

Quality Control and Quality Assurance

The annual basic policies for FY2019 will follow the annual basic policies for FY2018. Based on the results described above, we are working to prevent accidents by adding the following items to our priority issues.

Annual Basic Policies on HSSE in FY2019

- Standardization to create and keep safety cultures for "Strict adherence to livesaving rules" including partner companies
- Promotion of countermeasures through exhaustive identification of potential risks and implementation of appropriate risk assessment

Safety and Health Initiatives

Efforts for Zero Accidents

In 2018, a serious accident (dust explosion fire accident) occurred at an affiliated company of Idemitsu Kosan, resulting in a fatality in the partner company. This was due to insufficient identification of potential risks. As a member of the accident investigation committee, we worked to identify the cause of the accident and supported to make preventive measures. Urgent investigations were conducted at domestic and overseas business sites to confirm that there were no similar risks. We will continue to strengthen our efforts to prevent serious accidents in all executive departments.

The number of work-related accidents (lost-time injuries and medical treatment cases) in our group in 2018 was lower than in 2017. This is the result of our efforts to thoroughly implement "Strict adherence to livesaving rules" such as the use of fall prevention devices, in order to prevent the recurrence of accidents that might lead to fatalities by falling from a high place occurred in 2016 and 2017. In FY2019, with the aim of achieving "Challenge of zero accidents," each department is promoting the PDCA cycle for safety and environmental management on its own initiative, and is working to continue safe and stable operations by identifying potential risks, including processes and equipment, and implementing appropriate risk assessment measures.

Safety and Safety Assurance Advisory Committee

In the FY2018 Safety and Safety Assurance Advisory Committee, we consulted on the "Efforts to achieve advanced safety assurance equivalent to Super-certification*" and received the reply that "Upgrading of risk assessment and strengthening of facility management and operation management by utilizing advanced technologies are important points." Based on this, the Tokuyama Plant obtained Super-certification in FY2019. The Chiba Plant also underwent an on-site inspection and applied.

In FY2019, we consulted the Committee as "Efforts to deal with increasingly severe natural disasters" and received the reply. We will consider and respond to it in the future.

* Super-certification: A system in which the Ministry of Economy, Trade and Industry certifies accredited manufactures that are engaged in advanced safety assurance, such as IoT, the use of big data, advanced risk assessment, and third-party evaluation of safety capabilities, as "Super-certification Manufactures (Specified Accredited Manufactures)" in response to diversifying disasters, aging of plants, and a decrease in the number of skilled employees.

Basic Approach to Quality

Our group has defined its basic stance on quality as "In order to ensure product safety and minimize the impact on people and the environment, we shall promote quality assurance activities that take into account the entire life cycle of our products and services, from development to consumption or disposal, and strive to improve customer satisfaction and protect consumers." In addition, the "basic quality assurance guidelines" which is the highest-level internal regulation on quality, sets forth the following quality assurance policy as the basic concept of quality.

1. We provide products and services of appropriate quality from the customer's perspective.
2. Develop environmentally conscious production activities and products.
3. Provide safe and secure products.
4. We will always ensure compliance and fulfill our social responsibilities.

Quality Control and Quality Assurance System

Our group's quality assurance system consists of 2 components: business units and affiliated companies, and a corporate-level system for overseeing these. In actual quality activities, these two systems work together to ensure that the Group as a whole implements its quality assurance policy.

Quality Control and Quality Assurance Systems in Each Business Division and Affiliated Company

Our group's business divisions and affiliated companies conduct quality management activities at every stage of our operations, from product development to manufacturing and sales, that contribute to the maintenance and improvement of the quality of products and services that meet the needs of customers and society. In addition, each business division and affiliated company has introduced a quality assurance management system to ensure the quality of products and services provided to customers. A total of 39 business units and affiliates in our group have acquired ISO 9001 certification. (As of July 1, 2019)

Quality Assurance System at the Corporate Level

The Quality Assurance Headquarters has been established as a corporate quality assurance organization to strengthen governance of quality throughout our group. The Quality Assurance Headquarters is headed by the executive in charge of quality assurance (director) appointed by the Board of Directors, and is headed by the heads of quality-related business divisions and the presidents of affiliated companies. The Quality Assurance Department of the Health, Safety, Security and Environment (HSSE) serves as its secretariat. The Quality Assurance Headquarters formulates policies for company-wide quality assurance activities and promotes the important issues such as maintenance, review and improvement of the quality assurance management system. Each business division follows its own PDCA cycle (Idemitsu Sustainability Report 2019 p. 42) in accordance with these policies. As a general rule, the Quality Assurance Headquarters meets once a year to monitor progress and determine our group's basic policies for the next fiscal year. We also conduct regular quality audits to improve the activities of each division.