

Cosmo Oil's style of corporate culture promotes regard for the individual and harmony with the organization.

Inside the company, Cosmo Oil uses mottos such as "The Cosmo corporate network—valued by our customers" and "In harmony with society." We believe that can we achieve those aims by fulfilling our social responsibilities as a good corporate citizen, and that it is important for every employee to have the willingness and ability to fulfill his or her own social responsibilities. Committed to respect for the individual and harmony within the organization, Cosmo Oil works to create its own style of corporate culture. Our personnel department draws up our personnel plan, consults with the labor union, and with the approval of the Board of Directors, puts it into practice.

To get an idea of our employees' ambitions, motivation, and feelings about their working environment, we carried out an opinion poll of all employees during fiscal 2002. The results of this survey are now reflected in personnel policies that aim to create a pleasant and appealing workplace. In April 2003, we also set up the Corporate Ethics Regulations (including Corporate Behavior Guidelines)* and created a Corporate Ethics Promotion Office as well as a telephone and e-mail helpline for employees to discuss or report their concerns.

Respecting human rights

Peace, human rights and the environment are often used as key words in the 21st century. To continue being valued in a society that is becoming increasingly affected by international standards, our aim is to be a robust, generous and positive company. To realize this goal, we feel it is important for all employees to have a correct understanding of human rights, and to create positive human relations without discrimination, not only within the company, but in the local community as well. Cosmo Oil conducts awareness-raising trainings based on the following approach (20 days of training sessions were carried in fiscal 2002, with a total of 1,217 participants):

Examine the meaning of respect for human rights in the context of our company's activities.

Build on concepts of respect for human rights as part of Cosmo Oil's corporate culture.

Conduct awareness-raising activities to help put into practice this respect for human rights.

Personnel system

Cosmo Oil aims to offer a workplace where every employee can strive for self-realization, and also be workplace where achievements are evaluated fairly. To these ends, we plan and carry out various types of programs for employees. We launched a new performance- and competency-oriented personnel system in January 2000 that aims to provide every employee with an opportunity to take on challenges, and realize their greatest potential.

Aims

The aims of our personnel system are as follows:

- Clear roles and responsibilities for each person**
- Fair evaluation of work performance, based on the job description**
- Fair remuneration that reflects this evaluation**
- Education and development of employees' abilities by providing feedback based on this evaluation**

When setting goals and evaluating performance, superiors and subordinates consult together until they reach agreement, in order to ensure coherence between the management plan and individual work goals. This allows for fair evaluations and encourages employees to be self-motivated.

Simplified classifications of job titles and positions have enabled Cosmo Oil to be more flexible in deploying personnel, in a way that reflects management conditions and changes in society.

Educational programs

Cosmo Oil has created an educational program for newly-hired employees and regular staff that aims to foster regard for the individual in the organizational framework and nurture self-motivated workers. We also have an educational program for core employees and managers that teaches them how to create value through their work.

In the field of environmental education, we provide opportunities for all employees to receive

* Please refer to page 11.

instruction, by including environmental education as part of training programs at some employee levels, for example in the new executive training course, and by setting up a new environmental course in our program of correspondence courses. During fiscal 2003, we plan to include environmental education in training programs at all levels.

Training programs in FY2002

For managers	Total hours	Number of trainees
For selected managers	112.5	13
For new managers	22.5	35
For new managerial levels	15.0	48
Total	150.0	96

(For reference: Total number of management-level staff of Cosmo Oil, including employees on temporary loan to other organizations: 922)

For management candidates	Total hours	Number of trainees
For core employees	30.0	56
For new 3rd-level employees	52.5	62
For new employees	157.5	9
Total	240.0	127

(For reference: Total number of Cosmo Oil's management candidates, including employees on temporary loan to other organizations: 558)

Cosmo Oil conducts trainings in addition to the above, including trainings in specific departments, and in courses outside the company.

Support for career growth

In order for every employee to be personally motivated and enjoy a fulfilling life in society, it is important for each person to think about what kind of career he or she wants as a member of society, and then to make it happen. Our company carries out career consultations once a year, in which each person's career is discussed by superiors and subordinates. The results are taken into consideration by the company, and when personnel transfers are made, the company considers the results of consultations, to ensure that the transfers enhance career growth. Starting in 2000, we also instituted an in-house system of announcing job openings, to support personal motivation and career building.

Labor union

Our company's labor union is formed on the union shop system, and presently has 2,878 members*. A labor agreement exists between the company and the labor union that covers all employees, and representatives of the company hold consultations twenty to thirty times per year in various councils, including the Management Policy Council, the

Central Labor-Management Council, the Regional Labor-Management Councils, the Health and Safety Committee, the Hygiene Committee, and so on. As a result of these arrangements, Cosmo Oil has a health and benefit system in place that more than meets the government's requirement that companies make voluntary efforts to support employees both at work and as members of their families.

Item	Cosmo Oil	Legal requirement for employer
Overtime work for employees engaged in child care or nursing care (after employees apply for special status)	No overtime work is expected	Maximum 24 hours/month and 150 hours/year
Child nursing leave	Five days special paid leave	Companies are expected to make an effort but are not obligated to grant leave

Equal Opportunity Employment Law

Among female employees at the managerial level, one woman is already working as a department head at Cosmo Oil. We will work to further expand opportunities for female employees.

Career support for retired employees

Due to changes in pensions, employment insurance, and other aspects of social security, workers in Japan today are increasingly concerned about life after retirement. Cosmo Oil conducts a Life Planning Program for employees to help give confidence and peace of mind about life after retirement. For employees about to retire, we also hold Pre-Retirement Seminars, and for those who wish to find another job after retiring from Cosmo Oil, we hold Second Career Seminars. We provide information from the Cosmo Oil Group Career Center to participants of our Second Career Seminars, and we have also set up a counseling service at the Career Center.

Employment of the disabled

We carry out employee training and awareness-raising to create an atmosphere in the company that allows disabled employees to work without hindrance. We make an effort to create a working environment where disabled employees can realize their full potential.

* Including employees on temporary loan to other organizations