Sumitomo Bakelite is moving ahead with quality management activities on a companywide level to enhance customer satisfaction by providing its customers with products and services with quality that they can use free from worry.

Quality Assurance System

We provide products that customers are satisfied with and can be used free from worry, by establishing a system that related divisions work in cooperation with each other, maintaining and improving quality in all processes (from product planning, product design, manufacturing preparatory work, manufacturing, to sales and service).

Quality Management System (QMS)

Sumitomo Bakelite and its domestic and overseas business sites develop quality management systems based on ISO 9001 standards and work to acquire certification. In particular, we have already acquired ISO 13485 certification for medical device operations and are working to acquire ISO/TS 16949 certification for auto parts operations. As of April 1, 2009, certifications had been obtained for 34 business sites, including 16 business sites of the Company and consolidated subsidiaries in Japan and 18 business sites of consolidated subsidiaries overseas.

Quality Management Policy for Fiscal 2009

All Sumitomo Bakelite Group employees are systematically implementing quality assurance activities based on QMS. In view of this, we have established the following quality management policy.

• Basic Policy

All Sumitomo Bakelite Group employees shall try to provide products and services based on our customers' views, and continue to evolve to a more-flexible business structure to accommodate any changes in the market proactively.

• Action Plan

In accordance with the above-mentioned policy, all Sumitomo Bakelite Group employees shall:

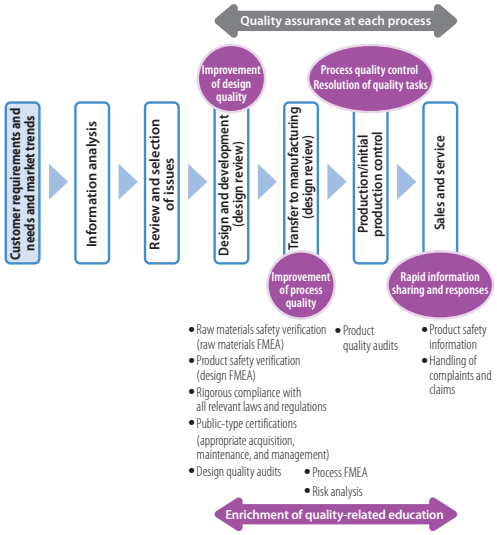
1. Work on the improvement of customer satisfaction,
2. Establish a system to avoid quality risk of our products,
3. Work on the establishment of "Quality assurance at each process,"
4. Reduce failure cost, and
5. Improve our consciousness and skills.

The following sections offer a general description of these measures.

Introduction about Actual Activities

The chart in the upper right-hand side of this page shows principal elements in the flow of activities from market surveys to sales and services.

Throughout the range of processes from product design and development to manufacturing and sales, we are implementing risk assessment, inspections, and verification measures and are moving forward with activities to reduce and avoid product quality risks.



Activities to Upgrade Design Quality and Process Quality (Reduce Product Quality Risks)

(1) Failure Mode and Effect Analysis (FMEA)

In new product development—particularly in design/development and commercialization processes—we are seeking to realize highly finished product and process designs by using Failure Mode and Effect Analysis (FMEA) regarding raw materials, designs, and manufacturing processes and then incorporate risk reduction countermeasures and risk avoidance measures in new product development plans, in advance of their implementation.

To advance further regarding risk reduction and risk avoidance measures related to design/development and commercialization processes, we are moving forward with the establishment of companywide FMEA implementation rules in fiscal 2009.

(2) Quality Audits

To ensure product safety, we periodically implement quality audits, and we also implement companywide consciousness-raising campaigns regarding quality management activities and product safety countermeasures.

In fiscal 2008, we undertook a trial program of design quality audits with respect to a portion of the Company's products and thereby inspected and verified the quality of design/development processes. In fiscal 2009, we will implement wide-ranging quality audits.

In addition, while quality audits have been periodically implemented primarily at domestic business sites to date, the scope of the audits will be expanded to include overseas business sites during fiscal 2009.

(3) Design Reviews

To check, inspect, and verify such issues as whether design specifications meet customers' requirements, whether processes can realize design specifications, and whether product safety is ensured, etc., each business unit implements design reviews at each design stage and is moving forward with countermeasures to reduce quality-related risks.

Activities to Quickly Share and Respond to Customer Information

(1) Claim and Complaint Processing Systems

We have established a companywide system for processing claims and complaints. Each department defines and standardizes the importance-ranking of claims and complaints related to each product, and provides for effective responses to claims and complaints from customers.

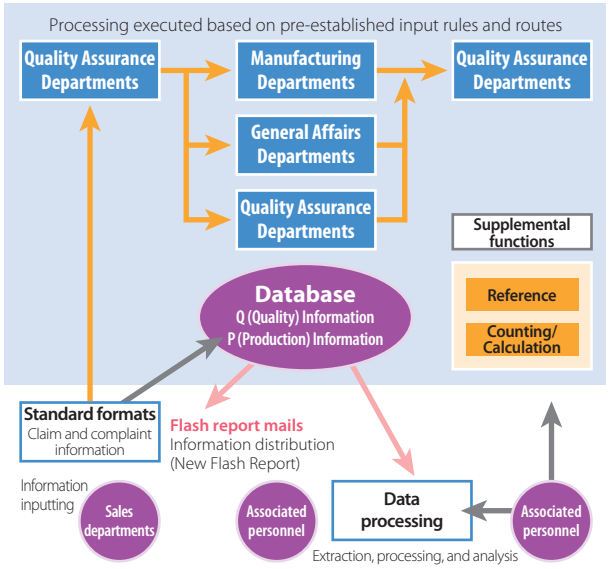
(2) Quality Information Systems

Diverse quality-related information from customers—such as information related to claims and complaints—is input into the system, registered in the database, mailed to management and other relevant staff as a flash report, and shared among those people. This system also serves as a support tool for helping in-house users quickly resolve problems according to pre-established rules and routes.

Accumulated data for the entire Company is consolidated and utilized in diverse ways.

In fiscal 2008, the system was renovated to make it easier for in-house users to use, and the operation of the system at domestic facilities began from this April. In addition, during fiscal 2009, we plan to begin operation of the system at overseas facilities, and expand and upgrade the system's supplemental functions.

■ Overview of the Quality Information System (Example of Claim & Complaint Processing)



(3) Responding to Major Claims

Each business department responds to claims and complaints from customers. Each department investigates the root causes of claims and complaints, and implements countermeasures to correct those problems and prevent a recurrence or occurrence. Regarding claims with a major impact on society and/or customers, we separately handle them as "major quality problems" within the claim and complaint processing systems so that management can quickly acquire related reports and information and timely countermeasures can be executed.

Activities Related to "Quality Assurance at Each Process"

We are using the Sumitomo Bakelite Production System (SBPS),* based on the Toyota Production System, to progressively improve our product quality. One of the fundamental concepts of the SBPS is "Quality Assurance at Each Process" (not allowing defects and/or failures to proceed to the next process). In addition to manufacturing processes, we continually implement these activities with respect to raw materials procurement, product design/development, quality assurance/inspection, and sales/service processes, etc.

* See page 33.

Activities to Enrich Quality-Related Education

(1) FMEA Education

Aiming to increase quality consciousness, reduce quality risks, and upgrade quality technologies, in fiscal 2008, we established 22 programs at the SB School* and have used those programs to provide employees with quality-related education.

Among these programs, an especially large number of members participated in newly established "Failure Mode and Effect Analysis" (FMEA) courses (a basic course and a practical course) to reduce quality risks.

Especially in the practical course, the participants studied means of analyzing risks related to practical business items so that risks are recognized and risk reduction countermeasures can be incorporated in design and production processes, and the course also enabled participants to obtain a deep understanding of and practice using methods for applying and moving forward with risk analysis and reduction countermeasures. It has been recognized that FMEA is necessary for actual business operations.

During fiscal 2009 also, we plan to increase the number of employees who can use FMEA for actual business items.

* See page 35.

(2) Defect Analysis Course

Aiming to upgrade our capabilities for accurately analyzing defective products returned by customers or defective items discovered during design, development, and manufacturing processes and to ensure that we obtain accurate analysis results, we have during fiscal 2009 begun offering three defect analysis courses—a basic course, an applied course, and a practical course.

Many of the participants in these courses have commented that these courses were very useful for their actual business operations.

A scene from a Defect Analysis Course session

(3) Establishment of New Educational Courses

Going forward, we are planning additional business education courses designed to reduce quality-related risks.