

Environmental Report

The Cosmo Oil Group believes that the world's environmental problems are a major issue for management. Accordingly, the Group strives to reduce the economic impact and protect the environment in all processes involved in its business activities, from material procurement, research and development, manufacturing and distribution, to sales and disposal.

Comprehensive Overview of Environmental Activities

Under the Consolidated Medium-Term Environmental Plan, the Cosmo Oil Group is carrying out environmental activities with the dual goals of "Reducing Environmental Impacts" and "Creating Future Value." The purpose of the latter is to realize a sustainable society on a global scale.

◆ Targets of the Second Consolidated Medium-Term Environmental Plan (Fiscal 2005 – 2007) and Achievements of the Consolidated Medium-Term Environmental Plan

| Themes | | Main Targets | Main Achievements | Evaluation |
|---|---|--|---|------------|
| Consolidated Medium-Term Environmental Plan | Reducing Environmental Impacts | <ul style="list-style-type: none"> ● Cosmo Oil: Reduce unit energy consumption by 15% over FY1990 levels by implementing energy conservation initiatives at refineries and the utilization of the Kyoto Mechanisms | FY2005 – 2007: Targets for reducing unit energy consumption were achieved every year. FY2007: Unit energy consumption was reduced 12.0% (compared to a target of 11.0%), surpassing the previous year's achievement of an 11.6% reduction. | ○ |
| | | <ul style="list-style-type: none"> ● Cosmo Oil: Maintain our FY2005 – 2007 three-year average industrial waste landfill rate of less than 1% ● Execute comprehensive environmental management covering pollutants, harmful substances, and industrial waste | FY2005 – 2007: The three-year average landfill rate for Cosmo Oil was 0.7%. ¹ Subsidiaries and affiliates also generally achieved their independent targets. FY2007: Cosmo Oil's landfill rate was 0.5%. Five of six sites of five subsidiaries and affiliates achieved their independent targets. ² | ○ |
| | | <ul style="list-style-type: none"> ● Reduce risk with preventative and post-facto countermeasures tailored to sites (refineries, oil depots, service stations, and idle land) | FY2005 – 2007: Soil surveys were carried out as planned at service stations. The management system was also reinforced. FY2007: Countermeasures addressing issues identified in service station soil surveys as well as educational programs were carried out as planned. Refineries conducted inspections, made repairs and also took steps to prevent dispersion. | ○ |
| Consolidated Medium-Term Environmental Plan | Creating Future Value | Office Clean Activities <ul style="list-style-type: none"> ● Cosmo Oil (Base year: FY2003; Target year: FY2007): Copy paper to be cut by 16%; company car fuel consumption to be cut by 18%; office electricity consumption to be cut by 10% ● Subsidiaries and affiliates (Base year: FY2004; Target year: FY2007): Copy paper to be cut by 14%; company car fuel consumption to be cut by 12%; office electricity consumption to be cut by 11% | Office Clean Activities FY2007 <ul style="list-style-type: none"> ● At Cosmo Oil, copy paper was cut by 5%, company car fuel consumption by 14%, and office electricity consumption by 10%. ● At subsidiaries and affiliates, copy paper increased by 10%, company car fuel consumption increased by 6%, and office electricity consumption increased by 9%. | △ |
| | | Green Purchasing <ul style="list-style-type: none"> ● Promote green purchasing of office supplies and other consumable goods as well as the "greening of suppliers" | Green Purchasing FY2005 – 2007: <ul style="list-style-type: none"> ● The number of green suppliers reached 331 companies (125 companies in FY2007). | |
| | | Activities that Contribute to Society and the Environment <ul style="list-style-type: none"> ● Further strengthen cooperation with communities (at refineries and service stations) | Activities that Contribute to Society and the Environment FY2005 – 2007: <ul style="list-style-type: none"> ● Forest upkeep was conducted at the Chiba Refinery, cleanup activities were undertaken at the Yokkaichi Refinery, and Cosmo Matsuyama Oil planted the "Cosmo Forest." ● Expenditures on activities contributing to the environment totaled 278,010 thousand yen (95,221 thousand yen in FY2007). ● The Clean Campaign was held at 117 venues with 42,391 participants, and the total garbage collected amounted to 1,226,543L. | |
| Environmental Communication | <ul style="list-style-type: none"> ● Disseminate information to society and our stakeholders and promote two-way communication | <ul style="list-style-type: none"> ● Cosmo Oil displayed eco-products that utilize experimental CO₂ absorber at Eco-Products, and participated in the World Future Energy Summit in Abu Dhabi. ● The Furano Eco Tour was held, sponsored by the Cosmo Oil Eco Card Fund, with 20 "Eco" members of Cosmo the Card participating. Advertisements on environmental themes were aired on TV and radio. | ○ | |

*Fiscal 2007 performance evaluation: ○ achieved; △ partially achieved; X not achieved.

Notes:

1. The industrial waste landfill rate covers the four refineries, the Yokkaichi Kasumi Power Station (IPP) facility, oil depots, and the Research & Development Center.
2. The five subsidiaries and affiliates were Cosmo Matsuyama Oil Co., Ltd., Cosmo Engineering Co., Ltd., Cosmo Oil Lubricants Co., Ltd. (two sites), Cosmo Petroleum Gas Co., Ltd., and Hokuto Kogyo Co., Ltd.