This slogan is the Cosmo Energy Group’s message to customers, conveying how we want to be, since 1997.

Twenty years have already passed but our passion incorporated in the slogan remains the same.

We are committed to the stable supply of energy while we keep filling up the hearts of our customers.
Aiming at the Sustainable Development

**SOCIAl ISSUES**

<table>
<thead>
<tr>
<th>INPUT</th>
<th>The Cosmo Energy Group’s business (capital investment)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oil Exploration and Production Business</strong></td>
<td>Crude oil procurement through independent development and from oil-producing countries; Strong competitiveness by use of operatorship (self-operation)</td>
</tr>
<tr>
<td><strong>Marine transportation</strong></td>
<td>Transportation by tankers of purchased or independently developed crude oil and petroleum products based on supply and demand.</td>
</tr>
<tr>
<td><strong>Research &amp; development</strong></td>
<td>Advanced research on manufacturing technologies</td>
</tr>
<tr>
<td><strong>Domestic transportation</strong></td>
<td>Use of appropriate transportation methods in consideration of costs and regional characteristics. Supply to the needs of customers of various industries and service stations, operators, in accordance with their needs</td>
</tr>
<tr>
<td><strong>Export of petroleum products</strong></td>
<td>Export of petroleum products, in accordance with overseas demand</td>
</tr>
<tr>
<td><strong>Domestic sales</strong></td>
<td>Sales of gasoline, kerosene, diesel oil, fuel oil, etc.</td>
</tr>
<tr>
<td><strong>Domestic sales</strong></td>
<td>Service stations and service station operators</td>
</tr>
<tr>
<td><strong>Car leases for individuals</strong></td>
<td>A low-risk business model with no vehicle inventory, targeting the ¥36 trillion car-life-related market. We take advantage of the high frequency of customer contact at service stations</td>
</tr>
<tr>
<td><strong>Petrochemical Business</strong></td>
<td>Manufacturing of petrochemical products</td>
</tr>
<tr>
<td><strong>Renewable Energy Business</strong></td>
<td>Nationwide operation of wind power and solar power generation facilities, and distribution of electricity</td>
</tr>
</tbody>
</table>

**OUTPUT**

<table>
<thead>
<tr>
<th>Products and services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Petroleum products</strong></td>
</tr>
<tr>
<td><strong>Motoring lifestyle solutions</strong></td>
</tr>
<tr>
<td><strong>Petrochemical products</strong></td>
</tr>
</tbody>
</table>

**OUTCOME**

<table>
<thead>
<tr>
<th>Generated value</th>
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<tbody>
<tr>
<td><strong>Social value</strong></td>
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<tr>
<td><strong>Economic value</strong></td>
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</tbody>
</table>

* Service Station member card
Aiming for sustainable growth and harmony with our planet and society

We have always been engaged in the energy business. We will not fear change and take up challenges so that we can continue to contribute to the development of society in the energy field.

Long-term Performance

What have not changed

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

What have changed

Business portfolio

Expansion of the oil exploration & production business
Enhancement of the petrochemical business
Entry into the wind power generation business

Change in profit composition
(ordinary income excluding inventory valuation by business segment)

- oil exploration & production
- Petroleum and other** includes petrochemical.

* The size of the circle shows the size of ordinary income.

Fifth Consolidated Medium-Term Management Plan

Growth Strategy

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CSR Activities

Financial Section

Outline
Commitment to raising long-term corporate value

I am Hiroshi Kiriyama and was appointed President of Cosmo Energy Holdings in June 2017. I am humbled to become President at this time of significant changes in Cosmo Energy Group’s surrounding environment but at the same time I am confident that our Group can exploit our potential and create more value. I will strive my utmost to raise long-term corporate value by keeping in mind our management vision - “In striving for harmony and symbiosis among our planet, humankind, and society, we aim for sustainable growth toward a future of limitless possibilities” and by devotedly sticking to our corporate message - “Filling Up Your Hearts, Too.” The purport of our corporate message includes conveying to our stakeholders our commitment to endeavor every day to provide products and services that can satisfy each of our customers. I also think that this corporate message well demonstrates how much our employees care about our customers and how much satisfaction they find in co-existing harmoniously in the society, as stated in our vision of management. I believe that the value we provide lies in helping to enrich customers’ lives through a reliable supply of energy. Our strength is derived from the value we provide lies in helping to enrich customers’ lives through a reliable supply of energy. Our strength is derived from the value we provide lies in helping to enrich customers’ lives through a reliable supply of energy. Our strength is derived from the value we provide lies in helping to enrich customers’ lives through a reliable supply of energy. Our strength is derived from the value we provide lies in helping to enrich customers’ lives through a reliable supply of energy. Our strength is derived from the value we provide lies in helping to enrich customers’ lives through a reliable supply of energy. Our strength is derived from the value we provide lies in helping to enrich customers’ lives through a reliable supply of energy. Our strength is derived from the value we provide lies in helping to enrich customers’ lives through a reliable supply of energy. Our strength is derived from the value

Our aim is to construct a resilient business portfolio to changes in the environment and to promptly improve financial strength at an early stage.

President and CEO
Hiroshi Kiriyama

FY2016 results and FY2017 forecasts

In FY2016, ended March 31, 2017, ordinary income improved ¥117.5 billion from the previous year to ¥81.4 billion and net profit attributable to owners of parent improved ¥103.4 billion to ¥53.2 billion. Ordinary income excluding inventory valuation increased by ¥9.3 billion to ¥42.0 billion. On top of the positive effect from inventory, the petroleum business increased ordinary income from the previous year due to an improved operating ratio at our refineries, mainly at the Chiba refinery which commenced the two-year long-run operation of skipping regular maintenance in the fall. The petrochemical business also increased profit due to favorable product market conditions and the inclusion of Manzzen Petrochemical, which became a consolidated subsidiary in FY2015. The oil exploration & production (E&P) business recorded profit despite a decline in selling prices of crude oil. At the end of FY2016, the equity ratio improved 3.1 points from a year ago to 10.8% and the net debt-to-equity ratio (based on the credit rating) improved 1.0 point to 3.6 times. For FY2017, ending March 31, 2018, which is the final year of the medium-term management plan, we are forecasting ordinary income of ¥54.0 billion and net profit attributable to owners of parent of ¥20.0 billion. Ordinary income excluding the inventory valuation, is expected to increase ¥22.0 billion to ¥64.0 billion. We are projecting an increase in ordinary income excluding inventory valuation in the petroleum business, mainly due to a start of business alliance in the Yokkaichi Refinery and due to higher operating ratio at our refineries, as well as in the oil E&P business, due to an increase in production volume driven by a production start at the Hail Oil Field in the second half of FY2017 and due to higher oil prices. The petrochemical business is expected to decrease its ordinary income excluding inventory valuation, in view of our conservative margin projection between ethylene and naptha.

Speedy management and alliances in order to prevail within industry consolidation

Japan’s oil industry is surrounded by a challenging business environment and is undergoing realignment so as to make the market more appropriate and to reduce fixed costs. The emergence of a rival group with a high market share has created a wide gap with our Group. However, we are intent on leveraging our strength of agility and speed in management and operations, and on promptly building a balanced business portfolio that is resilient to changes in the environment. I believe that in the current rapidly-changing environment, the size of a company is not necessarily an advantage and the two critical elements are speedy management decision and efficient use of management resources, which are our characteristics.

<table>
<thead>
<tr>
<th>FY2016 Results</th>
<th>FY2017 Forecasts</th>
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</thead>
<tbody>
<tr>
<td>Ordinary income</td>
<td>81.4</td>
</tr>
<tr>
<td>Impact of inventory valuation</td>
<td>39.4</td>
</tr>
<tr>
<td>Ordinary income excluding inventory valuation</td>
<td>42.0</td>
</tr>
</tbody>
</table>

Each Segment

- Oil exploration and production business: 8.3 to 26.0
- Petroleum business: 1.8 to 14.0
- Petrochemical business: 22.2 to 14.0
- Other*: 8.7 to 10.0
- Profit attributable to owners of parent: 55.2 to 20.0
- Dividend per share: ¥500 - ¥500/parity* including consolidated adjustment

Reference

Dubai crude oil price (US$/barrel): 46.9 - 50.0
Foreign exchange rate (¥/US$): 108.4 - 110.0
In the next medium-term plan, we intend to present a vision for the Cosmo Energy Group in 2030

Establishing a resilient business portfolio to environmental changes

Oil prices and currency fluctuations greatly affect our earnings but are beyond control of individual companies. In light of this, we focus on achieving stable earnings by balancing the upstream oil & E&P business with the downstream oil refining and oil product sales business and by strengthening businesses that are less sensitive to oil prices and currency fluctuation, such as the petrochemical business and the wind power generation business. As specific measures, in the oil & E&P business, we are expanding production in the cost-competitive Middle East. In the oil refining and oil product sales business, we are enhancing competitiveness through business alliances. At the same time, we are enhancing profitability of the businesses which are less sensitive to oil prices and other external factors. In the petrochemical business, with attention given to the growth of Asia and elsewhere where we are active, we strive to enhance competitiveness and to generate synergies with the oil refining business, while we are expanding capacity in the wind power generation business and strengthening retail business focusing on car leasing business for individuals.

Enhanced competitiveness through alliances, and execution of large-scale investments for future growth in the current medium-term management plan

The current medium-term management plan (FY2013 - 2017) was launched in the midst of a crucial challenging environment with the Chiba Refinery being shut down, mainly due to the accident after the Great East Japan Earthquake of March 2011. I was directly involved in that situation as Director from 2013 and then as Representative Director and Executive Vice President from 2016. We have also recorded a significant inventory valuation loss (over ¥180 billion), due to a drop in oil prices. We are therefore unlikely to achieve the financial targets set for the final year of the medium-term management plan. On a positive side, we have made steady and solid progress in raising competitiveness, thanks to alliances in each business and each region, and in making growth investments for the future. The alliances include a joint venture business in Chiba, a business alliance with Showa Shell Sekiyu Group in Yokkaichi, a strategic comprehensive alliance with Compañía Española de Petróleos, S.A.U. (“Cepsa”), and a capital and business alliance with Kygnus Sekiyu. Further, our major investments for growth in the future include the Hal Oil Field (Abu Dhabi) and development of multiple new sites for wind power generation. These investments will generate a full-scale investment return from FY2018 and we are expecting a significant improvement in cash flow.

Top priority in the next medium-term management plan: Financial improvement

Many challenges still remain to be addressed in the next medium-term management plan. While aggressive investment aiming for growth of Asia and elsewhere where we are active, we strive to enhance competitiveness and to generate synergies with the oil refining business, while we are expanding capacity in the wind power generation business and strengthening retail business focusing on car leasing business for individuals.

Business alliances

- 2013: Commenced operation of one of Asia’s largest new Paraxylene manufacturing facilities at HCP
t- 2014: Entered into a strategic comprehensive alliance with Cepsa, a major Spain-based oil company invested by the Abu Dhabi government
- 2015: Integrated LPG business with Showa Shell Sekiyu
- 2016: Acquired shares of Manzuen Petrometcal and made it a consolidated subsidiary
- 2017: Entered into a capital and business alliance with Kygnus Sekiyu

Net Debt-to-Equity Ratio* and Dividend per Share

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Net D/E ratio (credit rating-based)</th>
<th>Dividend per share (Y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.8</td>
<td>0.5</td>
</tr>
<tr>
<td>2011</td>
<td>2.8</td>
<td>0.5</td>
</tr>
<tr>
<td>2012</td>
<td>2.8</td>
<td>0.5</td>
</tr>
<tr>
<td>2013</td>
<td>2.8</td>
<td>0.5</td>
</tr>
<tr>
<td>2014</td>
<td>2.8</td>
<td>0.5</td>
</tr>
<tr>
<td>2015</td>
<td>2.8</td>
<td>0.5</td>
</tr>
<tr>
<td>2016</td>
<td>2.8</td>
<td>0.5</td>
</tr>
</tbody>
</table>

* One of indicators to measure a company’s financial soundness. Measured by dividing net interest bearing debt by shareholders’ equity. A lower ratio generally means that a company is financially more sound.

Strength in the oil & E&P business: Strong partnership with Abu Dhabi

Our Group’s strength in the oil & E&P business derives from our participation in oil development as an operator, based on our strong relationship of trust – for nearly 50 years so far – with the Emirate of Abu Dhabi. As we can take the lead position in development projects as an operator, make independent investment decisions, and control costs well, we are highly competitive. This is evidenced by generating profit (¥15 billion) when the Dubai oil price was averaged at $30 in the January-March period of 2016. In the oil & E&P business, our Group does not start from high-risk exploration work to detect deposits of oil. We are engaged in a low-risk operation by mainly developing discovered but undeveloped oil fields. The Hal Oil Field project that Abu Dhabi Oil is currently developing, is cost-competitive, similar to our other fields which are now in production. The Hal Oil Field is scheduled to launch production in FY2017 and to operate at full capacity from the beginning of FY2018, contributing to about a 50% increase in total production of our three operating companies in FY2018 compared to the level in FY2016. Furthermore, we can lower operating cost per unit along with increase in production as the Hal Oil Field, being adjacent to the existing oil field, can share existing facilities. We are therefore expecting that the combination of output growth and a decline in per-unit operating cost will make the project a significant profit contributor from FY2018 and onward.

Moreover, both Cosmo Energy Holdings and Cepsa have MiCO (formerly IPIC)** as a major shareholding. Through our respective relationships with Abu Dhabi National Oil Company, Cosmo and Cepsa are considering joint business opportunities such as in new oil concessions, marketing of crude oil and oil products, and sales assistance in the retail area.

Strength in the retail business: Points of contact with customers and highly satisfactory products in the ¥36 trillion car-life market

Our strengths in the retail business include our entry in Japan’s massive car-life-related market, which is estimated to be roughly ¥36 trillion, mainly in the form of car leasing for individuals; the service station infrastructure, to which about as many as 500,000 cars visit per day; our staff who share...
the vision “Filling Up Your Hearts, Too” and approximately 4.44 million “Cosmo the Card” members. Our “Cosmo Smart Vehicle” leasing program, which provides a new vehicle leasing contract to consumers for around ¥300,000 – 50,000 per month, has been favorably received especially by women and seniors. The cumulative total number of contracts has exceeded 39,000. At present, Cosmo Group’s service stations are the point of contact with customers but expansion of the platform through alliances can be one of our options in the future. As the vehicle ownership pattern is changing in Japan, we may be able to explore opportunities in the peripheral businesses of leasing. From a broad perspective, we are targeting a ¥3 trillion car-life-related market as a whole and to enhance competence of our service stations. Furthermore, Cosmo Oil Eco Card Fund*, launched in 2002, is our unique initiative, which also works to enhance competitiveness of our service stations, as we can lock in eco-conscious customers. The Fund is also an important part of our environmental preservation activities.

Strength in the wind power generation business: stable profits in the market with high demand growth potential

Watarai Wind Farm (28,000 kW) commenced operation in FY2016 and the wind power generation capacity of our group company Eco Power Co., Ltd. has increased to about 211,300 kW, Japan’s third largest wind power generation capacity. Its ordinary income is expected to be about ¥4.0 billion in FY2017. Due to environmental consideration, the wind power market has further growth potential but the number of entrants is limited requires high-level expertise in location selection, environment assessment, etc. We are identifying this business as one of our group’s growth drivers, as stable profit can be expected based on the 20-year feed-in tariff (FIT) scheme, and reduction in CO₂ emissions can be achieved. As one of our options, we are considering the use of leasing and other financial methods in expanding this business without impairing our balance sheet. Our target is to reach about 500,000 kW in the near term and to further expand generation capacity.

Promoting CSR management

Although our Group provides stable energy that is essential to everyone’s daily lives, we are also aware that we inevitably place some degree of burden on the global environment, as we mainly handle fossil fuels. Based on our full awareness and consideration of this fact, our group is promoting CSR management that combines the management plan and our CSR initiatives policy. We believe that profit generation and CSR activities should go hand in hand and that we must achieve both to expand corporate value. Furthermore, we have been a signatory of the “Global Compact” since 2006 and have been promoting CSR management by respecting basic principles on human rights, labor, the environment, and the prevention of corruption. For example, concerning promotion of diversity, we believe we can raise productivity by incorporating various ideas and opinions of employees with diverse backgrounds. Other important initiatives include fostering human resources capable of global operations, promoting the active engagement of women, and mid-career hiring of specialists in specific fields. As different work fields create different types of work, workstyles should also vary. We will adopt flexible workstyles, including work-at-home and work for short hours. My longstanding motto is “Be strict at work, be happy during off duty hours.” I encourage our employees to work in a highly-productive and intense manner and enjoy a private time with family or pursuing their interests, as I strongly believe that such balanced way of life can be fulfilling and also result in raising corporate value.

Conversion to a holding company structure has led to progress in corporate governance

Roughly a year and a half have passed since we converted to a holding company structure. We have steadily begun to see some outcome. For example, the Board of Directors now has four Outside Directors out of a total of ten and a sense of healthy tension has been emerging in the meetings. The delegation of more authority and responsibility to core business companies such as oil E&P, refining, and petrochemicals as well as oil product sales has also resulted in more thorough cooperation of management and work sites, and enhanced motivation at work. Managers can better see details of each business operation. In the oil refining business, for example, this has led to initiatives aimed at shorter regular maintenance periods, as well as safer operation and stability of supply, based on the corporate-wide unified operation management system.

Message to shareholders

In the current medium-term management plan, we have already achieved one of its targets to resume dividend payments at an early stage. We paid dividend of ¥50 per share in FY2016, up ¥10 from FY2015. As a top executive, I am keenly aware of the importance of rewarding shareholders. Looking at FY2017 and beyond, I am determined to make sustainable and stable dividend payments with due consideration being given to profitability and financial conditions, and to assign priority to improving financial strength at the same time. I sincerely appreciate our shareholders’ understanding in these matters. Cosmo Energy Group provides oil products such as gasoline and numerous other products and services that support people their daily lives. Our mission is to fulfill the needs of our customers by safely and stably providing high-quality products and services, as we declared to our customers, shareholders, and all other stakeholders, “Filling Up Your Hearts, Too.” We can create sustainable value only if we are needed and desired by society. We sincerely hope that our shareholders understand our management vision and will continue to extend their support to us for many years to come.

Reasons for selection of President and Representative Director

Hiroshi Kiriyama spent many years in the Corporate Planning Department and has in-depth insights and ample experience for the overall business domains of the Cosmo Energy Group. In addition to a strong ability with figures and business expertise, Kiriyama is cheerful and extraverted and has established a wide network of contacts in and out of the industry. In the past year, as Representative Director and Executive Vice President, he was heavily involved in corporate management from a top executive position, proving his impeccable credentials to become President. I am confident that Kiriyama is capable of making flexible and prompt decision making in the rapidly changing business environment and to lead the Group to achieve sustainable growth.

Concerning nomination of the new president, the Nomination and Remuneration Advisory Committee discussed the matter and the Board of Directors subsequently resolved it.

Chairman and Representative Director

1. Major general oil company in Spain
2. An energy-related investment company wholly owned by the government of Abu Dhabi. Formerly International Petroleum Investment Company (FIPC) and formerly Mitsubishi Development Companies (MDC), integrated and formed a holding company Mitsubishi Development Investment Company (MDIC)
3. A program to support environmental NGO and projects, funded by ¥100 a year donation by eco card members and a part of the sales of the Cosmo Energy Group

Chairman and Representative Director

President and CEO

Growth Strategy

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Fifth Consolidated Medium-term Management Plan

Review of Operations

Corporate Governance

CSR Activities

Financial Section

Outline

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COSMO ENERGY HOLDINGS • COSMO REPORT 2017

12
Fifth Consolidated Medium-Term Management Plan

We started the fifth Medium-Term Management Plan (FY2013 - 2017) with the aim of improving our financial position and assuming dividend payments at an early stage, under the four basic policies. We have steadily executed measures aligned with the four basic policies and resumed the payment of dividends in FY2013. However, the competitiveness disparity of refineries compared to other companies and the weak balance sheet still remain to be challenged. The competitiveness disparity of refineries is expected to be resolved due to the start of the 2-year-long renewal operation of the main Chiba Refinery since FY2016, and alliances in Yokkaichi and Chiba going forward. The financial issue is also likely to be improved. The sharp drop in oil prices in FY2014-2015 resulted in an inventory valuation loss (approx. ¥180 billion) but gradual upturn of crude price in FY2016 resulted in regaining as inventory gain. Also thanks to the collection of investments and a decline in investments going forward, cash flow began to improve and the financial position is expected to improve. In FY2017, the final year of the current Medium-Term Plan, we will continue to strengthen our earning power and improve the financial position.

**Enhance profitability in the oil refining sector**
- Closure of Sakado Refinery (¥10 billion in rationalization impact)
- Establishment of Keijo Seaside JV (¥10 billion/year in Chiba JV synergy)
- Chiba Refinery’s 2-year-long renovation operation (¥7 billion in profit improvement)
- Start of business alliances in Yokkaichi (¥1 billion/year in synergies at Cosmos)

**Strengthen alliances**
- Strategic comprehensive alliance with CEPSA, fully-owned by MIC (formally IPC)
- Integration of four companies in LPG business
- Capital and business alliance with Kojima Sekiyu
- Maruzen Petrochemical became a consolidated subsidiary

**Collect return from investments made in the previous medium-term plan**
- The Hail Oil Field’s start of operation
- HCP’s newly-established paraxylene production facilities started operation
- Expanded wind power generation capacity
- Increased production of petrochemical products
- Collect return from investments made in the previous medium-term plan
- Establishment of Keiyo Seisei JV (¥10 billion/year in Chiba JV synergy)
- Closure of Sakaide Refinery (¥10 billion in rationalization impact)
- The Hail Oil Field’s start of operation
- Collect return from investments made in the previous medium-term plan

**Enhance CSR management**
- Throughput safety management
- Working style reform to raise work efficiency
- Promotion of environmental measures
- Enhancement of oil governance system

**Large-Scale Investments Aiming for Growth**

<table>
<thead>
<tr>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
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<tbody>
<tr>
<td>Oil &amp; Gas</td>
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<tr>
<td>The Hail Oil Field</td>
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<tr>
<td>Chiba Refinery</td>
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<td>Oil &amp; Gas</td>
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<td>Sakai Refinery</td>
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<td>Sakai Refinery</td>
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<td>Sakado Refinery</td>
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<td>IJP (Independent Power Producer)</td>
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<td>IJP (Independent Power Producer)</td>
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<tr>
<td>Capital and business alliance with Keijima Sekiyu</td>
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<td>Car leasing for individuals</td>
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<tr>
<td>LPG business integration</td>
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<tr>
<td>Petrochemical</td>
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<td>HCP (Aroma business)</td>
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<td>Maruzen Petrochemical (Olfin business)</td>
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<tr>
<td>Renewable energy</td>
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<tr>
<td>Power generation</td>
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</table>

**Fifth Consolidated Medium-Term Management Plan Outline**

- **Steady measures of effectiveness is helping to improve earning power while large-scale investments aimed at growth are peaking out under the current Medium-Term Plan**
  - We have steadily executed various measures, in particular through alliances by business and by region, and have enhanced our earning power. From FY2018, the profit contribution from the initial stage of the Hail Oil Field and synergies from the Chiba JV are anticipated to boost earnings. On the other hand, while we have carried out multiple large-scale investments aimed at growth during the current medium-term management plan, however, investments will substantially decline due to the completion of the Hail Oil Field’s development, IPP upgrade work, and Chiba JV’s pipeline construction etc.

**Next Medium-Term Management Plan: Strengthen financial position and construct a business portfolio that is resilient to environmental changes**

Moving ahead into the next management plan, which starts from FY2018, heavy investments such as those for the Hail Oil Field and the Chiba JV will be completed, and those projects will enter the stage of returning profits. The cash flow generated will be allocated first to improving the financial position but also to shareholder returns, according to earning power and the financial position, and to investment needed for long-term growth. We will also continue alliances to grow areas of strength (such as the alliance with CEPSA in the Oil E&P Business) and to reinforce areas of weakness (such as the business alliances in the Chiba JV and in the Yokkaichi Refinery). At the same time, we will expand earning power in the petrochemical, wind power generation, retail etc., which are less sensitive to oil prices, in order to construct a business portfolio that is resilient to environmental changes and as a result, maintain sustainable growth.
The Cosmo Energy Group aims to generate profits that will enable it to reinvest in two ways—expanding business in growth markets and strengthening competitiveness mainly via business alliances. We will also realize a healthy financial position at an early stage and build a business portfolio, which is resilient to environmental changes, such as a decline in domestic demand. Our ultimate mission is the enhancement of long-term corporate value.

Amid the prospect of firm global oil demand due to increasing population, we have been engaged in highly competitive oil exploration and production, based on strong relationships of trust with Middle East oil producing countries for about a half century. The Hail Oil Field will start production in the middle of FY2017, and we aim to expand production volume by acquiring new oil fields in the long-term.

The retail business is targeting the entire car-life-related market in Japan, which is worth roughly ¥36 trillion, including vehicle sales and vehicle safety inspections and insurance etc, in addition to the domestic gasoline and diesel fuel market, which is worth around ¥9 trillion. By leveraging our service station strengths (i.e., frequent visits by customers and the number of card members), we aim to become a motoring lifestyle value provider, with car leasing for individuals as a core business, and to enhance the profitability of service stations.

The market for wind power generation is expected to grow mainly due to environmental measures. With the 20-year feed-in tariff (FIT) scheme acting as a tailwind, Japan’s first wind power generation specialist Eco Power, a group company of the Cosmo Energy Group, is using its know-how to achieve a high level of availability at sites in operation. By developing new sites as well, we aim to further increase power generation capacity.
Inventory valuation impact based on the periodic average method

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

Impact of inventory valuation impact based in reduction in book value

The market value of inventory at the end of the term falls below the book value, it is necessary to reduce the book value to the market value, and this indicates that a resulting loss is incurred (cost increase = inventory valuation loss).

Impact of inventory valuation impact based on the periodic average method

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

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

2. Inventory valuation impact based reduction in book value
   - If the market value of inventory at the end of the term falls below the book value, it is necessary to reduce the book value to the market value, and this indicates that a resulting loss is incurred (cost increase = inventory valuation loss).

<table>
<thead>
<tr>
<th>Business summary</th>
<th>Business of exploration and production of crude oil in Abu Dhabi in the United Arab Emirates (UAE) and in the State of Qatar</th>
<th>Business to refine imported crude oil and sell the products to nationwide service stations, factories, and other places including overseas</th>
<th>Business to manufacture raw materials of polyester fiber, pet bottles, plastics, synthetic rubber, etc.</th>
<th>Businesses that are not related to oil or petroleum. Mainly engaged in wind power generation as renewable energy.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales¹</td>
<td>44.5 billion yen</td>
<td>2,099.9 billion yen</td>
<td>378.4 billion yen</td>
<td>60.6 billion yen</td>
</tr>
<tr>
<td>Ordinary income¹</td>
<td>9.3 billion yen</td>
<td>41.2 billion yen</td>
<td>22.2 billion yen</td>
<td>3.8 billion yen</td>
</tr>
<tr>
<td>Ordinary income¹</td>
<td>9.3 billion yen</td>
<td>1.8 billion yen</td>
<td>22.2 billion yen</td>
<td>3.8 billion yen</td>
</tr>
<tr>
<td>Ordinary income¹ (excl. inventory valuation)</td>
<td>9.3 billion yen</td>
<td>1.8 billion yen</td>
<td>22.2 billion yen</td>
<td>3.8 billion yen</td>
</tr>
<tr>
<td>Number of employees²</td>
<td>285</td>
<td>4,541</td>
<td>1,098</td>
<td>935⁴</td>
</tr>
<tr>
<td>Major assets</td>
<td>Cosmo Oil Reserves (Proved and Probable) 154.0 million barrels (equivalent to approx. 53 years of supply)</td>
<td>Crude Oil Processing Capacity¹ 400,000 barrels/day (as of March 31, 2017)</td>
<td>Cumulative total 37,077 cars</td>
<td>Wind power generation capacity¹ 211,300 kW (as of January 16, 2017)</td>
</tr>
<tr>
<td>Major business companies related companies</td>
<td>Cosmo Energy Exploration &amp; Production</td>
<td>Cosmo Oil Lubricants Keiyo Seisei JV</td>
<td>Marunen Petrochemical</td>
<td>Eco Power</td>
</tr>
<tr>
<td></td>
<td>Abu Dhabi Oil Qatar Petroleum Development</td>
<td>Cosmo Oil Marketing</td>
<td>Cosmo Matsuyama Oil</td>
<td>Cosmo Engineering</td>
</tr>
<tr>
<td></td>
<td>United Petroleum Development</td>
<td>Cosmo Oil Sales Gyxis</td>
<td>CM Aromatics</td>
<td>Cosmo Trade and Service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>neo ALA</td>
</tr>
</tbody>
</table>

- ¹: Results in FY2016
- ²: As of March 31, 2017
- ³: Including consolidating adjustment
- ⁴: Including 96 employees of the wind power generation business (EcoPower)
- ⁵: As of March 31, 2017
- ⁶: Including 40 employees of the wind power generation business (EcoPower)
**Oil Exploration and Production Business**

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

**Operatorship (the right to operate one’s own oil source) in the Middle East is valuable for expanding production**

The Cosmo Energy Group produces the largest volume of crude oil in the Middle East region for a Japanese operator. We have realized low-risk and low-cost development, based on strong relationships of trust with Abu Dhabi in the United Arab Emirates (UAE), which was developed through the stable production of about 50 years. In December 2012, Abu Dhabi Oil Company (ADOC) renewed existing concessions for three oil-producing fields for 30 years. In addition, ADOC acquired a concession for a new oil field (The Hail Oil Field), which is as large as the three existing fields. Moreover, through the ACC Workshop, which comprises Abu Dhabi National Oil Company, Cosmo Energy Group, and CEPSA (owned by MC or former IPIC), we aim to acquire new concessions.

**Cosmo Energy Group’s Oil Fields**

**Operating Performance**

In FY2016, owing to depressed crude oil prices, the Oil & E&P Business segment struggled but strive to reduce operating costs, which resulted in ordinary income of ¥19.3 billion. For FY2017, assuming an average crude oil price of US$50/bbl (versus an actual $41.3/bbl in Jan-Dec 2016) and an exchange rate of ¥110 per U.S. dollar (versus an actual ¥108.8 per U.S. dollar in Jan-Dec 2016), we are expecting segment ordinary income to grow by ¥16.7 billion to ¥26.0 billion. This growth will be driven by an increase in production volume resulting from the start-up of production at the Hail Oil Field in mid-FY2017 and the expansion of production at existing oil fields, in addition to a rise in crude oil prices.

**The Hail Oil Field’s production start-up and its impacts**

The Hail Oil Field is expected to begin production in the middle of FY2017 and to reach peak volume in FY2017. Full-year production at the Hail Oil Field in FY2018 will lead to an increase of about 50% in the Cosmo Energy Group’s overall production volume from the three operating companies compared to that of FY2016. As the Hail Oil Field is adjacent to the existing fields, the existing facilities can be shared, and the unit operating cost is projected to decline along with an increase in production volume, thereby resulting in a significant profit contribution beginning in FY2018.

**Growth Strategy**

**Message from the President and CEO**

**Introduction**

**Review of Operations**

**Corporate Governance**

**CSR Activities**

**Financial Section**

**Outline**

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

**Synergies with MIC (formerly IPIC), CEPSA**

**Strong relationship of trust with oil producing countries**

**Nearly 50 years of stable oil production (operator)**

**Expansion of production volume**

**Hail Oil Field’s start-up of production + Acquisition of new oil fields**

**The Cosmo Energy Group has focused on building relationships with Middle East oil producing countries from an early stage. Especially with the Emirates of Abu Dhabi, the United Arab Emirates (UAE), we have built strong relationships of trust for about 50 years, starting before the foundation of the UAE, by maintaining stable production in addition to environmental preservation activities and education.**

**Safe and stable operation**

**Abu Dhabi Oil was established in 1968, before the foundation of the UAE, and has maintained safe and stable operation for about 50 years.**

**Environmental preservation activities**

**Abu Dhabi Oil received the ADNOC Health, Safety & Environment (HSE) Performance Award in FY2014. This is the highest award given by Abu Dhabi National Oil Company (ADNOC) to honor the best practices in HSE at companies under their supervision.**

**Japanese-language training**

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

In FY2016, the Petroleum Business segment recorded ordinary income of ¥141.2 billion, up ¥104.0 billion from the previous year. The positive impact of profit originated from time lag for naphtha and jet fuel, which was generated during the period of crude price decline in FY2015, disappeared. However, profit was boosted by an increase in capacity utilization resulting from the start of the two-year long-run operation of the Chiba Refinery and a decline in the cost of sales reflecting lower price for inventory stored at the beginning of the year while crude price rose during the year. For FY2017, ordinary income is expected to decrease by ¥37.2 billion to ¥4.0 billion, due to the absence of inventory valuation gains generated in FY2016. However, ordinary income excluding the impact of inventory valuation is projected to increase by ¥12.2 billion from the previous year to ¥14.0 billion, mainly due to domestic product market improvement, the business alliance with Showa Yokkaichi Sekiyu, and higher capacity utilization at refineries.

**Example of the Chiba JV synergy**

**Bottomless refinery**

(Improve refinery economics by maximizing production of gasoline and diesel oil)

**V10 billion in JV synergy**

**Keiyo Seisei JV G.K.**

**Cosmo Oil Refining**

**Optimal selection of crude oil**

<table>
<thead>
<tr>
<th>COSMO</th>
<th>Top Capacity</th>
<th>Refinery</th>
<th>Optimal production plan</th>
<th>Optimal equipment and facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>6.6%</td>
<td>7.0%</td>
<td>10.9%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>5.8%</td>
<td>6.6%</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Qatar</td>
<td>8.7%</td>
<td>7.0%</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Other</td>
<td>5.3%</td>
<td>6.0%</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>38.4%</td>
<td>37.4%</td>
<td>37.4%</td>
<td>37.4%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Other</td>
<td>10.9%</td>
<td>10.9%</td>
<td>10.9%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Other</td>
<td>23.7%</td>
<td>23.7%</td>
<td>23.7%</td>
<td>23.7%</td>
</tr>
</tbody>
</table>

**Capacity Utilization Rate at Refinery (calendar-day basis)**

<table>
<thead>
<tr>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
</tr>
</tbody>
</table>

**FY2012**

- Ordinary Income
- Ordinary Income excluding inventory valuation
- Ordinary income excluding inventory valuation (Un) Japan refining and policy

**FY2013**

- Ordinary Income
- Ordinary Income excluding inventory valuation
- Ordinary income excluding inventory valuation (Un) Japan refining and policy

**FY2014**

- Ordinary Income
- Ordinary Income excluding inventory valuation
- Ordinary income excluding inventory valuation (Un) Japan refining and policy

**FY2015**

- Ordinary Income
- Ordinary Income excluding inventory valuation
- Ordinary income excluding inventory valuation (Un) Japan refining and policy

**FY2016**

- Ordinary Income
- Ordinary Income excluding inventory valuation
- Ordinary income excluding inventory valuation (Un) Japan refining and policy

**FY2017 (Plan)**

- Ordinary Income
- Ordinary Income excluding inventory valuation
- Ordinary income excluding inventory valuation (Un) Japan refining and policy

**TOPICS**

- Alliance with Kygnus Sekiyu to enhance competitiveness

  - Entered into a capital and business alliance with Kygnus Sekiyu in February 2017 and acquired a 20% equity stake of Kygnus Sekiyu in May 2017.
  - Will begin to supply fuel oil to Kygnus Sekiyu in about three months.
  - Will discuss and study further business alliances, without being limited to the supply of fuel oil.
Utilizing Cosmo’s Strength in Providing a Pleasant Car-life

The Cosmo Energy Group is moving ahead on transforming itself from an oil retailer to a value provider for customers’ motoring lifestyles, by proactively selling and expanding the “Cosmo Smart Vehicle”, a car leasing business for individuals. This service offers all vehicle types of all Japanese car makers at favorable terms. Since April 2011, when the “Cosmo Smart Vehicle” was launched, it has been favorably received particularly by seniors and women who want to avoid various car-life related annoyances. We are committed to continuing to provide the distinctive services of our SS to ensure customers enjoy a pleasant car-life.

<table>
<thead>
<tr>
<th>Social issues</th>
<th>Cosmo’s strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aging society</td>
<td>Frequent customer services</td>
</tr>
<tr>
<td>Decline in working population</td>
<td>(a half-million customer visits/day)</td>
</tr>
<tr>
<td>Accelerated decline in the number of SS</td>
<td>Customer service capability</td>
</tr>
<tr>
<td>(social infrastructure reduction)</td>
<td>(car-life concierge)</td>
</tr>
</tbody>
</table>

Customer Evaluation of “Cosmo Smart Vehicle”

92% responded that they were very or relatively satisfied

98% responded “yes” to the question: Has it eliminated your annoyances?

Three attractive points of the “Cosmo Smart Vehicle”

The “Cosmo Smart Vehicle” has three attractive points for us who run service stations: Use of the Cosmo Oil brand, good training courses, and easy-to-understand concepts. We believe that the “Cosmo Smart Vehicle” is a tool to convert customers’ trust into profits.

Expanding customer base with value only SS can provide

Car dealers recently tried harder to lock in customers, who then increasingly relied on the first mandatory car inspection service to the dealers. We therefore handled fewer cars for these inspections. In order to stop this trend, we decided to sell cars, which prompted us to handle the “Cosmo Smart Vehicle.” We now want to expand our customer base by providing services that dealers cannot provide and value only SS can offer.


**Strengths**

- Established production chain in Asia, a world-leading region in demand
- Cost competitiveness based on Japan’s largest-scale ethylene production capacity (Maruzen Petrochemical)
- Cost competitiveness based on one of the largest-scale paraxylene production capacity in Asia (Hyundai Cosmo Petrochemical\*)
- Joint venture with Hyundai Oilbank (HDO) in South Korea.
- Cost competitiveness based on one of the largest-scale paraxylene production capacity in Asia (Hyundai Cosmo Petrochemical\*)
- Location near area of demand (China)

**Augmenting competitiveness in a growth market**

In the Cosmo Energy Group, Maruzen Petrochemical, which boasts Japan’s largest-scale ethylene production capacity, and Hyundai Cosmo Petrochemical (HCP), which owns world-leading paraxylene production facilities, are highly competitive, as they are continuing to run at full capacity. Moreover, Maruzen Petrochemical is considering joint commercialization of hydrogenated polymeric resins with Cosmo Energy Holdings and Arakawa Chemical Industries. At the same time, Maruzen Petrochemical is aiming to materialize synergies with the Cosmo Oil Chiba Refinery at an early stage and thereby achieve the commercialization of hydrogenated polymer resins with Cosmo Energy Group's Production Capacity.

- World Ethylene Demand
- World Paraxylene Demand

In 2016, the Petrochemical Business segment increased ordinary income by ¥18.0 billion from the previous year to ¥32.2 billion, mainly due to the full operation of Maruzen Petrochemical, reducing the period of regular maintenance and the favorable ethylene market. In FY2017, segment ordinary income is expected to decrease by ¥8.2 billion to ¥14.0 billion, as we have adopted a conservative projection for the margin between ethylene and naphtha market. However, as Maruzen Petrochemical’s plan to fully operate highly-competitive ethylene production units through the fiscal year (non-shut down maintenance year) is anticipated profit at high levels.

**Operating Performance**

- In FY2016, the Petrochemical Business segment increased ordinary income by ¥18.0 billion from the previous year to ¥32.2 billion, mainly due to the full operation of Maruzen Petrochemical, reducing the period of regular maintenance and the favorable ethylene market.
- In FY2017, segment ordinary income is expected to decrease by ¥8.2 billion to ¥14.0 billion, as we have adopted a conservative projection for the margin between ethylene and naphtha market.

**Other Businesses (Renewable Energy)**

- Group incorporation in 2010 of EcoPower, a pioneer in the wind power generation business (established in 1997)
- Realization of a high level of availability (at least 90%), as development, construction, operation, and maintenance are carried out within the Cosmo Energy Group
- Plan to expand business over the long term by expanding land-based sites as well as participating in offshore site projects

**Secure stable profit, supported by FIT, in a growing market**

The Cosmo Energy Group acquired EcoPower, Japan’s first wind power development specialist, in 2010, when the renewable energy market was anticipated to grow mainly due to the implementation of environmental measures. Supported by the FIT (Feed-in Tariff), which was implemented in FY2012, wind power generation has been identified as a growth area. EcoPower has about 211,300 kW capacity as of March 31, 2017 and ranks third in the domestic market based on generation capacity. We are aiming to further boost capacity to reach 500,000 kW in the medium term. In solar power generation, as well, CSD Solar, which was established jointly with another company, is steadily supplying power at eight locations nationwide.

**Operating Performance**

- In FY2016, Other Businesses segment increased ordinary income by ¥5.3 billion from the previous year to ¥3.8 billion. EcoPower increased wind power generation capacity by about 15% year-on-year to approximately 211,300 kW, due to the start of operation at the Watarai Project (Mie Prefecture).
- In FY2017, EcoPower plans to start production at the Sakata Port (Yamagata Prefecture) and the Ishikari New Bay New Port (Hokkaido) to further increase generation capacity by about 8%. The Other Businesses segment is expected to increase ordinary income by ¥1.2 billion to ¥5.0 billion.

**Cosmo Energy Holdings • COSMO REPORT 2017**
Corporate Governance

Basic Governance Structure and Business Execution System

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

Board of Directors

The Board of Directors is composed of ten members in total, and comprises 6 internal directors (1 of whom is a member of the Supervisory Committee) and 4 outside directors (2 of whom are members of the Supervisory Committee). It decides on nominations and remuneration in cooperation with the Supervisory Committee.

Supervisory Committee

The Supervisory Committee, which is composed of 3 Supervisory Committee members that include 2 independent outside directors, uses the internal control system to audit and supervise the business execution of the Group. The Chairperson is an independent outside director.

Executive Officers’ Committee

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

Nomination and Remuneration Advisory Committee

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

Executives’ Remuneration Plan

The Company has introduced a remuneration plan linked to business performance with the purpose of enhancing medium-term business performance, increasing corporate value, and sharing profits with shareholders. It applies to directors (excluding outside directors and directors who are Supervisory Committee members) and executive officers. This plan consists of annual incentive remuneration (bonuses) linked to consolidated performance indices for each fiscal year and long-term incentive remuneration (stock remuneration) linked to the level of achievement of targets in the Consolidated Medium-Term Management Plan. A ratio of 5:3:2 has been established for basic remuneration, annual incentive remuneration, and long-term incentive remuneration. The stock remuneration plan is an incentive plan that uses a trust system, and is a mechanism that creates management motivation based on awareness of increasing corporate value in the long term, as directors and executive officers share changes in shareholder value with shareholders.

Stock remuneration plan

Mechanism

- Shares, which a trust company acquires using the money contributed by the holding company, are granted to the Personnel Evaluation Department. This department is responsible for reviewing the evaluation of the performance of Directors for the 5th Consolidated Medium-Term Management Plan (ROE, consolidated income, and net EVA ratio).

Evaluation period

- Fiscal year ending March 31, 2016 through fiscal year ending March 31, 2018

Trust term

- November 6, 2015 to August 31, 2016

Evaluation and Reporting

- Directors (who are not members of the Supervisory Committee)
- Directors (who are members of the Supervisory Committee) and Executive Officers

Upper Limit of Remuneration for Executives

Cash remuneration (basic remuneration + bonuses)

1. 500 million yen or less (total amount per year: no more than 12, the number of such Directors prescribed in the Articles of Incorporation of the holding company)
2. 90 million yen or less (total amount per year: no more than 5, the number of such Directors prescribed in the Articles of Incorporation of the holding company)

Long-term incentive remuneration (stock remuneration)

1. Remuneration linked to business performance is not applicable to directors who are outside directors or Supervisory Committee members.
2. Linked to the level of achievement of targets in the Consolidated Medium-Term Management Plan, which ends on March 31, 2018
3. Linked to consolidated performance indices for each fiscal year

Inclusion in the ESG indices

The Cosmo Energy Holdings has been selected as a constituent of the “FTSE Blossom Japan Index”, which the Government Pension Investment Fund (GPIF) has adopted as a passive investment index for Japanese equities. This index, developed by FTSE Russell, is composed of Japanese companies with outstanding performance in the Environmental, Social and Governance (ESG) standards.

1. The Government Pension Investment Fund (GPIF) is the world’s largest pension fund. The GPIF manages and invests the reserve funds of the Employee’s Pension Fund and the National Pension Fund of Japan. 2. FTSE Russell is a subsidiary of the London Stock Exchange Group Plc, a global provider that conducts and manages indices in a globalized
**Directors and Executive Officers**

**(As of June 22, 2017)**

**Chairman, Representative Director**

Kozo Morikawa

**President, Representative Director, Chief Executive Officer**

Hiroshi Kiriyama

**Directors and Executive Officers**

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

- **Keizo Morikawa**
  - Chairman, Representative Director
  - June 2016 Chairman, Representative Director (current position)

- **Ikeino Ozaki**
  - Independent Outside Director
  - June 2005 General Manager, Sendai Branch Office, Cosmo Oil Co., Ltd.
  - June 2007 Executive Officer, General Manager, Industrial Full Marketing Dept.
  - June 2008 Executive Officer, General Manager, Sakai Refinery
  - June 2011 Senior Executive Officer, General Manager, Yokkaichi Refinery
  - March 2012 Senior Executive Officer, General Manager, Chiba Refinery
  - June 2014 Director, Senior Executive Officer
  - October 2015 Director, Full-time Supervisory Committee Member (current position)

- **Sakae Kanno**
  - Independent Outside Director, Supervisory Committee Member
  - June 2001 Joined Tokyo Electric Co., Ltd. (currently Toshiba Tec Corporation)
  - February 1997 Acting General Manager on Corporate Planning of General Affairs Group, Toshiba Tec Corporation
  - June 1997 Joined Toshiba Tec Corporation
  - June 2000 Senior Executive Officer
  - June 2002 Managing Director
  - June 2004 Senior Managing Director
  - June 2008 Representative Senior Managing Director
  - June 2010 Managing Director, Representative Director of the Company
  - June 2013 Senior Executive Officer of the Company (Supervisory Committee Member)
  - June 2016 Director, Senior Executive Officer (current position)

- **Humam Al-Radadi**
  - Independent Outside Director, Supervisory Committee Member
  - June 2016 Executive Officer, General Manager, Industrial Full Marketing Dept.
  - June 2017 Director, Senior Executive Officer

- **Teruo Miyamoto**
  - Independent Outside Director, Supervisory Committee Member
  - June 1963 Joined Toyo-Electric Co., Ltd. (currently Toshiba Tec Corporation)
  - February 1997 Acting General Manager on Corporate Planning of General Affairs Group, Toshiba Tec Corporation
  - June 1997 Toshiba Tec Corporation
  - June 2000 Senior Executive Officer
  - June 2002 Managing Director
  - June 2004 Senior Managing Director
  - June 2008 Representative Senior Managing Director
  - June 2010 Managing Director, Representative Director of the Company
  - June 2013 Senior Executive Officer of the Company (Supervisory Committee Member)
  - June 2016 Director, Senior Executive Officer (current position)

**Executive Officers**

- **Yasushi Ohe**
  - Director, Senior Managing Executive Officer
  - June 2019 Joined Daikyo Oil Co., Ltd.
  - June 2010 Executive Officer, General/Manager, Supply & Demand Coordination Dept., Cosmo Oil Co., Ltd.
  - June 2012 Senior Executive Officer, General/Manager, Crude Oil & Tar Unit Dept.
  - June 2013 Senior Executive Officer
  - June 2014 Director, Senior Executive Officer
  - October 2015 Director, Senior Executive Officer of the Company
  - June 2016 Director, Senior Managing Executive Officer (current position)

- **Takashi Inagaki**
  - Director, Senior Executive Officer
  - June 2017 Joined Daikyo Oil Co., Ltd.
  - June 2008 General/Manager, Internal Auditing Office, Cosmo Oil Co., Ltd.
  - June 2012 Executive Officer, General/Manager, Accounting Dept.
  - June 2014 Senior Executive Officer, General/Manager, Accounting & Finance Dept.
  - June 2015 Senior Executive Officer, General/Manager, Accounting Dept.
  - October 2015 Senior Executive Officer, General/Manager, Accounting Dept. of the Company
  - June 2016 Senior Executive Officer (current position)

- **Kenichi Taki**
  - Director, Senior Executive Officer
  - June 2016 Director, Senior Executive Officer (current position)

**Directors**

- **Khalifa Al Suwaidi**
  - Outside Director
  - September 2000 Joined Abu Dhabi National Oil Company
  - October 2003 Manager, Exploration Division
  - July 2005 Manager, Exploration Division
  - October 2008 Senior Manager, Exploration Division
  - November 2008 Director, Senior Executive Officer
  - July 2010 Chief Executive Officer, Petroleum and Petrochemicals, Mubadala Investment Company (current position)
  - June 2011 Director, Senior Executive Officer (current position)

- **Musabbeh Al Kaabi**
  - Outside Director
  - October 1997 Joined Abu Dhabi National Oil Company
  - July 2007 Manager, Exploration Division
  - October 2008 Senior Manager, Exploration Division
  - September 2009 Director, Senior Executive Officer
  - October 2010 General Manager, Exploration & Production Business at Abu Dhabi National Oil Company, and has experience serving as a director and audit committee member at the Kazan Electric Power Co., Inc. He has served as an Audit & Supervisory Board Member of Cosmo Oil Co., Ltd. since 2003, and an outside auditor since 2013. The Company judges him capable of properly executing duties from his wide-ranging viewpoint, which extends beyond the industry to which the Company belongs.
  - June 2011 Director, Senior Executive Officer (current position)

**Reasons for Selection of Outside Directors**

**Engagement with Shareholders and Investors**

IR activities are conducted mainly by the IR Office, which was established within the Corporate Communication Department, and it actively visits institutional investors in Japan and overseas. Besides individual meetings, the IR Office is increasing opportunities for dialogue with shareholders and investors, including business results briefings for investors who have visited Japan, and other dialogue. This includes expanding investor information on the Company website as well as issuing shareholder communications and integrated reports. (Cosmo Report.)
**Interview with Outside Directors**

**Enhancement of long-term corporate value**

Accelerating management speed in a rapidly changing business environment

Independent Outside Director, Supervisory Committee Member

Sakae Kanno

* See details of his biography on p. 30.

**Question 1:** How do you see the Cosmo Energy Group? Please also tell us what you think the advantage or strengths and the issues of the Cosmo Energy Group.

**Answer 1:** As a general oil and energy company, Cosmo Energy Group operates an integrated business from oil exploration and production (upstream) to oil refining and marketing (downstream), and petrochemical business, has a strong profit structure, and has established a robust value chain structure as the third strongest player among its peers despite being small in scale. Our challenges going forward is to complete the measures for the Medium-Term Management Plan and to infallibly profit from all the outcome.

**Question 2:** How do you evaluate the management as an outside director?

**Answer 2:** I evaluate the fact that the Medium-Term Management Plan is identified as the main pillar of all management plans, not merely as a wish list. Cosmo has overcome tremendous handicaps from the major earthquake in 2011 and have speedily strengthened foundation of each business. This has resulted in exceeding the targets in improving business portfolio and significant enhancement of profit structure.

**Question 3:** Do you see any change in management after the transformation to a holding company structure?

**Answer 3:** Due to separation of supervision and execution, the roles for each have been clarified: the holding company to take an overview of the whole group and each core operating company to take responsibility for execution. As a result, specific issues and challenges for each business segment have been identified. Each takes responsibility in addressing to the issues. I feel a sense of speed in management and that outcome is emerging.

**Question 4:** What role do you intend to play as an outside director?

**Answer 4:** In addition to attending meetings of the Board of Directors, I have discussions with each segment. I try to speak out candidly on issues emerged from these meetings in order to contribute to active discussions at the Board meetings.

**Question 5:** Is there anything you particularly keep in mind when speaking out at the Board meetings?

**Answer 5:** Whatever an agenda item is, I try to understand the logic behind it. In particular, I think the current and future market assessment and visualizing risks are important.

**Question 6:** What do you think is needed for Cosmo Energy Group to further raise corporate value?

**Answer 6:** As roles of the holding company and each core operating company have become clear, I feel that the management speed has increased. However, given a rapid change in the business environment, we need to accelerate more.

**Question 7:** Will you give a message to shareholders?

**Answer 7:** In the Fifth Consolidated Medium-Term Management Plan, triggered by the transformation to a holding company structure, the development of the business portfolio and the enhancement of competitiveness for refining segment have been advanced more than planned. As their impact should appear on earnings over time, I sincerely hope that you keep looking forward to the future of the Group.

Improve free cash flow generation for realizing more robust financial position and stable and attractive dividends

Outside Director

Musabbeh Al Kaabi

* See details of his biography on p. 29.

**Question 1:** Please tell us what you think the advantages or strengths and the issues of the Cosmo Energy Group.

**Answer 1:** I think that Cosmo’s strengths are a long-standing history and extensive experience in the Japanese downstream sector, which has enabled it to respond to drastically changing business environment. On the other hand, Cosmo is facing a very challenging business environment in Japan. The biggest issue at this stage is its highly leveraged balance sheet which may limit its ability to pursue new growth opportunities and withstand volatility in the energy market.

**Question 2:** What do you think is necessary for the Cosmo Energy Group to further improve its corporate value?

**Answer 2:** I believe that Cosmo should develop a solid five-year strategy, which should focus on enhancing the profitability of the refining and marketing business. In addition, a strong emphasis should be put on the expansion of its wind power business and petrochemical segments. Cosmo should strive to improve its free cash flow generation to improve its financial position and pay stable and attractive dividends to its shareholders.

**Question 3:** What does MIC, as a top shareholder of the Cosmo Energy Holdings, want Cosmo management to do?

**Answer 3:** Since its transformation to a holding company structure in October 2015, as separating the supervisory function from operational execution, Board of Directors of the holding company is focusing more clearly on the strategic management of the group. We support several business transformation initiatives taken by management since the transformation to the holding company. We expect Cosmo management to strive to improve cash flows and the balance sheet, ensure stable dividends, and identify new areas of growth in local and overseas markets.

**Question 4:** Will you give a message to shareholders?

**Answer 4:** The demand for oil products in Japan has been in structural decline, driven by the aging population and improved fuel efficiency. Cosmo Energy Group has responded to the challenges by undertaking several initiatives to enhance competitiveness of its refining, marketing and petrochemical segments, as well as developing the Hail Oil Field in Abu Dhabi and increasing its footprint in wind power business. All these measures are expected to strengthen Cosmo’s position.
In order to realize the Management Vision of the Cosmo Energy 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 Energy Group Code of Conduct.
Enhanced Risk Management of the Entire Group

Safety and risk management committee

The Group convenes a Safety and Risk Management Committee meeting twice a year to discuss the group-wide safety policy and to verify progress in safety initiatives for the enhancement of safety management. Each of the three core companies has a committee that matches its business and functions: the Environmental Safety and Health Committee in Cosmo Energy Exploration & Production, the Safety Environmental Committee in Cosmo Oil and the Safety Committee in Cosmo Oil Marketing. These committees make planning for safety initiatives and conduct inspections to verify and supervise initiatives for safety management.

Promotion of Safety Management Activities

Safety initiatives

Based on the Group's Safety Policy "Establish a culture of safety for compliance in good faith," safety initiatives have been implemented. In FY2016, the number of work-related accidents was 118 (30 accidents requiring time off from work and 88 accidents not requiring time off), and the number of work-related accidents during commuting was 20. There were no fatal accidents from work or during commuting.

From FY2017, the scope of the survey is expanding to include employees of subcontracting companies in addition to directly hired employees of Group companies. We will continue our strong efforts to reduce work-related accidents.

Increase in capacity utilization

Since the Great East Japan Earthquake of 2011, we had suffered from our main Chiba Refinery not being in operation for roughly two years. From FY2013, the Chiba Refinery gradually resumed operation and it has significantly improved its capacity utilization by achieving two-year long run in FY2016. Our entire manufacturing operation and it has significantly improved its capacity utilization by achieving two-year long run in FY2016. Since the Great East Japan Earthquake of 2011, we had suffered from our main Chiba Refinery not being in operation for roughly two years. From FY2013, the Chiba Refinery gradually resumed operation and it has significantly improved its capacity utilization by achieving two-year long run in FY2016. Our entire manufacturing operation and it has significantly improved its capacity utilization by achieving two-year long run in FY2016. Since the Great East Japan Earthquake of 2011, we had suffered from our main Chiba Refinery not being in operation for roughly two years. From FY2013, the Chiba Refinery gradually resumed operation and it has significantly improved its capacity utilization by achieving two-year long run in FY2016. Our entire manufacturing operation and it has significantly improved its capacity utilization by achieving two-year long run in FY2016.
CSR Initiatives of the Cosmo Energy Group

Business Operation with Integrity; Raising Customer Satisfaction

All employees of the Cosmo Energy Group are engaged in their work with social responsibility and integrity, and high morale. We provide products and services that deliver comfort, peace of mind, and trust to customers, in order to fulfill their satisfaction.

Corporate Ethics Promotion Structure

The CEG corporate ethics consultation helpline

The Cosmo Energy Group (CEG) has established the Corporate Ethics and Human Rights Committee to promote and implement the CEG’s Code of Conduct, and check its status. The Committee’s operation is supported by the CEG Corporate Ethics Office. The CEG Corporate Ethics Consultation Helpline, by which compliance issues or ethical issues can be reported or consulted anonymously, has also been established within the Corporate Ethics Office and at an outside law firm. Details of the reported and consulted issues and the response by the respective office are forwarded to the Supervisory Committee and are reflected in future CSR activities. There were zero incidents involving serious compliance violations* in FY2016. From FY2017, the Harassment and Human Rights Consultation Helpline is eliminated and integrated into the CEG Corporate Ethics Consultation Helpline.

Penetration of Code of Conduct

Corporate ethics training

To promote employee training for appropriate work execution and thorough ethical corporate activities, the Corporate Ethics Training was held 65 times in total from October 2016 to March 2017 and was attended by 47 related companies. Our aim in FY2016 was to “learn the right behavior and ways of thinking as Cosmo people.” Group discussion was conducted on how to practice CSR management and the Code of Conduct, as well as human rights and diversity measures, according to the CEG Code of Conduct.

Corporate ethics e-learning course

As a follow-up study to the Corporate Ethics Training, the e-Learning Course was implemented in February-March 2017 for all Group employees to individually take online. Using the e-Learning Course was implemented in February-March 2017.

Ensuring customer support

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

In FY2016 the support hotline received 9,378 calls, down 768 from the previous year. Among the calls, the smart vehicle-related inquiries increased 616 from the previous year, suggesting some impacts of TV commercials and internet ads. On the other hand, the support line also received feedback accounting for 567 calls, of which 539 concerned service stations. We heed those voices of customers so that we can better provide satisfying services, as declared in our message “Filling Up Your Hearts, Too.”

Calls to the Customer Support Hotline

Customer Support Hotline Calls by Type

Total Scores of the Survey by Outside Mystery Examiners

(100 points at best)

Regular Checking of Service Stations for Fulfillment of Three Promises

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

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

Analysis

Corporate Ethics Promotion Framework Structure

Graph: Penetration of Code of Conduct

Graph: Corporate Ethics Training

Graph: Corporate Ethics e-learning course

Graph: Number of Inquiries

Graph: Feedback from an operator in charge

Graph: Calls to the Customer Support Hotline

Graph: Total Scores of the Survey by Outside Mystery Examiners

Graph: Regular Checking of Service Stations for Fulfillment of Three Promises

Graph: Corporate Ethics Promotion Framework Structure

Graph: Corporate Ethics and Human Rights Committee

Graph: Cosmo Energy Group Corporate Ethics Office

Graph: Corporate Ethics Office

Graph: Corporate Ethics Consultation Helpline

Graph: Inquiries to the Corporate Ethics Consultation Helpline

Graph: Inquiries to the Harassment and Human Rights Consultation Helpline

Graph: Penetration of Code of Conduct

Graph: Ratio of employees who took the course
Facilitating Work-life Balance

Creating the system that allows employees to continue to work

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

Reducing Long Working Hours

Enhancing productivity and achieving appropriate working hours

Valuing the health of employees and working to facilitate work-life balance, we have aimed to optimize working hours by improving productivity since FY2014. Targeting at 1,900 total annual work hours, initiatives in FY2015 include the encouragement of employees to work mornings rather than nights (revision in additional pay rate for overtime), to take a so-called “refresh day” (no-after-hours work day), to turn off the light in the workplace at 20pm (to discourage non-essential after-hours work), and to factor in reducing long working hours.

The Cosmo Energy Group believes that our human resources are the source of our value creation. We strive to develop people who proactively tackle issues of the changing business environment with a sense of speed. At the same time, we respect diversity and make efforts to encourage employees to play an active role by making use of their diverse backgrounds.

Human Resources Development and “Global Human Resources”

Development of professionals and dealing with globalization

The personnel system has identified a desired employee as a professional with aspirations and willingness to improve. We depart from conventional seniority-based personnel management in favor of aiming at selectively developing personnel that match objectives. We have included knowledge and skills needed for business as an item included in promotion reviews, as one means we encourage personal development. We have conducted training courses for managers to improve their fostering of subordinates and have enhanced the training course for female employees to further encourage their development. The Cosmo Energy Group has 137 employees stationed in seven countries outside Japan. Aiming to become a vertically integrated global energy company, we urgently need to foster global human resources with diverse experience and skills. Therefore we send young and mid-career employees to work on projects outside Japan and to study abroad for continuing education. We have sponsored select employees study at overseas universities or international universities in Japan (12 employees in the past five years.)

Initiatives on Diversity

Focus on empowering women in the workplace

The Cosmo Energy Group is committed to achieve diversity in its workplace. We aim to achieve high productivity and continue to grow by having a workplace that allows motivated employees with diverse backgrounds go about their work proactively. For that purpose, the Diversity Promotion Office was established in June 2015 to promote development and use of diverse human resources. The organization has been promoting training for employees to raise awareness of the importance of diversity for business success. The Cosmo Energy Group’s personnel system has identified a desired employee as a professional with aspirations and willingness to improve, and we depart from conventional seniority-based personnel management in favor of aiming at selectively developing personnel that match objectives. We have included knowledge and skills needed for business as an item included in promotion reviews, as one means we encourage personal development. We have conducted training courses for managers to improve their fostering of subordinates and have enhanced the training course for female employees to further encourage their development.

Respecting for human rights

We respect the human rights of each employee and endeavor to make pleasant working places by preventing harassment. The CEG Corporate Ethics Consultation Helpline is open to dispatched workers and part-timers in addition to full-time employees, to consult on issues concerning human rights and harassment for improving workplaces.

Respecting diversity

Under the continuing theme of promoting diversity and offering fair employment opportunities, we are striving to increase our employment of persons with disabilities.

The persons with disabilities as of June 1, 2016 fell short of the 2.0% rate mandated in Japan but increased to 2.36% as of June 1, 2017, exceeding the mandate rate. We are also striving for development of workplaces and promotion of employment for persons with disabilities.

In FY2016, we hosted internships for one student with mental disabilities and another student with hearing disabilities as one measure to expand workplaces for such persons.
Promoting Environmental Initiatives

The Cosmo Energy Group advocates “promoting environmental initiatives” as one of the priorities of our CSR Initiative Policy. In the Consolidated Medium-Term Environmental Plan (FY2013-2017), we have three priorities: responding strategically to global warming while ensuring business continuity, reducing environmental impact, and promoting environmental contribution activities. We are taking action to realize the corporate messages of “Living with Our Planet” addressed to society.

Energy conservation at refineries

The Cosmo Energy Group’s refineries represent over 60% of CO₂ emissions generated by the Group. The work is grouping to reduce this figure and conserve energy by introducing high-efficiency equipment and improving operational performance. In FY2016, an increase in crude oil refining volume resulted in an increase of the aggregate amount of energy consumption. However, due to the promotion of energy conservation activities at refineries, unit energy consumption and CO₂ emissions per unit of crude oil equivalent throughput decreased compared to the previous year.

Energy Consumption and Unit Energy Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy Consumption (LH)</th>
<th>Unit energy consumption¹ (RH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>3,537,692</td>
<td>11.3993</td>
</tr>
<tr>
<td>FY2012</td>
<td>3,525,497</td>
<td>11.3347</td>
</tr>
<tr>
<td>FY2013</td>
<td>3,519,138</td>
<td>11.2844</td>
</tr>
<tr>
<td>FY2014</td>
<td>3,513,313</td>
<td>11.2258</td>
</tr>
<tr>
<td>FY2015</td>
<td>3,500,718</td>
<td>11.1265</td>
</tr>
<tr>
<td>FY2016</td>
<td>3,493,760</td>
<td>11.0653</td>
</tr>
</tbody>
</table>

*Unit energy consumption indicates total energy consumption divided by the total crude oil equivalent throughput, taking into account the efficiency of refining technology. The unit used is kiloliters of crude oil equivalent/kiloliters of crude oil (crude oil equivalent/taxable crude oil). Total energy consumption is calculated by dividing crude oil, electricity, and other energy used into the thousand crude oil barrels of crude oil (thousand KL-crude oil).

Reducing Environmental Impact

Use of water and water discharge measures

The Cosmo Energy Group’s refineries and plants use a vast amount of water (over 90% is seawater) mainly for cooling but also for cleaning and boiler feed water. In FY2016, 452,622 kt of water (over 90% is seawater) mainly for cooling but also for cleaning and boiler feed water.

Concerning water discharge, we discharge the seawater used for cooling into the sea, and properly treat the water used for cleaning and boiler feed water. In FY2016, 452,622 kt of water (over 90% is seawater) mainly for cooling but also for cleaning and boiler feed water.

Emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ emissions 3,756</th>
<th>4,207</th>
<th>4,046</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>4,200,885</td>
<td>3,974,846</td>
<td>4,046,737</td>
</tr>
<tr>
<td>FY2012</td>
<td>4,174,592</td>
<td>3,958,553</td>
<td>3,982,444</td>
</tr>
<tr>
<td>FY2013</td>
<td>3,954,688</td>
<td>3,878,452</td>
<td>3,884,365</td>
</tr>
<tr>
<td>FY2014</td>
<td>4,048,764</td>
<td>3,987,065</td>
<td>3,982,444</td>
</tr>
<tr>
<td>FY2015</td>
<td>3,982,444</td>
<td>3,946,421</td>
<td>3,959,964</td>
</tr>
<tr>
<td>FY2016</td>
<td>3,946,421</td>
<td>3,906,403</td>
<td>3,919,921</td>
</tr>
</tbody>
</table>

*CO₂ emissions are calculated by dividing the amount of CO₂ emissions by the total crude oil equivalent throughput, taking into account the efficiency of refining technology. The unit used is kiloliters of crude oil equivalent/kiloliters of crude oil (crude oil equivalent/taxable crude oil). Total energy consumption is calculated by dividing crude oil, electricity, and other energy used into the thousand crude oil barrels of crude oil (thousand KL-crude oil).

Environment Protection

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Structure to Persistently Protect Stable Supply

Business continuity plan (BCP)

We have revised the Earthquake BCP Manual in tandem with the transition to a holding company structure, established Crisis Response Headquarters respectively at the holding company and other Group companies, and changed the system to initiate the BCP. Moreover, even if we are unable to establish the Crisis Response Headquarters at the head office due to factors such as an earthquake directly under the Tokyo metropolitan area, we have prepared manuals for the Provisional Crisis Response Headquarters to be established at the Cosmo Oil Sakai Refinery and the Kansai Branch of Cosmo Oil Marketing. In FY2017, we are planning to conduct more effective training.

BCP facilities at head office

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

*CMA Multi Channel Access System

Summary of Earthquake BCP of Cosmo Energy Group

<table>
<thead>
<tr>
<th>Key points</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unifies disaster estimation in the BCP framework and the BCP manuals of each division</td>
<td>- Estimates damage in each company and each division based on disaster estimations.</td>
</tr>
<tr>
<td>Enables damage estimation and disaster cooperation in the Company in case of a disaster (insurance, relief, and aid)</td>
<td>- Enables coordination and disaster cooperation in the Company in case of a disaster (insurance, relief, and aid)</td>
</tr>
<tr>
<td>Clarifies business continuity objectives in terms of the Company, based on disaster assumptions and damage estimations</td>
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</tr>
</tbody>
</table>

Business continuity objectives

We will strive to continue oil refinery operations to secure stable supply of oil products or evacuate residents within 24 hours.

Advanced response (earthquake preparation, disaster mitigation)

- Regular implementation of earthquake BCP training
- Business continuity exercises against earthquakes and hurricanes
- Adequate discharge of equipment during evacuation
- Implementation of earthquake BCP training

Social contribution activities

Based on “Harmony and Symbiosis between Companies and Society,” one of the principles of the management philosophy, the Cosmo Energy Group is undertaking various social contribution activities.

The Cosmo Waku Waku Camp, a nature camp for elementary school-aged children that was established in 2002, has received an award from a local government for our contribution to children’s education, economic growth, and other social issues in emerging countries.

The Cosmo Waku Waku Camp has received an award from a local government for our contribution to a project in the Solomon Islands in the South Pacific. This project, which began in 2002, aimed to preserve the tropical rain forest and economic growth.

The Cosmo Energy Group has been issuing the Eco Card as a membership card to our loyal customers who frequently use our service stations and have a high level of environmental consciousness since 2002. There are 64,000 card holders. This Eco Card has an add-on feature to contribute to environmental activities: both card members and the Cosmo Energy Group make donations to fund the Cosmo Oil Eco Card Fund, which supports projects to counter environmental problems across the world. In FY2016, the Fund supported 14 projects, and was involved in a project to plant 35,000 trees as well as another to preserve a 28,000 hectare forest. The roots of climate change problems are often poverty, education, economic growth, and other social issues in emerging countries. The projects the Fund supports tend to help resolve these issues as well. In FY2016, we received an award from a local government for our contribution to a project in the Solomon Islands in the South Pacific. This project, which began in 2002, aimed to preserve the tropical rain forest and economic growth.

We will continue to help resolve social issues in the world jointly with our Eco Card members.

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At the 24th camp in FY2016, 42 children and nine volunteer participants participated. The children experienced gorse climbing, thinning of trees, and craft production using the felled trees to appreciate nature for three days.

Unique Environmental Social Contributions Utilizing Business Activities

“Cosmo Oil Eco Card Fund”

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“Cosmo Earth Conscious Act” cleanup campaign

Since 2001, the Cosmo Energy Group, in a partnership with the Japan FM Network Association, has been promoting Cosmo Earth Conscious Act initiatives for the preservation and conservation of the global environment. These efforts include cleanup campaigns, where participants enjoy nature while cleaning up throughout Japan.

At E31 locations over the past 16 years, 239,590 participants of these campaigns have collected a total of 6,852,072 liters of garbage. Each summer, a cleanup campaign is also held at Mt. Fuji. Ken Noguchi, a Japanese alpinist, and 160 volunteers from all over Japan clean up Mt. Fuji while enjoying eco trekking.

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### 11-Year Selected Financial and Operating Data

#### FY2006 - FY2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Diluted crude oil price (US$ /barrel)</th>
<th>Foreign exchange rate (¥/$)</th>
<th>Net sales</th>
<th>Cost of sales</th>
<th>Selling, general and administrative expenses</th>
<th>Operating income (loss)</th>
<th>Inventory valuation gain (loss)</th>
<th>Operating income (loss) excluding the impact of inventory valuation</th>
<th>Ordinary income (loss)</th>
<th>Ordinary income (loss) excluding the impact of inventory valuation</th>
<th>Cash dividends</th>
<th>Cash flows from investing activities</th>
<th>Capital expenditures</th>
<th>Depreciation and amortization</th>
<th>R&amp;D expenses</th>
<th>Operating income (loss) excluding the impact of inventory valuation</th>
<th>Net interest-bearing debt</th>
<th>Profits (loss) attributable to owners of parent</th>
<th>Equity ratio (%)</th>
<th>Debt-to-equity ratio (times)</th>
<th>Net debt-to-equity ratio (times)</th>
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<td>FY2008</td>
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<tr>
<td>FY2016</td>
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<td>0.86</td>
<td>0.86</td>
</tr>
</tbody>
</table>

1. U.S. dollar amounts are translated from Japanese yen, for the convenience of readers only, at the rate of ¥112.19 to US$1.00, approximate exchange rate prevailing on March 31, 2017.
2. “Inventory valuation gain (loss)” from FY2006 through FY2007 are based on the periodic average method of inventory valuation, whereas “Inventory valuation gain (loss)” from FY2008 are based on the lower of cost or market method as dictated by ASBJ (Accounting Standards Board of Japan) Statement No. 9, “Accounting Standard for Measurement of Inventories.”
4. Depreciation and amortization includes cost recovery under production sharing. In FY2011 and FY2012, depreciation and amortization includes recovery of recoverable accounts under production sharing as well as depreciation applicable to fixed assets listed on the result of the fire at the Chiba Refinery caused by the Great East Japan Earthquake.
5. The ratio from FY2015 is credit rating-based.
6. On October 1, 2015, Cosmo Energy Holdings Co., Ltd. was established as the wholly-owned holding company of Cosmo Oil Co., Ltd. Through the share transfer to the common shares of the former Cosmo Oil, 1,000 Cosmo Oil shares were exchanged for 1 share of Cosmo Energy Holdings.

#### Notes:
- The Petrochemical Business, which had previously been included in the Petroleum Business segment, was separated into a different segment from FY2010.
- Up to FY2012, “Cash and deposits” and “Short-term investment securities” are deducted from “Interest-bearing debt.” From FY2013, “Cash and deposits” is deducted from the rate of ¥112.19 to US$1.00, the approximate exchange rate prevailing on March 31, 2017.
- Up to FY2014, “Minority interests” is presented.
- Up to FY2012, “Net income (loss)” is presented.
- Up to FY2010, diluted profit attributable to owners of parent stock is presented instead of net income (loss).
## Consolidated Balance Sheets

### FY2015 (As of March 31, 2016) vs. FY2016 (As of March 31, 2017)

### ASSETS

#### Current assets
- Cash and deposits: ¥ 60,972 vs. ¥ 45,292
- Notes and accounts receivable-trade: 192,572 vs. 216,602
- Securities: 30,000 vs. —
- Merchandise and finished goods: 87,825 vs. 111,905
- Work in process: 391 vs. 279
- Raw materials and supplies: 94,211 vs. 131,181
- Accounts receivable-other: 28,709 vs. 36,010
- Deferred tax assets: 3,812 vs. 3,760
- Other: 17,954 vs. 16,752
- Allowance for doubtful accounts: (195) vs. (181)
- **Total current assets**: ¥516,254 vs. ¥561,604

#### Noncurrent assets
- Property, plant and equipment
  - Buildings and structures, net: 129,074 vs. 150,866
  - Oil storage depots, net: 32,693 vs. 33,027
  - Machinery, equipment and vehicles, net: 149,609 vs. 161,690
  - Land: 320,971 vs. 320,496
  - Lease assets, net: 761 vs. 674
  - Construction in progress: 53,586 vs. 99,380
  - Other, net: 6,571 vs. 6,584
- **Total property, plant and equipment**: ¥693,267 vs. ¥773,320
- Intangible assets
  - Software: 3,158 vs. 3,032
  - Goodwill: 1,452 vs. 721
  - Other: 42,812 vs. 40,830
- **Total intangible assets**: ¥47,423 vs. ¥44,585
- Investments and other assets
  - Investment securities: 120,074 vs. 150,866
  - Bonds payable: 46,700 vs. 46,700
  - Long-term loans payable: 497,831 vs. 449,282
  - Deferred tax liabilities: 31,202 vs. 33,608
  - Deferred tax liabilities for land revaluation: 5,249 vs. 5,243
  - Provision for special repairs: 12,070 vs. 13,781
  - Provision for business structure improvement: 1,171 vs. 212
  - Provision for environmental measures: 3,416 vs. 1,997
  - Net defined benefit liability: 9,086 vs. 5,516
  - Provision for executive remuneration BIP trust: 41 vs. 286
  - Asset retirement obligations: 11,370 vs. 19,338
  - Other: 29,730 vs. 21,441
- **Total noncurrent liabilities**: ¥651,384 vs. ¥597,420
- **Total assets**: ¥1,409,615 vs. ¥1,525,679

### LIABILITIES

#### Current liabilities
- Notes and accounts payable-trade: ¥ 115,803 vs. ¥ 170,539
- Short-term loans payable: 203,618 vs. 225,169
- Commercial paper: 12,000 vs. 51,400
- Accounts payable-other: 94,582 vs. 92,428
- Accrued volatile oil and other petroleum taxes: 93,788 vs. 66,528
- Income taxes payable: 8,094 vs. 11,237
- Accrued expenses: 3,176 vs. 3,175
- Provision for bonuses: 2,492 vs. 315
- Deferred tax liabilities: 3 vs. 286
- Provision for business structure improvement: 4,524 vs. 2,001
- Other: 17,070 vs. 27,079
- **Total current liabilities**: ¥1,206,903 vs. ¥1,252,893

#### Noncurrent liabilities
- Bonds payable: 46,700 vs. 46,700
- Long-term loans payable: 497,831 vs. 449,282
- Deferred tax liabilities: 31,202 vs. 33,608
- Deferred tax liabilities for land revaluation: 5,249 vs. 5,243
- Provision for special repairs: 12,070 vs. 13,781
- Provision for business structure improvement: 1,171 vs. 212
- Provision for environmental measures: 3,416 vs. 1,997
- Net defined benefit liability: 9,086 vs. 5,516
- Provision for executive remuneration BIP trust: 41 vs. 286
- Asset retirement obligations: 11,370 vs. 19,338
- Other: 29,730 vs. 21,441
- **Total noncurrent liabilities**: ¥651,384 vs. ¥597,420
- **Total liabilities**: ¥1,206,903 vs. ¥1,252,893

### NET ASSETS

- **Shareholders’ equity**
  - Capital stock: ¥ 40,000 vs. ¥ 40,000
  - Capital surplus: 84,509 vs. 84,369
  - Retained earnings: 65,215 vs. 49,985
  - Treasury shares: (1,223) vs. (1,110)
  - **Total shareholders’ equity**: ¥123,545 vs. ¥173,231

- **Accumulated other comprehensive income**
  - Valuation difference on available-for-sale securities: 3,042 vs. 4,794
  - Deferred gains or losses on hedges: (1,601) vs. (233)
  - Revaluation reserve for land: (20,610) vs. (20,576)
  - Foreign currency translation adjustment: 8,507 vs. 7,215
  - Remeasurements of defined benefit plans: (4,786) vs. 292
  - Total accumulated other comprehensive income: (15,499) vs. (8,508)

- **Total shareholders’ equity**: ¥123,545 vs. ¥173,231

- **Non-controlling interests**: ¥94,665 vs. ¥108,063

- **Total net assets**: ¥222,710 vs. ¥281,294

- **Total liabilities and net assets**: ¥1,409,615 vs. ¥1,525,679
### Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>FY2015 (From April 1, 2015 to March 31, 2016)</th>
<th>FY2016 (From April 1, 2016 to March 31, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥2,244,306</td>
<td>¥2,292,240</td>
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<tr>
<td><strong>Cost of sales</strong></td>
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<tr>
<td><strong>Gross profit</strong></td>
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<tr>
<td><strong>Operating income (loss)</strong></td>
<td>(29,742)</td>
<td>92,182</td>
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<td><strong>Non-operating income</strong></td>
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<tr>
<td>Interest income</td>
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<td></td>
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<tr>
<td>Dividends income</td>
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<td></td>
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<tr>
<td>Rent Income on noncurrent assets</td>
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<tr>
<td>Equity in earnings of associates</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>Total non-operating income</strong></td>
<td>9,280</td>
<td>6,594</td>
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<tr>
<td><strong>Non-operating expenses</strong></td>
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<tr>
<td>Interest expenses</td>
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<tr>
<td>Foreign exchange losses</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>Total non-operating expenses</strong></td>
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<td><strong>Ordinary income (loss)</strong></td>
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<td><strong>Extraordinary income</strong></td>
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<tr>
<td>Gain on sales of noncurrent assets</td>
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<td>322</td>
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<tr>
<td>Gain on sales of investment securities</td>
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<td>972</td>
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<tr>
<td>Gain on sales of shares of subsidiaries and associates</td>
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<tr>
<td>Subsidy income</td>
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<td>Gain on change in equity</td>
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<td>Gain on bargain purchase</td>
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<td><strong>Total extraordinary income</strong></td>
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<td><strong>Extraordinary loss</strong></td>
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<td>Loss on sales of noncurrent assets</td>
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<td>Loss on valuation of investment securities</td>
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<td>Business structure improvement expenses</td>
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<td>Loss on step acquisitions</td>
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<td>Land trust expenses</td>
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<td>Other</td>
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<td><strong>Total extraordinary losses</strong></td>
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<td>9,796</td>
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<td><strong>Profit (loss) before income taxes</strong></td>
<td>(43,797)</td>
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<td>Income taxes-current</td>
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<td>Income taxes-deferred</td>
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<td><strong>Total income taxes</strong></td>
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<td>18,912</td>
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<tr>
<td><strong>Profit (loss)</strong></td>
<td>(44,400)</td>
<td>59,652</td>
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<td><strong>Profit (loss) attributable to non-controlling interests</strong></td>
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<tr>
<td><strong>Profit (loss) attributable to owners of parent</strong></td>
<td>¥ (50,230)</td>
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### Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>FY2015 (From April 1, 2015 to March 31, 2016)</th>
<th>FY2016 (From April 1, 2016 to March 31, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (loss) before income taxes</td>
<td>¥ (43,797)</td>
<td>¥ 78,565</td>
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<tr>
<td>Depreciation</td>
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<td>Amortization of negative goodwill</td>
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<td>Amortization of goodwill</td>
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<td>Loss (gain) on step acquisitions</td>
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<tr>
<td>Impairment loss</td>
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<td></td>
</tr>
<tr>
<td>Loss (gain) on sales of non-current assets</td>
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</tr>
<tr>
<td>Business structure improvement expenses</td>
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<td></td>
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<tr>
<td>Loss (gain) on disposal of non-current assets</td>
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<tr>
<td>Loss (gain) on sales of investment securities</td>
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<td></td>
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<tr>
<td>Loss (gain) on valuation of investment securities</td>
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<td></td>
</tr>
<tr>
<td>Loss (gain) on sales of shares of subsidiaries and associates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidy income</td>
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<tr>
<td>Interest and dividend income</td>
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<tr>
<td>Interest expenses</td>
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<td>Foreign exchange losses (gains)</td>
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<td>Share of (profit) loss of entities accounted for using equity method</td>
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<td>Increase (decrease) in allowance for doubtful accounts</td>
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<td>Increase (decrease) in provision for special repairs</td>
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<td>Increase (decrease) in provision for environmental measures</td>
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<tr>
<td>Increase (decrease) in net defined benefit liability</td>
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<tr>
<td>Decrease (increase) in notes and accounts receivable-trade</td>
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<tr>
<td>Recovery of recoverable accounts under production sharing</td>
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<td>Decrease (increase) in inventories</td>
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<td>Increase (decrease) in notes and accounts payable-trade</td>
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<td>Decrease (increase) in other current assets</td>
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<tr>
<td>Increase (decrease) in other current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in investments and other assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>53,849</td>
<td>73,665</td>
</tr>
</tbody>
</table>

**Consolidated Statements of Income**

**Consolidated Statements of Cash Flows**
### Consolidated Statements of Cash Flows

**Cash flows from investing activities**

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investment securities</td>
<td>¥ (576)</td>
</tr>
<tr>
<td>Proceeds from sales and redemption of investment securities</td>
<td>243</td>
</tr>
<tr>
<td>Repayment of long-term loans payable</td>
<td>73,692</td>
</tr>
<tr>
<td>Payments into time deposits</td>
<td>(100)</td>
</tr>
<tr>
<td>Proceeds from withdrawal of investments in anonymous association</td>
<td>14,193</td>
</tr>
<tr>
<td>Other, net</td>
<td>23</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>(32,839)</td>
</tr>
</tbody>
</table>

**Cash flows from financing activities**

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase (decrease) in short-term loans payable</td>
<td>(13,138)</td>
</tr>
<tr>
<td>Proceeds from long-term loans payable</td>
<td>73,692</td>
</tr>
<tr>
<td>Repayment of long-term loans payable</td>
<td>(45,105)</td>
</tr>
<tr>
<td>Payments into deposits of restricted withdrawals</td>
<td>8,886</td>
</tr>
<tr>
<td>Net increase (decrease) in commercial paper</td>
<td>12,000</td>
</tr>
<tr>
<td>Cash dividends paid to non-controlling shareholders</td>
<td>1,378</td>
</tr>
<tr>
<td>Proceeds from issuance of non-controlling shareholders</td>
<td>—</td>
</tr>
<tr>
<td>Other, net</td>
<td>(2,196)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>32,499</td>
</tr>
</tbody>
</table>

**Net cash provided by (used in) operating activities**

<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of exchange rate change on cash and cash equivalents</td>
<td>(169)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>17,698</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>¥ 80,765</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of period</td>
<td>¥ 89,418</td>
</tr>
</tbody>
</table>

### Major Indicators

**EBITDA excluding the Impact of Inventory Valuation**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>¥37,158</td>
<td>¥23,647</td>
<td>¥17,703</td>
<td>¥38,061</td>
<td>¥52,782</td>
</tr>
</tbody>
</table>

1. Including “Recovery of receivable account balances on production sharing”

**Return on assets (ROA)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0%</td>
<td>0.3%</td>
<td>3.6%</td>
<td>3.5%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

**Return on equity (ROE)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(31.4)</td>
<td>1.9%</td>
<td>39.0%</td>
<td>39.0%</td>
<td>39.0%</td>
</tr>
</tbody>
</table>

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

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

### Cash Flows by Activity

- **Earnings before interest, taxes, depreciation, and amortization (EBITDA)**
- **Net cash provided by (used in) operating activities**
- **Net cash provided by (used in) investing activities**
- **Net cash provided by (used in) financing activities**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>¥20,283</td>
<td>¥21,857</td>
<td>¥18,364</td>
<td>¥18,427</td>
<td>¥22,755</td>
</tr>
</tbody>
</table>

**Total Assets, Equity Ratio, and Net Debt-to-Equity Ratio**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>¥1,743,492</td>
<td>¥1,696,831</td>
<td>¥1,428,628</td>
<td>¥1,240,613</td>
<td>¥1,525,679</td>
</tr>
</tbody>
</table>

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

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

3. EBITDA excluding the impact of inventory valuation = Operating income excluding the impact of inventory valuation + Depreciation and amortization

4. ROA and ROE calculations are based on fiscal year-end financial data.
Share Information
(As of March 31, 2017)

Number of Shares by Type of Shareholders and their Trend

<table>
<thead>
<tr>
<th>Shareholder Type</th>
<th>Number of Shares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese individuals and others</td>
<td>7,914 thousand shares*</td>
<td>9.6%</td>
</tr>
<tr>
<td>Foreign investors</td>
<td>28,717 thousand shares*</td>
<td>33.8%</td>
</tr>
<tr>
<td>Other Japanese financial institutions and securities firms (including trust accounts)</td>
<td>7,014 thousand shares*</td>
<td>8.3%</td>
</tr>
<tr>
<td>Other Japanese companies and corporations (including treasury stock)</td>
<td>14,640 thousand shares*</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

Number of Shareholders by Type and their Trend

<table>
<thead>
<tr>
<th>Shareholder Type</th>
<th>Number of Shareholders</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese individuals and others</td>
<td>29,488</td>
<td>92 (0.3%)</td>
</tr>
<tr>
<td>Foreign investors</td>
<td>257</td>
<td>0.9%</td>
</tr>
<tr>
<td>Other Japanese financial institutions and securities firms (including trust accounts)</td>
<td>1,242</td>
<td>4.1%</td>
</tr>
<tr>
<td>Other Japanese companies and corporations (including treasury stock)</td>
<td>422</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Principal Shareholders (As of March 31, 2017)

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares owned (Thousands)</th>
<th>Percentage of shares owned (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infinity Alliance Limited</td>
<td>17,600</td>
<td>20.76</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust account)</td>
<td>5,757</td>
<td>6.79</td>
</tr>
<tr>
<td>Mizuo Bank, Ltd.</td>
<td>3,153</td>
<td>3.71</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td>
<td>1,975</td>
<td>2.32</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>1,899</td>
<td>2.24</td>
</tr>
<tr>
<td>The Kansai Electric Power Co., Inc.</td>
<td>1,860</td>
<td>2.19</td>
</tr>
<tr>
<td>Mitsubishi Insurance Co., Ltd.</td>
<td>1,767</td>
<td>2.08</td>
</tr>
<tr>
<td>Aioi Nissay Dowa Insurance Co., Ltd.</td>
<td>1,580</td>
<td>1.86</td>
</tr>
<tr>
<td>Sampo Japan Nipponkoa Insurance Inc.</td>
<td>1,579</td>
<td>1.86</td>
</tr>
<tr>
<td>Cosmo Energy Holdings Client Stock Ownership</td>
<td>1,529</td>
<td>1.80</td>
</tr>
</tbody>
</table>

Corporate Data

Company Name: Cosmo Energy Holdings Co., Ltd.
Securities Code: 5021
Head Office: 1-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8302
Established: October 1, 2016
Capital: ¥40 billion
Type of Business: Management of subsidiaries involved in oil businesses ranging from upstream to downstream and others
Corporate History:
April 1, 1986: Cosmo Oil was established through tripartite merger of Daiyo Oil Co., Ltd., Maruzen Oil Co., Ltd., and former Cosmo Oil (Cosmo Refining)
October 1, 1989: Asian Oil Co., Ltd. was merged into Cosmo Oil.
October 1, 2015: Cosmo Energy Holdings Co., Ltd. was established.
Main Banks: Mizuo Bank Ltd., The Bank of Tokyo-Mitsubishi UFJ Ltd., and Sumitomo Mitsui Banking Corporation

Key Data of the Cosmo Energy Group

Number of SS Operators: 224
Branches: Eastern Japan, Kanto, Chubu, Kansai, Western Japan
Refineries: Chiba, Yokkaichi, Sakai

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

Period covered:
Mainly the fiscal year from April 1, 2016 to March 31, 2017 (including some information for FY2017)

Report boundary:
Cosmo Energy Holdings Co., Ltd. and major consolidated subsidiaries and affiliated companies.

Month of issue:
August 2017 (next publication scheduled for August 2018: to be issued every year)

Cosmo Report, IR website, and CSR website:
Cosmo Report (brochure) is designed to be easily looked at, while further details are available on our IR website and CSR website.
CSR activity reporting is focused on priority issues while using GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 4th edition and Environmental Reporting Guidelines (2012 Version) established by the Ministry of the Environment of Japan as reference.
The link to Cosmo Energy Holdings’ official website are as follows:
http://ceh.cosmo-oil.co.jp/english/IR/
http://ceh.cosmo-oil.co.jp/english/csr/

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