

# **How the Cosmo Energy Group is Dealing with the Environmental Changes in the Japanese Human Resources Management (HRM) Area**

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# 1 Business Outline of the Cosmo Energy Group

2 Environmental Changes in Japan

3 Transition of the Japanese HRM

4 Business and HRM Challenges  
of Japanese Companies

5 Cosmo's Initiatives

# Business Outline of the Cosmo Energy Group

## Oil Exploration & Production

[Independent exploration and production]

\* ( ) Contract start

UAE Abu Dhabi (1967~)

Qatar (1997~)



[Production volume](result of FY2015)

Approx. 40,000 BD (compared to crude oil processing : Approx. 9%)

[Reserves (2P)](as of Dec.31,2015)

Approx. 161,400,000 BBL

## Oil Sales

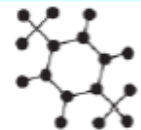
[Domestic sales]\*(Domestic share in FY2015)

Gasoline	:	5,673 thousand KL (10.7%)
Diesel fuel	:	4,133 thousand KL (12.3%)
Kerosene/JET	:	2,342 thousand KL (10.9%)
Heavy fuel oil A	:	1,420 thousand KL (12.0%)
Total	:	21,350 thousand KL (11.8%)

[Product export] (result of FY2015)  
4,064 thousand KL

[Domestic sales destination]

Dealers affiliated with the Company, large users,  
Service station : 3,054 (As of Mar.31,2016)



## Crude oil import/ Oil refining

[Major crude oil suppliers]\*( ) Import ratio in FY2015

UAE(40.2%), Saudi Arabia(22.7%)

Qatar (11.0%), Kuwait and others(26.1%)

[Refining capacity] \* ( ) Domestic share

Chiba Refinery 240,000 BD

Yokkaichi Refinery 85,000 BD

Sakai Refinery 100,000 BD

Total 425,000 BD

(Approx. 11.8%)

Refining capacity : As of 31<sup>st</sup> Oct,2016



## Petrochemical

[Domestic production capacity]

Yokkaichi Refinery: MX 300,000 tons

CM Aromatics : MX 270,000 tons

Cosmo Matsuyama Oil

: MX 30,000 tons

Bz 90,000 tons

Maruzen Petrochemical :

(production capacity)

(Ethylene 1,290,000 tons)

(Bz 600,000 tons)

[Overseas production capacity]

HCP(South Korea)

:PX 1,180,000 tons

:Bz 250,000 tons

Production capacity : As of Apr.1,2016

## Renewable energy

[Wind power generation]

EcoPower Co., Ltd. (domestic share approx. 6%)

Power generation capacity : 184,000 kw

Number of power generators : 145 (22areas)

(As of Mar.31,2016)



[Solar power generation]

CSD Solar(Joint Venture Company)

Generation capacity: 24,000 kw

# Transition to a Holding Company Structure

Transition to a holding company structure on October 2015



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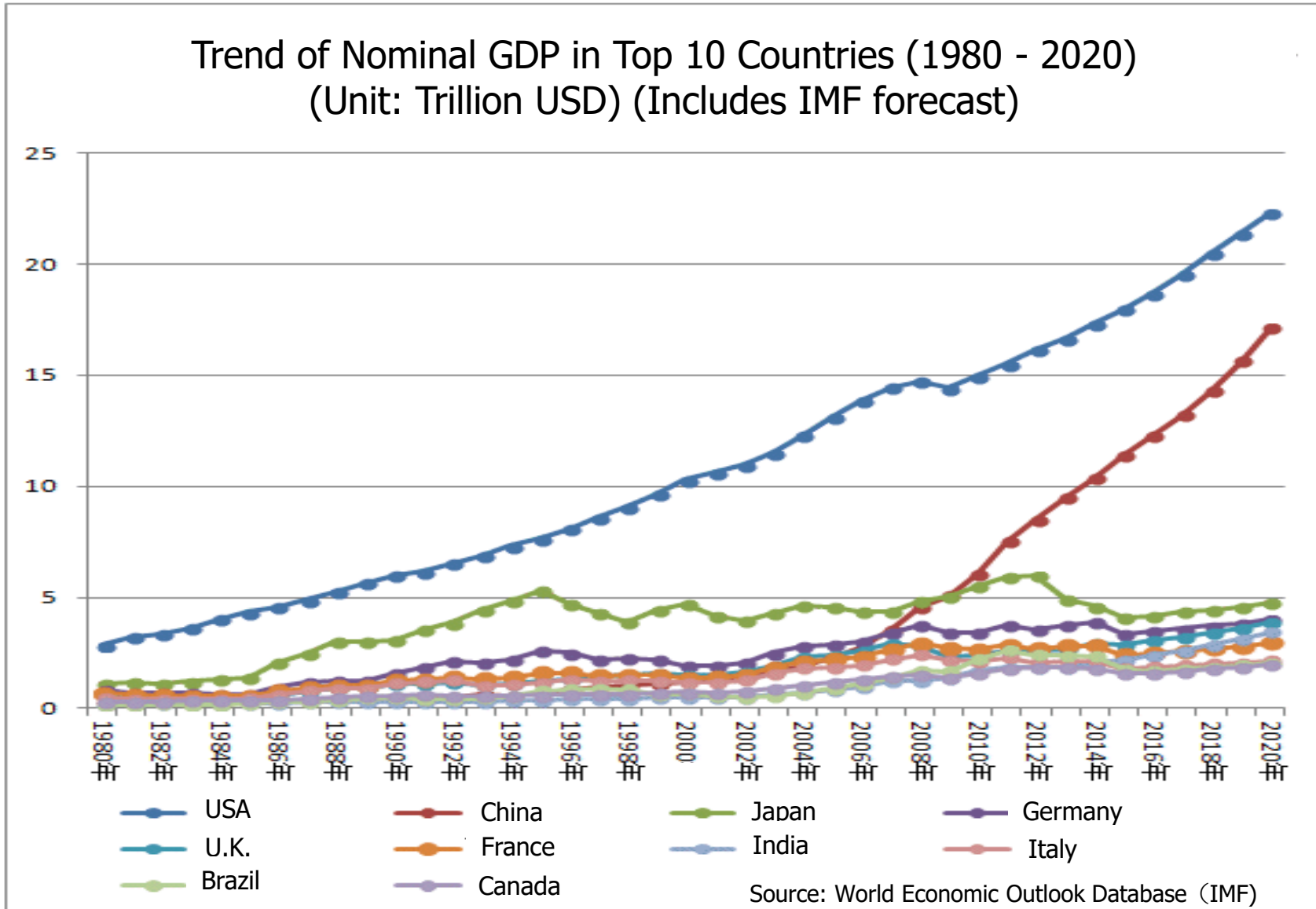
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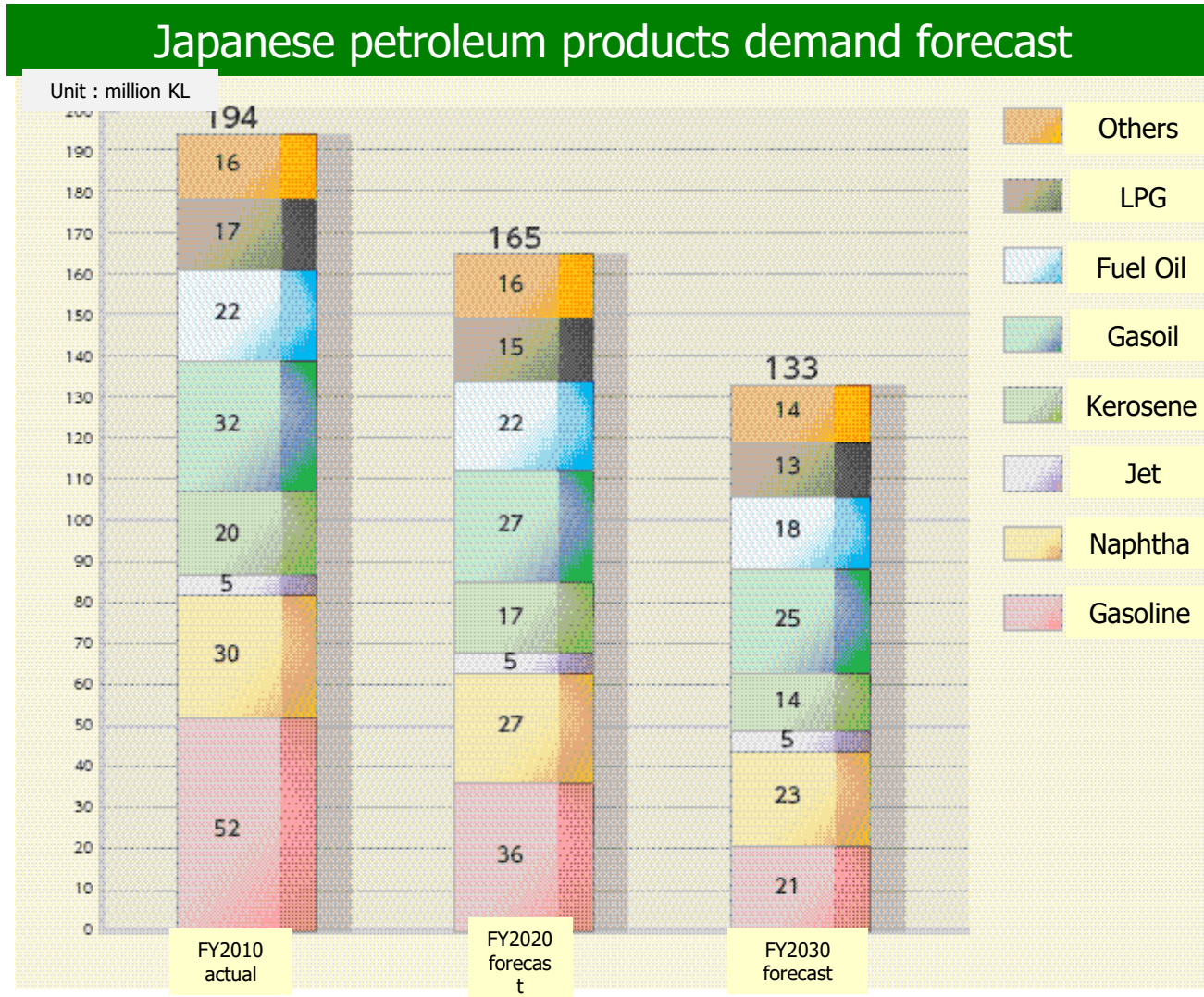
# Environmental Changes in Japan ①

Slow down of nominal GDP in Japan beyond mid-1990's



(The Oil Information Center, The Institute of Energy Economics, Japan)

## Declining Japanese petroleum products demand



Data Source: Advisory Committee for Natural Resources and Energy, Agency for Natural Resources and Energy

Produced by: The Oil Information Center, The Institute of Energy Economics, Japan

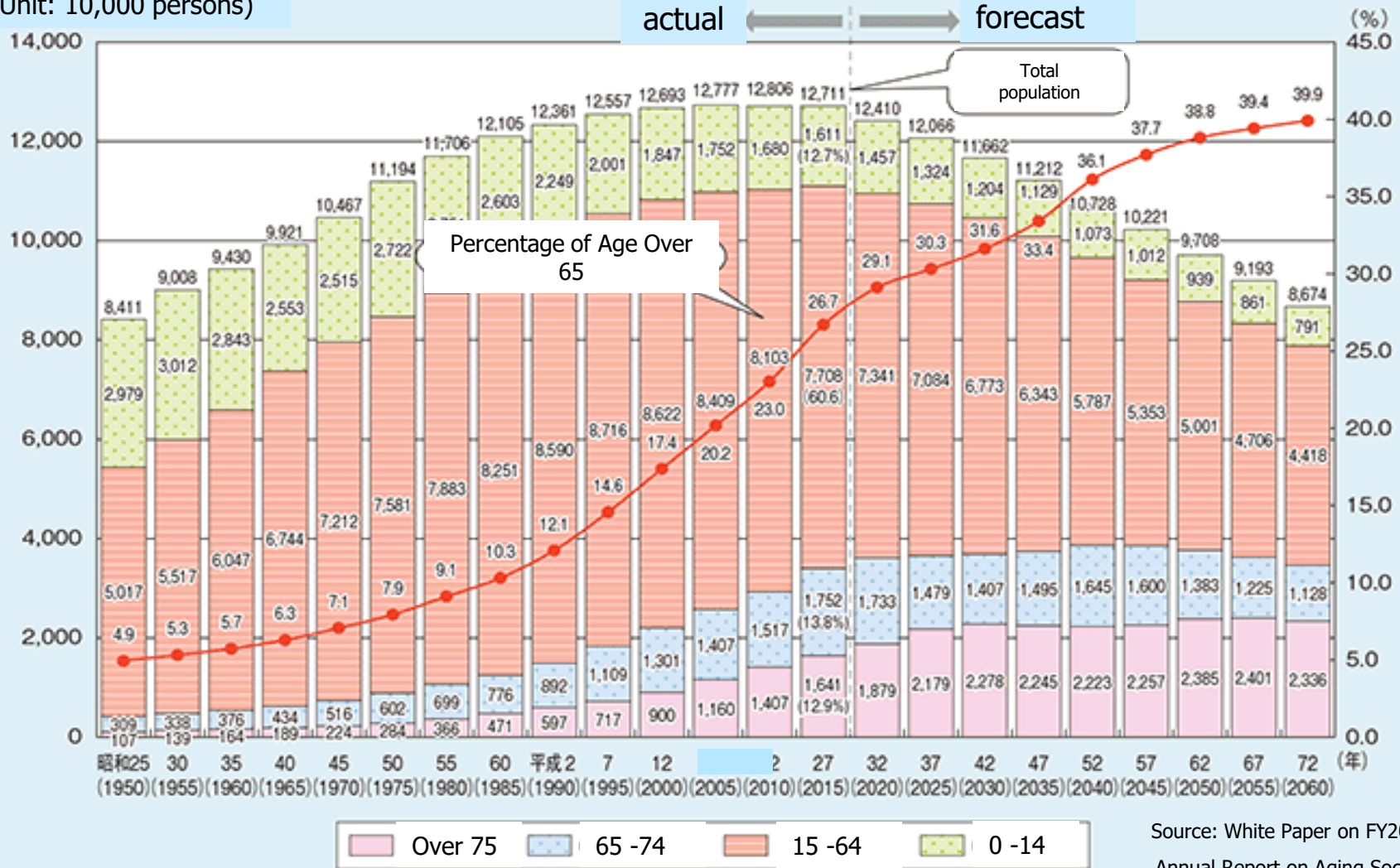
# Environmental Changes in Japan ③

## Ageing and declining population in Japan

Trend and Forecast of Ageing Population

(Unit: 10,000 persons)

actual ← forecast



Source: White Paper on FY2016 Annual Report on Aging Society



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# Transition of Human resource management in Japan

## 1950-1960 / Rapid economic growth period

Recruiting      Collective new graduates recruiting

Human Resources      Seniority system, Lifetime employment, Company union

**three  
Imperial  
Regalia**

## 1970-1989 / Stable-growth period to bubble economic period

Recruiting      Collective new graduates recruiting

Human Resources      Ability-based grade system, Lifetime employment

## 1990-2004 / Lost 10 years after bubble economy burst

Recruiting      Mid-career recruiting

Human Resources      Old performance-based system, Restructuring

## 2004- / Protracted deflationary depression, Globalization and Low birth rate and an aging population

Recruiting      Coexistence of new graduates and mid-career recruiting

Human Resources      New performance-based system, accommodate to globalization, Strategic human resources

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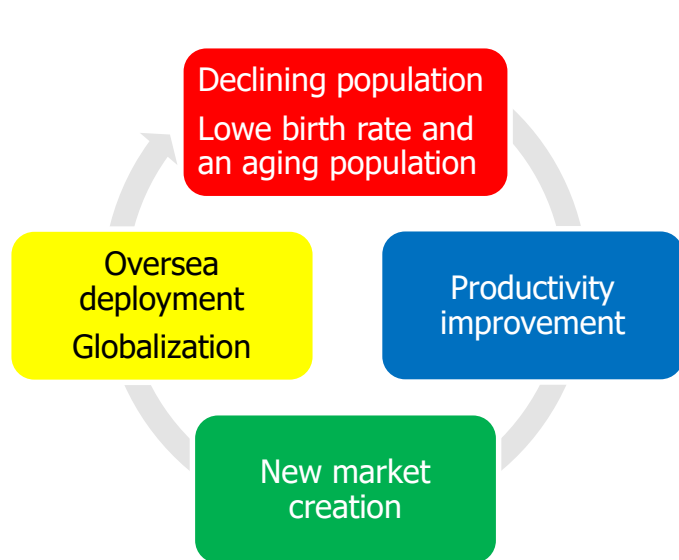
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## Management and human resources challenge of Japanese company

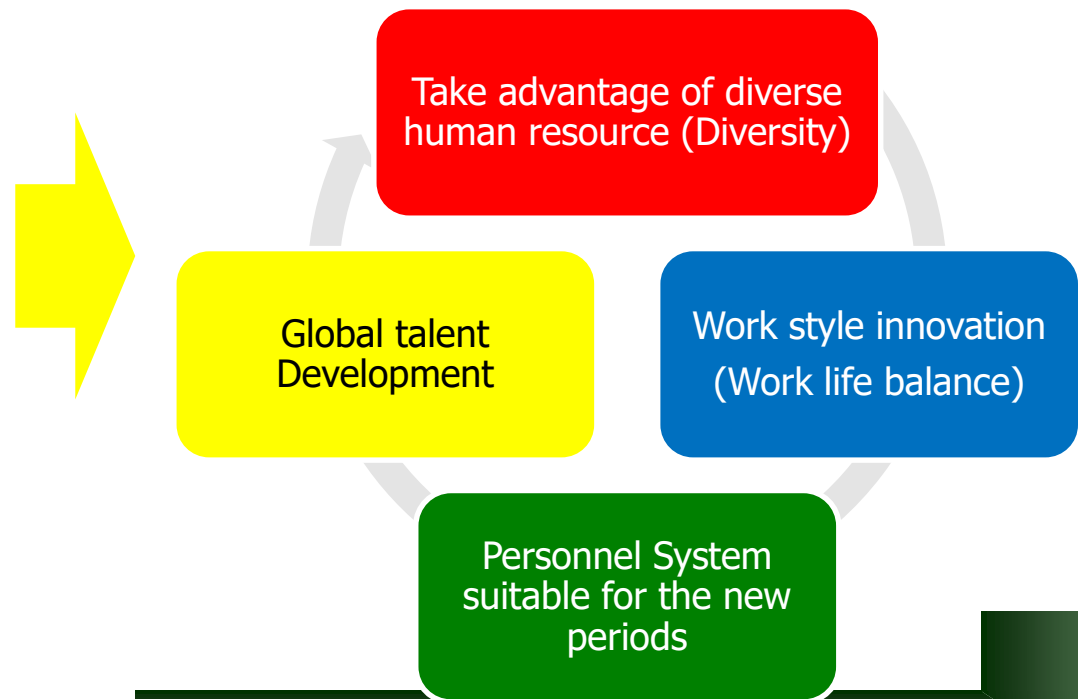
Because of declining population and Low birth rate and an aging population, Japanese company are facing unprecedented management challenges which other companies has never experienced.

Human resources challenges of Japanese companies are to solve these management challenges.

### Management challenge of Japanese company



### Human resources challenge of Japanese company



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## Cosmo energy group's action

### Diversity

1. Place the Diversity promotion dept. for respect diversities and promote to give various human resources full play.
2. Set target 3 times more women managers in 2020 compare to 2015. Individual development program. Change mindset.

### Work style innovation

1. Productivity improvement
  - Set working hour target
  - Promote to acquire paid holidays
  - Shift from night to morning
2. Pleasant working environment
  - Short-time work, Work at home, Leave of absence (return to work) etc.

### Personnel system

1. Basic Philosophy
  - Reinvention of company culture
  - Activation of human resources and organization
2. Specific actions
  - Performance-based bonus system
  - Shorten years of experience to be managers
  - Assessment system renewal
  - Leader development
  - Recruitment of external talent

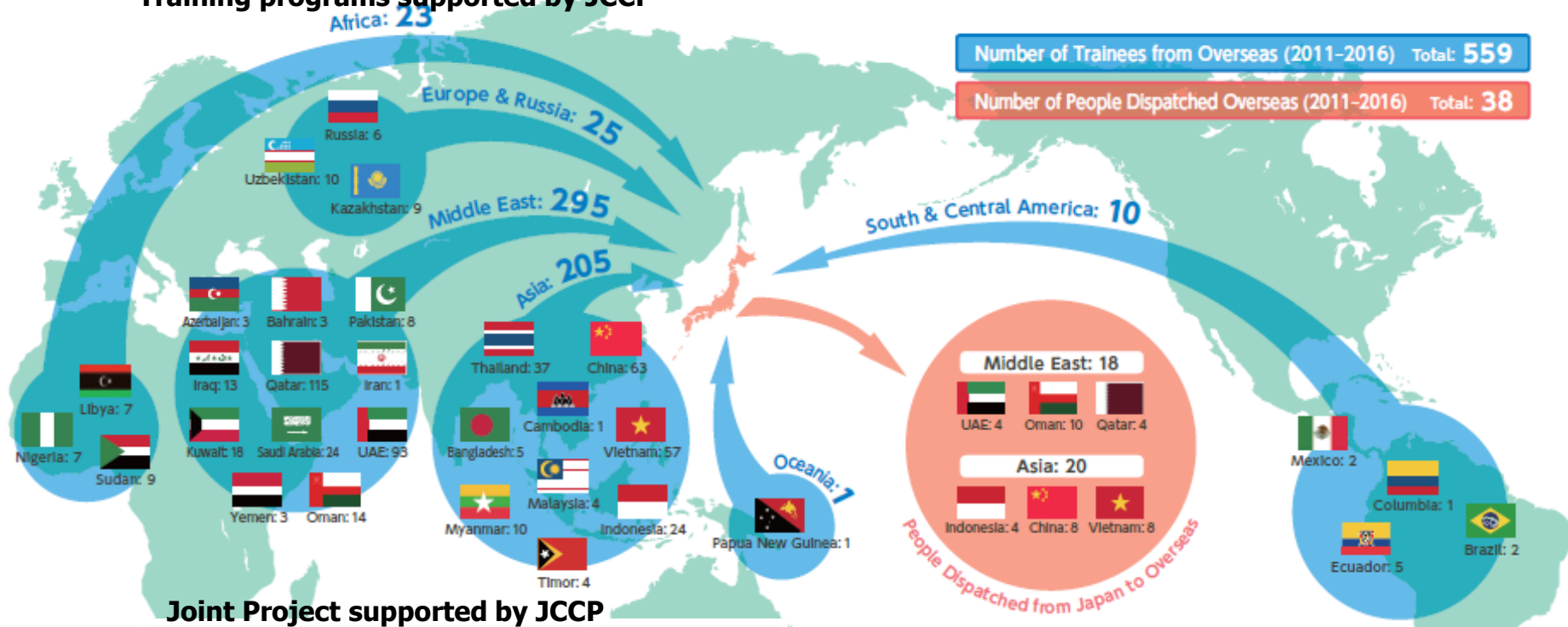
### Global talent development

1. Expand number of employees experienced oversea office
2. Appoint a person to study at university abroad and in Japan
3. Introduce English ability for promotion criteria to be managers

# <reference> Cooperation Activities supported by JCCP

**Over 3,000 People from 30 countries !!!**

Training programs supported by JCCP



Joint Project supported by JCCP

Country	Description	Period
Oman	Operation Improvement (See the lower column.)	2004 onward
Ecuador	SS soil improvement	2015 onward
Iran	Vapor recovery at shipping facilities	2001-2004
Iran	Drainage measures	2006-2007
UAE	Zero flares (See the lower column.)	2002-2003
UAE	Marine pollution prevention	2015
UAE	PPS business examination	2015
Indonesia	Flare gas & hydrogen recovery	2001-2004

COSMO is cooperating for foreign oil companies continuously through training programs and projects supported by JCCP for more than 30 years.