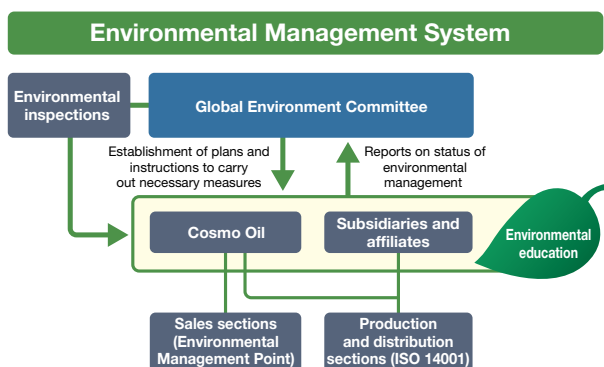


Environmental Management System

Through its own environmental management system, the Cosmo Oil Group implements an array of environmental initiatives to fulfill its crucial social responsibilities as an energy company.

Environmental Management System

The Cosmo Oil Group has established its own environmental management system. The Global Environment Committee, an organization cutting across divisions, drafts the Consolidated Medium-Term Environmental Plan and reports on and evaluates the results, and then provides feedback to the business divisions. The Global Environment Committee reports to the CSR Promotion Committee to ensure that the PDCA cycle is efficiently implemented. Moreover, the Group continues to provide education on environmental issues to raise awareness among employees, and has adopted schemes so that environmental initiatives are shared throughout the Company, from the management level to work sites. Environmental inspections are conducted at each site as part of the Group's efforts to ensure that its environmental standards are observed at its sites.



Environmental Inspections

The Global Environment Committee conducts regular environmental inspections of field divisions and the Head Office supervising these field divisions. After confirming the status of their environmental management, the Committee recommends improvements and provides advice as necessary. The results of the environmental inspection are reported to the CSR Promotion Committee.

Environmental inspections for fiscal 2007 were carried out from October 2007 through February 2008. The inspections focused primarily on environmental management and impact reduction during irregular but occasionally necessary facility

◆ Sites and Companies where Environmental Inspections Were Performed in Fiscal 2007

Cosmo Oil	Chiba Refinery
	Yokkaichi Refinery
	Sakai Refinery
	Sakaide Refinery
	Research and Development Center
	Retail Sales Department
	Distribution Department
	Project Development Department
Subsidiaries and affiliates	Cosmo Matsuyama Oil Co., Ltd.
	Cosmo Engineering Co., Ltd.
	Cosmo Oil Lubricants Co., Ltd.
	Cosmo Petroleum Gas Co., Ltd.

operation, such as when equipment must be shut down or started, also the time at which accidents and the overstepping of regulation values are likely to occur. In addition, the status of daily environmental management was audited through interviews to identify operations on site and material surveys. This also verified progress made in the Consolidated Medium-Term Environmental Plan. As a result, the Group was able to confirm that its businesses and affiliates were conducting their environmental management appropriately.

With respect to environmental laws, in fiscal 2007 the Cosmo Oil Group made no violations that would have resulted in criminal penalties, administrative penalties or administrative directives.

Employee Environmental Education

To ensure the smooth functioning of our environmental management systems, we believe that all employees of the Cosmo Oil Group must correctly understand the background and purpose of environmental activities. With this in mind, we provide environmental education as part of position-based training and allow employees to take educational courses at each professional development stage of their career. Refineries also provide their employees with ISO-related training at production sites.

Promotion of Efforts to Obtain ISO 14001 Certification

The Cosmo Oil Group encourages business sites, particularly those that exert significant environmental impact, to obtain ISO 14001 certification. Thus far, 10 business sites, including four refineries, have earned certification. The Group strives to promote its plan at business sites by incorporating their environmental targets in the Consolidated Medium-Term Environmental Plan. The Group also regularly carries out internal audits, has certification bodies carry out external audits, and implements the PDCA system. These initiatives confirm that operations function effectively.

◆ Sites with ISO Certification

Name of site	Date obtained
Sakaide Refinery	June 1997
Chiba Refinery	March 1998
Yokkaichi Refinery	March 1998
Sakai Refinery	March 1998
Cosmo Matsuyama Oil Co., Ltd.	December 1998
Cosmo Oil Lubricants Co., Ltd., Shimotsu Plant	June 2003
Cosmo Kaiun Co., Ltd.	August 2003
Cosmo Oil Lubricants Co., Ltd., Osaka Plant	October 2003
Yokkaichi LPG Terminal	September 2006
Research and Development Center	December 2006

Environmental Management at Service Stations

The Environmental Management (EM) Point Survey is conducted twice per year at all service stations. It examines management issues such as equipment inspections and industrial waste measures, and recommends improvements.