

Ensuring Safety Measures

Basic Governance Structure and Business Execution System

The Cosmo Energy Group advocates “ensuring safety measures” as materiality of the consolidated medium-term CSR management plan. From a different perspective from original corporate governance, we have intentionally incorporated “safe operations and stable supply” and “quality assurance” as priority issues as they are a part of an essential foundation for raising corporate value. We have set targets and KPIs for these issues in promoting the enhancement of a safety management structure.

Safe Operations and Stable Supply

Safety Measures

Chapter 1 of the Cosmo Energy Group's Code of Conduct says that “We are determined to be a safe and accident free corporate group.” Our new consolidated medium-term CSR management plan includes, in its priority issues for G (Governance): Safe operations and stable supply, “Preventing work-related accidents, and major accidents,” and we have been engaged in implementing safety measures. In FY2018, the overall Cosmo Energy Group had one serious accident and one serious labor-related accident, which has prompted us from April 2019 to promote prevention of labor-related accidents by making every employee aware of the number of accidents in the Group, major cases and preventive measures every month. Our refineries and plants achieved zero serious accidents, including zero serious labor-related accidents. Cosmo Oil, which possesses refineries, has adopted as management indicators the frequency rate* of lost-worktime accidents and injuries, the rate of unplanned stoppages, and the number of days of stoppage of incoming and outgoing

* Frequency rate represents the number of casualties by work-related accidents and injuries in one million work hours and indicates the frequency of occurrence of accidents and injuries.

Cosmo Energy Group's Number of Work-Related Accidents

	FY2018			FY2017						
	Accidents requiring time off from work	Accidents not requiring time off from work	Total	Accidents involving directly-hired employees		Accidents at subcontracting companies, etc.		Accidents requiring time off from work	Accidents not requiring time off from work	Total
				Accidents requiring time off from work	Accidents not requiring time off from work	Accidents requiring time off from work	Accidents not requiring time off from work			
Accidents during work	37	83	120	17	45	20	38	25	82	107
Accidents during commuting	9	22	31	8	21	1	1	3	25	28
Total	46	105	151	25	66	21	39	28	107	135

* Including one serious labor-related accident

shipments; in addition, the company we implemented safety management procedures, while we it strived to establish good workplaces and work environments and to manage the Operational Management System (OMS) so as to foster a safety-oriented culture.

Initiatives to Prevent Forgetting Incidents and Reduce Unsafe or Inadequate Conditions.

Cosmo Oil has designated March 11, the date when the fire and explosion at the LPG tanks occurred at its Chiba Refinery due to the Great East Japan Earthquake in 2011, as the Cosmo Oil Safety Day. On the day, all group employees watch a DVD compiling the story of the accident, its cause and preventive measures. We continue to try not to forget the incident by implementing diverse initiatives, including holding safety seminars and installing a memorial monument. Concerning the trouble that occurred, we regularly hold follow-up meetings to share the causes and measures with other refineries so that all refineries will take preventive measures to reduce incidents involving unsafe conditions and trouble.

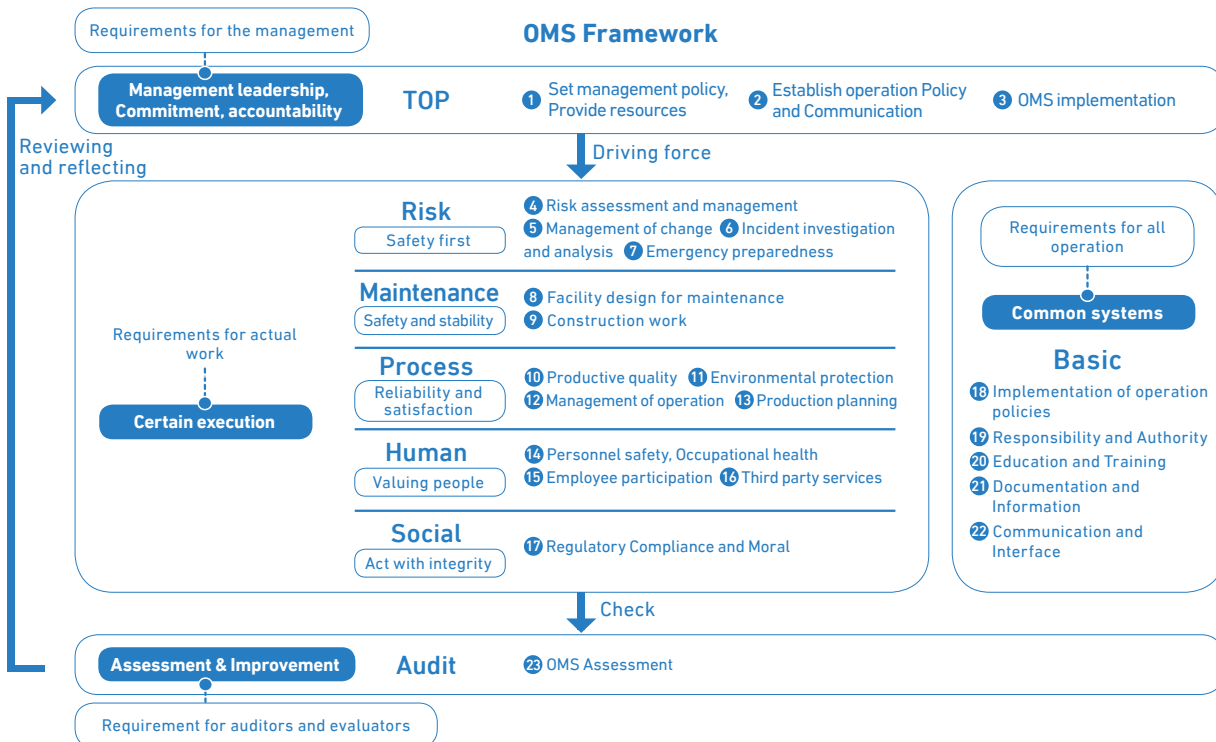
Quality Assurance: Enhancing the Quality Assurance Structure

With the objective of economical, stable supply of safe products that fulfill customers' requirements for quality, Cosmo Oil and Cosmo Oil Marketing have a “CS and Quality Assurance Committee” to decide a quality assurance policy and promote related activities. The committees of both companies cooperate with the Safety and Risk Management Committee of Cosmo Energy Holdings, forming the Group's quality assurance structure. Cosmo Oil set up the prevention of serious product/quality accidents in FY2018 as a KPI for each department in charge of supply, logistics, and sales, and has been engaged in quality management

activities. In FY2018, our refineries and oil depots had no serious quality-related trouble and continued to record no shipments of non-conforming products. Concerning preventive measures related to Maruzen Petrochemical's inappropriate quality-related conduct that occurred in 2018, we steadily established the quality assurance system, held quality training, and audited the quality management organization. In addition, Maruzen Petrochemical collaborates with Cosmo Group, sharing their common quality-related issues, in order to standardize and advance quality management in the entire Group.

Operations Management System

Cosmo Oil has adopted an Operations Management System (OMS) with the aim of achieving safety operation and stable supply that are superior to the world standard. The OMS sets an action plan which consists of 23 required issues, and the head office and refineries enhance their respective actions based on the OMS and cooperate with each other. The adoption of the OMS has enabled us to establish an operating--related management system base. On this basis, we intend to achieve safety operation and stable supply, improve operations, and avoid opportunity losses.



Maruzen Petrochemical's Safety Measures

Maruzen Petrochemical declares in its management principles that "Our goal is to be the Number One Company in Safety" and believes that safety is its utmost priority and its corporate mission.

The company also pledges in its Code of Conduct that it strives to predict risks of accidents or incidents and prevent their occurrence, thereby continuing to achieve no accidents and no incidents.

The entire company, including Chiba Plant and Yokkaichi Plant, is promoting concerted efforts regarding all safety-related activities, which are named the "Safety Number One Activity."



The "Chemiway Anzen No. 1 (CA1)" is held once a year and attended by all employees to cultivate a safety-first culture and promote voluntary maintenance activities.

Cosmo Eco Power's Safety Measures

Cosmo Eco Power, which is engaged in the wind power generation business, performs regular check-ups, responses to malfunctions or trouble, and 24-hour remote monitoring in order to operate wind farms safely and efficiently. Based on past records and experience, we guesstimate potential trouble points or timing and focus on preventive maintenance that entails replacing certain components ahead of any long suspension in operation.

