

# Commitment

Web page <http://www.cosmo-oil.co.jp/eng/sustainable/06/commit.html>

## To be a corporation worthy of continuous trust and respect from society

We resolve to work out the system of steady supply of energy with safety as its first principle, and to raise further awareness among our company of the imperative need of that principle, having a profound sense of responsibility to the unfortunate accident and a series of insufficient compliance, we currently went through.



### About the accident, a series of insufficient compliance

We deeply apologize to everyone for the fire at the Chiba Refinery in April 2006, and for the past law violations found subsequently.

Right after the fire occurred in the Chiba Refinery, we set up the "Accident Investigation Committee" with the participation of external experts and the authorities concerned. The committee found the causes of the accident, analyzed them thoroughly, and drew up an investigation report in late June.

Two weeks after, we came across an internal report which informed that the same equipment had experienced another accident in 1995 but no notification had been issued to administrative authority. Furthermore, an additional investigation revealed that there were law violations such as unauthorized repairs at the Yokkaichi, Sakai, and Sakaide Refineries.

We imposed penalties on our executives and administrators responsible for these serious problems, and with deep and company-wide regret, we will make every effort to investigate further into the cause of the problems and take all the preventive measures to recover our credibility.

### With our deep regret for the problems = Thorough compliance and awareness raising =

The report made by the Accident Investigation Committee presented no information about the past accident in the same equipment. Some individuals participated in the committee knew about the incident, but unfortunately, they could not disclose it.

Presumably, there were some elements in the background of a series of improper procedures and insufficient compliance.

Our refineries are running with a rather pyramidal management structure in order not to disrupt oil production and to secure high level of safety. A series of recent

In striving for harmony and symbiosis between our planet,  
man and society,  
we aim for sustainable growth towards  
a future of limitless possibilities.

Harmony and Symbiosis

- Harmony and Symbiosis with the Global Environment
- Harmony and Symbiosis between Energy and Society
- Harmony and Symbiosis between Companies and Society

Creating Future Values

- Creating the Value of "Customer First"
- Creating Value From the Diverse Ideas of the Individual
- Creating Value by Expressing Collective Wisdom

incidents, however, suggest that such structure may sometime neglect active horizontal cooperation and communication within the organization, and also, may sometime obstruct the bottom-upped opinions to be picked up. Both of which, I believe, would weaken the awareness of compliance.

At our refineries, we deal with petroleum, hazardous material. So we have a keen sense of responsibility for safety.

As we are dealing with highly public as well as hazardous substances, our duties are strictly controlled by regulations by means of conducting double and triple checking system. At the same time, it is most important for us to gain reliance from society through a thorough compliance.

I am confident that we can take the first step toward recovering our credibility only when each staff of the various fields of the company fully comprehends and shares the meaning of compliance. I am now working on to reinforce our system to prevent any accident by reviewing the current work flow and setting up the "Refinery Compliance Committee." As the President of Cosmo Oil, I will take the initiative in raising in-house awareness while asking what the company should do as a member of the community, and what kind of role each employee should play as a member of the company.

Moreover, the refinery directors, branch office managers, department chiefs, and other members of the top management, including myself will take initiative to improve the corporate culture so that the field opinions shall be easily picked up and communication is actively promoted.

**Toward the recovery of our reliability  
= Pursuing our role in society=**

We have two symbolic phrases that describe our Management Vision; "Filling Up Your Hearts, Too" and "Living with Our Planet." We believe our role in society is to realize the value we are giving to these phrases,

through a safe and stable supply of energy supporting human life and industries, while maintaining a good relationship with all our stakeholders.

In order for Cosmo Oil to be a corporation worthy of continuous trust and respect from society, I believe that every staff member, in each duty, must recognize this "role" through the activities ranging from crude oil development to sales of petroleum products, as well as peripheral businesses and all the fields including environmental conservation to realize a globally sustainable society.

Since the fiscal year 2005, the Cosmo Oil Group has been carrying out activities for strengthening safety control and awareness of compliance, to promote CSR management as one of the main principles of our current medium-term management plan. In February 2006, we signed the Global Compact proposed by the United Nations to commit our corporate position as a member of the international society. All that notwithstanding, I must say we are now encountering difficult situation.

To restore the trust from our stakeholders, we will make efforts to take preventive measures by remembering our original purposes—what is our essential role and what value we can provide for society.

We will continue with our investigation to clarify the whole picture of the problem and will disclose the results on our website as soon as possible. We will also describe the resulting activities and preventive measures in the next report. I would like everyone to continue giving guidance and support to the Cosmo Oil Group.

Yaichi Kimura

President  
Cosmo Oil Co., Ltd.

