

Relationships with Our Employees

Cosmo Oils operations are supported by each of its employees. With this in mind, we strive to create working environments in which all employees can maintain an awareness of their social responsibilities through their own work while fully utilizing their capabilities.

Consolidated Medium-Term Human Rights/ Personnel Plan

In fiscal 2005, we formulated the three-year First Consolidated Medium-Term Human Rights/ Personnel Plan, and have promoted initiatives in the six categories of human rights, respect for diversity and equal opportunity, health and safety in the workplace, education and skills development, welfare, and creation and guarantee of employment. Under this plan, we will strive to realize our vision of creating a workplace and corporate climate and culture in which each employee can optimize their own abilities and uniqueness. Our initiatives are based on the following two commitments:

- (1) We will continue implementing personnel-related measures that emphasize fundamental human rights.
- (2) We will adhere to a spirit of respect for diversity and focus on *people* as we strive to create vibrant and comfortable working environments and raise employee motivation.

Major results over the three years were as follows:

- (1) Participation in the United Nations Global Compact (since February 2006)
- (2) Increase in the employment rate of persons with disabilities to 2.1% in June 2008
- (3) Compliance with the Law for Measures to Support the Development of the Next Generation, and recipient of the "Kurumin" Next Generation Certification Mark in May 2007
- (4) Promotion of measures to prevent overwork, including the distribution of pamphlets on work hours to all employees, and training given to all employees that manage work hours (line managers)
- (5) Provision of mental health care, including the distribution of pamphlets on mental health care to employees and line managers, and training given to line managers

Human Rights

On February 7, 2006, we expressed our support for the United Nations Global Compact, and are now progressing with various initiatives as we strive to realize the principles of this compact.

In May 2007, we held human rights awareness training for top-level managers, including managers at subsidiaries and affiliates, and have also given training to new employees and all human rights managers at business sites.

Detailed information on the United Nations Global Compact initiatives can be found at the following Web page:

<http://www.cosmo-oil.co.jp/eng/csr/globalcompact.html>

Respect for Diversity and Equal Opportunity

Aiming to expand the number of workplaces where women can play active roles, Cosmo Oil continually promotes fair employment initiatives. For example, in fiscal 2007 Cosmo Oil hired 16 women as career track employees from among 51 new graduate applicants. As of March 2008, we have assigned six out of the 16 women to the Sales Department as sales representatives, making a total of 17 women in that department, and have assigned two women to refineries as engineers.

The Company's employment rate of persons with disabilities is 2.1%, which exceeds the legally mandated rate of 1.8%. To ensure that persons with disabilities can work comfortably in the Cosmo Oil Group, we have focused our efforts on normalization, which includes improving the awareness of staff and creating a good working environment.

In fiscal 2007, we held training on harassment to raise awareness among employees, and in addition to the corporate ethics helpline, set up a sexual harassment and power harassment help desk in the Personnel Department.

◆ Initiatives and Achievements of the First Consolidated Medium-Term Human Rights/Personnel Plan (Fiscal 2005 – 2007)

Themes	Initiatives	Achievements
Human Rights	Consideration given to subscribing to the U.N. Global Compact	Submitted and approved signature to the United Nations
Respect for Diversity and Equal Opportunity	Promoted hiring of persons with disabilities (in the context of the legally mandated rate of 1.8%)	Employment rate of persons with disabilities increased from 1.8% in June 2005 to 2.1% in June 2008
	Promoted measures for preventing sexual harassment	Sexual harassment/power harassment help desk set up in the Personnel Department
Health and Safety in the Workplace	Pushed forward measures to prevent overwork	Program put in place mandating that employees working overtime (over 80 hours) take alternative holidays and makeup holidays Distribution of <i>Complete Guidebook to Work Hours</i> and training given to line managers
	Provided health care	Introduction of on-line mental health check-ups with 24-hour access through the Corporate Health Insurance Society Distribution of mental health pamphlet and training given to line managers
Education and Skills Development	Supported career skills development	Ongoing in-house recruitment Adoption of the "Career Challenge Program" (for employees seeking jobs) in place of the previous recruitment program (in which the Company sought employees)
Welfare	Compliance with the Law for Measures to Support the Development of the Next Generation	Certification received and awarded the Kurumin Next Generation Certification Mark from the Ministry of Health, Labour and Welfare
	Promotion of childcare and nursing care programs	Childcare leave extended until the fiscal year-end in which the child turns three (the legally-mandated maximum is one year and six months)
	Encouragement of leisure activities	Introduction of a volunteer holiday program (18 employees have taken this holiday since fiscal 2007)
Creation and Guarantee of Employment	Compliance with revised Law Concerning the Stabilization of Employment of Older Persons	Introduction of a program for rehiring senior employees (78 employees, or 38%, have been rehired since fiscal 2006)

*Percentage of rehired employees out of cumulative retired employees in 2006 and 2007

Health and Safety in the Workplace

As a preventative measure for mental health problems, the Cosmo Oil Health Insurance Society formed an affiliation with an external organization so that employees and their families can take stress diagnosis tests on their computers at any time. Cosmo Oil has also set up a mental and physical health consultation desk that employees can contact by phone or by using a Web site. Employees can discuss not only their own issues, but also consult on matters connected with their subordinates or family. This can be helpful in dealing with subordinates who are under excessive stress. In addition, beginning in April 2008, the Company offered training on preventative measures for metabolic syndrome at all business sites, including its affiliates.

Education and Skills Development

We introduced an in-house recruiting system that allows employees to apply for jobs offered by other departments or subsidiaries and affiliates without having to notify superiors, and to accept such positions if the applicant and respective department can reach an agreement. We named this system the "Career Challenge Program" in fiscal 2008, changing it from a job recruitment system (in which divisions seek employees) to a job application system (in which employees approach the divisions). This is intended to foster a work environment where enthusiastic and motivated employees can take up challenges, and to create opportunities for employees' interests to be reflected in their career paths. Concretely, it allows employees to apply for challenging positions in other divisions rather than remaining in a specific division.

	Previous in-house recruitment system	New job application system Career Challenge Program
Features	Job recruitment system (divisions seek employees)	Job application system (employees approach divisions)
Eligible employees	Based on conditions set by division	Career track, Tier 2
Procedures for selection	(1) Personnel Department screens applicants (2) Selection by division, decisions made on job offers	(1) Personnel Department screens applicants (2) Division and Personnel Department work together and make decisions on job offers

◆ Number of Employees

		Men	Women	Total
Cosmo Oil	Union members	1,328	200	1,528
	Management positions	424	5	429
	Other	27	0	27
	Subtotal	1,779	205	1,984
Subsidiaries and affiliates	Union members	918	99	1,017
	Management positions	328	0	328
	Other	16	0	16
	Subtotal	1,262	99	1,361
Total		3,041	304	3,345

*Other refers to seconded employees from other companies and full-time labor union staff

Welfare

In May 2007, Cosmo Oil was awarded the Kurumin Next Generation Certification Mark from the Ministry of Health, Labour and Welfare.

In response to the Law for Measures to Support the Development of the Next Generation, we submitted a General Business Owner's Action Plan to the Ministry of Health, Labour, and Welfare with the aim of creating a work environment that enables an appropriate work-life balance. We revised this plan to include the target of child care leave taken by at least one male employee and more than 70% of eligible female employees, and have established a system that allows paid vacation days to be used for a portion of the childcare leave period.



Message

Proactively addressing childcare and deepening the understanding of women in the home



Toyohiro Yamada

Tax and Education Group, Accounting Department

In May 2008, I took childcare leave from the start of Japan's "Golden Week" holiday at the beginning of the month through the end of the month. I intended to help take care of my children, and I took over all meal preparation from my wife, who was suffering from tendonitis, and was able to take on the role of househusband. It was a great experience because I was able to really enjoy caring for my children for the first time and having long hours of conversation with my wife. It was also an opportunity for me to realize how tough it is for women in the home. It was a time for me to take another look at why I work. I think it would be valuable for many male employees to take advantage of this system and experience the results for themselves.

◆ Employment of Persons with Disabilities Submitted to the Ministry of Health, Labour and Welfare in June 2008

	June 1, 2006	June 1, 2007	June 1, 2008
Number of employees with disabilities	43	45	48
Persons with severe disabilities among the number of persons with disabilities	21	23	23
Employment rate of persons with disabilities*	1.9%	2.0%	2.1%
Number of persons with disabilities still to be hired	0	0	0

*Legally mandated employment rate: 1.8%

Relationships with Our Employees

● Measures for Promoting Work-Life Balance

Providing comfortable workplaces that enable workers to achieve a balance between their work and private lives allows us to motivate our employees and retain a talented workforce. With this in mind, we have stepped up efforts to support work-life balance among employees.

To encourage employees to use their paid vacation days, we have designated specific times when all employees company-wide must take three days of their annual paid holidays. In fiscal 2007, the vacation day usage rate was 81%.

To support employee participation in volunteer and social contribution activities, we have set up a leave system of three vacation days per year for such activities. Up until now, 18 employees have taken these vacation days.

Cosmo Oil also takes measures to support child rearing. To allow employees to devote themselves to childcare, we have adopted measures that enable employees to take childcare leave until the end of the fiscal year in which his or her child reaches three years of age.

We also allow employees to reduce their specified working hours by up to two hours per day until his or her child has begun the fourth year of elementary school. For employees choosing to continue working while raising children, Cosmo Oil subsidizes up to one-half of the costs, with an upper limit of ¥25,000 per month, for the use of childcare facilities until the end of the fiscal year in which a child reaches three years of age.

Other measures that encourage employees to take their annual leave include a campaign promoting the use of long vacations of consecutive paid holidays. These measures raised the paid vacation usage rate to about 80%. In fiscal 2007, one male and four female employees took maternity leave (for a usage rate of 75%), and one male employee used the nursing care leave system.

◆ Number of Employees Taking Maternity and Childcare Leave and Support Courses for Returning to Work

	Fiscal 2005		Fiscal 2006		Fiscal 2007	
	Women	Men	Women	Men	Women	Men
Maternity leave	6	0	6	0	8	0
Childcare leave*	8 (11)	0	6 (8)	1 (1)	4 (7)	1 (1)
Support courses for returning to work	3	0	3	0	8	0
Childcare leave rate	100%	-	83%	-	75%	-

*Figures show the number of employees who applied for leave in the corresponding fiscal year while figures in parentheses show the number of employees who took leave.

Message

Cosmo Oil introduced a program offering vacation days for volunteer activities in response to top management's policy to promote CSR management



Hideyoshi Nagaya

Manager, Labor and Human Rights Group, Personnel Department

Cosmo Oil initiated a program offering vacation days for volunteer activities in April 2007. Through this program, employees receive three paid vacation days a year when they participate in volunteer activities approved by the Company. This sends the message that, as part of its promotion of CSR, Cosmo Oil wants many employees to take an interest in social contribution activities and the initiative to participate. As of March 31, 2008, 18 employees have taken vacation days for these volunteer activities, but we do not feel this number is adequate. With the view that higher participation will invigorate the Company, we intend to familiarize employees with the program through training so that they take advantage of it.

Creation and Guarantee of Employment

In response to the Law concerning Stabilization of Employment of Older Persons, on April 1, 2006, we adopted a senior employee employment system for rehiring employees after they reach the mandatory retirement age of 60. In this manner, we are upgrading our existing re-employment support measures to enable older employees to continue working for the Cosmo Oil Group.

As of March 31, 2008, 78 seniors were working for Cosmo Oil under this system. In addition to "life design" training, a pre-retirement course that employees take at the age of 55, we also support re-employment by having an outside company provide "second career" training that gives employees seeking re-employment after retirement at age 60 an opportunity to learn how to write resumes and receive advice on job interviews. In fiscal 2007, 160 employees participated in life design training and 38 employees participated in second career training.

Management and Labor

The Company's labor-management contract clearly stipulates that management and the labor union shall meet for discussions before any alteration to work conditions, such as employees' positions and employment. Top management from Cosmo Oil and representatives from the labor union gather and engage in discussions at regular meetings and within a variety of committees at the Head Office or at individual business sites.

Labor and management together hold the Committee for Optimum Working Hour Management, which strives to prevent health problems caused by overwork and to reduce working hours accordingly. Cosmo Oil ensures compliance with the 36 Agreement (an agreement between labor and management per Article 36 under the Labor Standards Act) and encourages employees to take long paid vacations in the summer and winter seasons.