F-TECH CSR REPORT 2019

F.tech inc.

On the Global Way

Editorial Policy

Since FY2010, F-tech Inc. has reported the Group's environmental and societal initiatives on a global basis in its "Environmental Activity Report." From FY2017 the Group initiated its 13th Mid-term Management Plan, and taking into consideration a social background that highly values CSR*1 and ESG*2, the Group has changed its "Environmental Activity Report" format to a "CSR Report" format.

We consider this report as one of our communication tools for our shareholders with relation to our CSR activities, offering coverage of our initiatives on CSR promotion system, governance and compliance, human rights and labor, environmental protection, safety and quality, societal contributions, and more in a reader-friendly manner.

Going forward, we will strive to provide even more complete details on items reported thus far, including the environment and society, while taking measures to ensure continuity.

This report is prepared with reference to the Ministry of Environment's "Environmental Reporting Guidelines (Fiscal Year 2018 version)" for environmental matters and to ISO26000 for social responsibility matters.

Furthermore, 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 3 areas to be emphasized: the environment (E), society (S), and corporate governance (G)

Contents

Reporting Period

FY2018 (April 2018-March 2019) achievements and partial contents outside the scope of the reporting period.

Reporting Organizations (☞P5)

F-tech Inc. [Reporting sites: 3 sites]

Overseas Subsidiaries [Reporting organizations: 12 companies, 14 sites]

Future Predictions, Plans, and Goals

This report contains future forecasts with respect to the "Reporting Organizations" in the Group listed above.

The statements contained herein are forecasts based on information current at the time of inclusion and are not conclusive. As such, the results of future business activities may differ from the forecasts described in this report.

We will make every effort to achieve sustainable growth and CSR based on the policy of "Back to Basics and Challenge for New."

Responding to New Trends in the Automotive Industry Challenging Constant Technological Innovations

The automotive industry is on the cusp of a major turning point as technologies such as EVs and autonomous vehicles emerge. In response to these changes, the Group set its 13th Mid-term Management Plan of "Back to Basics, Challenge for New" beginning in FY2017, and has since striven to achieve its goals. This combines the basics necessary for overall business activity, looking back at the first steps, while also looking to the future for sustainable growth options. It is our absolute resolve and commitment to challenging new fields.

We are working toward strengthening our business foundation through initiatives for the Group's CSR activities, business process improvement, and development of unique technologies. Going forward, we will continue to strive for sustainable growth through addressing each issue that arises in the changing business environment and resolving them step-by-step.

F-tech Group is Further Strengthening its Environmental Conservation Activities

The Group regards initiatives towards environmental issues as one of the important pillars of management. In October of 2013, we were the first domestic automotive parts manufacturer to obtain ISO50001 international standard certification. As of our acquisition of ISO50001, we have evolved our concept of energy management, creating our new and original "Global F-tech Energy Management System" and implementing systematic management. We have received numerous environmental awards, both in Japan and overseas, including the International Energy Management Award, as a company that actively promotes the usage of clean energy. In October of 2018, we were invited by the Singaporean government to showcase our environmental initiatives to 400 small and medium enterprises at the International Environmental Conference EENP 2018. In 2017, the Group set its new global environmental targets for 2030. Since 2009, the Group has continued to hold environmental conferences, tackle various environmental challenges, and share solutions, working to further strengthen our global environmental management systems and further reduce our environmental impact. (☞P19-24)

Continuing to Improve our CSR Promotion System, Along with Promoting "Compliance" and "Creation of Comfortable Workplace"

It has been 2 years since we began company-wide CSR committee activities in FY2017, which works to address issues such as corporate governance, verification of various internal control issues, and confirmation of adequate systems for recognizing and solving important issues. We are also renewing "Our Action Guidelines", again affirming that each and every member of the Group is truly acting in a proper way with regards to CSR, pushing to make this a widespread ideology. At the same time, in striving to create a comfortable working environment for everyone, we are raising awareness of issues such as promoting diversity, building a work-life balance, and reforms of working practices, and we are currently implementing measures such as improvements of existing facilities and revising work rules. (☞P10-12)

Balancing Strength, Durability, and Weight Savings is the Eternal Theme of Our Products

Regardless of changes in power trains and usage for automobiles, a fundamental requirement for our products is to combine strength, durability, and weight savings. In order to balance contradictory performance demands, we have created our own original high-efficiency technology to achieve high durability and low weight at the same time. This makes full use of difficult plasticity processing techniques and simulation technologies, combining synapsed regions with plasticity, hydroforming, and friction stir welding (FSW) of dissimilar metal joints. (☞P25)

These are just the first steps the Group is taking toward CSR activities. We will continue to strive to "always be improving," and as we confront our problems head-on, we will show our sincere commitment to these improvement activities in this report.

The Challenge is Strengthening Management and Internal Reforms Across the Whole Group.

Financial Indicators

■Sales

Despite a decrease in vehicle sales in Asia, including China, sales increased 4.1% from the previous period due to sales to Japanese customers and production of new orders in North America. Sales totaled 235,361 million yen.

■Operating Income

Our operating income decreased 4.0% from the previous period to 6.5 billion yen. We will continue to strengthen our management and push internal reforms, particularly with regards to factors such as increased labor costs, reduced production efficiency, and loss of new model launches following the worsening employment situation in North America.

■Interest-bearing Debt

Although new investments were on the rise due to orders from new and existing customers, new investments in FY2018 settled down, totaling 46.2 billion yen.

■Interest-bearing Debt Ratio

Although interest-bearing debt was 42.6% at the end of FY2014, total asset increase and strengthening of management saw the rate decrease to 33.7% at the end of FY2018.

Environmental Indicators

■CO_2 Emissions Volume

Goal: 7.5% reduction from the FY2013 CO_2 emission intensity

FY2018 achievement of intensity was 0.45t-CO_2/sales of 1 million yen (improved 10% over FY2013)

■Water Resource Usage Volume

Goal: 5% reduction from the FY2013 water resource usage intensity

FY2018 achievement of usage intensity was 3.18㎥/sales of 1 million yen (improved 1.8% over FY2013)

■Waste Emissions Volume

Goal: 5% reduction from the FY2013 waste emission intensity

FY2018 achievement of emission intensity was 0.023 tons/sales of 1 million yen (improved 33% over FY2013)

	Item	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Financial Indicators	Sales	1 million yen	172,456	175,579	196,343	197,941	226,060	235,361
	Operating income	1 million yen	6,725	5,564	6,821	8,035	6,856	6,580
	Operating income ratio	%	3.9	3.2	3.5	4.1	3.0	2.8
	ROE	%	16.2	6.3	9.1	12.8	12.8	6.9
	Interest-bearing debt balance	1 million yen	44,674	56,570	58,686	59,129	59,508	46,220
	Interest-bearing debt ratio	%	40.2	42.6	42.5	40.9	39.5	33.7
Environmental Indicators	CO_2 Emissions Volume (intensity)	t-CO_2/1 million yen sales	0.50	0.46	0.44	0.48	0.45	0.45
	Water Resource Usage Volume (intensity)	m^3/1 million yen sales	3.24	3.18	3.31	3.42	3.11	3.18
	Waste Emissions Volume (intensity)	ton/1 million yen sales	0.035	0.031	0.038	0.045	0.026	0.023

On the Global Way

Established in 1947 as a metal-processing company, F-tech began manufacturing automotive parts in 1967 and has been following the automotive industry's development for over half a century since then. We established our first local subsidiary overseas in 1986, and since then we have expanded our production sites across the world and have built a global network. We have also developed a variety of original technologies to meet the needs of automakers, such as technology to achieve strength, durability, and weight reductions at the same time. We have received high praises and are trusted by the world's leading car manufacturers.

Going forward we aim to provide overwhelmingly competitive products as an industry-leading global company, strive to create new added value, keeping in mind our goal to contribute to local communities.

Global Network 9 Countries, 11 Production Sites, and 7 Development Sites

In addition to developing production sites in North America, Asia, and China with state-of-the-art facilities, we have also established development sites in each area to respond quickly to customer's demands. We are aiming to "level up" the entire Group by the exchange of information in all areas, including quality, development, production, and the environment.

★Operational sites in Japan、○Affiliated companies in Japan、
●Affiliated overseas companies、Reporting Organizations◎

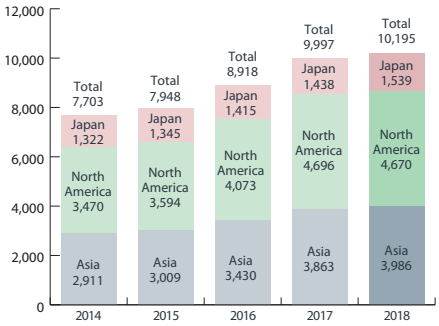
F-tech Inc. [Reporting sites 3 sites]

★Head office, and Kuki plant (Kuki City, Saitama) ◎
★Haga Technical Center (Haga Town, Haga-gun, Tochigi) ◎
★Kameyama Plant (Kameyama City, Mie) ◎
●Equipment Center (Kazo City, Saitama)

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) ◎

Number of employees by regional segments



Affiliated overseas companies

●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) ◎
●Michigan Branch Office (Michigan, United States)
●F.tech R&D North America Inc. European Branch (Dusseldorf, Germany)
●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) ◎
●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) ◎
●F-Tech Zhongshan Inc. (Guangdong, China) (FTZ) ◎
●F-Tech Wuhan Inc. (Hubei, China) (FTW) ◎
●YANTAI FUYAN MOULD CO., LTD (Shandong, China)
●F-tech R&D (Guangzhou) Inc. (Guangdong, China) (FR&DCH) ◎
●F-tech Inc. Office UK (London, U.K.)
●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.

※YANTAI FUYAN MOULD Co., Ltd, the newly established Michigan Branch Office, and the European Branch Office are outside the reporting scope as they are not mass manufacturing facilities and do not have any significant impact on the environment.

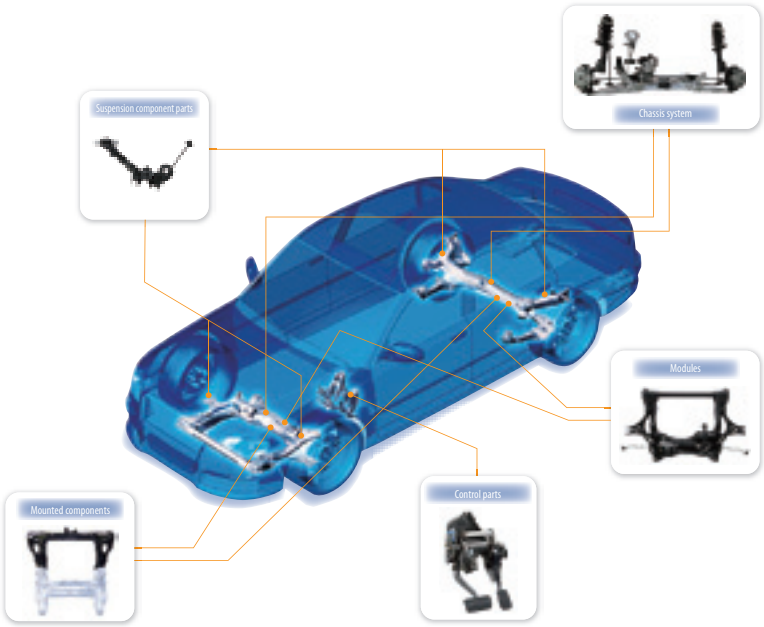
Corporate Overview

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)	10,195 people
Business activities	Automotive parts and related dies, machineries, and tools development, manufacturing, and sales

Main customers	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

Our Products: Becoming a Top Chassis-suspension Supplier

We manufacture suspension components, such as suspension arms, subframes, and pedals, which are important safety-related components in automobiles, using our strong design and technological capabilities along with our unique integrated processing system. We have managed to achieve product strength and durability, and weight reductions at the same time, all while maintaining the high quality required by auto manufacturers.



■Design Technology Capability

By utilizing our proprietary analysis technology, we are promoting developments based on product performance predictions from things like runtime suspension systems.

■Pursuit of Cutting-Edge Processing Technology

In addition to hydroforming and friction stir welding (FSW) technologies, we have also developed FUT-1, an ultra-precise plastic processing technology that allows for optimal thickness adjustments.

Hydroforming

Hydroforming is a processing method in which a pipe is inserted into a concave die of the desired shape, and hydraulic pressure is used to shape the pipe into a closed cross-section. We have reduced the number of operations all while improving product strength, durability, and weight reductions.

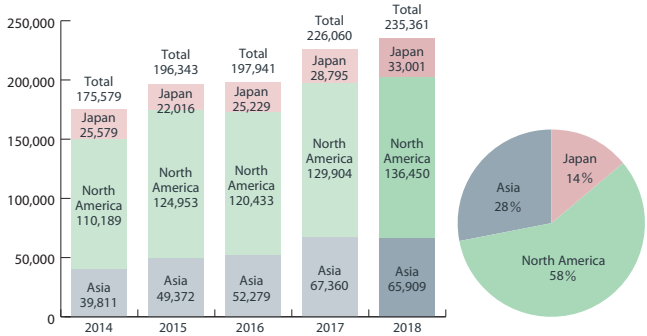
FSW

FSW is a new technology in which steel and aluminum are joined through friction stirring. Hybrid structures can achieve lighter weights with higher durability. This new joining technology reduces manufacturing energy and is environmentally friendly.

FUT-1

FUT-1 is an ultra-precise plastic processing technology that achieves maximum material yield and no post-processing through precise thick-plate shearing processing technology.

Consolidated sales by regional segments (Unit: million yen)



Mission Statement

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

Corporate Philosophy

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

Our Action Guidelines

■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 working environment for all our employees, and maintain a pleasant and safe working environment.

■Quality

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

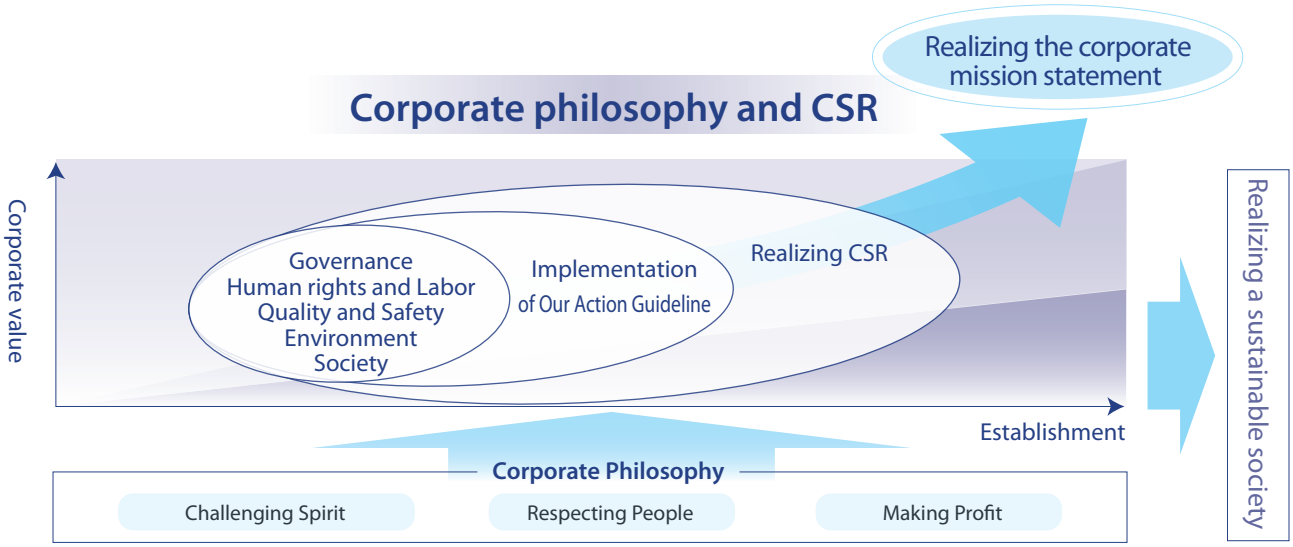
We will never permit or tolerate any relationship or connection with any anti-social organizations or behaviors which may threaten the safety and well-being of our society.

■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.

Our CSR Approach

We fully understand that our business activities affect both society and environment, and we pledge to act responsibly based on our mission statement, philosophies, and action guidelines, as well as to contribute to the creation of a sustainable society and environment.



We aim to steadily improve our CSR promotion system throughout the Group.

Consolidating and Revitalizing the Company's CSR Committees through the Actions of Each Committee

F-tech Group, as a global company, conducts business in the Japan, North America, and Asia Pacific regions, but we operate with full awareness and understanding of our social responsibilities in each region.

Our offices in Japan and overseas, subsidiaries, and affiliated companies are all involved in environmental conservation activities, and the Group also holds an annual group-wide Global Environmental Conference to share information.

Furthermore, we also promote sharing throughout the entire Group, including through various non-environmental initiatives such as analysis of product quality assurance and workplace safety, reform measures, governance, compliance, and employee work styles.

Our company-wide CSR committee was launched in October of 2017 to standardize 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 mission statement, philosophies, and action guidelines.

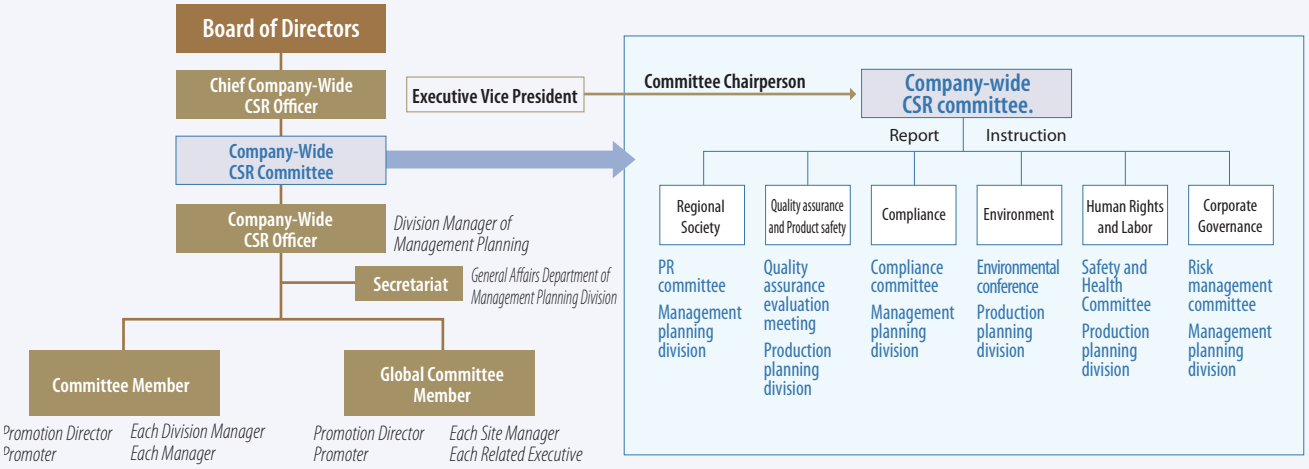
Raising the Level of All Groups Through the "New CSR Verification Sheet"

Before establishing the company-wide CSR committee, the risk management committee created 2 types of verification sheets, "Corporate Governance" and "Risk Elimination," and conducted surveys in each company and department, both in Japan and overseas.

In FY2018, the company-wide CSR committee consolidated the above 2 sheets and ESG verification documents into the "New CSR Verification Sheet," and surveys were conducted in affiliated companies in Japan and overseas using this one sheet. Currently we have begun to verify the problems and countermeasures discovered in this survey across all companies and departments. Each location has already begun to select important issues from the resultant themes, and we are promoting self-directed improvements under the follow-up of the CSR committee secretariat.

Even after 2019 the company-wide CSR committee will continue to pursue improvements in significant areas throughout the Group, improve our understanding of CSR, and to share issues between each department and follow up on solutions.

■Company-wide CSR Management System



We Will Actively Work to Enhance Our Corporate Governance to Improve Sustainability.

Corporate Governance Structure

The Group has committed management that focuses stakeholders in mind, including all of the shareholders, customers, 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), implements important business executions, legal matters as well as monitors business executions. We separate the management from business execution function by introducing an executive officer system to strengthen the decision-making, oversight functions of the Board of Directors for expediting business executions.

In addition, to ensure monitoring of management, F-tech has appointed 2 highly independent outside directors, whose external viewpoints are actively incorporated into 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.

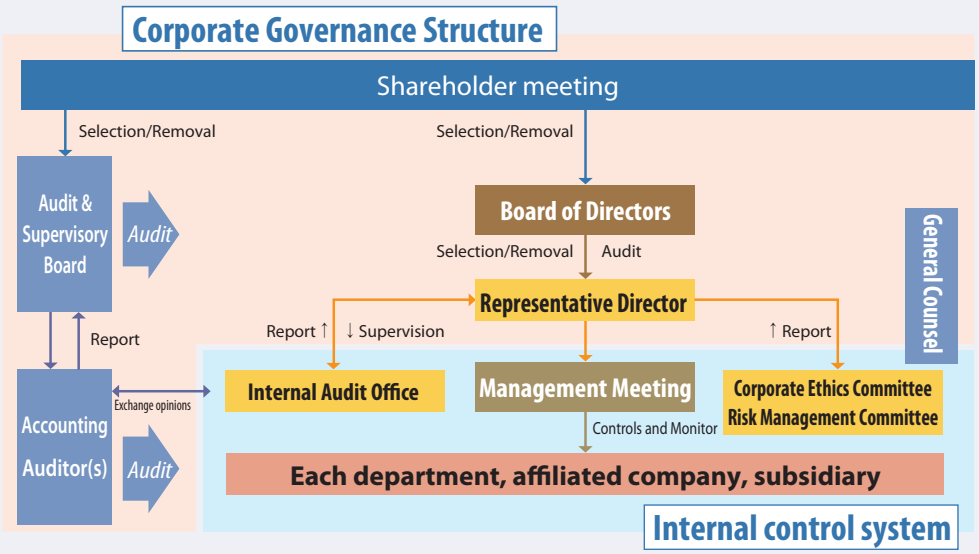
As a company that has elected an Audit & Supervisory Board-style structure, F-tech has the Audit & Supervisory Board consisting of 4 Audit & Supervisory Board Members (including 2 outside Audit & Supervisory Board Members). Each Audit & Supervisory Board Member, in accordance with audit policies and 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 reviews its corporation assets and financial condition.

Reception of the Corporate Governance Code

With regards to the Corporate Governance Code (June 1st, 2015/Revised June 1st, 2018) set by the Tokyo Stock Exchange, we as a company have compiled our thoughts in our "F-tech Corporate Governance Guidelines (November 1st, 2015/Revised November 29th, 2018)," and our response has been published on our company's website. Furthermore, at the point of June 2019 in time, 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)

Currently, the Company's executive remuneration is based on a fixed monthly remuneration that pays out each month, as well as an executive bonus that fluctuates based on annual performances. Directors, operating officers, and Audit & Supervisory Board Members (excluding outside directors and outside Audit & Supervisory Board Members) can contribute a set amount of their fixed remuneration to the directors' shareholding system, thereby promoting the company's sustainable growth and mid-to-long-term improvement in corporate value. We will consider the introduction of further remunerations and shareholding remunerations aligned with mid-to-long-term performance in the future if needed.



(Supplementary Principle 4-10-1)
Use of operational approach
(Consideration of nomination and remuneration committee)
F-tech does not have an optional advisory committee for discussing matters such as nominations and remuneration for directors and officers. However, the Company discusses important matters, including nominations and remuneration at meetings among independent outside directors and presidents. Furthermore, the Board of Directors actively seeks the opinions of directors and Audit & Supervisory Board Members including independent outside directors and independent outside Audit & Supervisory Board Members, taking time to carefully deliberate.

Compliance Initiative

The Group established its "Corporate Ethics Committee" in October of 2004 to verify compliance with laws and company policies, as well as to prepare and set policies. This committee also makes decisions related to important issues that cannot be handled by individual divisions, including the protection of proponents, while providing instruction for improvement to relevant decisions so that compliance status can be verified at all times. In November of 2004 we set forth our corporate conduct standards, "Our Action Guidelines (Corporate Code of Conduct)," in order to proactively prevent violations of laws and regulations. In June of 2006 we established our "Compliance Regulations" compliance system with the goal of improving corporate ethics and legal compliance. Furthermore, the Company has established a "Corporate Ethics Kaizen Window," a system in which employees and other workers in the Group to directly report or consult with the Company. In addition to later establishing a new "Compliance Committee" in September of 2015, the Company has also set up an "External Suggestion Window (located within a corporate law office)" and an "Audit & Supervisory Board Member and Outside Director Suggestion Window" for anonymous reports, creating an environment where suggestions can be easily made through multiple points of contact.

Furthermore, we reviewed "Our Action Guidelines" in March of 2019, revising it to be a more reader-friendly brochure that has been redistributed to all employees, and are participating in ongoing compliance training to directors and workers for further enhancement of our compliance initiatives.

Risk Management Initiatives

The Group utilizes a structure to prevent risk of loss by recognizing the risks associated with major business operations and placing responsible managers from professional perspectives in charge of departments. In June of 2006 we established our risk management system, called "Risk Management Regulations." Additionally, in the case of an unforeseen event such as large-scale disasters, an emergency task force in which the President acts as a general manager and the Vice-President or responsible director acts as assistant general manager is put into place after consulting with outside lawyers to prevent additional damages and to minimize environmental harm. In September of 2015 we established "Risk Management Committees" throughout each affiliated company in the Group to follow company-wide risks to prevent their reoccurrence.

Since the establishment of the "Company-Wide CSR Committee" in June of 2017, each committee between the "Company-Wide CSR Committee," "Risk Management Committee," and "Compliance Committee" have been held respectively twice a year. At the end of each fiscal year, each affiliated company in the Group has conducted its own verification using checklists prepared for each business, reporting new countermeasures to the 3 committees. After deliberation by the committees, a final report and verification results from all of the Group companies are made to the Board of Directors. These 3 committees identify company-wide issues related to the Company's corporate governance and strengthening of the internal controls system, follow up on risk regulations, improve upon apparent risks, and develop company-wide measures to prevent risk reoccurrences throughout the entire Group. The Risk Management Committee regularly reports Board of Directors on how to identify, evaluate, and deal with risks related to important environmental issues.

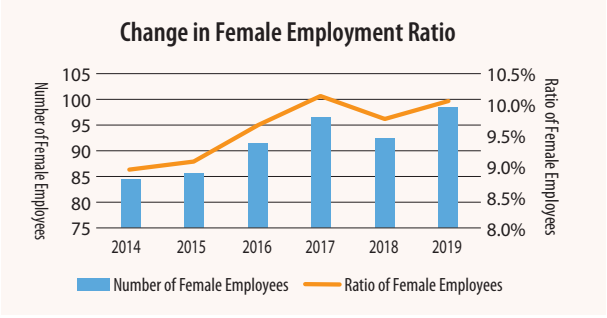
We aim to create a healthy and comfortable working environment based on our philosophy of respecting people.

Diversity Initiative

◎Promoting Active Participation of Female Employees

F-tech aims to create a workplace where everyone, regardless of gender, can show their individuality and abilities. There have been great improvements to our working environment in this regard, particularly within the manufacturing, engineering, development, and procurement departments, where most employees were male, and we are actively placing women in a variety of fields throughout the Company. Until 10 years ago women did not work in manufacturing sites that handled heavy metal plates. However, in the present day there is a strong demand for the unique perspective that women can provide, and there is much promise in female engineers.

In the future, we will continue to follow the Promotion of Women's Participation Act, promoting recruitment, promotion, and leadership training for women as we aim to expand the overall percentage of women in the workplace in all fields. On the other hand, we must take another look at how men operate in the workplace in order to allow women to participate as well. Going forward, we will work toward improving the working environment so that everyone can have a good work-life balance and both men and women can enjoy fulfilling social lives.



◎Promoting Active Participation of Senior Citizens

We provide an environment where our employees approaching the retirement age of 60 can continue to work after retiring, as well as providing information like life planning seminars aimed at specific age groups.

We launched our "Takumi System" in July of 2019 to provide a new way for retired employees to work, boosting retirees' motivation while passing on their skills. In this system, our talented workers with advanced skills are recognized as "Takumi," and they play the important role of instructors who pass on their skills to their successors. (3 participants at the point of October 2019 in time)

◎Empowerment of Foreign Employees and Revitalization of the Group

At F-tech we consider it essential to develop cooperation with our overseas sites. To achieve this, we must secure diverse human resources, and as such we are actively hiring foreign employees on top of our active employees of varying nationalities. Furthermore, we are accepting short-term trainees from overseas sites and foreign technical intern trainees. In order to help our foreign employees understand our operations, we strive to create a working environment welcoming to foreigners through methods such as creating multilingual notices and manuals, as well as through interactions at company events.

◎Active Participation of Those with Disabilities

F-tech is committed to hiring people with disabilities. Furthermore, we aim to create a working environment where every individual can maximize their abilities and find value in their work, regardless of disability. Our employment rate of those with disabilities has risen since FY2018, up to 2.6% (26 employees), above the mandatory employment rate of 2% (20 employees).

F-voice Childcare and Nursing Support Initiatives

Flexible Working Hours That Match How Your Child Grows

Kameyama Plant, Production Division, Administration Section

Tomomi Takahara

I believe that F-tech has created an easy-to-work-in environment for those of the age where they wish to raise children thanks to its combination of paid leave, pre-and-post-birth maternity leave, and flexible working hours.

I was unable to participate in morning meetings in my department due to having to drop my child off at daycare, and this weighed heavily on me at times. I'm very grateful that everyone in my department was so considerate of me and changed the meeting time to 8:30am, taking a weight off my shoulders.

This year my oldest son is in the senior class of his daycare and my second son is in his second year of daycare. It seems like they've both gotten used to daycare life and are enjoying playing with their friends, one evening when I went to pick them up, they told me "Come pick us up later." With that as my catalyst, I've been able to extend my work hours as a challenge to myself.

When my children go to elementary school in the future, my childcare circumstances will change even more. My task in the future will be to figure out a work-life balance as these things change. At work, I aim to strive to get the expertise as much as possible of what I am engaged in here, so I'd like to continue to deepen my knowledge of management duties.

◎Work-Life Balance Initiatives

Following our philosophy of respecting people, F-tech believes that people need a fulfilling private life in order for them to work with purpose, and as such we place much importance on work-life balance. Furthermore, the entire Group aims to be a company that is easy to work for, not only for those who need childcare or nursing assistance, but for all of our employees. The following are examples of our work-life balance initiatives.

◎Support for Balancing Childcare and Nursing

In FY2018 we held a company-wide briefing on work-life balance and a nursing care support system for all managers, done with the aim of creating a cooperative working environment where employees can understand each other's circumstances regarding childcare and nursing. We will continue providing explanations during training for new managers from FY2019 onward, and we will also be distributing information on childcare and nursing to all employees through our company portal site.

Of the 30 female employees who took childcare leave, 28 of them returned between 2014 and 2018 (100% took childcare leave, and 94% returned to work after). Of these, 18 (51%) took childcare leave for their second or greater child, and we believe that this demonstrates an environment that makes it easy to take childcare leave and then return to work after. The number of men taking paternity leave has continued to rise, with 6 men taking it thus far.

In order to supplement support during childcare leave, we have established an interview system before maternity leave and before returning to work, in addition to regular communication during leave. 17 employees are currently utilizing our reduced working hours system for childcare after their return to work (available through completion of the 3rd year of elementary school). Nursing care leave can be taken for up to 1 year a maximum of 3 times per eligible family member. As with childcare leave, we utilize an interview system in addition to regular communication during leave.

- Overtime hours are expected to be kept within 20 hours per month, and we are working with labor and management to manage employees' time and reduce long working hours. In FY2018, the average overtime hours worked by regular employees was 14 hours per month, and management is clearly working to manage hours worked and to reduce long working hours.
- Aiming for all employees to fully utilize their annual paid leave, which expires with lack of use, we have achieved our goal of regular employees taking 100% of their paid leave for 20 consecutive years.
- We have revised our work rules on our half-day paid leave system from 4 times a year to 20 times a year starting in FY2019. This allows employees to flexibly respond to their individual situation as needed (childcare, school events, nursing care, outpatient treatments, etc.).
- We are releasing our "Work-Life Balance Initiative," announced November of 2018 at the Kameyama City sponsored lecture at our Kameyama Plant.

Following the Kuki plant's gold certification for its "Diversity of Work Style Practices" by Saitama Prefecture, Mie Prefecture registered the Company as a "Mie Work Style Reform Promoting Company" in October of 2019.

◎Initiative for Promotion of Human Rights Awareness

At the Company, out of the philosophy, "respecting people", our employees respect others and are provided annual training to prevent the occurrence of various types of harassment, including child labor and forced labor. We verify the status of compliance to this respect of human rights of employees every year.

Furthermore, we have established an internal whistleblower hotline that allows anonymous consults in the case that a person believes that a human rights violation or compliance issue has occurred. We strive to create a working atmosphere with an open culture where people can come forward easily.

F-voice Childcare and Nursing Support Initiatives

Creating an Environment Where Men Can Take Childcare Leave

Fukuda Engineering Co., Ltd. (FEG)
Administrative Department Test Section
Yuta Toyoda

F-tech components (SUS/MT) are put through strength and durability tests before mass production. One of the positives of being a member of test section is our involvement in components from a wide variety of F-tech sites. In addition to testing, we also work to help reduce costs through review of departments' supply expenses and management of repair expenses.

I chose to take childcare leave because my wife fell ill one month after giving birth to our first child. This was the first time childcare leave for men was available in FEG, so I tried not to leave my work undone before I took the leave.

Thanks to this leave my wife was able to recover, my children have been growing well, and I could return to work. However, I was a bit concerned about whether I could smoothly transition back to working.

In the future, I hope it gets easier for men to take childcare leave and reduced work hours. As a person with an experience of child leave, I'd like to take initiative with regards to work efficiency, and to improve my skills and knowledge through challenging myself with new tests.

Improvement through Standardized and Shared Health and Safety Rules

F-tech* and FEG have continued and carried out labor, safety & health activities in FY2018 as well with the company-wide safety policy of "getting back to basics and completing 5S for zero occupational accidents at a safe workplace" adopted in FY2017.

The company-wide Safety Committee, consisting of members from F-tech and FEG, has been focusing on the 2 goals of "zero occupational accidents" and "reconfirmation of rules related to large-scale accidents (forklifts, cranes)." The Safety Committee also works to reduce the number of commuting injury and occupational accidents.

For FY2019, our company-wide safety policy is to "standardize and share health and safety rules, and improve the safety level of all sites," and we plan to develop activities toward our newly prioritized measure of "unified safety assessments and rule developments (regular/irregular work)."

*Head office, 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. We will strive even harder to strengthen our activities this continuing fiscal year as well to prevent occupational accidents caused by chemicals.

Case Study of Haga Technical Center's Initiative

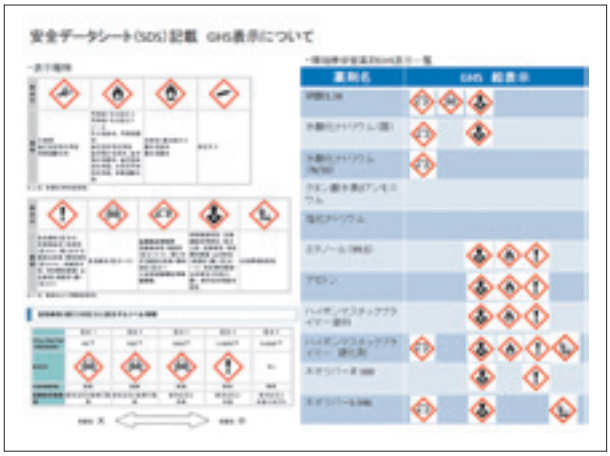


Figure: Easy-to-see information of GHS pictogram*

*GHS pictogram: Display of easy-to-understand information on chemical hazards using globally standardized pictograms.

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 FY2018, we are actively engaged in prevention of similar accidents by spreading information laterally to affiliated companies. The developed contents have been listed up, counter-measures for necessary improvements have been implemented in each area, confirmed by the Safety & Health Committee.

Actions to Prevent Forklift Accidents

As a specific action taken, we introduce measures taken to prevent forklift accidents. We have invited specialists to hold forklift workshops at the Kuki and Kameyama plants for our workers, and we are working to further improve safety awareness and countermeasures in place through things like safety lights on forklifts.

〈Case Study of Kuki Plant〉

A blue diode safety light is attached to a forklift, enhancing visibility with its cast light.

〈Case Study of Kameyama Plant〉

The plant invites specialists to conduct in-house workshops that include practical training.

Improving Customer Satisfaction at Every Group Site

As part of the 13th Mid-Term Management Plan, we aim to achieve "A world top class high-quality standard" for our products. In order to provide the best possible value to our customers, we have set group-wide goals and are promoting quality improvement activities.

In FY2018, the halfway point of our 13th Mid-Term Management Plan, we have created initiatives for 1) ZD (Zero Defect) Activities, 2) Preventative Activities, and 3) Continuing Quality Improvements in North American Sites. As a result of these initiatives we have seen positive results at each Group production site, and we have also seen an increase in the number of sites receiving commendations from customers. In the final year of the 13th Mid-Term Management Plan, our whole group will continue striving to achieve maximum customer satisfaction.

Production Sites	Commendation Achievements	Production Sites	Commendation Achievements
Thailand; F.tech Mfg., (Thailand)LTD. [FMTL] Award of Quality		Canada; F & P Mfg.,Inc. [F&P] Excellence in Delivery and Quality Award	
Philippines; F.tech Philippines Mfg.,Inc. [FPMI] Excellence in Quality		Canada; F & P Mfg.,Inc. [F&P] Service Parts Award	
U.S.A.; F&P America Mfg.,Inc. [F&PA] Certificate of Excellence		China; F-Tech Zhongshan Inc. [FTZ] Quality Excellence Award	
Canada; Dyna-Mig, A division of F&P Mfg.,Inc. [DYNA-MIG] Certificate of Excellence		Japan; Kuki Plant [QFT] Certificate of Quality Excellence	

Striving for Timely and Appropriate Information Disclosure and Enhanced Meaningful Dialogue.

The Company has established its "policy related to constructive dialogue with shareholders" within the F-tech Corporate Governance Guidelines, and we are striving for timely and appropriate disclosures of information.

Appropriate Information Disclosure

(F-tech Corporate Governance Guidelines, Article 14)

In its aim to build 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 legal disclosures, management policies, financial status, and business initiatives, as well as procedures in the appointment of the senior management and nomination of, directors, and Audit & Supervisory Board Member candidates.

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 meaningful dialogue with shareholders is essential to enhance sustainable 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 IR oversight, 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 shall explain to our shareholders in an understandable manner, the strategies, investments, and important company indicators related to the Mid-term Management Plan, endeavoring to disclose information for determining 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 the Company policies 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.

Communication with Shareholders, Private Investors, and Institutional Investors

The Company endeavors to disclose information to shareholders, private investors, and institutional investors both domestically and overseas in a timely and appropriate manner.

In order to further our investors' understanding of our company, we endeavor to create various opportunities for communication through shareholders' meetings, financial results briefings, corporate briefings for individual investors, facility tours, 1-on-1 meetings, telephone conferences, and exhibitions at various events. We will continue to work hard and expand the number of people who become fans of F-tech.

Financial results briefing

Shareholders' meeting

Facility tour for institutional investors at Haga Technical Center (left) and Kameyama Plant (right)

Information meeting for individual investors

Nikkei IR Investors' Fair (January 2018)

Exhibition for Human and Automotive Technology (July 2018)

Striving for Human Resources Development Through Reforestation Programs and Scholarship Foundations.

F-tech reforestation program

Environmental protection activities by region

Clean up at Bizenhori River
(Head Office/Kuki Plant)

Adopt program
(Kameyama Plant)

Off-site cleaning activities
(Haga Technical Center)

Cleaning activities at industrial park
(Head Office/Kuki Plant)

F-tech Reforestation Program 2015-2019 Activity Report for 1st Agreed Term

As of May 2019, the 5th reforestation activity within the "F-tech Reforestation Program" (Moroyama Town, Saitama) was held. It started in Japan in 2015 with the publication of the Biodiversity Guidelines. A total of 398 people comprised of employees and their families have participated in the five reforestation activities.

The activities primarily consist of forest thinning work. Forest thinning to maintain an appropriate number of trees with regard to their growth status is essential to the preservation of undeveloped woodlands. However, it is a work that has struggled due to Japan's declining birth rate and aging population, and as a result many forests have been devastated. The lack of thinning has resulted in a lack of sunlight in the forest, which then causes understory vegetation to die off, and topsoil would flow out. Furthermore, as tree trunks get thinner and longer, the water source's groundwater recharge also declines. As a result of these conditions, the heavy rainwater following abnormal weather in the recent years has led to higher risks of disasters such as landslides and debris flows.

Results of 5 years of our activities, we have seen plenty of light shining down into a previously dark forest, and as each forest thinning activity implement, more and more grass was growing around the trees. Compared to forests that are not thinned, trees that continue to grow in thinned forests absorb more CO_2, leading to a reduction in CO_2 emissions.

FY2019 is the last activity year of our current agreed term with Saitama Prefecture and Saitama Prefectural Agriculture and Forestry Corporation, but we are coordinating to implement these activities on a continuing basis. (Participants: Head Office, Kuki Plant, Haga Technical Center, Reterra Inc., Fukuda Engineering Co., Ltd.)

Biodiversity Initiatives

As of FY2017, our target in Japan was to achieve "total number of participants to be over 25% of the number of employees". In FY2018, thanks to many of our employees we achieved this target.

	Goal	Achievement
Domestic Sites	Employee participation rate: Over 25% (Total participants of 206 or more)	Participation rate: 43% Total number of participants: 358 Activity sites: 3 Number of activities: 11
The Group	Continuing biodiversity initiatives	Total number of participants: 597 Activity sites: 12 Number of activities: 17

F-tech Scholarship Foundation

The F-tech Scholarship Foundation was established in 2016 with the goal of supporting highly motivated and academically inclined university students and graduate students, to support the futures of our world. The Foundation became a public interest incorporated foundation in 2017, and it promotes around 30 people every year. We aim to use this foundation to support the society through nurturing individuals who can contribute to the advancement of culture, technology, and academics in Japan and across Asia.

Endeavoring and being Conscious to Reduce the Environmental Impact through the Automobile's Full Life Cycle.

Basic Concept for the Environment

As a manufacturer of suspension components for automobiles, F-tech has been used its proprietary integrated system to ensure safety, throughout our designs, development, production, and sales.

Currently, sales of heavy automobiles, such as low fuel consumption cars, electric vehicles, and battery-powered hybrid vehicles, are becoming mainstream. In order to continue being seen as a promising company by automobile makers, we have risen to the challenge of creating a product that is safe, lightweight, and environmentally conscious to meet the needs of fuel-efficient vehicles, all while continuing to mass-produce and respond to the market's changes.

Automobiles require a great amount of environmental resources over their lifecycle, from procurement to R&D, production, transportation, regular use, and finally disposal. Our company recognizes that our business actions are part of this automobile lifecycle, and we believe that we can contribute to a sustainable society by proactively working to reduce the environmental impact of our actions.

F-tech Environmental Philosophy

In order to become the top runner in the area of the environment in the automotive industry, we will make the utmost effort to establish a future with rich nature and low carbon by having each of our associate's extending their understanding of global environmental issues and proactively engaging in the continuous preservation of the environment in all areas of our corporate activities.

F-tech Basic Policy

1. Work to reduce environmental impact and sustain biodiversity in all of our business activities involved in the manufacturing of F-tech's suspension systems, in order to form a sustainable society.
    - Reduce environmental impact throughout the life cycle of the product.
    - Reduce vehicle CO_2 emissions by achieving lighter weight products in the development area.
    - Save resources and energy in all business activities.
    - Continue zero emission of waste in all business activities.
    - Work on social contribution activities that lead to preservation of biodiversity.
2. Comply with environmental/energy laws and the other agreed upon requirements.
3. Strive to continuously improve our environmental/energy management system and prevent pollution.
4. Establish environmental/energy objectives and targets, and review regularly.
5. Ensure the availability of information as well as the necessary resources in order to achieve environmental and energy goals.
6. Develop high environmental consciousness human through energy conservation activities and environmental conservation activities.
7. Strive to take advantage of introduction of energy efficient products, equipment and service.
8. Disclose environment information related to business activities appropriately.

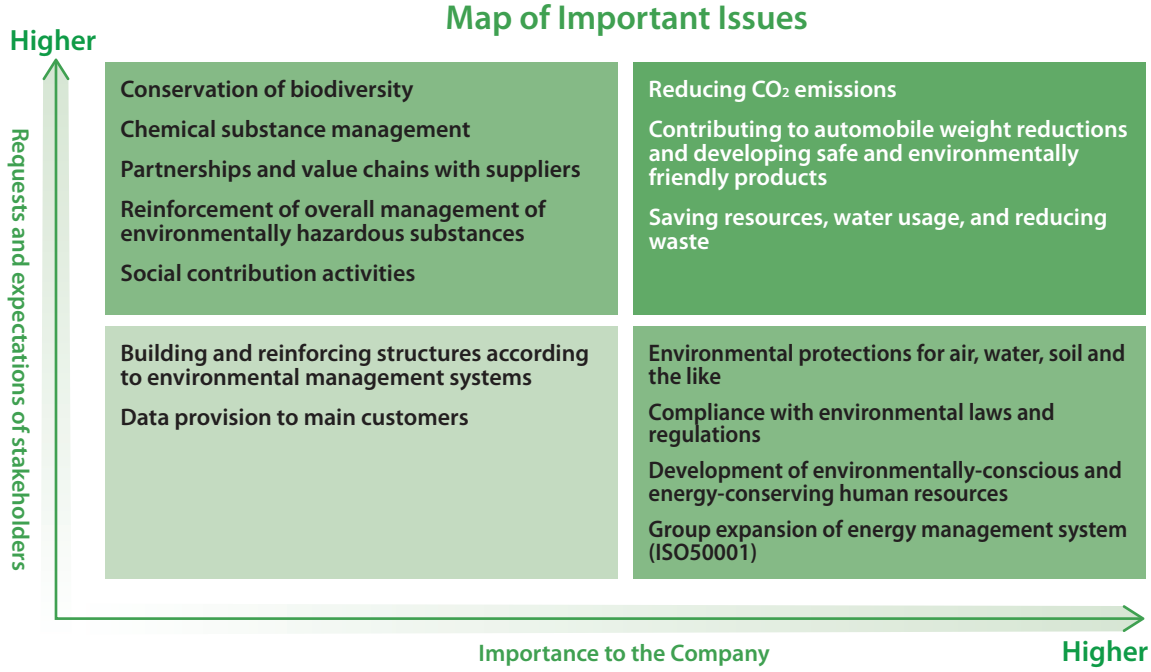
Map of Important Environmental Issues

F-tech has recognized important environmental issues related to our environmental initiatives based on the requests and expectations of our stakeholders, including our customers and local communities. We have identified the priority levels of these important issues in accordance with their importance to our business and our current initiatives, and these issues have been reflected in our mid-to-long-term business plans.

Process for Identifying Important Issues

Organizing and finding issues and requirements from stakeholders → Identifying priority for F-tech → Reflection in mid-to-long-term business plan and environmental action plan

Map of Important Issues



Important Environmental Issues

F-tech aims to help achieve a sustainable society through reducing our environmental impact in ways such as "reduction of CO_2 emissions", "preservation of the air, water, and soil", "saving resources, reduction of water usage and waste", "management of chemical substances", "development of environmentally friendly products", and "conservation of biodiversity", all of which we consider important environmental issues.

In particular, we have set quantitative targets for "reduction of CO_2 emissions", "water usage reductions", and "waste reductions" as of 2017 as part of our "2030 Global Environmental Targets."

Through these "2030 Global Environmental Targets" we have outlined clear goals and are promoting solutions to issues throughout the Group, all with the aim to meet our company environmental philosophy of becoming the "environmental top-runner" in the automotive industry.

2030 Global Environmental Targets

- CO_2 emission intensity Unit ▲26% improvement
  Base year: compared to FY2013
  Indicator: Sales
- Water Usage 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 within 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.

Improving Management Systems through Focus on ISO50001 Group Development.

F-tech's Company-wide Environment Management System

The Group believes that environmental issues are one of the most pressing issues that we should address. The Group's effort to obtain ISO14001 certification in Japan got underway from 1998, and attained ISO14001 certification of its overseas production sites in 2009. 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 implement of the Environmental Management System. (See figure below)

Compliance with Environmental Laws and Regulations

F-tech has introduced ISO14001 to our production sites and have continuously promoted environmental improvement activities in an effort to comply with laws and regulations of the areas we work in as well as to meet the requests of our shareholders, all based on the Company's environmental philosophy. Furthermore, we have not committed any serious environmental violations, have paid no fines, and have not been involved in any serious accidents.

Environmental Education

Since beginning our global environmental efforts in 2008, the Company has received ISO50001 certification in 2013, and in 2015 we established the Global F-tech Energy Management System throughout the Group, and we continue to promote the expansion of ISO50001 to sites across the entire Group. The key to success of ISO50001 is energy diagnostics. Energy specialists need to be able to conduct diagnostics and analysis related to equipment and energy conservation require a high degree of expertise, so we believe it is of utmost importance that we develop these core human resources.

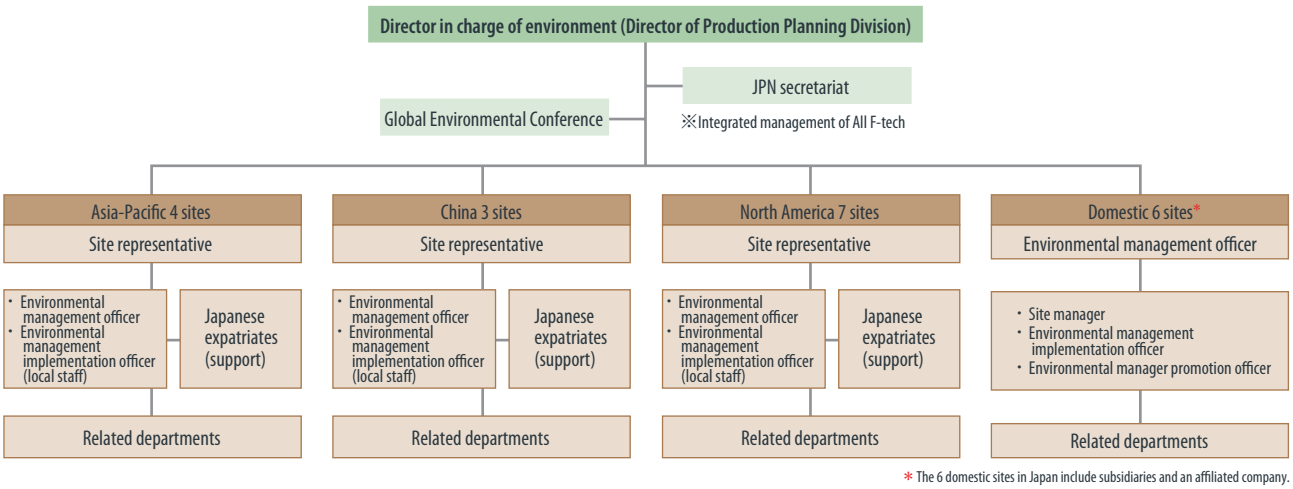
At present, we plan to foster human resources promoting ISO50001 as "energy-saving specialized human resources" on a global level, and we have also pushed for energy-saving specialized human resources as one of our main policies at the 2019 Global Environmental Conference.

Internal Environmental Audits

As part of our global environmental expansion, our Environmental Management System and Energy Management System used at Japanese sites will be the basis and it is important that they are in conformity with system and standards. To ensure this, we regularly conduct internal environmental audits.

In order to conduct effective audits, the Company regularly holds internal environmental auditor seminars and continuously strives to increase our number of auditors. Auditors from various divisions participate in audits to ensure fair audits. In FY2018, 35 auditors participated in internal audits, an increase of 7 auditors from the previous year.

■F-tech Group Environmental Management System



* The 6 domestic sites in Japan include subsidiaries and an affiliated company.

Raising our Level Group-Wide Through Sharing Know-How

■Progress of the 13th Mid-term Management Plan (Environmental Areas)

In the Company, our domestic sites lead the entire Group's development of environmental plans. Sharing that know-how throughout the Group, we are working and improving to reduce the Group's environmental impact while incorporating initiatives from sites both domestic and overseas.

The core of this is our development of ISO50001*. Expansions to F&PA in North America were completed in 2015 and expansions to FTZ and FTW in China were completed in 2016. FMTL is in the process of being rolled out throughout Asian areas. This is something we aimed to complete in FY2018 according to the mid-term plan, but ISO/TS16949 was changed in 2016, and with it came issuance of changes to international standard IATF16949, which targets automotive industry quality management systems. For dealing with IATF16949, and adjustment of starting periods by FMTL and the head office's support, the completion would be FY2019.

In FY2019, we plan to expand into the neighboring areas of 3 sites that have already completed the process, but firstly we believe that it is urgent tasks to support these areas through environmental VISIT from the head office, and also to develop the energy improvement process experts from human resources at each site.

As such, we are promoting "overseas expansion of ISO50001" and "energy-saving specialized human resource development" as our major policies. In particular, we believe that more independent environmental activities at overseas production sites are an indispensable part of achieving our global environmental goals.

* Group development of ISO50001: In October of 2013, Kameyama Plant in Mie Prefecture became the first domestic automotive manufacturing company in Japan to obtain Energy Management System ISO50001 certification. In 2015, we built upon the efforts at the Kameyama Plant and issued the "Global F-tech Energy Management System" as a common energy management system for the entire Group. This system covers all the requirements set forth by ISO50001 as well as our own knowledge and is shared across the Group horizontally to all production sites.

■13th Mid-term Environmental Plan (2017-2019) FY2018 Results

Subject: F-tech Group (6 sites in Japan, 14 sites overseas)

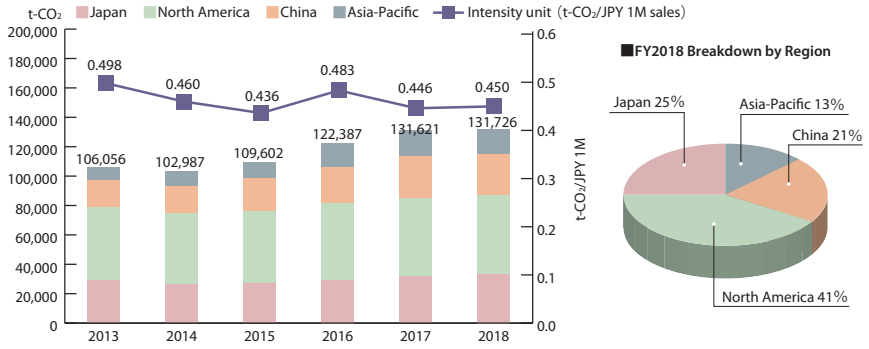
Development Content		Period		
		2017	2018	2019 Goals
・Reduction of CO_2 emission intensity	Plan	[6% improvement (compared to 2013)]	[7.5% improvement (compared to 2013)]	[9% improvement (compared to 2013)]
	Results⇒Evaluation	10.5% improvement ⇒○	9.6% improvement ⇒○	
・Reduction of water quality source usage intensity	Plan	[4% improvement (compared to 2013)]	[5% improvement (compared to 2013)]	[6% improvement (compared to 2013)]
	Results⇒Evaluation	3.8% improvement ⇒△	1.7% improvement ⇒×	
・Reduction of waste emission intensity	Plan	[4% improvement (compared to 2013)]	[5% improvement (compared to 2013)]	[6% improvement (compared to 2013)]
	Results⇒Evaluation	25.9% improvement ⇒○	32.6% improvement ⇒○	
・Issuance of environmental reports at production sites	Plan	[Issuance preparation]	[Issuance preparation]	[Internal issuance]
	Results⇒Evaluation	Start of issuance preparation ⇒○	Start of issuance preparation ⇒○	
・Compliance with ISO50001 at overseas benchmark sites	Plan	[Asia-Pacific start]	[Asia-Pacific completion]	[North America horizontal development]
	Results⇒Evaluation	Manual preparation completed ⇒○	2/3 support completed ⇒×	
・Obtain ISO14001 (FY2015 revised) certification Subject: F-tech Group	Plan	[System building]	[Issuance registration]	[Continuous development]
	Results⇒Evaluation	2 remaining sites incomplete ⇒△	Acquisition site transaction complete ⇒○	
・Obtain ISO4001 certification for recently launched mass production sites	Plan	Maintain FY2016 standards level		
・Training energy-saving specialized human resources	Plan	[Plan training curriculum]	[Structure training curriculum]	[Training completed]
	Results⇒Evaluation	Proposed plan completed ⇒○	Program preparations completed ⇒○	
・Contribution activities to regional communities	Plan	Maintain FY2016 standards level		
・Evaluation of biodiversity (business operations area)	Plan	[Current understanding]	[Consideration of countermeasures]	[Brushing up Guidelines]
	Results⇒Evaluation	Understanding completed ⇒○	Countermeasure consideration completed ⇒○	

○: Target achieved; △: 70%-99% achievement; ×: Less than 70% achieved.
We refrain from announcing the goals of "development/engineering" due to consideration of confidential information.

We are Striving to Improve Data Accuracy Across the Entire Group.

CO_2 Emissions-Current Achievements

Target achieved: Target < Reduce 7.5% CO_2 emissions intensity unit compared to FY2013 > →Results < Reduced: 9.6% >

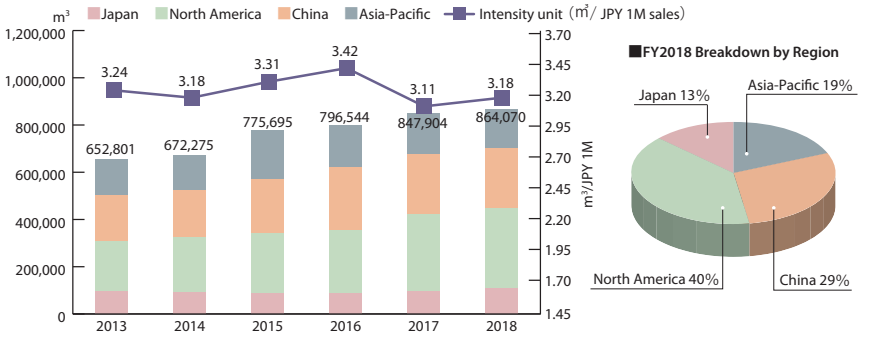


CO_2 emissions increased by 24% compared to FY2013 and are increasing year by year. Compared to last year, CO_2 emissions are about the same, and the breakdown is as follows: North American sites, which have a high emission rate, stayed at roughly the same emissions rate; China and the Asia-Pacific slightly decreased their emissions rate; Japanese emissions rates increased due to an increase in production.

We will strive to reach our 2030 target of reducing CO_2 emissions through optimization of energy use via ISO50001 and sharing environmental measures and activities throughout the Group.

Water Resource Usage- Current Trends

Target not achieved : Target < Reduce 5% water usage intensity unit compared to FY2013 > → Results < Reduced: 1.8% >

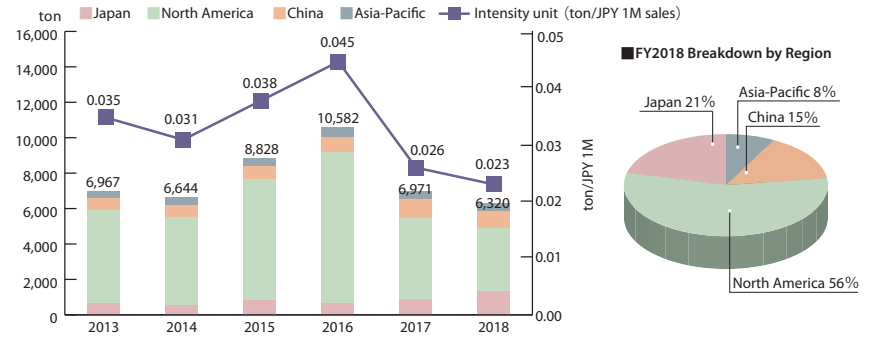


Water usage has increased year by year, up 32% from FY2013. Most of the Group's water usage is heavily linked to coating process due to its usage in cleaning of products, surface treatments, electrodeposition coating, and steam usage.

Looking at the usage percentages by site compared to FY2013, our sites in the Asia-Pacific region and North America have reduced their usage of water per unit due to measures toward water usage reductions. Usage at our sites in Japan and China has deteriorated due to increases in production. In FY2018, we conducted water shortage risk assessments at each site. Going forward, we will continue to promote to manage our daily water usage based on risk assessments.

Waste Emissions- Current Trends

Target achieved: Target < Reduce 5% waste emissions intensity unit compared to FY2013 > → Results < Reduced:32.6% >

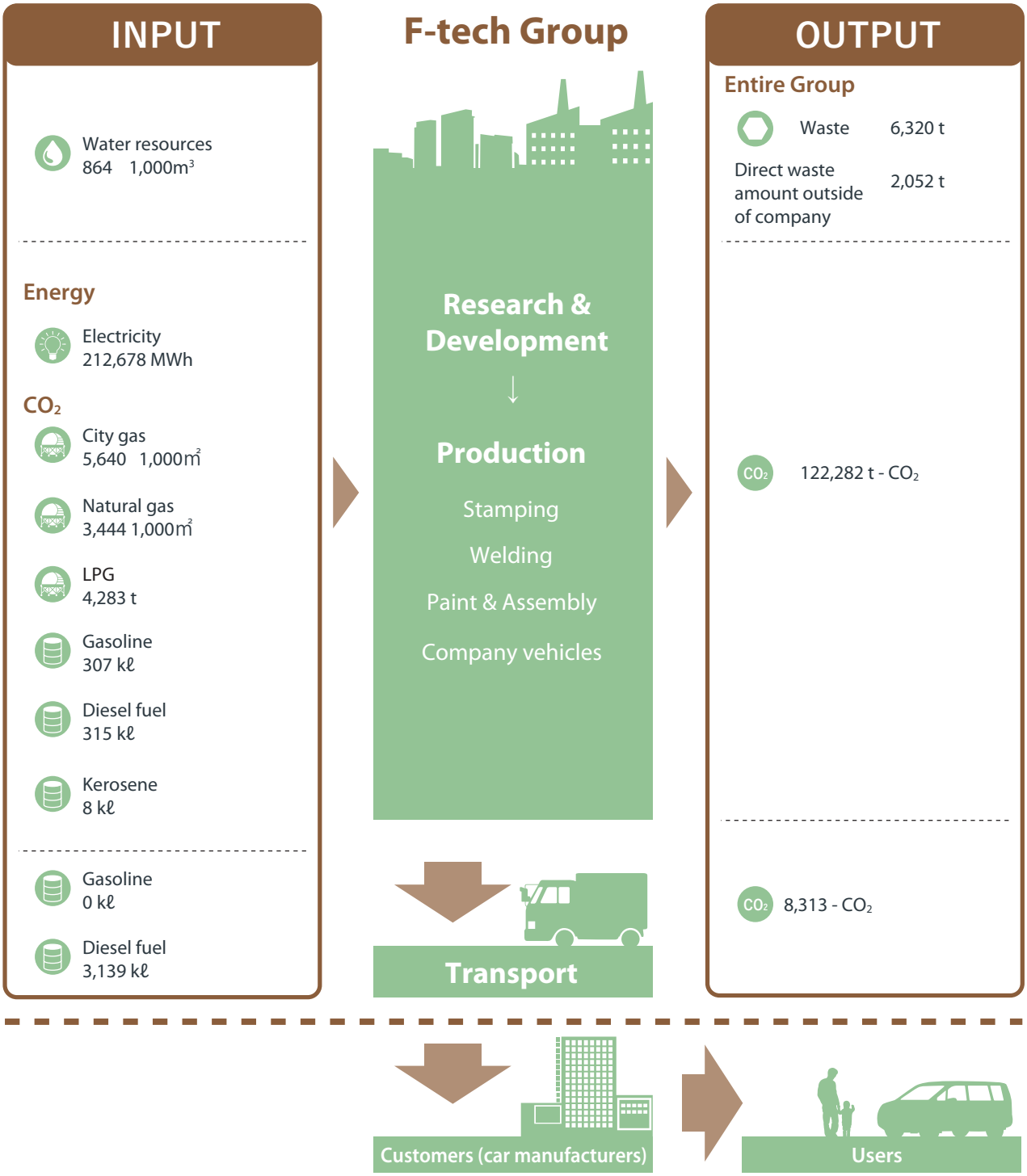


In accordance with our targets set in the 2030 Global Environmental Plan, we unified the Group's definition of waste in FY2017. However, certain overseas sites had different recognitions of these definitions, such as including potentially valuable scrap as waste, so waste emissions were higher than typical.

Therefore, we have thoroughly redefined our definition of valuable items, checked waste amounts going back to the base year, and have improved data accuracy for the most recent fiscal year. These modifications for the past 3 years' data have not been completed at certain sites, but we are aiming to thoroughly disseminate our standards and definitions for FY2019.

We are also considering to change our target figures accordingly.

※CO_2 emissions covers energy usage in factories and research laboratories, as well as energy utilized in logistics and distribution.
※In Japan, data includes Kuki Plant, Kameyama Plant, Haga Technical Center, and domestic subsidiaries.



- Output CO_2 emissions were calculated by multiplying the amount of energy consumption inputted by the CO_2 conversion factor.
- The CO_2 calculation method refers to the "Greenhouse Gas Emission Calculator and Report Manual" issued by the Ministry of Economy, Trade and Industry and the Ministry of Environment and 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 2018-March 2019

Promoting Initiatives that Focus on the Value Chain.

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 customers、we are currently asking 61 of our domestic and overseas customers to undertake the following (as of April 2019):

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

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

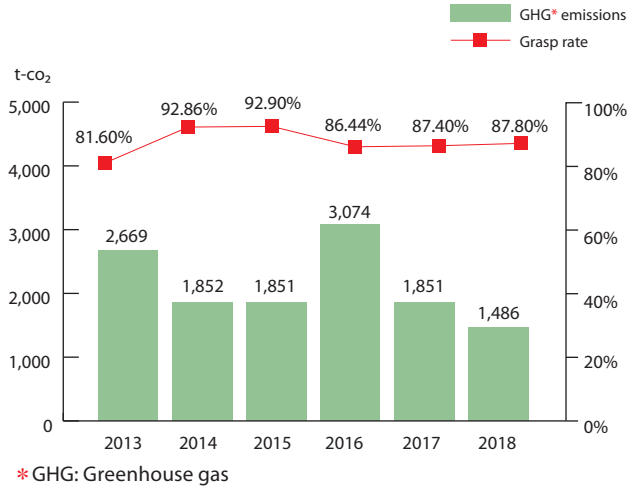
Management of Chemical Substances in Products

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 customers' understanding and providing to the customers with products free of such chemical substance.

Grasping Greenhouse Gas Emissions in the Value Chain

Domestic customers' Greenhouse Gas Emissions



*GHG: Greenhouse gas

Outreach to Customers

Purchasing Policy Explanatory Meeting

We held an explanatory meeting about our purchasing policy in Saitama City in Saitama in April 2019, attended by 61 customers, where we introduced the Company's environmental initiatives as a case study. We requested their cooperation with conducting an environmental initiative status survey and were able to understand the situation of our customers. Going forward, we will hold explanatory meetings to explain the Company's policies on CSR to our customers for their understanding.

Environmental Initiative Status Survey

1. Environmental impact substance survey:
   ①each energy consumption
   ②water resource consumption
2. Setting CO_2 reduction targets and achievement status
3. Status of biodiversity activities

Case Studies of Improvements

The Company appeals to our customers to improve their efforts in reducing greenhouse gas emissions.

- Reducing iron scrap waste by purchasing welding wires and using steel pails that are able to be separated as recyclable garbage.
  ⇒2,452kg/year CO_2 reduction; "Approximately 175 cedar trees"
- Specifications for carts for parts transportation have been adjusted, and loading efficiency was improved by stacking, and transports required have been reduced.
  ⇒3,044kg/year CO_2 reduction; "Approximately 217 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 customers, we regularly participate in investigations conducted under the "OECD Due Diligence　Guidance for Responsible Supply Chains of Minerals for Conflict-Affected and High-Risk Areas" issued by the Organization for Economic Cooperation and Development (OECD).

The 9th Global Environment Conference

The 9th Global Environmental Conference was held in Guangdong (Zongshan), China, from October 16-18, 2018, and was attended by 31 managers from 13 sites. Through all of the Global Environmental Conferences, including this 9th conference, the sharing of effective environmental measures equivalent to a total of approximately 350 million yen has allowed us to reduce our environmental impact and manufacturing costs across the entire Group. At the meeting, the secretariat primarily focused on the following 3 items.

(1) "2030 Global Environmental Targets" Progress Confirmation:

While company-wide targets were met in terms of CO_2 emission intensity and waste intensity for FY2017, there was a particularly notable difference in results for waste intensity. This is because our definition of waste, which was a new target, was construed inconsistently across certain sites. After sharing at the conference, we began to review and correct our data on paid waste, unpaid waste, and valuable resources. Going forward, we will continue to work on improving our data accuracy. We also developed environmental data analysis tables for each site and have instructed sites that did not meet their targets to make improvements based on causal analysis.

(2) Issuance of Environmental Reports by Each Production Site:

Purpose of internal functions: Improve the environmental awareness at each site, and improve data accuracy in accompanying publications.

Purpose of external functions: Announce our stance on environmental protections and concrete measures to be taken, be held accountable to external stakeholders and to lead an appropriate assessment of environmentally-friendly business activities.

To this end, we have confirmed the implementation status at each site, aiming for external issue at each site in 2020.

(3) Toward the 10th Global Environmental Conference:

2019 will mark the 10th anniversary of the Global Environmental Conference. A checklist has been developed to confirm the implementation of environmental measures that have been laterally deployed in the past. In the future, we will be checking the environmental data analysis status at each site as well as the progress of initiatives, and the Group will work together to achieve the "2030 Global Environmental Targets" as we address weak points and continue with human resource development.

■Grand Prize (First Ranked Site)：**F&P Mfg., Inc. (F&P)**

Changing welding wire packing – Fiber cask

By changing the material of the welding wire's container from a mix of metal and fiber to all-fiber, its capacity has been doubled. As a result of this improvement, all empty containers are now able to be recycled which had previously been disposed of as waste, reducing waste by 50%. Additionally, by doubling the capacity of each packaging unit, the amount of inventory stored is available for review, leading to a potential reduction in purchasing and disposal. (☞P31)

■Excellence Award (First ranked site for measure)： **F-tech Wuhan Inc. (FTW)**

Improvement of dissolved water for paint wastewater treatment chemicals

Up until now, tap water was used for the dissolution of chemicals used in paint wastewater treatments. After this improvement, by using treated water from the drainage treatment plant instead of tap water as the dissolved water for chemicals, the company has reduced its tap water usage by 3,360 tons per year and reduced its water bill by 10,517 yuan. Furthermore, working in conjunction with water level sensors, tanks are automatically supplied with the appropriate amount of water. (☞P33)

■CSR Award：**F&P mfg.,De Mexico S.A.DE.C.V (FPMX)**

Environmental education for nearby schools and donation of garbage cans

Environmental seminars were held at nearby schools in order to help deepen the environmental knowledge of their junior high and high school students. The students were very interested in the environmental issues that have been increasing in recent years, and they had many questions and concerns about the effects of water and air pollution on the global environment. Lastly, the company also donated garbage cans to help raise the students' environmental awareness. (☞P30)

■Idea Award：**F.tech Mfg., (Thailand) Ltd. (FMTL)**

Set-up of "garbage bank" within the site/Trade of garbage and eggs

Employees' awareness of waste separation was not satisfactory at this site, resulting in recyclable waste mixed in with other wastes.

Because of this, in an effort to raise employees' awareness regarding garbage separation, they established a "garbage bank" that collects recyclable garbage within the site and allows employees to save money by recycling with this system. The recyclable garbage profit is then allocated to the cost of trading garbage for eggs (☞P32), and toward the costs of environmental conservation activities.

Promoting development looking to next-generation automobiles, from gasoline engines to electric motors.

Since the Company began business with the Honda Motor Company in 1959 producing 2-wheeled components, to today where we develop and manufacture major safety parts for the suspension systems of 4-wheeled vehicles, we have supported the development of a mobile society through auto manufacturers around the world.

Even if automobile powertrains shift from engines to motors in the future, the performance requirements of lightweight, durable, and safe suspension parts will remain constant. The Company is keeping next-generation vehicles ever in mind as we continue our development.

Sharing Technology in the 4 Corners of the World, and Building a 24-Hour Development System

At present, we have 7 research, development and technology sites in addition to our 11 production sites across 9 countries in the world. The main roles of sites in each region, such as product development, prototyping, and verification of production efficiency, are transparently shared, and as a result our development sites across Japan, North America, and Asia work together to enable 24-hour development.

Using Proprietary Analytic Technology to Predict Field Product Performance

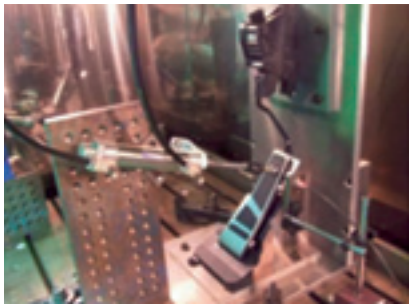
In order to respond to our customers' growing needs for improved strength, durability, and vehicle performance, the Company implements product designs utilizing independently developed optimization simulations and structural simulations. Optimization simulations are a method used to examine product shape without waste, as well as respond to recent demands for increased crash performances and development of the most lightweight products.

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

Development of Resinification for Pedal Arms and Contributions to Weight Reductions

The Company has utilized resin products for portions of our pedal parts for a long time. Recently, Honda of America Mfg., Inc. has begun mass production of resinification for clutch pedals. Aiming to meet increasing fuel economy regulations, further weight reductions of products has become one of our main keywords.

We have helped to contribute to improved fuel efficiency through reducing the weight of our main products, which include chassis parts such as suspension arms and axel beams, by means of adopting high-tensile materials to reduce thickness while maintaining strength and durability.

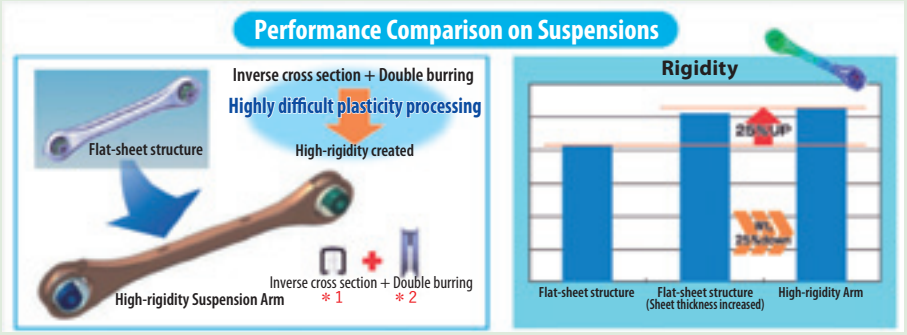


Developing a High-Rigidity Suspension Arm that Achieves Stable Steering for Vehicles

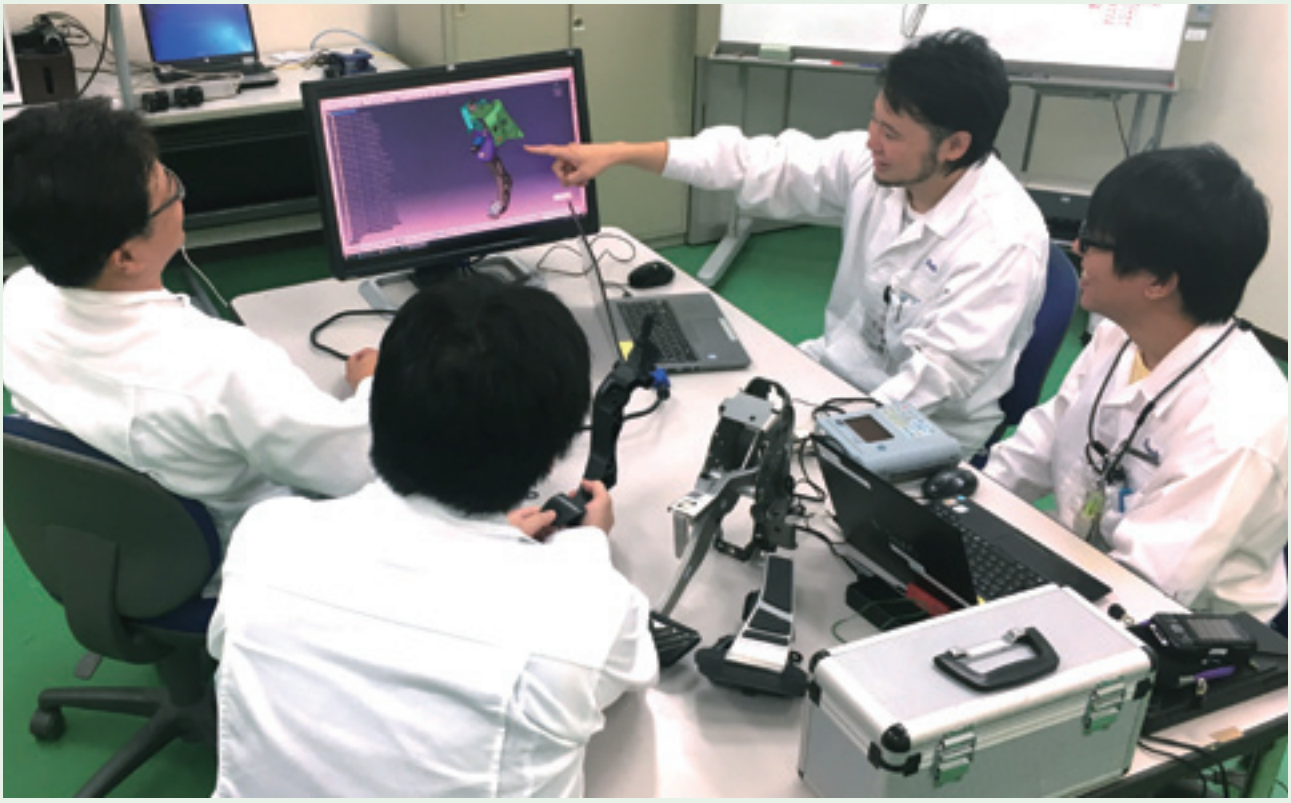
Suspension arms are subjected to torsion and strain when exposed to weight or inertia. In flat sheet structured suspension arms, which have been used, the way to increase the rigidity by preventing torsion and strain was to thicken the sheet. However it caused another problem which was the increase of the weight.

By double-burring the high-rigidity suspension arms developed by the Company, we are able to help suppress this torsion, making the components resist deformation. Furthermore, by adopting an inverse and double-burring structure, we are able to increase rigidity without increasing the sheet's thickness, while also achieving weight reductions at the same time.

In addition, we have created a highly efficient method to produce this high technology plasticity processing through original technologies that make use of our general-purpose equipment.



＊1 Inverse cross section: Shape where the end of the steel sheet folds inside the main body of the suspension arm
＊2 Double burring: Structure where Bush is supported from both sides (high rigidity, increased steering stability)

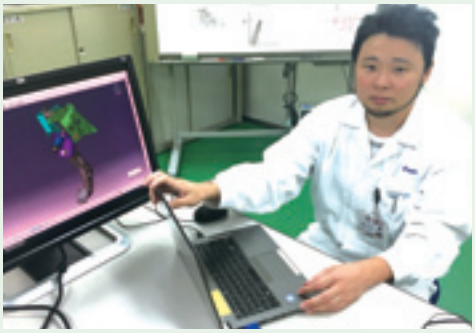


F-voice Research & Development

The Pursuit of Weight Reductions through Analytic Technology is an Important Theme for Next-Generation Vehicles.

Research & Development Division, Product Development Dept., Control Development Section

Aisuke Watanabe



I personally like cars and manufacturing, so I chose to get a job in the automotive industry and discovered F-tech. F-tech produces components that play particularly important roles in automobiles. I was fascinated by the consistent process in the making of parts that affect ride comfort and operability, such as suspension and pedal components, from development through production, and I decided to join the company.

Product design is likely to be regarded as just drawing, but that's not all there is to it. Not only must products perform, but they must also take into account and reflect the opinions compiled from across various other departments. In fact, the most important job of a designer is to work with customers and other sections of the Company over and over to determine the final form of the product.

In recent years, next-generation vehicles like those with electric motors and autonomous cars have become the hot topic.

Reducing an automobile's weight significantly affects its inherent fuel efficiency and helps to reduce CO_2 emissions. Furthermore, it leads to a reduction in height of the vehicle's center of gravity, which helps to improve driving performance and steering stability. With regards to weight reductions, analytic technologies make it possible to propose shapes and specifications for the alignment of joists and material replacements that other companies cannot consider themselves.

In order to create even more refined technologies, we must not only evolve existing technology, but incorporate new technologies as well. By integrating both new and existing technologies, we hope to release appealing products to the world. When I see the specifications that were toiled over so greatly become components which are then loaded into a car that goes on to drive around town, I truly realize how enjoyable and rewarding this job can be.

Japan

Kuki Plant (Kuki City, Saitama)

Planned Response to Total Abolition of Mercury Vapor Lights, and Energy Savings with LED Replacements

After 2020, the production of high-pressure mercury lights will be banned in accordance with the Minamata Convention. As such, the Kuki Plant has set forth a plan to completely abolish high-pressure mercury lights by the end of 2019, and it has been progressing on replacing them with LEDs since 2017. Out of a total of 138 high-pressure mercury lights, 121 were replaced by FY2018, and the remaining 17 lights were replaced with LEDs this year, the final year of the plan. By not only replacing the lights but also optimizing illumination, the plant has reduced its power consumption from 240,683kWh per year with mercury lights to 38,719Kwh, a reduction of 201,964kWh per year.

Furthermore, LEDs can be turned on instantly when needed. As a result, lights that had previously needed to be kept on can now only be turned on as necessary, reducing power consumption during operations.

In the future, we believe that further promotion of LED lighting will be required by the "Improvements of Lighting Culture" recommended by the Ministry of the Environment, and as such we hope to systematically replace the fluorescent lights in our offices with LEDs instead.

▲Before

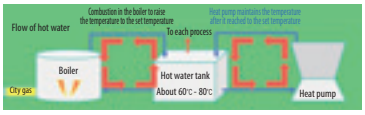
▲After

Kameyama Plant (Kameyama City, Mie)

Reduction of usage of city gas via heat pump

In the cation electrodeposition coating process, the first step is combustion in the hot water boiler to raise the temperature of the water tank to the set temperature (60°C to 80°C). The boiler must continue operating to maintain this set temperature, resulting in a constant usage of city gas during operations. The usage was particularly high during the cold winter months. This year, the plant introduced a heat pump (electric) as an improvement measure to reduce the consumption of city gas. After the hot water tank reaches the set temperature, the heat pump maintains the temperature to reduce the amount of city gas consumed. Comparing winter months, the usage of city gas was reduced by 740㎥ (CO_2 equivalent: 1,539kg of CO_2). In the upcoming fiscal year, we plan to promote even further reductions in fuel consumption by optimizing the start times of operating our drying furnace.

Heat pump

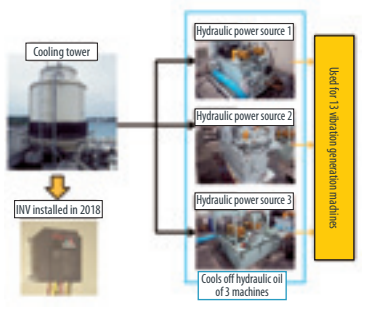


Haga Technical Center (Haga Town, Haga-gun, Tochigi)

Power reductions through inverterization of a cooling tower

The fatigue tester used to test the durability of developed components utilizes a cooling tower to cool off the hydraulic oil used to power the machine. The cooling tower brings in outside air through the ventilator to cool off the water that has been heated through use, and the remaining cooling water is cooled by evaporating a portion of the water. The cooling tower that is currently in use was first introduced in 2001, and the ventilator is designed to rotate at a constant rate, enough to handle even the maximum load, regardless of the outside temperature and operational status of the hydraulic power source.

This time, as an energy-conservation measure, the plant is utilizing an inverter control to adjust the output of the ventilator, and by setting it to an appropriate temperature for the hydraulic oil, we are able to prevent overcooling. As a result, we expect to reduce power consumption by 10,780kWh (4.1 tons of CO_2) compared to the previous year.



Cooling tower

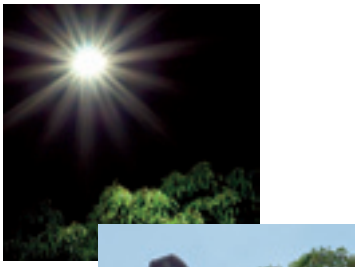
Japan

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

Reducing power consumption by using LEDs for outside lights

FEG utilizes halogen bulbs for the 9 exterior lights installed on the premises. This time, we aimed to reduce power consumption by replacing these outside lights with LED bulbs.

The halogen bulbs used at FEG consume 400W each, and as they are lit for 12 hours each day, their power consumption is [400W x 12 hours x 30 days x 9 bulbs=1,296kWh per month]. By changing those outside lights to 160W LED bulbs, their consumption becomes [160W x 12 hours x 30 days x 9 bulbs=518.4kWh per month], a reduction in power consumption of 777.6kWh per month. Furthermore, by switching the automatic lighting that activates at 5:00pm to a setting that utilizes a sensor to automatically turn on the lights after dark, even if it is after 5:00pm, which have helped us reduce the power consumption in summer. The new bulbs also only need replacing every 10 years instead of every 3. Electricity rates are projected to increase in the future, so we would like to push even harder for energy conservation efforts.



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

LED lighting in the buildings

Since FY2017, Kyushu F-tech has been promoting the use of LEDs for in-house lighting in its plants. As a first step, we changed the lighting in press and forging plants to LEDs in FY2017, and in FY2018 we changed to LEDs in its welding, assembly, and office buildings, nearly completing the switch to LED lights for the whole plant. Comparing sales and electricity consumption from the first step of this process in FY2017 to its completion in FY2018:

FY2017 Sales: 1,609 (million yen), Electricity consumption: 1,180,841 (kWh)
FY2018 Sales: 1,513 (million yen), Electricity consumption: 1,046,437 (kWh)

As you can see, sales decreased by 6.0% in FY2018, while electricity usage decreased by 11.4%, a significant change. This decrease is not simply due to changing all the lighting equipment at the plant to LED illumination, but building the habit of turning lights on and off for break times as well. In the future, the plant plans to change the section lights of each workshop to LEDs as well.

Stamping plant

Welding plant

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

Energy-conservation measures for the “2nd plant (heat treatment facility)”

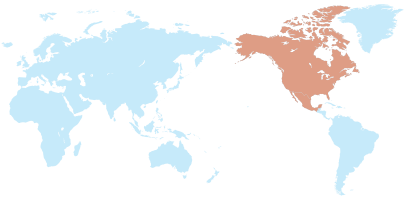
In 2007, Reterra built a heat treatment plant in an industrial park to help increase the strength of its cast aluminum products. 11 years passed since its establishment, the plant has seen an increase in nighttime work alongside increased production, and as a result its CO_2 emissions and energy consumption has been increasing year by year. Emissions reached 390t of CO_2 in FY2017, and in FY2018 all 28 of the plant's mercury lamps were replaced with LEDs to reduce the power consumption of ceiling lighting. On top of this, adopting the “Saitama Prefecture Energy-Saving Subsidy” has cut power consumption in half with minimal capital investment. In FY2018,” we could reduce the CO_2 emissions of 381t of CO_2 by 2.3% due to the changing to LED bulbs.

- Before: Mercury lamps 300W x 28 lamps After updating: LED bulbs 150W x 28 bulbs
- Investment: Total of 2,020,000 yen (including Saitama Prefecture subsidy of 610,000 yen)
- Reductions: Electricity 22,000kWh per year Electricity cost 418,000 yen per year 11t CO_2 per year
- Return on Investment: 3.4 years

Aluminum 2nd plant

Changed to LEDs

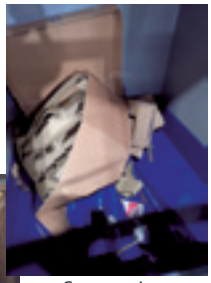
North America



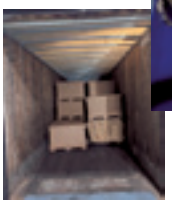
F&P Mfg., Inc. (F&P/Ontario, Canada)

Reducing the volume of transports by updating packing material compression machines

Previously, the packing material used for pedals was too large to be compacted by the facility's compression machines prior to disposal. As such, we have upgraded to a larger model that is able to compress these materials. Up until this point, only around 60 boxes could be loaded per trailer, and 5 trailers were sent per month to processing to facilities. After the upgrade, the load capacity per vehicle was considerably increased, resulting in a reduction of 19 trailer loads per year and a cost reduction of $13,860 per year. Furthermore, the number of forklifts used in shipping also decreased which has contributed to a reduction in CO_2 emission.



Compressing



Inside a trailer

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

Creating habitats for endangered species (Monarch Butterflies)

The monarch butterfly migrates from Mexico to North America. Ontario is one part of where monarch butterflies lay eggs and their larvae grow, but in recent years there has been a reported dramatic decline in monarch butterfly population, and it has now been designated as an endangered species. This is due in part to the fact that milkweed, which is the only food that monarch larvae can consume, growing on agricultural farmland has been adversely affected by harmful chemicals and pesticides.

In 2017, DYNA-MIG sowed milkweed seeds around its rainwater collection pond. As a result, in 2018 the amount of milkweed growing by the pond more than doubled, and there were many monarch butterflies sighted.

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

Life-saving blood donations

F&PA held 3 blood donation events in FY2018, and it reached 97% of its participatory target, reaching 74 out of a goal of 76 participants. This blood donation event has been an ongoing project since 2011. Many of the participants at F&PA are repetitive participants, and they look forward to contributing to society through the blood drives.

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

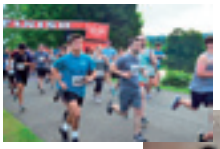
Etowah River cleanup event

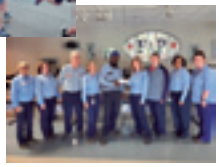
On September 15th, 2018, 100 people participated in the Etowah River cleanup event, helping to remove 1,800 pounds (0.9 tons) of waste from the river. Protecting rivers from pollution is extremely important, as they are a source of drinking water for many cities, and we believe that helping to create a clean water environment will lead to further ecological conservation.

Charity 5k/3k health walk

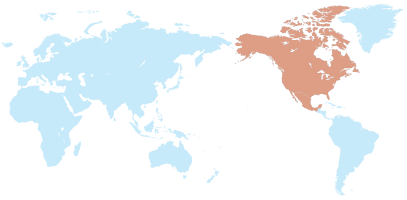
F&PG has held 5km and 3km health walks for employees and locals alike. These walks have raised $8,455 in donations for employees with spouses receiving cancer treatments.

※Donations Breakdown: Event participation fee + donations from participants





North America



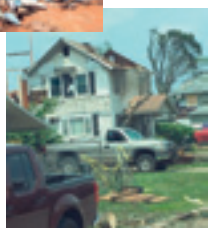
F-tech R&D North America Inc. (R&DNA/Ohio, U.S.A.)

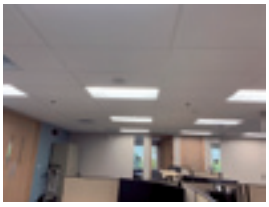
Support for tornado victims, and environmental activities

R&DNA regularly continues to make donations to shelters for the homeless and others, as a contribution to local communities. In response to the large-scale damage caused by tornadoes around the Ohio office on Memorial Day, R&DNA's employees took initiative and collected cleaning tools and necessities, delivering them to affected areas.

As a result of introducing an enterprise resource planning system (ERP) for accounting and testing, we have effectively reduced paper usage by over 50%. Furthermore, as we placed the Sales department in the Michigan Office, we have changed our lights from fluorescent lights to LEDs. When choosing office supplies, not only do we consider cost, but carbon footprint* as well, seeking products like those made of recycled materials, and when replacing company cars, we select ones with good fuel efficiency, such as electric vehicles.

* Carbon footprint: Abbreviation for "Carbon Footprint of Products." A system to indicate the amount of greenhouse gas emissions created throughout a product or service's entire life cycle from procurement of raw materials to disposal and converting this to CO2 using LCA (Life Cycle Assessment).





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

Utilizing the "Social Contributions Program"

As part of their Social Contributions Program, employees and their families participated in a tree-planting activity, planting endemic species in the La Valeta area bordering Guanajuato. This activity aims to help prevent desertification via reforestation. Participating in these activities provided a good opportunity for those involved to reconsider their awareness of global warming and the importance of maintaining a healthy environment.

We will continue to actively participate in various programs and contribute to the local community.

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

Tree planting activities and local harmony

Mexico is an extremely hot country. Planting trees to create shade is a popular activity because it leads to refreshment. The employees planted 30 endemic tree species themselves, helping to maintain biodiversity in the area. We also have held environmental lectures at nearby schools for 2 consecutive years. The students involved took great interest, including asking questions about the environment and voicing their concerns. After the lecture, 5 garbage cans were donated to promote separation of recyclables.

In order to reduce power consumption, we also changed some of the 280 lights along the welding line to LEDs. As a result, we have achieved annual power reductions of 2,580.48kWh and annual CO_2 reductions of 1,173kg.

Tree planting activities

Holding environmental lectures at schools

Donation of garbage cans to schools

Established in 1986, the Group's First Overseas Site
The HAM* Environmental Awards

F&P is one of F-tech's 6 North American subsidiaries, and it was established in November of 1986 as the Group's first overseas site. From its humble beginning with just 2 presses, it has grown into a company that produces a variety of parts.

The company brought in a 3,500t servo press in 2017.

Address: 1 Nolan Road, Tottenham, Ontario, Canada, L0G 1W0
Employees: About 840
Area: Site area 417,000㎡
Building area 24,100㎡
Products: Primarily produces parts for Honda vehicles, including the Civic and CR-V, 60 million parts annually
Recent Awards
Green Excellence Awards Waste Management, Energy, and Biodiversity Protection (2018),
Honda Quality Performance Award/Honda Delivery Award (2016)

A sustainability symposium was hosted by HAM* in Columbus, Ohio on October 30th of 2018, and there they evaluated F&P's activities related to waste management, energy conservation, and biodiversity conservation.

*HAM : Honda of America Manufacturing

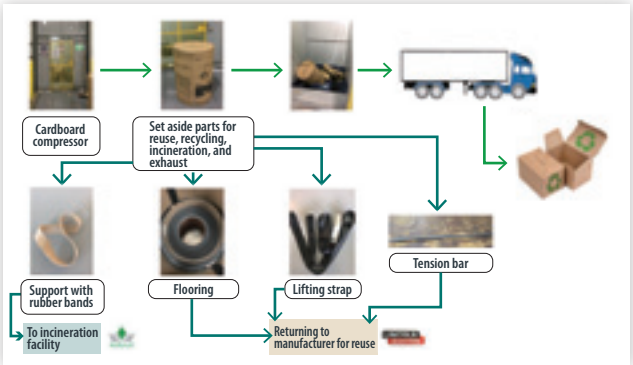
The company's welding division has switched its purchase of welding wires from a 500lb container made of metal and fiber to a 1000lb container made of only fiber, allowing it to be completely recycled. This reduced waste by 50%, cut the number of visits to garbage incinerators by 19, and has cut purchase frequency of wire in half, saving the company $20,000 per year.

The hydro division also changed their laser cutting system into a more energy-efficient model. This new laser cutting system has high electricity-to-light conversion efficiency, allowing it to be operated with 82% less power (217,300kWh). F&P was able to save $30,422 on electricity, plus an additional subsidy of $23,530 from Saving ON Energy.

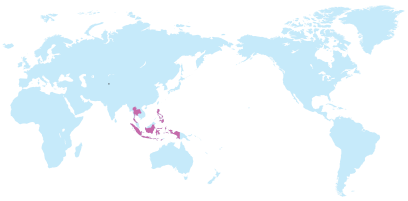
In F&P's Environmental Management System, we have set goals for employees to participate in tree planting and cleaning activities every year. On April 27th, 2019, F&P planted 40 tamarack trees and 10 spruce trees provided by South Simcoe Streams Network. We also installed various fences to protect around 40 trees from "overzealous" beavers. Furthermore, over 150 of the trees we have previously planted have been maintained with "tree preservation materials." The company also learned about reeds, which are designated as an invasive non-native species, and has helped to suppress their spread by cutting off the seed-bearing tops of over 1,000 reeds.

Waste Reduction Activities

Production Flow – New Product Life Cycle



Asia



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

Raising Employee Awareness Through Tree-Planting Activities

In October of 2018, as part of its social contribution to the Philippines governmental projects, FPMI held tree-planting activities along with FR&DP and the Department of Environment and Natural Resources. With the help of 61 volunteers, we planted a total of around 1,500 seedlings, including mahogany, oak, and coffee trees in Siniloan, Laguna. This National Greening Program aims to address and mitigate not only forest conservation, but poverty, food security, conservation of biodiversity, and climate change. Through these activities, we are working to raise employee awareness of the importance of environmental conservation.

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

Activities to Support the Future of Young People

FR&DP and FPMI joined together to participate in Brigada Eskwela 2018. Brigada Eskwela is an activity led by the Ministry of Education in which various organizations and guardians help children to prepare for the upcoming semester of public elementary school.

This year, we were in charge of 2 elementary schools in the Biñan area, and we cleaned classrooms, organized and tidied up, performed environmental maintenance on the walls' paint, and donated drinking glasses to the schools' cafeterias. In addition, we participated in tree-planting activities related to the government's national greening program in Siniloan, Laguna, and FR&DP was involved in planting 1,500 seedlings. Both of these activities were done with the aim of supporting the future of youth in the Philippines.

Furthermore, the in-house event Family Day gives an opportunity to teach children how to recycle as part of raising environmental awareness.

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

Trading garbage for eggs/tree-planting

FMTL is committed to environmental education and raising awareness of environmental activities, and alongside our raising of awareness for environmental protections, it also continues to promote the understanding of our employees through environmental protection activities.

As a part of an environmental education, FMTL created a system in which garbage that is sorted and brought to the secretariat can be exchanged for eggs. For example, 10 PET bottles can be traded for 1 egg. Sorted and collected garbage is then sent to a recycling company for funds, which are used for purchasing eggs or donated to local temples. Garbage is simply waste if you throw it away, but by sorting it you can instead recycle with a tangible return of funds.

Furthermore, it has planted trees in an effort to prevent the destruction of mangrove forests, which have been deteriorating rapidly in recent years due to salt exploitation and shrimp farming. These activities have helped to restore mangrove forests and preserve their aquatic ecosystems and breeding grounds.

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

Health checkups and food provisions for children of local residents/donations to orphanages

Since the start of operations in 2008, the KIIC industrial park (Karawang International Industrial City) where FTI is located has run a joint CSR program and baby food initiative, supplying and distributing baby food to children in nearby villages on the same dates as children's medical health checkups. As cooperation with nearby villages is important in the advancement of Indonesian businesses, we participate alongside other KIIC companies in visiting each nearby village. This time, the company's employees will also be participating in this project, aiming to deepen their awareness of social contributions to the community.

Furthermore, as part of our regular CSR program, it participates in welfare activities at orphanages near the industrial park. All employees participated, joining with religious leaders to donate food for around 20 orphans.

China

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

Updating to a low-noise cooling tower

FR&DCH had an urgent need for management to evaluate noise complaints coming from residents of adjacent apartments as well as to look into environmental impacts as dictated by the Environmental Protection Administration and improve these matters.

Initially, noise complaints from the adjacent apartment residents about the cooling tower resulted in the installation of noise reducing barriers, but this had no noticeable effect. After visiting a client site that had installed a cooling tower that met new specifications, we noted that the tower was exceptionally quiet and operated far below noise standards. FR&DCH immediately decided to replace the cooling tower with this new specification, and after comparing power and noise generation, we finally selected a new model that offered low noise, easy maintenance, ready assembly, and a small necessary area.

After this update, we no longer receive noise complaints from residents of the adjacent apartments, and in August 2018 we received a certificate from the State Environmental Protection Administration(SEPA).

Before update

After update

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

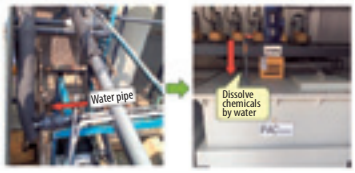
Improving water consumption in the paint wastewater treatment process

The paint wastewater treatment process utilizes 5 chemicals ($FeSO_4$, $Ca(OH)_2$, NaOH, PAC, PAM) that are dissolved into water, and this process consumes 280t of water per month.

Our plumbing has been reviewed so that FTW may reuse the treated water already used in the wastewater treatment process, and we aimed to reduce water consumption by reusing this water to dissolve paint treatment chemicals. The piping for treated water is connected to the water pipe, allowing for automatic supplying of water based on the water level of the supply tank. After this update, it is able to dissolve all 5 types of chemicals used in wastewater treatment in the reused water, reducing our annual water consumption by 3,360t per year and reducing water costs by 10,000 yuan per year.

Improvement of water solution for paint wastewater treatment chemicals

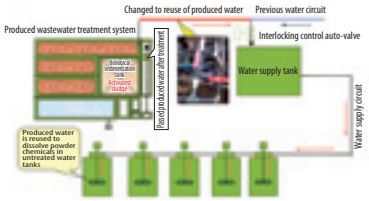
The paint wastewater treatment chemicals dissolve in tap water. This chemical solution water results in water consumption of 280t per month.



Sensor equipment

Explanation of water supply control system

5 tanks, each with a capacity of 1.5t, for a total of 7.5t. Investment for improvements was 30 yuan, resulting in a reduction in annual water consumption of 3,360 tons and a reduction in water bill of 10,517 yuan.



Automatic spray by automatic sensor

F-tech Zongshan Inc. (FTZ/Guangdong, China)

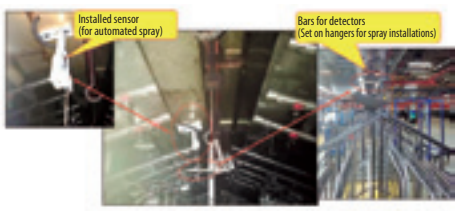
Reduction in painting process spray

In order to maintain contamination levels set in the painting line operational configuration, around 5.6t of water is supplied and drained per hour. FTZ looked into reducing the water consumption used in this process. As a result, it decided that, if appearance remained satisfactory, we could reduce the amount of clean water needed for washing after the UF process.

FTZ began by stopping the clean water spray used after UF, and as a result we were able to identify that 46 out of 150 parts had issues, including drippage. As such, we found that it could reduce our water consumption by 32t per day by spraying only the parts that caused drippage. With an investment of 20,000 yuan, FTZ able to save 7,680t of water and 169,113 yuan annually.

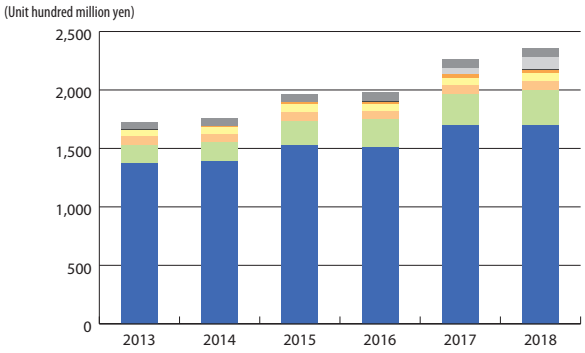
Furthermore, reduction of the wastewater created also decreased the chemicals needed for the treatment of wastewater, leading to an overall positive environmental impact. As a total effect, this resulted in a savings of 180,000 yuan per year.

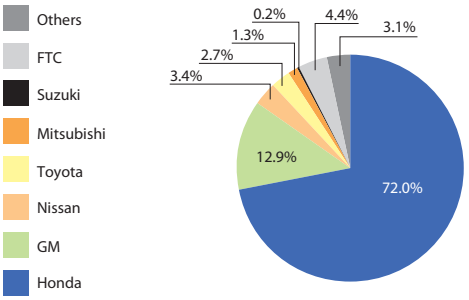
Reduction in painting process spray



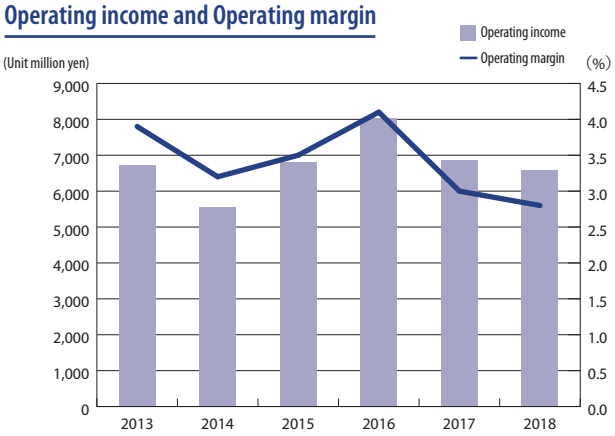
Improvement Plan: Make improvements so that spraying is only done to parts where drippage occurs.

Sales results by customer

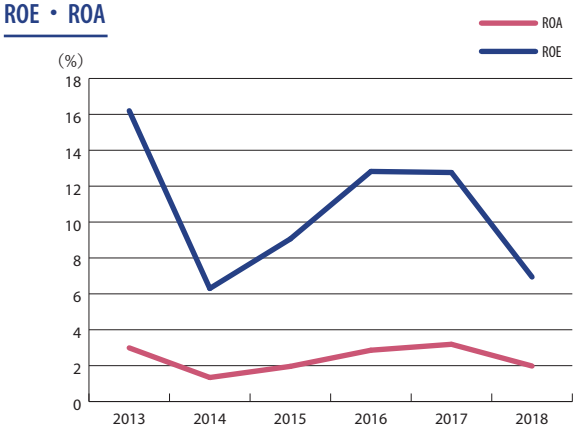




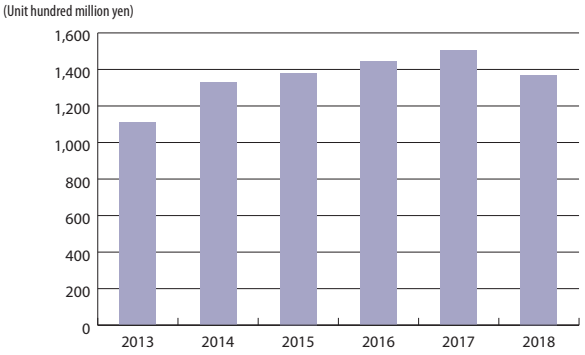
Operating income and Operating margin



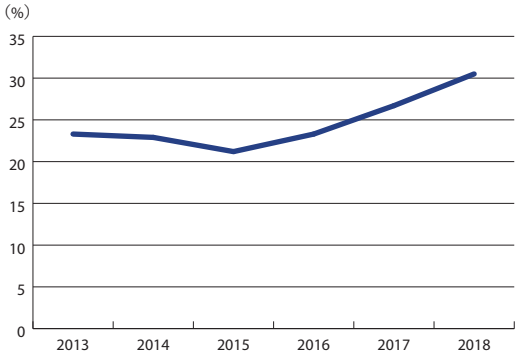
ROE・ROA



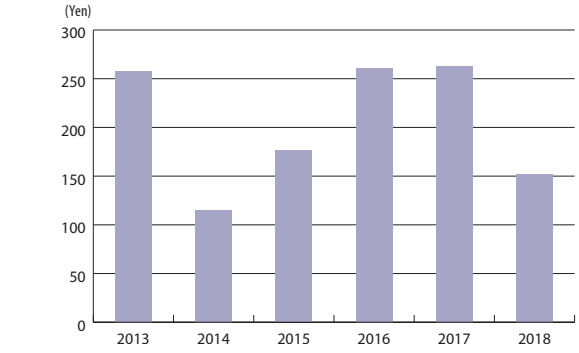
Total assets



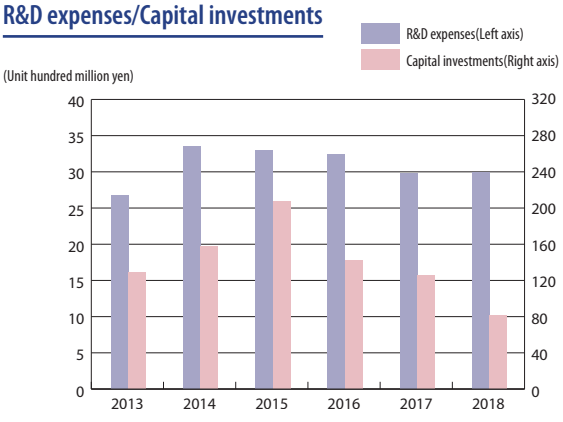
Capital-to-asset ratio



Current net earnings per share



R&D expenses/Capital investments



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