

ENEOS REPORT

Integrated Report

2020

April 1, 2019 to March 31, 2020



ENEOS Holdings, Inc.

Aiming to Become One of the Most Prominent and Internationally Competitive Energy and Materials Company Groups in Asia

New Trade Names and Group Management Structure in June 2020

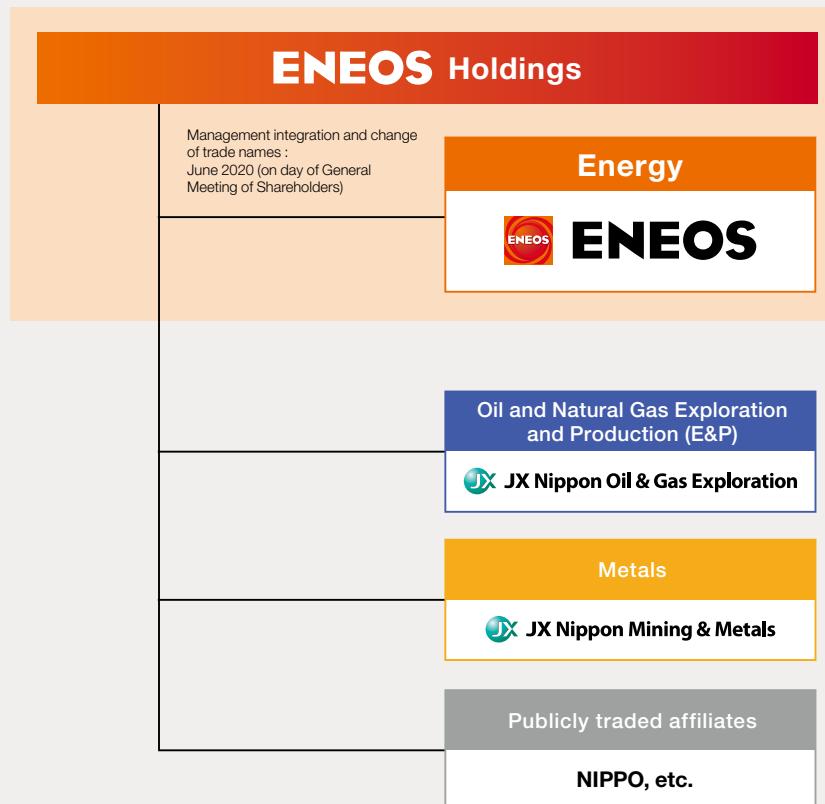
In order to achieve sustainable growth under our Long-Term Vision to 2040, announced in 2019, we must speed up the transformation of our management structure. To this end, to enable us to accelerate our decision-making and the execution of duties, we changed our structure from that of a holding company with three principal operating companies to a structure that integrates our management with the management of JXTG Nippon Oil & Energy (currently ENEOS), the largest operating company in the Group, and changed the Group name to the ENEOS Group.

We will use the strong recognition of the ENEOS brand to promote the nurturing and creation of growth businesses and aim to develop ENEOS into a global brand in order to achieve our goal of becoming one of the most prominent and internationally competitive energy and materials company groups in Asia.





ENEOS Group Management Structure



Change of Trade Names

Along with changes in the Group's management structure, the trade names of the Company and JXTG Nippon Oil & Energy Corporation were changed to ENEOS, the brand name used by the Group's energy business, as indicated below.

Before	After
JXTG Holdings, Inc.	ENEOS Holdings, Inc.
JXTG Nippon Oil & Energy Corporation	ENEOS Corporation



A professional portrait of two men in dark blue suits. The man on the left stands in the background, looking directly at the camera. The man on the right sits in the foreground, slightly to the right, also looking at the camera. Both are wearing white shirts and patterned ties. A small circular logo is visible on the lapel of each suit.

Ota Katsuyuki

Representative Director,
President

Sugimori Tsutomu

Representative Director,
Chairman of the Board,
Group CEO

To Our Stakeholders

We would like to express our appreciation to our stakeholders for your ongoing support.

Three years have passed since the integration of JX Holdings and TonenGeneral Sekiyu. Under our first Medium-Term Management Plan, the Group worked on enhancing the profitability of our core businesses, focusing on cash flows and capital efficiency, and strengthening the business foundation. As a result, although we fell short of our targets due to the impacts of the COVID-19 pandemic on our business performance in fiscal 2019, the final year of the Plan, we made steady progress with structural reforms and established a solid financial base.

The business environment is undergoing unprecedented changes, including the acceleration of the global trend toward the development of a low-carbon and recycling-oriented society, fluctuating commodities prices, a “new normal” way of life with COVID-19, and a rapid decline in domestic demand for fuel oil.

We changed our name to ENEOS Holdings, Inc. from JXTG Holdings, Inc. following passage of a resolution at the General Meeting of Shareholders in June 2020. The purpose of the name change in response to the fiercely changing business environment was to alter the Group’s operating framework and speed up decision-making and the execution of duties.

Under the second Medium-Term Management Plan, which began in fiscal 2020, we will work toward the achievement of our Long-Term Vision to 2040 by developing and strengthening our growth businesses, including next-generation energy supply and community services, through the introduction of digital technologies and expertise from other industries and areas to go along with our strengths of strong ENEOS brand recognition and our service station (SS) network.

Furthermore, in conjunction with the start of the second Medium-Term Management Plan, we have added the pursuit of carbon neutral status as a new target in our Long-Term Vision. We will now carry out corporate management with a greater focus on the Sustainable Development Goals (SDGs) as well as ESG.

As we work to become one of the most prominent and internationally competitive energy and materials company groups in Asia, we will continue to contribute to the development of a sustainable society—the goal of the SDGs—and the creation of a vibrant future through active dialogue with our stakeholders and the continued fulfillment of our social responsibilities.

We ask for your continued support as we move forward.

October 2020



Sugimori Tsutomu

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



Ota Katsuyuki

Representative Director, President
ENEOS Holdings, Inc.

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.



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Editorial Policy

During the editorial process for this integrated report, we referenced the Guidance for Collaborative Value Creation published by Japan's Ministry of Economy, Trade and Industry as a set of guidelines on common language connecting companies and investors.

Fiscal 2020 marks a critical juncture for the company, marked by our name change and the start of the second Medium-Term Management Plan. This report details our strategies for maximizing corporate value and our initiatives for the development of new growth pillars for the future, with a focus on the second Medium-Term Management Plan, a milestone of our Long-Term Vision to 2040.

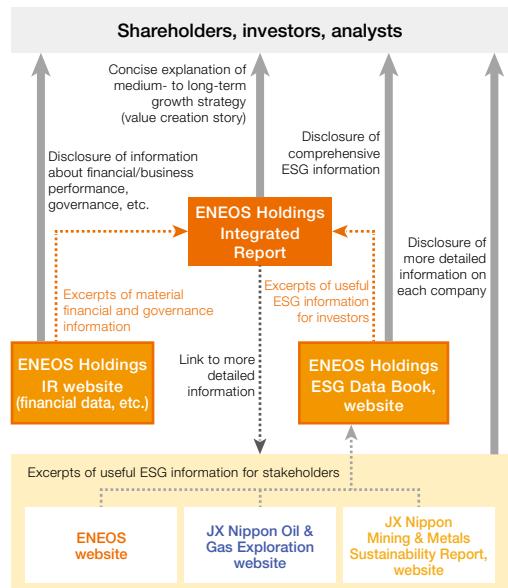
In fiscal 2020, we transitioned to a new ESG management structure in order to ensure the reflection of important management challenges into management and business strategies from an ESG standpoint, while also strengthening our business foundation. Details regarding this transition are included in this report. Additionally, we expanded our disclosure of measures concerning our response to climate change, an important management issue of the Group.

Our website features comprehensive and detailed information about the Group's business activities, financial information and ESG initiatives. We encourage readers to use our website in conjunction with this report. Going forward, we will continue to disclose clear and concise information as well as engage in active dialogue with all of our stakeholders, including investors.

This report covers the period from April 1, 2019 to March 31, 2020.



Disclosure Media Framework



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) changes in laws and regulations; and (3) risks related to litigation and other legal proceedings.

Part I

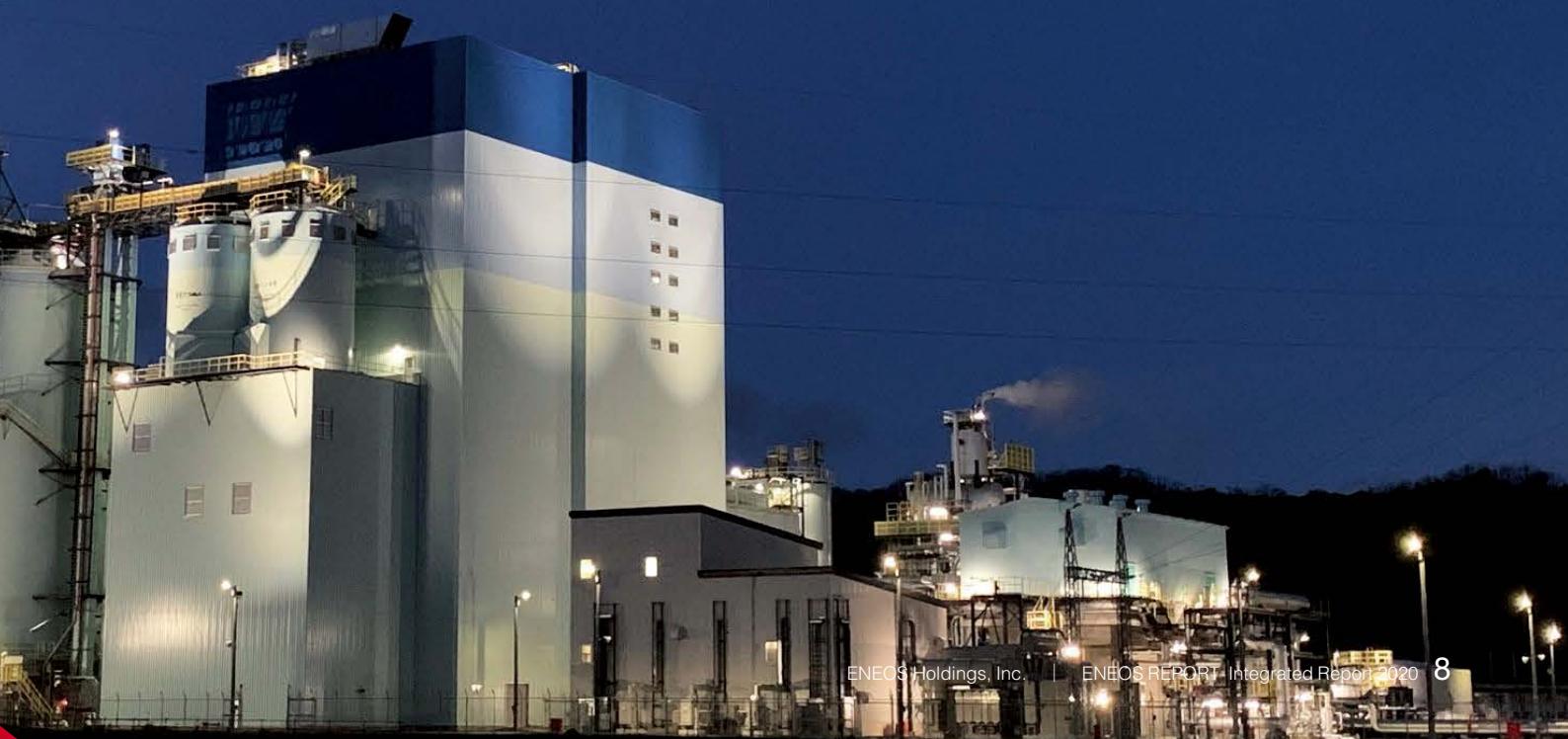
ENEOS Group Vision and Management Strategy

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.

Value Creation Story

A Look Back on the ENEOS Group's History	9
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Value Creation Story A Look Back on the ENEOS Group's History

Throughout the 130 years of our history, we have delivered stable supplies of the energy and materials essential for everyday life, while addressing the social issues of each era.

1880s

Meiji era: Dawn of Japan's industrial development

1940s

World War II, post-war reconstruction and period of rapid economic growth

1970s

Oil crises and globalization

● 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

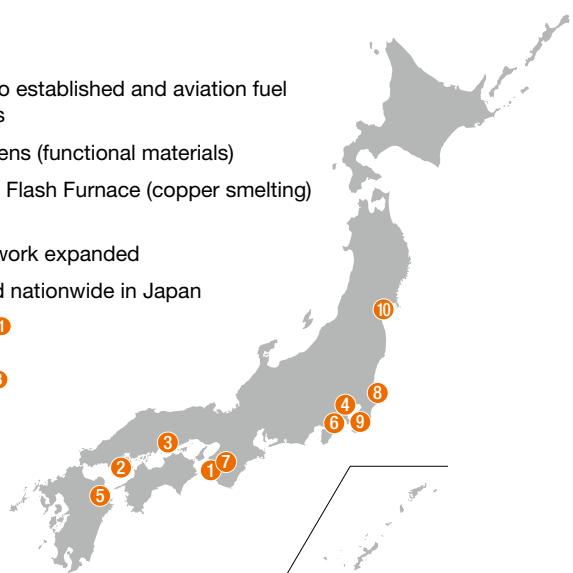
- 1888 • Nippon Oil established; begins crude oil production in Niigata Prefecture
- 1893 • Standard Oil Co. of New York and Standard Vacuum Oil Company commence sales of heating oil and lubricants in Yokohama
- 1905 • Hitachi Mine established
- 1916 • Saganoseki Smelter and Refinery opens
- 1919 • First service station (SS) in Japan opens
- 1933 • Crude oil successfully extracted in Akita Prefecture



Saganoseki Smelter and Refinery

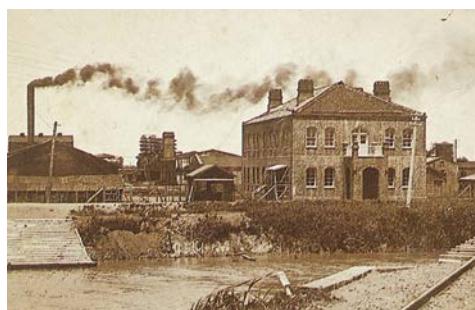
Strengthening supply capability to respond to rapidly growing demand for resources and energy

- 1939 • Toa Nenryo Kogyo established and aviation fuel production begins
- 1964 • Kurami Works opens (functional materials)
- 1970 • Saganoseki No. 1 Flash Furnace (copper smelting) completed
 - Domestic SS network expanded
 - Refineries opened nationwide in Japan
- 1941 Wakayama Refinery ①
- 1945 Marifu Refinery ②
- 1961 Mizushima Refinery ③
- 1962 Kawasaki Refinery ④
- 1964 Oita Refinery ⑤ and Negishi Refinery ⑥
- 1965 Sakai Refinery ⑦
- 1967 Kashima Refinery ⑧
- 1968 Chiba Refinery ⑨
- 1971 Sendai Refinery ⑩



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

- 1973 • Production begins at Mubarraz Oil Field in the UAE
- 1985 • Isohara Works opens (thin film materials)
- 1990 • Gas field interests acquired in Papua New Guinea and Helang Gas Field discovered in Malaysia
- 1990 • Production begins at Escondida Copper Mine in Chile
- 1994 • Development and exploration interests acquired in the UK and Rang Dong Oil Field discovered off the coast of Vietnam
- 1997 • Natural gas discovered in Berau Block in Indonesia
- 1998 • Removal of restrictions on and introduction of self-serve SS
- 1999 • Investment in LS-Nikko Copper of South Korea (copper smelting)
- 2000 • Production begins at Los Pelambres Copper Mine in Chile



Naoetsu Refinery (1900 to 1922)

2000s

Maturation of domestic market and new challenges

2020
New management structure
Change of trade name
from JXTG to ENEOS

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

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

- 2001 • ENEOS brand established
- 2003 • Production begins at SK10 (Helang Gas Field) in Malaysia
- 2008 • Power generation begins at Kawasaki Natural Gas Power Generation Plant
- 2008-2012 • Gradual expansion of Hitachi Metal Recycling Complex (HMC)
- 2009 • Production begins at Tangguh LNG in Indonesia
- 2010 ■ JX Group established
- 2011 • JX Metals Precision Technology Kakegawa Works opens (functional materials)
- 2012 • TomenGeneral Group established
- 2013 • Production begins at Caserones Copper Mine in Chile

- 2013 • Installation of mega solar facilities (currently 18 locations, 46,000 kW)
- 2014 • Production begins at PNG LNG in Papua New Guinea
- 2014 • Production begins at Ulsan Aromatics in South Korea (overseas petrochemical business)
- 2014 • Sequential opening of hydrogen stations (43 locations as of September 2020)



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

- 2016 • Start of ENEOS Denki electricity retail business for homes

2017 Establishment of JXTG Holdings

Strengthening the business foundation by pursuing structural reforms through business integration

- 2017 • CO₂-EOR (enhanced oil recovery) project in the United States begins operations
- Commercial production begins at Layang oil and gas field off the coast of Sarawak, Malaysia



2018

- Tantalum and niobium business acquired



High-purity tantalum powder

- Accelerator program for new business creation launched
- Commercial production begins at Beryl gas field off the coast of Sarawak, Malaysia

Note: For more information about our history up to the establishment of ENEOS Holdings, see pages 89 to 90.

2019

- Long-Term Vision to 2040 announced
- Emerging Business Development Department and ESG Strategy Development Department established
- Signing of statement of support for the TCFD recommendations
- Successful verification of the world's first technology for CO₂-free hydrogen
- Integration of SS brands into the ENEOS brand
- Start of ENEOS Toshi Gas (city gas) retail business for homes
- Participation in an offshore wind power project in Taiwan
- Participation in a natural gas fired thermal power plant project in the state of Ohio
- Production begins at Mariner oil field and Culzean gas field in the UK North Sea

Further development of growth businesses

2020

- Change in smelter business structure (Saganoseki Smelter and Refinery: made into wholly owned subsidiary of JX Nippon Mining & Metals Co., Ltd.)
- Commercial operation begins at Muroran Biomass Power Plant
- CDO Office established
- Change in Group management structure and trade name changed from JXTG to ENEOS



ENEOS Denki / ENEOS Toshi Gas sales website
(Available in Japanese only)

Value Creation Story **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 are utilizing the facilities and assets, customer base and brand power we have developed in our petroleum business for the supply of next-generation energy and the enhancement of community services. Meanwhile, in addition to providing advanced metal materials to businesses and industry, we are expanding our recycling business, contributing to the formation of a recycling-oriented society.

These are our strengths: a diverse, global supply chain that spans our entire range of operations from resources development to manufacturing, sales and recycling; Japan's largest refining, production and supply network; and innovative technologies represented by our lineup of advanced materials.

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 Businesses and Strengths

Oil exploration

Exploration, development and production in 10 countries around the world

Equity-entitled crude oil and natural gas production volume

110,000

bbl/day

(Natural gas sales ratio: **63%**)

Oil transport

Stable and efficient oil transport



Resources development

Transport

Copper mine development

Efficient mining operations for stable extraction of natural resources

Equity-entitled copper mine production volume

210,000
tons/year



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 needs

Power generation capacity

1.62
million kW
(Renewable energy:
(Approx. 0.12 million kW))

Oil refining

Largest oil refining capacity in Japan

Crude 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

Approx.
690,000
contracts
ENEOSでんき

Community services

Laundromats / Car sharing services



Hydrogen stations

Responding to demand for new energy

Market share in Japan

Approx. **32%** (43 locations)



Fuel oil sales

Market share of fuel oil sales in Japan Approx. **47%** (No.1 in Japan)

Petrochemical manufacturing and sales

Paraxylene supply capacity **3.62** million tons/year
(direct sales basis)
(No.1 in Asia)



Propylene supply capacity **1.7** million tons/year
(direct sales basis)
(No.1 in Asia)



Lubricant 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

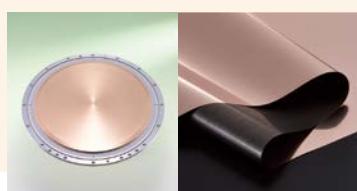


Manufacturing and sales

Electronic materials manufacturing and sales

Advanced materials underpinning information society

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



Recycling

Number of recycling collection sites

9 in Japan and overseas



Value Creation Story **Strategy and Value Created**

Through the formulation and execution of the Medium-Term Management Plan, a milestone for attaining our envisioned goals for 2040, we are working toward the realization of our Long-Term Vision.

We draw up a Medium-Term Management Plan every three years as a milestone toward attaining the envisioned goals for 2040 set out in our Long-Term Vision.

In the second Medium-Term Management Plan, we aim to maximize cash flows by strengthening the business foundation and accelerate our transformation by developing and strengthening

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

In fiscal 2020, we reviewed the Long-Term Vision, established in 2019, and added the achievement of carbon neutrality as a new target.

FY2017–FY2019 First Medium-Term Management Plan

Carry out structural reforms

Maximize synergies of business integration, etc.

FY2020–2022 Second Medium-Term Management Plan

Pursuing transformation aimed at achieving the Long-Term Vision

Continue and accelerate structural reforms

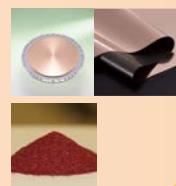
Stable financial base

Develop & strengthen growth businesses



Group strengths

Development of efficient supply chain, SS network, advanced materials, etc.



- Utilize digital technology (pursue digital transformation)

See page 20 for details.

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

See pages 21 to 24 "Special Feature: Open Innovation" for details.



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

Pursuit of carbon neutrality (in our own CO₂ emissions)

See pages 15 to 16 for details.

- Progressive optimization of the supply chain
- Utilization of our relationships with customers to roll out new services
- Continuous creation of new materials

Social value created

Through our business activities
(Five key items)



Through corporate activities
(Five key items)



Long-Term Vision to 2040**ESG Management for Sustainable Growth**

The Group's Long-Term Vision to 2040, announced in May 2019, contains the Group's envisioned goals and an overview of future businesses for achieving these goals, based on social scenarios for 2040. These scenarios include acceleration toward a low-carbon society worldwide, rapid evolution of innovation such as IoT and AI and lifestyle changes along with this innova-

tion, and growing momentum for corporate social responsibility represented by the SDGs.

We will further advance ESG management through the achievement of our envisioned goals and the creation of social and economic value (See Part II on pages 39 to 68).

Our 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

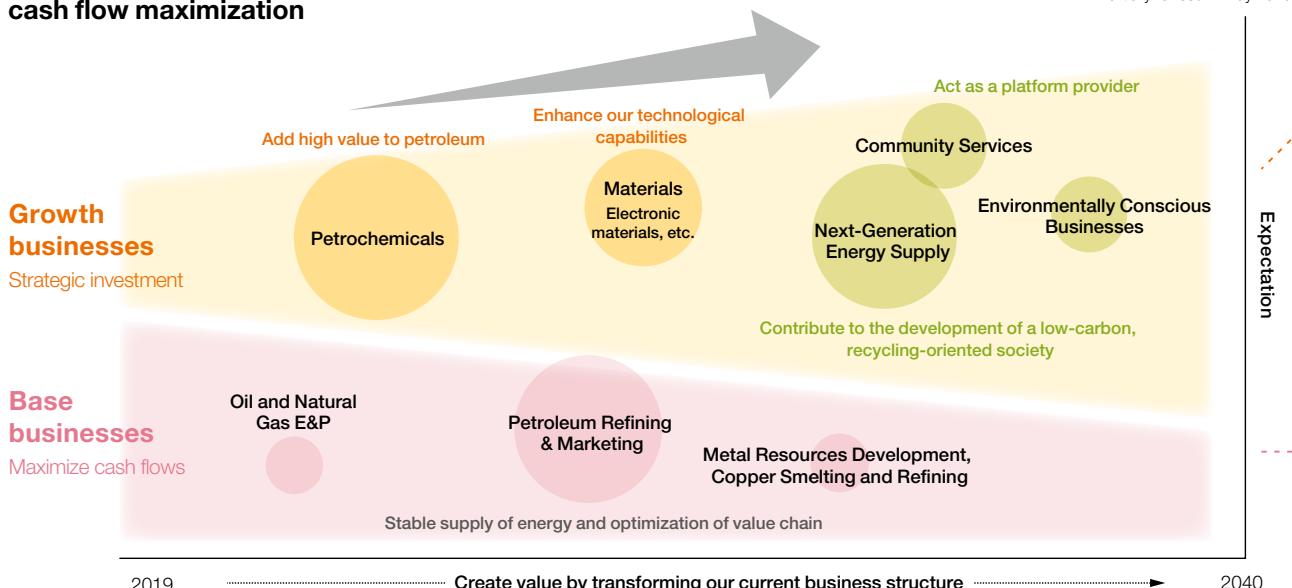
The ENEOS Group will contribute to the development of a low-carbon, recycling-oriented society through the enhancement of environmentally conscious businesses and the pursuit of carbon neutral status in its own CO₂ emissions. (See figure at right)

Overview of Our Future Businesses

The Group's businesses were categorized into growth businesses, which we will develop to 2040 through strategic investment, and base businesses, through which we will maximize cash flows. The sizes of the bubbles in the figure indicate the expectations of management and the commitment to invest management resources.

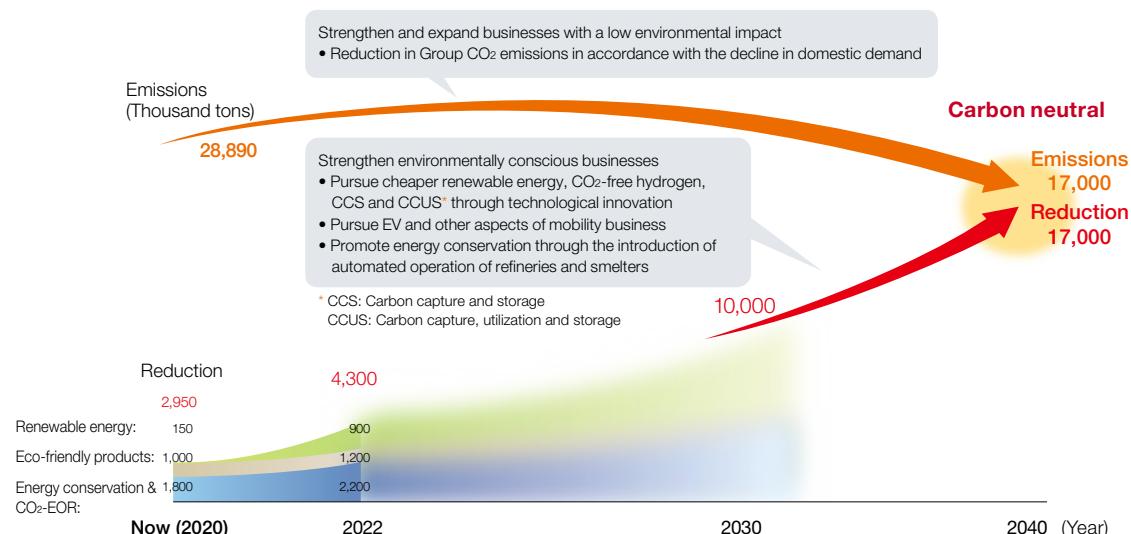
Pursue both strategic growth and cash flow maximization

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



Achievement of carbon neutrality in 2040 added as a new policy

We aim for carbon neutrality in our own CO₂ emissions in 2040 by strengthening and expanding businesses with a low environmental impact and strengthening environmentally conscious businesses.



Petrochemicals

- Refinery transformation to produce more chemical products (introduce more advanced processing, strengthen industrial complex, etc.)
- Advance into high-value-added derivatives business and expand globally

Materials (Electronic Materials, etc.)

- [Electronic materials] Innovate and commercialize world-class, technology-based products
- [Electronic materials] Expand lineup of new electronic materials to contribute to IoT society (high-function materials and advanced materials)
- [Lubricants] Develop products and marketing network in line with global trends
- [High-performance materials] Strengthen competitiveness of products that enable sustainable growth (focus areas: next-generation vehicles, next-generation housing and the nutrition sector)

Next-Generation Energy Supply / Community Services

- Develop optimal portfolio of power generation in line with growth of electricity businesses in Japan and overseas
- Implement large-scale renewable energy projects such as offshore wind power, geothermal power, etc.
- Create CO₂-free hydrogen business, e.g. overseas hydrogen manufacturing/shipment project and hydrogen power plants
- Create community development businesses in collaboration with local partners
- Develop energy service platform businesses and expand overseas
- Transform our service station network into a platform for providing various services (strengthen our relationship with customers through digital technology and produce new services)
- Create mobility services business for car sharing, ride sharing, self-driving vehicle dispatch, etc.

Environmentally Conscious Businesses

- Recycle minor metals including LIB for vehicles
- Make efforts to achieve carbon recycling
- Enhance plastic recycling in collaboration with local and national governments

Petroleum Refining & Marketing

- Maintain profitability through drastic transformation and continue stable supply of petroleum products to customers
- Establish stable and efficient refinery operations with digital technology and energy-saving technology
- Pursue greater efficiency in our value chain by utilizing digital technology and provide this expertise in the form of services to overseas downstream businesses

Oil and Natural Gas E&P

- Maximize cash flows through stable and efficient operation
- Seek gas business opportunities arising from increasing demand in Asia

Metal Resources Development, Copper Smelting and Refining

- Maximize cash flows through stable and efficient operation
- Acquire core technology for more innovative technology
- Become the most competitive smelter and refinery in Asia in terms of quality, cost effectiveness, and environmentally friendly operation

Growth Businesses

Base Businesses

Second Medium-Term Management Plan (FY2020–FY2022)

Pursuing Both Implementation of Business Strategy to Achieve the Long-Term Vision and Management Focusing on Cash Flow

We formulated our second Medium-Term Management Plan and announced it in May 2020. We will now work to accelerate reforms to achieve our Long-Term Vision while maintaining the

stable financial base established by the first Medium-Term Management Plan.

First Medium-Term Management Plan (FY2017–FY2019) Results

We positioned the first Medium-Term Management Plan as an execution plan for drastic transformation. The basic policy of the plan comprised three components: enhancing the profitability of core businesses, focusing on cash flows and capital efficiency,

and strengthening the business foundation. Through initiatives carried out under this basic policy, we maintained a stable financial base and achieved the following results.

Basic Policy	First Medium-Term Management Plan Results		
	Energy	Oil & Natural Gas E&P	Metals
Enhancing profitability of core businesses	<ul style="list-style-type: none"> Maximized integrated synergies Integrated under the ENEOS brand Made Muroran a business location, decided to halt the refining function in Osaka, etc. 	<ul style="list-style-type: none"> Started production at projects in Malaysia, Abu Dhabi, and the North Sea 	<ul style="list-style-type: none"> Strengthened profitability of Caserones Increased production capacity of treated rolled copper foil and other electronic materials
Focusing on cash flows and capital efficiency	<ul style="list-style-type: none"> Strengthened the electric power and gas businesses, including renewable energy Divested the cell culture material business 	<ul style="list-style-type: none"> Divested interest in Syncrude oil sands project in Canada 	<ul style="list-style-type: none"> Acquired tantalum and niobium business Optimized copper mine equity interest
Strengthening the business foundation	<ul style="list-style-type: none"> Worked on project to introduce ERP, internal controls based on global standards, and ESG management Transitioned to a company with an Audit and Supervisory Committee Formulated the JXTG Group Long-Term Vision to 2040 Announced reorganization of Group management structure and trade name change to ENEOS Group in June 2020 		

**Generated three-year cumulative free cash flow of 828.7 billion yen
(Initial plan: 500 billion yen)**

Basic Policy of Second Medium-Term Management Plan (FY2020–FY2022)

The basic policy of the second Medium-Term Management Plan is to pursue both implementation of business strategy to achieve the Long-Term Vision and management focusing on cash flow, as well as strengthen the business foundation. While pursuing further structural reforms, we will also develop and strengthen our growth businesses. In addition, we will utilize digital technology along with knowledge from different industries and areas to further increase the competitiveness of our supply chain and SS network.

We plan to allocate 830 billion yen for strategic investment. Half

of this will be spent on next-generation energy supply and community services as well as environmentally conscious businesses, in accordance with the growth strategy of our Long-Term Vision. We will continue to carry out rigorous management of investments, taking into account risks and opportunities.

As for shareholder returns, we will reflect consolidated business results and prospects as a basic policy, while striving to maintain stable dividends.

Framework of the Second Medium-Term Management Plan

Basic Policy

■ Pursue both implementation of business strategy to achieve the Long-Term Vision and management focusing on cash flow

- (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) Maintain the soundness of the financial base and allocate cash flow appropriately

■ Strengthening the business foundation

- Strengthen the effectiveness of governance (Develop the management system to enable speedier decision-making and strengthen monitoring by the Board of Directors, etc.)
- Strengthen system platforms (Realize the benefits of newly introduced ERP, strengthen security, and support diverse workstyles through the use of IT tools)
- Implement measures to develop and secure human resources
- Pursue constructive dialogue with stakeholders

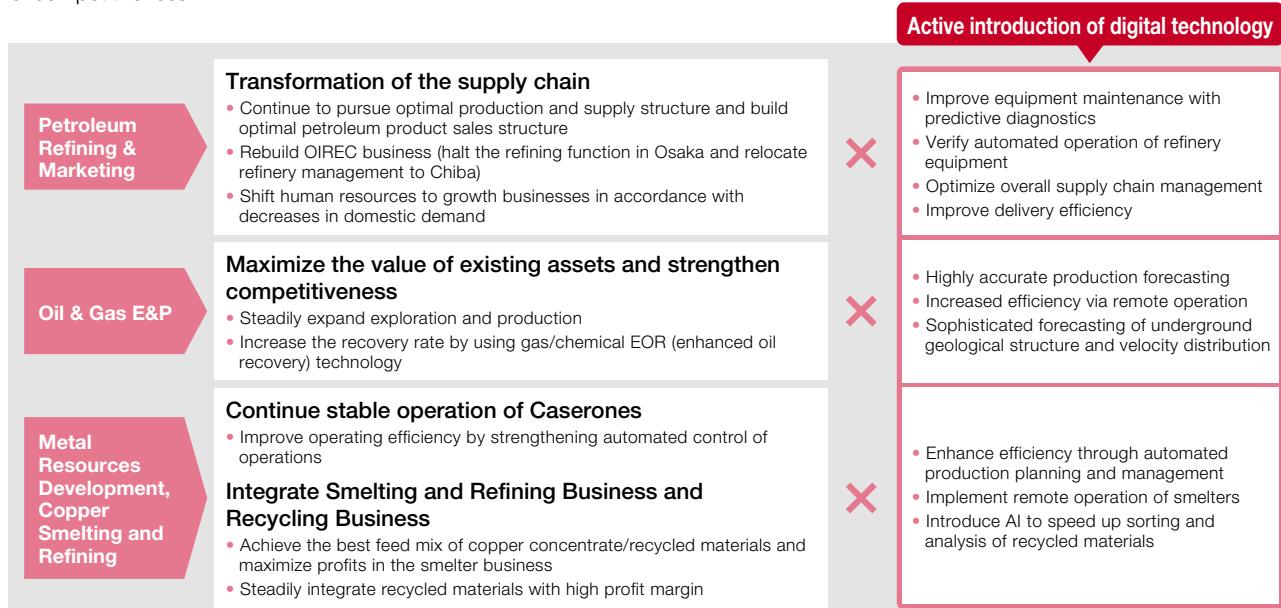
Financial Plan (Three-Year Cumulative)

Operating income excluding inventory valuation	Capital investment & financing / Sale of property		
970 billion yen	1,500 billion yen / 150 billion yen		
Free cash flow	Net D/E ratio	ROE	Total return ratio
150 billion yen (excluding the impact of lease accounting)	0.8 times or lower (on a total asset basis)	10% or higher	50% or more (excluding inventory valuation)

Business Strategy

Base businesses

We will strengthen international competitiveness by introducing new technologies and optimizing production structures while ensuring a safe and stable supply. In particular, we will focus on automated operation and remote operation, which are directly tied to the strengthening of competitiveness.



Growth businesses

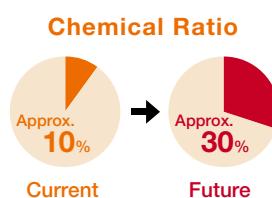
We will develop and strengthen the following four growth businesses to build a resilient business portfolio.

Petrochemicals

- Implement concrete measures for increasing the chemical ratio¹**

Pursue the alliance with Mitsubishi Chemical Corporation with the ultimate goal of zero gasoline production at the Kashima industrial complex and make inroads into derivatives areas where we have strengths

- Expand the scale of technologically superior products² (double production capacity by 2030)**



¹ Chemical ratio: The ratio of the volume of chemical products to the volume of all products produced from crude oil processed at the Kawasaki, Kashima, Mizushima, and Oita industrial complexes

² Product examples: Hydrogenated petroleum resin (used as an adhesive in disposable diapers), ENB (used as an additive in synthetic rubber for vehicle parts), electrical wire insulation material (used for specialty electrical wire such as high-voltage and ultra-high voltage wire)

Materials (Electronic Materials)

- Capture rising demand accompanying growth of 5G and rebound in the memory segment
- Improve products while steadily establishing production capacity
- Develop new businesses using M&A and open innovation



Compound
semiconductors
(Indium-phosphorus)



Treated rolled copper foil



High-purity tantalum
powder

Next-Generation Energy Supply and Community Services

We will build an ENEOS platform that provides services in mobility, lifestyle support and energy utilizing our SS network and distributed power sources

Utilization of SS network

- Build a car delivery and sharing business model
- Develop a car leasing business
- Conduct a verification trial of an enroute EV charging service
- Build a new lifestyle support business via alliances/collaboration
- Expand lifestyle support services utilizing the strength of the ENEOS brand

Mobility services



- Car maintenance
 - Car sharing & leasing
 - Vehicle delivery
 - Enroute charging service
 - EV-related services
 - Self-driving EV ride sharing
- ...etc.

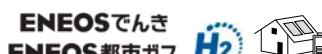
Lifestyle support



- Convenience stores and cafes
 - Laundromats
 - Parcel delivery boxes
 - Healthcare
 - Laundry service and delivery
 - In-home lifestyle services
- ...etc.

ENEOS platform

Energy services



- Fuel oil sales
 - ENEOS Denki, city gas, and hydrogen
 - Household consumption support
 - VPP business
 - Community-based businesses
- ...etc.

Use of distributed power sources

- Expand customer base and build optimal portfolio of power generation sources

Expand ENEOS Denki customer base, develop thermal power plants, and expand renewable energy power generation capacity

- Create energy services that make full use of in-house resources

Household consumption support services, VPP verification

- Conduct verification trial aimed at building an overseas hydrogen supply chain

Conduct joint project on the storage and transport of CO₂-free hydrogen

Provide the highly convenient services customers want by linking all sorts of data, creating a database, and offering the services through apps

Environmentally Conscious Businesses

Recycling

- Verify recycling of waste plastics into oil
- Build “lease-reuse-recycle” model for storage batteries used for EV buses
- Commercialize recycling of lithium-ion batteries for vehicles

CCS/CCUS

- Utilize technologies developed through the U.S. CO₂ EOR business
- Collaborate with strategic partners in evaluating business potential

Reinforcement Measures for Realizing Strategies

Pursuit of Digital Transformation (DX)

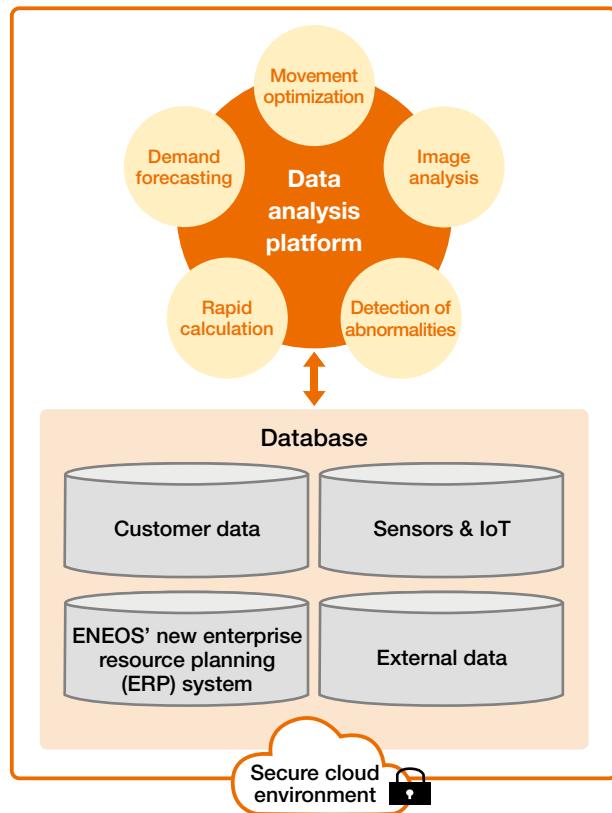
The ENEOS Group is working on company-wide DX with the goal of increasing the efficiency of our base businesses and creating innovative products and services. We are already in the process of conducting more than 40 cross-functional digitalization trials.

In July 2020, we established the DX Promotion Committee, chaired by the CDO³, to push ahead with DX using a top-down approach. In addition, we established the Office of the CDO, aimed at developing human resources for DX and generating greater company-wide momentum for these initiatives.

We will use our data analysis platform, which consolidates various forms of internal and external data, to build a digital platform. We will combine this digital platform with the real platform of our service station network, one of our strengths, to transition to a platform that can provide the necessary services in a comprehensive manner.

³ CDO: Chief digital officer, responsible for promoting digitalization within the Group

Building a Digital Platform in the Energy Business



Securing and Developing Human Resources

Securing and developing human resources who will carry out the execution of our strategies is of vital importance to the Company. We will implement the following measures with an eye toward moving away from conventional human resource measures and pursuing transformation.

Human Resource Measures

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

Special Feature

Open Innovation

Establishment of the Emerging Business Development Department

The ENEOS Group is optimizing its business portfolio under the ENEOS Group Long-Term Vision to 2040. As part of these efforts, we are now accelerating partnerships with different industries and fields across all of our businesses in order to pursue the potential of our growth businesses (see pages 15 to 16).

The Emerging Business Development Department, established in April 2019, is working to effectively combine the Group's abundant management resources with outside knowledge and

technologies. We are steadily planting the seeds for future businesses using all-new approaches while also utilizing the technologies and know-how of our base businesses (see pages 15 to 16).

Vision of the Emerging Business Development Department

Transforming ourselves along with innovators
to pass on value to future generations

Pursuing collaboration in three core domains for realization of the Long-Term Vision

Core Domains



- Local infrastructure service platform centered on energy supply
- New sustainable mobility infrastructure



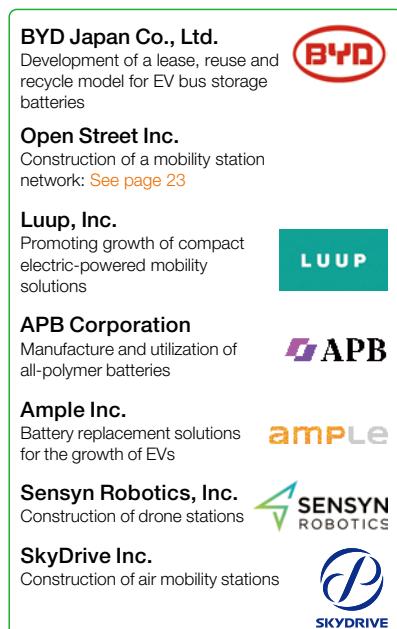
- Carbon neutral in the Group's own CO₂ emissions
- Sustainable material recycling model



- Transformation of operations using AI
- Cutting-edge technologies that pave the way for new business creation

Status of Collaboration

(See latest information as of September 2020 at: <https://www.eneos-innovation.co.jp/english/>)



Community services

Next-generation energy supply

Environmentally conscious businesses

Petrochemicals

Materials
(electronic materials, etc.)

Accelerating the development of growth businesses in the Long-Term Vision through collaboration



Inspired Lab is the home of the Emerging Business Development Department, where day-to-day engagement with outside parties helps to produce new ideas.

Speed of Execution for the Creation of New Business With “Leapfrogging” as the Keyword

The mission of the Emerging Business Development Department is to create the growth businesses described in our Long-Term Vision. As our petroleum business and other mainstay businesses will continue to contract over the long term, we must create businesses from all-new perspectives under the concept of “leapfrogging” in order to contribute to the coming low-carbon, recycling-oriented society. Based on this commitment, we established corporate venture capital (CVC) in October 2019. We will now share our commitment and resources with start-up companies to foster businesses that will blossom in the future, rather than focusing on recouping our investment over the short term.

The unique trait of this department is its speed of execution. Under the second Medium-Term Management Plan, the department has been allocated 15 billion yen for investments, and a little over one year since its establishment, we have completed nine investments totaling 3.7 billion yen. Speedy decision-making has made it possible to launch businesses over the short time horizon of three to four months. Collaboration partners were initially recruited through an accelerator program*, but today we are taking the lead in scouting for new partners. Our ultimate goal is for companies to want to join us in our core domains based on their own capabilities.

We plan to complete the seed-planting phase during fiscal 2020 and move onto the commercialization phase from fiscal 2021. Business operations will be handled by existing business departments, and when needed, we will consider establishing new business departments or even M&A. The 21 members of our department constitute a diverse workforce selected from Group companies. Members are assigned to individual projects and they assume responsibility for execution. We now seek to build an even more diverse staff through efforts such as mid-career hiring and the Challenge X program for open recruitment in-house. In the future, we will also consider personnel exchanges with start-up companies.

Through our initiatives and the resulting businesses, we aim to

reduce carbon emissions, promote resource recycling, and resolve other ESG challenges of the changing times.

* A program launched in July 2018 for the creation of new businesses with venture companies

Characteristics of the Organization

Approval authority	Approval authority independent of the Group
Speed of execution	Considerable speed in decision-making within the department
Size of investment	CVC fund able to invest hundreds of millions of yen per investment
Members	21 professionals hired in-house and from outside the company (as of August 31, 2020)
Office environment	Open environment accessible to start-up firms

Yazaki Yasunori

General Manager,
Emerging Business
Development Department
Executive Officer
ENEOS Holdings, Inc.



SP**Open Innovation****Establishment of the Emerging Business Development Department****Example****Community Development and Mobility****Clean and Comfortable Mobility Platforms**

Sharing-based mobility, such as car sharing, is in the spotlight because of its highly economical and convenient nature. Open Street provides bicycle and scooter sharing services at more than 200 locations across Japan.

Open Street is now working with local governments to promote a smart city concept by analyzing and utilizing the movement data of people using IoT and AI technologies. Through our capital alliance with Open Street, the Group has begun examining the use of in-vehicle batteries and recharging solutions for sharing-based mobility. In the future, we will evolve these solutions into mobility stations that are eco-friendly, comfortable and disaster-resilient. After establishing a track record, these stations will not only function as energy infrastructure, but we will also expand peripheral services in each community centered around these mobility stations.

**Open Street Inc.**

Address: 1-9-2 Higashishimbashi, Minato-ku, Tokyo
Representative: Yokoi Akira, Representative Director
Business lines: Provision of sharing-based mobility services as well as development and provision of IoT devices
Shareholders: Yokoi Akira, Sato Takeshi, SoftBank Corp., and Z Corporation Inc.
Established: November 1, 2016

Example**Low-Carbon, Recycling-Oriented Society****Solar Sharing Effectively Utilizing Abandoned Fields**

By balancing solar power generation and agriculture on the same site, solar sharing can, for example, resolve the mutual issues of a shortage of farm successors and securing sites for use as solar power plants. Agritree Co., Ltd. is engaged in a number of services in this field, from consulting for farmland solar power systems to construction and operation.

The Group expects to generate synergistic effects between Agritree's business and our renewable energy business. We plan to combine both companies' technologies and know-how for solutions to issues involving abandoned farmland and diversification of revenue streams. Together we will work toward the growth of solar sharing while improving facilities costs and farming productivity.

**Solar Sharing****Power generation**
Knowledge of ENEOS and Agritree**Farming operations**
Robots, drones, AI, etc.

Further cooperation aimed at reducing facilities costs and raising the efficiency of farming operations

Agritree Co., Ltd.

Address: 2-120 Nakabaru, Nakagawa City, Fukuoka
Representative: Nishi Koji, Representative Director
Business lines: Consulting, design, materials procurement, installation, and maintenance for solar sharing and consulting for farm management
Shareholders: Nishi Koji and Huis Ten Bosch, Inc.
Established: July 27, 2018

Message

It all started with the fiscal 2018 accelerator program. With the support that only an energy professional can provide, we are now working to tap into new partners and crystallize business ideas. Our partnership with the ENEOS Group has also boosted our credibility among customers.

Nishi Koji

Representative Director
Agritree Co., Ltd.



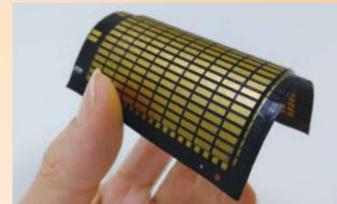
Example**Low-Carbon, Recycling-Oriented Society**

Thermoelectric Devices That Convert Waste Heat to Electrical Energy

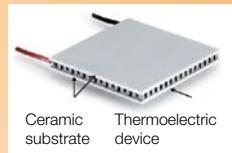


In the world today, there are still many forms of energy that are not being utilized, for example, waste heat at factories. If waste heat can be efficiently converted to electricity, it is expected that vast energy conservation effects can be achieved. E-ThermoGentek Co., Ltd. possesses promising thermoelectric device technologies that can realize this vision. A thermoelectric device is a module with semiconductors that converts temperature differences into electricity. Although researched for many years, thermoelectric devices could not be commercialized due to difficulties in the structural design for maintaining the power generation function. E-ThermoGentek has overcome this difficulty by giving greater flexibility to the materials.

Through our partnership with E-ThermoGentek, the Group aims to achieve the effective use and self-sustainability of energy. We will also contribute to the broad social implementation of this technology, including at our own business sites.



E-ThermoGentek's power generation module, compatible with a wide range of equipment shapes



Conventional products

E-ThermoGentek Co., Ltd.

Address: 102 Kujo CID Bldg. 13 Higashikujo-shimotonoda-cho, Minami-ku Kyoto City, Kyoto
Representative: Nambu Shutaro, Representative Director
Business lines: Research, development, manufacture and sales of thermoelectric devices
Shareholders: Real Tech Holdings Co., Ltd. and individual investors
Established: February 26, 2013

Launch of Program Encouraging In-house Entrepreneurship

The Group is promoting a cultural transformation in-house at the same time as its collaboration with outside entities. The Challenge X program, which aims to foster in-house entrepreneurship to commercialize the ideas of individual employees, is one such initiative. Any employee can freely submit their own ideas, and in fiscal 2019, the first fiscal year of Challenge X, more than 200 ideas were submitted. In March 2020, the selection committee finalized nine ideas from these 200 after document screening, interviews, and presentation judging. Judges (outside parties) and ENEOS Group executive management carefully reviewed the details of each solution in terms of anticipated customer issues and social significance based on presentations by the entrants. The entrant selected for the grand prize after receiving the highest score from the judges has already begun activities aimed at commercialization.

Through this program, the Group will continue to foster a corporate culture that embraces challenges and accepts failure as a learning opportunity. We will also accelerate the creation of new value by utilizing the unique ideas of a diverse range of human resources.

Award Winning Ideas of Fiscal 2019

Grand Prize

Iza-jp driving tourism for foreign nationals

Runner Up

Reduction of sericulture costs using novel technology
Sekaifu Genki Project: Providing clothing using "sekaifu" that connects the world
Dr. Carrot Pj: Using freshly squeezed carrot juice to resolve the issue of low vegetable consumption among businessmen



Takamine Kei (at right), winner of the grand prize (workplace at the time: Administration Group, Kyushu Branch Office) and ENEOS Holdings Chairman of the Board Sugimori Tsutomu

Interview with the President



We will develop growth businesses aimed at the realization of our Long-Term Vision, with the goal of becoming one of the most prominent and internationally competitive energy and materials company groups in Asia.

Ota Katsuyuki
Representative Director, President
ENEOS Holdings, Inc.

Q1

What is your mission and role as the new president?

A1

I was appointed president of ENEOS Holdings at the same time as the announcement of our second Medium-Term Management Plan. My mission is to lead our transformation into a company that creates a bright future.

My mission and role is clear. I will lead the transformation of our business structure, organization and corporate culture in order to become a company that creates a bright future, with an eye toward achieving our Long-Term Vision.

I believe the key to a company's profitability, and as an extension its continuity, is the recognition of its existential value for engaging in business activities that support society and finding solutions to social issues.

Our Long-Term Vision, announced in May 2019, presents our vision for the ENEOS Group to fulfill a necessary role in society well into the future based on the worldwide trend toward a low-carbon, recycling-oriented society. As fossil fuels is one of our base businesses, achiev-

ing this vision will be a major challenge. To this end, senior management held a number of frank discussions during the process of formulating the Long-Term Vision and the second Medium-Term Management Plan, which is a milestone of this vision.

Therefore, I recognize that achieving the second Medium-Term Management Plan carries great importance not only for the Group, but also for the future of society. In 2020, the first fiscal year of the second Medium-Term Management Plan, an important turning point, I was appointed president of ENEOS Holdings, and I am now charged with leading the Group. Under the concept “taking on the challenge of transformation,” I am working together with our employees as we strive to achieve the Group’s vision.

Q2

Looking back on the first Medium-Term Management Plan, what were some of the challenges that emerged?

A2

We reaffirmed the importance of a resilient business portfolio that can flexibly respond to major environmental changes, such as commodity price volatility and the COVID-19 pandemic.

One characteristic of the Group’s operations is that they are easily affected by the prices of commodities such as oil and copper. For example, in fiscal 2014 and 2015, we posted significant operating losses due to impacts from the collapse in oil prices. Consequently, we pushed ahead with the business integration of the JX Group and the TonenGeneral Group as the market recovered in fiscal 2016 in order to reinforce our earning power. The integration was completed in fiscal 2017, which also marked the start of the first Medium-Term Management Plan.

Under the first Medium-Term Management Plan, we developed our businesses under the three basic policies of “enhancing the profitability of core businesses,” “focusing on cash flows and capital efficiency” and “strengthening the business foundation.” Overall, in addition to improvement in the market environment, we generated synergies from the business integration that were greater than expected, and improved profitability through organic efforts, such as boosting earnings from the Caserones Copper Mine, which helped to strengthen our financial base.

In terms of “enhancing profitability of core businesses,” in our energy business we achieved integration synergies of 122.5 billion yen, which greatly exceeded the plan of 100.0 billion yen. We also pushed ahead with initiatives to reduce refining capacity and increase competitiveness in sync with declining demand for petroleum products and brand integration. Moreover, in our metals business, the Caserones Copper Mine achieved an operating profit through improved earning power, which had been a challenge, and we implemented various measures to strengthen competitiveness, including steadily boosting our production capacity for electronic materials.

As for “focusing on cash flows and capital efficiency,” we moved ahead with selling businesses and assets that did not align with the Group’s strategy, while reinforcing our electricity and gas businesses, including renewable energy, and acquiring a tantalum and niobium business. Stability in domestic and international markets coupled with this transformation of our business portfolio resulted in a three-year cumulative cash flow of over 800.0 billion yen.

In regard to “strengthening the business foundation,” we introduced an internal control system and implemented ESG management.

Interview with the President

However, there were challenges as well. As I mentioned previously, one characteristic of the Group's operations is that they are easily affected by the prices of commodities such as oil and copper. In fiscal 2019, the final fiscal year of the first Medium-Term Management Plan, we posted rather severe financial results due to the sharp drop in commodity prices, stagnant petrochemical product prices, and impacts of the COVID-19 pandemic. As a result, we fell short of our targets for operating income and ROE, despite having achieved the target of strengthening our financial base, including free cash flow and net D/E ratio. Seeing how our performance was affected by market conditions and commodity prices reaffirmed just how challenging it is to establish a resilient business portfolio.

For details regarding the results of the first Medium-Term Management Plan, see page 17.

Results of the First Medium-Term Management Plan

	Management Targets	FY2017	FY2018	FY2019
Operating income (excluding inventory valuation)	500.0 billion yen	372.6 billion yen	515.7 billion yen	96.7 billion yen
Free cash flow	500.0 billion yen (FY2017–2019 cumulative)	612.0 billion yen	749.3 billion yen (FY2017–2018 cumulative)	828.7 billion yen (FY2017–2019 cumulative)
Net D/E ratio	0.70 times or lower	0.62 times	0.59 times	0.70 times
ROE	10% or more	15.2%	12.3%	-7.5%

Q3

What are the main points of the Long-Term Vision to 2040 and the second Medium-Term Management Plan?

A3

During the second Medium-Term Management Plan, we will accelerate business structure reforms for the achievement of our Long-Term Vision.

The envisioned goals laid out in our Long-Term Vision cover three themes: "become one of the most prominent and internationally competitive energy and materials companies in Asia," "create value by transforming our current business structure," and "contribute to the development of a low-carbon, recycling-oriented society." Regarding "contribute to the development of a low-carbon, recycling-oriented society," we aim to be carbon neutral in 2040. During the three years of the second Medium-Term Management Plan, we will make steady progress with reforms aimed at the realization of these envisioned goals.

The focus of the second Medium-Term Management Plan is the acceleration of the structural reforms that we have pursued up to now and the development of a resilient business portfolio, having established a firm foothold with the maximization of integration synergies and the strengthening of the financial base during the first Medium-Term Management Plan.

Our ability to execute this transformation has been called into question, especially concerning the development and strengthening of our growth businesses, for which we have planted the seeds.

In accordance with the long-term outlook for the energy business environment, and from a standpoint of resolving climate change issues, we project that electricity will power our lives and that sustainable renewable energy, and over the long-term CO₂-free hydrogen, will become the main way of producing electricity. With this big picture in mind, we will not only utilize the Group's own strengths, but also combine those strengths with digital technology and knowledge from different industries and areas, enabling us to push ahead with comprehensive business reforms and focus on strengthening the earning power of our base businesses while rapidly developing and strengthening our growth businesses.

Petrochemicals business: We will transform our existing refining facilities to produce more chemical products, and move ahead with a high-value-added derivatives business. Specifically, we will tackle the challenge of improving competitiveness and profitability using the shift to chemicals, including development of technologies for utilizing gasoline fractions as other petrochemical products and development of materials in derivatives and other areas where we have competitive strength.

Materials business: We will capture the need for advanced materials in such fields as telecommunications, digitalization, mobility, healthcare equipment, and next-generation batteries, and provide a continuous supply of the materials sought by society in a timely manner. We will achieve higher performance and higher added value by improving products using the Group's electronic materials technology, one of our strengths.

Next-generation energy supply and community services business: We anticipate a move toward regional distributed power sources as the trend toward the concentration of people in urban areas diminishes, depending on future lifestyles and economic activities. We have an efficient supply chain which includes a service station (SS) network covering 13,000 locations across Japan, a robust, trust-driven network of dealers, and large-scale hubs such as refineries. We will fully harness these real networks and utilize our customer databases to not only generate and sell energy, but also to build the ENEOS platform, which will include the provision of various services that are useful to society. We hope to develop this platform into an important pillar of our business portfolio.

Environmentally conscious businesses: We will pursue waste plastic and metal recycling utilizing our refineries and smelters, as well as vehicle lithium-ion battery recycling, demand for which is rising due to the spread of EVs. Additionally, in our upstream oil and gas business, we will expand CCS/CCUS, mainly in Southeast Asia, where we have business knowledge and experience.

For details, see page 17.

Interview with the President

Q4

What impacts has COVID-19 had on your business operations?

A4

We will accelerate initiatives aimed at our envisioned goals to produce results.

The COVID-19 pandemic has brought about unexpected changes on a worldwide scale. In addition to changes in economic and social activities, the pandemic is ushering in a “new normal” and new values. Nevertheless, the Group’s direction of pursuing the development of a low-carbon, recycling-oriented society and digital innovation, as stated in the Long-Term Vision, remains intact. In fact, with the formation of a society that embraces diverse values, the speed of progress in these areas could accelerate even further.

From this standpoint, I feel that our mission will be to further accelerate initiatives aimed at the achievement of the envisioned goals of our Long-Term Vision and produce results at a more rapid pace.

At the same time, the COVID-19 pandemic has highlighted areas that remain necessary and should be considered important in the future. This is the reaffirmation of values that are a matter of course, such as safety, security and healthy living. We continue to fulfill our role of supplying the energy and materials that support people’s lives and society, both during times of normalcy and during emergencies such as natural disasters or global pandemics. The increased resilience of our production and supply systems is vital to our ability to continue to fulfill this role, which represents our existential value.

Through our experience with COVID-19, a number of new measures for efficiency have emerged. For example, in terms of workstyle reform, we have established an IT environment and implemented a number of measures that make it possible, mainly for our office workers, to work from anywhere and at any time. Furthermore, looking ahead, we will fully utilize IoT, AI and robotics to make the entire supply chain, from refineries and smelters to our customers via distribution and our SS, more efficient and sophisticated.

Q5

Why did you add carbon neutrality to “contribute to the development of a low-carbon, recycling-oriented society”?

A5

We clarified our future direction and will use it as a guideline for our business activities.

The transition to a low-carbon society is a worldwide social issue. It also presents major risks and opportunities for the Group as an energy company. I believe that we will be able to continually generate profits into the future only if we face these social issues directly and gain society’s acknowledgement of our existential value through our solutions to them. In order to clearly present this direction to stakeholders inside and outside the company, we added the achievement of carbon neutrality by 2040 as a new policy and included this in our Long-Term Vision together with a numerical target. That is, we aim to reduce CO₂ emissions by 10 million tons in 2030 and by 17 million tons, the equivalent of our total CO₂ emissions, in 2040.

To achieve this target, we will pursue lower-cost renewable energy, CO₂-free hydrogen, and CCS/CCUS through technological innovation, as well as EVs and other aspects of the mobility business, and we will also promote energy conservation through the automated operation of our refineries and smelters.

Q6

What are your initiatives for strengthening human resources and organizations?

A6

We aim to be an organization that moves with speed and agility despite its large size by reforming our corporate culture to think on the go.

The driving force that will help us to pave the way toward an unknown future is our diverse workforce. To ensure that each and every employee can maximize his or her potential, we will promote human resources development, improvement of evaluation and compensation systems, and workstyle reforms. In this manner, we aim to foster a bright and active corporate culture in which we embrace creativity and challenges.

In addition, in an environment of intense change, including digitalization, speed in decision-making is of the essence. As one of our initiatives to speed up the decision-making process, we have reformed the Group's operating structure. We have built a structure where various projects can be implemented quickly by increasing the independence and agility of the companies that run our metals and oil and gas exploration businesses, with our energy business as the de facto holding company. We are now undertaking a major shift of authority to the frontlines of our businesses as we work to clarify accountability for performance and enhance monitoring.

Our goal is to be an organization that moves with speed and agility despite its large size. We will create our own future while responding quickly and flexibly to change and when necessary, staying one step ahead of change.

Q7

What are your thoughts on returning profits to shareholders?

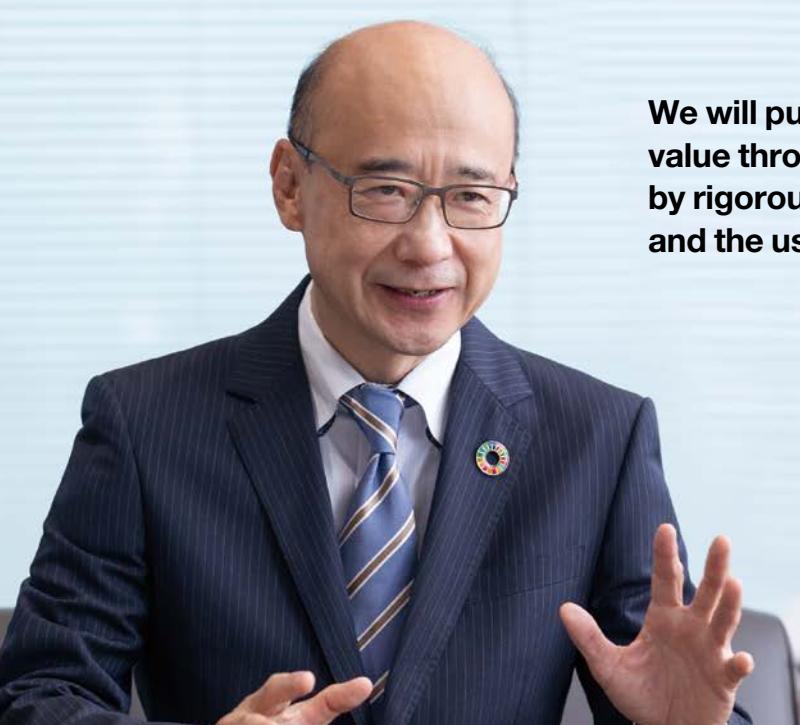
A7

We will maintain a stable dividend and aim to be a company that is recognized for its creation of new value.

Our fundamental approach to shareholder returns is to create a positive cycle where we generate profits from the provision of value in response to the needs of customers and then use these profits to fund shareholder returns. However, given the major changes in the business environment surrounding the Group, we cannot survive by simply maintaining the status quo. Based on this sense of urgency, we will combine our collective strengths to achieve our Medium-Term Management Plan and realize our Long-Term Vision, with the aim of enhancing corporate value by building a business structure that is unaffected by environmental changes for the creation of new value.

I ask for the further understanding and support of our shareholders and other stakeholders as we move forward.

Message from the Managing Executive Officer Responsible for the Finance & Investor Relations Department



We will pursue the maximization of corporate value through a financial strategy underpinned by rigorous management of capital investments and the use of financial leverage.

Tanaka Soichiro

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

Overview of Fiscal 2019

We saw a significant downturn in profits due to the sharp decline in commodity prices coupled with worsening margins for petrochemical products.

Volatility in crude oil prices and copper prices up to the third quarter of fiscal 2019 was limited, despite geopolitical risks in the Middle East. However, the period from January to March 2020, which corresponds to the fourth quarter, saw a significant drop in commodity prices, including crude oil prices, caused by the economic slowdown from the COVID-19 pandemic and the breakdown in OPEC Plus talks on sustaining coordinated output cuts. These impacts caused inventory valuation losses in our energy business and impairment losses in our upstream business. In addition, margins for petrochemical products greatly worsened due to the concentration of new production facilities in China. Meanwhile, we made steady progress in boosting integration synergies under the first

Medium-Term Management Plan and implemented operational improvements and cost reduction measures at the Caserones Copper Mine.

As a result, on a consolidated basis, in fiscal 2019 the Group recorded net sales of 10,011.8 billion yen, down 1,117.8 billion yen over the previous year, and an operating loss of 113.1 billion yen, down 650.2 billion yen over the previous year, which were rather disappointing results. Operating income excluding inventory valuation totaled 96.7 billion yen, down 419.0 billion yen over the previous year. Net loss attributable to owners of the parent came in at 187.9 billion yen, down 510.2 billion yen over the previous year.

Outlook for Fiscal 2020

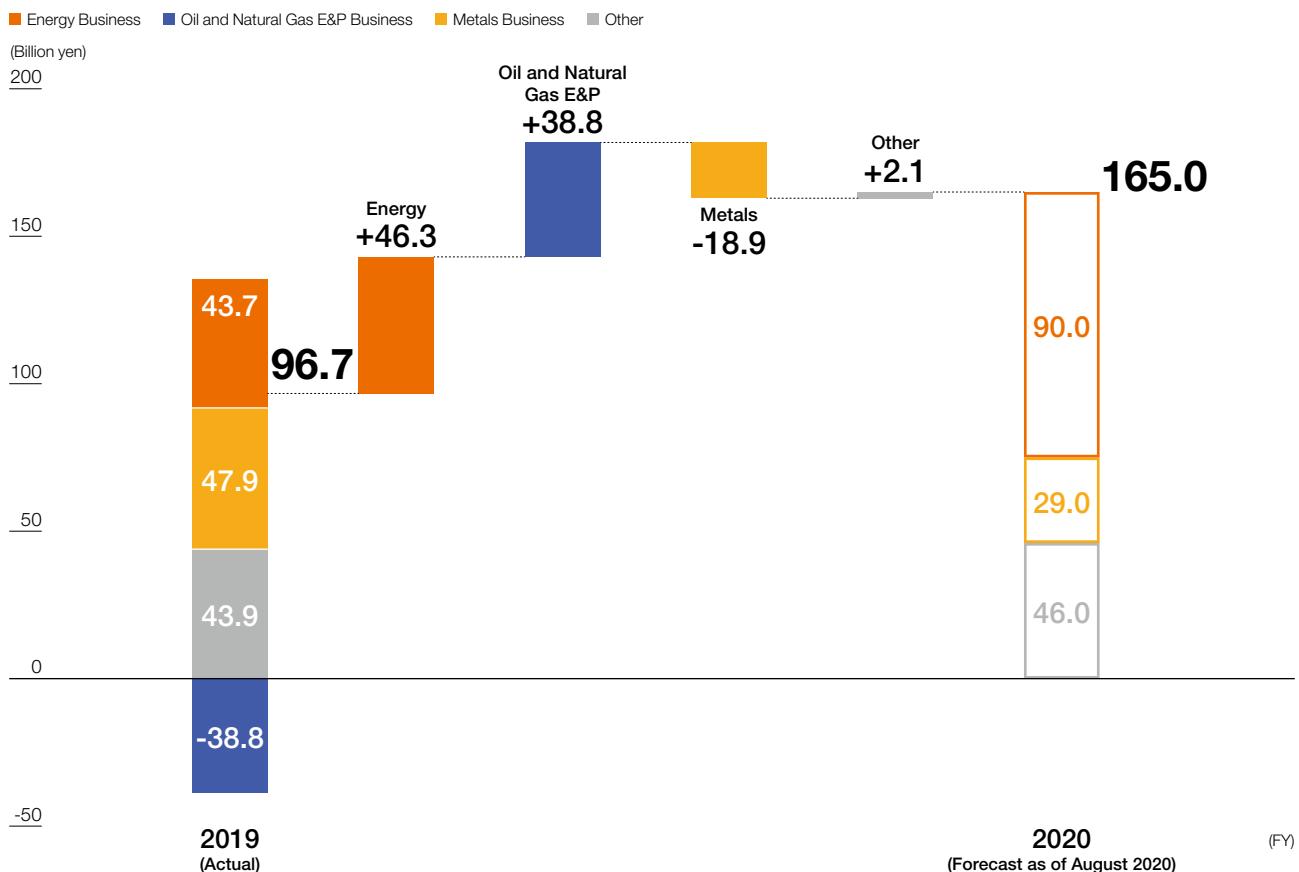
We will carefully monitor the impacts from the COVID-19 pandemic.

The consolidated earnings forecast for fiscal 2020 includes net sales of 7,340.0 billion yen, a decrease of 2,671.8 billion yen versus the previous year, operating income of 110.0 billion yen, an increase of 223.1 billion yen, operating income excluding inventory valuation of 165.0 billion yen, an increase of 68.3 billion yen, and profit attributable to owners of the parent of 40.0 billion yen, an increase of 227.9 billion yen. This outlook is based on the assumption that the decline in sales volume and other effects of the COVID-19 pandemic will last until the first half. We will continue to closely monitor the impacts from

the COVID-19 pandemic going forward.

In the second Medium-Term Management Plan, which began in fiscal 2020, we strive to balance the implementation of our business strategy to achieve the Long-Term Vision and management focused on cash flow. To achieve the targets laid out in the plan, we will strengthen the competitiveness of our base businesses, pursue investment to develop and strengthen our growth businesses, maintain the soundness of our financial base, and allocate cash flows appropriately.

Operating Income Excluding Inventory Valuation



Message from the Managing Executive Officer Responsible for the Finance & Investor Relations Department

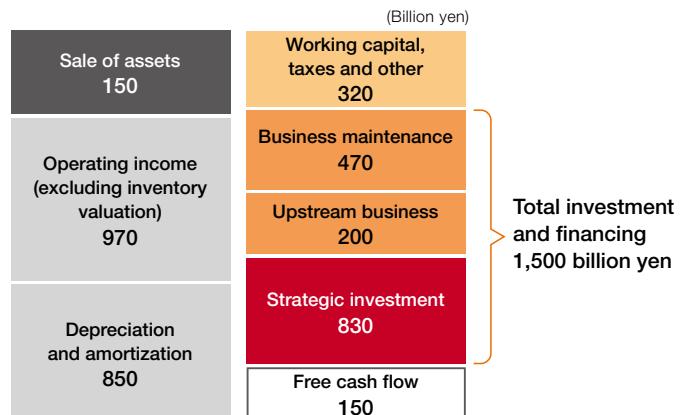
Main Indicators of the Second Medium-Term Management Plan

Management Indicators

Operating income (excluding inventory valuation)	970 billion yen (Cumulative total for FY2020–FY2022)
Free cash flow*	150 billion yen (Cumulative total for FY2020–FY2022)
Net D/E ratio	0.8 times or lower (on a total asset basis)
ROE	10% or higher

* Excluding the impact of lease accounting

Cash Flow Plan (FY2020–FY2022)



Note: Assumptions for the above indicators

	FY2020	FY2021	FY2022
Exchange rate (¥ / \$)	105	105	105
Dubai crude oil price (\$ / bbl)	30	60	60
Copper price (¢ / lb)	250	270	270

Maximizing Our Ability to Generate Cash Flow

We will pursue optimization of our business portfolio and rigorous management of investment criteria.

Under the first Medium-Term Management Plan, the Group established a policy of “focusing on cash flows and capital efficiency” and set a cumulative target of 500.0 billion yen in free cash flow over the three years of the plan.

To achieve this target, we optimized our business portfolio in addition to generating cash from core businesses. We divested our cell culture material business and our oil sands project in Canada, assigned our interest in the Collahuasi Copper Mine, sold the Shin-Nisseki Building, and exited cross-shareholdings.

As a result, we generated cumulative free cash flow of 828.7 billion yen for fiscal 2017 to fiscal 2019, greatly exceeding the target of 500.0 billion yen. Our net D/E ratio at the end of fiscal 2019 was 0.7 times, also achieving the target.

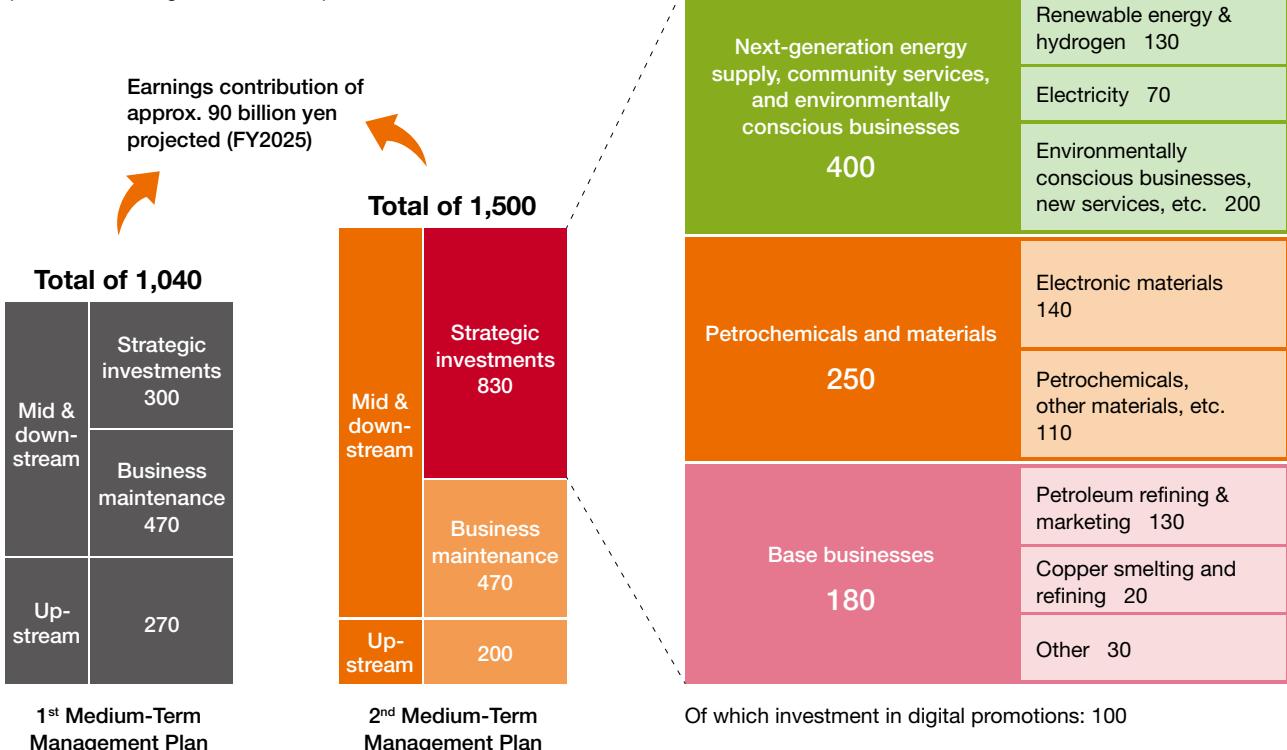
Under the second Medium-Term Management Plan, we established a cumulative three-year (fiscal 2020 to fiscal 2022) target for free cash flow of 150.0 billion yen. This includes

capital expenditures of 1,500.0 billion yen. The plan is to focus on strategic investment in renewable energy and other businesses that will be mainstays of the future. Similar to the first Medium-Term Management Plan, we will increase capital efficiency and turnover through rigorous management of investment criteria, with an emphasis on ROIC, and selective investment. Moreover, we will pursue the optimum business portfolio for the Group by reducing upstream investment and implementing strategic investment in midstream, downstream, and growth areas.

We aim to boost our earning power via thorough ROIC management and achieve the target of ROE of at least 10% by returning profits to shareholders. At the same time, we will pursue an appropriate balance of liabilities and capital by balancing financial soundness and the use of financial leverage to reach a net D/E ratio of 0.8 times or lower.

Strategic Investment in Growth Businesses

(Generation of Long-Term Cash Flow)



Philosophy on Returning Profits to Shareholders

We aim to return more profits to shareholders based on a clear policy.

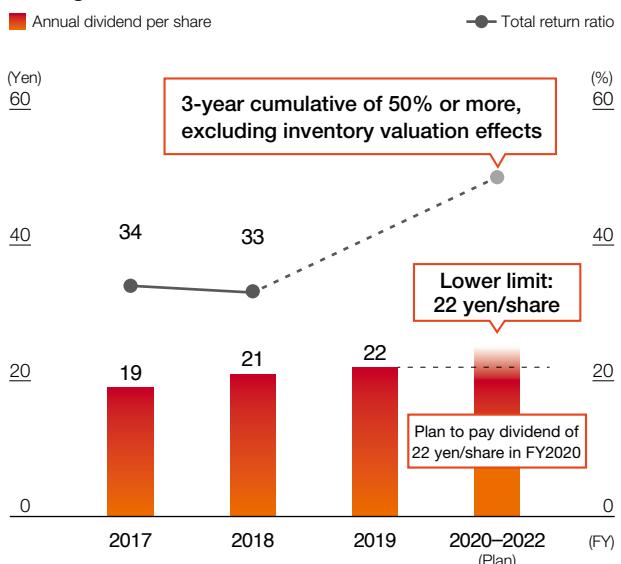
We recognize that returning profits to shareholders is an important management task and maintain a basic policy of returning profits that reflect trends and the outlook for consolidated business performance over the medium to long term.

Our policy for returning profits to shareholders during the second Medium-Term Management Plan is as follows (see figure at right). We will target a total shareholder return of at least 50% of net income excluding inventory valuation for the cumulative three years. As for dividends, we will ensure that they do not fall below the level of 22 yen per share paid out in fiscal 2019.

We plan to pay a dividend of 22 yen per share for fiscal 2020.

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

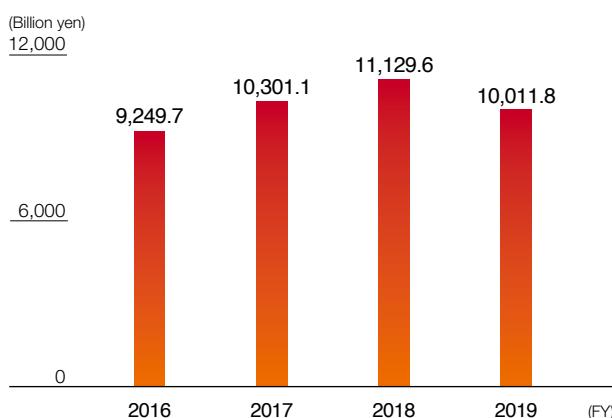


Financial and Non-Financial Highlights

Financial Highlights (IFRS)

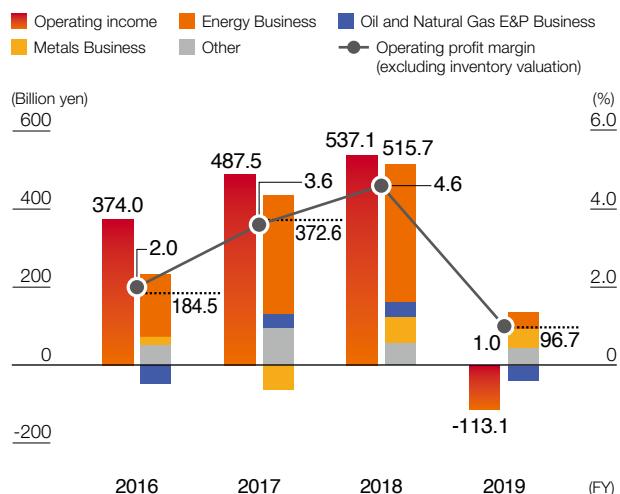
Note: Figures for fiscal 2016 are the totals of JX Holdings and TonenGeneral Sekiyu for the period from April 2016 to March 2017.

Net Sales



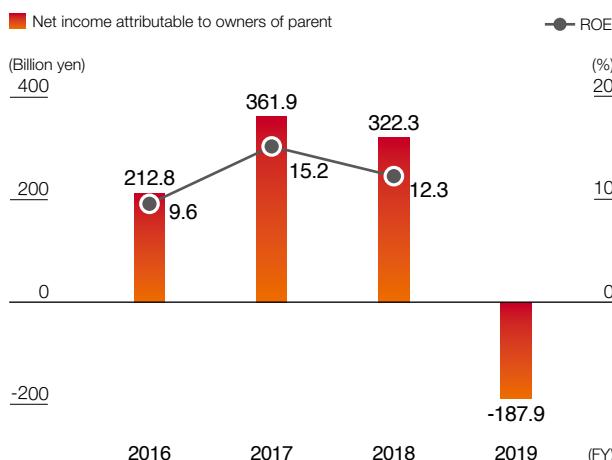
Net sales declined compared to the previous year due to the drop in crude oil prices.

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



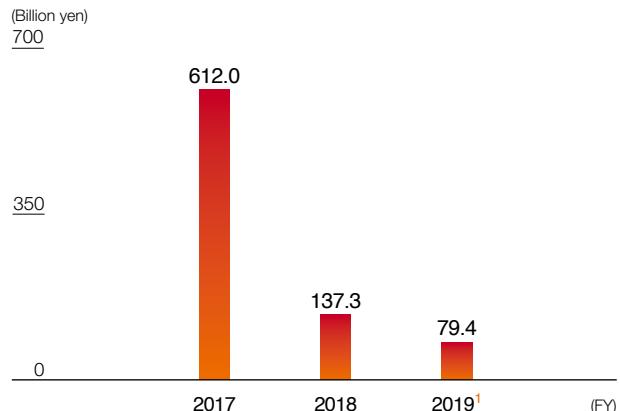
Increases in integration synergies were offset by worsening margins for petroleum and petrochemical products, inventory write-downs due to falling crude oil prices, and impairment losses in the Oil and Natural Gas E&P Business.

Net Income and ROE



Net income attributable to owners of parent declined significantly compared to the previous year, mainly due to significant worsening in operating profit/loss.

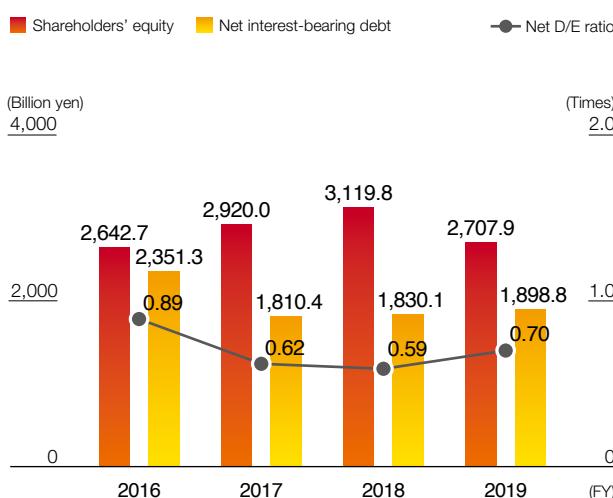
Free Cash Flow



¹ The application of IFRS 16 Leases is excluded from fiscal 2019.

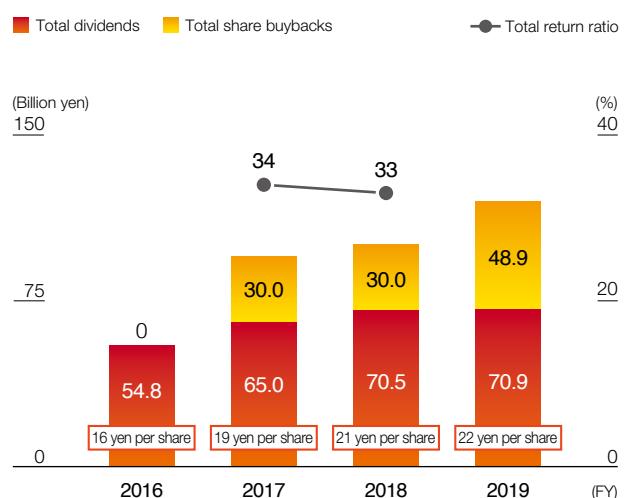
Free cash flow totaled 79.4 billion yen. Despite the operating loss posted for fiscal 2019, there were many write-downs not incurring expenditure of funds, along with positive factors such as declining working capital and review of investment timing associated with falling crude oil prices.

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



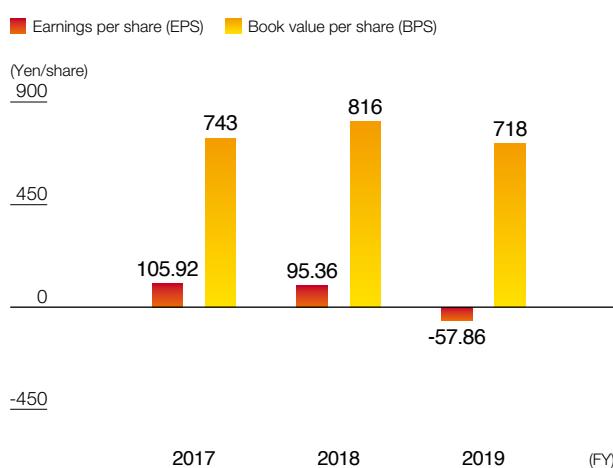
Net D/E ratio was 0.70 times, which achieved the target of the first Medium-Term Management Plan (FY2017–FY2019). As a result, we established a solid financial foundation.

Total Dividends, Total Share Buybacks and Total Return Ratio



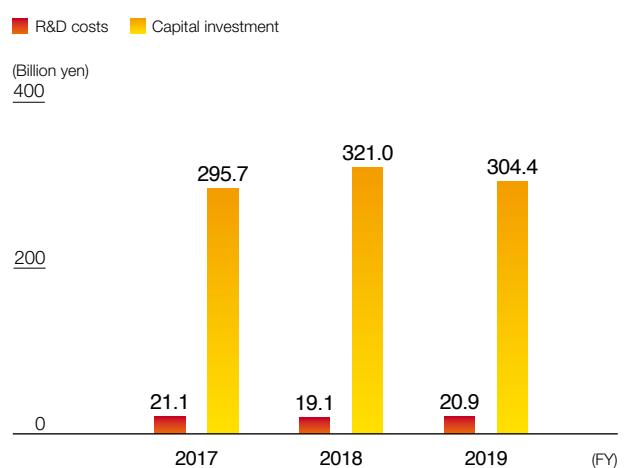
Shareholder returns, including a dividend increase and acquisition of treasury shares, have increased for three consecutive years. This was driven by strong performance in fiscal 2017 and fiscal 2018, the first two years of the first Medium-Term Management Plan.

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



EPS and BPS were strong until fiscal 2018, but we posted negative results for EPS in fiscal 2019 due to the impact of the COVID-19 pandemic.

R&D Costs and Capital Investment



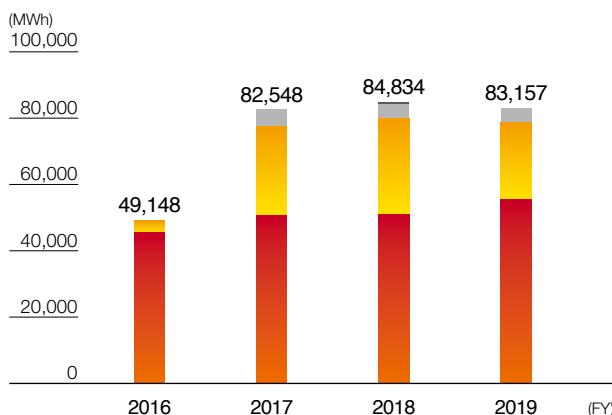
The main breakdown of R&D costs was 10.3 billion yen for our energy segment and 9.9 billion yen for our metals segment. Capital investment was allocated in the following ratios: about 60% for the energy business and 20% each for the oil and natural gas exploration E&P and metals businesses.

Non-Financial Highlights

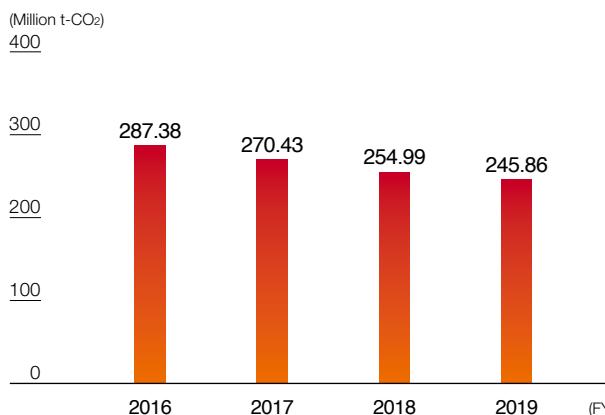
Note: Figures for fiscal 2016 are the combined totals of the JX Group and the TonenGeneral Group.

Power Generation from Renewable Energy

Solar Hydro Wind Geothermal



CO₂ Emissions¹



¹ 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)

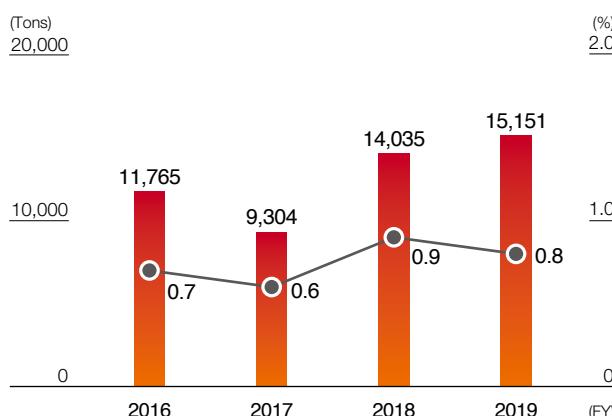
As part of our efforts to realize our Long-Term Vision to 2040, we will expand renewable energy power generation, which contributes to the development of a low-carbon society. We have 18 mega solar power plants located throughout Japan and in May 2020, we commenced operations at the Muroran Biomass Power Plant.

We added carbon neutrality by 2040 as a new target. In fiscal 2019, we introduced high-efficiency and energy-efficient facilities at our refineries and smelters, separated and recovered CO₂ using CO₂-EOR, and reduced emissions in the supply chain through expanded sales of environmentally friendly products.

Landfill Disposal Volume and Waste-to-Landfill Ratio

Landfill disposal volume

Waste-to-landfill ratio



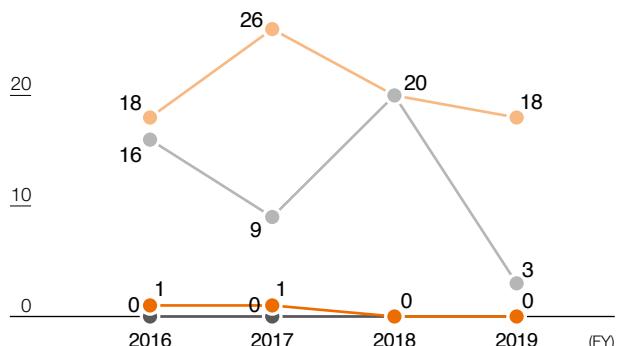
Number of Occupational Injuries²

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

Fatalities (contractors) Lost work time (contractors)

(Incidents)

30



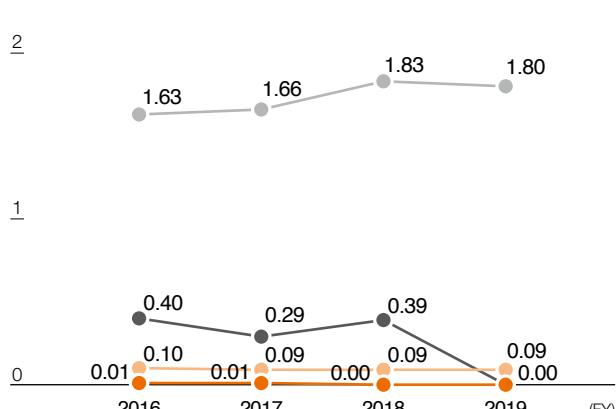
² Scope: Principal operating companies

Safety and health is a top priority in the ENEOS Group Philosophy. As a group of companies that provides workplaces to many employees and contractor company employees, we are working to prevent occupational injuries through effective safety activities tailored to the characteristics of our operations (see pages 51 to 52).

We will effectively utilize resources within the Group and control waste emissions, which will enable us to maintain our zero emissions status. In addition, we will contribute to waste reduction and resource recycling for all of society through our recycling and environmental services business (see page 51).

Occupational Injury Frequency Rate^{3,5} and Severity Rate^{4,5}

● Frequency rate (ENEOS Group)
● Frequency rate (industry average [Ministry of Health, Labour and Welfare survey])
● Severity rate (ENEOS Group)
● Severity rate (industry average [Ministry of Health, Labour and Welfare survey])



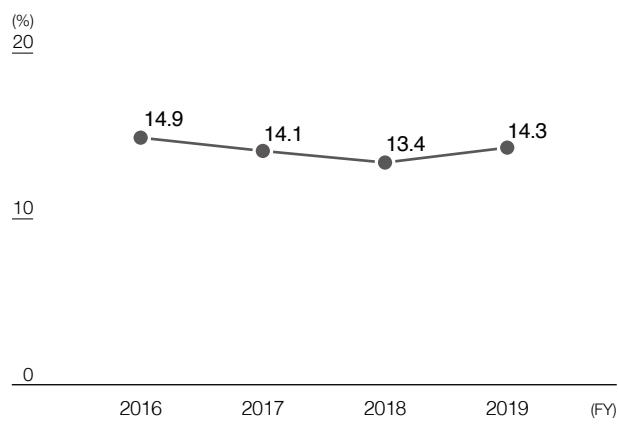
³ Number of occupational fatalities and injuries per one million work hours

⁴ Number of work days lost per one thousand work hours

⁵ Scope: The refineries, plants, and business sites of our principal operating companies

As our operations utilize large facilities and heavy machinery, and also require the handling of combustible materials, it is important to minimize the risks of serious accidents and injuries. We implement various safety measures and conduct thorough safety training to maintain zero occupational fatalities (see pages 51 to 52).

Percentage of Women Among New Hires⁶



⁶ 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 (see page 54).

Employee Data⁷

		March 31, 2018	March 31, 2019	March 31, 2020
Number of employees	Male	9,987	9,930	10,060
	Female	1,226	1,221	1,321
	Total	11,213	11,151	11,381
Turnover rate ⁸ (%)		1.8	3.1	2.2
Average years of employment		19.2	19.1	19.0
Number of re-hired employees (after mandatory retirement)		710	589	799
Ratio of female managers (%)		2.5	2.7	3.2
Ratio of employees with disabilities (%)		2.3	2.4	2.4
Paid leave	Number of days of paid leave granted	22.3	22.0	22.2
	Number of days of paid leave taken	18.8	19.8	20.5
	Paid leave usage rate (%)	84.0	90.0	92.3
Childcare leave	Total number of employees taking childcare leave	164	220	330
	Number of male employees taking childcare leave	107	171	276
	Rate of employees returning to work (%)	100	100	100
Number of employees taking family care leave		3	5	6
Labor union ⁹	Number of members	8,141	9,328	9,484
	Membership rate (%)	99.7	99.5	99.9

⁷ Scope of data: ENEOS Holdings, ENEOS, JX Nippon Oil & Gas Exploration, JX Nippon Mining & Metals

⁸ Percentage of regular employees as of March of each year

⁹ ENEOS Holdings and JX Nippon Oil & Gas Exploration do not have labor unions.

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

Part II

ENEOS Group ESG Management Initiatives

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

ESG Management Structure

To achieve sustainable growth, we must strive to be a company whose value is recognized in society by earning the trust of our communities through our response to social needs and contribution to the resolution of social issues. Based on this awareness, the ENEOS Group took the formulation of the Long-Term Vision to 2040 and the second Medium-Term Management Plan as an opportunity to formulate the Basic Policy for ESG Management, and we are now implementing ESG management under this policy.

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.

■ Transition to an ESG management structure centered on the Executive Council

Based on the Basic Policy for ESG Management, the Group transitioned to a new structure for the effective and sound implementation of ESG management in fiscal 2020.

In formulating competitive medium- to long-term management and business strategies, we must identify risks and opportunities that could have significant impacts on future management, while also taking into account social issues. Based on this recognition, risks and opportunities as well as management and business strategies are discussed and the status of response to risks and important issues are confirmed in an appropriate manner by the ENEOS Holdings Executive Council, where the president and other officers discuss important management matters.

■ Process for addressing management risks and important issues after transition

1. Comprehensive discussions (held annually in the third quarter) (see [1] in diagram at right)

To increase the effectiveness of discussions and the speed of decision-making, the Executive Council comprehensively discusses and identifies management risks and important

issues identified through three separate councils up to fiscal 2019. The matters discussed by the Executive Council are as follows.

- Material management risks identified through the enterprise risk management (ERM) system (Executive Council) (see page 61)
- Important ESG issues identified through ESG risk analysis (former Group CSR Council) (see page 43)
- Internal control risks identified through the internal control system (former Internal Control Council) (see page 61)

2. Determination of response policy and status confirmation (annually in the first quarter) (see [2] in diagram at right)

In order to ensure that identified risks and important issues are addressed by the entire Group in an agile and cross-functional manner, response policies are formulated by the relevant departments and principal operating companies under the guidance of the departments in charge at ENEOS Holdings. Response policies are discussed and approved at the first quarter meeting of the Executive Council based on the actual status.

At the same time, the Executive Council confirms progress and issues regarding risk reduction activities being managed under the internal control system.

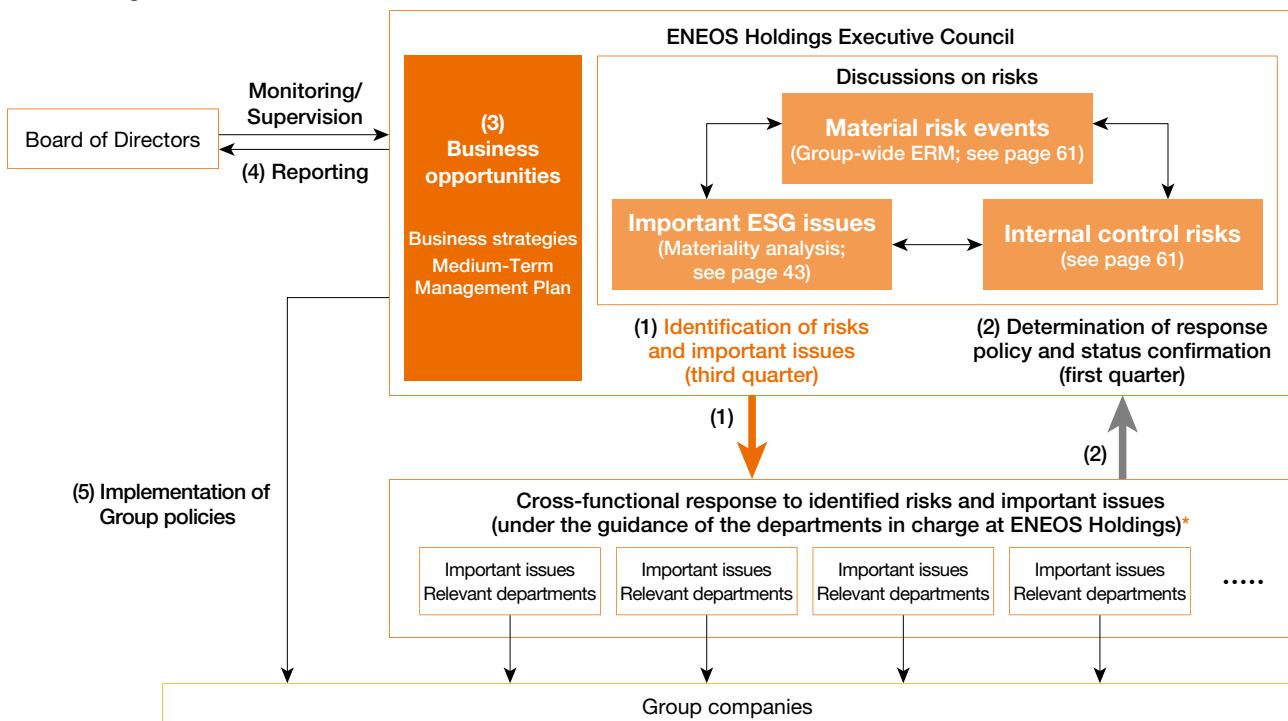
3. Deliberation on business opportunities as well as management and business strategies (as needed) (see [3] in diagram at right)

During meetings of the Executive Council, members discuss business opportunities based on risks and important issues and reflect findings appropriately in management and business strategies. Specifically, discussions on strategy are incorporated continuously and appropriately into discussions 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 right)

Risks and important issues identified by the Executive Council are reported to the Board of Directors annually, while resolutions are passed on management and business strategies (Medium-Term Management Plan, budget, etc.) by the Board of Directors as needed.

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 62)

5. Sharing with Group companies (as needed) (see [5] in diagram above)

The results of discussions by the Executive Council on risks and important issues are shared with Group companies as needed, and each company appropriately and autonomously reflects this information in their own business strategies.

Dissolution of Group CSR Council and Internal Control Council and integration into the Executive Council

With changes in this process, the Group CSR Council and the Internal Control Council were dissolved and their roles were integrated into the Executive Council in fiscal 2020.

In addition, the three expert committees under the Group CSR Council, namely, the Human Rights Promotion and Human Resource Development Committee, the Environment & Safety Committee and the Compliance Committee, have been dissolved and replaced with a structure for responding to risks and important issues cross-functionally under the guidance of the departments in charge at ENEOS

Holdings. This enables us to respond flexibly and agilely to a broader scope of cross-functional issues without the constraints of the conventional committee framework.

■ Initiatives in fiscal 2019

The Group held meetings of the Group CSR Council on two occasions in fiscal 2019. The council deliberated on the Group's top priorities (material issues) and ascertained the permeation of the Group Philosophy and the Code of Conduct as well as the status of activities of each expert committee.

In addition, future policies were deliberated on after confirming the status of initiatives for various ESG-related risks and important issues, such as climate change and human rights. Matters that were deliberated on and reported to the council were reported to the Board of Directors and the Executive Council. Initiatives were implemented after confirming the direction of ESG activities and rollout across the entire Group.

The role of this council was integrated into the Executive Council in fiscal 2020.

Initiatives for the Group's Top Priorities (Material Issues)

The ENEOS Group has identified top priorities (material issues) from two viewpoints: priority from an external perspective and priority from the Group's internal perspective.

In fiscal 2019, we identified nine issues, established targets

Steps in the Review Process

STEP 1 Identify social issues to consider

Following an exhaustive review of GRI standards, ISO 26000, assessment items of ESG research providers, and the Sustainable Development Goals (SDGs), 32 social issues were identified for consideration.

STEP 2 Prioritize from an external perspective

Priority from an external perspective was assessed for the 32 social issues identified in Step 1, taking into account such factors as the assessment weight specified by ESG research providers.

STEP 3 Prioritize from the Group's internal perspective

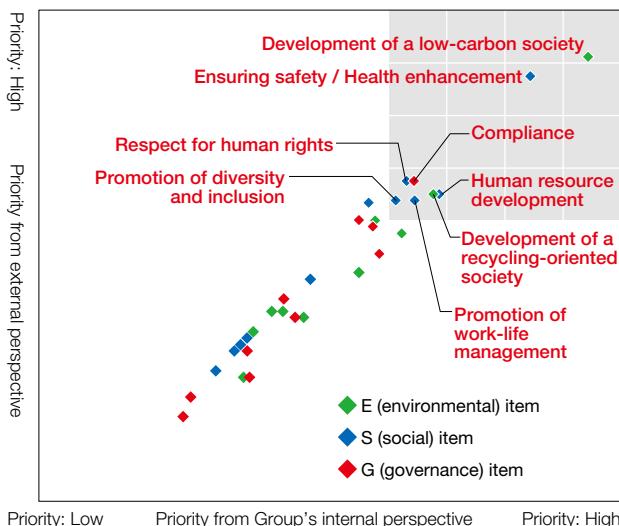
Priority from the Group's internal perspective was assessed, taking into account such factors as our Medium-Term Management Plan and reviews of the expert committees within the CSR promotion structure, as well as the guidelines of the U.S. Sustainability Accounting Standards Board (SASB).

STEP 4 Identify the Group's top priorities

Based on the assessments in Step 2 and Step 3, nine issues of particular significance were identified as the Group's top priorities.

(KPIs), and implemented initiatives. In fiscal 2020, we identified the same nine issues as those for fiscal 2019 and formulated targets (KPIs) (see table below).

The Group's Top Priorities



The Group's Top Priorities (Material Issues) and Targets (KPIs)

Evaluation: ☺ Achieved/Steady progress ☹ Not achieved

Category	The Group's Top Priorities	Fiscal 2019 Target (KPI)	Fiscal 2019 Results/Progress	Fiscal 2020 Target (KPI)
Environmental	Development of a low-carbon society	Reduction in CO ₂ emissions Reduce by 2.72 million tons compared to 2009	☺ Reduced by 2.75 million tons compared to 2009	Reduction in CO ₂ emissions Reduce by 3.63 million tons compared to 2009
	Development of a recycling-oriented society	Ratio of landfill disposal Maintain zero emissions (less than 1%)	☺ 0.8%	Ratio of landfill disposal Maintain zero emissions (less than 1%)
Social	Ensuring safety	Zero serious occupational injuries (occupational fatalities)	☺ 0	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)
	Respect for human rights	100% participation rate in human rights training	☺ 100%	100% participation rate in human rights training
	Human resource development	Implementation of effective training based on human resource development plan	☺ Completed	Implementation of effective training based on human resource development plan
	Promotion of diversity and inclusion	Women comprise at least 25% of newly hired graduates by fiscal 2020	☺ 28.5%	Women comprise at least 25% of newly hired graduates by fiscal 2020
		Maintain employment rate of people with disabilities at 2.2% or higher	☺ 2.36%	Maintain employment rate of people with disabilities at 2.2% or higher
	Promotion of work-life management	Maintain annual paid leave days taken at 80% or higher	☺ 92.3%	Maintain annual paid leave days taken at 80% or higher
		Maintain 100% rate of return to work after childcare leave	☺ 100%	Maintain 100% rate of return to work after childcare leave
Governance	Health enhancement	Achieve cancer screening rate of 70% or higher	☹ 65%	Achieve cancer screening rate of 70% or higher
		Conduct legal compliance inspections	☺	Conduct legal compliance inspections
	Compliance	Implement training on important laws and regulations (Anti-Monopoly Act, etc.)	☺	Implement training on important laws and regulations

For details, see our ESG Data Book



ESG Data Book

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

Stakeholder Engagement

The ENEOS Group conducts business activities through its relationships with stakeholders, including shareholders, investors, customers, business partners and employees. We actively engage in dialogue with stakeholders and work to ensure that our business activities meet their expectations and requirements.

Shareholders and Investors	Customers	Business Partners
<p>ENEOS Holdings is committed to the prompt, proper, and fair disclosure of information to shareholders and investors in accordance with its Disclosure Policy.</p> <p>Main means of communication</p> <ul style="list-style-type: none">General meetings of shareholders, presentation meetings on financial results, information sessions for individual investors, and ESG briefingsDisclosure of information through the Integrated Report, the ESG Data Book, shareholder reports, and our websites	<p>The ENEOS Group is committed to developing and delivering products and services that fulfill customer needs and expectations and earn customer trust and satisfaction.</p> <p>Main means of communication</p> <ul style="list-style-type: none">Communications through marketing activitiesProvision of safe, reliable, and valuable products and servicesDisclosure of information on websitesInquiry channels through phone and websites	<p>The ENEOS Group makes purchasing information available to business partners on its websites, actively provides business opportunities, and strives to ensure fair business opportunities.</p> <p>Main means of communication</p> <ul style="list-style-type: none">Communications through procurement activitiesUse of websitesCSR procurement surveys
NPOs/NGOs	Local Communities/Global Society	Employees
<p>The ENEOS Group has built cooperative relationships with NPOs and NGOs and actively undertakes environmental preservation and social contribution activities.</p> <p>Main means of communication</p> <ul style="list-style-type: none">Collaboration on biodiversity preservation activitiesCollaboration on child-rearing support activitiesVerification from third-party perspective in human rights due diligence	<p>The ENEOS Group strives to engage in responsible corporate activities by responding to the needs and expectations of and engaging in active communication with the local communities in the areas where it conducts its business activities, as well as international society.</p> <p>Main means of communication</p> <ul style="list-style-type: none">Information sessions for members of local communities, participation in and sponsorship of eventsVolunteer activitiesEstablishment of support systems for oil-, gas-, and copper-producing countriesInvolvement in international initiatives	<p>The ENEOS Group considers employees to be critical stakeholders in its operations and has established various systems to ensure that each employee can work with peace of mind and to his or her full potential.</p> <p>Main means of communication</p> <ul style="list-style-type: none">Periodic dialogue between labor unions and managementDissemination of information through the Group employee magazine and the company intranetPeriodic implementation of awareness surveysDialogue between officers and employees utilizing training and other means

Principal Declarations and Initiatives We Participate In and Support

UN Global Compact (UNGC)

Four Group companies—ENEOS Holdings, ENEOS, JX Nippon Oil & Gas Exploration, and JX Nippon Mining & Metals—participate in the UN Global Compact, and support the compact's 10 principles in the four categories of human rights, labor standards, the environment, and anti-corruption.



World Business Council For Sustainable Development (WBCSD)



IPIECA—a global oil and gas industry association for advancing environmental and social performance



CDP
DRIVING SUSTAINABLE ECONOMIES



Corporate Human Rights Benchmark (CHRB)



Extractive Industries Transparency Initiative (EITI)

Council for Better Corporate Citizenship (CBCC)



Japan Business Initiative for Biodiversity (JBIB)



International Council on Mining and Metals (ICMM)



Contributing to a Low-Carbon Society

Basic Approach

As a corporate group that deals with energy, the ENEOS Group recognizes that climate change issues represent important business risks and opportunities. We believe that our response to these issues and the recognition of the value of our existence through solutions to these issues will enable us to continuously generate profits into the future. To clarify this direction, we established the following as our envisioned goals in our Long-Term Vision to 2040: (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. We also stated our intent to achieve carbon neutrality in terms of our own emissions.

To achieve our targets, we will use technological innovation for

the advancement of lower-cost renewable energy, CO₂-free hydrogen, CCS/CCUS, and a mobility business centered on EVs, as well as energy conservation made possible by the automated operation of plants and refineries.

In May 2019, ENEOS became a signatory of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and we will now step up our disclosures concerning climate change. We are also working on new innovations, having endorsed the *Keidanren* (Japan Business Federation) Challenge Zero project in June 2020.



Governance System for Climate Change

The ENEOS Group has established a Group CSR Council chaired by the president of ENEOS Holdings. This organization has deliberated on basic matters concerning the environment and has managed and evaluated activities from a cross-functional perspective. Matters deliberated on and reported to the Group CSR Council are reported to the Executive Council and the Board of Directors, which fulfill their individual duties of supervision.

In fiscal 2019, risks and opportunities related to climate change, including medium- to long-term business strategies and the status of CO₂ emissions reduction, were deliberated on by the Board of Directors, the Executive Council, and the Group CSR Council at least quarterly.

Frequency of deliberation in fiscal 2019

Board of Directors: Activity status report (May) and budget deliberations (March and September)

Executive Council: Activity status report (May) and budget deliberations (March and September)

Group CSR Council: Deliberations and activity status report (April and October)

To further improve the effectiveness of ESG management and promote greater operating efficiencies, in fiscal 2020 we transitioned to a structure where the Executive Council will comprehensively deliberate on these matters as well as manage and evaluate the status of activities (see page 41).

Response to Climate Change and Link to Executive Compensation

Executive compensation comprises three components: fixed compensation paid monthly, performance-based bonuses and share compensation. Bonuses and share compensation provide incentives for establishing highly competitive business strategies from a medium- to long-term perspective and improving shareholder value through the steady execution of these strategies.

We have added CO₂ emission reduction volumes to the indicators used to determine share compensation for the Group's officers (including Directors who are not Audit and Supervisory Committee members and executive officers) from fiscal 2020 to fiscal 2022 (see page 60).

Scenario Analysis

We regularly analyze the global and long-term outlook for energy demand using the World Energy Outlook (WEO) published by the International Energy Agency (IEA).

In the preparation of our Long-Term Vision, we conducted scenario analysis that also covered the Sustainable Development Scenarios (SDS), scenarios in which the world rapidly moves

away from carbon based on the goals of the Paris Agreement, based on the New Policy Scenario (NPS) in WEO2018.

Although demand for fuel oil in Japan is expected to decline by about half by 2040, demand in Asia is expected to remain strong, underpinned by the region's economic growth.

Long-Term Global Trends and Envisioned Scenario in 2040 Based on Scenario Analysis

Through scenario analysis, the Group identified three global trends: development of a low-carbon, recycling-oriented society; digital innovation; and lifestyle changes; as well as its envisioned scenario in 2040.

The scenario in 2040 includes the following: lower-cost renewable energy, a significant decline in gasoline-powered

vehicles, the advancement of EVs and car sharing services, the spread of distributed power sources from solar power generation and storage cells, the expansion of the recycling infrastructure, and the emergence of diverse service providers who will make life more convenient and enriching.

Long-Term Global Trends

Development of a low-carbon, recycling-oriented society

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

Digital innovation

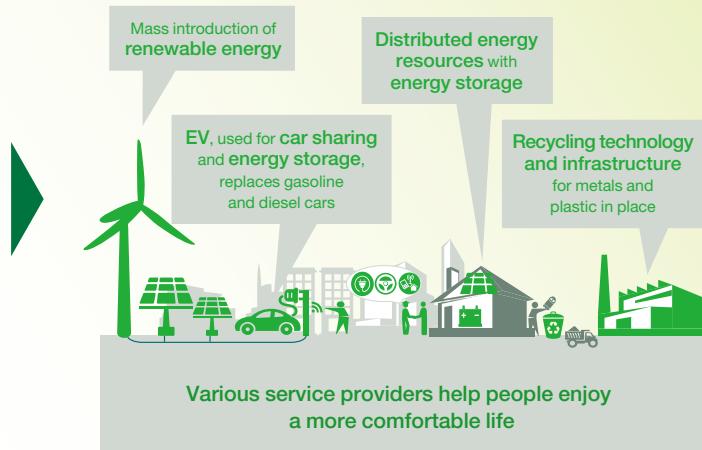
- Rapid progress of Internet society and blockchain technology
- Dramatic improvement in productivity with IoT, AI, robotics, etc.
- Electrification (shift to EVs, autonomous driving, etc.)

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



Environmental Initiatives

SP

Contributing to a Low-Carbon Society

Risks and Opportunities and Our Responses

In fiscal 2017, the Group introduced an ERM structure based on the COSO* ERM framework (see page 61). Following this process, we identified risks and opportunities related to climate change as outlined in the table below.

* 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.

Risks and Opportunities Identified and Timeline

Category	Examples	Timeline
Transition risks	Policies and laws Rising retail prices of petroleum products due to the introduction of carbon taxes	Medium to long term
	Technology Declining demand for gasoline due to advancements in EV technologies	Medium to long term (declining demand already occurring)
	Market and reputation Declining demand for oil due to rising environmental awareness	Short term (declining demand already occurring)
	Market Stranding of upstream petroleum assets	Medium to long term
Physical risks	Acute risks Increasing occurrence and severity of wind and flood damage caused by extreme weather events	Short term (extreme weather events already increasing)
	Chronic risks Chronically rising sea level	Medium to long term
Opportunities	Opportunities concerning resource efficiency Increasing demand for recycling of resources	Medium to long term
	Opportunities concerning energy sources, products and services Rising demand for renewable energy and hydrogen and increasing demand for distributed energy Rising demand for electronic materials needed for electrification of society, including EVs	Medium to long term
	Opportunities concerning markets Growing access to distributed energy markets due to digital innovation and changing lifestyles	Medium to long term
	Opportunities concerning resilience Improved reputation concerning the stable supply of energy and materials with the progression of climate change issues	Medium to long term

Building a Business Portfolio That Addresses Risks and Opportunities

The Group is accelerating its structural reforms to build a resilient business portfolio to enable it 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.

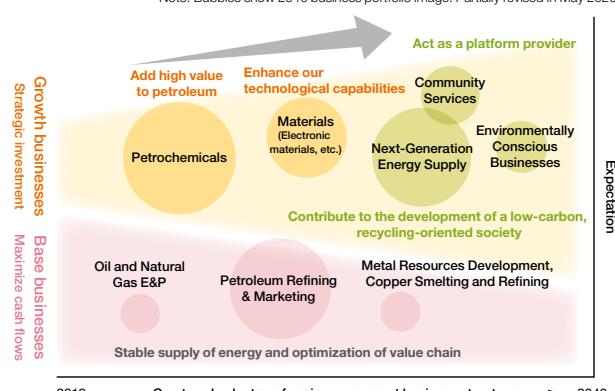
In our base business of petroleum refining and marketing, we will optimize the value chain and maximize cash flows through improved efficiencies and resilience while fulfilling our responsibility to provide a stable supply of energy, even if demand for petroleum products declines by half.

In our growth businesses, we will focus on five newly defined businesses where we will effectively concentrate our management resources (see pages 15 to 16).

Overview of Our Future Businesses to 2040

Pursue both strategic growth and cash flow maximization

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



Indicators and Targets

The Group has established a Medium-Term Environmental Management Plan for the period from fiscal 2020 to fiscal 2022 and long-term environmental targets to fiscal 2030.

Environmental Vision (Fiscal 2040)	The ENEOS Group aims to be carbon neutral in its own CO ₂ emissions in fiscal 2040. We will achieve this by strengthening and expanding businesses that impose a low environmental burden and strengthening environmentally conscious businesses.
Long-term environmental targets (Fiscal 2030)	We aim to reduce CO ₂ 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, while also pursuing environmentally conscious businesses and contributing to the development of a low-carbon, recycling-oriented society.

Medium-Term Environmental Management Plan

Key themes	Basic initiatives	Concrete measures aimed at fiscal 2022
Contribution to a low-carbon society	Pursuit of energy conservation measures in business activities CO ₂ recovery in business activities (Scope 1 and Scope 2)	<ul style="list-style-type: none">Reduce CO₂ emissions by 2.16 million tons compared to fiscal 2009 by pursuing energy conservationCCS/CCUS initiatives
	Reduction of CO ₂ emissions in the supply chain (Scope 3)	<ul style="list-style-type: none">Reduce CO₂ emissions of customers by 1.2 million tons compared to fiscal 2009 by promoting sale and development of environmentally friendly products*
	Develop businesses in hydrogen and renewable energy	<ul style="list-style-type: none">Develop hydrogen station businessDevelop renewable energy business Total reduction of 920,000 tons from biomass, solar power, wind power and other forms of renewable energy

Total CO₂ emission reduction target: 4.28 million tons in fiscal 2022

* For details about our environmentally friendly products, see the following website. (Available in Japanese only)
<https://www.eneos.co.jp/ecoproducts/>

Activities Contributing to the Realization of a Low-Carbon Society

► Advancement of Renewable Energy Business

The ENEOS Group is actively advancing its renewable energy power generation business, which includes solar power, biomass, hydro power, and wind power.

We currently operate 18 mega solar power plants across Japan.

In May 2020, we began commercial operations at the Muroran Biomass Power Plant, Japan's largest biomass power plant.

Outside Japan, we are participating in an offshore wind power project in Taiwan, which is scheduled to begin operations by December 2021.

Looking to the future, we aim to increase our renewable energy power generation capacity to one million kW from fiscal 2020 to 2022, the period of the second Medium-Term Management Plan, and to several million kW by around fiscal 2030.

Generation Capacity by Renewable Energy Source (as of June 2020)

Solar (18 sites)	46 MW
Hydro (1 site)	5 MW
Wind (2 sites)	4 MW
Geothermal (1 site)	0.1 MW
Biomass (1 site)	68 MW

Power Generation (Actual) by Renewable Energy (Fiscal 2019)

Solar	55.46 million kWh
Hydro	23.34 million kWh
Wind	4.09 million kWh
Geothermal	0.28 million kWh

Environmental Initiatives

SP

Contributing to a Low-Carbon Society

► Success in the World's First Technical Verification for the Low-Cost Manufacture of CO₂-Free Hydrogen

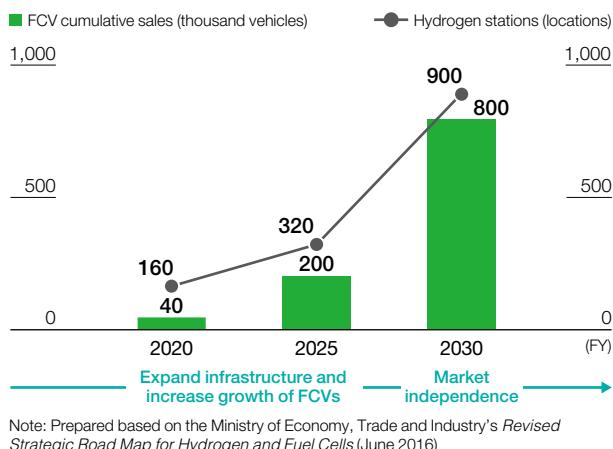
In March 2019, ENEOS, together with Chiyoda Corporation, the University of Tokyo and Queensland University of Technology (QUT), successfully verified the world's first technology to produce an organic hydride at low cost in Australia and extract hydrogen in Japan as part of its verification plan for fiscal 2020.

Conventionally, storing and transporting hydrogen requires the storage of hydrogen generated by water electrolysis in a tank and converting it to methylcyclohexane (MCH). In the verification

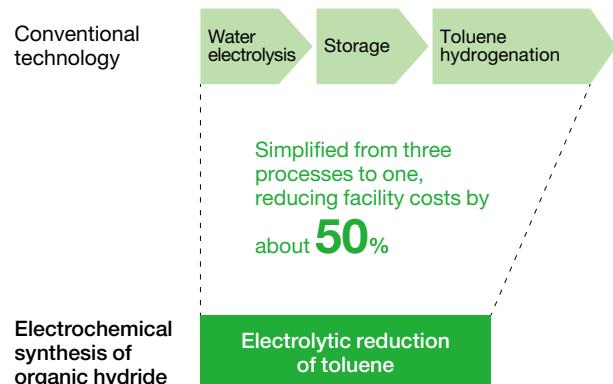
test, however, the organic hydride electrochemical synthesis method, which directly produces MCH from water and toluene, was used, which made it possible to greatly simplify the production process. In the future, this will make it possible to lower facilities costs related to MCH manufacture by around 50%.

Furthermore, CO₂-free hydrogen, which does not emit CO₂ during the production process, was successfully produced by using solar power generation to produce MCH.

Growth Targets for Fuel Cell Vehicles (FCVs) and Hydrogen Stations



Manufacturing Process for Organic Hydride Required for Hydrogen Transport

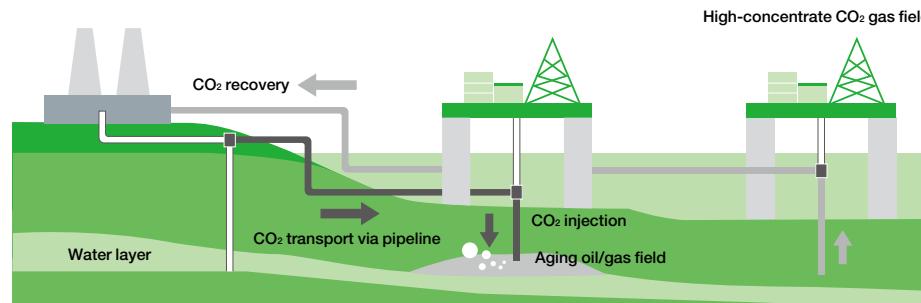


► CCUS Project Achieves Both Reduction in CO₂ Emissions and Increase in Crude Oil Production

JX Nippon Oil & Gas Exploration is participating in a CCUS project through a joint venture with a major power company in the United States. The project involves recovering CO₂ emitted from a coal-fired thermal power plant and injecting it into a depleted oil field. The project's CO₂ recovery capacity is 4,776 tons per day,

the largest in the world for a plant that recovers CO₂ from flue gas. We concluded joint study agreements on CCS technologies with PT Pertamina (Persero), Indonesia's state-owned oil company, in October 2018, and with Petronas, Malaysia's state-owned oil company, in March 2020.

CO₂ Separation and Recovery in a Gas Field in Malaysia



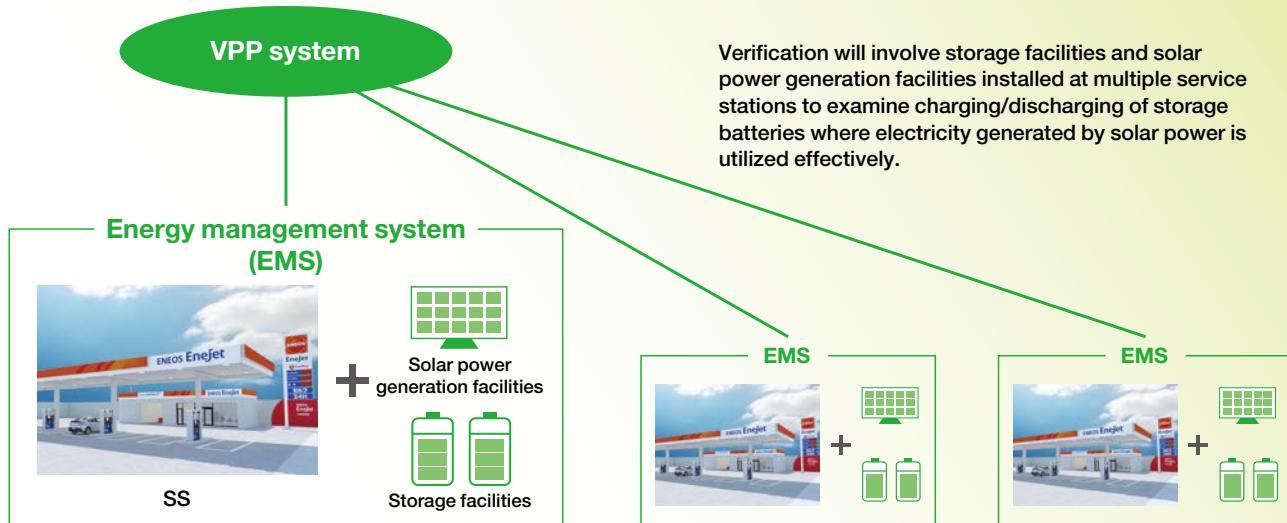
► Verification Testing of Japan's First Virtual Power Plant (VPP) at a Service Station (SS)

With an eye toward the increased use of renewable energy and the coming distributed energy society, ENEOS has positioned its next-generation energy supply and community services business, centered on the use of distributed power sources, as one of its growth businesses. Through the verification of VPPs to control energy resources, including energy storage systems and our own power generation facilities, we will acquire knowledge early on concerning electricity supply-demand coordination with the introduction of renewable energy and improve the profitability of our electricity business.

Verification plan for fiscal 2020

- Verification of charge/discharge and control optimization of storage batteries to ensure effective use of solar power generated at service stations
- Verification using surplus capacity of our own power generation facilities at refineries and plants
- Verification for optimal control of EVs and EV chargers
- Verification using industrial energy storage system

Examples of Verification Plan



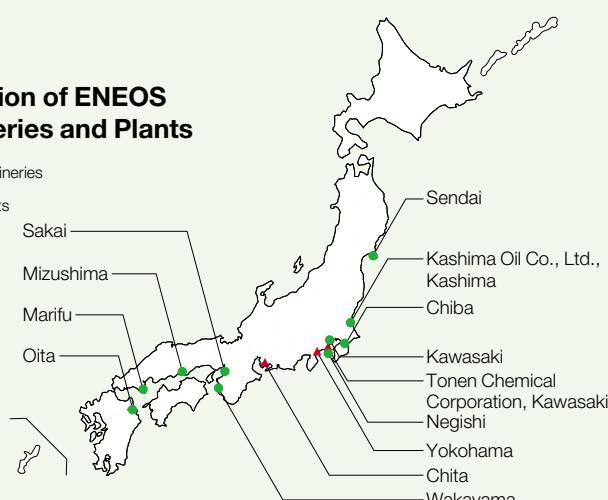
Response to Physical Risks

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 Plants

- 10 Refineries
- ▲ 3 Plants



Development of a Recycling-Oriented Society

Evaluation: Achieved/Steady progress Not achieved

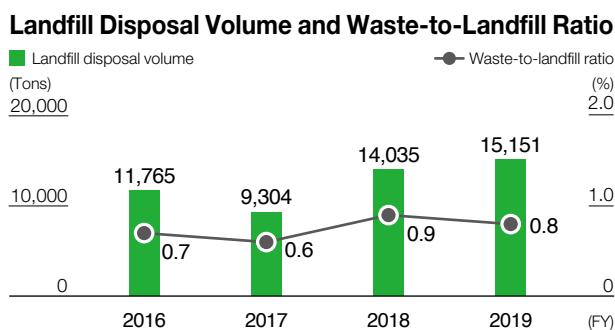
Initiative	Target (KPI)	Fiscal 2019 Results/Progress
Reduction in landfill disposal	Landfill disposal ratio Maintain zero emissions (less than 1%)	Waste-to-landfill ratio: 0.8%

In fiscal 2019, waste totaled 1.829 million tons, and landfill waste after recycling and reuse efforts totaled 15 thousand tons. The waste-to-landfill ratio was 0.8%, indicating that we continue to achieve zero emissions (waste-to-landfill ratio of less than 1%).

Specific initiatives for waste reduction include using the collected particulate matter and sludge released from oil refineries as raw materials for cement, and the repeated use of neutralized slag¹ at our smelting and refining facilities. In addition, we use LCA methodology² in evaluating the development of certain lubricant products.

¹ Neutralized slag: Product generated by the neutralization reaction in the smelting process.

² LCA is an acronym for "life cycle assessment." LCA methodology involves quantitatively evaluating the environmental effects of product manufacturing throughout the entire life cycle, from procurement of raw materials to manufacturing, transport, use, and disposal.



Example of Activities

Resource Recycling at Operating Companies

JX Nippon Mining & Metals conducts global business operations in non-ferrous metals, from resources development, smelting and refining to manufacture and sales of electronic materials and recycling of end-of-life equipment. Based on its technologies and track record established through the operation of mines and smelters, the company is engaged in the recycling and environmental services businesses. In its recycling business, the company recovers valuable metals such as copper and rare metals from end-of-life home appliances and electronic devices as well as from recycled materials such as metal scrap from factories. In its environmental services business, the company recovers valuable metals from industrial waste after treatment through partnerships with other companies within the Group. The basis of this business is zero emissions, where secondary waste is not produced. This contributes to the establishment of a recycling-oriented society globally.

Through collaboration with Mitsubishi Chemical Corporation and other efforts, ENEOS is conducting a verification trial for the utilization of refineries to recycle waste plastics into oil.

For related information, see pages 81 to 84.

Social Initiatives

Ensuring Safety

Evaluation: Achieved/Steady progress Not achieved

Initiative	Target (KPI)	Fiscal 2019 Results/Progress
Reduction in occupational injuries	Zero serious occupational injuries ³	0

In fiscal 2017, we adopted Group-wide safety efforts as countermeasures against occupational injuries that occur with greater frequency or which are likely to lead to serious occupational injuries, and are making further efforts to prevent their occurrence. In fiscal 2019, we adopted important countermeasures for the three most important safety efforts (at right) as common initiative guidelines for preventing serious occupational accidents. At each production site of ENEOS and JX Nippon Mining & Metals, we have installed hazard simulation equipment, and

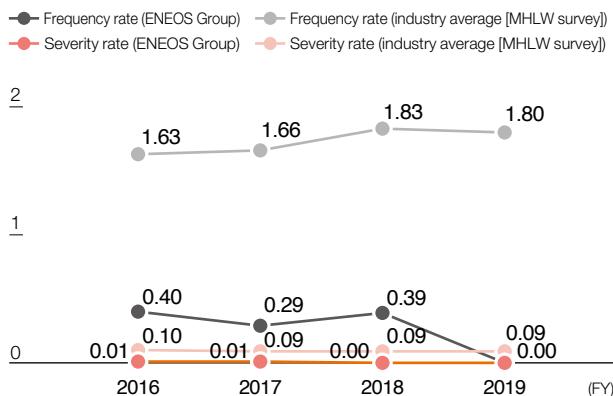
employees, including those of contractor companies, must undergo training using this equipment before they can begin actual work.

Focus Efforts

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

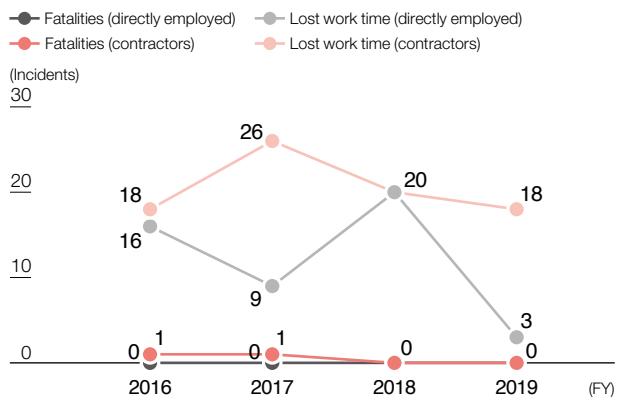
³ Occupational fatalities

Occupational Injury Frequency Rate and Severity Rate⁴



⁴ Scope of data: The refineries, plants, and business sites of our principal operating companies (ENEOS, JX Nippon Oil & Gas Exploration, JX Nippon Mining & Metals)

Number of Occupational Injuries⁵



⁵ Scope of data: Principal operating companies

Example of Activities

Initiatives for Improving Human Skills

For many years, we have focused on training to arm employees with the knowledge and technical skills needed to implement procedures and rules without fail in an effort to eliminate human factors in occupational accidents. As an additional countermeasure for ensuring a higher level of safety, we are working to improve awareness and non-technical skills, including status confirmation of work environments and joint communications between workers. At ENEOS, we refer to these non-technical

skills as human skills, and we have created activity guidelines for improving human skills in manufacturing divisions. At all of our plants and refineries, top management shares the importance of human skills. We have also put into place a system for the implementation of various forms of education and training and the integration of the resulting skills and knowledge into existing daily safety activities in the workplace. In this manner, we are improving the human skills of all employees.

Respect for Human Rights

Evaluation: Achieved/Steady progress Not achieved

Initiative	Target (KPI)	Fiscal 2019 Results/Progress
Human rights awareness	100% participation rate in human rights training	100%

Respect for human rights is stipulated in our Code of Conduct and we have established a human rights policy. To ensure an awareness of human rights in each and every officer and employ-

ee, we continually check the effectiveness of training. In fiscal 2019, we held human rights training for all officers and employees, with a participation rate of 100%.

Example of Activities

Initiatives for Business and Human Rights

The ENEOS Group became subject to assessment by the Corporate Human Rights Benchmark (CHRB), an international business and human rights initiative, in 2019. We hold ongoing discussions with CHRB to ensure that we carry out initiatives and information disclosure in line with its requirements. In fiscal 2019, we carried out human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights. We verified whether there were any cases of human rights violations by the Group involving employees or the relevant stakeholders. As a result, harassment and discrimination were identified

as latent and important risks at our sites worldwide. We will continue with our training programs and strengthen our reporting hotlines and their operations.

For the results of CHRB's assessment for fiscal 2019, please see the website below.

Corporate Human Rights Benchmark
<https://www.corporatebenchmark.org/>



Human Resource Development

Evaluation: Achieved/Steady progress Not achieved

Initiative	Target (KPI)	Fiscal 2019 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 (see below). We offer basic training required based on employees' career stage, leadership training for candidates for future management positions, skill-up training where employees receive recommendations to advance their skills and career, and self-development programs where employees take the lead in self-led growth opportunities. In addition to standard programs, we also design training programs tailored to individual employees, which enables us to train and educate our people effectively.

From fiscal 2020, we will foster human resources who can pursue transformation under the second Medium-Term Management Plan. In addition, while changing some classification-leveled training programs to an elective format, we have expanded open seminars for self-development. In this manner, we are supporting the self-led career development of our people.

Candidates for senior management positions need to be developed more systematically and strategically than before. We

will work toward the development of management talent, which is an issue for ENEOS Holdings and its principal operating companies. We will broadly identify qualified candidates from an early stage and develop them so that they can fully contribute their skills in the future.

Workflow for the Selection and Development of Management Resources



Number of Hours of Training in Fiscal 2019¹ (Hours)

Total training hours	Training hours per employee
124,176	10.9

¹ 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.

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

Evaluation: 😊 Achieved/Steady progress 😐 Not achieved

The Group's Top Priorities	Initiative	Target (KPI)	Fiscal 2019 Results/Progress
Promotion of diversity and inclusion	Advancement of women in the workplace	Women comprise at least 25% of newly hired graduates	😊 28.5%
	Advancement of employees with disabilities	Maintain employment rate of people with disabilities at 2.2% or higher	😊 2.36%
Promotion of work-life management	Promotion of workstyle reforms	Maintain annual paid leave days taken at 80% or higher	😊 92.3%
	Utilization of work-life balance support systems/programs	Maintain 100% rate of return to work after childcare leave	😊 100%
Health enhancement	Ensure health of employees	Achieve cancer screening rate of 70% or higher	😐 65%

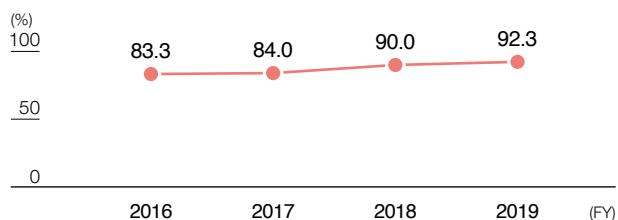
In order to support the career development and growth of female employees, the ENEOS Group is working to improve working styles and change awareness, and has also put various systems in place for all employees, including male employees. Our focus is to create a workplace environment conducive to work-life balance, not only by expanding work-life balance support systems, but also through efforts such as holding seminars for managers and employees. We are also promoting the empowerment 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. We are also actively promoting health improvement by increasing the examination rate for regular health checkups and cancer screenings, preventing infectious diseases and implementing measures for mental health. These efforts were recognized with our selection as a brand of the Health & Productivity Stock Selection for the second consecutive year.

The Company and its principal operating companies have been selected for inclusion in the White 500, Japan's top 500 companies under the large enterprise category in terms of health and productivity management, for three consecutive years.

Percentage of Annual Paid Leave Days Taken⁴



³ Scope of data: on number of female directors is from ENEOS Holdings; other data is from ENEOS Holdings and principal operating companies.

⁴ Data on number of female directors only is as of June 26, 2020.

⁴ Scope of data: ENEOS Holdings and principal operating companies

Example of Activities

Flexible Operation of Work Systems to Prevent the Spread of COVID-19

During the COVID-19 pandemic, we worked to fulfill our responsibilities as a business involved in maintaining societal functions while keeping our employees and their families from becoming infected with COVID-19 as a top priority. We eased restrictions and expanded work systems to allow employees to work from home more flexibly. Around 85% of our office staff worked from home (as of May 2020).

Looking ahead, we will continue to promote remote working, not as an initiative to prevent the spread of the virus, but to create greater variation in working styles.

In addition, we are taking thorough steps to prevent the spread of the virus among employees whose jobs require them to work from one of our physical business locations.

Basic Approach and Framework

Basic Policy on Corporate Governance

To achieve sustainable growth and increase the corporate value of the ENEOS Group over the medium to long term, the Company established the Basic Policy on Corporate Governance of the 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 basic policy is published on the Company's website as our commitment to all stakeholders, including shareholders, customers, business

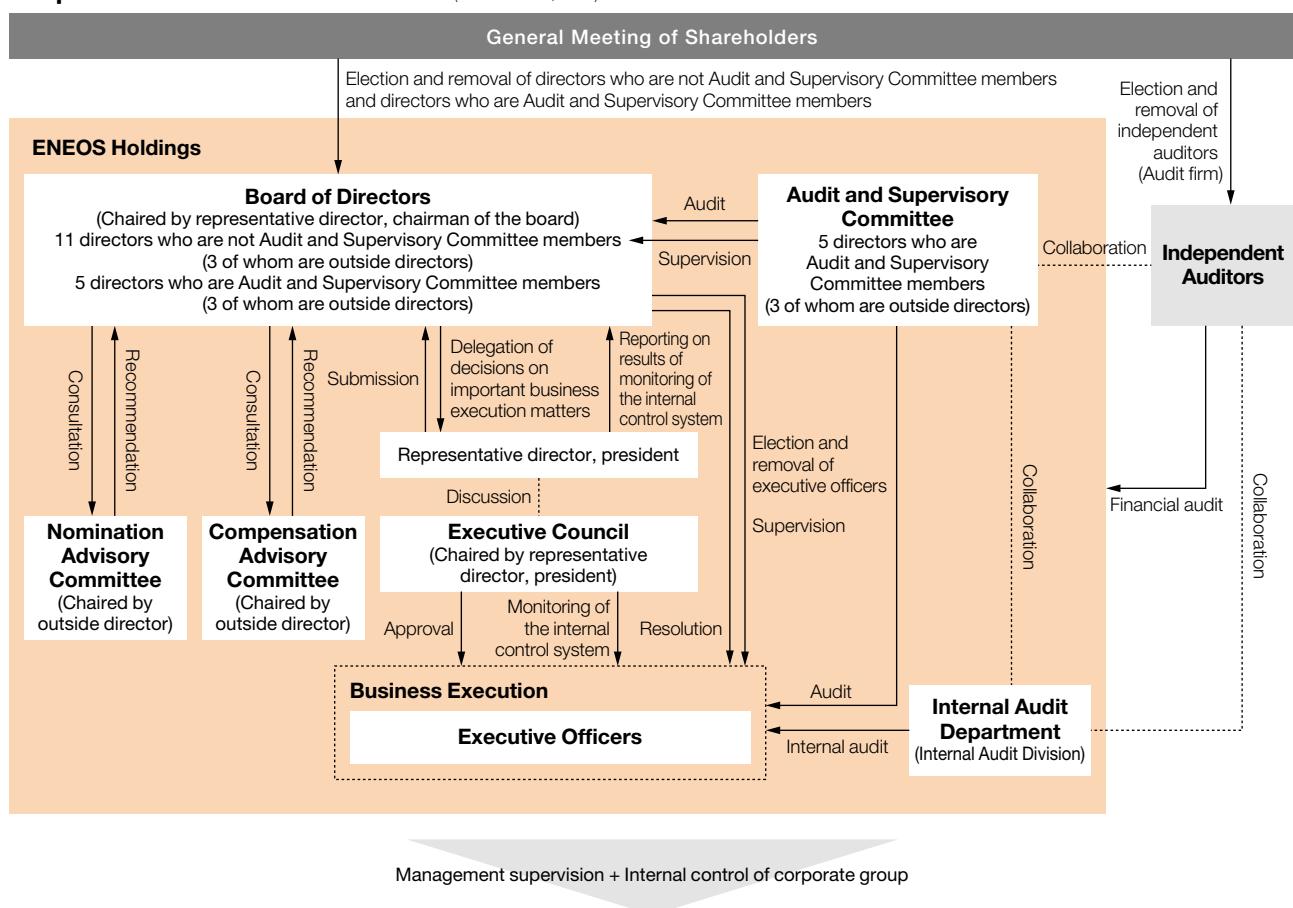
partners, employees, and local communities.

Basic Approach to Corporate Governance

By appropriately establishing and carrying out corporate governance, the Group works to realize the ENEOS Group Philosophy in order to achieve sustainable growth and increase its corporate value over the medium to long term. Based on this recognition, the Company has established and carries out the corporate governance of the Group as follows.

-  **Basic Policy on Corporate Governance of the 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

Corporate Governance Framework (As of June 25, 2020)



Group Companies

Principal Operating Companies

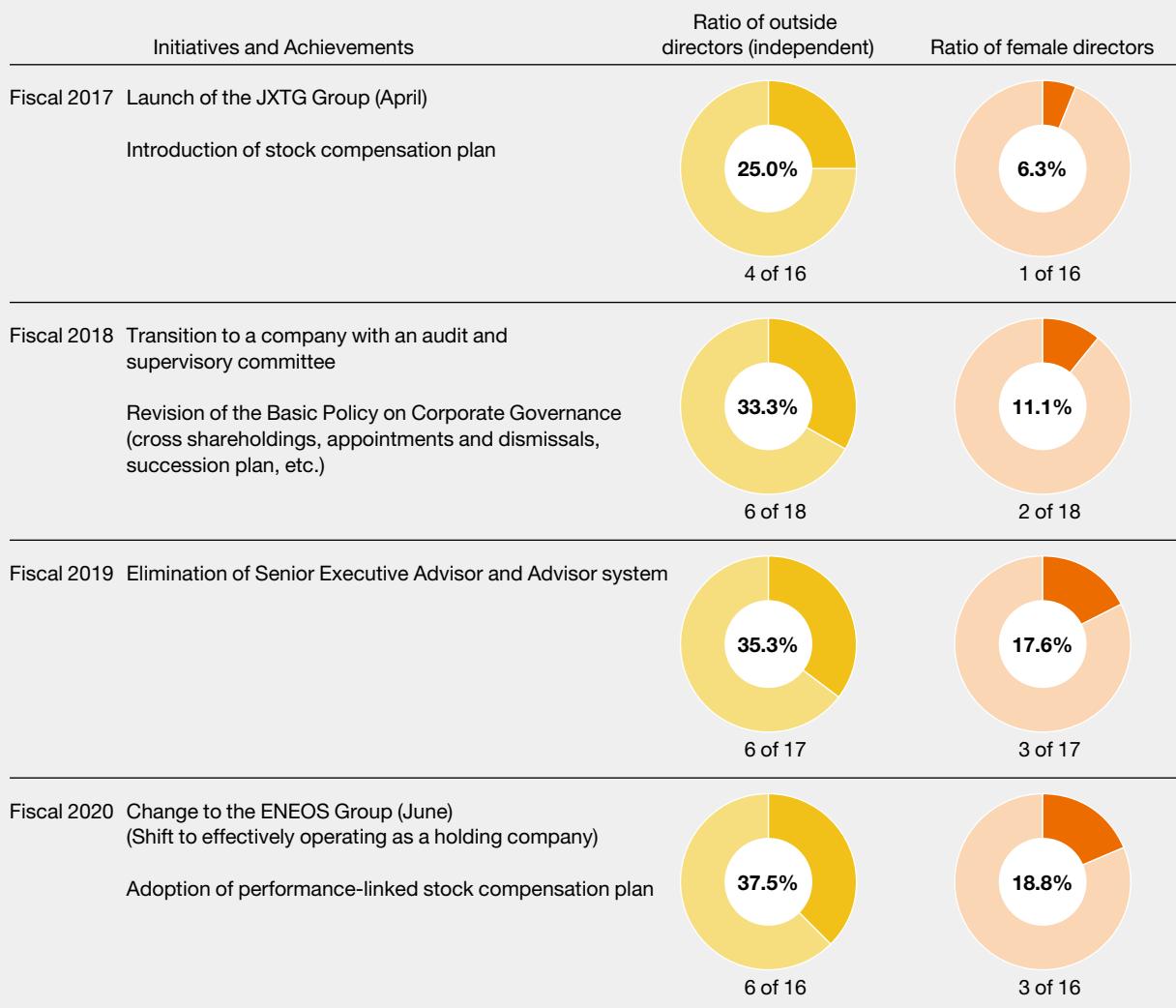
ENEOS

JX Nippon Oil & Gas Exploration

JX Nippon Mining & Metals

Other Group Companies

Strengthening Corporate Governance



Corporate Governance Framework at a Glance (As of June 25, 2020)

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
Term of directors who are Audit and Supervisory Committee members	2 years
Adoption of executive officer system	Yes
Institution assisting the president's decision-making	Executive Council
Voluntary advisory committees for the Board of Directors	Nomination Advisory Committee and Compensation Advisory Committee

Composition of Nomination Advisory Committee and Compensation Advisory Committee¹ and Fiscal 2019 Results

	Nomination Advisory Committee	Compensation Advisory Committee
Summary	To ensure the transparency of the process for determining the director candidates of the Company, the Nomination Advisory Committee 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 comprises 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 chairman and president and for the presidents of the principal operating companies.	To ensure the transparency and objectivity of the process for determining the compensation and other benefits for directors and executive officers, the Compensation Advisory Committee has been established to provide advice to the Board of Directors. The Compensation Advisory Committee comprises 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 compensation and other benefits for directors and executive officers, as well as the executive compensation plan and compensation amount.
Chairperson	Outside director (Otsuka Mutsutake) ²	Outside director (Otsuka Mutsutake) ²
Members (including chairperson)	Representative directors: 2 (Sugimori Tsutomu, Ota Katsuyuki) ² Outside directors: 3 (Otsuka Mutsutake, Ota Hiroko, Miyata Yoshiiku) ²	Representative directors: 2 (Sugimori Tsutomu, Ota Katsuyuki) ² Outside directors: 3 (Otsuka Mutsutake, Ota Hiroko, Miyata Yoshiiku) ²
Purpose	Ensure the transparency of the process for determining director candidates	Ensure the transparency and objectivity of the process for determining the compensation and other benefits for directors and executive officers
Results for fiscal 2019	The committee met five times and deliberated on matters including personnel proposals on candidates for directors of the Company and succession planning.	The committee met five times and deliberated on matters including the executive compensation plan, executive compensation levels, and stock compensation plan.

¹ Composition of the Nomination Advisory Committee and Compensation Advisory Committee as of June 25, 2020

² For officer profiles, see pages 65 to 68.

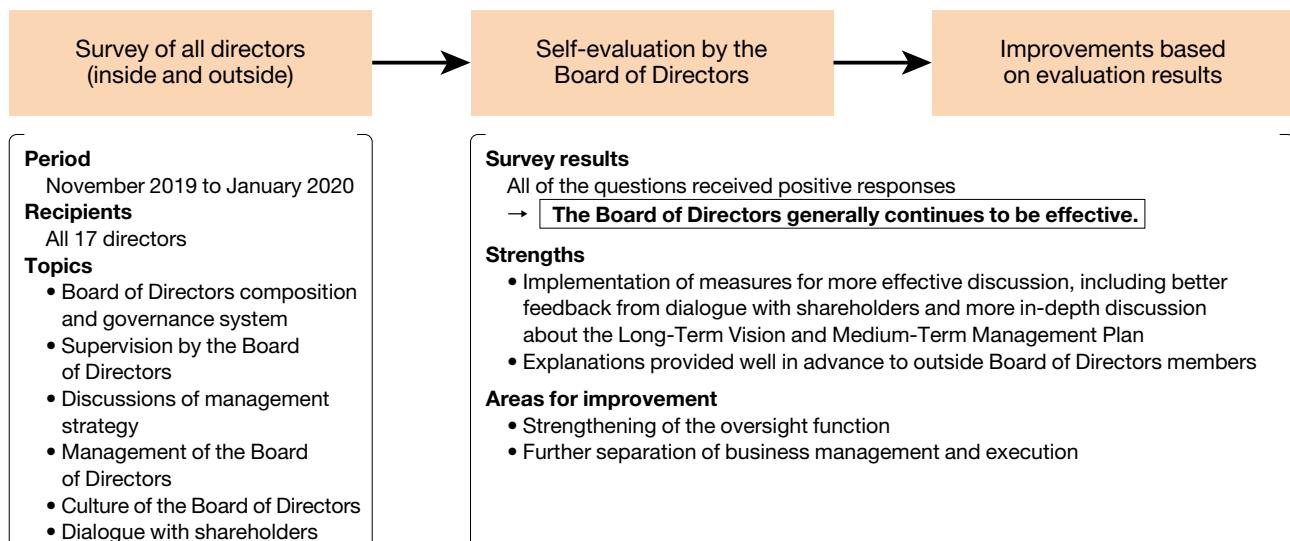
Evaluation of the Effectiveness of the Board of Directors

The Company's Board of Directors surveyed all directors, including outside directors, from November 2019 to January 2020 to evaluate the Board's effectiveness. The survey results and analysis of the results were reported to all directors on April 22, 2020.

All of the survey questions received positive responses, and the results indicated that the Board of Directors generally continues to be effective.

Areas cited as needing improvement included strengthening of the oversight function and further separation of business management and execution.

Process for Evaluation of Effectiveness



Policy for Appointing Director Candidates

The Company strives to appoint independent outside directors³ to at least one-third of director positions. As of June 25, 2020, 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, 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.

³ The term "independent outside director" refers to outside directors who have satisfied the Company's "Criteria for Assessing the 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, three days prior to meetings, and also provides explanations to the outside directors about important agenda items before the meetings. To enhance the auditing function by all Audit and Supervisory Committee members, including outside directors, the Company has established the Office of the Audit and Supervisory Committee, which is clearly independent from the chain of command for divisions responsible for business execution (including personnel evaluations). Full-time staff members have been assigned to the office to assist with the duties of the Audit and Supervisory Committee members. 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 ENEOS Group, and the achievement of increased corporate value over the medium to long term. To that end, to support efforts 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.

Training for Outside Directors (Fiscal 2019 and Fiscal 2020)

Topic	Intended for	Timing (fiscal year)	Content of training
Corporate governance	Newly appointed directors	2019/2020	ENEOS (JXTG) Group corporate governance
Internal control	Newly appointed directors	2019/2020	ENEOS (JXTG) Group internal control systems
ENEOS (JXTG) Holdings and principal operating companies	Newly appointed directors	2019/2020	Basic knowledge about ENEOS (JXTG) Holdings and its operating companies: ENEOS (JXTG Nippon Oil & Energy), JX Nippon Oil & Gas Exploration, and JX Nippon Mining & Metals
Finance and investor relations	Newly appointed directors	2019/2020	Current status and issues regarding ENEOS (JXTG) Holdings' financial affairs, opinions of institutional investors, etc.
Worksite inspection tours	All directors	2019	(JXTG Nippon Oil & Energy) Central Technical Research Laboratory, Negishi Refinery

Determination of Director Compensation

Director compensation is set based on the following guidelines.

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

Compensation for directors who are not Audit and Supervisory Committee members (excluding outside directors) comprises three components: fixed compensation paid monthly based on role, bonuses whose amounts fluctuate based on performance, and performance-linked stock compensation. This is a balanced compensation system that reflects the Company's business performance for the business year as well as shareholder value over the medium to long term in compensation amounts.

(2) Outside Directors Who Are Not Audit and Supervisory Committee Members

Compensation for outside directors who are not Audit and Supervisory Committee members is a monthly compensation in view of their roles as advisors and supervisors to management as well as the supervisory function in general management from an independent and objective standpoint.

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

Compensation for directors who are Audit and Supervisory Committee members is a monthly compensation in consideration of the independence of their duties.

(4) Reference

The policy for determining compensation and other benefits for directors who are not Audit and Supervisory Committee members (excluding outside directors) is determined by resolution of the Board of Directors after deliberation and recommendation by the Compensation Advisory Committee (comprising three outside directors and two representative directors, and chaired by an outside director). The Board of Directors allows one Audit and Supervisory Committee member selected by the Audit and Supervisory Committee to attend meetings to ensure the committee is able to express its views concerning the compensation of directors who are not Audit and Supervisory Committee members at general meetings of shareholders.

Stock Compensation Plan

The Company introduced a stock compensation plan for directors who are not Audit and Supervisory Committee members (excluding outside directors) in fiscal 2017. The stock compensation plan uses a mechanism called Board Incentive Plan Trust (BIP Trust). The plan covers the period of execution of the duties of the directors over three consecutive fiscal years and entitles directors to receive Company shares based on the fulfillment of their roles and performance targets with the option of receiving a monetary amount equivalent to 50% of the value of the shares upon conversion.

Maximum Director Compensation

Category	Type	Maximum amount	Resolution of the General Meeting of Shareholders
Directors who are not Audit and Supervisory Committee members	Monthly compensation and bonus	Maximum of 1.1 billion yen per fiscal year (Outside directors who are not Audit and Supervisory Committee members: 200 million yen)	8th Ordinary General Meeting of Shareholders
	Stock compensation	Three fiscal years Maximum Company contribution to the trust: 1.5 billion yen Maximum number of shares provided to the individual: 6 million (6 million points)	10th Ordinary General Meeting of Shareholders
Directors who are Audit and Supervisory Committee members	Monthly compensation	Maximum of 200 million yen per fiscal year	8th Ordinary General Meeting of Shareholders

Amount of Compensation and Other Benefits for Each Category of Officer (Fiscal 2019)

Category	Total amount of compensation and other benefits (Million yen)	Total amount of compensation and other benefits by type (Million yen)		Number of eligible officers	Total amount of compensation and other benefits by type (Million yen)	Number of eligible officers
		Fixed compensation	Bonus		Stock compensation	
Directors who are not Audit and Supervisory Committee members (excluding outside directors)	398	285	36	12	77	12
Directors who are Audit and Supervisory Committee members (excluding outside directors)	68	68	—	2	—	—
Outside directors who are not Audit and Supervisory Committee members	43	43	—	3	—	—
Outside directors who are Audit and Supervisory Committee members	40	40	—	4	—	—

Revision to the Stock Compensation Plan

At the 10th Ordinary General Meeting of Shareholders held on June 25, 2020, the Company revised the stock compensation plan (see page 59) to make it more performance-based. The purpose of the revision was to further enhance the link between the compensation structure of the recipient and the medium- and long-term management strategy, to increase recipient awareness of contributing to the enhancement of corporate value and cultivating shareholder-oriented management, and to promote initiatives to protect the environment and create a sustainable society.

The revision sets a range of 0–200% in the volume of Company shares that will be provided to a recipient depending on the degree of fulfillment of the performance targets. The Compensation Advisory Committee will deliberate the indicators, target values, and composition ratios to be used as performance targets. The indicators for the three fiscal years from 2020 to 2022 are operating income (excluding inventory valuation), free cash flow, net D/E ratio, ROE, total return ratio, and CO₂ emissions reduction.

Governance of Listed Subsidiaries

The Company maintains ENEOS Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Nippon Mining & Metals Corporation, 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.

ENEOS Holdings is the parent company of the listed company NIPPO Corporation. The company is maintained as a subsidiary because it is the leading company in the Japanese road paving industry in terms of its business scale and revenues and because it holds an important position in the ENEOS Group business portfolio. Due to the nature of the Group's businesses, fluctuations in the prices of resources can greatly impact business performance, and the company provides a stable source of high earnings that helps mitigate the risk of a major impact on the Group's financial standing and contributes to the Group's efforts to maximize its corporate value.

The company offers ample potential for synergy effects through its leading technical expertise in the pavement and construction businesses, collaboration in the development of recyclable asphalt modifiers, and its paving systems for solar power generation, all of which have potential applications in community services as described in our Long-Term Vision.

We also believe that maintaining the company's status as a listed company makes sense because it makes the company better able to sustain and enhance employee motivation and attract talented human resources as the leader in its field.

Our wholly owned subsidiary JX Nippon Mining & Metals is the parent company of the listed company Toho Titanium Co., Ltd.

JX Nippon Mining & Metals focuses on businesses where it uses its technologies in advanced materials and other areas for a competitive advantage in the global market, and it uses these businesses as the core driver of its growth strategy. Toho Titanium supplies important high-quality materials that are essential for the focus businesses to maintain competitiveness, such as high-purity titanium for the thin film materials business. Toho Titanium also collaborates closely with us to create and develop next-generation product lines in the advanced materials field, where product life cycles are becoming increasingly shorter. For these reasons, management considers it essential to maintain Toho Titanium as a subsidiary.

We believe that maintaining the company's status as a listed subsidiary makes sense due to the necessity for the company to be able to flexibly procure funds directly from the capital markets to maximize synergies and because it makes the company better able to sustain and enhance employee motivation and attract talented human resources.

The following policies concerning the authority to appoint and dismiss independent outside directors of listed subsidiaries have been adopted to ensure effective governance systems that give due consideration to the interests of general shareholders of our 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 interest of shareholders, including general shareholders, from an independent standpoint

(2) Exercise of Dismissal Authority

Voting rights will 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

Risk Management

The ENEOS Group has introduced an enterprise risk management (ERM) system to facilitate appropriate responses to management risks.

Enterprise Risk Management (ERM)

In fiscal 2017, the Corporate Planning Department began developing and implementing an ERM structure based on the COSO ERM framework. Specifically, giving thought to the result of interviews to officers and managers, and future changes in the social and economic situation, we determine specific risk events that could affect the Group and calculate the impact and probability of these risks in accordance with assessment criteria. The Executive Council then selects certain risks as material risk events, and after review and implementation of countermeasures by the departments responsible for the risks, reports are made to the Executive Council and the Board of Directors on the status of review and implementation of countermeasures (see pages 41 to 42).

In fiscal 2020, management continues to identify, assess, and respond to risks in accordance with the Risk Management Regulations for Group Management and Operational Guidelines adopted on April 1, 2019. Our principal operating companies, ENEOS, JX Nippon Oil & Gas Exploration, and JX Nippon Mining & Metals, have established and are operating risk management systems tailored to their individual business operations and characteristics.

Departments in charge of risk management of the Company and its principal operating companies work closely together to share information on risks. If a risk event that could seriously impact the Group's management is identified at a principal operating company, a system is in place in which both the principal operating company responsible for the risk event and the Company work together to implement countermeasures.

Internal Control

The Company has established and operates an internal control system to ensure appropriate operations based on the ENEOS

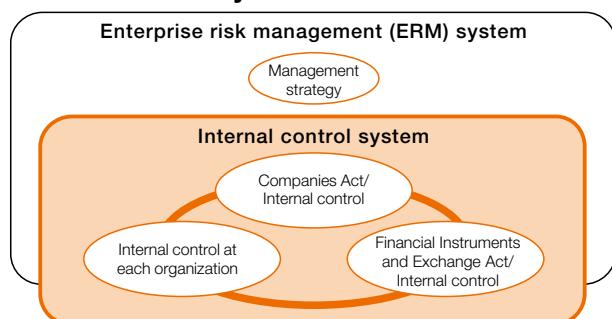
Group Philosophy and the Code of Conduct. The Board of Directors formulated the Basic Policy on Internal Control System and monitors the status of operation of this system.

The Internal Control Department supervises the maintenance and operation of the internal control system for the Group. Internal controls stipulated in the Companies Act and the Financial Instruments and Exchange Act are included in the Company's internal control system. Based on the globally standardized COSO framework, the Company is building and reinforcing autonomous internal control systems for each organization using risk-based PDCA cycles that can flexibly respond to the changing business environment. The rollout of these internal control systems began in fiscal 2018 at the Company and ENEOS, and since the general completion of deployment in fiscal 2019, the monitoring phase of the PDCA cycle has started and systems are being sequentially deployed for other Group companies.

We are also carrying out internal control activities in conjunction with risk management activities based on the risk management regulations of each Group company. In fiscal 2020, we will create a risk database to use our collected data to identify important risk areas and trends to strengthen risk management in our management and business activities.

 [The ENEOS Group Basic Policy on Internal Control System](https://www.hd.eneos.co.jp/english/company/system/pdf/policy.pdf)
<https://www.hd.eneos.co.jp/english/company/system/pdf/policy.pdf>

Internal Control System

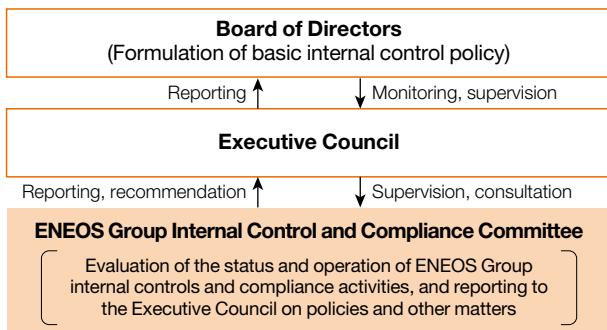


Comprehensive Internal Control Structure

With the change in the Group's management structure in June 2020, the functions of the Internal Control Council were integrated into the Executive Council to form a comprehensive management structure that includes risk management and response to ESG issues (see pages 41 to 42).

In addition, in June 2020 the committees for internal control and compliance were integrated to form the ENEOS Group Internal Control and Compliance Committee, which is chaired by the officer responsible for the Internal Control Department, and vice-chaired by the officer responsible for the Legal & Corporate Affairs Department. In consultation with and under the supervision of the Executive Council, the committee provides unified confirmation and evaluation of the status and operation of internal controls and compliance activities and reports and makes recommendations to the Executive Council on policies and other matters.

Comprehensive Internal Control and Compliance Structure



Risk Assessment of Business Activities

The Group has company rules and regulations for addressing the various kinds of 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 human rights, along with occupational health and safety aspects. Based on this, appropriate actions are taken when necessary.

For example, when reviewing a potential investment, we perform screenings based on the stage-gate system prior to reaching a final decision. The objective of the stage-gate system is to narrow down important projects for the advancement of business strategies in an efficient manner. Under this system, processes from initial review to execution are broken down into stages of review. In turn, gates are set up that must be cleared

in each of these stages. During screening, we clarify various risks, including ESG-related risks, using sensitivity analysis and case analysis among other means and take steps to minimize risks. 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.

ESG-related risks and issues for existing businesses are managed and monitored through effective discussion in the Executive Council.

In fiscal 2019, the Company established the Cyber Security Council and the Cyber Security Committee as a structure for the advancement of cyber security.

Crisis Management

When crises or emergency situations arise that could significantly affect the management of the Group, the Company exercises overall control and has prepared the Rules for Responding to Crises and Emergencies, which specifies measures to be taken to minimize any damage that may occur.

The Crisis Management Department of the Company functions as the standing organizational unit in charge of crisis response and management. The general manager of this department acts as head of this crisis response unit, and when such situations arise at the Company or Group companies, operating procedures require that the situation and measures to be taken be reported immediately to the head of the crisis response unit.

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, such as petroleum products, that support the functioning of society. When an infectious disease epidemic occurs, we set up a response headquarters headed by the president. ENEOS has a business continuity plan and a full system in place to ensure that we can fulfill our responsibility to provide a stable supply of petroleum products during an epidemic.

The Group is implementing measures to prevent infection and the spread of infection among employees. At our domestic and overseas business sites, we have systematically stockpiled surgical masks, goggles, alcohol-based disinfectants and other sanitary provisions, and we have personnel systems and IT structures in place to accommodate working from home.

These preparations enabled us to take prompt countermeasures when the COVID-19 pandemic occurred in early 2020.

Information Security

Company information is an important asset of the Group, and we work to prevent the improper use, disclosure, or leakage of this information in accordance with the ENEOS Group Basic Rules for Information Security. The Group also strives to maintain information accuracy and reliability and to prevent falsification or mishandling while ensuring that information is available to authorized users when needed.

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.

Compliance Structure

With the change in the Group's management structure in June 2020, the Executive Council was put in charge of all management functions, including risk management and response to ESG issues. The Internal Control and Compliance Committee was also established under the Executive Council for more integrated and efficient management of internal control and compliance activities (see "Comprehensive Internal Control Structure" on page 62).

Internal Reporting System (Compliance Hotline)

To enable prompt detection and corrective action in the event of legal violations, the Group's main companies maintain internal reporting systems (compliance hotlines) for their employees and those of contractor companies. The systems allow for anonymous reporting and also facilitate contact with law firms outside the companies. We have also introduced internal reporting systems, including some systems with multilingual capabilities, at overseas subsidiaries where we have 50% or higher ownership. In fiscal 2019, the Group recorded 67 reports via its internal reporting systems.

Compliance Inspections

The Group conducts annual compliance inspections to ascertain the status of legal compliance. Managers at all worksites interview each member of their staff to identify compliance issues across the entire scope of operations. The Group actively pursues questions and concerns and formulates and executes measures to resolve any issues.

The Group identified approximately 500 compliance issues and potential issues in fiscal 2019. None of the issues significantly impacted management, and over 80% were resolved within the year.

The Group's Personal Information Protection Guidelines ensure that information is handled properly and in compliance with relevant laws and regulations and that individual rights and interests are protected. We are also taking steps to prevent information leaks by strengthening the Group's personal information management system through efforts such as conducting audits for both Group companies and outsourcing companies that handle personal information.

We are currently addressing the 20% of issues that have not yet been resolved, and plan to conduct another compliance inspection in fiscal 2020.

Compliance Training

The Group issues ENEOS Group Philosophy cards and ENEOS Group Code of Conduct handbooks to all officers and employees to instill compliance awareness.

The Group adopted a revised Anti-Corruption Policy in fiscal 2019 and subsequently conducted anti-corruption checks at all Group companies. We also provided training on harassment prevention, compliance with competition laws and subcontracting laws, and the internal reporting system, which are particularly relevant to our operations.

Tax Matters Policy

The Tax Matters Policy provides guidelines for fulfilling our tax payment obligations and responsibilities in the countries and regions where we conduct our business operations.

 **ENEOS Group Tax Matters Policy**
<https://www.hd.eneos.co.jp/english/company/system/tax.html>

Disclosure Policy

Recognizing the extreme importance of disclosing company information in a timely and appropriate manner, the Company established the Disclosure Policy as a guideline for prompt, proper, and fair disclosure of information to shareholders and investors. The Company has also established Rules for the Prevention of Insider Trading and a system for ensuring thorough understanding of these rules.

 **ENEOS Group Disclosure Policy**
<https://www.hd.eneos.co.jp/english/disclosure/>

Message from an Outside Director

We are closely monitoring the progress of the Company's transformation in the pursuit of its Long-Term Vision.

Ota Hiroko
Outside Director
ENEOS Holdings, Inc.



Viability of the Second Medium-Term Management Plan

ENEOS Holdings is at a major turning point. It is entering a phase of major changes in its business structure, not only in terms of structural reforms to address diminishing demand in Japan, but also in terms of the urgent issue of developing its growth businesses for a low-carbon, recycling-oriented society.

In that sense, the Long-Term Vision to 2040 is extremely important, and has been discussed many times by the Board of Directors. We outside directors deepened our understanding of the Company's initiatives by visiting new business sites and engaging in frank discussions with the top executives of the principal operating companies. We also held discussions among ourselves before presenting our views to the Board of Directors.

The Company is to be commended for incorporating the views of the outside directors into both the Long-Term Vision and the second Medium-Term Management Plan, but now the important thing is the steadfast execution of the plan, which represents a major turning point for the Company.

Structural reforms and the development of growth businesses will surely be a series of trials and errors. The Board of Directors will be closely monitoring the Company's progress.

View of the Second Medium-Term Management Plan

When reviewing the Long-Term Vision during the formulation of the second Medium-Term Management Plan, I was impressed by the Company's forthright target to achieve carbon neutral status (in its own emissions) by 2040. This is a difficult choice, but as a comprehensive energy company, ENEOS Holdings is obligated to place the highest priority on climate change issues, and doing everything in its power to address the situation is essential to increasing its the value of its existence.

While strengthening its renewable energy business and integrating distributed power sources into its operations, the Company is facing the major challenge of translating the

response to climate change into a catalyst for growth and a driver for new businesses. As an outside director, I support the Company's efforts and will fully apply myself to finding solutions to the challenges it faces. The Company is also fully engaged in initiatives for a digital transformation. Digital technology is essential to enhancing the sophistication and efficiency of its base businesses, including petroleum refining and marketing, oil and natural gas exploration and development, and copper smelting and refining. Even more important is the use of big data to analyze customer needs and trends in order to provide optimal services in its next-generation energy supply and community services business. Specific initiatives were identified through a number of discussions about these businesses by the Board of Directors, where opinions were exchanged on innovation in business content and the Company's advantages. I anticipate that the Company will make rapid progress in the development of its businesses while flexibly incorporating new ideas through open collaboration with firms from other industries and utilizing human resources from diverse backgrounds.

Role of an Outside Director in Attaining Targets

In 2020, the first year of its second Medium-Term Management Plan, the Company adopted a new name and a new management structure. At the same time, it is facing the major structural changes of climate change response while simultaneously dealing with the COVID-19 crisis.

The Company is also seeking to become carbon neutral and to accelerate and intensify its digital transformation. It must be flexible in pursuing emerging opportunities for change to continue its transformation. The Company's many mergers have given it an easygoing corporate culture, but it also suffers from "big company malaise," with its tendency to be inward-looking and resistant to change. Those lingering traits must be eliminated through the pursuit of the second Medium-Term Management Plan.

I will continue to provide an outside perspective as I support the Company's efforts in the fulfillment of my role as an outside director.

Executives / Directors (Excluding Independent Directors)

(As of June 25, 2020)



Sugimori Tsutomu

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

-
- 1979 Joined Nippon Oil Co., Ltd.
2008 Executive Officer of Nippon Oil Corporation (General Manager of Chubu Branch Office)
2009 Executive Officer of Nippon Oil Corporation (General Manager of Sales Management Dept., Retail Sales Division)
2010 Director, Senior Vice President of JX Nippon Oil & Energy Corporation (Division Manager of Retail Sales Division)
2013 Director, Senior Vice President of JX Nippon Oil & Energy Corporation (responsible for Corporate Planning Dept., Controller Dept., Information Systems Dept.)
2014 Director (Part-time) of the Company
Representative Director and President of JX Nippon Oil & Energy Corporation
2018 Representative Director and President of the Company
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

-
- 1982 Joined Nippon Oil Co., Ltd.
2010 General Manager of Controller Dept. of the Company
2014 Executive Officer of the Company (General Manager of Controller Dept.)
2015 Director and Executive Officer of the Company (responsible for Controller Dept.)
2017 Director and Senior Vice President of the Company (responsible for Internal Audit Dept., Controller Dept., and Finance & Investor Relations Dept.)
2018 Director (Part-time) of the Company
Representative Director and President of JXTG Nippon Oil & Energy Corporation
2020 Representative Director, President of the Company (current)
Representative Director, President of ENEOS Corporation (current)



Yokoi Yoshikazu

Director, Executive Vice President
Assistant to President

-
- 1984 Joined Mobil Sekiyu K.K.
2013 Executive Officer of TonenGeneral Sekiyu K.K. (in charge of Public & Government Relations)
2014 Executive Officer of TonenGeneral Sekiyu K.K. (in charge of Fuels Marketing & Sales Strategy)
Executive Officer of EMG Marketing Godo Kaisha (Deputy Manager of Fuels Marketing Division)
2015 Director of TonenGeneral Sekiyu K.K. (in charge of Fuels, Lubricants & Specialties, Marketing & Supply Coordination)
Vice President of EMG Marketing Godo Kaisha (in charge of Fuels, Lubricants & Specialties, Marketing & Supply Coordination, General Manager of Fuels Marketing Division) (until December 2016)
2016 Managing Director of TonenGeneral Sekiyu K.K. (in charge of Fuels, Lubricants & Specialties, Marketing & Supply Coordination)
2017 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (Deputy Division Manager of Marketing & Sales Division)
2019 Director, Executive Vice President, Assistant to President of JXTG Nippon Oil & Energy Corporation (Overseas Business Planning & Development Dept., 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., Chemicals Planning Dept., Olefins Dept., Aromatics Dept., Branch Offices)
2020 Director, Executive Vice President, Assistant to President of JXTG Nippon Oil & Energy Corporation (Overseas Business Planning & Development Dept., 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., Chemicals Planning Dept., Olefins Dept., Aromatics Dept., Branch Offices), responsible for Business Design & Development Dept.
Director, Executive Vice President, Assistant to President of the Company (current)
Director, Executive Vice President, Assistant to President of ENEOS Corporation (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., Chemicals Planning Dept., Olefins Dept., Aromatics 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.)

-
- 1982 Joined Koa Oil Co., Ltd.
2014 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Technical & Engineering Dept.)
2015 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Refining & Manufacturing Dept.)
2017 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (Division Manager of Refining & Manufacturing Division)
2019 Director, Executive Vice President, Assistant to President of JXTG Nippon Oil & Energy Corporation (Safety, Health & Environment Dept., Quality Assurance Dept., Renewable Energy Business Dept., Refining & Manufacturing Dept., Mechanical Engineering Dept., Engineering & Capital Planning Dept., Hydrogen Business Promotion Dept., Fuel Cell Customer Support Office, Central Technical Research Laboratory, Refineries and Plants)
2020 Director, Executive Vice President, Assistant to President of the Company (Safety, Health & Environment Dept., Quality Assurance Dept.) (current)
Director, Executive Vice President, Assistant to President of ENEOS Corporation (Safety, Health & Environment Dept., Quality Assurance Dept., Renewable Energy Business Dept., Refining & Manufacturing Dept., Mechanical Engineering Dept., Engineering & Capital Planning Dept., Hydrogen Business Promotion Dept., Fuel Cell Customer Support Office, Central Technical Research Laboratory, Refineries and Plants) (current)



Adachi Hiroji

Director, Executive Vice President, CDO
Assistant to President (Corporate Planning Dept., ESG Strategy Development Dept., IT Planning & Development Dept., Emerging Business Development Dept.), responsible for IT Planning & Development Dept., Emerging Business Development Dept.

-
- 1982 Joined Nippon Oil Co., Ltd.
2008 Executive Officer of Nippon Oil Corporation (General Manager of Technology Dept., Manufacturing & Technology Division)
2010 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Manufacturing Dept., Manufacturing & Technology Division)
2012 Senior Vice President of JX Nippon Oil & Energy Corporation (General Manager of Mizushima Refinery)
2014 Senior Vice President of the Company (General Manager of Corporate Planning Dept. I)
2015 Director, Senior Vice President of the Company (responsible for Corporate Planning Dept. I and II)
2017 Director, Senior Vice President of the Company (responsible for Internal Control Dept., Corporate Transformation Dept., Human Resources Dept.)
2018 Director, Senior Vice President of the Company (responsible for Internal Control Dept., Business Development Dept., Corporate Transformation Dept., Human Resources Dept.)
2019 Director, Senior Vice President of the Company (responsible for Corporate Planning Dept., Emerging Business Development Dept., ESG Strategy Development Dept., IT Planning & Development Dept., Safety, Health & Environment Dept., Quality Assurance Dept.)
2020 Director, Senior Vice President, CDO of the Company (responsible for Corporate Planning Dept., Emerging Business Development Dept., ESG Strategy Development Dept., IT Planning & Development Dept., Safety, Health & Environment Dept., Quality Assurance Dept.)
Director, Executive Vice President, CDO, Assistant to President of the Company (Corporate Planning Dept., ESG Strategy Development Dept., IT Planning & Development Dept., Emerging Business Development Dept.), responsible for IT Planning & Development Dept. and Emerging Business Development Dept. (current)
Director, Executive Vice President, CDO, Assistant to President of ENEOS Corporation (Corporate Planning Dept., ESG Strategy Development Dept., IT Planning & Development Dept., Emerging Business Development Dept., Overseas Business Planning & Development Dept.), responsible for IT Planning & Development Dept. and Emerging Business Development Dept. (current)



Yatabe Yasushi

Director, Executive Vice President

Assistant to President (Secretariat, Internal Audit Dept., Internal Control Dept., Controller Dept., Finance & Investor Relations Dept., Human Resources Dept., Public Relations Dept., General Administration Dept., Legal & Corporate Affairs Dept., Crisis Management Dept., Procurement Dept.)

- 1984 Joined Nippon Oil Co., Ltd.
2010 General Manager of Coal Business Dept., Energy Solutions Division of JX Nippon Oil & Energy Corporation
2015 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Coal Business Dept., Resources & Power Company)
2016 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Kyushu Branch Office)
2019 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (President of Resources & Power Company)
2020 Director, Executive Vice President, Assistant to President of JXTG Nippon Oil & Energy Corporation (Secretariat, Internal Audit Dept., Internal Control Dept., Corporate Planning Dept., ESG Strategy Development Dept., Controller Dept., Human Resources Dept., Public Relations Dept., IT Planning & Development Dept., General Administration Dept., Legal & Corporate Affairs Dept., Crisis Management Dept., Procurement Dept.)
Director, Executive Vice President, Assistant to President of the Company (Secretariat, Internal Audit Dept., Internal Control Dept., Controller Dept., Finance & Investor Relations Dept., Human Resources Dept., Public Relations Dept., General Administration Dept., Legal & Corporate Affairs Dept., Crisis Management Dept., Procurement Dept.) (current)
Director, Executive Vice President, Assistant to President of ENEOS Corporation (Secretariat, Internal Audit Dept., Internal Control Dept., Controller Dept., Finance & Investor Relations Dept., Human Resources Dept., Public Relations Dept., General Administration Dept., Legal & Corporate Affairs Dept., Crisis Management Dept., Procurement Dept., Resources & Power Company, Lubricants Company, High Performance Materials Company) (current)



Hosoi Hiroshi

Director (Part-time)

Representative Director,
President of JX Nippon Oil & Gas Exploration Corporation

- 1979 Joined Nippon Oil Co., Ltd.
2010 Executive Officer of JX Nippon Oil & Energy Corporation (Deputy Division Manager of Supply-Demand Division)
2012 Senior Vice President of JX Nippon Oil & Energy Corporation (Division Manager of Supply-Demand Division)
2014 Director, Senior Vice President of JX Nippon Oil & Energy Corporation (responsible for Crude Oil Shipping Dept., Supply-Demand Dept., Distribution Management Dept.)
2017 Director, Executive Vice President of JX Nippon Oil & Gas Exploration Corporation (Special Assistant to President)
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

- 1980 Joined Nippon Mining Co., Ltd.
2010 Executive Officer of Nippon Mining & Metals Co., Ltd. (General Manager of Corporate Planning Dept., General Manager of Administrative Office of the Metals Business Division)
2012 Executive Officer of JX Nippon Mining & Metals Corporation (General Manager of Corporate Planning Dept.)
2013 Senior Executive Officer of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Accounting & Finance Dept., IT Dept., Logistics Dept., Audit Office)
Director and Senior Executive Officer of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Accounting & Finance Dept., IT Dept., Logistics Dept., Audit Office)
2015 Director and Senior Executive Officer of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Accounting & Finance Dept., IT Dept., Logistics Dept., Internal Auditing Dept.)
2016 Director, Senior Executive Officer of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Accounting & Finance Dept., Logistics Dept., Internal Auditing Dept.)
2018 Director, Senior Executive Officer of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Research Dept., Accounting & Finance Dept., Logistics Dept., Internal Auditing Dept.)
2019 Director, Senior Executive Officer of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept.)
President & Representative Director, Chief Executive Officer of JX Nippon Mining & Metals Corporation (current)
Director (Part-time) of the Company (current)



Kato Hitoshi

Director (Full-time Audit and Supervisory Committee Member)

- 1981 Joined Nippon Oil Co., Ltd.
2012 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Human Resources Dept.)
2014 Senior Vice President of JX Nippon Oil & Energy Corporation (responsible for Southeast Asia Business Development Dept.)
2016 Senior Vice President of JX Nippon Oil & Energy Corporation (responsible for Southeast Asia Business Dept., Vietnam Business Preparation Office)
Senior Vice President of JX Nippon Oil & Energy Corporation (responsible for Southeast Asia Business Dept., Petrolimex Project Promotion Office)
2017 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (responsible for Overseas Projects Dept.)
2018 Director of JXTG Nippon Oil & Energy Corporation
Director (Full-time Audit and Supervisory Committee Member) of the Company (current)
Corporate Auditor (Part-time) of JX Nippon Oil & Gas Exploration Corporation (current)
2020 Corporate Auditor (Full-time) of ENEOS Corporation (current)



Ouchi Yoshiaki

Director (Full-Time Audit and Supervisory Committee Member)

- 1984 Joined Kyodo Oil Company
2014 General Manager of Finance & Investor Relations Dept. of the Company
2016 Executive Officer of the Company (General Manager of Finance & Investor Relations Dept.)
2018 Senior Vice President of the Company (General Manager of Finance & Investor Relations Dept.)
2019 Director and Senior Vice President of the Company (responsible for Internal Control Dept., Controller Dept., Finance & Investor Relations Dept.)
2020 Director (Full-Time Audit and Supervisory Committee Member) of the Company (current)
Corporate Auditor (Full-time) of ENEOS Corporation (current)
Corporate Auditor (Part-time) of Nippon Mining & Metals Corporation (current)

Executives / Independent Directors

(As of June 25, 2020)



Ota Hiroko

Outside Director

- 1981 Research Fellow at the Japan Institute of Life Insurance
1993 Visiting Associate Professor at the School of Economics of Osaka University
1996 Associate Professor at Saitama University
1997 Associate Professor at the National Graduate Institute for Policy Studies
2001 Professor at the National Graduate Institute for Policy Studies
2002 Director of Policy Analysis in the Cabinet Office
2003 Deputy Director General for Economic Research in the Cabinet Office
2004 Director General for Economic Research in the Cabinet Office
2005 Professor at the National Graduate Institute for Policy Studies
2006 Minister of State for Economic and Fiscal Policy
2008 Professor at the National Graduate Institute for Policy Studies
2012 Outside Director of the Company (current)
2013 Outside Director of Panasonic Corporation (current)
2019 Senior Professor at the National Graduate Institute for Policy Studies (current)



Otsuka Mutsutake

Outside Director

- 1965 Joined Japanese National Railways
1987 Joined East Japan Railway Company, General Manager of Finance Dept. of East Japan Railway Company
1990 Director and General Manager of Personnel Dept. of East Japan Railway Company
1992 Executive Director and General Manager of Personnel Dept. of East Japan Railway Company
1994 Executive Director of East Japan Railway Company
1996 Executive Director and Deputy Director General of Corporate Planning Division of East Japan Railway Company
1997 Executive Vice President and Representative Director and Director General of Corporate Planning Division of East Japan Railway Company
2000 President and Representative Director of East Japan Railway Company
2006 Chairman and Director of East Japan Railway Company
2007 Outside Corporate Auditor of Electric Power Development Co., Ltd. (current)
2012 Advisor of East Japan Railway Company
2013 Outside Director of the Company (current)
2020 Executive Advisor of East Japan Railway Company (current)



Miyata Yoshiiku

Outside Director

- 1977 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
2007 Executive Officer, Matsushita Electric Industrial Co., Ltd., Chairman, Panasonic Europe Ltd.
2009 Managing Executive Officer, Panasonic Corporation, Senior Vice President, Director, Visual Products and Display Devices Business Group, AVC Networks Company
2011 Senior Managing Executive Officer, Panasonic Corporation (in charge of Overseas Operations), Senior Managing Director, Member of the Board, Panasonic Corporation (in charge of Overseas Operations)
2012 Senior Managing Director, Director, Global Consumer Marketing Sector, Panasonic Corporation
2013 Senior Managing Director, Tokyo Representative, Panasonic Corporation
2014 Senior Managing Director, Panasonic Corporation, Corporate Advisor, Panasonic Corporation
2015 Outside Director, TonenGeneral Sekiyu K.K.
2016 Outside Director, Kobe Steel, Ltd. (Audit & Supervisory Committee Member) (current)
2017 Outside Director of the Company (current)



Nishioka Seiichiro

Outside Director (Audit and Supervisory Committee Member)

- 1975 Assistant Judge
2007 Chief Judge of the Utsunomiya District Court
2010 Presiding Judge of the Tokyo High Court
2011 President of the Tokyo Family Court
2013 President of the Hiroshima High Court
2014 Retired from office of the President of the Hiroshima High Court
2015 Registered as an Attorney-at-Law (current), Of-Counsel, Asahi Law Offices (current)
2016 Outside Corporate Auditor of the Company
2018 Outside Director (Audit and Supervisory Committee Member) of the Company (current)



Mitsuya Yuko

Outside Director (Audit and Supervisory Committee Member)

- 1981 Joined Hitachi Ltd.
1990 Part-time instructor of the University of Tsukuba
2010 Representative Director of Cipher Co., Ltd.
2011 Director of Fujimura Gakuen (current)
2012 Member of Management Council of the University of Tsukuba
2014 Advisor of the Tokyo Organizing Committee of the Olympic and Paralympic Games (current)
Council Member of the Japan Volleyball Association (current)
2016 Representative Director and President of the Japan Basketball Association (current)
2017 Director of the International Basketball Federation (current)
2018 Outside Director of Fukui Bank, Ltd. (current)
2019 Outside Director of the Company (Audit and Supervisory Committee Member) (current)
Outside Director of Denso Corporation (current)



Oka Toshiko

Outside Director (Audit and Supervisory Committee Member)

- 1986 Joined Tohmatsu Touche Ross Consulting Limited
2000 Joined Asahi Arthur Andersen Limited
2002 Principal of Deloitte Tohmatsu Consulting Co., Ltd.
2005 President and Representative Director of ABeam M&A Consulting Ltd.
2016 Partner of PwC Advisory LLC CEO of Oka & Company Ltd. (current)
Outside Director of Hitachi Metals, Ltd. (current)
2018 Outside Director of Sony Corporation (current)
2019 Outside Director of Happinet Corporation (current)
2020 Outside Director of the Company (Audit and Supervisory Committee Member) (current)

Information Regarding Outside Directors

Name/
Important concurrent office(s)

Ota Hiroko

- Senior Professor at the National Graduate Institute for Policy Studies
- Outside Director of Panasonic Corporation

Otsuka Mutsutake

- Advisor of East Japan Railway Company
- Outside Corporate Auditor of Electric Power Development Co., Ltd.

Miyata Yoshiiku

- Outside Director, Kobe Steel, Ltd. (Audit & Supervisory Committee Member)

Information Regarding Outside Directors

(Audit and Supervisory Committee Members)

Name/
Important concurrent office(s)

Nishioka Seiichiro

- Attorney-at-Law, Of-Counsel, Asahi Law Offices

Mitsuya Yuko

- Representative Director and President of the Japan Basketball Association
- Outside Director of Fukui Bank, Ltd.
- Outside Director of Denso Corporation

Oka Toshiko

- CEO of Oka & Company Ltd.
- Outside Director of Hitachi Metals, Ltd.
- Outside Director of Sony Corporation
- Outside Director of Happinet Corporation

Reasons for election as outside director and reasons for designation as independent officer	Attendance at meetings of the Board of Directors in fiscal 2019	Specialization/Field of expertise							
		Government/public policy	Corporate management	Overseas work experience	International affairs	Society/economics	Law	Academic research/education	M&A
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 such positions as Director General for Economic Research in the Cabinet Office and Minister of State for Economic and Fiscal Policy. She was elected as an outside director because her extensive experience in economics and finance enables her to provide proper guidance and advice and supervise the management of the Company from an independent perspective.	14/14	○				○		○	
Mr. Otsuka has long been engaged in the management of East Japan Railway Company. He was elected as an outside director because his deep insight, abundant experience, and solid accomplishments in company management enable him to provide proper guidance and advice and supervise the management of the Company from an independent perspective.	14/14		○			○			
Mr. Miyata has been in charge of corporate management within and outside Japan at Panasonic Corporation for many years. He has gained extensive experience and achievements as a corporate manager. He served as an outside director of TonenGeneral Sekiyu K.K. until 2015 and has served as an outside director of the Company since 2017. He was elected as an outside director based on his ability to give guidance and advice on management of the Company as well as supervise the business execution of the Company from an independent perspective.	13/14		○	○					

Reasons for election as outside director and reasons for designation as independent officer	Attendance at meetings of the Board of Directors and the Audit and Supervisory Committee in fiscal 2019	Specialization/Field of expertise							
		Government/public policy	Corporate management	Overseas work experience	International affairs	Society/economics	Law	Academic research/education	M&A
Mr. Nishioka has held important posts, such as Chief Judge of the Utsunomiya District Court, President of the Tokyo Family Court, and President of the Hiroshima High Court. He has been active as an attorney. He has taught students as a visiting professor at Keio University Law School to hand his knowledge down to the next generation. He has abundant professional knowledge and experience regarding the administration of justice. He was elected as an outside director for his ability to audit and supervise directors who are not Audit and Supervisory Committee members in the execution of their duties from an objective, independent, and fair standpoint.	Board of Directors: 14/14 Audit and Supervisory Committee: 15/15						○	○	
Ms. Mitsuya has been involved in company management since retiring from her career as a premier athlete, and has worked to strengthen organizational operation while serving in key positions in various sports associations, including Representative Director and President of the Japan Basketball Association. She was elected as an outside director for her abundant experience and advanced knowledge as a member of management and supervisor of the operations of various organizations, which enables her to provide guidance and advice for the Company's management, as well as to audit and supervise directors who are not Audit and Supervisory Committee members in the execution of their duties from an objective, independent, and fair standpoint.	Board of Directors: 11/11 Audit and Supervisory Committee: 11/11 (Elected June 2019)		○		○			○	
Ms. Oka is a specialist in finance and accounting, M&A, and business strategy planning, and has extensive experience as a director, a managing director or an advisor at several companies, giving her abundant experience and deep insight into the finance and accounting fields as both a specialist and a managing director/director. She was elected as an outside director because her experience and achievements enable her to provide guidance and advice for the Company's management as well as to audit and supervise directors who are not Audit and Supervisory Committee members in the execution of their duties from an objective, independent, and fair standpoint.	- (Elected June 2020)		○				○	○	

Part III

ENEOS Group Business Strategy

The ENEOS Group is expanding its energy,
resources and materials businesses worldwide.

At a Glance	71
Energy Business	73
Oil and Natural Gas Exploration and Production Business (Oil and Gas E&P Business)	77
Metals Business	81

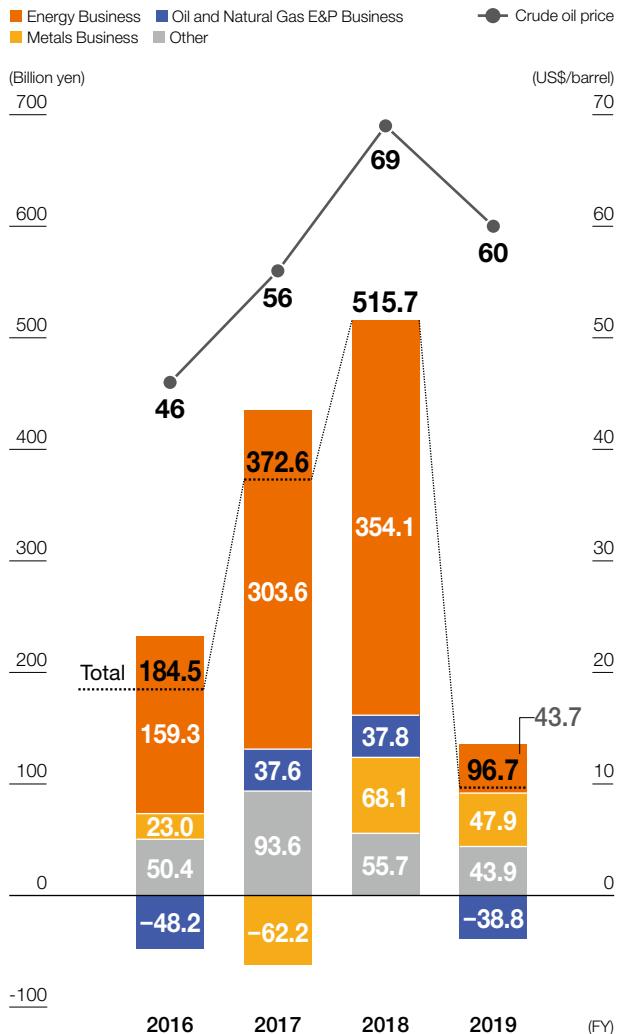




At a Glance

Consolidated net sales (Fiscal 2019)	Consolidated workforce (As of March 31, 2020)
10,011.8 billion yen	40,983 employees
Consolidated operating income excluding inventory valuation (Fiscal 2019)	Market capitalization (As of March 31, 2020)
96.7 billion yen	1,191.1 billion yen

Operating Income Excluding Inventory Valuation



Energy Business



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



Metals Business



Business Overview and Strategic Policy

Business Overview

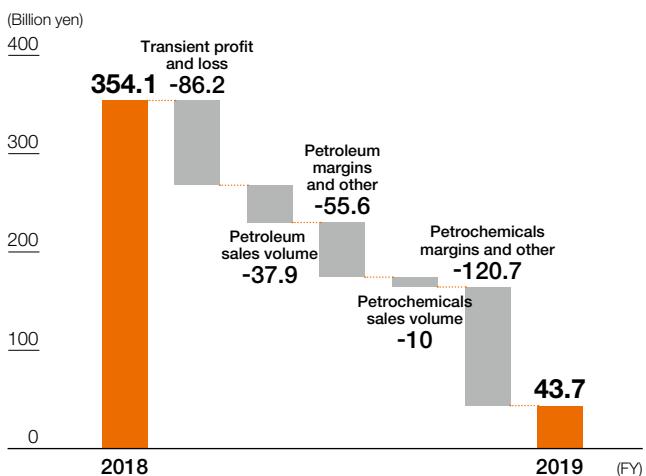
Operates the ENEOS brand, with a network of 13,000 service stations nationwide in Japan. Engaged in core businesses, including petroleum and petrochemical products, as well as businesses that will be mainstays of the future, including electricity, gas, lubricants, hydrogen, and renewable energy.

Strategic Policy

Become one of the most prominent comprehensive energy companies in Asia

Transform the supply chain/transform refineries to produce more chemical products/develop next-generation energy supply and community services/utilize open innovation/advance digital transformation/cultivate human resources

Fiscal 2019 Operating Income Excluding Inventory Valuation (YoY)



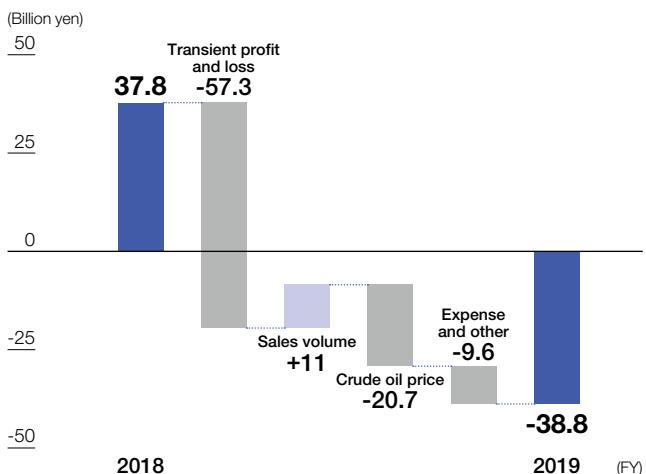
Business Overview

In charge of the Group's upstream operations, the company ensures the stable supply of oil and gas resources through its long-term oil and gas operations in 10 countries, including Japan, and is conducting basic research for the creation of resource development businesses with low environmental impacts.

Strategic Policy

Strengthen the financial position and create environmentally conscious businesses

- Select and concentrate existing businesses to maximize their value
- Expand the gas supply chain in Southeast Asia
- Apply CCUS technology to create new businesses

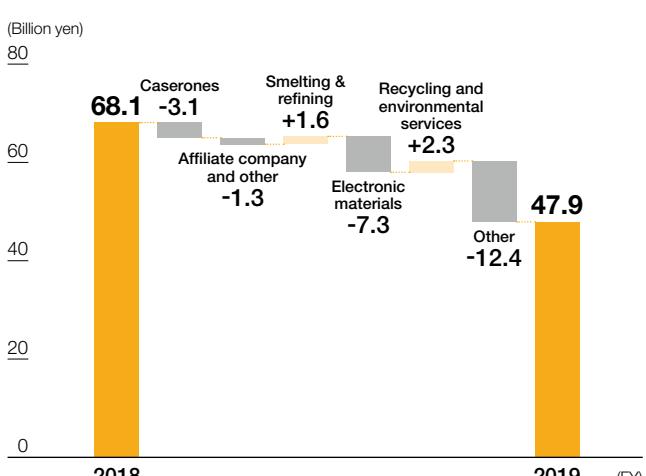


Business Overview

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

- Expand Strategic Investments, Promote Technology Development
- Review Business Portfolios
- Develop human resources who could create new value
- Contribute to the SDGs



Energy Business

We are improving the efficiency of our base businesses and developing our growth businesses.



Ota Katsuyuki
Representative Director, President
ENEOS Corporation



Growth Strategies

Related SDGs



Strengths

- Competitive crude oil procurement through production optimization tools
- Unified sales systems for nationwide network of 13,000 service stations in Japan
- Nationwide network of 13 refineries and plants in Japan
- Global supply network for lubricants
- Production capacity of chemical products with a strong presence in global markets
- High-performance materials technology (highly heat resistant resins, optical films, etc.)
- Broad portfolio of renewable energy businesses including mega solar, wind power, and biomass using idle company-owned land

Risks

- Dealing with declining domestic demand due to population decline and the growth of eco-cars
- Gaining an edge over highly cost-competitive, large-scale overseas refineries
- Developing and strengthening businesses that will be mainstays of the future
- Initiatives for the shift to low carbon, which are rapidly progressing worldwide

Opportunities

- Economic growth and rising demand for petroleum and petrochemical products in emerging countries, mainly in Asia
- Rising demand for clean energy, including renewable energy

Basic Policies of the Second Medium-Term Management Plan



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

Business Environment and Review of the First Medium-Term Management Plan

Over the medium to long term, the decline in oil demand in Japan is expected to continue, while steady growth is anticipated in global demand for lubricants and petrochemical products.

Fiscal 2019, the final year of the first Medium-Term Management Plan, was a tough year in terms of business performance. Factors affecting our performance included lower prices for petrochemical products due to production activity at large facilities in China, the spread of COVID-19 in the fourth quarter, and reduced margins and inventory valuation losses on petroleum products accompanying the sharp drop in the price of crude oil. However, our ongoing rationalization and efficiency efforts in our petroleum refining & supply and petrochemicals businesses enabled us to generate a synergy effect of 122.5 billion yen, exceeding the 100.0 billion yen target of the first Medium-Term Management Plan.

On the production side, measures to improve efficiency included converting the Muroran Plant from a production plant to a distribution base and integrating our refinery and manufacturing plants in the Kawasaki area. We also halted refining operations at the Osaka Refinery and converted it to a business site for an asphalt-fueled electric power facility. In addition, a final agreement was reached to continue the joint venture collaboration with the Osaka International Refining Company (OIREC) refining business, which was created through a merger with PetroChina International (Japan) Co., Ltd., while switching the operation to the Chiba refinery. At the Kashima Complex, we began joint studies with Mitsubishi Chemical Corporation on the use of chemicals to recycle waste plastic.

On the sales side, with the integration of all of our service station brands into the ENEOS brand, we introduced the new

EneJet self-service stations and the EneKey keyholder fob for quick payment. We also began introduction of on-site laundromats and verification trials of car sharing services as part of our efforts to evolve our service station network, the largest in Japan, into a lifestyle platform.

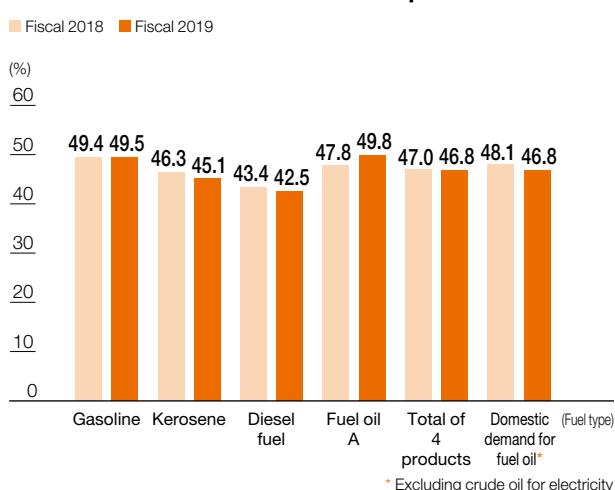
In our electric power business, we unified our household retail brands under the ENEOS Denki brand and expanded the supply area to cover the Kansai, Chubu, Tohoku, and Shikoku regions, resulting in an increase in the number of contracts to roughly 690,000 at the end of fiscal 2019. In April 2020, we expanded the coverage further to include the Hokuriku and Kyushu regions. While developing our domestic power generation business to secure power sources, we also became a partner in a power generation project in the state of Ohio, the Group's first participation in an international gas-fired power generation business.

In our gas business, we expanded sales of ENEOS Toshi Gas, our residential city gas business, in the Kanto region and at the end of fiscal 2019 had increased the number of contracts to approximately 60,000. We also began discussions with strategic overseas business partners about an LNG business in Vietnam.

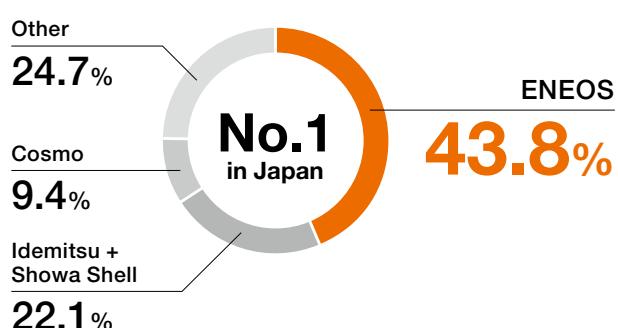
In our hydrogen business, as a medium- to long-term initiative, we commenced construction of three new ENEOS hydrogen stations to add to our 44 existing sites. We also participated in technology research for the development of an international supply chain for the commercialization of CO₂-free hydrogen.

In our renewable energy business, we decided to participate in an offshore wind power project in Taiwan and are working toward starting operations in 2021. Construction of the Muroran Biomass Power Plant also progressed, and the plant commenced commercial operation in May 2020. We also entered into a business and capital alliance with Renewable Japan Co., Ltd. to further contribute to the realization of a low-carbon society.

Market Share of Fuel Oil Sales in Japan



Fixed Gas Station Market Share (End of Fiscal 2019)



Business Strategy

To achieve the Long-Term Vision, we are carrying out initiatives in line with the basic strategies of the second Medium-Term Management Plan (see page 73) to steadily produce results. We will achieve the plan through bold and strategic transformation by addressing the challenges of the energy transition, mobility transformation, and changing social systems, responding to the rapidly changing petroleum products market, and forging ahead in the face of uncertainty.

Generate Ongoing Cash Flow by Strengthening the Competitiveness of the Base Businesses

Continue to Pursue Optimal Production and Supply Structure

- Actively introduce digital technology, including verification of AI-based automation of refinery operations
- Optimize supply by introducing digital tools throughout supply chain management (SCM)

Build an Optimal Petroleum Product Sales Structure

- Integrate the business processes for JX and TonenGeneral with the introduction of the integrated enterprise resources planning system
- Use RPA and other digital technologies to further improve efficiency and productivity at branch offices
- Use ICT and AI to improve land-based shipping efficiency, and formulate an effective BCP for prompt and flexible response in the event of a major earthquake

Rebuild OIREC Business

- Halt the refining function at the Osaka refinery and relocate refinery management to Chiba

Shift Human Resources to Growth Businesses in Accordance with Decreases in Domestic Demand

- Strengthen human resource systems for the next generation in the overseas, electricity, gas, renewable energy, and new business segments

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

Pursue Development of Chemical Refineries and Enter the Derivatives Field

- Raise the chemical ratios at the Kawasaki, Kashima, Mizushima, and Oita industrial complexes from 10% to 30%
- Expand production of products with technological advantages, including hydrogenated petroleum resin, ENB, and wire insulation materials

Build the ENEOS Platform (see next page)

- Build a service-station-based platform to offer total services according to customer life stages. Create mobility services and lifestyle support services in addition to existing services
- Grow into a platform that provides total services for all needs, according to customers' life stages

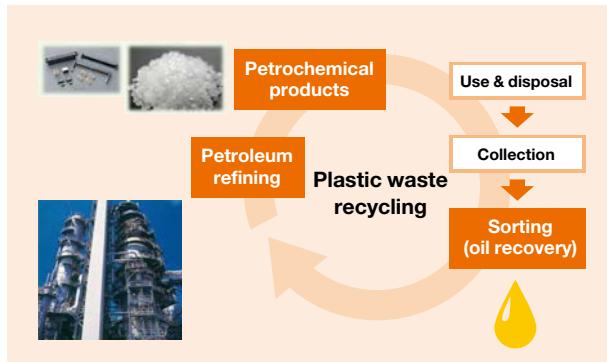
Provide an Efficient, Stable Supply of Low-Carbon Energy

- Roll out an electric power service that meets the needs of customers through the integrated use of distributed power sources
- Expand the customer base and construct an optimal portfolio of power generation sources
- Expand domestic and overseas renewable energy power generation capacity to over 1 million kW
- Build a CO₂-free hydrogen supply chain

Environmentally Conscious Businesses

- Pursue plastic waste recycling using refineries

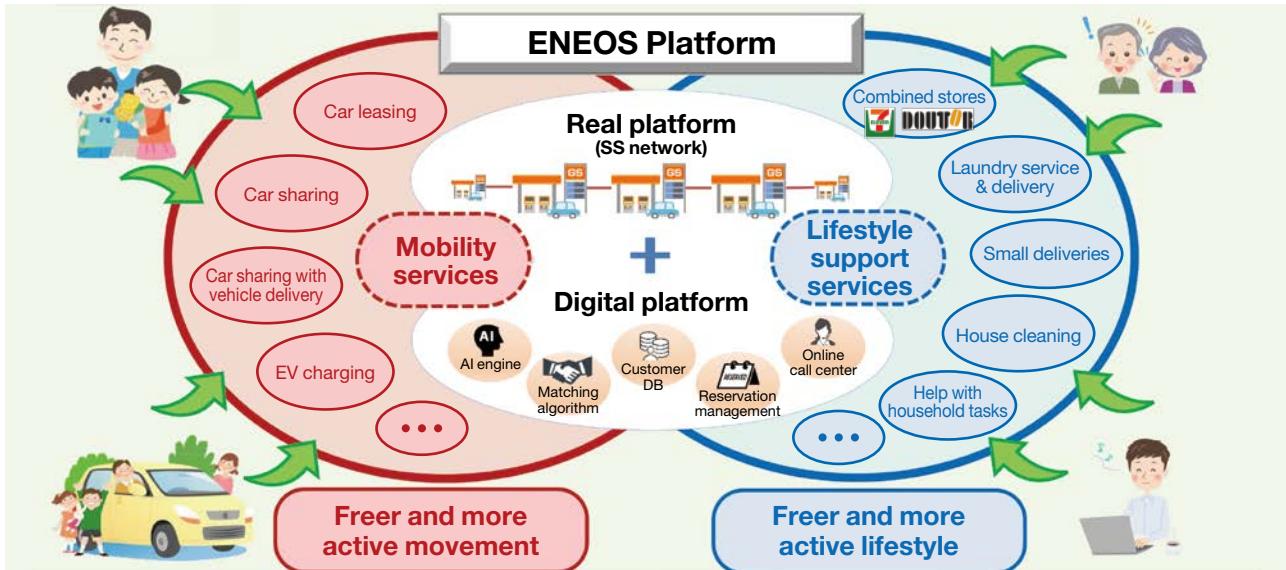
Plastic Waste Recycling Flow Chart



Strengthening the Business Foundation

We are strengthening our governance and business management framework to enhance our international competitiveness.

We will enable autonomous management in each division and strengthen monitoring by management. We will also fully utilize integrated enterprise resource planning systems and other digital technologies to improve the agility and efficiency of our business execution. In addition, we are building human resources systems for the development, deployment and maximization of capabilities of our personnel, who carry out our business operations.



Functions of the ENEOS Platform

In Focus

Start of operation at the Muroran Biomass Power Plant, Japan's largest biomass power plant



ENEOS Biomass Power Muroran GK, in which ENEOS is an investor, started commercial operation of Japan's largest biomass power plant in May 2020. The plant is a joint project with JGC Holdings Corporation.

The electric power generated by the plant, which is fueled primarily by palm kernel shells, is sold using the feed-in tariff (FIT) system for renewable energy. With a power generation capacity of 74.9 MW, the plant is the largest power plant in Japan that uses solely woody biomass as fuel.

"Biomass" is a general term for biological resources derived from animals and plants that can be used as energy sources. Biomass power generation is the process of burning or gasifying biomass to generate electricity. Since biomass is organic matter, power generation using biomass as a fuel generates CO₂ emissions. Burning palm kernel shells, however, is not viewed as increasing CO₂ in the atmosphere because the

palm trees absorb CO₂ through photosynthesis while they grow.

ENEOS has been actively developing its biomass power generation business, as biomass power generation is a promising source of renewable energy due to the fact that the ash produced in the combustion process can be recycled, and biomass-generated power also has a high degree of supply stability.

ENEOS is expanding its renewable energy power generation business across Japan and currently operates 18 mega solar power plants producing 46 MW and two wind power farms generating 4 MW. The Muroran Biomass Power Plant is the first biomass power plant where ENEOS is the main operator. While providing a stable supply of energy, we will continue our proactive efforts to supply environmentally friendly energy in order to contribute to the development of a low-carbon, recycling-oriented society.

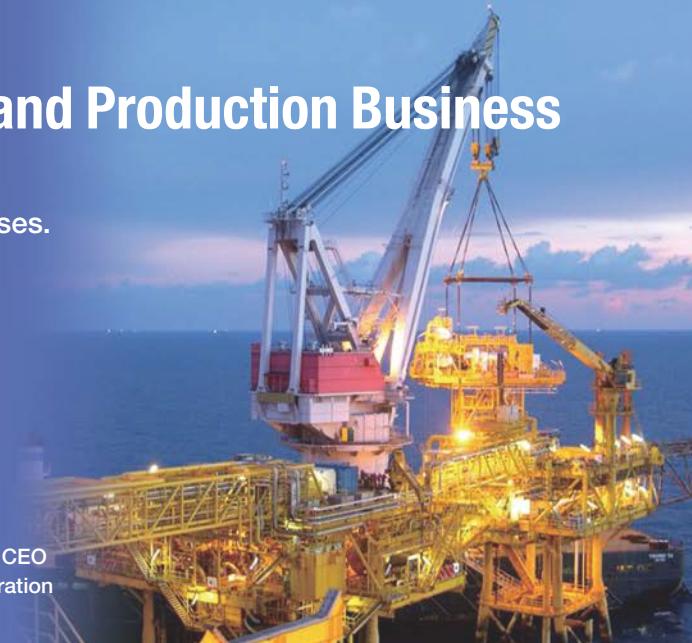
Oil and Natural Gas Exploration and Production Business

We will establish environmentally friendly business while enhancing the profitability of our existing businesses.



Hosoi Hiroshi

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



Growth Strategies

Related SDGs



Strengths

- Stable and safe operations based on long-term relationships with governments and communities in oil-producing countries
- Profitable LNG assets in Malaysia, Indonesia, Papua New Guinea
- CO₂ capture, utilization, and storage (CCUS) projects in the United States, Vietnam, and other countries, and knowledge gained from the projects

Risks

- Response to worldwide trend to transition away from fossil fuels
- Increasing volatility in the resource market due to the spread of COVID-19

Opportunities

- Stably increasing demand for gas, particularly in emerging countries in Asia
- Growing importance of CCUS technology for the realization of a low-carbon society

Basic Policies of the Second Medium-Term Management Plan



1. Maintain the foundation of the existing exploration and production business
2. Expand our gas supply chain business
3. Prepare to launch environmentally friendly businesses

Business Environment and Review of the First Medium-Term Management Plan

We expect steadily increasing demand for energy to continue, despite the temporary stagnation caused by the COVID-19 pandemic. Oil and natural gas will maintain the position as the main energy sources, and we do not expect any change in the importance of the oil and natural gas exploration and production business (E&P business).

However, with the tightening of environmental regulations in oil-producing countries as well as developed countries, we must take active measures to lower our environmental impact and fully engage in ESG activities in our oil and natural gas E&P business.

Resource prices have been sluggish recently due to the spread of COVID-19, but as supply and demand tightens with economic recovery and demand growth in the medium and long term, we expect our business profitability to return to normal levels.

Our performance results in fiscal 2019, the final year of the first Medium-Term Management Plan (FY2017–FY2019), were as follows.

Existing Oil and Natural Gas E&P Business

Regarding the progress in our large-scale development projects, Mariner oil field and Culzean gas field (both located in the U.K. North Sea) commenced production in 2019. In addition, the Tangguh LNG expansion project in Indonesia is in the final stage with the aim of reaching completion during the second Medium-Term Management Plan. We are rigorously managing both the costs and schedules for each of these projects, and these efforts are yielding substantial results.

We are executing new investments only in low-risk, low-cost projects in Southeast Asia, where we can utilize our strengths, and projects in Malaysia are already producing results. The license term for Block SK 10 has been extended, and production has already commenced in Beryl gas field and Layang oil and gas field.

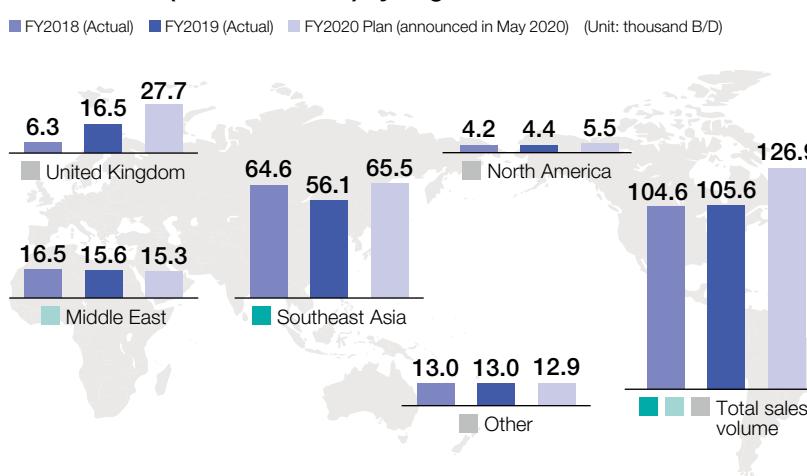
The first Medium-Term Management Plan also focused on project selection and concentration, and we sold our assets in Canada, which were costly and carried a large environmental footprint. We also reorganized the functions of our Malaysia and Vietnam operating bases to improve management resource efficiency.

New Businesses (Technology Strategy)

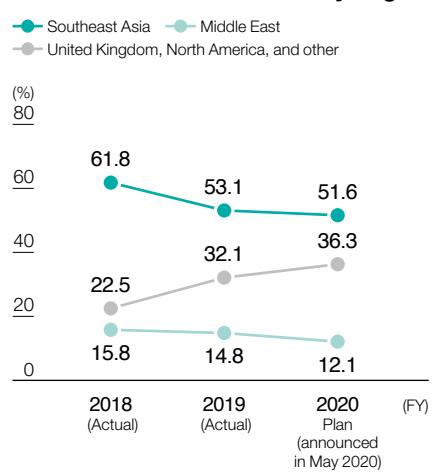
Since launching the carbon capture, utilization, and storage (CCUS) project in the United States in 2017, we have gained advanced expertise in CO₂ recovery, the effects of enhanced oil recovery (EOR), and technologies for monitoring injection and storage. With this project, we reduced CO₂ emissions by a net 1.7 million tons during the first Medium-Term Management Plan.

JX Nippon Oil & Gas Exploration has signed contracts with the national oil companies of Indonesia and Malaysia to use its CCUS technology and technological expertise for joint research and other activities for oil and natural gas exploration and development projects in the two countries. Even oil-producing countries are increasingly emphasizing the need to implement environmental measures, such as ESG management. Through these joint research activities, we will create environmentally friendly businesses that will reduce the environmental impact of the E&P business.

Sales Volume (Actual and Plan) by Region



Breakdown of Sales Volume by Region



Business Strategy

During the second Medium-Term Management Plan, JX Nippon Oil & Gas Exploration will continue improving and strengthening its financial position, steadily building the value of its existing oil and natural gas E&P business, which is its core business, and increasing its earnings. We will also actively commercialize cutting-edge, environmentally friendly technologies by utilizing on-site verification tests and joint research with oil- and gas-producing countries.

Base Business

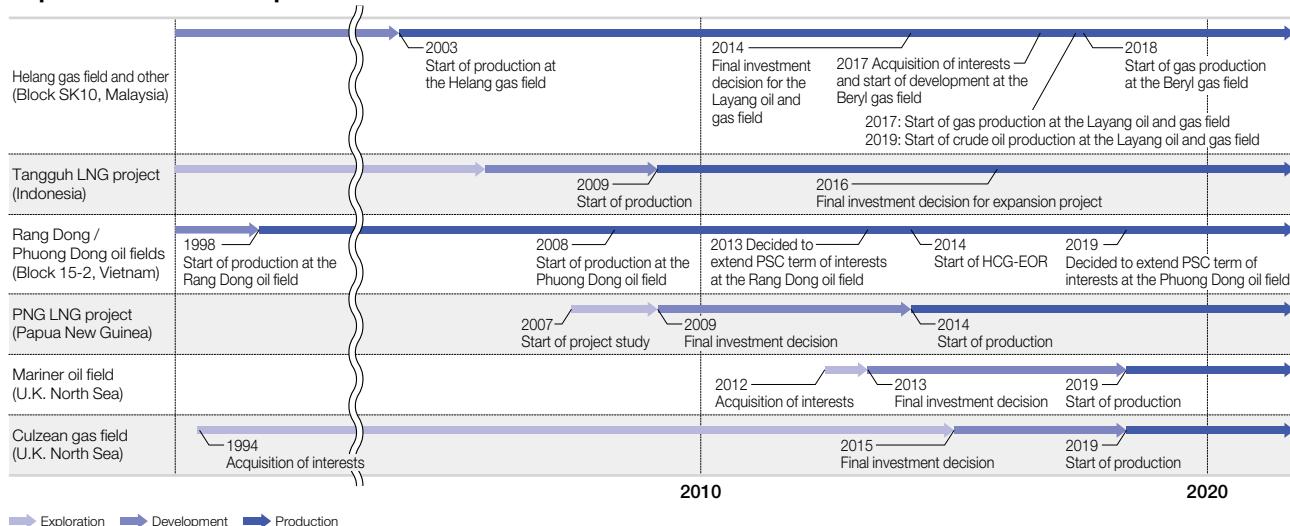
In our existing oil and natural gas E&P business, we will maximize the value of our assets, and focus on project selection and concentration to build a solid business foundation. To this end, we will focus our management resources in the areas and technological fields where we have business strengths and pursue sustainable growth.

Southeast Asia is the area where we can best utilize our strengths. In this area, we have gained the trust of the governments through long-term business activities, and have owned abundant assets advantageous for acquiring new projects and expanding existing projects. Therefore, we recognize this area as the most beneficial location for expanding our business.

Gas Business

JX Nippon Oil & Gas Exploration is establishing the gas supply chain by combining its existing upstream gas development business with mid-downstream business such as transport and regasification. This will help to strengthen our business in Southeast Asia, where gas demand is steadily increasing.

Exploration and Development Schedule for Main Oil and Gas Fields



Environmentally Conscious Businesses

JX Nippon Oil & Gas Exploration will accelerate efforts to optimize its business portfolio with an eye toward energy transformation in line with the long-term trend toward low-carbon and recycling-oriented societies.

We are utilizing carbon dioxide capture, utilization and storage (CCS/CCUS) technologies to reduce CO₂ emissions in our existing oil and natural gas E&P business and are steadily progressing toward the establishment of a low-impact resource development business. Our progress in these areas will provide the dual benefits of contributing to society and expanding our business.

Technology

JX Nippon Oil & Gas Exploration is particularly strong in EOR and CCUS technologies, where it has accumulated extensive technical expertise through its businesses in the United States and Vietnam. As we continue to advance these technologies, we will seek to apply them to acquire new businesses. Our initial target is to establish an environmentally friendly business for the integration of EOR and CCUS technologies into our existing oil and natural gas E&P business, and we are already engaged in basic research for this in Southeast Asia. We are also acquiring, developing, and applying technologies to conserve energy and improve efficiency.

Through such activities, we will maximize the value of our existing assets, and will contribute to the Group's ESG management, energy conservation, efficiency improvement, and cost reduction.

In Focus

Launching an environmentally friendly business with lower environmental load



Demand for natural gas is expected to grow steadily in the medium and long term, supported by growing environmental awareness around the world, which is inciting a shift away from high environmental impact energy sources like coal and oil to low-impact natural gas. Severe gas shortages in the near future are of particular concern in Asia, which is undergoing rapid economic development.

Southeast Asia, the core business area of JX Nippon Oil & Gas Exploration, still has numerous undeveloped gas fields with high-concentration CO₂. We believe it will be necessary to tap into those fields to meet the growing demand for gas.

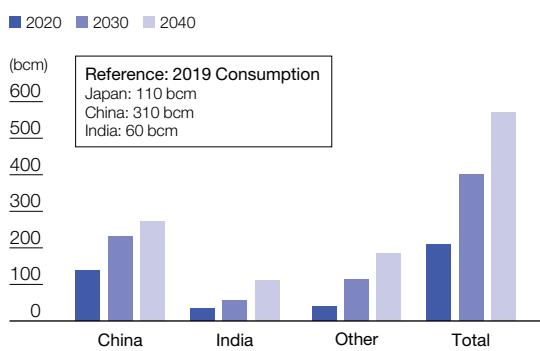
JX Nippon Oil & Gas Exploration is currently engaged in one of the world's largest commercial CCUS businesses at a thermal power plant in the United States, where we separate and recover high-volume CO₂ emissions and inject them into aging oil fields to increase oil production and recovery. This operation has given us a wealth of CCS/CCUS technical expertise, such as CO₂ separation and recovery and underground injection and monitoring.

This technical expertise is a prime factor in the company's March 2020 agreement with Malaysia's state-owned oil company to conduct joint research into using CCS technology for the development of offshore gas fields with high-concentration CO₂. The objective is to meet growing demand by developing gas fields with high-concentration CO₂ while reducing the environmental burden of those operations by separating and recovering the CO₂ in the produced gas and injecting it into nearby aging oil and gas fields.

We are planning to promote this joint research to a model of environmentally friendly resource development business, and develop it into one of our core businesses in the near future.

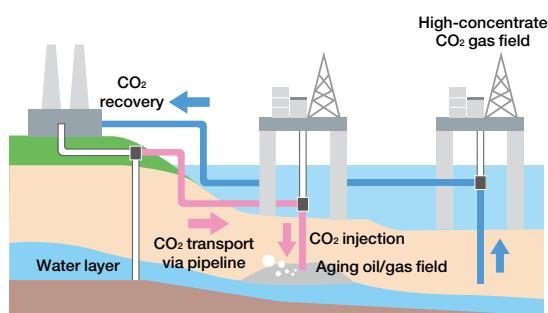
We will use our accomplishments in Southeast Asia to steadily expand our low-impact energy resource development business while helping to reduce concerns about regional energy supply and mitigate global warming.

Projected Gas Supply and Demand Gap in the Asia Pacific Region (2020-2040)



Source: BP Statistical Review of World Energy 2019

CO₂ Separation and Recovery at a Gas Field in Malaysia



Metals Business

We will create new value for copper and rare metals and contribute to the development and innovation of the data society.



Murayama Seiichi

President & Representative Director
JX Nippon Mining & Metals Corporation



Growth Strategies

Related SDGs



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, recycling to electronic 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
- Electronic materials: Risk of market loss due to shortened product life cycles, emergence of alternative materials, 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 the Second Medium-Term Management Plan



1. Expand Strategic Investments, Promote Technology Development
2. Review Business Portfolios
3. Develop human resources who could create new value
4. Contribute to the SDGs

Business Environment and Review of the First Medium-Term Management Plan

Earnings in the metals business declined in fiscal 2019 as copper prices plummeted due to concerns about a global recession in the wake of the COVID-19 pandemic.

As competition intensifies worldwide, we are developing technology-based businesses to establish a highly profitable earnings structure and contributing to the realization of a sustainable society with advanced materials. We have divided our activities into two types, base businesses, which are the foundation of our organization, and focus businesses, which are the core of our growth strategy, and are developing both types to take best advantage of their individual characteristics. Our performance results during the first Medium-Term Management Plan were as follows.

Base Business Initiatives

In our resources business, we extended the operating surplus achieved in the previous fiscal year at the Caserones Copper Mine by increasing process volumes through the introduction of automated control programs and implementing comprehensive cost control.

In our smelting and refining business, we made the Saganoseki Smelter & Refinery and the Hitachi Refinery wholly owned subsidiaries, enabling them to operate autonomously. We are working to further boost our competitiveness by integrating the smelting and refining and environmental recycling businesses and optimizing the composition of our raw materials.

Focus Business Initiatives

Our functional materials business recorded weak sales of treated rolled copper foil amid an adjustment in demand for smartphones. Our thin film materials business posted strong sales of sputtering targets for semiconductors despite severe conditions, supported

by broad-based demand for semiconductors. We continued to expand our production facilities in both businesses in anticipation of growing demand in the medium and long term fueled by increasing use of IoT and AI and the spread of 5th generation (5G) network technology.

In our tantalum and niobium business, we continued to pursue synergies with the Group's technologies and expertise while providing a stable supply of high-quality materials to meet our customers' needs. We renamed H.C. Starck Tantalum and Niobium GmbH as TANIOBIS and in July 2020 launched a new brand for the company. This new start further enhances our ability to offer innovative solutions using high-performance tantalum and niobium materials, which are indispensable for realizing the promise of IoT and AI.

In our titanium business, operations commenced at the factory run by Toho Titanium Co., Ltd.'s joint venture sponge titanium business in Saudi Arabia. We are also fortifying our supply structure for ultra-fine nickel, an electronic component material used in titanium manufacturing technology, in anticipation of growing demand driven by higher function communication equipment, the electrification of automobiles, and the spread of 5G technology.

We also expect the rapid increase in electric vehicles to lead to increased demand for recycling of lithium-ion batteries used in electric vehicles. We are accelerating technological development of "Closed-Loop Recycling" for rare materials used in automotive batteries and has begun verification tests for a method for recovering battery-grade metallic salts from used automotive lithium-ion batteries.

In addition, we are engaged in accelerator programs in fields ranging from advanced materials and high-performance and multifunctional materials to recycling technology and are investing in start-up ventures with advanced technologies, such as alloys designed for metal 3D printers, as we seek to build revenues in our focus businesses.

Overview of Functional Materials and Thin Film Materials (Global Market Share)

Products	Global market share (as of 2019)	Primary applications	End-use applications				
			Computers	Mobile phones, smartphones	Digital home electronics, audiovisual	Communications infrastructure, data centers	Automotive
Sputtering targets for semiconductors	60% (No.1)	CPUs, memory chips, etc.	○	○	○	○	○
Sputtering targets for magnetic applications	60% (No.1)	Hard disks, etc.	○		○	○	
InP compound semiconductors	50% (No.1)	Optical communications devices, ultra-fast ICs			○	○	○
Treated rolled copper foil	80% (No.1)	Flexible printed circuit boards	○	○	○		○
Phosphor bronze foil (under 0.1mm thickness)	65% (No.1)	Connectors, springs for electronic parts	○	○	○		○
High strength, high conductivity Corson alloy	60% (No.1)	Connectors, lead frames	○	○	○	○	○
Titanium copper foil	70% (No.1)	High-end connectors, etc.	○	○	○		○
High purity tantalum powder for electronic components	30% (No.1)	Capacitors, etc.	○			○	○

Business Strategy

Based on the JX Nippon Mining & Metals Group Long-Term Vision 2040, formulated in fiscal 2019, the company is transforming itself from an equipment industry company to a technology-based company that provides high-value-added products and technologies in order to contribute to the achievement of the Sustainable Development Goals (SDGs) advocated by the United Nations.

The three years from 2020 have been designated as the period for sowing the seeds for transformation into a technology-based company through corporate management promoting greater autonomy, agility, and independence under the basic policies of the second Medium-Term Management Plan.

Focus Businesses

It is expected that the explosive increase in data traffic will generate growing demand for data centers, optical communications infrastructure, communications devices such as smartphones, and all types of smart devices. Demand is expected to grow for advanced materials for both infrastructure and devices and to increase even further for treated rolled copper foil, semiconductor targets, and other products for which JX Nippon Mining & Metals holds world-leading market shares. We plan to further expand our production capacity to ensure that we fully capture growing demand. We will also construct a more resilient business structure with a rock-solid supply chain of overseas bases fortified against natural disasters and geopolitical risks.

Base Businesses

In our base businesses, faced with a challenging business environment where rising costs and deteriorating market conditions are expected to continue, we are working to boost the profitability of the Caserones Copper Mine and strengthen our ability to adapt to changing market conditions.

At the Caserones Copper Mine, we aim to establish profitability by continuously improving operations and reducing costs in all processes. In our smelting and refining and recycling businesses, in April 2020, we made the Saganoseki Smelter and Refinery a wholly owned subsidiary and shifted to a system with integrated smelting and refining and recycling business operations. Under the new system, we are increasing the processing volume of recycled raw materials to create the best mix of raw materials. We are also seeking to boost our competitiveness by increasing our collection capacity for recyclable raw materials and improving our physical sorting equipment.

Developing Mechanisms for Creating New Businesses

As a technology-based company, we are developing mechanisms for constantly creating new businesses.

We are developing new business areas by advancing and utilizing core technologies of JX Nippon Mining & Metals while engaging in co-creation with outside resources, building a highly functional organization able to handle an increase in cross-division projects, discovering and pursuing new business themes such as open innovation and stage-gate processes, and promoting the use of IoT and AI technologies. We are also actively cultivating human resources to lead our new business ventures. We are pursuing medium- and long-term themes for new businesses, such as recycling of EV lithium-ion batteries, while aiming to introduce new products beginning in 2023.

Developing Human Resources Who Can Create New Value

Human resources who can create new value and adapt to a new age and new values are essential for our transformation into a technology-based company. We are dedicated to investing in our human resources.

As part of this effort, in June 2020 we relocated the head office of JX Nippon Mining & Metals to create the corporate culture necessary for the development of the desired human resources. The new head office incorporates activity-based working* and an open layout designed to emphasize communication in order to remove barriers within the organization with the aim of encouraging active communication and enhancing productivity.

* Activity-based working (ABS) is a work style that allows employees to use mobile devices and choose the location, time, and method of working according to their job responsibilities.

Contributing to the Achievement of the SDGs

As a technology-based company, JX Nippon Mining & Metals is committed to achieving the SDGs through innovation and human resource development.

We contribute to the development of IoT and AI technologies that are becoming key elements of our modern lifestyles by providing advanced materials that are integral to the innovation of electronic devices. In addition, toward the realization of a carbon-free society, the company endorsed the Challenge Zero project of the Japan Business Federation (Keidanren) and is aiming to reduce its total CO₂ emissions by 50% by 2040 and achieve total emissions of net zero by 2050. To achieve these targets, we are advancing the development of recycling technologies and high-performance materials that contribute to the reduction and utilization of CO₂.

In Focus

Bench-scale equipment for recycling automotive lithium-ion batteries goes into operation



In February 2020, JX Nippon Mining & Metals installed and commenced operating continuously operating small-scale test equipment in the Hitachi Works as bench-scale equipment for recycling automotive lithium-ion batteries. Anticipating a large increase in the number of used automotive lithium-ion batteries, we are accelerating the development of technology to enable "Closed-Loop Recycling" to recover rare metals from used batteries and reuse the metals in new automotive battery materials.

Increasing global environmental awareness in recent years is fueling the spread of electric vehicles (EVs) and other vehicles with a low environmental impact. Since most of these vehicles use lithium-ion batteries, demand is expected to grow for cobalt, nickel, lithium, and other rare metals used to make cathode materials for these batteries. This trend is expected to produce a sharp rise in the volume of used automotive lithium-ion batteries in the years 2025–2030, and therefore recovery of rare metals from the used batteries and ensuring a stable supply and efficient use of raw materials will be key issues.

JX Nippon Mining & Metals is already conducting Japan's largest verification tests for recycling consumer-use lithium-ion batteries and has technology for direct recovery of rare metals, not only from discarded cathode materials but also from used batteries. The bench-scale equipment is the next step in developing the technology to create "Closed-Loop Recycling" focused on automotive lithium-ion batteries.

The purpose of the facility is to produce recycled product samples using cobalt, nickel, and lithium separated from metals in raw materials provided by automobile manufacturers and battery manufacturers, and to establish a mass production process capable of operating at viable cost levels. The facility features high flexibility to produce various substances, including metals and high-purity metal salts in powder and liquid form that can be directly used as raw materials for batteries.

A large-scale recycling system that includes recovery and dismantling is needed for the recycling of automotive lithium-ion batteries to become the norm. The company is creating this technology to accelerate the realization of such a recycling system and to establish its position in the recycling industry.

Recycled Product Samples



Lithium carbonate
(powder)



Cobalt sulfate (liquid)



Cobalt sulfate (powder)



Nickel sulfate (liquid)



Nickel sulfate (powder)

Performance Summary

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

(Billion yen)

	2013	2014	2015	2016	2017
Operating Results					
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
Financial Position¹					
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
Cash Flows					
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
Operating Results					
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
Financial Position					
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
Cash Flows					
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)

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

JXTG Holdings (IFRS)² (Years ended March 31)

	(Billion yen)			
	2017 ⁴	2018	2019	2020
Operating Results				
Net sales	9,249.7	10,301.1	11,129.6	10,011.8
Operating income (loss)	374.0	487.5	537.1	(113.1)
Inventory valuation	189.5	114.9	21.4	(209.8)
Excluding inventory valuation	184.5	372.6	515.7	96.7
Financial profits (loss)	(24.0)	(20.1)	(28.5)	(22.7)
Income (loss) before taxes	350.0	467.4	508.6	(135.8)
Net income (loss)	213.0	324.3	357.1	(172.7)
Attributable to owners of parent	212.8	361.9	322.3	(187.9)
Non-controlling interests	0.2	(37.6)	34.8	15.2
Financial Position³				
Assets	8,363.6	8,457.6	8,477.8	8,011.3
Current assets	3,187.5	3,593.2	3,587.4	2,878.6
Non-current assets	5,176.1	4,864.4	4,890.4	5,132.7
Liabilities	5,720.9	5,537.6	5,358.0	5,303.4
Interest-bearing debt	2,719.6	2,259.9	2,218.0	2,300.8
Net interest-bearing debt	2,351.3	1,810.4	1,830.1	1,898.8
Net assets	2,642.7	2,920.0	3,119.8	2,707.9
Interests attributable to owners of parent	2,208.5	2,539.6	2,717.8	2,311.0
Non-controlling interests	434.2	380.4	402.0	396.9
Cash Flows				
Cash flow from operating activities	—	707.1	344.2	510.7
Cash flow from investing activities	—	(95.1)	(206.9)	(371.3)
Free cash flow	—	612.0	137.3	139.4
(Excluding postponed tax payment)	—	481.3	169.0	238.4
Net cash flow	—	535.5	1.3	(77.6)
(Excluding postponed tax payment)	—	404.8	33.0	21.4
Financial Indicators				
Net D/E ratio (times)	0.89	0.62	0.59	0.70
(Excluding postponed tax payment)	0.89	0.66	0.62	0.70
ROE (%)	9.6	15.2	12.3	(7.5)

² Trade name changed to ENEOS Holdings in June 2020

³ Financial position for the year ended March 31, 2017 is as of April 1, 2017.

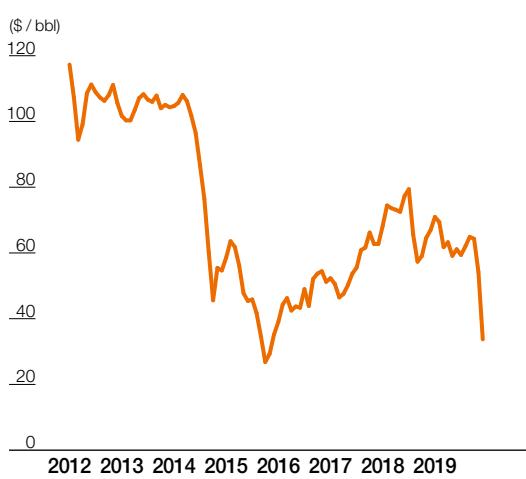
⁴ The fiscal year ended March 31, 2017 includes the combined total of JX Holdings and TonenGeneral Sekiyu for the period from April 2016 to March 2017.

Market Situation

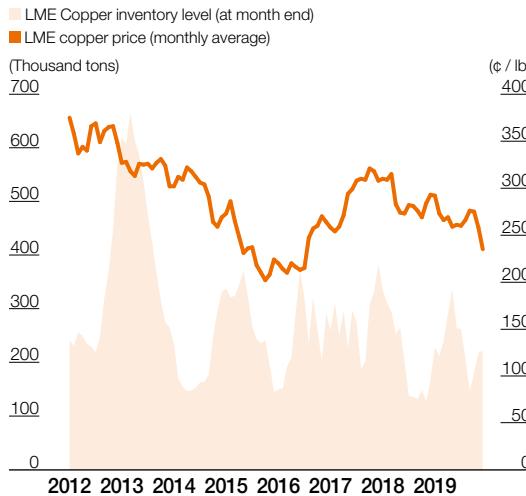
Exchange Rate



Dubai Crude Oil Price



LME Copper Price and Inventory Level



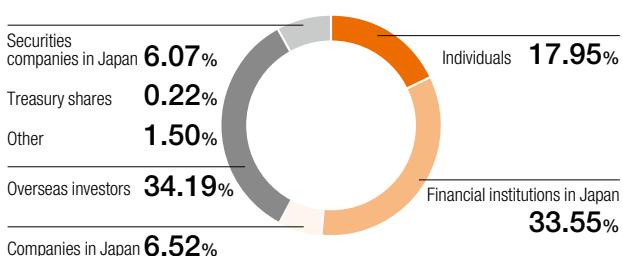
Investor Information

(As of March 31, 2020)

Share Information

Number of authorized shares	8,000,000,000
Number of shares issued	3,230,282,649
Number of shareholders	237,257

Distribution of Shareholders



Major Shareholders

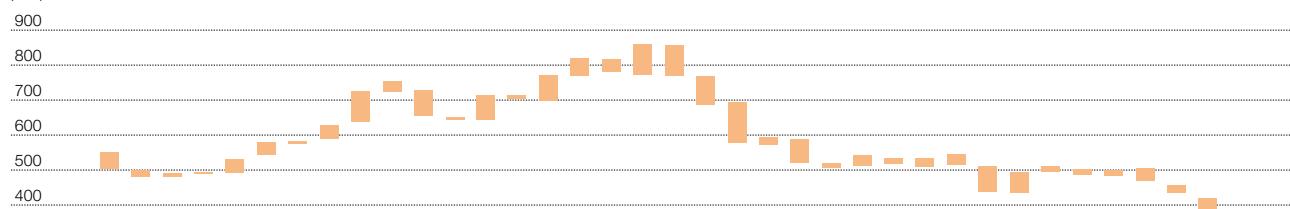
Name of shareholder	Number of shares held (thousand shares)	Percentage of total shares issued * (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	244,666	7.59
Japan Trustee Services Bank, Ltd. (Trust Account)	203,002	6.29
Japan Trustee Services Bank, Ltd. (Trust Account 9)	82,896	2.57
Japan Trustee Services Bank, Ltd. (Trust Account 7)	73,590	2.28
National Mutual Insurance Federation of Agricultural Cooperatives	71,398	2.21
Japan Trustee Services Bank, Ltd. (Trust Account 5)	61,281	1.90
SMBC Nikko Securities Inc.	59,321	1.84
JP MORGAN CHASE BANK 385151	52,551	1.63
STATE STREET BANK WEST CLIENT - TREATY 505234	48,480	1.50
STATE STREET BANK AND TRUST COMPANY 505001	40,127	1.24

* The shareholding ratio is calculated excluding treasury shares (7,267,136 shares).

Share Price Range and Trading Volume

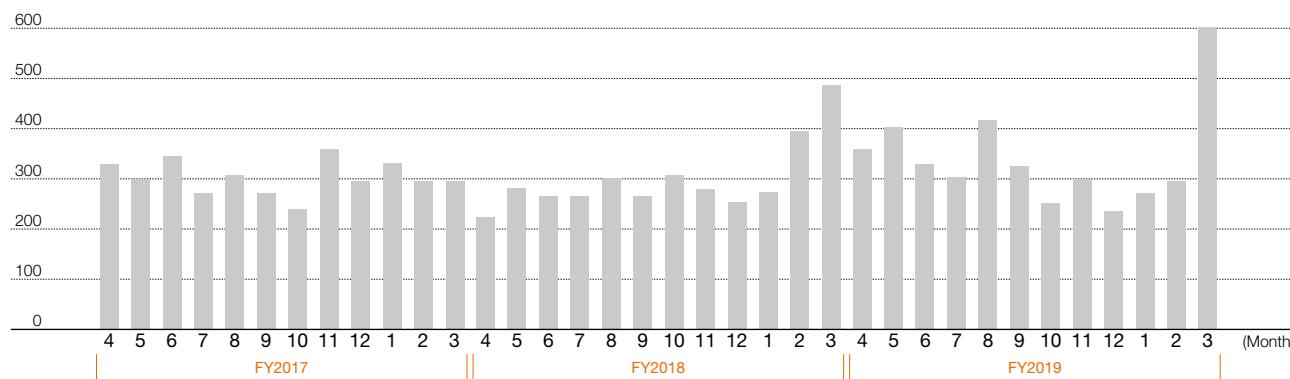
Share price

(Yen)



Trading volume

(Million shares)



Investor Relations (IR) Activities

The Company proactively disseminates information on management policies, performance, and other matters to improve understanding of the business activities of the ENEOS Group.

For analysts and institutional investors in Japan, the Company holds quarterly presentation meetings on financial results, which are attended by management. The presentation materials are available on the Company's website. In addition, the chairman, the president, the director responsible for IR, and others regularly hold individual meetings through visits to investors, participation in investment conferences, and other IR activities, and briefings at ENEOS Group refineries, smelters, and other facilities are arranged once or twice each year. In December 2019, the Company held its first ESG briefing session for analysts and institutional investors. The chairman, the president, the director responsible for IR, and others also hold individual meetings for overseas investors.

The Company holds periodic briefings in major cities in Japan, where the president, the director responsible for IR, and others provide explanations on the Group's business situation for individual investors. In fiscal 2019, these briefings were held 14 times and were attended by approximately 1,000 individual investors.

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 2019, the Company received awards for its IR activities from the following external organizations. The Company has also been selected for inclusion in a number of ESG-related indexes.

External Awards for IR Activities (Fiscal 2019)

•Institutional Investor

In the Best Japanese IR Companies Ranking published by the American financial journal *Institutional Investor*, the Company has been ranked as the top company in the Best Investor Relations Program category of the Energy & Utilities sector.

Selection for Inclusion in ESG-Related Investment Indexes (As of September 2020)

- 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
- 2020 Health and Productivity Management
- Digital Transformation Stock Selection (DX Stock) 2020

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

•Internet IR Awards

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

•Excellence in Corporate Disclosure

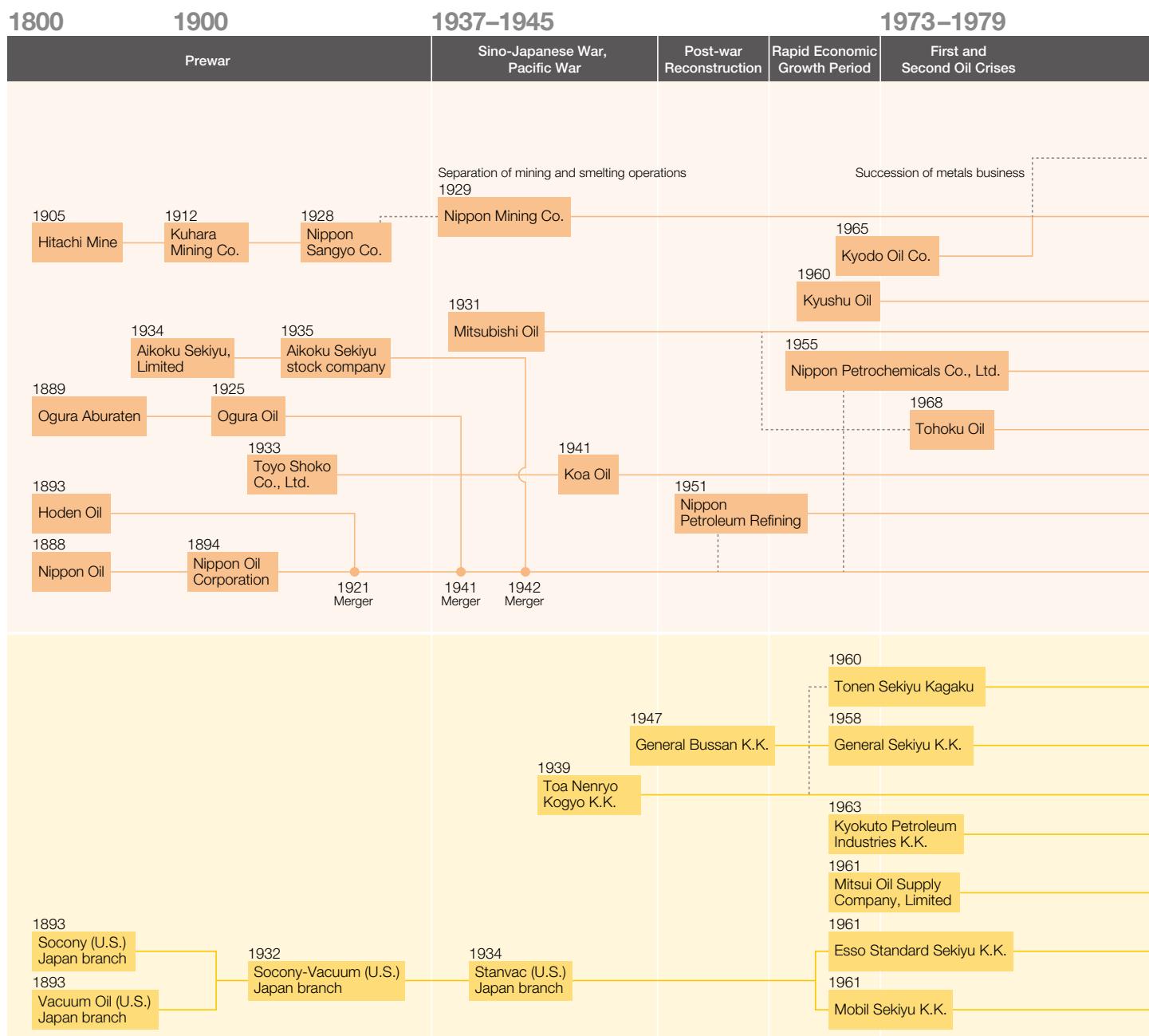
The Company received the Award for Excellence in Corporate Disclosure from The Securities Analysts Association of Japan.



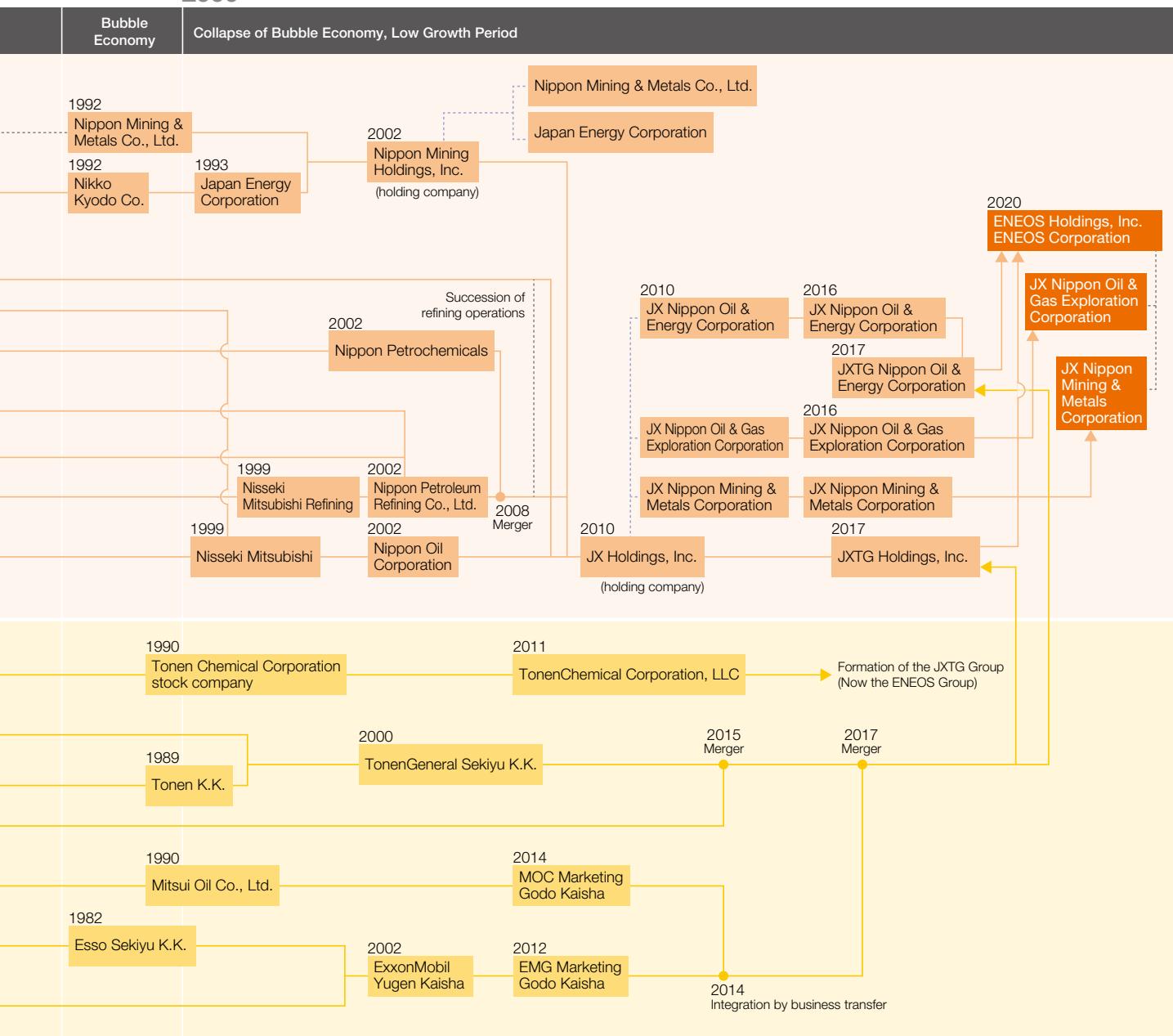
Company Overview

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.
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



2000



ENEOS Holdings, Inc.



The ENEOS Group supports the "tree use movement" promoted by the Forestry Agency of Japan. The paper used to print this report was sourced from thinned timber from regions where the ENEOS Group is working on afforestation activities, thus contributing to the increased absorption of carbon dioxide by forests in Japan.



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