

## akebono Pursues Safety and Security on a Global Scale



In the executive boardroom where the Disaster Task Force was set up

### Establishment of a Robust Production Structure

First of all, we extend our deepest sympathy and condolences for those who have been affected by the Great East Japan Earthquake, which struck on March 11, 2011. We are hoping for the fastest possible recovery of the disaster areas.

The akebono Group has four production plants in eastern Japan. Approximately one hour after the earthquake on March 11, 2011, we set up the Disaster Task Force and placed utmost priority on confirming the safety of associates and their families, following this with the collection of necessary information and responding to the disaster. Fortunately, our facilities suffered only minor damage, and even Akebono Brake Fukushima Manufacturing Co., Ltd. (Fukushima Manufacturing), where the damage was the

greatest, was able to get back on track on March 21, 2011, reflecting associates' all-out efforts. In the course of checking on the extent of damage at our materials and components' suppliers, we came to realize that the structure of the Japanese automotive industry supply chain resembles a diamond or an upside-down pyramid rather than the upright pyramid that it had previously been likened to. We thus realized that from now on, we have to address the rather major issue of how to maintain supply chains in Japan and overseas.

Over the past few years, the akebono Group has been striving toward the establishment of a global production system in which we adhere to local production regulations and meet local consumption needs. Under the Akebono

Production System (APS), we are standardizing every aspect of operations, ranging from which products are made to manufacturing, facilities and management. Incorporating product features according to local market needs and product application, we will reinforce our cost-competitiveness with our product development capability, leveraging differentiated technologies. In addition, we are engaged in various environmental preservation activities at manufacturing facilities, including the enhancement of energy efficiency based on reviews of manufacturing facilities for heat molding products, the streamlining of coating process and the reduction of CO<sub>2</sub> emissions.

Referring to issues spotted upon the occurrence of the disaster, we will accelerate abovementioned initiatives. To that end, we will shift from our highly concentrated business structure to a global production system, reorganizing our production structure in order to secure an edge in burgeoning emerging countries. We understand the present is the best time for investing in not only damage recovery but also in future business development. Although we are currently reviewing our medium-term management plan, we will maintain the akebono New Frontier 30 Rolling Plan 2011, which includes the three major targets “advancement of technologies for the future,” “continuation of cost revolution and expansion to global operation” and “acceleration of globalization (from Japan & North America to Japan, North America, Europe and Asia),” with the aim of enhancing business performance and corporate value.

#### **Pursuing Safety and Security on a Global Scale**

We place utmost importance on contributing to society through the provision of safety and security. We want our associates to be proud of their work and the Company, backed by the knowledge that akebono offers safety and security through its brakes. Based on this idea, we have

engaged in Corporate Brand Management since 2005. In order to realize true globalization that encompasses people with different nationalities, languages, educational backgrounds, religions, customs and value systems, we have to aim for one goal as one team to become one and only company for our associates. To that end, in 2011 we commenced activities aimed at heightening our sense of unity under the slogan “One Goal, One Team, One akebono.” In the midst of this initiative, we experienced the Great East Japan Earthquake.

On March 22, 2011, I visited Fukushima Manufacturing with relief supplies and the intention of offering encouragement to our associates. Looking around, however, at associates who were together in harmony and showing deep consideration for others, it was I who was moved and encouraged instead. This visit prompted me to hold a graduation ceremony for the 38th class of technical workers at the Global Head Office in Nihonbashi on April 10, 2011. Our experience in dealing with this disaster, made us truly understand the importance of ensuring safety and security. Accordingly, we intend to go back to the basics and act appropriately in accordance with akebono’s Corporate Mission, our fundamental philosophy covering all our activities from business management and environmental preservation to social contribution.

To all our stakeholders, we hope that through this *AKEBONO REPORT 2011* you will gain a wider understanding of the positive contributions that akebono is making toward sustainable development. We ask all of you for your ongoing support, and we also welcome a frank exchange of views with you, our stakeholders, and invite your comments about this report.

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