Implementation plan for recurrence prevention measures for inappropriate quality conduct

■ Creation of implementation plan

- For the six recurrence prevention measures established by our entire group, we developed a concrete implementation plan.
- The effectiveness of these measures is being verified with advice and guidance from Nagashima Ohno & Tsunematsu, who served on the Special Investigation Committee. Measures are being revised as necessary to ensure steady and reliable execution.

■ Setting of KPIs

- As indicators based on the expected behavioral changes of employees through the implementation of the measures, we will set KPIs for each recurrence prevention measure at an early stage and conduct continuous monitoring.
- The appropriateness of these KPIs will be evaluated and confirmed based on advice and guidance from the law firm mentioned above.

■ Disclosure of Implementation Status of Recurrence Prevention Measures

- By the end of third quarter, we plan to launch a dedicated webpage on our company website to report on the implementation status of the series of recurrence prevention measures.

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Main Initiatives for the Second Quarter

(1) Briefing Session on the Findings of the Special Investigation Committee

〈Overview〉



- From July 4, 2025, at our Nanko headquarters to August 20 at the Maizuru works, we held briefing sessions on the findings of the Special Investigation Committee across a total of eight locations. Utilizing town hall-style meetings, lots of executives and employees participated. Recorded videos of the sessions have been distributed to the executives and employees of affiliated companies.
- During the approximately one-hour Q&A session, there were some tough questions, but Kuwahara CEO answered candidly to nearly all of them.
- The sessions provided a valuable opportunity for all participants to sincerely reflect on and deeply consider the recent inappropriate conduct.

Location	Date and Time
Head Office	2025/7/4 15:00～17:00
Ariake Works	2025/7/9 13:10～15:00
Mukaishima Works	2025/7/10 10:00～12:00
Sakai Works	2025/7/16 15:00～17:00

Location	Date and Time
Chikko Works	2025/7/17 9:00～11:00
Wakasa Works	2025/7/18 15:00～17:00
Tokyo Head Office	2025/8/19 13:30～15:30
Maizuru Works	2025/8/20 13:30～15:30

〈Follow-up Actions after the Briefing Session〉

- As a result of the post-event survey, 82% of the 5,803 participants indicated that they **mostly understood** the content.
- We have uploaded the responses to pre-event and on-the-day questions to our company intranet for employees to review and reference.

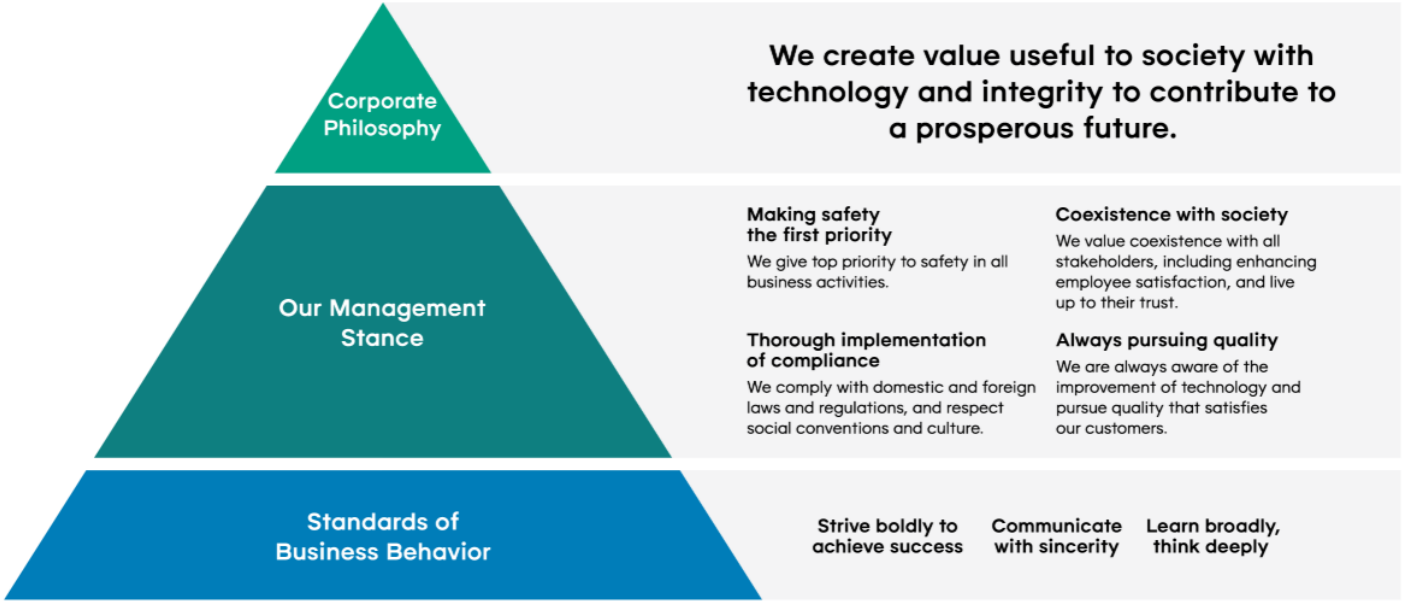
	Number of Respondent	Well understood	Understood to some extent
Total	5,803	1,585(27%)	3,171(55%)

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Main Initiatives for the Second Quarter

(2) Initiatives Toward Building a Common Group “Purpose, Mission, Vision, and Values”

- With the increase in the number of employees at our overseas subsidiaries, we recognize the necessity for a shared philosophy across the entire group.
- Moving forward, we will build a shared philosophy through workshops that include representatives of young and mid-career employees from group companies. Prior to the workshops, we conducted a survey among group employees to gather input on "the purpose of our company" and "the values our employees hold dear." By ensuring that all employees understand, embrace, and put this philosophy into practice, we aim to drive cultural transformation across the organization.



The corporate philosophy, management stance, and code of conduct that our company until now

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Implementation plan for preventive measures against recurrence of inappropriate quality actions

We have established an implementation plan for the six preventive measures against recurrence that our entire group has set forth.

Specific Measures	FY2025				FY2026	FY2027
	1Q	2Q	3Q	4Q		
(1) Commitment from top management						
	• CEO's Fiscal Year Kickoff Address	• Message Delivery and Q&A Session at the Special Investigation Committee's Reporting Meeting	• CEO's Mid-Year Address • Communication at the Town Hall Meeting	• Briefing on the Implementation Status of Preventive Measures • Continuation of Town Hall Meetings	• CEO's Fiscal Year Kickoff Address	• CEO's Fiscal Year Kickoff Address
(2) Organizational culture reform and mindset change						
①integration of corporate philosophy		• Conducting Executive Training (twice) • Employee Survey for the Formulation of PMVV※	• Holding Workshops for the Formulation of PMVV※	• Announcement of Our Group's PMVV※	• Implementation of PMVV Communication Strategies	
②Communication between Management and Employees	• Conducting Meetings between Group Company Management and Branch Employees	• Conducting a Roundtable Meeting between the President, Other Executives, and Employees	• Continuation of Meetings and Roundtable Discussions			
③Enhancement of Managers' Management Skills	• Conducting a Workshop (with 100% Participation Rate) and Distributing a Management Guidebook	• Executive Training • Launch of the Management Talent Development Program (Second Cohort) • Initiation of the Development and Consideration of a Succession Plan for the CEO	• Initiation of the Review of the Career Planning System for Autonomous Career Development	• Executive Training • Team Vision Formulation Training • Review of Executive Education and Selection Criteria	• Continuation of Managerial Training	
④Activation of Personnel Rotation	• Understanding the Current Status of Long-tenured Employees		• Consideration of Building a Talent Management System to Facilitate Rotation Activation	• Implementation of Strategies to Activate Rotation		
⑤Strengthening the Ethical Sense to Reject Wrongdoing	• Implementing Behavior Evaluation Aligned with the Code of Conduct • Announcement of Disciplinary Action for Executives (Standalone)	• Decision on Disciplinary Action for Inappropriate Conduct • Announcement of Disciplinary Action for Staff Members (Standalone)	• Implementation of Compliance Training • Announcement of Disciplinary Action for an Affiliated Company	• Review of the Personnel System for Staff at and Below the Assistant Manager Level • Revision of Disciplinary Regulations	• Continuation of Compliance Training	

※PMVV：Purpose, Mission, Vision, Values

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Implementation plan for preventive measures against recurrence of inappropriate quality actions

Specific Measures	FY2025				FY2026	FY2027
	1Q	2Q	3Q	4Q		
(3) Improvement of Business Processes						
①Correction of Business Processes	In Progress →	• Preventing falsification by reducing manual transcription work through the use of digital tools (Pilot Testing at the Sakai Works) • Nonconformity Reporting Using RPA※	• Clarification of Tasks for Three Lines Model (Target Completion in November at Mukaijima) • Pilot Testing at the Mukaijima Works • Expand and Operate in Each Business as Needed	• Expansion into Manufacturing Business • Pilot Testing at Wakasa Office	• Operation of the Manufacturing Business • Expansion and Operation in the Engineering Business • Full Operation • Expansion into Other Business	
②Visualization and Standardization of Business Processes	• Implemented for the Environmental Business and the System Machinery Business →				• Expand in Each Business as Needed	
(4) Initiatives to Prevent Quality Misconduct						
①Enhancement of Quality Oversight Functions	• Establishment of a Quality Compliance Committee • Holding the First Quality Compliance Committee Meeting	• Second Quality Compliance Committee Meeting • Implementation Plan to Enhance Quality Assurance (including the Three Lines Model)	• Holding the Third Quality Compliance Committee Meeting • Enhancement of Three Lines Model of Manufacturing Business	• Holding the Forth Quality Compliance Committee Meeting	• Continuation of the Compliance Committee • Enhancement of Three Lines Model of EPC and O&M Business	
②Enhancement of Quality Consultation Functions	• Implementation of a Chatbot (2025/1) →			• Continuation of Operation		
③System for Referencing Other Companies' Case Studies		• Procedure Formulation →	• Commencement of Operation	• Continuation of Operation		
④Information Sharing through Internal Reporting Meetings (Common with Initiative (1))		• Holding Reporting Meetings on the Special Investigation Committee's Findings (Total of 8 Sessions)		• Holding Progress Briefings on Preventive Measures (Total of 4 Sessions)	• Holding the Anti-Fraud Day Event on July 5th	• Holding the Anti-Fraud Day Event on July 5th

※RPA：Automation of PC Tasks Using Software Robots

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Implementation plan for preventive measures against recurrence of inappropriate quality actions

Specific Measures	FY2025				FY2026	FY2027
	1Q	2Q	3Q	4Q		
(5) Securing Personnel for the Quality Assurance Department						
	• Increase of Six Staff Members via Transfers and New Graduate Hiring • Enhancing Quality Assurance Department Functions through Staffing and Organizational Restructuring (HZME/IMEX)	• The staff has increased to a total of 152 members, since the establishment of the organization • Reassignment of management positions in the Quality Assurance Department at the Mukaishima Works • Conducted '5 Whys' Analysis Workshops including six affiliated companies	• Continuous Increase in Personnel • Quality Compliance Training for Mukaijima Works Employees	• Obtaining Level 3 or Higher in QC Certification	・Continuation of Training in the Quality Assurance Department →	
(6) Strengthening the Supervisory Function of the Board of Directors						
	• Compliance Committee Report	• Establishment of Quality Reform Promotion Department • Reporting on the Implementation Status of Preventive Measures • Regular Review of Whistleblowing Response Status by Full-time Audit & Supervisory Board Members	• Reporting on the Implementation Status of Preventive Measures • Review and Implementation of a Reporting System to the Board of Directors on the Status of Internal Whistleblowing Responses	• Reporting on the Implementation Status of Preventive Measures ・Continued implementation →	・Quarterly Preventive Measures Report ・Semiannual Compliance Report →	

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