



May 20, 2020

To all persons concerned

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Representative:	Sugimori Tsutomu Representative Director, President
Stock code:	5020; first section of Tokyo Stock Exchange and Nagoya Stock Exchange
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Regarding Continuation and Partial Revision of Share Remuneration Plan for Directors Who Are Not Audit and Supervisory Committee Members, and Executive Officers

JXTG Holdings, Inc. (“**Company**”) hereby announces that at the Board of Directors meeting held on May 20, 2020, a resolution was passed to continue and partially revise the share remuneration plan introduced in FY2017 (“**Plan**”) for Directors and Executive Officers (*) of the Company and of the Company’s Core Business Companies: JXTG Nippon Oil & Energy Corporation; JX Nippon Oil & Gas Exploration Corporation; and JX Nippon Mining & Metals Corporation (hereinafter these four companies, the Company and the Core Business Companies, are collectively referred to as “**Participating Companies**”). The details are provided below.

(*) The eligible persons for the Plan (collectively referred to as “**Eligible Persons**”) are described as follows.

- The Company’s Directors who are not Audit and Supervisory Committee Members (excluding outside directors and overseas residents), and Executive Officers (excluding overseas residents.)
- Directors (excluding outside directors and overseas residents) and Executive Officers (excluding overseas residents) of JXTG Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation, and JX Nippon Mining & Metals Corporation.

At the Board of Directors meeting scheduled for May 27, 2020, the Company plans to pass a resolution to submit the proposal to partially revise the Plan for the Eligible Persons of the Company, to the 10th ordinary general meeting of shareholders scheduled for June 25, 2020.

Description

1. Continuation and partial revision of the Plan

(1) The Company will continue the Plan while revising contents pertaining to the performance linkage with the following purpose.

- ① To further raise the linkage between the medium to long-term management strategies and the remuneration plan for the Eligible Persons
- ② To cultivate the Eligible Persons’ incentive to contribute to the enhancement of the enterprise value and

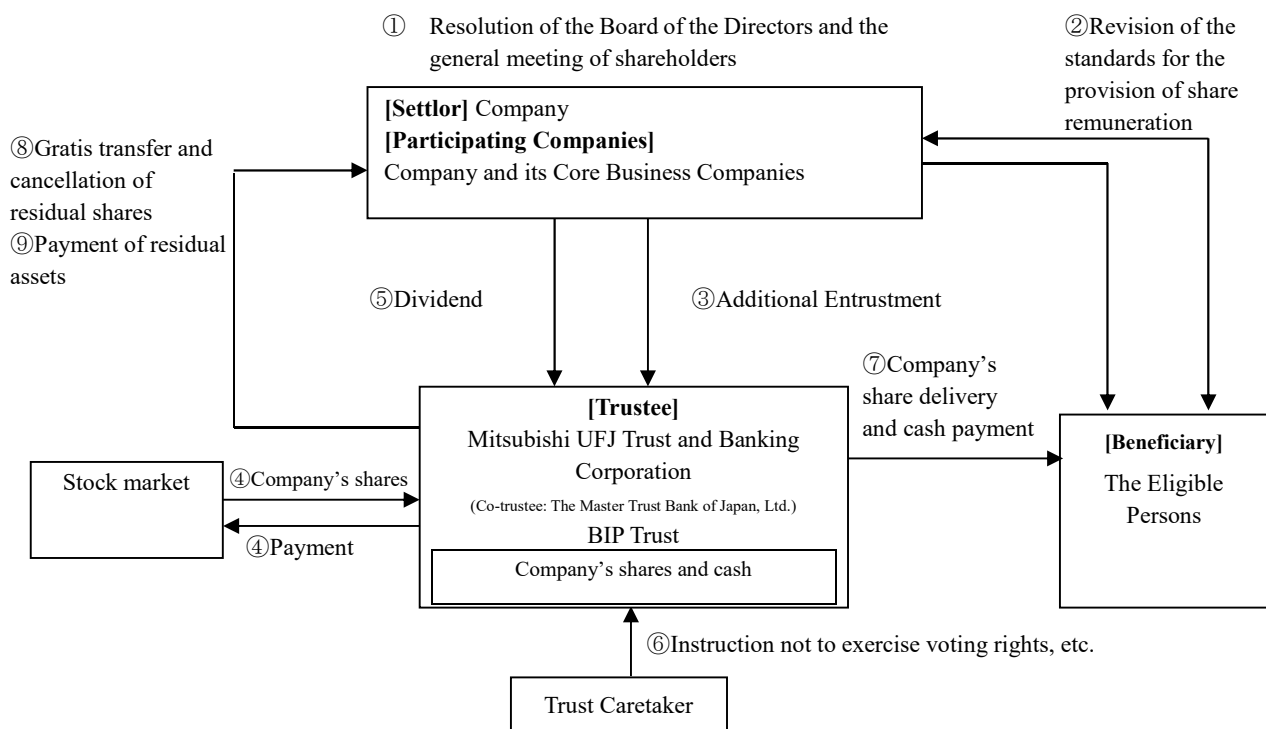
their awareness for shareholder-oriented management

- ③ To promote initiatives for building a sustainable society such as preserving the environment
- (2) The partial revision of the Plan at the Participating Companies are subject to the approval of the general meeting of shareholders at each Participating Company. Upper limit of the amount to be contributed to the Trust (the definition set forth in 2.(1)) after the continuation and the maximum number of the Company's shares subject to delivery, etc. to the Eligible Persons is described in 2.(6).
- (3) After the continuation and partial revision of the Plan, the remuneration system of the Eligible Persons will consist of: a fixed salary, paid monthly based on their roles; bonus, the amount of which fluctuates based on the performance of the Company; and the performance-based share remuneration. However, the remuneration of Directors who are Audit and Supervisory Committee Members and outside directors, who are independent of the Company's business executions, consists only of the fixed salary, given their role to serve the audit function or the supervisory function in general management.

2. Contents of the Plan after revision

(1) Plan summary

The Plan adopts a mechanism called BIP (Board Incentive Plan) Trust (the trust established under the Plan is referred to as "**Trust**"). The Trust is a plan, similar to the Performance Share plan and the Restricted Stock plan in the U.S. and Europe, wherein the Company's shares are delivered to Eligible Persons as remuneration for executives based on their roles, level of achievement of performance targets, etc.; however 50% of such Company's shares may be provided by cash equivalent to the value of the Company's shares upon conversion (hereinafter the Company's shares and the cash equivalent to the value of the Company's shares are collectively referred to as "**Company's Shares, etc.**"; the delivery of the Company's shares and the provision of the cash equivalent to the value of the Company's shares are collectively referred to as "**Delivery, etc.**"). Note that the Plan covers the period of execution of the duties of the Eligible Persons over three consecutive fiscal years ("**Plan Period**"). The initial Plan Period following the revision of the Plan will be the three fiscal years from the fiscal year ending on the last day of March 2021 to the fiscal year ending on the last day of March 2023.



- ① The Board of Directors of each Participating Company will pass a resolution approving the continuation of the Plan. The general meeting of shareholders of each Participating Company will pass a resolution approving the partial revision of the Plan.
- ② Each Participating Company will revise the standards for the provision of share remuneration concerning the Plan.
- ③ For the extension of the trust period of the Trust, the beneficiaries of which are the Eligible Persons satisfying beneficiary requirements described in 2.(2), Participating Companies will contribute cash on a pro-rata basis, based on the proportion of the fund for the remuneration to the relevant the Eligible Persons of each Participating Company, within the limit approved by the relevant general meeting of shareholders of each Participating Company.
- ④ The Trust will, in accordance with instructions from the trust caretaker, use the contributed cash referred to in ③ above and the Trust's residual cash as a fund to acquire the Company's shares from the stock market. The number of shares to be acquired by the Trust shall be within the limit approved by the resolution of the general meeting of shareholders referred to in ① above. The Company's shares held in the Trust are managed separately for each Participating Company based on the amount of money contributed by the Participating Company.
- ⑤ Dividends on the Company's shares in the Trust will be distributed as well as the dividends on other shares of the Company will be distributed.
- ⑥ The voting rights of the Company's shares in the Trust shall not be exercised during the trust period.
- ⑦ At a certain time in each year during the Plan Period, the Eligible Persons shall receive an award of standard points based on their role in accordance with the standards for the provision of share remuneration of each Participating Company to which they belong. However, such standard points shall be adjusted following the end of the Plan Period based on the level of achievement of performance targets, etc., and finalized as the share

delivery points. In principle, after the elapse of three years from the award of standard points, the Eligible Persons receive the Delivery, etc. of the Company's Shares, etc. corresponding to the number of the share delivery points (the details are described in 2.(5)). In addition, the Eligible Persons will also receive the amount equivalent to the dividend paid for the Company's shares within the Trust, based on the standard points or the share delivery points as of the arrival of each dividend record date during the trust period.

- ⑧ In the cases where there are residual shares at the expiration of the trust period, if the Trust will continue to be used for the Plan or a share remuneration plan similar to the Plan, the residual shares will be subject to the Delivery, etc. to the Eligible Persons after the continuation of the Trust. In the cases where the Trust will terminate due to the expiration of the trust period (in the cases where the trust period is extended, the expiration of the extended period), as part of the return to the shareholders, a gratis transfer of these residual shares will be made from the Trust to the Company, and the Company will cancel them by a resolution of the Board of Directors.
- ⑨ Any remaining dividends on the Company's shares within the Trust at the expiration of the trust period will be utilized to acquire the Company's shares if the Trust will continue to be used; however, in the cases where the Trust will terminate due to the expiration of the trust period (in the cases where the trust period is extended, the expiration of the extended period), the portion in excess of the trust expense reserve will be donated to organizations in which Participating Companies and the Eligible Persons have no interest.

(Note) In the cases where all Company's Shares, etc. within the Trust are used for the Delivery, etc. to the Eligible Persons satisfying the beneficiary requirements, the trust is terminated before the expiration of the trust period. Participating Companies may contribute additional cash to the Trust to fund the acquisition of the Company's shares within the limit approved by the relevant general meeting of shareholders of each Participating Company.

(2) Beneficiary requirements

Subject to the fulfillment of the following beneficiary requirements, after completing the prescribed beneficiary defined procedure, the Eligible Persons will be entitled to receive the Delivery, etc. from the Trust, of the Company's Shares, etc. in the number equivalent to the points as defined in 2.(4).

Beneficiary requirements are as follows:

- ① Persons shall have been Eligible Persons during the Plan Period (including persons who became Eligible Persons during the Plan Period).
- ② The Eligible Persons shall not have resigned due to personal reasons or committed certain illegal acts during incumbency.
- ③ Points (described in 2.(4)) shall have been awarded.
- ④ Other requirements deemed necessary to attain the aim of the share remuneration plan shall have been satisfied.

(3) Additional trust period

The additional trust period will be three years from August 2020 (planned) to August 2023 (planned).

However, the trust period of the Trust may be extended for three years by way of modifying the trust agreement and additional entrustment before the expiration of the trust period. In such case, for each extended trust period, Participating Companies will contribute cash to fund remuneration to the Eligible Persons within the limit of the amount approved by the general meeting of shareholders of each Participating Company, and

continue to award standard points and/or share delivery points to the Eligible Persons during the extended trust period.

In the case of said additional contribution, if there are remaining shares of the Company (excluding those that are equivalent to the share delivery points that have already been awarded to the Eligible Persons, but their Delivery, etc. has not yet been made) and cash in the trust assets (excluding cash reserved as an amount corresponding to dividends schedule for payment to Eligible Persons) as of the last day of the trust period before the extension (these shares of the Company and money collectively referred to as “**Residual Shares, etc.**”), the total amount of the Residual Shares, etc. and the additional amount to be contributed shall not exceed the limit of the amount approved by the general meeting of shareholders of each Participating Company for each relevant account corresponding to each Participating Company.

The trust period may be extended again afterwards in the same manner. If the modification of the trust agreement and additional entrustment are not carried out at the expiration of the trust period, no standard points and/or share delivery points will be awarded to the Eligible Persons thereafter. However, in the cases where there are the Eligible Persons who may satisfy the beneficiary requirements as of that time, the trust period of the Trust may be extended until the completion of the Delivery, etc. of the Company’s Shares, etc. to the Eligible Persons.

(4) Calculation method for the number of the Company’s shares subject to the Delivery, etc. to the Eligible Persons

At a certain time in each year, the Eligible Persons shall be awarded standard points based on their roles. The standard points held by the Eligible Persons shall be adjusted with the formula below following the end of the Plan Period and finalized as the share delivery points.

$$\begin{aligned} & \text{Share delivery points (values are rounded down to integers)} \\ & = \text{Standard points (*1)} \times \text{performance coefficient (*2)} \end{aligned}$$

(*1) Standard points (values are rounded down to integers) = share remuneration amount based on role ÷ average acquisition price for the Company’s shares (in the case that the trust period is extended, the average acquisition price for the Company’s shares newly acquired by the Trust due to such extension)

(*2) Fluctuates within a range of 0 to 200% based on the level of achievement of the Company’s performance targets etc. The indices, targets and component ratios used as the performance targets in the Plan Period are determined by the time of the first award of standard points in the Plan Period after deliberation by the Compensation Advisory Committee. The indices in the Plan Period covering the three fiscal years from the fiscal year ending on the last day of March 2021 to the fiscal year ending on the last day of March 2023 are planned to be operating income (excluding inventory valuation), free cash flow, net D/E ratio, ROE, total return ratio and volume of reduction in CO₂ emissions.

For both the share delivery points and the standard points, one point corresponds to one of the Company’s shares. However, if a share split or reverse share split is conducted during the trust period and adjusting the standard points or the share delivery points is considered appropriate, then the number of the Company’s shares per point and the maximum number of shares described in 2. (6) will be adjusted according to the ratio

of the share split or reverse share split.

(5) Method and timing of the Delivery, etc. of the Company's Shares, etc. to the Eligible Persons

Eligible Persons who have satisfied the beneficiary conditions described in 2. (2) shall receive delivery of the Company's shares from the Trust according to the number of the share delivery points, in principle after the elapse of three years from the award of the standard points, by conducting prescribed beneficiary right confirmation procedures. However, the Eligible Persons may be provided with the cash equivalent to the value of the Company's shares corresponding to 50% of such share delivery points upon conversion within the Trust.

However, upon the resignation of an Eligible Person as a Director who is not an Audit and Supervisory Committee Member or an Executive Officer of the Company, or as a Director or Executive Officer of JXTG Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation, or JX Nippon Mining & Metals Corporation before the elapse of three years from the award of standard points, they shall immediately receive delivery of the Company's shares from the Trust corresponding to the standard points or the share delivery points that have already been awarded as of that time, following resignation. The Eligible Persons may be provided with the cash equivalent to the value of the Company's shares corresponding to 50% of such standard points or share delivery points upon conversion within the Trust.

In addition, in the case of death of an Eligible Person during the trust period, all of the Company's shares corresponding to the standard points or the share delivery points that have already been awarded as of that time may be provided to the heir of such Eligible Person by cash equivalent to the value of the Company's shares upon conversion within the Trust. In the cases where an Eligible Person becomes an overseas resident during the trust period, all of the Company's shares corresponding to the standard points or the share delivery points that have already been awarded as of that time will immediately be provided to such Eligible Person by cash equivalent to the value of the Company's shares upon conversion within the Trust.

(6) The upper limit on the amount to be contributed to the Trust and the maximum number of the Company's shares subject to the Delivery, etc. to the Eligible Persons

The upper limit of the amount to be contributed to the Trust and the maximum number of the Company's shares subject to the Delivery, etc. to the Eligible Persons (the number of standard points and/or the share delivery points to be awarded to the Eligible Persons) shall be approved by the general meeting of shareholders of each Participating Company. If the partial revision of the Plan is approved at the general meeting of shareholders at each Participating Company, the upper limit of the amount to be contributed to the Trust and the maximum number of the Company's shares subject to the Delivery, etc. to the Eligible Persons (the number of standard points and/or the share delivery points to be awarded to the Eligible Persons) during the trust period shall be as follows.

① The Company

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|---|--------------------|
| - The upper limit of the amount to be contributed to the Trust (*): | 1,500 million yen |
| - The maximum number of the Company's shares subject to the Delivery, etc. to the Eligible Persons for the Plan Period of three fiscal years: | 6 million shares |
| (The upper limit of the standard points and/or the share delivery points to be awarded to the Eligible Persons): | (6 million points) |

② Core Business Companies (in total of the three companies)

- The upper limit of the amount to be contributed to the Trust (*): 5,000 million yen
- The maximum number of the Company's shares subject to the Delivery, etc. to the Eligible Persons for the Plan Period of three fiscal years: 20 million shares
- (The upper limit of the standard points and/or the share delivery points to be awarded to the Eligible Persons): (20 million points)

(*) The upper limit of the amount to be contributed to the Trust has been calculated by adding trust fees and costs to the cost of acquiring shares in consideration of the current level of remuneration to the Eligible Persons.

(7) Method of acquiring the Company's shares by the Trust

The Company's shares are planned to be acquired for the Trust in the stock market within the amount of the upper limit of the amount to be contributed to the Trust and the upper limit of the standard points and/or the share delivery points of each Participating Company described in 2.(6), and there will be no dilution.

In the cases where the number of the Company's shares within the Trust may fall short of the number of shares corresponding to the standard points and/or the share delivery points awarded to the Eligible Persons or in other similar cases during the trust period, Participating Companies may contribute additional cash to the Trust, within the amount of the upper limit of the amount to be contributed to the Trust and the upper limit of the standard points and/or the share delivery points of each Participating Company described in 2.(6), and the additional Company's shares may be acquired.

(8) Treatment of dividends on the Company's shares in the Trust

The amount equivalent to the dividend amount based on the standard points or the share delivery points (one point is converted into one share) of the Eligible Persons as of the arrival of each dividend record date of the Company on the Company's shares in the Trust shall be reserved and provided to the Eligible Persons with the Delivery, etc. of the Company's Shares, etc. Except for the portion reserved for the provision to the Eligible Persons, dividends will be allocated to offset trust fees and costs of the Trust.

(9) Exercise of voting rights of the Company's shares in the Trust

The voting rights of the Company's shares (Company's shares before the Delivery, etc. is made to the Eligible Persons) held by the Trust shall not be exercised during the trust period.

(10) Treatment at the termination of the Trust

Residual shares at the expiration of the trust period will be subject to delivery to Eligible Persons if the Trust will continue to be used for the Plan or a share remuneration plan similar to the Plan. In the cases where the Trust will terminate due to the expiration of the trust period (in the cases where the trust period is extended as described in 2.(3), the expiration of the extended period), for the return to the shareholders, a gratis transfer of these residual shares will be made from the Trust to the Company, and the Company will cancel them by a resolution of the Board of Directors.

In addition, any remaining dividends on the Company's shares within the Trust at the expiration of the trust period will be utilized to acquire the Company's shares if the Trust will continue to be used; however, in the cases where the Trust will terminate due to the expiration of the trust period (in the cases where the trust period is extended as described in 2.(3), the expiration of the extended period), the portion in excess of the

trust expense reserve will be donated to organizations in which Participating Companies and Eligible Persons have no interest.

(Reference)

[Trust agreement contents]

- ① Trust type: An individually operated designated trust of cash other than cash trust (third party benefit trust)
- ② Trust purpose: Introduction of share remuneration plan for the Eligible Persons
- ③ Settlor: The Company
- ④ Trustee: Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee: The Master Trust Bank of Japan, Ltd.)
- ⑤ Beneficiaries: The Eligible Persons satisfying the beneficiary requirements
- ⑥ Trust caretaker: A third-party who does not have any interest in the Company (certified public accountant)
- ⑦ Trust agreement date: August 15, 2017 (planned to be changed on August 13, 2020)
- ⑧ Trust period: From August 15, 2017 to August 31, 2020
(Planned to be extended until August 31, 2023 by changing trust agreement)
- ⑨ Start of plan: August 15, 2017
- ⑩ Exercise of voting rights: Not exercised
- ⑪ Type of acquired shares: The Company's ordinary shares
- ⑫ Upper limit of trust money: 6,500 million yen (planned) (including trust fees and costs)
- ⑬ Period of acquiring shares: From August 14, 2020 (planned) to August 31, 2020 (planned)
(excluding the last five business days of each accounting period (including interim and quarterly accounting periods))
- ⑭ Method of acquiring shares: To be acquired from the stock market
- ⑮ Holder of the vested right: The Company
- ⑯ Residual assets: Residual assets that can be received by the Company, which is the holder of the vested right, shall be within the limit of the trust expense reserve, which is calculated by deducting the cost for acquiring the shares from the trust money.

[Trust/share related back office]

- ① Trust clerical work: Mitsubishi UFJ Trust and Banking Corporation and the Master Trust Bank of Japan Ltd. will be the trustees of the trust and engage in affairs related to the Trust.
- ② Share clerical work: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will engage in affairs related to delivering the Company's shares to beneficiaries based on the agreement of entrustment of affairs.

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