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April 30, 2025

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(Progress of Disclosed Matters) Notice of the Measures to Prevent Recurrence for Inappropriate Conduct in Businesses Other than the Marine Engine Business

Kanadevia Corporation (hereinafter "the Company") has established a Special Investigation Committee consisting of external experts independent of the Company Group on July 17, 2024, in response to the inappropriate conduct announced in the "Notice of Inappropriate Conduct in the Marine Engine Business of Hitachi Zosen Group" dated July 5, 2024. The Special Investigation Committee has investigated the inappropriate conduct in the marine engine business and other businesses.

Today, we received from the Special Investigation Committee the results of the investigation results and the recommendations for measures to prevent recurrence, etc. for businesses other than the marine engine business (hereinafter the "Investigation Results, etc."), and have formulated the following measures to prevent recurrence.

Please refer to today's announcement titled "(Progress of Disclosed Matters) Notice of Inappropriate Conduct in Businesses Other than the Marine Engine Business of Kanadevia Group" for the contents of the Investigation Results, etc.

Our Group takes the results of the investigation seriously and will work on the measures to prevent recurrence as detailed below. Furthermore, based on the recommendations of the Special Investigation Committee, we will strive to implement even more effective measures to prevent recurrence, aiming to restore the trust of all our stakeholders.

1. Measures to Prevent Recurrence of Inappropriate Conduct at the Mukaishima Works

(1) Thorough Verification and Documentation of Qualifications

In the subcontracting agreement with partner companies to which welding work is outsourced, it is required that partner companies allow only individuals who possess the necessary JIS qualifications for welding work to engage in welding.

The production engineering department at the Mukaishima Works will keep the original certificates of qualification for welders belonging to the Company. For welders belonging to partner companies, each

partner company will retain the original certificates, while a copy of the certificates will be kept by the production engineering department at the Mukaishima Works. This ensures that the production engineering department at the Mukaishima Works can collectively verify the qualification status of each welder.

Additionally, a list of qualified welders will be created to clearly indicate the qualification status of the welders.

(2) Strengthening the Monitoring System for Welding

Welders will be required to carry a copy of their qualification certificate, and helmets will be color-coded based on the presence of JIS qualifications, with a sticker indicating their qualified status. This will ensure that the presence of welding qualifications can always be verified.

Additionally, we will ensure that the welding quality management sheet is always available for presentation.

To prevent unqualified personnel from welding, we will strengthen the patrol monitoring of welding by welding managers or inspectors appointed at the Mukaishima Works. This will include checking for the presence of qualification certificates and stickers on helmets.

(3) Conducting Pre-work Meetings

The welding manager will conduct a pre-work meeting during the daily morning assembly, where the manager confirms the welding locations and methods and the anticipated welding postures for the tasks, and ensure that the necessary welding qualifications for those postures are held. Additionally, the manager allocates tasks based on the list of qualified personnel. Furthermore, the manager will instruct partner companies to implement similar management practices.

The manual for UT inspections, MT inspections and film thickness measurements are checked in the pre-work meeting.

(4) Post-Work Performance Confirmation

To ensure that the welding is conducted by qualified personnel, after each welding process, the certificate of qualification and the welding quality management sheet, which records the names of personnel involved in the welding work, are cross-checked. Once it is confirmed that the welding work has been carried out by individuals possessing the necessary welding qualifications, the process proceeds to the next stage.

By cross-checking the implementation records of UT inspections, MT inspections and film thickness measurements and the construction procedure manual, we confirm that the work has been carried out according to the manual before proceeding to the next stage.

(5) Preventing Physical Tampering by Automatically Transferring Measurement Records

We will consider implementing a system that prevents physical tampering with the measurement results, such as recording UT inspection, MT inspection and film thickness measurement results using tablets or similar devices and automatically transferring them to the cloud.

(6) Thorough Education and Training

We will ensure thorough education regarding the work standards at the Mukaishima Works for employees, including management staff.

Similar education will be provided when accepting employees from partner companies.

We will regularly conduct education for all employees on the dangers of welding by unqualified individuals, legal responsibilities, the importance of qualifications, and the significance of

manufacturing according to the construction procedure manual. Additionally, we will provide support for obtaining qualifications and skills enhancement training as needed.

(7) Audits Conducted by the Quality Assurance Department

The Quality Assurance Department at the headquarters will conduct regular audits on the implementation status of manufacturing activities at the Mukaishima Works, including welding, painting, and temporary assembly.

2. Measures to Prevent Recurrence of Inappropriate Conduct Related to 4M Change Management, Inspection Records, etc., at the Wakasa Works

(1) Measures to Prevent Recurrence in 4M Change Management

We will establish a rule that the Quality Assurance Department at the headquarters should take responsibility for the application and pass/fail judgment following final inspections related to 4M changes.

Regarding applications for 4M changes, we will change the process so that notifications are sent to the General Manager of the Business Unit when the procedure begins, and applications to customers will be carried out after obtaining confirmation by that General Manager.

(2) Measures to Prevent Recurrence of Inappropriate Conduct Related to Inspection Records, etc

We will consider implementing a system that prevent physical tampering with the measurement results, such as recording inspection results using tablets or similar devices and automatically transferring them to the cloud.

(3) Support by the Quality Assurance Department at the Headquarters

We will establish a rule that the Quality Assurance Department at the headquarters should take the lead in responding to customer complaints about delivered products, including physical inspection, root cause analysis, temporary measures, permanent solutions, and reporting to the customer.

We will strictly define the rules for shipment approval by the Quality Assurance Department at the headquarters and mandate the verification of inspection records by the Quality Assurance Department before granting shipment approval.

3. Measures to Prevent Recurrence of Tampering with Water Quality Inspection Results and Other Issues at Certain Water Treatment Facilities

(1) Verification of Consistency in Water Quality Inspection Results

The branch representative responsible for managing the facility checks the consistency between the monthly report and the raw data (primary data) of their respective facility once every quarter.

Individuals other than the facility staff and the branch representative overseeing the facility (those who are not involved in the facility's operations in their daily duties) check the consistency between the monthly report and the raw data (primary data) from a third-party perspective at least once a year during safety patrols or ISO internal audits.

(2) Conducting or Overseeing Water Quality Sampling Work by Multiple Personnel:

When a testing company performs the sampling work, two facility staff members will be present to oversee the process. If the facility staff member conduct the sampling work themselves, it will be carried out by two individuals to ensure proper sampling procedures.

4. Measures to Prevent Recurrence of Inappropriate Conduct at Certain Combustible Waste Incineration Facilities

(1) Measures to Prevent Recurrence of Inappropriate Crane Operations

(i) Establishing Rules for Automatic Operation During Waste Input

For all facilities equipped with an automatic or semi-automatic crane operation system, it is made a rule to use automatic or semi-automatic operations during waste input as a principle and to record the reason for performing manual operation exceptionally.

(ii) Installation of Cameras for Monitoring Crane Operations

For facilities where cameras are already installed, monitoring and recording of waste input operations via crane will be conducted. For facilities without cameras, new cameras will be installed as a principle.

(iii) Modification of the Waste Crane Weighing System

The system will be modified to measure the weight of the bucket grabbing waste when it is within the load capture area and when it is away from the load capture area, recording the difference of those weights as the amount of waste input, or to control the bucket so that it can be opened and closed only in designated areas such as the input location or storage area. Additionally, the system will be adjusted so that zero-point adjustment of the bucket weight (which is adjusting the weight of the bucket as zero when the bucket is empty but some waste remains on the bucket's claws after being dumped into the waste hopper, leading to an increase in bucket weight even when empty) cannot be performed within the load capture area. These measures will ensure that the fraudulent measurement of waste input amounts is physically impossible.

(2) Measures to Prevent Recurrence of Deviations from Standard Values of and Tampering with Exhaust Gas Measurement Values and Furnace Temperature and of Improper Operation of Exhaust Gas Measurement Equipment

(i) We will implement a system that automatically stops operations when there are deviations from standard values of exhaust gas measurement values or furnace temperature, etc.

(ii) We will establish rules for the methods of measuring exhaust gas and the use of the maintenance button, etc., and implement a system in which the purpose and reason are recorded and reported when the maintenance button is used.

(iii) Supervision during exhaust gas measurement and verification of usage and measurement method records will be carried out by the Quality Assurance Department, which is independent of the operations and management department.

5. Measures to Prevent Recurrence of Inappropriate Conduct Related to 4M Change Management and Durability Testing in the Development and Manufacturing of Special Valves

(1) Measures to Prevent Recurrence in 4M Change Management

By visualizing and systematizing the flow from internal receipt of the 4M change application to the application to the customer, we will ensure that products are not shipped to customers before their approval.

(2) Measures to Prevent Recurrence of Inappropriate Conduct Related to Inspection Records, etc.

The process will be revised so that the reliability test report, which defines methods for durability testing, will require approval not only from the design department but also from the Quality Assurance Department, which maintains independence with a third-party perspective, before proceeding to the next stage and reporting to the customer.

Note: 4M represents the initials of Man, Machine, Material, and Method. 4M change management is a quality control method in manufacturing that manages changes in these four areas to ensure quality.

The Company disclosed the Kanadevia Group's measures to prevent recurrence concerning inappropriate conduct in the marine engine business in the announcement "(Progress of Disclosed Matters) Notice of the Measures to Prevent Recurrence" dated March 25, 2025. The "2. Measures to Prevent Recurrence by Our Group Regarding This Matter" included in that announcement also apply to the series of inappropriate conduct in businesses other than the marine engine business that we have announced this time. We will continue to implement various measures outlined in that announcement, including organizational culture and mindset reforms and the restructuring and strengthening of the quality assurance system.

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