

## Third Consolidated Medium-Term Safety Plan

Since fiscal 2005, the Cosmo Oil Group has carried out the Consolidated Medium-Term Safety Plan on a three-year basis to eliminate work-related accidents and injuries. Under the Plan, the Group implements initiatives for each stage of business (production, distribution and sales).

Launched in fiscal 2010, the Third Consolidated Medium-Term Safety Plan was designed to further improve safety based on a vision of diligently promoting a zero-accident record and initiatives with the aim of building a safe and secure Cosmo Oil Group that is a source of employee pride and is trusted by society.

### Fiscal 2010 Initiatives and Results under the Third Consolidated Medium-Term Safety Plan

Degree of achievement: ○ Achieved △ Partially achieved × Not achieved

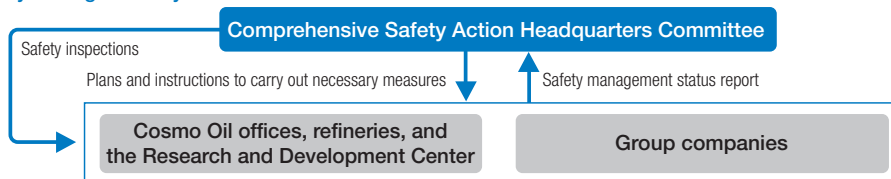
Divisions		Fiscal 2010 Goals	Fiscal 2010 Results	Achievement of Goal
Refining and manufacturing	4 refineries and Cosmo Matsuyama Oil Co., Ltd.	• Reduce unsafe and failure incidents by 90% or more from the benchmark year <sup>1</sup> by 2010 (meaning 11 or less incidents)	• Unsafe and failure incidents: 99 (10% reduction from benchmark year <sup>1</sup> )	×
	Cosmo Oil Lubricants Co., Ltd. (manufacturer of lubricating oil)	• Achieve target of zero work-related injuries • Reduce accidents/incidents by 30% over previous year	• Work-related injuries: 0 • Accidents/incidents: 15 (same as previous year)	△
	Cosmo Petroleum Gas Co., Ltd. (LPG storage/delivery)	• Maintain zero accidents/incidents	• Accidents/incidents: 0	○
Distribution	Cosmo Delivery Service Co., Ltd. (ground shipments)	• Eliminate oil-mixing accidents to zero • Encourage employees to report near-miss accidents, with a target of 10,000 reports	• Oil-mixing accidents: 2 • Near-miss accident reports: 23,000	△
	Cosmo Kaiun Co., Ltd. (sea shipments)	• Maintain zero accidents involving marine oil spills/ships run aground • Reduce equipment failure to 50% of benchmark year (2008)	• Marine oil spills: 1; ships run aground: 0 • 67% reduction in equipment failures to 5 incidents	△
	Oil depots	• Maintain zero work-related injuries • Limit the number of fires/oil spills to less than 2 incidents per year	• Work-related injuries: 0 • Oil spill: 1	○
	Crude Oil & Tanker Dept.	• Complete action plan	• Held safety meetings and shared information • Made decisions on safe plying in each case based on a variety of information	△
Sales and other operations	Petroleum Products Trading Dept.	• Achieve target of zero serious accidents relating to ship movements	• Serious accidents relating to ship movements: 0	○
	Service Station Dept.	• Maintain zero work-related injuries in service station construction	• Work-related injuries: 0	○
	Project Development Dept. (co-generation, etc.)	• Achieve target of no more than one accident a year	• Accidents: 2	×
	R&D Dept.	• Achieve target of no more than one incident per year	• Incidents: 2	×
	Research and Development Center	• Maintain zero work-related injuries • Reduce number of accidents/incidents against previous year	• Work-related injuries: 0 • Accidents/incidents increased 37% over previous year to 74 cases	△
Cosmo Engineering Co., Ltd.	• Steadily reduce work-related injuries to zero	• Same number of work-related injuries over previous year (31)	×	

1. Benchmark year: September 2006–August 2007

## Building a Group-Wide Safety Management Structure

The Cosmo Oil Group has established the Comprehensive Safety Action Headquarters Committee to manage safety throughout the entire Group. The Committee reviews and coordinates important matters related to safety management at regular meetings each year and verifies the status of safety management in each department and workplace.

### Safety Management System



## Safety Inspections

The Cosmo Oil Group conducts annual safety inspections at workplaces and the Head Office departments that oversee these workplaces. In fiscal 2010, safety inspections were conducted at 13 workplaces/ departments including four refineries. Especially in the inspection of refineries, efforts are made to enable more effective, higher improvements and guidance from a third-party perspective by including personnel from other refineries in addition to the Head Office among the internal inspectors.

### Workplaces/Companies Given Safety Inspections in Fiscal 2010

Cosmo Oil			Group companies	
Chiba Refinery	Sakaide Refinery	Distribution Department	Cosmo Matsuyama Oil Co., Ltd.	Cosmo Oil Lubricants Co., Ltd.
Yokkaichi Refinery	Research & Development Center	Project Development Department	Cosmo Engineering Co., Ltd.	Cosmo Petroleum Gas Co., Ltd.
Sakai Refinery	Sales Department	R&D Department		

## Third Consolidated Medium-Term Human Rights/Personnel Plan

The Cosmo Oil Group is striving to create workplaces that respect human rights and the diversity of personnel. Introduced in fiscal 2010, the Third Consolidated Medium-Term Human Rights/Personnel Plan is divided into shared Group themes on which Cosmo Oil and its main Group companies (18 companies) work, and individual themes in which initiatives differ according to the number of employed workers at each company. Shared Group themes were narrowed down to four from the six that were set out in the Second Plan: respect for human rights, respect for diversity and equal opportunity, promoting physical and mental health care, and supporting balance between work and home life.

### Fiscal 2010 Initiatives and Results under the Third Consolidated Medium-Term Human Rights/Personnel Plan

Degree of achievement: ○ Achieved △ Partially achieved × Not achieved

Third Consolidated Medium-Term Human Rights/Personnel Plan	Themes		Fiscal 2010 Goals	Fiscal 2010 Results	Achievement of Goal
	Shared Group Themes	Respect human rights	Prevent harassment, eliminate discrimination	Achieve participation rate of 80% or more in human rights training for Cosmo Oil employees (including those temporarily dispatched; excluding shift workers)	Participation rate in human rights training: 83%
Respect diversity/equal opportunity		Maintain fairness in hiring	Maintain and improve employment rate of people with disabilities (higher than the legally mandated rate of 1.8%)	Employment rate of people with disabilities: Fiscal 2009 2.1% → Fiscal 2010 2.2%	○
Promote physical and mental health care		Prohibit excessive overwork and implement specified health exams	Gradually decrease excessive working hours (350 working hours per year)	Persons working excessively long hours: 359 (167 less than in fiscal 2009)	○
Support balance between work and home life		Promote childcare and family healthcare leave and support leisure activities	Average paid time off utilization rate of employees (excluding shift workers): • Cosmo Oil: 80% or more • Group companies: Improve current record	• Cosmo Oil: 78.4% • Group companies: Improvements at 13 of 18 target companies	×
Individual themes	Comply with Act on Advancement of Measures to Support Raising Next-Generation Children		Establish an action plan required for general business owners and notify the authorities	Plan establishment or notification completed at five target companies	○

## Promoting Work-Life Balance

The Cosmo Oil Group is committed to creating positive, dynamic work environments for employees. With respect for diversity in terms of life and work styles being emphasized in recent years, the necessity of efforts that address work-life balance has been growing. The Cosmo Oil Group respects each employee's set of values and approach to life. The Group is therefore promoting initiatives designed to help employees maintain a healthy work-life balance so that they can achieve their desired lifestyles.

### Number of Cosmo Oil Employees (as of March 31, 2010)<sup>1</sup>

		Men	Women	Total
		Cosmo Oil	Union members	1,470
Management positions	354		4	358
Senior employees	75		3	78
Subtotal	1,899		236	2,135
Dispatched to Group companies <sup>2</sup>	Union members	745	95	840
	Management positions	286	0	286
	Senior employees	6	1	7
	Subtotal	1,037	96	1,133
<b>Total</b>		<b>2,936</b>	<b>332</b>	<b>3,268</b>

1. Data excludes workers seconded from outside organizations.

### Number of Employees Taking Maternity and Childcare Leave and Support Courses for Returning to Work; and Child Care Leave Rate<sup>1</sup>

	Fiscal 2010		Fiscal 2009		Fiscal 2008	
	Men	Women	Men	Women	Men	Women
Maternity leave	0	4	0	6	0	5
Childcare leave <sup>2</sup>	2 (2)	5 (9)	2 (2)	4 (10)	1 (1)	7 (12)
Support course for returning to work	0	4	0	2	0	7
Childcare leave rate (%)	—	75%	—	100%	—	100%

1. Data covers employees at Cosmo Oil Co., Ltd. (including those temporarily dispatched).  
2. Figures show the number of employees who applied for leave in the corresponding fiscal year and figures in parentheses show the number of employees who took leave.

## Respect for Human Rights

The Cosmo Oil Group has a number of policies regarding respect for human rights. The Third Consolidated Medium-Term Human Rights/Personnel Plan includes the themes of preventing harassment and eliminating discrimination. To achieve those goals, the Group decided to continue implementing annual human rights training sessions in each workplace. A goal of an 80% or more participation rate in training sessions was set in the Medium-Term Plan, and in fiscal 2010 a result of 83% was achieved. This goal attainment is attributed to holding the human rights training sessions on the same day as other ethics training sessions, based on feedback from last year's attendees, and the rise in employees' desire to participate in ethics training overall, including sessions on human rights. In fiscal 2011, the Group will strive to further boost the participation rate to ensure that these training sessions foster Group-wide respect for human rights.

[Detailed information](#) Consolidated Medium-Term Human Rights/Personnel Plan

[www.cosmo-oil.co.jp/eng/csr/social/employee.html](http://www.cosmo-oil.co.jp/eng/csr/social/employee.html)

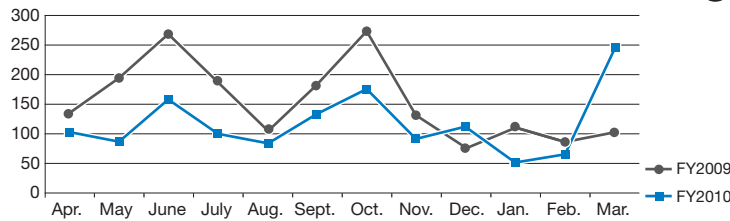
## Respect for Diversity and Equal Opportunity

As a policy for achieving respect for diversity and equal opportunity for human resources, the Cosmo Oil Group made continuation of fair employment practices a theme and set the goal of maintaining and improving the employment rate of people with disabilities. Not only did the Group achieve the legally mandated rate of 1.8% or more in the employment rate of people with disabilities, it increased the rate from 2.1% in fiscal 2009 to 2.2% in fiscal 2010. The Group will continue to roll out a variety of measures with the aim of creating workplace environments where diverse human resources can demonstrate their different abilities to the full extent.

## Protecting Employee Health by Reducing Long Working Hours

In the Third Consolidated Medium-Term Human Rights/Personnel Plan, the Cosmo Oil Group included the theme of prohibiting excessive overwork and implementing specified health exams in order to maintain employee health. The Group is making efforts to decrease excessive working hours gradually. Cosmo Oil sets limits on the number of overtime hours on a monthly and yearly basis. In fiscal 2010, the number of employees working long hours on a yearly basis decreased by 167 from the previous year to 359. A lot of overtime work occurred in December 2010 when power flickers (power disruptions caused by momentary power reductions) were caused by Chubu Electric Power Co., Inc., and in March 2011 as a result of the Great East Japan Earthquake. Keeping a record of working hours and holding individual discussions with employees resulted in a thorough awareness of improvements in each department in other months. The Group will continue implementing similar measures.

### Number of Workers Exceeding Fixed Hours for Overtime Work in a Month



## Brand Support Declaration

In addition to its existing “Filling Up Your Hearts, Too” Declaration activities, the Cosmo Oil Group is making a more concrete and practical Brand Support Declaration in order to strengthen the functions of its service stations, which are the point of direct contact between the Group and customers.

- ◎ Provision of practical know-how backed by a record of experience
- ◎ Product development with an eye to the future and dissemination of the latest retail information
- ◎ Provision of systems to support customer management and service station operations distinctive of the Cosmo Oil brand

Through concrete efforts based on these three commitments, the Cosmo Oil Group aims to increase the fulfillment of its “Filling Up Your Hearts, Too” Declaration and to create a brand that is highly regarded by stakeholders.

### The Three Promises of the “Filling Up Your Hearts, Too” Declaration

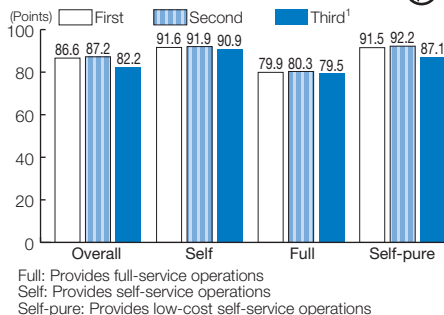


- Promise 1 Comfort** Cosmo Oil service station outlets will be clean and customers will be greeted with a smile.
- Promise 2 Peace of mind** Cosmo Oil service stations will offer quality assured products and services.
- Promise 3 Trust** Cosmo Oil service station staff will be responsible for their answers to customers' queries.

## Service Evaluations Monitor Three Promises

The Cosmo Oil Group focuses intently on customer satisfaction. The Group surveys its customers to assess the level of comfort, peace of mind and trust provided by service stations and review the fulfillment of the Three Promises made to customers. In fiscal 2010, three service evaluation surveys were carried out at approximately 1,400 service stations. The results of the evaluations were used to provide feedback to the service stations for the purpose of improving services.

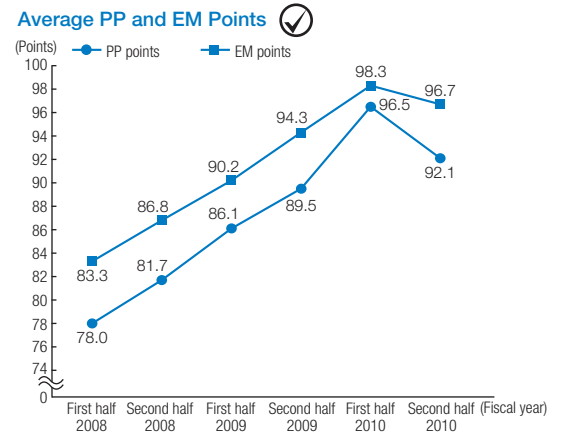
### “Filling Up Your Hearts, Too” Declaration Service Evaluation Results for Fiscal 2010



1. The third survey was conducted at service stations whose scores were less than 90 points at the first and the second surveys.

## Current CSR Status in Service Stations Surveyed

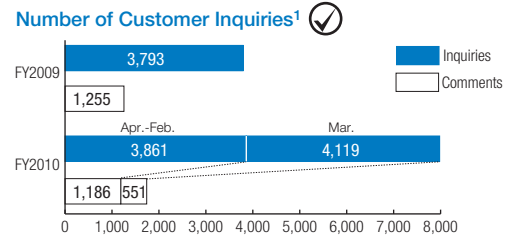
The Cosmo Oil Group conducts a privacy policy (PP) survey and an environment management (EM) survey annually to ensure that the entire Group is in compliance with the laws and ordinances that regulate service stations and other CSR matters. The survey results are incorporated to make necessary improvements in specific areas. The results are based on replies to a survey sheet, 100 points being a perfect score. In fiscal 2010, some 1,400 service stations participated in these surveys. Cosmo Oil service stations scored an average of 98.3 EM points (up 8.1 points year on year) and 96.5 PP points (up 10.4 points year on year) in the first half of the fiscal year, and 96.7 EM points (up 2.4 points year on year) and 92.1 PP points (up 2.6 points year on year) in the second half of the fiscal year, showing a big improvement in both categories.



1. Affected by the Great East Japan Earthquake, the number of inquiries received in March 2011 was over 4,000, a dramatic increase of more than 10-fold the monthly average.

## Ensuring Customer Support

The Cosmo Oil Group has established the Cosmo Oil Customer Center to facilitate greater interaction with customers. Since October 2010 the Center has been open to telephone inquiries 24 hours a day. Customer feedback is used to help improve service and business procedures.



## Promoting International Technology Exchanges

The Cosmo Oil International Cooperation Center maintains and develops good relationships with oil-producing and developing nations through technology exchanges. These efforts have earned the Center high praise from the countries with which it conducts the exchanges. The Center also utilizes assistance programs offered by the Japan Cooperation Center, Petroleum (JCCP) and other organizations when conducting training projects.

## Main Activities in Fiscal 2010

In line with its basic policy of strengthening relationships through technology cooperation with Middle Eastern oil-producing and Asian nations, the Cosmo Oil Group conducted technology cooperation and training projects in fiscal 2010. As a technology cooperation project, the Group participated in the Study for Process and Operational Improvement at Refinery in Oman, which was a JCCP-led project to develop oil industry infrastructure in oil-producing nations. In the area of training projects, the Group accepted trainees for 20 sessions and dispatched instructors for four sessions, working with 11 organizations in six countries (UAE, Qatar, Iran, China, Vietnam, and Thailand). Additionally, it conducted 12 training programs under the direct management of the JCCP.

### Number of Training Projects Conducted in Fiscal 2010

Country	Organization	Incoming training	Dispatch training
Middle Eastern oil-producing nations	UAE: ADNOC Distribution	1	
	UAE: Abu Dhabi Oil Refining Company (TAKREER)	2	1
	Higher College of Technology	1	
	Qatar: Qatar Petroleum	2	1
	Qatar: Qatar University	1	
Iran: National Iranian Oil Refining & Distribution Company	1		
Subtotal		8	2
Other oil-producing nations	Vietnam: Petrovietnam	3	1
Other nations	China: China National Petroleum Corporation	3	
	China: China Petroleum & Chemical Corporation (Sinopec)	3	1
	Sinopec Shanghai GaoQiao Petrochemical Corporation	2	
	Thailand: Bangchak Petroleum Public Co., Ltd.	1	
Subtotal		9	1
Total		20	4

### Number of Training Programs

Field	Programs	(Middle Eastern oil-producing nations)
Technology	21	(8)
Marketing	1	(1)
Personnel and administration	1	(1)
Lubricant	1	(1)

### Number of Trainees Per Program

Country	Trainees
Middle Eastern oil-producing nations	5.4
Other oil-producing nations	11.7
Other nations	12.4