

Third-Party Comment

We asked Mr. Toshihiko Goto, a specialist in initiatives relating to corporate social responsibility and information disclosure, Chair of the Environmental Auditing Research Group and Member of Board of Directors of the Global Reporting Initiative (GRI), to read and comment on the Cosmo Oil Group Sustainability Report 2004.

Comments on the Cosmo Oil Group Sustainability Report 2004

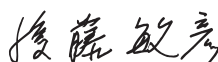
Your slogans “Living with Our Planet” and “Filling Up Your Hearts, Too” are interesting and euphonic in Japanese. I believe that the establishment of a good corporate culture will form the foundation for “honest corporate activities relied upon by the customers”. In that corporate culture, not only the management but also each and every employee realizes the concept conveyed in these slogans. This kind of corporate culture will help establish the corporate brand. The corporate brand also belongs to the customers who enjoy the company’s service. Cosmo the Card Eco is a symbol of two-way communication between company and customers, and a barometer for measuring the corporate branding activity. In my opinion the key to successful branding is good communication with the various stakeholders in regards to the core business.

It is the first step of implementing the systematic efforts to establish the CSR & Environmental Affairs Office, aiming at more active involvement in activities to realize the sustainable society, which I advised you to take last year. I appreciate your implementation of my advice and look forward to your future performance. Aiming to become a comprehensive energy company, with “Environment” as the main theme in realizing the sustainable society, your company is endeavoring to realize the corporate vision conveyed in the slogan “Cosmo Oil – the environmental choice”. There is a consistency in the preface, the vision, the policies and other documents, but it will be even better if they lead to the more specific commitments and numerical targets.

For example, you list the following 3 types of environment-related measures: First, global environmental conservation and the reduction of the environmental impact of business activities; Second, technological development; and Third, search for new energy sources aiming to become a comprehensive energy company. It is commendable that you have quantified some of your activities in the Blue Earth 21 plan. However, it is desirable to quantify items of second and third as well. Considering the Crisis Scenario Report edited by the US Department of Defense in October 2003, “New energy source development” in anticipation of a crisis is an urgent task from the viewpoint of risk management, whether the threat actually materializes or not.

The Sustainability Report 2004 is much easier to read as a report since the points I indicated last year have been considerably improved. However, glancing at the Blue Earth 21 plan, it is still a little difficult to understand how individual measures are related to the three environmental themes. It is also a commendable device to organize various data in the Data Book separately from the main book. However, if the Data Book is designed for specialist readers, there is room to make the main book easier for the public to read. To be more specific, regarding the PRTR not only the measurements but also the reduction plan or year-to-year comparisons should be included in the book.

Another device is that the social part of the report is organized in terms of the relationships with stakeholders. The comparison with GRI Guidelines in the Data Book can also be used as a checklist for the completeness of the social aspects. To complete the items relevant to stakeholders needs, dialogue with stakeholders will also be necessary. It is currently a common problem among corporations that it is inevitable to write most of the social items in a qualitative and descriptive manner, but I would like to see Cosmo Oil Group be the first to solve this problem by enhancing the content of the Data Book.



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