

[Translation]

February 28, 2024

To whom it may concern:

Company name: ENEOS Holdings, Inc.  
 Representative: Miyata Tomohide  
 Representative Director  
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### **Progress in Ensuring Compliance Initiatives**

ENEOS Holdings, Inc. (Representative Director: Miyata Tomohide; the “Company”) disclosed “Strengthening and Implementation of Measures to Ensure Respect for Human Rights and Compliance” on February 27, 2023, and developed and implemented measures to prevent recurrence (“previous recurrence prevention measures”) in response to inappropriate behavior by the former Chairman of the Board the year before last. However, inappropriate behavior by the former President occurred last year. Taking seriously the fact that inappropriate behavior by top management had occurred two years in a row, the Company entrusted analysis and evaluation of recurrence prevention measures that we had executed to outside experts, and considered and partially implemented enhanced initiatives to ensure compliance. The Company will execute recurrence prevention measures with the utmost urgency to regain the trust of our stakeholders, including shareholders, investors, business partners and employees.

Additionally, the Company has discussed measures we should address to enhance the ENEOS Group for its role in leading the energy transition in Japan. As follows, the Company announces that we resolved enhanced recurrence prevention measures and future response policies at a meeting of the Board of Directors held today.

#### 1. Overview of Analysis and Evaluation by Outside Experts

The Company obtained the following analysis and evaluation by outside experts regarding the various systems introduced to enhance compliance and previous recurrence prevention measures

System	Purpose	Analysis	Evaluation
(a) Whistleblower systems	Early detection/Correction	Effective	—
(b) Clarification of procedure for disposition of Officers	Early correction	Effective	—
(c) Introduction of disciplinary regulations for Officers (clawback / malus clause)	Restraint / Disciplinary measures	Disciplinary measures effective	Disciplinary function was effective, however, restraint function was ineffective. It has limitations and needs to be supplemented by other systems.
(d) Execution of human resources due diligence for selection of Directors	Prevention	Enhancement needed	Inadequate approach to compliance-related items in human resources due diligence.

(e) Regular implementation of human rights and compliance training for Officers	Prevention	Enhancement needed	Although measures were taken, they were not sufficient. In addition, specific rules for behavioral management for Directors were not formulated.
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2. Recurrence Prevention Measures Based on 1. Above.

After having identified shortcomings and issues in the Company’s initiatives to enhance compliance to date, and after discussions with and evaluation by outside experts, the Company has formulated the following recurrence prevention measures, some of which have already been executed. Details of the measures are shown in the appendix.

(1) Enhancement of Director Selection Process (Already executed)

The Company enhanced human resource due diligence to enable the Nomination Advisory Committee to judge more objectively whether or not candidates can behave appropriately in the role of Director, in addition to the thinking and behavioral characteristics that support the exercise of skills necessary for decision-making and management supervision. Specifically, in the course of human resources due diligence, the Company will analyze each situation in which risks are likely to occur, have a third-party organization conduct interviews with candidates and conduct online testing, then report the results of these initiatives in detail to enable the Nomination Advisory Committee to appropriately judge the suitability of Director candidates.

(2) Enhancement of Normative Awareness of Officers (Policies already formulated)

In order to ensure that Officers themselves continue to faithfully practice the Company’s Group Philosophy, which states “Based on our core principles of integrity and fairness, we conduct all of our business activities in accordance with our high ethical standards,” the Company has decided to increase the frequency and enhance the content of compliance training that has been conducted to date, and advance continued change in Officers’ mindset.

Additionally, by declaring their respect for human rights, the Group Philosophy and the Code of Conduct, Officers can further strengthen the commitment and lead reforms while engaging in dialogue with employees.

(3) Behavioral Management of Directors (Execution in progress)

Based on analysis and evaluation of outside experts, which indicated that a system to deter excessive consumption of alcohol had not been implemented, the Company has formulated and implemented new rules for Directors attending social gatherings and for others attending and those accompanying Directors.

(4) Enhancement of Monitoring of Directors (Policies already formulated)

It is a matter of deep regret that the inappropriate conduct by the former President occurred while the previous prevention measures were being executed, and in order to maintain a sense of urgency of Directors, who have important responsibilities, the Company has decided to further enhance the mutual supervision of Directors.

Firstly, internal Directors will mutually supervise each other’s execution of (2) and (3) above, and receive 360-degree evaluation.

The Audit and Supervisory Committee will check the progress and continuity of a series of recurrence prevention measures, and also confirm the results of 360-degree evaluation for internal Directors. Additionally, the Nomination Advisory Committee, in cooperation with the Audit and Supervisory Committee, will regularly interview Directors even after appointment to confirm that they are performing their duties with high ethical standards and that their behavior is appropriate for Directors of the Company.

### 3. Initiatives for the Enhancement of the ENEOS Group

The Company is aiming to maximize corporate value by achieving both a stable supply of energy and materials and the realization of a carbon-neutral society. In order to lead this transformation, the Company will advance the following measures.

#### (1) Continuous Governance Transformation

##### a. Improvement in transparency of governance

In order to eliminate proceedings by internal logic and pursue further transparency and a sense of urgency, the ratio of Outside Directors will be raised to more than 50% from June, 2024. Additionally, in order to further ensure objectivity by incorporating an outside perspective in the selection of agendas, a Chair of the Board will be selected from among Outside Directors from June, 2024.

In addition to the measures above, the Company will examine the optimal form of governance and execute any necessary measures.

##### b. Restructuring of Succession Plan

The Company will review the succession plan implemented to date, and select and develop the next-generation leaders in line with initiatives for the enhancement of the ENEOS Group. Although the details are under consideration, the succession plan will continue to be regularly reviewed and monitored by the Board of Directors after this reform.

#### (2) Establishing a Work Environment Where Employees Can Work Comfortably and with Pride.

The Company caused great disappointment for employees, who are important stakeholders and together support “today’s normal” and are taking the lead for “tomorrow’s normal.” Based on its recognition that regaining employee trust is an urgent matter, the Company established a project led by Outside Director Oka, Outside Director Kawasaki and three Executive Vice Presidents in order to ensure that respect for human rights and the recognition of the importance of compliance take root throughout the organization. The project is currently in the process of conducting one-on-one interviews and an employee engagement survey utilizing a third-party organization.

From the interviews, the Company understands that there are various gaps depending on generation, gender, department, etc., and that at the very least there are some customs that need to be changed or enhanced, and some gaps that need to be filled through dialogue.

The Company will establish a work environment where employees can work comfortably and with pride by examining what should be retained and what should be changed as the Company’s strengths based on management’s understanding of the feelings of employees, including their anxieties and concerns, and advancing dialogue with employees, which means executing transformation and improvements.

#### (3) Reforming the Group Management Structure to Realize the Long-Term Vision.

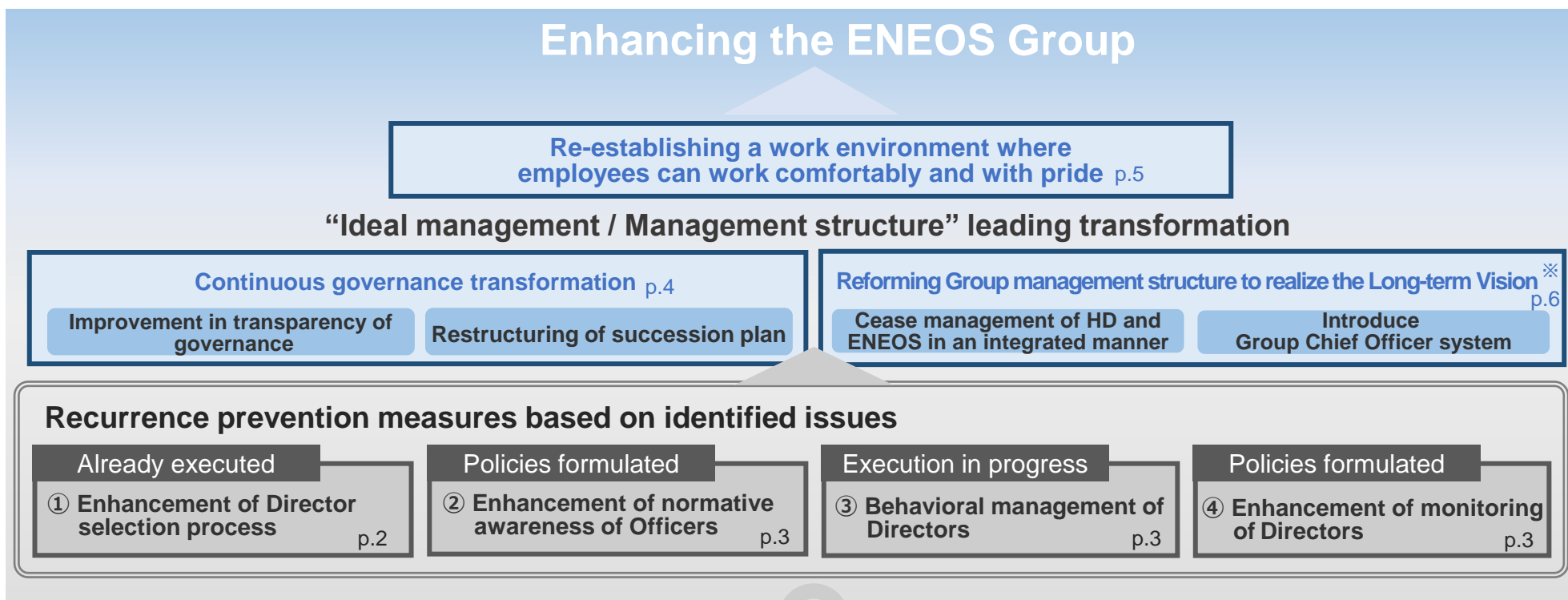
The Company has decided to cease management of the Company and ENEOS Corporation in an integrated manner and introduce a Group Chief Officer system.

Please see “Reforming the ENEOS Group Management Structure” dated February 28, 2024, for details.

The Company is determined to restore the trust of its stakeholders and enhance our corporate value, and will regularly disclose the progress of the recurrence prevention measures above and initiatives for the enhancement of the ENEOS Group.

End of document

- In response to a situation in which inappropriate behavior by Representative Directors occurred in two consecutive years, we comprehensively evaluated recurrence prevention measures announced previously and existing compliance measures with outside experts, and identified issues.
- Based on the issues identified, we formulated “recurrence prevention measures” to deal with factors of inappropriate behavior.
- In addition to “recurrence prevention measures,” we launched “continuous governance transformation” and “re-establishing a work environment where employees can work comfortably and with pride” as advanced initiatives for the enhancement of the ENEOS Group.



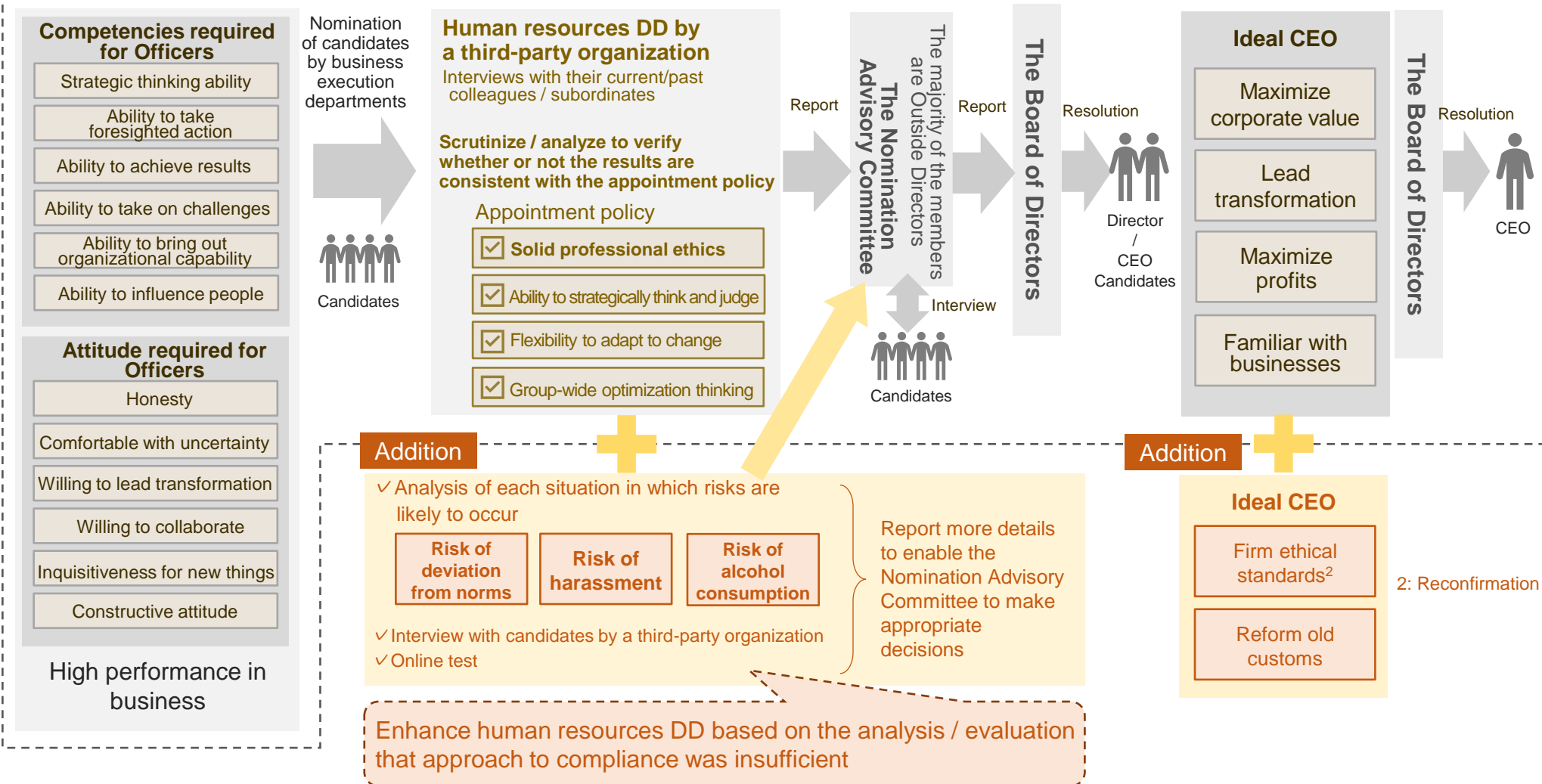
**Continuation / updating and visualization of initiatives** (utilizing our website, intranet, etc.)

※Please see “Reforming the ENEOS Group Management Structure” disclosed today.

## ① Enhancement of Director selection process HD 1: Executed for the HD CEO and the ENEOS President for this time

Re-establish the process that enables the Nomination Advisory Committee to more objectively confirm whether or not a person is capable of acting appropriately in the role of Director in addition to the thinking and behavioral characteristics that support skills required for decision-making and management supervision<sup>1</sup>

### Conventional Director / CEO selection process



### ② Enhancement of normative awareness of Officers

ENEOS Group

#### Conventional measures

- Execute compliance training

#### Enhancement of measures

- Update training  
(Increase frequency, enhance content, ensure incidents are not forgotten)
- "Declaration of compliance with respect for human rights, Group philosophy and Code of Conduct" by Officers  
(HD and ENEOS will be the first to begin this measure)

### ③ Behavioral management of Directors

ENEOS Group

#### Formulation of rules

Formulate and implement the following rules

- Rules for Directors attending social gatherings
- Rules for others attending and those accompanying Directors

(HD and ENEOS will be the first to begin this measure)

### ④ Enhancement of monitoring of Directors

HD

#### Conventional monitoring

Director	Supervision of the status of business execution by other Directors
Audit and Supervisory Committee	Effective and efficient audits based on audit plans
Nomination Advisory Committee	Scrutinize and analyze conformity with the appointment policy

#### Additional monitoring

##### Internal Director



Mutual supervision of ② & ③, 360-degree evaluation, etc.

Report



##### Audit and Supervisory Committee

Check the progress and continuity of a series of recurrence prevention measures  
(Ensure incidents are not forgotten, prevent collusion)

Cooperation



##### Nomination Advisory Committee

Interviews with Directors  
(Maintain current Directors' sense of urgency)

Improvement in transparency of governance

HD

From June 2024

Ratio of Outside Directors exceeds 50%

✓ Eliminate proceedings based on internal logic and pursue further transparency and a sense of urgency

Appoint Outside Director as Chair of the Board

✓ Ensure further objectivity by incorporating outside perspectives in the selection of agendas

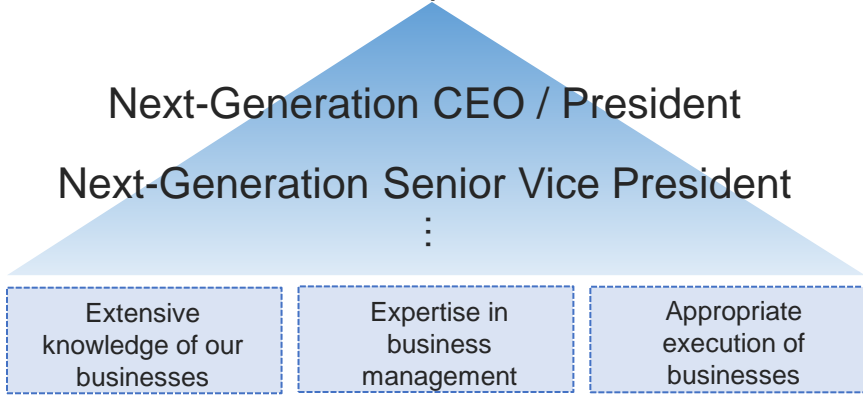
Restructuring of succession plan

ENEOS Group

Review succession plan implemented to date, and select and develop leaders in line with Group enhancement initiatives. Continue improvement and monitoring by the Board of Directors.

Ideal personnel who will lead the next generation of the ENEOS Group (currently redefining)

Under consideration for details



- Select the ideal personnel who will lead the next generation ENEOS Group, and establish a training plan (provide challenging opportunities and a management mindset)
- Create diverse talent pool to become a company that is always needed and trusted by society, even in an ever-changing era

ENEOS → Expand to the ENEOS Group

- Established a project led by Outside Director Oka, Outside Director Kawasaki and three Executive Vice Presidents in order to ensure that respect for human rights and the importance of compliance take root throughout the organization
- Conducting one-on-one interviews by a third-party organization with Officers and approximately 160 randomly selected employees

Progress of Officer / employee interviews by a third-party organization

- Confirmed that there are various gaps depending on generation, gender, department, etc.

Words and actions based on assumptions

Ways of communication

Ideal executives and managers

How to work in response to changes

etc.

- Recognized that at the very least there are customs that need to be changed or improved, and gaps that need to be filled through dialogue

Conducting questionnaire targeted at all Officers and employees to further confirm the actual situation

- ✓ Consider and execute measures, scrutinizing what should be changed and retained as ENEOS' strengths
- ✓ Rebuild trust with employees by regularly conducting engagement surveys, identifying issues and “visualizing” the status of the measures
- ✓ Re-establish work environment where employees can work comfortably and with pride

Enhance engagement and human capital



- ✓ **Cease management of HD and ENEOS in an integrated manner** to clarify operations, profitability and management responsibility of each business in light of conversion to a structure with six principle operating companies from April 2024.
- ✓ **Introduce a Group Chief Officer system** as a role for enhancing Group governance by strengthening collaboration among principle operating companies, optimizing resource allocation, etc.

**Strongly Advance Portfolio Management**

## ENEOS HD

- ✓ Formulate a medium to long-term vision/strategies for the entire Group, and determine the role and direction of each operating company
- ✓ Share issues and goals in strategies with operating companies, and support them in realizing those goals by allocating tangible assets, intangible assets, etc.
- ✓ Continuously monitor ROIC>WACC of the entire Group and each business, and enhance growth of each business by providing necessary guidance

### Board of Directors

Note: CEO/Presidents of principle operating companies do not serve as Directors of HD after the General Meeting of Shareholders in June of this year.

### CEO

#### CFO (Chief Financial Officer)

Formulate optimal Group financial strategies and capital policies. Also, advance dialogue with the capital market to realize enhancement of corporate value.

#### CHRO (Chief Human Resources Officer)

Formulate and enhance Group human resource strategies. Execute human capital management through talent management and management personnel development.

#### CCO (Chief Compliance Officer)

Formulate and instill Group compliance policy. Execute Group-wide risk management from a legal perspective and contribute to advancement of businesses.

#### CTO (Chief Technology Officer)

Formulate Group technology strategies. Contribute to the enhancement of business strategies by determining technological direction for the carbon-neutral society.

Portfolio transformation, optimization of resource allocation, involvement in business strategies and monitoring of management progress



Business operations in accordance with Group strategies and timely reporting Execution of the Long-term Vision and Medium-term Management Plan

ENEOS

JX Nippon Oil & Gas Exploration

JX Metals

ENEOS Materials

ENEOS Power

ENEOS Renewable Energy

**Realization of Long-Term Vision : Supporting “today’s normal,” taking the lead for “tomorrow’s normal”**