

Since its founding, N.E. CHEMCAT has provided high-quality products and services that earn the confidence of customers and meet their expectations. We strive to improve our quality on a daily basis so that we can work with customers to provide them with optimal solutions.

Quality Assurance Activities

Quality Policy

In order to ensure our customers receive high-quality products, we have implemented a Quality Policy and are always striving to further improve quality.

Quality Policy

1. This is our quality policy:

- (1) We provide quality that satisfies customers and earns their confidence.
- (2) Through the efforts of all employees, we aim for continuous quality improvement.

2. In order to fulfill this quality policy, we implement the following measures:

- (1) Create a quality management system that is ISO 9001 compliant, and strive for continual system improvement.
- (2) Ensure that each department sets and implements its own quality targets, monitors their progress, and reviews them regularly.
- (3) Review the appropriateness of our quality policy during management review activities.
- (4) Inform all members of the organization of our quality policy and enhance their understanding.

Quality Management System

At N.E. CHEMCAT, the General Manager of the Production & Technology Div. is ultimately responsible for service quality assurance and product liability, and oversees the company's quality assurance activities.

Our quality management system has been certified under the ISO 9001 and IATF 16949 programs, and we provide a stable supply of high-quality products.

Business Sites That Have Acquired Quality Management System Certification

| | |
|--|--|
| ISO 9001:2015 | Numazu Plant |
| IATF 16949:2016 (Auto exhaust catalysts) | Head office, Numazu Plant, and Tsukuba Plant |

Quality Audits

Based on our quality management system, each plant conducts external and internal quality audits once a year.

Continuous Quality Improvement

N.E. CHEMCAT makes the following efforts to continuously improve quality.

Internal Bodies for Quality Improvement

The company has established the following bodies for quality improvement, and has established a system enabling departments to cooperate for enhancing quality.

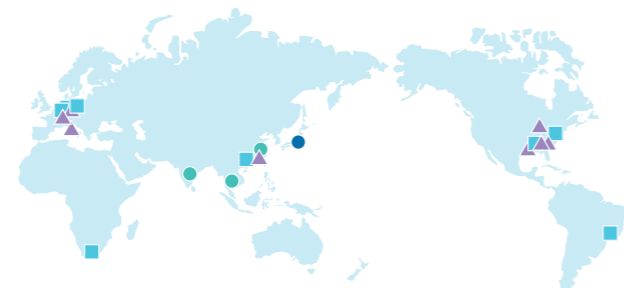
- Audit Reporting Committee
- Quality Committee
- Quality Manufacturing Liaison Committee
- Quality Defect Reporting Committee
- Quality Patrol

Global Cooperation System

Our technology transfer system has been created to enable manufacturing of auto exhaust and other catalysts developed in Japan at overseas production plants without any loss of product performance.

We also regularly share technical information with the BASF Group and adopt the latest technology to further enhance quality.

Global System of Cooperation with the BASF Group



- N.E. CHEMCAT
- Joint ventures of BASF and N.E. CHEMCAT (exhaust catalysts)
- BASF production and R&D sites (exhaust catalysts)
- ▲ BASF production sites (process catalysts)

Customer Satisfaction Surveys

We often work closely with our customers, from catalyst development to scale-up. In order to further improve customer satisfaction and quality, we conduct an annual Customer Satisfaction Survey. The results are used for our continual quality improvement.

Quality Awards Received in FY2022

| | | |
|----------------|--------------------------|----------|
| Daihatsu Motor | Quality Excellence Award | May 2022 |
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Quality Control Training

N.E. CHEMCAT actively conducts quality control training to improve the abilities of human resources involved in quality control. This includes Quality Management System (QMS) basic training, IATF tool training, and internal quality auditor training.

Main Quality Control Training in FY2022

| Training programs | Plants |
|---|----------------------|
| Fundamentals of manufacturing | Numazu / Tsukuba |
| Introduction to IATF for new process owners / scopes due to organizational change | Numazu / Head office |
| IATF process approach | Tsukuba |
| IATF standards study group | Numazu |
| IATF core tools | Head office |
| Corrective action review using QMS-style cause investigation diagram and Naze-naze Analysis | Numazu |
| Supplier Audit Approach | Numazu |
| Measurement system analysis (MSA) | Tsukuba |
| Measurement instrument and apparatus management | Tsukuba |
| CP and P-FMEA preparation | Numazu / Tsukuba |

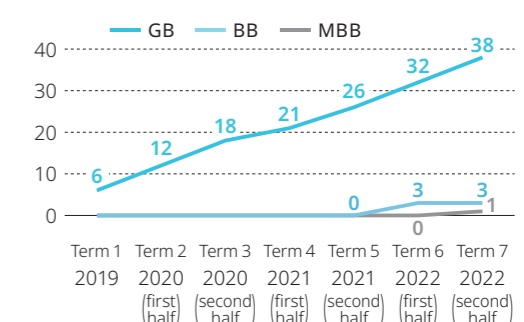
Lean Six Sigma Activities

Lean Six Sigma (LSS) is a globally recognized management approach for quantitative improvement of processes and quality. In addition to being a means for operational improvement, LSS activities are also helping us to develop the human resources who will be the leaders of tomorrow. Our employees are able to comprehensively develop the four skills required for Green Belt (GB^{*1}), Black Belt (BB^{*2}), and Master Black Belt (MBB^{*3}). We have expanded the scope of activities every year since beginning these activities in 2019. During the 7th term in 2022, we began GB development in the head office and in Development, in addition to Manufacturing. We have also embarked on MBB development further enhance LSS activities and certified the first MBB in the company during the 7th term.



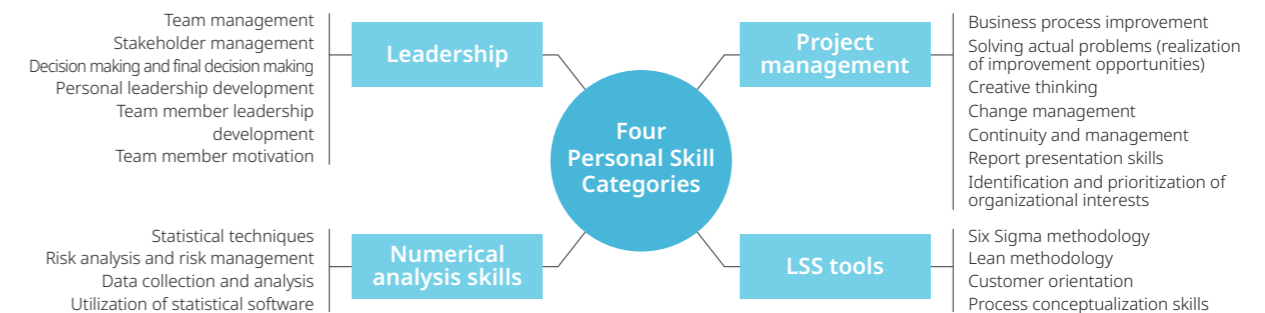
LSS activities

Number of GB/BB/MBB Certified Personnel



*The numbers for 2021 (first and second half) were changed due to revision of the aggregation method.

Four Personal Skill Categories Fostered by LSS



- *1 **Green Belt (GB)** This is the first level of LSS qualification. Leads an LSS project within the scope of normal business activities.
- *2 **Black Belt (BB)** This is one level higher than GB. Provides guidance and advice to GBs and leads an LSS project that spans multiple areas. Qualified to assume responsibility for development and establishment of company-wide LSS activities as routine practices.
- *3 **Master Black Belt (MBB)** An MBB manages LSS projects, formulates medium- and long-term plans for LSS activities, supports management, conducts training, coaches projects, and improves the level of recognition of such projects in the company.