

Chapter 6

We strive to maintain our position as an honest company

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.

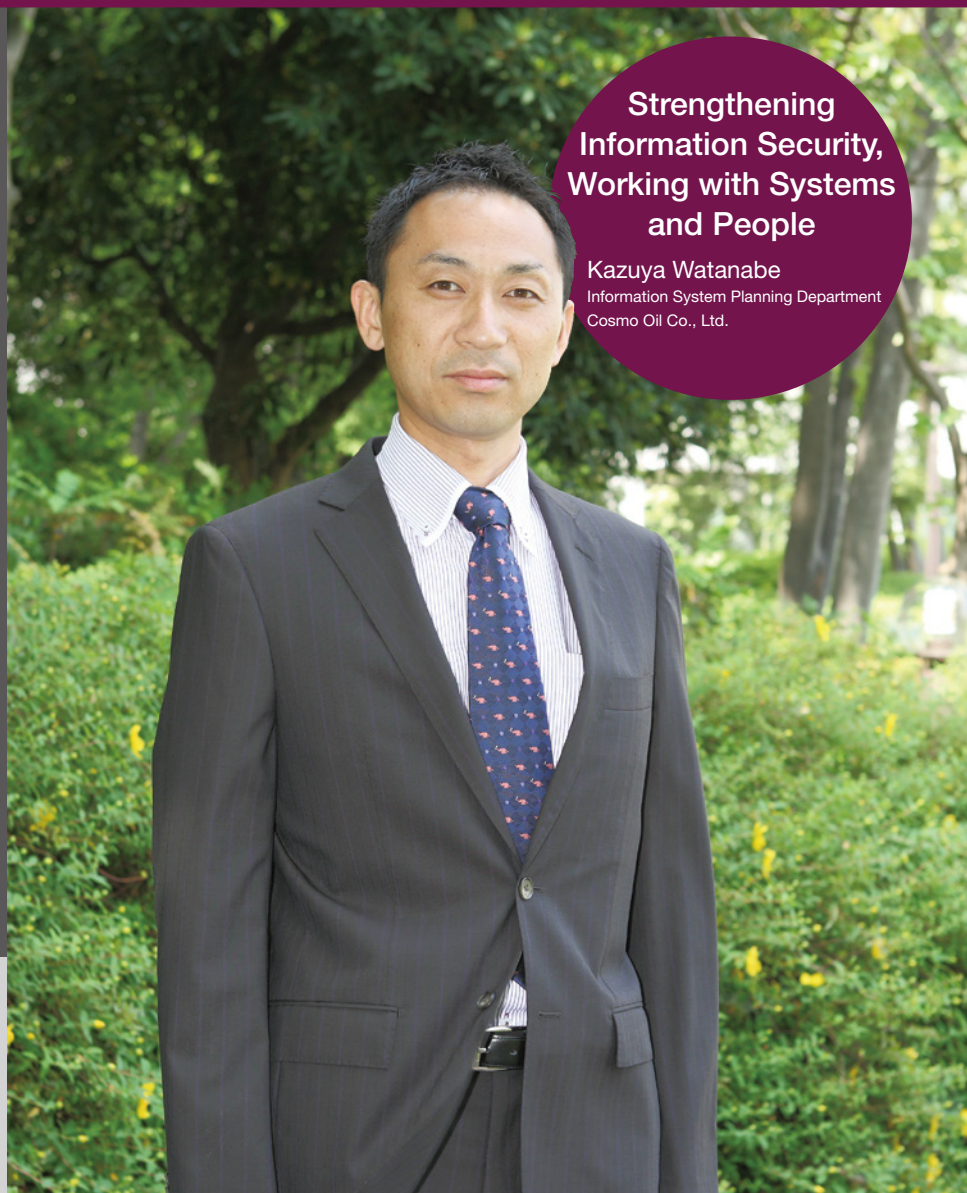
Code of Conduct

The Cosmo Oil Group Code of Conduct articulates the Group’s mission and the expectations of society by outlining themes for the Group to pursue in order to realize its Management Vision. The following are points quoted from the code.



Chapter 6: We strive to maintain our position as an honest company

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| 1 | We engage in sensible activities as members of society |
| 2 | We treat company property with care |
| 3 | We are honest in our transactions |
| 4 | We handle information properly |



Strengthening Information Security, Working with Systems and People

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“It is no exaggeration to say that companies today are highly reliant on IT and use IT systems in every department. Varied and vast amounts of data are stored in information systems, ranging from basic company data to order, technical, and cardmember personal information. Since almost all of this data is extremely important, information security must be performed with a great deal of care.

Information risk can be broadly divided into two areas: the vulnerability of information systems to attack, and the vulnerability of the people that use them. The risks change on a daily basis along with the growing sophistication of cyber attacks, including attacks targeting specific organizations, which have been widely covered by the media in recent years. Since security efforts never cease, measures must be investigated and implemented based on the continual gathering of information concerning attacks at other companies and the latest technology trends.

Security measures need to be taken while still maintaining a certain level of convenience. If the awareness of system users is low, significant risk becomes apparent. For example, external recording media such as USB memory sticks are only permitted when required business operations. However, when employees inadvertently connect personal devices such as smartphones to company computers, the company equipment can become infected with new viruses, causing problems that cannot be prevented by the system security measures. This is why we are putting effort into awareness raising and education through new employee training and corporate ethics training, our *Information System User Guidelines and Handbook* and the company intranet (CWP). We are also looking into other measures for each situation, in addition to conducting surveys on system usage and providing improvement instructions.”

Never satisfied with the status quo, Cosmo Oil is strengthening its people and its organizations, always reflecting on lessons learned, and determined to maintain the trust of society.

CSR Status and Union Member Awareness Surveys

In addition to conducting a CSR Status Survey every two years, the Cosmo Oil Group carries out Union Member Awareness Surveys for the 2,400 members (as of July 31, 2011) of the Cosmo Oil Labor Union. Both surveys are conducted on an anonymous basis, with an external organization gathering the questionnaires and analyzing the results. The Union Member Awareness Survey has a high response rate of 93.6%.

While enabling the understanding and improvement of job satisfaction among Cosmo Oil Group employees, these surveys also aim to objectively evaluate the Group's CSR management. Accordingly, the survey results are shared with labor and management, and used for discussions in good faith from multiple perspectives. As a result, the Group can confirm the awareness of employees concerning their individual jobs and the company they work for, as well as their level of corporate ethics understanding. This helps to reduce risk relating to CSR management.

Based on the results of these two surveys, the Cosmo Oil Group reviews and implements measures for better

communication among employees, improves education and training, and provides easy-to-understand information on compliance, while enhancing CSR management and minimizing risks.

Feedback from the Union Member Awareness Survey (Excerpts)

- I think there is strong connection between compliance and the issue of generational change. Younger people have a much higher awareness of compliance. If we continue with the current compliance education, I believe things will improve. (Male refinery employee)
- There is not much education about rules, and I think some people are deviating from the rules without knowing it. Time should be set aside to thoroughly educate people. (Female refinery employee)
- I think there should be more substantial training on compliance, which is very important. We can't take the proper action if we don't know specifically what we should be watching out for. (Male head office employee)

Corporate Ethics Training

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 Group companies are also led by Group company presidents.

By sharing concrete examples, the fiscal 2011 corporate ethics training further increased understanding of the appropriate use of information systems, thereby raising the information security awareness of all employees. The ethics training for engineers, which was introduced in 2010, reinforced understanding of legal compliance under the theme of defects in safety and environment management. In addition, awareness-raising sessions were carried out on other individual themes including the Corporate

Ethics Consultation Helpline system, the Antimonopoly Act and personal information protection, as well as physical and mental health management.

Due in part to the increase in training opportunities for employees, the total number of training participants Group-wide in fiscal 2011 rose to 3,790, an increase of 179 participants over the previous fiscal year. Evaluations received after participants completed training will be used in developing sessions for the following years.



Training at Cosmo Matsuyama Oil

Corporate Ethics Consultation Helplines

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. The internal helpline is set up within the Corporate Ethics Promotion Office, while the external helpline is staffed by outside experts.

Both helplines assure anonymity and guard against adverse repercussions to the caller. In fiscal 2011, the helplines received a total of two requests for consultations. There also is a consultation helpline within the Personnel Department for matters related to sexual and power harassment.