

Consolidated Medium-Term Management Plan and CSR Promotion

Web page <http://www.cosmo-oil.co.jp/eng/sustainable/06/gov/csr.html>

In order to establish a stable revenue infrastructure and to exercise social responsibilities, we are implementing the “New Consolidated Medium-Term Management Plan.”

New Consolidated Medium-Term Management Plan

The oil industry is changing significantly. In Japan, oil demand is decreasing and black oil, including heavy fuel oil, is being replaced with white oil including gasoline, that is to say there is a change in the oil demand structure. In addition, the Kyoto protocol increases the importance of environmental measures. Overseas, the oil demand structure is also changing greatly, for example, the energy market is expanding and the balance of oil demand is getting tight. With these circumstances in mind, the Cosmo Oil Group started the New Consolidated Medium-Term Management Plan from FY2005.

Basic policies

The plan's basic policies are 1) to establish a stable management infrastructure, and 2) to move to the growth strategies. The first policy means that we changed our goal from the previous one of “rationalization” to the establishment of a stable business infrastructure, as well as the shift to corporate structure that can endure the risks of changes of the business environment. One of the most important elements of this policy is the “Enhancement of CSR (Corporate Social Responsibility) Promotion,” and we drew up a “Consolidated Medium-Term CSR Management Plan” separately. The second policy means that we respond to the changes in oil demand structure by making a strategic capital investment in order to make our refineries more sophisticated and competitive, and by expanding our expanding such as oil development, petrochemicals manufacturing, and export. The Plan's most salient feature is to boost the strategic investments and financial structure. We will implement the plan steadily to aim at the sustainable growth. In FY2005, the first year in which the plan was implemented, we achieved the operating income targets due to an increase in the earnings of affiliates, foreign exchange gains, and dividends received.

Consolidated Medium-Term CSR Management Plan

Cosmo Oil Group aims to generate profits as a corporate entity and to fulfill our social responsibility. We believe that a good balance between the two goals will let “Sustainable Growth” come true through our management philosophy of “Harmony and Symbiosis” and “Creating Future Values.” To share and implement this policy throughout the group, we included “strengthening CSR” in the Consolidated Medium-Term Management Plan initiated in FY2005, and started the three-year Consolidated Medium-Term CSR Management Plan to make it a reality.

Basic policies

Different companies or departments have different relationships with society. Accordingly, the CSR plan is basically site-based, but it sets up five policies common to the group: 1) improving the awareness of CSR, 2) reinforcing risk management and internal audit function, 3) strengthening safety control, 4) taking a sophisticated approach to the environment, and 5) protecting human rights and implementing personnel-related measures. Since FY2005, we have promoted CSR management in accordance with these policies, but then we were faced with the accident and incorrect procedures in 2006. With our deep regret for all the trouble, we have just started identifying issues to address and reviewing drastically such matters as safety control, compliance, and initiatives that aim to integrate CSR into our corporate culture. We will describe the results in the next report.



Related information

• Consolidated Group Earnings Target / Indicator
 • Consolidated Medium-Term CSR Plan
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