

February 9th, 2023



## Green Finance Framework

### 1. Introduction

ENEOS Holdings, Inc. (hereinafter “ENEOSHD”) has established the Green Finance Framework (hereinafter “the Framework”). Proceeds of green bonds and green loans (hereinafter, collectively “the Green Finance”) issued under the Framework will be allocated to develop, construct, operate and renovate renewable energy projects. ENEOSHD will advance its renewable energy initiatives with the Green Finance for the achievement of carbon neutrality.

#### 1.1 ENEOS Group Overview

The ENEOS Group (formerly the JXTG Group) was established as a result of the merger of the JX Group and the TonenGeneral Group in April 2017. In June 2020, with the change in trade names of JXTG Holdings, Inc. and JXTG Nippon Oil & Energy Corporation to "ENEOS Holdings, Inc." and "ENEOS Corporation", respectively, the JXTG Group changed its name to the "ENEOS Group".

Under the management of ENEOSHD, three principal operating companies are engaged separately in the energy business; the oil and natural gas exploration and production business; and the metals business.

#### 1.2 Policy for Environmental Initiatives

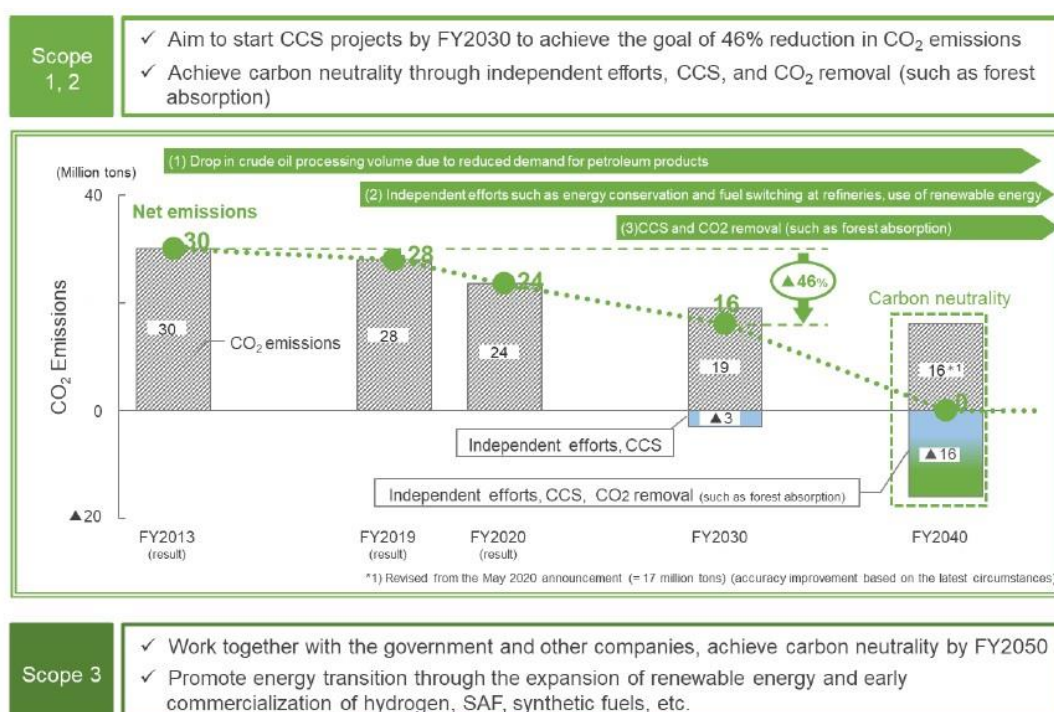
One of the ENEOS Group’s envisioned goals stated in its Long-Term Vision to 2040 is contributing to the achievement of a low-carbon, recycling-oriented society. In May 2020, we also stated our intent to achieve carbon neutrality in our own emissions by 2040. ENEOSHD established a new carbon neutrality plan in May 2022 in consideration of changes in domestic and international circumstances, including the Japanese government’s CO<sub>2</sub> reduction targets and international discussions regarding carbon neutrality standards.

In this new plan, while maintaining its domestic business, which is essential to a stable energy supply, the Group has set a target for a 46% reduction compared with

FY2013 in Scope 1 and 2 net CO<sub>2</sub> emissions by FY2030, as well as a target for net zero Scope 1 and 2 CO<sub>2</sub> emissions by FY2040.

Furthermore, the Group will work together with the government and other companies toward the realization of carbon neutrality in Scope 3 CO<sub>2</sub> emissions by FY2050. Under this initiative, ENEOSHD intends to drive the energy transition by strengthening renewable energy and also by realizing practical application of CO<sub>2</sub>-free energy such as hydrogen, sustainable aviation fuel (SAF) and synthetic fuels in the near future.

**【Carbon Neutrality Plan (Announced on May 13, 2022)】**



Scope 3

- ✓ Work together with the government and other companies, achieve carbon neutrality by FY2050
- ✓ Promote energy transition through the expansion of renewable energy and early commercialization of hydrogen, SAF, synthetic fuels, etc.

## 2. Green Finance Framework

In order to raise funds with the Green Finance, ENEOSHD developed the Framework based on ICMA's 2021 Green Bond Principles, LMA's 2021 Green Loan Principles, and Japanese Environment Ministry's Green Bond and Sustainability Linked Bond Guidelines 2022 and Green Loan and Sustainability Linked Loan Guidelines 2022. It follows the four core components of the Principles -- Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting.

## 2.1 Use of Proceeds

Proceeds from the Green Finance will be used to finance or refinance development, construction, operation, and renovation of eligible projects selected by ENEOSHD among renewable solar and biomass power generation activities.

## 2.2 Process for Project Evaluation and Selection

Projects eligible for the proceeds will be evaluated and selected among renewable solar and biomass power generation activities, which contribute to the development of a low-carbon, recycling-oriented society, through discussions by ENEOSHD's Finance Dept. and other related sections based on the Group's "Basic Policy for ESG Management".

In case where the target project is implemented by a subsidiary of the Group, the evaluation and selection process will involve discussions by the Finance Dept. and other related sections of ENEOSHD and the subsidiary.

Potentially negative environmental impacts and countermeasures

Eligible projects are supposed to be constructed and operated after giving due environmental / social consideration, obtaining necessary approvals and local community's understanding, and completing an environmental impact assessment process.

## 2.3 Management of Proceeds

Allocation of the Green Finance proceeds is managed by the Finance Dept. in its accounting system on a quarterly basis, until all the proceeds have been fully allocated. Unallocated proceeds will be held in cash or cash equivalents.

In case where the target project is implemented by a subsidiary of the Group, the subsidiary's Finance Dept. will report the allocation of the proceeds to ENEOSHD's Finance Dept. on a quarterly basis.

## 2.4 Reporting

**【Allocation of the proceeds】**

After issuing Green Finance Instruments until the full allocation of the proceeds, ENEOSHD plans to annually disclose its internally designated information related to the allocation of the proceeds on its website. ENEOSHD will publish a report as necessary in the event of material changes in the completed allocation.

**【Environmental benefits】**

After issuing Green Finance Instruments until the full allocation of the proceeds, ENEOSHD plans to annually disclose environmental benefits of the projects on its website, using the installed capacity and CO<sub>2</sub> reduction as indicators, as long as such information is disclosable in light of confidentiality and non-disclosure obligation.

End of the Framework