



Working with Employees

With an appreciation for individuals and respect for human rights, the Cosmo Oil Group is committed to building a workplace environment that maximizes the potential of each employee.

Medium-Term Human Rights and Personnel Plans

Introduced in fiscal 2008, the Second Consolidated Medium-Term Human Rights/Personnel Plan sets out initiatives based on six priority themes: improving the sense of participation; respect for diversity and equal opportunity; cultivating personnel and developing skills; promoting physical and mental health care; supporting balance between work and home life; and supporting employment stability and re-employment. Cosmo Oil has actively focused on human rights and employee issues since 2006 when the Company declared its support for the United Nations Global Compact.

WEB Detailed information: The United Nations Global Compact Initiatives <http://www.cosmo-oil.co.jp/eng/csr/globalcompact.html>

Improving the Sense of Participation

In order to improve employees' sense of active participation at the Cosmo Oil Group, in fiscal 2008 the Group implemented Group-wide human rights training focused on personnel regulations and employee welfare systems. A total of 3,285 employees attended two training sessions for a participation rate of 70%. Although the Cosmo Oil Group had enacted a wide diversity of personnel regulations and employee welfare programs, they had not been sufficiently acknowledged by employees. Therefore, the Group is committed to increasing awareness to 100% and further educating employees on these matters through training and other opportunities.

Number of Employees (as of March 31, 2009)

| | | Men | Women | Total |
|--|----------------------|--------------|------------|--------------|
| Cosmo Oil | Union members | 1,466 | 217 | 1,683 |
| | Management positions | 377 | 4 | 381 |
| | Other ¹ | 35 | 0 | 35 |
| | Subtotal | 1,878 | 221 | 2,099 |
| Subsidiaries and affiliates² | Union members | 819 | 96 | 915 |
| | Management positions | 290 | 0 | 290 |
| | Other ¹ | 18 | 0 | 18 |
| | Subtotal | 1,127 | 96 | 1,223 |
| Total | | 3,005 | 317 | 3,322 |

1. Seconded employees from other companies and full-time labor union staff.
2. Cosmo Oil employees dispatched as staff members, primarily to Cosmo subsidiaries.

Respect for Diversity and Equal Opportunity

The Cosmo Oil Group continually promotes fair employment initiatives with the aim to expand the number of workplaces where women can play active roles. For example, in fiscal 2008 Cosmo Oil hired 10 women as career track employees from among 64 new graduate applicants. The Company's employment of persons with disabilities was 2.1% (as of June 2008), exceeding the government-mandated rate of 1.8%. To ensure that persons with disabilities are able to work comfortably and without impediment, the Cosmo Oil Group has focused on raising awareness, educating employees and creating comfortable workplace environments. In fiscal 2008, human rights training included educational and awareness-raising activities covering the prevention of employee harassment, including power harassment and sexual harassment.

Fiscal 2008 Initiatives and Achievements of the Second Consolidated Medium-Term Human Rights/Personnel Plan

Degree of achievement:
 Achieved Partially achieved No progress

| Themes | | Fiscal 2008 Goals | Fiscal 2008 Major Initiatives and Results | Achievement of Goal | Fiscal 2009 Goals and Plans | |
|--|---|---|---|--|--|---|
| Shared Group themes | Improve the sense of participation | Conduct survey on and increase awareness of personnel regulations and welfare systems | Achieve 100% awareness among employees of personnel regulations and employee welfare systems | Increased awareness of the childcare support system | <input type="checkbox"/> • Continue publicizing personnel regulations and welfare systems • Conduct survey on awareness of welfare systems | |
| | Respect for diversity and equal opportunity | Promote fair employment | Maintain a rate of employment of persons with disabilities of 2% or higher | Rate of employment of persons with disabilities was 2.0% as of June 2009 (2.1% in June 2008) | <input type="radio"/> | Continue fair employment and maintain a rate of employment of persons with disabilities of 2% or higher |
| | | Prevent harassment | Ensure 80% or higher rate of participation in human rights training among employees ¹ | Conducted two human rights training sessions attended by 3,285 employees for a participation rate of 70% Focused on measures to prevent power harassment | <input type="checkbox"/> | Enhance human rights training targeting harassment prevention, and ensure 80% or higher rate of participation among employees ¹ |
| | Cultivate personnel and develop skills | Provide support for career development, and implement in-house recruiting | Enhance training at different employment levels, and continue the Career Challenge Program | Continued the Career Challenge Program | <input type="radio"/> | Provide support for career development, and continue the Career Challenge Program |
| | Promote physical and mental health care | Prohibit over-work, and institute supplemental health exams | Ensure that the average annual work hours of employees ¹ does not exceed 1,900 | • Average annual work hours of employees ¹ was 1,909, 9 hours above the target • Introduced specialized healthcare advice for employees who require support | <input type="checkbox"/> | • Reduce the average annual work hours of employees ¹ to no more than 1,900 • Continue offering specialized healthcare advice |
| | Support balance between work and home life | Promote childcare leave and support leisure activities | Increase the average number of paid leave days taken by employees ¹ by 10% | • Average paid leave taken by employees ¹ was 15.5 days, a 2.6-day increase from the benchmark year of fiscal 2006 • Childcare leave taken by 8 employees, including all eligible female employees | <input type="radio"/> | • Continue promoting childcare leave and supporting leisure activities • Maintain or improve the average number of paid leave days taken by employees ¹ |
| Support employment stability and re-employment | Support re-employment and rehiring | Support employment in-house and outside of the Cosmo Oil Group | • 54 senior employees hired from among 138 eligible candidates • 145 employees participated in life design training, and 48 employees participated in second career training | <input type="radio"/> | Continue to support re-employment and rehiring | |

1. Excluding shift-work employees

○ Cultivating Personnel and Developing Skills

The Cosmo Oil Group renewed its in-house recruiting system under its Career Challenge Program in fiscal 2008. This move constituted a shift from the conventional job recruitment system (in which departments seek out employees) to a job application system (in which employees approach departments), thereby allowing employees to take the initiative in applying for the jobs and positions they like. The goals of this new system are to foster a work environment where enthusiastic and motivated employees are able to challenge themselves and to create opportunities for employees to develop careers that reflect their individual interests. The Group expects the system to provide employees the opportunity to take on challenging positions and utilize all of their skills in their jobs.

○ Promoting Physical and Mental Health Care

In fiscal 2008, the Cosmo Oil Group began implementing mandatory supplemental health exams. The Group is also working with the Cosmo Oil Health Insurance Society to promote health exams for employees and their families and to provide advice on healthcare to selected employees in certain workplaces. Health advice at all workplaces is expected to be in place in fiscal 2009. In addition, the Group offered training sessions at business sites focusing on measures to prevent metabolic syndrome and to relieve stress, which has a major impact on mental health.

The Cosmo Oil Group has also been promoting its flex-time system designed to reduce the number of total hours worked, while taking measures to encourage employees to take paid days of leave. Despite these efforts, in fiscal 2008 the average work hours of employees (excluding shift-work employees) totaled 1,909, an increase of seven hours over the previous fiscal year, and above the target of 1,900. To meet this target, the Group intends to introduce further initiatives to reduce the number of hours worked.

○ Supporting Balance between Work and Home Life

The Cosmo Oil Group believes that providing comfortable working environments that enable employees to balance their work and private lives is key to motivating them and retaining a talented pool of workers. With this in mind, the Group has stepped up its efforts to make it easier for employees to balance childrearing and work. As a result, all seven eligible female employees as well as one male employee took childcare leave in fiscal 2008.

The Cosmo Oil Group continued to encourage employees to use their paid days of leave through its holiday system, resulting in employees taking an average of 15.5 paid leave days, an increase of 2.6 days from the benchmark year of fiscal 2006. In addition, the Group introduced its welfare program, the Well Box, which can be used in conjunction with travel, leisure and a variety of life plans. It has proven extremely popular, contributing significantly to the promotion of work-life balance among employees.

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

| | Fiscal 2006 | | Fiscal 2007 | | Fiscal 2008 | |
|---------------------------------------|-------------|----------|-------------|----------|-------------|----------|
| | Women | Men | Women | Men | Women | Men |
| Maternity leave | 6 | — | 8 | — | 5 | — |
| Childcare leave ¹ | 6 (8) | 1 (1) | 4 (7) | 1 (1) | 7 (12) | 1 (1) |
| Support courses for returning to work | 3 | 0 | 8 | 0 | 7 | 0 |
| Childcare leave rate ² | 83% | — | 75% | — | 100% | — |

1. 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.

2. Figures show the percentage of employees who followed their maternity leave with childcare leave.

○ Supporting Employment Stability and Re-employment

In accordance with the enactment of the Revised Law Concerning the Stabilization of Employment of Older Persons, the Cosmo Oil Group adopted a senior employee system in April 2006 for employees of the 60-year retirement age or older. As of March 2009, 114 employees in this category were working in Cosmo Oil workplaces under this system.

The Group supports employment programs including “life design” training, a pre-retirement course for employees aged 55, and “second career” training, which offers workshops on writing resumes and honing interview skills for employees seeking re-employment at outside companies after they reach retirement age. In fiscal 2008, 145 employees participated in life design training and 48 employees participated in second career training.

Message

Promoting Personnel Systems for a Better Working Environment



Shino Sasagawa
Labor and Human Rights Group,
Personnel Department

I believe that each employee needs to understand the personnel systems at Cosmo Oil in order for us to build an even better workplace environment. With this in mind, we are not only working to increase employees' understanding through human rights and work-life balance training, but also focusing on raising awareness of our flextime system while encouraging employees to take advantage of its provision for leaving work earlier in the day. We are also looking at the possibility of a telecommuting system to provide further support for childcare. These types of initiatives provide the support needed to elicit the best performance from each individual employee. At the same time, these schemes are also expected to generate synergy between the Group and individual employees, leading the entire Group along a more successful path in the future.