

Top Management Commitment

Putting CSR into practice

Driven by their motivation and understanding, all employees of the Cosmo Oil Group are putting CSR into practice and giving back to stakeholders.

What is Cosmo Oil's basic concept of CSR?

As many people have learned through newspapers and television as well as in their daily experiences, the environment surrounding Japan's petroleum industry has changed dramatically in recent years, making it increasingly difficult to run a business like Cosmo Oil. The rapid rise in crude oil prices is having a major impact on the lives of citizens and performance of industries in Japan—an impact not limited to the petroleum industry.

Looking ahead, global demand for petroleum is expected to continue to surge, particularly in emerging economies, which is where the world's population will increase. For these reasons, crude oil prices are likely to remain high into the future, yet in Japan, demand for petroleum products is decreasing due to such factors as the declining population, improved fuel consumption in automobiles, and a shift to social practices that leave a smaller carbon footprint.

In this context, we are even more conscious of our social mission to provide a stable supply of petroleum. It is imperative that we focus our energies on stable oil procurement, safety measures at refineries, and capital investments to enhance environmental efficiency. At the same time, we will push forward with activities that fulfill our corporate social responsibility, such as ensuring thorough compliance and addressing global environmental problems to bring about a sustainable society.

How will CSR management be promoted in the New Consolidated Medium-Term Management Plan?

For some time now, the Cosmo Oil Group has positioned reinforcing the earnings foundation and promoting CSR management as the twin pillars of its management in its commitment to realizing sustainable growth while coexisting with the Earth's environment. We also set the two goals of "contributing to harmony and coexistence between society



and the environment through sustainable development" and "becoming a corporate group trusted and preferred by stakeholders" as the core vision of our CSR management. The pillars of our CSR management are "compliance, people and the environment."

The basic policies of the third Consolidated Medium-Term Management Plan, which we commenced in fiscal 2008, call for promoting CSR management, in addition to rebuilding the earnings foundation and taking the first step in the next growth stage. To put these policies into action, we establish consolidated medium-term CSR management plans every three years.

What kind of progress do you think Cosmo Oil has made with its CSR management?

Looking back on the Company's history, our initiatives in CSR management really got off the ground in 2004; prior to that, the focus was on ensuring that employees understood CSR. Although we are not yet completely satisfied, we have made progress in raising the awareness of employees, and I feel that we are now at the stage at which we can put concrete initiatives into action.

In January 2008, we established the CSR Promotion Committee to oversee CSR and internal control activities under the direct supervision of the president. This integrated the CSR activities that each division had previously carried out independently.

Cosmo Oil has also expanded its "Filling Up Your Hearts, Too" Declaration program as part of CSR.

Along with the Cosmo Oil Group's slogan of "Filling Up Your Hearts, Too," we launched the "Filling Up Your Hearts,

Too” Declaration in fiscal 2007. Led by the sales divisions, the program aims to bring the experience of “Filling Up Your Hearts, Too” directly to our customers. There are two aspects that I feel are particularly important.

The first is the participation of all employees. If all Cosmo Oil Group employees—from manufacturing divisions, distribution divisions and affiliated companies, along with the sales divisions—participate, we will be able to earn customers’ trust and ensure their satisfaction.

The second aspect is the satisfaction and fulfillment of the employees that participate. Our programs will be voluntary and constructive when each employee is highly satisfied, and this is what will enable stakeholders to experience the message behind “Filling Up Your Hearts, Too.”

What are your thoughts on Cosmo Oil’s mission to provide a stable supply of oil?

Amicable relationships with oil-producing countries are essential to ensuring the stable supply of oil—the mission and fundamental premise of our business. Over the past 40 years, the Cosmo Oil Group has built up a strong relationship of trust with the United Arab Emirates (UAE), particularly the Emirate of Abu Dhabi. We have extended our interactions not only in economic matters, but also cultural, educational and environmental areas, creating a firm partnership that has resulted in the steady supply of oil from this country that continues to this day.

In addition, in 2007 we formed a strategic affiliation with the International Petroleum Investment Company (IPIC), a government investment company in Abu Dhabi. This further reinforced the Cosmo Oil Group’s ties with the Emirate of Abu Dhabi.

What have the Company’s CSR activities achieved, particularly in the environmental field?

Oil consumption has a heavy impact on the environment. After quickly recognizing this fact, we moved ahead with a variety of initiatives aimed at facilitating coexistence with the Earth’s environment.

The most important step we took was reducing the environmental impact of daily business activities. We have endeavored to give back to local communities by employing the technical skills the Group has developed thus far. These initiatives have yielded very promising results. For example, the Cosmo Oil Group succeeded in mass-producing 5-aminolevulinic acid (ALA) that stimulates photosynthesis in plants and enhances their productivity—this can potentially lead to increased food production. We have already commercialized ALA as a fertilizer, and it has won high praise around the world.



In August 2007, we participated in the Cosmo Waku Waku Camp in Yamanashi Prefecture’s Yuzurihara Youth Nature Preserve.

Could you tell us about Cosmo Oil’s various programs for contributing to society and the environment?

One example is the Living with Our Planet project, which has been ongoing since 2002. It is funded through the Cosmo Oil Eco Card Foundation using donations from members of the Cosmo the Eco Card. With cooperation from NPOs, NGOs, research organizations, local communities and governments, the foundation carries out projects for supporting sustainable development in developing countries and providing environmental education to children, who represent the hope for the next generation.

In addition, we pursue CSR management in accordance with the spirit of the United Nations Global Compact, which we signed in 2006.

In closing, please tell us your message to the stakeholders of the Cosmo Oil Group.

CSR is not a matter of concern for only a handful of employees. It is important that we create a virtuous cycle in which communities deepen their trust in the Cosmo Oil Group based on all Group employees’ understanding of CSR as demonstrated in their actions, which in turn leads to greater satisfaction and pride in their work. For this very reason, one of the major aims of the Second Consolidated Medium-Term CSR Management Plan was enhancing measures for promoting human rights and supporting human resources.

The entire Cosmo Oil Group will continue to work together to promote CSR while raising the awareness and satisfaction of all its employees.

Y. Kimura

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