



## Quality Control and Quality Assurance

### 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.

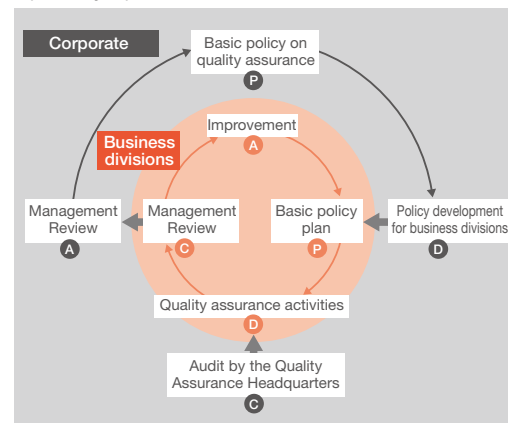
#### Quality control and quality assurance systems in each business division and affiliated company

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.

■ The Idemitsu Group's Quality Assurance Management System (PDCA cycle)



### Commitment to Quality Management and Quality Assurance Initiatives

#### Initiatives to Ensure Product Safety

We conduct checks of product safety at each product stage, from research and development through sales based on "Product Safety Regulations." Regulations of various countries concerning chemical substances have been frequently changing, and it is essential to respond swiftly and decisively to these changes. In FY2017, the Idemitsu Group introduced a new tool aimed at better managing information on hazardous properties of chemical substances used in our products. Having expanded the scope of departments subject to chemical information management, we have successfully responded to domestic and overseas regulations, which are evolving frequently.

#### Response to Complaints on Quality

In the unlikely event of serious product safety or quality issues, we follow the "Crisis Response Rules" to minimize damage and any impact on society at large. The Customer Relations Center receives quality-related complaints and inquiries, and depending on the content, works with relevant departments to provide a swift response. We had no serious quality incidents requiring company-wide response during FY2018.

#### Providing Appropriate Product Safety Disclosure and Labeling

The Idemitsu Group issues safety data sheets (SDS) for the products it manufactured as stipulated under the relevant laws. Each product indicates the hazardous properties and safety-related details of products according to chemical classification that complies with GHS (Globally Harmonized System of Classification and Labelling of Chemicals). Idemitsu's website also provides a system for searching for products by name or usage and to view product safety information.

#### Employee Education and Awareness of Quality

The Idemitsu Group conducts education and awareness-raising activities for the purpose of raising the quality awareness of its employees. In order to promote quality assurance activities in each business division and affiliated company, we hold training sessions for managers in charge of quality and highly specialized in-house seminars on responding to laws and regulations concerning chemical substance management, which help promote quality assurance activities for the entire group. In addition, every November, as part of the "Quality Month Activities," we provide lectures on quality, solicit campaign slogans on quality, and display posters on quality, all of which provide an opportunity for each employee to think about quality.

■ 2019 Lecture on Quality

