

## Strengthening Management Bases and Improving the Corporate Value of Cosmo Oil Based on the Triple Bottom Line: the Environment, Society, and the Economy

### As a Member of the Energy Industry

Cosmo Oil, as a member of the energy industry, has been working hard to fulfill its social responsibilities to provide a stable supply of petroleum-based products for many years. With the increasing public recognition of the importance of environmental protection, there also is a demand from the market for enterprises not only to fulfill environmental regulations and meet their social responsibilities but also to take the lead in environmental protection and to disclose related information.

This trend has been accelerated by the increasing number of green consumers who are willing to selectively purchase environmentally friendly products and green investors who invest into those companies that are advanced in their environmental protection.

Becoming an environmentally advanced company is one of the goals of our two-year business plan from 2001 called "Value Creation 21". We have

set this goal based on the awareness that, in order to become a sustainable company while meeting social responsibilities in today's changing business world, Cosmo Oil must strike a balance between the environment and the economy.

### Establishment of a New Organizational Structure for Environmental Management

Cosmo Oil set up the Global Environment Committee and was promoting the development of basic policies and environmental activities in each department with the initiative of the Action Group. Each division made these efforts separately, but we now believe they must be implemented as coordinated company-wide activities.

In view of the current demand from society and the company's circumstances, we recognize that environmental issues should be tackled from a managerial viewpoint and thus, in order to expand our environmental protection activities, we will introduce a

### Basic Policy on Safety and the Environment

The mission of Cosmo Oil, as a member of the energy industry, is to make local and global efforts for environmental protection. The Basic Policy on Safety and the Environment, which was created by the Global Environment Committee in February 2001 in order to clarify the existing policy, defines our consensus and commitment to society.

#### Basic Policy on Safety and the Environment

##### Recognition

Cosmo Oil is a major energy supplier providing Japan with energy through petroleum refining and sales; it recognizes the importance of providing a safe and stable product supply while protecting the regional and global environment.

##### Safety Policy

Cosmo Oil sees safety and the development and maintenance of stable operations as extremely important missions. As its business involves combustibles, high-pressure gases, and other potentially dangerous materials, it must work for the sake of the community, its employees, and those engaged in its business activities. It must also secure the safety of those inhabiting nearby areas.

##### Environmental Policy

Cosmo Oil responds to environmental problems as one of its most important activities. The company aims to minimize the environmental impact which occurs through its business activities and to apply the best of its abilities and technological skills it has developed over the years to contribute to society through the development of environmental technology.

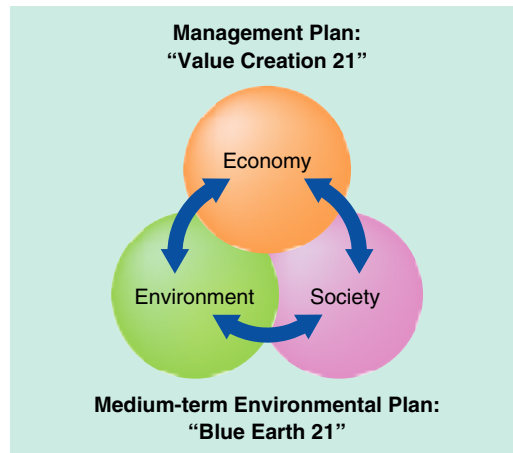
unique environmental management system (EMS) which encompasses the whole company in FY 2002. In addition, we will reestablish our organizational structure to clarify where the company's environmental decision-making authority lies so that the PDCA (Plan-Do-Check-Action) cycle is effectively implemented. This will be made possible by placing the "Global Environment Committee", which promotes environmental protection, and the "Comprehensive Safety Action Headquarters", which promotes safety, under the control of the Executive Board.

Cosmo Oil drew up a new medium-term environmental plan, "Blue Earth 21\*", as a goal shared and strived for by all employees. It demonstrates our efforts to address environmental issues both internally and to the public. "Blue Earth 21" includes action targets for the reduction of environmental impacts. These targets cover all stages of the life cycle of our products from oil development and production to distribution and sales at service stations.

We also set action targets with social aspects from the viewpoint as a corporate citizen.

Hence, we strive to operate our business based on "Blue Earth 21", a medium-term environmental plan, and "Value Creation 21", which is a business plan, focusing on the triple bottom line: the environment, society, and the economy.

\*See pages 7 and 8 for details.



## Promotion of Continuous Improvement through PDCA Cycles by a New Organizational Structure for Environmental Management

