



Green Finance Framework (Overview)

July 31, 2024

Cosmo Energy Holdings Co., Ltd.

Overview of the Green Finance Framework

- Cosmo Energy Group (the Group) formulated the Green Finance Framework that enables green finance (bonds and loans) in accordance with the principles provided by International Capital Market Association (ICMA) and the guidelines, etc. developed by the Ministry of the Environment of Japan, in order to carry out financing required for achieving net zero carbon, including Scope 3, by 2050. We obtained a second opinion on the Framework from Rating and Investment Information, Inc. (R&I), an external assessment agency, on July 31, 2024.

Vision 2030

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



**Bolster green
electricity supply chain**

Build a high value-added supply chain that encompasses power generation, supply-demand adjustment and sales



**Expand next-
generation energy**

Supply SAF and develop hydrogen and other energy businesses



**Strengthen competitiveness
of Oil Business and pursue
low carbonization**

Enhance competitiveness by digitizing refineries, etc. and shift to low-carbon operations through CCS/CCUS

Under Vision 2030, the Group has adopted the slogan “To create energy that shapes the future, energy that sustains society, and new forms of value.” and works on three initiatives.

The Green Finance Framework was formulated and its primary use of funds are initiatives to “Bolster the green electricity supply chain” and “Expand next-generation energy” among those initiatives.

Overview of the Green Finance Framework

1 Use of Proceeds

- Proceeds from green finance will be appropriated for new investments and refinancing for projects that meet the following eligibility criteria (eligible projects).

| Priority themes for achieving net zero carbon | | |
|---|---|---|
| | Eligibility criteria (eligible categories) | Examples of applicable projects (*Applicable projects include expenditure of the Group companies) |
| Bolster the green electricity supply chain | Renewable energy: Offshore/onshore wind power, solar power (renewable energy) | Expenditure for wind and solar power generation projects to achieve over 2,000 MW of the renewable energy generation facility capacity by 2030 (development, facilities, operation, investment, repair, etc.) |
| | EV (clean transportation) | Expenditure for introduction of EVs to Cosmo My Car Lease and Cosmo Zero Carbon Solutions (development, facilities, operation, investment) |
| | Power storage (Renewable energy) | Expenditure for construction of 500 MW of installed storage batteries by 2030 (mainly grid-scale storage batteries) (development, facilities, operation, investment) |
| Initiatives for next-generation energy, raw materials, CCS/CCUS | SAF (environmentally adapted products) | Expenditure for SAF production to achieve supply of 300,000 KL of SAF by 2030 (use of used cooking oil raw materials and ATJ technology) (development, facilities, operation, investment) |
| | Hydrogen and next-generation energy, hydrogen supply chain, synthetic fuels, biodiesel, bio-engine oil (Environmentally adapted products) | Expenditure for construction of hydrogen supply chains (mainly establishment of hydrogen stations and hydrogen production) (development, facilities, operation, investment) Expenditure for carbon recycling and production of biomass products (development, facilities, operation, investment, etc.) |
| | Chemical recycling (prevention and control of pollution) | Expenditure for supply of chemical-recycled products using waste plastics (development, facilities, operation, investment) |
| | CCS/CCUS (environmentally adapted products) | Expenditure for CO ₂ capture and its utilization in major equipment (development, investment) |

Overview of the Green Finance Framework

2 Project Evaluation and Selection Process

- Eligible projects for which proceeds will be used are ultimately selected by the CFO after candidate projects are selected by the finance division based on eligibility criteria and applicable projects, and the finance division and relevant divisions of the Company have discussions.

3 Management of Proceeds

- Appropriated and unappropriated amounts of proceeds from green finance will be tracked by the finance division to ensure that the net proceeds and the expenditure for the eligible projects are the same. Projects whose implementation entity will be a subsidiary of the Group will be managed in the same manner.
- Proceeds will be managed by creating a dedicated account book.
- Any unappropriated proceeds are managed in cash and cash equivalents.

4 Reporting

- The Company plans to annually disclose the status of appropriation of proceeds and the matters defined by the Company as environmental improvement effects in its integrated report (Cosmo Report) or website until the full amount of proceeds from green finance is appropriated, within the scope of confidentiality and to the extent reasonably practicable. Any material changes in the status of appropriation of proceeds and the projects for which proceeds are appropriated during the financing period will be disclosed (in the case of loans, those matters may be disclosed to lenders only).

Reporting of appropriation of proceeds

- The Company plans to disclose the following matters in accordance with the priority themes for achieving net zero carbon.
 - Appropriated amount
 - Balance and management method of the unappropriated amount
 - Approximate amount (or percentage) of the portion of proceeds appropriated to refinancing

Overview of the Green Finance Framework

Impact reporting

- In the impact reporting, the Company plans to disclose all or part of matters whose examples are shown below, in accordance with the eligibility criteria for which proceeds have been appropriated, although they may be changed depending on the applicable projects. The Company aims to disclose environmental improvement effects quantitatively to the extent possible, such as the CO₂ emission reduction amount. However, if quantitative disclosure is difficult due to the status or nature of the applicable projects, the Company may implement qualitative disclosure.

| Eligibility criteria | Reporting items |
|-------------------------------------|--|
| Renewable energy | <ul style="list-style-type: none"> ■ Overview and progress of the project ■ Facility capacity (MW) or actual power generation (kwh) ■ CO₂ reduction/contribution to reduction (t-CO₂) |
| EV | <ul style="list-style-type: none"> ■ Overview and progress of the project ■ CO₂ reduction/contribution to reduction (t-CO₂) |
| Power storage | <ul style="list-style-type: none"> ■ Overview and progress of the project ■ Power storage capacity (MW) |
| SAF | <ul style="list-style-type: none"> ■ Overview and progress of the project ■ Product production (KL) ■ CO₂ reduction/contribution to reduction (t-CO₂) |
| Hydrogen and next-generation energy | <ul style="list-style-type: none"> ■ Overview and progress of the project ■ Hydrogen/product supply ■ CO₂ emission reduction/contribution to reduction (t-CO₂) |
| Chemical recycling | <ul style="list-style-type: none"> ■ Overview and progress of the project ■ Product supply/waste reduction |
| CCS/CCUS | <ul style="list-style-type: none"> ■ Overview and progress of the project ■ Installation of CCS/CCUS |



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