Medium- to Long-Term Growth Model

Strengthen Ties with 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.

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, career support, and work-life balance promotion. 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

Promotion of diversity

An organization capable of maximizing the abilities of each associate

Career support

Promotion of work-life balance
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, Tunisia, Nigeria, and Russia

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.

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

Networking
Forming connections among female associates establishes a platform that can help resolve 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
Creating venues for associates and directors to discuss matters and obtain views and advice from different perspectives helps broaden the horizons of all associates.

Promoting the Advancement of Women in the Workplace
Akebono will continue working to be a company where all of our associates can work with motivation and enthusiasm, regardless of gender.

In April 2016, we received the L-boshi Designation (Third Grade)* from the chief of the Saitama Labor Bureau. The L-boshi designation system recognizes business owners that have performed excellently in initiatives for promoting the advancement of women from among those who formulate an action plan based on the Act Concerning Promotion of Women’s Career Activities and submit the details of the plan. The designation is received from the Minister of Health, Labour and Welfare. There are five evaluation criteria and accredited between grade 1 and grade 3 based on a result of the evaluation. Akebono achieved the top rank of Grade 3.

Ratio of female managers (Japan)

akebono Way
Since its founding in 1929, Akebono has developed a wide range of businesses and implemented measures in response to the needs of the times. Further, the values, attitudes and behavioral guidelines required of associates have been handed down unchanged and summarized as the akebono Way and stated in written form in 2017.
Promoting Work-Life Balance
With the aim of accommodating the various workstyles of each associate, Akebono has designed various programs for associates raising children and those caring for family members to assist them with their efforts to strike a balance between these obligations and their work.

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.

Akebono’s Main Initiatives (Japan)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child care leave plan</td>
<td>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.</td>
</tr>
<tr>
<td>Career partner plan</td>
<td>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.</td>
</tr>
<tr>
<td>Nursing care leave plan</td>
<td>Associates can take up to two years leave per family member to provide nursing care while receiving a stipend.</td>
</tr>
<tr>
<td>Child nursing care plan</td>
<td>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.</td>
</tr>
<tr>
<td>Measures to reduce working hours</td>
<td>Child care plans: • 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.</td>
</tr>
<tr>
<td></td>
<td>Nursing care plans: • 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.</td>
</tr>
<tr>
<td>Improvements to company environment</td>
<td>• Training for new managers regarding the need to consider associates 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.</td>
</tr>
<tr>
<td>Medical leave system</td>
<td>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.</td>
</tr>
<tr>
<td>Work interval plan</td>
<td>Ensure that long working hours are rectified, and associates get sufficient rest time by leaving 11 hours free from the end of work to the start of work on the next day.</td>
</tr>
</tbody>
</table>
Akebono Brake Astra Vietnam (AAVH) was commended for its workstyle reforms based on overtime work reduction

AAVH had a high turnover rate due to the problems of increasing overtime. Therefore, we pursued initiatives including a zero-overtime work plan that went into full effect in February 2017 and an improvement suggestion program that picks up employee feedback on a timely basis. As a result, plant productivity improved significantly, and the turnover and absentee rates decreased, and we achieved zero overtime in August 2017. These activities were evaluated and the Ministry of Labor of Hung Yen Province, Vietnam commended Akebono as a company that provides an excellent working environment in October 2017.

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 protect their health. 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. This declaration allows 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.

Akebono as a company that provides an excellent working environment in October 2017. Akebono will continue to improve its working environment with the aim of being “a company that makes associates happy.”

Akebono Nursery School (Ai-Kids)
Akebono established the Akebono Nursery School (commonly known as “Ai-Kids”) within the company as a part of workstyle reforms and to enhance the company’s benefits package. Akebono seeks to balance work and childcare, establish human resources, raise associates’ satisfaction and corporate brand image, and raise the awareness of male associates about childcare in accordance with a “company-led childcare business” promoted by the Cabinet Office. The nursery school’s capacity is 12 children and is intended for the children of Akebono Group associates. It is scheduled to open in May 2018.

In the planning and management of this nursery school, we received advice from a graduate of Akebono’s Vocational Scholarship Program.

(* Please see “Vocational Scholarship Program” on page 28)

Ai-Village Training Center
Since its establishment in 2012, Ai-Village global training center has served as a training ground for numerous associates. Around half of the training sessions held there consist of job level-based training programs and training for selected associates organized by the Human Resources Department. Furthermore, various departments such as development, technology, sales, and production also hold them. In addition to being used as a place for retreat-type training sessions, there were some instances where Ai-Village was used by associates trapped by inclement weather. To further increase the scope of training programs, in fiscal 2014, the Company launched Ai-Campus. In addition to language training programs aimed at nurturing globally capable associates, around 80 courses on basic knowledge about manufacturing and Akebono products are offered. Looking ahead, we will continue to strive to fully utilize this facility to nurture competitive human resources.

In February 2018, Akebono was recognized as a “Company with Excellent Health Management 2018 (White 500),” which honors large corporations that practice excellent health management and is jointly promoted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. 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 protect their health. 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.

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(* Please see “Vocational Scholarship Program” on page 28)
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 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 this program that has continued for more than 50 years, 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.

**Employment of People with Disabilities**

Akebono 123 Co., Ltd., a special-purpose subsidiary of the Akebono Group that provides employment for people with disabilities, is working to help them achieve personal growth through duties. In April 2016, Akebono was designated as an Excellent Saitama Prefecture Disability-Inclusive Employer for a fourth consecutive year (10th time). The prefecture recognized Akebono's proactive initiatives to create workplaces where people with disabilities can use their abilities.

Akebono's employment ratio for workers with disabilities as of the end of fiscal 2017 stood at 2.42%, higher than the statutory rate of 2.0%.

**To-En-Ryo Awarded the 34th Fukushima Prefecture Architecture Cultural Prize’s Special Category Prize**

On the site of Fukushima Manufacturing is a dormitory called “To-En-Ryo” to support the scholarship students. As the dormitory, which was built in 1971, had aged, a new dormitory was built in 2016. The new building includes various innovations to make it easier to study while working.

In January 2018, To-En-Ryo was awarded the 34th Fukushima Prefecture Architecture Cultural Awards’ Special Category Prize sponsored by Fukushima Prefecture. The dormitory’s living space was highly acclaimed for the bright living space and sense of unity it produces, especially the hall that becomes an amphitheater when the partition is closed and the open staircase.

**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.

Open: Every Wednesday from 2:00 pm to 4:00 pm
Offering Office and Plant Tours
In fiscal 2017, more than 280 students from three 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 companies and communities in regions around our domestic and overseas locations. Learning from and inspiring each other, we will grow in tandem with our stakeholders.

Our Mobile Brake Technology Educational Center
More than 200 training sessions are held each year employing the “Mobile Brake Technology Educational Center,” a vehicle specially designed to display braking mechanisms in an easy to understand way to auto dealers, automobile repair shops and others nationwide to teach car salesmen and auto mechanics about the structure of disc and drum brakes.

Points about brake maintenance and market activities are explained using samples and images taken from actual vehicles. Attendees knowledge and technical skills concerning brakes are deepened and their feedback and comments are later reflected in product development. To make customer safety and comfortable driving a reality, we provide training on brake maintenance at brake servicing sites. In addition, we are also active in conducting associate training, family visits, tours for elementary school students, participating in local community events, and more.

Elementary school students visiting Ai-City

Providing Safety and Security

Occupational Safety and Health Management
To improve its global safety and health management capability, Akebono regularly holds a Global Safety Workshop that all of its global production facilities attend.

In Japan, 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, 629 people have undergone asbestos health checks as of March 31, 2018. We plan to continue these checks in the future.

A settlement was reached on December 25, 2015 on a lawsuit filed on November 28, 2012 by former associates and bereaved relatives seeking compensation for damages to health caused by asbestos.

Breakdown of Number of Examinees
(from August 2005 to March 2018)
Figures in parentheses represent increases from the previous year

<table>
<thead>
<tr>
<th></th>
<th>Ex-associates</th>
<th>Families of ex-associates</th>
<th>Neighbors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asbestosis found</td>
<td>41</td>
<td>0</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td>Pneumoconiosis found</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>No findings</td>
<td>419 (+2)</td>
<td>37</td>
<td>116 (+2)</td>
<td>572 (+4)</td>
</tr>
<tr>
<td>Total</td>
<td>476 (+2)</td>
<td>37</td>
<td>118 (+2)</td>
<td>629 (+4)</td>
</tr>
</tbody>
</table>

Mobile Brake Technology Educational Center training session

Ex-associates
Families of ex-associates
Neighbors
Total
Asbestosis found
Pneumoconiosis found
No findings
Total
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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.

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 2017, we again conducted a survey of all our bases in Japan, North America, Europe and Asia. The number of respondents totaled 6,356.

In the fiscal 2017 survey, the questions on the survey form were substantially changed to make them more concise and specific so that the current state of Akebono’s strengths and challenges could be highlighted. There were concerns that associates’ impressions of Akebono’s technical capabilities had declined year by year. The survey score shows that their impressions have now taken an upward turn, confirming the effect of series of activities including the “Branding Activities 2017 akebono Technology Fest.” held in September 2017. By holding tours of the Technology Fest. at each manufacturing plant, we seek to proactively create opportunities to expose direct and indirect employees to our technology in fiscal 2018.

Because the business unit (BU) system will begin full operation in fiscal 2018, we will continue to conduct the corporate brand awareness survey on impressions from inside and outside of Akebono associated with changes in the organization and personnel. We steadily undertake countermeasures based on the results in order to raise associates’ awareness and thereby improve 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.