


## 4.4 Achievements in trade secret protection

Kaori understands that trade secrets are the key to the industry's sustainable development. In addition to taking protective measures to actively defend trade secrets, Kaori complies with the ISO 9001 "Technical Secrets Documentation Management Method" and "Document and Record Management Procedures" to implement the management system's responsibilities and maintain industrial competitiveness.

## 4.5 Quality management

Material issues	Management Approach
	<p><b>Policy</b> Quality excellence at reduced costs. Timely delivery and satisfied customers</p> <hr/> <p><b>Goal</b> Offer safe and reliable products and services in conformity with customers' needs and the requirements of applicable laws</p> <hr/> <p><b>Commitment</b> To establish preventive control, minimize negative impacts, and use a process-oriented approach to enhance the effectiveness and efficiency of departmental processes</p> <hr/>
 <p>Product quality</p>	<p><b>Measures</b></p> <ol style="list-style-type: none"> <li>1. Comply with ISO 9001:2015 quality management system and pass certification every year</li> <li>2. Comply with AS9100:D Aerospace Quality Management System and pass the certification every year</li> <li>3. No violation of EU Restriction of Hazardous Substances Directive (RoHS)</li> <li>4. No violation of REACH SVHC prohibition</li> </ol>

Kaori has developed its own quality management system in accordance with ISO 9001:2015 Quality Management System and implemented a series of management procedures and operational guidelines to guide quality management practices throughout the Company. Furthermore, Kaori has open communication channels in place to gather customers' opinions, quality feedback, audit findings, etc., for ongoing improvements. The Company will continue listening to customers' voices and adopting total quality management to satisfy customers' needs.

All of the Company's business units were certified under the latest international quality management system, ISO 9001:2015, in 2020. In addition, the Fuel Cell Division obtained certification for the latest aerospace quality management standard, AS9100:D, in February 2022. These certifications guide the Company in its continuous improvement efforts, enabling the delivery of the most reliable quality and services to customers. Kaori remains committed to its customer-centric service philosophy and refrains from all actions that compromise product quality or endanger customers' safety. By making quality a part of our corporate culture and employees' conviction, we strive to become customers' trusted partner and work with customers and suppliers toward sustainability.

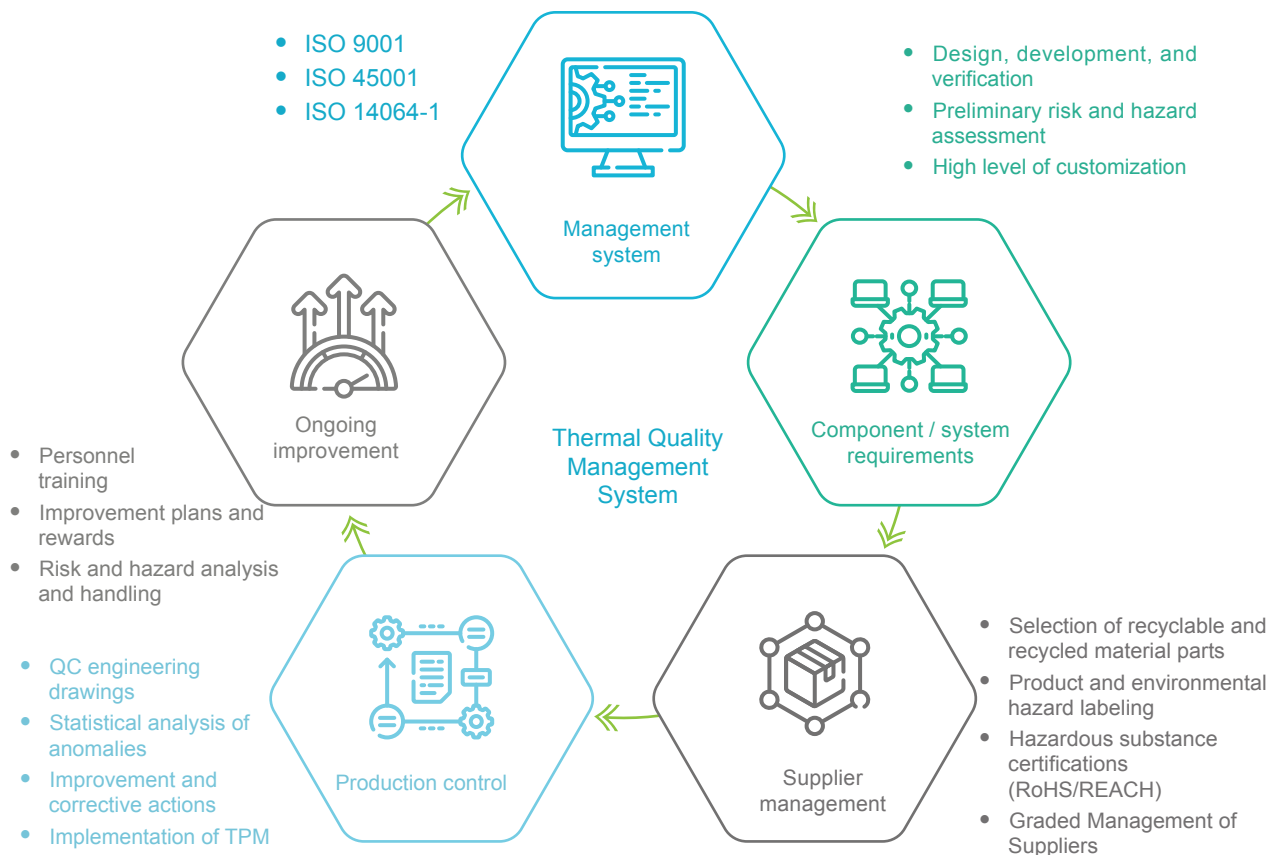
The Company encountered zero instances of product recalls due to safety concerns or otherwise in 2024 and suffered no financial losses from lawsuits concerning product safety.

## Quality Management Procedures

To ensure the quality of its products and services, Kaori adopts the process-oriented approach of the International Organization for Standardization (ISO) to improve the quality performance of various departments. By implementing the Plan, Do, Check, and Act (PDCA) cycle, the Company continues to optimize its processes and enforce preventive control with a risk focus.

- **Process-oriented approach:**  
From order taking, production, inspection, and shipment, Kaori applies standardized procedures and delivers products and services to customers' satisfaction.
- **PDCA:**  
Ensure that every process is supported with adequate resources and is properly managed and improved upon on an ongoing basis.
- **Risk perspective:**  
Adapt to changes in the internal and external environments, minimize probability of decision errors, and prevent possible losses; aim for total anticipation of opportunities and risks, and perform effective damage control after the occurrence of risk events for business continuity.

## New Business Development - Thermal Energy Quality Management System



## Fuel Cell Business - Quality Management System



## Promotion of Quality Awareness

Quality awareness is defined as how the employees, leaders, and managers of a business perceive and act in relation to the quality of their offerings. It is a common language that employees use to communicate in daily work activities, a value that inspires our behavior to the outside world, and a standard by which we measure our performance. By changing how employees perceive the work they do from within, we help them develop proper habits, which in turn contributes to the further strengthening of the quality culture.

Quality is key to the continuity of a business. It requires contribution from all employees and takes persistence in making improvements in order to satisfy customers' needs and accomplish corporate targets. There are also many aspects to quality, and under-performance in any aspect will compromise customer satisfaction and threaten business survival.

The Company holds the conviction that workforce competence is critical to the quality of products and services offered. Through education and training, the Company aims to develop strong quality awareness and consistent quality goals across employees. Kaori organizes a variety of training courses to improve the quality of products and services provided; progress for 2024 is summarized below:

- 100% of new recruits passed general knowledge training
- 100% of employees completed training for ISO 9001, AS9100, and ISO 14001 quality systems
- 100% of employees completed specialist training; training courses were organized to educate employees on instrument calibration, ionizing radiation protection, legal requirements, etc., and to qualify those that require professional certification.

## Quality Assurance

To bring traceability into the products manufactured, Kaori has adopted an enterprise resource planning (ERP) system and a manufacturing execution system (MES) that digitally integrates all processes from material purchase, storage, production, and quality management to financial management. These systems record the details of every production stage and ensure that accurate data can be generated quickly to support Kaori's commitment to quality assurance.

1. Site Management
2. Safety management: 5S activities



### SEIRI

Separate useful items from useless items, and dispose of useless items.



### SEITON

Place useful items neatly and in the appropriate quantity, and label clearly.



### SEISO

Clean the workplace and prevent pollution.



### SEIKETSU

Implement standards and rules for the 3S above, and enforce accordingly to deliver results.



### SHITSUKE

All members of the organization shall follow rules and develop proper habits.

## Operations management

1. Standardized operations: standard operating procedures.
2. Skill training: skill training and evaluation; skill evaluation standards, skill development program, and skill training standards.
3. Improvements: A suggestion system has been implemented to encourage improvement plans for accomplishing business goals.

## Quality management

1. Management during normal circumstances: Quality assurance standards have been implemented for operational staff and managers.
2. Responses in the event of abnormal occurrences (whether discovered internally or externally): The Company has standard responses in place to respond to abnormal occurrences of which all employees have been made aware.

## Equipment management

Total productive maintenance (TPM): includes equipment inspection standards, inspection charts, inspection cycles, responses to equipment malfunction, and training materials for operators (work commencement checks, inspection standards, training data, etc.).

## On-Site Education and Training

1. On-site education: Kaori highlights and discusses abnormal issues in daily morning meetings and takes improvement measures and follows up on progress afterwards
2. Special-purpose training: abnormal occurrences are analyzed and shared internally as case studies
3. Specialist training: instrument calibration, internal audit, pre-brazing preparations, post-brazing test, incoming quality control (IQC), final quality control (FQC), etc.