COSMO REPORT 2018

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COSMO ENERGY HOLDINGS

COSMO REPORT 2018

Oil & New

Everything About Oil – And Beyond

The Cosmo Energy Group is making a vigorous step forward into the future

The Cosmo Energy Group will strengthen a financial condition by increasing the profitability of the Oil Exploration and Production Business and the Petroleum Business. In view of long-term changes in the business environment, the Group will also expand its business portfolio by actively investing in the Renewable Energy Business and increasing the competitiveness of the Petrochemical Business.

Cosmo Energy Group Management Vision

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

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 Values

Creating the Value of "Customer First"

Creating Value From the Diverse Ideas of the Individual

Creating Value by Expressing Collective Wisdom

Corporate Messages

A message to customer
Filling Up Your Hearts,Too

A message to a society
Living with Our Planet

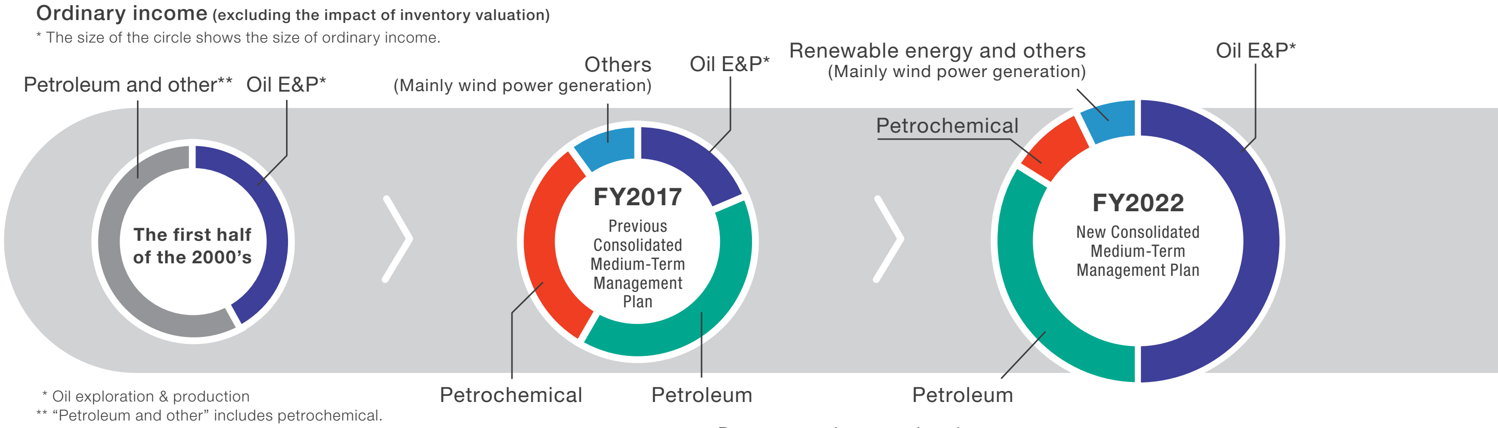
What have not changed

Stable supply of energy
“Customer First” mindset
Energy-related business domains

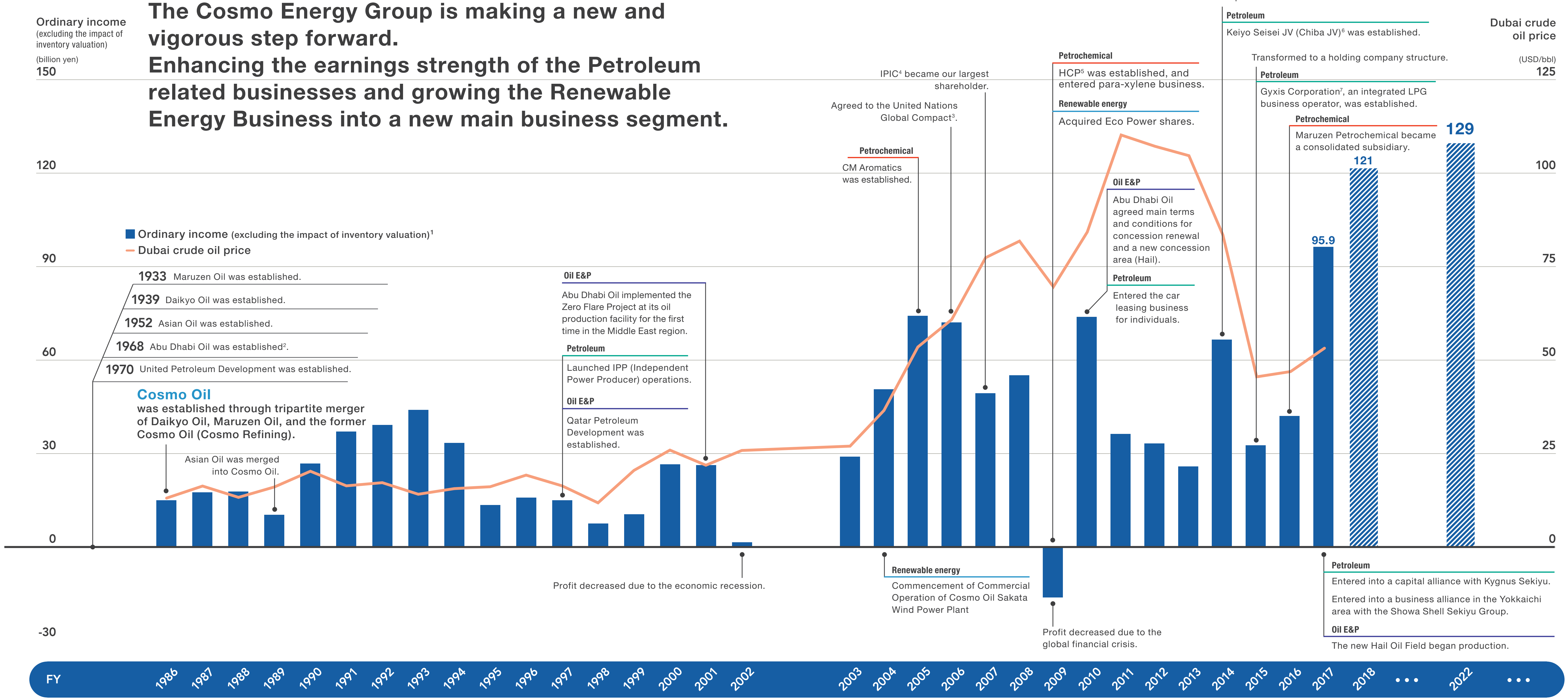
What to be changed

Business portfolio

Growing the renewable energy business into a new main business segment



The Cosmo Energy Group is making a new and vigorous step forward. Enhancing the earnings strength of the Petroleum related businesses and growing the Renewable Energy Business into a new main business segment.



1. See pages 25 and 26 on the impact of inventory valuation.
2. Daikyo Oil and Maruzen Oil (Cosmo Energy Group, currently) and Nippon Mining (JXTG Group, currently) made joint investments to establish Abu Dhabi Oil.
3. GC: Global Compact
4. International Petroleum Investment Company (IPIC) merged with Mubadala Development Company (MDC), an energy-related investment management company fully owned by the Emirate of Abu Dhabi, to become Mubadala Investment Company (MIC) at present.
5. HCP: Hyundai Cosmo Petrochemical. A 50:50 joint venture company with Hyundai Oilbank (HDO) in South Korea.
6. 50:50 joint venture with Kyokuto Petroleum Industries (currently JXTG group)
7. Cosmo Oil, Showa Shell Sekiyu, Sumitomo Corporation, and TonenGeneral Sekiyu (currently JXTG Energy) jointly invested to establish Gyxis. (Cosmo Energy Holdings, Showa Shell Sekiyu, Sumitomo Corporation have investment in Gyxis as of July 2018)

Oil & New Everything About Oil – And Beyond

SOCIAL ISSUES

Low energy self-sufficiency rate in Japan

Frequent occurrence of natural disasters

Global population growth

Global warming
Transition to a fossil-fuel-free society

INPUT

The Cosmo Energy Group's business (capital investment)

Oil Exploration and Production Business

Oil development and procurement; transportation to refineries

Strength: **Relationships of trust** with Middle East oil producing countries for approximately 50 years

Strength: **Operatorship** (self-operation)

Oil exploration and production, Procurement

Crude oil procurement through independent development and from oil producing countries; Strong competitiveness by use of operatorship (self-operation)

Marine transportation

Transportation by tankers of purchased or independently developed crude oil and petroleum products based on supply and demand.

Petroleum Business (Refining and Sales)

Refining and sales of petroleum products
Car leasing for individuals

Storage

Stockpile of petroleum for 70 days or more in case of emergency

Oil refining and production

Production of gasoline, diesel oil, kerosene, and feedstock for petrochemicals, in accordance with market needs

Export of petroleum products

Export of petroleum products, in accordance with overseas demand

Domestic sales

Industrial use

Research & development

Advanced research on manufacturing technologies

Domestic transportation

Use of appropriate transportation methods in consideration of costs and regional characteristics. Supply of petroleum products to customers of various industries and service station operators, in accordance with their needs

Strength: **Approx.4,440,000 "Cosmo the Card"* Holders**

Domestic sales

Service stations and service station operators

Sales of gasoline, diesel oil, and other products, and general support of customers' car-life

Number of visits by customers: **500,000 cars/day**

Car leases for individuals

A low-risk business model with no vehicle inventory. We take advantage of the high frequency of customer contact at service stations.

Petrochemical Business

Manufacturing and sales of petrochemical products

Manufacturing of petrochemical products

Manufacturing of raw materials for textiles, and other products, in accordance with market needs

Renewable Energy Business

Wind power generation

Wind power generation capacity: **No. 3 in Japan** Market share of 6%

Renewable energy

Nationwide operation of wind power and solar power generation facilities, and distribution of electricity

OUTPUT

Products and services

Petroleum products

Gasoline, kerosene, diesel oil, fuel oil, etc.

Motoring lifestyle solutions

Petrochemical products

Materials for products for daily life
Shopping bags, bottles, clothes, tires, frames of electric appliances, etc.

Electric power

OUTCOME

Generated value

Social value

- Securing of stable energy sources
- Stable energy supply
- Support social infrastructure
  Provision of lifeline in disasters
- Offering of highly-convenient new motoring lifestyle value
- Stable supply of materials for daily necessities
- Expanding production of domestic clean energy

Economic value (Target for FY2022)

Ordinary income (excluding the impact of inventory valuation)
Over ¥120.0 billion

Profit attributable to owners of parent
Over ¥50.0 billion

Return on Equity (ROE)
Over 10%

Reduction of greenhouse gas emissions (from FY2013)
Down 16% (Down 1.2 million tons in CO_2 emissions)

* Service Station member card

What Makes Cosmo Special

Oil development and stable production based on strong relationships of trust with Middle East oil producing countries

Hail Oil Field at full production

- Low-risk, low-cost development has been realized, based on relationships of trust with the Emirate of Abu Dhabi in the United Arab Emirates (UAE) based on the stable production for about 50 years.
- In December 2012, Abu Dhabi Oil Company (ADOC) extended concessions (30 years) and obtained new concession area, the Hail Oil Field, which is as large as total of the three existing oilfields. The Hail Oil Field began production in November 2017 and has been operating at full capacity since January 2018.
- The Hail Oil Field investment has been curbed with the shared use of existing crude oil processing, storage, and shipping facilities (Estimated saving of roughly $300-400 million), the unit operating cost is expected to decline along with increase in production volume.

Risk Tolerance

- Earnings power under lower oil prices
  We made a profit even in the January-March quarter of 2016 when the Dubai crude was $30/bbl.
- Achieving low-cost development of discovered but undeveloped oil fields (including the Hail Oil Field).

Growth strategy

- Continued full production of each oil field and selective investment to enhance competitiveness.
- Strategic and comprehensive alliance with CEPSA (a major Spain-based oil company owned by MIC or former IPIC), deliberating development of a new oil field jointly with Abu Dhabi National Oil Company and CEPSA.

Long-term stable production structure

- Obtained concessions before the foundation of the UAE and continued safe operation and stable production for about 50 years.
- Long-term stable production of crude oil from the UAE (Abu Dhabi) and Qatar.
- Cultural (i.e., Japanese-language education) and environmental (i.e., zero flaring) contributions to both countries.

Maximizing profit in the oil business

Initiatives to increase profit

- Increase profitable products with an increased Delayed Coker unit capacity at Sakai Refinery, prompted by the IMO regulations*.
- Maintain high capacity utilization to establish refinery competitiveness exceeding the global standard.
- Use alliances with other companies to increase competitiveness (i.e., alliances in Chiba and Yokkaichi; growing the recipients of products).
- Create synergy with the petrochemical business.

* The International Maritime Organization (IMO) has set a global limit to reduce the content of sulfur in marine fuel oil.

Measures in the new Consolidated Medium-Term Management Plan

1	Increase degradation capacity, etc.	Increase Delayed Coker unit capacity at Sakai Refinery, etc. Use of Chiba Refinery pipeline ↓ Focus on profitable products
2	Increase capacity utilization	Reduce unplanned suspensions Reduce regular maintenance periods at refineries
3	Achieve synergy with the petrochemical business	Use of unused distillates ↓ Increase business opportunities
4	Cost reduction	Energy-efficient operation of facilities Strategic purchasing, rationalized distribution

Growing renewable energy business into a new main business segment

Expansion of the wind power generation business

- Aim to reach 500,000kW output of onshore wind farms at an early stage.
- As the land available for power plant development is decreasing, use the Group's operation and maintenance strengths to make an early entry into the offshore wind power business.
- Invest in this business to make it the foundation for the next growth stage.

Cosmo Energy Group's strengths

Group incorporation in 2010 of Eco Power, a pioneer in the wind power generation business in Japan (established in 1997)

Realization of a high level on-wind availability (at least 90%), as development, construction, operation and maintenance are carried out within the Group

Reducing risks of wind fluctuation in each region and securing stable profit by placing wind power plants across the nation

Aiming to expand the business in the long term by expanding sites on land and participating in offshore site projects

Enhancing the earnings strength of the Petroleum related businesses and growing the Renewable Energy Business into a new main business segment

CONTENTS

Editorial policy
For a better understanding of the Cosmo Energy Group's creation of values to all stakeholders, the Annual Report and the Corporate Report have been integrated into the Cosmo Report since FY2016.

Cautionary Statement
This Report contains forward-looking statements about forecasts, strategies, and performance of the Cosmo Energy Group. These statements include assumptions and judgements that are based on information currently available to us. As such, the actual results may differ from those mentioned herein, due to various factors in the external environment.

Basic policy of the new consolidated medium-term management plan

1. Secure profitability to enable reinvestment
2. Expand growth drivers toward the future
3. Improve our financial condition
4. Strengthen the Group's management foundations

We execute our new consolidated medium-term management plan to achieve a long-term increase in corporate value under the slogan of the plan, "Oil & New".

President, Representative Director, Chief Executive Officer Hiroshi Kiriyama

All of us in the Cosmo Energy Group did our best, enabling us to recover to a profitable position

FY2017 (ended March 31, 2018) was the final year of the previous consolidated medium-term management plan (FY2013 to FY2017) and my first year as President and CEO. I am pleased that we were able to generate a far greater profit than planned at the beginning of the year. This was a result of all of our employees' steady execution of a wide range of initiatives in the midst of a tough period characterized by a decline in crude oil prices, the continuing impact of the Great East Japan Earthquake of 2011 and the accident at the Chiba Refinery, and an ongoing oil industry consolidation in Japan. I would like to extend my thanks to shareholders, customers, business partners, and all other stakeholders for supporting us during such a harsh period.

FY2017 results

In FY2017, the final year of the previous consolidated medium-term management plan, ordinary income increased by ¥35.5 billion from the previous year, to ¥116.9 billion, and profit attributable to owners of parent increased by ¥19.6 billion, to ¥72.8 billion. Ordinary income excluding the impact of inventory valuation increased by ¥53.9 billion, to ¥95.9 billion. The Petroleum Business achieved an increase in ordinary income from the previous year, thanks to safe operation and high operating ratios at our refineries, and maintained appropriate margins with an improvement in the domestic supply-demand balance. The Oil Exploration and Production (E&P) Business also posted a rise in profit, attributable to a rise in crude oil prices in FY2017. The Petrochemical Business also saw increased profit, thanks to the absence of regular maintenance at Maruzen Petrochemical, in addition to the firm market conditions. At the end of FY2017, the net worth ratio improved 3.3 points from the end of the previous year to 14.1%, while the net debt to equity ratio* was 2.3 times, down 1.3 points from the end of the previous year.

Realignment of the business portfolio in keeping with ongoing efforts to reduce CO_2 emissions as the long-term direction of our business. Taking an expected decline in oil demand as opportunity

Awareness for Sustainable Development Goals (SDGs) is increasing worldwide and many countries and companies are working proactively to achieve the goals. Global warming and climate change are important keywords for the Cosmo Energy Group's long-term business environment. Based on the Paris Agreement, the Japanese government is targeting reduction in CO_2 emissions of 26% by FY2030 (compared to FY2013). Our Group has also set its own targets, at similar reduction levels. To achieve those or comparable reduction targets, the transition to a fossil-fuel-free society is expected to accelerate worldwide, accompanied by the widespread use of electric vehicles and the expansion of the sharing economy. Given these changes as well as an expected decline in population in Japan, while we are likely to continue to see domestic demand for gasoline in the future, the demand is likely to decline.
In this environment, we will seek to increase our competitiveness in the petroleum-related businesses and at the same time to grow our renewable energy business into a profit generator by making active investments. We are thereby anticipating significant changes in our profit structure over the next 20-30 years. Specifically, we envision the following changes:
First, the Petroleum Business is expected to contribute

*Calculated on the basis that 50% of the ¥60 billion Hybrid Loan made on April 1, 2015 is included in Equity.

Enhancing the earnings strength of the Petroleum-related businesses and growing the Renewable Energy Business into a new main business segment

less profit in line with the decline in domestic demand, despite our efforts to increase competitiveness. On the other hand, the Oil E&P Business is likely to maintain its general profit level as production at the Hail Oil Field will offset a decline in production volume elsewhere. While competition against overseas companies is likely to intensify, we also believe we can enhance earnings strength in the Petrochemical Business as global demand is expected to grow on the back of global population growth. We will achieve this by increasing competitiveness with greater synergies with the Petroleum Business, and by continuing to expand our specialty products.

We envision significant growth and profit in our wind power generation and other renewable energy business, which should become a business mainstay within several decades. Anticipating this future, I would like our Group to make a vigorous step forward in FY2018, my second year as President and CEO. We created a slogan "Oil & New" in the new medium-term management plan (FY2018 to FY2022). We are determined to strengthen our business portfolio and establish a solid financial position, enabling us to achieve sustainable growth.

New consolidated medium-term management plan (FY2018 - FY2022), "Oil & New, Everything About Oil – And Beyond"

The slogan of the new consolidated medium-term management plan is "Oil & New", "Oil" means petroleum itself. We believe that our petroleum-related businesses will continue to have growth potential up to around 2030 and that we can profit from aggressive business management on that basis.

Specifically, although demand for gasoline in Japan is projected to decline, we expect to expand sales share through a capital and business alliance with Kygnus Sekiyu and improve our earnings strength, driven by the high operating ratios of the refineries. We will also increase the capacity of our Delayed Coker unit at Sakai Refinery and build a refining system which doesn't produce high sulfur fuel oil, ahead of the year 2020 when the marine fuel regulations of the International Maritime Organization (IMO)[1] will come into force. This will allow us to convert the heavy oil fraction, which is subject to the regulations, into diesel fuel oil and other products, leading to an expansion in our lineup of profitable products.

"New" means all non-oil businesses. We will particularly invest in renewable energy and new businesses. No matter how things change in the world, energy remains indispensable. In particular, we anticipate that renewable energy will become much more significant than at present. We are therefore convinced that even if our business portfolio changes in the future, the Cosmo Energy Group will remain an energy company needed in society.

FY2022 management goals

We conservatively forecast the market condition under the assumptions for the crude oil price (70$/B) and product market conditions, which have ¥51 billion negative impact. On the other hand, we expect to generate profit improvement of approximately ¥80 billion (compared to FY2017), with contributions from structural factors such as an increase in cracking capacity in the Petroleum Business and a production increase of the Hail Oil Field in the Oil E&P Business.

Management Goals for FY2022

Ordinary income (excluding impact of inventory valuation)	Net worth (Net worth ratio)	Net D/E ratio[2]	Reduction in greenhouse gas emissions (Compared to FY2013) FY2022	Reduction in greenhouse gas emissions (Compared to FY2013) FY2030
Over ¥120 billion	Over ¥400 billion (Over 20%)	1.0-1.5 times	Down 16% (Reduction of 1.2 million tons in CO_2 emissions)	Down 26% (Reduction of 2.0 million tons in CO_2 emissions)

1: The International Maritime Organization (IMO) has set a global limit for sulfur in marine fuel oil.
2: Calculated on the basis that 50% of the ¥60 billion Hybrid Loan made on April 1, 2015 is included in Equity.

In the meantime, by taking account of the structural improvement and the assumptions for the crude oil price and product market conditions, the management goals are ordinary income (excluding the impact of inventory valuation) of over ¥120 billion (compared to ¥95.9 billion in FY2017); net worth of over ¥400 billion (compared to ¥238.7 billion at the end of FY2017); and a net debt to equity ratio of 1.0-1.5 times (compared to 2.3 times at the end of FY2017).

Initiatives for profit improvement

I would now like to explain where we expect to generate profit improvement of approximately ¥80 billion (compared to FY2017). First is an improvement of about ¥42 billion (ordinary income base, excluding the impact of inventory valuation) in the Petroleum Business. Specific plans include an increase in the Delayed Coker capacity at Sakai Refinery, the use of a pipeline between our Chiba Refinery and the JXTG Energy's Chiba Refinery, an increase in the added value of our products that satisfy new IMO regulations, the start of fuel products supply to Kygnus Sekiyu, and the contribution of our "vehicle life" business. Second is an improvement of about ¥35 billion in the Oil E&P Business, mainly from the contribution of the Hail Oil Field, which has been operating at peak production volume since January 2018. Third is the Petrochemical Business, which should see an improvement in profit of about ¥1 billion (¥8 billion in terms of cash flow, including depreciation) by making investments to increase the competitiveness of basic chemical products and pursuing synergies with refining operations.

Fourth is an improvement of ¥2 billion from our renewable energy business (ordinary income base) by developing onshore wind farms. Finally, while we have not quantified it, we plan to develop new businesses at an early stage so that additional profit improvement can be realized.

Active investment in boosting competitiveness and in growth areas

We plan to make net investments worth ¥360 billion during the new consolidated medium-term management plan, which would be a 22% reduction compared to the previous consolidated medium-term management plan, when large investments, such as development of the Hail Oil Field, were made.

While being selective, we will make active investments and allocate approximately 40% of our total investment to enhancing our business portfolio. Specific plans include enhancing the Delayed Coker capacity of Sakai Refinery, increasing the added value of petrochemical products, and developing offshore wind farms as a next-generation business.

Wind power station (Sakata Port)

Delayed Coker (Sakai Refinery)

FY2018 forecasts

For FY2018 (ending March 31, 2019), which is the first year of the new consolidated medium-term management plan, we are forecasting ordinary income of ¥121.0 billion (expecting no impact of inventory valuation) and profit attributable to owners of parent of ¥57.0 billion. The Petroleum Business is projecting a decrease of ¥5.8 billion year on year in ordinary income, excluding the impact of inventory valuation, due to a negative impact from sales activities that are consistent with crude oil processing volume, which will offset the expected profit improvement from the utilization of the pipeline of Chiba Refinery and from high operating ratios at the refineries. The Oil E&P Business, on the other hand, is expecting an increase of ¥38.7 billion year on year in ordinary income, thanks to an increase in production, driven by the Hail Oil Field, which has maintained peak production volume from January 2018. The Petrochemical Business is expecting a decrease of ¥8.4 billion year on year in ordinary income, given a decrease in the margin for ethylene and the financial effect of regular maintenance.

Financial improvement and stable shareholder return

Our capital policy in the new consolidated medium-term management plan is to carry out growth investment and shareholder returns while considering the balance with our financial position. With the aim of improving our financial condition, which was impaired during the previous consolidated medium-term management plan mainly due to the impacts of the crude oil price decline and the Great East Japan Earthquake of March 2011, we intend to focus on increasing shareholders' equity first.
At the same time, we are committed to returning profit to shareholders, who have been supporting us in times both good and challenging. Achieving stable dividend payments is the basic policy but we aim at enhancing returns to shareholders, with due consideration to balancing our progress toward achieving our management goals and growth investment. I sincerely appreciate the understanding of our shareholders.

Promoting the consolidated medium-term CSR management plan, which contributes to achieving the SDGs

Our name starts with Cosmo, "relating to the world or universe," incorporating our wish to help enrich lives and hearts of humans inhabiting this planet. However, we are also aware that we inevitably place some degree of burden on the global environment as we mainly handle fossil fuels in our role of providing a stable supply of primary energy and petroleum-derived chemicals that are essential to everyone's daily lives. While necessarily functioning within this reality, we have integrated corporate management with CSR initiatives in planning and their implementation. Since 2006 our Group has been a signatory of the Global Compact, a United Nations initiative that encourages businesses to respect ten principles for solving global issues and realizing a sustainable society. We respect basic principles on human rights, labor, the environment, and the prevention of corruption, and endeavor to incorporate in our activities an international viewpoint with the aim of enhancing our CSR activities.
I want our Group to be "a good company" and "a sustainable company." By that I mean a company that generates sufficient returns, which is important from the viewpoint of sustainability, and a company that can contribute to achieving SDGs from the viewpoint of Creating Shared Value (CSV). To contribute to accomplishing SDGs through CSV can be taken to mean I intend to be a company that excels from the perspective of the Environment, Society, and Governance (ESG).
Moreover, I want our Group to be "a good company" for our employees. In this regard, we will continue to promote workstyle innovation and diversity. Specifically, we believe that we need to reform our way of working in order to bring about better outcomes from fewer hours of work. We are therefore encouraging the greater use of IT, the use of AI in business operations, the adoption of Robotic Process Automation (RPA) to achieve more efficient, automated business processes using cognitive technologies, operational reform, and Business Process Outsourcing (BPO).
We developed the new consolidated medium-term CSR management plan, in line with the new consolidated medium-term management plan, just as we did during the previous plan. In an effort to contribute to reducing CO_2 emissions, we are targeting a 26% reduction in emissions by FY2030, compared to the level in FY2013, in line with the target of the Japanese government. In addition, we set targets based on the perspective of ESG, which include ensuring safety measures at the refineries and strengthening our corporate governance structure. The consolidated medium-term CSR management plan will be promoted not only by our Group but by our entire supply chain network, including our business partners.

Enhancing corporate governance

We have established our corporate governance structure with the aim of promoting sustainable growth and raising medium- to long-term corporate value, and have enhanced the auditing and supervising functions of the Board of Directors by appointing Japanese and non-Japanese Outside Directors. Looking ahead, we will further enhance the structure in order to respond to the changing business environment and enable swift decision making, for example by further promoting diversity in outside directors.
Maruzen Petrochemical, a consolidated subsidiary of our Group, announced that it was involved in inappropriate conduct regarding quality inspections. We took this event seriously. The entire Cosmo Energy Group is determined to thoroughly comply with laws and regulations and to improve our Group governance, obtaining advice from outside experts.

Message to stakeholders

The Cosmo Energy Group's mission is to fulfill the needs of our customers by safely and reliably providing high-quality products and services, as expressed in our declaration to our shareholders, customers, business partners, and all other stakeholders with a slogan, "Filling Up Your Hearts, Too." We will continue to fulfill our mission and create sustainable corporate value. We sincerely hope that our stakeholders will continue to extend their support to us for many years to come.

Sustainable Development Goals (SDGs*)

* The Sustainable Development Goals (SDGs*) were adopted by 193 member countries at the United Nations Summit in September 2015. There are 169 targets for 17 goals, to be achieved in 15 years, from 2016 to 2030.

Aiming for building up the financial strength needed to correspond to changes in the market environment

Director, Senior Executive Officer
In charge of Corporate Communication Dept., Accounting Dept., Finance Dept.
Takayuki Uematsu

Toward improving financial condition

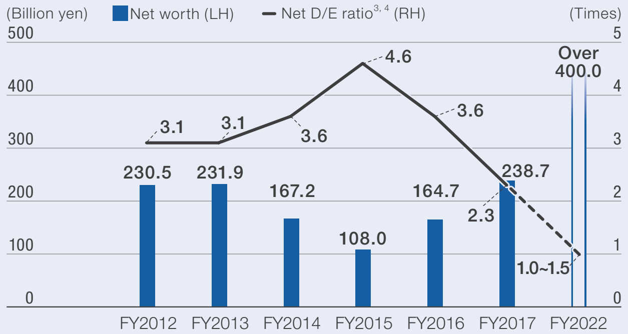
During the previous consolidated medium-term management plan, our industry's environment was significantly changed due to consolidation, fluctuation in crude oil prices, and other factors. In such an environment, we continued the growth and steadily made the investment needed for enhancing our competitiveness, including the development of the Hail Oil Field, while making those investments with due consideration to maintaining well-balancing financial conditions, on the basis of the previous consolidated medium-term management plan. While our financial condition deteriorated temporarily in FY2014 and FY2015 due to the impact of inventory valuation[1] that stemmed from a decline in crude oil prices, we have achieved significant improvement by FY2017, the final year of the the previous consolidated medium-term management plan, compared to the end of FY2012. We recorded net interest-bearing debt[2] of ¥635.8 billion and a net debt to equity ratio[3] (after partially accounting for hybrid loans[4]) of 2.3 times.

The new consolidated medium-term management plan that started in FY2018 has the goal of increasing our earning power and improving our financial condition so as to achieve a level of net worth (over ¥400 billion) that can tide us over changes in the market environment, including changes in crude oil prices. We also intend to strengthen cash management and make highly selective investments, with an eye on the long-term business environment, for early achievement of management goals in the new consolidated medium-term management plan. We are currently improving our financial position faster than expected when we developed the new consolidated medium-term management plan. We will strive to enhance shareholder returns while considering the balance between progress of the new consolidated medium-term management plan and investment in growth.

Key points in improving financial strength

1. Increase shareholders' equity based on profits
2. Strengthen cash management
3. Careful selection of investments, with an eye on the long-term environment

Early achievement of management goals



	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2022
Dubai crude oil price (USD/bbl; annual average)	107	105	84	46	47	56	70
Impact of inventory valuation (Billion yen)	15.3	16.1	-116.1	-68.7	39.4	21.0	—
Net interest-bearing debt[2] (Billion yen)	713.2	723.3	597.7	666.2	727.3	635.8	—

Management Goals of New Consolidated Medium-Term Management Plan

	Free cash flow	Net worth (Net worth ratio)	Net D/E Ratio[3] (After partially accounting for Hybrid Loans[4])	ROE
Management Goals (FY2022)	Over ¥150 billion (FY 2018 - FY 2022 Five years total)	Over ¥400 billion (Over 20%)	1.0-1.5 times	Over 10%

1. See pages 25 and 26 on the impact of inventory valuation.
2. Total interest-bearing debts net of cash and deposits etc. as of the end of the period
3. One of indicators to measure a company's financial soundness. Measured by dividing Net interest bearing debts by Shareholders' equity. A lower ratio generally means that a company is financially sounder.
4. Calculated on the basis that 50% of ¥60 billion Hybrid Loan made on April 1, 2015 is included in Equity.

Cash balance and use of funds

During the years from FY2018 to FY2022, we will carry out growth investment and ensure payment of shareholder returns while giving high priority to its balance with the financial position of the company.

We plan to generate incoming cash of ¥535.0 billion by combining profit attributable to owners of parent and depreciation, etc. and expect free cash flow (cumulative of five years) of ¥175.0 billion during the new consolidated medium-term management plan.

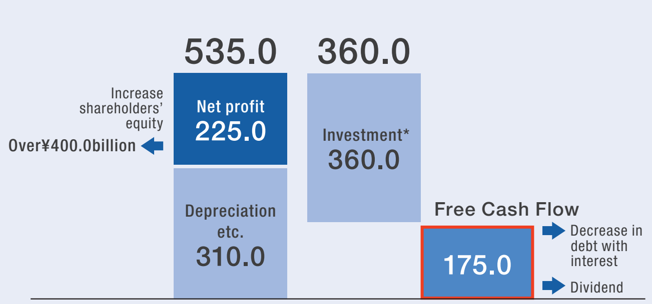
Regarding our investment plan, we plan to proactively allocate approximately 40% of the total investment to increase competitiveness and for growth. Specifically, we will invest to increase the capacity of our Delayed Coker unit at Sakai Refinery, increase added value of petrochemical products, and discover business opportunities and guide efforts pointed toward the next growth stage, including development of offshore wind power sites.

The new consolidated medium-term management plan incorporates investment of around ¥450.0 billion in total but use of sale and leaseback* and other means is expected to reduce the net investment amount to ¥360.0 billion (cumulative of five years), down 22% from the previous consolidated medium-term management plan.

- Actively use approximately 40% of the total investment for an increase in competitiveness and growth investment.
- The net amount of investment is down 22% from the previous consolidated medium-term management plan.
- Expand business by using means that will not impair the balance sheet, such as sale and leaseback*.

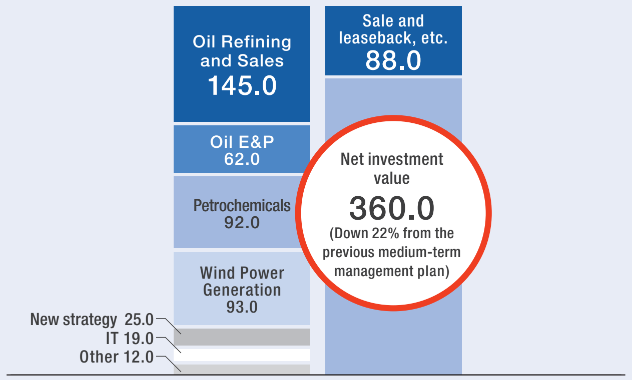
* Method of financial transaction in which one sells a facility, such as a wind farm, and leases it back.

Cash Balance and Use of Funds(FY2018-FY2022)



* Strategic investment is net amount reflecting sale and leasback etc.

Investment Plan(FY2018-FY2022)



Shareholder return policy

We recognize shareholder returns as one of the important management priorities. Given our history of no dividend payment in some years, we have adopted the principle of making stable dividend payments and aim for further returns to shareholders while considering the balance between our progress toward management goals and growth investment.

Dividends per share

(Yen)

FY2014	FY2015	FY2016	FY2017	FY2018 (Plan)
0	40	50	50	50

Special Features The New Consolidated Medium-Term Management Plan FY2018-FY2022

Oil & New

Everything About Oil – And Beyond

Review of the previous Consolidated Medium-Term Management Plan FY2013-FY2017

- Steadily achieved “the recovery of the oil refining business” and “the growth by the large investment” while utilizing the alliance strategy

Four Basic Policies and their Steady Execution

Recover profitability in the oil refining sector

- Closure of Sakaide Refinery (¥10 billion in rationalization impact)
- Establishment of Keiyo Seisei JV
- Chiba Refinery’s 2-year long-run operation (¥7 billion in profit improvement)
- Start of business alliance in Yokkaichi (¥1 billion/year in synergies at Cosmo)

Strengthen alliances

- Strategic comprehensive alliance with CEPSA, fully-owned by MIC[2] (formerly IPIC)
- Integration of four companies in LPG business (Foundation of Gyxis)
- Capital and business alliance with Kygnus Sekiyu
- Maruzen Petrochemical became a consolidated subsidiary

Collect return from investments made in the previous Consolidated Medium-Term Management Plan

- The Hail Oil Field’s start of operation
- HCP’s[1] newly-established para-xylene production facilities started operation
- Expansion of wind power generation capacity

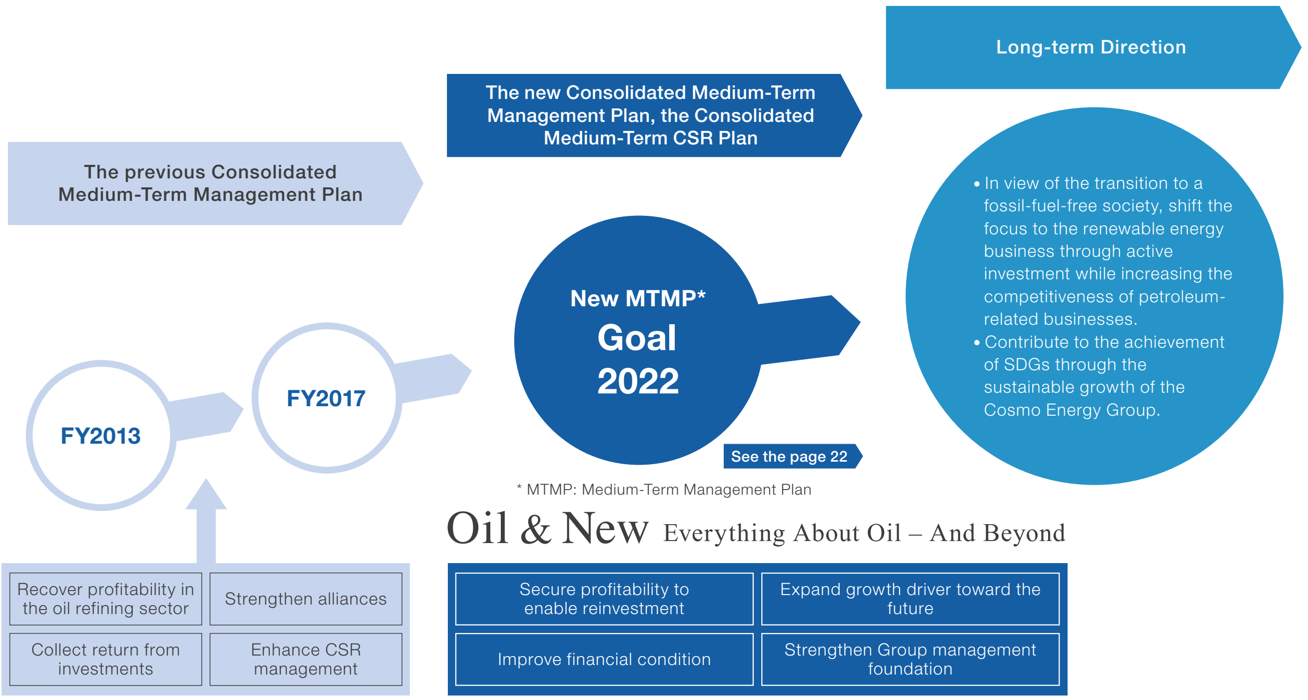
Enhance CSR management

- Thorough safety management
- Working style reform to raise work efficiency
- Promotion of environmental measures
- Enhancement of governance system

1. Hyundai Cosmo Petrochemical. A joint venture with Hyundai Oilbank (HDO) in South Korea.
2. Mubadala Investment Company (MIC), a holding company, was established by an integration of International Petroleum Investment Company (IPIC), an energy investment company that is fully owned by the Abu Dhabi government and Mubadala Development Company (MDC).

Importance of Taking a Long-Term Perspective

- Improve the business portfolio for the subsequent growth in view of a long-term direction.
- Strengthen a financial condition by increasing the profitability of the Oil E&P and Petroleum business.

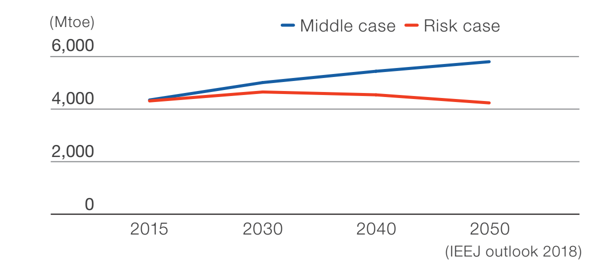


Long-Term Environmental Awareness

- The transition to a fossil-fuel-free society is accelerating in response to the Paris Agreement.
- Renewable energy will increase although the value of petroleum will remain by around 2030.
- The use of Electric Vehicles (EV) will accelerate, while the sharing economy will expand.

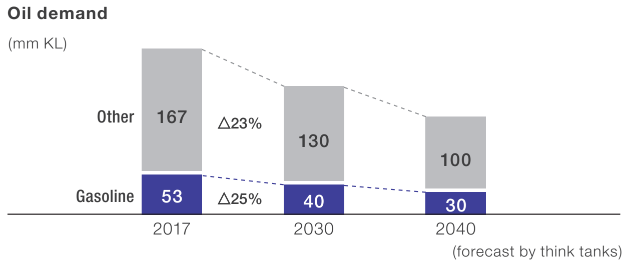
GLOBAL

Stable growth of oil demand (level off after 2030 onwards)

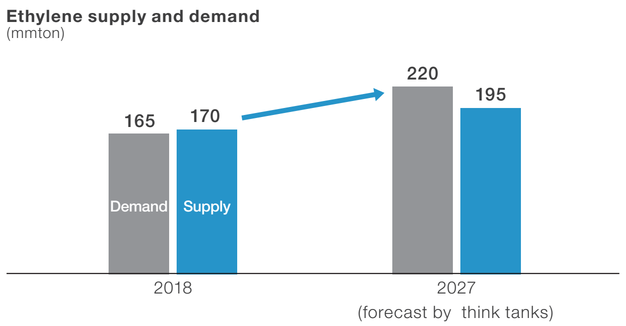


JAPAN

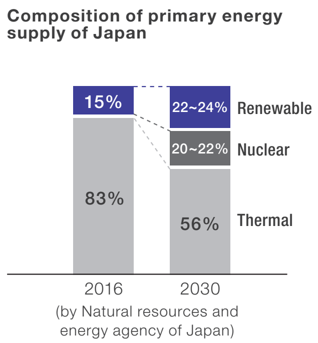
Decline in oil demand (A certain amount of gasoline demand remains)

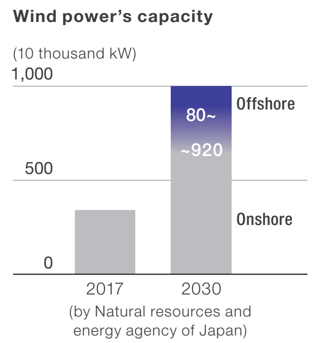


Stable growth of petrochemical demand (deficiency despite new plants and revamp)



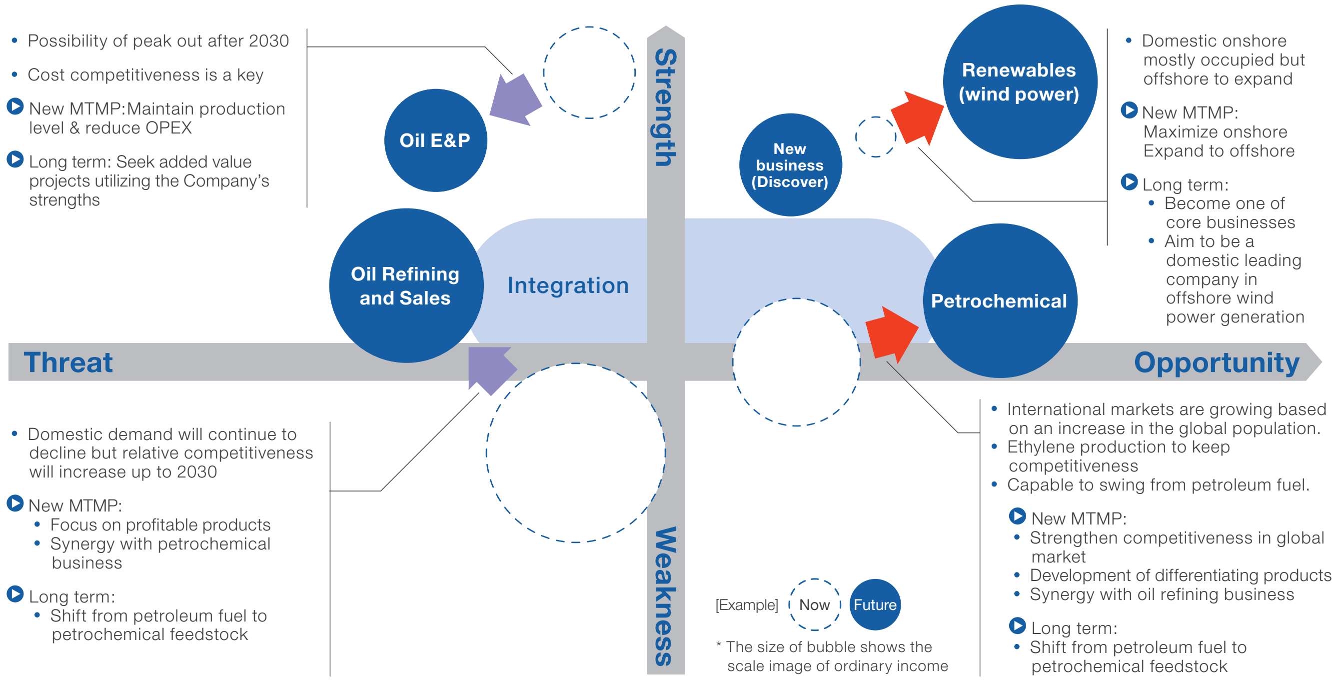
Expansion of renewable energy (Acceleration of wind power generation development)





Conversion image to long-term business portfolio

- In view of the transition to a fossil-fuel-free society, shift the focus to the renewable energy business through active investment while increasing the competitiveness of petroleum-related businesses.
- Contribute to the achievement of SDGs through the sustainable growth of the Cosmo Energy Group.



Oil & New

Everything About Oil – And Beyond

Basic policy of the new consolidated medium-term management plan ~Oil & New~

Oil

- Increase the profitability of the petroleum business by, for example, complying with the IMO regulations on use of high-sulfur fuel oil and taking the lead in the supply of clean marine fuels.

▶ Strengthen financial condition based on earning power.

New

- Invest in wind power generation and other businesses that will lead the next growth stage.

▶ Contribute to the achievement of SDGs through business activities.

Four priority measures

1. Secure profitability to enable reinvestment

- Firm a system of safe, stable operation in oil refining business
- Take action ahead of the IMO regulations
  - ▶ Make refineries not to produce high-sulfur fuel oil and increase profitable products.*
- Strengthen the "Vehicle life" business
- Achieve synergy with petrochemical business
- Steadily recover the investment in the Hail Oil Field

* Aim to raise the competitiveness of refineries that supply only relatively high added value petroleum products.

2. Expand growth driver toward the future

- Strengthen petrochemical business and increase its product-line
- Early development of offshore wind power generation
- Explore new businesses for future growth in domestic and overseas market(Asia / Abu Dhabi)

3. Improve financial condition

- Increase shareholders' equity based on profits
- Strengthen cash management
- Careful selection of investments with an eye on long-term environment
  - ▶ Early achievement of management goals

4. Strengthen Group management foundation

- Implement CSR management
  - Pursue the sustainability of society and the Group
  - Improve ESG key factors
    - ▶ Develop and implement the medium-term CSR management plan (FY2018 – FY2022)
- Increase productivity through work-style and operational innovation
  - Promote diversity
  - RPA(Robotic process automation),Thoroughly increased operation efficiency using AI

Management Goals (FY2022)

- Increase earning power and improve the financial positon to achieve a goal of net worth and a net debt to equity ratio of 1.0-1.5 times that can withstand changes in the market environment at an early stage.

Management Goals (FY2022) (Unit: billion yen)

	Management Goals (FY2022)	
1	Ordinary income (excluding the impact of inventory valuation)	Over 120.0
2	Profit attributable to owners of parent	Over 50.0
3	Free cash flow (FY 2018 - FY 2022 Five years total)	Over 150.0
4	Net worth (Net worth ratio)	Over 400.0 (Over 20%)
5	Net D/E Ratio*	1.0~1.5 times
6	ROE	Over 10%

* Calculated on the basis that 50% of 60 billion yen Hybrid Loan made on 1st April 2015 is included into Equity.

Precondition

Precondition
Dubai crude oil price (USD/B):70
Exchange rate (yen/USD):110

Business Strategy and Value of Improvement

- An increase of 80.0 billion yen in ordinary income excluding the impact of inventory valuation to be achieved, largely through changes such as increasing profitable products composition in oil refining and sales, and production of the Hail Oil Field.

(Unit: billion yen)

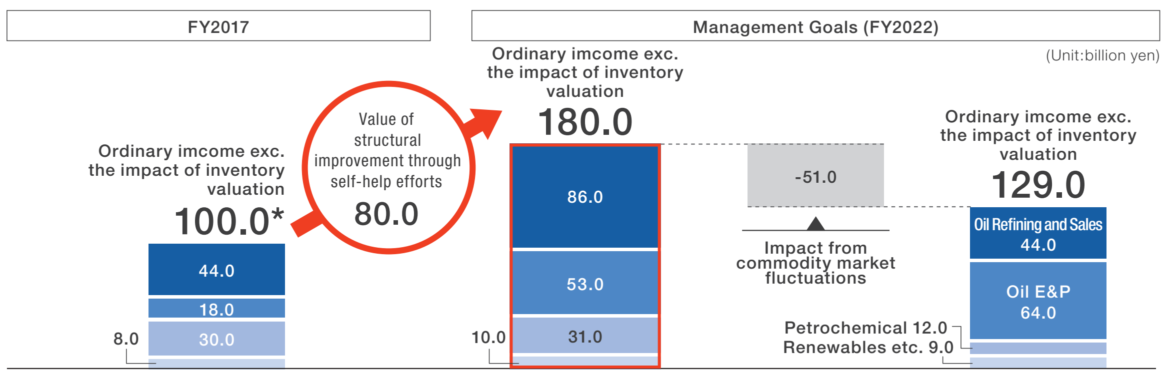
<table>
<tr><th></th><th>FY2018</th><th>FY2019</th><th>FY2020</th><th>FY2021</th><th>FY2022</th><th>Improvement</th></tr>
<tr><td colspan="6">Improvement in FY2022 vs FY2017 (excl. impact of market condition)</td><td>80.0+α</td></tr>
<tr><td rowspan="5">Oil Refining and Sales</td><td colspan="5">Utilizing Chiba Refinery Pipeline</td><td rowspan="5">42.0</td></tr>
<tr><td colspan="5">Safe and stable operation,Improve utilization rate (Regular maintenance reduction·Chiba Refinery 4 year's operation), Synergy creation with petrochemical</td></tr>
<tr><td colspan="2">Achieve no high-sulfur fuel oil production (response to IMO)</td><td colspan="3"></td></tr>
<tr><td colspan="2"></td><td colspan="3">Start Supply to Kygnus Sekiyu K.K.</td></tr>
<tr><td colspan="5">Expansion of vehicle life business</td></tr>
<tr><td>Oil E&P</td><td colspan="5">Stable production in existing and the Hail Oil Fields·OPEX reduction</td><td>35.0</td></tr>
<tr><td rowspan="2">Petrochemical</td><td colspan="5">Enhance competitiveness of basic petrochemical product, Pursue synergy with refinery</td><td rowspan="2">1.0
Cash Flow:8.0*</td></tr>
<tr><td colspan="2"></td><td colspan="3">Start C9 petroleum resin business</td></tr>
<tr><td rowspan="2">Renewable energy</td><td colspan="5">Expand onshore wind firms (Power generation capacity 230,000kW ➡ 400,000kW)</td><td rowspan="2">2.0</td></tr>
<tr><td colspan="3">Develop offshore wind farms</td><td colspan="2">Start offshore wind power site project</td></tr>
<tr><td rowspan="2">New areas</td><td colspan="5">Deepen alliances with MIC, Hyundai Oilbank, and CEPSA</td><td rowspan="2">+α</td></tr>
<tr><td colspan="5">Sow the seed to new business</td></tr>
</table>

* Cash Flow: Ordinary income + Increase in depreciation

(Image)

Profit Plan

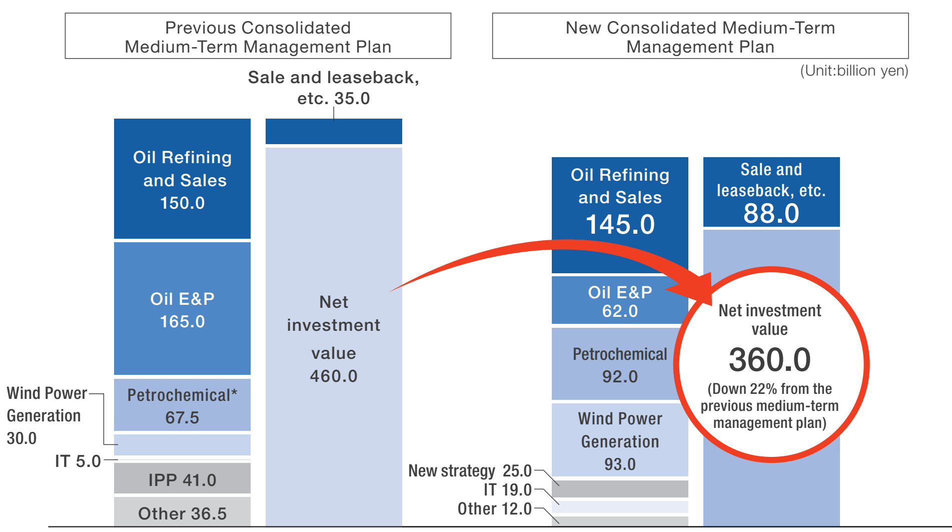
- Ordinary income is expected to be 129.0 billion yen in FY2022 despite an increase of 80.0 billion yen from FY2017, taking into account the assumptions such as crude oil prices.



* Above is the forecast at the time when the new consolidated medium-term management plan was developed. Actual ordinary income (excluding the impact of inventory valuation) was 95.9 billion yen.

Investment Plan

- Strategic investment: Actively use approx. 40% of the total investment for an increase in competitiveness and growth investment.
  - Oil refining and sales: Increase Delayed Coker unit capacity
  - Petrochemicals: Increase added value of basic products
  - Wind power generation: Develop offshore wind power sites
  - New businesses: Discover businesses that will lead the next growth stage
- Reduce cash-out by using sale and leaseback, etc.

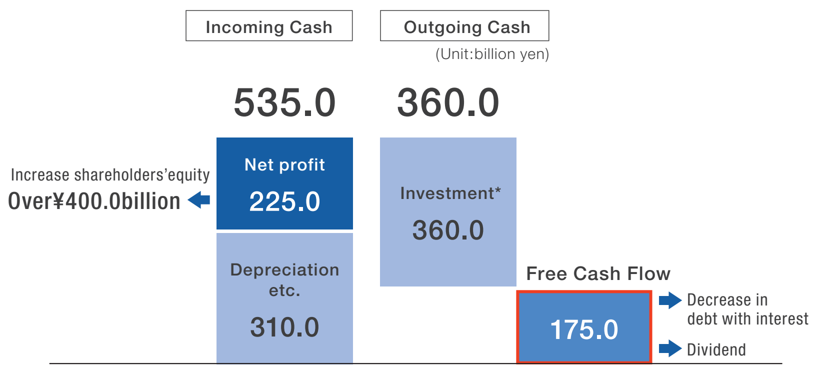


Oil Refining and Sales	**145.0**
(Strategic Investments)	**35.0**
(Breakdown) Coker unit investment	11.0
Reduced regular maintenance and energy saving	10.0
Response to IMO regulation	4.0
Synergy with petrochemical	3.0
Strengthening retail business	7.0
(Base investment)	**110.0**
Oil Exploration and Production	**62.0**
(Base investment)	**62.0**
Petrochemical	**92.0**
(Strategic Investments)	**40.0**
(Breakdown) Increasing added value of basic products	18.5
Expansion of specialty products	8.0
Energy saving	3.0
Other (synergy with refining, etc.)	10.5
(Base investment)	**52.0**
Wind Power Generation	**93.0**
(Strategic Investments)	**90.0**
(Breakdown) Development of onshore wind power plant sites	56.0
Development of offshore wind power plant sites	34.0
(Base investment)	**3.0**

* Calculated by assuming that Maruzen Petrochemical had become a consolidated subsidiary at the beginning of the Previous Consolidated Medium-Term Plan.

Cash Balance and Use of Funds(FY2018-FY2022)

- Carry out growth investment and shareholder returns while considering the balance with the financial position.



* Strategic investment is net amount reflecting sale and leaseback etc.

Shareholder Return Policy

- Recognize shareholder returns as an important management task
- With the principle of stable dividend payment, aim for further returns to shareholders while considering the balance between achievement toward management goals and growth investment.

Overview of new Consolidated Medium-Term CSR Management Plan -Contribution to Achievement of SDGs-

- Develop the medium-term CSR management plan for activities that contribute to the sustainable development of both society and the Cosmo Energy Group.
- Promote activities based on the perspective of ESG throughout the supply chains, including group companies and business partners.

E Promoting environmental measures

- Reduction of greenhouse gas emissions
  FY2030 targets CO_2 emissions Down26% [from FY2013] (Down 2 million tons)
  FY2022 targets CO_2 emissions Down16% [from FY2013] (Down 1.2 million tons)
- Reduction of pollutants
- Initiatives to recycle resources

S Enhancing human rights & social contribution measures

- Occupational safety & health management
- Diversity
- Human resources development
- Customer satisfaction ➡Improve service level
  ➡Enhancing Eco Card Fund initiatives

G Ensuring safety measures

- Safe operations and stable supply
  ➡Preventing work-related accidents, and major accidents
- Quality assurance

G Strengthening corporate governance structure

- Risk management and compliance
- CSR-based procurement
- Information disclosure ➡Improve ESG ratings

See the pages 43-54

BUSINESS OVERVIEW	OIL EXPLORATION AND PRODUCTION BUSINESS	PETROLEUM BUSINESS (REFINING AND SALES)	PETROCHEMICAL BUSINESS	RENEWABLE ENERGY AND OTHER BUSINESSES	TOTAL
Business summary	Business of exploration and production of crude oil in Abu Dhabi in the United Arab Emirates (UAE) and in the State of Qatar	Business to refine imported crude oil and sell the products to nationwide service stations, factories, and other places including overseas	Business to manufacture raw materials of polyester fiber, pet bottles, plastics, synthetic rubber, etc.	Businesses that are not related to oil or petroleum. Mainly engaged in wind power generation as renewable energy.	
Net sales (FY2017 result)	56.3 billion yen	2,292.7 billion yen	458.5 billion yen	50 billion yen	2,523.1 billion yen[2]
Ordinary income (FY2017 result)	18.3 billion yen	58.8 billion yen/37.8 billion yen (excl. the impact of inventory valuation)	30.4 billion yen	9.4 billion yen[2]	116.9 billion yen/95.9 billion yen[2] (excl. the impact of inventory valuation)
Number of employees (as of March 31, 2018)	283	4,545	1,136	891[3]	6,855
Major assets	Crude Oil Reserves (Proved and Probable) 147.3 million barrels Equivalent to approx. 22 years of supply (as of December 31, 2017) Crude Oil Production (of the Group) Approx.40,000 barrels/day Comparison with refining capacity: Approx. 10% (Results for January-December 2017) Partnerships Solid relationship of trust with oil producing countries for about 50 years	Crude Oil Processing Capacity[1] 400,000 barrels/day Domestic market Share: Approx. 11.4% (as of March 31, 2018) Number of service stations in Japan Number of Cosmo brand stations 2,858 (as of March 31, 2018) Number of the "Cosmo the Card" Holders Approx. 4,440,000 (as of March 31, 2018) Car leasing business for individuals Cumulative total 47,602 cars (as of March 31, 2018)	Ethylene production capacity 1,290,000 tons/year[4] Domestic market share: Approx. 19% Para-xylene production capacity 1,180,000 tons/year	Wind power generation capacity 227,000 kW No. 3 in Japan and 6% domestic share	Corporate brand awareness in Japan 98.4% Survey of 1,239 customers (men and women, 18-64 years old) who used a service station in the past one month (as of Octorber 30, 2017)
Major business companies related companies (as of March 31, 2018)	**Cosmo Energy Exploration & Production** Abu Dhabi Oil (UAE) Qatar Petroleum Development (Qatar) United Petroleum Development (UAE/Qatar)	**Cosmo Oil** Cosmo Oil Lubricants Keiyo Seisei JV Gyxis (LPG) **Cosmo Oil Marketing** Cosmo Oil Sales Sogo Energy	Maruzen Petrochemical Cosmo Matsuyama Oil CM Aromatics Hyundai Cosmo Petrochemical	Eco Power (Wind power generation) Cosmo Engineering Cosmo Trade and Service neo ALA	

1. Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from Showa Shell Sekiyu Group with the business alliance
2. Including consolidating adjustment
3. Including 96 employees of the wind power generation business (Eco Power)
4. Including whole capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)

Impact of inventory valuation

The "impact of inventory valuation" indicates the impact on the cost of sales in the financial statements, according to the inventory valuation method, when there is a change in the price of crude oil. It can be separated into the following two categories:

1 Inventory valuation impact based on the periodic average method

This indicates the impact in terms of income based on the "periodic average method," which is an inventory valuation method. In a phase when crude oil prices rise, the cost of sales is pushed down because the unit prices of purchased inventory that have risen during the term are averaged with the lower inventory unit prices at the start of the term. Conversely, in a phase when crude oil prices fall, the cost of sales is pushed up because the unit prices of purchased inventory that have fallen during the term are averaged with the higher inventory unit prices at the start of the term.

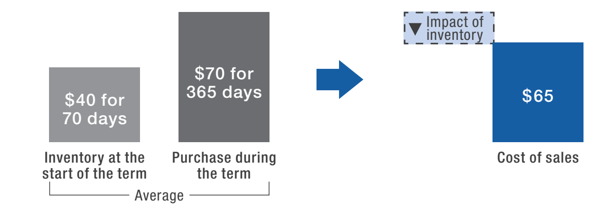
2 Inventory valuation impact based on reduction in book value

If the market value of inventory at the end of the term falls below the book value, it is necessary to reduce the book value to the market value, and this indicates that a resulting loss is incurred.

When crude oil prices rise

Average of the unit prices of purchased inventory during the term with the "lower" inventory unit prices at the start of the term.

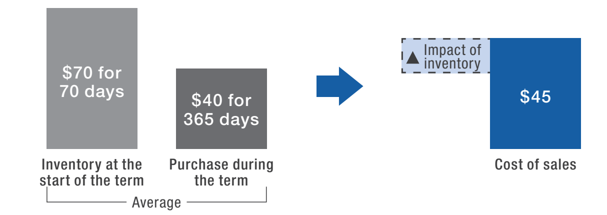
Cost of sales is pushed down (positive inventory valuation)



When crude oil prices fall

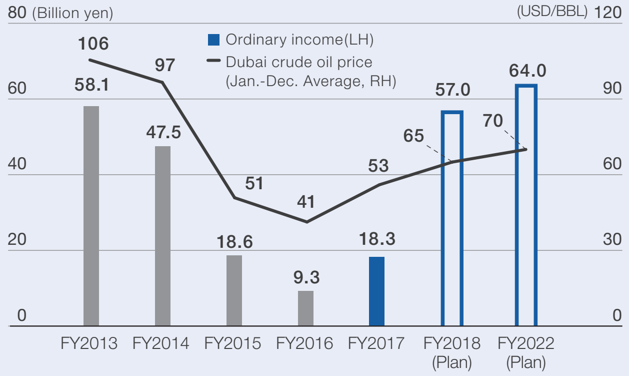
Average of the unit prices of purchased inventory during the term with the "higher" inventory unit prices at the start of the term.

Cost of sales is pushed up (negative inventory valuation)



OIL EXPLORATION AND PRODUCTION BUSINESS

Ordinary income



* Operating companies (Abu Dhabi Oil, Qatar Petroleum Development, and United Petroleum Development) end their FY on December 31.

Review of the Previous Consolidated Medium-Term Management Plan

In addition to building a close collaborative relationship with Abu Dhabi National Oil Company, the Cosmo Energy Group has strived to establish amicable relationships with the Emirate of Abu Dhabi and other oil producing countries. Such efforts have resulted in acquisition of a concession in new oil field, the Hail Oil Field, as well as in extension of concessions in the three existing oil fields for 30 years in December 2012. This field began development in 2013, drilling in 2016, and started production in November 2017. United Petroleum Development has been engaged in stable production at existing oil field and, after deliberate discussions with both the Emirate of Abu Dhabi and the State of Qatar, executed a new concession agreement in March 2018.

Development History of Hail Oil Field

	FY2013	FY2014	FY2015	FY2016	FY2017
Exploration (3D seismic prospecting)		3D seismic survey; Data analysis			
Development		Base plan; Dredging of waterway, construction of an artificial island	Construction of above-ground facilities		
	Acquisition of a concession area		Preparation for excavation	Excavation	Start of production

Strengths

- **Strong relationships of trust based on the stable off-shore oil fields production in Abu Dhabi extending for approximately 50 years**
- **Extension of interests in three existing oil fields of Abu Dhabi Oil for 30 years and acquisition of the Hail Oil Field, operating Hail at full capacity**
- **Alliance with CEPSA[1], a wholly-owned company of our largest shareholder MIC[2] (formerly IPIC)**

1. Compañía Española de Petróleos, S.A.U. (CEPSA) is a major Spain-based oil company.
2. Mubadala Investment Company (MIC), a holding company was established by an integration of International Petroleum Investment Company (IPIC), an energy investment company that is fully owned by the Abu Dhabi government and Mubadala Development Company (MDC).

Business strategy in the New Consolidated Medium-Term Management Plan

Target ordinary profit of ¥64 billion in the Oil E&P Business segment in FY2022, mainly thanks to profit contribution from production of the Hail Oil Field

- Continue full production at the Hail Oil Field of Abu Dhabi Oil (Combined output of Abu Dhabi Oil, Qatar Petroleum Development, and United Petroleum Development is to increase by about 1.5 times vs. FY2017).
- Reduce operating cost (at least by 30% per unit).
- Examine new investments for the next phase.

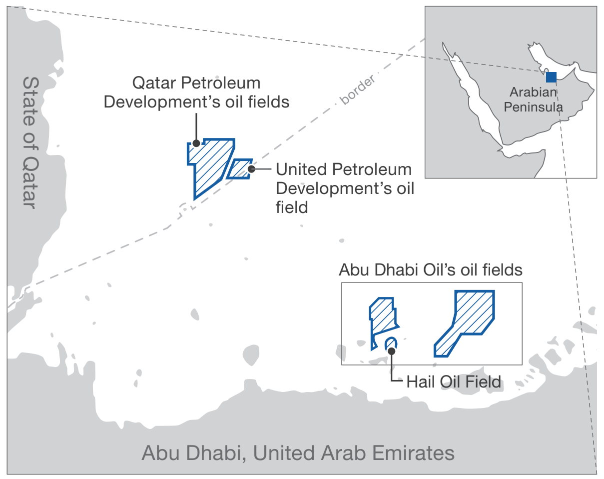
The Hail Oil Field began production in November 2017 and has been operating at full capacity since January 2018. This is the first time since 2011 that an oil field in which a Japanese company has operatorship started production in the Middle East.

As the Hail Oil Field investment has been curbed with the shared use of the existing crude oil processing, storage, and shipping facilities and reduced investment (Estimated savings $300-400 million), the unit operating cost is expected to decline along with increase in production volume. In addition, we will consider development of new oil fields, making use of our technologies accumulated from about 50 years of experience in oil development as well as safe, stable operations and our relationships of trust built through a wide range of cooperation to Middle East oil producing countries.

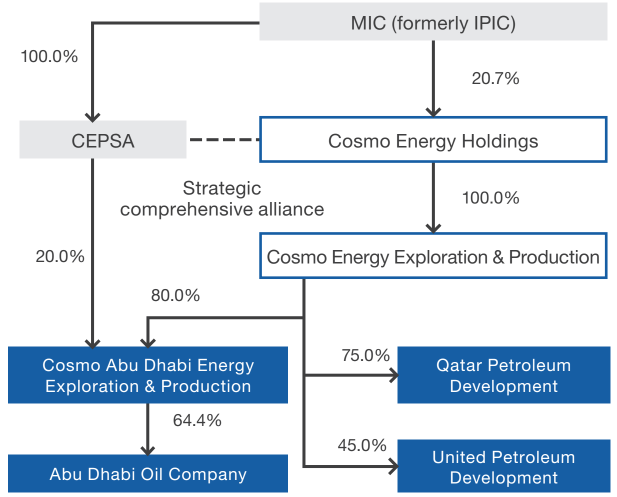
Cosmo Energy Group's Oil Development Structure

For about 50 years since 1967 when the Cosmo Energy Group acquired its first concession, three companies, namely Abu Dhabi Oil, Qatar Petroleum Development, and United Petroleum Development, have been engaged in safe operation and stable production. Our Group produces the largest volume of crude oil in the Middle East region as a Japanese operator and has realized low-risk and low-cost development.

Cosmo Energy Group's Oil Fields



* Equity investment ratio (%)

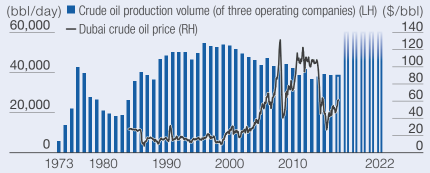


Contributing to a better society — CSV (Creating Shared Value) —

Securing of stable energy sources

Stable energy supply

Cosmo Energy Group's Crude Oil Production Volume and Crude Oil Price



Stable supply

Full production at the Hail Oil Field will result in raising our Group's ratio of self-developed oil and increase the stability of supply of energy to Japan. It will also lead to enhanced relationships between Japan and the Emirate of Abu Dhabi, in the United Arab Emirates.

Environmental preservation activities

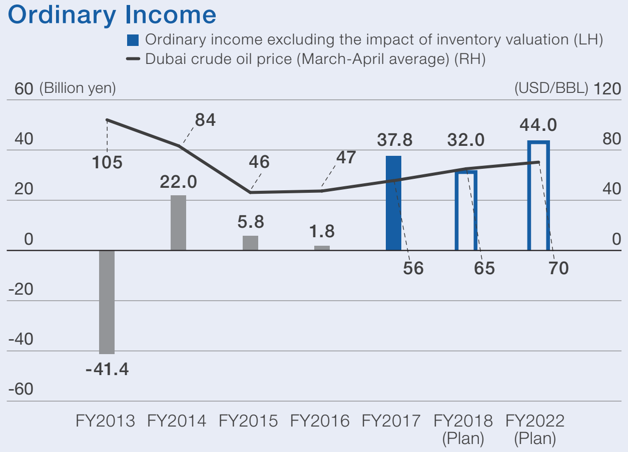
As the Hail Oil Field is located in an area registered by UNESCO as a sanctuary, it was developed by carefully conducting survey and examinations, and recovered materials and wastewater generated during oil well drilling were embedded in a dedicated underground well. In addition, the Hail Oil Field realized a complete "zero waste operation" by conducting zero flaring operation, which eliminates oil flaring during production.

Japanese-language training

In conjunction with the Ritsumeikan Trust in Japan, we provide Japanese-language programs to Applied Technology High School (ATHS), a local high school in Abu Dhabi. Twelve students who completed the program are currently studying in Japan with the support of a scholarship from Abu Dhabi National Oil Company.

PETROLEUM BUSINESS

Ordinary Income



Strengths

- Increase Delayed Coker unit capacity and promote alliance to enhance competitiveness of refineries
- Profit structure without depending only on fuel oil, by adding car leasing business for individuals at the core

Oil Refining Business

Business strategy in the New Consolidated Medium-Term Management Plan

Enhance competitiveness by responding to the IMO regulations* and increasing the recipients of products.

- **Establish refinery competitiveness exceeding the global standard by increasing profitable products and maintaining high capacity utilization with an increased Delayed Coker unit capacity, taking IMO regulations as an opportunity.**
- **Increase number of recipients of products and use alliances with other companies to increase competitiveness.**
- **Create synergy with the petrochemical business.**

Increase Delayed Coker unit capacity at Sakai Refinery

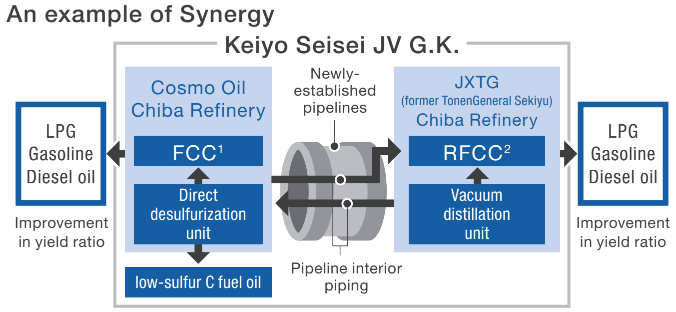
From 2020, supply of cleaner marine fuel oil, with low sulfur content, will be required due to the IMO* regulations. Cosmo Energy Group will increase the capacity of the Delayed Coker unit at Sakai Refinery so as to not produce high-sulfur fuel oil, which is subject to the IMO regulation, as early as possible. By doing so, we aim at increasing production of profitable products, such as diesel fuel oil converted from the heavy oil fraction.

* As an air pollution preventive measure, the International Maritime Organization (IMO) has set a global limit to reduce the content of sulfur in marine fuel oil from 3.5% at present to 0.5% by 2020, in order to reduce ships' emissions of sulfur oxide (SOx).

Increase the competitiveness of Chiba Refinery

- Continue the operation of two Crude Distillation Units (CDUs) at Chiba Refinery after the completion of the pipeline to maximize the use of the pipeline.

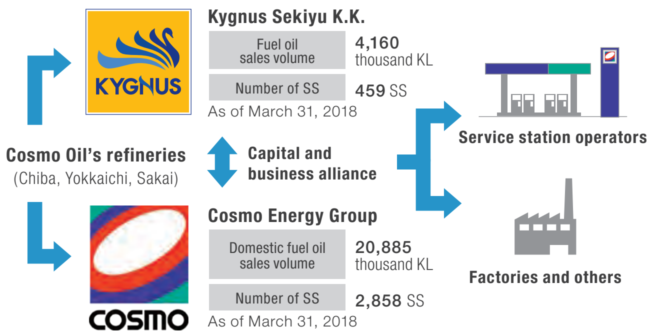
An example of Synergy



1. Fluid Catalytic Cracking (FCC) is an equipment to convert heavy oil to LPG, gasoline, diesel oil, etc.
2. Residue Fluid Catalytic Cracking (RFCC) is an equipment to convert extra heavy oil to LPG, gasoline, diesel oil, etc.

Alliance with Kygnus Sekiyu to enhance competitiveness

- Entered into a capital and business alliance with Kygnus Sekiyu in February 2017 and acquired a 20% equity stake of Kygnus Sekiyu in May 2017.
- Will begin to supply fuel oil to Kygnus Sekiyu by around 2020.
- Will discuss and study further business alliances, without being limited to the supply of fuel oil.



Review of the Previous Consolidated Medium-Term Management Plan

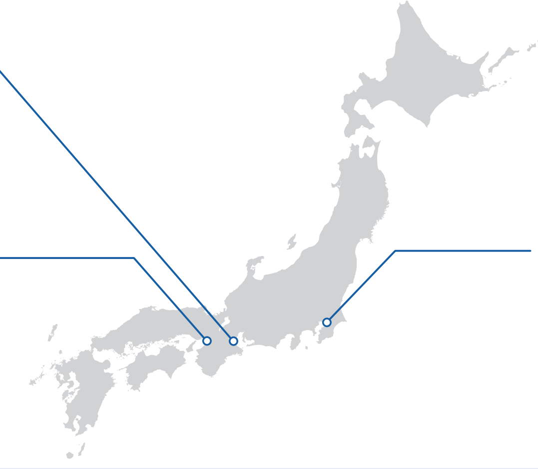
The Cosmo Energy Group strived to enhance competitiveness of oil refineries, by such measures as establishing Keiyo Seisei JV G.K. with TonenGeneral Sekiyu (currently JXTG Energy) and forming a business alliance with Showa Shell Sekiyu Group. In addition, we entered into a capital and business alliance with Kygnus Sekiyu. In January 2016, Cosmo Oil adopted the Operations Management System (OMS)* and achieved safety measures that exceed levels stipulated in laws and regulations.

	FY2013	FY2014	FY2015	FY2016	FY2017
Chiba Refinery				2 year long run ➡ Opex cut (Approx. ¥7bn)	
			Foundation of Keiyo Seisei, construction of pipeline		
Sakai Refinery	Operating Delayed Coker unit (FY2010~)				
Yokkaichi Refinery			Alliance agreed with Showa Shell Group		Alliance start
Others					Capital & business alliance with Kygnus Sekiyu K.K.

* OMS (Operations Management System): A system to achieve an enhanced level of safety operation and stable supply by promoting continuous improvement, based on reviewing and assessment of workability and effectiveness of diverse operating systems.

See the page 52

The Group's Oil Refineries and Crude Oil Processing Capacity



Yokkaichi Refinery
86,000BD
Business alliance with Showa Shell Group
Synergy for Cosmo
¥1.0 billion/year (from April 2017)

Sakai Refinery
100,000BD
Enhanced competitiveness due to higher yield of jet and diesel fuels.
- Delayed Coker Unit began operation in 2010
- Higher value-added products

The Group's Crude Oil Processing Capacity
400,000BD
* Including the supply of petroleum product/semi product (37,000 barrels/day equivalent) from Showa Shell Group (Showa Yokkaichi Sekiyu) with the business alliance
* as of March 31, 2018

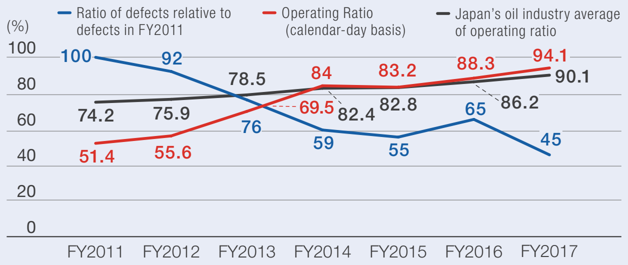
Chiba Refinery
177,000BD
Established Keiyo Seisei JV G.K. with Tonen General Sekiyu(currently JXTG Energy)
After the pipelines are constructed Synergy for both sides
¥10.0 billion/year (FY2018 and after)

Contributing to a better society — CSV (Creating Shared Value) —

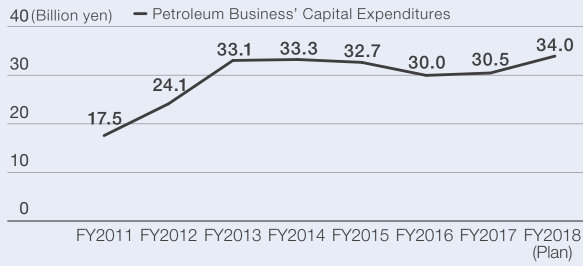
Support social infrastructure Provision of life line in disasters
Stable energy supply
Stable supply of materials for daily necessities

Striving for safety operation

The Cosmo Energy Group is making appropriate capital expenditures so as to reduce unplanned stoppage at refineries. The number of defective issues at refineries has been less than halved in FY2017 relative to FY2011, while the operating ratio at refineries have been rising.



* Source for Japan's oil industry average: Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry



Energy conservation initiatives

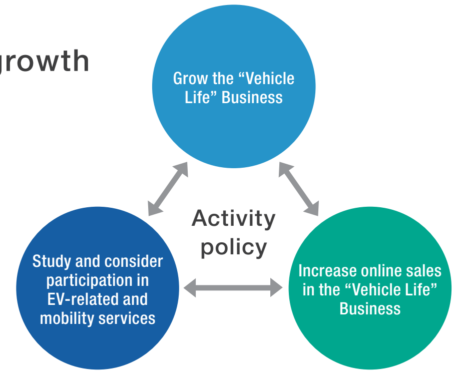
The Cosmo Energy Group has been making consistent efforts for energy conservation at refineries, which resulted in reduction in crude oil consumption by 50,000 kl in three years, from FY2014 to FY2016. For example, the manufacturing process of xylene, a basic chemical product, was revised at the Yokkaichi Refinery. By adopting IT in managing the manufacturing process, a system to automatically control flow, temperature, and pressure of crude oil was developed, leading to reduction in consumption of fuel, to the extent of a crude oil equivalent of 500 kl per year.

Petroleum Product Sale and "Vehicle Life" Business

Business strategy in the New Consolidated Medium-Term Management Plan

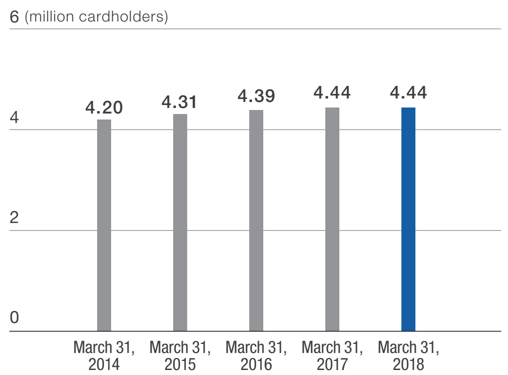
Determine new business models that take the long-term business environment into consideration while seeking growth of the "Vehicle Life" Business

- Increase sales of lease and car care products
- → Collaborate with companies in other industries to enable total support (from the purchase of a first car to the trade-in or sale of a car).
- → Develop new products and provide services to meet customer needs.
- → Increase online sales.



Specific initiatives include 1) nationwide development of the "Vehicle Shops," which provide one-stop services ranging from help in selection of a car model to its purchase and sale; 2) advanced system to support service stations, including M-POS, a next-generation POS, use of which began in July 2017; 3) enhancement of the appeal of vehicle leasing; and 4) improved support programs to promote sale of vehicle care products.

Number of the "Cosmo the Card" holders



Domestic Sales Volume of Petroleum Products

(thousand KL)

	FY2013	FY2014	FY2015	FY2016	FY2017
Gasoline	6,053	5,722	5,673	5,544	5,582
Kerosene	2,261	1,941	1,823	1,820	1,787
Diesel oil	4,399	4,150	4,133	4,120	4,281
Heavy fuel oil A	1,847	1,555	1,420	1,420	1,470
Sub-total	14,561	13,368	13,049	12,904	13,120
Naphtha	6,556	6,240	6,204	6,027	6,061
Jet fuel	486	468	519	520	459
Heavy fuel oil C	2,038	1,663	1,578	1,370	1,246
Total	23,640	21,739	21,350	20,821	20,885

Number of Service Stations and Self Service Stations

	FY2013	FY2014	FY2015	FY2016	FY2017
Cosmo SS	3,228	3,133	3,054	2,957	2,858
Cosmo self SS	1,011	1,031	1,036	1,038	1,034
SS in Japan	34,706	33,510	32,333	31,467	30,747
Self SS in Japan	9,275	9,530	9,728	9,856	9,928

* The number of SS includes the number of self SS.
* Source: Ministry of Economy, Trade and Industry for the number of SS in Japan; The Oil Information Center for the number of self SS in Japan

Service Stations' CSR Analysis

Cosmo Oil's service stations (SS) conduct CSR analysis as a part of CSR activities that emphasize thorough compliance and environmental consideration. The CSR analysis is comprised of the Environmental Management (EM) survey and the Personal Information Protection (PP) survey and aims at understanding and improving related issues. The former is to ascertain how environment-related SS facilities are managed, including preemptive measures to prevent oil leaks, as well as pollution control, while the latter is to ensure proper management of personal information. The EM/PP survey results for FY2017 showed that the ratio of SSs which achieved the target of 100 points increased by about 1% in the EM survey and about 2% in the PP survey compared to the previous year.

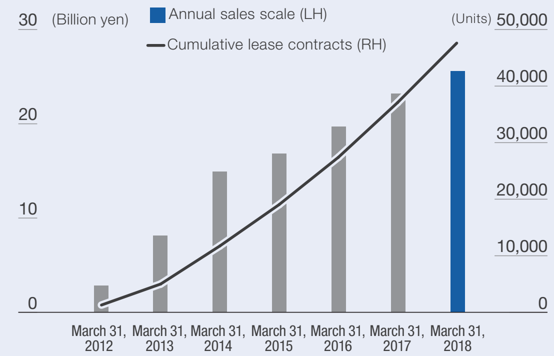
Contributing to a better society — CSV (Creating Shared Value) —

Offering of highly-convenient new motoring lifestyle value

Offering car leasing for individuals

Increase in the number of leased cars

Leveraging the strength of service stations to have the recurring and direct contact with individual customers, the Cosmo Energy Group is engaged in the car leasing business for the customers since FY2011. A scheme to give discount to gasoline purchasers and a wide range of vehicle models of all domestic automakers deemed leasable were favorably received and contributed to the cumulative total number of contracts of 47,602 at the end of FY2017.



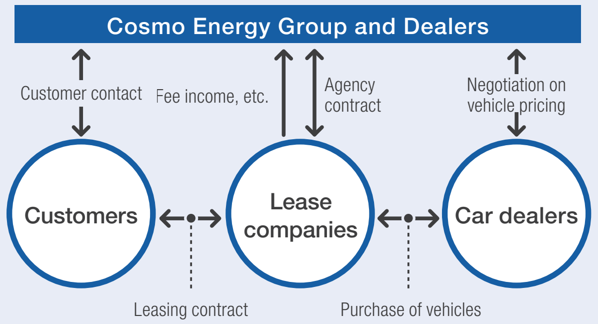
Consumer car leasing business model

Customers
- ▶ Being able to use new cars of any domestic automaker and any model at a favorable price
- ▶ No complicated procedures
  For example, expenses are simplified as the monthly fixed rate includes mandatory car inspections, taxes, insurance, etc

Leasing companies
- ▶ Capture new customers

Cosmo and service station operators
- ▶ Secure revenue sources that are not solely dependent on fuel oil

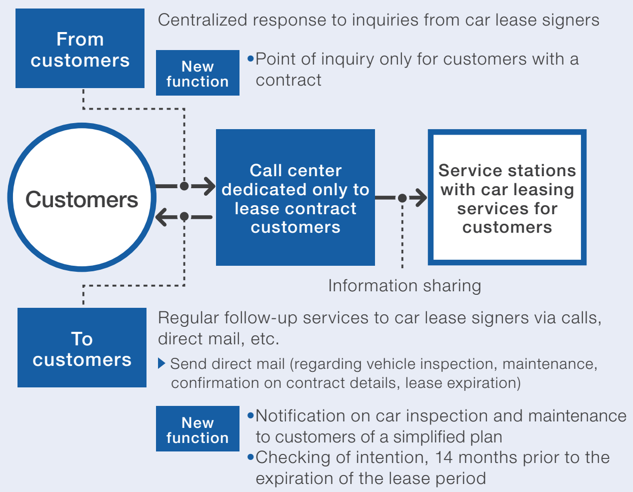
Dealerships
- ▶ Secure new sales channels



Call center dedicated to serving only lease contract customers

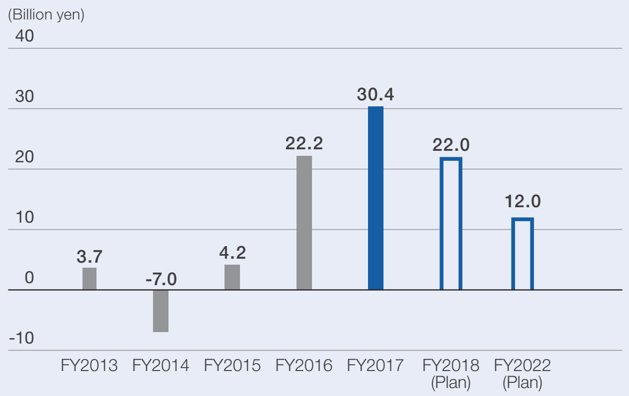
As Cosmo's vehicle leasing services have been favorably received with the cumulative total number of contracts reaching 47,602 by the end of FY2017, it is becoming increasingly important to establish a deep relationship with each customer and satisfy the customer during the contract period.

The call center with a dedicated vehicle-life concierge with good knowledge on lease and vehicles was established and began operation in January 2018. The system for responding to customers' inquiries and helping solve problems during the contract period has been expanded. Further, the frequency of alerting customers on the timing of their vehicle inspection and maintenance and the introduction of a plan for renewal of an expiring lease has been modified for the enhancement of customers' convenience.



PETROCHEMICAL BUSINESS

Ordinary Income



Review of the Previous Consolidated Medium-Term Management Plan

Hyundai Cosmo Petrochemical's (HCP's) new para-xylene manufacturing equipment began stable operation, while cost reduction efforts were made by means of energy conservation renovation work and other measures. In addition, we worked at generating synergies between a newly-consolidated subsidiary Maruzen Petrochemical and Cosmo Oil's refineries so as to enhance competitiveness.

	FY2013	FY2014	FY2015	FY2016	FY2017
Hyundai Cosmo Petrochemical			Energy-saving investment & streamlining	Establishment of profitable base resistant to market fluctuation	
	Start operation of new PX plant				
Maruzen Petrochemical					Consider synergy between oil refining ⟺ petrochemical
				Consolidation	

Strengths

- Established a production chain in Asia, a world-leading demand region
- Cost competitiveness based on Japan's largest-scale ethylene production capacity (Maruzen Petrochemical)
- Cost competitiveness based on one of the largest-scale para-xylene production capacity in Asia (Hyundai Cosmo Petrochemical*)

* A joint venture with Hyundai Oilbank (HDO) in South Korea

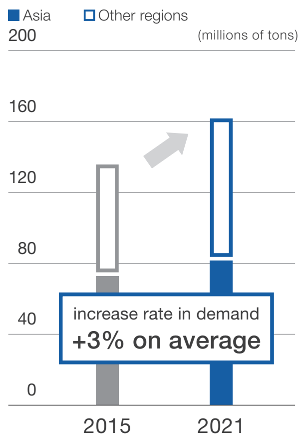
Business strategy in the New Consolidated Medium-Term Management Plan

Benefit from improvement of the synergy between oil refining and petrochemicals, increase the competitiveness of basic products, and grow a new business in specialty products, responding to growth in the international market.

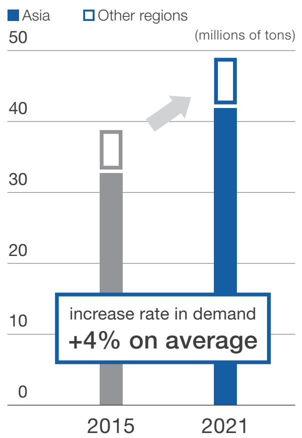
- **Enhanced response to increase in demand for ethylene and para-xylene**

In the Cosmo Energy Group, Maruzen Petrochemical, which boasts Japan's largest-scale ethylene production capacity, and Hyundai Cosmo Petrochemical (HCP), which owns world-leading para-xylene production facilities, are highly competitive, as they are continuing to run at full capacity. Given the growth outlook for the international market on the back of global population growth, we will enjoy and improve the synergy between oil refining and petrochemicals, increase the competitiveness of basic products, and grow a new business of specialty products. Concerning synergies between the Oil Refining Business and Maruzen Petrochemical, a consulting firm was hired to identify synergy-improving projects and we are currently preparing for their implementation. Main project objectives include better sharing of raw materials and fuels (material diversification in an ethylene plant), effective use of utilities (such as electric power and water used in plants), and rationalization of equipment, with the aim of further enhancing competitiveness.

World Ethylene Demand

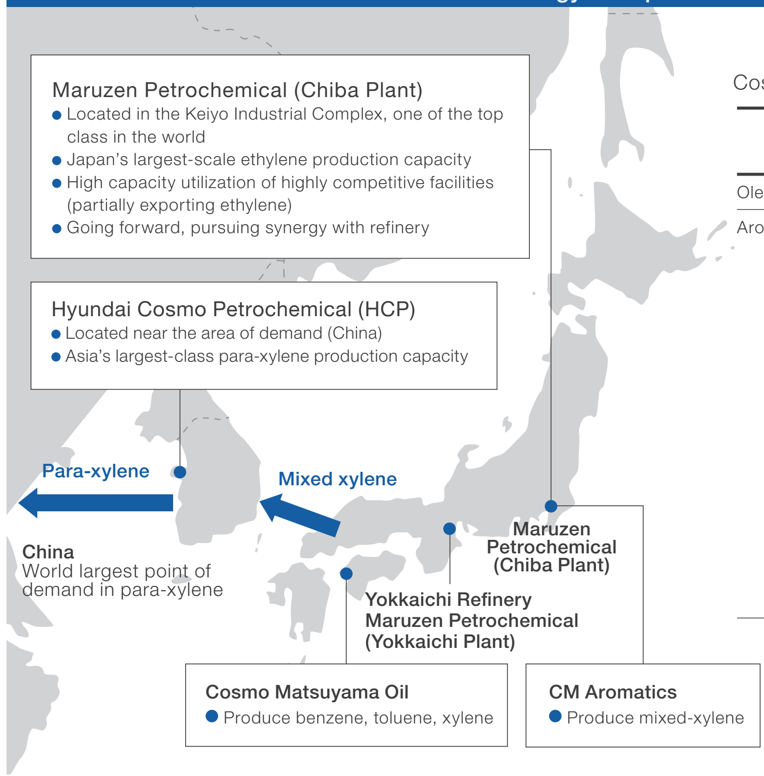


World Para-xylene Demand



Source: Global Demand Trends for Petrochemical Products (2015-2021), the Ministry of Economy, Trade and Industry

Cosmo Energy Group's Production Capacity



Cosmo Energy Group's Production Capacity

Product		Company	Production Capacity (tons/year, exc. impact of regular maintenance)
Olefin	Ethylene	Maruzen Petrochemical	1,290,000*
Aromatics	Para-xylene	Hyundai Cosmo Petrochemical	1,180,000
	Benzene	Maruzen Petrochemical	600,000
		Hyundai Cosmo Petrochemical	250,000
		Cosmo Matsuyama Oil	90,000
		Subtotal	940,000
	Mixed xylene	Cosmo Oil (Yokkaichi Refinery)	300,000
		CM Aromatics	270,000
		Cosmo Matsuyama Oil	50,000
		Subtotal	620,000
		Aromatics total	2,740,000

* Includes production capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)

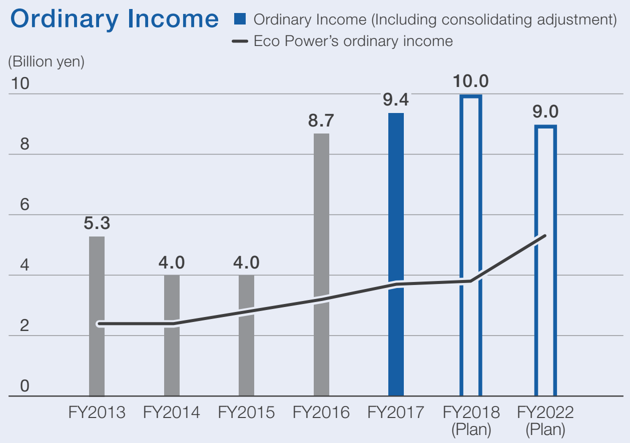
Contributing to a better society — CSV (Creating Shared Value) —

Stable energy supply

Production of raw materials for hot-melt, pressure-sensitive adhesive used in disposable diapers and other applications

Cosmo Energy Holdings, Maruzen Petrochemical, and Arakawa Chemical Industries have entered into a joint venture agreement to establish a new company that manufactures and sells hydrogenated petroleum resin. Demand for this is expected to increase globally as raw material for hot-melt, pressure-sensitive adhesive used in disposable diapers and other applications. Joint business creation by the three companies will be the first initiative to enhance competitiveness by generating synergies within the Cosmo Energy Group.

RENEWABLE ENERGY AND OTHER BUSINESSES



Review of the Previous Consolidated Medium-Term Management Plan

The Wind Power Generation Business achieved its eighth consecutive year of growth in sales, as the business continued steady operation at Eco Power Co., Ltd. and smooth starts were made in operating new facilities.

	FY2013	FY2014	FY2015	FY2016	FY2017
Wind power generation business	Feed-in tariff (for 20 years) (Total generation capacity: Approx. 150,000kW)		Start operation of Hirokawa, Aizu (Approx. 180,000kW)	Start operation of Watarai First Phase (Approx. 210,000kW)	Start operation of Sakata and Ishikari (Approx. 230,000kW)

Strengths

- Group incorporation in 2010 of Eco Power, a pioneer in the wind power generation business (established in 1997)
- Realization of a high level of availability (at least 90%), as development, construction, operation and maintenance are carried out within the Cosmo Energy Group
- Nationwide operation to reduce risks in wind condition changes by region and to ensure stability
- Plan to expand business over the long term by expanding onshore sites as well as participating in offshore site projects

Business strategy in the New Consolidated Medium-Term Management Plan

Aiming to expand the wind power generation business as one of growth areas by participating in offshore wind power generation projects and expanding onshore wind farms

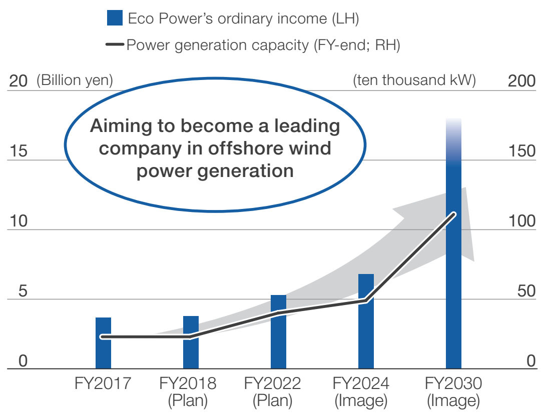
- Expand onshore wind power generation capacity to 400,000kW (by the end of FY2022).
- Invest in offshore wind power generation.
- Become a leading company in offshore wind power generation over the long term.

Onshore wind power generations

We develop the Watarai Second Phase Project (Mie Prefecture), Himekami Project (Iwate Prefecture), and Chuki Project (Wakayama Prefecture), which are being prepared for their start of operation, and also seek for new projects.

Offshore wind power generation

We participate in the offshore wind power generation projects in Akita Port and Noshiro Port. We continue to study future business feasibility.

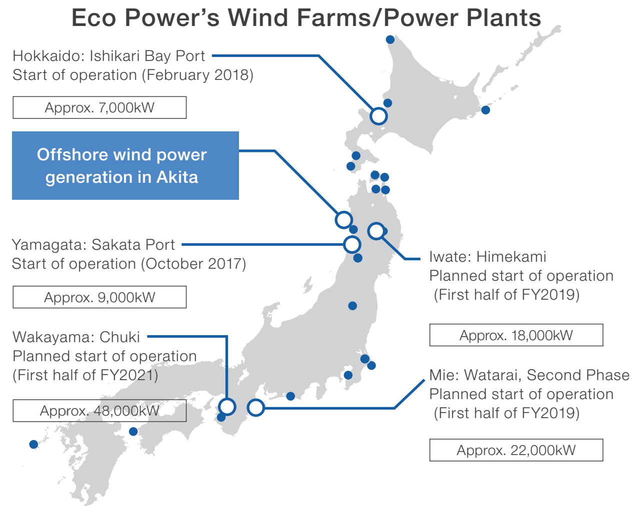


Outline of Eco Power Co., Ltd.

Eco Power Co., Ltd. was established as Japan's first company specialized in wind power generation in 1997 and joined the Cosmo Energy Group in 2010. As a pioneer of the industry, it develops and operates wind farms in Japan.

Eco Power's Key Data (As of March 31, 2018)

Capital	¥7.1 billion	Power generation capacity	227,000kW
Number of power generators	162 (23 areas)	Industry share	Approx. 6% (No.3)



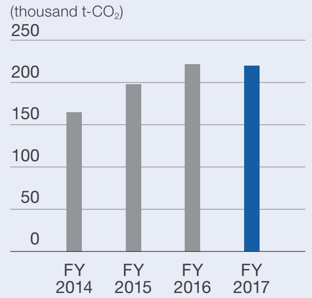
Contributing to a better society — CSV (Creating Shared Value) —

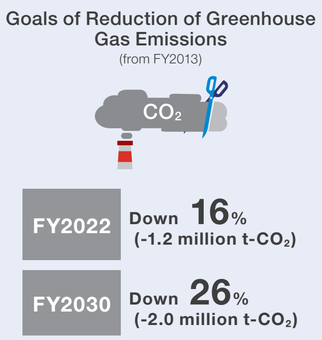
Expanding production of domestic clean energy

Stable energy supply

Reduction in CO_2 emissions by wind power generation

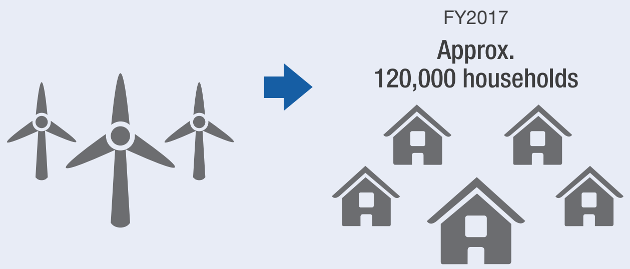
The Cosmo Energy Group is proactively involved in environmental preservation activities and contribute to reduction in CO_2 emissions through provision of clean energy. In FY2017 we reduced CO_2 emissions by 220,887 t-CO_2.





Boosting the energy self-sufficiency rate

In resource-poor Japan, we are expanding the use of renewable energy, mainly wind power generation, which is highly promising as a purely domestic energy source with no environmental burden, so as to contribute to raising the energy self-sufficiency rate. In FY2017, we provided electricity to around 120,000 households.



Corporate Governance

Basic Governance Structure and Business Execution System

The Cosmo Energy Group transitioned to a holding company structure in October 2015 and became a company with a supervisory committee structure in order to increase the ratio of outside directors and strengthen the audit and supervisory functions of the Board of Directors. Moreover, with the aim of clearly separating management oversight and business execution, the Company has adopted an executive officer system. As a result, some authority has been transferred to executive officers in order to enable the Company to respond promptly to changes in the business environment and carry out swift decision-making.

Board of Directors

The Board of Directors is composed of ten members in total, and comprises 6 internal directors (1 of whom is a member of the Supervisory Committee) and 4 outside directors (2 of whom are members of the Supervisory Committee). It decides important matters such as the basic management policy and also supervises the execution of business duties. To reinforce the supervisory function of the Board of Directors and realize fair and highly transparent management, the Company increased the number of outside directors by 2 members (2 of the 4 outside directors are independent outside directors) in tandem with the transition to a holding company structure. Outside directors have immediate access to necessary information.

Supervisory Committee

The Supervisory Committee is composed of three members in total, namely, one internal director and two independent outside directors, and uses the internal control system to audit and supervise the business execution of directors as well as the state of execution of other business duties in general that are related to the management of the Group. The Chairperson is an independent outside director.

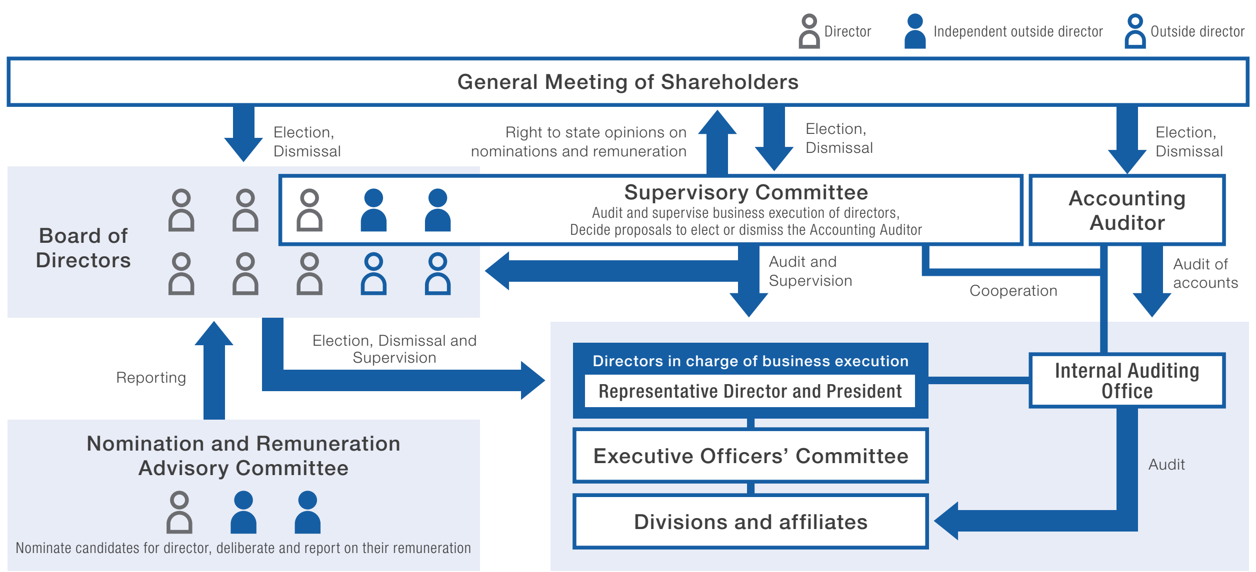
Executive Officers' Committee

The Company has adopted the executive officers' system to clarify the roles and responsibilities of "Directors" in charge of decision-making and management oversight, and "Executive Officers" in charge of business execution. The Executive Officers' Committee comprises major executive officers, including the Chief Executive Officer, and directors that are members of the Supervisory Committee, and functions as an advisory body to the President. The committee makes decisions concerning the execution of business in accordance with management policies determined by the Board of Directors.

Nomination and Remuneration Advisory Committee

The Company has established the Nomination and Remuneration Advisory Committee, which is an advisory body to the Board of Directors, to ensure transparency and objectivity in the selection of director candidates and the compensation determination process. This committee is composed of three members in total, namely, one internal director and two independent outside directors, and deliberates on the nomination and remuneration of executive officers. The Chairperson is an independent outside director.

Corporate Governance Structure

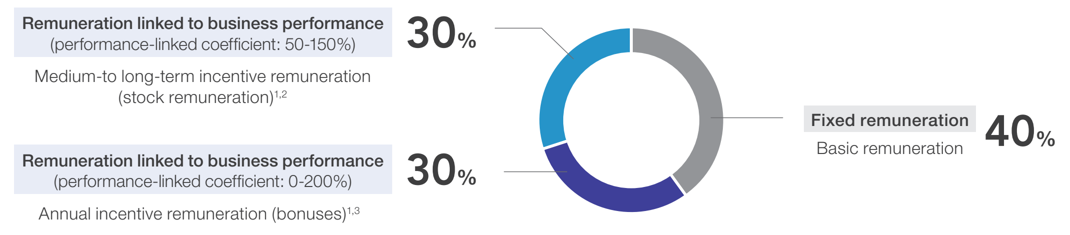


Executives' Remuneration Plan

In FY2018 the Company introduced a new remuneration plan linked to business performance, with the purpose of enhancing medium-term business performance, increasing corporate value, and sharing profits with shareholders. It applies to directors (excluding outside directors and directors who are Supervisory Committee members) and executive officers. This plan consists of annual incentive remuneration (bonuses) linked to consolidated performance indices for each fiscal year, and medium- to long-term incentive remuneration (stock remuneration) linked to the ratio of the Company's Total Shareholder Return (TSR) to the TOPIX (Tokyo Stock Price Index) growth rate as well as to the consolidated net debt-to-equity ratio for FY2018-FY2020. A ratio of 4:3:3 has been established for basic remuneration: annual incentive remuneration (when consolidated ordinary income excluding the impact of inventory valuation reaches ¥100 billion): and medium- to long-term incentive remuneration (when stock price conditions are fully achieved).

The stock remuneration plan is an incentive plan that uses a trust system. It is a mechanism that creates management motivation based on awareness of increasing corporate value in the long term, as directors and executive officers share changes in shareholder value with shareholders.

Executives' Remuneration Plan



1. Remuneration linked to business performance is not applicable to directors who are outside directors or Supervisory Committee members.
2. Linked to the ratio of the Company's Total Shareholder Return (TSR) to the TOPIX (Tokyo Stock Price Index) growth rate as well as to the consolidated net debt-to-equity ratio for FY2018-FY2020
3. Linked to consolidated ordinary income excluding the impact of inventory valuation for each fiscal year

Evaluation of Effectiveness of the Board of Directors

As a part of continued initiatives from FY2016 to enhance effectiveness of corporate governance, the Company evaluated the effectiveness of the Board of Directors in order to improve its management and functions.

1 Method of evaluation

Upon explanation of the purpose of evaluation, questionnaires were distributed to all directors. Then the results were analyzed and evaluated based on the answers from all of them in consideration of discussions at the Board of Directors.

Main points of inquiry:

- **Composition, roles, and operation of the Board of Directors**
- **Coping with the Corporate Governance Code**
- **Effectiveness of the Board of Directors**

2 Summary of evaluation results

The Board of Directors analyzed and evaluated that the effectiveness of the Board of Directors as a whole is ensured due to the following:

- **The Board of Directors, over the period of one year, held constructive discussions on the Company Group's long-term direction and its consolidated medium-term management plan.**
- **The Board did not overly focus on discussion of business execution; it had unfettered exchange of opinions on the shaping of business strategies.**

3 Initiatives to enhance the effectiveness

Based on the above evaluation results, the Board of Directors will do the following.

- **The Board of Directors will continually monitor how the medium-term management plan is implemented, so as to raise its effectiveness.**

Directors and Executive Officers

(As of June 21, 2018)

Chairman, Representative Director

Keizo Morikawa

- April 1971 Joined Daikyo Oil Co., Ltd.
- June 2000 Director of Cosmo Oil Co., Ltd.
- June 2002 Managing Director
- June 2004 Senior Managing Director
- June 2006 Representative Senior Managing Director
- June 2008 Executive Vice President, Representative Director
- June 2010 Executive Vice President, Representative Director, Executive Officer
- June 2012 President, Representative Director, Chief Executive Officer
- October 2015 President, Representative Director, Chief Executive Officer of the Company
- June 2017 Chairman, Representative Director (current position)

Reasons for selection

He had led management as President, Representative Director for five years since 2012. He assumed the office of Chairman, Representative Director in 2017 and has served as Chairman of the Board of Directors, working to boost corporate value of the Group.

President, Representative Director, Chief Executive Officer

Hiroshi Kiriyama

- April 1979 Joined Daikyo Oil Co., Ltd.
- June 2011 Senior Executive Officer, General Manager, Corporate Planning Dept. and Change Promotion Dept., Cosmo Oil Co., Ltd.
- June 2012 Senior Executive Officer
- June 2013 Director, Senior Executive Officer
- October 2015 Director, Senior Managing Executive Officer of the Company
- June 2016 Representative Director, Executive Vice President
- June 2017 President, Representative Director, Chief Executive Officer of the Company (current position)

Reasons for selection

He has been responsible for the Corporate Planning Dept. for a long time, and is deeply versed in domestic and international energy business. He also possesses abundant expertise and experience regarding overall corporate management. In addition, he has shouldered management of the Group as President, Representative Director since June 2017.

Director, Senior Executive Officer

Masayoshi Noji

- April 1984 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
- May 2013 Joined Cosmo Oil Co., Ltd. Assistant General Manager, Project Development Dept.
- June 2014 General Manager, Power & Gas Business Dept.
- July 2014 Executive Officer, General Manager, Power & Gas Business Dept.
- June 2015 Executive Officer, General Manager, Power Dept.
- October 2015 Executive Officer, General Manager, Power Dept. of the Company
- April 2016 Executive Officer, General Manager, Business Portfolio Management Dept.
- June 2016 Senior Executive Officer, General Manager, Business Portfolio Management Dept.
- April 2018 Senior Executive Officer
- June 2018 Director, Senior Executive Officer (current position)

Reasons for selection

After many years with Mizuho Bank, he joined Cosmo Oil Co., Ltd. in 2013, and assumed the office of Executive Officer in 2014. He has since contributed to the promotion of the company's wind power generation business and the administration of the Group companies.

Director, Senior Executive Officer

Yasuhiro Suzuki

- April 1985 Joined Daikyo Oil Co., Ltd.
- June 2013 General Manager, Human Resource Dept., Cosmo Oil Co., Ltd.
- June 2015 General Manager, Human Resource and General Affairs Dept.
- October 2015 General Manager, Human Resource and General Affairs Dept. of the Company
- June 2016 Executive Officer, General Manager, Human Resource and General Affairs Dept.
- April 2017 Executive Officer, General Manager, Corporate Planning Dept.
- April 2018 Senior Executive Officer
- June 2018 Director, Senior Executive Officer (current position)

Reasons for selection

He has engaged in the departments of sales and administration such as human resources and corporate planning since he joined Daikyo Oil Co., Ltd., and is familiar with the general operations of the Company.

Director, Senior Executive Officer

Takayuki Uematsu

- November 1992 Joined Cosmo Oil Co., Ltd.
- June 2014 Assistant General Manager, Accounting and Finance Dept.
- June 2015 General Manager, Finance Dept.
- October 2015 General Manager, Finance Dept. of the Company
- June 2016 Executive Officer, General Manager, Finance Dept.
- April 2018 Senior Executive Officer
- June 2018 Director, Senior Executive Officer (current position)

Reasons for selection

He has engaged in the departments of finance and accounting almost entirely throughout his career since he joined Cosmo Oil Co., Ltd., and fully knows the financial and accounting condition of the Company.

Outside Director

Musabbeh Al Kaabi

- October 1997 Joined Abu Dhabi National Oil Company
- July 2007 Manager, Exploration Division
- October 2013 Chief Growth Officer, Mubadala Petroleum
- December 2014 Chief Executive Officer
- February 2017 Chief Executive Officer, Petroleum and Petrochemicals, Mubadala Investment Company (current position)
- June 2017 Outside Director of the Company (current position)

Reasons for selection

He engaged in the Oil Exploration and Production Business at the Abu Dhabi National Oil Company, and has experience serving as an officer at many corporations in the energy industry outside of Japan. He has an international viewpoint regarding the petroleum industry.

Outside Director

Khalifa Al Suwaidi

- September 2000 Joined Abu Dhabi Polymers Company
- October 2008 Senior Vice President, Corporate Planning & Support Unit, Abu Dhabi National Chemical Company
- October 2010 Deputy Chief Executive Officer
- February 2016 Acting Chief Executive Officer
- March 2017 Executive Director, Refining & Petrochemicals, Mubadala Investment Company (current position)
- June 2017 Outside Director of the Company (current position)

Reasons for selection

He has worked at Abu Dhabi National Chemical Company for many years and possesses abundant knowledge and management experience regarding petrochemicals.

Independent Outside Director, Supervisory Committee Member

Sakae Kanno

- April 1971 Joined The Kansai Electric Power Co., Inc.
- June 2003 Managing Director, The Kansai Electric Power Co., Inc.
- June 2007 Executive Vice President and Director, The Kansai Electric Power Co., Inc.
- June 2011 Audit & Supervisory Board Member, The Kansai Electric Power Co., Inc.
- June 2013 Audit & Supervisory Board Member, Cosmo Oil Co., Ltd.
- October 2015 Outside Director of the Company (Supervisory Committee Member) (current position)

Reasons for selection

He has experience as a Director and Audit & Supervisory Board Member at the Kansai Electric Power Co., Inc. He has served as an Audit & Supervisory Board Member of Cosmo Oil Co., Ltd. since 2013, and as an Outside Director who is a Member of the Supervisory Committee of the Company since 2015.

Independent Outside Director, Supervisory Committee Member

Teruo Miyamoto

- April 1969 Joined Tokyo Electric Co., Ltd. (Currently Toshiba Tec Corporation)
- February 1997 Acting General Manager on Corporate Planning of General Affairs Group and Acting General Manager on International Affairs of General Affairs Group, Toshiba Tec Corporation
- June 1999 Deputy General Manager of General Affairs Department and Acting General Manager on Legal Affairs of General Affairs Group, Toshiba Tec Corporation
- June 2002 Full-time Audit & Supervisory Board Member, Toshiba Tec Corporation
- October 2009 Managing Director & Assistant Secretary General, Japan Audit & Supervisory Board Members Association
- October 2010 Executive Managing Director & Secretary General, Japan Audit & Supervisory Board Members Association
- October 2011 Representative Executive Managing Director & Secretary General, Japan Audit & Supervisory Board Members Association
- November 2014 Advisor, Japan Audit & Supervisory Board Members Association
- October 2015 Outside Director of the Company (Supervisory Committee Member) (current position)

Reasons for selection

After serving as an Audit & Supervisory Board Member at Toshiba Tec Corporation and holding important positions at the Japan Audit & Supervisory Board Members Association, he has served as an Outside Director who is a Member of the Supervisory Committee of the Company since 2015.

Director, Full-time Supervisory Committee Member

Kenichi Taki

- April 1975 Joined Daikyo Oil Co., Ltd.
- June 2008 General Manager, Internal Auditing Office, Cosmo Oil Co., Ltd.
- June 2012 Executive Officer, General Manager, Accounting Dept.
- June 2014 Senior Executive Officer, General Manager, Accounting & Finance Dept.
- June 2015 Senior Executive Officer, General Manager, Accounting Dept.
- October 2015 Senior Executive Officer, General Manager, Accounting Dept. of the Company
- April 2016 Senior Executive Officer
- June 2016 Director, Senior Executive Officer
- June 2018 Director of the Company (Full-time Supervisory Committee Member) (current position)

Reasons for selection

He is thoroughly familiar with the Company's accounting situation as his career has been almost entirely within the Accounting Dept. since joining Daikyo Oil Co., Ltd., and possesses knowledge gained through his work regarding the wide range of operations within the Company.

Interview with Outside Directors

Aiming for a long-term increase in corporate value, each and every employee will play a role

Independent Outside Director,
Supervisory Committee Member
Teruo Miyamoto

* See details of his biography and reasons for selection on page40.

Q.How do you see the Cosmo Energy Group?Please also tell us what you think are the advantages or strengths and the issues of the Cosmo Energy Group.

A.The Cosmo Energy Group has an integrated business that involves not only sale of oil products, such as gasoline, to customers but also a comprehensive flow from oil exploration and development to transportation, refining, and sales. Making use of this strong advantage, measures in the new consolidated medium-term management plan should be promoted and the corporate value, that includes brand value, reputation, and other social value, should be maximized. This should be a challenge the Group is facing today.

Q.Will you share your thoughts on the role of an independent outside director in corporate management?

A. Independent outside directors are expected to play three roles; 1) to give advice needed for an increase in corporate value through the Board of Directors meetings and other occasions, from a viewpoint of protecting interests of general shareholders; 2) to supervise execution of duties of directors, by making use of its independent position from the management and controlling shareholders; and 3) to reflect opinions of stakeholders on management. Among these, I focus on encouraging the company to achieve sustainable growth and a long-term increase in corporate value.

Q. How do you evaluate the management as an outside director?

A. I highly value the fact that the Cosmo Energy Group made corporate-wide, solid efforts in implementing the previous consolidated medium-term management plan despite being in a difficult business environment, caused by significant damage from the Great East Japan Earthquake in 2011. The Cosmo Energy Group achieved profit improvement, that exceeded the targets, and firmly positioned itself as the third strongest force in the industry.

Q. How do you look at Cosmo's "long-term direction of business"?

A. The Cosmo Energy Group plans to enhance competitiveness in Petroleum-related Businesses so as to lead to improve earnings power. At the same time, we will respond to transition to a fossil-fuel-free society by focusing on the Petrochemical Business, which is related to materials, and by growing the Renewable Energy Business into a new main business segment. I highly regard such business direction as down-to-earth and easy-to-understand.

Q. What is your view on the slogan of the new consolidated medium-term management plan "Oil & New"? How about the consolidated medium-term CSR management plan?

A. According to the new consolidated medium-term management plan, the Cosmo Energy Group intends to strengthen its financial condition by increasing the profitability of the Oil E&P and Petroleum Businesses and then improve the business portfolio for subsequent growth from a long-term point of view. I highly appreciate the slogan "Oil & New" as appropriately indicating the process and intention along the Group's direction.
On the other hand, the consolidated medium-term CSR management plan, states that initiatives based on the perspective of Environment, Society, and Governance (ESG) will be promoted not only by the Group but by its entire supply chain network, including business partners, so that the Group will contribute to achieving the Sustainable Development Goals (SDGs) through its sustainable growth. I am confident that the Cosmo Energy Group can contribute for a better future.

Q. What do you think are the advantage or strengths and the issues of the Cosmo Energy Group's corporate governance?

A. In my view, the Group is proactive in coping with Japan's Corporate Governance Code and the top management is highly aware of enhancing corporate governance in order to raise corporate value, while there is a corporate culture that allows active discussions among employees. Looking ahead, in addition to financial information concerning corporate management, the Group is expected to make timely disclosure of non-financial information, such as ESG-related initiatives, to shareholders and other stakeholders in order to ensure transparency in corporate governance.

Q. How do you regard the "effectiveness of the Board of Directors"?

A. The Board of Directors meetings' important agenda items include the update of the consolidated management plan (including core operational companies) for the current fiscal year, the plan for the next fiscal year, and the consolidated medium-term management plan. For example, during the discussion on the consolidated medium-term management plan, all directors actively participated in raising questions or opinions. I therefore believe that effectiveness of the Board of Directors is fully ensured.

Q. Will you give a message to shareholders and other stakeholders?

A. Each and every employee of the Cosmo Energy Group, young and old, is sharing the new consolidated medium-term management plan for a long-term increase in corporate value and playing his or her role for its achievement. I sincerely hope for your support to us.

Taking advantage of various initiatives and experiences for achieving FY2022 management goals

Outside Director
Khalifa Al Suwaidi

* See details of his biography and reasons for selection on page39.

Q.From your position as Outside Director, what is your impression of the Cosmo Energy Group and what do you see as its strengths and weaknesses?

A.Cosmo Energy Group has significant operating and management experience in the refining, petrochemicals, and renewables sectors through many cycles, which has helped it to survive and prosper in a challenging business environment. Cosmo's position has clearly improved from FY2014 when we had the negative impact of inventory valuation, not least in the strengthening of its balance sheet. As a result, Cosmo now has momentum to leverage on its core skills to further its business value.

Q.Please tell us your thoughts on the role that an outside director plays in corporate management.

A.Outside directors add value by bringing an independent, fresh and diverse perspective to decision-making process. They provide feedback and challenge to management on business strategies and plans, so that those are robust and acceptable from the standpoint of shareholders.

Q.How do you evaluate the new consolidated medium-term management plan?

A.The investment associated with the new consolidated medium-term management plan is well balanced to capitalize on current business strengths in refining, petrochemicals and upstream, and set a foundation for future direction in renewables, focused on growing the wind power business. The target is to increase ordinary income(excluding the impact of inventory valuation) by ¥80 billion through various initiatives. I am very hopeful that initiatives taken in accordance with the new consolidated medium-term management plan will lead to improved financial condition and income generation, thus, will support value creation for shareholders.

Q.What do you see as the areas of strength and the issues in regard to the Cosmo Energy Group's corporate governance?

A.Since the transformation to a holding company in October 2015, Cosmo has separated its supervisory function from operational execution. Consequently its Board of Directors is now focused intently on its supervisory function. I believe that introduction of Japan's Corporate Governance Code, driving the appointment of multiple outside directors, has boosted transparency and strengthened monitoring, and is definitely a move in right direction.

Q.How do you evaluate the "effectiveness of the Board of Directors"?

A.Much of the effectiveness of the Board of Directors depends on fulfilling its regulatory obligations along with a strong contribution to the development of company's strategic direction, lifecycle and culture. Cosmo implements its strategy through a medium-term management plan, this process and its review has been managed effectively at Board level.

Q.What does Mubadala Investment Company, as the top shareholder of Cosmo Energy Holdings, want Cosmo Management to do?

A.Cosmo's new consolidated medium-term management plan focuses on the improvement of profitability and developing a more diversified and stable business model to face future energy scenarios. Management should continue to make all efforts to improve structural profitability and meet targets as outlined in the business plan. New investments should be executed within budget and in a timely manner to deliver best value for all stakeholders.

Q.What do you think the Cosmo Energy Group needs to do to further raise its corporate value?

A.Cosmo has undertaken several initiatives such as a shift to holding company structure, the development of the Hail Oil field, and building of new alliances. Such initiatives have resulted in an increase in value during the last 2-3 years. The next phase of generating additional corporate value relies heavily upon the successful execution of the new consolidated medium-term management plan.

Q.Do you have any additional messages for shareholders and other stakeholders?

A.The demand for oil products in Japan has been in structural decline due to a number of factors, not least the aging population and improved fuel efficiency. Cosmo Energy Group has responded to these challenges by undertaking a range of strategic initiatives and we are very optimistic that management will deliver against its corporate targets.

Initiatives of the Cosmo Energy Group CSR

New Consolidated Medium-Term CSR Management Plan

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).

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

- **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

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

E — Promoting Environmental Measures
- Reduction of greenhouse gas emissions See details on p. 45.
- Reduction of environmental pollutant See details on p. 45.
- Actions to recycle resources

S — Enhancing Human Rights and Social Contribution Measures
- Occupational safety & health management See details on p. 48.
- Diversity See details on p. 47.
- Human resources development See details on p. 48.
- Customer satisfaction See details on p. 49.

G — Strengthening Corporate Governance Structure
- Risk management and compliance See details on p. 53.
- CSR-based procurement See details on p. 54.
- Information disclosure See details on p. 54.

See details on corporate governance on p. 37.

G — Ensuring Safety Measures
- Safe operations and stable supply See details on p. 51.
- Quality assurance See details on p. 51.

Execution

Each department | All group employees

PDCA cycle

Reporting of measures and results

Evaluation and instruction for improvement

Board of Directors

↕

Executive Officers' Committee

↕

Cosmo Energy Holdings Internal Control Committee

Chairman: Officer in charge of CSR Management Dept

- **Safety and Risk Management Committee** — Vice Chairperson: Officer in charge of Corporate Planning Dept.
- **Environmental and Social Initiatives Committee** — Vice Chairperson: Officer in charge of Corporate Planning Dept.
- **Corporate Ethics and Human Rights Committee** — Vice Chairperson: Officer in charge of Human Resource and General Affairs Dept.
- **Information Disclosure Committee** — Vice Chairperson: Officer in charge of Corporate Communication Dept.

↕

Cosmo Energy Group CSR Promotion Liaison Meeting

Core companies Semi-core companies
- Safety (Environmental) Committee
- Risk Management Committee
- Customer Satisfaction (CS) and Quality Assurance Committee

Environment

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.

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 CO_2 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 CO_2 emissions per unit of crude oil equivalent throughput.

Refineries represent the largest portion in CO_2 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).

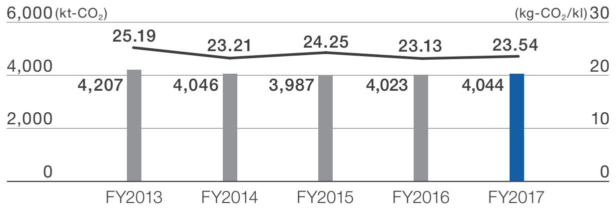
Cosmo Energy Group's CO_2 Emissions

(10,000 ton-CO_2)

	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 CO_2 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 CO_2 emission coefficient, adjusted CO_2 emission coefficient, and other alternative measures. The targets for FY2022 use the alternative measure (0.587kg-CO_2/kWh) of FY2016.

CO_2 Emissions and CO_2 Emissions per Unit of Crude Oil Equivalent Throughput



* 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, N_2O released from the catalyst regeneration tower amounted to 19 kt of CO_2 equivalent in FY2017.

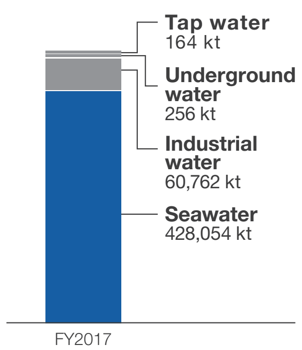
Reduction of Environmental Pollutants

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

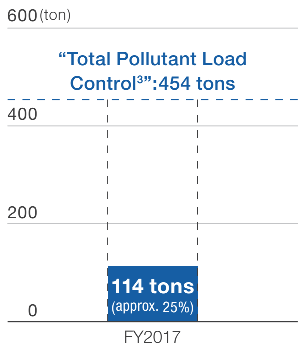
The Cosmo Energy Group's refineries and plants use a vast amount of water (over 90% is seawater) mainly for cooling but also for cleaning and boiler feed water. In FY2017, 489,237kt of water was used, of which 60,762kt was industrial water. We are striving to use water efficiently, including the reuse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

Amount of Water Used[1]



COD Load of Effluent[2]



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	Electricity sold[5]	Steam sold[6]	CO_2 sold
20,636 thousand kl	757,428 MWh	4,426 TJ	128 kt-CO_2

INPUT		Business Activities	OUTPUT	
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			
		Consumption (product use) [5 6 8 9]	Emissions	
			CO_2 (product use)	45,597 kt-CO_2
			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. CO_2 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 SOx and NOx 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. CO_2 emissions from "Manufacturing" were calculated by deducting the portion of CO_2 emissions attributed to electricity sold. CO_2 emissions from utility (power) were included in the CO_2 emissions from "Manufacturing."
6. "Steam sold" refers to steam sold by the Chiba Refinery, Cosmo Matsuyama Oil, and Maruzen Petrochemical's Chiba Plant. CO_2 emissions for "Manufacturing" were calculated after deducting the portion of CO_2 emissions that results from the generated steam sold.
7. CO_2 emissions from "Product transport" include data from the specified consigners in accordance with the Act on the Rational Use of Energy.
8. CO_2 emissions for "Consumption (product use)" are calculated by multiplying shipped volume of fuel products (such as gasoline and heavy fuel oil) by CO_2 emission coefficient. CO_2 emissions attributable to generated "Electricity sold" and "Steam sold" are calculated separately.
9. SOx 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 SOx 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 CO_2 equivalent, and its indirect (Scope 2) emissions were 493kt CO_2 equivalent.

Social

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.

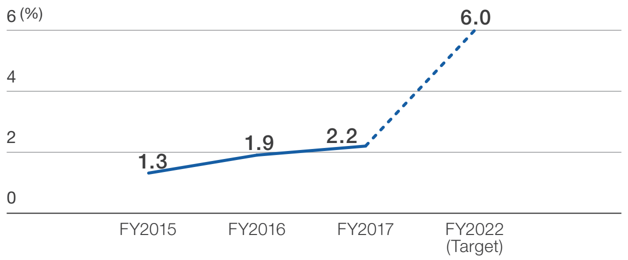
Diversity

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.

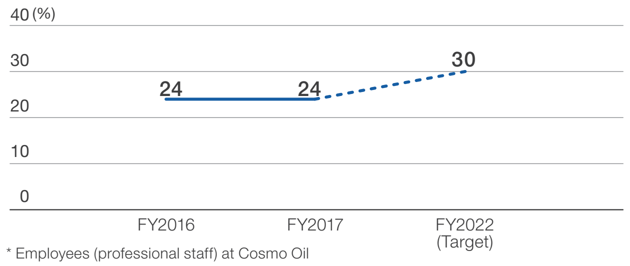
At a Networking Lunch

Ratio of Female Managers



* 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

Ratio of Women in Newly-Hired Employees



* 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.

Childcare Handbook

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.

Elderly Care Guidebook

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.

* Employees registered at Cosmo Oil, in FY2017

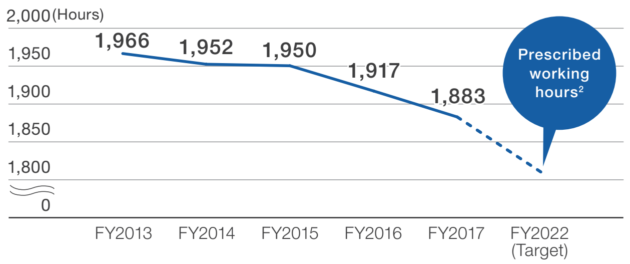
Occupational Safety & Health Management

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.

Total Annual Work Hours



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

Social

Enhancing Human Rights and Social Contribution Measures: Social Contribution

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

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.

Fulfillment of Three Promises

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

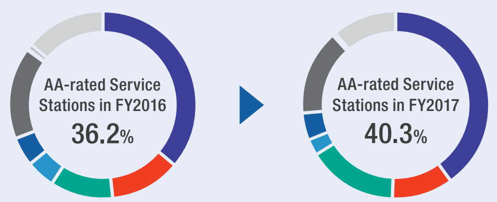
Peace of mind
Cosmo Oil service stations will offer quality-assured products and services.

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

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.

Cosmo Oil Eco Card Fund


Cosmo the Card Eco   Cosmo the Card Opus Eco

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.	COSMO 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	COSMO 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	COSMO 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	COSMO 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

"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)
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

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Governance

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

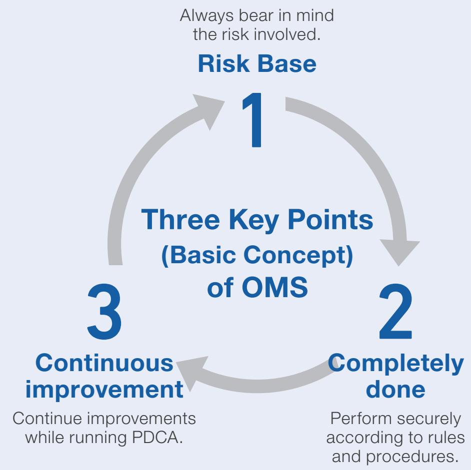
With the objective of economical, stable supply of safe products that fulfill customers' requirements for quality, Cosmo Oil and Cosmo Oil Marketing have a "CS and Quality Assurance Committee" to decide a quality assurance policy and promote related activities. The committees of both companies cooperate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

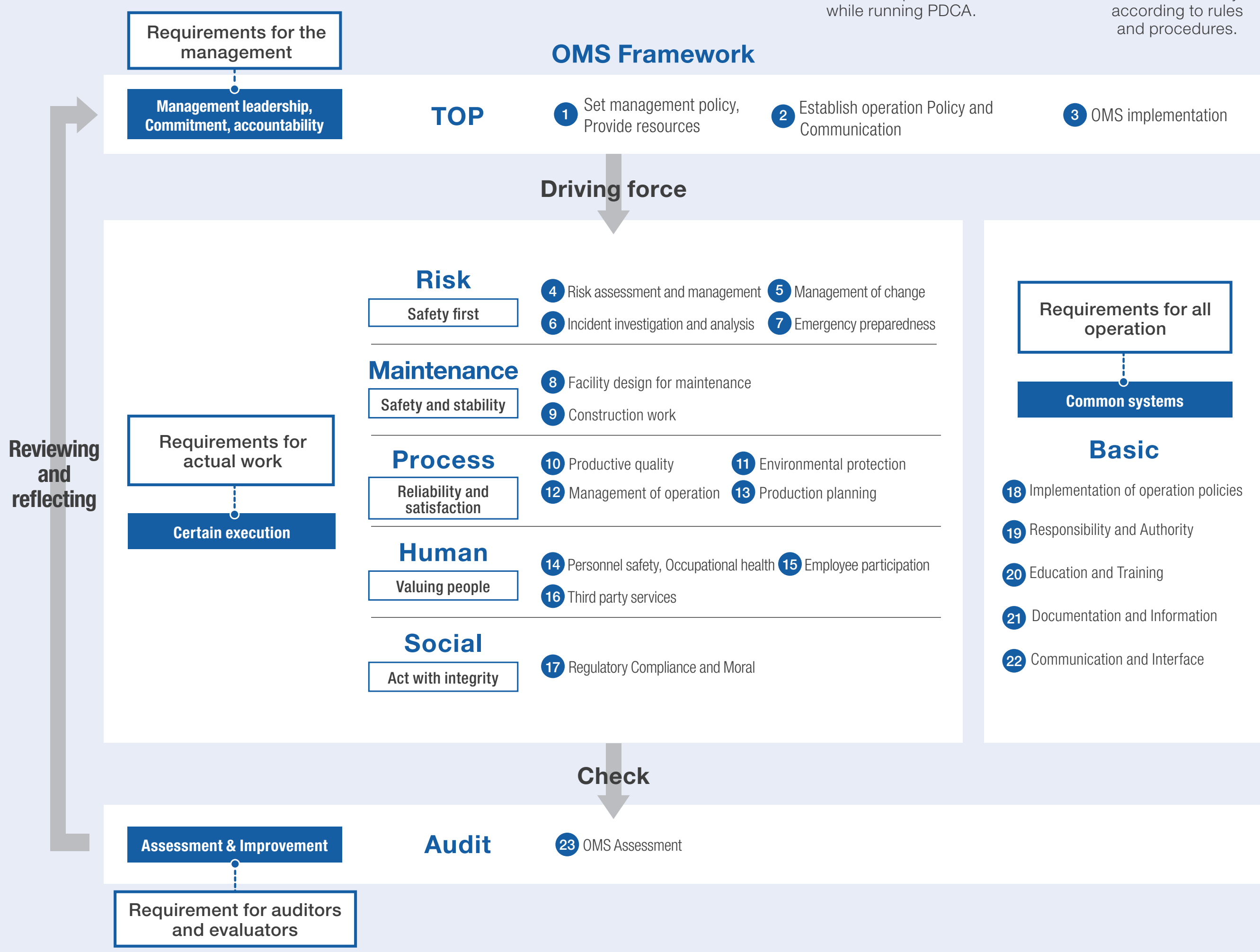
Cosmo Oil's themes for quality management initiatives in FY2017 were "thorough implementation of measures for safe, stable supply (prevention of quality defaults)"; "compliance with quality standards in Japan and overseas"; and "prompt, appropriate response to troubles, and thorough investigation into 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.

TOPICS

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.

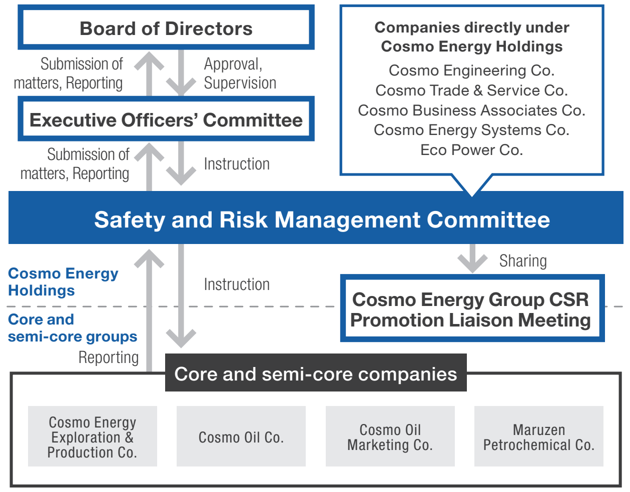
Governance

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.

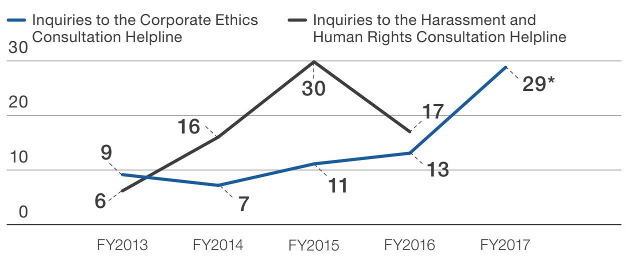


Compliance: Corporate Ethics Promotion Structure

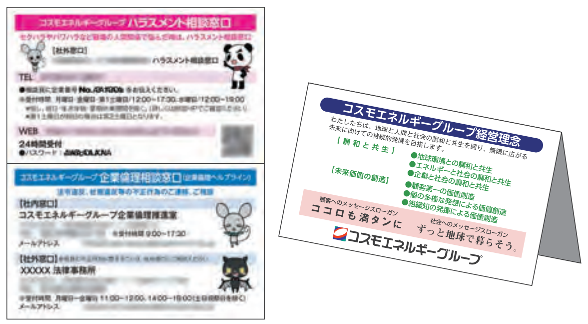
Cosmo Energy Holdings has established the Corporate Ethics and Human Rights Committee to promote and implement the CEG's Code of Conduct, and to check its status. The Committee's operation is supported by the CEG Corporate Ethics Office. Aiming for enhancing employees' sense of ethics, the Corporate 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.

Number of Inquiries



* 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 Sompo Japan Nipponkoa Asset Management (SNAM).

FTSE Blossom Japan
FTSE4Good
Member of SNAM Sustainability Index 2018

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).

11-Year Selected Financial and Operating Data

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2017
For The Year											Millions of yen	Thousands of U.S. dollars[1]
Dubai crude oil price (US$ /barrel)	77.1	82.8	69.6	84.1	110.1	107.0	104.6	83.5	45.7	46.9	55.9	—
Foreign exchange rate (¥/US$)	114.5	100.6	92.9	85.8	79.1	83.0	100.2	109.9	120.1	108.4	110.9	—
Net sales	¥3,523,087	¥3,428,211	¥2,612,141	¥2,771,523	¥3,109,746	¥3,166,689	¥3,537,782	¥3,035,818	¥2,244,306	¥2,292,280	¥2,523,106	$23,744,650
Cost of sales	3,290,688	3,389,408	2,435,366	2,539,032	2,918,238	2,989,274	3,369,007	2,944,919	2,154,615	2,079,727	2,282,710	21,482,317
Selling, general and administrative expenses	148,602	145,809	142,568	128,393	127,937	124,992	129,060	129,346	119,433	120,370	128,526	1,209,549
Operating income (loss)	83,797	-107,006	34,207	104,097	63,570	52,422	39,715	-38,447	-29,742	92,182	111,868	1,052,785
Impact of inventory valuation[2]	45,000	-180,100	52,600	22,300	25,200	15,264	16,068	-116,177	-68,703	39,400	21,044	198,052
Operating income (loss) excluding the impact of inventory valuation	38,797	73,094	-18,393	81,797	38,370	37,158	23,647	77,730	38,961	52,782	90,824	854,733
Ordinary income (loss)	94,330	-125,004	36,411	96,094	61,420	48,439	41,847	-49,640	-36,121	81,448	116,850	1,099,667
Ordinary income (loss) excluding the impact of inventory valuation	49,329	55,095	-16,189	73,829	36,238	33,173	25,778	66,537	32,644	42,048	95,806	901,615
Petroleum[11]	1,450	5,022	-43,283	36,124	-17,181	-38,960	-41,394	22,067	5,784	1,770	37,776	355,481
Petrochemical	—	—	—	-329	2,075	3,343	3,692	-6,977	4,291	22,177	30,441	286,485
Oil exploration and production	46,864	45,900	29,418	34,657	52,023	60,688	58,141	47,538	18,637	9,347	18,251	171,762
Others	1,015	4,173	-2,324	3,377	-679	8,102	5,339	3,909	3,932	8,754	9,338	87,886
Profit (loss) before income taxes	95,561	-117,180	35,527	73,451	35,381	-2,536	49,443	-44,599	-43,797	78,565	109,274	1,028,365
Profit (loss) attributable to owners of parent[3]	35,153	-92,430	-10,741	28,933	-9,084	-85,882	4,348	-77,729	-50,230	53,235	72,813	685,238
Capital expenditures	48,958	67,025	87,677	64,369	27,933	83,429	41,243	70,396	82,775	120,302	109,085	1,026,588
R&D expenses	3,840	3,863	3,657	3,834	3,791	3,765	3,271	3,077	3,104	4,269	4,540	42,727
Depreciation and amortization[4]	42,776	41,492	42,746	51,068	50,601	44,953	35,330	32,399	30,713	37,769	42,130	396,481
Cash flows from operating activities	-4,215	82,136	2,262	26,297	43,616	-20,950	35,837	163,384	18,427	47,625	192,634	1,812,861
Cash flows from investing activities	-32,806	-55,953	-93,306	-73,109	-25,805	-80,481	-61,007	-30,126	-32,839	-112,038	-96,432	-907,519
Cash flows from financing activities	-5,229	57,854	159,302	-86,077	11,606	104,695	12,555	-178,920	32,499	9,626	-76,757	-722,353
At Year-End											Millions of yen	Thousands of U.S. dollars
Total assets	¥1,627,904	¥1,440,396	¥1,645,048	¥1,579,424	¥1,675,070	¥1,743,492	¥1,696,831	¥1,428,628	¥1,409,615	¥1,525,679	¥1,690,889	$15,912,755
Non-controlling interests[5]	26,815	19,016	15,833	17,508	20,506	26,475	29,214	40,326	94,665	108,063	117,468	1,105,485
Net worth	442,912	328,434	315,747	332,730	316,931	230,456	231,927	167,194	108,046	164,722	238,677	2,246,165
Total current assets	933,722	688,310	845,337	793,363	920,412	967,148	921,790	621,578	516,254	561,604	664,821	6,256,557
Total current liabilities	812,028	683,883	744,174	622,173	744,275	816,611	799,199	603,860	555,519	655,473	800,153	7,530,152
Net interest-bearing debt[6]	438,930	438,689	548,832	605,789	598,773	713,190	723,257	597,701	666,179	727,258	635,763	5,983,095
Number of outstanding shares (thousands)[7]	847,705	847,705	847,705	847,705	847,705	847,705	847,705	847,705	84,770	84,770	84,770	—
Per Share Data[8]											Yen	U.S. dollar[1]
Profit (loss) attributable to owners of parent	¥ 46.72	¥ -109.11	¥ -12.68	¥ 34.16	¥ -10.72	¥ -101.39	¥ 5.13	¥ -91.77	¥ -594.85	¥ 633.32	¥ 865.80	$8.15
Diluted profit attributable to owners of parent	44.98	—	—	33.58	—	—	—	—	—	—	—	—
Net assets	522.84	387.71	372.74	392.80	374.15	272.07	273.81	197.39	1,286.03	1,958.91	2,837.90	26.71
Cash dividends	8.00	8.00	8.00	8.00	8.00	—	2.00	—	40.00	50.00	50.00	0.47
Ratios												
Return on assets (ROA) (%)	2.2	-6.0	-0.7	1.8	-0.6	-5.0	0.3	-5.0	-3.5	3.6	4.5	—
Return on equity (ROE) (%)	9.0	-24.0	-3.3	8.9	-2.8	-31.4	1.9	-39.0	-36.5	39.0	36.1	—
Equity ratio (%)	27.2	22.8	19.2	21.1	18.9	13.2	13.7	11.7	7.7	10.8	14.1	—
Debt-to-total capital ratio (%)	32.0	41.6	47.3	44.3	43.1	48.3	50.9	48.5	53.7	50.6	41.4	—
Net debt-to-equity ratio (times)[9]	1.0	1.3	1.7	1.8	1.9	3.1	3.1	3.6	4.6	3.6	2.3	—

1. U.S. dollar amounts are translated from Japanese yen, for the convenience of readers only, at the rate of ¥106.26 to US$1.00, the approximate exchange rate prevailing on March 30, 2018.
2. "Impact of inventory valuation" up to FY2007 are based on the periodic average method of inventory valuation, whereas "Impact of inventory valuation gain (loss)" from FY2009 are also based on the book value depreciation method as dictated by ASBJ (Accounting Standards Board of Japan) Statement No.9, "Accounting Standard for Measurement of Inventories."
3. Up to FY2014, "Net income (loss)" is presented.
4. Depreciation and amortization includes cost recovery under production sharing. In FY2011 and FY2012, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets idled as a result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.
5. Up to FY2014, "Minority interests" is presented.
6. Up to FY2012, "Cash and deposits" and "Short-term investment securities" are deducted from "Interest-bearing debt." From FY2013, "Cash and deposits" is deducted from "Interest-bearing debt." In FY2015, "Cash and deposits" and "Securities" are deducted from "Interest-bearing debt."
7. On October 1, 2015, Cosmo Energy Holdings Co., Ltd. was established as the wholly-owing parent company of Cosmo Oil Co., Ltd. through the share transfer. To one common share of the former Cosmo Oil, 0.1 common share of the holding company was allocated (for example 1,000 Cosmo Oil shares to 100 Cosmo Energy Holdings shares).
8. "Per share data" from FY2015 are data for one share of Cosmo Energy Holdings, according to the allocation of 0.1 share of the holding company to 1 share of the former Cosmo Oil.
9. The ratio from FY2015 is calculated on the basis that 50% of the ¥60 billion Hybrid Loan made on April 1, 2015 is included in Equity.
10. Up to FY2009, the figures are rounded up or down to the nearest million. From FY2010 onward, the figures are rounded off to the nearest million.
11. The Petrochemical Business, which had previously been included in the Petroleum Business segment, was separated into a different segment from FY2010.

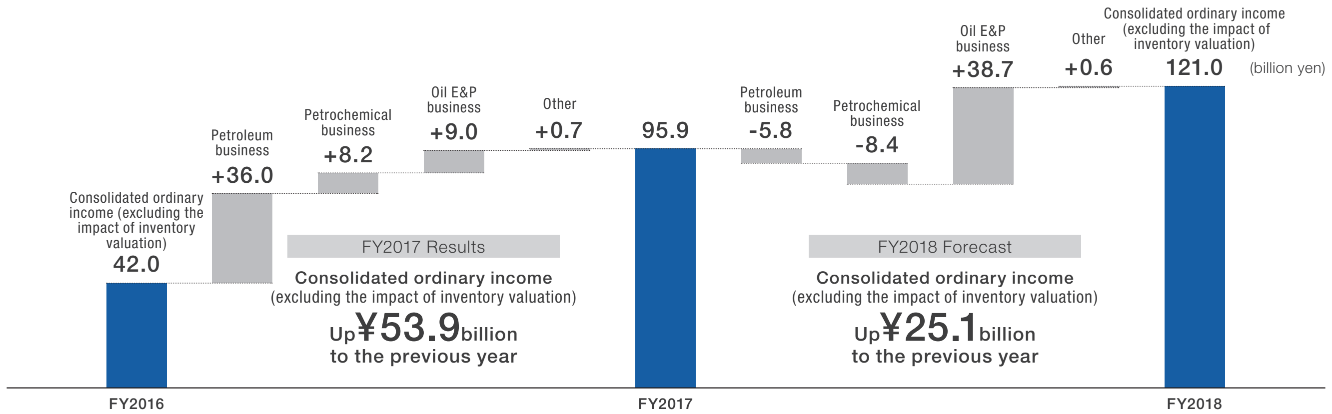
Business Results & Forecast, Cash Flows' situation, and Analysis of Financial Position

FY2017 Results / FY2018 Forecast

Consolidated ordinary income (excluding the impact of inventory valuation): Analysis of changes from the previous year

Key Variable Factors

	FY2017 Results		(billion yen)	FY2018 Forecast		(billion yen)
Petroleum business	Profit increased thanks to the achievement of the safe operation and high operating ratios of the refineries and the appropriate margin resulted from the improved domestic supply-demand balance.	Margins & Domestic sales volume	+33.7	Lower profit expected, reflecting sales activities for generating profits that are consistent with the decrease of the crude oil processing amount, although we expect to utilize the pipeline of Chiba Refinery and secure a high operating ratio at refineries and an appropriate margin.	Margins & Domestic sales volume	-6.6
		Export	-2.7		Export	+3.7
		Other	+5.0		Other	-2.9
Petrochemical business	Profit increased thanks to the firm market conditions and the increased sales volume by the absence of regular maintenance.	Price	+6.6	Lower profit expected due to a reduction in sales volume resulting from regular maintenance at Maruzen Petrochemical.	Price	-1.2
		Volume	+3.0		Volume	-5.7
		Other	-1.4		Other	-1.5
Oil E&P business	Profit increased thanks to the higher oil price.	Price	+13.3	Higher profit expected, thanks to an increase in production resulting from the Hail Oil Field.	Price	+12.4
		Volume	-1.2		Volume	+36.2
		Other	-3.1		Other	-9.9



	FY2016 Results	Changes (FY2017 result – FY2016 result)	FY2017 Results	Changes (FY2018 forecast – FY2017 result)	FY2018 Forecast (billion yen)
Petroleum business	1.8	36.0	37.8	-5.8	32.0
Petrochemical business	22.2	8.2	30.4	-8.4	22.0
Oil E&P business	9.3	9.0	18.3	38.7	57.0
Other	8.7	0.7	9.4	0.6	10.0
Total	**42.0**	**53.9**	**95.9**	**25.1**	**121.0**

FY2017 Results

Outline of Consolidated Cash Flows and Consolidated Balance Sheet

- Free cash flow improved significantly.
- Our financial condition recovered steadily with reduced interest-bearing debt.

Consolidated Cash Flows

(billion yen)	FY2016	FY2017
Cash flows from operating activities(1)	47.6	192.6
Cash flows from investing activities(2)	-112.0	-96.4
Free cash flow (1+2)	-64.4	96.2
Cash flows from financing activities	9.6	-76.8
Cash and cash equivalents at end of the period	36.1	55.1

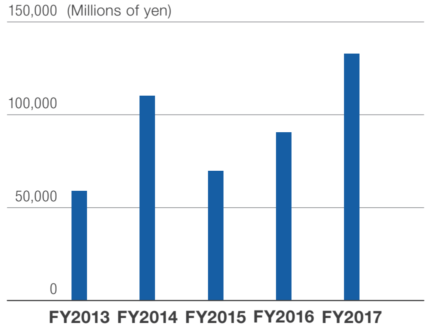
Consolidated Balance Sheet

(billion yen)	FY2016 (As of Mar. 31, 2017)	FY2017 (As of Mar. 31, 2018)	Changes
Total Assets	1,525.7	1,690.9	165.2
Net assets	272.8	356.1	83.3
Net worth	164.7	238.7	74.0
Net worth ratio	10.8%	14.1%	Up 3.3 points
Net interest-bearing debt[1]	727.3	635.8	-91.5
Net debt-to-equity ratio (times)[2]	3.6	2.3	Up 1.3 points

1. Total interest-bearing debts net of cash and deposits etc. as of the end of the period
2. Calculated on the basis that 50% of the ¥60 billion Hybrid Loan made on April 1, 2015 is included in Equity.

Major Indicators

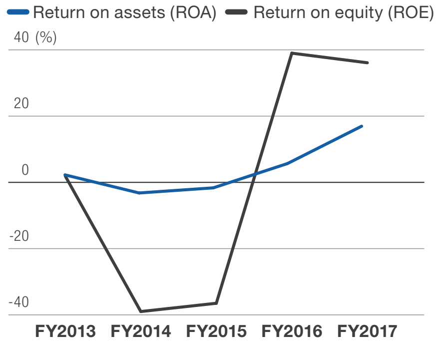
EBITDA excluding the Impact of Inventory Valuation



	FY2013	FY2014	FY2015	FY2016	FY2017
					Millions of yen
Operating income excluding the impact of inventory valuation	¥23,647	¥77,730	¥38,961	¥52,782	¥90,824
Depreciation and amortization[1]	35,330	32,399	30,713	37,769	42,130
EBITDA excluding the impact of inventory valuation[2]	58,977	110,129	69,674	90,551	132,954

1. Including "Recovery of recoverable accounts under production sharing"
2. EBITDA excluding the impact of inventory valuation = Operating income excluding the impact of inventory valuation + Depreciation and amortization

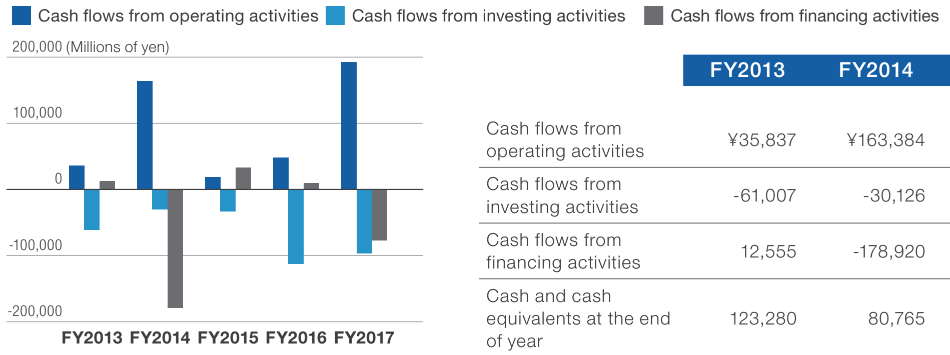
ROA and ROE



	FY2013	FY2014	FY2015	FY2016	FY2017
					Millions of yen
Profit (loss) attributable to owners of parent	¥4,348	¥-77,729	¥-50,230	¥53,235	¥72,813
Total assets	1,696,831	1,428,628	1,409,615	1,525,679	1,690,889
Net worth	231,927	167,194	108,046	164,722	238,677
Return on assets (ROA[1]) (%)	0.3	-5.0	-3.5	3.6	4.5
Return on equity (ROE[2]) (%)	1.9	-39.0	-36.5	39.0	36.1

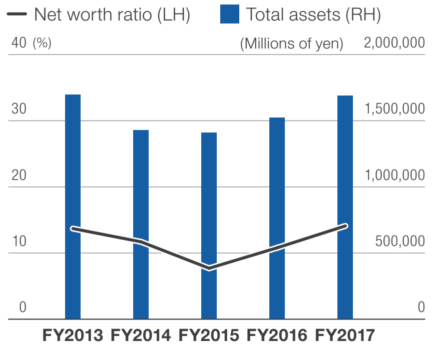
1. ROA = Profit (loss) attributable to owners of parent/Average total assets at beginning and end of the fiscal year × 100
2. ROE = Profit (loss) attributable to owners of parent/Average shareholders' equity at beginning and end of the fiscal year × 100

Consolidated Cash Flows



	FY2013	FY2014	FY2015	FY2016	FY2017
					Millions of yen
Cash flows from operating activities	¥35,837	¥163,384	¥18,427	¥47,625	¥192,634
Cash flows from investing activities	-61,007	-30,126	-32,839	-112,038	-96,432
Cash flows from financing activities	12,555	-178,920	32,499	9,626	-76,757
Cash and cash equivalents at the end of year	123,280	80,765	89,418	36,126	55,148

Total Assets, Net Worth Ratio, and Net Debt-to-Equity Ratio[1]



	FY2013	FY2014	FY2015	FY2016	FY2017
					Millions of yen
Total assets	¥1,696,831	¥1,428,628	¥1,409,615	¥1,525,679	¥1,690,889
Net interest-bearing debt[2]	723,257	597,701	666,179	727,258	635,763
Net worth	231,927	167,194	108,046	164,722	238,677
Net worth ratio (%)	13.7	11.7	7.7	10.8	14.1
Net debt-to-equity ratio (times)	3.1	3.6	4.6	3.6	2.3

1. Calculated on the basis that 50% of 60 billion yen Hybrid Loan made on April 1 2015 is included in Equity
2. Total interest-bearing debts net of cash and deposits etc. as of the end of the period

Consolidated Balance Sheets

ASSETS

	FY2016 (As of March 31, 2017) Millions of yen	FY2017 (As of March 31, 2018) Millions of yen
Current assets		
Cash and deposits	¥ 45,292	¥ 64,690
Notes and accounts receivable-trade	216,602	264,930
Merchandise and finished goods	111,905	132,880
Work in process	279	576
Raw materials and supplies	131,181	131,893
Accounts receivable-other	36,010	44,088
Deferred tax assets	3,760	7,661
Other	16,752	18,269
Allowance for doubtful accounts	-181	-169
Total current assets	**561,604**	**664,821**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	150,866	205,787
Oil storage depots, net	33,027	35,178
Machinery, equipment and vehicles, net	161,690	183,447
Land	320,496	317,989
Lease assets, net	674	624
Construction in progress	99,980	67,123
Other, net	6,584	7,435
Total property, plant and equipment	**773,320**	**817,585**
Intangible assets		
Software	3,032	3,244
Goodwill	721	—
Other	40,830	38,771
Total intangible assets	**44,585**	**42,016**
Investments and other assets		
Investment securities	105,720	122,653
Long-term loans receivable	2,857	1,615
Long-term prepaid expenses	6,716	5,769
Net defined benefit asset	1,928	2,415
Cost recovery under production sharing	17,302	21,894
Deferred tax assets	2,608	3,093
Other	8,899	9,039
Allowance for doubtful accounts	-365	-401
Total investments and other assets	**145,667**	**166,080**
Total noncurrent assets	**963,573**	**1,025,682**
Deferred assets		
Bond issuance cost	502	385
Total deferred assets	**502**	**385**
Total assets	**¥1,525,679**	**¥1,690,889**

LIABILITIES

	FY2016 (As of March 31, 2017) Millions of yen	FY2017 (As of March 31, 2018) Millions of yen
Current liabilities		
Notes and accounts payable-trade	¥ 170,539	¥ 274,410
Short-term loans payable	225,169	206,690
Commercial paper	51,400	62,900
Accounts payable-other	92,428	109,316
Accrued volatile oil and other petroleum taxes	66,528	84,801
Income taxes payable	11,237	15,338
Accrued expenses	3,182	5,130
Provision for bonuses	5,326	7,516
Provision for directors' bonuses	315	620
Deferred tax liabilities	266	7
Provision for business structure improvement	2,001	—
Other	27,079	33,423
Total current liabilities	**655,473**	**800,153**
Noncurrent liabilities		
Bonds payable	46,700	46,700
Long-term loans payable	449,282	384,164
Deferred tax liabilities	33,608	35,623
Deferred tax liabilities for land revaluation	5,243	5,182
Provision for special repairs	13,781	17,830
Provision for business structure improvement	212	1,050
Provision for environmental measures	1,997	1,729
Net defined benefit liability	5,516	3,212
Provision for executive remuneration BIP trust	296	340
Asset retirement obligations	19,338	20,568
Other	21,441	18,186
Total noncurrent liabilities	**597,420**	**534,589**
Total liabilities	**¥1,252,893**	**¥1,334,743**

NET ASSETS

	FY2016 (As of March 31, 2017) Millions of yen	FY2017 (As of March 31, 2018) Millions of yen
Shareholders' equity		
Capital stock	¥ 40,000	¥ 40,000
Capital surplus	84,359	84,359
Retained earnings	49,985	118,701
Treasury shares	-1,113	-1,091
Total shareholders' equity	**173,231**	**241,970**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,794	6,379
Deferred gains or losses on hedges	-233	-267
Revaluation reserve for land	-20,576	-20,923
Foreign currency translation adjustment	7,215	8,715
Remeasurements of defined benefit plans	292	2,803
Total accumulated other comprehensive income	**-8,508**	**-3,292**
Non-controlling interests	**108,063**	**117,468**
Total net assets	**272,786**	**356,146**
Total liabilities and net assets	**¥1,525,679**	**¥1,690,889**

Consolidated Statements of Income

	FY2016 (From April 1, 2016 to March 31, 2017) Millions of yen	FY2017 (From April 1, 2017 to March 31, 2018) Millions of yen
Net sales	**¥2,292,280**	**¥2,523,106**
Cost of sales	**2,079,727**	**2,282,710**
Gross profit	**212,553**	**240,395**
Selling, general and administrative expenses	**120,370**	**128,526**
Operating income	**92,182**	**111,868**
Non-operating income		
Interest income	218	341
Dividends income	671	1,015
Rent income on noncurrent assets	1,144	1,153
Share of profit entities accounted for using equity method	1,796	11,937
Foreign exchange gains	—	2,533
Other	2,764	2,754
Total non-operating income	**6,594**	**19,737**
Non-operating expenses		
Interest expenses	12,274	12,125
Foreign exchange losses	1,058	—
Other	3,995	2,630
Total non-operating expenses	**17,328**	**14,755**
Ordinary income	**81,448**	**116,850**
Extraordinary income		
Gain on sales of noncurrent assets	322	2,457
Gain on sales of investment securities	910	433
Gain on sales of shares of subsidiaries and associates	1,282	—
Subsidy income	3,346	3,027
Gain on bargain purchase	493	—
Insurance income	—	463
Other	558	220
Total extraordinary income	**6,914**	**6,603**
Extraordinary loss		
Loss on sales of noncurrent assets	195	266
Loss on disposal of noncurrent assets	6,274	8,173
Impairment loss	842	1,516
Loss on valuation of investment securities	808	187
Business structure improvement expenses	802	2,840
Loss on closing the oil terminal	—	1,056
Other	873	138
Total extraordinary losses	**9,796**	**14,179**
Profit before income taxes	**78,565**	**109,274**
Income taxes–current	**18,267**	**28,687**
Income taxes–deferred	**644**	**-3,515**
Total income taxes	**18,912**	**25,172**
Profit	**59,652**	**84,101**
Profit attributable to non-controlling interests	**6,417**	**11,288**
Profit attributable to owners of parent	**¥ 53,235**	**¥ 72,813**

Consolidated Statements of Cash Flows

	FY2016 (From April 1, 2016 to March 31, 2017) Millions of yen	FY2017 (From April 1, 2017 to March 31, 2018) Millions of yen
Cash flows from operating activities		
Profit before income taxes	¥ 78,565	¥ 109,274
Depreciation	34,507	38,348
Gain on bargain purchase	-493	—
Amortization of goodwill	730	721
Impairment loss	842	1,516
Loss (gain) on sales of non-current assets	-127	-2,191
Business structure improvement expenses	802	2,840
Loss (gain) on disposal of non-current assets	6,274	8,173
Loss (gain) on sales of investment securities	-910	-433
Loss (gain) on valuation of investment securities	808	187
Loss (gain) on sales of shares of subsidiaries and associates	-1,282	—
Subsidy income	-3,346	-3,027
Loss on closing the oil terminal	—	1,056
Interest and dividend income	-890	-1,357
Insurance income	—	-463
Interest expenses	12,274	12,125
Foreign exchange losses (gains)	754	-963
Share of (profit) loss of entities accounted for using equity method	-1,796	-11,937
Increase (decrease) in allowance for doubtful accounts	-148	23
Increase (decrease) in provision for special repairs	-2,375	4,048
Increase (decrease) in provision for environmental measures	-583	-544
Increase (decrease) in net defined benefit asset (liability)	581	-301
Decrease (increase) in notes and accounts receivable-trade	-23,948	-49,738
Recovery of recoverable accounts under production sharing	3,262	3,782
Decrease (increase) in inventories	-61,495	-22,085
Increase (decrease) in notes and accounts payable-trade	55,031	105,026
Decrease (increase) in other current assets	-1,528	-8,822
Increase (decrease) in other current liabilities	-22,773	41,132
Decrease (increase) in investments and other assets	1,699	628
Increase (decrease) in other non-current liabilities	-2,306	-1,520
Other, net	1,535	44
Subtotal	**73,665**	**225,542**
Interest and dividend income received	1,014	3,860
Interest expenses paid	-12,407	-12,323
Payments for business structure improvement expenses	-3,916	-4,056
Proceeds from subsidy income	3,487	3,752
Proceeds from insurance income	—	234
Income taxes paid	-14,218	-24,374
Net cash provided by (used in) operating activities	**¥ 47,625**	**¥ 192,634**

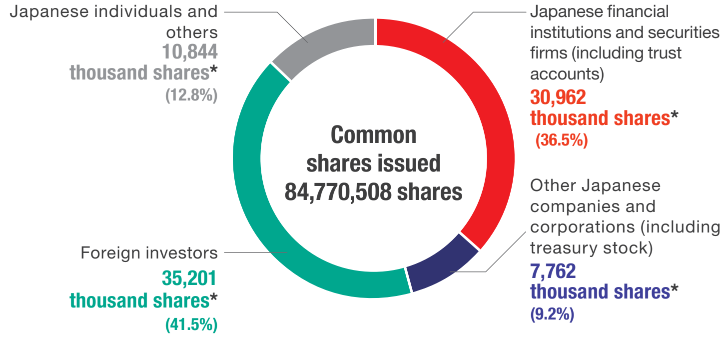
Consolidated Statements of Cash Flows

	FY2016 (From April 1, 2016 to March 31, 2017) Millions of yen	FY2017 (From April 1, 2017 to March 31, 2018) Millions of yen
Cash flows from investing activities		
Purchase of investment securities	¥ -1,341	¥ -1,457
Proceeds from sales and redemption of investment securities	7,190	401
Purchase of shares of subsidiaries and associates	-1,240	-3,623
Proceeds from sales and liquidation of shares of subsidiaries and associates	178	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,261	—
Purchase of property, plant and equipment	-108,683	-96,780
Payments for disposal of property, plant and equipment	-4,310	-3,261
Proceeds from sales of property, plant and equipment	593	17,470
Payments for purchases of intangible assets and long-term prepaid expenses	-5,977	-9,859
Decrease (increase) in short-term loans receivable	399	44
Payments of long-term loans receivable	-1,425	-225
Collection of long-term loans receivable	589	485
Payments into time deposits	-489	-33
Proceeds from withdrawal of time deposits	—	22
Proceeds from withdrawal of investments in silent partnership	1,233	157
Other, net	-15	227
Net cash provided by (used in) investing activities	**-112,038**	**-96,432**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-2,828	-21,563
Proceeds from long-term loans payable	43,861	47,859
Repayment of long-term loans payable	-66,333	-107,887
Payments into deposits of restricted withdrawals	-6,393	—
Net increase (decrease) in commercial paper	39,400	11,500
Cash dividends paid	-3,359	-4,204
Dividends paid to non-controlling interests	-947	-2,361
Proceeds from share issuance to non-controlling shareholders	6,229	—
Other, net	-4	-98
Net cash provided by (used in) financing activities	**9,626**	**-76,757**
Effect of exchange rate change on cash and cash equivalents	**-621**	**-422**
Net increase (decrease) in cash and cash equivalents	**-55,408**	**19,021**
Cash and cash equivalents at beginning of period	**89,418**	**36,126**
Increase in cash and cash equivalents from newly consolidated subsidiary	**2,107**	—
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	**8**	—
Cash and cash equivalents at end of period	**¥ 36,126**	**¥ 55,148**

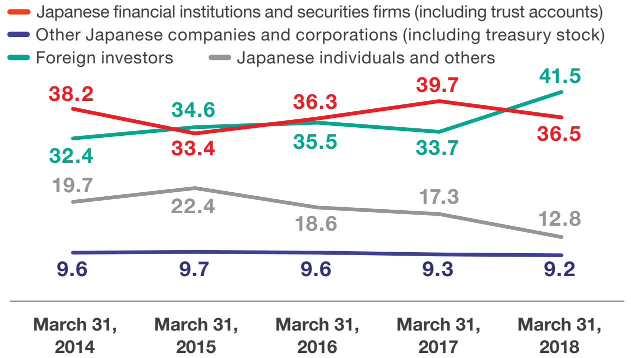
Share Information (As of March 31, 2018)

General meeting of shareholders	every June
Shareholder registration agent	Sumitomo Mitsui Trust Bank, Limited
Number of common shares issued	84,770,508 shares
Record date for term-end dividend payment	March 31
Number of shares per trading unit	100 shares
Stock listing	Tokyo Stock Exchange, First Section

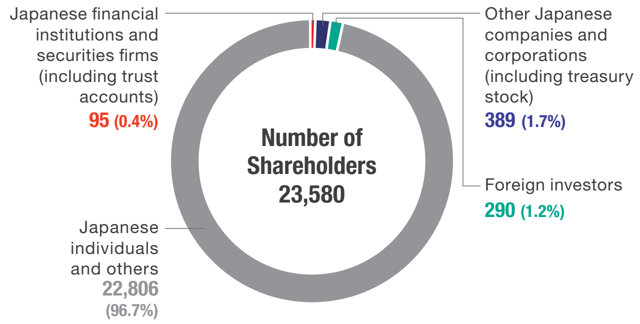
Number of Shares by Type of Shareholders and their Trend

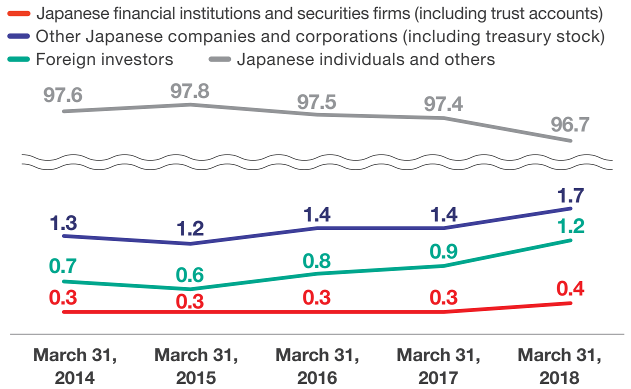


* Thousands of shares, rounded down



Number of Shareholders by Type and their Trend





Principal Shareholders (As of March 31, 2018)

Name of shareholders	Number of shares held (Thousands)	Investment Ratio (%)
Infinity Alliance Limited	17,600	20.76
Japan Trustee Services Bank, Ltd. (Trust account)	6,430	7.59
Mizuho Bank, Ltd.	2,522	2.98
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,351	2.77
MSCO CUSTOMER SECURITIES	2,204	2.60
The Kansai Electric Power Co., Inc.	1,860	2.19
Aioi Nissay Dowa Insurance Co., Ltd.	1,580	1.86
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,580	1.86
Sompo Japan Nipponkoa Insurance Inc.	1,579	1.86
Mitsui Sumitomo Insurance Co., Ltd.	1,567	1.85

* Investment ratio is calculated by excluding the number of treasury shares. The treasury shares do not include those shares owned by the trust bank through the "Board Incentive Plan (BIP) Trust."
* On April 1, 2018, the Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its legal name to MUFG Bank, Ltd.

Corporate Data

Company Name	Cosmo Energy Holdings Co., Ltd.
Securities Code	5021
Head Office	1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8302 Phone +81-3-3798-3180
Established	October 1, 2015
Capital	¥40 billion
Type of Business	Management of subsidiaries involved in oil businesses ranging from upstream to downstream and others
Corporate History	April 1, 1986 Cosmo Oil was established through tripartite merger of Daikyo Oil Co., Ltd., Maruzen Oil Co., Ltd., and former Cosmo Oil (Cosmo Refining) October 1, 1989 Asian Oil Co., Ltd. was merged into Cosmo Oil. October 1, 2015 Cosmo Energy Holdings Co., Ltd. was established.
Main Banks	Mizuho Bank, Ltd.; MUFG Bank, Ltd.; and Sumitomo Mitsui Banking Corporation

Key Data of the Cosmo Energy Group

Number of SS Operators	219
Branches	Eastern Japan, Kanto, Chubu, Kansai, Western Japan
Refineries	Chiba, Yokkaichi, Sakai

Period covered	Mainly the fiscal year from April 1, 2017 to March 31, 2018 (including some information for FY2018)
Report boundary	Cosmo Energy Holdings Co., Ltd. and major consolidated subsidiaries and affiliated companies. * The section on CSR covers mainly Cosmo Energy Holdings and 51 Group companies, which share the "CSR Initiative Policy" but includes data on employees of Cosmo Oil, data for three core companies, and data only for some other companies. The scope of coverage for these data is provided individually in appended notes.
Month of issue	August 2018 (next publication scheduled for August 2019: to be issued every year)
Cosmo Report, IR website, and CSR website	Cosmo Report (booklet) is designed to be easily looked at, while further details are available on our IR website and CSR website. CSR activity reporting is focused on priority issues while using GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 4th edition and Environmental Reporting Guidelines (2012 Version) established by the Ministry of the Environment of Japan as reference. The links to Cosmo Energy Holdings' official websites are as follows: IR website **http://ceh.cosmo-oil.co.jp/eng/ir/** CSR website **http://ceh.cosmo-oil.co.jp/eng/csr/**
Cautionary notes on forward-looking statements	This report contains forward-looking statements about the plans, strategies and performance of Cosmo Energy Group. These statements include assumptions and judgments that are based on information currently available to us. As such, the actual results may differ from those mentioned herein, due to various factors in the external environment.