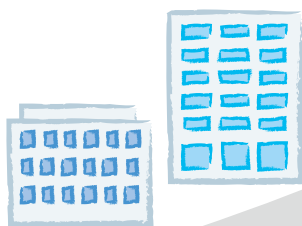


Cosmo Oil Group
**CORPORATE
REPORT**
2014



Profile of the Cosmo Oil Group

Corporate Profile

(As of March 31, 2014)

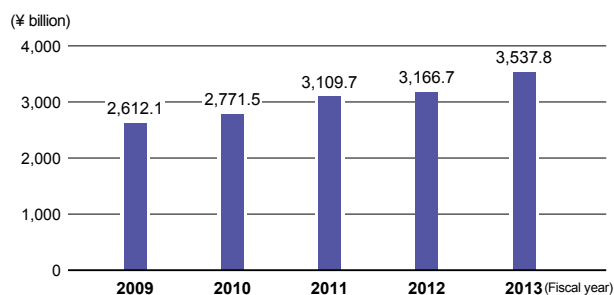
Name Cosmo Oil Co., Ltd.
Head office 1-1-1, Shibaura, Minato-ku, Tokyo 105-8528 Japan
Telephone +81-3-3798-3211
Established April 1, 1986
Capital ¥107,246,816,126
Main business Oil refining and sales
No. of employees 1,837
History Cosmo Oil Co., Ltd. was established on April 1, 1986 through the merger of Daikyo Oil Co., Ltd., Maruzen Oil Co., Ltd., and their refinery subsidiary, the former Cosmo Oil Co., Ltd. Asian Oil Co., Ltd. was merged into Cosmo Oil on October 1, 1989.

Dealers 241 offices
Service stations 3,228 (stationary)
Branch offices Sapporo, Sendai, Tokyo, Kanto-Minami, Nagoya, Osaka, Hiroshima, Takamatsu, and Fukuoka
Refineries¹ Chiba, Yokkaichi, and Sakai
Oil depots¹ 36 locations (including 33 subcontractors)
Bases outside of Japan² Abu Dhabi (UAE); Beijing (China); Doha (Qatar); Huston, Texas (USA); London (UK); Singapore

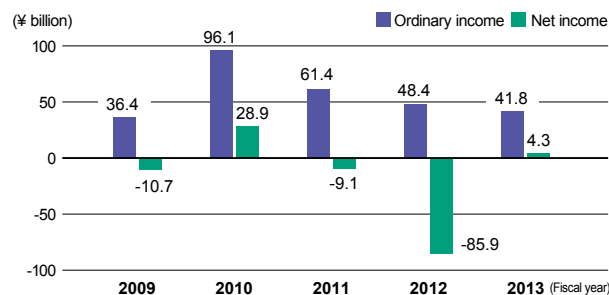
1. As of April 1, 2014
 2. As of August 4, 2014

Financial Data

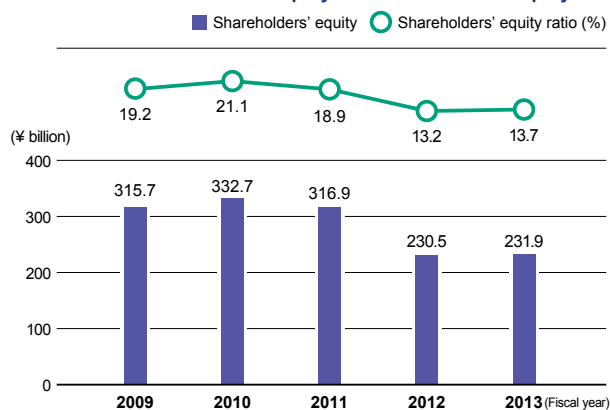
Consolidated Net Sales



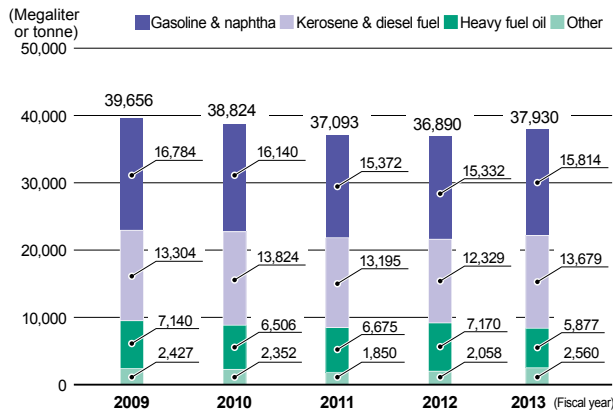
Consolidated Ordinary and Net Income



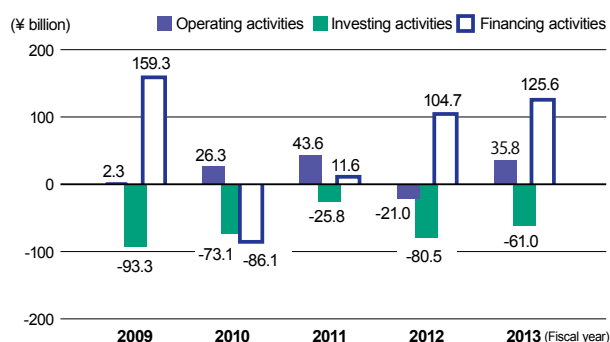
Consolidated Shareholders' Equity and Shareholders' Equity Ratio



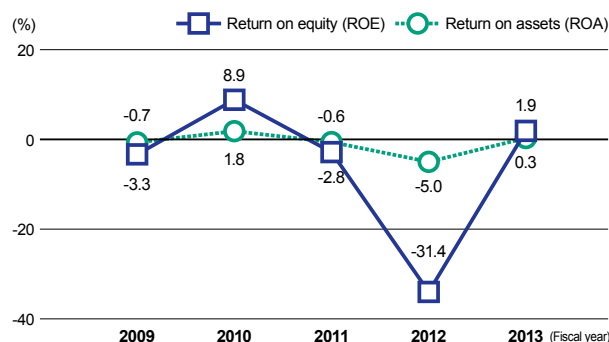
Non-Consolidated Sales Volume



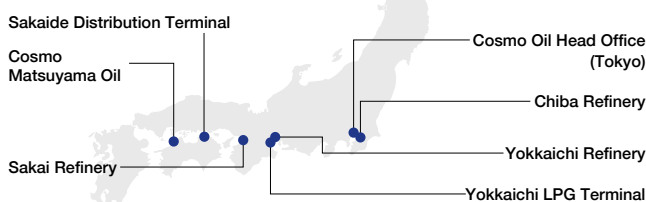
Consolidated Cash Flows



Consolidated Profit Ratios



**Cosmo Oil Group
Import & Export Locations
(Only consolidated subsidiaries)**



Editorial Policy

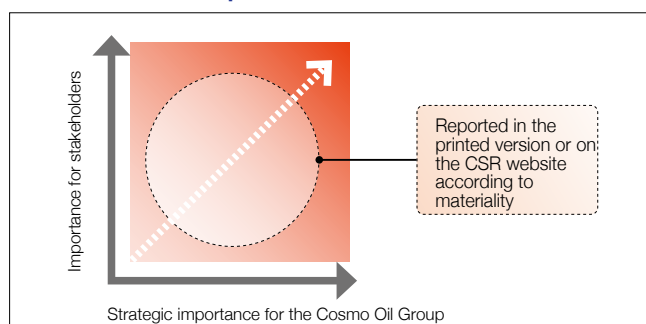
The Cosmo Oil Group *Environmental Report* was first published in fiscal 2001, then replaced by the *Sustainability Report* in fiscal 2004. It was renamed the *Corporate Report* in fiscal 2010 for use as a comprehensive communication tool.

This year's report was prepared with reference to the Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines 2006* and includes a special feature that highlights issues deemed important to stakeholders. The issues have been selected to reflect stakeholders' views as expressed in questionnaires and other sources, as well as the Group's management philosophy, its business strategies, and the risk factors that it considers to be material.

In the sections starting on page 17, the Group reports on various activities according to items prioritized in the CSR Initiative Policy. The Group references the *Environmental Reporting Guidelines 2012* published by the Ministry of the Environment in calculating the Company's environmental performance.

Note: Employee job titles and departmental assignments referred to in this report are current as of April 2014.

Material Issues in Report



Corporate Report 2014 and the Website

The Cosmo Oil Group is committed to making the information in *Corporate Report 2014* available to as many stakeholders as possible. The Group publishes two versions of the report: a concise print version that provides report highlights and an online version that provides detailed data. Access the publicly available Web version of the report at the official Cosmo Oil website.

CSR website www.cosmo-oil.co.jp/eng/csr/

Period Covered

This report covers the Cosmo Oil Group's efforts in the area of corporate social responsibility in fiscal 2013 (April 1, 2013 to March 31, 2014), though some sections include content from fiscal 2014. An overview of the Cosmo Oil Group's petroleum business and Group organization is provided on pages 3-4.

Report Boundary

This report includes information on the 25 Cosmo Oil Group companies covered by the CSR Initiative Policy, which are indicated by an asterisk in the list on pages 3-4. Data, however, that pertains only to Cosmo Oil or only to certain companies is footnoted to indicate this.

Note: There have been no major changes in the boundary coverage since the fiscal 2011 report.

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 Message from the President 5
 CSR Initiatives of the Cosmo Oil Group 7

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 Priority Item 5
 Implementing Better Internal and External Communication 32
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☑ In this report, this mark indicates that the data has been assured by KPMG AZSA Sustainability Co., Ltd.

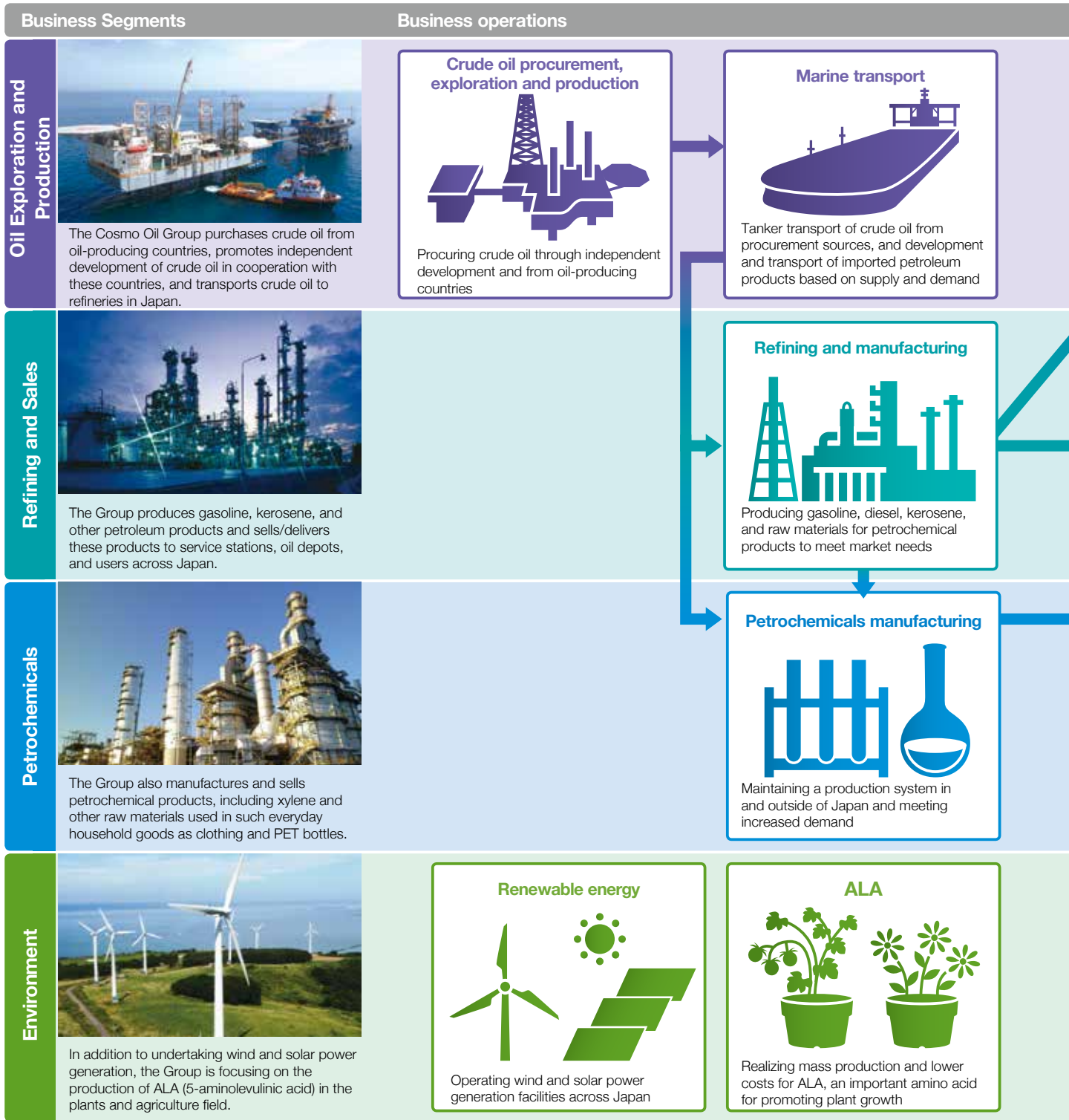
Month of Issue

November 2014
 Next issue (tentative): November 2015 (previous issue was November 2013; report issued annually)

Inquiries

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 TEL: +81-3-3798-3134 FAX: +81-3-3798-3187
[http: www.cosmo-oil.co.jp/eng/](http://www.cosmo-oil.co.jp/eng/)
 Cosmo Oil welcomes your feedback on Corporate Report 2014 and the Group's CSR activities. Please send feedback by e-mail to the address below.
 Email: cosmo_csr@cosmo-oil.co.jp

Overview of Cosmo Oil Group Businesses



Cosmo Oil Group Companies

Legend:

- ...Consolidated subsidiary
 - ...Equity-method affiliated company
 - *... Indicates the 25 group companies covered by the CSR Initiative Policy
- As of June 30, 2014

Oil Exploration and Production

Crude oil procurement, exploration and production

- Cosmo Energy Exploration & Production Co., Ltd.*
- Abu Dhabi Oil Co., Ltd. (Japan)*
- Qatar Petroleum Development Co., Ltd. (Japan)*
- Cosmo Oil Ashmore Co., Ltd.
- United Petroleum Development Co., Ltd. (Japan)

Import/export of crude oil and petroleum products

- Cosmo Oil (U.K.) Plc.*
- Cosmo Oil International Pte. Ltd.*
- Cosmo Oil of U.S.A. Inc.*

Storage

- Okinawa CTS Corp.

Refining and Sales

Refining and manufacturing

Cosmo Oil Co., Ltd.*

- Cosmo Oil Lubricants Co., Ltd.*

Transport in Japan

- Tozai Oil Terminal Co., Ltd.
- Hokuto Kogyo Co., Ltd.*
- Cosmo Kaiun Co., Ltd.*
- Cosmo Delivery Service Co., Ltd.*
- Cosmo Petro Service Co., Ltd.*
- Cosmo Techno Yokkaichi Co., Ltd.*
- Kansai Cosmo Logistics Co., Ltd.*
- Sakaide Cosmo Kosan Co., Ltd.*

- Chiba Cosmo Koun Co., Ltd.
- Cosmo Lubricants Services Co., Ltd.
- Yokkaichi LPG Terminal Co., Ltd.

Sales in Japan

- Cosmo Oil Sales Corp.*
- Sogo Energy Corp.*
- Cosmo Property Service Corp.
- Sakurabashisangyo Co., Ltd.
- TOCOS Car Support Co., Ltd.
- Cosmo Reform Co., Ltd.
- Amtecs Co., Ltd.
- Cosmo Petroleum Gas Co., Ltd.*

- Tohoku Cosmo Gas Co., Ltd.
- Osadano Gas Center Co., Ltd.

2014 initiatives for the future

Export of petroleum products



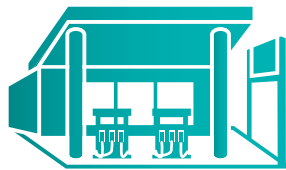
Exporting petroleum products from Japan, according to demand

Transport in Japan



Selecting the means of transport, taking cost, distance and location into consideration

Sales in Japan



Supporting motoring lifestyles through service station sales, while emphasizing regional characteristics

Distribution and sales

Storage



Stockpiling at least 70 days' worth of private crude oil reserves

Research and development



Researching more advanced manufacturing technologies and developing environmentally friendly products

Customers, homes, and industry

More crude oil exploration and production

- Increasing production in existing lots in Qatar
- Ongoing drilling in promising lots
- Starting early production in the new Hail oilfield in Abu Dhabi
- ➔ p. 11
- Partnership with CEPSA
- ➔ p. 11

Stronger initiatives for profit stabilization

- Reconstructing the supply system
- Strengthening the retail business (Cosmo Smart Vehicle)
- ➔ p. 13–14

Safe and stable refinery operations

- Revising business continuity plan (BCP) ➔ p. 9–10
- Improving safety management systems ➔ p. 18–19

Strengthening the para-xylene (PX) business

- Starting full production of PX in South Korea ➔ p. 12

Strengthening the renewable energy business

- Starting full operation of the solar power generation business ➔ p. 15
- Expanding profits in the wind power generation business ➔ p. 16

Expanding the ALA business

- Expanding ALA applications in the healthcare, cosmetics, and health food fields

Petrochemicals

Petrochemicals manufacturing

- Cosmo Matsuyama Oil Co., Ltd.*
- CM Aromatics Co., Ltd.
- Maruzen Petrochemical Co., Ltd.
- Hyundai Cosmo Petrochem Co., Ltd.

Environment

Wind power generation

- EcoPower Co., Ltd.*
- Hazaki Wind Farm Co., Ltd.
- Choshi Wind Farm Co., Ltd.
- Dangamine Wind Farm Co., Ltd.
- Ikata Eco Park Co., Ltd.
- Wakkanai Wind Power Co., Ltd.
- Tachikawa Wind Power Laboratory Co., Ltd.
- Eco World Kuzumaki Wind Power Co., Ltd.
- Akita Wind Power Laboratory Co., Ltd.
- GotoKishiku Wind Power Laboratory Co., Ltd.

ALA business

- Cosmo ALA Co., Ltd.

Other Businesses

- Cosmo Engineering Co., Ltd.*
- Cosmo Trade & Service Co., Ltd.*
- Cosmo Business Associates Co., Ltd.*
- Cosmo Computer Center Co., Ltd.*
- Cosmo Research Institute*
- Cosmo Sea Farming Inc.
- TOCOS Enterprise Co., Ltd.
- Kitagas Fureasuto Hakodate Minami Co., Ltd.
- Senshinsya Co., Ltd.
- Summit Trading Co., L.L.C.
- Musashi International Co. W.L.L.
- Abu Dhabi Enterprises (Japan) Co., Ltd.
- A.D. Marine Inc.
- Cosmo Oil (Shanghai) Co., Ltd.
- Cosmo Oil Europe B.V.



Message from the President

“The Cosmo Oil Group is united in socially responsible management, working to earn public trust and to help build a more sustainable society.”



Keizo Morikawa
President, Cosmo Oil Co., Ltd.

K. Morikawa

Socially Responsible Management at the Cosmo Oil Group

Fiscal 2013 marked the first year of the Fifth Consolidated Medium-Term Management Plan that will guide the Cosmo Oil Group through the next five years. Under the plan, we are redoubling our focus on socially responsible management. As a corporate group that handles petroleum products so important to people’s everyday lives, we must ensure that our business fulfills all of our corporate social responsibilities. We are determined to earn the trust and meet the expectations of our many stakeholders, including customers, shareholders, people in local communities, and the broader society.

In response to the damage that occurred during the 2011 Great East Japan Earthquake and the asphalt leak accident that we experienced in June 2012, we have even further heightened our emphasis on safety and stable operations. One of the priorities that we outlined in the CSR Initiative Policy (Fiscal 2013–2017) is to practice uncompromising safety management. In order to improve our safety and risk management, we established a Refinery Safety Reform Committee and created a Risk Management Unit, adding these into our corporate structure. These measures, together with the initiatives conducted at work sites, have helped to reinforce the safety framework and kept safety practices at our refineries at an all-time high.

In fiscal 2014, we will continue to position safety front-and-center every day at refineries and all other Group facilities, aiming to build an unshakeable bedrock of safety culture across the Group. Another priority that we have outlined in the CSR Initiative Policy is to make sure everyone always works with integrity. This has brought a renewed focus on rigorous compliance with all regulations and rules, even in the smallest daily tasks, and we are communicating this stance to all stakeholders.

Supply Framework

With petroleum demand in Japan projected to continue declining, we conducted an overall review of our refineries including such factors as location and production volume. As a result, we shut down the refinery operations of the Sakaide Refinery in July 2013, leaving three operating refineries. In April 2014, the former refinery officially became the Sakaide Distribution Terminal. We will fulfill our responsibility to supply Shikoku and other regions from the terminal, which is the Group’s largest logistics facility in western Japan and also serves as an emergency supply point.

Cosmo Oil has signed an MOU with the Tonen General Sekiyu Group on collaboration between our Chiba Refinery and the Chiba refinery operations of Kyokuto Petroleum

Industries, a subsidiary of Tonen. Under the MOU, the partners will form a joint company to pursue synergies that will enhance international competitiveness, taking concrete measures such as constructing a pipeline linking the refineries and achieving joint facility optimization.

Alliances with Japanese and International Partners

The Cosmo Oil Group will pursue alliances with ideal business partners in each business segment and region, as we seek to maximize corporate value. We regularly meet with IPIC¹ to explore potential joint projects. This led to a strategic comprehensive cooperation agreement with CEPSA² of the IPIC Group in fiscal 2013 aimed at expanding petroleum exploration. In the LP gas business, the Group has been discussing integrating the wholesale operations of Cosmo Oil, Showa Shell Sekiyu K.K., Tonen General Sekiyu K.K., Sumitomo Corporation, and Enessance Holdings Co., Ltd., which was established in 2008 by Showa Shell Sekiyu (51% stake) and Sumitomo

1. The International Petroleum Investment Company (IPIC) is a sovereign wealth fund wholly owned by the Emirate of Abu Dhabi, the largest member of the oil-producing United Arab Emirates (UAE). It was established with the aim of constructing an oil industry value chain funded by the country's own crude oil. IPIC mainly invests in oil and petrochemical companies outside the Emirate of Abu Dhabi.
2. Compañía Española de Petróleos, S.A.U. (CEPSA) is an integrated petroleum company based in Spain.

Corporation (49% stake). Through these efforts to strengthen revenues in our business segments, we are aiming to become a vertically integrated global energy company.

A Trusted Corporation That Contributes to the Larger Community

The Cosmo Oil Group has pledged its commitment to the United Nations Global Compact since 2006, under which we are advancing initiatives that adhere to its basic principles in the areas of human rights, labor standards, the environment and anti-corruption. These basic principles are conveyed in our Cosmo Oil Group Code of Conduct to guide the conduct and shape the attitudes of our employees. We expect each employee to contribute to our mission of ensuring the safe operation of refineries and a stable supply of petroleum products. This is the foundation of our effort to earn public trust as an energy company that helps build a more sustainable society.

In fiscal 2014, the Group will work as one to practice socially responsible management as we work toward the overall objective for fiscal 2017 in the CSR Initiative Policy: "Earning social trust and always making a positive contribution to society."

Corporate Organization

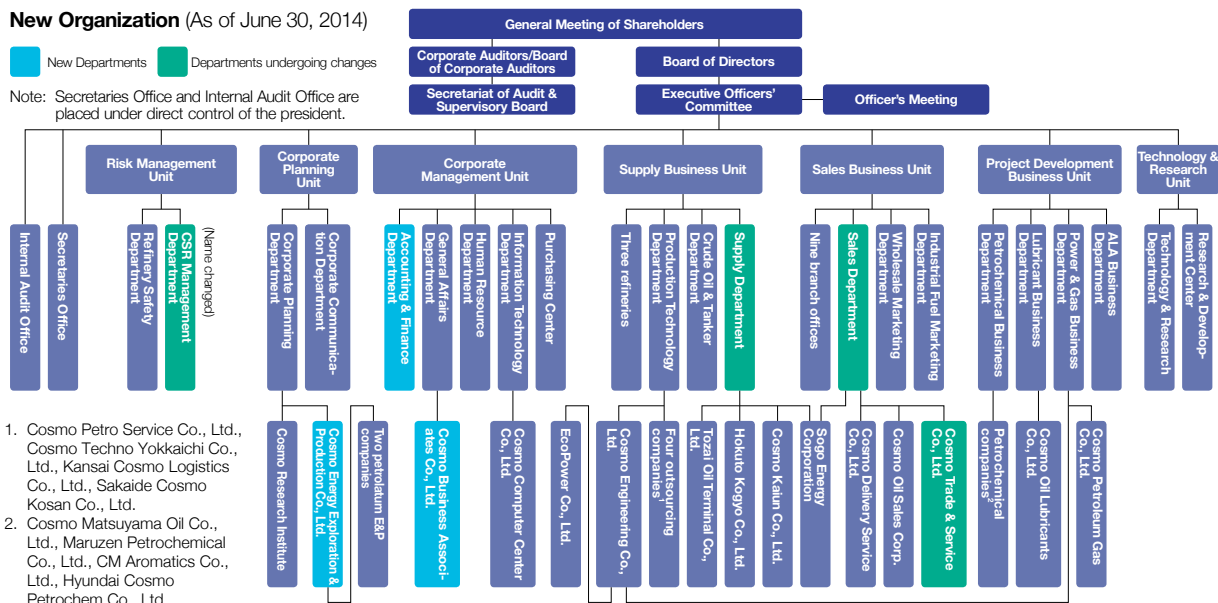
Cosmo Oil Co., Ltd. has been reviewing its organizational structure to better position the Group to deliver on the Fifth Consolidated Medium-Term Management Plan. Under the plan, the Company spun off its oil exploration and production business, forming Cosmo Energy Exploration & Production Co., Ltd. in February 2014 to facilitate nimbler management. In June 2014, the Company established Cosmo Business Associates Co., Ltd., an administrative subsidiary tasked with creating efficiencies in specialized

services and strengthening industry operations. The subsidiary functions like a department within the Cosmo Oil Head Office, implementing ongoing business process reengineering and expanding the scope of its influence across the Group. The Company also consolidated sales promotion for Cosmo Oil Group service stations and auto leasing operations under Cosmo Trade & Service Co., Ltd., to strengthen support.

New Organization (As of June 30, 2014)

■ New Departments ■ Departments undergoing changes

Note: Secretaries Office and Internal Audit Office are placed under direct control of the president.



1. Cosmo Petro Service Co., Ltd., Cosmo Techno Yokkaichi Co., Ltd., Kansai Cosmo Logistics Co., Ltd., Sakaide Cosmo Kosan Co., Ltd.
2. Cosmo Matsuyama Oil Co., Ltd., Maruzen Petrochemical Co., Ltd., CM Aromatics Co., Ltd., Hyundai Cosmo Petrochem Co., Ltd.

CSR Initiatives of the Cosmo Oil Group

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

Cosmo Oil Group Management Vision

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

Cosmo Oil Group Code of Conduct

Chapter 1 We strive to deliver stable energy supplies

Chapter 2 We aspire to become a safe, accident-free company

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 company

Fifth Consolidated Medium-Term Management Plan

(Fiscal 2013–2017)

Under the Fifth Consolidated Medium-Term Management Plan (Fiscal 2013–2017), the Group intends to improve its position mainly by increasing profitability in the oil refining and marketing business, while working towards a resumption of dividend payments. Over the long term, the Group aims to become a vertically integrated global energy company that contributes to society.

CSR Initiative Policy Filling Up Your Hearts and Safety

(Fiscal 2013–2017)

While promoting CSR management based on the Management Plan and CSR Initiative Policy, all employees of the Cosmo Oil Group perform their work conscientiously in order to realize the Management Vision and meet the expectations of society.

Corporate message to customers
“Filling Up Your Hearts, Too”

Corporate message to society
“Living with Our Planet”

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

Basic Policy

Five years to establish a solid business foothold for further expansion

- Regain profitability in the oil refining and marketing sector
- Secure stable income from investments made during the previous medium-term management plan
- Further strengthen alliances with IPIC and Hyundai Oilbank¹
- Further enhance CSR management

Long-term goal

Vertically integrated global energy company

“Six Programs” under the Basic Policy

1. Further Enhancement of Safe Refinery Operation and Stable Supply

Related information See Special Feature 1 on p. 9

2. Extensive Rationalization Focusing Mainly on the Supply Division

3. Strengthening the Retail Business

Related information See Special Feature 3 on p. 13

4. Petrochemical Business

Related information See Special Feature 2 on p. 12

5. Oil Exploration & Production Business

Related information See Special Feature 2 on p. 11

6. Renewable Energy Businesses

Related information See Special Feature 4 on p. 15

Initiative Themes

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

Goal for Fiscal 2017

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

Five Priority Items in the CSR Initiative Policy

1. Strict safety management

Priority Item p. 18

2. Working with integrity

Priority Item p. 22

3. Enhancing human rights/personnel policies

Priority Item p. 25

4. Promoting environmental initiatives

Priority Item p. 29

5. Implementing better internal and external communication

Priority Item p. 32

1. See p. 12 for more information concerning Hyundai Oilbank.

New Group Business Continuity Plan Covers the Supply Chain to Ensure Preparedness for a Large-Scale Disaster

Cosmo Oil has revised its original business continuity plan (BCP) and developed a new Group BCP that covers its supply chain. This effort is part of its commitment to ensuring a stable supply of petroleum products even after a large-scale disaster. The new BCP will help to ensure that the Group is positioned to quickly supply petroleum products even if a large-scale disaster hits, such as a major earthquake in Tokyo or the Nankai Trough.

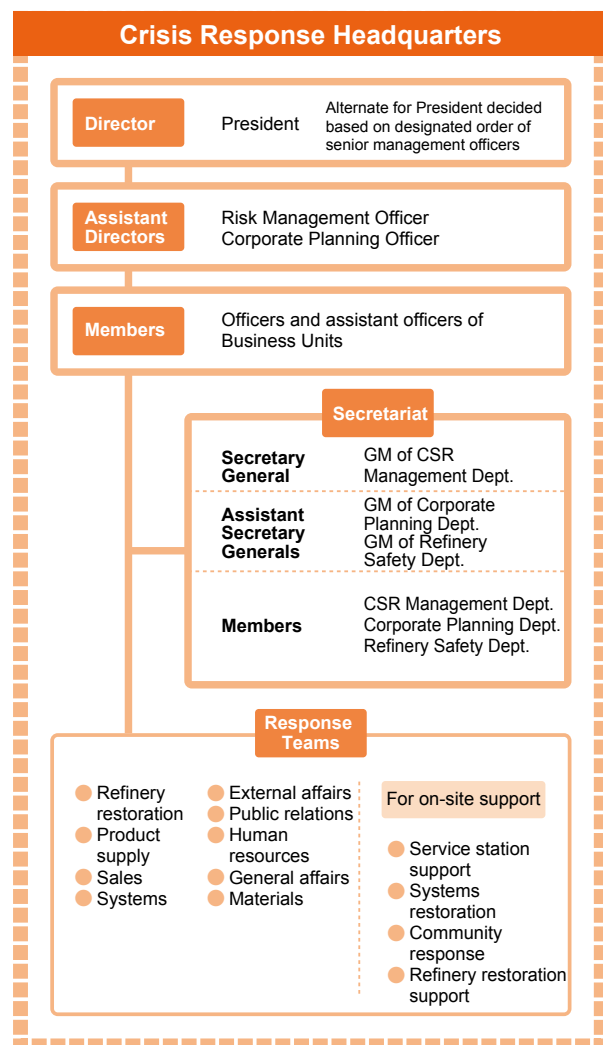
Comprehensive Review of BCP and BCP Manual

Cosmo Oil originally developed a BCP and BCP manual in June 2006 based on the scenario of a major earthquake in Tokyo, to secure business execution in a large-scale disaster. Subsequent events—such as the Great East Japan Earthquake in 2011 and an organizational change that saw the creation of the CSR & Environmental Affairs Department (now the CSR Management Department) under the Risk Management Unit in June 2013—necessitated a comprehensive review of the risk management framework and BCP manual. Meanwhile, the Company developed a new Group BCP that covers the whole supply chain, from refineries to service stations. These efforts are consistent with guidelines from the Petroleum Association of Japan that aim at public-private cooperation for energy security.

Systematic Targets for Securing Rapid Delivery of Petroleum Products

A new manual was also created for the Group BCP based on the latest scenario from the Cabinet Office of Japan concerning a major earthquake in Tokyo or the Nankai Trough. Risk assessments were conducted at each division using the manual, and specific targets were set for the length of time needed to rapidly restore shipments from refineries and reopen service stations in disaster areas. These targets were adopted as company-wide targets, in order to facilitate business continuity efforts at the divisional level by clearly identifying the actions to take and challenges to overcome.

Organizational Framework under BCP Manual





On-Site Response Headquarters

Works with Crisis Response Headquarters following policies of the Group BCP

Refineries

Group Companies, Service Stations

- Cosmo Matsuyama Oil
- Cosmo Computer Center
- Cosmo Engineering
- Cosmo Oil Sales
- Sogo Energy
- Cosmo Kaiun
- Cosmo Delivery Service
- Cosmo Trade & Service
- Cosmo Petro Service
- Cosmo Techno Yokkaichi
- Kansai Cosmo Logistics
- Sakaide Cosmo Kosan
- Hokuto Kogyo

On-Site Response Headquarters

Coordinates information under the BCPs of individual companies to prevent business losses

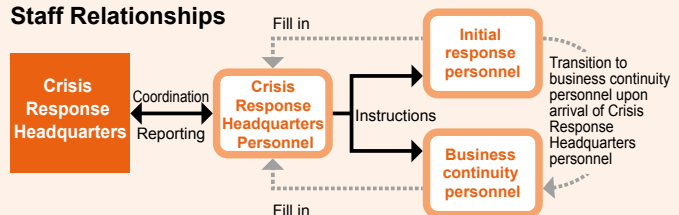
Individual Group Companies

- Abu Dhabi Oil (Japan)
- Cosmo Energy Exploration & Production
- EcoPower
- Cosmo Oil Lubricants
- Cosmo Petroleum Gas
- Cosmo Business Associates
- Cosmo Research Institute

Updating the Response Framework for a Large-Scale Natural Disaster

Cosmo Oil has reviewed its organizational framework for the response to a large-scale natural disaster based on the newly developed Group BCP, and reorganized the Crisis Response Headquarters (see the chart at left) in order to achieve targets for rapidly restoring shipments. The headquarters includes specialized teams such as a refinery restoration team which would collaborate with the Cosmo Oil Head Office and refineries to achieve quick operational recovery. Each team has designated personnel to work on initial response and securing business continuity.

Staff Relationships



Group BCP for Securing the Entire Supply Network

Under the Group BCP, which sets unified business continuity policies, the Group will conduct joint drills aimed at securing the product supply in an emergency throughout its entire supply network including refineries, oil depots, transport companies, and service stations. The Group is additionally installing portable fuel pumps, satellite phones, and emergency power generators at some 400 service stations across Japan. As of March 2014, the equipment had been supplied to 257 stations.



From left: Portable fuel pump, emergency power generator, connection box for emergency power generator

Photos courtesy of Tatsuno Corporation

Expanding International Partnerships as a Vertically Integrated Global Energy Company



Signing of the strategic agreement with CEPSA

Joint Projects in Oil and Gas Exploration

Cosmo Oil has formed a strategic agreement in the oil-related business with Compañía Española de Petróleos, S.A.U. (CEPSA) in order to look into the potential for joint business in oil and gas exploration.

Strategic Comprehensive Cooperation Agreement with CEPSA

In January 2014, Cosmo Oil reached agreement with CEPSA, a leading integrated petroleum company based in Spain that is part of the IPIC Group, to identify and develop mutually beneficial opportunities for exploration and business. Under the agreement, the companies will focus on jointly obtaining new oil and gas concessions to reinforce their growing exploration and production businesses. The two companies will jointly pursue new business opportunities created by their cooperation.

Promoting Independent Oil Exploration and Production

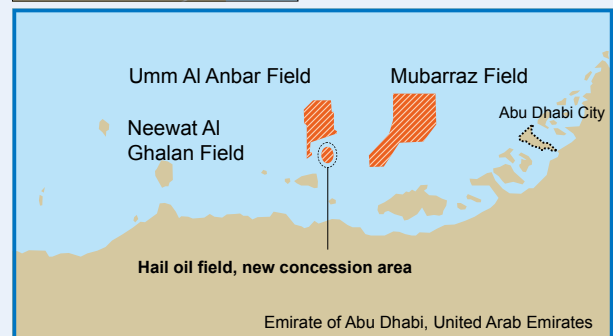
Cosmo Oil has been involved in oil exploration and production for more than 40 years in the Middle East, specifically in the Emirate of Abu Dhabi, United Arab Emirates (UAE).

Exploration of Hale Oil Field Concession in UAE

Cosmo Oil established Abu Dhabi Oil Co., Ltd. (Japan)¹ after obtaining concessions in the Emirate of Abu Dhabi, UAE in 1967. Production of oil supplied to Japan is taking place in three oil fields in UAE through Abu Dhabi Oil. In February 2011, Cosmo Oil obtained concessions for the Hale oil field that lies adjacent to the existing oil fields, and is steadily developing it. The new field is expected to generate about as much oil as the three existing oil fields, which will together provide a stable supply of energy.

1. Cosmo Oil Group owns a 63% stake in Abu Dhabi Oil Co., Ltd. (Japan)

Location Map of Abu Dhabi Oil Concession Area



Cosmo Oil is actively pursuing business outside of Japan by further strengthening alliances with IPIC and Hyundai Oilbank, as a basic strategy under the Consolidated Medium-Term Management Plan. Seeking to increase corporate value, Cosmo Oil is expanding upstream development to better position itself to secure stable energy supplies and address increased global demand for petrochemical products.



New paraxylene manufacturing facilities

Ramping Up the Paraxylene Business in South Korea

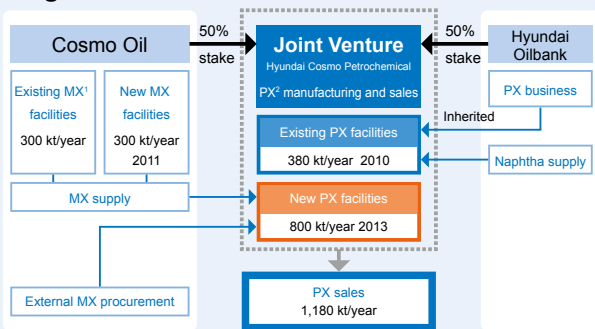
Cosmo Oil operates a joint venture with Hyundai Oilbank. In January 2013, the venture opened new manufacturing facilities with an annual production capacity of 800 kilotonnes, making the venture one of the world's leading paraxylene manufacturers.

Responding to Growing Global Demand for Petroleum Products

The venture, Hyundai Cosmo Petrochemical Co., Ltd., was established in November 2009 and then acquired paraxylene manufacturing facilities (380 kt of annual production capacity) in Daesang, South Korea from Hyundai Oilbank in February 2010. New 800 kt facilities were built and commercial production started in January 2013. The joint venture is now a world leader in paraxylene manufacturing, with a total annual production capacity of 1,180 kt.

Cosmo Oil will respond to growing demand for petrochemical products in China and the rest of Asia, pursuing opportunities for business partnerships and joint ventures in a wide range of fields.

Large-Scale Production Framework



1. Mixed xylene 2. Paraxylene

Employee Viewpoint

Hyundai Cosmo Petrochemical operates Cosmo Oil's only petrochemical plant outside of Japan. The joint venture manages paraxylene manufacturing facilities and develops strategies to improve revenues. The cooperation of our South Korean colleagues is vital, but cultural gaps can get in the way. Internally, we all communicate in English, but since neither Japanese nor Korean staff speak English natively, we have to choose our words carefully.

I am studying the Korean language, history and culture so that I can better understand our local staff. Going forward, our goal is to become the leading petrochemical company in our region. Looking ahead, I want to keep developing my international and cross-cultural communication skills so that I can tackle new challenges.



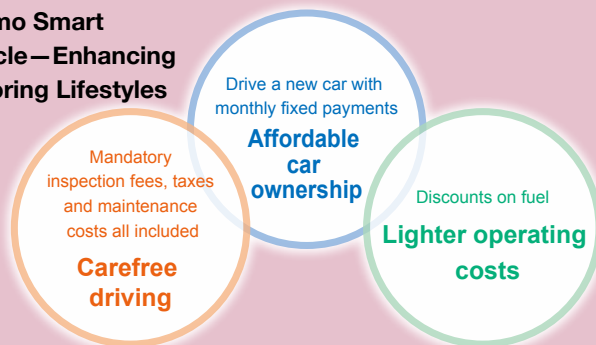
Related information

Global Human Resources Development on p. 25

Takashi Okuyama Senior Process Engineer, Hyundai Cosmo Petrochemical Co., Ltd.

Offering a New Way to Own a Car to Support Motoring Lifestyles

Cosmo Smart Vehicle—Enhancing Motoring Lifestyles



Ryusuke Hiratsuka

Product Development Group
Manager, Sales Department,
Sales Business Unit, Cosmo
Oil Co., Ltd.¹

1. The departmental assignment is current as of March 2014.



Cosmo Smart Vehicle—A New Way to Own a Car

Cosmo Smart Vehicle is a car lease product offered via the Cosmo Oil Group's service stations. Consumers make fixed monthly payments to use a vehicle for a fixed term, which includes all costs such as mandatory inspections, insurance, taxes, and maintenance. The product is ideal for consumers who find it bothersome to deal with these costs separately. Consumers also receive discounts on fuel, as the product more broadly supports everyday motoring lifestyles than a conventional car lease can. Cosmo Smart Vehicle offers an entirely new way to own a car, adding new energy to motoring lifestyles.

New Business Model Developed in a Group Effort

Cosmo Smart Vehicle is a lease product unlike any other car lease, developed collectively by the Cosmo Oil Group in an effort to create a completely new business. It also represents a new business model that leverages Cosmo Oil's network of service stations across Japan to provide total support for the motoring lifestyles of consumers. Numerous hurdles had to be overcome in bringing the product to market, including the difficulty in partnering with a leasing company. The eventual success is a credit to the dedication of the employees involved in developing the product and the corporate support they received. The Cosmo Oil Group is working hard to energize motoring lifestyles and further expand the services provided by Cosmo Smart Vehicle.

Cosmo Smart Vehicle Tops 10,000 Vehicles Leased

Cosmo Smart Vehicle, an independent service targeting service station users, was launched in earnest in April 2011. Since then, the service has proven to be particularly popular among women and seniors, who often find it bothersome to deal with the various formalities required by car ownership. In February 2014, the service reached a landmark as the 10,000th vehicle was leased. Cosmo Oil will keep working to enhance the service and respond to the motoring lifestyle needs of consumers.

10,000th vehicle leased in April 2014



Cosmo Oil is working on several initiatives to transform its business model to one of providing value for motoring lifestyles by tailoring solutions to consumers. Cosmo Smart Vehicle, at the center of this strategy, offers a new way to own a car. Cosmo Oil aims to enrich the lives of consumers with this new business.



Takuichi Yoshimura

Assistant Manager, Retail Support Department, Sales and Planning Division, Cosmo Oil Sales Corp.¹

1. The departmental assignment is current as of March 2014.



Training 3,000 Service Station Employees

Cosmo Smart Vehicle is a new type of car lease service offered at service stations that customers regularly visit and use. Service station staff had to be trained to offer the service, since their customer support was crucial to the success of the service. Following the full-scale launch of the service in April 2011, the Group conducted ongoing and systematic training for some 3,000 service station employees across Japan to ensure product understanding and show them how to share information using success stories of offering and selling the service. Thanks to the effectiveness of this training, the Group exceeded its first-year target for the number of vehicles leased.

Reshaping the Motoring Lifestyles of Consumers

Cosmo Smart Vehicle has gained a following among women and seniors who are less informed about cars and find it bothersome to deal with the formalities of owning a car. In addition to raising service recognition among consumers, the Group is seeking to expand the service by offering more options such as exclusive car models available only through Cosmo Smart Vehicle, in order to appeal to a broader range of consumers. We are working to reshape the motoring lifestyles of consumers through the service—selling the concept of using cars instead of owning them.

Consumer Viewpoint



We use our Cosmo Smart Vehicle as a second car. My wife mainly uses it to take the kids to daycare and back. I learned about the service when I was given a flyer while refueling at the Shin-Kashiwa Service Station. I was already thinking about replacing the car that I had driven for the last five years. I compared the service with what car dealers were offering, but the fact that the product included all maintenance costs was the deciding factor. We can get all the maintenance work done when we have to stop in to refuel, so it helps my wife who doesn't like to deal with these things and also means less bother for me.

The service gives a discount of ¥5 off every liter of gas, so it is also budget-friendly. I think this, combined with the better fuel economy of a mini-car, has reduced our gasoline costs considerably. Cosmo Smart Vehicle is perfect for what we need in a second car—it saves us money and reduces the hassle of owning a car.

Makoto Hatakeyama Cosmo Smart Vehicle user of Daihatsu Tanto (5-year lease with Gold maintenance package)

Actively Developing the Renewable Energy Business as an Integrated Energy Company

Moving into the Mega-solar Power Business

Cosmo Oil has moved aggressively into the mega-solar business in an effort to provide a clean and safe supply of renewable energy in Japan.



Hitachi Solar Power Plant (CSD Solar)



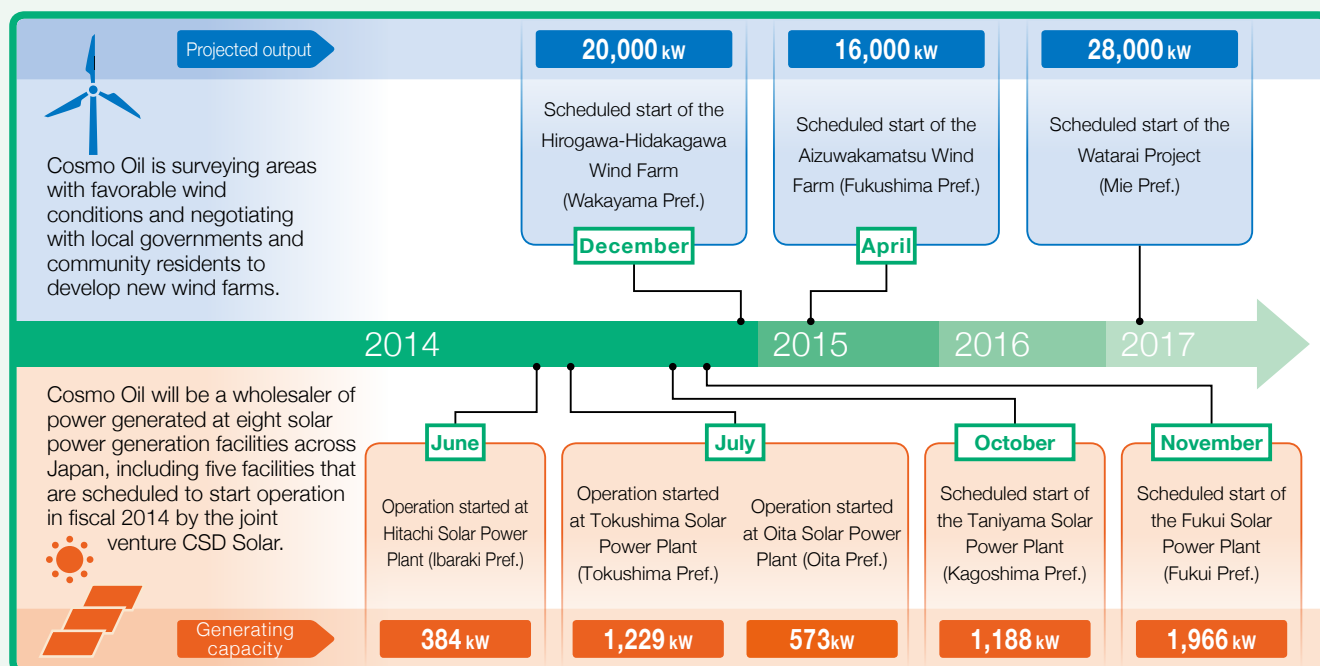
Oita Solar Power Plant (CSD Solar)

Solar Power Plant Built on Former Sites of Oil Depots

In March 2013, Cosmo Oil established CSD Solar, a joint venture with Showa Shell Sekiyu K.K. and the Development Bank of Japan Inc., marking the Company's full-scale entry into the mega-solar power business. Solar panels will be installed on eight sites, including the Company's former oil depots whose operations were ended due to streamlined logistics. The panels were made by Solar Frontier K.K., a subsidiary of Showa Shell Sekiyu.

The eight mega-solar sites, which will start operation sequentially as construction is completed, are expected to output a total of 24,000 kW.

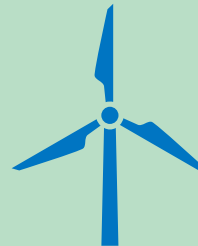
Planned Power Generation Facilities



Since the Great East Japan Earthquake, renewable energy has been in the spotlight for its potential to help improve public energy security and serve as a major energy source for the future. As an integrated energy company, Cosmo Oil is contributing to the stable supply of energy by proactively expanding its power businesses encompassing wind and solar power generation.

Expanding the Wind Power Generation Business

Cosmo Oil is actively expanding the wind power generation business as a cornerstone of its future growth strategy, endeavoring to increase earnings at EcoPower Co., Ltd. in its renewable energy business under the Fifth Consolidated Medium-Term Management Plan.



Operation

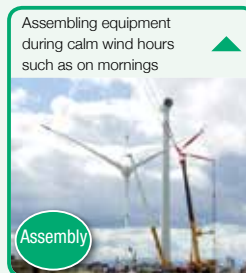
Building New Wind Farms

Cosmo Oil is working to achieve the best mix of energy procurement to meet its responsibilities as an integrated energy company. The Company moved aggressively into the wind power generation business in 2010 with the acquisition of EcoPower Co., Ltd., a pioneering wind power generation company with a proven track record. The acquisition of EcoPower is part of Cosmo Oil's focus on renewable energy as a clean energy solution.

EcoPower currently operates 128 wind turbines across Japan, including in Hokkaido and Tohoku, with a total power generation capacity of some 145,000 kW. Responding to public expectations, Cosmo Oil and its group companies are expanding the wind power generation business by building new wind farms.

Group Effort to Realize Wind Power Generation

The Cosmo Oil Group works on the entire process of wind power generation, from initial surveying of potential wind farm sites to construction, operation, and maintenance, through the collaboration of EcoPower and Cosmo Engineering Co., Ltd., which also oversees plant construction.



Detailed information

EcoPower Co., Ltd. http://www.eco-power.co.jp/crp_profile.html

Cosmo Engineering Co., Ltd. <http://www.cosmoeng.co.jp/english/>

Report on Wind Turbine Accidents

On December 5, 2013, the wind turbine blade and other parts fell from the No. 1 turbine at the Ororon Wind Farm in Hokkaido operated by EcoPower. EcoPower formed a committee including an outside expert to investigate the accident. Below is a summary of the causes of the accident and preventative measures that were recommended.

Causes of Accident

1. Lightning conductor inside of blade broke and was no longer functional.
2. Lightning hit, causing the other lightning conductor to melt.
3. Pressure inside of turbine blade rose due to electric discharge, damaging the blade.

Preventative Measures

1. Improve the lightning protection system.
2. Improve the inspections to enhance safety.
3. Suspend turbine operation when indicated by lightning forecasts.

On January 31, 2014, the No. 2 turbine at the Oiwake Soran Wind Farm in Hokkaido was found to have a damaged blade tip and fallen parts. With input from outside experts, the inspection concluded that the damage was caused due to inadequate maintenance, and possible preventative measures were proposed.

These accidents are being taken seriously by EcoPower, which is working to improve operational safety by implementing preventative measures.

Fiscal 2013 Performance on CSR Initiatives

Under the CSR Initiative Policy (Fiscal 2013–2017), the Group prioritizes the following five areas: strict safety management, working with integrity, enhancing human rights/personnel policies, promoting environmental initiatives, and implementing better internal and external communication. Specific action themes for each priority item have been identified to ensure socially responsible management.

Fiscal 2013–2017		Fiscal 2013 Initiative Results
Priority Items	Initiative Themes	
1. Strict safety management	Safety management initiatives for refineries by Refinery Safety Reform Committee ➔ p. 18 (Also see p. 20 for reference)	Enhanced PDCA-based management Set management indicators, identified issues at each refinery and set tasks, evaluated execution and progress Executed priority measures for safety, maintenance and operational management Created detailed handover rules between construction and operation, prepared reference materials to improve maintenance precision, and modified manuals to facilitate technology transfer
	Group-wide safety management initiatives by Group Safety Promotion Committee	Implemented safety initiatives for each division ➔ p. 18–19 Implemented safety and environmental inspections ➔ p. 19 Reviewed committee contents and frequency of meetings
2. Working with integrity	Emphasize CSR, ensure compliance, and increase employee understanding of Code of Conduct	Revised the corporate ethics training ➔ p. 22
	Restructure risk management structure	Revised the BCP to account for possibility of major earthquakes in Tokyo and Nankai Trough ➔ p. 9–10 Reviewed the risk matrix
	Group-wide quality management by Quality Assurance Committee	Comprehensively executed measures to eliminate quality problems ➔ p. 23
	Pursuit of customer satisfaction	“Filling Up Your Hearts, Too” Declaration ➔ p. 23
3. Enhancing human rights/personnel policies	Increase work efficiency and better manage working hours	Reduced the total hours worked per year (1,966 hours/person versus target of 1,900 hours/person) ➔ p. 26
	Encourage work-life balance	Launched the Cosmos Project ➔ p. 25, 27–28 Encouraged employees to utilize programs and benefits ➔ p. 26
	Create workplaces with respect for diversity	Maintained and improved employment rate of people with disabilities (2.07% versus legal requirement of 2.00%) ➔ p. 25 Encouraged hiring of persons aged 60 years and over (employed 100% of persons who wished to keep working)
	Maintain/improve mental and physical health	Provided online health management tool (34% of employees received an A rating, up from 31% over previous year)
	Eliminate power/sexual harassment	Training to secure comprehensive awareness
4. Promoting environmental initiatives	Respond strategically to prevent global warming	Reduced annual CO ₂ emissions (by 633 kt, through efficiency improvements to refinery operations) ➔ p. 30 Operation of wind and solar power generation facilities ➔ p. 15–16
	Reduce environmental impact	Reduced industrial waste (achieved final disposal rate of 0.35% at Cosmo Oil and 4.01% for Group) ➔ p. 29 Promoted Eco Office activities (Cosmo Oil reduced copy paper by 10.9%, company car fuel consumption by 13.5%, and office electricity consumption by 7.8% compared to goals, and achieved green purchase rate of 89.4%) ➔ p. 30
	Promote environmental contribution activities	Cosmo Oil Eco Card Fund (conducted 14 projects and held eco tour for cardholders) ➔ p. 32
5. Implementing better internal and external communication	Community initiatives	Conducted Cosmo Forest activities (five events in Chiba, Sakai and Matsuyama cities) ➔ p. 32
	Social initiatives	Conducted cleanup campaigns (held at 39 locations, with 14,772 participants) ➔ p. 32
	Internal and external corporate communications	Held CSR liaison meeting of CSR managers from affiliated companies

Strict Safety Management

Safety Initiatives

The Cosmo Oil Group prioritizes strict safety management as part of the CSR Initiative Policy for fiscal 2013–2017. Under the Consolidated Medium-Term Safety Plans (Fiscal 2013–2017), the Refinery Safety Reform Committee concentrates on safety management at refineries, with the Group Safety Promotion Committee advancing safety management at the group-wide level. The committees strive to eliminate work-related accidents and incidents in each division and to secure safe operations and stable supply.

Fiscal 2013 Safety Initiatives

Divisions		Highlights of Main Safety Initiatives
Refining and manufacturing	4 refineries and Cosmo Matsuyama Oil	<ul style="list-style-type: none"> Working group activities of Refinery Safety Reform Committee in four areas Safety and environmental inspections p. 19 Cosmo Oil Small Group Initiatives and Proposals (by safety circles at each refinery) p. 19
	Cosmo Oil Lubricants (manufacturer of lubricating oil)	<ul style="list-style-type: none"> Review of work manuals and securing adherence to manuals Enhancement of safety education to raise safety awareness, increase safety, and eliminate work-related accidents
	Cosmo Petroleum Gas (LPG storage/delivery)	<ul style="list-style-type: none"> Safety inspections, legal compliance inspections Safety training for employees and dealers
Distribution	Crude Oil & Tanker Dept. and Petroleum Product Dept. (product import/export)	Crude Oil & Tanker Dept.: <ul style="list-style-type: none"> Safety meeting Crude oil tanker emergency drills p. 19 Petroleum Product Dept.: <ul style="list-style-type: none"> Contingency plan to transfer functions to Cosmo Oil International
	Cosmo Kaiun (sea shipments)	<ul style="list-style-type: none"> On-board safety inspection (implemented 1,069 times) Campaigns for safe docking and undocking (January–March) and pointing and calling for safety (July–August)
	Cosmo Delivery Service (ground shipments)	<ul style="list-style-type: none"> Biannual on-site audits of delivery companies (for all 75 garages) Various training Collection of 20,000 cases of near-miss accidents and provision of feedback
	Oil depots	<ul style="list-style-type: none"> Emergency drills on leaving the berth Preparation of work manuals for each oil depot
Sales and other operations	Sales & Marketing Coordination Dept. (Service Station)	<ul style="list-style-type: none"> Safety patrols at service station construction sites Forum for construction safety at service stations Group-wide inspection for sign poles at service stations p. 19 Education on preventing leakage of underground tanks at service stations
	Research and Development Center	<ul style="list-style-type: none"> Safety “play catch” initiative Systematic hazard prediction training at monthly workplace safety, sanitation, and environmental meetings
	Cosmo Engineering	<ul style="list-style-type: none"> Effective risk assessment hazard prediction including for business partners Safety expert program

Main Safety Initiatives at Refineries

Refinery Safety Reform Committee Established

In March 2013, the Cosmo Oil Group established a Refinery Safety Reform Committee headed by the president, operationalizing the Group’s strong management emphasis on refinery safety and stable operations. The committee focuses on safety management, maintenance management, operation management and human resources development. In each area, the committee identifies and analyzes issues to improve safety infrastructure, and reviews and verifies initiatives and measures.

In fiscal 2013, the committee established a system for ensuring the implementation of plan-do-check-act (PDCA) cycles, emphasizing the visualization of initiatives. Moving forward, the committee will advance practical safety activities and prepare frameworks for accident prevention. In addition, a Safety Caravan program was launched to carry out dialogue between the committee secretariat and production floor employees at each refinery.

Safety Caravan

Objective	<ul style="list-style-type: none"> Verify effectiveness of safety-related initiatives and measures Further raise safety awareness
Description	Secretariat of Refinery Safety Reform Committee engages in dialog with production floor employees at each refinery



Safety Caravan meeting

Strict Safety Management

Safety and Environmental Inspections at Refineries

The Cosmo Oil Group has established the Group Safety Promotion Committee in the Cosmo Oil Head Office in order to advance safety management across the Group. The committee implements safety and environmental inspections for refineries and for Head Office divisions and Group companies. In fiscal 2013, inspections were conducted at 12 sites and divisions, including four refineries.

Cosmo Oil Small Group Initiatives and Proposals

Refineries operate small safety circles in every workplace to facilitate improvements, aiming to achieve safer operations, stable supply, and even better competitiveness. Representative groups from each refinery then gather at an annual presentation meeting to share the results of their activities. The fiscal 2013 meeting included a safety group from Qatar Petroleum Development Co., Ltd.

Key Improvements to Safety and Environmental Inspections at Refineries in Fiscal 2013

- A specialist on the Fire Service Act was added to the refinery inspection team, to provide a valuable third-party perspective so that the team can make effective improvements and provide guidance.
- Instead of conducting separate summary meetings on inspection results for each site, employees of four refineries and Cosmo Matsuyama Oil gathered at the Cosmo Oil Head Office to jointly discuss issues and solutions. This will effectively strengthen the safety and environmental management.



Participants in the group-wide meeting for Cosmo Oil Small Group Initiatives

Safety Initiatives in Transport

Crude Oil Tanker Emergency Drills

An emergency drill was conducted under the scenario of a pirate attack on a crude oil tanker traveling from the Middle East to Japan. The drill was triggered by a simulated emergency call from the company that operates Cosmo Oil's private vessels, with staff assembling on short notice to verify the emergency response and information sharing. Issues that arose during the drills were studied and used to strengthen the emergency response framework.



Safety Initiatives at Service Stations

Group-wide Inspection for Sign Poles at Service Stations

In July 2011, the Cosmo Oil Group started inspection of sign poles at all service stations to prevent topple or collapse of signage. The Group inspected 3,000 poles in two years and conducted repairs and replacement of poles as necessary.

The Group also has established response frameworks for typhoons and other major natural disasters in order to rapidly ascertain damage at service stations, prevent secondary damage from occurring, and quickly restore operations.



Photo courtesy of Asahi Etic Co.

Industry Collaboration on Industrial Safety

Representing the petroleum refining and wholesaling industry, the Petroleum Association of Japan formulates voluntary action plans to secure industrial safety in Japan. Cosmo Oil is committed to implementing these industry action plans, developing and implementing initiatives to fulfill its social responsibility as a petroleum company.

Highlights of Initiatives Implemented by Cosmo Oil

Period: April 1, 2013 to March 31, 2014

Group-wide Voluntary Safety Initiatives

The secretariat of the Refinery Safety Reform Committee conducts "Safety Caravan" dialogs with production floor employees at each refinery, aiming to improve communication between the Head Office and refineries. Refineries also develop safety frameworks driven by group leaders to ensure their voluntary initiatives perform well.

Safety Management by Cosmo Oil Head Office

The Refinery Safety Reform Committee headed by the president was launched in March 2013. The committee is responsible for securing safe operations and stable supply through management involving the execution of Plan-Do-Check-Act (PDCA) cycles for the progress of refinery safety measures, and to evaluate and improve the measures.

Setting Targets for Industrial Safety

- Fiscal 2014 Cosmo Oil Group Safety Policy: Establish "a culture of safety" for compliance in good faith
- Fiscal 2014 Safety Goal for Refineries: Maintain a record of zero fires, explosions, off-site leaks, major leaks, and serious work-related accidents

Survey and Assessment of Target Achievement and Execution of Measures

Based on the revised target framework, which links group-wide safety targets with refinery measures, the Refinery Safety Reform Committee receives regular reports from refineries and conducts assessments.

Management Commitment to Industrial Safety

The Cosmo Oil Group stands united in its mission to ensure the safe operation of refineries and a stable supply of petroleum products. We are working harder than ever on our CSR initiatives with the goal of earning the complete trust of the public.

(The management commitment was communicated through the Cosmo Oil Corporate Report and other avenues.)

Implementation Plan for Industrial Safety Measures

A. Concrete measures to reduce accidents

1. Facility management (corrosion, etc.)

Collection of reference materials to improve maintenance precision.

2. Preventing human errors

Hazard prevention meetings to identify potential risks in irregular operations, and initiatives to increase safety awareness such as calling out before carrying out operations.

3. Preparation of procedures and manuals

Expansion of existing manuals with the addition of diagrams, photographs, and past troubleshooting examples to facilitate technology transfer to younger operators.

B. Training and drills

Hands-on and emergency drills to raise hazard awareness and case-study meetings on internal and external accidents.

Preventing Industrial Accidents Related to Natural Disasters

- Revision of business continuity plan (BCP) manual: The original plan was redesigned to be applied to the entire supply chain including refineries and service stations, in consideration of disaster scenarios involving the possibility of major earthquakes in Tokyo and the Nankai Trough.
- Upgraded seismic standards for high-pressure gas facilities: Facilities were assessed in order of priority, from the standpoint of preventing damage from a major earthquake and based on experiences in the Great East Japan Earthquake. Necessary seismic upgrades are underway.

Highlights 2013

Chiba Refinery: LPG Tanks Rebuilt

LPG tanks at the Chiba Refinery, which were damaged in a fire that occurred in the Great East Japan Earthquake (March 2011), restarted operation in July 2013 after completing reconstruction in May 2013 with modifications to address the causes of the fire. The tanks were originally full at the time of the earthquakes and toppled over, causing piping to break and leaking LPG which caught fire. The eight LPG tanks that were not damaged in the earthquake also received the same modifications.



Modifications to Prevent Future Accidents

- Raised the seismic standards for full tanks
- Redesigned the piping to have greater tolerance for expansion and contraction
- Separated areas where pipes branch off, so that the sections are independent of each other
- Added piping cutoffs for when tanks are full
- Improved the sprinkler piping
- Redesigned emergency shutoff valves to operate independently
- Installed a flammable gas detection and warning panel
- Improved the emergency operation system
- Improved the footing to address liquefaction

Chiba Refinery: Centralized Smokestack Repainted

After accidents in 2011 and 2012, the Chiba Refinery suspended operation for an extended period before recently restarting. To show again the determination to ensure safe and stable operations, the centralized smokestack was repainted for the first time in 20 years. Under the six programs of the Consolidated Medium-Term Management Plan, the Group is investing ¥28 billion in refurbishments of the Chiba Refinery to address overall infrastructure aging.



Photo courtesy of Nippon Paint Co., Ltd.

Sakaide Refinery: Dismantling of Refining Equipment

As part of changes to the Group's supply framework, all refining operations at the Sakaide Refinery were shut down in July 2013 to convert the facility into a distribution terminal. The refining equipment will be dismantled in two years. Very rare in Japan, this is the first such project to be

undertaken by the Cosmo Oil Group. Now called the Sakaide Distribution Terminal, the facility will partner with Cosmo Engineering Co., Ltd. to take every safety precaution in carrying out the project, working closely with administrative agencies and business partners.

Voice

Mitsuharu Matsumoto
Oil Terminal Section, Sakaide Distribution Terminal, Cosmo Oil Co., Ltd.

The dismantling project is already one-third completed as of June 2014. I was involved with operating the refining equipment for some 40 years since joining the company, so it is somewhat sad to be dismantling it.

When we first started the project, the dismantling subcontractors were not familiar with the refining equipment or the rules at our site, causing repeated unexpected actions. We corrected these actions by training and ensuring adherence to our site rules, for everyone from the foremen and supervisors of the general contractor to the workers. We are now working smoothly together with excellent communication, sharing information at daily progress meetings and construction safety meetings for key operations.

The dismantling project requires a lot of cutting using gas burners. Despite our initial concerns about residual hazardous substances such as petroleum and flammable gases, almost none have been detected through residual oil checks and gas detection. The dismantling is going smoothly because our colleagues took great care in shutting down the equipment, knowing the purpose and methods by which we would be dismantling the operations. We will make every effort to see that their efforts do not go to waste and finish the project without accidents.



Working with Integrity

Compliance Promotion

Corporate Ethics Promotion Framework

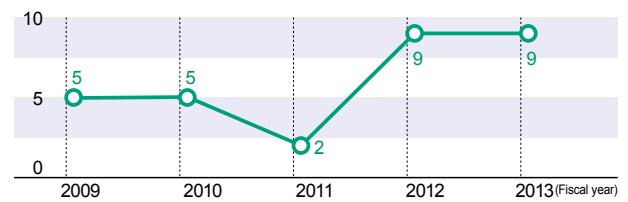
As the organization responsible for the execution of matters under the CSR Promotion Committee, the Corporate Ethics Committee has been established to decide, promote, and implement basic policy relating to corporate ethics. The Corporate Ethics Promotion Office has also been set up to serve as a facilitator for the Committee.

Additionally, the Cosmo Oil Group has set up helplines within the Group and at an outside law firm by which employees or persons outside the Group can discuss legal or ethical problems concerning Group operations. Details of the report and the Group's response to the reported issues are forwarded to the Corporate Ethics Committee and are reflected in future activities. There is also a consultation helpline within the Human Resource Department for matters related to sexual and power harassment.

Corporate Ethics Promotion Framework



Number of Helpline Inquiries



Corporate Ethics Training

The Cosmo Oil Group conducts annual corporate ethics training for employees. In fiscal 2013, the training focused on keeping consistent personal/organizational awareness of corporate ethics; raising sensitivity to underlying issues; and promoting identification, discussion, and correction of problems. The format was changed from a lecture format to a participatory workshop. Employees were asked to discuss everyday situations that might happen at the Cosmo Oil Group to raise their ethical awareness. The new format was welcomed, and participants found the content easy to understand and stated that it improved their ability to think through situations and exposed them to new points of view.

Fiscal 2013 Results for Corporate Ethics Training

Training Category and Theme		Participants	Hours
New employees	Compliance and corporate ethics; Code of Conduct; and Company decision-making rules	66	2-3
Newly promoted line managers	Compliance; role of line managers to promote corporate ethics	29	1.5
Training at work sites	Message from the president on commitment to corporate ethics, helpline system, CSR management and corporate ethics, case studies and discussion	3,250 ¹	1.5

1. Conducted 73 sessions at all 36 work sites



Pursuing Customer Satisfaction

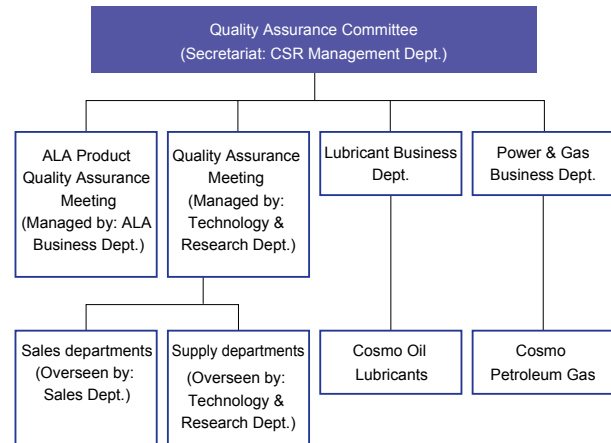
Securing Trust in Petroleum Products

Initiatives to Eliminate Quality Problems

The Quality Assurance Committee operates out of the Cosmo Oil Head Office and is responsible for establishing the group-wide framework for quality assurance. For fuel oils, the committee is focusing on safety management in two areas: thorough measures to secure safety and stable supply, and ensuring prompt and appropriate response if a product issue arises.

In fiscal 2013, there was a mixed-oil accident at a Cosmo Oil service station caused by human error during unloading. The rapid initial response prevented further escalation. In order to prevent similar accidents, the Group enforced a procedural checklist for loading and unloading operations that all employees must follow, improving mutual checks with the receiving station.

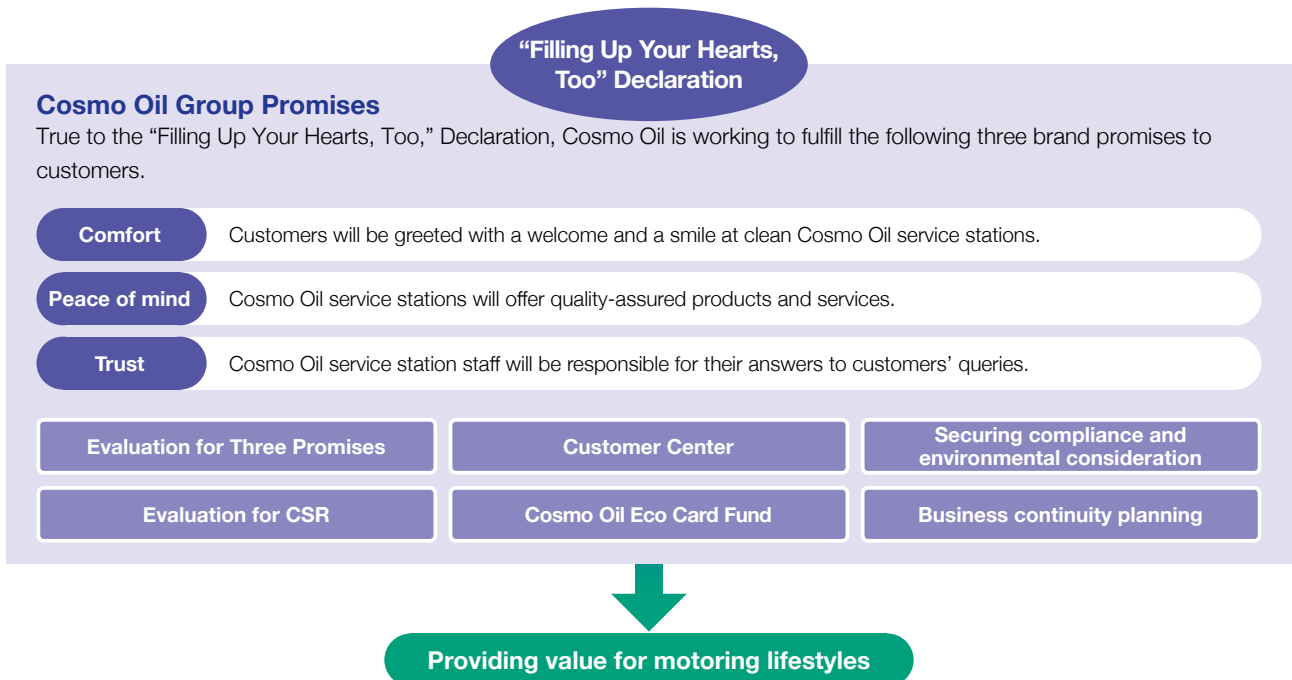
Quality Assurance Committee Framework



“Filling Up Your Hearts, Too” Declaration

Under the “Filling Up Your Hearts, Too” Declaration, the Cosmo Oil Group is working hard to give customers a true

sense of comfort, peace of mind, and trust when they visit service stations.



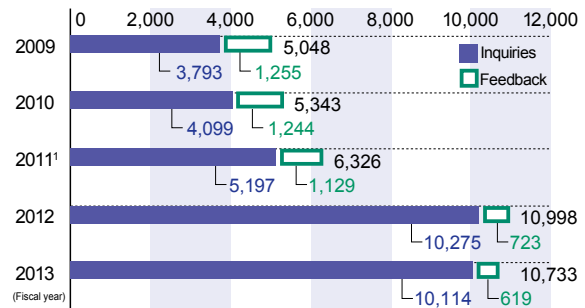
Under the brand promises of providing comfort, peace of mind, and trust, the Group is transforming its business model from that of petroleum sales focusing on fuel oils, to one of providing broad-based value for motoring lifestyles.

Ensuring Customer Support

The Cosmo Oil Customer Center facilitates communication with customers through a support phone line, which has been available 24 hours a day since 2010.

In fiscal 2013, the overall number of inquiries to the support line remained about the same as the previous year. Calls with customer feedback, however, were down by 104, or 15%, to 619 calls.

Number of Customer Inquiries



1. The number of inquiries and feedback received in fiscal 2011 does not include those connected with the Great East Japan Earthquake.

Sample Comments Received by Customer Center

Praise

When I went to fill up at around 9:00 p.m., the service station staff came out to greet me even though it was night. They bowed to every single departing car. I was quite impressed and it put me in a good mood.

Response from the service station operator: Our staff always take the effort to make our customers happy, so it is great to receive this kind of praise.

Feedback

I chose to fill up at a full service station, but when I pulled in, the three employees were talking amongst themselves, and they didn't bother to greet me or guide me into a bay. They didn't act friendly and I had a poor experience.

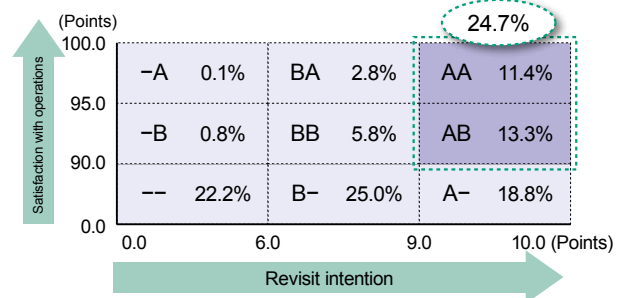
Response from the service station operator: We verified that this took place using surveillance camera footage. We have addressed the topic with all of the staff.

Service Evaluations for Fulfillment of Three Promises

The Cosmo Oil Group focuses intently on customer satisfaction. The Group surveys its customers to assess the level of comfort, peace of mind and trust provided by service stations and reviews the fulfillment of the Three Promises made to customers.

The assessment approach was updated in fiscal 2013 to emphasize customer intention to return to the same service station. The survey was conducted at 2,144 service stations and found that 24.7% of those surveyed earned both a very high customer revisit intention and high satisfaction with operations (both 9 or more points out of a possible 10).

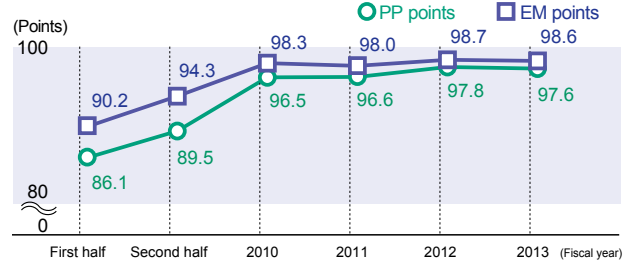
Evaluation Results for Three Promises of "Filling Up Your Hearts, Too" Declaration for Fiscal 2013



Survey of CSR at Service Stations

The Cosmo Oil Group conducts annual privacy policy (PP) surveys and environmental management (EM) surveys to check and improve regulatory compliance at service stations. In fiscal 2013, inspectors visited 1,174 service stations, and more than 1,800 service stations conducted their own self-assessments.

Average PP and EM Points



Note: Higher scores are better.

Enhancing Human Rights/Personnel Policies

Respect for Human Rights and Better Working Conditions

Under the Consolidated Medium-Term Human Rights/Personnel Plan (Fiscal 2013–2017), the Cosmo Oil Group is providing even better working conditions for employees, focusing on five areas: increasing work efficiency and better managing working hours, encouraging work-life balance, respecting diversity, maintaining and improving mental and physical health, and eliminating power and sexual harassment.

Global Human Resources Development

There are 109 Cosmo Oil Group employees stationed in eight countries outside Japan, engaging in resource development, crude oil and petroleum product transactions, and project operations in the petrochemical and ALA businesses. With the aim of becoming a vertically integrated global energy company, the Group has an urgent need to develop human resources that can respond to a variety of challenges both in and outside Japan. Building on the strengths of the current international employees, the Group is developing more global human resources with a diverse range of experience and skills. The Group will actively promote the transfer of young and mid-career employees to international offices to increase the number of personnel that can operate effectively outside Japan.

Number of Employees Stationed Outside Japan by Country: Fiscal 2013

As of March 31, 2014

Country	No. of Employees ¹
UAE	75
Bahrain	1
Qatar	16
China	2
USA	3
UK	2
Singapore	3
South Korea ²	7

Number of Employees Stationed Outside Japan: Fiscal 2009–2013

Fiscal Year	No. of Employees ¹
2009	84
2010	91
2011	89
2012	94
2013	109

- The number of employees includes those dispatched from Cosmo Oil and full-time employees of Cosmo Engineering Co., Ltd., Cosmo Trade & Service Co., Ltd., and Cosmo Research Institute.
- Related information: Employee Viewpoint [p. 12](#)

Respecting Diversity and Providing Equal Opportunity

The Cosmo Oil Group set the goal of maintaining and improving its employment rate of people with disabilities under the theme of sustaining fair employment practices. In fiscal 2013, the Group achieved Japan's legally mandated rate of 2.00% or more, with an actual result of 2.07%. Accordingly, the Group is striving to ensure that it maintains and improves the employment rate of people with disabilities through measures that aim to create workplace environments where diverse human resources can demonstrate their respective abilities to the fullest extent.

Employment of People with Disabilities (data reported to Japan's Ministry of Health, Labour and Welfare)¹

	June 2010	June 2011	June 2012	June 2013	June 2014
Total number of employees with disabilities	46	45	46	41	39
(Number with severe disabilities)	25	23	23	21	20
Employment rate of people with disabilities ²	2.1%	2.1%	2.3%	2.1%	2.07%
Shortfall in the mandatory number of employees with disabilities	0	0	0	0	0

- For Cosmo Oil Co., Ltd., as of June 1 in each year
- Legally mandated employment rate: 2.00% (rounded to the second decimal place)

Launch of the Cosmos Project

One of the Cosmo Oil Group's top priorities is encouraging active participation of women in the workplace. In January 2014, the Group launched the Cosmos Project,¹ which is led by a panel of 11 women from various departments, to propose ways to facilitate more active involvement of women. The Cosmos Project aims to create working conditions that enable all employees to flourish and develop their careers.

- Reference information: Stakeholder Dialog [p. 27–28](#)



Facilitating Work-Life Balance

The Third Consolidated Medium-Term Human Rights/Personnel Plan identifies child/family care leave and leisure activities as important elements for employees to balance work and home life, and it focuses on enhancing various systems to provide better support. The Cosmo Oil Group is committed to creating positive and dynamic work environments for all employees and respects the values and life perspectives of each employee. The Group is implementing initiatives to enable employees to achieve a work-life balance with the flexibility to tailor their desired lifestyles.

The fifth action plan required for general business owners for fiscal 2013–2014¹ was submitted to Japan's Ministry of Health, Labour and Welfare, as part of Cosmo Oil's support for the raising of the next generation of children.

1. Action plan required for general business owners: These plans outline timeframes, objectives, and duration of implementation for measures to support and enhance working conditions for workers who are raising children.

Number of Employees Taking Childcare Leave: Fiscal 2010–2013

	2010	2011	2012	2013
Men	2	1	2	4
Women	9	12	15	17

Physical and Mental Healthcare

The Cosmo Oil Group has been working with the Cosmo Oil Health Insurance Society to fully implement the special check-ups. The Cosmo Oil Health Insurance Society operates a Group Health and Counseling Online Hotline that is staffed by specialists in psychiatry and psychosomatic medicine, which employees and their families can access to receive immediate counseling on a variety of subjects.

Voice Working Part-time from Home

Atsuo Fujii

Production Control Section, Sakai Refinery,
Cosmo Oil Co., Ltd.¹



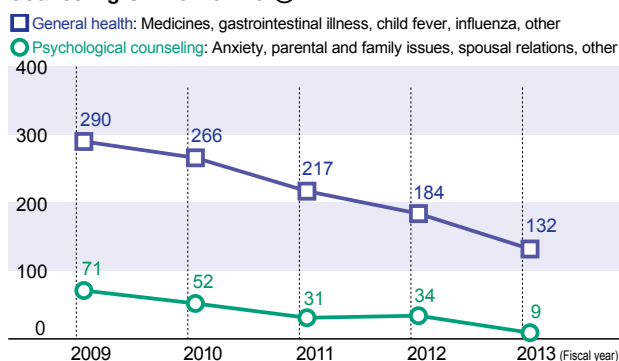
I started working from home to support my wife, who tended to get sick during and after her pregnancy. I am grateful to my colleagues in the workplace for accepting my choice.

Working from home once a week gives me the flexibility to do household chores and look after our baby during my lunch break, using the time that I would have otherwise spent commuting to work. There are certain work tasks that I can't do from home, so working from home once a week has made me more conscious of my schedule and of finishing work that needs to be done when I'm at the office.

I will use this as an opportunity to work more efficiently and balance my work and parenting.

1. The departmental assignment is current as of March 31, 2014.

Number of Inquiries Submitted to the Health and Counseling Online Hotline



Reducing Long Working Hours

The Cosmo Oil Group has set limits on the number of overtime hours on a monthly and yearly basis in order to promote work-life balance among employees and maintain employee health. Under the Consolidated Medium-Term Human Rights/Personnel Plan, Cosmo Oil has set a goal of reducing the total number of hours worked per year and seeks to improve performance in a number of different categories. However, the performance in fiscal 2013 declined in many categories, due to overtime hours that were logged from the Company reorganizing its supply framework.

Total Annual Work Hours: Fiscal 2012–2013

	2012	2013
Total annual work hours	1,954	1,966
Regular working hours¹	1,817	1,817
Target for total working hours	1,900	1,900

1. Average of employees excluding shift workers

Creating Working Conditions That Enable All Employees to Realize Their Full Potential

The Cosmo Oil Group's new Cosmos Project, led by a panel of women, aims to incorporate input from women workers into the Group's vision for the future. More men than women work for the Group, so it is making a special effort to ensure women's voices are heard. Meetings and interviews with employees started in January 2014, and by late July 2014, the project will submit its proposals on how the Group can encourage more active participation of women in the workplace.

On February 12, 2014, the project team invited an expert in this area, Akiko Fukuda, to provide her input on the Cosmos Project's efforts to encourage the active involvement of women. Fukuda is vice executive chairperson of the labor union of Mitsubishi Tanabe Pharma Corporation, and is also a member of Gender Equality Office of the Japanese Federation of Energy and Chemical Workers Unions.

Note: Names of project members are not displayed below in order to protect the privacy of interviewed employees.



Sending a Corporate Message to Encourage Active Participation of Women

Employee A: Ms. Fukuda, you have said that it is necessary to shrink the gender gap in domestic roles, as well, in order for women to play an equally active role as men in society.

Fukuda: The workplace should not have to compensate for gender inequalities in the home. For example, if a woman (mother) has to leave work early every day to pick up her child at daycare, she needs to make use of support from her husband, relatives, and community to ensure gender equality at home, and then use the programs offered at her workplace.

Employee B: Does gender equality at home need to be explicitly stated?

Fukuda: When will the Cosmo Oil Group send a message encouraging the active participation of women? If you believe gender equality at home needs to be explicitly stated, that would be a good opportunity to do so.

Employee A: The report from the Cosmos Project will probably include a request for senior management to issue a clear message on the active participation of women. The company will decide on the content of the message.

Fukuda: It is very important for the company to make a clear statement of its position. When Mitsubishi Tanabe Pharma started a project encouraging women's active participation in the sales departments, many women employees were unsure if the company really wanted them to continue and have careers. They saw the project in a different light, even though the company actually wanted women to stay with the company. So the company gave a progress report on the project at every meeting of branch GMs, who in turn briefed all employees—not just women—on the project. Over time, this sent the message that the company wanted to see women continue their careers. It took five years to put the rules and programs in place, and two years for it to be accepted.

Enabling Women to Talk about the Home at Work

Fukuda: In Japanese companies, it is still frowned upon to talk about the home at work.

Employee C: I felt that talking about the home was just seen as an excuse in the workplace.

Fukuda: Attitudes need to change. At the Cosmo Oil Group, do you usually talk about your personal situation only if your workload becomes too much to handle because of circumstances at home?

Employee E: Yes, it is hard to tell others about private matters unless it is a situation like your kids being sick or hospitalized.

Employee F: Sometimes we will talk about our personal situation if we go out to eat after work, but generally we do not talk about it, until it gets to the point where it affects the work of others.

Employee G: I wish that others would let us know about their home situation, because we would be better prepared if that person had to take time off from work. But I am not so sure that I could volunteer this information myself.





Fukuda: When we talk about this subject, the conclusion is invariably that people need to talk about their home situation. But it is surprising when you say that you are unable to talk about your personal affairs or home situation at work.

Employee C: Nowadays, I get emails from male colleagues saying that they are taking a day off because they are expecting a baby. I am happy for them and do not think bad of them, so I wonder why we hesitate to talk about these things.

Employee D: There are workplaces that only have the bare minimum number of staff, where it can be a problem if one person is not there.

Turning Feedback into Expanded Women's Participation

Employee H: As part of the Cosmos Project, we interviewed women at different workplaces and found that their views differed depending on their particular situation.

Employee E: When we are covering for colleagues working shorter hours for child/family care, our workload may increase at peak periods.

Fukuda: It is great that you are conducting interviews to get raw feedback. But you also need to understand the background of the people you are interviewing.

Employee H: Our project is just starting, and we are not always sure of how to organize our efforts.

Fukuda: It is hard to include every opinion, so you need to thoroughly discuss and consider what your emphasis will be.

Employee I: Some women are happy with the way things are.

Fukuda: I can understand that. I worked for 19 years at the Hiroshima office of Mitsubishi Tanabe Pharma. Back then, I might have convinced myself that I was satisfied with not being given challenging work.

Employee C: From our interviews, we sensed a gap between Tokyo and other areas. If we push for changes, it will reflect our perspective from Tokyo but not the wishes of women outside of Tokyo.

Fukuda: That is an important consideration. You need to think about exactly how the company wants women to work. Rather than elevating every single woman to management, the company needs some women to continue doing their current work. Some women may wish to make small strides, while others might wish to make large strides in their careers. Either way is fine. The important thing is to provide avenues for those who want to move ahead. As members of the Cosmos Project, you need to consider how you yourselves want women to work at the Cosmo Oil Group, and let this guide your efforts.



Highlight Senior Management Training

Cosmo Oil conducts annual training on human rights and personnel policies for officers of Cosmo Oil and its group companies, and department GMs at the Head Office. Under the Consolidated Medium-Term Human Rights/Personnel Plan, one goal is to create a corporate culture conducive to the active participation of women. So the Group invited Yoko Yajima, a senior research analyst with Mitsubishi UFJ Research and Consulting Co., Ltd., to speak at the Cosmo Oil Head Office on April 9, 2014. An expert on diversity in the workplace, Yajima spoke about active participation of women and the shift in emphasis from "balancing work and home life" to "being actively involved in the workplace." Cosmos Project members participated in the lecture and had many questions for Yajima, a pioneer in advocacy for the active participation of women.



Promoting Environmental Initiatives

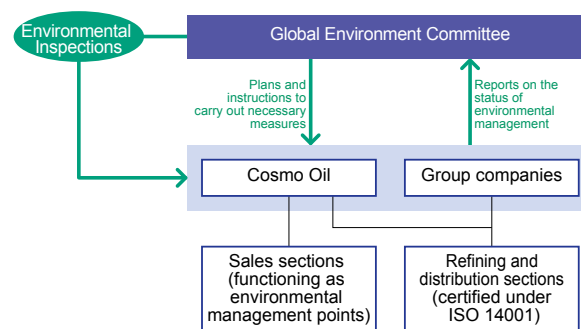
Environmental Initiatives

The Cosmo Oil Group has been focusing on strengthening its environmental initiatives since fiscal 2002. Under the Consolidated Medium-Term Environmental Plan (Fiscal 2013–2017), the Group has three priorities: responding strategically to prevent global warming while ensuring continuation of business, reducing environmental impact, and promoting environmental contribution activities. All of these efforts are aimed to realize Cosmo Oil’s corporate message, “Living with Our Planet.”

Environmental Management Structure

The Cosmo Oil Group has acquired ISO 14001 certification for 10 sites, including refineries, which have significant environmental impact. In addition to internal audits, external audits are conducted by certification verification agencies to regularly confirm that environmental management systems are operating effectively. The Group operates a cross-divisional Global Environment Committee which drives its overall environmental management, formulates the Consolidated Medium-Term Environmental Plan, reports on performance and evaluates results under the plan, and provides feedback to business divisions.

Environmental Management System



Consolidated Medium-Term Environmental Plan (Fiscal 2013–2017)

Theme 1: Respond strategically to prevent global warming while ensuring continuation of business	Theme 2: Reduce environmental impact	Theme 3: Promote environmental contribution activities
<ol style="list-style-type: none"> Reduce CO₂ emissions: Reduction of CO₂ emissions by 853 kt between fiscal 2013–2017, from the emissions level in fiscal 2010 Manage greenhouse gas (GHG) emissions: Energy management consistent with Japan’s Act on the Rational Use of Energy 	<ol style="list-style-type: none"> Respond to environmental issues in business activities Reduce industrial waste Enhance internal/external audits for thorough environmental management Adopt rigorous measures to ensure soil preservation Promote Eco Office activities and green purchasing 	<ol style="list-style-type: none"> Continue promoting environmental communication Promote protecting biodiversity

Reducing Industrial Waste

Cosmo Oil Co., Ltd. has set a goal of keeping final landfill disposal of industrial waste generated from refineries, oil depots, and the Research & Development Center to less than 0.5%, in an ongoing effort to reduce waste. In fiscal 2013, only 0.35% of this waste was disposed in landfills.

Percentage of Industrial Waste Disposed in Landfills in Fiscal 2013 ✓

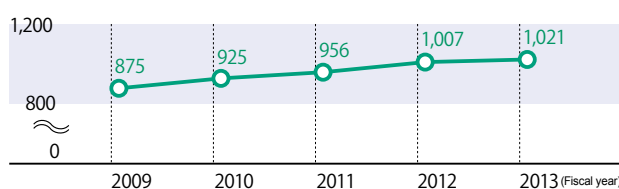
	Target	Actual
Cosmo Oil	Less than 0.5%	0.35%
Cosmo Oil Group	—	4.01%

Note: Target not established for Cosmo Oil Group, based on the difficulty of establishing a target due to the variety and volume of industrial waste generated by the dismantling project managed by Cosmo Engineering Co., Ltd.

Addressing Soil Contamination

The Cosmo Oil Group conducts soil surveys for service stations and sites, seeking to prevent soil contamination and to ensure a quick response if an oil leak is detected. If needed, soil remediation and monitoring are undertaken to address environmental impacts.

Cumulative Number of Soil Surveys at Service Stations ✓



Initiatives in Response to Global Warming

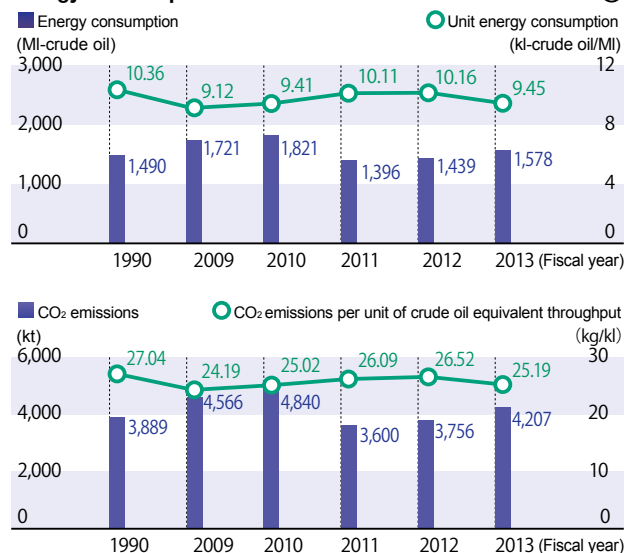
Energy Conservation in Refining and Manufacturing

Approximately 60% of the Cosmo Oil Group's CO₂ emissions are generated by refining. The Group is working to reduce this figure and conserve energy by introducing high-efficiency equipment and improving operational performance.

The Group's unit energy consumption¹ and CO₂ emissions per crude oil equivalent throughput improved in fiscal 2013 due to recovery of production volume at the Chiba Refinery and review of group-wide operational efficiency. The rise in total energy consumption and total CO₂ emissions was impacted by the restart of the Chiba Refinery, which had been mostly shut down since 2011. Compared with fiscal 2010 data, the shutdown of refining operations at the Sakaide Refinery and energy-savings measures at other refineries resulted in a decrease of 633 kilotonnes of CO₂ emissions.

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

Energy Consumption and CO₂ Emissions at Four Refineries

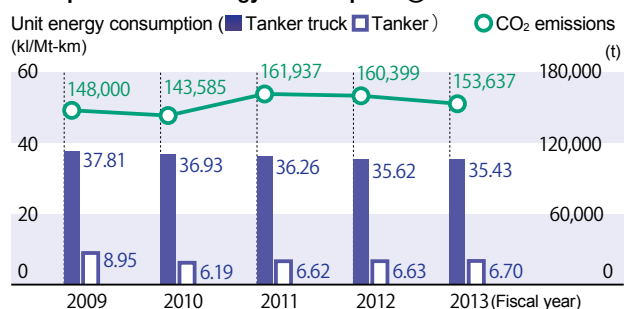


Note: In addition to the figures shown in the graph, N₂O released from the catalyst regeneration tower amounted to 18 kt of CO₂ equivalent in fiscal 2013.

Reducing Transport-related Energy Consumption

The Cosmo Oil Group continues to transition to larger vessels and transport trucks and is securing higher stowage rates, seeking to improve energy efficiency in distribution. The unit energy consumption¹ for marine transport using coastal tankers decreased to 6.70 kiloliters per million tonne-kilometers (kl/Mt-km), down 0.07 kl/Mt-km year-on-year due to reduced transport between refineries made possible by the restart of the Chiba Refinery. For truck-based ground transport, the volume transported per vehicle was flat year-on-year at 19.12 kiloliters, but unit energy consumption was 35.43 kl/Mt-km, up 0.18 kl/Mt-km due to steps taken to improve transport efficiency.

Transport-related Energy Consumption



1. Unit energy consumption in transport (kiloliters/million tonne-kilometer) is calculated by energy consumption (kiloliters of crude oil equivalent) divided by cargo tonne-kilometers (weight in tonnes of material transported multiplied by the number of kilometers transported).

Eco Office Initiatives

The Cosmo Oil Group engages in Eco Office initiatives in an effort to conserve energy and resources in offices. Focusing on four areas listed in the table at right, the Group tracks performance at each site, with each office and affiliated company responsible for achieving targets set for each fiscal year.

Performance Criteria:

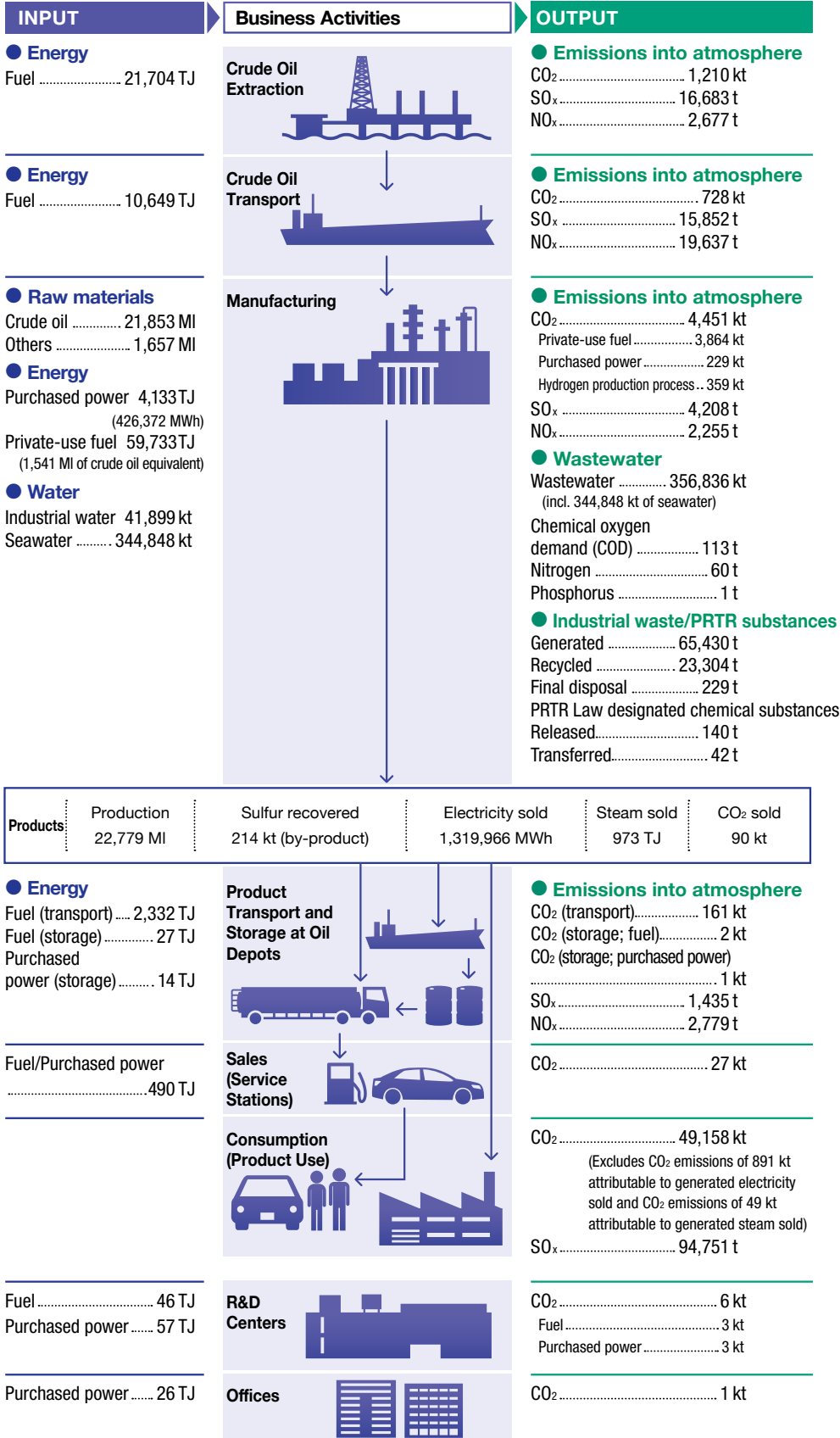
Copy paper, fuel consumption of company vehicles, office electricity consumption:
 ○ Achieved △ Not achieved, but down year-on-year × Not achieved
 Green purchasing (percentage purchased): ○ 70% or above × Below 70%

Eco Office and Green Purchasing Performance in Fiscal 2013

Area	Unit	Organization	Goal	Result	% Compared to Goal	Performance
Copy paper	10 thousand sheets	Cosmo Oil	1,132	1,009	-10.9%	○
		Group companies	1,888	1,899	+0.6%	△
Company car fuel consumption	kl	Cosmo Oil	206	178	-13.5%	○
		Group companies	783	705	-10.0%	○
Office electricity consumption	MWh	Cosmo Oil	740	682	-7.8%	○
		Group companies	1,799	1,616	-10.2%	○
Green purchasing	%	Cosmo Oil	70.0	89.4		○
		Group companies	70.0	77.9		○

Environmental Impact of Business Activities

Environmental Impact in Fiscal 2013



- SO_x and NO_x figures for "Crude Oil Extraction," "Crude Oil Transport," and "Product Transport and Storage at Oil Depots" 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.
- For "Manufacturing" and subsequent stages, energy consumption is calculated in accordance with the Act on the Rational Use of Energy.
- CO₂ emissions for "Manufacturing," "Product Transport," and "Sales (Service Stations)," which is based on data from Cosmo Oil Sales Corp., 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.
- Figures given for "Manufacturing" include data from the Cosmo Oil refineries, Yokkaichi Kasumi Power Station, Cosmo Matsuyama Oil, and Cosmo Oil Lubricants. However, data from Cosmo Oil Lubricants is not included in the figures for water, wastewater, SO_x, and NO_x.
- "Industrial waste" refers to waste generated during business activities, which includes waste that could be sold.
- "Electricity sold" refers to electricity supplied externally by the Chiba Refinery, Yokkaichi Kasumi Power Station, and Cosmo Matsuyama Oil. CO₂ emissions from "Manufacturing" were calculated by deducting the portion of CO₂ emissions attributable to electricity sold. CO₂ emissions from utility (power) were included in the CO₂ emissions from "Manufacturing."
- "Steam sold" refers to steam sold by the Chiba Refinery and Cosmo Matsuyama Oil. CO₂ emissions for "Manufacturing" were calculated after deducting the portion of CO₂ emissions that results from the generated steam sold.
- CO₂ emissions from product transport include data from the specified consigners in accordance with the Act on the Rational Use of Energy.
- CO₂ emissions for "Consumption (Product Use)" are calculated by multiplying shipped volume of fuel products (such as gasoline and heavy fuel oil) by CO₂ emission coefficient. CO₂ emissions attributable to generated electricity and steam sold are calculated separately.
- SO_x emissions for "Consumption (Product Use)" are included for reference, and were estimated from the sulfur content of products without accounting for sulfur reduction during use. Accordingly, actual SO_x emissions are lower than the estimate.
- Data for "R&D Centers" includes the R&D Center of Cosmo Oil and the R&D Laboratory of Cosmo Oil Lubricants.
- Figures given for "Offices" include data from the Cosmo Oil Head Office and branch offices.
- The Cosmo Oil Group's total direct (Scope 1) emissions from business activities were 3,896 kt CO₂ equivalent, and its indirect (Scope 2) emissions were 314 kt CO₂ equivalent.

Detailed information

Environmental accounting
http://www.cosmo-oil.co.jp/csr/environment/ev_accounting.html

Implementing Better Internal and External Communication

Environmental Activities Promoted with Society

Cosmo Earth Conscious Act Cleanup Campaign

Since 2001, the Cosmo Oil Group has been promoting Cosmo Earth Conscious Act initiatives for the preservation and conservation of the global environment. The effort includes cleanup campaigns, where participants enjoy nature while cleaning up mountains, rivers, and beaches throughout Japan. At 514 locations over the past 13 years, these campaigns have involved 201,883 participants who collected a total of 5,353,617 liters of garbage. As a part of the initiative, a clean campaign is also held at Mt. Fuji each summer. In fiscal 2013, the event drew 187 participants who collected 20,475 liters of garbage while enjoying Mt. Fuji trekking.



 Activity information

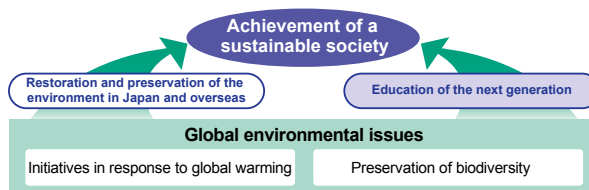
Cosmo Earth Conscious Act official website
<http://www.tfm.co.jp/earth/>

Cosmo Oil Eco Card Fund

The Cosmo Oil Eco Card Fund has developed “Living with Our Planet” projects to protect the irreplaceable global environment for future generations. Thanks to donations from approximately 73,000 cardholders, it marked the 12th year of the projects in fiscal 2014. These valuable donations are used to find solutions to environmental issues and fund environmental preservation activities under the themes of environmental restoration and preservation, and educating the next generation.

In fiscal 2013, 14 projects were carried out. For more information, see the *Cosmo Oil Eco Card Fund Activity Report 2014*.

 **Related information: Cosmo Oil Eco Card Fund Activities**
<http://www.cosmo-oil.co.jp/company/publish/ecoreport/index.html>



Fiscal 2013 Projects

1	Tropical Rainforest Conservation Project (Papua New Guinea)	8	Noguchi Ken Environmental School (Japan)
2	Tropical Rainforest Conservation Project (Solomon Islands)	9	Seed Planting School (Hokkaido)
3	Silk Road Afforestation Project (China)	10	Acorn Forests—Satoyama Regeneration (Nagano)
4	South Pacific Countries Support Project (Kiribati)	11	Biotope Floating Islands—Waterfront Ecosystem Restoration (Saitama, other)
5	South Pacific Countries Support Project (Tuval)	12	Study on the Preservation of Endangered Species in South Pacific Countries (Japan/South Pacific countries)
6	Qin Ling Mountains Forest and Ecosystem Recovery Project (China)	13	Living with Flying Squirrels—Satoyama Regeneration (Yamanashi)
7	Satoyama Preservation School (Nagano)	14	Great East Japan Earthquake Recovery Support (Miyagi)

Cosmo Forest Activities for Satoyama Preservation

The Cosmo Forest Initiative is a program that works with local governments to preserve *satoyama* (managed woodlands near populated areas) close to Cosmo Oil Group sites across Japan. The aim is to maintain these forests for future generations. The Sakai Refinery and Cosmo Matsuyama Oil Co., Ltd. hold Cosmo Forest conservation activities twice a year, with the participation of employees and their families. The Chiba Refinery holds events at a nearby Cosmo Forest for local children throughout the year.



Various Social Contribution Activities

United Nations Global Compact

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



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

International Technology Exchanges

The Cosmo Oil International Cooperation Center maintains and develops positive relations with oil-producing nations through technical cooperation and training projects. These efforts have earned high praise from the countries with which the Center conducts exchanges. The Center also utilizes subsidies offered by the Japan Cooperation Center, Petroleum (JCCP) and other organizations to conduct projects.

In the area of technical cooperation, the Group participated in a fiscal 2013 study of environmental improvements of equipment and operations in a refinery in Oman, under a JCCP-led project to develop oil industry infrastructure in oil-producing nations. For training projects, the Group accepted trainees for six sessions and sent instructors for one session, working with six organizations in four countries including the UAE, Qatar, Oman, and Vietnam. The Group also conducted five training seminars led directly by JCCP.

International Technical Cooperation and Training Projects in Fiscal 2013

Trainings with Trainees Accepted		
Country	Description of Training	No. of Sessions
UAE	Refining technology	1
Qatar	Training for senior management	4
Vietnam	Environmental management	1
Total		6

Trainings with Experts Dispatched		
Country	Description of Training	No. of Sessions
Oman	Facility maintenance and safe operations	1
Total		1

Main Social Initiatives

Cosmo Oil pursues social initiatives under a management vision to achieve harmony and symbiosis between companies and society. These initiatives focus on educating children for the future development of society, conservation of the global environment, and cultural development.

Since 1993, the annual Cosmo Waku Waku Camp has been organized for elementary-school-aged children who have been orphaned due to car accidents, giving them the opportunity to experience and consider the importance of nature. Cosmo Oil remains committed to these and many other social initiatives.

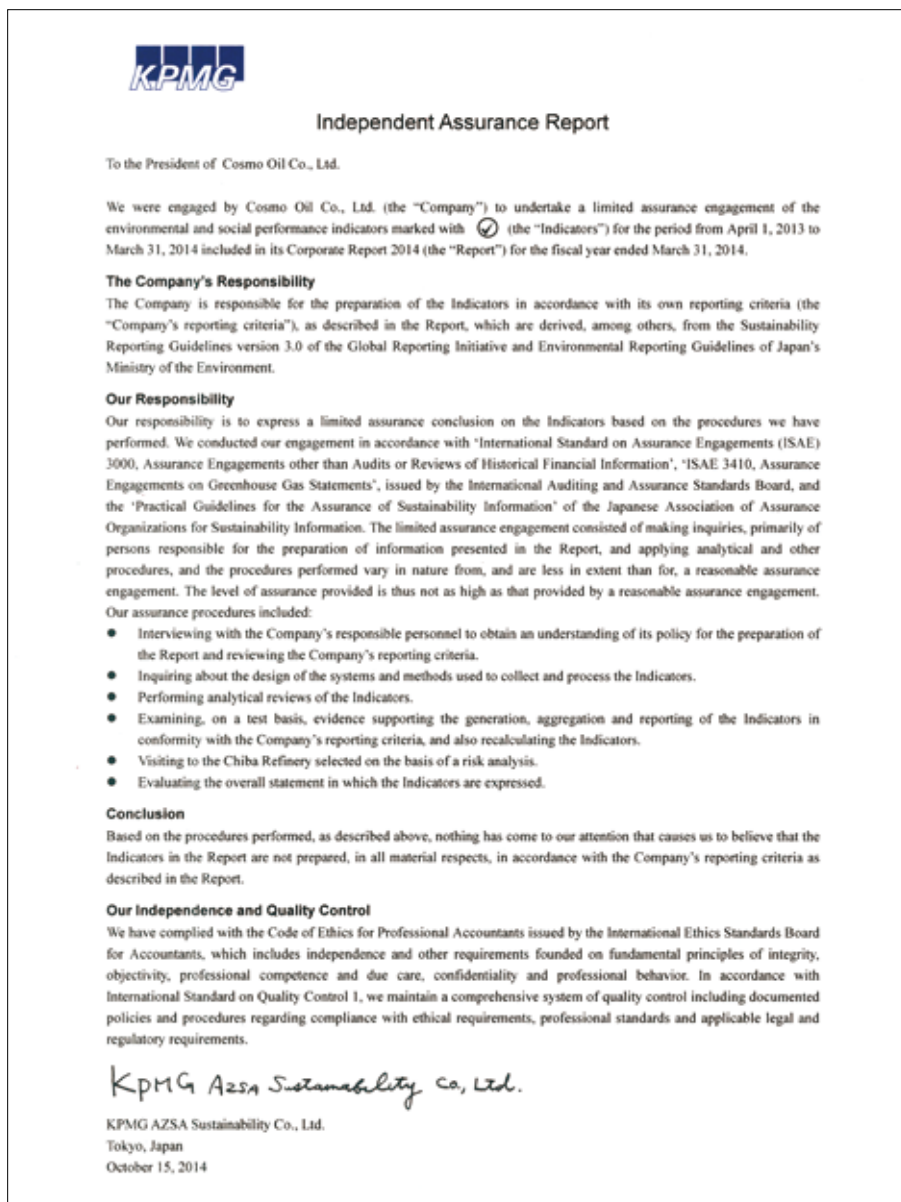


Participants enjoying an outdoor meal at the Cosmo Waku Waku Camp

Social Initiatives in Fiscal 2013

Program	Description	Dates
21st Cosmo Waku Waku Camp	Nature camp for elementary-school-aged children who have been orphaned as a result of traffic accidents	Aug. 8–10, 2013
Let's play musical instruments! Cosmo Family Concert	Concert program in which residents living near Cosmo Oil Group sites can participate	Jan. 25, 2014 (Yokkaichi)
Christmas Card Project 2013	Project to send Christmas cards with words of encouragement to children in long-term hospital care	Nov.–Dec. 2013
Jazz Night at Gyoranji Temple	Charity concert to benefit the Family House, a housing option for families of children in long-term hospital care	Sept. 6, 2013
Cosmo EkaKids	Hands-on craft workshop conducted by Group employees at an orphanage	Nov. 30, 2013
Happy Doll Project	A project to make "happy dolls" with children in long-term hospital care	Mar. 28, 2013
Blood drive	Employee blood-giving drive	Sept. 2, 2013; Feb. 25, 2014; conducted at Cosmo Oil Head Office and other sites

Independent Assurance Report



Report on Independent Assurance Work

This report begins with an overall business summary of the Cosmo Oil Group, leading into special features on the Group's business tie-ups for oil and gas development, paraxylene business in South Korea, and wind power generation business, helping to give a balanced picture of the Group's diverse businesses. At the same time, there is a slight bias toward the petroleum refining and sales business in the performance data and initiatives that are described. More could be written about performance data and initiatives for businesses other than petroleum refining and sales, to provide a more accurate overall picture of the Group.

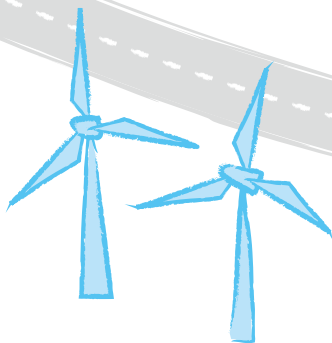
With regard to quantitative data, there is an increasing emphasis today on creating shared value through business that creates both corporate and social value at the same time. In that respect, the report could provide

quantitative data on the CO₂ emissions that are being saved by the wind power generation business and the supply of bio-gasoline.

In terms of qualitative information, the report describes how the Group is sending more employees from Japan to its international offices, aiming to become a vertically integrated global energy company. It is important to similarly provide qualitative information on the training that employees receive before they are sent abroad.

Shinichiro Akasaka
KPMG AZSA Sustainability Co., Ltd.





COSMO OIL CO., LTD.

The design and printing of the Cosmo Oil Group Corporate Report 2014 incorporates the following materials, processes and principles.



Color Universal Design

This report incorporates Color Universal Design principles to convey information to people who see color differently, in addition to people with normal color vision, and is certified by the non-profit Color Universal Design Organization (CUDO).