

Governance Aspect

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Activities for Recovering our Credibility

~ To reform our systems and awareness for safety and compliance ~

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

The April 2006 accident in the Chiba Refinery as well as a series of the improper procedures occurred at our refineries. Due to these problems, we have lost the trust of our customers. With our deep regret, all the personnel of the Cosmo Oil Group will make efforts to take the preventive measures of recurrence and recover our credibility.

After carefully reviewing the causes and backgrounds of the problem, we have started addressing inadequacies in our safety control and compliance systems. We regret that the highest priority was not fully given to safety and compliance in our

corporate culture, so we have also started activities for reforming the awareness of safety and compliance.

To put it concretely, all the refineries shall quickly implement the preventive measures and reinforce their checking and monitoring systems. We also set up the "Refinery Compliance Committee" in order to study and verify the actual work at our refineries and to improve the level of compliance.

To raise the awareness of compliance further, I think that it is essential to conduct the various activities to ensure that each staff member understands it thoroughly. Accordingly, all the personnel must do their daily work based on the following points of view:

- Do not neglect compliance in favor of the immediate profit.
- Check whether our actions represent common sense from the social standpoint.
- Have a good communication.
- Establish a favorable relationship with our partners, such as associate companies, dealers, and authorities.

With these approaches in mind, we will grasp the current status of the company and verify 1) whether there is incompleteness in our checking regulations in all the tasks and 2) whether the internal checking systems are functioning. Furthermore, we will make improvements based on the verification results and establish the sound and transparent governance system so as to recover our credibility and to reform both of our total system and awareness.

