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**Notice Regarding Misconduct in the Testing of Marine Engines
(Progress on Disclosed Matters)**

Kawasaki Heavy Industries, Ltd., announced today that it has collated the findings thus far of its internal investigation into misconduct in the testing of marine engines—first announced in a press release published on August 21, 2024 (“Notice Regarding Misconduct in the Testing of Marine Engines”)—in the “Report on Investigation into Misconduct in the Testing of Marine Engines (Interim Report),” and has submitted this report to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

The Company takes this incident very seriously and once again offers its assurances to stakeholders that it will take resolute steps to ensure that such misconduct does not happen again.

The following is a summary of the Interim Report, which recaps the progress of the Company’s internal investigation, focusing on determining whether misconduct in testing had occurred and outlining the corrective measures implemented to date. Please see the attached document for details. The inquiry led by the Special Investigative Committee of external experts created to probe this incident, which is concentrating on uncovering the full facts and examining measures to prevent recurrence, is ongoing.

The Company has also established the Special Compliance Promotion Committee, which is chaired by Representative Director, President and CEO Yasuhiko Hashimoto. This committee is working diligently not only to investigate the facts and analyze the root causes of this specific incident, as well as any other cases of misconduct discovered within the Group, but also to prevent recurrence by scrupulously reforming the Company’s compliance and governance systems, building systems that prevent misconduct, strengthening detection capabilities, and enhancing the Company’s corporate culture and awareness.

The Company is currently examining whether this matter will impact its financial results and will immediately issue notification should such an impact be confirmed.

1. Configuration and progress of investigation

As soon as it became aware of this misconduct in testing, the Company established an internal investigative committee under the direction of the Quality Assurance Division to examine the matter from a third-party perspective. The investigation is being continued under a three-pronged configuration:

- Individual in charge: General Manager, Quality Assurance Division, Energy Solution & Marine Engineering Company
- Team investigating causes and formulating measures to prevent recurrence: 6 members
- Team investigating records and formulating technical responses: 10 members

2. Interim findings of the investigation

2.1 Areas in which misconduct in testing was uncovered

After confirming shop trial records and interviewing pertinent parties, it was confirmed that data had been altered for the 673 two-stroke marine engines and that misconduct in testing during shop trials fell into one or more of the five categories indicated below:

- (1) Unauthorized alteration of fuel consumption test data (588 engines).
- (2) Unauthorized alteration of fuel consumption rate test data (565 engines).
- (3) Unauthorized alteration of exhaust gas temperature test data (309 engines).
- (4) Adjustment of amplifiers for water brake torque indicators subsequent to amplifier calibration (353 engines).
- (5) Unauthorized operation of turbocharger intake temperature adjustment function for other-than-intended purposes (14 engines).

The findings of the investigation to date, which examined data collection and processing systems, verified that data alteration is not possible in the systems utilized for land-use gas-fueled engines or for hydrogen dual-fuel engines currently under development.

2.2 Motive behind the unauthorized alteration of test data

Based on the results of interviews conducted to date, it is believed that the main motive behind the unauthorized alteration of test data was to avoid having to explain discrepancies in fuel consumption and other performance-related issues by keeping engine fuel consumption values within the required range of customer specifications and by reducing the discrepancies in fuel consumption performance and other performance.

2.3 Motive behind the unauthorized alteration of data subsequent to amplifier calibration or for other-than-intended purposes

It is believed that the main motive behind the alteration of data subsequent to amplifier calibration or for other-than-intended purposes was to compensate for the accuracy levels of testing equipment.

2.4 Impact on NOx emissions

Compliance with NOx emissions regulations is currently being confirmed.

3. Actions taken in response to investigation findings

3.1 Misconduct

The implementation of corrective measures in response to the misconduct in testing described in 2.1 (1) to (5) has been completed.

3.2 Amendment of processes

Going forward, the quality assurance department will confirm that there have been no opportunities for misconduct in the shop trial process, while shop trial reports will only be issued after the quality assurance department has verified the validity of data.

In addition, the Quality Assurance Division, which is independent from business activities, will oversee quality assurance across the internal companies. This body will conduct internal audits and take other steps to further strengthen the Company's ability to detect the alteration of test data, as well as the alteration of data subsequent to calibration or for other-than-intended purposes.

3.3 Confirmation of the effectiveness of corrective measures

Auditors from the Quality Management Section—a subordinate entity of the Quality Assurance Division—who play no direct role in product inspections in the internal companies, confirmed implementation of the corrective measures outlined in 5.1 and 5.2 from a third-party perspective and verified the effectiveness thereof.

4. Preventing recurrence

In the past, the issue of misconduct in testing had been raised by individuals in charge with their then-managers. When the Company conducted a Groupwide investigation into quality-related misconduct triggered by similar incident at a Group company in fiscal 2022, it was discovered that individuals involved in the design, manufacture and inspection of marine engines were aware of that particular misconduct. However, the internal company failed to fully grasp that this misconduct in testing was occurring or to take corrective action.

Looking ahead, the Company will further scrutinize the factors that contributed to this misconduct in testing and will take bold steps to prevent recurrence, in line with the recommendations of the Special Investigative Committee.

This document has been translated from the original Japanese for reference purposes only.

In the event of any discrepancy between this document and the original Japanese, the original Japanese shall prevail.

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Attachment: Report on Investigation into Misconduct in the Testing of Marine Engines (Interim Report), September 27, 2024.

Kawasaki Heavy Industries, Ltd.

KPQ-2024-128

September 27, 2024

Ocean Development and Environment Policy Division,
Shipbuilding and Ship Machinery Division,
and Inspection and Measurement Division,
Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism

Kawasaki Heavy Industries, Ltd.

Report on Investigation into Misconduct in the Testing of Marine Engines (Interim Report)

This report has been translated from the original Japanese for reference purposes only.

In the event of any discrepancy between this report and the original Japanese, the original Japanese shall prevail.

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1. Overview

On July 5, 2024, Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) requested that Kawasaki Heavy Industries, Ltd., conduct a fact-finding investigation into whether there had been misconduct in nitrogen oxide (NOx) emissions verification tests for its marine engines. The Company responded by launching an internal investigation of such engines, which are subject to International Maritime Organization (IMO) Tier I and other regulations governing NOx emissions from marine engines. This investigation uncovered misconduct—namely, the alteration of data—during shop trials, including in verification tests for NOx emissions.

This interim report summarizes the findings of the Company's internal investigation to date, as well as the corrective measures implemented in areas where misconduct was uncovered. The results of investigations into the impact of this incident on NOx emissions so far, along with an analysis of the root causes of this particular incident, as well as measures to prevent recurrence, are also included. Further details of the impact of this misconduct on NOx emissions will be contained in the forthcoming final report.

As of the date of this interim report, there have been no confirmed cases of this having impacted the safety of these engines during sea trials or actual use.

2. Investigation of the Facts

2.1 Subject and Scope of the Investigation

The Company inspected 674 marine engines*¹ subject to NOx emissions regulations for marine vessels, manufactured by the Energy Solution & Marine Engineering Company (an internal company), which were installed on vessels constructed after January 1, 2000. This investigation uncovered misconduct during engine shop trials, which include pre-shipment tests*² and NOx emissions verification tests.*³ The impact of this misconduct on compliance with NOx emissions regulations*⁴ is currently being investigated. The impact on compliance with CO₂ emissions regulations will be assessed going forward.

*¹ This encompasses 673 two-stroke engines manufactured under license and one four-stroke engine developed by the Company.

*² Pre-shipment tests are conducted prior to delivery to confirm that an engine's performance, including the fuel consumption rate, satisfies customer specifications.

*³ NOx emissions verification tests are conducted with the aim of obtaining Engine International Air Pollution Prevention (EIAPP) certificates.

*⁴ NOx emissions regulations for marine engines are based on Annex VI to the International Convention for the Prevention of Pollution from Ships (MARPOL), which came into effect in May 2005, with the aim of preventing air pollution caused by exhaust emitted from ships. These regulations were applied retroactively to ships the keels of which were laid on or after January 1, 2000. Tier II and Tier III NOx emissions regulations, setting more stringent targets, came into effect for engines installed in ships the keels of which were laid on or after January 1, 2011, and January 1, 2016, respectively. Tier III regulations apply only to the specified ships while operating in Emission Control Areas.

2.2 Configuration and Progress of the Investigation

As soon as it became aware of this misconduct in testing, the Company established an internal investigative committee under the direction of the Quality Assurance Division to examine the matter from a third-party perspective . The investigation is being continued under a three-pronged configuration:

- Individual in charge: General Manager, Quality Assurance Division, Energy Solution & Marine Engineering Company
- Team investigating causes and formulating measures to prevent recurrence: 6 members
- Team investigating records and formulating technical responses: 10 members

Timeline of investigation and related public announcements in 2024

July 10	Initial internal investigation carried out in response to a request received from the MLIT on July 5 identifies misconduct in testing
July 12	Preliminary information is conveyed to the president of the pertinent internal company (thorough internal investigation is launched)
July 19	Preliminary information is conveyed to the Company's President (scope of investigation is expanded to encompass the entire period from production forward)
August 21	Misconduct in testing is reported to the MLIT and disclosed publicly
August 22–23	The MLIT conducts on-site inspection
August 30	Notice is issued regarding initiatives to strengthen compliance and the establishment of the Special Investigative Committee
September 13	The MLIT's Maritime Bureau conducts an on-site investigation subsequent to the rectification of testing equipment
September 27	Interim report on misconduct in testing is submitted to the MLIT's Maritime Bureau

2.3 Investigative Methodology

2.3.1 Investigation of Internal Records

The team investigating records and formulating technical responses was tasked with probing whether there were records of data having been altered, and if so to calculate values prior to alteration and recording in shop trial reports submitted to customers (hereinafter referred to as "actual measured values"), as well as determining compliance or noncompliance with NO_x and CO₂ emissions regulations.

2.3.2 Interviews with Pertinent Parties

Two rounds of interviews were conducted, the first by managers in the pertinent design, production and quality assurance departments and the second by employees in the

quality assurance department (individuals not directly involved with products) and the Compliance Department. Interviews were held not only with individuals currently in charge of shop trials and their predecessors, but also with individuals in related departments. These interviews focused on confirming whether data used to calculate the fuel consumption rates had been altered, ascertaining whether testing equipment had been manipulated, discovering whether records had been kept and identifying the motives behind this misconduct.

3. Findings of the Investigation (as of the Draft Date of this Interim Report)

After confirming shop trial records and interviewing pertinent parties, it was confirmed that data had been altered for the 673 two-stroke marine engines and that misconduct in testing during shop trials fell into one or more of the five categories indicated below. No testing misconduct was found for the single four-stroke engine investigated.

The findings of the investigation to date, which examined data collection and processing systems, verified that data alteration is not possible in the systems utilized for land-use gas-fueled engines or for hydrogen dual-fuel engines currently under development.

3.1 Areas in Which Misconduct in Testing Was Uncovered

Confirmed misconduct in testing was either to satisfy customer specifications (unauthorized alteration of test data) or to compensate for the accuracy levels of testing equipment (unauthorized alteration of data subsequent to calibration or for other-than-intended purposes).

- (1) Unauthorized alteration of fuel consumption test data (588 engines).
- (2) Unauthorized alteration of fuel consumption rate test data (565 engines).
- (3) Unauthorized alteration of exhaust gas temperature test data (309 engines).
- (4) Adjustment of amplifiers for water brake torque indicators subsequent to amplifier calibration (353 engines).
- (5) Unauthorized operation of turbocharger intake temperature adjustment function for other-than-intended purposes (14 engines).

3.2. Motives behind the Misconduct

3.2.1 Motive behind the Unauthorized Alteration of Test Data

Based on the results of interviews conducted to date, it is believed that the main motive behind the unauthorized alteration of test data was to avoid having to explain discrepancies in fuel consumption and other performance-related issues by keeping engine fuel consumption values within the required range of customer specifications and by reducing the discrepancies in fuel consumption performance and other performance.

3.2.2 Motive behind the Adjustment Subsequent to Calibration or Unauthorized Operation

It is believed that the main motive behind the adjustment subsequent to calibration or unauthorized operation was to maintain and improve the accuracy of measurements despite the constraints imposed by existing measuring equipment.

3.3 Impact on NOx Emissions

Compliance with NOx emissions regulations is currently being confirmed for specific engines (“parent engines”) for which records regarding the alteration of fuel consumption exist, based on the Company’s calculations. (Subsequently manufactured engines based on a parent engine are called “member engines.”)*1 If NOx emissions are confirmed for the parent engine, based on the provisions of the NOx Technical Code, member engines are deemed to have the same NOx emissions and an EIAPP certificate will be issued.

*1 When multiple engines are manufactured with the same specifications or with equivalent NOx emissions, a representative engine is chosen as the parent engine and is subject to NOx emissions verification tests and pre-shipment tests, and other engines are treated as member engines. Providing specifications and modifications are identical, verified NOx emissions for the parent engine are applied to member engines.

Current status of confirmation

Category		Total number of parent engines (Japan-registered vessels in parentheses are included in the total)	Total number of member engines (Japan-registered vessels in parentheses are included in the total) (member engines related to parent engines in the left column)
A	Actual measured values exist and compliance with NOx emissions regulations is confirmed	1 (1)	0 (0)
X*2	Actual measured values exist and compliance with NOx emissions regulations is currently being calculated	157 (9)	357 (10)
D	Actual measured values do not exist	45 (1)	114 (7)

*2 The impact on NOx emissions of “(4) Adjustment of amplifiers for water brake torque indicators subsequent to amplifier calibration” (see above: “3.1 Areas in Which Misconduct in Testing Was Uncovered”) is not currently clear. This will be verified and reported going forward.

Trial calculations for category X in the above table will proceed and the impact on NOx emissions will be ultimately verified and reported in four categories.

- Category A: No alteration of data was found and actual measured values did not deviate

from NOx emissions regulation values.

- Category B: Alteration of data was found, but actual measured values did not deviate from NOx emissions regulation values.
- Category C: Alteration of data was found and actual measured values deviated from NOx emissions regulation values.
- Category D: Further investigation is required, owing to difficulties in confirming actual measured values.

In addition, because fuel consumption rates used in NOx emissions verification tests are also used to calculate the energy efficiency design index (EEDI)^{*3} and energy efficiency existing ship index (EEXI)^{*4} after investigating the impact of this misconduct on compliance with NOx emissions regulations, it will be necessary to probe the impact of the alteration of test data, adjustment subsequent to calibration and unauthorized operation on CO₂ emissions and on compliance with CO₂ emissions regulations, namely, EEDI and EEXI.

*3 The EEDI, which applies to new ships of 400 gross tonnage or above that will engage in international voyages, aims to reduce the CO₂ emissions and environmental impact of individual ships by assessing their energy efficiency.

*4 The EEXI is used to assess the energy efficiency of existing ships of 400 gross tonnage or above that are engaged in international voyages.

4. Compliance with NOx Emissions Regulations Going Forward

Further steps are necessary to verify the impact on compliance with NOx emissions regulations in categories B, C and D.

4.1 Verification of Category B

Although internally calculated actual measured values did not deviate from NOx emissions regulation values, once the validity of these calculations has been verified by relevant organizations (flag states and classification societies), NOx technical files will be corrected and a request will be made for the revise of EIAPP certificates.

4.2 Verification of Category C

Internally calculated values deviated from NOx emissions regulation values so, once the validity of these calculations has been verified by relevant organizations, discussions will be held with these organizations, as well as with customers, on how to ensure compliance.

Possible approaches include:

- shrinking the operational tolerances that affect NOx emissions as much as is feasible, and
- modifying maximum in-cylinder pressure and other performance parameters that affect NOx emissions.

4.3 Verification of Category D

Investigations will continue with the aim of confirming actual measured values that make it possible for the Company to calculate NOx emissions. If no such values can be confirmed, the Company will cooperate with relevant organizations to explore technical approaches to determining compliance with NOx emissions regulations.

If confirmed actual measured values deviate from NOx emissions regulation values, discussions will be held with relevant organizations, as well as with customers, on how to ensure compliance.

In the absence of confirmed actual measured values, possible approaches include:

- (1) using actual measured values that are confirmed for engines with the same specifications or equivalent NOx emissions, and
- (2) using actual measured values in internal shop trials subsequent to shop trials for identical engines.

If values thus yielded deviate from NOx emissions regulation values, the approach described in 4.2 will be explored.

5. Actions Taken in Response to Investigation Findings

Based on the findings of the Company's investigation to date, implementation of the corrective measures outlined in 5.1 to 5.3 below in response to the motives behind the misconduct in testing described above in 3.2. has been completed. Regarding the adjustment of amplifiers for water brake torque indicators subsequent to amplifier calibration, the Company will continue to discuss corrective measures with relevant organizations, as indicated in 5.4.

5.1 Alteration of Data and Corrective Measures Implemented

5.1.1 Unauthorized Alteration of Fuel Consumption Test Data

Alteration

The gain dials of load cell amplifiers used to measure fuel consumption were adjusted subsequent to calibration.

Objective

This was done to prevent fuel consumption performance from deviating significantly from customer specifications.

Opportunity for unauthorized alteration

Load cell amplifiers could be adjusted subsequent to calibration and prior to measurement. Moreover, there was a lack of sufficient awareness of the impropriety of post-calibration adjustment.

Corrective measures

Load cell amplifier gain dials are now covered and sealed after calibration, and procedural manuals now specify that seals must be checked for irregularities before

and after measurement. Each seal has an exclusive identification code, and if the seal is removed, a message to that effect appears. Training has been introduced to reinforce awareness of the importance of calibration.

5.1.2 Unauthorized Alteration of Fuel Consumption Rate Test Data

Alteration

The computers used for measurement had a function that could be employed while fuel consumption rates were being measured. This function was used to alter measured fuel consumption rates.

Objective

This was done to prevent fuel consumption performance deviating significantly from customer specifications.

Opportunity for unauthorized alteration

The aforementioned function in the computers used for measurement existed from before the period covered by the investigation, but this had remained undetected and had not been corrected before now. While correcting temperatures and other factors through calibration of measurement devices is crucial, this function had the potential to be used by anyone for other-than-intended purposes.

Corrective measures

The computers used for measurement were modified to remove the aforementioned function.

5.1.3 Unauthorized Alteration of Exhaust Gas Temperature Test Data

Alteration

The zero-point adjustment function for temperature correction was used for other-than-intended purposes, namely, to make variations appear smaller or to alter temperatures to desired levels.

Objective

This was done to make variations in performance appear smaller.

Opportunity for unauthorized alteration

While correcting temperatures and other factors through calibration of measurement devices is crucial, this function had the potential to be used by anyone for other-than-intended purposes.

Corrective measures

The computers used for measurement were modified to password-protect the correction value display screen and to create a record when logging in. Passwords are managed by the quality assurance department, which is now able to ensure that data is not being altered.

5.1.4 Adjustment of Amplifiers for Water Brake Torque Indicators Subsequent to Amplifier Calibration

Alteration

The gain dials of load cell amplifiers (mounted in control panel doors) used to adjust water brake torque were adjusted subsequent to calibration.

Objective

This was done to adjust displayed torque to reduce variations in water brake torque based on the engine output, which is estimated using, for example, in-cylinder pressure.

Opportunity for adjustment

Load cell amplifiers could be adjusted subsequent to calibration and prior to individual shop trials. Moreover, there was a lack of sufficient awareness of the impropriety of using another method of measurement after calibration.

Corrective measures

The use of water brakes that show large variances has been discontinued. In addition, load cell amplifier gain dials are now covered and sealed subsequent to calibration, and procedural manuals now specify that seals must be checked for irregularities before and after measurement.

5.1.5 Unauthorized Operation of Turbocharger Intake Temperature Adjustment Function for Other-than-Intended Purposes

Alteration

The zero-point adjustment function for temperature correction of computers used for measurement was used for other-than-intended purposes, namely, to alter temperatures to desired levels based on past records.

Objective

This was done to avoid inconsistency between a single-point measurement data and a multi-point measurement result taken in advance. Additionally, this was used to make variations in data appear smaller.

Opportunity for unauthorized operation

The aforementioned function in the computers used for measurement existed from before the period covered by the investigation, but this had remained undetected and had not been corrected before now. While adjusting temperatures and other factors through calibration of measurement devices is crucial, this function had the potential to be used by anyone for other-than-intended purposes.

Corrective measures

The computers used for measurement were modified to password-protect the correction value display screen and to create a record when logging in. Passwords are managed by the quality assurance department, which is now able to ensure that

data is not altered.

5.2 Reasons for the Failure to Detect Issues and Corrective Measures Implemented

Although a limited number of individuals were aware of the alteration of test data, as well as the adjustment of amplifiers subsequent to calibration or for other-than-intended purposes, the internal company failed to detect these issues or to take corrective action.

The alteration of test data, as well as the adjustment of amplifiers subsequent to calibration or for other-than-intended purposes, began because data obtained during shop trials failed to meet customer specifications. Moreover, shop trial reports were compiled and issued by the design department, while the quality assurance department only checked for deficiencies in the reports themselves, but did not perform in-depth checks of the shop trial process.

Going forward, the quality assurance department will confirm that there have been no opportunities for misconduct in the shop trial process, while shop trial reports will only be issued after the quality assurance department has verified the validity of data.

In addition, the Quality Assurance Division, which is independent from business activities, will oversee quality assurance across the internal companies. This body will conduct internal audits and take other steps to further strengthen the Company's ability to detect the alteration of test data, as well as the alteration of data subsequent to calibration or for other-than-intended purposes.

5.3 Confirmation of the Effectiveness of Corrective Measures

Auditors from the Quality Management Section—a subordinate entity of the Quality Assurance Division—who play no direct role in product inspections in the internal companies, confirmed implementation of the corrective measures outlined in 5.1 and 5.2 from a third-party perspective and verified the effectiveness thereof.

5.4 Supplementary Investigation of Water Brakes

The torque displayed by the water brakes varied across engines of the same model as a consequence of differences in the water brakes themselves. To reduce such variances, the water brakes had been adjusted based on the engine output, which is estimated using, for example, in-cylinder pressure.

Regarding the handling of the engine data in which there was adjustment of amplifiers for water brake indicators, in future shop trials, this will be compared with engine output measured using a device other than a water brake (for example, a shaft torque meter) and its legitimacy will be verified in cooperation with relevant organizations.

6. Status of Efforts to Analyze Causes and Prevent Recurrence

6.1 Issues Related to Internal Company Compliance Awareness and Corporate Culture

Based on the findings of the investigation to date, it is believed that the engine design department was under pressure to meet the fuel consumption performance of engines. The internal company was found to have committed misconduct in testing at performance testing for which it was responsible.

In the past, the issue of misconduct in testing had been raised by individuals in charge with their then-managers. When the Company conducted a Groupwide investigation into quality-related misconduct triggered by similar incident at a Group company in fiscal 2022, it was discovered that individuals involved in the design, manufacture and inspection of marine engines were aware of that particular misconduct. However, the internal company failed to fully grasp that this misconduct in testing was occurring or to take corrective action.

At this point, it is believed that the following issues related to compliance awareness and corporate culture have contributed to this state of affairs:

- (1) A corporate culture that discourages reporting (or acknowledging) incidents, even if they are recognized as compliance violations.
- (2) Organizational dysfunction regarding compliance.
- (3) A sense that delivery time and profitability must be prioritized over quality.
- (4) A corporate culture that emphasizes following precedent rather than making improvements, even when it comes to the alteration of test data, alteration of data subsequent to calibration and alteration of data for other-than-intended purposes.
- (5) A lack of customer perspective that leads to the justification of falsifying quality records.

6.2 Wide-Ranging Efforts to Prevent Recurrence

Looking ahead, the Company will further scrutinize the factors that contributed to this misconduct in testing and will take bold steps to prevent recurrence, in line with the recommendations of the Special Investigative Committee. Initiatives will include:

- (1) Identifying and enhancing the visibility of processes with the potential to be motives for misconduct in testing.
- (2) Introducing testing and inspection equipment that physically reduces the opportunities that led to this misconduct.
- (3) Preserving records of decision-making to prevent the justification of misconduct in testing.
- (4) Thoroughly reviewing the Company's existing corporate culture and working to foster a new culture.
- (5) Creating and deploying a mechanism that reinforces the internal company's ability to

properly monitor business activities, including quality assurance.

7. Disclosure to Customers and Relevant Organizations

The Company, acting primarily through its sales and design divisions, will provide an overall explanation of this incident of misconduct in testing and apologize to customers and related organizations. The Company will also explain its plan to cooperate with relevant organizations to determine the impact of this misconduct on compliance with NOx and CO₂ emissions regulations.

The Company continues to receive inquiries, mainly regarding the impact of this misconduct on the navigation of vessels and investigation results. The Company will continue to respond to these inquiries sincerely and to provide precise explanations to customers.

8. Groupwide Efforts to Reinforce Compliance and Investigation by the Special Investigative Committee

The Company takes this incident very seriously and is determined to implement comprehensive measures to reform its corporate culture. To this end, the Company has established the Special Compliance Promotion Committee, which is chaired by Representative Director, President and CEO Yasuhiko Hashimoto and has as its members the vice presidents and business division heads. This committee is working diligently not only to investigate the facts and analyze the root causes of this specific incident, as well as any other cases of misconduct discovered within the Group, but also to prevent recurrence by scrupulously reforming the Company's compliance and governance systems through the eradication of contributing internal problems, building systems that prevent misconduct and strengthening detection capabilities.

In addition, at the Board of Directors meeting held on August 28, 2024, the Company established the Special Investigative Committee for Marine Engines. As well as collaborating with the Special Compliance Promotion Committee, this investigative committee, which comprises neutral third-party experts, is charged with further examining and identifying incidents from an objective, professional perspective, including by investigating details, analyzing causes, formulating measures to prevent recurrence and uncovering any similar incidents.