

Chapter 06

We strive to maintain our position as an honest company

Cosmo Oil is dedicated to operating responsibly and transparently in order to maintain its position as a company that is trusted by all stakeholders and plays an essential role for society.



Focus on Training for Strong Corporate Ethics

In order to maintain a high level of awareness of corporate ethics, the Cosmo Oil Group conducts annual corporate ethics training for Group employees. In addition to providing training tailored to job levels to help employees gain the expertise they need in specific positions, training sessions tailored to specific workplaces are also led by general managers and Group company presidents.

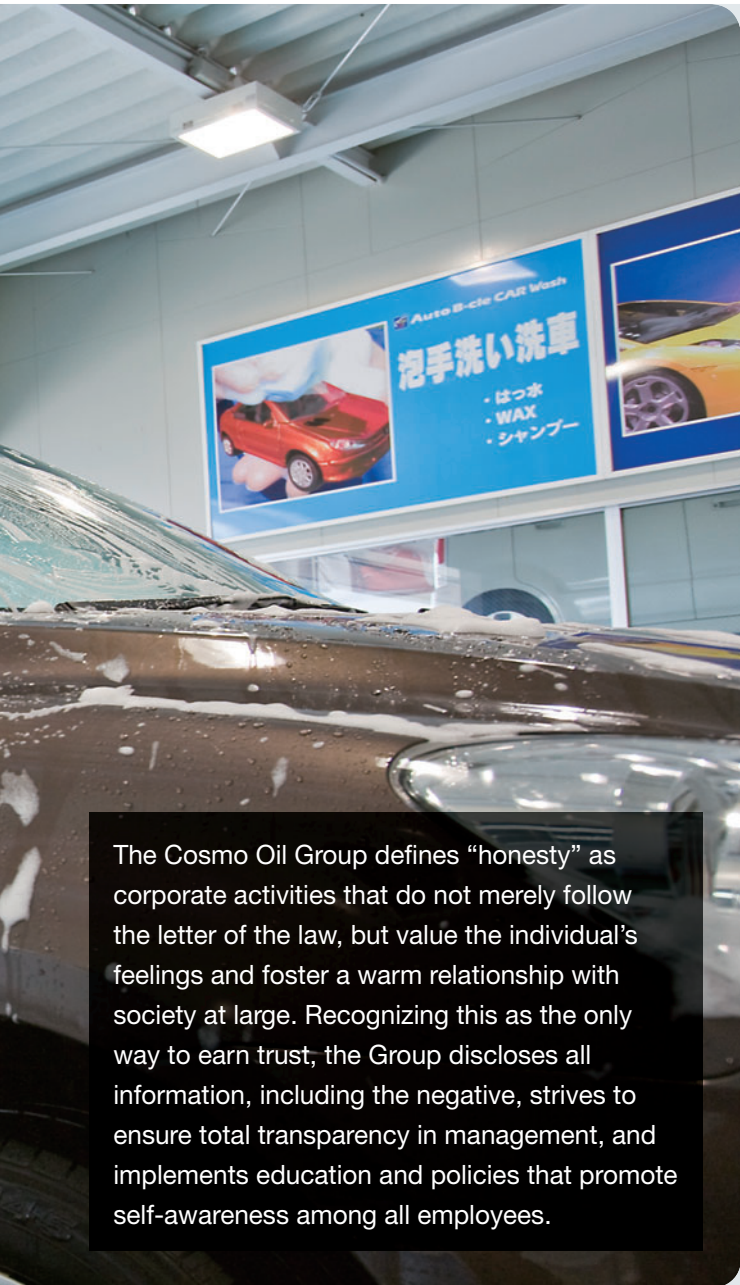
In fiscal 2010, the Group concentrated on raising employee awareness of information security issues with training designed to reinforce the appropriate use of information systems. The Group also introduced ethics training in technical divisions to increase understanding among engineers of the unique ethical issues that they face. In addition, training sessions focused on increasing understanding among employees by using familiar examples to illustrate specific topics such as preventing the risk of misconduct, the Antimonopoly Act and securities, and preventing harassment and eliminating discrimination.

The Group increased the number of training opportunities for employees, as well. The total number of participants Group-wide in

fiscal 2010 rose to 3,611, an increase of 860 participants over the previous fiscal year. Surveys taken after participants completed training will be used in developing sessions for the following years. ✓



Corporate ethics training



The Cosmo Oil Group defines “honesty” as corporate activities that do not merely follow the letter of the law, but value the individual’s feelings and foster a warm relationship with society at large. Recognizing this as the only way to earn trust, the Group discloses all information, including the negative, strives to ensure total transparency in management, and implements education and policies that promote self-awareness among all employees.

Surveying Employee Awareness to Assess CSR Management

From February through April of 2011, the Cosmo Oil Group conducted the CSR Status Survey of executives and employees at 19 Group companies, as it has in previous fiscal years. This survey is used to identify areas for improvement and measure the results of previous initiatives to promote CSR management. Survey responses are anonymous, and the questionnaires are collected by an outside organization. By protecting respondents in this way, the survey had a response rate of approximately 98% (4,828 respondents) in fiscal 2010.

Analysis of responses by outside experts indicates that CSR risks across the Group are generally on the decline. However, though small in number, a few respondents did answer in the affirmative when asked about risks related to compliance and safety. The results of this survey will be used to bolster CSR management with the aim of eliminating all risks in these areas. Cosmo Oil will take the lead in developing and implementing measures across the Group for strengthening communication between managers and subordinates, enhancing training by job grade, and improving compliance-related manuals.

Embedding Frontline Employee Awareness of Risk in Corporate Culture



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The key to risk management at the Cosmo Oil Group is to anticipate and expose risks that have not yet manifested themselves, properly assess the primary factors involved, and take the necessary measures to eliminate them.

The Group strongly emphasizes a frontline focus when taking steps to mitigate risks, and we will continue to work on this. It is the workers on-site who know best the conditions there. It is therefore individual employees throughout the Group who must take responsibility for identifying the risks involved in their own jobs and zeroing in on the risk these would pose to the Group. Aiming to establish this type of system, our job as part of the Risk Management Group begins with raising employee awareness of risk and then embedding this awareness in our corporate culture.

Enhancing Group-wide communication that transcends the boundaries of department or company is important to raising awareness among employees on the frontlines. People tend to focus only on the specific group they are a part of, but I think an employee should actively share new “realizations” with people both in and outside of his or her own specific department. My impression is that each and every employee of the Cosmo Oil Group is extremely sensitive to risk after the Great East Japan Earthquake. What is important now is determining how the Group will integrate our employees’ increased sensitivity to risk, and we recognize that building the structure to do so is a matter of great urgency.

Instituting a Corporate Ethics Consultation Helpline

The Cosmo Oil Group has set up internal and external helplines by which employees or persons outside the Group can discuss legal or ethical problems concerning Group operations. In addition to the corporate ethics consultation helpline within the Corporate Ethics Promotion Office, there is a consultation helpline within the Personnel Department for matters related to sexual and power harassment. The Group has also set up a helpline staffed by external experts to assure anonymity and guard against adverse repercussions to the caller. In fiscal 2010, the helplines received a total of five requests for consultations.