



CSR Report 2021

Better than Ever



Better than Ever

Editorial Policy

In FY2020, the new coronavirus disease (COVID-19) had a significant impact on corporate activities across F-tech Group, also had a considerable impact on CSR promotion activities. During pandemic COVID-19, sharing of information across the group to promote CSR activities and contribute to communities had been more difficult than usual.

Against this backdrop, the important themes of this report is to provide a continuous and accurate description of environmental and social activities that F-tech Group has undertaken for over 10 years.

In this report while following the editing of the "CSR Report" that started in FY2017, the "Sustainable Development Goals (SDGs^{*})" in mind, further enhances the content of the report, and working on expansion of ESG data disclosure.

In particular, sections on Work-Life Balance and Our Response to Automotive Electrification are also featured in VOICE and TOPICS as important topics addressing social needs.

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" .

F-tech inc. is referred to as "F-tech" or "the Company"

^{*} Sustainable Development Goals

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Reporting Period

FY2020 (April 2020 - March 2021) achievements and partial contents outside the scopes of the reporting period.

Reporting Organizations (☞ P6)

Japan :3 affiliate companies and 3 sites

Overseas: 12 affiliate companies and 14 sites

Future predictions, Plans, and Goals

This reporting contains futures with report 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 conclusion. As such, the results of future business activities made differ from the forecasts described in this report.



We pursue the essence of a manufacturing company with corporate slogan "Better than Ever".

President of CEO
Yuichi Fukuda

福田祐一

An era of uncertainty and deepening confusion that's why thorough "Back to Basics".

F-tech Group has started its 14th medium term business plan in 2020. The automobile industry is going through a significant transformation represented by C.A.S.E. We are also facing a global decline in automobile production due to the lack of semiconductors and other adverse effects of the new corona virus disease (COVID-19).

To address this situation, we introduced "Back to Basics, Challenge for New" as the Group's policy for the first half business plan and "Break through the limit! Provide the best to the customers all over the world" as our common policy across the group, as well as "Better than Ever" as our corporate slogan to guide our operations.

"Back to Basics" and strengthening our focus on chassis suspension that we specialize in while bravely addressing the needs of the new era as "Challenge for New" suggests, we will be able to overcome any challenges and keep moving forward with the spirit of "Better than Ever".

In the area of work style transformation, we have worked to provide a better working environment where everyone can thrive by hosting web meetings and revising the way information is shared. In addition, in order to promote IT utilization, we have launched a cross-departmental IT working team to identify the problems on-site and address the issues through collaboration with the information system department. These efforts have enabled, for example, the internal development of an approval clearance system and paperless delivery of daily work reports. In the development area, we are currently working to improve our simulation technologies in order to achieve development without prototyping in the future.

"To ensure enhanced compliance, we have revised Our Action Guidelines so they are easier to understand and we are currently having them translated for our overseas subsidiaries. By sharing a common understanding of Our Action Agenda and by using them as principles to guide every employee's action, we will help achieve a better society.

In order to ensure diversity, we have implemented policies and processes to allow us to embrace diversity

regardless of sex, age and nationality. Our head office and plant in Kuki received a Gold certification from Saitama Prefecture for practicing diverse ways of working, in addition to a Plus evaluation for actively revising the way male employees work. Our Kameyama Office has been awarded a Good Practice Award as a Company Promoting Work Style Transformation in Mie for its ongoing effort to transform the way people work as well as its long-time contribution to local communities. (P.11)

In the area of the environment, the group's total CO₂ emissions and total waste has decreased with decreasing sales per unit due partly to the production adjustment during the corona crisis. However, while the total water consumption has decreased, water consumption per unit has increased and needs to be improved. (P.18)

From "Challenge for New" to "Better than Ever" - We are moving forward by developing suspension parts for electric vehicles

There is a rapid increase in the movement to encourage shift to the power structure of automobiles from decarbonization and response to environmental problems. The trend toward BEVs (battery electric vehicles) and FCVs (fuel cell vehicles) will not stop. BEVs require a much lighter subframe that meets the high requirements for impact safety and operational stability. At F-tech, we have achieved optimum product design by leveraging our proprietary optimum design simulator and the product development process that enables strength, endurance and performance analysis. We also work vigorously to develop a network that allows us to maximize our potential through technological exchange with other companies. (P.28)

Although the outbreak of COVID-19 occurred soon after the restructuring of our CSR committee and it remains uncertain when the Corona crisis will end, we are committed to achieving stronger operational performance across the group by steadily addressing CSR issues. We will continue to pursue the essence of craftsmanship and will never stop chasing "Better than Ever".

We will use pandemic COVID-19 as an opportunity to strengthen and improve operational processes across the group.

Financial Indicators

■ Sales

Despite the quick recovery in China, sales in Japan and North America continued to decline and consolidated sales decreased by 16% year-on-year to ¥183.6 billion.

■ Operating income

Operating income decreased by 24.9% from the previous year to ¥3.1 billion. The decline in profits was caused by the reduction in consolidated sales due to the pandemic COVID-19, despite an increase in product sales and the positive effects of cost reduction in Japan. The profits were also affected by a decline in automobile production due to the lack of semiconductors.

■ Interest-bearing debt

Interest-bearing debt was ¥51.3 billion by the end of FY2019 as we needed to maintain sufficient liquidity on hand to respond to the pandemic COVID-19. However, we have steadily decreased borrowing in FY2020.

■ Interest-bearing debt ratio

Although it rose to 42.5% at the end of FY2015, it had remained in the 30% range every year since 2017 as we have continuously strengthened the management of the total asset balance.

Environmental Indicators

■ CO₂ emissions

Target: Reduce CO₂ emissions per unit of production by 4.2% from the FY2017 level

In FY2020, the unit CO₂ emission rate was 0.381tCO₂ per million yen of sales (-13.9% compared to FY2017).

■ Amount of waste generated

Target: Reduce water consumption per unit of production by 3% from the FY2017 level

The actual amount of water used in FY2020 was 0,022 tons/million yen of sales (-9.9% compared to FY2017).

■ Amount of water resources used

Target: Reduce waste discharge per unit of production by 3.3% from the FY2017 level

The actual result of FY2020 was 3.48 m³/million yen of sales (+11% compared to FY2017).

	Item	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Financial Indicators	Sales	1 million yen	197,941	226,060	235,361	218,712	183,647
	Operating income	1 million yen	8,035	6,856	6,580	4,088	3,072
	Operating income ratio	%	4.1	3.0	2.8	1.9	1.7
	ROE	%	12.8	12.8	6.9	0.8	-2.9
	Interest-bearing debt balance	1 million yen	59,129	59,510	46,220	51,342	49,565
	Interest-bearing debt ratio	%	40.9	39.5	33.7	38.3	36.3
Environmental Indicators	CO ₂ emissions volume (intensity)	t-CO ₂ /1 million yen sales	0.483	0.443	0.432	0.415	0.381
	Water resource usage volume (intensity)	m ³ /1 million yen sales	3.43	3.12	3.08	3.14	3.48
	Waste emissions volume (intensity)	ton/1 million yen sales	0.045	0.025	0.021	0.023	0.022

What does "Craftsmanship" mean to F-tech Group

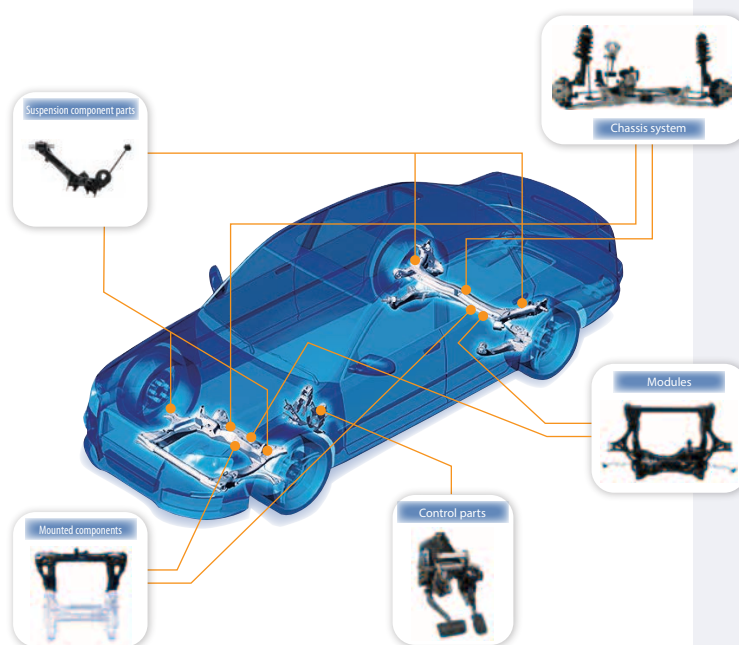
F-tech entered the manufacturing of auto parts in 1967. Now, as a "comprehensive chassis system manufacturer for undercarriage" for automobiles, we have an integrated production system in Japan, North America, Asia, and China, from design and trial production to mass production, and have been responding to the high demands of finished vehicle manufacturers. We have earned high praise and solid trust.

The strength of our "craftsmanship" and developing technologies as a suspension parts specialist as well as in our production and development processes that allow us to respond quickly across the globe. Going forward, by leveraging and further strengthening these two strengths, we will contribute to the society through the generation of new added value and will achieve unrivalled competitiveness in "craftsmanship" as the world's leading chassis suspension supplier and we aim for the best of specialized manufacturer in the area of undercarriage function in the world.

Our Products

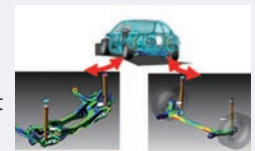
The Leading Chassis Suspension Supplier that Can Respond to the Increasing Demand for EV

We manufacture components, such as suspension arms, subframes and pedals, which are important safety components in automobiles, with design high technological capabilities and an unique integrated processing system. While ensuring the high quality required by automobile manufacturers, we have achieved strength, durability and weight reduction at the same time.



■ Design Technology Capability

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



■ 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 adjustment.

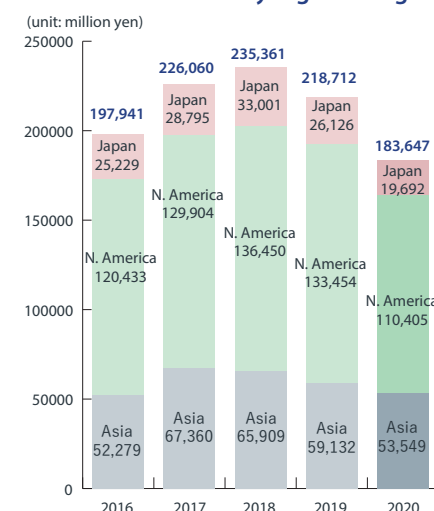
*Received Prize for creativity from the Minister of Education, Culture, Sports, Science and Technology in 2020



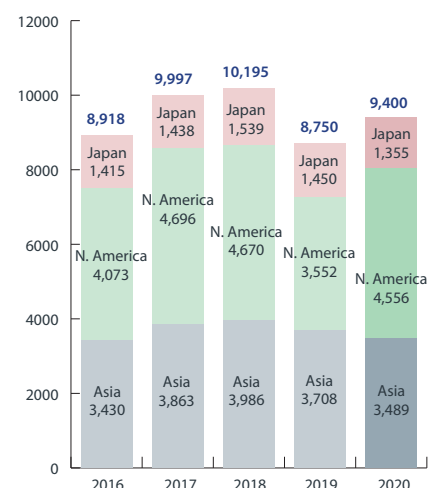
■ Corporate Overview

Company Name	F-tech Inc.
Head Office Address	19, Showanuma, Shobucho, Kuki, Saitama, JAPAN
Established	July 1, 1947
Capital	6,790,370,000yen
Representative	President & CEO Yuichi Fukuda
Employees (consolidated)	9,400 people
Business Activities	Automotive parts and released dies, machines, and tools development, manufacturing, and sales

■ Consolidated sales by regional segments



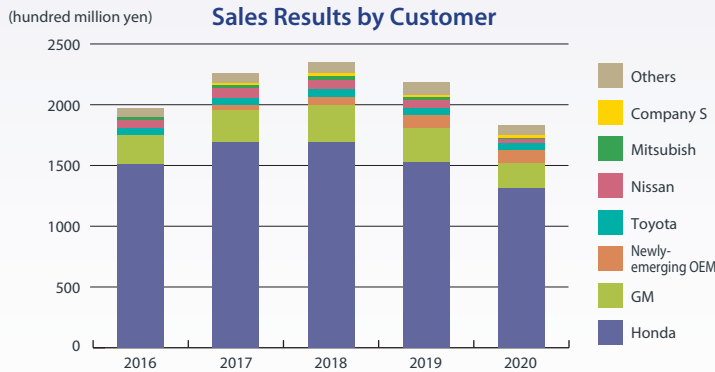
■ Number of employees by regional segment



Relationship of Trust

Gained high trust as an important safety parts supplier

Our competence in technology, quality and responsiveness acquired as a supplier of Honda are earning trust from more and more automobile companies all over the world.



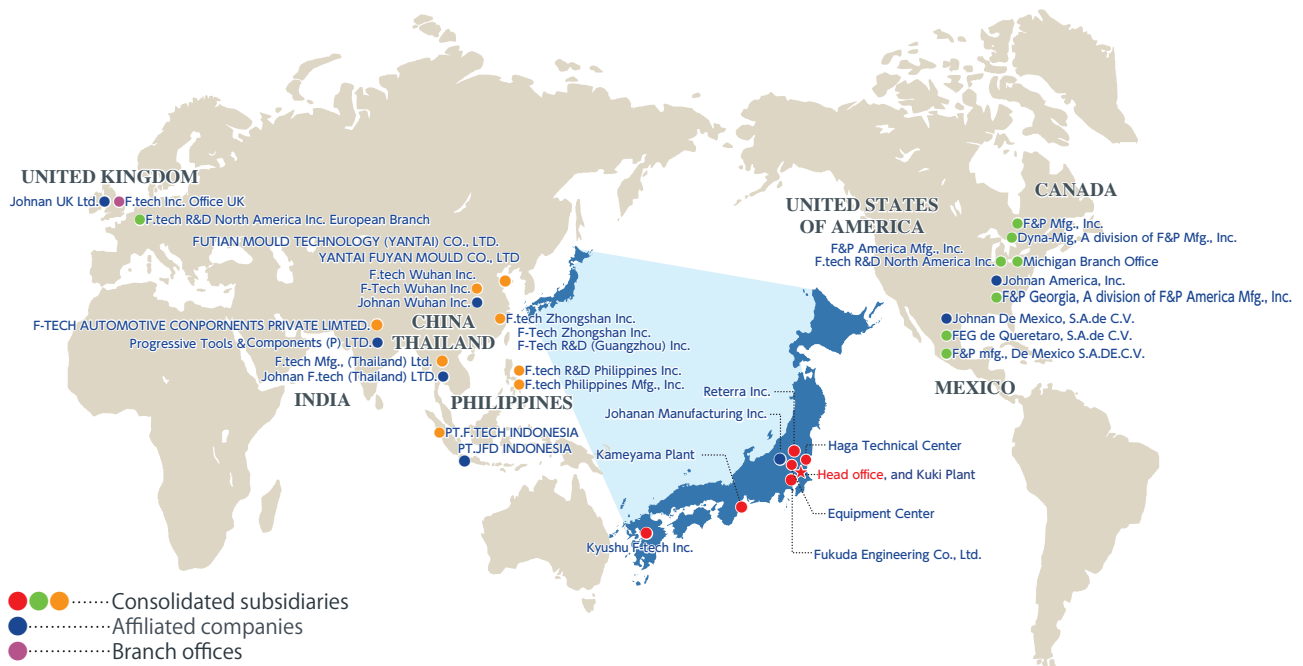
Main Customers

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

Global Network

10 countries, 11 production sites, and 8 technology development

Opened new development sites in each region where we have production sites to ensure prompt response to customers' needs. We aim to improve our operations across the Group through information sharing across all areas including quality, development, procurement 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-gun, Tochigi) ◎
- ★ Kameyama Plant (Kamayama City, Mie) ◎
- Equipment Center (Kazo City, Saitama)

3 Domestic Subsidiaries & 1 Affiliated Company [Reporting Sites : 4 sites]

- Fukuda Engineering Co., Ltd. (Kazo City, Saitama)(FEG) ◎
- Kyusyu F-tech Inc. (Yamaga City, Kumamoto)(QFT) ◎
- Reterra Inc. (Chichibu-gun, Saitama)(Reterra) ◎
- Johanan Manufacturing Inc. (Ueda City, Nagano)(Johanan Manufacturing)

Affiliated Overseas Companies [Reporting Site : 14 sites]

- F&P Mfg., Inc. (Ontario, Canada)(F&P) ◎
- Dyna-Mig, A division of Mfg., Inc. (Ontario, Canada)(DYNA-MIG) ◎
- F&P America Mfg., Inc. (Ohio, the U.S.A)(F&PA) ◎
- F&P Georgia, A division of F&P America Mfg., Inc. (George, the U.S.A)(F&PG) ◎
- F-tech R&D North America Inc. (Ohio, the U.S.A)(R&DNA) ◎
- Michigan Branch Office (Michigan, the U.S.A)
- 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 AUTOMOTIVE COMPONENTS PRIVATE LIMITED (Haryana, India)

- F-Tech Zhongshan Inc. (Guangdong, China)(FTZ) ◎
- F-Tech Wuhan Inc. (Hubei, China)(FTW) ◎
- YANTAI FUYAN MOULD CO., LTD.(Shandong, China)(FEGY) ◎
- F-Tech R&D (Guangzhou) Inc. (Guangdong, China)(FR&DCH) ◎
- F-tech Inc. Office UK (London, U.K.)
- Johann America, Inc.
- Johann De Mexico, S.A.de C.V.
- Johann UK Ltd.
- Johann F.tech (Thailand) LTD.
- PT.JFD INDONESIA
- Johann Wuhan Inc.
- Progressive Tools & Component (P) LTD.
- VEE GEE Auto Components Private Limited.

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

Management Philosophy and CSR

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 Desk.

■ 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 manufacturers, 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 philosophies, mission statement, and action guidelines, as well as to contribute to the creation of a sustainable society and environment.



We work to establish CSR system as F-tech group.

We did our best to share information despite the lack of meetings due to the COVID-19 pandemic.

Our Company-Wide CSR committee works with each committee (The chart below) to identify the challenges faced by F Group, set optimum goals and promote CSR activities across the group. We also translate and distribute "Our Action Guidelines" to overseas subsidiaries to guide their CSR activities and ensure a common understanding across our global locations. In addition, we are currently preparing to translate its guideline for each overseas subsidiary to ensure a global understanding of our CSR activities.

Our offices in Japan and overseas, subsidiaries and affiliated companies are all involved in environmental conservation activities. At the annual Global Environmental Conference, representatives from each office/company gather to share and report on their activities. However, in 2020, as the conference could not be convened due to the COVID-19 pandemic, the reports created by each office/company were compiled and shared by the secretariat instead.

We have also addressed various social issues across the Group by ensuring risks are managed by the Risk Management Committee, having the Health and Safety Committee analyze and improve workplace safety, ensuring employees' stress level is monitored by the Compliance Committee and by promoting safety and quality through the activities of the Quality Evaluation Committee.

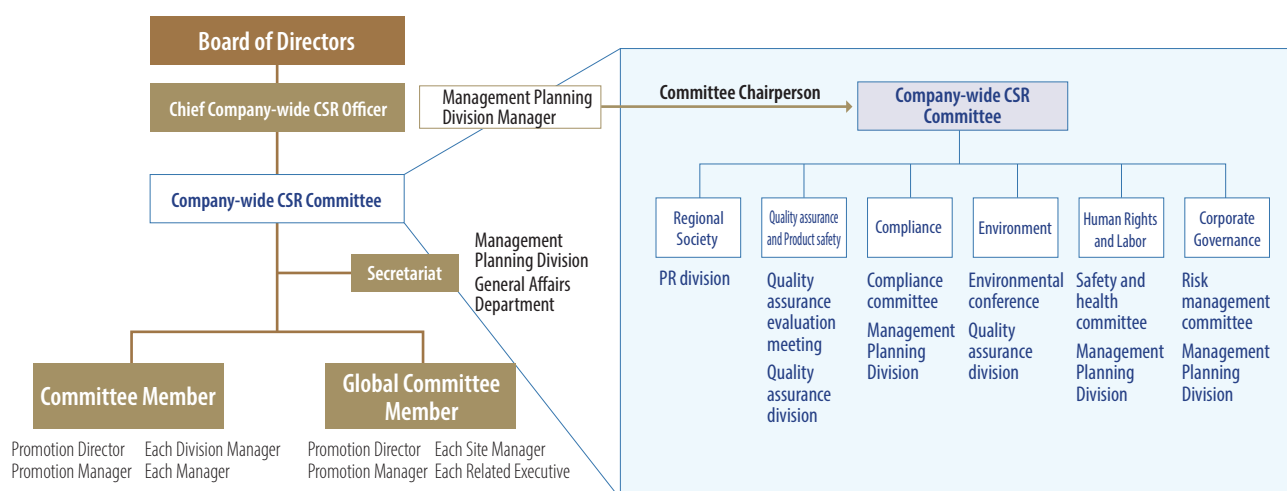
Establish more robust CSR processes across global locations, starting with affiliated companies in Japan

In order to establish more robust CSR processes across global locations, we rearranged our CSR management structure by appointing the general manager as the VP of Company-Wide CSR including the head office and affiliated companies in Japan. In addition, members of committee secretariats as well as promotion management members from each department were also reshuffled, and the new goals of our CSR activities under the new structure were acknowledged by the CSR Committee in February 2020.

The Company-wide CSR Committee consisted of officers appointed from each department in Japan addresses the improvement of our CSR performance independently by focusing on the challenges identified by each company/department and improving the Group's operations and internal control.

Our officers also attend monthly management meetings at overseas subsidiaries to manage and supervise their operation processes. Our subsidiaries in Mexico and Indonesia, for example, are rapidly expanding their equipment and personnel to respond to the demand of the market. It is therefore important to consider the situations unique to each region and the size of each company before revising their decision making process.

■ Company-wide CSR Management System



We are committed to continuously improving our governance processes even if the situation remains uncertain.

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 5 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 Independent Outside Directors, whose external viewpoints are actively incorporated into management by receiving opinions and suggestions from multiple perspective. 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.

For overseas businesses, the executive officer of the head office will be appointed as the chairman of the board of the overseas subsidiary for each regional segment, and will participate in important decision making of the overseas subsidiary.

Since the establishment of the Company-wide CSR

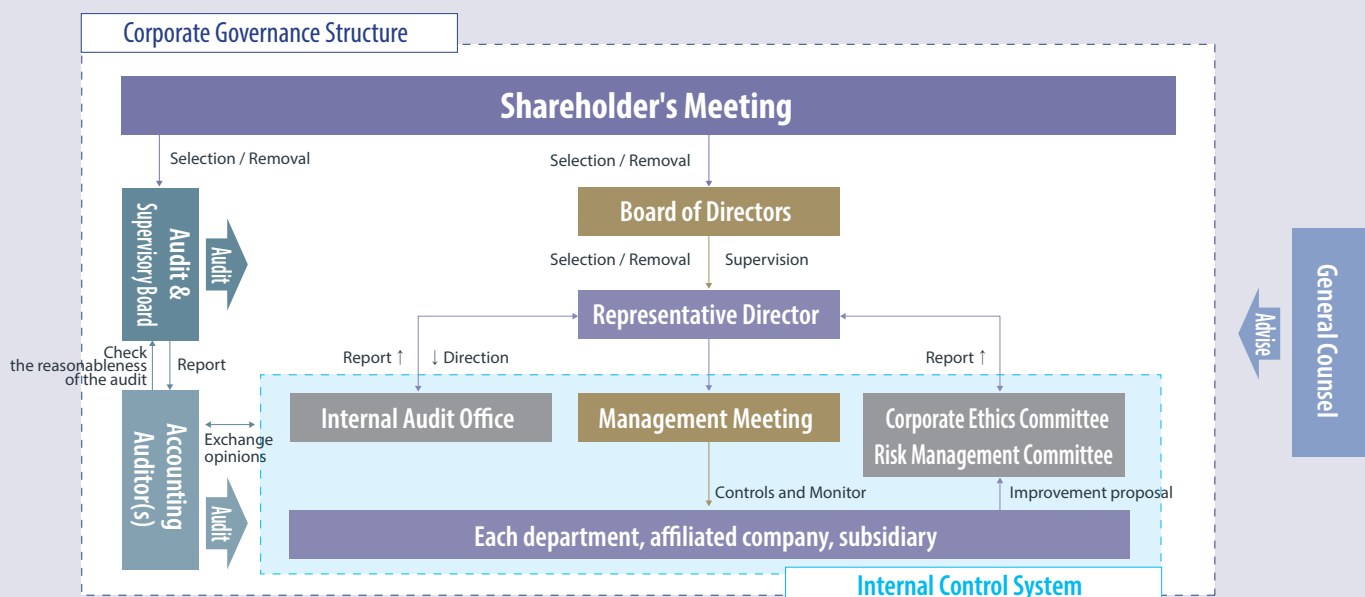
Committee in June 2017, we have convened the Risk Management Committee and the Compliance Committee more than twice a year and have required each subsidiary to conduct self-appraisal using our CSR checklist. The board of directors then makes supervisory decisions in view of the reported results of self-appraisal and the existing efforts to address the challenges.

These three committees track risk control measures, improve risk management and prevent potential risks across the Group by proactively identifying various company-wide issues as part of their efforts to improve our corporate governance and internal control.

Risk Management Initiatives

At F-tech Group, we have ensured effective management and avoidance of various risks by establishing "Risk Management Guidelines" in June 2006. In addition, the Risk Management Committee launched in September 2015 and consisting of department heads identifies risks accompanying the execution of business activities and examines ways to manage and address risks across the Company. In December 2019, we also launched a working group focusing on BCPs (Business Continuity Plans). In December 2019, we also launched a working group focusing on BCPs (Business Continuity Plans).

In case of an unforeseen event such as major disasters, an emergency task force in which the president acts as the general manager is put into place immediately and identifies necessary responses for early restoration and recovery.



Compliance Initiatives

The Group established its Corporate Ethics Committee in October 2004. The committee not only protects proponents but also monitors and makes decisions about important issues that cannot be handled by individual departments.

In November 2004, we set forth Our Action Guidelines (Corporate Code of Conduct) in order to prevent violations of laws, and in June 2006, we established CSR system by the "Compliance Regulations" based on improving corporate ethics and legal compliance. Following the establishment of a "Corporate Ethics Kaizen Desk", a system in which employees and other workers in the Group to directly report or consult with the Company, a new "Compliance Committee" was established in September 2015, as well as an "External Suggestion Window" (located within our lawyer's office) and "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.

Following the review of Our Action Guidelines in October 2018, it was added the manual to easier to understand in April 2019 which has been continuously used to the employees for staff training, email newsletters and our internal portal sites.



Compliance Training

In July 2019, all overseas subsidiaries are checked whether "suggestion box" or "reporting desk" have been set up or not, and their operation is supervised by F-tech. We are promoting the stratification of training programs according to age while translating and distributing Our Action Guidelines for each country to ensure understanding across the Group.

Our response to COVID-19 pandemic.

At F-tech, the administrative departments such as HR, General Affairs, Accounting and Information Security as well as other departments including Quality, Safety, Environment and Procurement cooperate and deal with the new coronavirus pandemic. (Response to the New Coronavirus (COVID-19) Pandemic on P36)

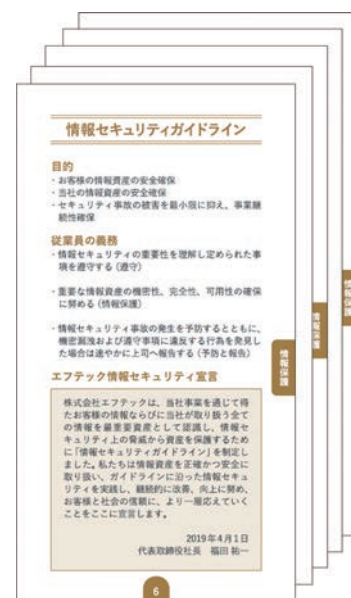
Security Initiatives

At F-tech Group, we provided Information Security Guidelines to all employees in April 2019 to ensure understanding across the Group. The minutes of board meetings and other important meetings are managed and stored properly in accordance with our Document & Ledger Management Regulations, Confidentiality Regulations and Information System Management Regulations. Each contract is either stored in the library or processed in accordance with our Contract Management Regulations after being uploaded in the management system.

In FY2020, the number of global cyber-attacks using e-mail is increasing, and in order to prevent damage, we provided our domestic employees with training on targeted attack emails. While the e-mail open rate was 3% when we provided the training in 2018, it decreased to 1% in FY2020 that proves a heightened security awareness. In addition, in order to deal with the ever-changing cyber security issues of companies, we plan to prepare related regulations, manuals, etc., as well as thoroughly educate and train employees.

The disclosure of information to stakeholders is carried out in accordance with the TSE disclosure requirements, through consultations with the TSE and lawyers as required.

Going forward, we will continue to maintain appropriate disclosure procedures by improving our information management practices in view of the revised regulations related to information management.



Information Security Guideline

Creating a Comfortable Working Environment

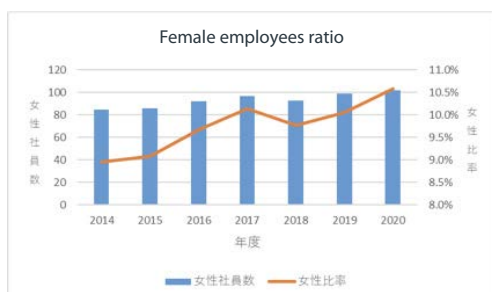
Reflecting our philosophy of respecting people, we are committed to providing a sound and comfortable working environment.

Diversity Initiatives

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 tasks had been performed by male employees. Initiatives to increase the placement of female employees has been vigorously promoted, too, enabling women to work in much wider areas. Until 10 years ago, women did not work in manufacturing sites that handled heavy metal plates. However, the availability of support equipment has allowed women to work in these areas, paving the way for new generations of female engineers.

Going forward, in accordance with Act on Promotion of Women's Participation, we will continue to recruit and develop more female leaders to promote female participation across all areas. On the other hand, we cannot maximize female participation without changing the way male employees work. For that reason, we aim to provide an environment where both men and women can achieve an ideal balance between work and personal life and lead a fulfilling social life.



Promoting Active Participation of Senior Generation

At F-tech, we provide an environment where our employees approaching their retirement age of 60 can continue to work after their retirement, while also providing information on retirement planning through the provision of seminars. In July 2019, we launched a new program called "Takumi System" to provide rehired retirees with an opportunity to motivate themselves and pass on their skills. The program allows highly skilled retirees to be certified as a Takumi or mentor, thereby giving them a chance to pass on their skill to their successors while being compensated for their contribution. (17 retirees are certified as Takumi as July 2021.)

Number of rehired retirees (mentor candidates)

- Rehired part-time employees: 46 (as of July 2021)
- Certified Takumi's/mentors: 17

Empowerment of Foreign Employees and Revitalization of the Group

At F-tech, we recognize the importance of maintaining a strong collaboration with overseas locations, which in turn requires diverse human resources. Following an active recruitment of foreign nationals, employees of diverse nationalities now work at and make an indispensable contribution to F-tech.

We have also been actively accepting short-time trainees from our overseas locations and technical intern trainees from abroad. In order to help our foreign employees to understand our operations, we are committed to creating a working environment friendly to foreign nationals by translating notices and manuals into multiple languages and by organizing events for social interaction.

We also do our best to accommodate different religious needs by providing a prayer room for Muslim employees, for example.



Group photo with Philippine trainees

Active Participation of Those with Disabilities

At F-tech, we are committed to hiring people with disabilities as well as creating a working environment where every individual can perform to their maximum abilities and feel a sense of fulfillment.

As of today, we employ 23 disabled workers or 2.4% of all employees, exceeding the legally required employment rate of 2.3% (22 workers).

Creating a Comfortable Working Environment

Efforts to improve our employees' work-life balance

At F-tech, under the corporate philosophy of "respecting people", we believe that a fulfilling private life is necessary to work with a sense of purpose, and we emphasize work-life balance. We are also committed to creating a comfortable working environment across the entire Group, where all employees including those caring for young children and aging parents can thrive. We explained some of our efforts to achieve work-life balance below.

Reduction of overtime work and promotion of taking annual paid leave

- Overtime hours are, in principle, limited to 20 hours per month and long working hours are avoided where possible by ensuring an effective time management through labor-management collaboration. While the average overtime hours of non-management employees was 11 hours per month in FY2019, it was 5.9 hours in FY2020, reflecting our management's efforts to manage working hours and avoid working long hours.
- We set a goal for all employees to use all of their paid leave time before it expires and our non-management employees have achieved it for 22 years in a row.
- We revised our employment regulation to make half-day paid leave more available to those employees with children or other family members requiring care by increasing it from 4 times to 20 times a year in FY2019.
- In August 2020, flextime that had already been available in the development and sales departments started to be introduced in other departments. It has allowed our employees to balance work and personal life, in turn making them a more efficient worker. However, it also has a drawback of disrupting communication and we are currently working to minimize such disruption by listening to our employees.
- In February 2020, we were awarded "Gold Plus" certification by Saitama Prefecture for practicing diverse ways of working. We have been awarded "Gold" in the past, this time we could be awarded "Gold Plus" by being evaluated for actively revising the way male employees work, including making child-care leave more accessible by male employees.



Helping our employees balance family care and work

At F-tech, we are committed to creating a working environment where those with children and other family members requiring care can work with a sense of security. To achieve this, we have held management seminars on balancing work and childcare/nursing since FY2018, while providing all employees with information on family care including a Guidebook on childcare and nursing support through our company portal site.

Between FY2016 and FY2020, 33 female employees or 100% of those who gave birth during the period took childcare leave and 32 or 97% of them returned to work. The number of male employees taking childcare leave is also increasing, with 9 men having taken the leave since FY2015, including one in FY2020.

To ensure that the employees can feel supported while they are on childcare leave, they are interviewed by their supervisor prior to and after the leave period and are contacted regularly to share information during the leave. Upon returning to work, they will be entitled to shorter working hours, which will be available until the child finishes Grade 3 and which 14 employees are currently using. Nursing care leave is available for the period of one year in total, up to three times per eligible family member. As with childcare leave, those on nursing care leave are interviewed and contacted regularly during the leave period.

Going forward, we are committed to creating an environment where all employees can balance work and family responsibilities and continue to thrive and work for a long time.

Initiative for Promotion of Human Rights Awareness

From the perspective of "Respecting people" which is our company's philosophy, we provide employees with training to allow them to respect others and prevent the occurrence of various types of harassment, including child labor and forced labor, and then track their compliance.

We are also committed to providing an open workplace where people can come forward easily by operating internal/outside whistleblower hotlines for anonymous reports of human rights or compliance violation.



I can balance childcare and work with peace of mind even in a different culture

Purchasing Division, Purchasing Department

Quan jiao, Zheng



I joined F-tech in April 2018 and currently work in the procurement department. Although I was worried when I found out that I was pregnant after being at the Company for two years, I could continue to work with peace of mind, thanks to the kind support of my supervisor and senior colleagues. After being on childcare leave for a year and three months, I returned to work in April 2021.

While on childcare leave, my supervisor ensured that I didn't feel alienated by contacting me regularly, and I could confidently return to work. I could also build a good communication by sharing the updates on my journey as a new mother. Thanks to this, I could focus on childcare and make the most of the time with my newborn throughout the leave period.

As both my husband and I are from China, none of us were familiar with giving birth or raising a child in Japan. However, Thanks to the kind advice from senior colleagues with children as well as the help of our family members, our child now enjoys going to a nursery school. In China, it is customary for working parents to leave their kids with their grandparents while at work and there aren't any facilities that provide care to children under three. I especially appreciated that I was allowed to be on leave until the child turned one as childcare leave is usually available only for three months in China.

Upon returning to work, I was assigned to a new project but have been able to balance work and child care thanks to shorter working hours. Going forward, as part of the team in charge of material procurement, I will continue to do my best to reduce the cost of materials.

I work in the Production Control Section at Kuki Plant and my main responsibility is to improve logistics. My wife who also work at the Head Office took childcare leave and returned to work in April 2021.

Although it was our first daughter and there was so much we didn't know, thanks to the friendly atmosphere at work, we could talk and ask questions about child care without feeling uncomfortable.

As the parents of both of us live far from us, it is physically impossible for us to get much help from our parents. By keeping a good balance between work and childcare, I've tried not to place an unfair burden on my wife.

At F-tech, we embrace a working environment that allows us to maintain a good work-life balance, with efforts to reduce long-hour labor and consume all of the carried-over leave time having been undertaken for a long time. I've also tried to spend more time looking after our child with my wife by leaving work on time.

While being on childcare leave, we were interviewed online by our supervisors prior to our return to work, and could go back to work without any problems or worries.

Even when excellent programs are in place, employees cannot use them in an unaccommodating environment. At F-tech, we have long had an accommodating culture which allows those with children to continue working even if their parents are not available to help.

I would like to continue to live a fulfilled life by managing both work and childcare.

The culture to support employees with children is being fostered.

Kuki Plant, Production Control Section

Takashi Iino



We are promoting the sharing of common safety & health rules across our global locations.

As in FY2020, F-tech* and FEG are committed to continuing to implement our Company-wide Safety Policy and to "improving our safety performance at all locations by standardizing and sharing health and safety rules globally". As part of this effort, we have reinforced our safety and health procedures across the Group since FY2018.

At the Company-wide Safety Committee consisting of committee members from both F-tech* and FEG, members acknowledged how the issues identified in the previous session of the committee are addressed at each location and vigorously exchanged opinions on our response to the revised governmental and ministerial orders. As in previous years, the committee also set "developing standardized evaluation procedures and rules for ensuring safety (regular work/non-regular work)" as a priority task. We are also committed to reducing the number of accidents not related to work including commuting accidents and traffic accidents, with the aim of eliminating and preventing accidents with or without lost work time.

In FY2021, as in the previous year, we will continue our efforts in accordance with our Company-wide Safety Policy and set "the formulation of a list of prohibited work procedure, one-point lessons and the operation of risk management processes" as priority measure.

*Head Office, Kuki Plant, Kameyama Plant, Haga Technical Center and Equipment Center

We are committed to developing effective processes for managing chemical substances

At F-tech, we are committed to preventing occupational accidents caused by chemical substances by assessing the risks of chemical substances used in existing processes.

<Example at Haga Technical Center>

安全データシート(SDS)記載 GHS表示について

・表示種類

・環境保護管理GHS表示一覧

薬剤名	GHS 表示
硝酸1.38	
水酸化ナトリウム(固)	
水酸化ナトリウム(N/10)	
クエン酸水素2アンモニウム	
塩化ナトリウム	
エタノール(99.5)	
アセトン	
ハイポマスチックプライマー塗料	
ハイポマスチックプライマー硬化剤	
ネオリバー#100	
ネオリバー#546	

Figure: Listed and explained the meaning of each GHS pictogram*
*The GHS stands for Globally Harmonized System of classification and labelling of chemicals and hazard pictograms visually alert us to the presence of hazardous chemical substances of different risk classes

We are responding to the issuance of the new ordinance that obliges businesses to prevent the hazardous impact on the health of workers

In response to the rising concern on the risk of welding fumes that workers performing metal-arc welding are exposed to, the Ministry of Health, Labor and Welfare has revised orders for enforcement of the Order for Enforcement of Industrial Safety and Health Act including the Ordinance on the Prevention of the Hazard due to Specified Chemical Substances to oblige businesses to undertake measures to prevent hazardous impact on the health of workers.

The revised ordinance has been in effect since 1 April 2021*.

* The articles on increasing ventilation, selecting and using protective equipment and appointing a Specified Chemical Process Manager will come into effect on April 1, 2022, while the article on fit testing will come into effect on April 1, 2023



"Requirements for Specified Chemical Substances" include:

1. Ventilation using a general ventilation device
 2. Measurement of welding fumes and use and fit testing of respiratory protective equipment based on the measurement results
 3. Cleaning
 4. Appointment of a Specified Chemical Process Manager
 5. Provision of health examinations designed for welders
 6. Other necessary measures
- As each requirement is due to come into effect on different dates, we have started with measuring the density (or individual exposure) of welding fumes and providing health examinations designed for welders to prevent delays in response.

We will foster the culture of safety by abiding by the principles

To be able to ensure safety and health in the workplace and create and maintain an environment where people can work without any fear, it is essential for all employees to perform required procedures, wear appropriate protective equipment and follow basic rules such as the 5S in the workplace.

As a company committed to preventing past troubles from reoccurring, we have developed and will continue to improve these rules.

Going forward, we will turn these rules into educational materials to systematically pass on the lessons.

This will allow our employees to develop an attitude of compliance, in turn fostering the culture of safety.



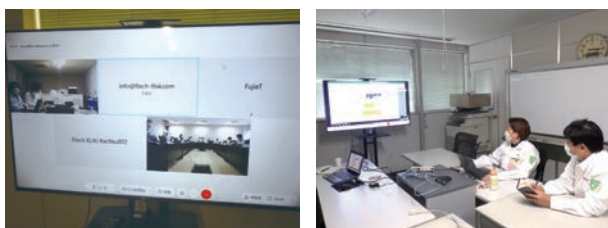
We are committed to achieving higher customer satisfaction at all locations of the Group.

Accelerating our efforts to improve quality to achieve the final goals of the 14th Mid-Term Plan by FY2022

Since the launch of the 14th Mid-Term Plan in FY2020, our teams across the Group have worked hard to deliver the highest value (quality) and maximize customer satisfaction as part of our quality improvement efforts. As a result, we made improvement in all areas including the number of registration (defect rate), production scrap rate (ppm) and defect and scrap costs, achieving improved quality performance across the Group. However, as the new coronavirus pandemic has required each affiliate company to respond to the changes (caused by production and personnel adjustments to ensure social distancing, in particular) that they had never dealt with before, some of the important quality measures that had initially been planned have been delayed. In this fiscal year, to be able to develop the processes required to achieve the final goals of the current Mid-Term Plan by FY2022, we will accelerate our efforts even more and make up for the last year's delays.

Launch of Regional Q-MTGs

At F-tech, we had held the Group-wide annual quality conference where quality managers from production sites in and outside Japan gathered to discuss ways to improve quality. However, given the increasing number of production sites and the variance of quality levels and challenges across regions, we replaced the Group-wide conference with "Regional Q-MTGs" to enable speedier discussions. During the last fiscal year, despite the movement restrictions to prevent the spread of the new coronavirus, we could continue our efforts to improve our quality performance by holding Regional Q-MTGs online and sharing updates and opinions within each region.



Regional Q-MTG using a web conference system

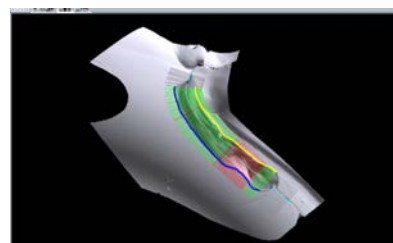
【14次中期】品質方針・目標			
F.tech品質方針			
最高の価値（品質）を提供し、お客様の満足度を最大化する			
F.tech品質目標			
管理指標	ゼロ チャレンジ拠点	安定化推進 拠点	改善強化 拠点
品質登録不良件数 FY2022	ゼロ	5件/年	12件/年
Grで品質の高位安定化を達成する為、3ヶ年目標は拠点別にグループ分けをおこない設定します。			
重点取り組み施策			
1. 新機種立上げ品質システムの充実化・浸透 2. 品質/現場技術エキスパートの育成、適正配置 3. 変化点/異常品処置等のイレギュラー対応強化			

The 14th Mid-Term Group-Wide Quality Policy and Goals

Development of new quality management/assurance methods using IT tools

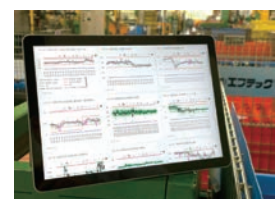
At F-tech, we are developing new quality management/assurance methods that can replace the existing methods by minimizing difficulties, waste and inconsistency through an increased use of IT.

Replacing manual welding inspection relying on the eye of individual inspectors with digital inspection using IT tools (such as welding evaluation and testing systems) is one of the examples, as well as digital evaluation of welded plates that are not subject to human errors and the natural inconsistencies of the human eye. Daily quality/equipment inspection that had traditionally performed on paper has also been taken over by a new operation system using electronic tools (terminals), allowing for timely checking and easier tracking of operational quality while enabling a speedier response to changes.



Welding Bead Inspection & Analysis System (for automated inspection)

Leveraging IT for the daily maintenance of quality and equipment conditions



We are committed to achieving more transparent operations and a sustainable growth by ensuring timely and appropriate disclosure of information.

At F-tech, we stipulate "our policy to promote constructive dialogue with shareholders" in F-tech corporate governance guideline and are committed to timely and appropriate disclosure 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 and reasons 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-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-Term corporate value, F-tech approaches these dialogues based on the following policies.

1. To the extent reasonable, dialogues with shareholders are conducted by the President & CEO, the director responsible for IR oversight, other management, or managers from the division responsible for IR.
2. The division responsible for IR shall collaborate with and engage in meaningful dialogue with the internal related divisions.
3. We shall explain to our shareholders in an understandable manner, the strategies, investments, and Key performance indicator(KPI) related to the Mid-Term Business Plan ,and endeavor to disclose information for shareholders to determine Mid-Term corporate value.
4. Division responsible for IR plans to conduct multiple IR activities such as individual interviews, including financial results briefings and facility tours and attending IR fairs.
5. The executive officer responsible for IR conscientiously conveys the Company policies to shareholders through dialogue and shares any opinions he or she receives from shareholders with directors and others.
6. In order for thoroughly fair information disclosure, the executive officer responsible for IR strictly secures important non-public information in accordance with company rules.

Communication with Shareholders, Private Investors, and Institutional Investors

At F-tech, we strive for timely and appropriate information disclosure to shareholders, individual investors and domestic and overseas institutional investors.

In order for our investors to better understand our Company, we provide various opportunities for communication including shareholders' meeting, financial results briefings, corporate briefings for individual investors, facility tours, one-on-one meetings, telephone conferences and exhibitions at various events. We are committed to continuing such efforts to create more fans of our Group.



General meeting of shareholders in June 2020



Financial results briefing in November 2020

Although the financial results briefing to be held in May was canceled due to the spread of the COVID-19 pandemic, we could hold the financial results briefing for the second quarter in November by taking thorough measures to prevent the infection. We have also continued our dialogue with our investors via telephone or web conferences.

Relationship with Local Communities

**Because of the corona crisis,
we are committed to creating a stronger bond
with local communities than ever before.**

Our new social contribution activities introduced in response to the corona crisis

Our efforts to help prevent the spread of the new coronavirus as a member of local communities

In July 2020, we donated 33,000 washable urethane face masks to local governments and welfare organizations to



help reduce the number of infected individuals and to get the normal life back as soon as possible.



We provided the face masks to local governments and welfare organizations including:

Kuki City Hall (Saitama), Saitama Prefectural Government, Kazo City Hall (Saitama), Kameyama City Hall (Mie), Kameyama Chamber of Commerce and Haga Social Welfare Council (Tochigi)

Provision of plant tours during the corona crisis

At F-tech, we have welcomed requests for plant tours from local communities and local primary schools. It is our pleasure to help them learn how our products are manufactured and to enhance interests in automobiles. We would also like the children to feel the energetic atmosphere of the plant especially because we are always convinced it is the children that convey what they feel candidly to those who support our communities

In FY2020, most companies stopped providing plant tours on the ground of the corona crisis. However, we decided to continue providing tours at Kameyama Office and Kyushu F-tech to help develop curiosity in local primary school students by explaining how our products are manufactured and by answering various questions.

It goes without saying that we cannot agree to providing tours unless we are definitely sure that we will not spread the coronavirus. We therefore provided visiting children with a safe environment by mobilizing all employees to sanitize the desk and chairs in the room where briefings and Q&A sessions are held, as well as any place that can be touched by hand.

It was great to see the excitement of the children who asked questions and how grateful and appreciative both the teachers and students were. We could have a really meaningful communication with the local communities through the provision of our tours.

Other social contribution activities conducted at our domestic plants and facility in FY2020



Cleaning Campaign
at Bizenhori River
in Kuki

A total of 143 people
participated



Industrial Estate
Cleaning Campaign
in Haga City

A total of 56 people
participated



ADAPT Program
in Kameyama City

A total of 124 people
participated

Cancelled social contribution activities at domestic business locations

- F-tech's Reforestation
- "No Waste" cleaning campaign
at Shobu Industrial Estate in Kuki

We will work to reduce the environmental impact of our vehicles throughout their life cycles.

Basic concept toward the environment

As a manufacturer of automotive components, F-tech has long cultivated its technologies to ensure safety, through integrated system of production from R&D to manufacturing, distribution.

With the increasing popularity of electric and hybrid vehicles equipped with heavy batteries such as fuel-efficient vehicles, we have vigorously pursued our efforts to reduce environmental impact caused by our business activities. To be chosen as an "expectable supplier" by automobile companies, we are to contribute to the fuel-efficiency and

mass production on safe, environmentally-friendly and lightweight products required. So far F-tech has met these requirements.

Automobiles are built by assembling components developed and manufactured by parts suppliers. They therefore require substantial environmental resources throughout their lifecycle until they are disposed. At F-tech, we recognize that our business activities form part of this lifecycle and strive to help achieve a sustainable society by vigorously reducing environmental impact caused by our business activities.

F-Tech Environmental Philosophy

In order to become No.1 in the environmental area in the automotive industry, we will make the most effort to establish a future with rich nature and low carbon by having each of us extending our understanding of global environmental issues and proactively engaging in the continuous preservation of the environment in all areas of our corporate activities.

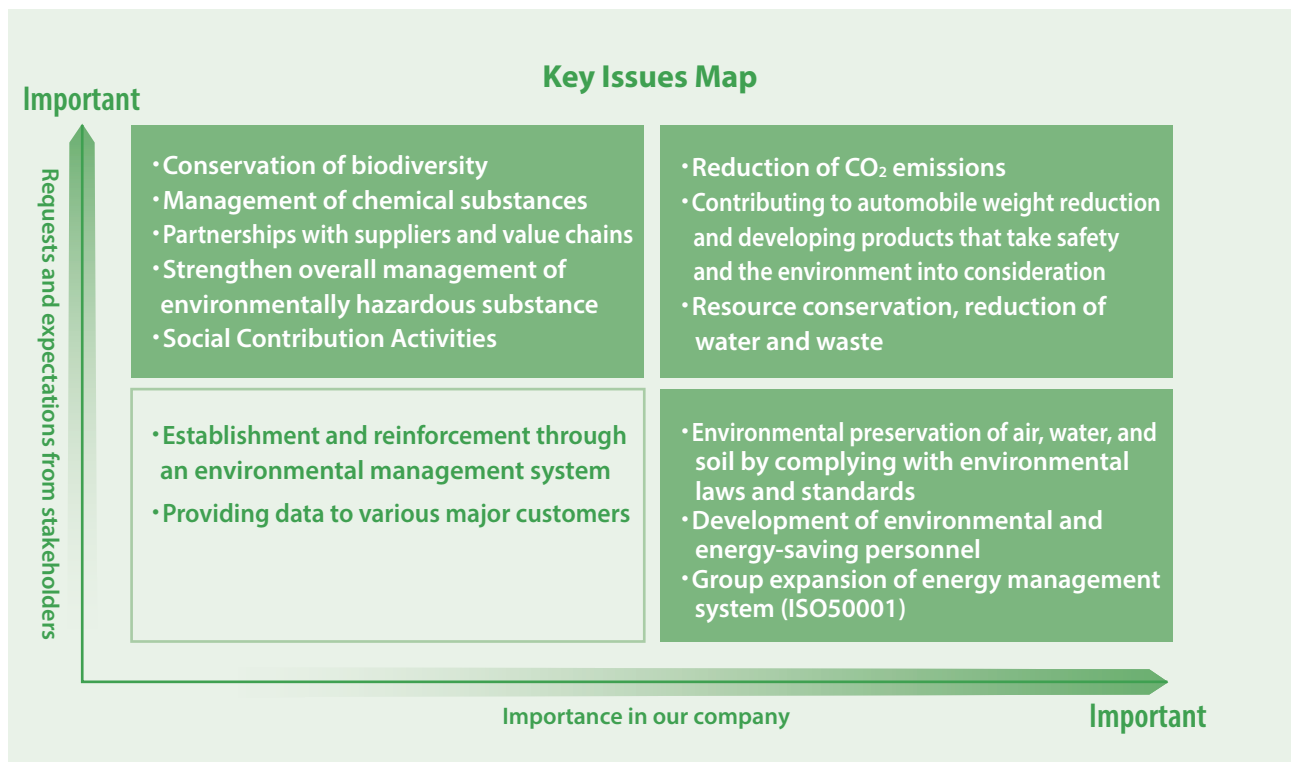
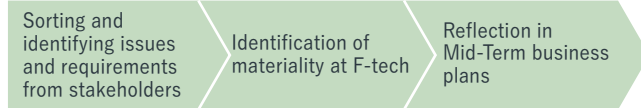
F-Tech Basic Policy

- (1) In order to form a sustainable society, we will work on reduction of environmental burden and conservation of biodiversity in all business activities related to the manufacture of undercarriage automobile parts.
 - Work to reduce environmental burden throughout the product's life cycle.
 - In the development area, we will reduce CO₂ emissions by reducing the weight of our products.
 - Conserve resources and save energy in all our business activities.
 - Continue zero emissions of waste in all our business activities.
 - Work on social contribution activities leading to conservation of biodiversity.
- (2) Comply with laws concerning environment and energy and other requirements to agree to
- (3) Strive to continuously improve the environment and energy management system and prevent pollution.
- (4) Establish environmental and energy targets and review them on a regular basis.
- (5) Ensure that you can use information and necessary resources to achieve environmental and energy targets.
- (6) Strive to train people with high awareness of the environment through energy saving activities and environmental preservation activities.
- (7) Strive to introduce energy-efficient products, equipment and to make the best use of energy-saving services.
- (8) Disclose environmental information on business activities appropriately

Map of Important Issues in the Environmental Field

F-tech has identified important issues regarding its environmental activities, taking into account requests and expectations from stakeholders, including customers and local communities. The materiality of the identified issues is checked with our company's business criticality and the current level of initiatives, and is reflected in the Company's Mid-Term business plan.

Critical Issue Identification Process



Important Environmental Issues

As part of its efforts to realize a sustainable society, F-tech is working to reduce its environmental impact by focusing on the following important environmental issues: reduction of CO₂ emissions; environmental conservation of air, water and soil; reduction of resources, water and waste; management of chemical substances; development of environmentally friendly products; and conservation of biodiversity.

In 2017, we established quantitative targets for CO₂ emissions reduction, water resource reduction, and waste reduction as part of our 2030 Global Environmental Targets, but in 2020, we revised our 2030 targets. This is due to the significant difference in the current situation from the standard of 2013. There has been various changes in the past few years, including changes in production conditions at each site, changes in production facilities, and the construction of new plants. Therefore, the base year was changed to 2017, and the volume of reduction was revised to the same level as the 2013 base year, and the target value was set.

2030 Global Environmental Targets

Reduce CO₂ emission intensity by 18%

Base year: Comparison with FY 2017

Index: Sales

Reduce water consumption intensity by 14%

Base year: Comparison with FY 2017

Index: Sales

Reduce waste intensity by 13%

Base year: Comparison with FY 2017

Index: Sales

※CO₂ emissions target: Energy used in the plant
Excluded item: Distribution, company vehicles, welded CO₂ gas CO₂ gas emission from welding

※In order to make greenhouse effect gas emission and water use more consistent, sales include inter-group transactions.

We will enhance our management system with ISO 50001 as the core.

All F-tech Environment Management System

In order to minimize the environmental impact of the business activities, our group is promoting ISO 14001 certification, an international environmental standard. In 1998, we began efforts to acquire ISO 14001 certification at our domestic sites, and as of now, all our development and production sites have been certified. Aiming to acquire certification for all overseas production sites. The most recent completion of certification registration was in May 2017 at Mexican production site established in 2012. The remaining sites (FEGQ/FTI) will work on a Mid-Term Plan to acquire certification.

In our Group, we began global expansion of our environmental activities in 2008. In 2013, we obtained ISO 50001 certification, the international energy standard, and in 2015, we issued the Global F-tech Energy Management System as a common system to all Group companies. We are now working to expand ISO 50001 certification to our overseas sites.

Organizational Structure

In conjunction with its global expansion of our environmental activities in 2008, our Group established an environmental management system led by Japan. We have established an environmental organization system by appointing President a person responsible and Manager person in charge of practical operations at each overseas site. (See figure below)

Status of compliance with environmental laws and regulations

Based on our group's Environmental Philosophy, we are striving to comply with regulations of each country and

region and requirements of stakeholders by utilizing the ISO 14001 environmental management system. There were no major environmental violations, fines, or other serious accidents in FY2020.

Development of core energy-saving human personnel

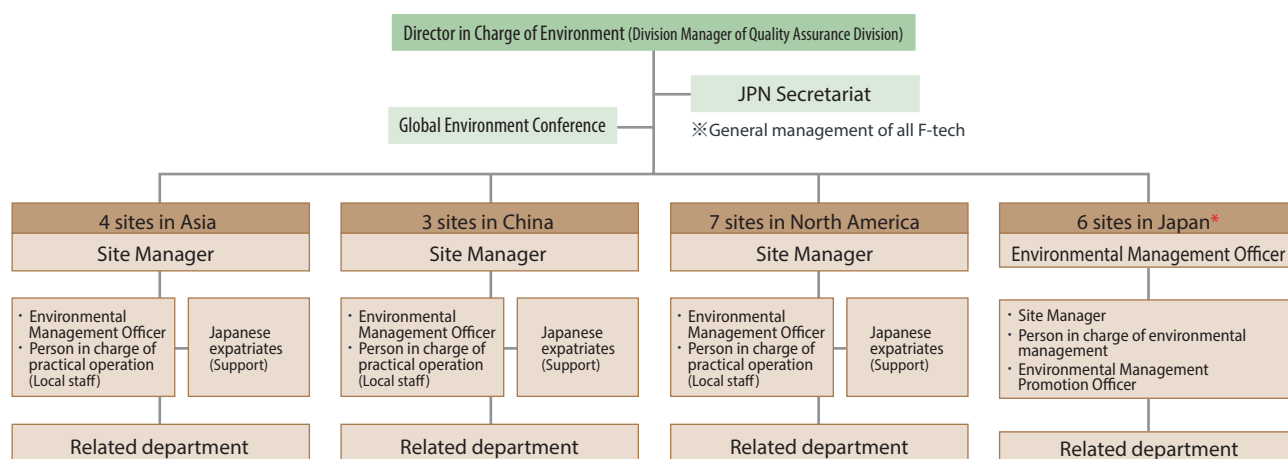
At F-tech, we develop talent who can perform energy audits required for ISO 50001 and call them "core energy-saving personnel". As energy diagnosis and analysis requires a high level of expertise in equipment and energy saving, development of core personnel is essential. In FY2020, we provided our core energy-saving personnel with plant simulation data to help them develop knowledge on energy saving and improve our ability to make proposals and train human personnel to tackle the challenges of solutions.

Internal Environmental Audits

For our Company's global expansion of the environment, it is important to ensure that the environmental management system and energy management system in Japan, which will be critical to be compatible with the systems and standards. To confirm this, we conduct internal environmental audits periodically.

In order to conduct effective audits, our Company regularly holds seminars for internal environmental auditors and strives to continuously increase the number of auditors. We conduct highly impartial audits by having auditors from various divisions participate in audits. In fiscal 2020, 15 auditors participated in the internal audit by taking necessary measurements for COVID-19. The number of participants is 10 members lower than normal time.

F-tech Group's Environmental Management System



* 6 domestic sites include domestic subsidiaries.

Facilitating the Group's growth as a leader in the environment space We revised part of the plan in response to the corona crisis.

Progress of the 14th Mid-Term Environment Plan

FY2020 marks the first year of the 14th Mid-Term Plan and an important year for achieving its goals by 2030. In FY2020, we had to revise part of the Mid-Term Plan in response to the significant impact of the corona crisis. The implementation of ISO 50001 across the Group was particularly affected, with the plan to help overseas offices that had not yet introduced the standard having been postponed until the pandemic ended.

The performance of environmental indicators per unit of production was also affected significantly, due to decreasing production caused by the closure of some production sites, as well as production adjustment in response to the lack of semiconductors.

We are currently addressing these situations remotely from Japan by developing and improving the equipment management ledger for each location and by proposing energy-saving solutions for their equipment.

Please see page 23 for environmental indicators.

Revisions to Major Plans

The global implementation of the ISO 50001 including the plan to start the support of overseas implementation from 2016 as well as the goal to complete the implementation at FPA, FTZ, FTW and FMTL by the end of FY2020 has been delayed and is due to be resumed during the planning of the next Mid-Term Plan.

The external disclosure of the environmental report by each production site has also been disrupted by the closure of facilities due to the corona crisis and has been postponed by a year.

*Implementation of the ISO 50001 across the group

In October 2013, our Kameyama Site in Mie became the first facility to acquire ISO 50001 Energy Management Certification as an automobile parts supplier in Japan. In 2015, we launched a group-wide standardized energy management system called "Global F-tech Energy Management System" based on the existing processes of Kameyama Site. By implementing this system that conforms to all the requirements of the ISO 50001 and leverages our proprietary techniques across the Group, we promote a horizontal implementation across all production sites.

The 1st year's plan of the 14th Mid-Term Environmental Plan (2020 to 2022) (Major plan)

Target: F-tech Group (6 domestic and 14 overseas sites)

Areas	Enhancement Details	Period			
			2020	2021	2022
Production	Reduction of greenhouse effect gas emissions intensity	Plan	[Improved by 4.2% (compared to 2017)]	[Improved by 5.6% (compared to 2017)]	[Improved by 7.0% (compared to 2017)]
		Achievement ⇒ Evaluation	Improved by 13.9%⇒○		
	Reduction of water consumption intensity	Plan	[Improved by 3.3% (compared to 2017)]	[Improved by 4.4% (compared to 2017)]	[Improved by 5.5% (compared to 2017)]
		Achievement ⇒ Evaluation	Deteriorated by 11.7%⇒×		
	Reduction of waste intensity	Plan	[Improved by 3% (compared to 2017)]	[Improved by 4% (compared to 2017)]	[Improved by 5% (compared to 2017)]
		Achievement ⇒ Evaluation	Improved by 9.9%⇒○		
Management / Corporate Activities	Expansion ISO5002 in the Group	Plan	[Organize equipment management ledgers / Energy saving proposals based on the ledgers]		
		Achievement ⇒ Evaluation	Ledgers completed ⇒○		
	Establishment and operation of Global environment management system	Plan	[Launch]	[Establishment completed]	[Start the operation]
		Achievement ⇒ Evaluation	Manual maintenance completed ⇒○		
	Reinforce biodiversity initiatives	Plan	[New guidelines in effect]	[Increase the number of participants (more than 20%)]	[Increase the number of participants (more than 25%)]
		Achievement ⇒ Evaluation	Planning completed ⇒○		

○Target achieved, ×Target not achieved

※The goals of "Development/Engineering" are withheld from the viewpoint of confidential information.

Environmental and Energy Plan for Domestic Sites of F-tech

Progress of the FY2020 Environmental and Energy Plan (Domestic)

In FY2020, we could achieve our targets in many management areas.

Our total CO₂ emissions were reduced by about 11% from last year although we failed to achieve the target for CO₂ emissions per unit of production. This was caused mainly by the decreased production due to the corona crisis and the lack of semiconductors as well as the consequent reduction in energy efficiency. The regular ventilation to prevent the transmission of the new coronavirus has also caused a significant decrease in air conditioning efficiency.

Although we have promoted the global implementation of the ISO 50001 since the launch of the 13th Mid-Term Plan as a priority, with the end of the pandemic being uncertain, we have instead focused on the domestic implementation of the standard.

In addition, we have also been developing a global environmental management system since FY2020.

Going forward, we will continue to promote these measures to improve energy efficiency per unit of production across the Group, in order to ensure the achievement of our targets.

Results of the FY2020 Environment and Energy Plan

Target: F-tech's 3 domestic plants and technical center (Kuki, Kameyama and Haga Technical Center)

Items	Target	Management Level	Actual Achievement (full-year forecast)	Evaluation
Reduction of CO ₂ emissions	CO ₂ emissions	All areas (Kuki, Kameyama, Haga) 1% improvement over FY2019 99 Points	110.1Point 10.1% deterioration	×
	CO ₂ emissions reduction through measures	Reduction in measures (Kuki, Kameyama, Haga) 104.3t-CO₂ or more	394t-CO₂	○
Management / Corporate Activities	Overseas expansion of ISO 50001	Expansion of ISO50001 in N. America and Asia Target: FPML, FPG Started expansion	Direct support SV plan review Organize of equipment management ledger completed	○
	Establishment and operation of Global environment management system	Consideration of an environment management system	System study completed in 2021 System development and deployment	○
Management / Corporate Activities	Contributions to the local communities	Participation rate of 25% or more/ Full-time employees at each site (Total number of participants): 206	Number of participants: 325	○

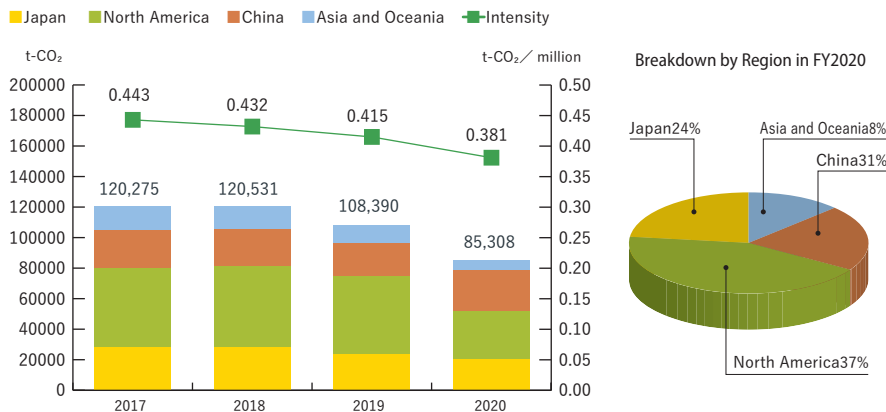
○Achieved, ×Not achieved

※The goals of "Development/Engineering" are withheld from the viewpoint of confidential information.

Efforts to Reduce CO₂ Emissions, Water Consumption, and Waste Emissions

We will strive to improve data accuracy throughout the Group.

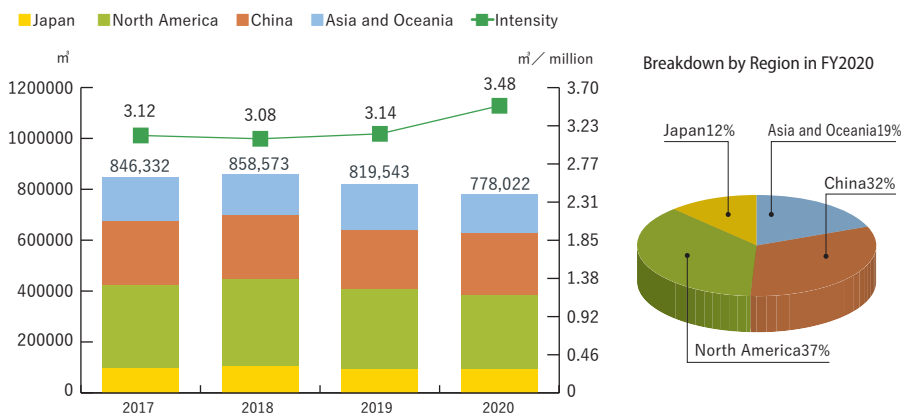
Results of CO₂ Emissions Target<4.2% reduction in CO₂ emissions intensity compared to FY2017>→ Result<13.9% reduction> cleared the target



Our production decreased at many sites, due to the effects of the corona crisis and production adjustments in response to the lack of semiconductors. Our CO₂ emissions decreased by 21% (23,082 tons) from the last fiscal year. Among different regions, China increased its CO₂ emissions by 24% because of the quick recovery of its production sites. In regions except China, Asia and Oceania recorded the highest reduction rate of 45% (5,417 tons), while the highest reduction amount (19,351 tons) was recorded by North America.

In particular, our North American subsidiary F&P America has achieved its reduction target per production unit by reducing 12,415 tons of CO₂ in total, through the increased use of carbon-free nuclear electricity.

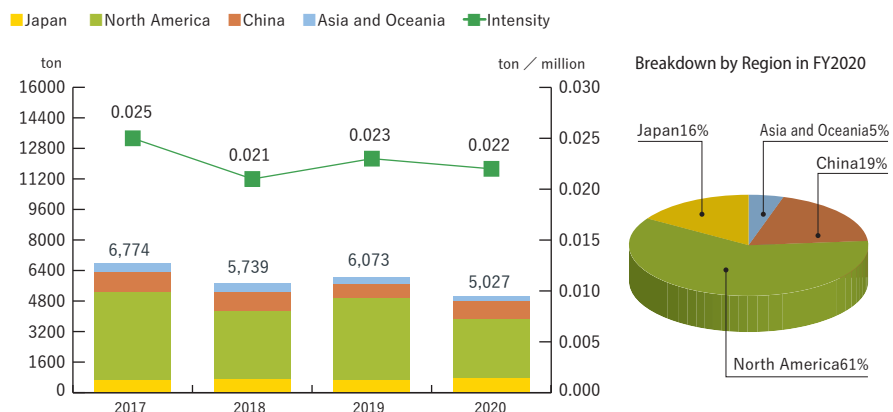
Results of Water Resource Consumption Target<3.3% reduction in water consumption intensity compared to FY2017>→ Result<11.7% increase>cloud not clear the target



Our water consumption decreased by 5% (42,521 m³) from the previous fiscal year. The majority of our water consumption came from production-related activities including washing or surface processing of products during the painting process, electrodeposition coating and the use as steam. However, despite a decrease in sales due to the corona crisis, we could not reduce our water consumption, in turn failing to achieve the target.

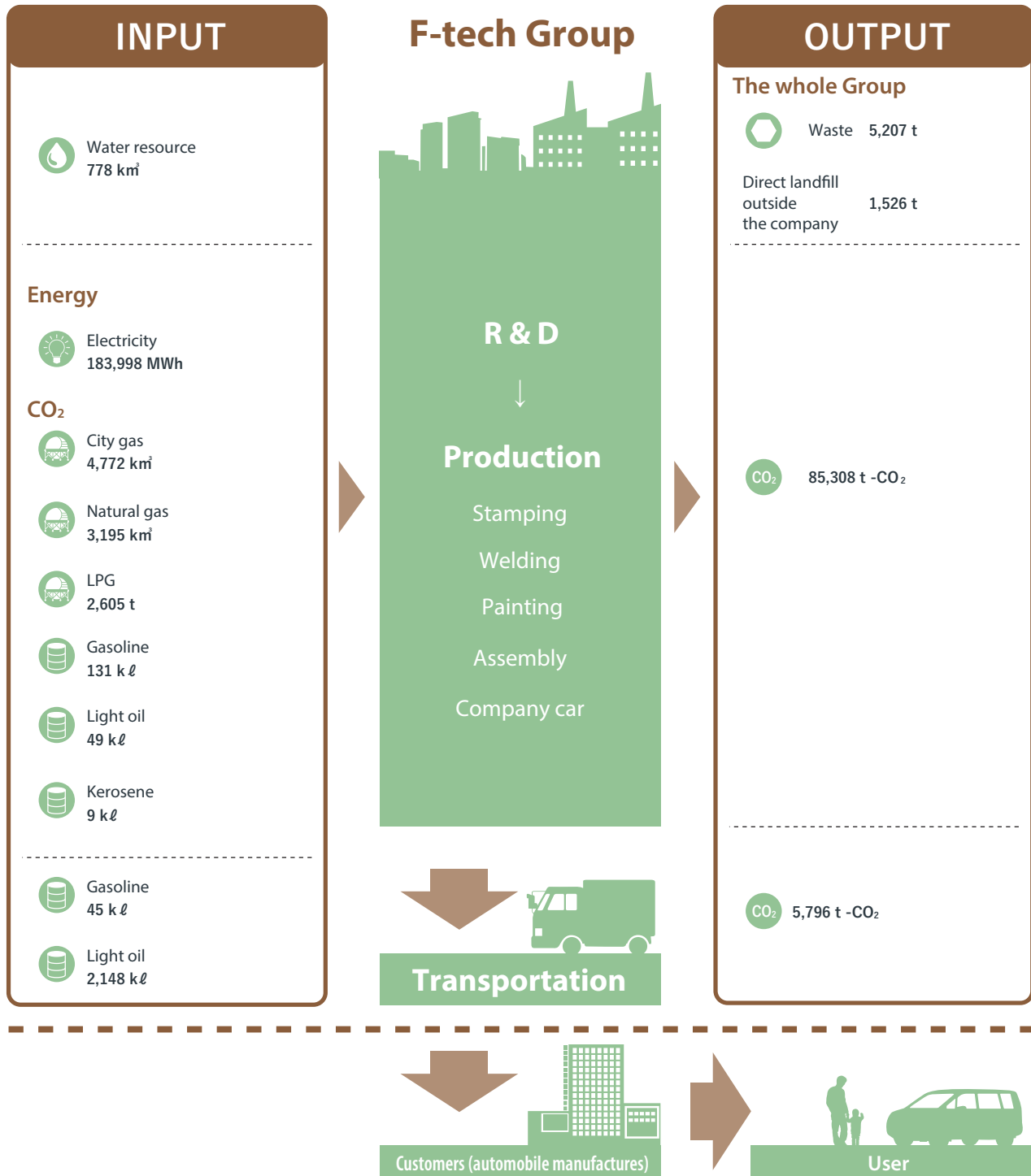
Going forward, by alleviating the high dependency on water at many of our production sites to ensure both the water and product quality during the painting process, as well as by sharing effective measures through a more integrated water management across the group, we will strive for a further reduction of our water consumption.

Results of Waste Emission Target<3% reduction in waste emission intensity compared to FY2017>→ Result<9.9% reduction>cleared the target



Our waste emissions decreased by 17% (1,046 tons) from the previous fiscal year. Among regions, the production sites in China and Japan have increased their emissions by 312 tons, while those in North America and Asia and Oceania have decreased their emissions by 1,358 tons as a result of the decreasing production, leading in turn to the achievement of their goal. While this reduction was a result of the decreasing production, with waste emissions reduction being identified as the second important challenge after CO₂ emissions reduction by our Global Environmental Conference, we will continue our efforts to reduce waste emissions by sharing effective measures across the Group.

※The indicated CO₂ emissions are used energy for logistics and in factories, laboratories, etc.
 ※"Japan" includes data from Kuki Plant, Kameyama Plant, Haga Technical Center, and domestic subsidiaries.



- OUTPUT of CO₂ emissions are calculated by multiplying INPUT energy consumption and CO₂ conversion factor .
- The calculation method for CO₂ is based on the "Greenhouse Gas Calculation and Reporting Manual" of Ministry of Economy, Trade and Industry and Ministry of the Environment and "The Greenhouse Gas Protocol" and WRI/WBCSD.
- Domestic power consumption is calculated based on the latest coefficients for each power company.
- The period covered is from April 2020 to March 2021.

Environmental Accounting at F-tech

At F-tech, we have prepared the information required to perform environmental accounting since the issuance of our first environmental report before it was replaced by the CSR report. In order to ensure continuous improvement of our efforts and accountability to stakeholders, it is essential to accurately recognize and evaluate the investment in and the costs of environmental conservation, in turn enabling an aggregated analysis of the benefits.

Going forward, we plan to incorporate as many overseas subsidiaries as possible into our accounting process.

① Environment Conservation Costs

(Thousand yen)

Categories		Main Initiatives	FY2019	FY2020
Costs in Business Area	① Pollution control costs	Prevention of air and water pollution	15,291	14,781
	② Local environmental conservation costs	Capital investment for energy conservation / Management cost of equipment containing CFCs / Disposal costs	110,410	20,317
	③ Resource recycling costs	Proper disposal cost for industrial wastes	18,061	18,811
	Total		143,762	53,909
Administration costs		Cost for ISO certificate, CSR report, environmental measurement	9,003	6,536
R & D costs		R & D to reduce environmental impact	1,090,000	856,000
Social activity costs		Participation, donation and support for environmental conservation activities	2,151	1,920
Total			1,244,917	972,274

② Environmental Conservation Effects

Categories	Environmental Performance Indicators	Unit	FY2019 usage	FY2020 usage	FY2020 reductions by measures
Environmental conservation effects related to resources used in business activities	Total amount of energy	GJ	254,007	231,264	38,762
	Electricity	GJ	194,906	176,067	38,473
	City gas	GJ	45,019	42,670	129
	LPG	GJ	14,082	12,497	159
	Water resources	m ³	75,870	76,858	0
Environmental conservation effects on environmental impacts and wastes from business activities	Reduction of CO ₂ emissions	t-CO ₂	12,349	11,233	394
	Within the company carbon value	Thousand yen / t-CO ₂	336	336	-
	Emission volume of specific chemicals	t	0.9	0.9	0
	Volume of waste emissions	t	414	444	0
Volume of emissions of materials associated with transport that cause an environmental impact	Reduction of CO ₂ emissions	t-CO ₂	2,208	1,680	178

③ Economic Benefit Associated with Environmental Conservation Activities

(Thousand yen)

Categories	Details	FY2019	FY2020
Profits	Business income from valuables	423,750	431,949
Cost reduction	Cost savings associated with energy conservation activities	14,924	19,230
Ground total		438,674	451,180

※The calorific value used in the calculation is based on the GHG emissions calculation, reporting, and publication system based on the Law Concerning the Promotion of Measures to Cope with Global Warming in Japan.

※Our environmental accounting is calculated in line with the Ministry of the Environment's "Environmental Accounting Guidelines" and represents only our activities in Japan.

We will promote activities focusing on the value chain.

Purchasing Policy

The Purchasing Department will conduct fair, equitable, and highly transparent transactions in accordance with the Company's "Action Guidelines" and promote initiatives aimed at coexistence and co-prosperity with suppliers.

- (1) Achieve an optimal cost structure
- (2) Procurement of attractive products with QCD
- (3) Pursuit of logistics efficiency

Partnerships with Business Partners

We will strive for mutual understanding with our business partners as a good partner to make better products, and build a relationship of trust with the idea of coexistence and mutual prosperity by making full use of mutual wisdom and ingenuity from an equal standpoint.

Green Purchasing

The F-tech Group has established the "F-tech Green Purchasing Guidelines" as a basic concept for green purchasing, which prioritizes the purchase of environmentally friendly parts, materials and products.

We request our suppliers to take the following actions.

- Establishment of an environmental management system
- Compliance with environment-related laws and regulations
- Implementation of management of chemical substances in products
- Grasping and reducing greenhouse gas emissions

Purchasing Policy Briefing

The purchasing policy briefing is held every year at a venue, but in consideration of preventing infections to visitors and our employees due to the corona virus, we will not hold it again this year and will only distribute information.

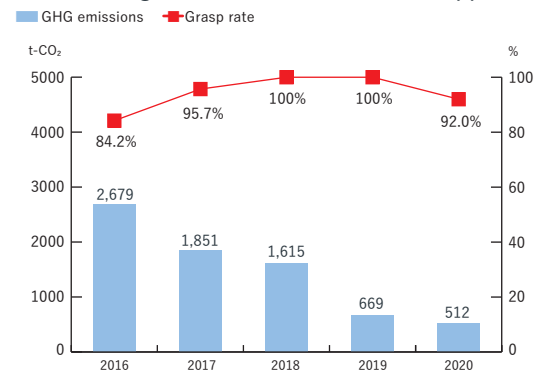
In April 2021, we distributed purchasing policy briefing materials and examples of our environmental efforts to 80 business partners, and asked them to cooperate in our environmental efforts status survey.

■ Survey of Environmental Initiatives

1. Survey of environmentally hazardous substances
 - (1) Energy consumption
 - (2) Amount of water resources used
2. Establishment and achievement status of CO₂ reduction
3. Status of Biodiversity Activities

Grasping the greenhouse gas emissions in the value chain

Greenhouse gas emissions from domestic suppliers



Grasping rate: The percentage of the cumulative transaction value of the surveyed business partners out of the total transaction value, excluding F-tech Group sites, customers, customer Tier 1, trading companies, and employee benefits.

GHG emissions: The amount of energy used by business partners of the subject companies is converted to CO₂ and the CO₂ emissions are divided proportionally according to the sales ratio to our company, and then totaled.

Examples of Environmental Improvement

- (1) Reduced the environmental load associated with movement by maximizing the use of web meetings. We refrained from moving within the prefecture as much as possible and utilized the Web.
- (2) Reduced our CO₂ emissions by improving packaging for export and increasing loading efficiency, resulting in a reduced number of containers increasing loading efficiency.

Management of Contained Chemical Substances in Products

In response to regulations on chemical substances contained in products, the Group has established a management system at each site and conducts IMDS* surveys. Substances that are harmful to humans and the environment and whose use is prohibited or regulated by law are defined in the "F-tech Standards for the Management of Chemical Substances in Products" and the use of these substances is strictly prohibited.

In addition, through our green purchasing activities, we are working to eliminate the use of these substances with the understanding of our suppliers, and are providing our customers with products that do not contain these substances.

* IMDS : International Material Data System (Material database for the automotive industry)

Responsible Mineral Procurement

We will continue to investigate mineral sourcing that is related not only to conflict but also to human rights abuses, environmental destruction, and other irregularities, and strive to purchase products that do not contain minerals originating from conflict zones or high-risk areas. We use CMRP* (Latest version) as the internationally formatted template that RMI* (Responsible Minerals Initiative) publishes annually for Responsible Minerals Procurement Initiative.

*1 RMI: Responsible Minerals Initiative (Conflict Minerals Free Initiative)

*2 CMRT: Conflict Minerals Reporting Template

At F-tech, we had held the group-wide Environmental Conference since 2009.

In FY2020, however, we were forced to reorganize the event due to the pandemic of COVID-19, and instead published the previous year's reports by each location to share environmental measures. A total of 72 environmental measures from 15 domestic and overseas sites were submitted, producing a reduction effect worth around ¥64 million in FY2019. The total improvement effect of these environmental measures amounted to around ¥470 million, helping reduce both environmental impact and production costs across the Group. The information from the secretariat is as down below.

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

We shared the scope and results in the first half of FY2020 of the 14th Mid-Term Plan, evaluated the progress toward achieving 2030 global environmental targets and confirmed the global environmental targets for FY2021.

With only ten years left until 2030, we will be required to set increasingly stricter targets going forward. Our secretariat in Japan has therefore improved the way our targets are managed to allow for an integrated management across the Group.

- ① Ensure the sharing of environmental results within each overseas location in addition to that between each location and the secretariat in Japan.
- ② Instead of just disclosing the results of each location, appoint a person who provides a monthly overview of the progress at each location.
- ③ Accelerate the turnaround for compiling data for environmental evaluation from the current two months later to the next month across all overseas locations. This will allow problems to be identified and addressed earlier.

(2) Water Risks Initiatives

Water risks such as droughts, floods, water pollution, and limited availability of water are beginning to be recognized as one of big issues and has been discussing measures to reduce water consumption as a priority at our Global Environmental Conference. However, as water consumption is inseparable from our production and quality management activities, reducing it has been increasingly challenging. Due to reduce water consumption in the future, we will consider how to deal with these risks at Global Environment Conference by conducting a more detailed survey, such as what kind of water quality is required for each process.

(3) Reorganization of the Global Environmental Conference in response to COVID-19

Amid COVID-19, we were forced to reorganize our annual Global Environmental Conference.

As we are required to address an increasing number of challenges to achieve a low-carbon society, the conference has served as a platform for environmental decision making, information sharing and talent development across the globe. However, as a measure to prevent the spread of COVID-19, meetings on the global environment will be held separately by each region from FY2020.

In FY2020, FMTL (Thailand) was named the best site, while F&P (Canada) was recognized for implementing the best measure.

Good Sites in 2020:

- 1st: FMTL
- 2nd: F&P
- 3rd: Kuki Plant



Best Measure in 2020



1st: F&P

Installment of a flow meter on a 1600-ton press

F&P used the flow meter to detect air leaks and analyze the air consumption by applying the successful operation in the welding division. All presses will be equipped with a flow meter by the end of FY2021.



2nd: FPA

Waste reduction through the reuse of oil absorbing mats

By recycling the oil absorbents that had been disposed of as waste, FPA reduced waste by 1.5 tons over seven months.



3rd: FMTL

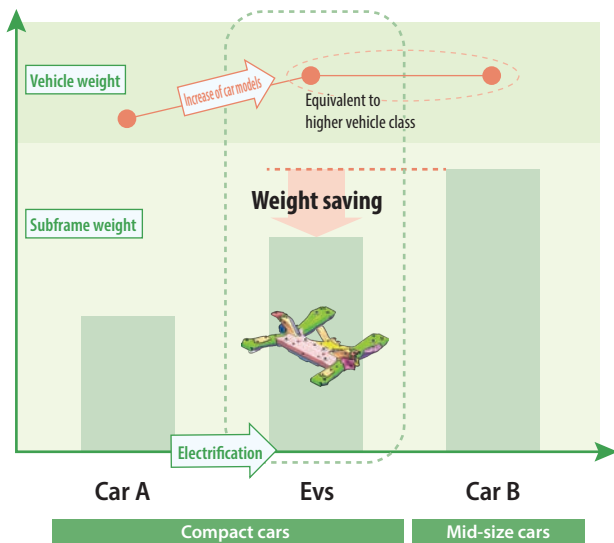
Enhanced waste sorting

Kuki Plant reduced waste by 2.2 tons by introducing stricter criteria for waste sorting and providing training for waste sorting.

Helping achieve the provision of lighter electric vehicles with our proprietary technologies

Addressing the Need to Reduce the Weight of Electric Vehicles

The automobile industry is said to be in a period of change once in 100 years, which is driven by not only technological development but also by the entry of new automobile manufacturers and changing motorization and its infrastructure.



Batteries designed for EVs currently weigh around 400-500 kg, depending on the vehicle type. Manufacturers to compensate for the increased overall weight of each vehicle. Manufacturers should consider weight increase by mounting a battery.

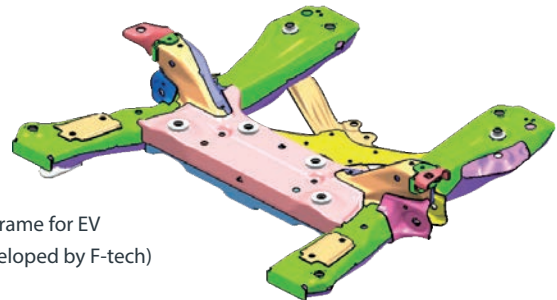
As batteries can increase the weight of compact cars to that of middle-sized cars, manufacturers need to design cars that can meet the strength and rigidity requirements with lighter parts including a lighter subframe.

One of the viewpoints is "EV (electric vehicle)". It is required to equip with heavier battery than gas vehicle, however the weight of one car is increasing, and it is necessary to reduce the weight of each part more than before.

We continuously have produced lightweight and strong product that adapt the demands such as low fuel consumption and improvement of vehicle performance by applying the development capabilities and production technology.

F-tech's Simulation Technology

In the latest development of subframes for EV, the demands such as collision safety performance and maneuverability are difficult to enabled due to increased weight. We have succeeded in constructing a new product frame that achieves weight reduction, collision absorption and specific requirements of EV by applying unique optimization and collision simulation systems, and mass-produce it.



Haga Technical Center Controls Global R&D System which Operates 24 hours a Day



It has been established as a research institute in 1990, Haga Technical Center (Haga-machi, Haga-gun, Tochigi). It has a total of 165 members including 132

members in the development headquarter, 24 members in the sales headquarter and 9 members in the engineering headquarter.

Our five development sites in North America, China and Philippines are assigned a role specific to each site and are

controlled by Haga Technical Center. Our R&D system that helmed by Technical Center covers time differences, works 24-hour period in conjunction with 5 locations: North America, Philippine, China and Japan, and offers speed and cost performance that leads our industry in cutting edge research and development.

Nowadays, the site leads in-house and contract development of chassis system, new market development, production expansion in India and approaches to EV made in China. Nowadays, the sites leads in-house and contract development of chassis system, new market development, production expansion in India and approaches to EV made in China, by working together with each locations.



F-voice

Our Research and Development Capability

I would like to contribute to the society and help reduce the environmental impact by continuing to provide the best environmentally friendly auto parts that can meet the needs of the era

Design Section #1, Product Development Department,
Development Headquarter, Haga Technical Center

Toru Kawai

Approaching to the Increasing Popularity of Electric Vehicles across the Globe from an Environmental Perspective

I was interested in manufacturing and automobiles and when I was a student, I visited a motor show. I was attracted to F-tech's unique technologies such as hydroforming adjustable pedals and integrated production system, and choose to join it.

Since I joined F-tech, I have been designing a part called subframe. This part plays an important role in equipping an engine or a motor and in supporting the suspension and body of a vehicle.

In recent years, due to rising concerns about CO₂ emissions related to the production and use of automobiles, the automobile industry across the world is facing stricter environmental regulations. With automobile manufacturers accelerating their efforts to electrify vehicles (EV), we are also required to make necessary changes in suspension systems that we specialize in.

Challenge for the Biggest Problem "Weight Reduction of Parts" with Our Design Optimization Simulation Technology.

Enabling longer distance cruising with lighter auto parts is one of the important factors that affect to worth of EV. However, the provision of lighter parts is not the only requirement for EV. In fact, it involves a whole new range of

requirements including parts layouts that had not existed before, higher performance to compensate for the increased overall vehicle weight and crash safety performance that can protect electrical system parts.

At Haga Technical Center, we address these challenges by leveraging our proprietary simulation technology for optimum designing, and through a number of discussions with both the development and production department, we developed a lightweight, high performance subframe for EV with a new framework structure that can be produced internally at F-tech.

Keep taking on new challenges leveraging the extensive knowhow accumulated by F-tech

When creating something new, it is normal that things do not set off as expected. Our success was enabled by a solid foundation of technologies and knowhow that the Company has cultivated over many years.

As designing requires collaboration with all departments, we often face difficult issues. However, every time I see the cars equipped with the parts that I designed in cities, I feel moved and motivated.

Going forward, I wish to grow with the Company as we leverage our long-cultivated knowhow and take on new challenges to provide optimal parts for EVs and continue to address environmental issues.



Japan

Kuki Plant (Kuki City, Saitama)

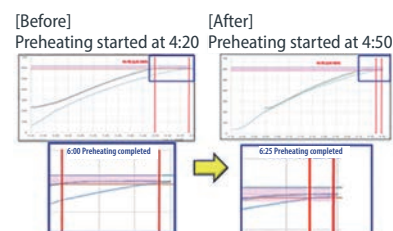
Reducing Electricity Use by Minimizing the Preheating Time of the Annealing Furnace

At Kuki Plant, we have held the monthly "Brainstorming Meeting for Improvement" since 2020 to deliver financial, quality and environmental improvement. This meeting has helped ideas of those working at the front lines be heard, as well as their observations and questions.

The idea to reduce electricity by minimizing the preheating time of the annealing furnace was used. Our staff in the field noticed that there was a significant time gap between the point at which the furnace was preheated to the temperature suitable for production and when the production was initiated and that eliminating this time gap should help save electricity. While employees were supposed to follow the instructions recommended by the manufacturer of each equipment, questioning these instructions with a spirit of transformation eventually led to an improvement in this case. While being a simple solution, we managed to reduce as much as 14,448 kilowatts of electricity per year.



Mesh belt annealing furnace



Kameyama Plant (Kameyama City, Mie)

Received "Good Practice Award" as a Company that Promotes Work Style Reform in Mie

Mie Prefecture operates a program to recognize and register the Companies Promoting Work Style Reform in Mie in order to create comfortable working environments. The recognized/registered companies are featured in the prefecture's website and PR magazine and are allowed to use the award logo on their business cards and pamphlets, thereby improving their company image and recognition.

Since its registration as a Company Promoting Work Style Reform in 2019, our Kameyama Plant has encouraged its employees to use their annual paid leave, reduced long-hour labor and provided the students of local schools with a plant tour. In FY2020, the plant was awarded The Good Practice Award from the governor of Mie for its long-time contribution to local communities through these activities. The plant also applied for The Work-Life Balance Promotion Award launched recently by Kameyama City and became one of the four certified companies, in turn increasing our recognition in the city.



Awarding ceremony on March 4, 2021



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

Development of Weight Energy Consumption at the Center

At Haga Technical Center, we conduct research and development to provide weight saving automobile parts. The parts designed by us are mass-produced at each production site to help our customers across the globe increase the fuel efficiency of their vehicles while helping conserve the global environment.

At the same time, we have also reduced the CO₂ emissions from the equipment that we use. The reduction of the warm-up operation time of vibration exciters by our technology development department is one of the main achievements during the current term. Up until the previous term, vibration exciters were preheated for two hours preventing the occurrence of sludge which decreased the competence of vibration exciters.

However, by using additive for the prevention of sludge and reducing the preheating time to 0.5 hours, we could reduce electricity use from 12,760 kWh to 3,190 kWh, achieving a reduction of 9,570 KWH in total or 3,617 kilograms of CO₂ equivalent. Our electricity bill decreased by a significant 75% or ¥57,420 (¥18/kWh).



Japan



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

Building an Emergency Food and Water Supply as Part of Our BCP

At FEG, we stock emergency food and drinking water in our book storage as part of our Business Continuity Plan (BCP) to ensure the safety of our employees and enable a speedy resumption of operations.

The food and water are stored for being provided to our employees in case the company becomes isolated in a disaster and they are prevented from going home.

The items stocked include alfalfa rice chosen for its versatility and disposability and 500-milliliter water bottles which are easier to carry and drink from than 2-liter ones.

Our supply consists of alfalfa rice of five different flavors enough to provide three meals to all employees, as well as five 500-milliliter bottles of water per employee, whose use-by dates are regularly checked and are replaced as required according to our manual for emergency stockpiling. We have also created a pamphlet to help employees build their own emergency food supply at home, which is displayed in our cafeteria.



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

Provided Highly-Demanded Plant Tours by Taking Secure Measures to Prevent the Spread of the Coronavirus

During FY2020, we had decided not to provide plant tours for elementary school students due to the corona crisis. However, following strong requests from local elementary schools, we changed the initial plan and decided to resume plant tours. Although it was our first time to provide plant tours during a pandemic, we could welcome the students into a safe environment by mobilizing all employees to disinfect chairs, desks, and door knobs. We also took other measures such as sanitizing the students' hands before they entered the facility, in turn, we felt relieved to ensure their safety during the tour to the end.

At the end of the tour, the teacher showed her gratitude by saying, "Thank you for agreeing to give us a tour after being declined by all the other companies due to the corona crisis. The students had been really excited to come here especially with various events being cancelled."



Reterra Inc. (Chichibu, Saitama)

Complying to the Laws and Regulations Regarding Industrial Wastewater

As we are located in a headwater area and can affect the quality of the drinking water downstream in Tokyo, we are subject to regular on-site inspections by the government.

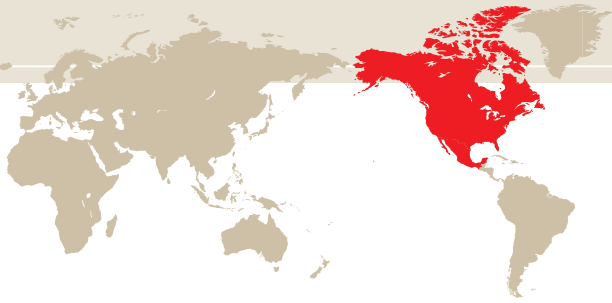
To meet their strict requirements, the wastewater from our two factories is limited to 40 tons per day, any sludge included in the wastewater is collected by a filter press and then the water is filtered through a biological treatment system before being discharged to the river.

Removal of suspended solids (SS) that used to be ensured by having the samples collected and sent by us tested by a testing service provider has been replaced by real-time monitoring using a measurement device attached to the drain. The device is also equipped with a function to automatically stop releasing water in case of emergency during night hours. In addition, we have defined the abnormal levels of Mixed Liquor Suspended Solids (MLSS) by measuring them on a daily basis and have developed a process to notify managers when they reach the warning value.

Going forward, we will continue to manage and monitor our MLSS levels in order to help achieve the Sustainable Development Goals developed by the United Nations.



Our Chichibu plant is located in an industrial park and its wastewater is retreated with that of neighboring factories at the water treatment facility operated by the government before being released into the river.



North America

F&P America Mfg., Inc. (FPA /Ohio, USA)

Helping Local Communities through a Blood Donation Campaign

At F&P America, a total of 104 employees donated their blood in June, August, November and March in FY2020.

Awarding of Scholarships

We awarded two senior students at Troy High School and two senior students at Troy Christian High School with \$5,000 as a non-repayable scholarship through The Troy Foundation.

<Selection Criteria>

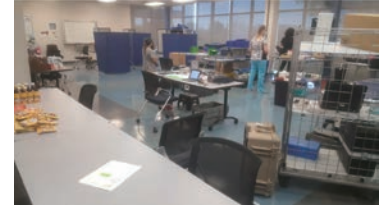
One of the two scholarships given to students of the same school must be awarded to a senior who will be attending an accredited 2 or 4 year college or university in a course of study leading to a degree in mechanical engineering, robotics, manufacturing management, etc.

The other of the two scholarships given to students of the same school must be awarded to a senior who will be attending an accredited 2 or 4 year college or university in a course of study leading to a degree in business, accounting, finance, marketing, human resources, etc.

Applicants must have a GPA of at least 3.0.

In the selection of scholarship recipients, the financial situation of the applicant's family and his or her contribution to community welfare are considered in addition to his/her academic performance.

<https://thetroyfoundation.org/troy-high-school-scholarships>



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

Staff Well-being Initiatives

At FPG, we are committed to promoting our employees' well-being. Since foundation, we have regarded the well-being of our employees as the top priority for individuals and businesses. In recent years, we have expanded our efforts through the organization of events with health insurance agents and the provision of workout sessions with instructors.

At the community level, we organized a charity marathon to help those struggling to pay the medical cost required to care for a family member diagnosed with an intractable disease. These activities to help the local community have in turn helped us improve communication with the community. We have an especially good reputation in Rome where our factory is located.

The information about these events is communicated to all employees, who compete with each other for a given period of time. Engaging in these activities has helped our employees make contact with many people, in turn leading to the creation of teamwork. Although we were forced to cancel many events in FY2020 due to COVID-19, we are pleased that our Walking Challenge and Weight Challenge could still go ahead.

Promoting our employees' health has had secondary benefits such as reduced health insurance premiums and local contribution, making these efforts even more meaningful. While mitigation of the effects of COVID-19 and a further relaxation of restrictions are awaited, we will continue to support and expand these activities.



F. tech R&D North America Inc. (R&DNA /Ohio, USA)

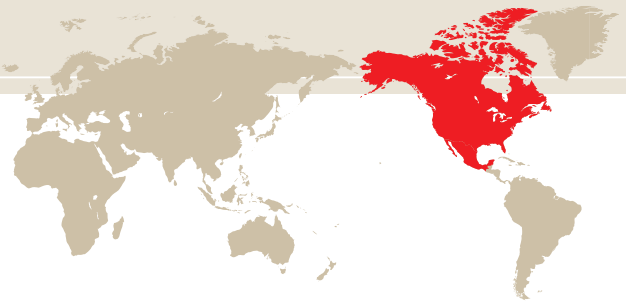
Continuing Our Efforts to Be ISO 17025 Certified

Improving the quality of our development is one of our top ongoing priorities. At F-tech R&D North America, since we got ISO 9001:2015 to be confirmed in 2017, we have supported the certification of the F&P factory as an IATF 19649:2016 compliant facility by meeting the needs as its remote support division. In 2020, we supported the accreditation of the F&P Group as an ISO 9001:2015 compliant organization by facilitating an audit based on IATF 16949:2016 criteria. In addition, in order to guarantee our testing quality and ensure laboratory capability and management that meet the industry standard, we have started to look into the requirements of ISO 17025:2017 with the aim of being audited and certified in 2021.

We also use our existing EPR (Enterprise Resource Planning) system to convert our supplier database into a digital format and monitor their compliance to specific requirements and certification standards, thereby ensuring the quality of our materials.



North America



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

Our Continued Activities Despite COVID-19

At F&P, we engaged in the following environmental activities in 2020 while mitigating the effects of COVID-19. As part of our efforts to reduce the environmental impact of our operations, we encourage our employees to make suggestions.

- We took part in a program that allows the participants to access a vast wealth of best practices and improved ideas through the database called Bee Manufacturing 2030 offered in cooperation with Honda of Canada Mfg. This action program also helps the participants organize, track, and manage their activities.
- We installed a compressed air usage meter to predict demand and identify waste products.
- We introduced an upgraded control system equipped with a VFD controller for stamping scrap conveyors to reduce energy consumption. We also replaced existing lighting with LED lights.
- We managed to reduce the number of truck shipments by 6 per month by increasing the number of parts to be stamped.
- By providing our welding workers with training on the use of consumable supplies, we reduced the consumption of collets and nozzles by 50% in some welding areas.



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

Supporting Non-profit Organization, "United Way"

DYNA-MIG has supported United Way, a non-profit organization in the United States, for over 20 years. We chose to support this organization because they address critical issues such as poverty, homelessness, starvation, social isolation, and mental health.

The donations from our employees are used to offer invaluable programs and services in communities in Perth and Huron Counties. In 2020, a total of 25,342 people were supported.

DYNA-MIG ranked in the 11th place for United Way's Top 20 Workplaces Campaign 2020 Huron-Perth by exceeding the target amount of \$1.7 million and raising \$1.92 million. Going forward, we will continue to help address the issues faced by local communities such as poverty and the continuing effects of COVID-19 by achieving our fundraising targets.



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

Initiatives for the Reduction of Waste by Taking Measures Against COVID-19

The response to COVID-19 and the use of sanitizing gels and disposable face masks resulted in a significant increase in waste, which had incurred significant disposal costs therefore we were supposed to take into consideration how to deal with the waste.

We addressed this situation by purchasing sanitizer in larger containers and providing our employees with washable cloth face masks. We also donated 200 cloth face masks to the Japanese school in Guanajuato.

Partitions were installed between the seats of all company buses as well as hand sanitizer dispensers.

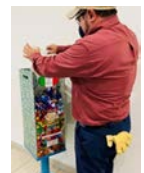
In September 2020, we launched a cap collection campaign to increase our employees' awareness of the importance of recycling. As the sales of plastic caps are used to support a pediatric cancer corporation, the response from our employees has been very positive and their interest is increasing.



Partitions, curtains and hand sanitizer on the company bus



Sample face mask donated to the Japanese school



Cap collection box

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

Flu Vaccination Campaign

At FEGQ, we provide information on hygiene, diet, and vaccination to prevent the common cold and influenza every year from November to February when the temperature starts to drop and influenza starts to circulate. In 2020, in particular, we worked with the Mexican Social Insurance Agency to ensure that we had enough vaccines to suppress influenza whose symptoms are similar to those of COVID-19.

In February 2020 and January 2021, we delivered a flu vaccination campaign to encourage our employees and their family to be vaccinated and be protected against respiratory diseases.



China

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

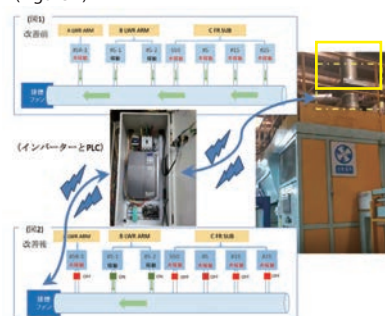
Energy Saving Improvement of Welding Smoke Exhaust Fans

At F-tech Zhongshan, we use 16 smoke exhaust fans. As shown in Figure 1, as each exhaust fan served multiple lines (welding cells), it had to be kept operated even when some of the production lines were shut down for a break, repairs or production adjustment. Keeping the fans operated like this had not only required additional electricity but also decreased the air conditioning efficiency within the factory.

So, we addressed this situation by installing a shutter on the duct of each welding cell which automatically opens or closes according to the operational condition (See Figure 2). In addition, we installed an inverter on each exhaust fan to allow the shutter signals of operating cells to be sent back to the PLC on each fan, in turn adjusting the frequency of exhaust fans and reducing their electricity use.

Thanks to this improvement, the electricity consumption per smoke exhaust fan was reduced by 87,000 kWh per year, while a further 141,000 kWh per year is expected to be reduced as a result of improved air conditioning efficiency. The total amount of electricity saved is expected to amount to 1.5337 million kWh per year, thereby saving the costs by around RMB1.3038 million. (The installment of the shutter on all welding cells was completed in February 2021)

(Figure 1)



(Figure 2) Sensors were installed for automatic sensing and spraying

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

Installation of Online Monitoring Facility for Total Wastewater Drain

In recent years, with the Chinese government introducing stricter laws and regulations regarding the environment, there has been an increasing demand for businesses to protect the environment. Today, in order to meet the requirements of the pollutant emission license for automobile manufacturers, plants generating specific pollutants are required to install a web-controlled monitoring device on the main drain and track the levels of PH, COD and the outflowing amount of ammonia nitrogen, phosphoric acid etc.

In response, our environmental office and our painting division worked together to introduce the online monitoring system in June 2020. The online system is connected to the environmental bureau of Dongxihu District through a network, allowing them to monitor our wastewater on a real time basis. The cost of the introduction of the new monitoring system including its installation in the monitor room and the reconstruction of wastewater channels to meet the standardization requirements amounted to 400,000 RMB in total.

Our wastewater is already connected to the city's sewer system and is discharged into a river after being treated twice at the wastewater treatment center of Dongxihu District. The levels of PH, COD, ammonia and nitrogen of our wastewater have remained below the criteria since the installation of the monitoring system in October 2020.



Monitor room



Online monitoring system

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

Review and Thorough Management of Test Chemicals

In FY2020, we addressed the development of safer chemical storage procedures as a priority.

The chemicals used by our company are limited both in variety and quantity. However, they still need to be stored in accordance with the laws and regulations of the country. To ensure compliance across the company, we launched the chemical storage improvement campaign. The chemical storage manager of each department had meetings and decided to use the materials room on the first floor as a chemical storage room. We then renovated the room to comply with the applicable laws and regulations and developed procedures and management regulations. Thanks to these efforts, all chemicals are now stored after being sorted based on their characteristics and efficacy and used according to the rules.



Converted the materials room to a chemical storage room

Asia



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

Reduced Electricity Consumption by 50% by Replacing the Air Compressor

We reduced the CO₂ emissions and costs related to our air treatment process by replacing the conventional air compressor (using a wye-delta motor starter) with an inverter air compressor with a VFD motor starter and by increasing the size of the air receiver tank from 2000 liters to 3000 liters.

Inverter air compressors use 50% less electricity while also minimizing the fluctuation of pressure. As a result, we expect an energy reduction of 234,300 kWh per year, a cost reduction of Php16,663,530 per year and a CO₂ emissions reduction of 149.15 tons per year. The investment of Php2,030,000 in the new compressor will be recovered in a year and three months.



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

Reduced Electricity Use by Replacing Lights

We replaced 72 fluorescent lights in the office area to LED in accordance with the CO₂ Emissions Reduction Targets of the Group. As FR&DP is operated by two shift groups, we require lighting 24 hours a day. The replacement of lighting resulted in a reduction of electricity use by as much as 500 kW per month, while ensuring a stable brightness.

Our Response to the New Coronavirus Pandemic

In the first six months following the outbreak of COVID-19, we kept the number of cases at zero by ensuring the compliance to laws and regulations and by introducing our own guidelines on health. Although 31% of our employees suffered from the virus in the following months, we could minimize the transmission by taking stricter measures to control and prevent the spread of infection. In particular, we have strictly enforced the wearing of face masks and face shields, regular disinfection procedures and the maintenance of physical distance.

Fundraising for Typhoon Victims

The Philippines are hit by an average of 9 tropical storms each year. In November 2020, Category 4-equivalent Typhoon Ulysees (Vamco) struck northern Luzon Island, causing serious damages in some states. In response to this disaster, our employees voluntarily launched a campaign to raise funds and donations of essential goods. The money and goods raised in collaboration with locators of Laguna Technopark were donated to the Philippine Red Cross.



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

Provided the Children at Local Elementary School with a Better and Safer Learning Environment

In FY2020, our research on surrounding schools revealed that an elementary school in Uthai, Ayutthaya, had several issues including the lack of daily necessities, a broken national flag pole stand and broken drainage channels. We provided the children with a better and safer learning environment by offering daily necessities and by undertaking the necessary repairs.

We also provided the children with information on how to sort and recycle garbage to raise the environmental awareness of those who will lead the country in future and help them practice what they learned at home.

In addition, we have continued other CSR activities including the donation of spare calendars and lost lottery tickets, blood donation and collection of aluminum can pull tabs.



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

Donation to Orphanages

During FY2020, we were forced to minimize our social contribution activities due to the social activity restrictions in response to COVID-19. While the restrictions are still in place, governments and businesses across the country have started their efforts to achieve a "safe, healthy and productive society".

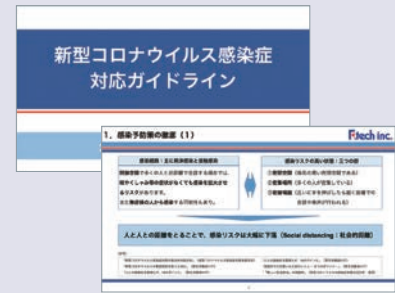
Against this background, we made a donation to orphanages that care for those who are 5 years old or under and were facing new challenges during the corona crisis. At FTI, we are committed to continuing and focusing on our local contribution going forward.



Our Response to the New Coronavirus Pandemic

At F-tech Group, we are committed to preventing the infection of our employees and their family by placing human life as our top priority. We are also committed to fulfilling our responsibility as a supplier forming part of supply chains.

As we continue to live "with COVID-19" in a restrictive living and economic environment, we are required to seek a new lifestyle as part of our efforts to prevent transmission. F-tech Group will continue to address the new coronavirus pandemic by adjusting the way we produce, work and perform.



Covid-Related Procedures to Be Followed Across the Group

When one or more employees are tested positive for or showing any symptoms of Covid-19:

- Any employee who
 - (1) has a temperature higher than 37.5°C,
 - (2) feels tired or have trouble breathing, or
 - (3) has lost or had a change in their sense of smell or taste orany employee who lives with those with the above symptoms must report to his/her supervisor and must self-isolate at home.
- When one or more employees have been tested positive for Covid, track down all their recent activities and report to the local public health center. Identify those who have been in close contact with and objects touched by an infected person and disinfect them as required.
- Those who have been in close contact with an infected person must take a PCR test in accordance with the criteria and instructions of the local public health center, and if tested negative, must self-isolate for 14 days from the day they were in contact with the infected person and work from home until they are found unlikely to be infected.

Measures to Prevent the Spread of Infection

Under the declaration of a state of emergency, we are committed to adopting and implementing the recommendations of the conference of experts.

Measures to avoid the three C's:

- Work from home; Minimize physical contact between employees through the implementation of shift work
- Ban non-essential outings and movements
- Encourage those who commute on public transportation to cycle to work, change commuting times or work from home
- Change the layout of the office and the dining room
- Make the most use of online meeting tools

General Requirements;

- Wear face masks; Wash hands as often as possible; Sanitize and disinfect; ventilate rooms regularly

Development of Guidelines;

- We have documented the above procedures into Guidelines for Addressing the New Coronavirus Disease to encourage appropriate response by our employees

Our Operational Activities

- With regard to the production, we promoted the development of procurement processes and complementation system among plants to support production to improve the working conditions at the production sites while fulfilling our responsibility as a parts supplier.
- With regard to the way we work, we responded to the declaration of a state of emergency by making those who work in back-office departments work from home as well as through the implementation shift work. Since these new working arrangements have proven to be productive, we introduced flextime that had only been available in some departments in other departments, in turn developing an ideal working environment for both labor and management.
- With regard to the performance, while our sales are significantly affected by COVID-19, we will aim to achieve the following three goals:
 1. Development of a cost structure that can ensure profit
 2. Reduction of time and cost using the zero-prototype development method that completes with designing/analyzing.
 3. Development of new businesses in addition to the manufacturing of chassis suspension

The Effect and Progress of Remote Work

Since the issuance of the declaration of a state of emergency, our employees have worked from home on a temporary basis to avoid contact with other employees.

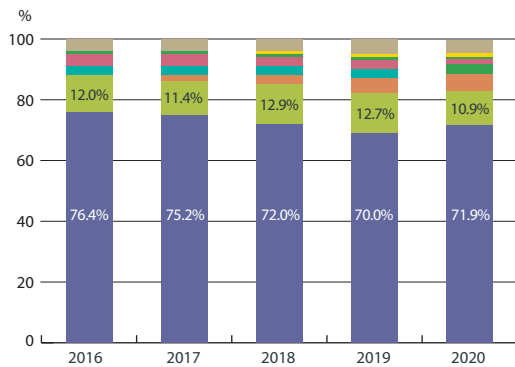
Out of about 850 employees, around 380 in a back-office position were instructed to work from home to keep our daily attendance rate below the government's guideline. As we developed an IT environment and operational processes suitable for remote work prior to its implementation, working remotely from home has the progress of our operations.

We believe that redesigning our working environment in response to COVID-19 will in turn lead to the development of a workplace that is more comfortable for both the Company and employees.

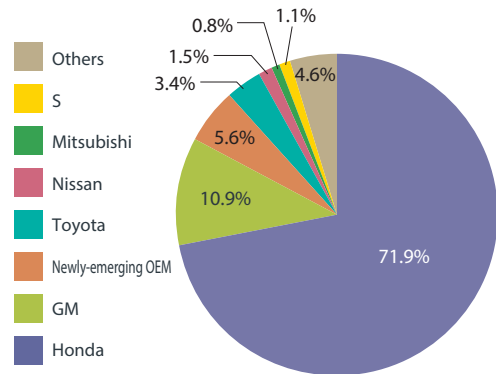


Data Collection

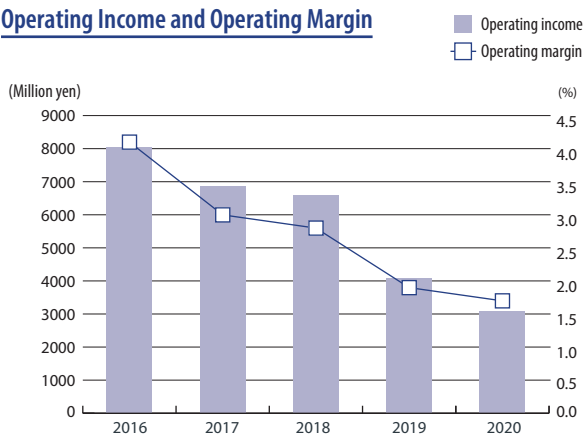
Share of Sales by main Customer



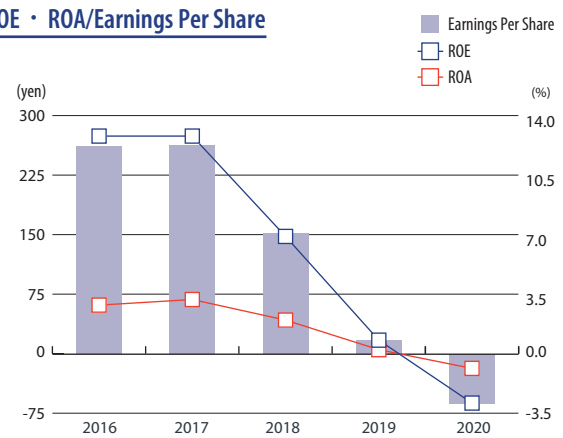
Details of Share of Sales by Customer in FY2020



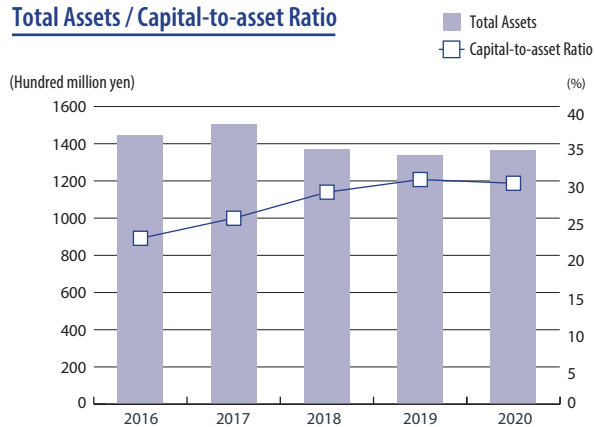
Operating Income and Operating Margin



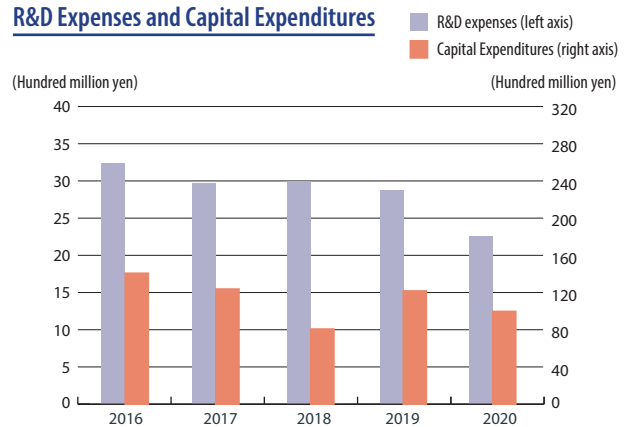
ROE · ROA/Earnings Per Share



Total Assets / Capital-to-asset Ratio



R&D Expenses and Capital Expenditures



Number of Maternity / Paternity Leave by Year

	2016	2017	2018	2019	2020
Maternity Leave	5	6	4	4	4
Childcare Leave	6	7	7	6	7
Returnee	7	6	4	10	4
Resignee	0	0	1	0	0
Return rate	100%	100%	80%	100%	100%

Number of Male and Female by Managerial Positions.

(As of April 1 of every fiscal year)

	Promoted to administrative positions		Administrative position		Manager		Section manager		Coordinator	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2016	8	0	156	2	20	0	25	1	39	2
2017	10	0	166	2	19	0	23	1	38	3
2018	13	0	177	2	19	0	27	1	45	3
2019	7	0	171	2	17	1	30	0	49	2
2020	8	0	175	2	16	1	34	0	50	2



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