

## Cosmo Energy Holdings Co., Ltd.

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Securities code: 5021 <https://www.cosmo-energy.co.jp/en/top.html>

The corporate governance of Cosmo Energy Holdings (the “Company” or “we”) is described below.

## I Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information

### 1. Basic Views

The Cosmo Energy Group (the “Group”) has set the following management vision: “In striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities.” The Group promotes “improvement in transparency and efficiency in the management,” “prompt execution of business,” and “thorough risk management and compliance” based on “Cosmo Energy Group Management Vision” and a specific guideline for promoting such management vision and achieving targets thereof, the “Cosmo Energy Group Code of Conduct” (the “Code of Conduct”).

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code] Updated

The Company has implemented all of the Principles of the Corporate Governance Code.

#### [Disclosure Based on the Principles of the Corporate Governance Code] Updated

##### [Principle 1-4 Cross-shareholding]

- The Cosmo Energy Group has a policy of holding listed stocks at the minimum necessary number of shares, limiting to stocks that are deemed to contribute to the sustainable growth of the Group and the improvement of corporate value over the medium- to long-term from the perspective of maintaining and expanding transactions and stabilizing fund raising. It is the annual practice of the Group to verify all stocks to determine whether the benefits of the shareholding are commensurate with the cost of capital, and whether there is any significance in holding those shares, taking into consideration the risk of stock price fluctuations and the issuer’s medium- to long-term contribution to the Company’s business. After discussions at the Board of Directors, certain shares are sold if no significance is found in their holding. As a result, the number of strategically held stocks was 20 (including three listed stocks) as of the end of March 2023. We will examine the significance of holding the shares, which we will sell if no significance is found. We also disclose the details of examinations by stock at the Board of Directors.
- When exercising voting rights attached to listed shares, we comprehensively consider whether: 1) the proposal contributes to the improvement of the issuer’s and the Company’s corporate value over the medium- to long-term, regardless of whether it is an issuer proposal or a shareholder proposal, and 2) the proposal may reduce the significance of the Company’s shareholding.

##### [Principle 1-7 Related Party Transactions]

- The Board of Directors approves competition and conflict-of-interest transactions by directors in an appropriate manner, based on applicable laws and regulations as well as the Board of Directors Rules.
- Related party transactions are disclosed in the annual securities report in accordance with applicable laws and regulations.

##### [Supplementary Principle 2-4-1 Ensuring Diversity in Appointing Core Human Resources]

###### (i) Approach and policy on ensuring diversity and implementation thereof

- Our Group considers human resources as management capital and recognizes the importance of maximizing their value. Therefore, we declare to make effective use of human resources and improve their abilities in the Group’s Code of Conduct. Under the Code of Conduct, we set the human resources policy, a basic policy on our human resources initiatives, as follows.  
We aim to create an environment where all officers and employees are treated fairly and can maximize their abilities regardless of age, gender, nationality, occupation, affiliation, or work history.

##### [Human Resources Policy]

###### 1. Promoting success of diverse human resources

We will respect diverse values and create an environment where all employees are treated fairly and can maximize their abilities regardless of age, gender, nationality, occupation, affiliation, or work history.

###### 2. Promoting job-based abilities

We clarify the roles, duties, and goals expected of each employee and reward those who demonstrate their abilities to the maximum.

###### 3. Promoting autonomous growth

We will develop employees who are particularly focused on the entire Group’s profits and growth and who can identify their own challenges and work to resolve them.

###### 4. Promoting individual growth

We promote the formation of self-directed careers and behavior change by clarifying work goals and action plans to address individual employees’ development challenges and evaluate their growth.

Please refer to our website below for more information on our human resources system and development for value creation.

<https://www.cosmo-energy.co.jp/ja/actions/sustainability/social/employee2.htm>

- (ii) Ratio of female managers and promotion of female employees to managerial positions (promotion of active participation by women)
- Placing top priority on the empowerment of women for realizing the diversity, the Company has taken such measures as proactive recruiting and training female employees, promoting them to managerial positions, including senior managers, and assigning them to a wider range of job categories.  
The ratio of female managers as of April 1, 2023 was 6.7%, which exceeded our target of 6.0%.  
Furthermore, the ratio of female newly graduates hired, the basis for female managers, was 60% in April 2023, far better than our target of 50%.
  - Also in the 7th Medium-Term Management Plan period starting this fiscal year, we set the following four targets for women's empowerment to help accelerate the current initiatives.
  - The Company will continue to work on the empowerment of women by implementing awareness and work style reforms, and taking initiatives for active recruitment of women, promotion to managerial positions, and appropriate posting corresponding to their abilities.
- [Targets for women's empowerment]
- Ratio of female managers (as of April 1, 2026): 10% (6.7% as of April 1, 2023)
  - Ratio of female newly graduates hired (in April 2024, April 2025, April 2026): 50% or more, same as the previous year (60% for those hired in April 2023)
  - Wage gap between male and female employees (FY2023, FY2024, FY2025): 75% or more, same as the previous year (75.5% in FY2022)
  - Rate of paternity leave acquisition (FY2023, FY2024, FY2025): 50% or more, same as the previous year (56% in FY2022)
- \* The ratio of female managers and the ratio of newly graduates hired cover core employees employed by Cosmo Oil Co., Ltd., and include those seconded to outside the company.  
The target for wage gap between male and female employees covers regular employees employed by Cosmo Oil Co., Ltd.  
The rate of paternity leave acquisition covers employees employed by Cosmo Oil Co., Ltd.
- \* The Company has provided a number of support programs helping balance one's career and childcare. In addition to childcare leave, a variety of support systems are available even while working, such as maternity leave, leave for nursing care of one's child, a teleworking system and a system of flexible working hours without core hours, so that it is possible to work flexibly. We offer some options employees can choose from autonomously, including childcare leave, so that they can keep working while raising a child.  
Please refer to our website below for more information on "Support programs for balancing work and childcare."  
<https://www.cosmo-energy.co.jp/ja/actions/sustainability/social/employee4.html>
- (iii) Ratio and promotion of mid-career hires and foreign managers
- We believe that mid-career hires form a part of diversity and are important human resources for companies' sustainable growth and transformation. As of April 1, 2023, 10.9% of line managers employed by Cosmo Oil Co., Ltd. are mid-career hires. In addition to such employees, we have also actively appointed executive officers and directors from among mid-career hires.  
We will continue to actively recruit, develop, and assign them appropriately according to their abilities.
  - As we consider that nationality creates no particular difference between foreign and other employees, we have not set any goals and targets associated with the promotion of foreigners to managerial positions. In order to increase diversity, we will actively recruit and develop people regardless of their nationality and promote them to managerial positions.
  - The Company is actively engaged in the work style reform and awareness reform for gender equality in order to ensure such diversity.
- (iv) Work style reform
- Implementation of working styles that are not bound by time and place, such as flextime and telework systems
  - Promotion of optimization of working hours aimed at improving productivity and work-life balance
  - Development and launch of "Cosmo Guidelines on Workstyles" as more productive workstyles
- (v) Awareness reforms
- Holding of exchange meetings with senior female employees inside and outside the Company to help women have a clearer image of themselves in their career vision
  - Initiatives for a mentorship program for female employees and mid-career hires (including selecting a mentor suited to each individual's needs and providing trainings for mentors)
  - Holding of career design training sessions and seminars for balancing childcare and work for both male and female employees
  - Institutionalization of childbirth leave (paid special leave) and partially paid childcare leave to promote male participation in childcare
  - Provision of diversity and management training sessions to superiors
- (vi) Other
- Promotion of active participation of people with disabilities on the premise of inclusion
  - Acquisition of a bronze rating in the PRIDE Index in recognition of our initiatives for sexual minority (LGBTQ+)  
Please refer to our website below for more information on our diversity initiatives.  
<https://www.cosmo-energy.co.jp/ja/actions/sustainability/social/employee3.html>
- [Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]
- The Cosmo Energy Group makes quarterly reports to officers in charge of corporate pension reserves about the management thereof, and reviews the management policy every year at the Executive Officers' Committee.
  - Furthermore, it regularly holds pension liaison meetings that consist of the Human Resource Department, Accounting Department, and Finance Department to build a structure that enables sound management of pension funds from a professional view point and the perspective of beneficiary protection.
  - We comprehensively evaluate and monitor asset managers in consideration of investment performance, management structure, management process, etc.
- [Principle 3-1 Full Disclosure]
- (i) Company objectives (e.g., Management Vision), management strategies, and management plans

Please refer to our corporate website below for the Management Vision, management strategies, management plan, etc.

<Management Vision><https://www.cosmo-energy.co.jp/en/about/company/vision.html>

<The 6th Consolidated Medium-Term Management Plan> [https://www.cosmo-energy.co.jp/en/about/ir/management/mediumterm/pdf/6thmediumterm\\_en.html](https://www.cosmo-energy.co.jp/en/about/ir/management/mediumterm/pdf/6thmediumterm_en.html)

<The 7th Consolidated Medium-Term Management Plan> <https://www.cosmo-energy.co.jp/en/about/ir/management/mediumterm/pdf/7thmediumterm.html>

(ii) Basic views and policies on corporate governance

For the Cosmo Energy Group's basic views on corporate governance is described in "I. 1. Basic Views" hereof.

(iii) Board policies and procedures in determining the remuneration of the senior management and directors

- The Company has established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors in order to increase the transparency and objectivity of the remuneration determination and evaluation process. The Board of Directors is responsible for making decisions on the policies and systems pertaining to the remuneration of directors and executive officers based on the results of deliberation at the Nomination and Remuneration Advisory Committee.

- The Company has established a performance-linked remuneration system that has the basic policies of: incentives to enhance business performance and increase corporate and shareholder value in the medium- and long-term; sharing profits with shareholders; encouraging a challenging spirit; and ensuring transparency and objectivity in the remuneration determination and evaluation processes.

For details, see "II-1. Matters Relating to Institutional Structure, Organizational Operation, etc." and "II-2. Matters Relating to Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" hereof.

- The details of individual directors' remuneration are determined by the Board of Directors, except for the personal appraisal for the annual incentive remuneration, the decision of which is delegated to the Nomination and Remuneration Advisory Committee. Remuneration for individual directors who are Audit and Supervisory Committee members is determined through discussions among the directors who are Audit and Supervisory Committee members in accordance with the provisions of Article 361, paragraph 3 of the Companies Act.

(iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of directors and Audit and Supervisory Board Member candidates

- With regard to the appointment of senior management members and the nomination of directors including those who are the Audit and Supervisory Committee members, we have set requirements for individuals who can contribute to the Group's sustainable growth and improvement of corporate value over the medium- to long-term, in addition to the corporate ethics and compliance spirit that are indispensable for the Company's directors and executive officers, taking into consideration the Company's vision and recognition of its business environment. Accordingly, it is the Company's basic policy to nominate directors and executive officers who meet the requirements, i.e., conceptual ability, execution ability, personal influence, and leadership risks.

- Furthermore, the Company established, as an advisory body for the Board of Directors, the Nomination and Remuneration Advisory Committee (a voluntary committee), which is chaired by an Independent Outside Director and whose majority is composed of independent outside directors, with the aim of ensuring transparency and objectivity in the processes of appointing/dismissing senior management members and nominating directors including those who are the Audit and Supervisory Committee members. • The Nomination and Remuneration Advisory Committee is responsible for: 1) confirming whether a director or executive officer is capable of performing his/her duties on a continuous basis based on the multi-faceted appraisal information, including the information on the level of fulfillment of the Company's requirements for its human resources, as well as the results of quarterly performance evaluation; 2) deliberating on the proposals concerning director/executive officer candidates; and 3) submitting its opinion to the Board of Directors.

- The Nomination and Remuneration Advisory Committee is also responsible for verifying whether the Company's requirements for its human resources are updated in a timely manner to align with changes in the environment surrounding the Company as well as the circumstances under which the Company operates, and making revisions to the requirements as necessary.

For details, see "II-1. Matters Relating to Institutional Structure, Organizational Operation, etc." and "II-2. Matters Relating to Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" hereof.

(v) Explanations on appointment, dismissal, and nomination of Directors

The Company describes in the notice of convocation of the general meeting of shareholders the background of the director candidates, significant concurrent positions, and the number of shares held, and the reasons for appointment.

[Supplementary Principle 3-1-3 Sustainability Initiatives, etc.]

<In-house sustainability initiatives>

- The Company discloses its sustainability policy and initiatives in the integrated report ("Cosmo Report"), the annual securities report, the convocation notice, etc. In March 2021, the Company redefined its Management Vision, established the "Basic Concept of Sustainability," and identified important ESG issues (materiality) of the Group toward the achievement of society we should aim for in 2050(\*). Please refer to our website for our views, policies, and initiatives for sustainability.

\*The materiality has been reviewed on April 1, 2023, and will be reflected in the 7th Consolidated Medium-Term Management Plan.

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

<Investment in human capital and intellectual properties>

- The 7th Consolidated Medium-Term Management Plan sets out "Management foundation transformation" as a basic policy, and one of the pillars of this policy is HRX (Human Resources Transformation), "Pursue a people strategy that motivates employees and harnesses their skills." To create a stronger organization than ever before, capable of implementing a management strategy in conjunction with a human resources strategy, the Company will implement various measures and investments and thereby maximize the value of human resources.

- The Company has actively invest in education and training to ensure that each employee will improve individual performance and grow continuously. We have set the following targets.

- Engagement index (FY2025): 60% (57% in FY2022)

- Annual training cost (FY2025): 180,000 yen/employee (100,000 yen/employee in FY2022)

\* Engagement index represents the ratio of respondents who gave a positive rating to the three questions consisting of "Fulfillment and pride in one's work" in the Employee Consciousness Survey.

The engagement index covers employees of Cosmo Energy Holdings Co., Ltd., Cosmo Oil Co., Ltd., Cosmo Oil Marketing Co., Ltd., and Cosmo Energy Exploration & Production Co., Ltd., while the annual training cost covers employees employed by Cosmo Oil Co., Ltd. (including those seconded to outside the company).

Please refer to our website below for more information on the 7th Consolidated Medium-Term Management Plan.

<https://www.cosmo-energy.co.jp/en/about/ir/management/mediumterm/pdf/7thmediumterm.html>

- To reinforce our organizational capability, we have established the recruitment and training system to secure executive candidates having leadership and highly specialized human resources. We offer a variety of training programs with different themes and for different targets, including trainings for different staff grades, career design trainings and DX trainings, and provide financial assistance for correspondence courses for employees' self development. We value on-the-job trainings and put in place a performance-based personnel system that highly evaluate employees who produced results and employees who endeavored to bring about a reform and transformation.

Please refer to our website below for more information on our personnel development and evaluation systems.

<https://www.cosmo-energy.co.jp/ja/actions/sustainability/social/employee2.html>

- Recognizing that intellectual properties are our important assets to enhance our corporate value as a sustainable corporation group, we have implemented various initiatives for investment in intellectual properties and protected and utilized intellectual properties generated by employees through research and development, business development and operations in the key businesses set out in The 7th Consolidated Medium-Term Management Plan published in FY2023.

Please refer to our website below for more information on our specific initiatives and patent rights, trademark rights and other intellectual properties that we have established and protected to date:

<https://www.cosmo-energy.co.jp/ja/actions/innovations/intellectual-property.html>

- Our initiatives for managing our brand, one of intangible assets are disclosed in the Cosmo Report.

[https://www.cosmo-energy.co.jp/en/about/ir/event/annual/2022/pdf/report2022\\_en\\_10.html](https://www.cosmo-energy.co.jp/en/about/ir/event/annual/2022/pdf/report2022_en_10.html)

#### <Response to climate change>

- Our Group recognizes that formulating and implementing management plans that further incorporate perspectives on climate change is indispensable for sustainable development of the earth, society, and our company, and declared our goal to achieve net zero carbon emissions by 2050 in May 2021.

<https://www.cosmo-energy.co.jp/ja/actions/sustainability/environment/gl-warming/tcfd.html>

In May 2022, we formulated a roadmap that summarizes our initiatives and steps for achieving net-zero carbon emissions based on analysis of scenarios as well as external and internal environments by the Task Force on Climate-related Financial Disclosures (TCFD).

<https://www.cosmo-energy.co.jp/en/actions/sustainability/environment/gl-warming/netzero-roadmap.html>

#### [Supplementary Principle 4-1-1 Delegation of Authority to Management]

- The Company's Board of Directors Rules stipulate that, in addition to the matters stipulated by laws and regulations and the Articles of Incorporation, the Board shall discuss and make decisions on the basic policy and important matters relating to the Company's management.
- Other business execution decisions are delegated to the Representative Director, Group CEO so as to speed up the management process, and the authority is transferred to lower-level meetings such as the Executive Officers' Committee and the Sustainability Strategy Committee, as well as to officers in charge of the business.

#### [Supplementary Principle 4-1-3 Succession Plan]

- The Company has determined the development of successors to the Representative Director, Group CEO to be one of the priority strategy that supports the sustainable growth of the Group. Its basic policy on the succession plan is to ensure transparency and objectivity in the successor candidate selection process, and develop successors who have the abilities and qualities suitable for the Representative Director, Group CEO through the deployment of human resources and the provision of opportunities to participate in external training sessions.
- During the successor training period, the evaluation of the level of fulfillment of the Group's requirements for its human resources and other multifaceted appraisals are conducted on the successor candidates in addition to the evaluation of their quarterly performance. We also develop the candidates in a scheduled manner to support their training for the future, through the consideration and implementation of human resource deployment plans that are aligned with individual candidates' level of development, as well as through the provision of opportunities to participate in external training sessions. The Nomination and Remuneration Advisory Committee receives information on the multifaceted personnel evaluation and quarterly performance evaluation results, and continuously confirms the suitability of successor candidates and the appropriateness of the training plans.
- The finalist candidates are selected by the Representative Director, Group CEO from multiple candidates who have sufficient ability and quality suitable to the Company's Representative Director, Group CEO and the finalists are proposed to the Nomination and Remuneration Advisory Committee. The Nomination and Remuneration Advisory Committee deliberates on the appropriateness of the proposal received from the Representative Director, Group CEO and submits an opinion to the Board of Directors.

#### [Supplementary Principles 4-3-2 Appointment of Qualified CEO]

- The Representative Director, Group CEO selects candidates from multiple individuals based on the level of fulfillment of the Company's requirements for its human resources and other multifaceted appraisal information, in addition to the results of quarterly performance evaluation, and submits a proposal to the Nomination and Remuneration Advisory Committee. The Nomination and Remuneration Advisory Committee examines the appropriateness of the proposal received from the Representative Director, Group CEO and submits an opinion to the Board of Directors.

#### [Supplementary Principles 4-3-3 Procedures to Dismiss CEO]

- The Nomination and Remuneration Advisory Committee deliberates whether it is necessary to submit a proposal to the Board of Directors about the dismissal of the Representative Director, Group CEO, in light of the human resources requirements and performance standards. If, as a result of deliberation, it is determined that the proposal must be submitted to the Board of Directors, the Board determines whether the Representative Director, Group CEO must be dismissed, based on the opinion of the Nomination and Remuneration Advisory Committee.

[Principle 4-9 Independence Standards and Qualification for Independent Outside Directors]

- We believe that it is desirable for outside directors to be as independent as possible, so as to ensure the objectivity and transparency necessary for the proper governance of the Company.  
In order to make an objective judgment of independence, the Company has established the following independence standards, which are stricter than those provided for by the Tokyo Stock Exchange.
- If the Company's outside director does not fall under any of the following items, the Company determines that the outside director has sufficient independence and considers that he/she is an independent outside director.
  - (1) An executive of the Company (Note 1);
  - (2) a major shareholder of the Company (those who directly or indirectly hold voting rights of 10% or more) (Note 2) or its executive
  - (3) an executive of a corporation, etc. who falls under any of the following:
    - (a) a major customer of the Group (Note 3);
    - (b) a major lender of the Group (Note 4);
  - (4) certified public accountant belonging to an audit firm that serves as the accounting auditor of the Group;
  - (5) a consultant, accountant, tax accountant, lawyer, judicial scrivener, or a patent attorney who earns more than 10 million yen annually from the Group;
  - (6) a person who receives annual donations of over 10 million yen from the Group;
  - (7) a person from a company that has a mutual appointment/dispatch relationship with the Company;
  - (8) a person with a close relative who falls under any of (1) to (7) above (excluding (4) and (5), limited to significant persons);
  - (9) those who have fallen under any of (2) to (8) above in the past five years; or
  - (10) notwithstanding the provisions of preceding items, a person who is deemed to have other special reasons that may cause a conflict of interest with the Company.

(Note 1) The "Group" refers to a group of companies that are included in the consolidated financial statements of the Company. An "executive" refers to an executive director, executive officer, manager, or other employee of the stock company or subsidiary in the past or present.

(Note 2) "Major shareholder" refers to a shareholder who holds 10% or more of the voting rights in the person's own name or another person's name at the end of the Company's fiscal year.

(Note 3) "Major customer" refers to a buyer or supplier of the Group's products whose annual transaction volume exceeds 2% of the consolidated sales of the Company or the other party.

(Note 4) "Major lender" is a financial institution that provided a loan to the Group, and the loan's outstanding balance exceeds 2% of the consolidated total assets of the Company or the financial institution at the end of the Company's fiscal year.

[Supplementary Principle 4-10-1 Use of Optional System]

As an advisory body for the Board of Directors, we have established the Nomination and Remuneration Advisory Committee, whose majority consists of independent outside directors, with the aim of ensuring transparency and objectivity of the process for appointing and dismissing officers, succession plan, and the process for determining officers' remuneration. The Committee ensures its independence by being chaired by an Independent Outside Director. For details, please refer to P.9 "Voluntary Committees" hereof.

[Structure of the Nomination and Remuneration Advisory Committee]

Chairperson: Keiichi Asai, (independent outside) Director

Committee members: Ryuko Inoue, (independent outside) Director; Takuya Kurita, (independent outside) Director; Yasuko Takayama, (independent outside) Director, Hiroshi Kiriya, Representative Director, Group Chairman (internal director)

[Supplementary Principle 4-11-1 Policy and Procedure Regarding the Board of Directors Skillset and the Appointment of Directors]

- The Board of Directors determines the number of directors within the scope set out in the Articles of Incorporation so that the Board's functions are performed in a most effective and efficient manner, based on the results of deliberation by the Nomination and Remuneration Advisory Committee.
- The Board also nominates directors so that it is composed of directors with different backgrounds such as specialized knowledge, experience, and internationality.
- When nominating directors and Audit and Supervisory Committee members, the Company prepares, by referring to the Management Vision and management challenges, a skill matrix that lists particularly important knowledge, abilities, etc., in addition to the abilities to formulate and implement corporate strategies and make appropriate management decisions. The skill matrix is disclosed in the Cosmo Report as well as the notice of convocation of the general meeting of shareholders.
- The Board of Directors appointed four independent outside directors for the purpose of improving the transparency and objectivity required for corporate governance, two of whom have management experience at other companies.

[Supplementary Principle 4-11-2 Concurrent Positions of Directors and Corporate Auditors]

The Company discloses the status of concurrent positions held by each officer in the notice of convocation of the general meeting of shareholders.

[Supplementary Principle 4-11-3 Evaluation of Board Effectiveness]

- The Board evaluates its effectiveness based on the results of prior questionnaires and discussions, and discloses the results' summary on the Company's corporate website.  
[https://www.cosmo-energy.co.jp/en/about/ir/management/governance/pdf/evaluation\\_en.html](https://www.cosmo-energy.co.jp/en/about/ir/management/governance/pdf/evaluation_en.html)

[Supplementary Principle 4-14-2 Training Policy for Officers]

- The Company holds several in-house training sessions for directors and their candidates in order to further improve their industry knowledge and expertise. It also provides them with opportunities to attend external training courses and so forth as necessary.
- Upon appointment of directors, the Company offers them opportunities to: 1) have a meeting with division heads to learn about the Company's and its core business companies' businesses (refining, sales, and oil exploration and production businesses) and 2) visit key

facilities including its Group companies' oil exploration and production facilities in the Middle East, wind power plants, refineries, and service stations.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

- In order to promote constructive dialogue with shareholders and investors and thereby contribute to its sustained growth and the improvement of medium- to long-term corporate value, the Company has established a policy to implement the following measures:
  - (i) Designation of persons (senior management or other executives) who are to attend meetings intended to promote dialogue with shareholders
 

An officer in charge of IR supervises dialogue with shareholders and responds to them properly, including the selection of persons (senior management or other executives) who are to attend meetings with shareholders. If it is reasonably deemed appropriate based on shareholders' request and main concerns about meetings, directors including executive officers, outside directors and Audit and Supervisory Committee Members are to attend the meetings.

In FY2022, outside directors appeared in or attended ESG meetings and SR meetings and were engaged in active communication with shareholders and investors.
  - (ii) Measures to ensure organic cooperation among relevant internal departments with the aim of supporting dialogue
 

The department in charge of IR plays a central role in holding constructive dialogue with shareholders and collaborates actively with related departments to, for example, share necessary information with them.
  - (iii) Measures to promote opportunities for dialogue aside from individual meetings
 

As a measure for dialogue aside from individual meetings, the Company holds quarterly earnings briefings for institutional investors and posts the details on its corporate website.

Furthermore, as a tool for constructive dialogue with domestic and overseas shareholders, the Company provides a wide range of corporate information on its website and disseminates information by issuing C's Mail, a newsletter for individual shareholders, as well as the Cosmo Report.
  - (iv) Effective feedback on shareholders' opinions and concerns
 

Opinions and concerns identified through dialogue with shareholders are regularly fed back to management.
  - (v) Measures to control insider information when engaging in dialogue
 

To prevent insider information leakage, the Company limits dialogue with shareholders by setting a certain length of silent period prior to the announcement of financial results.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

- Under The 7th Consolidated Medium-Term Management Plan "Oil & New -Next Stage -" announced in March 2023, the Company formulated the four basic policies, namely "Secure profitability," "Expand New fields to drive growth," "Realize three-pronged capital policy," and "Transform management foundation" in the belief that achieving business strategies through the use of non-financial capital, improving profitability and implementing more attractive capital policy, and expanding growth businesses will contribute to enterprise value enhancement (PBR improvement).
- The 7th Consolidated Medium-Term Management Plan has set the ROIC target exceeding capital cost calculated based on WACC.
- We will implement our capital policy through a three-pronged approach that places equal emphasis on shareholder returns, financial health and capital efficiency. Fully conscious of the stock price, we have actively disclosed information on our capital policy to the capital market, such as improved total return ratio, stable dividend payment over minimum set dividend, and disclosure of the calculation method for financial health targets.
- The Company will analyze the current situation including market assessment at the Board of Directors, develop plans for improvement and make disclosure to the capital market.
- The 7th Consolidated Medium-Term Management Plan  
<https://www.cosmo-energy.co.jp/en/about/ir/management/mediumterm/pdf/7thmediumterm.html>

[Implementation of Dialogue with Shareholders, etc.]

- Before the formulation and publication of the 7th Consolidated Medium-Term Management Plan announced in March 2023, we held dialogues with many institutional investors, shareholders and analysts and reflected their opinions and awareness we have learned to the plan. Please refer to our website below for more information.  
<https://www.cosmo-energy.co.jp/en/information/press/pdf/20230314.html>

## 2. Capital Structure

Percentage of foreign shareholders <span style="background-color: #FFD700; border: 1px solid black; padding: 2px;">Updated</span>	20% or more
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[Status of Major Shareholders] Updated

Name/company name	Number of shares owned (shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11,419,600	12.92
City Index Eleventh Co., Ltd.	7,818,600	8.84
Reno. Inc	6,007,900	6.79
Custody Bank of Japan, Ltd. (Trust account)	5,900,100	6.67
Aya Nomura	3,825,678	4.33
Goldman Sachs International	2,381,435	2.69
Kansai Electric Power Co., Inc.	1,860,000	2.10
Cosmo Energy Holdings Customers Shareholding Association	1,722,400	1.94

Mizuho Bank, Ltd.	1,600,012	1.81
Aioi Nissay Dowa Insurance Co., Ltd.	1,580,300	1.78
Controlling shareholder (excluding parent company)	-----	
Parent company	Not adopted	

## Supplementa Updated

The aforementioned number of shares owned include the following number of shares held in connection with trust business:

The Master Trust Bank of Japan, Ltd. (Trust account) 11,419,600 shares  
Custody Bank of Japan, Ltd. (Trust account) 5,900,100 shares

While City Index Eleventh Co., Ltd., Mitsubishi UFJ Financial Group, Inc., Nomura Securities Co., Ltd., Mizuho Bank, Ltd., BFAM Partners (Hong Kong) Limited, Sumitomo Mitsui Trust Bank, Limited, and UBS AG (Bank) issued the Statement of Large Volume Holdings (Change Report) and made it available for public inspection on April 14, 2023, March 20, 2023, December 6, 2022, November 30, 2022, November 22, 2022, November 21, 2022, and October 21, 2022, respectively, these shares are not included in the status of major shareholders above.

### 3. Corporate Attributes

Listed stock exchanges and market section	Tokyo Stock Exchange Prime Section
Fiscal year-end	March
Industry sector	Oil & coal products
(Consolidated) Number of employees as of the end of the immediately preceding business year	1,000 or more
(Consolidated) Sales in the immediately preceding business year	1 trillion yen or more
Number of consolidated subsidiaries as of the end of the immediately preceding business year	10 or more and less than 50

### 4. Policy on Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholders

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### 5. Other Special Circumstances that May Have Significant Impact on Corporate Governance

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## II Status of Business Management Organization and Other Corporate Governance Systems for Managerial Decision-making, Business Execution, and Oversight

### 1. Matters Relating to Institutional Structure, Organizational Operation, etc.

Organizational form	Company with audit and supervisory committee
<b>[Matters Relating to Directors]</b>	
Maximum number of directors stipulated in Articles of Incorporation	17
Term of directors' office stipulated in Articles of Incorporation	1 year
Chairperson of the Board <span style="background-color: orange; color: white; padding: 2px;">Updated</span>	Group Chairman
Number of directors	9
Appointment of outside directors	Appointed
Number of outside directors	4

Number of independent directors

4

## Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Ryuko Inoue	Attorney at law												
Takuya Kurita	Other												
Yasuko Takayama	From another company												
Keiichi Asai	From another company								△				

\* Categories for “Relationships with the Company”

\* “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past.

\* “●” if close relatives presently fall or have recently fallen under the category; “▲” if close relatives fell under the category in the past.  
 a. Executive of the Company or its subsidiaries; b. Non-executive director or executive of a parent company of the Company; c. Executive of a sister company of the Company; d. A party whose major client or supplier is the Company or an executive thereof; e. Major client or supplier of the Company or an executive thereof; f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit and Supervisory Board Member; g. Major shareholder of the Company (if the major shareholder is a corporate body, executive of that corporate body); h. Executive of h (that does not fall under d, e, or f) (the director himself/herself only); i. Executive of a company between which and the Company’s outside officers are mutually appointed (the director himself/herself only); j. Executive of a company to which the Company donates (the director himself/herself only); k. Other

Relationship with the Company (2) Updated

Name	Member of the Audit and Supervisory Committee	Independent director	Supplementary explanation about the relationship	Reasons for appointment
Ryuko Inoue		○		After joining the Ministry of Agriculture, Forestry and Fisheries in 1981, Ryuko Inoue took the office of Permanent Representative of Japan to Food and Agriculture Organization of the United Nations, and United Nations World Food Programme in 2003, contributing to the growth of the global economy. She registered as an attorney at law in 2017 and is currently a member of Atsumi & Sakai. She has a wide range of experience and advanced international knowledge cultivated as a representative of Japan in international organizations, and one of her main areas of practice as an attorney at law is compliance, internal control, and corporate governance. She has contributed to improve our Group’s corporate value particularly in terms of governance and risk management. In addition to the above achievements, she has proactively provided comments and advice at meetings of the Board of Directors and the Nomination and Remuneration Advisory Committee based on her knowledge without being bound by the conventions of the industry to which the Company belongs. In light of these achievements, the Company believes she will properly execute her duties.

Takuya Kurita		○		<p>Takuya Kurita joined the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism) 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 Headquarters for the Reconstruction from the Great East Japan Earthquake in 2011, where he directed reconstruction policies, and was appointed as Vice-Minister of the Ministry of Land, Infrastructure, Transport and Tourism in 2020. He has a wide range of experience and social knowledge cultivated through his many years of experience, and has been instrumental in the development of the Company's 7th Consolidated Medium-Term Management Plan, particularly in making recommendations related to new businesses. In addition to the above achievements, he has proactively provided comments and advice at meetings of the Board of Directors and the Nomination and Remuneration Advisory Committee based on his knowledge without being bound by the conventions of the industry to which the Company belongs. In light of these achievements, the Company believes he will properly execute his duties.</p>
Yasuko Takayama		○	○	<p>After serving as the person in charge of consumer relations and the CSR department and a Full-time Audit &amp; Supervisory Board Member at Shiseido Co., Ltd., Yasuko Takayama has served as an Outside Director and Outside Audit &amp; Supervisory Board Member for several listed companies. She has made suggestions and proposals to strengthen structures, particularly in the areas of compliance, risk management, and group governance, based on her previous experience and extensive knowledge of corporate governance. In addition to the above achievements and her knowledge that is not bound by the conventions of the industry to which the Company belongs, the Company believes she will properly audit and supervise the Company's management.</p>
Keiichi Asai		○	○	<p>Previously, Mr. Keiichi Asai worked for KH Neochem Co., Ltd. as its director. While the Group sells and buys petroleum and other products to and from KH Neochem, sales to the other party accounted for less than 0.4% of the Group's consolidated sales in FY2022. Accordingly, we determined that Mr. Asai has sufficient independence.</p> <p>Keiichi Asai has almost exclusively served in the energy sector, having worked in the petroleum business (sales, supply and demand, refining, etc.) division at Mitsubishi Corporation. After serving as Executive Officer at Mitsubishi Corporation, he became the Director and Vice President of Lithium Energy Japan in 2013 and the Representative Director, President and Chief Executive Officer of KH Neochem Co., Ltd. in 2014. He has achieved success in areas such as efforts to strengthen the Group's governance structure. In addition to the above achievements, his international knowledge that includes postings in the U.S. and India, and his extensive knowledge and experience related to corporate management in general, the Company believes he will properly audit and supervise the Company's management.</p>

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson					
	Total number of committee members (persons)	Full-time members (persons)	Internal directors (persons)	Outside directors (persons)	Chairperson
Audit and Supervisory Committee	3	1	1	2	Outside directors

Appointment of directors and employees who are to assist the duties of the Audit and Supervisory Committee

Yes

#### Matters Related to the Independence of Such Directors and Employees from Executive Officers

To assist the duties of the Audit and Supervisory Committee, the Company established the Secretariat for the Audit and Supervisory Committee and assigned full-time staff. With the aim of ensuring independence of the full-time staff, the Company established a rule that, when making a decision on matters related to their personnel issues such as transfer, consent from the Audit and Supervisory Committee must be obtained in advance.

#### Status of Cooperation Between Audit and Supervisory Committee, Independent Auditors, and Internal Auditing Office

The Audit and Supervisory Committee regularly holds meetings with the independent auditor (KPMG AZSA LLC) to receive reports on the status of business execution and assets of the Company and its subsidiaries and to maintain close cooperation with the auditor by sharing information and exchanging opinions with each other. The Committee regularly receives reports on the results of internal audits from the Internal Auditing Office, evaluates the appropriateness of the internal control system, and provides instructions on additional audits and investigations as necessary.

#### [Voluntary Committees]

Establishment of voluntary committees corresponding to a nomination or remuneration committee

Yes

#### Voluntary Committees' Name, Composition, and Attributes of Chairperson

	Name of committee	Total number of committee members (persons)	Full-time members (persons)	Internal directors (persons)	Outside directors (persons)	Outside experts (persons)	Other (persons)	Chairperson
Voluntary committee equivalent to nominating committee	Nomination and Remuneration Advisory Committee	5	1	1	4	0	0	Outside directors
Voluntary committee equivalent to remuneration committee	Nomination and Remuneration Advisory Committee	5	1	1	4	0	0	Outside directors

#### Supplementa Updated

The Company established the Nomination and Remuneration Advisory Committee whose majority is composed of independent outside directors, with the aim of ensuring transparency and objectivity in the process of determining director candidates and their remuneration. Serving as both a nominating committee and a remuneration committee, the Committee deliberates on prospective director candidates and the remuneration system and submits proposals to the Board of Directors. The Secretariat Office serves as the Committee's secretariat.

- State of Attendance in 2022

Keiichi Asai (Chairperson): 10/10 times  
 Yasuko Takayama (committee member): 10/10 times  
 Ryuko Inoue (committee member): 10/10 times  
 Takuya Kurita (committee member): 8/8 times  
 Hiroshi Kiriya (committee member): 10/10 times

\* As for Director Kurita, the attendance record to the Board of Directors Meetings covers the period after his appointment as a committee member on June 23, 2022.

- Status of the Nomination and Remuneration Advisory Committee's Activities in FY2022

In FY2022, the Nomination and Remuneration Advisory Committee meetings were held ten times in total to mainly deliberate the following agenda items:

Matters deliberated/confirmed (nomination area)

Matters deliberated/confirmed (remuneration area)

May 16, 2022	<ul style="list-style-type: none"> <li>Roles of the Board of Directors</li> <li>Confirmation of the provisions of the Corporate Governance Code</li> </ul>	<ul style="list-style-type: none"> <li>Performance evaluation for annual incentive</li> <li>Items disclosed in the business report / the annual securities report</li> </ul>
June 13, 2022	<ul style="list-style-type: none"> <li>Confirmation of the content of executive officers' targets and human resource requirements for executive officers</li> <li>Information sharing among outside directors</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation of the progress of ESG targets and reporting on the status of consideration about them</li> <li>Fixed amount of stock remuneration</li> </ul>
June 23, 2022	<ul style="list-style-type: none"> <li>Selection of the Nomination and Remuneration Advisory Committee members and chairperson</li> </ul>	
July 27, 2022	<ul style="list-style-type: none"> <li>How the Board of Directors should be structured</li> <li>Trainings for officers</li> </ul>	
October 17, 2022	<ul style="list-style-type: none"> <li>Change of the name of the Nomination and Remuneration Advisory Committee</li> <li>Retirement age of internal officers</li> </ul>	<ul style="list-style-type: none"> <li>Indices of annual incentive (performance evaluation)</li> <li>Unification of the calculation periods of stock remuneration</li> </ul>
November 10, 2022	<ul style="list-style-type: none"> <li>Considerations of the term of office of outside directors</li> <li>Review of the skill matrix</li> </ul>	
December 23, 2022	<ul style="list-style-type: none"> <li>Appointments of CEH Group Chairperson, Group CEO</li> <li>Confirmation of the results of the performance evaluation and the multifaceted appraisal of officers</li> </ul>	<ul style="list-style-type: none"> <li>Report on the environment surrounding management remuneration</li> <li>Review of current remuneration level</li> </ul>
January 16, 2023	<ul style="list-style-type: none"> <li>Appointments of CEH officers</li> <li>Regulations on the term of office of officers</li> </ul>	<ul style="list-style-type: none"> <li>Review and consideration of remuneration level and mix</li> </ul>
February 23, 2023	<ul style="list-style-type: none"> <li>FY2023 skill matrix</li> </ul>	<ul style="list-style-type: none"> <li>Final draft of remuneration level and mix</li> <li>Annual incentive framework</li> </ul>
March 20, 2023	<ul style="list-style-type: none"> <li>FY2023 skill matrix</li> <li>FY2023 officer training plan</li> </ul>	<ul style="list-style-type: none"> <li>Annual incentive performance base amount</li> <li>Guidelines for share holding</li> </ul>

#### [Matters Related to Independent Officers]

Number of independent officers	4
Other Matters Related to Independent Officers	

The Company appoints independent outside directors taking into consideration business relationships with corporations and organizations for which outside directors serve as executives, while referring to the criteria on the Independence Standards for Independent Directors established by the Tokyo Stock Exchange.

#### [Matters Related to Incentives]

Implementation of measures related to the provision of incentives to directors	Introduction of a performance-linked remuneration system
Supplementary Explanation <span style="background-color: #ff9900; color: white; padding: 2px;">Updated</span>	

The Company has established a performance-linked remuneration system that has basic policies of: Incentives to enhance business performance and increase corporate value and shareholders value in the medium- and long-term; sharing sustainable profits with shareholders; encouraging a challenging spirit; and ensuring transparency and objectivity in the remuneration determination and evaluation processes.

The system is composed of basic remuneration, which will be a set amount, as well as annual and medium- to long-term incentive remuneration. Annual incentive remuneration (bonus) is based on evaluation of the business performance against the consolidated net income target of 50 billion yen (excluding inventory evaluation effects), evaluation of achievement of ESG goals, and individual evaluation from perspectives of nominating managers, with an achievement rate that ranges from 0% to 200%. Medium- to long-term incentive remuneration is based on the Company's Total Shareholder Return (TSR) to the Tokyo Stock Price Index (TOPIX) growth ratio as well as the consolidated net debt-to-equity ratio (ratio of interest-bearing liabilities), with an achievement rate that ranges from 50% to 150%.

As medium- to long-term incentive remuneration, the Company has adopted a share-based payment plan that is called Executive Remuneration Board Incentive Plan (BIP) Trust.

The performance-linked remuneration system is intended for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) and executive officers.

Persons eligible for stock options Not adopted

Supplementary Explanation

[Matters Related to Directors' Remuneration]

Status of disclosure (of individual directors' remuneration) Limited and individual disclosure

Supplementary Explanation Updated

Classification	Number of people paid (persons)	Amount of remuneration, etc. (in million yen)	Basic remuneration (in million yen)	Performance-linked remuneration (annual incentive) (in million yen)	Non-monetary remuneration (medium- to long-term incentive) (in million yen)
Directors (excluding Audit and Supervisory Committee members)	7	631	170	189	271
(Of which outside directors)	(2)	(27)	(27)	(-)	(-)
Directors (Audit and Supervisory Committee members)	3	71	71	-	-
(Of which outside directors)	(2)	(38)	(38)	(-)	(-)
Total	10	702	241	189	271

\* The amount of non-monetary remuneration above is the amount expended as stock remuneration granted for the appraisal period that includes the current consolidated fiscal year.

We also disclose, in our annual securities report, the total amount of remuneration, etc. by officer and the amount by type of remuneration, etc., in cases where the total amount of remuneration, etc. is 100 million yen or more. The following shows the total amount and the amount by type of remuneration to be paid to respective officers in FY2022:

Hiroshi Kiriya (Director): 240 million yen in total (breakdown: Basic remuneration of 62 million yen, bonus of 78 million yen, and stock remuneration of 98 million yen)

Shigeru Yamada (Director): 107 million yen in total (breakdown: Basic remuneration of 27 million yen, bonus of 35 million yen, and stock remuneration of 44 million yen)

Takayuki Uematsu (Director): 120 million yen in total (breakdown: Basic remuneration of 31 million yen, bonus of 40 million yen, and stock remuneration of 48 million yen)

Junko Takeda (Director): 101 million yen in total (breakdown: Basic remuneration of 26 million yen, bonus of 35 million yen, and stock remuneration of 39 million yen)

\* The amount of stock remuneration mentioned above is the amount accounted for (expensed) as stock remuneration granted for the appraisal period that includes the current consolidated fiscal year and varies from the amount actually obtained when converted to the stock grant points. In the case where all of the base points for stock-based remuneration granted in the current consolidated fiscal year are converted into the stock grant points, the amount of stock remuneration entitled to Hiroshi Kiriya, Shigeru Yamada, Takayuki Uematsu, and Takeda Junko is calculated to be 46 million yen, 20 million yen, 23 million yen, and 20 million yen, respectively, based on the stock price on the base point calculation date.

The following shows the number of shares granted as remuneration for directors, etc. and the number of officers subject to stock-based remuneration in the current consolidated fiscal year.

The number of shares includes 47,479 stocks converted into cash at the time of stock grant and granted in the cash-converted amount in accordance with the stock grant rules under the stock-based remuneration system. No share has been granted to outside directors.

Officer classification	Number of shares (shares)	Number of officers (persons)
Directors (excluding Audit and Supervisory Committee members)	99,973	7
Directors (Audit and Supervisory Committee members)	-	-

Policy on determining remuneration amounts or the method for calculation thereof Yes

According to the resolution of the 3rd Ordinary General Meeting of Shareholders, the upper limit of monetary remuneration for directors (excluding directors who are Audit and Supervisory Committee members) is set at 600 million yen per year, and the same for directors who are Audit and Supervisory Committee members is set at 90 million yen per year. The upper limit of the amount of money contributed by the Company under the share-based remuneration plan is set at 400 million yen for each pertinent period.

The level of total remuneration to be paid to officers and the composition ratio of basic remuneration, annual incentive remuneration, and medium- to long-term incentive remuneration are determined through deliberation by the Nomination and Remuneration Advisory Committee, after being reviewed for their appropriateness based on the objective benchmark analyses that use analytical data called “Executive Compensation Database,” which is administered by an outside consultant, and compare the Company’s officer remuneration level and the remuneration composition with the latest state of those of leading domestic businesses companies.

[Supporting System for Outside Directors]

The Company assigned staff dedicated to supporting outside directors by, for example, distributing meeting materials in advance, providing prior explanations, and offering relevant information.

[Status of Resigned Presidents/Representative Directors]

Names and Other Information on Resigned Presidents/Representative Directors Holding Advisory Positions (Executive Adviser, Counselor, etc.)

Name	Job title/position	Responsibilities	Working arrangements and conditions (full/part time, paid/unpaid, etc.)	Date of resignation from the position	Term
Keizo Morikawa	Advisor	Activities outside the Company such as industry groups and business federations	Paid	June 25, 2020	One-year renewable contract

Total number of resigned presidents/representative directors holding advisory positions (Executive Adviser, Counselor, etc.)

1

Other Matters

Utilizing his long experience in the Company’s management and expertise gained therefrom, Mr. Morikawa is currently engaged in industry group activities and those to maintain relationships with customers. However, he is not involved in any decision-making processes associated with the Company’s management and business execution.

2. Matters Relating to Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

As a company that selected to be a “Company with an Audit and Supervisory Committee” as its form of governance, the Company established the Audit and Supervisory Committee and appointed its accounting auditor. Furthermore, by establishing a Nomination and Remuneration Advisory Committee as a voluntary committee, the Company ensures the objectivity and transparency of the process for appointing directors and executive officers and determining their remuneration.

(1) Board of Directors

The Company’s Board of Directors consists of six directors who are not Audit and Supervisory Committee members (four male directors including one outside director, and two female directors including one independent outside director) and three directors who are Audit and Supervisory Committee members (including one male internal director, one male independent outside director, and one female independent outside director). It is responsible for making decisions on important matters such as basic management policies and overseeing business execution.

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee, which consists of three (one full-time and two part-time) Audit and Supervisory Committee members including two independent outside directors, is responsible for auditing and overseeing execution of duties by directors as well as other duties as a whole associated with the Group’s management, using internal control system. The Committee is chaired by an independent outside director.

(3) Accounting auditor

The Company appointed KPMG AZSA LLC as its accounting auditor and receive advice and guidance from a third-party perspective regarding the appropriateness and legitimacy of the Company’s accounting and accounting-related internal control system.

(4) Internal audit

The Company has the Internal Audit Office that consists of staff members directly reporting to the Representative Director, Group CEO. The Office is responsible for conducting internal audits on the Company’s and its affiliates’ business activities in accordance with the annual internal audit plan consulted with the Executive Officers’ Committee. In addition to offering concrete suggestions and recommendations for

the improvement of operational efficiency, the Internal Auditing Office submits reports of internal audit to senior management, the Executive Officers' Committee, and the Audit and Supervisory Committee.

(5) Executive Officers' Committee

The Executive Officers' Committee comprises major executive officers, including the Chief Executive Officer, and directors who are Auditing and Supervisory Committee members. In general, the Committee holds a meeting every two weeks and serves as a mechanism for making decisions on the basic policies and important matters concerning business execution based on the management policies determined by the Board of Directors.

(6) Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee is comprised of five members in total, one internal director and four independent outside directors, and chaired by an independent outside director. Serving as an advisory body for the Board of Directors, the Committee deliberates on the officers' nomination and remuneration.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the governance form of a Company with an Audit and Supervisory Committee, for the purpose of increasing the ratio of outside directors and strengthening the Board's audit and supervisory functions.

Furthermore, with the aim of strictly segregating management decision making and supervision of business execution (the Board of Directors) from business execution, the Company adopted an executive officer system. Some authority has been delegated to executive officers to ensure quick response to changes in the business environment and prompt decision making.

## III Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Meeting of Shareholders and Ensure Smooth Exercise of Voting Rights

	Supplementary explanation
Early notification of general meeting of shareholders	The convocation notice is sent about three weeks before the date of the general meeting of shareholders. It is also published on the Company's website about four weeks before the date of the general meeting of shareholders.
Scheduling ordinary general meeting of shareholders avoiding the peak day	The Company ensures that as many shareholders as possible can attend by scheduling its ordinary general meetings of shareholders on a non-peak day.
Allowing electronic exercise of voting rights	The online exercise of voting rights has been made available.
Participation in Electronic Voting Platform and other efforts to enhance the voting environment for institutional investors	The Company has participated in the Electronic Voting Platform.
Provision of convocation notice (summary) in English	The Company's notice of convocation of the general meeting of shareholders, business reports, consolidated/non-consolidated financial statements, transcripts of audit reports, and reference documents for the general meeting of shareholders are translated into English and posted on its corporate website and the Electronic Voting Platform website.
Other	Notice of convocation of the general meeting of shareholders, business reports, consolidated/non-consolidated financial statements, transcripts of audit reports, reference documents for the general meeting of shareholders, and a map to the venue of the general meeting of shareholders are posted on the corporate website. In its general meeting of shareholders, the Company uses visual aids to help shareholders better understand matters to be reported, and provides live broadcasting of the general meeting of shareholders to shareholders who are unable to attend the venue. Moreover, the methods and procedures for dealing with shareholders' rights are stipulated in the Stock Handling Rules and the Procedures for Inspection and Copying Statutory Documents, etc.

### 2. IR Activities Updated

	Supplementary explanation	Explanation by representative
Preparation and publication of disclosure policy	As its information disclosure policy, the Company has published Disclosure Policy on its corporate website.	

Regular briefings for individual investors	While the Company does not hold briefing sessions on a solo basis, it distributes financial results explanatory meeting for analysts and investors in a video and audio format on its corporate website and discloses all presentation materials. Furthermore, as a measure to prevent information gaps between institutional and individual investors, the Company has set up a website for individual investors and publish shareholder newsletters twice a year.	Not adopted
Regular briefings for analysts and institutional investors	The Company holds briefing sessions on a quarterly basis. In addition, after the settlement of accounts for the second quarter and the fiscal year, the Company's senior management provides briefing and Q&A sessions to explain business strategies, financial results, and performance forecast.  A video and an audio file of the briefing sessions of the settlement of accounts for the second quarter and the fiscal year are made available on the corporate website together with presentation materials, on the same day as the session. With regard to the settlement of accounts for the first quarter and the third quarter, the Company's officer in charge of accounting provides briefing and Q&A sessions on financial results and performance forecast, together with a briefing session. An audio file of these briefing sessions, accompanied by presentation materials and a summary of the Q&A session, is made available on the corporate website.	Yes
Regular investor briefings for overseas investors	While the Company does not hold briefing sessions for overseas investors, it discloses briefing videos for analysts voiced over in English on the corporate website, together with reference materials and a summary of the Q&A session in English.	Yes
Posting of IR materials on website	The Company posts stock and bond information, glossary, and publications (shareholder newsletters, Cosmo Report (integrated report)), including financial information (financial statements, briefing materials, securities reports, internal control reports, quarterly reports, and historical performance data that can be downloaded in an Excel format).  For overseas investors, the Company offers information in English, with the same level of volume as that in Japanese.	
Establishment of department and/or manager in charge of IR	(Officer in charge) Senior Executive Officer, Taisuke Matsuoka (Department and person in charge) Shintaro Nagano, head of IR Group, Corporate Planning Department	

### 3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary explanation
Provisions to ensure due respect for stakeholders in internal rules, etc.	The Cosmo Energy Group Code of Conduct, or the "Code of Conduct," (revised in September 2018) stipulates the Group's social responsibilities to be fulfilled towards stakeholders. In order to embed the Code of Conduct into the organization, the Group provides all Group employees with an e-learning training session once a year and helps them be fully informed of corporate ethics and human rights.
Implementation of environmental conservation activities, CSR activities, etc.	The Group respects the United Nations Global Compact Principles (human rights, labor standards, environment, and anti-corruption) and works toward the achievement of the Cosmo Energy Group Management Vision. In its Consolidated Medium-Term Sustainability Management Plan (FY2018-FY2022), the Company identified ten material issues including "climate change countermeasures," "industrial safety and health," "diversity and equal opportunity," "compliance," and "safe operation/ stable supply," and has endeavored towards the achievement of KPIs. Under the 7th Consolidated Medium-Term Management Plan starting in FY2023, we will also promote sustainable management and implement supply chain initiatives toward the realization of a sustainable society.  In the oil exploration and production business, it has positioned environmental conservation activities as its priority and is undertaking initiatives intended to minimize environmental burden. As its environmental conservation activities in oil-producing countries, the Company is engaged in a wide range of environmental conservation

	activities on Mubarras Island, a crude oil production site, including mangrove planting and other greening initiatives, conservation of coral in the ocean, cultivation of seaweed, and protection of rare species (osprey). In Japan, it has been engaged in a satoyama (countryside) conservation activities with the aim of maintaining and preserving the satoyama around its business sites (“Cosmo Forests”) and passing them on to the next generation.
Development of policies on information provision to stakeholders	The Code of Conduct provides for as follows: 1) To achieve management transparency, we ensure timely and appropriate information disclosure to shareholders, investors, etc.; and 2) To help them better understand our management policies and business activities, we ensure sincere and active communication with them. To disclose information to various stakeholders around the Group, the Company issues integrated reports entitled “Cosmo Report” with reference to various guidelines and posts editorial policy on its corporate website.
Other	<p>(Ensuring diversity)</p> <ul style="list-style-type: none"> <li>Refer to [Supplementary Principle 2-4-1]</li> </ul> <p>(Efforts to improve health)</p> <p>&lt;Health and Productivity Management&gt;</p> <p>Our Group believes that physical and mental health of our officers and employees is the source of the Group’s corporate value creation and serves as the basis for sustainable growth. We also believe that, in order to offer high-quality products and services in a safe and stable manner, it is indispensable to provide an environment in which our officers and employees are physically and mentally healthy and can demonstrate their capabilities to a maximum extent. For that, we have set our health management initiatives in the health management policy.</p> <p>As we place a focus on the prevention, early detection, and early treatment of illnesses, we provide a smoking cessation support program by setting working-hour non-smoking rules to improve each person’s health and prevent passive smoking, as well as paid special leaves for complete medical checkups and secondary examinations.</p> <p>&lt;Promotion System&gt;</p> <p>The Health and Productivity Management Promotion Working Group, which consists officers in charge of personnel affairs, HR Department, and health insurance association, implements key initiatives and reports on the progress in KPI to the Sustainability Strategy Committee.</p> <p>* Please refer to our website for the system diagram and initiatives.</p> <p><a href="https://www.cosmo-energy.co.jp/ja/actions/sustainability/social/employee6.html">https://www.cosmo-energy.co.jp/ja/actions/sustainability/social/employee6.html</a></p>

## IV Matters Related to Internal Control System, Etc.

### 1. Basic Views on Internal Control System and the Progress of System Development Updated

[Basic View]

The Cosmo Energy Group is committed to implementing its Management Vision and Code of Conduct while ensuring that operations are carried out in an appropriate and efficient manner. Toward these ends, the Group has established and maintains systems under which directors and employees of the Company and its Group companies carry out their duties; systems for risk management and internal auditing; and systems for audits performed by the Audit and Supervisory Committee.

[Design of Internal Control System]

In order to achieve the Group Management Vision, the Company established the “Cosmo Energy Group Code of Conduct” and ensures ethical corporate behavior based on the spirit of regulatory compliance. To implement the Cosmo Energy Group’s Management Vision and Code of Conduct and properly and efficiently carry out operations, the Group has established and maintains systems under which directors and employees of the Company and its Group companies carry out their duties; systems for risk management and internal auditing, and systems for audits performed by the Audit and Supervisory Committee based on the [Basic Policy on Internal Control Systems](#). In April 2021, we have established the Sustainability Strategy Committee chaired by the Representative Director and Group CEO, as a body that supervises activities related to sustainability and internal control. The Sustainability Strategy Committee is composed of the core business companies’ Representative Director, CEOs and heads of corporate planning divisions, the Audit and Supervisory Committee members, as well as the Company’s officers and the head of the corporate planning divisions. The Committee evaluates activities under the Consolidated Medium-term Sustainability Management Plan and reports important matters to the Board of Directors. Furthermore, the Sustainability Strategy Committee, which is the Sustainability Strategy Committee’s practical working body served by the head of the Sustainability Promotion Department as its chief secretariat, is held on an as necessary basis. In FY2022, the Sustainability Strategy Committee convened 5 meetings and discussed 14 topics, among which 9 were deliberated and proposed at the Board of Directors’ meetings.

Other measures are also undertaken to ensure compliance, such as the distribution of the Cosmo Energy Group Code of Conduct/Management Vision Card to all employees, in addition to the implementation of regular monitoring surveys and provision of training sessions targeting the Cosmo Energy Group’s officers and employees.

To appropriately respond to consultations and reports from its employees, the Company has set up the Cosmo Energy Group Corporate Ethics Consultation Helpline inside and outside the organization. Anonymity and other protections from negative consequences are provided to whistleblowers.

As a system to ensure that directors’ duties are performed efficiently, the Company formulated the Rules of the Board of Directors, Rules of the Executive Officers’ Committee, the Operational Rules, and the Decision-making Authority Rules.

As a system for the retention and management of information pertaining to the execution of directors' duties, the Company ensures that such information is properly retained and managed in accordance with internal rules regarding information management, such as the Rules of the Board of Directors and Information Management Rules.

As the system of internal controls over financial reporting based on the Financial Instruments and Exchange Act, the Internal Audit Office performs its functions of evaluating and improving the entire Cosmo Energy Group's internal control systems.

## 2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

[Basic Views on Eliminating Anti-Social Forces]

In Chapter 6 ("We strive to maintain our position as an honest corporate group") of the Cosmo Energy Group Code of Conduct, a provision stipulates as follows: "We have absolutely no relationships with organized criminal elements or groups who may threaten social order or safety, and we do not compromise with them or grant them any benefit whatsoever. We also do not involve ourselves in money laundering."

[Progress in Efforts to Eliminate Anti-social Forces]

In accordance with the basic guidelines above, the Company formulated manuals for dealing with anti-social forces (unreasonable demands, malicious solicitations, etc.). We also collect and manage unreasonable demand information, and respond to consultations from respective business sites. At the same time, we have established a system to cooperate with relevant authorities when appropriate.

Moreover, as a member of the Federation for Special Violence Prevention Measures under the jurisdiction of the Metropolitan Police Department (Tokuboren; a public interest incorporated association), the Mita District Special Violence Prevention Measures Council, and the Tokyo Center for Removal of Criminal Organizations (Botsui Tomin Center; a public interest incorporated foundation), the Company participates in various workshops and is engaged in information gathering activities.

As an awareness-raising activity, we help our each and every employee better understand the Cosmo Energy Group Code of Conduct by providing corporate ethics training once a year. We also ensure that the Code is fully communicated within the organization by monitoring the level of recognition.

## V Other

### 1. Adoption of anti-takeover measures

Adoption of anti-takeover measures Updated	Yes
Supplementary Explanation Updated	

#### The basic policies regarding control of the Company

The Company has prescribed basic policies regarding how a person is to control the determination of the company's financial and business policies in accordance with the details, etc. (described in Article 118, Item 3 of the Regulations for Enforcement of the Companies Act) as stated below. The Company's Board of Directors meeting on January 11, 2023, resolved to introduce the response policies for (i) large-scale purchase actions, etc., by City Index Eleventh Co., Ltd., as well as its joint holders, Ms. Aya Nomura and Reno, Inc. (collectively, "City and Other Parties", and on and after April 7, 2023, when Minami Aoyama Fudosan Co., Ltd. ("Minami Aoyama Fudosan") became a shareholder of the Company, Minami Aoyama Fudosan is included in "City and Other Parties"), for the Company's share certificates, etc., and (ii) other large-scale purchase actions, etc., that may be planned under circumstances in which City and Other Parties are continuously conducting large-scale purchase actions, etc., for the Company's share certificates, etc. ("Response Policies") as an effort to prevent the determination of the Company's financial and business policies from being controlled by inappropriate parties in light of the basic policies. At the Company's 8th Ordinary General Meeting of Shareholders held on June 22, 2023, the Company proposed the Proposal No.5 "Approval Regarding Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc." that was approved and adopted; and the Company obtained the shareholders' approval. The Response Policies will continue with its application limited to City and Other Parties' large-scale purchase actions, etc., prescribed in the Response Policies and within the extent necessary for enactment etc. of the countermeasures approved by the shareholders (however, the longest period will be until the closing of the first meeting of the Company's Board of Directors that will be held after the Company's ordinary general meeting of shareholders planned to be held in 2024).

#### (1) Basic policies on persons who control the decisions of the Company's financial and business policies

As a listed company, the Company recognizes that if a share purchase proposal is made by specific persons that may materially impact the Company's basic management policies, the acceptance of that proposal should ultimately be left to its shareholders' decision and that information necessary and sufficient for the purpose of making that decision in order to have the shareholders make that decision appropriately should be offered to them.

Further, where Large-scale Purchase Actions, etc. (Note) are actually conducted, it is difficult for the Company's shareholders to appropriately assess the impact of the Large-scale Purchase Actions, etc. on the Company's corporate value and the shareholders' common interests, without necessary and sufficient information being provided by the Large-scale Purchaser. Further, it is undeniable that some Large-scale Purchase Actions, etc., would damage the Company's medium- to long-term corporate value and the shareholders' common interests, which the Company has maintained and enhanced, such as those that: (i) attempt to temporarily control the management and transfer the Company's tangible/intangible important management assets to the Large-scale Purchaser or its group companies; (ii) attempt to appropriate the Company's assets for repayment of the Large-scale Purchaser's debts; (iii) attempt to merely have the Company and/or its related parties acquire the Company's shares at a high price without intending to actually participate in the management (colloquially referred to as a "greenmailer"); (iv) attempt to obtain temporary high dividends by having the Company sell and dispose of its expensive assets; (v) potentially damage the good relationships with the Company's stakeholders and damage the Company's medium- to long-term corporate value; (vi) do not provide the period of time or information reasonably necessary for the Company's shareholders and the Company's Board of Directors to consider the content of purchases and acquisition proposals and for the Company's Board of Directors to offer alternative proposals; and (vii) do not fully reflect the Company's value.

In light of the above, the Company believes that the Company's Board of Directors has a duty: (i) to have the Large-scale Purchaser provide the information necessary and sufficient for the Company's shareholders to make decisions; (ii) to provide the results of evaluation and consideration by the Company's Board of Directors regarding the impact of the proposal by the Large-scale Purchaser on the Company's medium- to long-term corporate value and the shareholders' common interests, as a reference for the Company's shareholders to consider the proposal; and (iii) (as the case may be) to negotiate or discuss the Large-scale Purchase Actions, etc. or the Company's management policies with the Large-scale Purchaser, or to present the Board of Directors' alternative proposals for the management policies to the Company's shareholders.

In terms of the basic policies above, the Company's Board of Directors will require that the Large-scale Purchaser provide the information necessary and sufficient for the Company's shareholders to appropriately determine whether to accept the Large-scale Purchase Actions, etc., in order to ensure maximization of the Company's medium- to long-term corporate value and the shareholders' common interests. The Board of Directors will also timely and properly disclose such information as provided to the Company or otherwise take measures to be deemed appropriate within the extent permissible under the Laws (collectively refers to the Companies Act, the Financial Instruments and Exchange Act or other laws, any rule, cabinet order, cabinet office order or ministerial order, or any rule of the financial instruments exchange on which the Company's shares are listed), and the Company's Articles of Incorporation.

The basic policies regarding persons who control the decisions of the Company's financial and business policies are as stated above. Thus, the Company's Board of Directors believes that any Large-scale Purchase Action, etc. by a Large-scale Purchaser ultimately requires the Company's shareholders agreement to the Large-scale Purchase Actions, etc., and that such agreement should be made upon consideration of the details of the purposes and conditions thereof and upon being provided in advance with sufficient time and information necessary to determine whether it is acceptable. As such, as long as the Large-scale Purchaser complies with the procedures established in the Response Policies, before enacting the countermeasures based on the Response Policies, the Company's Board of Directors will hold a shareholders meeting ("Shareholders' Will Confirmation Meeting") as a venue for such consideration and determination by the Company's shareholders. Further, if the Company's shareholders express their will to support the Large-scale Purchase Actions, etc. at the Shareholders' Will Confirmation Meeting (such will is to be expressed by the passage of a proposal requesting approval for the Company to take prescribed countermeasures against Large-scale Purchase Actions, etc. by the consent of a majority of the voting rights of the shareholders present at the Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights), the Company's Board of Directors will not take any action to substantially prevent the Large-scale Purchase Actions, etc., as long as it is implemented pursuant to the terms and conditions disclosed at the Shareholders' Will Confirmation Meeting.

Therefore, countermeasures based on the Response Policies (specifically, allotment of share options without contribution) will be enacted, fully respecting the Independent Committee's recommendations, only (a) if approval is obtained by the Shareholders' Will Confirmation Meeting and if the Large-scale Purchaser does not withdraw the Large-scale Purchase Actions, etc., or (b) if the Large-scale Purchaser seeks to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company's share certificates, etc.) without complying with the procedures established in the Response Policies.

(Note) In the Response Policies (as defined in the following (3); hereinafter the same), the term "Large-scale Purchase Actions, etc." refers to the actions reasonably deemed to fall under the following categories of actions (except for those conducted with the prior consent of the Company's Board of Directors):

- (i) a purchase (including but not limited to the commencement of a tender offer; hereinafter the same applies) of the Company's share certificates, etc. (Note 3) with the aim of making the holding ratio of voting rights (Note 2) of the specific shareholders' group (Note 1) 20% or greater;
- (ii) a purchase of the Company's share certificates, etc. as a result of which the holding ratio of voting rights of the specific shareholders' group would be 20% or greater; or
- (iii) irrespective of whether an action provided for in (i) or (ii) above is undertaken, any action conducted by the Company's specific shareholders' group with another shareholder of the Company (including cases where the relevant action is conducted with multiple other shareholders of the Company; hereinafter the same applies in this (iii)) that falls under either of the following items: (a) agreements or other actions after which the relevant shareholder would be categorized as a joint holder of the specific shareholders' group; or (b) any action to establish a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively (Note 4) (Note 5) (limited to cases where the total holding ratio of share certificates, etc. of the specific shareholders' group and the relevant shareholder would be 20% or greater with respect to the share certificates, etc. issued by the Company).

As stated above, the term "Large-scale Purchaser" refers to a person who conducts or seeks to conduct Large-scale Purchase Actions, etc. alone or jointly or cooperatively with another person.

(Note 1) The term "specific shareholders' group" refers to (i) a "holder" (as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act, including a person who is included in the definition of a holder pursuant to paragraph (3) of the same Article) and a "joint holder" (as provided in Article 27-23, paragraph (5) of the same Act, including a person who is deemed to be a joint holder pursuant to paragraph (6) of the same Article; hereinafter the same applies) of "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company, (ii) a person who conducts a "purchase, etc." (as provided in Article 27-2, paragraph (1) of the same Act, including a purchase, etc. conducted on a financial instruments exchange market) of "share certificates, etc." (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and any party falling under the definition of a "specially related party" for it (as provided in Article 27-2, paragraph (7) of the same Act; hereinafter the same applies), and (iii) a related party of any of the persons set forth in (i) or (ii) above (meaning investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with those persons, other persons who share common substantial interests with those persons, tender offer agents, lawyers, accountants, tax accountants, other advisors, or persons reasonably considered by the Company's Board of Directors as persons who are substantially controlled by those persons or who act jointly or cooperatively with those persons).

(Note 2) The term "holding ratio of voting rights" refers to, depending on the specific purchase method used by the specific shareholders' group, either (i) the "holding ratio of share certificates, etc." (as provided in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act) of the specific shareholders' group if such group is a holder and that of any joint holder of the "share certificates, etc." (as provided in Article 27-23, paragraph (1) of the same Act) of the Company (in this case, the "number of share certificates, etc. held" (as provided in the same paragraph) by joint holders of the holder will be included for the purpose of this calculation); or (ii) the total of the "ownership ratio of share certificates, etc." (as provided in Article 27-2, paragraph (8) of the same Act) of the specific shareholders' group if such group is a person conducting a purchase, etc. of share certificates, etc. (as provided in Article 27-2, paragraph (1) of the same Act) of the Company and that of the specially related parties of such person. For the purpose of the calculation of the holding ratio of share certificates, etc., (A) specially related parties as defined in Article 27-2, paragraph (7) of the same Act, (B) investment banks, securities corporations, and other financial institutions that have concluded a financial advisory agreement with specific shareholders, as well as the specific shareholders' tender offer agents, lead underwriters, lawyers, as well as accountants, tax accountants, and other advisors, and (C) persons who acquire the Company's shares, etc. through off-market direct transactions or on-market after-hours transactions at the Tokyo Stock Exchange (ToSTNeT-1) from the persons falling under (A) and (B) above are deemed to be joint holders in regard to the specific shareholders in the Response Policies. In addition, for the purpose of the calculation of the ownership ratio of share certificates, etc., joint holders (including those who are deemed to be joint holders in the Response Policies) are deemed to be specially related parties of the specific shareholders in the Response Policies. For the purpose of calculating a holding ratio of share certificates, etc. or an ownership ratio of share certificates, etc. of the Company, the latest annual securities report, quarterly securities report, and report on repurchase may be referred to with respect to the "total number of issued shares" (as provided in Article 27-23, paragraph (4) of the same Act) and the "total number of voting rights" (as provided in Article 27-2, paragraph (8) of the same Act).

(Note 3) The term "certificates, etc." refers to certificates, etc. as provided in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act.

(Note 4) A decision on whether "a relationship between the specific shareholders' group and the relevant shareholder where either one substantially controls the other or where they act jointly or cooperatively" has been established will be made based on such factors as (a) the formation of any relationship such as an investment relationship, business alliance relationship, business or contractual relationship, interlocking officers relationship, funding relationship, credit granting relationship, the structure of the relationship in terms of the actual benefits with relation to the share certificates, etc. of the Company, through such things as purchases of share certificates, etc. of the Company, exercises of the voting rights related to the Company's share certificates, etc., derivatives, and stock lending, etc.; and (b) effects that the specific shareholders' group and the relevant shareholder directly or indirectly have on the Company, among other things.

(Note 5) A decision on whether an

action specified in (iii) in the main text above has taken place will be made reasonably by the Company's Board of Directors (in making the decision, the Independent Committee's recommendations will be fully respected). In addition, the Company's Board of Directors may request information from its shareholders to the extent necessary to make a decision on whether the relevant action falls under the requirements specified in (iii) of the main text above.

(2) Special efforts assisting in the implementation of the basic policies

1. Efforts to enhance the Company's corporate value and the shareholders' common interests

(a) Group Management Vision The Company's Group Vision is "in striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities" and the Company holds the following basic concepts of sustainability as its fundamental management policies: "Harmony and Symbiosis (Harmony and Symbiosis with the Global Environment; Harmony and Symbiosis between Energy and Society; and Harmony and Symbiosis between Companies and Society)" as well as "Creating Future Values (Creating the Value of "Customer First," Creating Value From the Diverse Ideas of the Individual; and Creating Value by Expressing Collective Wisdom)."

(b) The Medium-Term Management Plan to embody the management policies In the 6th Medium Term Management Plan that started in FY2018, under the slogan of "Oil & New Everything About Oil - And Beyond," we strengthen our oil refining and sales, which were the main revenue bases in the prior Medium Term Management Plan, as well as aim to expand the business portfolio by promoting growth investment in wind power generation and petrochemical businesses, with a view to the accelerating movement toward a fossil-fuel-free society. Since the decline of petroleum product demand is assumed, in order for our group to grow sustainably, it is essential to shift the focus to new businesses for future growth, and in the 6th Medium Term Management Plan, we set "securing profitability to enable reinvestment," "expanding growth driver toward the future," and "improving financial condition," and "strengthening Group management foundation" as the basic policies, and solidified the strong financial base by increasing the profitability of our oil exploration and production business and petroleum business and expanding the business portfolio. Specifically, with regard to "securing profitability to enable reinvestment," we started to supply fuel oil to Kygnus Sekiyu in the petroleum business, and increase profitable products by transforming refineries to bottomless ones in order to comply with the IMO regulations; with regard to "expanding growth driver toward the future," we invested in new businesses for future growth, including expanding the wind power business; with regard to "improving financial condition," we increased equity capital by strengthening profitability; with regard to "strengthening Group management foundation," we identified important ESG tasks (Materiality) that would influence the sustainable growth of society and the Group, and promoted sustainable management to achieve our group's sustainable creation of value. As announced on March 23, 2023 in "Announcement on the 7th Consolidated Medium-Term Management Plan (FY2023-2025)," in the 7th Consolidated Medium-Term Management Plan, which starts from FY2023, the Company will work under the slogan "Oil & New ~ Next Stage ~" to achieve sustainable increase in corporate value based on four basic policies: 1. Secure profitability, 2. Expand new fields to drive growth, 3. Realize threepronged capital policy, and 4. Transform management foundation.

2. Strengthening of corporate governance

The Company has specifically implemented the following efforts to further strengthen corporate governance.

(Corporate governance system)

The Company has set "In striving for harmony and symbiosis between our planet, man, and society, we aim for sustainable growth towards a future of limitless possibilities." as the Group Management Vision, and we promote "improvement in transparency and efficiency in management," "prompt execution of business," and "thorough risk management and compliance" based on this management vision and specific guidelines for promoting and achieving it.

Specifically, the Company shifted to the holding company system in October 2015 and adopted a corporate governance structure with an Audit and Supervisory Committee in order to strengthen the management supervision function and improve transparency and efficiency in its management. The Company has also introduced an executive officer system to strictly divide management supervision from business execution, ensure quick response to changes in the business environment, and execute prompt decision making. The Company's Board of Directors consists of five internal directors (of these, one director who is a member of the Audit and Supervisory Committee) and four independent outside directors (of these, two independent outside directors who are members of the Audit and Supervisory Committee), determines important matters such as basic policies of its management, and supervises business execution. It is intended to strengthen the management supervision function and achieve fair and transparent management by inviting outside directors.

In addition, the Executive Officers' Committee which is a decision-making body by the group chief executive officer and consists of main executive officers, including the group chief executive officer and internal director who is a member of the Audit and Supervisory Committee, will be held every two weeks in principle and makes decisions on business execution based on the management policy determined by the Board of Directors.

Further, the Company has established the Nomination and Remuneration Committee in order to ensure transparency and objectivity regarding the process of determining candidates for directors and remuneration. The Nomination and Remuneration Committee consists of one internal director and four independent outside directors, and conducts deliberations on nomination and remunerations of officers. An outside director serves as its chairperson.

(Audit by the Audit and Supervisory Committee and internal audit)

The Audit and Supervisory Committee consists of one internal director and two independent outside directors, and, based on the "Regulations for the Audit and Supervisory Committee" and "Standards for Audit and Supervising in the Audit and Supervisory Committee," uses an internal control system to audit and supervise the execution of duties by directors and the status of execution of other general duties related to group management. In principle, the Audit and Supervisory Committee meeting will be held more than once a month, and, when necessary, it will be held on a temporary basis.

The Company's internal auditing office is an organization independent from the business execution line, which reports directly to the representative group chief executive officer. The internal auditing office conducts internal audits of the Company and its affiliated companies and evaluates internal control of the Company and its affiliated companies under the "Internal Audit Regulations" and "Internal Control Evaluation Regulations for Financial Reports."

The internal auditing office periodically reports audit results regarding compliance with various laws and regulations and internal regulations, responses to risk management, etc. and evaluation results of internal control to the Executive Officers' Committee and the Audit and Supervisory Committee, and conducts follow-up audits to grasp whether and how the business has been improved in response to its advice and recommendation to each department executing its business.

(Other matters)

In addition, the Company has been diligently working on strengthening corporate governance, based on Japan's latest Corporate

- (3) Efforts to prevent the determination of financial and business policies of the Company from being controlled by inappropriate persons in light of the basic policies

The Company's Board of Directors determined "Basic policies on persons who control the decisions of the Company's financial and business policies," as described in (1) above, for the purpose of securing and improving our corporate value and our shareholders' common interests at the Board of Directors meeting held on January 11, 2023, and has resolved to introduce response policies for (i) Large-scale Purchase Actions, etc. by City and Other Parties (collectively refers to City Index Eleventh Co., Ltd., Ms. Aya Nomura and Reno, Inc.; the same definition applies hereinafter) for the Company's shares, etc. and (ii) other Large-scale Purchase Actions, etc. that may be planned under these circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc. for the Company's shares, etc. (the "Response Policies"). We have determined to implement based upon these basic policies, designed to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person (Article 118, item (iii), (b).2 of the Regulations for Enforcement of the Companies Act).

The Response Policies will be introduced in accordance with (1) "Basic policies on persons who control the decisions of the Company's financial and business policies" above, with the aim of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests.

The Company's Board of Directors believes that the decision to accept Large-scale Purchase Actions, etc. must ultimately be made by the shareholders, from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests. The Company's Board of Directors also believes that, in order for the shareholders to properly decide to accept Large-scale Purchase Actions, etc., it is necessary to secure an opportunity to confirm their general will by holding a Shareholders' Will Confirmation Meeting in advance of the commencement of the Large-scale Purchase Actions, etc.; and that, in order to allow such confirmation of the will to be substantive and based on deliberation, it is necessary, as a precondition therefor, to secure sufficient information from the Large-scale Purchaser and to provide time to consider to the shareholders.

In light of the above, the Company's Board of Directors decided on the Response Policies as procedures established in the Response Policies if Large-scale Purchase Actions, etc. are to be conducted. These Response Policies are the framework for requesting that the Large-scale Purchaser provide the necessary information and for securing the time required for the Company's shareholders to deliberate over the propriety of the relevant Large-scale Purchase Actions, etc. based on the provided information, as a precondition to enable the shareholders to determine based on sufficient information, in advance of the Large-scale Purchase Actions, etc., whether the Large-scale Purchase Actions, etc. will prevent the maximization of the Company's medium- to long-term corporate value and the shareholders' common interests. We believe that the abovementioned procedures provide the shareholders with necessary and sufficient information and time to make a proper decision regarding whether to accept Large-scale Purchase Actions, etc., and that such will contribute to the maximization of the Company's medium- to long-term corporate value and the shareholders' common interests.

Therefore, the Company's Board of Directors plans to request that Large-scale Purchasers comply with the Response Policies; and if a Large-scale Purchaser fails to do so, to take certain countermeasures, fully respecting the Independent Committee's opinions, from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests.

In response to the fact that it can be reasonably determined that there is a relatively high probability that City and Other Parties will purchase 20% or more of the Company's shares on a large-volume holdings statement basis through the Share Buying-up (Note) (i.e., the Large-scale Purchase Actions, etc.), the decision to introduce the Response Policies was made by the Company's Board of Directors, based on the determination that it is necessary to establish certain procedures to respond to (i) Large-scale Purchase Actions, etc. by City and Other Parties for the Company's share certificates, etc. and (ii) other Large-scale Purchase Actions, etc. that may be intended under these circumstances in which City and Other Parties are continuously conducting Large-scale Purchase Actions, etc. for the Company's shares, etc., from the viewpoint of maximizing the Company's medium- to long-term corporate value and the shareholders' common interests. In addition, the Response Policies entail the decision regarding whether the Company should take prescribed countermeasures against the Large-scale Purchase Actions, etc. will also be ultimately left to the will of the shareholders through a Shareholders' Will Confirmation Meeting, as long as a Large-scale Purchaser complies with the procedures established in the Response Policies. Accordingly, on the condition that the time and information required to evaluate and examine details of the Large-scale Purchase Actions, etc. are sufficiently secured, the Company believes that it is fair to deem the following process reasonable: if enacting the countermeasures is passed by the consent of a majority of the voting rights of the shareholders present at a Shareholders' Will Confirmation Meeting who are entitled to exercise voting rights after the Company's Board of Directors fulfills its accountability to them, then the relevant countermeasures may be deemed to be based on the reasonable will of the shareholders.

With regard to the Response Policies, the Company has disclosed "Notice Concerning the Introduction of the Company's Basic Policies for the Control of the Company Based on the Fact that City Index Eleventh Co., Ltd. and Other Parties Carry Out Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc. and Response Policies to Large-scale Purchase Actions, etc. of the Company's Share Certificates, etc." on the URL shown below as of January 11, 2023. For details, please refer to the website below.

[https://www.cosmo-energy.co.jp/ja/information/press/pdf/230111jp\\_01.html](https://www.cosmo-energy.co.jp/ja/information/press/pdf/230111jp_01.html) (in Japanese)

The Response Policies take effect as of January 11, 2023, and the effective term thereof is until the conclusion of the first meeting of the Company's Board of Directors to be held after the Company's ordinary general meeting of shareholders to be held in 2023. However, upon the conclusion of the first meeting of the Company's Board of Directors to be held after the Company's ordinary general meeting of shareholders to be held in 2023, if there are persons who are actually engaged in, or contemplating, Large-scale Purchase Actions, etc. and are designated by the Company's Board of Directors, the effective term will be extended, to the extent necessary to respond to such actions engaged in or contemplated. As stated above, the Response Policies will be introduced by primarily focusing on the response to the Large-scale Purchase Actions, etc. that have already occurred, including the Share Buying-up; therefore, the Response Policies are not planned to be maintained after specific Large-scale Purchase Actions, etc. are no longer contemplated.

In addition, if the Company's Board of Directors comprising the directors appointed at the Company's general meeting of shareholders resolves to abolish the Response Policies before expiration of the effective term, they will be abolished upon such resolution.

(Note) "Share Buying-up" refers to the buying up of the Company's shares, etc. on the market conducted by City and Other Parties after submitting a statement of large-volume holdings of the Company's share certificates, etc. by City Index Eleventh Co., Ltd. for the first time on April 5, 2022.

- (4) The Company's thoughts on these initiatives and reasons therefor

The Board of Directors considers that the above actions are in accordance with the abovementioned “(1) Basic policies on persons who control the decisions of the Company’s financial and business policies,” that they do not harm the common interests of shareholders, and that they are not intended to maintain the position of the Company’s executives, for the following reasons.

- (a) The Response Policies take into account the purposes of guidelines regarding takeover defense measures at normal times  
The Response Policies differ from so-called proactive takeover defense measures that are introduced in times when there are no Large-scale Purchase Actions, etc., but have been formulated in light of: (i) the content of the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” published by the Ministry of Economy, Trade and Industry and the Ministry of Justice, on May 27, 2005; (ii) the proposal in the report of the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, dated June 30, 2008, titled “Takeover Defense Measures in Light of Recent Environmental Changes”; and (iii) the purposes of the rules for introduction of takeover defense measures, in relation to takeover defense measures in times when there are no Large-scale Purchase Actions, etc. prescribed by the Tokyo Stock Exchange, and of “Principle 1.5 Anti-Takeover Measures” of the “Japan’s Corporate Governance Code” (as revised on June 11, 2021) that the Tokyo Stock Exchange introduced and began implementation of as of June 1, 2015, due to revision of the Securities Listing Regulations. The requirements specified in those guidelines that also apply to the emergency countermeasures are satisfied in the Response Policies.
- (b) Respect of the shareholders’ will (structure where the shareholders’ will is directly reflected)  
When enacting countermeasures based on the Response Policies, the Company will reflect its shareholders’ will by holding a Shareholders’ Will Confirmation Meeting. As long as the Large-scale Purchaser complies with the procedures established in the Response Policies, whether to enact the countermeasures will be decided based only on the shareholders’ will expressed at the Shareholders’ Will Confirmation Meeting.  
On the other hand, if the Large-scale Purchaser attempts to conduct its Large-scale Purchase Actions, etc. (including additional acquisition of the Company’s shares) without complying with the procedures established in the Response Policies, the countermeasures will be enacted only by a decision of the Company’s Board of Directors, fully respecting the Independent Committee’s opinions. This is attributable to the Large-scale Purchaser’s decision not to provide an opportunity for the Company’s shareholders to determine the propriety of the Large-scale Purchase Actions, etc. after deliberating over the necessary and sufficient information. Therefore, the Company believes that enacting the countermeasures against such Large-scale Purchase Actions, etc. which disregards its shareholders’ will is unavoidable to protect the Company’s corporate value and the shareholders’ common interests.  
In addition, as stated in (3) above, the Response Policies take effect as of January 11, 2023, and the effective term thereof is until the conclusion of the first meeting of the Company’s Board of Directors to be held after the Company’s ordinary general meeting of shareholders to be held in 2023, in principle. As such, the Response Policies fully respect the shareholders’ will.
- (c) Elimination of the Board of Directors’ arbitrary decisions  
As stated in (b) above, the Company will hold a Shareholders’ Will Confirmation Meeting and decide whether to enact countermeasures against Large-scale Purchase Actions, etc. in accordance with its shareholders’ will. As long as the Large-scale Purchaser complies with the procedures established in the Response Policies, whether to enact countermeasures will be decided based on the Shareholders’ Will Confirmation Meeting. Further, if the Large-scale Purchaser attempts to conduct the Large-scale Purchase Actions, etc. (including additional acquisition of the Company’s shares) without complying with the procedures established in the Response Policies, the Company’s Board of Directors will enact the prescribed countermeasures after respecting the Independent Committee’s opinion to the utmost extent. Therefore, the countermeasures will not be acted by arbitrary discretion of the Company’s Board of Directors.  
Further, the Company will obtain recommendations from the Independent Committee, regarding the matters necessary to consider the propriety of enacting countermeasures or otherwise take action in line with the Response Policies, in order to ensure the necessity and appropriateness of actions under the Response Policies and to prevent them from being abused to protect management interests. In addition, the Company’s Board of Directors will fully respect the Independent Committee’s opinions, in order to ensure the fairness of the Board of Directors’ decisions and eliminate arbitrary decisions. In addition, the Independent Committee may, among other things, obtain advice from external experts (such as financial advisors, attorneys-at-law, certified public accountants, and tax accountants) independent from the Company’s Board of Directors and the Independent Committee, as necessary. As such, the objectiveness and reasonableness of the Independent Committee’s decisions are ensured.  
Therefore, the Response Policies eliminate the Board of Directors’ arbitrary decisions.
- (d) The Response Policies are not a dead-hand takeover defense measure or a slow-hand takeover defense measure  
As stated in (3) above, the Response Policies are abolishable at any time by resolution of the Board of Directors comprising the directors appointed at a general meeting of shareholders; therefore, the Response Policies are not a so-called dead-hand takeover defense measure (meaning a takeover defense measure that cannot be prevented from being enacted even by replacing a majority of the members of the Board of Directors) or a slow-hand takeover defense measure (meaning a takeover defense measure that requires time to be prevented from being enacted because the members of the Board of Directors cannot be replaced all at once).

## 2. Other Matters Concerning Corporate Governance System

The below describes the internal system for timely disclosure of our corporate information.

### 1. Basic policy

Aiming to be a company trusted by stakeholders, our basic policy is to disclose financial and other important management information in a timely and appropriate manner, and to proactively disclose non-financial information as well.

### 2. Basic policies on the disclosure of information

The Company complies with the Companies Act, the Financial Instruments and Exchange Act (including fair disclosure rules), and other relevant laws and regulations, as well as the “Rules on Timely Disclosure of Corporate Information by Issuer of Listed Securities” (hereinafter referred to as the “Timely Disclosure Rules”) provided for by the Tokyo Stock Exchange (hereinafter referred to as the “TSE”). We will proactively disclose information that is not required for disclosure under applicable laws and regulations and the Timely Disclosure Rules, if we determine that the disclosure is effective to help our stakeholders understand the Company.

### 3. Method of Information Disclosure

Any information that is required for disclosure under the Timely Disclosure Rules will be posted on the Company's website promptly, in principle, after being disclosed on the TSE's "TDnet (Timely Disclosure Information Transmission System)." We will publicly disclose information that is not required to be disclosed under the Timely Disclosure Rules by posting it on our corporate website and other media.

### 4. Prevention of insider trading

We have established internal rules to properly manage important corporate information and prevent insider trading. We also ensure that these rules are fully communicated to all employees of the Group and promote awareness-raising activities.

### 5. Handling of performance forecast and forward-looking information

Any statements made herein with respect to non-historical facts, including the Company's plans, estimates, and management goals, are based on the Company's judgments and assumptions that were made according to the information available at that point of time. Due to various factors, however, actual performance may differ significantly from such statements. Factors that affect business performance include, but not limited to, economic conditions, crude oil prices, supply and demand and market conditions for petroleum products, and exchange rates.

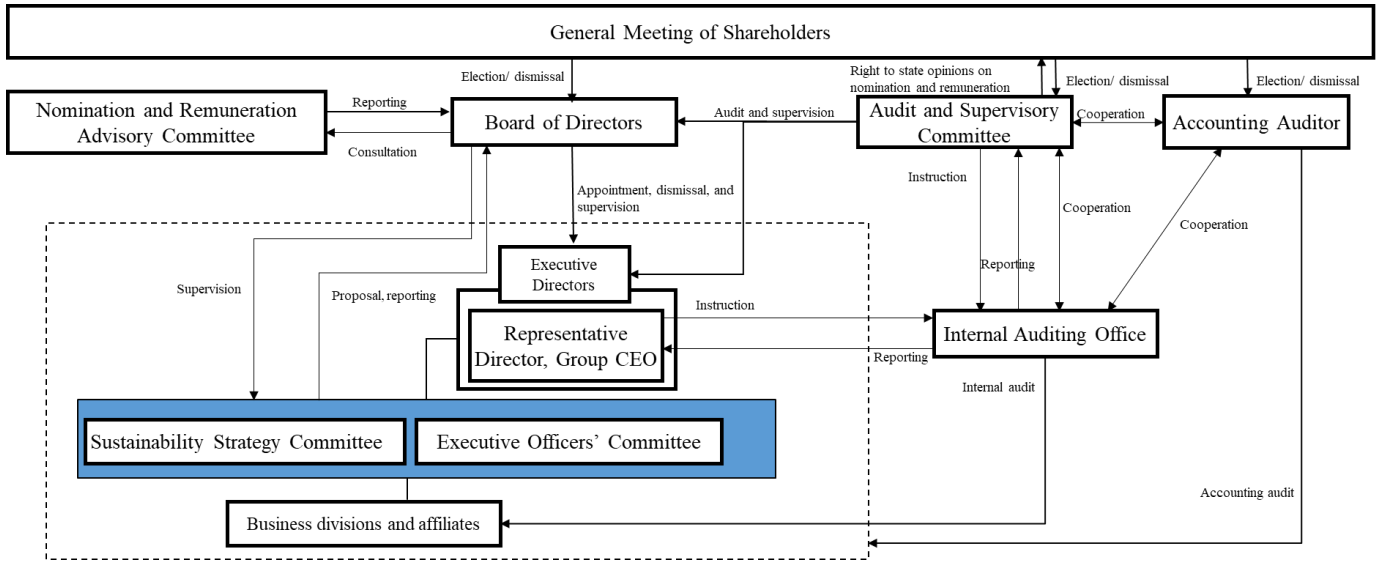
### 6. Quiet period (period to withhold information disclosure)

In order to prevent the leakage of important corporate information and to ensure the fairness of information disclosure, the Company has designated the period (approximately one month) from the day immediately following the quarterly account settlement date to the date of announcement of financial results as the "quiet period." During the period, the Company will refrain from commenting or replying to inquiries about the financial results, except for those relating to information that has already been in the public domain. However, in the case of occurrence of any facts that fall under the Timely Disclosure Rules, we will disclose the facts in a timely and appropriate manner.

### 7. Internal structure

Any fact of a decision or an accident will be disclosed to the TSE via the Board of Directors, Executive Officers' Committee, etc. if it is determined, based on the examination of the Legal and General Affairs Department, that the disclosure is necessary pursuant to the provisions of the Timely Disclosure Rules. Based on the policy described under item 1 above, any information that is not required to be disclosed by the Timely Disclosure Rules will be disclosed widely by the Corporate Communication Department via the mass media or corporate website. In FY2021, we have established the Sustainability Strategy Committee, which is chaired by the Representative Director and Group CEO and discusses ESG information.

[Corporate Governance Structure]



[Internal Structure for Timely Disclosure]

