

To fulfill our social responsibility to provide a stable supply of energy, we work to build good relationships with our stakeholders.

Background—oil and Japan

Here are a few figures to put things into perspective. About half of Japan's energy consumption is supplied by oil. And Japan is the second-largest*¹ oil consuming country in the world, importing 99.7% of its oil from overseas.

There are 22 oil refining and sales companies operating in the country and their total net sales amount to 17.782 trillion yen (fiscal 2001).^{*2} Cosmo's share of all petroleum products sales oils combined is 13.6% (ranking third in Japan's petroleum industry).

Meanwhile, petroleum products are subject to seven different oil-related taxes^{*3} in Japan. On a budget basis in fiscal 2003, the tax revenue is estimated to reach 4.890 trillion yen, about 87% of which will be used for roads and airports, and about 13% for energy-related activities. Combined

with about 760 billion yen levied through consumption tax, the total tax collected from oil will be about 5.65 trillion yen.

Business activities of the Cosmo Oil Group

We believe that the mission of the energy industry is to provide a stable supply of energy and products that have low environmental impacts through their entire life cycle. In order to achieve a stable supply of oil, Cosmo Oil works to build good relations with oil-producing countries such as Abu Dhabi, and to expand activities with a diverse range of stakeholders in Japan, including our customers, shareholders, suppliers, and non-profit organizations that work for environmental and social causes, as well as with the organizations we assist, including those overseas.

*1. Volume of consumption in 2001 was 5,427 thousand barrels a day, which corresponds to 7.2% of the world total. Japan is the second largest oil consuming country after the United States, which consumes 26.1% of world oil consumption.

*2. From *Heisei 14 nen Sekiyu Shiryo* published by *KK. Sekiyu Tsushinsha*.

*3. Petroleum duties, gasoline tax, local road tax, light oil delivery tax, liquefied petroleum gas tax, aviation fuel tax, and petroleum tax.

Our stakeholders and way of communication

Customers

Cosmo the Card Eco cardholders	Collaboration through Living With Our Planet Project
Cosmo service station users	Customer center
Corporate and other institutional customers	Information exchange

Authorized dealers/retail shops

Information exchange at authorized dealers' meeting, education and learning

Employees

Labor-Management Council, training programs for different levels and positions

Shareholders/investors/financial institutions/rating agencies

Information disclosure for analysts and investors, investor's newsletter and questionnaires, communication on social responsibility activities

Government (METI, etc.)

Collaboration for oil storage and development, collaboration for international cooperation

Oil producing nations

National oil companies	Technical assistance/human resource development assistance
Overall society	Social and environmental contributions

Local communities

Environmental impacts and environmental regulations/agreements, community activities

Non-profit organizations

Collaboration for social and environmental activities

Overall society

Children and future generations	Environmental reports and questionnaires, education and learning through environmental advertising
---------------------------------	--