

Corporate Governance

Cosmo Oil is developing structures to ensure the continuous stable supply of energy, putting safety as the highest priority, and is constantly striving to raise awareness.

Corporate Governance

Basic Stance on Corporate Governance

The Cosmo Oil Group promotes “raising management transparency and efficiency,” “rapidly executing business,” and “implementing thorough risk management and compliance” in order to maximize the satisfaction of all stakeholders. The Group also strives to further bolster corporate governance based on the Cosmo Oil Group Management Vision, which is grounded on Cosmo Oil’s corporate mission and responsibility toward the broader society, and the Cosmo Oil Group Code of Conduct, which contains specific stipulations for promoting and achieving the Management Vision.

Corporate Governance Structure, Measures, and Implementation Status

The Cosmo Oil Group has adopted a corporate auditor system. Under this system, the three management functions of management decision-making and supervision, execution of business duties, and the evaluation of director performance have been separated according to the Board of Directors, which includes two outside directors, the Executive Officers’ Committee, and the Executive Advisory Council, respectively. The corporate auditors strive to enhance their supervisory functions by attending important meetings including those of the Board of Directors and Executive Officers’ Committee, while three outside corporate auditors are utilized to provide external checks. In this manner, the Company has established an effectively functioning structure for supervising and evaluating Group management.

Cosmo Oil introduced an executive officer system to further clarify the separation between management supervision and business operations and to swiftly respond to changes in the business environment. Along with the introduction of this system, the Officers’ Meeting was established as a sub-organization under the Executive Officers’ Committee to more flexibly execute business and to enhance the sharing of information.

Related Information can be found in the CSR Management section of the Annual Report (PDF) at the following Web page:
http://www.cosmo-oil.co.jp/eng/ir/annual/annual2008/pdf/annual2008e_08.pdf

Measures for Internal Controls

Basic Approaches to Internal Control

Cosmo Oil is progressing with the establishment of a variety of management systems, including policies and procedures for executing duties by directors and employees, to enable the implementation of the Cosmo Oil Group Management Vision and the Cosmo Oil Group Code of Conduct and to ensure proper and efficient business execution. To support this system, the Company established a framework for risk management and internal audits in addition to systematic measures for ensuring the efficient execution of auditing by corporate auditors.

Implementation Status of the Internal Control System

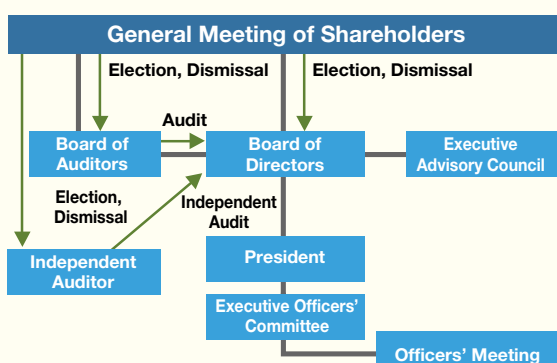
The CSR Promotion Committee was established under the direct supervision of the president to handle all activities related to the Group’s CSR efforts and internal controls. The Corporate Communication Department assists with its management, and strives to promote ethical corporate activities based on a spirit of respect for the laws while promoting adherence to the Cosmo Oil Group Code of Conduct.

As the implementing organization, the CSR Promotion Committee oversees six committees: the Corporate Ethics Committee, Risk Management Committee, Comprehensive Safety Action Headquarters Committee, Global Environment Committee, Human Rights Committee, and Quality Assurance Committee. In addition, each executive committee receives management support from relevant departments, and promotes focused and active efforts throughout the Company.

CSR Status Survey

To promote the advancement of the Cosmo Oil Group’s CSR management, the Company conducted the “Employee CSR Perception Poll” in September 2007. The survey probed the status of its CSR activities, and was aimed at (1) ascertaining actual conditions, (2) identifying areas needing improvement, and (3) assisting with CSR outreach. The survey was conducted among the officers and employees of 20 Cosmo Oil Group companies, and respondents remained anonymous in order to ensure the reliability of results. The surveys were collected by an outside organization, and the response rate was 93% (a total of 4,198 surveys).

◆ Corporate Governance Organization Chart



◆ Internal Control Chart

