, the Company's Audit and Supervisory Committee conducted an evaluation of the effectiveness of the Company's audit activities in fiscal 2021. Issues are communicated among the Audit and Supervisory Committee members and will be reflected in the audit plan for fiscal 2022, as we seek to construct an effective auditing system.

### Process for Evaluation of Effectiveness



## Policy for Appointing Director Candidates

The Board of Directors is composed of an appropriate number of members to enable free and constructive discussion and exchange of opinions, with members appointed in consideration of Board diversity and the knowledge, experience, and abilities of each member. The Company strives to appoint independent outside directors<sup>4</sup> to at least one-third of director positions. As of June 28, 2022, the percentage of outside independent officers was 35.3%.

As for directors who are not Audit and Supervisory Committee members, the Company appoints persons with

high standards of business ethics, superior strategic thinking and judgment capabilities, and flexible attitudes toward change, as well as the ability to supervise decision-making and management from the viewpoint of what is best for the Group as a whole. Two or more of the directors are independent outside directors.

As for directors who are Audit and Supervisory Committee members, the Company appoints persons with high standards of business ethics, a certain level of specialist knowledge in legal affairs, finance and accounting, etc., as well as the ability to

appropriately audit the execution of duties by directors and the ability to appropriately supervise the execution of business. The majority of these directors are independent outside directors.

<sup>4</sup> Outside directors who have satisfied the Company's "Standards for Consideration of Independence of Independent Officers"

### ■ Support System for Outside Directors

Each of the three outside directors who are not Audit and Supervisory Committee members and the three outside directors who are Audit and Supervisory Committee members meet the independence standards based on the rules of the Tokyo and Nagoya stock exchanges, on which the Company is listed. The Company sends materials regarding the agenda of meetings of the Board of Directors to the outside directors, in principle, at least

three days prior to meetings, and also provides explanations to the outside directors about important agenda items before the meetings. To enhance the auditing function by all Audit and Supervisory Committee members, including outside directors, the Company has established the Office of the Audit and Supervisory Committee, which is clearly independent from the chain of command for divisions responsible for business execution (including personnel evaluations). Full-time staff members have been assigned to the office to assist with the duties of the Audit and Supervisory Committee members. In addition, the Board Members' Support Office, with full-time staff members, has also been established to assist outside directors who are not Audit and Supervisory Committee members with business execution.

## Training for Directors and Corporate Auditors of Principal Operating Companies

The directors of the Company and principal operating companies and the corporate auditors of principal operating companies have the duty of working toward the realization of the Group Philosophy, the sustainable growth of the Group, and the achievement of increased corporate value over the medium to long term. To that end, to enhance necessary knowledge and skills, the Company and its principal operating companies provide opportunities for directors and corporate auditors to

receive training related to the Companies Act, internal control systems, accounting and taxes, business strategies, and organizations. In addition, the Company pays expenses related to self-study initiatives. When outside directors are appointed, the Company provides explanations of basic matters regarding the Group's businesses and, after their appointment, offers business presentations and worksite inspection tours to deepen their understanding.

### ○ Results for Fiscal 2021 and Forecast for Fiscal 2022

| Topic                                            | Intended for                                  | Fiscal year    | Content of training                                                                                                                     |
|--------------------------------------------------|-----------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Companies Act, compliance, corporate governance  | Newly appointed directors                     | 2021           | ENEOS Group management structure, compliance, corporate governance                                                                      |
|                                                  |                                               | 2022 (Planned) |                                                                                                                                         |
| Internal control                                 | Newly appointed directors                     | 2021           | ENEOS Group internal control systems                                                                                                    |
|                                                  |                                               | 2022 (Planned) |                                                                                                                                         |
| Finance and investor relations                   | Newly appointed directors                     | 2021           | Current status and issues regarding ENEOS Holdings' financial affairs, opinions of institutional investors, etc.                        |
|                                                  |                                               | 2022 (Planned) |                                                                                                                                         |
| ENEOS Holdings and principal operating companies | Newly appointed directors (outside directors) | 2021           | Basic knowledge about ENEOS Holdings and its operating companies: ENEOS, JX Nippon Oil & Gas Exploration, and JX Nippon Mining & Metals |
|                                                  |                                               | 2022 (Planned) |                                                                                                                                         |
| Worksite inspection tours                        | Outside directors                             | 2021           | Postponed due to the COVID-19 pandemic                                                                                                  |
|                                                  |                                               | 2022 (Planned) | (JX Nippon Mining & Metals) Hitachi Works, Isohara Works                                                                                |

## Determination of Director Remuneration

### ■ Directors Who Are Not Audit and Supervisory Committee Members (Excluding Outside Directors)

The policy on remuneration for individual directors who are not Audit and Supervisory Committee members (excluding outside directors) is determined as follows.

1. Remuneration consists of the monthly remuneration, bonus, and share-based remuneration.
2. Remuneration is determined by whether the person belongs to the Company or a principal operating company, whether

the person is full-time or part-time, whether the person is a director or executive officer, etc.

3. Bonuses are linked to performance within a fiscal year, and are paid after the given fiscal year.
4. Share-based remuneration is linked to the achievement of the Medium-Term Management Plan, etc., and is paid after a certain duration from the end of the fiscal year in which the duties have been executed and after the given medium-term management plan has been completed.

5. The consolidated business results, remuneration levels of executives in other companies, composition ratio, etc. are taken into consideration when determining the remuneration level, composition ratio, performance indicators, etc.

Remuneration for directors who are not Audit and Supervisory Committee members (excluding outside directors) is designed to be around 50% of the total for monthly remuneration, around 30% of the total for bonuses, and around 20% of the total for share-based remuneration when the performance targets, etc. are achieved.

### ■ Outside Directors Who Are Not Audit and Supervisory Committee Members

The policy on remuneration for individual outside directors who are not Audit and Supervisory Committee members is to provide monthly remuneration in consideration of their roles of providing

guidance and advice to Company management and supervising management from an independent and objective perspective.

The policy on remuneration for individual directors who are not Audit and Supervisory Committee members of the Company is determined by resolution of the Board of Directors after deliberation and recommendation by the Compensation Advisory Committee, which consists of three (3) outside directors and two (2) representative directors and is chaired by an outside director. The Board of Directors allows the Audit and Supervisory Committee to select one member to attend meetings of the Compensation Advisory Committee so that the Audit and Supervisory Committee may adequately exercise the right to state opinions related to the remuneration of directors who are not Audit and Supervisory Committee members at General Meetings of Shareholders.

### ○ Upper Limit of Remunerations for Directors

| Category                                                      | Type                             | Upper limit of remuneration                                                                                                                                                                                                  | Resolution of the General Meeting of Shareholders (GMS) | Number of receivers (Persons) |
|---------------------------------------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------|
| Directors who are not Audit and Supervisory Committee members | Monthly remuneration and bonuses | No more than 1,100 million yen per one (1) fiscal year (of which no more than 200 million yen is allocated to outside directors who are not Audit and Supervisory Committee members)                                         | The 8th ordinary GMS                                    | 13                            |
|                                                               | Share-based remuneration         | In every three (3) fiscal years,<br>• the upper limit the Company put in on reserve for trust: 1,500 million yen<br>• the upper limit of the number of shares given to eligible persons: 6 million shares (6 million points) | The 10th ordinary GMS                                   | 6                             |
| Directors who are Audit and Supervisory Committee members     | Monthly remuneration             | No more than 200 million yen per one (1) fiscal year                                                                                                                                                                         | The 8th ordinary GMS                                    | 5                             |

Note: Those eligible for share remuneration include executive officers but do not include outside directors and overseas residents.

### ○ Remunerations for Directors (Fiscal 2021)

| Category                                                                          | Total amount (Million yen) | Details of remuneration            | Number of receivers (Persons) | Details of remuneration |                                        | Number of receivers (Persons) |
|-----------------------------------------------------------------------------------|----------------------------|------------------------------------|-------------------------------|-------------------------|----------------------------------------|-------------------------------|
|                                                                                   |                            | Monthly remuneration (Million yen) |                               | Bonuses (Million yen)   | Share-based remuneration (Million yen) |                               |
| Directors who are not Audit and Supervisory Committee members (Outside directors) | 868 (43)                   | 376 (43)                           | 13 (4)                        | 378 (-)                 | 114 (-)                                | 7 (-)                         |
| Directors who are Audit and Supervisory Committee members (Outside directors)     | 108 (40)                   | 108 (40)                           | 6 (3)                         | - (-)                   | - (-)                                  | - (-)                         |
| Total (Outside directors)                                                         | 976 (83)                   | 484 (83)                           | 19 (7)                        | 378 (-)                 | 114 (-)                                | 7 (-)                         |

Notes:

- The information in the table includes the amount of remunerations for two (2) directors who are not Audit and Supervisory Committee members (including one [1] outside director who is not an Audit and Supervisory Committee member) and one (1) director who is Audit and Supervisory Committee member who retired upon the conclusion of the 11th Ordinary General Meeting of Shareholders held on June 25, 2021.
- The information in the table includes the amount of bonuses for fiscal 2021 that is expected to be paid after the 12th Ordinary General Meeting of Shareholders.
- Bonuses and share-based remuneration are applicable to performance-linked remunerations. In addition, share-based remuneration is applicable to non-monetary remunerations.
- The share-based remuneration amounts indicated in the table are the average price per share of the Company purchased through the trust that the Company established, multiplied by the number of standard points awarded to the director in the fiscal year and the performance-linked coefficient. The performance-linked coefficient used to calculate the share-based remuneration for fiscal 2021 is assumed to be 100% because it is determined after fiscal 2022 is finished.

### ■ Matters Concerning Bonuses

Bonuses are linked to performance within a single fiscal year and can fluctuate between 0% and 200% (target: 100%) depending on the level of achievement of the performance targets. Bonuses are determined by multiplying the monthly remuneration by the base number of months (8 months) and the percentage of target achieved.

The indicators that affect shareholder returns and the

indicators that reflect actual performance should be used when calculating the percentage of target achieved. Therefore, “profit attributable to owners of parent” and “consolidated operating income after adjustment” of the Company’s consolidated results, and “operating income” and “operating income after adjustment” of the Energy business results are used as performance indicators with a weight of 25% each.

The fiscal 2021 performance target for the bonus calculation

process was set based on the fiscal 2021 results forecast (disclosed in May 2021), and the resulting percentage of target

achieved was 171%. The results of each performance indicator to calculate the percentage of target achieved are as follows.

### Performance Indicator Weighting

| Performance indicators                                   | Weight | Results in FY2021 |
|----------------------------------------------------------|--------|-------------------|
| Profit attributable to owners of parent                  | 25%    | 537.1 billion yen |
| Consolidated operating income after adjustment           | 25%    | 359.8 billion yen |
| Operating income of the Energy business                  | 25%    | 477.5 billion yen |
| Operating income of the Energy business after adjustment | 25%    | 98.0 billion yen  |

Note: "Consolidated operating income after adjustment" and "operating income after adjustment" are calculated by adding/subtracting temporary gain/loss, such as gain/loss on sale of fixed assets and shares and loss by disasters, from the operating income excluding inventory valuation made by the main business.

### Matters Concerning Share-based Remuneration

Share-based remuneration is linked to performance over three successive fiscal years and can fluctuate between 0% and 200% (target: 100%) depending on the level of achievement of the performance targets. The share delivery points (one share per point) are determined by multiplying the standard points, awarded according to the eligible person's role, by the performance-linked coefficient. Eligible persons, in principle, shall receive the Company's shares through the trust established by the Company, according to the share delivery points, after the elapse of three years from the award of standard points for each year.

When calculating the performance-linked coefficient, the

Company uses the following performance indicators and evaluation weightings for the following reasons: to further strengthen the link between medium- and long-term management strategies and the remuneration system for eligible persons, to cultivate the eligible persons' incentive to contribute to the enhancement of corporate value and their awareness of shareholder-oriented management, and to promote initiatives, such as preserving the environment, for building a sustainable society.

Each performance target is set based on the second Medium-Term Management Plan and the second Medium-Term Environmental Management Plan. The results and the percentage of target achieved will be determined at the end of fiscal 2022.

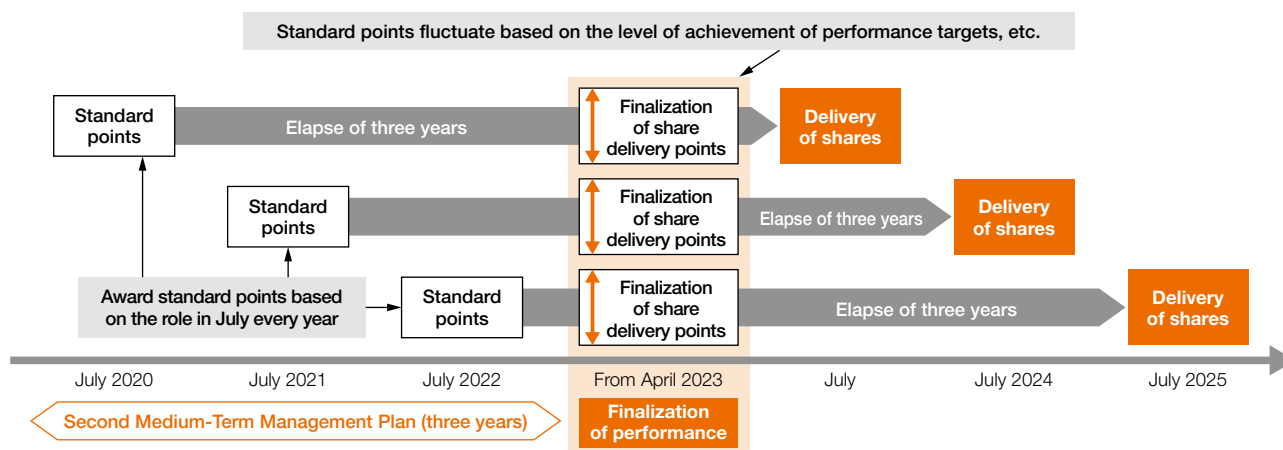
### Performance Indicators and Evaluation Weightings

| Operating income excluding inventory valuation | Free cash flow | Net D/E ratio | ROE | Total return ratio | Reduction of CO <sub>2</sub> emissions |
|------------------------------------------------|----------------|---------------|-----|--------------------|----------------------------------------|
| 20%                                            | 20%            | 20%           | 20% | 10%                | 10%                                    |

Notes:

- Operating income excluding inventory valuation, free cash flow, and reduction of CO<sub>2</sub> emissions reflect the consolidated results and the results of the Energy business, with a weight of 50% each.
- The percentages achieved for operating income excluding inventory valuation, free cash flow, and total return ratio are calculated using the accumulated results from fiscal 2020 to fiscal 2022.
- The percentages achieved for net D/E ratio and ROE are calculated using the results for fiscal 2022.
- The percentage achieved for reduction of CO<sub>2</sub> emissions is calculated using the results for fiscal 2022 (compared to fiscal 2009).

### Flowchart of Share Remuneration with Regard to the Period of the Second Medium-Term Management Plan



## Governance of Listed Subsidiaries

The Company maintains ENEOS, JX Nippon Oil & Gas Exploration, and JX Nippon Mining & Metals, its principal operating companies, as wholly owned subsidiaries, and maintains other Group companies as wholly owned subsidiaries, listed subsidiaries, or other types of entities based on the need to maintain or expand its businesses. The policy of the Board of Directors is to regularly examine the appropriateness of maintaining a company as a listed subsidiary from the perspective of improving the Group's overall corporate value and capital efficiency, to consider the reasonableness of maintaining the listed company status, and to deliberate on the effectiveness of the listed subsidiary's governance system.

The following policies concerning the authority to appoint and dismiss independent outside directors of listed subsidiaries have been adopted to ensure an effective governance system that gives due consideration to the interests of general shareholders of listed subsidiaries.

### (1) Exercise of Appointment Authority

A. More than one-third of directors shall be independent outside directors. If difficult to immediately put into effect, a mechanism will be introduced for a committee made up primarily of independent outside directors to discuss and consider important business transactions involving conflict of interest.

### B. Prerequisites for Independent Outside Directors

- i. Strong professional ethics, excellent strategic thinking and judgment, flexibility to change, and the ability to make decisions and supervise the management of a listed subsidiary
- ii. Not employed by a company in the ENEOS Group within the past 10 years
- iii. Ability to contribute to raising the corporate value of the listed subsidiary, taking into account the protection of the common interests of shareholders, including general shareholders, from an independent perspective

### (2) Exercise of Dismissal Authority

Voting rights shall be exercised to dismiss an independent outside director if any of the following conditions occur and in accordance with the decision of the Board of Directors of the relevant listed subsidiary.

- i. A serious violation of laws or regulations that materially damages the reputation of the ENEOS Group or a listed subsidiary group
- ii. Malicious intent or gross negligence in the execution of duties that causes significant damage to the ENEOS Group or a listed subsidiary group
- iii. Actions that cause significant damage to the interests of general shareholders

## Policy on Strategic Shareholdings

In accordance with the Basic Policy on Corporate Governance of ENEOS Group, in principle, the Company shall not hold shares in listed companies. As an exception, the Company may hold shares in listed companies as strategic shareholdings, as described below.

- 1) Shares in companies which engage in any important businesses of ENEOS Group
- 2) Shares in companies which ENEOS Group judges necessary to maintain or enlarge business of ENEOS Group

The Company had divested 67% of its strategic shareholdings at the time the above policy was adopted in November 2015. In fiscal 2021, the Company sold shares (valued at 3,991 million yen) of six companies and did not acquire any new strategic shareholdings.

### Method of Verifying the Rationality of Possession

With respect to exceptionally holding strategic shareholdings, the Company shall periodically assess whether or not to hold each individual strategic shareholding, specifically examining whether the purpose is appropriate and whether the benefits

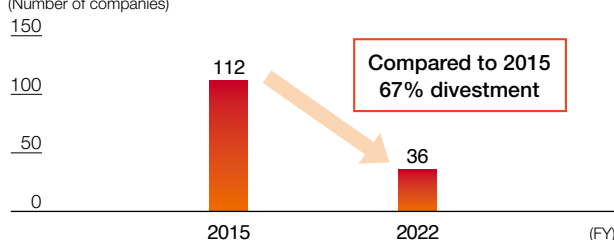
and risks from each holding cover the company's cost of capital at the Board meeting of the Company.

### Board of Directors Verification of the Appropriateness of Individual Strategic Shareholdings

The Company assessed whether or not to hold each individual strategic shareholding, specifically examining whether the purpose is appropriate and whether the benefits (transactional profits, dividends, benefits difficult to quantify) and risks from each holding cover the company's cost of capital at the Board meeting of the Company in November 2021.

### Strategic Shareholdings

(Number of companies)



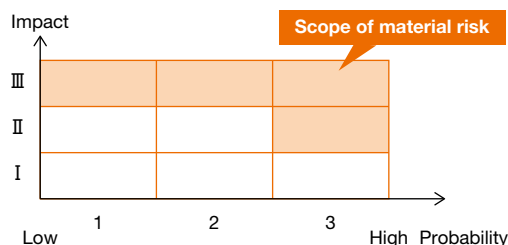
## Risk Management

The Company has established the Basic Policy on Internal Control System for the development and implementation of a system for ensuring the appropriateness of our business operations.

### Enterprise Risk Management (ERM)

The ENEOS Group has developed and operates a risk management system based on the COSO<sup>5</sup> ERM framework to identify and analyze Group management risks and ensure appropriate responses.

Risks (tangible and intangible) are identified, taking into account risks identified up to the previous fiscal year, as well as increased risks and potential new risks arising from changes inside and outside the Company, and are assessed for materiality based on the degree of impact, probability and urgency. Risks that are indicated by assessment results as requiring a response from the Group are designated as “material risks” by resolution of the Executive Council, which is chaired by the president of the Company. Relevant departments are assigned for response to material risks, and monitoring is carried out by reporting the status of response to the Executive Council.



### Impact

| Impact | Qualitative criteria                                                                                               |
|--------|--------------------------------------------------------------------------------------------------------------------|
| III    | Potential for significant impact on the entire Group, <b>immediate implementation of countermeasures required</b>  |
| II     | Potential for some degree of impact on the entire Group, <b>consideration of specific countermeasures required</b> |
| I      | Potential for minimal impact on the Group as a whole, response can be implemented by individual Group companies    |

### Probability and Urgency

|            | Probability (standard)                                       | Urgency (standard)                                                     |
|------------|--------------------------------------------------------------|------------------------------------------------------------------------|
| 3 (High)   | Has already occurred or is very likely to occur              | Response required within 1 year                                        |
| 2 (Medium) | Not very likely to occur, but could occur in the medium term | Consideration of response required for the medium term (up to 3 years) |
| 1 (Low)    | Very unlikely to occur in the short or medium term           | Consideration of response required for the long term (over 3 years)    |

The Group's principal operating companies—ENEOS, JX Nippon Oil & Gas Exploration and JX Nippon Mining & Metals—maintain and operate their own risk management systems, which are tailored to their specific business content and characteristics. The companies' departments in charge of risk management cooperate and share risk information with each other. If a company identifies, through its risk management process, a risk that could significantly impact the management of the Group, ENEOS Holdings and the company work together to respond to the risk.

<sup>5</sup> Committee of Sponsoring Organizations of the Treadway Commission (COSO) is an internal control framework released by the commission and adopted by countries around the world.

### Internal Control

The Internal Control Department has developed and operates the internal control system for the ENEOS Group. The system links the internal controls stipulated in the Companies Act and the Financial Instruments and Exchange Act, and the internal controls of each Group organization.

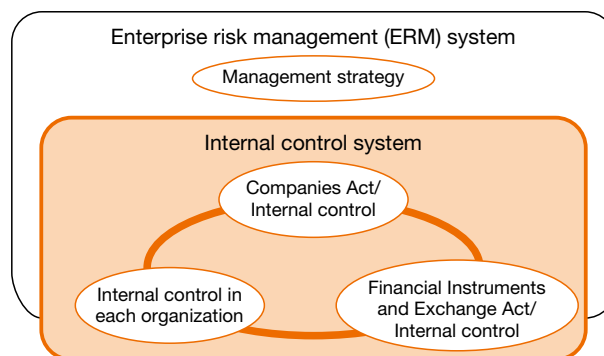
In fiscal 2018, the Group began formulating and introducing internal controls based on the COSO Framework for independent management by each organization. In fiscal 2021, introduction of the internal controls was completed for the Company, ENEOS, and Group companies, including overseas business sites.

In fiscal 2022, we are developing a risk information database as a step to enhance the sophistication of risk management in our management and operations.



**Basic Policy on Internal Control System**  
[https://www.hd.eneos.co.jp/english/esgdb/governance/pdf/system01\\_03.pdf](https://www.hd.eneos.co.jp/english/esgdb/governance/pdf/system01_03.pdf)

### Internal Control System



### Comprehensive Internal Control Structure

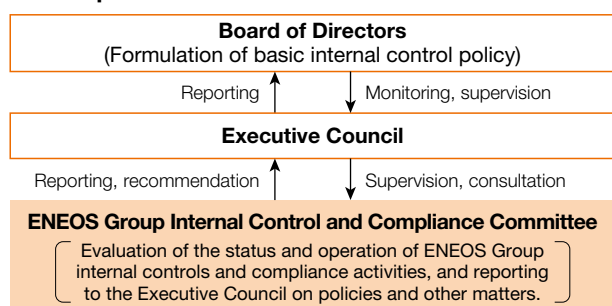
The Company has established the ENEOS Group Internal Control and Compliance Committee, chaired by the officer

responsible for the Internal Control Department and vice-chaired by the officer responsible for the Legal & Corporate Affairs Department. The committee works to continuously improve the internal control system for the ENEOS Group.

The committee confirms and evaluates the status and operation of the internal control system twice a year, in principle, and reports its findings to the Executive Council.

Every April, the committee reports to the Board of Directors on the status and operation of the internal control system and on specific points of policies for initiatives for the fiscal year. The Board of Directors appropriately monitors and supervises the internal control system for the ENEOS Group and fulfills its duty of accountability by providing an overview of the operation status in the Business Report section of the Convocation Notice of the General Meeting of Shareholders.

### Comprehensive Internal Control and Compliance Structure



### Risk Assessment of Business Activities

The Group has internal rules and regulations for addressing the risks in its business activities. For the screening of new investments, in addition to country risks and foreign exchange rate risks, we analyze and evaluate ESG-related risks, including environmental risks such as those related to the scope of response to biodiversity and environmental regulations; risks in the procurement of raw materials, including water; and human resources risks, including those related to human rights and occupational health and safety, and we take appropriate actions when necessary.

For example, when reviewing potential investments, we perform screenings based on the stage-gate system. The process from initial examination to execution of an investment project is divided into multiple stages of examination, and deliberations are conducted at each stage. During the deliberations, we clarify various risks, including ESG-related risks, using sensitivity analysis, case analysis, and other means, and take steps to minimize these risks. For important investments, follow-up is carried out after a certain period of time to clarify impacts on the initial outlook caused by environmental changes or other factors and to determine

whether to continue with the project.

### Crisis Management

In the event of a crisis situation that could significantly affect the management of the Group, the Company responds quickly and appropriately in accordance with the ENEOS Group Rules for Responding to Crises and Emergencies and has systems in place to minimize any damage that may occur.

The Group's basic stance on crisis situations is to place the highest priority on protecting human life, issue information promptly and implement centralized information management, quickly determine, execute, and follow up the most effective response measures, implement transparent and smooth communications, and prevent recurrence.

The Crisis Management Department functions as the standing organizational unit in charge of crisis response and management in the event of a crisis situation. The department maintains a system enabling immediate reporting on conditions and the status of response measures from the site of an incident.

Depending on the magnitude of the crisis, we may set up a response headquarters, led by the president, and organize response teams at the head office and at the site of the incident to ensure agile and effective response.

### Infectious Disease Prevention Measures

The Group's basic policy is to (1) place the highest priority on respect for human life and make every effort to protect against and prevent the spread of infectious diseases to the Group's officers, employees and their families, and (2) engage all Group companies in maintaining a continuous supply of our products, which support the functioning of society. In the event that management is significantly affected by an infectious disease epidemic, a system is in place to set up a response headquarters, led by the president, to ensure the prompt determination and execution of countermeasures.

ENEOS has business continuity plans at its head office, branch offices, refineries, and other sites to ensure that we can fulfill our responsibility of providing a stable supply of petroleum products, even during an epidemic. To protect employees from infection and prevent the spread of disease, we systematically stockpile surgical masks, goggles, alcohol-based disinfectants, and other items at our business sites in Japan and overseas. We also maintain a system and an IT environment that enable employees to work from home.

At ENEOS refineries and plants in particular, we are working to maintain a stable supply of petroleum products, having established infection prevention guidelines for our sites and by thoroughly implementing countermeasures to prevent viruses from entering our sites and prevent mass infections.

## Compliance

The ENEOS Group is committed to thorough compliance and has designated high ethical standards as a core element of the Group Philosophy and the Group Code of Conduct. No significant legal violations occurred within the Group in fiscal 2021.

### Internal Control and Compliance Structure

The Internal Control and Compliance Committee has been established under the Executive Council to ensure the implementation of effective and efficient internal control and compliance. The committee, comprising relevant officers and department managers, regularly confirms the performance of and issues related to the Group's internal control and compliance activities and deliberates policies for future activities (see page 77).

### Establishment and Operation of Internal Reporting Systems

To enable prompt detection and corrective action in the event of legal violations, ENEOS Holdings and some of its subsidiaries maintain internal reporting systems (compliance hotlines) for their employees and those of contractor companies. Persons making reports have the option of identifying themselves or remaining anonymous, and the systems also facilitate contact with reporting contacts outside the companies. In addition, we have introduced internal reporting systems, including some with multilingual capabilities, at overseas subsidiaries where we have ownership of more than 50%.

Based on internal regulations, when a report is received, the content is reported to the relevant officers, including the chairman and president, and an investigation is launched. The investigation results and any necessary corrective and recurrence prevention measures are reported to the officers, and a response is carried out under their guidance. Individuals who identify themselves when making reports are also informed of the investigation results.

To ensure that employees do not hesitate to use the system, they are informed through the intranet, posters, and training that the identity of those making reports is strictly confidential and that reports can be made even if the employee is not sure if the matter constitutes a legal violation.

In fiscal 2021, the Group recorded 169 reports via its internal reporting systems.

### Internal Control and Compliance Inspections

We conduct internal control and legal compliance inspections annually as a voluntary initiative to ascertain the status of internal control and legal compliance at each work site.

Specifically, we inspect each business operation to ascertain compliance with Group-wide rules (internal control standards) and whether the corporate culture values integrity and ethics. In addition, given the rapidly changing management environment, we use a risk control matrix to ascertain whether risks have been appropriately identified and assessed, and whether effective controls for these risks have been developed and implemented. We also utilize interviews of all staff by managers to identify compliance issues, including questions and concerns, in order to prevent legal violations and to identify and correct any issues at an early stage.

The Group identified approximately 1,000 compliance issues, questions, and concerns in fiscal 2021. None of the issues significantly impacted management. The Company resolved 80% of the issues within the fiscal year and is taking steps to promptly address the remaining 20% of unresolved issues.

### Compliance Training

Strong awareness among all officers and employees is an important element in achieving thorough compliance. To this end, we issue ENEOS Group Philosophy cards and ENEOS Group Code of Conduct handbooks to all personnel and regularly provide compliance training for all officers and employees.

In fiscal 2021, we conducted compliance training for new employees and managers, anti-monopoly law training for sales departments, anti-bribery training for overseas sites, and other legal training to raise employee awareness of compliance issues and prevent legal violations in each business. We will continue to provide training based on select topics as part of our ongoing efforts to ensure thorough compliance.

### Competition Law Compliance and Anti-Corruption Initiatives

The Group participates in the United Nations Global Compact and strives to implement the Ten Principles, including anti-corruption. The Group has established the Anti-Corruption Policy and the Competition Law Compliance Policy, which expressly state that the Group will not engage in corrupt practices, and prohibit all officers and employees from engaging in any conduct, including cartel activity, that violates the competition laws of any country.



#### Anti-Corruption Policy

[https://www.hd.eneos.co.jp/english/company/policy/anti\\_corruption.html](https://www.hd.eneos.co.jp/english/company/policy/anti_corruption.html)



#### Competition Law Compliance Policy

[https://www.hd.eneos.co.jp/english/company/policy/competition\\_law/index.html](https://www.hd.eneos.co.jp/english/company/policy/competition_law/index.html)

# Executives / Directors (Excluding Independent Directors)

(As of September 2022)



## Ota Katsuyuki

Director, Chairman of the Board

Apr. 1982 Joined Nippon Oil Co., Ltd.  
Jun. 2014 Executive Officer of the Company (General Manager of Controller Dept.)  
Jun. 2015 Director, Executive Officer of the Company (responsible for Controller Dept.)  
Jun. 2017 Director, Senior Vice President of the Company (responsible for Internal Audit Dept., Controller Dept., Finance & Investor Relations Dept.)  
Jun. 2018 Director (Part-time) of the Company  
Representative Director, President of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation)  
Jun. 2020 Representative Director, President of the Company  
Apr. 2022 Director, Chairman of the Board (current)



## Saito Takeshi

Representative Director, President

Representative Director, President  
ENEOS Corporation

Apr. 1986 Joined Nippon Oil Co., Ltd.  
Apr. 2017 Executive Officer of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (General Manager of Marketing & Sales Planning Dept., Marketing & Sales Division)  
Apr. 2019 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (responsible for Marketing & Sales Planning Dept., Retail Support Dept., Nationwide Sales Dept., Industrial Energy Sales Dept., Branch Offices)  
Apr. 2021 Executive Vice President, CDO of the Company (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.)  
Executive Vice President, CDO of ENEOS Corporation (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.)  
Jun. 2021 Director, Executive Vice President, CDO of the Company (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.)  
Director, Executive Vice President, CDO of ENEOS Corporation (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.)  
Apr. 2022 Representative Director, President of the Company (current)  
Representative Director, President of ENEOS Corporation (current)



## Yatabe Yasushi

Director, Executive Vice President

Assistant to President (Secretariat, Internal Audit Dept., Internal Control Dept., Corporate Planning Dept., Carbon Neutral Strategy Dept., Controller Dept., Finance Dept., Investor Relations Dept., Human Resources Dept., Public Relations Dept., General Administration Dept., Legal & Corporate Affairs Dept.), responsible for Secretariat

Apr. 1984 Joined Nippon Oil Co., Ltd.  
Jun. 2015 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Coal Business Dept., Resources & Power Company)  
Apr. 2019 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (President of Resources & Power Company)  
Apr. 2020 Director, Executive Vice President of JXTG Nippon Oil & Energy Corporation (Assistant to President)  
Jun. 2020 Director, Executive Vice President of the Company (Assistant to President)  
Apr. 2021 Director, Executive Vice President of the Company (Assistant to President, responsible for Secretariat) (current)  
Director, Executive Vice President of ENEOS Corporation (Assistant to President, responsible for Secretariat) (current)  
Apr. 2022 Director, Executive Vice President of the Company (Assistant to President) [Secretariat, Internal Audit Dept., Internal Control Dept., Corporate Planning Dept., Carbon Neutral Strategy Dept., Controller Dept., Finance Dept., Investor Relations Dept., Human Resources Dept., Public Relations Dept., General Administration Dept., Legal & Corporate Affairs Dept.], responsible for Secretariat (current)



## Shiina Hideki

Director, Executive Vice President, CDO

Assistant to President (IT Planning & Development Dept., Crisis Management Dept., Procurement Dept., Safety, Health & Environment Dept., Quality Assurance Dept., Emerging Business Development Dept.), responsible for IT Planning & Development Dept., Emerging Business Development Dept.

Apr. 1985 Joined Nippon Oil Co., Ltd.  
Apr. 2017 Executive Officer of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (Deputy Division Manager of Supply Division, General Manager of Supply Planning & Optimization Dept.)  
Apr. 2020 Senior Vice President of JXTG Nippon Oil & Energy Corporation (responsible for Supply Planning & Optimization Dept., Product Supply & Trading Dept., Crude Trading & Shipping Dept., Distribution & Logistics Dept.)  
Apr. 2021 Senior Vice President of the Company (responsible for Corporate Planning Dept., Human Resources Dept., General Administration Dept., Legal & Corporate Affairs Dept.)  
Apr. 2022 Executive Vice President, CDO of the Company (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.)  
Executive Vice President, CDO of ENEOS Corporation (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.)  
Jun. 2022 Director, Executive Vice President, CDO of the Company (Assistant to President) [IT Planning & Development Dept., Crisis Management Dept., Procurement Dept., Safety, Health & Environment Dept., Quality Assurance Dept., Emerging Business Development Dept.], responsible for IT Planning & Development Dept., Emerging Business Development Dept. (current)  
Director, Executive Vice President, CDO of ENEOS Corporation (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.) (current)



## Inoue Keitaro

Director, Executive Vice President

Assistant to President

Apr. 1987 Joined Nippon Oil Co., Ltd.  
Apr. 2017 General Manager of Resources & Power, Resources & Power Company of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation)  
Apr. 2019 Executive Officer of JXTG Nippon Oil & Energy Corporation (General Manager of Company Planning & Management Dept., Resources & Power Company)  
Apr. 2020 Senior Vice President of JXTG Nippon Oil & Energy Corporation (General Manager of Company Planning & Management Department, Resources & Power Company)  
Apr. 2022 Executive Vice President of the Company (Assistant to President)  
Executive Vice President of ENEOS Corporation (Assistant to President, responsible for EV Business Development Dept.)  
Jun. 2022 Director, Executive Vice President of the Company (Assistant to President) (current)  
Director, Executive Vice President of ENEOS Corporation (Assistant to President, responsible for EV Business Development Dept.) (current)



## Miyata Tomohide

Director, Executive Vice President  
Assistant to President

|           |                                                                                                                                                                                                                                                         |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Apr. 1990 | Joined Tonen K.K.                                                                                                                                                                                                                                       |
| Jul. 2008 | Executive Officer of TonenGeneral Sekiyu K.K. (Director of Wakayama Refinery)                                                                                                                                                                           |
| Mar. 2011 | Director of TonenGeneral Sekiyu K.K. (Director of Wakayama Refinery)                                                                                                                                                                                    |
| Jun. 2012 | Managing Director of TonenGeneral Sekiyu K.K. (Director of Kawasaki Refinery)                                                                                                                                                                           |
| Mar. 2016 | Senior Managing Director of TonenGeneral Sekiyu K.K. (Head of Refining & Logistics Division)                                                                                                                                                            |
| Apr. 2017 | Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (Deputy Division Manager of Refining & Manufacturing Division)                                                                                    |
| Apr. 2022 | Executive Vice President of the Company (Assistant to President)<br>Executive Vice President of ENEOS Corporation (Assistant to President, responsible for Hydrogen Business Dept., Hydrogen Engineering Dept.)                                         |
| Jun. 2022 | Director, Executive Vice President of the Company (Assistant to President) (current)<br>Director, Executive Vice President of ENEOS Corporation (Assistant to President, responsible for Hydrogen Business Dept., Hydrogen Engineering Dept.) (current) |



## Nakahara Toshiya

Director (Part-time)

Chief Executive Officer, President of JX Nippon Oil & Gas Exploration Corporation (Executive Director of Internal Audit Dept., Digital Transformation Dept.)

|           |                                                                                                                                                                                                                         |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Apr. 1983 | Joined Nippon Oil Co., Ltd.                                                                                                                                                                                             |
| Jun. 2015 | Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Corporate Planning & Management Dept.)                                                                                                      |
| Apr. 2017 | Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (responsible for Secretariat, Corporate Planning & Management Dept., Controller Dept., Information Systems Dept.) |
| Jun. 2020 | Senior Vice President of the Company (responsible for Corporate Planning Dept., ESG Strategy Development Dept.)                                                                                                         |
| Apr. 2021 | Director, Executive Vice President of JX Nippon Oil & Gas Exploration Corporation (responsible for General Administration Dept., Digital Transformation Dept.)                                                          |
| Apr. 2022 | President & Representative Director, Chief Executive Officer of JX Nippon Oil & Gas Exploration Corporation (responsible for Internal Audit Dept., Digital Transformation Dept.) (current)                              |
| Jun. 2022 | Director of the Company (Part-time) (current)                                                                                                                                                                           |



## Murayama Seiichi

Director (Part-time)

President & Representative Director, Chief Executive Officer of JX Nippon Mining & Metals Corporation

|           |                                                                                                                                                                                                           |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Apr. 1980 | Joined Nippon Mining Co., Ltd.                                                                                                                                                                            |
| Apr. 2010 | Executive Officer of Nippon Mining & Metals Co., Ltd. (General Manager of Planning & Coordination Dept.)                                                                                                  |
| Jul. 2010 | Executive Officer of JX Nippon Mining & Metals Corporation (General Manager of Planning & Coordination Dept.)                                                                                             |
| Apr. 2013 | Senior Executive Officer of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Accounting & Finance Dept., IT Dept., Logistics Dept., Internal Auditing Office)        |
| Jun. 2013 | Director, Senior Vice President of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Accounting & Finance Dept., IT Dept., Logistics Dept., Internal Auditing Office) |
| Jun. 2019 | Director (Part-time) of the Company (current)<br>President & Representative Director, Chief Executive Officer of JX Nippon Mining & Metals Corporation (current)                                          |



## Ouchi Yoshiaki

Director (Full-Time Audit and Supervisory  
Committee Member)

|           |                                                                                                                                                     |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Apr. 1984 | Joined Kyodo Oil Co., Ltd.                                                                                                                          |
| Apr. 2016 | Executive Officer of the Company (General Manager of Finance & Investor Relations Dept.)                                                            |
| Jun. 2018 | Senior Vice President of the Company (General Manager of Finance & Investor Relations Dept.)                                                        |
| Jun. 2019 | Director, Senior Vice President of the Company (responsible for Internal Control Dept., Controller Dept., Finance & Investor Relations Dept.)       |
| Jun. 2020 | Director, Full-Time Audit and Supervisory Committee Member of the Company (current)<br>Corporate Auditor (Full-time) of ENEOS Corporation (current) |



## Nishimura Shingo

Director (Full-Time Audit and Supervisory  
Committee Member)

|           |                                                                                                                                                     |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Apr. 1985 | Joined Nippon Oil Co., Ltd.                                                                                                                         |
| Apr. 2013 | General Manager of Secretariat, JX Nippon Oil & Energy Corporation                                                                                  |
| Jun. 2015 | General Manager of Gas Business Dept., Resources & Power Company of JX Nippon Oil & Energy Corporation                                              |
| Jun. 2017 | Executive Officer of JXTG Nippon Oil & Energy Corporation (Executive Regional Officer, China)                                                       |
| Apr. 2021 | Aide to President of ENEOS Corporation                                                                                                              |
| Jun. 2021 | Director, Full-Time Audit and Supervisory Committee Member of the Company (current)<br>Corporate Auditor (Full-time) of ENEOS Corporation (current) |

## Executives / Independent Directors

Meeting attendance in fiscal 2021

■ Board of Directors ■ Audit and Supervisory Committee ■ Nomination Advisory Committee ■ Compensation Advisory Committee



**Ota Hiroko**

Outside Director

■ 14/14 (100%)  
■ 6/6 (100%)  
■ 3/3 (100%)

May 1981 Research Fellow at the Japan Institute of Life Insurance  
Apr. 1993 Visiting Associate Professor at the School of Economics of Osaka University  
Apr. 1996 Associate Professor at Saitama University  
Oct. 1997 Associate Professor at the National Graduate Institute for Policy Studies  
Apr. 2001 Professor at the National Graduate Institute for Policy Studies  
Apr. 2002 Director of Policy Analysis in the Cabinet Office  
Mar. 2003 Deputy Director General for Economic Research in the Cabinet Office  
Apr. 2004 Director General for Economic Research in the Cabinet Office  
Aug. 2005 Professor at the National Graduate Institute for Policy Studies  
Sep. 2006 Minister of State for Economic and Fiscal Policy  
Aug. 2008 Professor at the National Graduate Institute for Policy Studies  
Jun. 2012 Outside Director of the Company (current)  
Apr. 2019 Senior Professor at the National Graduate Institute for Policy Studies  
Jun. 2022 Outside Director of Japan Exchange Group, Inc. (current)  
Sep. 2022 President of the National Graduate Institute for Policy Studies (current)



**Kudo Yasumi**

Outside Director

■ 11/11 (100%)  
■ 4/4 (100%)  
■ 2/2 (100%)

Apr. 1975 Joined Nippon Yusen Kabushiki Kaisha  
Jun. 1988 General Manager, Semi-liner Group of Nippon Yusen Kabushiki Kaisha  
Jun. 1999 General Manager, Car Carrier Group No. 2 of Nippon Yusen Kabushiki Kaisha  
Nov. 2000 General Manager, Car Carrier Group No. 1 of Nippon Yusen Kabushiki Kaisha  
Apr. 2001 General Manager, Car Carrier Group of Nippon Yusen Kabushiki Kaisha  
Apr. 2002 Corporate Officer of Nippon Yusen Kabushiki Kaisha  
Jun. 2004 Managing Director, Corporate Officer of Nippon Yusen Kabushiki Kaisha  
Apr. 2006 Representative Director, Senior Managing Corporate Officer of Nippon Yusen Kabushiki Kaisha  
Apr. 2008 Representative Director, Executive Vice-President Corporate Officer of Nippon Yusen Kabushiki Kaisha  
Apr. 2009 President, President Corporate Officer of Nippon Yusen Kabushiki Kaisha  
Apr. 2015 Chairman, Chairman Corporate Officer of Nippon Yusen Kabushiki Kaisha  
Jun. 2019 Senior Advisor of Nippon Yusen Kabushiki Kaisha (current)  
Jun. 2021 Outside Director of the Company (current)



**Tomita Tetsuro**

Outside Director

Apr. 1974 Joined Japanese National Railways  
Apr. 1987 Joined East Japan Railway Company  
Jun. 2000 Director and General Manager of Management Administration Department, Corporate Planning Division, East Japan Railway Company  
Jun. 2003 Executive Director and Deputy Director General of Corporate Planning Headquarters, East Japan Railway Company  
Jul. 2004 Executive Director and Deputy Director General of Corporate Planning Headquarters, General Manager of IT Business Department of Corporate Planning Headquarters, East Japan Railway Company  
Jun. 2005 Executive Director, Deputy Director General of Corporate Planning Headquarters, East Japan Railway Company  
Jun. 2008 Executive Vice President and Representative Director and Director General of Life-Style Business Development Division, East Japan Railway Company  
Jun. 2009 Executive Vice President and Representative Director and Director General of Corporate Planning Headquarters, East Japan Railway Company  
Apr. 2012 President and Representative Director and Director General of Corporate Planning Headquarters, East Japan Railway Company  
Jun. 2012 President and Representative Director of East Japan Railway Company  
Apr. 2018 Chairman and Director of East Japan Railway Company (current)  
Jun. 2020 Outside Director of Nippon Steel Corporation (current)  
Jul. 2020 Outside Director of Nippon Life Insurance Company (current)  
Jun. 2022 Outside Director of the Company (current)



**Nishioka Seiichiro**

Outside Director  
(Audit and Supervisory Committee Member)

■ 14/14 (100%)  
■ 15/15 (100%)

Apr. 1975 Assistant Judge  
Dec. 2007 Chief Judge of the Utsunomiya District Court  
Jan. 2010 Presiding Judge of the Tokyo High Court  
Feb. 2011 Chief Judge of the Tokyo Family Court  
Mar. 2013 President of the Hiroshima High Court  
Sep. 2014 Retired as President of the Hiroshima High Court  
Feb. 2015 Registered as an Attorney-at-Law (current)  
Of Counsel, Asahi Law Offices (current)  
Apr. 2015 Visiting professor, Keio University Law School  
Jun. 2016 Outside Corporate Auditor of the Company  
Jun. 2018 Outside Director, Audit and Supervisory Committee Member of the Company (current)



**Mitsuya Yuko**

Outside Director  
(Audit and Supervisory Committee Member)

■ 14/14 (100%)  
■ 15/15 (100%)

Apr. 1981 Joined Hitachi, Ltd.  
Apr. 1990 Part-time instructor of the University of Tsukuba  
Jul. 2010 Representative Director of Cipher Co., Ltd.  
May 2011 Director of Fujimura Gakuen (current)  
Apr. 2012 Member of Administrative Council of the University of Tsukuba  
Apr. 2014 Visiting Professor of Tokyo Women's College of Physical Education and Tokyo Women's Junior College of Physical Education  
Jun. 2014 Advisor of the Tokyo Organizing Committee of the Olympic and Paralympic Games  
Outside Corporate Auditor of ASICS Corporation  
Council Member of the Japan Volleyball Association  
Mar. 2015 Outside Director of Fujita Kanko Inc.  
Apr. 2015 Outside Director of Paloma Co., Ltd.  
May 2015 Board member and Vice President of Japan Basketball Association  
Jun. 2016 President of Japan Basketball Association (current)  
May 2017 Member of Central Board of International Basketball Federation (current)  
Jun. 2018 Outside Director of The Fukui Bank, Ltd. (current)  
Apr. 2019 Visiting Professor of Tokyo Women's College of Physical Education and Tokyo Women's Junior College of Physical Education  
Jun. 2019 Outside Director, Audit and Supervisory Committee Member of the Company (current)  
Outside Director of DENSO Corporation (current)  
Jun. 2021 Vice President of Japanese Olympic Committee (current)



**Oka Toshiko**

Outside Director  
(Audit and Supervisory Committee Member)

■ 14/14 (100%)  
■ 15/15 (100%)

Apr. 1986 Joined Tohatsu Touche Ross Consulting Limited  
Jul. 2000 Joined Asahi Arthur Andersen Limited  
Sep. 2002 Principal of Deloitte Tohatsu Consulting Co., Ltd. (currently ABeam Consulting Ltd.)  
Apr. 2005 President and Representative Director of ABeam M&A Consulting Ltd.  
Apr. 2016 Partner of PwC Advisory LLC  
Jun. 2016 Outside Director of Hitachi Metals, Ltd.  
Outside Director of Mitsubishi Corporation  
Jun. 2018 Outside Director of Sony Corporation (currently Sony Group Corporation) (current)  
Jun. 2019 Outside Director of Happinet Corporation (current)  
Jun. 2020 Outside Director, Audit and Supervisory Committee Member of the Company (current)  
Apr. 2021 Professor at Meiji University Graduate School of Global Business (current)  
Jun. 2021 Outside Director of Hitachi Construction Machinery Co., Ltd. (current)

## Reasons for appointing outside directors, expected roles, activities

| Name / Material concurrent office(s)                                                                                                                                                                                                                                                                              | Reasons for appointment and expected roles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Activities in fiscal 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ota Hiroko</b> <ul style="list-style-type: none"> <li>President of the National Graduate Institute for Policy Studies</li> <li>Outside Director of Japan Exchange Group, Inc.</li> </ul>                                                                                                                       | Ms. Ota specializes in public economics and economic policy, and has long been engaged in education and research at the National Graduate Institute for Policy Studies. In addition, she has held positions such as Director General for Economic Research in the Cabinet Office and Minister of State for Economic and Fiscal Policy; as a result, she has abundant expertise and experience in human resources development, economics, and finance. The Company expects that she will utilize this knowledge and experience to provide the Company with guidance and advice on its management, and supervise management from an independent and objective perspective. We have therefore appointed Ms. Ota as an outside director who is not an Audit and Supervisory Committee member.                                                                                                                                                                                                                                                                                                                                                                                         | Ms. Ota used her abundant expertise and experience in human resources development, economics, and finance to contribute to Board of Directors discussions on the importance of appointing diverse human resources to managerial and executive management positions. She also provided leadership in managing proceedings as chair of the Nomination Advisory Committee and Compensation Advisory Committee.                                                                                                                  |
| <b>Kudo Yasumi</b> <ul style="list-style-type: none"> <li>Senior Advisor of Nippon Yusen Kabushiki Kaisha</li> </ul>                                                                                                                                                                                              | Mr. Kudo has been in charge of corporate management for many years at Nippon Yusen Kabushiki Kaisha, a company with international business operations. He has gained deep insight and abundant experience in corporate management and has solid accomplishments at one of Japan's leading listed companies. The Company expects that he will utilize this insight and experience to provide the Company with guidance and advice on its management, and supervise management from an independent and objective perspective. We have therefore appointed Mr. Kudo as an outside director who is not an Audit and Supervisory Committee member.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Mr. Kudo used his deep insight and abundant experience in corporate management and successful career at one of Japan's top listed companies to contribute to Board of Directors discussions on the overall process of post-M&A integration and the disclosure of financial impacts related to climate change. As a member of the Nomination Advisory Committee and Compensation Advisory Committee, he contributed to discussions on the appointment of officers at Group companies and the share-based remuneration system. |
| <b>Tomita Tetsuro</b> <ul style="list-style-type: none"> <li>Chairman and Director of East Japan Railway Company</li> <li>Outside Director of Nippon Steel Corporation</li> <li>Outside Director of Nippon Life Insurance Company</li> </ul>                                                                      | Mr. Tomita has an extensive career as a manager at East Japan Railway Company, and has developed businesses related to transportation, lifestyles, IT, and Suica services. He has deep insight, abundant experience, and a solid track record as a manager at one of Japan's leading listed companies. The Company expects that he will utilize this insight and experience to provide the Company with guidance and advice on its management, and supervise management from an independent and objective perspective. We have therefore appointed Mr. Tomita as an outside director who is not an Audit and Supervisory Committee member.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Elected June 2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Nishioka Seiichiro</b> <ul style="list-style-type: none"> <li>Attorney-at-Law</li> <li>Of Counsel at Asahi Law Offices</li> </ul>                                                                                                                                                                              | Mr. Nishioka has held important positions as the Chief Judge of the Utsunomiya District Court, Chief Judge of the Tokyo Family Court, and President of the Hiroshima High Court. He has subsequently been active as an attorney, and he also chaired the Third-Party Committee. Thus, he has abundant specialized knowledge and experience in judicial matters. In June 2016, he was appointed as an outside corporate auditor of the Company and supervised the execution of duties of directors. In June 2018 he was appointed as an outside director who is an Audit and Supervisory Committee member. In this capacity, he audits and supervises the execution of duties of directors who are not Audit and Supervisory Committee members. The Company expects that he will utilize this knowledge and experience to provide the Company with guidance and advice on its management, and audit and supervise the execution of duties of directors who are not Audit and Supervisory Committee members from an independent, objective, and fair perspective. We have therefore appointed Mr. Nishioka as an outside director who is an Audit and Supervisory Committee member. | Mr. Nishioka used his abundant specialized knowledge and experience in judicial matters to contribute to Board of Directors discussions on the operation of the internal control system and the importance of responding to human rights issues. As an Audit and Supervisory Committee member, he contributed to discussions about further strengthening governance and measures to prevent recurrence of misconduct incidents.                                                                                              |
| <b>Mitsuya Yuko</b> <ul style="list-style-type: none"> <li>Vice President of Japanese Olympic Committee</li> <li>President of Japan Basketball Association</li> <li>Outside Director of The Fukuji Bank, Ltd.</li> <li>Outside Director of DENSO Corporation</li> </ul>                                           | Ms. Mitsuya has been involved in management at a number of companies, and has also held important positions in various sports associations, including President of the Japan Basketball Association. Over the years she has also made significant contributions to education and human resources development at universities and elsewhere. As such, she has deep insight and abundant experience in corporate management, organizational reform and human resources development. The Company expects that she will utilize this insight and experience to provide the Company with guidance and advice on its management, and audit and supervise the execution of duties by directors who are not Audit and Supervisory Committee members from an independent, objective, and fair perspective. We have therefore appointed Ms. Mitsuya as an outside director who is an Audit and Supervisory Committee member.                                                                                                                                                                                                                                                                | Ms. Mitsuya used her deep insight and abundant experience in corporate management, organizational reform and human resources development to contribute to Board of Directors discussions on governance and human resources development at companies acquired through M&A. As an Audit and Supervisory Committee member, she contributed to discussions about concepts related to top management during the Group's transformation and on the selection process for independent auditors.                                     |
| <b>Oka Toshiko</b> <ul style="list-style-type: none"> <li>Professor at Meiji University Graduate School of Global Business</li> <li>Outside Director of Sony Group Corporation</li> <li>Outside Director of Happinet Corporation</li> <li>Outside Director of Hitachi Construction Machinery Co., Ltd.</li> </ul> | Ms. Oka specializes in finance, accounting, M&A, and development of management strategies, and has an extensive career in corporate management, through which she has gained abundant knowledge and experience as an expert in finance, accounting and M&A and as a corporate manager. In June 2020, she was appointed as an outside director who is an Audit and Supervisory Committee member, where she audits and supervises the execution of duties of directors who are not Audit and Supervisory Committee members. The Company expects that she will utilize this insight and experience to provide the Company with guidance and advice on its management, and audit and supervise the execution of duties by directors who are not Audit and Supervisory Committee members from an independent, objective, and fair perspective. We have therefore appointed Ms. Oka as an outside director who is an Audit and Supervisory Committee member.                                                                                                                                                                                                                            | Ms. Oka used her abundant experience and deep insight as a specialist in finance, accounting, and M&A and as a corporate manager to contribute to Board of Directors discussions on the process of post-M&A integration and on optimizing the business portfolio. As an Audit and Supervisory Committee member, she contributed to discussions about risk management systems for new businesses and internal controls after structural changes due to M&A.                                                                   |

## Areas in which the Company has particularly high expectations

| Name               | Corporate management | Focus areas for achieving the Long-Term Vision |         |                            |                                      | Corporate          |                       | Business                     |                 |
|--------------------|----------------------|------------------------------------------------|---------|----------------------------|--------------------------------------|--------------------|-----------------------|------------------------------|-----------------|
|                    |                      | ESG                                            | Digital | International business/M&A | Fostering/developing human resources | Finance/accounting | Legal/risk management | Technology/manufacturing/R&D | Sales/marketing |
| Ota Katsuyuki      | ○                    | ○                                              |         |                            |                                      | ○                  | ○                     |                              |                 |
| Saito Takeshi      | ○                    | ○                                              | ○       |                            |                                      |                    |                       |                              | ○               |
| Yatabe Yasushi     |                      |                                                |         | ○                          | ○                                    | ○                  | ○                     |                              |                 |
| Shiina Hideki      |                      |                                                | ○       | ○                          |                                      |                    | ○                     | ○                            |                 |
| Inoue Keitaro      |                      | ○                                              |         | ○                          |                                      |                    |                       | ○                            | ○               |
| Miyata Tomohide    |                      | ○                                              | ○       |                            | ○                                    |                    |                       | ○                            |                 |
| Nakahara Toshiya   | ○                    | ○                                              | ○       |                            |                                      | ○                  |                       |                              |                 |
| Murayama Seiichi   | ○                    | ○                                              | ○       |                            |                                      |                    |                       |                              | ○               |
| Ota Hiroko         |                      | ○                                              |         |                            | ○                                    | ○                  |                       |                              |                 |
| Kudo Yasumi        | ○                    |                                                |         | ○                          |                                      |                    |                       |                              | ○               |
| Tomita Tetsuro     | ○                    | ○                                              | ○       |                            |                                      |                    |                       |                              |                 |
| Ouchi Yoshiaki     |                      | ○                                              |         |                            |                                      | ○                  | ○                     |                              |                 |
| Nishimura Shingo   |                      |                                                |         | ○                          |                                      |                    | ○                     |                              | ○               |
| Nishioka Seiichiro |                      | ○                                              |         |                            | ○                                    |                    | ○                     |                              |                 |
| Mitsuya Yuko       | ○                    | ○                                              |         |                            | ○                                    |                    |                       |                              |                 |
| Oka Toshiko        |                      |                                                |         | ○                          | ○                                    | ○                  |                       |                              |                 |

# At a Glance

## Consolidated Net Sales

(FY2021)

**10,921.8**  
billion yen

## Consolidated Workforce

(As of March 31, 2022)

**41,852**  
employees

## Consolidated Operating Income Excluding Inventory Valuation

(FY2021)

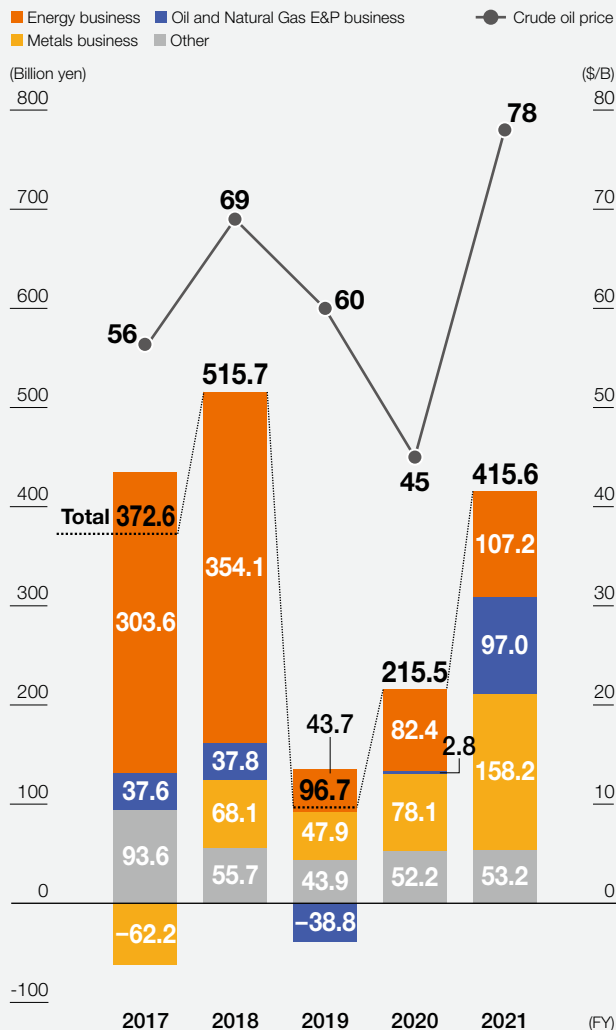
**415.6**  
billion yen

## Market Capitalization

(As of March 31, 2022)

**1,470.7**  
billion yen

## Operating Income<sup>1</sup>

<sup>1</sup> Excluding inventory valuation for Energy business only

## Business Overview and Strategic Policy

### Energy Business

#### Business Overview

The Energy business operates a nationwide network of over 12,000 ENEOS brand service stations in Japan. In addition to petroleum products and petrochemicals, we are developing businesses that will be mainstays of the future, such as electricity, gas, hydrogen, renewable energy, and materials.

#### Strategic Policy

**Improve the efficiency of base businesses and develop growth businesses**

- Generate ongoing cash flow by strengthening the competitiveness of base businesses
- Pursue selective investment to develop and strengthen growth businesses and optimize the business portfolio
- Strengthen the business foundation

### Oil and Natural Gas Exploration and Production (E&P) Business

#### Business Overview

The Oil and Natural Gas E&P business is engaged in long-term oil and gas field operations to maintain a stable supply of oil and gas resources, while also advancing projects, conducting joint research and developing systems for the creation of environmentally conscious businesses for a decarbonized society.

#### Strategic Policy

**Strengthen base businesses and develop environmentally conscious businesses for the realization of a decarbonized society**

- Ensure a stable energy supply
- Secure financial, human, and technical resources for growth businesses
- Create environmental value through Net Zero initiatives

### Metals Business

#### Business Overview

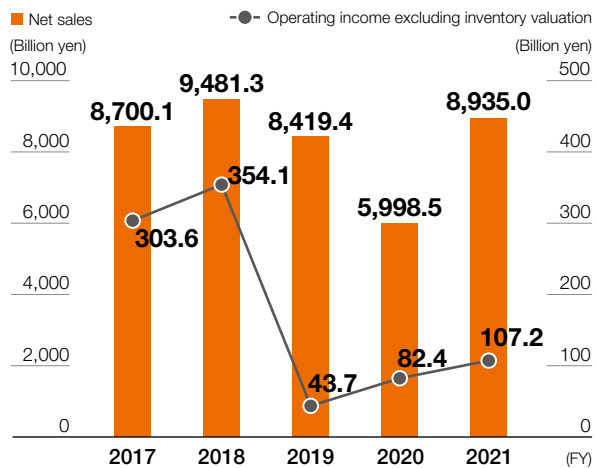
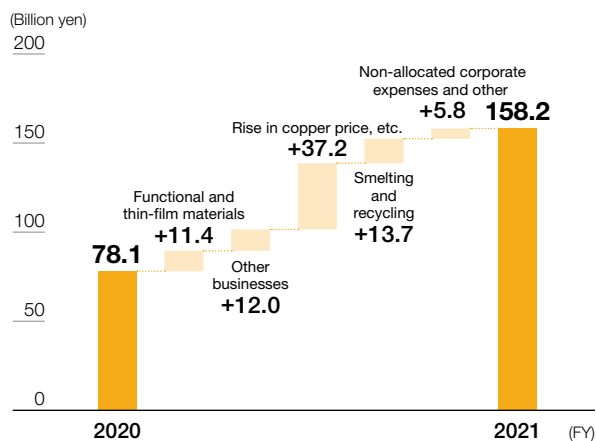
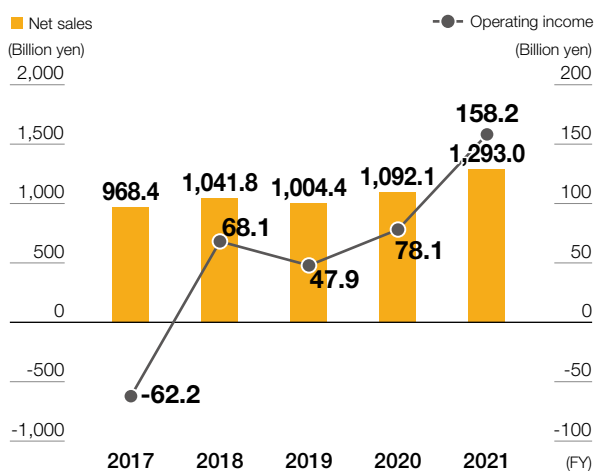
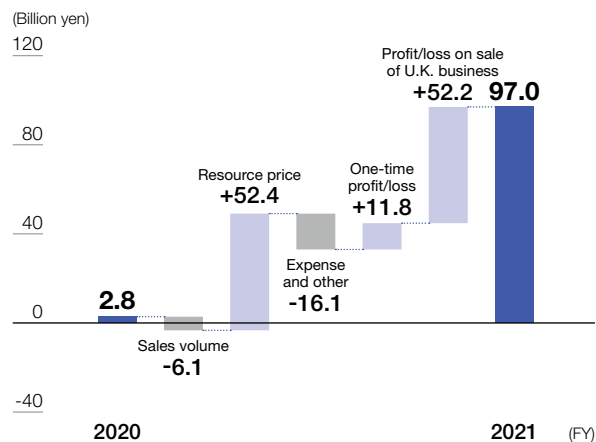
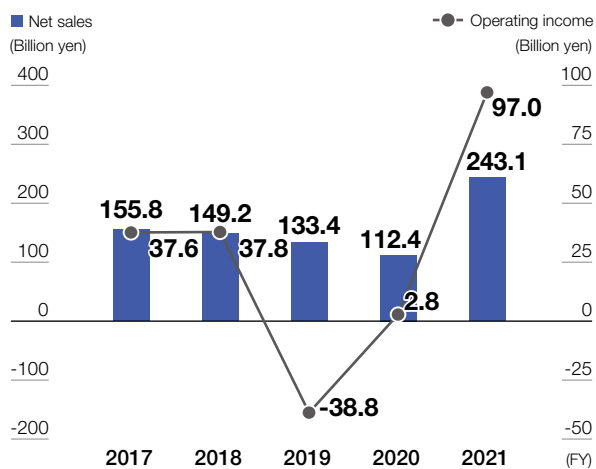
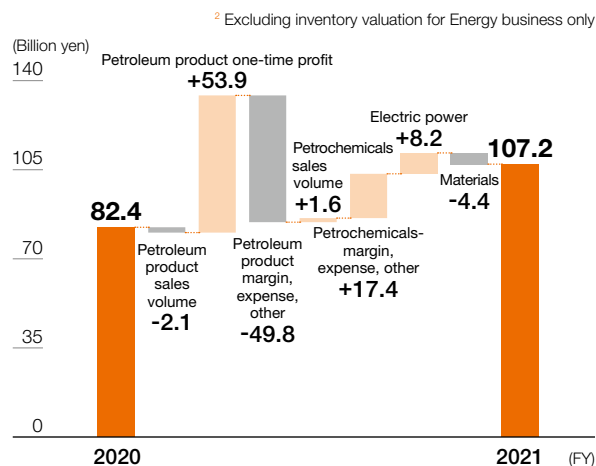
The Metals business is engaged in a full range of businesses related to non-ferrous metals, primarily copper and rare metals, from the development, smelting and refining of metal resources to the manufacture and development of advanced materials required for the data society, as well as the recycling of end-of-life electronic products.

#### Strategic Policy

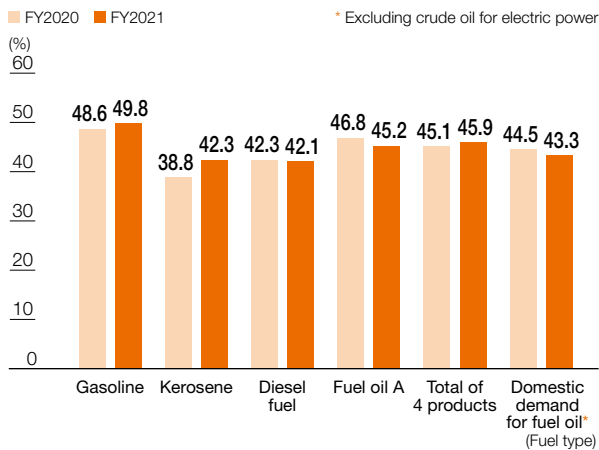
**Create new value for copper and rare metals and contribute to the development and innovation of the data society**

- Expand strategic investments, pursue technology development
- Review business portfolios
- Develop human resources who can create new value
- Contribute to the SDGs

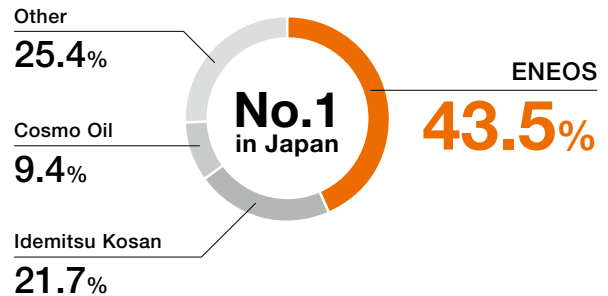
## Net Sales / Operating Income

Fiscal 2021 Operating Income<sup>2</sup> (YoY)

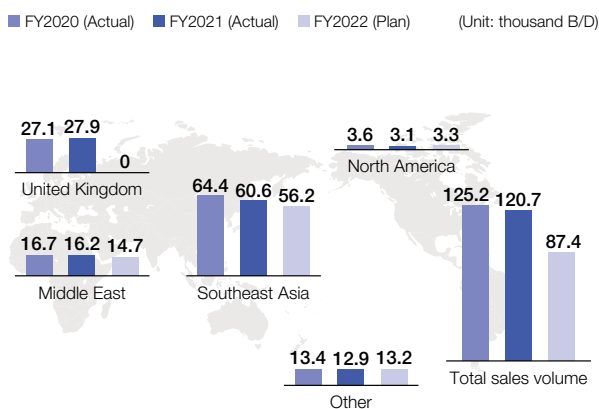
### Market Share of Fuel Oil Sales in Japan



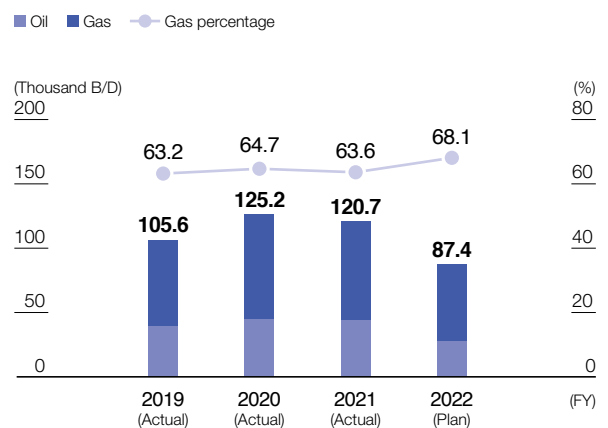
### Fixed Service Station Market Share (End of Fiscal 2021)



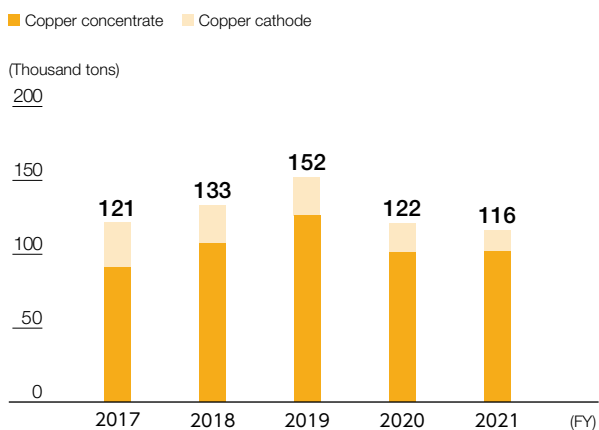
### Sales Volume (Actual and Plan) by Region



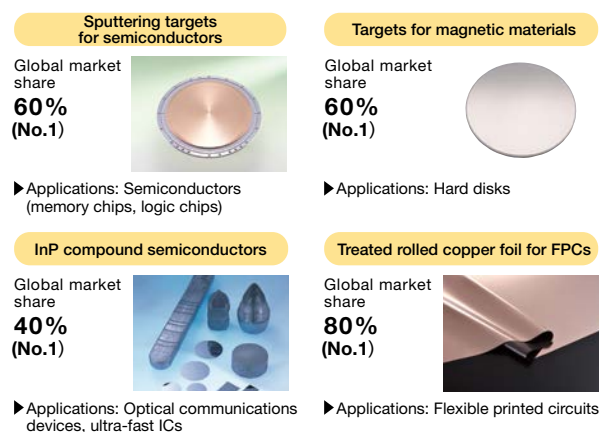
### Breakdown of Sales Volume by Oil and Gas



### Caserones Copper Mine Production Volume



### Main Products and Applications in the Functional Materials, Thin-Film Materials, and Tantalum and Niobium Businesses



Number of affiliated  
service stations

Over **12,000** locations  
(as of March 2022)

## Crude oil processing capacity



**1.87** million B/day  
(as of March 2022)

Domestic petroleum  
products and petrochemicals  
production and  
manufacturing sites

**11** sites  
(as of March 2022)

Domestic city gas,  
natural gas, and LNG sales

**1.05** million tons  
(as of March 2022)

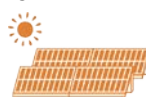
Paraxylene supply capacity  
(external sales basis)

**3.23** million tons/year  
(as of March 2022)

Propylene supply capacity  
(external sales basis)

**1.64** million tons/year  
(as of March 2022)

## Power generation capacity



**2.11** GW  
(as of March 2022)

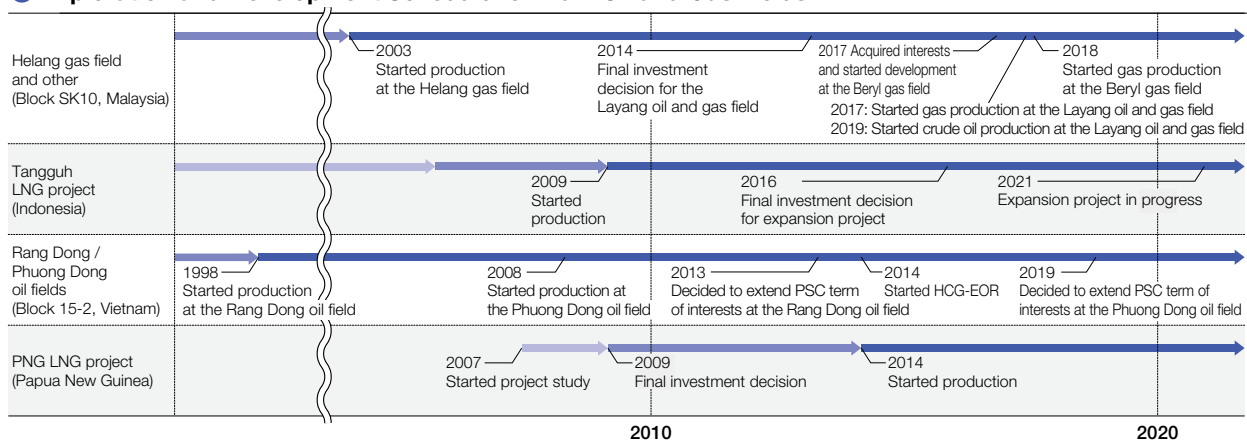
## Hydrogen stations in Japan



**47** locations  
(as of March 2022)

## Exploration and Development Schedule for Main Oil and Gas Fields

→ Exploration → Development → Production



Note: Global market shares are company estimates.  
As of March 2022.

Phosphor bronze foil  
(under 0.1 mm thickness)

Global market  
share  
**60%**  
(No.1)



► Applications:  
Connectors, springs for electronic parts

High-strength,  
high-conductivity Corson alloy

Global market  
share  
**60%**  
(No.1)



► Applications: Connectors, lead frames

## Titanium copper foil

Global market  
share  
**65%**  
(No.1)



► Applications: High-end connectors,  
springs for electronic parts

## High-purity tantalum powder

Global market  
share  
**50%**  
(No.1)



► Applications: Capacitors, sputtering targets

## End-use applications



Smartphones



Computers,  
home electronics



Communications  
infrastructure



Automotive

## Performance Summary

### ENEOS Holdings (IFRS)<sup>1</sup> (Years ended March 31)

(Billion yen)

|                                              | 2022     | 2021    | 2020     | 2019     | 2018     | 2017 <sup>2</sup> |
|----------------------------------------------|----------|---------|----------|----------|----------|-------------------|
| <b>Operating Results</b>                     |          |         |          |          |          |                   |
| Net sales                                    | 10,921.8 | 7,658.0 | 10,011.8 | 11,129.6 | 10,301.1 | 9,249.7           |
| Operating income (loss)                      | 785.9    | 254.2   | -113.1   | 537.1    | 487.5    | 374.0             |
| Inventory valuation                          | 370.3    | 38.7    | -209.8   | 21.4     | 114.9    | 189.5             |
| Excluding inventory valuation                | 415.6    | 215.5   | 96.7     | 515.7    | 372.6    | 184.5             |
| Financial profit (loss)                      | -14.1    | -23.3   | -22.7    | -28.5    | -20.1    | -24.0             |
| Income (loss) before taxes                   | 771.8    | 230.9   | -135.8   | 508.6    | 467.4    | 350.0             |
| Net income (loss)                            | 579.1    | 112.9   | -172.7   | 357.1    | 324.3    | 213.0             |
| Attributable to owners of parent             | 537.1    | 114.0   | -187.9   | 322.3    | 361.9    | 212.8             |
| Non-controlling interests                    | 41.9     | -1.1    | 15.2     | 34.8     | -37.6    | 0.2               |
| <b>Financial Position<sup>3</sup></b>        |          |         |          |          |          |                   |
| Assets                                       | 9,648.2  | 8,058.8 | 8,011.3  | 8,477.8  | 8,457.6  | 8,363.6           |
| Current assets                               | 4,308.6  | 3,039.6 | 2,878.6  | 3,587.4  | 3,593.2  | 3,187.5           |
| Non-current assets                           | 5,339.6  | 5,019.2 | 5,132.7  | 4,890.4  | 4,864.4  | 5,176.1           |
| Liabilities                                  | 6,414.1  | 5,306.3 | 5,303.4  | 5,358.0  | 5,537.6  | 5,720.9           |
| Interest-bearing debt                        | 2,735.5  | 2,036.9 | 2,300.8  | 2,218.0  | 2,259.9  | 2,719.6           |
| Net interest-bearing debt                    | 2,185.0  | 1,617.9 | 1,898.8  | 1,830.1  | 1,810.4  | 2,351.3           |
| Net assets                                   | 3,234.1  | 2,752.6 | 2,707.9  | 3,119.8  | 2,920.0  | 2,642.7           |
| Interests attributable to owners of parent   | 2,860.8  | 2,325.1 | 2,311.0  | 2,717.8  | 2,539.6  | 2,208.5           |
| Non-controlling interests                    | 373.3    | 427.5   | 396.9    | 402.0    | 380.4    | 434.2             |
| <b>Cash Flows</b>                            |          |         |          |          |          |                   |
| Cash flow from operating activities          | 209.5    | 679.1   | 510.7    | 344.2    | 707.1    | —                 |
| Cash flow from investing activities          | -349.9   | -306.8  | -371.3   | -206.9   | -95.1    | —                 |
| Free cash flow                               | -140.4   | 372.3   | 139.4    | 137.3    | 612.0    | —                 |
| (Excluding the effects of non-business days) | -33.6    | 265.5   | 238.4    | 169.0    | 481.3    | —                 |
| Net cash flow                                | -446.8   | 193.7   | -77.6    | 1.3      | 535.5    | —                 |
| (Excluding the effects of non-business days) | -340.0   | 86.9    | 21.4     | 33.0     | 404.8    | —                 |
| <b>Financial Indicators</b>                  |          |         |          |          |          |                   |
| Net D/E ratio (times)                        | 0.68     | 0.59    | 0.70     | 0.59     | 0.62     | 0.89              |
| (Excluding the effects of non-business days) | 0.68     | 0.63    | 0.70     | 0.62     | 0.66     | 0.89              |
| ROE (%)                                      | 20.7     | 4.9     | -7.5     | 12.3     | 15.2     | 9.6               |

<sup>1</sup> Trade name changed from JXTG Holdings to ENEOS Holdings in June 2020.<sup>2</sup> The fiscal year ended March 31, 2017 includes the combined total of JX Holdings and TonenGeneral Sekiyu for the period from April 2016 to March 2017.<sup>3</sup> Financial position for the year ended March 31, 2017 is as of April 1, 2017.

## JX Holdings (J-GAAP) (Years ended March 31)

(Billion yen)

|                                                    | 2017    | 2016    | 2015     | 2014     | 2013     |
|----------------------------------------------------|---------|---------|----------|----------|----------|
| <b>Operating Results</b>                           |         |         |          |          |          |
| Net sales                                          | 8,136.0 | 8,737.8 | 10,882.5 | 12,412.0 | 11,219.5 |
| Operating income (loss)                            | 298.4   | -62.2   | -218.9   | 213.7    | 251.5    |
| Ordinary income (loss)                             | 333.6   | -8.6    | -150.1   | 302.3    | 328.3    |
| Ordinary income excluding inventory valuation      | 193.6   | 260.9   | 255.2    | 183.0    | 271.0    |
| Net income (loss) attributable to owners of parent | 160.1   | -278.5  | -277.2   | 107.0    | 159.5    |
| <b>Financial Position<sup>4</sup></b>              |         |         |          |          |          |
| Total assets                                       | 6,658.6 | 6,724.6 | 7,423.4  | 7,781.8  | 7,274.9  |
| Net assets                                         | 2,041.7 | 1,928.4 | 2,429.8  | 2,626.3  | 2,327.4  |
| Interest-bearing debt                              | 2,459.1 | 2,581.4 | 2,620.3  | 2,801.7  | 2,549.3  |
| Net interest-bearing debt                          | 2,161.7 | 2,088.7 | 2,291.0  | 2,520.0  | 2,299.2  |
| <b>Cash Flows</b>                                  |         |         |          |          |          |
| Cash flow from operating activities                | 230.9   | 555.0   | 737.2    | 305.2    | 265.6    |
| Cash flow from investing activities                | -237.5  | -307.7  | -377.8   | -479.8   | -426.1   |
| Free cash flow                                     | -6.6    | 247.3   | 359.4    | -174.6   | -160.5   |
| Cash flow from financing activities                | -160.8  | -88.0   | -326.3   | 180.1    | 154.1    |

## TonenGeneral Sekiyu (J-GAAP) (Years ended December 31)

(Billion yen)

|                                                    | 2016    | 2015    | 2014    | 2013    | 2012    |
|----------------------------------------------------|---------|---------|---------|---------|---------|
| <b>Operating Results</b>                           |         |         |         |         |         |
| Net sales                                          | 2,089.4 | 2,627.9 | 3,451.1 | 3,241.2 | 2,804.9 |
| Operating income (loss)                            | 81.0    | 2.0     | -72.9   | 52.3    | 27.3    |
| Ordinary income (loss)                             | 76.7    | -0.3    | -73.4   | 49.8    | 22.5    |
| Ordinary income excluding inventory valuation      | 68.7    | 86.8    | 13.1    | 2.8     | 18.1    |
| Net income (loss) attributable to owners of parent | 64.4    | 0.1     | -14.0   | 22.9    | 54.8    |
| <b>Financial Position</b>                          |         |         |         |         |         |
| Total assets                                       | 1,249.1 | 1,209.4 | 1,376.2 | 1,409.1 | 1,385.0 |
| Net assets                                         | 277.2   | 234.1   | 262.8   | 294.6   | 288.4   |
| Interest-bearing debt                              | 270.0   | 334.2   | 385.6   | 329.3   | 333.2   |
| Net interest-bearing debt                          | 170.0   | 234.0   | 350.6   | 310.7   | 319.8   |
| <b>Cash Flows</b>                                  |         |         |         |         |         |
| Cash flow from operating activities                | 108.7   | 170.9   | 99.9    | 44.3    | -1.9    |
| Cash flow from investing activities                | -29.1   | -44.2   | -52.4   | -14.3   | -345.8  |
| Free cash flow                                     | 79.6    | 126.7   | 47.5    | 30.0    | -347.7  |
| Cash flow from financing activities                | -79.3   | -61.7   | -31.8   | -24.8   | 360.8   |

<sup>4</sup> Financial position for the year ended March 31, 2017 is as of April 1, 2017.

## Market Situation

### Exchange Rate

(\$ / ¥)

130

120

110

100

90

80

70

60

50

40

30

20

10

0

2013 2014 2015 2016 2017 2018 2019 2020 2021

### Crude Oil (Dubai)

(\$ / B)

120

100

80

60

40

20

0

2013 2014 2015 2016 2017 2018 2019 2020 2021

### LME Copper Price and Inventory Level

LME copper inventory level (at month end)

LME copper price (monthly average)

(Thousand tons)

700

600

500

400

300

200

100

0

0

0

0

0

0

0

0

0

0

0

0

0

0

0

0

0

2013 2014 2015 2016 2017 2018 2019 2020 2021

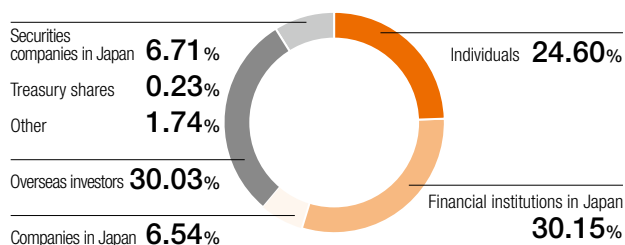
## Investor Information

(As of March 31, 2022)

### Share Information

|                             |               |
|-----------------------------|---------------|
| Number of authorized shares | 8,000,000,000 |
| Number of shares issued     | 3,230,282,649 |
| Number of shareholders      | 552,869       |

### Distribution of Shareholders



### Major Shareholders

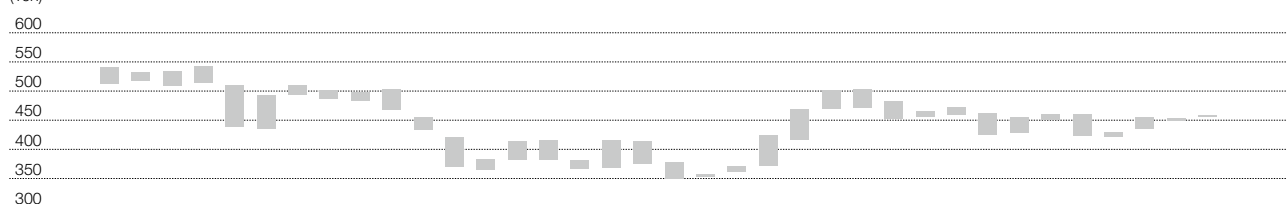
| Name of shareholder                                  | Number of shares held (thousand shares) | Percentage of total shares issued* (%) |
|------------------------------------------------------|-----------------------------------------|----------------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 542,031                                 | 16.81                                  |
| Custody Bank of Japan, Ltd. (Trust Account)          | 163,410                                 | 5.07                                   |
| STATE STREET BANK WEST CLIENT - TREATY 505234        | 58,565                                  | 1.81                                   |
| STATE STREET BANK AND TRUST COMPANY 505001           | 55,769                                  | 1.73                                   |
| Kochi Shinkin Bank                                   | 44,320                                  | 1.37                                   |
| JPMorgan Securities Japan Co., Ltd.                  | 43,160                                  | 1.33                                   |
| JP MORGAN CHASE BANK 385781                          | 38,367                                  | 1.19                                   |
| STATE STREET BANK AND TRUST COMPANY 505103           | 36,889                                  | 1.14                                   |
| INPEX CORPORATION                                    | 33,264                                  | 1.03                                   |
| ENEOS Group Employee Shareholding Association        | 28,831                                  | 0.89                                   |

\* The shareholding ratio is calculated excluding treasury shares (7,300,518 shares).

### Share Price Range and Trading Volume

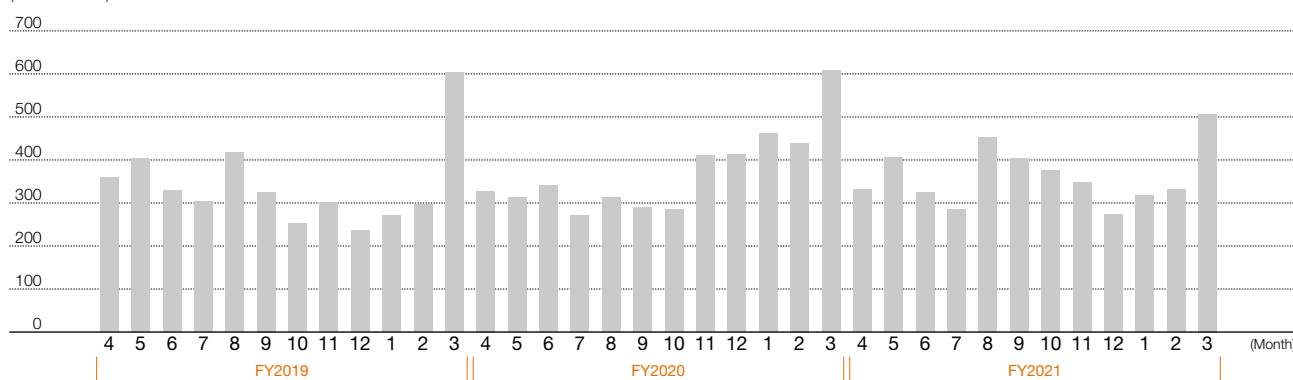
#### Share price

(Yen)



#### Trading volume

(Million shares)



## Investor Relations (IR) Activities

The Company proactively disseminates information on management policies, performance, and other matters to ensure understanding of the business activities of the ENEOS Group.

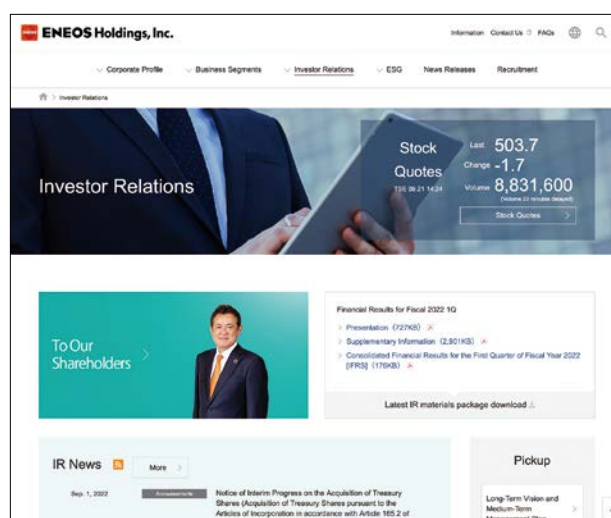
For analysts and institutional investors, the Company holds quarterly briefings on financial results and an annual briefing focused on ESG topics. Due to the COVID-19 pandemic, these briefings were held online in fiscal 2021. Audio presentations of the briefings are available on the corporate website. In addition, regularly scheduled visits to investors, participation in investment conferences and attendance at meetings with overseas investors by the president, the director responsible for investor relations, and others were also conducted online as the Company made every effort to maintain dialogue with investors during the pandemic.

Due to the pandemic, in fiscal 2021 the Company refrained from holding its regular annual briefings for analysts and institutional investors, and its regular briefings for individual investors. In fiscal 2022, we will carefully consider whether to hold the briefings based on the status of the pandemic and other factors.

In fiscal 2021, the Company received awards for its IR activities from the organizations below. The Company has also been selected for inclusion in a number of ESG-related investment indexes.

The Investor Relations section of the Company's website contains useful materials for investors, such as financial results, presentation materials, annual and quarterly financial statements,

shareholder newsletters, integrated reports, and presentation materials used at shareholder briefings. We also launched the web-based ENEOS College for individual investors seeking to gain a deeper understanding of the ENEOS Group.



**ENEOS Holdings Investor Relations Webpage**  
<https://www.hd.eneos.co.jp/english/ir/>

### Awards for IR Activities (Fiscal 2021)

#### •Institutional Investor

U.S. financial journal *Institutional Investor* ranked ENEOS Holdings among the Best IR Companies in Japan in the Energy & Utilities sector, placing the Company second in the categories of Best CEO, Best IR Professional, and Best IR Team.

#### •Internet IR Awards

ENEOS Holdings received the Award for Excellence of the Internet IR Awards and the Excellence Award in the Internet

IR Sustainability Category at the 2021 Internet IR Awards presented by Daiwa Investor Relations.

#### •Excellence in Corporate Disclosure

The Securities Analysts Association of Japan awarded ENEOS Holdings second place in the Energy category of the 2021 Awards for Excellence in Corporate Disclosure.

#### •All Japanese Listed Companies' Website Ranking

Nikko Investor Relations selected the ENEOS Holdings website as the best site in the Oil and Coal Products sector in its All Japanese Listed Companies' Website Ranking.

### Selection for Inclusion in ESG-Related Investment Indexes (As of September 2022)

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index
- SOMPO Sustainability Index
- Digital Transformation Stock Selection (DX Stock) 2022



## Company Overview

**Trade name** ENEOS Holdings, Inc.

**Head office** 1-2 Otemachi 1-chome, Chiyoda-ku, Tokyo

**Representative** Saito Takeshi  
Representative Director, President

### Website

Our website provides additional information that complements this Integrated Report.

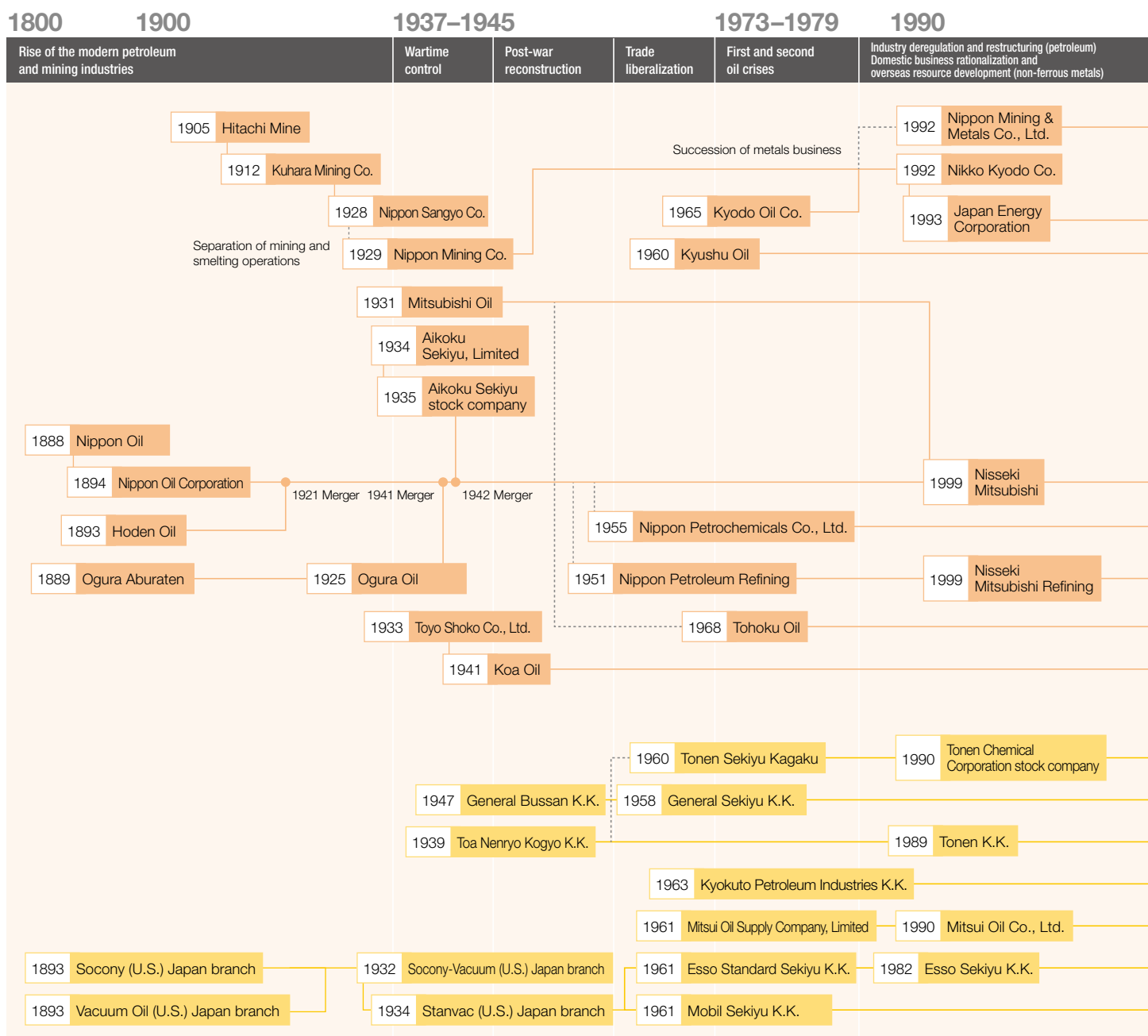
**Date established** April 1, 2010



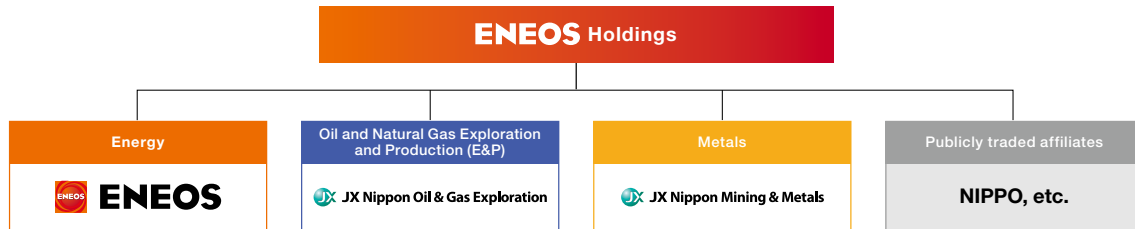
<https://www.hd.eneos.co.jp/english/>

**Business year** April 1 to March 31 of the following year

## Evolution of Major ENEOS Group Companies



## ENEOS Group Management Structure



Note: ENEOS, JX Nippon Oil & Gas Exploration, and JX Nippon Mining & Metals are collectively referred to as the "principal operating companies."

2000

— Name changes, mergers, integration    ..... Business succession, splits, spin-offs, etc.

Move toward decarbonization

