

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]

<Applicable version of the Code>

This report is based on the Corporate Governance Code revised in June 2021.

[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”), securities report, convocation notice, etc. In March 2021, the Company redefined its Management Vision, established the “Basic Concept of Sustainability,” and newly 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.

<https://ceh.cosmo-oil.co.jp/eng/csr/index.html>

<Investment in human capital and intellectual properties>

- The Company has disclosed its investments in human capital in the Cosmo Report. Further disclosure will be considered in the future.
- Currently, the Company does not disclose investment in intellectual properties. With reference to the scope of intangible assets that need disclosure, we will consider the appropriateness, scope, and means of disclosure for each piece of information.

<Response to climate change>

- In December 2020, the Company signed a declaration of agreement to the proposals of the Task Force on Climate-related Financial Disclosures (“TCFD”). It is committed to disclosing information related to climate change appropriately and proactively. Furthermore, taking this declaration of agreement as an opportunity, we will promote the formulation of medium- to long-term business strategies that are even more conscious of the risks and opportunities posed by climate change in the Group’s entire business domain, and continuously provide safe and secure energy for the future, thereby contributing to the creation of a sustainable society.

[Supplementary Principle 4-2-2 Basic Policy on Sustainability Initiatives and Effective Supervision over Allocation of Management Resources]

- At the Board meeting held in March 2021, we redefined the Management Vision, established the “Basic Concept of Sustainability,” and resolved on the basic policy on sustainable management. In April 2021, we established the Sustainability Strategy Committee under the Board of Directors, as an effort to develop a framework for fully considering and promoting sustainability initiatives. Under the framework, sustainability measures are regularly reported to the Board of Directors to ensure its supervision.

- We will continue to consider effective methods of supervision over capital investments and allocation of management resources to intellectual properties, intangible assets, and human capital, which are aimed at sustainable growth and medium- to long-term improvement of corporate value.

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

[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 22 (including four listed stocks) as of the end of March 2021.

- 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]

<Policy on ensuring diversity and implementation thereof>

- “Respecting diversity” is one of the requirements of the Code of Conduct. The following is the “Human Resources Policy” that has been established under the Code of Conduct as the basic human resource policy:
- Under this basic policy, we are engaged in human resource initiatives that respect diversity, with the aim of strengthening the Group’s competitiveness and creating new corporate value for continuous growth of the Company and individuals. We respect and ensure diversity by establishing and implementing various systems and measures and developing an environment in which each of diversified employees can demonstrate his/her capacity to a maximum extent and can receive a more equal and fairer treatment.

[Human Resources Policy]

- 1) Promote a sense of unity by respecting each employee’s diversity and treating them in a fair and equal manner
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) Reward those who have maximized their abilities to fulfill roles, responsibilities, and goals required by the Company
Clarify roles, responsibilities, and goals required of each employee, and reward those who demonstrated their abilities to the maximum extent possible.
- 3) Raise the entire Group’s profit awareness
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) Strengthen individuals’ personality
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.

<Ratio of female managers and promotion of female employees to managerial positions (promotion of active participation by women)>

- Among other diversity initiatives, the Company places the top priority on the active participation of women, and aims to raise the ratio of female managers* from 4.0% in FY2020 to 6.0% in FY2022. Furthermore, it intends to increase the female recruitment ratio, the basis for female managers, to 50% in FY 2022.

*The ratio of female managers and the ratio of female recruitment cover core employees employed by Cosmo Oil Co., Ltd., and include those seconded to outside the company.

- To achieve these numerical targets, the Company is accelerating awareness and work style reforms as its measures to promote the active participation of women. It is also engaged in the initiatives for active recruitment of women, promotion to managerial positions, and appropriate posting corresponding to their abilities.
- In addition, the Company is actively engaged in the work style reform and awareness reform for gender equality in order to ensure diversity including the active participation of women.

[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

[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
- 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

[Other]

- Promotion of active participation of people with disabilities on the premise of “inclusion”

<Ratio and promotion of mid-career hires and foreign managers>

- We consider that mid-career hires are important human resources that constitute the diversity. They are promoted to executive officers and directors. We will continue to ensure active recruitment and development of them, and assignment of them to an appropriate post corresponding 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.

[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 for the Management Vision, management strategies, management plan, etc.

<Management Vision><https://ceh.cosmo-oil.co.jp/eng/company/vision.html>

<The 6th Consolidated Medium-Term Management Plan> https://ceh.cosmo-oil.co.jp/eng/ir/mediumterm/pdf/6thmediumterm_en.pdf

(II) Basic views and policies on corporate governance

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

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

• The details of individual directors' remuneration are determined by the Board of Directors. With regard to the basic remuneration, however, the decision making had been delegated to the Representative Director, Group CEO (Hiroshi Kiriya) up to FY2020, based on the resolution at the Board of Directors as of May 10, 2018, for the purpose of ensuring a quick decision-making process while taking into account the Company's overall performance. The basic remuneration was decided after deliberation by the Nomination and Remuneration Advisory Committee, and when approving a basic remuneration that differed from the results of the deliberation, an explanation to the Committee was required. Since FY2021, the Board of Directors has had the sole authority to decide on every element of all types of remuneration including the basic remuneration. 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.

• 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.

• 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.

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.

(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 continuous 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 "personality, dignity, and ethics suitable for leaders."

• 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 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 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 the 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 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 the priority strategy that supports the sustained 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 propose the finalists 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 submit 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 submit a proposal to the Nomination and Remuneration Advisory Board. The Nomination and Remuneration Advisory Committee examines the appropriateness of the proposal received from the Representative Director, Group CEO and submit 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:
 - (i) A major customer of the Group (Note 3);
 - (ii) 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. 10 "Voluntary Committees" hereof.

[Structure of the Nomination and Remuneration Advisory Committee]

Chairperson: Keiichi Asai, (independent outside) director

Committee Member: Yasuko Takayama, (independent outside) director

Hiroshi Kiriya, Representative Director, Group CEO (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 three 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://ceh.cosmo-oil.co.jp/eng/ir/management/pdf/evaluation_en.pdf

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

- The Company holds in-house training sessions and annual top-executive 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.
- Upon the appointment of a director, the Company offers him/her 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 respond to them properly, including the selection of persons (senior management or other executives) who are to attend meetings with shareholders.

(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, other than individual interviews, 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.

2. Capital Structure

Percentage of foreign shareholders	30% or more
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[Status of Major Shareholders]

Name/company name	Number of shares owned (shares)	Percentage (%)
The Chase Manhattan Bank, N.A. London Special Account No.1	13,300,100	15.69
The Master Trust Bank of Japan, Ltd. (Trust account)	8,125,700	9.58
Custody Bank of Japan, Ltd. (Trust account)	5,585,200	6.58
Mizuho Bank, Ltd.	2,522,512	2.97
Kansai Electric Power Co., Inc.	1,860,000	2.19
Cosmo Energy Holdings Customers Shareholding Association	1,679,900	1.98

Aioi Nissay Dowa Insurance Co., Ltd.	1,580,300	1.86
MUFG Bank, Ltd.	1,580,003	1.86
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,422,047	1.67
UBS AG London Asia Equities	1,362,326	1.60
Controlling shareholder (excluding parent company)	_____	
Parent company	None	

Supplementary Explanation

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) 8,215,700
Custody Bank of Japan, Ltd. (Trust account) 5,585,200 shares

While Sumitomo Mitsui Trust Bank, Limited, Mizuho Bank, Ltd., and Nomura Securities Co., Ltd. issued the Statement of Large Volume Holdings (Change Report) and made it available for public inspection on February 20, 2020, September 2, 2021, and October 6, 2021, 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 First 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

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

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 an audit, etc. committee
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[Matters Relating to Directors]

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	Representative Director, Group CEO
Number of directors	10
Appointment of outside directors	Appointed

Number of outside directors	5
Number of independent directors	3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Abdulla Mohamed Shadid	From another company												
Ali Al Dhaheri	From another company												
Ryuko Inoue	Attorney at law												
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.

**"●" when a close relative of the director presently falls or has recently fallen under the category; "▲" when a close relative of the director 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 fellow subsidiary 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 listed 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 (or an executive of the said major shareholder if the shareholder is a legal entity) h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only); i. Executive of a company, between which and the Company outside directors/Audit and Supervisory Board Member are mutually appointed (the director himself/herself only); j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only); k. Others

Relationship with the Company (2)

Name	Member of the Audit and Supervisory Committee	Independent director	Supplementary explanation about the relationship	Reasons for appointment
Abdulla Mohamed Shadid				Mr. Abdulla Mohamed Shadid has been working mainly for Mubadala Investment Company (MIC) and engaged, in the Company's aerospace and defense divisions, in the business administration, including the management of the aircraft maintenance business as well as the strategy development and asset management for the aerospace division. We recommend him for an outside director in expectation that, with his experience in the business management and the development and implementation of business strategies, he can properly oversee the Company's management, and thereby help strengthen the Board's functions. MIC, the parent of the Company's major shareholder Infinity Alliance Limited, has invested in a wide range of energy businesses such as oil, petrochemical, gas, and renewable energy. We expect that Mr. Shadid will provide the Group with useful advice based on his past achievements and experience, which will lead to an increase in the Group's corporate value rather than acting against the interests of minority shareholders.
Ali Al Dhaheri				Mr. Ali Al Dhaheri has worked in the business management, procurement, and many other

				<p>business divisions in the oil and gas industry. Currently, he works for the Mubadala Investment Company (MIC) and leads the company's division specialized in investments in the United Arab Emirates. With his abundant experience in the oil industry, he has played a supervisory role over the Company's business execution. In expectation that he will continue to perform his duties as an outside director properly, and based on the judgment that his service will further strengthen the Board's function, we recommend Mr. Dhaheri for an outside director. MIC, the parent of the Company's major shareholder Infinity Alliance Limited, has invested in a wide range of energy businesses such as oil, petrochemical, gas, and renewable energy. We expect that Mr. Dhaheri will provide the Group with useful advices based on his past achievements and experience, and concluded that his advice will not harm the interests of minority shareholders but will lead to an increase in the Group's corporate value.</p>
Ryuko Inoue		○		<p>Ms. Ryuko Inoue has been involved in food security at home and abroad as well as the initiatives to transform the agriculture, forestry, and fisheries industry into a growth industry at the Ministry of Agriculture, Forestry and Fisheries. Since she was registered as a lawyer in 2017, Ms. Inoue has been active in the legal industry, and was appointed as an outside director of Nippon Steel Trading Co., Ltd. in 2019. We recommend Ms. Inoue for an outside director based on our judgment that she can provide supervision and advice on the Company's business execution from a viewpoint free from influence from the industry to which the company belongs, and thereby strengthen the Board's functions. While her only experience in the corporate management is serving as an outside officer, we determined, for the reasons mentioned above, that she will be able to properly perform her duties as an outside director.</p>
Yasuko Takayama	○	○		<p>After working for Shiseido Co., Ltd. as, for example, the manager of a sustainability-related department and as a corporate auditor, Ms. Yasuko Takayama is currently serving as an outside director and outside corporate auditor at multiple listed companies, performing audit and supervisory functions over management from a perspective free from influence of the industry to which the Company belongs. Based on our judgment that she can continue to perform audit and supervisory functions properly making use of these experiences and knowledge, we recommend Ms. Takayama for a director who is an Audit and Supervisory Committee member.</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 0.3% of the Group's consolidated sales in FY2020. Accordingly, we determined that Mr. Asai has sufficient independence.</p>	<p>After joining Mitsubishi Corporation, Mr. Asai has been engaged in the international business in the energy sector almost throughout his career, including positions at oil business departments such as oil sales, supply and demand, and refining, as well as an expatriate position in the US and India. He was appointed Executive Vice President of Lithium Energy Japan in 2013, and President and CEO of KH Neochem Co., Ltd. in 2014. Based on the judgment that his rich expertise and experience in corporate management as a whole will help him provide supervisory functions over the Company's management and perform his duties properly, we</p>

				recommend Mr. Asai for a director who is an Audit and Supervisory Committee member.
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[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	Total number of committee members (persons)	Full-time member (person)	Internal director (person)	Outside director (person)	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	Appointed				

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 the authority over personnel issues such as appointment, transfer, and disciplinary action, 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	Established
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Voluntary Committees' Name, Composition, and Attributes of Chairperson

	Name of committee	Total number of committee members (persons)	Full-time member (person)	Internal director (person)	Outside directors (person)	Outside expert (persons)	Other (person)	Chairperson
Voluntary committee equivalent to nominating committee	Nomination and Remuneration Advisory Committee	3	0	1	2	0	0	Outside directors
Voluntary committee equivalent to remuneration committee	Nomination and Remuneration Advisory Committee	3	0	1	2	0	0	Outside directors

Supplementary Explanation

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 submit proposals to the Board of Directors. The Secretariat Office serves as the Committee's secretariat.

- State of Attendance in 2020

Director Kanno (Chairperson): 7/7 times

Director Takayama: 7/7 times

Representative Director, Group CEO Kiriya: 7/7 times

- Status of the Nomination and Remuneration Committee's Activities in FY2020

In FY2020, the Nomination and Remuneration Committee meetings were held seven times in total to mainly deliberate the following agenda items:

	Matters deliberated/confirmed (nomination area)	Matters deliberated/confirmed (remuneration area)
May 7, 2020	<ul style="list-style-type: none"> • Report on the latest environment for the Board's roles and functions • Formulation of FY2020 skill matrix 	<ul style="list-style-type: none"> • Review of 2019 executive remuneration records • Finalization of FY2020 executive remuneration system • Confirmation of remuneration data for disclosure
June 16, 2020	<ul style="list-style-type: none"> • Confirmation of the need for changing requirements for human resources • Confirmation of goals and targets for officers 	<ul style="list-style-type: none"> • Summarization of issues and identification of challenges to be examined in FY2020
August 13, 2020	<ul style="list-style-type: none"> • Examination of future Board structure 	
October 9, 2020	<ul style="list-style-type: none"> • Confirmation of current processes for successor nomination, etc. 	
December 18, 2020	<ul style="list-style-type: none"> • Appraisal of the Company's and the three core companies' officers • Confirmation of the results of the multifaceted officer appraisal 	<ul style="list-style-type: none"> • Report on the environment surrounding management remuneration • Verification of the current remuneration policy's appropriateness • Confirmation of the details of the remuneration system and measures to address agenda issues
January 21, 2021	<ul style="list-style-type: none"> • Personnel affairs of the Company's and core business companies' officers • Examination of the disclosure draft on the nomination system 	<ul style="list-style-type: none"> • Examination of remuneration for outside directors
March 24, 2021	<ul style="list-style-type: none"> • Formulation of FY2021 skill matrix • FY2020 effectiveness evaluation 	<ul style="list-style-type: none"> • Examination of the approach to reflect personal appraisal in remuneration • Examination of the malus and clawback clause • FY2020 effectiveness evaluation

[Matters Related to Independent Officers]

Number of independent officers	3
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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 of the Above

The Company has established a performance-linked remuneration system that has basic policies of: Incentives to enhance business performance and increase corporate 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.

The system is composed of basic remuneration, which will be a set amount, and incentive remuneration. The system consists of: 1) annual incentive remuneration (bonuses) indexed to consolidated ordinary income of each business year, with an achievement rate that ranges from zero to 200% and is deemed to be 100% when consolidated ordinary income is 100 billion yen (excluding inventory valuation effects); and 2) medium- to long-term incentive remuneration linked to the ratio of the Company's Total Shareholder Return (TSR) to the Tokyo Stock Price Index (TOPIX) growth rate as well as to 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

None

Supplementary Explanations

[Matters Related to Directors' Remuneration]

Status of disclosure (of individual directors' remuneration)

Limited and individual disclosure

Supplementary Explanations

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)	11	513	204	99	209
(Outside directors included)	(4)	(28)	(28)	(0)	(0)
Directors (Audit and Supervisory Committee members)	4	73	73	0	0
(Outside directors included)	(2)	(38)	(38)	(0)	(0)
Total	15	586	277	99	209

*The amount of non-monetary remuneration above is the amount expensed 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:

Hiroshi Kiriya (Director): 175 million yen in total (breakdown: Basic remuneration of 62 million yen, bonus of 35 million yen, and stock remuneration of 76 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. It differs from the amount obtained through the conversion into 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 is calculated to be 46 million yen based on the stock price on the base point calculation date.

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 (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 seven directors who are not Audit and Supervisory Committee members (six male directors including two outside directors of foreign nationality, and one female 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) and two independent outside directors (one male and one female). It is responsible for making decisions on important matters such as basic management policies and overseeing business execution. Furthermore, by appointing outside directors, the Company ensures strengthening of the Board’s functions and achievement of fair and highly transparent management.

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee, which consists of three (two males and one female) 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 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 Management Executive 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 three members in total, one internal director and two 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 from business execution, the Company adopted an executive officer system. Some authority has been delegated to executive officers to endure 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 Shareholder Meetings and Ensure Smooth Exercise of Voting Rights

	Supplementary explanation
Early notification of general shareholder meeting	The Company sends out the notice of ordinary general meeting of shareholders approximately three weeks prior thereto and posts the Notice on the corporate website approximately four weeks prior thereto.
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 shareholder meetings are translated into English and posted on its corporate website and the Electronic Voting Platform website.
Others	Notice of convocation of the general meeting of shareholders, business reports, consolidated/non-consolidated financial statements, transcripts of audit reports, reference documents for shareholders' meetings, and a map to the venue of general shareholders' meeting 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 shareholders' meetings 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

	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	<p>While the Company does not hold briefing sessions on a solo basis, it distributes financial results explanatory meeting for analysts and investors in an audio format on its corporate website and discloses all presentation materials.</p> <p>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.</p>	Not adopted
Regular briefings for analysts and institutional investors	<p>The Company holds briefing sessions on a quarterly basis. In addition, after the settlement of accounts for the second quarter (in principle, around early November) and the fourth quarter (in principle, around early May), the Company's senior management provides briefing and Q&A sessions to explain business strategies, financial results, and performance forecast.</p> <p>An audio file of these briefing sessions is 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 (in principle, around early August) and the third quarter (in principle, around early February), the Company's director 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.</p>	Yes
Regular investor briefings for overseas investors	<p>While the Company does not hold briefing sessions for overseas investors, it discloses analyst briefing videos voiced over in English on the corporate website, together with reference materials and a summary of the Q&A session in English.</p>	Yes
Posting of IR materials on website	<p>The Company posts stock and bond information, glossary, and publications (shareholder newsletters, integrated Cosmo Report (formerly Annual Report)), including financial information (financial highlights, briefing materials, securities reports, internal control reports, quarterly reports, and historical performance data that can be downloaded in an Excel format).</p> <p>It also provides a special website for individual investors that explains the details of its businesses. For overseas investors, the Company offers information in English, with the same level of volume as that in Japanese (excluding the website for individual investors).</p>	
Establishment of department and/or manager in charge of IR	<p>(Executive officer in charge) Takayuki Uematsu, Representative Director, Senior Managing Executive Officer (Department and manager in charge) Shintaro Nagano, IR Group, Corporate Communication Department</p>	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary explanation
Provisions to ensure due respect for stakeholders in internal rules, etc.	<p>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.</p>
Implementation of environmental conservation activities, CSR activities, etc.	<p>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," endeavoring towards the achievement of KPIs. It also promotes sustainable management to contribute to the achievement of SDGs and implements supply chain initiatives toward the realization of a sustainable society.</p> <p>In the oil exploration and production business, it has positioned environmental conservation activities as its priority and is undertaking initiatives intended to minimize</p>

	<p>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 <i>satoyama</i> (countryside) conservation activities with the aim of maintaining and preserving the <i>satoyama</i> around its business sites (“Cosmo Forests”) and passing them on to the next generation.</p>
<p>Development of policies on information provision to stakeholders</p>	<p>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.</p>
<p>Other</p>	<p>(Ensuring diversity) • Refer to [Supplementary Principle 2-4-1] (Efforts to improve health) <Health and Productivity Management> We consider 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 employees are physically and mentally healthy and can demonstrate their capabilities to a maximum extent. Based on the above, we are engaged in initiatives designed to develop an environment in which our employees can maintain their health and work vigorously. As we place a focus on the prevention, early detection, and early treatment of illnesses, we have institutionalized a working-hour smoking cessation program and a paid special leave system for complete medical checkups and secondary examinations, with the aim of improving individuals’ health and prevent the damage caused by passive smoking. <Promotion System> 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. *Please refer to our website for the system diagram and initiatives. https://ceh.cosmo-oil.co.jp/csr/social/employee6.html</p>

IV. Matters Related to Internal Control System, Etc.

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

[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 Code of Conduct and ensures ethical corporate behavior based on the spirit of regulatory compliance. 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, all of which are based on the Group’s “Basic Policy on Internal Control Systems.”

In FY2020, four internal control administration committees (Corporate Ethics and Human Rights Committee, Safety and Risk Management Committee, Environment and Social Contribution Committee, and Information Disclosure Committee) held a meeting to deliberate on the Group’s sustainability activities and evaluation thereof, and reported important matters to the Executive Officers’ Committee and the Board of Directors. With the Sustainability Initiative Department or related departments supporting the operation of each Committee, the Group as a whole undertook initiatives in a focused and active manner.

In FY2021, we abolished the aforementioned four Committees and established the Sustainability Strategy Committee, which is chaired by the Representative Director, Group CEO. 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 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.

Other measures are also undertaken to ensure compliance, such as the distribution of the 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 reports, 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 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, we 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 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	Not adopted
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Supplementary Explanation

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)

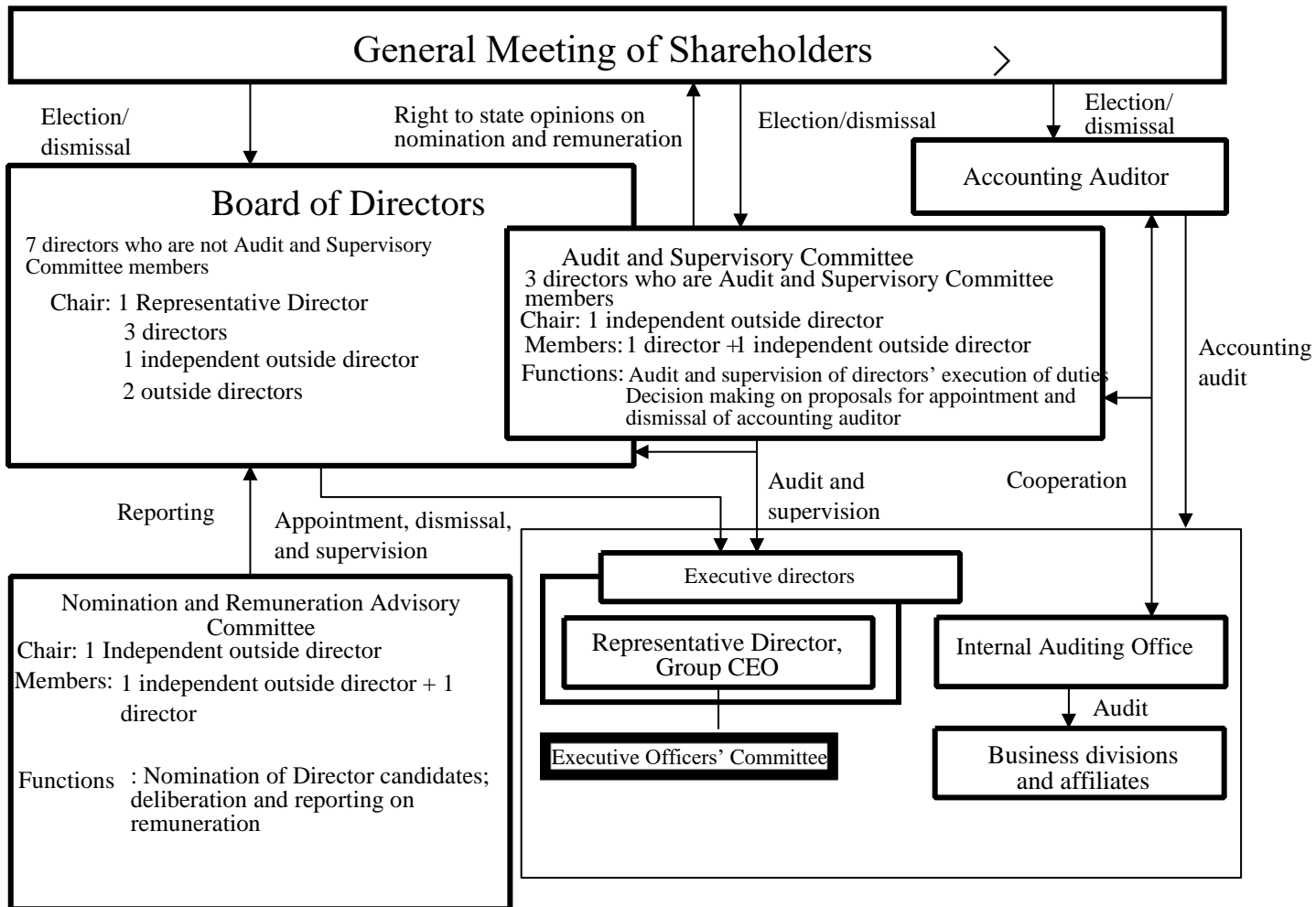
In order to prevent the leakage of important corporate information and to ensure the fairness of information disclosure, the Company has designated the period (approximately one month) from the day immediately following the quarterly account settlement date to the date of announcement of financial results 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 FY2020, the Company established a cross-organizational “Information Disclosure Committee” consisting of members from different departments, with the aim of reviewing and examining ESG information from multiple perspectives and determining which information should be disclosed. From FY2021 onwards, we will abolish the Committee and establish the Sustainability Strategy Committee, which will be chaired by the Representative Director, Group CEO and hold discussions about ESG information.

[Corporate Governance Structure]



Internal Control System



Internal Structure for Timely Disclosure

