

Initiatives of the Cosmo Energy Group
 New Consolidated Medium-Term CSR Management Plan

CSR

Cosmo Energy Group Management Vision In striving for harmony and symbiosis among our planet, humankind, and society, we aim for sustainable growth toward 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

New Consolidated Medium-Term Management Plan

Cosmo Energy Group Code of Conduct

Direction and Materiality (priority issues) of the New Consolidated Medium-Term CSR Management Plan

- Chapter 1** We are determined to be a safe and 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



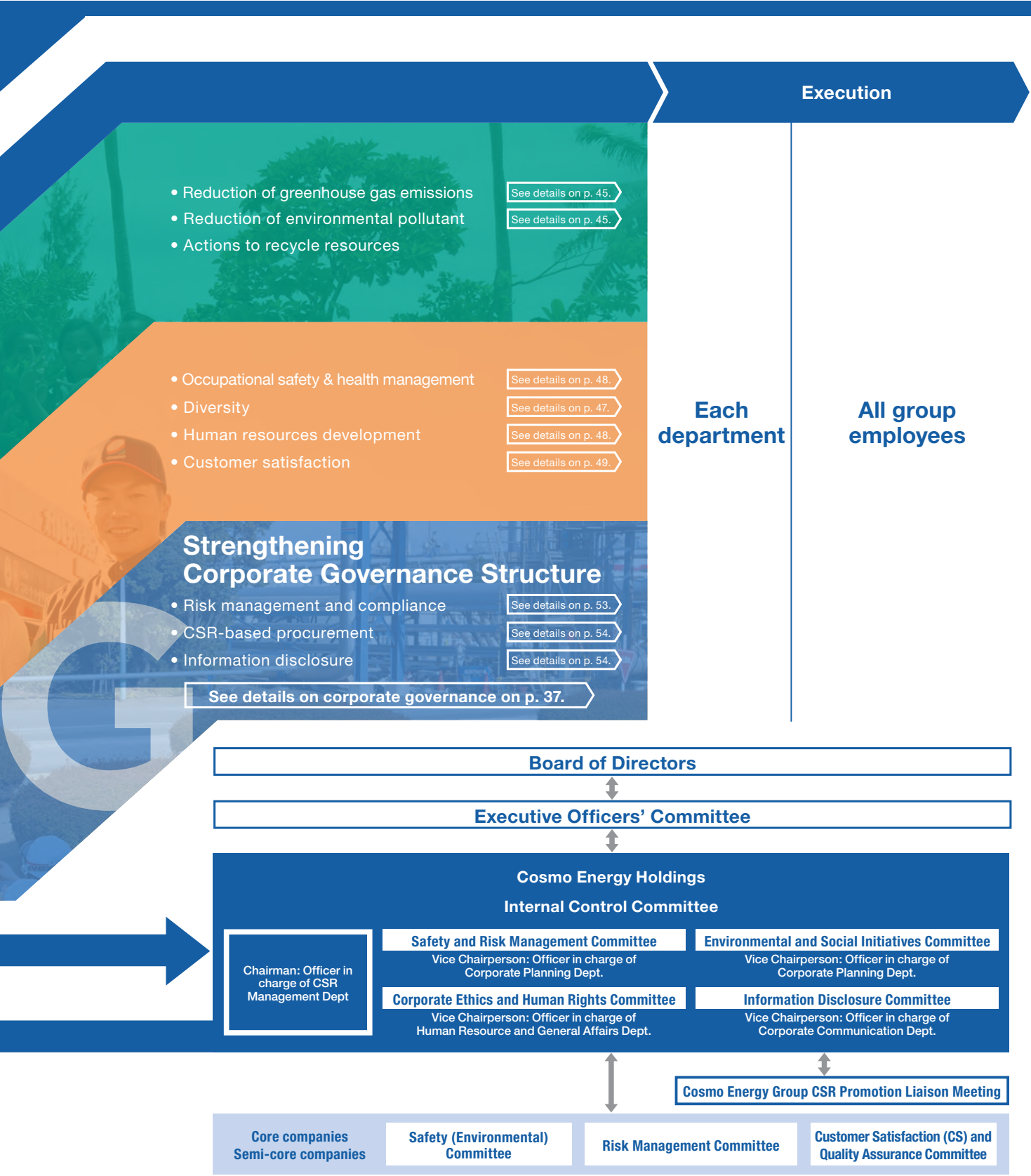
Reporting of measures and results

PDCA cycle

Evaluation and instruction for improvement



In order to realize sustainable growth as declared in the Management Vision of the Cosmo Energy Group, and based on the Cosmo Energy Group Code of Conduct, a new consolidated medium-term CSR management plan (FY2018 to FY2022) has been drafted in line with the new consolidated medium-term management plan. To strengthen the basis for group management, which is one of the four basic policies of the plan, our entire group will implement CSR management and contribute to realizing Social Development Goals (SDGs) from the perspective of ESG (environmental measures; human rights and social contribution measures; safety and governance).





Promoting Environmental Initiatives

The Cosmo Energy Group advocates “promoting environmental initiatives” as materiality of the new consolidated medium-term CSR management plan. Specifically, we have selected up three priority issues: reduction of greenhouse gas emissions; reduction of environmental pollutant; and actions to recycle resources. We have set targets and KPIs in promoting environmental initiatives.

Environment

Reduction of Greenhouse Gas Emissions

Long-Term Environmental Vision 2030

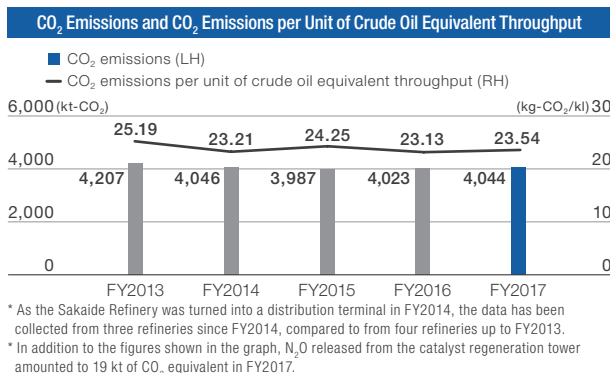
As a part of the new medium-term CSR management plan, we developed the “Long-Term Environmental Vision 2030,” consistent with the orientation of the global community and the Japanese Government toward realizing a sustainable society. In an effort to contribute to reducing CO₂ emissions, we are targeting a 2 million ton (26%) reduction in emissions by FY2030, compared to the level in FY2013. Along this line, we are targeting a 16% reduction in FY2022, the final year of the plan, again compared to the level in FY2013.

Energy Conservation at Refineries

In FY2017, in order to attain optimal supply and demand balance in domestic petroleum products, the Chiba Refinery reduced the processing capacity of the Crude Distillation Unit (CDU). The resultant decrease in crude oil refining volume led to a slight increase in CO₂ emissions per unit of crude oil equivalent throughput. Refineries represent the largest portion in CO₂ emission of the Cosmo Energy Group. We will therefore strive for energy conservation from both a hard aspect (introduction of high-efficiency equipment) and a soft aspect (energy-efficient operation of facilities).

Cosmo Energy Group's CO ₂ Emissions					
	2013	2016	2017	2022	Vs. FY2013
Transportation division (crude oil, products)	90	100	94	86	-4
Manufacturing division (including energy conservation and efficiency enhancement)	676	645	667	598	-78
Other (service stations, research centers, etc.)	4	3	3	4	0
Bio fuels (with ETBE ¹)	-7	-14	-15	-15	-8
Expansion of renewable energy business (wind power generation ² , etc.)	-16	-22	-22	-46	-30
				-120	

1: Ethyl tert-butyl ether (ETBE)-mixed gasoline: The amounts of reduction in CO₂ emissions are calculated by gasoline combustion at a target share of 11% multiplied by the adoption target of bioethanol of the Act on Sophisticated Methods of Energy Supply Structures. The estimates for FY2022 are calculated based on the FY2017 targets – 500,000 KL (crude oil equivalent) multiplied by 11% share.
2: Wind power generation: Calculated by using the total power generation volume multiplied by the actual CO₂ emission coefficient, adjusted CO₂ emission coefficient, and other alternative measures. The targets for FY2022 use the alternative measure (0.587kg-CO₂/kWh) of FY2016.



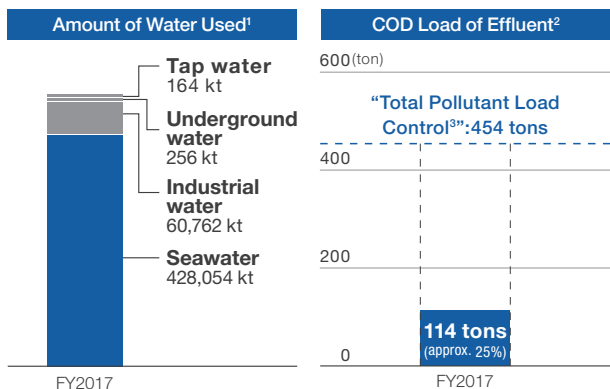
* As the Sakaide Refinery was turned into a distribution terminal in FY2014, the data has been collected from three refineries since FY2014, compared to from four refineries up to FY2013.
* In addition to the figures shown in the graph, N₂O released from the catalyst regeneration tower amounted to 19 kt of CO₂ equivalent in FY2017.

Reduction of Environmental Pollutants

Use of Water and Water Discharge Measures (Water Pollution Prevention)




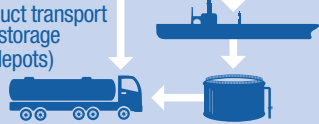

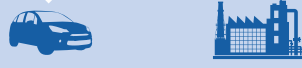

The Cosmo Energy Group's refineries and plants use a vast amount of water (over 90% is seawater) mainly for cooling but also for cleaning and boiler feed water. In FY2017, 489,237kt of water was used, of which 60,762kt was industrial water. We are striving to use water efficiently, including the reuse and recycle of water.

Concerning water discharge, we discharge the seawater used for cooling into the sea, and properly treat the water used for cleaning and other operating processes at stricter levels than required by the legal standard levels for minimizing environmental impact when discharged. In FY2017, the total amount of Chemical Oxygen Demand (COD, an indicator used to quantify the amount of oxidizable pollutants found in water discharge) was at a low level, equivalent to about 25% of the “Total Pollutant Load Control amount” (annual value for reference).



1: The amount of water used is an aggregate amount for 3 refineries of Cosmo Oil, Yokkaichi Kasumi Power Station, 2 plants of Cosmo Oil Lubricants, 1 plant of Cosmo Matsuyama Oil, and 2 plants of Maruzen Petrochemical.
2: The COD load of effluent used is an aggregate amount of 3 refineries of Cosmo Oil and a plant of Cosmo Matsuyama Oil.
3: Total Pollutant Load Control amount (annual value for reference): The prescribed daily load is multiplied by 365 to get an annual amount. In the case that the amount temporarily exceeds the legal limit, we report to the relevant authority and promptly take measures to make the amount fall below the legal limit.

Environmental Impact of Business Activities in FY2017

INPUT		Business Activities	OUTPUT	
Energy		Crude oil production ¹ 	Emissions	
Fuel	19,439 TJ		CO ₂	1,084 kt-CO ₂
Energy		Crude oil transport ¹ 	Emissions	
Fuel	9,538 TJ		CO ₂	652 kt-CO ₂
Petroleum Business		Manufacturing ^{2,3,4} 	Petroleum Business	
Energy			Emissions	
Purchased power	4,767 TJ (493,213 MWh)		CO ₂	4,115 kt-CO ₂
Fuel	55,398 TJ (crude oil equivalent 1,429 thousand kl)		SO _x	3,691 ton
			NO _x	2,146 ton
Water			Water discharge	
Seawater	399,287 kt		Water discharge	406,803 kt
Industrial water	39,118 kt		Chemical oxygen demand (COD)	110 ton
Underground water	209 kt		Industrial waste	
Tap water	155 kt		Final disposal	1,056 ton
Petrochemical Business			Petrochemical Business	
Energy			Emissions	
Purchased power	1,350 TJ (139,070 MWh)		CO ₂	2,554 kt-CO ₂
Fuel	44,559 TJ (crude oil equivalent 1,150 thousand kl)		SO _x	745 ton
			NO _x	934 ton
Water			Water discharge	
Seawater	28,767 kt		Water discharge	33,434 kt
Industrial water	21,644 kt		Chemical oxygen demand (COD)	78 ton
Underground water	47 kt		Industrial waste	
Tap water	9 kt		Final disposal	293 ton
Products		Production of oil products 20,636 thousand kl	Electricity sold ⁵ 757,428 MWh	Steam sold ⁶ 4,426 TJ
				CO ₂ sold 128 kt-CO ₂
Energy		Product transport and storage (oil depots) ^{2,3,7} 	Emissions	
Purchased power (storage)	119 TJ		CO ₂ (storage)	21 kt-CO ₂
Fuel (storage)	214 TJ		CO ₂ (transport)	172 kt-CO ₂
Fuel (transport)	2,492 TJ			
Energy		Sales (service stations) ^{2,3} 	Emissions	
Purchased power	445 TJ		CO ₂	22 kt-CO ₂
Fuel	0.4 TJ			
Energy		Consumption (product use) ^{5,6,8,9} 	Emissions	
Purchased power	102 TJ		CO ₂ (product use)	45,597 kt-CO ₂
Fuel	50 TJ		SO _x (product use)	121,407 ton
			CO ₂ (electricity sold)	527 kt-CO ₂
			CO ₂ (steam sold)	199 kt-CO ₂
Energy		R&D centers and offices ^{*2,*3,*10,*11} 	Emissions	
Purchased power	102 TJ		CO ₂	9 kt-CO ₂
Fuel	50 TJ			

1. "Crude oil production" and "Crude oil transport" are estimated based on LCI for Petroleum Products by Fuel and Environmental Impact Assessment for Petroleum Products, published in March 2000 by the Japan Petroleum Energy Center.

2. For "Manufacturing" and subsequent stages, energy consumption is calculated in accordance with the Act on the Rational Use of Energy.

3. CO₂ emissions for "Manufacturing," "Product transport and storage (oil depots)," and "Sales (service stations)" (based on data from Cosmo Oil Sales Corp.), "R&D centers, offices, and other facilities" are calculated in accordance with a manual for GHG emissions accounting, reporting, and disclosure systems published by Japan's Ministry of the Environment and Ministry of Economy, Trade and Industry.

4. Figures given for "Manufacturing" include data from Cosmo Oil's three refineries, Yokkaichi Kasumi Power Station, and Cosmo Oil Lubricants in the Petroleum Business and Cosmo Matsuyama Oil and Maruzen Petrochemical in the Petrochemical Business. However, figures for SO_x and NO_x exclude data from Cosmo Oil Lubricants.

5. "Electricity sold" refers to electricity supplied externally by Cosmo Oil's Chiba Refinery, Yokkaichi Kasumi Power Station, and Maruzen Petrochemical's Chiba Plant. CO₂ emissions from "Manufacturing" were calculated by deducting the portion of CO₂ emissions attributed to electricity sold. CO₂ emissions from utility (power) were included in the CO₂ emissions from "Manufacturing."

6. "Steam sold" refers to steam sold by the Chiba Refinery, Cosmo Matsuyama Oil, and Maruzen Petrochemical's Chiba Plant. CO₂ emissions for "Manufacturing" were calculated after deducting the portion of CO₂ emissions that results from the generated steam sold.

7. CO₂ emissions from "Product transport" include data from the specified consigners in accordance with the Act on the Rational Use of Energy.

8. CO₂ emissions for "Consumption (product use)" are calculated by multiplying shipped volume of fuel products (such as gasoline and heavy fuel oil) by CO₂ emission coefficient. CO₂ emissions attributable to generated "Electricity sold" and "Steam sold" are calculated separately.

9. SO_x emissions for "Consumption (product use)" are for reference, and were estimated from the sulfur content of products without accounting for sulfur reduction during use. Accordingly, actual SO_x emissions are lower than the estimate.

10. Data for "R&D Centers" includes the R&D Center of Cosmo Oil, the R&D Laboratory of Cosmo Oil Lubricants, and Research Center of Maruzen Petrochemical.

11. Figures given for "Offices and other facilities" are the amount of electricity use of Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, Cosmo Oil Marketing, Group companies that share the eco-office activities, and Maruzen Petrochemical.

* The Cosmo Energy Group's total direct (Scope 1) emissions from business activities were 6,227kt CO₂ equivalent, and its indirect (Scope 2) emissions were 493kt CO₂ equivalent.



Enhancing Human Rights and Social Contribution Measures: Human Rights and Human Resources

The Cosmo Energy Group believes that our human resources are the source of our value creation. We strive to develop workplace where employees play an active role by making use of their diverse backgrounds and to develop arrangements that facilitate the employees' activities that create value. Under the new consolidated medium-term CSR management plan, we have set targets and KPIs for specific initiatives.

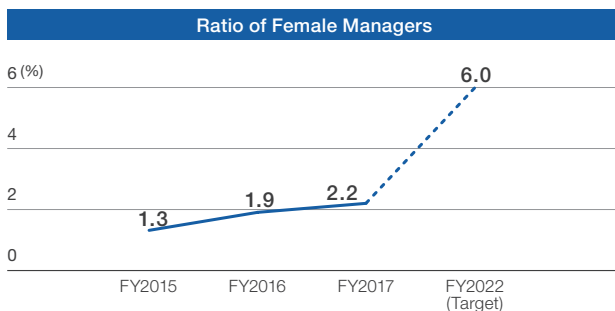
Diversity

Empowering Diverse Human Resources

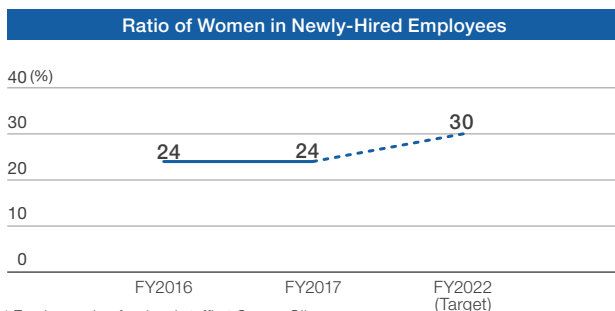
The Cosmo Energy Group is committed to achieve diversity in its workplaces. We aim to achieve high productivity and create new value by having a workplace that allows motivated employees with diverse backgrounds go about their work proactively and combine their contributions derived from their diverse value, abilities, and experiences. In order to achieve diversity, we are focusing on empowering female employees as the foremost priority. We are targeting women representing 6% of managers and 30% of newly-hired employees (professional staff) by FY2022.



At a Networking Lunch



* Managers are those ranked in a position to have subordinates or those in the similar rank but with no subordinates.
 * Due to a change in the scope of job category covered in the data, the ratio of female managers for previous years has been revised.
 * Employees registered at Cosmo Oil
 * Calculated as of March 31 of each fiscal year



* Employees (professional staff) at Cosmo Oil
 * Calculated as of March 31 of each fiscal year

In FY2017 we started a Networking Lunch program to help female employees raise career awareness. By providing opportunities to talk with executives (potential role models), the networking lunches are intended to help them overcome unease or problems concerning their career or work-life balance, obtain some hints for career formation, and expand their network within the company. Since FY2015, we have been hosting seminars for balancing childcare and work so that employees who are taking childcare leave would return to work without losing their career mindset. We

also provide counseling to them before and after childcare leave, and e-learning classes during the leave. In addition to the program of a leave of absence for childcare up to the end of the fiscal year after the child turns three, other support programs include the arrangements for the work-at-home program, working reduced hours, and limited-workplace options. Further, a Childcare Handbook, featuring a diversity of programs, has been published. We aim at continuing to achieve the women's current 100% return rate* to work.

The support for balancing elderly care with work is another area of emphasis. In November 2017, we held a seminar for support balancing elderly care and work as an opportunity to think about the issue. Moreover, an "Elderly Care Guidebook," featuring a diversity of programs, has been prepared and disseminated internally.

From the perspective of respecting diversity, we also strive to maintain or increase employment of persons with disabilities. The rate of persons with disabilities as of June 1, 2017 was 2.36%, exceeding the mandate rate. We are implementing measures to empower employees with disabilities, such as arranging seminars at the departments which will receive the employees and providing regular consultation to ensure the employee is settled well in the workplace.



Childcare Handbook



Elderly Care Guidebook

* Employees registered at Cosmo Oil, in FY2017

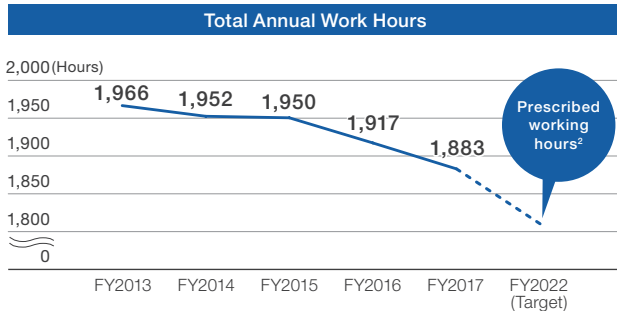
Occupational Safety & Health Management

Reducing Long Working Hours

In order to improve productivity and to facilitate work-life balance, we have aimed to optimize working hours. Targeting 1,900 total annual work hours, initiatives in FY2015 include the encouragement of employees to work mornings rather than nights (revision of the overtime pay rate), to take a so-called “refresh day” (no-after-hours work day), to turn off the lights in the workplace at 8pm (to discourage non-essential after-hours work), and to factor in the actual number of hours worked by

subordinates and its improvement in personnel assessment of managers. These efforts have resulted in achieving the target in FY2017 with the actual work hours at 1,883 hours.

We are now working for achieving higher productivity and workstyle innovation, targeting achievement of less than the agreed total annual working hours (1,811 for day work and 1,826 for rotating shift work) and 100% utilization of paid days off.



1. Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, and Cosmo Oil Marketing (including employees seconded from Cosmo Engineering and Cosmo Trade & Service)
2. The target for FY2022 is an average of prescribed working hours (1,811 hours for daytime workers and 1,826 hours for shift workers).

Average Annual Paid Holidays Taken

	FY2013	FY2014	FY2015	FY2016	FY2017
Average annual paid holidays taken	17.4 days	17.7 days	18.4 days	18.5 days	19.1 days

* Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, and Cosmo Oil Marketing (including employees seconded from Cosmo Engineering and Cosmo Trade & Service)

* In the case of employees who joined the company in April, up to FY2016: 15 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. In the case of employees who joined the company in April, in and after FY2017: 15 paid holidays in their first year, then 21 days after one year of employment.

Human Resources Development

Maximizing Employees' Ability

In order to maximize individual employees' ability and realize a lean organization, we actively invest in human resources. Our employee training programs aim to encourage employees to be motivated for improvement, with challenging spirit in a lean organization and to keep growing every day.

As one indicator of investment in human resources and employee awareness for improvement, our targets are ¥ 50,000 expenses for training per employee and a 20% rate in the number of employees who sign up for a correspondence course of personal development.



Career-design training for 5th-year employees

New Employee Training Programs

- Comprised of three types: by job rank; by type of work; and by career
- Raising financial accounting knowledge and IT skills of all employees is under consideration.

Training by type of work

Enhance proficiency (expertise) of work assignment.

Establish operational set-up by type of work

Put together the knowledge and skill map required by type of work.

Utilize OJT and outside training programs and enhance employees' ability step by step, according to their skill maps.

Try this program at some departments and then consider using that experience to gradually expand to other departments.

Training by job rank

Grow employees' competency in relevant areas to the medium-term management policy.

+

Basic business skills

Focused competency

Leadership; taking initiatives; challenging spirits; utilization of organization; flexibility, etc.

Basic business skills

Logical thinking; financial accounting; languages; MBA basics; IT; interpersonal skills

Career training

Support self-driven career formation

Career design

Already launched training programs targeted 5th-year employees and 55-year-old employees

Training programs for female employees have been included in the career training



Enhancing Human Rights and Social Contribution Measures: Social Contribution

The Cosmo Energy Group plays a role in the support of energy infrastructure, which is indispensable in a community. At the same time, the Group is promoting initiatives to support customers' motoring lifestyle and contribute to environmental and social issues. The new consolidated medium-term CSR management plan advocates "customer satisfaction" as materiality and has set targets and KPIs for three specific initiatives.

Customer Satisfaction

Enhancing Customer Satisfaction Evaluation on Fulfillment of Three Promises

True to the "Filling Up Your Hearts, Too," declaration, Cosmo Oil service stations are working to fulfill the following three brand promises to customers. 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.

Comfort

Customers will be greeted with a welcome and a smile at clean Cosmo Oil service stations.

Peace of mind

Cosmo Oil service stations will offer quality-assured products and services.

Trust

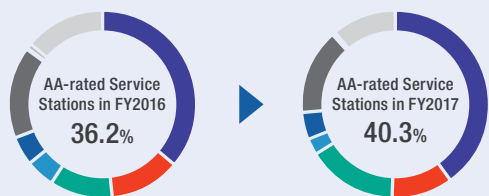
Cosmo Oil service station staff will be responsible for their answers to customers' queries.

Fulfillment of Three Promises

Evaluation on Fulfillment of Three Promises

The ratio of Service Stations (SS) with the "AA" rating, the highest in evaluation on Three Promises, increased by 4.1 percentage points in FY2017 compared to the previous year. We believe this is due to heightened awareness of the Three Promises by SS employees through their attendance in a group training, which is held at 15 sites across Japan once a year. We will aim at further raising the ratio of AA-rated SS in order to satisfy more customers.

Evaluation Ratings on Three Promises



	FY2016	FY2017
AA	36.2%	40.3%
AB	12.3%	10.5%
A-	10.7%	15.7%
BA	5.1%	2.8%
BB	4.9%	4.6%
B-	15.9%	14.8%
-A	0.3%	0.2%
-B	0.9%	0.5%
--	13.7%	10.9%

Ensuring customer support

The Cosmo Oil Customer Center operates a customer support hotline 24 hours a day. In FY2017 the support hotline received 10,997 calls, up 1,619 from the previous year. Among the calls, the credit card-related inquiries increased 994 from the previous year, and in particular those related to the Cosmo Vehicle Life app increased close to 500, suggesting some impacts of the app. On the other hand, the support line also received feedback accounting for 311 calls (of which 287 concerned service stations), down 256 from the previous year. We heed those voices of customers so that we can better provide satisfying services, as declared in our message "Filling Up Your Hearts, Too."

Number of inquiries and feedback

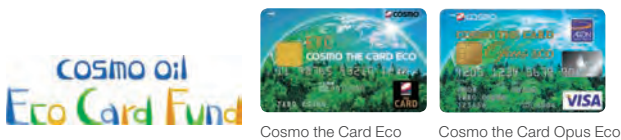


	FY2016	FY2017
Card-related	4,518	5,512
SS-related	1,998	2,611
Cosmo Smart Vehicles	1,500	1,541
Fuel oil, lubricants	178	170
PR-related	81	117
Other	536	735
Feedback	567	311

Unique Environmental Social Contributions Through Business Activities

Cosmo Oil Eco Card Fund

The Cosmo Energy Group has been issuing the Eco Card as a membership card to our loyal customers who frequently use our service stations and have a high level of environmental consciousness since 2002. There are 63,000 card holders. This Eco Card has an add-on feature to contribute to environmental activities: both card members and the Cosmo Energy Group make donations to fund the Cosmo Oil Eco Card Fund, which supports projects to counter climate change issues across the world. In FY2017, the Fund supported 14 projects, and was involved in a project to plant 55,000 trees as well as another to preserve a forest. The roots of climate change problems are often poverty, education, economic growth, and other social issues in emerging countries. The projects the Fund supports tend to help resolve these issues as well. We will continue to help resolve social issues in the world jointly with our Eco Card members.



Mechanism of Eco Card

	When a customer becomes a card holder	A customer donates ¥500 per year to the Fund.	 Donation by customer
	When a customer pays ¥300,000 or more per year by use of the card, or uses the card for 10 years or more	Cosmo Oil donates ¥1,500 per year to the Fund.	 Donation by Cosmo Oil
	When a customer pays for gasoline or car wash service by use of the card	Cosmo Oil donates 0.1% of the charged amount to the Fund	 Donation by Cosmo Oil
	When a customer pays for an eco-battery by use of the card	Cosmo Oil donates ¥50 per battery to the Fund	 Donation by Cosmo Oil
	When a customer pays for Cosmo's ECO oil by use of the card	Cosmo Oil donates ¥1 per liter to the Fund	 Donation by Cosmo Oil

See details: [Cosmo Oil Eco Card Fund Annual Report 2018](https://ceh.cosmo-oil.co.jp/eng/envi/ecoreport/index.html)
<https://ceh.cosmo-oil.co.jp/eng/envi/ecoreport/index.html>

“Cosmo Earth Conscious Act” cleanup campaign

Since 2001, the Cosmo Energy Group, in a partnership with the Japan FM Network Association, 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 nearby nature while cleaning up throughout Japan. At 670 locations over the past 17 years, 252,394 participants of these campaigns have collected a total of 7,321,332 liters of garbage. Each summer, a cleanup campaign is also held at Mt. Fuji. Ken Noguchi, a Japanese alpinist, and 160 volunteers from all over Japan clean up Mt. Fuji while enjoying eco trekking.



See details: [Cosmo Earth Conscious Act \(only in Japanese\)](http://www.tfm.co.jp/earth/)
 Official website <http://www.tfm.co.jp/earth/>
 facebook <https://www.facebook.com/earth.act>

Cosmo Waku Waku Camp

Based on “Harmony and Symbiosis between Companies and Society,” one of the principles of the corporate management philosophy, the Cosmo Energy Group is undertaking various social contribution activities. The Cosmo Waku Waku Camp, a nature camp for elementary school-age children who have lost one parent or both parents in traffic accidents, is a representative project that was launched in 1993. At the 25th camp in FY2017, 46 children and 20 volunteering employees participated. The children experienced fishing using self-made fishing rods from tree branches they cut and observed the living beings in a rocky shore area as a nature-appreciation experience, for three days.



See details: [Website on social contribution](https://ceh.cosmo-oil.co.jp/eng/social/index.html)
<https://ceh.cosmo-oil.co.jp/eng/social/index.html>



Ensuring Safety Measures

The Cosmo Energy Group advocates “ensuring safety measures” as materiality of the new consolidated medium-term CSR management plan. From a different perspective from original corporate governance, we have intentionally incorporated “safe operations and stable supply” and “quality assurance” as priority issues as they are a part of an essential foundation for raising corporate value. We have set targets and KPIs for these issues in promoting the enhancement of a safety management structure.

Safe Operations and Stable Supply

Safety Measures

As we declared in the first chapter of the Cosmo Energy Group Code of Conduct, we are determined to be a safe and accident free corporate group, and, consistent with that, we continued to undertake safety measures in FY2017.

Our refineries adopted “Zero serious accidents” meaning prevention of such as fires, explosions, outside or massive leakages, or serious labor-related accidents, as a safety target and, moreover, achieved it in FY2017. We have adopted as management indicators the frequency rate* of lost-worktime accidents and injuries, the rate of unplanned stoppage, and the number of days of stoppage of incoming and outgoing shipment; in addition, we implemented safety management procedures, while we strived to establish good workplaces and work environments and to manage the Operational Management System (OMS) so as to foster a safety-oriented culture.

* Frequency rate represents the number of casualties by work-related accidents and injuries in one million work hours and indicates the frequency of occurrence of accidents and injuries.

Cosmo Energy Group's Number of Work-Related Accidents

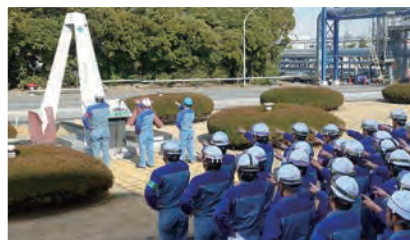
	FY2017						FY2016	
	Total work-related accidents		Accidents involving directly-hired employees		Accidents at subcontracting companies, etc.		Total work-related accidents	
	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work
Accidents during work	25	82	5	26	20	56	30	88
Accidents during commuting	3	25	1	20	2	5	1	17
Total	28	107	6	46	22	61	31	105

* Including Cosmo Energy Holdings, Cosmo Energy Exploration & Production, Cosmo Oil, Cosmo Oil Marketing, Maruzen Petrochemical, and 48 related companies

Initiatives to Prevent Forgetting Incidents and to Reduce Unsafe or Inadequate Conditions.

Cosmo Oil has designated March 11, a date when the fire and explosion at the LPG tanks occurred at its Chiba Refinery due to the Great East Japan Earthquake in 2011, as the Cosmo Oil Safety Day. On the day, all group employees watch a DVD compiling the story of the accident, its cause and preventive measures. We continue to try not to forget the incident by implementing diverse initiatives, including holding safety seminars and installing a memorial monument.

Experience and insight gained through discovery or occurrence of fault at a refinery is shared with other refineries at regularly-held conferences in order to reduce similar faults. Adoption of the OMS infrastructure has also resulted in a steady reduction in incidents of unsafe conditions or faults. Consequently, this led to the improvement in operating rate in FY2017.



Memorial monument placement ceremony



“Safety Day” seminar

Quality Assurance: Enhancing the Quality Assurance Structure

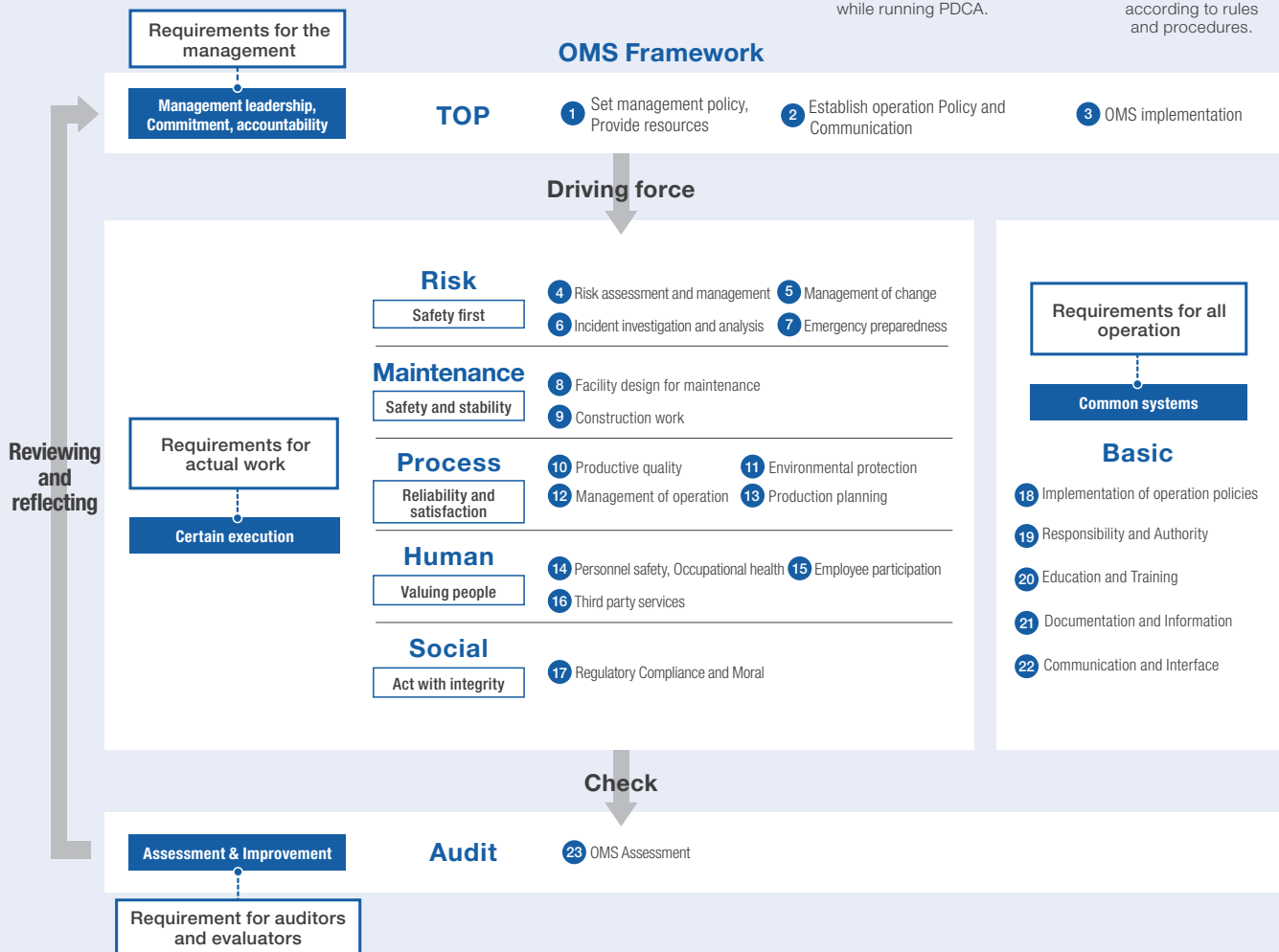
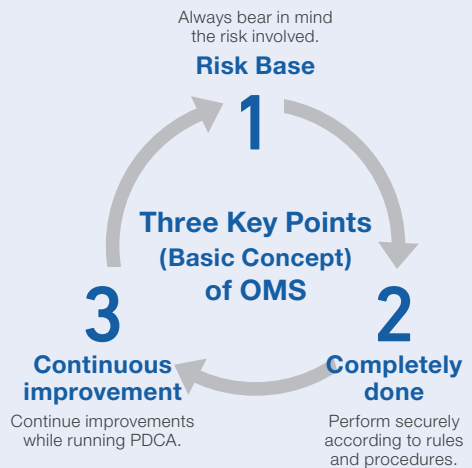
With the objective of economical, stable supply of safe products that fulfill customers’ requirements for quality, Cosmo Oil and Cosmo Oil Marketing have a “CS and Quality Assurance Committee” to decide a quality assurance policy and promote related activities. The committees of both companies cooperate with the Safety and Risk Management Committee of Cosmo Energy Holdings, forming the Group’s quality assurance structure.

Cosmo Oil’s themes for quality management initiatives in FY2017 were “thorough implementation of measures for safe, stable supply (prevention of quality defaults)”; “compliance with quality standards in Japan and overseas”; and “prompt, appropriate

response to troubles, and thorough investigation into their cause and prevention of recurrence.” In FY2017 our refineries and oil depots continued to record no significant quality-related trouble and no shipment of non-conforming products. Cosmo Oil Marketing had three incidents of erroneous mixing of oils due to operational errors at the time of unloading. Thanks to customers’ cooperation and prompt action, none of these cases became a serious problem. Nevertheless, in order to eliminate such a possibility, we have implemented preventive measures such as to checking actual freight shipments with its documentation and to always have someone from the company present during unloading.

Operations Management System

Cosmo Oil has adopted an Operations Management System (OMS) with the aim of achieving safety operation and stable supply that are superior to the world standard. The adoption of the OMS has enabled us to establish an operating-related management system base. On this basis, we intend to achieve safety operation and stable supply, improve operations, and avoid opportunity losses.



Adoption of OMS Indicators

The OMS activities comprise (1) preparation manuals for rules and procedures; (2) instruction and training; (3) achievement of complete adoption; and (4) continuous improvement. In order to understand the implementation status of the activities and to timely take measures as needed, we have adopted OMS indicators, in FY2017. The indicators include relevant leading indicators and lagging indicators for each requirement item in measuring the implementation status of each action item. The results are shared, and the achievements are appreciated by all relevant people, who also respond to arising issues as needed. Further, validity of the OMS indicators is regularly reviewed, so that they may be improved and be more appropriate for achieving the targets.

*Lagging indicators show actual faults, problems, etc.
Leading indicators show the status of implementation of preventive measures to potential fault.

OMS Auditing to Improve Operations

The implementation status of OMS activities is internally audited on a regular basis to identify and improve issues which may have been unnoticed by those involved. In FY2017, the OMS auditing was conducted at the head office, Chiba Refinery, Yokkaichi Refinery, and Sakai Refinery and more than 200 items for improvement were identified.

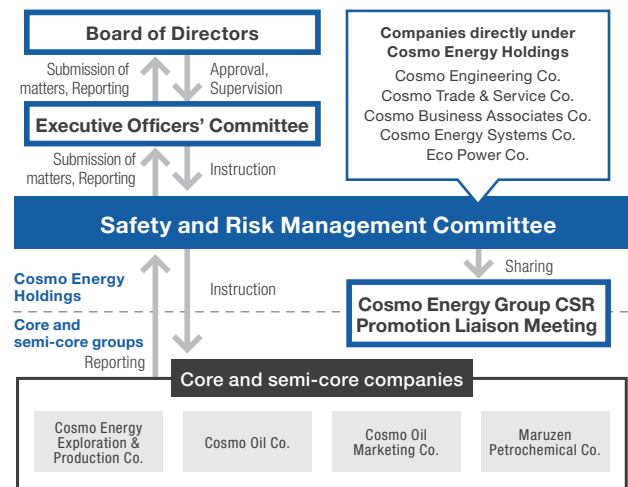


Strengthening Corporate Governance Structure

The Cosmo Energy Group advocates “strengthening corporate governance structure” as materiality of the new consolidated medium-term CSR management plan. From a different perspective from original corporate governance, we have intentionally incorporated “risk management,” “compliance,” “CSR-based procurement,” and “information disclosure” as priority issues as they are a part of an essential foundation for raising corporate value. We have set targets and KPIs for these issues in promoting the enhancement of a compliance structure.

Risk Management

Being strongly committed to the stable supply of energy, the Cosmo Energy Group holds Safety and Risk Management Committee meetings twice a year to promote risk and safety management at the group-wide level. The Committee discusses risks and safety policy for the entire group and checks progress of the related actions. The core three operating companies and semi-core companies also have their own risk management committee and safety committee, in accordance with their respective business and function. These committees check the status of initiatives taken for their respective, inherent risks, develop safety measures, and manage progress of safety activities. The committees strive to check and improve risk management and safety control actions.

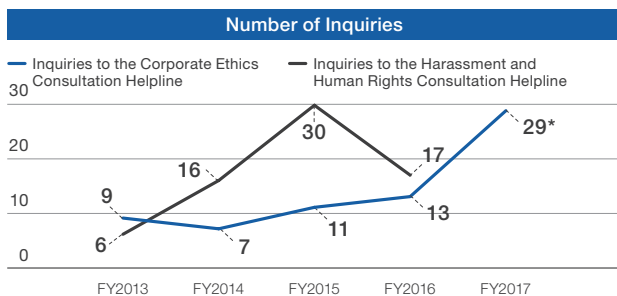


Compliance: Corporate Ethics Promotion Structure

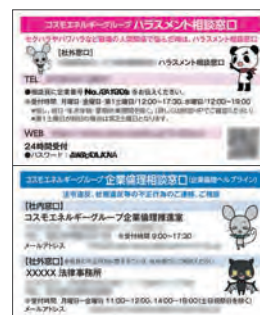
Cosmo Energy Holdings has established the Corporate Ethics and Human Rights Committee to promote and implement the CEG’s Code of Conduct, and to check its status. The Committee’s operation is supported by the CEG Corporate Ethics Office. Aiming for enhancing employees’ sense of ethics, the Corporate Ethics and Human Rights Committee plans, implements, and evaluates various programs, including training programs on corporate ethics for all group employees, and e-learning. The CEG Corporate Ethics Consultation Helpline, by which employees’ misconduct such as violation of laws and corporate rules, as well as ethical issues, can be reported or

anonymously discussed as a consultation, has been established within the Corporate Ethics Office and at an outside law firm. In addition, in FY2018 the Harassment Consultation Helpline was established outside the group to consult on interpersonal issues in workplace, including sexual or power harassment. A consultation helpline card was distributed to all group employees (about 9,000). 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 CSR activities. There were zero incidents involving serious compliance violations* in FY2017.

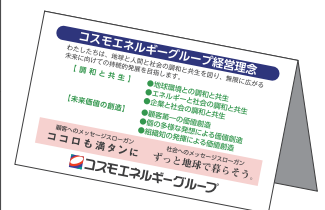
* The most serious violations stipulated in the internal rules or accidents.



* From FY2017, the Harassment and Human Rights Consultation Helpline was eliminated and integrated into the CEG Corporate Ethics Consultation Helpline.



Consultation Helpline Card



CSR-based Procurement

Cosmo Energy Holdings and its three core operating companies are promoting initiatives to eliminate business transactions with organizations known or suspected of criminal behavior, in addition to green procurement in which the “green degree” evaluation, as well as conventional quality, price, and delivery factors are comprehensively evaluated.

During the new consolidated medium-term CSR management plan, we will develop a CSR procurement policy that incorporates ESG initiatives in consideration and broadly disclose it to stakeholders. We aim at sustainable development by working with suppliers who agree with our policy.

Information Disclosure: Inclusion in ESG Indices

Cosmo Energy Holdings has been included in the “FTSE4Good Developed Index” for 16 consecutive years since 2003 when the Company was adopted. It was the first Japanese oil company to have that distinction. In FY2017 the Company was selected as a constituent of the “FTSE Blossom Japan Index,” which the Government Pension Investment Fund (GPIF) has adopted as an Environmental, Social and Governance (ESG) investment index for Japanese equities. The Company has also been selected as a constituent of the “SNAM Sustainability

Index,” a proprietary index that is based on a combination of ESG assessments and stock valuation and is created by Sompō Japan Nipponkoa Asset Management (SNAM).



Maruzen Petrochemical's Inappropriate Quality-Related Conduct and their Measures to Prevent Recurrence

In January 2018 Cosmo Energy Holdings' consolidated subsidiary, Maruzen Petrochemical CO., Ltd. found out that it failed to conduct some of the tests and analysis concerning quality inspection on products as outlined in contracts with customers. We sincerely apologize the great inconvenience and anxiety caused to people concerned. We will enhance our quality control structure and implement measures to prevent recurrence. These measures have been drawn up by Maruzen Petrochemical based on the proposals from an internal investigation committee, which was set up with participation by outside lawyers, and which conducted investigation and analysis of the cause.

Measures to prevent recurrence

A Measures on the organizational and institutional factors for the entire company

The following measures to raise corporate-wide (including subsidiaries) awareness on quality, reinforce the quality assurance system to customers, and strengthen alliance with relevant departments will be taken. Further, the corporate culture shall be improved to make compliance better embedded.

- Establish the quality assurance system across the entire company (including subsidiaries).
- Establish the system to appropriately manage quality control at the Chiba Plant.
- Enhance the role of the Sales Management Dept, Quality Assurance Group.
- Enhance the auditing system.
- Strengthen the CSR management system.

B Measures on the historical and environmental factors concerning the Quality Control Division

The following measures to enhance an internal system of the Quality Control Division and to improve work flow will be taken.

- Enhance the system of the Quality Control Division and improve the work flow.

C Measures on the subjective and personal factors of the staff in the Quality Control Division

Take measures for not generating any inappropriate conduct caused by subjective or personal factors.

- Make the work visible and establish awareness in the mindset of employees.
- Hold training that addresses to the measures to prevent recurrence (conducted also at the Quality Inspection Department of the Yokkaichi Plant).

Please see details on the press releases (Japanese only) on the website of Cosmo Energy Holdings: "Inappropriate Conducts on Quality Inspection by Cosmo Energy Holdings' Subsidiary" (released on February 2, 2018) and "Investigation Report on Inappropriate Quality-Related Conducts by Cosmo Energy Holdings' Subsidiary, Measures to Prevent Recurrence, and Reduction in Directors' Remuneration" (released on April 4, 2018).