

Working with Integrity

Compliance Promotion

Corporate Ethics Promotion Framework

The Cosmo Oil Group has established two working organizations under the CSR Promotion Committee: the Corporate Ethics Committee decides, promotes, and implements basic policy relating to corporate ethics, while the Corporate Ethics Promotion Office serves as a facilitator for the Committee.

Additionally, the Group has set up helplines within the Group and at an outside law firm by which employees or persons outside the Group can discuss legal or ethical problems concerning Group operations. Details of the report and the Group's response to the reported issues are forwarded to the Corporate Ethics Committee and are reflected in future activities. There is also a consultation helpline within the Human Resource Department for matters related to sexual and power harassment.

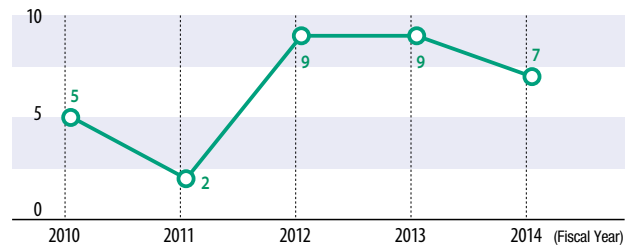
There were zero incidents involving serious compliance violations¹ in fiscal 2014.

1. Includes serious legal or regulatory violations relating to the use or supply of products or services, and serious violations relating to environmental laws or regulations. Minor violations such as temporarily exceeding regulatory values are reported on the Cosmo Oil Group website.

Corporate Ethics Promotion Framework



Number of Helpline Inquiries



Corporate Ethics Training

The Cosmo Oil Group conducts annual corporate ethics training for employees. In fiscal 2014, the training focused on educating employees about the updated Cosmo Oil Group Code of Conduct (see page 23) as well as addressing the following topics: (1) safety first, (2) changes in public morals and common-sense rules, and (3) consideration for others (teamwork).

Using examples from everyday work, employees discussed what they would do in the same situation. Participants felt good about the training, indicating that it helped them to raise their safety awareness and examine their own actions. They also appreciated hearing the views of their colleagues.



Fiscal 2014 Results for Corporate Ethics Training

Training Category	Theme	Participants	Hours
New employees	Code of Conduct, CSR Initiative Policy, group discussion on ethics, information about helpline	74 ¹	3
Newly promoted line managers	Code of Conduct, role of line managers in achieving goals of CSR Initiative Policy	30	1.5
Training at worksites	Message from the President, improving revenues and elevating ethics, changes to Code of Conduct, group discussion on ethics, feedback on results of employee attitude survey (harassment)	3,609 ²	1.5

1. Includes Cosmo Oil employees only.
2. Conducted 76 sessions at 32 work sites.



Updated Cosmo Oil Group Code of Conduct

The Cosmo Oil Group Code of Conduct was updated in September 2014, adding some guidelines in keeping with the times and revising others to better guide the company to sustainable growth.

Guidelines regarding safety were moved up from Chapter 2 to Chapter 1, to ensure that the Group is united in the mission of pursuing safety and stable operation, responding to accidents at the Cosmo Oil Chiba Refinery in 2011 and 2012. Chapter 1 now declares that “We are determined to be a safe, accident-free corporate group.”

The six chapters of the Code of Conduct cover guidelines that are rooted in safety. By ensuring each employee applies the Code, the Group will meet its social responsibilities while earning the trust and meeting the expectations of stakeholders.

The Group also updated the Cosmo Oil Group Code of Conduct booklet, which is distributed to each employee.

 [Detailed information](http://www.cosmo-oil.co.jp/eng/company/guideline.html)

Cosmo Oil Group Code of Conduct
<http://www.cosmo-oil.co.jp/eng/company/guideline.html>

Cosmo Oil Group Code of Conduct

- Chapter 1** We are determined to be a safe, accident-free corporate group
- Chapter 2** We live up to customer expectations concerning reliability and satisfaction
- Chapter 3** We value people
- Chapter 4** We take care of the global environment
- Chapter 5** We value communications with society
- Chapter 6** We strive to maintain our position as an honest corporate group

Employee Attitude Survey

In October 2014, the Group surveyed 6,215 employees online to gauge attitudes toward compliance and assess workplace culture. The response rate was 99.8%.

The questions were updated from the 2012 survey, phrased more directly to better grasp attitudes. The answer format was also revised to protect the confidentiality of respondents. The survey results were tabulated and reported to Group companies and business sites to help them improve their working conditions.

Survey Outline

Category and Theme	# of Questions
1 Basic understanding of management philosophy and medium-term management plan	12
2 Attitude toward compliance, trust in the workplace	9
3 Trust in officers and managers, management behavior	11
4 Risks and possibility of illegal behavior	38
5 Attractiveness of work and organization	13
6 Execution of CSR Initiative Policy	8
Total	91

Panda Magazine

Panda Magazine is a bimonthly email newsletter intended to educate employees about corporate ethics. In the magazine, a mouse poses questions about ethical situations that may fall in the “gray” area, and a panda gives clear, black and white answers to help employees understand situations that can easily be overlooked. Since January 2014, this has been helping Group employees to tune in to ethical issues that can come up in their everyday work.



Pursuing Customer Satisfaction

Securing Trust in Petroleum Products

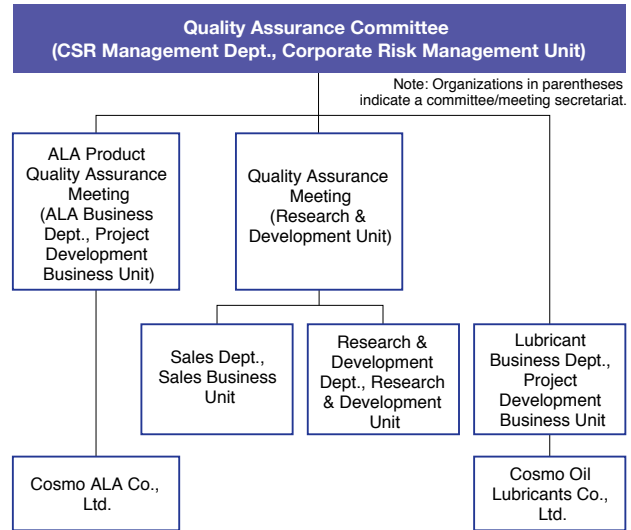
Initiatives of the Quality Assurance Committee

The Quality Assurance Committee operates the quality assurance framework for the entire Group and ensures that the Group consistently and economically supplies customers with safe products at the quality they expect.

In fiscal 2014, the Committee pursued quality control initiatives in two areas: comprehensive measures to secure safety and stable supply (prevent quality defects), and rapid and appropriate response to product problems.

As a result, the Group had almost no quality problems at refineries and oil depots. There were, however, two accidents involving oil mixing, caused by human error when unloading. Neither led to a serious accident, thanks to the cooperation of customers and the quick response. Precautions have been put in place to prevent a reoccurrence, such as verifying the actual loading against the loading data and ensuring that an observer is always present.

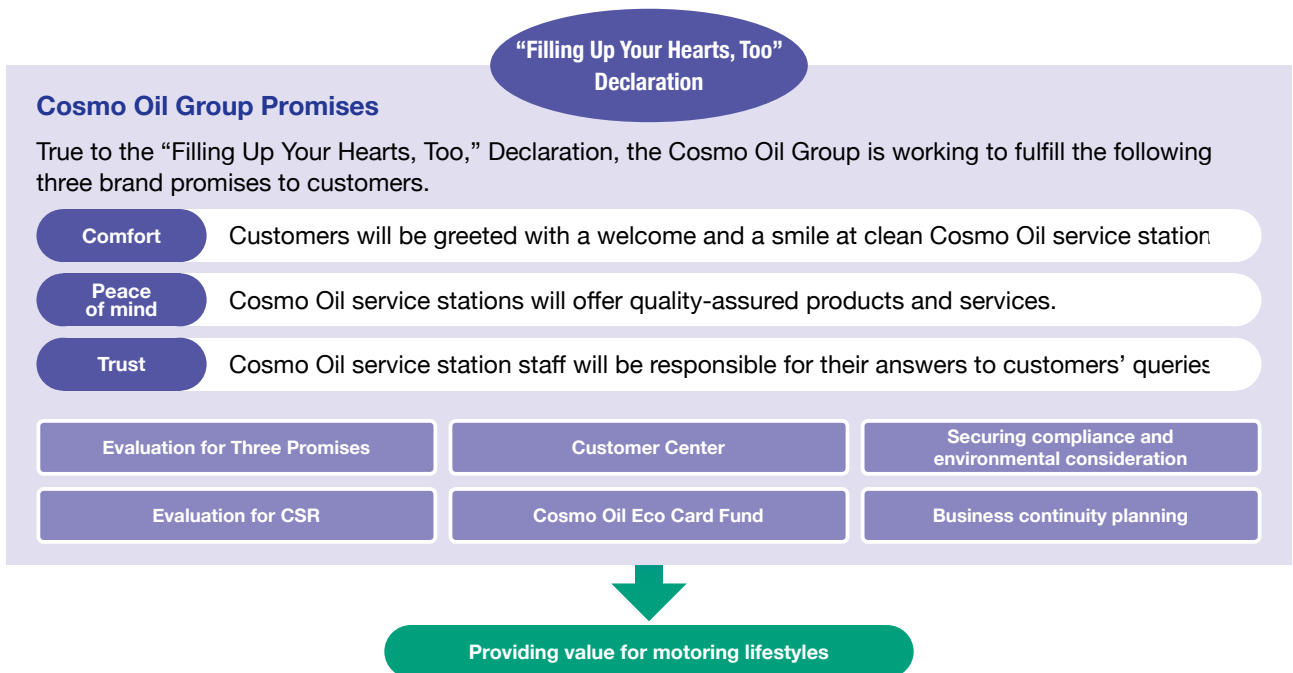
Quality Assurance Committee Framework



“Filling Up Your Hearts, Too” Declaration

Under the “Filling Up Your Hearts, Too” Declaration, the Cosmo Oil Group is working hard to give customers a true

sense of comfort, peace of mind, and trust when they visit service stations.



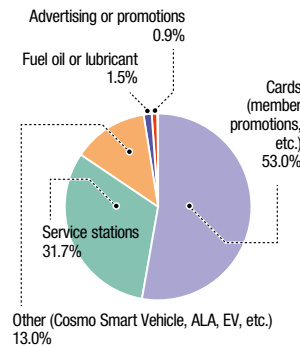
Under the brand promises of providing comfort, peace of mind, and trust, the Group is transforming its business model from one of petroleum sales focusing on fuel oils, to one of providing broad-based value for motoring lifestyles.

Ensuring Customer Support

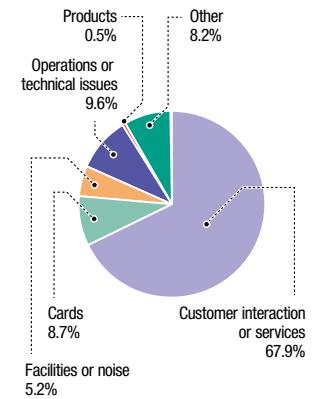
The Cosmo Oil Customer Center was launched in 2010 and operates a customer support hotline 24 hours a day.

The support hotline received 10,875 inquiries in fiscal 2014, with card-related inquiries accounting for more than half of inquiries, and customer feedback accounting for 517 calls (down 102 calls, or 16% from the previous year). Of the customer feedback calls, 478 calls concerned service stations. The support line also received 41 calls expressing gratitude or praise, up 14% from the previous year.

Support Hotline Inquiries by Type



Feedback to Service Station by Type



Calls to Cosmo Oil Customer Center

Praise

"I was lost and in a rush to keep my appointment, when I just happened to pull into your service station. One of your employees brought out a map and gave me directions. I was really pleased with the great service I received."

Response from service station operator: "We often get asked for directions and we make sure to use a map. If it is close by, then we give verbal directions. We are very pleased to hear the customer appreciated it."

Feedback

"The staff started cleaning my windows without even asking me, and they didn't look happy when I asked them to clean the ashtray and trash in my car. They didn't say a word as I pulled away, and it made for an unpleasant visit."

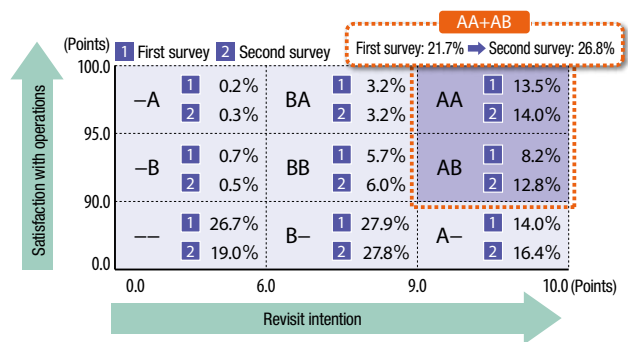
Response from service station operator: "We looked into the matter and confirmed that we failed to provide the respectful service which is our policy. We will train our staff to ensure that it doesn't happen again."

Service Evaluations for Fulfillment of Three Promises

To ensure that service stations are fulfilling the three brand promises of the Cosmo Oil Group (see page 24), the Group surveys its service stations twice a year to gauge the customer experience and satisfaction, and uses the results to improve customer satisfaction. In fiscal 2014, surveys were conducted covering 1,414 and 1,326 service stations, respectively.

The survey questions focus on operational aspects to verify that operations are suitably conducted and gauge the revisit intention of customers. The survey results are analyzed and applied to training in order to improve service stations.

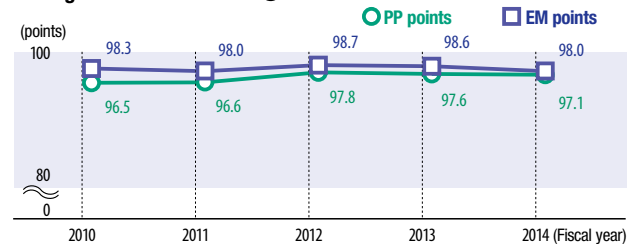
Evaluation Results for Three Promises of "Filling Up Your Hearts, Too" Declaration for Fiscal 2014



Survey of CSR at Service Stations

The Cosmo Oil Group conducts annual privacy policy (PP) surveys and environmental management (EM) surveys to check and improve regulatory compliance at service stations. In fiscal 2014, inspectors visited 1,338 service stations, and more than 1,600 service stations conducted their own self-assessments.

Average PP and EM Points



Note: Higher scores are better.