

Realizing the Group's Ambition to Inspire

—Putting “Filling Up Your Hearts, Too” into action



Promoting the Group's Declaration to Enhance its Brand Image

Cosmo Oil's slogan “Filling Up Your Hearts, Too” represents the determination of the Group's many divisions to carry out its business operations with the trust of local communities. The Cosmo Oil Group is determined to fully apply this slogan in every day operations to offer customers and stakeholders the opportunity to actually experience the commitment of the Company.

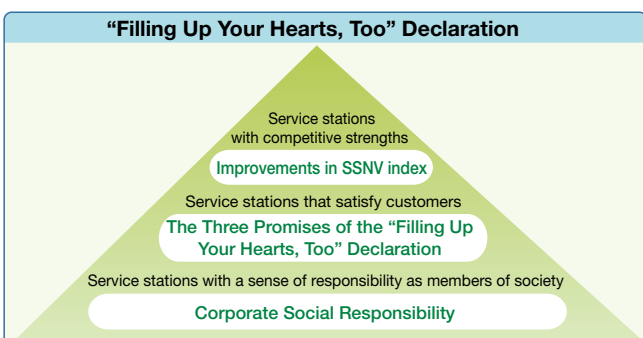
At the same time, this slogan raises the awareness of every employee and inspires pride and satisfaction in their work. The Cosmo Oil Group strives to cultivate in the employees of its wide-ranging divisions a sense of responsibility and pride in their work, and the motivation to work even harder as members of the

same company. We believe that this is the very bedrock of an organization's efforts to fulfill its CSR.

Fulfilling the “Three Promises” and Enhancing the Brand

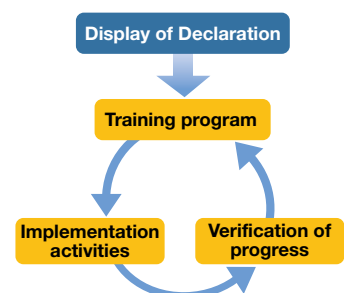
Cosmo Oil has initiated a sales promotion program entitled “Filling Up Your Hearts, Too Declaration 2008” to transform its commitment into specific actions. Since 1996, the Cosmo Oil Group has expanded its NAVI service station structural improvement program. In a response to deregulation of the industry brought on by the annulment of the Special Petroleum Law (Provisional Measures Law on the Importation of Specific Petroleum Refined Products), this program aims to improve the profitability of service stations by promoting self-service,

◆ Diagram



◆ Action Program for “Filling Up Your Hearts, Too” Declaration

Cosmo Oil has formulated an action program to fulfill the Three Promises to customers in the “Filling Up Your Hearts, Too Declaration 2008.” Cosmo Oil works together with its service stations that post the Declaration and participate in the program.



expanding the customer base by promoting Cosmo the Card credit cards, and augmenting car care operations. However, boosting the competitiveness of individual service stations is no longer enough to survive in the current conditions of the industry.

“The nation’s population began to decline in 2006, and with it, the market has been shrinking. In addition, we are seeing a clear downturn in fuel consumption, attributable to skyrocketing crude oil prices and more fuel-efficient cars. This will make customers more selective when choosing service stations. At the same time, the public is taking an increasingly harsh stance on companies’ violations of laws. Companies without thorough compliance will not only be less competitive, but they can be thrown out of the marketplace. In such an environment, it is vital to actually demonstrate to customers the essence of our slogan, ‘Filling Up Your Hearts, Too.’”

Takuichi Yoshimura, Marketing Group, Retail Marketing Department



Cosmo Oil deems it essential to improve customer satisfaction and reinforce the Group’s brand image by ensuring that its employees observe all laws without exception, its service leaves customers satisfied, and it acts according to the highest standards. This kind of solid foundation is necessary to attract customers to Cosmo Oil’s service stations and improve sales. Based on these concepts, the Company formulated its “Filling Up Your Hearts, Too Declaration 2008.” It lays out the Three Promises to customers for service stations to continuously fulfill, with the aim of further consolidating the brand power of the Cosmo Oil Group. The Three Promises are stated below.

Promise 1	Cosmo Oil service station outlets will be clean and customers will be greeted with a smile.	Comfort
Promise 2	Cosmo Oil Service stations will offer quality assured products and services.	Peace of mind
Promise 3	Cosmo Oil service station staff will be responsible for their answers to customers’ queries.	Trust

The Cosmo Oil Group created an action program for effectively fulfilling these promises. As part of this program, a copy of the “Filling Up Your Hearts, Too Declaration 2008” is posted in service station guest rooms, training is provided to employees, and third-party organizations conduct reviews to assess progress.



The “Filling Up Your Hearts, Too Declaration 2008”

Cosmo Oil is particularly focusing on training in its efforts to ensure that all employees of its service stations across the country fully understand the meaning of the Declaration. With respect to the Three Promises, training consists of keynote lectures and initiative reviews by outside instructors as well as exchanges of opinions. Unlike previous training, the Company has set up various training forums to facilitate participation and promote understanding. Given the numerous laws that service stations must observe, CSR training to ensure strict compliance has been made mandatory. This has deepened understanding of industrial waste disposal, among other matters.

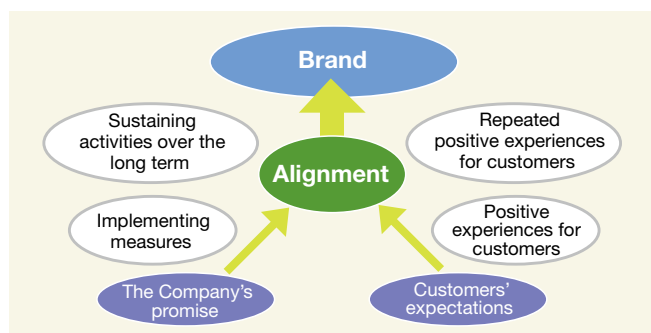


Training on the Three Promises of the Declaration

Third-party organizations review and report on Cosmo Oil’s progress in fulfilling the Three Promises as a means to ensure an objective assessment. Reviews are conducted at about 3,000 service stations where the Declaration is posted. Third-party reviewers visit the stations in the guise of regular customers so that they can evaluate the facilities and staff interactions from the customer’s perspective.

The assessments of compliance implementation is reported in the form of concise figures, and is conducted regularly with a particular focus on the Act on the Protection of Personal Information, the Fire Defense Law, and the Soil Contamination Countermeasures Law. Based on these assessments, the Company presents service stations that receive high marks for CSR, customer satisfaction and competitiveness with the Award for Excellence in “Filling Up Your Hearts, Too” Declaration, as a way to improve the motivation of employees.

◆ Establishing the Cosmo Oil Brand



◆ Main Laws Applicable to Service Stations

- Fire Defense Law
- Soil Contamination Countermeasures Law and Related Ordinances
- Water Pollution Control Law
- Waste Disposal and Public Cleansing Law
- Labor Standards Law
- Law on the Quality Control of Gasoline and Other Fuels
- Act on the Protection of Personal Information
- Consumer Contract Act
- Anti-Monopoly Law
- Law for Preventing Unjustifiable Lagniappes and Misleading Representation
- Road Trucking Vehicle Law

Program Tailored to Local Needs

The training and campaign forming the program's base are standardized nationwide, but the emphasis is changed to fit each branch office and carried out to suit the area's particular conditions.

"The Tokyo Branch Office, which manages stations in Tokyo and ten prefectures, focused on exceptional customer satisfaction, employee satisfaction and outstanding earnings power when disseminating the Action Program for "Filling Up Your Hearts, Too Declaration 2008" at the dealers. A variety of ideas were introduced to motivate the service station staff, such as setting up a contest."



Tadashi Okada, Manager, SS Support Group, Tokyo Branch Office

◆ Survey for Assessing the Success of the "Filling Up Your Hearts, Too" Campaign



The Web site for the survey

A service station posts customers' feedback

Concrete measures taken by the Company include the "Filling Up Your Hearts, Too Challenge" initiative for collecting customers' opinions of Cosmo Oil's service to reflect their views, and the "Clean-Up Campaign" for promoting a variety of concepts, including a tidy personal appearance and clean store displays. Furthermore, Cosmo Oil has prepared various tools for supporting service stations in their efforts, while promoting effective ways of using these tools to help the stations fulfill the "Filling Up Your Hearts, Too Declaration 2008." The ideas of the Declaration are also disseminated at individual service stations.

"The Saitama Company is focusing attention on greeting customers and maintaining cleanliness. We are confident that polite, appropriate responses to customers will raise the



Tsurugashima Service Station, Saitama Company

pride of employees and improve the image of service stations. Because some stations are self-service, employees are encouraged to make extra efforts to concisely explain our concepts to customers and aim to be the best service station in the area."

Chikara Nishikawa, General Manager, SS Department, Saitama Company, Cosmo Oil Sales Co., Ltd.

Service at stations depends significantly on individual staff, and in turn, employee satisfaction has a considerable impact on raising customer satisfaction. The Saitama Company's Tsurugashima Service Station used the "Filling Up Your Hearts, Too Declaration 2008" as an opportunity to focus their energy on enhancing employee satisfaction and motivation. The station manager meets with each employee before an important sales campaign to discuss how to greet and interact with customers to improve customer satisfaction.



"Taking an hour or so for one-on-one discussion considerably raises the understanding of employees. The staff's awareness improves after a thorough explanation of the most effective way to speak with customers and the reasoning behind it."

Takayuki Yamahata, Manager, Self & Car Care Station Tsurugashima, Saitama Company, Cosmo Oil Sales Co., Ltd.



Staff that customers can trust

◆ Rigorous Clean-up Standards

Clean-up concept

1. Cleanliness: operations to maintain a clean service station, and tasks for preventing dirtiness
2. Maintenance: maintenance and repair, regular and objective verification of clean-up operations and concomitant maintenance work
3. Sales promotion: guidelines shown in displays

Concepts are clearly defined, and personal appearance is also reviewed using posters and checklists.

◆ Tools Supporting Initiatives at Service Stations



Stand-by check posters



"Filling Up Your Hearts, Too" Q&A



Pamphlet covering the Three Promises of the "Filling Up Your Hearts, Too" Declaration



Clean-up and personal appearance checklist

Group Programs to Support the “Filling Up Your Hearts, Too” Declaration

Although the Cosmo Oil Group has been actively involved in CSR over many years, the “Filling Up Your Hearts, Too” Declaration has been a catalyst for a new way of thinking.

Because of the Declaration, every Company division, whether logistics, refineries or sales, now shares a common understanding of CSR. This understanding is reflected in all of the Company’s actions, from oil procurement to final delivery to the consumer, with the aim of meeting the public’s expectations and earning the trust of stakeholders. All of the Company’s actions are carried out with an awareness of stakeholders and are based on shared goals from the “Filling Up Your Hearts, Too” Declaration.

The Declaration has also given employees pride in their work and led them to take initiatives. CSR is not fully entrenched in a company if employees are merely passive; they must be proactively involved in carrying it out. The Declaration has provided an opportunity for employees to take more satisfaction in their work and encourage

voluntary actions.

Although the “Filling Up Your Hearts, Too” Declaration commenced only recently, the Group will continue to enhance awareness of CSR and programs promoting it, and strive to further raise the public’s trust in Cosmo Oil as a company people depend on and admire.



Opinion

The Cosmo Oil Group’s Initiatives for the “Filling Up Your Hearts, Too Declaration 2008”

I am very impressed with the Cosmo Oil Group’s proactive efforts to carry out its sales promotion program, “Filling Up Your Hearts, Too Declaration 2008,” both in terms of CSR and brand management.

The Three Promises and CSR training forming the core of the program are framed around the mainstay commerce of the service stations, namely selling gasoline and related products to customers in compliance with laws while at the same time providing “comfort, security and trust.” Such a narrow focus is by no means a weakness. Indeed, having the service stations, which are the first point of contact with consumers along the oil distribution channel, take responsibility for fulfilling Cosmo Oil’s first priority of meeting its social responsibilities demonstrates to me that the Group firmly believes that CSR is carried out through its core business.

The twenty-first century will be the age of the corporate brand rather than the product brand. We are once again seeing a growing focus on companies instead of products as product life cycles have been shortened due to recent consumption trends and the public’s awareness of compliance has been heightened in response to corporate scandals.

Mika Takaoka

Associate Professor, College of Business, Rikkyo University

Profile

Ms. Takaoka received a PhD in Economics from the University of Tokyo’s Graduate School of Economics, specializing in logistics system theory and corporate relations. She has written many books and articles, including *CSR and Corporate Management* (Gakubunsha, co-author) and *Sustainable Lifestyle Navigation* (JUSE Press, author).



In managing a corporate brand, it is crucial that common values are shared throughout the process leading from oil production to refining and sale. Shared values are especially important in the sales division, or in this case, the service stations. The reason for this is simple: companies operate a chain of numerous outlets to ensure that sales bases are located close to consumers, and the brand image associated with this chain and the entire company can be damaged if a customer is dissatisfied with the level of service at a single outlet. Moreover, it has been shown that divisions such as sales divisions that offer services directly to customers must ensure that employees take pride in their own work, as their level of satisfaction affects the level of service they provide, potentially damaging customer satisfaction.

The “Filling Up Your Hearts, Too Declaration 2008” program aims to ensure that all employees working at Cosmo Oil’s service stations share the same clear values that emphasize thorough compliance and ensure customer satisfaction through the Three Promises, while promoting customer service based on pride in their own work. I believe that this program will be extremely effective in maintaining and improving Cosmo Oil’s corporate brand.