

Attachment to the Convocation Notice of  
the 9th Ordinary General Meeting of Shareholders

**Report for the 9<sup>th</sup> Fiscal Term**  
(from April 1, 2018 to March 31, 2019)

JXTG Holdings, Inc.  
Securities Code: 5020

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## Items Posted on the Company's Website

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Pursuant to laws and regulations and Article 15 of the Company's Articles of Incorporation, the following items are available on the Company's website.

The Company's Website:

**<https://www.hd.jxtg-group.co.jp/english/ir/stock/meeting/>**

### Business Report

- Matters Concerning the Accounting Auditor
- Systems to Ensure Proper Operations and the Operating Effectiveness of Such Systems

### Consolidated Financial Statements

- Notes to Consolidated Financial Statements

### Non-Consolidated Financial Statements

- Notes to Non-consolidated Financial Statements

## Business Report for the 9th Fiscal Term(from April 1, 2018 to March 31, 2019)

### 1. Matters Concerning Present Condition of the Corporate Group

#### (1) Major Business Activities (as of March 31, 2019)

JXTG Group is a “comprehensive energy, resources and materials company groups,” having core operating companies—JXTG Nippon Oil & Energy Corporation, JX Nippon Oil & Gas Exploration Corporation and JX Nippon Mining & Metals Corporation—under the Company as the holding company.

JXTG Group’s major business activities are as follows:

Business Segments	Details of Major Business Activities	Core Operating Companies
Energy Business	<ul style="list-style-type: none"> <li>◦ Manufacturing and marketing petroleum products (e.g. gasoline, kerosene, and lubricant, etc.)</li> <li>◦ Importing and sales of gas and coal</li> <li>◦ Manufacturing and sales of petrochemical products</li> <li>◦ Sales of electricity</li> </ul>	JXTG Nippon Oil & Energy Corporation
Oil and Natural Gas Exploration & Production Business	<ul style="list-style-type: none"> <li>◦ Exploring, developing, and producing oil and natural gas</li> </ul>	JX Nippon Oil & Gas Exploration Corporation
Metals Business	<ul style="list-style-type: none"> <li>◦ Exploring and developing non-ferrous metal resources (e.g. copper and gold)</li> <li>◦ Smelting, refining and marketing non-ferrous metal products (e.g. copper, gold and silver)</li> <li>◦ Manufacturing and marketing electro-deposited copper foils and treated rolled copper foils</li> <li>◦ Manufacturing and marketing thin-film materials (e.g. sputtering targets, surface treatment agents and compound semiconductor materials)</li> <li>◦ Manufacturing and marketing precision rolled products and precision-fabricated products</li> <li>◦ Recycling of non-ferrous metal materials and treatment of industrial waste</li> <li>◦ Manufacturing, processing and marketing titanium metals</li> </ul>	JX Nippon Mining & Metals Corporation
Other Business	<ul style="list-style-type: none"> <li>◦ Civil engineering work, including roadwork and pavement construction</li> <li>◦ Construction work</li> </ul>	

## (2) Business Progress and Results

### A. Circumstances Surrounding JXTG Group

The global economy in this fiscal year continued to grow modestly underpinned by the robust U.S. economy, despite the slowdown in China due to the effect of U.S. - China trade friction and the downward swing in Europe.

The Dubai crude oil price, which is the benchmark crude oil price in Asia, rose from 67 dollars per barrel at the beginning of this fiscal year to 84 dollars in October due to reasons such as OPEC and certain non-OPEC oil-producing countries not increasing crude oil production and concerns about the decrease in crude oil supply caused by the U.S.' sanction against Iran. Thereafter, led by the partial relaxation of Iran sanction by the U.S. and the U.S. President's restraining comments on OPEC's production reduction policy, the crude oil price level dropped to under 50 dollars, but it shifted to rise again due to OPEC and certain non-OPEC oil-producing countries engaging in a collaborative production cut. The crude oil price was 67 dollars per barrel at the end of this fiscal year.

The LME (London Metal Exchange) price for copper, which is the international index price for copper, was 6,756 dollars per ton at the beginning of this fiscal year, but due to the strike concerns at the world's largest copper mine, it rose to 7,263 dollars in June. Thereafter, the LME price sharply dropped against the backdrop of strike concerns abating and concerns of a slowdown in the economy due to the expansion of U.S. - China trade friction. It remained around 6,000 dollars, but since January 2019, it shifted to rise due to reasons such as expectations that U.S. - China friction be relaxed, and it was 6,485 dollars per ton at the end of this fiscal year.

The Japanese economy recovered moderately due to reasons such as an increase in private capital investment and a rally in consumer spending associated with the improvement in employment and income environment. On the other hand, the domestic demand for petroleum products was lower than the previous fiscal year due to reasons such as decrease in gasoline primarily resulting from fuel-efficient vehicles becoming more prevalent and decrease in kerosene due to the higher temperature in winter compared to last fiscal year.

### B. Outline of the Consolidated Results of this Fiscal Year

In this business situation, JXTG Group implemented various measures to enhance the profitability of its core business and promoted management that focuses on cash flows and capital efficiency based on the First Medium-Term Management Plan (FY 2017 to FY 2019). Consequently, the outline of the consolidated results of this fiscal year is as set forth in the following chart. The results and business summaries of each business segment are as described from page 8.

Item	This fiscal year (9 <sup>th</sup> )	Previous fiscal year (8 <sup>th</sup> )	Change from the previous fiscal year
Revenue	11,129.6 billion yen	10,301.1 billion yen	828.6 billion yen
Operating income [Operating income excluding inventory valuation]	537.1 billion yen [515.7 billion yen]	487.5 billion yen [372.6 billion yen]	49.5 billion yen [143.1 billion yen]
Profit Attributable to the Owners of Parent	322.3 billion yen	361.9 billion yen	(39.6) billion yen

## Basic Policy

JXTG will promote “management that focuses on cash flows and capital efficiency” in order to establish a profit basis and a financial basis adaptable to changing business environment

- 1 Enhancing profitability of core business
- 2 Focusing on cash flows and capital efficiency
- 3 Strengthening business foundation  
(e.g. Development of management control system, fostering human resources)

## Measures to be taken

### 1 Enhancing Profitability of Core Business

#### Energy

- Establishing safe, stable and efficient operating system
- Maximizing and realizing at an early date integration synergies (100.0 billion yen in FY 2019)
- Strengthening international competitiveness through thorough streamlining of core business

#### Oil and Natural Gas E&P

- Thorough selection and concentration
- Ensuring our advantages in identified regions and technologies

#### Metals

- Improving profitability of Caserones Copper Mine
- Strategically developing electronic materials business

### 2 Focusing on Cash Flows and Capital Efficiency

- Improving financial base and enhancing shareholder returns by creating cash flow
- Optimizing business portfolio
  - ▶ JXTG Group will reduce investment in upstream businesses and prioritize investment in mid and downstream business and growth business
- Cultivating and strengthening business that will be mainstays of the future taking advantage of our strengths
  - ▶ Overseas business / electricity and gas businesses / technology-based business

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### Strengthening Business Foundation (e.g. Developing management control system, fostering human resources)

- Innovating the business process focused on arrival of the IoT society
  - ▶ Utilizing the latest enterprise-wide core IT system (ERP system)
- Improving the internal control system and operate it rigidly
  - ▶ Introducing internal control method based on global standards
- Fostering human resources
  - ▶ Fostering human resources who will realize the improvement of mid- to long-term corporate value
- Promoting CSR management aiming for “compatibility between economic value and social value”
  - ▶ Strengthening efforts for ESG (environment, society and governance)

### Management Targets

	Management Target	(Reference)	
		Fiscal Year 2017	Fiscal Year 2018
<b>Operating income (excluding inventory valuation)</b>	FY 2017: 350.0 billion yen FY 2018: 400.0 billion yen FY 2019: 500.0 billion yen	372.6 billion yen	515.7 billion yen
<b>Free cash flow</b>	500.0 billion yen (cumulative amount in FY 2017 - FY 2019)	749.3 billion yen (cumulative amount in FY 2017 - FY 2018)	
<b>Net D/E ratio</b>	FY 2019: 0.7 times or lower (capital total basis)	0.62 times	0.59 times
<b>ROE</b>	FY 2019: 10.0% or more	15.2%	12.3%
<b>Key Factors (FY 2017→FY 2019)</b>	Exchange rate: 110 yen/\$	Crude oil price: 50→60 \$/bbl	Copper price: 250→270 ¢/lb

## C. Progress and Results of Each Business



### Results of the Energy Business

Items	This fiscal year (9 <sup>th</sup> fiscal term)	Previous fiscal year (8 <sup>th</sup> fiscal term)	Change from the previous fiscal year
Revenue	9,481.3 billion yen	8,700.1 billion yen	781.2 billion yen
Operating Income [Operating income excluding inventory valuation]	375.4 billion yen [354.1 billion yen]	416.6 billion yen [303.6 billion yen]	(41.2) billion yen [50.5 billion yen]

### Business Summary

Domestic demand for fuel oil continues to decrease, but we expect increases in overseas demand for petroleum products and petrochemical products. Under such circumstances of the energy business, while carrying out our responsibility to provide stable supply in Japan, we strived to strengthen the competitiveness of our core business and develop and expand businesses that will be the mainstays of the future in order to overcome the intense competition abroad.

#### ● Strengthening the competitiveness of core business

In the refining and marketing petroleum and petrochemical products business, in order to further the early realization and maximization of integration synergies (to achieve an earnings improvement of 100.0 billion yen by fiscal year 2019, the last fiscal year of the First Medium-Term Management Plan), we recorded an earnings improvement of 78.7 billion yen in this fiscal year, through streamlining and rationalizing in each division including manufacturing, supply and purchase.

Also, from the production aspect, we proactively worked to further strengthen our competitiveness and achieve thorough safe and stable operation, such as operating the petroleum cokes power generating facility at Mizushima Refinery and the integration of Kawasaki Refinery and Kawasaki Plant as of April 1, 2019. On the other hand, from the sales aspect, we advanced the integration of service station (SS) brands to the “ENEOS” brand in order to further improve customer convenience along with developing a new self-SS brand, “EneJet.” In addition, as part of our effort to pursue the possibility of new services utilizing Japan’s largest SS network, we launched a trial of car-sharing services and coin laundries adjoining to SSs.

Regarding the chemicals business, although demand increased mainly in Asia, the competitors’ operation of new facilities accelerated competition. Under such challenging circumstances, we strived to strengthen our profitability focusing on the sales aspect of products such as paraxylene, which we



hold one of the world's largest supply capacity.

- **Developing and expanding businesses that will be mainstays of the future**

In the electricity business, as a result of our effort to expand the sales of “ENEOS Denki” (electricity) and “my Denki,” we achieved a total of 510,000 contracts as of the end of this fiscal year. Furthermore, in order to ensure electricity supply, we established a joint venture with JERA Co., Inc. in March 2019 and we are moving forward with the plan to build a power station in Ichihara City, Chiba that uses LNG as fuel, which has low environmental impacts.

In the gas supply business, we launched the residential city gas retailing business under the brand name “ENEOS Toshi Gas” (city gas) since February 2019. In the aim to achieve 100,000 contracts at an early stage, together with setting up simple and easy-to-understand price plans which the customers can realize the advantages, we prepared a discount privilege by combining it with “ENEOS Denki” and promoted to expand the sales by synergetic effect with the residential electricity retailing business.

In the hydrogen business, with the aim to develop business within China and third countries, we commenced studying the possibility of cooperating with China Petrochemical Corporation. Also, in Japan, in addition to the opening of Chiba Makuhari Hydrogen Station in March 2019, which is the 41<sup>st</sup> station, we launched a plan to build a large-scale hydrogen station in the Oi area of Tokyo with TEPCO Fuel & Power, Inc., aiming to open business at the early stage of fiscal year 2020.

In the renewable energies business, we established a specialized organization to efficiently develop the business, and also decided to participate in Taiwan's largest offshore wind power generation business in order to obtain the know-how on offshore wind power generation business, which has a great potential for development globally.

In the technology-based business, we worked on the expansion and enhancement of profitability of the lubricant business and the functional materials business, which we are developing in many parts of the world. In the overseas business, with the aim to seize upon demand from Asia wherein the economy continues to grow, we commenced studying on joint operations of the Marifu Refinery with Vietnam National Petroleum Group, our strategic partner.

- **Optimizing business portfolio**

We sold all the outstanding shares of Irvine Scientific Sales Company, Inc. and IS Japan Co., Ltd., which functioned as JXTG Group's cell culture material business, in order to concentrate management resources on our core business and businesses that will be mainstays of the future.



New self-SS brand  
“EneJet”

**ENEOSでんき / ENEOS都市ガス**



Sales advertising of  
“ENEOS Denki” and “ENEOS Toshi Gas”

## Oil and Natural Gas Exploration and Production Business



### Results of the Oil and Natural Gas Exploration and Production (E&P) Business

Items	This fiscal year (9 <sup>th</sup> fiscal term)	Previous fiscal year (8 <sup>th</sup> fiscal term)	Change from the previous fiscal year
Revenue	149.2 billion yen	155.8 billion yen	(6.6) billion yen
Operating Income	37.8 billion yen	37.6 billion yen	0.2 billion yen

### Business Summary

#### • Oil and natural gas production volumes

We started production at the Beryl gas field in Malaysia this fiscal year, and the Hail oil field in the United Arab Emirates, which started production in November 2017, contributed to the production increase throughout the year. However, due to the effects including disposal of our interest in Syncrude oil sands project of Canada in February 2018 as part of our policy to be selective in what we concentrate our resources on and the earthquake in Papua New Guinea, which happened in the same month, the oil and natural gas production volumes were 105,000 barrels of oil equivalent per day, which was below the volume produced in the previous fiscal year.

#### • Efforts to expand production

In Malaysia, we started the commercial production of natural gas at the Beryl gas field in SK10 mining area in September 2018. The natural gas which was produced from Beryl gas field as well as the natural gas produced from the Helang gas field and the Layang oil and gas field, which are located in the same mining area as the Beryl gas field, are liquefied at the plant of Malaysia LNG Tiga Sdn. Bhd., in which JXTG Nippon Oil & Energy Corporation has invested, and sold to customers in countries such as Japan and China. We are also working to develop the Layang oil and gas field in the aim to start producing crude oil in 2020.

In the United Kingdom North Sea, we are currently building a production related facility in the Culzean gas field and the Mariner oil field in the aim to start commercial production in 2019.

In addition, we opened a Brisbane office in Australia in April 2018 in order to reinforce support for the oil and gas field business in Papua New Guinea, which is expected to continue to generate stable cash flows going forward.

- **Utilization of CO2-EOR technology**

CO2-EOR technology contributes to the reduction of carbon dioxide and improvement in crude oil recovery rate by injecting carbon dioxide into an aged oil field. In the CO2-EOR project in the U.S., we are utilizing carbon dioxide captured from exhaust gas generated from combusting coal at thermal power plants. This project has recovered a cumulative total of over 2 million tons of carbon dioxide as of the end of December 2018. In addition, we concluded a memorandum of understanding with PT Pertamina (Persero), an Indonesian national oil company, together with Japan Oil, Gas and Metals National Corporation, an incorporated administrative agency, regarding the consideration of collaboration in upstream business, including the utilization of CO2-EOR technology.



Helang Gas Field Offshore Facility  
(Malaysia)



CO2-EOR Project in the U.S.  
CO2 Recovery Plant



## Results of the Metals Business

Items	This fiscal year (9 <sup>th</sup> fiscal term)	Previous fiscal year (8 <sup>th</sup> fiscal term)	Change from the previous fiscal year
Revenue	1,041.8 billion yen	968.4 billion yen	73.4 billion yen
Operating Income [Operating income excluding inventory valuation]	68.2 billion yen [68.1 billion yen]	(60.3) billion yen [(62.2) billion yen]	128.5 billion yen [130.3 billion yen]

## Business Summary

- **Efforts in the copper resources development and the smelting and refining business**

Regarding the Caserones project in Chile, we established a specialized organization to expeditiously and centrally manage the project in May 2018 and further focused on stabilization of operation, improvement in production and management of costs. Consequently, we achieved a large improvement in operating results and significant reduction in costs this fiscal year. We also decided to implement the facility reinforcement plan for Los Pelambres copper mine in Chile and commenced the construction work.

In addition, regarding the smelting & refining business, we carried out measures to improve efficiency and reduce cost at the respective smelters and endeavored to further strengthen our competitiveness.

- **Efforts in the electronic materials business**

In the electronic materials business, due to the increase in demand in IT-related fields, the sales of sputtering targets and treated rolled copper foils, our core products, remained steady. Although the growth of the smartphone market is slowing down for the time being, since we expect an increase in demand owing to the further spread of IoT and AI society in the medium- to long-term, we decided to strengthen the production facilities for sputtering targets, treated rolled copper foils and high performance copper alloy strips. We will enhance production capabilities of such materials by approximately 30% (compared to the amount in fiscal year 2017) by the end of fiscal year 2020.

- **Efforts in the recycling and environmental services business**

In the recycling and environmental services business, we advanced technology development with the aim to operationalize recycling of waste lithium-ion batteries. We also commenced to study the



structuring of business models in Japan and overseas including the possibility of collaboration with other companies. These efforts contribute to forming a recycling-oriented society.

- **Efforts in the titanium business**

In the titanium business, the sales of metallic titanium increased amid the firm demand for the aircraft. The sales of functional chemicals such as catalysts and materials for electronic components were also generally steady.

- **Efforts promoting technology-based business**

In July 2018, we completed purchasing all the shares of H.C. Starck Tantalum and Niobium GmbH (a German company), which develops, manufactures and sells tantalum and niobium products (high purity metal powders), and precede the early transfer of the management and control system.

Furthermore, in June 2018, we purchased a part of the shares of Material Concept, Inc., a venture initially founded in association with Tohoku University, a national university corporation, to participate in its copper paste business. Said company has superior technology for manufacturing copper paste, which is applied for wires and electrodes for electronic equipment, and received the Minister of Education, Culture, Sports, Science and Technology Award at the “Award for Academic Startups 2018” hosted by National Research and Development Agency Japan Science and Technology Agency. In addition, we concluded an organizational coordination and cooperation agreement with Tohoku University, in order to collaboratively carry out research development and foster human resource in the electronic materials field including next-generation wiring materials.



Processing of treated rolled copper surface  
(Hitachi Works)



Map Ta Phut Plant (Thailand), H.C. Starck Tantalum and Niobium GmbH Group

## Other Business



### Results of Other Business

Items	This fiscal year (9 <sup>th</sup> fiscal term)	Previous fiscal year (8 <sup>th</sup> fiscal term)	Change from the previous fiscal year
Revenue	527.6 billion yen	543.8 billion yen	(16.2) billion yen
Operating Income	42.4 billion yen	42.6 billion yen	(0.2) billion yen

(Note) Figures above indicate a total of results of the group companies which engage in such businesses as land transportation, real-estate lease and financing as well as NIPPO CORPORATION.

### NIPPO CORPORATION

NIPPO CORPORATION (“NIPPO”) primarily engages in pavement, civil engineering and construction work, as well as the manufacturing and sales of asphalt mixtures. In this fiscal year, despite an increase in private capital investment, the business environment of NIPPO remained severe, due to factors such as weak public expenditure and increases in labor costs and material prices. Under these conditions, NIPPO strived to acquire orders for work by leveraging its superiority in technological strength. In addition, NIPPO endeavored to secure profits by further reducing costs and increasing efficiency.

However, NIPPO received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission for violation of the Antimonopoly Act concerning a bid for paving work that was sought by the Tokyo Metropolitan Government or other companies. As a result, on June 7, 2018, NIPPO received a disposition in accordance with Construction Business Act from the Ministry of Land, Infrastructure, Transport and Tourism to suspend business (for 30 days from June 22, 2018 to July 21, 2018).

In order to prevent the breach from recurring, NIPPO has undertaken Antimonopoly Act compliance initiatives, including revising internal regulations and manuals, taking measures to

ensure that sales representatives are thoroughly familiarized with the details thereof, and implementing continuous and systematic monitoring by the internal audit division, legal division and attorneys-at-law. The Company continues to support NIPPO in these endeavors to ensure future compliance.

**Management Integration of JX Engineering Corporation and Shinko Plantech Co., Ltd.**

In December 2018, JX Engineering Corporation agreed with Shinko Plantech Co., Ltd. to implement a management integration on July 1, 2019. “RAIZNEXT Corporation”, the new company which will be formed by the integration, will aim to become Japan’s leading company in plant maintenance with high engineering competence by combining the strengths of both companies.

## D. Efforts for ESG (Environmental, Social and Governance)

### ◦ Promotion on ESG

With the JXTG Group Philosophy as the basis of all of our business activities, JXTG Group maintains the JXTG Group Code of Conduct as the specific standards to be put into practice to realize our philosophy. Recognizing that ESG is essential for a company to pursue its sustainable growth, we designated the following eight priority areas based on the code of conduct – High Ethical Standards; Compliance; Safety and Environment; Human Rights; Human Resource Development; Health; Quality; and Social Contribution.

In this fiscal year, JXTG Group promoted the environmental, social and governance initiatives as described below. Furthermore, the Company established the ESG Promotion Department on April 1, 2019 to realize sustainable growth and enhancement of corporate value through corporate management focusing on ESG.

## JXTG Group Philosophy

### [ Mission ]

Harnessing the Earth's power  
for the common good and for the day-to-day life of each individual,  
we will contribute to the development of our communities  
and help to ensure a vibrant future  
through creation and innovation in energy, resources, and materials.

### [ Our Five Core Values ]

As a member of  
the community

#### High ethical standards

Based on our core principles of integrity and fairness, we conduct all of our business activities in accordance with our high ethical standards.

#### Health, safety, and environment

We give the highest priority to health, safety and environmental initiatives, which are vital to the well-being of all living things.

Supporting  
day-to-day life

#### Focus on customers

We strive to meet the expectations and evolving needs of our valued customers and of society as a whole through the stable provision of products and services while creating new value as only we can.

For  
a vibrant future

#### Taking on challenges

Taking changes in stride, we rise to the challenge of creating new value while seeking innovative solutions for today and tomorrow.

#### Moving Forward

Looking to the future, we continue to grow, both as individuals and as a company, through the personal and professional development of each and every employee.



- **Specific initiatives**

**Environmental**

JXTG Group upholds “forming a low-carbon society” and “forming a recycling-oriented society” as important themes of the Medium-Term Environmental Management Plan (FY 2017 to FY 2019), and endeavored to reduce the volume of CO2 emissions and promote the reduction of waste generation and recycling through initiatives such as the energy conservation measures taken at refineries, smelters and refineries etc. and the promotion of the sales and development of environmentally friendly products. In addition, JXTG Group is working to develop its renewable energy business, to carry out CO2-EOR projects in the Oil and Natural Gas Exploration and Production (E&P) Business, and to strengthen its recycling and environmental services business in the Metals Business.

< JXTG Group’s Environmental Targets in Medium-Term Environmental Management Plan >

1. Reduction of CO2 emissions along the entire supply chain (as compared with fiscal year 2009)
  - Fiscal year 2019 target: Reduction of 2.72 million tons
  - Fiscal year 2030 target: Reduction of 4.08 million tons
2. Waste-to-landfill ratio
  - Maintain zero emissions (waste-to-landfill ratio of less than 1%)

**Social**

JXTG Group stipulates the basic principles of the respect for human rights in the JXTG Group Code of Conduct and has promoted various initiatives such as conducting human rights training and the operation of a consultation desk. In this fiscal year, in order to further clarify our policy of respecting human rights, we have set forth a new “human rights policy.”

In order to support its motivated employees in thinking about their own career seriously and pursuing their growth, regardless of gender or nationality, JXTG Group worked to develop various internal systems, and provided opportunities to its employees to change their mindset about their working style by regularly holding seminars to which external instructors were invited and events in which internal role models were introduced.

In addition, we worked to build trustful relationships with local communities and to support nurturing the next generation, by such means including sponsoring events of the communities in Japan and overseas where we operate and presenting the JXTG Children’s Story Award, and the JXTG Children’s Culture Award and JXTG Music Awards.

## Governance

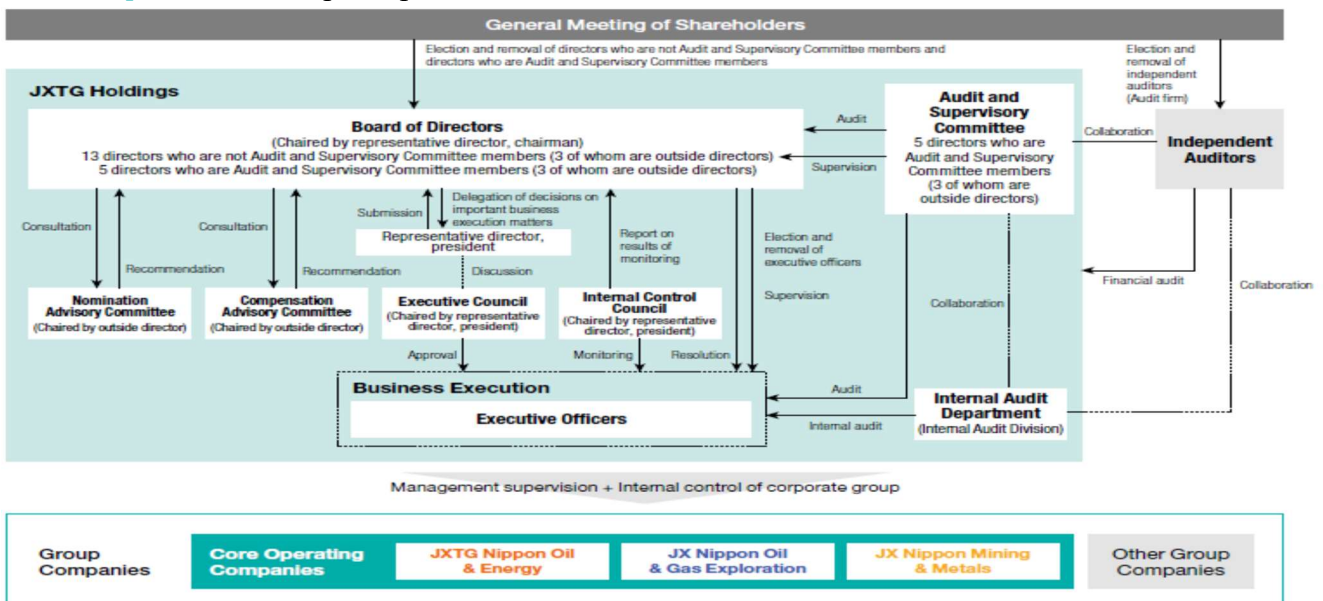
We transitioned to a company with an audit and supervisory committee effective June 27, 2018, with the aim of further strengthening the management functions and supervisory functions of the Board of Directors, as well as to further improve the agility of the execution of operations.

Moreover, based on the revised Corporate Governance Code, we amended the JXTG Group Basic Policy on Corporate Governance to newly stipulate the policy and procedures on dismissal of the senior management members and enhance the involvement of outside directors in succession planning.

In addition, we retained an independent consultant to evaluate the effectiveness of the Board of Directors as we did in the previous fiscal year. The result of the analysis by the independent consultant confirmed that the governance is improving overall and the effectiveness of the Board of Directors is generally secured. However, the analysis also raised issues in such areas as the separation of management and supervision from the execution of operations and the means to provide information to outside directors. All of these were reported to the Board of Directors and it was decided that the issues would be further remediated.

Moreover, JXTG Group newly established the Anti-Corruption Policy so as to clarify that it will not be involved in any corrupt practices, which is also stipulated in the basic principle of anti-bribery in the JXTG Group Code of Conduct.

## [Reference] JXTG Group Corporate Governance Framework



As a result of the above efforts, we have been recognized by FTSE Russell and other third parties as follows.

### Recognition by third parties of our efforts for ESG

Recognition	Evaluator	Characteristics	Time
Included in the FTSE4Good Index Series	FTSE Russell	The FTSE4Good Index Series, which is determined by environmental, social and governance (ESG) practices in accordance with FTSE Russell's independent assessment criteria, is used as a benchmark for sustainable investment by ESG-focused investors.	June 2018
Included in the FTSE Blossom Japan Index	FTSE Russell	The FTSE Blossom Japan Index evaluates the ESG initiatives of Japanese companies. The Government Pension Investment Fund (GPIF) of Japan has selected this index as one of its ESG investment benchmarks.	June 2018
Included in the MSCI Japan Empowering Women Index (WIN)	MSCI	The MSCI Japan Empowering Women Index (WIN) evaluates initiatives of Japanese companies for attracting, retaining and promoting women, as well as advancing gender diversity. The Government Pension Investment Fund (GPIF) of Japan has selected this index as one of its ESG investment benchmarks.	December 2018
Selected under the 2019 Health & Productivity Stock Selection Program	The Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE)	The 2019 Health & Productivity Stock Selection Program selects in principle one TSE-listed company per industry that considers the employees' health management from a management perspective and is strategically engaged in it.	February 2019
2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)	METI and the Nippon Kenko Kaigi	The 2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) certifies corporations that carry out superior health management in coordination with insurance entities.	February 2019 * Consecutive recognition following last year

### **(3) Matters the Company Should Address**

Taking a view of the future business environment, despite increasing uncertainty of the future global economy accompanied by concerns over such world affairs as the prolonged trade friction between the U.S. and China and the withdrawal of the United Kingdom from the European Union, the global economy is forecasted to continue to grow from a medium to long-term perspective. Consequently, emerging countries in Asia are expected to experience growth in demand for fuel oil, LNG, lubricant and petrochemical products. Meanwhile, oil prices are expected to hover due to the downward pressure exerted by an unclear economic outlook and increased U.S. shale oil production.

Moreover, the demand for refined copper and copper products is forecasted to remain strong owing to the anticipated expansion of infrastructure investment predominantly in Asia and the spread and growth of IoT and AI society, as well as the prevalence of electric vehicles. On the supply side, since it is considered difficult to significantly increase production because of a decline in the copper grade of copper concentrates, the copper price is expected to rise steadily.

The Japanese economy is expected to see an improvement in the employment and income environment, but it remains unpredictable because export and employment may be adversely affected, depending on future world economic developments. The domestic demand for petroleum products is expected to continue declining due to such factors as the spread of electric vehicles and fuel-efficient cars and the advancement of fuel conversion.

In such business environment, for the Energy Business, a response to the declining domestic demand is a pressing issue, and it is our urgent task to thoroughly raise efficiency and to develop the businesses that will become mainstays of the future. Also, it is essential, for the Oil and Natural Gas Exploration and Production (E&P) Business, to establish a strong structure that can withstand a lower oil price and to promote the project selection and concentration efforts, and for the Metals Business, to further stabilize the operation of the upstream and midstream businesses and to expand the downstream businesses that are expected to grow in the future, such as the electronic materials business.

JXTG Group intends to address these issues as follows in accordance with the First Medium-Term Management Plan.

#### **◦ Energy Business**

In the petroleum refining and marketing business and the petrochemical products business, we will continue to improve efficiency of the entire supply chain with the aim of maximizing

integration synergy. Moreover, based on the premise of stable domestic supply of petroleum products, we will further work to expand export, shift the production focus to petrochemical products and develop a refinery network to enhance international competitiveness, along with our aim to evolve our service station network to a “daily life platform” that provides various services to local people.

In the electricity business and the gas supply business, we will further work to expand the sales of “ENEOS Denki” and “ENEOS Toshi Gas” and study to establish new power plant(s) that are fueled by LNG, which have low environmental impacts. In the renewable energy business, we will work to expand the business, including off-shore wind power generation and geothermal power generation by mainly involving our newly established specialty department, in addition to the mega solar power plants operating across the nation and the biomass power generation for which the construction is currently underway in Muroran City, Hokkaido, so that we can contribute to forming a low-carbon society.

In the hydrogen business, we will strive to strengthen the operational foundations for hydrogen fueling stations. In the overseas business, we will seek new overseas projects. In the lubricants and high-performance materials businesses, which are positioned as technology-based businesses, we will endeavor to develop and expand these businesses as focus areas, anticipating their growth in the future, by expanding sales both in Japan and internationally, and promoting the development and introduction into the market of high added-value products.

In addition, JXTG Nippon Oil & Energy Corporation, which is a Tokyo 2020 Gold Partner (oil, gas and electricity supply services), aims to contribute to the creation of a new energy society through the supply of energies such as hydrogen for fuel cell vehicles (FCVs) and fuel cell (FC) buses and electricity, along with gas for stadium and event facilities for the Olympic and Paralympic Games Tokyo 2020.

In addition to implementing various measures in the respective businesses as described above, we will work to establish an enterprise resource planning system (ERP system) with the goal of starting operation in 2020 as part of an effort to enhance management control through business infrastructure development.

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

For the projects in the production stage in locations such as Malaysia and Vietnam, we will prioritize safe and stable operation while further reducing operating costs.

In order to maximize the business value of existing projects, we will also continue to promote

revision of our asset portfolio through selection and concentration, and will preferentially allocate business resources to regions such as Southeast Asia and the Middle East where we have expertise. At the same time, we will explore new projects that can become the mainstays of our future business.

Meanwhile, we will focus on natural gas projects that have less environmental impacts than petroleum. Specifically, we will work to start production in the UK North Sea Culzean gas field project in 2019 and will make efforts to expand existing LNG facilities and develop new gas fields well in the Tangguh LNG project in Indonesia. In addition, for the Papua New Guinea P'nyang project, where rich deposits are expected, we will proceed discussions with the Papua New Guinean government to obtain a development license.

Moreover, in order to contribute to forming a low-carbon society, we will proceed with the study of a joint project with PT Pertamina (Persero) of Indonesia, and work to acquire a new project in which we can utilize the CO<sub>2</sub>-EOR technology.

- **Metals Business**

In the resource development business, in order to further stabilize operation and reduce costs at the Caserones Copper Mine in Chile, we will promote and improve the level of facility maintenance as well as the automatization of operations. In the smelting and refining business, we will strive to enhance competitiveness by, for instance, augmenting ore processing capacity through upgrading the facility ancillary to the flash smelting furnace for melting copper concentrates in Saganoseki Smelter & Refinery.

In the electronic materials business, we will work to improve productivity, cut costs and enhance equipment so as to increase profitability of the existing products. At the same time, with the goal of supplying highly functional and multifunctional cutting-edge materials, we will promote open innovation through cooperation with universities and research institutes as well as collaboration with startups, and work to find new businesses and develop new technologies.

In the tantalum and niobium business, through the collaboration with the other business divisions in the Metals Business and H. C. Starck Tantalum and Niobium GmbH, we will strive to step up our sales and development capabilities, enter into new businesses, and otherwise achieve synergies early on.

In the recycling and environmental services business, we will work to expand and stabilize collection of high-quality materials from overseas, and undertake initiatives to improve recycling material processing efficiency by introducing physical sorting machines at Hitachi

Works that utilize image identification technology using artificial intelligence. Moreover, as electric vehicles are expected to become more widespread in future, we will strive to develop technologies for recycling waste Li-ion batteries and promote initiatives to commercialize such recycling.

In the titanium business, we will make continued efforts to drastically reduce costs, improve our supply system, and further enhance and stabilize quality. Moreover, we will steadily make preparations for the commencement of commercial production of the sponge titanium manufacturing joint venture in Saudi Arabia.

#### **(4) Formulation of the Long-Term Vision**

JXTG Group is facing unprecedented changes in the social environment and the business environment, such as the accelerated global movements to form a low-carbon society, the rapid development of innovation driven by the penetration of IoT, AI and other technologies and the increased responsibilities placed on companies such as the Sustainable Development Goals (SDGs). In addition, the fuel oil demand in Japan is declining year by year and is forecasted to decrease to about a half of the current level by 2040. With such increasing anxieties about the outlook of the future business environment, it is essential for JXTG Group to make strategic investments based on long-term perspectives in light of its business characteristics, and the group therefore needs to establish a vision looking into the future.

To that end, JXTG Group analyzed “long-term global trends” and anticipated a “scenario in 2040.” Based on that, JXTG Group pictured “our envisioned goals” for 2040 as well as “our future businesses” to realize the goals, and compiled them as the “2040 JXTG Group Long-Term Vision.” Using this vision as the guideline for its long-term business portfolio, JXTG Group will formulate the Second Medium-Term Management Plan, which will start in fiscal year 2020, and operate businesses from a long-term perspective. Through such efforts, JXTG Group will work to achieve a sustainable increase in its corporate value by striking a good balance between the pursuit of growth strategies and a cash-flow-oriented management so as to meet the expectations of the shareholders and other stakeholders.

##### **◦ Long-Term Global Trends and Scenario in 2040**

For the “long-term global trends”, it is anticipated that, thanks to the advanced initiatives to form a low-carbon society and a recycling-oriented society, and in line with the development of the digital revolution, people’s lifestyle will greatly change. Given those trends, it is expected that the ratio of non-fossil energy will increase among the world’s primary energy demand, and that the world’s demand for petrochemical products and refined copper will increase against the backdrop of the growth of emerging economies in Asia.

In light of those “long-term global trends,” under the “scenario in 2040,” we expect to see inexpensive renewable energies heavily introduced, electric vehicles and car sharing prevailing and more decentralized power generation systems and rechargeable batteries installed in facilities and residences. It is also believed that the infrastructure for recycling resources such as plastics and metals will expand. Moreover, in conjunction with those changes, it is expected that various service providers will emerge in order to make people’s lives more comfortable.



## ◦ JXTG Group’s “Our Envisioned Goals” for 2040 and “Our Future Businesses” to Realize It

In light of the “long-term global trends” and the “scenario in 2040” described above, JXTG Group examined the factors essential for it to remain a corporate group needed by the society into the future, and established “our envisioned goals” for 2040. With the aim of realizing “our envisioned goals”, JXTG Group will endeavor to reform its corporate culture by placing top priority on safety, environment and health, together with developing and promoting a wide variety of global human resources and utilizing ICT (information and communications technology) for dramatic improvement of operational quality.

### **Our Envisioned Goals for 2040**

(1) Become one of the most prominent and internationally-competitive energy and materials company groups in Asia

The JXTG Group, as one of the most prominent and internationally-competitive energy and materials company group in Asia, will contribute to the development of our communities and help to ensure a vibrant future by optimizing our value chain and efficiently providing a stable supply of products and services.

(2) Create value by transforming our current business structure

The JXTG Group will create new value by expanding our growing businesses globally, enhancing our technology based business, and establishing innovative businesses, taking opportunities arising from digital transformation and changes in social needs.

(3) Contribute to the development of a low-carbon, recycling- oriented society

The JXTG Group will contribute to the development of a low-carbon, recycling oriented society through the enhancement of environmentally friendly businesses and our recycling business.

Furthermore, to realize “our envisioned goals”, JXTG Group pictured “our future businesses” to 2040, categorized its existing business areas roughly into “growth businesses” and “base businesses,” and established their directions. For the growth businesses, JXTG Group will enhance strategic investments to add more value to petroleum in the petrochemical products business and the lubricants business, and developmentally strengthen technical capabilities in the electronic materials business and high-performance materials business. At the same time, JXTG Group will work to contribute to forming a low-carbon, recycling-oriented society through the expansion of the power generation business including the renewable energy business, the community services business and the recycling business. The community services business is a new business area in which JXTG Group aims to establish an “energy service platform” by utilizing its diverse energy supply know-how, and to develop Japan’s largest service station network into a “daily-life platform.” On the other hand, in the petroleum refining and marketing business, oil and natural gas exploration and production (E&P) business, copper resources development and smelting and refining businesses, which are positioned as the “base businesses,” JXTG Group will endeavor to stabilize supply, improve efficiency, and optimize the value chain so as to maximize the cash flows that can support the “growth businesses.” Through these efforts, JXTG Group aims to strike a good balance between the pursuit of growth strategies and management that focuses on cash flows. The Company set up “Emerging Business Development Department” on April 1, 2019 as the organization in which JXTG group would get united as one to generate new corporate value, and began various activities to realize “our envisioned goals.”

JXTG Group will maintain “management that focuses on cash flows and capital efficiency” with the aim of achieving the targets under the First Medium-Term Management Plan through fiscal year 2019. At the same time, JXTG Group will further strengthen its ESG efforts to achieve sustainable growth by adjusting itself to the changes in the social environment and business environment. In addition, by formulating and implementing the Second Medium-Term Management Plan based on the Long-Term Vision, JXTG Group will endeavor to develop into an “energy and materials company group representing Asia” and further increase its corporate value.

We greatly appreciate your continued support as a shareholder.

## (5) Financing

The Company primarily procures the long-term funds for the business of each company in JXTG Group.

During this fiscal year, the Company procured 50 billion yen through long-term loans.

In addition, JXTG Group companies procured funds as follows:

- (i) JX Nippon Mining & Metals Corporation's project subsidiary procured 210.9 million euros as funds for acquiring all shares in H.C. Starck Tantalum and Niobium GmbH through loans from a commercial bank.
- (ii) JX Nippon Mining & Metals Corporation's project subsidiary procured 615.24 million U.S. dollars as funds for repaying project finance in relation to Caserones project through loans from a policy based financial institution and commercial banks.

## (6) Capital Investment

Business Segment and Category	Capital Investment Amount (100 million yen)	Main Investment
Energy Business	1,883	Refinery and plant facility work; service station construction and reconstruction work
Oil and Natural Gas E&P Business	698	Oil and gas field exploration and development
Metals Business	526	Copper mines, offices, smelters & refineries, and plant facilities construction work
Other Business	129	Asphalt mixture plant manufacturing facility renewal
Total	3,236	—
(Adjustments)	((26))	—
Consolidated Total	3,210	—

## (7) Acquisition or Disposition of Shares, etc. of Other Companies

- **Sale of all of the shares in Irvine Scientific Sales Company, Inc. and IS Japan Co., Ltd.**

On June 1, 2018, in an effort to focus management resources on the core businesses and the businesses that will be the mainstays of the future, the Company's subsidiary sold all of the shares in Irvine Scientific Sales Company, Inc., and JXTG Nippon Oil & Energy Corporation sold all of IS Japan Co., Ltd. shares.

- **Acquisition of all shares in H.C. Starck Tantalum and Niobium GmbH**

On July 1, 2018, JX Nippon Mining & Metals Corporation acquired, through its project subsidiary, all shares in H.C. Starck Tantalum and Niobium GmbH, which is engaged in the development, production and sales of tantalum and niobium products, in an effort to strengthen the existing businesses such as downstream businesses, expand the business areas, strengthen the research and development functions and expand the sales network in the U.S. and Europe.

## (8) Financial Position and Operating Results

- **Financial Position and Operating Results based on International Financial Reporting Standards (IFRS)**

Item	Consolidated Fiscal Year	FY2015 (6th fiscal term)	FY2016 (7th fiscal term)	FY2017 (8th fiscal term)	FY2018 (9th fiscal term, the current fiscal term)
Revenue	(100 million yen)	75,309	70,251	103,011	111,296
Operating income (loss)	(100 million yen)	(3,507)	2,711	4,875	5,371
Profit (loss) attributable to owners of parent	(100 million yen)	(2,736)	1,500	3,619	3,223
Basic profit (loss) per share		(110.04) yen	60.33 yen	105.92 yen	95.36 yen
Total assets	(100 million yen)	68,285	67,929	84,576	84,778
Total equity	(100 million yen)	20,280	21,403	29,200	31,198

(Note) Figures for the 6th fiscal term and the 7th fiscal term are provided for reference only.

- **Financial Position and Operating Results based on Japanese Accounting Standards**

Item	Consolidated Fiscal Year	FY2015 (6th fiscal term)	FY2016 (7th fiscal term)
Net sales	(100 million yen)	87,378	81,360
Ordinary income (loss)	(100 million yen)	(86)	3,336
Profit (loss) attributable to owners of parent	(100 million yen)	(2,785)	1,601
Net income (loss) per share		(112.01) yen	64.38 yen
Total assets	(100 million yen)	67,246	66,586
Net assets	(100 million yen)	19,285	20,417

## (9) Material Subsidiaries

The Company has 527 subsidiaries and 175 subsidiaries and affiliates accounted for using the equity method as of March 31, 2019.

Business Segment	Company Name	Capital (100 million yen)	Voting Rights Ratio (%)	Details of Major Business Activities
Energy Business	JXTG Nippon Oil & Energy Corporation	300	100	<ul style="list-style-type: none"> <li>· Manufacturing and marketing petroleum products (e.g. gasoline, kerosene, and lubricant, etc.)</li> <li>· Importing and sales of gas and coal</li> <li>· Manufacturing and sales of petrochemical products</li> <li>· Sales of electricity</li> </ul>
Oil and Natural Gas E&P Business	JX Nippon Oil & Gas Exploration Corporation	98	100	<ul style="list-style-type: none"> <li>· Exploring, developing, and producing oil and natural gas</li> </ul>
Metals Business	JX Nippon Mining & Metals Corporation	750	100	<ul style="list-style-type: none"> <li>· Exploring and developing non-ferrous metal resources (e.g. copper and gold)</li> <li>· Smelting, refining and marketing non-ferrous metal products (e.g. copper, gold and silver)</li> <li>· Manufacturing and marketing electro-deposited copper foils and treated rolled copper foils</li> <li>· Manufacturing and marketing thin-film materials (e.g. sputtering targets, surface treatment agents and compound semiconductor materials)</li> <li>· Manufacturing and marketing precision rolled products and precision-fabricated products</li> <li>· Recycling of non-ferrous metal materials and treatment of industrial waste</li> </ul>
	Pan Pacific Copper Co., Ltd.	1,057	67.8	<ul style="list-style-type: none"> <li>· Exploring and developing non-ferrous metal resources (e.g. copper and gold)</li> <li>· Smelting and refining and marketing non-ferrous metal products (e.g. copper, gold and silver)</li> </ul>
	Toho Titanium Co., Ltd.	120	50.4	<ul style="list-style-type: none"> <li>· Manufacturing, processing, and marketing titanium metals</li> </ul>
Other Business	NIPPO CORPORATION	153	57.0	<ul style="list-style-type: none"> <li>· Civil engineering work, including roadwork and pavement construction</li> <li>· Construction work</li> </ul>

(Notes) 1. The Company sold all of its shares in Toho Titanium Co., Ltd. to JX Nippon Mining & Metals Corporation on June 29, 2018.

2. The voting rights ratios in the columns for Pan Pacific Copper Co., Ltd. and Toho Titanium Co., Ltd. are the ratios of the voting rights held by JX Nippon Mining & Metals Corporation, which invested in the two companies.

3. The status of specified wholly-owned subsidiaries as of March 31, 2019 is as follows.

Name of the specified wholly-owned subsidiary: JXTG Nippon Oil & Energy Corporation

Address of the specified wholly-owned subsidiary: 1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

Book value of shares of the specified wholly-owned subsidiary: 1,397,931 million yen

The amount of total assets of the Company: 3,817,842 million yen

## (10) Main Business Offices and Plants (as of March 31, 2019)

- **JXTG Holdings, Inc.**

Head Office	1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo
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- **Energy Business**

### < JXTG Nippon Oil & Energy Corporation >

Head Office	1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	
Laboratory	Central Technical Research Laboratory (Yokohama City)	
Refineries and Plants	Sendai Refinery (Sendai City)	Kashima Refinery (Kamisu City)
	Chiba Refinery (Ichihara City)	Kawasaki Refinery (Kawasaki City)
	Negishi Refinery (Yokohama City)	Sakai Refinery (Sakai City)
	Osaka Refinery (Takaishi City)	Wakayama Refinery (Arida City)
	Mizushima Refinery (Kurashiki City)	Marifu Refinery (Waki-cho, Kuga-gun, Yamaguchi)
	Oita Refinery (Oita City)	
Refineries and Plants	Muroran Plant (Muroran City)	Kawasaki Plant (Kawasaki City)
	Yokohama Plant (Yokohama City)	Chita Plant (Chita City)
Branch Offices	Hokkaido (Sapporo City)	Tohoku (Sendai City)
	Kanto 1 (Chuo-ku, Tokyo)	Kanto 2 (Chuo-ku, Tokyo)
	Kanto 3 (Minato-ku, Tokyo)	Tokyo (Chuo-ku, Tokyo)
	Chubu (Nagoya City)	Osaka 1 (Osaka City)
	Osaka 2 (Osaka City)	Chugoku (Hiroshima City)
	Kyushu (Fukuoka City)	Okinawa (Naha City)
Overseas Operating Sites (Offices and Plants)	South Korea (Seoul)	China (Beijing, Shanghai and others)
	Taiwan (Taipei and Kaohsiung)	Australia (Sydney)
	Vietnam (Hanoi, Hai Phong and others)	Thailand (Bangkok)
	Singapore (Singapore)	Indonesia (Jakarta and West Java)
	Philippines (Manila)	Malaysia (Kuala Lumpur)
	India (New Delhi)	U.S. (New York, Chicago and others)
	Canada (Vancouver)	Mexico (Mexico City)
	Brazil (Sao Paulo)	France (Aix-en-Provence)
	U.K. (London)	Russia (Moscow)
	United Arab Emirates (Abu Dhabi and Dubai)	South Africa (Johannesburg)

(Notes) 1. The information above includes the operating sites of JXTG Nippon Oil & Energy Corporation's group companies.

2. JXTG Nippon Oil & Energy Corporation closed its office in Doha, Qatar, as of April 30, 2018.

3. JXTG Nippon Oil & Energy Corporation's subsidiary sold all shares in Irvine



Scientific Sales Company, Inc. on June 1, 2018, which had offices in such countries including Italy (Milano) and Spain (Sevilla).

4. JXTG Nippon Oil & Energy Corporation restructured the Muroran Plant into a distribution site (shipping base) for petroleum products on April 1, 2019.
5. JXTG Nippon Oil & Energy Corporation consolidated Kawasaki Refinery and Kawasaki Plant into Kawasaki Refinery on April 1, 2019.

- **Oil and Natural Gas Exploration and Production Business**

**< JX Nippon Oil & Gas Exploration Corporation >**

Head Office	1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	
Field Office	Nakajo Field Office (Tainai City)	
Overseas Operating Sites (Offices)	Australia (Brisbane) Indonesia (Jakarta) U.S. (Houston) United Arab Emirates (Abu Dhabi)	Vietnam (Ho Chi Minh and Vung Tau) Malaysia (Kuala Lumpur and Miri) U.K. (London)

(Notes) 1. The information above includes the operating sites of JX Nippon Oil & Gas Exploration Corporation's group companies.

2. JX Nippon Oil & Gas Exploration Corporation established a new office in Brisbane, Australia as of April 1, 2018.

- **Metals Business**

**< JX Nippon Mining & Metals Corporation >**

Head Office	1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	
Laboratory	Technology Development Center (Hitachi City)	
Offices, Smelters and Refineries, Works and Plants	< Copper Smelting and Refining > Saganoseki Smelter & Refinery (Oita City) Tamano Smelter (Tamano City)	Hitachi Refinery (Hitachi City)
	< Recycling & Environmental Services > Hitachi Works (Hitachi City)	Tsuruga Plant (Tsuruga City)
	< Electronic Materials > Hitachi Works (Hitachi City) Isohara Works (Kitaibaraki City)	Kurami Works (Samukawa-machi, Koza-gun, Kanagawa) Kakegawa Works (Kakegawa City)
	< Tantalum and niobium > Mito Plant (Hitachiomiya City)	

Overseas Operating Sites  ( Offices, Works and Mines	South Korea (Ulsan and Pyeongtaek)	China (Suzhou, Shanghai and others)
	Taiwan (Longtan, Guan Yin and others)	Thailand (Map Ta Phut)
	Singapore (Singapore)	Philippines (Laguna)
	Malaysia (Johor)	U.S. (Arizona and Massachusetts)
	Chile (Santiago, Caserones and others)	Peru (Lima and Quechua)
	U.K. (London)	Germany (Frankfurt, Goslar and others)

- (Notes) 1. The information above includes the operating sites of JX Nippon Mining & Metals Corporation's group companies.
2. As JX Nippon Mining & Metals Corporation acquired all shares in H.C. Starck Tantalum and Niobium GmbH on July 1, 2018, the Mito Plant in Hitachiomiya City has been newly listed as one of the main plants in Japan. Furthermore, Map Ta Phut in Thailand, Massachusetts in the U.S. and Goslar in Germany have been newly listed as main overseas operating sites.
3. As the full-scale business activities were started in London, U.K. on July 1, 2018, London has been newly listed as a main overseas operating site.

#### < Toho Titanium Co., Ltd. >

Head Office	3-5, Chigasaki 3-chome, Chigasaki City, Kanagawa	
Plants	Chigasaki Plant (Chigasaki City)	Wakamatsu Plant (Kitakyushu City)
	Yahata Plant (Kitakyushu City)	Hitachi Plant (Hitachi City)
	Kurobe Plant (Kurobe City)	

#### ● Other Business

#### < NIPPO CORPORATION >

Head Office	19-11, Kyobashi 1-chome, Chuo-ku, Tokyo	
Laboratory	NIPPO Technical Center, Technical Research Center (Saitama City)	
Branch Offices	Hokkaido (Sapporo City)	Tohoku (Sendai City)
	Kanto Daiichi (Shinjuku-ku, Tokyo)	Kanto Daini (Shinagawa-ku, Tokyo)
	Hoku-shinetsu (Niigata City)	Chubu (Nagoya City)
	Kansai (Osaka City)	Shikoku (Takamatsu City)
	Chugoku (Hiroshima City)	Kyushu (Fukuoka City)
	Kanto Architectural (Shinagawa-ku, Tokyo)	

- (Note) NIPPO CORPORATION relocated its head office to the above address from 2-16, Yaesu 1-chome, Chuo-ku, Tokyo on August 20, 2018.

### (11) Employees (as of March 31, 2019)

Business Segment and Category	Number of Employees	
The Company (JXTG Holdings, Inc.)	110	[0]
Energy Business	22,172	[12,912]
Oil and Natural Gas E&P Business	738	[58]
Metals Business	9,380	[421]
Other Business	8,295	[892]
Total	40,695	[14,283]

- (Notes) 1. The figures above include the number of employees for the Company as well as its subsidiaries.
2. The numbers in brackets indicate the number of temporary employees (the number of employees excluded from the non-bracketed number, the annual average number of employees).
3. Among the employees assigned to joint departments of JXTG Holdings, Inc. and JXTG Nippon Oil & Energy Corporation, those employees dispatched from JX Nippon Mining & Metals Corporation are counted in the number of employees of the Company, but other employees are included in the number of employees in Energy Business.

### (12) Main Lenders and Loans Payable (as of March 31, 2019)

Lender	Balance of Loans Payable (100 million yen)
Mizuho Bank, Ltd.	3,124
MUFG Bank, Ltd.	2,474
The Japan Oil, Gas and Metals National Corporation	2,026
Japan Bank for International Cooperation	1,958
Sumitomo Mitsui Banking Corporation	1,929

## 2. Matters Concerning Shares (as of March 31, 2019)

- **Total number of authorized shares issuable by the Company:** 8,000,000,000 shares

- **Total number of issued shares:** 3,385,993,649 shares

(Note) Total number of issued shares decreased by 40,922,900 shares from the end of previous fiscal year because the Company canceled 40,922,900 treasury shares on November 7, 2018 in accordance with the Board of Directors' resolution on that day.

- **Number of shareholders:** 212,485 shareholders

- **Large shareholders (top ten (10))**

Shareholders' Names	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	281,026	8.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	225,870	6.77
Japan Trustee Services Bank, Ltd. (Trust Account 9)	79,629	2.38
Japan Trustee Services Bank, Ltd. (Trust Account 5)	66,009	1.97
STATE STREET BANK WEST CLIENT – TREATY 505234	54,166	1.62
JP MORGAN CHASE BANK 385151	49,161	1.47
Japan Trustee Services Bank, Ltd. (Trust Account 7)	45,796	1.37
Japan Trustee Services Bank, Ltd. (Trust Account 1)	44,079	1.32
STATE STREET BANK AND TRUST COMPANY 505001	41,462	1.24
Japan Trustee Services Bank, Ltd. (Trust Account 2)	40,820	1.22

(Notes) 1. Shareholding ratio is calculated excluding treasury shares (52,088,924 shares) from the total number of issued shares. Shares related to share remuneration (1,195,270 shares), which were purchased through a trust established by the Company, are not included in the treasury shares.

2. The Company owns 52,088,924 treasury shares but is excluded from the large shareholders above.

- **Other material matters concerning shares:**

The Company acquired treasury shares as follows, based on the progress of achieving management targets.

- (i) The Company acquired 40,922,900 shares as treasury shares from April 2, 2018 to September 20, 2018, in accordance with the Board of Directors' resolution on March 28, 2018. The Company canceled all such treasury shares.
- (ii) The Company acquired 55,711,000 shares as treasury shares from February 12, 2019 to April 4, 2019, in accordance with the Board of Directors' resolution on February 8, 2019. The Company plans to cancel all such treasury shares on July 9, 2019.

### 3. Matters Concerning the Company's Executives

#### (1) Names, etc. of Directors (as of March 31, 2019)

Name	Position	Responsibilities	Important Concurrent Office
Yukio Uchida	Representative Director, Chairman of the Board		
Tsutomu Sugimori	Representative Director, President		Vice President of Petroleum Association of Japan Vice Chairman of KEIDANREN (Japan Business Federation) President of the Japan Petroleum Energy Center
Jun Mutoh	Representative Director, Executive Vice President	Assistant to President, Responsible for Finance & Investor Relations Dept.	
Junichi Kawada	Director, Executive Vice President	Assistant to President, Responsible for Internal Audit Dept.	Director of NIPPO CORPORATION
Yasushi Onoda	Director, Senior Vice President	Responsible for Corporate Planning Dept., IT Planning & Development Dept. and Controller Dept.	
Hiroji Adachi	Director, Senior Vice President	Responsible for Internal Control Dept., Business Development Dept., Corporate Transformation Dept. and Human Resources Dept.	
Satoshi Taguchi	Director, Senior Vice President	Responsible for Secretariat, General Administration Dept., Legal & Corporate Affairs Dept., Public Relations Dept. and Crisis Management Dept.	Statutory Outside Corporate Auditor of Nippon Shokubai Co., Ltd.
Katsuyuki Ota	Director (Part-time)		Representative Director and President of JXTG Nippon Oil & Energy Corporation Director of Japan Oil Transportation Co., Ltd.
Hiroshi Hosoi	Director (Part-time)		Representative Director, Chief Executive Officer and President of JX Nippon Oil & Gas Exploration Corporation
Shigeru Oi	Director (Part-time)		President & Representative Director and Chief Executive Officer of JX Nippon Mining &

			Metals Corporation
Hiroko Ota Outside Independent Director	Outside Director		Professor at the National Graduate Institute for Policy Studies Outside Director of Panasonic Corporation Outside Director of Mizuho Financial Group, Inc.
Mutsutake Otsuka Outside Independent Director	Outside Director		Advisor of East Japan Railway Company Outside Corporate Auditor of Electric Power Development Co., Ltd. Outside Director of NIPPON STEEL & SUMITOMO METAL CORPORATION
Yoshiiku Miyata Outside Independent Director	Outside Director		Outside Director of Kobe Steel, Ltd. (Audit & Supervisory Committee Member)
Yuji Nakajima	Director, Full-time Audit and Supervisory Committee Member		
Hitoshi Kato	Director, Full-time Audit and Supervisory Committee Member		
Seiichi Kondo Outside Independent Director	Outside Director, Audit and Supervisory Committee Member		Director, Kondo Institute for Culture & Diplomacy Outside Director of KAGOME CO., LTD.
Nobuko Takahashi Outside Independent Director	Outside Director, Audit and Supervisory Committee Member		Freelance life and economy journalist Outside Director of Aioi Nissay Dowa Insurance Co., Ltd. Outside Director of Nishi-Nippon Financial Holdings, Inc. (Audit & Supervisory Committee Member)
Seiichiro Nishioka Outside Independent Director	Outside Director, Audit and Supervisory Committee Member		Visiting Professor at Keio University Law School Attorney-at-Law, Of Counsel at Asahi Law Offices

(Notes)1. The Company transitioned to a company with an Audit and Supervisory Committee at the conclusion of the 8th ordinary general meeting of shareholders held on June 27, 2018. Consequently, Mr. Takashi Setogawa, Mr. Yuji Nakajima, Mr. Yoji Kuwano, Ms. Naomi

Ushio, Ms. Nobuko Takahashi and Mr. Seiichiro Nishioka retired as Corporate Auditors upon the expiration of their terms of office.

2. Mr. Hiroshi Hosoi assumed the office of Director, who is not a member of the Audit and Supervisory Committee, after having been newly elected at the 8th ordinary general meeting of shareholders held on June 27, 2018.
3. Mr. Yasushi Kimura, Mr. Takashi Hirose, Mr. Shunsaku Miyake and Mr. Seiichi Kondo retired as Directors upon the expiration of their terms of office at the conclusion of the 8th ordinary general meeting of shareholders held on June 27, 2018.
4. Mr. Yuji Nakajima, Mr. Hitoshi Kato, Mr. Seiichi Kondo, Ms. Nobuko Takahashi and Mr. Seiichiro Nishioka each assumed the office of Director who is a member of the Audit and Supervisory Committee, after having been newly elected at the 8th ordinary general meeting of shareholders held on June 27, 2018.
5. Mr. Tsutomu Sugimori, Director, assumed the office of Vice President of the Petroleum Association of Japan on May 25, 2018, Vice Chairman of KEIDANREN (Japan Business Federation) on May 31, 2018 and the President of the Japan Petroleum Energy Center on June 26, 2018. Mr. Sugimori had held the office of Representative Director and President of JXTG Nippon Oil & Energy Corporation, but retired from the position on June 27, 2018. Mr. Sugimori had also held the office of Director of Japan Oil Transportation Co., Ltd., but retired from the position on June 28, 2018.
6. Mr. Satoshi Taguchi, Director, assumed the office of Statutory Outside Corporate Auditor of Nippon Shokubai Co., Ltd. on June 20, 2018.
7. Mr. Katsuyuki Ota, Director, assumed the office of Representative Director and President of JXTG Nippon Oil & Energy Corporation on June 27, 2018. Mr. Ota also assumed the office of Director of Japan Oil Transportation Co., Ltd. on June 28, 2018. Mr. Ota had held the office of Statutory Outside Corporate Auditor of Nippon Shokubai Co., Ltd., but retired from the position on June 20, 2018.
8. Mr. Hiroshi Hosoi, Director, assumed the office of Representative Director, Chief Executive Officer and President of JX Nippon Oil & Gas Exploration Corporation on June 27, 2018.
9. Ms. Hiroko Ota, Outside Director, was appointed as Senior Professor at National Graduate Institute for Policy Studies on April 1, 2019.
10. Nippon Steel & Sumitomo Metal Corporation, where Mr. Mutsutake Otsuka, Outside Director, holds an important concurrent office, changed its name to Nippon Steel Corporation on April 1, 2019.
11. Mr. Yuji Nakajima and Mr. Hitoshi Kato were appointed as full-time Audit and Supervisory Committee members in order to sufficiently exhibit the audit and supervisory functions of Audit and Supervisory Committee by gathering information on a daily basis and collaborating with the internal audit and other divisions.
12. Mr. Yuji Nakajima, Director, who is a full-time Audit and Supervisory Committee member, has experience working in the finance division of the Company and has considerable knowledge and insights regarding finance and accounting.
13. Mr. Seiichi Kondo, Outside Director, who is an Audit and Supervisory Committee member, assumed the office of President of Professional Institute of International Fashion on April 1, 2019.
14. Ms. Nobuko Takahashi, Outside Director, who is an Audit and Supervisory Committee member, had held the office of Outside Auditor of Japan Finance Corporation, but retired from the position on June 21, 2018.



15. Among the companies where outside directors held important concurrent office as outside directors or outside corporate auditors in fiscal year 2018, Panasonic Corporation, Electric Power Development Co., Ltd., Nippon Steel & Sumitomo Metal Corporation (Nippon Steel Corporation), Kobe Steel, Ltd. and Aioi Nissay Dowa Insurance Co., Ltd. are in business relation with the Company's core operating companies. However, none of the Outside Directors execute business of any of the companies above. Also, the important subsidiary of Mizuho Financial Group, Inc. is in business relation with the Company and the Company's core operating companies while Ms. Hiroko Ota, Outside Director, holds important concurrent office as outside director of Mizuho Financial Group, Inc. However, she does not execute business of the said company. In light of above, there is no impact on the independence of such outside directors.
16. Each of Ms. Hiroko Ota, Mr. Mutsutake Otsuka, Mr. Yoshiiku Miyata, Mr. Seiichi Kondo, Ms. Nobuko Takahashi and Mr. Seiichiro Nishioka, each an Outside Director, meets the "Standards for Consideration of Independence of Independent Officers" of the Company which is set out on Page 27 of the Convocation Notice of the 9th ordinary general meeting of shareholders, and all are independent directors in accordance with the rules of each stock exchange in Tokyo and Nagoya on which the Company is listed.
17. On April 1, 2019, the Company established Emerging Business Development Department, ESG Promotion Department, Procurement Department, Safety, Health & Environment Department, and Quality Assurance Department. In addition, the Company abolished Business Development Department and Corporate Transformation Department. As a result, the responsibilities of the following directors changed as follows.

Name	Position	Responsibilities
Yasushi Onoda	Director, Senior Vice President	Responsible for Corporate Planning Dept., ESG Promotion Dept., IT Planning & Development Dept. and Controller Dept.
Hiroji Adachi	Director, Senior Vice President	Responsible for Internal Control Dept., Emerging Business Development Dept., Safety, Health & Environment Dept., Quality Assurance Dept and Human Resources Dept.
Satoshi Taguchi	Director, Senior Vice President	Responsible for Secretariat, Procurement Dept., General Administration Dept., Legal & Corporate Affairs Dept., Public Relations Dept. and Crisis Management Dept.

## (2) Remunerations for Directors and Corporate Auditors (for fiscal year 2018)

- <Before Transition to a Company with an Audit and Supervisory Committee>

(From April 1, 2018 to the conclusion of the 8th ordinary general meeting of shareholders (June 27, 2018))

Receivers	Total Remuneration Amount (million yen)	Number of Receivers (persons)	Details of Remuneration			
			Monthly Remuneration and Bonus (million yen)	Number of Receivers (persons)	Share Remuneration (million yen)	Number of Receivers (persons)
Directors (Outside Directors)	154 (14)	16 (4)	146 (14)	16 (4)	8 (-)	12 (-)
Corporate Auditors (Outside Corporate Auditors)	33 (8)	6 (3)	33 (8)	6 (3)	- (-)	- (-)
Total (Outside Directors, and Outside Corporate Auditors)	187 (21)	22 (7)	179 (21)	22 (7)	8 (-)	12 (-)

- <After Transition to a Company with an Audit and Supervisory Committee>

(From the conclusion of the 8th ordinary general meeting of shareholders (June 27, 2018) to March 31, 2019)

Receivers	Total Remuneration Amount (million yen)	Number of Receivers (persons)	Details of Remuneration			
			Monthly Remuneration and Bonus (million yen)	Number of Receivers (persons)	Share Remuneration (million yen)	Number of Receivers (persons)
Directors who are not Audit and Supervisory Committee members (Outside Directors)	407 (32)	13 (3)	390 (32)	13 (3)	17 (-)	10 (-)
Directors who are Audit and Supervisory Committee members (Outside Directors)	81 (30)	5 (3)	81 (30)	5 (3)	- (-)	- (-)
Total (Outside Directors)	488 (62)	18 (6)	471 (62)	18 (6)	17 (-)	10 (-)

- (Notes) 1. The information in the table of Before Transition to a Company with an Audit and Supervisory Committee includes the amount of remuneration for four (4) directors (of which one (1) is an outside director) who retired upon the conclusion of the 8th ordinary general meeting of shareholders held on June 27, 2018.
2. The information in the tables of Before Transition to a Company with an Audit and Supervisory Committee and After Transition to a Company with an Audit and Supervisory Committee includes the amount of bonuses for fiscal year 2018 that is expected to be paid after the 9th ordinary general meeting of shareholders.
3. The share remuneration amounts indicated in the Before Transition to a Company with an Audit and Supervisory Committee and the After Transition to a Company with an Audit and Supervisory Committee tables are the average price per share of the Company purchased through the trust that the Company established multiplied by the number of

points awarded this fiscal year during the period Before Transition to a Company with an Audit and Supervisory Committee and After Transition to a Company with an Audit and Supervisory Committee, respectively, to directors (excluding outside directors) and directors who are not Audit and Supervisory Committee members (excluding outside directors), respectively.

### (3) Matters Concerning Determination of Remunerations for Directors and Corporate Auditors

#### ● Upper Limit of Remunerations for Directors and Corporate Auditors

<Before Transition to a Company with an Audit and Supervisory Committee>

(Until the conclusion of the 8th ordinary general meeting of shareholders (June 27, 2018))

Category	Type	Upper Limit of Remuneration	Resolution at the General Meeting of Shareholders (GMS)
Directors	Monthly remuneration and bonuses	No more than 1,100 million yen in one (1) fiscal year (of which 200 million yen is allocated to outside directors)	The 1st ordinary GMS
	Share remuneration	In every three (3) fiscal years, <ul style="list-style-type: none"> <li>the upper limit the Company put in on reserve for trust: 600 million yen</li> <li>the upper limit of the number of shares given to eligible persons: 1.2 million shares (1.2 million points)</li> </ul>	The 7th ordinary GMS
Corporate Auditors	Monthly remuneration	No more than 200 million yen per one (1) fiscal year	The 1st ordinary GMS

<After Transition to a Company with an Audit and Supervisory Committee>

(From the conclusion of the 8th ordinary general meeting of shareholders (June 27, 2018))

Category	Type	Upper Limit of Remuneration	Resolution at the General Meeting of Shareholders (GMS)
Directors who are not Audit and Supervisory Committee members	Monthly remuneration and bonuses	No more than 1,100 million yen in one (1) fiscal year (of which 200 million yen is allocated to outside directors who are not Audit and Supervisory Committee members)	The 8th ordinary GMS
	Share remuneration	In every three (3) fiscal years, <ul style="list-style-type: none"> <li>the upper limit the Company put in on reserve for trust: 600 million yen</li> <li>the upper limit of the number of shares given to eligible persons: 1.2 million shares (1.2 million points)</li> </ul>	The 8th ordinary GMS
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

- (Notes) 1. The upper limit of monthly remuneration and bonus for the directors in the table of Before Transition to a Company with an Audit and Supervisory Committee does not include salaries and bonuses to be paid as an employee if a director serves concurrently as an employee.
2. Remunerations for Corporate Auditors in the table of Before Transition to a Company with an Audit and Supervisory Committee were paid on a monthly basis from the perspective of independence of their duties, and the Company compensated Corporate Auditors within the limits set above through consultation among Corporate Auditors.
3. Those eligible for share remuneration in the tables of Before Transition to a Company with an Audit and Supervisory Committee and After Transition to a Company with an Audit and Supervisory Committee include executive officers but do not include outside directors and overseas residents.
4. The upper limit of monthly remuneration and bonus for the Company's directors who are not Audit and Supervisory Committee members in the table After Transition to a Company with an Audit and Supervisory Committee does not include salaries and bonuses to be paid as an employee if a director serves concurrently as an employee.
5. Remunerations for directors who are Audit and Supervisory Committee members in the table After Transition to a Company with an Audit and Supervisory Committee are paid on a monthly basis from the perspective of independence of their duties, and the Company compensates such members within the limits set above through consultation among the directors who are Audit and Supervisory Committee members.

● **Policies Regarding Determination of the Calculation Method for the Remuneration for Directors**

**<Before Transition to a Company with an Audit and Supervisory Committee>**

**(Until the conclusion of the 8th ordinary general meeting of shareholders (June 27, 2018))**

Directors (Excluding Outside Directors)	Consists of three (3) types of payments which include a monthly remuneration based on individual role, bonus, the amount of which fluctuates based on the business results and share remuneration linked to the value of the Company's shares. The remuneration system is a balanced arrangement that reflects both the business results of the relevant year and the value of shares in the medium to long-term.
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(Notes) 1. The above policy was resolved at the Board of Directors based on the deliberation and recommendation of the Compensation Advisory Committee (which is comprised of three (3) outside directors, three (3) representative directors and is chaired by an outside director).

2. Remuneration for Outside Directors consists of a monthly remuneration in view of the scope of their roles as advisers and supervisors to management and to the supervisory function in general management through an independent and objective point of view.

**<After Transition to a Company with an Audit and Supervisory Committee>**

**(From the conclusion of the 8th ordinary general meeting of shareholders (June 27, 2018))**

Directors who are not Audit and Supervisory Committee members (Excluding Outside Directors)	Consists of three (3) types of payments which include a monthly remuneration based on individual role, bonus, the amount of which fluctuates based on the business results, and share remuneration linked to the value of the Company's shares. The remuneration system is a balanced arrangement that reflects both the business results of the relevant year and the value of shares in the medium to long-term.
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- (Notes) 1. The above policy was resolved at the Board of Directors based on the deliberation and recommendation of the Compensation Advisory Committee (which is comprised of three (3) outside directors, three (3) representative directors and is chaired by an outside director). The Compensation Advisory Committee allows one (1) Audit and Supervisory Committee member selected by the Audit and Supervisory Committee to attend the meetings of the Compensation Advisory Committee so that the Audit and Supervisory Committee may properly exercise the right to state its opinion on the remunerations for directors who are not Audit and Supervisory Committee members at a general meeting of shareholders.
2. Remuneration for Outside Directors who are not Audit and Supervisory Committee members consists of a monthly remuneration in view of the scope of their roles as advisers and supervisors to management and to the supervisory function in general management through an independent and objective point of view.
3. Remuneration for Directors who are Audit and Supervisory Committee members consists of a monthly remuneration in consideration of their independence of the role.

#### (4) Matters Concerning Outside Directors and Outside Corporate Auditors

##### ● Attendance at Board of Directors' Meetings, Board of Corporate Auditors' Meetings and Audit and Supervisory Committee Members' Meetings

Name	Position	Number of times attended / Number of meetings held		
		Board of Directors' Meetings	Board of Corporate Auditors' Meetings	Audit and Supervisory Committee Members' Meetings
Hiroko Ota	Outside Director	14 / 14	—	—
Mutsutake Otsuka	Outside Director	12 / 14	—	—
Yoshiiku Miyata	Outside Director	11 / 14	—	—
Seiichi Kondo	Outside Director	3 / 3	—	—
	Outside Director, Audit and Supervisory Committee Member	10 / 11	—	10 / 11
Nobuko Takahashi	Outside Corporate Auditor	3 / 3	4 / 4	—
	Outside Director, Audit and Supervisory Committee Member	11 / 11	—	11 / 11
Seiichiro Nishioka	Outside Corporate Auditor	3 / 3	4 / 4	—
	Outside Director, Audit and Supervisory Committee Member	11 / 11	—	11 / 11

##### ● Statements at Board of Directors' Meetings

At Board of Directors' meetings, each outside director and outside corporate auditor inquired about and stated his or her opinion on each matter to be resolved, including the formulation of the "2040 JXTG Group Long-Term Vision," amendments to the "JXTG Group Basic Policy on Corporate Governance," etc., and on each matter to be reported, including the business execution

status, from an objective and fair stance by making use of his or her abundant expertise and experience.

### ● **Statements at Board of Corporate Auditors' Meetings and Audit and Supervisory Committee Members' Meetings**

At Board of Corporate Auditors' meetings, Ms. Nobuko Takahashi and Mr. Seiichiro Nishioka inquired about and stated his or her opinion on each matter such as the business of the Company and group companies, and the status of management control from the perspective of auditing the execution of duties by directors and employees.

At the Audit and Supervisory Committee Members' meetings, each outside director who is a member of the Audit and Supervisory Committee inquired about and stated his or her opinion on each matter such as the business of the Company and group companies, and the status of management control from the perspective of auditing the execution of duties by directors who are not Audit and Supervisory Committee members and employees.

### ● **Status of Other Activities**

#### <Nomination Advisory Committee>

Mr. Mutsutake Otsuka and Ms. Hiroko Ota, Outside Directors, deliberated on the personnel proposals of candidates for directors of the Company in the meetings of Nomination Advisory Committee held on April 24, 2018. Mr. Mutsutake Otsuka, Ms. Hiroko Ota and Mr. Yoshiiku Miyata, Outside Directors, deliberated on such matters including the personnel proposals for candidates for directors of the Company, succession planning and abolition of Senior Executive Adviser and Adviser system in the meetings of the Nomination Advisory Committee held on May 11, 2018, November 29, 2018, February 26, 2019 and April 23, 2019.

#### <Compensation Advisory Committee>

Mr. Mutsutake Otsuka and Mr. Seiichi Kondo, Outside Directors, in the meeting held on April 24, 2018, and Mr. Mutsutake Otsuka, Mr. Seiichi Kondo and Mr. Yoshiiku Miyata, Outside Directors, in the meeting held on May 18, 2018, deliberated on such matters including the Directors' compensation level of the Company after the transition to a company with an Audit and Supervisory Committee. Mr. Mutsutake Otsuka, Ms. Hiroko Ota and Mr. Yoshiiku Miyata, Outside Directors, deliberated on such matters including the revision of the management rule of Compensation Advisory Committee and the executive compensation plan of the Company in the meetings of the said committee held on November 29, 2018, February 26, 2019 and April 23, 2019.

#### <Outside Directors' Meetings>

Outside Directors' meetings consisting of all the outside directors were held on July 11, 2018 and December 20, 2018 to enable the outside directors to collect information on agendas discussed at the Board of Directors' meetings and other information regarding the group's management, as well as to promote the exchange of opinions and mutual common views among the outside directors.

### ● **Outline of the Contents of the Liability Limitation Agreement**

The company has, pursuant to Article 427.1 of the Japanese Companies Act and Article 23 of the Articles of Incorporation of the Company, concluded with each of its six (6) outside Directors an agreement (the liability limitation agreement) that limits the liability for damages which an outside director owes to the company under Article 423.1 of the Japanese Companies Act, to the amount set forth in Article 425.1 of the Japanese Companies Act (the amount equal to the outside

director's remunerations for two (2) years) if these outside directors are in good faith and are not grossly negligent in conducting their duties.

Furthermore, in accordance with the provisions of the supplementary provisions of the Articles of Incorporation of the Company, the Company has agreed with both Ms. Nobuko Takahashi and Mr. Seiichiro Nishioka, who were outside corporate auditors, that the agreement (the liability limitation agreement) that limits the claim of liability for damages which an outside corporate auditor owes to the company under Article 423.1 of the Japanese Companies Act, which has been previously entered into, shall remain applicable.

End

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- (Notes) 1. The Company transitioned to a company with an Audit and Supervisory Committee as of the conclusion of the 8th annual shareholders meeting held on June 27, 2018.
2. Starting from the 8th fiscal year, the Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).
3. The figures stated in this business report have been obtained by rounding off the fractions less than the unit indicated for each, and the ratios have been obtained by rounding off the fractions less than the digit indicated for each. However, the numbers of shares have been obtained by omitting the fractions less than the unit indicated for each, and the ratios regarding shares have been obtained by omitting the fractions less than the digit indicated for each.



## Consolidated Financial Statements

Consolidated Statements of Financial Position (As of March 31, 2019)

(Millions of yen)

Account	Amount	Account	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>3,587,387</b>	<b>Current liabilities</b>	<b>2,932,326</b>
Cash and cash equivalents	385,434	Trade and other payables	1,852,441
Trade and other receivables	1,363,974	Bonds and borrowings	644,288
Inventories	1,590,207	Income taxes payable	28,016
Other financial assets	47,184	Other financial liabilities	18,867
Other current assets	198,851	Provisions	40,413
Sub total	3,585,650	Other current liabilities	348,301
Assets held for sale	1,737		
<b>Non-current assets</b>	<b>4,890,424</b>	<b>Non-current liabilities</b>	<b>2,425,669</b>
Property, plant and equipment	3,381,642	Bonds and borrowings	1,573,705
Goodwill	196,482	Liabilities for retirement benefits	274,206
Intangible assets	345,800	Other financial liabilities	37,027
Investments accounted for using the equity method	403,241	Provisions	152,269
Other financial assets	422,597	Other non-current liabilities	105,518
Other non-current assets	7,662	Deferred tax liabilities	282,944
Deferred tax assets	133,000	<b>Total liabilities</b>	<b>5,357,995</b>
		<b>(Equity)</b>	
		Common stock	100,000
		Capital surplus	1,222,193
		Retained earnings	1,272,960
		Treasury stock	(29,698)
		Other components of equity	152,385
		Total equity attributable to owners of the parent	2,717,840
		Non-controlling interests	401,976
		<b>Total equity</b>	<b>3,119,816</b>
<b>Total assets</b>	<b>8,477,811</b>	<b>Total liabilities and Equity</b>	<b>8,477,811</b>



Consolidated Statements of Profit or Loss (From April 1, 2018 to March 31, 2019)

(Millions of yen)

Account	Amount
<b>Revenue</b>	<b>11,129,630</b>
<b>Cost of sales</b>	<b>9,909,694</b>
<b>Gross profit</b>	<b>1,219,936</b>
Selling, general and administrative expenses	816,260
Share of profit of investments accounted for using the equity method	46,060
Other operating income	193,512
Other operating expenses	106,165
<b>Operating profit</b>	<b>537,083</b>
Finance income	7,018
Finance costs	35,484
<b>Profit before tax</b>	<b>508,617</b>
Income tax expense	151,466
<b>Profit for the year</b>	<b>357,151</b>
<b>Profit for the year attributable to:</b>	
Owners of the parent	322,319
Non-controlling interests	34,832
<b>Profit for the year</b>	<b>357,151</b>

**Consolidated Statements of Changes in Equity (from April 1, 2018 to March 31, 2019)**

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock
<b>Balance as of April 1, 2018</b>	<b>100,000</b>	<b>1,250,667</b>	<b>1,017,402</b>	<b>(4,730)</b>
Profit for the year			322,319	
Other comprehensive income (loss)				
Total comprehensive income (loss) for the year	-	-	332,319	-
Acquisition of treasury shares				(55,001)
Disposal of treasury shares		0		0
Cancellation of treasury shares		(30,000)		30,000
Cash dividends			(67,988)	
Share-based payment transactions		163		33
Equity transactions with non-controlling interests, etc.		188		
Transfer from other components of equity to retained earnings			1,227	
Transfer from other components of equity to non-financial assets, etc.				
Other		1,175		
Total transactions with owners	-	(28,474)	(66,761)	(24,968)
<b>Balance as of March 31, 2019</b>	<b>100,000</b>	<b>1,222,193</b>	<b>1,272,960</b>	<b>(29,698)</b>

	Other components of equity					Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Changes in fair value of financial assets measured at fair value through other comprehensive income (loss)	Changes in fair value of cash flow hedges	Exchange differences on translation of foreign operations	Remeasurement (losses) gains on defined benefit plans	Total			
<b>Balance as of April 1, 2018</b>	<b>143,296</b>	<b>(6,125)</b>	<b>39,031</b>	<b>-</b>	<b>176,202</b>	<b>2,539,541</b>	<b>380,434</b>	<b>2,919,975</b>
Profit for the year					-	322,319	34,832	357,151
Other comprehensive income (loss)	(29,023)	(5,456)	10,810	(1,560)	(25,229)	(25,229)	373	(24,856)
Total comprehensive income (loss) for the year	(29,023)	(5,456)	10,810	(1,560)	(25,229)	297,090	35,205	332,295
Purchase of treasury shares					-	(55,001)		(55,001)
Disposal of treasury shares					-	0		0
Cancellation of treasury shares					-	-		-
Cash dividends					-	(67,988)	(13,928)	(81,916)
Share-based payment transactions					-	196		196
Equity transactions with non-controlling interests, etc.			(65)		(65)	123	10,066	10,189
Transfer from other components of equity to retained earnings	(2,787)			1,560	(1,227)	-		-
Transfer from other components of equity to non-financial assets, etc.		2,704			2,704	2,704	844	3,548
Other					-	1,175	(10,645)	(9,470)
Total transactions with owners	(2,787)	2,704	(65)	1,560	1,412	(118,791)	(13,663)	(132,454)
<b>Balance as of March 31, 2019</b>	<b>111,486</b>	<b>(8,877)</b>	<b>49,776</b>	<b>-</b>	<b>152,385</b>	<b>2,717,840</b>	<b>401,976</b>	<b>3,119,816</b>

(Reference)

| Summary of Consolidated Statements of Cash Flows (from April 1, 2018 to March 31, 2019) |

(Millions of yen)

Account	Amount
Cash flows from operating activities	344,184
Cash flows from investing activities	(206,900)
Cash flows from financing activities	(196,662)
Net increase (decrease) in cash and cash equivalents	(59,378)
Cash and cash equivalents at beginning of the year	437,117
Net foreign exchange differences of cash and cash equivalents	1,206
Cash and cash equivalents at end of the year	378,945

## Non-Consolidated Financial Statements

### Non-consolidated Balance Sheet (as of March 31, 2019)

(Millions of yen)

Account	Amount	Account	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>387,479</b>	<b>Current liabilities</b>	<b>465,673</b>
Cash and deposits	154	Short-term borrowings	108,000
Short-term loans receivable from subsidiaries and affiliates	314,000	Short-term loans payable to subsidiaries and affiliates	136,339
Accounts receivable	31,129	Commercial papers	186,000
Receivable income tax refund or the like	36,534	Current portion of bonds	20,000
Other	5,661	Accrued expenses	3,058
		Provision for employees' bonuses	417
		Other	11,859
<b>Non-current assets</b>	<b>3,430,363</b>	<b>Non-current liabilities</b>	<b>1,521,370</b>
<b>Property, plant and equipment</b>	69,466	Bonds payable	200,915
Buildings and structures	17,775	Long-term loans payable	916,412
Land	50,604	Long-term loans payable to subsidiaries and affiliates	383,000
Other	1,087	Deferred tax liabilities	18,225
		Provision for share remuneration	55
<b>Intangible assets</b>	<b>2,569</b>	Other	2,763
		<b>Total liabilities</b>	<b>1,987,042</b>
<b>Investments and other assets</b>	<b>3,358,327</b>	<b>(Net assets)</b>	
Investments in securities	136,778	<b>Shareholders' equity</b>	<b>1,813,807</b>
Stocks of subsidiaries and affiliates	2,101,571	<b>Common stock</b>	<b>100,000</b>
Long-term loans receivable from subsidiaries and affiliates	1,116,412	<b>Capital surplus</b>	<b>1,542,648</b>
Guarantee deposits	3,487	Legal capital reserve	526,389
Other	79	Other capital surplus	1,016,259
		<b>Retained earnings</b>	<b>199,486</b>
		Other retained earnings	199,486
		Reserve for advanced depreciation of non-current assets	1,710
		Retained earnings brought forward	197,776
		<b>Treasury stock</b>	<b>(28,327)</b>
		<b>Valuation and translation adjustments</b>	<b>16,992</b>
		<b>Unrealized gain on securities</b>	<b>17,089</b>
		<b>Deferred hedge gains and losses</b>	<b>(96)</b>
		<b>Total net assets</b>	<b>1,830,799</b>
<b>Total assets</b>	<b>3,817,842</b>	<b>Total liabilities and net assets</b>	<b>3,817,842</b>

**Non-consolidated Statements of Income (from April 1, 2018 to March 31, 2019)**

(Millions of yen)

Account title	Amount	
<b>Operating revenue</b>		
Dividends income	165,547	
Management fee income	11,854	<b>177,401</b>
<b>Selling, general and administrative expenses</b>		<b>10,859</b>
<b>Operating income</b>		<b>166,542</b>
<b>Non-operating income</b>		
Interest income	10,185	
Dividends income	4,153	
Rent income	2,681	
Other	1,551	18,569
<b>Non-operating expenses</b>		
Interest expenses	11,667	
Interest on bonds	1,525	
Rent expenses	1,426	
Other	922	15,540
<b>Ordinary income</b>		<b>169,571</b>
<b>Special gain</b>		
Gain on sales of non-current assets	7,380	
Gain on sales of investments in securities	3,899	
Gain on sales of shares of subsidiaries and affiliates	14,627	25,906
<b>Income before income taxes</b>		<b>195,478</b>
Income taxes-current	3,787	
Income taxes-deferred	4,619	8,406
<b>Net income</b>		<b>187,072</b>

**Non-consolidated Statements of Changes in Net Assets (from April 1, 2018 to March 31, 2019)**

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for advanced depreciation of non-current assets	Retained earnings carried forward			
<b>Balance as of April 1, 2018</b>	<b>100,000</b>	<b>526,389</b>	<b>1,046,259</b>	<b>1,572,648</b>	<b>1,725</b>	<b>78,703</b>	<b>80,427</b>	<b>(3,380)</b>	<b>1,749,696</b>
Changes of items during the period									
Dividends of surplus						(68,013)	(68,013)		(68,013)
Net income						187,072	187,072		187,072
Purchase of treasury shares								(54,981)	(54,981)
Disposal of treasury shares			0	0				34	34
Cancellation of treasury shares			(30,000)	(30,000)				30,000	-
Reversal of reserve for advanced depreciation of non-current assets					(15)	15	-		-
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	(30,000)	(30,000)	(15)	119,074	119,059	(24,947)	64,111
<b>Balance as of March 31, 2019</b>	<b>100,000</b>	<b>526,389</b>	<b>1,016,259</b>	<b>1,542,648</b>	<b>1,710</b>	<b>197,776</b>	<b>199,486</b>	<b>(28,327)</b>	<b>1,813,807</b>

	Valuation and translation adjustments			Total net
	Changes in fair value of financial assets	Changes in fair value of deferred hedges	Total valuation and translation adjustments	
<b>Balance as of April 1, 2018</b>	<b>33,807</b>	<b>(2)</b>	<b>33,805</b>	<b>1,783,500</b>
Changes of items during the period				
Dividends of surplus				(68,013)
Net income				187,072
Purchase of treasury shares				(54,981)
Disposal of treasury shares				34
Cancellation of treasury shares				-
Reversal of reserve for advanced depreciation of non-current assets				-
Net changes of items other than shareholders' equity	(16,718)	(94)	(16,812)	(16,812)
Total changes of items during the period	(16,718)	(94)	(16,812)	47,299
<b>Balance as of March 31, 2019</b>	<b>17,089</b>	<b>(96)</b>	<b>16,992</b>	<b>1,830,799</b>

## Audit Reports

### | Copy of the Financial Auditor's Report (on Consolidated Financial Statements) |

#### Independent Auditor's Report

May 15, 2019

To: The Board of Directors of JXTG Holdings, Inc.

Ernst & Young ShinNihon LLC  
Yuichi Mochinaga  
Certified Public Accountant,  
Designated Limited Liability Partner, and Engagement Partner  
Kazuhiko Umemura  
Certified Public Accountant,  
Designated Limited Liability Partner, and Engagement Partner  
Kazuhiko Yamazaki  
Certified Public Accountant,  
Designated Limited Liability Partner, and Engagement Partner  
Takamichi Komiyama  
Certified Public Accountant,  
Designated Limited Liability Partner, and Engagement Partner

Pursuant to Article 444.4 of Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statements of changes in equity, and the notes to the consolidated financial statements of JXTG Holdings, Inc. (the "Company") applicable to the consolidated fiscal year from April 1, 2018 through March 31, 2019.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements, which is a partially condensed version as some disclosure items were omitted from the reporting standards as set out in the IFRS pursuant to the latter part of Article 120.1 of the Rules of Corporate Accounting. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements from an independent standpoint based on the audit we conducted. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those auditing standards require that we formulate an audit plan and perform the audit based on this plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. According to our decision, the audit procedures are selected and applied based on an assessment of the risk of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above, which is a partially condensed version as some disclosure items were omitted from the reporting standards as set out in the IFRS pursuant to the latter part of Article 120.1 of Rules of Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group consisting of JXTG Holdings, Inc. and its consolidated subsidiaries applicable to the ninth fiscal year ended March 31, 2019.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End



**Copy of the Financial Auditor's Report (on Non-consolidated Financial Statements)**

Independent Auditor's Report

May 15, 2019

To: The Board of Directors of JXTG Holdings, Inc.

Ernst & Young ShinNihon LLC  
Yuichi Mochinaga  
Certified Public Accountant,  
Designated Limited Liability Partner, and Engagement Partner  
Kazuhiko Umemura  
Certified Public Accountant,  
Designated Limited Liability Partner, and Engagement Partner  
Kazuhiko Yamazaki  
Certified Public Accountant,  
Designated Limited Liability Partner, and Engagement Partner  
Takamichi Komiyama  
Certified Public Accountant,  
Designated Limited Liability Partner, and Engagement Partner

Pursuant to Article 436.2.1 of Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the supplementary schedules thereof of JXTG Holdings, Inc. (the "Company") applicable to the ninth fiscal year from April 1, 2018 through March 31, 2019.

Management's Responsibility for the Financial Statements and the Annexed Detailed Statements thereof

Management is responsible for the preparation and fair presentation of these financial statements and the supplementary schedules thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the financial statements and the supplementary schedules thereof that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules thereof from an independent standpoint based on the audit we conducted. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those auditing standards require that we formulate an audit plan and perform the audit based on this plan to obtain reasonable assurance about whether the financial statements and the supplementary schedules thereof are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules thereof. According to our decision, the audit procedures are selected and applied based on an assessment of the risk of material misstatement in the financial statements and the supplementary schedules thereof, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements and the supplementary schedules thereof in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules thereof.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules thereof referred to above present fairly, in all material respects, the financial position and the results of operations of JXTG Holdings, Inc. applicable to the ninth fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End

## **Copy of Audit and Supervisory Committee's Report**

### Audit and Supervisory Committee's Report

The Audit and Supervisory Committee has audited directors' execution of duties for the 9th fiscal term from April 1, 2018 to March 31, 2019. The followings are the reports of the methods and the results of the audit.

#### 1. The methods and contents of the audit

- (1) With respect to the contents of the resolution of the Board of Directors regarding the matters set forth in Article 399-13.1 (b) and (c) of the Companies Act, and the systems (Internal Control Systems) developed based on such resolution, the Audit and Supervisory Committee received periodic reports from the directors, employees and other relevant functions concerning the status of formation and implementation of such systems, and asked for explanations as necessary.

In addition, with respect to internal control relating to financial reports, the Audit and Supervisory Committee received reports from the directors, other relevant personnel and Ernst & Young ShinNihon LLC on assessment of such internal control and the status of audit and asked for explanations as necessary.

- (2) In accordance with the audit policy and the allocation of duties and other terms defined by the Audit and Supervisory Committee, in coordination with the internal control divisions of the Company, the Audit and Supervisory Committee attended material meetings, received reports from the directors, employees and other relevant functions on the matters related to their execution of duties, asked for explanations as necessary, and investigated the status or condition of the business activities and the assets by inspecting important approval documents and reports. Regarding the subsidiaries, the Audit and Supervisory Committee sought to communicate and exchange information with directors, corporate auditors and other relevant personnel of the subsidiaries, and received reports on business from the subsidiaries as necessary.
- (3) The Audit and Supervisory Committee monitored and verified that the Financial Auditor maintained independence and conducted appropriate audits, received reports from the Financial Auditor on the status of their audit work, and asked for explanations as necessary. The Audit and Supervisory Committee were also advised by the Financial Auditor that they had the "systems for ensuring that the performance of the financial auditors is being carried out correctly" (matters set forth in each item of Article 131 of the Rules of Corporate Accounting) in place in accordance with the "Quality Control Standards" (Business Accounting Council, October 28, 2005) and other relevant regulations and asked for explanations as necessary.

Based on the above stated steps, the Audit and Supervisory Committee examined the business report and the supplementary schedules, financial statements and the supplementary schedules, and the consolidated financial statements, for the current fiscal year.

#### 2. Results of the audit

- (1) Results of the audit of the business report and the supplementary schedules

It is our opinion that:

- A. The business report and the supplementary schedules present fairly the status of the Company's business conditions in conformity with the applicable laws and regulations and the Articles of Incorporation;
- B. There is no indication of significant wrongdoing or violation of laws and regulations and the Articles of Incorporation in the directors' execution of duties; and
- C. The contents of the resolution by the Board of Directors regarding the internal control systems were appropriate. Also, there is no item to be noted on description in the business report and the directors' execution of duties regarding the internal control systems, including internal controls relating to financial reports.

In addition, with respect to the matter regarding violation of the Antimonopoly Act by NIPPO Corporation described in the business report, the Audit and Supervisory Committee will closely observe NIPPO Corporation's efforts to keep its employees informed about compliance with the Antimonopoly Act in order to prevent a recurrence of such misconduct, as well as monitoring the status of instructions that the Company will provide to NIPPO Corporation.

- (2) Result of the audit of the financial statements and the supplementary schedules

The methods and results of audits conducted by Ernst & Young ShinNihon LLC, Financial Auditor of the Company, are appropriate.

- (3) Result of the audit of the consolidated financial statements

The methods and results of audits conducted by Ernst & Young ShinNihon LLC, Financial Auditor of the Company, are appropriate.

May 15, 2019

JXTG Holdings, Inc., Audit and Supervisory Committee

Full-Time Audit and Supervisory Committee Member Yuji Nakajima [Seal]

Full-Time Audit and Supervisory Committee Member Hitoshi Kato [Seal]

Audit and Supervisory Committee Member Seiichi Kondo [Seal]

Audit and Supervisory Committee Member Nobuko Takahashi [Seal]

Audit and Supervisory Committee Member Seiichiro Nishioka [Seal]

(Note) Audit and Supervisory Committee Members Seiichi Kondo, Nobuko Takahashi and Seiichiro Nishioka are outside directors stipulated in Article 2.15 and Article 331.6 of the Companies Act.