



October 16, 2024

Cosmo Energy Holdings Co., Ltd.

Cosmo Oil Marketing Co., Ltd.

Joint Proposal by Cosmo Oil Marketing on Designating Shimonoseki City as a
Decarbonization Leading Area Selected by Japan's Ministry of the Environment

Cosmo Energy Group Company, Cosmo Oil Marketing Co., Ltd. (hereafter, "the Company"), is pleased to announce that Shimonoseki City has been selected as a Decarbonization Leading Area¹ by Japan's Ministry of the Environment. This follows the submission of a joint proposal² by the Company in response to the Ministry's call for the fifth round of applications to select Decarbonization Leading Areas³. It is the first time that a proposal in which the Company participated as a joint proposer has been selected as a Decarbonization Leading Area.

In this latest Decarbonization Leading Area plan proposal, local financial institutions, in collaboration with Shimonoseki City's Environmentally Responsible Business Operator Certification Program, will offer preferential interest rate loan products, focusing on urban districts where tourist facilities like Karato Market and the tertiary sector are concentrated. By expanding incentives such as preferential interest rates according to achievement of annually set targets, the parties seek to accelerate capital and other types of investment, and as well as promote the decarbonization of certified businesses. In addition, a regional leasing business involving local enterprises will also be rolled out. Through these initiatives, the plan aims to facilitate circular flows in the regional economy, while simultaneously achieving regional economic revitalization and decarbonization⁴.

As part of resource recycling efforts in Shimonoseki City, the Company is considering collecting used cooking oil from city facilities, restaurants, and other locations to use as feedstock in locally-made SAF⁵. Furthermore, as an initiative to contribute to the Decarbonization Leading Area plan, the Company will accelerate the proposal and introduction of Cosmo Zero Carbon Solution⁶, leveraging the Cosmo Energy Group's energy and mobility business assets.

Since April 2024, Shimonoseki City and the Company have been supplying⁷ Cosmo Denki (Electricity) Business Green⁸, which offers environmental value derived almost entirely from renewable energy, to a total of 65 facilities (total annual electricity consumption of 8.57 million kWh⁹) as part of efforts to realize a decarbonized society. Facilities include Shimonoseki City Regional Wholesale Market 'Karato Market' and 56 municipal elementary and junior high schools located within the designated Decarbonization Leading Area. The Company will continue to proactively promote the adoption of renewable energy in Shimonoseki City and propose decarbonization solutions.

Having declared that it will achieve carbon net zero by 2050¹⁰, the Cosmo Energy Group is aiming to contribute to the realization of a decarbonized society through conversion to zero-carbon energy and the use of negative emissions technologies and by offering energy that shapes the future. Moving forward, the Group remains committed to supporting local governments and corporations in their effort to reduce their environmental impact and as they undertake various initiatives to realize a decarbonized society

1. Decarbonization Leading Areas are areas that aim to achieve net-zero CO₂ emissions from electricity consumption in the residential sector (households, businesses and other sectors) by 2030 through the implementation of pioneering decarbonization initiatives according to regional characteristics, etc. These areas serve as models for spreading decarbonization initiatives to other regions throughout Japan.

URL: <https://policies.env.go.jp/policy/roadmap/preceding-region/>

2. Joint proposal by: Aizu Laboratory, Inc., Energia Solution and Service Co., Ltd., Kaikyo Mirai Denryoku Co., Ltd., Cosmo Oil Marketing Co., Ltd., The Shimonoseki Academy of Marine Science Foundation, National Research and Development Agency - Japan Fisheries Research and Education Agency (National Fisheries University), Daikin Industries, Ltd., Hitachi, Ltd., The Yamaguchi Bank, Ltd., Yamaguchi Gohdoh Gas Co., Ltd., Yamaguchi Financial Group, Inc., Organic Village LLC, YMFG Zone Planning Co., Ltd., YM Consulting Co., Ltd., YM Lease Co., Ltd.

3. Please visit the following URL for results of the fifth round of applications to select Decarbonization Leading Areas.

URL: https://www.env.go.jp/press/press_03770.html (available only in Japanese)

4. Please visit the following URL for an overview and general comments on the selection of Decarbonization Leading Areas.

URL: https://www.env.go.jp/press/press_03770.html (available in Japanese only)

5. SAF refers to Sustainable Aviation Fuel made from plants and waste materials. It utilizes used cooking oil, ethanol, municipal waste, and algae as feedstock. In Japan, the aim is to replace 10% of the fuel used by domestic airlines with SAF by 2030. The Cosmo Energy Group is constructing Japan's first large-scale SAF production demonstration facility at its Sakai Refinery, with completion scheduled before the end of FY2024.

6. Please visit the following URL for details on Cosmo Zero Carbon Solution.

URL: <https://www.cosmo-denki.com/business/lp/solution/> (available in Japanese only)

7. List of Cosmo Denki (Electricity) Business Green customers (figures are facilities to which supply is planned)

Municipality name	Facility name	No. of facilities	Supply start date
Shimonoseki City	Shimonoseki Municipal Nogihama Sports Park, etc.	2	April 1, 2024
Shimonoseki City	Shimonoseki Civic Center	1	April 1, 2024
Shimonoseki City	The Firefly Museum of Toyota Town	1	October 1, 2024
Shimonoseki City	Shimonoseki Regional Wholesale Market 'Karato Market'	1	October 1, 2024
Shimonoseki City	Shimonoseki City Hall Toyota General Branch Office Building	1	November 1, 2024
Shimonoseki City	Shimonoseki Municipal Youji Elementary School, etc.	56	October 1, 2024
Shimonoseki City	Shimonoseki Municipal Kikugawa Onsen Pool	1	October 1, 2024
Shimonoseki City	Shimonoseki Municipal Chuo Kodomo-en	1	November 1, 2024
Shimonoseki City	Shimonoseki City Hall Kikugawa General Branch Main Office Building	1	November 1, 2024

8. About Cosmo Denki (Electricity) Business Green

Cosmo Denki (Electricity) Business Green is a service that helps businesses achieve virtually zero CO₂ emissions by providing them with added environmental value in the form of non-fossil certificates and other designated renewable energy certificates. Customers purchase such certificates with a value equivalent to or greater than their total annual sales volume as part of the electricity sales process, thereby receiving proof that all the electricity they use offers environmental value derived almost entirely from renewable energy sources. Since its launch in 2020, the service has been utilized mainly by corporations and local governments seeking to decarbonize their operations.

URL: <https://www.cosmo-denki.com/business/low/green/>

9. The supplier of electric power to target facilities is Cosmo Energy Solutions Co. Ltd.

Cosmo Energy Solutions Co., Ltd. is a 100% subsidiary of the Company and a retail electricity operator that supplies actual electric power. The Company has entered into a distributor agreement with Cosmo Energy Solutions regarding sales of electric power.

10. Please visit the following URL for details on sustainable management at the Cosmo Energy Group.

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

(End)

(The official language for Cosmo Energy Group's filings with the Tokyo Stock Exchange and Japanese authorities, and for communications with our shareholders, is Japanese. We have posted English versions of some of this information on this website. While these English versions have been prepared in good faith, Cosmo Energy Group is not responsible for the accuracy of the translations, and reference should be made to the original Japanese language materials.)