

Ensuring Safety Measures

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

Safe Operations and Stable Supply

Chapter 1 of the Cosmo Energy Group's Code of Conduct states, "We are determined to be a safe and accident-free corporate group." Our 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 FY2019, the Group had a serious worker-related accident. We addressed it somberly implemented measures to prevent any reoccurrence. Our refineries and plants achieved zero serious accidents, including zero

serious labor-related accidents. In FY2020 Cosmo Oil, which possesses refineries, is continuing to execute safety management procedures by using the frequency rate¹ of lost-worktime accidents and injuries, the rate of unplanned stoppages, and the number of days of stoppage of incoming and outgoing shipments as management indicators. In addition, the company strives for safe operations and stable supply by establishing good workplaces and work environments and by managing the Operational Management System (OMS).

¹ Frequency rate represents the number of casualties from 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

Obstruction of Work-Helated Additions									
		FY2019						FY2018	
		Total		Accidents involving directly hired employees		Accidents at subcontracting companies		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 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	13	85	5	39	8 ¹	46	37	83
	Accidents during commuting	11	13	11	13	0	0	9 ²	22
	Total	24	98	16	52	8	46	46	105

¹ Including one serious labor-related accident ² Including one serious labor-related accident

Initiatives to Remember Incidents and Reduce Unsafe or Inadequate Conditions

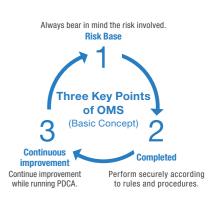
Cosmo Oil has designated March 11, the date when the fire and explosion at the LPG storage and shipment facilities occurred at its Chiba Refinery due to the Great East Japan Earthquake in 2011, as Cosmo Oil Safety Day. That day, all group employees watch a DVD on the story of the accident, its cause and preventive measures. We continue to remember

the incident and raise awareness of the importance of safety by implementing diverse initiatives, including the installment of a memorial. Concerning the issue 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 issues.

Operations Management System

Strategy and Achievements

Cosmo Oil has adopted an Operations Management System (OMS) to achieve safety operation and stable supply that are superior to the global standard. Adoption of the OMS has enabled us to establish an operation-related management system. Therefore, we intend to achieve safety operation and stable supply, improve operations, and avoid opportunity losses.



Quality Assurance: Enhancing the Quality Assurance Structure

With the objective of the 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 on a quality assurance policy and encourage 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 the prevention of serious product/quality accidents in FY2019 as a KPI for each department in charge of supply, logistics, and sales, and has been engaged in quality management activities. In FY2019, our refineries and oil depots had no serious quality-related issues and continued to record no shipments of non-conforming products.

Maruzen Petrochemical received Japan Quality Encouragement Award, Quality Innovation Award 2018

Maruzen Petrochemical's six departments engaged in the specialty polymer business (sales, procurement, quality assurance, manufacturing development, and quality control) were recognized for their small group quality activities, which started in 2013, and received the Japan Quality Encouragement Award, Quality Innovation Award 2018 from the Union of Japanese Scientists and Engineers. The specialty polymer business is focused on the development of polymer for photoresists. In the past, people were less conscious about coordinating with those in other departments, which led to a drop in customer satisfaction. This is why small group quality activities started in FY2013 to develop unique quality awareness (customer orientation) that transcended the boundaries of departments. Continuous unique activities, such as "one common theme per year for the entire team," were highly recognized. The theme in FY2019 was "use of a design mind-set for a practical approach to create value with which customers can empathize." The group members deeply explored what was proposed in the previous year and made proposals for specific, practical responses.



Japan Quality Encouragement

Ensuring Safety Measures by Group Companies

Cosmo Eco Power

Cosmo Eco Power, which is engaged in the wind power generation business, performs regular check-ups, responses to malfunctions or issues, and 24-hour remote monitoring to operate wind farms safely and efficiently. Based on past records and experience, we estimate

potential issues and timing and focus on preventive maintenance comprising the replacement of certain components ahead of any long suspension in operation.

Maruzen Petrochemical

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 top priority and its corporate mission.

The company also pledges in its Code of Conduct to strive to predict risks of accidents or incidents and prevent their occurrence, thereby continuing to achieve zero accidents or incidents

The entire company, including Chiba Plant and Yokkaichi Plant, is promoting concerted safety management efforts focused on maintenance, disaster prevention, labor, and logistics, which are called "the Number One Safety Activity."

In order to cultivate a safety-first culture and continually encourage voluntary maintenance activities, we have conducted the Chemiway Anzen No. 1 (CA1), an annual full-participation safety initiative to hold a poster session of activities and evaluate them. Initially, the 5S (Sorting, Setting-in-Order, Shining, Standardizing, Sustaining) Discipline was a central safety activity; however, in recent years the activity has been upgraded to voluntary improvement, incorporating issues in each department. We are determined to continue valuing a safety-first culture, which is the beginning of our organization.

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