

Preventing Misconduct from Recurrence

Web page <http://www.cosmo-oil.co.jp/eng/sustainable/06/gov/compliance.html>

We have defined “compliance” as one of the pillars of CSR management, in order to improve our system and the awareness of ethics in the company, but we encountered a series of improper procedures. Therefore, we now realize that it is important to establish a system and corporate culture in which no disgraceful affair recurs.

Though we are still continuing the internal investigation, our concrete measures already taken or soon to be taken are as follows.

We will take the necessary measures against all the problems found by the internal investigation , and will describe them in the next report.

Encouraging corporate ethics promotion activities

- **Setting up the Refinery Compliance Committee**
With our deep regret for a series of improper procedures, we set up the Refinery Compliance Committee (chairperson: refinery director) as a sub-organization of the Corporate Ethics Committee at each refinery, to improve awareness of compliance. The Corporate Ethics Committee supports and oversees the committee on a routine basis.

- **Thorough Reeducation of corporate ethics in our refineries**

The director of each refinery continues advocating the importance of compliance, and we again will provide an ethical education to all personnel.

- **Reviewing our monitoring system from a company-wide point of view**

We have conducted a questionnaire-based survey to grasp the extent to which corporate ethics and compliance take root in the company. However, we will review the survey, analysis, and verification methods from a company-wide point of view to understand the current status more precisely and to increase the effectiveness of these activities.

Strengthening our checking and monitoring functions

- **Separating the production function and safety control function at production sites**

To establish a system in which the opinions of the safety control function are effectively reflected in the operation and facilities control, we have revised our rules including work standards so that the Safety & Environment Office, the safety control function, can fulfill its duties independently from refineries. The director in charge of production used to oversee also safety control, but there is a clear separation between production function and safety control function: the managing director in charge of safety control, the Safety and Environment Control Department at the headquarters, and the Safety and Environment Control Office at each refinery.

- **Reviewing the procedures in our refineries**

We have reviewed and amended our procedures in order to ensure that the Safety and Environment Control Office at each refinery checks whether a regulatory request or notification is required by law for every engineering work, and the work is proceeded only when all the required regulatory procedures are completed.

- **Ensuring for the refinery to send a notice to the nearest fire station**

Immediately after an accident occurs, the refinery must inform the nearest fire station of it, and then inform our headquarters. To ensure that the fire station is notified, we now have two separate reporting lines and have defined our reporting procedures more in detail.

- **Establishing a multiple internal audit system**

In addition to the internal audit performed at each, the Safety & Environment Control Dept., Refining & Technology Dept. at the headquarters, the Safety and Environment control office, and Engineering section in another refinery regularly inspect what types of engineering works have been done at the refinery and whether all the procedures required by law have been completed. In addition, the Audit Office at the headquarters carries out internal audits. Through these serial inspections, we aim to ensure that the refinery runs properly and make its operation transparent.

▼ Figure 2

