

## Consumer Issues

With the aim of providing products and services that satisfy and meet the needs of our customers, we make active efforts to improve quality following our Quality Policy.



## Consumer Issues

### Responsibility to Our Customers / Quality-related Initiatives

We at Nissha Group strive daily to improve quality, based on our Quality Policy, so that we may provide products and services that satisfy and meet the needs of our customers.

#### Quality Policy

Nissha and its subsidiaries are committed to contributing widely to society through customer's trust and satisfaction of quality, cost, delivery, services and speed.

1. We aim for quality that stands up to the customer's expectations.
2. We pursue Zero Defects in our products.
3. We provide products which satisfy customer requirements and conform to relevant legislation and regulations.
4. We establish and maintain a quality management system, and continually improve its effectiveness.

April 1, 2011

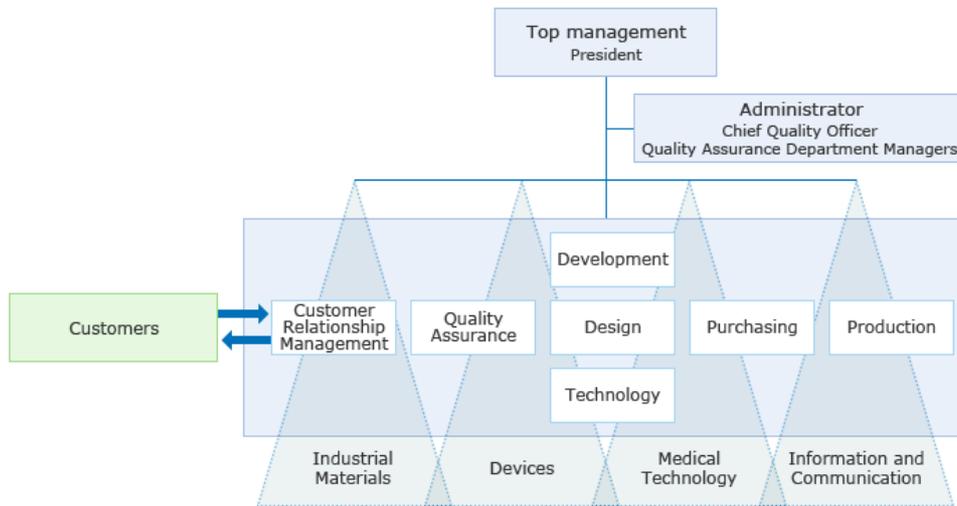
Junya Suzuki  
Chairman of the Board  
President and CEO  
Nissha Co., Ltd.

### Quality Management System (QMS)

We operate a quality management system that meets the requirements of international standard ISO 9001:2008, and promote improvements in quality under our comprehensive quality assurance initiative Nissha Group Total Quality Management (NTQM). NTQM also complies with IATF 16949, a quality management system for the automotive industry. The Nitec Precision and Technologies, Inc. (NPT) Kyoto Factory, which manufactures touch sensor modules, was one of several bases which obtained IATF 16949 certification.

Overseas subsidiaries that handle medical devices have obtained ISO13485 certification, a quality management system specialized to the medical devices industry. In Japan, Nissha Co., Ltd. obtained a Class 2 medical devices marketing license and manufacturing license, and a manufacturing license, and Nissha FIS Inc. became a registered medical device manufacturer. In addition, we operate a quality management system that complies with ISO13485 (which we expect to obtain in 2019), and are making steady efforts to build a quality assurance structure that fits our new business segments.

## Quality Assurance Structure



## Nissha Group Total Quality Management (NTQM)

Our NTQM initiative seeks to build and improve a mechanism for keeping promises with our customers as well as complying with laws and regulations. NTQM clarifies the procedures followed at each business unit, such as design reviews (DR), reliability tests, and supplier management. We believe that improving the accuracy of these procedures will enable us to provide products and services with even higher levels of quality and safety.

## Five Musts for the Systematization of Work

We set forth Five Musts for the Systemization of Work, a concept we are working to communicate company-wide through training and our internal newsletter.

### Five Musts for the Systematization of Work

1. Standardize work.  
Standardization clarifies the required input, as well as the work you have to perform.
2. First of all, check the input.  
Begin your work by checking for any fault in input.
3. Incorporate the customer viewpoint into the output.  
Not only customers for the Company, but your immediate customers, internal and external. In your work, you must aim at an output that meets QCDS from all your customers.
4. Reinforce the system using human factors.  
Human factors should be used to cover those areas of work which cannot be covered by the system alone. Your communication and teamwork will reinforce the system.
5. Make continuous efforts to improve the system.  
The system must be established and implemented continuously. Continuous implementation results in further improvement of the system, as well as that of the quality of our work and the Company.

\*QCDS: Initial of Quality, Cost, Delivery, Service, the index for product evaluation.

## Quality Slogan



Taking action with a strong awareness of the customer is essential to quality improvement. All Nissha Group employees are required to perform their daily duties with a sense of responsibility, and create quality in the eyes of the customer.

To this end, in April 2017 we established the quality slogan given above. The Japanese have a maxim that reads, "the next process is the customer." The "me" in the slogan says each employee should take on a leading role in delivering quality to the customer. And this "customer" may be external customers of the Nissha Group or internal workers in the production process following one's own. The slogan is communicated thoroughly across Nissha Group companies both in and outside Japan, along with a sense of "responsibility to all customers, internal or external."

## Company-wide Optimization

We at Nissha promote the recognition of ties between one's own department and others', and even ties between work processes across the whole company, in terms of "input" and "output." Hence we stress the importance of links between internal processes and the orderly division of roles. By having all employees stand in the customers' shoes, we aim to break free of department-based optimization and strive for company-wide optimization. We believe that basic concepts like this and the sorting out of functions will build Nissha Group's foundation as a manufacturing company.

## Continuous Improvement

The accumulation of bits of insight and ingenuity from all employees is the source of great improvements in work processes. This approach forms the foundation of Nissha Group's small-group activities and improvement proposal system. We recognize these as important mechanisms to work on and develop across the Nissha Group. Moreover, based on the idea that the quality of people plus the quality of work equals the quality of the company, and employees are our most important management resource, we are actively engaging in the development of human resources, such as through the continuous planning and implementation of a range of education. Through these activities, we are implanting the concepts of (1) always interweaving ingenuity into your work, (2) judging based on data (facts), and (3) using the PDCA (Plan, Do, Check, Act) Cycle to continuously improve, so that we can further improve our customers' satisfaction.

Training	<ul style="list-style-type: none"> <li>1) General quality training (for first-, second-, and third-year employees, new managerial staff, managers, and overseas transferees)</li> <li>2) Management system training (ISO 9001:2008, ISO/TS 16949:2009, and core tools)</li> <li>3) Quality control training (QC Exam levels 3 and 4)</li> <li>4) Quality methodology training (statistical methods, experimental design, Taguchi methods, etc.)</li> <li>5) Other training (equipment maintenance, etc.)</li> </ul>
Practical education	<ul style="list-style-type: none"> <li>1) Support for small-group activities</li> <li>2) Nissha Academy (Monozukuri School etc.)</li> </ul>
Information sharing / reciprocal learning	Company-wide Presentation Meeting of Small-group Activities

## Quality and Safety of Products

We at Nissha provide our customers with explicit information on product usage and safety in documents such as delivery specifications. In the event a serious accident occurs as a result of flaws in our products and services, which may violate laws or regulations, we establish a CPL\* committee and strive for a quick resolution. We are also prepared to report the incident to government agencies in accordance with laws and to notify our customers as soon as possible. We communicate to our employees the importance of ensuring the quality and safety of products through corporate ethics and compliance training.

Up to fiscal year ended December 2018, the number of instances in which we organized a CPL committee or violated laws was zero, resulting in a fine of 0 yen. We will strive to maintain our zero violation record in the future.

\*CPL: Combination of contractual liability (CL) with product liability (PL)

## Management of Chemical Substances in Products

We at Nissha have in place two sets of criteria for managing chemical substances: the Nissha Control Criteria for Chemical Substances, covering Nissha products and packaging materials, and the Nissha Control Criteria for Chemical Substances in Purchased Products, covering procured items such as primary and secondary raw materials. Both reflect the laws and regulations of relevant countries and regions, including the Restriction of Hazardous Substances (RoHS) directive and the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) regulation, as well as the substance-related criteria of our customers. Whenever our customers' criteria change, we identify the differences from our criteria and work to conform to our customers' request. Apart from this, we review our criteria once a year, making revisions as necessary, and organize briefing sessions for related divisions and our suppliers.

When selecting new materials in the design and development stages, we conduct design reviews related to materials and assess compliance with our criteria. Our factories are building a mechanism for accepting materials that meet our criteria, ensuring traceability, identifying and separating noncompliant substances, and responding to issues swiftly such as through reporting in efforts to prevent misuse and contamination.

The Corporate Environmental and Safety Management of Corporate General Affairs functions as the secretariat and works with the product development, quality assurance, and procurement divisions of each business unit to promote management of the chemical substances used in products. It also carries out internal environmental audits on a regular basis to inspect the management status. This internal structure implements strict control of chemical substances from the design stage to the final product, and responds to changes in the needs of society and the demands of our customers.