

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

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

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

The SDGs that the current sustainability plan will help achieve



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

FY2020 sustainability-related topics

TOPIC 1

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

Refer to page 59 for details

TOPIC 2

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

Refer to page 60 for details

TOPIC 3

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

Refer to page 27 for details

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

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