



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

### Risk management

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

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

### Group-wide risks and responses

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

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

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

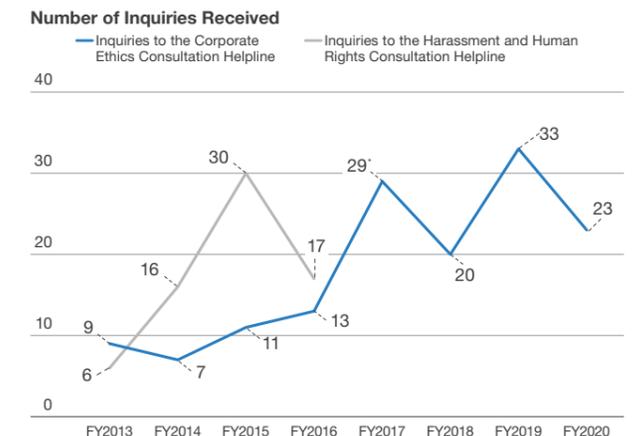
### Compliance: corporate ethics promotion structure

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

Details of the reported and discussed issues and the

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

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



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

### CSR-based procurement

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

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

### Information disclosure: inclusion in ESG indices

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

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

\*Including constituents of the SNAM Sustainability Index up to FY2019

