



Integrity in Corporate Practices

The Cosmo Oil Group will continue acting with integrity toward global society, sensibly conducting its corporate practices as a responsible corporate citizen.

Corporate Governance

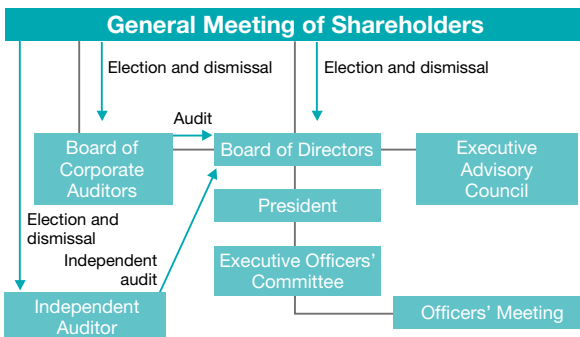
Initiatives in Corporate Governance

In line with the Cosmo Oil Group Management Vision and Code of Conduct, the Group works to raise management transparency and efficiency, rapidly execute business, and implement thorough risk management and compliance in order to ensure maximum satisfaction for all stakeholders.

To facilitate good corporate governance, Cosmo Oil has adopted a corporate auditor system, under which the three distinct functions of management decision-making and supervision, execution of business duties, and evaluation of directors' performance are separated according to the Board of Directors, Executive Officers' Committee and Executive Advisory Council, respectively. The corporate auditors enhance their supervisory function by attending important management meetings such as those of the Board of Directors.

WEB Detailed information: Corporate Governance/CSR in the Annual Report (pdf file)
http://www.cosmo-oil.co.jp/eng/ir/annual/annual2009/pdf/annual2009e_08_1.pdf

Corporate Governance Structure



Internal Control System



Approach to Internal Control

The Cosmo Oil Group maintains various management systems, including a system for facilitating the proper execution of duties by directors and employees, a support system for risk management and internal audits, and a system to ensure the efficient execution of audits by corporate auditors.

CSR Promotion Committee

Under the direct supervision of the president, the CSR Promotion Committee handles all activities related to Group-wide CSR and internal control. The Committee also 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. The CSR Promotion Liaison Meeting was held to ensure that CSR management information is shared in a timely manner with subsidiaries and affiliates.

CSR Status Survey

To promote CSR management, the Group conducted its CSR Status Survey in March 2009, surveying executives and employees at 20 Group companies. First carried out in the previous fiscal year, the poll is designed to identify areas requiring improvement and to measure the results of previous initiatives. Respondents remained anonymous and an outside organization collected the surveys, thereby ensuring a high response rate of 97% (a total of 4,567 responses). Outside experts analyzed the results and concluded that the level of employees' understanding of the Cosmo Oil Group Code of Conduct, which was comprehensively revised in fiscal 2008, had significantly increased. The results of the survey will be incorporated into initiatives designed to further enhance CSR management.

Revisions to the Cosmo Oil Group Code of Conduct

In October 2008, the Cosmo Oil Group undertook a comprehensive revision of the Cosmo Oil Group Code of Conduct, a principal element in its CSR management. The revisions were designed to realign the Code with the Management Vision, incorporate additional items that respond to new societal demands on corporations, and encourage individual employees to emphasize CSR management in their day-to-day duties.



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

Promotion of Compliance

Corporate Ethics Promotion Structure

The Cosmo Oil Group established its Corporate Ethics Committee, chaired by the director in charge of general affairs, to determine, promote, implement, and monitor results of the basic corporate ethics guidelines. In order to ensure full compliance at refineries, the Group formed a refinery compliance committee at each of its refineries, chaired by the general manager of the respective refinery, to function under the Corporate Ethics Committee. To supplement the management activities of the Corporate Ethics Committee, the Company established the Cosmo Oil Group Corporate Ethics Promotion Office and the Corporate Ethics Consultation Helpline within it.

Corporate Ethics Promotion Structure



Corporate Ethics Consultation Helpline

The Cosmo Oil Group has set up helplines by which employees or persons outside the Group can discuss or report legal or ethical problems concerning Group operations or other related matters. In addition to a helpline within the Corporate Ethics Promotion Office, another helpline staffed by external experts was established to assure callers' anonymity and guard against any adverse repercussions. In fiscal 2008, two consultation cases were received and promptly addressed. Furthermore, Cosmo Oil has set up a consultation helpline within the Personnel Department to respond to reports of sexual or power harassment.

Corporate Ethics Training

The Cosmo Oil Group conducts annual corporate ethics training for Group employees. In addition to training according to job level, training sessions are led by the general managers of offices and departments and the presidents of Group companies. In fiscal 2008, training focused on instilling greater awareness of compliance issues by covering the content of the revised Cosmo Oil Group Code of Conduct.



Corporate Ethics Training

Risk Management System

The Cosmo Oil Group has established the Risk Management Committee, and has been implementing a cyclical process to identify and categorize risk, consider and implement countermeasures, and evaluate the results of monitoring. As a business involved in supporting social infrastructure, in fiscal 2008 the Company devised countermeasures to deal with a major earthquake in the Tokyo Metropolitan area and an outbreak of a new strain of influenza. Implementation committees and businesses throughout the Group are studying and formulating appropriate responses to particular risks.

Countermeasures for Earthquakes and New Strains of Influenza

As part of its preparations for responding to a major earthquake in the Tokyo Metropolitan area, the Cosmo Oil Group conducted its second real-time simulation drill based on the scenario of an earthquake epicentered in northern Tokyo Bay with a magnitude of 7.3 or higher. The Group will continue to conduct comprehensive training under its Business Continuity Plan (BCP), incorporating the results of this drill from fiscal 2009.

The Cosmo Oil Group is introducing a number of initiatives to deal with new influenza strains, and developed its Action Plan to Deal with New Influenzas in July 2007. The Group is also formulating a BCP, with an initial draft planned for fiscal 2009, incorporating basic manuals, employee guidelines, and division manuals, and has also introduced a tele-commuting system.



Real-time simulation training held for the second time

New Influenza Task Force

In response to the confirmed outbreak of the type A(H1N1) influenza virus (swine flu) in the United States and Mexico and the subsequent spread of the virus to countries around the world, the Japanese government established the Headquarters for Countermeasures against Pandemic Influenza. The Cosmo Oil Group also established its New Influenza Task Force on April 28, 2009, with the president acting as head. The Task Force reviewed the Group's emergency contact system and operation schedule, and directed employees to refrain from traveling overseas for business or pleasure. It also gathered data on infection from employees in and outside of Japan, encouraged the use of surgical masks, issued reminders on measures to prevent the spread of the virus such as proper etiquette when coughing or sneezing, and developed purchase plans for the goods required to respond to an influenza outbreak.