

AKEBONO REPORT 2017



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Please send your opinions and impressions to the above office.



This report was printed on Forest Stewardship Council-certified paper, sourced from well-managed forests and other controlled sources. In addition, the printing involved no volatile organic compounds (VOCs).

akebono's Corporate Mission	Through "Friction and Vibration, their Control and Analysis," we are determined to protect, grow and support every individual life
akebono's Declaration for the 21st Century	<p>We will continue to create value long into the 21st century as we pursue our Corporate Mission.</p> <p>We declare that we will:</p> <ol style="list-style-type: none"> 1. Recognize the real value of what we create and provide. 2. Assure our own indispensability by continuously creating new value. 3. Accomplish our tasks with speed and the courage of our convictions without fear of failure. 4. Achieve our aspirations through the pride of each and every individual.
Corporate Goals	<ol style="list-style-type: none"> 1. Customer needs first 2. Technology realignment 3. Establishing a global network

Brand Slogan	Brand Statement
Absolute safety; Unparalleled control	<p>Since 1929, akebono has brought assurance and peace of mind to our customers and end-users everywhere as a global industry leader in brake design and production. We take pride in our history of achieving safety without compromise, and continue to pursue new standards of perfection with innovation.</p> <p>Looking to the future, we are inspired by the prospect of delighting and satisfying our customers, and never cease in the challenge to succeed in this goal.</p> <p>Absolute safety; Unparalleled control. Putting a smile on people's faces all over the world.</p>

Editorial Policy

We compiled the AKEBONO REPORT 2017 based on "integrated thinking," a concept proposed by the International Integrated Reporting Council (IIRC). In doing so, we have focused on actual examples of the Akebono Group's operations, the kind of growth it aims to achieve and how it will fulfill its commitment to delivering safety and peace of mind through brake products.

To effectively convey abovementioned content to our stakeholders, we prepared both printed booklet and web editions of the AKEBONO REPORT 2017. In the printed booklet, we put greater emphasis on reader-friendliness, focusing on matters that we want to communicate to a broader range of stakeholders. In particular, we present our initiatives to identify social needs and provide solutions to issues. Examples include product information related to infrastructure and mobility systems utilizing sensor technologies, next-generation brake development, global human resource development, and diversity promotion. Further details on topics presented in the printed booklet can be found on our website.

It is our hope that the aforementioned articles help readers understand Akebono's determination to lead the way in realizing unparalleled competitiveness as a specialized manufacturer with a lean organization and independent status.

In preparing this edition, we referred to the Guiding Principles set forth by the IIRC as well as the Global Reporting Initiative Sustainability Reporting Guidelines (G4) and ISO 26000.

Reporting Period

This report covers the annual results data for the 2016 fiscal year (April 1, 2016 to March 31, 2017). In addition, the report contains references to some ongoing activities undertaken after the latter date to provide readers with a better understanding of the latest status of initiatives.

Organizations

Japan: Akebono Brake Industry (including HP BU, Foundation BU, Infrastructure & Mobility Systems (AIMS) BU, Friction Material BU, Aftermarket BU, and R&D, automotive sales, production, production engineering, quality assurance, purchasing department, and administrative departments as well as Tatebayashi Foundry), domestic Group companies including four production plants (Yamagata, Fukushima, Iwatsuki and Sanyo), Alocs Corporation, Akebono Research & Development Centre, Akebono 123, and Akebono Advanced Engineering; Overseas: ABC, AEC, ABE, ABG, ABCT and ABCS (U.S.); ABM (Mexico); AESA and AASA (France); AEG (Germany); AAE (UK); ABSK (Slovakia); AKBT, A&M (Thailand); two Chinese subsidiaries (Guangzhou and Suzhou); AAIJ (Indonesia); and AAVH (Vietnam). Please refer to "Akebono Locations" on pages 45 to 46 for the formal names of those organizations that are presented in the above listing as abbreviations.

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Definition of Fiscal Year

To present content in a consistent and easy-to-follow manner, in this report, the period referred to as the fiscal year represents the fiscal period from April 1 to March 31 of the next year. The financial statements are also presented on a fiscal year basis.

The AKEBONO REPORT 2017 booklet presents financial and non-financial information on the Akebono Group's fiscal 2016 initiatives with a focus on readability. For detailed data on each initiative, please visit our website.

Website

Detailed data on each initiative is disclosed on our website.

Booklet

Matters related to priority themes are concisely discussed in the booklet.

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URL	http://www.akebono-brake.com/english/index.html

Cautionary Statement Concerning Outlook

Current plans, projections, strategies, business performance and other statements reported herein that are not historic facts represent forecasts made under Akebono's assumptions and views based on information available at the time this report was prepared. These statements, therefore, are exposed to risks and uncertainties, including but not limited to those associated with the economic climate surrounding Akebono's business domain, trends in market competition, exchange rates, tax systems and various institutions. Please note that actual business performance may differ significantly from Akebono's forecast due to various factors.

Since 1929

Akebono was founded as Japan's first brake lining (friction material) manufacturer at the dawn of the Japanese automotive industry.

1 **1960** First phase of transition
Launched as a comprehensive brake manufacturer

2 **1986** Second phase of transition
First full-scale overseas expansion

3 **2010** Third phase of transition
Acceleration of globalization



1958

Akebono resin brake shoes and disc brake linings are used on Japanese National Railways' Kodama express trains



1982

AD Type disc brakes win the Fiscal 1981 Japan Society of Mechanical Engineers Medal



1986

Establishes Ambrake Corporation as a joint venture with General Motors in the United States



1960

Signs brake-related technical assistance agreement with a global brake manufacturer Bendix Corporation in the United States



1929

Founded as Japan's first brake lining manufacturer at the dawn of Japan's motorization



1996

Acquires equity interest in PT. Tri Dharma Wisesa in Indonesia (currently PT. Akebono Brake Astra Indonesia)
First step to establish a business foundation in Asia



1998

Establishes Akebono Arras S.A. production facility in France (currently Akebono Europe S.A.S. [Arras])



2001

New corporate headquarters, the Akebono Crystal Wing (ACW) is completed in Hanyu City, Saitama Prefecture

2000

Starts using the new corporate logo



2007

Participates in F1 providing brake components as the official supplier for the McLaren team



2014

Establishes Akebono Brake Slovakia s.r.o. in Slovakia



2009

Signs a contract with Robert Bosch GmbH to acquire its North American brake business
Accelerates globalization from 2010



2016

Receives the Fiscal 2015 Japan Society of Mechanical Engineers Medal for New Technology in the "development and mass production of high performance brakes for road cars"

(Billions of yen)

250

200

150

100

Net sales trend

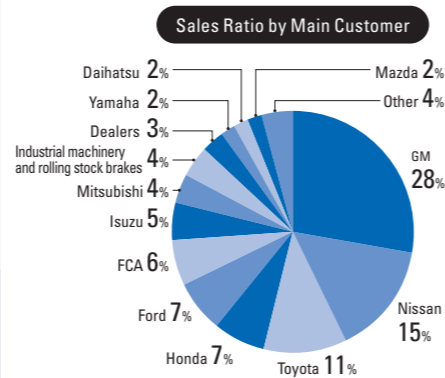
Akebono TODAY

A comprehensive brake manufacturer expanding globally

Consolidated net sales (Fiscal 2016)

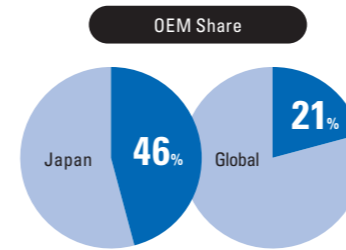
¥266.1 billion

Trading with the world's auto makers and maintaining a high market share



OEM* Business Sales
Over 80%

*Fitted in new cars



Responding to the various needs of automakers

Various manufacturers in Japan and around the world use products made by Akebono as an independent, comprehensive brake manufacturer.

One in every five vehicles worldwide have brake pads made by Akebono

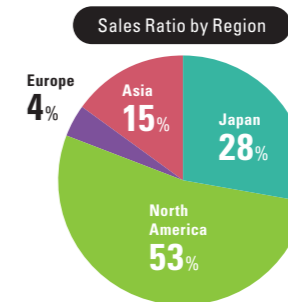
For our mainstay product, brake pads, we have a global market share of approximately 21% and a Japanese market share of approximately 46%*.

Global brake pad OEM market share:

21%

*Akebono research

More than **72%** of sales are for overseas



Expansion mainly in North America, Europe, and Asia

Akebono has been leveraging its global network to expand business in Japan, North America, Europe, and Asia. Since fiscal 2015 our overseas sales ratio has exceeded 70%.



We are leveraging our unique position in Japan and overseas as a "small, specialized, independent manufacturing company."

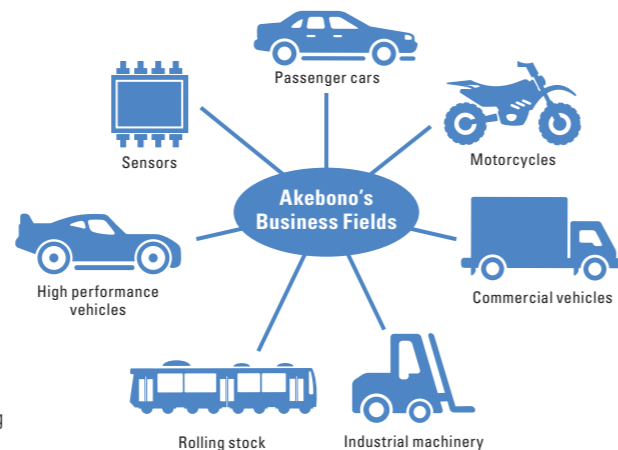
Using the technologies and expertise only a specialized manufacturer possesses to open up new markets

Providing original technologies

7 Business Domains

Leveraging technologies cultivated in the automotive brake field in a wide array of fields

Developed on the principle of "Through 'Friction and Vibration, their Control and Analysis,' Akebono's products are used in a wide array of fields, including passenger cars, commercial vehicles, motorcycles, rolling stock, and industrial machinery.



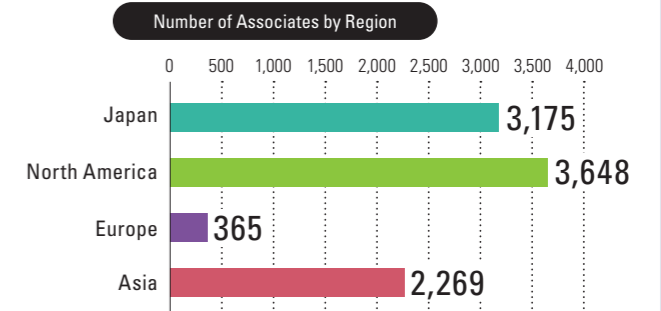
Building a global network responding to market changes

Employing

Over **9,000** people around the world

Business operations at 25 bases in 12 countries

Akebono employs 9,457 people around the world. We are developing global human resources as a truly global company.



We will enhance our corporate value by responding to changes in the automotive industry with improving performance of our North American operations.



Sudden, Rapid Changes in the Automobile Industry

The automobile industry, an important business foundation for Akebono, is currently in a period of transformation, with increasing requirements for response to global environmental problems and safety issues. To address environmental problems, development of hybrid and plug-in hybrid vehicles, as well as EVs and FCVs is rapidly progressing. At the same time, safety improvements are also moving forward as autonomous driving technology evolves, along with research into supporting infrastructure and the electrification of various mechanisms. A number of other industries have entered this field, and we believe this will further intensify competition in development for survival. In addition, the development of information technology and the emergence of new values regarding cars have given rise to a shift from ownership to use, and the concept of ride sharing has been becoming popular. Akebono will need to respond to the wide variety of changes.

Three Strategies Built Around Our Identity as Akebono

Amidst these changes in business conditions, we at Akebono aim to enhance corporate value by maximizing our unique position as a small, specialized, independent manufacturing company. By taking advantage of the swift decision-making capability that comes with being a small organization, we will leverage our deep, specialized knowledge of friction and vibration as we take on the challenge of further expanding the range of our business. We will attempt to break into new fields by

taking advantage of the freedom that comes with being independent, creating something from nothing through a focus on manufacturing. And because the Company requires organizational capabilities to accomplish what individuals alone cannot, we will work to respect the individual associates who support the organization as we develop truly global personnel.

As conditions surrounding the Company undergo sudden, rapid change, we have established the following three strategies for fiscal 2017 to ensure our survival in the market while taking advantage of our strengths as a “small, specialized, independent manufacturing company.”

Forging the akebono Way for Global Roll-Out

The first strategy is to forge the akebono Way and roll out globally. A key factor in the formulation of this strategy was the manufacturing burden that arose in our North American operation in 2013. Over time, Akebono has weathered three major transitions and overcome many generational changes. Our resilience has been underpinned by our unique strengths and values, and as times have changed, we have reflected those changes in our company credo, in our APS*, in our Corporate Mission, in our Declaration for the 21st Century, and in our Brand Statement. As we expand our business globally going forward, however, we find that we need more concrete guiding pillars for decision making. The akebono Way is thus being formulated and rolled out as a guideline for actions and decisions to ensure our sustainable growth.

Establishing Foundations for Product-based Business Unit Structure

The second strategy is to build a foundation for product-based business units, an effort that began last year. To further deepen collaboration between our regional operations in Japan, North America, Europe and Asia and enhance customer satisfaction globally, we launched five product-based business units responsible for sales, R&D, purchasing, production, and manufacturing engineering functions. This will accelerate efforts to identify issues by business unit and construct operation mechanisms. By strengthening global competitiveness, we aim to increase the profitability of individual products while establishing a global network.

Promoting Respect for People and Developing the Talent and Contribution of Every Individual Associate

The third strategy is to respect for people and develop the talent of every individual associate. In both of our other two strategies—Forging the Global Roll-Out of the akebono Way, and Establishing Foundations for Product-based Business Unit Structure—it is important that our

associates change their thinking and mindset and the way they work, responding to change on their own as individuals. We will work to develop the next generation of associates based on the concept of diversity.

Progress with the Akebono New Frontier 30 – 2016 Midterm Business Plan

Rebuilding the North American operations is an important pillar of the midterm business plan. We have made faster-than-expected progress with the three initiatives involved: a rebuilding of the Company's foundations through a top-down reshuffling of key management positions, including the CEO; stronger cost management with the assistance of outside consultants; and increased productivity. Performance has steadily improved and prospects are for a return to profitability for the North American operations in fiscal 2017 and beyond. We will continue to focus on improving productivity to firmly establish a profitable structure.

Efforts to expand the high performance brake business and recreate European operations are moving forward as planned, and we hope to quickly establish an integrated production and supply system at the new Slovakia Plant. In China, meanwhile, sales of compact cars are strong due to tax reductions, while automotive markets in Thailand and Indonesia have also begun to show signs of recovery going into 2017. We will work to tie that recovery to earnings by further increasing our competitiveness in these regions.

Development and Accumulation of Technology to Ensure Survival

To survive the intense competition in development in response to environmental problems and safety issues, it is essential that we continue to enhance our technological capability. As part of that effort, in 2007 we began supplying brake systems to the McLaren F1



team. This challenge grew out of the philosophy that for Akebono to become a world-class expert in the brake field it is essential that we take on the world's best, and 2016 marked its 10th anniversary. Today, we continue to pursue our core technology, “Friction and Vibration, their Control and Analysis,” under these extreme conditions. Technology accumulated through our participation in these races comes to fruition in our high-performance brakes. Coupled with growing recognition of the Akebono name in Europe, our technology is contributing significantly to the expansion of the high performance brake business and the rebuilding of European operations, one of the pillars of our midterm business plan. The valuable experiences our engineers acquire on-site at these races are also linked to our human resource development efforts.

In addition, as seamless application of technology based on our expertise in “Friction and Vibration, their Control and Analysis,” our Infrastructure and Mobility System business unit is moving forward with development of products for rolling stock, including bullet train brakes. Further, utilizing our sensor technology, we are also developing and marketing products in new fields including vehicle behavior detection devices for rolling stock and surface incline measurement systems in an effort to further expand our business. We are also diligently working to advance development of next-generation technologies, such as our innovative MR Fluid Brake, which successfully reduces environmental impact through the use of a structure that eliminates brake dust.

Since its founding, Akebono has centered all of its business activities around providing safety and peace of mind. The unfavorable situation in our North American operations over the past three years has caused considerable concern for our stakeholders, but performance is now on track toward recovery. We will continue to devote our efforts to further increasing corporate value, and we hope our stakeholders provide us continuous support. We would like to ask your frank opinions and comments on this report.

June 2017

Hisataka Nobumoto
President and CEO

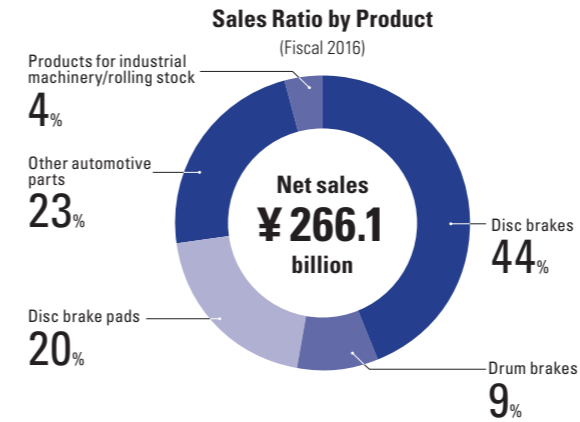
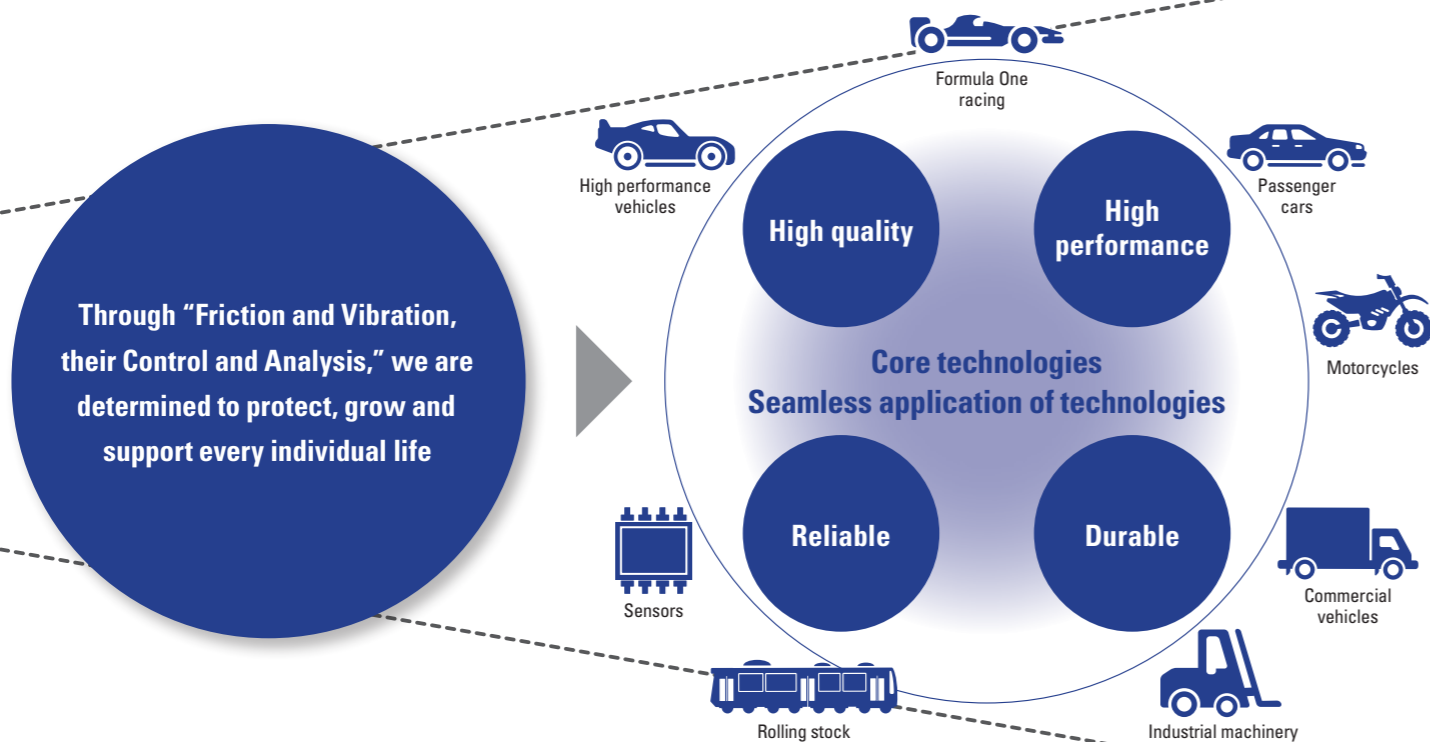
* APS stands for the Akebono Production System as well as the Akebono Philosophy and Spirit.

1 Value Creation Model

Value Creation based on Our Corporate Mission

Akebono is working to create new value by focusing on customer needs and social issues related to brakes.

As an independent manufacturer specialized in brakes, Akebono strives to deliver safety and peace of mind to customers all over the world. Throughout our global operations, we develop, manufacture, and provide brake pads, brake linings and other friction materials as well as such mechanical parts as disc brakes and drum brakes. We will leverage the technologies that we have accumulated through the automotive field to develop in diverse business areas and focus on development of next-generation technologies to contribute in creating a safe, secure society.



Development of Next-Generation Technologies (p. 15)

	OEM products (for new cars)	Aftermarket products
Friction materials	<p>Brake pads Brake linings</p>	<p>Brake pads Brake shoes and linings</p>
Mechanical parts	<p>Disc brakes Drum brakes</p>	<p>Brake calipers Wheel cylinders</p>
Sensor products	<p>Sensor clusters (acceleration sensor + angular velocity sensor)</p>	<p>Vehicle behavior detection devices Inclinometers</p>

Philosophy

Based on Our Corporate Mission as a Comprehensive Brake Manufacturer

In 1999, Akebono established "akebono's Corporate Mission" as a guideline that indicates the path that the Company should take. "Friction and Vibration, their Control and Analysis" is Akebono's original theme. Guided by the Corporate Mission, Akebono will continue to create value and contribute to the development of a sustainable society.

Technology

Pursuing Core Technologies and Seamless Application of Technologies with a View to Customers' Needs and Social Issues

The development and manufacture of automotive brake-related products is Akebono's main business. Our products cover a range of categories from passenger cars through to high performance vehicles. Moreover, we provide brakes for motorsports such as Formula One with the aim of enhancing our technological strengths. We also supply brakes for motorcycles, rolling stock and industrial machinery, drawing on our core technologies cultivated in brake development for automobiles. We also develop and supply sensor products that leverage our vibration analysis technologies, aiming to expand into the fields of social infrastructure and mobility.

Products

Building a Solid Track Record in OEM and Aftermarket Parts

Our main OEM customers include Toyota, Nissan, Honda, Mitsubishi, Isuzu and all other domestic automakers as well as many overseas automakers, including GM, Ford, FCA, Porsche, and Mercedes. Currently, Akebono's share of the Japanese OEM market for automotive disc brake pads stands at approximately 46%. Akebono also provides customers all over the world with aftermarket products designed in accordance with their needs, backed by the technologies and quality it has developed through the OEM business.

Global Expansion (p. 17)

Markets and Products

Akebono draws on its comprehensive brake technologies to develop and supply brakes for automobiles, motorcycles, rolling stock and industrial machinery, as well as sensor products.

Products for Automobiles

- Disc brake calipers
- Disc brake pads
- Disc brake rotors
- Drum brakes
- Drum brake shoes
- Drum brake linings



Disc brake



Drum brake



Products for Motorcycles

- Disc brake calipers
- Disc brake pads
- Master cylinders



Master cylinder

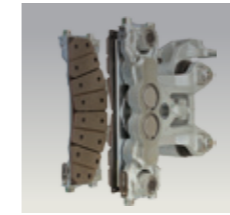


Disc brake

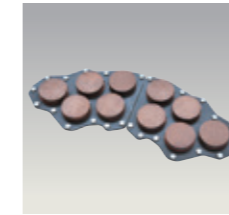


Products for Rolling Stock

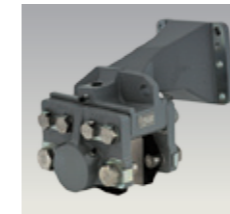
- Bullet train disc brakes
- Bullet train disc brake linings
- Monorail disc brakes
- Railroad train brake shoes



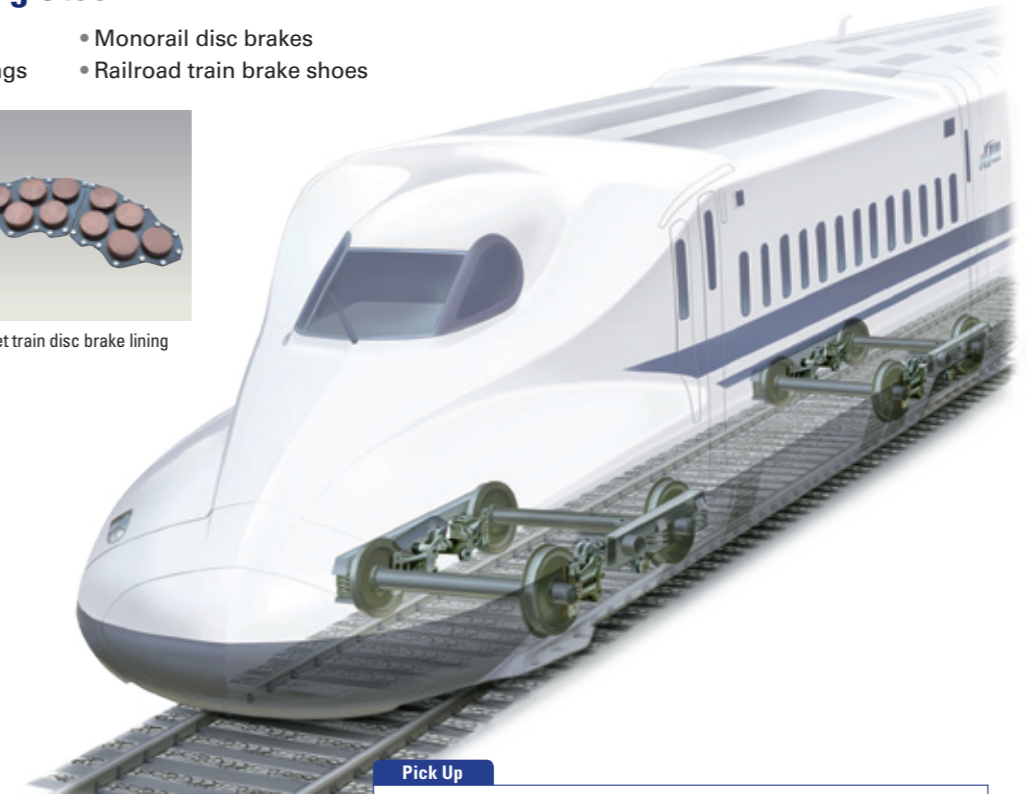
Bullet train disc brake



Bullet train disc brake lining



Monorail disc brake



Pick Up

Contribution in the Railway Field

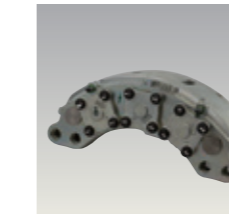
Akebono has provided the brakes for many Japanese bullet trains, from the first generation Type 0 series to the latest N700A series, as well as conventional trains and monorails.

Products for Industrial Machinery

- Drum brakes for forklifts
- Disc brakes for cranes
- Brake shoes for elevators
- Clutch facings for car air conditioning components



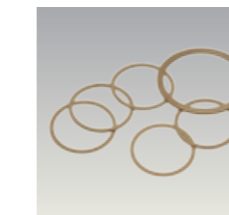
Drum brake for forklifts



Disc brake for a rough terrain cranes



Brake shoe for elevators



Clutch facings for car air conditioning units



Sensor Products (Infrastructure & Mobility Business)

Civil engineering and architecture field

- Incliner systems
- Concrete filling & compaction detection systems (Jutender)
- Lighting emitting inclination sensors (LEIS)/Pocket



Inclinometer

Agriculture and construction field

- Horizontal control systems for tractors
- Horizontal control systems for radio-controlled helicopters used for pesticide spraying
- Drive wheel slip prevention systems for caterpillar tracks



Sensor in horizontal control system for tractor

Building field

- Earthquake detectors for long-wave seismic motion
- Friction materials for vibration damping



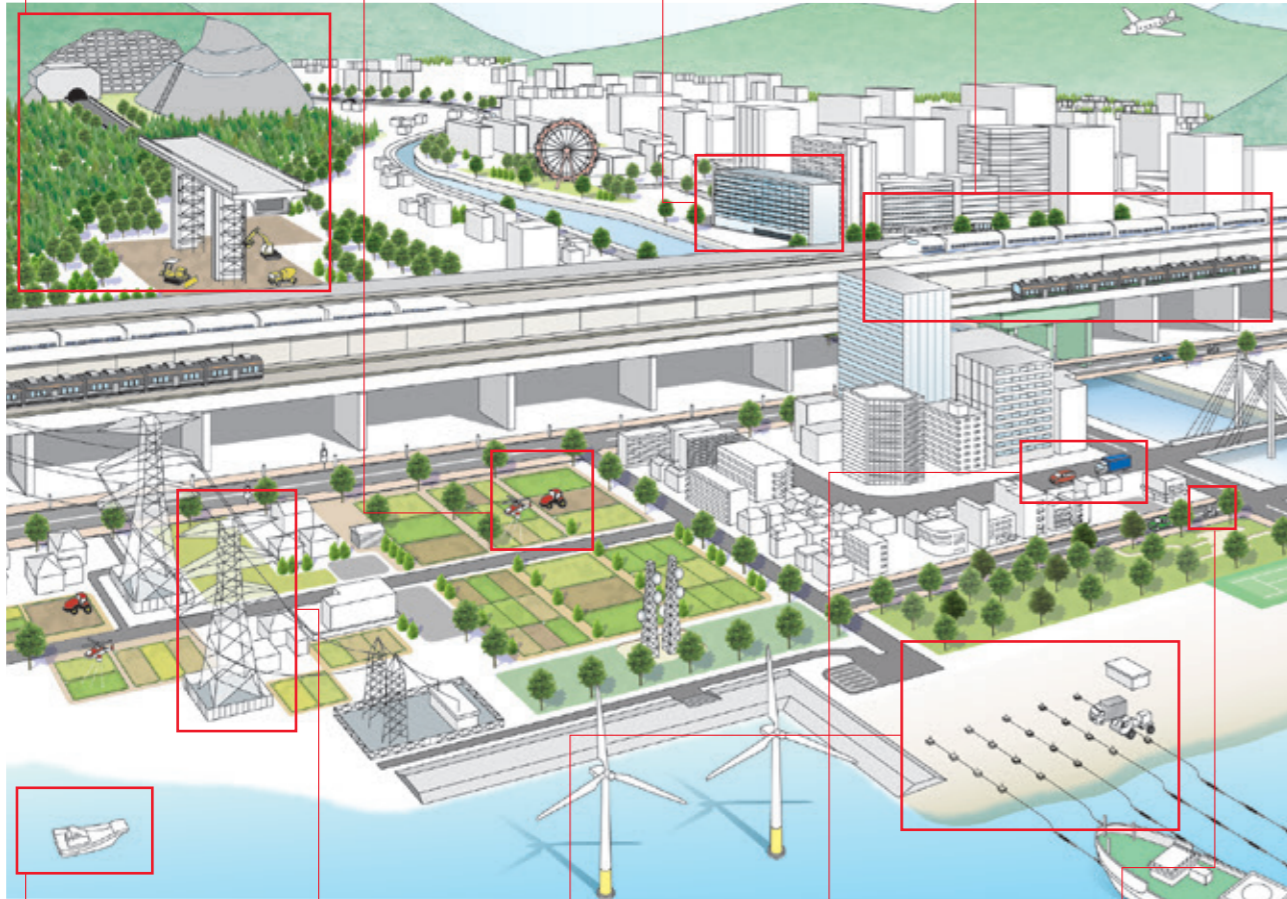
Earthquake detectors for long-wave seismic motion

Railroad field

- Suspension control systems for high-speed trains
- Vehicle behavior detection devices
- Portable vibration measurement devices
- Continuous micro vibration monitoring systems for railway bridges

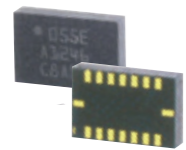


Vehicle behavior detection device



Marine field

- Position correcting systems for satellite/GPS compasses
- Position correcting systems for fish finders



Sensor in position correcting system for satellites/GPS compass

Energy field (supply)

- Position monitoring systems for power transmission cables
- Inclination and vibration monitoring systems for steel towers



Position monitoring systems for power transmission cables

Energy field (development)

- Oil/gas layer monitoring systems



Ultra low noise accelerometer for oil/gas layer monitoring system

Automotive field

- ESC (electronic stability control equipment)
- Car navigation systems
- ABS
- Suspension control systems
- Roll over airbags
- Hill-start assist systems
- Operation support systems for commercial vehicles



ESC

Motorcycle field

- Suspension control systems



Sensor in suspension control system

Basic Principles of Brakes

Here we explain the structure and function of brakes.

What is a Brake?

It is a device that utilizes friction to cause a vehicle to decelerate and/or stop by converting kinetic energy into heat energy. Sudden braking at 100 km/h generates enough heat to raise the temperature of two liters of water from 0°C to boiling (100°C). Brakes are relatively small compared with other major automobile components, and the space where they are mounted is restricted. Complex controls are required to absorb the output power of the engine and brake safely. Brakes are also considered an important safety component in an automobile because of their key role in ensuring vehicle safety.

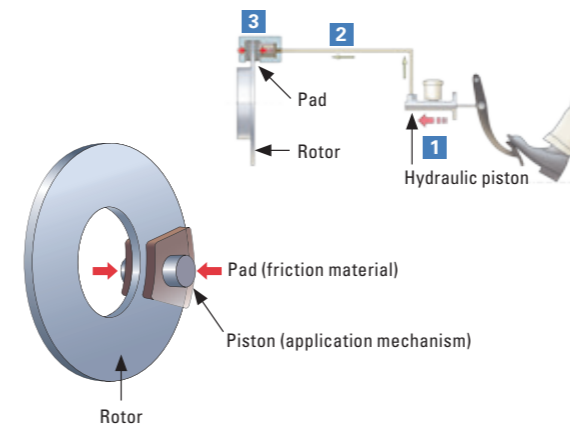
Types of Brake

Each of the four wheels on an automobile is equipped with a brake. Depending on the usage and characteristics of the car, the wheels may have disc brakes or a drum brakes. Disc brakes have the capability to stop a car in a stable manner even at a high speed, while drum brakes have the capability to stop heavier vehicles.

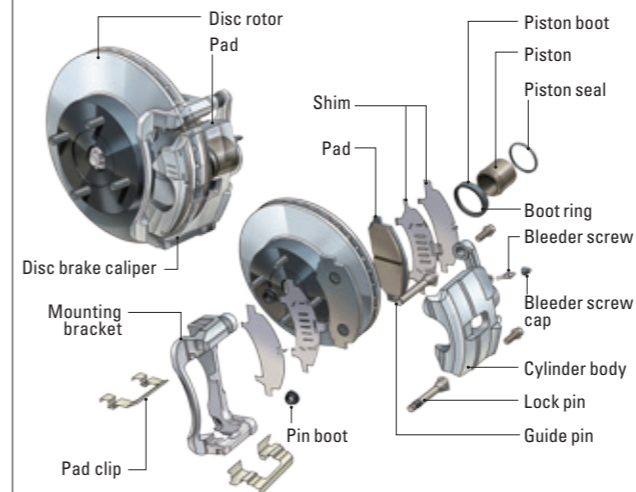
A vehicle can be equipped with different combinations of disc and drum brakes. Some vehicles use disc brakes on the front and rear wheels, while others use disc brakes on the front and drum brakes on the rear.

Disc brakes

Brake pads clamp the rotor to stop its rotation

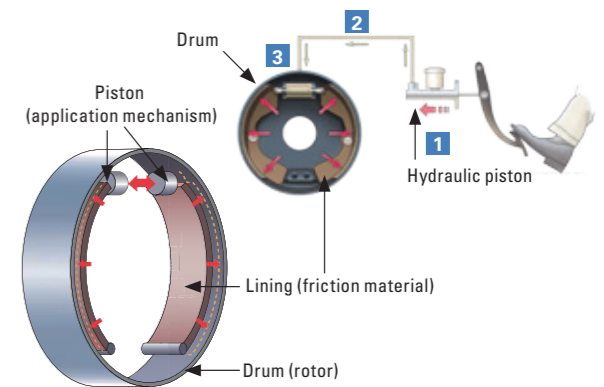


Main Parts of Disc Brakes

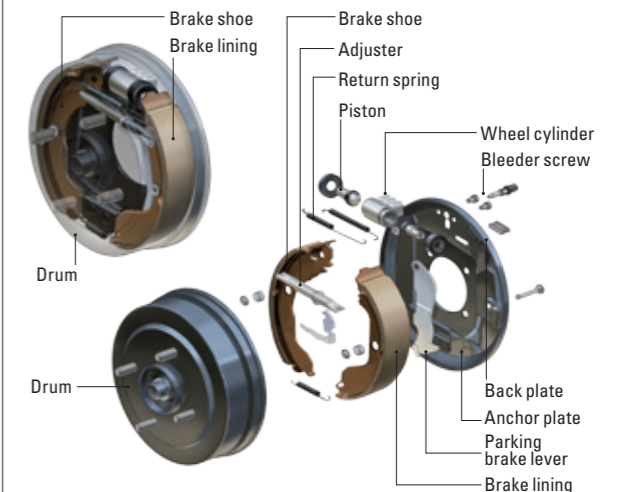


Drum brakes

Lining is pushed out to drum from the inside to stop its rotation



Main Components of Drum Brakes



Development of Next-Generation Technologies

We are developing technologies for various themes, such as safety, the environmental friendliness, and comfort.

Developing Products Free of Environmentally Hazardous Substances

Akebono promotes the development of products with a lower environmentally hazardous substance content. In accordance with in-house guidelines on brake raw materials, stricter than required by law, Akebono does not use these materials or changes to alternative materials.

Development of Proprietary Materials

Akebono Research & Development Centre has developed a new solid lubricant material that improves the performance of friction materials at high temperature ranges. This material contributes to superior friction performance as well as helps prolong the product life of brake pads to contribute to resource savings. Hereafter, we will use this material not only for automobiles but also for other fields.

Development of Frictionless MR Fluid Brakes

With increasing use of electrical systems in automobiles, we aim to create people- and environmentally-friendly brake products that do not emit brake dust or noise. With this in mind, the Akebono Research and Development Centre has been jointly researching and developing Magneto Rheological (MR) fluid brakes, new concept electrical brakes that do not rely on friction, working with the Institute of Fluid Science, Tohoku University (Professor Masami Nakano).



MR fluid brake prototype fitted to a small mobility vehicle

Satisfying U.S. Restriction on Substances Used in Brake Friction Materials

In California, U.S.A., friction materials containing more than 0.5% copper will be prohibited from being applied in new vehicles beginning in 2025. At Akebono, the departments involved in the production and distribution of friction materials are working together globally to comply with the new law and Akebono has already developed friction materials that satisfy the law.

Development of New Brakes for Greater Fuel Efficiency

• Electro-Mechanical Brakes

Electro-Mechanical Brakes employ an electric operating mechanism to press the disc brake pads. The brakes help to improve fuel efficiency by reducing vehicle weight. Moreover, they are environmentally friendly because they do not use brake fluid, which must be properly disposed of whenever repairs are made. Akebono will continue to contribute to environmental preservation by working to develop electro-mechanical brakes.



Electro-Mechanical Brake

• Low Drag Calipers

The low drag caliper incorporates specially designed components to ensure that the pad to rotor gap is precisely maintained at the micron level. This reduces brake drag due to contact between the pad and rotor when the brake is released, contributing to improved fuel economy.



Low Drag Caliper

Ceaseless Pursuit to Make Brake Components as Light as Possible

Akebono continues to achieve technological breakthroughs for mass production brakes utilizing technology accumulated through high level motorsports. For example, our weight-saving technologies will help enhance fuel efficiency and thereby contribute to lower energy consumption for automobiles. Furthermore, by participating in endurance racing, we will advance technologies for the greater wear performance of brakes in heavily loaded conditions. This will, in turn, help us create products with a longer life while helping to save resources.

TOPICS Upgrading Ai-Ring to Secure Competitiveness in the Global Market

Akebono's proving ground, Ai-Ring, is one of the largest in Japan for an auto parts maker. It has undergone a course upgrade complete with winding roads and other features. In recent years, auto parts makers have had to keep pace with rapid changes in the automotive market and address the needs of new mobility in society. While deepening its understanding of structural changes in the automotive sector and new functionalities, Akebono aims to improve its development competitiveness by developing brake experts who can react quickly to market change.



Ai-Ring

Aspiring to Make the World's Highest Performing Brakes

10th Anniversary of the partnership with McLaren F1 Team

Providing world-beating performance, Akebono has been the Official Supplier of brakes to the McLaren F1 team since 2007.

In Formula One, it's necessary to have brakes that allow the car to go faster. When entering a corner, vehicle speed changes from 300 km/h to 80 km/h in a matter of three seconds. At this time, brake rotor temperatures rise as high as approximately 800°C.

To provide minimum possible weight while keeping high rigidity, outstanding cooling capacity, stable performance and high reliability, our meticulous design processes take into account materials selection, their surface treatment, and multiple other aspects.

After the 2013 season, Akebono and the McLaren announced a new, extended technology partnership for even closer collaboration. In 2016, Akebono held a commemorative event to mark the 10th anniversary of their partnership.



In the past 10 years, we have learned a lot from McLaren in the improvement of our technical strengths. The various technologies accumulated through our involvement in the F1 challenge, such as weight reduction, high rigidity, cooling capabilities, and so forth, have been introduced into our high performance brake business along with the experience of our individual engineers.

In the 2017 season, the regulations for cars were changed significantly. With these changes, lap time is expected to decrease. Akebono will make every effort to supply the highest performance as requirements on brakes continue to increase.

Akebono x McLaren F1 Challenge

- 2007** Started supplying brakes calipers and master cylinders
First win at the Malaysian Grand Prix
- 2008** Won the World Drivers' Championship
- 2013** Strengthened technology partnership to the level of Technology Partner
- 2014** Started supplying brake by wire hydraulic components
- 2016** 10th anniversary of starting to supply brakes to the McLaren team

34 wins **94** podium finishes

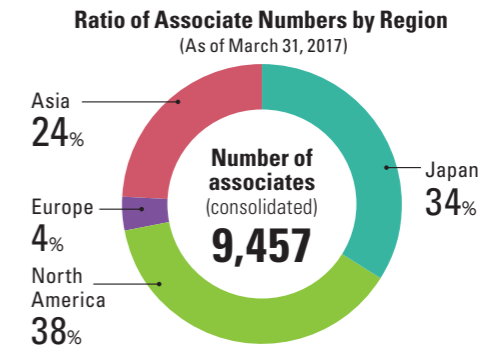
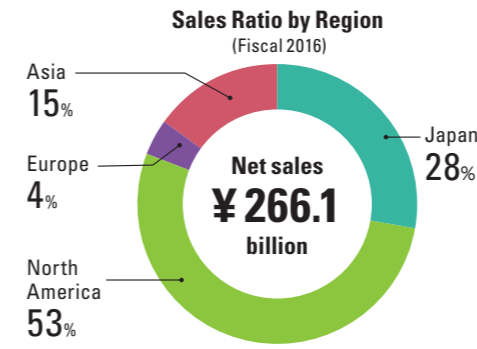
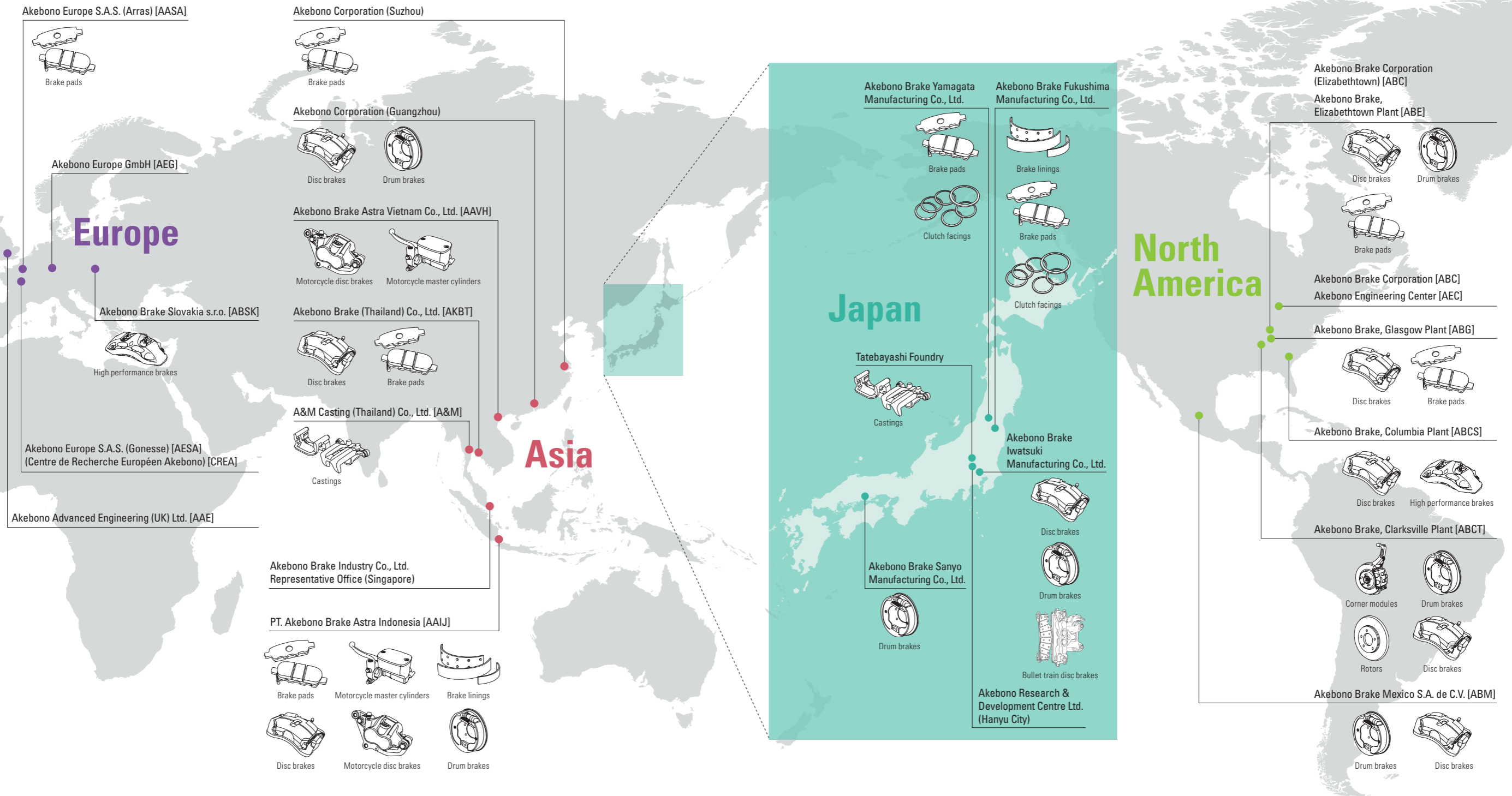


Six members of the McLaren team attended the commemorative ceremony, including Eric Boullier, Racing Director (Left) and John Cooper, Commercial & Financial Director, McLaren (Right)



Global Expansion

Akebono is building a global business structure for responding to different market needs.



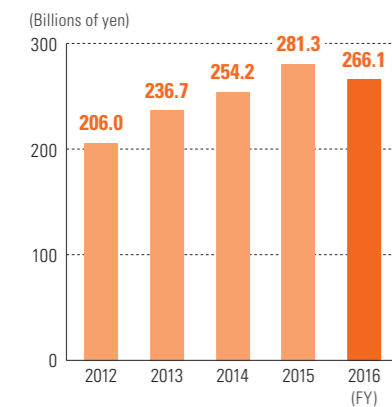
2 Review of Operations

Akebono Brake Industry Co., Ltd. and Consolidated Subsidiaries Years Ended March 31

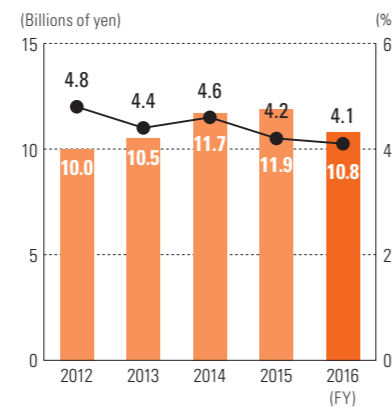
Financial and Non-Financial Highlights

	(Billions of yen)										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net sales	¥173.2	¥184.7	¥159.6	¥130.6	¥216.6	¥209.6	¥206.0	¥236.7	¥254.2	¥281.3	¥266.1
Gross profit	35.1	36.6	14.6	19.8	30.4	24.9	23.5	26.8	24.3	16.5	26.6
Ratio of gross profit to sales (%)	20.3	19.8	9.2	15.2	14.0	11.9	11.4	11.3	9.6	5.9	10.0
Selling, general and administrative expenses	21.3	21.4	20.9	15.1	19.0	21.1	19.2	18.7	20.3	20.2	22.3
Ratio of selling, general and administrative expenses to sales (%)	12.3	11.6	13.1	11.6	8.8	10.1	9.3	7.9	8.0	7.2	8.4
Operating profit (loss)	13.9	15.2	(6.3)	4.7	11.4	3.8	4.3	8.1	4.0	(3.8)	4.2
Ratio of operating profit (loss) to sales (%)	8.0	8.2	(3.9)	3.6	5.3	1.8	2.1	3.4	1.6	(1.3)	1.6
Profit (loss) attributable to owners of parent	6.6	6.6	(16.3)	2.1	5.3	(3.2)	0.5	2.4	(6.1)	(19.5)	0.4
Ratio of net profit (loss) to sales (%)	3.8	3.6	(10.2)	1.6	2.4	(1.5)	0.3	1.0	(2.4)	(6.9)	0.1
Return on assets (ROA) (%)	4.3	4.2	(10.2)	1.3	3.0	(1.8)	0.3	1.3	(2.9)	(9.0)	0.2
Return on equity (ROE) (%)	15.0	13.7	(42.2)	5.8	11.6	(7.1)	1.2	4.9	(11.5)	(50.1)	1.4
Capital investment	8.9	14.9	17.8	5.4	5.1	14.3	19.8	21.8	20.8	18.6	18.7
Depreciation and amortization	9.3	9.9	11.4	10.0	9.8	9.8	8.6	8.9	10.8	13.1	11.9
Cash flow from operating activities	10.8	15.1	4.2	3.2	7.4	2.9	7.6	18.9	10.2	7.5	14.1
Cash flow from investing activities	(9.1)	(16.0)	(13.6)	(13.4)	(8.6)	(23.8)	(4.1)	(20.3)	(17.7)	(10.1)	(15.9)
Cash flow from financing activities	(3.3)	0.1	38.6	(0.0)	18.2	1.4	(2.0)	(6.2)	5.8	11.2	(2.8)
Number of outstanding shares at the end of period (including treasury stock)	(Thousands)										
	110,992	110,992	110,992	135,992	135,992	135,992	135,992	135,992	135,992	135,992	135,992
Net profit (loss) per share—basic	(Yen)										
	¥ 61.86	¥ 61.85	¥ (151.65)	¥ 17.80	¥ 39.75	¥ (24.25)	¥ 3.90	¥ 18.24	¥ (45.83)	¥ (146.31)	¥ 2.66
Cash dividends per share	6.00	10.00	5.00	5.00	10.00	10.00	10.00	10.00	10.00	—	—
Total assets	(Billions of yen)										
	¥155.6	¥163.3	¥155.4	¥164.1	¥186.0	¥181.0	¥186.6	¥199.2	¥225.9	¥204.4	¥201.8
Net interest-bearing debt	40.2	40.2	47.7	39.5	36.9	52.4	68.1	76.2	95.8	99.4	102.5
Net debt-equity ratio	0.8	0.8	1.7	0.9	0.8	1.2	1.46	1.45	1.78	4.17	4.09
Net equity (Equity minus minority interests minus stock subscription rights)	47.3	49.8	27.4	43.8	47.1	43.3	46.5	52.7	53.9	23.8	25.1
Net equity ratio (%)	30.4	30.5	17.6	26.7	25.4	23.9	24.9	26.4	23.9	11.6	12.4

Net sales

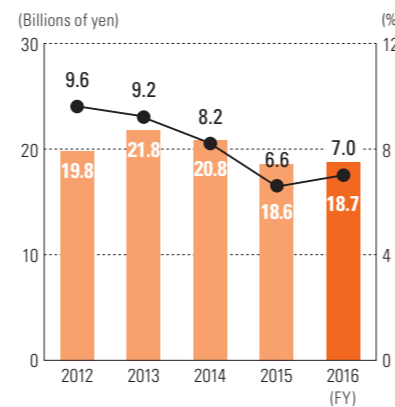


R&D expenses* and ratio of R&D expenses to net sales

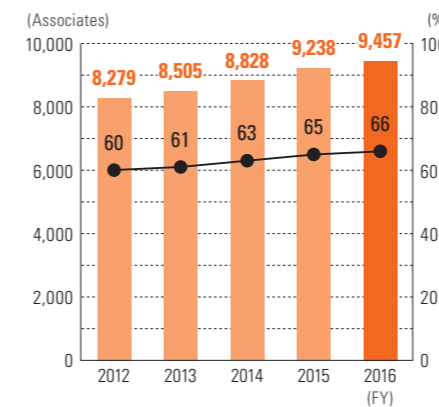


*Note: Includes expenses arising from daily operations aimed at achieving improvements

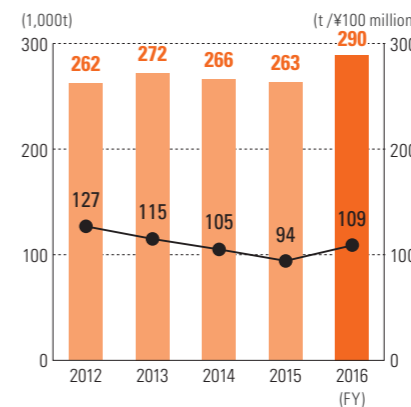
Capital investment and ratio of CAPEX to net sales



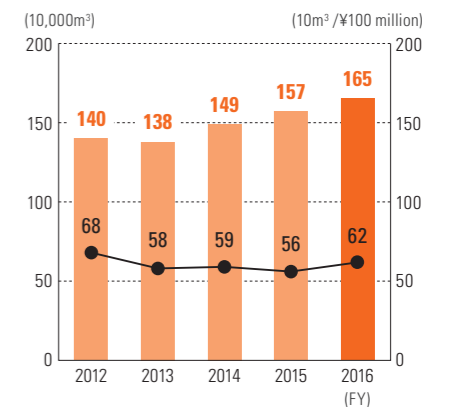
Number of associates and ratio of overseas associates



CO₂ emissions and CO₂ emissions per net sales (Akebono group worldwide)



Water resource usage and water resource usage per net sales (Akebono group worldwide)

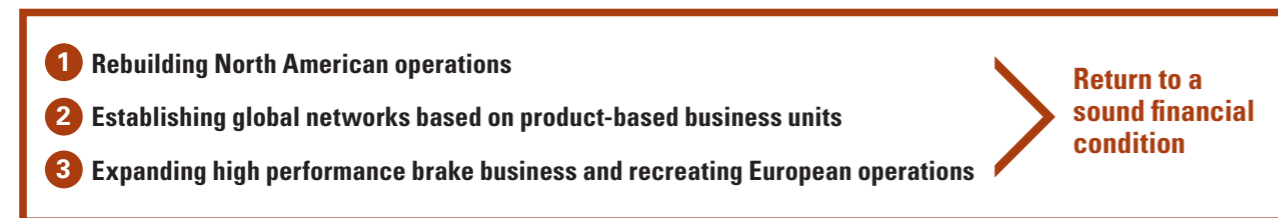


Progress of akebono New Frontier 30 - 2016

Akebono has established a midterm business plan, “akebono New Frontier 30 – 2016 (aNf30-2016)” ending in fiscal 2018. Goals of the midterm plan include ① rebuilding North American operations, ② establishing global networks based on product-based business units, and ③ expanding high performance brake business and recreating European operations. By achieving these goals, Akebono aims to return to a sound financial condition and facilitate sustainable growth.



aNf30-2016 Fundamental Strategies Shift priority from achieving sales targets to sustainable growth



Targets (Billions of yen)

	aNf30-2016		
	FY2016 Actual	FY2017	FY2018
Net sales	266.1	250.6	255.0
Operating profit	4.2	8.0	10.0
Profit (loss) attributable to owners of parent	0.4	3.0	5.0
Equity ratio	12.4%	13.3%	16.6%
Net D/E ratio	4.1	4.0	2.9
Free cash flow	(1.7)	3.0	3.5

① Rebuilding North American operations

Earnings have improved considerably as a result of measures to rebuild North American operations having an impact quicker than expected. Profitability is also in sight

from fiscal 2017 onward. Akebono aims to entrench a profitable structure by working to increase the efficiency and productivity of plant operations.

		Specific Initiatives	Results
Strategy 1	Fundamental organizational reforms	Strengthening local management <ul style="list-style-type: none"> Appointed new CEO with turnaround track record and experienced CFO New plant managers at ABG, ABE and ABCS New Program Manager 	<ul style="list-style-type: none"> Appointed CEO, CFO, Plant Managers, Project Manager, Division head of production and procurement Appointed Division head of HR and ABCS Plant Manager in February 2017 Re-establishment of organizations through key persons in each division/department/plant Improvement of working environment
Strategy 2	Productivity improvement	Reduction of manufacturing burden <ul style="list-style-type: none"> Certain programs transferred to other Akebono manufacturing locations Improvement activities implemented Kaizen and preventive maintenance implemented 	<ul style="list-style-type: none"> Shifting partial production of brake pads to Japan and Thailand Reduction from 3 shifts, 7 days a week to 3 or 2 shifts, 6 days a week, with the exception of some production lines
Strategy 3	Manufacturing capacity increase	Introduction of new production lines <ul style="list-style-type: none"> New manufacturing equipment for aluminum calipers at ABCS Expanded manufacturing facilities for aftermarket friction materials at ABG 	<ul style="list-style-type: none"> Start of operations in October 2016 at ABCS for further enhancement of production capabilities expected Full operations of additional manufacturing lines scheduled in February 2017 and around the end of 2017 at ABG
Strategy 4	Optimization of sales and purchase prices	Improvement of earnings structure <ul style="list-style-type: none"> Negotiations for optimization of sales and purchase pricing since early 2016 	<ul style="list-style-type: none"> Achieved price optimization with major automotive companies and improvement in SCM expenses above original plans

② Establishing global networks based on product-based business units

To further deepen collaboration between our regional businesses in Japan, North America, Europe and Asia, and reinforce global competitiveness, Akebono has established five product-based business units (BU) responsible for sales, R&D, purchasing, production, and manufacturing

engineering functions. This will accelerate efforts to identify issues for each business unit and help construct mechanisms to address them. We aim to increase the profitability of individual products while rapidly establishing a global network.

Increase profitability on a product basis leading to competitiveness on a global level

- Establish product-based business units responsible for sales, R&D, purchasing, production, manufacturing engineering and other functions
- Establish a global strategy through enhanced regional marketing functions
- Carry out a global product strategy based on the concept of standardization and topping* (S+t)
- Further rationalization effects achieved through global purchasing activities

*Topping: Enhancing our product features that are tailored specifically to local market needs.

Business Units (BU)	Start-up	Main Products	Strategy
HP BU	January 2016	HP (High Performance) disc brakes, brake pads	Increase market share through competitiveness in terms of performance and cost, mainly in Europe
Foundation BU	January 2016	Disc brakes, drum brakes and other mechanical parts	Sales increase and profitable growth by utilizing Akebono's manufacturing excellence among global locations
Infrastructure and Mobility (AIMS) BU	April 2016	Products for industrial machinery, rolling stock, and sensors	Increase competitiveness through innovation and technological fusion, resulting in sales increase
Friction Material BU	October 2016	Brake pads, lining and other friction materials	Increase competitiveness through Akebono's strengths in material knowledge and NVH* technologies
Aftermarket BU	October 2016	Aftermarket parts	Increase global profitability in emerging and niche markets

*NVH: Noise, vibration and harshness, which are factors that undermine braking comfort

Progress of akebono New Frontier 30 - 2016

3 Expanding high performance brake business and recreating European operations

Progress is being made according to schedule in the high performance brake business. As a part of plans to create an integrated production structure in Europe, the transfer of

the high performance brake caliper business from ABCS is proceeding on schedule for completion during 2017.

	Basic policy	Akebono's strengths
R&D Strategy	Absolute commitment to differentiated products, light weight, high performance, enhanced design and high quality	<ul style="list-style-type: none"> Realize both high performance and high quality by combining high performance brake technologies accumulated through F1 activity, superior NVH knowhow and cutting-edge manufacturing technology.
Sales Strategy	Expand sales especially in Europe with high performance technologies gained through brake development for premium German automakers.	<ul style="list-style-type: none"> Mass production of 6-pot opposed high performance brake calipers Developed and supply world's first mass production 10-pot opposed brake calipers Appeal of advanced technology <p>➔ Aiming for annual production of one million units in 2018</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div> <p>6-pot opposed aluminum monoblock brake caliper 10-pot opposed aluminum monoblock brake caliper</p>

> Return to a sound financial condition

Akebono is keen to make a financial recovery by firmly advancing the three pillars of aNF30-2016, namely 1) rebuilding North American operations, 2) establishing global networks based on product-based business units, and 3) expanding the high performance brake business and recreating European operations. In fiscal 2016, the first fiscal year of aNF30-2016, Akebono made progress in line with the plan, achieving its target for spending JPY14.9 billion on capital investments. The SG&A ratio for domestic

operations was 14% in the first fiscal year, compared with 14.5% in the previous fiscal year, against the 12% target. In fiscal 2016, Akebono spent JPY10.8 billion on development. The Company intends to invest JPY10 billion annually in development, while shifting the allocation of funds from application development to focus on more advanced development. Akebono will accelerate measures with the aim of achieving the targets of the midterm business plan as early as possible.

		FY2015 Actual	FY2016 Actual
Initiative 1	Control Investment Control CAPEX under ¥15 billion	CAPEX ¥ 18.6 billion	¥ 14.9 billion ^{*1}
Initiative 2	Reduce SG&A^{*2} Aim for SG&A ratio in Japan under 12%	SG&A ratio in Japan 14.5%	14.0%
Initiative 3	Prioritize R&D costs Shift priority from application R&D to advanced R&D Reduce R&D costs to ¥10.0 billion	R&D costs ¥ 11.7 billion	¥ 10.8 billion

*1 Excluding re-purchase of leased assets of ¥3.8 billion in US
*2 Selling, general and administrative expenses

Review of Operations

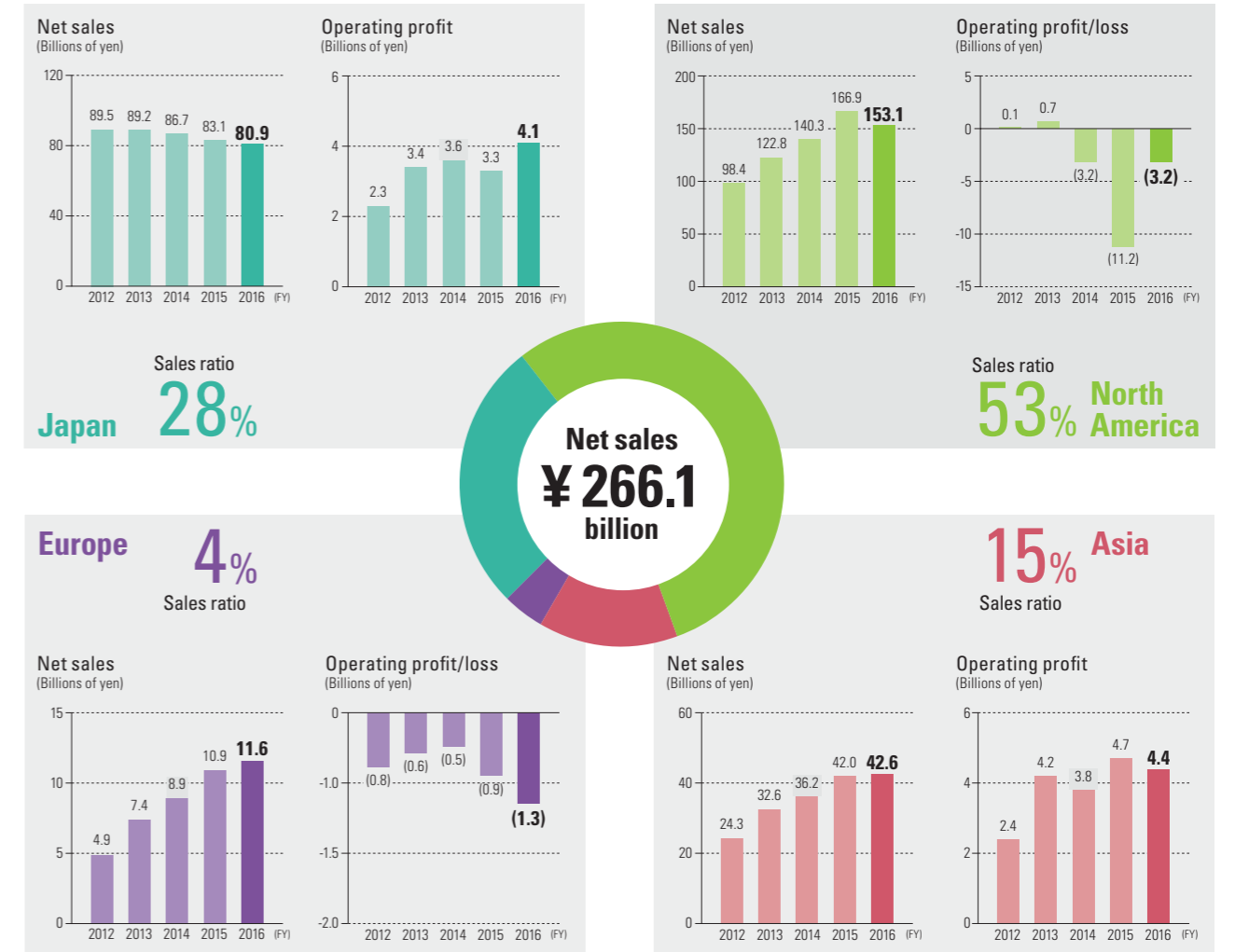
Operating Results for Fiscal 2016

In fiscal 2016, net sales decreased 5.4% from the previous fiscal year to JPY266.1 billion. Akebono reported a decline in domestic sales owing to weak sales of automobiles in Japan in the first half and slowing in exports. Overseas, orders remained brisk in North America, and increased in China, while operations ramped up for high performance vehicles in Europe. As a result, with the exception of Japan, sales increased in all regions on a local currency basis, but yen appreciation had a significant impact on foreign currency exchange (-JPY23.4 billion year on year).

On the earnings front, Akebono posted operating profit of JPY4.2 billion (compared with an operating loss of JPY3.8 billion last year). Rationalization effect in Japan, strong orders in China and measures to rebuild operations

in North America, such as optimization of sales prices, which showed earlier-than-anticipated results, offset slightly continued manufacturing problems in North America that led to higher labor, transportation and other costs. Ordinary profit totaled JPY0.8 billion, an improvement from ordinary losses of JPY6.8 billion a year ago, mainly reflecting a decline in interest payments and foreign exchange losses. Profit attributable to owners of parent was JPY0.35 billion, compared with the loss attributable to owners of parent of JPY19.5 billion last year, mainly reflecting the recording of extraordinary income on the sale of some investment securities and subsidy income (Fukushima business investment subsidy for revitalization of industries).

At a glance



Review of Operations by Region | Japan

Review of Fiscal 2016

In Japan despite positive factors of increases in new orders, transfer of production from overseas facilities and higher sales of aftermarket parts, total orders declined because of weak sales of automobiles in the first half, decreased production of compact trucks for overseas markets, and lower exports of industrial machinery application products. As the result, sales declined by 2.7% year-on-year to JPY80.9 billion. With regard to profits, efforts to rationalize manufacturing and procurement functions, cost reductions, and reductions in development expenses of overseas group companies allowed operating profit to rise by 26.5% year-on-year to JPY4.1 billion.

Outlook for Fiscal 2017

The Japanese economy is projected to grow slightly year on year, reflecting expectations for gradual economic expansion and the disappearance of fuel efficiency scandals that arose last year. Nevertheless, Akebono forecasts domestic net sales will decline 5.4% year-on-year to JPY76.5 billion in fiscal 2017. The Company also expects operating profit to decrease due to the decline in net sales and higher labor costs, in spite of efforts to rationalize operations and reduce costs.

Received “Best Innovation” Award in Sixth French Business Awards 2017

Akebono received the “Best Innovation” award for the development and mass production of high-performance automotive brakes in the Sixth French Business Awards 2017 sponsored by the France Chamber of Commerce and Industry in Japan. These brakes are used in the McLaren P1™ ultra-high-performance road car that came to market in 2013. The French Business Awards were created to honor excellence among members of the French Chamber of Commerce and Industry in Japan. Five members on the panel of judges, including the President of the French Chamber of Commerce and Industry in Japan, opinion leaders, and journalists evaluate companies based on the success of their products and services, innovation, social contributions, and corporate ethics. The awards ceremony was

attended by Thierry Dana, the French Ambassador to Japan, who personally awarded the trophy.



French Business Awards Ceremony

Review of Operations by Region | North America

Review of Fiscal 2016

Results of various restructuring measures for the North American operations have been achieved earlier than expected and new business inquiries have recovered in the wake of the production issues. Consequently, orders continued to trend at high levels and sales in local currency rose 1.3% year-on-year. However, sales in yen terms fell by 8.2% year-on-year to JPY153.1 billion due to the impact of the stronger yen (-JPY16.0 billion). In addition, the production issues, which caused large losses to be incurred in the previous term, are approaching an end due to the success of various measures, and a subsequent considerable improvement in profitability has allowed the operating loss to contract to JPY3.2 billion in the current term from JPY11.2 billion in the previous term.

• Progress in Key Measures for North America Business

1. Fundamental organizational reforms

A new Chief Executive Officer and Chief Financial Officer, new plant and marketing managers, production division managers and purchasing division managers have been hired to renew the core management and overall organizational structure, and strengthen the organizational and supervisory structure. In addition, efforts to change the awareness of associates and improve the working environment implemented in the current term are expected to yield results and lead to large improvements in earnings from the coming term onwards. In February 2017, restructuring of the organizational and supervisory structure has been completed with the hiring of a new executive responsible for the human resources division. Furthermore, measures

will be implemented to strengthen collaboration within the Akebono Group, and restructure the manufacturing function by promoting production efficiency improvements and increasing production capacity based upon a return to the basic philosophy of Akebono’s corporate culture of “Monozukuri” (manufacturing excellence) to achieve stability of operations and further improvements in earnings.

2. Productivity improvement

Akebono Brake is promoting optimization of manufacturing functions on a global basis by considering Akebono Group’s various production facilities’ capacity utilization and reviewing logistics conditions, and by transferring production of some friction material products to overseas facilities within our group (Japan and Thailand) to optimize manufacturing on a global basis. Manufacturing lines had been operating at full capacity three shifts per day, seven days a week in response to the prolonged period of strong demand. But optimization efforts have allowed our company to reduce the work load to three shifts for six days a week, and to begin reducing the number of shifts to two per day at some lines. Consequently, facility maintenance and repairs can now be implemented as planned and expenses for expedited freight of parts because of production delays have been reduced by a large margin and earnings improvements are being achieved. Akebono Group will conduct efforts to achieve further improvements in manufacturing optimization and stability.

3. Manufacturing capacity increase

In response to the growing demand for aluminum brake

calipers in North America and Europe, new manufacturing facilities have been introduced to increase production capacity to the Columbia Plant in South Carolina in April 2016, and a new line began full scale operation in October 2016. Moreover, the expanded manufacturing facilities for friction materials as part of the highly profitable aftermarket parts business at the Glasgow Plant in Kentucky were expanded in February 2017. Furthermore, output capacity of products responding to strong demand from pickup trucks and sports utility vehicles (SUVs) applications will be increased with a view to customer needs and market trends.

4. Optimization of sales and purchase prices

Efforts to improve manufacturing costs, and reviews of optimization of sales and purchase pricing were undertaken to improve the earnings generating structure of the North American operations. The results of these efforts are expected to contribute to improved earnings of the North American operations from the current term onwards.

Outlook for Fiscal 2017

While effective pricing revisions were achieved during fiscal year ended March 2017, our sales are expected to decline due to slow automobile sales in North America and the influence of termination of some platforms. With regard to profits, pricing revisions, productivity improvements, success of North American operations restructuring efforts, and large declines in consulting and expedited shipment fees recorded during the previous fiscal year are expected to allow operating profit to improve by a large margin.

Akebono Brake Corporation’s (ABC) EURO® Ultra-Premium Ceramic Disc Brake Pads Named Best Overall Import Aftermarket Product Award

Akebono Brake Corporation’s EURO® Ultra-Premium ceramic disc brake pad line was awarded “Best Overall Import Aftermarket Product or Product Line” by the Import Vehicle Community, an automotive group in the United States. This marks the second time ABC has won this award (the first time was in 2014).

EURO® Ultra-Premium ceramic disc brake pads were designed for European vehicles to realize the excellent braking performance expected in European vehicles, control characteristics and smooth pedal feeling. These brake pads offer the highest levels of performance in terms of reducing noise, vibrations and harshness, which are common problems with brakes. They also drastically reduce brake dust, which helps to keep wheels clean. In addition, these brake pads contribute to the environment by minimizing the content ratio of copper, which is being regulated as a chemical substance in some states in the United States.

Akebono’s EURO® Ultra-Premium ceramic disc brake

pad was selected from among hundreds of European car parts sold in the United States and honored with this award based on a comprehensive evaluation of its commercial success, quality, level of demand, distribution process, packaging and sales network.



EURO® Ultra-Premium ceramic disc brake pads

Review of Operations by Region | Europe

Review of Fiscal 2016

While aftermarket friction materials products sales declined, expansion in products sold to global platform applications (common platforms for global distribution) and full scale sales of disc brake calipers for mass produced high performance vehicles allowed sales to grow by 6.5% year-on-year to JPY11.6 billion. With regard to profits, the increase in one-off expenses arising from preparations for increased production at the newly established Slovakia Plant and deterioration in the product sales mix due to declines in the friction materials business caused operating loss to expand to JPY1.3 from JPY0.9 billion in the previous term.

Outlook for Fiscal 2017

The start of full scale production at the Slovakia Plant, which is a manufacturing center for disc brake calipers

in Europe, increases in capital investments to facilitate a stable supply structure to satisfy future growth, and expenses for support provided from Japan are expected to contribute to a continued operating loss. The Slovakia Plant is the most important manufacturing facility in the midterm business plan of expanding the brake calipers business for high performance vehicles, and efforts will be made to establish a firm foundation for this business. In addition, the responsibility of the company overseeing all operations in Europe located in Belgium will be divided and transferred to three companies located in France, Germany and Slovakia, and supervision will be provided directly from the headquarters as part of the restructuring of the European operations. These measures are being undertaken to strengthen the global network and improve earnings of the European operations.

Akebono Europe S.A.S. (AESA) Exhibits at Automechanika

AESA presented an exhibition booth at Automechanika Frankfurt 2016, held in Frankfurt, Germany in September 2016. Automechanika is one of the world's largest exhibitions held for companies that provide services to the automotive industry. This time, there were 4,820 exhibitions from companies representing 74 countries, ranging from major corporations to workshops and retailers involved in the automobile industry. AESA's booth was visited by more than 300 people from 30 countries in Europe, the Middle East, and Africa. AESA displayed its current production model brake pads and calipers, in addition to new copper-free brake pads, which offer improved braking performance, less noise,

and better pedal feeling, along with exceptional anti-fade performance and comfort, all while helping keep wheels clean.



Akebono Booth at Automechanika Frankfurt 2016

Review of Operations by Region | Asia

Review of Fiscal 2016

In China orders grew due to favorable sales of SUVs and compact cars on the back of special tax incentives and sales rose by 2.8% year-on-year to JPY20.0 billion. With regard to profits, changes in sales composition arising from increases in orders for friction materials and cost reduction efforts allowed operating profit to rise by 1.7% year-on-year to JPY2.6 billion despite increases in labor cost and depreciation related to environmental responses and an increase in manufacturing lines.

In Thailand increases in production of exported compact cars, start of production of newly ordered parts, optimization of production within the Akebono Group arising from transfer of production from North America and increases in orders

in general allowed sales to rise by 10.1% year-on-year to JPY6.6 billion. With regard to profits, higher depreciation accompanying the start of new businesses for compact cars, increases in labor expenses and start-up expenses arising from the start of production at a new foundry caused operating profit to fall by 9.5% year-on-year to JPY0.4 billion despite higher sales.

In Indonesia orders within Indonesia associated with new business for multi-purpose vehicles (MPVs) that meet low-cost green car (LCGC) regulations, and shipments of products for global platform vehicle applications in Europe remained favorable and allowed sales in local currency terms to grow. However, the negative influence of the stronger yen (-JPY1.8 billion) caused sales to decline

by 1.3% year-on-year to JPY16.3 billion. With regard to profits, higher materials expenses caused by a weakening of the Indonesian rupiah and increases in labor expenses caused operating profit to decline by 17.9% year-on-year to JPY1.4 billion.

Outlook for Fiscal 2017

In China, net sales are set to increase as tax breaks for compact cars have been extended by another year, albeit

on a reduced scale, and demand for SUVs is growing stronger. In the ASEAN region, we anticipate growth in the automobile market in Indonesia, supported by government investment in infrastructure. In Thailand, the Company forecasts higher sales as the economy recovers. Altogether, Akebono expects sales to increase further year on year in the Asia business. The Company is focusing efforts on improving earnings by strengthening management amid intensifying market competition.

Akebono Brake (Thailand) Co., Ltd. (AKBT) Celebrates 10th Anniversary

In August 2016, AKBT celebrated its 10th anniversary. During the event, awards were given for in-house contests and a commemorative tree was planted, and other activities were held for the 400 or so associates who attended.

AKBT was established in 2006 as a production base for automotive disc brakes and pads. In 2011, severe flooding in Thailand halted customers' operations, creating a difficult situation that AKBT was able to overcome thanks to the combined efforts of its associates. In 2012, local production of pistons, a key component in brakes, commenced at AKBT, contributing to the development of Thailand's automotive industry. AKBT will continue working toward the realization of sustainable growth along with local communities.

Overview of AKBT

Associates	427 (342 direct employees, 85 indirect employees) *As of July 2016
Business	Production and sale of disc brakes and pads, etc.
Work hours	Two shifts per day (8am-5pm, 8pm-5am)
History	<p>2006 Company founded, caliper manufacturing plant construction started</p> <p>2007 Finished construction of caliper manufacturing plant, started production of calipers, began construction of brake pad plant</p> <p>2008 Finished construction of brake pad plant, held grand opening ceremony, began deliveries of calipers and brake pads</p> <p>2012 Finished construction of piston manufacturing plant, began production of pistons</p>



The Anniversary Event

PT. Akebono Brake Astra Indonesia (AAIJ) Wins Customer Improvement Contest

AAIJ has undertaken a companywide initiative to make various improvements with the aim of enhancing the skills and abilities of each associate and for the Group as a whole. This initiative has had measurable results, with AAIJ scoring highly at customer improvement contests held in 2016. AAIJ won the Astra Daihatsu Motor Supplier Clubs Contest held in February 2016, and in September finished the Yamaha TVP Lean Kaizen Festival 2016 among the top five best suppliers. Moreover, AAIJ won the Astra Group's Automotive Division Contest held the same month, going on to enter the main event, which includes various industries gathered together. In December, AAIJ was a winner at the Toyota Kaizen Festival. While continu-

ing to refine skills and abilities, AAIJ aims to become a truly global supplier out of Indonesia.



The Toyota Kaizen Festival

3 Sustainable Management

Approach and Initiatives on Sustainable Management

Akebono considers the essence of social contribution to be one and the same with the source of its growth: identifying social needs and proactively engaging on resolutions to issues in its business activities. This is the key concept in our approach to sustainable management.

E Environment | Reducing Environmental Impact

Akebono will promote the creation of environmentally considerate products to continue providing society with safety and peace of mind, and to develop together with regional society.

Environmental Management

- **Environmental Declaration and Basic Environmental Policies**
- **Emissions of PRTR targeted Substances**
 - >> Certified as an Excellent Large-Scale Business Facility under Saitama's Cap-and-Trade Emissions Trading System

Initiatives in Development

- **Development and Promotion of Copper-Free Friction Materials**
- **MR Fluid Brakes that Emit No Brake Dust**

Initiatives in Purchasing

- **Green Purchasing**
- **Response to Substances of Very High Concern**

Initiatives in Production

- **Introduction of Air Purification System**
- **Developing Young Engineers to Design Environmentally Considerate Facilities**

Initiatives in Logistics

- **Initiatives in Eco-Friendly Driving**

S Social | Together with Society and Stakeholders

Akebono is working to maintain and promote sound and beneficial relationships with all of its stakeholders to ensure sustainable growth and development.

Human Resources and Diversity

- **Global Human Resource Nurturing and Personnel System**
 - >> Ai-Forum
 - >> Welcoming Interns from Various Countries
- **Promoting Diversity**
 - >> Career Support Activities
- **Promoting Work-Life Balance**
 - >> Promoting Health Management

Relationship with Local Communities

- **Vocational Scholarship Program; Assisting Future Leaders in Their Pursuit of Education**
- **Offering Office and Plant Tours**
 - >> Ai-Museum

Providing Safety and Security

- **Occupational Safety and Health Management**
- **Response to the Problem of Asbestos**

Initiatives to Raise Corporate Value

- **Our Corporate Brand Management and Positioning of CSR Activities**
- **Corporate Brand Awareness Survey**
- **Identifying Social Needs and Working to Provide Solutions**

G Governance | Toward Sustainable Growth

We aim to enhance our corporate value by strengthening corporate governance.

Corporate Governance System

- **Basic Approach to Corporate Governance**
- **Overview of Corporate Governance System**
- **Outside Directors and Outside Audit & Supervisory Board Members**

- **Cooperation among Audit & Supervisory Board Members, the Independent Auditor, and the Internal Audit Office**
- **Compensation**
 - >> Board Evaluation

Management Systems

- **Compliance**
- **Risk Management System**
- **Information Security Activities**

Please visit our website for details.

Akebono CSR website

http://www.akebono-brake.com/english/csr_environment/index.html

Also viewable on smartphone and tablet



Official website

<http://www.akebono-brake.com/english/index.html>

IR website

<http://www.akebono-brake.com/english/ir/index.html>

About Akebono

<http://www.akebono-brake.com/sp/corporate/en/>

E Environment | Reducing Environmental Impact

Environmental Management

Environmental Declaration and Basic Environmental Policies

The Akebono Group has a shared Environmental Declaration and Basic Environmental Policies that govern its efforts to reduce the environmental impact of its business activities and promote development of environmentally considerate products.

Environmental Declaration

Based on our Corporate Mission and Declaration for the 21st Century, we will continue to create new value in the new millennium, contributing to both the Company and the environment. As a global corporate citizen, we will also strive to protect the environment on a global scale and implement ongoing voluntary activities aimed at creating a safe, vibrant society that co-exists in harmony with the environment.

Established 2001

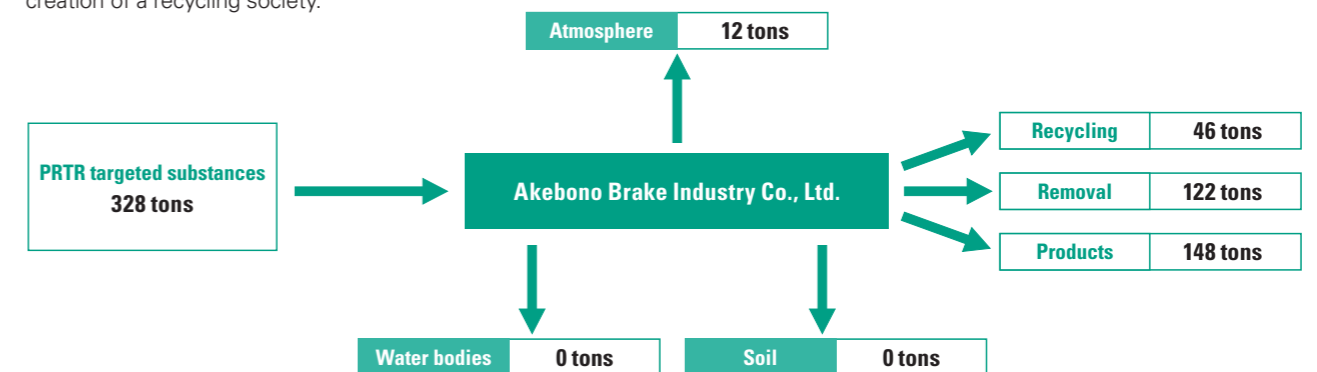
Basic Environmental Policies

1. From the early development and design stages, we will actively pursue initiatives that give consideration to both safety and the environment. We will promote the development of technologies and products that minimize environmental impact.
2. Each and every associate will make ongoing efforts to reduce environmental impact and promote an eco-friendly society by conserving energy and resources, recycling and reducing waste.
3. In addition to complying with environmental laws, regulations and agreements, we will endeavor to enhance our environmental management by establishing voluntary management standards both in Japan and overseas.
4. We will actively disclose information to increase understanding of our environmental initiatives and encourage positive relationships with communities with the aim of creating a better living environment.

Established 2001

Emissions of PRTR Targeted Substances (Fiscal 2016)

Akebono is working to recycle resources and minimize water usage and waste and chemical substance emissions. At the same time, we are taking steps to promote effective use of resources, and striving to achieve manufacturing that can contribute to creation of a recycling society.



*PRTR (Pollutant Release and Transfer Register): A system for understanding, gathering data, and disclosing the amount of target substances that are transferred externally in the form of emissions or waste processing by businesses that manufacture, use, and emit such substances.

>> Certified as an Excellent Large-Scale Business Facility under Saitama's Cap-and-Trade Emissions Trading System

Ai-City (Headquarters) in Hanyu, Saitama Prefecture was certified as a Semi-Top-Level Office in the Excellent Large-Scale Business Facility category, under Saitama Prefecture's cap-and-trade emissions trading system for conducting outstanding measures to reduce the volume of CO₂ emissions. The certificate was issued in April 2017.

To reduce CO₂ emissions associated with business activities, Saitama Prefecture introduced the cap-and-trade emissions trading system from fiscal 2011. Business sites

that implement especially effective initiatives are designated as "Top-Level Office" and "Semi-Top-Level Office."

For some time now, Akebono has been engaged in energy-saving activities. Among other initiatives, we use power generation facilities that make use of waste heat and waste hot water, made our lighting more efficient by using solar power generation, and made our energy use visible with a building energy management system.

Initiatives in Development

- MSDS evaluations of materials
- Response to REACH regulations
- Response to ELV directive
- Response to the North American chemical substance regulations
- Reduction of environmentally hazardous substances
- Response to laws and regulations in every country
- Reduction of VOCs

Development and Promotion of Copper-Free Friction Materials

In the U.S. states of Washington and California, state laws have been enforced regarding restrictions on chemicals contained in automotive brake friction materials to prevent the impact of emissions of such substances on river and marine ecosystems. In the state of California, restrictions on copper will be enforced from 2021, and from 2025 onward, it will be illegal to fit new vehicles with friction materials containing 0.5% or more of copper. Conventional friction materials have used copper to ensure safe and effective performance at high temperature. Akebono developed copper-free friction materials and started to market them for aftermarket products in 2007 and supply them as OEM parts to automakers since 2014. By combining multiple component materials, Akebono achieved the same performance as copper contained pads while keeping the cost at the same level.

Around 80%* of Akebono brand aftermarket brake pads have a copper content that is lower than the 2025 standard for the state of California. Furthermore, we are also working to quickly develop antimony-free materials, as these could potentially be targeted under future regulations.

Akebono will continue to comply steadily with laws, including Washington state laws going forward.

*Shipment volume basis



copper-free brake pad

MR Fluid Brakes that Emit No Brake Dust

At Akebono Research & Development Centre, we are conducting research and development into magneto rheological (MR) fluid brakes that will eliminate brake dust. The brakes are being developed in response to the electrification of vehicles and out of consideration for the global environment.

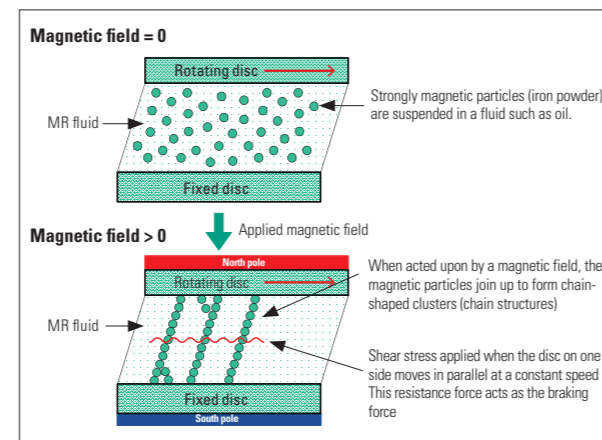
A functional material that has been researched since the 1960s, MR fluid has the characteristic that it changes from a liquid to a semi-solid state in reaction to magnetism. When a magnetic field is applied, the strongly magnetic particles (iron powder) several microns in diameter suspended in the fluid align with the direction of the magnetic field, forming chain-shaped particle clusters that change the fluid to a semi solid state.

MR fluid brakes are constructed with a space filled with MR fluid between a disc fixed to the vehicle and a disc that rotates together with the wheel hub bearing. When

electricity is passed through a magnetic coil mounted inside the brake, a magnetic field is generated in an orthogonal direction to the discs, causing chain-shaped particle clusters to form between the fixed disc and the rotating disc. As the rotating disc continues to rotate, the chain-shaped particle clusters are broken by shear stress, and then form connections to the neighboring cluster, before being broken again in a repeated cycle that generates a resistance force on the rotating disk. This resistance force is the braking force.

Using MR fluid for brakes can reduce the emission of environmentally damaging substances by eliminating abrasion powder because the brakes do not wear. Moreover, MR fluid responds to a magnetic field in less than a micro second, enabling sensitive and stable braking. Since the voltage (excited magnetic force) is electronically controlled, users can select their preferred brake feel from among several preset patterns.

Akebono started research and development on ultra-compact mobility three years ago, completing its prototype product in March 2015. We will continue experimental work and improving MR fluid brakes as a smart brake suitable for smart cities and smart mobility, aiming for implementation in 2020.



MR Fluid Brake Principle



MR fluid brake (prototype) and ultra-compact mobility vehicle fitted with it

Initiatives in Purchasing

- Green purchasing
- CSR purchasing

Green Purchasing

Akebono introduced its Green Purchasing Guideline in 2005, revising it in 2011. Under the guideline we are considering the environment and CSR from the purchasing stage by working together with suppliers to procure materials, components, and secondary materials that have a low environmental impact. We are also encouraging our suppliers to improve their environmental management performance by recommending activities to acquire external accreditation such as ISO 14001. Going forward, our next challenge is to promote these practices at overseas bases as well.

*Green Purchasing

Green purchasing refers to the preferential selection and acquisition of products that cause less negative environmental impact. The scope of products covers materials, secondary materials, office articles and equipment used in the course of manufacturing. Manufacture of "Green Products" requires the practice of green purchasing.

Response to Substances of Very High Concern*

In cooperation with our suppliers, Akebono performs testing of purchased products to determine if they contain substances of very high concern (SVHC*) or banned substances. The tests are performed on the individual product level and their results are communicated back to the suppliers. We are also promoting labeling of purchased items in line with laws and regulations.

*Substances of Very High Concern

A substance may (but not necessarily must) be designated as SVHC if it meets one or more of the following criteria: it is carcinogenic, mutagenic or toxic for reproduction, and in addition is either persistent, bioaccumulative and toxic, or very persistent and very bioaccumulative. Such substances are identified as having probability of causing serious adverse effects to human health or the environment.

Initiatives in Production

- Initiatives for 3Rs (reduce, reuse, and recycle)
- Reduction of CO₂ emissions
- Pursuit of zero-emissions
- Reduction of industrial waste
- Promotion of ISO 14001

Introduction of Air Purification System

In China, where air pollution is a growing problem, industrial zones in each area apply voluntary standards. In Suzhou, we established a new air cleaning system (electrostatic precipitator¹, low temperature plasma treatment², scrubber treatment³, activated charcoal treatment, activated charcoal regeneration), and applied voluntary standards that exceed those of the law and regulations. This air cleaning system also helps to deodorize the air.

¹ Electrostatic precipitator: A device that charges dust and oil mist in the atmosphere using a corona discharge from a discharge terminal, then collects the dust and mist at a collection terminal. The running cost is low due to the small electric current.

² Low temperature plasma treatment: Low temperature plasma is air that has around 1% plasmarized (separated into positive ions and electrons) so that it contains plasma ions at room temperature (a few degrees Celsius) and is able to dissolve organic matter.

³ Scrubber treatment: Adsorbing and capturing dust and matter in the air using a water shower.

Developing Young Engineers to Design Environmentally Considerate Facilities

Akebono is looking to develop engineers who will design the facilities of the future by conducting a program for "building a miniature production line for brake manufacturing processes that can be operated by a single motor." Under the program, a team of young engineers who are within the first five years of their assignment to the production engineering division undertake "miniature line building" concurrently with their ordinary work, undertaking all steps from planning and design to production.

This initiative has been carried out since fiscal 2010. In fiscal 2016, we produced the miniature production line for next generation friction materials. The original facility that the line is based on was installed at Akebono Brake Yamagata Manufacturing Co., Ltd. in 2012. The production line can manufacture small lots, and consumes half the amount of electricity compared to the conventional line.

Building miniature production lines involves considering the operability of each process as well as the timing coordination over the entire line and so forth. This resulted in various innovations such as reducing the weight of moving parts. Looking ahead, we will develop engineers who will take a birds-eye-view of the entire line and apply their own skills to designing energy-saving, high efficiency facilities.

Initiatives in Logistics

- Innovation in shipping materials
- Response to revised Energy Conservation Law

Initiatives in Eco-Friendly Driving

The Akebono Group member Alocs Corporation (a logistics solution company) is employing a truck operation dynamic management system. The system utilizes data on individual vehicles gleaned from onboard sensors, such as engine speed, driving speed, acceleration rate and location. This data is automatically transmitted to the headquarters. Associates in charge of truck operation management use the data to give timely instructions to each driver so that they can avoid crowded routes and helps to ensure that drivers are taking breaks as needed. In these ways, Akebono is ensuring safe and environment-friendly truck operations. In addition, the system also enables objective determination and ranking of drivers' eco-driving by recording data about idling time and sudden acceleration and braking. Through measures such as these, the system can be used to increase motivation for eco-driving and safe driving. Akebono will continue working to save energy and rationalize its distribution operations, ensuring safety while protecting the environment.

S Social | Together with Society and Stakeholders

Human Resources and Diversity

Basic Human Resources Policy

To provide opportunities to all associates and to support them so that they can share the Company's successes.

Akebono believes that the most important factor that guides a company to success is human talent (our associates). Guided by that belief, we set forth our basic human resource policy that "each associate must be given the opportunity to exert their abilities and be continuously supported to share their success with the Company." We are striving to build our long-term global personnel policy as well as to facilitate associates' ability to establish their individuality and foster mutual respect and trust.

Moreover, we are working on human rights education and enlightenment with high regard for human rights to achieve an organization with abundant diversity and creativity.

Global Human Resource Nurturing and Personnel System

We strive to ensure that our associates are assigned optimal positions and work locations based on their competencies, regardless of their nationality. To this end, our human

resource recruitment, nurturing and administration systems are premised on abundant respect for human rights as well as associates' individuality, privacy rights and diverse value systems. In particular, we are developing our associates' communication skills, flexibility in dealing with diverse cultures and their linguistic abilities. Up to now, we have had different training programs and personnel systems by location, so we are working to enhance our associates' ability to operate in global business settings, since they have had few opportunities to engage in duties with peers from other countries with different cultures and native tongues.

As a part of its training programs, Akebono has prepared globally unified educational materials for training new recruits at all group business locations. Akebono has issued the Akebono Starter Book, a standard educational package that features the Company's corporate history since its founding, characteristics of its operations in each region and explanations of APS (Akebono Production System or Akebono Philosophy and Spirit), its corporate culture and philosophy as well as corporate brand management activities. The book is being used in training programs. By learning through this book, all associates are equally informed of the basic knowledge and concepts necessary to act as Akebono business persons. Moreover, with the addition of programs that reflect local concerns, we are developing human resource educational programs optimized for each region and location.

» Ai-Forum

At Akebono, we nurture human resources who are able to work in global settings by providing opportunities for associates to experience diverse value systems overseas. At the Ai-Village, training center, the Company holds Ai-Forum as a training program where associates from Japan and around the world give presentations and hold discussions on a variety of major topics. At the Ai-Forum held in May 2016, a panel discussion was held on the topic of "Women Building Careers in the Automobile Industry." Five female managers from different locations were the panelists. Both male and female associates enthusiastically participated in the activities that day, talking about career advancement and mutual understanding. The event also served as an opportunity to forge new connections with people as advice was given about how to deal with hardships at work and how to balance work and family. We are focusing our energies on nurturing personnel who are able to work in global settings by providing associates with opportunities to come into contact with a variety of value systems overseas.



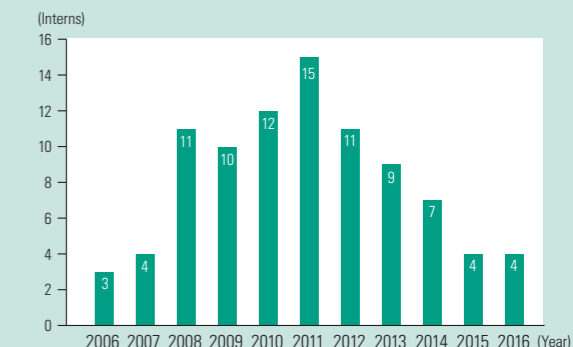
A panel discussion

» Welcoming Interns from Various Countries

Akebono proactively accepts interns from various countries. It also organizes exchange events for interns and associates, which help to nurture global human resources by providing more associates with opportunities to encounter diverse values of other countries.

National Origins of Interns

United States, United Kingdom, Italy, India, Greece, Sweden, Austria, Spain, Thailand, Slovakia, Germany, Turkey, France, Finland, Portugal, Mexico, Morocco, Canada, Hungary, Netherlands, Poland, and Tunisia

Numbers of Interns Accepted**Promoting Diversity**

Akebono aims to strengthen its corporate capabilities in a way that reflects the high respect it has for the values of each associate and their diversity. The Company cherishes associates' individual aspirations regarding work and life so that each can develop their creativity in the course of their duties, which, in turn, will help bring about a more vibrant company overall. Akebono is promoting diversity because it recognizes that as it expands globally, it is becoming increasingly important to establish a corporate structure that helps each associate realize their full potential regardless of their value system or cultural background. To further promote diversity, the Company is promoting recruitment activities that target people of all nationalities.

Akebono is promoting diversity management centered on three key initiatives, namely, diversity promotion, work-life balance promotion, and career development assistance. Akebono will work to double the number of female managers from 2014 levels by 2020 through further diversity promotion efforts going forward.

Basic Themes of Diversity Management**» Career Support Activities**

Since fiscal 2015, Akebono's Diversity Implementation Office has engaged in activities that support career advancement, such as networking, Dream Map Workshops, and opportunities to talk with directors.

Networking

Forming connections among female associates created networks for help with solving anxieties and issues related to work.

Dream Map Workshops

A part of career training, these workshops help associates visualize their future targets (dreams) and clearly define their ideal career.

Talks with Directors

By creating venues for associates and directors to discuss matters and form connections, we aim to motivate and broaden the perspectives of associates.

Through these ongoing activities, we aim to evolve the entire company into an organization where each and every associate can maximize their abilities.



A networking event

Promoting Work-Life Balance

Akebono puts great emphasis on helping associates strike a good work-life balance. Accordingly, we are constantly working to realize a working environment that accommodates diverse work styles to meet individual needs.

For example, we have designed various programs for associates raising children and those caring for their family members to assist them with their efforts to strike a balance between their work and family obligations. We also support associates' career development efforts while offering opportunities to participate in community activities or self-improvement activities such as foreign language learning.

We distribute Life Supporter, a booklet that summarizes the content of these and other programs with the aim of facilitating the utilization of the programs by associates.

As a result of these initiatives, Akebono received the "Kurumin" mark from Saitama Labor Bureau in October 2016, recognizing it as a company that actively

supports child-raising in accord with the Act on Measures to Support Development of the Next Generation. The Company received this award in November 2007 and June 2013, making this the third time that Akebono has received the "Kurumin" mark.

Going forward, we will also implement forward-thinking initiatives with an eye to future issues, thereby securing a corporate structure responsive to issues and changes in the social environment. To create a working environment that offers diverse and flexible working styles, we will continuously enhance these programs by incorporating feedback from associates.



Kurumin Mark

Akebono's Main Initiatives (Japan)

Child care leave plan	Associates can take leave until the March after the child's third birthday while receiving aid. This can be taken in multiple parts. Note: Akebono has a child care leave plan that exceeds legal standards.	
Career partner plan	A program that provides those who left the Company due to family duties with opportunities to later rejoin Akebono within five years after their resignation. Eligible associates include those who had served for a continuous period of three years or more before leaving and meet other prescribed criteria.	
Nursing care leave plan	Associates can take up to two years leave per family member to provide nursing care while receiving a stipend	
Child nursing care plan	Associates can take up to five days of leave per year (ten days for associates with two or more children) to nurse sick or injured children or for children's doctor visits until the child graduates from elementary school. This leave is separate from annual paid leave.	
Measures to reduce working hours	Child care plans <ul style="list-style-type: none"> Reduced working-hours plan: Associates can use the system multiple times until children graduate from elementary school. Flex time plan Child care aid plan: A fixed monthly aid until the March following the child's third birthday 	Nursing care plans <ul style="list-style-type: none"> Reduced working-hours plan: Associates can work reduced hours for a total of up to three years per family member to provide nursing care. These can be taken in multiple parts. Flex time plan
Improvements to company environment	<ul style="list-style-type: none"> Training for new managers regarding the need to consider employees' balance of work and home life. Provision of useful information for balancing work and home life through pamphlets and the Intranet. Akebono Visit Day was held each year during children's summer holidays to give associates' families a chance to visit the workplace. 	
Medical leave system	Associates receive 12 days of medical leave per year in addition to their annual paid vacation, so they can recuperate from unforeseen illness or injury without worrying about work.	

» Promoting Health Management

Since fiscal 2017, Akebono has promoted health management by requiring managers to pay attention to the safety and health of associates and requiring associates to be self-insured. By raising associate awareness of their health and improving work conditions, we aim to create an environment that is conducive to mental and physical health, with the ultimate objective of improving productivity and creativity. In April 2017, Akebono created the Health Management Declaration, which expresses the Company's

commitment to proactively advancing measures that promote good health as a part of giving back to society, allowing the Company to grow along with its associates while helping associates live healthy fulfilling lives in both mind and body. We have systemized initiatives we have undertaken in the past in order to take a more focused approach to promoting mental and physical health, and raise health consciousness.

Relationship with Local Communities**Vocational Scholarship Program; Assisting Future Leaders in Their Pursuit of Education**

Since 1965, Akebono has provided scholarships through its Vocational Scholarship Program, a program that allows students to earn wages by working at Akebono while also covering their academic fees for a period of three years. This program has supported junior college students earning degrees in early childhood education or nutrition to acquire specialist qualifications in these fields.

The Vocational Scholarship Program is currently operated only at Akebono Brake Fukushima Manufacturing Co., Ltd. The scholarship students live together in the corporate dormitory and work alternating shifts to pursue their studies while working. By using their pay to cover their course fees, they can graduate by their own efforts and acquire qualifications. Once they complete their qualifications, they will go on to work at other companies, or as kindergarten teachers or nursery workers. Today, more than 3,000 students have used the program, including some second-generation recipients.

We strive to maintain robust relationships with local residents through the provision of scholarship programs aimed at helping young people realize their dreams.

Offering Office and Plant Tours

In fiscal 2016, more than 249 students from four elementary schools in Saitama Prefecture visited Ai-City headquarters as part of their social studies tours. In addition to a briefing on the Company, this visit included an "Ai-Museum" (Brake Museum) tour and observation of the mobile brake technology educational center as well as programs aimed at providing hands-on experience of manufacturing at the Monozukuri Center. Such tours help raise visitors' safety awareness while facilitating their understanding of Akebono and its products.

Looking ahead, we will implement initiatives with local enterprises and communities in regions around our domestic and overseas locations. Learning from and inspiring each other, we will grow in tandem with our stakeholders.

Providing Safety and Security**Occupational Safety and Health Management**

To promote occupational health and safety, Akebono has established a management system centered on the Central Safety Environment Committee. Through this system, we strive to ensure the safety and health of associates with the aim of identifying and reducing various risks related to our operations, including prevention of disasters, accidents and other emergencies. Placing the utmost emphasis on securing the safety of our personnel, we have set rules that allow no newly recruited associate or contract worker to engage in actual operations unless they have undergone the required safety education beforehand. We also distribute a booklet summarizing important safety issues to all associates to raise their safety awareness, as well as provide regular opportunities to learn about safety starting from fundamentals.

Response to the Problem of Asbestos

Well ahead of other Japanese domestic companies, Akebono began the development of asbestos-free products in the 1970s. Not only did we lead the field in completing the transition to asbestos-free OEM products for new cars by 1992 and commercial vehicles by 1994, we have not manufactured service parts containing asbestos since 2000. We provide health consultations relating to asbestos and have implemented complementary health checks for neighbors who have lived near Akebono plants, ex-associates, and their family members. In total, 625 people have undergone asbestos health checks as of March 31, 2017. We plan to continue these checks in the future.

Breakdown of Number of Examinees (from August 2005 to March 2017)

Figures in parentheses represent increases from the previous year

	Ex-associates	Families of ex-associates	Neighbors	Total
Asbestosis found	41	0	0	41
Pneumoconiosis found	16	0	0	16
No findings	417 (+5)	37	114 (+1)	568 (+6)
Total	474 (+5)	37	114 (+1)	625 (+6)

» Ai-Museum

The Ai-Museum which exhibits our brake technology was established in 2004 to commemorate Akebono Brake Industry's 75th anniversary. The 800 m² museum houses over 300 brake-related exhibits such as automobile brakes, motorcycle brakes, and rolling stock brakes. The progress of Akebono as a brake manufacturer can be seen through the historically valuable products and materials.



Initiatives to Raise Corporate Value

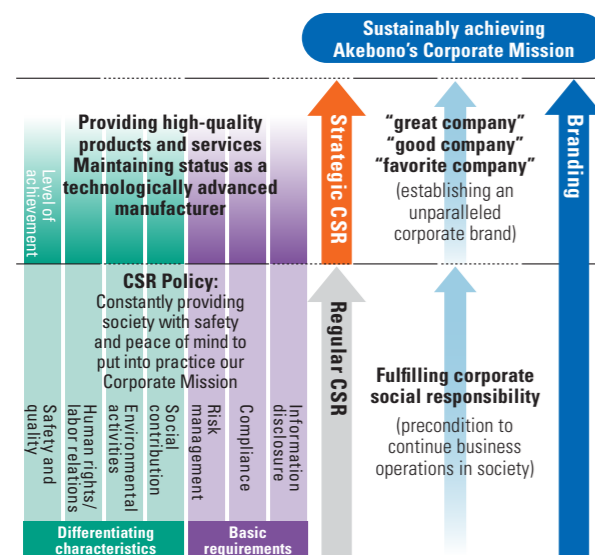
Our Corporate Brand Management and Positioning of CSR Activities

In 2005, Akebono initiated corporate brand management, an initiative aimed at enhancing corporate value by meeting the expectations of stakeholders, namely, customers, shareholders and associates, with an equal emphasis placed on each of these key stakeholder groups. In October 2005, Akebono went on to formulate the Brand Statement, implementing the full-scale launch of its corporate brand management initiative with the aim of encouraging pride in the Akebono brand among associates and thereby strengthening the Company's competitive edge. From fiscal 2008 onward, we have focused on two aspects of our corporate image, namely, the provision of high-quality products and services and our status as a technologically advanced manufacturer. Since then, we have been striving to realize greater brand recognition by enhancing the Company's attractiveness and strengths.

Akebono considers fulfilling its corporate social responsibility (CSR) to be indispensable to continued business operations.

In other words, its pursuit of regular CSR activities is an essential part of maintaining its operating foundation. At the same time, corporate branding initiatives reflect the Company's strategic CSR initiative aimed at further enhancing its social and corporate value. To realize our Corporate Mission, we will promote corporate branding initiatives to secure greater corporate strength, remaining a company that consistently provides people with safety and peace of mind through its operations.

The Relationship between Corporate Brand and CSR



Corporate Brand Awareness Survey

Akebono conducts its own annual surveys on corporate brand awareness in order to effectively put into practice corporate brand management. These surveys have been conducted every year since 2005, when corporate brand management was introduced, as they are an essential part of the Plan, Do, Check and Act (PDCA) cycle that drives our branding promotion activities.

Recently, the scope of the survey was expanded to include a wide range of our domestic and overseas business locations, such as customers and suppliers in each field. In fiscal 2016, we again conducted a survey of all our bases in Japan, North America, Europe and Asia. The number of respondents totaled 6,355.

In the fiscal 2016 survey, we observed a trend of associates having only a vague impression of the Company's technological capabilities. We considered that one reason for this could be insufficient opportunities for associates to encounter the Company's technological capabilities. To address, in fiscal 2017, we have decided to hold "Branding Activity 2017 Akebono Technology Festival" as an event to give more associates an opportunity to view the Company's technologies up close. We plan to actively create opportunities for associates to review the Company's technology level and promote efforts to increase it further.

As we introduce the BU (Business Unit) system in fiscal 2017, we plan to undertake a major revamp of the survey questions. We will add more specifically worded questions to help identify Akebono's strengths and issues. Looking ahead, we will continue to conduct the corporate brand awareness survey and undertake steady initiatives based on the results, aiming to enhance associate awareness and thereby increase quality in all aspects of operations.

Identifying Social Needs and Working to Provide Solutions

Akebono is contributing to the creation of a safer, more secure society from various perspectives, identifying social needs and working to provide solutions through its business. In particular, we are focused on developing next-generation technologies such as products that are easy on people and the environment. We will also work to enhance our corporate value by developing the Infrastructure & Mobility business for supporting urban development and people's everyday lives.

Corporate Governance System

Basic Approach to Corporate Governance

Akebono has formulated the following corporate mission: "Through 'Friction and Vibration, their Control and Analysis,' we are determined to protect, grow and support every individual life." Under this corporate mission, we are creating new values through Monozukuri (value-added manufacturing) and striving to increase shareholder value and corporate value even further in line with our corporate goals of "Customer needs first," "Technology realignment," and "Establishing a global network." As a maker of essential safety equipment, we believe that it is important to maintain and promote healthy and friendly relationships with all stakeholders including customers, shareholders, suppliers, our associates, and local communities in order to achieve sustainable growth and development. In line with this conviction, we have positioned the strengthening of corporate governance as an important management issue, establishing a solid governance structure consisting of such bodies as the Board of Directors and the Audit & Supervisory Board, with every Board member committed to maintaining the vigilant oversight of management.

Initiatives to Strengthen Corporate Governance

April 2000	Introduced an Executive Officer System
June 2005	- Reduced the number of directors from 25 to 12 - Introduced an Outside Director System and elected one outside director - Established the Compensation Advisory Committee and introduced a performance-based remuneration system for directors
June 2006	Increased the number of outside Audit & Supervisory Board members from 1 to 2
June 2007	Increased the number of outside directors from 1 to 2
June 2010	Increased the number of outside Audit & Supervisory Board members from 2 to 3
June 2014	Increased the number of outside directors from 2 to 3
December 2015	Established the Director Nomination Advisory Committee

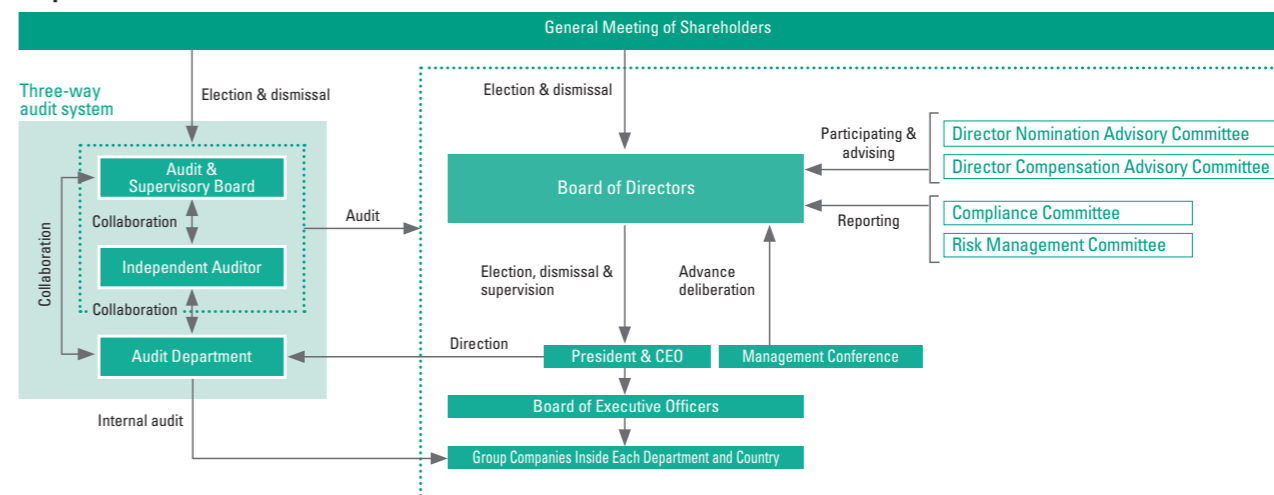
Overview of Corporate Governance System

Akebono has adopted the "company with an Audit & Supervisory Board" governance model. We have built a corporate governance system centered on the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board. We introduced the Executive Officer System in April 2000 to clarify the responsibility and the authority for business execution, and to enhance management efficiency.

The Board of Directors meets regularly once a month, and extraordinary meetings are held as needed. In order to make prompt and accurate judgments on important management matters through sufficient discussion and reviews, Akebono established various important bodies, including the Management Council and the Board of Executive Officers. These bodies operate in accordance with prescribed internal rules. Furthermore, to complement the functions of the Board of Directors and strengthen the transparency and soundness of management, the Company has established the Director Nomination Advisory Committee and the Director Compensation Advisory Committee. As regards the selection criteria and candidates for the Board of Directors, the Audit & Supervisory Board, and executive officers, the Board of Directors determines these by resolutions after receiving and considering contributions and advice from the Director Nomination Advisory Committee. In order to ensure that the director compensation system applied to these officers possesses a high degree of objectivity and transparency, the Company receives reports about the basics of the system from the Director Compensation Advisory Committee.

Management information and suchlike is shared through electronic media, thereby ensuring efficient information sharing among management officers. The execution status of business matters that have been decided is reported to the Board of Directors or the Board of Executive Officers, as appropriate, by the member of the Board or the executive officer who is in charge. This status is also periodically audited by the Audit & Supervisory Board Members and the

Corporate Governance Structure



Internal Audit Office.

The chairperson assigns a certain department (or an individual) as the secretariat of each internal important body. The secretariat is responsible for conducting paperwork such as notices of agenda and minutes.

In order to ensure appropriate business execution by members of management, a three-way audit system is applied by means of the Audit & Supervisory Board Members and the Audit & Supervisory Board, the independent auditor, and the Internal Audit Office. Audit & Supervisory Board Members attend essential management meetings, such as the Board of Directors meetings, to monitor the processes of important decision-making and the execution status of business operations. These members also exchange opinions with directors in order to examine without delay any matters that could have a serious impact on Akebono's management or performance, and then respond promptly.

The remuneration for directors and Audit & Supervisory Board Members is determined by the Company's rules and the compensation criteria are clearly disclosed. Compensation for directors consists of fixed remuneration and performance-based remuneration. The fixed portion is basic compensation for duties and is based on positions. The performance-based portion is determined based on the performance of the Company and individual directors. The amount of remuneration for each director is allocated within limits approved by the General Meeting of Shareholders. The total amount of Audit & Supervisory Board Members' remuneration is also determined by the General Meeting of Shareholders, and the individual allocations are decided through consultation with the Audit & Supervisory Board.

The members of the Audit & Supervisory Board, Akebono's independent auditor Deloitte Touche Tohmatsu,

Outline of Akebono's Corporate Governance Structure (Fiscal 2016)

Type of governance model	A company with an Audit & Supervisory Board
Executive Officer System	Yes
Director's term stipulated by the articles of incorporation	2 years
Chairman of the Board	Representative Director, Chairman and President
Number of acting directors	7
Of whom, outside directors	3
Of whom, those registered as independent directors	3
Number of Board of Directors meetings held during fiscal 2016	13
Outside directors' average board meeting attendance rate during fiscal 2016	100%
Number of Audit & Supervisory Board members	5
Of whom, outside members	3
Of whom, those registered as independent auditors	3
Outside Audit & Supervisory Board members' board meeting attendance rate during fiscal 2016	97%
Board of Directors' advisory organs (voluntary)	Nomination Advisory Committee, Compensation Advisory Committee
Independent auditor	Deloitte Touche Tohmatsu

Board of Directors' Advisory Committees (voluntary)

Committee names	Director Nomination Advisory Committee		Director Compensation Advisory Committee	
Role	Formulation of selection criteria of directors, Audit & Supervisory Board members, including outside members, and executive officers, nomination of candidates, and appropriate involvement in the selection and development plans of successor candidates such as for Chief Executive Officer, together with reporting to the Board of Directors		Compensation structure of directors (including executive officers), compensation standards, process of compensation determination (including evaluation criteria and allocation) and other setting verifications, and reporting to the Board of Directors	
Composition	Internal director	2	Internal director	2
	Outside director	3	Outside director	3
Committee member (Chairperson)	Internal director		Internal director	
Frequency of meetings	In principle once every half year, with special meetings as needed		In principle once every half year, with special meetings as needed	

and the Internal Audit Office closely cooperate by mutually exchanging information such as annual plans and audit reports, and by holding regular opinion-exchanging meetings.

Outside Directors and Outside Audit & Supervisory Board Members

Of the seven current directors, Akebono has appointed three independent outside directors with a variety of experience and skills. Their role is to strengthen the corporate governance structure by reinforcing the Board of Directors' management monitoring functions, and contributing advice to management that will help improve medium- and long-term corporate value.

Furthermore, three out of the five Audit & Supervisory Board Members are outside Audit & Supervisory Board Members, thereby ensuring that the audit system functions from a more independent perspective, and strengthening the audit function of management.

Akebono aims to collaborate with outside directors and Audit & Supervisory Board Members and to strengthen its corporate governance system. It therefore regularly convenes opinion-exchanging meetings between representative directors and outside directors, and between representative directors, outside directors, and outside Audit & Supervisory Board Members.

Cooperation among Audit & Supervisory Board Members, the Independent Auditor, and the Internal Audit Office

The Audit & Supervisory Board Members and the Audit & Supervisory Board receive appropriate explanations about the audit content from the independent auditor, and provide cooperation, such as witnessing the audits of the independent auditor, if necessary. In addition, they have regular meetings with the independent auditor as regards the audit system, the audit plan, and the audit implementation status. The Audit & Supervisory Board Members and the Internal Audit Department comprise a mutually complementary system in order to enhance the effectiveness of each audit. They cooperate in conducting

the pre-adjustment of the fiscal year's activities policy, in arranging the monthly report meeting, and in the mutual distribution of the audit report, together with conducting joint audits. Furthermore, the Internal Audit Office and

the independent auditor formulate audit plans related to assessments of internal control over financial reporting. The results of these audit plans are discussed at meetings held from time to time on a regular basis, as necessary.

Outside Directors (as of March 31, 2017)

Name	Reasons for Election	Any Important Representation of Other Entities	Attendance at Board of Directors Meetings (Attended/ Convened in Fiscal 2016)
Kunio Ito	Mr. Ito has extensive knowledge and a wealth of experience in corporate management cultivated over his years as a university professor (Accounting & Management) and as an outside director at other companies. He was nominated as an outside director to bring to bear his knowledge and experience when providing advice and recommendations regarding the Company's business judgments and decision-making processes.	- Adjunct Professor, Graduate School of Commerce and Management, Hitotsubashi University - Director, Center for CFO Education and Research, Hitotsubashi University - Special Appointed Professor, Chuo University Graduate School of Strategic Management - Outside Director, Sumitomo Chemical Company, Limited - Outside Director, Kobayashi Pharmaceutical Co., Ltd. - Outside Director, Seven & i Holdings Co., Ltd. - Outside Director, Toray Industries, Inc.	13/13
Takuo Tsurushima	Mr. Tsurushima served as a corporate leader at a number of companies, including as President & CEO of Tokyo Stock Exchange, Inc. He was nominated as an outside director to bring to bear his extensive knowledge of and experience in corporate management when providing advice and recommendations regarding the Company's business judgments and decision-making processes.		13/13
Ken Okazaki	Mr. Okazaki possesses specialized advanced academic knowledge in the fields of environmental protection, energetics and thermal engineering. Mr. Okazaki was nominated as an outside director to bring to bear his knowledge and capability to provide appropriate supervision and advice in aid of the Company's business operations.	- Institute Professor, Tokyo Institute of Technology - Visiting Professor, World Premier International Research Center Initiative, Kyushu University	13/13

Outside Audit & Supervisory Board Members (as of March 31, 2017)

Name	Reasons for Election	Attendance at Board of Directors meetings(a)/ Audit & Supervisory Board meetings(b) (Attended/Convened in Fiscal 2016)
Kesao Endo	Mr. Endo has extensive knowledge and experience as a certified public accountant. He was nominated as an Outside Audit & Supervisory Board Member based on his specialist perspective and highly independent status from management to bring to bear his knowledge and experience in the performance of audits.	(a) 13/13 (b) 14/14
Keizo Tannawa	Mr. Tannawa has extensive knowledge and experience as a management, organizational and human resources consultant in addition to as a corporate manager. He was nominated as an Outside Audit & Supervisory Board Member based on his specialist perspective and highly independent status from management to bring to bear his knowledge and experience in the performance of audits.	(a) 12/13 (b) 13/14
Tomohiro Katayama	A lawyer and certified public accountant, Mr. Katayama has extensive knowledge and experience in the legal and financial audit profession. He was nominated as an Outside Audit & Supervisory Board Member based on his specialist perspective and highly independent status from management to bring to bear his knowledge and experience in the performance of audits.	(a) 9/9 (b) 10/10

Compensation

• Basic Policy for Determining Compensation Paid to Directors and Audit & Supervisory Board Members

Akebono has formulated the basic policy for determining the compensation for Directors and Audit & Supervisory Board Members as follows.

1. Acquire and develop talented human resources
2. Motivate them to continuously improve corporate performance and value
3. Maintain a high level of fairness and rationality

To maintain an objective and fair compensation system for Directors, we have established a Director Compensation Advisory Committee, which reviews the basic matters relating to Director compensation. Based on the results of this review, the amount of compensation for each Director is allocated within limits approved by the Ordinary General Meeting of Shareholders.

Compensation for Directors (excluding Outside Directors) consists of fixed remuneration and performance-based

remuneration. The fixed portion is basic compensation for duties and is based on positions. The total amount of fixed remuneration must be approved by the Ordinary General Meeting of Shareholders.

The performance-based portion is determined based on the performance of the Company and individual Directors in the preceding fiscal year. The upper limit for performance-based remuneration is set at 100% of the fixed portion. Of this amount 40% (cash) may be provided as short-term performance-based remuneration; 20% (subscription rights to shares) as medium-term performance-based remuneration; and 40% (subscription rights to shares) as long-term performance-based remuneration. The compensation for Outside Directors consists of fixed remuneration only.

The compensation for each Audit & Supervisory Board Member is determined through discussion by the Audit & Supervisory Board, within limits approved by the Ordinary General Meeting of Shareholders.

Total Amount of Compensation Paid to Directors and Audit & Supervisory Board Members (Fiscal 2016)

	Amount of compensation (Millions of yen)	Compensation by category (Millions of yen)			Number of directors/Audit & Supervisory Board members
		Fixed remuneration (Cash)	Performance-based remuneration		
			Short-term (Cash)	Medium-term (subscription rights to shares)	
Directors	184	184	—	—	9
Audit & Supervisory Board members	51	51	—	—	7
Total	234	234	—	—	16
(Outside directors and Audit & Supervisory Board members)	41	41	—	—	7

*The above table includes two Directors and two Audit & Supervisory Board Members who retired at the close of the 115th Ordinary General Meeting of Shareholders held on June 17, 2016. As of the end of fiscal 2016, the Company had 7 Directors and 5 Audit & Supervisory Board Members.

Upper limits of annual compensation for directors and Audit & Supervisory Board Members upon resolution of the Ordinary General Meeting of Shareholders (annual amount)

(1) Directors Fixed Remuneration ¥300 million

Short-term performance-based remuneration ¥120 million (excluding outside directors)

Medium-term performance-based remuneration ¥60 million (excluding outside directors)

Long-term performance-based remuneration ¥120 million (excluding outside directors)

(2) Audit & Supervisory Board members Fixed remuneration ¥60 million

Board Evaluation

Akebono conducts a Board evaluation for the purpose of enhancing its effectiveness, with the ultimate aim of achieving sustainable growth as a Group and improving corporate value. The results of this evaluation in fiscal 2015 and initiatives to further improve its effectiveness are outlined below.

1. Method for Evaluating Board Effectiveness

A survey was conducted using the following methods.

Scope	The Company's directors and auditors (including outside directors and auditors)
Survey Timeframe	From mid-March to mid-April 2016
Question Topics	1. Structure of the Board of Directors 2. Operation of the Board of Directors 3. Duties and responsibilities of the Board of Directors (especially oversight functions) 4. Support framework for outside directors 5. Support framework for outside auditors 6. Relationship with investors and shareholders 7. One's own contributions and other comments

2. Effectiveness Evaluation and Analysis

Further analysis and evaluation was performed based on the results of the survey, and the results were reported to and discussed by the Board of Directors.

Areas in good standing	<ul style="list-style-type: none"> Structure of Board of Directors (ratio of inside and outside directors) Frequency of Board of Directors meetings Establishment of the Director Nomination Advisory Committee and the Director Compensation Advisory Committee as bodies to assist the Board of Directors
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Areas in need of improvement	<ul style="list-style-type: none"> Composition of internal directors (i.e., their balance of knowledge, experience, abilities and specialties) for sustaining corporate growth and improving corporate value over the longer term Allocation of time to discuss corporate strategy and important matters at Board of Directors meetings, measures to enhance discussions (method of operation, provision of information by outside directors, etc.) Improve administration of internal notification system, Board of Directors' oversight of its operation Appropriate and effective feedback of opinions from investors and shareholders to Board of Directors
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3. Future Action to Improve Effectiveness

As a result to the effectiveness evaluation and analysis, a number of areas in need of improvement have been pointed out from the standpoint of ensuring effectiveness, despite having put in place systems for ensuring the effectiveness of the Board of Directors.

- Enhance discussions of important matters by the Board of Directors
- Feedback of investor and shareholder opinions to the Board of Directors

Management Systems

Compliance

As it expands globally, it is important that Akebono, beyond complying with the law and regulations, correctly understands and fulfills its corporate social responsibility. Accordingly, we have set up the Compliance Committee, chaired by the president, and established the "akebono Global Code of Conduct" and "akebono Global Standard of Behavior" to be observed by each associate.

To respond to the globalization of management, Akebono endeavors to correctly recognize and carry out its corporate social responsibility. To this end, we have established and promoted the akebono Global Code of Conduct together with the akebono Global Standard of Behavior, and we also work to improve awareness of compliance by conducting a variety of educational programs. Specific examples include training on Japan's subcontracting act for workplaces that carry out outsourcing operations and training on appropriate accounting treatment for workplaces involved with sales and purchasing. Moreover, in our job level-based training program, we include compliance training to raise the level of awareness on general compliance issues such as information control and prevention of harassment. In addition to this, in fiscal 2016 compliance proficiency tests were given to all associates in Japan, and in October we held a month dedicated to strengthening compliance, which generated thoughtful workplace discussions. Furthermore, in fiscal 2017, we introduced a global compliance e-learning program.

To prevent compliance violations or to detect them at an early stage, and resolve them, Akebono conducts compliance hearings for associates selected at random, and has set up consultation counters, both in-house and outsourced, to provide counseling for all associates, including temporary employees and contract employees. Among these, some of the outsourced consultation has been entrusted to specialized agencies. At all of these counters, the personnel in charge keep the name of the person seeking the consultation and the nature of their consultation confidential. Akebono also ensures that the person seeking consultation does not receive any prejudicial treatment because of making a report or seeking consultation.

Risk Management System

Akebono strives to identify the risks surrounding the Company and conducts risk control and monitoring to reduce them. We also conduct risk management activities aimed at minimizing the impact of any damage that might materialize. Akebono's risk management activities are supported by the Risk Management Committee, comprising a group of directors chaired by the Representative Director & CEO, and the Risk Evaluation Committee a subcommittee of the Risk Management Committee that is chaired by the

Representative Director & Executive Vice President. The Risk Evaluation Committee controls Groupwide critical risks. In fiscal 2016, the Company confirmed the implementation status and efficacy of countermeasures for critical Groupwide risks. In addition, the Company promoted a risk management plan for its major overseas locations.

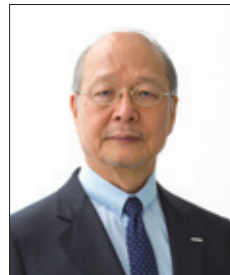
Information Security Activities

Akebono has established an Information Security Committee, as well as information security policies, guidelines and rules for the handling of information in order to implement appropriate measures to protect information assets properly. We clarify measures according to materiality and risk, in order to provide appropriate protection for data owned in-house or provided by customers or business partners from all kinds of threats, including negligence, accidents, natural disasters, and criminal acts. Under the Information Security Committee, the Company has also set up a working group and established a system where information security personnel or an information system administrator in each section carries out their own checks against the information security risks to which their respective operations are vulnerable. Using a PDCA cycle to raise awareness of and adherence to the various regulations and guidelines through education and training, the Company is working to ensure information security. In the unlikely event that a violation does occur, such as with regard to the Company's rules of employment, it is strictly dealt with. The Company complies with all relevant laws and regulations and other social norms, and strives to achieve continuous improvement of its management systems, including in response to changes in the environment.

Moreover, in recent years, in light of the increasing risk of information leakage due to global business expansion, growing dependence on IT and the increased liquidity of employment, the Company is further strengthening its information security. As part of these efforts, we implemented information security assessments by an external vendor in fiscal 2014-2015. Based on the results, we are continuing to bolster security, not only within Japan, but globally, based on benchmarks for our industry.

In the future, at the same time as continuing to implement global education and awareness-raising activities, we will continue to regularly conduct information security assessments, adopt new security measures, and strengthen our countermeasures to cyber-attacks, which are becoming increasingly sophisticated.

Directors (As of June 16, 2017)



Representative Director & Member of the Board
Hisataka Nobumoto



Representative Director & Member of the Board
Yoshimasa Ogino



Representative Director & Member of the Board
Kazuo Matsumoto



Member of the Board
Kunio Ito^{*1}



Member of the Board
Takuo Tsurushima^{*1}



Member of the Board
Ken Okazaki^{*1}

^{*1} Outside directors in accordance with Article 2-15 of the Corporation Law

Audit & Supervisory Board (As of June 16, 2017)

Audit & Supervisory Board Member (Standing)	Takunobu Okada
Audit & Supervisory Board Member (Standing)	Hiroshi Ikegami
Audit & Supervisory Board Member	Kesao Endo ^{*2}
Audit & Supervisory Board Member	Keizo Tannawa ^{*2}
Audit & Supervisory Board Member	Tomohiro Katayama ^{*2}

^{*2} Outside members in accordance with Article 2-16 of the Corporation Law

Executive Officers (As of August 1, 2017)

Chairman, President & CEO	Hisataka Nobumoto
Executive Vice President	Yoshimasa Ogino
Executive Vice President	Kazuo Matsumoto
Senior Managing Executive Officer	Kanji Miyajima
Senior Managing Executive Officer	Takeshi Saito
Senior Managing Executive Officer	Jean de Montlaur
Senior Managing Executive Officer	Yuji Ando
Senior Managing Executive Officer	Katsuji Hidaka
Executive Technical Advisor / Assistant to the President & CEO (Senior Managing Executive Officer Status)	Takashi Kudo
Managing Executive Officer	Yoichi Shinagawa
Managing Executive Officer	Seiji Nishimura
Managing Executive Officer	Toshiyuki Negishi
Managing Executive Officer	Wilm Uhlenbecker
Chief Technical Officer (Managing Executive Officer Status)	Hiroshi Idei
Executive Officer	Masaaki Ando
Executive Officer	Kiyoshi Tanaka
Executive Officer	Takao Watanabe
Executive Officer	Keiichi Oka
Executive Officer	Takeshi Kashimura

Advisors (As of August 1, 2017)

Executive Advisor	J. W. Chai
Honorary Senior Advisor	Hidemitsu Kuwano
Executive Technical Advisor / Assistant to the President & CEO	Shunji Yokoo
Assistant to the President & CEO	Sachiyuki Ishige
Technical Advisor	Toshifumi Maehara
Advisor	Masahiro Miyamoto
Advisor	Seiji Onoda

Company Outline

Company Name	Akebono Brake Industry Co., Ltd.
Founded	January 27, 1929
Global Head Office	19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo 103-8534, Japan
Ai-City (Headquarters)	5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan
President and CEO	Hisataka Nobumoto
Capital	¥19.9 billion (as of March 31, 2017)
Net Sales	¥266.1 billion (fiscal 2016)
Number of Associates	9,457 (as of March 31, 2017)



Global Head Office: Akebono Nihonbashi Building (Chuo-ku, Tokyo)



Ai-City (Headquarters): Akebono Crystal Wing (ACW) (Hanyu City, Saitama Prefecture, Japan)



Ai-Museum (Brake museum) Opening hours: Every Wed. 14:00-16:00

Investor Information

Stock Listing	Tokyo Stock Exchange, First Section (Code: 7238)
Common Stock	Authorized: 440,000,000 Shares Issued: 135,992,343 Shares

Principal Shareholders	Shareholders	No. of shares held (1,000 shares)	% of issued common stock
	Toyota Motor Corporation	15,495	11.4
	Robert Bosch L.L.C.	12,597	9.3
	Isuzu Motors Limited	12,111	8.9
	Japan Trustee Services Bank, Ltd. (trust account)	5,151	3.8
	Deutsche Bank AG Frankfurt-Domestic Custody Services	3,900	2.9
	Aisin Seiki Co., Ltd.	3,133	2.3
	Akebono Brake SEIWAKON Employee's Shareholding Association	2,381	1.8
	Marubeni-Itochu Steel Inc.	2,000	1.5
	KYB Corporation	2,000	1.5
	SECOM CO., LTD.	2,000	1.5

Note: The Company's holding of treasury stock is not included in the above list of principal shareholders.

Transfer Agent & Registrar Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Department

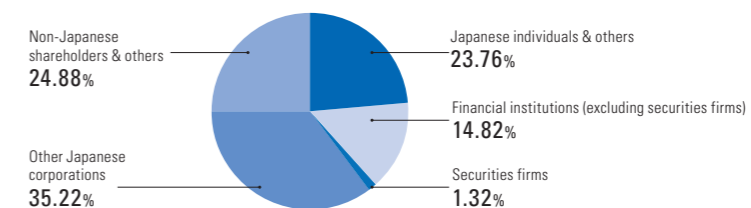
Annual Shareholders' General Meeting The annual shareholders' general meeting is normally held in June each year.

Independent Auditor Deloitte Touche Tohmatsu LLC

Shareholders	Category	No. of shareholders	No. of shares held (100 shares)
	Japanese Individuals & Others	13,373	322,912
	Japanese Government & Municipal Corporations	0	0
	Financial Institutions (Excluding Securities Firms)	29	201,397
	Securities Firms	30	17,912
	Other Japanese Corporations	137	478,652
	Non-Japanese Shareholders & Others	149	338,021
	TOTAL	13,718	1,358,894
	No. of Shares in less than units of 100	—	102,943 shares

Note: The number of treasury shares as of March 31, 2017 was 2,785,786. Of these, 2,785.7 thousand shares are included under "Japanese individuals & others," and 86 shares are included under "No. of shares in less than units of 100." The number of shares in the name of the Japan Securities Depository Center as of March 31, 2017 is 3,500. Of these, 3.5 thousand shares are included under "Other Japanese corporations." The number of treasury shares indicated in the shareholders' list is 2,785,786, whereas the actual number as of March 31, 2017 was 2,784,786.

Percentage of Shares Held by Shareholder Category



Akebono Group (Japan) (As of June, 2017)**Akebono Brake Industry Co., Ltd.****Global Head Office**

19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo 103-8534, Japan

Ai-City (Headquarters)

5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan

Chubu Office

3-13 Obayashi-cho, Toyota City, Aichi 473-0902, Japan

Sapporo Sales Office

3-2-66 Kitaokadama Sanjo, Higashi-ku, Sapporo City, Hokkaido 007-0883, Japan

Sendai Sales Office

3-7-13 Hinode-machi, Miyagino-ku, Sendai City, Miyagi 983-0035, Japan

Kanto Sales Office

5-4-71 Higashi, Hanyu City, Saitama 348-8501, Japan

Tokyo Metropolitan Sales Office

19-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo 103-8534, Japan

Osaka Sales Office

2-17 Enoki-cho, Suita City, Osaka 564-0053, Japan

Hiroshima Sales Office

4-1-13 Yanonishi, Aki-ku, Hiroshima City, Hiroshima 736-0085, Japan

Fukuoka Sales Office

6-12-41 Itazuke, Hakata-ku, Fukuoka City, Fukuoka 812-0888, Japan

Tatebayashi Foundry (Casting of brake components)

6012 Aza-Tobu Kogyo Danchi, Oshima-cho, Tatebayashi City, Gunma 374-0001, Japan

Ai-Ring (Testing and evaluation)

41-42 Aza-Osaruda, Uwadaira, Ogawa-machi, Iwaki City, Fukushima 979-3112, Japan

Ai-Museum (Brake museum)

5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan

Ai-Village (Global training center)

5-11-26 Higashi, Hanyu City, Saitama 348-0052, Japan

Akebono Affiliates**Akebono Advanced Engineering Co., Ltd.**

(R&D of high-performance brake systems)

5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan

Akebono Brake Yamagata Manufacturing Co., Ltd.

(Manufacture of disc brake pads and other brake components)

161-3 Chuo Kogyo Danchi, Sagae City, Yamagata 991-0061, Japan

Akebono Brake Fukushima Manufacturing Co., Ltd.

(Manufacture of drum brake linings, disc brake pads and other brake components)

10 Aza-Shinjuku, Oaza-Narita, Koori-machi, Date-gun, Fukushima 969-1652, Japan

Akebono Brake Iwatsuki Manufacturing Co., Ltd.

(Manufacture of disc brakes, drum brakes and brake components)

1190 Oaza-Kanamuro, Iwatsuki-ku, Saitama City, Saitama 339-8601, Japan

Akebono Brake Sanyo Manufacturing Co., Ltd.

(Manufacture of drum brakes and wheel cylinders)

1966-8 Kushiro, Soja City, Okayama 710-1201, Japan

Alocs Corporation (Logistics)

255-1 Ainohara, Iwatsuki-ku, Saitama City, Saitama 339-0071, Japan

Akebono Research & Development Centre Ltd. (R&D)

5-4-71 Higashi, Hanyu City, Saitama 348-8511, Japan

Akebono 123 Co., Ltd.

(Special subsidiary company)

(Cleaning-related services, packing, and printing of business cards)

5-4-71 Higashi, Hanyu City, Saitama 348-8508, Japan

NeoStreet Inc. (Web shop)

5-4-71 Higashi, Hanyu City, Saitama 348-8501, Japan

Akebono Group (Overseas) (As of June, 2017)**North America****Akebono Brake Corporation (ABC)**

(North American Head Office)

34385 W. Twelve Mile Road, Farmington Hills, MI 48331, U.S.A.

Akebono Engineering Center (AEC)

(R&D)

34385 W. Twelve Mile Road, Farmington Hills, MI 48331, U.S.A.

Akebono Brake Corporation (Elizabethtown) (ABC)

(North American Co-head Office, sales and marketing)

310 Ring Road, Elizabethtown, KY 42701, U.S.A.

Akebono Brake, Elizabethtown Plant (ABE)

(Manufacture of disc brakes, drum brakes and disc brake pads)

300 Ring Road, Elizabethtown, KY 42701, U.S.A.

Akebono Brake, Glasgow Plant (ABG)

(Manufacture of disc brakes and disc brake pads)

1765 Cleveland Avenue, Glasgow, KY 42141, U.S.A.

Akebono Brake, Clarksville Plant (ABCT)

(Manufacture of disc brakes, disc rotors, drum brakes, corner modules and other brake components)

780 International Boulevard, Clarksville, TN 37040, U.S.A.

Akebono Brake, Columbia Plant (ABCS)

(Manufacture of disc brakes, corner modules, castings and other brake components)

201 Metropolitan Drive, West Columbia, SC 29170, U.S.A.

Akebono Brake Mexico S.A. de C.V. (ABM)

(Manufacture of disc brakes, drum brakes and other brake components)

Av. Mineral de Valenciana 186 Fracc, Industrial Santa Fe II, Guanajuato Puerto Interior, Silao, Guanajuato, C.P. 36275, Mexico

Europe**Akebono Europe S.A.S. (Gonesse) (AESA)****(Centre de Recherche Européen Akebono) (CREA)**

(Sales and R&D)

6 Avenue Pierre Salvi BP 90111, 95505 Gonesse Cedex, France

Akebono Europe S.A.S. (Arras) (AASA)

(Manufacture of disc brake pads)

Site Artoipôle, 244 Allée d'Espagne, 62118 Monchy-le-Preux, France

Akebono Europe GmbH (AEG)

(Sales and R&D)

Auf der Heide 11-13, 65553 Limburg-Dietkirchen, Germany

Asia**Akebono Brake (Thailand) Co., Ltd. (AKBT)**

(Manufacture and sales of disc brakes and pads)

700/880 Amata Nakorn Industrial Estate Moo.1, Tambol Panthong Amphur Panthong, Chonburi 20160, Thailand

Akebono Corporation (Guangzhou)

(Manufacture and sales of disc brakes and drum brakes)

No. 8 Hefeng 1st Street, Yonghe Economic Zone of Guangzhou Development District, Guangzhou, China 511356

Akebono Corporation (Suzhou)

(Manufacture and sales of disc brake pads)

TingLan Road No. 168 ChangYang Street, Industrial Park, Suzhou, China 215021

PT. Akebono Brake Astra Indonesia (AAIJ)

(Manufacture and sales of disc brakes, drum brakes, pads, linings, master cylinders and other brake components)

Jl. Pegangsaan Dua Blok A1, Km. 1, 6 Kelapa Gading, Jakarta, 14250, Indonesia

Akebono Brake Astra Vietnam Co., Ltd. (AAVH)

(Manufacture and sales of disc brakes and master cylinders for motorcycles)

Plot F-3, Thang Long Industrial Park II, Lieu Xa Commune, Yen My District, Hung Yen Province, Vietnam

A&M Casting (Thailand) Co., Ltd. (A&M)

(Manufacture and sale of cast-iron automotive components)

Ratchaburi Industrial Estate 155/63 Moo.4, T.Chet Samian, A.Photharam, Ratchaburi 70120, Thailand

Akebono Brake Industry Co., Ltd. Representative Office (Singapore)

80 Robinson Road #10-01A Singapore 068898

Akebono Advanced Engineering (UK) Ltd. (AAE)

(R&D)

415 Wharfedale Road, Winnersh Triangle, Wokingham, Berkshire RG41 5RA, United Kingdom

Akebono Brake Slovakia s.r.o. (ABSK)

(Manufacture and sales of disc brakes)

Bratislavská 581, 911 05 Trenčín, Slovak Republic