The JXTG Group believes that the provision of high-quality, safe, and reliable products and services that satisfy our customers is an important element in gaining the trust of our customers and achieving sustainable growth. Based on this approach, we have stipulated product and service quality in our Group Quality Policy.

Each Group company defines its own quality management policies according to the nature of its business and works to continuously improve quality from a customer perspective based on these policies.

**JXTG Group Code of Conduct (excerpt)**

6. Product and service quality
   (1) We always conduct our business activities with a spirit of innovation and a willingness to take on challenges.
   (2) We strive to contribute to the solution of domestic and international social issues and gain customer satisfaction and trust by developing and providing innovative technology and useful products and services.
   (3) We comply with domestic and international standards for the products and services we provide. We perform quality control and risk management, covering areas such as safety, security, environment and health. We also strive to provide a stable supply of goods and services, even in the event of emergencies.
   (4) We always provide our customers with appropriate and clear labels and explanations on our products and services, and we respond promptly and sincerely to customer inquiries.
   (5) In the event of malfunctions in our products or services, we strive to conduct exhaustive investigations and implement measures to prevent recurrence.

**JXTG Group Quality Policy**

The JXTG Nippon Oil & Energy Group and its employees will practice the following faithfully and always from the perspective of the customer in order to earn the trust and satisfy customers.

1. Provide products and services that are safe and secure;
2. Continually strive to maintain and enhance the quality of products and services; and
3. Provide to customers information that is correct and easy to comprehend.

**JX Nippon Mining & Metals Basic Quality Policy**

1. Correctly grasp the requirements of customers and society in order to offer products and services that customers can trust and that satisfy their needs.
2. Improve and maintain quality at all processes from development, design, and production to delivery, while paying due attention to safety and environmental conservation.
3. Establish a quality management system, carry out continual improvements, and develop human resources.
4. Comply with all pertinent laws and regulations of Japan and other countries, and provide customers and society with accurate information on quality.

**System**

The JXTG Group positions quality as a priority field for CSR activities. Our Group companies regularly oversee, evaluate, and share information about the status of activities.

Many of our business sites in Japan and overseas have obtained ISO 9001 certification, a global standard for quality management systems.
Business Sites with ISO 9001 Certification

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>JXTG Nippon Oil &amp; Energy</td>
<td>Domestic</td>
</tr>
<tr>
<td>JX Nippon Oil &amp; Gas Exploration</td>
<td>Domestic</td>
</tr>
<tr>
<td></td>
<td>Nakajo Field Office</td>
</tr>
<tr>
<td>JX Nippon Mining &amp; Metals</td>
<td>Domestic</td>
</tr>
<tr>
<td></td>
<td>Hitachi Works (Copper Foil Dept., Isohara Works, Kurami Works, JX Nippon Exploration and Development Co., Ltd., Pan Pacific Copper Co., Ltd. (Hibi Smelter, Sagano Smelter &amp; Refinery, Hitachi Refinery), Hibi Kyodo Smelting Co., Ltd., Japan Copper Casting Co., Ltd.; JX Nippon Coil Center Co., Ltd.; JX Metals Trading Co., Ltd. (Takasaki Plant); Ichinoikei Foil Manufacturing Co., Ltd.; JX Metals Precision Technology Co., Ltd. (Tatebayashi Works, Esashi Works, Nasu Works, Kakegawa Works)</td>
</tr>
<tr>
<td></td>
<td>Overseas</td>
</tr>
<tr>
<td>NIPPO CORPORATION</td>
<td>Head office, Hokkaido branch, Tohoku branch, Kanto Daichi branch, Kanto Daini branch, Hoku-shinetsu branch, Chubu branch, Kansai branch, Shikoku branch, Chugoku branch, Kyushu branch, Architect Department</td>
</tr>
<tr>
<td>Toho Titanium</td>
<td>Head office, Chigasaki Plant, Hitachi Plant, Yahata Plant, Wakamatsu Plant, Kurebe Plant</td>
</tr>
</tbody>
</table>

Major Initiatives

For fiscal 2016, there were no serious quality incidents as we thoroughly carried out the following initiatives.

Initiatives at Manufacturing Sites
Thorough preventive activities are promoted at JXTG Nippon Oil & Energy Group refineries and plants to eliminate quality-related issues.

Standardization of Quality Management and Assurance Procedures
Although all of our refineries and plants have obtained ISO 9001 certification, we have further applied the requirements in ISO 9001 to build a quality management system that focuses on the manufacture of oil and petrochemical products. This system is implemented at all sites.

One of the features of this quality management system is its contribution to significantly more effective quality management through the assessment of quality management risks and the implementation of preventive measures.

Lateral Information-Sharing about Quality Complaints and Issues
Information about quality complaints and issues that have occurred at refineries and plants is compiled into databases. This information is then shared between refineries and plants to help prevent the occurrence of quality-related issues.

Inspection of Quality Management Systems
We work on improving quality management systems at refineries and plants by inspecting them, pointing out their strengths and weaknesses, and widely disseminating the results.

Initiatives at Distribution Sites
As part of our quality management efforts at distribution sites, we work with freight companies to ensure that all procedures, from product loading to unloading, are carried out safely and without error.

Major initiatives for preventing accidents include the installation of state-of-the-art equipment to prevent the mixing of products on tank trucks that transport gasoline, kerosene, and gas oil, and being thorough in procedural aspects such as having both customers and truck drivers present during unloading.

In addition, when transporting packaged lubricant products by truck, we work to prevent transport-related issues by having both customers and truck drivers check the destination, product name, packing condition, quantity, and product appearance during unloading.

Initiatives at Service Stations
At our service stations, we work with operators on improving product quality management and customer satisfaction.

Product quality management initiatives at our service stations include regular inspections of weighing devices, underground tanks, and other facilities.

In addition, we have prepared manuals and other materials for the development of knowledge and skills in order to ensure quick and accurate responses to product quality issues should they occur.
Quality Management Training

At JX Nippon Mining & Metals, a quality management training system has been developed with the following three objectives:

1. To standardize and raise quality management levels across the Group;
2. To improve problem-solving capability, enabling employees to logically deduce the causes of problems and take the lead in solving them; and
3. To pass along and inculcate quality management techniques.

To achieve these objectives, we have made it compulsory for all employees to take the Elementary and “Five Why Analysis” quality management courses.

Customer Service Center Initiatives

JXTG Nippon Oil & Energy receives valuable feedback from our customers through the JXTG Customer Service Center. The JXTG Customer Service Center responds to enquiries with clear, courteous explanations and addresses complaints honestly and accurately.

From April 2016 to March 2017, the former JX Nippon Oil & Energy’s ENEOS Customer Service Center received a total of 22,407 enquiries, with customer service representatives answering questions on a wide range of topics, from the ENEOS credit card program benefits to our products.

Addressing Customer Needs

We share customer feedback obtained through the JXTG Customer Service Center with the relevant departments, and respond to this feedback promptly and accurately. In the quality design for products and setting of manufacturing standards, we conform to laws, regulations, and standards such as JIS standards, as well as contractual specifications of our customers.

In addition, to prevent customer use issues with our products, we carry out in-depth studies, utilizing our abundant experience and knowledge as a database, to ensure that we provide reliable products of the highest quality.

Guidelines on Chemical Substances in Our Products and Management of Chemical Substances

JXTG Nippon Oil & Energy has voluntarily established standards for managing the chemical substances used in its products.

We have specified prohibited or obsolete substances (such as PCBs, asbestos, and lead compounds) and substances that require monitoring (metallic compounds and VOCs such as xylene) to better manage their use in products, and are working to mitigate any harmful effects they may have.

In addition, we provide essential product safety information to customers and others involved with our products using methods such as safety data sheets (SDS). If we discover new information about hazardous substances or environmental impact, we promptly update the relevant SDS.

GHS Compliance

The Globally Harmonized System of Classification and Labeling of Chemicals (GHS) is a worldwide system that standardizes the categorization and labeling of threat levels associated with specific chemical products. It identifies inherent dangers posed by chemical substances and compounds and conveys the information to the consumers and workers handling these chemicals. This safeguards health and safety while also helping to protect the environment.

Following the revisions to Japan’s Industrial Safety and Health Act, JXTG Nippon Oil & Energy ensures that container labels and the SDS for products stipulated in this law are fully compliant with GHS. We are also fully compliant with requirements for two-colored pictorial symbols on containers under JIS Z 7253.
At the JXTG Group, we believe that we must fulfill our social responsibility across the entire supply chain by cooperating with suppliers of raw materials, distribution companies, construction companies, sales companies and others involved in our business activities, while carrying out initiatives to ensure compliance, attention to the environment, and respect for human rights.

We have stated this approach in the introduction to the JXTG Group Code of Conduct, and we also ask suppliers and business partners who support our business activities through our Group companies to understand and cooperate with this policy.

We will continue to seek mutually beneficial development by enhancing communications with companies in our supply chain, and building partnerships based on mutual trust.

In the procurement of materials and machinery required for its business activities, the JXTG Group promotes green procurement, with attention to the environmental burden and other social impacts.

We have established an environmental management system and formulated environmental policies. We have also put in place internal company regulations, including a policy regarding attention to the environment on the part of our business partners, which stipulates compliance with environmental laws and regulations.

We share these policies with our business partners and recognize those who have implemented ISO 14001 standards or the environmental management system stipulated by JXTG Nippon Oil & Energy as green business partners.

We conduct annual surveys of our green business partners to encourage thorough implementation of environmentally friendly operations.

In fiscal 2016 (from April 2016 to March 2017), surveys were sent to 208 business partners, accounting for 90% of the value of items purchased and accepted by the former JX Nippon Oil & Energy. Responses were received from 201 suppliers for a response rate of 97%.

Survey results are reflected in supplier selection as applicable.

Supply Chain Management

Basic Approach

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Results of Major Initiatives

JXTG Nippon Oil & Energy's Initiatives

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JX Nippon Mining & Metals Group Basic Procurement Policy

1. Comply with laws, regulations, and rules and engage in fair transactions.
   - Respect the letter and spirit of relevant laws and social norms in executing business operations.
   - Conduct purchasing activities based on fair evaluations.
   - Maintain appropriate relationships with business partners based on the highest ethical values.

2. Protect intellectual property rights.
   - Strictly control personal information obtained in the course of procurement activities.
   - Do not illegally obtain or illegally use intellectual property, including the patents, utility models, designs, and trademarks of third parties, and do not infringe on such rights.

3. Build relationships with business partners based on mutual understanding and trust.
   - Provide business partners with high reliability and satisfaction through accurate, fast, and highly transparent activities.
   - endeavor to achieve robust communication with business partners and consistently promote creativity and innovation through advanced ideas.
   - Contribute to the development of a sustainable society by promoting the purchase of environmentally friendly materials and machinery.

4. Follow the principles below regarding conflict minerals.
   - Do not engage in raw materials procurement that contributes to illegal activities in conflict-affected regions or to human rights infringements through such illegal activities.
   - Respect the guidance of the Organisation for Economic Co-operation and Development related to raw materials procurement from conflict-affected areas, and control supply chains in an appropriate manner.
Promotion of Green Purchasing

In addition to establishing the Green Purchasing Policy and the Green Purchasing Guidelines, which set out specific requirements for choosing suppliers, JX Nippon Mining & Metals periodically conducts green purchasing surveys of suppliers. These surveys include items regarding suppliers’ use of banned substances in their manufacturing processes, the presence of banned substances in supplied products, and procurement from companies with human rights issues.

In fiscal 2016 (from January to December 2016), surveys were sent to 584 suppliers, accounting for 95% of the value of items purchased and accepted by JX Nippon Mining & Metals, JX Nippon Environmental Services, and Pan Pacific Copper. Responses were received from 537 suppliers, for a response rate of 92%. Survey results are reflected in supplier selection as applicable.

Selection of Procurement Partners

The JX Nippon Mining & Metals Group believes that our social responsibility must be fulfilled not only through our own supply chain, but through the supply chains of our business partners as well. Therefore, we also require our business partners to comply with the following policy.

Policy for Selecting Procurement Partners

1. Comply with laws, regulations, and social norms, such as those below, and place priority on human rights and environmental impact.
   - Obey laws and regulations related to manufacturing and sales, etc.
   - Comply with labor-related laws and regulations.
   - Abide by laws and regulations related to safety and health and develop a proper labor environment.
   - Prohibit child labor and forced labor.
   - Prohibit discrimination based on race, gender, etc., and respect the human rights, personality, and individuality of employees.
   - Comply with environmental laws and regulations.
   - Prohibit bribery and other unfair conduct.
   - Do not engage in conflict minerals procurement or use that contributes to inhumane acts.
   - Shut out relations with antisocial forces.
2. Engage in sound and fair business management.
3. Based on the JX Nippon Mining & Metals Group’s Green Purchasing Guidelines, build environmental management systems and properly manage specified chemical substances.
4. Offer stable supply capacity and satisfy the quality, price, delivery, and service requirements of the JX Nippon Mining & Metals Group.
5. Possess technological capabilities that meet the requirements of the JX Nippon Mining & Metals Group.

Confronting the Issue of Conflict Minerals

In line with global trends to restrict trade of conflict minerals, industry organizations relevant to the JX Nippon Mining & Metals Group (including the LBMA and EICC) have established monitoring programs for eliminating conflict minerals. These programs request that companies cooperate in surveys based on the programs and undergo external audits by an independent organization.

Pan Pacific Copper, a producer of gold bullion, has established and operates a supply chain due diligence management system that includes the measures shown at right.

The status of supply chain due diligence is audited by an independent organization specified by the LBMA, which then reports the results back to the LBMA. As a result of following these procedures, the gold bullion produced at Pan Pacific Copper’s Saganoseki Smelter & Refinery is included on the LBMA’s Good Delivery list.

In addition, the Saganoseki Smelter & Refinery has been included on the Conflict-Free Smelter list compiled by the EICC and GeSI—recognition that it is taking proper measures to exclude conflict minerals.

1. Perform supply chain due diligence before purchasing mineral raw materials
2. Notify suppliers of the policy on exclusion of conflict minerals
3. Conduct in-house training on supply chain due diligence and its background
4. Conduct internal audits and undergo external audits