



ENEOS REPORT 2023

Integrated Report

April 1, 2022 to March 31, 2023

Supporting “today’s normal,” taking the lead for “tomorrow’s normal”

We continue to support everyday life with tireless efforts and strong leadership.

We take action for positive change and continue to take on challenges, while pursuing every possible combination of the strengths of diverse people, technologies, and ideas.

“Today’s normal” in our day-to-day lives—its presence is anything but ordinary.

From the time when “today’s normal” life was not ordinary, the ENEOS Group has always been a frontrunner, committed to developing and supplying energy and materials essential to the everyday life of each age.

Now, we aim to achieve “tomorrow’s normal,” a decarbonized, recycling-oriented society, where next-generation energy, materials and services are essential.

We will continue to take the lead in creating and innovating “tomorrow’s normal” to be a corporate group that is trusted by and indispensable to society.



Supporting “today’s normal” with a stable supply of energy and materials

The ENEOS Group is Japan’s largest supplier of energy and materials essential to everyday life. Through the stable supply and effective utilization of energy, we contribute to economic and social development, while supporting the digital society with various materials.

Oil and natural gas exploration and production

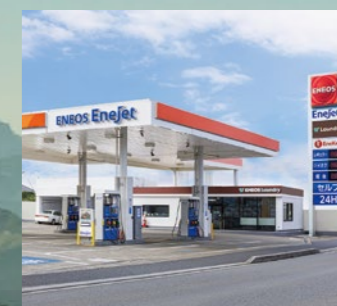


Oil refining

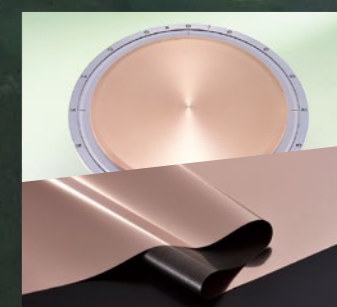


Supporting everyday life
and society

Service stations (SS)



Semiconductor materials and ICT materials



Taking the lead for “tomorrow’s normal” with next-generation energy and advanced materials



By taking the lead in Japan’s energy transition, the ENEOS Group will contribute to the development of a decarbonized, recycling-oriented society. Even in a carbon-neutral society, we will continue to be a main player, supplying around 20% of Japan’s primary energy needs.

EV charging, mobility



Hydrogen stations



Synthetic fuels



Measures for the energy transition

Renewable energy



CCS (carbon dioxide capture and storage)



Crystalline materials



Contents and Editorial Policy



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Editorial Policy

ENEOS Holdings formulated a new Long-Term Vision and the third Medium-Term Management Plan, which were announced in May 2023. At the same time, we also formulated our new Carbon Neutrality Plan.

This report has been prepared with an emphasis on reporting the content and background information of these plans and vision in a clear and concise manner. Today, as the environment surrounding the Group is changing dramatically, response to climate change, including carbon neutrality, is our most important issue, and it informs all of our management strategies and business activities. Therefore, this report is structured based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and details our efforts toward carbon neutrality.

Policies and strategies are reported in the Value Creation Strategy section, while measures and their progress are reported in the Value Creation Process section. The Value Creation Process section includes dialogue between outside directors on topics such as their involvement in strategy formulation and evaluation.

This report covers the reporting period from April 1, 2022 to March 31, 2023 and includes statements pertaining to before and after this period. In preparing this report, we referred to the



Value Creation Strategy

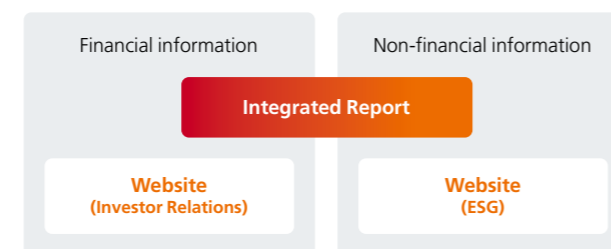
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Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation.

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

Disclosure Media Framework



Non-financial information is also available on the corporate websites of our principal operating companies



Value Creation Process

How we will get there

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Overview of TCFD Disclosure Recommendations

Governance:	Disclose the organization's governance around climate-related risks and opportunities.	References
A	Describe the board's oversight of climate-related risks and opportunities	ESG Management Structure pages 57–58 Message from the President pages 21–22 Interview with the President pages 23–28
B	Describe management's role in assessing and managing climate change-related risks and opportunities	
Strategy:	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	References
A	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Risks and Opportunities Identified and Financial Impacts of Each Timeline pages 29–30
B	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
C	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Interview with the President pages 23–28 Carbon Neutrality Plan pages 29–34 Accelerate Execution of Measures for Energy Transition pages 45–50
Risk Management:	Disclose how the organization identifies, assesses, and manages climate-related risks.	References
A	Describe the organization's processes for identifying and assessing climate-related risks.	
B	Describe the organization's processes for managing climate-related risks.	ESG Management Structure pages 57–58 Risk Management pages 76–77
C	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets:	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	References
A	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	ESG Management Structure pages 57–58 Risk Management pages 76–77
B	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	ESG DATA BOOK: Environmental Management
C	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Carbon Neutrality Plan pages 29–34

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.

Group Philosophy Framework

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.

Disclosure Policy:

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

Tax Matters Policy:

<https://www.hd.eneos.co.jp/english/company/system/tax.html>

Anti-Corruption Policy:

https://www.hd.eneos.co.jp/english/company/policy/anti_corruption.html

Human Rights Policy:

https://www.hd.eneos.co.jp/english/company/policy/human_rights.html

Competition Law Compliance Policy:


https://www.hd.eneos.co.jp/english/company/policy/competition_law/index.html



Initiatives to Raise Awareness of the Group Philosophy among Employees


- Entire Group** ----- ● **Commitment to Realizing the Group Philosophy (see pages 1–2)**
States the Group's determination and stance toward realizing the Group Philosophy and Long-Term Vision to internal and external stakeholders, and also serves as the driving force and foundation for employees in fulfilling our mission.
- ENEOS** ----- ● **Town hall meetings for dialogue between the management team and employees**
● **Dissemination of regular messages from the president via our internal social media on his thoughts and business activities**
- JX Nippon Oil & Gas Exploration** ----- ● **Town hall meetings for dialogue between the management team and employees**
Participants exchange views on the company's management policies and issues to deepen mutual understanding.
- JX Metals*** ----- ● **DNA training (for employees in their third year)**
Fosters understanding of the company's DNA, passed down since its founding, and encourages awareness among participants of their role in our transformation.

* Changed trade name in English from JX Nippon Mining & Metals Corporation to JX Metals Corporation on June 28, 2023. → See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

 **ESG Data Book—Raising Awareness of the Group Philosophy and Code of Conduct**
<https://www.hd.eneos.co.jp/english/esgdb/management/index.html>

Our History—Putting the Group Philosophy into Practice

For over 130 years, we have supported “today’s normal” through the stable supply of energy and materials. We will continue to be a corporate group that delivers “tomorrow’s normal” while addressing the issues facing society, regardless of the era.

Process of Corporate Expansion (Abridged) → See our website for the history of the founding and integration of main ENEOS Group companies. [Corporate History](https://www.hd.eneos.co.jp/english/company/history/)  <https://www.hd.eneos.co.jp/english/company/history/>



1880–

Toward industrial and economic development

Supply of domestically produced petroleum

1888 Started crude oil production, oil refining and sales in Japan (Nippon Oil)



Amase Oil Field

Securing a stable supply of copper

1905 Started copper mining and smelting operations (Hitachi Mine)



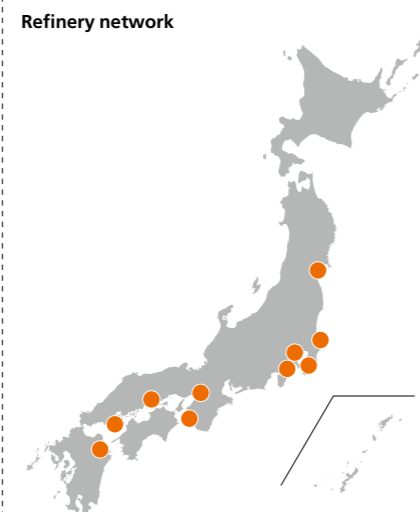
Hitachi Mine

1940–

Toward rapid economic growth and transition from coal to petroleum

Expansion of petroleum supply capacity

Expanded domestic SS network
Opened refineries nationwide in Japan



Refinery network

1970–

Oil crisis and growth of domestic demand

Oil field and mine exploration and development overseas

1973 Production at Mubarratz oil field in the UAE
Participation in overseas mine development



Rang Dong Oil Field

Toward an IT society

Expansion of electronic materials supply

1985 Opened Isohara Works (semiconductor materials)



Isohara Works (at time of opening)

2000–

Decline in domestic oil demand and acceleration of oil industry consolidation Expansion into new business areas

2013 Sequentially established mega solar power plants
2014 Sequentially opened hydrogen stations



Hydrogen station (integrated into service station)

2017 Started operation of CO₂-EOR (enhanced oil recovery) project in the US



CO₂ recovery plant in the US

2020–

Toward a decarbonized society

Commitment to pursue carbon neutrality

2019 First in the world to successfully verify technology for organic hydride for low-cost manufacturing of hydrogen
2020 Started commercial operation of Muroan biomass power plant
2022 Acquired Japan Renewable Energy (JRE)
Launched elastomers business at ENEOS Materials
2023 Invested in US Large-Scale Forestry Fund
Acquired Japan Drilling Co., Ltd. (JDC) to strengthen CCS/CCUS¹ value chain



Tsuruoka Hachimoriyama Wind Farm

¹ Carbon dioxide capture and storage
² Carbon dioxide capture, utilization and storage



Muroan Biomass Power Plant

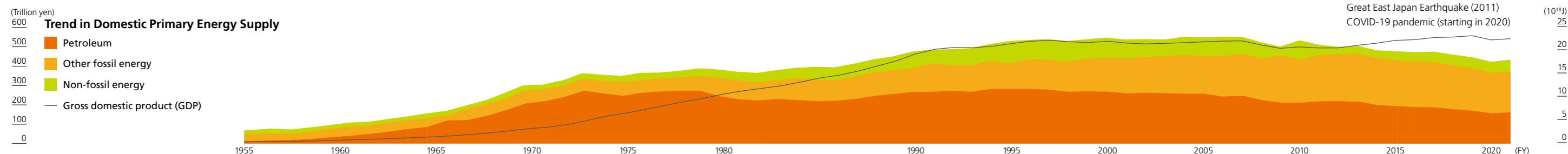
Stable Supply of Energy during Major Disasters

2011 Initiatives following the Great East Japan Earthquake
Secured supply to affected areas by increasing production. In addition, promptly sent tank trucks to restore the fuel supply system in the affected areas, and restored a stable supply of products the month after the earthquake.



Tank truck bound for a disaster-affected area dispatched from Oita

Major Events



Note: Developed by ENEOS Holdings based on the Comprehensive Energy Statistics of the Agency for Natural Resources and Energy and the Long-term Economic Statistics of the Cabinet Office

Business Overview | Value Chain

Consolidated Net Sales (FY2022)

15,016.6 billion yen

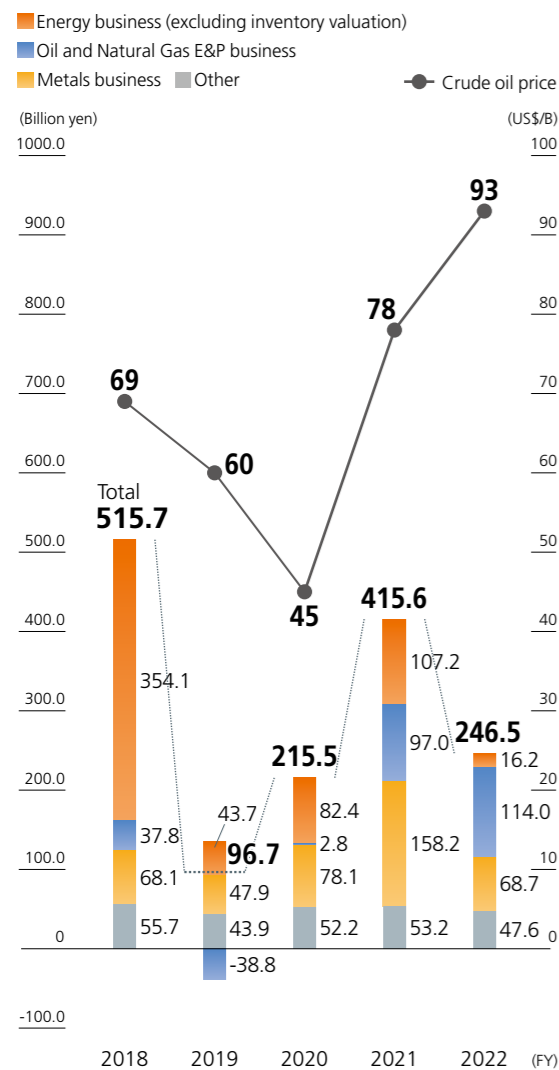
Consolidated Workforce (As of March 31, 2023)

44,617 employees

Consolidated Operating Income Excluding Inventory Valuation (FY2022)

246.5 billion yen

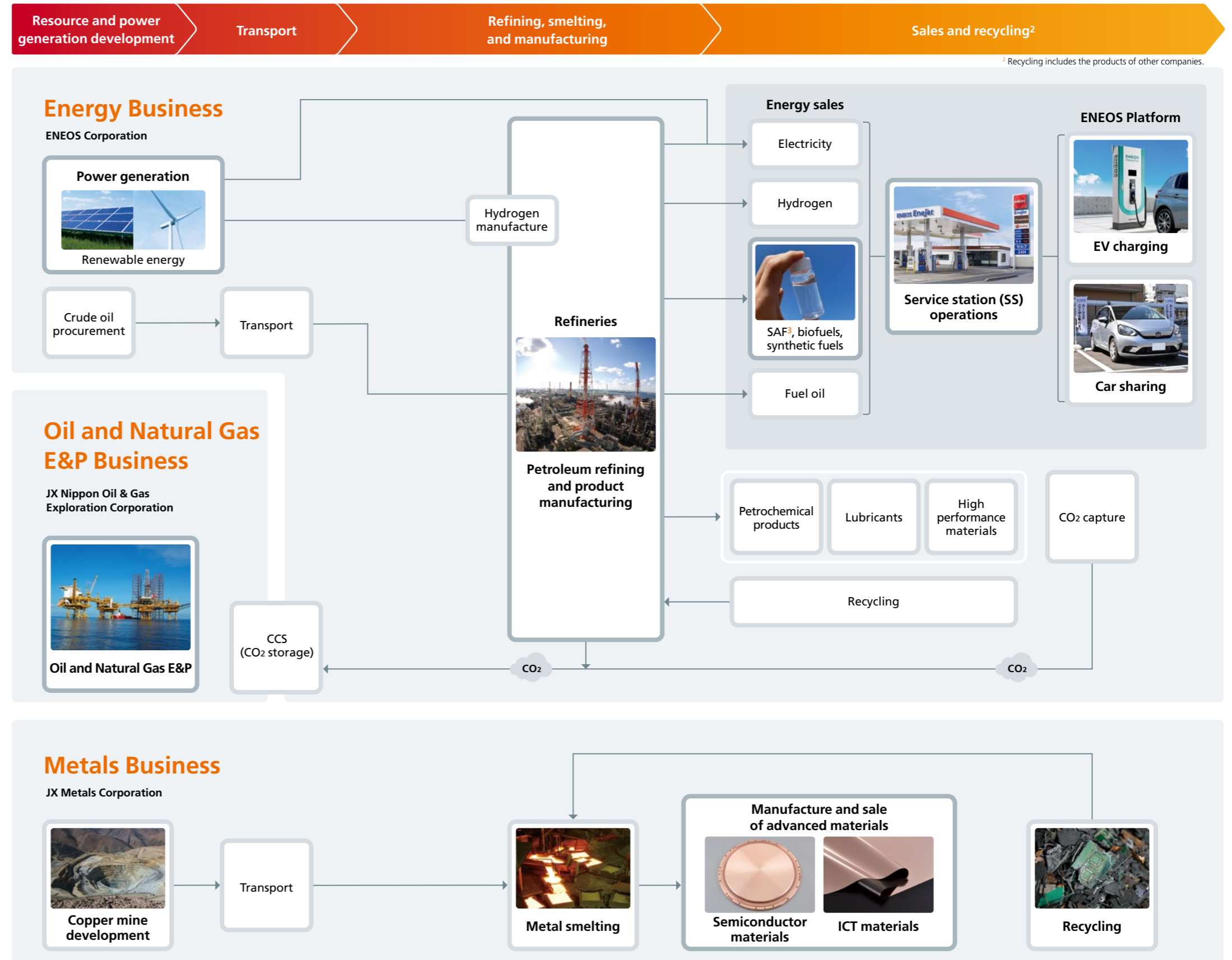
Operating Income¹



¹ Excluding inventory valuation for Energy business only

Value Chain

Working to develop multiple forms of next-generation energy and exploring various scenarios for carbon neutrality



³ Sustainable aviation fuel, a low-carbon aviation fuel made from biomass, waste, and waste oil.

Business Overview | Summary and Recent Earnings Performance of Three Main Businesses

Energy Business

ENEOS Corporation

In our Energy business, we have a nationwide network of over 12,000 ENEOS brand service stations in Japan. In addition to petroleum products and petrochemicals, we are developing businesses with an eye toward the future, such as electricity, gas, hydrogen, renewable energy, and materials.



Petroleum Products

Market share of domestic sales of petroleum products¹

Approx. **50% No. 1** in Japan

¹ Total for gasoline, kerosene, diesel fuel, and fuel oil A

High Performance Materials

Product lineups that contribute to reducing environmental impacts and hold world-class market shares

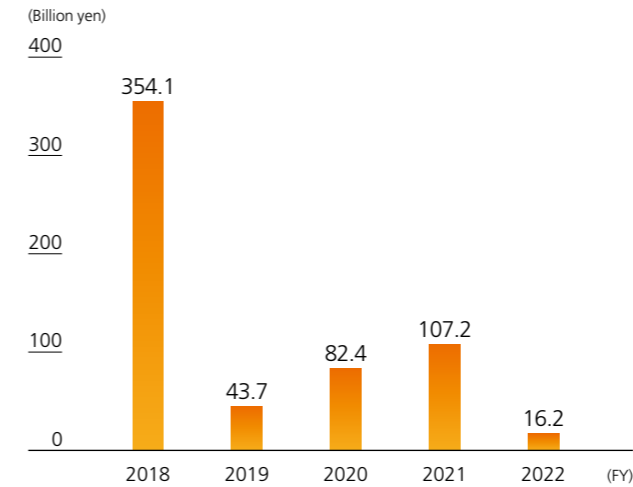
Electricity and Renewable Energy

Power generation capacity

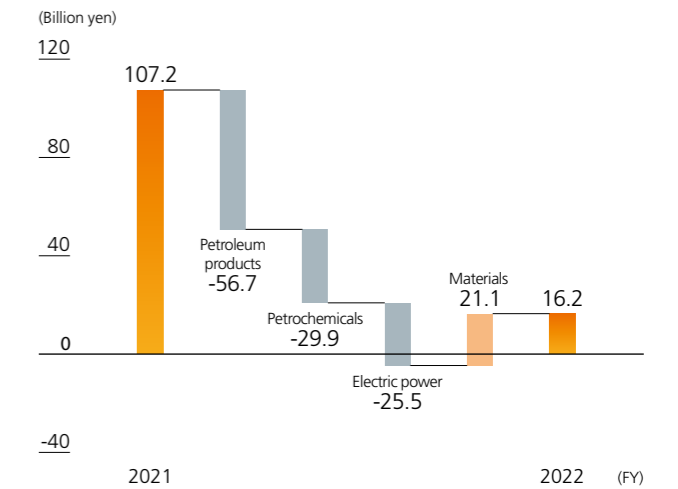
2.39 GW

[Renewable energy accounts for 881 MW] (As of June 30, 2023)

Operating Income Excluding Inventory Valuation



Fiscal 2022 Operating Income Excluding Inventory Valuation (YOY)



Oil and Natural Gas E&P Business

JX Nippon Oil & Gas Exploration Corporation

In our Oil and Natural Gas E&P business, we use a “two-pronged” approach focusing on the oil and natural gas development and production business, as well as environmentally friendly businesses centered on CCS²/CCUS³ as a growth business.

² Carbon dioxide capture and storage
³ Carbon dioxide capture, utilization and storage



Oil and Natural Gas E&P

Equity-entitled crude oil and natural gas production volume

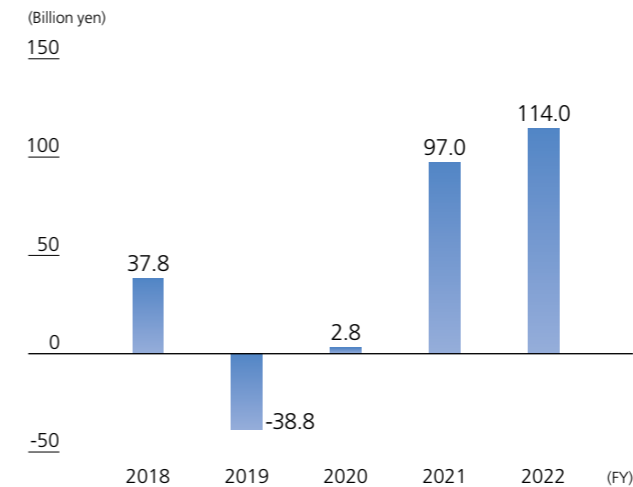
86.0 thousand bbl/day

[Natural gas ratio: 69%]
Crude oil equivalent (fiscal 2022 actual)

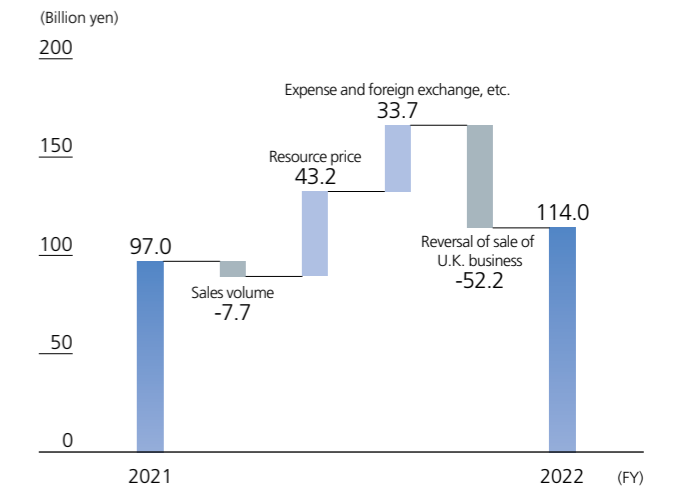
CCS/CCUS

Promoting initiatives for the early implementation of CCS/CCUS both domestically and internationally

Operating Income



Fiscal 2022 Operating Income (YoY)



Metals Business

JX Metals Corporation

In our Metals business, we are engaged in a full range of businesses related to non-ferrous metals, primarily copper and rare metals, from the development, smelting and refining of metal resources to the manufacture and development of advanced materials required for the data society, as well as the recycling of end-of-life electronic products.



Semiconductor Materials and ICT Materials

Products with world No. 1 market shares

Metals & Recycling

Equity-entitled copper mine production

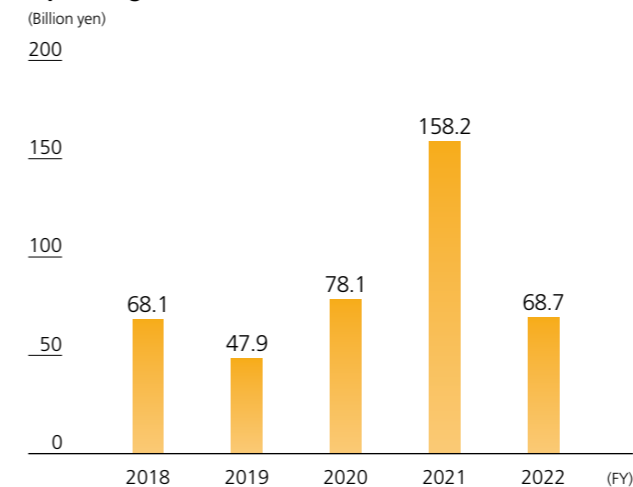
200 thousand tons/year

Refined copper production capacity

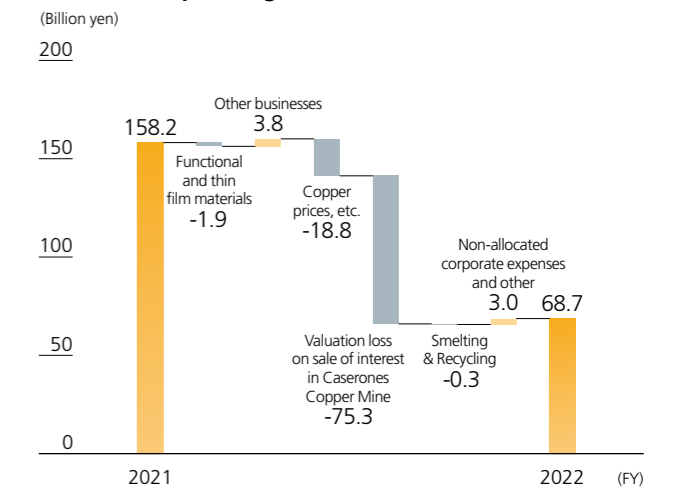
450 thousand tons/year

(fiscal 2022 actual)

Operating Income

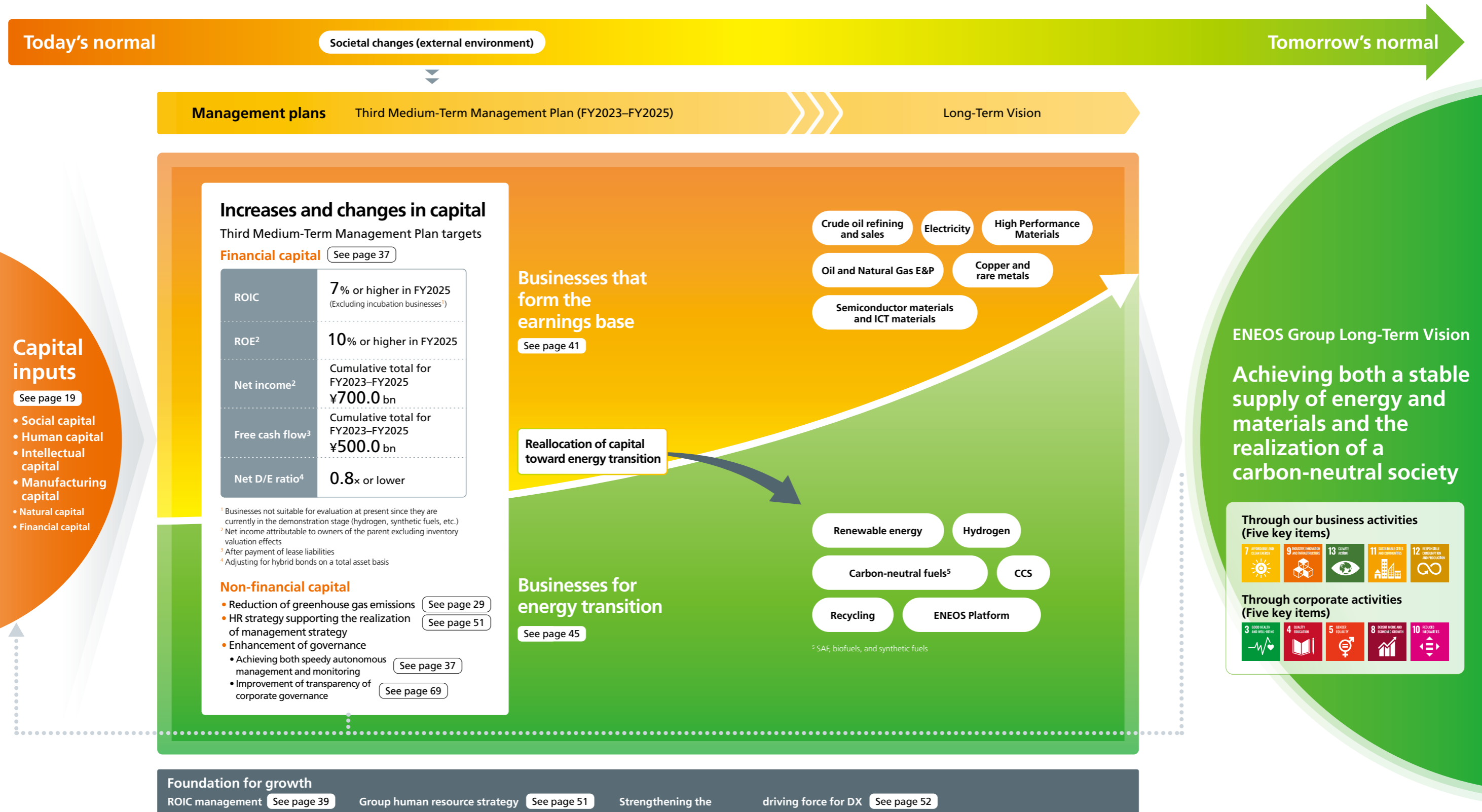


Fiscal 2022 Operating Income (YoY)



Value Creation Model

We are working toward our Long-Term Vision by maximizing both financial and non-financial capital to accelerate the growth of our businesses for the energy transition.



ENEOS Group Philosophy

Strengthening Capital and Indicators

We are strategically and systematically strengthening all forms of capital vital to our business in order to realize our Long-Term Vision.

Social Capital

Supporting today's normal

Service station network (customer data and customer contact points)

Market share of SS in Japan
Approx. **44%** **No.1** in Japan
(as of March 31, 2023)

ENEOS Card holders **23.04** million
(as of June 30, 2023) Service station app members **4.85** million
(as of June 30, 2023)

Creating tomorrow's normal

Alliances with partners

- Strategic alliances with leading overseas and domestic companies for energy transition
- Through strong alliances with customers, achieve technology and product development in tune with needs to maintain competitive advantages in the semiconductor and ICT materials fields

Strengthening partnerships to accelerate businesses leading to energy transition

The energy transition cannot be achieved by one company's efforts alone. It requires cooperation with governments and a wide variety of other partners with their own knowledge and strengths. For example, we are partnering with Electric Power Development Co., Ltd. (J-POWER) for the commercialization of CCS, with TotalEnergies for the manufacture of SAF, and with BHP for the reduction of greenhouse gas emissions in the copper supply chain.

Establishing a foundation for the ENEOS Platform using our service station network

Our service station network not only provides scale and location advantages, but it is also a powerful point of contact with customers that we are utilizing to gather vast amounts of useful data. We are now evolving this network into a lifestyle platform for deploying our mobility and lifestyle support services nationwide in Japan. In addition to EV charging, we will also take on the challenge of next-generation services powered by digital technology.

Human Capital

Human resources creating tomorrow

Number of Group employees
44,617
(as of March 31, 2023)

Group Human Resource Strategy

Number of managerial positions held by women
82
(as of April 2023)

Number of people who have used our online learning support
589
(as of April 2023; results for ENEOS)

Development of digital talent

Number of advanced digital resources
1,024
(as of April 2023)

Retaining a diverse workforce to drive innovation

To develop new businesses for decarbonization and transform our business portfolio, we are developing the skills of employees and adding diverse talent with new ideas and skills. At the same time, to establish a solid earnings base, we are improving the work environment through workstyle reforms and skill development assistance to enable the personnel that support our base businesses to maximize their skills.

Developing digital talent to promote DX

We will further utilize digital technology in pursuing business transformation across our entire business portfolio in accordance with the Medium-Term Management Plan. Our focus is on developing digital talent who will be the driving force behind these efforts. We will develop advanced digital resources who have the practical experience and knowledge for digital transformation (DX) in their respective areas as the core figures in DX projects.

Intellectual Capital

Intellectual capital

Number of patent applications
10,759
(as of March 31, 2023)

R&D system

R&D investment
¥29.4 bn
(FY2022)

Technology development

- Early establishment of next-generation energy technologies and development of technologies for social implementation

Utilization of support systems

Projects utilizing Green Innovation (GI) Fund*: **7**

Accelerating development for the commercialization of technologies contributing to energy transition

We believe that the turning point for technological breakthroughs that will play a lead role in carbon-neutral energy will occur around 2030. Ahead of this turning point, we will utilize our strengths and secure a high degree of resilience to enable us to respond to various scenarios. To this end, we are leading the way in development to establish technological and strategic advantages in multiple areas with high potential while curbing risks using the Green Innovation Fund* and other forms of government assistance. For example, in regard to the hydrogen supply chain, we are working on large-scale demonstration projects for using methylcyclohexane (MCH), in which we have expertise, as a carrier. Regarding synthetic fuels as alternatives to fossil fuels, we are pursuing development utilizing CO₂-free hydrogen produced from renewable energy with the aim of the early establishment of technology and social implementation.

* A support system by the Japanese government for reaching the target of carbon neutrality by 2050

Manufacturing Capital

Utilizing petroleum refining and sales assets

- Refineries and plants throughout Japan
- Large receiving facilities (adjacent to customers)
- Offsite facilities (logistics infrastructure, etc.)

Crude oil processing capacity

1.74 million bbl/day
(as of June 30, 2023)

Expansion of advanced materials works

- Products with top worldwide market share and growing demand

Existing infrastructure compatible with hydrogen manufacturing

- Conversion to MCH dehydrogenation facilities

Renewable energy power generation in Japan and overseas

Power generation capacity
1.26 GW (as of June 30, 2023; includes projects under construction)

Utilizing refineries and tankers in businesses for energy transition

Our refineries located across Japan offer large-scale logistics infrastructure, such as berths and tanks, in addition to facilities that can be used to manufacture and supply hydrogen. In addition, in the areas around our refineries, there are large concentrations of major plants with the potential to become customers of our hydrogen and other forms of next-generation energy in the future. For these reasons, we will utilize our existing refineries as supply hubs for next-generation energy.

Adding power plants to bolster renewable energy power generation capacity

With the addition of Japan Renewable Energy (JRE) to the Group, our renewable energy power generation capacity now totals over 1 GW. We intend to boost this capacity two-fold to 2 GW by the end of fiscal 2025. We will accomplish this utilizing JRE's advanced business development capabilities.

Message from the President



Saito Takeshi
Representative Director, President
ENEOS Holdings, Inc.

Achieving both a stable supply of energy and materials and the realization of a carbon-neutral society, while embracing new challenges as a first mover.

Working toward “tomorrow’s normal” with a new determination

In May 2023, the ENEOS Group announced its Long-Term Vision and third Medium-Term Management Plan (FY2023–FY2025). In our new Long-Term Vision, we take on the challenge of achieving both a stable supply of energy and materials and the realization of a carbon-neutral society.

Initiatives for the coming energy transition are essential as the world is changing at an accelerated pace toward the realization of a decarbonized, recycling-oriented society. With this major transformation before us, I am leading the Company in the spirit of a “second founding.” Whatever the circumstances, we will carry out our philosophy of continuously contributing to society with energy, resources, and materials, and we have clearly documented our determination to achieve this philosophy for all of our stakeholders.

Commitment to Realizing the Group Philosophy

Supporting “today’s normal,”
taking the lead for “tomorrow’s normal”

The ENEOS Group has continued to fulfill its mission of providing a stable supply of the energy and materials that are indispensable for everyday life in response to the changing times, thereby creating and supporting the normal of each era. Throughout our history, we have boldly taken on and overcome various social challenges, and this is now part of our corporate DNA.

While thoroughly fulfilling today’s responsibility of ensuring a stable supply, we will achieve the energy transition, paving the way toward “tomorrow’s normal” of carbon neutrality in Japan. In order to create this “tomorrow,” we have begun taking on new challenges as a “first mover.”

Measures under the third Medium-Term Management Plan determined based on the results and issues of the previous Medium-Term Management Plan

On the other hand, in the second Medium-Term Management Plan (FY2020–FY2022), positioned as the

foundation for the third Medium-Term Management Plan, we achieved positive results such as the replacement of our business portfolio through multiple M&As and asset sales. In addition, we implemented stable dividends and share buybacks to achieve a total shareholder return ratio of 66% (net income excluding inventory valuation effects basis) over the three years. Nevertheless, we fell short of many of our financial targets, and there are still issues, especially with earnings capacity in our base businesses.

Based on this, in the third Medium-Term Management Plan, we have established three basic policies, namely, “establish a solid earnings base” as a source of funds, along with “accelerate execution of measures for energy transition,” and “enhance the management base.” In formulating the plan, we took into account dialogue with shareholders and investors and the opinions they expressed.

We made two major decisions as part of our measures for “enhance the management base,” which is one of the basic policies. These decisions were to convert the High Performance Materials business, the Electricity business and the Renewable Energy business into separate companies, and to prepare for the listing of JX Metals. Regarding the conversion of businesses, we will transition each business to an autonomous management format that pursues capital efficiencies by around April 2024. Regarding JX Metals, we aim to transition the company to an equity-method affiliate in the future. By properly marketing the company’s high growth potential to stock markets, the listing will enable portfolio transformation as well as agile and reliable shareholder returns. JX Metals will use rapid decision-making to execute various strategies in growth fields such as semiconductor materials and ICT materials.

We will also work to create and strengthen intangible assets not booked on our balance sheet. In particular, for our human resources, we will work on skill development and work environment improvements based on the belief that human resources, which support the foundation of all of our measures, are the source of significant corporate value.

We will steadily implement these measures as we aim to maximize our corporate value.

Interview with the President

The ENEOS Group revised its Long-Term Vision and formulated its third Medium-Term Management Plan in May 2023.

The following focuses on questions asked by shareholders and other stakeholders during the formulation process.



Q1. What social scenario does the ENEOS Group envision for the future?

A1. We envision the development of a decarbonized and recycling-oriented society by 2040. The speed of change is also accelerating.

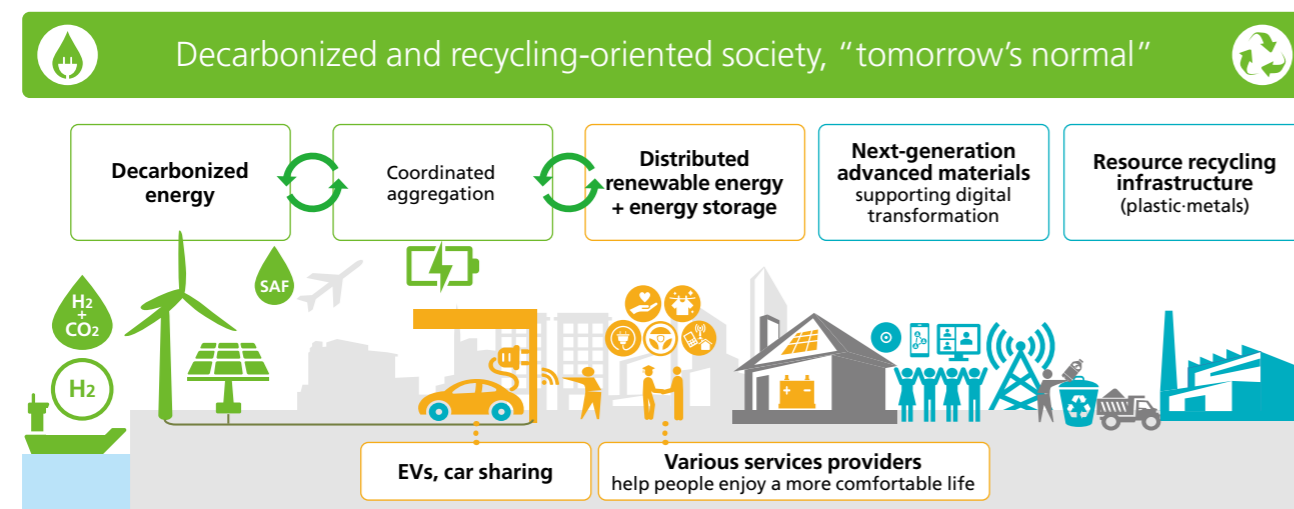
In our Long-Term Vision, we envision the development of a decarbonized and recycling-oriented society by 2040. The scenario is as follows.

In the energy field, in addition to various types of renewable energy and decarbonized energy produced in industry such as hydrogen and synthetic fuels, distributed energy will be produced in homes and communities. Storage batteries to balance supply and demand and systems for optimal control will also become increasingly important.

In the materials field, demand for next-generation advanced materials will increase along with the digital transformation (DX). Recycling infrastructure will be developed, which is expected to result in a circular economy. New services will also be required in response to people's diverse lifestyles.

The speed of transition to such a society is undoubtedly accelerating. As an energy and materials group, we must take on the challenges of the energy transition toward decarbonization.

Social Scenario



Q2. What are your thoughts on the energy supply structure and the ENEOS Group's vision for the future?

A2. We expect the turning point toward carbon neutrality to be around 2030. We will continue to be a main player in supplying Japan's primary energy needs.

It is certain that society will move towards carbon neutrality. At this stage, however, it remains unclear what the main sources of primary energy will be in the future and when technological breakthroughs will occur.

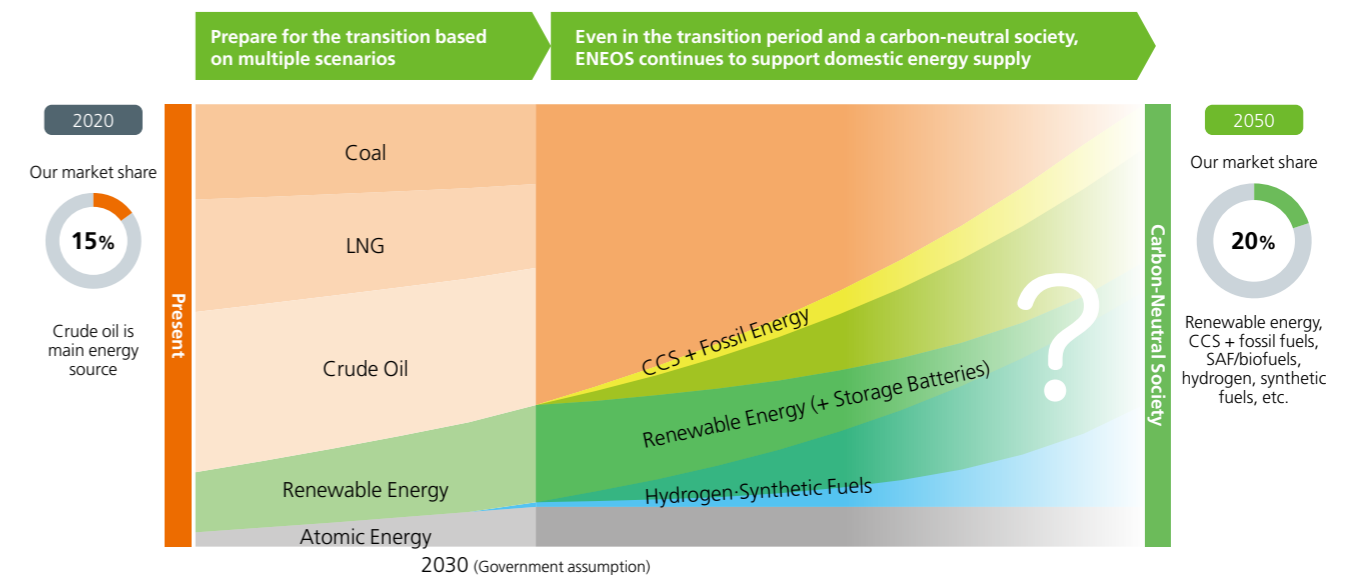
Taking into account policy trends and other factors, we believe that the turning point toward the spread of next-generation energy will be around 2030. For a smooth energy transition, it is necessary to fulfill S+3E¹. The Group will lead the Japan's energy transition and will continue to be a main player in the future. We aim to capture the largest share in synthetic aviation fuel (SAF), hydrogen, and synthetic fuels, and to supply 20% of Japan's primary energy needs.

This determination is expressed in our Long-Term Vision to take on the challenge of achieving both a stable supply of energy and materials and the realization of a carbon-neutral society.

The large-scale energy transition away from fossil fuels is by no means easy. The spread of petroleum resources, which are "today's normal," was only possible through the bold challenges taken on by our predecessors. In this way, we are confident that the important challenges we are taking on today will lead to "tomorrow's normal," bringing new value to society.

¹ Safety, Energy security, Economic efficiency, Environment

Future Domestic Primary Energy Supply Mix (Image)



Q3. What about the path toward reducing greenhouse gas emissions?

A3. We aim to halve our CO₂ emissions per unit of energy supply by 2040.

Looking ahead to the realization of a carbon-neutral society by 2050, we are also steadily working to reduce greenhouse gas emissions, which is an urgent issue. We have set an ambitious target of halving CO₂ emissions per unit of energy supply (carbon intensity or CI) by 2040.

To achieve this, we first aim to achieve carbon neutrality in the Group's greenhouse gas emissions (Scope 1 and 2). To this end, we will make efficiency improvements in manufacturing and businesses, implement CO₂ capture

and storage (CCS), and remove CO₂ from the atmosphere through forest absorption. In addition, in order to reduce greenhouse gas emissions in society as a whole (Scope 3), we will pursue the energy transition through the supply of hydrogen, synthetic fuels, renewable energy and other energy sources, and promote a circular economy through recycling and sharing.

→ For details of the ENEOS Group Carbon Neutrality Plan, see pages 29–34.

Interview with the President

Q4. What are the ENEOS Group's strengths in terms of future potential?

A4. We have the technologies and customer networks to address each scenario flexibly.

(1) Resilience in dealing with multiple scenarios for the energy transition

As I mentioned earlier, at this stage, there is no definitive answer as to what the main sources of energy will be in a carbon-neutral society, so we are considering multiple scenarios.

One of the Group's strengths is its high resilience in dealing with any of these scenarios, and the fact that we are making investments, conducting research and development, and pursuing demonstration projects. Another strength is the location of our refineries and plants adjacent to industrial customers such as power plants, as well as our ability to make effective use of existing refinery and plant infrastructure without making significant investments.

In addition, the Green Innovation (GI) Fund and other support systems for reaching Japan's target for carbon neutrality by 2050 have been established and are expected

to be expanded in the future. We are steadily taking the necessary steps, such as utilizing government support and partnerships with leading companies in Japan and overseas.

I am proud that the Group has a high level of resilience to future uncertainties.

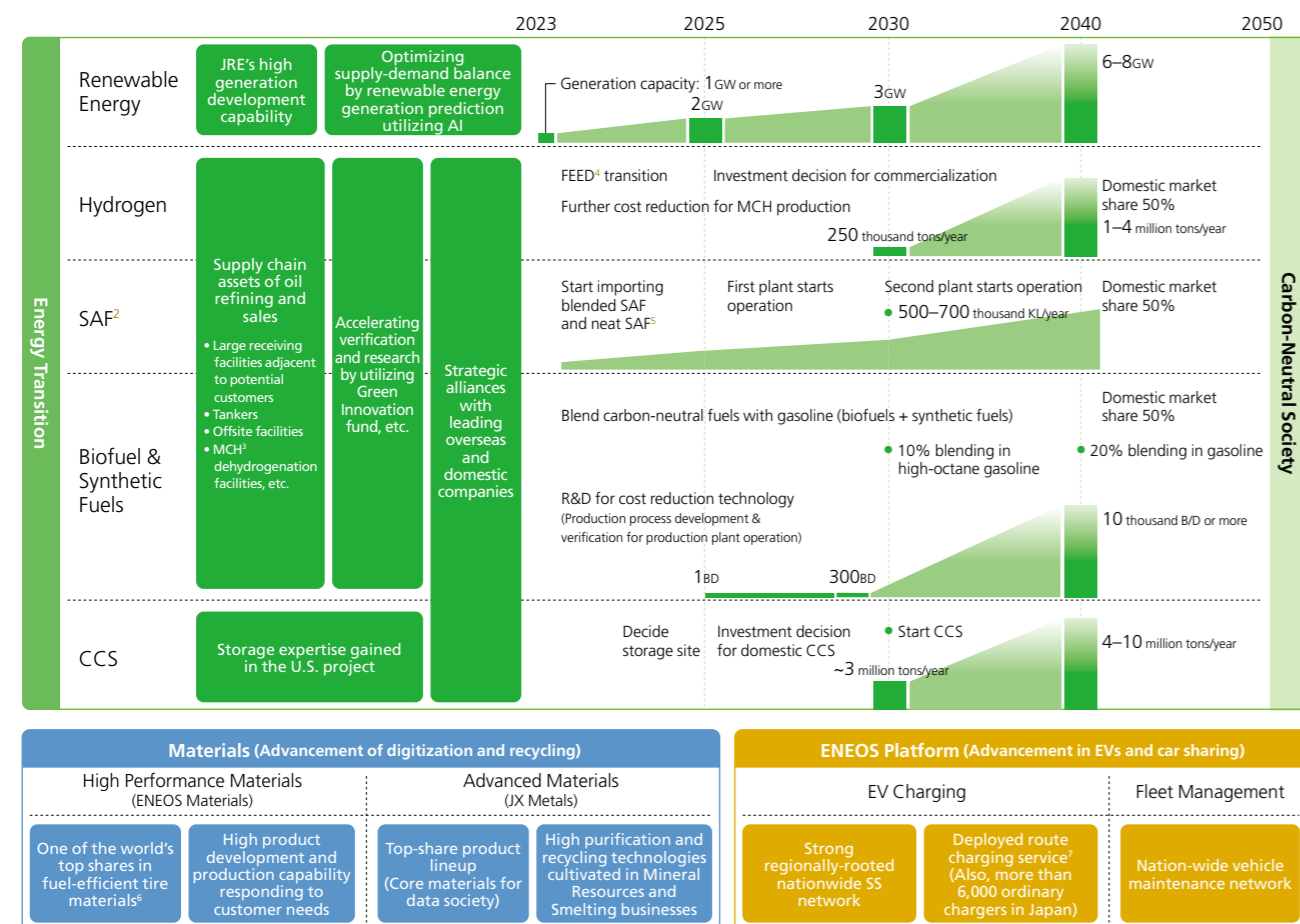
(2) Materials supporting a digital society

Materials supporting advanced needs

In addition to next-generation energy, we expect earnings growth in the materials business.

The Group possesses advanced technologies and high market shares in the semiconductor materials and ICT materials that support the digital society, and high performance materials such as elastomers, which are in high demand and have excellent environmental performance. These materials are indispensable for the realization of a carbon-neutral society.

Strengths for Tomorrow's Normal



² Sustainable Aviation Fuel ³ Methylcyclohexane: a hydrogen carrier ⁴ Front End Engineering Design ⁵ SAF raw materials before mixing ⁶ Solution polymerization styrene-butadiene rubber ⁷ ENEOS Charge Plus

(3) ENEOS Platform as social infrastructure

We have a nationwide service station network that is a real and strong point of contact with customers and local residents. In addition to the locations and number of our service stations, another key strength is that we have accumulated a large amount of extremely useful data. We will make the most of these strengths by building a system

to provide route charging services for EVs, next-generation energy, and new services, for which demand is expected to increase in the future.

Through the utilization of this service station network as the ENEOS Platform, "tomorrow's normal" will take root throughout society.

Q5. What are your measures for achieving the energy transition?

A5. We will establish advantages as a pioneer by preparing for the expansion phase of decarbonization investment after 2030, focusing on improving the efficiency of our fossil fuels business and developing intangible assets required for the future.

The energy transition for continuing our role as a main player naturally requires a substantial strategic investment. We intend to expand our capital investment for decarbonization in earnest from 2030 onward.

In the meantime, we will make the necessary investments to ensure resilience for the future, but we will not unnecessarily inflate our balance sheet. We will focus on the development of intangible assets not booked on the balance sheet, such as technological development, collaboration with leading partners, utilization of support systems from the government, and above all, human resources development. Meanwhile, we will also streamline and improve the efficiency of our existing fossil-resource-derived energy businesses in line with the decline in demand in the domestic market.

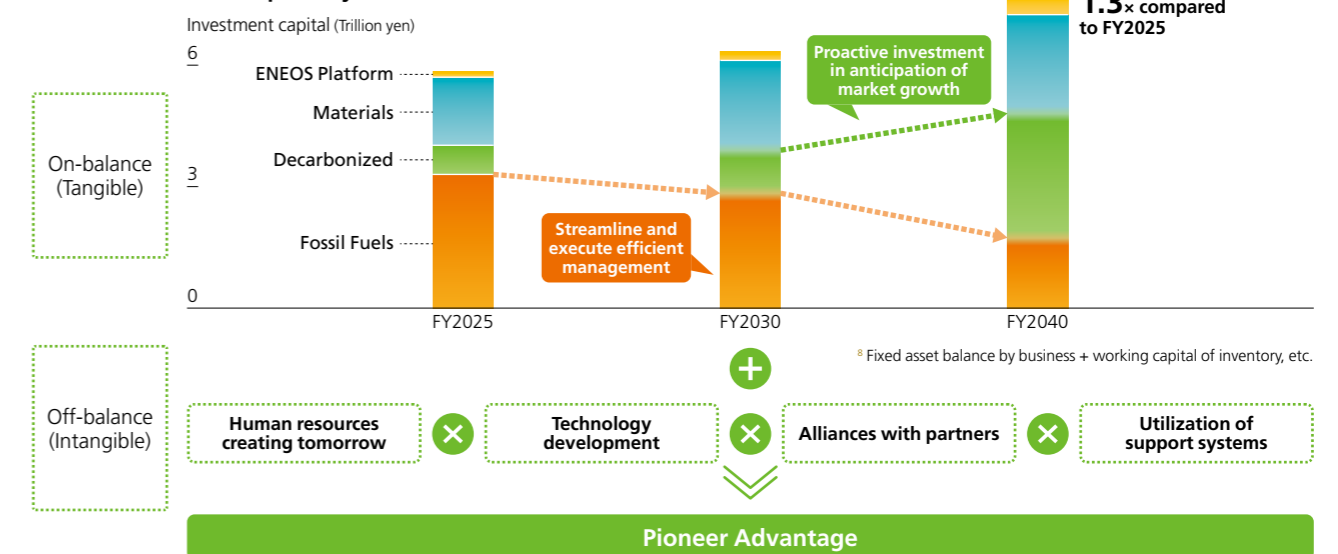
For the Company, which has mainly dealt with fossil fuels, the challenge of achieving carbon neutrality is a major transformation that can be viewed as a "second founding" of sorts. We believe that the most important key to success or failure is human resources. Through various

measures, we will foster a corporate culture in which management and employees align their perspectives to ensure that our Long-Term Vision is realized. We will secure and develop human resources and other intangible assets during the third Medium-Term Management Plan to establish our advantage as a pioneer.

In addition, we will monitor the growth of the decarbonization market and expand capital investment in promising fields from 2030 onward. In terms of the scale of capital to be invested, we plan to increase the total amount by 1.3 times compared to fiscal 2025 by 2040.

When implementing full-scale investments, we will incorporate the perspective of cold-eye reviews to narrow investments down to those that are expected to exceed the cost of capital. Especially in energy transition fields, such as renewables, long-term rather than short-term returns are needed. We must carefully consider this point and convey the status of the investment plan to shareholders and investors as appropriate.

Scale of Investment Capital⁸ by Business Area



⁸ Fixed asset balance by business + working capital of inventory, etc.

Interview with the President

Q6. What is the optimal portfolio and what is the key to achieving it?

A6. We expect the decarbonized business to grow after 2030 and will pursue the capital efficiency of each business using rigorous ROIC management.

Portfolio plan based on the progress of the energy transition

Currently, fossil energy accounts for more than half of the Group's earnings. Under the third Medium-Term Management Plan, we will implement various measures following the basic policies of "establish a solid earnings base," "accelerate execution of measures for energy transition," and "enhance the management base," to maximize earnings in our current business portfolio.

At the same time, by 2030, in addition to upfront investment in decarbonization, we will build a business foundation for EV charging and the ENEOS Platform to meet the needs of local communities and individuals. By around 2040, the "permeation" phase of the energy transition, we expect our earnings portfolio to comprise 50% decarbonized energy and fossil energy offset by CCS and other measures, and 50% materials and the ENEOS Platform.

The expected changes in the portfolio are illustrated in the third Medium-Term Management Plan (see the figure below). In the figure, since the Electricity business spans both "fossil fuels" and "decarbonized," the scale is shown outside the pie charts. The overseas business ratio is also shown. In anticipation of the population decline in Japan, we will grasp the needs of overseas energy transitions and

increase the ratio of overseas business.

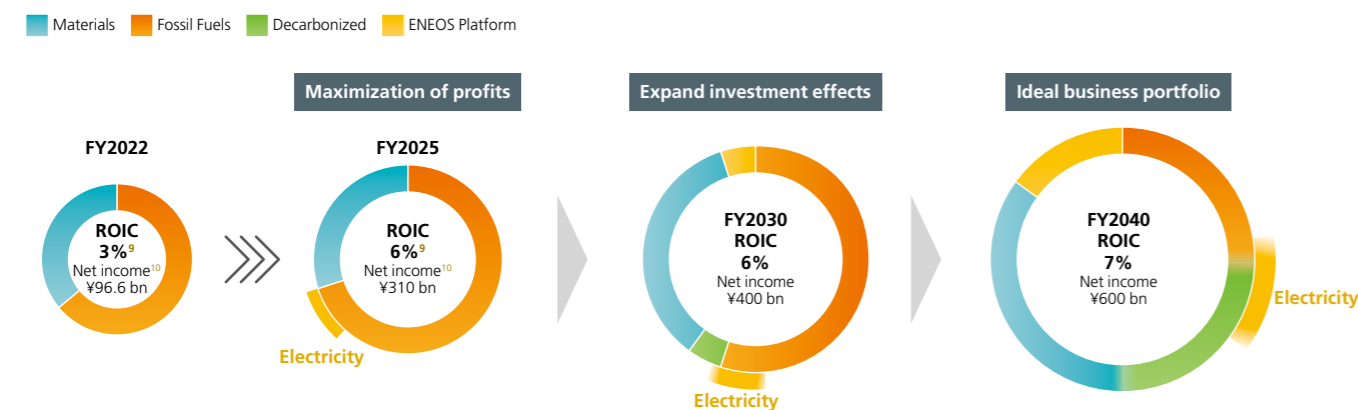
Importance of generating returns in excess of capital cost

In the third Medium-Term Management Plan, the Group will introduce rigorous business management based on the return on invested capital (ROIC) in pursuit of increased capital efficiency. By disclosing ROIC results, targets, and weighted average cost of capital (WACC) for each business, and converting the High Performance Materials business, the Electricity business, and the Renewable Energy business into separate companies, we will shift to autonomous management that visualizes the results of each business and focuses on results.

For businesses with low profitability (i.e., businesses that do not exceed WACC), we will set deadlines and make fundamental improvements. If there is still no improvement, we will consider business continuity or withdrawal based on certain criteria.

In 2022, we were unable to generate sufficient returns above WACC. However, in 2025, the final year of the third Medium-Term Management Plan, we anticipate ROIC of 6%. In 2030, we expect to generate returns, such as 6%, that will always exceed WACC, rising to 7% in 2040.

ROIC / Scale of Profits by Business Area



Ratio of overseas business	50%	45%	45%
business 50% (ENEOS 20%)	(20%)	(20%)	(25%)

⁹ Including incubation businesses. The target for FY2025 is 7% or higher excluding the incubation businesses.
¹⁰ Net Income attributable to owners of the parent

Q7. How do you analyze the current situation of ENEOS's price-to-book ratio (PBR)? How will you improve it?

A7. First, it is important to achieve the third Medium-Term Management Plan. We will focus carefully on the equity spread and further enhance dialogue with our stakeholders.

Our WACC is about 4%, of which the cost of equity is about 8%. On the other hand, ROE excluding inventory valuation effects has been below the cost of equity, averaging around 6% over the past five years, and the so-called equity spread continues to be negative.

Although we have formulated a growth strategy that covers the petroleum business, mainly in the decarbonized business area, we recognize that growth expectations from the equities markets is negative due to the protracted time frame until the realization of profits.

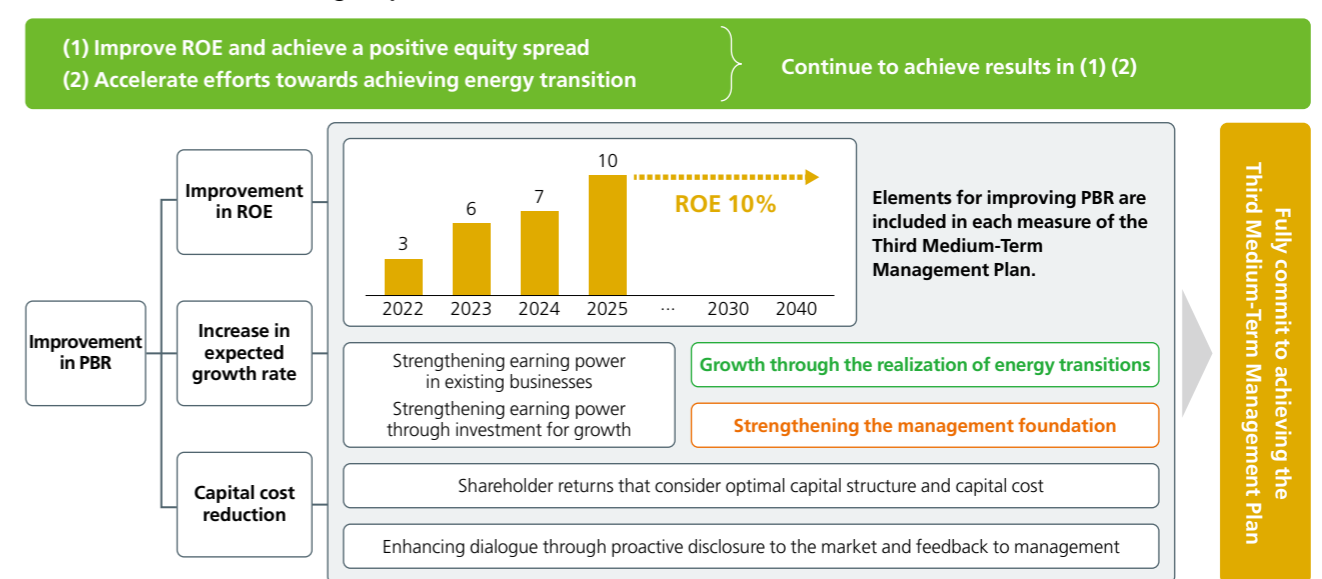
In light of this situation, we believe that our PBR can be improved and exceed one time by (1) improving ROE and making the equity spread positive, and (2) by steadily accelerating and growing efforts to realize energy

transitions economically and technologically, and by continuing to produce these results, increasing the probability of success, and gaining trust in our ability to meet future expectations.

First, we will make every effort to achieve the third Medium-Term Management Plan, and will actively disclose the progress of growth businesses, one of our initiatives for realizing the energy transition, and our stories for monetization, in an effort to enhance our reputation in equities markets. In addition, we will expand dialogue with stakeholders and utilize the findings in management.

We plan to continue discussions by the Board of Directors on how to increase our PBR, and disclose the status of these efforts.

Initiatives Aimed at Enhancing Corporate Value



Q8. Can you provide closing words to stakeholders?

A8. We will dedicate our best efforts to continuing to be a company that is required by society.

For the ENEOS Group, which has been engaged in fossil fuels businesses since its founding, the challenge of the energy transition is truly a major undertaking that can be seen as our "second founding." By fostering a corporate culture of transformation and taking on challenges, and consistently providing the energy, materials, and services needed by society, today and tomorrow, we will meet the expectations of all stakeholders and enhance our corporate

value. In order to achieve this, we will first steadily implement the various measures I have discussed above and exert our best efforts to achieve the third Medium-Term Management Plan and, by extension, the Long-Term Vision.

I ask shareholders and other stakeholders for your continued support and guidance of the ENEOS Group as we move forward.

Carbon Neutrality Plan

Basis for Strategy Formulation: Scenario Analysis and Identification of Risks/Opportunities

Scenario Analysis

In conducting its scenario analysis, the ENEOS Group referenced STEPS¹, APS², and NZE³ of *World Energy Outlook (WEO) 2022* by the IEA for long-term forecasts of world energy demand, and Representative Concentration Pathways (RCP⁴) of the IPCC for the assessment of physical risks such as changes in climate and sea levels. This resulted in the identification of the risks and opportunities outlined in the table below.

In revising our Long-Term Vision announced in 2019, we referenced multiple WEO scenarios, using the middle ground among them as the Group's base case. As a result, although the direction of the social scenario in our Long-Term Vision will remain the same as the one in 2019, we believe the speed of this change toward decarbonization will be greater than anticipated.

In the base-case scenario, risks include a decline in domestic fuel oil demand by around half in 2040 compared to 2019, while opportunities include the growth of the market for energy derived from decarbonized and recyclable resources and the generalization of environmental value trading. Additionally, demand is expected to grow for high-value-added

services in mobility, such as EVs and car sharing, and lifestyle support for making life more convenient, as well as recycled resources, along with high-performance and advanced materials required for digital devices.

During the transition from fossil fuels to a portfolio centered on decarbonization, the Group will achieve both a stable supply of energy and the realization of a carbon-neutral society while keeping close watch over demand trends for fuel oil. The Group has also concluded that it has a high degree of resilience in responding to multiple scenarios, including 1.5°C, as it has a number of advantages that enable it to withstand change and is carrying out investment, demonstration projects and other measures accordingly.

Even if efforts to achieve carbon neutrality accelerate worldwide, the Group, with its high degree of resilience, will lead Japan's energy transition, greatly contributing to the development of a decarbonized society.

¹ Stated Policies Scenario: A scenario that reflects government policies already announced
² Announced Pledges Scenario: A scenario that assumes that countries will achieve their ambitious targets
³ Net Zero Emissions by 2050 Scenario: A scenario in which the world will achieve net zero in 2050
⁴ Representative Concentration Pathways: A scenario on rising temperatures based on a greenhouse gas concentration trajectory

Risks and Opportunities Identified and Financial Impacts of Each Timeline

	Category	Financial impact			
		Short term (2025)	Medium term (2030)	Long term (2040)	Assessment method
Transition risks	Higher costs for achieving carbon neutrality	None	¥30 billion annually	¥120 billion annually	Amount of decline in operating income if carbon credits were purchased for the entire reduction targets for 2030 and 2040 of 4 million tons and 19 million tons, respectively Carbon credit price (\$50/t-CO ₂ ^e) × quantity × exchange rate ^e Internal carbon price
	Declining demand for petroleum due to the accelerated proliferation of EVs driven by technological innovation Declining demand for petroleum due to growing environmental awareness	Limited impacts	Approx. ¥50 billion/year decline	Approx. ¥100 billion/year decline	Amount of decline in operating income if domestic petroleum demand declined by approx. 20% in 2030 and approx. 50% in 2040 compared to 2019 (Calculated based on the fiscal 2025 income targets of the third Medium-Term Management Plan)
	Stranding of upstream oil assets	Limited risk			Estimation of oil upstream asset reserves based on the number of extractable years discounted by current production
Physical risks	Increasing frequency and severity of wind and flood damage due to extreme weather events (major typhoons) and rising sea levels	¥100 to ¥200 million/year			Referenced the IPCC RCP8.5 scenario for estimation of the total amount of damage (decrease in operating income) using WRI Aqueduct ⁶ , etc. for 31 of our facilities and assets in Japan, such as refineries and smelters ⁶ A water risk assessment tool developed by the World Resources Institute
	Rising sea levels caused by global warming	Limited risk			Estimated from amount of increase (approx. 0.2 meters) in sea level around Japan as of 2040 as projected by Aqueduct

Carbon Neutrality—Our Role and Policy

In its Carbon Neutrality Plan, the Group has set targets to achieve net zero emissions for Scope 1+2 greenhouse gases by fiscal 2040. In addition, working in step with the government and other companies, we aim to contribute to the realization of a carbon-neutral society by 2050.

The movement toward carbon neutrality is accelerating throughout society. Meanwhile, leading roles in carbon neutrality and the timing of necessary technological breakthroughs are uncertain. We believe the

turning point will be around 2030.

The Group, which is engaged in the energy and materials businesses, will take on the challenge of energy transitions for the future while fulfilling its current responsibility of providing a stable supply of energy and materials. By executing preemptive measures while utilizing our strengths, we will establish strategic advantages ahead of this turning point around 2030.

ENEOS's Role in Japan's Energy Transition

Environmental awareness	<ul style="list-style-type: none"> Society is certain to move toward carbon neutrality based on scientific verification and international trends Meanwhile, leading roles in carbon neutrality and the timing of necessary technological breakthroughs are uncertain Considering policy trends, the turning point will be around 2030 	Social issues	<ul style="list-style-type: none"> Smooth transition toward a carbon-neutral society while fulfilling S + 3E⁷ <small>⁷ Safety, Energy security, Economic efficiency, Environment</small>
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ENEOS will lead Japan's energy transition and will continue to be a main player, supplying 20% of Japan's primary energy (largest market share in SAF, hydrogen and synthetic fuels)

	Category	Financial impact			
		Short term (2025)	Medium term (2030)	Long term (2040)	Assessment method
Transition risks	Increasing demand for renewable energy, hydrogen, and carbon-neutral fuels	Careful planning and rollout phase	Up to ¥50 billion/year	Up to ¥200 billion/year	Net income estimated based on certain assumptions about the estimated market size, the Company's market share, and operating income margin due to an expected increase in demand for renewable energy, hydrogen, and carbon-neutral fuels associated with advancements toward a decarbonized, recycling-oriented society
	Expansion of EV charging and environmentally friendly mobility services	Careful planning and rollout phase	Up to ¥50 billion/year	Up to ¥100 billion/year	Net income estimated based on certain assumptions about the estimated market size, the Company's market share, and operating income margin due to an increase in demand for EV charging, which is expected to grow with the development of a decarbonized society, and an expansion of business opportunities such as environmentally friendly mobility services
Opportunities	Increasing demand for products that effectively reduce environmental impacts Increasing demand for materials made from recyclable resources	¥100 billion/year	Up to ¥150 billion/year	Up to ¥200 billion/year	Net income estimated based on certain assumptions about the estimated market size, the Company's market share, and the operating income margin due to the expected increase in demand for products that contribute to the reduction of greenhouse gas emissions and the expected increase in demand for materials derived from recyclable resources for a circular economy

Carbon Neutrality Plan

ENEOS Group Carbon Neutrality Policy

To realize a carbon-neutral society, we will reduce our greenhouse gas emissions while pursuing **energy transition** and a **circular economy** to contribute to the **reduction of society's greenhouse gas emissions**.

Reduction of our greenhouse gas emissions

Preparation for future increases in carbon prices

- Aim for the realization of carbon neutrality in our emissions (Scope 1+2) by FY2040.
- Aim for the reduction of greenhouse gases by 46% (compared to FY2013) by FY2030.
- To achieve carbon neutrality, we will broadly engage in the reduction of greenhouse gas emissions, CCS (carbon dioxide capture and storage), and CO₂ removal (absorption by forests, etc.).

Policies on Initiatives	ENEOS Measures
Curbing greenhouse gas emissions	<ul style="list-style-type: none"> • Appropriate treatment of crude oil (according to demand) • Efficiency improvement of manufacturing and businesses (energy conservation, fuel switching, utilization of renewable energy, etc.) • Utilization of carbon credit
Artificial fixation of CO ₂	<ul style="list-style-type: none"> • CCS (carbon dioxide capture and storage) • New methods such as BECCS⁸ and DACCS⁹ utilizing CCS
Increase of natural absorption of CO ₂	<ul style="list-style-type: none"> • Absorption by forests (afforestation, forest management, etc.) • Other natural absorption methods (blue carbon and soil carbon fixation)

Contribution to the reduction of society's greenhouse gas emissions

Carbon neutrality as a pillar of future business

- Working in step with the government and other companies, aim for the realization of carbon neutrality, including Scope 3, by FY2050.
- In the energy area, we aim to halve CO₂ emissions per unit of energy supplied (CI¹⁰) by around FY2040 by promoting energy transition through expansion of renewable energy and early practical implementation of hydrogen and carbon-neutral fuel.
- In the materials and services area, we will pursue the development of a circular economy and the expansion of avoided emissions through conversion of raw material, etc.

Policies on Initiatives	ENEOS Measures
Contribution to the reduction of emissions in the energy area	<ul style="list-style-type: none"> • Pursuit of energy transition (hydrogen, carbon-neutral fuels, renewable energy, etc.)
Contribution to the reduction of emissions in the materials and services area	<ul style="list-style-type: none"> • Pursuit of circular economy (recycling, sharing, etc.) • Expansion of supply of products contributing to avoided emissions

⁸ Bio energy with carbon dioxide capture and storage ⁹ Direct air capture with carbon dioxide capture and storage ¹⁰ Carbon Intensity

Continuously supplying energy and materials required for the times through creation and innovation

The Group established its target for carbon neutrality in 2019, well ahead of other companies. Subsequently, based on trends in Japan and overseas, we formulated a new Carbon Neutrality Plan at the same time as the third Medium-Term Management Plan and announced it in May 2023.

This plan summarizes the Group's Long-Term Vision and the third Medium-Term Management Plan from the perspective of carbon neutrality, and sets policies, quantitative greenhouse gas reduction targets, specific measures, and roadmaps for 2025, 2030, and 2040. In addition to the important social responsibility of maintaining a stable supply of energy and materials, which is engrained in our corporate DNA, we will take on a new social responsibility of realizing a carbon-neutral society. We are committed to continuously fulfilling both of these responsibilities into the future.

The plan consists of two pillars; namely, reduction of our greenhouse gas emissions and contribution to the reduction of society's greenhouse gas emissions. As for the former, we aim to achieve carbon neutrality in terms of Scope 1+2 emissions by 2040 and minimize business costs (risks) in preparation for

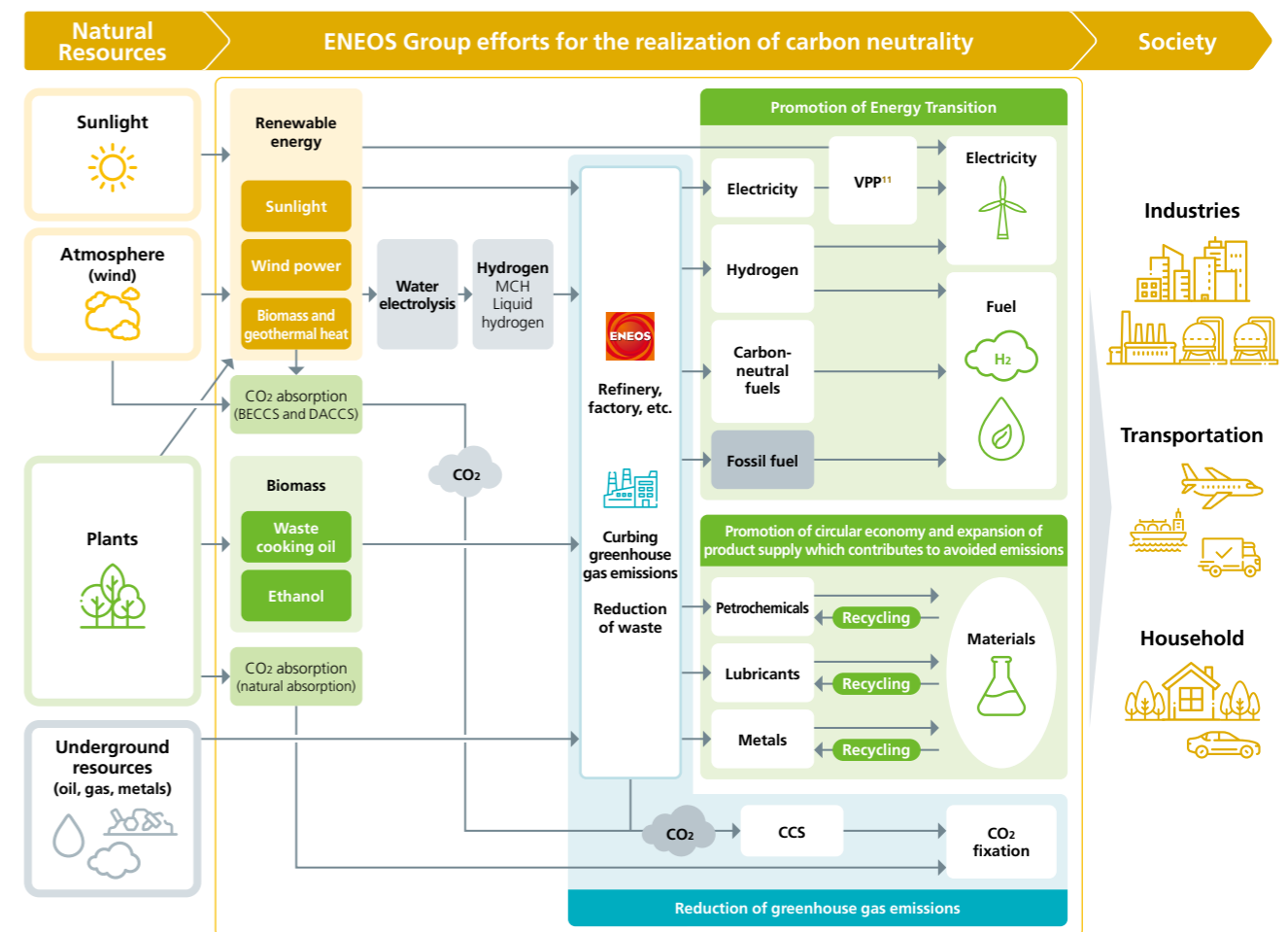
future carbon price increases. The latter clearly articulates the pillars (opportunities) of our future business, specifically, to work on energy transitions and a circular economy in the materials and services field, aiming for net zero Scope 3 emissions by 2050.

For over a century since the Meiji era, the Group has converted our planet's resources, such as oil, gas, and metals, into the energy and materials needed by customers, and has continued to provide a stable supply. Even if the energy and materials needed by customers change in the future, we will continue to contribute to the development of society and the creation of a vibrant future through creativity and innovation.

Nagashima Takushi
 General Manager,
 Carbon Neutral Strategy Dept.
 ENEOS Corporation



Conceptual Diagram of Carbon Neutrality Plan



¹¹ Virtual Power Plant

Carbon Neutrality Plan

Reduction of Our Greenhouse Gas Emissions

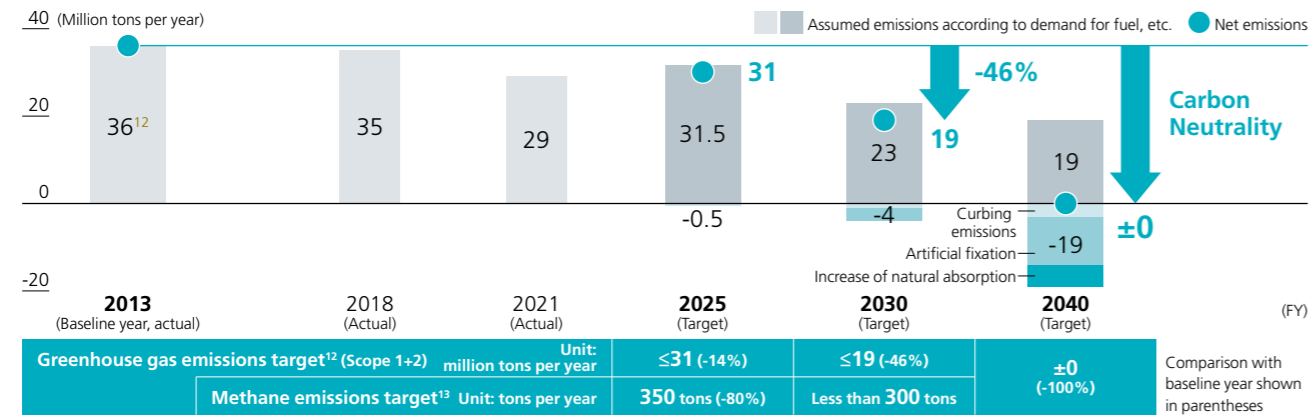
The Group has set a target to achieve carbon neutrality in terms of its own greenhouse gas emissions by fiscal 2040. This is based on the idea that, as a company that supplies energy, we should aim to achieve our emission reduction target 10 years ahead of the Japanese government's goal of

achieving carbon neutrality by 2050. At the same time, achieving our target will also prepare us for future carbon price increases.

→ For more information about our quantitative targets for each emissions reduction initiative, see page 61.

Roadmap for Reduction of ENEOS Group Greenhouse Gas Emissions

Greenhouse gas emissions Scope 1+2



¹² Greenhouse gas emissions in the base year (fiscal 2013): 36 million tons. Figure revised from the time of announcement in May 2022 (30 million tons) due to a change in the calculation method for domestic emissions from the standard under the Act on Promotion of Global Warming Countermeasures to the GX-ETS standard. There is no change to the target for transition-linked bonds (issued on June 15, 2022), but the greenhouse gas emission target for fiscal 2030 has been changed from 16 million tons to 19 million tons.

¹³ Oil and Natural Gas E&P. Methane emissions in base year (fiscal 2021): 1,600 tons

Contribution to the Reduction of Society's Greenhouse Gas Emissions

The Energy business of the Group has a significant impact on the reduction of greenhouse gases in society. To reach the goal of carbon neutrality by 2050, including for Scope 3 emissions, we will contribute to the reduction of emissions in society by working toward a circular economy in energy

transitions and the materials and services field, and pursue initiatives to make the business opportunities of carbon neutrality a pillar of our future business.

→ For more information about our initiatives for the pursuit of a circular economy, see page 63.

Roadmap for the Reduction of Greenhouse Gas Emissions of Society

		FY2025	FY2030	FY2040		
Energy field	Promote energy transition	CI (Carbon Intensity)	87 g-CO₂/MJ	81 g-CO₂/MJ	44 g-CO₂/MJ	
		CO ₂ -free hydrogen	Investment decision for commercialization	250 thousand tons	1–4 million tons	
		Carbon-neutral fuels	SAF	1st case investment decision	500–700 thousand KL	Domestic share: 50%
			Biofuel	—	Supply 10% mixing to high-octane gasoline ¹⁴	Supply 20% mixing to gasoline ¹⁴
			Synthetic fuel	Demonstration of 1 barrel/day-scale	Manufacture synthetic fuel 300 barrels/day	Manufacture synthetic fuel 10 thousand barrels/day or more
		Renewable energy	Renewable energy total power generation capacity	2 GW	3 GW	6–8 GW
CCS (for other businesses)	—	—	4–10 million tons			
Materials and services field	Promote circular economy	Petrochemicals	20 thousand ton scale Start of waste plastic liquefaction business	20%	35%	
		Lubricants	Recycling amount	Completion of demonstration	100 thousand KL	200 thousand KL
		Copper smelting	Recycling ratio	—	25%	50%
		Final disposal ratio of waste	—	Less than 1.0%		
		Expansion of products which contribute to avoided emissions	Avoided emissions (materials) ¹⁶	750 thousand tons-CO ₂ e	1,500 thousand tons-CO ₂ e	2,000 thousand tons-CO ₂ e

¹⁴ Biofuel + Synthetic fuel

¹⁵ Input ratio of green raw materials (waste-plastic-recycled oil, bionaphtha, etc.) against the production volume of products derived from naphtha cracker

¹⁶ Assuming about 20–50 million tons-CO₂e of avoided emissions (for fiscal 2040) by hydrogen and carbon-neutral fuel

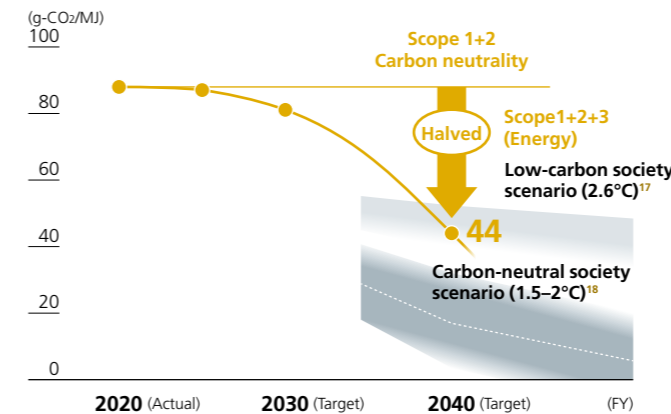
Pursuing Energy Transitions

We have set new carbon intensity (CI) targets to accurately express and put into practice the Group's goal of contributing to the reduction of greenhouse gas emissions in society.

CI is an indicator of CO₂ emissions per unit of energy

supply (Scope 1+2+3). CI cannot be reduced simply by reducing the supply of fossil fuels. CI is reduced by replacing fossil fuels with the supply of hydrogen, carbon-neutral fuels, renewable energy, and CCS, or in other words, by pursuing energy transitions. The Group aims to halve its CI by fiscal 2040.

Carbon Intensity (CI) Targets for the Energy Supplied by the ENEOS Group



CI (Carbon Intensity)

- Indicator of CO₂ emissions (g) (Scope 1+2+3) per unit of energy supply (MJ).
- Reduced due to supply of hydrogen, carbon-neutral fuels, renewable energy, etc.
- Does not include materials (petrochemicals, lubricants, asphalt, etc.)

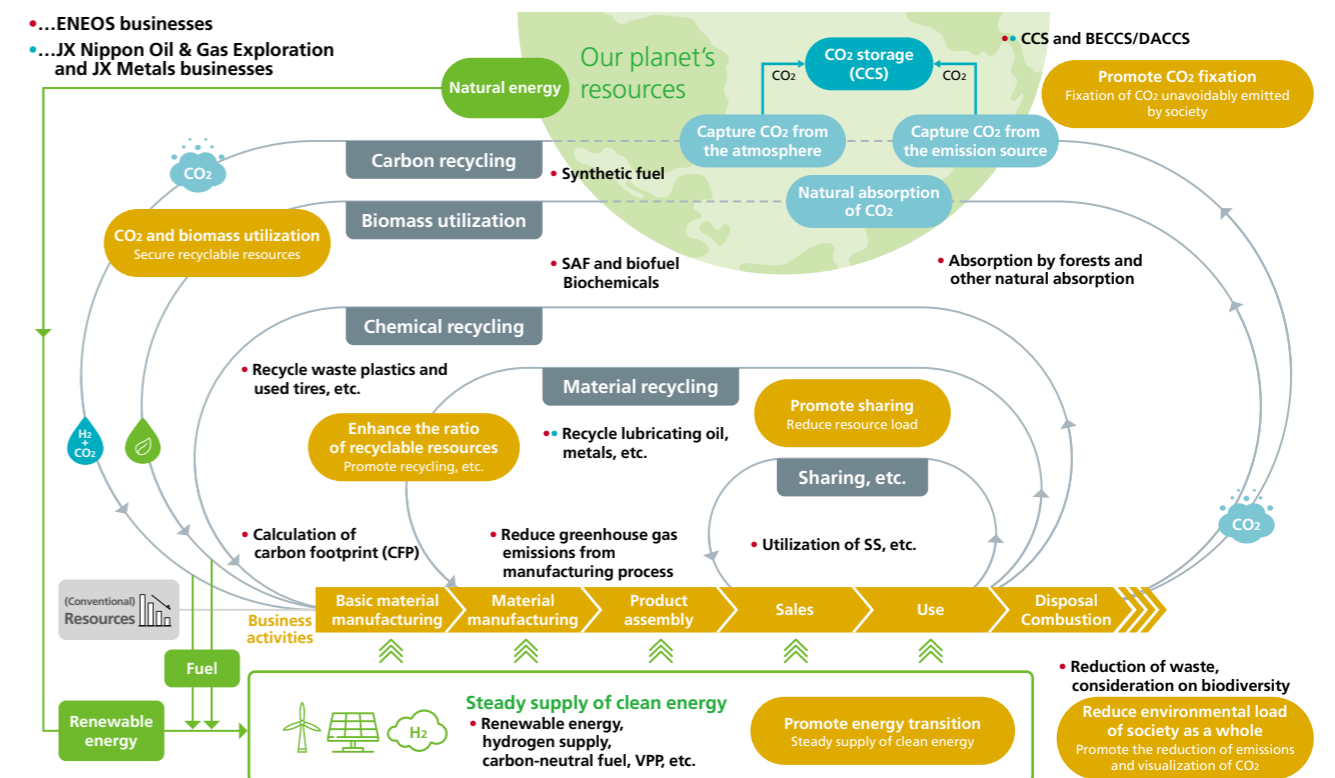
¹⁷ ENEOS assumptions referring to IEA STEPS case
¹⁸ ENEOS assumptions referring to IEA APS/NZE case

Pursuing a Circular Economy

In order to achieve carbon neutrality, it is important to build a circular economy in addition to pursuing energy transitions. Products supplied to society generate CO₂ at each stage of their life cycle, from resource procurement to manufacture, sale, use, and disposal. By recycling

manufactured products without discarding them, CO₂ emissions can be curtailed. The Group will contribute to the realization of a circulating society through chemical recycling and material recycling, utilizing its strengths, including its technological capabilities and its assets and networks such as refineries and smelters.

Efforts for Circular Economy to Realize Circulating Society Independent from Conventional Resources



Overview of the Third Medium-Term Management Plan

Thorough Preparation and Development Ahead of the Turning Point of 2030

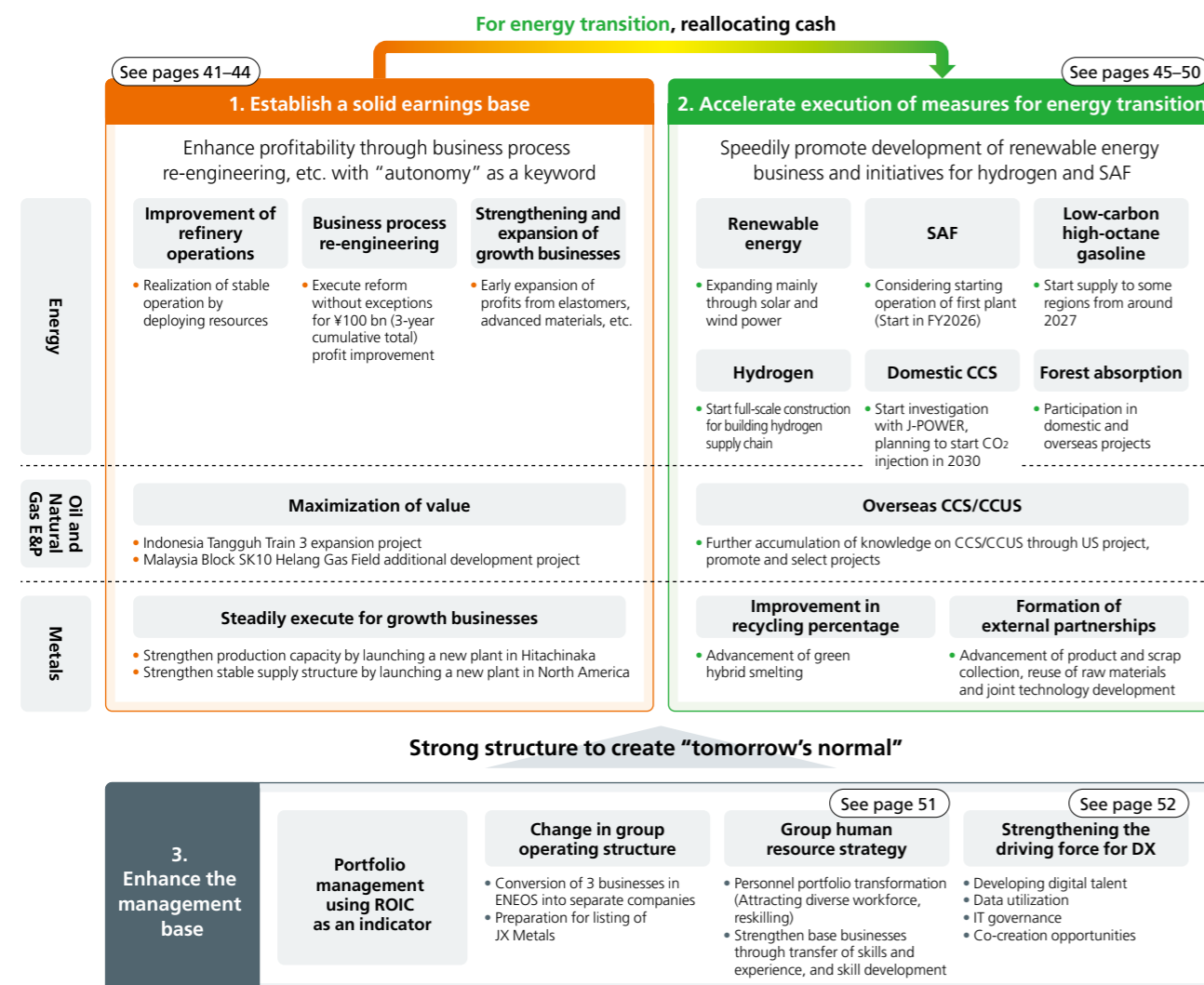
The period of the third Medium-Term Management Plan is extremely important for establishing the profitability of base businesses, which was an issue in the second Medium-Term Management Plan, and realizing energy transitions. Our success will depend on our thorough preparation and the strategies developed based on these preparations to secure sufficient advantages before the turning point toward a decarbonized society that will be around 2030. In light of this situation, we have established three basic policies (see the figure below).

The first is establishing a solid earnings base (see pages 41–44), which serves as the starting point for everything else. We will bolster our cash generation capabilities by improving refinery operations, which was an issue in the second Medium-Term Management Plan, and enhancing profitability through business process re-engineering. Next, by redistributing the cash obtained from this, we will accelerate the execution of measures for energy transition

(see pages 45–50).

As a foundation for realizing these goals, we will work to enhance the management base. Within this pillar, “portfolio management using ROIC as an indicator” and “change in Group operating structure” are inseparable and important measures. After the change in Group operating structure, each operating company will transition to an autonomous management system. At the same time, we will execute portfolio management using ROIC as an indicator and drastically improve management of low-efficiency businesses. With these key measures, we will realize business management that promotes both the autonomy and rigorous monitoring of each company. In addition, we will pursue the development of human resources, who are responsible for the execution of our strategies, as well as the strengthening of DX promotion (see pages 51–52).

Basic Policy of Third Medium-Term Management Plan



Financial Targets

- Addition of ROIC as a financial indicator
- Establishment of net income excluding inventory valuation effects as an earnings target and source of shareholder returns

ROIC	7% or higher in FY2025 (Excluding incubation businesses ¹)
ROE ²	10% or higher in FY2025
Net income ²	Cumulative total for FY2023–FY2025 ¥700.0 bn
Free cash flow (After payment of lease liabilities)	Cumulative total for FY2023–FY2025 ¥500.0 bn
Net D/E ratio Adjusting for hybrid bonds on a total asset basis	About 0.8x or lower

¹ Businesses not suitable for evaluation at present since they are currently in the demonstration stage (hydrogen, synthetic fuels, etc.)

² Net income attributable to owners of the parent excluding inventory valuation effects

Non-Financial Targets

Enhancement of governance

- Achieving both speedy autonomous management and monitoring
- Improvement of transparency of corporate governance

Reduction of Greenhouse Gas Emissions

Reduction of ENEOS's emissions	2025	14% reduction compared to FY2013	
	2030	Compared to FY2013 46% reduction	Net emissions 18.5 million tons or less
	2040	Realization of carbon neutrality	
Contribution to the reduction of society's emissions	2025	CI ³ 87g-CO ₂ /MJ or less	
	2030	Start of social implementation of CO ₂ -free hydrogen and SAF production CI 81g-CO ₂ /MJ or less	
	2040	Expansion of supply of hydrogen, SAF, synthetic fuels, and renewable energy CI 44g-CO ₂ /MJ or less	
	2050	Realization of carbon neutrality	

³ Carbon Intensity: Indicator of CO₂ emissions (g) per energy supply amount (MJ)

HR strategy supporting the realization of management strategy

- Setting quantitative targets according to characteristics of each operating company

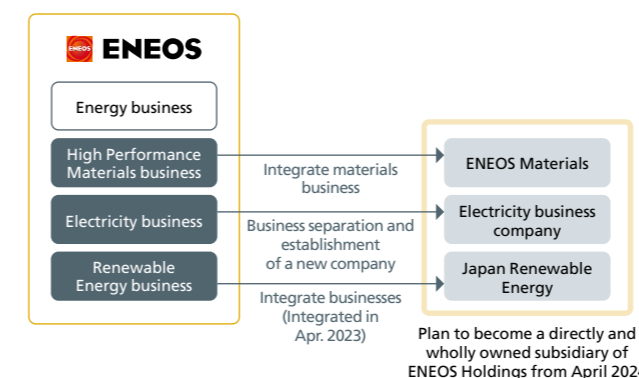
Shareholder Returns

Return Policy	- Returning profits to shareholders continues to be an important management issue. - With the basic policy of implementing returns reflecting medium-term consolidated performance and forecasts, strive to continue to provide stable dividends.
Indication of shareholder return in the third Medium-Term Management Plan	- On average over the three-year period, 50% or more of net income, excluding the impact of inventory valuation effects, will be returned through dividends and share buybacks. - In consideration of the continuation of stable dividends, we will set a minimum dividend of 22 yen per share.

Change in Group Management Structure

Convert High Performance Materials business, Electricity business and Renewable Energy business into separate companies

Through the conversion to separate companies, we will transition to autonomous management in pursuit of growth strategies and capital efficiency by visualizing the performance of each business.



Listing of JX Metals

We will begin preparing for the listing of JX Metals in order to further enhance corporate value.

ENEOS

- Appropriately promote JX Metals' high growth potential in advanced materials industry to stock market
- Execute strategic investment, which is necessary to transform business portfolio, and shareholder returns quickly and reliably

JX Metals

- Establish a management structure which enables the company's rapid decision-making based on business characteristics
- Execute each strategy targeting semiconductor materials and ICT materials, which are areas in which the company is highly competitive, through realization of optimal capital structure

Aiming for a sustainable increase in corporate value of both companies

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



Through carefully selected investments and thorough ROIC management, we will achieve both growth through the energy transition and a highly capital-efficient portfolio.

Tanaka Soichiro

Senior Vice President
ENEOS Holdings, Inc.

Review of Second Medium-Term Management Plan

Most of the financial targets not achieved due to factors such as the COVID-19 pandemic and refinery trouble

During the period of the second Medium-Term Management Plan, the Group was affected by major, unprecedented changes, such as the COVID-19 pandemic, volatility in the prices of crude oil, copper, and other resources in response to the situation in Russia and Ukraine, and the sustained depreciation of the yen.

Against the backdrop of lower sales due to the impacts of factors such as the COVID-19 pandemic and refinery trouble, operating income excluding inventory valuation effects over the three years totaled only 877.6 billion yen (compared to the target of 970.0 billion yen). In addition, due to an increase in working capital resulting from soaring

resource prices and the depreciation of the yen, free cash flow was -231.7 billion yen (target of 150.0 billion yen), net D/E ratio adjusting for hybrid bonds on a total asset basis stood at 0.76 times (target of 0.8 times or lower), and ROE was 5% (target of 10% or higher). We fell short in terms of most of our financial targets, leaving issues with the earnings capability of base businesses.

On the other hand, as for shareholder returns, in addition to stable dividends, we completed share buybacks of 100.0 billion yen, resulting in a total return ratio (based on net income excluding inventory valuation effects) over the three years of well over 50%.

Financial Targets, Results, and Evaluation of the Second Medium-Term Management Plan

	Target	Results	Evaluation
Operating income Cumulative total for FY2020 to FY2022	970.0 billion yen	877.6 billion yen (FY2020: 215.5 billion yen FY2021: 415.6 billion yen FY2022: 246.5 billion yen)	× Although the impact of reduced sales mainly caused by COVID-19 was covered by rising resource prices and the weak yen, failed to achieve target due to refinery trouble, etc. • Impact of rising resource prices and weak yen, etc. +¥650.0 bn • Decrease in volume due mainly to COVID-19 -¥390.0 bn • Impact of refinery trouble -¥140.0 bn • Rising electricity prices and slump of petrochemicals -¥210.0 bn
FCF Cumulative total for FY2020 to FY2022	150.0 billion yen	-231.7 billion yen	× Failed to achieve the target due mainly to a rise in resource prices, the weak yen, and temporary tax payments (¥560.0 bn) ➔ Improvement of CF through additional asset sales and careful selection of capital investment
Net D/E ratio¹ (the end of FY2022)	0.8x or lower	0.76x	○ - Capital increase greater than planned due to gain from impact of inventory valuation effects - Meanwhile, this was almost on target due to the significant impact of the increase in interest-bearing debt resulting from the increase in operating funds
ROE (FY2022) (Ref.)	10% or higher	5% (FY2022)	× Failed to achieve the target (Achieved for 3-year average including inventory valuation effects (10%))
Total return ratio	50% or higher	66%	Provided stable dividend of 22 yen per share annually and completed share buybacks of 100.0 billion yen

¹ After adjustment for hybrid bonds

Formulation of the Third Medium-Term Management Plan

Achieve “establish a solid earnings base” through fundamental earnings improvement, cost reduction, and enhancement of asset efficiency

Since we fell short of the financial targets of the previous plan, we set “establish a solid earnings base” as one of the pillars of our basic policy in the third Medium-Term Management Plan. To ensure that we achieve the financial targets for the third Medium-Term Management Plan, in addition to reducing refinery trouble, which is one issue, we will quickly re-engineer the Energy business by implementing measures for fundamental earnings improvement, cost reduction, and enhancement of asset efficiency. In addition, in the Oil and Natural Gas E&P business, we have positioned the conventional business as the foundation for securing management resources, and we will maximize value through stable and efficient operation and expansion projects in existing mining areas. In the Metals business, we will steadily capture market growth through growth investment, such as construction of new plants for semiconductor materials and ICT materials.

In terms of financial targets, we have added ROIC to our existing indicators. As I will explain in detail later, the ROIC target for fiscal 2025 is 7% or higher excluding incubation businesses, such as those in the demonstration stage. We aim to achieve ROE of 10% or higher, a net D/E ratio of 0.8 times or lower adjusting for hybrid bonds on a total asset basis, and a cumulative free cash flow of 500.0 billion yen over the three years. In addition, the absolute value of profit will be managed using “net income excluding inventory valuation effects” calculated by subtracting “finance income/expense,

corporate tax, etc.” from “operating income excluding inventory valuation effects,” with the cumulative target for the three years set at 700.0 billion yen. Profit by business will continue to present using “operating income excluding inventory valuation effects.” In setting these financial targets, no adjustments have been made for the listing of JX Metals.

Financial Targets of the Third Medium-Term Management Plan

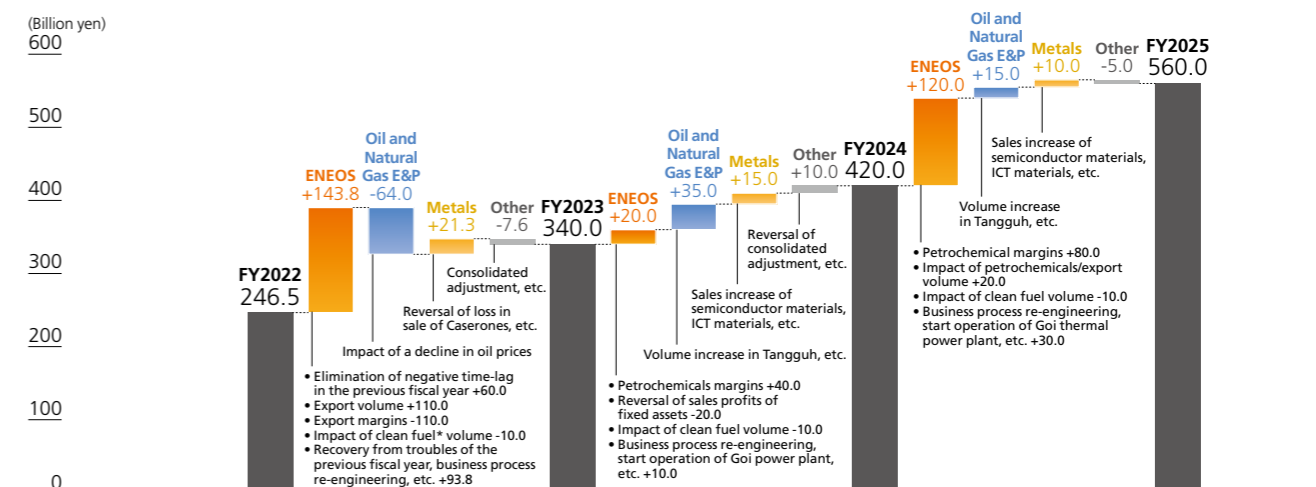
ROIC	7% or higher in FY2025 (Excluding incubation businesses ²)
ROE³	10% or higher in FY2025 (Cumulative total for FY2023–FY2025)
Net income³	¥700.0 bn (FY2023: ¥180.0 bn FY2024: ¥210.0 bn FY2025: ¥310.0 bn)
Free cash flow (After payment of lease liabilities)	¥500.0 bn (Cumulative total for FY2023–FY2025)
Net D/E ratio (Adjusting for hybrid bonds on a total asset basis)	about 0.8x or lower

Key factors	FY2023	FY2024	FY2025
Exchange Rate (¥/\$)	130	130	130
Crude Oil (Dubai) (\$/B)	80	80	80
Copper Price (LME) (¢/lb)	360	360	360
LNG (JKM) (\$/MMBTU)	20	20	20

² Businesses not suitable for evaluation at present since they are currently in the demonstration stage (hydrogen, synthetic fuels, etc.)

³ Net income attributable to owners of the parent excluding inventory valuation effects

Operating Income Excluding Inventory Valuation Effects



Reference	FY2022	FY2023	FY2024	FY2025
Operating income excl. inventory valuation effects	246.5	340.0 (+93.5)	420.0 (+80.0)	560.0 (+140.0)
Finance income/expense, corporate tax, etc.	-149.9	-160.0 (-10.1)	-210.0 (-50.0)	-250.0 (-40.0)
Net income excl. inventory valuation effects	96.6	180.0 (+83.4)	210.0 (+30.0)	310.0 (+100.0)

Parentheses indicate difference compared to the previous fiscal year.

* Clean fuel: gasoline, kerosene, diesel fuel and fuel oil A

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

Cash Flow Plan and Investment Plan Making selective investments for the energy transition while focusing on cash flow generation

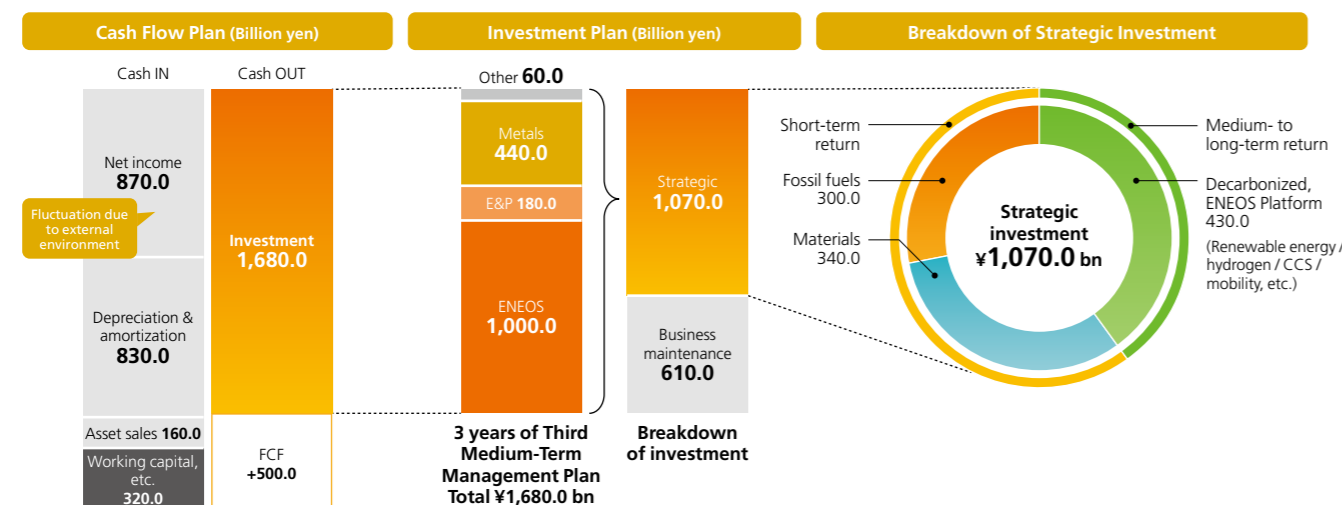
The third Medium-Term Management Plan, which was developed by backcasting from the Long-Term Vision, is positioned as a period for establishing strategic superiority in the future while supporting “today’s normal.” Based on this fundamental approach, we have formulated an investment plan with an emphasis on the balance between growth strategy and cash flow.

In particular, we are strongly committed to generating cash flow, and will strictly manage investing cash flow up to operating cash flow based on our performance, excluding working capital affected by the external environment such as resource prices and foreign exchange rates, and the effects of non-business days. In the event of a decline in operating cash flow based on this performance, i.e., earnings power, we will consider reducing investments or selling assets, and will make investments on the assumption that we will generate free cash flow of 500.0 billion yen.

Of the 1.68 trillion yen in capital investment and loans over the three years, approximately 60% will be allocated to strategic investment, and less than half of that, 430.0 billion yen, will be invested in new fields such as decarbonization, including renewable energy and hydrogen, and the ENEOS Platform, to accelerate initiatives for the realization of the energy transition, which is the second pillar of our basic policy.

The remaining half will be allocated to fossil energy, materials, and other fields where returns are expected in a relatively short period of time. By doing so, we plan to achieve both medium- to long-term growth and short-term returns. By 2030, we will visibly monetize our decarbonization and the ENEOS Platform, and with each of these in the flowering phase, we will realize a balanced earnings portfolio.

Investment Plan



ROIC Management Realizing a highly capital efficient portfolio by pursuing segment-specific ROIC management

In the third Medium-Term Management Plan, as part of the third pillar of the basic policy, “enhance the management base,” we will implement portfolio management using return on invested capital (ROIC) as an indicator.

We calculated ROIC by setting the weighted average cost of capital (WACC) for each business segment with reference to benchmark companies, and assuming added value that takes into account the Group’s strategies and strengths.

In the third Medium-Term Management Plan, we set

ROIC to be achieved in fiscal 2025, the final year of the plan, according to the stage of each business segment. On a company-wide basis, we have set a financial target of ROIC of 7%, excluding incubation businesses, such as those in the demonstration stage.

By setting ROIC for each business segment and managing the portfolio after visualizing the results of each, we set a deadline and make fundamental improvements to businesses with low profitability, i.e., businesses that do not

exceed WACC. If there is still no improvement, we will consider business continuity or withdrawal based on certain

criteria. While promoting the autonomy of each business, we aim to realize a portfolio with higher capital efficiency.

ROIC Targets

	FY2022 (Actual)			FY2025 (Target)			WACC	
	ROIC	Net operating profit after tax ⁴ (Billion yen)	Invested capital (Billion yen)	ROIC	Net operating profit after tax ⁴ (Billion yen)	Invested capital (Billion yen)		
Petroleum Products	1%	38.2	3,170.0	6%	188.0	3,360.0	3%	Aim to improve ROIC by executing fundamental improvement measures such as reduction of refinery troubles and business process re-engineering.
Materials (High Performance Materials)	6%	11.7	190.0	8%	17.0	220.0	5%	Seek to improve ROIC through the maximization of integration synergies with ENEOS Materials and the establishment of earnings bases in existing businesses.
Electricity	-6%	-7.3	120.0	14%	25.0	180.0	2%	Aim for significant ROIC improvements by improving the balance of procurement and sales through operation start of in-house power sources (Goi thermal power plant) in FY2024, and creating a system that is not easily affected by price increases in the wholesale electricity market.
Renewable Energy	-6%	-25.4	400.0	0%	-1.0	600.0	2%	Steadily accumulate capacity within the scope of financial discipline during the period of the 3rd Mid-Term Mgmt. Plan, and aim for ROIC greater than WACC from 2030 when the depreciation burden is reduced.
Oil and Natural Gas E&P	23%	74.8	330.0	14%	59.0	430.0	10%	Maintain a good ROIC through contributions from the Indonesia Tangguh Train 3 Expansion Project and the Helang Gas Field Additional Development Project in Malaysia.
Metals	5%	60.5	1,180.0	6%	93.0	1,460.0	6%	Implement portfolio improvement through concentrated investment in the highly profitable area of advanced materials. Aim for further ROIC improvement after the transition to the 4th Mid-Term Mgmt. Plan when large-scale investments (Hitachinaka Plant to start operation in FY2026) take effect.
Other Segments	10%	33.6	340.0	15%	41.0	280.0	3%	
Total excluding incubation businesses	3%	186.1	5,730.0	7%	422.0	6,530.0	4%	

⁴ Excluding inventory valuation effects

Shareholder Returns

Plan to achieve shareholder returns in excess of 50% of net income excluding inventory valuation on average over the three-year period

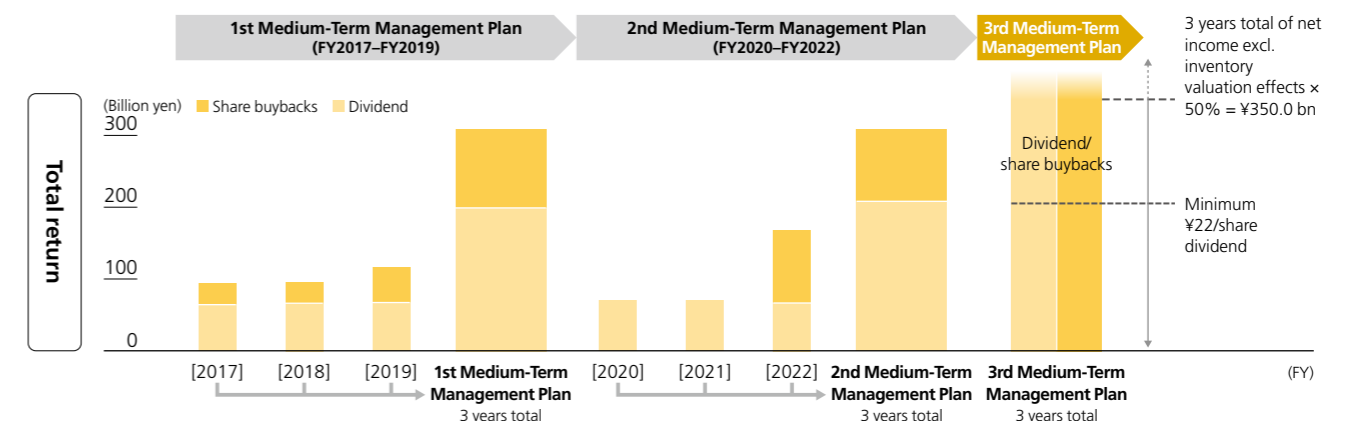
We recognize that returning profits to shareholders is an important management issue. Our basic policy is to implement returns reflecting medium- to long-term consolidated performance and forecasts.

The shareholder return policy for the period of the third Medium-Term Management Plan largely follows the policy of the previous Medium-Term Management Plan. However, we have changed the concept of net income excluding inventory valuation effects, which is the premise for calculating the total return ratio of 50%, from

“three-year cumulative total” to “three-year average.” If this change results in the achievement of the three-year profit target or increases the probability of doing so, we believe that additional returns in the first and second years of the Medium-Term Management Plan will be a possibility. In addition, we will continue to pay stable dividends with a minimum annual dividend of 22 yen per share.

Going forward, in meeting the expectations of our shareholders, we aim to enhance our corporate value over the medium to long term.

Shareholder Returns and Plan



Basic Policy of Third Medium-Term Management Plan Establish a Solid Earnings Base



Enhancing profitability through business process re-engineering, etc. with "autonomy" as a keyword

The ENEOS Group has established three basic policies in the third Medium-Term Management Plan. Of these policies, the starting point for everything else is the establishment of a solid earnings base.

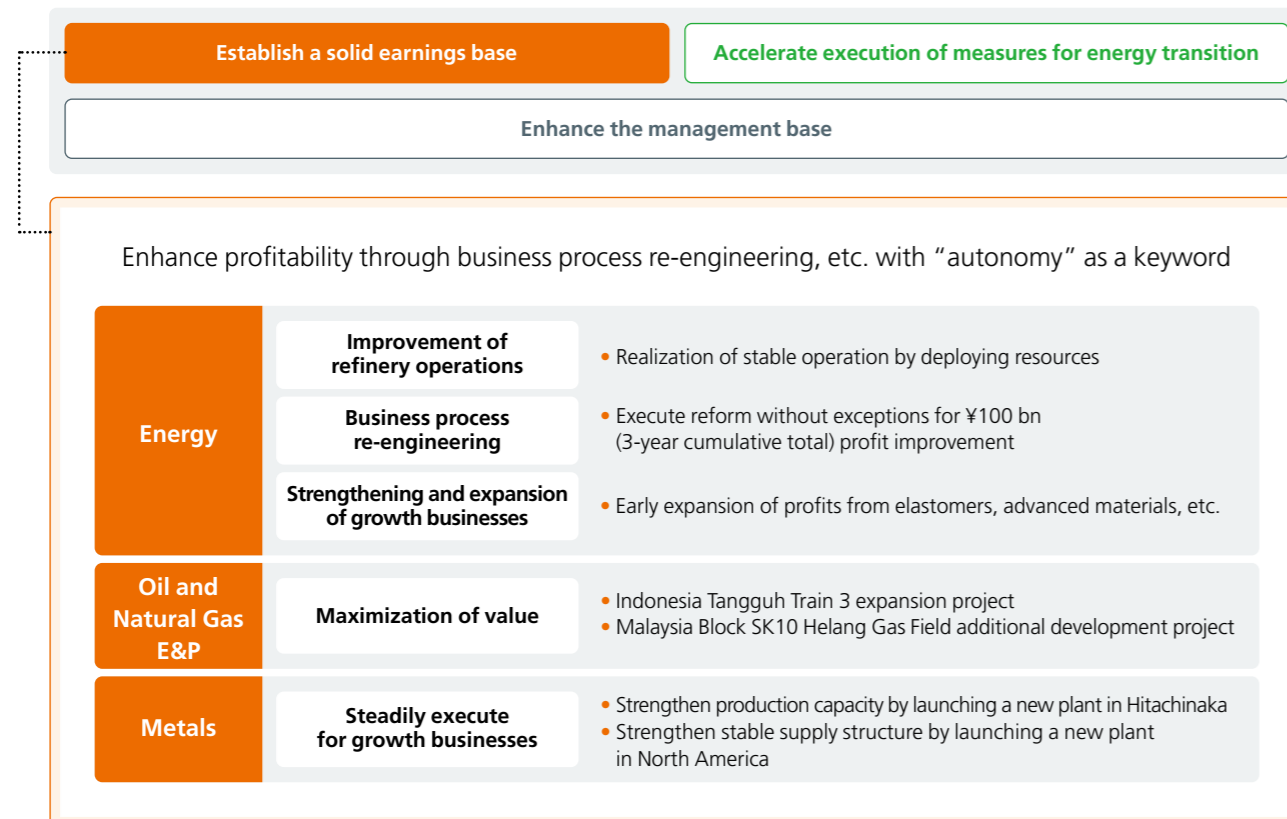
We will increase our revenue streams in the interim and reallocate the cash we generate therein to initiatives for the realization of the energy transition. Measures to be taken for the establishment of a solid earnings base are as follows.

Mainly in the Energy business, in addition to increasing the utilization rate of refineries, we are extensively

reviewing the profit models of each business through fundamental reforms of business processes and fostering an organizational culture that continuously and autonomously improves management practices. In the Oil and Natural Gas E&P business, we will carefully select and execute expansion plans for existing development projects with the aim of generating reliable returns.

In the Metals business, we will concentrate on growth investments in highly profitable advanced materials with the aim of expanding our earnings base.

Basic Policy of Third Medium-Term Management Plan

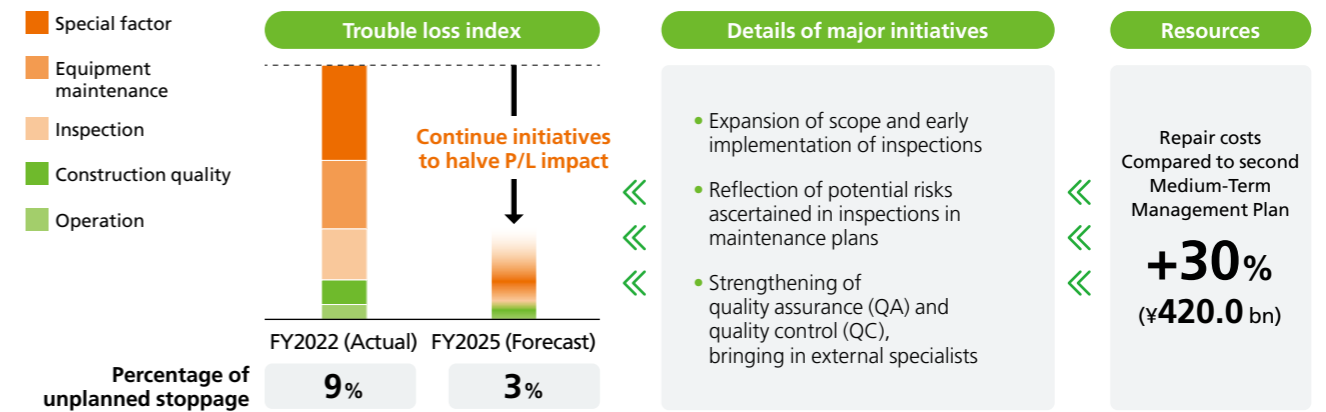


Improving Refinery Trouble

Regarding refinery trouble, which was an issue in the second Medium-Term Management Plan, we examined and formulated improvement measures across the company while also utilizing external resources. We have divided the causes of these troubles into equipment factors such as inspection programs and aging, and human factors, such as construction quality and operation skills, and are

implementing countermeasures for each. In making improvements, we will appropriately invest in necessary repair costs and personnel. In addition, we define lower utilization rates due to unplanned trouble as unplanned capacity loss (UCL) and monitor the status of improvements. By reducing UCL from 9% in fiscal 2022 to 3% in fiscal 2025, we will increase earnings by tens of billions of yen.

Measures to Reduce Refinery Trouble



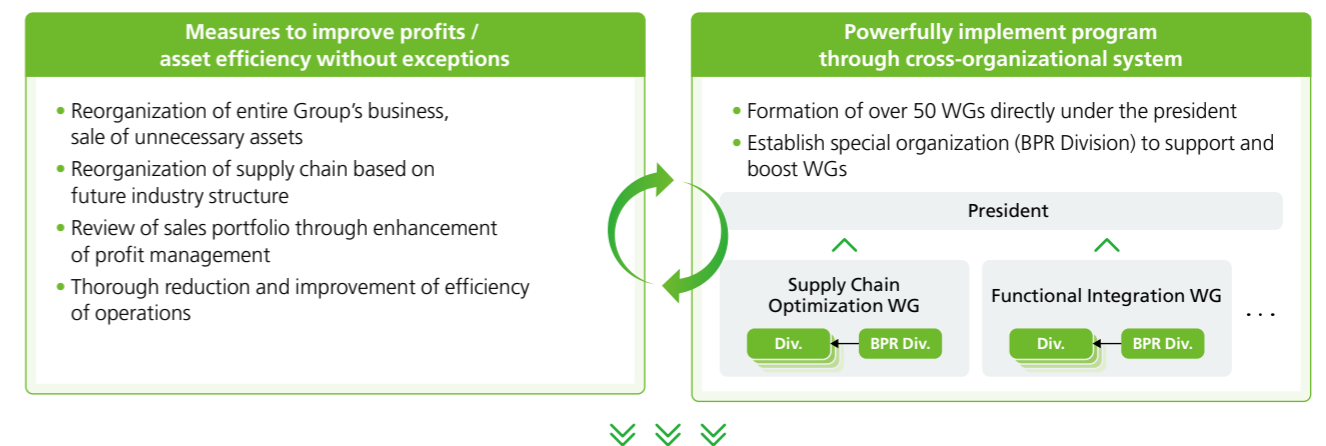
Business Process Re-engineering (BPR)

We will work on reforms without exception, from macro reforms such as the reorganization of the entire Energy business to micro measures such as advanced profitability management of products and increasing operational efficiency to eliminate waste. To achieve these goals, we have formed more than 50 cross-organizational Working Groups (WGs), and established a system to promote each

WG through the Business Process Re-engineering (BPR) Division, which is a dedicated organization.

Having already worked under this system since fiscal 2022, we have achieved a certain degree of results. We aim to improve profits by around 100.0 billion yen over the three years of the third Medium-Term Management Plan.

Business Process Re-engineering Measures



Generation of funding for energy transition through thorough reform of existing businesses
Improvement of profits by around ¥100.0 bn over the three years of the third Medium-Term Management Plan / In the future, realize profit improvement of ¥100.0 bn per year

Basic Policy of Third Medium-Term Management Plan
Establish a Solid Earnings Base

Strengthening and Expansion of Growth Businesses

The Group's elastomers business, which we launched in fiscal 2022, contributed approximately 16.0 billion yen to operating income in the first fiscal year. In the third Medium-Term Management Plan, we have formulated a business strategy to quickly expand the earnings of this business.

First is generating synergistic effects between the operating companies ENEOS Materials and ENEOS. In addition to ENEOS's R&D capabilities and ability to provide a stable supply of raw materials for elastomers, we are creating synergies in terms of cost reduction through

business integration.

In addition, ENEOS Materials will strengthen its global production and sales structure for solution polymerization styrene-butadiene rubber (SSBR), its mainstay product, and expand sales of binders for automotive batteries in light of the spread of electric vehicles.

With the elastomers business at its core, we aim to grow the High Performance Materials business as one of the earnings bases underpinning the Group's energy transition.

Improving Earnings of the Electricity Business

During the period of the second Medium-Term Management Plan, earnings in the electricity business weakened due to an increase in electricity procurement costs resulting from soaring electricity market prices. Therefore, we aim to secure stable earnings by rationalizing the balance of supply and demand.

The Goi Thermal Power Station, which is currently under construction, will feature a cutting-edge, high-efficiency power generation system that uses LNG as fuel. It is scheduled to commence operations in 2024 or 2025. After this, the power plant will make it possible to build a system that is less affected by electricity market prices by increasing the ratio of in-house electricity generation. In fiscal 2025, we expect operating income in the electricity business to total about 25.0 billion yen.



Conceptual image of Goi Thermal Power Station

Maximization of Value of the Oil and Natural Gas E&P Business

In the Oil and Natural Gas E&P business, we are implementing management for the conventional Oil and Natural Gas E&P business and for environmentally conscious businesses.

In the conventional Oil and Natural Gas E&P business, we will work on increasing sales volumes for LNG, which is expected to see global demand growth as a transitional energy towards decarbonization, with relatively low emissions of greenhouse gases. To this end, we will carry out additional development in our existing LNG project areas in Indonesia, Malaysia, and other countries. In June 2023, we signed an agreement to acquire LNG interests in Papua New Guinea. Under this project, we plan to implement CCS, in which acid gases containing CO₂ are injected underground. As a project with low greenhouse gas emissions, we aim to start production at the end of 2027 or the beginning of 2028.

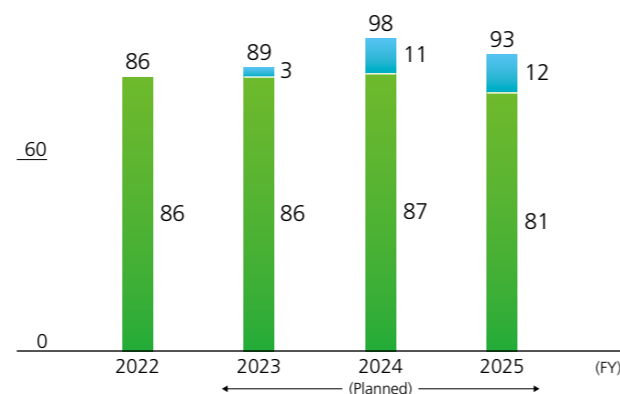
Going forward, we will continue to leverage the wealth of knowledge we have cultivated in the Southeast

Asia region and our good relationships with the governments of various countries to further improve profitability as a base business for securing and expanding management resources.

Sales Volume Plan

■ Increase ■ Existing

(1,000 barrels/day)
120



Maximization of Value of the Oil and Natural Gas E&P Business

Indonesia Tangguh Train 3 Expansion Project

- Project for train expansion enabling early production of undeveloped gas fields that have already been discovered.
- Large and long-term contribution to future cash flow

Interest held	12.2%
Start of production	FY2023 Q3 (scheduled)
Contribution to sales volume	8,000 boed (FY2024 forecast)

Malaysia Block SK10 Helang Gas Field Additional Development Project

- Additional development project in the block using existing production facilities
- Contribute to generation of cash flow in the third Medium-Term Management Plan

Interest held	75% (ENEOS is operator)
Start of production	FY2024 Q3 (scheduled)
Contribution to sales volume	3,000 boed (FY2025 forecast)

Increasing Production Capacity of Semiconductor Materials and ICT Materials

With the advancement of IoT and AI, we are increasing our production capacity of semiconductor materials and ICT materials, given growing demand.

In addition to the construction of two plants in Hitachi City, Ibaraki Prefecture, we have acquired a plant site of approximately 240,000 m² in Hitachinaka City, Ibaraki Prefecture. We plan to start full-scale operations in fiscal 2026 at these important bases for the production of sputtering targets for semiconductors, for which we maintain the world's top market share, treated rolled copper foil, and high-functionality copper alloy strips, and for new businesses related to advanced materials.

We also acquired approximately 260,000 m² of land in the state of Arizona in the United States. In this market, where major semiconductor manufacturers are planning to build new large-scale plants, we will flexibly expand the production capacity of sputtering targets for semiconductors.

In the semiconductor and ICT fields, which are expected to grow at a high rate in the future, we will continue to build a reliable supply system to meet growing demand and maintain the top market share. In fiscal 2025, we aim to increase operating income in the advanced materials field to 100.0 billion yen.

Pursuit of Growth of Semiconductor Materials and ICT Materials

Enhancement of capacity through launch of new plant in Hitachinaka

As demand for advanced materials is expected to expand in the future, a new plant will be built in Ibaraki Prefecture, which is a strategic site for metals, with consideration of room for expansion for the launch of new business due to limitations on space in existing plants.

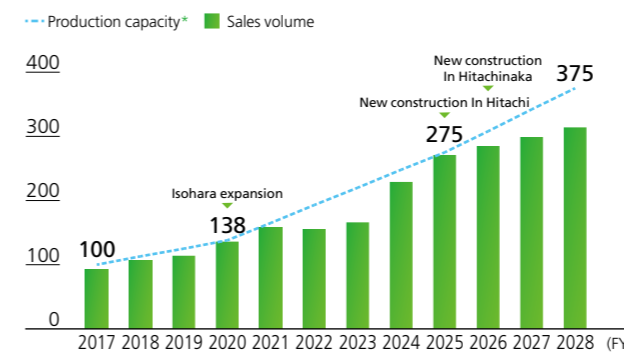
- FY2025 Start operation of each process (scheduled)
- FY2026 Start of operations (scheduled)

Increase of production through launch of new plant in North America

A new plant will be built in Arizona, USA, to build a stable supply system and maintain a high share in the semiconductor materials market in response to growing demand for semiconductor targets, the importance of BCP in that product area and customers' requirements, in addition to operating new businesses including products in other businesses.

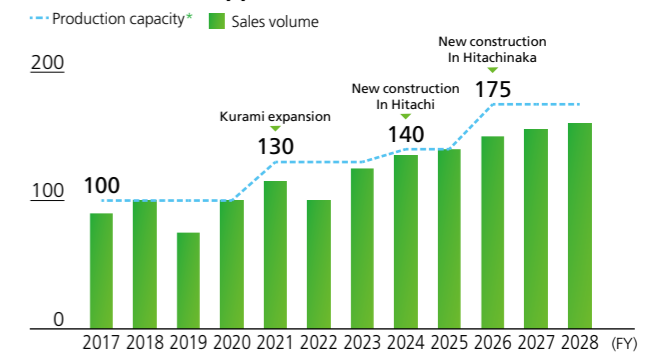
- FY2024 Start operation for sputtering target process (scheduled)
- FY2026 Start operations for other strategic products process (scheduled)

Semiconductor Target Production Capacity* and Sales Volume



* Production capacity indexed with fiscal 2017 as 100

Production Capacity* and Sales Volume of Treated Rolled Copper Foil





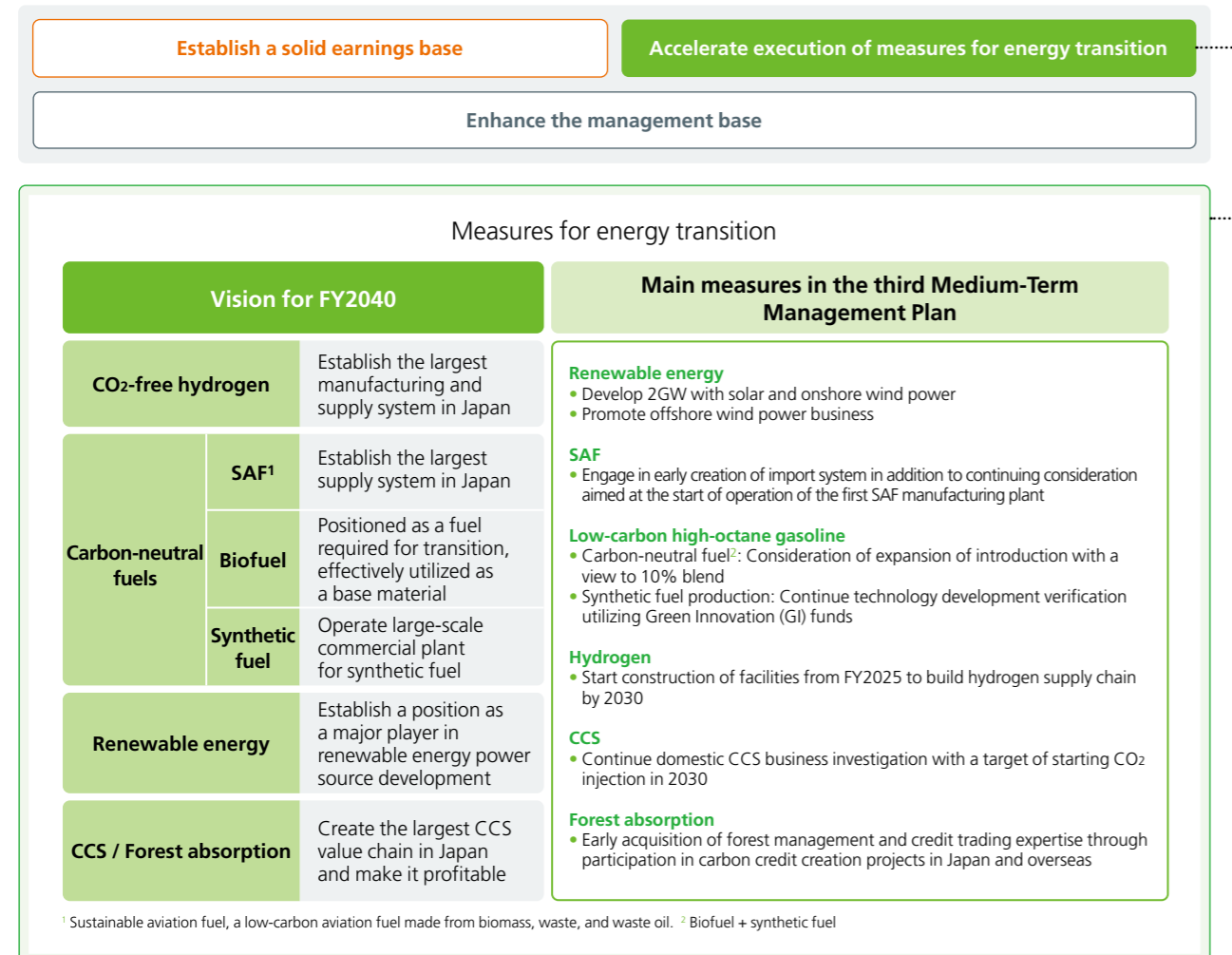
Basic Policy of Third Medium-Term Management Plan Accelerate Execution of Measures for Energy Transition

Speeding up the development of the renewable energy business and the pursuit of initiatives for SAF and hydrogen

The key to the success of energy transitions is thorough preparation and development. The Group believes that the turning point toward carbon neutrality in society will be around 2030, and we will strive to establish strategic advantages during the period of the third and fourth

Medium-Term Management Plans. We will execute preemptive measures for the creation of mechanisms and the strengthening of the structure in anticipation of multiple scenarios for carbon neutrality to prepare for the flowering phase from 2030 onward.

Basic Policy of Third Medium-Term Management Plan



Renewable Energy

Policy for Renewable Energy and VPP Businesses

- Fully utilize the human resources of JRE to develop 2GW³ centered on solar and onshore wind power
- Promote offshore wind power business
- Build a VPP⁴ business system monitoring and controlling resources such as distributed renewable energy, energy storage and EVs comprehensively

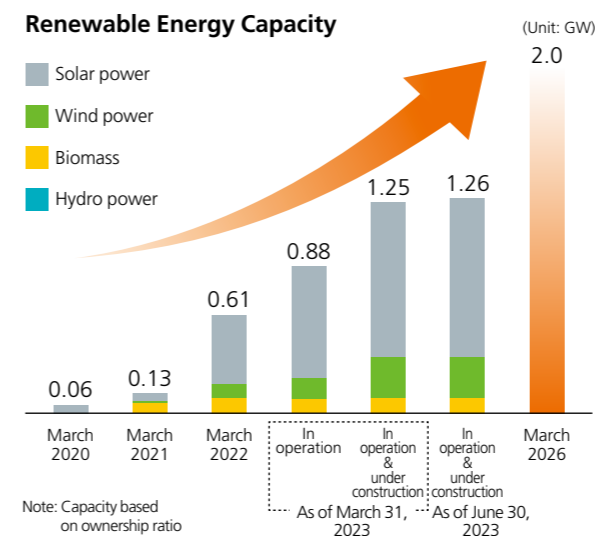
³ Including projects under construction
⁴ Virtual power plant

Strengthening the Solar Power and Wind Power Generation Businesses

With the acquisition of Japan Renewable Energy (JRE), we achieved the target of the second Medium-Term Management Plan of increasing the power generation capacity of renewable energy to 1GW by the end of fiscal 2022. By integrating ENEOS's existing renewable energy business into JRE and maintaining a fast-paced decision-making structure with a management team familiar with business development and an organizational culture of diverse human resources, we will

further strengthen the growth of this business. In addition, by bringing together the Group's amassed knowledge, we will further develop and accelerate these businesses. During the period of the third Medium-Term Management Plan, we aim to develop a cumulative total of 2GW of mainly solar and onshore wind power plants, while also working on offshore wind power generation.

Development Plan for Renewable Energy Power Plants and Main Projects in Japan under Construction



Domestic Major Renewable Energy Capacity under Construction

Capacity based on 100% generation capacity (unit: 10,000 kW)

Project Name	Energy Type	Scheduled operation date	2023	2024
Niigata 1 Solar Power Plant	Solar	Dec. 2024		1.8
Osaka Solar Power Plant	Solar	Dec. 2024		2.3
JRE Miyagi Kami Wind Farm	Onshore wind	Mar. 2024	4.2	
Hirado Wind Power Plant	Onshore wind	Mar. 2024	0.9	
Oita Beppu Bay Wind Power Plant	Onshore wind	Jun. 2024	0.9	

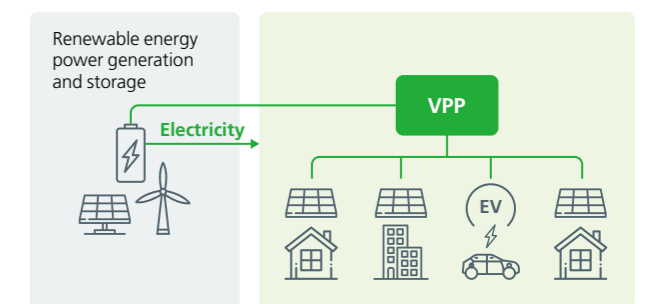
Building the VPP Business

Challenges of solar and wind power generation include the fact that the amount of electricity generated fluctuates depending on the weather and season, causing instability in the supply-demand balance, and that power output is held in check when demand is low. To solve these issues, by building a VPP, we can stabilize the supply-demand balance and make it possible to maximize the use of renewable energy by using storage batteries to store electricity in the event of a surplus and discharging it in the event of a shortage.

The Group will work to build a VPP business structure that collectively monitors and controls distributed renewable energy power generation facilities and power supply resources such as storage batteries and EVs. We will also work to optimize the

supply-demand balance through the optimal control of storage batteries using AI and various types of forecasting.

Overview of VPP Business



Accelerate Execution of Measures for Energy Transition

Sustainable Aviation Fuel (SAF)

In the aviation sector, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)⁵ regulations have been introduced to ensure that greenhouse gas emissions do not increase from 2020 onward. Furthermore, in October 2022, the International Civil Aviation Organization (ICAO) adopted the target of reducing greenhouse gas emissions to net-zero by 2050. In Japan, the Ministry of Land, Infrastructure, Transport and Tourism has set a target of replacing 10% of aviation fuel with sustainable aviation fuel (SAF) by 2030.

In anticipation of these developments, the Group will focus on the supply of SAF. First, we are working to establish an import system for SAF by fiscal 2025. At the same time, we will proceed with the creation of an in-house manufacturing system.

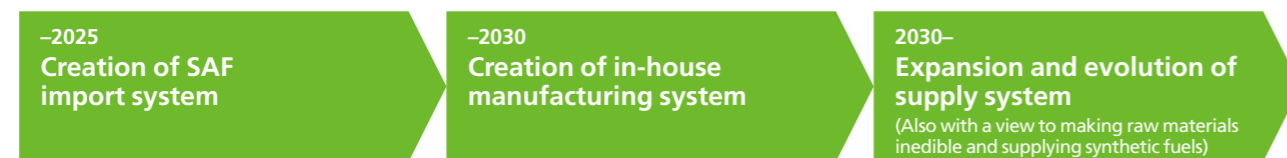
We are conducting a joint study with TotalEnergies of France for the construction of a mass production supply system of 400 thousand KL per year at the Wakayama Refinery by 2026. And, in March 2023, we signed a memorandum of understanding for a joint study with Ampol for the development of SAF manufacturing facilities in Australia.

⁵ Carbon Offsetting and Reduction Scheme for International Aviation

Policy for SAF Business

- Early creation of import system
- Creation of in-house manufacturing system (Targeting 50% share in Japan)
First plant: 400 thousand KL/year, planning to start operation in 2026
Considering second plant (Start operation around 2030)

Expected Timeline of the SAF Business



Low-Carbon High-Octane Gasoline

Synthetic fuels made of CO₂ and hydrogen are expected to serve as next-generation automotive fuels. Although the Group has been working on research and development since an early stage, commercialization will likely take some time. On the other hand, the Japanese government has announced a policy to electrify 100% of new vehicle sales by 2035. In other words, if we cannot roll out carbon-neutral fuels in society by 2035, consumers' options may be limited due to the elimination of automobiles that use gasoline and other fuels.

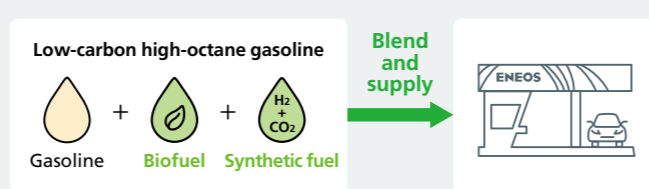
In light of these circumstances, the Group has decided to introduce synthetic fuels from overseas, for which early implementation is expected, and bioethanol, which has quantitative potential. We plan to test sell low-carbon

high-octane gasoline blended with these fuels in some regions from around 2027. Low-carbon high-octane gasoline also reduces carbon intensity (CI) (see page 34), which is defined in our Carbon Neutrality Plan.

The Group aims to quickly establish proprietary processing technologies for the highly efficient production of synthetic fuels. The GI Fund will be used to develop this technology (adopted in April 2022). In addition, we are working on the development of innovative catalysts and processes using Matlantis™, a cloud-based atomistic simulator developed in collaboration with Preferred Networks, Inc. At the same time, we are developing our own proprietary technology for innovative processes used to produce synthetic fuels directly from CO₂ and hydrogen.

Policy for Low-Carbon High-Octane Gasoline Business

- Renew current high-octane gasoline to low-carbon high-octane gasoline (blending biofuels and synthetic fuels)
- Start supply to some regions from around 2027 and then expand
- Aim to establish manufacturing system for synthetic fuels through in-house technology utilizing GI funds, etc. in parallel



CO₂-free Hydrogen

CO₂-free hydrogen is expected to be highly advantageous for achieving carbon neutrality because it does not emit CO₂ during use, nor does it emit CO₂ even at the manufacturing stage as renewable energy is used in the production process.

The Group is focusing on the creation of diverse new businesses that utilize hydrogen. These include the establishment of supply chains using CO₂-free hydrogen produced overseas where there are abundant resources including renewable energy, the nationwide deployment of energy supply systems that enable local production for local consumption, and the expansion of the hydrogen and synthetic fuel supply business for the transportation sector. We are now pursuing various projects in collaboration with companies and local governments in Japan and overseas.

We have already started a large-scale overseas hydrogen supply chain demonstration project utilizing support systems such as the government's GI Fund, and are working toward the start of construction of various facilities from fiscal 2025 with the aim of building a supply chain by 2030.

We will maximize our utilization of ENEOS refineries for the rapid development of hydrogen supply infrastructure in Japan. Our refineries have the expertise to safely handle large amounts of hydrogen for the desulfurization of petroleum

products, and can utilize existing infrastructure such as ports, berths, and tanks. In addition, these refineries are located close to power plants, steelworks, and other industrial complexes, factories and facilities where large-scale demand for hydrogen is expected. As such, they have the potential to become important hubs for hydrogen supply.

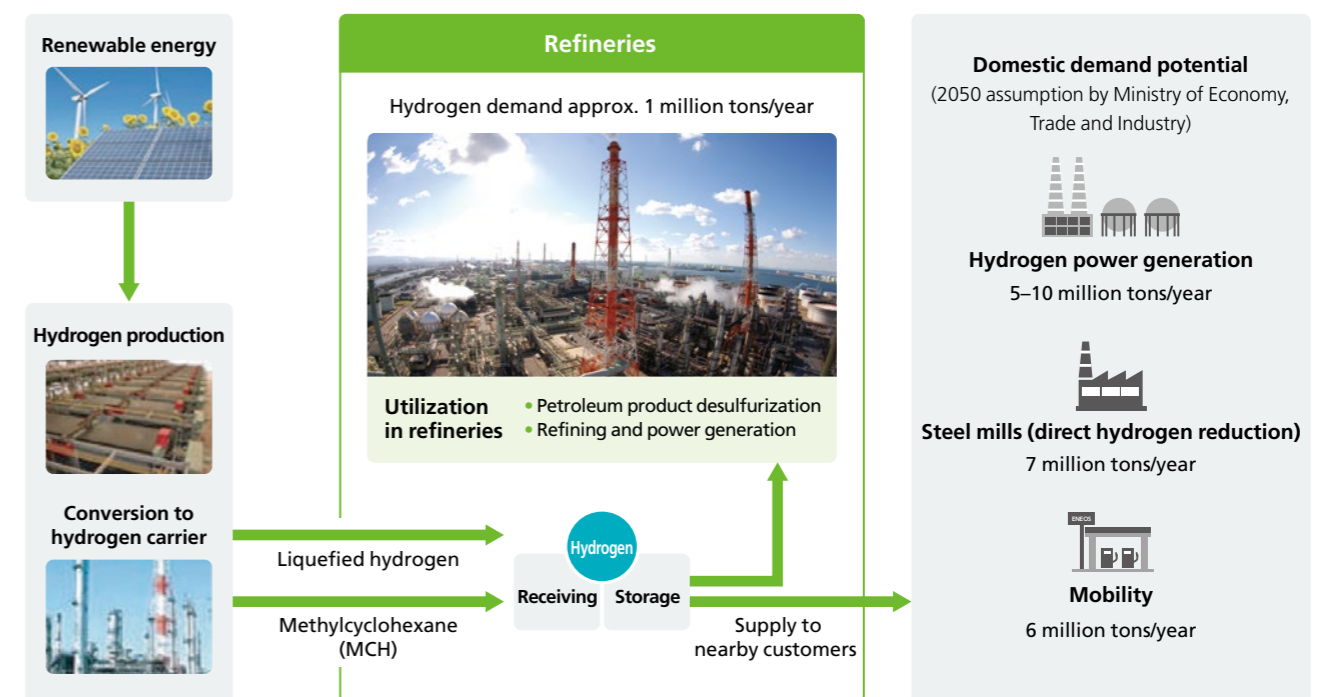
In order to reduce hydrogen supply costs, we are focusing on methylcyclohexane (MCH)⁶, a hydrogen carrier, and are working on the development of our proprietary technology called Direct MCH®. MCH is a transport method that can utilize existing petroleum-related infrastructure such as tanks and ships, and leverage ENEOS's strengths. We have designated our refineries as hubs for receiving large amounts of CO₂-free hydrogen, and are working to develop a system to supply hydrogen to various industrial fields located near the refineries.

⁶ A type of organic hydride produced through a reaction between toluene and hydrogen that has similar properties to gasoline, and it can be stored in liquid form at ambient temperature and pressure

Policy for Hydrogen Business

- Utilize support programs such as GI funds to start construction of facilities in FY2025
- Build a hydrogen supply chain by 2030

Building a CO₂-free Hydrogen Supply Chain Using Refineries as Hubs



Source: Green Growth Strategy Through Achieving Carbon Neutrality in 2050 (Ministry of Economy, Trade and Industry, December 25, 2020)

Accelerate Execution of Measures for Energy Transition

CCS

Toward the transition to decarbonization, the Group has been advancing implementation of CCS ahead of other companies since the fiscal year 2022 in order to maintain its domestic business base that is indispensable for stable energy supply. We aim to create added value by reducing CO₂ emissions of other companies in addition to our own emissions, and we are strengthening and building our value chain in preparation for the future expansion of CCS.

As progress in fiscal 2022, in September 2022, we acquired all interests in the Petra Nova CCUS project, which is being jointly implemented in the United States. Through this project, we have acquired CO₂ separation and capture technologies and operational expertise, as well as pipeline transportation, injection, storage, and monitoring technologies, and we will further expand our knowledge in the future.

In February 2023, ENEOS, JX Nippon Oil & Gas Exploration, and J-POWER jointly established West Japan Carbon dioxide Storage Survey Co., Ltd. to promote a large-scale CO₂ storage project off the coast of western Japan. This project has been selected for the fiscal 2023 "Survey on the Implementation of Advanced CCS Projects" by Japan

Organization for Metals and Energy Security (JOGMEC).

Following these efforts, in April 2023, we acquired the shares of Japan Drilling Co., Ltd., which has the injection well drilling technology needed for CO₂ storage, and made it a subsidiary. The Group will further strengthen its CCS/CCUS value chain with a view to advancing CCS in eastern Japan in addition to western Japan. Overseas, we are also pursuing joint studies with state-run oil companies and others and considering participation in overseas CCS projects.

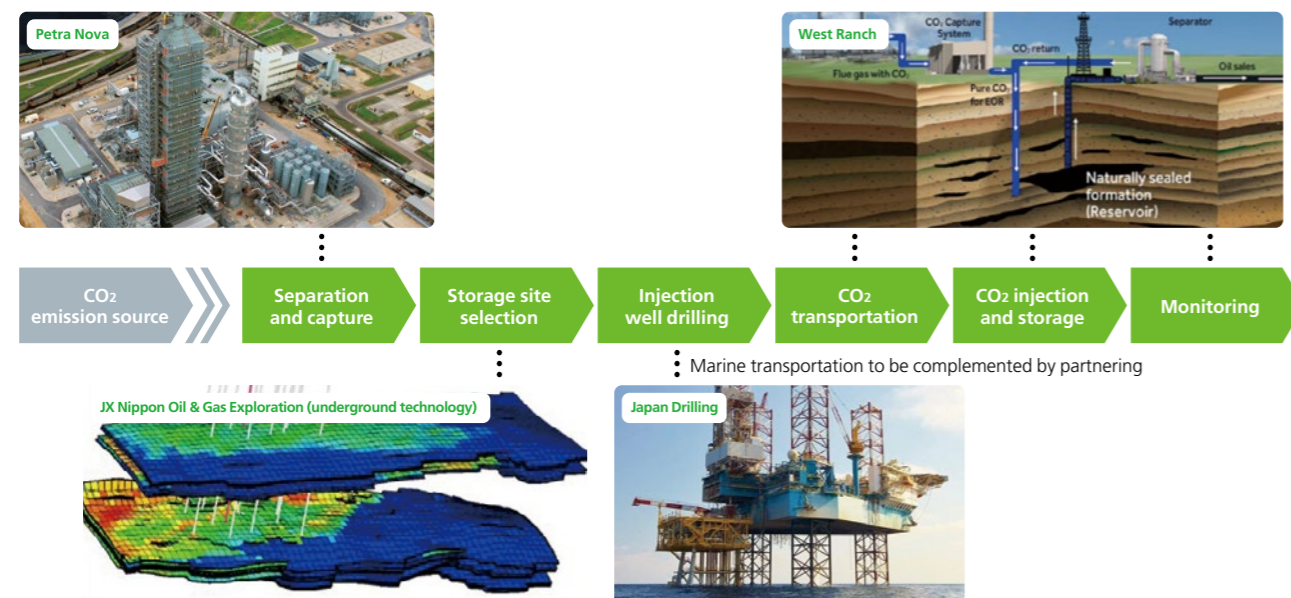
We are also looking to create new businesses. We will study the introduction of negative emission technology that reduces atmospheric CO₂, such as BECCS, which captures and stores CO₂ emitted during biomass power generation, and DACCS, which directly captures and stores CO₂ from the atmosphere.

Policy for CCS Business

- Acquisition of elemental technology required for strengthening and creation of CCS value chain
- Pursuit of initiatives for early implementation of CCS

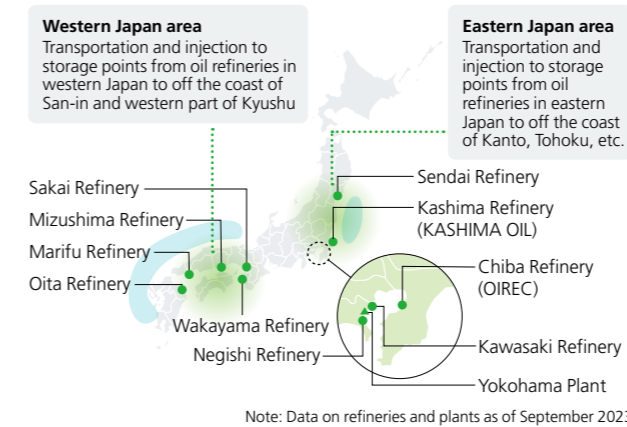
Strengthening and Creation of CCS Value Chain

- **Acquisition of Petra Nova Parish Holdings as a wholly-owned US subsidiary (September 2022)**
 - Acquisition of separation and capture technology and operating expertise through stable operation as an operator of a CO₂ separation and capture business
 - Acquisition of technology for CO₂ pipeline transportation, injection, storage and monitoring through CO₂ injection and monitoring at West Ranch Oil Field
- **Acquisition of Japan Drilling Co., Ltd. as a wholly-owned subsidiary (April 2023)**
 - Acquisition of injection well drilling technology and operating capability



Initiatives for Early Implementation of CCS

- **Domestic CCS business**
 - Evaluate and review of CO₂ hub (aggregation site) and storage site for realization of start of injection in 2030 through West Japan Carbon dioxide Storage Survey Co., Ltd., a joint venture of ENEOS, JX Nippon Oil & Gas Exploration, and J-POWER.



Creation of New Environmental Business Centered on CCS

- Consideration and development of future technology utilizing Nakajo Open innovation Lab (NoiL)
- Consideration and promotion of negative emission business (BECCS, DACCS)

Forest Absorption

Along with CCS, which artificially fixes CO₂, the Group will utilize absorption by forests and other natural absorption methods as an important means of CO₂ removal. In Japan as well as overseas, where there is high potential for the forestry business, we are pursuing projects that create carbon credits through afforestation, forest conservation and responsible forest management. By increasing natural absorption and creating carbon credits⁷, we aim to offset our own greenhouse gas emissions.

For example, in Japan, we are implementing forestry-derived carbon credit projects in Ehime and Niigata prefectures, and overseas, we are investing in forestry funds in North America. We believe that by being involved in projects that utilize forests, we can contribute not only to the realization of carbon neutrality but also to the advancement of the forestry industry in Japan.

In order to further expand this business, we will continue to pursue initiatives in collaboration with forest managers such as local governments and public forestry corporations, as well as overseas partners, while developing initiatives ranging from the creation to utilization of forestry-derived credits to promote the conservation of forest resources in Japan and overseas through appropriate forest management.

⁷ A system in which the government certifies the amount of greenhouse gas emission reductions and absorptions as credits.

Policy for Forest Absorption Business

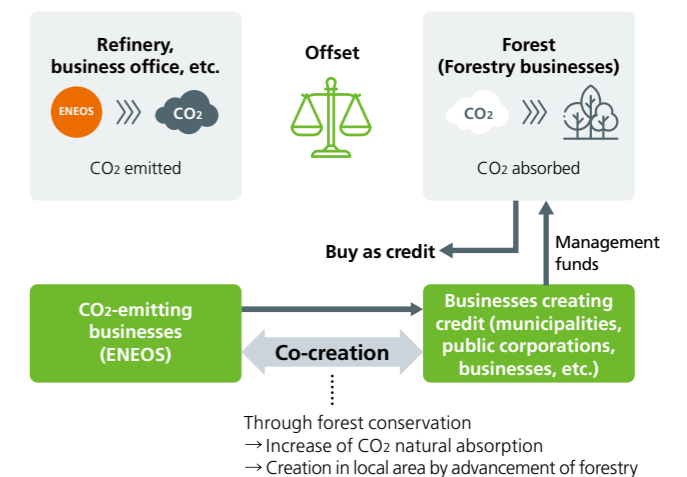
- Promote the creation of credit of natural CO₂ absorption

- **Overseas CCS business**
 - Consider participation in joint studies and overseas CCS projects through channels with state-run oil companies, etc.
 - Implementation of joint study aimed at formation of CCS hub & cluster with PETRONAS and JGC HOLDINGS CORPORATION
 - Consideration of development technology proposal and acquisition of interest including CCS in undeveloped gas fields containing high concentrated CO₂ found offshore of the Malay Peninsula with PETRONAS Carigali
 - Consideration of CCUS business for reducing CO₂ emissions in the Tangguh LNG Project

ENEOS Efforts for Absorption by Forests

Area	Details
Overseas	Decided to invest in US Large-Scale Forestry Fund of Japanese businesses formed by Sumitomo Forestry Co., Ltd. (May 2023)
Japan	Agreed to J-Credit Creation Project with Niigata Public Corporation of Agriculture and Forestry, following Kumakogen Town, Ehime (Nov. 2022) Start joint study on support for J-Credit creation with PASCO CORPORATION (May 2023)

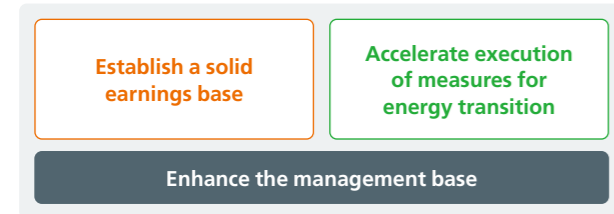
Overview of Forestry-derived Carbon Credit Mechanism



Basic Policy of Third Medium-Term Management Plan Enhance the Management Base

Building a Strong Organizational Structure to Create “Tomorrow’s Normal”

Basic Policy of Third Medium-Term Management Plan



The third pillar of the third Medium-Term Management Plan, “enhance the management base,” underpins all activities for the implementation of the other two basic policies. In addition to changing the Group’s management structure, we are building a strong structure to create “tomorrow’s normal” by implementing human resource and digital strategies to bolster talent and strengthen infrastructure needed to lead dynamic transformation in each of our business areas.

→ For changes in the Group’s management structure, see page 36.

Group Human Resource Strategy

For the realization of our Long-Term Vision, we have identified necessary skills and ideal human resources and have also formulated a human resource strategy to aid in the establishment of a solid earnings base and acceleration of measures for energy transition.

Transfers of technology and experience, along with further skill development, are vital to building a foundation for the establishment of a solid earnings base in our base businesses. In addition to promoting diversity, equity, and inclusion, the Group is working to ensure that the personnel supporting our base businesses can maximize their skills by improving compensation and benefits for senior employees and providing opportunities for skill development.

On the other hand, personnel portfolio transformation is essential for business portfolio transformation. Based on the belief that integrating the knowledge and ideas of people with experience in existing businesses and those with experience in other industries and businesses will lead to the creation of new energy businesses, we are focusing on the

acquisition and development of human resources with new ideas and skills.

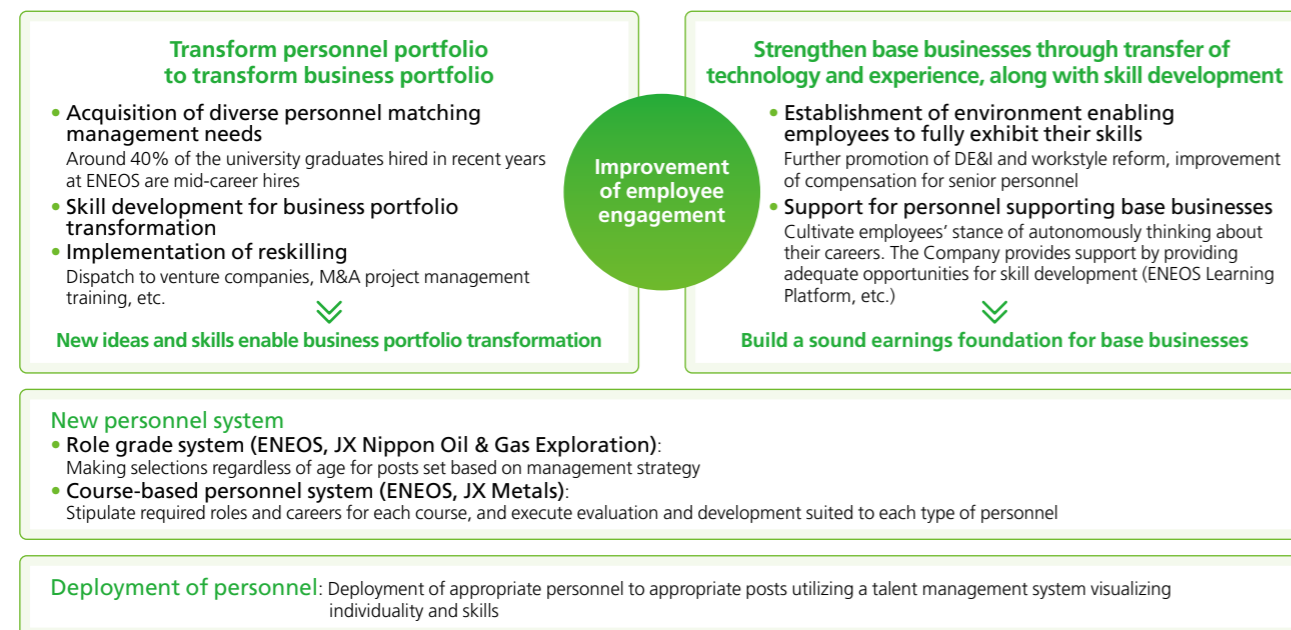
Improvement of employee engagement is essential for achieving this. We have established regular opportunities for direct dialogue between management and employees in order to deepen understanding of our management policies and challenges. At the same time, we continue to conduct employee engagement surveys. In addition, we utilize human resource systems and programs to actively promote highly motivated human resources to posts where they can take full advantage of their individuality and skills.

We are aiming for the integrated growth of our employees and the company by establishing an environment in which our diverse workforce can take pride and responsibility in working for the Group, maintain a spirit of taking on challenges and transformation, and maximize their skills.



Dialogue session involving the President and employees

Human Resource Strategy Supporting “Today’s Normal” and Taking the Lead for “Tomorrow’s Normal”



Strengthening the Driving Force for DX

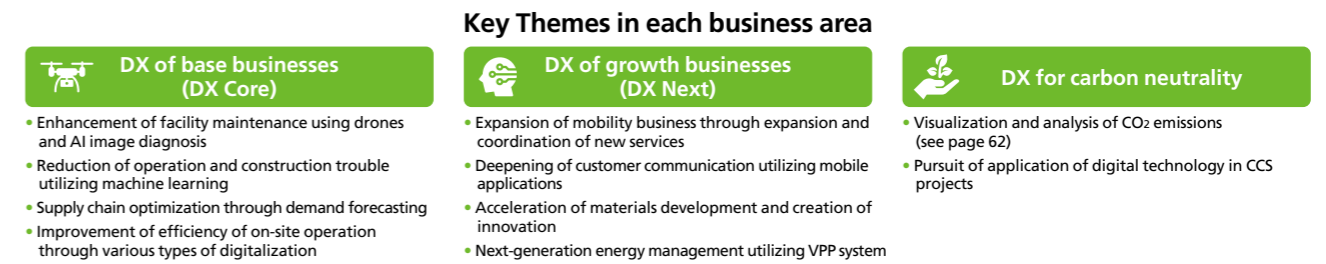
We have formulated the Digital Strategy as one of the measures for enhancing the management base. This strategy defines “DX Key Themes,” which stipulate policies for the utilization of digital technologies in the areas of base businesses, growth businesses, and carbon neutrality. In addition, the strategy defines four areas to strengthen under “strengthening the driving force for DX”:

development of digital talent, data utilization, IT governance, and co-creation opportunities. Based on the experience and knowledge cultivated during the prior years, in the third Medium-Term Management Plan we have set a target for the number of digital talent to develop as a key element to achieve continuous business transformation and contribute to earnings.

→ See our website for our DX initiatives.

ENEOS Group Policies—DX Initiatives (available in Japanese only)
<https://www.hd.eneos.co.jp/company/system/dx.html>

Digital Strategy



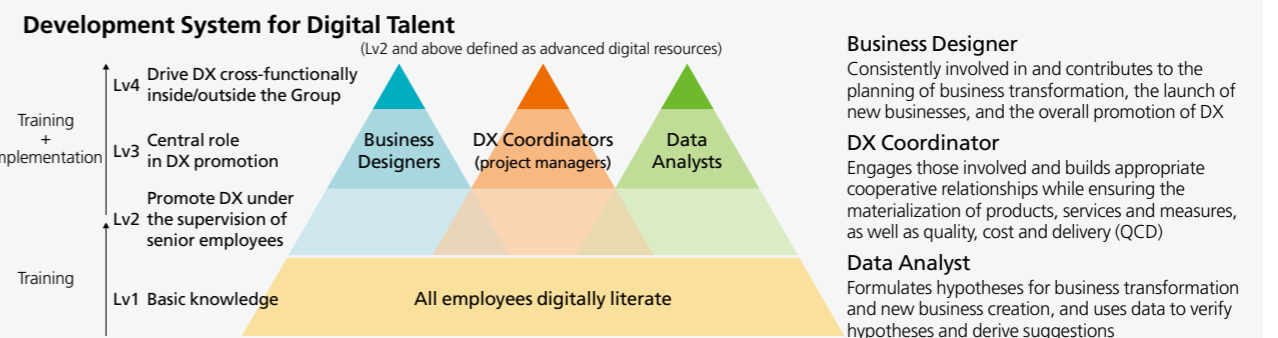
Strengthening the driving force for DX



* Personnel with practical experience and knowledge for promotion of DX, and can demonstrate value as a core of DX projects in their area of responsibility

Developing Digital Talent at ENEOS

Continuing from the second Medium-Term Management Plan, we will focus on the development of digital talent. From the third Medium-Term Management Plan, we will introduce four levels of certification and three types of digital resources, and accelerate development by combining training and work experience for each type. We will encourage the assignment of the right person to the right job by developing digital talent.



Dialogue between Outside Directors

Kudo Yasumi

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



Oka Toshiko

Outside Director
ENEOS Holdings, Inc.



Becoming a company that provides diverse energy for the coming era, when it can demonstrate its true value

Looking back on fiscal 2022, when we formulated our new Long-Term Vision and Medium-Term Management Plan, two outside directors evaluate our governance and exchange views on our future outlook and challenges.

• Evaluation of the Effectiveness of the Board of Directors Further increasing the quality of discussions by the Board of Directors, which is already functioning at a high level of effectiveness

— The evaluation results of the effectiveness of the Board of Directors for fiscal 2022 were generally strong. What were some of the key points of the evaluation?

Kudo It has been two years since I became an outside director, and during this time, I have felt that the Board of Directors is functioning at a high level of effectiveness. Agenda items over the previous two years included the privatization of NIPPO, which had been a parent-subsidiary listing, and the acquisition of Japan Renewable Energy (JRE), a renewable energy power generation company. The Board of Directors also discussed the sale of partial rights held in Caserones Copper Mine by JX Metals and construction of a new plant for cutting-edge materials in North America. In addition to formulating medium- to long-term growth strategies, agenda items that should be covered by the Board of Directors were thoroughly examined.

Oka When I became an outside director, too, I felt that the Board of Directors was functioning at a high level of effectiveness. The quantity of agenda items is appropriate and coverage is effective. In addition, a director who is not

part of the business execution side serves as chairperson, and the agenda is objective. The remaining challenge is to further increase the quality of discussions.

Kudo In terms of issues, there is an information gap depending on the role of outside directors. For example, directors who serve as Audit and Supervisory Committee members receive background and ancillary information in advance from the full-time Audit and Supervisory Committee members.

Oka That's right. I was an Audit and Supervisory Committee member until June, so every month information was exchanged with the full-time Audit and Supervisory Committee members. Therefore, I was able to ask about the background and situation of agenda items, giving me a clearer picture of the issues when taking part in the Board of Directors. This information sharing was really important for deepening the discussion.

Kudo I agree, understanding the issues in advance was also important for the matter of refinery trouble. Generally, a refinery faces difficulties with maintenance due to age-related deterioration, and during the previous Medium-Term Management Plan, refinery trouble impacted the ability of base businesses to generate profits. To prevent this, one solution is to strengthen mechanisms for correctly conveying the state of refineries to the Board of Directors.

There are opportunities for outside directors to visit frontline operations, but given time constraints, these visits are very limited. As such, for example, I think another effective solution is business audit reporting from the full-time Audit and Supervisory Committee members. This reporting is based on interviews with the frontline and they are also useful for understanding the actual situation on the ground.

Oka The Company should further strengthen its mechanisms for outside directors to obtain information sufficiently and as necessary in advance, including for both directors who are and who are not Audit and Supervisory Committee members. I am no longer serving on the Audit and Supervisory Committee, but I would like to utilize my experience as an Audit and Supervisory Committee member to promote this initiative and help to strengthen the governance of the Company's Board of Directors.

Kudo Yes. The Company is growing its frontline operations with the acquisitions of JRE and Japan Drilling. Information from such operations is vital to making correct management decisions. I would like to see the Company make further efforts toward continuous improvement.

• Two Key Points for Strengthening Governance Taking officer misconduct seriously as well as introducing progressive disciplinary rules and enhancing the appointment process

— Why did the Company introduce clawback and malus provisions¹ and measures to increase fairness and objectivity in the appointment process? How do you evaluate this move?

Oka These were introduced to strengthen and ensure

thorough implementation of initiatives for compliance and respect for human rights, taking into account the misconduct of the Company's former chairman in 2022. I commend the Company for its awareness of this issue, which was as strong on the executive side as it was on the outside officer side, and for introducing a very progressive mechanism as a result.

Kudo In terms of corporate ethics, this incident was completely inappropriate. The implementation of initiatives based on such an incident demonstrate the Company's commitment to all stakeholders, including shareholders and investors, while also serving to strongly encourage self-awareness among directors and executive officers.

Oka Few companies in Japan have fully introduced clawback and malus provisions. The severity of these clauses is a result of the Company's recognition of the seriousness of the situation.

Kudo One other issue is the appointment of directors. I concurrently serve on the Nomination Advisory Committee and Compensation Advisory Committee. I have found it rather difficult to ensure the transparency and objectivity of the selection process.

In response, the human resources due diligence the Company has introduced will have a major effect. In human resources due diligence, a third-party organization interviews a director candidate's current and past colleagues and subordinates to determine whether the candidate aligns with the Group's selection policy.

Oka At the time, I was not a member of either committee, so I did not view the information disclosed from human resources due diligence, but based on discussions by the Board of Directors, I believe that such a mechanism was well

¹ See footnote 5 on page 70.

Dialogue between Outside Directors

thought out.

Kudo Actually, in speaking with the applicable persons while reconciling the information gleaned from the human resources due diligence process, I felt that I was able to understand their personalities and ways of thinking in a more multi-faceted manner. Going forward, I understand that this human resources due diligence will be expanded further, which is something I welcome wholeheartedly as a member of the Nomination Advisory Committee.

• Formulation and Evaluation of Long-Term Vision and Third Medium-Term Management Plan Solidifying preparations for the future with a clear vision and goals

— How do you evaluate the formulation of the medium- to long-term growth strategy in your capacity as outside directors?

Kudo The Group aims to both provide a stable supply of energy and materials, and realize a carbon-neutral society.

As for providing a stable supply of energy and materials, the invasion of Ukraine has had worldwide implications. In particular, for Japan and other countries with few resources, the economic security of energy and materials is a matter of life and death. I often say that the E and S of ESG should stand for not only environmental and social, but also economic security. I am happy to see that this was clearly presented in the Group's Long-Term Vision.

In terms of carbon neutrality, the Company has developed hydrogen, synthetic fuels, carbon dioxide capture and storage (CCS), and renewable energy such as solar and wind power generation from an early stage. These initiatives are being carried out not just to global standards, but to the highest level. The problem, though, is that Japan's "matter of course" lags behind internationally. For example, in terms of EV² sales, there were seven million units sold in China and almost one million in the United States in 2022, compared to around only 100,000 in Japan. Japan will never be able to

catch up unless the entire country works to make up for this lag with the correct sense of urgency.

Oka I feel that the world has changed and soon the time will come when the Company can demonstrate its true value.

Kudo Even the marine shipping company where I was involved in management is working toward the target of carbon neutrality by 2050. To achieve this, this marine shipping company will need to take measures such as switching to synthetic fuels, which are being advanced by the Company. This validates the Company's focus on synthetic fuels from an early stage.

As discussed on numerous occasions by the Board of Directors, the carbon-neutral society will come to fruition in 2030 or 2040. I believe positioning the third Medium-Term Management Plan as a phase where we are building up strength for this future is a strong positive.

Oka It is important to consider where to establish goals. I think it is appropriate to set goals within an understandable scope and timeline—one that is not too long. This time, the timeline of 2030 or 2040 matches perfectly.

Looking at policy trends, it appears that decarbonized energy is set to be an important part of the energy mix around 2030. I understand that the Company is preparing financially to enable large-scale investment at the right time, targeting markets set to grow alongside government policy.

Kudo In that regard, the Group's base businesses are petroleum and related products. These businesses have faced various troubles, so the Company is planning to restructure its maintenance investments and base businesses, including in terms of human resources. This is one pillar of the third Medium-Term Management Plan. JX Metals' plan to list its shares was also included. The third Medium-Term Management Plan is both comprehensive and realistic.

Oka I agree. In terms of the medium- to long-term strategy, it is important for the Company to have a story. The other key is visualization of the timeline. In particular, when making large investments, the timeline must be firmed up. It is important to show what can be achieved now and what should be achieved in the future, and the Board of Directors has discussed these matters.

Kudo The other day, I asked institutional investors how the Company can increase its share price. While most said this can be accomplished by significantly increasing the dividend, some also said that since there are a lot of troubles in the petroleum business, which is a base business, investments should be made for restructuring base businesses. I also felt that this approach is the most important.

Oka I agree. Restructuring base businesses should take precedence. Looking toward 2030, the Company plans to reorganize its base businesses and make major investments for the future by then.

Kudo When thinking about investment strategy, the Board

of Directors should also think about the structure. The current structure was born from the need to integrate ENEOS Holdings and ENEOS, so it has already generated positive results. Going forward, however, one of the discussion points will be the approach to the Board of Directors in a new operating structure, including the IPO of JX Metals and the separation of the high performance materials, electricity, and renewable energy businesses.

• Importance of ROIC Management Pursuing profitability by business and organization will become even more important in the future

— ROIC has been introduced as a new management indicator. What was the background to this and how will it be utilized?

Kudo The electricity business and materials business, including elastomers, are beginning to stand on their own. From the perspective of using it as a guideline for managing these businesses, the introduction of ROIC management is only natural. By maintaining awareness of invested capital, it can be utilized, for example, to determine whether to exit a business if a certain division's profits have peaked.

Oka I agree. ROIC is an effective tool for business management. Breaking down ROIC in greater detail can help determine, for example, whether the inventory turnover rate should be increased, so I'd like to see the effective utilization of ROIC in frontline operations. However, there needs to be a mechanism to encourage its usage, and I feel that more activities to raise awareness are needed.

Kudo It is important to think of it as management capital. Awareness of ROIC should be maintained to identify business issues. I hope the Company applies ROIC management to each business to deepen the profitability of its businesses in the future.

Oka I would like to see employees consider ROIC in their day-to-day work. It is important to share indicators integrated for the Group. In addition, analyzing the components of ROIC as the ROIC tree will lead to bottom-up approaches from the division level. For example, thinking that increasing ROIC in a specific division can achieve a specific goal will effectively encourage these actions at the division level. ROIC can also be used as a tool for effectively implementing post-merger integration (PMI)³.

Kudo Regarding what I said earlier about frontline operations, the importance of PMI grows as the number of these operations increases with M&A. This means that ROIC management is useful not only for sharing and improving frontline issues, but also for encouraging a bottom-up approach from the frontlines.

Oka Today, many institutional investors think of ENEOS as



an oil company, but we do not share this idea. The Company is growing so that it has a variety of energy sources, not only petroleum, but also hydrogen and electricity, and supplies all of them as a matter of course. I think the Company needs to clearly indicate the direction it is taking. Of course, not all forms of energy will survive. Judging from profitability and other factors, it is also necessary to select what to keep and what to transfer to others. In the future, carve-out M&A will increase, so the Company should make effective use of ROIC while keeping that in mind.

• Expectations for the Future and Our Roles Raising awareness of diversity and global standards

— Lastly, can you share your expectations for the future and your roles and ambitions?

Oka In regard to diversity, which is vital to innovation, in the future the Company will need to promote more female employees to management and officer positions. To date, the Company has recruited few women, foreign nationals or other minorities, and women in the sciences accounted for only a small number of new hires. Only when it increases minority representation in the next class of candidates for management and officer positions can the Company become a truly inclusive organization. The voices of minorities do not always reach upper management without strength in numbers. I will do my best to support diversity.

Kudo The global trend toward carbon neutrality is unstoppable. Japan will undoubtedly experience the greatest impacts because it has few resources. It bears repeating, while the sense of urgency in Japan is somewhat lacking, the Company has maintained a sense of urgency and has been tackling head-on important issues for the future of Japan, such as hydrogen and synthetic fuels. Because of my professional experience, I know many people around the world, so I will strive to use my connections and experience to provide global-standard insights and values to the Company.

³ A process used to integrate two companies after a merger or acquisition.



² Battery electric vehicles (BEV) and plug-in hybrid vehicles (PHEV)

ESG Management

ESG Management Structure

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

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

Basic Policy for ESG Management

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

Process for Identifying Risks and Material Issues and Confirming Response Status

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

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

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

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

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

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

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

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

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

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

In fiscal 2022, the following ESG-related matters were reported to the Board of Directors.

- Fiscal 2021 performance results and fiscal 2023 action plans
- Responses to specific issues
 - Carbon Neutrality Plan
 - TCFD recommendations
 - Business and human rights

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

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

Verifying and Identifying Material ESG Issues

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

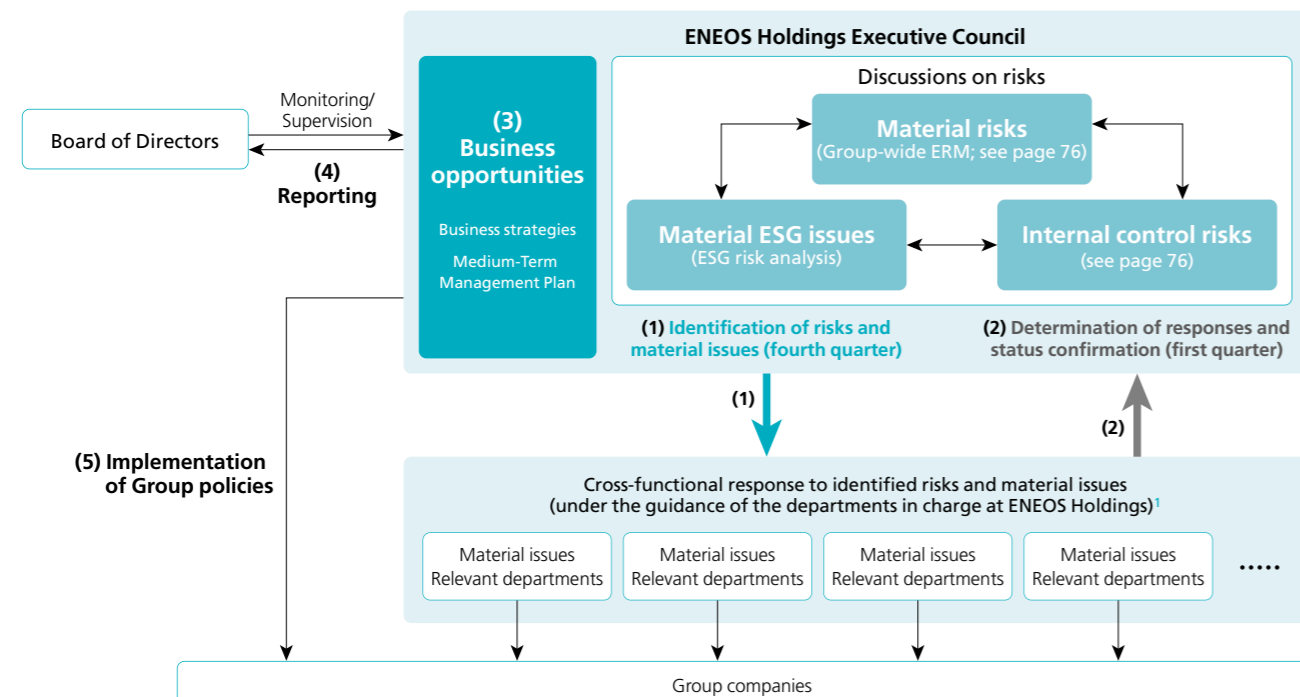
For fiscal 2023, we identified nine material ESG issues using resources such as the Sustainability Accounting Standards Board (SASB) guidelines for each business area, prioritizing the degree of impact on society as well as the degree of impact on our business, taking into account our discussions and consideration of our Long-Term Vision and the third Medium-Term Management Plan. In addition, departments responsible and KPIs are set for each material ESG issue, and the progress of KPIs and the results of measures for material ESG issues are reported to the Executive Council and the Board of Directors.

Material ESG Issues Identified for Fiscal 2023

In descending order of assessment score

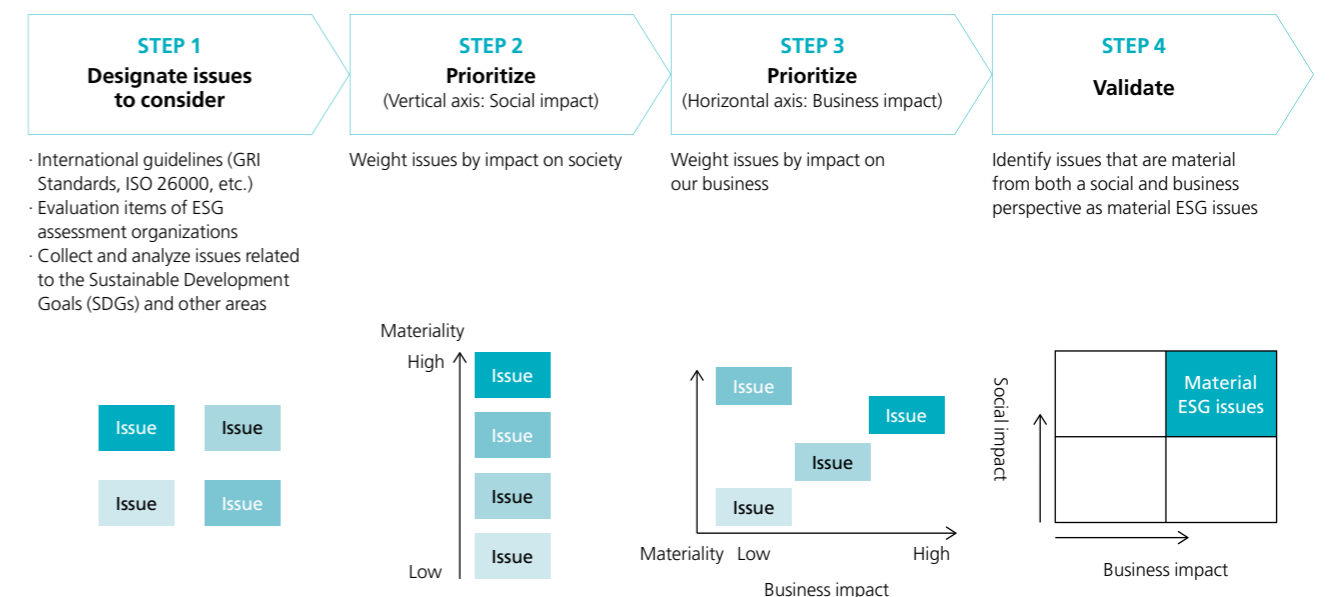
Category	Material ESG issues
Environmental	Contribution to the development of a decarbonized society
Social	Ensuring safety / Health enhancement
Governance	Compliance
Social	Diversity and inclusion
Environmental	Contribution to the development of a recycling-oriented society
Social	Compliance with international principles on human rights
Social	Retaining and developing human resources
Governance	Appropriate structuring and operation of corporate governance
Social	Communication with stakeholders (investors, etc.)

ESG Management Structure



¹ Example: Internal Control Department and Legal & Corporate Affairs Department work together to build and operate a comprehensive internal control structure (see page 76)

Identification Procedure for Material ESG Issues



ESG Management

Status of Responses to Material ESG Issues


For fiscal 2022, we set 23 specific targets (KPIs) for 15 material ESG issues. Twenty of the targets were achieved and three were not. For fiscal 2023, we have identified nine material ESG issues and set 16 targets (KPIs).

Fiscal 2022 Material ESG Issues, Targets, and Results

Evaluation: ○ Achieved/Steady progress × Not achieved

Category	Fiscal 2022 Material ESG Issues	Fiscal 2022 Targets (KPIs)	Results/Progress
Environmental (E)	Contribution to the development of a decarbonized society	Reduction in CO ₂ emissions (independent efforts): Reduce by 4.28 million tons compared to fiscal 2009	○ Reduced by 4.30 million tons compared to fiscal 2009
	Contribution to the development of a recycling-oriented society	Waste-to-landfill ratio: Maintain zero emissions (less than 1%)	○ 0.8%
	Understanding and management of biodiversity risks	Understand risks at manufacturing sites (increase number of sites subject to risk confirmation)	○ <ul style="list-style-type: none">Investigated protected areas adjacent to manufacturing sites (20 sites), confirmed no high-risk sitesAdded overseas sites (7 sites) subject to risk confirmation, investigated the sites and confirmed that there are no protected areas affecting operations
	Understanding and management of water risks	Serious environmental incidents: zero Serious legal compliance incidents: zero	○ Zero
		Understand risks at manufacturing sites (increase number of sites subject to risk confirmation)	○ <ul style="list-style-type: none">Investigated water risks at manufacturing sites (20 sites), confirmed no high-risk sitesAdded overseas sites (7 sites) subject to risk confirmation, investigated the sites and confirmed that there are no water risks affecting operations
Control of air pollutant emissions	Serious environmental incidents: zero Serious legal compliance incidents: zero	○ Zero	
Social (S)	Ensuring safety/ Health enhancement	Serious occupational injuries ² : zero	○ Zero
		TRIR ³ : 1.0 or less	○ 1.0
	Communication with stakeholders (investors, etc.)	Increase the cancer screening rate for employees (recommendations) Achieve screening rate of 70% or higher for stomach cancer, colorectal cancer, breast cancer, and cervical cancer	× Achieved only for colorectal cancer (cancer screening rate (recommendations): 69.8%)
		Effective engagement with investors and others	○ Meetings with investors (overseas IR, meetings for analysts and domestic institutional investors, 157 individual interviews)
	Compliance with international principles on human rights	Conduct survey of technical intern trainees at suppliers and formulate responses	○ <ul style="list-style-type: none">Conducted surveysFormulated responses
		Implement human rights training	× Some companies have not completed the training because the implementation date was extended to the first half of fiscal 2023 due to revisions to the training content
	Retaining and developing human resources	Implement effective training and evaluation based on the human resources development plan	○ <ul style="list-style-type: none">Implemented various training programsEvaluated the training content as appropriate and incorporated it into training starting the following fiscal year
	Diversity and inclusion	Maintain rate of women among newly hired university graduates at 25% or higher	× 21.9%
		Maintain employment rate of people with disabilities at 2.3% or higher	○ 2.44%
	Work-life management	Maintain annual paid leave days taken at 80% or higher	○ 88.8%
Maintain 100% rate of return to work after childcare leave		○ 100%	
Governance (G)	Appropriate structuring and operation of corporate governance	Implement improvement measures based on the fiscal 2021 evaluation of the effectiveness of the Board of Directors	○ Implemented
	Compliance	Conduct legal compliance inspections	○ Implemented (no major issues)
		Strengthen management of personal information and provide legal training according to business needs	○ Implemented
		Revise and appropriately apply rules based on the amended Whistleblower Protection Act	○ Implemented
	Social responsibility in the supply chain	Conduct CSR procurement surveys at overseas sites in addition to domestic sites, where surveys have already been conducted	○ Implemented
Effective risk management	Steady execution of the risk management process	○ Implemented	

→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

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

Fiscal 2023 Material ESG Issues and Targets

Category	Fiscal 2023 Material ESG Issues	Fiscal 2023 Targets (KPIs)
Environmental (E)	Contribution to the development of a decarbonized society	Reduction in CO ₂ emissions: Reduce emissions to 30 million tons or less
	Contribution to the development of a recycling-oriented society	(Ongoing) Waste-to-landfill ratio: Maintain zero emissions (less than 1%)
Social (S)	Ensuring safety / Health enhancement	(Ongoing) Serious occupational injuries ² : zero
		(Ongoing) TRIR ³ : 1.0 or less
		Percentage of employees maintaining an appropriate weight Employees with BMI under 25.0: Maintain at 70% or higher
	Reduce the percentage of cigarette smokers Percentage of smokers: Reduce by at least 1.0% from the previous year	
	Communication with stakeholders (investors, etc.)	(Ongoing) Effective engagement with investors (total of 250 cases)
Compliance with international principles on human rights	Implement human rights due diligence (Ongoing) Implement human rights training	
Retaining and developing human resources	(Ongoing) Implement effective training and evaluation	
Diversity and inclusion	(Ongoing) Rate of women among newly hired university graduates of 25% or higher (Ongoing) Maintain employment rate of people with disabilities at 2.3% or higher	
Governance (G)	Appropriate structuring and operation of corporate governance	<ul style="list-style-type: none">Implement evaluations of the effectiveness of the Board of DirectorsProvide compliance training for officers
	Compliance	(Ongoing) Conduct legal compliance inspections (Ongoing) Provide legal training related to business needs and issues within the Group <ul style="list-style-type: none">Respond appropriately to whistleblowingExplore and implement outsourcing support to enable efficient response to whistleblowing

² Occupational fatalities

³ Number of occupational injuries per one million hours (non-lost-time occupational injuries + lost-time occupational injuries and fatalities)

Environmental

Development of a Decarbonized Society

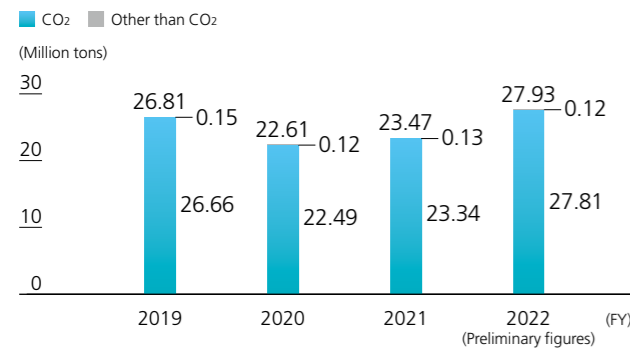
Curbing Greenhouse Gas Emissions

The Group is reducing CO₂ emissions across the entire supply chain in order to contribute to the development of a decarbonized society.

To reduce our greenhouse gas emissions, the Group is focusing on energy conservation in our business activities. Energy conservation measures include increasing the number and efficiency of heat exchangers and introducing higher efficiency rotary equipment at our refineries and plants, which play a main role at the production stage.

The Group's CO₂ emissions (Scope 1+2) in fiscal 2022 totaled 27.81 million tons, a slight increase over the previous fiscal year. This was due to factors such as the resumption of operations of facilities that had been shut down because of production trouble, as well as the recovery from the decline in

Changes in Greenhouse Gas Emissions (Scope 1+2)¹



¹ Calculated in accordance with the Act on Promotion of Global Warming Countermeasures. From fiscal 2022, the calculation is in accordance with the GX-ETS standard based on the Act on Promotion of Global Warming Countermeasures.

demand caused by the COVID-19 pandemic.

We are also helping to reduce the overall greenhouse gas emissions of society through the expansion of our renewable energy business, early practical implementation of hydrogen and carbon-neutral fuels, and development and sales of environmentally friendly products that have a lower environmental impact.

Greenhouse Gas Emission Targets

The Group has announced its target for carbon neutrality in its own emissions by fiscal 2040. To ensure that we continue steady progress toward our goal, we have set an interim target to reduce our greenhouse gas emissions by 46% by fiscal 2030 compared to fiscal 2013.

To reach these targets, we are focusing our efforts in three main areas.

- 1) Curbing Group greenhouse gas emissions by improving the energy efficiency of our manufacturing and business operations through energy saving, fuel conversion, and the use of renewable energy.
- 2) Using carbon dioxide capture and storage (CCS) for emissions remaining after the above measures are carried out, and storing the captured CO₂ underground.
- 3) Any remaining greenhouse gas emissions after the above two measures will be removed through forest absorption and other natural absorption methods.

→ The Group has also set quantitative targets for Scope 3 emissions from fiscal 2023. For details, see our Carbon Neutrality Plan on pages 29 to 34.

→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

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

ENEOS Group Initiatives for the Realization of Carbon Neutrality

(Unit of greenhouse gas emissions: million tons per year)

Targets	Greenhouse gas emission targets (Scope 1 + 2) Parentheses: baseline year ² comparison	Third Medium-Term Management Plan		
		FY2025	FY2030	FY2040
		≤31 (-14%)	≤19 (-46%)	±0
	Methane emissions (Oil and Natural Gas E&P) Parentheses: baseline year (fiscal 2021) ³ comparison	350 tons (-80%)	Less than 300 tons	Realization of carbon neutrality
Assumptions	Assumed emissions according to demand for fuel, etc.	31.5	23	19
	Difference: (estimated emissions - target value)	0.5	4	19
Action	(1) Curbing our greenhouse gas emissions Energy saving, fuel conversion, etc.	-0.5	-1	-3
	(2) Artificial fixation of CO ₂ CCS (carbon dioxide capture and storage), etc.	—	-3 (fixation)	-11 (fixation)
	(3) Increase of natural absorption of CO ₂ Forest absorption, blue carbon, etc.	-0.5 (create ⁴)	-2 (create)	-5 (offset)

² Baseline year for greenhouse gas emissions target: fiscal 2013. Greenhouse gas emissions in baseline year: 36 million tons. Figure revised from time of announcement in May 2022 (30 million tons) due to a change in calculation method for domestic emissions from the standard under the Global Warming Countermeasures Act to the GX-ETS standard. While there is no change in the target for transition-linked bonds (issued June 15, 2022), the target for greenhouse gas emissions in fiscal 2030 was revised from 16 million tons to 19 million tons.

³ Baseline year for methane emissions: fiscal 2021. Methane emissions in baseline year: 1,600 tons.

⁴ Credit creation for absorbed portion

Example of Activities

Visualizing CO₂ to Reduce Greenhouse Gas Emissions

In fiscal 2023, we will introduce a CO₂ visualization system that will enable us to manage our CO₂ emissions. In March 2023, ENEOS, WasteBox Co., Ltd., and NTT DATA Corporation launched a joint study for construction of the system. The system is being designed to provide the following functions to enable us to more accurately calculate the carbon footprints (CFP)⁵ of ENEOS petroleum products and manage the greenhouse gas emissions of more than 100 sites.

- 1) Streamlining statutory reporting of greenhouse gases by improving efficiency of work processes for aggregation of entity-level greenhouse gas emissions
- 2) Managing the implementation of carbon neutrality plans through monthly forecasting and result management
- 3) Streamlining per-product CFP calculations and discussions on reduction of per-product CFP

The development of this system aims to achieve unified monitoring and management of carbon information on a per-product basis, analyze the impact that decarbonization initiatives in manufacturing has on CFP and visualize CFP at the new product

planning stages, and create business opportunities by highlighting the environmental value of low-carbon products.

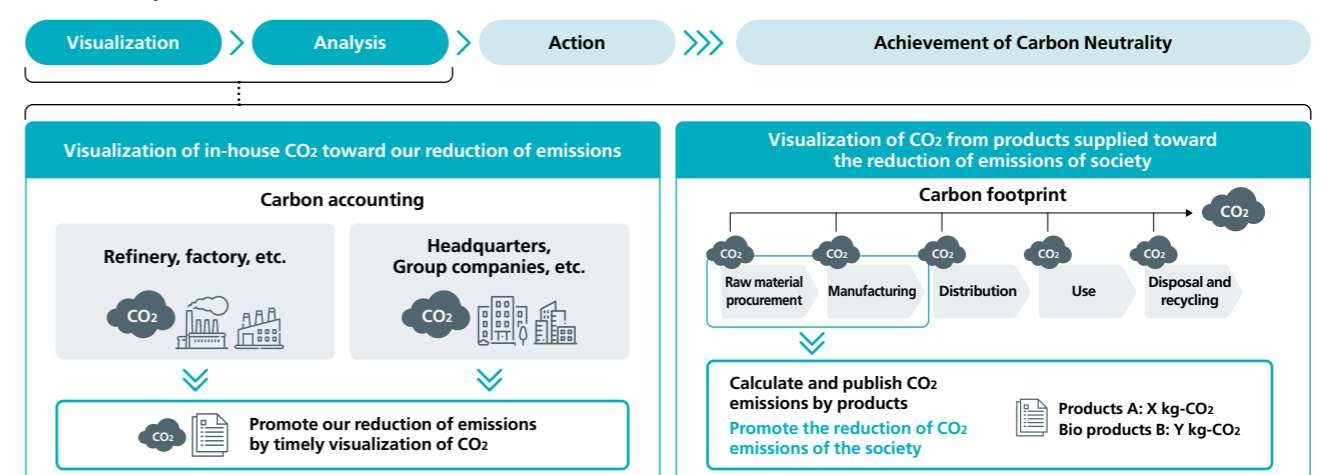
Once the system is in operation, we will provide our customers with CFP data for ENEOS petroleum products, beginning with some lubricants, petrochemical products, and functional materials and then expanding to cover other products. Our CFP data will be "cradle to gate⁶," meaning it will cover all greenhouse gas emissions from raw material procurement to product shipment. We will use the life cycle assessment (LCA) method⁷ to calculate emissions associated with material procurement and product manufacturing.

⁵ Carbon footprint of products (CFP) is a system for converting greenhouse gas emissions throughout the life cycle of a product or service, from the procurement of raw materials to manufacturing and beyond, to CO₂.

⁶ Refers to the process from raw materials procurement to production within the life cycle stages, comprising raw materials procurement, manufacturing, distribution, sales, use and maintenance, disposal and recycling.

⁷ LCA (life cycle assessment) methodology involves quantitatively evaluating the environmental effects of product manufacturing throughout the entire life cycle from procurement of raw materials to manufacturing, transport, use, and disposal.

ENEOS Group CO₂ Visualization



Example of Activities

Artificial Fixation of CO₂

In 2023, we began carrying out initiatives for the implementation of CCS in Japan. In February 2023, we established a joint venture (West Japan Carbon dioxide Storage Survey Co., Ltd.) to examine the potential for CO₂ storage in western Japan, with the aim of

Example of Activities

Increase of Natural Absorption of CO₂

We will also contribute to reducing greenhouse gas emitted by society through carbon fixation by forest absorption and blue carbon⁸ projects.

We launched a collaborative operation with Urchinomics, Incorporated in 2021 to carry out blue carbon operations, and are working together to remove the excessive proliferation of sea urchins that are hindering the revitalization of seaweed beds in the waters off Oita and Yamaguchi prefectures in Japan. In March 2023, the Japan Blue Economy Association certified the operation for J Blue Credits⁹ and issued carbon credits. We are also working to create seaweed beds to accumulate blue carbon at the ENEOS Sakai Refinery near Osaka Bay.

starting CO₂ injection in fiscal 2030. In April, the Group acquired Japan Drilling, which has the offshore drilling technology needed for CO₂ storage.

→ See page 49 for information on our CCS initiatives.



Seabed damaged by sea urchins (left) and an area flourishing with seaweed (right)

⁸ Blue carbon is carbon sequestered and stored by marine organisms in seaweed beds and shallow marine ecosystems.

⁹ J Blue Credits[®] are issued by the Japan Blue Economy (JBE) Association. Incorporating examinations and input from an independent third-party committee, JBE authenticates, issues, and manages the J Blue Credits[®] for blue carbon ecosystems and CO₂ absorption.

→ See page 50 for information on forest absorption initiatives.

Environmental

Development of a Recycling-Oriented Society

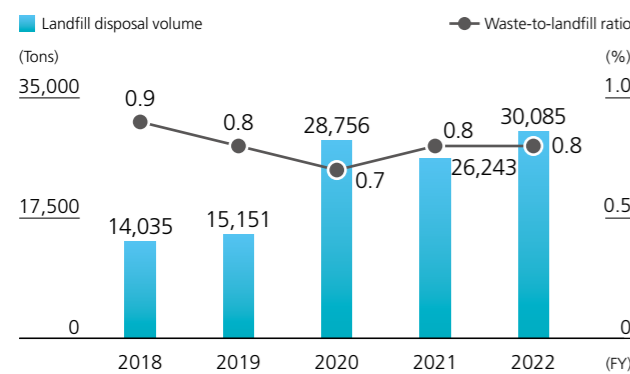
Basic Approach, Targets and Results

The Group is doing its part to develop a recycling-oriented society by reducing waste and recycling resources in its own activities as well as in society. The Group is expanding its recycling business, and applies the 3Rs—reduce, reuse and recycle—to ensure that it uses resources efficiently.

The Group manages and recycles waste appropriately, with a target of maintaining zero emissions (waste-to-landfill ratio of less than 1%). In fiscal 2022, waste totaled 3,693 thousand tons and landfill waste totaled 30 thousand tons. The waste-to-landfill ratio was 0.8%, indicating that we continue to achieve our zero-emissions target.

The total amount of waste and the landfill disposal volume increased from the previous fiscal year due to factors such as an increase in the number of sites subject to data collection and an increase in production at JX Metals. There was no change in the waste-to-landfill ratio.

Landfill Disposal Volume and Waste-to-Landfill Ratio



Waste Reduction

We pursue recycling and reuse through initiatives for waste reduction, including using the collected particulate matter and sludge released from oil refineries as raw materials for cement, and the repeated use of neutralized sludge¹⁰ at our smelting and refining facilities. In addition, we use LCA methodology in evaluating the development of certain lubricant products.

The Group is also working to reduce its use of raw materials by streamlining production and expanding the use of recyclable materials. JX Metals uses proprietary smelting and refining technology for the efficient recovery and effective use of copper, precious metals and rare metals from recyclable materials. The company has established a long-term goal of increasing the use of recyclable materials in copper smelting to 50% (ratio in raw materials or ratio contained in products).

¹⁰ Material generated by the neutralization reaction in the smelting process.

Pursuit of a Circular Economy

The world is shifting from a linear economy¹¹ to a circular economy—from a mass production, mass consumption economy to an economy that recycles and reuses resources. A circular economy goes one step further than the 3Rs by considering the environment from the design stage, using maintenance to lengthen product life, and enhancing usage efficiency by incorporating leasing and sharing.

The Group is helping to realize a circular economy, and by extension a carbon-neutral society, in the materials and services field by shifting to non-fossil raw materials and developing sharing businesses.

¹¹ An economic system where products flow in a single direction with resources being consumed and disposed without recycling or reuse

Example of Activities Chemical Recycling

Joint Plastic-to-Oil Conversion Business

ENEOS is engaged in a joint plastic-to-oil conversion business with Mitsubishi Chemical Corporation. A plastic-to-oil conversion facility with an annual processing capacity of 20,000 tons is currently under construction and is scheduled to commence operations for converting waste plastic to oil in fiscal 2023. The recovered oil produced at the facility will be used as a raw material at both companies' petroleum refinery and naphtha cracker to produce recycled petroleum and plastic products.

Example of Activities Material Recycling

Using Waste Lubricants to Produce Lubricant Base Oil

ENEOS is working to commercialize a process for reusing waste lubricants in lubricant base oil.


Recycling waste lubricants as base oil, which is the main base material for lubricant products, reduces lifecycle CO₂ emissions from lubricants and helps to ensure a stable supply of base oil. We began a two-year demonstration project in fiscal 2022 with the aim of quickly commercializing the process.

Example of Activities Promoting Sharing Services

Battery Sharing Service for Electric Motorcycles

Gachaco, Inc., launched by ENEOS and four motorcycle manufacturers in Japan, began offering a battery sharing service for electric motorcycles in October 2022. We are currently considering establishing battery exchange stations at ENEOS service stations.

→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

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

Social

Ensuring Safety / Health Enhancement

Occupational Health and Safety

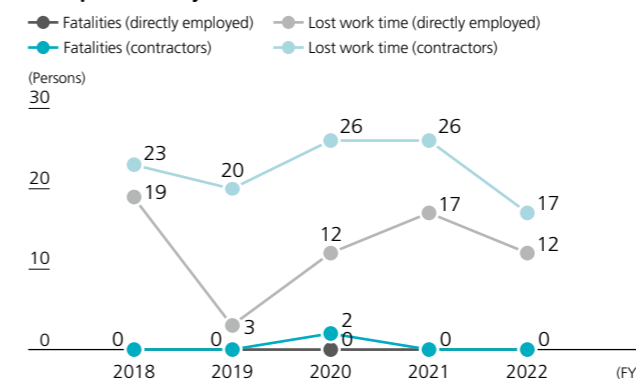
The ENEOS Group prioritizes and is fully committed to ensuring the safety of its workers. We have set material targets for zero serious occupational injuries (occupational fatalities) and TRIR¹ of 1.0 or less, and we implement comprehensive safety activities and safety training for all employees, including those of contractor companies.

In fiscal 2022, we had zero serious occupational injuries (occupational fatalities) and TRIR of 1.0, thus achieving our material targets.

A total of 29 workers sustained lost-work-time occupational injuries in fiscal 2022. While this was a decline from 43 workers in the previous fiscal year, improvement is still needed. As many of these incidents have occurred in the course of work activities, we will enhance our ongoing safety activities to continue reducing lost work time. We also seek to raise safety awareness and prevent accidents outside of work activities, such as moving from one place to another, by sharing situation analysis and cause investigation results for specific incidents.

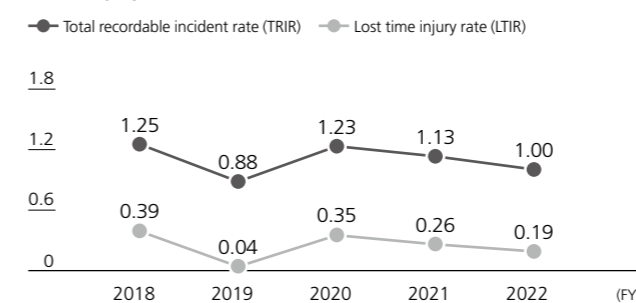
¹ Total recordable incident rate (TRIR) is the number of occupational injuries per one million hours (non-lost-time occupational injuries + lost-time occupational injuries and fatalities)

Occupational Injuries²



² Scope of data: Principal operating companies

TRIR^{3,5} and LTIR^{4,5}



³ Number of non-lost-time occupational injuries, lost-time occupational injuries and fatalities per million hours, excluding heat stroke (first aid)

⁴ Number of lost-time occupational injuries and fatalities per million hours

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

Example of Activities

Using AI to Ensure Safety While Walking

In fiscal 2022, ENEOS introduced an AI-driven program for analyzing walking motion as a way to improve movement safety. The program uses a special device to measure a person's walking speed, stride length, center of gravity, and other elements to determine the level of safety in the walking motion. The program then uses the results to provide suggestions for exercises or other ways to improve safety while walking.

→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

 ESG Data Book—Safety
<https://www.hd.eneos.co.jp/english/esgdb/social/safety.html>

Enhancing Employee Health

The Group believes that focusing on the health of our employees and their families results in a vibrant, productive workforce, bringing vitality to our organization. This in turn is the driving force for the achievement of our growth strategies and the source of our competitiveness. Accordingly, we have stipulated health enhancement as a standard in the Group Code of Conduct and are promoting health management to contribute to employees' personal health management and improvement.

Fiscal 2022 Health Management Results

In addition to providing regular health checkups for all of its employees, both in Japan and overseas, the ENEOS Group⁶ provides support for preventing lifestyle-related diseases and for increasing the cancer screening rate for employees⁷.

In fiscal 2022, we maintained a 100% participation rate in the regular health checkups. While the cancer screening rate of 69.8% was 0.2 percentage points short of the target, it improved by 3.4 percentage points over the previous fiscal year.

⁶ Data from ENEOS Holdings and principal operating companies

⁷ Subsidies and fees for physical exams as part of regular health screenings

Setting New Health Management Indicators

We have set two new indicators for our health management targets for fiscal 2023: the percentage of employees with a healthy weight (BMI) and the percentage of employees who smoke cigarettes.

We use BMI as an indicator for the prevention of diseases. A BMI above 25 can more than double the risk of lifestyle-related diseases. We have set a target to maintain the percentage of employees with a healthy weight (BMI under 25) at 70% or more, and we are supporting their efforts by providing guidance on health issues following regular health checkups.

We use the percentage of employees who smoke cigarettes as an indicator for our ongoing efforts to completely eliminate the risks from passive smoking. We aim to reduce the number of smokers by at least 1.0% each year, ultimately reducing the smoking rate to 20% or less.

→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

 ESG Data Book—Health
<https://www.hd.eneos.co.jp/english/esgdb/social/health.html>

Social

Respect for Human Rights

Basic Approach to Human Rights

As a corporate group with global business operations, the Group believes that an important element in striving for sustainable development is respect for the human rights of all stakeholders, including employees. Based on this belief, we have stipulated basic principles on human rights in the ENEOS Group Code of Conduct, and we have supplemented these principles with our Human Rights Policy. We support international norms such as the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization (ILO) Core Labour Standards and Declaration on Fundamental Principles and Rights at Work.

We conduct our business activities with respect for the human rights not only of our employees, but of all stakeholders, including our suppliers, customers, business partners, and members of local communities.

Internal Structure for Business and Human Rights

The Group has three mechanisms for comprehensively identifying and addressing human rights risks: human rights due diligence, CSR procurement surveys in the supply chain, and a response flowchart for suspected human rights violations.

The Corporate Planning Department and Human Resources Department are taking the lead in strengthening human rights initiatives across the Group based on third-party opinions received from human rights due diligence and assessments by the Corporate Human Rights Benchmark.

Human Rights Due Diligence

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

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

Human Rights Risks to Be Addressed (Identified in Fiscal 2021)

- 1) Latent human rights risks concerning technical intern trainees in the supply chain
- 2) Insufficient right to access to remedies at suppliers

Human Rights Risk Response Measures and Initiatives

1) Conduct survey of technical intern trainees and formulate responses

The fiscal 2022 CSR procurement survey included indicating the presence of foreign technical intern trainees. For suppliers who indicated the presence of foreign trainees, we will conduct surveys of the actual conditions and if the results indicate any potential human rights risks, we will follow up with on-site audits and other measures.

2) Expand grievance mechanisms

In fiscal 2022, we established human rights consultation contact points for suppliers.

If a human rights violation occurs in the course of our business activities, we will take corrective steps and promptly implement remedy measures pursuant to laws and regulations and following the instructions of the relevant authorities, while also working to prevent recurrence.

Future Plan

In fiscal 2023, we plan to conduct the third round of human rights due diligence, which will incorporate third-party opinions, as we seek to identify potential human rights risks in the value chains of our main businesses.

The Group has asked an international human rights NGO to conduct desk research for third-party verification of its human rights risk assessments. As in fiscal 2021, we plan to receive third-party verification of our third round of human rights due diligence, which we will conduct in fiscal 2023.

We will continue our pursuit of more highly effective human rights due diligence through efforts such as identifying high-risk countries and businesses, for which we will prioritize human rights due diligence.

CSR Procurement Surveys in the Supply Chain

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

To date, our CSR procurement surveys have targeted primary suppliers. Going forward, we will transition to a mechanism for selecting suppliers in terms of importance to our business and ESG risks. We also plan to develop a mechanism for even more effective identification and response to human rights risks through such means as positioning the CSR procurement survey as part of our broader human rights due diligence and subsequently enhancing the human rights risk survey process.

In addition to these initiatives, the JX Metals Group is taking measures against conflict minerals.

→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

 [ESG Data Book—Supply Chain Management](https://www.hd.eneos.co.jp/english/esgdb/social/supply_chain.html)

Response to Suspected Negative Impacts on Human Rights

In fiscal 2021, upon the directive of the Board of Directors, we developed the Human Rights Response Flowchart to facilitate timely identification and analysis of and measures to avoid and mitigate the impact of human rights violations involving the Group. The flowchart was formulated in accordance with the human rights due diligence framework of the UNGP with the main objective of determining responses in terms of the impacts of our business operations on human rights violations committed by third parties.

We will continue to use the flowchart to determine appropriate responses whenever human rights risks are detected, and we will report to the Board of Directors on the status of those responses twice a year.

Overview of Human Rights Response Flowchart

- **Identification of human rights risks**
Use desktop research, media reports, external findings, engagement with outside parties, etc., to determine whether there are any human rights violations by third parties and complicity in such violations
- **Examination of response measures**
In the event of complicity in human rights violations, consider urging the party to remedy the situation or terminating the business relationship

- **JX Nippon Oil & Gas Exploration completed the withdrawal from the Yetagun gas field project in the Republic of the Union of Myanmar**

Upon careful consideration and discussion of the situation in the country, including its response to social issues, and project economics based on evaluation of the gas field, the company decided to withdraw from the project in April 2022. The withdrawal process was initiated and subsequently completed with approval of the Myanmar government in April 2023.

Consultation Contact Points (Remedy Measures)

If it is confirmed that human rights have been impacted in our business activities, the Group will provide remedy to the affected parties in accordance with the ENEOS Group Code of Conduct and Human Rights Policy.

The Group has established compliance hotlines (see page 78), human rights/harassment consultation contact points, and supplier-related human rights contact points as internal contact points for consultation and reporting of issues, including human rights violations. These contact points accept anonymous reports and provide consultation on issues ranging from human rights issues that may occur in the course of day-to-day operations to serious human rights violations.

Persons who contact the contact points are not in any way subjected to unfavorable treatment for seeking consultation or making reports. Retaliation against persons who make reports is strictly prohibited, and their privacy is rigorously protected.

Employees who report matters to compliance hotlines and the human rights/harassment consultation contact points are not restricted from seeking remediation outside the company for those matters. Therefore, employees are also free to seek other remedies using the legal systems of their respective countries (Whistleblower Protection Act, etc.).


Raising Awareness of Human Rights through Training and e-Learning

All Group companies seek to raise awareness of human rights and prevent human rights violations in the workplace by providing human rights awareness training and e-learning for all officers and employees. The training promotes understanding of human rights violation risks specified in the National Action Plan on Business and Human Rights (2020-2025).

In fiscal 2022, we decided to conduct regular training sessions for appointed directors to ensure that they maintain respect for human rights and thorough human rights compliance, as well as human rights awareness.

In April 2023, we conducted training sessions led by lawyers and other presenters for officers of the Company and our principal operating companies.

→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

 [ESG Data Book—Human Rights](https://www.hd.eneos.co.jp/english/esgdb/social/rights.html)

Social

Retaining and Developing Human Resources

Basic Approach to Human Resource Development

The Group believes that an important challenge in the achievement of our growth strategy in a rapidly changing business environment is the development of creative, innovative human resources who can take on challenges on a global scale. In accordance with this approach, we have set out basic principles on human resource development in the Group Code of Conduct and the Group Basic Policy on Human Resources Development, and we have established consistent systems for each phase of human resource development, including hiring, assignment, evaluation, promotion, and training.

In addition, each Group company pursues human resource development in accordance with its own business policies based on the Group Code of Conduct and the Group Basic Policy on Human Resources Development.

During the period of the third Medium-Term Management Plan, we will work toward the realization of our Long-Term Vision by focusing on retaining and developing human resources that will contribute to the transformation and improvement of our base businesses and drive the development of new businesses.

Number of Hours of Training in Fiscal 2022⁸

Total training hours	Training hours per employee
67,003	5.8

⁸ Number of hours of internal group training and external training organized by the human resources departments of ENEOS Holdings and its principal operating companies, aggregated for each employer

ENEOS Group Basic Policy on Human Resources Development

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

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

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

We maintain various functions and roles based on the business format and organization of the company. Each of these is indispensable to the operations of the company, and we will promote appropriate development efforts to ensure that all employees can contribute to the organization by maximizing their capabilities.

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

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

Example of Activities

Hiring More Experienced Professionals with Wide-Ranging Expertise

One way the Group is seeking to transform its business portfolio is by increasing the hiring of experienced professionals with expertise and knowledge that we currently do not have in-house. We will also increase the number of experienced personnel appointed to managerial positions.

At the end of March 2023, our principal operating companies employed a total of 856 mid-career hires, of which 118 were in managerial positions⁹. At ENEOS, the number of mid-career professional personnel already represents 40% of the number of employees who are university graduates.

⁹ Total of ENEOS, JX Nippon Oil & Gas Exploration, and JX Metals. All figures represent mid-career employees and managers hired since fiscal 2017.

Example of Activities

Introducing Training Assignments at Venture Companies

In fiscal 2023, we introduced a program at ENEOS to dispatch internally selected employees on one-year training assignments to venture companies as a way to develop human resources for new and growth businesses. The program is designed to foster human resources with practical experience starting up venture businesses so they can be powerful contributors when the Company is creating new businesses.

Developing Management Resources

With an eye on the future direction of its companies, the ENEOS Group must work to more systematically and strategically develop management resources as the future leaders of the Group in order to respond to the rapid changes expected to take place in the management environment going forward.

The Company and its principal operating companies are working on the development of these management resources as a common challenge facing the Group. We will work together to identify, at an early stage, employees qualified for management positions and provide comprehensive training to draw out their full potential as future senior executives.

Workflow for the Selection and Development of Management Resources at ENEOS



→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

ESG Data Book—Human Resource Development <https://www.hd.eneos.co.jp/english/esgdb/social/development.html>

Diversity, Equity & Inclusion

Basic Approach to Diversity

The Group has clearly stated its basic approach that promoting diversity, equity, and inclusion leads to the creation of new value throughout the organization and the growth of the Group. In order to ensure that our diverse workforce can work with vigor and maximize their talents, we are promoting the advancement of female employees, employees with disabilities, and sexual minorities, implementing workstyle reforms, and expanding support systems to enable employees to balance work with childcare, family care, and medical conditions. In addition, we strive to further establish diversity, equity and inclusion in the Group through internal training for all employees, including officers.

Advancement of Women in the Workplace

To support the career planning and growth of our female employees, the Group is working to reform individual workstyles and awareness, and is developing and expanding systems for all employees. Group companies also have their own action plans for the advancement of women in the workplace based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We have also set numerical targets for the hiring percentage of female university graduates and the number of female employees promoted to managerial positions, and we implement various measures to promote the active participation and career advancement of female employees.

Promoting Female Employees to Managerial Positions

ENEOS had 24 women in positions of group manager or above in fiscal 2019, and worked to promote women to leadership positions with a target of at least doubling that number by April 2023. As of April 2023, the number of women in leadership positions was 118, and of these, the number of female managers was 51 (two executive officers, two department general managers or equivalent, nine department deputy general managers or equivalent, and 38 group managers or equivalent). The company aims to have 100 female managers (group manager or above) by April 2026.

JX Nippon Oil & Gas Exploration aims to have at least 10 women in leadership positions in fiscal 2023. As of April 2023, 10 women held leadership positions.

JX Metals was aiming to increase the number of women in leadership positions to at least 24 from April 2021 to April 2023, but as of April 2023 had only 21. From fiscal 2023, the company will work to increase the number of women in leadership positions to at least 30 by the end of March 2026.

Employment Status of Female Employees¹⁰ (As of March 31, 2023)

Category	Number of female employees	Percentage of total
Newly hired employees	145	22.2%
Employees	1,547	13.8%
Leadership positions	152	5.3%
Directors ¹¹	3	18.8%
Average years of service for female employees	15.6 years (Difference in average years of service between male and female employees: 2.5 years)	

¹⁰ Data on number of female directors is from ENEOS Holdings; other data is for ENEOS Holdings and principal operating companies (regular employees).

¹¹ Data on number of female directors is as of June 28, 2023.

Promoting Career Opportunities for Employees with Disabilities

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

At the end of fiscal 2022, the percentage of employees with disabilities was 2.44%, higher than the legal requirement of 2.3%. Looking ahead, we will continue our efforts to hire and enhance our support structure for people with disabilities. In addition, we are a signatory and participant in The Valuable 500, an international initiative that supports the advancement of people with disabilities.

Promoting the Active Participation of Senior Employees

Senior personnel with a wealth of knowledge and experience are invaluable resources for transforming and improving our base businesses. Retaining human resources is becoming increasingly critical, and as part of these efforts we have developed a system that enables more active participation by senior employees.

ENEOS ensures appropriate treatment of employees rehired after mandatory retirement through a system in which ranking (grade) and salary are based on the magnitude of the role they play in our operations. We expect many of these rehired retirees to fulfill roles equivalent to those of the current generation of managers, and have accordingly established a new role grade equivalent to the manager level.

JX Nippon Oil & Gas Exploration has applied the same system as the one for its current employees, which has eliminated imbalances in job responsibilities and treatment.

JX Metals raised the mandatory retirement age from 60 to 65 and applies the same salary increases and promotion system for rehired retirees as it does for general employees.

→ See the ENEOS Report: ESG Data Book 2023 (available on our website in January 2024) for further details.

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

Corporate Governance

Basic Approach and Framework

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

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


Basic Policy on Corporate Governance

To achieve sustainable growth and increase the corporate value of the Group over the medium to long term, the Company established the Basic Policy on Corporate Governance of ENEOS Group with the objective of establishing and operating

a corporate governance framework for the conduct of transparent, fair, timely, and decisive decision-making in the Group's management.

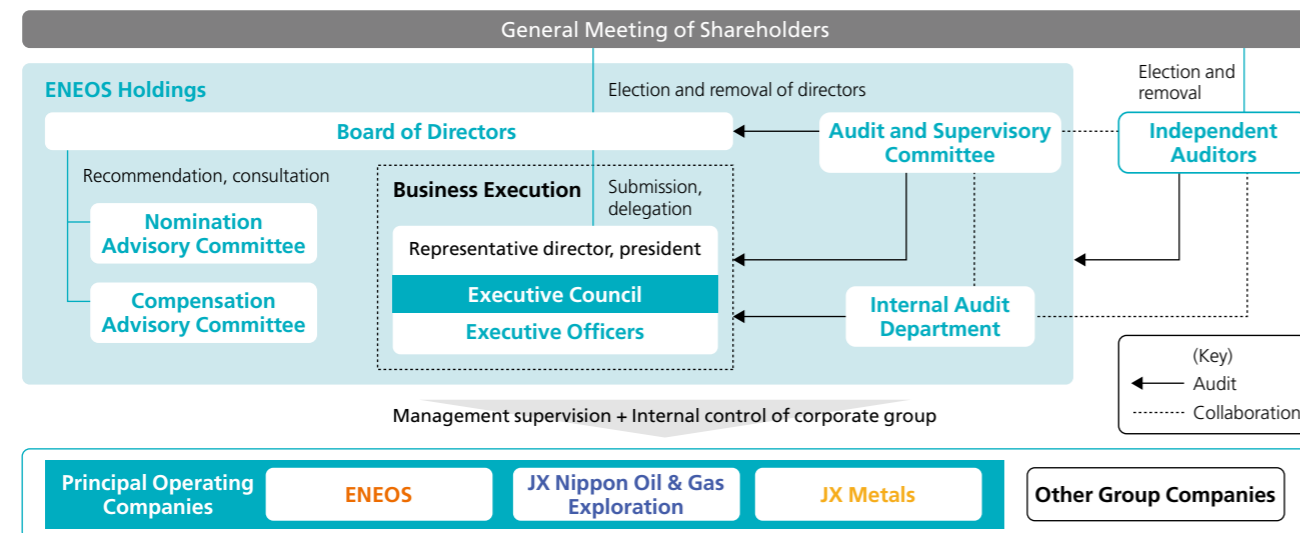
The policy describes systematically and comprehensively the Group's basic approach to corporate governance as well as its establishment and operation, taking into consideration the Corporate Governance Code established by the Tokyo Stock Exchange.

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

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

 **Corporate Governance Report (Available in Japanese only)**
https://www.hd.eneos.co.jp/esgdb/pdf/system_governance_report.pdf

Corporate Governance Framework



Corporate Governance Framework at a Glance (As of June 28, 2023)

Item	Details
Organization format	Company with an audit and supervisory committee
Number of directors who are not Audit and Supervisory Committee members ¹	11 (8 inside, 3 outside)
Number of directors who are Audit and Supervisory Committee members ¹	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%
Chairman of the Board of Directors	Director, Chairman of the Board (Non-executive director with no rights of representation)

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

¹ At the most recent General Meeting of Shareholders (13th Ordinary General Meeting of Shareholders), no directors received 10% or more opposing votes.

Overview of the Nomination Advisory Committee and Compensation Advisory Committee and Fiscal 2022 Results

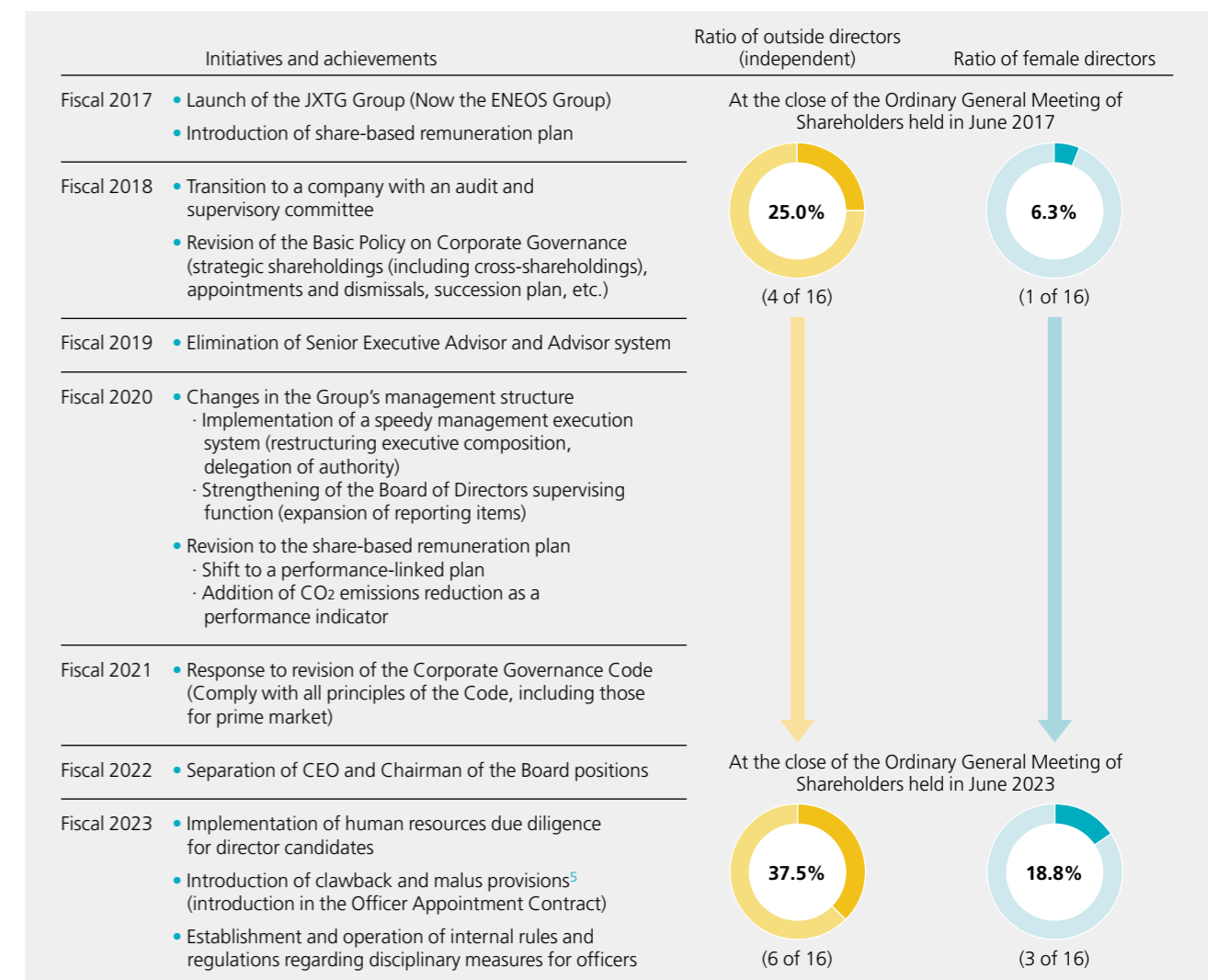
	Nomination Advisory Committee	Compensation Advisory Committee
Overview	To ensure the transparency of the process for determining the director candidates of the Company, the Nomination Advisory Committee, the majority of whose members are independent outside directors, has been established to provide advice to the Board of Directors about personnel matters involving the Company's directors (including appointment and dismissal). The Nomination Advisory Committee is composed of five directors, three of whom are outside directors ^{2,3} , and one of the outside directors on the committee acts as chairperson. The Company's Board of Directors receives advice from the Nomination Advisory Committee regarding succession planning for the Company's chairperson of the Board and president and for the presidents of the principal operating companies.	To ensure the transparency and objectivity of the process for determining the remuneration and other benefits for directors and executive officers, the Compensation Advisory Committee, the majority of whose members are independent outside directors, has been established to provide advice to the Board of Directors. The Compensation Advisory Committee is composed of five directors, three of whom are outside directors ^{2,3} , and one of the outside directors on the committee acts as chairperson. The Board of Directors requests the Compensation Advisory Committee to advise on policies for determining remuneration and other benefits for directors and executive officers, as well as the executive remuneration plan and remuneration amount.
Chairperson	Outside director (Kudo Yasumi) ⁴	Outside director (Kudo Yasumi) ⁴
Purpose	Ensure the transparency of the process for determining director candidates	Ensure the transparency and objectivity of the process for determining the remuneration and other benefits for directors and executive officers
Results for fiscal 2022	The committee met seven times and deliberated on matters including the ideal attributes of representative directors and Group CEO and the appropriateness of the succession plan.	The committee met six times and deliberated on matters including the appropriateness of the executive remuneration plan and the non-payment of executive remuneration.

² Composition of the Nomination Advisory Committee and the Compensation Advisory Committee as of June 28, 2023

³ To ensure constructive discussion between outside directors, who supervise management from an independent and objective perspective, and inside directors, who have the greatest familiarity with the status of management, etc. in the Group, the Nomination Advisory Committee and the Compensation Advisory Committee are each comprised of three outside directors, the chairperson of the Board, and the representative director, president.

⁴ For director profiles, see pages 79 to 82.

Strengthening Corporate Governance



⁵ Clawback provision: A clause requiring the return of all or part of officer remuneration after payment in the event of a material compliance violation
 Malus provision: A clause preventing the vesting of all or part of officer remuneration before payment in the event of a material compliance violation

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

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

In December 2022 and January 2023, the Board of Directors surveyed all directors, including outside directors, to evaluate the Board's effectiveness in fiscal 2022. To ensure objectivity and transparency in the evaluation process, in fiscal 2022 we also engaged external organizations in the process to assist with in-depth evaluations of the following items. The results of the evaluation and analysis were reported at the Board of Directors meeting on April 20, 2023.

Evaluation Items

1. Composition and operation of the Board of Directors
2. Role of the Board of Directors
 - Presentation of major directions, such as corporate strategies
 - Establishment of a supportive environment for appropriate risk-taking by management
 - Highly effective supervision from an independent standpoint
3. Dialogue with shareholders

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

The results also indicated areas with relatively low evaluations and areas where further improvement is needed. We are accordingly working toward implementation of the following.

1. Introduction of human resources due diligence and rules and regulations regarding disciplinary measures for officers and officer candidates, and ensuring objectivity and transparency in the processes for appointing and dismissing officers
2. Further improvement the leadership role of the board chair to stimulate more active discussion
3. Discussion of the Group's overall management strategy under the new Group management structure beginning in fiscal 2024

The following initiatives were implemented to "further strengthen the oversight function" and "raise the quality of discussions and explanations by the Board of Directors," which were identified as issues to address in the fiscal 2021 Board of

Directors effectiveness evaluation.

1. Provided multiple opportunities to discuss the third Medium-Term Management Plan and ensured sufficient time for deliberation of various measures, including for decarbonization
2. Reported on the progress of major investment projects during the post-merger integration (PMI)⁶ in business execution status reports and other opportunities
3. Deepened the understanding of the Company by outside directors by providing information on our businesses at meetings of the outside directors and through on-site visits and other means and information relevant to formulation of the Medium-Term Management Plan

In fiscal 2022, we continued our efforts to separate the functions of business management and execution by requiring the appointment of a non-executive director to serve as the chair of the Board of Directors.

In addition, the Company's Audit and Supervisory Committee conducted an evaluation of the effectiveness of the Company's audit activities in fiscal 2022. Issues are communicated among the Audit and Supervisory Committee members and will be reflected in the audit plan for fiscal 2023, as we seek to construct an effective auditing system.

⁶ A process used to integrate two companies after a merger or acquisition

Policy for Appointing Director Candidates

The Board of Directors is composed of an appropriate number of members to enable free and constructive discussion and exchange of opinions, with members appointed in consideration of Board diversity and the knowledge, experience, and abilities of each member. The Company strives to appoint independent outside directors⁷ to at least one-third of director positions. As of June 28, 2023, the percentage of outside independent officers was 37.5%.

To ensure objectivity and fairness in the selection of director candidates, excluding outside director candidates, a third-party entity evaluates the candidates from various perspectives and appropriate considerations (human resources due diligence). Prior to appointment, the Nomination Advisory Committee deliberates the evaluation results and reports to the Board of Directors.

As for directors who are not Audit and Supervisory

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

As for directors who are Audit and Supervisory Committee members, the Company appoints persons with high standards of business ethics, a certain level of specialist knowledge in legal affairs, finance and accounting, etc., as well as the ability to appropriately audit the execution of duties by directors and the ability to appropriately supervise the execution of business. The majority of these directors are independent outside directors.

⁷ Outside directors who have satisfied the Company's "Standards for Consideration of Independence of Independent Officers"

Support System for Outside Directors

Each of the three outside directors who are not Audit and Supervisory Committee members and the three outside directors who are Audit and Supervisory Committee members meet the independence standards based on the rules of the Tokyo and Nagoya stock exchanges, on which the Company is listed. The Company sends materials regarding the agenda of meetings of the Board of Directors to the outside directors, in principle, at least three days prior to meetings, and also provides explanations to the outside directors about important agenda items before the meetings. To enhance the auditing function by all Audit and Supervisory Committee members, including outside directors, the Company has established the Office of the Audit and Supervisory Committee, which is clearly independent from the chain of command for divisions responsible for business execution (including personnel evaluations). Full-time staff members have been assigned to the office to assist with the duties of the Audit and Supervisory Committee members. In addition, an organization with full-time staff members has also been established within the Legal and Corporate Affairs Department to assist outside directors who are not Audit and Supervisory Committee members with business execution.

Training for Directors and Corporate Auditors of Principal Operating Companies

The directors of the Company and principal operating

companies and the corporate auditors of principal operating companies have the duty of working toward the realization of the Group Philosophy, the sustainable growth of the Group, and the achievement of increased corporate value over the medium to long term. To that end, to enhance necessary knowledge and skills, the Company and its principal operating companies provide opportunities for directors and corporate auditors to receive training related to the Companies Act, internal control systems, accounting and taxes, business strategies, and organizations. In addition, the Company pays expenses related to self-study initiatives. When outside directors are appointed, the Company provides explanations of basic matters regarding the Group's businesses and, after their appointment, offers business presentations and worksite inspection tours to deepen their understanding.

Determination of Director Remuneration

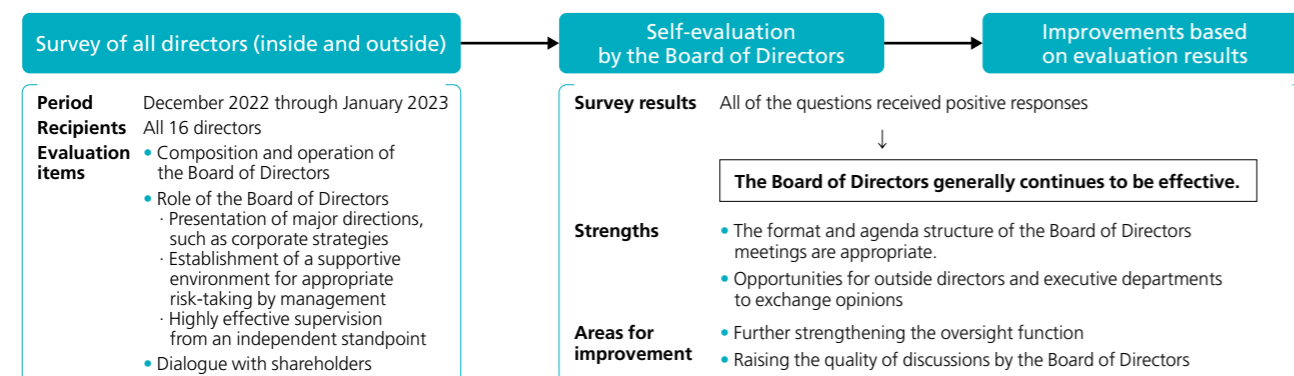
Directors Who Are Not Audit and Supervisory Committee Members (Excluding Outside Directors)

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

1. Remuneration consists of the monthly remuneration, bonus, and share-based remuneration.
2. Remuneration is determined by whether the person belongs to the Company or a principal operating company, whether the person is full-time or part-time, whether the person is a director or executive officer, etc.
3. Bonuses are linked to performance within a fiscal year, and are paid after the given fiscal year.
4. Share-based remuneration is linked to the achievement of the Medium-Term Management Plan, etc., and is paid after a certain duration from the end of the fiscal year in which the duties have been executed and after the given medium-term management plan has been completed.
5. The consolidated business results, remuneration levels of executives in other companies, composition ratio, etc. are taken into consideration when determining the remuneration level, composition ratio, performance indicators, etc.

Remuneration for directors who are not Audit and Supervisory Committee members (excluding outside directors) is

Process for Evaluation of Effectiveness



Training Results and Plan for Directors and Auditors of Principal Operating Companies

Topic	Intended for	Fiscal year	Content of training
Respect for human rights, compliance	Inside directors	2023	Group Philosophy and Code of Conduct, prevention of human rights violations and harassment, etc.
Companies Act, compliance, corporate governance	Newly appointed directors	2022 2023 (Planned)	ENEOS Group management structure, compliance, corporate governance
Internal control	Newly appointed directors	2022 2023 (Planned)	ENEOS Group internal control systems
Finance and investor relations	Newly appointed directors	2022 2023 (Planned)	Current status and issues regarding ENEOS Holdings' financial affairs, opinions of institutional investors, etc.
ENEOS Holdings and principal operating companies	Newly appointed directors (outside directors)	2022 2023 (Planned)	Basic knowledge about ENEOS Holdings and its operating companies: ENEOS, JX Nippon Oil & Gas Exploration, and JX Metals
Worksite inspection tours	Outside directors	2022 2023 (Planned)	(ENEOS) Oita Refinery, etc. (JX Metals) Hitachi Works, Isohara Works, Saganoseki Smelter & Refinery, etc. (ENEOS) Kashima Refinery, etc. (JX Nippon Oil & Gas Exploration) Nakajo Field Office

Corporate Governance

designed to be around 50% of the total for monthly remuneration, around 30% of the total for bonuses, and around 20% of the total for share-based remuneration when the performance targets, etc. are achieved. In addition, starting April 1, 2023, the Company may request that remuneration and other compensation be returned and/or forfeited in accordance with the provisions of the Officer Appointment Contract and rules and regulations regarding disciplinary measures for officers. The maximum amount of the remuneration and compensation subject to return and/or forfeit is the total amount for four fiscal years.

Outside Directors Who Are Not Audit and Supervisory Committee Members

The policy on remuneration for individual outside directors who are not Audit and Supervisory Committee members is to provide a monthly remuneration only in consideration of their roles of providing guidance and advice to Company management and supervising management from an independent and objective perspective.

The policy on remuneration for individual directors who are not Audit and Supervisory Committee members of the Company is determined by resolution of the Board of Directors after deliberation and recommendation by the Compensation

Advisory Committee, which consists of a majority of outside directors and is chaired by an outside director. The Board of Directors allows the Audit and Supervisory Committee to select one member to attend meetings of the Compensation Advisory Committee so that the Audit and Supervisory Committee may adequately exercise the right to state opinions related to the remuneration of directors who are not Audit and Supervisory Committee members at General Meetings of Shareholders.

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

Remuneration for directors who are Audit and Supervisory Committee members consists of a monthly remuneration only in consideration of the independence of their roles based on discussions among directors who are Audit and Supervisory Committee members. The parameters of the remuneration are shown in the following table.

Matters Concerning Bonuses

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

remuneration by the base number of months (8 months) and the percentage of target achieved.

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

The fiscal 2022 performance target for the bonus calculation process was set based on the fiscal 2022 results forecast (disclosed in May 2022), and the resulting percentage of target achieved was 61%. The results of each performance indicator to calculate the percentage of target achieved are as follows.

Matters Concerning Share-based Remuneration

Share-based remuneration is linked to performance over three successive fiscal years and can fluctuate between 0% and 200% (target: 100%) depending on the level of achievement of the performance targets. The share delivery points (one share per point) are determined by multiplying the standard points,

awarded according to the eligible person's role, by the performance-linked coefficient. Eligible persons, in principle, shall receive the Company's shares through the trust established by the Company, according to the share delivery points, after the elapse of three years from the award of standard points for each year.

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

Each performance target is set based on the second Medium-Term Management Plan and the second Medium-Term Environmental Management Plan. The performance-linked coefficient based on the achievement rate was 68%. The results for each performance indicator, which are used to calculate the percentage of target achieved, are as follows.

The Company has set performance indicators for the achievement of the third Medium-Term Management Plan and will continue this system in fiscal 2023 and beyond.

Upper Limit of Remunerations for Directors

Category	Type	Upper limit of remuneration	Resolution of the General Meeting of Shareholders (GMS)	Number of receivers (Persons)
Directors who are not Audit and Supervisory Committee members	Monthly remuneration and bonuses	No more than 1,100 million yen per one (1) fiscal year (of which no more than 200 million yen is allocated to outside directors who are not Audit and Supervisory Committee members)	The 8th ordinary GMS (June 27, 2018)	13
	Share-based remuneration	In every three (3) fiscal years, • the upper limit the Company put in on reserve for trust: 1,500 million yen • the upper limit of the number of shares given to eligible persons: 6 million shares (6 million points) * (Including those to be awarded to executive officers who are not directors)	The 10th ordinary GMS (June 25, 2020)	6
Directors who are Audit and Supervisory Committee members	Monthly remuneration	No more than 200 million yen per one (1) fiscal year	The 8th ordinary GMS (June 27, 2018)	5

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

Remunerations for Directors (Fiscal 2022)

Category	Total amount (Million yen)	Details of remuneration		Number of receivers (Persons)	Details of remuneration		Number of receivers (Persons)
		Monthly remuneration (Million yen)	Number of receivers (Persons)		Bonuses (Million yen)	Share-based remuneration (Million yen)	
Directors who are not Audit and Supervisory Committee members (Outside directors)	626 (51)	468 (51)	16 (4)	101 (-)	58 (-)	7 (-)	
Directors who are Audit and Supervisory Committee members (Outside directors)	116 (48)	116 (48)	5 (3)	- (-)	- (-)	- (-)	
Total (Outside directors)	742 (99)	584 (99)	21 (7)	101 (-)	58 (-)	7 (-)	

Notes:

- The information in the table includes the amount of remunerations for four (4) directors who are not Audit and Supervisory Committee members (including one [1] outside director who is not an Audit and Supervisory Committee member who retired upon the conclusion of the 12th Ordinary General Meeting of Shareholders held on June 28, 2022) and one (1) director who was not an Audit and Supervisory Committee member who resigned on August 12, 2022.
- Includes the amount of bonuses received for fiscal 2022 after the conclusion of the 13th Ordinary General Meeting of Shareholders.
- The Company had requested the refund of the monthly remuneration paid for July and August 2022 (total of 12 million yen) to the director who was not an Audit and Supervisory Committee member and who resigned on August 12, 2022, and has received a full refund from the said director who was not an Audit and Supervisory Committee member. The amount of monthly remuneration that was returned is included in the table above.
- Regarding the remuneration, etc. of the director who was not an Audit and Supervisory Committee member and who resigned on August 12, 2022, the Board of Directors decided to confiscate the bonuses for fiscal 2022 (equivalent to 12 million yen) and share-based remuneration for fiscal 2020 to fiscal 2022 (equivalent to 36 million yen). Of these, bonuses and share-based remuneration for fiscal 2022 are not included in the table above, but share-based remuneration for fiscal 2020 and fiscal 2021 (equivalent to 53 million yen) is included in the disclosures of previous fiscal years.
- Bonuses and share-based remuneration are applicable to performance-linked remunerations. In addition, share-based remuneration is applicable to non-monetary remunerations.
- The share-based remuneration amounts indicated in the table are the average price per share of the Company purchased through the trust that the Company established, multiplied by the number of standard points awarded to the director in the fiscal year and the performance-linked coefficient.

Results for Each Performance Indicator for Bonuses

Performance indicators	Weight	Results in FY2022
Profit attributable to owners of parent	25%	143,800 million yen
Consolidated operating profit after adjustment	25%	331,300 million yen
Operating profit of the Energy business	25%	51,000 million yen
Operating profit of the Energy business after adjustment	25%	7,600 million yen

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

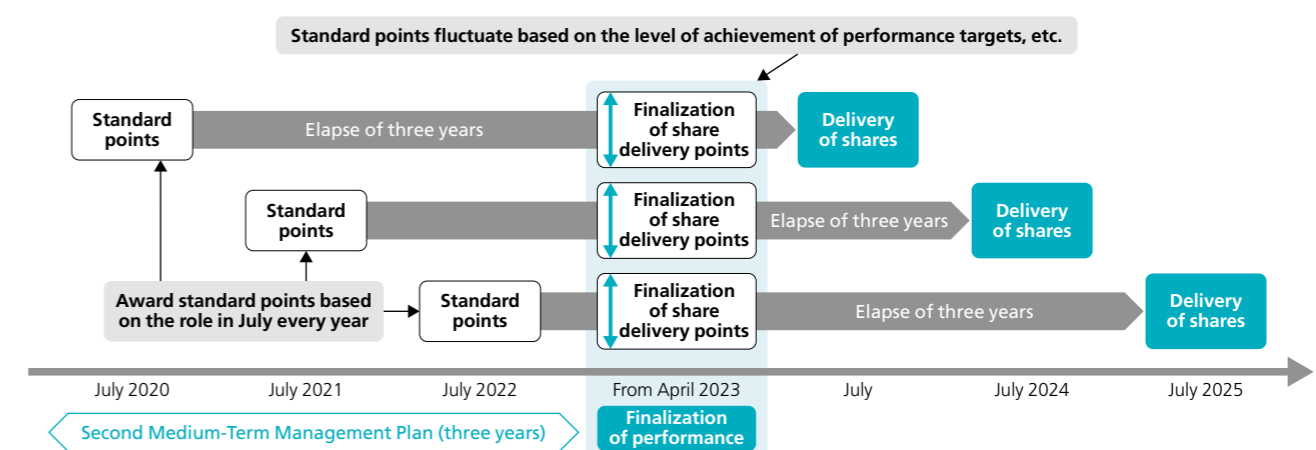
Results for Each Performance Indicator for Share-based Remuneration

Performance indicators	Weight	Results in FY2022
Operating profit excluding inventory valuation	20%	877,600 million yen (consolidated)
		205,800 million yen (Energy business)
Free cash flow	20%	(231,700) million yen (consolidated)
		(636,400) million yen (Energy business)
Net D/E ratio	20%	0.76 times
ROE	20%	5%
Total return ratio	10%	66%
Reduction of CO ₂ emissions	10%	4.30 million tons (consolidated)
		3.99 million tons (Energy business)

Notes:

- Operating profit excluding inventory valuation, free cash flow, and reduction of CO₂ emissions reflect the consolidated results and the results of the Energy business, with a weight of 50% each.
- The percentages achieved for operating income excluding inventory valuation, free cash flow, and total return ratio are calculated using the accumulated results from fiscal 2020 to fiscal 2022.
- The percentages achieved for net D/E ratio and ROE are calculated using the results for fiscal 2022.
- The percentage achieved for reduction of CO₂ emissions is calculated using the results for fiscal 2022 (compared to fiscal 2009).
- The amount of stock compensation for fiscal 2020 and fiscal 2021 was based on the assumption that the performance-linked coefficient was 100% as per the prior fiscal year disclosures. With the confirmation of the achievement rate of performance targets, etc., the amount will decrease by approximately 32%.

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



Corporate Governance

Governance of Listed Subsidiaries

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

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

(1) Exercise of Appointment Authority

- A. More than one-third of directors shall be independent outside directors. If difficult to immediately put into effect, a mechanism will be introduced for a committee made up primarily of independent outside directors to discuss and consider important business transactions involving conflict of interest.
- B. Prerequisites for Independent Outside Directors
 - i. Strong professional ethics, excellent strategic thinking and judgment, flexibility to change, and the ability to make decisions and supervise the management of a listed subsidiary
 - ii. Not employed by a company in the ENEOS Group within the past 10 years
 - iii. Ability to contribute to raising the corporate value of the listed subsidiary, taking into account the protection of the common interests of shareholders, including general shareholders, from an independent perspective

(2) Exercise of Dismissal Authority

- Voting rights shall be exercised to dismiss an independent outside director if any of the following conditions occur and in accordance with the decision of the Board of Directors of the relevant listed subsidiary.
- i. A serious violation of laws or regulations that materially damages the reputation of the ENEOS Group or a listed subsidiary group
 - ii. Malicious intent or gross negligence in the execution of duties that causes significant damage to the ENEOS Group or a listed subsidiary group
 - iii. Actions that cause significant damage to the interests of general shareholders

Policy on Strategic Shareholdings

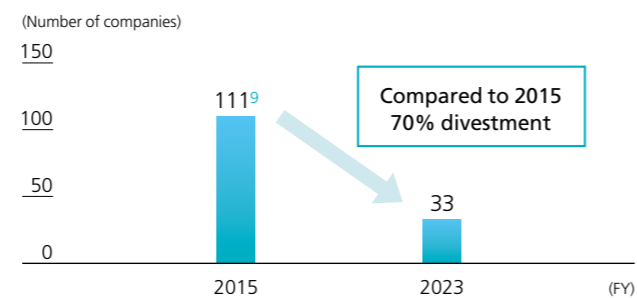
In accordance with the Basic Policy on Corporate Governance of ENEOS Group, in principle, the Company shall not hold shares in listed companies. As an exception, the Company may hold shares in listed companies as strategic shareholdings, as described below.

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

The Company has divested 70% of its strategic shareholdings since the above policy was adopted in November 2015. In fiscal 2022, the Company sold shares (valued at 33,277 million yen)⁸ of six companies and did not acquire any new strategic shareholdings.

⁸ Includes partial divestment of shareholdings, excludes shares sold within the Group

Strategic Shareholdings



⁹ Following the privatization of NIPPPO, shareholdings in the company have been excluded from the cross-shareholdings total.

Method of Verifying the Rationality of Possession

With respect to exceptionally holding strategic shareholdings, the Company shall periodically assess whether or not to hold each individual strategic shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital at the Board meeting of the Company.

Board of Directors Verification of the Appropriateness of Individual Strategic Shareholdings

The Company assessed whether or not to hold each individual strategic shareholding, specifically examining whether the purpose is appropriate and whether the benefits (transactional profits, dividends, benefits difficult to quantify) and risks from each holding cover the company's cost of capital at the Board meeting of the Company in November 2022.

Risk Management

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

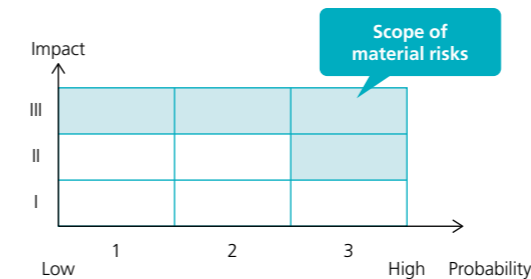
Enterprise Risk Management (ERM)

The Company has developed and operates a risk management system to identify and analyze Group management risks and ensure appropriate responses.

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

The Group's principal operating companies—ENEOS, JX Nippon Oil & Gas Exploration and JX Metals—maintain and operate their own risk management systems, which are tailored to their specific business content and characteristics. The departments in charge of risk management at the Company

Risk Assessment Matrix



Impact

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

Probability and Urgency

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

and the principal operating companies cooperate and share risk information with each other. If a company identifies, through its risk management process, a risk that could significantly impact the management of the Group, ENEOS Holdings and the company work together to respond to the risk.

Internal Control

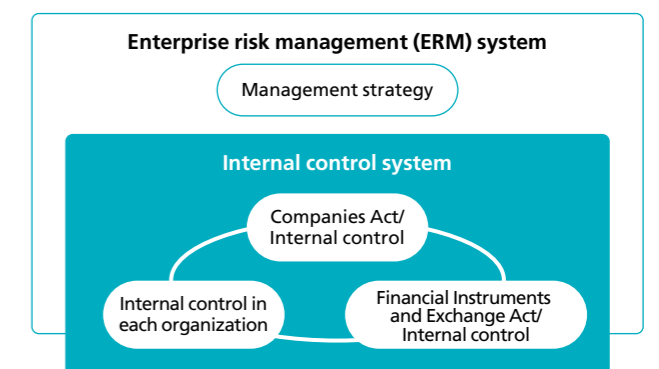
The Internal Control Department has developed and operates the internal control system for the ENEOS Group. The system links the internal controls stipulated in the Companies Act and the Financial Instruments and Exchange Act, and the internal controls of each Group organization. As part of this system, the Group has formulated internal controls based on the COSO Framework¹⁰ for independent management by each organization. Introduction of the internal controls has been completed for the Company and Group companies.

In fiscal 2023, we are conducting internal control and risk management activities in preparation for the changes to the Group management structure stipulated in the third Medium-Term Management Plan. We are also utilizing information technology to improve the effectiveness and efficiency of the internal control system.

¹⁰ 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.

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

Internal Control System



Comprehensive Internal Control Structure

The Company has established the ENEOS Group Internal Control and Compliance Committee, chaired by the officer responsible for the Internal Control Department and the Legal & Corporate Affairs Department. The committee works to continuously improve the internal control system for the Group.

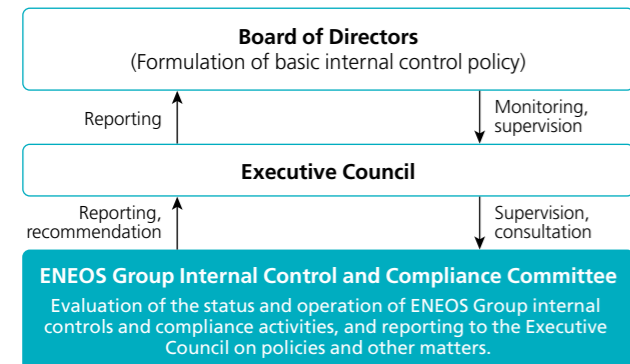
The committee confirms and evaluates the status and operation of the internal control system twice a year, in principle, and reports its findings to the Executive Council.

Every April, the committee reports to the Board of Directors on the status and operation of the internal control system and on specific points of policies for initiatives for the fiscal year. The Board of Directors appropriately monitors and supervises the internal control system for the Group and fulfills its duty of

Corporate Governance

accountability by providing an overview of the operation status in the Business Report section of the Convocation Notice of the General Meeting of Shareholders.

Comprehensive Internal Control and Compliance Structure



Risk Assessment of Business Activities

The Group has internal rules and regulations for addressing the risks in its business activities. For the screening of new investments, in addition to country risks and foreign exchange rate risks, we analyze and evaluate ESG-related risks and take appropriate actions when necessary.

In addition, when reviewing proposed major investments, we perform screenings based on the stage-gate system. The process from initial examination to execution of an investment project is divided into multiple stages of examination, and deliberations are conducted at each stage. During the deliberations, we clarify various risks, using sensitivity analysis, case analysis, and other means, and work to minimize these risks.

For important investments, follow-up is carried out after a certain period of time to clarify impacts on the initial outlook caused by environmental changes or other factors and to determine whether to continue with the project.

Crisis Management

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

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

With the Crisis Management Department as the standing organizational unit in the event of a crisis situation, we maintain a system enabling immediate reporting on conditions and the status of response measures from the site of an incident. Depending on the magnitude of the crisis, we may set up a response headquarters, led by the president, to ensure agile and effective response.

Infectious Disease Prevention Measures

The Group's basic policy is to (1) place the highest priority on respect for human life and make every effort to protect against and prevent the spread of infectious diseases to the Group's officers, employees and their families, and (2) engage all Group companies in maintaining a continuous supply of our products, which support the functioning of society. In the event that management is significantly affected by an infectious disease epidemic, a system is in place to set up a response headquarters, led by the president, to ensure the prompt determination and execution of countermeasures. ENEOS has business continuity plans at its head office, branch offices, refineries, and other sites to ensure that we can fulfill our responsibility of providing a stable supply of petroleum products, even during an epidemic.

During the COVID-19 pandemic, we implemented various safety measures, including requiring masks, thoroughly washing hands, maintaining ventilation, and working from home. These measures remained in effect until May 8, 2023, when the Japanese government reclassified COVID-19 as a Class 5 disease, the same category as seasonal influenza, under the Infectious Diseases Control Law. We will continue monitoring the government's actions and the status of the pandemic and implement any necessary prevention measures.

Information Security and Cybersecurity

The Group works to ensure the proper management and use of corporate and personal information in accordance with its internal rules. Following the leak of personal customer information at ENEOS in fiscal 2021, we carried out a Group-wide inspection of legal compliance focused primarily on the protection of personal information and conducted e-learning training for all ENEOS employees in fiscal 2022.

The Group also maintains a council, chaired by the Company president, that determines and implements cybersecurity measures.

Protection of Intellectual Property

The Group Code of Conduct stipulates items related to intellectual property. ENEOS manages and uses intellectual property appropriately in accordance with internal rules on inventions and devices. Given the importance of intellectual property to our current business strategies, we are working to ensure that the acquisition, protection, and use of intellectual property contribute to our business development.

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. Despite our comprehensive efforts, on June 9, 2023, ENEOS was cited for legal violations and subjected to administrative disciplinary action.

Compliance Violations (Fiscal 2023)

Deficiencies under the High Pressure Gas Safety Act at ENEOS

On June 9, 2023, the Ministry of Economy, Trade and Industry cited deficiencies under the High Pressure Gas Safety Act and revoked certification of ENEOS Corporation as an Accredited Completion Inspection Executor for the Ukishima North Area and Ukishima South Area of the Kawasaki Refinery (including certification of the Ukishima North Area as a Specified Accredited Completion Inspection Executor under the Regulation on Safety of Industrial Complexes). To prevent recurrence of a similar situation, the company is implementing prevention measures, including steps to ensure a high level of safety awareness and strengthen the safety management system. All Group companies are also broadening and strengthening compliance initiatives and working to quickly restore trust in the company.

Internal Control and Compliance Structure

The Internal Control and Compliance Committee has been established under the Executive Council to ensure the implementation of effective and efficient internal control and compliance. The committee, comprising relevant officers and department general managers, regularly confirms the performance of and issues related to the Group's internal control and compliance activities and deliberates policies for future activities (see page 76).

Establishment and Operation of Whistleblower Systems

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

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

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

In fiscal 2022, the Group recorded 227 reports via its whistleblower systems.

Internal Control and Compliance Inspections

We conduct internal control and legal compliance inspections annually as a voluntary initiative at each work site.

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

The Group identified approximately 800 compliance issues, questions, and concerns in fiscal 2022. None of the issues significantly impacted management. The Company resolved 80% of the issues within the fiscal year and is taking steps to promptly address the remaining 20% of unresolved issues.

Compliance Training


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

In fiscal 2022, we conducted company-wide training on compliance, competition laws, anti-bribery, the Act on the Protection of Personal Information, and insider trading regulations, as well as anti-monopoly law training for sales departments to raise employee awareness and prevent violations of laws and regulations in each business.

Competition Law Compliance and Anti-Corruption Initiatives

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

 **Anti-Corruption Policy**
https://www.hd.eneos.co.jp/english/company/policy/anti_corruption.html

 **Competition Law Compliance Policy**
https://www.hd.eneos.co.jp/english/company/policy/competition_law/index.html

Executives / Directors (As of June 28, 2023)

Meeting attendance in fiscal 2022 ■ Board of Directors ■ Audit and Supervisory Committee



Ota Katsuyuki

Director, Chairman of the Board

■ 14/14 (100%)

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



Saito Takeshi

Representative Director, President
Representative Director, President
ENEOS Corporation

■ 14/14 (100%)

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



Inoue Keitaro

Director, Executive Vice President
Assistant to President

■ 11/11 (100%)

- Apr. 1987 Joined Nippon Oil Co., Ltd.
- Apr. 2017 General Manager of Resources & Power, Resources & Power Company of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation)
- Apr. 2019 Executive Officer of JXTG Nippon Oil & Energy Corporation (General Manager of Company Planning & Management Dept., Resources & Power Company)
- Apr. 2020 Senior Vice President of JXTG Nippon Oil & Energy Corporation (General Manager of Company Planning & Management Department, Resources & Power Company)
- Apr. 2022 Executive Vice President of the Company (Assistant to President) Executive Vice President of ENEOS Corporation (Assistant to President, responsible for EV Business Development Dept.)
- Jun. 2022 Director, Executive Vice President of the Company (Assistant to President) (current) Director, Executive Vice President of ENEOS Corporation (Assistant to President, responsible for EV Business Development Dept.)
- Apr. 2023 Director, Executive Vice President of ENEOS Corporation (Assistant to President, responsible for Platform Business Dept., EV Business Development Dept.) (current)



Nakahara Toshiya

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

■ 11/11 (100%)

- Apr. 1983 Joined Nippon Oil Co., Ltd.
- Jun. 2015 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Corporate Planning & Management Dept.)
- Apr. 2017 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (responsible for Secretariat, Corporate Planning & Management Dept., Controlling Dept., Information Systems Dept.)
- Jun. 2020 Senior Vice President of the Company (responsible for Corporate Planning Dept., ESG Strategy Development Dept.)
- Apr. 2021 Director, Executive Vice President of JX Nippon Oil & Gas Exploration Corporation (responsible for General Administration Dept., Digital Transformation Dept.)
- Apr. 2022 President & Representative Director, Chief Executive Officer of JX Nippon Oil & Gas Exploration Corporation (responsible for Internal Audit Dept., Digital Transformation Dept.) (current)
- Jun. 2022 Director of the Company (Part-time) (current)
- Apr. 2023 Chief Executive Officer (CEO), Chief Digital Officer (CDO), President of JX Nippon Oil & Gas Exploration Corporation (Executive Director of Internal Audit Dept., Digital Transformation Dept.) (current)



Murayama Seiichi

Director (Part-time)
Representative Director & Chairman of JX Metals Corporation

■ 14/14 (100%)

- Apr. 1980 Joined Nippon Mining Co., Ltd.
- Apr. 2010 Executive Officer of Nippon Mining & Metals Co., Ltd. (General Manager of Planning & Coordination Dept.)
- Jul. 2010 Executive Officer of JX Nippon Mining & Metals Corporation (General Manager of Planning & Coordination Dept.)
- Apr. 2013 Senior Executive Officer of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Accounting & Finance Dept., IT Dept., Logistics Dept., Internal Auditing Office)
- Jun. 2013 Director, Senior Vice President of JX Nippon Mining & Metals Corporation (responsible for Planning & Coordination Dept., Accounting & Finance Dept., IT Dept., Logistics Dept., Internal Auditing Office)
- Jun. 2019 Director (Part-time) of the Company (current) President & Representative Director, Chief Executive Officer of JX Nippon Mining & Metals Corporation
- Apr. 2023 Representative Director & Chairman of JX Nippon Mining & Metals Corporation (currently JX Metals Corporation) (current)



Yatabe Yasushi

Representative Director, Executive Vice President
Assistant to President (Secretariat, Internal Audit Dept., Internal Control Dept., Corporate Planning Dept., Corporate Strategic Investment Dept., Carbon Neutral Strategy Dept., Controlling Dept., Finance Dept., Investor Relations Dept., Human Resources Dept., Public Relations Dept., General Administration Dept., Legal & Corporate Affairs Dept.), responsible for Secretariat, Internal Audit Dept.

■ 14/14 (100%)

- Apr. 1984 Joined Nippon Oil Co., Ltd.
- Jun. 2015 Executive Officer of JX Nippon Oil & Energy Corporation (General Manager of Coal Business Dept., Resources & Power Company)
- Apr. 2019 Director, Senior Vice President of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (President of Resources & Power Company)
- Apr. 2020 Director, Executive Vice President of JXTG Nippon Oil & Energy Corporation (Assistant to President)
- Jun. 2020 Director, Executive Vice President of the Company (Assistant to President)
- Oct. 2022 Representative Director, Executive Vice President of the Company (Assistant to President, responsible for Secretariat)
- Representative Director, Executive Vice President of ENEOS Corporation (Assistant to President, responsible for Secretariat)
- Apr. 2023 Representative Director, Executive Vice President of the Company (Assistant to President) [Secretariat, Internal Audit Dept., Internal Control Dept., Corporate Planning Dept., Corporate Strategic Investment Dept., Carbon Neutral Strategy Dept., Controlling Dept., Finance Dept., Investor Relations Dept., Human Resources Dept., Public Relations Dept., General Administration Dept., Legal & Corporate Affairs Dept.], responsible for Secretariat, Internal Audit Dept. (current)
- Representative Director, Executive Vice President of ENEOS Corporation (Assistant to President, responsible for Secretariat, Internal Audit Dept.) (current)



Miyata Tomohide

Representative Director, Executive Vice President
Assistant to President

■ 11/11 (100%)

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



Shiina Hideki

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

■ 11/11 (100%)

- Apr. 1985 Joined Nippon Oil Co., Ltd.
- Apr. 2017 Executive Officer of JXTG Nippon Oil & Energy Corporation (currently ENEOS Corporation) (Deputy Division Manager of Supply Division, General Manager of Supply Planning & Optimization Dept.)
- Apr. 2020 Senior Vice President of JXTG Nippon Oil & Energy Corporation (responsible for Supply Planning & Optimization Dept., Product Supply & Trading Dept., Crude Trading & Shipping Dept., Distribution & Logistics Dept.)
- Apr. 2021 Senior Vice President of the Company (responsible for Corporate Planning Dept., Human Resources Dept., General Administration Dept., Legal & Corporate Affairs Dept.)
- Apr. 2022 Executive Vice President, CDO of the Company (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.) Executive Vice President, CDO of ENEOS Corporation (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.)
- Jun. 2022 Director, Executive Vice President, CDO of the Company (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.) Director, Executive Vice President, CDO of ENEOS Corporation (Assistant to President, responsible for IT Planning & Development Dept., Emerging Business Development Dept.)
- Apr. 2023 Director, Executive Vice President, CDO of the Company (Assistant to President) [IT Planning & Development Dept., Crisis Management Dept., Procurement Dept., Safety, Health & Environment Dept., Quality Assurance Dept., Emerging Business Development Dept.], responsible for IT Planning & Development Dept. (current) Director, Executive Vice President, CDO of ENEOS Corporation (Assistant to President, responsible for IT Planning & Development Dept., VPP Business Dept.) (current)



Nishimura Shingo

Director (Full-Time Audit and Supervisory Committee Member)

■ 14/14 (100%)

■ 15/15 (100%)

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



Shiota Tomoo

Director (Full-Time Audit and Supervisory Committee Member)

Apr. 1988 Joined Nippon Oil Co., Ltd.

- Apr. 2018 JXTG Nippon Oil & Energy Corporation (General Manager of Hydrogen Business Dept., New Energy Company)
- Apr. 2020 Executive Officer of New Energy Company (General Manager of Hydrogen Business Dept.)
- Apr. 2023 Aide to President of ENEOS Corporation
- Jun. 2023 Director, Full-Time Audit and Supervisory Committee Member of the Company (current) Corporate Auditor (Full-time) of ENEOS Corporation (current)

Executives / Independent Directors (As of June 28, 2023)

Meeting attendance in fiscal 2022

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



Kudo Yasumi
Outside Director

■ 13/14 (92.9%)
■ 6/7 (85.7%)
■ 6/6 (100%)

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



Tomita Tetsuro
Outside Director

■ 10/11 (90.9%)
■ 5/5 (100%)
■ 5/5 (100%)

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



Oka Toshiko
Outside Director

■ 13/14 (92.9%)
■ 14/15 (93.3%)

- Apr. 1986 Joined Tohatsu Touche Ross Consulting Limited
- Jul. 2000 Joined Asahi Arthur Andersen Limited
- Sep. 2002 Principal of Deloitte Tohatsu Consulting Co., Ltd. (currently ABeam Consulting Ltd.)
- Apr. 2005 President and Representative Director of ABeam M&A Consulting Ltd.
- Apr. 2016 Partner of PwC Advisory LLC
- Jun. 2016 Outside Director of Hitachi Metals, Ltd. (currently Proterial, Ltd.)
- Jun. 2018 Outside Director of Mitsubishi Corporation
- Jun. 2018 Outside Director of Sony Corporation (currently Sony Group Corporation) (current)
- Jun. 2019 Outside Director of Happinet Corporation (current)
- Jun. 2020 Outside Director, Audit and Supervisory Committee Member of the Company
- Apr. 2021 Professor at Meiji University Graduate School of Global Business (current)
- Jun. 2021 Outside Director of Hitachi Construction Machinery Co., Ltd. (current)
- Jun. 2023 Outside Director of the Company (current)



Nishioka Seiichiro
Outside Director
(Audit and Supervisory Committee Member)

■ 14/14 (100%)
■ 15/15 (100%)

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



Mitsuya Yuko
Outside Director
(Audit and Supervisory Committee Member)

■ 14/14 (100%)
■ 15/15 (100%)

- Apr. 1981 Joined Hitachi, Ltd.
- Apr. 1990 Part-time instructor of the University of Tsukuba
- Jul. 2010 Representative Director of Cipher Co., Ltd.
- May 2011 Director of Fujimura Gakuen
- Apr. 2012 Member of Administrative Council of the University of Tsukuba
- Apr. 2014 Visiting Professor of Tokyo Women's College of Physical Education and Tokyo Women's Junior College of Physical Education
- Jun. 2014 Advisor of the Tokyo Organizing Committee of the Olympic and Paralympic Games
- Jun. 2014 Outside Corporate Auditor of ASICS Corporation Council Member of the Japan Volleyball Association
- Mar. 2015 Outside Director of Fujita Kanko Inc.
- Apr. 2015 Outside Director of Paloma Co., Ltd.
- May 2015 Board member and Vice President of Japan Basketball Association
- Jun. 2016 President of Japan Basketball Association (current)
- May 2017 Member of Central Board of International Basketball Federation (current)
- Jun. 2018 Outside Director of The Fukui Bank, Ltd.
- Apr. 2019 Visiting Professor of Tokyo Women's College of Physical Education and Tokyo Women's Junior College of Physical Education
- Jun. 2019 Outside Director, Audit and Supervisory Committee Member of the Company (current) Outside Director of DENSO Corporation (current)
- Jun. 2021 Vice President of Japanese Olympic Committee (current)
- Jun. 2023 Outside Director, Japan Airlines Co., Ltd. (current)



Kawasaki Hiroko
Outside Director
(Audit and Supervisory Committee Member)

- Apr. 1987 Joined Nippon Telegraph and Telephone
- Jul. 2006 Manager, Human Resources Department, Diversity Promotion Office of NTT DOCOMO, INC.
- Jun. 2010 Manager, Shizuoka Branch, Tokai Branch Office, NTT DOCOMO, INC.
- Jun. 2012 General Manager of Customer Service Dept., NTT DOCOMO, INC.
- Jun. 2014 General Manager of CSR, NTT DOCOMO, INC.
- Jun. 2017 Executive General Manager of Hokuriku Regional Office of NTT DOCOMO, INC. Representative Director, President of DOCOMO CS Hokuriku
- Jun. 2020 Executive Officer, General Manager of Marketing Dept., NTT DOCOMO, INC.
- Jun. 2021 Managing Director, DOCOMO Systems, Inc.
- Jun. 2022 Director, Full-Time Audit and Supervisory Committee Member of NTT DOCOMO, INC.
- Jun. 2023 Outside Director, Audit and Supervisory Committee Member of the Company (current)

Reasons for appointing outside directors, expected roles, activities

Name / Material concurrent office(s)	Reasons for appointment and expected roles	Activities in fiscal 2022
Kudo Yasumi • Senior Advisor of Nippon Yusen Kabushiki Kaisha	Mr. Kudo has been in charge of corporate management for many years at Nippon Yusen Kabushiki Kaisha, a company with international business operations. He has gained deep insight and abundant experience in corporate management and has solid accomplishments at one of Japan's leading listed companies. The Company expects that he will utilize this insight and experience to provide the Company with guidance and objective perspective. We have therefore appointed Mr. Kudo as an outside director who is not an Audit and Supervisory Committee member.	Mr. Kudo used his deep insight, abundant experience, and solid accomplishments in international business and corporate management at one of Japan's leading listed companies to contribute to Board of Directors discussions on the importance of a stable supply of resources in an increasingly tense international situation and the status and future prospects of initiatives to improve the profitability of each business. As a member of the Nomination Advisory Committee and Compensation Advisory Committee, he contributed to discussions on the ideal attributes of representative directors and Group CEO.
Tomita Tetsuro • Chairman and Director of East Japan Railway Company • Outside Director of Nippon Steel Corporation • Outside Director of Nippon Life Insurance Company	Mr. Tomita has an extensive career as a manager at East Japan Railway Company, and has developed businesses related to transportation, lifestyles, IT, and Suica services. He has deep insight, abundant experience, and solid accomplishments as a manager at one of Japan's leading listed companies. The Company expects that he will utilize this insight and experience to provide the Company with guidance and advice on its management, and supervise management from an independent and objective perspective. We have therefore appointed Mr. Tomita as an outside director who is not an Audit and Supervisory Committee member.	Mr. Tomita used his deep insight, abundant experience, and solid accomplishments in transportation, lifestyle services and other businesses and in corporate management at one of Japan's leading listed companies to contribute to Board of Directors discussions on the importance of formulating strategies taking into account the overall energy industry in Japan as well as on investments and shareholder returns. As a member of the Nomination Advisory Committee and Compensation Advisory Committee, he contributed to discussions on the importance of early consideration of the management structure for emergency events and on the appropriateness of the succession plan.
Oka Toshiko • Professor at Meiji University Graduate School of Global Business • Outside Director of Sony Group Corporation • Outside Director of Happinet Corporation • Outside Director of Hitachi Construction Machinery Co., Ltd.	Ms. Oka specializes in finance, accounting, M&A, and development of management strategies, and has an extensive career in corporate management, through which she has gained abundant knowledge and experience as an expert in finance, accounting and M&A and as a corporate manager. From June 2020, she audited and supervised the execution of duties of directors who are not Audit and Supervisory Committee members as an outside director who is an Audit and Supervisory Committee member. The Company expects that she will utilize this insight and experience to provide the Company with guidance and advice on its management, and supervise management from an objective perspective. We have therefore appointed Ms. Oka as an outside director who is not an Audit and Supervisory Committee member.	Ms. Oka used her deep insight and abundant experience as an expert in finance, accounting, and M&A and as a corporate manager to contribute to Board of Directors discussions on the importance of formulating strategies and revising business portfolios with an awareness of the potential reactions of shareholders and investors and on the status of responses to material ESG issues. As a member of the Audit and Supervisory Committee, she contributed to discussions on the process for selecting accounting auditors and the management of Group companies.
Nishioka Seiichiro • Attorney-at-Law • Of Counsel at Asahi Law Offices	Mr. Nishioka has held important positions as the Chief Judge of the Utsunomiya District Court, Chief Judge of the Tokyo Family Court, and President of the Hiroshima High Court. He has subsequently been active as an attorney, and he also chaired the Third-Party Committee. Thus, he has abundant specialized knowledge and experience in judicial matters. In June 2016, he was appointed as an outside corporate auditor of the Company and supervised the execution of duties of directors. In June 2018 he was appointed as an outside director who is an Audit and Supervisory Committee member. In this capacity, he audits and supervises the execution of duties of directors who are not Audit and Supervisory Committee members. The Company expects that he will utilize this knowledge and experience to provide the Company with guidance and advice on its management, and audit and supervise the execution of duties of directors who are not Audit and Supervisory Committee members from an independent, objective, and fair perspective. We have therefore appointed Mr. Nishioka as an outside director who is an Audit and Supervisory Committee member.	Mr. Nishioka used his abundant specialized knowledge and experience in judicial matters to contribute to Board of Directors discussions on responses to misconduct incidents and the status of legislation related to new businesses. As a member of the Audit and Supervisory Committee, he contributed to discussions about the importance of cooperation between Audit and Supervisory Committee members and the Internal Audit Department and the development and operation of an effective internal control system.
Mitsuya Yuko • Vice President of Japanese Olympic Committee • President of Japan Basketball Association • Outside Director of DENSO Corporation • Outside Director of Japan Airlines Co., Ltd.	Ms. Mitsuya has been involved in management at a number of companies, and has also held important positions in various sports associations, including Vice President of the Japanese Olympic Committee and President of the Japan Basketball Association. Over the years she has also made significant contributions to education and human resources development at universities and elsewhere. As such, she has deep insight and abundant experience in corporate management, organizational reform and human resources development. The Company expects that she will utilize this insight and experience to provide the Company with guidance and advice on its management, and audit and supervise the execution of duties by directors who are not Audit and Supervisory Committee members from an independent, objective, and fair perspective. We have therefore appointed Ms. Mitsuya as an outside director who is an Audit and Supervisory Committee member.	Ms. Mitsuya used her deep insight and abundant experience in corporate management, organizational reform, and human resources development to contribute to Board of Directors discussions on measures and implementation of relevant processes for officers involved in misconduct, and on retaining human resources and maintaining employee motivation at acquired companies. As a member of the Audit and Supervisory Committee, she contributed to discussions about the correlation between improving trust among employees and between the company and employees and strengthening internal control and compliance, and on implementing bold personnel changes to foster an open corporate culture.
Kawasaki Hiroko	Ms. Kawasaki has been involved in consumer and corporate marketing at NTT DOCOMO, INC. for many years. While promoting DX, she also served as General Manager of CSR and Manager of the Diversity Promotion Office in the Human Resources Department. She has deep insight and extensive experience in digital and ESG. The Company expects that she will be able to utilize this insight and experience to provide the Company with guidance and advice on its management, and is capable of auditing and supervising the execution of duties by directors who are not Audit and Supervisory Committee members from an objective, independent, and fair perspective. We have therefore appointed Ms. Kawasaki as an outside director who is an Audit and Supervisory Committee member.	Elected June 2023

Areas in which the Company has particularly high expectations

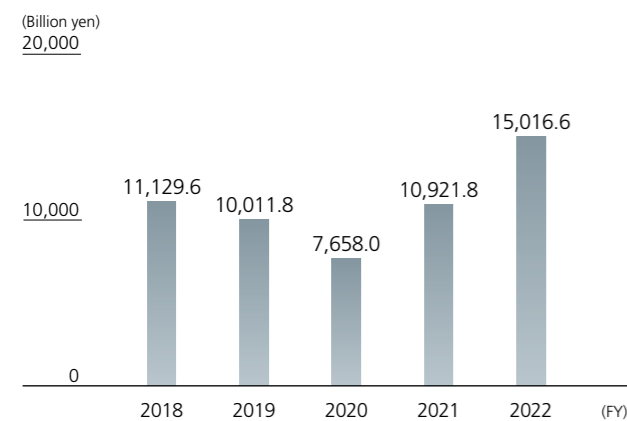
Skills are defined for the realization of the ENEOS Group Long-Term Vision announced in May 2023 and management based on the Company's Group Philosophy and material ESG issues, and "areas of particular expectation" are identified for each director accordingly.

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

Financial and Non-Financial Highlights

Financial Highlights (IFRS)

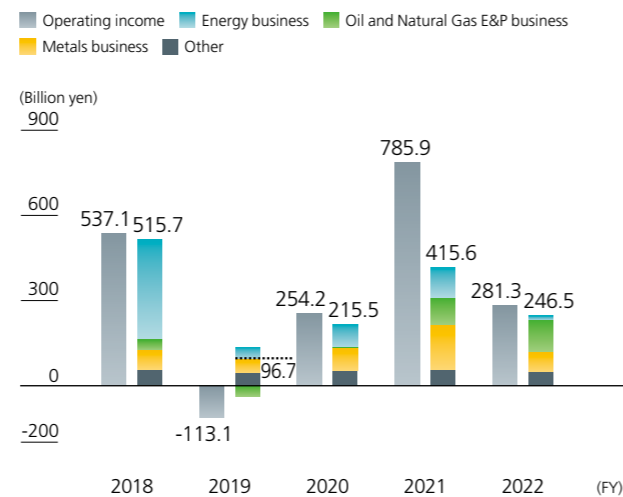
Net Sales



Fiscal 2022 Summary

Net sales increased year on year mainly attributed to higher prices for petroleum products caused by the rise in crude oil prices, yen depreciation, etc.

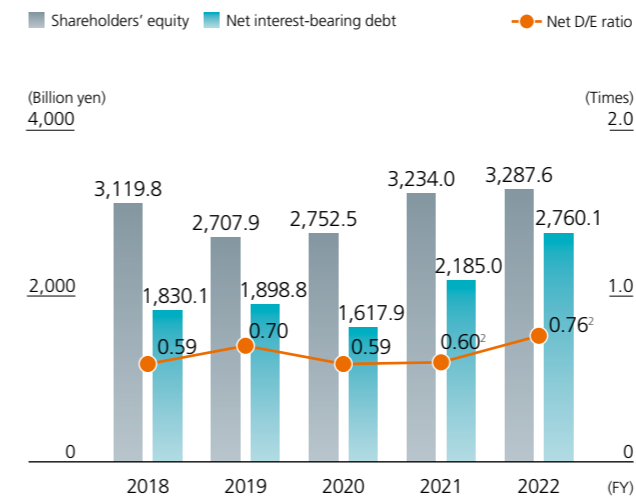
Operating Income / Operating Income Excluding Inventory Valuation by Segment



Fiscal 2022 Summary

Profit decreased due to a significant reversal of the positive time lag that occurred in the previous fiscal year for petroleum products, deterioration in the petrochemicals market, and a valuation loss associated with the decision to sell a partial interest in the Caserones Copper Mine.

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

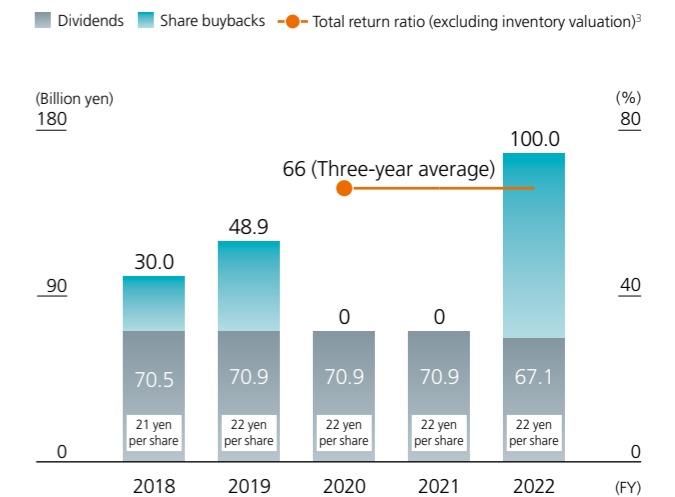


² After capital adjustment for hybrid bonds (50% of 300.0 billion yen amount included in equity)

Fiscal 2022 Summary

The net D/E ratio after capital adjustment for hybrid bonds 0.76 times, maintaining the target level of the second Medium-Term Management Plan and ensuring a stable financial base.

Dividends, Share Buybacks, and Total Return Ratio

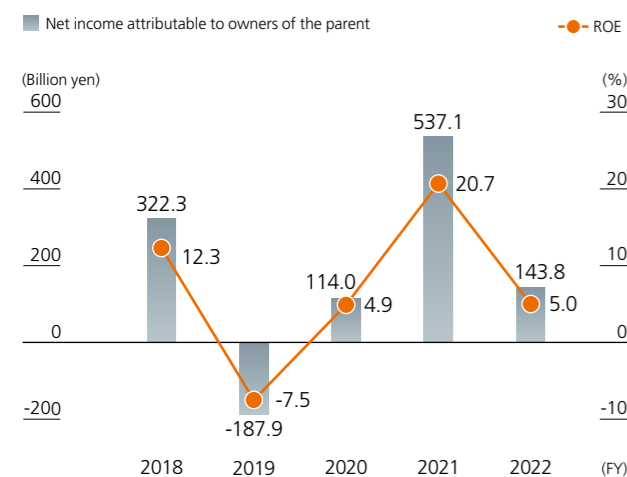


³ Calculated based on profit attributable to owners of the parent excluding inventory valuation.

Fiscal 2022 Summary

The annual dividend was 22 yen per share, the same as the previous year. In addition, in fiscal 2022, additional return was provided via the acquisition of 100.0 billion yen (approximately 197 million shares) of share buybacks.

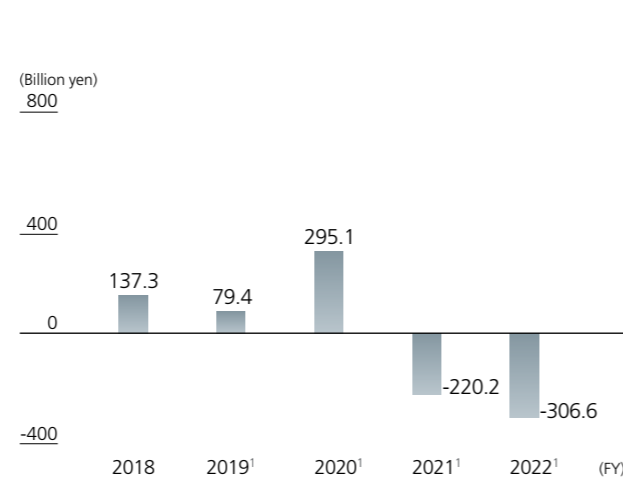
Net Income and ROE



Fiscal 2022 Summary

The deterioration of operating income led to a decrease in net income attributable to owners of the parent.

Free Cash Flow

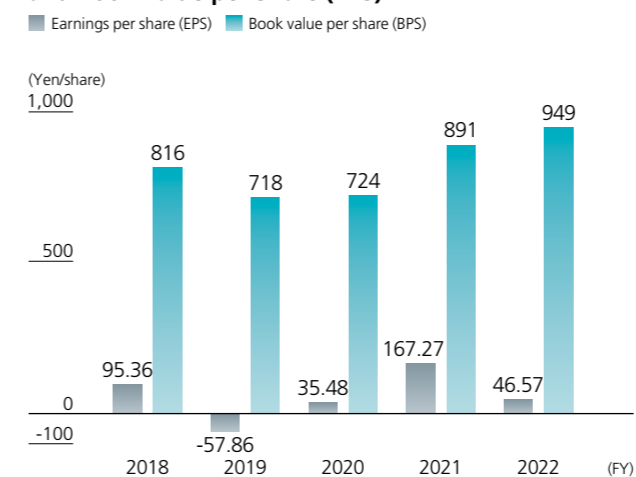


¹ The application of IFRS 16 Leases is excluded from fiscal 2019 onward.

Fiscal 2022 Summary

Free cash flow after repayment of lease liabilities was -306.6 billion yen, and around -200.0 billion yen in one-time factors (such as advanced income and consumption tax payments for fiscal 2023).

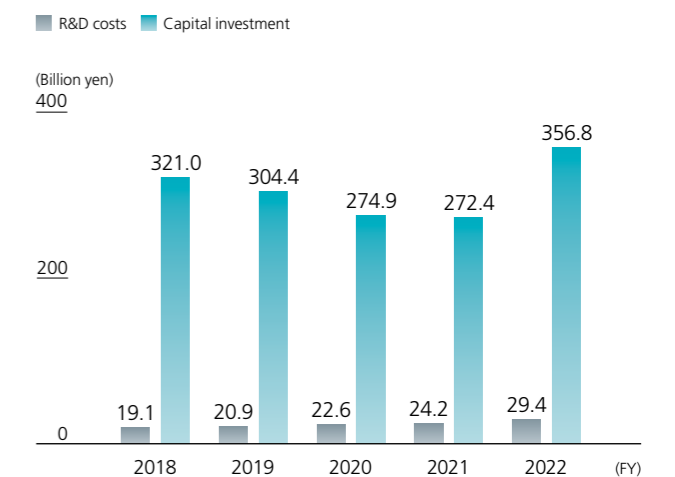
Earnings per Share (EPS) and Book Value per Share (BPS)



Fiscal 2022 Summary

EPS was 46.57 yen per share and BPS was 949 yen per share.

R&D Costs and Capital Investment



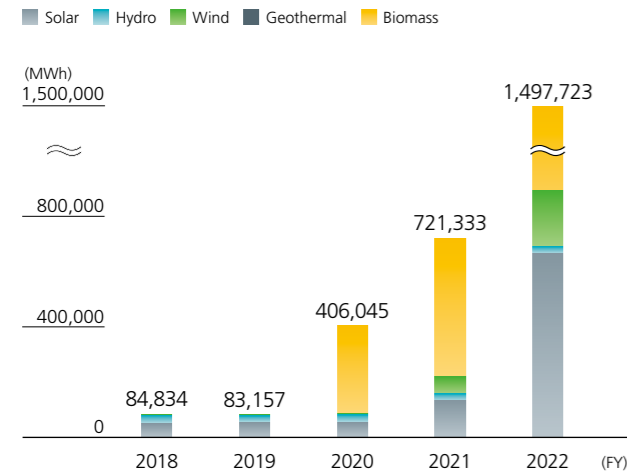
Fiscal 2022 Summary

The main breakdown of R&D costs was 14.9 billion yen for the Energy business and 13.6 billion yen for the Metals business. Capital investment was allocated in the following ratios: about 70% for the Energy business, 10% for the Oil and Natural Gas E&P business, and 20% for the Metals business, with the remainder allocated to other businesses.

Financial and Non-Financial Highlights

Non-Financial Highlights

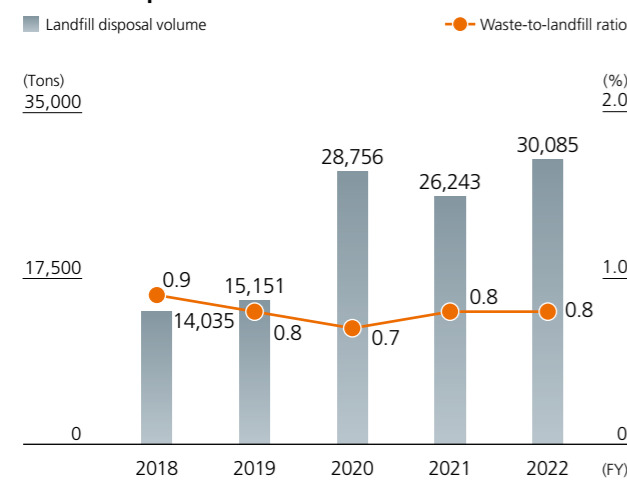
Power Generation from Renewable Energy



Fiscal 2022 Summary

Power generation from renewable energy increased significantly due to the start of operation of new power plants, particularly solar power plants, in addition to the full-year contribution from the acquisition of JRE.

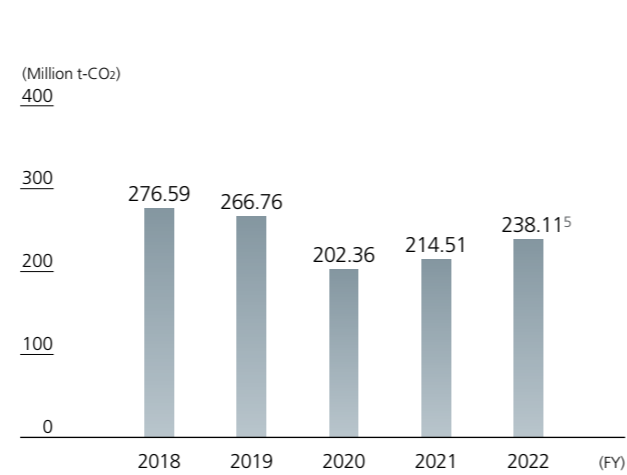
Landfill Disposal Volume and Waste-to-Landfill Ratio



Fiscal 2022 Summary

In fiscal 2022, we maintained our target of a waste-to-landfill ratio of less than 1%. Since fiscal 2020, landfill disposal volume has increased significantly versus fiscal 2019 due to the addition of the Muroran Biomass Power Plant and JX Metals affiliate TANIOBIS.

Greenhouse Gas Emissions⁴

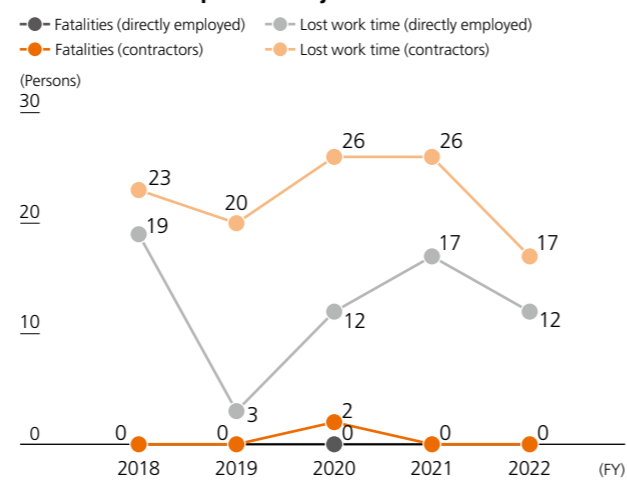


⁴ Total of Scope 1, Scope 2 and Scope 3 (direct emissions from corporate activities, indirect emissions from energy use, and indirect emissions from customer consumption). Partially expanded Scope 3 category in fiscal 2018 and onward. Changed the calculation method for domestic Scope 1 and 2 emissions from the Act on Promotion of Global Warming Countermeasures to GX-ETS standards in fiscal 2022. ⁵ Preliminary figure for fiscal 2022

Fiscal 2022 Summary

Greenhouse gas emissions also increased due to the recovery in petroleum product sales.

Number of Occupational Injuries⁶

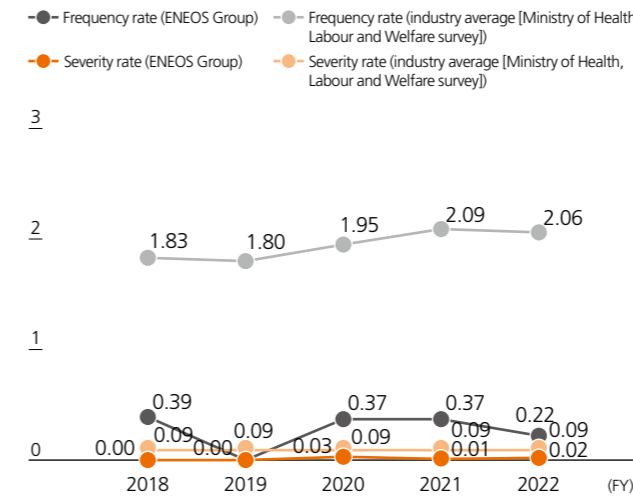


⁶ Scope: Principal operating companies

Fiscal 2022 Summary

We achieved our target of zero serious occupational injuries (occupational fatalities). Although the number of lost-work-time accidents for both directly employed personnel and contractors has decreased, improvement is still needed.

Occupational Injury Frequency Rate^{7,9} and Severity Rate^{8,9}



⁷ Number of occupational fatalities and injuries per one million work hours ⁸ Number of work days lost per one thousand work hours ⁹ Scope: The refineries, plants, and business sites of our principal operating companies

Fiscal 2022 Summary

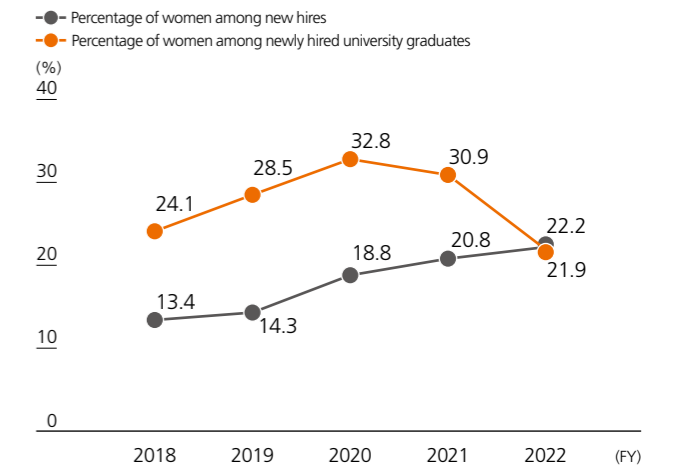
The frequency rate and severity rate are trending well below the average for all industries in Japan (according to a Ministry of Health, Labour and Welfare survey).

Employee Data¹¹

		March 31, 2021	March 31, 2022	March 31, 2023
Number of employees	Male	10,193	10,366	9,998
	Female	1,447	1,570	1,620
	Total	11,640	11,936	11,618
Turnover rate ¹² (%)		3.8	4.3	3.4
Average years of employment		18.6	18.3	17.8
Number of re-hired employees (after mandatory retirement)		556	550	473
Ratio of female managers (%)		3.9	4.4	5.3
Ratio of employees with disabilities (%)		2.5	2.5	2.4
Paid leave	Number of days of paid leave granted	22.0	22.0	22.0
	Number of days of paid leave taken	19.2	20.0	19.5
	Paid leave usage rate (%)	87.4	90.9	88.8
Childcare leave	Total number of employees taking childcare leave	408	380	357
	Number of male employees taking childcare leave	359	333	316
	Rate of employees returning to work (%)	99.2	100	100
Number of employees taking family care leave		6	6	9
Labor union ¹³	Number of members	8,775	9,642	9,682
	Membership rate (%)	99.8	99.8	99.8

¹¹ Scope of data: ENEOS Holdings, ENEOS, JX Nippon Oil & Gas Exploration, JX Metals ¹² Percentage of regular employees as of March of each year ¹³ 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.

Percentage of Women among New Hires¹⁰ and Percentage of Women among Newly Hired University Graduates¹⁰



¹⁰ Scope of data: ENEOS Holdings and principal operating companies

Fiscal 2022 Summary

We did not achieve our target to maintain the rate of women among newly hired university graduates at 25% or higher. We believe the cause is insufficient communication of the Group's efforts to promote women's advancement in the workplace and other programs. We will implement measures for improvement.

Performance Summary

ENEOS Holdings (IFRS)¹ (Years ended March 31)

	2023	2022	2021	2020	2019
Operating Results					
Net sales	15,016.6	10,921.8	7,658.0	10,011.8	11,129.6
Operating income (loss)	281.3	785.9	254.2	-113.1	537.1
Inventory valuation	34.8	370.3	38.7	-209.8	21.4
Excluding inventory valuation	246.5	415.6	215.5	96.7	515.7
Financial profit (loss)	-23.9	-14.1	-23.3	-22.7	-28.5
Income (loss) before taxes	257.4	771.8	230.9	-135.8	508.6
Net income (loss)	203.0	579.1	112.9	-172.7	357.1
Attributable to owners of parent	143.8	537.1	114.0	-187.9	322.3
Non-controlling interests	59.2	41.9	-1.1	15.2	34.8
Financial Position³					
Assets	9,954.5	9,648.2	8,058.8	8,011.3	8,477.8
Current assets	4,887.7	4,308.6	3,039.6	2,878.6	3,587.4
Non-current assets	5,066.8	5,339.6	5,019.2	5,132.7	4,890.4
Liabilities	6,666.9	6,414.1	5,306.3	5,303.4	5,358.0
Interest-bearing debt	3,109.4	2,735.5	2,036.9	2,300.8	2,218.0
Net interest-bearing debt	2,760.1	2,185.0	1,617.9	1,898.8	1,830.1
Net assets	3,287.6	3,234.1	2,752.6	2,707.9	3,119.8
Interests attributable to owners of parent	2,859.8	2,860.8	2,325.1	2,311.0	2,717.8
Non-controlling interests	427.8	373.3	427.5	396.9	4,02.0
Cash Flows					
Cash flow from operating activities	-110.2	209.5	679.1	510.7	344.2
Cash flow from investing activities	-115.9	-349.9	-306.8	-371.3	-206.9
Free cash flow	-226.1	-140.4	372.3	139.4	137.3
(Excluding the effects of non-business days)	-226.1	-33.6	265.5	238.4	169.0
Net cash flow	-529.1	-446.8	193.7	-77.6	1.3
(Excluding the effects of non-business days)	-529.1	-340.0	86.9	21.4	33.0
Financial Indicators					
Net D/E ratio (times) ⁴	0.76	0.60	0.59	0.70	0.59
ROE (%)	5.0	20.7	4.9	-7.5	12.3

¹ Trade name changed from JXTG Holdings to ENEOS Holdings in June 2020.

² 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.

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

⁴ Figures after capital adjustment for hybrid bonds beginning in fiscal 2022.

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

(Billion yen)

	2018	2017 ²
Net sales	10,301.1	9,249.7
Operating income (loss)	487.5	374.0
Inventory valuation	114.9	189.5
Excluding inventory valuation	372.6	184.5
Financial profit (loss)	-20.1	-24.0
Income (loss) before taxes	467.4	350.0
Net income (loss)	324.3	213.0
Attributable to owners of parent	361.9	212.8
Non-controlling interests	-37.6	0.2
Financial Position³		
Total assets	8,457.6	8,363.6
Net assets	3,593.2	3,187.5
Interest-bearing debt	4,864.4	5,176.1
Net interest-bearing debt	5,537.6	5,720.9
Total liabilities	2,259.9	2,719.6
Net liabilities	1,810.4	2,351.3
Net assets	2,920.0	2,642.7
Interests attributable to owners of parent	2,539.6	2,208.5
Non-controlling interests	380.4	434.2
Cash Flows		
Cash flow from operating activities	707.1	—
Cash flow from investing activities	-95.1	—
Free cash flow	612.0	—
(Excluding the effects of non-business days)	481.3	—
Net cash flow	535.5	—
(Excluding the effects of non-business days)	404.8	—
Financial Indicators		
Net D/E ratio (times) ⁴	0.62	0.89
ROE (%)	15.2	9.6

(Billion yen)

	2017	2016	2015	2014	2013
Operating Results					
Net sales	8,136.0	8,737.8	10,882.5	12,412.0	11,219.5
Operating income (loss)	298.4	-62.2	-218.9	213.7	251.5
Ordinary income (loss)	333.6	-8.6	-150.1	302.3	328.3
Ordinary income excluding inventory valuation	193.6	260.9	255.2	183.0	271.0
Net income (loss) attributable to owners of parent	160.1	-278.5	-277.2	107.0	159.5
Financial Position⁵					
Total assets	6,658.6	6,724.6	7,423.4	7,781.8	7,274.9
Net assets	2,041.7	1,928.4	2,429.8	2,626.3	2,327.4
Interest-bearing debt	2,459.1	2,581.4	2,620.3	2,801.7	2,549.3
Net interest-bearing debt	2,161.7	2,088.7	2,291.0	2,520.0	2,299.2
Cash Flows					
Cash flow from operating activities	230.9	555.0	737.2	305.2	265.6
Cash flow from investing activities	-237.5	-307.7	-377.8	-479.8	-426.1
Free cash flow	-6.6	247.3	359.4	-174.6	-160.5
Cash flow from financing activities	-160.8	-88.0	-326.3	180.1	154.1

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

(Billion yen)

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

⁵ Financial position for the year ended March 31, 2017 is as of April 1, 2017.

Investor Relations (IR) Activities

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

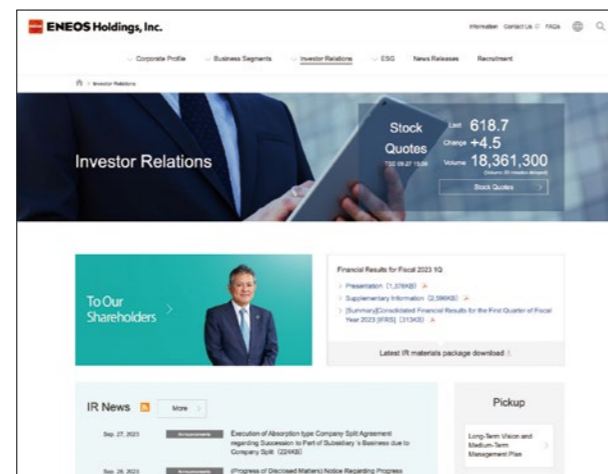
Financial results briefings for analysts and institutional investors are held quarterly. In fiscal 2022, in-person briefings, which had been postponed during the COVID-19 pandemic, were resumed in a hybrid online and in-person format for the second and fourth quarters. The first and third quarter briefings were held online only. Recordings of the briefings for each quarter are available on the Company's website. We also reinstated opportunities for direct dialogue with investors that had been suspended during the pandemic. The Company resumed regularly scheduled visits to investors, participation in investment conferences, and meetings with individual overseas investors by the president, the director responsible for investor relations, and others.

We also resumed in-person regular annual briefings on our business for analysts and institutional investors, and held briefings on our Electricity business, Renewable Energy business, and Metals business, which are growth businesses.

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 2022, we were commended for our IR activities by the third-party entities below. The Company has also been selected for inclusion in ESG-related investment indexes.



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

Awards for IR Activities (Fiscal 2022)

• Internet IR Awards

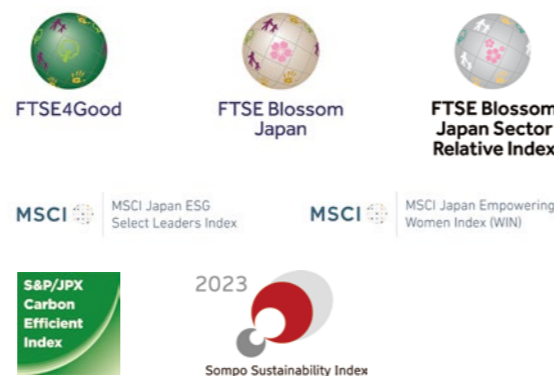
ENEOS Holdings received the Award for Excellence of the Internet IR Awards at the 2022 Internet IR Awards, presented by Daiwa Investor Relations.

• All Japanese Listed Companies' Website Ranking

Nikko Investor Relations selected the ENEOS Holdings website as the best site in its All Japanese Listed Companies' Website Ranking.

• Gomez IR/ESG Site Ranking 2022

ENEOS Holdings was selected for a Silver Award as an Excellent Company in the Gomez IR Site Ranking and as an Excellent Company in the Gomez ESG Site Ranking, presented by Broadband Security, Inc.



Selection for Inclusion in ESG-Related Investment Indexes (As of September 2023)

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- Morningstar Japan ex-REIT Gender Diversity Tilt Index
- S&P/JPX Carbon Efficient Index
- SOMPO Sustainability Index

Company Overview / Investor Information

(As of March 31, 2023)

Trade name	ENEOS Holdings, Inc.
Representative	Saito Takeshi Representative Director, President
Date established	April 1, 2010
Business year	April 1 to March 31 of the following year

Head office 1-2 Otemachi 1-chome, Chiyoda-ku, Tokyo

Website

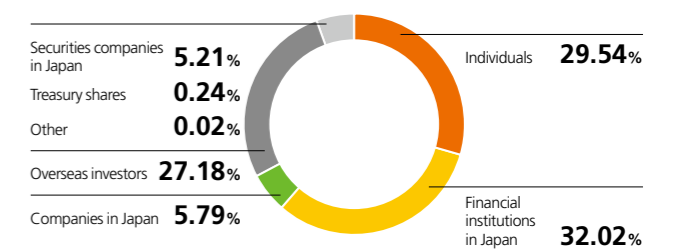
Our website provides additional information that complements this Integrated Report.

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

Share Information

Number of authorized shares	8,000,000,000
Number of shares issued	3,032,850,649
Number of shareholders	646,155

Distribution of Shareholders

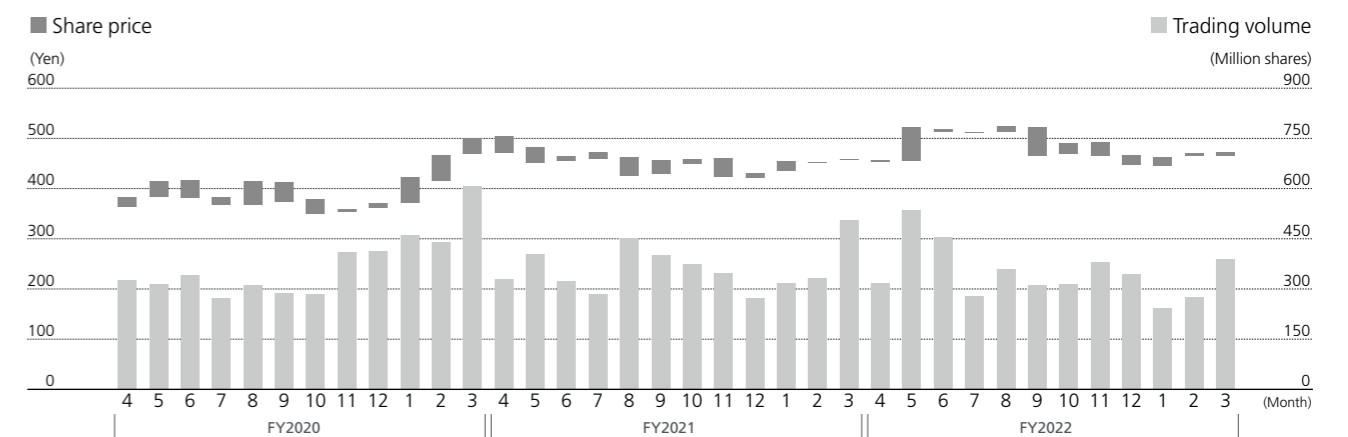


Major Shareholders

Name of shareholder	Number of shares held (thousand shares)	Percentage of total shares issued* (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	554,510	18.32
Custody Bank of Japan, Ltd. (Trust Account)	205,481	6.79
STATE STREET BANK WEST CLIENT - TREATY 505234	68,346	2.25
Kochi Shinkin Bank	44,320	1.46
STATE STREET BANK AND TRUST COMPANY 505103	38,734	1.28
JP MORGAN CHASE BANK 385781	33,792	1.11
ENEOS Group Employee Shareholding Association	28,996	0.95
SSBTC CLIENT OMNIBUS ACCOUNT	28,266	0.93
JPMorgan Securities Japan Co., Ltd.	27,245	0.90
STATE STREET BANK AND TRUST COMPANY 505225	25,585	0.84

* The shareholding ratio is calculated excluding treasury shares (7,317,803 shares).

Share Price Range and Trading Volume



ENEOS Holdings, Inc.

