

Fiscal 2012 Initiatives

Results and Issues for the Third Consolidated Medium-Term CSR Management Plan for Fiscal 2010–2012

Based on the Third Consolidated Medium-Term CSR Management Plan, the Cosmo Oil Group carried out CSR and environmental management initiatives with the following five objectives: (1) Improve functioning of CSR promotion structure; (2) Strengthen safety management; (3) Enhance human rights/personnel policies; (4) Promote environmental initiatives; and (5) Promote communication activities that respond to society.

Overall, the qualitative targets were mostly achieved. However, some quantitative targets fell short of the goal for the second and third objectives above. While the CSR management principles continued to take root, the Group will work to promote greater implementation of CSR activities based on these principles, and it will put them into practice.

Fiscal 2012 Initiatives and Results under the Third Consolidated Medium-Term CSR Management Plan (Fiscal 2010–2012)

Priority Items	Themes	Major Activity Policy/Goals	Fiscal 2012 Results
Improve functioning of CSR promotion structure	Strengthen structures for improving implementation	Review the appointment and duties of personnel in charge of CSR promotion to enhance the Group's CSR promotion system	<ul style="list-style-type: none"> CSR staff kept employees informed of the activities of the Group's 6 CSR-related committees and advanced CSR initiatives at their departments and companies.
	Further increase recognition and understanding of Code of Conduct	<ul style="list-style-type: none"> Continue regular internal training Implement monitoring (CSR Status Survey) 	<ul style="list-style-type: none"> Implemented internal corporate ethics training from October 2012 to February 2013 (3,798 participants) Informed the Group of results from the CSR Status Survey conducted in November 2012
	Promote efficient operations in conformity with company rules and manuals	Standardize and simplify business operations by using internal infrastructures, and strengthen information management	<ul style="list-style-type: none"> Revised the rules for decision-making authority in July 2012 (to clarify the roles of confirmation givers and approvers) Revised the insider trading prevention rules in November 2012 Revised the rules on use of the corporate seal
	Restructure risk management structure	<ul style="list-style-type: none"> Identify risks on a company-wide basis and establish countermeasures Conduct continual education and training on business continuity plan (BCP) 	<ul style="list-style-type: none"> Identified Company-wide risks and revised countermeasures during March and April 2013 Conducted BCP drills in March 2013 for scenarios involving earthquakes in Tokyo and the Tokai, Tonankai, and Nankai regions
Strengthen safety management (Third Consolidated Medium-Term Safety Plan) → See p. 28 for more details.	Raise safety level by setting quantitative targets for reducing accidents, assessing results and making improvements	<p>Refineries and Cosmo Matsuyama Oil: Achieve and maintain a record of zero accidents; reduce unsafe and failure incidents¹ by 90% or more from the benchmark year² by 2012</p> <p>Offices and Group companies: Continue and develop safety management activities to meet objectives, i.e., reduce or eliminate work-related accidents, reduce or eliminate accidents/incidents</p>	<ul style="list-style-type: none"> Manufacturing: Unsafe and failure incidents slightly decreased to 112 compared with 117 in the benchmark year Implemented measures to prevent reoccurrence of asphalt leak Distribution: 4 work-related accidents and 9 accidents/incidents (including 5 oil-mixing accidents, 2 maritime accidents, 1 traffic accident, and 1 oil spill) Marketing and other departments: 16 work-related accidents and 6 incidents
Enhance human rights/personnel policies (Third Consolidated Medium-Term Human Rights/Personnel Plan) → See p. 32 for more details.	Respect human rights: Prevent harassment, eliminate discrimination	Achieve participation rate of 80% or more in human rights training for Cosmo Oil employees	Achieved participation rate of 87%
	Respect diversity/equal opportunity: Maintain fairness in hiring	Maintain and improve employment rate of people with disabilities (higher than the legally mandated rate of 1.6%)	Achieved employment rate of 2.20% at Cosmo Oil
	Promote physical and mental health care: Prohibit excessive overwork and implement specified health exams	Gradually decrease the number of employees with long working hours (over 350 excessive working hours per year)	478 employees worked excessive hours (up by 32 persons from fiscal 2011)
	Support balance between work and home life: Promote childcare and family healthcare leave and support leisure activities	Maintain or improve the average paid time off utilization rate of employees (Cosmo Oil: 80% or more; Group companies: improve current records)	Achieved goal at Cosmo Oil (83.3%); rates improved at 9 of 18 target Group companies in Japan
Promote environmental initiatives (Fourth Consolidated Medium-Term Environment Plan) → See p. 34 for more details.	Respond strategically to prevent global warming while ensuring continuation of business	Reduce CO ₂ emissions by amount equivalent to approx. 3% (0.22 million tonnes) or more of annual emissions in the Group's business areas (crude oil extraction, crude oil transport, refining, and product transport and storage at oil depots) by fiscal 2012 (compared to level before implementation of measures). Reductions achieved by the wind power generation business will be included in overall amount.	<ul style="list-style-type: none"> Reduced annual CO₂ emissions by 0.278 million tonnes (not including CO₂ emissions reduction due to the temporary shutdown of the Chiba Refinery) Submitted report summarizing greenhouse gas emissions in accordance with Japan's Act on the Rational Use of Energy and Act on Promotion of Global Warming Countermeasures
	Reduce environmental impact	<ul style="list-style-type: none"> Identify environmental risks that may arise at times of normal operations and times of irregular operations; implement response measures Reduce industrial waste: achieve final disposal rate of less than 0.5% at Cosmo Oil and less than 5.0% for Group companies Enhance internal/external audits for thorough environmental management Adopt rigorous measures to ensure soil preservation Promote Eco Office activities (Group-wide goal: Reduce copy paper by 9%, company car fuel consumption by 6%, and office electricity consumption by 7% from the averages of fiscal 2007–2009) Promote green purchasing 	<ul style="list-style-type: none"> For the 5 cases in progress, 3 saw measures implemented, 1 was suspended and 1 is not yet completed. Final disposal rate of 0.23% at Cosmo Oil and 1.98% for Group companies Conducted internal/external audits and environmental inspections Systematically implemented soil cleanup, environmental monitoring, and facilities management based on the environmental impact at various sites Group-wide goals were achieved; some Group companies fell short of copy paper reduction target Followed up on "non-green" suppliers
	Promote environmental contribution activities	<ul style="list-style-type: none"> Promote environmental contribution activities through Cosmo Oil Eco Card Fund Protect biodiversity 	<ul style="list-style-type: none"> Continued to implement 14 Cosmo Oil Eco Card Fund projects, and held eco tour for Cosmo Oil Eco Card cardholders Participated in the editing and preparation of Forest Creation Guidelines through intercompany study groups
Promote communication activities that respond to society	Establish effective communication activities based on stakeholder feedback	Maintain communication with all stakeholders, including customers, local communities, shareholders, investors and societies around the world	<ul style="list-style-type: none"> Conducted Cosmo Forest activities in Sakai and Matsuyama cities Held Family Concerts in the cities of Sakai and Sakaide Sent 730 Christmas cards to hospitalized children at 12 hospitals 14,372 people participated in Clean Campaign held at 39 locations

1. "Unsafe and failure incidents," as defined by the Cosmo Oil Group, include the following: extraordinary accidents as defined by the Act on the Prevention of Disaster in Petroleum Industrial Complexes and Other Petroleum Facilities; and trouble, failures and work-related accidents that do not rise to the level of extraordinary accidents.
2. Benchmark year: September 2006–August 2007

CSR Initiative Policy: Overview, Issues and Targets for Fiscal 2013–2017

Along with the start of the Fifth Consolidated Medium-Term Management Plan covering fiscal 2013–2017, the CSR Initiative Policy for fiscal 2013–2017 has been established based on the Cosmo Oil Group Code of Conduct. In order for all Group employees to become more familiar with socially responsible management, the name of the Consolidated Medium-Term CSR Management Plan was changed to the CSR Initiative Policy. The additional phrase, “Filling Up Your Hearts and Safety” was added, reflecting the Group’s familiar slogan, “Filling Up Your Hearts, Too.”

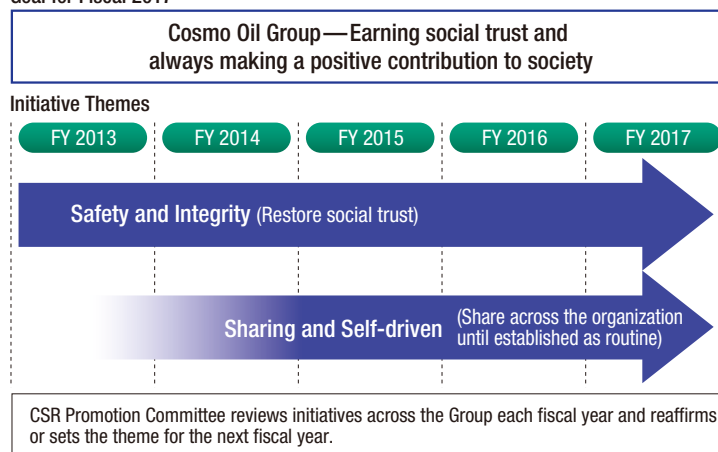
Based on progress made under the Third Consolidated Medium-Term CSR Management Plan, five priority items were established for the new CSR Initiative Policy. The highest priority items are “Strict safety management” and “Working with integrity.” The CSR Initiative Policy goes hand in hand with the Consolidated Medium-Term Management Plan. With all employees working to achieve the Management Plan, the Cosmo Oil Group is aiming to conduct its business with safety and integrity while furthering its contributions to society.

Degree of achievement: Achieved (A), Partially achieved (B), Not achieved (C)

Results (Fiscal 2010–2012)	Achievement of Goal
Targets were mostly achieved, and the organizational structure for CSR promotion was implemented along with the activity content	A
Did not achieve target of reducing accidents by 90%	C
Targets were mostly achieved in other departments including reducing accidents compared to the previous year	
Achieved participation rate of 80% or more	B
Improved the rate of employment for persons with disabilities	
Failed to reduce excessive working hours	
Improved rate of paid holidays taken	A
Achieved target annual reduction of 0.24 million tonnes	
Achieved targets on industrial waste, electricity, and fuel for company vehicles	
Continued Cosmo Oil Eco Card Fund projects	
<ul style="list-style-type: none"> Continued Cosmo Forest activities at Sakai Refinery, Cosmo Matsuyama Oil and Chiba Refinery Held Family Concerts across Japan Sent 4,834 Christmas cards to children hospitalized at 54 hospitals Clean Campaigns held (45,018 people participated at 116 locations) 	A

Goal and Initiative Themes

Goal for Fiscal 2017



“Safety” means observing rules (both legal and social rules) and maintaining stable, continuous operations

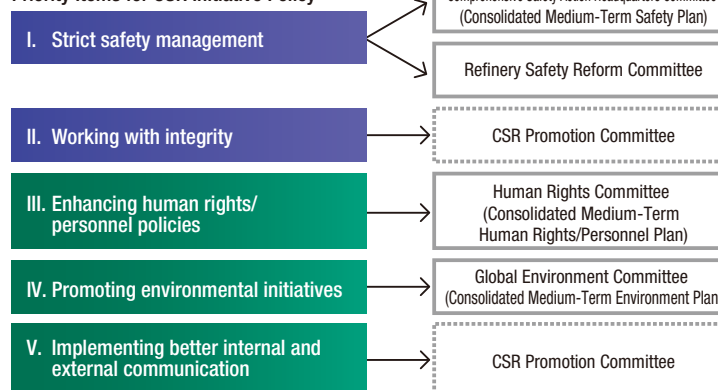
“Integrity” means displaying a consistently honest stance toward all stakeholders

“Self-driven” means that each employee puts the Cosmo Oil Group Code of Conduct into action on the job every day

Priority Items for CSR Initiative Policy

Fiscal 2013–2017

Priority Items for CSR Initiative Policy



- Five priority items were established for activities to realize the goal.
- A priority item of the Third Consolidated Medium-Term CSR Management Plan, “Strengthen safety management,” was changed to a highest priority item, “Strict safety management,” in the new CSR Initiative Policy.
- “Working with integrity” was also established as a highest priority item, since it is indispensable for maintaining safe business operations.
- Communication activities are also to be strengthened both in and outside the Group.