Activities for customer satisfaction improvement

Basic quality policy
At KYB, we believe that good quality is our company’s life, and we therefore make every effort to provide skilled manufacturing and services of the quality that will satisfy our customers and society. We do this by a variety of activities for quality improvement, including actively promoting the sharing of quality information and faster information delivery within the group.

Quality Assurance System
We have built a quality assurance system that complies with the ISO 9001 standard, which places emphasis on the quality of work processes as well as quality of products and quality of services, and we have this system in operation. We also strive on an everyday basis to make improvements in those aspects of quality.

Quality at the development design stage, which includes the development of manufacturing methods and processes for producing our products, are determining factors in the market quality of our products. Furthermore, the degree of completeness of production shop floor work procedures and other such rules, together with the level of perfection in operation, will contribute to a reduction in process defects and other such quality losses that occur in skilled manufacturing.

At KYB, we implement what is called a three-step evaluation process for methods of developing and mass producing products, technologies, manufacturing methods, and so on. We make every effort for higher quality throughout the product life cycle, from the product planning stage to improvement of defects and change management after mass production and shipment. At our production bases, we take a variety of quality improvement measures under the leadership of the base managers and plant managers, and we are working to promote the unerring operation of our three-step evaluation system.

Study group for reforming business structure
At every base in the KYB Group, we address quality issues in our policy and implement continuing improvement activities. The base managers exercise leadership so that we can act promptly to create a quality status that will further satisfy stakeholders. We use cases of activities at bases where improvement activities have yielded a certain degree of results as the main instructional material, and bring together all the base managers to study and learn from each other.

This activity is implemented for base managers (at the president and plant manager level) of all our production bases in Japan and other countries.

Development of products and technology through a 3-step evaluation process and the Declaration of Quality and Safety

<table>
<thead>
<tr>
<th>Step</th>
<th>Goal of the 3 steps</th>
<th>Quality assurance steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior / Model development</td>
<td>Proof of possibility (Description / evaluation of developed quality)</td>
<td>Development quality</td>
</tr>
<tr>
<td>D0 evaluation meeting</td>
<td>Proof of mass production (Actual proof / evaluation of developed quality)</td>
<td>Start quality</td>
</tr>
<tr>
<td>Order development</td>
<td>Proof and serialization of applicability (Actual proof / evaluation of start evaluation)</td>
<td>Mass production quality</td>
</tr>
<tr>
<td>D1 evaluation meeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass production development / Production preparations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D2 evaluation meeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass production</td>
<td>Declaration of Quality and Safety</td>
<td></td>
</tr>
</tbody>
</table>

There will be confirmation before the start of regular production that the mass product quality has been built into the design.

What KYB Aims to Be: Quality problem prevention cycle

Establish good conditions for maintenance and management
Create good blueprints
If you follow the blueprint, the required functions are guaranteed.
Production technology
Manufacturing and inspection
Realization of products that satisfy design requirements
Maintenance, management and improvement
If you observe work standards based on “good blueprints” and “good conditions”, only good products will be made.

Improvement of robustness
Development and design

If you follow the established processing conditions, quality per the blueprints is guaranteed.

A meeting of the study group for reforming business structure (presenting the Gifu North Plant case)
Activities for customer satisfaction improvement

Stop, call out, and wait

In order to provide thorough compliance with the rules and standard procedures when an abnormality occurs on the production shop floor, we have made “Stop・Call・Wait” campaign badges in nine languages for distribution to 12 bases in Japan and 23 bases in other countries. The badges make all of our employees aware that they need to carry out these basic actions: Stop work, call your superior, and wait for instructions. The purpose is to assure employee safety and to prevent defects from flowing to downstream processes, especially when an abnormality occurs.

“Abnormality” refers to a state other than normal when equipment is stopped or something happens to prevent quality from being up to standard.

Examples of main supplier commendations received

<table>
<thead>
<tr>
<th>Base name</th>
<th>Name</th>
<th>Description</th>
<th>Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>KYB (Japan)</td>
<td>Letter of thanks</td>
<td>Achieved six consecutive</td>
<td>Mazda Motor Corporation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>months with zero supply</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>defects</td>
<td></td>
</tr>
<tr>
<td>KYB (Japan)</td>
<td>Global Quality</td>
<td>Zero complaints over the past</td>
<td>JATCO Ltd.</td>
</tr>
<tr>
<td></td>
<td>Award</td>
<td>15 months</td>
<td></td>
</tr>
<tr>
<td>KYB (Japan)</td>
<td>Special Global</td>
<td>Contribution to skilled</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Award</td>
<td>manufacturing</td>
<td></td>
</tr>
<tr>
<td>KYBSE (Spain)</td>
<td>Best Brand Prize</td>
<td>Achieved target quality and</td>
<td>PSA Groupe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>delivery schedule figures</td>
<td></td>
</tr>
<tr>
<td>KMSB (Malaysia)</td>
<td>Environmental</td>
<td>Limit CO₂ emissions</td>
<td>UMW Toyota Motor Sdn. Bhd.</td>
</tr>
<tr>
<td></td>
<td>Convention</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KMEX (Mexico)</td>
<td>Supplier</td>
<td>Reduced total delivery cost</td>
<td>JATCO Mexico</td>
</tr>
<tr>
<td></td>
<td>Commendation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KMSB (Malaysia)</td>
<td>Outstanding Supplier</td>
<td>Contribution to quality,</td>
<td>Hong Leong Yamaha Motor</td>
</tr>
<tr>
<td></td>
<td>Award</td>
<td>delivery schedule, and price</td>
<td>Sdn. Bhd.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>cooperation</td>
<td></td>
</tr>
</tbody>
</table>

Received letter of thanks from Mazda Motor Corporation

A letter of commendation for achieving six consecutive months with zero supply defects was presented at the 3rd Supplier Quality Award Ceremony for the second half of fiscal year 2014, held at Mazda Motor Corporation in April 2015. Going forward, we will continue to take measures aimed at achieving zero supply complaints.

44th Tokyo Motor Show 2015

The 44th Tokyo Motor Show 2015 was held at Tokyo Big Sight over a 12-day period starting October 28, 2015. The KYB Group was there introducing a variety of different products, from a driving simulator to a lightweight, electronically controlled mixer truck that is environmentally friendly, a motorcycle suspension that saw service in the eight-hour endurance road race at Suzuka, and so on.

Received letter of thanks from Mazda Motor Corporation

We think that exhibitions are precious opportunities to directly hear customers’ opinions. We will continue to positively participate in exhibitions.

<table>
<thead>
<tr>
<th>Exhibition</th>
<th>Exhibit</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>40th Japan Meat Industry Fair 2015</td>
<td>Piston pump motor for hydraulic drive meat processing machinery, etc.</td>
<td>Tokyo Big Sight, Japan</td>
</tr>
<tr>
<td>Automotive Engineering Exposition</td>
<td>Drive recorder, communications terminal for vehicles, etc.</td>
<td>Pacific Yokohama, Japan</td>
</tr>
<tr>
<td>Earthquake Technology Expo Osaka</td>
<td>Seismic isolation damper unit to prevent furniture toppling</td>
<td>Congrès Convention Center Osaka, Japan</td>
</tr>
<tr>
<td>51st International Paris Air Show</td>
<td>Electric brakes for compact air frames, etc.</td>
<td>Le Bourget Airport, France</td>
</tr>
<tr>
<td>China International Agricultural Machinery Exhibition</td>
<td>HST, electric power steering, etc.</td>
<td>Qingdao International Convention Center, China</td>
</tr>
<tr>
<td>4th Mass-Trans Innovation Japan International Trade Fair for “Railways” Technology</td>
<td>Active damper system, etc.</td>
<td>Makuhari Messe, Japan</td>
</tr>
<tr>
<td>44th Tokyo Motor Show 2015</td>
<td>Driving simulator, automotive shock absorbers, etc.</td>
<td>Tokyo Big Sight, Japan</td>
</tr>
<tr>
<td>Automechanika Dubai 2015</td>
<td>Automotive shock absorbers</td>
<td>Dubai International Convention Centre, United Arab Emirates</td>
</tr>
<tr>
<td>Automec 2015</td>
<td>Automotive shock absorbers</td>
<td>São Paulo Expo Exhibition &amp; Convention Center, Brazil</td>
</tr>
</tbody>
</table>

Lively crowds at the KYB booth

Driving simulator
With Business Partners

Establishment of partnership

- **Basic policy for procurement**
  KYB is making an effort to take the corporate social responsibility (CSR) and continue to be a company relied upon by the society. Suppliers are important partners for us to continuously develop through craftsmanship and help realize a wealthy society.
  
  Our basic policy for procurement is described below: For detail, see our website.
  
  ![http://www.kyb.co.jp/company/csr.html](http://www.kyb.co.jp/company/csr.html)

- **Activity results of 2015**
  - Procurement activities aiming at the coexistence and mutual prosperity of KYB and our suppliers
  - Legal compliance
  - Quality First
  - Safety and health, human rights, and labor
  - Continuous cost reduction activities
  - Timely delivery
  - Protection of natural environment
  - Construction of global procurement system
  - Risk management
  - Classified information management
  - Prevention of corrosion

- **Meeting held to explain KYB’s fiscal year 2015 procurement policy**
  In fiscal year 2015, we again held a KYB Procurement Policy Briefing in order to strengthen the collaboration between KYB and our suppliers. (It was held at the Hilton Nagoya, Naka-ku, Nagoya, Aichi Prefecture.) On the day of the meeting, we welcomed suppliers from 210 companies, 14 more companies than in the previous fiscal year, to whom we presented explanations of company policy and procurement policy. We also presented commendations to outstanding suppliers who had achieved results from their QCD awareness activities. After that, we also held a social reception for the suppliers as an occasion for friendly exchange.

- **Action against conflict minerals**
  Four kinds of minerals (tantalum, tungsten, tin and gold) produced in conflict areas, including the Democratic Republic of Congo and its neighboring counties in Africa, are defined as conflict minerals. We have been required to confirm that purchasing or using the minerals extracted there will not fund armed conflicts or contribute to the infringement of human rights in the conflict area.
  
  The KYB Group is well aware of the CSR perspective and of the import of financial regulatory reforms (the Dodd-Frank Act) in the United States. We are acting on that basis to create our own corporate guidelines, and we are collaborating with our customers and suppliers on measures to prevent the use of conflict minerals that have been extracted illegally.

- **Supplier QC Circle Conference held**
  We hold a Supplier QC Circle Conference every year for the purpose of vitalizing our suppliers’ improvement activities. In 2015, we held the 45th of these conferences. We brought together suppliers from 147 companies, and six companies were selected from 33 applicants to give improvement case presentations. The gold prize was awarded to Hekikai Kouki Co., Ltd., the winner for two years running.

- **Survey of status of business continuity plan (BCP) activities**
  In the year of the lessons of the Great East Japan Earthquake, we think it is important to prepare for the triple linked earthquakes (in the Tokai, Tonankai, and Nankai regions) that people are concerned will strike Japan in the future, by determining the status of business continuity plan (BCP) activities among suppliers. Focusing on our main suppliers, we therefore conducted a case study survey covering these seven areas in which we asked for self-evaluations: (1) Protection of employees in the event of an earthquake; (2) prevention of secondary disasters; (3) safe evacuation routes; (4) earthquake bulletins and emergency stockpiles; (5) response for early recovery; (6) readiness systems; and (7) response regarding suppliers affected by disaster. Reports were sent in from 67 companies and 74 business units, allowing us to grasp the status of measures being taken. We provided the survey results to our suppliers as feedback, together with the request that they steadily pursue readiness activities so as to give priority to the respect for human life.
Support for the National Alpine Ski Team of the Ski Association of Japan for the Disabled

In August 2015, the KYB Group became the official sponsor and official supplier of the National Alpine Ski Team of the Ski Association of Japan for the Disabled. We accompanied the team to its training camp activities and World Cup events in various countries, and we have been directing our energies to support for product and technical development of a damper for the Japan team to use in chair skiing.

We also welcomed to KYB the athlete Takeshi Suzuki, gold medalist at the Sochi Paralympics. In addition to competing in all types of racing and working hard on training, he has been handling media affairs and doing public speaking.

The KYB Group is working enthusiastically on product development in preparation for the Pyeongchang Paralympics in 2018. With our aim on the gold, we are working as one with the athletes on efforts to improve products. As part of our future contribution to society, we will continue our active engagement in promoting athletics.

World Solar Challenge 2015

The Bridgestone World Solar Challenge, the world’s premier solar car race, is a competition for the best time over a 3,000-km course across the interior of the Australian continent. Held every two years, this was the 13th race, and there were 46 teams from 25 countries competing.

A request came from Tokai University, which won in 2009 and 2011, and took second place in 2013. This strong contender asked for, and KMS provided, a high-speed specification suspension based on a product for downhill bikes.

The Tokai University team made the most of cutting-edge technology in the attempt to win back its victor’s crown, but regrettably finished in third place. Although this was unfortunate, the team also made progress and they feel well positioned for the next competition. We intend to continue providing them support in various ways.

Higashihiroshima Environmental Fair 2015

We placed an exhibit at the environmental fair organized by Higashihiroshima City. On the day of the event, we put on a demonstration of reducing pruned branches and cuttings into chips, which we distributed to visitors at no charge. We explained that when the chips are spread in a yard, they prevent the growth of weeds and also eventually turn into compost. People were very happy to carry chips home with them. Young boys were fascinated, seeing it as a truck that eats trees, and there were some children who came to see our exhibit two days running. It was a very popular booth.

Aiming for successive championships at the Pyeongchang Paralympics

As a member of the Alpine Ski Team of the Ski Association of Japan for the Disabled, I am presently devoting myself to chair ski training and athletic activities.

In October last year, I visited the factory where the dampers for use on chair skis are assembled. I looked at the faces of the people making the dampers, and I received courage from them.

In the future, I will be giving talks and handling media matters in order to promote the KYB brand as well as to do my best to make it possible to win successive championships at the Pyeongchang Paralympics, which are to be held in 2018.

Profile
1988 Born in Iwaki-shi, Fukushima Prefecture
2014 Gold medalist in the Alpine sit ski slalom event at the Sochi Paralympics
2015 Joined KYB

Takeshi Suzuki
Public Relations Department, Corporate Planning Division
Top sponsor for J3 League team SC Sagamihara

KYB hopes to work through athletics to contribute to the revitalization of the Sagamihara region, where we have a plant, and so we became a sponsor for SC Sagamihara, a soccer team in the J3 League. Since 2012, we have supported the team by sponsoring to jersey and one of its official home games as the KYB Special Support Match.

For the 2016 season, the team welcomed Yoshikatsu Kawaguchi, a former Japan representative, as goalkeeper. Further team development is anticipated.

KYB employees are all united in their continuing support of SC Sagamihara into the future.

Composting garbage

The volume of leftovers and garbage from the dining halls at the Gifu South Plant and Gifu East Plant are being reduced by the use of garbage disposal machines. However, we were disposing of the residue as general waste.

After some trial and error, we have learned to produce compost from the residue by mixing it with a fermentation accelerator and a certain proportion of weeds and plant trimmings from the plant campus. The mixture is put in a composting frame and allowed to ferment. The compost produced from this residue is applied to the green areas on the plant campus, where we have confirmed its effectiveness as fertilizer.

This initiative has allowed us to cut back on purchases of fertilizer and reduce the amount of general waste by four tons or more annually. We have also been sharing the compost with neighbors, which has been very popular.

High school teachers tour the Sagami Plant

The Japan Auto Parts Industries Association (JAPIA) takes the position that the name recognition of leaders in the auto parts industry has to be improved in order to attract younger personnel to carry on skilled manufacturing in the Japan of the future. Therefore JAPIA promotes factory tours and exchanges of views with high school teachers. As a member of JAPIA, KYB invited industrial high school teachers to come for a tour of the Sagami Plant.

Teachers who took the tour shared their impressions: “It was brought home to me once again how necessary and important safety education is on the actual shop floor, and I also want to put this realization to work in the training we give in our classrooms and laboratories” and “It was a good opportunity to think about how we should teach these things in our classrooms in the future, including what safety education should be like, the environmental and energy problems of skilled manufacturing, and so on.”

Contribution to monument memorializing historical kings of Thailand KST (Thailand)

Thailand has paid great reverence to its kings since ancient times. In 2014, a project to construct a monument to King Rama V was launched in the Phan Thong District. The monument was completed in October of that year.

King Rama V contributed to the modernization of Thailand, and the people’s veneration is intended to bring corresponding good fortune and promote good social relationships. KST also contributed to the monument’s construction. The pedestal is inscribed with the name of contributing corporations, and KST is among them.

In 2015, a monument to seven of the country’s historical kings was built in Hua Hin in central Thailand. Figures 14 meters in height are a focus of worship, and as a symbol of the benevolence of the kings and Thailand’s present-day prosperity, the monument creates public solidarity. KST contributed to construction of the monument together with other corporations located in the Amata Nakorn Industrial Estate. KST employees take great pride in the project.
For the Community

Social Support Activities

KSS (Spain) supports a village of the Maasai tribe

Óscar Arroyo, a member of KSS, joined with colleagues from the company and fellow members of a Mt. Kilimanjaro summiting group to support a Maasai tribe village (called a boma) named Alkaria. They donated 1,000 euros for construction of a school and 400 euros for the purchase of livestock. They also donated medical supplies, children’s slippers, and 110 kg of clothing.

The Alkaria village of the Maasai tribe is located in the Monduli District, and many residents are widows with children. In the face of AIDS, malaria, and other diseases, the children’s survival rate is low, and when a dry period continues for half a year in their harsh environment, the livestock they depend on for their income will also die.

The municipality of Zizur Mayor in Spain, where Óscar Mayor lives, is home to a longstanding project to reach the summit of seven mountains of the world. The public talks given by the project to relate their mountain-climbing experiences occasioned a mention of this project to support the Maasai tribe near Mt. Kilimanjaro, and the story was taken up by a local newspaper.

45th anniversary of the establishment of KYB Kanayama

An employee gratitude day was held to celebrate the 45th anniversary of our establishment.

In addition to employees and their families, former members, the Gero City Mayor, local residents, and suppliers in the area were invited. The number of guests at the event exceeded 600.

The event started with remarks by the Mayor of Gero City and former company presidents, followed by enjoyment of a water slide, goldfish scooping, and other attractions, including a popular song show, shows by performers, and so on. The wide range of enjoyable attractions included a fireworks show. There was much enjoyable reminiscing with former company members, and a very lively good time was had by all.

Environmental Conservation Organization of Sagamihara

The Environmental Conservation Organization of Sagamihara monitors changes in the environment every year through all four seasons in order to prevent pollution, protect the richness of nature, and create a comfortable environment. As a member of the organization, KYB participates in environmental conservation activities. In fiscal year 2015, these included a survey of riverine biota, observation of the endangered Aster kantoensis and other flood plain plants, and an inspection of enterprises that are advanced in environmental protection. We also received a certificate of commendation for KYB’s achievements over many years.

Sponsor of Student Formula Japan competition

Student Formula Japan started in 2003. Members of the Sophia University car club, who were enthusiastic about starting up a competition, visited KYB to make a presentation, and that was when our support began. We re instituted sponsorship in fiscal year 2015, and the Suspension Engineering Department also began providing technical cooperation and support to the Waseda University team.

Going forward, we intend to continue our technical cooperation and assistance activities to show our support for university students and their dreams.
Human resource utilization and work environment improvement in cooperation

Basic concept
We are engaged in priority initiatives for the development of global human resources, construction of a global platform, and promotion of diversity. These are steps we are taking in order to utilize our diverse human resources to best advantage and to maximize Group capabilities.

Specifically, we are pursuing investigation of themes such as the development of professional human resources, sharing values across the whole Group, strengthening the development of human resources for skilled manufacturing, promoting work-life balance, and managing psychological and physical health. These are to further the creation of a workplace environment that is easy to work in.

Entry in the International Vocational Training Competition
The National Skills Competition brings together people up to 23 years old to vie for the title of most skilled in Japan. The 2015 competition was held in Chiba Prefecture. Large numbers of young people entered the competition. The lathe operator category includes the most popular events, so this year a two-stage qualifying round was introduced, and about 50 contestants, which was one-half the number of applicants, appeared in the final event.

The two KYB members who entered from our Human Resource Training Center made it to the final competition.

The requirement in the main event was to fabricate five parts with part dimensions and assembly dimensions (15 locations) to a tolerance of ±0.02 mm. Our two members showed the results of their training and succeeded in fabricating the parts within the prescribed five hours.

The Human Resource Training Center will continue placing contestants in the International Vocational Training Competition both in order to develop the skills of our young technicians and to raise the level of machine work in the company.

Mental health
KYB held lecture meetings on mental health for the purpose of maintaining and improving the psychological health of employees. This time we invited Dr. Masahiko Saito, Chief Industrial Physician for Daido Steel Co., Ltd., to speak to supervisory personnel at our Gifu South Plant and Gifu North Plant. The lecture was titled “Mental Health Measures in the Workplace: Supervisory Personnel Duties and Practice.” Dr. Saito spoke about trends in present-day society as well as his own actual experiences and related matters in a manner that mixed in humor so that members of the lecture audience enjoyed it greatly. One remarked, “It was easy to understand, and gave very useful pointers about having contact with subordinates and dealing with their issues.”

On being a contestant in the National Skills Competition

By entering the National Skills Competition and taking on the challenge of extremely difficult problems, I was able to sharpen my skills and refine my inner resources. I also think that this experience ended up changing my own values. From this point on, I intend to make use of the lessons I learned here and engage actively in my work.

It was my goal from high school to enter the National Skills Competition. Since joining the company, I have been training hard, and I’m extremely happy that I made it through the qualifying round to compete in the finals.

When the main event came, I trusted in my own skills and dealt with the competition, and it was disappointing that I didn’t place among the winners. I’m going to do my best and aim to win in fiscal year 2016.
Human resource development and technical capability improvement

Global engineer training
We have been conducting global engineer training with the aim of upgrading skilled manufacturing capabilities at our production bases in other countries since 2006. This training is based on lectures in dialogue form, experiential exercises, and study tours of advanced plants, and is conducted on-site with actual equipment and materials for periods of two weeks to one month. After acquiring basic to applied techniques, trainees create proposals for improvements to their own bases and are assigned the implementation of those improvements on return to their countries.

We held three courses in fiscal year 2015, attended by 42 staff members from 15 of our bases. A new heat treatment course was added, and steps were taken to share knowhow with the aim of improving the technical capabilities of the bases.

We intend to continue conducting these training sessions in the future, and will promote strengthening of skilled manufacturing capabilities at our production bases in other countries.

KYB global production meeting
The KYB global production meeting for fiscal year 2015 was held over a three-day period from November 11 to 13. There were 49 participants from 23 overseas bases, and case presentations were followed by enthusiastic question-and-answer sessions.

On the first day, a KYB global improvement presentation session was held, and topics of improvement related to production and quality were presented from 12 bases. KMV won the top prize with its “New casting method for the FF* outer tube for an integrated line.” We are making efforts to share information and issues related to safety, the environment, quality, and production at each production base, to raise the level at each base for each heading, and to continue our contributions to further growth in the future.

* FF: Front fork

Entry in the Karakuri Kaizen® Ingenious Solutions Exhibition
In October 2015, the Karakuri Kaizen® Ingenious Solutions Exhibition 2015 organized by the Japan Institute of Plant Maintenance was held at Port Messe Nagoya. KYB exhibited. The event brought together over 110 companies from every part of Japan to exhibit and introduce the “karakuri” automaton-like mechanisms they create. The exhibited mechanisms numbered 300 or more.

The exhibit from KYB was a parts conveyor device that the Gifu North Plant introduced to its strut assembly line. This included a cart that supplies parts and recovers empty cartons in a single trip together with a device that automatically feeds one part at a time to where a worker can pick it up then transports the assembly to the next process. This device does not use electricity, instead working only with compressed air and the automaton-like mechanisms known as “karakuri” in a manner that is safe and environmentally friendly. Although the KYB exhibit booth was small, therefore, this ingenious mechanism proved so popular that we ran out of prepared handout materials.

On participating with a display in the Karakuri Kaizen® Ingenious Solutions Exhibition
This was the first time that KYB had an exhibit here, so it was one puzzling issue after another. We exhibited an automaton-like karakuri chute that we use in our workplace, but exhibiting involved unaccustomed preparation for transporting and installing the chute and creating explanatory materials, so it was a huge challenge. Many people came to see our exhibit, and I got so caught up in explaining the device that I would even forget to eat. What made an impression on me was the high level of the karakuri mechanisms shown by other companies, and the exchanges we had with the departments that actually implement them.

Katsunari Shibata
SA Fabrication Department, Gifu North Plant
“LT50 Activity” is an activity to reduce manufacturing lead time by 50%. This includes not just methods of production, but also procurement of parts, transportation to customers, and improvement of operational efficiency. As the various departments move forward with LT50 activities, the effect is to contribute to reduced unit cost, improved quality, environmental conservation and even safety. We are treating this as an activity of the KYB Group as a whole, and therefore deploying it globally to bases in other countries, not just to affiliates in Japan.

**Improvement Case 1**

**Activity to eliminate transportation waste by changing the packaging and the storage capacity**

*Before improvement*

The packaging was large and placed directly on the floor, so implementing first-in-first-out required frequent use of forklifts to rearrange packages. This was wasted work. Working with forklifts required larger spaces and fuel.

*After improvement*

The storage capacity was reassessed and the packaging was made smaller. This made it possible to transport the items by conveyor and it was no longer necessary to use a forklift to arrange for first-in-first-out handling of parts. The same packaging was also used for pre-assembly items and completely assembled items. This made it possible to transport empty and loaded containers together for delivery and exchange, reducing wasteful transportation use and achieving a reduction in CO₂ emissions.

**Improvement Case 2**

**Enshu District: Development of a main transportation route**

We were transporting goods requiring five truck trips every day to customers in the Enshu district, about 130 km away from the Gifu South Plant (three loads by Route (1), two loads by Route (2)). We increased our loading efficiency by establishing a transshipment base closer to the customers, making it possible to eliminate one of the truck trips. This also secured time for transshipment so that we were able to consolidate loads with other companies, thereby maintaining our supply lead time while reducing CO₂ by 20% compared to before.

**Employee communications**

**Cycling Sports Club**

In the Cycling Sports Club we have about 50 members across a wide range of ages, from their 20s to their 50s. We enjoy cycling and competing in mountain biking and road racing.

The road racing members are training hard with the aim of winning the Shimano Suzuka Road Race. This is the largest amateur race in Japan, held in the summer at the Suzuka circuit. On weekends we arrange our timing to work out at places in Gifu Prefecture where the traffic is light, so the top priority is safety. The members also have a wide range of ability, and that difference shows more on steep roads and other difficult places. If any members who get delayed along the way run into trouble, we always help each other out. That has been handed down from preceding members of the club as one of the rules that build relationships of trust among members. Even when the going is tough, we all face the uphill slopes together, calling out to each other in encouragement, and the bonds that form then are the strength of the Cycling Sports Club.

We showed the bonds we cultivate in our regular practice when we took part in the two-hour endurance event in the Shimano Suzuka Road Race in August 2015, and we won a team victory. We hope to strengthen our bonds even more with our eyes on Suzuka in 2016.
We held a variety of special events to celebrate the 80th anniversary of our founding.

(1) Commemorative ceremony
A commemorative ceremony to mark the 80th anniversary of the company founding was held at the KYB head office on March 10, 2015. Then Representative Director and President Executive Officer Usui (now Representative Director and Chairman) delivered a heartfelt speech of gratitude for the 80 years and of commitment to dramatic advance toward the future, and Chairman Asahi of the KYB Labor Union gave a congratulatory address to celebrate the 80th anniversary of the founding.

(2) Ikkokudo family show
A family show was put on by the popular ventriloquist Ikkokudo in the Gifu and Kanto regions. Attendance at the two venues combined rose to 3,000 or more.

(3) 80th anniversary commemorative 14th company-wide sports and culture interactive event
This time we held an expanded version of this event to commemorate the 80th anniversary of KYB’s founding. There were 1,072 contestants in a total of 11 categories of competition. At the opening ceremony, participating teams from all the countries involved performed songs and dances marked by enthusiastic reunions with cohort members and friends. Teams from other countries were the main players in the futsal (five-player indoor football) games, and though the Thai team was aiming to seize an upset win, the Spain team blocked their attempt and achieved victory again this year.

Venues: Gifu region (Hana Festa Memorial Park, KYB Stadium, etc.)
Games: Softball, soft volleyball, futsal, bowling, tennis (played with regulation ball), table tennis, golf, tricycle endurance race, mini athletic meet, rambling, photo contest

(4) Production and distribution of KYB 80-year history
We published a KYB 80-year retrospective of the history of KYB, combined with a look toward the centennial of KYB’s founding.

(5) New KYB Gallery set up
A special corner for exhibiting products was set up in the Gifu North Plant.

The main products of the KYB Group are exhibited here, and product explanations and other information are given by means of tablet computers and dioramas.

About winning the robot contest
It was my fond hope to compete in a robot contest, and now I’ve won it. The previous year we came in last, so the team was united in single-minded determination: “This time we’re going to win, no matter what!” We put together our knowhow and our technology, reviewed what happened the year before, and built our robot on the concept of compactness and light weight. We also changed our team name from the Tanukeez to the Rotary Pistons, and that was our name when we signed up for the contest. Now we’ve been able to win the contest, and that is a great encouragement to us in our everyday work, as well. We will aim to win again next time, and we hope we can contribute to raising the level of the KYB Group’s technical capabilities.

Kohei Doi
Team Leader
Development Department,
Takako Industries

With Employees
Creation of Safe and Comfortable Workplaces

Aiming for zero industrial accidents
With “Safety Takes Priority Over Everything” as our slogan, all the KYB companies have been working as one on safety activities since fiscal year 2012. An Environment and Safety Committee has been established as a company-wide organization chaired by the Executive Officer for Environment and Safety, and this is a focus for specific activities carried on at each KYB business establishment by its Safety and Health Committee. In fiscal year 2015, we adopted a slogan of “Eliminate the Three Main Industrial Accidents” and pursued industrial accident prevention as our principal initiative. The industrial accidents that happened most often involved being caught in machinery, and we promoted the installation of appropriate safety covers on equipment and other preventive mechanisms for being caught in machinery. As a result, we have achieved a reduction of exactly 50% in the number of industrial accidents in fiscal year 2015 compared to fiscal year 2014. We still have much to do before we reach the target of zero, and we are committed to continuing these activities in order to move toward zero industrial accidents in the future.

Gateway to safety erected
As we see it, the number one way to assure safety is to transform employee awareness of the issue and to act always with a sense of urgent alertness. This awareness is something that has to be built up by each individual employee. We at KYB consider this building of awareness to be one of the most important issues we face. Our main activity in fiscal year 2015 was to erect a “gateway to safety” at the entrance to each of our business establishments. These gates represent entryways to safety, and they heighten employee awareness by reminding them, every time they pass through the gate, to maintain a sense of urgent alertness in what they do.

Expanding the “Po • Ke • Te • Na • Shi” program
Every year several industrial accidents occur when people are walking or going up or down stairs. Almost all of these occurred because people neglected to check their safety while walking. We are conducting a safety campaign in the KYB Group with the Japanese word “Po-Ke-Te-Na-Shi” as the slogan. This has yielded a significant decline in falling down while walking, coming in contact with objects or machinery, and accidents on stairs.

Lecture on motorcycle driving safety at KMSB (Malaysia)
This driving safety lecture was oriented toward employees who commute to work at KMSB on motorcycles. It teaches proper traffic manners and safe driving techniques, and it is held for the purpose of preventing traffic accidents. An officer on the police motorcycle force was invited to give the lecture, and in addition to explaining the circumstances in which traffic accidents occur in Malaysia, he also gave guidance on safe driving techniques using an actual motorcycle. People who completed the course were supplied vests with reflective strips for better visibility, together with the obligation to wear the vests, as a further step toward assuring safety.

Numbers of industrial accidents

The “Po-Ke-Te-Na-Shi” slogan is a Japanese mnemonic
Po: Don’t walk with hands in pockets.
Ke: Don’t walk while using your mobile phone.
Te: Use handrails when going up and down stairs.
Na: Don’t cross streets slantwise.
Shi: Use the finger pointing and naming technique.