

## COSMO REPORT 2024

# Foundation

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## Special Interview: Human Resource Transformation at the Cosmo Energy Group



### Junko Takeda

Director, Senior Executive Officer  
In charge of Human Resource Dept.,  
Business Portfolio Management Dept., and  
Sustainability Initiative Dept.

### Motohiro Morishima

Professor, Department of Management,  
Faculty of Economics, Gakushuin University  
Professor Emeritus, Hitotsubashi University

After completing a doctoral program and earning a Ph.D. in Human Resource Management from the School of Labor and Employment Relations at the University of Illinois, Morishima took up a position as an assistant professor at the Faculty of Business at Simon Fraser University, Canada. He then worked as an associate professor at the Faculty of Policy Management, Keio University, and later as an associate professor and professor at the university's Graduate School of Business Administration. He also worked as a professor at the Graduate School of Commerce and Management, Hitotsubashi University, before assuming his current position in 2017. Morishima also serves concurrently as a member of the Ministry of Health, Labour and Welfare's Labour Policy Council and a public interest member of the Central Labour Relations Commission, among other roles. He was appointed as professor emeritus at Hitotsubashi University in 2020. His publications include *Introduction to Human Resource Management*, *The Complex Algorithm of Human Resources*, *Turning Everyone into a Strategic Resource: Overcoming the Shortage of Strategic Human Resources and Developing Organizational Capabilities*, and *Challenges to Human Resource Investment: Dilemmas and Solutions* (co-authored) (all published by Nikkei Publishing Inc.), and *A Dialogue between HR and Legal: Toward a New Fusion*, (co-authored, published by Yuhikaku Publishing Co., Ltd.).

## Changes in the environment surrounding the Cosmo Energy Group

### Takeda

As evidenced by the global trend toward decarbonization and the Japanese government's 2050 Carbon Neutral Declaration, the decarbonization of transportation fuels and other types of energy is expected to continue as demand for petroleum products tapers off. Under our Group's Vision 2030, we aim to increase profitability by strengthening the competitiveness of our *Oil Business*, while simultaneously investing in *New fields*, namely next-generation and low-carbon businesses, as we seek to develop core businesses that will sustain us in the future. To respond flexibly to rapidly changing times and to drive the energy transition that will continue from here on in, we have formulated a roadmap to maximize enterprise value over the medium to long term.

In this period of industry transformation, our Group is pursuing a people strategy that we refer to as human resource transformation (HRX). This strategy involves cultivating human resources with diverse ideas, who continually challenge themselves, and act autonomously, so that we can venture into new business fields while transforming existing ones.

Today, I'd like to hear your expert and objective opinion on our Group's people strategy.

### Morishima

Listening to you talk about your company's situation, I get the impression that you've taken on a very challenging mission. While you have established businesses that serve as solid revenue drivers, you also have to take on new challenges looking ahead to the medium to long term. I find it very interesting to see how you are

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attempting to transform your workforce, which will be responsible for your company's growth, during such a challenging time.

**Takeda** Vision 2030 was formulated as a means to consider our future while carefully honing our existing businesses centered on oil. Our Group's mission is to continue to ensure safe operations and stable supply in order to meet energy demand and reliably fulfill our supply responsibilities. At the same time, we must look ahead and address the energy transition that is currently underway, including the shift to decarbonization, renewables, and next-generation energy. Because the energy business has a long lifecycle, we need to undertake medium- to long-term initiatives while fulfilling the mission that is required of us now.

**Morishima** The direction of your business structure transformation and the time frame for achieving it will be key components of your management strategy. I think it's also crucial that you clearly present these elements in Vision 2030, as your employees will also want to know about your management approach in this regard.



## Transformation keywords and diversity initiatives

**Takeda** The knowledge and expertise we have built up through our *Oil Business* is a tremendous asset for our Group as we work towards realizing Vision 2030. For example, the mass production of SAF and our entry into the hydrogen supply chain are next-generation energy initiatives that leverage our existing *Oil Business* expertise.

To draw on the knowledge and expertise of our existing businesses to create new value, we are encouraging a shift in mindsets and behaviors among employees in an effort to further develop the capabilities of those individuals who will drive each business forward. In undertaking transformation, the four keywords that are central to our company, regardless of business sector, are: Diversity, Pioneering Spirit and Growth Mindset, Autonomy, and DX Literacy. We are also focusing on promoting better health and boosting engagement as the foundation that supports our human resource capabilities with the ultimate goal of improving employee well-being.

**Morishima** Diversity is certainly an important factor when it comes to bringing about innovation.

**Takeda** One of the most important themes in our Group's HRX is diversity and inclusion. As a result of our proactive recruitment activities, human resource development, and the appointment of people based on their abilities, the proportion of women in managerial positions is steadily increasing. In the oil wholesale sector, where the percentage of female employees is low to begin with, I believe that such results are due to the

fact that the senior management team takes the initiative in promoting women's participation in the workplace, with the human resources division following their lead.

**Morishima** Nowadays, I hear that it's not easy to promote the active participation of women in the workplace, regardless of the company, partly due to the lack of human resources from the generation that will play a central role in managing the company going forward.

While ensuring sufficient personnel numbers is a challenge, the mentality of management doesn't change even when training is provided, and there are cases where the active participation of women is unintentionally inhibited. That's why I believe it's extremely meaningful for senior management teams to lead efforts that empower women. From a diversity perspective, it's also important to secure mid-career hires; how is your company performing in this regard?

**Takeda** In FY2023, the number of mid-career hires increased to almost the same level as the number of new graduate hires, with around 70 mid-career hires compared to about 80 new graduate hires. This is a significant change for our Group, which has traditionally focused on recruiting new graduates.

In particular, as the corporate divisions that support our operating companies require a high level of expertise, we're actively recruiting mid-career hires. Many of the individuals we hire hit the ground running from day one, providing a good source of motivation for employees who have been with us since the beginning of their careers.



## Special Interview: Human Resource Transformation at the Cosmo Energy Group

**Morishima** The key to the continuous success of mid-career hires is a long-term career path. While such hires are highly motivated to solve the challenges faced by the workplace they've joined, they also have their own future careers to consider. Therefore, it's important to have a mechanism to present employees with not just one, but multiples career paths, to expand their potential.

**Takeda** As you mentioned, there are also some mid-career hires who want to develop their current expertise, while others may be interested in exploring different types of work if the opportunity arises. We're also working to provide individual employees with the opportunity to autonomously think about their career through the career declaration system and other initiatives.

**Morishima** Adding to what you just said, ensuring that mid-career hires and experienced personnel are a good cultural fit is also an important factor in retention. It's critical for companies to provide organizational support to ensure that the values of employees are aligned with those of the company and that employees can carve out long-term career paths.

### The stacking of small innovations serves as a source of competitiveness

**Takeda** The value most deeply ingrained in employees involved in our *Oil Business* and consistently upheld over the years is a commitment to safe operations and stable supply. The LPG tank explosion at the Chiba Refinery following the Great East Japan Earthquake caused great concern and inconvenience to many people. We also continued to experience challenging times

in terms of business performance, and I once again acutely felt the importance of safe operations and stable supply, as well as the seriousness of our Group's social responsibilities.

On the other hand, the *Oil Business*, with its well-established business model, has few opportunities to experience major innovation or business structure transformation, and there are times when I sense the difficulty of changing the way employees in this business view innovation.

**Morishima** There are many companies out there, including those in the energy industry, that position "safety" as the foundation of their operations. If operations are organized in such a way that improvements and innovation are stacked on a foundation of safety, then I think that companies like yours, which are responsible for social infrastructure, will find it easy to accept this concept. What's important is whether that kind of mindset has trickled down to employees who work on the frontline.

While it's easy to say that they should value a foundation of safety and then make improvements and innovations on top of that, there are challenges when it comes to ensuring that everyone fully understands this concept and can put it into practice.

**Takeda** I believe that the idea of stacking improvements and innovations on top of safety is highly compatible with our Group. Since the fire caused by the explosion at the Chiba Refinery, we've worked to address both infrastructure and systemic issues, and as a result, the operating rate at our Group's refineries has reached over 90%, well above the industry average. I believe that this is due to our diligent efforts to eliminate perceived risks one by one through safety-driven improvement activities.



In order to achieve even more efficient operations, DX initiatives are needed to complement the experience and skills that our refinery employees have built up over the years, in addition to improvements made through the thorough application of our Operations Management System (OMS). Our refineries are working in cooperation with the Corporate DX Strategy Dept., our in-house DX division, to enhance DX literacy\*.

\*For further information on Increasing DX Literacy, please refer to [Page 70](#).

**Morishima** In the past, factory and facility operations often relied on the experience and intuition of highly skilled employees. However, the use of IoT and AI now makes it possible to improve operational efficiency while ensuring safety. I think this constitutes an innovation that goes beyond the scope of improvement initiatives.

Japanese companies have historically strengthened their competitiveness through a series of small innovations. While the spotlight tends to be on major innovations and business structure transformations, I believe that the ability

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to build upon these small innovations also serves as a source of competitiveness for many companies.

**Takeda** From that point of view, our sales and marketing frontlines are where small innovations are continuously accumulated through customer engagement. Looking back, we were the first company to use credit cards as part of our marketing efforts, which in turn became a significant strength. We're also currently taking on the challenge of working with partners across different industries, making use of our extensive customer data.

**Morishima** It might be worthwhile to focus on shifting employees' mindsets by uncovering and reevaluating past examples of innovation, no matter how big or how small, and sharing them internally.

### Thoughts behind our human resources requirements: Challenge, Nurture, and Excel

**Takeda** In order to facilitate employee mindset reform,

we newly formulated the Cosmo Human Resource Requirements in FY2023. On the topic of innovation, which we just discussed, we included the word "Challenge" in the hope that our employees will further challenge themselves. The word "Nurture" expresses our desire to increase the number of employees who can autonomously shape their careers and continuously and proactively learn, thereby contributing to the growth of the Company. In a world where the external environment is changing dramatically, it's also essential for employees to "Excel" and hone their expertise to withstand changes. We've formulated policies based around these three keywords, and are implementing initiatives and communicating them with the goal of changing the behavior of our employees.

**Morishima** What's interesting is that these three elements are interconnected as a set. There are many companies that encourage employees to take on new challenges (Challenge), but I think it's wonderful that your company has incorporated the notions of growth (Nurture) and expertise (Excel) into your human resource requirements, conveying a message that encourages employees to think about their own futures. By integrating these three elements, your company fosters a culture where the value created by human resources directly contributes to building enterprise value.

**Takeda** Both employees who continually take on challenges through involvement in large projects and those engaged in stable work are

Challenge

Nurture

Excel

indispensable to the Company. Even in the work carried out by the latter, there are always small challenges, and these challenges will surely manifest themselves as value.

I mentioned "Challenge" as an example, but I believe that having all employees be mindful of our human resource requirements will lead to the growth of employees themselves and, in turn, the growth of the Company. Therefore, I believe that all three elements are important and indispensable, forming a trinity of requirements.

**Morishima** There are two main points to consider when trying to get your human resource policies and initiatives across to employees. The first is to make sure that the senior management team explains them in their own words, and the second is to make sure that you give credit for the actions that employees take. This is what is known as "recognition."

I believe that recognizing employees for their actions as a company is paramount to ensuring that policies and initiatives are understood by frontline workers.

Furthermore, the extent to which mid-level managers—who act as intermediaries between management and frontline workers—embrace the ideas and take the lead in implementing them based on information from senior management will significantly influence whether the policies reach and are adopted at the operational level.

**Takeda** Our senior management team is doing exactly that, communicating our policies and initiatives directly, and we have incorporated this very idea not only into training workshops and other events organized by our Human Resource Dept., but also into our branding activities. Moreover, from FY2024, we have revised the behavioral

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evaluation criteria in our objective-based evaluation system so that performance evaluations are carried out based on the Cosmo Human Resource Requirements. We're engaged in ongoing and diligent awareness-raising activities so that our human resource requirements become deeply embedded in our corporate culture.

Since my tenure as General Manager of the Human Resource Dept., I've observed that the duties of mid-level managers, such as line managers, have grown significantly in both scope and volume. To broaden their perspective and encourage them to take the initiative, I believe the Company must provide robust support—not only in implementing policies and initiatives but also in reevaluating their roles and promoting greater flexibility in how they work.

### Development of human resource data utilization platforms

**Takeda** In periods of VUCA\*, the challenge for human resource divisions is to envision the type of workforce needed in the future, both in terms of quality and quantity, and to strategize how to attract and retain such talent. Since people are at the heart of these efforts, it's impossible to predict every outcome or implement initiatives strictly according to plan. However, we're focused on enhancing our employees' skills through human resource development programs, while closely tracking progress using KPIs. I believe that merely monitoring KPI figures is not enough; it's also crucial to pay attention to shifts in the figures and understand the underlying factors driving those changes.

\*VUCA: Abbreviation of Volatility, Uncertainty, Complexity, Ambiguity; refers to a situation in which the way forward is unclear, and the future is difficult to predict.

**Morishima** As you mentioned, various internal factors inevitably influence the outcomes of specific KPIs. I believe that gathering and analyzing information, and clearly communicating what's happening to external stakeholders, will become an increasingly important role that human resource divisions will be expected to fulfill in the future.

**Takeda** Since FY2023, we've also been developing human resource-related data utilization platforms. Previously, personnel information was largely analog—qualitative insights that existed only in the minds of human resources staff—which made it difficult to analyze and share.

While such data is still necessary, it's crucial to capture and analyze information from each employee as data and use it to shape future initiatives as we drive transformation under our people strategy. I believe that these data utilization platforms are also vital for ensuring the accountability of our human resource division.

### Current challenges in HRX and future directions

**Takeda** Even amid dramatic changes in the business environment, both the Company and our employees must continue to grow in order to sustainably enhance enterprise value. For this reason, it's vital that we foster an environment that encourages employees to proactively embrace new challenges.

While there's no one-size-fits-all solution, we're committed to providing opportunities for employees to realize their personal growth through the tasks they carry out today. We'll also continue to emphasize our desire for employees to take a self-directed, proactive approach to their work.

**Morishima** The people who work at your company are all individuals with their own hearts and minds. If their heart's not in it, they can't adequately demonstrate their value as human resources. Increasing engagement and reforming mindsets takes time and effort. It also requires investment. But from what I've heard today, I can see that your company is dedicating considerable resources to your people strategy.

**Takeda** In formulating our people strategy, we've consistently asked ourselves what it will take to change the mindsets and behaviors of those who work for our Group. As I continue to think about how to appeal to people's hearts beyond the period of the Seventh MTMP, I'm reminded that we can motivate employees and harness their skills.

As the Officer in charge of Human Resources, I'm committed to advancing our HRX initiatives and working to enhance enterprise value so that the growth of each and every employee becomes the driving force behind our business activities and, in turn, leads to our growth as a company.



## Message from the Executive Officer in Charge of Sustainability



### Sustainable management to realize our Group Management Vision

As the global landscape continues to undergo a major shift, environmental issues such as climate change, along with various societal challenges, are becoming increasingly severe. Addressing these challenges requires greater efforts from governments, societies, and individuals alike. I believe that the responsibility of corporations like ours, which drive economic activities, is growing ever larger. For more than 20 years, the Cosmo Energy Group has placed sustainability at the core of its business operations, as stated in our Group Management Vision, and we have a long history of promoting environmentally-focused management. The pursuit of sustainable value enhancement and development based on this management vision represents the cornerstone of sustainability at the Cosmo Energy Group.

On the other hand, as the world is changing rapidly, we too must evolve. While our Group Management Vision remains constant, the means to realize it must be adapted flexibly. To this end, the Sustainability Strategy Committee, chaired by the Group CEO, held seven meetings in FY2023, and has steadily promoted sustainable management by discussing a wide range of topics, from the latest issues such as climate change and biodiversity to the reevaluation of our internal control system.

### Addressing material issues to fulfill Vision 2030

In the Sixth MTMP, we established our vision for material issues and, backcasting from this vision, set KPIs for both the long-term and the period of the plan, and built a system to implement the PDCA cycle. We also evolved our sustainable management practices, such as linking ESG assessments to executive remuneration.

In the Seventh Consolidated Medium-Term Management Plan (hereafter, “the Seventh MTMP”), which concludes in FY2025, we have defined three key themes for transforming our management foundation: Human Resources Transformation (HRX), Digital Transformation (DX), and Green Transformation (GX). These three transformation initiatives align with the material issues we aim to resolve by 2050, and addressing these material issues is directly connected to realizing our vision of how we want the Group to be as defined in Vision 2030.

### Initiatives undertaken as part of the three transformations

For each of the three transformations set forth as themes in the Seventh MTMP, we have established specific goals as part of our efforts to transform our management foundation.

First, regarding GX, we recognize climate change as one of our most important material issues as a company that handles

fossil fuels. In May 2021, our Group announced our Carbon Net Zero Declaration, committing to achieving net zero greenhouse gas emissions from our business operations by 2050. With the announcement of the Seventh MTMP, we expanded this commitment to include our supply chain, aiming for net zero carbon emissions, including Scope 3 as well. As part of our GX strategy under the Seventh MTMP, we are also measuring how our business operations contribute to decarbonization on a societal level. As a Group, we will continue to work together toward achieving net zero carbon emissions. (See [Pages 53-58](#) for details)

In addition, investment in human resources is essential for executing sustainable management. As Chief Human Resource Officer (CHRO), I oversee the human resource division, and as part of our HRX initiatives, we are pursuing a people strategy that motivates employees and harnesses their skills in an effort to cultivate human resources who can help us realize Vision 2030. To enhance enterprise value, we are focused on strengthening the capabilities of individual employees and maximize performance by increasing employee engagement, while also prioritizing health and productivity management, which serves as the foundation for everything. (See [Pages 59-63](#) for details)

In the area of DX, we are establishing a DX promotion foundation to strengthen competitiveness and create new value, while also cultivating digital talent. We have defined the development of core digital personnel, who will drive Cosmo's DX efforts, as a KPI, and are actively undertaking various initiatives to achieve this end. (See [Pages 69-70](#) for details)

### Engagement with stakeholders

In 2022 and 2023, we worked to engage in active dialogue with our investors and disclose information in the area of sustainability through measures such as our ESG Presentation. In these times of increasing uncertainty, I believe that sustainable management is a vital practice to boost management resilience. We are committed to meeting your expectations by working for the sustainable growth of society and the Cosmo Energy Group by aiming for sustainable enterprise value enhancement, listening to our stakeholders, and continuing dialogue and collaboration.



# Initiatives to Promote Sustainability (Sustainability Governance)

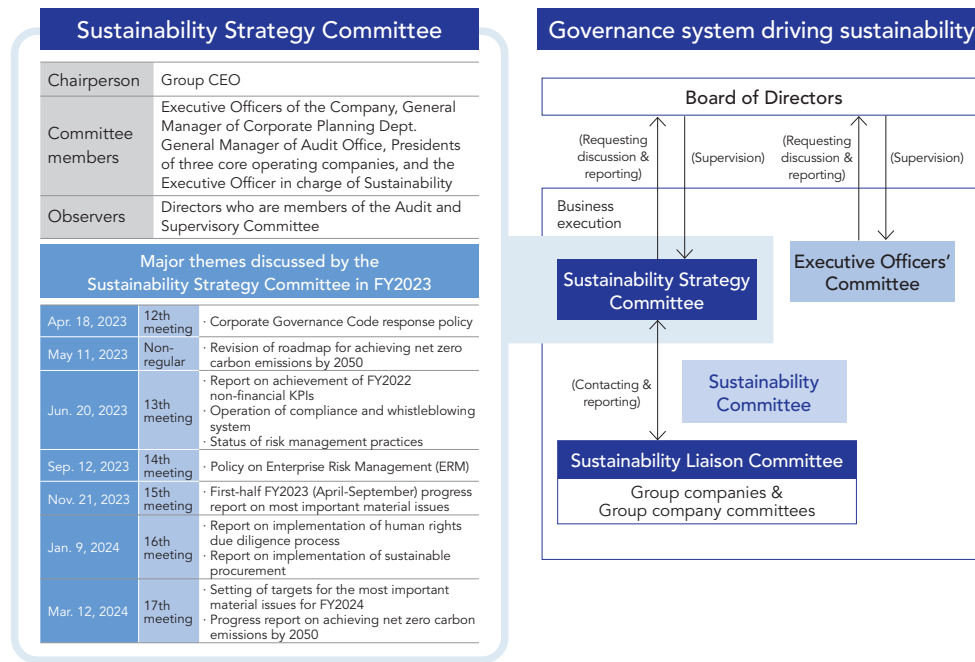
## Promotion structure

Aiming to realize our Group Management Vision, the Company has established a Sustainability Strategy Committee and a Sustainability Committee as key organizational structures to oversee sustainability and internal control-related activities. The Sustainability Strategy Committee undertakes more focused and proactive initiatives by discussing policies for sustainability activities, including safety, risk management, human rights, and the environment, monitoring and evaluating performance, and reporting important matters to the Board of Directors.

In FY2023, the Sustainability Strategy Committee met a total of seven times and discussed 15 agenda items, of which seven were reported to the Board of Directors for deliberation and further discussion. When necessary, the matters discussed by the Sustainability Strategy Committee are shared with Group companies through the Sustainability Liaison Committee.

Moreover, the evaluation of efforts to achieve ESG targets has been reflected in executive remuneration since FY2022 as directors and executive officers work to ensure sustainable management. In addition, committees have also been established at each core operating company and semi-core operating company\* according to their respective functions. These committees work with the Company's Sustainability Strategy Committee to ensure alignment across all Group companies.

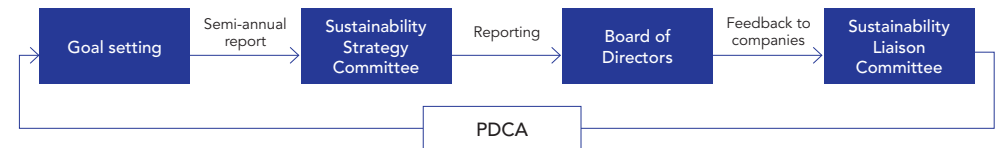
\*For information on core operating companies and semi-core operating companies, please refer to Report Scope in the Corporate Data section on [Page 86](#).



## PDCA cycle

We have defined KPIs for each of the material issues we have identified, setting annual targets and reporting progress to both the Sustainability Strategy Committee and the Board of Directors every six months. The details of reports are then relayed back to Group companies through the Sustainability Liaison Committee, ensuring effective implementation of the PDCA cycle.

### KPI review cycle



## Information disclosure: ESG assessments

The Company has been included in the FTSE4 Good Index Series, one of the world's leading ESG investment indices, for 22 consecutive years since we became the first Japanese oil company to be included in the index in 2003. Furthermore, for eight consecutive years, we have been a constituent of the FTSE Blossom Japan Index, which has been adopted by the Government Pension Investment Fund (GPIF) as an ESG investment index.

In addition to FTSE indices, in 2024, the Company was included in the Empowering Women Select Index (WIN), devised by the US company MSCI based on women's employment data disclosed under the Act on Promotion of Women's Participation and Advancement in the Workplace. Furthermore, we have been selected as a constituent of SOMPO Asset Management Co., Ltd.'s SOMPO Sustainability Index, which was independently established by combining ESG assessments and stock valuations, for eight consecutive years\*.

\*Includes years up to FY2019, when we were a constituent of the SNAM Sustainability Index.



## 2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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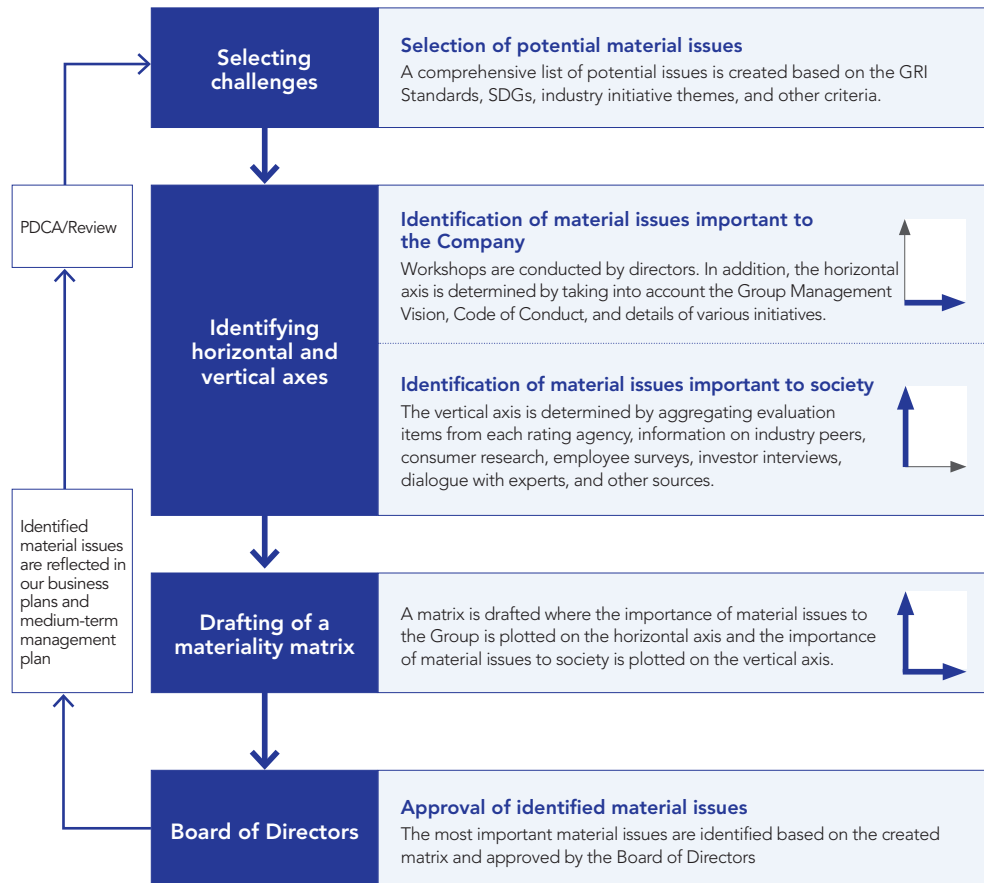


# Material Issues of the Cosmo Energy Group

## Material issue identification process

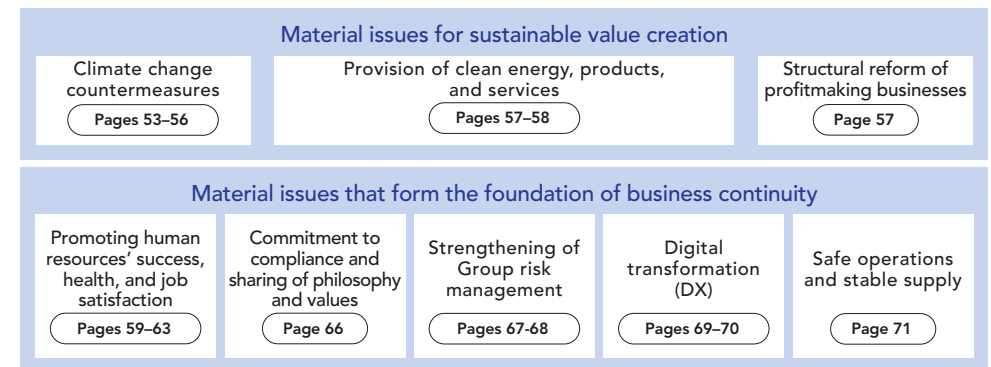
The Cosmo Energy Group has identified eight important ESG challenges (material issues) that will influence the sustainable development of society and our Group, including our medium- to long-term enterprise value, as we work towards building the society we envision in 2050. These issues were identified through the following process. The Group has set KPIs for each material issue and is undertaking activities to resolve them.

### Material issue identification process

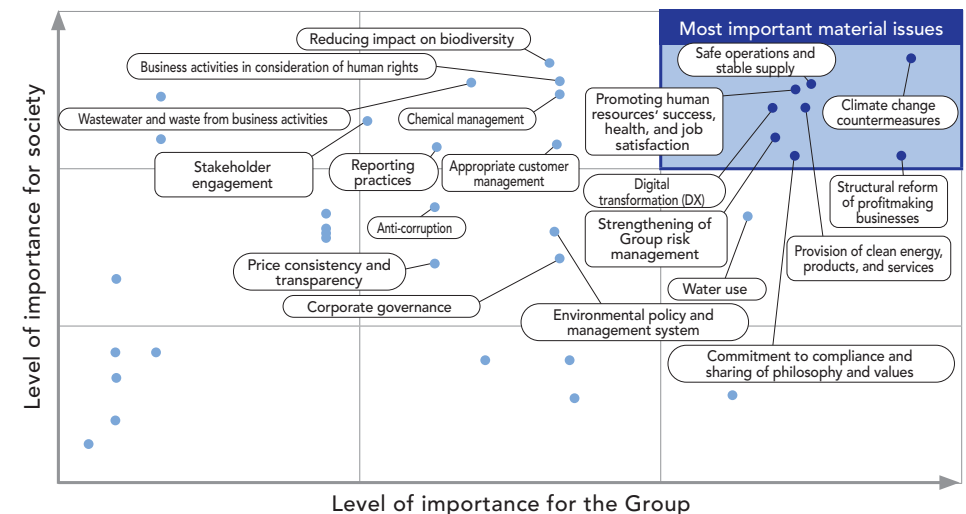


## Most important material issues









With regard to material issues for sustainable value creation, we will work to achieve the goals set forth under the “Oil & New ~Next Stage~” slogan of the Seventh Consolidated Medium-Term Management Plan from the perspective of societal challenges as well. These activities will be underpinned by material issues that form the foundation of business continuity.



### Materiality matrix



# KPIs and Results for Material Issues in the Seventh Consolidated Medium-Term Management Plan

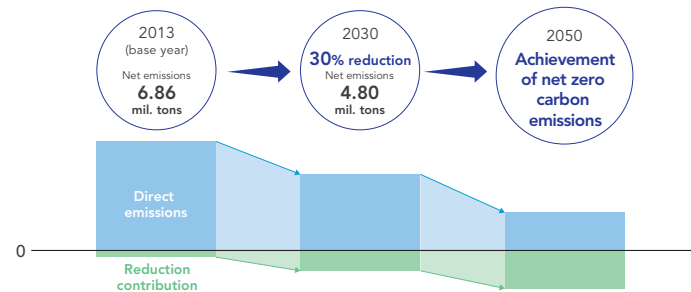
Material issues		Vision for the future	Main KPIs	FY2023 results	Related SDGs
Material issues for sustainable value creation	Climate change countermeasures Pages 53–56	<ul style="list-style-type: none"> <li>GHG emissions are managed appropriately</li> <li>Progress is steadily being made toward achieving net zero carbon emissions by 2050</li> </ul>	<ul style="list-style-type: none"> <li>≥30% reduction in GHG emissions by 2030 (vs. FY2013)</li> <li>CO<sub>2</sub> emissions reduction (Scope 1, 2) (vs. FY2013)</li> <li>CO<sub>2</sub> reduction contribution</li> </ul>	<ul style="list-style-type: none"> <li>15% reduction</li> <li>950,000-ton CO<sub>2</sub> reduction</li> <li>480,000-ton CO<sub>2</sub> reduction contribution</li> </ul>	
	Provision of clean energy, products, and services Pages 57–58	<ul style="list-style-type: none"> <li>Clean fuel that meets customer needs has been developed and is supplied</li> <li>We have become a leading company in domestic renewable energy generation</li> <li>Clean products have been developed and are being provided across the entire value chain</li> <li>Technologies and services that support low carbonization and decarbonization have been developed and are being supplied</li> </ul>	<ul style="list-style-type: none"> <li>Clean fuel supplied (amount of bio-ETBE/SAF (used cooking oil) supplied)</li> <li>Wind power generation facility capacity</li> <li>Other renewable energy generation facility capacity</li> <li>Amount of next-generation raw materials supplied</li> <li>Sales excluding fossil fuels</li> <li>R&amp;D expenses and investments in new businesses</li> </ul>	<ul style="list-style-type: none"> <li>Bio-ETBE supplied: 297,000 kL</li> <li>Used cooking oil-derived SAF supplied: Construction of facility is underway toward production of approximately 30,000 kL per year by FY2025</li> <li>Wind power generation facility capacity (March 31, 2024): 295MW</li> <li>Other renewable energy businesses are under consideration</li> <li>R&amp;D related to next-generation raw materials and new businesses is ongoing</li> </ul>	
	Structural reform of profitmaking businesses Page 57	<ul style="list-style-type: none"> <li>Business profits are generated in a decarbonized society by investing profits from existing businesses in new businesses</li> <li>Enterprise value is being enhanced through new businesses centered on clean technology</li> </ul>	<ul style="list-style-type: none"> <li>Investment in New businesses</li> </ul>	<ul style="list-style-type: none"> <li>Invested ¥19.5 billion in New fields in FY2023 *Before factoring in sales of assets (¥16.5 billion)</li> </ul>	
Material issues that form the foundation of business continuity	Promoting human resources' success, health, and job satisfaction Pages 59–63	<ul style="list-style-type: none"> <li>All employees can demonstrate their abilities to the fullest, regardless of age, gender, nationality, job type, affiliation, or work history</li> <li>Decisions are made through dynamic discussions that incorporate diverse opinions</li> <li>Overwork and harassment are prevented, and employees can work healthily and with peace of mind</li> <li>Employees take the lead in managing their own physical and mental healthcare, and make efforts to manage and improve their health</li> <li>Employees autonomously improve and utilize their strengths and expertise to implement business strategies</li> <li>Employees are energetic and challenge themselves, and enjoy continuous growth with job satisfaction and fulfillment</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of women in managerial roles (FY2025): ≥10%</li> <li>Percentage of women graduates among total new graduate hires: ≥50%</li> <li>Percentage of employees who have taken a stress check (mental health)</li> <li>Percentage of employees who have received lifestyle health guidance (physical health)</li> <li>Investment in employee education and training</li> <li>Employee awareness survey "work satisfaction/pride" score: ≥60 points</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of women in managerial roles (as of April 1, 2024): 7.1%</li> <li>Percentage of women graduates among total new graduate hires (including those who joined the Company in April 2024): 53%</li> <li>98.7% of employees took a stress check</li> <li>Health-focused initiatives to increase the percentage of employees who have received lifestyle health guidance are being implemented</li> <li>Annual training cost: ¥130,000 per person</li> <li>Employee awareness survey score: 60 points</li> </ul>	
	Commitment to compliance and sharing of philosophy and values Page 66	<ul style="list-style-type: none"> <li>Laws, regulations, and social norms are observed</li> <li>Officers, employees, and other staff members understand and observe the Group Management Vision, policies, and internal regulations</li> <li>The Cosmo Energy Group Code of Conduct and policies are widely understood and individuals are able to make appropriate decisions</li> </ul>	<ul style="list-style-type: none"> <li>Number of compliance violations</li> <li>Employee awareness survey scores               <ul style="list-style-type: none"> <li>Compliance education: ≥83%</li> <li>Awareness of consultation helplines: ≥94%</li> <li>Understanding of Code of Conduct: ≥72%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Number of serious compliance violations: 0</li> <li>Employee awareness survey scores               <ul style="list-style-type: none"> <li>Compliance education: 82%</li> <li>Awareness of consultation helplines: 94%</li> <li>Understanding of Code of Conduct: 74%</li> </ul> </li> </ul>	
	Strengthening of Group risk management Pages 67–68	<ul style="list-style-type: none"> <li>Both the Company's operational risks and strategic risks (including opportunities) have been identified, and risks are appropriately hedged or leveraged</li> <li>Serious risks for the entire Group are understood and managed</li> </ul>	<ul style="list-style-type: none"> <li>Risks associated with CEG priority initiatives are monitored</li> <li>Risks associated with priority initiatives undertaken by each company are monitored</li> </ul>	<ul style="list-style-type: none"> <li>Risks associated with CEG priority initiatives and priority initiatives undertaken by each company have been identified, and a risk mitigation plan and its implementation are being evaluated</li> <li>ERM structure and approach development policy have been decided</li> </ul>	
	Digital transformation (DX) Pages 69–70	<ul style="list-style-type: none"> <li>A corporate culture embracing digital technology is being cultivated to transform work processes and drive continuous innovation for business transformation</li> <li>Efforts are being made to improve internal and external CX (customer experience) by delivering data-driven solutions that address challenges for both customers and employees</li> </ul>	<ul style="list-style-type: none"> <li>Cultivation of core digital personnel (FY2025): ≥900 people</li> </ul>	<ul style="list-style-type: none"> <li>389 core digital personnel developed</li> <li>We are currently promoting a change in mindset toward DX through initiatives such as classroom-based training, data utilization in work, sharing case studies across organizations, and communication with each division, with the aim of developing human resources.</li> </ul>	
	Safe operations and stable supply Page 71	<ul style="list-style-type: none"> <li>Employee injuries are prevented</li> <li>Plant accidents and product (quality) accidents are prevented</li> <li>Operations are carried out so they do not threaten the safety of the operating area and surrounding residents</li> <li>Energy supply remains stable and reliable, even during disasters and emergencies, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Number of work-related accidents</li> <li>Number of accidents</li> <li>Number of accidents with an impact on the environment</li> <li>Supply and sales structure during disasters and emergencies: Up and running again within 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>Number of major work-related injuries: 0</li> <li>Number of major accidents: 2</li> <li>Number of major accidents with an impact on the environment: 0</li> <li>BCP activation: N/A</li> </ul>	

# Climate Change Countermeasures

With global attention on reducing greenhouse gases (GHG), the Cosmo Energy Group is striving to reduce GHG emissions, and has announced its 2050 Carbon Net Zero Declaration. In this section, we introduce our environmental initiatives and activities, including energy conservation efforts.

\*Our Group reports Scope 1 and Scope 2 GHG emissions and reductions.

## GHG emission targets and reductions



While fulfilling its responsibility to provide a stable supply of energy, the Cosmo Energy Group is working to reduce emissions (Scope 1 and 2) from its business operations by 30% by 2030, compared to FY2013. We will do this by converting to zero-carbon energy and utilizing negative emissions technologies. Furthermore, to contribute to the realization of carbon neutrality across society as a whole, we seek to achieve net zero carbon emissions, including Scope 3, by 2050.

## Roadmap for Achieving Net Zero Carbon

The Cosmo Energy Group has developed a roadmap summarizing the key themes and processes we will focus on to achieve our goal of net zero carbon emissions by 2050. As a priority initiative, we are focusing not only on direct reductions through energy conservation and fuel conversion but also on utilizing negative emission technologies, green electricity, and new technologies in the form of next-generation energy. At the same time, stable energy supply has become increasingly important due to rising geopolitical risks and other factors. As an energy company, our primary responsibility is to provide a stable supply of energy that supports society, while striking a balance with our decarbonization efforts.

For this reason, we will maintain our goal of achieving net zero carbon emissions by 2050 and will steadily advance measures to ensure that we fulfill our responsibility to offer a stable supply even during the transition period.

Additionally, we recognize the need to rethink our roadmap, including making adjustments to target values, in response to changes in the external environment and advancements in technology. We are working to update it in line with evolving policy trends and other factors.



## Efforts to reduce greenhouse gas emissions

The Cosmo Energy Group has always positioned the reduction of GHG emissions as an important issue and we have been working to reduce CO<sub>2</sub> emissions throughout the supply chain. In FY2023, the first year of the Seventh Consolidated Medium-Term Management Plan, actual GHG emissions (Scopes 1 and 2) amounted to 7.11 million tons of CO<sub>2</sub>, an 11.8% reduction compared to FY2013 (direct CO<sub>2</sub> reduction of 950,000 tons). This was the result of increased efficiency of our manufacturing division (improved energy consumption intensity) and a decrease in crude oil processing due to regular maintenance.

Furthermore, as part of green transformation (GX), one of the management foundation transformation themes set forth in the Seventh MTMP, we are working towards our goal of reducing GHG emissions by 30% by 2030 compared to FY2013 (including Scopes 1 and 2, and reduction contributions). In FY2023, we achieved a 15% reduction compared to FY2013, which includes contributions from biofuels and renewable energy, resulting in a total CO<sub>2</sub> reduction of 480,000 tons.

### Cosmo Energy Group's CO<sub>2</sub> emissions<sup>1</sup>

(Unit: 10,000 tons of CO<sub>2</sub>)

	FY2013	FY2021	FY2022	FY2023
Scope 1	774	769	729	689
Scope 2 <sup>2</sup>	32	24	24	22
Scope 1 & 2 total	806	793	753	711
Scope 3 <sup>3</sup>	8,197	–	7,320	7,605

### Total Group reduction contribution<sup>4</sup>

(Unit: 10,000 tons of CO<sub>2</sub>)

	FY2013	FY2021	FY2022	FY2023
Avoided emissions	-23	-43	-44	-48

<sup>1</sup> Scope of data coverage: A total of 43 companies, including Cosmo Energy Holdings Co., Ltd. and its consolidated subsidiaries (Cosmo Oil, Cosmo Oil Marketing, Cosmo Energy Exploration & Production, Maruzen Petrochemical, etc., as well as subsidiaries and affiliated companies). In addition, the CO<sub>2</sub> emission intensity used for calculation was reviewed in FY2023.

<sup>2</sup> Calculated value of market-based emissions

<sup>3</sup> A review of calculation categories was conducted, with retrospective calculation for all categories in FY2013 and FY2022.

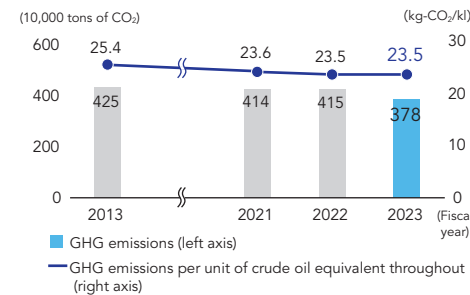
<sup>4</sup> The total CO<sub>2</sub> reduction contribution from biofuels (avoided CO<sub>2</sub> emissions attributable to ETBE-blended gasoline) and renewable energy (avoided CO<sub>2</sub> emissions based on total wind power sales × emission factor for each fiscal year (national average)).

## Climate Change Countermeasures

### Energy conservation at refineries

In FY2023, energy consumption intensity improved around 2% year-on-year due to the promotion of energy conservation activities, such as optimizing the operation of utility equipment. CO<sub>2</sub> emissions, meanwhile, decreased by approximately 10% year-on-year due to the decrease in equipment operation associated with regular maintenance and other events. We will continue to strive to conserve energy both by utilizing high-efficiency equipment and pursuing energy-efficient operations.

**GHG emissions at refineries and GHG emissions per unit of crude oil equivalent throughput**



### Initiatives related to CCS/CCU

The Company is looking into CCS and CCU\* as important initiatives for reducing emissions.

\*CCS: Carbon dioxide Capture and Storage CCU: Carbon dioxide Capture and Utilization

#### Initiatives related to Carbon Capture and Storage (CCS)

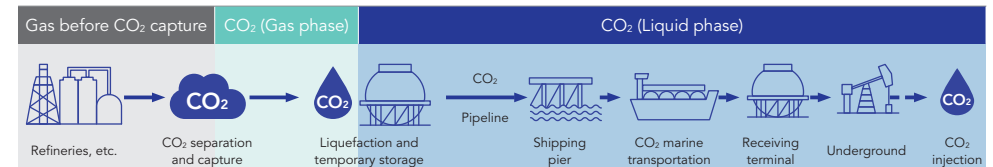
In October 2023, we initiated joint studies with The Kansai Electric Power Co., Inc., focusing on CO<sub>2</sub> emissions from business sites operated in the Sakai-Senboku area. These studies involve designing a CCS value chain that encompasses the separation and capture, liquefaction and storage of emitted CO<sub>2</sub>, and its subsequent shipment to storage sites, as well as evaluating economic efficiency.

In the same month, we began collaborating with Mitsui O.S.K. Lines, Ltd. on the establishment of a CCS value chain consisting of the separation and capture, transport, and injection and storage of CO<sub>2</sub> emitted from Cosmo Oil's refineries. We are also researching and considering specifications of liquefied CO<sub>2</sub> carriers suitable for the distance from emission sources to the candidate storage sites and estimated ocean transport costs, among other things.

In 2024, we signed a contract with JOGMEC (Japan Organization for Metals and Energy Security) concerning CCS engineering design work in two areas: Southern Offshore of Peninsular Malaysia CCS Project in western Japan and Northern Offshore Peninsular Malaysia CCS Project in the Tokyo Bay coastal area, after winning the bid for contracted research work for JOGMEC's Engineering Design Work for Advanced CCS Projects. This public tender was carried out by JOGMEC based on its policy of supporting exemplary and innovative projects aimed at developing the environment for the launch of CCS projects by 2030.

The Company will undertake engineering design work across a value chain that encompasses the separation and capture, liquefaction and storage, and shipment of CO<sub>2</sub> emitted from each area.

### CCS business conceptual diagram



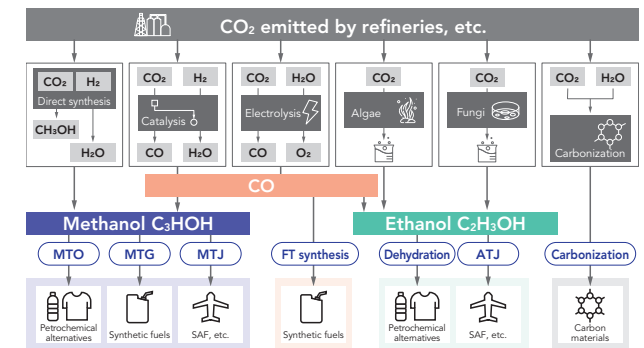
### Initiatives related to Carbon dioxide Capture and Utilization (CCU)

As an additional measure to reduce CO<sub>2</sub>, we anticipate producing carbon-neutral products, such as synthetic fuels and petrochemical feedstock alternatives, from CO<sub>2</sub> emitted by refineries and other facilities. With this in mind, we are considering producing methanol and ethanol, which can be converted into these products, using chemical and biological conversion technologies.

In October 2023, we signed basic agreements with Toyo Engineering Corporation, which possesses technology that enables direct synthesis of methanol from CO<sub>2</sub>, as well as Sekisui Chemical Co., Ltd. (catalysis) and Toshiba Energy Systems & Solutions Corporation (electrolysis), both of which have CO<sub>2</sub>-to-CO conversion technologies. We are currently investigating the potential for CO<sub>2</sub> reduction, feasibility, investment profitability, and other factors. In addition, we are also exploring biological conversion technologies that use algae and fungi.

Moreover, as part of our efforts in the area of CCU, we are continuing to examine the commercial viability of technology to convert CO<sub>2</sub> into carbon materials without the use of hydrogen, based on a comprehensive partnership agreement between Cosmo Oil and Kyoto University signed in March 2023.

We will start with CCS, which involves separating, capturing, and storing CO<sub>2</sub> emitted from refineries. In the future, we will work to achieve carbon neutrality across the entire supply chain based on the establishment of CCU technologies and demand for carbon-neutral products that utilize CO<sub>2</sub> as feedstock.





## Climate Change Countermeasures

### Hydrogen station-related initiatives

Iwatani Cosmo Hydrogen Station LLC, a joint venture between Cosmo Oil Marketing and Iwatani Corporation, opened Iwatani Cosmo Hydrogen Station Heiwajima (Ota City, Tokyo) in April 2024. This hydrogen station enables the fast refueling of both small fuel cell vehicles and larger fuel cell trucks, which are expected to become more widespread in the future. In addition, the station is located alongside the Cosmo Oil Marketing-operated Keihin Truck Terminal Heiwajima SS (operated by Kitaseki Co., Ltd.), within the Keihin Truck Terminal run by Japan Motor Terminal Co., Ltd. It is the first hydrogen station in Japan to be installed inside a truck terminal, and its presence at the Keihin Truck Terminal, which handles the largest volume of cargo in the country, plays a vital role as a hub for the domestic adoption of both small and large fuel cell commercial vehicles (hereafter, "FCCVs").

We are currently constructing a second location at the Iwatani Cosmo Hydrogen Station Ariake Motors Sales Office (tentative name; Koto City, Tokyo). This station will be operated as a station that serves fuel cell buses. Additionally, preparations are also underway for a third location, tentatively named Iwatani Cosmo Hydrogen Station Shinsuna (Koto City, Tokyo).

Through this joint venture, we will continue to consider the construction of hydrogen stations to meet the demand for FCCVs going forward.



Iwatani Cosmo Hydrogen Station Heiwajima



Artist's impression of Iwatani Cosmo Hydrogen Station Ariake Motors Sales Office (tentative name)



### Supporting the OGDC

At COP28<sup>1</sup> in 2023, the Company expressed support for the Oil and Gas Decarbonization Charter (OGDC). OGDC signatories have committed to achieving net-zero operations for Scope 1 and Scope 2 emissions by 2050 at the latest, ending routine flaring<sup>2</sup> (the burning of gas) by 2030, and reducing upstream methane emissions to near zero.

In May 2021, we declared our commitment to achieving our goal of net zero carbon by 2050 and are further stepping up our efforts, including shifting to low-carbon operations in our Oil Business. Additionally, in our petroleum development division, we have already established a system to inject associated gas produced alongside crude oil into underground reservoirs, and as a result, we do not engage in routine flaring. Consequently, we have largely achieved near-zero methane emissions into the atmosphere.

Through these efforts, the Group has been able to promptly implement the measures required by the OGDC and will continue to promote carbon neutrality by significantly reducing methane emissions, which have a significant global warming effect.

1 The 28th United Nations Climate Change Conference

2 During the flaring process, trace amounts of methane gas are emitted into the atmosphere.

### Participation in the GX League

The Company has been participating in the GX League since its inception and supports for the GX League Basic Concept, which aims to achieve carbon neutrality by 2050 and help transform society by taking on the challenge of green transformation. It was established as a way for companies aiming to achieve sustainable growth in society, both now and in the future, to collaborate with other like-minded companies.


As part of our GX League activities for FY2023, we participated in the GX Management Promotion Working Group and the Working Group for Consideration of Voluntary Carbon Credit Disclosure.

In light of discussions among GX League signatories and progress in the GX-ETS (GX League's Emissions Trading System), we are actively reevaluating our plan to achieve net zero carbon emissions and exploring better disclosure methods.



## Climate Change Countermeasures TCFD

To maintain good communications with a wide range of stakeholders, including shareholders and investors, we have organized our approach to climate change based on the framework of the TCFD recommendations.

 Addressing Climate Change — Support for the TCFD Recommendations  
<https://www.cosmo-energy.co.jp/en/sustainability/environment/gl-warming/tcfd.html>

## Strategy

In line with the TCFD recommendations, the Group performed scenario analyses based on what the world may look like under the 4°C and 1.5°C scenarios. These analyses covered our Petroleum, Petrochemical, and Oil E&P businesses, looking at possible business impacts by 2030, 2040, and 2050.

Regarding predictable climate change risks and opportunities in our business activities, we anticipate changes in the business environment due to external factors and consider their importance based on the climate change risk items in the TCFD recommendations.

### Short-, medium-, and long-term climate change-related risks and opportunities and their impact on our businesses

Item	Type	Changes in the business environment	Expected impact on the Group	Time span	Impact level when risk emerges
Transition risks	Policies/regulations	Introduction of carbon pricing	Manufacturing cost increase	Medium- to long-term	High
		Many countries strengthen carbon regulations	Increased cost of purchasing emission credits, investing in energy-saving equipment	Medium- to long-term	High
	Technology	Development of low-carbon and clean technologies	Decline in petroleum product demand due to spread of EVs and alternative fuels	Short- to medium-term	Medium
		Change in energy mix, shift to low-carbon electricity sources	Increased costs due to rising renewable energy prices	Short- to medium-term	High
	Industry/market	Change in energy demand due to move away from fossil fuels	Decrease in income due to lower demand for petroleum products	Short- to medium-term	High
		Changes in customer behavior	Decline in enterprise value due to delayed response to decarbonized society	Medium- to long-term	High
Physical risks	Reputation	Investor assessment	Accelerated divestment from petroleum business	Medium- to long-term	Medium
		Chronic	Rising ocean level and tsunamis	Long-term	Low
	Acute	Abnormal weather (storm and flood damage)	Increased costs due to typhoon-caused stoppages or breakdowns	Short- to long-term	Medium
Opportunities	Resource efficiency	Transition to a resource recycling society	Increased demand for products with a low environmental impact Expansion of chemical recycling business	Medium- to long-term	—
	Energy sources	Changes in energy demand due to the move away from fossil fuels	Increased demand for renewable energy (wind power generation business) Increased demand for low-carbon energy	Short- to long-term	—
		Products and services	Changes in customer behavior	Short- to long-term	—
	Market	Developments in low-carbon and clean technologies	Growth of EV-related service business, and expansion of car sharing and other new service businesses Expansion of CO <sub>2</sub> emission reduction business due to developments in CCUS technologies Expansion of production capacity associated with an increase in required SAF volume	Short- to long-term	—
		Investor assessment	Investment in renewable energy and other businesses	Short- to long-term	—
	Resilience	Abnormal weather (storm and flood damage)	Reputation among business partners for maintaining a stable supply during disasters	Short- to long-term	—

Scope: Oil Exploration and Production, Petroleum Refining and Sales, Electric Power (Renewable Energy, IPP), Petrochemical businesses  
 Time span: Short-term = within 1 year, medium-term = within 1-5 years, long-term = 5-20 years  
 Impact level when risk emerges: Low = less than ¥1.0 billion, medium = ¥1.0 billion or more but less than ¥10.0 billion, high = ¥10.0 billion or more



## Financial impact assessment based on climate change scenarios

In our scenario analyses, we assessed the financial impact under the 4°C and 1.5°C scenarios. For the 4°C scenario, we estimated physical risks due to natural disasters and transition risks due to decreasing demand based on what the world may look like under the 4°C scenario. For the 1.5°C scenario, we estimated transition risk due to decreasing demand and carbon pricing based on what the world may look like under the 1.5°C scenario.

### Financial impact of climate-related risks

Financial impact of climate-related risks (¥ billion)						
Scenario	Risk category	Event	Subject of impact calculation	2030	2040	2050
4°C scenario	Physical risks	Natural disasters	Increase in costs due to abnormal weather	-0.5	-1.0	-1.5
	Transition risks	Decrease in demand	Decrease in profit due to decrease in demand	-4.0	-11.0	-19.0
1.5°C scenario	Transition risks	Decrease in demand	Decrease in profit due to decrease in demand	-9.0	-25.0	-37.0
		Carbon pricing	Increase in costs due to introduction of carbon pricing	-83.0	-76.0	-52.0

Natural disasters = (Largest amount of damage from a heavy rain event during the past 5 years × Annual incidence of heavy rain) + (Petroleum and petrochemical insurance premiums × Annual incidence of heavy rain)  
 Decrease in demand = Estimated ordinary profit in 2030 × Percentage change in demand (refer to percentages in IEA STEPS, APS)  
 Carbon pricing = Scope 1 and 2 emissions for 2030 through 2050 × Carbon price (refer to IEA NZE)

## Governance and risk management

Governance related to climate change is included as part of sustainability strategy governance. Please refer to **Page 50** for details of our governance structure.

Please refer to **Pages 67–68** for details of the Group's approach to risk management.

## Metrics and targets

The Group announced that we would expand the scope of our Net Zero Carbon Declaration to include supply chain emissions, thereby broadening the goal to include Scope 3 emissions. Accordingly, the Group is investigating initiatives to reduce GHG emissions and ways to achieve them.

Under the Seventh Consolidated Medium-Term Management Plan, we have set a target of reducing Scope 1 and 2 emissions by 30% (or 2 million tons of CO<sub>2</sub>) compared to FY2013, including the reduction attributable to avoided emissions, as part of Vision 2030.

For details on FY2023 initiatives and assessments, including FY2023 results, please refer to Efforts to Reduce Greenhouse Gas Emissions on **Page 53**.

# Provision of Clean Energy, Products, and Services

The Cosmo Energy Group aims to contribute to the development and decarbonization of society as a whole by providing energy, products, and services that meet our customers' needs through our commitment to the most important material issue of Provision of clean energy, products, and services.

## Contributing to decarbonization in the aviation sector with SAF, a next-generation aviation fuel

In the aviation industry, the ICAO<sup>1</sup>, at its 2016 general meeting, set the target of "keeping total greenhouse gas (GHG) emissions from international aviation at or below the 2019 level, starting from 2021." In 2022, it further established a long-term goal of "achieving net zero carbon emissions by 2050." At present, the use of SAF<sup>2</sup> is seen as the most promising means of reaching these targets, and it is expected that the oil industry in Japan will be required to supply SAF equivalent to a 5% reduction in GHGs by 2030. This means that roughly 10% of all aviation fuel will need to be replaced with SAF. Japan's Ministry of Economy, Trade and Industry has announced policy support for achieving this target, with the public and private sectors working together to promote the adoption of SAF.

In this environment, the Group has set a 2030 SAF supply target of 300,000 kiloliters per year. In November 2022, we established SAFFIARE SKY ENERGY LLC, a joint venture with JGC Holdings Corporation and Revo International Inc., to produce SAF from used cooking oil at Cosmo Oil's Sakai Refinery. As Japan's first SAF mass production project, with annual production of about 30,000 kiloliters, construction of a production unit is underway and is on track to be operational before the end of FY2024. We are accelerating efforts to build a domestic SAF supply chain while diversifying raw materials and production processes, etc. One possibility under consideration is production using Alcohol-to-Jet (ATJ) technology, which uses ethanol as feedstock.



SAF production facility under construction (photo taken on July 19, 2024)

<sup>1</sup> ICAO: International Civil Aviation Organization  
<sup>2</sup> SAF: Sustainable Aviation Fuel



## Reduction contribution

Approximately 70% of the total GHGs emissions across the Group's supply chain are attributable to the use of petroleum products (Scope 3, Category 11). In light of this, in addition to efforts to reduce our own GHG emissions (Scope 1+2), we are also undertaking initiatives to reduce GHG emissions across our supply chain. In terms of efforts that contribute to decarbonization on a societal level, we perform quantitative assessments using reduction contribution, a metric that quantifies the positive impact on the climate.

### Supplying green electricity

Aiming for a combined installed capacity of over 1,500 megawatts from onshore and offshore wind power by 2030, the Group quantitatively assesses the reduction contribution of such wind power generation.

### Reduction contribution results and targets

(10,000 tons of CO<sub>2</sub>)

	FY2023 result	FY2023 target
Reduction attributable to green electricity	27.6	130
Reduction attributable to clean fuel	20.7	40
Total reduction contribution	48.3	170

### Supplying clean fuel

The Group has been supplying ethyl tert-butyl ether (ETBE)-blended gasoline to date. As we will begin producing SAF from 2025 in addition to ETBE-blended gasoline under the Seventh MTMP, we quantitatively assess the reduction contribution of both ETBE and SAF supply.

\*Reduction contribution calculation method:  
 The reduction contribution attributable to green electricity supply is calculated by multiplying total power generation by the estimated CO<sub>2</sub> emissions factor of general electric power in FY2030 (0.25 kg-CO<sub>2</sub>/kWh). The reduction contribution attributable to ETBE supply is calculated using the difference in emission factors between gasoline with and without ETBE added. The reduction contribution attributable to SAF supply is calculated using reduction effect figures based on ICAO standards.

## Material issue: Structural reform of profitmaking businesses

In order to realize our vision for the future, as set forth in Vision 2030, the Group has defined "structural reform of profitmaking businesses" as a material issue. By investing the profits from existing businesses in new ventures, we aim to contribute to a decarbonized society, while also ensuring stable growth of the Group's businesses in an environment that is shifting toward decarbonization. To this end, we have set the amount invested in New businesses as a KPI for this material issue, and in the Seventh MTMP, we plan to invest ¥140.0 billion over the three-year period.

Provision of clean energy, products, and services

## Bolstering the green electricity supply chain

### Rolling out Cosmo Zero Carbon Solution as a one-stop decarbonization and energy-saving service

Cosmo Oil Marketing offers Cosmo Zero Carbon Solution, a one-stop service that helps corporations and local governments adopt and effectively use renewable energy, electric vehicles (EVs), and so on.

For clients that want to use renewable energy, the Company offers Cosmo Denki (Electricity) Business Green, a service that includes an onsite solar PPA<sup>1</sup>, and the ability to manage surplus electricity with storage batteries and an EMS<sup>2</sup>. To meet EV needs, we offer EV leasing (Cosmo My Car Lease), EV charging station installation, EV car sharing, and other services. Through use of these services, we aim to reduce CO<sub>2</sub> emissions and lower contract power and electricity usage by facilitating the installation of higher efficiency equipment. We are committed to supporting corporations, local governments, and other entities as they strive to comply with decarbonization regulations and to overcome challenges such as reducing costs through energy-saving efforts.

Since launching Cosmo Zero Carbon Solution in September 2021, we have started supplying Cosmo Denki (Electricity) Business Green to numerous ministries and local governments. In February 2023, the cities of Yokosuka and Zushi, Kanagawa Prefecture, not only became Cosmo Denki (Electricity) Business Green customers, they also introduced an EV car sharing service. Furthermore, in April 2024, Cosmo Oil Marketing signed its first comprehensive partnership agreement with Uenohara City, Yamanashi Prefecture, to help it become a zero-carbon city.



Cosmo Zero Carbon Solution service conceptual diagram

<sup>1</sup> Onsite Solar Power Purchase Agreement (PPA):

A contract where the equipment installation provider (PPA operator) installs a solar power generation system on the customer's property and the customer purchases the generated electricity.

<sup>2</sup> Energy Management System (EMS): A system for optimizing storage battery charging and discharging.



### Sales of Cosmo Denki (Electricity) Green

In response to the recent growing interest in renewable energy, we launched the Cosmo Denki (Electricity) Green electricity plan for individual customers seeking more environmentally friendly electricity in December 2019, offering it to general households. Cosmo Denki (Electricity) Green is a service that helps businesses achieve virtually zero CO<sub>2</sub> emissions by providing added environmental value in the form of non-fossil certificates and other designated renewable energy certificates. Customers purchase such certificates with a value equivalent to or greater than their total annual sales volume and use them in the electricity sales process, thereby receiving proof that all the electricity they use offers environmental value derived from renewable energy sources.

In addition, we offer a range of Cosmo Denki (Electricity) Business Green plans for corporate customers, and as of October 2024, the number of facilities served has grown to 3,000 locations.

Cosmo Denki (Electricity) Business Green includes a plan that uses electricity derived from Cosmo Eco Power-generated wind power or other renewable energy sources and that is compliant with RE100, an international initiative that aims to ensure that 100% of the electric power used by businesses is renewable energy.

### Development of our mobility business to facilitate a shift to EVs

Cosmo Oil Marketing is advancing the creation of new mobility services centered on EVs. As part of its Cosmo My Car Lease service, we began offering an EV maintenance pack to support EVs. Furthermore, to provide comprehensive support for decarbonization, we have also launched the Zero Carbon Plan, which offers a one-stop solution that includes Cosmo Denki (Electricity) Green, EV charging facilities, and an EV maintenance pack, in addition to EV car leasing.

In March 2024, Cosmo Oil Marketing entered into a capital and business alliance with EV Motors Japan Co., Ltd., which develops, manufactures, and sells commercial EVs, and plans to sell electric buses and logistics vehicles in the future.

As we continue to respond to customer needs, we remain committed to developing our existing mobility business with the goal of realizing a carbon emission-free society to achieve further growth and contribute to the environment.



# Promoting Human Resources' Success, Health, and Job Satisfaction

Recognizing human resources as a form of management capital, we aim to maximize their value by establishing the Human Resources Policy\*, which outlines our basic approach to utilizing human resources within the Group. The source of enterprise value creation lies in human resources, and we define the necessary direction for transformation with four key elements: Autonomous and proactive, Growth mindset, Diversity, and DX Literacy. In the energy industry, which is undergoing transformation, we pursue a people strategy that motivates employees and harnesses their skills to ensure that employees grow daily and can fully demonstrate their capabilities.

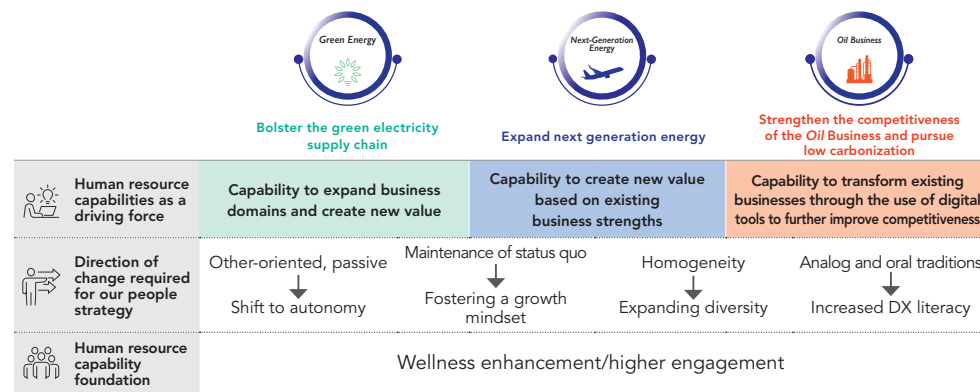
\*Specific measures and targets apply to Cosmo Oil employees.



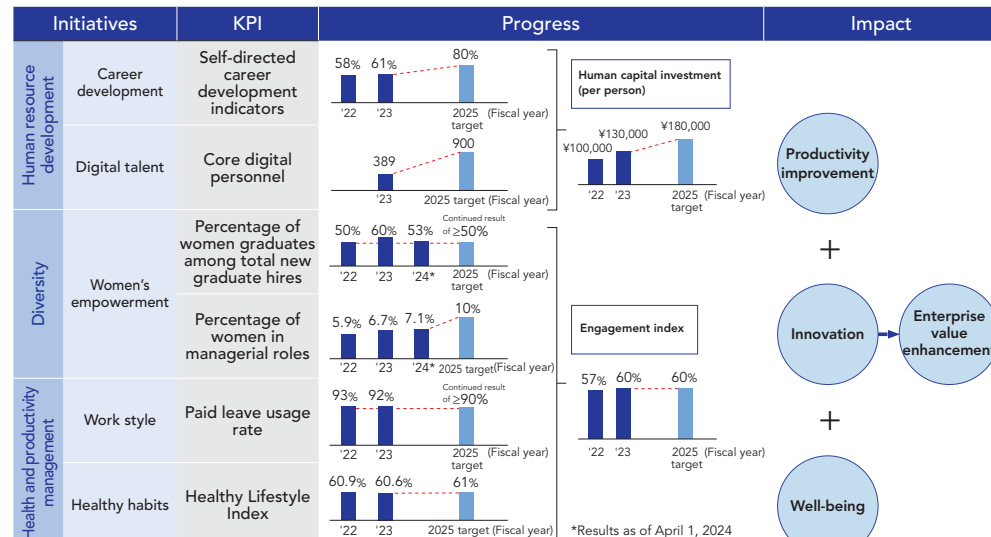
Human Resources Policy

<https://www.cosmo-energy.co.jp/en/company/policy/human-resources.html>

**Vision 2030** To create energy that shapes the future, energy that sustains society, and new forms of value



## HRX progress status



ESG Data

<https://www.cosmo-energy.co.jp/en/sustainability/esgdb.html>

## People strategy and initiatives

In Vision 2030, we aim to strengthen the competitiveness of our Oil Business and increase profitability while at the same time investing in next-generation, low-carbon businesses to nurture future core businesses. In this era of rapid change, we are developing a roadmap to maximize enterprise value from a medium- to long-term perspective, enabling us to flexibly respond and promote an energy transition that connects the present to the future.

To simultaneously take on the challenge of entering new business fields and transforming existing ones, we are promoting our people strategy in line with our human resource transformation (HRX) initiative laid out in the Seventh Consolidated Medium-Term Management Plan. This involves forming a diverse and autonomous talent pool that continues to challenge itself, with the goal of fostering growth of both employees and the Company.

In particular, we are focusing on building a pipeline for the development and appointment of women in managerial positions and executive roles to cultivate future managerial talent that will drive business and produce female leaders who will support corporate management. The Human Resource Strategy Committee, Executive Officers' Committee, and Board of Directors continuously monitor progress in the integration of management and people strategies to ensure they are aligned and on the way toward realization.

### (1) Cultivating management personnel

Starting from FY2024, we are revising how we select and develop management candidates, and are taking a unified approach involving management, human resource divisions, supervisors, and candidates themselves. We have defined the necessary competencies for management personnel and utilize multiple internal indicators to select a certain number of candidates each year from department head and section chief level employees.

For candidates at the department head level, each individual is paired with an external strategic coach to engage in training focused on outlining and advancing their department's management strategy through coaching. This approach encourages them to develop a managerial perspective while actively demonstrating leadership in advancing the management strategy. For candidates at the section chief level, the human resource division and supervisors collaboratively create a "talent profile," outlining anticipated future positions and development challenges, and development is pursued based on these individual profiles. By assigning them to key positions within the Group and focusing on practical development through tough assignments, we proactively create opportunities to engage in dialogue with executives and third parties, including mentoring by executives and participation in external training, aiming to have them acquire the skills and high-level perspective required of executives. The initiatives for both department heads and section chiefs connect the personal growth of employees to the growth of the organization and the Company.



## Promoting Human Resources' Success, Health, and Job Satisfaction

### (2) Women's empowerment

To move beyond a traditional male-centric organizational structure and values, we have emphasized the empowerment of women as a priority issue within our diversity initiatives since the Sixth MTMP. In promoting the active participation of women in the workplace, we first recognize that forming a sufficiently sized talent pool is essential, leading us to actively recruit female employees. Since FY2022, the percentage of women graduates among total new graduate hires has consistently exceeded 50%, and in April 2024, we hired seven female field operators, bringing the total number of women engaged in operator roles to 37. In addition, in mid-career recruitment, we have focused on the hiring of women, including for managerial positions, resulting in a total of over 400 female employees, constituting approximately 15% of all employees.

Moreover, acknowledging that talent development after recruitment is crucial for promoting the participation of women in the workplace, we are implementing various initiatives aimed at their growth. Our mentoring system for women in management and future management candidates continually provides opportunities for dialogue with department heads and other leaders, creating awareness and opportunities for growth. We also consistently conduct activities such as participation in cross-industry networking events by selected high-potential employees and external training for women leaders. As of April 1, 2024, the ratio of women in managerial roles has increased to 7.1%. We will continue our efforts toward achieving our target of 10% female managers set in the Seventh MTMP.

In addition to these selection-based initiatives, we are also working to enhance the skills and mindsets of female employees. Specifically, we do this by expanding their roles through assignment to departments that previously had no women and providing opportunities for presentations and discussions led by women executives and department heads for all female employees. Some of these initiatives are also open to women from Group companies, fostering a collective momentum for the empowerment of women across the entire Group.



### (3) Talent development in business divisions

#### 1. Succession planning

To ensure and visualize a talent pool for line managers, who are key players in the transformation process, we have developed job descriptions and a successor list for line manager positions, which are managed through the talent management system "Cosmo Talent Palette (CTP)." Based on the successor list, we carry out talent development, internal transfers, and recruitment activities.

#### 2. Passing on of technology and improvement of expertise

To pass on technology and improve expertise, we first developed a "capability map" that outlines business skills within the technical division, which is subsequently being rolled out across various domains.

In addition, we certify positions that require a high level of expertise and are also recognized externally as Specialist Positions (SP course), thereby clarifying compensation for contributions to the Company and internal career paths. Through these efforts, we aim to strengthen recruitment competitiveness, reduce the risk of talent outflow, and enhance the capabilities necessary for business advancement.



### (4) Advancement of diversity

#### 1. Promoting participation and advancement of mid-career hires

To incorporate new ways of thinking, values, expertise, skills, and business practices, we actively engage in the hiring of mid-career professionals. As a result of our focus on recruiting those who can hit the ground running and assigning the right people to the right roles, the ratio of mid-career hires reached approximately 21% as of April 2024, an increase of about 12% over the past ten years. The ratio of mid-career line managers hired is approximately 11% overall\*.

By integrating diverse knowledge, we aim to foster innovation and encourage employees to challenge themselves by taking on new initiatives and transformations.

\*Excludes shift workers and senior employees working at refineries.

#### 2. Promoting the success of senior employees

For senior employees aged 60 and above, those working in roles equivalent to their responsibilities before age 60 are subject to the same grade, compensation, and evaluation systems, regardless of age. To leverage their accumulated knowledge and while ensuring they can work with a sense of fulfillment, we conduct career design training for employees in their 50s, providing them with opportunities to autonomously consider changes in their work style and roles within the organization after turning 60, regardless of position. Additionally, senior employees are also encouraged to submit career declarations, allowing them to reflect on their careers and update their future career plans annually.

#### 3. Other initiatives

In our employment of individuals with disabilities, we adhere to the principle of inclusion for everyone working in the same workplace, prohibiting discriminatory treatment, reasonably accommodating various needs, enhancing our consultation system, and improving the workplace environment. This is achieved through efforts to foster a barrier-free mindset by way of awareness-raising activities aimed at promoting understanding of individuals with disabilities and a commitment to respecting their independence and dignity. As of June 1, 2024, the employment rate of individuals with disabilities was 2.76%.

We have also implemented internal e-learning aimed at prohibiting harassment based on gender identity and sexual orientation, creating an environment where LGBTQ+ individuals can work without anxiety or dissatisfaction. As a result, we received external recognition through the PRIDE Index, achieving a "Bronze" rating in FY2022 and a "Silver" rating in FY2023.

Furthermore, we conduct monthly seminars for HR personnel from various Group companies, focusing on different themes related to diversity, thereby promoting diversity across the entire Group.

work with Pride



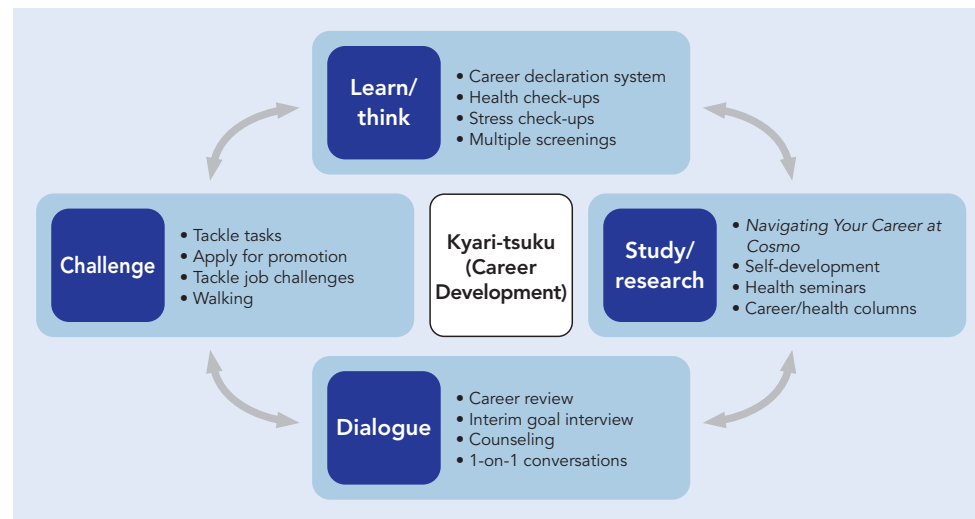
## Promoting Human Resources' Success, Health, and Job Satisfaction

### Common initiatives to achieve our people strategy

To realize Vision 2030 during this transformative period, where we aim to increase the competitiveness of our existing businesses while addressing future energy transitions, it is essential for each employee to consider and act on how they can grow and contribute to the Company's growth to enhance enterprise value. To foster voluntary improvement actions and growth aspirations, we promote self-directed career development among employees. In particular, from FY2024, we have designated September to October as the Career Development period, creating opportunities for intensive self-growth and health enhancement aimed at strengthening career development.

"Kyari-tsuku (Career Development)" refers to the process of creating a fulfilling career by deeply understanding and reflecting on oneself, learning and researching what is meant by career and health, engaging in discussions about the future with supervisors, and striving for personal growth and better health.

Moreover, maintaining and improving organizational capabilities requires the effective utilization of data and increased DX literacy. Therefore, we are actively investing in systematizing existing data and educating employees.



### (1) Promotion of self-directed career development

#### 1. Human resource requirements at Cosmo

In FY2023, we established Cosmo's human resource requirements of "Challenge, Nurture, and Excel" as behaviors expected of employees. Starting from FY2024, these human resource requirements have been incorporated into performance evaluations. Employees will declare the concrete actions they will take that exemplify "Challenge, Nurture, and Excel," and the Company will evaluate these actions, thereby promoting the internalization and practical application of the requirements.



#### 2. Creation of career development opportunities

The career guidebook *Navigating Your Career at Cosmo* broadly introduces the operations and necessary skills of each department, assisting young employees and mid-career hires in considering their own careers. Additionally, the Career Column focuses on individual employees, showcasing their unique career paths. During the annual career declaration process, employees autonomously reassess their work experience, skills, and future medium- to long-term career goals, reporting their desired career trajectory to the Company based on discussions with their supervisors.

#### 3. Offering a wider range of self-development opportunities

To support employees' voluntary learning aspirations and promote self-directed learning, since FY2023, the Company has fully subsidized the costs of correspondence courses taken for self-development purposes. Furthermore, to broaden interests and alleviate psychological barriers to learning, we introduced the online learning platform "Schoo" as a new self-development tool.

Training histories are managed within the system and shared with supervisors to encourage the application of learning to work and systematic development.

#### 4. Job challenge system

This system enables employees to directly approach their human resource division to express how they would like to contribute within the Cosmo Energy Group and participate in selecting their preferred departments, based on their envisioned career paths. This initiative has been continuously implemented since FY2000.

At the same time as promoting employees' self-directed career development and increasing engagement through the realization of their career paths, receiving departments are also effectively utilizing motivated and ambitious employees, leading to improved productivity in operations.

## Promoting Human Resources' Success, Health, and Job Satisfaction

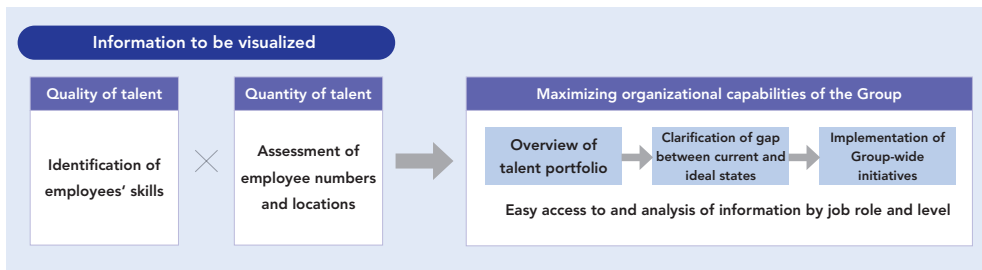
### (2) Maximizing organizational capabilities through visualization of talent data

During this period of business transformation, the flexible assignment of talent is more critical than ever. To achieve this, we have introduced Cosmo Talent Palette (CTP) as a database for employee talent information, aiming to provide greater visibility of our human resources.

CTP provides general employees with essential information for self-directed career development, such as department introductions and self-improvement programs. Meanwhile, managers receive data necessary for nurturing their subordinates, which serves as a practical tool for development in the field.

We have also begun consolidating information related to transfers, such as job descriptions, successor lists for line manager positions, and capability maps for each department.

Going forward, we aim to roll out CTP across the entire Group, enhancing the visibility of both the quality and quantity of our talent. This will facilitate data-driven decisions regarding placements and transfers, ultimately maximizing the organizational capabilities of the Cosmo Energy Group.



### (3) Increasing DX Literacy

We are collaborating with the Corporate DX Strategy Dept. to improve the overall DX literacy of our employees. By fostering an understanding of our businesses among employees and helping them acquire literacy in DX, we aim to develop a group of 900 core digital personnel who can bridge the gap between business and digital. These educational investments are directed toward transforming operations and enhancing productivity.



## Increasing engagement and promoting health and productivity management

To maximize employees' capabilities, mental and physical health are essential. We focus on increasing engagement and promoting better health as a crucial human resource capability foundation.

Our approach to increasing engagement is based on the belief that building trust among employees and fostering a sense of organizational contribution are paramount. We are working to maximize individual productivity by enhancing the quality of workplace communication and implementing flexible work arrangements.

In terms of health initiatives, we promote health and productivity management and have received recognition for our efforts in preventive measures, such as a smoking ban during working hours and a system that allows employees to take leave when undergoing complete medical checkups and follow-up testing. As a result, we obtained the Development Bank of Japan (DBJ) Employees' Health Management Rating\* in 2019 and were recognized under the Certified Health and Productivity Management Outstanding Organizations Recognition Program (large enterprise category) for the sixth consecutive year in 2024.

As part of our human resource transformation (HRX) KPIs, we set the ratio of positive responses in employee awareness surveys regarding work satisfaction, capability demonstration, and pride in work as the Engagement Index, and monitor the trend in scores annually. Additionally, starting in FY2023, we have implemented pulse surveys to check responses on approximately 15 items related to health and engagement on a monthly basis. Through regular monitoring of mental and physical well-being, we encourage reflection through introspection and mental health care.

\*The Development Bank of Japan (DBJ) Employees' Health Management Rating is part of the world's first financing menu to incorporate health management ratings. Using a proprietary screening system, DBJ rates and selects enterprises on the quality of their care for employee health and working conditions.

### (1) Strengthening communication

We promote one-on-one meetings through the dissemination of internal guidelines and training sessions for line managers. This initiative not only increases the frequency of communication but also encourages sharing of development challenges and career paths between supervisors and their subordinates. As a result, two-way communication in the workplace has been revitalized, with 63% of employees saying they were "satisfied with business meetings" in the employee awareness survey, an increase of 7% compared to the previous year. Strengthened trust between supervisors and subordinates and other factors have also contributed to an improvement in the engagement index, which has risen to 60%.

Starting in FY2024, we added a recording function for one-on-one meeting outcomes on the CTP platform. This will support the implementation of such meetings as a system tool, aiming to further improve communication quality.





## Promoting Human Resources' Success, Health, and Job Satisfaction

### (2) Promotion of autonomous and flexible work styles

#### 1. Support for balancing childcare/nursing care and work

Recognized for initiatives to encourage employees to balance work and childcare, Cosmo Oil became Japan's first oil wholesaler to obtain Platinum Kurumin certification in 2018. The percentage of employees who return to work after childcare leave remains 100%. In addition, to increase employee awareness of gender equality, we encourage male employees to participate in childcare. Our efforts include partially converting childcare leave into paid leave, introducing childbirth leave, and informing individual male employees of their eligibility to take this kind of leave. As a result, the percentage of male employees taking childcare leave was 62% in FY2023, an approximately 6% increase compared to the previous fiscal year. Other measures include offering employees on leave the opportunity to take part in e-learning, having employees talk with their supervisors before and after leave, and providing training to supervisors. These initiatives demonstrate our commitment to ensuring that childbirth and childcare does not put the brakes on employees' career development.

Additionally, in conjunction with the establishment of a nursing care leave system that exceeds legal requirements, we hold a seminar on balancing nursing care and work to enhance internal understanding of caregiving, with over 200 participants each year.



#### 2. Choice of autonomous work styles

Based on the Cosmo Work Style Guidelines, we aim to promote work styles that enhance productivity. To enable employees to autonomously choose the most productive way of working, we offer a flex-time system without core hours for day-shift employees, as well as unlimited telecommuting days, allowing for a flexible work style where employees can choose when and where they work according to their own personal circumstances. In addition to maintaining health, we strive for high productivity with a clear work-life balance, promoting the use of paid leave as a Company. These efforts have led to a paid leave utilization rate of over 90% each year.

 Creating Supportive Workplaces  
<https://www.cosmo-energy.co.jp/en/sustainability/social/employee4.html>

### (3) Initiatives for promoting better health

#### 1. Group-wide health promotion through a strong commitment by leadership

Health and productivity management at the Cosmo Energy Group is driven by the strong commitment by the presidents of each Group company and representing senior management. Regular meetings of the Health and Productivity Management Promotion Committee, consisting of human resource division heads from each Group company, industrial physicians, medical professionals, and health insurance associations are held. During these meetings, committee members collectively share health-related challenges faced by each company, as well as develop and implement solutions.



#### 2. Promotion of collaborative health

Group companies proactively collaborate with health insurance associations to plan and implement initiatives and events aimed at promoting employee wellness. In particular, when it comes to smoking, our rules of employment prohibit smoking during working hours, and we also provide smoking cessation programs. These and other initiatives focus on six key areas that significantly impact physical health: smoking, alcohol consumption, dietary habits, sleep, exercise, and mental well-being. The Group works collectively to enhance the health of our employees.

#### 3. Improving health literacy

To encourage employees to address health-related issues proactively we disseminate information aimed at improving health literacy and foster the establishment of healthier lifestyles. Both physical and mental health are significantly influenced by lifestyles, so it is essential to develop appropriate habits and acquire the skills to access and utilize accurate health-related information effectively.

We regularly provide information through online seminars, health-related events, and other channels to empower employees to actively and voluntarily address health-related issues.

#### 4. Establishment of the Healthy Lifestyle Index


Recognizing the importance of establishing healthy lifestyles as a foundation for better health, we have newly established the Healthy Lifestyle Index\* as a KPI to improve physical well-being. This index allows us to track the degree to which healthy habits have become part of an employee's life over time.

\*Healthy Lifestyle Index: The percentage of individuals with appropriate habits regarding alcohol consumption, diet, and exercise; the percentage of individuals obtaining adequate rest through sleep; and the percentage of individuals who do not currently smoke habitually.



#### 5. Participation in the Health & Productivity Management® Alliance

We have joined the Health & Productivity Management® Alliance, which was established in FY2023. Through events such as study sessions and seminars with other companies, we aim to acquire knowledge in the field of wellness management and build a network, enabling us to consider and implement various wellness initiatives more effectively.

 Health Management Initiatives  
<https://www.cosmo-energy.co.jp/en/sustainability/social/employee6.html>

# Human Rights

If we are to put the Cosmo Energy Group Management Vision into practice, we believe that the human rights of all stakeholders must be fully respected and that all officers and employees of the Group hold themselves to high ethical standards in everything that they do. For this reason, the Cosmo Energy Group Code of Conduct clearly states our respect for human rights, while stressing their importance and our responsibility as a company to respect them.

## Formulating our Human Rights Policy

The Group has formulated its Human Rights Policy, which complies with the United Nations Guiding Principles on Business and Human Rights (UNGP), and a resolution to adopt the policy was passed by the Board of Directors. This policy outlines our basic approach to respecting human rights, based on our Group Management Vision and Corporate Code of Conduct.

 Human Rights Policy  
<https://www.cosmo-energy.co.jp/en/company/policy/human-rights.html>

## Promotion structure

Under the supervision of the Board of Directors, the Company's Sustainability Strategy Committee and Sustainability Committee determine, promote, implement, and confirm basic policies regarding corporate ethics, and promote, implement, and confirm efforts to respect human rights, with the aim of preventing and rectifying all manner of human rights violations both in and outside of Japan.

## Relief mechanism

The Group has established the Cosmo Energy Group Corporate Ethics Office. (See **Page 66** for details) In addition, the Cosmo Energy Group Corporate Ethics Consultation Helpline (Corporate Ethics Helpline), which allows employees to anonymously consult on and report misconduct and ethical issues, such as violations of laws and company rules, has been established both within and outside the Group.

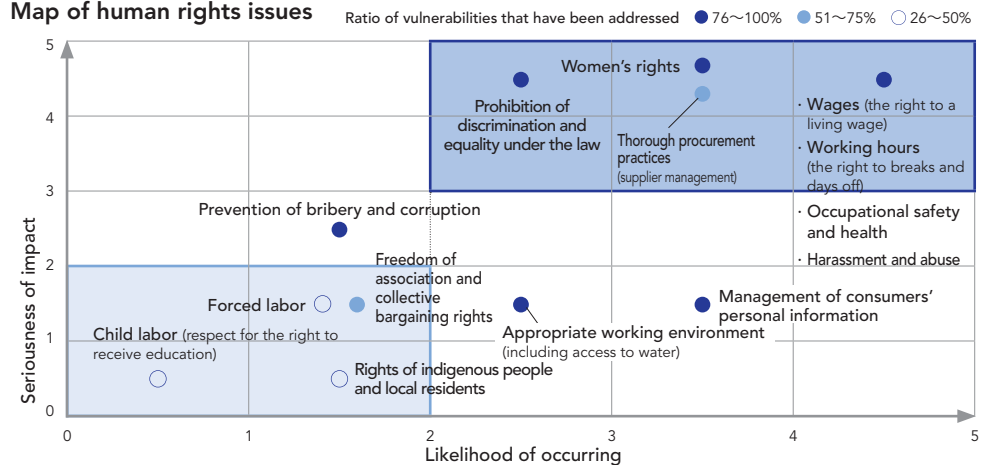


## Implementing human rights due diligence

In FY2022, the Group conducted human rights due diligence in accordance with the UNGP on the value chain of petroleum products, our main business, and on the value chain of our other businesses in FY2023. This was to identify and evaluate human rights risks, and to propose improvement measures (such as establishing an educational mechanism). Based on written and interview-based surveys, employee awareness surveys, and external information, we evaluated apparent and latent risks and management structure vulnerabilities resulting in the creation of an integrated map of human rights issues for FY2022 and FY2023. As was the case in FY2022, no risks were identified with a high seriousness of impact and likelihood of occurring, and for which the ratio of vulnerabilities that have been addressed was low. Based on the results of this evaluation, we will take corrective action as necessary on issues that require addressing in future initiatives.

Furthermore, we are considering expanding the evaluation scope to cover our entire supply chain in FY2024.

### Map of human rights issues




- A mechanism has been established to some extent (high ratio of vulnerabilities that have been addressed), but apparent and latent risks are high  
→ A reevaluation is required, including a review of existing mechanisms
- Although likelihood of occurring and/or seriousness of impact is low, management mechanisms are at least partially lacking; if these risks arise, our risk management efforts might be called into question  
→ Expansion of risk management mechanisms is required

- We first drew up a long list of 24 human rights issues based on international norms and guidelines, industry characteristics, and the human rights risks and issues faced by other companies. We then extracted 14 issues related to our Group from the long list.
- In implementing human rights due diligence based on the Guiding Principles on Business and Human Rights, we conduct risk assessments of human rights issues and vulnerability to human rights risks from the perspective of seriousness of impact and likelihood of occurring.

## Human Rights

## Expert dialogue

We invited Mr. Hideki Wakabayashi, Director, THINK Lobby, Japan NGO Center for International Cooperation (JANIC), to exchange views with a Director and Senior Executive Officer of the Company in June 2024. In addition to discussions regarding the Company's human rights initiatives, opinions were exchanged regarding the topics of human rights risks and environmental issues in the Middle East and human rights. We will integrate the insights in this discussion with future improvements in our human rights initiatives.

 Expert Dialogue  
<https://www.cosmo-energy.co.jp/en/sustainability/social/employee.html>



## Sustainable procurement

We believe that our Group Management Vision makes it essential to fulfill our social responsibilities throughout the supply chain such as legal compliance, fair trade, respect for human rights, and environmental consideration. With this in mind, we formulated our Sustainable Procurement Policy and Sustainable Procurement Guidelines. These policies, based on our Group Management Vision and Code of Conduct, set forth basic matters regarding the social responsibilities that the Group should fulfill throughout the supply chain to help realize a sustainable society.

## Sustainable procurement surveys

We conduct sustainable procurement surveys among our suppliers using our own questionnaire form based on the Group's Sustainable Procurement Policy and Sustainable Procurement Guidelines.

From FY2022, we expanded this initiative to all Group companies. Traditionally, these surveys were mainly conducted by Cosmo Oil, a core operating company. They now cover 100% of suppliers of equipment, parts, construction, services, chemicals, etc., to Cosmo Oil refineries and other facilities. Over the course of FY2022 and FY2023, a total of 1,030 suppliers were invited by 11 Group companies to participate in the surveys and we received responses from more than 80% of them. To increase participation from here on, we will expand this initiative based on the aforementioned guidelines, secure understanding and approval from all of our suppliers, and aim for sustainable mutual development.

## Commitment to Compliance and Sharing of Philosophy and Values

In the Seventh Consolidated Medium-Term Management Plan, the Cosmo Energy Group designates Commitment to compliance and sharing of philosophy and values as one of its most important material issues that form the foundation of business continuity. Furthermore, we have set zero incidents of serious compliance violations as a KPI for this material issue and are working to foster a corporate culture of integrity.



### Compliance

At the Cosmo Energy Group, we are aware of the importance of adhering to laws, internal regulations, and social norms, etc., in realizing the sustainable development set out in the Group Management Vision. The actions that all of our officers and employees should take and matters they must observe in their everyday work are defined in the Cosmo Energy Group Code of Conduct. Our basic policy is to conduct business activities which emphasize compliance based on the Group Management Vision and Group Code of Conduct.

### Initiatives to ensure compliance with corporate ethics

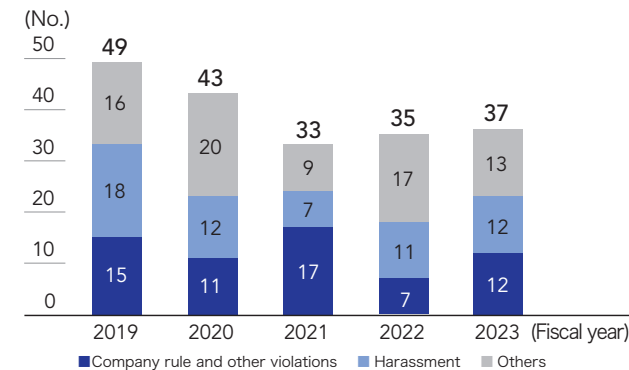
Under the supervision of the Board of Directors, the Company determines, promotes, and confirms basic policies regarding corporate ethics. We also promote and confirm efforts to respect human rights, with the aim of preventing and eliminating all manner of human rights violations both in and outside of Japan, and report these matters to the Sustainability Strategy. In addition, to ensure all employees observe the Cosmo Energy Group Code of Conduct, we conduct corporate ethics training for all Group employees to enhance each employee's ethical awareness. Employee awareness surveys and evaluations are also conducted, with the goal of nurturing a positive attitude towards compliance and improving the workplace environment.

In FY2023, the Group recorded zero serious compliance violations.

### Corporate Ethics Consultation Helpline

We have established the Cosmo Energy Group Corporate Ethics Consultation Helpline (Corporate Ethics Helpline) both internally and externally, allowing employees to anonymously discuss and report misconduct by their colleagues such as violations of laws and company rules (including harassment), as well as ethical issues. In FY2023, the number of consultations totaled 24 (12 violations of company rules, 12 cases of harassment). Reports and consultations are regularly reported to directors who are members of the Audit and Supervisory Committee, leading to continuous improvement of the workplace environment and cross organizational deployment of preventive measures. Along with raising awareness of the whistleblower system amongst all Group employees, we provide practical training to helpline personnel on how to respond to whistleblowing cases, which also enhances the skills of helpline personnel.

### Number of reports to Corporate Ethics Office (past five years)





# Strengthening Group Risk Management

The Cosmo Energy Group has positioned the strengthening of risk management as one of its material issues. Based on the identification of potential risks relating to business activities, we have established a system to ensure appropriate management of various risks using a cycle of planning, implementation, evaluation, and corrective action. For further information on the Group's material issues, please refer to [Page 51](#) of this report. For details on the possibility of materialization, impact, and countermeasures related to priority risks, please refer to [Pages 35-37](#) of the Securities Report.



Securities Report (available in Japanese only)  
[https://www.cosmo-energy.co.jp/content/dam/corp/jp/ja/ir/financial/valuable/2023/pdf/fy2023\\_all.pdf](https://www.cosmo-energy.co.jp/content/dam/corp/jp/ja/ir/financial/valuable/2023/pdf/fy2023_all.pdf)

## ERM establishment and risk management structure

In order to respond more appropriately to changes in the business environment surrounding the Group and diverse risks, we have adopted a medium- to long-term perspective, viewing risks as business opportunities while working to build an Enterprise Risk Management (ERM)<sup>1</sup> system that seeks to maximize enterprise value. Referring to the approach in the Committee of Sponsoring Organizations' (COSO)<sup>2</sup> ERM Framework, we determined our policy on the establishment of an ERM structure and methodology at a meeting of the Sustainability Strategy Committee held in September 2023. In the identification of risks, we have introduced a management-driven top-down approach. When it comes to managing risks, we promote Group-wide risk management for each risk category<sup>3</sup> by appointing risk owners.

Furthermore, to address risks while considering both threats and opportunities that significantly impact our business activities, the Group monitors risks affecting the entire Group and the status of risk countermeasures at each Group company through the Sustainability Strategy Committee, reporting the results as part of our risk management activities. The results of these discussions are reported to the Board of Directors and communicated to Group companies through the Sustainability Liaison Committee.

In addition, the Sustainability Committee, headed by the General Manager of the Sustainability Initiative Dept. meets as necessary, functioning as the practical working body of the Sustainability Strategy Committee.



Governance System Driving Sustainability  
<https://www.cosmo-energy.co.jp/en/sustainability/management/promotion.html>

<sup>1</sup> Enterprise Risk Management (ERM): A company-wide risk management initiative.

<sup>2</sup> COSO: Committee of Sponsoring Organizations of the Treadway Commission

<sup>3</sup> The following 13 categories:

(1) Politics, economy, and society, (2) Management and business strategy, (3) Natural disasters and pandemics, (4) Organizational and human resource strategy, (5) Public relations and branding, (6) Products and services, (7) Accidents and malfunctions, (8) Personnel and labor affairs, (9) Information management, (10) IT systems, (11) Finance, (12) Accounting, (13) Legal compliance and internal norms



## Operation of risk management

We select the highest-ranking risks based on their impact and likelihood, their relevance to material issues, and their importance to industry characteristics. These are drawn from medium- to long-term risks identified through a management-driven top-down approach (including interviews and questionnaires), as well as from risks identified by each department and Group company through a bottom-up approach. The Sustainability Strategy Committee determines the priority risks based on discussions with management, and these risks are also reported to the Board of Directors.

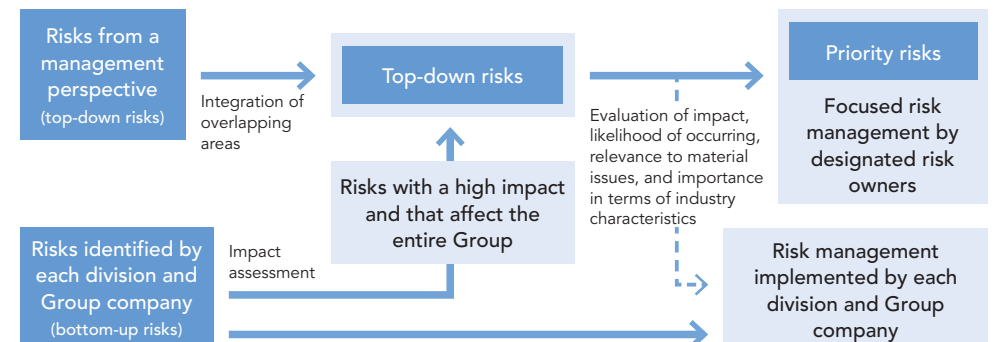
In order to ensure Group-wide control of these priority risks, we appoint a Group risk owner for the entire Group and a risk owner at core operating companies to oversee the practical implementation of controls. As the managing department responsible for the entire Group, the Group risk owner formulates countermeasures and related implementation plans for the priority risks, sets KPIs, and monitors and reviews results to gain insights for further improvement. Risk owners at core operating companies, in collaboration with the Group risk owner, formulate risk countermeasures and related implementation plans for each Group company, set KPIs, and conduct monitoring and reviews for further improvement.

Risks identified by each division and Group company that are not included in the priority risks are also managed as part of the ERM system.



Flow of Risk Management Operations  
<https://www.cosmo-energy.co.jp/en/sustainability/governance/risk.html>

### Priority risk selection



## Strengthening Group Risk Management



## Priority risks

The priority risks determined at the beginning of FY2024 are as described below. We determine and manage the priority risks as described in Operation of Risk Management.

No.	Priority risk	Category	Relevance to material issues	Possible scenario
1	Decrease in demand for oil due to decarbonization and impact on business assets	Strategy	○	An unexpectedly rapid switch from gas-powered automobiles to electric vehicles (EVs) or rapid proliferation of green electricity generation could affect our business and business assets due to a sharp decrease in demand for petroleum products and changes in policies of suppliers, etc.
2	Impact on our business portfolio and strategic investments associated with tighter environmental regulations and enhanced climate change countermeasures	Strategy	○	Difficulty in responding to the trend toward tighter environmental regulations and enhanced climate change countermeasures could lead to economic losses due to impacts on strategic investments and longer investment recovery times, etc.
3	Increasing difficulty securing and developing human resources due to changes in the labor market	Strategy	○	As the working population shrinks, it could become difficult to secure and develop diverse and specialized human resources for both existing and new businesses.
4	Delays in implementing carbon-neutral fuel initiatives	Strategy	○	Action on carbon-neutral fuels could be delayed by difficulties in procuring such fuels that are available on the market, or setbacks in the development and introduction of new technologies.
5	Fluctuations in prices of raw materials and supplies*	Strategy		Increased volatility in the prices of resources such as crude oil and LNG due to political and economic changes, increases in the cost of materials, equipment, and labor, and fluctuations in foreign exchange rates may cause the Company's performance to deteriorate.
6	Natural disasters	Strategy	○	The Company's facilities could suffer catastrophic damage due to a large-scale natural disaster such as an earthquake, tsunami, or abnormal weather, making early recovery difficult and leading to huge losses.
7	Misconduct related to product quality	Operations	○	Misconduct related to product quality as a result of insufficient quality control could lead to losses due to an extensive product recall, and damage stakeholder trust.
8	Supply chain interruptions	Operations	○	As the Group's supply chain covers a wide area and various suppliers, personnel shortages at suppliers or political instability could cause supply chain interruptions or losses in areas such as crude oil production site shutdowns, shipping, refinery maintenance, and service station operations, etc.
9	Information security risks	Operations	○	<ul style="list-style-type: none"> <li>A cyberattack could cause a suspension of operations, information leaks, ransom demands, and other damages.</li> <li>Inadequate cyberattack countermeasures resulting from a lack of investment or specialized human resources, etc., could exacerbate the damage.</li> <li>Insufficient guidance and auditing of customer information management subcontractors could result in personal information leaks and loss of customer trust.</li> </ul>
10	Accidents, faults, and breakdowns at production facilities	Operations	○	Accidents, faults, or breakdowns at refineries, oil fields, or power plants could affect continuity of operations as well as the natural environment and living things, resulting in losses, in addition to impacting cash flow generation.
11	Fraud/inappropriate conduct due to deficiencies in internal controls	Finance/compliance	○	Inadequate functioning of the internal control system or serious deficiencies or misconduct due to a lack of personnel, expertise, or proper IT implementation could result in administrative guidance or criminal penalties, in addition to loss of stakeholder trust.

\*We measure sensitivity to changes in crude oil prices and foreign exchange rates that will affect our consolidated ordinary income forecast for FY2024, announced on May 9, 2024. Assumptions for April 2024 to March 2025 are a crude oil price of \$85 per barrel and an exchange rate of ¥145 per US dollar (USD). Sensitivity refers to the level of impact for every \$1 per barrel increase in the crude oil price and per ¥1/USD in the yen-dollar exchange rate compared to the assumption. The sensitivity is calculated based on the assumption that crude oil prices and foreign exchange rates remain constant during the applicable period.

### Sensitivity (full-year)

		Crude oil (Dubai)	JPY/USD exchange rate
Petroleum Business	Inventory impact	+¥2.8 billion	+¥1.7 billion
	Refinery fuel cost, etc.	-¥0.6 billion	-¥0.4 billion
	<b>Total</b>	<b>+¥2.2 billion</b>	<b>+¥1.3 billion</b>
Oil E&P Business		+¥1.4 billion	+¥1.0 billion

## Digital Transformation (DX)

Defining digital transformation (DX) as one of our most important material issues, the Cosmo Energy Group is working to strengthen its competitive edge in the energy business and create new value. The Seventh MTMP calls for us to look beyond individual organizations to fully demonstrate the value of data assets and implement various programs by fulfilling our KPI of developing 900 core digital personnel.



### Transforming our business model through digital capabilities and change management

**Noriko Rzonca**

Chief Digital Officer, Senior Executive Officer  
In charge of Corporate DX Strategy Dept., Corporate Communication Dept., and IT Initiative Dept.

At the Cosmo Energy Group, we believe that it is crucial for each employee to take ownership in addressing business challenges and actively engage in collective DX initiatives while making use of digital technology. By bolstering our digital capabilities with the establishment of data utilization infrastructure, etc., and promoting change management by way of human resource development and diversity, we are working toward transforming our business model.

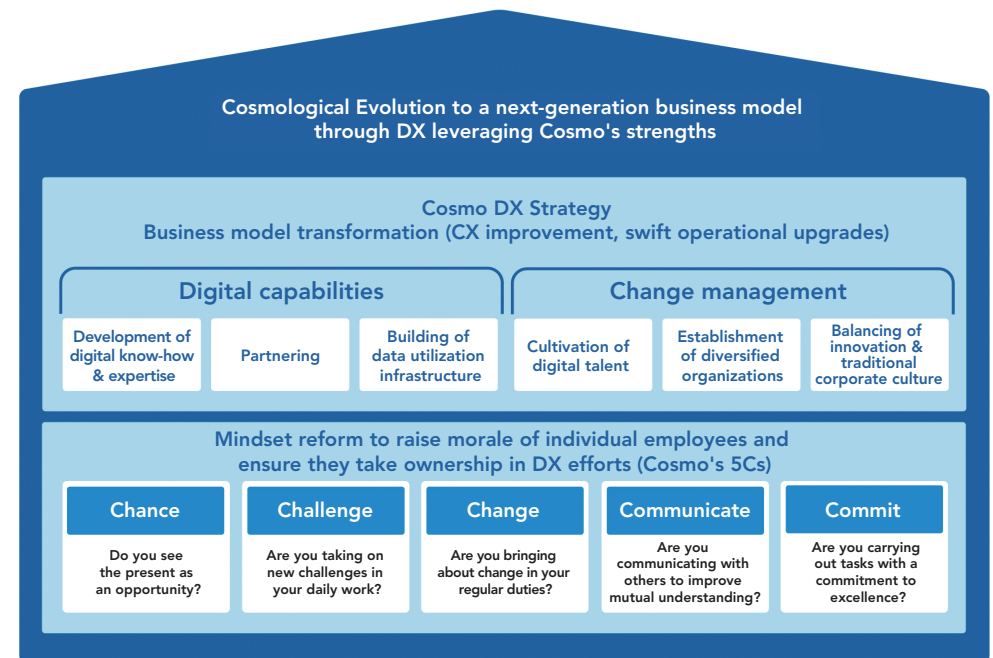
Under the Seventh MTMP, we have set a KPI of developing 900 new personnel over the course of three years. These individuals are defined as core digital personnel, and they will lead the data utilization culture at the Cosmo Energy Group. Though we have utilized data previously as an energy company, we will be able to demonstrate the value inherent within data by orchestrating data across organizations. In FY2023, we rolled out our in-house training program called COSMO Data Campus, certifying 389 individuals as core digital personnel.

Cooperation across DX programs is underway to ensure the dissemination of knowledge throughout the Group. These programs include employee communication tools such as the DX survey, lectures by external experts, internal knowledge sharing at DX Forum<sup>1</sup> events, and Cosmo's DX Hub<sup>2</sup>, which helps solve business challenges in each business domain. These initiatives are increasing the speed at which we implement large-scale projects such as digitizing our refineries and also contribute to solving small, everyday challenges, resulting in an increase in the number of consultations.

<sup>1</sup> DX Forum: An information-oriented program that seeks to improve the DX literacy of all Cosmo Energy Group employees, sharing information on the latest digital technologies and the qualities of digital talent.

<sup>2</sup> Cosmo's DX Hub (formerly CDO CUP): An in-house program under which a dedicated DX Taskforce supports the implementation of DX project ideas solicited from within the Group, with the goal of accelerating digitization.

## DX at Cosmo (Cosmo's Vision House)



Cosmo's commitment to DX is represented as "Cosmo's Vision House" shown above. Our primary objective is to realize "Cosmological Evolution." To achieve this end, we have established six initiative pillars, categorized into two primary strategies, each consisting of three sub-initiatives. Our efforts extend beyond enhancing our organizational structure and data utilization infrastructure; we are dedicated to cultivating a culture that blends innovation and tradition. This entails collaborating with external partners, promoting employee professionalism, and advocating diversity and inclusion. Additionally, we have introduced the "5C" principles, known as "Cosmo's 5Cs," as a pivotal element for transforming employee mindsets, driving meaningful behavioral change.

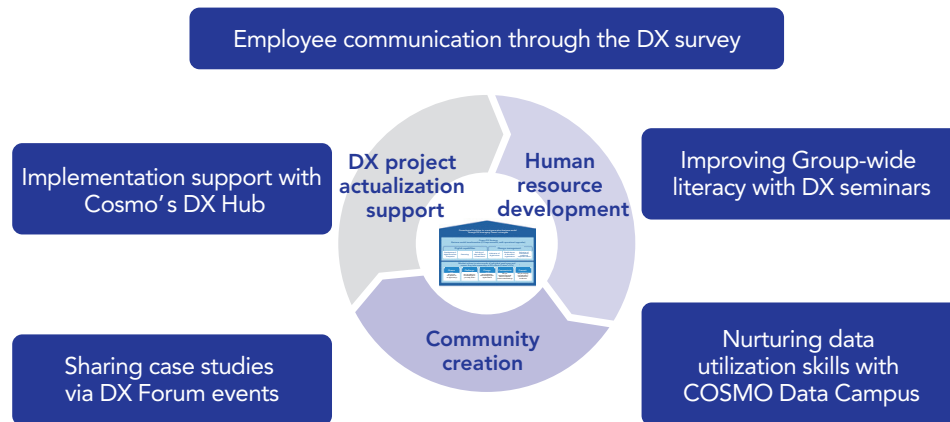
## Digital Transformation (DX)

## Efforts to realize DX at the Cosmo Energy Group

As part of our DX efforts, we are creating programs conscious of autonomy in resolving business challenges. At the same time, we are also establishing mechanisms which connect individual initiative with organizational activities.

To improve our digital capabilities, we are working on training and maintaining various factors such as data, tools, employees, and data governance.

To advance change management, we are drawing up and implementing programs that will enable us to take action to actively adopt useful tools and mechanisms, while prioritizing safety in our operations, to strengthen our energy business and create new value.



Every year, the Group conducts a DX survey among Group employees to assess changes in their willingness to participate and to specify educational needs. The most recent survey found that approximately 1,600 employees were willing to utilize data and that visualization analysis tools were being used. The survey results and the previous year's activities revealed the skills that are necessary to further DX. These insights are disseminated internally through DX training, such as e-learning, and via DX Forum events for high-interest themes. In particular, we offer training tailored to each business domain and anticipated duties through COSMO Data Campus, a training program which combines classroom-based learning and practical exercises to develop core digital personnel who serve as leaders in data utilization. Furthermore, with Cosmo's DX Hub, we are working to solve challenges by creating a DX Taskforce to support employees who have requested collaboration in solving challenges. The DX Taskforce works with employees in aspects from specifying the issue itself to discussing and implementing measures aimed at solving it.



## Results of our DX initiatives

To realize the entire Cosmo Energy Group's medium-term management plan, we advanced DX by defining 1 to 4 below as our four priority themes in FY2023.

	Business challenge	Key details of initiative
1	Digital refinery <span>Page 18</span> <span>Page 36</span>	<ul style="list-style-type: none"> <li>Introduction of data integration infrastructure</li> <li>Safety monitoring of refinery employees through utilization of vital sensors</li> </ul>
2	Supply chain optimization	<ul style="list-style-type: none"> <li>Shipping optimization</li> <li>Improving accuracy of demand forecasting</li> </ul>
3	Promotion of marketing science <span>Page 36</span>	<ul style="list-style-type: none"> <li>Maintenance of analytical data</li> <li>Sophistication of digital marketing</li> </ul>
4	Green/Energy/Mobility <span>Page 42</span>	<ul style="list-style-type: none"> <li>Forecasting wind power generation volume</li> <li>Analyzing detected abnormalities in operational wind turbines</li> </ul>
5	Other (back office, etc.)	<ul style="list-style-type: none"> <li>Visualization of data using BI tools</li> <li>Introducing AI to handle inquiries</li> </ul>

Main KPIs and MTMP indicators are progressing well, as follows.



## Core digital personnel

Planned 900 people developed over 3 years  
Actual 389 people developed in the first year

The Company was officially certified as a DX-Certified Operator (DX-Ready) under the Digital Transformation (DX) Certification System established by Japan's Ministry of Economy, Trade and Industry (METI). This certification was successfully renewed in July 2024.





## Safe Operations and Stable Supply

The Cosmo Energy Group has designated Safe operations and stable supply as one of our most important material issues. We consider thorough safety measures to be one of the foundations of business continuity to improve enterprise value, and we have set KPIs to strengthen our safety management structure.

### Thorough implementation of safety measures

The Cosmo Energy Group is committed to remaining a safe and accident-free corporate group by setting "safe operations and stable supply" as a key material issue KPI.

In the Seventh Consolidated Medium-Term Management Plan, Cosmo Oil established a safety goal of zero major work-related injuries and serious accidents rated Level IV\* or higher<sup>1</sup>, based on the previous fiscal year's performance and the Group's Safety Policy. In FY2023, Cosmo Oil worked to prevent defect recurrence, deploy such measures across organizations, and manage equipment using advanced technologies while striving to improve safety activities based on the unified Operations Management System (OMS).

Under these conditions, one Level IV process accident occurred in FY2023. Following this incident, the Company conducted a thorough analysis to find the cause of the accident and undertook recurrence prevention measures. In addition, we are working to bolster the system for involving internal experts in the change management and defect management processes we have been implementing over the years. We are also making improvements to our management system through initiatives like the company-wide deployment of the OMS.

Further, Cosmo Oil Marketing is continuously implementing measures including the cross-organizational deployment of case studies and raising awareness.

<sup>1</sup> Based on a five-level system which represents the impact of issues that arise, with Level V being the most severe.

#### Number of work-related accidents at the Cosmo Energy Group (Accidents)

	FY2021		FY2022		FY2023	
	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	20	60	42	74	40	59
Accidents while commuting	12	21	12	18	10	29
Total	113		146		138	

\*Accidents during work include ones that occurred at subcontracting companies.

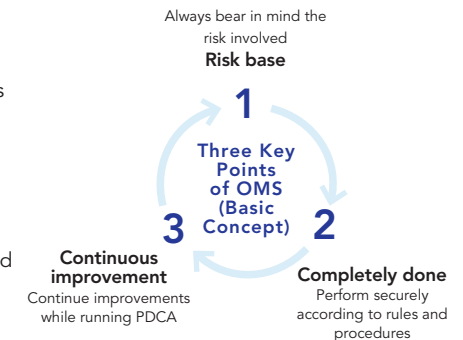
### Quality assurance: enhancing our quality assurance structure

The Cosmo Energy Group's Sustainability Strategy Committee sets quality targets for the entire Group based on its quality policy. Cosmo Oil also has a Sustainability Promotion Committee to determine quality assurance policies and promote activities in line with Group quality targets.

In FY2023, we designated zero occurrences of serious product (quality) accidents as a KPI and engaged in quality control activities. Our refineries and plants have continued to achieve zero serious quality-related issues and shipments of non-conforming products.

### Operations Management System (OMS)

Cosmo Oil introduced an Operations Management System (OMS) in January 2016 to ensure safe operations and stable supply. The Company identified 25 requirements that we consider to be important in the course of conducting business activities. Comparing the current situation with these requirements allows us to recognize the gap between the status quo and our ideal state, thereby leading to continuous improvement. The introduction of the OMS has laid the foundation for our business activity management system, and we will leverage this foundation to achieve safe operations and stable supply, improve operations, and avoid missing opportunities. In FY2024, we will further implement initiatives such as companywide deployment of the OMS, change management, and strengthening of defect management mechanisms.



### Super Nintei/A-Certification

The Cosmo Energy Group's Chiba Refinery and Yokkaichi Refinery obtained Super Nintei Jigyosha (Tokutei Nintei Jigyosha) certification in April 2021 and August 2022, respectively. Under this program, Japan's Ministry of Economy, Trade and Industry (METI) certifies business establishments that have achieved a high level of voluntary safety activities through the use of IoT and big data, advanced risk assessments, and third-party evaluations of safety capabilities.

As a result, more flexible and efficient business operations are now possible, leading to enhanced international competitiveness. It is also highly significant that this certification was obtained by the Chiba Refinery, which has the highest refining capacity and is located close to the Tokyo metropolitan area, as well as by the Yokkaichi Refinery, which has been in operation for over 80 years. In addition, the Sakai Refinery was certified as Japan's first Special Accredited Advanced Safety Inspector (commonly known as "A-Certification"<sup>2</sup>) in August 2024, under the High Pressure Gas Safety Act's Accredited Advanced Safety Inspector System, a new system established by METI.

Moving forward, 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 reduce defects. At the same time, we will contribute to the enrichment of customers' lives through safe operations and a stable energy supply.

<sup>2</sup> In December 2023, the High Pressure Gas Safety Act was revised and the new Special Accredited Advanced Safety Inspector System was introduced. This system requires existing authorized High Pressure Gas Operators to implement more advanced safety measures such as cyber security and a commitment from management, and certifies establishments that comply.



## Biodiversity Initiatives

The Cosmo Energy Group's Environmental Policy includes our basic approach to the conservation of biodiversity. Under this policy, we are committed to environmental preservation as well as the conservation and improvement of biodiversity, as we seek to make effective use of resources and sustainably use natural capital.

To further promote these efforts, we participate in initiatives based on the Declaration of Biodiversity by Keidanren (Japan Business Federation) and the 30by30 Alliance for Biodiversity (Ministry of the Environment). Accordingly, we implement initiatives to conserve ecosystems and take biodiversity into account across all of our business activities.

The Group also participates in the TNFD Forum, which involves organizing and disclosing past activities in line with the Task Force on Nature-Related Financial Disclosures (TNFD) framework. We are also working to conserve the natural environment, including biodiversity, by properly assessing risks and opportunities related to natural capital and biodiversity across our entire value chain.

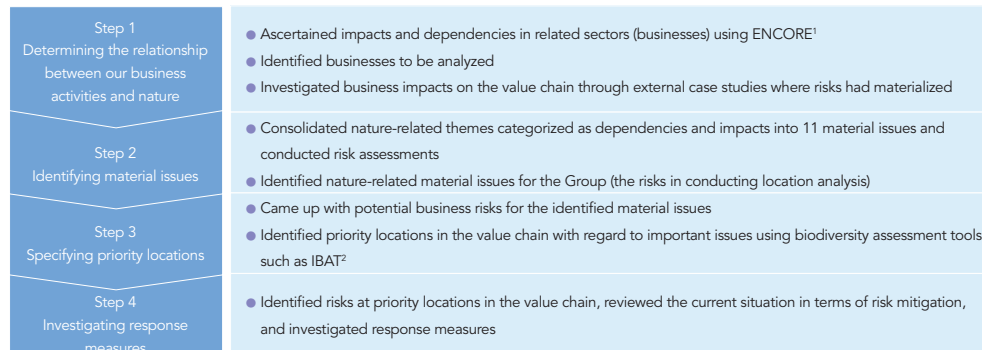


Biodiversity Initiatives

<https://www.cosmo-energy.co.jp/en/sustainability/environment/biodiversity.html>

## Identification of risks and opportunities related to nature-related dependencies and impacts

In FY2023, the Group assessed the relationship between our business activities and nature based on the TNFD recommendations v1.0. We also conducted experimental risk assessments and analyzed the business impacts. Through the following process, we evaluated nature-related dependencies, identified risks and opportunities related to their impact, pinpointed priority locations, and investigated response measures.



<sup>1</sup> ENCORE: Risk analysis and assessment tool to determine the magnitude of a company's impact on and dependence on nature

<sup>2</sup> IBAT: Biodiversity assessment tool

### Ascertaining the relationship between the Group's business activities and nature (dependencies and impacts)

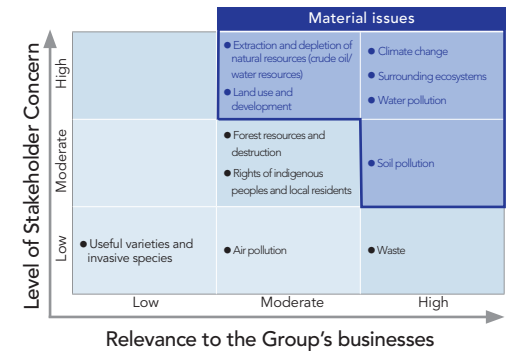
Using ENCORE, we assessed the significant nature-related dependencies and impacts for our businesses. As targets for analysis, we selected our Oil Exploration and Production, Petroleum (refining/storage), and Petrochemical businesses, based on their large business scale (in terms of revenue).

### Identifying material issues

The scores from the ENCORE analysis of nature-related risks were plotted on the vertical axis as "level of stakeholder concern," while the results of our risk importance assessment were plotted on the horizontal axis as "relevance to our business," and organized our nature-related risks using a materiality map.

With these results, we identified six nature-related material issues for the Group: climate change, surrounding ecosystems, water pollution, extraction and depletion of natural resources, land use and development, and soil pollution.

### Nature-related materiality map



### Specifying priority locations

The business risk posed by crude oil spills is considered a particularly significant material issue. Therefore, we conducted a location analysis based on the assumption of crude oil and petroleum spills for the major operational sites where direct operations are carried out. Using IBAT, we specified priority locations by evaluating areas of biodiversity importance within a radius of 200 kilometers from our main offshore oil fields and within 30 kilometers of our coastal operation sites in Japan.

### Evaluation based on value chain location analysis

Business type	Target location	Facilities	IBAT	Assessment
Oil Exploration and Production	Off the coast of the Emirate of Abu Dhabi, United Arab Emirates	<ul style="list-style-type: none"> <li>Mubarraz Oil Field</li> <li>Umm Al-Anbar Oil Field</li> <li>Neewat Al-Ghlan Oil Field</li> <li>Hail Oil Field</li> </ul>	Protected area, KBA <sup>3</sup>	Priority location
Petroleum (storage)	Hokuto City, Hokkaido	<ul style="list-style-type: none"> <li>Hakodate Distribution Terminal, Cosmo Oil Co., Ltd.</li> </ul>	KBA	Priority location
Petroleum (refining/ Petrochemical)	Ichihara City, Chiba Prefecture	<ul style="list-style-type: none"> <li>Chiba Refinery, Cosmo Oil Co., Ltd.</li> <li>Chiba Plant, Maruzen Petrochemical Co., Ltd.</li> </ul>	KBA	Priority location
Petroleum (refining/ power generation)	Yokkaichi City, Mie Prefecture	<ul style="list-style-type: none"> <li>Yokkaichi Refinery, Cosmo Oil Co., Ltd.</li> <li>Yokkaichi Plant, Cosmo Oil Lubricants Co., Ltd.</li> <li>Yokkaichi Kasumi Power Plant</li> </ul>	KBA	Priority location
Petroleum (refining/ power generation)	Sakai City, Osaka Prefecture	<ul style="list-style-type: none"> <li>Sakai Refinery, Cosmo Oil Co., Ltd.</li> </ul>	KBA	Priority location
Petroleum (processing)	Osaka City, Osaka Prefecture	<ul style="list-style-type: none"> <li>Osaka Plant, Cosmo Oil Lubricants Co., Ltd.</li> </ul>	KBA	Priority location
Petroleum (processing)	Kainan City, Wakayama Prefecture	<ul style="list-style-type: none"> <li>Shimotsu Plant, Cosmo Oil Lubricants Co., Ltd.</li> </ul>	Not applicable	—
Petrochemical	Matsuyama City, Ehime Prefecture	<ul style="list-style-type: none"> <li>Matsuyama Plant, Cosmo Matsuyama Oil Co., Ltd.</li> </ul>	Not applicable	—
Petroleum (storage)	Sakaide City, Kagawa Prefecture	<ul style="list-style-type: none"> <li>Sakaide Distribution Terminal, Cosmo Oil Co., Ltd.</li> </ul>	Not applicable	—
Petroleum (research)	Satte City, Saitama Prefecture	<ul style="list-style-type: none"> <li>Research &amp; Development Center, Cosmo Oil Co., Ltd.</li> </ul>	Not applicable	—

<sup>3</sup> Abbreviation for Key Biodiversity Area

### Investigating response measures

At the six sites specified as priority locations, we confirmed that the sites have already implemented various measures at this stage to address the risk of environmental impacts due to crude oil and petroleum spills, including strategies to mitigate impacts in the case of accidents and spill prevention. If any changes occur in operations or the surrounding environment going forward, we will consider additional response measures as necessary.

# Message from the Chairperson of the Board of Directors

**Institutional reform and free, open-minded discussion make for a highly effective Board of Directors**

Hiroshi Kiriya

Chairperson, Representative Director  
Chairperson of the Board of Directors

## Transition of corporate governance enhancement

Looking back on our history of corporate governance, the Cosmo Energy Group has undergone three major turning points, each of which has contributed to our steady growth.

Our first turning point was in 2007, when Emirate of Abu Dhabi-based IPIC<sup>1</sup> became a major shareholder. We gained two outside directors from IPIC, marking the start of full-fledged, shareholder-centric management.

Our second turning point came in 2015, when we transitioned to a holding company structure. We adopted a “company with an audit and supervisory committee” structure in order to increase the proportion of outside directors and strengthen the auditing and supervisory functions of the Board of Directors. Three key elements — the introduction of the executive officer system in 2006, the holding company structure, and the transition to a company with an audit and supervisory committee structure — came together to complete our corporate governance framework.

We encountered our third turning point from 2021 to 2022 when major shareholder MIC<sup>2</sup> sold its shares in our company. The composition of the board changed following the resignation of directors from MIC. In June 2017, I assumed the role of Representative Director and Group CEO. Since then, I have worked to boost transparency and diversity within the Board of Directors, increasing the number of independent outside directors and female directors. I took this opportunity to reform our Board of Directors, further enhancing its effectiveness. Specifically, we streamlined the

decision-making process by placing greater importance than before on the monitoring function of our board and transferring a large part of business execution authority to executives. During the course of this reform, we also received suggestions from our outside directors, which I believe contributed to management decision-making from a broader perspective and the bolstering of stakeholder engagement.

These circumstances steadily strengthened our corporate governance, one step at a time.

<sup>1</sup> IPIC (International Petroleum Investment Company): Investment company wholly owned by the government of the Emirate of Abu Dhabi.  
<sup>2</sup> MIC (Mubadala Investment Company): An energy-related investment company wholly owned by the Emirate of Abu Dhabi. IPIC and MDC (Mubadala Development Company) merged to establish MIC, a holding company.

2006	Introduction of executive officer system
2007	Strategic partnership with IPIC and capital increase through third party allotment
2015	Transition to holding company structure and a company with an audit and supervisory committee structure
2022	Reform of Board of Directors following change in largest shareholder

## Initiatives to enhance board effectiveness

As a result of these reforms, the ratio of reported matters that require discussion in terms of direction on board meeting agendas has increased. While resolutions remain important, I believe that reports provide a valuable opportunity to demonstrate the board's monitoring function. At Board of Directors' meetings, I think it's crucial to spend time on in-depth discussions from a variety of perspectives. Executives then formulate business execution plans in response to the candid advice and opinions of our outside directors. This allows us to refine our management strategy. The Group's organizational culture is characterized by employees who are open and quick to absorb new information, and our outside directors find it worthwhile to share their opinions. A virtuous cycle has emerged, where their advice and recommendations are carefully incorporated, and new discussions are born as a result.

As Chairperson, I strive to create a board environment in which all members feel comfortable to share their opinions frankly. In particular, each outside director has their own professional background. As such, the depth of their knowledge of the energy industry varies. Therefore, I make an effort to explain matters clearly and comprehensibly and ask each member to comment based on their personal areas of expertise. As a result of this approach, the board is able to hold open-minded discussions. Recently, we have had heated discussions regarding the expansion of renewable energy produced through offshore wind power generation, etc., and our efforts to address decarbonization. Many of our members have experience

in managing corporations and therefore comments from a managerial perspective abound. In fact, our discussions are so lively that it is not uncommon for meetings to run over their scheduled time.

## The future vision for the Board of Directors

Every year, our company conducts an internal survey on the effectiveness of the Board of Directors. In FY2023, we collaborated with an external agency for the first time to carry out this survey. Our evaluators deemed our Board of Directors' meetings to be a place where effectiveness is maintained as opinions are exchanged freely and open-mindedly. Even with the inclusion of a third-party opinion, I'm glad to report that we received similar evaluations to previous years. This has deepened my confidence in the effectiveness of the initiatives that we have undertaken thus far.

On the other hand, outside directors also shared the opinion that discussions regarding medium- to long-term enterprise value enhancement should be increased and more time should be spent thoroughly discussing each agenda item. At our company, we provide opportunities for outside directors to discuss matters exclusively amongst themselves. The details of those discussions are shared internally in such a way that the speaker cannot be identified. We understand the importance of our outside directors' opinions and knowledge in terms of transparency and diversity, and moving forward we intend to continue to maintain a system that allows for these to be thoroughly reflected in management.

Finally, corporate governance is like a living organism; it's constantly changing and expected to evolve. We understand that capital markets are increasingly demanding a higher level of transparency and diversity from boards. We also value these two elements. That said, lively board discussions are a unique characteristic of our company. As more members with various backgrounds join us, it's crucial that we strike the correct balance so that the quality of discussions does not falter. In addition, when appointing new directors in the future, it's necessary for us to consider not only whether they possess the qualities of an exceptional manager and can contribute to enhancing enterprise value, but also whether they fulfill the skills matrix.

The goal of corporate governance can be recapitulated as “making the company better.” To accomplish this, the Board of Directors will strive to enhance enterprise value by continuing to engage in thorough discussions and ensuring communication between our supervisory and business execution functions.

We look forward to sharing our ongoing efforts to strengthen corporate governance with you.

## Corporate Governance

## Overview of Corporate Governance

## Basic approach to corporate governance

Based on the Cosmo Energy Group Management Vision and the Cosmo Energy Group Code of Conduct, which outline the specific guiding principles to achieve the Group Management Vision, we are working to advance improvements in management transparency and efficiency, prompt execution of business, and thorough risk management and compliance.

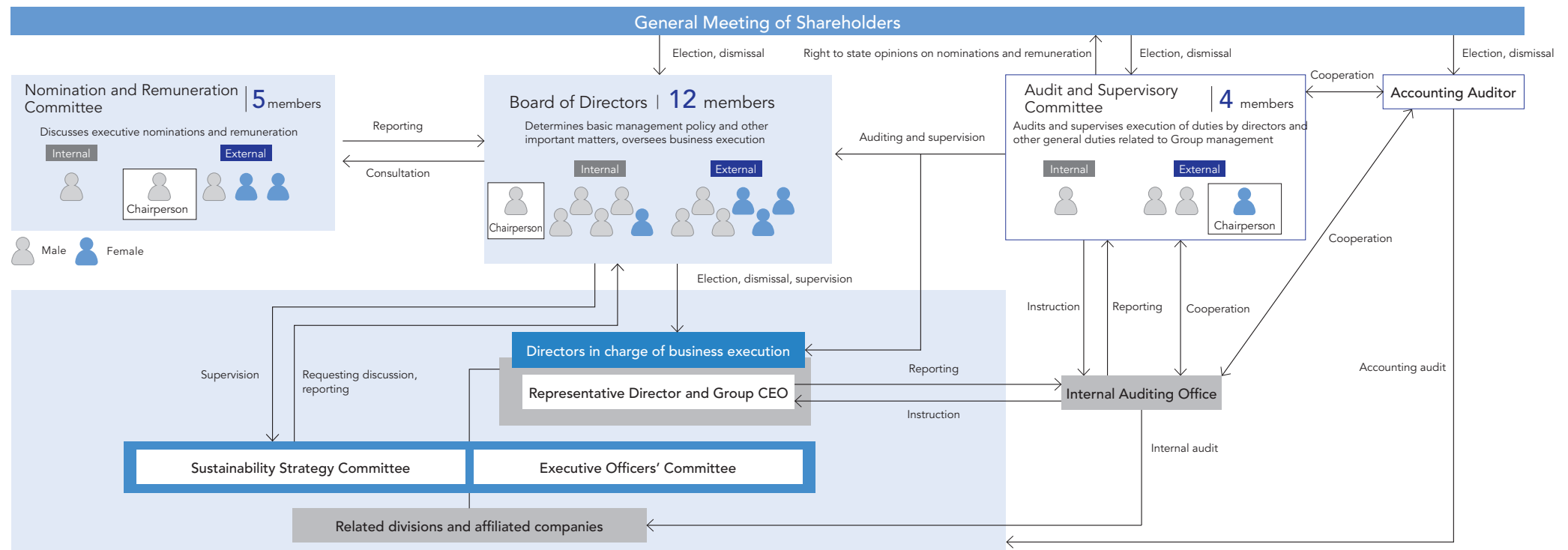


Corporate Governance Basic Policy

<https://cosmo-energy.co.jp/en/ir/management/governance.html>

## Corporate governance structure

To promote the above, Cosmo Energy Holdings is structured as a company with an audit and supervisory committee, and has established a Board of Directors, an Audit and Supervisory Committee, a Nomination and Remuneration Committee, an Executive Officers' Committee, and a Sustainability Strategy Committee. Additionally, we have introduced an executive officer system to further clarify the separation between management oversight and business execution and to respond quickly to changes in the business environment.



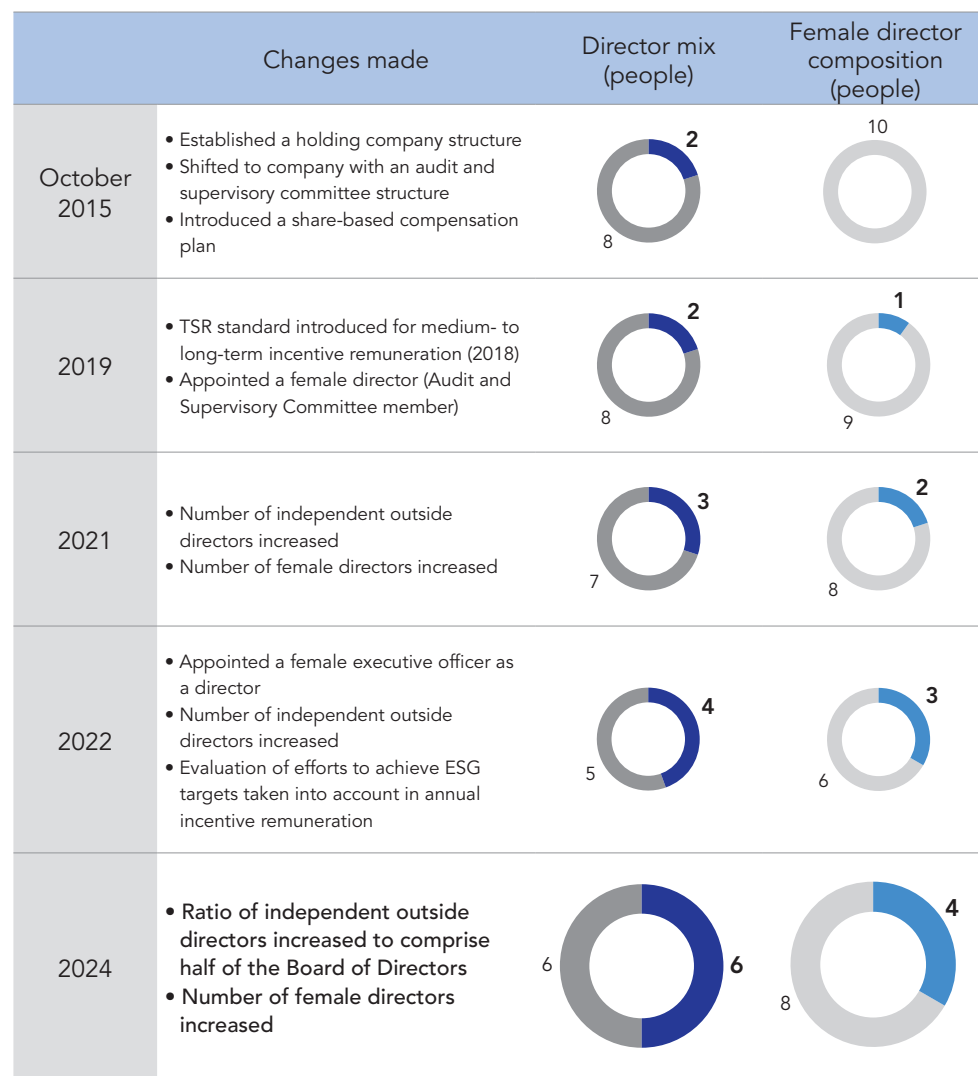
**Executive Officers' Committee:** Consists of the Group CEO, key executive officers, full-time Audit and Supervisory Committee members, and the presidents of core operating companies. It is a decision-making body for the Group CEO that deliberates on basic policies and important matters related to business execution.

**Sustainability Strategy Committee:** See **Page 50** for details



## Corporate Governance

## Transition of corporate governance enhancement



\*Audit and Supervisory Committee members are included in "Directors"

■ Independent outside directors ■ Female ■ Male

## Enhancing transparency

To enable the Board of Directors to function effectively and efficiently, we have increased transparency in terms of skills, gender diversity, and the balance between internal and external directors. As of July 2024, four out of 12 directors are women (an increase of one) and six are independent outside directors (an increase of two), meaning that independent outside directors now account for half of all directors.

## Revising executive remuneration

Remuneration consists of three components: basic remuneration, annual incentive remuneration, and medium- to long-term incentive remuneration. In addition, beginning in FY2022, the evaluation of efforts to achieve ESG targets has been incorporated into the assessment for annual incentives. See [Page 80](#) for details.

In FY2023, we held discussions with a view to the possibility of further increasing the appointment of external talent and expanding remuneration linked to business performance in the future. As a result, at the ordinary general meeting of shareholders in June 2024, a resolution was passed to revise the remuneration framework.

## Review of Board of Directors' purpose and authority

In FY2021, the Board of Directors reviewed its purpose with the goal of deepening medium- to long-term discussions and strengthening engagement with stakeholders. At the same time, it expanded discussions on sustainability and the Company's medium- to long-term direction in line with this purpose.

## Purpose of the Board of Directors

- The Board of Directors aims to achieve the sustainable growth of the Group and enhance enterprise value over the medium to long term.
- The Board of Directors strives to instill compliance with laws and regulations as well as corporate ethics. With this in mind, it focuses on "determining the Company's overall direction," "engaging with stakeholders (information disclosure, etc.)," and "overseeing business execution" while streamlining management.

Furthermore, in July 2022, the Board of Directors delegated a significant share of business execution decisions to the Executive Officers' Committee, with the aim of strengthening the Board's supervisory function and streamlining management.

Currently, the Board of Directors is increasing its effectiveness by accelerating discussions in preparation for formulating the next medium-term management plan.

## Corporate Governance

## Board of Directors

## Overview

The Board of Directors is composed of directors (excluding directors who are members of the Audit and Supervisory Committee) and Audit and Supervisory Committee members. The Board makes decisions on important matters, such as basic management policies and oversees business execution.

To strengthen the Board of Directors' supervisory function and ensure that management is fair and transparent, we have appointed independent outside directors. We have also established a system in which information required by those directors is immediately reported.

## Activities undertaken by the Board of Directors in FY2023

In FY2022, the Company revised the authority of the Board of Directors, by delegating the authority to make business execution decisions to executives and increasing reported matters to further strengthen the Board's supervisory function.

Expanding upon the above-mentioned reforms, in FY2023, the Board prioritized deliberations on the following points toward realization of the Seventh Consolidated Medium-Term Management Plan (hereafter, "the Seventh MTMP") and Vision 2030.

## Monitoring progress of the Seventh MTMP

In FY2023, the first year of the Seventh MTMP, the Board conducted semi-annual progress reviews to supervise the status of business execution and provide advice for its further advancement. As a result, we achieved some of our goals related to financial indicators, including profitability and capital policy, ahead of schedule.

Furthermore, to realize Vision 2030, the Board deepened discussions on the future expansion of New fields, such as bolstering the green electricity supply chain.

## Discussions on capital policy

The Company regards enterprise value enhancement as one of its top management priorities. As part of the Seventh MTMP, we formulated a three-pronged capital policy that focuses on shareholder returns, financial health, and capital efficiency. In FY2023, the Board held comprehensive discussions on topics such as the external environment, profitability, and their influence on the Company's enterprise value enhancement, striving to bolster shareholder returns.

## Sustainability

The Company's Board of Directors supervises and discusses sustainability strategy at its meetings. In FY2023, discussions focused on themes such as revising the Roadmap to Achieving

Net Zero Carbon, reporting on the progress and results of material issue KPIs, providing updates on risk management results, the status of compliance and the whistleblower system, and human rights due diligence.



For information of FY2023 Board of Directors' meeting attendance, please refer to the Securities Report. (available in Japanese only)  
[https://www.cosmo-energy.co.jp/content/dam/corp/jp/ja/ir/financial/valuable/2023/pdf/fy2023\\_all.pdf](https://www.cosmo-energy.co.jp/content/dam/corp/jp/ja/ir/financial/valuable/2023/pdf/fy2023_all.pdf)

## Evaluation of Board of Directors' effectiveness

In order to check whether or not the Board of Directors is effectively fulfilling its roles and responsibilities, the Company conducts an evaluation of the Board's effectiveness every year. In FY2023, this evaluation process was conducted with the cooperation of a third-party organization to incorporate more objective perspectives and external knowledge. (The full effectiveness evaluation report is available on our corporate website.)



<https://www.cosmo-energy.co.jp/en/ir/management/governance.html>

## Overview of evaluation results and improvements made in FY2023

- The Board of Directors was appropriately sized, diverse in composition, and served as a forum for the free and open exchange of opinions.
- The Board of Directors served as a venue to monitor progress of the Seventh Consolidated Medium-Term Management Plan with a view to Vision 2030, and to hold discussions about dialogue with shareholders and investors as well as capital policy.
- The Board of Directors took the following actions and made improvements concerning its action policies stated in the previous fiscal year.
  1. Regularly supervised policy execution status to achieve the Seventh Consolidated Medium-Term Management Plan.
  2. Hired a third-party organization as part of the evaluation process to further improve upon the methods used to evaluate the Board's effectiveness.

## Future issues and action policy

In pursuit of even greater effectiveness of the Board of Directors, the Board strives for ample discussions over the medium to long term, with an eye to formulating our next medium-term management plan and realizing Vision 2030.

## Message from the Chairperson, Nomination and Remuneration Committee

### Endeavoring to implement a nomination and remuneration system befitting the Cosmo Energy Group in pursuit of greater board transparency and diversity



Keiichi Asai

Independent Outside Director,  
Member of the Audit and Supervisory  
Committee  
Chairperson, Nomination and  
Remuneration Committee

### The role and action policy of the Nomination and Remuneration Committee

In 2015, Cosmo Energy Holdings transitioned to a holding company structure and established the Nomination and Remuneration Committee (formerly the Nomination and Remuneration Advisory Committee). Nearly ten years have passed since then.

When it comes to nominations, the role of the committee with respect to succession plans, which are of utmost importance, involves selecting and cultivating prospective leaders of the next generation and the generation thereafter, while guaranteeing fairness and transparency in the process. On the remuneration front, the committee strives for further improvement by implementing a remuneration plan that factors in financial indicators, as well as non-financial indicators and stock price, in an effort to enhance medium- to long-term enterprise value.

Our Nomination and Remuneration Committee is a voluntary body comprised of the Chairperson and Representative Director

and four independent outside directors. As a result of being voluntary, the committee has a high degree of freedom and is designed to be able to flexibly respond to the demands of the times. Recently, members have discussed topics such as developing nomination policies and remuneration systems befitting the Group. I'm confident that the standard of discussion and deliberation upheld by our Nomination and Remuneration Committee is comparable to companies with a nomination committee structure among others.

Regarding the process for electing a new Group CEO in 2023, as I mentioned during the Outside Director Dialogue held in FY2023, the Nomination and Remuneration Committee informed the then CEO of the vital qualifications and considerations for his successor. All candidates recommended based on these requirements were interviewed, and the Committee unanimously decided to appoint Shigeru Yamada as Group CEO.

In the year since Mr. Yamada assumed his role, he has thoroughly established his own system. Even those outside the company can feel how its atmosphere has changed. In addition to his unifying power and grit that we had held in high regard prior to his nomination, Mr. Yamada has demonstrated his leadership prowess on many occasions. By setting a clear course as CEO, both the Group and our employees alike have grown remarkably during this time. Though it may seem boastful to say, Mr. Yamada's success reinforces the sense that the Nomination and Remuneration Committee functioned properly.

### FY2023 initiatives and future challenges

In pursuit of further transparency and diversity of the Board of Directors, one goal moving forward is for independent outside directors to make up the majority of the board. Aiming to realize this goal, two outside directors were newly elected in June 2024. Due to this, half of the board is now comprised of outside directors.

In selecting candidates, the Committee bore each person's skills matrix in mind while also valuing those who demonstrated promise in providing advice and recommendations for enhancing enterprise value, rather than experience or knowledge of the energy industry. The Committee also prioritized those who could play a monitoring role and contribute to the diversity of the board. The two newly appointed outside directors bring with

them experience in managing corporations in industries completely disparate from energy. As such, it is our hope that they will provide us with advice and monitoring that is unreserved.

Regarding the remuneration plan, there are three major considerations: remuneration levels, distribution ratio, and the evaluation system. At the General Meeting of Shareholders in FY2024, in addition to factoring in the increase in independent outside directors, we revised our remuneration levels upon consideration of domestic and international inflation rates, wage increases, and the possibility of expanding our performance-linked remuneration plan further. At the same time, the Nomination and Remuneration Committee has begun considering the introduction of malus and clawback clauses. In bringing in and cultivating exceptional director candidates from outside the Company, there's a possibility that we will review the plan in the future, including making changes to the remuneration distribution ratio. However, I believe we can simultaneously maintain transparency and fairness in our remuneration plan by tightening management accountability for incidents such as misconduct.

With respect to the evaluation system, two years have passed since we introduced an evaluation of efforts to achieve ESG targets as part of our annual incentive remuneration. To ensure a more objective system, we intend to thoroughly discuss the established evaluation criteria to determine if changes need to be made based on the outcomes of this evaluation to date.

Nomination and remuneration are vital elements for enhancing enterprise value. The Nomination and Remuneration Committee evaluates and considers those employees who will usher the Group into the future. The Committee does this by creating as many occasions as possible each year to interact with general manager-level employees and above from key group companies through various meetings, such as Audit and Supervisory Committee meetings. In addition, the Committee is always discussing a remuneration system that considers demonstrated employee capabilities.

Moving forward, the Committee will maintain transparency and fairness, focusing our energy on appointing and cultivating promising managerial personnel who will contribute to enhancing enterprise value at the Cosmo Energy Group.

## Corporate Governance

## Nomination and Remuneration Committee

## Message from newly appointed outside directors



I served as the President and CEO of S.T. CORPORATION for ten years, starting in 2013. Currently, I hold the position of Chairperson. During my time as President, I endeavored to increase the brand value of existing businesses, redefine our business domains, organize our portfolio, lead the exploration of new fields, and

reform our business structure. Prior to that, I worked in marketing and branding for international luxury brands such as LVMH Group for 18 years. As an outsider from a different industry, I believe my perspective allowed me to challenge industry conventions and drive transformation forward.

As an external voice, I believe it's the mission of outside directors to represent the expectations and concerns of various stakeholders and to guide decision making in a more positive direction in light of a company's medium- to long-term goals. Green transformation is one of our top priority issues. To make sure that the Group can steadily realize a structural shift, I don't hesitate to share my perspective as an outsider with a different background from other directors. I intend to do my best to make a contribution.

I have managed an enterprise involved in the development, production, and sales of automotive in-vehicle information systems and electronic components. Though I have worked to establish a foundation for sustainable growth by engaging in cooperative alliances with other companies and reforming group restructuring

governance, among other efforts, business restructuring in the face of green transformation has been the greatest theme for management as the automotive industry navigates a time of great change: the transition to electric vehicles in pursuit of decarbonization. Given that the Company, under the umbrella of "Oil & New," has also defined similar management themes, I believe there are various ways in which I may be of support. Furthermore, in my previous position I had numerous opportunities to engage in dialogue with diverse investors, including those from overseas. I understand that the pursuit of profit for all of the various stakeholders is the same at Cosmo Energy Group. While valuing third party perspectives and insights, I will recommend value maximization for our stakeholders and growth-oriented governance in order to contribute to enhancing the Group's enterprise value.



## Overview

The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors to ensure transparency and objectivity in the process of determining director candidates and remuneration. The Committee is composed of the Representative Director and Chairperson as well as independent outside directors, and it deliberates on the nomination and remuneration of executive officers. The Committee is chaired by an independent outside director.

## Activities undertaken by the Nomination and Remuneration Committee in FY2023

In FY2023, the Nomination and Remuneration Committee met 10 times and primarily discussed the following agenda items.

Meeting date	Matters deliberated/reviewed
April 18, 2023	• Evaluation of individual officers
April 29, 2023	• Deliberation on shareholder proposals
May 17, 2023	• Deliberation on shareholder proposals
June 6, 2023	• Need for changes in human resource requirements • Individual compensation amounts for FY2022 • Executive remuneration plan for FY2023
July 24, 2023	• Future Board of Directors structure • Setting of FY2023 targets by individual officers
September 25, 2023	• Future Board of Directors structure • Confirmation of the latest trends in share-based compensation plan
November 17, 2023	• Future Board of Directors structure
December 21, 2023	• Confirmation of officer multilateral evaluation results • Report on the environment surrounding management remuneration and confirmation of analysis results
January 22, 2024	• Appointment of directors and executive officers
March 25, 2024	• Skills matrix for FY2024 • Malus and clawback clauses



For information on Nomination and Remuneration Committee meeting attendance in FY2023, please refer to the Securities Report. (available in Japanese only)  
[https://www.cosmo-energy.co.jp/content/dam/corp/jp/ja/ir/financial/valuable/2023/pdf/fy2023\\_all.pdf](https://www.cosmo-energy.co.jp/content/dam/corp/jp/ja/ir/financial/valuable/2023/pdf/fy2023_all.pdf)



## Corporate Governance

## Evaluation of Nomination and Remuneration Committee

As in the previous fiscal year, we conducted an analysis and determined that our Nomination and Remuneration Committee is effective and that the Committee is continuously striving to improve its effectiveness as demonstrated below.

In FY2023, a third-party organization cooperated in our evaluation process to include external knowledge and perspectives to ensure greater objectivity.

### Overview of evaluation results

- The Committee engages in sufficient discussions within an appropriate structure, based on the proper scope of its advisory function.
- The Committee holds in open and proactive discussions under appropriate management, and it has been evaluated that the Secretariat fulfills necessary and sufficient functions.
- The skills matrix, outside director appointment process and succession plan, and views on executive remuneration are currently considered appropriate.

### Outcomes in FY2023

- Appropriate responses to shareholder proposals (election of outside directors)
- Initiatives to increase the ratio of independent outside directors
- Consideration of practicalities toward the introduction of malus and clawback clauses

### Future issues and action plan

The Committee will endeavor to further strengthen governance and increase effectiveness, including considering executive human resource requirements on the nomination front, and continuing to explore the introduction of malus and clawback clauses on the remuneration front.

Results of the Evaluation of the Effectiveness of the Nomination and Remuneration Committee are available on our corporate website.

 <https://www.cosmo-energy.co.jp/en/ir/management/governance.html>

## Succession planning and CEO appointment and dismissal

The Cosmo Energy Group considers the development of successors to the president to be one of the most important strategies to support its sustainable growth. Our fundamental policy is to ensure transparency and objectivity in the selection of successor candidates and to develop individuals as successors who possess the capabilities and qualities befitting the Group CEO.

During the successor development period, successor candidates are subject to multilateral human resource evaluations, including an evaluation of whether they meet 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 making job assignments based on the development status of each candidate, providing them with external training opportunities, and other initiatives. The Nomination and Remuneration Committee continuously evaluates the appropriateness of successor candidates and the succession plan, using information from these evaluations and the results of the annual performance reviews.

Regarding final candidate selection, the president selects the final candidate who possesses the capabilities and qualities necessary to lead the Group as CEO from a pool of candidates based on multilateral human resources evaluation information, including whether they meet the Group's human resources requirements and the results of performance evaluations conducted every fiscal year. The president then submits the proposed candidate to the Nomination and Remuneration Committee, which reviews the proposal and makes a recommendation to the Board of Directors.

In addition, the Nomination and Remuneration Committee deliberates every fiscal year on whether or not it is necessary to submit a proposal regarding the dismissal of the president to the Board of Directors in light of human resource requirements, performance standards, or other factors. If the Committee concludes that the matter needs to be referred to the Board of Directors, the Board will decide whether to dismiss the president based on the Committee's recommendation. Regarding the appointment of a new Group CEO in March 2023, please also see the Outside Director Dialogue section on **Pages 76-80** of Cosmo Report 2023 and the Message from the Chairperson, Nomination and Remuneration Committee section on **Page 77** of this report.

## Corporate Governance

## Executive Remuneration Plan

## Overview

The Company has adopted a performance-linked remuneration plan for directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee) and executive officers. This plan is designed to improve medium- to long-term business performance, provide incentives for enhancing enterprise value and increasing shareholder value, sustainably share economic interests with shareholders, encourage a willingness among directors and executive officers to take on challenges, and ensure transparency and objectivity in the remuneration determination and performance evaluation processes.

Under this plan, remuneration is composed of three parts: basic remuneration, which is monetary remuneration; annual incentive remuneration; and non-monetary medium- to long-term incentive remuneration. The levels are competitive compared to those of leading domestic companies, and the weight of management responsibility is reflected in the higher percentage of incentive remuneration in the remuneration of higher-ranked executives.

The remuneration for outside directors, non-executive directors and directors who are members of the Audit and Supervisory Committee is limited to basic remuneration as a fixed salary, for reasons such as the fact that they do not perform business execution, or that they need to be able to properly fulfill their supervisory role.

	Monetary remuneration		Share-based compensation
	Basic remuneration (fixed)	Remuneration linked to business performance	
		Annual incentive remuneration	Medium- to long-term incentive remuneration
Executive director	○	○	○
Executive officer	○	○	○
Outside director	○	—	—
Non-executive director	○	—	—
Audit and Supervisory Committee member	○	—	—

## Incentive plans

## Annual incentive remuneration

Annual incentive remuneration is based on the evaluation of Group business performance, ESG evaluations, and individual evaluations determined each fiscal year by the Nomination and Remuneration Committee.

To ensure consistency with the shareholder return policy announced in the Seventh Consolidated Medium-Term Management Plan, performance evaluations are now conducted based on consolidated net profit (excluding the impact of inventory valuation).

Beginning in FY2022, ESG evaluations have been incorporated in remuneration in an effort to foster an environment that motivates directors and executive officers to address material

issues promptly and earnestly, thereby promoting sustainable management. For ESG targets that serve as indicators, please refer to the KPIs and Results for Material Issues in the Seventh Consolidated Medium-Term Management Plan section on [Page 52](#) of this report.

## Medium- to long-term incentive remuneration

Medium- to long-term incentive remuneration is provided in the form of a performance-linked share-based compensation plan that is non-monetary in nature. An incentive plan is established every year and evaluated over three consecutive business years in consideration of the execution of duties during the applicable business execution period. For each executive officer eligible under this system, 50% of the basic points defined for each position will be awarded based on performance and the remaining 50% based on other factors. The performance-linked coefficient is determined based on the Company's total shareholder return (TSR) relative to the Tokyo Stock Price Index (TOPIX) growth rate and the consolidated net debt-to-equity ratio.

## Stock ownership guidelines

To ensure that value is shared sustainably with all stakeholders, we have established stock ownership guidelines for the Group's executive officers, which took effect in FY2023. Including potential stock holdings (the non-performance-linked portion of basic points granted through medium- to long-term incentive remuneration), the Group chairperson and the CEO will receive 1.5 times their annual basic remuneration within five years of assuming their respective positions. For other executive officers of the Group, the goal is a standard holding value equivalent to annual basic remuneration within five years of assuming their respective positions.

## Executive officer remuneration plan (example)

Medium- to long-term incentive remuneration (share-based compensation)<sup>1, 2</sup>

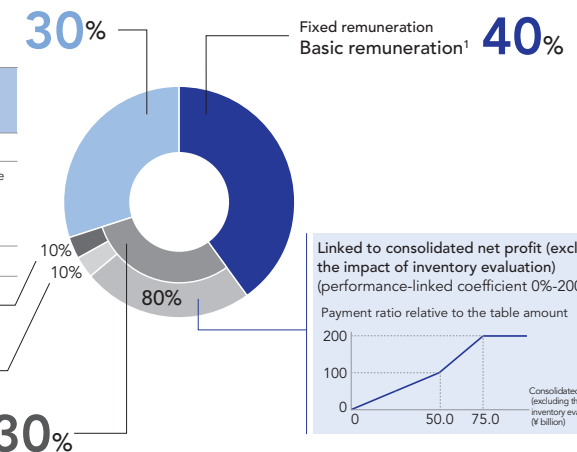
Performance-linked coefficient calculation method

TOPIX growth rate relative to TSR provided by the Company	Performance-linked coefficient
≥150%	200%
≥50%, <150%	TOPIX growth rate relative to TSR provided by the Company x 2 - 100%
<50%	0%

Linked to the evaluation of individuals  
Remuneration linked to business performance (performance-linked coefficient: 0-200%)

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

Remuneration linked to business performance  
Annual incentive remuneration (bonuses)<sup>1</sup>



<sup>1</sup> The basic remuneration, annual incentive remuneration, and medium- to long-term incentive remuneration distribution ratio varies depending on the executive position.  
<sup>2</sup> Linked to FY2023-2025 TSR relative to the TOPIX growth rate and the consolidated net debt-to-equity ratio.

# Directors and Executive Officers (as of July 1, 2024)

## Directors



**Hiroshi Kiriya**

Representative Director,  
Chairperson

Apr. 1979 Joined Daikyo Oil Co., Ltd.  
Jun. 2013 Director, Senior Executive Officer, Cosmo Oil Co., Ltd.  
Oct. 2015 Director, Senior Managing Executive Officer of the Company  
Jun. 2016 Representative Director, Executive Vice President  
Jun. 2017 Representative Director, Group CEO  
Apr. 2023 Representative Director, Chairperson (current position)

Hiroshi Kiriya has worked for many years in the supply and demand and corporate planning divisions, including participating in decision-making on various alliances in Japan and overseas, and possesses extensive expertise and experience in all areas of corporate management. In addition, he managed the Group as Representative Director and CEO from June 2017, and notably, in recent years he achieved results despite an environment of fluctuating crude oil prices, declining oil demand, and other adverse conditions.



**Shigeru Yamada**

Representative Director,  
Group CEO

Apr. 1988 Joined Cosmo Oil Co., Ltd.  
Jun. 2015 General Manager, Supply Dept.  
Apr. 2018 Executive Officer, General Manager, Corporate Planning Dept. of the Company  
Apr. 2020 Senior Executive Officer  
Jun. 2020 Director, Senior Executive Officer  
Apr. 2023 Representative Director, Group CEO (current position)

Shigeru Yamada has worked mainly in the sales, supply and demand, and corporate planning divisions, and has extensive knowledge and experience across the Group's business domains. Having been appointed Executive Officer and General Manager of the Corporate Planning Dept. in 2018 and as Director and Senior Executive Officer in 2020, he has steadily produced results across various areas, including formulation of the Seventh Consolidated Medium-Term Management Plan, promotion of Group management, overall control related to capital and business alliances, and development of new business projects.



**Junko Takeda**

Director,  
Senior Executive Officer

Apr. 1990 Joined Cosmo Oil Co., Ltd.  
Oct. 2015 General Manager, Human Resource and General Affairs Dept.  
Apr. 2017 General Manager, Planning and Management Dept.  
Apr. 2019 Director, Executive Officer  
Apr. 2020 Executive Officer, General Manager, Human Resource Dept. of the Company  
Apr. 2022 Senior Executive Officer  
Jun. 2022 Director, Senior Executive Officer (current position)

Junko Takeda worked in sales, planning, human resources, and other divisions. In 2019, she went on to supervise the Refining Business as Director and Executive Officer in charge of corporate planning and human resources at Cosmo Oil Co., Ltd., contributing to an increase in operational efficiency and improved productivity of the business. Since being appointed Executive Officer and General Manager of the Company's Human Resource Dept., she has promoted workstyle reform, encouraged diversity, and driven personnel affairs across the Group. From 2022, as Director and Senior Executive Officer, she has been steadily producing results, including formulating the Seventh Consolidated Medium-Term Management Plan.



**Taisuke Matsuoka**

Director,  
Senior Executive Officer

Apr. 1993 Joined Cosmo Oil Co., Ltd.  
Apr. 2018 General Manager, Supply Dept.  
Apr. 2021 Director, Executive Officer  
Apr. 2023 Senior Executive Officer of the Company  
Jun. 2024 Director, Senior Executive Officer (current position)

Taisuke Matsuoka has long worked in the sales, supply and demand, and corporate planning divisions, and possesses extensive knowledge across the Group's business domains. From 2018, he contributed to drafting the Group's supply and demand policy and an optimal supply-demand balance as General Manager of the Supply Dept. at Cosmo Oil, and from 2021, he has been establishing a track record by overseeing Cosmo Oil as Director and Executive Officer. As Senior Executive Officer of the Company, he is currently in charge of the Corporate Planning Dept., Finance Dept., Power Business Management Dept., and New Energy Business Management Dept., and is achieving results such as exploring further initiatives in pursuit of decarbonization, in addition to executing our medium-term management plan.



**Shigeki Iwane**

Director (non-executive)

Apr. 1976 Joined The Kansai Electric Power Co., Inc.  
Jun. 2007 Executive Officer, General Manager, Planning Office  
Jun. 2010 Managing Director  
Apr. 2012 Representative Director, Vice President  
Jun. 2013 Representative Director, Executive Vice President  
Jun. 2016 Representative Director, President  
Outside Director, Mitsubishi Tanabe Pharma Corporation  
May 2019 Chairman, Federation of Electric Power Companies of Japan  
Jun. 2019 Outside Director, Television Osaka, Inc.  
Jun. 2021 Senior Advisor, Yuasa M&B, Co., Ltd. (current position)  
Dec. 2023 Advisor, Iwatani Corporation (current position)  
Jun. 2024 Director of the Company (current position)

Shigeki Iwane joined The Kansai Electric Power Co., Inc. (KEPCO) in 1976 and was appointed Representative Director and President in 2016. With his extensive knowledge of the electricity market and systems, as President of KEPCO, he coordinated the liberalization of its electricity retail sales business and promoted efforts to increase management efficiency. In addition, he ensured the success of diversified management in various industries outside of the electricity field, such as telecommunications, real estate, and gas. As such, he possesses knowledge that extends beyond the industry to which the Company belongs.



**Ryuko Inoue**

Independent Outside  
Director

Apr. 1981 Joined Ministry of Agriculture, Forestry and Fisheries (MAFF)  
Jan. 2003 Minister, Embassy of Japan in Italy  
Apr. 2016 Deputy Director-General, Agriculture, Forestry and Fisheries Research Council, MAFF  
Jul. 2017 Retired from MAFF  
Nov. 2017 Registered as attorney-at-law, Of Counsel, Atsumi & Sakai (current position)  
Jun. 2019 Outside Director, Nippon Steel Trading Corporation  
Jun. 2021 Independent Outside Director of the Company (current position)  
Jun. 2023 Outside Director, NS United Kaiun Kaisha, Ltd. (current position)

After joining MAFF in 1981, Ryuko Inoue took up the position of Permanent Representative of Japan to the Food and Agriculture Organization of the United Nations (FAO) and the United Nations World Food Program (WFP) in 2003, contributing to the growth of the global economy. As a member of the Nomination and Remuneration Committee, she is working to improve succession planning and executive remuneration, in addition to contributing to the enhancement of the Group's enterprise value based on the rich experience she cultivated as a representative of Japan at international organizations and her extensive expertise as a practicing attorney-at-law.



**Takuya Kurita**

Independent Outside  
Director

Apr. 1984 Joined Ministry of Construction (currently Ministry of Land, Infrastructure, Transport and Tourism (MLIT))  
Sep. 2007 Counselor, Cabinet Secretariat  
Jul. 2009 Director, Urban Renewal Promotion Division, City and Regional Development Bureau, MLIT  
Jul. 2011 Counselor, the Headquarters for the Reconstruction from the Great East Japan Earthquake  
Feb. 2012 Counselor, Reconstruction Agency  
Aug. 2013 Director, Personnel Division, MLIT  
Jul. 2015 Director-General, City Bureau, MLIT  
Jul. 2018 Director-General, Policy Bureau, MLIT  
Jul. 2020 Vice-Minister, Land, Infrastructure, Transport and Tourism  
Jul. 2021 Resigned from the above position  
Oct. 2021 Corporate Advisor, Sumitomo Mitsui Trust Bank, Limited (current position)  
Jun. 2022 Independent Outside Director of the Company (current position)  
Jun. 2024 Representative Director, President and CEO, EAST JAPAN CONSTRUCTION SURETY CO., LTD. (current position)

Takuya Kurita joined the Ministry of Construction (currently MLIT) in 1984, and was appointed Director of the Urban Renewal Promotion Division, City and Regional Development Bureau of the Ministry in 2009, where he contributed to the development of the Japanese economy through urban development. He was appointed as Counselor of the Reconstruction Headquarters in response to the Great East Japan Earthquake in 2011, where he directed reconstruction policy, and was appointed as Vice-Minister of Land, Infrastructure, Transport and Tourism in 2020. In addition to being instrumental in formulating the Seventh Consolidated Medium-Term Management Plan, particularly in making recommendations related to new businesses, he is working to improve succession planning and executive remuneration as a member of the Nomination and Remuneration Committee.



**Takako Suzuki**

Independent Outside  
Director

Apr. 1984 Joined Nissan Motor Co., Ltd.  
Aug. 2001 Joined LVJ Group Co., Ltd. (currently Louis Vuitton Japan Co., Ltd.)  
Apr. 2009 Representative Director, Shaldan Co., Ltd.  
Jan. 2010 Joined S.T. CORPORATION  
Apr. 2013 Director, President & CEO  
May 2013 Director, Shaldan Co., Ltd. (current position)  
Mar. 2020 Outside Director, TRUSCO NAKAYAMA Corporation (current position)  
Jun. 2021 Chairperson of the Board, President & CEO, S.T. CORPORATION  
Sep. 2022 External Director, KING JIM CO., LTD. (current position)  
Jun. 2023 Chairperson, S.T. CORPORATION (current position)  
Jun. 2024 Independent Outside Director of the Company (current position)  
Outside Director, FUJIFILM Holdings Corporation (current position)

Takako Suzuki joined Nissan Motor Co., Ltd. in 1984. In 2001, she conducted product PR and marketing campaigns targeting women at various companies such as Louis Vuitton Japan Co., Ltd. Leveraging her extensive knowledge, she founded a consulting company which focuses on design among other fields. In 2010, she joined S.T. CORPORATION, where she created numerous hit products as part of a design revolution, and was appointed Director, President & CEO in 2013. In 2023, she was appointed Chairperson at S.T. CORPORATION, Outside Director at TRUSCO NAKAYAMA Corporation, and Outside Director at KING JIM CO., LTD. She brings a wealth of knowledge that extends beyond the industry to which the Company belongs.

## Directors and Executive Officers (as of July 1, 2024)

### Directors

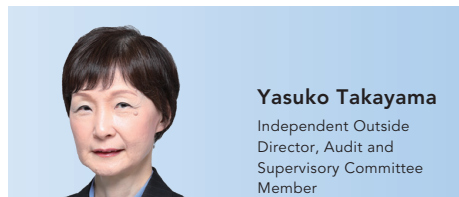


**Takayuki Uematsu**

Director, Full-time Audit and Supervisory Committee Member

Nov. 1992 Joined Cosmo Oil Co., Ltd.  
 Jun. 2015 General Manager, Finance Dept.  
 Oct. 2015 General Manager, Finance Dept. of the Company  
 Jun. 2016 Executive Officer, General Manager, Finance Dept.  
 Apr. 2018 Senior Executive Officer  
 Jun. 2018 Director, Senior Executive Officer  
 Jun. 2020 Representative Director, Senior Executive Officer  
 Apr. 2021 Representative Director, Senior Managing Executive Officer  
 Apr. 2024 Director  
 Jun. 2024 Director (Full-time Audit and Supervisory Committee Member) (current position)  
 Outside Director, KYOEI TANKER CO., LTD. (Audit and Supervisory Committee Member) (current position)

Takayuki Uematsu joined Cosmo Oil Co., Ltd. after working for a foreign financial institution. He has since demonstrated his expertise having almost exclusively worked in the finance division. He was appointed Director and Senior Executive Officer in 2018 and Representative Director and Senior Managing Executive Officer in 2021. Since 2022, he has supervised the Sustainability Initiative Dept., Accounting Dept., and Finance Dept., steadily implementing sustainable management and demonstrating leadership toward the achievement of net zero carbon emissions.

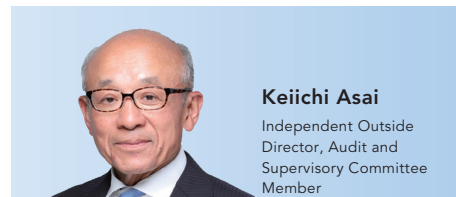


**Yasuko Takayama**

Independent Outside Director, Audit and Supervisory Committee Member

Apr. 1980 Joined Shiseido Co., Ltd.  
 Apr. 2009 General Manager, Social Affairs and Consumer Relations Dept.  
 Apr. 2010 General Manager, Corporate Social Responsibility Dept.  
 Jun. 2011 Full-time Audit and Supervisory Board Member  
 Jun. 2015 Outside Director, Nippon Soda Co., Ltd.  
 Jun. 2016 Outside Director, The Chiba Bank, Ltd. (current position)  
 Jun. 2016 Outside Audit and Supervisory Board Member, Mitsubishi Corporation  
 Jun. 2017 Outside Audit and Supervisory Board Member, Yokogawa Electric Corporation  
 Jun. 2019 Independent Outside Director of the Company (Audit and Supervisory Committee Member) (current position)  
 Jun. 2024 Outside Director, Yokogawa Electric Corporation (current position)

After serving as General Manager of the Consumer Relations and Corporate Social Responsibility departments and a Full-time Audit and Supervisory Board Member at Shiseido Co., Ltd., Yasuko Takayama went on to serve as an Outside Director and Outside Audit and Supervisory Board Member for several listed companies. Her accomplishments include her efforts to fulfill the Sixth Consolidated Medium-Term Management Plan (especially in the areas of ESG and brand communication strategy) and in the formulation of the Seventh Consolidated Medium-Term Management Plan (notably in terms of management foundation transformation (HRX/DX/GX) and non-financial initiatives). Furthermore, as Chairperson of the Audit and Supervisory Committee, she has made suggestions and proposals aimed at structural strengthening, particularly in the areas of compliance, risk management, and Group governance, based on her previous experience and extensive expertise in corporate governance.



**Keiichi Asai**

Independent Outside Director, Audit and Supervisory Committee Member

Apr. 1978 Joined Mitsubishi Corporation  
 Apr. 2009 Executive Officer  
 Head of CEO Office, Energy Group  
 Apr. 2013 Executive Vice President, Lithium Energy Japan  
 Sep. 2014 Representative Director, President, and CEO, KH Neochem Co., Ltd.  
 Jun. 2021 Independent Outside Director of the Company (Audit and Supervisory Committee Member) (current position)  
 Jun. 2022 Outside Director, Sun Frontier Fudousan Co., Ltd. (current position)

Keiichi Asai spent most of his career working in the energy sector, including petroleum business departments, such as oil sales, supply and demand, and refining, at Mitsubishi Corporation. After being named Executive Officer of the same company, he went on to become Executive Vice President of Lithium Energy Japan in 2013 and was appointed Representative Director, President, and CEO of KH Neochem Co., Ltd. in 2014. He has international knowledge that includes postings in the US and India, as well as extensive expertise and experience related to corporate management in general. He has achieved success in areas such as the formulation of the Company's Seventh Consolidated Medium-Term Management Plan (particularly in terms of strengthening investment and capital management) and efforts to reinforce the Group's governance structure. As Chairperson of the Nomination and Remuneration Committee, his achievements include the establishment and promotion of the Board of Directors' structure, including succession planning, and a performance-linked executive remuneration plan.



**Toshihiro Kuriyama**

Independent Outside Director, Audit and Supervisory Committee Member

Apr. 1980 Joined ALPS ELECTRIC CO., LTD. (currently ALPS ALPINE CO., LTD.)  
 Jun. 2004 Director, General Manager, Magnetic Devices Division  
 Apr. 2007 Director, General Manager, Business Development Headquarters  
 Apr. 2009 Director, General Manager, Executive in charge of Engineering and Quality Management  
 Jun. 2011 Managing Director  
 Jun. 2012 Representative Director, President  
 Jan. 2019 Representative Director, President, Executive Officer  
 Jun. 2023 Representative Director, Chairperson  
 Jun. 2024 Independent Outside Director of the Company, Audit and Supervisory Committee Member (current position)

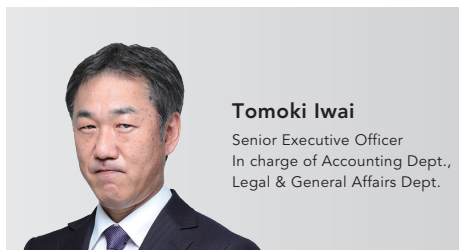
Toshihiro Kuriyama joined ALPS ELECTRIC CO., LTD (currently ALPS ALPINE CO., LTD.) in 1980. After serving as General Manager of Business Development Headquarters, Engineering Headquarters, and other divisions, he was appointed Representative Director and President in 2012. Over the course of 11 years as President, he has led the aforementioned company, which is engaged in a wide range of businesses both in Japan and overseas that are indispensable to the mobility industry, including the development and sales of automotive onboard information systems. In addition to business expansion, he has worked toward building an ideal corporate governance structure and decarbonization initiatives, as well as establishing various systems necessary for enterprises.

### Executive Officers



**Noriko Rzonca**

Senior Executive Officer, CDO  
 In charge of Corporate DX Strategy Dept., Corporate Communication Dept., IT Initiative Dept.



**Tomoki Iwai**

Senior Executive Officer  
 In charge of Accounting Dept., Legal & General Affairs Dept.



**Yoshihiko Sato**

Senior Executive Officer  
 General Manager, Secretariat Office



**Hideyuki Wakao**

Executive Officer  
 General Manager, Internal Auditing Office  
 Substitute Director, Audit and Supervisory Committee Member



# Skills Matrix

















Based on the Seventh Consolidated Medium-Term Management Plan, the Company has defined the skills required of directors and executive officers as follows. From FY2023, we have disclosed the definition of each skill area, as well as the areas in which each individual officer has a higher level of expertise. By defining a skills matrix not only for directors but also for executive officers, we have created a structure to encourage officers, including executive officers, to work together to drive the Seventh Consolidated Medium-Term Management Plan forward.

Skill area		Definition	
Corporate management		Has experience in business execution as CEO or other executive role in a company, and possesses the ability to lead an organization in accordance with management strategy	
Petroleum Business (Oil)		Has specialist knowledge of the Petroleum Business, and possesses the ability to enhance enterprise value	
Other businesses (New) (Renewable Energy Business/ new businesses)		Has been involved in the Renewable Energy Business and new business projects, and possesses the ability to make a comprehensive judgment on new business models and profitability	
Sustainability (ESG)/ risk management		Possesses the ability to pursue sustainable management from the perspectives of sustainability and ESG to achieve sustainable growth	
Personnel affairs/human resource development/diversity		Has knowledge and experience in implementing human resource strategies, and possesses the ability to draft management strategies from the perspectives of personnel affairs, labor management, and diversity	

Skill area		Definition	
DX/technology		Has knowledge and experience in digital and other scientific technologies, and possesses the ability to transform businesses and corporate culture by leveraging such data in management strategies	
PR/IR/brand marketing		Is capable of strategically deploying PR activities and making related comprehensive judgments and decisions, and possesses the ability to take the lead in enhancing and creating enterprise value	
Finance/accounting/taxation		Has the finance, accounting, and taxation expertise required to draft financial and accounting strategies, and possesses the ability to properly carry out the Group's financing and account operations	
Legal affairs/compliance		Has expertise in corporate legal affairs and compliance, and possesses the ability to provide supervision to ensure sound corporate management	
Global-mindedness		Has overseas business experience, understands different cultural perspectives and practices, and possesses the ability to make management decisions from a global perspective	

Name	Gender	Title	Committee membership, responsibilities, etc.	Number of years as director <sup>1</sup>	Experience, knowledge, and expertise, etc. <sup>2,3</sup>									
					Corporate management	Petroleum Business (Oil)	Other businesses (New) (Renewable Energy Business/ new businesses)	Sustainability (ESG)/risk management	Personnel affairs/ human resource development/ diversity	DX/technology	PR/IR/brand marketing	Finance/ accounting/ taxation	Legal affairs/ compliance	Global- mindedness
Directors	Hiroshi Kiriya	 Representative Director, Chairperson	Chairperson, Board of Directors Nomination and Remuneration Committee Member	9	◎	◎	○	○	—	—	○	—	—	—
	Shigeru Yamada	 Representative Director, Group CEO	—	4	◎	◎	○	—	—	—	○	—	—	—
	Junko Takeda	 Director, Senior Executive Officer	Human Resource Dept., Business Portfolio Management Dept., Sustainability Initiative Dept.	2	—	◎	—	—	◎	—	—	—	○	—
	Taisuke Matsuoka	 Director, Senior Executive Officer	Corporate Planning Dept., Finance Dept., Power Business Management Dept., New Energy Business Management Dept.	—	—	◎	◎	—	—	—	○	—	—	—
	Shigeki Iwane	 Director	—	—	◎	—	◎	—	—	—	—	—	—	—
	Ryuko Inoue	 Independent Outside Director <sup>4</sup>	Nomination and Remuneration Committee Member	3	—	—	—	○	○	—	—	—	◎	○
	Takuya Kurita	 Independent Outside Director <sup>4</sup>	Nomination and Remuneration Committee Member	2	—	—	◎	—	○	◎	—	—	—	—
	Takako Suzuki	 Independent Outside Director <sup>4</sup>	—	—	◎	—	○	○	—	—	◎	—	—	—
	Takayuki Uematsu	 Director, Full-time Audit and Supervisory Committee Member	Audit and Supervisory Committee Member	6	◎	—	—	○	—	—	○	◎	—	—
	Yasuko Takayama	 Independent Outside Director, Audit and Supervisory Committee Member <sup>2</sup>	Nomination and Remuneration Committee Member Chairperson, Audit and Supervisory Committee	5	—	—	—	◎	○	—	○	—	○	—
	Keiichi Asai	 Independent Outside Director, Audit and Supervisory Committee Member <sup>4</sup>	Chairperson, Nomination and Remuneration Committee Audit and Supervisory Committee Member	3	◎	◎	○	—	—	—	—	—	—	○
	Toshihiro Kuriyama	 Independent Outside Director, Audit and Supervisory Committee Member <sup>4</sup>	Audit and Supervisory Committee Member	—	◎	—	○	○	—	◎	—	—	—	—
Executive Officers	Noriko Rzonca	 Senior Executive Officer, CDO	Corporate DX Strategy Dept., Corporate Communication Dept., IT Initiative Dept.	—	—	—	—	—	○	◎	○	—	—	◎
	Tomoki Iwai	 Senior Executive Officer	Accounting Dept., Legal & General Affairs Dept.	—	—	○	—	—	—	—	—	◎	—	—
	Yoshihiko Sato	 Senior Executive Officer	General Manager, Secretariat Office	—	—	◎	—	—	—	—	—	—	—	○
	Hideyuki Wakao	 Executive Officer	General Manager, Internal Auditing Office Substitute Director, Audit and Supervisory Committee Member	—	—	○	—	—	—	—	—	◎	○	—
					7	8	8	6	5	3	7	3	4	4

   
Male Female

<sup>1</sup> The number of years served as director only takes into account the period following the establishment of Cosmo Energy Holdings in October 2015. The figures 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 was to include the years served at Cosmo Oil Co., Ltd., former CEO, Mr. Hiroshi Kiriya, would have served for ten years because he was appointed as a director in June 2013.

<sup>2</sup> The expertise and attributes of each director disclosed here includes the areas in which they have outstanding knowledge and experience. It does not represent an exhaustive list of the capabilities of each director.

<sup>3</sup> ◎ indicates the areas in which the individual has a higher level of expertise.

<sup>4</sup> The requirements for independent officers/auditors based on the regulations of the Tokyo Stock Exchange have been fulfilled.