

## Year 2000 Highlights

The goal of building a sustainable society is a common theme around the world; helping to create this lasting society also helps us as we work to build a sustainable company. Thus environmental and social performance join financial performance as the standards by which a truly excellent company is judged.

As a member of the petroleum industry, Cosmo Oil is keenly aware that the production of petroleum products, and the use of these products by consumers, results in environmental impacts such as CO<sub>2</sub> emissions. This is why we are implementing a number of activities to decrease these environmental impacts.

Here are some of the special activities of fiscal year 2000:

### Environmental Performance

#### Zero Flare Project

This ongoing project in Abu Dhabi began during the year. Gases emerging from oil fields are not burned off, but instead returned to the ground, reducing the amount of CO<sub>2</sub> discharged into the global environment. The Sour Gas Reinjection Project, the first step in this endeavor, was completed during 2000.

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#### Decrease of environmental impact

Oil refineries have the largest environmental impact of any part of our business. In order to decrease CO<sub>2</sub> emissions and prevent global warming, a number of energy-saving and waste-reduction methods are being applied.

In 2000, this resulted in a reduction of energy used by 6.7 percent from the figure for 1990.

The separation, reuse and reduction of waste materials meant that the amount finally disposed of was a full 73 percent below that of 1990.

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To deal with the need to reduce emissions of sulfur oxides (SO<sub>x</sub>) and nitrogen oxides (NO<sub>x</sub>), we are working to make further reductions by using low-sulfur fuel, improving the denitration of flue gas, and strictly observing all regulations.

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#### Development of environmental technology

To meet stricter sulfur content regulations (less than 50ppm by 2005), we are engaged in research into improving the performance of desulfurization catalysts.

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We successfully developed technology which drastically reduces the amount of excess sludge discharged from wastewater treatment facilities. Performance evaluation is scheduled from 2001.

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### Promotion of ETC with Cosmo the Card

Customers can join in environmental protection activities simply by using Cosmo Oil's Cosmo the Card credit card. By using ETC Cosmo the Card, customers can take advantage of ETC's (Electronic Toll Collection) ability to reduce traffic jams, and thus CO<sub>2</sub> emissions. Point collection campaigns also allow card users to convert points collected to actual donations to nature preservation organizations. → page 29

### Social Performance

#### Establishment of the Cosmo Customer Center

The creation of the Cosmo Customer Center, a unified customer inquiry reception center, makes possible swifter communications. → page 37

#### Social contribution

Long-term, ongoing contributions to society must be independent of the changes in corporate performance; our employees' voluntary participation is a critical factor; and our participation illustrates Cosmo Oil's originality. These are the themes for our contributions to the local and global community. These include headquarters-based activities such as Cosmo Waku Waku Camp, an activity for children who have lost parents in traffic accidents, and local charitable activities centered around the oil refineries, such as youth baseball games, soccer schools and other actions. → page 36

### Economic Performance

#### Distributed power business

To realize the potential of petroleum-fueled fixed fuel cell systems, research and development is being carried out—and actual results being seen—in micro gas turbines and cogeneration systems. → pages 9, 31

#### Cooperative tanker company efforts

In November of 2000, Cosmo Oil joined with Nippon Mitsubishi Oil Corp. to create Nippon Global Tanker Co., Ltd., for joint tanker operations. This will help to decrease fuel consumption by more efficient tanker deliveries and operations. → page 25

### Integrated Performance

#### Basic policies on the environment and safety

To make clearer future policies on the environment and safety, the company's Global Environment Committee established the Basic Policy on Safety and the Environment in February, 2001. → page 11

#### Introduction of environmental accounting

Established during 2000, environmental accounting is scheduled to go into effect and be enforced from 2001, and will serve as a tool for environmental management, allowing for greater precision. → page 19