

# CSR Initiatives of the Cosmo Energy Group

In striving for harmony and symbiosis among our planet, humankind, and society, we aim for sustainable growth towards a future of limitless possibilities.

## Harmony and Symbiosis

- ▶ Harmony and Symbiosis with the Global Environment
- ▶ Harmony and Symbiosis between Energy and Society
- ▶ Harmony and Symbiosis between Companies and Society

## Creating Future Value

- ▶ Creating the Value of "Customer First"
- ▶ Creating Value from the Diverse Ideas of the Individual
- ▶ Creating Value by Expressing Collective Wisdom

Cosmo Energy Group  
Management Vision

Cosmo Energy Group  
Code of Conduct

CSR Initiative Policy (Fiscal2013-2017)  
"Filling Up Your Hearts" and Safety

- Chapter 1 We are determined to be a safe, accident-free corporate group
- Chapter 2 We live up to customer expectations concerning reliability and satisfaction
- Chapter 3 We value people
- Chapter 4 We take care of the global environment
- Chapter 5 We value communications with society
- Chapter 6 We strive to maintain our position as an honest corporate group

### Initiative Themes

- **Safety and Integrity** (Restore social trust)
- **Sharing and Self-driven** (Share across the organization until established as routine)

### Goal for Fiscal 2017

**Cosmo Energy Group—Earning social trust and always making a positive contribution to society**

Based on the five priority issues of the CSR Initiative Policy, each committee has decided its initiative themes for promoting CSR management.

- 1 Strict safety management
- 2 Working with integrity
- 3 Enhancing human rights and personnel policies
- 4 Promoting environmental initiatives
- 5 Implementing better internal and external communications

## Internal Control System

In order to implement its Management Vision and Code of Conduct while ensuring that operations are carried out in an appropriate and efficient manner, the Cosmo Energy Group has established and maintained systems for carrying out director and employee duties of the Company and its Group companies, risk management and internal audit systems, and audit performed by the Supervisory Committee. The Cosmo Energy Group also has an organization for internal control by establishing four committees, chaired by each director in charge. These committees evaluate the performance of CSR activities, bring important matters to the Executive Officers' Committee for discussion, and forward them to the Board of Directors. Such matters are also brought to the Cosmo Energy Group CSR Promotion Liaison Meeting to be shared by Group companies for the control of the entire Group companies.

### Cosmo Energy Holdings Committee Structure



In order to realize the Management Vision of the Cosmo Energy Group, all employees are conscientiously engaged in CSR activities. CSR management is being undertaken under the Consolidated Medium-Term Management Plan and the CSR Initiative Policy, based on the Cosmo Energy Group Code of Conduct.

## CSR Initiative Policy

Items	Initiative Themes	Pages
<b>Strict Safety Management</b> ~Fulfilling its Mission of Safe Supply~	<ul style="list-style-type: none"> <li>Structures of Committees of Cosmo Energy Holdings and Three Core Companies</li> <li>Safety and Risk Management Committee: Objectives, activities, and performance evaluation</li> <li>Address risks of the entire group</li> <li>Safety Initiatives</li> </ul>	P.37-P.38
<b>Customers</b> ~Toward fulfilling motoring lifestyle solutions~	<ul style="list-style-type: none"> <li>Developing new customers</li> <li>Extreme motoring lifestyle product</li> <li>Strengthen Relations with Customers</li> <li>“Filling Up Your Hearts, Too” Declaration</li> </ul>	P.39-P.40
<b>Human Resources</b> ~Source of Value Creation~	<ul style="list-style-type: none"> <li>Personnel System and Assessment System</li> <li>Human Resources Development and Global Human Resources</li> <li>Respecting diversity</li> <li>Facilitating Work-Life Balance</li> <li>Reducing Long Working Hours</li> </ul>	P.41-P.42
<b>Environment</b> ~Aiming to Realize “Living with Our Planet”~	<ul style="list-style-type: none"> <li>Reporting of activities and performance evaluation by Environment and Social Initiative Committee</li> <li>Energy Conservation in Refineries</li> <li>Renewable energy initiatives</li> <li>Overseas environmental measures and environmental preservation</li> </ul>	P.43-P.44
<b>Society</b> ~Aiming to be the Preferred Energy Company~	<ul style="list-style-type: none"> <li>Revision of Earthquake BCP (business continuity plan)</li> <li>Head office's BCP response facilities</li> <li>Implementation of provisional crisis response training in Kansai region</li> <li>United Nations Global Compact</li> <li>Cosmo Oil Eco Card Fund</li> <li>“Cosmo Earth Conscious Act” Cleanup Campaign</li> <li>Main Social Initiative</li> </ul>	P.45-P.46

## Corporate Ethics Promotion Framework

The Cosmo Energy Group (CEG) has established the Corporate Ethics and Human Rights Committee to promote and implement the CEG's Code of Conduct, and check its status. The Committee's operation is supported by the CEG Corporate Ethics Office. The CEG Corporate Ethics Consultation Helpline, by which compliance issues or ethical issues can be reported or consulted anonymously, has also been established within the Corporate Ethics Office and at an outside law firm. Moreover, the Harassment and Human Rights Consultation Helpline is set up within the Diversity Promotion Office. Details of the reported and consulted issues and the response by the respective office are forwarded to the Supervisory Committee and are reflected in future activities. There were zero incidents involving serious compliance violations\* in fiscal 2015.

### Corporate Ethics Promotion Framework Structure



### Number of Helpline Inquiries



\* Includes serious legal or regulatory violations relating to the use or supply of products or services, and serious violations relating to environmental laws or regulations.

## CSR Activities

# Strict Safety Management ~Fulfilling its Mission of Safe

## Safety Management Systems of the Cosmo Energy Group

The Cosmo Energy Group prioritizes strict safety management as part of the CSR Initiative Policy. Under the Consolidated Medium-Term Safety Plan (fiscal 2013–2017), the Safety and Risk Management Committee is promoting safety management at the group-wide level. The Committees strive to eliminate work-related accidents and incidents in each office and each division and to secure safe operations and stable supply.

## Structures of Committees of Cosmo Energy Holdings and Three Core Companies

The Group convenes a Safety and Risk Management Committee meeting twice a year to discuss the group-wide safety policy and to verify progress in safety initiatives for the enhancement of safety management.

Each of the three core companies has a committee that matches its business and functions: the Safety Environmental Committee in Cosmo Oil; the Safety Committee in Cosmo Oil Marketing; and the Environmental Safety and Health Committee in Cosmo Energy Exploration & Production. These committees make planning for safety initiatives and conduct inspections to verify and supervise initiatives for safety management.



## Safety and Risk Management Committee: Objectives, activities, and performance evaluation

With the aim of the Cosmo Energy Group to be trusted and relied upon by society, the Safety and Risk Management Committees has been promoting initiatives for safety and risk management to ensure safety of business activities of the entire group and reduce future risks.

Priorities	Themes	Major Initiatives and Targets	Fiscal 2015 Results	Evaluation*	Fiscal 2016 Plans
Strict safety management	Promote safety management initiatives	Reduce the number of work-related accidents and incidents	<ul style="list-style-type: none"> <li>Zero large-scale accidents at refineries</li> <li>Accidents requiring time off from work (4 accidents vs. target for 3)</li> <li>Unplanned suspension of operations rate (0.9% vs. target at 0.8%)</li> </ul>	C	Follow the Safety Policy "Establish a culture of safety for compliance in good faith" Target of less than 4 accidents requiring time off from work and 0.8% or less unplanned suspension of operations rate
	Enhance group-wide risk management	Improve the major earthquake BCP	<ul style="list-style-type: none"> <li>Recognize the issues and verified the direction</li> <li>Change transfer of authority under the BCP in case of a major earthquake</li> </ul>	A	Joint BCP drills were conducted in Tokyo by Cosmo Energy Holdings, Cosmo Oil, and Cosmo Oil Marketing. Drills were also enhanced, including the drill at the Crisis Response Headquarters in the Kansai region.
		Cope with corporate-wide risks	<ul style="list-style-type: none"> <li>Established insurance standards and started to apply them</li> <li>Signed an assistant service contract for expat employees</li> </ul>	A	Establish a policy for addressing key corporate risks, and work to reduce the risks

\* A: Fully achieved; B: Partially achieved; C: Not achieved

## Address risks of the entire group

The Cosmo Energy Group is taking initiatives to ascertain risks that may affect our corporate management and to minimize potential losses by such losses.

In fiscal 2014, we reviewed the risk evaluation scheme and suggested seven issues. In fiscal 2015, we completed the initial responses by considering and taking necessary measures. We will continue to deal with the ongoing issues or others which require further responses.

### Seven Issues

- Risk management policy**
- Risk evaluation method**  
Classification based on a risk matrix, the control functions of the secretariat, identification of priority risks, operation of PDCA cycles
- Establishing Crisis Management Regulations and associated rules**
- Risk management education and training sessions**
- Establishing a system to cope with crisis in Japan and overseas**
- Establishing a Business Continuity Plan (BCP) for potential risks other than earthquakes**
- Adoption of risk management measures to group companies**

# Supply~

## Safety Initiatives

Based on the Group's Safety Policy "Establish a culture of safety" for compliance in good faith," safety initiatives have been implemented.

In fiscal 2015, the number of work-related accidents was 41 (15 accidents requiring time off from work and 26 accidents not requiring time off), down significantly from 90 accidents (24 accidents requiring time off from work and 66 accidents not requiring time off) in fiscal 2014. The Group will continue its strong efforts to reduce work-related accidents.

### Cosmo Oil makes March 11 a "Safety Day"

Cosmo Oil held a completion ceremony for constructing a safety monument in its Chiba Refinery on October 2, 2015. This monument has been established to commemorate the LPG fire explosion accident at the time of the Great East Japan Earthquake of March 2011, so it is not forgotten and to make each person at the refinery more conscious of safety. The monument is a combination of a panel that states the summary of the accident; shows damaged parts (pole and steel plate) of the spherical tank; and a safety tower of about 4 meters, on which is mounted a green cross, a symbol of safety, and a plaque with a pledge for safety.

As Cosmo Oil made March 11 as "Safety Day," the

### Number of Work-Related Accidents in Fiscal 2015

Major Group companies	Accidents requiring time off from work	Accidents requiring time off from work	Total
COSMO ENERGY HOLDINGS*1	0	2	2
Cosmo Oil*2	6	18	24
Cosmo Oil Marketing*3	5	1	6
Cosmo Energy Development*4	4	5	9
<b>Total</b>	<b>15</b>	<b>26</b>	<b>41</b>

\*1 Includes Cosmo Energy Holdings and 13 group companies

\*2 Includes Cosmo Oil and 11 companies under Cosmo Oil

\*3 Includes Cosmo Oil Marketing and 11 companies under Cosmo Oil Marketing

\*4 Results for January-December 2015. Includes Cosmo Energy Development and 6 other companies

company held a ceremony in front of the monument on March 11, 2016. Participants jointly read the pledge for safety and vowed to continue operating the Chiba Refinery safely and with no accident.



Monument construction completion ceremony



### Safety education training

The entire group also finds it important not to forget the accidents and to develop a safety-first culture. A DVD for safety education was produced by putting together images and information about the fire and explosion accident and how it was dealt with. The training program is divided into three levels, depending on workplaces and on level of involvement of manufacturing scene. The DVD reminds viewers to think about lessons learned from the accident and safety of their own job.



Viewing the DVD on LPG fire and explosion accident

<b>Objectives</b>	Foster a safety-first culture Make all employees imagine potential risks of their job and have safety-first mind-setting
<b>Targets</b>	Cosmo Energy Holdings and three core companies Group companies that have oil refining workplaces
<b>Contents of training sessions</b>	Viewing of the DVD that features the Chiba Refinery fire and explosion accident, and how it was dealt with Session to learn underlying causes of the accident and make attendees rethink their own job
<b>Methods</b>	Level 1: DVD viewing (about 45 minutes), lecture, group discussion, and report writing 90 minutes in total Level 2: DVD viewing (about 40 minutes), and filling out a questionnaire 50 minutes in total Level 3: DVD viewing (about 20 minutes) by e-learning and study 30 minutes in total



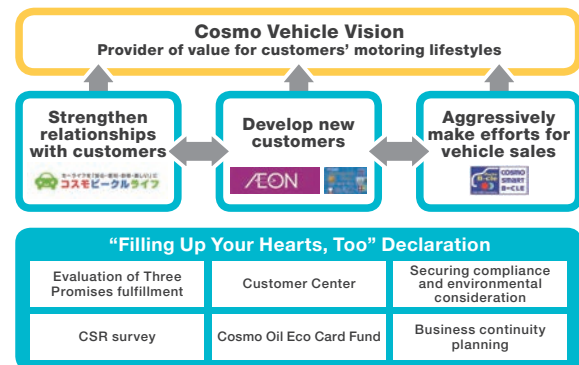
Example of the text

## CSR Activities

# Customers ~Toward fulfilling motoring lifestyle solutions~

## Cosmo Vehicle Vision

In the midst of a decline in demand for fuel and oil for motor vehicles, we are focusing on transforming ourselves from being an oil retailer to being a value provider for customers' motoring lifestyles. Our Cosmo Vehicle Vision is to comprehensively capture demand from the entire ¥36 trillion vehicle-related market. We intend to thoroughly fulfill motoring lifestyle solutions from customers' viewpoints.



## Developing new customers

### Cosmo the Card

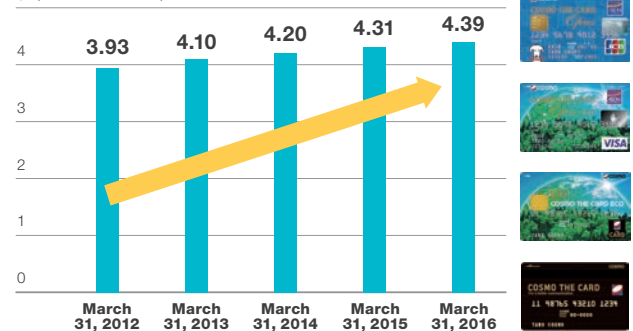
— 4.39 million cardholders —

Cosmo the Card plays a critical role in building relations with customers at service stations. The number of Cosmo the Card holders has been steadily increasing.

The Cosmo Energy Group and the major retailer, the AEON Group, have begun to mutually give customer referrals. In July 2014, Cosmo the Card Opus cardholders began to receive an additional benefit when shopping at AEON Group stores, while we increased service stations which accept AEON's electronic money WAON for payment.

### Number of Cosmo the Card Holders

5 (million cardholders)

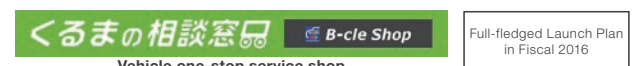


## Extreme motoring lifestyle product

### Cosmo Smart Vehicles

— 27,000 vehicles under lease —

Cosmo Oil is aggressively promoting sales and expansion of "Cosmo Smart Vehicle", a leasing program of all vehicle types from all Japanese carmakers at favorable terms for consumers. This business model is patented and can be offered only by us, combined with a discount for fuel oil. In fiscal 2015, we launched Smart Vehicle Shops, which provide one-stop services ranging from vehicle sales to insurance, maintenance, and vehicle inspection to vehicle trade-ins.



#### Vehicle one-stop service shop

- Motoring lifestyle consultants help support customers' vehicle selection for free
- All vehicle types of all Japanese carmakers are handled.
- Find most favorably priced vehicles from affiliated dealers across Japan
- Thorough after-sale services



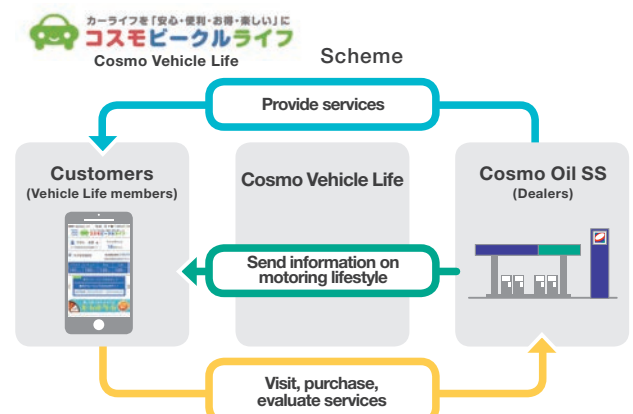
Shop exterior (image)

## Strengthen Relations with Customers

### Cosmo Vehicle Life

— members surpassed 0.6 million —

We offer lifestyle to customers Cosmo Vehicle Life, a service to facilitate pleasant motoring. This is designed to strengthen relations with customers by issuing coupons for fuel, oil and car care products via Internet and smartphone applications and by offering loyalty points to be used for cash back. We have also introduced a function that enables customers to evaluate our services, named My Cosmo Project. The results are used to enhance our customer services.





## “Filling Up Your Hearts, Too” Declaration

### Regular Checking of Service Stations for Fulfillment of Three Promises

True to the “Filling Up Your Hearts, Too,” Declaration, the Cosmo Energy Group is working to fulfill the following three brand promises to customers at Cosmo Oil service stations. We are confident that keeping these promises at all service stations will result in favorable attitudes toward the Cosmo Brand and its being preferred by more customers. To check the status of our initiatives and enhancing services, outside mystery examiners investigate services at stations three times a year.

### Securing compliance and environmental consideration

Cosmo Oil’s service stations are promoting CSR activities such as thorough compliance and consideration of the environment, and believe appreciation of this will be good for the Cosmo Brand. As a CSR survey, the Cosmo Energy Group conducts annual privacy policy (PP) surveys to check proper management of personal information and environmental management (EM) surveys to check if environment/safety-related equipment and facilities are properly managed at service stations. In fiscal 2015, inspectors visited 1,190 service stations, and 1,584 service stations conducted their own self-assessments.

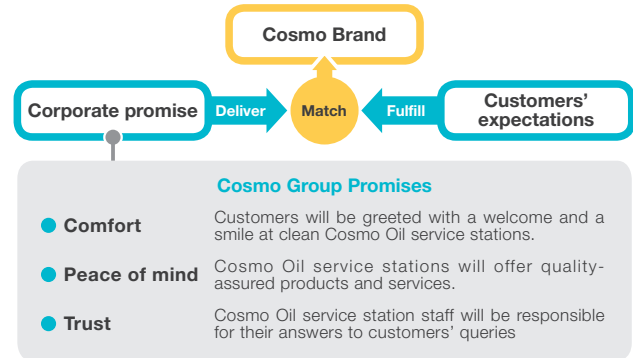
### Ensuring Customer Support

The Cosmo Oil Customer Center operates a customer support hotline 24 hours a day.

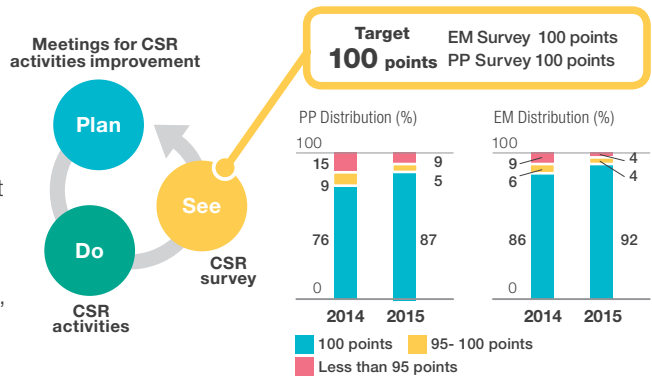
In fiscal 2015 the support hotline received 10,146 calls, with card-related inquiries accounting for more than half, and customer feedback accounting for 595 calls, of which 558 calls concerned service stations. The support line also received 136 calls expressing gratitude or praise. We heed those voices of customers so that we can better provide satisfying service station operation.

### Developing Personnel that Support Motoring Lifestyle

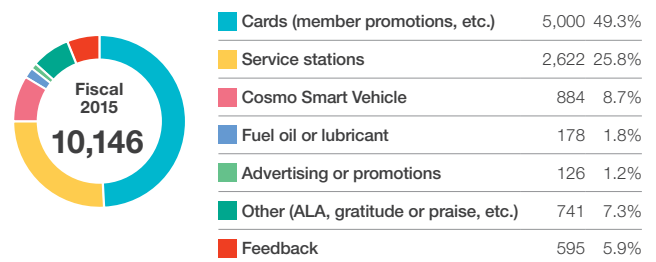
Service station persons, who have direct contact with customers, play a central role in realizing our visions. We held training courses to foster personnel who can look after our customers’ motoring lifestyle. In fiscal 2015, 4,000 employees attended the training tailored to the Vehicle Vision initiatives. Concerning courses for qualification acquisition, 39 employees passed the 2nd Class Auto Mechanics Course for Gasoline Vehicles and 87 employees passed the 3rd Class Auto Mechanics Course for Gasoline Engines or for Chassis with their respective passing rates at 98% and 100% respectively. These rates are extremely higher than the national average. These mechanics support motoring lifestyle of our customers.



### CSR Initiatives at Service Stations



### Support Hotline Calls by Type



<b>Car Life Concierge training course</b>	Education for personnel who can make proposals on optimal motoring lifestyle to customers (Approval system)
<b>CIS/EIS training course</b>	Help raise Consumer Impressive and Satisfaction (CIS) and Employee Impressive Satisfaction (EIS) to improve earnings
<b>Acquisition of nationally-accredited qualifications</b>	2nd Class Auto Mechanics Course for Gasoline Vehicles 3rd Class Auto Mechanics Course for Gasoline Engines and Chassis Course for Hazardous Materials Engineer (Class B, Group 4) License

Technical training courses, courses for supporting skills and knowledge, and other courses are also available.

# Human Resources ~Source of Value Creation~

## Personnel System and Human Resources Development for Value Creation

The Cosmo Energy Group believes that our human resources are the source of our value creation.

We strive to develop people who proactively tackle issues of the changing business environment with a sense of speed. At the same time, we respect diversity and make efforts to make workplaces in which employees play an active role by making use of their diverse backgrounds.

### Number of Cosmo Oil Employees\* (as of March 31, 2016)

	Men	Women	Total	
Cosmo Oil (including those assigned to other companies)	Union members	1,410	271	1,681
	Management position	639	8	647
	Senior employees	311	15	326
	<b>Subtotal</b>	<b>2,360</b>	<b>294</b>	<b>2,654</b>

\* Mainly Cosmo Energy Holdings, the three core companies, and employees who are assigned to other companies.

All employees' average years of service **22.4 years**

Female employees' average years of service **19.2 years**

\* Both include senior employees.

## Personnel System and Assessment System

Since April 2015, the personnel system has been substantially revised with the objective of enabling employees, regardless of their age, gender, and work type, to make their maximum efforts with healthy willingness to compete and high consciousness of profits, with the effect of invigorating individual employees and their organizational units, with the result that companies and their employees grow together. The personnel assessment system for all employees is fair and transparent, while efforts are being made for enhancing independence of employees' mind-sets and conducting assessment training for line managers.

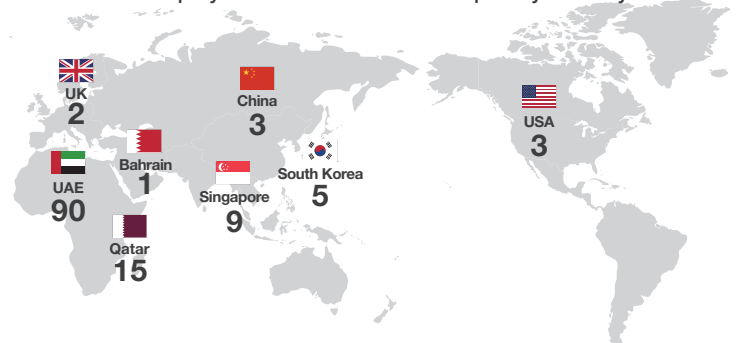
### Major Revisions

Objective	Specific measures
To provide opportunities to all employees	<ol style="list-style-type: none"> <li>1 Change of course-based personnel management system</li> <li>2 Introduce a system of pay scale determination for managers according to level of work responsibility.</li> <li>3 Implement a promotion review process that eliminates seniority as a criterion.</li> </ol>
To encourage employees to compete and enhance their consciousness of profitability	<ol style="list-style-type: none"> <li>1 Introduce a system that highly evaluates employees who take up the challenge of making changes, including reforms</li> <li>2 Implement personnel assessment that incorporates each employee's achievement</li> <li>3 Introduce performance-linked bonuses</li> </ol>

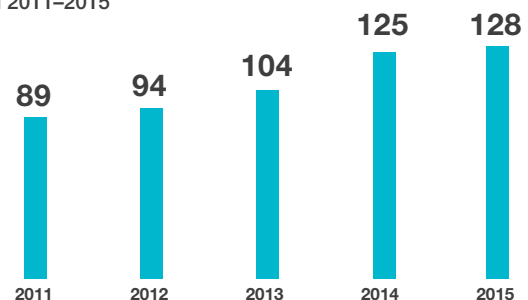
## Human Resources Development and Global Human Resources

The new personnel system has identified a desired employee as a professional with aspirations and willingness to improve. We depart from conventional seniority-based personnel management in favor of aiming at selectively developing personnel that match objectives. We have included knowledge and skills needed for business as an item included in promotion reviews, as one means we encourage personal development. We have conducted training courses for managers to improve their fostering of subordinates and have enhanced the training course for female employees to further encourage their development. The Cosmo Energy Group has 128 employees stationed in eight countries outside Japan. Aiming to become a vertically integrated global energy company, we urgently need to foster global personnel with diverse experience and skills. We also need to send younger and mid-career employees to work on projects outside Japan and send employees abroad for continuing education. We have sponsored select employees study at overseas universities or international universities in Japan (six employees in the past five years.)

### Number of Employees Stationed Outside Japan by Country



### Number of Employees Stationed Outside Japan: Fiscal 2011–2015



\* The number of employees includes those dispatched from Cosmo Oil and full-time employees of Cosmo Engineering, Cosmo Trade & Service, and Cosmo Energy Exploration & Production (as of March 31, 2016)

## Respecting diversity

The Cosmo Energy Group is committed to achieve diversity in its workplace. We aim to achieve high productivity and continue to grow by having a workplace that allows motivated employees with diverse backgrounds go about their work proactively. For that purpose, the Diversity Promotion Office was established in June 2015 to promote development and use of diverse human resources and the human rights measures. In particular, we are focusing on encouraging female employees' work, by implementing an action plan targeting the ratio of female managers at 5% of total by 2020 (compared to 1.2% at March 31, 2016.)

## Facilitating Work-Life Balance

The Cosmo Energy Group has adopted various programs so that our employees can work in good mental and physical personal condition and balance their work with their life events. Employees who are having babies and raising children can utilize childcare leave and also the arrangements for working reduced hours or the work-at-home program. Moreover, we encourage employees to take the special occasion paid holidays that we provide for first wedding anniversaries and each child's first birthday. We have also prepared some programs that allow employees with a change in family circumstances to continue to work: namely, a program with limited workplace options due to childcare or elderly care; a re-employment program for employees who have forced to leave a company due to needs related to childcare or elderly care; and a work-leave program due to work re-assignment of a spouse.

## Reducing Long Working Hours

Valuing the health of employees and working to facilitate work-life balance, we aim to optimize working hours by improving productivity.

Including an annual total working hour benchmark of 1,900 hours, initiatives in fiscal 2015 include the encouragement of employees to work mornings rather than nights (excluding shift workers), to take a so-called "refresh day" (no-after-hours work day) to turn off the light in the workplace at 20pm (to discourage non-essential after-hours work), and to factor in the actual number of hours worked by subordinates and its improvement into personnel assessment of managers. These efforts have resulted in just a slight decline in the number of hours worked compared to those of the previous year but more employees have made plans to take their paid holidays.

In fiscal 2016, we plan to newly identify these initiatives as a part of a "reform in working patterns." We are setting up a target in the number of hours worked for each department and implement various specific measures, such as to streamline operations and meetings, and a planned acquisition of paid holidays.

### ■ Respecting diversity

Under the continuing theme of promoting diversity and offering fair employment opportunities, we are striving to increase our employment of persons with disabilities. In fiscal 2015, persons with disabilities accounted for 2.06% of the workforce, slightly exceeding the 2.0% rate mandated in Japan. We also strive for development of workplaces and promotion of employment for persons with disabilities. In fiscal 2015, we hosted internships for four students with disabilities as one measure to expand workplaces for such persons.

### ■ Respecting human rights

We respect the human rights of each employee and endeavor to make pleasant positive workplaces by preventing harassment. We have established the Harassment and Human Rights Consultation Helpline, which is open to dispatched workers and part-timers in addition to full-time employees, to improve our workplaces.

#### Number of Employees Taking Childcare Leave

	2013	2014	2015
Men	4	2	2
Women	17	16	24

\* If a person's childcare leave extends across two fiscal years, that person is counted in the number for both fiscal years.

#### Employees Working Reduced Hours

	2013	2014	2015
For childcare	17	21	22
For elderly care	0	1	1

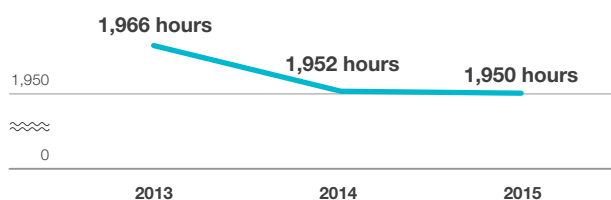
\* If a person's childcare leave extends across two fiscal years, that person is counted in the number for both fiscal years.



Cosmo Oil, to which about 2,700 employees out of group employees belong, has been certified for "Action Plans for General Industrial Corporations (Act on Advancement of Measures to Support Raising Next-Generation Children)" for five consecutive three-year terms since April 2005.

#### Total Annual Work Hours

2,000 (Hours)



#### Average Monthly Overtime Hours and Average Annual Paid Holidays Taken

	2013	2014	2015
Average monthly overtime hours	23.2 hours	22.3 hours	22.5 hours
Paid holidays taken	17.4 days	17.7 days	18.4 days

\* Employees receive 15 days of paid holidays in their first year, then 17 days after one year of employment, 19 days after two consecutive years, and 21 days after three consecutive years.



# Environment ~Aiming to Realize "Living with Our Planet"~

## Cosmo Energy Group's Environmental Management Systems

The Group advocates "promoting environmental measures" as one of the priorities of its CSR Activity Policy. In the Consolidated Medium-Term Environmental Plan (FY2013-FY2017), the Group has three priorities: responding strategically to global warming while ensuring business continuity, reducing environmental impact, and promoting environmental contribution activities — and it is taking action to realize the corporate messages of "Living with Our Planet" addressed to society.

## Reporting of activities and performance evaluation by Environment and Social Initiative Committee

The Group has acquired ISO 14001 certification for 8 sites, including refineries, that have a large environmental impact. In addition to conducting internal audits, we accept external inspections and confirm whether initiatives aimed not only at compliance with laws and regulations but also the reduction of environmental burdens on the air and water have been carried out.

Furthermore, in regard to resource saving, energy saving and reductions in the quantity of water used and waste at all Group companies, the Environment and Social Initiative Committee conducts planning, reporting, and evaluation of performance in the Consolidated Medium-Term Environmental Plan and also promotes action initiatives that consider the environment.

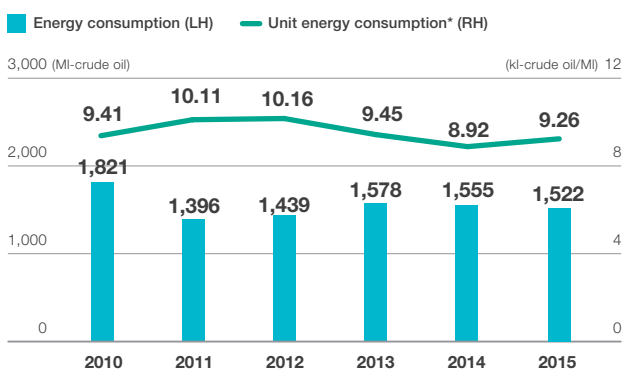
Priority item	Theme	Major initiatives and targets	Fiscal 2015 results	Evaluation*	Fiscal 2016 policies
Promote environmental initiatives	Address to global warming	Reduction of CO <sub>2</sub> emissions by 853 kt in fiscal 2017 (vs. fiscal 2010)	Reduced CO <sub>2</sub> by 937 kt (vs. fiscal 2010) (Breakdown) Efficient operation of the manufacturing division ▲813kt-CO <sub>2</sub> Wind power generation ▲59kt-CO <sub>2</sub> Bio gasoline ▲65kt-CO <sub>2</sub>	A	Continue the initiatives so as to achieve the target in fiscal 2017 again
	Reduce environmental impact	Review of collection of environmental data	Started to take the data on general waste and the amount of water usage	A	Deliver information for reduction in environmental impact within the Group
	Promote environmental and social contribution activities	Promote Eco Card Fund initiatives	Took a measure against a decline in cardholders	B	Continue the current measure as it yielded in retaining some cardholders.

\* A: Fully achieved; B: Partially achieved; C: Not achieved

## Energy Conservation in Refineries

Approximately 70% of the Cosmo Energy Group's CO<sub>2</sub> emissions are generated by refining. The Group is working to reduce this figure and conserve energy by introducing high-efficiency equipment and improving operational performance. In fiscal 2015, due to

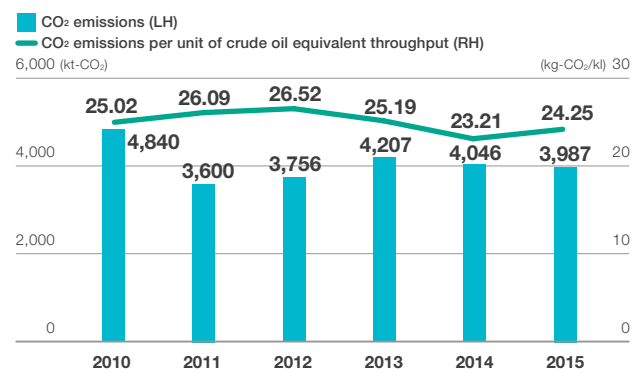
### Energy Consumption and Unit Energy Consumption



\* Unit energy consumption indicates total energy consumption divided by the total crude oil equivalent throughput, taking into account the complexity of refining technology. The unit used is kiloliters of crude oil equivalent/megaliter (kl-crude oil/MI). Total energy consumption is calculated by converting heat, electricity, and other energy use into the megaliters of crude oil equivalent (MI-crude oil).

suspension of the Yokkaichi and Sakai Refineries for maintenance, unit energy consumption increased but the aggregate amount of energy consumption and that of CO<sub>2</sub> emissions decreased compared to the previous year.

### CO<sub>2</sub> Emissions and CO<sub>2</sub> Emissions per Unit of Crude Oil Equivalent Throughput



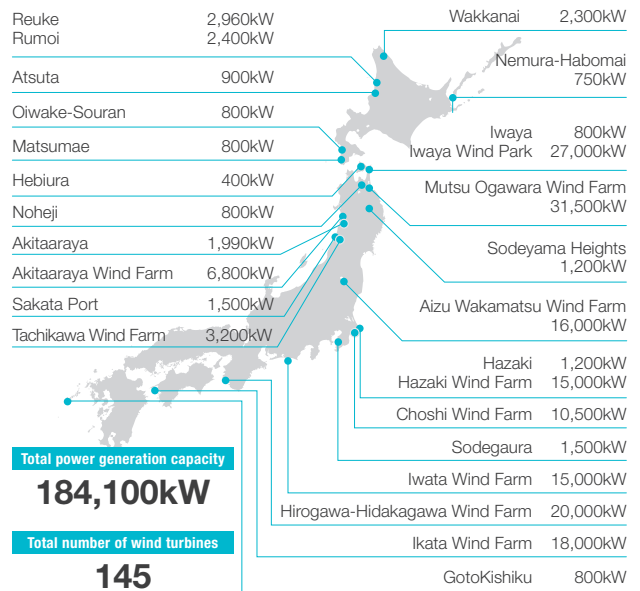
\* As the Sakai Refinery was turned into a distribution terminal in fiscal 2014, the data has been collected from three refineries since fiscal 2014, compared to from four refineries up to fiscal 2013.  
\* In addition to the figures shown in the graph, N<sub>2</sub>O released from the catalyst regeneration tower amounted to 17 kt of CO<sub>2</sub> equivalent in fiscal 2015.

## Renewable energy initiatives

The Group strives to supply clean energy by actively undertaking wind power and solar power generation businesses. In FY2015, we started operations at the Aizu Wakamatsu Wind Farm (16,000kW) and the Akitaaraya Wind Farm (1,990 kW). As a result, we have generated a total of 343,143 MWh of electricity from 145 wind turbines (22 areas), and based on conversion to CO<sub>2</sub>, this has had the effect of a 198,680t-CO<sub>2</sub>\* reduction in CO<sub>2</sub> emissions. In addition, CSD Solar G.K., which was established as a joint venture with Showa Shell Sekiyu and the Development Bank of Japan, started operations at the Omishima Solar Power Plant in June 2016. As a result, we have completed the construction of all eight bases nationwide (solar generation capacity of 24,000kW) that we had planned from FY2014, and we are continuing to operate them steadily.

\*Calculated using alternate value of 0.579 (t-CO<sub>2</sub>/MWh) in "FY2014 Actual Emission Coefficients and Adjusted Emission Coefficients for Each Power Company"

### EcoPower's Wind Power Plants



## Overseas environmental measures and environmental preservation

Based on a strong sense of mission regarding stable supply, the Cosmo Energy Group ensures proactive environmental communication on a global scale by working earnestly on the environmental measures and preservation initiatives at oil drilling sites as well, while making oil exploration and production the foundation of its business, with the aim of realizing a sustainable society.

### Zero flaring project

The oil exploration and production business entails risks that have an impact on the environment at each stage of drilling, exploration and production. Therefore, we regard environmental preservation activities as an important issue and are promoting initiatives to reduce the impact on the environment as far as possible.

At oil fields operated by Abu Dhabi Oil Co., Ltd. (ADOC) and Qatar Petroleum Development Co., Ltd. (QPD), which are Group companies in the Cosmo Energy Group, we have realized zero flaring by recovering associated gas generated in tandem with oil production and injecting it into underground oil reservoirs. This is contributing to the prevention of air pollution and a reduction in CO<sub>2</sub>

emissions. Currently, we have realized zero flaring at four bases in two countries, namely, Abu Dhabi in the UAE (Mubarraz Island, West Mubarraz AR Site Terminal, and Central Facilities Platform (CFP)) and Qatar (CFP), and we are continuing with further endeavors.

#### Mubarraz Island flaring



Before zero flaring operation



After zero flaring operation

### Environmental protection activities in oil producing countries

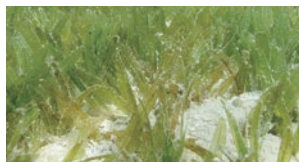
At Mubarraz Island, which is a site for oil production, we are undertaking a wide range of environmental protection activities such as greening, including the planting of mangroves, ocean reef farming, propagation of sea grass, and protection of the misago (osprey), a rare species.



Mangroves that were planted



Ocean reef farming



Propagation of sea grass



Misago (osprey)

# Society ~Aiming to be the Preferred Energy Company~

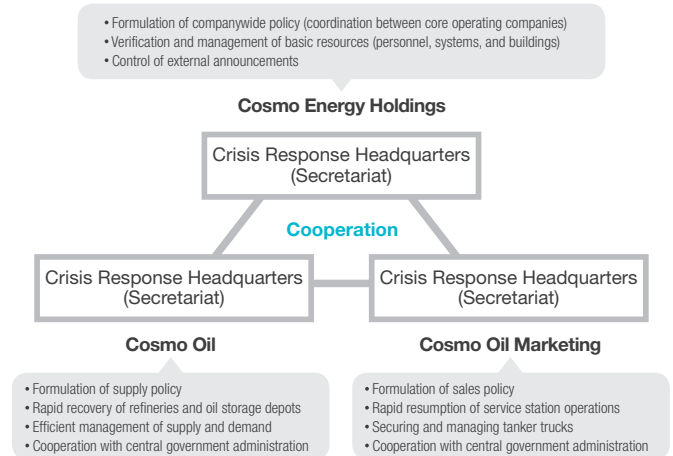
## A company that supports energy infrastructure

Our mission and role as a company that supports energy infrastructure centered on oil is very large. We believe that our obligation is to establish a system to maintain the stable supply of energy and to continually and actively undertake initiatives and activities that take the environment into account, based on Symbiosis with the Global Environment, which is our part of our corporate vision.

## Revision of Earthquake BCP (business continuity plan)

We have revised the Earthquake BCP Manual in tandem with the transition to a holding company structure, established Crisis Response Headquarters respectively at Cosmo Energy Holdings, Cosmo Oil and Cosmo Oil Marketing, and changed the system to initiate the BCP. Moreover, in the event that we are unable to establish the Crisis Response Headquarters at the head office of Cosmo Energy Holdings due to such factors as an earthquake directly under the Tokyo metropolitan area, we have prepared manuals for the Provisional Crisis Response Headquarters that will be established at the Cosmo Oil Sakai Refinery and the Osaka Branch of Cosmo Oil Marketing.

## BCP organizational structure



## Summary of Earthquake BCP of Cosmo Energy Group

Key points	<ul style="list-style-type: none"> <li>Unifies disaster estimation in the BCP framework and the BCP manuals of each division</li> <li>Estimates damage at each company and each division based on disaster assumptions</li> <li>Clarifies business continuity objectives in terms of the Company, based on disaster assumptions and damage estimations</li> <li>Separates operational flow at each company and each division chronologically, clarifies operational details during this period, and strengthens inter-divisional cooperation</li> </ul>
Basic policy	(1) Respect human life, prevent secondary disaster, secure stable supply (2) Rapid restoration of sequential supply chain BCP (encompassing the scope from refineries and oil depots to service stations) (3) Consistency with "Japan's Petroleum Supply Plan for Disasters" based on the Oil Stockpiling Act
Scenarios	Major earthquake in Tokyo and/or Nankai Trough great earthquake
Business continuity objectives	We will strive to continue oil refinery shipments to service station operations to prevent suspension of the stable supply of oil products or enable resumption in the shortest time possible.
Advance response (disaster prevention, disaster mitigation)	<ul style="list-style-type: none"> <li>Regular implementation of earthquake BCP training</li> <li>Hardware countermeasures against earthquakes and tsunami (safe shutdown of equipment, lateral flow countermeasures, etc.)</li> </ul>

\*Plans where oil refiners supply oil by cooperating in implementing joint operations, including the establishment of a joint operating system, joint use of facilities, and cooperation relating to transportation

## Head office's BCP response facilities

The Group has installed satellite phones and MCA wireless at each business site, and has a system that enables communication to be conducted even in situations where fixed phones and mobile phones cannot be used. Furthermore, at the head office, emergency-use generators have been installed while, in the main conference room, which is to be used as the Crisis Response Headquarters, power switching boards for normal use and emergency use (BCP enabled boards) and electrical outlets that can be used when using emergency-use power sources (BCP enabled electrical outlets) have been installed.

## Implementation of provisional crisis response training in Kansai region

Even if an earthquake occurs directly under the Tokyo metropolitan area and it becomes difficult to set up the Crisis Response Headquarters at the head office, the Company has put in place preparations, responses, and initiatives to set up a provisional crisis response headquarters in the Kansai region in order to continue business operations.

We conducted training for this provisional crisis response headquarters on November 16, 2015 at the Cosmo Oil Sakai Refinery and the Cosmo Oil Marketing Osaka Branch.

After resolving issues extracted in this training, we have reflected improvement points in manuals, and as part of risk management, we will continue to conduct BCP training in an integrated way among the three companies in an endeavor to prevent secondary disasters and ensure the stable supply of oil products while placing the greatest priority on respect for human life at the time of a large-scale disaster.



Provisional crisis response training

## United Nations Global Compact

The Cosmo Energy Group has pledged its commitment to the United Nations Global Compact since 2006, supporting ten principles in the areas of human rights, labor standards, the environment and anti-corruption. The Group's embrace of the Global Compact shows that it is committed to CSR from an international perspective and that it is striving to improve its initiatives for social responsibility.

## Cosmo Oil Eco Card Fund

The Cosmo Energy Group has outlined "Harmony and Symbiosis with the Global Environment" as part of its management philosophy and has been working to solve environmental problems since 2002. The Cosmo Oil Eco Card Fund supports environmental initiatives implemented by NPOs, based on ¥500 donations collected from Eco Card Members each year and part of the sales of the Cosmo Energy Group. In addition, the Group conducts eco tours that enable Eco Card members to experience first-hand the outcomes of donations, and implements other initiatives that enable environmental problems to be experienced.

## "Cosmo Earth Conscious Act" Cleanup Campaign

Since 2001, the Cosmo Energy Group has been promoting Cosmo Earth Conscious Act initiatives for the preservation and conservation of the global environment. These efforts include cleanup campaigns, where participants enjoy nature while cleaning up mountains, rivers, and beaches throughout Japan. At 606 locations over the past 15 years, these campaigns have involved 232,189 participants, who have collected a total of 6,498,417 liters of garbage. Each summer, a cleanup campaign is also held at Mt. Fuji. In FY2015, 160 participants cleaned up Mt. Fuji while enjoying eco trekking and collected a total of 8,415 liters of garbage.

## Main Social Initiatives

Based on "Harmony and Symbiosis between Companies and Society," one of the principles of the management philosophy, the Cosmo Energy Group is undertaking various social contribution activities under the concepts of "To educate children who will be part of the future society," "To preserve the global environment" and "To form a cultural society."

Program	Description	Time to be held	Results	Launch
23 <sup>rd</sup> Cosmo Waku Waku Camp	Nature camp for elementary-school aged children who have lost their parent(s) in traffic accidents	August 7-9	<ul style="list-style-type: none"> <li>Participated by 36 children</li> <li>Volunteered by 13 employees</li> </ul>	1993
Jazz Night at Gyoranji Temple	Charity concert to benefit the Family House, a housing option for families of children in long-term hospital care	September 4	<ul style="list-style-type: none"> <li>¥192,000 was donated.</li> </ul>	2007
Christmas Card Project	Project to send Christmas cards with words of encouragement to children in long-term hospital care	November -December	<ul style="list-style-type: none"> <li>430 cards were sent from the Company</li> </ul>	2003
Cosmo Eka-Kids	Hands-on craft workshop conducted by Group employees at an orphanage	December 19	<ul style="list-style-type: none"> <li>Participated by 13 children at an orphanage</li> <li>Volunteered by 5 employees</li> </ul>	2004
Happy Doll Project	A project to make "happy dolls" with children in long-term hospital care	May - October	<ul style="list-style-type: none"> <li>Held at 7 hospitals</li> </ul>	2009

## 10 Principles of the U.N. Global Compact

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labour;
	Principle 5	the effective abolition of child labour; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.



**Cosmo Oil Eco Card Fund Activity Report 2016**  
<http://ceh.cosmo-oil.co.jp/kankyo/eco/report.html>



**"Cosmo Earth Conscious Act" Initiatives Schedule and Report**  
 Official website <http://www.tfm.co.jp/earth/>  
 facebook <http://www.facebook.com/earth.act>  
 Digging up and collecting garbage that was unlawfully dumped and buried on Mt. Fuji