

Corporate Governance

Web page <http://www.cosmo-oil.co.jp/eng/sustainable/06/gov/corporate.html>

For the purposes of honest and transparent corporate management practices, we plan to build up a sound corporate governance system.

Governing system

Concept of governance

According to “Cosmo Oil Group Management Vision” and “Cosmo Oil Group Corporate Activity Guideline,” the concrete guidelines for realizing the vision, we reinforce our corporate governance in order to carry out transparent and efficient management practices, to conduct our tasks quickly and honestly, to fully enforce the risk management and compliance, and to attain our management goals.

Reforming our governance system

In June 2006, as a quick response to the changes in the management environment, we reformed our management system to clearly separate between the decision-making and supervisory function and the business execution function, and reinforce each function. Specifically, we reduced the number of directors and clarifies management responsibilities, shortened directors' term of office, and introduced operating Executive Officer System in which the President is designated as the CEO, in order to make the management decision-making process faster. We also set up an “Officers' Meeting” as a sub-organization of the Executive Officers' Committee to achieve quick decision making and company-wide information sharing.

Reinforcing our internal control system

Basic policies and organization for our internal control system

In May 2006, we defined the basic policies for the internal control system, so that all the personnel behave according to our management philosophy and corporate action guidelines, and fulfill their duties properly and efficiently.

In June 2006, we set up the “Internal control Committee” so as to establish and review the internal control system Group wide and to implement the system smoothly and effectively.

Internal audit

The Internal Auditing Office inspects all the companies belonging to the Group. In addition, some key companies have established an internal audit function to enhance the Group's audit function. These key companies establish their own self-monitoring systems suitable for their businesses, in cooperation with the Audit Office.

After the accident at the Chiba Refinery and a series of improper procedures, we have determined that we should make a multiple internal auditing scheme in which the cross-checks are to be made by the corresponding refinery, as well as by the supervisory department in the headquarter, by another refineries, and by the internal auditing office in Cosmo Oil.

▼ Figure 1

