

Quality Assurance

Guided by its customer-focused approach, the Nihon Parkerizing Group strives to deliver products and services that exceed the expectations of society and its customers through technological innovation and quality improvement activities. By improving our ability to ensure quality across each process, we support a stable product supply, enhancing customer satisfaction and our corporate values.

Quality Policy

The Nihon Parkerizing Group aims to provide products and services that exceed customer and societal expectations through quality improvement and technological innovation, thereby enhancing customer satisfaction.

1. We will provide reliable quality to our customers by continuously improving our quality management system.
2. We will comply with legal and regulatory requirements and provide our customers with safe and reliable products and services.
3. We will strive to earn the trust of our customers by thoroughly preventing the recurrence and taking preventive measures.
4. We will enhance the transparency of our quality assurance system and conduct fair and sincere corporate activities.

Global quality system

With a customer-first mindset, the Nihon Parkerizing Group positions quality as the driving force behind corporate value creation. All of the companies in the group work together to improve the quality of our products. All of our employees are devoted to working with a quality-first mindset under the Group's Quality Policy, which is based on safety, reliability and compliance with laws. They work to enhance the

organization's overall ability to ensure high product quality. Globally, we have standardized quality management and are engaged in activities based on unified audit standards and guidelines. Our overseas subsidiaries and the head office cooperate, sharing improvement practices and a training system to develop a global quality culture.

Quality management system

The Nihon Parkerizing Group establishes quality management systems for both the chemicals and the toll processing businesses and continually works to improve its operations.

The figures on the right show the status of our ISO 9001 certification acquisition as of March 2025.

As part of our commitment to improving quality, we have also obtained various certifications, including IATF 16949 for the automotive industry and JISQ 9100 for the aerospace industry.

Overseas, we are working to obtain ISO 9001 certification at all our affiliates. We are striving to build a system that will enable us to meet global quality requirements.

Rate of acquisition of ISO 9001 certification (as of March 31, 2025)

Non-consolidated

16 plants in total: 5 chemical manufacturing plants and 11 toll processing plants

100%

Domestic consolidated subsidiaries

10 companies in total that are engaging in equipment manufacturing/ product manufacturing/ processing

* Accreditation status of ten out of our 13 domestic consolidated subsidiaries (excluding Parker Giken Kogyo, Kyodoyuso, and Ozeki Chemical Industry, which do not engage in any of the above businesses) (One of the ten companies has yet to obtain the certification.)

90%

Overseas consolidated subsidiaries

17 companies in total, which are engaging in engineering/product manufacturing/toll processing

* 17 principal overseas consolidated subsidiaries (Including IATF 16949 certification/Not yet acquired by one of the companies)

94%

Please refer to our company website for the Quality Management System Certificate.



Chemicals Business



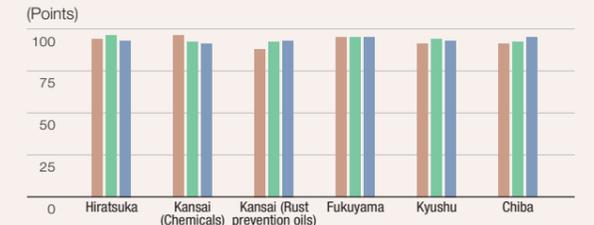
Toll processing business

Key initiatives for quality control in chemical manufacturing

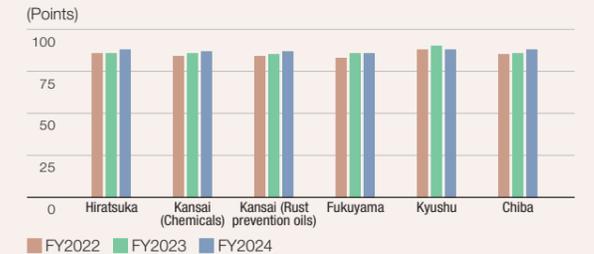
For all of our manufacturing sites, affiliates and subcontractors involved in our chemicals business, the Nihon Parkerizing Group strengthens its quality control efforts through standardized process auditing during manufacturing. Standardization process audits use a point system to evaluate compliance with manufacturing and equipment conditions, work standards, equipment visualization, the implementation of anti-risk measures, and other efforts to equalize operations across different business sites. We are also advancing the digital transformation of manufacturing by, for example, automating quality inspections and managing in-process quality data in real time.

In FY2024, all six manufacturing plants in Japan were rated "excellent plants" following audits conducted under our own criteria. In addition, three locations of domestic affiliates, nine locations of overseas affiliates and five locations of domestic transportation contractors were also rated either "excellent" or "certified." Our audit system is taking root, and our quality level is rising.

Evaluation results of standardized process audits of domestic manufacturing plants (Points)



Results of the evaluation of visualization and identification (Points)



* Domestic manufacturing plants: Hiratsuka, Kansai, Fukuyama, Kyushu, and Chiba

Major quality assurance initiatives in toll processing

The goals for some special processes, such as toll processing, are to stabilize quality and continue improvements by steadily accumulating process certifications. Since processing conditions and work procedures directly influence product quality, we develop and use standardized technical documents and written procedures to ensure consistent work. These activities enhance our ability to verify each process and contribute to improving customer satisfaction and corporate value.

In FY2024, we developed common procedures and technical standards to improve our quality management system. We have also moved forward with standardizing inspection devices for inspection processes. Meanwhile, automating quality inspections and automatically incorporating inspection results reduced the risk of human error. The introduction of this initiative has already been completed at multiple plants. It will be gradually expanded to continue stabilizing and improving product quality.

Quality-related education and awareness-raising activities and internal auditing

The Nihon Parkerizing Group has introduced several initiatives to increase quality awareness, including communicating top management messages and displaying posters with quality slogans. The Compliance and Quality Enhancement Month, during which individual departments identify and address problems.

During internal quality audits, we verify the operational status of the QMS (Quality Management System) and the effectiveness of corrective actions for nonconformities across both the chemicals and toll processing businesses. These results are reported during management reviews. Information about corrective actions to address identified nonconformities is also shared with other sites to prevent similar issues.