

Make Quality a Strength

Regarding our quality-assurance activities, in response to the inappropriate numerical values stated in an inspection report announced on April 27, 2020 (quality-assurance problem hereafter), we have devised measures to prevent recurrence of such a problem as a top priority and are doing our utmost to implement those measures so that such a problem will never happen again. Based on the recognition that quality is an important management issue for the Proterial Group to enhance its corporate value and achieve sustainable growth over the medium to long term, the Group has set Quality as a Strong Point as one of our six materialities. Aiming to provide our customers with a stable supply of high-quality products, we will work together to thoroughly implement measures to prevent recurrence of quality assurance-problems and to make quality a strength of our Group that differentiates us from our competitors.

Establishment of the Quality Committee

On April 1, 2021, we established the Quality Compliance Committee, which consists of two external experts and our Chief Quality Officer (CQO), as an advisory body to the Board of Directors. Under the committee, measures to prevent recurrence of quality-assurance problems have been implemented and their effectiveness verified. With the conclusion of the Quality Compliance Committee on March 31, 2023, however, we newly established the Quality Committee, which consists of two external experts and our Chief Quality Officer (CQO), on April 1, 2023. In addition to assuming the previous activity scope of the Quality Compliance Committee, the activities of the new Committee will include offering guidance and advice from an expert standpoint on overall quality activities.

Purpose

The new Committee is intended to enable assessments from an objective perspective regarding the Group's overall quality activities, including quality compliance activities. It is also purposed to ensure the effectiveness of mechanisms to prevent the recurrence of quality-assurance problems, as well as to ensure the vitality of management, corporate culture building, and quality-control and quality-assurance activities.

Duties of the Quality Committee

The Recurrence Prevention Project reports to the Quality Committee on the details of recurrence prevention activities for quality-assurance problems, as well as those of quality-control and quality-assurance activities. The Quality Committee confirms the details of these reports, and provides guidance and advice regarding the Group's activities.

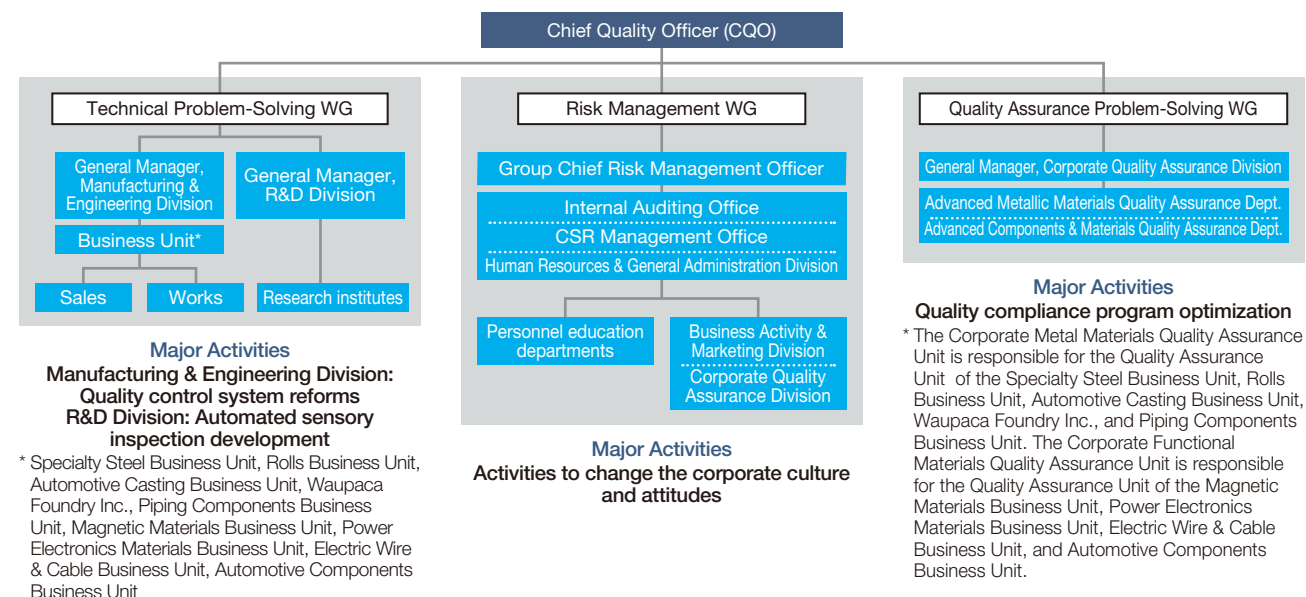
Organizational Association Chart



Progress of measures to prevent recurrence of quality-assurance problems

Based on the guidance and advice of the Quality Committee, the three Technical Problem-Solving, Risk Management, and Quality-Assurance Problem-Solving Working Groups (WG) execute recurrence prevention measures as part of the Quality-assurance Problem Recurrence Prevention Project.

Quality-assurance Problem Recurrence Prevention Project Structure



4M normalization activities Technical Problem-Solving WG

4M normalization activities are daily activities to recognize, minimize, and control variations in the 4Ms: Man (manpower), Machine (equipment), Materials, and Methods, and we position them as particularly important quality-control activities in the Group. During 4M normalization activities, we place importance on collecting small "insights" about a process and making improvements to these small insights. By continuing to make these incremental improvements, we aim to build a connected process that is free from 4M irregularities, and will improve the safety, quality, and comfort of worksites by eliminating, reducing, and controlling unnecessary items, unnecessary conditions, and unnecessary requirements at monozukuri sites.



Quality-compliance education Risk Management WG

The Proterial Group designates April as Quality Compliance Month and April 27 as Quality Compliance Day every year, and in conjunction with Quality Month in November, which is a nationwide initiative, we take these opportunities to reaffirm our commitment to quality activities by all employees. In 2022, we conducted quality-compliance training and questionnaire surveys in April and November (and partially in December) for our domestic worksites. We received comments to the effect that employees were able to reconfirm the importance of quality compliance, and that employees attained a deeper understanding from the explanations of technical terms. We will continue to make improvements to ensure more effective educational content, and will continue to implement education in a way that raises the awareness of quality compliance throughout the Group.

Changing the Corporate Culture and Attitudes to Focus on Quality Risk Management WG

To enhance our employees' understanding of quality compliance and ensure the effectiveness of reform, the CEO, CQO, and other layers of management send out messages on quality compliance and hold town-hall style meetings on quality on an ongoing basis. At the same time, since 2021, we have been adding integrity, sincerity, and honesty as evaluation items in personnel evaluations of managers.



Dialogue between the CQO and quality-assurance managers at a town-hall style meeting

Securing the inspection system Quality Assurance Problem-Solving WG

Securing the inspection system means establishing a system that automatically imports measured values from measurement equipment to a PC, automatically determines whether a product passes or fails on the basis of that measurement data, and automatically prepares a report to be submitted to the customer. That automated system is in stark contrast to the conventional one that involves human intervention such as writing the measured values on a special form by hand or entering them into a PC during the inspection process. Moreover, it eliminates the need to write down the measured values and the occurrence of operational errors such as incorrectly writing or mis-typing the measured values. It also improves inspection efficiency by eliminating the need to write down the measured values on special paper or input them into a computer. We have been systematically working to upgrade and modify measurement equipment at each site, and plan to complete the introduction of these measurement equipment during FY2024 with the intention of finishing data input by the first half of FY2025.

Holding International QA Meeting Quality Assurance Problem-Solving WG

The Proterial Group organizes the International QA Meeting for the purpose of stimulating communication, sharing information and best practices related to quality assurance and quality control, and discussing the establishment of a globally unified QMS system. These meetings are attended by the quality-assurance managers from Group companies around the world and by employees involved in quality assurance in Japan. This meeting was held for the first time as a Group in November 2021. During the third International QA Meeting held in December 2022, participants shared initiatives involving changes in work procedures and inspection automation that led to major outcomes for product quality and production. We will continue to hold the International QA Meeting as a forum for global dialogue on quality with the aim of invigorating the quality activities of the entire Proterial Group.

Establishment of the Quality Help Desk Quality Assurance Problem-Solving WG

In June 2022, we established the Quality Help Desk, which allows employees to discuss their concerns regarding quality within the company with peace of mind. The Corporate Quality Assurance Division, Quality Assurance Unit, serves as the contact point for employees that still find it difficult to make a decision even after repeated dialogue and consultation at their workplace. Moreover, the Help Desk will enhance the understanding of quality activities within the Proterial Group by offering advice and by working to solve problems.