



Safety Management

安全管理

At the Cosmo Oil Group, safe operations and stable supply are priority management issues and set forth as such in the "Basic Policy on Safety", and we practice company-wide safety management based on reinforcement of voluntary safety.

Safety Related Management Systems and Work

Cosmo Oil has established the Comprehensive Safety Action Headquarters which is headed by the Director overseeing the Safety and Environment Control Department as the company-wide safety management organization to promote safety measures.

Every year, company-wide safety goals are established, and each production site formulates and implements its own safety goals for their production site based on those goals.

In Fiscal 2004, the company-wide safety goal was "improvement of company-wide safety management standards based on the spirit of self responsibility and voluntary safety". Emphasis was placed on improving the safety management structure and the risk management structure.

In addition, the Comprehensive Safety Action Headquarters also carries out regular safety inspections at the refineries, oil depots, distribution and sales divisions. By doing so, safety management can be checked directly, and we can provide guidance and proposals on how improvements can be made, which also has the effect of bettering communications between company headquarters and local sites.

In order to prevent operational accidents and workplace injury at the refineries and other locations, the Health & Safety Committee headed by the Director of the location plays a key role in educating the company staffs and cooperative company staffs about safety through risk prediction training and discussions about potential dangers. The Committee also carries out safety activities such as analysis of past accidents to prevent recurrence, or improving abilities through safety education.

As a result of these efforts, in 2004 at the 4 refineries, there was 1 operational accident, 1 accident with lost-time injuries, and 2 other workplace injuries that did not require sick leave from the job. There were no operational accidents at the oil depots.

Safety Management System at the Refineries

Beginning in Fiscal 2004, the "Risk management based safety management system" was put into full operation at the refineries where efforts are being made to continuously improve voluntary safety.

The primary risk management measure is the implementation of safety evaluations (identification of the risk source and risk evaluation) on existing equipment so as to reduce equipment related risk on a continuous basis. Newly acquired equipment also undergoes safety evaluations.



Prevention and Early Detection of Accidents and Disasters, and Emergency Response Measures

It is the company's social responsibility to carry out safe operations and provide stable supply.

In order to secure safety, it is necessary to make efforts from both the perspective of "prevention" to prevent disasters from happening and "emergency response" so as to minimize damage in the event of an accident or disaster.

At Cosmo Oil, every effort is being made to address these two aspects of safety management by implementing hard and soft measures at each stage of our business at the refineries, oil depots, distribution centers (tanker trucks, coastal tankers) and SS (service stations). In the event that a large scale disaster were to occur, the Comprehensive Safety Action Headquarters headed by the President would be established at the Head Office, and a local committee would be established at the disaster site to promptly and appropriately manage the disaster.

Prevention and Early Detection of Accidents and Disasters

In order to prevent accidents or disasters in advance, early detection of an abnormality is crucial. For this reason, we have initiated a number of measures including monitoring of the operation status on a daily basis, patrols, a regular facility inspection and inspections for the aging conditions of facilities and installation of a variety of detectors. The following measures are also carried out:

- **Refineries and Oil Depots**
In order to prepare for a large scale earthquake, the quake resistance of facilities is checked and measures to be taken in the event of a tsunami reviewed. Measures to improve the quake resistance of outdoor tanks are being implemented as well.
- **Logistics Division**
Measures to prevent accidents and disasters such as safety patrols and the use of oil contamination prevention unit have been implemented.
- **Sales Division**
Safety checks are carried out at SS construction sites and on daily operations, and planned repairs of aging facilities are also being implemented. In addition, where earthquake of a certain scale occurs, inspections are conducted for underground facilities.

Emergency Response Measures

For fire and other emergencies at the refineries, oil depots, and other locations, disaster prevention schemes have been put in place including the placement of fire extinguishing equipment and heavy-duty chemical fire engines.

In-house fire brigade have also been organized, and regular fire drills and notification drills are conducted.

Furthermore, efforts are also being made to promote local disaster prevention measures by, for example, establishing joint disaster prevention organizations with neighboring companies and conducting joint drills with public organizations.

- Oil spill measures include surrounding the spill with a dike, and placing oil booms or using oil boom extenders and putting in place oil recovery vessels in preparation for possible leakage into the sea.
- The Petroleum Association of Japan has prepared for a large scale oil spill disaster by establishing oil spill control resource and equipment bases both domestically and overseas. Cosmo Oil is contributing to the operations of Ise Base No.3 by offering a portion of its premises.

Responding to the Amended SOLAS Convention

On July 1, 2004, the amended SOLAS convention was enforced and safety measures for international ports and harbors reinforced. In response, we are improving the safety measures of our facilities located at international ports and harbors. Under the direction of the government, we are implementing soft and hard measures that are deemed appropriate for the location and safety level of facilities located at the relevant international ports and harbors so as to strengthen the safety structures of our port and harbor facilities.

2004 Safety Topics – Niigata Prefecture Chuetsu Earthquake–

When the Niigata Prefecture Chuetsu Earthquake occurred in October 2004, an Emergency Committee was established at the Tokyo Branch, and the following measures were swiftly implemented.

- Inspection of the damage sustained at the service stations.
- Inspection of underground facilities at our affiliate service stations in the region that experienced seismic intensity of 5 or higher on the Japanese scale of 7.
- Sending of relief supplies.

Consolidated Medium-term Safety Plan

From Fiscal 2005 onwards, we will expand the scope of our safety management activities, and Cosmo Oil and its affiliated companies that have field operations divisions will develop and implement the Consolidated Medium-term Safety Plan.

The primary themes that will be a part of the Consolidated Medium-term Safety Plan are "Maintenance of the safety management system", "Identification/evaluation and reduction of potential risks", "Reinforcement and implementation of

the risk management system", and "Planned implementation of educational training" for the purpose of improving safety awareness and skill.

By building a safety management system for the entire Cosmo Oil Group, we will endeavor to make operations safer and provide stable supply by actively promoting voluntary safety based on self responsibility.