F-TECH CSR REPORT 2018

F.tech inc.

On the Global Way

Editorial Policy

F-tech Inc. has reported the status of the Group's global initiatives from an environmental perspective and a social perspective since FY2010.

The 13th Mid-term Management Plan started from FY2017, and based on a social background whose perspective gives serious consideration to CSR*1 and ESG*2, at this time the Group has changed from the "Environmental Activity Report" format to a "CSR Report" format.

This report is issued as one of a communication tool for the stakeholders in relationship with our CSR activities covering CSR performing structure, governance and compliance, human rights and labor, environmental protection, safety and quality, and all aspects of society in a reader-friendly manner. The details reported thus far about, among other things, the environment and society will follow previous contents so as to ensure continuity. Going forward, we will strive to provide even more complete details.

This report is prepared with reference to the Ministry of the Environment's "Environmental Reporting Guidelines (Fiscal Year 2012 version)" for environmental matters and to ISO26000 with respect to social responsibility matters. Further, in this report, the F-tech Group is referred to as the "F-tech Group" or "the Group" and F-tech Inc. is referred to as " F-tech" or "the Company".

*1 CSR: corporate social responsibility

*2 ESG: From the perspective of companies aiming at sustainable growth, the three areas that should be emphasized: the environment (E), society (S), and corporate governance (G).

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Making Profit

Future Predictions, Plans, Goals

This report contains future forecasts with respect to the "Reporting Organizations" in the Group listed below. The statements contained herein are forecasts based on information current at the time of inclusion and are not conclusive. For this reason, the results of future business activities may differ from the forecasts discussed in this report.

Reporting Period

FY2017 (April 2017-March 2018) achievements and partial contents outside the scope of the reporting period.

Reporting Organizations

★ Operational sites in Japan ○ Affiliated companies in Japan
● Affiliated overseas companies

F-tech Inc. [Reporting sites 3 sites]
★ Head office, and Kuki plant (Kuki City, Saitama)
★ Haga Technical Center (Haga Town, Haga-gun, Tochigi)
★ Kameyama Plant (Kameyama City, Mie)

Overseas Subsidiaries [Reporting organizations: 12 companies, 14 sites]
● F & P Mfg., Inc. (Ontario, Canada) (F&P)
● Dyna-Mig, A Division of F&P Mfg., Inc. (Ontario, Canada) (DYNA-MIG)
● F&P America Mfg., Inc. (Ohio, United States) (F&PA)
● F&P Georgia, A division of F&P America Mfg., Inc. (Georgia, United States) (F&PG)
● F-tech R & D North America Inc. (Ohio, United States) (R&DNA)
● F.E.G. DE QUERETARO S.A. DE C.V. (Queretaro, Mexico) (FEGQ)
● F&P MFG. DE MEXICO S.A. DE C.V. (Guanajuato, Mexico) (FPMX)

Three Domestic subsidiaries, and an affiliated company [Reporting organizations: 4 companies]
○ Fukuda Engineering Co., Ltd. (Kazo City, Saitama) (FEG)
○ Kyushu F-tech Inc. (Yamaga City, Kumamoto) (QFT)
○ Reterra Inc. (Ogano Town, Chichibu-gun, Saitama) (Reterra)
○ Johnan Manufacturing Inc. (Ueda City, Nagano) (Johnan Manufacturing)

● F-Tech Zhongshan Inc. (Guangdong, China) (FTZ)
● F-Tech Wuhan Inc. (Hubei, China) (FTW)
● F-tech R&D (Guangzhou) Inc. (Guangdong, China) (FR&DCH)
● F-tech Philippines Mfg., Inc. (Laguna, Philippines) (FPMI)
● F-tech R&D Philippines Inc. (Laguna, Philippines) (FR&DP)
● F-tech Mfg.(Thailand)LTD. (Ayutthaya, Thailand) (FMTL)
● PT. F-TECH INDONESIA (Karawang, Indonesia) (FTI)

※YANTAI FUYAN MOULD Co., Ltd, the Michigan branch office, and the European branch office are outside the reporting scope since they are not mass manufacturing facilities and do not have any significant impact on the environment.

Message from the Top

Based on a new company-wide policy, the F-tech Group will become the No.1 "Global Suspension System manufacturer".

With the commencement of the 13th Mid-term Management Plan, the Group established a new company-wide policy of “Back to Basics, Challenge for New” in FY2017. In moving forward with the new mid-term management plan, what we need to pursue as a specialized manufacturer of suspension systems (such as subframes, suspension component parts, and pedal controls) is to provide our customers with the "No. 1 Suspension parts” of world-class quality.

These days, technological innovation in the automotive industry is moving at a pace never experienced in the past. Especially during these times of drastic change, by reflecting the essence of “Back to Basics” in our business, mastering the basics, and “Challenge for New” for new growth with an attitude of “Persisting our Specialty”, the thought of the Group is to provide maximum value through “challenging to create new value” to our customers who want to achieve sustainable growth.

Realizing a sustainable society to move forward with stakeholders carry “growth with value”

The Group is expanding its business operations premised on our mission statement of “From a global perspective, we strive to contribute to our society and to improve the quality of life through manufacturing of highest quality products with ambition and sincerity.” as mentioned in the Corporate Mission Statement.

The Group believes that our commitment to working toward, not merely sustainable growth, but protection of the global environment and a harmonious coexistence with all of our stakeholders, including all shareholders, customers, business partners, employees, and regional societies, is linked to a prosperous future and the realization of a sustainable society. This is exactly what the Group means by “growth with value”. Even when society is drastically changing, the Group always thinks about what “appropriate corporate conduct” is and will ensure that what should be done to realize a sustainable society is done.

We publish this “CSR Report” with a broadened perspective of various CSR subjects from the “Environmental Report”

Until now, the Group has compiled and issued the “F-tech Group Environmental Report” that focuses on our initiatives to protect the environment. However, to realize a sustainable society, a CSR perspective that includes satisfactory communication opportunities with all stakeholders is essential. We believe that we can achieve our goals by moving forward with multifaceted initiatives such as a corporate governance system to ensure appropriate corporate judgement, respecting the human rights of employees, maintaining a safe and healthy work environment, maintaining and improving product quality, protecting the global environment, and promoting contribution to society.

On the occasion of the 70th anniversary of the Company (F-tech Inc.), in FY2017 and the start of the 13th Mid-term Management Plan, we decided to publish the "F-tech CSR Report" with additional subjects focusing on our goals of broader contributions to society and the environment.

Mission Statement

From a global perspective, we strive to contribute to our society and
to improve the quality of life through manufacturing of highest quality products
with ambition and sincerity.

Corporate Philosophy

Challenging Spirit **Respecting People** **Making Profit**

Our Code of Conduct

Compliance with laws and ordinances

We always give top priority to ethically appropriate conduct in all our activities. We always comply with laws and ordinances and act with a good social conscience as a good member of society in keeping with being a company with a high commitment to legal compliance.

If we discover any violation or possible violation of any laws, ordinances or company rules, we will report the matter, make suggestions, and consult with our direct supervisor or the Corporate Ethics Kaizen Window.

Respect for human rights

We respect all individual and human rights of our colleagues in the workplace.

We do not tolerate any child labor, forced labor, discrimination or any type of harassment that violates human rights.

Labor and Safety & Health

We will establish a safe and secure work environment for all our employees, and maintain a pleasant and safe work environment.

Quality

We strictly follow the highest standards and procedures giving top priority to provide products and services with the top quality and safety to meet customer's highest expectations.

Compliance with company rules

We create our company's internal rules and regulations based on rational reasoning and relevant objectives to create a fair and equal work environment and we commit to communicating with our employees effectively.

Traffic safety

As a member of the automotive components manufactures, we always observe traffic safety laws, rules and regulations, being a good citizen on the road by giving way to others on the road.

Environmental protection

We will endeavour to protect the environment, with the belief that the Earth belongs to all humankind. We always consider minimizing the impact on nature and optimize energy resource utilisation in production.

Increasing corporate value

We believe the purpose of a company as a going concern is the creation of value. We will always strive to maximize socially accepted corporate values by bringing profit long-term for our shareholders and society.

Disclosure and management of information

We strictly distinguish and manage information from personal, company confidential, and to be disclosed appropriately. However, we strive to publicly make available any required information in accordance with respective laws and corporate regulations appropriately and in a timely manner.

Fair transactions

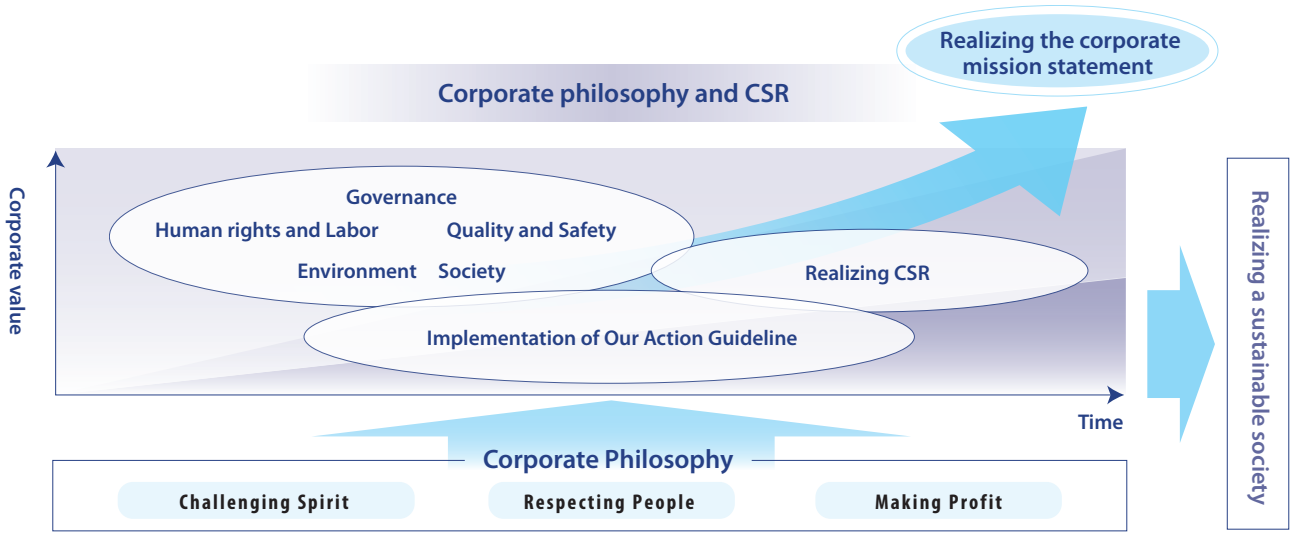
We always ensure business is conducted in a free, equal and fair manner with transparency, and will not engage or agree with any irrational, corrupt business practices.

We will not allow giving and receiving of any benefit or convenience beyond reasonable and legal limits socially acceptable, and we will not maintain any unfair relationship with political parties or government authorities.

We will never permit or tolerate any relationship or connection with any anti-social organizations or behaviors which may threaten the safety and well-being of our society.

Community involvement

Being a member of the local community, we support the creation of an equal, wealthy and well-being of our society through participation in local community development, promotion of cultural, educational, and the improvement of the welfare of the local society.



Start the 13th Mid-term Management Plan and move steadily forward with our initiatives.

Financial Indicators

■Sales

Increase of 31.1% over the past five years as a result of customer expansion and increased number of vehicles sold in China.

■Operating income

Despite operating income in FY2016 exceeding 8 billion yen, FY2017 experienced increased labor costs and decreased production efficiency associated with the deteriorating employment situation in North America as well losses from the launch of a new car model, resulting in overall operating profits 6.8 billion yen, at the same level as FY2015.

■Interest-bearing debt

In FY2017, interest-bearing debt amounted to 59,500 million yen from new investments associated with increased orders from new customers and existing customers.

■Interest-bearing debt ratio

Although there was an increase in interest-bearing debt to 42.6% at the end of FY 2014 as above, the rate decreased to 39.5% at the end of FY2017 due to the total asset increase mainly.

Environmental Indicators

■CO_2 Emissions Volume

Goal: 6% reduction from the FY2013 CO_2 emission intensity

FY2017 achievement of intensity was 0.44t-CO_2/sales of 1 million yen (improved 11% over FY2013)

■Water Resource Usage Volume

Goal: 4% reduction from the FY2013 water resource usage intensity

FY2017 achievement of usage intensity was 2.85 m^3/sales of 1 million yen (improved 12% over FY2013)

■Waste Emissions Volume

Goal: 4% reduction from the FY2013 waste emission usage intensity

FY2017 achievement of usage intensity was 0.040 tons/sales of 1 million yen (13% deteriorated from FY2013)

	Item	Unit	FY2013	FY2014	FY2015	FY2016	FY2017
Financial Indicators	Sales	1 million yen	172,456	175,579	196,343	197,941	226,060
	Operating income	1 million yen	6,725	5,564	6,821	8,035	6,856
	Operating income ratio	%	3.9	3.2	3.5	4.1	3.0
	ROE	%	16.2	6.3	9.1	12.8	12.8
	Interest-bearing debt balance	1 million yen	44,674	56,570	58,686	59,129	59,508
	Interest-bearing debt ratio	%	40.2	42.6	42.5	40.9	39.5
Environmental Indicators	CO_2 Emissions Volume (intensity)	t-CO_2/1 million yen sales	0.50	0.46	0.43	0.48	0.44
	Water Resource Usage Volume (intensity)	m^3/1 million yen sales	3.24	3.18	3.16	3.23	2.85
	Waste Emissions Volume (intensity)	ton/1 million yen sales	0.036	0.033	0.040	0.048	0.040

The F-tech Group has built a company-wide CSR management system to achieve balance between improving corporate value and CSR.

The Group has expanded its CSR initiative by starting a company-wide CSR committee.

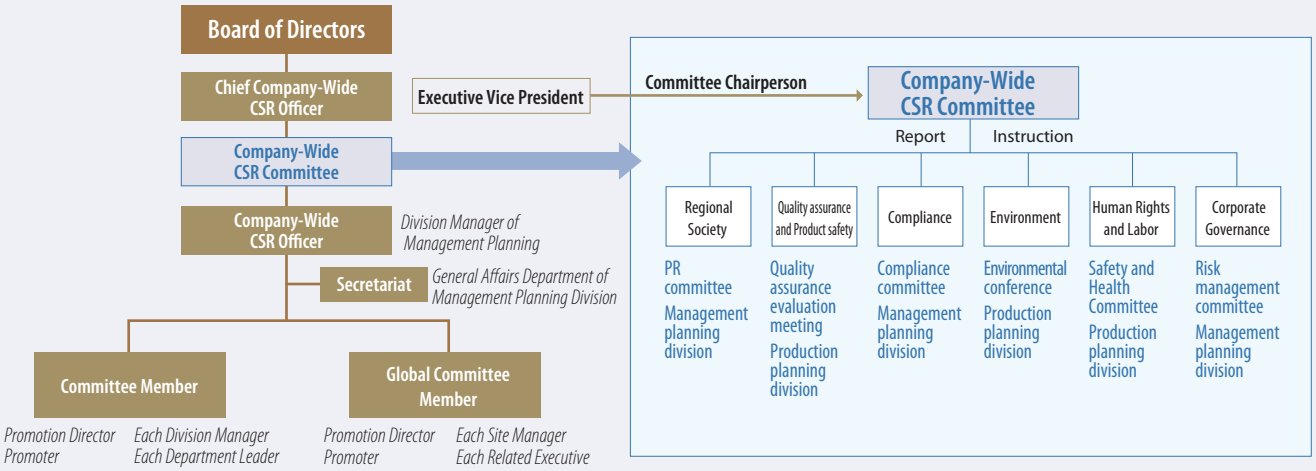
The F-tech, as a global company, has expanded its business activities in areas such as Japan, North America, and the Asia-Pacific region, we conduct our business in these regions fully understanding our social responsibility in each region.

While the head office, operational sites, subsidiaries, and an affiliated company are involved in activities for environmental protection in Japan, the Group also holds an annual group-wide Global Environmental Conference to share information. In addition, the head office carries out various planning and global business expansion activities, including the global development of the analysis and improvement measures for the Group's products' quality, the employees' safety and health, governance, the employees' work style, and compliance.

Each company in the Group in North America and the Asia-Pacific region have been engaged in initiatives gradually from 2015 to implement the ISO50001 and various environmental protection and has expanded its regional social contribution activities.

We started a company-wide CSR committee in 2017 to standardize such CSR activities as the Group and to generate a group-wide synergistic effect. The company-wide CSR committee aims to even further globally energize CSR activities while sharing details of the activities carried out by each department or related divisions based on the company CSR policies. Further, each company chooses an important issue from each theme, and then tries to resolve that issue by developing its own improvement activities independently. We aim to improve the company-wide CSR level by having each company share the details of their efforts at the company-wide CSR committee.

The F-tech Group hopes to improve the sophistication of its group-wide CSR activities by building a CSR Management System on a global level.



As a global company, striving to improve sustainability, strengthen and reform the governance structure

Corporate Governance Structure

The Group committed management that focus stakeholders in mind, including all of the shareholders, business partners, and creditors, as well as regional societies, and workers, the Group is endeavoring to maximize the Company's continuous and long-term shareholder return as a basic goal for corporate governance.

As the decision-making body for management issues, the Company's board of directors, consisting of 11 directors (including 2 outside directors), monitors and implements, among other things, major operational matters and decisions relating to legal matters. We separate the management and oversight function. We have introduced an executive officer system to strengthen the decision-making and oversight functions of the Board of Directors as well as expediting the conduct of business.

In addition, to ensuring monitoring of management, F-tech has appointed 2 highly independent outside directors, whose external viewpoints are actively incorporated in management. Moreover, the directors' terms of office are limited to one year to facilitate the Company's ability to respond proactively to changes in the business environment.

As a company that has elected an Audit & Supervisory Board-style structure, F-tech has the Audit & Supervisory Board consisting of 4 Audit & Supervisory Board Members (including 2 outside Audit & Supervisory Board Members). Each Audit & Supervisory Board Member, in accordance with audit policies and individual work assignments established by the Audit and Supervisory Board, audits the directors' performance of their work through, attendance at meetings of the Board of Directors, business operation execution, and review its corporation assets and financial condition.

Initiatives for Japan's Corporate Governance Code

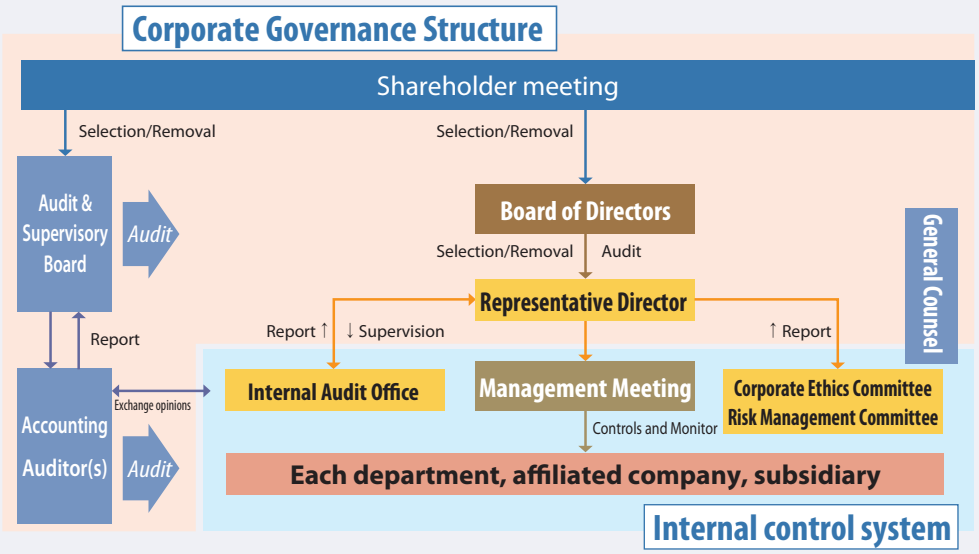
From June 1, 2015, the Corporate Governance Code was applied to increase international competitiveness by aggressive capital investment aimed to improve enterprise value and as with a corporate code initiative, emphasizing shareholders' return resulting therefrom, and improving shareholders' rights. F-tech established corporate governance guidelines clarifying its way of thinking as well as a corporate governance report which clarifies its company's stance. As of the end of June 2018, the matters for which the Company provides explanations are as below.

(Supplementary principle 4-2-1) Management remuneration incentive (Set the balance of cash and stock)

Although the company has not introduced treasury shares for directors' remuneration, directors and others may obtain shares by contributing the fixed cash component of its fixed remuneration to the directors' shareholding system, thereby aligning their vested interest with those of the shareholders, thereby promoting the corporate's sustainable growth and increased corporate value over the mid-to long-term.

(Supplementary principle 4-10-1) Use of optional approach (Consideration of nomination and remuneration committee)

Although F-tech does not use the optional approach, decisions concerning candidates for directors and executives and their remuneration is determined at a meeting of the Board of Directors after proactively listening to opinions of the outside directors and careful deliberation.



Compliance Initiative

In October 2004, the Group created a "Corporate Ethics Committee" (Chairperson: Appointed from the Board of Directors as a Compliance Officer), comprised of executive officers, as a body to verify the status of compliance, and prepare and set policies, from time to time and make decisions on response policies of important matters that cannot be handled by divisions, including the protection of proponents, and provide instruction for improvement to relevant divisions, so that strict compliance status can be verified at all times.

In November 2004, to prevent violations of laws and regulations and our articles of incorporation, we set forth our corporate conduct standards based on improvement of corporate business ethics and legal compliance "Our Action Guidelines", and we are involved in activities to promote compliance at the Company and in our subsidiaries. To ensure compliance, in June 2006, the Company established "Compliance Regulations" about ethical corporate conduct based on improvement of corporate ethics and legal compliance.

The Company established the "Corporate Ethics Kaizen Window", a system to protect corporate whistleblowers, which allows employees and other workers of the Company and its subsidiaries to directly report to the Company or consult about an action that violates, or may violate, laws or the articles of incorporation or social ethics.

In FY2015, at the Company a new Compliance Committee was put in place as a structure for expanding compliance-related matters. In addition, we created a more user-friendly environment for suggestions to be made on an anonymous basis by using an outside law firm as a window for suggestions exclusively for the Company, while at the same time, creating a window for suggestions to the auditors and outside directors. In addition, we reviewed the contents of "Our Action Guidelines", and revised it to be more reader-friendly in the form of a brochure, "Our Action Guidelines and the Corporate Ethics Kaizen Window", which has been re-distributed to all workers.

As part of our compliance training going forward, we will continue to provide compliance training to directors and workers and will strive to maintain and improve compliance awareness.

Risk Management Initiatives

The Company and subsidiaries have a structure that prevents risk of loss by recognizing the risks associated with major business operations, placing responsible managers from a professional perspective in departments in charge, and holding meetings. As the foundation for the risk management systems, in June 2006, we established "Risk Management Regulations", decided upon responsible persons for individual risks to regulate the risk management systems. In the case of an unforeseen event, an emergency task force in which the President acts as general manager and the Vice-President or the responsible director acts as assistant general manager, is put in place to prevent additional damage and minimize environmental harm after consulting with outside lawyers and others.

In normal times, the risk management officer appointed from the members of the Board of Directors, gathers appointed risk management managers from each division and hold a risk management conference every six months and report to the Board of Directors. In such conference, they discuss the identification of potential risks in each division, analysis of such risks, and the operational status of preventive measures.

A risk management committee was established in FY2014 that follows company-wide risks and develops group-wide responses to actual risks and prevention of their reoccurrence. At the same time, a Compliance Committee was created composed of member of the Corporate Ethics Committee, a group tasked with the company-wide expansion of matters related to compliance. Starting in FY2015, both committees have met twice a year, with the Company and our subsidiaries conducting its own verification each year using a checklist prepared for each business, and reporting and deliberating on their respective verifications. We have established the company-wide CSR committee since 2017. The reports are shared and deliberated by 3 committees; the company-wide CSR Committee, the Risk Management Committee, and the Compliance Committee, and a final report and the verification results from all of the Group companies are made to the Board of Directors.

These three committees are designed to identify various company-wide issues related to CSR, risk, and compliance, follow such risks, improve actual risks, and develop company-wide measures for preventing reoccurrences as a part of the Company's corporate governance, and strengthening of the internal controls system.

Increased transparency of general management and sustainable growth through timely and appropriate information disclosure

We will disclose information appropriately and in a timely manner as "appropriate information disclosure" and "the policy of meaningful dialogue with shareholders" are stipulated in the Company's Group Corporate Governance Guidelines.

① Appropriate information disclosure

(F-tech Corporate Governance Guidelines, Article 14)

Striving to building a relationship of mutual trust with all stakeholders, including shareholders, the Company ensures management transparency by disclosing fairly and in a reader-friendly manner information, including not only legal disclosures, but also management policy, financial status, and business initiatives.

② Constructive dialogue with shareholders

(F-tech Corporate Governance Guidelines, Article 34, Paragraph 1)

Based on the recognition that constructive dialogue with shareholders is essential to enhance sustainable corporate growth and increased corporate value over the mid- to long-term corporate value, F-tech uses every effort to engage in such mutual dialogue.

Policy related to constructive dialogue with shareholders

Based on the recognition that constructive dialogue with shareholders is essential to enhance sustainable corporate growth and mid- to long-term corporate value, F-tech approaches these dialogues based on the following policies.

- To the extent reasonable, dialogues with shareholders are conducted by the President & CEO, the director with oversight for IR, other management, or managers from the division responsible for IR.
- The division responsible for IR shall collaborate with and engage in meaningful dialogue with the internal related divisions.
- We increase the Group's corporate value through shareholder dialogue by endeavoring to disclose information for determining the mid- to long-term corporate value.
- The IR team plans to conduct multiple IR activities, in addition to individual interviews, including holding financial results briefings and facility tours and attending IR fairs.
- The executive officer responsible for IR conscientiously conveys policies of the companies to shareholders through dialogue and shares any opinions he receives from shareholders to directors and others.
- In order to thoroughly fair information disclose, the IR executive officer strictly controls important non-public information in accordance with company rules.

Communications with all shareholders and investors

The Company endeavors to make timely and appropriate disclosure of information to all shareholders and investors.

In addition, we endeavor to create opportunities for communication with everyone through various events, the shareholders' meeting and corporate informational meetings for individual investors in order to further deepen the understanding of all the shareholders and investors about the Company.

From now, we will expand activities for even deeper understanding of the Company and the Group for people to become fans of F-tech.

Communications with Institutional Investors

Twice a year in May and October, F-tech holds a financial results briefing for institutional investors, analysts, and media-related persons where the President & CEO explains the achievements, business plans, and other topics.

In addition, F-tech creates communication opportunities for domestic or foreign institutional investors, analysts, and the media on a quarterly basis through telephone conferences and individual interviews.

IR Activities

May.

Financial Results Briefing
Date: May 11, 2017
Location: Station Conference, Tokyo

June.

Shareholders' Meeting (62nd)
Date: June 23, 2017
Location: Hotel Rafre Saitama, Momo Room (5th Floor)

July.

Exhibition for Human and Automotive Technology
Date: June 28-30, 2017
Location: Portemesse Nagoya

Aug.

Informational Meeting for Individual Investors
Date: July 6, 2017
Location: TKP Omiya Station West Exit Conference Center

Sept.

Nikkei IR and 2017 Investors' Fair
Date: August 25-26, 2017
Location: Tokyo Big Sight

Oct.

Nov.

2nd Quarter Financial Results Briefing
Date: November 8, 2017
Location: Station Conference, Tokyo

Dec.

Informational Meeting for Individual Investors
Date: December 5, 2017
Location: Kuki Sogo Bunka Kaikan

Jan.

Automotive Lightweight Technology Expo
Date: January 17-19, 2018
Location: Tokyo Big Sight

Facility Tours for Individual Investors
Date: January 26, 2018
Location: Kuki Head office, and plant

Feb.

Striving to create a comfortable working environment by making respect of human rights of paramount importance and emphasizing workers' work-life balance.

As we expressed as the corporate philosophy, "Respecting people", the Group does not discriminate in any manner based on gender, nationality, religion, culture or belief and treats all of its stakeholders in a fair manner in good faith.

Diversity Initiative

The Group is committed to ensuring diversity. To fully utilize each person's individuality, by providing equal opportunities taking such individuality into consideration, employment practices aimed at increasing women and minorities, and involving older adults, we are creating a framework in which everyone can actively participate.

Work-Life Balance Initiative

Based on the thought that a person's having fulfilling private time is necessary to be motivated at work, the Company takes action to achieve a work-life balance.

To reduce much overtime, monthly overtime limited to 20 hours as a standard, and working time is managed reasonably. We are aggressively managing a given compensatory day off when work on holiday, and cutoffs of paid vacation must not happen. (Except for the management level, workers have taken 100% of their paid holidays for 10 years in a row).

Even more, the Company provides that allows individuals to adjust work to their lifestyle, including paid holidays taken on a half-day basis, flextime, and shorter time work.

Active Participation of Women

Based on the Promotion of Women's Participation Act, "Act on the Promotion of Female Participation and Career Advancement in the Workplace" ("Promoting female participation and career advancement Act"), we are proactively promoting women to the executive and management ranks (currently, 1 woman executive, and 2 women managers) and aggressively hiring women to increasing their overall percentage in the total work force (18 women were hired in the last 3 years). In addition, for delivering and child care, the Group is promoting employees' awareness for various support with expanding the leave system and a guidebook for the absence period. And, prior to the employee return to the office, a three-way prior interview meetings will be held among employees, the current manager, and HR advisor to support for planned and smooth return to the office.

As a result of promoting these support measures, in the past three years women taking maternity leave and returning to work has reached a 100% level (17 took maternity leave, 20 returned to work). In the past 3 years the number of men taking paternity leave has gradually risen to four.

With the initiative mentioned above being highly acclaimed, the Company was awarded a certification (known as the "Kurumin mark") in May 2018 under the Act on Advancement of Measures to Support Raising Next-Generation Children.

Initiative for Promotion of Human Rights Awareness

At the Company, from the perspective of respecting human dignity, employees respect others and are provided training to prevent the occurrence of, among other things, power harassment, including child labor and forced labor, and sexual harassment. Each year the status of human rights respect of all employees is verified.

Further, internal and external whistleblower hotlines have been set up so that persons who believe that a human rights violation has occurred may consult on an anonymous basis.

Consultation counter: Corporate Ethics Kaizen Window
Mental health consultation counter

Achievements received recognition

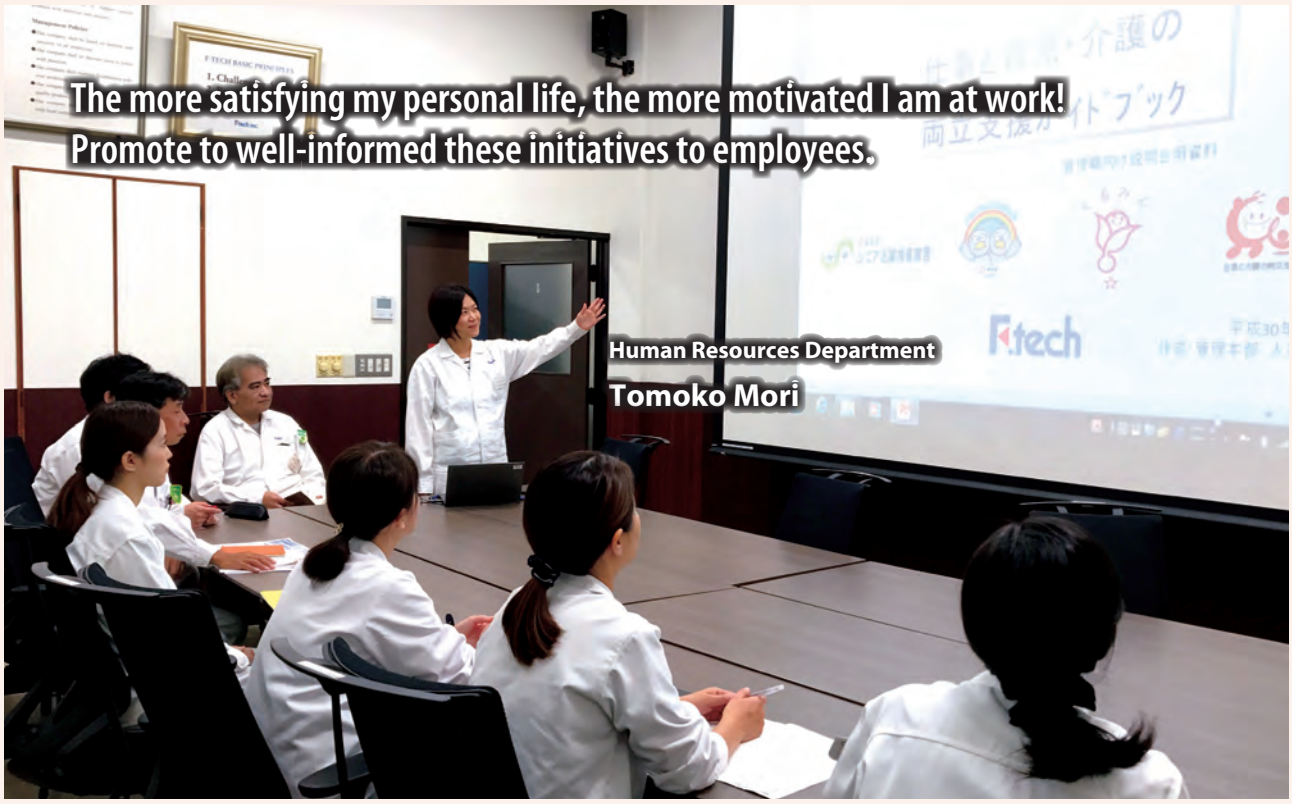
Certified as a "Saitama Senior Activities Promotion Declaration Company" (FY2016)

Gold certification by Saitama as a "Company with Diverse Work Styles" (FY2015)

Obtained "Kurumin Mark" for child-raising support (FY2018)

Policies Taking Work-Life Balance into Consideration

- Expansion of Half-Day Paid Holiday System for Shorter-Time Work Employees
- Expansion of shorter-time work system for employees who have children up through elementary school 3rd grade
- Work-life balance support for employees who have child care or look after elderly family member
- Paid vacation taken, no cutoffs for carry over vacation days →**18 continuous years**
- **Flex-time system introduced** at Haga Technical Center



The more satisfying my personal life, the more motivated I am at work! Promote to well-informed these initiatives to employees.

Human Resources Department
Tomoko Mori

At the Company, we strive to create a "comfortable workplace", not only for those engaged in childcare and caregiving, but also for all employees so they can balance work with their private lives.

Our system for balancing childcare for pre-school children is in place, with temporary shorter-time employees for taking care of children who in 3rd grade in elementary school, which is beyond the legally stipulated level. Based on the increased number of men using the half-day paid holiday system for childcare (ten times a year), we can see the current situation where both men and women are involved in childcare.

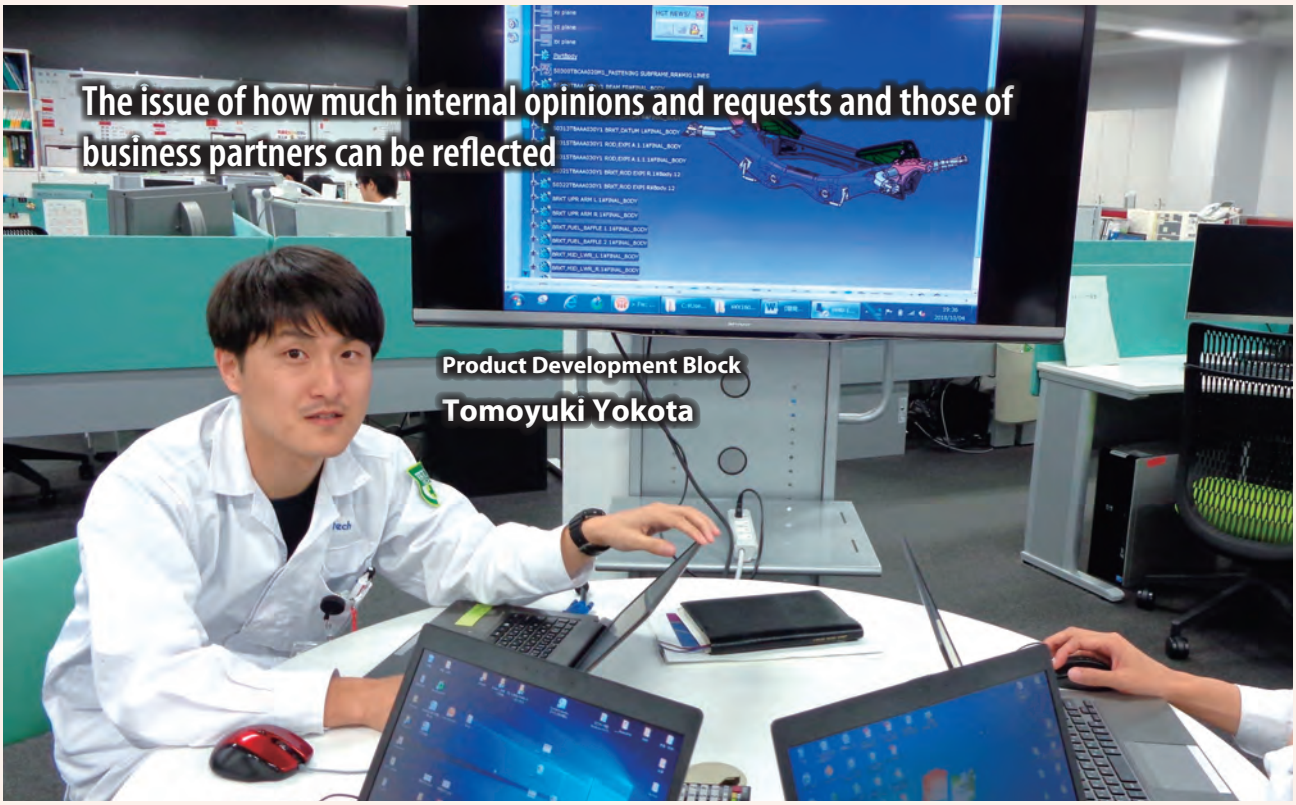
For my first child, I was able to return to work 9 months after giving birth since I was able to enroll my child in nursery school. Taking care of an infant was more difficult than I imagined so my ability to shorten my work hours to 6 hours a day was very helpful. With the ability to switch over from working time to child-caring, I had a sense of fulfillment even though I was very busy. In addition, I became aware of how to work efficiently with limited time. As my child has grown, I have chosen a 7-hour shorter-time work. Going forward, I think that expanding choices for work time to include not only shorter-time work, but also flex-time, and staggered work hours, would be a good idea.

There are some people who, unaware of the existence of childcare and caregiving programs, consider quitting their jobs. Currently, the "Childcare and Caregiving Coexisting Support System Guidebook" is available on the portal site (April 2017) and briefing sessions for managers about this system are conducted at every work place.

I believe that you can freely contact management and the HR Department about any concerns you have. When it comes to promotion to use up paid holidays and overtime regulations and the like, it may go without saying, that there are very few companies that really comply with these kinds of issues. From now on, I hope that the Group will have initiatives for such issues as the caregiving issue and promoting active seniors, in addition to those related to childcare.

In May 2018, the Company received the "Kurumin certification". In the 6 months prior to submitting the application, we had to prepare a lot of related documents, and even after submitting the application, there were many points we had to follow up on and confirm. Finally, we received certification two months after submitting the application!

Since we are planning to get our second certification in April 2021, by then we need to make some systematic progress toward achieving such goals as "briefing sessions with managers about the childcare/caregiving system" and "implementing a prior interview system for maternity leave and return after childcare leave."



I decided that I wanted to do work involving "monozukuri" (or design and manufacturing) when I entered F-tech. At that time, the Company gave the impression of being a company that wanted to grow by taking on many challenges beyond the manufacture of hydro foam and pedals with collision safety mechanism. Being able to experience personal growth by working in this kind of company as the company itself grew was a deciding factor.

Designing specifications that satisfy the specs required in a product cannot be achieved just working by yourself at your computer, such as doing CAD modelling and performance evaluations with CAE. Making adjustments between the business partners and the Company is also essential. I think that how to reflect the opinions of various departments in making a high-quality, easy to manufacture, value-added expensive product is a chance for a designer to show his or her skills.

Even in the automotive industry, amidst a growing response to environmental concerns, such as regulation of fuel consumption and gas emissions, weight reduction in vehicles including electrically-powered cars, increasingly high-performance products are required, including lightweight component parts, improved energy efficiency, and reduced air resistance. To accommodate the foregoing, in the development field, advances in technological elements need to be reflected in specification design. Personally, by always bringing my inspiration into the work that I do, I hope that will be able to continue with the fulfilling work I am currently doing and create appealing products.

For example, to realize weight reduction, we fully utilize various optimized analytic technologies, to accommodate production engineering requests from the Product Division, finally we reach to create attractive specification proposals. In this way, we have achieved significant weight reduction over the previous model.

When I see cars being driven around town which have parts that I designed, I really feel that I chose the right job!

Focus on continuous training of "energy-saving core human resources" for the F-tech Group

F-Tech Group's Company-wide Environmental Management System

The Group believes that environmental issues are one of the most pressing issues that companies should address. The Group's effort to obtain ISO14001 certification in Japan got underway from 1998. The completion of ISO14001 certification of its overseas production sites in 2009 also marked the building of the Group's Company-wide Environmental Management System. Further, the certification of the newly established production site in Mexico was completed in May 2017.

Organizational Structure

The Group started building its Company-wide Environmental Management System from 2008. This system was built so that site manager is the person-in-charge at overseas production sites and each site has a person responsible for implementation.

Compliance with Laws and Regulations

There is a large variety of laws and regulations relating to the environment that vary by country and region. Certain of the overseas sites have entered into consulting agreements with external specialized agencies to ensure compliance with laws and regulations. Three domestic sites in Japan have introduced Electronic Manifest Systems for industrial waste and we are enhancing the management of legal compliance with respect to waste treatment. In addition to holding company-wide environmental conferences every three months to confirm changing circumstances in their respective current status and regulatory standards, starting from FY2017,we have been striving to ensure that the entire Group is legally compliant by, among other things, gathering legal compliance officers from every operational site and planning and once again holding the "Seminar about the Compliance Obligation" covering such topics as how to evaluate compliance, the details of legal regulations and the like.

Environmental Education

The Company emphasizes the importance of environmental education for employees and conducts such courses as energy-saving training and an internal auditor training program, in addition to the ISO14001 basic course, which is registered as a required course. In FY2015 the "Energy Diagnostic Basic Course" was first offered, and by FY2017, it had been attended by 33 employees from the Company and 32 employees from 3 overseas sites. This course was also registered as a required course, and the human resources development of people capable of energy diagnostics was a focus of the ISO50001 energy review.

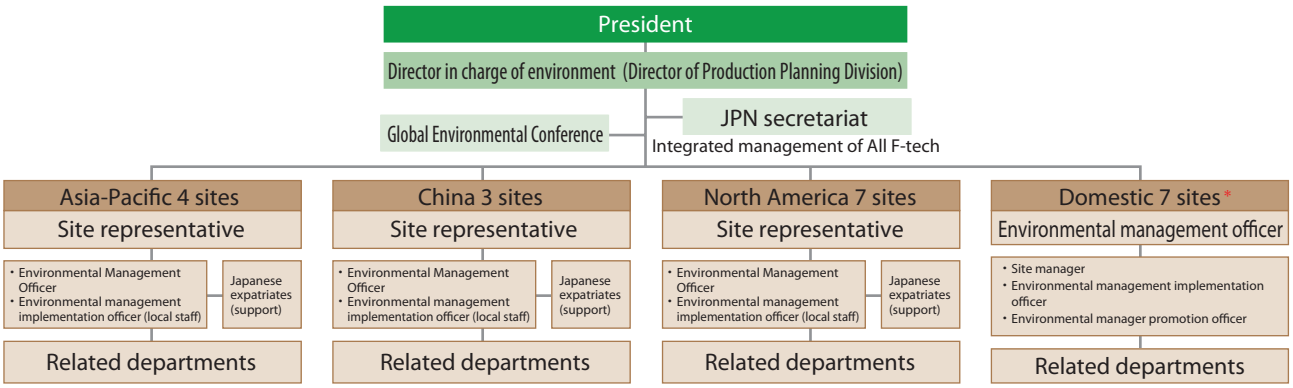
In addition, as part of the Group's employee environmental education, employees are actively participating in societal contribution activities and Biodiversity activities that are planned Even further, each overseas site is conducting creative environmental education initiatives.

Internal Environmental Audits

Internal environmental audits conducted regularly based on the Environmental Management System and the Energy Management System of the each of the Company's production sites to ensure the effectiveness of these systems.

To conduct effective audits, the Company regularly holds internal environmental auditor seminars and is continuously striving to increase the number of auditors. Conducting fair audit by participation of auditors from various divisions. In FY2017, 28 auditors participated in internal audits.

■F-tech Group Environmental Management System



* The 7 domestic sites in Japan include subsidiaries and an affiliated company.

FY2030 Targets, the 13th Mid-term Management Plan Targets (Environmental Area), and the First Year Achievements

Aiming to become the "Environmental Top Runner" as the Group, by clarifying the FY2030 target, issues.

As the first year in the 13th Mid-term Management Plan (Environmental Are) and the first year in setting new targets for FY2030, FY2017 was an important year. Past continuing targets resulted in a vast increase than the planned value. The newly added target from this year related to a reduction of waste emission intensity deteriorated 13%. However, each site is investigating the cause and considering remedial measure in the belief that we can catch up from the next fiscal period.

Since the proposed plan for the key policy of the 13th Mid-term Management Plan (Environmental Area), training energy-saving core human resources, planning was only completed, the entire Group as one will commit itself to achieve this plan from now.

【FY2017 F-tech Group's Environment·Energy plans and results※1】

We will definitely achieve the goals to lead the Group-wide initiatives

Subject: F-tech Group (Domestic 6 sites, Overseas 14 sites)

Development Content		Period		
		2017	2018	2019
Reduction of greenhouse gas emission intensity	Plan	[6% improvement (compared to 2013)]	[7.5% improvement (compared to 2013)]	[9% improvement (compared to 2013)]
	Results	10.7 % improvement		
	Evaluation	○		
Reduction of water quality source usage intensity	Plan	[4% improvement (compared to 2013)]	[5% improvement (compared to 2013)]	[6% improvement (compared to 2013)]
	Results	12.1% improvement		
	Evaluation	○		
Reduction of waste emission intensity	Plan	[4% improvement (compared to 2013)]	[5% improvement (compared to 2013)]	[6% improvement (compared to 2013)]
	Results	13% deterioration		
	Evaluation	×		
Issuance of environmental reports at production sites	Plan	[Issuance preparation]	[Internal issuance]	[Official issuance]
	Results	Start of issuance preparation		
	Evaluation	○		
Compliance with ISO50001 at overseas benchmark sites	Plan	[Asia-Pacific start]	[Asia-Pacific completion]	[North America horizontal development]
	Results	Manual preparation completed		
	Evaluation	○		
Obtain ISO14001 (FY2015 revised) certification Subject：F-tech Group	Plan	[System building]	[Issuance registration]	[Continuous development]
	Results	2 remaining sites incomplete		
	Evaluation	△		
Obtain ISO 14001 certification for recently launched mass production sites	Plan			
	Results	Maintain FY2016 standards level		
	Evaluation			
Training energy-saving core human resources	Plan	[Plan training curriculum]	[Structure training curriculum]	[Training completed]
	Results	Proposed plan completed		
	Evaluation	○		
Contribution activities to regional communities	Plan			
	Results	Maintain FY2016 standards level		
	Evaluation			
Evaluation of biodiversity (business operations area)	Plan	[Current understanding]	[Consideration of countermeasures]	[Brushing up the Guidelines]
	Results	Complete understanding		
	Evaluation	○		

○：Target achieved, △：70%-99% achievement,×：Less than 70% achieved,－：Outside scope

※ 1 Refrain from announcing the goal of "development/engineering" from the viewpoint of confidential information.

FY2017 F-tech domestic sites Environment･Energy Plans and results.

FY2017 F-tech domestic sites Environment･Energy Plans※1

We will definitely achieve the goals to lead the Group-wide initiatives.

We were able to achieve all of the goals for control items in FY2017. In the absence of beneficial cost-effective improvement for CO_2 emission reductions, we believe that using our collective experience in our regular efforts produced these results. From now to achieve our high targets, we will work to improve systematically by using our efforts.

In addition, as is indicated in the 13th Mid-term Management Plan (Environmental Area), we will make full-scale efforts in the future to standardize the ISO 50001 overseas expansion and training of energy-saving core human resources. Understanding that achieving these targets is connected to improving intensity for the entire Group, we will strive to achieve this essential target.

【Results of the FY2017 F-Tech domestic sites Environment･Energy Plans】

Subject: F-tech's 3 domestic sites (Kuki, Kameyama, Haga)

Control items	Targets	Control Standards	Results	Evaluation
CO_2 Emission Reductions	CO_2 Emission Intensity Unit	All areas (Kuki+Kameyama+Haga) (Compared to 62nd term) 99point (Production areas + development areas) below	98.9 Point 1.1% improvement	○
	Reduction of CO_2 emissions based on measures	Measure reduction amount. (Kuki+Kameyama+Haga) Over 110.4t-CO_2	200.6t-CO_2	○
Energy Management Progress	ISO50001 overseas expansion	Start Asia-Pacific benchmark sites	System documentation construction complete	○
	Energy-saving core human resources training	Curriculum planning for energy-saving core human resources training	Draft completed for energy-saving core human resources curriculum	○
Performance of Social Responsibility	Social contribution to regional societies	Participation rate 25% or more /each site regular employees (total number of people): 207	Participants: 368	○

○：Target achieved, △：70%-99% achievement,×：Less than 70% achieved, －：Outside scope

※ 1 Refrain from announcing the goal of "development/engineering" from the viewpoint of confidential information.

FY2030 Global Targets

CO_2 Emission Intensity Unit
▲26％improvement
Base year：compared to FY2013
Indicator：Sales

Water Use Intensity Unit
▲17％improvement
Base year: compared to FY2013
Indicator: Sales

Waste emission intensity unit
▲17％improvement
Base year：compared to FY2013
Indicator：Sales

※CO_2 emissions subject: energy used in factories
out of scope: distribution, company vehicles, welding CO_2 gas

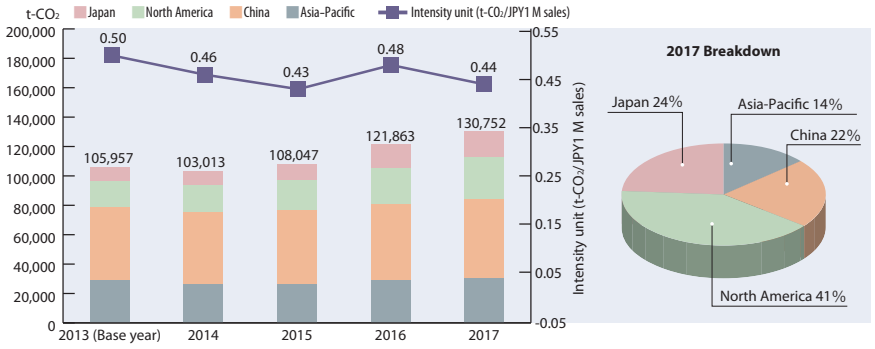
※In order to increase consistency with greenhouse gas emissions and water resources use, from this report, sales figures include inter-group transactions.

Restart for FY2030 Goals

CO_2 Emissions-Current Trends

Largely achieved the target(target: Reduce 6% CO_2 emission intensity unit compared to FY2013 result, reduced 11%). However, CO_2 emissions increased by 23% compared to FY2013 and are increasing year by year. In particular, 30% of production number increased compared to the previous fiscal year in China, and the Asia-Pacific, can be considered a major reason.

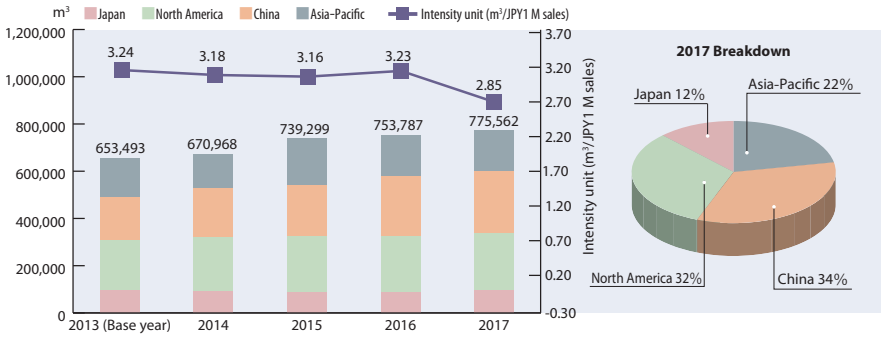
From now, we will optimize the use of energy according to the number of production at each site and will seek to reduce unnecessary energy.



Water Resource Usage—Current Trends

Usage increased by 3% compared to the previous fiscal year, although 12% of intensity improvement. Even with an increase in production numbers in China and the Asia-Pacific regions, only increased 3% in China and remained the same level in the Asia-Pacific region compared to the previous year. This is due to the effect of various water reduction measure implemented at each site.

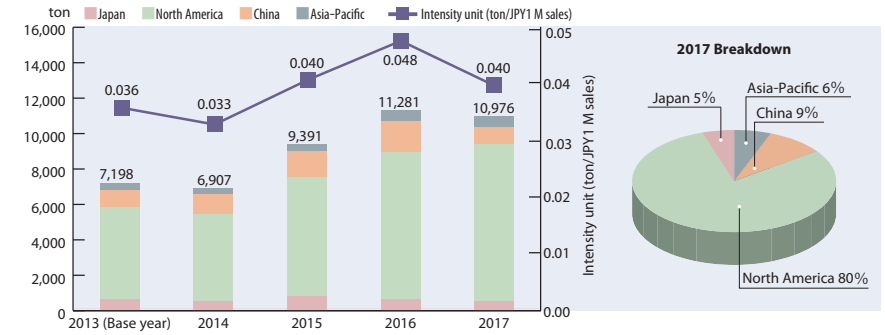
Water risk levels are different by region, although we will strive to implement water conservation measures and managing the status of daily water use.



Waste Emissions-Current Trends

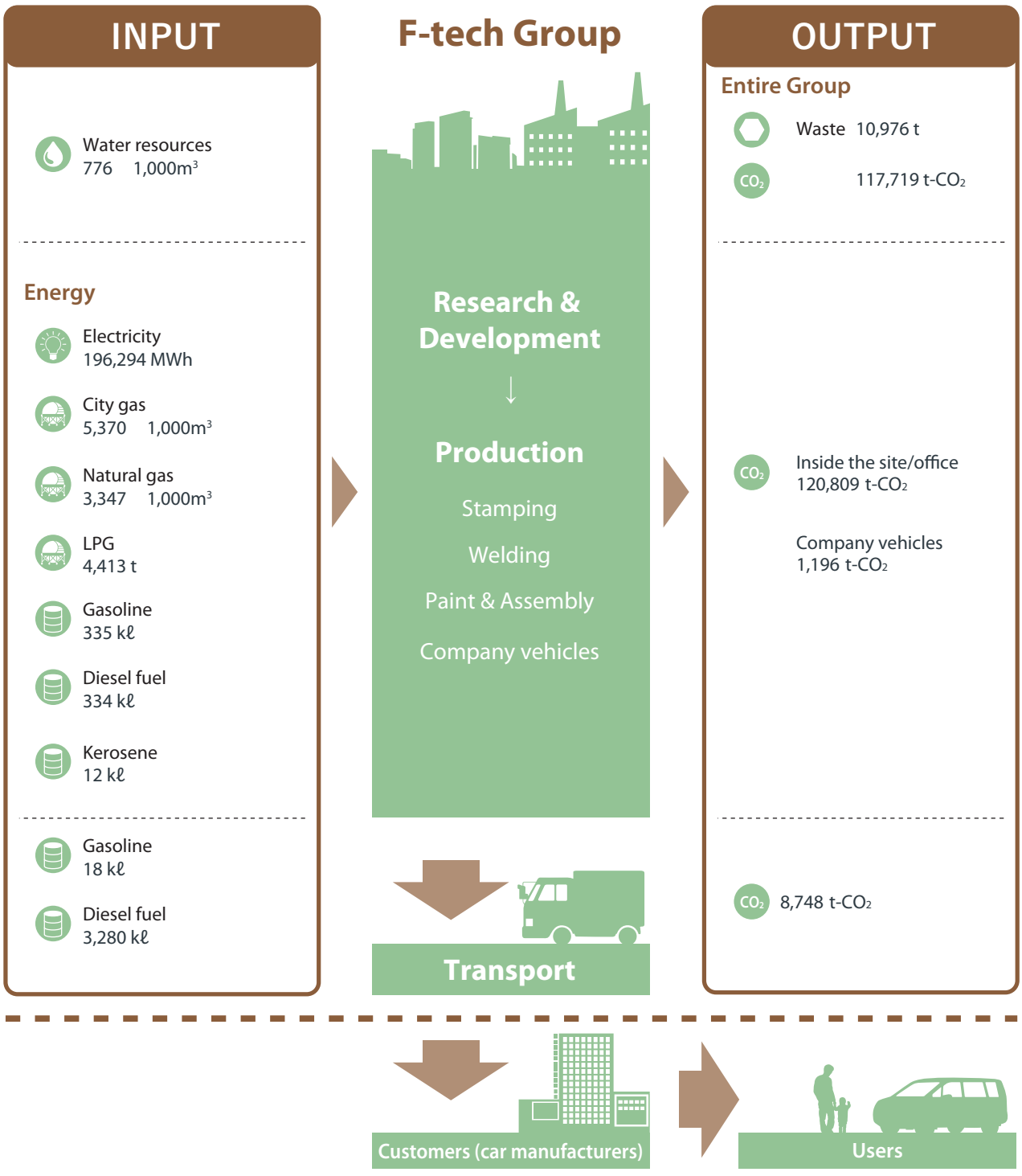
We have reduced 3% of waste emissions and improved 17% in intensity unit compared to previous fiscal year, although when compared with FY2013, the base year of FY2030 target, waste emissions increased by 52% and intensity unit deteriorated by 13%.

At the time of the FY2030 targets changes, the indicators relating to each site's waste emission data was once again consolidated at the FY2017 Global Environmental Conference. By correcting our way of understanding the subtle differences at each site from now, we aim at improving data accuracy and building a framework capable of even more precise evaluations.



In Japan, in addition to the Kuki Plant, the Kameyama Plant, and the Haga technical center, data from three domestic subsidiaries and an affiliated company are included.

Relationship between the F-tech Group's Business Activities and Energy Consumption/CO_2 Emissions



- CO_2 emissions in OUTPUT were calculated multiplying the amount of energy consumption in INPUT by the CO_2 conversion factor.
- The calculation method of CO_2 refers to the "Greenhouse Gas Emission Calculation and Report Manual" issued by the Ministry of Economy, Trade and Industry and the Ministry of the Environment and the WRI/WBCSD's "The Greenhouse Gas Protocol."
- Domestic power consumption was calculated based on the most recent co-efficient of each power company.
- Reporting period: April 2016-March 2017

Moving forward with the green purchasing initiative considering the CSR of the entire Group

F-tech Group Green Purchasing Concept

The Group has reflected its basic philosophy of green procurement in the "F-tech Green Purchasing Guidelines" to purchase environmentally-friendly component parts, materials and products on a priority basis.

Since July 2013 when we started delivering the Guidelines to approximately 70 of our business partners, we are currently asking 54 of our domestic and overseas business partners to undertake the following (as of April 2018):

- Construction of an environmental management system
- Compliance with environmental laws and regulations
- Conduct management of chemical substances found in products
- Grasp and reduce greenhouse gas emissions

The Group is dedicated to continuously protecting the global environment by promoting green purchasing to its business partners in accordance with the "F-tech Green Purchasing Guidelines".

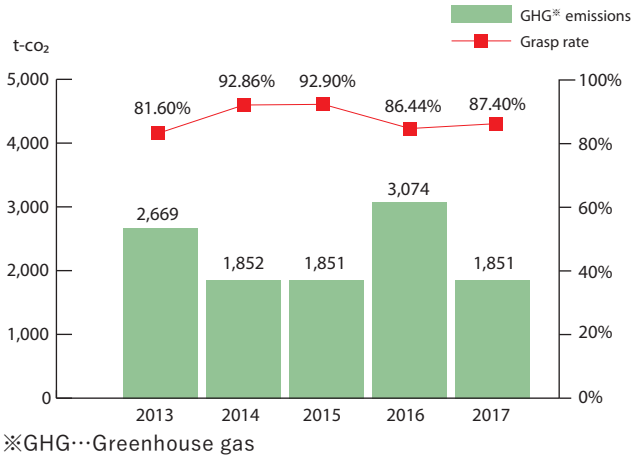
Management of chemical substances in products

With respect to regulations concerning chemical substances in products, the Group has established a management system at each site and conducts International Material Data System (IMDS) surveys. The Group has established the "F-tech Chemical Substance Management Standards" which strictly prohibits the use of chemical substances which are harmful to humans or the environment or whose use is prohibited or restricted by law.

Through the green purchasing movement, we are also working toward eliminating these target substances with our business partners' understanding and providing to the business partners with products free of such chemical substances.

Grasping greenhouse gas emissions in the value chain

Domestic Business partners' Greenhouse gas emissions



※GHG…Greenhouse gas

Outreach to business partners

Purchasing policy explanatory meeting

We held an explanatory meeting about our purchasing policy in Nagoya City in Aichi in April 2018, attended by 54 business partners, where we introduced the Company's environmental initiative as a case study. We requested their cooperation with conducting an environmental initiative status survey and were able to understand the situation of our business partners. Going forward, we will hold explanatory meetings to explain the Company's CSR basic policy to our business partners for their understanding.

Environmental Initiative Status Survey

1. Environmental impact substance survey
   ①each energy consumption ②water resource consumption
2. Setting the CO_2 reduction target and achievement status
3. Status of Biodiversity Activities

Case Study of Improvement

The Company is making great efforts to appeal to our business partners to improve reduction of greenhouse gas emissions.

・Reduced disposal of iron scraps by improving the large welding cans, changing it to separable recyclable garbage
⇒ 2,217kg/Year CO_2 reduction "Approximately 158 of cedar trees"

・Steel case for parts transportation was changed to the size according to the product, storage efficiency was improved, and 1 container used for sea transport was reduced every month.
⇒ 5,268kg/Year CO_2 reduction "Approximately 376 of cedar trees"

Other

Conflict Mineral Investigation

As an important concern for ESG, since the conflict mineral issue is linked to human rights violations in the Republic of the Congo and surrounding areas as well as destruction of the environment, using conflict minerals as a source of funding for armed insurgents is strictly prohibited. With the cooperation of business partners, we regularly participate in investigations conducted under the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" issued by the Organization for Economic Cooperation and Development (OECD).

Using a mobile society's environmental changes as a good chance to contribute to environmental protection, focusing on light weight products.

The current automotive industry is in the midst of a large wave of technological changes. At the same time that fuel sources are changing from gasoline to electric and hydrogen, the power train mechanism is expected to change from the engine to the motor. Although it can be said that we are in the era of "the survival of the fittest", so far the Company's Development Division boldness and resolution in taking on new challenges have generated new orders and it has created barrier-breaking technology to realize weight reduction.

The Development Department will continue to do its utmost to develop new technology to respond to these new changes and demand for further weight reduction. Even with the changes from the mobile society, the Development Department wishes to contribute to the international community by using the Company's original development strengths for technological development capable of realizing safety and further weight reduction for the next 10 to 20 years.

1947 Fukuda Seisakusho, the predecessor of F-tech, established in Soka City, Saitama

1959 **Origination of processing proposals for "Super Cub" component parts (fork top bridge)**

1967 Kameyama Plant opened in Kameyama City, Mie. Responding to the 4-wheel era with a cutting-edge facility, automation and the like.

1978 Head office, and plant moved to Kuki City, Saitama

1983 **The First step toward becoming a manufacturer of suspension functional component parts**
Developed orders for suspension component parts.

1986 Established "F&P Mfg., Inc.," a Canadian subsidiary.
Our overseas business significantly expanded

2000 **Responding to weight reduction of front subframes**
Introduction of hydroforming technology

2004 **Development of world's first aluminum welding technology**

2005 **Establishment of the mass-production system for hot bulge-forming.**

2006 Listed on First Section of Tokyo Stock Exchange

2008 **Development of 3D-FSW (three dimensional Friction Stir Welding) technology that contributes to weight reduction**

2011 Start of global development system on 4 fronts-Japan, the U.S., the Philippines, and China

2013 **Awarded the 60th Okochi Memorial Prize for advanced FSW technology, continuous dissimilar material friction welding technology for aluminum and steel that it evolved (Joint development with Honda Motor Company) realized 25% weight reduction in convention steel subframes**

Current research and development

Contribute to weight reduction by fusing high-tensile materials and aluminum

The Company uses aluminum materials in a wide range of products from small-scale pedal component parts to large-scale subframes. Recently for the North America Honda Accord, the mass production of subframes using friction stir welding (FSW) in such dissimilar materials as steel and aluminum has started. To clear the regulatory values for increasing fuel consumption, our significant key phrase is even further weight reduction in products.

The Company's major product group, such as chassis parts suspension arm and axle beams, also contribute to improved fuel consumption and realizing weight reduction by decreasing board thickness while retaining its strength through the aggressive use of high-tensile strength steel.

Use proprietary analytic technology to predict field products' performance

To respond to our customers' increasing needs for improved strength and durability and vehicle performance, the Company implement product designs using independently developed optimization simulations and structural simulations. The optimization simulation is a method to examine the product shape, and also applies to performance demands for increased crash performance, and to develop the most lightweight products.

Further, the Company has constructed a structure and frame that is highly energy-efficient and absorbent using independently constructed impact analysis method. The Company has become capable of developing based on the needs of each vehicle.

The 8th Global Environmental Conference

■Grand Prize: (First ranked site) FTZ

Coating process spray reduction

To reduce water consumption, the amount of spray in the deionized rinsing after pre-treatment and the electro-coating was adjusted after repeated confirmation of lack of effect on quality. With just an adjustment in the water volume and without any further investment, FTZ was able to reduce 7,500 m3 of water, a reduction by half compared to before the improvement.

In addition to this, the effectiveness of improved energy waste in dryers, among others, were considered noteworthy. (Please see page 31).

■Idea Award: DYNA-MIG

Using turnip juice as an anti-freezing agent

DYNA-MIG started using turnip juice as an anti-freezing agent instead of sodium chloride. Sodium chloride itself had not so much effect to prevent freezing for iron stairs, furthermore, it became a cause of rust. However, squeezed turnip juice fully acted as an anti-freezing agent and prevented rusting as well. Conference participants voiced concerns about stains from turnip juice as well as methods for obtaining it; at this point, there have been no stains and turnip juice is easy to obtain.

The 8th Global Environmental Conference was held from October 10-12, 2017 and was attended by 39 managers from 14 sites.

The sharing of effective environmental measures equivalent to a total of approximately 400 million yen through all of the Global Environmental Conferences including this 8th conference has allowed the Group to contribute to reduced production costs and environmental load on a global scale. At the beginning of the meeting, the president talked about the results of past environmental activities and the importance of the World Environment Conference, and all the participants shared the purpose of the World Environment Conference again.

At this 8th conference, we had extensive detailed discussions about the methods to share know-how within the Group in order to achieve the status as an environmental top runner. In addition, with respect to the training of core human resources (leaders) to implement measures promoting energy conservation in a prompt manner at each of the Group's sites, we also discussed each site's needs for settling on a hands-on centered training curriculum.

Going forward, we plan to hold Global Environmental Conferences on a continuous basis with the goal of becoming an "Environmental Top Runner".

■Excellence Award (first-ranked site for measure): F&P

Reduction activities for stamping gloves that became hazardous waste.

Stamping oil contains small amounts of barium to inhibit rust. Canadian governmental regulations require that work gloves coming into contact with barium must be handled and disposed as a hazardous substance, which takes significant time and expense. Therefore, by consigning the cleaning to an external cleaning company and reuse it instead of disposing the gloves, was able to reduce purchasing and disposal costs, and also the amount of waste.

■CSR Award: F&PA

Support activities for people with disabilities

From June 2016, F&PA has joined hands with a regional non-profit organization to promote the employment of people with disabilities, with a focus on support for adults with developmental disabilities in Miami County. Currently, F&PA employs four adults from this program, who generally work from 9 a.m. to 2 p.m. The work of these employees is suited to their individual capabilities, including those who work full-time in welding processing and achieve production goals as well as those who use sign-language in their work in un-packaging. The significant efforts and positive attitude of these employees have been a source of motivation for all of F&PA's employees.

The F-Tech Zhongshan Inc. (Guangdong, China) (FTZ) Chinese group companies received the Environmental Award from Honda Automobile (China) Co., Ltd.

Based on the concept of "becoming an environmental top runner in advancing energy management" reflected in the 12th Mid-term Management Plan (the Environmental Area, 2014-2016), the Group has started global expansion of ISO50001 from the benchmark sites in each region from FY2015. In FY2016, expanded this program to FTZ, and completed its "self-declaration" *.

FTZ is making efforts to reduce energy costs and has listed improvement measures it has made using the energy management system it has adopted.

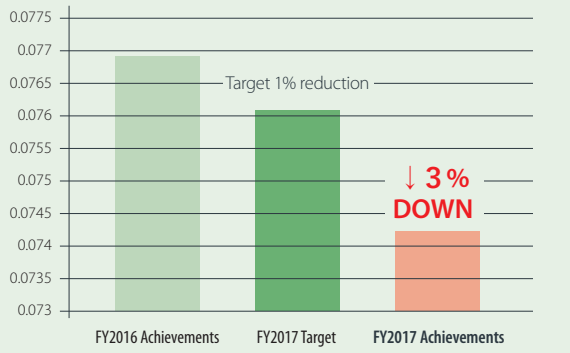
As a result of the improvements it planned and implemented in FY2017, FTZ achieved its goal of "reducing CO_2 emission intensity units by 1% compared to FY2016".

*Self-declaration: Instead of third-party certification by a third-party organization about the compliance of its standards, FTZ has declared that it will conduct its own self-evaluation about the compliance of its standard.

Energy savings by introducing detection sensors for empty hangers on the paint coating line.

One example of an improvement measure is the introduction of detection sensors for empty hangers on the paint coating line. Prior to this improvement, the paint coating line was operating even during the breaks, adjustment of production, or transitions between the 1st and the 2nd shifts. To reduce energy waste, FTZ examined the number of empty hangers in every time period, then considered an improvement.

Recognized that time periods with empty hangers were frequent, FTZ made an improvement by installing detection sensors so that each work stage automatically stopped in response to the number of empty hangers. This resulted in daily energy savings of approximately 150kWh and annual energy savings of 37,625kWh, and reduced costs of 523,000 yen.



Washing entrance sensor

Electrodeposition entrance sensor

Receipt of Environmental Award from Honda Automobile (China) Co., Ltd.

In January 2018, FTZ was awarded the "Environmental Award" given by Honda Automobile (China) Co., Ltd. to its business partner with the most impressive initiative for environmental load reduction of a product life cycle.

Receiving the prize is attributable to FTZ's reduced environmental load using the introduced energy management system and achieving its fixed targets.

We will strive to achieve the "world's top high quality standards" and will achieve maximum customer satisfaction group-wide.

Based on the 13th Mid-term Management Plan, we will set targets for the entire group, and promote activities aimed at achieving the "world's top high quality standards" and providing maximum value to our customers.

In FY2017 the Group continued to make strides in its quality improvement activities by 1. Continuous development of the 7 new quality measures, 2. Building a framework for a stable launch of a new model, and 3. Strengthening the quality assurance systems in the North American sites. By continuously working to strengthen our quality improvement activities, we are striving to ensure that the entire Group is able to provide maximum value to our customers by FY2019, the last year of the 13th Mid-term Management Plan.

From "prevention of recurrence" to "prevention" Toward "Zero Defects"

In FY2018, we will continue to establish a foundation for achieving "Zero Defects" in the following year FY2019, the final year of the 13th Mid-term Management Plan.

The Company is moving forward with the identification of each problem and focusing on the shift from "recurrence prevention" to "prevention" and reduce outflow defects to the customers and in-process defects (cost of defective work). Particularly, we plan to speed up reducing the in-process defects through causal analysis, counter-measures, and confirmation of effectiveness in the PDCA cycle.

In addition, for prevention, the Group is also strengthening its responsiveness and risk verification in the product design and manufacturing process design stages. Further, the North America, as we set as a target area, a Q meeting is held every quarter where strengthening quality improvement of North America's 6 sites and initiatives to provide support are tackled.

The 32nd Global Quality Joint Meeting Vector Alignment for Achieving Global Targets

"The 32nd Global Quality Joint Meeting", an annual meeting was held from June5-7, 2018 at the Heritage Resort Hotel in Kumagaya City in Saitama, which was attended by people from 13 domestic and overseas manufacturing sites as well as related persons from Japan's functional divisions (Quality Assurance Office, Research and Development Division, Engineering Division, and Purchasing Division).

Based on the theme of "reduction of in-process defects" that the entire Group is focusing on this fiscal year, we have shared the problems, targets and improvement initiatives for each site and have aligned vectors to achieve our global targets. On the last day of the conference, we had a factory tour of Subaru Yajima plant in Ota City, Gunma. It was a good experience to know how suspension products manufactured by other companies in the same industry could be assembled. In addition, we were able to learn about the quality management and manufacturing technology of Japanese automobile manufacturers together with overseas sites members.

Get back to basics and complete 5S, Creating a safe, accident-free workplace

Solidify the base to create a workplace where accidents do not occur

F-tech*and FEG carry out labor, safety & health activities every year at each site with the goal of "zero occupational accidents requiring time off" in accordance with the company-wide safety policy adopted in FY2017 of "getting back to basics and completing 5S, to create a safe, accident-free workplace."

The company-wide Safety Committee, consisting of members from F-tech and FEG, has been engaged in activities based on a two-pillared policy it adopted as a priority matter of 1. Prevention of recurrence by sharing information about past occupational accidents and 2. Prevention of occupational accidents through risk assessment (equipment and facilities, specific chemical substances). In addition to occupational accidents, activities are underway in each region to also reduce the number of traffic accidents.

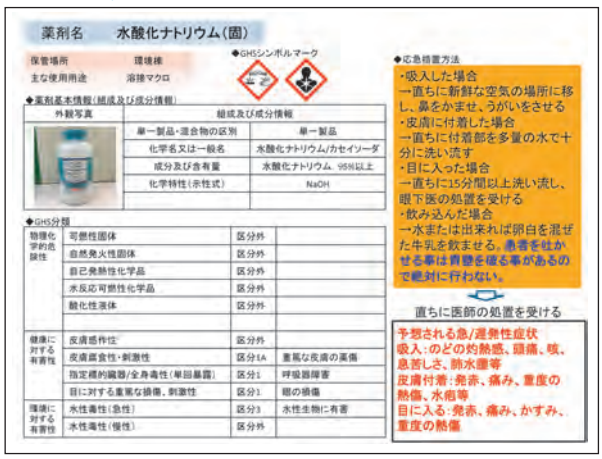
For FY2018, continuing last year's basic policy of "getting back to basics and completing 5S to create a safe, accident-free workplace", we plan to develop two new initiatives: 1. Promotion of safety & health in all domestic Group companies as a whole, with the participation of Reterra Inc. and Kyushu F-tech Inc. and 2. Standardizing rules for safety glasses and forklifts operation.

*Head office, and Kuki Plant, Kameyama Plant, Haga Technical Center, and Kazo Equipment Center

Various initiatives for chemical substance risk assessment

Risk assessments for chemical substances in existing work are being carried out at all plants. Risk assessments have been implemented in each area and necessary appropriate improvements have been implemented to address problem areas. In FY2018, we will strive even harder to strengthen our activities and prevent occupational accidents.

Case study of Haga Technical Center's initiative



Easy-to-see information on harmful chemicals when taken into the body

Prevention of similar accidents by sharing information inside and outside the Group

In addition to taking steps to prevent recurrence by sharing information about past occupational accidents, which was a priority matter in FY2017, we are actively engaged in prevention of similar occupational accidents by spreading information about occupational accidents laterally to affiliated companies. The developed contents have been listed up, counter-measures for necessary improvements have implemented in each area, with the results and details of the countermeasures confirmed by the Safety & Health Committee.

Prevention of occupational accidents and traffic accidents using driving recorders

We introduced the installation of drive recorders as a means to prevent accidents as an initiative in each area. From 2015, drive recorders have been installed in all company vehicles at the Kazo Equipment Center (Kazo City, Saitama). The Safety & Health Committee checks to see whether there are any driving problems based on a random sample of driving records. When dangerous driving is found based on the check of the drive recorders, the driver is warned based on live examples through a traffic safety course. By conducting this activity, the number of traffic accidents (involving personal injury) gradually decreased from 5 that occurred in FY2014 to zero in FY2017.

Case Study of the Kazo Equipment Center

Traffic safety lectures held based on the recorded information of the company vehicle's driving recorder.

As part of its social contribution, the F-tech Group is engaged in such initiatives as nurturing capable individuals through a scholarship fund, reforestation-program, and regional cleanup activities.

Column: Biodiversity Initiatives

Increased our employee participation target to 25% or more in Japan Continue to implement many initiatives at overseas sites too

In the 3 years that have passed since issuing the Group Biodiversity Guidelines in 2015, biodiversity initiatives are underway throughout the Group. The activities were undertaken to meet the domestic goal from FY2015 of "more than 20% employee participation rate", thanks to the cooperation of many employees, these targets have been exceeded each year. Therefore, from FY2017, the target has been changed to more than a 25% participation rate, we plan to work more actively to lead other sites as a mother site.

FY2017 Target

F-tech

Site employees' participation rate: more than 25% (207 people)

F-tech Group

Ongoing biodiversity initiatives

FY2017 Achievements

F-tech

Participation rate: 44%
Total number of participants: 368
Activity sites: 3　　Number of activities: 11

F-tech Group

Total number of participants: 926
Activity sites: 12　　Number of activities: 27

Ongoing forest maintenance activities

F-tech Group

Ever since the issuance of the Biodiversity Guidelines, many sites in the Group have been actively involved in forest maintenance activities. In FY2017, 25 trees were planted by DYNA-MIG, 300 by F&P, 60 by FTZ, and 1,650 by FPMI with the cooperation of the Philippine government, resulting in a grand total of more than 2,000 trees being planted in one year.

Similarly, the activities of the F-tech reforestation program (Moroyama Town, Saitama), started in 2015 are still ongoing, and a total of 81 people (employees and their families) engaged in thinning out activities in FY2017. In addition, the forest maintenance activities are viewed as one of our corporate responsibilities. The entire Group will continue to participate in these activities.

Eco-Garden Activities

F-tech Philippines Mfg.,Inc. (Laguna, the Philippines)

FPMI is trying to reduce CO_2 emissions by creating a garden on a portion of land it owns. In making this garden, FPMI is trying to use recycled waste materials generated inside the plant such as empty drums and abandoned tires and lumber.

In addition, since the creation of the garden on this plot is linked to protecting the habitat of various living creatures, we will continue to maintain it.

■ Environmental Protection Activities at local society

- Clean up at Bizenhori river
- F-tech's reforestation
- Adopt program
- Off-site cleaning activities
- Cleaning activities at industrial parks, etc.

■ Contributing to Education and Culture

Name——F-Tech Scholarship Foundation
Founded——June 23, 2016
Activity purpose——Support to nurture individuals capable of acting globally
Website——https://www.zaidan.ftech.co.jp/

- Factory tours for elementary school students
- On-site training for high school students
- Cooperation with university students' research activities
- Support for training of mechanical engineering teachers

◎Cooperation and international collaboration with various technology observation teams

Japan

Kuki Plant (Kuki City, Saitama)

Reducing gas consumption by assessing exhaust gas volume in drying furnaces

To remove the odorous gas which arises when the products are baked in the drying furnace, normally a certain amount of the air in the furnace is exhausted to a deodorizer. However, the warm air created by combustion is released from the exhaust at the same time which causes the furnace temperature to decrease. To maintain the furnace temperature at a desired level, the fuel consumption increases.

For this reason, as an improvement measure, the Kuki Plant tried to reduce the warm air displacement by decreasing the rotation frequency of the exhaust fume ducts. Lowering the rotation frequency 1Hz by 1 Hz, and observing the numerical value of the drying furnace room's gas leak detector while optimizing the rotation frequency resulted in decreased fuel consumption of 1 m3/h by lowering 35Hz→30Hz. As an annual result, this was linked to a reduction of 3,960m3 of gas (CO_2 conversion：8,236kg-CO_2). Next year, the Kuki Plant plans to even further improve fuel reduction by installing a magnet to increase the fuel efficiency for fuel supply distribution pipes.

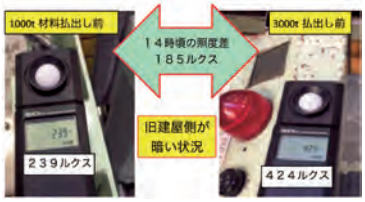
Kameyama Plant (Kameyama City, Mie)

Finding things that need improvements by environmental patrols

As a result of sustained activities to improve energy conservation using the energy management system from 2009, the areas that need improving have decreased. To find new things that need an improvement, we go back to "sangen-shugi"; to see the sites, products, and current situations, we implemented patrols by environmental members at the time of the Environmental Conference and started to find and investigate things that needed improvement.

Most recently, four places that needed improvement were studied and selected at a stamping factory, following which improvements were implemented.

For example, the automatic ceiling light power on system with sensors and a fixed timer was not effective after the sunset in winter by inadequate timer setting. Therefore the factory was lacking brightness during the period. So, we discontinued the timer and started to use the sensor function alone. It was also able to reduce the forced lighting, and led to reduced energy consumption. We will continue the environmental patrol to find things that can be improved and improve them.



Haga Technical Center (Haga Town, Haga-gun, Tochigi)

Power reduction due to 6-shaft hydraulic pressure fatigue testing machine inverterization

The 6-shaft hydraulic pressure fatigue testing machine used for durability assessments of developed component parts is capable of assessing at most 6 types of tests on an individual basis, although operating all of them requires fixed pressure (75kW). The power can be reduced by lowering the pressure after the tests are completed, although high pressure power are continually used, at night when there is no one to make adjustments is a waste of energy. Further, this equipment has been operating at full capacity since its introduction 15 years ago and is deteriorating.

Therefore, In 2017 we upgraded to highly efficiency motor + inverter. After its introduction, the pressure was automatically adjusted based on the testing conditions, and a reduction of 197,500kWh of energy (74t-CO_2) over the previous fiscal year is expected. In addition, as a value added, the increase of temperatures was suppressed in hydraulic fluid due to pressure reduction is linked to the deterioration of inhibiting oil and the one million yen reduction in running costs due to sliding part abrasion suppression. Even in other facilities, we will consider the cost-effectiveness of investments and continue our initiative to further reduce power.

Japan

Fukuda Engineering Co., Ltd. (FEG / Kazo City, Saitama)

Recycling of empty contact lens cases

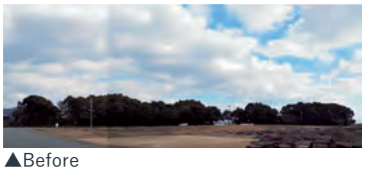
FEG participates in the Eye City Eco Project. This project involves the collection at the company of empty polypropylene disposable contacts lens cases and sending them to Eye City, a contact lens seller, for recycling. Because the empty lens cases are white monochrome and can be processed in various colors, they are very suitable for recycling since all the manufacturers use the same standardize materials. Knowing that the current recycling rate of these empty cases is very low, FEG decided to participate in this program. The increased volume of recycling is related to the reduction of CO_2 emissions generated by incineration. In addition, sales proceeds from the recycling companies are donated to the Japan Eye Bank Association, which in turn uses it for corneal transplants and public awareness about the Eye Bank. FEG plans to continue its involvement in these activities.

Kyushu F-tech Inc. (QFT / Yamaga City, Kumamoto)

Striving to maintenance the trees

Since the beginning of its operations, the trees at QFT had never been trimmed or thinned by a third-party service provider. For this reason, the overgrown trees jutted out into the road, and to avoid the trees, the cars had to be driven in the middle of the road. Since ensuring the safety of not only the employees but also that of the peripheral companies and businesses persons entering or exiting QFT's premises had become difficult, the QFT employees made extensive efforts to thin out the trees.

As a result, the visibility of the street has improved, in addition to traffic safety, the large volume of dead branches and leaves that have fallen in and around the factory have been removed. QFT will continue to strive to maintain and manage the trees that have an ameliorative effect on environmental problems such as purification of emission exhausted gasses, air pollution, and heat-island phenomenon.


▲Before


▲After

Reterra Inc. (Ogano Town, Chichibu-gun, Saitama)

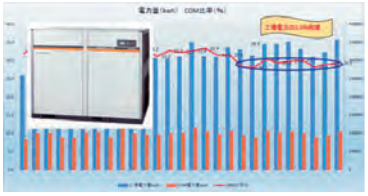
Promoting energy conservation activities based on "Company-wide energy conservation Project".

The energy conservation activity known as "Company-wide energy conservation Project" started in October 2014, with 52 meetings held up to now (1-2 times a month, attended by the President, the Chairman of the Board, the officers, factory heads, equipment advisors, and planning promoters). Energy conservation proposals from every site (the headquarters, the Ryokami Plant, the Chichibu Plant, and the Chichibu Plant II) have an annual schedule fixed for confirmation of status of progress, the cost-effectiveness of expenses (investments), transition and estimates of energy reduction amounts (electric, LPG, gasoline, etc.), which is observed and confirmed.

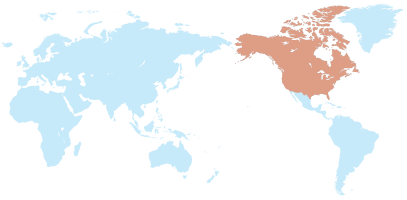
In FY2017, Reterra Inc. implemented certain measures, including ① Replacement of aluminum melting furnace fueled by LPG to high efficiency furnace, ② LED ceiling lighting, and ③ Upgrade of discharge amount decreasing (inefficient) compressor to premium highly efficiency motor powered devices, which resulted in significant cost reductions (4 million yen/ year) (130t-CO_2/year). In FY2018, Reterra Inc. has planned and will strive to implement initiatives such as ① Changing over from gasoline operated forklifts (to electric type), ② LED ceiling lighting, ③ Change to low-carbon aluminum melting furnace, and 4. Replace the inefficient compressor.


①Aluminum melting furnace


②11 LED lights


③75 kW compressor

North America



F&P Mfg., Inc. (F&P / Ontario, Canada)

Change to new IPG laser cutting machine

The Hydroforming Division changed over from the Trumph laser cutting system to a highly energy-efficient model manufactured by IPG Photonics. This laser system reduces the conventional 82% power consumption (217,300kWh) in comparison with the company's product by efficient light generation technology, and also realizes reduction of consumable parts. By doing this, in addition to achieving an annual cost savings for electricity of $30,322, F&P also received a $23,530 from SaveOnEnergy as a rebate for its investment in this technology.

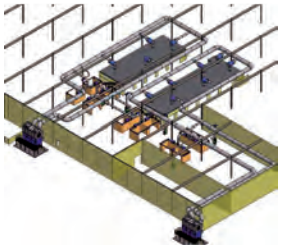
Changes to LED lighting and VFD controllers

The level of brightness in the packing area has a significant impact on quality assurance. F&P's Plant 2 replaced fluorescent lighting to LED lighting for their miniature component parts and forklift areas. This replacing took $33,944, although $1,960 as a rebate, energy savings of 55,316kWh, reduced electric charges of $7,191, and a payback period of 4.45 years.

In addition, by changing over from the 700t stamping straight motor controller to the new VFD (variable frequency device) which requires no electricity in an idle state, F&P has saved 100, 800kWh per year and simple payback period of only 1.8 years.

Dyna-Mig, a division of F&P Mfg., Inc. (DYNA-MIG / Ontario, Canada)

Energy savings efficiency by introducing a welding gas exhaust filter system



DYNA-MIG introduced a new welding exhaust system with advanced VFD (variable frequency device). The VFD motor will run when each cell starts until the necessary conditions for exhaust are in place, although when using 1 or 2 cells such as break times, the VFD recognizes and monitors when it can run with only a little air, the motor automatically adjusts for the necessary volume.

In addition, by using a filter pressure sensor, the VFD can identify the amount of accumulated dust in the filter. When the filter is new and there is no accumulated dust, power consumption can be suppressed with the necessary amount of activation, and if the pressure in the filter increases, the suction power is reduced therefore it is supported by increasing the motor speed.

In a new system, the amount of energy saved by the VFD is displayed. Due to the VFD, Dyna-Mig achieved a 2,163,822kW savings over 4 months in 2017. Dyna-Mig has introduced this system to all new welding gas exhaust filter system.

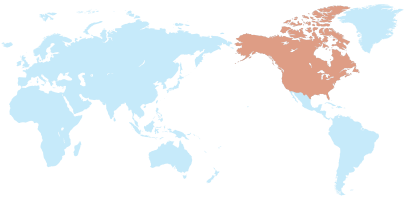
F&P America Mfg., Inc.（F&PA / Ohio, U.S.A.）

Installation of high-speed sheet shutters

Currently, the metal door installed in the Metal Forming department building, which took 28 seconds to open or close manually, with the door remaining open for an average of 2 minutes thereafter. Therefore, cooled or warmed air made by air-conditioner expelled and it has been a waste of energy consumption. By changing to high speed sheet shutters, energy conservation was achieved due to the shorter time for open and close, and the automatic operation function.

By changing to high-speed sheet shutters, it only takes 5.8 seconds to open and 10.3 seconds to close, and it closes automatically after 5 seconds when there is no movement at the door. After the installation of the doors in December 2017, the reduction in the natural gas and electricity used for air conditioning led to a 79.8t-CO_2 reduction. Those metal doors originally installed are left for the security purpose for a long break period.

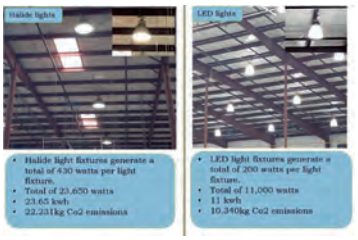
North America



F&P Georgia, a division of F&P America Mfg., Inc.（F&PG / Georgia, U.S.A.）

Power consumption reduction by changing lighting fixtures

F&PG has started to change the high-ceiling lighting fixtures inside the factory to reduce CO_2 emissions. This time, F&PG changed 55 of 430w metal halide lights to 200w LED lighting. Due to the transition to LED, there was a 230w reduction per bulb, and assuming an average working week of 80 hours (2 shifts) and an average manufacturing time of 50 weeks annually, if calculated on an annual basis, this change would result in annual be reductions of 50,600kWh and 47,564kg-CO_2.



Before and after the improvement

F-tech R&D North America Inc.（R&DNA / Ohio, U.S.A.）

Digitalization of paper documentation and contribution to local society

As part of its ongoing document disposal activities, R&DNA has digitized documents relating to the company's general affairs going back to its incorporation, reducing the volume of documents, and reusing the storage space, and otherwise implementing the 3Rs of recycling. At the same time, we achieved improvement of the confidential information protection and efficient document management.

In addition, as part of our CSR activities to contribute to regional society and to raising employees' awareness as a member of their society, we donated to the city's temporary shelter for the victims of domestic violence and the homeless. We appealed to the employees to provide daily commodities needed by the shelter including old clothes, paper diapers, and shampoos. We were able to collect them and delivered many new items, including picture books for the children fully loaded in an Odyssey.

FEG DE QUERETARO, S.A. DE C.V.（FEGQ / Queretaro, Mexico）

Started "social contribution program" through recycling activities

As part of our support for cancer patients and environmental improvement (pollution prevention), we actively promote the participation in recycling activities. As a concrete initiative, the company and its families gathered from their homes and delivered more than 200kg of used plastic bottle caps to the AMANC Cooperative. As a result, we were able to provide partial support to the cancer treatment of 3 children. In addition, from the environmental perspective, this initiative led to a CO_2 reduction equivalent to 300kg.

Since it was uncertain how the electronic component parts are disposed, up to FY2016, which had been outsourced to disposal companies, an obligation to provide evidence of the proper disposal of these parts was imposed on the disposal companies from FY2017.

FY2017 results of proper handling of electronic component parts

- Water savings of 9,252 ℓ
- Greenhouse gas reduction by not using fossil fuel 1,673kg of fossil fuels
- 1,386kg CO_2 emission reduction

F&P MFG.,DE MEXICO S.A.DE.C.V.（FPMX / Guanajuato, Mexico）

Activities for separation of waste and on-site tree-planting

FPMX received ISO14001 certification in May 2017. Information is disseminated so that all employees can recognize the importance of waste sorting using monitors in the cafeteria at monthly entire morning meeting, breaks, and lunchtime.

In addition to the above, FPMX is replacing part of the corporate site's lawn with other plants to reduce water use. Although this will take time, but FPMX is expecting in the future to be green with less water. This year also, FPMX increase the planting tree activity to develop into a greener environment in the factory site. FPMX hopes that the employees' awareness of the environmental protection initiative will gradually increase as the employees enjoy watching the growth of the trees they have planted.

Planting "Dedo Moro", ice plant, instead of lawn

Promoting the environment awareness at the cafeteria monitor

On-site planting activities (30 trees)

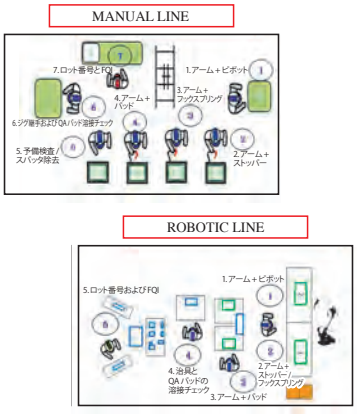
Asia & China

F-tech Philippines Mfg.,Inc. (FPMI / Laguna, The Philippines)

Conversion from manual welding to robotic welding

Until now on the pedal parts complete welding line, 7 employees used 7 manual transfer processes to manufacture 37,920 parts per month (annually 455,040 parts), with annual energy consumption of 375,091.2kWh, equivalent to 238.6t-CO_2.

By converting from manual welding to robotic welding, the 7 processes were condensed into 5, including adjusting the welding jigs. The layout was changed condensed to a smoother line, space was minimized, and waste in the process was eliminated. After the improvements, not only could the new welding line be operated by 4 people instead of 7, the monthly manufacturing capacity increased 27.2%, 48,240 parts per month (annually 578,880 parts). Annual electricity consumption became 205,286kWh (equivalent to 130.6t-CO_2), resulting in a 45.3% reduction of CO_2 emissions compared to the conventional manual welding line.



FPMI achieved to reduce from 7 people 7 processes to 4 people 5 processes as well as increased manufacturing capacity.

F-tech R&D Philippines Inc. (FR&DP / Laguna, The Philippines)

Participation in tree-planting activities

In August 2017, FR&DP, together with FPMI, participated in tree-planting activities as support for the national tree-planting program, resulting in a total of 1,500 seedlings being planted in Kalayaan Laguna. As part of the gratitude of the Christmas culture, our employees pledge every year to sponsor children through World Vision. We believe that this sponsorship is a good opportunity to open new doors in the future for the children we support now. In addition, our employees have donated used clothing to victims in order to ease the situation in Malawi, which was ravaged by war.

As for other activities, the minimum indoor temperature is set to 24℃ for energy conservation. In addition, the Safety & Health Committee conducts training for fire and earthquakes evacuation and continuously raises awareness of safety through educational training activities.

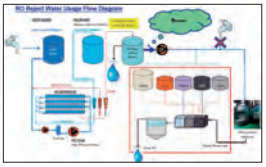
F-tech Mfg., (Thailand) Ltd. (FMTL / Ayutthaya, Thailand)

Initiatives for energy conservation and efficient use of water resources

As a result of replacing 206 fluorescent lamps with LED lighting, 19,037.81 kWh of power consumption, 69,868.76THB/Year of electricity charges, and 12.24 t-CO_2 of CO_2 emission was reduced.

In the air-conditioning systems, 33 units were converted to inverters, resulting in 215,949.89kWh of consumption, 803,333.59 THB/Year, and 138.86 t-CO_2 of CO_2 emissions was reduced. With respect to the efficient use of resources, by changing from tap water to RO Reject water through the waste water treatment system, 3,662.4 m3/Year of water consumption and 62,260.8 THB/Year of water bills was able to reduce.

FMTL is also engaged in other initiatives such as "using cardboard made with eco-friendly materials such as recycled papers", "donating Children's Day presents to children", "5S activities and reduction of employees' trash", and "raising awareness about trash separation".



PT.F.TECH INDONESIA (FTI / Karawang, Indonesia)

Participation in CSR activity programs

Since the start of operations in 2008, the KIIC industrial part (Karawang International Industrial City) which FTI belongs to, has run a joint CSR program/baby food initiative that supplies and distributes baby food to children in villages nearby in July 2017 on the same date as the children's medical health checkups. Since cooperation with nearby villages is important in advancing Indonesia businesses, we participate with other company in the KIIC to visit each nearby village. In addition to participation, FTI also would like to increase its employees about contributing to regional society.

Asia & China

F-tech R&D (Guangzhou) Inc. (FR&DCH / Guangdong, China)

Expansion of trash separation and recycling

Since 2017 FR&DCH has been working on trash separation and recycling by improving the environment, drafting a trash separation manual, and teaching about trash separation to the employees.

Oversized trash (such as wooden or cardboard boxes used as packaging for materials and parts, scrap metal, resin boxes, and plastic boxes, and KD cases) is placed at the trash collection point and is regularly collected by a recycling company. The three types of trash from the office, consisting of recyclable items, uncollectable items, and hazardous items, are put in 3 different trash bins, and these types of trash are regulated in detail in the trash separation manual. Educating employees about trash separation is handled by posting educational guidance about trash separation on the notice board and affixing pictures of trash to the trash bins.

F-Tech Wuhan Inc. (FTW / Hubei, China)

Improvement to on-site compressed air leaks

A great deal of electricity is required to make compressed air for use on the manufacturing floor. Air leaks increase the air compressor's load factor which leads to even more electricity consumption. When the person in charge of equipment inspects the pipes for compressed air, the inspection is conducted through the "air leakage inspection place layout". If air leaks are discovered, their locations will be noted in the layout and improvements and implementation reflecting the repair plan will be undertaken.

After repairing the leaking pipes, the person in charge of repairing the equipment in accordance with notations in the layout will be recorded in the "air leak survey sheet" which equipment was leaking, the location of the leak, the reason, the amount of the leak, the places that were repaired, and the person in charge of the repairs so that any places where an air leak is discovered can be immediately repaired and the amount of the air leak reduced.

The annual improvement results for compressed air leaks were electricity reduction of 52,882kWh, reduced electricity charges of 47.6 thousand yuan, and reduced CO_2 emissions of 40.5t-CO_2.

F-Tech Zhongshan Inc. (FTZ / Guangdong, China)

Changing exhaust vents of the dryer

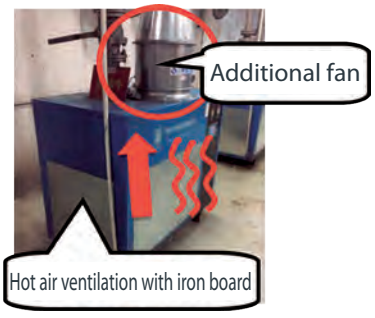
Currently, the exhaust from the dryer was discharged directly into the compressor room, causing an increase of room temperature as well as an increase in electricity use for air conditioner and equipment. For that reason, the exhaust vents of the dryers were joined to the compressor's exhaust vent and the waste heat was discharged outside. As a result, not only lowering the room temperature, but also stop using 1 of 3 air conditioners led to a reduced load for the dryer.

【Before】

Air conditioners

【After】

Fan ducts



On the Global Way

In 9 countries in the world, 11 production sites and 7 development sites are engaged in information exchanges about every aspect including quality assurance, development, and the environment to improve the Group as a whole.

Head office, and Operational sites in Japan

- ★F-tech Head Office, and Kuki Plant
- Kameyama Plant
- Haga Technical Center
- Equipment Center

Affiliated companies in Japan

- Fukuda Engineering Co., Ltd.
- Kyushu F-tech Inc.
- Reterra Inc.
- Johnan Manufacturing Inc.

Affiliated overseas companies

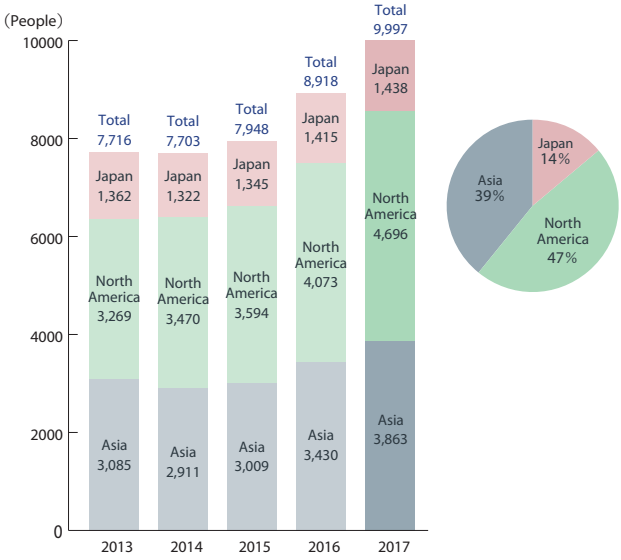
- F&P Mfg., Inc.
- Dyna-Mig, A division of F&P Mfg., Inc.
- F&P America Mfg., Inc.
- F&P Georgia, A division of F&P America Mfg., Inc.
- F.tech R&D North America Inc.
- Michigan Branch Office
- F.tech R&D North America Inc. European Branch
- F.E.G. DE QUERETARO S.A. DE C.V.
- F&P MFG. DE MEXICO S.A. DE C.V.
- F.tech Philippines Mfg., Inc.
- F.tech R&D Philippines Inc.
- F.tech Mfg., (Thailand) Ltd.
- PT.F.TECH INDONESIA
- F-Tech Zhongshan Inc.
- F-Tech Wuhan Inc.
- YANTAI FUYAN MOULD CO., LTD
- F-tech R&D (Guangzhou) Inc.
- F.tech Inc. Office UK
- Johnan America, Inc.
- Johnan De Mexico, S.A.de C.V.
- Johnan UK Ltd.
- Johnan F.tech (Thailand) LTD.
- PT.JFD INDONESIA
- Johnan Wuhan Inc.
- Progressive Tools & Components (P) LTD.

Corporate Overview

Company Name	F-tech Inc.
Head Office Address	19, Showa-numa, Shobu-cho, Kuki, Saitama
Established	July 1, 1947
Capital	6,790,370,000 yen
Representative	President & CEO Yuichi Fukuda
Employees (consolidated)	9,997 people (including the average number of temporary employees)
Business activities	Automotive parts and related dies, machineries, and tools development, manufacturing, and sales
Main business partners	Honda Motor Co., Ltd. General Motors Company Nissan Motor Co., Ltd. Honda R&D Co., Ltd. Nissan Shatai, Co., Ltd. Mitsubishi Motors Corporation Suzuki Motor Corporation Toyota Motor Manufacturing and others

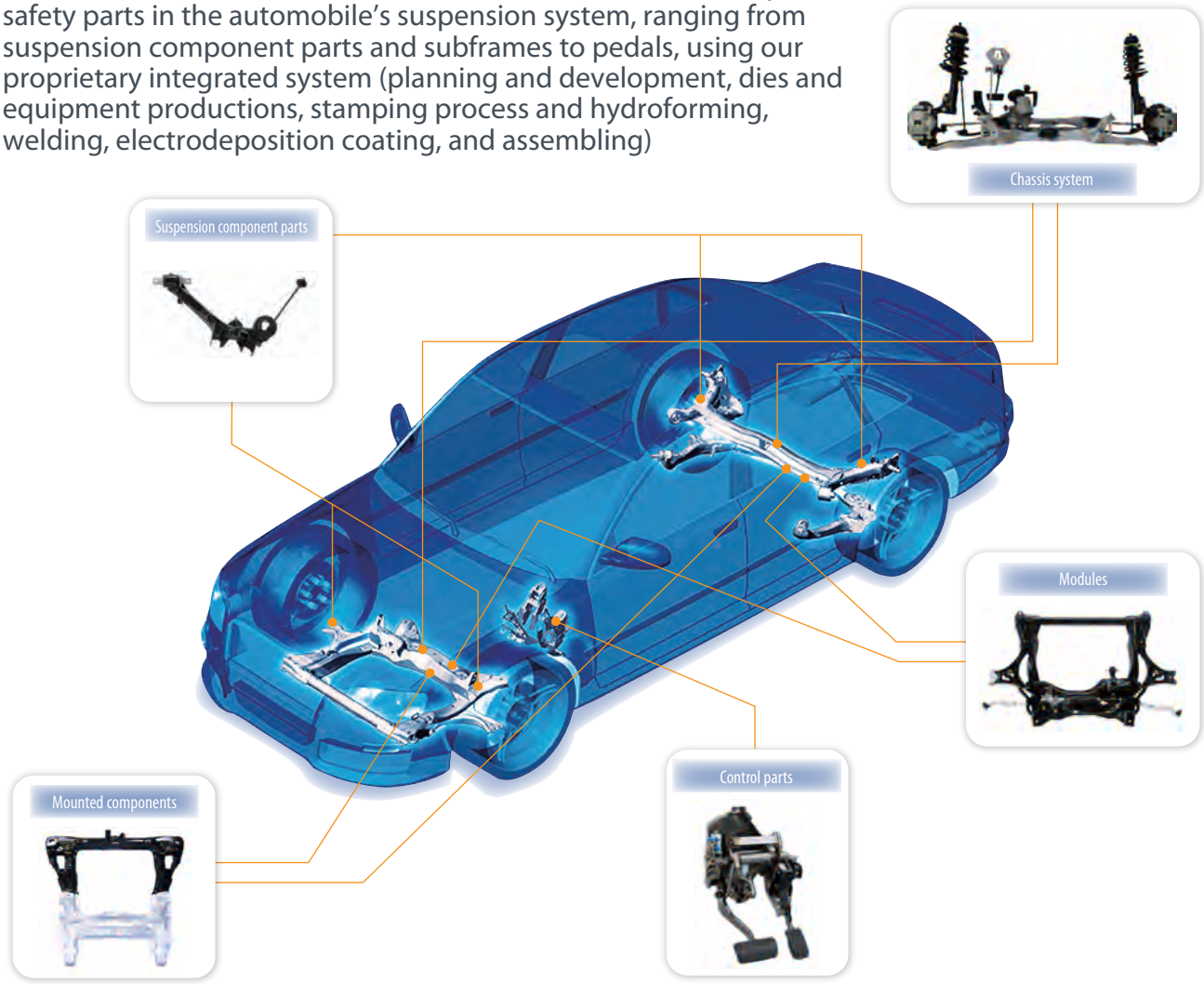
Number of employees by regional segments

(including the average number of temporary employees)

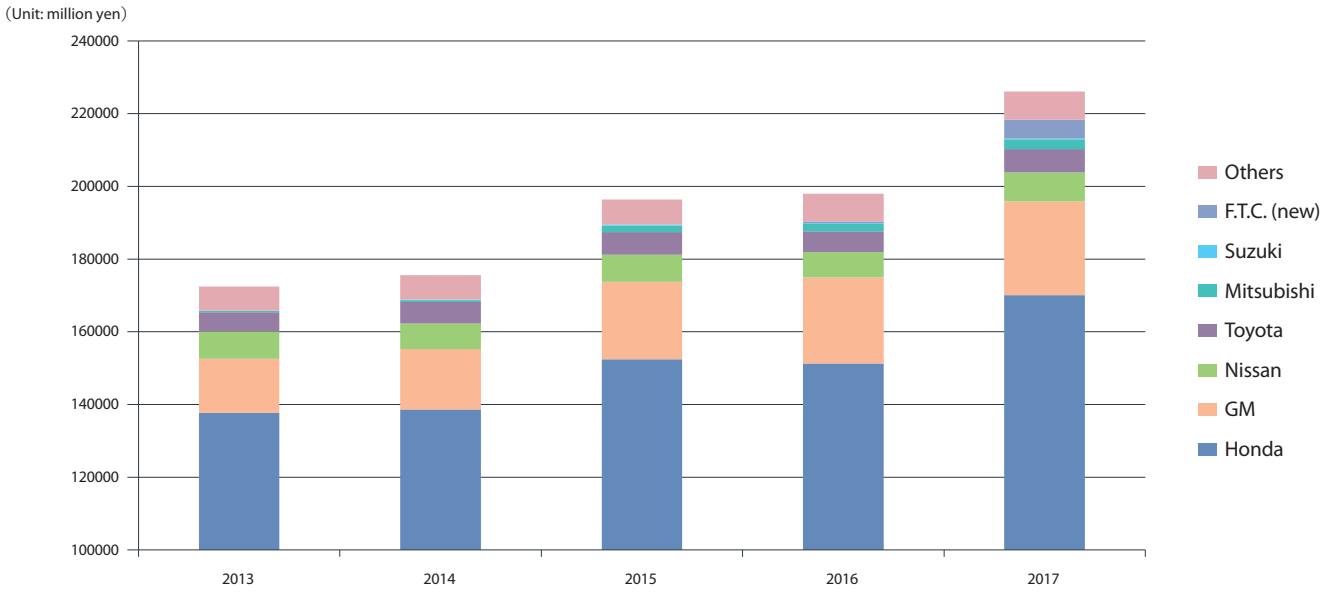


Our Products

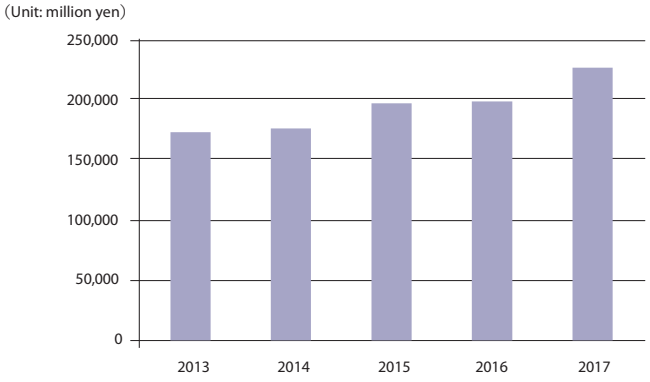
We are a manufacturer that focuses on the manufacture of major safety parts in the automobile's suspension system, ranging from suspension component parts and subframes to pedals, using our proprietary integrated system (planning and development, dies and equipment productions, stamping process and hydroforming, welding, electrodeposition coating, and assembling)



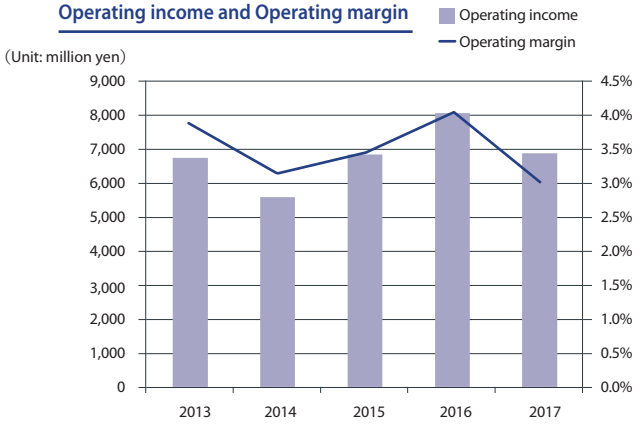
Sales results by customer



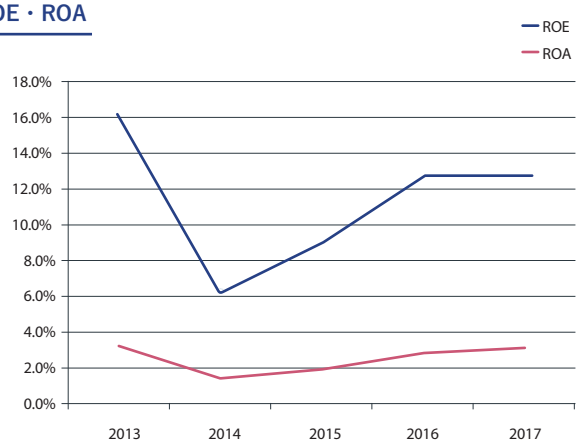
Sales results



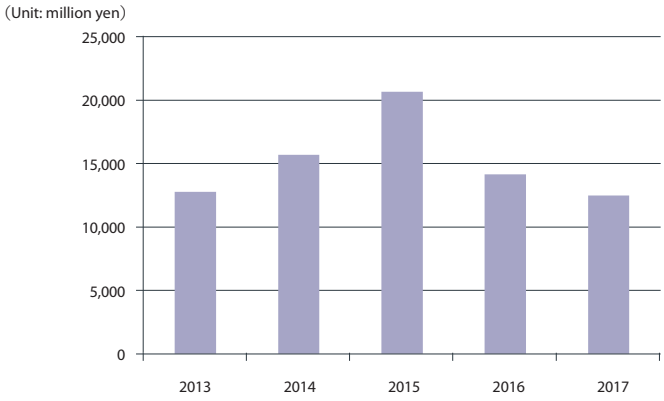
Operating income and Operating margin



ROE・ROA

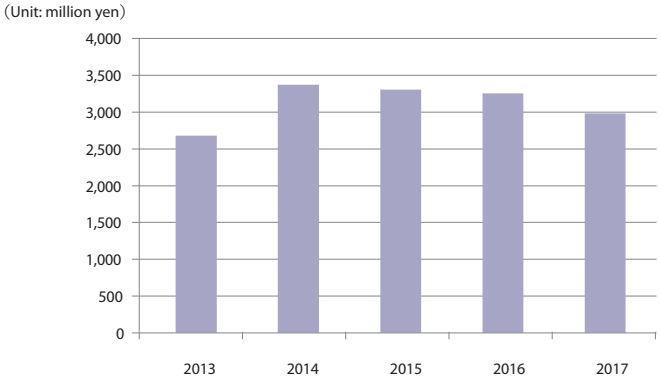


Capital investment

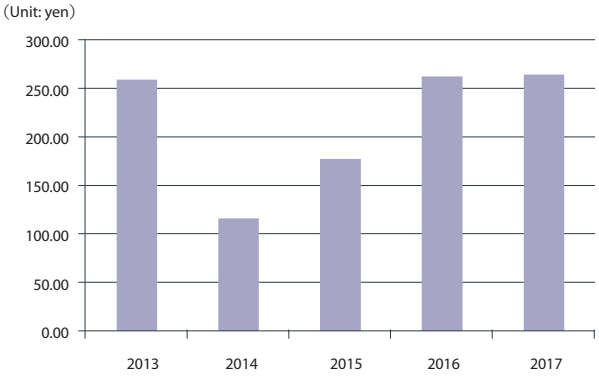


Total assets

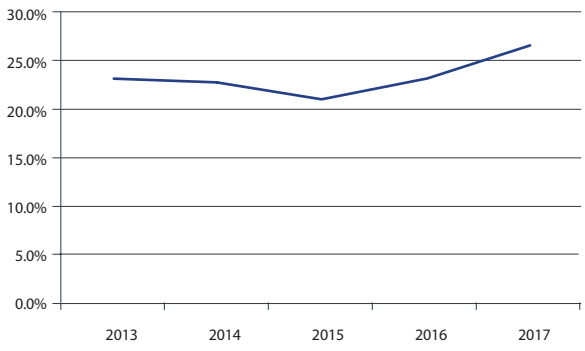
R&D expenses



Current net earnings per share



Capital-to-asset ratio



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