Independent Assurance Report



Independent Assurance Report

To the President of Cosmo Oil Co., Ltd.

Purpose and Scope

We were engaged by Cosmo Oil Co., Ltd. (the "Company") to provide limited assurance on its Corporate Report 2013 (the "Report") for the fiscal year ended March 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether the environmental and social performance indicators marked with \widehat{Q} (the "Indicators") for the period from April 1, 2012 to March 31, 2013 included in the Report are prepared, in all material respects, in accordance with the Company's reporting criteria.

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Environmental Reporting Guidelines of Japan's Ministry of the Environment and Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative. We used these criteria to evaluate the Indicators.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000. Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information ("I-SUS").

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visit to the Yokkaichi Refinery selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG Ass Saturally a, Ltd.

KPMG AZSA Sustainability Co., Ltd. Tokyo, Japan October 8, 2013

Report on Independent Assurance Work

With this report, the environmental performance indicators now include the environmental impact of service stations. This means virtually all significant environmental impacts of the Cosmo Oil Group in Japan are being accounted for and disclosed. The Group should now look into how to track and disclose the impact of its production and transport of crude oil.

The report discloses detailed data on social performance indicators, but most of the indicators are for Cosmo Oil Co., Ltd. only. For the major social performance indicators, Cosmo Oil should aim to disclose performance for the entire Cosmo Oil Group and build informationgathering systems and mechanisms to make this possible.

The Global Reporting Initiative (GRI) issued in May 2013 the fourth generation of its *Sustainability Reporting Guidelines*, which is regarded as the global standard for CSR reporting. The G4 guidelines introduce some major changes that will affect CSR reporting by, for example, requiring reporting companies to explain the process of identifying what is to be reported and disclose the identified material aspects. Whether or not the Group follows the G4 Guidelines, steps should be taken to address this new CSR reporting trend.

Shinichiro Akasaka KPMG AZSA Sustainability Co., Ltd.

