

# ENEOS REPORT

Integrated Report

# 2021

April 1, 2020 to March 31, 2021



**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.



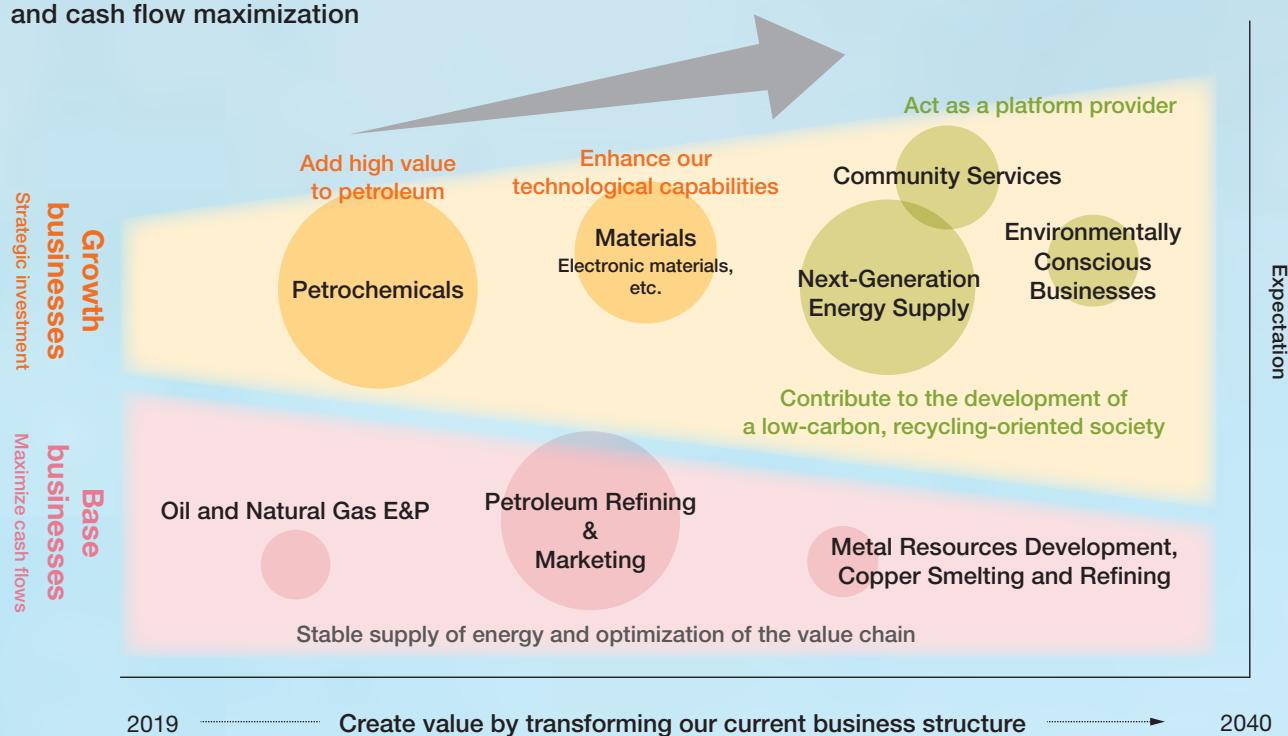


## Overview of Our Future Businesses

### 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.



**Ota Katsuyuki**

Representative Director,  
President



**Sugimori Tsutomu**

Representative Director,  
Chairman of the Board,  
Group CEO





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

In fiscal 2020, we launched our second Medium-Term Management Plan, aimed at achieving our Long-Term Vision to 2040. We have been continuously working to strengthen the business foundation, a basic policy of the first Medium-Term Management Plan, while also endeavoring to develop and strengthen our growth businesses.

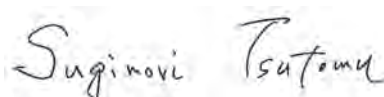
The business environment surrounding the ENEOS Group is changing rapidly. These changes include the acceleration of the worldwide trend toward a decarbonized, recycling-oriented society. Additionally, the impacts from the COVID-19 pandemic have become even more challenging and protracted than anticipated.

In the Integrated Report 2021, we clarify the challenges and measures put into place to achieve the Long-Term Vision in the midst of this dramatically changing business environment, and also report on our progress to date. The report also contains information on material ESG issues that we have reviewed based on the Group's current situation and the state of society. Going forward, we will continue our disclosures in order to provide our 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 the energy and materials that are vital to our everyday lives and the economy, while accelerating structural reforms with an eye toward sustainable, stable growth.

We ask for your continued support.

September 2021



**Sugimori Tsutomu**

Representative Director,  
Chairman of the Board, Group CEO  
ENEOS Holdings, Inc.



**Ota Katsuyuki**

Representative Director, President  
ENEOS Holdings, Inc.

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## Regarding Forward-Looking Statements

This integrated 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.

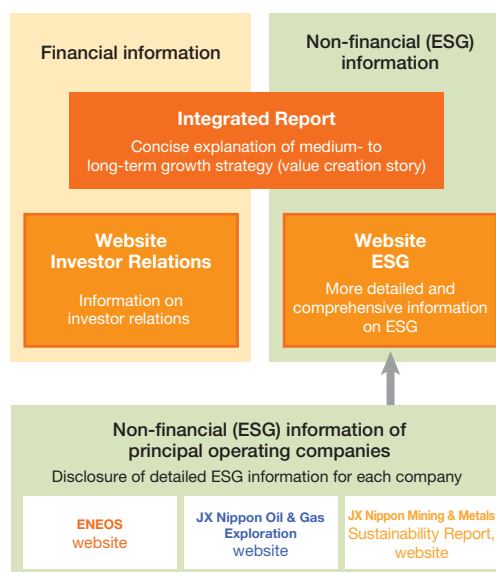
The report also includes details of our ESG management, in which we reflect material management issues into management and business strategies from an ESG standpoint, while also strengthening our business foundation. In addition, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have included more information regarding our response to climate change, a material management issue of the ENEOS Group.

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 disclose clear and concise information to promote and strengthen dialogue with our stakeholders, including investors, as we work to further enhance our corporate value and create social value.

This report covers the period from April 1, 2020 to March 31, 2021.



## 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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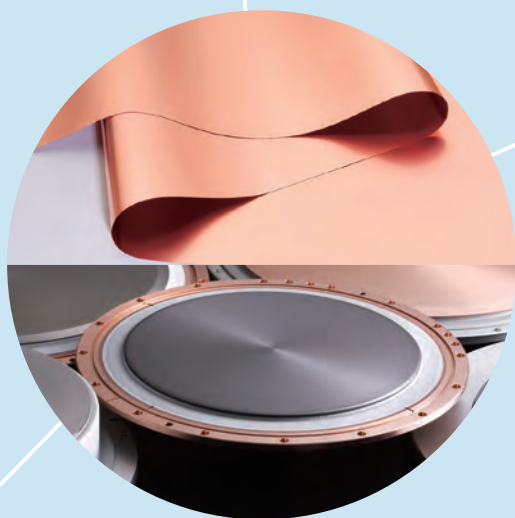




## Progress of Second Medium-Term Management Plan

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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–

Meiji era: Dawn of Japan's industrial development

## 1940s–

Period of rapid economic growth

## 2000s–

Maturation of international market and new challenges

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

### 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



Saganoseki Smelter and Refinery

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

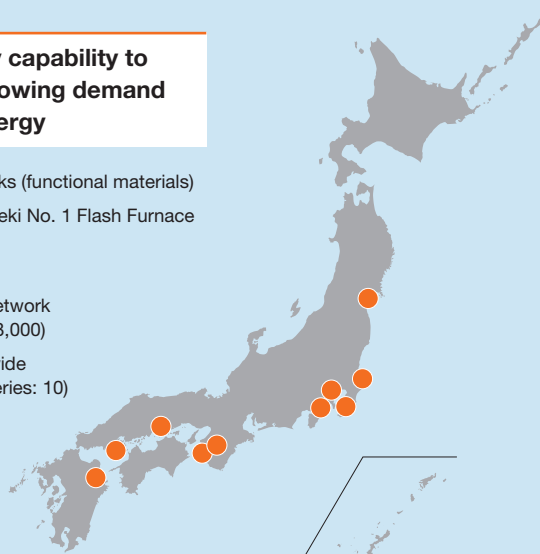
- 1973** ● Started production at Mubarratz oil field in the UAE
- 1985** ● Opened Isohara Works (thin film materials)
- 1990** ● Acquired gas field interests in Papua New Guinea
- Started production at Escondida Copper Mine in Chile
- 1994** ● Acquired development and exploration interests in the UK
- 1998** ● Removal of restrictions on self-service SS
- 1999** ● Invested in LS-Nikko Copper of South Korea (copper smelting)
- 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

- 2001** ● Established the ENEOS brand
- 2003** ● Started production at SK10 (Helang gas field) in Malaysia
- 2008** ● 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
- 2011** ● Opened JX Metals Precision Technology Kakegawa Works (functional materials)
- 2013** ● Started production at Caserones Copper Mine in Chile
- Installed mega solar facilities (21 locations, 49,000 kW as of June 2021)
- 2014** ● Started production at PNG LNG in Papua New Guinea
- Started production at Ulsan Aromatics in South Korea (overseas petrochemicals business)
- Sequentially opened hydrogen stations (46 locations as of August 2021)

### 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 (number of SS: approx. 13,000)
- Opened refineries nationwide in Japan (number of refineries: 10)



Dr. Drive Self-Service Ebina Chuo (includes hydrogen station)

- 2016** ● Started ENEOS Denki\* electricity retail business for homes

\* "Denki" means "electricity" in Japanese.

Note: For more information about our history up to the establishment of ENEOS Holdings, see pages 81 to 82.



## 2017–

Establishment of JXTG Holdings

**2020**  
Change of trade  
name to ENEOS  
Change in Group  
management  
structure

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

## 2017–2019

**Established a stable financial base by pursuing synergies of business integration and enhancing the profitability of base businesses**

- 2017** ■ 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  
● Successfully verified the world's first technology for low-cost CO<sub>2</sub>-free hydrogen  
● Integrated SS brands into the ENEOS brand  
● Started ENEOS Toshi Gas (city gas) retail business for homes  
● Decided to participate in an offshore wind power project in Taiwan  
● Decided to participate in a natural gas fired thermal power plant project in Ohio, USA  
● Started production at Mariner oil field and Culzean gas field in the UK North Sea  
■ Signed statement of support for the TCFD recommendations

## 2020 onward

**Further development of growth businesses to achieve our Long-Term Vision**

### Energy Business

#### Growth businesses

- 2020** ● Started commercial operation of Muroran biomass power plant  
● Concluded a basic agreement with Shizuoka Prefecture for next-generation energy and community development in the Sodeshi area of Shimizu, Shizuoka City (also concluded with Shizuoka City in 2021)  
● Participation in a wind power project offshore of Happon and Noshiro City in Akita Prefecture  
● Started ENEOS Laundry, laundromats attached to service stations  
● Participation in a solar power generation project in Ako District, Hyogo Prefecture
- 2021** ● Started verification trial for an ultra-compact-EV sharing service
- 
- 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  
● Started ENEOS Car Lease throughout Japan  
● Decided to participate in a solar power generation business in Texas, USA  
● Signed an agreement to acquire JSR Corporation's elastomers business

#### Base businesses

- 2020** ● Signed the final agreement for continuing collaboration at Chiba Refinery with PetroChina International (Japan) Co., Ltd.
- 2021** ● Decided to terminate the manufacturing function at Chita Plant around October 2021  
● Decided to terminate some of the crude oil processing units at Negishi Refinery around October 2022

### Oil and Natural Gas Exploration and Production Business

#### Growth businesses

- 2021** ● Executed a joint study agreement for an Australian offshore CO<sub>2</sub> capture and storage hub project

#### Base businesses

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

### Metals Business

#### Growth businesses

- 2020** ● Completed facility expansion to raise production capacity for treated rolled copper foil, high-functionality copper alloy strips and sputtering targets for semiconductors  
● Decided to enhance production capacity for semiconductor sputtering targets
- 2021** ● Established a new company in Europe for LiB recycling and battery materials projects

#### Base businesses

- 2020** ● Acquired full rights and interests in the Caserones Copper Mine  
● Decided to establish a logistics base for receiving recycled raw materials in Ozai West Area, Oita Port  
● Increased collection and treatment capacity at our recycling center in Taiwan

### Entire Group

- 2020** ■ Formulated the second Medium-Term Management Plan and Medium-Term Environmental Management Plan  
■ Issued ENEOS Green Bonds (unsecured straight bonds)
- 2021** ■ Started collaboration for CO<sub>2</sub> absorption and fixation through forests (ENEOS Holdings and JX Nippon Mining & Metals)  
■ Issued publicly offered hybrid bonds (subordinated 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 10 countries around the world

Equity-entitled crude oil and natural gas production volume

**130,000**  
bbl/day  
(Natural gas sales ratio: **63%**)



### 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.

**200,000**  
tons/year



### Transport

#### Copper transport

Using copper concentrate and sulfuric acid carriers that reduce environmental impacts

Exhaust gas (compared to bulk carriers)

**40%** reduction





**Power generation**Responding to society's  
energy needsPower generation capacity  
(as of June 2021)

**1.59**  
million kW  
(Renewable energy:  
Approx. **0.13** million kW)

**Oil refining**Largest oil refining  
capacity in JapanCrude oil  
processing capacity

**1.87**  
million bbl/day

**Service station  
(SS) operations****Market share of SS in Japan**Approx. **44%** (**No.1** in Japan)**Electricity retailing**

(as of July 2021)

Approx.  
**908,000**  
contracts

**Community services**

Laundromats / Car sharing services

**Hydrogen stations**

Responding to demand for new energy

Market share in Japan

Approx. **30%** (**46** locations)  
(as of August 2021)

**Fuel oil sales**Market share of fuel oil sales in Japan Approx. **50%** (**No.1** in Japan)**Petrochemicals manufacturing and sales**Paraxylene  
supply capacity

**3.62** 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**

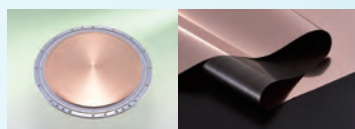
Delivering solutions with high-performance materials

**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 sales**Advanced materials underpinning  
information society

Product lineup with **No.1**  
market share worldwide

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

Note: Figures as of March 2021

# 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, 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.

## FY2020–FY2022 Second Medium-Term Management Plan

Pursuing transformation aimed at achieving the Long-Term Vision

Continue and accelerate structural reforms

### Results

#### Stable financial base

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

**500.0** billion yen ▶ Result: **828.7** billion yen

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

**0.7** times or lower ▶ Result: **0.7** times

### Develop & strengthen growth businesses

#### Group strengths

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.)



# 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

### 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

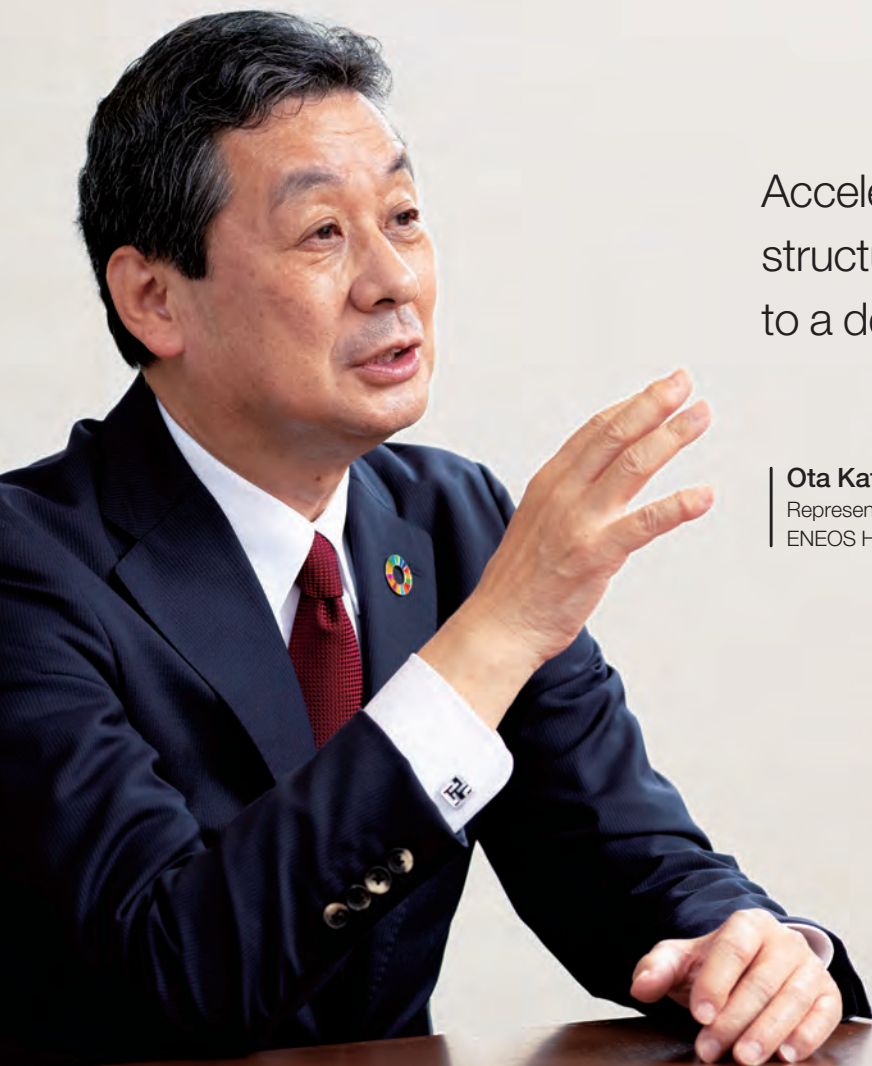
#### Social value created

##### Through our business activities (Five key items)



##### Through corporate activities (Five key items)





## Accelerating business structure reforms to contribute to a decarbonized society

**Ota Katsuyuki**

Representative Director, President  
ENEOS Holdings, Inc.

**Q1** The COVID-19 pandemic had major impacts on fiscal 2020.  
What are your thoughts on the current business environment and direction?

**A**

I will take strong leadership to speed up changes in our business to cope with this rapidly changing society.

In the past year, the COVID-19 pandemic has greatly impacted societies and economies around the world and the situation remains extremely challenging. The pandemic has brought about major changes in our values in terms of day-to-day life. However, these changes are consistent with the progression of the three changes in the business environment we envisioned when we developed our Long-Term Vision to 2040, namely, a low-carbon, recycling-oriented society; digital innovation; and lifestyle changes. In fact, we think the pace of these changes will continue to accelerate. Therefore, we must speed up the initiatives we are planning and achieve results in order to address these changes and realize our Long-Term Vision.

We are also pursuing ESG management. In terms of “environmental,” our Executive Council and other company organizations are discussing our response to future management risks and opportunities posed by societal changes. I feel we need to speed up this process. Regarding “social” and “governance,” we continue to explore opportunities for improvement, without becoming complacent.

Our second Medium-Term Management Plan, a detailed action plan, is highly significant as a milestone for achieving our Long-Term Vision. We will further speed up business structure reforms and ensure that top management exhibits strong leadership, not only with an eye toward 2040, but also during the transition phase leading up to 2040. Under the key phrase “taking on the challenge of transformation,” we are making strong efforts, knowing that if we don’t change now, we won’t be able to change in the future.

## Q2 Fiscal 2020 marked the first fiscal year of the second Medium-Term Management Plan. Can you provide an update on the results and progress of your core businesses?



We recorded an increase in profits over the previous fiscal year by steadily implementing various measures tailored to market conditions.

In fiscal 2020, sales volumes of petroleum products declined substantially due to the impacts of the COVID-19 pandemic, but operating income excluding inventory valuation rose year on year to 215.5 billion yen, underpinned by a robust petroleum product margin and rising copper prices, among other factors. Using the positive outcomes gained from maximized synergies of the business integration and strengthening of the financial base achieved under the first Medium-Term Management Plan as a foothold, we embarked on further structural reforms and steadily implemented various measures to develop and strengthen our growth businesses. We are also focusing on collaboration with outside parties in the areas of research and development and new business creation. In addition to promoting industry-academia collaboration with universities, we are seeking out partnerships with venture companies through investments in venture capital and implementation of an accelerator program. These efforts are helping us to pursue open innovation. The following is an overview of our business results for fiscal 2020.

### Petroleum refining & marketing business

#### Restructuring of our refinery and plant network

In October 2020, the refining function was terminated at the Osaka Refinery, operated by Osaka International Refining Company, Limited, a joint venture with PetroChina International (Japan) Co., Ltd., and relocated to the Chiba Refinery in December the same year. In addition, we will cease production at the Chita Plant around October 2021 and plan to decommission part of the facilities at the Negishi Refinery around October 2022.

### Next-generation energy supply and community services business

#### Expansion of renewable energy power generation business

We began commercial operation at the Muroran Biomass Power Plant, the largest such plant in Japan, and also participated in a number of solar power, onshore wind power and offshore wind power projects across Japan. We also started operations at three more mega solar power plants built on idle land in Japan.

#### Development of virtual power plants (VPP)

We launched verification testing of VPP to control energy resources, including energy storage systems and our in-house power generation facilities. The verification testing included testing at service stations, a first in Japan.



### **Development of mobility services**

We continued to conduct verification testing of ENEOS Car Share and launched verification testing of ENEOS Car Lease, a car leasing business with sales offices located in our service station network.

### **Materials business**

#### **Acquisition of elastomers business**

We decided to acquire JSR Corporation's elastomers business, which includes the manufacture and sale of synthetic rubber, with the goal of acquiring and expanding a technology-based business that will become a core component of our materials business.

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

We have increased our production capacity of treated rolled copper foil, high-functionality copper alloy strips and sputtering targets for semiconductors by around 30% compared to fiscal 2017. Given the speed of growth in the semiconductor market driven by growing demand for mobile devices and telecommunications infrastructure, we have decided to increase production capacity of sputtering targets for semiconductors by an additional 30% or so from current levels.

### **Environmentally conscious businesses**

#### **Increased collection and processing capacity of raw metal materials for recycling**

In addition to increasing the collection and processing capacity at our recycling center in Taiwan, we decided to establish a logistics base in Oita Prefecture and increase the pre-processing capacity for raw materials at the nearby Saganoseki Smelter & Refinery.

### **Metal resources development, copper smelting and refining business**

#### **Acquisition of all interests in the Caserones Copper Mine**

We acquired all of the interests in the Caserones Copper Mine owned by our joint investment partners in order to secure high grade, clean copper concentrate.

## **Q3** What is the current status of your initiatives to strengthen the management foundation?



We continue to focus on human resources development and diversity and inclusion, while laying the groundwork for a corporate culture that encourages transformation.

The importance of human resources for our growth remains unchanged. Our work styles changed a great deal during the COVID-19 pandemic. To enable our employees to generate in-depth transformation and innovative ideas, we introduced project manager training and expanded optional training and seminars for self-development to support autonomous career development. We are also focusing on the development of future management resources, who will be charged with increasing corporate value over the medium to long term. To increase operating efficiency and productivity, we will need to utilize digital technology and adopt work styles free from the constraints of time and place. To this end, we are working to design flexible systems and make further improve-

ments to our telework infrastructure. I expect that work-life balance will lead to even more ideas for transformation and value creation.

At the same time, in terms of diversity and inclusion, we have increased the ratio of women among new hires and women in managerial positions with each passing year, but we can still improve in terms of building a workforce with diverse age groups, career experience, nationalities and values. In addition to systems and training mindful of diversity and inclusion, executive management will actively get involved in building an environment for daily internal communication where each and every employee respects individuality and can develop their full potential.

In fiscal 2020, we began delegating authority to increase the speed of management's decision-making and business execution as well as strengthen the supervisory function of the Board of Directors through enhanced monitoring. While I feel good progress has been made, we need to accelerate the structural reforms aimed at achieving our Long-Term Vision. We will share management's direction with employees and pursue management with rapid decision-making and execution capabilities under the appropriate supervision of the Board of Directors.

#### **Q4** Please explain the earnings outlook for the period of the second Medium-Term Management Plan, released in May 2021, which takes into account the impacts of COVID-19.



The outlook includes an impact of negative 500.0 billion yen for the three-year period, and we will continue our efforts to compensate for this impact.

The second Medium-Term Management Plan (FY2020–2022), announced in May 2020, only included the impacts from the COVID-19 pandemic in the first half of fiscal 2020. Unfortunately, the timing of the end of pandemic remains difficult to predict. Therefore, in May 2021 we prepared a revised earnings forecast for the second Medium-Term Management Plan, assuming that the impacts from the COVID-19 pandemic will continue until fiscal 2022.

As of May 2021, compared to our initial plan, we anticipate that profits will decline by 500.0 billion yen cumulatively over the three years of the second Medium-Term Management Plan due mainly to the impacts of the pandemic, including declining export volumes of jet fuel and other petroleum products, deteriorating product market conditions overseas, and restrictions on operations at the Caserones Copper Mine. Based on these factors, we forecast operating income excluding inventory valuation of 760.0 billion yen over the three years, falling short of the target of 970.0 billion yen, even after reflecting our additional measures to cut costs.

Meanwhile, the movement toward a decarbonized and recycling-oriented society will accelerate further and domestic petroleum demand will undoubtedly continue to decline. Therefore, the direction and scale of our investments remain unchanged in order to speed up the development and strengthening of growth businesses aimed at structural reforms and the restructuring of our business portfolio.

Management will continue working to achieve the targets of the Medium-Term Management Plan despite the difficulty of forecasting the future business environment, including when exactly the COVID-19 pandemic will be under control.

### Q5 What are your initiatives for the development of a decarbonized society based on the Long-Term Vision to 2040?



We will build a supply chain for next-generation energy to play a greater role in the achievement of carbon neutrality worldwide.

The three envisioned goals in the Group's Long-Term Vision are: (1) become one of the most prominent and internationally competitive energy and materials company groups in Asia; (2) create value by transforming our current business structure; and (3) contribute to the development of a low-carbon, recycling-oriented society. The movement toward carbon neutrality is picking up steam around the world, making it a material issue for us as a group of energy and materials companies.

Currently, we are working on promoting energy conservation at our production bases, switching to renewable energy to power the Caserones Copper Mine, and expanding our renewable energy business in Japan and abroad.

Over the long term, there are growing expectations for the potential of next-generation energy, especially CO<sub>2</sub>-free hydrogen and synthetic fuels made from renewable energy.

First, with regard to CO<sub>2</sub>-free hydrogen, we were among the first to focus on hydrogen as a next-generation form of energy and we have actively built up our hydrogen station network. In recent years, there has been even greater interest in and expectations for hydrogen, so we intend to grow hydrogen into a major pillar of our business portfolio in the future. There is a wealth of untapped resources overseas in terms of renewable energy and lignite. We are exploring the possibility of producing and procuring low-cost CO<sub>2</sub>-free hydrogen overseas and then supplying it to the domestic market. Our nationwide network of refineries can be utilized as hubs for receiving, storing and shipping CO<sub>2</sub>-free hydrogen from overseas; therefore, we will speed up our commercialization study while working closely with various partners.

Next is synthetic fuels made from renewable energy (CO<sub>2</sub>-free fuels). These fuels are alternatives to petroleum products made from hydrogen derived from renewable energy and CO<sub>2</sub>. Since CO<sub>2</sub> is recovered as a raw material from the exhaust gas of power plants, there is no net increase in CO<sub>2</sub> in the atmosphere when using these fuels. In addition, synthetic fuels have nearly the same characteristics as petroleum products, which means the entire supply chain, including existing refineries, storage and transport facilities, and service stations, can be repurposed, and the fuels can be used as aviation and automotive fuels without modification. Therefore, we believe these fuels have the potential for rapid growth once the production technology is established. To this end, we are now working to develop the production processes and catalysts.

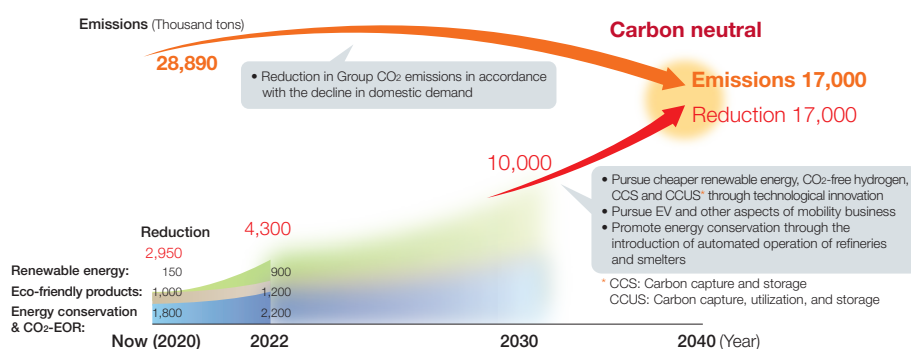
To achieve a decarbonized society, we need to build a platform for supply bases and networks for next-generation energy. We will explore the establishment of independent energy supply systems driven by local production for local consumption, the stabilization and streamlining of intra-regional energy supply using storage batteries, and the provision of new value-added services, including mobility services.

Through these efforts, we aim to become carbon neutral in terms of our own CO<sub>2</sub> emissions (Scope 1 and Scope 2) by 2040. Switching to CO<sub>2</sub>-free energy in all social infrastructure is needed to reduce the CO<sub>2</sub> emissions of our customers (Scope 3). Here, CO<sub>2</sub>-free hydrogen and synthetic fuels made from renewable energy, which we are now working on, will play a substantial role.



We will contribute to the sustainable development of society by providing a stable supply of the various forms of energy required by people and society, tailored to the needs of the times, from the past to the present and into the future.

We aim for carbon neutrality in our own CO<sub>2</sub> emissions in 2040 by strengthening and expanding businesses with a low environmental impact.



#### Disclosure of information on our response to climate change

As a group of energy and materials companies, our response to climate change carries significant management risks and opportunities. We recognize that proactive disclosures and dialogue with stakeholders are vital. Since fiscal 2019, we have been working to expand the disclosure of information in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and we have decided to disclose financial impacts related to climate change starting from this report. Going forward, we will continue to actively disclose information and engage in dialogue so that stakeholders can fully understand our situation, the challenges we face, our policies and the various measures we will take.

For financial impacts related to climate change, see pages 49 to 51.

## Q6 Are there any changes in your philosophy on shareholder returns?



We will maintain our current policy and dividend level as we aim for further shareholder returns based on performance.

Our recognition that returning profits to shareholders is an important management task remains unchanged. Our current policy on shareholder returns remains the same. We will target a total return ratio of 50% or more of net income excluding inventory valuation cumulatively over three years and maintain the dividend at the current level or above. We expect the challenging management environment to persist, but we remain committed to continuing to offer stable dividends and aiming for additional shareholder returns based on progress toward our management targets.

## Progress of Second Medium-Term Management Plan

### 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
- Unified sales systems for nationwide network of approximately 13,000 service stations in Japan
- Nationwide network of 12 refineries and plants in Japan
- Global supply network for lubricants
- Production capacity for petrochemicals with a strong presence in global markets
- High-performance materials technology (highly heat resistant resins, optical films, etc.)
- Portfolio of renewable energy businesses, including solar, wind, and biomass, using idle land

#### Risks

- Dealing with declining domestic demand for petroleum products due to population decline and the growth of eco-friendly cars
- Gaining an edge over highly cost-competitive, large-scale overseas refineries
- Initiatives for the shift to decarbonization, which are rapidly progressing worldwide

#### Opportunities

- Rising demand for petroleum and petrochemical products in emerging countries, mainly in Asia
- Rising demand for clean energy, including renewable energy
- Growing expectations and interest in next-generation energy

### 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

#### Strengthening International Competitiveness with Production/Supply System Rationalization and DX

To build an internationally competitive production and supply system for stable supply, in October 2020, refining was ceased at the Osaka Refinery of Osaka International Refining Company, Limited, a joint venture with PetroChina International (Japan) Co., Ltd., and relocated to the Chiba Refinery in December the same year. Furthermore, we decided to cease production at the Chita Plant around October 2021 and plan to decommission part of the

facilities at the Negishi Refinery around October 2022.

We established an “optimizers room” at our head office to centrally manage information for supply chain optimization. In addition, we are moving ahead with verification trials for autonomous AI-driven operations of certain facilities at our plants, and we introduced a digital twin for pursuing further sophistication of facilities management through simulations in a virtual space.

**Ota Katsuyuki**  
Representative Director, President  
ENEOS Corporation



## Developing and Strengthening Growth Businesses

### Petrochemicals

#### Pursuing Development of Chemical Refineries and Entering the Derivatives Field

We are pursuing the development of chemical refineries by transforming refineries to produce more chemicals through measures such as strengthening alliances in industrial complexes. At the Kashima Industrial Complex in Ibaraki Prefecture, we have finalized plans for a joint venture business with Mitsubishi Chemical Corporation to produce oil from waste plastic. In this arrangement, chemical recycling facilities with an annual capaci-

ty of 20,000 tons will be constructed at Mitsubishi Chemical's Ibaraki Plant, located in the complex, with commercial operations slated to begin in fiscal 2023.

We are also examining making inroads into the high-value-added derivatives business and expanding it internationally. As part of this effort, we are exploring the commercialization of a new ENB manufacturing facility in Saudi Arabia.

### Materials

#### Acquisition of Elastomers Business

After thoroughly reviewing the acquisition and expansion of a technology-based business that will become a core component of the materials business, we decided to acquire JSR Corporation's elastomers business, which includes the manufacture and sale of synthetic rubber, and signed an acquisition agreement in

May 2021.

JSR will establish a new company and transfer its elastomers business to the new company by splitting it. ENEOS will then acquire all the shares of the new company and make it a wholly owned subsidiary around April 2022.

### Next-Generation Energy Supply and Community Services

#### Building the ENEOS Platform and Supply Chain for CO<sub>2</sub>-Free Electricity, Hydrogen and Fuels

As a long-term initiative, we are building a supply chain for CO<sub>2</sub>-free electricity, hydrogen and fuels.

In May 2020, we began commercial operations at the Muroran Biomass Power Plant, Japan's largest biomass power plant. We also commenced operations at three new mega solar power plants in Japan using idle land and participated in solar as well as onshore and offshore wind power generation projects across Japan. We started verification trials on a virtual power plant (VPP) that uses an energy management system (EMS) to control a storage battery system and our own power generation facilities as part of our efforts to build a system that can supply CO<sub>2</sub>-free electricity in a stable manner.

In Japan, we opened four new hydrogen stations. We also participated in multiple projects that evaluated commercial viability and technological development of and conducted verification trials for building a future supply chain that can supply hydrogen made from inexpensive CO<sub>2</sub>-free energy produced overseas to Japan in a

stable manner. Furthermore, we moved ahead with technological development to build a supply chain that can procure fuels made from inexpensive CO<sub>2</sub>-free energy produced overseas.

To build the ENEOS Platform, we are now exploring opportunities in community services as well as the mobility and lifestyle support businesses. To contribute to appealing and sustainable community development through collaboration with community partners, we concluded a basic agreement with Shizuoka Prefecture and Shizuoka City for the promotion of next-generation energy and community development in the Sodeshi area of Shimizu, Shizuoka City.

In the mobility business, we are continuing with verification trials for ENEOS Car Share and commenced the nationwide rollout of ENEOS Car Lease using our service station network. In the lifestyle support business, we began the rollout of ENEOS Laundry, which operates laundromats under the ENEOS brand, and began providing laundry and shopping services for consumers in certain communities.

## Strengthening the Business Foundation

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

To ensure each and every employee can maximize their capabilities, we are working to foster a vibrant, energetic corporate culture that inspires creativity and motivates employees to take on challenges. As part of this effort, we are pursuing human resources development and improvements in mechanisms for personnel evaluation and compensation, as well as workstyle reforms. Specifically, we are examining a personnel evaluation system driven by

ability and performance instead of seniority, and compensation more in line with job responsibilities and performance.

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 will increase the efficiency of our base businesses and create innovative new products and services.



## Close-up 1

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

### Building a Supply Chain for CO<sub>2</sub>-Free Electricity, Hydrogen and Fuels

As part of our efforts to build a supply chain for CO<sub>2</sub>-free electricity, we are working to establish an energy supply platform utilizing an energy management system (EMS) that optimally controls renewable energy, whose output varies based on weather conditions, using storage batteries and electric vehicles (EV).

For this EMS, we are aiming for commercialization in fiscal 2022 based on the results of the first-ever VPP verification trial at service stations in Japan. We are now exploring additional possibilities after signing a basic agreement with Shizuoka Prefecture and Shizuoka City, where one of our refineries was formerly located, to build an energy supply platform.

In terms of renewable energy, we are accelerating business expansion with the goal of increasing our total generation capacity in Japan and overseas to more than 1 GW by fiscal 2022. To this end, in fiscal 2020 we continued expanding our portfolio of mega solar power plants using idle land and started commercial operations at the Muroran Biomass Power Plant, the largest such plant in Japan.

With an eye toward increasing future generation capacity, we decided to join a solar power generation project in Ako District, Hyogo Prefecture, the Mutsu Ogawara Onshore Wind Farm in Kamikita District, Aomori Prefecture, and the wind power projects offshore of Happon Town and Noshiro City in Akita Prefecture and offshore of Goto City in Nagasaki Prefecture. We are also working on distributed power source development, and launched the ENEOS Zero Setup Cost Solar Service in fiscal 2020.

We are also expanding initiatives for renewable energy outside of Japan, and decided to participate in solar power generation projects in Australia and the United States. The solar power generation project in Australia shows promise for the manufacture of CO<sub>2</sub>-free hydrogen.

To achieve a mass supply of inexpensive CO<sub>2</sub>-free hydrogen from overseas, we are working on development initiatives for proprietary technologies and a broad range of verification trials through alliances. Our proprietary Direct MCH<sup>®</sup> technology simplifies the process of manufacturing methylcyclohexane (MCH), a carrier of hydrogen, from renewable energy, which is expected to greatly lower costs. We already established the technolo-

gy during the research and development stage, so going forward we plan to conduct large-scale verification trials.

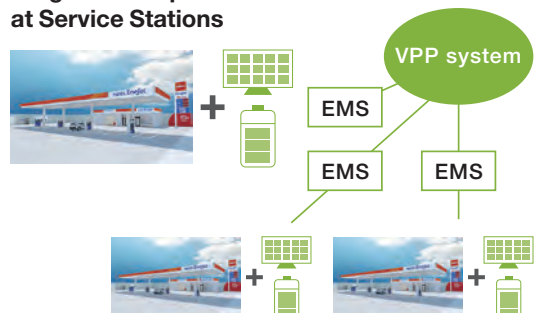
In terms of CO<sub>2</sub>-free hydrogen manufactured overseas, we are working to build a hydrogen supply chain where we can import to our refineries and use our hydrogen stations as community hubs for supplying CO<sub>2</sub>-free hydrogen to customers in a stable manner.

We are moving ahead with various initiatives utilizing a broad range of alliances, including collaboration with Saudi Aramco and a review of hydrogen supply derived from hydroelectric power generation in Malaysia. As part of our efforts to build a CO<sub>2</sub>-free hydrogen supply system in Japan, we are supplying hydrogen to Woven City, a demonstration city operated by Toyota Motor Corporation, and participating in a demonstration project for hydrogen manufacture and supply using renewable energy in Kitakyushu City.

CO<sub>2</sub>-free fuels, made by combining hydrogen derived from renewable energy and CO<sub>2</sub>, can be used without modification in existing engines and the fuel supply infrastructure, and we are now working to build a supply system for these fuels. Utilizing the ultra-high-speed AI-driven molecular simulator co-developed with Preferred Networks, Inc., we are now developing manufacturable catalysts at a higher efficiency in order to streamline the manufacture of CO<sub>2</sub>-free fuels.

In addition, looking toward rising demand for bio jet fuel in the future, we are conducting a commercialization review of sustainable jet fuel manufacturing using waste, including waste plastics, as part of our efforts to build a supply system for CO<sub>2</sub>-free fuel.

#### Diagram of Japan's First VPP Verification Trial at Service Stations



## Energy Business

## Close-up 2

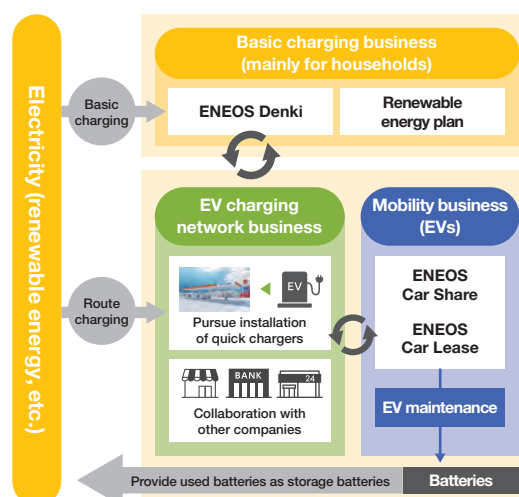
## Contribution to a Decarbonized and Recycling-Oriented Society

## Initiatives for EV-Related Services

We are now exploring a route charging business using our nationwide network of some 13,000 service stations, considered an ENEOS strength, basic charging services in homes through a tie-up with ENEOS Denki\* power supply, and the expansion of related services such as EV leasing, sharing and maintenance, which includes possible collaboration with other companies.

In July 2021, we established the EV Business Development Department to pursue business expansion through a focused approach to exploring business opportunities in EVs, in anticipation of broad adoption of EVs in the future.

\* "Denki" means "electricity" in Japanese.



## Close-up 3

## Initiatives to Strengthen and Grow the Materials Business

## Acquisition of Elastomers Business

JSR Corporation's elastomers business supplies materials that are essential to mobility industries and contribute to reduced environmental impacts. Solution polymerization styrene-butadiene rubber (SSBR), JSR's main elastomers product, offers the highest performance in the industry and is indispensable as a raw material for treads on fuel-efficient and high-performance tires.

The integration of ENEOS's technology-based businesses throughout the value chain, from petroleum to materials, and JSR's elastomers business will generate synergies including cost reduction and enhanced product development capability.

In the 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 estab-

lish a worldwide business and presence as a manufacturer of high-performance materials.

## Main products

Broad product lineup with synthetic rubber for tires (SSBR, etc.) as its main product

**All-purpose synthetic rubbers and specialty synthetic rubbers**

...Automotive tires, automotive components, etc.

**Thermoplastic elastomers**

...Shoe soles, adhesives, etc.

**Emulsions and raw materials for functional chemicals**

...Paper coating agents, construction materials, etc.

### 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 Southeast Asia, and joint research with oil-producing countries concerning CCS/CCUS technologies

#### Risks

- Greater-than-expected decline in demand for fossil fuels due to rapid progress of decarbonization
- Instability of commodities prices due to stagnant or reduced investment in oil and natural gas exploration and development

#### Opportunities

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

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

\* 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 2020, we maintained safe and stable operations as production volume greatly exceeded the previous year, despite the ongoing impacts of the COVID-19 pandemic.

While the prices of crude oil and natural gas fell significantly compared to the previous fiscal year, we managed to greatly improve profitability from the loss suffered in the previous fiscal year through measures for absence of impairment loss and the full-fledged recouping of business investments in Malaysia and the U.K.

In Malaysia, we commenced full production from the Layang

oil and gas field, which is an additional development to our existing projects. Light crude oil produced from this field is now being shipped from FPSO<sup>1</sup>, introduced in fiscal 2020.

In the U.K., we continue steady production from the two major exploration and development projects, the Culzean gas field and the Mariner oil field in the UK North Sea, both of which commenced production in fiscal 2019. Production volumes for each in fiscal 2020 roughly doubled the previous year's volumes.

<sup>1</sup> Floating production, storage and offloading





Hosoi Hiroshi

Representative Director, President and CEO  
JX Nippon Oil & Gas Exploration Corporation

## Growth Businesses

## Pursuing Environmentally Conscious Businesses

In the U.S., we are participating in a large-scale commercial project utilizing CCUS<sup>2</sup> technology to separate and recover high-volume CO<sub>2</sub> emissions from a thermal power plant and inject them into aging oil fields to increase oil production. Since operations began in December 2016, we have injected a total of 3.77 million tons of CO<sub>2</sub> into aging oil fields.

In Southeast Asia, JX Nippon Oil & Gas Exploration is pursuing joint research together with local state-owned oil companies to

establish a low-environmental-impact business model utilizing its proprietary CCS<sup>3</sup>/CCUS technologies.

We established the Sustainable Business Unit in April 2021 to quickly pursue environmentally conscious businesses in a concentrated manner. We also established a structure for the centralization of CCS/CCUS technology information to support the further utilization of technology and business expansion.

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

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

## Close-up

## Contributing to Carbon Neutrality

## Utilizing CCS/CCUS Technologies

## Pursuing Joint Research

The worldwide movement toward decarbonization has even reached fossil energy exporting countries, as countries in Southeast Asia, our core business area, are beginning to work toward reducing their greenhouse gas emissions. JX Nippon Oil & Gas Exploration has already started examination of an E&P business model utilizing its CCS/CCUS technologies together with local state-owned oil companies, and initiated joint research in Indonesia in 2018 and Malaysia in 2020.

In both research endeavors, we are conducting basic studies and surveys regarding E&P business models with low environmental impacts, mainly in aging oil and gas fields and gas fields containing high-concentra-

tion CO<sub>2</sub>. Going forward, we plan to use CCS/CCUS technologies at these oil and gas fields to produce crude oil and natural gas with low environmental impacts.

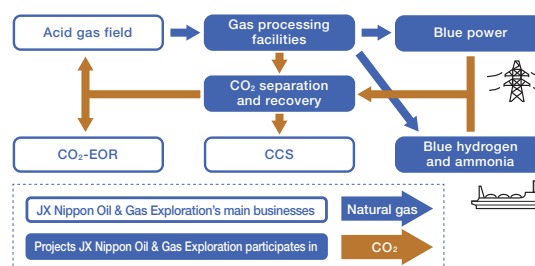
As a new initiative in 2021, we decided to participate in joint research on CO<sub>2</sub> capture, shipping and offshore storage in Australia. This is a large-scale verification trial that involves liquefying captured CO<sub>2</sub>, shipping it and injecting it at a location offshore of Australia. Through participation in this verification trial, we aim to further increase the value of our technological knowledge and gain new knowledge on the liquefaction, shipping and injection of CO<sub>2</sub> from marine vessels.

## Developing New Businesses Using CCS/CCUS Technologies

Using our CCS/CCUS technologies, JX Nippon Oil & Gas Exploration aims to establish new environmentally conscious businesses and develop them as our 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<sup>4</sup> and ammonia from residual gas after CO<sub>2</sub> separation.

<sup>4</sup> A form of hydrogen energy produced without releasing CO<sub>2</sub> into the atmosphere by utilizing CCS or CCUS.

Examples of New Business Models That Leverage CCS/CCUS  
(Business Expansion Leveraging CCS/CCUS)

### 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
- 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



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

## Progress of Second Medium-Term Management Plan

### Strategic Investments and Technology Development

### Review Business Portfolios

### Human Resource Development

#### Increasing Production Capacity to Accommodate Rising Demand and Identifying and Developing New Business Opportunities

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 copper 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.

At the same time, in addition to investments in new businesses that will be mainstays of our portfolio, we are using cross-functional personnel exchanges and support for idea actualization to develop human resources who can independently take on the challenges of innovation to create new value. We aim to create new businesses, eyeing trends such as the advancement of the data society and decarbonization as business opportunities.

#### Acquisition of Interests in the Caserones Copper Mine

In February 2021 we acquired all interests and rights in the Caserones Copper Mine. The copper concentrate mined there is an important raw material for the Saganoseki Smelter & Refinery, and the value of this high-grade, clean copper concentrate is on the rise amid the declining grade and increasing impurities of copper mined elsewhere in the world. Furthermore, this clean copper concentrate can be utilized to

increase the processing of raw materials for recycling containing many impurities that are used in the flash furnace as part of the smelting and refining process. We are now working to increase the resilience of the smelting and refining business, which is central to the recycling of metal materials, by securing a stable supply of high-quality copper concentrate.

#### Increasing Collection and Processing of Raw Materials for Recycling through Integrated Smelting and Refining and Recycling Operations

Amid growing interest in securing resources such as copper and rare metals, which are essential for a decarbonized society, and resource recycling, we are working to increase collection and processing of raw materials for recycling using an operating structure that combines the smelting and refining business and the recycling business. As part of this effort, we increased the collection and processing capacity of the recycling center in

Taiwan, and we also established a logistics base in Oita Prefecture and increased the pre-processing capacity for raw materials at the nearby Saganoseki Smelter & Refinery. During the period of the Medium-Term Management Plan, we plan to increase the processing volume of the raw materials by 1.35 times over fiscal 2019 levels.

### SDGs

#### Establishment of Interim Target for Fiscal 2030 Aimed at Net-Zero CO<sub>2</sub> Emissions

JX Nippon Mining & Metals has established a target of net-zero CO<sub>2</sub> emissions by fiscal 2050. To this end, we have established an interim target of reducing our own CO<sub>2</sub> emissions by 50% by fiscal 2030 compared to fiscal 2018. This is a ten-year acceleration of the previous target of a 50% reduction by fiscal 2040. To

achieve this target, we will establish an ESG investment framework for efforts such as switching to CO<sub>2</sub>-free electricity in all business areas, increasing recycling, and pursuing fuel conversion and fundamental process development.

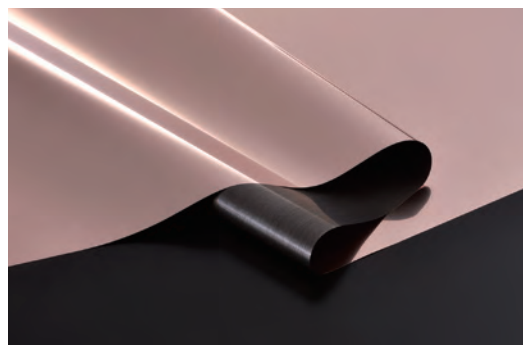
### Close-up 1

#### Increasing Production Capacity

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

##### Completion of Facility Installation for Increasing Production Capacity by 30% Compared to Fiscal 2017

In June 2020, we completed the installation of facilities to increase production capacity, per the previous Medium-Term Management Plan, of sputtering targets for semiconductors, treated rolled copper foil, and high-functionality copper alloy strips, each of which is experiencing growing demand as high-performance materials for leading-edge electronics. As a result, production capacity for each of these products will be increased by around 30% compared to fiscal 2017 levels. To meet robust demand, we have been operating at full capacity for sputtering targets for semiconductors since the first half of fiscal 2020 and for treated rolled copper foil and high-functionality copper alloy strips since the first half of 2021.



Treated rolled copper foil

##### Further Increasing Production Capacity of Sputtering Targets for Semiconductors to Meet Sharply Rising Demand

Worldwide demand for semiconductors is growing amid the sharp uptick in demand for smart devices and telecommunications infrastructure, underpinned by remote work and other factors. In regard to sputtering targets for semiconductors, demand is quickly outpacing our projections and this demand is expected to continue in the future with advancements in 5G infrastructure and digital transformation (DX). We are implementing initiatives that will enable us to build supply capability to meet growing demand and continue to earn customer trust.

In December 2020, we decided to increase production capacity for sputtering targets by around 30% by augmenting equipment for overall processes ahead of the original schedule in the second Medium-Term Management Plan to meet rapidly rising demand. Later, we decided to move up the completion timeline and increase equipment capacity even further. We will continue to consider additional capacity increases in order to respond to rising demand over the medium and long term.



Sputtering targets for semiconductors



Longtan Works (Taiwan), a major production base for sputtering targets for semiconductors



## Metals Business

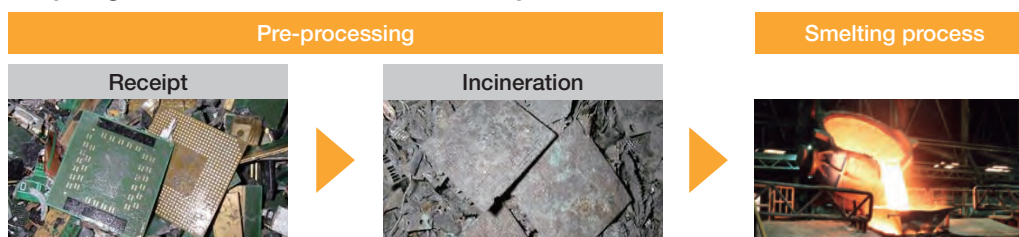
## Close-up 2

## Hybrid Smelting

**Working to Achieve 50% Input Rate of Raw Materials for Recycling in Copper Smelting and Refining in 2040**

Copper refining at the Saganoseki Smelter & Refinery uses a smelting method with lower environmental impacts in terms of energy efficiency and CO<sub>2</sub> emissions because the sulfur contained in copper concentrate, which is a raw material, dissolves from reaction heat. Furthermore, with the effective use of excess heat generated in the smelting process, raw materials for recycling and copper concentrate can be processed using the same blast furnace.

We are pursuing “hybrid smelting,” in which we will further increase the input ratio of raw materials 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 in order to increase the input ratio of raw materials in copper smelting from around 12% currently to 50% by 2040.

**Recycling Workflow at Our Smelter & Refinery**

## Close-up 3

## Lithium-ion Battery Recycling and Development of Next-Generation Battery Materials

**Creating Technologies for Closed-Loop Recycling and Next-Generation Battery Materials**

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. Using bench-scale equipment, we have established technology for extracting high-quality, recyclable raw materials from batteries. From fiscal 2021, we will conduct a verification trial for scaling up this technology in Tsuruga City, Fukui Prefecture.

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



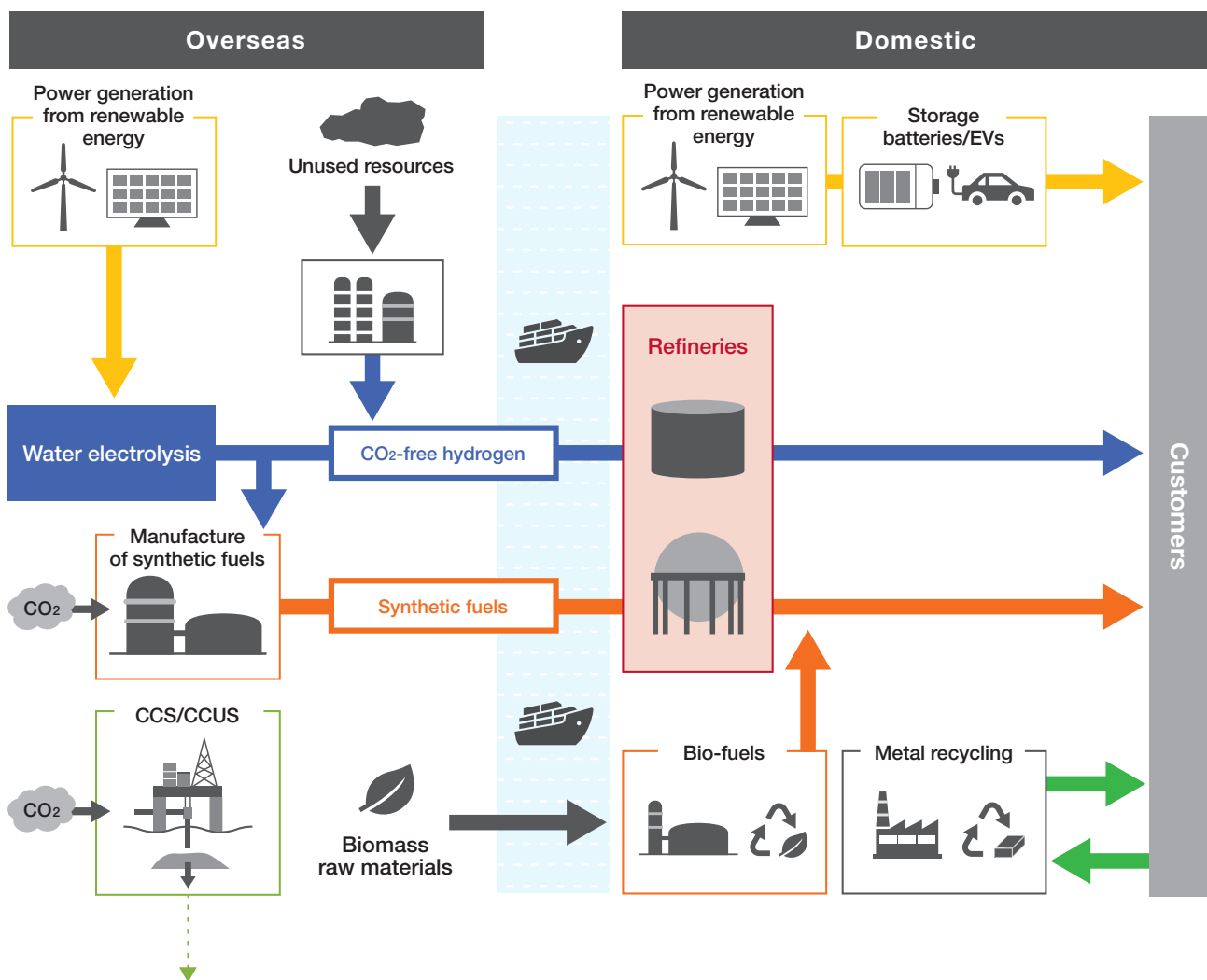
Recovered materials (from left: nickel sulfate, cobalt sulfate, and lithium carbonate)

Special  
Feature

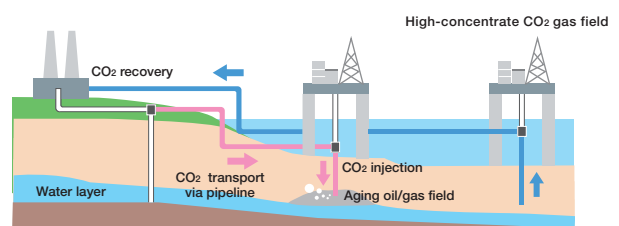
## Contributing to a Decarbonized, Recycling-Oriented Society The Future Business Vision of the ENEOS Group

The ENEOS Group aims to contribute to the realization of a decarbonized, recycling-oriented society in various areas of the supply chain by utilizing the technology accumulated through its business operations and relations with business partners. We will conduct studies and verification trials for matters pertaining to long-term initiatives, including the supply of CO<sub>2</sub>-free electricity and related services using renewable energy combined with an energy management system, the supply of CO<sub>2</sub>-free hydrogen and synthetic fuels made overseas from low-cost energy, and metal recycling and CCS/CCUS.

Business Vision (entire supply chain)



Utilizing our technology and expertise in CO<sub>2</sub> recovery and injection accumulated through our overseas CO<sub>2</sub>-EOR projects, we are participating in projects for the evaluation of CCS/CCUS business potential for future commercialization in Southeast Asia, including Indonesia and Malaysia.



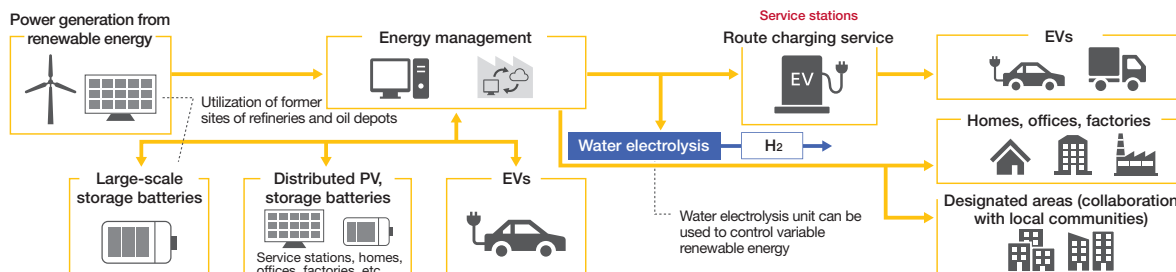
## Electricity

## Establishing an Energy Supply Platform Using an Energy Management System

In light of the increasing focus on locally produced and consumed self-sustaining energy, such as renewable energy, we are utilizing the knowledge acquired through VPP verification at our service stations and refineries to develop an energy supply platform using storage batteries, electric vehicles (EVs) and an energy management

system. In addition, in order to respond to the growing trend of EV use, we are considering the provision of comprehensive services, including mobility services such as car sharing and car leasing, as well as a package service with ENEOS Denki\*.

\* "Denki" means "electricity" in Japanese.

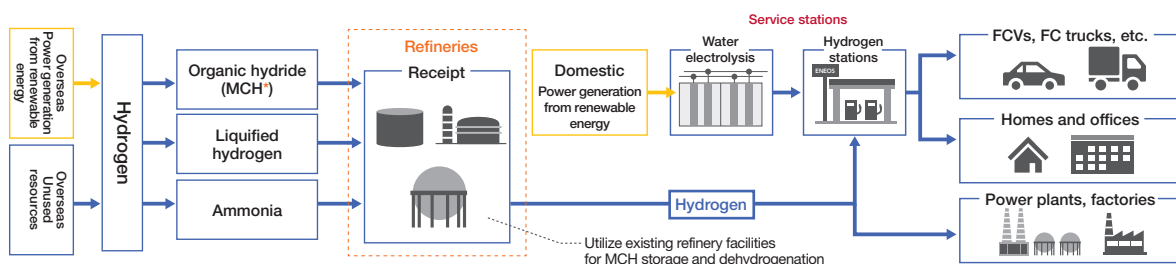


## Hydrogen

Establishing a CO<sub>2</sub>-Free Hydrogen Supply Chain with Refineries and Hydrogen Stations as Supply Hubs

Hydrogen is gaining attention as the key to reducing greenhouse gas emissions. We aim to develop a structure whereby we can receive CO<sub>2</sub>-free hydrogen manufactured and procured from low-cost renewable energy overseas and unused

resources at our refineries and provide a stable supply of energy to nearby power plants and factories. We are also considering supplying CO<sub>2</sub>-free hydrogen to surrounding homes and offices in the community, with hydrogen stations as supply hubs.



\* Abbreviation for methylcyclohexane, a substance that enables the storage and transportation of hydrogen. It is characterized by its ease of handling as it is a liquid at ambient temperature and pressure.

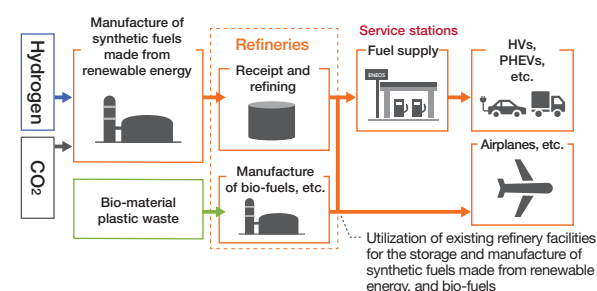
## Fuels

Establishing a CO<sub>2</sub>-Free Fuel Supply Structure Utilizing the Existing Fuel Supply Infrastructure

Synthetic fuels are liquid fuels made from CO<sub>2</sub> and hydrogen derived from renewable energy. They are alternatives to fossil fuels such as gasoline and diesel fuel. They are considered promising CO<sub>2</sub>-free energy sources since they can utilize existing fuel supply infrastructure and contribute to decarbonization in applications where electrification is difficult.

We are working to develop high-efficiency manufacturing processes and high-performance catalysts to drastically reduce manufacturing costs.

In anticipation of the growing demand for bio jet fuel going forward, we are evaluating the business potential of sustainable jet fuel manufacturing using waste materials, including plastic waste, as raw materials.



## Metal Recycling

## Accelerating the Development of a Structure to Increase the Process Volume for Raw Materials for Recycling

We aim to contribute to the realization of a recycling-oriented society by reducing energy consumption and securing a steady supply of resources through high-efficiency, large-scale recycling at smelters.

We have recently increased the capacity of our smelting facilities and recycling bases and established distribution bases in order to increase the ratio of raw materials for recycling.



Second Medium-Term Management Plan: Plan to increase the process volume for raw materials for recycling by 35% compared to fiscal 2019.

## Executing strategic investment in growth businesses while maintaining a sound financial base

### Tanaka Soichiro

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



### Overview of Fiscal 2020

Profits increased due to higher sales volumes of functional and thin-film materials and improved domestic petroleum product margins, despite decreased sales of petroleum products.

In April 2020, both crude oil prices and copper prices dropped sharply amid waning demand. Afterward, however, crude oil prices reversed course and moved higher due to coordinated output cuts agreed upon at OPEC Plus talks and expectations for a recovery in energy demand with the resumption of economic activity. Copper prices also rose, owing to the recovery in demand for refined copper in China and the drop in supply volume from copper mines in South America.

On a consolidated basis, the Group's business performance in fiscal 2020 was buoyed by commodity market conditions, a robust domestic petroleum product margin, and increased sales of functional and thin-film materials, among other factors, which helped to offset the diminished sales volume of petroleum products and reduced copper production caused by the COVID-19 pandemic.

As a result, the Group recorded net sales of 7,658.0 billion yen, down 2,353.8 billion yen over the previous year, and operating income of 254.2 billion yen, up 367.3 billion yen over the previous year. Operating income excluding inventory valuation totaled 215.5 billion yen, up 118.8 billion yen over the previous year. Net income attributable to owners of the parent came in at 114.0 billion yen, up 301.9 billion yen over the previous year.



## Outlook for Fiscal 2021

Despite improvement due to a recovery in crude oil prices, the impacts from the COVID-19 pandemic will persist.

The consolidated earnings forecast for fiscal 2021, announced in May 2021, includes net sales of 9,500.0 billion yen, an increase of 1,842.0 billion yen versus the previous year, operating income of 260.0 billion yen, an increase of 5.8 billion yen, operating income excluding inventory valuation of 230.0 billion yen, an increase of 14.5 billion yen, and net income attributable to owners of the parent of 140.0 billion yen, an increase of 26.0 billion yen.

This outlook for fiscal 2021 is based on the assumption that conditions will improve with the recovery in crude oil prices. However, we do not believe that sales volumes of petroleum products will return to the levels seen in 2019 due to the continuing impacts from the COVID-19 pandemic. Although the challenging business environment has carried over from the last fiscal year, we will do our best to further increase profits by implementing a number of initiatives, including cost-cutting measures.

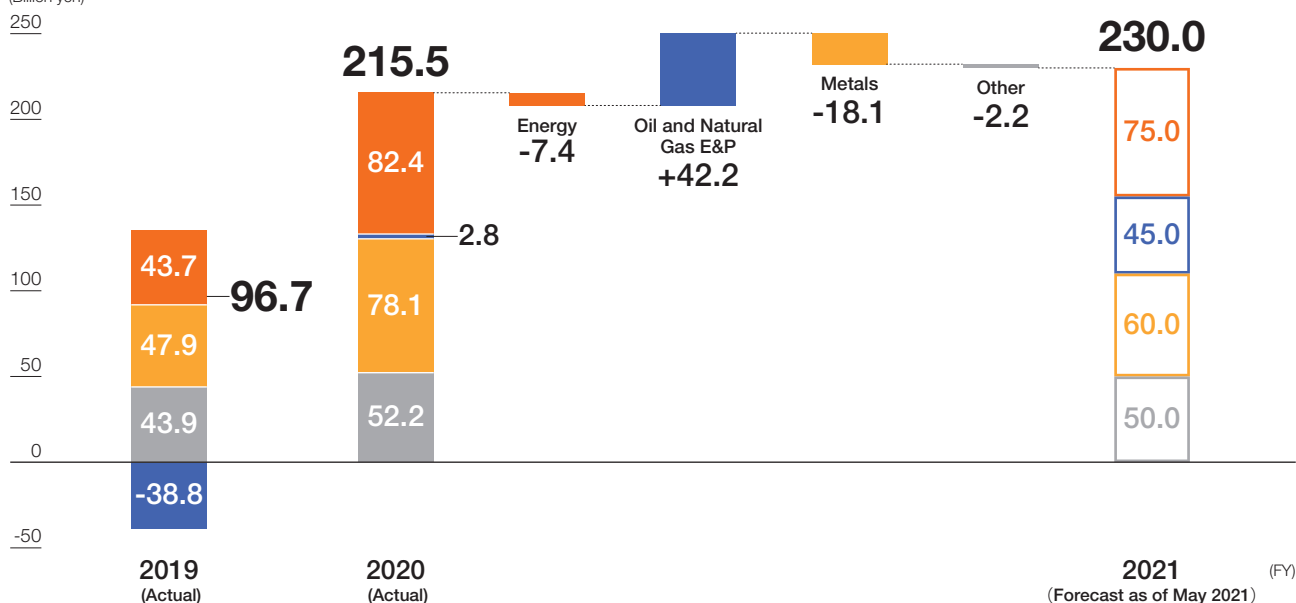
(Billion yen)

	FY2019 Actual	FY2020 Actual	FY2021 Forecast as of May 2021
Net sales	10,011.8	7,658.0	9,500.0
Operating income	-113.1	254.2	260.0
Operating income excluding inventory valuation	96.7	215.5	230.0
Net income attributable to owners of the parent	-187.9	114.0	140.0

## Operating Income Excluding Inventory Valuation

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

(Billion yen)



## Message from the Executive Officer Responsible for the Finance and Investor Relations Departments

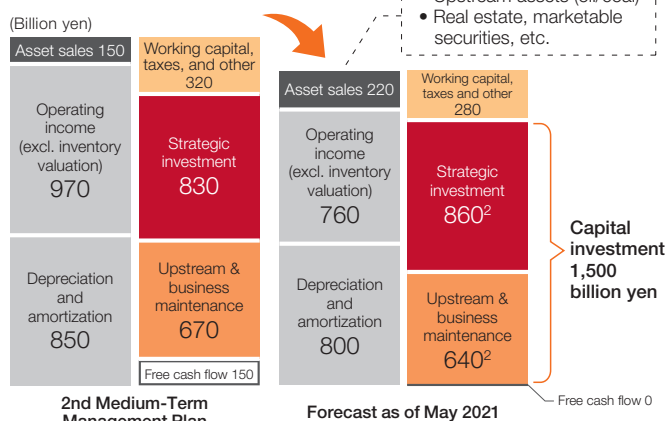
### Forecast for the Second Medium-Term Management Plan

#### Main Management Indicators

	2nd Medium-Term Management Plan	Forecast as of May 2021
Operating income (excl. inventory valuation)	(3-year cumulative total) <b>¥970.0 bn</b>	(3-year cumulative total) <b>¥760.0 bn</b>
Free cash flow	(3-year cumulative total) <b>¥150.0 bn</b>	(3-year cumulative total) <b>¥0.0 bn</b>
Net D/E ratio <sup>1</sup>	<b>0.8x or lower</b>	<b>0.8x or lower</b>
ROE	<b>10% or higher</b>	<b>7%</b>
Net income attributable to owners of the parent	(3-year cumulative total) <b>¥510.0 bn</b>	(3-year cumulative total) <b>¥430.0 bn</b>

<sup>1</sup> Net D/E ratio adjusted for hybrid bonds (50% of the amount issued is calculated as equity)

#### Cash Flow Plan



<sup>2</sup> Investment amount partially rearranged

#### Assumptions

	2nd Medium-Term Management Plan			Forecast as of May 2021		
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
Exchange rate (¥ / \$)	105	105	105	106	105	105
Crude Oil (Dubai) (\$ / B)	30	60	60	45	60	60
Copper (LME) (¢ / lb)	250	270	270	312	340	320

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

## Accelerating efforts to develop our growth businesses and transform our business portfolio to achieve our Long-Term Vision

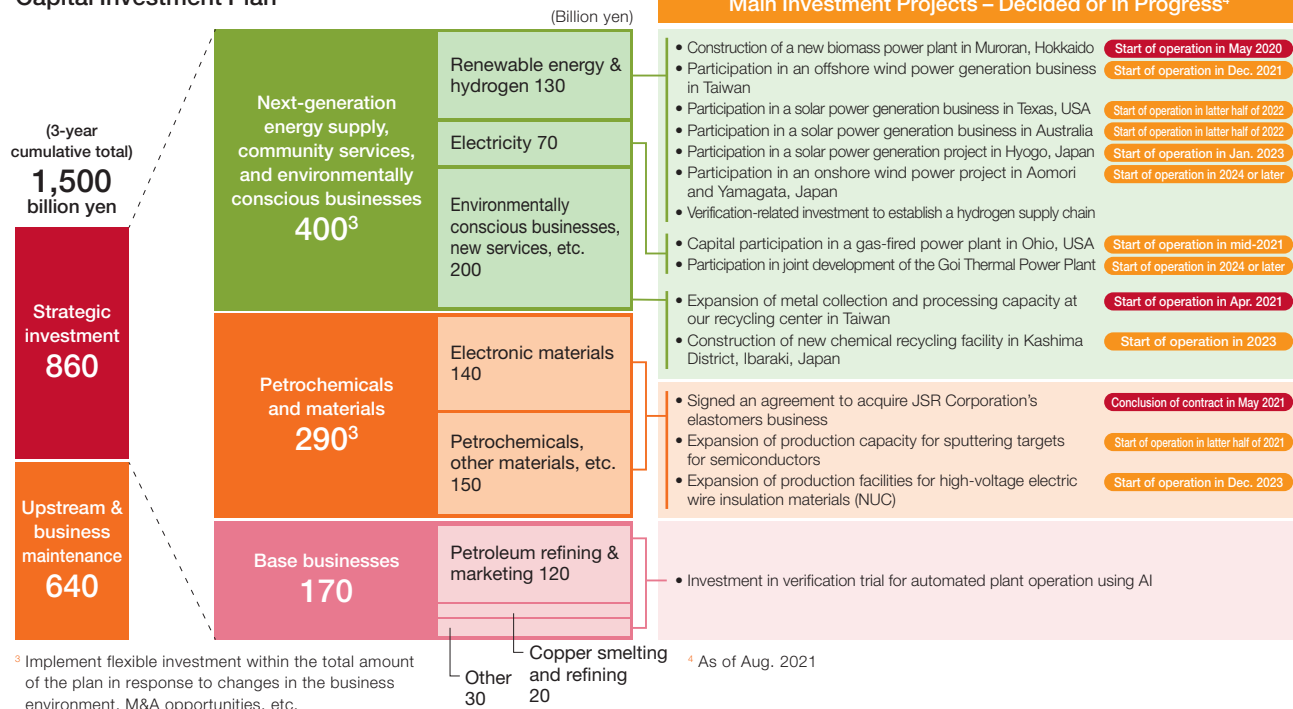
The second Medium-Term Management Plan included the impacts of the COVID-19 pandemic in the first half of fiscal 2020. Today, the pandemic continues and it is difficult to predict when it will be under control. We anticipate that the negative impacts on operating income if this situation persists until the end of fiscal 2022 will amount to 500.0 billion yen cumulatively over the plan's three-year period.

Based on this assumption, we intend to continue with cost-cutting measures and asset sales, among other measures. As of May 2021, we forecast three-year cumulative operating income excluding inventory valuation of 760.0 billion yen, which is 210.0 billion yen less than the initial plan.

In terms of our investment plan, we will maintain the direction and scale set out in the Medium-Term Management Plan so that we can pursue business structure reforms compatible with a decarbonized and recycling-oriented society. At the same time, we will carry out asset sales and other measures to secure positive free cash flow. At the end of fiscal 2022, we expect our net debt-to-equity ratio to be 0.8 times or lower and ROE to be 7%. In addition, we have issued publicly offered hybrid corporate bonds worth 300 billion yen to fund strategic investments for the future and maintaining our financial soundness.

The business environment surrounding the Group is changing rapidly. To achieve the envisioned goals in the Long-Term Vision, we will speed up development of growth businesses and transform our business portfolio in accordance with the business strategies and investment plan of the second Medium-Term Management Plan.

## Capital Investment Plan



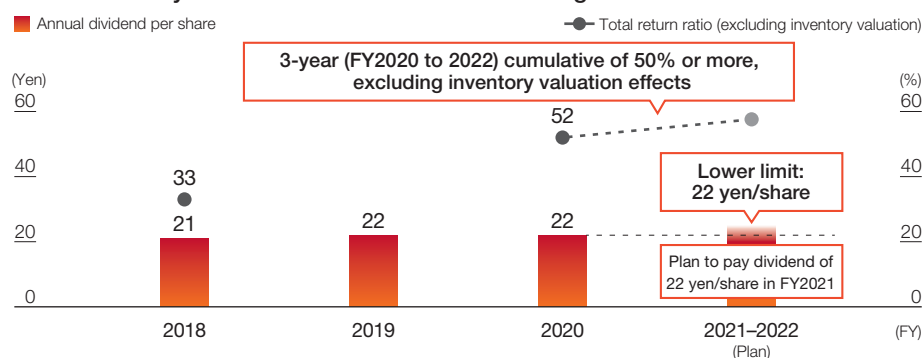
## Philosophy on Returning Profits to Shareholders

## Maintaining our current policy as we aim to return more profits to shareholders

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 to long term.

Our policy for returning profits to shareholders during the second Medium-Term Management Plan remains unchanged from the previous fiscal year. We will target a total shareholder return of at least 50% of net income excluding inventory valuation for the cumulative three years. As for the dividend for fiscal 2021, we plan to pay a dividend of 22 yen per share and we will ensure that it does not fall below the level paid out in fiscal 2020, regardless of our profit situation. Looking ahead, we will aim for further shareholder returns through progress in achieving our management targets.

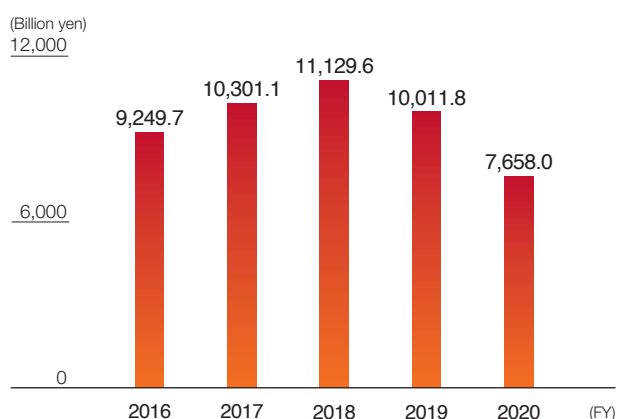
## Dividend Policy of the Second Medium-Term Management Plan



## Financial Highlights (IFRS)

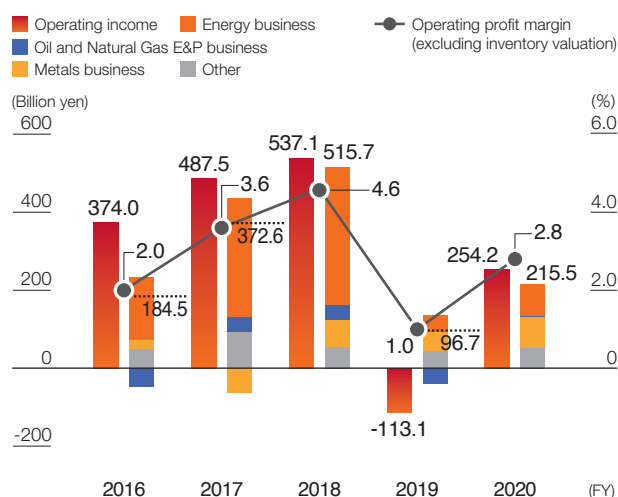
Note: Figures for fiscal 2016 are the totals of JX Holdings and TonenGeneral Sekiyu for the period from April 2016 to March 2017.

### Net Sales



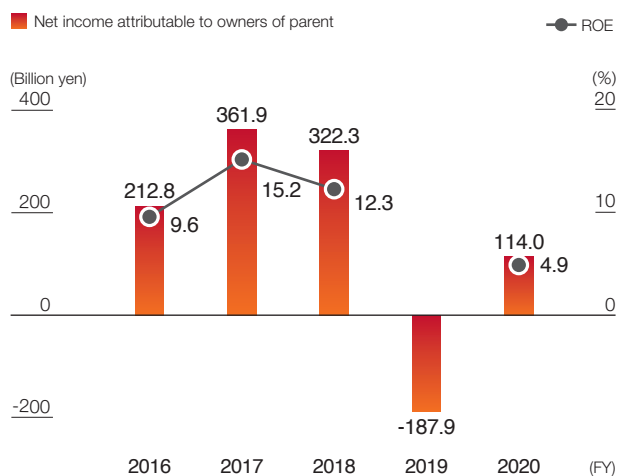
Net sales declined compared to the previous year. The main factors were the drop in crude oil prices and the decline in sales volume due to the impacts of the COVID-19 pandemic.

### Operating Income, Operating Income Excluding Inventory Valuation and Operating Profit Margin (Excluding Inventory Valuation)



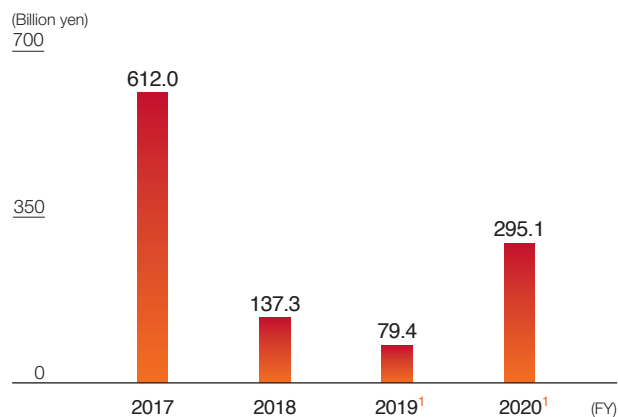
Operating income increased compared to the previous year. Contributing factors include the rebound from substantial inventory valuation losses in the previous year, as well as the strong domestic petroleum product margin, rising copper prices, and increased sales of functional and thin-film materials.

### Net Income and ROE



Net income attributable to owners of parent returned to positive with the increase in operating income.

### Free Cash Flow

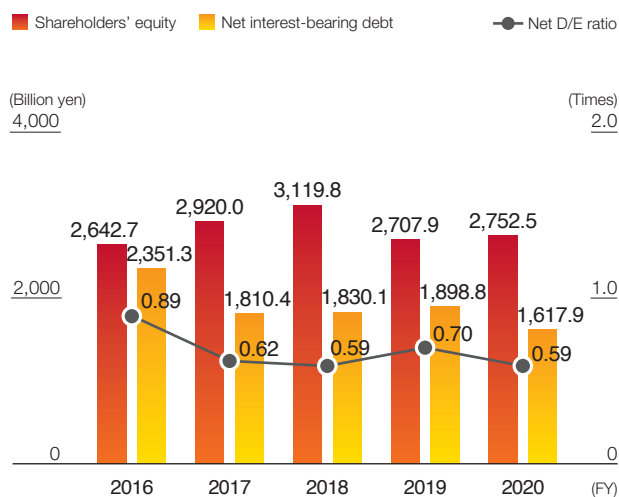


<sup>1</sup> The application of IFRS 16 Leases is excluded from fiscal 2019 and fiscal 2020.

Free cash flow after repayment of lease liabilities totaled 295.1 billion yen. The main factors were gaps in the timing of gasoline tax payment due to the impacts of holidays and delays in the progress of capital investment.

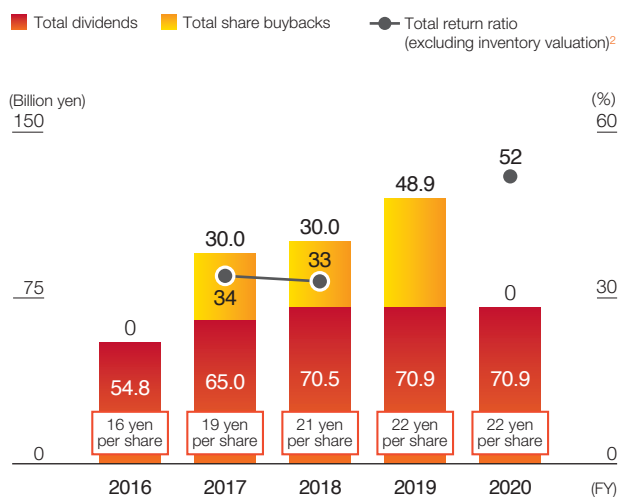


## Shareholders' Equity, Net Interest-Bearing Debt, and Net D/E Ratio



The net D/E ratio was 0.59 times, maintaining the target level of the second Medium-Term Management Plan and ensuring a stable financial base.

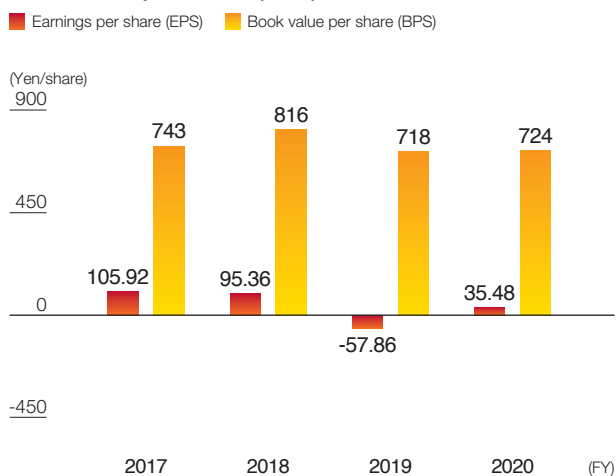
## Total Dividends, Total Share Buybacks and Total Return Ratio



<sup>2</sup> Calculated based on profit attributable to owners of parent excluding inventory valuation.

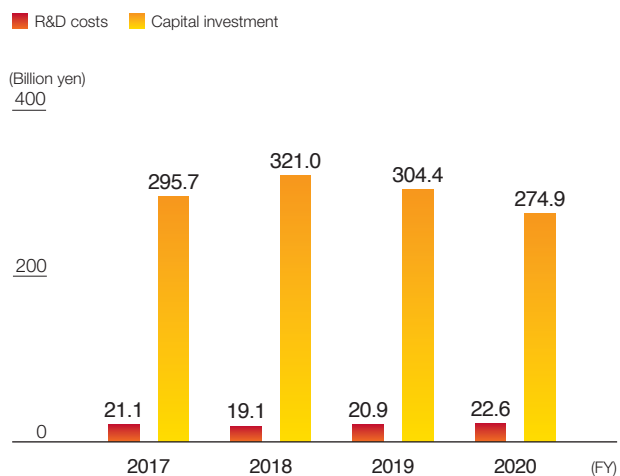
The annual dividend was 22 yen per share, the same as the previous year. The total return ratio was 52% of net income excluding inventory valuation.

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



EPS was 35.48 yen per share. The one-time losses caused by COVID-19 in the previous fiscal year, including inventory valuation losses and impairment losses, were no longer factors in fiscal 2020, leading to positive EPS.

## R&D Costs and Capital Investment



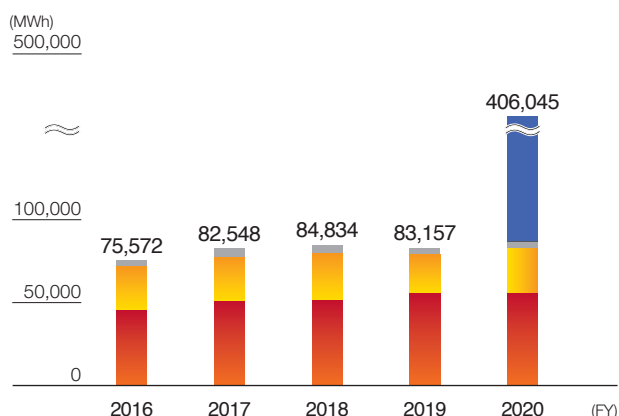
The main breakdown of R&D costs was 12.1 billion yen for the Energy business and 9.6 billion yen for the Metals business. Capital investment was allocated in the following ratios: about 60% for the Energy business, 10% for the Oil and Natural Gas E&P business, and 20% for the Metals business, with the remainder allocated to other businesses.

## Non-Financial Highlights

Note: Figures for fiscal 2016 are the combined totals of the JX Group and the TonenGeneral Group.

### Power Generation from Renewable Energy

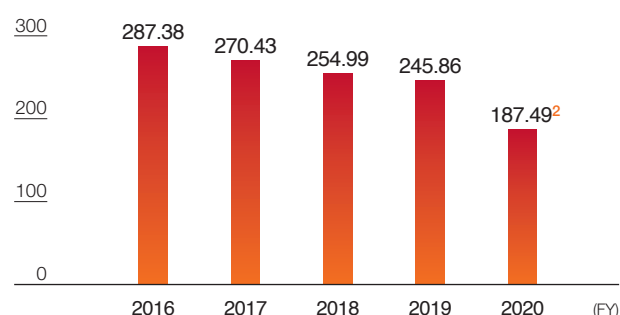
■ Solar ■ Hydro ■ Wind ■ Geothermal ■ Biomass



In fiscal 2020, we greatly increased biomass power generation with the start of operation of the Muroan Biomass Power Plant. Moreover, in addition to the solar and onshore wind power businesses using idle land, we are actively engaged in the offshore wind power business.

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

(Million t-CO<sub>2</sub>)



<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)

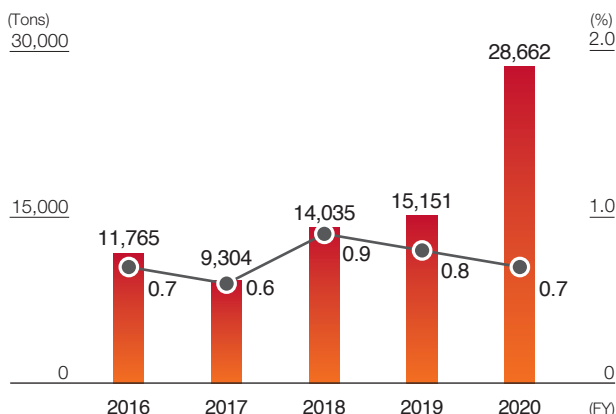
<sup>2</sup> Preliminary figure for fiscal 2020

Although we fell short of our reduction target for fiscal 2020 due to such impacts as reduced operation of our refineries and CCS, we will continue to pursue CO<sub>2</sub> reduction aimed at the achievement of carbon neutrality (in our own emissions) in 2040.

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

■ Landfill disposal volume

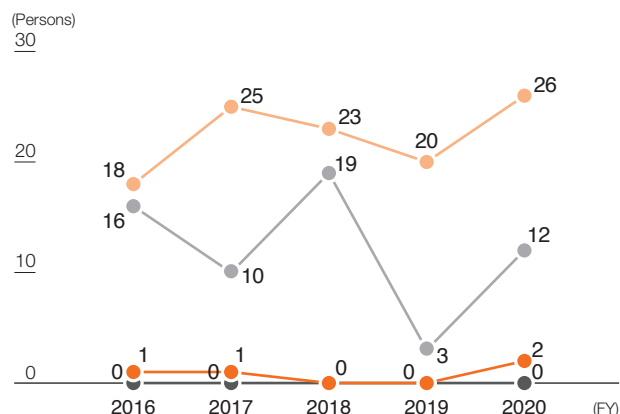
● Waste-to-landfill ratio



In fiscal 2020, we maintained zero emissions (waste-to-landfill ratio of less than 1%), despite a significant increase in landfill disposal volume due to factors such as the start of operation of the Muroan Biomass Power Plant and the inclusion of figures from JX Nippon Mining & Metals affiliate Taniobis. While pursuing waste recycling, we are also working to reduce the volume of raw materials used by increasing production efficiency, and to increase the volume of raw materials for recycling.

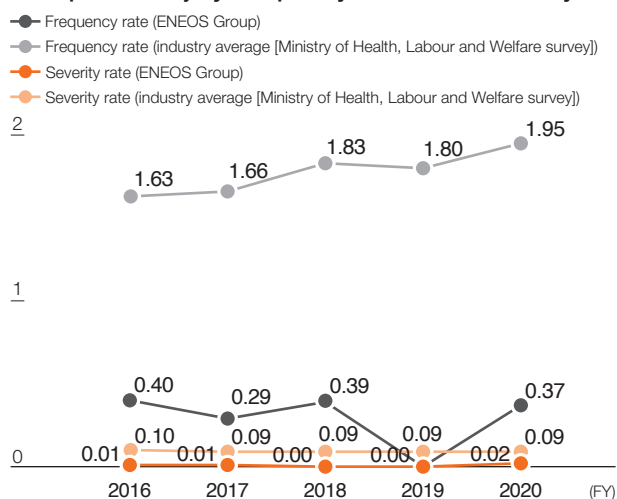
### Number of Occupational Injuries<sup>3</sup>

● Fatalities (directly employed) ● Lost work time (directly employed)  
● Fatalities (contractors) ● Lost work time (contractors)

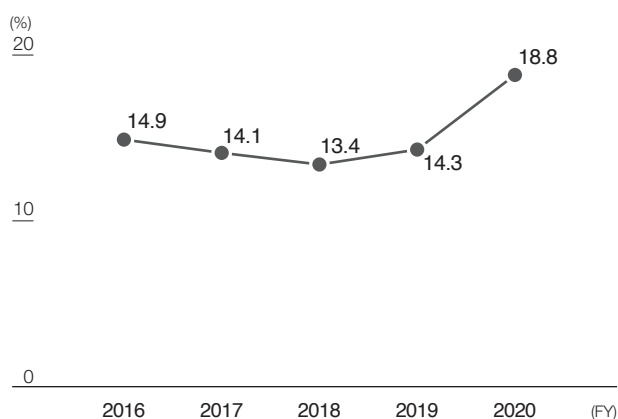


<sup>3</sup> Scope: Principal operating companies

There were two occupational fatalities of contractors due to falls from heights. Health and safety is one of the top priorities in the ENEOS Group Philosophy. We will investigate the causes of these serious accidents, and develop and implement measures to prevent recurrence.

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

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). However, we take the occupational fatalities with the utmost seriousness, and as a company that provides work environments for a large number of employees, including those of contractor companies, we will develop effective safety activities according to our business characteristics.

Percentage of Women among New Hires<sup>7</sup><sup>7</sup> Scope of data: ENEOS Holdings and principal operating companies

We are increasing our hiring and promotion of women as one measure to harness the diversity of our workforce in order to create new value. We aim to continually achieve our target for the percentage of women among newly hired university graduates.

Employee Data<sup>8</sup>

		March 31, 2019	March 31, 2020	March 31, 2021
Number of employees	Male	9,930	10,060	10,193
	Female	1,221	1,321	1,447
	Total	11,151	11,381	11,640
Turnover rate <sup>9</sup> (%)		3.1	2.2	3.8
Average years of employment		19.1	19.0	18.6
Number of re-hired employees (after mandatory retirement)		589	799	556
Ratio of female managers (%)		2.7	3.2	3.9
Ratio of employees with disabilities (%)		2.4	2.4	2.5
Paid leave	Number of days of paid leave granted	22.0	22.2	22.0
	Number of days of paid leave taken	19.8	20.5	19.2
	Paid leave usage rate (%)	90.0	92.3	87.4
Childcare leave	Total number of employees taking childcare leave	220	330	408
	Number of male employees taking childcare leave	171	277	359
	Rate of employees returning to work (%)	100	100	99.2
Number of employees taking family care leave		5	6	6
Labor union <sup>10</sup>	Number of members	9,328	9,484	8,775
	Membership rate (%)	99.5	99.9	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.

# 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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## ESG Management Structure

To achieve sustainable growth, our value must be recognized 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.

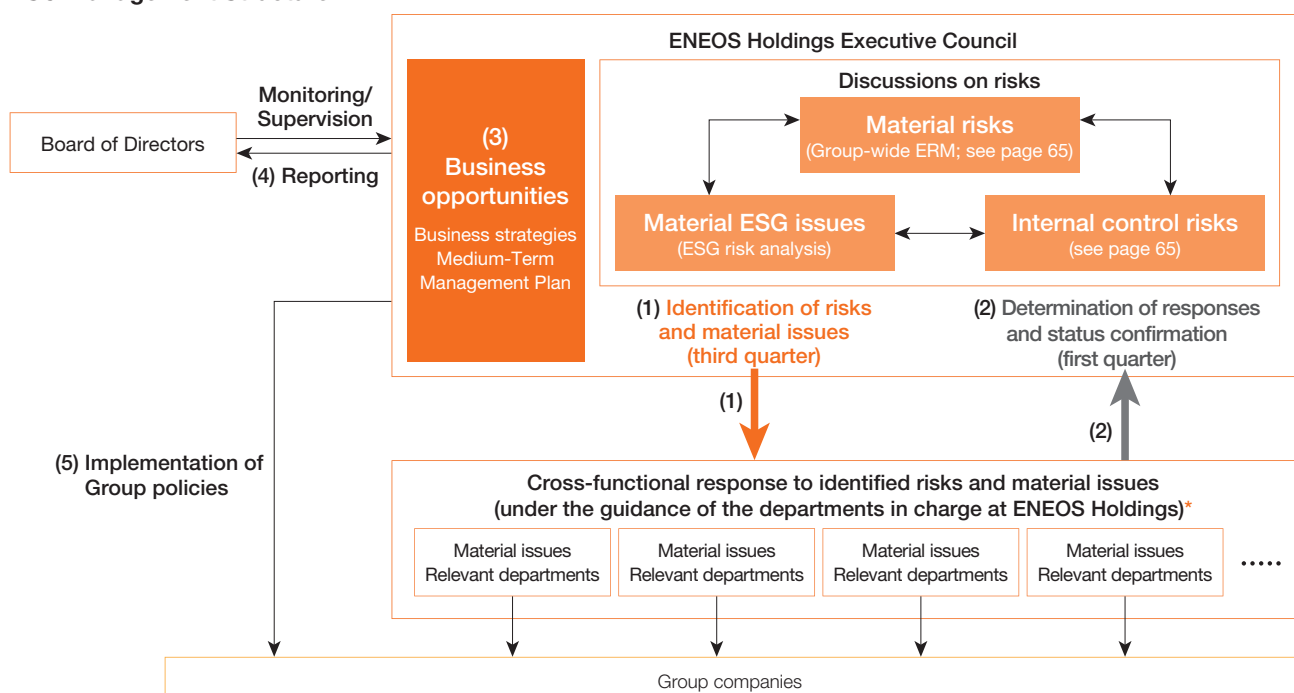
- Material risks identified through the enterprise risk management (ERM) system (see page 65)
- Material ESG issues identified through ESG risk analysis
- Internal control risks identified through the internal control system (see page 65)

#### 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

### 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 65)

for the previous fiscal year and determines the responses for the current fiscal year.

### 3. Discussion of business opportunities (as needed) (see (3) in diagram at left below)

The Executive Council appropriately incorporates discussions of business opportunities into deliberations 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 at left below)

The Board of Directors passes resolutions on management, medium-term management plans and budgets, and also performs monitoring and supervision by receiving reports (once a year, in principle) on risks and material issues determined by the Executive Council and on the status of responses.

In fiscal 2020, the following ESG-related matters were reported to the Board of Directors.

- Fiscal 2019 performance results and fiscal 2020 action plans
- Responses to specific issues
  - TCFD recommendations
  - Business and human rights
  - CSR procurement

### 5. Sharing with Group companies (as needed) (see (5) in diagram at left below)

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 2021.

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 Council (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 2021

\* In descending order of assessment score

Category	Material ESG issues
Environmental	Contribution to the development of a low-carbon 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
Social	Diversity and inclusion
Social	Work-life management
Environmental	Contribution to the development of a recycling-oriented society
Environmental	Understanding and management of biodiversity risks
Governance	Social responsibility in the supply chain
Environmental	Understanding and management of water risks
Environmental	Control of air pollutant emissions
Governance	Effective risk management

## / Status of Responses to Material ESG Issues

Thirteen specific targets (KPIs) for nine material ESG issues were developed for fiscal 2020. Eight of the targets were achieved and five were not.

We have identified 15 material ESG issues and established 25 targets (KPIs) for fiscal 2021.

\* See the ENEOS Report: ESG Data Book 2021 (available on our website in January 2022) for further details.



ESG Data Book—ESG Management

<https://www.hd.eneos.co.jp/english/csr/>

### Fiscal 2020 Response Status

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

Category	Material ESG Issues	Target (KPI)	Results/Progress
Environmental	Development of a low-carbon society	Reduction in CO <sub>2</sub> emissions: Reduce by 3.63 million tons compared to fiscal 2009	😞 Reduced by 3.14 million tons compared to fiscal 2009
	Development of a recycling-oriented society	Waste-to-landfill ratio: Maintain zero emissions (less than 1%)	😊 0.69%
Social	Ensuring safety	Zero serious occupational injuries (occupational fatalities) Achieve TRIR of 1.0 or less (Number of occupational injuries of non-lost-time severity or greater per one million working hours)	😞 Two serious occupational injuries 😞 1.50
	Health enhancement	Achieve cancer screening rate of 70% or higher	😞 63%
	Respect for human rights	100% participation rate in human rights training	😊 100%
	Human resource development	Implementation of effective training based on human resource development plan	😊 Completed
	Promotion of diversity and inclusion	Women comprise at least 25% of newly hired graduates by fiscal 2020	😊 32.8%
		Maintain employment rate of people with disabilities at 2.2% or higher	😊 2.5%
	Promotion of work-life management	Maintain annual paid leave days taken at 80% or higher Maintain 100% rate of return to work after childcare leave	😊 87.4% 😞 99.2%
Governance	Compliance	Conduct legal compliance inspections	😊 Completed
		Implement training on important laws and regulations	😊 Completed

Note: Data from ENEOS Holdings, principal operating companies, and NIPPO



### Fiscal 2021 Material ESG Issues and Targets (KPIs)

Category	Material ESG Issues	Target (KPI)
Environmental	Contribution to the development of a low-carbon society	Reduction in CO <sub>2</sub> emissions: 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 Serious legal compliance incidents: zero Understand risks at manufacturing sites and examine responses
	Control of air pollutant emissions	Serious environmental incidents: zero Serious legal compliance incidents: zero
Social	Ensuring safety / Health enhancement	Zero serious occupational injuries (occupational fatalities) Achieve TRIR of 1.0 or less Increase the cancer screening rate (recommendations) 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 graduates at 25% or higher Maintain employment rate of people with disabilities at 2.3% or higher
	Work-life management	Maintain annual paid leave days taken at 80% or higher Maintain 100% rate of return to work after childcare leave
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	Implement 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

Note: Data from ENEOS Holdings, principal operating companies, and NIPPO

Special  
Feature

## Contributing to a Decarbonized Society 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 comprehensive 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 in May 2019. The Company also endorsed the Challenge Zero initiative of the Japan Business Federation (Keidanren) in June 2020. This initiative calls on members to develop technologies that enable zero emissions.



### Governance System for Climate Change

The Company's Executive Council, chaired by its 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 Company's Board of Directors, and is monitored and supervised by the Board of Directors.

#### Deliberations in Fiscal 2020

- Board of Directors: CSR (ESG) activity status report (May)
- Development of second Medium-Term Management Plan (May)
- Executive Council: CSR (ESG) activity status report (Apr.)
- Development of second Medium-Term Management Plan (May)
- Determination of risks for the following fiscal year (Jan.)

### 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 remuneration. Performance-linked bonuses and share remuneration serve as incentives for the development and implementation of competitive medium- and long-term business strategies,

which serve to increase share value.

We have added CO<sub>2</sub> emissions reduction volumes as a performance indicator for share remuneration for fiscal 2020–2022.

For more information on director remuneration, see pages 61–63.

## 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).

When developing its Long-Term Vision to 2040, the Group referred to the *World Energy Outlook 2018* New Policies Scenario and Sustainable Development Scenario, 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.

By 2040, the Group envisions the mass introduction of renewable energy; the replacement of gasoline and diesel cars

with electric vehicles (EVs), used for car sharing and energy storage; distributed energy resources with energy storage; and recycling technology and infrastructure for metals and plastic. Although we expect domestic fuel demand to decline to half the 2017 level, we also foresee a great increase in demand for hydrogen and renewable energy in line with the shift to a low carbon, recycling-oriented society.

In addition, with the progression of digital innovation, demand is expected to rise dramatically for copper, a base metal, raw materials for recycling, and high-performance and advanced materials required for digital devices.

### Changes in the Business Environment

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

- Ever-increasing global warming concerns (including 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

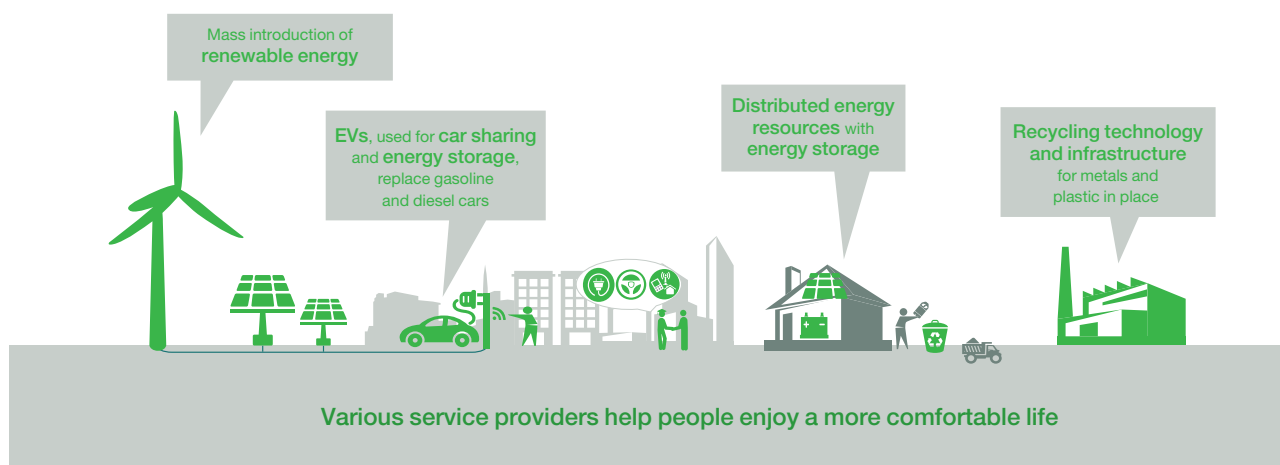
- Rapid progress of Internet society and blockchain technology
- Dramatic improvement in productivity with IoT, AI, robotics, etc.
- Electrification (shift to EVs, autonomous driving, etc.)

#### 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



## Risks and Opportunities, and Our Responses

In fiscal 2017, the Group introduced an enterprise risk management (ERM) structure based on the COSO\* ERM framework (see page 65). Following this process, we identified risks and opportunities related to climate change as outlined in the table below.

\* 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
Transition risks	Policy and legal	Higher costs for achieving carbon neutrality	Medium to long term
	Technology	Declining demand for petroleum due to advancements in EV technologies	Medium to long term (demand already declining)
	Market and Reputation	Declining demand for petroleum due to growing environmental awareness	Short term (demand already declining)
	Market	Stranding of upstream oil assets	Medium to long term
Physical risks	Acute	Increasing frequency and severity of wind and flood damage caused by extreme weather events	Short term (extreme weather events already increasing)
	Chronic	Rising sea levels caused by global warming	Medium to long term
Opportunities	Resource efficiency	Increasing demand for raw materials for recycling	Medium to long term
	Energy source	Increasing demand for hydrogen, renewable energy, and distributed energy	Medium to long term
	Products and services	Expansion of initiatives to reduce environmental impacts in the mobility industry Increasing demand for functional and thin-film materials needed for electrification	Medium to long term
	Markets	Growing access to distributed energy markets due to digital innovation and lifestyle changes	Medium to long term
	Resilience	Diversification of energy	Medium to long term

## 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 has signed a statement of support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Accordingly, the Group is enhanc-

ing 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 will work to become carbon neutral in its own emissions by reducing CO<sub>2</sub> emissions by 17 million tons by 2040. We will achieve this by reducing our environmental burden and strengthening our environmentally conscious businesses. If we were to acquire carbon credits commensurate with a 17-million-ton reduction in CO<sub>2</sub> emissions, our costs would increase by about 90 billion yen<sup>1</sup>.

<sup>1</sup> Carbon credit price (52 USD/tCO<sub>2</sub> [IEA World Energy Outlook 2020]) × volume (17 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>2</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>3</sup> annually from fiscal 2020 to 2022, the period of the second Medium-Term Management Plan.

<sup>2</sup> The scenario incorporates the impact of the COVID-19 pandemic in addition to countries' plans for Nationally Determined Contributions.

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

### (3) Stranding of upstream oil assets

Upstream oil assets owned by the Group consisted of reserves totaling 452 million barrels oil equivalent as of March 31, 2021, equivalent to 46 million barrels of annual production volume over the next 10 years. Therefore, we believe that the long-term risk of stranding of upstream oil assets is low. In fiscal 2020, operating income from oil and natural gas development projects came to 2.8 billion yen.

## 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 such expenses could total about 2 billion yen if our facilities were damaged by a typhoon of similar scale.

### (2) Rising sea levels caused by global warming

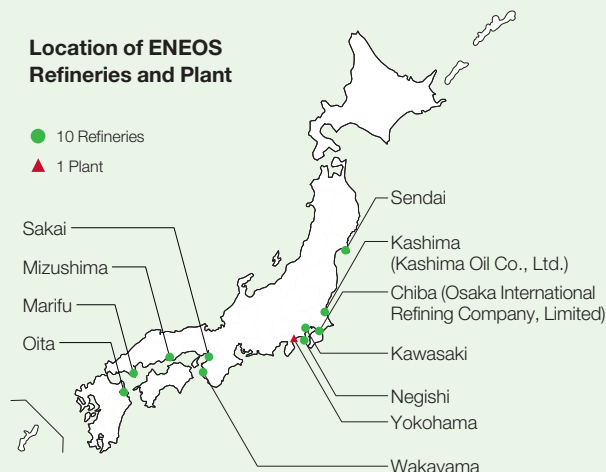
About 1 billion yen in expenses was needed annually for measures to deal with rising sea levels in fiscal 2018 and 2019, including expenses for increasing the number of water pumps and raising the height of structures affected by high tides. Assuming the same measures will continue, around 1 billion yen will be needed every fiscal year going forward.

### Response to Physical Risks

During the capex 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 necessary, including incorporating these risks into its business continuity plan (BCP).

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.

#### Location of ENEOS Refineries and Plant



### 3. Financial impacts of opportunities

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

Demand for base metals like copper and various rare metals is expected to increase in the future in line with the shift to a decarbonized, recycling-oriented society, combined with digital innovation. Therefore, making greater use of raw materials for recycling will be important for meeting such growing demand.

In our copper smelting and refining business, raw materials for recycling currently make up about 12% of the total amount of raw materials needed, but we are working to increase this percentage to 50%. In fiscal 2020, operating income from copper smelting and recycling amounted to about 30 billion yen, and we aim to increase this amount going forward.

► For more information, see “Hybrid Smelting” on page 30.

#### (2) Increasing demand for hydrogen and renewable energy

With the shift to a decarbonized, recycling-oriented society, demand for hydrogen, renewable energy and EVs is expected to grow. 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. Therefore, we are proactively expanding these growth businesses, while paying close attention to economic feasibility, in order to raise our corporate value.

► For more information, see “Building a Supply Chain for CO<sub>2</sub>-Free Electricity, Hydrogen and Fuels” on page 23.



An electric car sharing service verification trial underway in Saitama City

#### (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 power source change. Consequently, the global market for synthetic rubber is projected to increase by between two and three percent annually.

ENEOS has acquired JSR Corporation’s elastomers business, which includes the manufacture and sale of synthetic rubber, and will supply the main product of this business, an advanced raw material for the treads of high-performance, fuel-efficient tires, thereby helping to reduce environmental impacts. We forecast about 10 billion yen in operating income from this elastomers business by fiscal 2023, and expect it to continue steadily in the future.

► For more information, see “Acquisition of Elastomers Business” on page 24.

With the advancement of digital innovation, high-performance and advanced materials needed for IoT, AI and robotics are expected to remain in high demand. The Group has already secured a share of about 60% in the global functional and thin-film materials markets, which includes sputtering targets for semiconductors and targets for magnetic materials. Our functional materials business and thin-film materials business generated a combined total of about 30 billion yen in operating income in fiscal 2020, 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 80 billion yen in operating income in fiscal 2020, and we expect continued steady growth of this business due to the anticipated increase in copper demand.

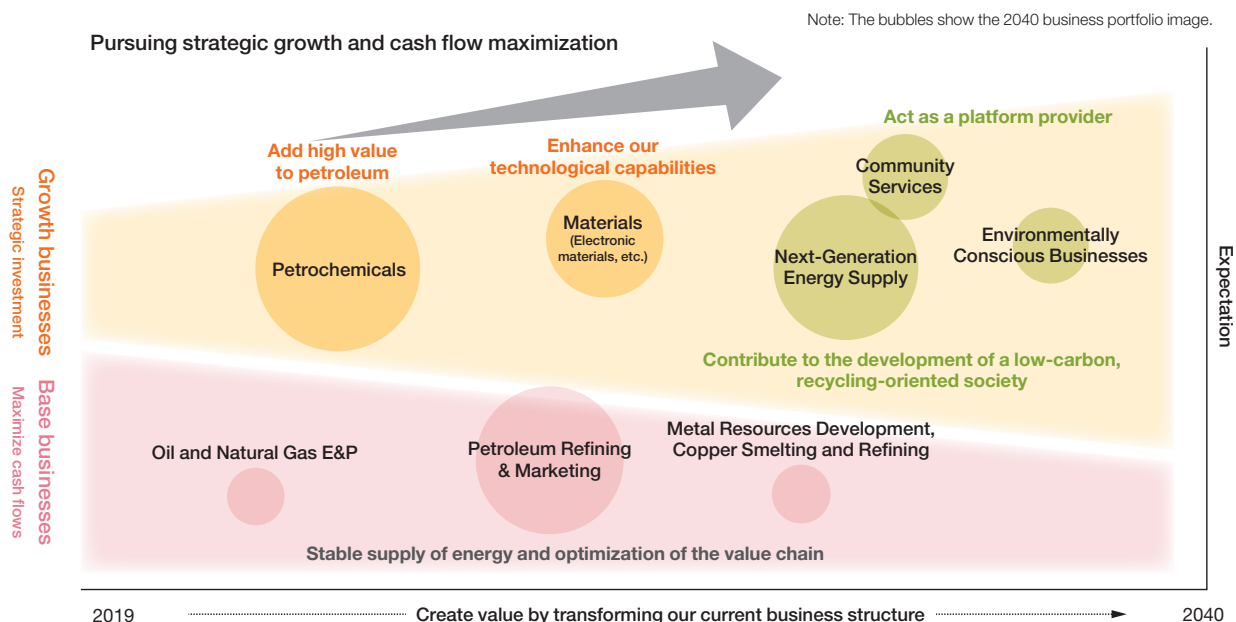
► For more information, see “Increasing Production Capacity” on page 29.

### Building a Business Portfolio That Addresses Risks and Opportunities

We are accelerating structural reforms to build a resilient business portfolio that will enable us to respond to risks and opportunities that have been identified and achieve sustainable growth. In building our business portfolio, we have largely categorized the Group’s businesses into growth businesses, where we will increase strategic investment, and base businesses. In petro-

leum 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. In our growth businesses, we will focus on five newly defined businesses where we will effectively concentrate our management resources.

## Overview of Our Future Businesses to 2040



Note: Partially revised in May 2020

## 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 2030.

<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 that impose a low environmental burden and <b>strengthening environmentally conscious businesses</b> .
<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 business activities and pursuing sales and development of environmentally friendly products*, including renewable energy, <b>while also pursuing environmentally conscious businesses and contributing to the development of a low-carbon, recycling-oriented society</b> .

## Medium-Term Environmental Management Plan

Key themes	Basic initiatives	Concrete measures aimed at 2022
Contribution to a low-carbon society	Pursuit of energy conservation measures in business activities 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*</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> <li>Total reduction of 920,000 tons from biomass, solar power, wind power, and other forms of renewable energy</li> </ul>

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

\* Information about the Group's environmentally friendly products is available on the following website (available in Japanese only).  
<https://www.eneos.co.jp/ecoproducts/>

### Development of a Recycling-Oriented Society

Evaluation: 😊 Achieved/Steady progress ☹️ Not achieved

Initiative	Target (KPI)	Fiscal 2020 Results/Progress
Reduction in landfill disposal	Waste-to-landfill ratio: Maintain zero emissions (less than 1%)	😊 Waste-to-landfill ratio: 0.69%

The ENEOS Group manages and recycles waste appropriately, with a target of maintaining zero emissions (waste-to-landfill ratio of less than 1%).

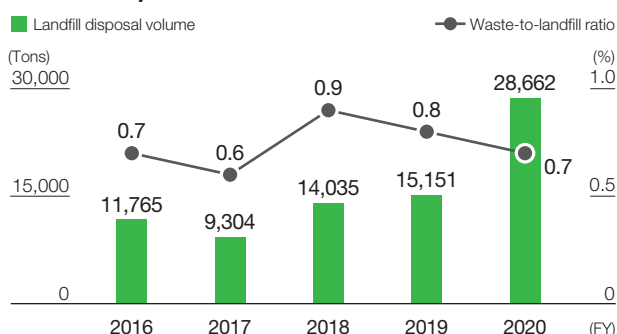
In fiscal 2020, waste totaled 4,151 thousand tons, and landfill waste totaled 29 thousand tons. We pursue recycling and reuse through initiatives for waste reduction, including using the collected particulate matter and sludge released from oil refineries as raw materials for cement, and the repeated use of neutralized slag at our smelting and refining facilities. The waste-to-landfill ratio was 0.7%, indicating that we continue to achieve zero emissions.

\* See the ENEOS Report: ESG Data Book 2021 (available on our website in January 2022) for further details.



ESG Data Book—Initiatives to Promote the 3Rs (Reduce, Reuse, Recycle)  
<https://www.hd.eneos.co.jp/english/csr/>

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



\* In fiscal 2020, we maintained zero emissions (waste-to-landfill ratio of less than 1%) despite a significant increase in landfill disposal volume due to factors such as the start of operation of the Muroan Biomass Power Plant and the inclusion of figures from JX Nippon Mining & Metals affiliate Taniobis.

#### Example of Activities

##### Pursuing industry-academia collaboration with the University of Tokyo to cultivate human resources in the recycling field

In recent years, the number of researchers and engineers in fields related to non-ferrous smelting, refining, and recycling has been steadily decreasing in Japan.

In response, JX Nippon Mining & Metals has collaborated with the Institute of Industrial Science of the University of Tokyo to launch the Endowed Research Unit for Nonferrous Metal Resource Recovery Engineering (JX Metals Endowed Unit) to combine the forces of industry, academia, and government to reenergize and raise the level of activity in the industry. The JX Metals Endowed Unit is using industry-academia collaboration to advance various initiatives to cultivate human resources to develop and apply smelting and refining technologies in the non-ferrous base metals and rare metals fields.

Phase 2, started in 2017, continues the Phase 1 activities, started in 2012, which include symposiums, workshops, and other opportunities for learning about nonferrous metals. Phase 2 also emphasizes public relations to highlight the importance and future potential of the nonferrous metals field to the general public. Central to this appeal are young people of high school age and below, as we seek to secure human resources to lead the next generation.

#### Example of Activities

##### Participation in an international alliance on worldwide plastic waste

ENEOS Holdings joined the international organization Alliance to End Plastic Waste (AEPW) in April 2021, becoming the first member from the energy industry in Japan.

A non-profit organization affiliated with government agencies, environmental and economic development NGOs, and communities around the world, AEPW focuses on projects addressing plastic waste issues in the four areas of infrastructure development, innovation, education & engagement, and clean-up. We are currently studying chemical recycling technology to reuse waste plastics as raw materials for petroleum refining and petrochemicals. By participating in AEPW, we are contributing to addressing the issue of plastic waste from a global perspective.



## Social Initiatives

### Ensuring Safety

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

Initiative	Target (KPI)	Fiscal 2020 Results/Progress
Reduction in occupational injuries	<ul style="list-style-type: none"> <li>Zero serious occupational injuries (occupational fatalities)</li> <li>Achieve TRIR of 1.0 or less (Number of occupational injuries of non-lost-time severity or greater per one million working hours)</li> </ul>	<ul style="list-style-type: none"> <li>😞 Two serious occupational injuries</li> <li>😞 1.50</li> </ul>

The ENEOS Group prioritizes and is committed to ensuring the safety of its workers. We conduct comprehensive safety activities and safety training for employees, including those of contractor companies. We also set annual targets for zero serious occupational injuries (occupational fatalities) and a total recordable incident rate (TRIR) of 1.0 or less. In order to prevent serious occupational injuries, we designated preventing falls, separating people from heavy machinery, and preventing heatstroke as safety action items for principal operating companies (ENEOS, JX Nippon Oil & Gas Exploration, and JX Nippon Mining & Metals). We established

#### Group-wide Safety Action Items

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

these action items in the guidelines in February 2020.

Despite our extensive efforts, we recorded two occupational fatalities of contract workers in fiscal 2020 due to falls from heights. We take these incidents with the utmost seriousness, and we will work on continuous improvement by improving the effectiveness of risk assessments and employee ability to investigate the causes of accidents as part of our ongoing efforts to improve the safety and health management system. 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.

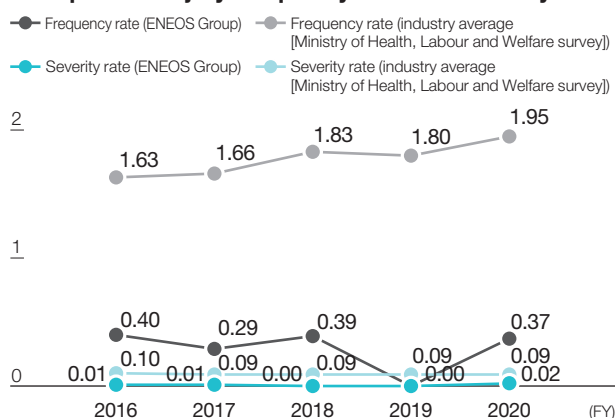
\* See the ENEOS Report: ESG Data Book 2021 (available on our website in January 2022) for further details.



ESG Data Book—Ensuring Safety

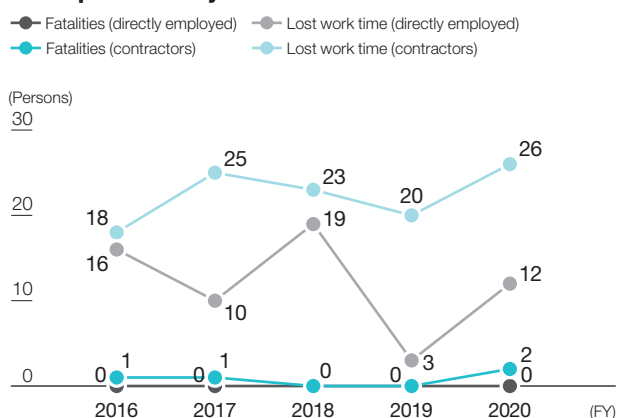
<https://www.hd.eneos.co.jp/english/csr/>

#### Occupational Injury Frequency Rate and Severity Rate<sup>1</sup>



<sup>1</sup> Scope of data: The refineries, plants, and business sites of our principal operating companies (ENEOS, JX Nippon Oil & Gas Exploration, JX Nippon Mining & Metals)

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



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

#### 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. Using VR (virtual reality) technology, trainees can simulate accidents that cannot be safely replicated in the real world, such as steam

explosions, being struck by heavy machinery, getting caught in rotating equipment, and falling from heights. These experiences improve their ability to detect workplace hazards to avoid or deal with when they occur.



### Respect for Human Rights

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

Initiative	Target (KPI)	Fiscal 2020 Results/Progress
Human rights awareness	100% participation rate in human rights training	😊 100%

We have stipulated respect for human rights as a basic principle in the ENEOS Group Code of Conduct, and we have supplemented this principle with the Human Rights Policy. All Group companies provide training and e-learning programs on human rights to raise human rights awareness and prevent human rights issues from occurring.

The participation rate of the Company's annual human rights training for all officers and employees was 100% in fiscal 2020.

#### Human Rights Due Diligence

In fiscal 2019, the ENEOS Group implemented human rights due diligence<sup>1</sup> based on the United Nations Guiding Principles on Business and Human Rights (UNGP). Referencing Guidance on Human Rights Due Diligence of the Japan Federation of Bar Associations and the opinions of NGOs in addition to UNGP, we identified human rights issues for confirmation (see table at right).

The Group conducts human rights due diligence every two years. The next due diligence will be carried out in fiscal 2021.

<sup>1</sup> A mechanism for identifying and evaluating the scope of human rights violation risks in business activities as well as establishing measures for improvement and implementing training

#### Human Rights Due Diligence Issues for Confirmation

Stakeholders	Human rights issues
Employees	Harassment
	Management of working hours
	Discrimination
	Health
	Safety
Suppliers	Human rights violations by suppliers
Customers / Business partners	Quality defects (including contamination)
	Inadequate provision of product information
	Improper management of chemical substances used in products
	Information security (privacy management)
Local communities	Environment (including environmental degradation, health impacts, and damage in local areas)

\* See the ENEOS Report: ESG Data Book 2021 (available on our website in January 2022) for further details.

ESG DATA ESG Data Book—Respect for Human Rights  
<https://www.hd.eneos.co.jp/english/csr/>

#### Human Rights Due Diligence Cycle



- 1 Identify stakeholders:** Identify employees, customers, local residents living near refineries and plants, local residents living near service stations, suppliers, and others as stakeholders.
- 2 Identify human rights risks:** Identify human rights risks for each stakeholder.
- 3 Check for human rights violations:** For each human rights risk, conduct self-checks in each department to determine if human rights violations have occurred through business operations. After self-checks, request confirmation by outside experts (NGO Human Rights Now).
- 4 Consider response measures:** Consider measures for improvement based on the results of the self-checks and the opinions of the outside experts.
- 5 Implement response measures:** Introduce response measures based on consideration of measures in step 4.
- 6 Disclosure:** Report on response.

## Human Resource Development

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

Initiative	Target (KPI)	Fiscal 2020 Results/Progress
Development of human resources capable of enhancing corporate value	Implementation of effective training based on human resource development plan	😊 Completed

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 offers basic training required at specific career stages, leadership training for candidates for future management positions, skill improvement training by recommendation for skill development and career advancement, and self-development programs for employees to pursue personal growth opportunities. In addition to the standard programs, we also design training programs tailored to individual employees, which enables more effective training and education. In fiscal 2020, we began working to develop human resources who can advance the company's transformation under the second Medium-Term Management Plan. In addition, we have changed some classification-leveled training programs to an elective format and expanded open seminars for self-development to support self-led career development. JX Nippon Oil & Gas Exploration and JX Nippon Mining & Metals also conduct their own human resource development based on their company policies and the Group's human resource development policy.

### Number of Hours of Training in Fiscal 2020<sup>2</sup>

Total training hours	Training hours per employee
51,981	4.5

<sup>2</sup> 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

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 2021 (available on our website in January 2022) for further details.



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

### 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

Evaluation: 😊 Achieved/Steady progress 😞 Not achieved

Material ESG Issues	Initiative	Target (KPI)	Fiscal 2020 Results/Progress
Promotion of diversity and inclusion	Advancement of women in the workplace	Women comprise at least 25% of newly hired graduates	😊 32.8%
	Advancement of employees with disabilities	Maintain employment rate of people with disabilities at 2.2% or higher	😊 2.5%
Promotion of work-life management	Promotion of workstyle reforms	Maintain annual paid leave days taken at 80% or higher	😊 87.4%
	Utilization of work-life balance support systems/programs	Maintain 100% rate of return to work after childcare leave	😊 99.2%
Health enhancement	Ensure health of employees	Achieve cancer screening rate of 70% or higher	😊 63%

In order to support the career development and growth of female employees, the ENEOS Group is working to reform working styles and change awareness, and has also developed and expanded systems for all employees. Our focus is to create a workplace environment conducive to work-life balance, not only by expanding work-life balance support systems, but also through efforts such as holding seminars for managers and employees.

In recognition of these initiatives, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange selected ENEOS Holdings as an FY2020 Nadeshiko Brand company, a designation conferred on enterprises that are outstanding in terms of encouraging women's success in the workplace.

We also support the advancement of people with disabilities by assigning individuals based on their personality and aptitude, as

we consider disability to be one of many characteristics that make up a person's individuality.

Encouraging employees to take annual paid leave is one of our measures for ensuring a healthy work environment. While raising awareness in each organization of the company about planning for and taking paid leave, we strive to foster a culture where it is easy to take paid leave by encouraging employees to take consecutive paid leave days and designate one day a year as a personal "memorial day" to take paid leave.

During the COVID-19 pandemic, our measures to prevent the spread of infection included expanding and revising the telework system. At present, roughly 30% of our head office staff is working at the office. Telework will remain a part of our efforts to increase the variety of work styles we accommodate.

Measures to support employee health management include increasing the participation rate in regular health checkups and cancer screenings, preventing infectious diseases and implementing mental health measures. The Company has been certified as a Health and Productivity Management Outstanding Organization under the large enterprise category for four consecutive years for our active efforts to promote employee health.

\* See the ENEOS Report: ESG Data Book 2021 (available on our website in January 2022) for further details.



ESG Data Book—Healthy Work Environment / Health  
<https://www.hd.eneos.co.jp/english/csr/>

### Employment Status of Female Employees<sup>1</sup> (As of March 31, 2020<sup>2</sup>)

Category	Number of female employees	Percentage of total
Newly hired employees	131	18.8%
Employees	1,389	12.3%
Managers	111	3.9%
Directors	3	18.8%
Average years of service for female employees	16.9 years (Difference in average years of service between male and female employees: 1.9 years)	

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

<sup>2</sup> Data on number of female directors only is as of June 25, 2021.

### Example of Activities

#### Training and seminars to promote women's advancement in the workplace (ENEOS)

##### ■ Training for managers

As part of our efforts to provide positive work environments for a wide variety of employees, including female employees, we held diversity management training for our executives and managers. We also held a seminar on the inclusion of female employees and employees with small children for managers with subordinates who have young families.

##### ■ Training for female employees

We set up career promotion meetings for female employees to encourage interactions with women in leadership positions and to assist in forming networks among female employees. As part of this effort, we held networking events for female employees at manufacturing sites in fiscal 2020. The events included lively group discussions about the unique rewards and challenges of working in manufacturing and participants' visions for their future careers.

# Corporate Governance

## Basic Approach and Framework

The Company has established the ENEOS Group Philosophy as the foundation for the Group's business activities, and works to realize the Group 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.

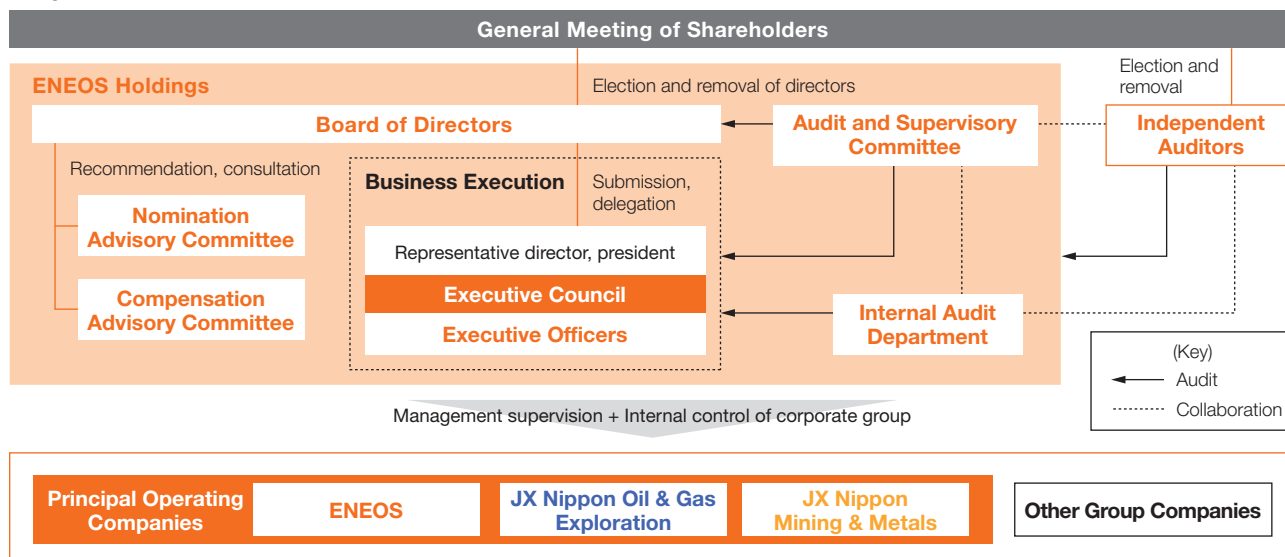
### Basic Policy on Corporate Governance

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/csr/governance/pdf/system01.pdf>  
**Corporate Governance Report (Available in Japanese only)**  
[https://www.hd.eneos.co.jp/csr/governance/pdf/system\\_governance\\_report.pdf](https://www.hd.eneos.co.jp/csr/governance/pdf/system_governance_report.pdf)

### Corporate Governance Framework (As of June 25, 2021)



### Corporate Governance Framework at a Glance (As of June 25, 2021)

Item	Details
Organization format	Company with an audit and supervisory committee
Number of directors who are not Audit and Supervisory Committee members	11 (8 inside, 3 outside)
Number of directors who are Audit and Supervisory Committee members	5 (2 inside, 3 outside)
Total number of directors	16 (10 inside, 6 outside; 3 female directors)
Percentage of outside (independent) directors	37.5%
Percentage of female directors	18.8%
Term of directors who are not Audit and Supervisory Committee members	1 year

Item	Details
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

## Composition of Nomination Advisory Committee and Compensation Advisory Committee<sup>1</sup> and Fiscal 2020 Results

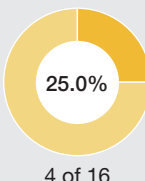
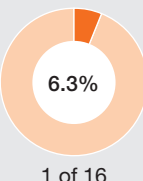
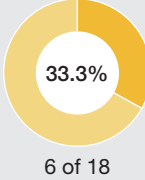
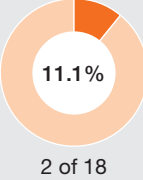
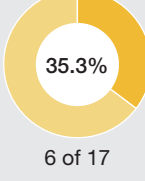
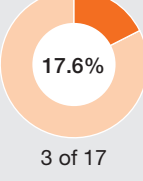
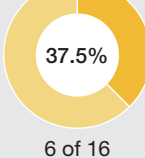
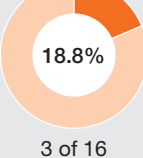
	Nomination Advisory Committee	Compensation Advisory Committee
Overview	To ensure the transparency of the process for determining the director candidates of the Company, the Nomination Advisory Committee, the majority of whose members are independent outside directors, has been established to provide 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, 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, 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 the 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>
Members <sup>2</sup> (including chairperson)	Representative directors: 2 (Sugimori Tsutomu, Ota Katsuyuki) <sup>3</sup> Outside directors: 3 (Ota Hiroko, Miyata Yoshiiku, Kudo Yasumi) <sup>3</sup>	Representative directors: 2 (Sugimori Tsutomu, Ota Katsuyuki) <sup>3</sup> Outside directors: 3 (Ota Hiroko, Miyata Yoshiiku, Kudo Yasumi) <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 2020	The committee met four 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 25, 2021

<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 69 to 72.

### Strengthening Corporate Governance

Initiatives and achievements	Ratio of outside directors (independent)	Ratio of female directors
<b>Fiscal 2017</b> <ul style="list-style-type: none"> <li>Launch of the JXTG Group (Now the ENEOS Group)</li> <li>Introduction of share-based remuneration plan</li> </ul>	 <p>25.0%</p> <p>4 of 16</p>	 <p>6.3%</p> <p>1 of 16</p>
<b>Fiscal 2018</b> <ul style="list-style-type: none"> <li>Transition to a company with an audit and supervisory committee</li> <li>Revision of the Basic Policy on Corporate Governance (strategic shareholdings (including cross-shareholdings), appointments and dismissals, succession plan, etc.)</li> </ul>	 <p>33.3%</p> <p>6 of 18</p>	 <p>11.1%</p> <p>2 of 18</p>
<b>Fiscal 2019</b> <ul style="list-style-type: none"> <li>Elimination of Senior Executive Advisor and Advisor system</li> </ul>	 <p>35.3%</p> <p>6 of 17</p>	 <p>17.6%</p> <p>3 of 17</p>
<b>Fiscal 2020</b> <ul style="list-style-type: none"> <li>Changes in the Group's management structure <ul style="list-style-type: none"> <li>Implementation of a speedy management execution system (restructuring executive composition, delegation of authority)</li> <li>Strengthening of the Board of Directors supervising function (expansion of reporting items)</li> </ul> </li> <li>Adoption of performance-linked share-based remuneration plan</li> </ul>	 <p>37.5%</p> <p>6 of 16</p>	 <p>18.8%</p> <p>3 of 16</p>



## 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.

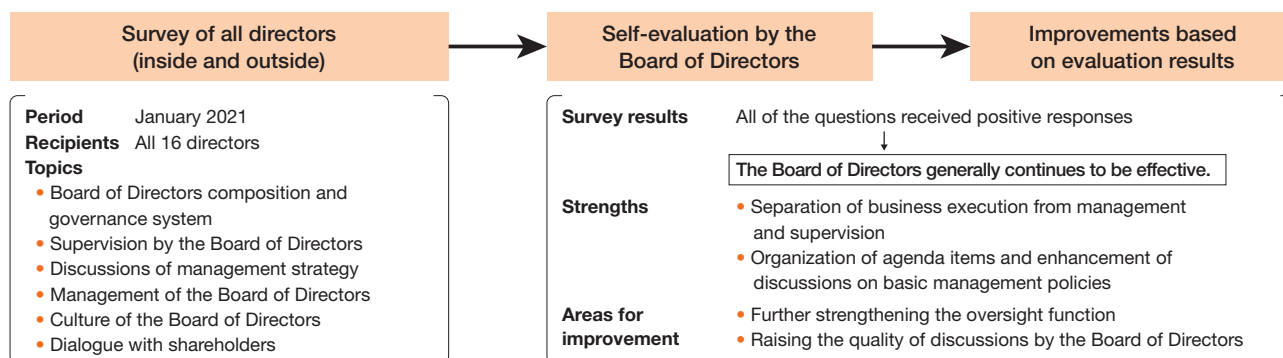
For fiscal 2020, the Board of Directors surveyed all directors, including outside directors, to evaluate the Board's effectiveness in January 2021. The results and analysis of the survey were reported to the Board of Directors on March 26, 2021.

All of the survey questions received mostly positive responses, and the results indicated that the Board of Directors generally continues to be effective. Regarding the two issues identified in last year's evaluation survey, the first issue, "further separation of business management and execution," was evaluated as having improved through better organization

of the matters for Board discussion and by improving the environment to enable better focus during discussions of basic management policy. Regarding the second item, "strengthening the oversight function," the Board expanded the reporting of profitability to encompass the progress of investments and the cost of capital for each business area.

Issues raised in the fiscal 2020 evaluation survey were "further strengthening the oversight function" and "raising the quality of discussions by the Board of Directors." In response, the Board of Directors will consider improvements in monitoring the progress of the Long-Term Vision and Medium-Term Management Plan, discussion of carbon neutrality, providing more timely information about new businesses, and other matters.

### 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 25, 2021, the percentage of outside independent officers was 37.5%.

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,

## Corporate Governance

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 for expenses arising from self-study initiatives. When outside directors are appointed, the Company provides explanations of basic matters regarding the Group's businesses, and after their appointment, the Company offers business presentations and worksite inspection tours to deepen their understanding.

#### Results for Fiscal 2020

Topic	Intended for	Content of training
Companies Act, compliance, corporate governance	Newly appointed directors	ENEOS Group management structure, compliance, corporate governance
Internal control	Newly appointed directors	ENEOS Group internal control systems
Finance and investor relations	Newly appointed directors	Current status and issues regarding ENEOS Holdings' financial affairs, opinions of institutional investors, etc.
ENEOS Holdings and principal operating companies	Newly appointed directors (outside directors)	Basic knowledge about ENEOS Holdings and its operating companies: ENEOS, JX Nippon Oil & Gas Exploration, and JX Nippon Mining & Metals
Worksite inspection tours	Outside directors	(ENEOS) Central Technical Research Laboratory, Kawasaki Refinery

### 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, • the upper limit the Company put in on reserve for trust: 1,500 million yen • 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

Notes:

1. The upper limit of monthly remuneration and bonus for directors who are not Audit and Supervisory Committee members does not include salaries and bonuses to be paid as an employee if a director serves concurrently as an employee.
2. Those eligible for share remuneration include executive officers but do not include outside directors and overseas residents.

### Remunerations for Directors (Fiscal 2020)

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)	882 (43)	362 (43)	15 (3)	395 (–)	126 (–)	10 (–)
Directors who are Audit and Supervisory Committee members (Outside directors)	108 (40)	108 (40)	7 (4)	– (–)	– (–)	– (–)
Total (Outside directors)	990 (83)	470 (83)	22 (7)	395 (–)	126 (–)	10 (–)

Notes:

1. The information in the table includes the amount of remunerations for four (4) directors who are not Audit and Supervisory Committee members and two (2) directors who are Audit and Supervisory Committee members (including one [1] outside director who is an Audit and Supervisory Committee member) who retired upon the conclusion of the 10th Ordinary General Meeting of Shareholders held on June 25, 2020.
2. The information in the table includes the amount of bonuses for fiscal 2020 that is expected to be paid after the 11th Ordinary General Meeting of Shareholders.
3. Bonuses and share-based remuneration are applicable to performance-linked remunerations. In addition, share-based remuneration is applicable to non-monetary remunerations.
4. 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 remuneration for fiscal 2020 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 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 profit after adjustment” of the Company’s consolidated results, as well as “operating profit” and “operating profit after adjustment” of the Energy business results are used as performance indicators with a weight of 25% each.

The fiscal 2020 performance target for the bonus calculation process was set based on the fiscal 2020 results forecast

### Directors Who Are Audit and Supervisory Committee Members (Including Outside Directors)

Remuneration for directors who are Audit and Supervisory Committee members consists of monthly remuneration in consideration of independence of their roles, and is paid within the limit shown in the chart below, based on discussion among directors who are Audit and Supervisory Committee members.

(disclosed in May 2020), and the resulting percentage of target achieved was 185%. The results of each performance indicator to calculate the percentage of target achieved are as follows.

### Performance Indicator Weighting

Performance indicators	Weight	Results in FY2020
Profit attributable to owners of parent	25%	114.0 billion yen
Consolidated operating profit after adjustment	25%	306.6 billion yen
Operating profit of the Energy business	25%	121.1 billion yen
Operating profit of the Energy business after adjustment	25%	139.7 billion yen

Notes:

1. “Consolidated operating profit after adjustment” and “operating profit after adjustment” are calculated by subtracting temporary gain/loss, such as gain/loss on sale of fixed assets and shares and loss by disasters, from the operating profit made by the main business.
2. Until June 2020, “profit attributable to owners of parent” and “consolidated operating profit after adjustment” of the Company’s consolidated results were used as performance indicators with a weight of 50% each, and the percentage of target achieved was 192%.

### Matters Concerning Share-based Remuneration

Share-based remuneration is linked to performance over three successive fiscal years and can fluctuate between 0% and 200%

## Corporate Governance

(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 of performance targets 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.

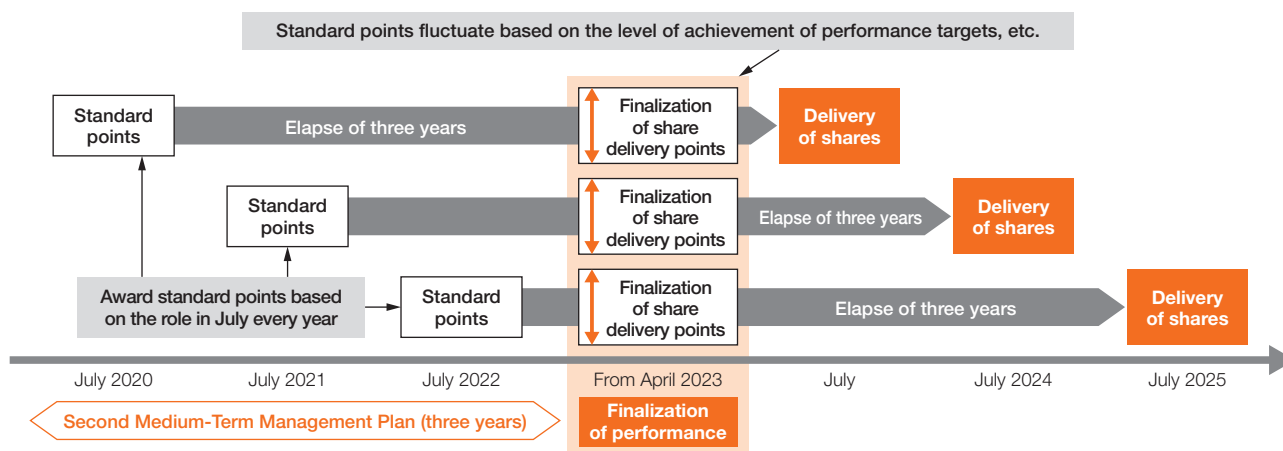
### Performance Indicators and Evaluation Weightings

Operating profit 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:

1. Operating profit 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.
2. The percentages achieved for operating profit excluding inventory valuation, free cash flow, and total return ratio are calculated using the accumulated results from fiscal 2020 to fiscal 2022.
3. The percentages achieved for net D/E ratio and ROE are calculated using the results for fiscal 2022.
4. 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 65% of its strategic shareholdings at the time the above policy was adopted in November 2015. In fiscal 2020, the Company sold shares (valued at 4,543 million yen) of eight companies and did not acquire any new strategic shareholdings.

### Method of Verifying the Rationality of Possession

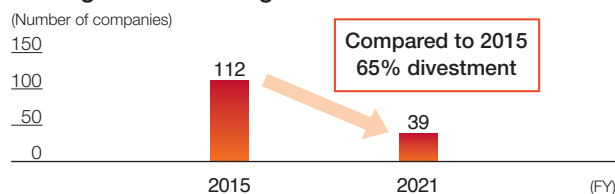
With respect to exceptionally holding strategic shareholdings, the Company shall periodically assess whether or not to hold each individual strategic shareholding, specifically examining whether the purpose is appropriate and whether the benefits

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 December 2020.

#### Strategic Shareholdings



## 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)

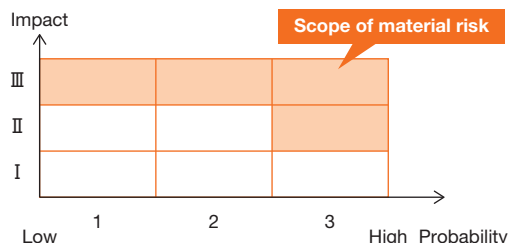
The ENEOS Group has developed and operates a risk management system based on the COSO\* ERM framework to identify and analyze Group management risks and ensure appropriate responses.

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 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.



## Corporate Governance



### 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 that 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.

\* 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.

Autonomous internal control systems based on the COSO framework are being developed for each organization. The rollout of these systems began in fiscal 2018 at the Company and ENEOS, and in fiscal 2020 at other Group companies, including overseas business sites.

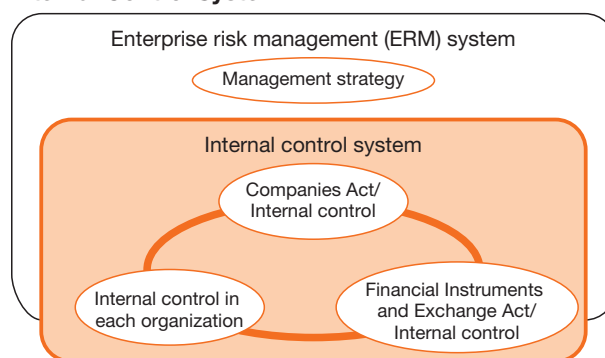
In fiscal 2021, we will develop a risk information database

for the integrated storage and management of risk-related information in order to achieve more sophisticated risk management in the Group's management and operations.



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

### Internal Control System



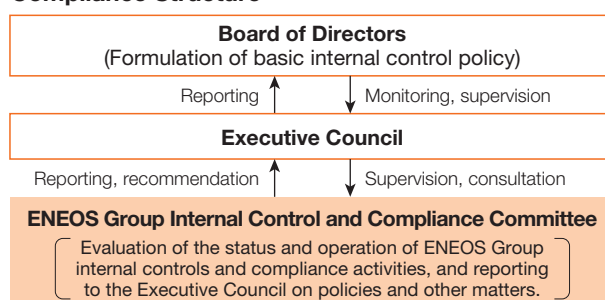
### Comprehensive Internal Control Structure

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. Based on this, appropriate actions are taken 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 and case analysis, among other means, and take steps to minimize these risks as much as possible. For important investments, follow-up is carried out after a certain period of time has passed 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 that 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. In addition, 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, and we also maintain a system and an IT environment that enable employees to work from home.

Our efforts to prevent the spread of COVID-19, implemented since the beginning of 2020, include the following in addition to the above.

### Examples of COVID-19 countermeasures

1. Encouraging employees to work from home (excluding employees at production and distribution sites)
2. Refraining from non-essential domestic business trips
3. Prohibiting overseas business trips
4. Enabling remote participation in training and meetings
5. Refraining from holding or attending social gatherings and events

In addition, at ENEOS refineries and plants, we worked to ensure the continuation of a stable supply of petroleum products by establishing guidelines to prevent infections at our sites, and thoroughly implementing countermeasures, including the following, to prevent the virus from entering our sites and to prevent mass infections.

### Examples of COVID-19 countermeasures

1. Ensuring the use of masks and proper ventilation
2. Checking the temperature of employees and visitors when they enter the sites
3. Limiting the number of people using cafeterias, changing rooms, and bathing facilities
4. Recommending the use of private cars and avoiding public transport when commuting to work
5. Refraining from visiting areas with high infection rates

### 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 2020.

#### 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 Comprehensive Internal Control Structure on page 65).

#### 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. We have also 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, any necessary corrective measures 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 2020, the Group recorded 123 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.

Specifically, we inspect each business operation to ascertain compliance with Group-wide rules (internal control standards). In addition, as the management environment is rapidly changing, 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 400 compliance issues, questions, and concerns in fiscal 2020. None of the issues significantly impacted management. The Company resolved 70% of the issues within the fiscal year and is taking steps to promptly address the remaining 30% 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 2020, we conducted training on competition laws, bribery, security trade control, and the protection of personal information, focusing on important laws and regulations. We will continue to provide training on relevant topics as part of our ongoing efforts to ensure thorough compliance.

#### Competition Law Compliance and Anti-Corruption Initiatives

As part of its efforts to achieve thorough compliance, the Group established and disclosed the Competition Law Compliance Policy and the Anti-Corruption Policy for the conduct of fair business practices.



##### 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)



##### 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)

\* See the ENEOS Report: ESG Data Book 2021 (available on the company website in January 2022) for further details about compliance.



##### ESG Data Book—Compliance

<https://www.hd.eneos.co.jp/english/csr/>

## Message from an Outside Director

### Deepening Board of Directors discussions toward achieving the Long-Term Vision and the second Medium-Term Management Plan

**Nishioka Seiichiro**

Outside Director  
ENEOS Holdings, Inc.



#### Evaluation of the strengthened effectiveness of governance

Positive effects continue to emerge from the separation of business management and execution under the new Group management structure, adopted in June 2020. Strengthened monitoring by the Board of Directors and, in particular, the provision of information to outside directors, are essential elements in increasing the effectiveness of corporate governance. The Company holds advance briefings for board members and immediately provides information in the event of serious incidents. Consideration is also given to enabling deep discussion with outside directors, based on discussion by the Executive Council, regarding the progress, items for resolution, and other matters concerning the second Medium-Term Management Plan. The Company has also speeded up decision-making for business execution by delegating authority over individual investment projects to the relevant principal operating companies.

To enhance the link between execution of the second Medium-Term Management Plan and the Long-Term Vision, the Company needs to improve the content of the information provided by the departments responsible for business execution in order to improve the quality of discussions by the Board of Directors. I will be looking for the Board of Directors to engage in intensive discussions about important management issues and specifically about the Company's direction for the medium and long term. I will also be looking for top executives to share issues raised by stakeholders at the Board of Directors meetings.

#### Expectations for the second Medium-Term Management Plan

In addition to carrying out structural reforms for the long-term decline in oil demand, the Company must ensure the steady operation of its base businesses and develop and strengthen its growth businesses to respond to the dramatic changes in the external environment, such as the SDGs and decarbonization. In

the second Medium-Term Management Plan, the Company has increased investment in growth businesses, and I expect strong leadership by the top executives, backed by Board of Directors decisions, to firmly and steadily implement growth strategies that will guide the Company toward its Long-Term Vision.

#### The role of outside directors in achieving targets

For the Company to achieve its targets, the Board of Directors must closely monitor progress toward those targets. The Company needs to accelerate its structural reforms by developing and strengthening growth businesses, and doing so will require the departments responsible for business execution to make accurate and prompt investment decisions. There will surely be some trial and error in this process. Management must be flexible in the execution of the Medium-Term Management Plan and be ready to withdraw investments if necessary, as well as to update the Long-Term Vision to reflect further changes in society. As an outside director, I will provide my frank opinions and engage in open discussions with the corporate directors.

As a legal practitioner, I pay particular attention to governance and compliance, which are the basis of corporate management.

In terms of governance, I believe the Company needs to address the effectiveness of the Board of Directors' checks and balances for maintaining discipline. In terms of compliance, in addition to complying with laws and regulations, the Company must also maintain high ethical standards. Doing so also gives employees a sense of pride in their work. Management needs to be able to flexibly respond to the uncertainties that accompany changes in the external environment, and I believe that compliance as a form of practical theory in risk management is especially important.

I will continue to carry out my responsibility as an outside director to provide frank opinions from a standpoint of governance and compliance.

# Executives / Directors (Excluding Independent Directors)

(As of June 25, 2021)



## Sugimori Tsutomu

Representative Director,  
Chairman of the Board, Group CEO  
Representative Director of ENEOS Corporation

Apr. 1979 Joined Nippon Oil Co., Ltd.  
Apr. 2008 Executive Officer of Nippon Oil Corporation (General Manager of Chubu Branch Office)  
Jul. 2010 Director, Senior Vice President of JX Nippon Oil & Energy Corporation (Division Manager of Retail Marketing & Sales Division)  
Jun. 2014 Director (Part-time) of the Company Representative Director, President of JX Nippon Oil & Energy Corporation  
Jun. 2018 Representative Director, President of the Company  
Jun. 2020 Representative Director of the Company, Chairman of the Board, Group CEO (current)  
Representative Director of ENEOS Corporation (current)



## Ota Katsuyuki

Representative Director, President  
Representative Director, President  
ENEOS Corporation

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) (current)  
Jun. 2020 Representative Director, President of the Company (current)



## Yokoi Yoshikazu

Director, Executive Vice President  
Assistant to President

Apr. 1984 Joined Mobil Sekiyu K.K.  
Mar. 2013 Executive Officer of TonenGeneral Sekiyu K.K. (in charge of Public & Government Relations)  
Nov. 2014 Executive Officer of EMG Marketing Godo Kaisha (Deputy Division Manager of Fuels Marketing Division)  
Mar. 2015 Director of TonenGeneral Sekiyu K.K. (in charge of Marketing & Sales, Lubricants & Specialties, Marketing & Supply Coordination)  
Vice President of EMG Marketing Godo Kaisha (in charge of Marketing & Sales, Lubricants & Specialties, Marketing & Supply Coordination, General Manager of Fuels Marketing Division)  
Mar. 2016 Managing Director of TonenGeneral Sekiyu K.K. (in charge of Marketing & Sales, Lubricants & Specialties, Marketing & Supply Coordination)  
Apr. 2017 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (Deputy Division Manager of Marketing & Sales Division)  
Apr. 2019 Director, Executive Vice President of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (Assistant to President)  
Jun. 2020 Director, Executive Vice President of the Company (Assistant to President) (current)  
Apr. 2021 Director, Executive Vice President of ENEOS Corporation (Assistant to President) [Supply Planning & Optimization Dept., Products Supply & Trading Dept., Crude Trading & Shipping Dept., Distribution & Logistics Dept., Marketing & Sales Planning Dept., Retail Support Dept., Nationwide Sales Dept., Industrial Energy Sales Dept., Business Design & Development Dept., Basic Chemicals Planning Dept., Basic Chemicals Sales Dept., Branch Offices], responsible for Business Design & Development Dept.) (current)



## Iwase Junichi

Director, Executive Vice President  
Assistant to President (Safety, Health & Environment Dept., Quality Assurance Dept.)

Apr. 1982 Joined Koa Oil Co., Ltd.  
Jun. 2014 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Technical & Engineering Dept.)  
Apr. 2017 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (Division Manager of Refining & Manufacturing Division)  
Apr. 2019 Director, Executive Vice President of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (Assistant to President)  
Jun. 2020 Director, Executive Vice President of the Company (Assistant to President, responsible for Safety, Health & Environment Dept. and Quality Assurance Dept.) (current)  
Apr. 2021 Director, Executive Vice President of ENEOS Corporation (Assistant to President) [Safety, Health & Environment Dept., Quality Assurance Dept., Refining & Manufacturing Dept., Mechanical Engineering Dept., Engineering & Capital Planning Dept., Hydrogen Business Promotion Dept., Fuel Cell Customer Support Office, Lubricants Company, Central Technical Research Laboratory, Refineries & Plants] (current)



## Yatabe Yasushi

Director, Executive Vice President

Assistant to President (Secretariat, Corporate Planning Dept., Controller Dept., Finance Dept., Investor Relations Dept., Human Resources 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 (President of Resources & Power Company)  
Apr. 2020 Director, Executive Vice President of JXTG Nippon Oil & Energy Corporation (currently ENEOS 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) [Secretariat, Corporate Planning Dept., Controller Dept., Finance Dept., Investor Relations Dept., Human Resources Dept., General Administration Dept., Legal & Corporate Affairs Dept.], responsible for Secretariat (current)  
Director, Executive Vice President of ENEOS Corporation (Assistant to President) [Secretariat, Corporate Planning Dept., Controller Dept., Finance Dept., Investor Relations Dept., Human Resources Dept., General Administration Dept., Legal & Corporate Affairs Dept., Overseas Business Planning & Development Dept., Resources & Power Company], responsible for Secretariat (current)





## Saito Takeshi

Director, Executive Vice President, CDO  
Assistant to President (Internal Audit Dept., Internal Control Dept., Public Relations Dept., IT Planning & Development Dept., Crisis Management Dept., Procurement Dept., Emerging Business Development Dept.), responsible for IT Planning & Development Dept., Emerging Business Development Dept.

Apr. 1986 Joined Nippon Oil Co., Ltd.  
Jun. 2014 General Manager of Industrial Fuels Marketing Dept., JX Nippon Oil & Energy Corporation  
Apr. 2017 Executive Officer of JXTG Nippon Oil & Energy 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)  
Executive Vice President, CDO of ENEOS Corporation (Assistant to President)  
Jun. 2021 Director, Executive Vice President, CDO of the Company (Assistant to President [Internal Audit Dept., Internal Control Dept., Public Relations Dept., IT Planning & Development Dept., Crisis Management Dept., Procurement Dept., Emerging Business Development Dept.], responsible for IT Planning & Development Dept. and Emerging Business Development Dept.) (current)  
Director, Executive Vice President, CDO of ENEOS Corporation (Assistant to President [Internal Audit Dept., Internal Control Dept., Public Relations Dept., IT Planning & Development Dept., Crisis Management Dept., Procurement Dept., Emerging Business Development Dept., High Performance Materials Company], responsible for IT Planning & Development Dept. and Emerging Business Development Dept.) (current)



## Hosoi Hiroshi

Director (Part-time)  
Representative Director,  
President of JX Nippon Oil & Gas Exploration Corporation

Apr. 1979 Joined Nippon Oil Co., Ltd.  
Jul. 2010 Executive Officer of JX Nippon Oil & Energy Corporation (Deputy Division Manager of Supply Division)  
Jun. 2012 Senior Vice President of JX Nippon Oil & Energy Corporation (Division Manager of Supply Division)  
Jun. 2014 Director, Senior Vice President of JX Nippon Oil & Energy Corporation (responsible for Crude Oil Shipping Dept., Products Supply & Trading Dept., Distribution & Logistics Dept.)  
Apr. 2017 Director, Executive Vice President of JX Nippon Oil & Gas Exploration Corporation  
Jun. 2018 Director (Part-time) of the Company (current)  
Representative Director, President of JX Nippon Oil & Gas Exploration Corporation (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 Executive Officer 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)  
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 Company  
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., Contoller Dept., Finance & Investor Relations Dept.)  
Jun. 2020 Director, Full-Time Audit and Supervisory Committee Member of the Company (current)  
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 of 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)  
Corporate Auditor (Full-time) of ENEOS Corporation (current)

# Executives / Independent Directors

(As of June 25, 2021)



**Ota Hiroko**

Outside Director

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 (current)



**Miyata Yoshiiku**

Outside Director

Apr. 1977	Joined Matsushita Electric Industrial Co., Ltd.
Apr. 2007	Executive Officer of Matsushita Electric Industrial Co., Ltd., Chairman of Panasonic Europe Ltd.
Apr. 2009	Managing Executive Officer of Panasonic Corporation
	Senior Vice President, Director, Visual Products and Display Devices Business Group of AVC Networks Company
Apr. 2011	Senior Managing Executive Officer of Panasonic Corporation (in charge of Overseas Operations)
Jun. 2011	Representative Director, Senior Managing Director of Panasonic Corporation (in charge of Overseas Operations)
Jan. 2012	Representative Director, Senior Managing Director, Director, Global Consumer Marketing Sector of Panasonic Corporation
Apr. 2013	Representative Director, Senior Managing Director, Tokyo Representative of Panasonic Corporation
Apr. 2014	Representative Director, Senior Managing Director of Panasonic Corporation
Jun. 2014	Corporate Advisor of Panasonic Corporation
Mar. 2015	Outside Director of TonenGeneral Sekiyu K.K.
Apr. 2017	Outside Director of the Company (current)



**Kudo Yasumi**

Outside Director

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
Jun. 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)



**Nishioka Seiichiro**

Outside Director  
(Audit and Supervisory Committee Member)

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 from office of the 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 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)

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 (current) Outside Corporate Auditor of ASICS Corporation Council Member of the Japan Volleyball Association (current)
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)

Apr. 1986	Joined Tohmatsu Touche Ross Consulting Limited
Jul. 2000	Joined Asahi Arthur Andersen Limited
Sep. 2002	Principal of Deloitte Tohmatsu Consulting Co., Ltd.
Apr. 2005	President and Representative Director of ABeam M&A Consulting Ltd.
Apr. 2016	Partner of PwC Advisory LLC
Jun. 2016	CEO of Oka & Company Ltd. (current) 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	Full-time Professor at Meiji University Graduate School (current)

\* Appointed as an outside director of Hitachi Construction Machinery Co., Ltd. on June 28, 2021

## Reasons for appointing outside directors, expected roles, Board of Directors meeting attendance

Name / Material concurrent office(s)	Reasons for appointment and expected roles	Meeting attendance in fiscal 2020			
		Board of Directors	Audit and Supervisory Committee	Nomination Advisory Committee	Compensation Advisory Committee
<b>Ota Hiroko</b> <ul style="list-style-type: none"> <li>Senior Professor at the National Graduate Institute for Policy Studies</li> <li>Outside Director of Panasonic Corporation</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, the economy 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.	10/11 (91%)	—	4/4 (100%)	3/3 (100%)
<b>Miyata Yoshiiku</b> <ul style="list-style-type: none"> <li>Outside Director, Kobe Steel, Ltd. (Audit &amp; Supervisory Committee Member)</li> </ul>	Mr. Miyata has been in charge of corporate management in Japan and overseas at Panasonic Corporation for many years, and through past roles, including Chairman of Panasonic Europe Ltd., head of the Visual Products and Display Devices Business Group, and Director of the Global Consumer Marketing Sector, he has deep insight and abundant experience in international business and the field of digital technology. Further, he served as an outside director of TonenGeneral Sekiyu K.K. from March 2015 and has served as an outside director of the Company since April 2017. 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. Miyata as an outside director who is not an Audit and Supervisory Committee member.	11/11 (100%)	—	4/4 (100%)	3/3 (100%)
<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.	— Elected June 2021			
<b>Nishioka Seiichiro</b> <ul style="list-style-type: none"> <li>Attorney-at-Law, 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 was subsequently active as a lawyer, as well as serving as a visiting professor at Keio University Law School. He has abundant expertise and experience in judicial matters as well as human resource development. He was appointed as an outside auditor of the Company in June 2016 and an outside director who is an Audit and Supervisory Committee member of the Company in June 2018. In these capacities, he has audited and supervised the execution of duties of directors who are not Audit and Supervisory Committee members. The Company expects that he will utilize his insight 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.	11/11 (100%)	14/14 (100%)	—	—
<b>Mitsuya Yuko</b> <ul style="list-style-type: none"> <li>Representative Director and President of the Japan Basketball Association</li> <li>Outside Director of The Fukui 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.	11/11 (100%)	14/14 (100%)	—	—
<b>Oka Toshiko</b> <ul style="list-style-type: none"> <li>Full-time Professor at Meiji University Graduate School</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 business strategy planning and has been engaged in corporate management for many years, giving her abundant knowledge and experience as an expert in finance and accounting and as a corporate manager. 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 of 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.	10/10 (100%)	10/11 (91%)	—	—

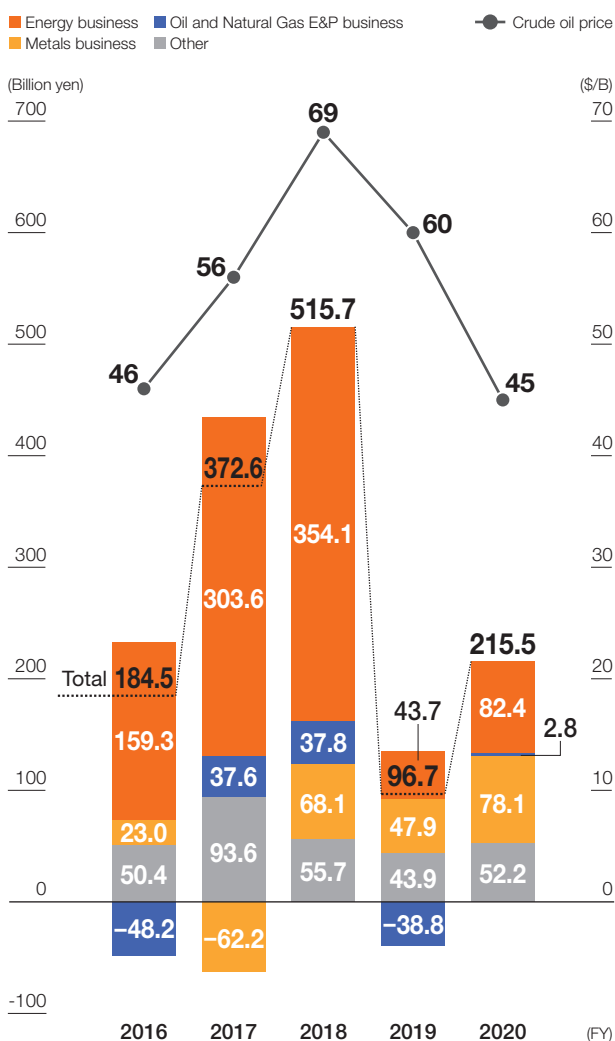
## Areas in which the Company has particularly high expectations

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
Sugimori Tsutomu	○	○			○				○
Ota Katsuyuki	○	○		○		○			
Yokoi Yoshikazu			○	○				○	○
Iwase Junichi		○	○		○			○	
Yatabe Yasushi				○	○	○	○		
Saito Takeshi			○				○	○	○
Hosoi Hiroshi	○	○	○	○					
Murayama Seiichi	○	○	○						○
Ota Hiroko		○			○	○			
Miyata Yoshiiku	○		○	○					
Kudo Yasumi	○			○					○
Ouchi Yoshiaki		○				○	○		
Nishimura Shingo				○			○		○
Nishioka Seiichiro		○			○		○		
Mitsuya Yuko	○	○			○				
Oka Toshiko				○	○	○			

# At a Glance

<b>Consolidated net sales</b> (FY2020) <b>7,658.0</b> billion yen	<b>Consolidated workforce</b> (As of March 31, 2021) <b>40,753</b> employees
<b>Consolidated operating income excluding inventory valuation</b> (FY2020) <b>215.5</b> billion yen	<b>Market capitalization</b> (As of March 31, 2021) <b>1,610.5</b> 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

Operates the ENEOS brand, with a network of approximately 13,000 service stations nationwide in Japan. Engaged in core businesses, including petroleum products and petrochemicals, as well as businesses that will be mainstays of the future, including electric power, 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

In charge of the Group's upstream division. Engaged in long-term oil and gas field operations to maintain a stable supply of oil and gas resources, while also conducting basic research and developing systems that will provide the foundation for 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

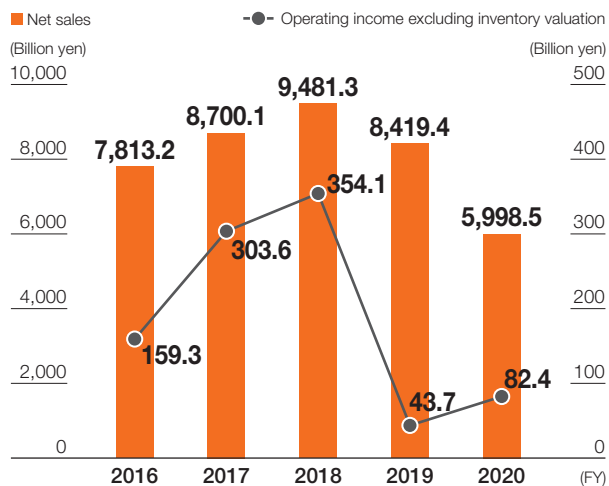
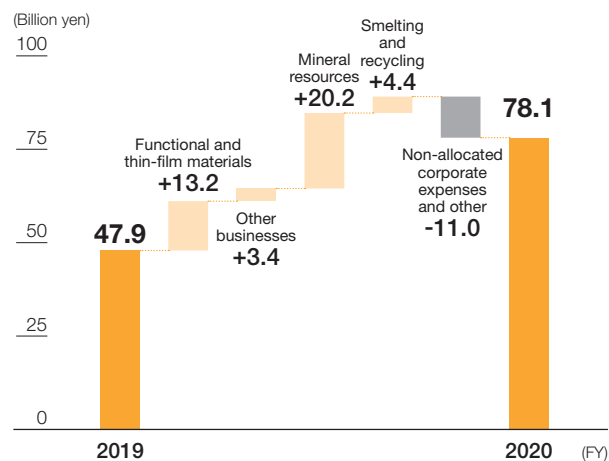
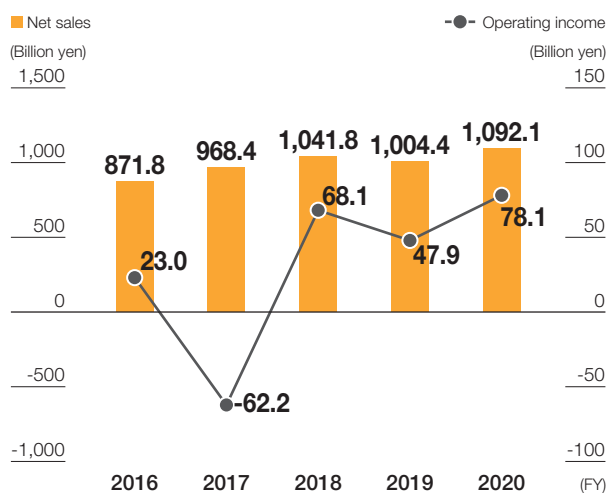
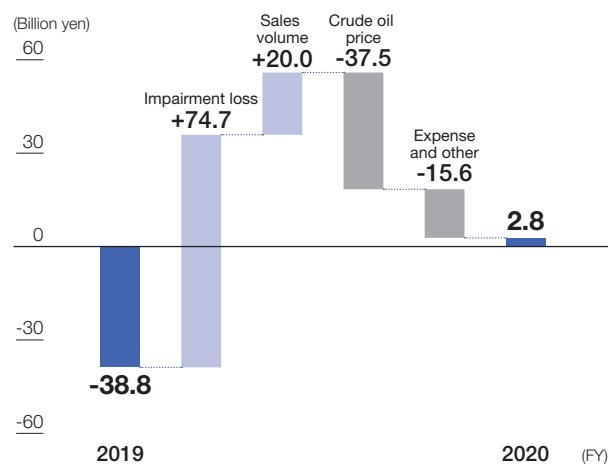
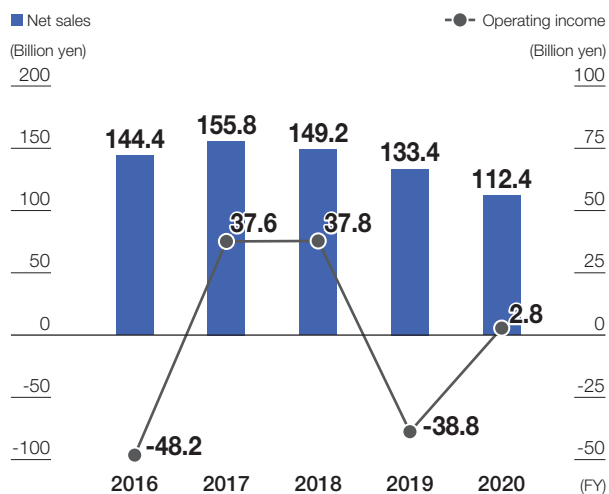
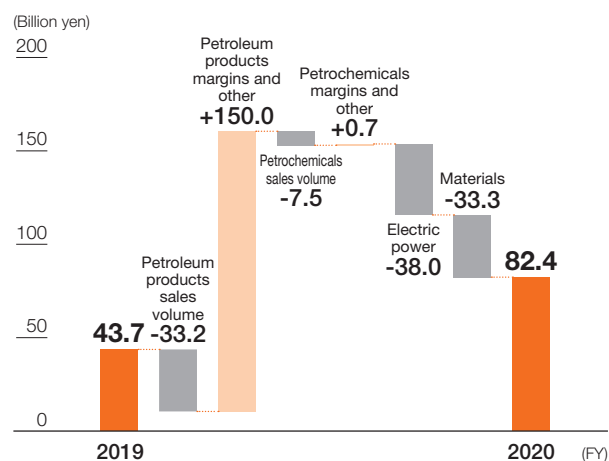
Global business operations in non-ferrous metals, mainly copper and rare metals, covering the full range from the development, smelting and refining of metal resources to the manufacture and development of advanced materials required for the IoT and AI society, as well as the recycling of end-of-life electronic devices.

#### Strategic Policy

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

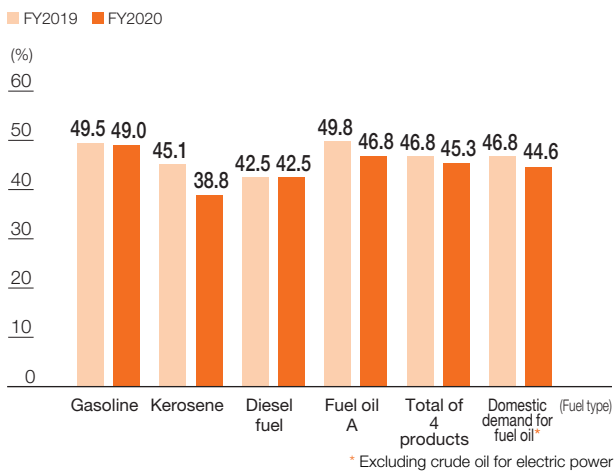
- Expand strategic investments, pursue technology development
- Review business portfolios
- Develop human resources who can create new value
- Contribute to the SDGs

## Net Sales / Operating Income

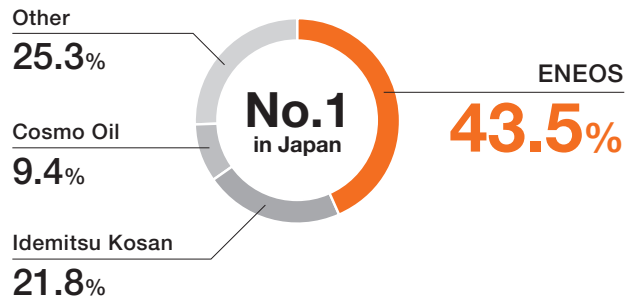
Fiscal 2020 Operating Income<sup>2</sup> (YoY)<sup>2</sup> Excluding inventory valuation for Energy business only



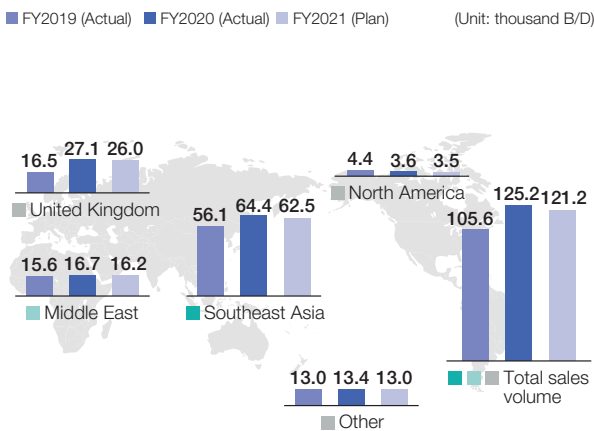
### Market Share of Fuel Oil Sales in Japan



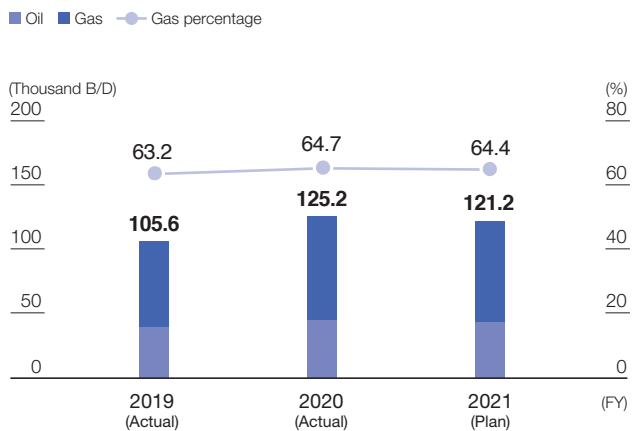
### Fixed Service Station Market Share (End of Fiscal 2020)



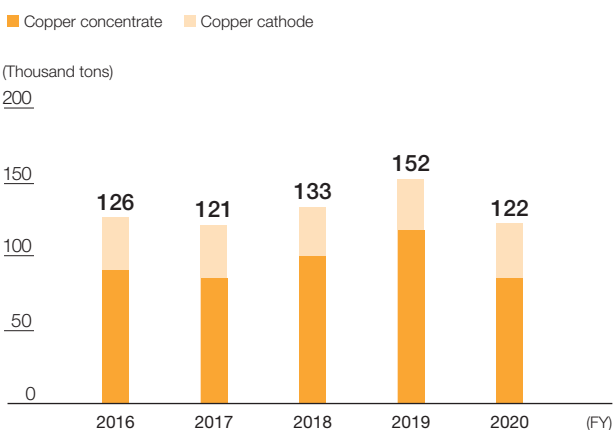
### Sales Volume (Actual and Plan) by Region



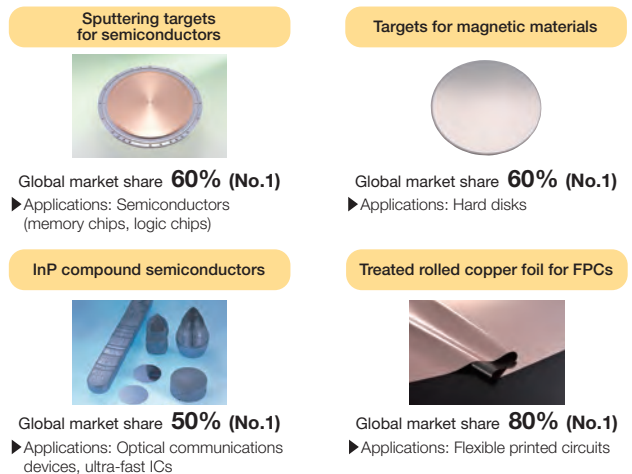
### Breakdown of Sales Volume by Oil and Gas



### Caserones Copper Mine Production Volume

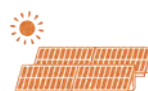


### Main Products and Applications in the Functional Materials, Thin-Film Materials, and Tantalum and Niobium Businesses



Number of affiliated  
service stationsApprox. **13,000**Crude oil processing  
capacity**1.87** million B/dayDomestic petroleum products  
and petrochemicals  
production and  
manufacturing sites**12** sitesDomestic city gas,  
natural gas,  
and LNG sales**1.05** million tonsParaxylene supply capacity  
(direct sales basis)**3.62** million tons/yearPropylene supply capacity  
(direct sales basis)**1.64** million tons/year

## Power generation capacity

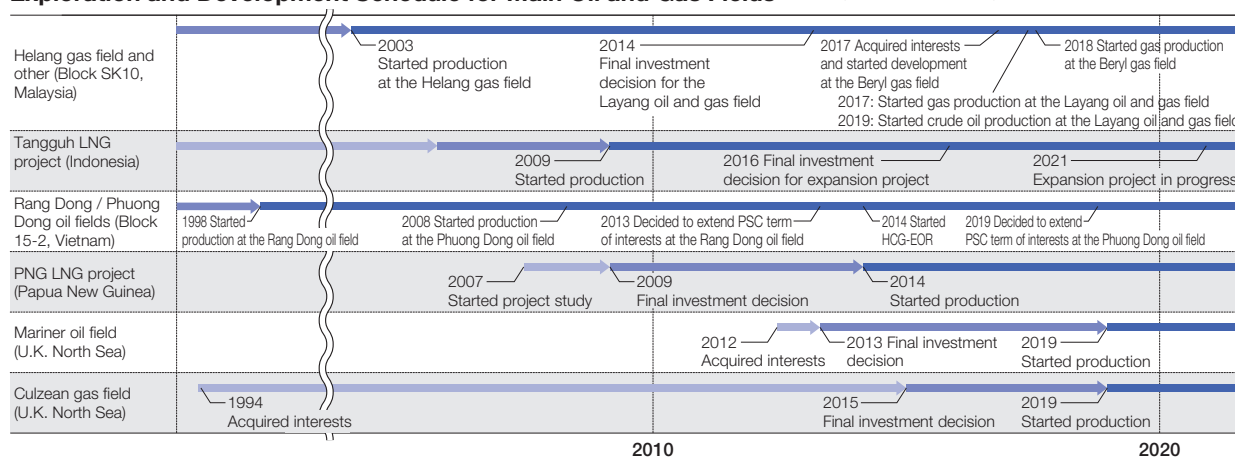
**1.59** GW  
(As of June 2021)

## Hydrogen stations in Japan

**46** locations

## Exploration and Development Schedule for Main Oil and Gas Fields

→ Exploration → Development → Production



Note: Global market shares are company estimates.

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 alloyGlobal 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 electronicsCommunications  
infrastructure

Automotive

## JX Holdings (J-GAAP) (Years ended March 31)

(Billion yen)

	2013	2014	2015	2016	2017
<b>Operating Results</b>					
Net sales	11,219.5	12,412.0	10,882.5	8,737.8	8,136.0
Operating income (loss)	251.5	213.7	(218.9)	(62.2)	298.4
Ordinary income (loss)	328.3	302.3	(150.1)	(8.6)	333.6
Ordinary income excluding inventory valuation	271.0	183.0	255.2	260.9	193.6
Net income (loss) attributable to owners of parent	159.5	107.0	(277.2)	(278.5)	160.1
<b>Financial Position<sup>1</sup></b>					
Total assets	7,274.9	7,781.8	7,423.4	6,724.6	6,658.6
Net assets	2,327.4	2,626.3	2,429.8	1,928.4	2,041.7
Interest-bearing debt	2,549.3	2,801.7	2,620.3	2,581.4	2,459.1
Net interest-bearing debt	2,299.2	2,520.0	2,291.0	2,088.7	2,161.7
<b>Cash Flows</b>					
Cash flow from operating activities	265.6	305.2	737.2	555.0	230.9
Cash flow from investing activities	(426.1)	(479.8)	(377.8)	(307.7)	(237.5)
Free cash flow	(160.5)	(174.6)	359.4	247.3	(6.6)
Cash flow from financing activities	154.1	180.1	(326.3)	(88.0)	(160.8)

## TonenGeneral Sekiyu (J-GAAP) (Years ended December 31)

(Billion yen)

	2012	2013	2014	2015	2016
<b>Operating Results</b>					
Net sales	2,804.9	3,241.2	3,451.1	2,627.9	2,089.4
Operating income (loss)	27.3	52.3	(72.9)	2.0	81.0
Ordinary income (loss)	22.5	49.8	(73.4)	(0.3)	76.7
Ordinary income excluding inventory valuation	18.1	2.8	13.1	86.8	68.7
Net income (loss) attributable to owners of parent	54.8	22.9	(14.0)	0.1	64.4
<b>Financial Position</b>					
Total assets	1,385.0	1,409.1	1,376.2	1,209.4	1,249.1
Net assets	288.4	294.6	262.8	234.1	277.2
Interest-bearing debt	333.2	329.3	385.6	334.2	270.0
Net interest-bearing debt	319.8	310.7	350.6	234.0	170.0
<b>Cash Flows</b>					
Cash flow from operating activities	(1.9)	44.3	99.9	170.9	108.7
Cash flow from investing activities	(345.8)	(14.3)	(52.4)	(44.2)	(29.1)
Free cash flow	(347.7)	30.0	47.5	126.7	79.6
Cash flow from financing activities	360.8	(24.8)	(31.8)	(61.7)	(79.3)

<sup>1</sup> Financial position for the year ended March 31, 2017 is as of April 1, 2017.

## ENEOS Holdings (IFRS)<sup>2</sup> (Years ended March 31)

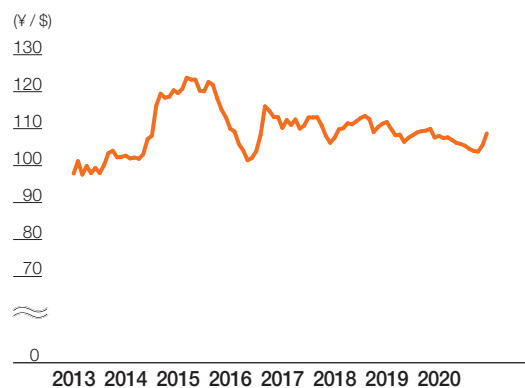
(Billion yen)

	2017 <sup>3</sup>	2018	2019	2020	2021
<b>Operating Results</b>					
Net sales	9,249.7	10,301.1	11,129.6	10,011.8	<b>7,658.0</b>
Operating income (loss)	374.0	487.5	537.1	(113.1)	<b>254.2</b>
Inventory valuation	189.5	114.9	21.4	(209.8)	<b>38.7</b>
Excluding inventory valuation	184.5	372.6	515.7	96.7	<b>215.5</b>
Financial profit (loss)	(24.0)	(20.1)	(28.5)	(22.7)	<b>(23.3)</b>
Income (loss) before taxes	350.0	467.4	508.6	(135.8)	<b>230.9</b>
Net income (loss)	213.0	324.3	357.1	(172.7)	<b>112.9</b>
Attributable to owners of parent	212.8	361.9	322.3	(187.9)	<b>114.0</b>
Non-controlling interests	0.2	(37.6)	34.8	15.2	<b>(1.1)</b>
<b>Financial Position<sup>4</sup></b>					
Assets	8,363.6	8,457.6	8,477.8	8,011.3	<b>8,058.8</b>
Current assets	3,187.5	3,593.2	3,587.4	2,878.6	<b>3,039.6</b>
Non-current assets	5,176.1	4,864.4	4,890.4	5,132.7	<b>5,019.2</b>
Liabilities	5,720.9	5,537.6	5,358.0	5,303.4	<b>5,306.3</b>
Interest-bearing debt	2,719.6	2,259.9	2,218.0	2,300.8	<b>2,036.9</b>
Net interest-bearing debt	2,351.3	1,810.4	1,830.1	1,898.8	<b>1,617.9</b>
Net assets	2,642.7	2,920.0	3,119.8	2,707.9	<b>2,752.6</b>
Interests attributable to owners of parent	2,208.5	2,539.6	2,717.8	2,311.0	<b>2,325.1</b>
Non-controlling interests	434.2	380.4	402.0	396.9	<b>427.5</b>
<b>Cash Flows</b>					
Cash flow from operating activities	—	707.1	344.2	510.7	<b>679.1</b>
Cash flow from investing activities	—	(95.1)	(206.9)	(371.3)	<b>(306.8)</b>
Free cash flow	—	612.0	137.3	139.4	<b>372.3</b>
(Excluding the effects of non-business days)	—	481.3	169.0	238.4	<b>265.5</b>
Net cash flow	—	535.5	1.3	(77.6)	<b>193.7</b>
(Excluding the effects of non-business days)	—	404.8	33.0	21.4	<b>86.9</b>
<b>Financial Indicators</b>					
Net D/E ratio (times)	0.89	0.62	0.59	0.70	<b>0.59</b>
(Excluding the effects of non-business days)	0.89	0.66	0.62	0.70	<b>0.63</b>
ROE (%)	9.6	15.2	12.3	(7.5)	<b>4.9</b>

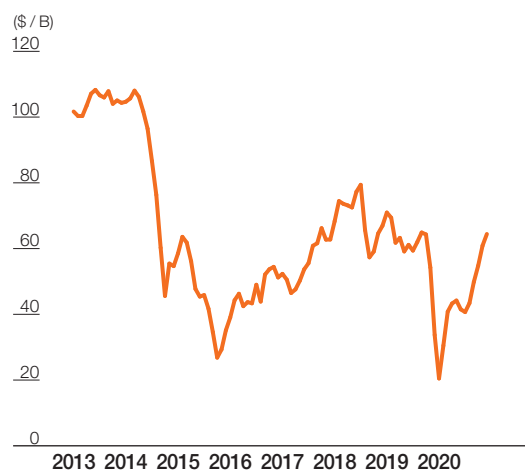
<sup>2</sup> Trade name changed from JXTG Holdings to ENEOS Holdings in June 2020.<sup>3</sup> The fiscal year ended March 31, 2017 includes the combined total of JX Holdings and Tonen General Sekiyu for the period from April 2016 to March 2017.<sup>4</sup> Financial position for the year ended March 31, 2017 is as of April 1, 2017.

## Market Situation

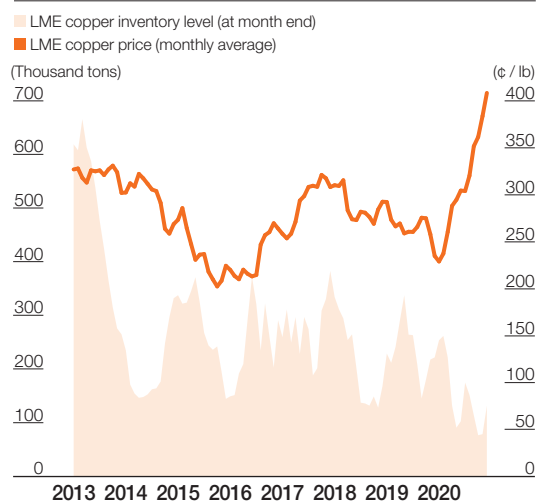
### Exchange Rate



### Crude Oil (Dubai)



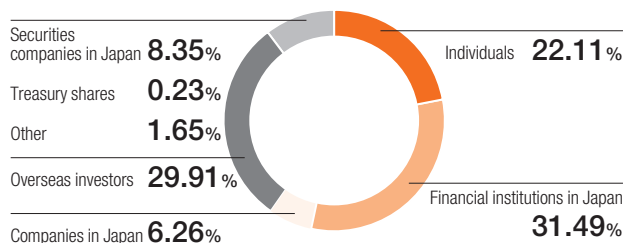
### LME Copper Price and Inventory Level



## Share Information

Number of authorized shares	8,000,000,000
Number of shares issued	3,230,282,649
Number of shareholders	417,864

## Distribution of Shareholders



## Major Shareholders

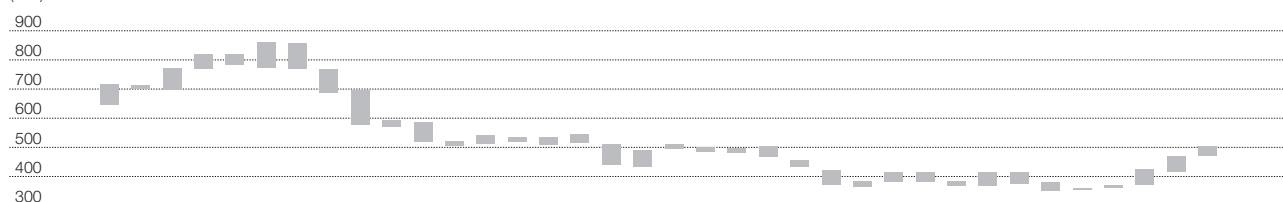
Name of shareholder	Number of shares held (thousand shares)	Percentage of total shares issued* (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	267,252	8.29
Custody Bank of Japan, Ltd. (Trust Account)	175,122	5.43
Custody Bank of Japan, Ltd. (Trust Account 7)	64,862	2.01
SMBC Nikko Securities Inc.	52,604	1.63
STATE STREET BANK WEST CLIENT - TREATY 505234	50,323	1.56
JPMorgan Securities Japan Co., Ltd.	49,300	1.52
Custody Bank of Japan, Ltd. (Trust Account 5)	46,139	1.43
Custody Bank of Japan, Ltd. (Trust Account 9)	44,799	1.38
Custody Bank of Japan, Ltd. (Trust Account 6)	40,890	1.26
Kochi Shinkin Bank	40,570	1.25

\* The shareholding ratio is calculated excluding treasury shares (7,283,840 shares).

## Share Price Range and Trading Volume

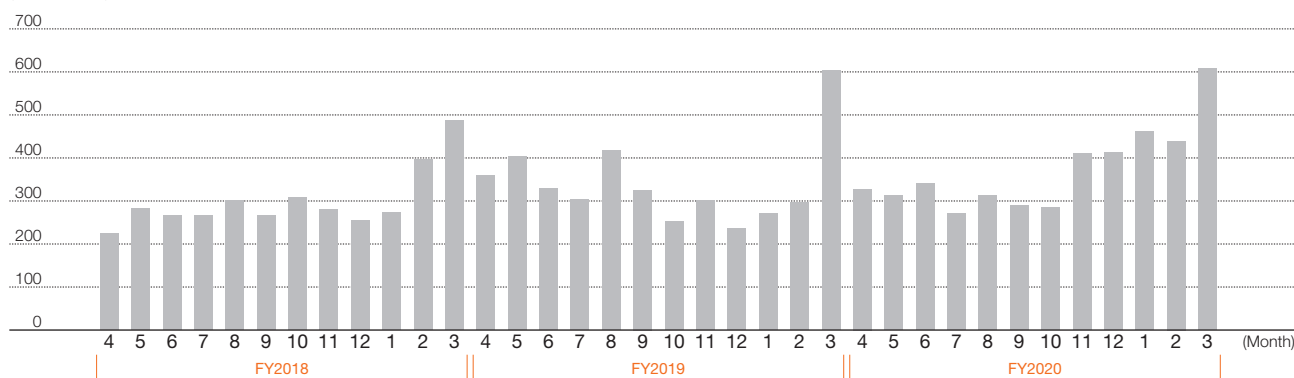
## Share price

(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 2020. 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 conducted online as the Company made every effort to maintain dialogue with investors during the pandemic.

Due to the pandemic, the Company refrained from holding its regular annual briefings at ENEOS Group refineries, smelters, and other facilities for analysts and institutional investors, and its regular briefings for individual investors. In fiscal 2021, we will carefully consider whether to hold the briefings based on the status of the pandemic and the policies of national and local governments.

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.

In fiscal 2020, the Company received awards for its IR activities from the following organizations. The Company has also been selected for inclusion in a number of ESG-related indexes.

### Awards for IR Activities (Fiscal 2020)

#### •Institutional Investor

In the All-Japan Executive Team ranking\* published by the American financial journal *Institutional Investor*, the Company has been ranked first in the Best CFOs category and second in the Best CEOs, Best IR Professionals, Best IR Programs, Best IR Team, and Best ESG categories in the Energy & Utilities sector.

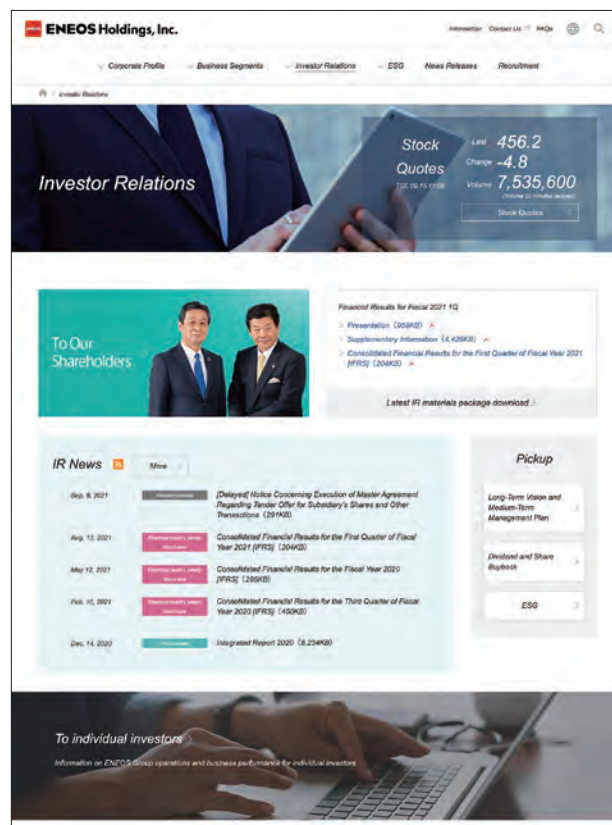
\* <https://www.institutionalinvestor.com/research/10987/Combined>

#### •Internet IR Awards

The Company received the Award for Excellence of the Internet IR Awards presented by Daiwa Investor Relations.

#### •Excellence in Corporate Disclosure

The Company received the Award for Excellence in Corporate Disclosure from The Securities Analysts Association of Japan.



ENEOS Holdings Investor Relations Webpage  
<https://www.hd.eneos.co.jp/english/ir/>

### Selection for Inclusion in ESG-Related Investment Indexes (As of September 2021)

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index
- SOMPO Sustainability Index
- Nadeshiko Brand\*

\* An initiative of Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) for introducing TSE-listed enterprises that are outstanding in terms of encouraging the empowerment of women in the workplace as attractive stocks to investors



FTSE4Good



FTSE Blossom  
Japan



MSCI Japan ESG  
Select Leaders Index



MSCI Japan Empowering  
Women Index (WIN)




S&P/JPX  
Carbon  
Efficient  
Index



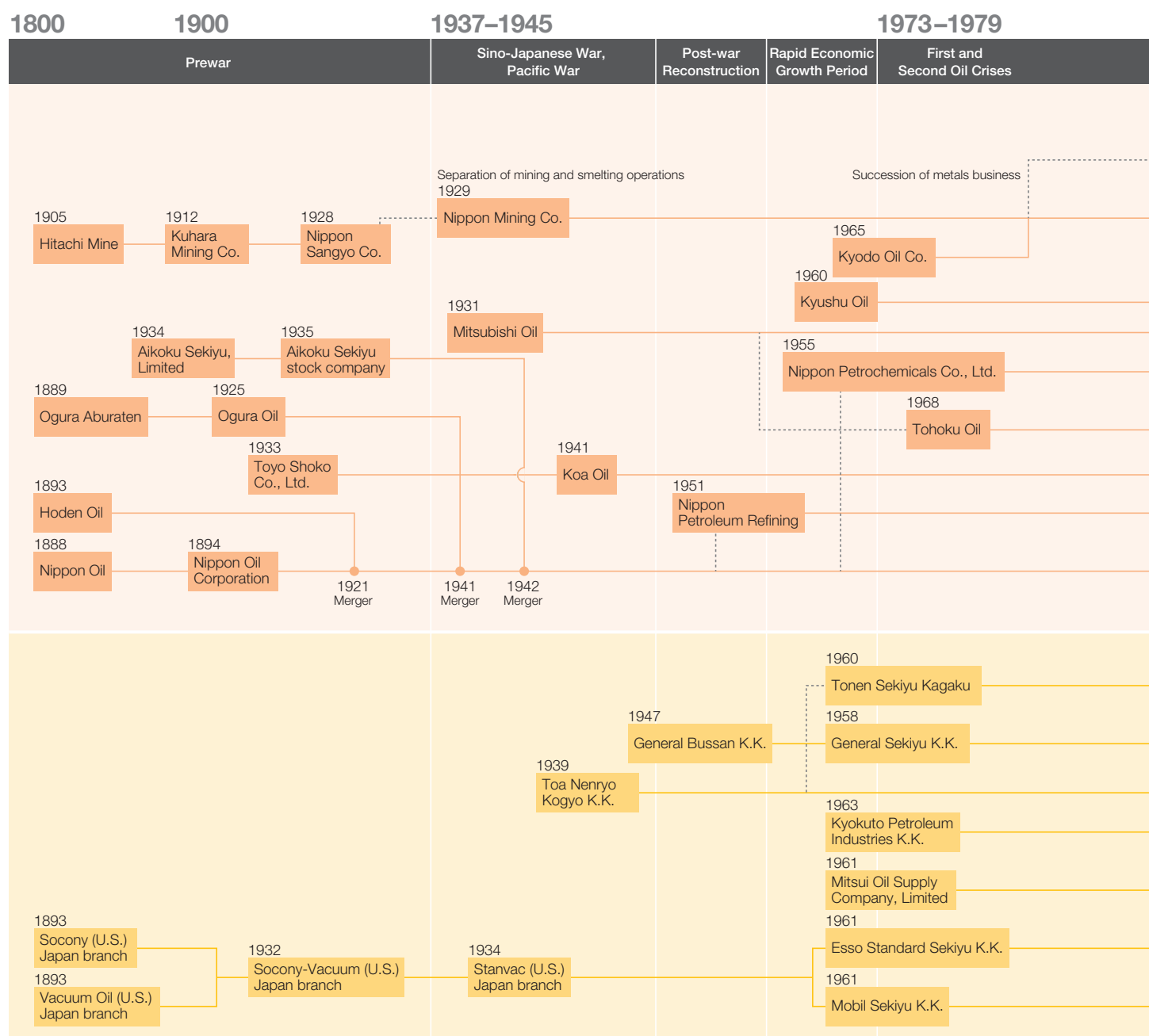
2021  
Sompo Sustainability Index



NADESHIKO  
BRAND  
2021

Trade name	ENEOS Holdings, Inc.	Head office	1-2 Otemachi 1-chome, Chiyoda-ku, Tokyo
Representatives	Sugimori Tsutomu Representative Director, Chairman of the Board Ota Katsuyuki Representative Director, President	Website	Our website provides additional information that complements this Integrated Report.  <a href="https://www.hd.eneos.co.jp/english/">https://www.hd.eneos.co.jp/english/</a>
Date established	April 1, 2010		
Business year	April 1 to March 31 of the following year		

## History of the Founding and Integration of the ENEOS Group



## 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

