



March 12, 2020

Sumitomo Precision Products Co., Ltd.

An Administrative Penalty Imposed by METI for Violating the High Pressure Gas Safety Act

As per our “Announcement on the improper case regarding our production activity as a registered manufacturer of the designated equipment in violation of the High Pressure Gas Safety Act” on February 5, 2020, we found that our plate-fin heat exchanger production, which is regulated under the High Pressure Gas Safety Act, had involved an outsourced welding process that was not in line with the production/inspection method originally submitted as a registered manufacturer of the designated equipment. Accordingly, we are announcing that the Ministry of Economy, Trade and Industry (METI) imposed an administrative penalty on us today.

We sincerely apologize for any inconvenience and concern this may cause our customers and our stakeholders. Accepting this penalty, we will do our best to take corrective and preventive measures.

1. Administrative Penalty (Violation of the High Pressure Gas Safety Act)

- 1) Designation of a registered manufacturer of the designated equipment (*1), regulated under the provision of Article 56-6-18, is revoked.
- 2) “Inspector under the provision of Article 6, Paragraph 1, Subparagraph 11 of the Regulation on Safety on General High Pressure Gas and accreditation of manufacturer under the provision of Article 6, Paragraph 1, Subparagraph 13.” Accreditation of accredited inspector (*2) is revoked based on the provision under III 10 (1).

(*1) “A Registered Manufacturer of the Designated Equipment” is a person approved by the Minister of METI as a registered manufacturer to inspect the design, material, process, welding, and structure specified by laws and regulations for its own production of designated equipment without the help of an external inspection institute.

(Designated equipment in our case: plate-fin heat exchanger)

(*2) “An Accredited Inspector” is a person approved by the Minister of METI to perform a pressure inspection, airtight inspection, and confirmation of the strength of its own high pressure gas equipment, without the help of a prefecture.

(Designated equipment in our case: piping)

2. Future Effort

After correcting the current management system of the manufacturing process under the direction of regulatory authorities, we will add an external inspection to our own testing and inspection for this particular product, before shipping.

Although our manufacturing lead time from accepting orders to shipping may be affected due



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to the change in the inspection procedure, we will ensure that this procedure is improved and we will continue to increase awareness of compliance within our organization to prevent such cases from recurring.

3. Business Outlook

We are not certain how this incident will affect our performance in the fourth quarter and thereafter. We will promptly disclose the forecast as soon as the details become clear.