

# JXTG Group Long-Term Vision

13<sup>th</sup> May, 2019

20<sup>th</sup> May, 2020

-with some revisions

**JXTG** Holdings, Inc.



# JXTG Group Philosophy

## 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.

# Positioning of Long-Term Vision

## Realizing the Group Philosophy

Release on Medium-Term Management Plan in May, 2017.

- In order to contribute to the development of society and economy and the creation of a sustainable and vigorous future, the Group endeavors to enhance its core businesses, promote innovation and operate business globally.
- At the same time, the Group will foster human resources with high ethical standards and willingness to take on new challenges, who are essential in promoting the above, to become one of the most prominent and internationally-competitive **comprehensive** energy, **resources** and materials company groups in Asia.

**Medium-Term Management Plan  
(FY2017-FY2019)**

**Execution Plan for  
a Drastic Transformation**

## Long-Term Vision

Our envisioned goals for 2040

1. Become one of the most prominent and internationally-competitive energy and materials company groups in Asia
2. Create value by transforming our current business structure
3. Contribute to the development of a low-carbon, recycling-oriented society

**Medium-Term Management Plan  
(FY2020-FY2022)**

**To be developed in 2019**

# Purpose of Long-Term Vision

- 1. Clear statement of our envisioned goals for the future**
- 2. Guiding principle for our long-term business portfolio**
  - Pursue both strategic growth and cash flow maximization**
- 3. Guideline for the next Medium-Term Management Plan (FY2020-FY2022)**

# 1. Long-term global trends (summary)

## General

### Low-carbon, recycling-oriented society

- Ever-increasing global warming concerns (extreme weather events and disasters worldwide)
- Rapidly decreasing cost of renewable energy and battery storage
- Natural resource conservation efforts worldwide (minor metals, plastic waste, etc.)

### Digital innovation

- Rapid progress of Internet society and blockchain technology
- Dramatic improvement in productivity with AI, IoT, robotics, etc.
- Electrification (shift to EV, autonomous driving, etc.)

### Lifestyle changes

- Growing world economy, especially in Asia, and people seeking abundant life
- People active until 100 years old
- Congestion in urban areas and greater need for community development
- Growth of sharing economy, preference for experiences rather than material possessions

## Our business area

- Increase of non-fossil energy in global energy demand
- Global chemical demand increases, especially in Asia
- Global copper demand increases in Asian countries like India

## 2. Scenario in 2040



### Low-carbon, recycling-oriented society



Mass introduction of **renewable energy**

**EV**, used for **car sharing** and **energy storage**, replaces gasoline and diesel cars

**Distributed energy resources** with **energy storage**

**Recycling technology and infrastructure** for metals and plastic in place

**Various service providers** help people enjoy a more comfortable life

### 3. 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 groups 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 conscious businesses and the pursuit of carbon neutral status in its own CO<sub>2</sub> emissions.

To accomplish our envisioned goals, we will transform our corporate culture through the development of more diverse and innovative human resources who can take on challenges on a global scale, and through improvement of operational quality by making the best use of ICT, while giving the highest priority to health, safety and environment, core values which are integral to our business operation.



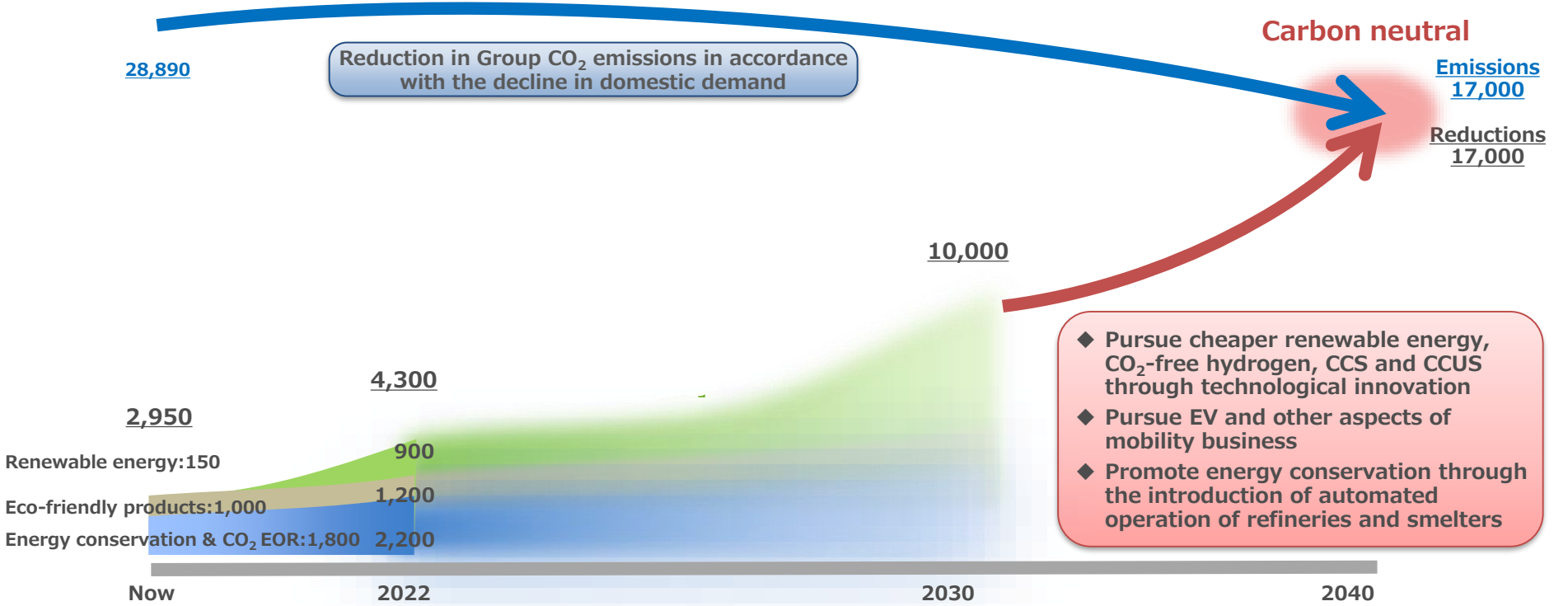
# 3. Our envisioned goals for 2040 (continued)

## ◆ Contribute to the realization of a sustainable society, the aim of the SDGs, through the achievement of our envisioned goals

<p>Through our business activities (Five key items)</p>	 <p>7 エネルギーをみんなに そしてクリーンに</p> <p>AFFORDABLE AND CLEAN ENERGY</p>	 <p>9 産業と技術革新の 基盤をつくらう</p> <p>INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p>11 住み続けられる まちづくりを</p> <p>SUSTAINABLE CITIES AND COMMUNITIES</p>	 <p>12 つくる責任 つかう責任</p> <p>RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p>13 気候変動に 具体的な対策を</p> <p>CLIMATE ACTION</p>
<p>Through corporate activities (Five key items)</p>	 <p>3 すべての人に 健康と福祉を</p> <p>GOOD HEALTH AND WELL- BEING</p>	 <p>4 質の高い教育を みんなに</p> <p>QUALITY EDUCATION</p>	 <p>5 ジェンダー平等を 実現しよう</p> <p>GENDER EQUALITY</p>	 <p>8 働きがいも 経済成長も</p> <p>DECENT WORK AND ECONOMIC GROWTH</p>	 <p>10 人や国の不平等 をなくそう</p> <p>REDUCED INEQUALITIES</p>

## ◆ Toward carbon neutral status

(Unit : Thousand tons)



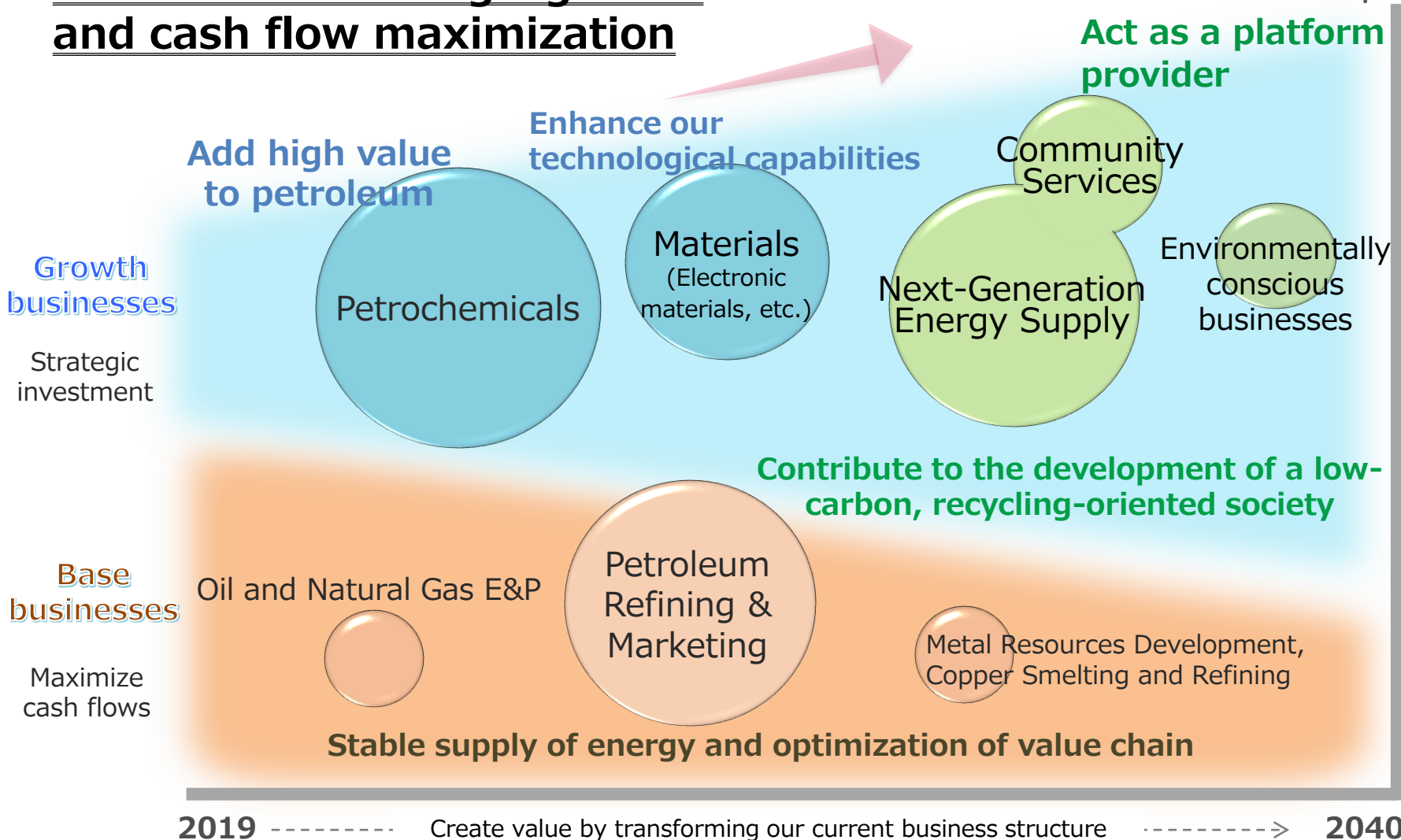
# 4. Overview of our future businesses to 2040

At a glance

Bubbles show 2040 business portfolio image

Expectation

## Pursue both strategic growth and cash flow maximization



## 4. Overview of our future businesses to 2040

Growth  
businesses

### Add high value to petroleum

Petro-  
chemicals

- **Refinery transformation to produce more chemical products**
  - Introduce more advanced processing, strengthen industrial complex, etc.
- **Advance into high-value-added derivatives business and expand globally**

### Enhance our technological capabilities

Electronic  
Materials

- **Innovate and commercialize world-class, technology-based products**
- **Expand line-up of new electronic materials to contribute to IoT society**

Lubricants

- **Develop products and marketing network in line with global trends**
  - Acquire next-generation demand arising from lubricants used for EVs and other applications underpinned by economic growth in emerging countries

High  
Performance  
Materials

- **Strengthen competitiveness of products that enable sustainable growth**  
Focus areas: Next-generation vehicles, next-generation housing and the nutrition sector

## 4. Overview of our future businesses to 2040

### Contribute to the development of a low-carbon, recycling-oriented society

- Develop optimal portfolio of power generation in line with growth of electricity businesses in Japan and overseas
- Implement large-scale domestic and overseas renewable energy projects such as offshore wind power, geothermal power, etc.
- Create CO2-free hydrogen business, e.g. overseas hydrogen manufacturing/shipment and hydrogen power plants

### Act as a platform provider

- Create community development businesses in collaboration with local partners
  - Integrate local energy businesses with community services businesses
- Develop energy service platform businesses and expand overseas
  - Supply various forms of energy, including petroleum, electricity, gas and hydrogen, with one-stop service
  - Enhance our customer base in electricity and gas businesses
  - Act as an electricity aggregator
- Transform our service station network into a platform for providing various services
  - Strengthen our relationship with customers through digital technology and produce new retail services
- Create mobility services business for car-sharing, ride-sharing, self-driving vehicle dispatch, etc.

- Innovate new recycling businesses
  - Recycle minor metals including LIB in EVs
  - Enhance plastic recycling in collaboration with local and national governments
  - Make efforts to achieve carbon recycling

## 4. Overview of our future businesses to 2040

### Stable supply of energy and optimization of value chain

#### Petroleum Refining & Marketing

- **Maintain profitability through drastic transformation and continue stable supply of petroleum products to customers**
- **Establish stable and efficient refinery operations with digital technology and energy-saving technology**
- **Pursue greater efficiency in our value chain, from refining to marketing, by utilizing digital technology, and provide this expertise in the form of services to overseas downstream businesses**

#### Oil and Natural Gas E&P

- **Maximize cash flows through stable and efficient operation**

- **Seek gas business opportunities arising from increasing demand in Asia**

#### Metal Resources Development, Copper Smelting and Refining

- **Acquire core technology for more innovative technology**
- **Become the most competitive smelter and refiner in Asia in terms of quality, cost-effectiveness, and environmentally friendly operation**