

**1** Live up to customer expectations concerning reliability and satisfaction

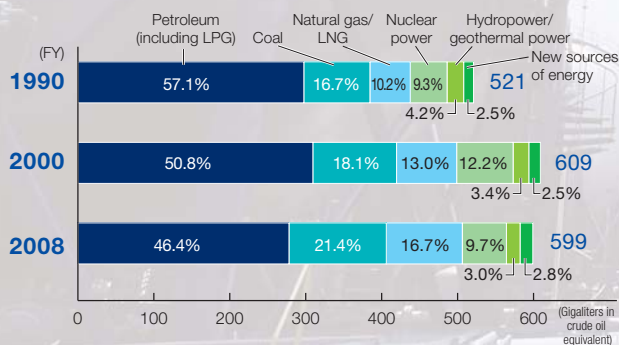
The Cosmo Oil Group strives to deliver a stable and long-term supply of oil that fuels our lives.



Statistical Glance at Society

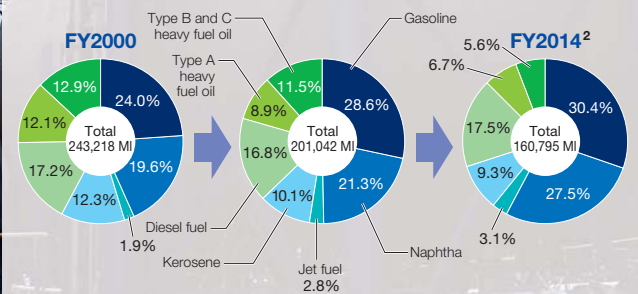
In Japan, although efforts to promote the use of alternative energy sources have shifted demand for primary energy supplies away from petroleum, approximately half of the nation's domestic energy supply is still met with petroleum. This tendency indicates just how deeply rooted petroleum is in the livelihoods of the Japanese population. In the meantime, the makeup of oil product demand is shifting. While demand for heavy fuel oil is falling, demand for gasoline, naphtha, and diesel fuel are on the rise.

Primary Energy Supplies (Overall)



Source: Energy Balances in Japan (Processed Statistics) (Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry [METI])

Oil Product Demand Balance<sup>1</sup>



1. Figures have been rounded and may not total 100%.  
 2. Figures for fiscal 2014 are projections.  
 Source: Preliminary Report on Mineral Resources and Petroleum Products (METI)  
 Excerpt from a report issued by Petroleum Committee, Advisory Committee for Natural Resources and Energy, METI

# As an Energy Supplier, Cosmo Oil Provides a Stable Supply of Oil

The ultimate mission of the Cosmo Oil Group is to ensure a stable supply of oil, an indispensable source of energy to Japanese industry and society at large. Two aspects are key to a stable oil supply—the consistent procurement of crude oil and the development and delivery of the products that customers demand. Building friendly, enduring relations with oil-producing countries is the most important factor in ensuring the stable procurement of crude oil. Cosmo Oil also stockpiles at least 70 days worth of petroleum reserves to ensure that oil supplies remain stable even if incoming supplies fall short.

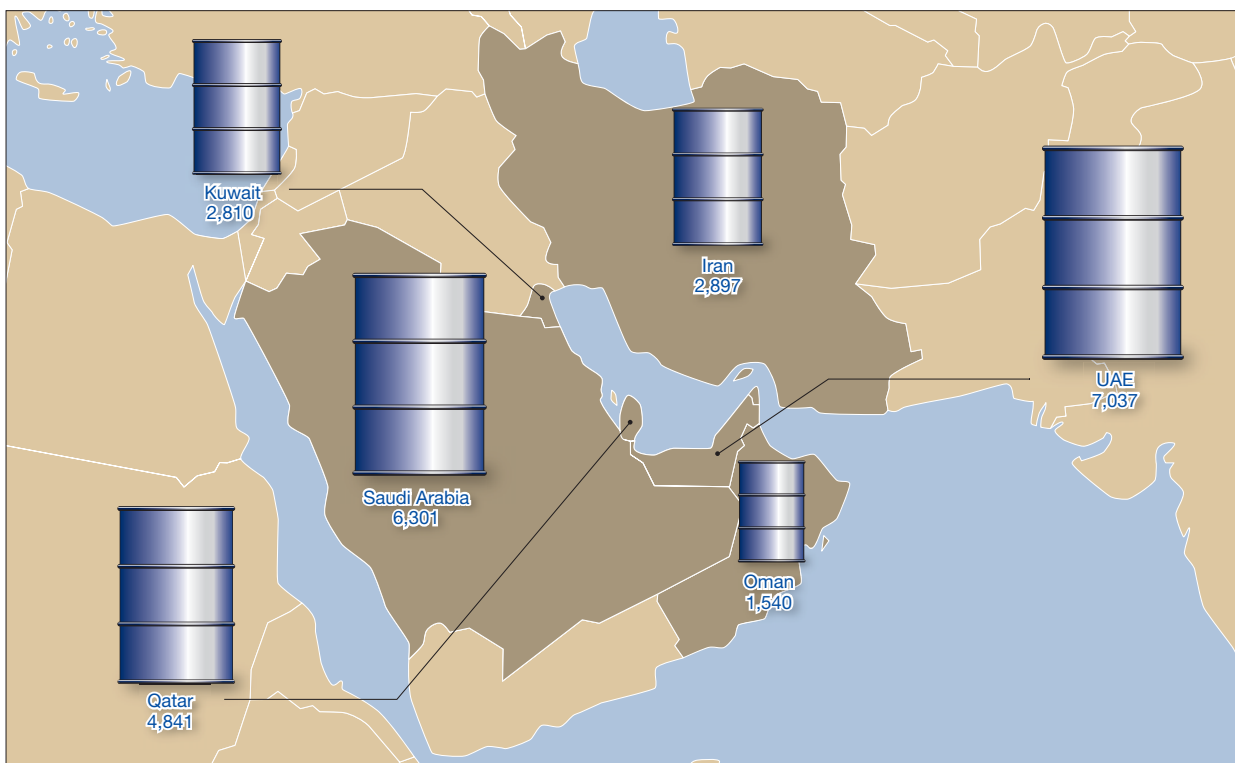
To develop and deliver the products customers trust, the Cosmo Oil Group works to ensure product and service quality and safety. The Group takes to heart customer feedback on products and services, and incorporates these opinions in its development of new products and improvements to services.

## Mutual Trust with Oil-Producing Countries Key to Stable Oil Supply

Japan lacks natural resources and imports some 87.8% of its oil from the Middle East. The Cosmo Oil Group has long focused on building cooperative relations based on trust with Middle Eastern oil-producing countries. The Group's relations with the Emirate of Abu Dhabi in the UAE, in particular, date back to 1967. More recently, Cosmo Oil signed a Development and Production Sharing Agreement in 1997 with the Qatari government for oil field development and began commercial production in 2006. The recent record surge in crude oil prices has made the stable procurement of crude oil for future use even more important. The Cosmo Oil Group's strong ties with oil-producing countries in the Middle East have proven invaluable in this regard.

It is in this context that Cosmo Oil has formed a strategic partnership with the International Petroleum Investment Company (IPIC), an investment company owned by the government of Abu Dhabi. The partnership allows for the consideration of collaborations in oil exploration and production, petrochemical and other growth businesses to maximize the merger of the Group's management resources with IPIC's international network and capital. One of such collaborations was the establishment of a para-xylene manufacturing joint venture with South Korean Hyundai Oilbank Co., Ltd. in November 2009. Cosmo Oil continues to explore projects with IPIC that will enhance the Group's competitiveness and profitability.

Cosmo Oil Fiscal 2009 Crude Oil Imports by Country (Unit: M)



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## Customer Satisfaction and a Stable Oil Supply

### Ensuring Safety in Maritime Transportation

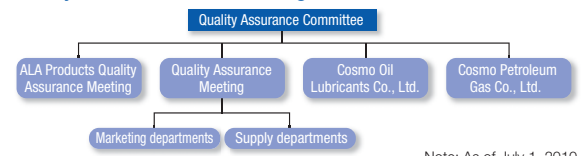
It takes approximately 20 days to transport crude oil the 12,500 km distance from the Middle East to Japan. The Cosmo Oil Group regularly charters nine large tankers that are approximately 300 meters in length with 300,000-tonne capacities. This fleet ensures that supplies can be shipped continuously and without interruption. Cosmo Oil's entire fleet is made up of double-hull tankers built to prevent oil leaks in case of accidents at sea. The Group plans to renew its contracts on two ships in fiscal 2010 in order to build a Cosmo Oil fleet of ships equipped with the latest technologies. The Group is scheduled to add a number of new ships to its fleet in the near future.



### Customer Trust in Cosmo Oil Products

The Quality Assurance Committee has been established within the Head Office to decide upon product quality assurance policies and ensure the soundness of the Cosmo Oil Group's cross-divisional product quality assurance structure. Under this structure, the manufacturing, distribution, and sales departments work together to maintain quality and ensure the safety of Cosmo Oil products and services.

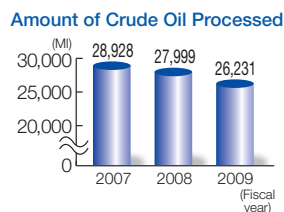
#### Quality Assurance Committee Organization



Note: As of July 1, 2010

### Refining and Production at Refineries

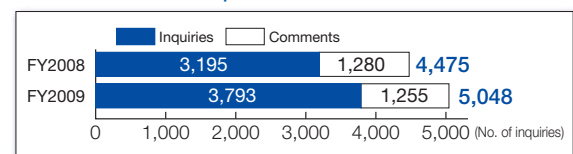
Crude oil shipped in from oil-producing countries is refined at four Cosmo Oil refineries in Japan—the Chiba, Yokkaichi, Sakai, and Sakaide refineries—and then shipped out again as LPG, gasoline, kerosene, diesel fuel, heavy fuel oil, and other oil products. The refineries processed a total of 26,231 MI of crude oil in fiscal 2009. In February 2010, heavy oil cracking facilities were completed at the Sakai Refinery, which will help Cosmo Oil adjust to the changing balance in oil product demand.



### Ensuring Customer Support

The Cosmo Oil Group has established the Cosmo Oil Customer Center to facilitate greater interaction with customers. The Group strives to respond accurately, quickly and courteously to customer inquiries and comments, relaying feedback immediately to the relevant divisions to improve service and business procedures.

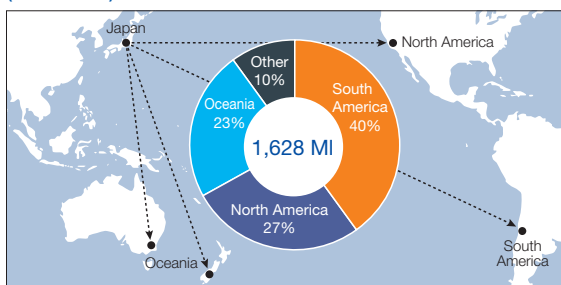
#### Number of Customer Inquiries



### Oil Product Sales Outside of Japan

Products manufactured at Cosmo Oil refineries are sold both domestically and internationally. On the basis of long-term contracts, Cosmo Oil maintains stable market routes for its products, primarily in regions that value high-quality oil products that comply with strict environmental regulations, such as North America, South America, and Oceania.

#### Main Destinations for Cosmo Oil Diesel and Jet Fuel Sales (Fiscal 2009)

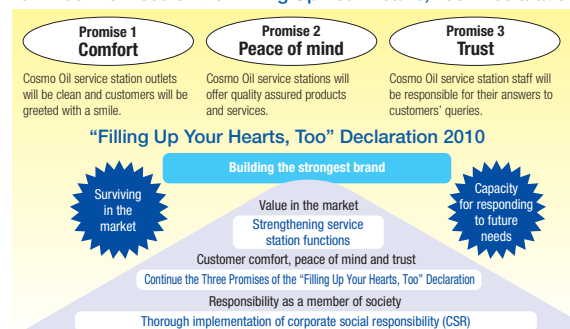


Note: Includes local procurement

### Putting the “Filling Up Your Hearts, Too” Declaration into Practice

Cosmo Oil stations have conducted “Filling Up Your Hearts, Too” Declaration activities since fiscal 2007 to deliver comfort, peace of mind and trust to customers.

#### The Three Promises of the “Filling Up Your Hearts, Too” Declaration

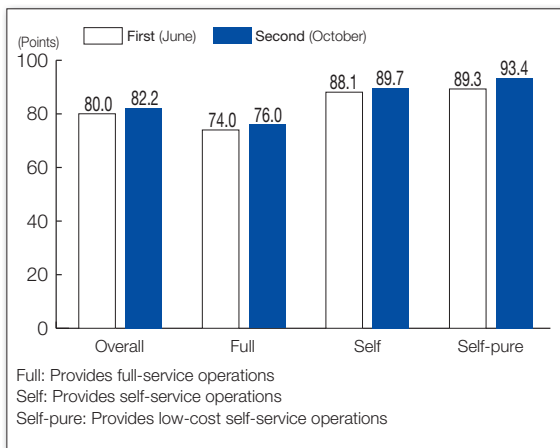


## Service Evaluations Monitor Three Promises

The Cosmo Oil Group focuses intently on customer satisfaction. The Group surveys its customers to assess the level of comfort, peace of mind and trust provided by service stations and review the fulfillment of the Three Promises made to customers.

In fiscal 2009, two service evaluation surveys were carried out at approximately 2,100 service stations. The results of the evaluations were used to provide feedback to the service stations for the purpose of improving services.

### "Filling Up Your Hearts, Too" Declaration Service Evaluation Results



### Voice



#### Working Hard Every Day to Deliver Customer Satisfaction

As a Cosmo Oil dealer, we operate 14 service stations in Chiba Prefecture. It has been our daily mission since our company was founded to treat our customers with respect, kindness and courtesy and to deliver high-quality services. Even before the "Filling Up Your Hearts, Too" Declaration activities were introduced, we were working

on improvements to create service stations that customers would want to visit. Not only do we thoroughly clean all of the facilities in our service stations, but also consider the entire vicinity to be our responsibility and work to keep it clean and looking good. We also serve customers by proposing solutions to potential future car care needs.

From the beginning our attention to our customers has embodied the spirit of the "Filling Up Your Hearts, Too" Declaration, and this spirit goes beyond our Declaration activities. We are dedicated to ensuring that our customers are completely satisfied and that our service stations are valued by local communities.

## CSR Training Across Japan

The Cosmo Oil Group conducts training seminars that address service station laws and ordinances such as the Soil Contamination Countermeasures Act, the Fire Service Act, and the Act on the Protection of Personal Information.



CSR training seminar

Attended by dealer owners, division managers and service station managers, these seminars are intended to foster a shared awareness of the day-to-day legalities of operating a service station and the importance of addressing these in all aspects of operation.

## 3,700 Service Stations Assessed for CSR

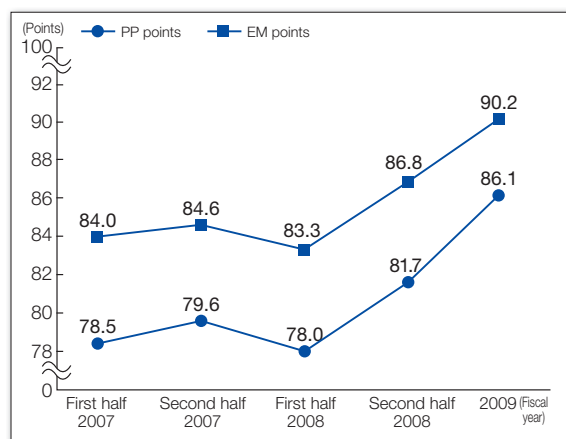
The Cosmo Oil Group conducts a privacy policy (PP) survey and an environment management (EM) survey annually to ensure that the entire Group is in compliance with the laws and ordinances that regulate service stations and other CSR matters. The survey results are incorporated to make necessary improvements in specific areas.

In fiscal 2009, some 3,700 service stations participated in these surveys. Cosmo Oil service stations scored an average of 86.1 PP points and 90.2 EM points, an improvement of 4.4 PP points and 3.4 EM points above the results in the latter half of fiscal 2008.



CSR Assessment PP Survey Sheet

### Average PP and EM Points



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