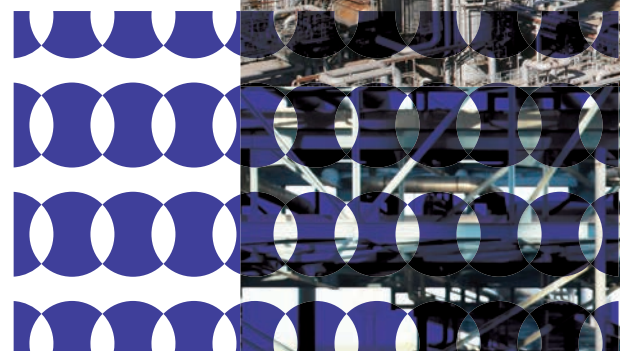


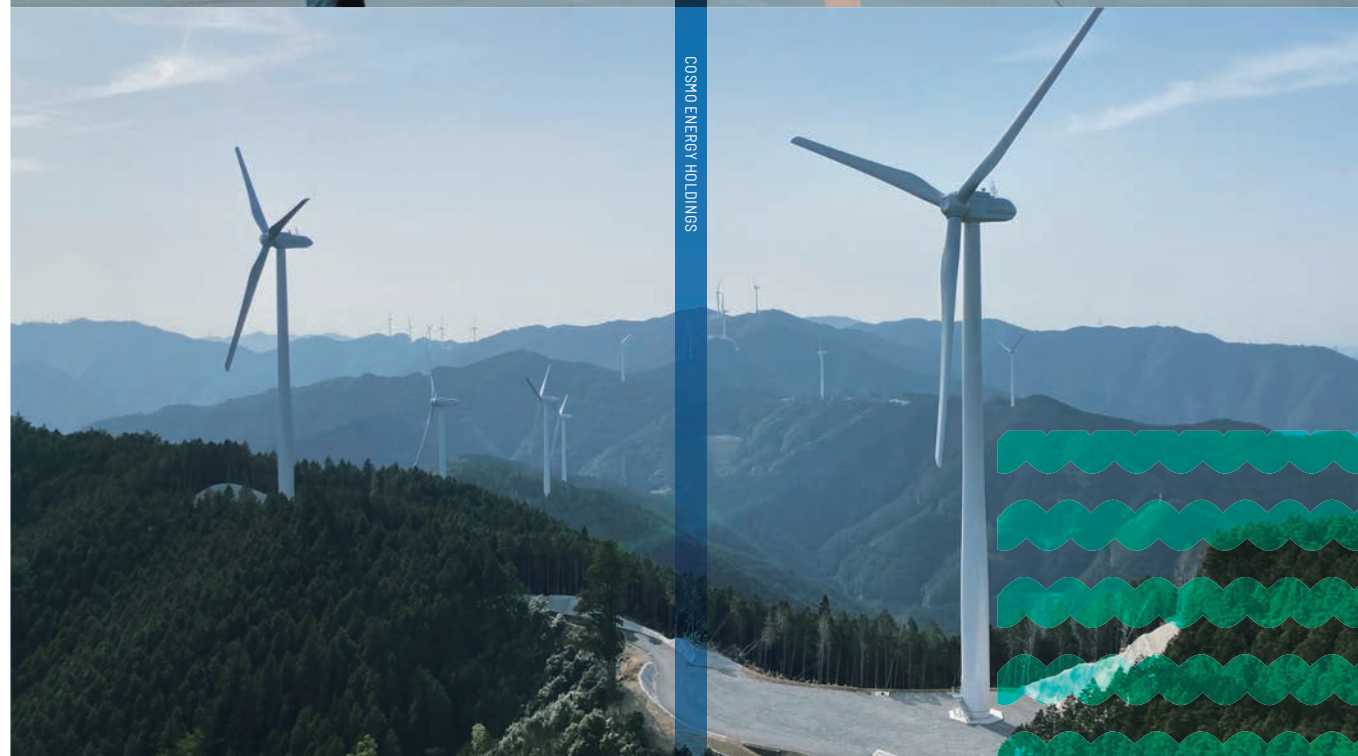


COSMO ENERGY HOLDINGS CO., LTD.

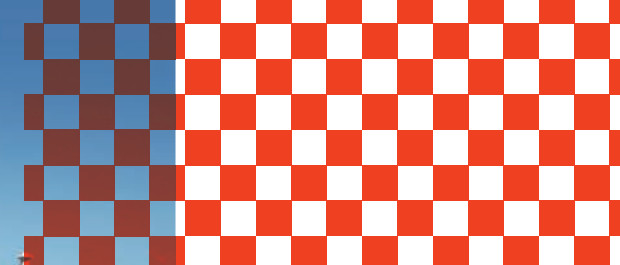
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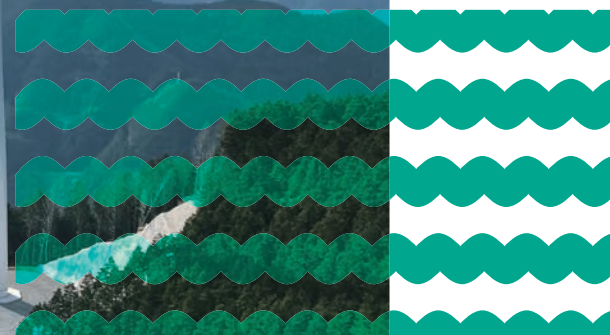
COSMO REPORT 2021



COSMO ENERGY HOLDINGS



COSMO ENERGY HOLDINGS
COSMO
REPORT
2021



An energy company building a sustainable, prosperous society

The Cosmo Energy Group will strengthen its financial condition by increasing profitability of the Oil Exploration and Production Business and the Petroleum Business. From the perspective of long-term changes in the business environment, the Group will also expand its business portfolio by actively investing in the Renewable Energy Business and increasing the competitiveness of the Petrochemical Business.



Cosmo Energy Group Management Vision

In striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities.

Our Basic Approach to Sustainability

Harmony and Symbiosis

- Harmony and Symbiosis with the Global Environment
- Harmony and Symbiosis between Energy and Society
- Harmony and Symbiosis between Companies and Society

Creating Future Values

- Creating the Value of "Customer First"
- Creating Value from Diverse Ideas of the Individual
- Creating Value by Expressing Collective Wisdom

Oil & New Everything About Oil – And Beyond

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For the **Creation of a Sustainable Society**

Special Feature 1 Increasing the Resilience of the Cosmo Energy Group

Special Feature 2 Cosmo Energy Group's Brand Strategy

SESSION



Special Interview

Practicing **sustainable management** based on issues that materially impact the Group

Representative Director, Group CEO
Cosmo Energy Holdings Co., Ltd.

Hiroshi Kiriya

Chair, Innovation for Cool Earth Forum (ICEF) Steering Committee
Former Executive Director of the International Energy Agency (IEA)
CEO, Tanaka Global, Inc.

Nobuo Tanaka



Dialogue with stakeholders

For the creation of a society where **all people are respected**

Cosmo Energy Holdings
Director, Senior Executive Officer

Yoshimitsu Sunano

Asia-Pacific Human Rights Information Center
Director

Atsuko Miwa
Special Project Manager
Hideki Matsuoka

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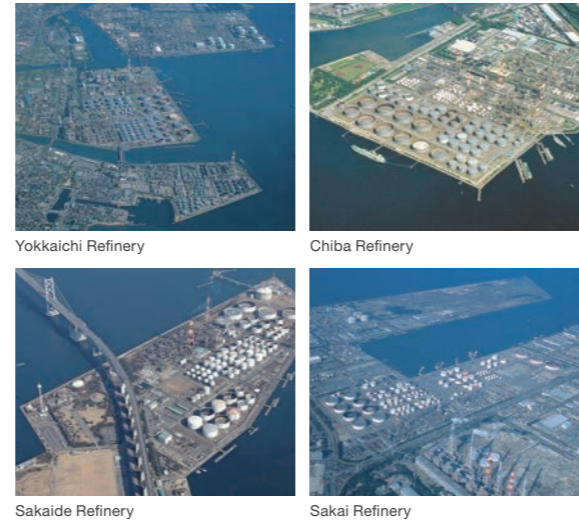
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History of Value Creation

Thirty-five years have passed since the establishment of Cosmo Oil and the start of the Cosmo Energy Group. Amid a variety of environmental changes, the Cosmo Energy Group's mission of a safe and stable energy supply remains unchanged and the Group aims to contribute to society.

- 1933 Maruzen Oil established.
- 1939 Daikyo Oil established.
- 1943 Yokkaichi Refinery constructed.
- 1944 Matsuyama Refinery constructed.
- 1963 Chiba Refinery constructed.
- 1968 Sakai Refinery constructed.
- 1968 Abu Dhabi Oil established.
- 1972 Sakaide Refinery constructed.
- 1984 Cosmo Oil (Refining) established.



Yokkaichi Refinery

Chiba Refinery

Sakaide Refinery

Sakai Refinery

- Related to all businesses
- Related to the Petroleum Business
- Renewable Energy Business
- Related to the Oil E&P Business
- Related to the Petrochemical Business

- 2007 Business alliance formed with IPIC (currently MIC).
- 2007 Japanese education program launched in the UAE.
- 2008 Full-scale entrance made into the petrochemical business. Hyundai Cosmo Petrochemical established.
- 2010 Shares of Eco Power acquired and full-scale entrance made into the wind power generation business.
- 2010 Delayed coker unit started operation at Sakai Refinery.
- 2010 Started the automobile leasing business Cosmo Vehicle Lease*.
- 2011 Fire and explosion accident at Chiba Refinery, due to the Great East Japan Earthquake.
- 2011 Construction of mixed-xylene distillation unit completed at Yokkaichi Refinery.
- 2012 Abu Dhabi Oil's new concession agreement entered into force.
- 2012 Operation resumed at Chiba Refinery's No. 2 Crude Distillation Unit (CDU).

- 2013 Sakaide Refinery closed, becoming an organization of three refineries.
- 2013 Hyundai Cosmo Petrochemical started commercial operation of new paraxylene manufacturing unit.
- 2014 Strategic comprehensive alliance entered into with CEPESA.

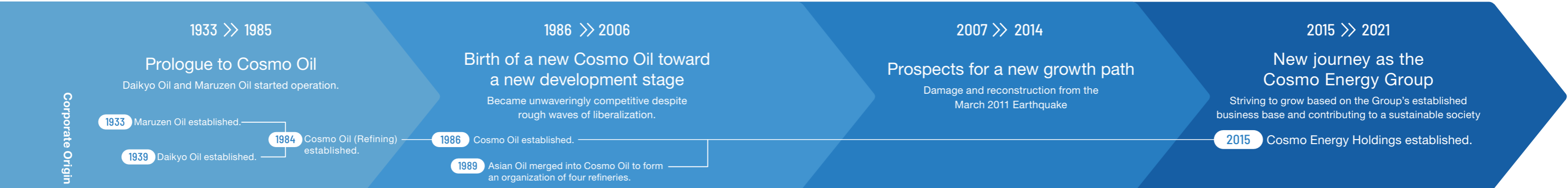


Offshore oil collection base for oil development



Delayed coker unit at Sakai Refinery

*Currently Cosmo My Car Lease



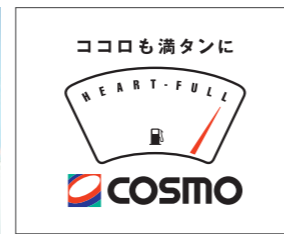
Corporate Origin

- 1986 Cosmo Oil established through tripartite merger of Daikyo Oil, Maruzen Oil and former Cosmo Oil (Refining).
- 1986 Office in Abu Dhabi opened.
- 1986 Cosmo Service Stations completely redesigned.
- 1989 Asian Oil merged into Cosmo Oil to form an organization of four refineries.
- 1997 Qatar offshore concession area acquired and Qatar Petroleum Development established.
- 1997 "Filling up your hearts, too," adopted as corporate message.
- 1997 IPP business entered.
- 1999 Business alliance formed with Nippon Mitsubishi Oil (currently ENEOS).
- 2000 LNG business entered.

- 2004 Wind power generation started in Sakata City.
- 2005 Full-scale entrance made into mixed-xylene business and CM Aroma established.
- 2006 Construction of delayed coker unit started at Sakai Refinery.



Cosmo Service Station re-designed.



Corporate logo for "Filling up your hearts, too"

- 2015 Business alliance entered into with Showa Shell (currently Idemitsu Kosan).
- 2015 Cosmo Energy Holdings established.
- 2016 Maruzen Petrochemical becomes a consolidated subsidiary.
- 2017 The Hail Oil Field production started.
- 2018 Fuel conversion work at the Yokkaichi Kasumi Power Plant completed.
- 2018 Joint company Chiba Arkon Production Limited established by Cosmo Energy Holdings, Maruzen Petrochemical, and Arakawa Chemical.
- 2018 Sale of electricity started at Cosmo Denki (Electricity).
- 2018 Fiftieth anniversary of Abu Dhabi Oil celebrated.
- 2019 Eco Power becomes wholly owned subsidiary, renamed Cosmo Eco Power.
- 2020 Akita Yurihonjo Offshore Wind Project site designated as a Promotion Zone.
- 2020 Cosmo Energy Holdings expresses its support for and signs the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations.

- 2021 Offshore Block 4 in the Emirate of Abu Dhabi acquired.
- 2021 Alliance formed with Iberdrola Renewables Japan K.K. for the Aomori Northwest offshore wind power project.
- 2021 Bid submitted for the publicly tendered Akita Yurihonjo Offshore Wind Project.
- 2021 Decision made to use electricity from virtually 100% renewable energy sources at all service stations directly operated by the Cosmo Energy Group.



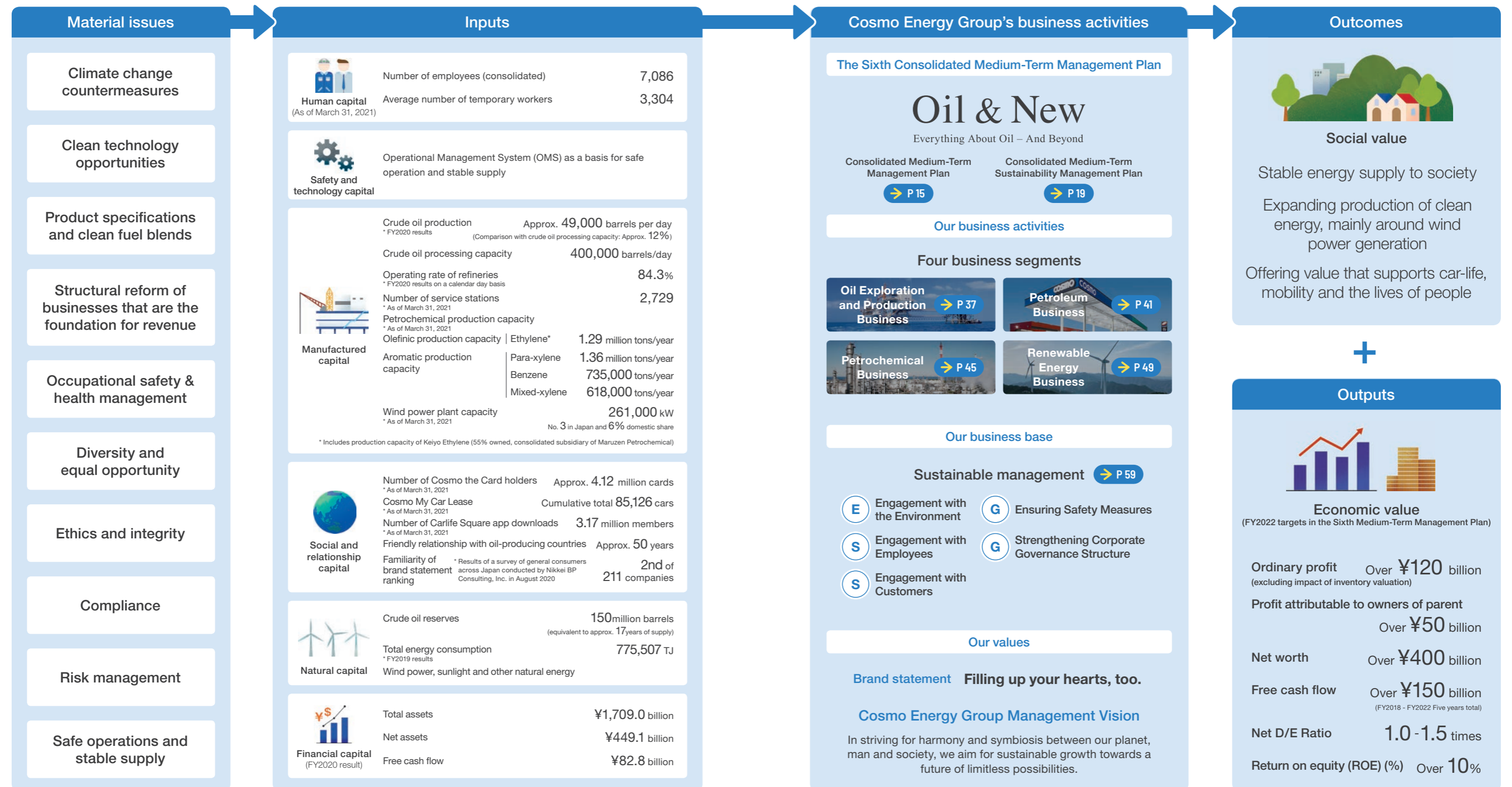
Maruzen Petrochemical's Chiba Plant



Wind power generation

Value Creation Model

As an integrated energy company, indispensable in people's daily lives, the Cosmo Energy Group aims to solve social issues through its business activities.





Representative Director,
Group CEO

Hiroshi Kiriya

Measures to address the novel coronavirus pandemic

FY2020 was a year that began and ended with the novel coronavirus infection disease (COVID-19). First, I would like to express my deep condolences to those who lost their lives in this unprecedented disaster and my sincere respect and gratitude to those working every day for society and human lives.

The Cosmo Energy Group instituted thorough crisis management as a response to the COVID-19. In accordance with its Crisis Management Regulations, the Group held a crisis countermeasures meeting 22 times from February 2020 to the end of FY2020 to fully enforce measures against COVID-19 in the head office and manufacturing divisions. In addition, a teleworking system was established in all offices, excluding refineries and plants. The Group had previously created a teleworking system by assuming a situation in which it would become difficult to come to work at the time of

the Tokyo Olympic and Paralympic Games to be held in 2020 and succeeded in reducing the attendance rate at head office divisions to around 10% as of May 2020 when a state of emergency was declared by the government. The Group was able to carry out its duty of reliably supplying energy while introducing comprehensive measures to prevent COVID-19 without impact on its operations at its refineries and plants where telework is difficult to introduce. Telework will take root as a new social norm, and we believe that it will continue as part of diversified workstyles and workstyle reforms.

FY2020 was a year when we simulated the transition to a fossil-fuel-free society for the future

On the other hand, COVID-19 had a significant impact on the operating environment for the entire oil industry. With travel restricted worldwide, demand for petroleum was sluggish, and the sales volume of jet fuel for aircraft, in

particular, temporarily declined to 30% of the year-ago level. However, the overall sales volume exceeded the year-ago level in the Group thanks to the full commencement of the supply of 3 million kiloliters of petroleum products a year to Kygnus Sekiyu. There was also the effect of increasing profits due to the positive time lag associated with a sharp rise in crude oil prices in FY2020. With respect to jet fuel, demand for which sharply declined, its impact on the Group was also relatively light by industry standards because the Group has a large share of jet fuel for airfreight. Looking at the performance of each business, profits increased significantly from the previous year in the Petroleum Business, but decreased in the Petrochemical Business and the Oil E&P Business due to the sluggish petrochemical market conditions and a fall in crude oil prices, respectively. Profits also declined in the Renewable Energy Business due to the generation of upfront costs associated with a full-scale entry into the offshore wind power generation business. In FY2020, ordinary profit excluding the impact of inventory valuation increased

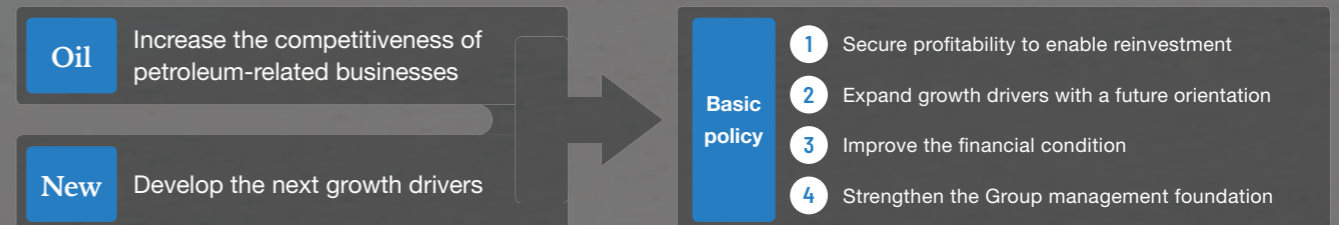
We will fulfill our responsibilities as an energy company to contribute to a sustainable society.

The 6th Consolidated Medium-Term Management Plan

Oil & New

Everything About Oil – And Beyond

The Cosmo Energy Group is making a new and vigorous step into the future. Building the next business portfolio with the petroleum-related business at its core



¥8.1 billion year on year, to ¥76.6 billion, and profit attributable to owners of parent rose ¥114.1 billion year on year, to ¥85.9 billion, marking a record high. In FY2021, however, we think that it is unlikely that we will see a full return to the pre-COVID environment, given that the impact of COVID-19 will still continue. Because international travel remains constrained, demand for jet fuel is expected to remain sluggish. On the other hand, improved crude oil prices are expected to contribute to profits in the Oil E&P Business. As a result of the above, we expect that ordinary profit excluding the impact of inventory valuation will increase ¥3.4 billion year on year, to ¥80.0 billion and that profit attributable to owners of parent will decrease ¥45.9 billion year on year, to ¥40.0 billion in FY2021. In the medium to long term, it is certain that the transition to a decarbonized society will accelerate, and we face a challenge in how to deal with falling demand for fossil fuel. Previously, the oil industry had little experience with extreme changes in demand, so that even a year-on-year change of 2% attracted tremendous interest. However, changes in demand due to the impact of COVID-19 were unprecedented in scale because demand for jet fuel and gasoline fell around 60% and 10%, respectively, on national average. Viewed another way, we think that we were able to simulate a fall in demand for fossil fuel, which we may face in the future. We can now use this to consider management scenarios in the medium to long term.

The Sixth Consolidated Medium-Term Management Plan "Oil & New"

Three years have passed since the five-year Sixth Consolidated Medium-Term Management Plan began in FY2018. Currently, crude oil prices are lower than they were at the time the assumptions were made for the Medium-Term Management Plan, a reflection of the impact of COVID-19. However, because of our efforts to strengthen profitability by executing the measures set out in the Medium-Term Management Plan, we are making steady progress with our accumulation of net worth. While the remaining period of the current Medium-Term Management Plan is two years, we believe that we will be able to achieve management goals such as a net D/E ratio of 1.0 - 1.5, a net worth ratio of 20% or more, net worth of ¥400 billion or more and ROE of 10% or more in FY2022, the final year.

1 Oil:Oil E&P Business

An "Oil" topic in "Oil & New" was the acquisition of a new exploration block "Offshore Block 4" in the Emirate of Abu Dhabi of UAE in February 2021. While the transition to a fossil-fuel-free society will proceed across the globe in the medium to long term, demand for fossil fuels will not disappear overnight. We believe that it is also the Group's responsibility to supply energy required within the megatrend toward carbon neutrality. We regard the acquisition of a new

exploration block this time as a means to fulfill this responsibility. Our policy is to ensure oil-based energy in the process of making the transition to a decarbonized society by 2030 and 2040. The new oil field is adjacent to the currently operating oil field of Abu Dhabi Oil, and we will operate the new oil field with a few additional investments by making good use of the equipment in the field of Abu Dhabi Oil. We will also look at developing the technologies required for a decarbonized society, such as carbon dioxide capture and storage (CCS) and carbon dioxide capture, utilization and storage (CCUS). We firmly maintain the direction of generating solid profits from the petroleum-related businesses, our current core businesses, transforming our business portfolio by investing the profit from the petroleum-related businesses in renewable energy, and working to realize a sustainable society.

2 New: First year of offshore wind power generation

With respect to "New," there was a significant change in that offshore wind power generation, which the Group centered on Cosmo Eco Power had been pursuing, was positioned as a major power supply associated with the government's declaration of carbon neutrality by 2050. The government has set a target of introducing offshore wind power generation with a maximum capacity of 45 million kW, four times the previous target, by 2040. 2021 is a year that can be said to be the first year of offshore wind power generation, given the start of bidding for offshore wind power projects being promoted by the government. Seeing the tide turning, many companies have entered the offshore wind power generation business, and competition is intensifying. However, the Group has accumulated technologies

and experience as a pioneer in this field. In a bidding in 2021, the business operators of the offshore wind power generation project off the coast of Yurihonjo City, Akita Prefecture, in which Cosmo Eco Power participates, will be selected in autumn 2021. In addition, from FY2022, bidding for an offshore wind power generation project off the northwest coast of Aomori Prefecture, in which Cosmo Eco Power will become the largest equity investor, will take place. It is our current task to leverage our strengths to win these bids. We will actively invest management resources in the growing wind power generation business. As a near-term goal, we aim to increase the current installed capacity of about 300,000 kW, combined with that of onshore wind power generation which is making steady progress, to over 1.5 million kW by 2030. We will grow the wind power generation

business into a next-generation core business by becoming a leading in renewable energy.

Promotion of Sustainable Management

The Cosmo Energy Group Management Vision says, "In striving for harmony and symbiosis between the planet, people and society, we aim for sustainable growth towards a future of limitless possibilities." As such, we were among the first in the industry to promote environmental management, with sustainable growth (or sustainability) as a corporate pillar. However, given the recent rapid growth of society's interest in sustainability, we feel that the Group needs to evolve its sustainable management further. Therefore, we established the Sustainability Initiative



Department in April 2020 to develop our governance system for sustainable management. We are now considering a number of specific measures, with the Sustainability Initiative Department as the department in charge of this. As a result, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in December 2020 and established the Sustainability Strategic Conference in April 2021 as a body that I chair. The conference considers and determines non-financial policies and indicators. In addition, we announced the Carbon Net Zero Declaration in May 2021. Another step forward that we have taken is to identify materialities (priority issues). Going forward, we will prepare management plans in consideration of the materialities we have identified. While we currently prepare a medium-term management plan and a medium-term sustainability plan separately, we will

integrate them into a single medium-term management plan from the next seventh consolidated medium-term management plan. Both the management team and employees will focus more strongly on sustainable management as a result of setting targets the Group should achieve, by combining financial and non-financial targets. The priority of management decisions will be determined by being aware of both financial and non-financial aspects, and business budgets and investment plans will also be prepared based on this priority. We believe that promoting sustainable management will lead to branding activities. The Group's public image has included aspects such as "Friendly to people and nature" and "Environmentally friendly." This brand image is an asset of the Group, and we believe that we will be able to preserve an advantage even in increasingly diversified businesses because these assets will be

strengthened if we reinforce sustainable management. In February 2006, the Group signed on to the United Nations Global Compact (UNGC). We will continue to support the UNGC Ten Principles in the four areas of human rights, labor, the environment, and anti-corruption, as we seek to contribute to the development of a sustainable society and the achievement of the SDGs through everything we do.

We identified materialities with stakeholder expectations in mind

Now, we have newly identified materialities. While we have always retained the concept of "materiality," we followed a process with stakeholder expectations in mind when we identified materialities this time, using methods such as extracting issues from standards

such as the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, conducting a questionnaire of employees, interviewing investors, holding dialogues with experts and having active discussions at meetings of the Board of Directors. The materialities we identified this time are not greatly different from what we have always recognized, but they are issues that can be shared not only within the company, but also with the Group's stakeholders and with broader society.

1 Materialities related to the environment

As an energy business operator, we recognize that responding to climate change is naturally the highest priority issue we must address. In May, 2021, the Cosmo Energy Group announced the Carbon Net Zero Declaration to reduce greenhouse gases (GHG) emitted from the Group's businesses to effectively zero (GHG Scope: Scope 1 and Scope 2). Our initiatives for carbon net zero will be a tremendous challenge. To best tackle this challenge, the Group is currently preparing milestones based on the scenario analysis of the Task Force on Climate-related Financial Disclosures (TCFD). In the next consolidated medium-term management plan starting from FY2023, we will materialize the milestones in a form that integrates financial and non-financial targets designed to achieve carbon net zero.

2 Materialities related to society

We are addressing diversity and equal opportunity as priority issues. We appointed Ms. Yasuko Takayama and Ms. Ryuko Inoue as independent outside directors in FY2019 and FY2021, respectively. Now, the ratio of female directors is 20%, which helps significantly vitalize and diversify discussions at the Board of Directors meetings, and we are confident in our progress in advancing diversity. We are still working on this

issues, and aim to accelerate our initiatives. We will also continue workstyle reforms, including telework. Regarding our initiatives in human rights, we provided training for senior executives as well as new employees and corporate ethics training at each office to ensure that we operate in a way that respects basic human rights and neither commit nor have a hand in any violation of human rights. We will continue to strengthen our efforts to protect and respect the human rights of all individuals, using e-learning and other methods.

3 Materialities related to governance

Safe operation and stable supply are materialities which the Group always prioritizes. March 2021 marked the 10th anniversary of the Great East Japan Earthquake. The Group has been working to improve safety with the determination to never again cause a serious accident like the one that occurred at Chiba Refinery. We have been developing a system by actively investing in safety, including the introduction of an operation management system (OMS). As a result of our voluntary safety initiatives, Chiba Refinery was certified by the Ministry of Economy, Trade and Industry as the ninth Accredited Business (commonly known as a "Super Accredited Business") across the country in April 2021 in the "Super Accredited Businesses System under the High Pressure Gas Safety Act," being recognized as a factory with an excellent safety level. We will continue our efforts to further improve safety in both equipment and procedures, including further raising employee awareness.

The stable supply of energy is our permanent raison d'être.

The net D/E ratio is expected to reach between 1.0 to 1.5, the goal of the

Medium-Term Management Plan, at the end of FY2021, reflecting a significant increase in net profit in FY2020. However, we still have some way to go before we achieve net worth of ¥400.0 billion, the goal of the Medium-Term Management Plan, and will continue to seek to improve our financial position.

We have decided to pay an annual dividend of ¥80 per share for FY2020. We will continue to put more weight on shareholder returns, while simultaneously exploring ways to bolster our financial situation, a basic policy of the Medium-Term Management Plan.

We believe that our business with petroleum is "essential work" that is indispensable to the world. We think that particularly at a time like this with the COVID-19 pandemic, people will be reminded of what their lifeline is and which company is responsible for it. Although energy will transform from petroleum to renewable energy such as wind power, it will remain true that a business that supplies energy will support society and people's lives. I believe that consistently supplying energy as a social lifeline is the permanent *raison d'être* of the Group. I think that there will be numerous movements and developments toward carbon net zero in 2050 but recognize that it is a goal that can never be achieved without major changes. Therefore, we will build a resilient business structure able to respond to future changes by investing in future pillars such as renewable energy and promoting sustainable management while simultaneously securing earnings in the Petroleum Business.

We will continue to aim to be a valuable company for our shareholders, customers, business partners and all other stakeholders. We sincerely hope that you will continue to extend your support for many years to come.



Progress of the Sixth Consolidated Medium-Term Management Plan(FY2018-FY2022)

Under the slogan “ Oil & New Everything About Oil – And Beyond ” the sixth five-year consolidated management plan (the sixth management plan) began in FY2018.
 By increasing our earnings power and improving our financial condition, we aim to achieve a net worth that can sustain us over changes in the market environment and a net D/E ratio of 1.0 to 1.5 times. We also strive to enhance our future growth drivers, mainly focusing on the Petrochemical Business and the Wind Power Generation Business.



Basic policy

Oil & New

Everything About Oil – And Beyond

The previous medium-term management plan was positioned as “five years to establish a solid business foothold for further expansion.” Under this plan, we made structural improvements, such as improving the profitability of the oil refining and sales business, as a leading initiative, and rationalizing the supply division.
 The sixth management plan is based on the profit foundation established in the fifth plan. We are continuing the fifth plan’s main initiative of improving the profitability of the oil refining and sales business (Oil) as well as advancing growth investment in the wind power generation business and the petrochemical business (New) with the aim of expanding the business portfolio, which anticipates no use of fossil fuel.

- Oil**
 - Increase the profitability of the petroleum business, for example, by complying with the IMO^{*1} regulations on use of high-sulfur C fuel oil and taking the lead in the supply of clean marine fuels. **Strengthen the financial condition based on earning power.**
- New**
 - Invest in wind power generation and other businesses that will lead the next growth stage. **Contribute to the achievement of SDGs^{*2} through business activities.**

^{*1} These regulations were introduced by the International Maritime Organization (IMO) to prevent air pollution by reducing the sulfur oxides (SOx) emitted by ships. In 2020, the limits for the sulfur content of marine fuels were made stricter, decreasing from 3.5% to 0.5%.
^{*2} SDGs: Sustainable Development Goals. Adopted at the UN Sustainable Development Summit held in September 2015, the SDGs are goals set by 193 UN member states to be achieved during the 15 years from 2016 to 2030. There are 169 specific targets for 17 goals.

The Fifth Consolidated Medium-Term Management Plan's Main Initiatives

- Recovery in profitability** Closed the Sakaide Refinery and shifted to a three-refinery structure, as part of rationalization, to ensure competitiveness.
- Execution of growth strategy** Executed large-scale growth investment (the Hail Oil Field, para-xylene plant, and new wind power plants)
- Restored profitability during the previous medium-term management plan, which led to new investments in the sixth management plan**

- Improve the business portfolio for subsequent growth in view of the long-term direction.
- Strengthen the financial foundation by increasing the profitability of the Oil E&P and Petroleum businesses.

In FY2020, the third year of the sixth medium-term management plan, ordinary profit excluding the impact of inventory valuation increased ¥8.1 billion year on year to ¥76.6 billion, partly reflecting the positive time lag attributed to the rise of crude oil prices during the fiscal year, as well as an increase in the sales volumes of the four major products that resulted from an increase of supply to Kygnus Sekiyu. Profit attributable to owners of parent was ¥85.9 billion, a new record high. Net D/E ratio was 1.59, indicating a significant improvement of our financial position. Our management goals are expected to be achieved as we move toward the final fiscal year of the sixth medium-term plan.

Progress of Management Goals

Management Goals	Results			Management Goals (FY2022)
	FY2018	FY2019	FY2020	
Ordinary profit (excluding impact of inventory valuation)	¥107.4 billion	¥68.5 billion	¥76.6 billion	Over ¥120 billion
Profit attributable to owners of parent	¥53.1 billion	-¥28.2 billion	¥85.9 billion	Over ¥50 billion
Free cash flow	¥6 billion	¥27.5 billion	¥82.8 billion	Over ¥150 billion (FY2018 - FY2022 Five years total)
Net worth (Net worth ratio)	¥281.1 billion (16.5%)	¥239.8 billion (14.6%)	¥324.9 billion (19.0%)	Over ¥400 billion (Over 20%)
Net D/E Ratio*	1.98 times	2.41 times	1.59 times	1.0-1.5 times
ROE	20.4%	-10.8%	30.4%	Over 10%
Precondition				
Dubai crude oil price (USD/B)	69	60	45	70
Exchange rate (Yen/USD)	111	109	106	110

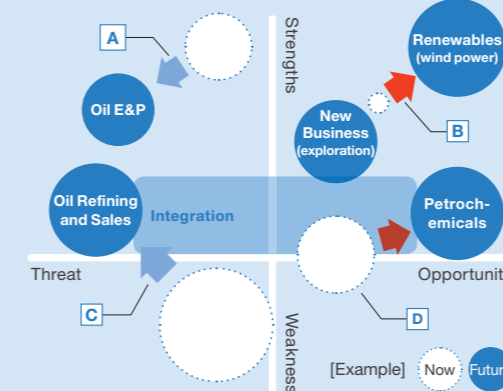
* Concerning the ¥30 billion hybrid loan made on March 31, 2020, 50% of this loan is included in Equity.

The Cosmo Energy Group will realize sustainable management.

The Cosmo Energy Group is aware that, as an energy company, we are responsible for the provision of safety and a peace of mind to people and the protection of the global environment. We have established the Cosmo Energy Group Management Vision, which says, "In striving for harmony and

symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities." We have announced the Carbon Net Zero Declaration, a long-term vision for the reduction of the greenhouse gases (GHG) emitted by our businesses to effectively zero by FY2050.

Realignment of the Business Portfolio



*The bubble size is a conceptual image.

In the sixth medium-term plan, we have established the basic policy of increasing the competitiveness of petroleum-related businesses and shifting to renewable energy. During the next medium-term plan, we will accelerate the realignment of the business portfolio.

- In view of the transition to a fossil-fuel-free society, shift the focus to the renewable energy business through active investment while increasing the competitiveness of petroleum-related businesses.
- Contribute to the achievement of SDGs through the sustainable growth of the Cosmo Energy Group.

	A	B
Sixth MTMP	<ul style="list-style-type: none"> Possibility of peak out after 2030 Cost competitiveness is key 	<ul style="list-style-type: none"> Domestic onshore sites are mostly occupied but offshore expansion is possible
Future	<ul style="list-style-type: none"> Maintain production level & reduce OPEX 	<ul style="list-style-type: none"> Maximize onshore Expand to offshore
Sixth MTMP	<ul style="list-style-type: none"> Seek added-value projects utilizing the Company's strengths 	<ul style="list-style-type: none"> Become one of the core businesses Aim to be a domestic leading company in offshore wind power generation
Future	<ul style="list-style-type: none"> Domestic demand will continue to decline, but relative competitiveness will increase until around 2030 	<ul style="list-style-type: none"> International markets are growing based on an increase in the global population. Ethylene production to maintain competitiveness Able to swing from petroleum fuel
Sixth MTMP	<ul style="list-style-type: none"> Focus on profitable products Strengthen synergy with the petrochemical business 	<ul style="list-style-type: none"> Strengthen competitiveness in global market Development of differentiating products Synergy with oil refining business
Future	<ul style="list-style-type: none"> Shift from petroleum fuel to petrochemical feedstock 	<ul style="list-style-type: none"> Shift from petroleum fuel to petrochemical feedstock

Issues that materially impact the Cosmo Energy Group

Reidentification of material issues

The Cosmo Energy Group newly identified the important ESG tasks (material issues) that will influence the sustainable growth of society and the Group, with the goal of working to create an ideal society for 2050. Regarding the material issues for the sustainable creation of value, we will promote activities under the "Oil & New," slogan during the Sixth Consolidated Medium-Term Management Plan from the perspective of social issues as well. The base of these activities is the material issues that are the foundation of our business continuity planning. In the current fiscal year, we are evaluating targets toward the achievement of the SDGs to which the material issues will contribute, and formulating KPIs for the next medium-term plan.

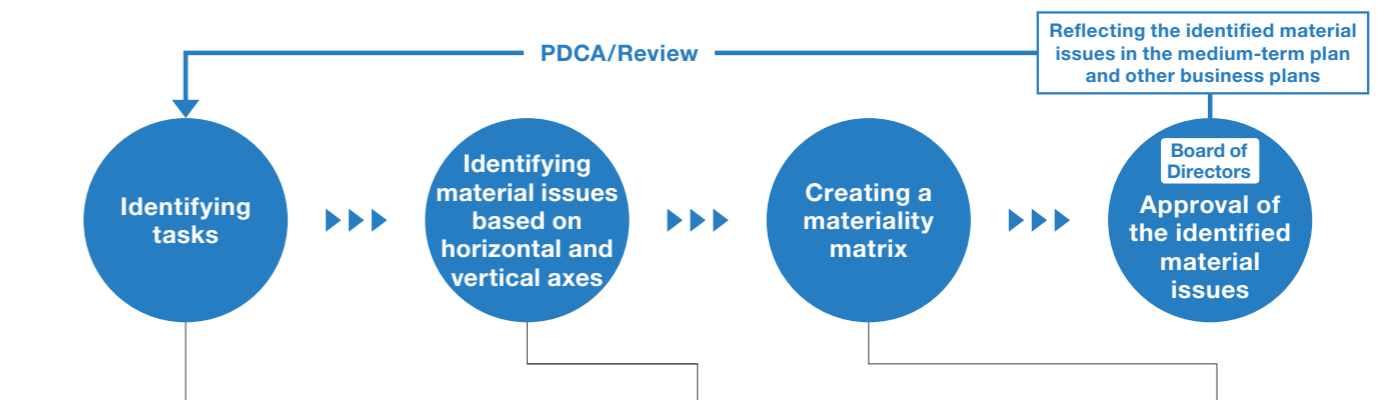


Material issues	How the Company Wants the Group to Be
Climate change countermeasures	<ul style="list-style-type: none"> Risks and opportunities created by climate change have been identified and measures addressing them have been evaluated and implemented. Measures for the reduction of GHG emissions have been taken and the reduction target has been achieved toward the achievement of net zero carbon emissions.
Clean technology opportunities	<ul style="list-style-type: none"> Clean fuels catering to customers' needs (e-fuel, hydrogen, ammonia, etc.) are offered and sold.
Product specifications and clean fuel blends	<ul style="list-style-type: none"> We have become the leading company in Japan in the generation of power from renewable energy sources centered around the wind power generation business. Focus R&D themes have been shifted to newer low-carbon technologies, and the Group is competitive in these technologies. Business models focusing on the entire value chain are being operated, and sufficient profits are being earned through the provision of clean products other than fuels.
Structural reform of businesses that are the foundation for revenue	<ul style="list-style-type: none"> The financial foundation has been stable. Profits are being earned from existing businesses, and these profits are returned to shareholders and invested in new businesses.
Occupational safety & health management	<ul style="list-style-type: none"> The injury of employees in accidents has been prevented. Work-related accidents caused by overwork or harassment have been prevented. Employees are working with a peace of mind and in good health.
Diversity and equal opportunity	<ul style="list-style-type: none"> Every employee is able to fully demonstrate their capabilities regardless of age, gender, job category, organization, or job history. There is lively discussion before decisions are made, and diverse opinions are reflected in decision-making.
Ethics and integrity	<ul style="list-style-type: none"> The Group's code of conduct has become entrenched, enabling individuals to make appropriate decisions.
Compliance	<ul style="list-style-type: none"> Laws, regulations, and social norms are observed. Internal regulations have been established to prevent non-compliance, and employees understand and observe these regulations.
Risk management	<ul style="list-style-type: none"> In addition to operational risks, the strategy risks and opportunities we face have been identified, and these risks are hedged and handled appropriately. An ERM strategy has been established, and the serious risks faced by the Group as a whole have been identified and managed.*
Safe operations and stable supply	<ul style="list-style-type: none"> Serious product accidents have been prevented, enabling prevention of employees' injuries from accidents. Our operations do not threaten the safety of areas where we operate and local residents of the areas. Energy is supplied stably even in times of disaster and emergency.

* ERM: Enterprise Risk Management

Material Issue Identification Process

We used the following steps to identify material issues, while listening to the opinions of stakeholders including the people within the Group.



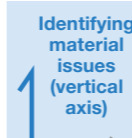
Selecting candidate material issues

After comprehensive consideration based on the 33 topics included in the GRI Standards, 154 candidate tasks were selected from the SDGs, the themes that the DJSI, FTSE, and MSCI require the energy industry to work on, the themes the industry has identified itself to work on, and other themes. We consolidated these tasks to create a list of 41 candidate material issues.



We identified the material issues which are important for us.

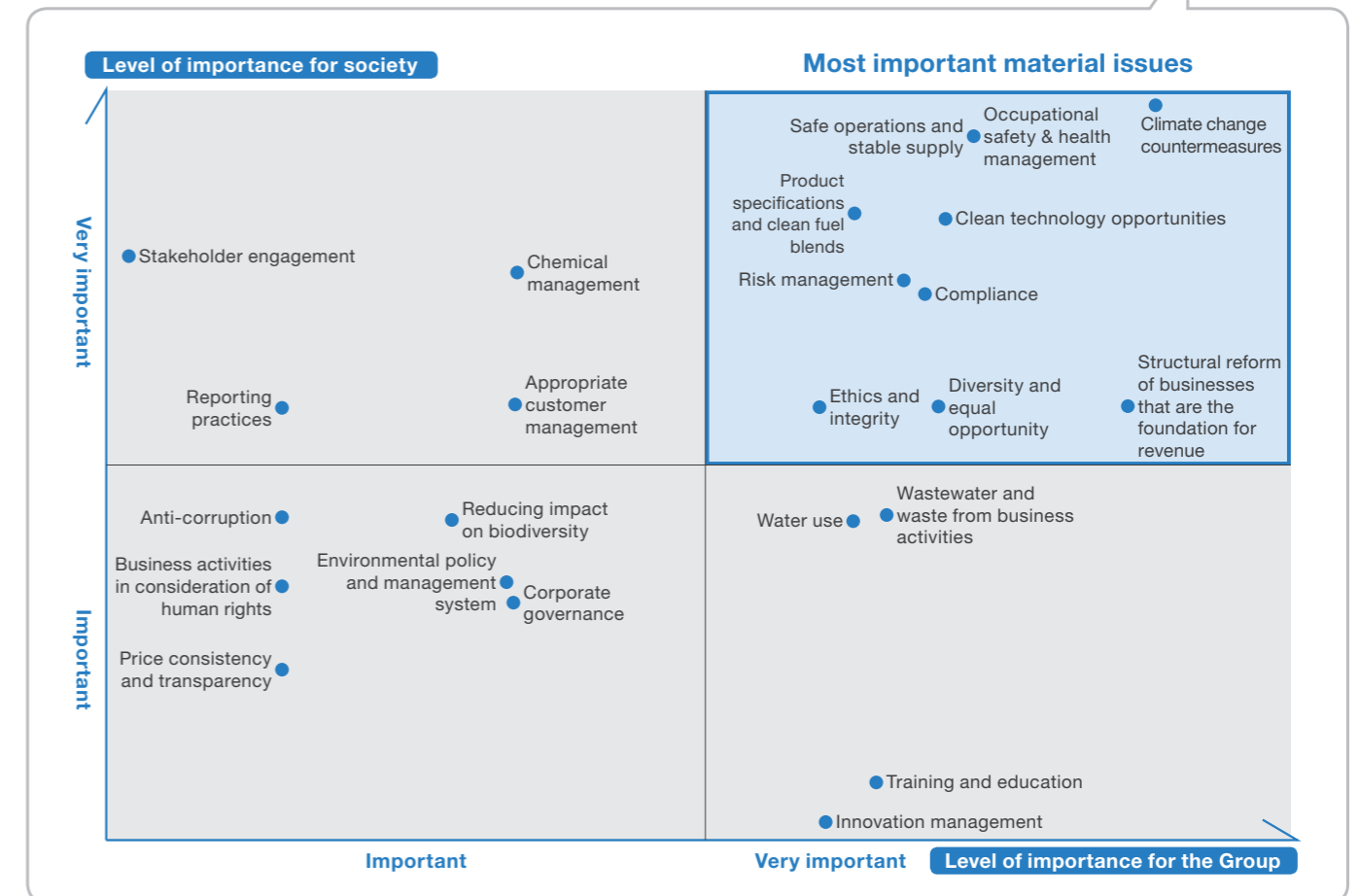
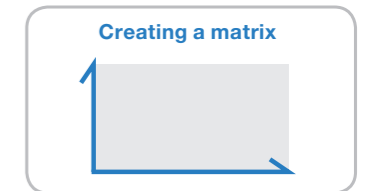
Our directors held a workshop. We also considered the Group's Management Vision, Code of Conduct and the content of various initiatives when placing material issues on the horizontal axis to identify their importance to the Group.



We identified the material issues which are important for society.

We evaluated material issues to place them on the vertical axis based on evaluations from an array of rating agencies, information from our peers in the industry, the results of consumer surveys and employee questionnaire surveys, interviews with investors, dialogue with experts, and other information.

We created a matrix with the importance of issues for us as the horizontal axis and the importance of issues for society as the vertical axis and plotted the positions of the material issues.



Consolidated Medium-Term Sustainability Management Plan (FY2018-FY2022)

To achieve the sustainable growth declared in the Cosmo Energy Group Management Vision, we have developed and are implementing the Consolidated Medium-Term Sustainability Management Plan (FY2018– FY2022; hereafter, the "Sustainability Plan") in line with the Sixth Consolidated Medium-Term Management Plan. Following the Sustainability Plan, we are promoting sustainable management to strengthen the Group's management foundation and engage in activities to help achieve the SDGs. As a part of these activities, we have identified material risks and opportunities and are engaged in an array of initiatives with the goal of achieving How the Company Wants the Group to Be

through a focus on the material issues. In FY2021, we are working to achieve the KPIs of the current sustainability plan. At the same time, we are formulating the next plan, aiming to resolve issues and increase opportunities concerning newly identified material issues.

The SDGs that the current sustainability plan will help achieve



* In the current fiscal year, we are evaluating the SDGs and the targets under them that are related to the newly identified material issues.

FY2020 sustainability-related topics

TOPIC 1

We established our vision for sustainable management and defined and disclosed Our Basic Approach to Sustainability.

Refer to page 59 for details

TOPIC 2

We established a Sustainability Strategy Committee to discuss ESG-related policies and indexes.

Refer to page 60 for details

TOPIC 3

We made the 2050 Carbon Net Zero Declaration. We endorse the TCFD and are conducting scenario analysis.

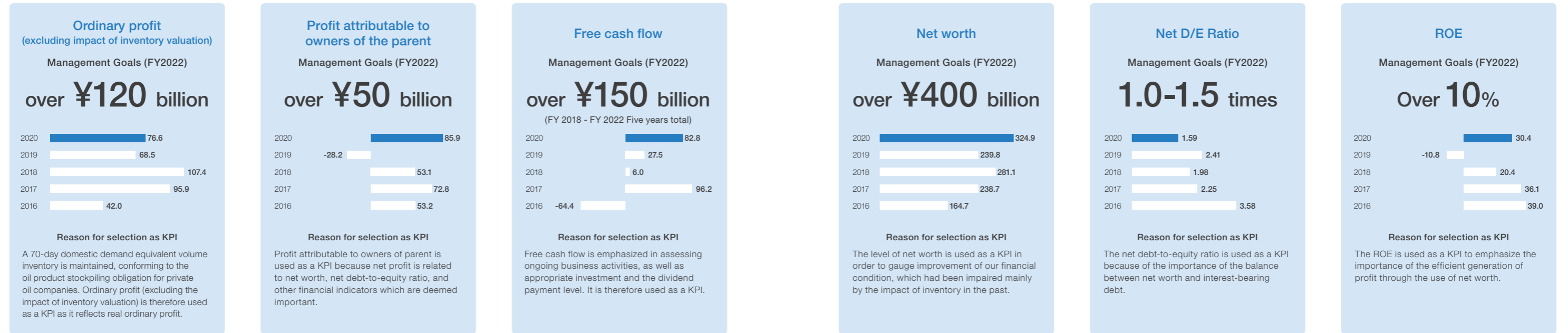
Refer to page 27 for details

Material issues	Risks and Opportunities	Major Initiatives	Evaluation Indexes in the Current Sustainability Plan That Relate to New Material Issues
Material issues for sustainable value creation	Climate change countermeasures <ul style="list-style-type: none"> ● Suspension of operations or incoming or outgoing shipments, and the suspension of the operations of service stations due to climate change ● Large expenses or significant increase of investments to address the physical risks of climate change ● Increase of expenses resulting from the introduction of carbon taxes ● Decline in corporate value caused by delayed measures for the creation of a decarbonized society ● Reduction of demand for fuel oil due to progress in the shift from fossil fuels ○ Earning the trust of stakeholders regarding the stable supply of energy in times of disaster 	<ul style="list-style-type: none"> ▶ Creating a road map for the achievement of net zero carbon emissions by 2050 and considering the revision of the 2030 reduction target ▶ Supporting the TCFD and conducting scenario analysis ▶ Strengthening the supply chain supply system ▶ Introducing internal carbon prices 	Reduction of greenhouse gas emissions
	Clean technology opportunities <ul style="list-style-type: none"> ● A decline in the competitiveness of oil products attributed to the popularization of low-cost alternative fuels resulting from technological breakthroughs ● Reduction of demand for gasoline due to the evolution of EV technologies ○ Increase of business opportunities related to renewable energy 	<ul style="list-style-type: none"> ▶ Considering the development of new clean technologies ▶ Expanding the wind power generation business and entering the offshore wind power generation business 	* We are formulating KPIs for this material issue toward the next medium-term plan.
	Product specifications and clean fuel blends <ul style="list-style-type: none"> ● Increase of costs due to tightened regulations ● Decarbonization of oil products 	<ul style="list-style-type: none"> ▶ Engaging in initiatives to supply biogasoline (containing bio-ETBE) ▶ Considering initiatives to supply biojet fuel (SAF) 	* We are formulating KPIs for this material issue toward the next medium-term plan.
	Structural reform of businesses that are the foundation for revenue <ul style="list-style-type: none"> ● A decline in the resilience of existing businesses resulting from financial/political instability, rapid economic fluctuation, or similar events ● A decline in the profitability of businesses attributed to delayed responses to market changes or government policies ● A decline in the competitiveness of core businesses due to delayed responses to technological innovation ○ Ensuring the agility of the core business by making new businesses profitable ○ Acquiring a competitive edge by quickly responding to technological changes 	<ul style="list-style-type: none"> ▶ Investing in the businesses which will lead next-generation growth, such as the Renewable Energy Business ▶ Installing rapid chargers for EVs at service stations ▶ Participating in the renewable energy aggregation demonstration project ▶ Considering business opportunities for regional revitalization and co-creation with local communities ▶ Participating in demonstration projects ▶ Considering business opportunities in the 14 priority fields of the Green Growth Strategy 	* We are formulating KPIs for this material issue toward the next medium-term plan.
Material issues form the foundation of business continuity planning	Occupational safety & health management <ul style="list-style-type: none"> ● Damage/injuries from work-related accidents involving employees and subcontractors ● Accident at a refinery, distribution terminal, oil depot, or other facility, or their suspension of operations ● Labor dispute ○ Retaining employees 	<ul style="list-style-type: none"> ▶ Managing work-related accidents and their frequency rate and severity at refineries and other facilities ▶ Sharing measures to prevent recurrence and initiatives for reducing the number of work-related accidents within the Group ▶ Defining work-related accident and clarifying responsibilities ▶ Sharing the president's message with the Group during National Safety Week 	Promotion of employees' health Reducing long working hours
	Diversity and equal opportunity <ul style="list-style-type: none"> ● Increase in recruitment costs due to the labor shortage ● A decline in competitiveness attributed to the lack of human resources diversity ○ Corporate growth achieved through increasing motivation ○ Developing workplaces that facilitate innovation ○ Securing and retaining talented human resources 	<ul style="list-style-type: none"> ▶ Setting ratio of female managers and ratio of women in newly hired employees as priority KPIs. ▶ Improving programs supporting childcare and nursing care ▶ Setting the percentage of employees receiving health check-up and total work hours as KPIs ▶ Fair, transparent evaluation system 	Increasing the percentage of newly hired employees that are women and the ratio of female managers Advancing measures to adhere to employment quota for people with disabilities
	Ethics and integrity <ul style="list-style-type: none"> ● Administrative action due to the violation of laws ● Loss of customer confidence and erosion of brand image ○ Development of a sound corporate climate 	<ul style="list-style-type: none"> ▶ Ensuring the Cosmo Energy Group Code of Conduct becomes entrenched ▶ Providing corporate ethics training aimed at developing a sense of ethics ▶ Understanding the present situation by conducting employee awareness surveys 	Expanding CSR procurement Providing training
	Compliance <ul style="list-style-type: none"> ● Loss of confidence resulting from non-compliance ● Liability for damages or fines ● Administrative action due to the violation of laws 	<ul style="list-style-type: none"> ▶ Establishing the Cosmo Energy Group Code of Conduct and rules ▶ Developing, operating, and reinforcing an internal control system ▶ Developing a whistleblowing system 	Preventing non-compliance
	Risk management <ul style="list-style-type: none"> ● Unexpected impediment, loss, or malfunction of the organization ● Damage from an accident or disaster, or a delay in recovery ○ Increased competitiveness achieved through appropriate risk-taking 	<ul style="list-style-type: none"> ▶ Managing risks faced by Group companies ▶ Selecting and addressing Group-wide risks faced by the entire group ▶ Providing risk management training 	Tightening management of group-wide risks
Safe operations and stable supply <ul style="list-style-type: none"> ● The suspension of the operations of a refinery, distribution terminal, oil depot, or other facility resulting from an accident or occupational injuries and diseases ● Interruption of business continuity due to an accident or disaster affecting a service station, tanker, or tanker truck ○ Improved corporate value ○ Improved reputation achieved through the stable supply of energy in times of disaster 	<ul style="list-style-type: none"> ▶ Cultivating a safety-first culture by establishing the Cosmo Energy Group Code of Conduct and Cosmo Oil Safety Day ▶ Introducing and advancing an Operations Management System ▶ Having the Chiba Refinery certified as a certified business operator (tokutei nintei jigyoisha/ super nintei jigyoisha) under the High Pressure Gas Safety Act ▶ Building and advancing the affiliated supply chain BCP, with the goal of ensuring the stable supply of oil products in times of disaster 	Preventing work-related accidents Preventing serious accidents Prevent serious quality-related accidents	

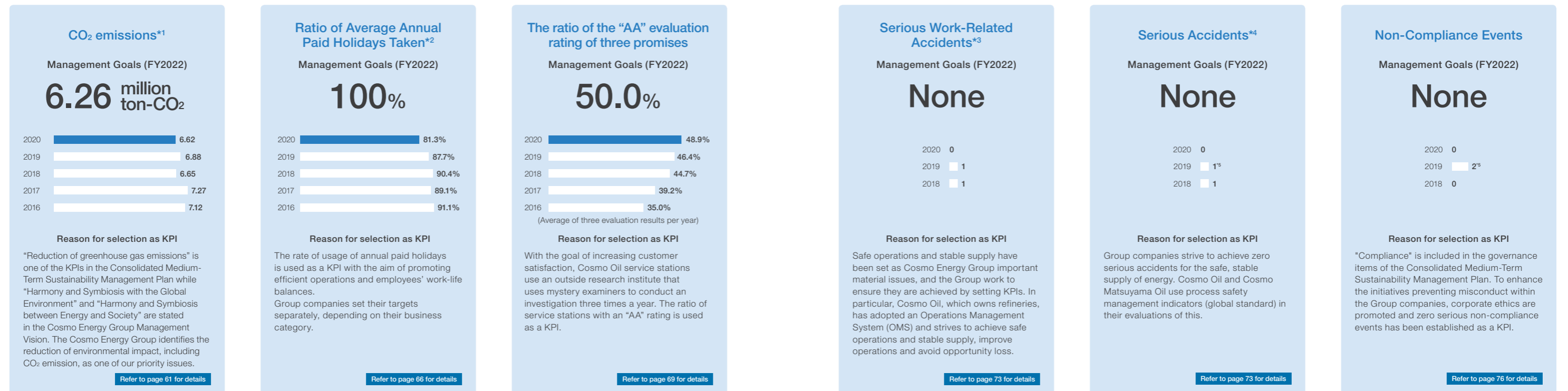
*Please refer to our official website for more details. *We are formulating KPIs for new material issues towards the creation of the next medium-term plan.

Major Key Performance Indicators (KPI) Used as Targets

Financial



Pre-Financial



*1 Definition and coverage: The petroleum and petrochemical segments, the renewable energy segment, and others of the Cosmo Energy Group, which operate under the Consolidated Medium-Term Sustainability Management Plan.

*2 Definition and coverage: Employees, contract employees, and part-time employees of Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, and Cosmo Oil Marketing are included. Those who were out of work during the entire term and those who retired during the term are excluded from the calculation.

*3 Definition and coverage: Total work-related accidents that require and do not require time off from work. Accidents involve both directly-hired employees and those working at subcontractors of the 40 total companies, including Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, Cosmo Oil Marketing, Maruzen Petrochemical, and other related companies.

*4 A serious accident is an accident with a crisis level of A or S as defined in the Cosmo Energy Holdings Crisis Management Regulations.

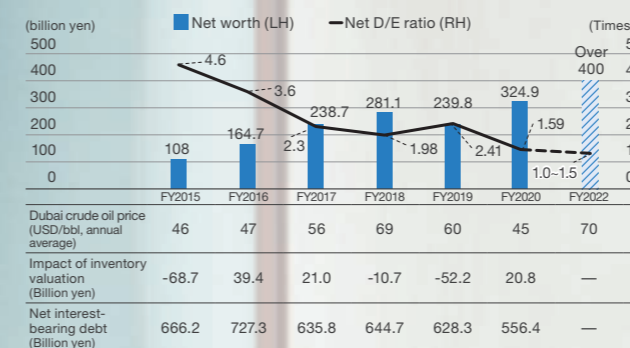
*5 In FY2019, one serious accident was also counted as a non-compliance event.

Advancing a financial strategy with a sense of urgency in anticipation of a decarbonized society

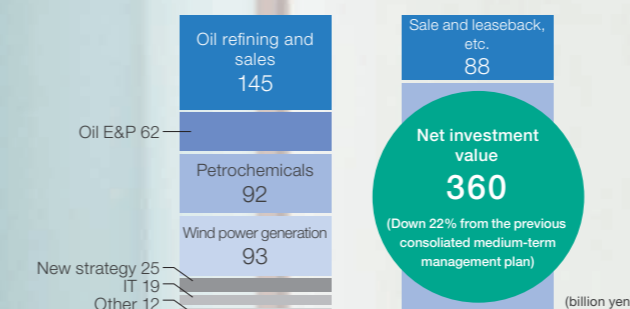
Representative Director, Senior Managing Executive Officer
In charge of Corporate Communication Dept., Accounting Dept. and Finance Dept.
Takayuki Uematsu



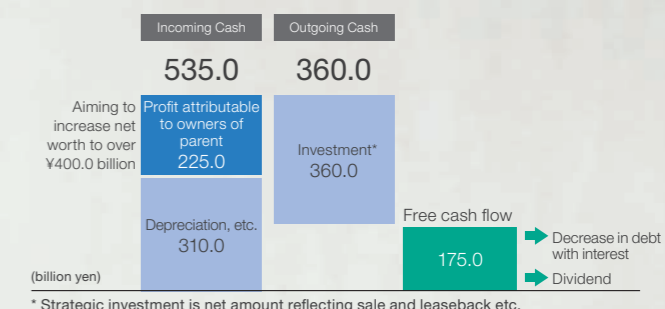
Net Worth and Net D/E Ratio



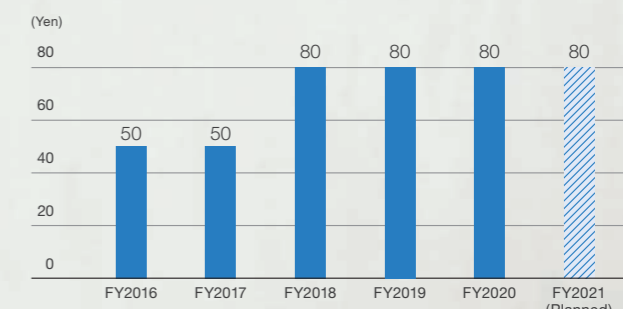
Investment Plan (FY2018-FY2022)



Cash Balance and Use of Funds (FY2018-FY2022)



Dividends per share



It is expected that the targets during the medium-term management plan will be achieved, with a significant improvement in the Group's financial position

Three years have passed since the Sixth Consolidated Medium-Term Management Plan began in FY2018. The sixth management plan aims to strengthen our financial position as one of its basic policies. Its goal is to achieve a net worth that can tide us over amid changes in the business environment, such as a decline in crude oil prices. In FY2020, the third year of the plan, our financial position improved significantly with a record-high profit attributable to owners of parent. While there are still two years before the end of the sixth management plan, we expect to mostly achieve the cumulative free cash flow of over ¥150 billion, net worth of over ¥400

billion, net worth ratio of over 20%, and net D/E ratio of over 2.0 times. Looking back on FY2020, the COVID-19 pandemic caused crude oil prices to decline and a decrease in sales of jet fuel while the margin improved due to a positive time lag and the increased sales volumes of the four major products due to an increase of supply to Kygnus Sekiyu. Reflecting these and other factors, ordinary profit excluding the impact of inventory valuation increased ¥8.1 billion year on year, to ¥76.6 billion, and profit attributable to owners of parent increased ¥114.1 billion year on year, to ¥85.9 billion, partly reflecting tax effect. Free cash flow reached ¥82.8 billion, reflecting the steady increase of our earnings power. Net worth increased ¥85.1 billion from the end of the previous fiscal year, to ¥324.9 billion, while the net worth ratio improved 4.4 percentage points to 19.0%. Net D/E ratio improved by 0.82 points from the end of the previous fiscal year, to 1.59, a result of initiatives to increase net worth and

reduce interest-bearing debt. In FY2021, the effect of the positive time lag generated in the previous fiscal year is expected to be resolved while improvement of crude oil prices and the recovery of demand for fuel oil are anticipated. Reflecting these and other factors, ordinary profit excluding the impact of inventory valuation is forecast to increase ¥3.4 billion year on year, to ¥80.0 billion and profit attributable to owners of parent is forecast to increase ¥45.9 billion year on year, to ¥40.0 billion, partly reflecting the tax effect in the previous fiscal year. Investment value in FY2021 is expected to decrease significantly from the previous fiscal year, mainly due the absence of the large-scale maintenance of refineries, offsetting an increase in investments in offshore wind power projects. We will continue to appropriately manage investment value in view of the net investment value of ¥360.0 billion during the Sixth Consolidated Medium-Term Management Plan.

Response to COVID-19

In FY2020, we carefully watched the impact of COVID-19 on our business performance and trends in the financial markets. In the financial markets, while some companies saw a rise in financial costs due to the generation of demand for funds for measures related to liquidity on hand, the Cosmo Energy Group was not affected because sufficient procurement limits had been secured with multiple financial institutions. As it turned out, we were able to hold down financial costs without taking excessive measures regarding liquidity on hand.

Responding to accelerating decarbonization

Decarbonization is accelerating globally, and it is expected that ESG financing will continue to expand in the financial markets of Japan. The Cosmo Energy

Group procured the first sustainability-linked loan in Japan's oil industry in FY2019. Moving forward, we will be proactive in our consideration of ESG financing, such as transition loans. In May 2021, we published our Carbon Net Zero Declaration, vowing to reduce the greenhouse gases (GHG) emitted by our businesses to effectively zero by FY2050. We believe that investment from an ESG perspective will be essential for the achievement of net zero carbon emissions. We have already introduced internal carbon prices. The TCFD scenario analysis and formulation of the next consolidated medium-term management plan is ongoing, and we are considering specific directions for investing toward the achievement of net zero carbon emissions.

Message to investors

The Cosmo Energy Group aims to provide shareholder returns in consideration of the balance between

the progress of management goals and growth investment with the basic policy of stable dividend payments. In FY2020, we paid a per-share dividend of ¥80, as initially announced. In FY2021, we intend to maintain a per-share dividend of ¥80 under our basic policy of stable dividend payments and with the goal of improving our financial position. Moving forward, we will continue working to increase the ratio of return to shareholders while balancing this with our financial position. The COVID-19 pandemic has made it difficult to talk face to face with investors, but I would like to continue to be proactively engaged in dialogue with investors using remote communication tools and other technologies and apply their feedback in management. I would like to ask for your continued support.

Business Results & Forecast, Cash Flow Situation, and Analysis of Financial Position

Summary of Consolidated Profit

FY2020 Results

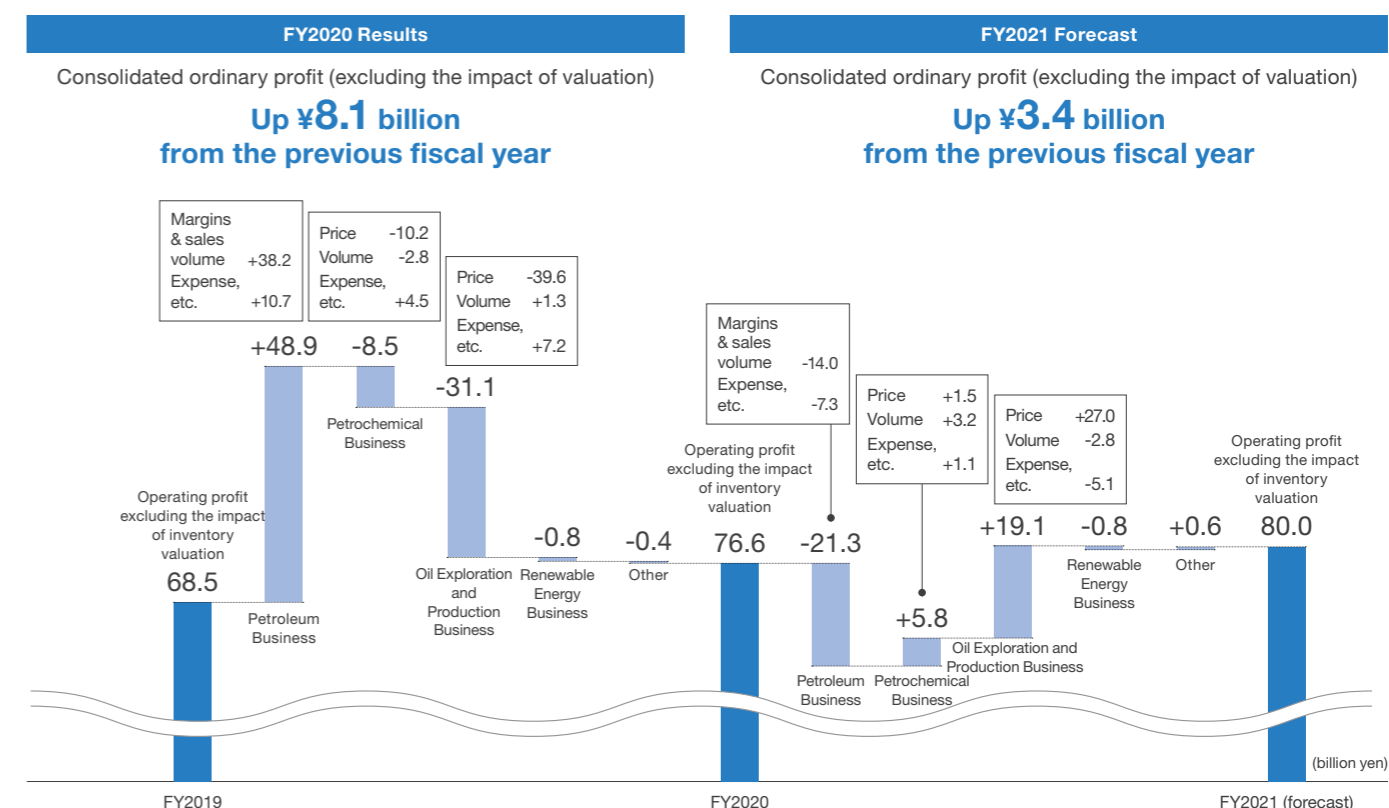
In FY2020, ordinary profit increased ¥81.1 billion year on year, to ¥97.4 billion, while net profit attributable to owners of parent increased ¥114.1 billion, to ¥85.9 billion, partly reflecting the tax effect. Actual ordinary profit excluding the impact of inventory valuation increased by ¥8.1 billion to ¥76.6 billion.

Concerning the segment breakdown of ordinary profit excluding the impact of inventory valuation, the profit of the Petroleum Business was ¥53.3 billion, up ¥48.9 billion year on year. This is attributed to an increase in the sales volumes of the four major products due to an increase of supply to Kygnus Sekiyu and the positive time lag of the margin, which offset a decrease in profit caused by a decline in the price of jet fuel and sales volume due to the COVID-19 pandemic. Profit from the Petrochemical Business decreased ¥3.3 billion from FY2020 to ¥8.5 billion due to deteriorating market conditions surrounding petrochemical products and a decrease in the sales volume of Maruzen Petrochemical associated with regular maintenance. The Oil E&P Business profit decreased ¥31.1 billion year on year to ¥13.9 billion due to a decline in crude oil prices. In the Renewable Energy Business, operating profit decreased ¥0.8 billion year on year to ¥4.1 billion due to generation of upfront cost associated with Cosmo Eco Power's full-scale development of the offshore wind power generation facilities.

Forecasts for FY2021

In FY2021, ordinary profit is forecast to be ¥88.0 billion, down ¥9.4 billion from FY2020, and profit attributable to owners of parent is expected to be ¥40.0 billion, down ¥45.9 billion year on year, partly reflecting the tax effect in the previous fiscal year. Real ordinary profit excluding the impact of inventory valuation is expected to be ¥80.0 billion, up ¥3.4 billion from the previous fiscal year.

As for the segment breakdown of ordinary profit excluding the impact of inventory valuation, Petroleum Business profit is expected to decrease ¥21.3 billion year on year, to ¥32.0 billion, partly because the positive time lag generated in the previous fiscal year will no longer impact the segment and partly because the cost of refinery fuel will increase due to rising crude oil prices, offsetting an increase in sales volume resulting from a recovery in demand for fuel oil. The Petrochemical Business is expected to record a year-on-year increase in profit of ¥5.8 billion, to ¥2.5 billion partly because regular maintenance which occurred in FY2020 will no longer impact the business. In the Oil E&P Business, we expect profit to increase ¥19.1 billion year on year to ¥33.0 billion due to the improvement of crude oil prices. In the Renewable Energy Business segment, we are expecting profit of ¥3.3 billion, down ¥0.8 billion from FY2020, due to the generation of upfront costs for the development of offshore wind power generation facilities, offsetting the beginning of the operation of a new onshore wind power generation site at Cosmo Eco Power.



Outline of Consolidated Cash Flows and Consolidated Balance Sheet

Financial Position

In FY2020, free cash flow improved significantly from the previous fiscal year due to an increase in cash flows from operating activities, mainly reflecting the posting of profit before income taxes. Regarding financial indicators, net worth, net worth ratio, and net D/E ratio improved significantly from FY2020 due in part to the posting of profit attributable to owners of parent. Above all, the net D/E ratio improved significantly by 0.82 points from 2.41 in the

previous fiscal year to 1.59.

In FY2021, it is forecast that the net D/E ratio will improve to 1.0-1.5, a target in the sixth management plan. However, we still have some way to go before we achieve a net worth of ¥400.0 billion, a target in the Sixth Medium-Term Management Plan, and we will continue to seek to improve our financial position.

Outline of consolidated statement of income (YOY comparison)				
(billion yen)	FY2020	Changes	FY2021 Forecast	Changes
Net sales	2,233.3	-504.7	2,150.0	-83.3
Operating profit	101.3	87.4	93.0	-8.3
Ordinary profit	97.4	81.1	88.0	-9.4
Inventory impact	20.8	73.0	8.0	-12.8
Ordinary profit (excluding the impact of inventory valuation)	76.6	8.1	80.0	3.4
Petroleum	53.3	48.9	32.0	-21.3
Petrochemical	-3.3	-8.5	2.5	5.8
Oil exploration and production	13.9	-31.1	33.0	19.1
Renewable Energy Business	4.1	-0.8	3.3	-0.8
Other	8.6	-0.4	9.2	0.6
Profit attributable to owners of parent	85.9	114.1	40.0	-45.9
For reference				
Dubai crude oil price (US\$/barrel, April to March)	45	-15	60	15
Foreign exchange rate (¥/US\$, April to March)	106	-3	105	-1
Dubai crude oil price (US\$/barrel, Jan. to Dec.)	42	-22	60	18
Foreign exchange rate (¥/US\$, Jan. to Dec.)	107	-2	105	-2

Consolidated Cash Flows		
(billion yen)	FY2019	FY2020
Cash flows from operating activities (1)	111.7	167.4
Cash flows from investing activities (2)	-84.2	-84.6
Free cash flow (1+2)	27.5	82.8
Cash flows from financing activities	-24.7	-80.6
Cash and cash equivalents at end of the period	43.3	44.5

Consolidated Balance Sheet			
(billion yen)	Mar. 31, 2020	Mar. 31, 2021	Changes
Total assets	1,639.8	1,709.0	69.2
Net assets	362.8	449.1	86.3
Net worth	239.8	324.9	85.1
Net worth ratio	14.6%	19.0%	4.4 points
Net interest-bearing debt ^{*1}	628.3	556.4	-71.9
Net debt-to-equity ratio (times) ^{*2}	2.41	1.59	Improved 0.82 points

^{*1} Total interest-bearing debts net of cash and deposits, etc. as of the end of the period
^{*2} Calculated on the basis that 50% of the ¥30 billion Hybrid Loan made on March 31, 2020, is included in equity.



For the Creation of a Sustainable Society

Special Feature Increasing the Resilience of the Cosmo Energy Group

Statement of support for the TCFD

In December 2020, Cosmo Energy Holdings became a signatory expressing its support for the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations*¹ and joined the TCFD Consortium.*² It is believed that companies' disclosure of information about their responses to climate-change-related risks and opportunities in line with the TCFD recommendations enables the companies to foresee and appropriately manage the financial impact of these risks and opportunities in its future business activities.

Our statement of support for the TCFD Recommendations will deepen our initiatives for the achievement of sustainable growth and enable them to evolve. Sustainable growth is a goal of the Cosmo Energy Group Management Vision. We will take this as an opportunity to appropriately and proactively disclose climate-change-related information. We will also formulate medium- to long-term business strategies with increased awareness of the risks and opportunities created by climate change in all of the Group's business domains, and proactively disclose information about the financial impact of these risks and opportunities.



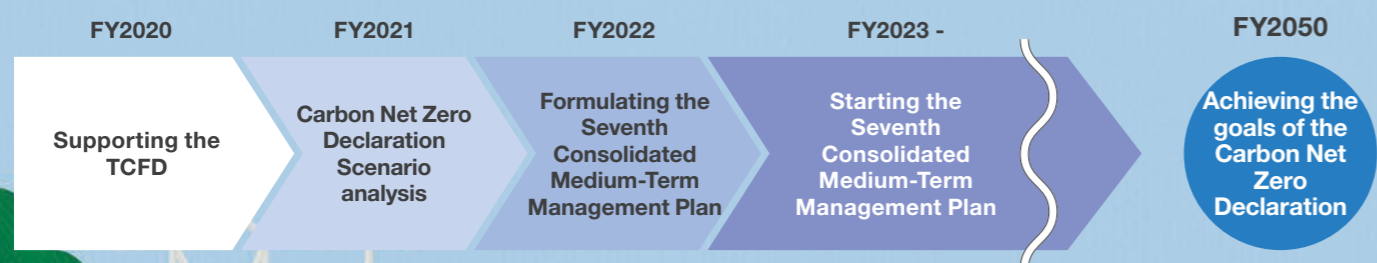
*1 The Task Force on Climate related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB). With the goal of identifying and disclosing the financial impact of the risks and opportunities created by climate change, the TCFD has disclosed its recommendations regarding voluntary information disclosure.
 *2 The TCFD Consortium is an organization established to enable the companies, financial institutions, and other entities supporting the TCFD to discuss initiatives to lead companies in their effective information disclosure and enable financial institutions and other entities to appropriately use the disclosed information in their investment decisions.

Carbon Net Zero Declaration

At the Cosmo Energy Group, we announced the 2050 Carbon Net Zero Declaration, vowing to reduce the greenhouse gases (GHG) emitted by our businesses to effectively zero by FY2050.*³ Sustainable growth, a goal set in the Cosmo Energy Group Management Vision, has been at the core of our corporate management, and we have been promoting environmental management for more than 20 years. Moves toward decarbonization have been accelerating globally, reflecting a growing sense of crisis about climate change. We made the declaration, believing that formulation and implementation of management plans with greater awareness of climate change will be essential for sustainable growth. We will take the following steps to achieve the 2050 Carbon Net Zero Declaration.

- FY2021: Scenario analysis and the creation of a road map to 2050**
We will create a road map based on the scenario analysis of the Task Force on Climate related Financial Disclosures (TCFD).
- FY2022: Formulation of the Seventh Consolidated Medium-Term Management Plan, which combines financial and non-financial goals**
We will formulate the Seventh Consolidated Medium-Term Management Plan by factoring in a long-term road map and the Group's most important material issues.
- FY2023: Starting the Seventh Consolidated Medium-Term Management Plan, aiming for sustainable growth**

*3 Scope of GHG emissions: Scope 1 and 2



Addressing COVID-19 risks

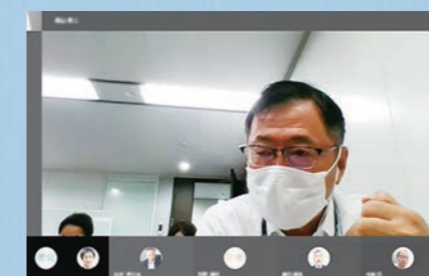
The Cosmo Energy Group continues to strive to ensure safety and the stable supply of energy while taking thorough measures to control infection with the health and safety of our employees, their families, and our business partners as our top priority. In response to the COVID-19 pandemic, we set up a crisis headquarters for the periods from February to May 2020 and from January to August 2021, respectively. In joint meetings of the crisis headquarters (held 35 times), we formulated Group-wide initiatives, including thorough measures to control infection, the provision of information, and the introduction of a system under which employees work from home in principle, and expanded these initiatives to Group companies. At refineries, we completed regular maintenance as scheduled by taking measures such as requesting the cooperation of city governments, explaining information to local communities, and distributing masks and disinfectant to people working for subcontracting companies working on site. Our efforts to control infections, including disinfection, ventilation, equipment investments, quarantines and other measures to prevent infection enabled us to avoid a major impact to our operations. In addition to taking thorough daily infection control measures, we have continued to work in an efficient manner that has been promoted by Group companies, in our efforts to practice new workstyles with increased productivity. We will continue to ensure that protecting the health and livelihood of employees and their families is our top priority and continue to enable resilient workstyles throughout the Group.

Oil E&P Business	<ul style="list-style-type: none"> Thorough measures to enable the transfer of staff members to offshore facilities, including 14-day quarantines, PCR testing, and body temperature measurement Prohibiting employees working at oil wells from visiting offshore facilities (operation sites) and measuring body temperature with a non-contact thermometer at the entrance to each building and at each department
Petroleum Business	<ul style="list-style-type: none"> Having many employees, mainly head office employees, shift to workstyles based on working from home Restricting external people's entry into facilities and ensuring the thorough disinfection of workplaces at refineries Continuing to provide support for affiliated service stations (distribution of non-contact infrared thermometers, masks, disinfectants, etc.)
Petrochemical Business	<ul style="list-style-type: none"> Taking measures at plants, including encouraging working from home and staggered commuting, taking thorough infection control and health management measures, prior check of the activities of new entrants to facilities during regular maintenance, and regular disinfection of rest areas Identifying operations that can be done at home, mainly in the head office, and shifting to working from home Restricting business trips and cancelling large conferences
Renewable Energy Business	<ul style="list-style-type: none"> Having employees working on site work from home, which is feasible because the remote monitoring of sites is possible Sending one inspector for regular on-site check-ups Establishing a system enabling 24-hour monitoring at the head office as well, to handle problems

On the 10th anniversary of the Great East Japan Earthquake

In response to the fire and explosion of our LPG tanks at the Cosmo Oil Chiba Refinery following the Great East Japan Earthquake, the Cosmo Energy Group revised Chapter 1 of the Cosmo Energy Group Code of Conduct to "We are determined to be a safe, accident-free corporate group." Thus, we reaffirmed our determination to pursue safety as our top priority. During the past ten years, the entire Group has engaged in an array of safety measures, including measures to prevent the recurrence of that accident. In April 2021, the Chiba Refinery was certified as a business

operator which has realized especially high-level voluntary safety activities (super nintei jigyo-sha) in a Ministry of Economy, Trade and Industry certification program under the High Pressure Gas Safety Act. Ten years after the earthquake, each one of us at the Cosmo Energy Group continues to ensure safe operations and remains committed to the stable supply of energy by always keeping in mind the importance of safety and being aware that there is no end to safety initiatives and that we must always continue them.



BCP training implemented in September 2020 assuming the occurrence of a disaster

Reference: Press release
 A message about safety from the president (March 11, 2021)
https://ceh.cosmo-oil.co.jp/press/p_210311/index.html

Special 2 Feature Cosmo Energy Group's Brand Strategy

Joining all forces of the Cosmo Energy Group on Cosmo

While we have been known familiarly as Cosmo Oil, we are now realigning our business portfolio in response to environmental change, desiring to provide not only oil but all kinds of energy that fit with the times. Thus, we are promoting a brand strategy that joins together all of the Cosmo Energy Group in our efforts to develop a corporate climate for the creation of a sustainable, affluent society in a Group-wide manner.

We will position the Group's brand logo and brand statement as important elements that are common to the entire Group, including the Petroleum Business and the Renewable Energy Business, to develop a sense of unity and consistency within the Group.



What is a brand?

A brand is a stockpile of trust and expectations created by good experiences.

A beautiful logo and a delightful catch-phrase are not the only elements that constitute a brand. The important thing is the things that people feel and expect and the actions they want to take when they see, hear, and read the logo, melody, and catch-phrase. It is this trust and these expectations that form the essence of a brand and the value which should be built. This is the idea on which our branding activities are based.

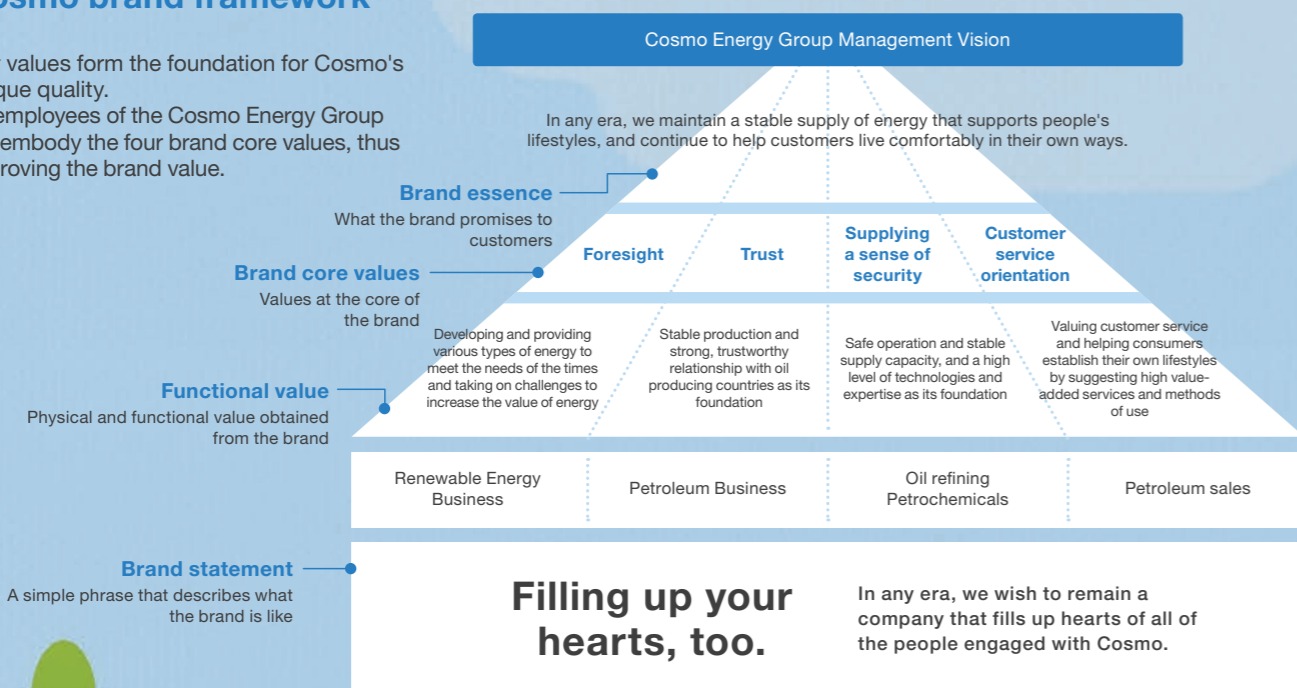
Effects of a brand

A brand enables the creation of a comfortable work environment internally and a resilient business structure that generates stable profit.

In the market, it is not only competitive prices that enable us to be selected by customers. It is also peoples' trust and expectations of Cosmo as a familiar brand that greatly help us to be selected, even where it is difficult to differentiate our service or business from our competitors.' When customers have developed a deep attachment to a brand, more of them will repeatedly choose that same brand when there are other opportunities and for other services, thus leading to stable profit. Further, when brand value is improved, employees take pride in the brand, resulting in their increased motivation to work, greater loyalty to the company, and greater awareness of compliance.

Cosmo brand framework

Our values form the foundation for Cosmo's unique quality. All employees of the Cosmo Energy Group will embody the four brand core values, thus improving the brand value.



Brand statement: "Filling up your hearts, too."

This slogan expresses our willingness to do our best for the satisfaction and spiritual wealth of all stakeholders in their everyday lives, including consumers. It is also our motto for sharing the target image of Cosmo. Positioning it as our message to all stakeholders, we will enhance our efforts to deliver it in ways that fit with the times.

Brand statement familiarity ranking as a reminder of the company name (According to a survey conducted by Nikkei BP Consulting Inc./ Rank among 211 companies)

Brand statement familiarity as a reminder of the company name **2nd**

Visibility of brand statement **1st**

External branding activities of the Cosmo Energy Group

We are advancing branding activities by attaching importance to consistency, so that everyone will feel the same unique quality of Cosmo whenever and wherever they are engaged with the brand. In external branding activities, we express the unique quality of Cosmo consistently in advertisements, service stations, products, services, and even the way we interact with customers.



Cosmo My Car Leasing Store



Replacement of sign pole



TV commercial

Internal branding activities of the Cosmo Energy Group

We engage in internal branding activities to inform all employees of the unique quality of Cosmo in accordance with changes of the times and the environment, so that they consistently embody the core values of foresight, trust, supplying a sense of security, and customer service orientation in all corporate activities.

We define brand value, create a system for putting it into practice in daily operations, and implement a PDCA cycle to increase value.

Outline of the activities

Defining the value	Defining the brand value structure of Cosmo (Building the brand framework)
Systems	Establishing brand management rules, standards and procedures, and steps for applying for the brand management of an item
Building a management structure	Setting up a Brand Management Office and appointing a Brand Manager and Brand Staff at each company
Practice	Providing E-learning (training) aimed at increasing the entire Group's awareness of the brand and implementing practical activities related to the brand with central role played by the Brand Manager and Brand Staff
PDCA	Identifying achievements of and issues with the Group's activities by conducting consumer surveys (external surveys) and employee surveys (internal surveys)

Promotion Structure

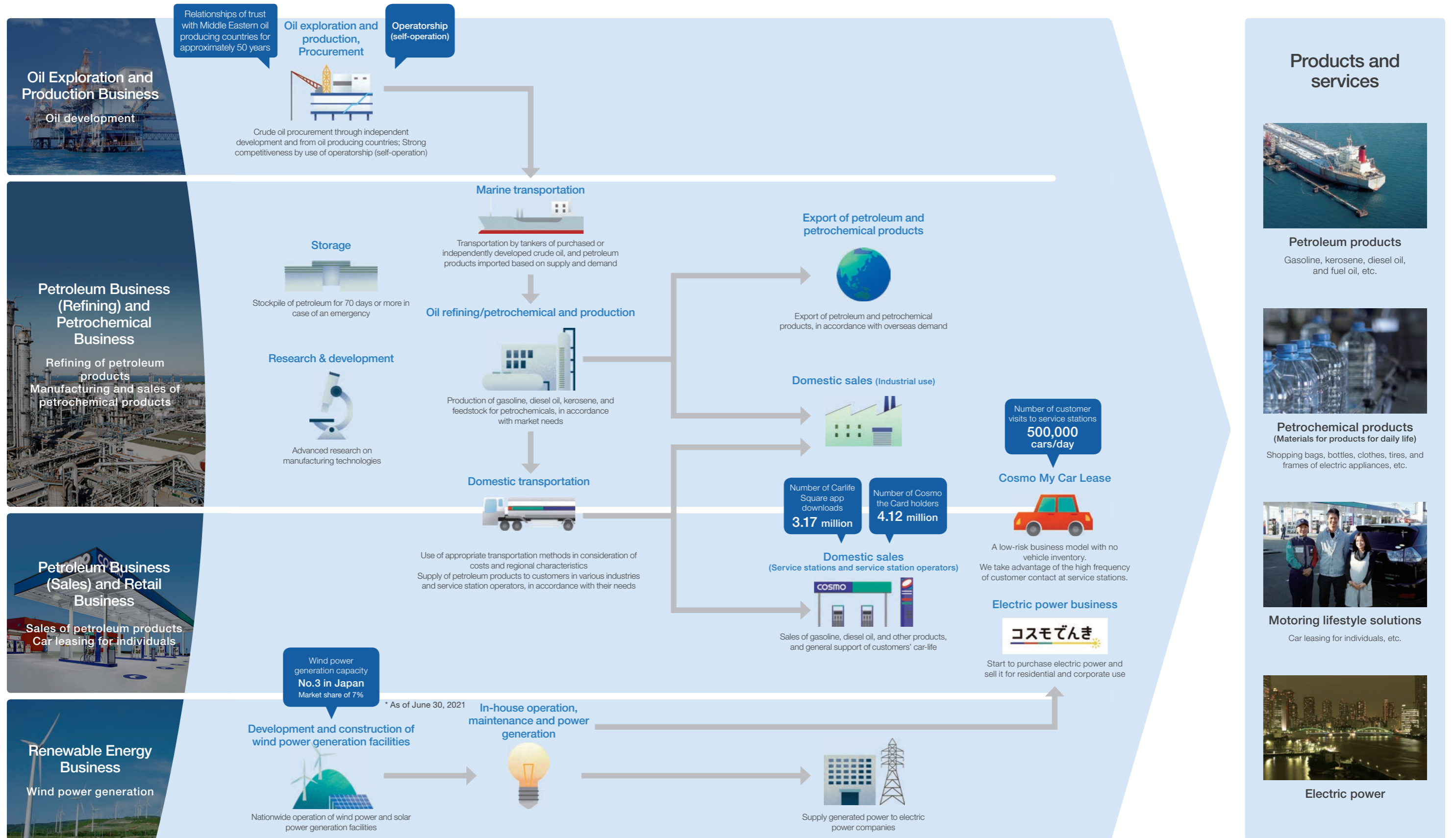


BUSINESS ACTIVITY

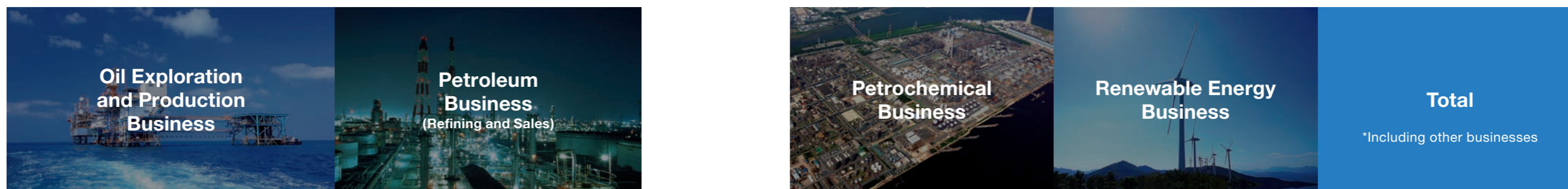


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The Cosmo Energy Group's business



Business Overview



Business summary	Business of exploration and production of crude oil in Abu Dhabi, United Arab Emirates (UAE) and Qatar	Business to refine imported crude oil and sell the products to nationwide service stations, factories, and general consumers	Business to manufacture raw materials of polyester fiber, pet bottles, plastics, and synthetic rubber, etc.	Business to engage mainly in wind power generation as a renewable energy.	Total *Including other businesses
Net sales (FY2020 result)	¥60.4 billion	¥2,055.8 billion	¥304.5 billion	¥11.7 billion	¥ 2,233.3 billion*2
Ordinary profit (FY2020 result)	¥13.9 billion	¥74.1 billion / ¥53.3 billion (excluding the impact of inventory valuation)	-¥3.3 billion	¥4.1 billion	¥97.4 billion / ¥76.6 billion*2 (excluding the impact of inventory valuation)
Number of employees (as of March 31, 2021)	270	4,546	1,216	172	7,086

Major assets (As of March 31, 2021)	Crude oil reserves (proved and probable) 151.8 million barrels Equivalent to approx. 17 years of supply (as of December 31, 2020)	Crude oil production (of the entire Group) Approx. 49,000 barrels/day Comparison with refining capacity: Approx. 12% (January to December 2020 result)	Crude oil processing capacity*1 400,000 barrels/day Domestic market share: Approx. 11.4%	Number of service stations in Japan Number of Cosmo brand stations 2,729	Ethylene production capacity 1.29 million tons/year*3 Domestic market share: Approx. 19%	Para-xylene production capacity 1.36 million tons/year	Wind power plant capacity 261,000 kW No. 3 in Japan and 6% domestic market share	Brand statement familiarity as a reminder of the company name 2nd of 211 companies Results of a survey of general consumers across Japan conducted by Nikkei BP Consulting, Inc. in August 2020
	Partnerships Solid relationship of trust with oil producing countries for about 50 years	Number of Cosmo the Card holders Approx. 4.12 million cards	Cosmo My Car Lease Cumulative total 85,126 cars	Benzene production capacity 0.74 million tons/year	Mixed-xylene production capacity 0.62 million tons/year	Number of windmills 166 (23 regions)		

Major business companies and related companies (As of March 31, 2021)	Cosmo Energy Exploration & Production Abu Dhabi Oil Qatar Petroleum Development United Petroleum Development Cosmo E&P Albahriya Limited	Cosmo Oil Cosmo Oil Lubricants Gyxis Kygnus Sekiyu Cosmo Oil Marketing Cosmo Oil Sales Cosmo Energy Solutions	Maruzen Petrochemical Cosmo Matsuyama Oil CM Aromatics Hyundai Cosmo Petrochemical	Cosmo Eco Power	*1 Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from the Idemitsu Kosan Group with the business alliance *2 Including consolidating adjustment *3 Including whole capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)
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Impact of inventory valuation

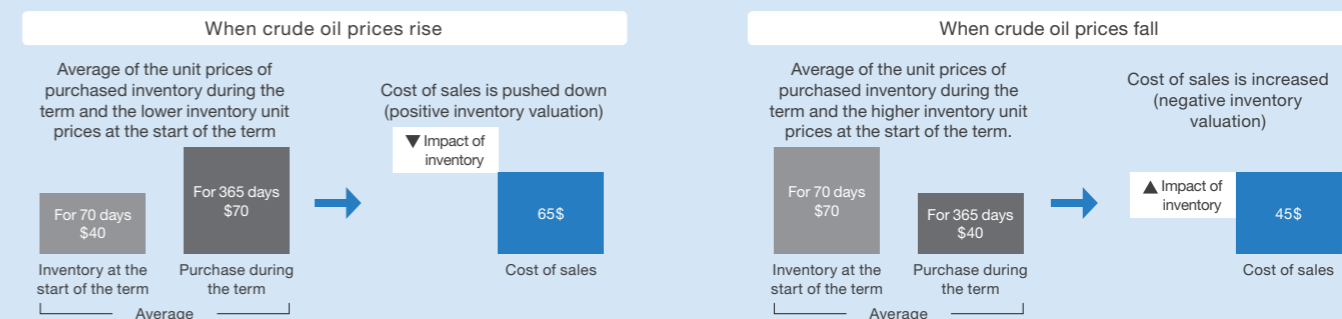
The impact of inventory valuation indicates the impact on the cost of sales in the financial statements, according to the inventory valuation method, when there is a change in the price of crude oil. It can be separated into the following two categories:

1 Inventory valuation impact based on reduction in book value

If the market value of inventory at the end of the term falls below the book value, it is necessary to reduce the book value to the market value, and this indicates that a resulting loss is incurred.

2 Inventory valuation impact based on the periodic average method

This indicates the impact in terms of income based on the periodic average method, which is an inventory valuation method. In a phase when crude oil prices rise, the cost of sales is pushed down because the unit prices of purchased inventory that have risen during the term are averaged with the lower inventory unit prices at the start of the term. Conversely, in a phase when crude oil prices fall, the cost of sales is increased because the unit prices of purchased inventory that have fallen during the term are averaged with the higher inventory unit prices at the start of the term.



OIL EXPLORATION AND PRODUCTION BUSINESS



President, Representative Director,
Chief Executive Officer
Cosmo Energy Exploration & Production Co., Ltd.
Katsushi Nishi

In addition to our achievements in oil development spanning half a century, we will strive to expand business based on our trustworthy relationships with Middle Eastern oil-producing countries.

Business Overview

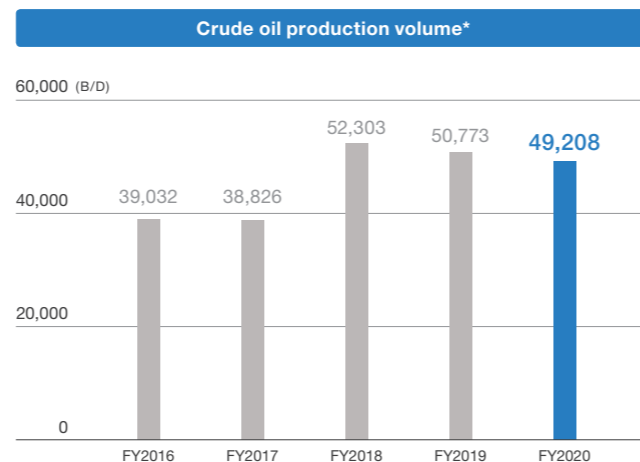
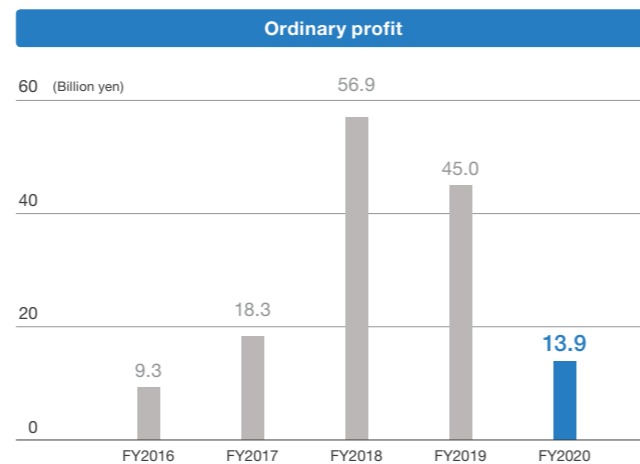
The oil exploration and production business is a revenue driver within the Group business portfolio, and based on the core area of the Middle East, centered on Abu Dhabi, United Arab Emirates (UAE) and Qatar, with which we have established long trustworthy relationships, we are promoting safe and stable operations in existing concession areas.

FY2020 Results and FY2021 Forecasts

In FY2020, ordinary profit declined ¥31.1 billion year on year, to ¥13.9 billion, reflecting the impact of a decline in crude oil prices attributed to the COVID-19 pandemic (Dubai crude oil price in Jan. to Dec. 2020: US\$42/barrel, down US\$22/barrel year on year). In FY2021, we expect ordinary profit to increase ¥19.1 billion year on year to ¥33.0 billion, with the continuation of safe, stable operations and the positive impact of improved crude oil prices (assumed Dubai crude oil price in Jan. to Dec. 2021: US\$60/barrel, up US\$18/barrel year on year).

Ordinary profit

FY2020 results	¥13.9 billion (Down ¥31.1 billion from the previous year)
FY2021 forecast	¥33.0 billion (Up ¥19.1 billion from the previous fiscal year)



* Production volume is the combined production of Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., and United Petroleum Development Co., Ltd., which are the major oil operating companies in the Group.



Identified risks

- Risk of stranded assets associated with energy transition
- Risks related to crude oil prices and production
- Risks related to exploration and development
- Risk of accidents in oil fields and at production facilities



Opportunities

- Realization of stable energy supply in the period of the transition to decarbonization
- Expansion of business opportunities as oil-producing countries develop
- Expectations for the development of CCS and CCUS technologies and business environment



Strengths

- Acquisition of new Offshore Block 4
- Trust-based relationships with oil producing countries for 50 years
- Possession of highly competitive oil fields
- Technologies cultivated through the operation of existing oil fields and the development of the Hail Oil Field



COVID-19 impact and response

- Impact**
- The necessity of infection control measures at operation sites and oil mining plants
 - Decrease in revenue associated with a decline in crude oil prices
- Response**
- Developing and implementing a work-from-home program
 - Reviewing costs to secure profits even with low prices

Business strategy

In the Oil E&P Business, we have identified the following risks: Fluctuation in crude oil prices due to global trends in oil supply and demand as well as political instability in oil producing countries and surrounding countries; possibility that a commercially viable amount of resources will not be found in a newly awarded exploration block; risk of the asset stranding of oil fields (asset holdings) caused by the energy transition as a long-term trend; and accidents at oil fields and production facilities associated with operations. However, as opportunities in the business environment, we expect a need for a stable energy supply in the period of the transition to decarbonization, the continued economic development of oil producing companies, progress in the development of CCS, CCUS, and other decarbonization technologies and the establishment of a related business environment, as they are all aimed at the creation of a

sustainable society. One of the strengths of the Group is our close and trustworthy relationship with the Emirate of Abu Dhabi for more than 50 years since before the UAE was founded. In addition, at the Cosmo Energy Group, we are engaged in the self-operation (operatorship) of fields in the Emirate of Abu Dhabi and other oil producing countries and are achieving stable offshore oil field production using the technological abilities we have cultivated over many years. In 2021, we acquired the new Offshore Block 4. The new block is adjacent to an oil field possessed by Abu Dhabi Oil Co., Ltd., a Group company. We therefore expect synergy, including increased energy supply efficiency, to be created by the joint utilization of production, storage, and shipping facilities. Furthermore, our oil fields including the new block are located in shallow offshore areas, which makes it possible to reduce costs and thereby provides a competitive advantage.

Competitive advantages 1 Acquisition of Offshore Block 4, a new exploration block

Cosmo Energy Exploration & Production Co., Ltd., a Group company, participated in a round of block bidding organized by Abu Dhabi National Oil Company (ADNOC) in the United Arab Emirates (UAE) Emirate of Abu Dhabi, and was awarded Offshore Block 4, an offshore exploration block. Upon acquiring the block, the Cosmo Energy Group established Cosmo E&P Albahriya Limited, a project company, and signed the exploration concession agreement with ADNOC and the Supreme Council for Financial and Economic Affairs (SCFEA). In the Oil E&P Business segment, we have been considering business strategy from a long-term perspective by seeking "added-value projects utilizing the Company's strengths" under the Sixth Consolidated Medium-Term Management Plan. We won the bid for the new block based on our long-term business strategy. We believe that the bid was successful due to the high evaluation of the solid, trust-based relationships we have built in the Emirate of Abu Dhabi, our many years of operating oil fields, and other reasons. Offshore Block 4 lies adjacent to an oil field owned by Abu Dhabi

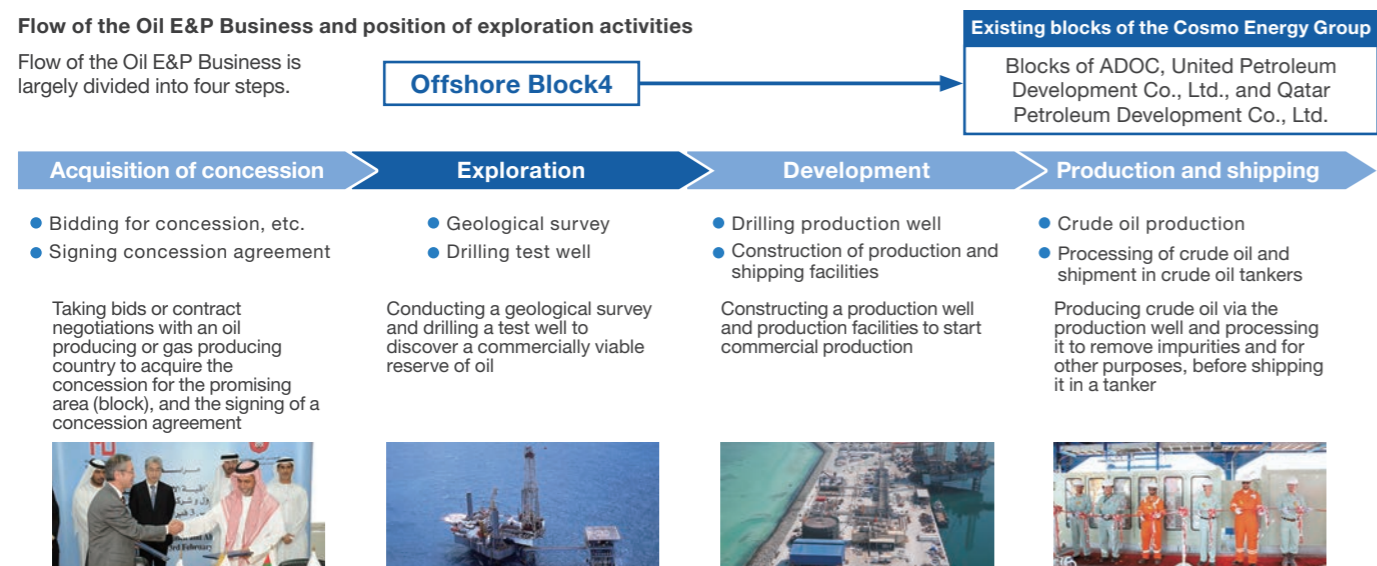
Oil, a Group company. Therefore, we expect that, if we reach the phase of development and production, the shared use of production, storage, and shipping facilities will minimize production and development costs and maximize the synergy of the overall Oil E&P Business segment. With the acceleration of decarbonization and the shift to carbon neutrality by society as a whole, it is anticipated that the demand for oil will decline in the long term. However, the Oil E&P Business will remain important for us at the Cosmo Energy Group from the perspective of our mission to maintain stable supply to meet oil demand, which will remain at a certain level for some time, and from the viewpoint of energy security. Through our business in Offshore Block 4, which is highly competitive, we will efficiently supply oil energy and maintain and increase our competitiveness as we remain committed to producing revenue for the Group. At the same time, we will also consider the development and application of technologies which will be demanded by a decarbonized society, such as CCS and CCUS, toward the realization of a sustainable society in the future.

Features of Offshore Block 4

- Basic information**
 - This block is located in the northern part of the Emirate of Abu Dhabi. Its area is 4,865 square kilometers.
 - It is located in the shallow waters of the Arabian Gulf, which contains an ample amount of oil and natural gas resources and where development and production costs are said to be lower than other areas.
- Competitiveness**
 - The block is adjacent to the Mubarraz Oil Field possessed by Abu Dhabi Oil Co., Ltd. (ADOC), a subsidiary of Cosmo Energy Exploration & Production. Therefore, we expect that, if a commercially viable amount of crude oil or gas is discovered in this block, allowing us to move to the development and production phase, we will be able to utilize the production, storage, and shipping facilities of ADOC, which will enable Cosmo E&P Albahriya Limited to significantly reduce development and production costs and improve the operating efficiency of ADOC.

Flow of the Oil E&P Business and position of exploration activities

Flow of the Oil E&P Business is largely divided into four steps.



Competitive advantages 2 Strong relationship of trust with the Emirate of Abu Dhabi

The relationship between Abu Dhabi Oil Co., Ltd. in the Cosmo Energy Group and the Emirate of Abu Dhabi, the UAE, started in 1967, before the UAE was founded. The strong relationship of trust has been maintained for more than 50 years. The Cosmo Energy Group, has continued safe, stable crude oil development in collaboration with the Abu Dhabi National Oil Company (ADNOC) in the Emirate of Abu Dhabi for more than 50 years. In addition to this operational track record, we have built a multi-layer relationship that is not limited to crude oil development but also involves environmental measures and initiatives for contributing to local communities. This has led us to be highly evaluated as a reliable partner by the Emirate of Abu Dhabi and ADNOC. We believe that this strong relationship of trust with the Emirate of Abu Dhabi is the reason we were selected as the winner of the concession for the new Offshore Block 4. We will continue to strive to remain a friendly, trusted partner of the Emirate of Abu Dhabi.

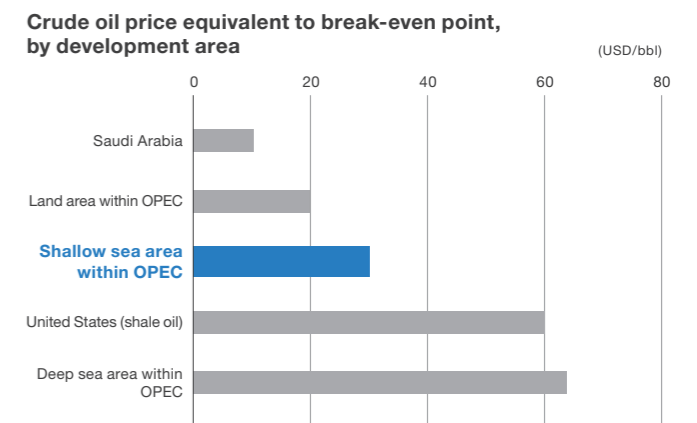


Competitive advantages 3 Self-operation in highly competitive oil fields

The area where the Group is engaged in oil development and production contains traditional oil fields located in shallow seas. They have lower development and production costs and are more competitive than non-traditional oil fields, which are typically deep water oil fields and shale oil fields. As a result, the Group's Oil E&P Business segment secured profitability on an ordinary profit basis, even in FY2016, when the Dubai crude oil price fell sharply to the US\$30 per barrel level. In addition, as an operator (a company that is responsible for performing operations), the Group develops and produces oil in oil producing countries, and has accumulated technology, know-how and experience related to oil field operations. In the case of crude oil production, only about 20% of the crude oil in the oil reservoir can be recovered by means of production based on a flowing well. In order to maximize the oil recovery rate, it is necessary to introduce methods to recover crude oil that suit the features of the oil field. According to the properties of the oil field, the Group uses recovery methods, such as gas injection and waterflooding into the formation to maintain reservoir pressure and maximize oil recovery rates and production. The Group is also actively engaged in overall HSE activities.* Abu

Dhabi Oil Co., Ltd. addresses risks related to occupational safety and health and environmental problems through a wide range of activities, such as formulating HSE education and training plans based on employees' careers and conducting emergency drills.

* HSE (Health, Safety & Environment): This term indicates labor safety and environmental problems associated with business activities. HSE activities are initiatives to deal systematically and efficiently with these problems, reduce risks as much as possible, and enhance corporate value.



* Created based on data from an external research organization. Production cost differs among oil fields.

PETROLEUM BUSINESS



President, Representative Director, Chief Executive Officer
Cosmo Oil Co., Ltd. President, Representative Director, Chief Executive Officer
Cosmo Oil Marketing Co., Ltd.

Yasuhiro Suzuki Koji Moriyama

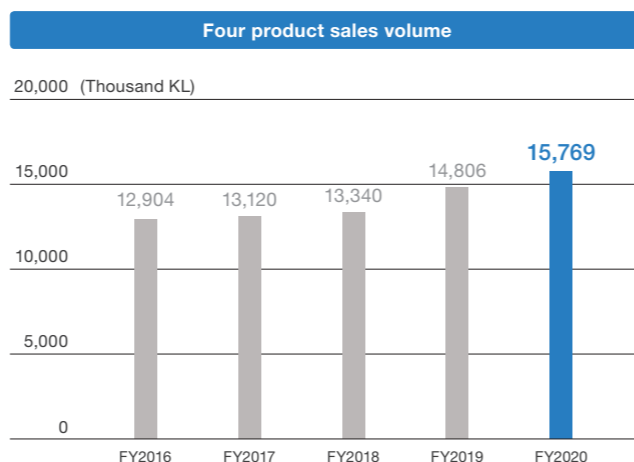
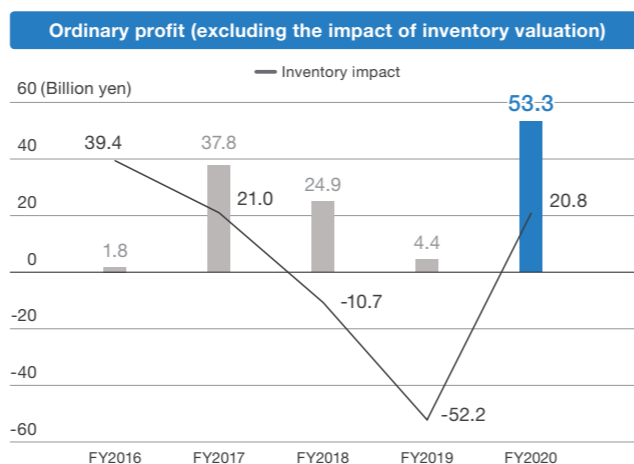
As the production and sales division for petroleum products, we will promote world-class, stable operations and stable supply to customers.

Business Overview

In the petroleum business, Cosmo Oil, a core company of the Cosmo Energy Group, is mainly engaged in crude oil procurement, manufacturing, distribution, and importation and exportation of petroleum products. Cosmo Oil Marketing, which is also a core company, sells Group products, including petroleum products, to corporate and individual customers.

FY2020 Results and FY2021 Forecasts

In FY2020, revenues decreased due to price decreases which resulted from a sharp fall in demand for jet fuel attributed to the COVID-19 pandemic. However, ordinary profit excluding the impact of inventory valuation increased ¥48.9 billion year on year, to ¥53.3 billion, due to an increase in the sales volumes of the four major products that resulted from an increase of supply to Kygnus Sekiyu, as well as the positive time lag in the phase when crude oil prices was rising. In FY2021, ordinary profit excluding the impact of inventory valuation is expected to decrease ¥21.3 billion year on year, to ¥32.0 billion, partly because the positive time lag generated in the previous fiscal year will no longer impact the segment and partly because the cost of refinery fuel will increase due to rising crude oil prices, offsetting an increase in sales volume resulting from a recovery in demand for fuel oil.



*The four products are the main petroleum products (gasoline, kerosene, gas oil, and type-A heavy oil).

Ordinary profit (excluding the impact of inventory valuation)

FY2020 results	¥53.3 billion (Up ¥48.9 billion from the previous fiscal year)
FY2021 forecast	¥32.0 billion (Down ¥21.3 billion from the previous year)

Identified risks

- Risks related to crude oil prices and procurement
- Risks related to petroleum product prices and product demand
- Risks related to accidents at and leakage from refineries and other facilities
- Risks associated with quality issues of supplied products

Opportunities

- Measures for shifting to a decarbonized society (initiatives regarding the shift to EVs, green electricity, and new fuels)
- Changes in workstyle in response to the COVID-19 pandemic
- Changes in demand for aviation fuels attributed to ICAO regulations
- CASE (mobility supply, maintenance, etc.) trends
- Changes in customer trends, digitalization, and the wider use of cashless payments

Strengths

- Maintaining high operating rates at refineries despite declining demand
- Reinforcing connections with customers, and presence of connections with service station dealers
- Development of brand products (Commitment Compulsory Car Inspection, Cosmo Denki (Electricity), Yasashi (friendly) Car Sharing, and Cosmo My Car Lease)

COVID-19 impact and response

- Impact**
- Decrease in product sales volumes associated with a decline in demand for jet fuel and other products
 - Decrease in sales of car care at service stations during the states of emergency
- Response**
- Having many employees, mainly those working at the head office, shift to teleworking-based workstyles
 - Restricting entry of external people and ensuring thorough disinfection of workplaces at refineries, which has kept operations unaffected
 - Continuing to provide support for affiliated service stations (distribution of non-contact infrared thermometers, etc.)
 - Using digital tools to communicate with service station dealers

Business strategy

In the petroleum business, we recognize the following risks: The risk of fluctuation in crude oil prices due to trends in supply and demand, the risk of impact on crude oil procurement due to political instability surrounding oil-producing countries in the Middle East, the risk of fluctuation in petroleum product prices and product demand caused by trends in demand from general consumers, risks related to products and services of the Cosmo Energy Group, and the risk of accidents at refineries and gas stations. However, opportunities in this business environment include demand for measures for the shift to a decarbonized society such as the shift to EVs, the expansion of green electricity, and the development and popularization of new fuels. Other opportunities include changes in customer trends, such as the acceleration of digitalization and the wider use of

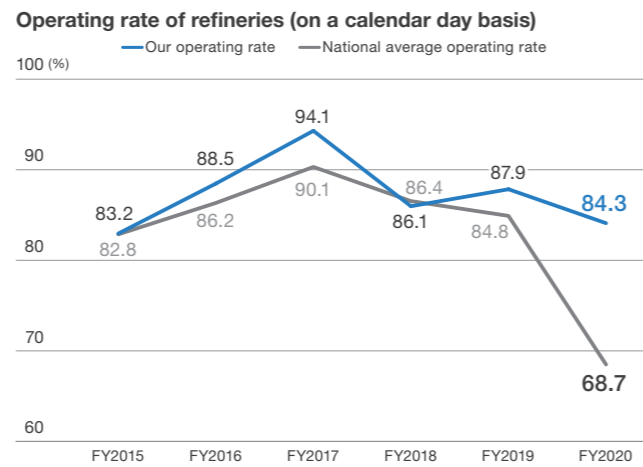
cashless payment services, and changes in workstyles at refineries, service stations, and other places as a result of the COVID-19 pandemic. Our strength in oil refining is that we are able to maintain a high operating rate at our refineries despite the decline in fuel oil demand in Japan because we began supplying Kygnus Sekiyu, moving us to a supply shortage position. In petroleum sales, we are providing value ahead of competitors by developing a variety of brand products that address the diverse needs of customers. Our major brand products include the Carlife Square app, which we developed in response to digitalization, and Cosmo My Car Lease, with which we exceeded 85,000 total contracts as of March 31, 2021. Thus, we are responding to the diversification of car lifestyles.

Competitive advantages 1 Maintaining a high operating rate in a supply shortage position

In the previous Fifth Consolidated Medium-Term Management Plan, we set as one of our main initiatives the task of restoring profitability in the Petroleum Business and worked on structural reforms to secure competitiveness. In 2013, we closed Sakaide Refinery to respond to the Act on Sophisticated Methods of Energy Supply Structures and the medium- to long-term decline in demand. In doing so, we became an organization with three refineries, which has not only reduced fixed costs but also enabled us to maintain a high operating rate of refineries, helping to bolster our competitiveness.

In FY2019, we began supplying fuel oil to Kygnus Sekiyu, which is a major initiative in the ongoing Sixth Consolidated Medium-Term Management Plan. The domestic demand for fuel oil fell sharply due to the COVID-19 pandemic which began later, but we were able to address the situation without lowering the operating rate of our refineries because we had moved to a supply shortage position due to our beginning to supply Kygnus Sekiyu. We believe that, amid the ongoing consolidation of the oil industry, our strategy to emphasize the supply-demand balance, rather than expand in scale through integration, has proved effective.

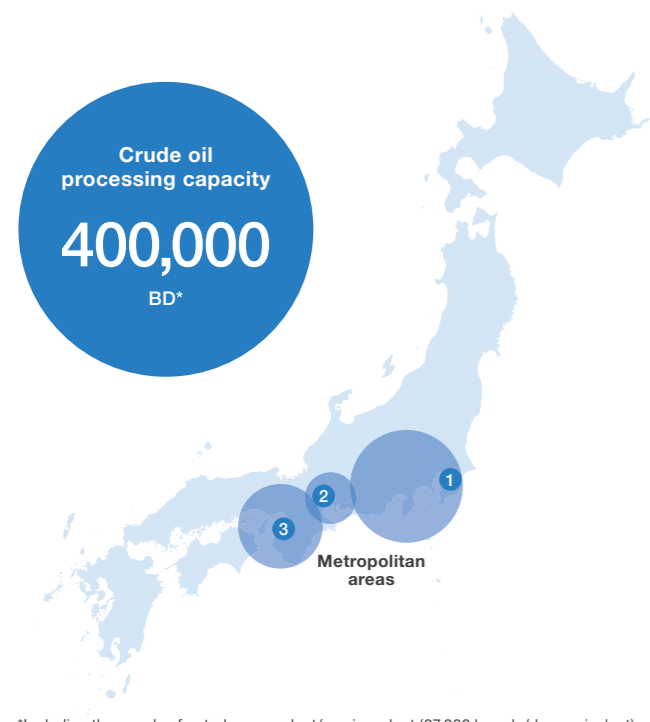
Regarding the impact of the COVID-19 pandemic in FY2021, we basically expect demand for fuel oil to recover, although demand for some types of oil, including jet fuel, will remain sluggish. Against this background, our refineries are planning full operations. We expect that we will be able to maintain a high operating rate by taking advantage of the supply shortage position, which is our competitive advantage, against a certain level of decline in demand.



- 1 Chiba Refinery 177,000 BD**
 - Maximum use of direct desulfurization unit
→ Stable production of IMO regulation-compliant oil
 - Installation of equipment to remove impurities in FCC residual oil (FY2021)
- 2 Yokkaichi Refinery 86,000 BD**
 - Installation of equipment to remove impurities in FCC residual oil (FY2021)
- 3 Sakai Refinery 100,000 BD**
 - Increase in coker capacity from 29,000 to 31,000 BD (FY2019)
→ High-sulfur C heavy oil upgraded to intermediate fractions due to increase (establishment of bottomless system)



Sakai Refinery coker

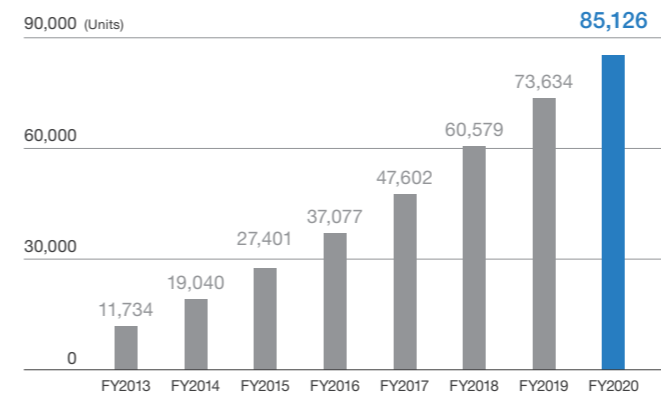


*Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from the Idemitsu Kosan Group (Showa Yokkaichi Sekiyu) based on the business alliance
*As of March 31, 2020

Competitive advantages 2 Strengthening ties with customers by developing brand products

There has been rapid change in the Petroleum Business, in the environment surrounding car lifestyles and mobility. Digitalization in car lifestyles is evolving further due to changes in the social environment, such as the decline in fuel oil demand and in the size of the working population, changes in lifestyles associated with the wider use of digital devices, CASE (Connected, Autonomous, Shared & Services, Electric), and MaaS (Mobility as a Service). The Cosmo Energy Group began digitalization initiatives ahead of others, by developing the Carlife Square app and launching services in August 2019. Carlife Square, an important tool for strengthening digital connections with customers, includes Commitment Compulsory Car Inspection, which enables customers to complete everything from estimation to payment on the app, and various other services such as the provision of discount coupons for gasoline and car care products and information on recommended refueling times. The services have been utilized by many customers since their launch. As of March 31, 2021, the total number of downloads has reached approx. 3.17 million.

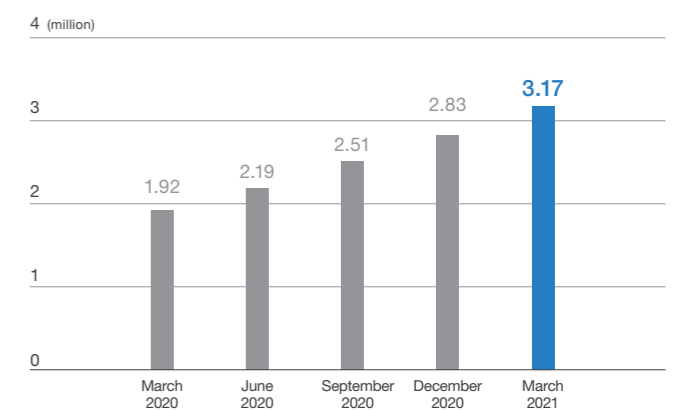
Cumulative Number of Cosmo Car Leasing Contracts



Cosmo My Car Leasing Store shops

In addition, the total number of Cosmo My Car Lease contracts, which have been highly acclaimed by customers since their launch, have exceeded 85,000 as of March 31, 2021. Operating 270 Cosmo My Car Leasing Stores all over Japan as stores dedicated to vehicle sales, we will continue to address the diversification of car lifestyles. In the electricity retail sales business, we are promoting the sale of Cosmo Denki (Electricity) for households. In October 2020, we began selling products through the Cosmo Denki Business, a new plan catering to the needs of all corporate customers by supplying services from low voltage to extra-high voltage power, and Cosmo Denki Business Green, which features the use of virtually 100% renewable energy sources, in response to the growing awareness of climate change and other environmental issues faced by corporate customers. Digitalization is expected to continue and the environment surrounding car lifestyles will continue to change. At the Cosmo Energy Group, we will strengthen our ties with customers and continue to develop and expand brand products, so that we can support customers' car lifestyles and mobility in response to social change.

Number of Carlife Square downloads



Carlife Square App

PETROCHEMICAL BUSINESS



President, Representative Director, Chief Executive Officer
Maruzen Petrochemical Co., Ltd.

Masaru Nabeshima

As the international market expands with population growth, we will make the most of our competitive advantage in petrochemical products.

Business Overview

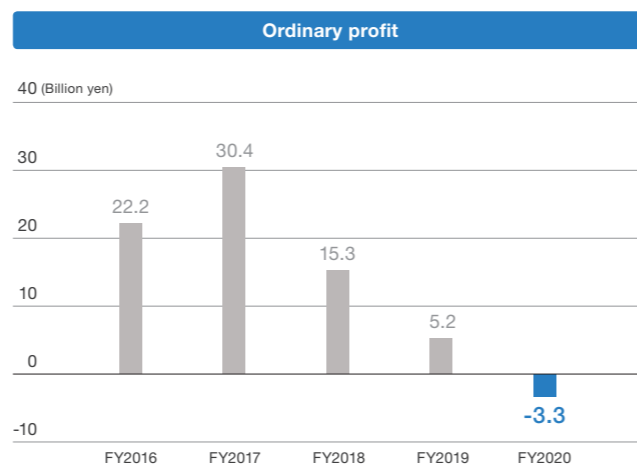
In the petrochemical business, Maruzen Petrochemical, a group company, provides a stable supply of petrochemical products as an ethylene center in the petrochemical complex. In addition, Hyundai Cosmo Petrochemical (HCP), a joint venture with Hyundai Oilbank (HDO), supplies competitive petrochemical products with its Asia-leading para-xylene manufacturing facility.

FY2020 Results and FY2021 Forecasts

In FY2020, ordinary profit decreased ¥8.5 billion year on year, to an ordinary loss of ¥3.3 billion, due to the deterioration of para-xylene market conditions, a decline in sales volume attributed to regular maintenance at Maruzen Petrochemical in the first quarter, and the posting of naphtha that was accepted in the previous fiscal year.

In FY2021, we expect operating profit to increase ¥5.8 billion year on year, to ¥2.5 billion, due to the absence of the decrease in production volumes caused by regular maintenance at Maruzen Petrochemical in the previous year and the elimination of the impact of the naphtha acceptance mentioned above.

In addition, in an initiative promoting synergy with the Petroleum Business, a production facility for hydrogenated petroleum resins is scheduled to begin commercial operation in FY2021 at Chiba Arkon Production, a three-company joint venture involving Arakawa Chemical Industries.



Ordinary profit

FY2020 results	¥-3.3 billion (Down ¥8.5 billion from the previous year)
FY2021 forecast	¥2.5 billion (Up ¥5.8 billion from the previous year)



Identified risks

- Risks related to petrochemical product prices and demand
- Relaxation of supply and demand resulting from new construction/expansion of overseas plants
- Another wave of infection and market fluctuations due to COVID-19 variants



Opportunities

- Global increase in the demand for petrochemical products resulting from a recovery from the COVID-19 pandemic and the increase of the population
- Long-term growth in semiconductor demand
- Acceleration of the global move towards decarbonization



Strengths

- World-leading market share in polymers used in semiconductor photoresists
- Promotion of synergy with the Petroleum Business
- Largest ethylene production capacity in Japan and integrated supply chain
- Increased competitiveness of para-xylene manufacturing facilities enabled by energy conservation and investment increasing production capacity



COVID-19 impact and response

- Impact**
- Decline of demand for some products due to the COVID-19 pandemic
- Response**
- Recommending that departments where such workstyles are possible work from home
 - Having commuters measure their body temperatures, wear masks, disinfect hands, and avoid the 3C's (closed spaces, crowded places, and close-contact settings)

Business strategy

We recognize the following risks in our business environment: A global decline in product prices stemming from the deterioration of the petrochemical product supply-demand balance, the expansion of supply due to new construction/expansion of overseas plants, and market fluctuations resulting from another wave of infection due to COVID-19 variants.

On the other hand, opportunities in the business environment include a global increase in demand for petrochemical products associated with a recovery from the COVID-19 pandemic and population growth in China, India, and other countries, the increase of demand for specialty chemicals associated with the long-term increase of demand for semiconductors, and the acceleration of the

global move towards decarbonization.

The Group's strengths in the field of specialty chemicals enables it to have a world-leading market share in polymers for semiconductor photoresists. We are also advancing a collaborative project to increase the synergy with the Petroleum Business. Further, Maruzen Petrochemical and Keiyo Ethylene together as a single plant have the largest ethylene production capacity in Japan. Our ethylene plant has an integrated supply chain through the pipeline from the naphtha raw material to petrochemical production and sales. Hyundai Cosmo Petrochemical conducted construction at its large-scale para-xylene plant to increase production capacity.

Competitive advantages 1 Continued acceleration of specialty chemical initiatives

The semiconductor market is forecast to grow at an annual rate of 8% to 10%. At present, semiconductor demand is brisk and has been growing at a high rate due to the promotion of teleworking and progress in computerization in response to the COVID-19 pandemic. Demand for PCs and smartphones remains high, and investing in data center has resumed, boosting the markets for 5G and IoT products. Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) plans to start commercial production of its leading-edge 3 nm process nodes in the second half of FY2022. Further, TSMC has also announced its plan to complete a 2 nm process node test production line. Moves like these will continue towards greater miniaturization and higher integration of semiconductors.

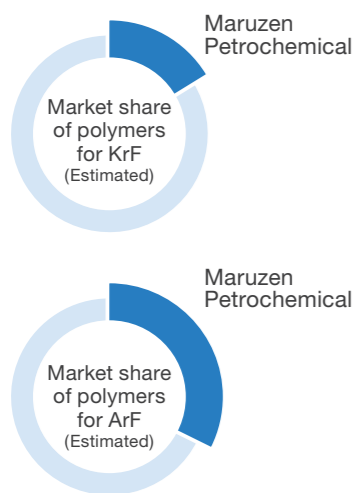
In this environment, Maruzen Petrochemical is expanding our specialty chemical business and manufacturing polymers for photoresists, which are materials for semiconductors. We position this as one of our growth businesses. At present, we boast a world-class market share in polymers for KrF photoresists and ArF photoresists. We are also proactive in the manufacturing and development of leading-edge polymers for EUV photoresists. In FY2020, sales of our polymers used in semiconductor photoresists increased 19% year on year. Thus, we were able to take advantage of the ongoing growth of demand. To catch up with the market growth that is expected to continue, we will formulate appropriate investment plans and address the continuing miniaturization and increasing integration of semiconductors, including our response to the development of

leading-edge 3 nm process nodes. Our polymers for photoresists are made-to-order products. We expect to demonstrate our competitive advantages to maintain stable growth by fulfilling the high customer quality requirements and the customer requests to increase production volume. For this purpose, we will make the appropriate capital investments, increase staff, and take other measures to promote strong supply chain management. To give a specific example, to respond to growing demand for polymers for EUV photoresists, we are planning to secure a clean environment space that is needed to develop polymers for EUV photoresists and introduce advanced analytical instruments at our existing research center.

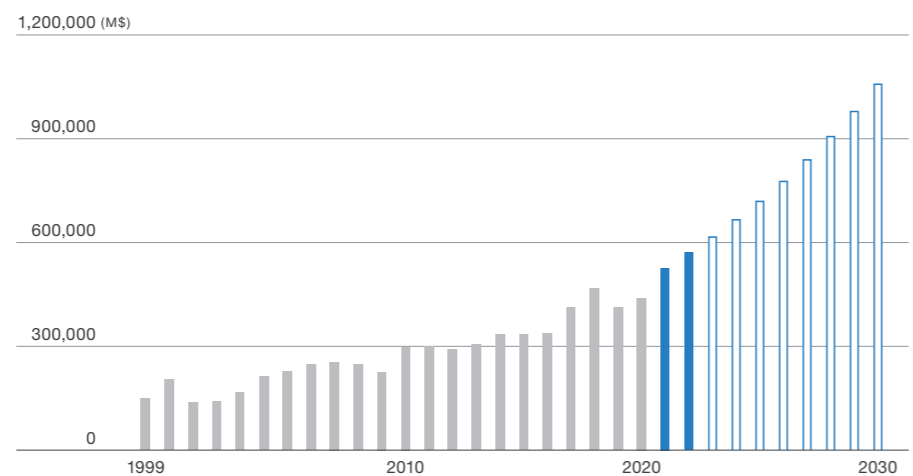


ICP-MS (raw material and polymer product analyzer)

Global market shares in polymers used in semiconductor photoresists



Global semiconductor market forecast



Created by the Cosmo Oil Group in reference to World Semiconductor Trade Statistics

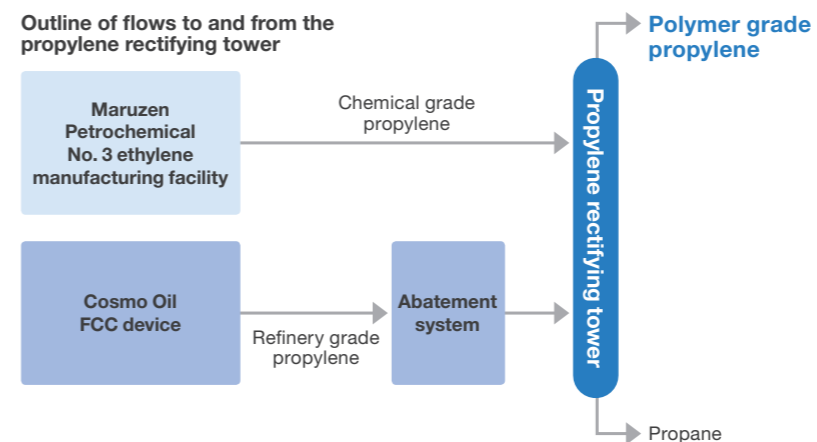
Competitive advantages 2 Synergy with the Petroleum Business

Construction of a new propylene rectifying tower with Cosmo Oil

Maruzen Petrochemical and Cosmo Oil are constructing a propylene rectifying tower as an initiative to produce synergy between the two companies. The tower is scheduled to be completed in the second half of FY2021. This device will enable the high purification of chemical grade propylene (CGP), which is manufactured at the ethylene plants of Maruzen Petrochemical, and refinery grade propylene (RGP), which is a by-product from the fluid catalytic cracking (FCC) device owned by Cosmo Oil

Chiba Refinery, into polymer-grade propylene (PGP). The new propylene rectifying tower is expected to increase the purity and added value of the two companies' propylene. In addition to the above, we are advancing collaborations between the Petroleum Business and Petrochemical Business in various fields, including the accommodation of unused fractions and utilities, optimization using integrated linear programming (LP), and research synergy.

Outline of flows to and from the propylene rectifying tower



Propylene rectifying tower

Production of hydrogenated petroleum resins at Chiba Arkon Production

Chiba Arkon Production, a joint venture between Maruzen Petrochemical, Cosmo Energy Holdings, and Arakawa Chemical Industries, is scheduled to begin the commercial operation of a production facility for hydrogenated petroleum resins in FY2021. Hot-melt adhesives (HMA) for hygiene products, which are used for the assembly of diapers and other products, are a high-growth field. Demand for hydrogenated petroleum resins in this field is expected to grow at a rate of approx. 7% from FY2021 and onwards. The C9 series of hydrogenated petroleum resins from Chiba Arkon Production have greater performance than competitors' products. They are more compatible with many elastomers and more effectively improve adhesiveness. We expect that they will be used as adhesives for products other than hygiene products and for polymer modification as well.



Production facility for hydrogenated petroleum resins

RENEWABLE ENERGY BUSINESS



President, Representative Director,
Cosmo Eco Power Co., Ltd.
Masayoshi Noji

We will work to create a sustainable society by expanding the wind power generation business.

Business Overview

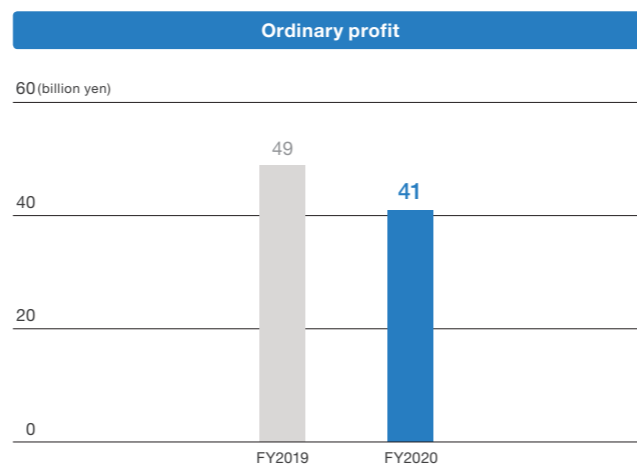
The renewable energy business is building a system that can implement the development of onshore wind power generation sites for the design, construction, operation and maintenance of power plants through Cosmo Eco Power, a Group company. Taking advantage of this strength, we are working to expand our onshore wind power generation business. At the same time, we are actively engaged in offshore wind power projects while legislation regarding these projects is being advanced.

FY2020 Results and FY2021 Forecasts

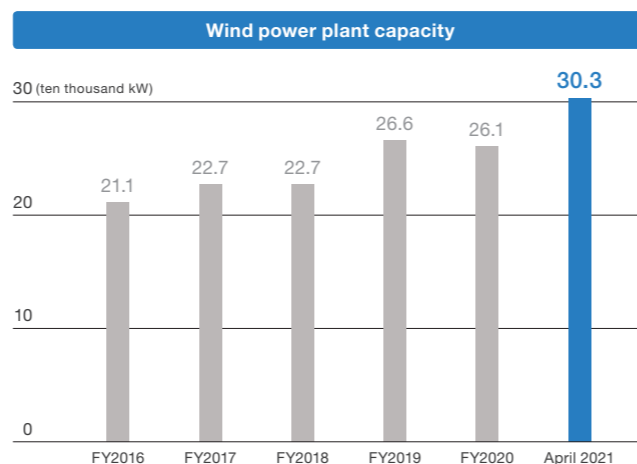
In FY2020, ordinary profit decreased ¥0.8 billion year on year, to ¥4.1 billion, due to the generation of upfront costs (including labor expenses and expenses for development surveys) associated with Cosmo Eco Power's full-scale development of offshore wind power generation facilities. In FY2021, we expect ordinary profit to decline ¥0.8 billion year on year, to ¥3.3 billion due to generation of upfront costs related to the development of offshore wind power generation facilities, offsetting the beginning of the operation of new onshore wind power generation sites (Goto Hassaku-bana site and Chuki site).

Ordinary profit

FY2020 results	¥4.1 billion (Down ¥0.8 billion from the previous year)
FY2021 forecast	¥3.3 billion (Down ¥0.8 billion from the previous year)



Starting at the end of FY2020, we disclose information about the Renewable Energy Business as a single segment.



Identified risks

- Changes to government policies and institutions related to renewable energy
- Decline in profitability resulting from intensified competition
- The offshore wind power generation industry is still in its infancy.



Opportunity

- Renewable energy will be the main power source towards the achievement of carbon neutrality by 2050.
- Government-led promotion of wind power generation (including power grid development, changing rules on power feeding, and the easing of regulations)
- Expansion of offshore wind market (Establishing projects with a total capacity of 10 GW by 2030 and projects with a total capacity of 30 GW to 45GW including floating windmills by 2040)^{*1}
- Expansion of the onshore wind market (Target total capacity of new power plants: 4.4 GW^{*2} in 2020 → 15.9 GW^{*3} in 2030)



Strengths

- Onshore** Japan's first company specialized in wind power generation with a track record of more than 20 years of operation
- Onshore** Already operating projects with a capacity of 300,000 kW, we can expand further by building on our expertise.
- Offshore** Leading the industry, we are advancing multiple projects including offshore sites under construction and projects under development.
- Offshore** Partnership with Iberdrola and acquisition of expertise in overseas operations



COVID-19 impact and response

- Impact**
 - Delay in overseas engineers' entry into Japan and construction delays
- Response**
 - Revising schedules
 - Promoting teleworking and taking measures to control infection at the head office and other business locations.

^{*1} Source: Vision for Offshore Wind Power Industry published in December 2020 ^{*2} Source: Japan Wind Power Association, Nihon-no Furyoku Hatsuden Donyu-ryo (Data Regarding the Increase of Wind Power Generation Capacity in Japan) (as of the end of 2020; revised edition published on March 15) ^{*3} Source: Energy Kihon Keikaku (Soan) no Gaiyo (Outline of the Draft Basic Energy Plan), handout 1 for the 46th meeting of the Strategic Policy Committee of the Advisory Committee for Natural Resources and Energy held on July 21, 2021

Business strategy

Risks in the business environment include the planned launch of the feed-in premium (FIP) scheme in FY2022 in addition to the feed-in tariff (FIT) scheme. Thus, policies and institutions related to renewable energy are expected to continue changing, and we need to respond appropriately to those changes. In addition, as the future potential of the wind power business is known more widely, we will see new companies entering the market one after another, especially in the offshore wind power business. Intensified competition is likely to lower the profitability of the business. We will advance projects by managing risks appropriately, also considering that the offshore wind power industry in Japan is still in its infancy. On the other hand, opportunities in the business environment include the government's target of expanding offshore wind power generation as much as possible to achieve carbon neutrality by 2050, which leads us to expect the rapid increase of large-scale projects. At the same time, it is also expected that onshore wind power generation will expand faster than ever due to power grid development, changes to power feeding rules, the

easing of various regulations, and other changes. Cosmo Eco Power will strive to expand our business further by expanding our onshore wind power business and leveraging our expertise in the business in offshore wind power generation. Specifically, we will advance multiple projects in parallel, including the ongoing projects at the ports of Akita and Noshiro and the project off the coast of Yurihonjo-shi, Akita Prefecture, whose operator is scheduled to be selected through public bidding around the autumn of 2021. Additionally, in the project off the northwest coast of Aomori Prefecture, in which Cosmo Eco Power is the largest equity investor, we have formed a partnership with Iberdrola (Spain), the world's largest wind power generation company. Through this we are striving to improve business viability and increase our competitiveness by acquiring the expertise of an overseas partner. We will continue to strive to expand our wind power generation business, aiming to expand the total capacity of our wind power plants, both onshore and offshore, to more than 1.5 million kW by FY2030 and make wind power generation a pillar of the business that leads the new of Oil & New.

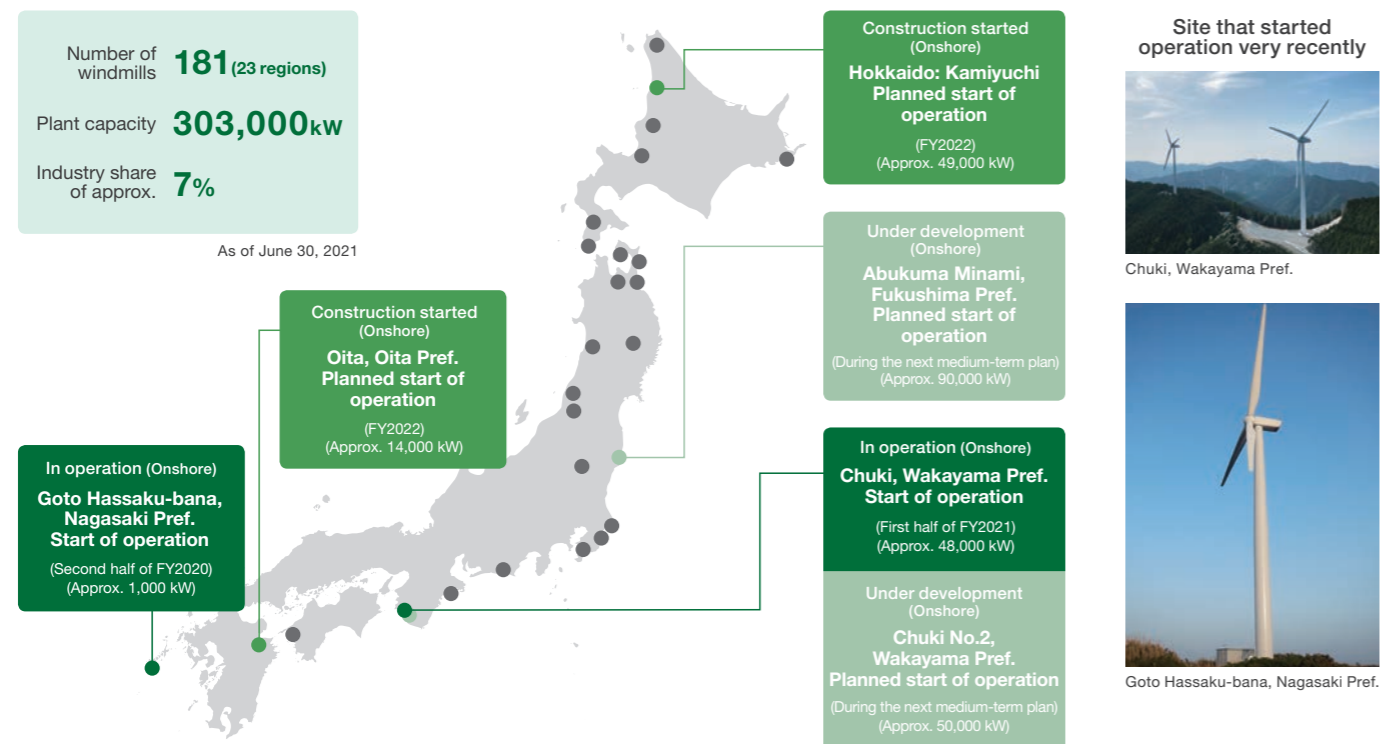
Competitive advantages 1

Efforts to quickly achieve an onshore wind power generation capacity of 500,000 kW and the promotion of site development

Cosmo Eco Power, a Group company, was established in 1997 to be Japan's first company specialized in wind power generation. We have now built a system serving the entire wind power generation process, from site development to the design, construction, operation, and maintenance of power plants. It has developed into a leading wind power generation company in Japan operating 181 wind turbines at wind power plants across the country with a total capacity of 303,000 kW as of April 2021. The company leads the Renewable Energy Business, which falls into the new of the basic Oil & New policy of the Cosmo Energy Group's Sixth Consolidated Medium-Term Management Plan. Its immediate target is the quick achievement of an onshore wind power generation capacity of 500,000 kW. The company is also advancing site development for continued growth. The process of developing an onshore wind power plant begins from the selection of a location with the right wind conditions, which is followed by securing the grid connection right for transmitting generated electricity, and then obtaining the understanding of landowners, local neighborhood associations, and local governments. Cosmo Eco Power has been engaged in site development following this process in various parts of Japan since our foundation. The site development capabilities we have cultivated through our many years of experience is one of the great strengths of the company. At present, onshore site development is steadily progressing. In March 2021, the Goto Hassaku-bana site in Nagasaki Prefecture

began operating with a plant capacity of approx. 1,000 kW. In April 2021, we began operating the Chuki Wind Farm, a large onshore site in Wakayama Prefecture with a capacity of approx. 48,000 kW, increasing the company's total wind power plant capacity to 303,000 kW. In addition, we have already begun the construction of the approx. 49,000 kW Kamiyuchi Wind Farm in Hokkaido and the approx. 14,000 kW Oita Wind Farm in Oita Prefecture. Both are scheduled to begin operating in FY2022. In addition to the above, we will steadily advance our FIT-certified projects, such as the approx. 90,000 kW Abukuma Minami Wind Farm in Fukushima Prefecture and the approx. 50,000 kW Chuki No.2 Wind Farm in Wakayama Prefecture, with the goal of achieving a wind power plant capacity of 500,000 kW as quickly as possible. Further, as mentioned above, the government is expected to lead the promotion of onshore wind power generation with the aim of achieving carbon neutrality by 2050 by implementing more measures encouraging its introduction, such as the development of the power grid, the changing of power feeding rules, and the easing of regulations, with the goal of increasing the total capacity of new energy power plants from the current 4.4 GW (4.4 million kW) to 15.9 GW (15.9 million kW) by 2030. In this environment, Cosmo Eco Power will fully utilize the expertise we have cultivated to date to enhance onshore site development and achieve continued growth.

Map of onshore wind power plants in Japan



Competitive advantages 2

Multiple projects underway toward the goal of being a leader in offshore wind power generation

The environment surrounding offshore wind power generation is changing greatly. In April 2019, the Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities was passed, and the full-scale development of an environment promoting the introduction of offshore wind power generation began under a national government initiative. In December 2020, the Vision for Offshore Wind Power Industry was created by a public-private council including the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure, Transport and Tourism, and private businesses. The Vision for Offshore Wind Power Industry set the high goals of building new wind power plants with a capacity of 10 million kW by 2030, and 30 to 45 million kW by 2040. In addition, the government published its 2050 Carbon Neutral Declaration. Moves like these are generating a tail wind for the Cosmo Energy Group. In this environment, the Cosmo Energy Group has already begun multiple offshore wind power projects. Construction is underway in the project at ports in Akita and Noshiro, which will be Japan's first offshore wind farm in a port area. It is scheduled to begin operating in FY2022. The project off the coast of Yurihonjo City, Akita Prefecture, which is designated as a promotion zone, was tendered publicly in May 2021 and an operator is scheduled to be selected

around the autumn of 2021. Additionally, we signed a joint venture agreement with Iberdrola Renewables Japan K.K., a wholly owned subsidiary of Iberdrola S.A., a major Spanish electric power company that owns one of the world's largest wind power generation facilities for the project off the northwest coast of Aomori Prefecture, which is designated as a promising zone. As a result, Iberdrola Renewables Japan joined the consortium. The partnership with a major overseas company has improved the viability of the project as a business, and wind condition and geological surveys have been steadily progressing. Other than the above, the project in the Akita central sea area, the project off the coast of Yuza, Yamagata Prefecture, and the project off the north coast of Niigata Prefecture were selected as promising zones on September 13, 2021. Moving forward, we will prepare for their selection as promotion zones. We are advancing each offshore wind power project in a locally based manner, aiming for co-existence and prosperity together with local fishery operators and the people of the local community. The Cosmo Energy Group will steadily realize its offshore wind power projects that are currently being developed to achieve a wind power plant capacity of more than 1.5 million kW, including the onshore plants, by 2030, aiming to be the leading company in offshore wind power generation.

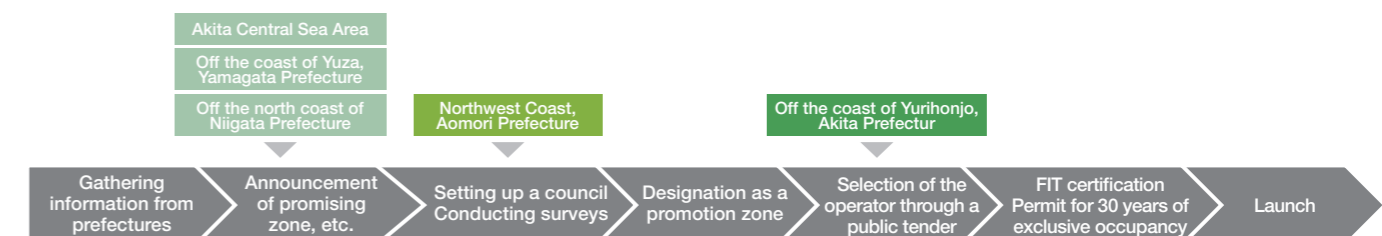
Offshore wind projects in progress

Five business projects are being studied in the Tohoku area

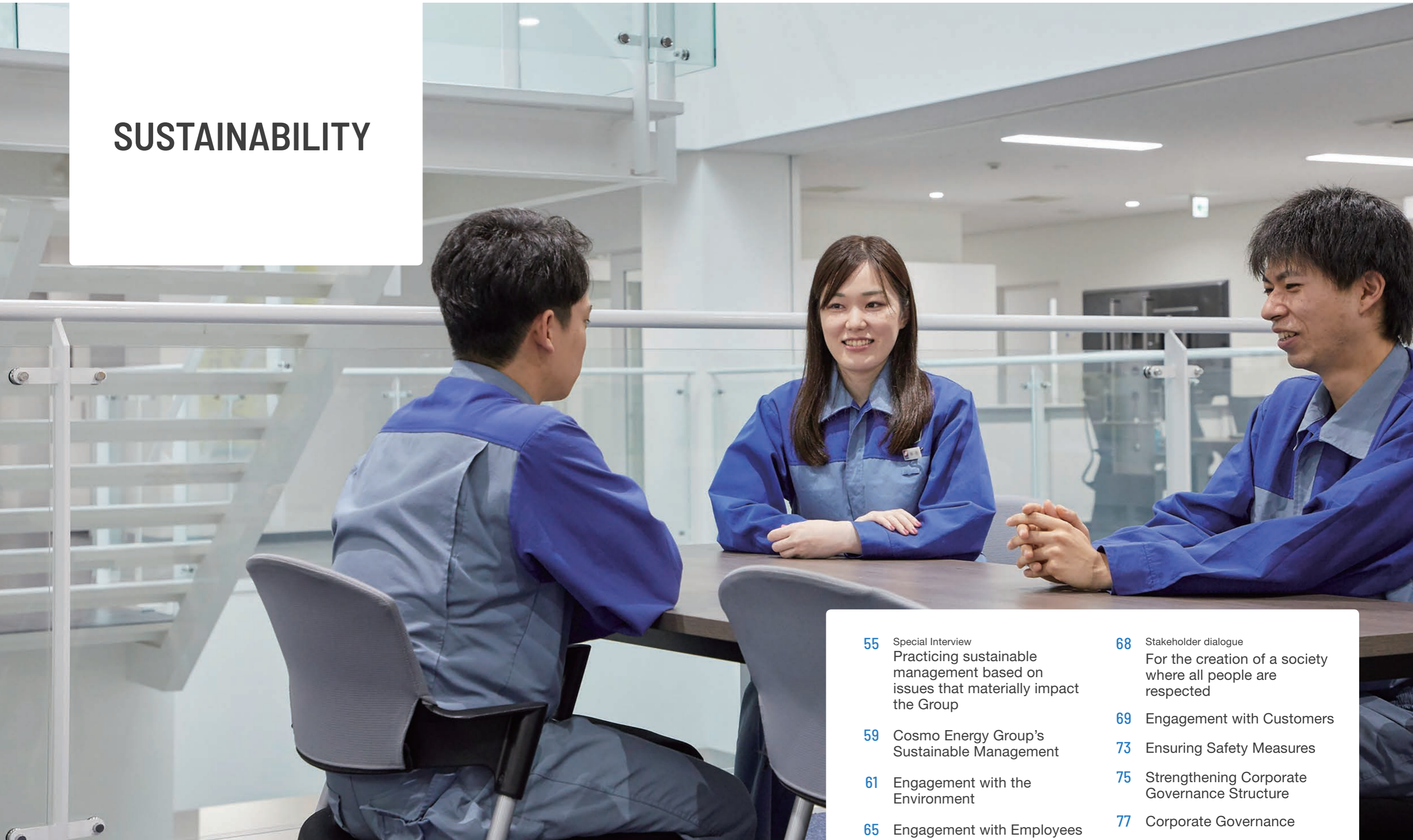
As of September 13, 2021



Process of selecting the operator and progress of each project



SUSTAINABILITY



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Practicing sustainable management based on issues that materially impact the Group
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Special Interview

Practicing sustainable management based on issues that materially impact the Group

Representative Director and Group CEO

Hiroshi Kiriya

Chair, Innovation for Cool Earth Forum (ICEF) Steering Committee
Former Executive Director of the International Energy Agency (IEA)
CEO, Tanaka Global, Inc.

Nobuo Tanaka

Cosmo Energy Holdings engages in dialogue with experts to identify the issues that materially impact the Group. As part of this initiative, we invited Mr. Nobuo Tanaka, the CEO of Tanaka Global, Inc., to talk with our president.

See page 18 for the material issue identification process.

— Mr. Tanaka has held a wide variety of positions in his career, having worked for the Ministry of Economy, Trade and Industry and having been the Executive Director of the International Energy Agency (IEA). He has acquired expertise related to the Group's business environment, so this talk will surely be meaningful. First, Mr. Tanaka, would you begin with a statement about this talk?

Tanaka I think it is interesting to consider issues through discussions with many stakeholders. If you do not talk with your stakeholders, identifying material issues is difficult. You need to listen to the opinions of people outside and inside the company.

Kiriya We are doing this for the first time. Previously, we identified material issues internally as we were formulating consolidated medium-term management

plans. However, we have decided to review the issues and increase the transparency of the identification process in light of the social situations surrounding the Group, which are changing from moment to moment, and the growing importance of sustainability. Internal directors held a lively discussion. While minority opinions were also given, as long as we limit our discussions to inside the company we will end up with conventional thinking. This thinking is based entirely on our own logic. We want to know how things look from outside the company. I feel that it is important to know this. I would like to know your frank opinions.

— What material issues have you identify this time?

Kiriya We started by selecting 154

priority issues from other companies' examples, guidelines, and other sources, based on the GRI standards, the SDGs, and the SASB standards, and other guidance. We then narrowed the list down to 41 candidate material issues. Ten of these issues have been identified as the most important material issues at present. Regarding the environment, the E of ESG, we have selected three issues: product specifications, clean fuel blends and clean technology opportunities. Regarding social issues, the S of ESG, we selected occupational safety & health management and diversity and equal opportunity. The G in ESG is corporate governance, and in this area we selected five issues: safe operations and stable supply, risk management, compliance, structural reform of businesses that are the foundation for revenue, and ethics and integrity. I feel that the company will be in trouble in the future unless we get a handle on these issues. Therefore, we would like to listen to experts' opinions to improve our understanding of these issues.

Tanaka I was surprised that your highest priority is climate change. I think it is great that, even though you are an oil company, you are engaging in activities with the awareness that climate action is the most important material issue. You have formulated the Oil & New strategy and have been making the Oil part as green as possible while expanding the New part. These have been the two pillars of your activities, yes?

— Please tell us about the recent situation surrounding the energy industry.

Tanaka Recently, consumer behavior has changed greatly. Oil has been greatly affected by the new behavior patterns stemming from the COVID-19 pandemic. Therefore, oil companies all over the world face the issue of how to find new businesses as an oil company. I have been looking at energy from the supply side. I feel, however, that hereafter I need to look at it from the demand side. Dr. Fatih Birol, the current IEA Executive Director, says that the Paris Agreement "may be less difficult to realize than before." There are three reasons for this. One is the declining

cost of renewable energy. The second is that more than 120 countries have declared they will achieve carbon neutrality by 2050. The third reason is the decarbonization of businesses. In the United States, the decarbonization movement is accelerating, mainly in the IT industry where Google, Apple, Facebook, and Amazon, called GAFA, are representative. The movement also involves supply chains. These companies are being followed by automakers, which have also begun to publish declarations of their goals for achieving carbon neutrality. This means that suppliers must decarbonize their energy sources in line with the decarbonization on the demand side. In this situation, the companies that supply parts to Apple and Mercedes must make carbon-neutral parts. In this way, the restrictions on both the supply and demand sides will greatly change the energy sector.

— Could you tell us your idea about the catalyst for the revision of material issues in response to this movement, Mr. Kiriya?

Kiriya When we created the current mid-term plan (FY2018-FY2022), we rethought what would happen regarding oil in the future. Although we deal in fossil fuels, we factored the transition to a fossil-fuel-free society and an oil-free society into our long-term vision and there was heated internal discussion about it. While many oil companies turn to gas, this doesn't make much of a difference as gas is also a fossil fuel. An outside director of the Mubadala Investment Company (MIC) in the Emirate of Abu Dhabi also says that we should, "shift to a fossil-fuel-free society." This is why we made the big decision to shift our focus to renewable (energy). Employees accepted this idea smoothly because it is consistent with Cosmo's branding as a company that is focused on the environment. The term material issue was not yet familiar to us at that time. Looking back, I feel it was a discussion that led to the identification of material issues. And we were able to quickly embody that idea during the COVID-19 pandemic. Oil is a

complementary product. Crude oil is refined to produce many petroleum products, such as gasoline, jet fuel, diesel oil, and heavy oil. However, demand for jet fuel dropped suddenly due to the lockdowns and people voluntarily refraining from travel. Gasoline consumption has also been decreasing, which will result in a major change in the composition of oil products. It is difficult to fit the supply into these demand-side changes.

Tanaka The same is true for Abu Dhabi and Saudi Arabia. When Saudi Aramco¹ held a Board of Directors meeting in Tokyo about five years ago, a question was asked: In what year do you think oil demand will reach its peak? U.S. economic analyst and energy expert Daniel Yergin answered, "I think that will happen in 2035." This is common knowledge among energy experts. However, I said, "It could happen before 2030." In fact, recently, some people have said that 2019 might have been the peak year because of COVID-19.

Kiriya I see. To respond to this change, we have recently begun considering hydrogen, ammonia and methanation,² for example. All in all, the conclusion is that going green will require a huge amount of renewable energy. We will increase renewable (energy) while also developing infrastructure for hydrogen and ammonia. We are planning to develop them in parallel, although we have no idea which will remain and which will become the mainstay.

Tanaka You are focusing your efforts on wind power. I think this is the right choice. Above all, there is still significant room for growth in offshore wind power generation, so I personally place a lot of hope on it.

— Mr. Tanaka, you also lecture about gender balance and climate change. What do you think about diversity and equal opportunity, one of our material issues?

Tanaka Every year since 2014, the Innovation for Cool Earth Forum (ICEF) is held in Tokyo as a part of a Japanese government initiative. The purpose of this meeting is to have leaders from all over

the world gather in one place and discuss climate change mitigation through technological innovation. I serve the ICEF as a kind of chairman. Last year, there was a recommendation regarding the possibility of synergy between gender and climate change. The idea is that women will play a great role in the promotion of innovation. A positive analysis suggests that it is not gender neutrality but a larger percentage of women participating that improves climate change strategy performance. It is great that you are working hard on the promotion of diversity and equal opportunity initiatives. You support and have endorsed the TCFD recommendations. I think you will continue to disclose a lot of information including the results of scenario analyses. I think you should include diversity indices in the creation of scenarios and the formulation of business plans and disclose them. For example, you should set a target such as increasing the ratio of women in the Board of Directors to 30%. That will actually give a positive impact in (tackling) global environmental problems. This is my hypothesis.

Kiriyama That sounds interesting. Since I became the president, we have been increasing the percentage of outside directors that are women. This year,

another female director joined us, increasing the percentage to 20%. Adding another woman will increase it to 30%. The presence of women leads to lively, diverse discussions. They provide opinions from different perspectives, which I feel is really good. We would like to reflect gender issues in specific personnel measures.

Tanaka Unfortunately, at energy companies, the percentage of women tends to be low. This is true not only in Japan, but globally. Generally, the number of women is small in the traditional oil and gas industry. However, the opposite is happening in the renewable energy industry, where the number of women is relatively large. It appears that because renewable energy is a new field, it is easy for women to enter it. I think that if you shift to new fields, there is the opportunity to increase the number of women.

Kiriyama In our administrative division, the percentage of women is high. However, in the sales and production divisions, the percentage of men is high. Although half of our customers are women, men are the majority at the sales division. That is strange, isn't it? We would like to promote diversification by improving the gender balance in our divisions.

Tanaka The material issues we have

identified include occupational safety & health management and safe operations and stable supply. Generally, women are said to have a greater awareness of safety and security.

Kiriyama The Great East Japan Earthquake caused an explosion and fire at the LPG storage and shipment facilities at the Chiba Refinery. That made us painfully aware that our highest priority should be safety. If women have a greater awareness of compliance with safety principles, this means that gender balance is important, yes?

— Mr. Tanaka, could you summarize the Group's most important material issues?

Tanaka I think your material issues are right in line with your strategy. Climate change is the most important issue, and product specifications, clean fuel blends, wind power and other clean technologies are connected to it. The biggest job is considering which type of environmentally friendly energy will enable us to profit. Regarding this, we will reflect the changes in demand and consumer behaviors that I mentioned earlier in our decision-making to make the right decisions at the right times. There are many possible scenarios. I don't know what will happen or which of the scenarios will be accurate. If you enter the world of the TCFD, you will

We will promote sustainable management to create a good, sustainable company that fulfills the needs of society.



naturally have to identify scenarios. So you should set parameters in line with each scenario, and the important point is the measures that you take to protect yourself from each risk. Scenario analysis is the key at the present time, when the future is highly uncertain. Accordingly, you should create some high-quality scenarios and discuss what impacts relevant material issues will give on each other and what actions will enable you to address the issues in the future. I think that is the only way to survive. It is wonderful that diversity and safety are positioned high among the most important material issues. Further, I was surprised to see that ethics and integrity is positioned this high. This is rare. Recent political situations in Japan and other countries during the COVID-19 pandemic make us think about what justice is. I feel that ethics and integrity is an unignorable element of corporate activities.

Kiriyama I feel that this is probably a part of our corporate culture. Now, we are promoting sustainable management, but since before we began to do so, I have highly valued the idea of corporate social responsibility (CSR). I think that how a company fulfills its social responsibilities and acts as a good corporate citizen is precisely an issue of corporate ethics. I

believe that this spirit will continue to be important regardless of how the social situation changes.

— Finally, could each of you share a closing message?

Tanaka Thank you very much for creating this opportunity to exchange opinions with President Kiriyama. I think listening to the opinions of external experts like this is very valuable. As I said earlier, when both men and women actively participate in a company, they share different opinions about each material issue. I feel that you will achieve something interesting if you focus on diversity and connect it to other material issues. Therefore, I think that you should formulate plans while keeping in mind the connections or relationships between material issues.

Kiriyama Thank you very much for your very valuable opinions. We believe each material issue is an independent matter, but it is interesting to listen to your perspective, where you see these issues as related to each other. We will create and analyze scenarios with an awareness of the bearing material issues have on each other.

Tanaka Please create a good, sustainable company.

— Thank you very much for your time today.



The ways to identify new businesses in this era of change is an issue faced by oil companies all over the world.

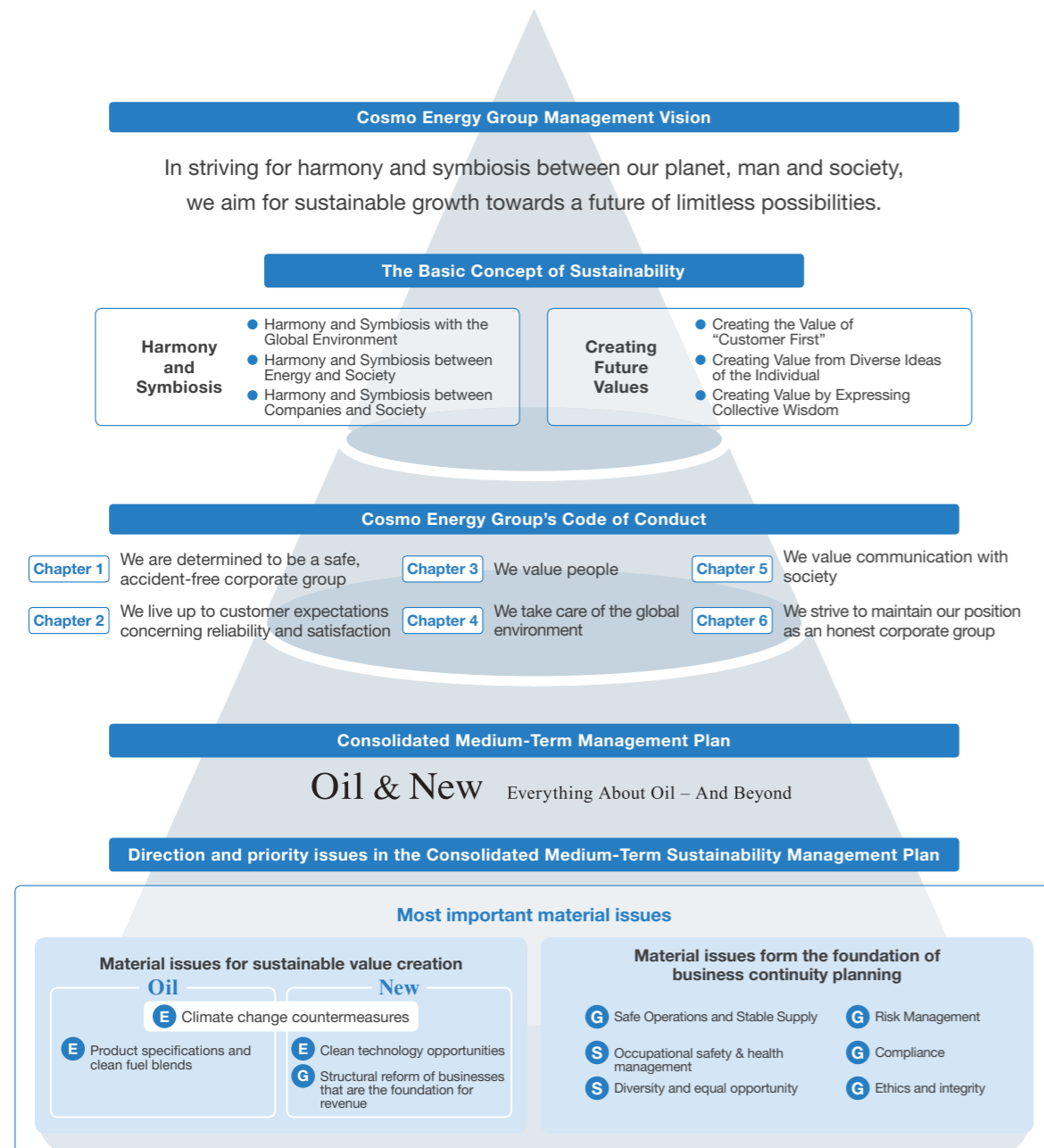
During this talk held on March 8, 2021, sufficient measures were taken to prevent COVID-19 infections.

1 Saudi Aramco: Saudi Arabia's state-run oil company boasting the largest crude oil reserve, crude oil production, and crude oil export volume in the world
2 Methanation: A technology for synthesizing methane from hydrogen and CO₂

Cosmo Energy Group's Sustainable Management

The Cosmo Energy Group Management Vision, "In striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities," incorporating our commitment and passion toward the sustainable growth of our Group and society. Harmony and Symbiosis and Creating Future Values, which are included in the Cosmo Energy Group Management Vision constitute the Basic Concept of Sustainability and show our determination to promote sustainability in our management. Our Group aims to achieve the sustainable growth of both itself and society. Our Code of Conduct, which sets out our Group Management Vision in concrete terms, is the

foundation of sustainability for the Cosmo Energy Group and a base for the behavior and value of our employees. To strengthen our sustainable management initiatives, we have identified the ten most important material issues faced by the Group. Based on these material issues, we are implementing the Consolidated Medium-Term Sustainability Management Plan (hereafter, the "Sustainability Plan"), in which we have set KPIs from an ESG perspective. We are continuously encouraging sustainable management to achieve sustainable corporate value enhancement and solutions to social issues through our business activities.



Message from the Executive Officer in Charge

We aim to achieve a sustainability transformation (SX) that integrates our financial and non-financial goals

Director, Senior Executive Officer
Sustainability Initiative Dept., Legal and General Affairs Dept., IT Strategy Dept.
Yoshimitsu Sunano

We established the Sustainability Initiative Department in FY2020 and have since been working on sustainability management. To place sustainability at the base of our management, the management team has held workshops, and resolutions on identification of material issues, support for TCFD recommendations, and other matters have been passed by the Board of Directors.

In FY2021, to integrate financial and non-financial goals, we established the Sustainability Strategy Committee as a new decision-making body chaired by the president of Cosmo Energy Holdings. We have built a framework for sustainability transformation (SX), in which earning power (economic value) is discussed by the Executive Officers' Committee while the Sustainability Strategy Committee discusses ESG and other social issues (social value) and the future market, so that the Board of Directors makes decisions through the synchronization of financial and non-financial goals.

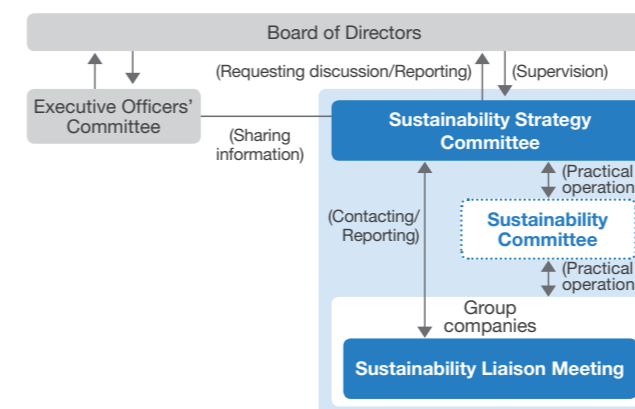
Last year, the COVID-19 pandemic made it difficult to have direct

points of direct contact with people. As a company, we needed to accelerate our digital transformation (DX) to maintain and increase earning power. We have built a system to be our foundation enabling office workers to work from home, in principle. We have also implemented operational reforms and changed the way we communicate with business partners and customers. Moving forward, we will develop our businesses further through our DX, aiming to achieve both social and economic value through strategies such as the utilization of big data to manage plants and reduce their environmental impact and the support of customers' car lifestyles through the development of the Carlife Square app.

Moreover, we will regularly create opportunities for employees to receive education and training to improve their knowledge of sustainability and their ability to apply this knowledge, to establish a culture that enables employees to respond agilely to environmental change. We will also reflect our dialogue with our stakeholders in our actions. This is how we intend to achieve SX.

Structure for promoting sustainable management

In April 2021, we established the Sustainability Strategy Committee. Chaired by the president and CEO, this committee consists of executive officers and our core companies' presidents and the general managers of their planning departments, with the Supervisory Committee members participating as observers. This committee meets at least three times a year, in principle. The management team members discuss non-financial agenda items and monitor the progress of KPIs. In addition, the Board of Directors makes decisions on, and supervises, long-term goals regarding ESG issues and the progress of related initiatives, in response to the content of the Sustainability Strategy Committee's discussions. Beyond the above, the meetings of the Sustainability Committee are managed and attended by the general manager of the Sustainability Initiative Department and the general managers of other departments and offices. Sustainability Liaison Meeting promotes group-wide sustainable management.



Instilling the idea of sustainability internally

Senior management explains the background behind ESG initiatives and their importance in internal training sessions. At the same time, we use internal newsletters, an intranet website, and other media to proactively increase employee understanding of sustainability and ensure the idea takes root in the Group. In every issue of the internal newsletter there is a special feature on sustainable management. We are also engaged in other measures, such as the publishing of ESG episodes in an e-mail magazine. We hold workshops for management and other employees in the form of e-learning with the goal of providing guidance and deepening their understanding to increase our contributions to the solution of social issues through our businesses, in our efforts to improve sustainability literacy.

Participation in the United Nations Global Compact

The Cosmo Energy Group participated in the United Nations Global Compact in 2006. Supporting the Ten Principles of the UN Global Compact related to human rights, labor, the environment, and anti-corruption, we apply a global perspective and demonstrate to society our commitment to the promotion of sustainable management, with the goal of continuing to improve our sustainability activities.





At the Cosmo Energy Group, we have included Harmony and Symbiosis with the Global Environment in the Basic Concept of Sustainability and taken an array of initiatives with the goal of becoming an environmentally friendly energy corporate group.

As the world's attention is being drawn toward initiatives reducing greenhouse gas emissions, we announced our 2050 Carbon Net Zero Declaration.

Here we introduce our energy-saving initiatives and other environmental measures and activities.

Reduction of greenhouse gas emissions

As a part of the sustainability plan, we developed the Long-Term Environmental Vision 2030, consistent with the orientation of the global community and the Japanese government toward realizing a sustainable society. In an effort to contribute to reducing CO₂ emissions, we are targeting a 2 million ton (26%) reduction in emissions by FY2030, compared to the FY2013 level. In addition, we are targeting a 16% reduction in FY2022, the final year of the plan, again compared to the FY2013 level, so that we are proactively engaged in the advancement of initiatives reducing CO₂ emissions. CO₂ emissions in FY2020 were 6.62 million tons, a decrease of 0.84 million tons from FY2013. (The Group-wide CO₂ emissions of 6.62 million tons in FY2020 have received an independent third-party assurance from KPMG AZSA Sustainability Co., Ltd.)

In 2008, Cosmo Energy Holdings acquired a stake in Japan CCS Co., Ltd. and has participated in the practical application of Carbon dioxide Capture and Storage (CCS) technology aimed at

reducing CO₂ emissions.

Cosmo Energy Group's CO₂ Emissions (10,000 ton/CO₂)

	FY2013 Actual	FY2019 Actual	FY2020 Actual	FY2022 Target	Vs. FY2013
Transportation division (crude oil, raw materials and products)	90	75	71	86	-4
Manufacturing division (petroleum and petrochemical products)	676	650	627	598	-78
Other (service stations, research centers, etc.)	4	2	3	4	0
Biofuel (with ETBE) ¹	-7	-13	-14	-15	-8
Expansion of the renewable energy business (wind power generation) ²	-16	-27	-25	-46	-30
TOTAL	746	688	662	626	-120

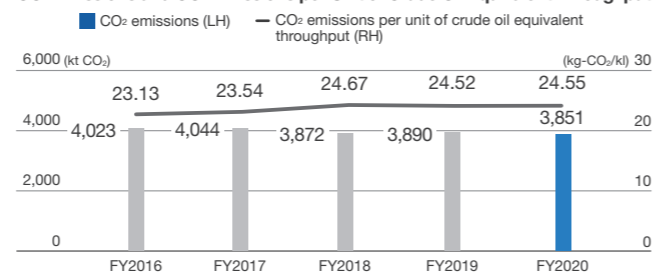
1 The amount due to biofuels is the CO₂ emissions reduction due to the contributions of ethyl tert-butyl ether (ETBE)-mixed gasoline, which is considered to have negative CO₂ emissions.
 2 Expansion of the renewable energy business has been calculated using the total power generation volume multiplied by the alternative value for each year. The figure for FY2022 was calculated by using the FY2016 alternative value of 0.587 kg-CO₂/kWh.
 3 Refer to the Cosmo Energy Holdings' sustainability website for the differences in the methods for calculating CO₂ emissions in Cosmo Energy Group's CO₂ Emissions and the Environmental Impact of Business Activities, disclosed on the website (Japanese).

Energy conservation at refineries

In FY2020, the energy consumption rate increased slightly because of the decline of the operating rate of plants due to large-scale regular maintenance (turnaround maintenance) which offset the improvement of energy-saving activities (including the increase of the capacity of a high-efficiency heat exchanger at Chiba Refinery and the optimization of the temperature at which FCC raw materials are supplied at Yokkaichi Refinery). However, CO₂ emissions were reduced approx. 1% due in part to the decline in the operating rate of a plant which was a result of

the regular maintenance above (turnaround maintenance).

CO₂ Emissions and CO₂ Emissions per Unit of Crude Oil Equivalent Throughput



Reduction of CO₂ emissions by adopting a utility balance optimization calculation system

Refineries use diverse sources of energy, such as steam, electricity, and fuel to operate equipment. A utility balance optimization calculation system calculates optimal balance to minimize energy costs.

Cosmo Oil first introduced the system at Chiba Refinery in FY2018, then at Yokkaichi Refinery in FY2019, and plans to install it at Sakai Refinery in FY2021. We will expand energy efficiency through use of the system, contributing to the reduction of CO₂ emissions.

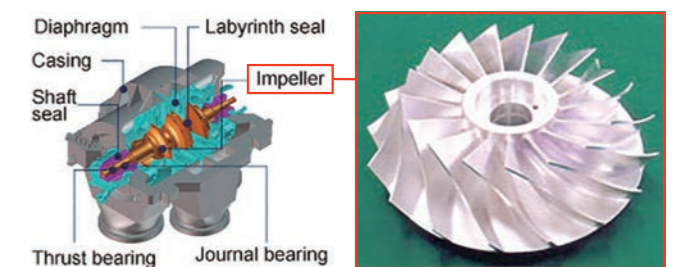
Increase of the capacity of the No.2 Catalytic Reforming Unit's high-efficiency heat exchanger at Chiba Refinery

Chiba Refinery's No.2 Catalytic Reforming Unit had a plate-type heat exchanger. We replaced this heat exchanger to increase the heat-exchanging capacity in FY2020. This has further reduced fuel consumption, contributing to energy conservation and a reduction of CO₂ emissions. We will improve this and other equipment as we work to further mitigate environmental impact.

Maruzen Petrochemical's energy-saving initiative

Maruzen Petrochemical's Energy Management Committee regularly meets as a part of the company's efforts to understand its energy consumption status and encourage energy-saving activities. In addition, the company has set a target of reducing the energy consumption rate by at least 1% per year on a five-year average in accordance with the Act on the Rational Use of Energy. In FY2020, the energy consumption rate worsened significantly due to a decline in production volume because it was the year for the regular maintenance of the No. 3 ethylene manufacturing facility and because inefficient operations were unavoidable due to equipment failure. From FY2021 onward, the company will continue to strive to ensure stable operations and engage in energy-saving activities. The ethylene manufacturing facilities of Maruzen's Chiba Plant uses a large compressor to produce refrigerant to cool the light gas distillate, a by-product of naphtha cracking. The No. 3 ethylene manufacturing facility was renovated. Two-

dimensionally processed impellers were replaced by three-dimensionally processed impellers to enable the more efficient production of refrigerant. This has enabled more efficient operations than before and allowed the company to reduce its energy usage by about the equivalent of 2,300 kiloliters of crude oil per year.

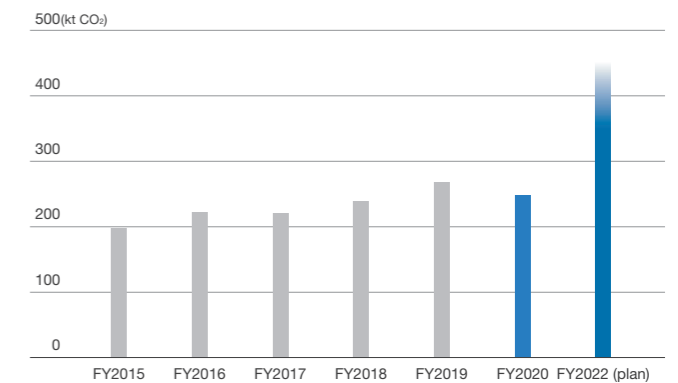


Horizontal split centrifugal compressor Internal blades of impeller
 Source: Mitsubishi Heavy Industries Compressor, Ltd. website

Encouraging the wind power generation business and contributing to the reduction of CO₂ emissions

Wind power is an eco-friendly, clean energy without the need for concern over the depletion of resources or CO₂ emissions. The total wind power generation capacity of Cosmo Eco Power Co., Ltd. in the Cosmo Energy Group reached 303,000 kW as of June 30, 2021, contributing to CO₂ emission reduction and to improvement in the energy self-sufficiency rate of Japan, which highly depends on imported energy. Our strategy is to continue new investment in onshore wind farms and to enter the offshore wind power generation business early. Through expansion of the wind power generation business, we aim to be beloved by the local community and to contribute to realizing a sustainable society.

CO₂ Emission Reduction by the Wind Power Generation



E Engagement with the Environment

Cosmo Denki (Electricity) Green

Cosmo Oil Marketing began to sell Cosmo Denki (Electricity) home-use electricity, in FY2019. Four plans are available to meet customers' diverse needs. In recent years, the number of customers demanding environmentally friendly electricity has been increasing in response to growing concerns about the environment and increasing demand for renewable energy. In response, the company began to offer Cosmo Denki (Electricity) Green, one of the Cosmo Denki (Electricity) products, in December 2019. Cosmo Denki (Electricity) Green provides virtually CO₂ emissions-free electricity from renewable energy sources, which has environmental value (electricity from wind power and other renewable energy sources whose environmental value is endorsed by a non-fossil certificate). By joining Cosmo Denki Green, customers can participate in the Cosmo Oil Eco Card Fund's eco-friendly projects such as environmental preservation and education. Further, in October 2020, the company began to provide the Cosmo Denki Business and Cosmo Denki Business Green services to its corporate customers.* The company also offers a plan supporting the RE100 initiative, an international initiative whose goal is that 100% of the energy consumed by businesses comes from renewable energy sources. This plan

utilizes the electricity generated at the Cosmo Eco Power wind farms. Moving forward, Cosmo Oil Marketing will expand its business of selling electricity to households and corporate customers, thus catering to the electricity-related needs of customers which are broader than ever. The company will supply energy to enter the residential and local energy markets. The company will also support customers' environmental initiatives. At the same time, Group companies will work together in providing clean energy that integrates power generation to retailing, so as to create more value.

*These plans are offered with Cosmo Energy Group company Cosmo Energy Solutions serving as the electricity retailer and Cosmo Oil Marketing as its agency.



Using electricity from virtually 100% renewable energy sources at all service stations directly operated by the Cosmo Energy Group

As its first step towards the Group's achievement of net zero carbon emissions, we are sequentially switching the electricity used at the service stations operated by Cosmo Oil Sales to electricity that is virtually all from renewable energy sources, with the goal of switching all of our service stations to renewable energy. We are the first oil wholesaler in Japan to begin to switch to electricity that is virtually entirely from renewable energy sources, something we will do at more than 600 locations.

A part of this initiative is non-fossil certificates with tracking information linked to the wind energy generated by Cosmo Eco Power. By providing service stations with power that is virtually all from renewable energy sources and whose CO₂ emissions have been offset, we will achieve virtually zero CO₂ emissions from the power consumed by service stations.^{1,2} Cosmo Oil Sales, which is in charge of sales at service stations, operates a total of 605 service stations, vehicle inspection stations, etc. across Japan that consume approx.

40 million kWh of electricity annually.³ As of FY2020, the annual CO₂ emissions due to the power consumption of our service stations was 20,800 tons of CO₂.⁴ In addition, at the Cosmo Oil Sales' Self Pure Shinjuku Chuo location, where this initiative was launched ahead of other locations, the virtually CO₂ emission-free electricity from Cosmo Eco Power wind power plants is also used for the rapid charging equipment for EVs and EV car sharing services.⁵ The Cosmo Energy Group will continue to work to help achieve a sustainable global environment and society by playing a leading role in the spread of renewable energy while also catering to its customer needs.

1 Excluding CO₂ emissions from the use (consumption) of fuel oil and other products sold at the service stations
 2 Electricity combined with non-fossil certificates with tracking information qualify as FIT electricity and other electricity provided by Cosmo Eco Power in the form of specified wholesale supply
 3 As of May 10, 2021, the number of services stations among the 605 directly operated facilities was 589.
 4 Figure as of the end of FY2020 from the page of the Group's website introducing its sustainability activities
 5 This service is provided as Yasashi (friendly) Car Sharing, a car sharing service operated jointly with Homenet Cars Co., Ltd.

Contributing to the decarbonization of the aviation sector with a next-generation aircraft fuel

In 2016, the aviation industry's ICAO set the target of keeping the total CO₂ emissions from international aviation at or below the 2019 level from 2021 onward.¹ Airlines are demanding a stable supply of SAF, a dominant tool for achieving this target.² JGC Holdings Corporation, JGC Japan Corporation, REVO International Inc., and Cosmo Oil Co., Ltd. have begun to work together to establish a model supply chain for bio-jet fuel produced from used cooking oil, which is said to be a highly effective means of reducing CO₂ emissions. Cosmo Oil's expertise in fuel production, storage, transportation, and feeding plays a significant role in the establishment of this supply chain. In addition, because this project uses domestic used cooking oil as the raw material, it

contributes to the domestic circulation of a valuable bio-resource and also prevents the outflow of the resource abroad, which is a side benefit.

In July 2021, this project was selected by NEDO as the Development of Production Technologies for Biojet Fuels and Development of a Supply Chain Model through Demonstration Projects.³ While commercial-scale SAF production and supply have yet to be realized in Japan, our goal is to start the full-scale supply of bio-jet fuel by 2025 through the completion of this project.

1 ICAO: International Civil Aviation Organization
 2 SAF: Sustainable Aviation Fuel
 3 NEDO: New Energy and Industrial Technology Development Organization

Biodiversity Initiatives

Oil development with consideration for the surrounding environment

The Oil Exploration and Production Business entails risks that could affect the environment in terms of its exploration, development, and production processes. We see environmental preservation activities as a priority issue and are promoting initiatives to minimize environmental impact. The Cosmo Energy Group's Abu Dhabi Oil Co., Ltd. recognized the importance of environmental protection and resource conservation ahead of others. The company began zero-flaring operations in which the associated gases from crude oil production are reinjected into the ground, on a commercial base for the first time in the Middle East.* The company has continued these operations. At the Hail Oil Field, where production began in 2017, zero-discharge operations in which the wastewater, waste soil, sewage-containing water and other waste generated during drilling is injected into the ground, were conducted during development because the area surrounding the sea area of the Hail Oil Field is within a UNESCO Biosphere Reserve. In addition, silt curtains were installed to prevent pollution of the ocean from dredging and

disposed dirt as well as muddy water caused by the construction of an artificial island. Moreover, environmental monitoring of air, aquatic life, etc. was conducted, which ascertained that the operation was conducted without environmental impact. Environmentally friendly oil development technology was highly evaluated, leading to the receipt of the FY2018 Achievement Award from the Japanese Association for Petroleum Technology. We will continue to advance oil development with consideration for the surrounding environment.

*Operations in which gasses associated with crude oil production are not burned



Installation of silt curtains



Zero-discharge operations

Environmental protection activities in oil producing countries

Mubarraz Island, where we have oil pre-treating, storage, and loading facilities, is surrounded by a very beautiful ocean. On this island, we are involved in wide-ranging environmental protection activities, including the planting of mangroves and other green development, and the protection of coral and osprey, a rare bird species. On Mubarraz Island, water production equipment is used to produce fresh water from seawater. The fresh water is provided to employee residential facilities and crude oil processing facilities. Further, we have been actively involved in green development on the island, which had previously been a desert island. In order to

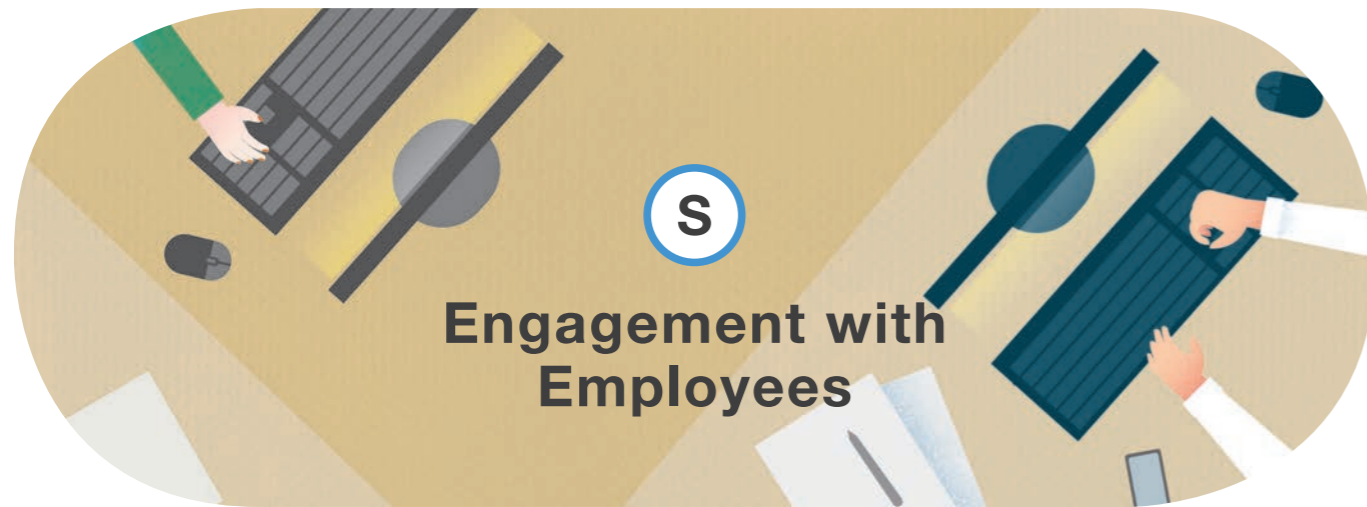
re-use the precious manufactured freshwater, sewage-containing drainage water is treated and used for watering planted trees. On what was once a desert island, cultivated trees sway in the wind, improving the work environment.



Farmed coral



Planted mangroves



We are making efforts to provide a workplace that enables diverse employees to be empowered and facilitates value creation. Goals and KPIs have been set for specific measures in the sustainability plan. Here we present the Cosmo Energy Group's human rights and human resources initiatives.

Human resources development

The Cosmo Energy Group believes that human resources are a source of value creation. We are working on securing and developing diverse personnel who positively and promptly address the changing business environment and create a

workplace that enables diverse employees to be empowered. By combining diverse sources of value, expertise, and experience, we aim to achieve high productivity and create value.

Human resources development programs

- Job-class-specific training**
Based on the role and competency required for each position or job class, employee capabilities are gradually improved through training sessions or OJT.
- Job-specific training**
The knowledge and skills needed for the employee's current tasks are learned and developed through external training and OJT.
- Career design training**
The training is provided to help employees identify changes in the environment, design their careers themselves, and have a successful career.
- Self-development**
Support is provided for the skill development of self-motivated employees and the education for employees to acquire the knowledge and skills needed for work, the development of competency, and similar purposes.
- Education for acquiring basic knowledge**
Basic knowledge and skills needed to work for the Cosmo Energy Group are acquired through training sessions, e-learning, etc.

* These programs are intended for the employees of Cosmo Oil.



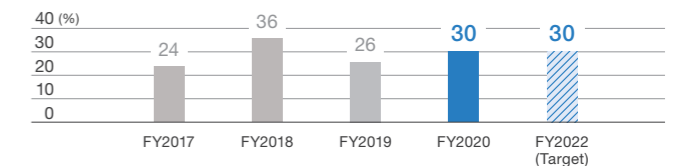
Promoting diversity

To ensure the diversity of our human resources, our first priority is the empowerment of women. Our goal is for women to be 30% of our newly-hired employees (professional staff) and 6% of managers by FY2022. For employees who are concerned about childbirth and childcare, in addition to the childcare leave, benefits that exceed the legal requirements, shorter working hours programs and a telework program are available. We also encourage them to take special paid holidays, such as an anniversary day off and a program offering a leave of absence for childcare up to the child's graduation from elementary school. Partly due to the career support program and the kindergarten search support system, the percentage of employees that return from childcare leave continues to be 100%. We also have systems that enable employees to return to work even when their family situation changes, such as limited workplace, a re-employment system for employees who have retired for childcare or caregiving reasons, and a leave of absence program related to spousal job transfers. Recognized for encouraging employees to balance work and childcare, the Cosmo Energy Group's Cosmo Oil became Japan's first oil wholesaler to obtain Platinum Kurumin certification from the Minister of Health, Labour and Welfare in 2018, under the Act on Advancement of Measures to Support Raising Next-Generation Children. To increase employee awareness of gender equality, we encourage male employees to participate in childcare. We provide a seminar on balancing childcare and work, which is intended for both male and female employees, have partially converted childcare leave into paid leave, introduced childbirth leave as special paid holidays, and inform individual male employees with newborn babies of our programs for balancing work and childcare. As a result, the rate at which childcare leave is taken, which was 3% in FY2015, rose to 32% in FY2020. Believing that it important to create an environment which enables each employee to fully demonstrate their capabilities, we give employees on childcare leave the opportunity to do e-learning and have employees talk with their superiors before and after childcare leave.

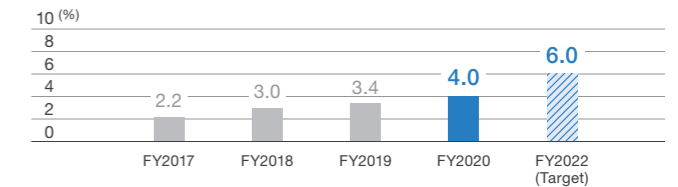
We also provide an e-learning program for employees with

subordinates on childcare leave. Thus, we are committed to taking measures to develop employees' careers that ensure that childbirth and childcare do not put the brakes on their career development. We are also proactively maintaining and increasing the percentage of employees with disabilities. As of June 1, 2021, employees with disabilities are 2.36% of the total workforce (statutory percentage: 2.30%). We will continue to comply with laws and regulations, prohibit discriminatory treatment, provide reasonable accommodation, enhance our consulting system, increase the comfort of our work environment, and encourage the development of a barrier-free mindset by enhancing our internal awareness-raising activities that promote the understanding of people with disabilities, based on the notion of inclusivity, in which people with and without disabilities work in the same workplace, and respect for the independence and dignity of people with disabilities. Through these actions we will continue to work to improve our work environment, where people with disabilities are able to participate actively.

Percentage of Newly-Hired Employees that are Women



Percentage of Female Managers



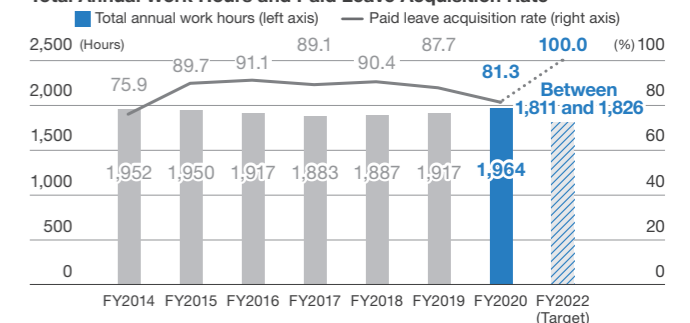
*Employees (professional staff) at Cosmo Oil
*Calculated as of March 31 of each fiscal year
*Managers are those ranked in a position who have subordinates or those in a similar rank, but without subordinates.

Occupational safety & health management

To improve productivity and facilitate employees' work-life balances, we have optimized working hours. We implement an array of initiatives, including encouraging employees to work mornings rather than nights, to take a day for relaxation (no-after-hours workday), and to turn off the lights in the workplace at 8:00 pm (to discourage nonessential, after-hours work). In FY2020, total annual work hours increased because unprecedented measures were necessary to respond to the COVID-19 pandemic, such as preparation and the introduction of new workstyles including working from home. While the COVID-19 pandemic continues in FY2021, employees are more familiar with new workstyles and ways of working, allowing us to believe that the pandemic's impact on work hours has been alleviated. We are continuing to improve

productivity and optimize working hours, with the goal of achieving the FY2022 target for total annual work hours, which is below the prescribed working hours (1,811 hours worked on the day shift and 1,826 shift work hours), and a paid leave acquisition rate of 100%.

Total Annual Work Hours and Paid Leave Acquisition Rate



S Engagement with Employees

Employees' wellness management

Employees' wellness in mind and body and an environment that allows them to maximize their abilities are indispensable to the safe, reliable supply of high-quality products and services. We believe that promoting the wellness of employees and their families is linked to the creation of corporate value. In April 2020, we began to prohibit smoking during work and established a special holiday for complete medical checkups and follow-up examinations. Cosmo Energy Holdings Co., Ltd., Cosmo Energy Exploration & Production Co., Ltd., Cosmo Oil Co., Ltd., Cosmo Oil Marketing Co., Ltd.,

Cosmo Oil Lubricants Co., Ltd., and Cosmo Business Associates Co., Ltd. were recognized by the Ministry of Economy, Trade and Industry (METI) under the 2021 Certified Health and Productivity Management Organization Recognition Program (large enterprise category).



New workstyles

The work-at-home program was extended to all employees (excluding shift workers) in FY2017, and was then expanded into the telework program, enabling employees to work at home and at other locations in FY2019. In FY2020, all employees excluding those who must come to work, such as refinery workers, teleworked during the first state of emergency to prevent the spread of COVID-19. Later, in consideration of the control of infection, work productivity and other factors, we began to permit office workers to work at home up to five days a week so that they are able to select the most efficient workstyle. The ubiquitization of teleworking as a new workstyle led us to reaffirm the importance of management. We therefore engage in activities including provision of training to managers and formulation and application of operational management guidelines. We will continue to prepare for new workstyles in anticipation of the end of the COVID-19 pandemic as well.

In addition, regarding the core time, we abolished the fixed core hours (two hours from 11:00 to 14:00) and made it mandatory to work for at least two hours during the flex hours. This enables us to permit more flexible workstyles with the goal of improving productivity.

In the creation of a good, sustainable company, we introduce systems under which employees are able to actively participate regardless of age, with the goal of building an environment that enables employees to continuously demonstrate their capabilities.

As part of the initiative, we have introduced a new program that assigns senior employees roles and duties equivalent to those they assumed before their reemployment. We have also enhanced programs to permit diverse workstyles, such as a program for employees who are unable to work full time due to their circumstances.

COLUMN

Workstyle reforms implemented through the utilization of IT

To build an IT infrastructure for new workstyles, we have taken an array of tangible and intangible measures. Since FY2017, we have been rebuilding office systems, including our e-mail, scheduler, and online conferencing systems. By the end of FY2019, we completed the Group-wide distribution of PCs with a feature that permitted safe access to our internal network from outside the company. We have also built a system for the remote access of office PCs using tablets and other mobile devices. Some sales departments have been tele-working on business trips using tablets. After the beginning of the COVID-19 pandemic, we further reinforced our network lines and built the same environment for people working in their offices and working externally. This has enabled many office workers to complete their work without coming into the office.

We also worked on operational reforms in addition to environmental improvements. Many meetings, including those of management committees, are, in principle, held online. As a result, we no longer come into offices or print materials for meetings. In addition, some Group companies have significantly reduced the number of tasks for the creation of reporting materials through the use of business intelligence (BI) tools for reporting and sharing business performance indicators. Other than the above, we have implemented RPA for daily routine tasks and introduced an AI chatbot to responding to inquiries about procedures related to personnel affairs. Through these and other initiatives, we have reduced the amount of time spent on back-office operations and enabled employees to have diverse workstyles.

Stakeholder dialogue

For the creation of a society where all people are respected

One of the most important material issues faced by the Cosmo Energy Group is diversity and equal opportunity. We believe that respect for human rights is also important. As a measure helping us ensure diversity, equal rights, and our respect for human rights, we invited Director Atsuko Miwa and Special Project Manager Hideki Matsuoka from the Asia-Pacific Human Rights Information Center ("Hurights Osaka") for an exchange of opinions with our officer in charge of the Sustainability Initiative Department.

At the Cosmo Energy Group, we have been promoting ESG initiatives. We have decided to be more proactive in our ESG initiatives and position sustainability at the core of our management activities. We are taking initiatives to protect human rights by following the Respecting fundamental human rights, Prohibiting discrimination, Prohibiting forced labor and child labor, and other rules in Chapter 3 of the Cosmo Energy Group Code of Conduct. We value people. We have also developed a CSR Procurement Policy, under which we have begun initiatives to ensure respect for human rights throughout the supply chain. We are formulating a new human rights policy. However, we have just begun to work on this issue, and I don't think our initiatives are sufficient yet. Of course, there is a lively ongoing internal discussion, but I believe it is important that it be consistent with the public awareness and not self-righteous. Today, I would like to listen to the frank opinions and advice of Ms. Miwa and Mr. Matsuoka, who are experts.



Director, Senior Executive Officer
Sustainability Initiative Dept., Legal and
General Affairs Dept., IT Strategy Dept.

Yoshimitsu Sunano



Director
Asia-Pacific Human Rights
Information Center

Atsuko Miwa

Concerning businesses' respect for human rights, the United Nations' adoption of the Guiding Principles on Business and Human Rights is itself an extremely important change in that UN has established a common understanding that this issue should be addressed globally by involving national governments. Hereafter, businesses will be required to review all of their corporate activities to ensure respect for and protection of human rights. As your current corporate activities are based on a global network, you need to carefully check your procurement, including the far ends of your supply chain, to make sure that you are not involved in the violation of human rights, and that employment conditions are fair and consider diversity, inclusion and other points. It is important to understand the significant risk that human rights violations pose to companies. Companies may feel this is a burden in the short run. However, you should understand that this perspective is essential for the sustainable global development of a business. As ESG investing gradually becomes established in Japan, human rights are closely related to every ESG initiative.



Special Project Manager
Asia-Pacific Human Rights
Information Center

Hideki Matsuoka

In recent years, human rights due diligence has been a very important task for companies. Before doing your due diligence, you need to establish a human rights policy. Through initiatives like this, you should have a common understanding of human rights, which I think is important. I think that, in Japanese society, the spreading of an understanding of human rights is a task we must accomplish. Human rights are the rights inherent to all human beings. In human rights due diligence, you need to consider how the entire value chain could adversely impact human rights — that is, whose and what rights you are violating or may violate — based on international human rights standards. I hope that your Group will analyze your impact on society and take initiatives accordingly.

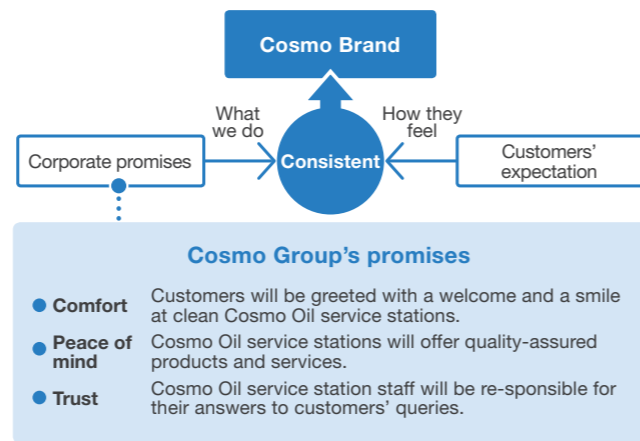


In 1997, we began to send out the message “Filling Up Your Hearts, Too.” More than 20 years have passed since then, but our hope remains the same. Let us present the Group companies’ initiatives to fill the hearts of our customers through the everyday supply of energy.

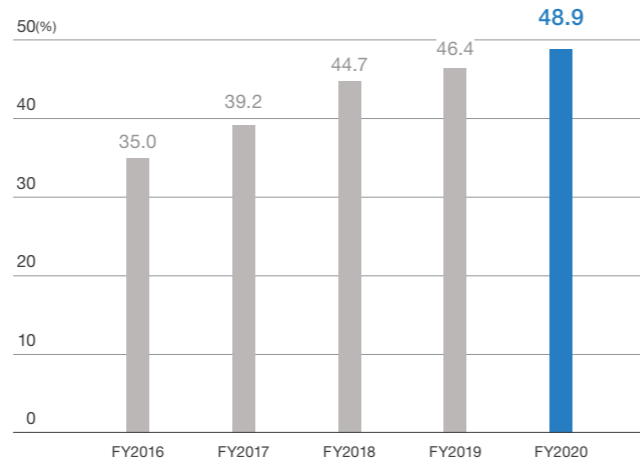
Enhancing customer satisfaction (diagnosis of fulfillment of three promises)

Cosmo service stations strive to fill the hearts of customers based on the three brand promises to deliver comfort, peace of mind, and trust to customers. Three times a year (twice in FY2020), a mystery examiner from an outside investigatory agency explores services at service stations (SS) and provides an evaluation from the customer’s view-point. The SS are encouraged to re-acknowledge the customer’s viewpoint and provide more satisfying services.

Diagnosis of the three promises is a dual-axis evaluation: operation items and impression items (highest rating of “A” for either). The percentage of SS with an AA or A rating for both operation items and impression items increased 2.5 percentage points to 48.9% in FY2021 compared to the previous year. We will aim to raise the ratio of AA-rated SS to fill the hearts of more customers.



Ratio of AA-rated Service Stations in Evaluation



Promoting the installation of charging equipment for EVs

Cosmo Oil Marketing is a frontrunner in the car life business. For example, the company was the first oil wholesaler to launch a car leasing business for individuals at service stations. In addition, the company is creating services for the coming EV society, to ensure that customers' car lifestyles can be fulfilling as promised by the Oil & New Consolidated Medium-Term Management Plan.

As a specific initiative for the realization of the above, the company is working together with e-Mobility Power, Inc. ("eMP") to in-stall rapid charging equipment for EVs at affiliated service stations and develop related services. Having taken over Nippon Charge Service LLC's charging

business, which includes approx. 21,700 EV charging units, eMP operates one of the largest membership systems in Japan. We will offer our car life services to its customer base, which include tire replacement and car washes, to improve user convenience and satisfaction. We plan to install rapid charging equipment for EVs at dozens of affiliated service stations by the end of FY2021.

We will continue to develop mobility services that support a sustainable society, to deliver car life value that is more diverse and more convenient for customers than ever, and earth- and people-friendly.

Development of EV car sharing and mobility businesses

Cosmo Oil Marketing is creating new EV mobility services. In a new venture, the company began providing EV car sharing services at Cosmo Oil Sales' Self Pure Shinjuku Chuo service station.

In April 2021, EVs were added to the lineup of vehicles provided through car sharing services at this service station. These EVs are charged with electricity that is from virtually 100% renewable energy sources (wind power electricity generated by Cosmo Eco Power). This means that charging is CO₂ emission-free, in addition to the inherent feature of EVs not emitting any CO₂ while driving, realizing environmentally friendly car sharing services.

In June 2021, we signed a capital and business alliance agreement with ASF Co., Ltd., which plans, develops, manufactures, and sells EVs. Through this alliance, we will provide light (kei) EVs from ASF via the Cosmo My Car Lease and Yasashi (friendly) Car Sharing services, which are existing Cosmo Oil services. The Cosmo Energy Group will

build a green supply chain by linking power generated from upstream renewable energy sources to the downstream supply of electricity to EVs. We will also introduce more EVs to cater to diverse customer needs, and develop our existing mobility business to achieve carbon neutrality in the future, as we work to achieve continued growth.



Initiatives at Cosmo Oil service stations

1 Petroleum refilling service for customers with disabilities

At some of our service stations, we help customers who are physically challenged refuel their cars. We will continue to expand this service to more of our service stations.

2 Lease of vehicles for persons with disabilities and for nursing care

Cosmo My Car Lease provides lease of vehicles for persons with disabilities and in nursing care to ensure a better car ownership experience.



S Engagement with Customers

Engagement with Customers and Local Communities

The Cosmo Energy Group seeks to proactively communicate with customers and local communities based on Harmony and Symbiosis between Companies and Society, one of the ideas laid out in our Basic Concept of Sustainability.

Cosmo Oil Eco Card Fund

The Cosmo Energy Group has been issuing the Eco Card to cardmembers since 2002. One feature of the Eco Card is that it enables cardmembers to donate ¥500 a year auto-matically to contribute to domestic and overseas environmental activities. There are 64,000 cardmembers as of June 30, 2021. Sources of funding for the Cosmo Oil Eco Card Fund include donations from cus-tomers, such as Eco Cardmembers, sub-scribers to the Cosmo Denki Green plan, and people donating through the Carlife Square app, as well as the Group. In FY2020, the fund supported 18 projects operated by 16 organizations. We published Thank you Press2021, a re-port of our FY2020 activities. We also formulated and announced the Cosmo Oil Eco Card Fund Medium- to Long-Term Vision for its 20th anniversary in 2022. In the next 20 years, we will continue these activities while continuing to value and develop our ties with our members and partner organizations, to ensure that our slogan, "Living on the Earth Forever," be-comes a reality, and our visions are achieved, as we continue towards our goals of solving issues including climate change.

Cosmo Oil Eco Card Fund Annual Report 2021
<https://ceh.cosmo-oil.co.jp/company/publish/ecoreport/index.html>

Cosmo Oil Eco Card Fund Medium- to Long-Term Vision
<https://ceh.cosmo-oil.co.jp/company/publish/ecoreport/index.html>

Cosmo Waku Waku Camp

The Cosmo Waku Waku Camp is a core social contribution program provided by the Cosmo Energy Group. It is a three-day summer-holiday nature camp for elementary school students who have lost one or both of their parents in a traffic accident and are registered in the National Agency for Automotive Safety and Victims' Aid supporters' club. As a corporate entity engaged in a motorized society, we have continued to implement this program since we introduced it in 1993. In FY2020, we canceled the camp due to the COVID-19 pandemic. To ensure the program continues, we shot a video showing activities in Minamiboso City, Chiba Prefecture, where the camp is held. We distributed DVDs of this video to children as gifts. We are also planning to use the video to increase participation in the future. We will continue to provide children with opportunities to interact with friends and appreciate the natural environment. At the same time, we will ensure the program leads to the increase of employee awareness, including the development of new values and the promotion of diversity.

Preparing meals outdoors

Shooting the video

Cooperating with the Emirate of Abu Dhabi in the field of education and the promotion of understanding between Abu Dhabi and Japan

The Cosmo Oil Group contributes to the education of people in UAE in many ways beyond the operations of the Oil E&P Business in the Emirate of Abu Dhabi. We engage in a wide range of activities, in-cluding the provision of Japanese language education to local high school students, educating UAE children at the Japanese School in Abu Dhabi, and admitting uni-versity students from the country for training in Japan. Since September 2011, together with the Ritsumeikan Trust, we have been operating a Japanese language education program at Applied Technology High School, a royal high school in the Emirate of Abu Dhabi. We send three Japanese language teachers to the school and financially support the program. As of June 2021, a total of 143 students have completed the three-year program, and 19 of them have come to Japan to study at universities.

We hope that these initiatives will help UAE students deepen their understanding of Japanese language and culture and enable them to develop into human resources who can be a bridge between the two countries, leading to the continued development of the multi-layered cooperative relationship be-tween the Cosmo Energy Group and the Emirate of Abu Dhabi and between the country and Japan.



The Applied Technology High School graduation ceremony held online in June 2021. The school is a royal high school in the Emirate of Abu Dhabi.

Cosmo Group companies' communication with local communities

Cosmo Eco Power

Cosmo Eco Power has implemented the Hashiru Bijutsukan Project (mobile art mu-seum project) in Minatomachi, Aizuwaka-matsu-shi, where the Aizuwakamatsu Wind Farm is located. In this project, an EV op-erated by Minato Bus in Minatomachi as local demand-responsive transport was decorated with art created by local residents. The body of the vehicle became gallery walls on which the art of 16 four- to six-year-old children from a local nursery school were displayed.

A ceremony was held in Minatomachi on the day when the exhibition began. The children who drew the pictures and local people who support the company every day were invited to the ceremony. Cosmo Eco Power will plan and advance initiatives for enriching communication locally and helping revitalize local com-munities, together with local residents.



*Minato Bus is a local demand responsive transportation service that has been operated since 2017 by Minna-to Minato Machizukuri Network, an NPO. It is a free transport service used to travel around the area, including travels to bus stops, and for the transportation of vegetables and other purposes. Cosmo Eco Power supports this service, including its provision of financial support for the purchase of the vehicle and provision of electric power for the vehicle using the rapid charging equipment installed at its substation.

Maruzen Petrochemical

By clarifying its attitude as a good corporate citizen underpinned by the desire to create a rich society, based on its corporate mission, Maruzen Petrochemical is continually en-gaged in various initiatives to contribute to the development of local communities. The company's Chiba Plant, Denka Co., Ltd., and Showa Denko Materials Co., Ltd. invite children from Goi Elementary School for a visit to the companies' plants every year. In FY2020 and FY2021, due to the COVID-19 pandemic, the tours were canceled and only commemorative gifts were given to the children. In

addition, upon request from the Economic Division of the Ichihara-shi government, the manager of the company's General Administration Section presented information about the Goi complex to first-year students at Chiba Prefectural Ichihara High School. In FY2020 and the first half of FY2021, many annual events held jointly with local communities were canceled due to the COVID-19 pandemic. However, we will continue to engage with and contribute to local communities while ensuring that our operations continue safely and stably.



Ensuring Safety Measures

The Cosmo Energy Group has made safe operations and the stable supply of energy one of its most important material issues.

We have intentionally included ensuring safety measures in the governance items as an important foundation for improving our corporate value. We have set KPIs in the sustainability plan and are reinforcing our safety management structure.

Safe operations and stable supply

Chapter 1 of the Cosmo Energy Group Code of Conduct states, "We are determined to be a safe, accident-free corporate group." Our sustainability plan includes preventing work-related accidents and preventing major accidents as targets for ensuring safety measures, and we have been proactive in implementing safety measures. In FY2020, there was no major work-related accidents or major accidents at the Group. However, the number of non-major work-related accidents increased from the previous year. We are therefore taking measures to prevent their recurrence by determining the causes of those accidents. Our refineries and plants achieved zero serious accidents,

including zero serious labor-related accidents. In FY2021 Cosmo Oil, which possesses refineries, is continuing to execute safety management procedures by using the frequency rate* of lost-worktime accidents and injuries, the rate of unplanned stoppages, and the number of days of stoppage of incoming and outgoing shipments as management indicators. In addition, the company strives for safe operations and stable supply by establishing good workplaces and work environments and by managing the Operational Management System (OMS).

*Frequency rate represents the number of casualties from work-related accidents and injuries in one million work hours and indicates the frequency of occurrence of accidents and injuries.

Cosmo Energy Group's Number of Work-Related Accidents	FY2018		FY2019		FY2020	
	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work
Accidents during work	37	83	13	85	33	95
Accidents during commuting	9	22	11	13	12	19
TOTAL	46	105	24	98	45	114

(Supplement) Including accidents that occurred at subcontracting companies

Quality assurance: enhancing the quality assurance structure

With the objective of the economical, stable supply of safe products that fulfill customers' requirements for quality, Cosmo Oil and Cosmo Oil Marketing have a CS and Quality Assurance Committee to decide on a quality assurance policy and encourage related activities. The CS and Quality Assurance Committees of the two companies worked with the Sustainability Strategy Committee of Cosmo Energy

Holdings to establish the quality assurance structure of the Cosmo Energy Group. Cosmo Oil engaged in quality management activities by setting the prevention of serious product (quality) accidents as a KPI. In FY2020, our refineries and oil depots had no serious quality-related issues and continued to record no shipments of non-conforming products.

Certified as super nintei jigyoisha, a business operator with high-level voluntary safety activities (Chiba Refinery)

In April 2021, Chiba Refinery was certified as a super nintei jigyoisha (tokutei nintei jigyoisha). In this special certification program, the Ministry of Economy, Trade and Industry certifies businesses which have achieved high-level

voluntary safety activities, through activities such as the utilization of big data, high-level risk assessment, and the third-party evaluation of safety capabilities. Chiba Refinery is the first in the Group to be certified under the program.

Benefits of being certified

Category	Conventional certification program	Super Nintei certification program
Period of continuous operation	Fixed (2 years/4 years)	Arbitrary with an upper limit of 8 years (The business operator is allowed to set the period on their own in accordance with risks.)
Completion inspection/safety inspection methods	Methods specified by the Minister of Economy, Trade and Industry	Wider inspection method options (To be determined by the business operator)
Equipment renewal (Same specifications)	Prior permission required	Prior permission not needed in a wider range

The benefits described at left enable more flexible, efficient business operation than before. They also lead to the greater competitiveness of the refinery. Our ability to obtain the certification of the Chiba Refinery, which has the largest refining capacity among Cosmo Oil's refineries and is located close to the Greater Tokyo Area.

Initiatives for obtaining certification

At Cosmo Oil's refineries, we have been carrying out and continuously improving safety management activities to achieve a level of safety that exceeds the global standard, with an Operation Management System (OMS) that is the foundation of our operating base, in our efforts to improve our safety capabilities. As part of these initiatives, we took the measures described at right at the Chiba Refinery. We will continue to take actions to remain a safe, accident-free corporate group as set forth in the Cosmo Energy Group Code of Conduct, as we work to eliminate imperfections. At the same time, we will contribute to the enrichment of customers' lives through safe operations and a stable energy supply.



Chiba Refinery



Use of drone technologies

1 Autonomous safety management activities

We have established various autonomous safety management activities with the goals of ensuring that operations are safe and eliminating work-related accidents. We also take measures to develop workers' risk sensitivity, including systematized risk assessment training.

2 Enhancing measures to develop specialized human resources

We are enhancing measures to develop specialized human resources capable of assessing the safety of refining equipment, including assessing the risk of fire and other problems in the refining process, assessing the need to maintain various equipment, and plant safety management.

3 Measures to prevent major accidents

We conduct disaster drills that assume the occurrence of major accidents, assess risk and simulate emergencies. We have also introduced a method of evaluating the frequency of occurrence of accidents and the probability of failure of equipment to prevent these accidents and create analyses with clearer technological grounds.

4 Implementation of advanced technologies

To automate our voluntary safety activities and increase their sophistication, we are demonstrating a monitoring system that uses drones to patrol and inspect equipment and high places in plants. Further, we are proactively introducing advanced technologies, such as our online pipe monitoring system that collects data about pipe wall thickness to improve equipment reliability.

Ensuring safety measures by Group companies

Cosmo Eco Power

Cosmo Eco Power, which is engaged in the wind power generation business, performs regular check-ups, responses to malfunctions or issues, and 24-hour remote monitoring to operate wind farms safely and efficiently. Based on past records and experience, we estimate potential issues and timing and focus on preventive maintenance comprising the replacement of certain components ahead of any long suspension in operation.

Maruzen Petrochemical

Maruzen Petrochemical declares in its management principles that "Our goal is to be the number one company in safety" and

believes that safety is its top priority and its corporate mission. The company also pledges in its Action Standard (CC10), which it has established, to strive to predict risks of accidents or incidents and prevent their occurrence, thereby continuing to achieve zero accidents or incidents.

The entire company, including Chiba Plant and Yokkaichi Plant, is promoting concerted safety management efforts focused on process safety, disaster prevention, labor, and logistics, which are called "the Number One Safety Activity."

The company will continue safe, stable operations and thorough safety management while taking measures to control COVID-19 infections which have been a concern since 2020.



The Cosmo Energy Group's most important material issues, the foundation for business continuity, include ethics and integrity, risk management and compliance. We will work to sincerely address material issues and reinforce our governance structure to improve our corporate value. We have set KPIs in the sustainability plan, under which we promote the development of a corporate culture of integrity and reinforce our internal systems and compliance structure.

Risk management

The Cosmo Energy Group is strongly committed to the stable supply of energy, and we held Safety and Risk Management Committee meetings twice in FY2020 to enhance risk management. The Committee discussed risks and safety policy for the entire Group and checked the progress of related actions. The three core operating companies and semi-core companies have their own risk management committee or a similar organization. In accordance with businesses and

functions of each company, these committees check initiatives taken for their respective, inherent risks, develop safety measures, manage the progress of safety activities, and engage in other activities to promote risk management. Similar risk management is also promoted at Group companies and reported to the core operating companies and semi-core companies supervising them. We are making risk management efforts in a Group-wide manner with strong, autonomous governance.

Group-wide risks and responses

At the Cosmo Energy Group, we have set the enhancement of selection of priority risks and responses as a KPI for risk management in the sustainability plan. In FY2020, we

selected the following five items as Group-wide risks and addressed them steadily.

FY2020 Group-wide risks	Tasks	Actions taken	Evaluation
Media-response training in emergencies	Conduct practice training for the President and directors	Lectures were held for directors and executive officers at the head office instead of practical training (May 27, 2020).	×
Revision of manuals concerning new types of influenza	Take the following measures after the COVID-19 pandemic has calmed down <ul style="list-style-type: none"> Expanding the manuals to all Group companies Revising the manuals 	These actions were not taken because measures to address the COVID-19 pandemic and prevent infection (minimization of risk and prevention of infection) were prioritized.	×
Measures to enhance earthquake BCP	Obtain an "S" rating in the review by METI	Obtained an "S" rating in the review (March 11, 2021).	○
Elimination of harassment	Provide training to increase awareness of harassment, especially managers' awareness	Expanded the training program to all Group companies and held corporate ethics training for line managers (February to March 2021).	○
Elimination of work-related accidents	Increase measures to reduce work-related accidents at all Group companies Share measures to reduce the number of work-related accidents throughout the Group	Identified problematic points in work-related safety management and clearly defined the work-related accidents that should be managed. To wake people up to the dangers of heat stroke, provided information about measures to prevent heat stroke, which also involve measures addressing COVID-19, in response to the increasing frequency of summer heat waves.	○

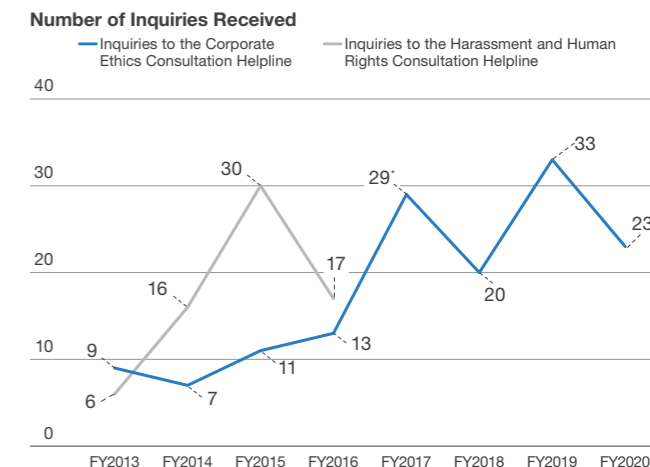
Compliance: corporate ethics promotion structure

At the Cosmo Energy Group, actions to be taken and rules to be observed by all officers and employees in their daily operation to achieve the sustainable growth established in the Cosmo Energy Group Management Vision, are set forth in the Cosmo Energy Group Code of Conduct. To improve the ethics of each individual employee, we develop, implement, and assess measures, including corporate ethics and human rights training for all employees of the Group. The Cosmo Energy Group Corporate Ethics Consultation Helpline, through which employees' misconduct such as violation of laws and corporate rules, as well as ethical issues can be reported or discussed anonymously, was formed within the Corporate Ethics Office and at an outside law firm. In FY2020, the Helpline received 23 inquiries (11 inappropriate actions and 12 cases of consultation on harassment). On the Harassment Consultation Helpline, which was formed outside the group in FY2018, outside experts respond to consultations on workplace interpersonal issues, including sexual or power harassment. Counseling by outside experts is expected to have a positive impact in preventing mental disorders and helping people find prompt solutions in work environments.

Details of the reported and discussed issues and the

response are regularly forwarded to Directors who are Members of the Supervisory Committee of the Company. Efforts will be made for continual improvement of the whistleblower system and the work environment. In FY2020, there were no incidents involving a serious compliance violation at the Group.*

*Violations or accidents that fall under the highest level of crisis as defined in the internal rules.



*In FY2017, the Harassment and Human Rights Consultation Helpline was eliminated and integrated into the Cosmo Energy Group Corporate Ethics Consultation Helpline.

CSR-based procurement

In its purchasing activities, Cosmo Energy Holdings and its three core operating companies are promoting initiatives to eliminate business transactions with antisocial forces, in addition to green procurement in which the green degree evaluation, as well as conventional quality, price, and delivery factors, are comprehensively evaluated. During the sustainability plan period, we formulated a CSR procurement policy that incorporates ESG initiatives, disclosed it broadly to our stakeholders, and have been

working with suppliers (business partners) who agree with our policy, aiming to achieve sustainable growth. In FY2020, we evaluated our suppliers in accordance with the Cosmo Energy Group's CSR-based Procurement Policy and Cosmo Oil's CSR-based Purchasing Guidelines that were formulated in FY2019. We will continue to ask suppliers for their understanding and agreement, and request that actions be taken in compliance with the Guidelines.

Information disclosure: inclusion in ESG indices

Cosmo Energy Holdings has been included in the FTSE4Good Developed Index for 19 consecutive years since 2003 when the Company was adopted. It was the first Japanese oil company to have that distinction.

The Company was also selected as a constituent of the FTSE Blossom Japan Index, which the Government Pension Investment Fund (GPIF) has adopted as an Environmental, Social and Governance (ESG) investment index for Japanese equities for the fifth consecutive year. Cosmo Energy Holdings was also selected for the fifth consecutive year as a constituent of the SOMPO Sustainability Index, a proprietary index created by Sompo Asset Management based on a combination of ESG assessments and stock valuation.

*Including constituents of the SNAM Sustainability Index up to FY2019



G Strengthening Corporate Governance Structure

Corporate Governance

Basic governance structure and business execution system

The Cosmo Energy Group transitioned to a holding company structure in October 2015 and became a company with a supervisory committee structure to increase the ratio of outside directors and strengthen the audit and supervisory functions of the Board of Directors. With the aim of clearly separating management oversight and business execution, the Company has adopted an executive officer system. As a result, some authority has been transferred to executive officers to enable the Company to respond promptly to changes in the business environment and carry out swift decision-making.

Board of Directors

The Board of Directors is composed of 10 members in total, and comprises 5 internal directors (1 of whom is a member of the Supervisory Committee) and 5 outside directors (2 of whom are members of the Supervisory Committee). It decides important matters such as the basic management policy and supervises the execution of business duties. To enhance the supervisory function of the Board of Directors and realize fair and highly transparent management, the Company increased the number of outside directors by 1 member (with 3 of the 5 outside directors being independent outside directors). Outside directors have immediate access to the necessary information.

Supervisory Committee

The Supervisory Committee is composed of three members in total, that is, one internal director and two independent outside directors, and uses the internal control system to audit and supervise the business execution of directors as well as the state of execution of other business duties in general that are related to the management of the Group. The Chairperson is an independent outside director.

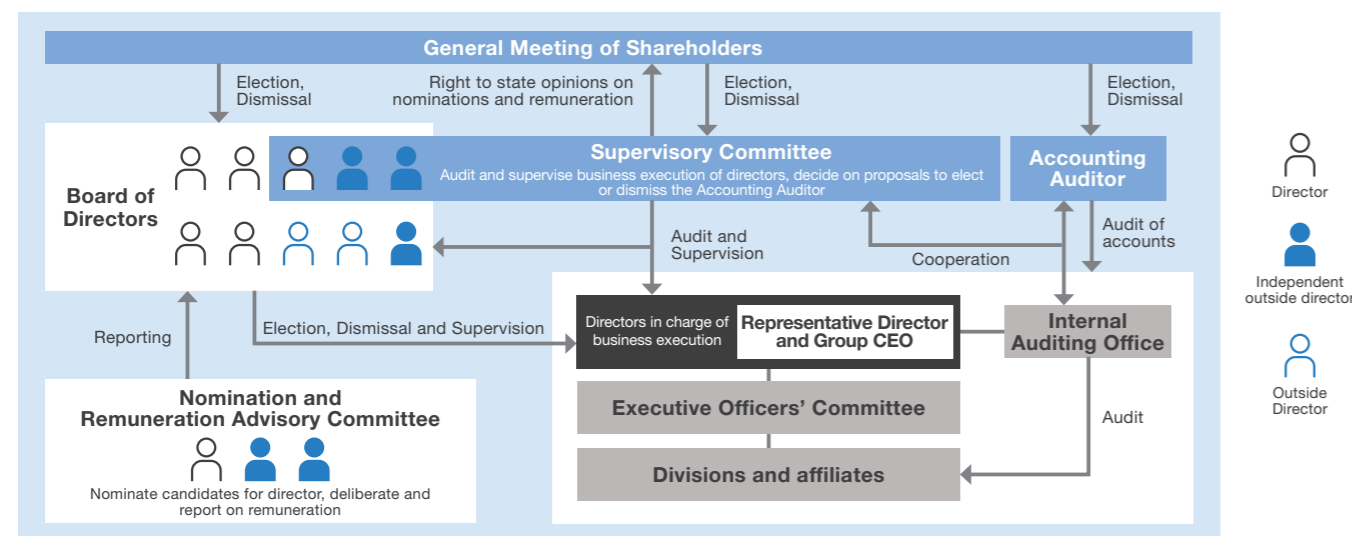
Executive Officers' Committee

The Cosmo Energy Group has adopted the executive officers' system to clarify the roles and responsibilities of Directors in charge of decision-making and management oversight, and Executive Officers in charge of business execution. The Executive Officers' Committee comprises major executive officers, including the Chief Executive Officer, and directors that are members of the Supervisory Committee, and functions as an advisory body to the President. The committee makes decisions concerning the execution of business in accordance with management policies determined by the Board of Directors.

Nomination and Remuneration Advisory Committee

The Company has established the Nomination and Remuneration Advisory Committee, which is an advisory body to the Board of Directors, to ensure transparency and objectivity in the selection of director candidates and the compensation determination process. The committee comprises three members in total, namely, one internal director and two independent outside directors, and deliberates on the nomination and remuneration of executive officers. The Chairperson is an independent outside director.

Corporate Governance Structure



Executives' remuneration plan

In FY2018 the Company introduced a new remuneration plan linked to business performance, with the purpose of enhancing medium-term business performance, increasing corporate value, and sharing profits with shareholders. It applies to directors (excluding outside directors and directors who are Supervisory Committee members) and executive officers. This plan consists of annual incentive remuneration (bonuses) linked to consolidated performance indices for each fiscal year, and medium- to long-term incentive remuneration (stock remuneration) linked to the ratio of the Company's Total Shareholder Return (TSR) to the Tokyo Stock Price Index (TOPIX) growth rate as well as to the consolidated net debt-to-equity ratio of three consecutive fiscal years starting from the fiscal year. As the performance-linked

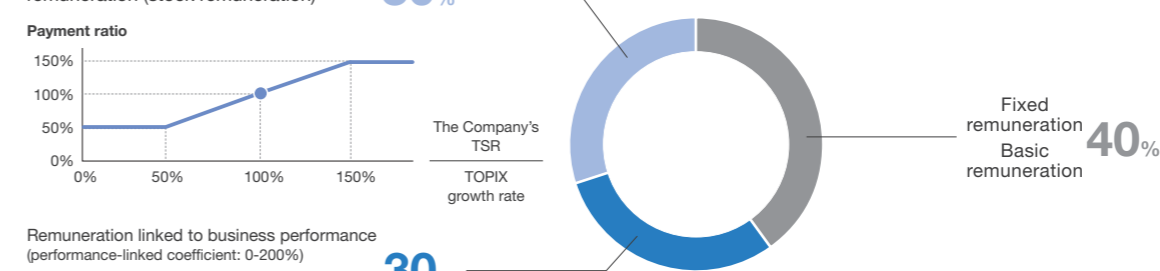
coefficient is determined for both, the scheme is to reflect the outcome of the management's efforts. Regarding the remuneration system, a ratio of 4:3:3 has been established for basic remuneration: Annual incentive remuneration (when consolidated ordinary income excluding the impact of inventory valuation reaches ¥100 billion), and medium- to long-term incentive remuneration (when stock price conditions are fully achieved).

The stock remuneration plan is an incentive plan that uses a trust system. It creates management motivation based on awareness of increasing corporate value in the long term as directors and executive officers share changes in shareholder value with shareholders.

Executives' Remuneration Plan

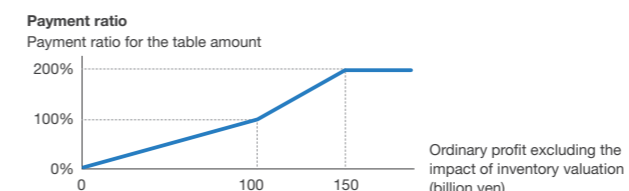
Remuneration linked to business performance (performance-linked coefficient: 50-150%)

Medium-to long-term incentive remuneration (stock remuneration)^{1,2}



Remuneration linked to business performance (performance-linked coefficient: 0-200%)

Annual incentive remuneration (bonuses)^{1,3}



1 Remuneration linked to business performance is not applicable to directors who are outside directors or Supervisory Committee members.

2 Linked to the ratio of the Company's TSR to the TOPIX growth rate as well as to the consolidated net debt-to-equity ratio for FY2019-FY2021

3 Linked to consolidated ordinary income excluding the impact of inventory valuation for each fiscal year



G Strengthening Corporate Governance Structure

Evaluation of effectiveness of the Board of Directors

Method of evaluation

An anonymous questionnaire survey of all directors was conducted. Some of the questionnaire items from the previous year's survey were used again to enable year-on-year measurement, and questions about new initiatives in this fiscal year were added. Specifically, the questionnaire comprises the numerical evaluation of 33 items concerning the composition, role, and management of the Board of Directors, the handling of the Corporate Governance Code, the effectiveness of the Board, and other items. A large space is also provided to enable directors to freely comment on perceived issues for each item, ideas for improvement, and others. In FY2020, the questionnaire included an additional numerical evaluation of four items and a field for them to comment freely, which were related to Board of Directors' meetings held as web conferences as a measure to prevent COVID-19 infection.

The answers obtained from all directors were aggregated and analyzed by the Secretariat of the Board of Directors and the Board discussed the results and the policy for future initiatives.

Summary of evaluation results

The Board of Directors analyzed and evaluated the effectiveness of the Board of Directors as a whole, and determined that the Board's effectiveness was ensured and that it continually strives to enhance its effectiveness based on the following points:

- The Board of Directors comprises an appropriate number of directors and enables the exchange of active, unrestricted opinions.
- The Board of Directors has discussions in line with medium- to long-term plans and policies and has enhanced its review of medium-term management plans and investments.
- Sustainable management was encouraged.
- Meetings were held online as a measure to prevent COVID-19 infection.

Future tasks and policies

The following initiatives will be taken to further improve the effectiveness of the Board of Directors.

- 1 **Redefining the purposes and roles of the Board of Directors**
- 2 **Considering measures to increase the diversity of the Board of Directors**
- 3 **Considering how information related to the Nomination and Remuneration Advisory Committee should be reported to the Board of Directors**
- 4 **Continuing to evaluate the effectiveness of the Board of Directors and improving the evaluation methods**

Policies regarding these tasks are as follows.

1 Redefining the purposes and roles of the Board of Directors

The Board of Directors of the Company changed the institutional design of the Company to a company with a supervisory committee structure in FY2015. Since then, the Board of Directors has operated while attaching importance to this supervisory function. However, discussion about the ideal form of the Board of Directors has continued. In the discussion, the following were advocated: the Board of Directors should more deeply discuss matters from a medium- to long-term perspective in response to the acceleration of decarbonization and the growing importance of information disclosure; stakeholder engagement should be increased; and the supervisory function should be strengthened by delegating more authority regarding the execution of business. As a result, the purposes of the Board of Directors were redefined as follows. Moving forward, the purposes will be reflected in the consideration of the agenda of the Board of Directors and other matters.

Purposes of the Board of Directors

- The Board of Directors shall work to achieve the sustainable growth of the Cosmo Energy Group and improve its medium- to long-term corporate value.
- The Board of Directors shall work to ensure laws, regulations and corporate ethics are observed. Based on these efforts, it shall strive to ensure agile management by focusing on determining the major direction of the Company, stakeholder engagement (including information disclosure), and supervising the execution of business.

2 Considering measures to increase the diversity of the Board of Directors

The Board of Directors has been growing more diverse every year. As of the closure of the FY2021 General Meeting of Shareholders, five of the ten directors are outside directors and two of the directors are women. The optimal composition of the Board of Directors will continue to be considered.

3 Considering how information related to the Nomination and Remuneration Advisory Committee should be reported to the Board of Directors

The Board of Directors of the Company has established the Nomination and Remuneration Advisory Committee, where issues related to nomination and remuneration are discussed. We will consider the reporting of the committee's activities to the Board of Directors from FY2021 onward.

4 Continuing evaluation of the effectiveness of the Board of Directors and improving evaluation methods

We will consider expanding the scope of the evaluation of the effectiveness of the Board of Directors to continue identifying measures for improving effectiveness. The Supervisory Committee deliberated and confirmed the appropriateness of the above.

Election and dismissal of CEO

In electing a president, the active president selects a candidate from among multiple candidates based on information from a multilateral human resource evaluation, including the evaluation of their conformity to the Group's human resource requirements, and the results of performance evaluations conducted every fiscal year. Then, the president submits a proposal to the Nomination and Remuneration Advisory Committee. The Nomination and Remuneration Advisory Committee checks the appropriateness of the president's proposal and submits their recommendation to the Board of Directors.

In addition, every fiscal year, the Nomination and Remuneration Advisory Committee deliberates on the necessity of submitting a proposal regarding the dismissal of the president for discussion at the Board of Directors, in light of human resource requirements, performance standards, and other criteria. If the committee, following deliberation, believes it is necessary to submit such a proposal to the Board of Directors, the Board of Directors decides whether to dismiss the president based on the recommendation of the Nomination and Remuneration Advisory Committee.

Policy and procedure for succession planning

Regarding succession planning, the Cosmo Energy Group positions the development of successors to the president as one of the most important strategies supporting the Group's sustainable growth. The basic policy is to ensure the

transparency and objectiveness of candidate selection and develop successors who possess the capabilities and qualities that are appropriate for the president of the Group through appropriate job assignment, the provision of opportunities to receive external training and other initiatives.

In the successor development period, successor candidates are subject to multilateral human resource evaluations, including the evaluation of their conformity to the Group's human resource requirements, as well as annual performance evaluations. At the same time, support for their future development is provided in a well-planned manner by considering and assigning job assignments based on how each candidate has developed, providing them with opportunities to receive external training and other initiatives. The Nomination and Remuneration Advisory Committee is provided with information about multilateral human resource evaluations and the results of the annual performance evaluations and continues to evaluate the appropriateness of the successor candidates and the succession plan.

In the selection of the final successor candidate, a person with the capabilities and qualities that are sufficient and appropriate for the Group's president is selected by the president from among multiple candidates, and the president submits the proposal to the Nomination and Remuneration Advisory Committee. The Nomination and Remuneration Advisory Committee deliberates on the appropriateness of the content of the president's proposal and submits their recommendation to the Board of Directors.

Activities of the Nomination and Remuneration Advisory Committee in FY2020

In FY2020, the Nomination and Remuneration Advisory Committee met seven times and mainly deliberated the following agenda items.

	Matters deliberated/evaluated (regarding nomination)	Matters deliberated/evaluated (regarding remuneration)
May 7, 2020	<ul style="list-style-type: none"> • Roles of the Board of Directors • Reports on the latest environment pertaining to the functioning of our management system • Creation of FY2020 skills matrix 	<ul style="list-style-type: none"> • Review of remuneration of executive officers in FY2019 • Finalization of executive remuneration plan for FY2020 • Confirmation of the content of remuneration disclosures
June 16, 2020	<ul style="list-style-type: none"> • Confirmation of the need to change human resource requirements • Confirmation of the content of executive officers' targets 	<ul style="list-style-type: none"> • Summary of issues and clarification of issues to be considered in FY2020
August 13, 2020	<ul style="list-style-type: none"> • Consideration of the future composition of directors 	
October 9, 2020	<ul style="list-style-type: none"> • Confirmation of the current process related to successor nomination, etc. 	
December 18, 2020	<ul style="list-style-type: none"> • Performance evaluation of the executive officers of Cosmo Energy Holdings and the three core operating companies • Confirmation of the results of multilateral evaluations of executive officers 	<ul style="list-style-type: none"> • Reports on the environment surrounding management remuneration • Examination of the appropriateness of the current remuneration policy • Confirmation of the content of the remuneration plan and the handling of issues to be considered
January 21, 2021	<ul style="list-style-type: none"> • Appointment of Executives of Cosmo Energy Holdings and the three core operating companies • Consideration of the proposal to disclose the nomination system 	<ul style="list-style-type: none"> • Consideration of remuneration for outside directors
March 24, 2021	<ul style="list-style-type: none"> • Creation of FY2021 skills matrix • FY2020 evaluation of effectiveness 	<ul style="list-style-type: none"> • Considering the reflection of individual evaluations in remuneration • Consideration of malus and claw back clauses • FY2020 evaluation of effectiveness

G Strengthening Corporate Governance Structure

Directors and Executive Officers (As of June 24, 2021)

Hiroshi Kiriya

Representative Director,
Group CEO



1979.4 Joined Daikyo Oil Co., Ltd.
2013.6 Cosmo Oil Co., Ltd. Director, Senior Executive Officer
2015.10 Director, Senior Managing Executive Officer of the Company
2016.6 Representative Director, Executive Vice President
2017.6 Representative Director and President Representative Director, Group CEO (current position)

He has been responsible for supply and demand, and corporate planning departments for a long time, has participated in decisions on a variety of alliances in Japan and overseas, and possesses abundant expertise in overall corporate management. In addition, he has managed the Group and achieved results as President and Representative Director since June 2017 and boasts a proven track record.

Takayuki Uematsu

Representative Director
Senior Managing Executive Officer



1992.11 Joined Cosmo Oil Co., Ltd.
2015.6 General Manager, Finance Dept.
2015.10 General Manager, Finance Dept. of the Company
2016.6 Executive Officer, General Manager, Finance Dept.
2018.4 Managing Executive Officer
2018.6 Director, Senior Executive Officer
2020.6 Representative Director, Senior Executive Officer
2021.4 Director, Senior Managing Executive Officer (current position)

He joined the Company after working for a foreign financial institution, and has demonstrated his expertise primarily in the department of finance. Since 2018, as Director, Senior Executive Officer, he has been in charge of the Corporate Communication Dept., the Accounting Dept., and the Finance Dept., and has contributed to improving the corporate value of the Company through the optimization of the Company's financial status.

Ryuko Inoue

Independent Outside Director



1981.4 Joined the Ministry of Agriculture, Forestry and Fisheries (MAFF)
2003.1 Minister, Embassy of Japan in Italy, Permanent Representative of Japan to Food and Agriculture Organization of the United Nations (FAO) and the United Nations World Food Programme (WFP)
2016.4 Deputy Director - General, Council Secretariat, Agriculture, Forestry and Fisheries Research Council, MAFF
2017.7 Retired MAFF
2017.11 Registered as attorney-at-law, Of Counsel, Atsumi & Sakai (current position)
2019.6 Outside Director, Nippon Steel Trading Corporation (current position)
2021.6 Outside Director of the Company (current position)

At the Ministry of Agriculture, Forestry and Fisheries, she was involved in food security in Japan and other countries, the development of agriculture, forestry, and fisheries into growth industries, and other tasks. In addition, she has been working actively as a lawyer since she registered as an attorney-at-law in 2017. She has also been working as an outside director of Nippon Steel Trading Corporation since 2019.

Toshiyuki Mizui

Director
Full-time Supervisory Committee Member



1993.8 Joined Cosmo Oil Co., Ltd.
2012.6 General Manager, Internal Auditing Office
2015.10 General Manager, Internal Auditing Office of the Company
2016.4 General Manager, Accounting Dept.
2016.6 Executive Officer, General Manager, Accounting Dept.
2018.4 President, Representative Director, Eco Power Co., Ltd. (currently Cosmo Eco Power Co., Ltd.)
2020.4 Advisor to the Company
2020.6 Director of the Company (Supervisory Committee Member) (current position)

He joined the Company after working for a general electronic component manufacturer and has been engaged mainly in the accounting department. After his appointment as an executive officer of the Company, he has continued to contribute to the management of the Group. For example, since 2018, he has been leading the wind power generation business at the company now known as Cosmo Eco Power Co., Ltd.

Shigeru Yamada

Director
Senior Executive Officer



1988.4 Joined Cosmo Oil Co., Ltd.
2015.6 General Manager, Supply Dept.
2018.4 Executive Officer, General Manager, Corporate Planning Dept. of the Company
2020.4 Managing Executive Officer
2020.6 Director, Senior Executive Officer (current position)

He has mainly worked in the departments of sales, corporate planning, and supply and demand, and has a wide range of experience across the Group's business domain and abundant knowledge of supply and demand in the refining department. Since 2018, as Executive Officer and General Manager of the Corporate Planning Dept., he has proceeded with initiatives toward achieving the Sixth Medium-Term Management Plan.

Yoshimitsu Sunano

Director
Senior Executive Officer



1988.4 Joined Cosmo Oil Co., Ltd.
2015.10 General Manager, Planning & Management Dept.
2017.4 Director, Cosmo Oil Lubricants Co., Ltd.
2017.6 President, Representative Director
2020.4 Managing Executive Officer
2020.6 Director, Senior Executive Officer (current position)

He has mainly worked in the sales, financial affairs and corporate planning departments, and has a wide range of experience across the Group's business domain and abundant knowledge of renewable energy. In 2017, he was appointed President and Representative Director of Cosmo Oil Lubricants Co., Ltd. and has improved the profitability of the lubricants business.

Yasuko Takayama

Independent Outside Director,
Audit and Supervisory Committee Member



1980.4 Joined Shiseido Co., Ltd.
2009.4 General Manager, Social Affairs and Consumer Relations Department
2010.4 General Manager, Corporate Social Responsibility Department
2011.6 Full-time Audit & Supervisory Board Member
2015.6 Advisor
2015.6 Outside Director, The Chiba Bank, Ltd. (current position)
2016.6 Outside Audit & Supervisory Board Member, Mitsubishi Corporation (current position)
2017.6 Outside Audit & Supervisory Board Member, Yokogawa Electric Corporation (current position)
2019.6 Outside Director of the Company (Supervisory Committee Member) (current position)

She has experience as General Manager of the Consumer Information Center, General Manager of the Corporate Social Responsibility Department and other positions at Shiseido Co., Ltd., as well as being appointed Audit & Supervisory Board Member and Advisor of the same company. She has also served as Outside Director and Outside Audit & Supervisory Board Member for several listed companies. She is an Outside Director who has been a Member of the Supervisory Committee since 2019.

Keiichi Asai

Independent Outside Director,
Audit and Supervisory Committee Member



1978.4 Joined Mitsubishi Corporation
2009.4 Executive Officer, Head of CEO office, Energy Group, Mitsubishi Corporation
2013.4 Director and Vice President, Lithium Energy Japan
2014.9 Representative Director, President and Chief Executive Officer, KH Neochem Co., Ltd.
2019.4 Retired from KH Neochem Co., Ltd.
2021.6 Outside Director of the Company (Supervisory Committee Member) (current position)

After joining Mitsubishi Corporation, he worked in petroleum business departments including oil sales, supply and demand, and refining. He was also assigned to the United States and India, where he was consistently involved in global businesses in the energy sector.

Abdulla Mohamed Shadid

Outside Director



2005.1 Joined Tawazun Economic Council (TEC)
2005.9 Mubadala Investment Company(MIC)
2009.7 Vice President, Aerospace Unit, MIC
2012.7 Senior Vice President, Head of Aerospace, MIC
2016.1 Director, Aerospace Unit, MIC
2018.3 Managing Director, Cargo and Logistics Services, Ethihad Aviation Group
2021.1 Executive Director, Growth & M&A, Direct Investment, MIC (current position)
2021.6 Outside Director of the Company (current position)

He has worked in the aerospace and defense departments, having been engaged in executive management operations ranging from the management of aircraft maintenance business to strategy building and asset management in the aerospace department. He has experience in the building and implementation of management strategies and executive management.

Ali Al Dhaheri

Outside Director



1999.8 Joined Abu Dhabi Gas Industries Company
2000.2 Contracts Manager, Abu Dhabi Oil Refining Company
2008.7 Commercial Manager, Abu Dhabi National Chemicals Company
2012.2 Senior Manager, ChemaWEyaat Tanks and Terminals Company
2017.4 Head of Refining, Mubadala Investment Company(MIC)
2020.4 Director of Refining, Refining & Petrochemicals, MIC
2020.6 Outside Director of the Company (current position)
2021.4 Director, UAE Industries, MIC (current position)

He has many years of experience in working in a wide range of business departments in the oil and gas industry, including executive management and procurement. At present, he leads MIC's department for domestic investment in the United Arab Emirates from a broad perspective. Taking advantage of his wealth of experience in the oil industry, he fulfills his duties at the Company including the supervision of its execution of business.

Executive Officer

Junko Takeda

Executive Officer
General Manager, Human Resource Dept.



Seiko Takagi

Executive Officer
General Manager,
Sustainability Initiative Dept.



Gota Sakai















Executive Officer
General Manager of
Corporate Planning
Division



G Strengthening Corporate Governance Structure

Status of Attendance at Board of Directors' Meetings and the Skills Matrix of Directors and Executive Officers (June 24, 2021)

*The expertise and features of each director disclosed here mainly include their outstanding knowledge and experience. It is not an exhaustive list of all of the capabilities of each director.

Name	Gender	Position	Attribute	Committee membership, etc.	Number of years as director ¹	Status of attendance at meetings of the Board of Directors/Supervisory Committee/Nomination and Remuneration Advisory Committee ²						Expertise and features of the director								
						Board of Directors		Supervisory Committee		Nomination and Remuneration Advisory Committee		Petroleum Business (Oil)	Other than oil (New) (Renewable Energy Business/new business)	Sustainability (ESG)	Finance/accounting/tax affairs	Legal affairs/compliance/risk management	Personnel affairs/human resource development/diversity	PR/IR/brand marketing	Global mindset	Manufacturing/technology/IT
						Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate									
 Hiroshi Kiriya	Male	Representative Director, Group CEO	Full-time	Chair of the Board of Directors Member of the Nomination and Remuneration Advisory Committee	6 years	8/8 times	100%	-	-	7/7 times	100%	○	○	○	-	-	-	○	-	-
 Takayuki Uematsu	Male	Representative Director Senior Managing Executive Officer	Full-time	-	3 years	8/8 times	100%	-	-	-	-	○	-	-	○	-	-	○	-	-
 Shigeru Yamada	Male	Director Senior Executive Officer	Full-time	-	1 year	7/7 times	100%	-	-	-	-	○	○	-	-	-	-	-	-	-
 Yoshimitsu Sunano	Male	Director Senior Executive Officer	Full-time	-	1 year	7/7 times	100%	-	-	-	-	○	-	○	○	-	-	-	-	-
 Abdulla Mohamed Shadid	Male	(Newly appointed) Outside Director	Part-time, outside	-	-	Appointed in June 2021	-	-	-	-	-	-	○	-	○	-	-	-	○	-
 Ali Al Dhaheri	Male	Outside Director	Part-time, outside	-	1 year	7/7 times	100%	-	-	-	-	○	-	-	-	-	-	-	○	○
 Ryuko Inoue	Female	(Newly appointed) Independent Outside Director	Part-time, outside ³	-	-	Appointed in June 2021	-	-	-	-	-	-	-	-	-	○	○	-	○	-
 Toshiyuki Mizui	Male	Director Full-time Supervisory Committee Member	Full-time	Member of the Supervisory Committee	1 year	8/8 times	100%	10/10 times	100%	-	-	○	○	-	○	-	-	-	-	-
 Yasuko Takayama	Female	Independent Outside Director, Audit and Supervisory Committee Member	Part-time, outside independent director ³	Member of the Nomination and Remuneration Advisory Committee	2 years	8/8 times	100%	13/13 times	100%	7/7 times	100%	-	-	○	-	○	○	○	-	-
 Keiichi Asai	Male	(Newly appointed) Independent Outside Director, Audit and Supervisory Committee Member	Part-time, outside independent director ³	Member of the Nomination and Remuneration Advisory Committee	-	Appointed in June 2021	-	Appointed in June 2021	-	Appointed in June 2021	-	○	○	-	-	-	-	-	○	-
 Kazuko Takahara	Female	(Newly appointed) Substitute outside director Supervisory Committee Member	Part-time, outside independent director ³	-	-	-	-	-	-	-	-	-	-	○	-	○	○	-	-	-
 Junko Takeda	Female	Executive Officer	Full-time	(Delegated) General Manager, Human Resource Dept.	2 years	-	-	-	-	-	-	○	-	-	-	-	-	○	-	-
 Seiko Takagi	Female	Executive Officer	Full-time	(Delegated) General Manager, Sustainability Initiative Dept.	1 year	-	-	-	-	-	-	-	-	○	-	-	-	-	○	-
 Gota Sakai	Male	Executive Officer	Full-time	(Delegated) General Manager of Corporate Planning Division	-	-	-	-	-	-	-	○	-	-	-	-	-	-	○	○

¹ The number of years as a director only consider the period after the establishment of Cosmo Energy Holdings Co., Ltd. ("CEH") in October 2015. They were calculated by counting the period from October 2015 to the date of the General Meeting of Shareholders in June 2016 as one year. If the calculation of the number of years were to include the years served at Cosmo Oil Co., Ltd., the predecessor of CEH, Mr. Hiroshi Kiriya would have served 8 years because he was appointed as a director in June 2013. The number of years that Executive Officer Takeda, Executive Officer Takagi, and Executive Officer Sakai have served as executive officers includes the years served as directors of the three core operating companies.

² Figures are for the period from April 1, 2020 to March 31, 2021.

³ The requirements for independent officers/auditors based on the regulations of Tokyo Stock Exchange have been fulfilled.

G Strengthening Corporate Governance Structure

Messages from Outside Directors



Aiming to manage from the stakeholders' perspective

Independent Outside Director,
Audit and Supervisory Committee Member
Yasuko Takayama

You are in your third year as an outside director. What initiatives have you taken on and what changes have there been in the Cosmo Energy Group?

I have accumulated many years of experience in sustainability strategy, including risk management, and communication with diverse stakeholders at a company operating a consumer product business. I have also been involved in the strengthening of corporate governance from the perspective of auditing as a full-time Audit & Supervisory Board member of the company. Since I became an outside director, I have been leveraging this experience, asking questions and frankly stating my findings about the Group's activities from the perspective of many stakeholders, including the shareholders, investors, consumers, and employees, at the meetings of the Board of Directors, the Nomination and Remuneration Advisory Committee, the Supervisory Committee, and in other meetings. I also ask that executive team members consider issues with a focus on the governance and other aspects in a positive way. I believe that I am contributing to the improvement of effectiveness by energizing their discussions.

How do you evaluate the Cosmo Energy Group's sustainable management initiatives?

The Group has been strengthening the Renewable Energy Business under the Sixth Medium-Term Management Plan. In FY2020, all management team members discussed the rebuilding of the internal

structure for advancing initiatives in response to the rapid changes in society towards decarbonization. Examples include the endorsement of the TCFD and the 2050 Carbon Net Zero Declaration. Regardless, open discussions and prompt decision-making by all of the Group's management team members in the Sustainability Strategy Committee and other organizations, as well as their ability to move forward with the decisions, are excellent points of the Group. While many issues remain to be addressed in fields other than the environment, I am sure that we can boldly take on the very difficult challenge of shifting our focus to the Renewable Energy Business while also fulfilling our responsibility to ensure stable supply in the Petroleum Business.

What changes and growth have occurred in the last year regarding the evaluation of corporate governance?

It will soon be six years since the simultaneous transition to a holding company structure and to a company with a supervisory committee structure. I feel that the corporate governance structure has been evolving every year and is growing more effective in terms of its operations. Regarding the Board of Directors, we have continuously reviewed the roles and functions of internal meeting bodies, the methods for determining agendas, the methods by which the meeting bodies operate and other matters based on the annual evaluation of effectiveness. This fiscal year, we are advancing measures to increase the number of independent outside directors and increase

diversity to strengthen the supervisory functions of the Board. The Audit and Supervisory Committee is strengthening internal control, including the monitoring of risks, through three-way audits. I think it is particularly important to continue improving the transparency of management and to be accountable to our stakeholders at the same time that we strengthen our supervisory and auditing functions.

What are your ideas about what companies' stakeholder engagement should be like?

When I spoke with institutional investors for the first time as an auditor, I felt their significant interest in management risks and their expectations for the management team, which made me understand the importance of dialogue. Because shareholders entrust outside directors with the supervision of management from an external point of view, I think that we bear the responsibility of carefully explaining to investors the status of management and governance in an easy-to-understand manner, take their concerns and expectations about management seriously, and ensure they are reflected in the supervision of and decision-making regarding management. Stakeholder engagement is precisely the important opportunity for this purpose. I think that outside directors should build trust-based relationships between investors and the company through constructive dialogue and fulfill their role as mediators to move forward together toward the sustainable improvement of corporate value.

Messages from New Outside Directors



Leveraging my experience to contribute to sustainable growth

Independent Outside Director
Ryuko Inoue

What do you expect of the Cosmo Energy Group?

The Government of Japan declared that it aims to achieve carbon neutrality by 2050. The achievement of carbon neutrality requires the development of many innovative technologies, so I understand it is important to continue effectively using oil and other sources of energy while taking environmental measures. The Petroleum Business and the Renewable Energy Business of the Cosmo Energy Group form the foundations of people's lives, including the stable supply of food. I hope that the

comprehensive energy business will be able to sustainably grow in the future.

What roles do you play and what do you want to achieve as an outside director?

I would like to contribute as much as possible to sustainable growth, the improvement of corporate value, and the continued enhancement of governance by leveraging my experience working for the central government, diplomatic establishments abroad, and in other positions, and the experience gained in my career as a lawyer. While the

COVID-19 pandemic and other events are pushing society to change and measures are being taken by the public and private sectors at home and abroad in response to the pandemic, I would also like to pay attention to data and information management and ICT and digitalization initiatives, for example.



Assisting management in the VUCA era

Independent Outside Director,
Audit and Supervisory Committee Member
Keiichi Asai

What do you expect of the Cosmo Energy Group?

The present era has been described as a VUCA era. VUCA is a term that stands for Volatility, Uncertainty, Complexity, and Ambiguity. In an era where the future is uncertain and it is difficult to guide management, we would like to leverage our diverse business domains and portfolio, which range from oil exploration and

production to renewable energy to remain a corporate group that is needed by society.

What roles do you play and what do you want to achieve as an outside director?

I think that, for the Cosmo Energy Group to improve its long-term corporate value and maintain sustainable growth, we need to: (1) solve the social issue of

environmental problems and; (2) increase profitability. I think my role is to help make business decisions when the Group engages in these two initiatives. I would like to leverage my experience and knowledge as much as possible to monitor the Group from the perspectives of many stakeholders.

11-Year Selected Financial and Operating Data

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2020
For The Year											(Millions of yen)	(Thousands of U.S. dollars) ¹
Dubai crude oil price (US\$/barrel)	84.1	110.1	107.0	104.6	83.5	45.7	46.9	55.9	69.3	60.3	44.5	-
Foreign exchange rate (¥/US\$)	85.8	79.1	83.0	100.2	109.9	120.1	108.4	110.9	110.9	108.8	106.0	-
Net sales	¥ 2,771,523	¥ 3,109,746	¥ 3,166,689	¥ 3,537,782	¥ 3,035,818	¥ 2,244,306	¥ 2,292,280	¥ 2,523,106	¥ 2,770,365	¥ 2,738,003	¥ 2,233,250	\$ 20,172,078
Cost of sales	2,539,032	2,918,238	2,989,274	3,369,007	2,944,919	2,154,615	2,079,727	2,282,710	2,539,936	2,586,244	2,000,584	18,070,496
Selling, general and administrative expenses	128,393	127,937	124,992	129,060	129,346	119,433	120,370	128,526	135,775	137,865	131,376	1,186,669
Operating income (loss)	104,097	63,570	52,422	39,715	-38,447	-29,742	92,182	111,868	94,653	13,893	101,289	914,912
Impact of inventory valuation ²	22,300	25,200	15,264	16,068	-116,177	-68,703	39,400	21,044	-10,788	-52,179	20,740	187,343
Operating income (loss) excluding the impact of inventory valuation	81,797	38,370	37,158	23,647	77,730	38,961	52,782	90,824	105,441	66,072	80,549	727,569
Ordinary income (loss)	96,094	61,420	48,439	41,847	-49,640	-36,121	81,448	116,850	96,654	16,285	97,370	879,513
Ordinary income (loss) excluding the impact of inventory valuation	73,829	36,238	33,173	25,778	66,537	32,644	42,048	95,806	107,442	68,464	76,630	692,171
Petroleum	36,124	-17,181	-38,960	-41,394	22,067	5,784	1,770	37,776	24,964	4,378	53,317	481,595
Petrochemical	-329	2,075	3,343	3,692	-6,977	4,291	22,177	30,441	15,344	5,185	-3,319	-29,979
Oil exploration and production	34,657	52,023	60,688	58,141	47,538	18,637	9,347	18,251	56,900	45,030	13,859	125,188
Renewable Energy Business ¹⁰	-	-	-	-	-	-	-	-	-	-	4,134	37,346
Others	3,377	-679	8,102	5,339	3,909	3,932	8,754	9,338	10,233	13,869	8,637	78,022
Profit (loss) before income taxes	73,451	35,381	-2,536	49,443	-44,599	-43,797	78,565	109,274	95,966	13,913	93,648	845,894
Profit (loss) attributable to owners of parent ³	28,933	-9,084	-85,882	4,348	-77,729	-50,230	53,235	72,813	53,132	-28,155	85,910	775,999
Capital expenditures	64,369	27,933	83,429	41,243	70,396	82,775	120,302	109,085	80,380	87,872	79,624	719,214
R&D expenses	3,834	3,791	3,765	3,271	3,077	3,104	4,269	4,540	4,096	4,448	3,975	35,906
Depreciation and amortization ⁴	51,068	50,601	44,953	35,330	32,399	30,713	37,769	42,130	54,225	57,606	57,530	519,654
Cash flows from operating activities	26,297	43,616	-20,950	35,837	163,384	18,427	47,625	192,634	90,450	111,733	167,445	1,512,469
Cash flows from investing activities	-73,109	-25,805	-80,481	-61,007	-30,126	-32,839	-112,038	-96,432	-84,521	-84,230	-84,584	-764,017
Cash flows from financing activities	-86,077	11,606	104,695	12,555	-178,920	32,499	9,626	-76,757	-20,480	-24,675	-80,570	-727,764
At Year-End											(Millions of yen)	(Thousands of U.S. dollars) ¹
Total assets	¥ 1,579,424	¥ 1,675,070	¥ 1,743,492	¥ 1,696,831	¥ 1,428,628	¥ 1,409,615	¥ 1,525,679	¥ 1,688,288	¥ 1,702,270	¥ 1,639,765	¥ 1,709,017	\$ 15,436,886
Non-controlling interests ⁵	17,508	20,506	26,475	29,214	40,326	94,665	108,063	117,468	120,785	123,047	124,173	1,121,610
Net worth	332,730	316,931	230,456	231,927	167,194	108,046	164,722	238,677	281,065	239,792	324,946	2,935,115
Total current assets	793,363	920,412	967,148	921,790	621,578	516,254	561,604	657,160	641,731	572,619	605,808	5,472,034
Total current liabilities	622,173	744,275	816,611	799,199	603,860	555,519	655,473	800,146	764,734	706,080	752,488	6,796,938
Net interest-bearing debt ⁶	605,789	598,773	713,190	723,257	597,701	666,179	727,258	635,763	644,663	628,317	556,379	5,025,557
Number of outstanding shares (thousands) ⁷	847,705	847,705	847,705	847,705	847,705	84,770	84,770	84,770	84,770	84,770	84,770	-
Per Share Data⁸											(Yen)	(U.S. dollar) ¹
Profit (loss) attributable to owners of parent	¥ 34.16	¥ -10.72	¥ -101.39	¥ 5.13	¥ -91.77	¥ -594.85	¥ 633.32	¥ 865.80	¥ 630.69	¥ -334.84	¥ 1,025.86	\$ 9.27
Diluted profit attributable to owners of parent	33.58	-	-	-	-	-	-	-	594.03	-	861.16	7.78
Net assets	392.80	374.15	272.07	273.81	197.39	1,286.03	1,958.91	2,837.90	3,333.81	2,853.14	3,882.72	35.07
Cash dividends	8.00	8.00	-	2.00	-	40.00	50.00	50.00	80.00	80.00	80.00	0.72
Ratios												
Return on assets (ROA) (%)	1.8	-0.6	-5.0	0.3	-5.0	-3.5	3.6	4.5	3.1	-1.7	5.1	-
Return on equity (ROE) (%)	8.9	-2.8	-31.4	1.9	-39.0	-36.5	39.0	36.1	20.4	-10.8	30.4	-
Equity ratio (%)	21.1	18.9	13.2	13.7	11.7	7.7	10.8	14.1	16.5	14.6	19.0	-
Debt-to-total capital ratio (%)	44.3	43.1	48.3	50.9	48.5	53.7	50.6	41.5	40.8	41.5	35.7	-
Net debt-to-equity ratio (times) ⁹	1.8	1.9	3.1	3.1	3.6	4.6	3.6	2.3	1.98	2.41	1.59	-

1 U.S. dollar amounts are converted from Japanese yen for the convenience of readers at the rate of ¥110.71 to US\$1.00, the approximate exchange rate prevailing on March 31, 2021.

2 "Impact of inventory valuation gain (loss)" from FY2009 is based on the book value depreciation method as dictated by ASBJ (Accounting Standards Board of Japan) Statement No.9, "Accounting Standard for Measurement of Inventories."

3 Up to FY2014, "Net income (loss)" is presented.

4 Depreciation and amortization includes cost recovery under production sharing. In FY2011 and FY2012, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets idled as a result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.

5 Up to FY2014, "Minority interests" is presented.

6 Up to FY2012, "Cash and deposits" and "Short-term investment securities" are deducted from "Interest-bearing debt." From FY2013, "Cash and deposits" is deducted from "Interest-bearing debt." In FY2015, "Cash and deposits" and "Securities" are deducted from "Interest-bearing debt."

7 On October 1, 2015, Cosmo Energy Holdings Co., Ltd. was established as the wholly-owning parent company of Cosmo Oil Co., Ltd. through the share transfer. To one common share of the former Cosmo Oil, 0.1 common share of the holding company was allocated (for example 1,000 Cosmo Oil shares to 100 Cosmo Energy Holdings shares).

8 "Per share data" from FY2015 are data for one share of Cosmo Energy Holdings, according to the allocation of 0.1 share of the holding company to 1 share of the former Cosmo Oil.

9 The ratio from FY2019 is calculated on the basis that 50% of the ¥30 billion hybrid loan made on March 31, 2020 is included in equity.

10 The Renewable Energy Business, which had previously been included in other business, was separated into its own segment in FY2020.

Consolidated Balance Sheet

Assets	FY2019 (As of March 31, 2020)		FY2020 (As of March 31, 2021)	
	(Millions of yen)		(Millions of yen)	
Current assets				
Cash and deposits	¥	52,992	¥	52,972
Notes and accounts receivable - trade		214,719		234,635
Merchandise and finished goods		145,573		122,152
Work in process		380		351
Raw materials and supplies		88,312		126,923
Accounts receivable - other		42,342		46,143
Other		28,422		22,746
Allowance for doubtful accounts		-124		-116
Total current assets		572,619		605,808
Non-current assets				
Property, plant and equipment				
Buildings and structures, net		245,682		244,331
Oil storage depots, net		34,955		35,781
Machinery, equipment and vehicles, net		195,478		208,999
Land		316,908		315,483
Leased assets, net		698		737
Construction in progress		51,115		50,295
Other, net		8,825		9,803
Total property, plant and equipment		853,663		865,433
Intangible assets				
Software		5,954		10,557
Other		36,037		33,785
Total intangible assets		41,991		44,343
Investments and other assets				
Investment securities		119,071		122,402
Long-term loans receivable		1,085		1,030
Long-term prepaid expenses		4,312		3,169
Net defined benefit asset		2,236		5,471
Cost recovery under production sharing		12,988		13,018
Deferred tax assets		23,603		40,287
Other		8,407		8,234
Allowance for doubtful accounts		-464		-310
Total investments and other assets		171,239		193,303
Total non-current assets	¥	1,066,895	¥	1,103,080
Deferred assets				
Bond issuance cost		250		128
Total deferred assets		250		128
Total assets	¥	1,639,765	¥	1,709,017

Liabilities	FY2019 (As of March 31, 2020)		FY2020 (As of March 31, 2021)	
	(Millions of yen)		(Millions of yen)	
Current liabilities				
Notes and accounts payable - trade	¥	233,520	¥	266,695
Short-term loans payable		135,026		175,692
Current portion of bonds		26,000		17,700
Commercial papers		86,000		37,200
Accounts payable - other		106,475		92,953
Accrued volatile oil and other petroleum taxes		82,147		108,368
Income taxes payable		7,540		11,030
Accrued expenses		3,835		4,415
Provision for bonuses		6,064		6,348
Provision for directors' bonuses		362		352
Other		19,107		31,732
Total current liabilities		706,080		752,488
Non-current liabilities				
Bonds payable		20,700		3,000
Convertible bond-type bonds with share acquisition rights		60,000		60,000
Long-term loans payable		353,583		315,759
Deferred tax liabilities		32,926		35,415
Deferred tax liabilities for land revaluation		5,131		5,100
Provision for special repairs		29,220		27,001
Provision for business structure improvement		552		-
Provision for environmental measures		853		866
Net defined benefit liability		7,400		2,992
Provision for executive remuneration BIP trust		253		847
Asset retirement obligations		22,632		19,993
Other		37,591		36,431
Total non-current liabilities		570,845		507,408
Total liabilities		1,276,925		1,259,897
Net assets				
Shareholders' equity				
Capital stock	¥	40,000	¥	40,000
Capital surplus		82,843		82,843
Retained earnings		132,755		211,977
Treasury shares		-1,382		-2,019
Total shareholders' equity		254,217		332,802
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		2,424		4,938
Deferred gains or losses on hedges		373		-85
Revaluation reserve for land		-21,020		-21,123
Foreign currency translation adjustment		5,778		5,873
Remeasurements of defined benefit plans		-1,981		2,540
Total accumulated other comprehensive income		-14,425		-7,855
Non-controlling interests		123,047		124,173
Total net assets		362,839		449,120
Total liabilities and net assets	¥	1,639,765	¥	1,709,017

Consolidated Statements of Income and Comprehensive Income

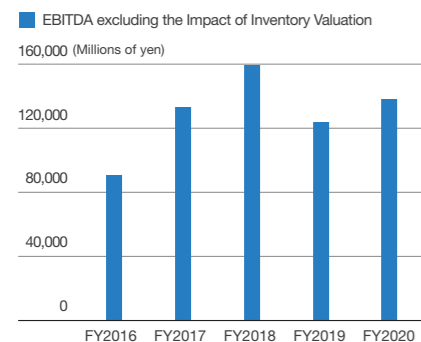
	FY2019 (As of March 31, 2020)		FY2020 (As of March 31, 2021)	
		(Millions of yen)		(Millions of yen)
Net sales	¥	2,738,003	¥	2,233,250
Cost of sales		2,586,244		2,000,584
Gross profit		151,758		232,666
Selling, general and administrative expenses		137,865		131,376
Operating profit		13,893		101,289
Non-operating income				
Interest income		802		368
Dividend income		789		740
Rent income on non-current assets		1,179		1,543
Share of profit of entities accounted for using equity method		5,391		-
Foreign exchange gains		3,215		883
Other		3,564		2,979
Total non-operating income		14,943		6,515
Non-operating expenses				
Interest expenses		9,252		7,225
Share of loss of entities accounted for using the equity method		-		447
Other		3,298		2,761
Total non-operating expenses		12,551		10,434
Ordinary profit		16,285		97,370
Extraordinary income				
Gain on sales of non-current assets		669		1,973
Gain on sales of investment securities		399		839
Subsidy income		2,759		340
Compensation income		7,948		-
Insurance income		1,517		421
Other		68		258
Total extraordinary income		13,362		3,833
Extraordinary losses				
Loss on sales of non-current assets		6		3
Loss on disposal of non-current assets		8,495		6,721
Impairment loss		3,914		267
Loss on valuation of investment securities		1,572		267
Settlement package		600		-
Other		1,145		296
Total extraordinary losses		15,734		7,555
Profit before income taxes		13,913		93,648
Income taxes - current		34,108		21,567
Income taxes - deferred		816		-17,137
Total income taxes		34,925		4,430
Profit		-21,012		89,218
Profit attributable to non-controlling interests		7,143		3,307
Profit attributable to owners of parent	¥	-28,155	¥	85,910

Consolidated Statements of Cash Flows

	FY2019 (As of March 31, 2020)		FY2020 (As of March 31, 2021)	
		(Millions of yen)		(Millions of yen)
Cash flows from operating activities				
Profit before income taxes	¥	13,913	¥	93,648
Depreciation		49,673		53,564
Interest and dividend income		-1,592		-1,108
Interest expenses		9,252		7,225
Share of loss (profit) of entities accounted for using equity method		-5,391		447
Decrease (increase) in notes and accounts receivable - trade		30,391		-20,191
Recovery of recoverable accounts under production sharing		7,933		3,966
Decrease (increase) in inventories		43,513		-15,086
Increase (decrease) in notes and accounts payable - trade		-34,325		33,637
Other, net		25,105		26,357
Subtotal		138,474		182,461
Interest and dividend income received		3,565		4,147
Interest expenses paid		-9,432		-7,235
Other, net		12,225		-367
Income taxes paid		-33,100		-11,560
Net cash provided by (used in) operating activities		111,733		167,445
Cash flows from investing activities				
Purchase of property, plant and equipment		-78,122		-72,503
Payments for disposal of property, plant and equipment		-6,615		-5,418
Proceeds from sales of property, plant and equipment		15,003		6,298
Payments for purchases of intangible assets and long-term prepaid expenses		-9,067		-11,422
Other, net		-5,428		-1,538
Net cash provided by (used in) investing activities		-84,230		-84,584
Cash flows from financing activities				
Net increase (decrease) in short-term loans payable		15,330		8,050
Proceeds from long-term loans payable		129,417		36,100
Repayments of long-term loans payable		-145,265		-40,123
Proceeds from issuance of bonds		-		-26,000
Net increase (decrease) in commercial papers		-12,000		-48,800
Cash dividends paid		-6,775		-6,778
Dividends paid to non-controlling interests		-4,283		-2,095
Other, net		-1,098		-924
Net cash provided by (used in) financing activities		-24,675		-80,570
Effect of exchange rate change on cash and cash equivalents		-199		-1,269
Net increase (decrease) in cash and cash equivalents		2,627		1,021
Cash and cash equivalents at beginning of period		40,667		43,295
Increase (decrease) in cash and cash equivalents due to changes in the scope of consolidation		-		-757
Increase in cash and cash equivalents from merger with non-consolidated subsidiaries		-		959
Cash and cash equivalents at end of period	¥	43,295	¥	44,518

Major Indicators

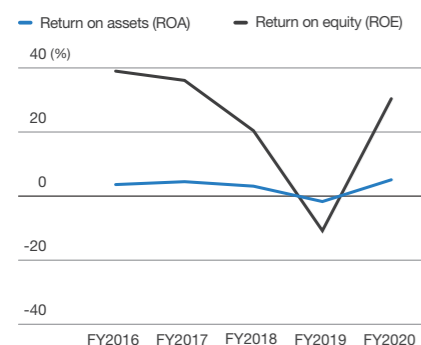
EBITDA excluding the Impact of Inventory Valuation



	FY2016	FY2017	FY2018	FY2019	FY2020
Operating income excluding the impact of inventory valuation	¥52,782	¥90,824	¥105,441	¥66,072	¥80,549
Depreciation and amortization ¹	37,769	42,130	54,225	57,606	57,530
EBITDA excluding the impact of inventory valuation ²	90,551	132,954	159,666	123,678	138,079

¹ Including "Recovery of recoverable accounts under production sharing"
² EBITDA excluding the impact of inventory valuation = Operating income excluding the impact of inventory valuation + Depreciation and amortization

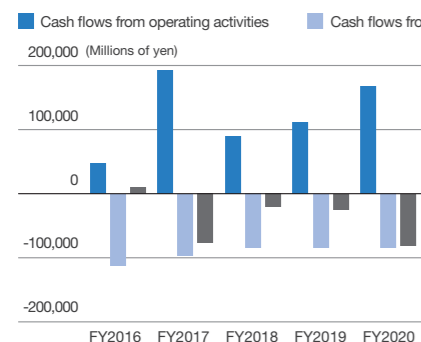
ROA and ROE



	FY2016	FY2017	FY2018	FY2019	FY2020
Profit (loss) attributable to owners of parent	¥53,235	¥72,813	¥53,132	¥-28,155	¥85,910
Total assets	1,525,679	1,688,288	1,702,270	1,639,765	1,709,017
Net worth	164,722	238,677	281,065	239,792	324,946
Return on assets (ROA) ¹ (%)	3.6	4.5	3.1	-1.7	5.1
Return on equity (ROE) ² (%)	39.0	36.1	20.4	-10.8	30.4

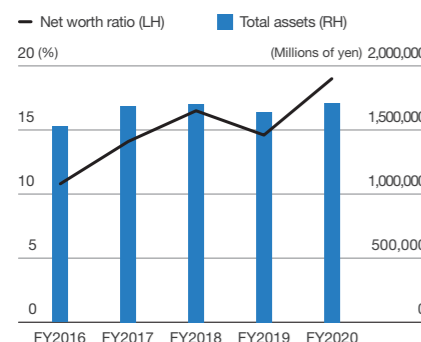
¹ ROA = Profit (loss) attributable to owners of parent/Average total assets at beginning and end of the fiscal year × 100
² ROE = Profit (loss) attributable to owners of parent/Average shareholders' equity at beginning and end of the fiscal year × 100

Consolidated Cash Flows



	FY2016	FY2017	FY2018	FY2019	FY2020
Cash flows from operating activities	¥47,625	¥192,634	¥90,450	¥111,733	¥167,445
Cash flows from investing activities	-112,038	-96,432	-84,521	-84,230	-84,584
Cash flows from financing activities	9,626	-76,757	-20,480	-24,675	-80,570
Cash and cash equivalents at the end of year	36,126	55,148	40,667	43,295	44,518

Total Assets, Net Worth Ratio, and Net Debt-to-Equity Ratio¹



	FY2016	FY2017	FY2018	FY2019	FY2020
Total assets	¥1,525,679	¥1,688,288	¥1,702,270	¥1,639,765	¥1,709,017
Net interest-bearing debt ²	727,258	635,763	644,663	628,318	556,379
Net worth	164,722	238,677	281,065	239,792	324,946
Net worth ratio (%)	10.8	14.1	16.5	14.6	19.0
Net debt-to-equity ratio (times) ¹	3.6	2.3	1.98	2.41	1.59

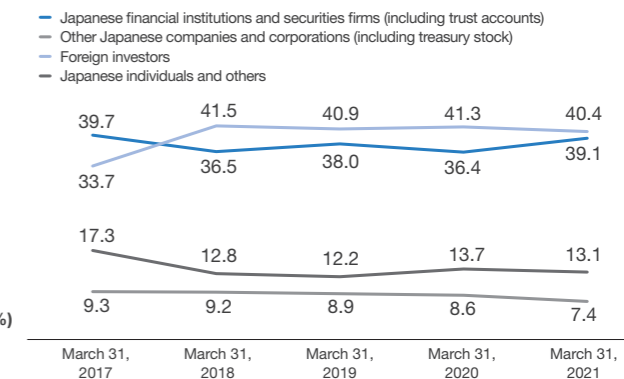
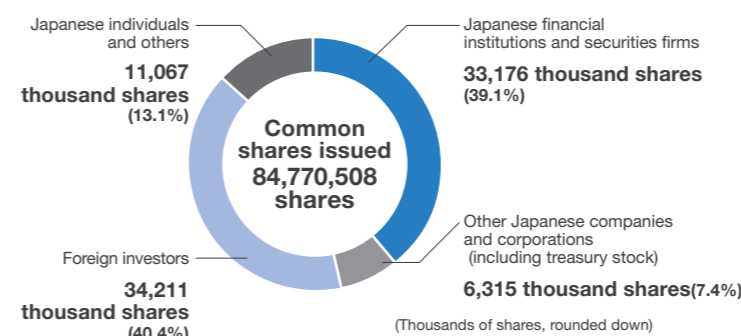
¹ Calculated on the basis that 50% of the ¥30 billion hybrid loan made on March 31, 2020 is included in equity.
² Total interest-bearing debts net of cash and deposits etc. as of the end of the period

Share Information (As of March 31, 2021)

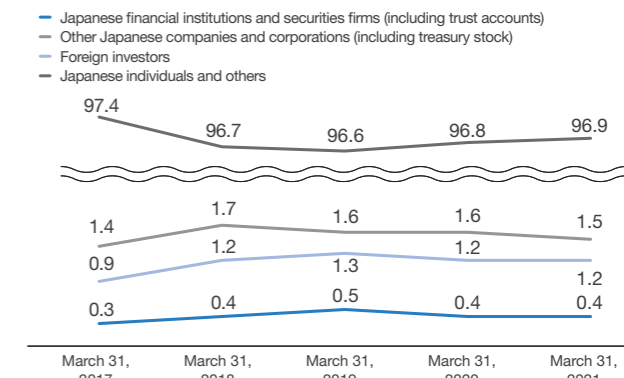
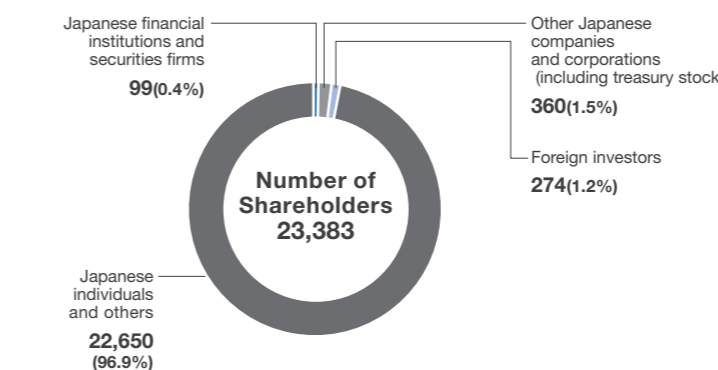
General meeting of shareholders	every June
Shareholder registration agent	Sumitomo Mitsui Trust Bank, Limited
Number of common shares issued	84,770,508 shares

Record date for term-end dividend payment	March 31
Number of shares per trading unit	100 shares
Stock listing	Tokyo Stock Exchange, First Section

Number of Shares by Type of Shareholders and their Trend



Number of Shareholders by Type and their Trend



Primary Shareholders (As of March 31, 2021)

Name of shareholders	Number of shares held (Thousands)	Investment Ratio (%)
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1	17,629	20.79
Custody Bank of Japan, Ltd. (Trust account)	5,010	5.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,658	5.49
Mizuho Bank, Ltd.	2,522	2.97
The Kansai Electric Power Co., Inc.	1,860	2.19
Cosmo Energy Holdings Client Stock Ownership	1,617	1.90
Aioi Nissay Dowa Insurance Co., Ltd.	1,580	1.86
MUFG Bank, Ltd.	1,580	1.86
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,379	1.62
Sompo Japan Insurance Inc.	1,342	1.58

* The shareholding ratio is calculated by deducting the number of treasury shares from the total number of outstanding shares. The treasury shares do not include those shares owned by the trust bank through the Board Incentive Plan (BIP) Trust.
 * The 17,600,000 shares in the custody of The Chase Manhattan Bank, N. A. London Special Account No.1 are substantially held by Infinity Alliance Limited.

Corporate Data (As of March 31, 2021)

Company Name	Cosmo Energy Holdings Co., Ltd.	
Securities Code	5021	
Head Office	1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8302 Phone +81-3-3798-3180	
Established	October 1, 2015	
Capital	¥40 billion	
Type of Business	Management of subsidiaries involved in oil businesses ranging from upstream to downstream and others	
Corporate History	April 1, 1986	Cosmo Oil was established through tripartite merger of Daikyo Oil Co., Ltd., Maruzen Oil Co., Ltd., and former Cosmo Oil (Cosmo Refining)
	October 1, 1989	Asian Oil Co., Ltd. was merged into Cosmo Oil.
	October 1, 2015	Cosmo Energy Holdings Co., Ltd. was established.
Main Banks	Mizuho Bank, Ltd.; MUFG Bank, Ltd.; and Sumitomo Mitsui Banking Corporation	

Key Data of the Cosmo Energy Group

Number of SS Operators	210
Branches	Eastern Japan, Kanto, Chubu, Kansai, Western Japan
Refineries	Chiba, Yokkaichi, Sakai

- Period covered** Fiscal year from April 1, 2020 to March 31, 2021 (including some information for FY2021)
- Report boundary** Cosmo Energy Holdings Co., Ltd. and major consolidated subsidiaries and affiliated companies
*The section on sustainability covers mainly Cosmo Energy Holdings and 46 Group companies, which share the Consolidated Medium-Term Sustainability Management Plan, but includes data on the employees of Cosmo Oil, data for the three core operating companies, and data only for some companies. The scope of coverage for these data is provided individually in appended notes.
- Month and year of publication** Month of issue: November 2021
 Next publication scheduled for November 2022 (to be issued every year)
- Cosmo Report, IR website, and sustainability website** Cosmo Report (booklet) is designed to be easily read, and details are available on the Company's IR website and sustainability website.
 Sustainability activity reporting is focused on priority issues while using the Global Reporting Initiative (GRI) Standards.
 The links to Cosmo Energy Holdings' official websites are as follows:

IR website	https://ceh.cosmo-oil.co.jp/eng/ir/
Sustainability website	https://ceh.cosmo-oil.co.jp/eng/csr/
- Caution concerning forward-looking statements** This report contains forward-looking statements about our plans, strategies, and performance. These descriptions are based on judgements that were made based on currently available information. Please note that our actual business results may differ materially from these initial forecasts due to various external factors.