

Materiality and SDGs

Recently, companies must address a wide range of social issues, including climate change, resource depletion, and other environmental issues as well as issues regarding human rights and labor, among others.

As a company whose public mission is to supply continual, safe, and reliable energy, which is indispensable in society, the Cosmo Energy Group has identified materiality (priority issues) to work on in view of the mega trends, to solve social issues through

its business activities. According to the materiality, we develop goals and action plans, and promote activities. By doing so, we aid in solving social issues and simultaneously strengthen our corporate competitiveness.

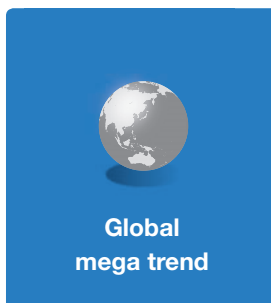
We are committed to focusing on initiatives related to materiality and contributing to the realization of SDGs, as a guideline in realizing sustainable growth as declared in the Group's Management Vision.

Environmental Challenges and Social Issues



Mega-trends in the energy business

- Accelerating shift from fossil fuel
 - Paris Agreement (greenhouse gas reduction)
 - Fourth Industrial Revolution (IT technology innovation)
 - Accelerating dissemination of electric vehicles (EVs)



Global mega trend

- Increase in global population
- Climate change and global warming
- Low energy self-sufficiency rate
- Pandemic
- Diversity & inclusion
- Consideration for human rights



Japan's mega-trend

- Expansion of the sharing economy
- Growth in demand for renewable energy
- Aging society and declining working population

Materiality

(The Sixth Management Plan's Basic Policy and Priority Measures)



Secure profitability to enable reinvestment

- Secure a system of safe, stable operation in the oil refining business
- Take action ahead of the IMO regulations
- Strengthen the Vehicle Life business
- Achieve synergy with the petrochemical business
- Steadily recover the investment in the Hail Oil Field



Expand growth drivers with a future orientation

- Strengthen competitiveness in the petrochemical business and increase its product-line
- Early development of offshore wind power generation
- Explore new businesses for future growth in the domestic and overseas markets (Asia and Abu Dhabi)



Improve financial condition

- Increase shareholders' equity based on profits
- Strengthen cash management
- Careful selection of investments with an eye on the long-term environment



Strengthen the group management foundation

- Implement sustainable management
 - ▶ Consolidated Medium-Term CSR Management Plan
 - ▶ Refer to page 13 for details
 - Promoting environmental measures
 - Enhancing human rights & social contribution measures
 - Ensuring safety measures
 - Strengthening corporate governance structure
- Increase productivity through work-style and operational innovation
 - Promoting diversity
 - Thoroughly increased operation efficiency using robotic process automation (RPA) and AI

Related SDGs



- Reduce CO₂ emissions of the entire supply chain
- Reduce environmental pollutants and work on resource circulation
- Enhance disaster response capacity



- Promote the health of employees and reduce long working hours
- Support the empowerment of diverse personnel and long-term career development
- Improve customer satisfaction



- Prevent work-related accidents and major accidents
- Prevent serious quality-related accidents



- Risk management, fraud prevention
- Disclose information to stakeholders



To achieve sustainable growth as declared in the Management Vision of the Cosmo Energy Group, we aim to solve social issues through our business activities, which are responsible for supplying energy to support people's daily lives. We respect the 17 SDGs as a guideline, select the above goals as priorities related to our business, and proactively work on them.

The United Nations Global Compact*

We signed the United Nations Global Compact in 2006 and use its Ten Principles as a reference in recognizing social issues.



* The United Nations Global Compact: Initiatives addressed by the UN Secretary-General to businesses at the World Economic Forum in 1999. Companies are encouraged to comply with the Ten Principles concerning human rights, labour, environment, and anti-corruption.

Human Rights	Principle 1:	Support and respect of human rights
	Principle 2:	Not complicit in human rights abuses
Labour	Principle 3:	Freedom of association and recognition of the right to collective bargaining
	Principle 4:	Elimination of forced and compulsory labour
	Principle 5:	Effective abolition of child labour
	Principle 6:	Elimination of discrimination in respect of employment and occupation

Environment	Principle 7:	Precautionary approach to environmental challenges
	Principle 8:	Initiatives to promote greater environmental responsibility
Anti-corruption	Principle 9:	Development and diffusion of environmentally friendly technologies
	Principle 10:	Work against corruption in all its forms, including extortion and bribery

Enhancement of sustainable management

Based on the conviction that earnest efforts to address materiality will lead to achieving the sixth management plan's goals and contribute to solving social issues, we intend to review our organization, systems, and other aspects to enhance sustainable management. In addition, in executing strategies to realize the Group's Management Vision and achieve the sixth management plan, we continue to examine the importance of the materiality from the perspective of our company and society to meet the needs of the times. We plan to conduct interviews within and outside the company and report to the Board of Directors.