

A Commitment from Top Management

<http://www.cosmo-oil.co.jp/eng/sustainable/07/commit.html>

Cosmo Oil will return to its origins and solidify our position as we tackle the next challenges. While creating a corporate culture that enables employees to share pride and a high sense of ethics, Cosmo Oil is accelerating initiatives for achieving a sustainable environment for our planet.



Never Forgetting the Lessons Learned from the Accident and Legal Violations

We at Cosmo Oil are all working together to strengthen our safety management structure and to implement and promote a wider awareness of compliance.

I would like to once again sincerely apologize for the troubles and concerns we caused everyone as a result of the fire at the Chiba Refinery in April 2006 as well as for past violations of the High-Pressure Gas Safety Law at refineries that were uncovered the following August.

I attribute the legal violations primarily to the "lack of compliance awareness" and "a closed corporate culture." Also, because we failed to realize that "a company is a member of society," which is a prerequisite for a company's existence, we not only received severe administrative penalties but also caused serious anxieties and troubles for our customers and residents of local communities. We take this

matter with utmost seriousness, realizing that these incidents had a negative impact on Cosmo Oil's operations and that our very existence as a company was inevitably being questioned.

While management of the Cosmo Oil Group, myself included, and other relevant parties are held responsible for causing such a regrettable situation, we are actively pushing ahead with company-wide reforms and other measures based on our strong resolve to prevent a recurrence of similar incidents and to regain the trust of society. Specifically, we are undertaking comprehensive examinations of refinery safety management in addition to re-evaluating our business process flow and revamping internal organizations to bolster checking functions in our production sections. As we promote a shared recognition of the roles that must be played by individual employees, who are simultaneously members of society and stakeholders in the Cosmo Oil Group, we are resolutely executing internal reforms aimed at implementing and fostering a wider awareness of compliance throughout the Company.

We are still in the process of implementing reforms aimed at preventing a recurrence of past improprieties. Nonetheless, we have already made notable strides in nurturing a corporate culture where all employees are bound by a strong determination to undertake safe operations. Entrusted with a crucial mission of providing society with stable supplies of energy, we intend to build an unshakeable foundation for trust as a company worthy of continuous trust and respect of society. In tandem, we undertake our utmost efforts to ensure that we never forget the lessons learned from the accident and legal violations as we continue to reform our compliance awareness and put this awareness into practice.

Returning to the Origins of the Cosmo Oil Group's CSR Management in 2007

With the commitment of all employees, we will solidify our approach to strengthening our bonds of trust with society and strive to make contributions that benefit stakeholders.

Fiscal 2007 is the final year of our three-year consolidated medium-term management plan under which "promoting CSR management" is being emphasized. We have rebuilt our structure for restoring trust,

Cosmo Oil Group Management Vision

In striving for harmony and symbiosis among our planet, humankind, 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 Value

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

as each employee focuses on returning to the origins of the Cosmo Oil Group's CSR management and reaffirms his or her own awareness of the roles he or she must play for stakeholders.

By providing society with stable supplies of energy, the Cosmo Oil Group serves vital functions that include raising convenience in people's daily lives across all walks of society and supporting the vitalization of industry.

The value we provide is symbolized by the mottos that express our Management Vision: "Filling Up Your Hearts, Too" and "Living with Our Planet." We believe that the key to sharing this value is to forge deep relationships of trust with all stakeholders.

Additionally, "establishing a stable earnings foundation" and "promoting operations that fulfill our responsibilities to society" also represent two key pillars of our operations. Establishing a foundation for stable and sustainable earnings requires that we meet the expectations of stakeholders and earn their trust, which is predicated on undertaking safe operations and providing stable supplies of energy. As each employee maintains an appropriate awareness of these requirements, we aim to promote the Cosmo Oil Group's CSR management backed by a total commitment from all employees.

Honestly Fulfilling Our Responsibilities While Taking on the Challenges of Creating New Value

We will contribute to global environmental protection through our businesses and environmental communication.

As one crucial management issue, the Cosmo Oil Group has been addressing a host of environmental issues since the early 1990s, and in doing so, has won acclaim from society as "Environmentally friendly company, Cosmo." In fiscal 2007, we will strive to further reduce the environmental impact of our daily business activities while researching and working toward the commercialization of forms of energy with minimal environmental impact. In keeping with these efforts, we are accelerating initiatives geared toward meeting new challenges in our environmental businesses. Taking a long-term view, we plan to engage in the solar heat power generation business in the Middle East and other regions and bio-fuel business in various South Pacific island nations. Also, as a new business field, Cosmo Oil will undertake the global development of businesses that utilize 5-aminolevulinic acid (ALA), which is attracting attention as a growth-promotion mechanism.

On a different front, we remain dedicated to promoting environmental enlightenment activities aimed at heightening concern for global environmental issues among numerous people and spurring their participation in environmental protection. At the same time, we remain wholeheartedly committed to activities that support people and communities directly facing serious environmental problems that threaten the sustainability of the Earth.

As a member of the international community, in February 2006 the Cosmo Oil Group signed the Global Compact proposed by the United Nations. In the future as well, while collaborating and cooperating with society, we will work to find solutions to various environmental problems.



Participation in "Cosmo Earth Conscious Act Cleanup Campaign on Mt. Fuji," a cleanup activity held in August 2006

Aspiring toward "Filling Up Your Hearts, Too," for Stakeholders

We are striving to be a company where each employee can work with a sense of pride.

Finally, I firmly believe that "people" are the essence of a company. Employees are also crucial stakeholders forming the foundation that supports the continued existence of the Cosmo Oil Group. Enriching the lives of employees is contingent upon earning the support of society, ensuring safety, and expanding or maintaining stable business results. This, in turn, requires that we satisfy conditions as a company worthy of continuous trust and respect of society. In other words, I believe that employees serve as a crucial "force" in forming the cycle of trust linking society and the Cosmo Oil Group.

In keeping with this concept, we will proceed with the creation of an environment that nurtures a corporate culture where people in the Cosmo Oil Group can work with a sense of pride and mutually raise their sense of corporate ethics. To ensure that Cosmo Oil is a company where each employee can utilize their capabilities and work with satisfaction, we continually strive to improve our personnel systems and work environment.

With the commitment and understanding of all employees, the Cosmo Oil Group will redouble efforts to regain stakeholder trust as a company that fulfils its responsibilities to society while working to make contributions that benefit all stakeholders.

In the future, I ask for your continued guidance and support of the Cosmo Oil Group.

Y. Kimura

Yaichi Kimura
President
Cosmo Oil Co., Ltd.