

# Side by Side with the Customer

## Activities for Customer Satisfaction Improvement

### Basic quality policy

With quality management as the foundation of corporate activities at KYB, we set the basic quality policies to raise awareness of our social responsibility for product quality and to create a corporate culture of open communication by establishing the custom of "bad news first". Any abnormality should be quickly reported, and we sincerely strive to solve the problem, thereby providing products and services satisfactory to customers and society.



Badge for FY 2018

### 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.

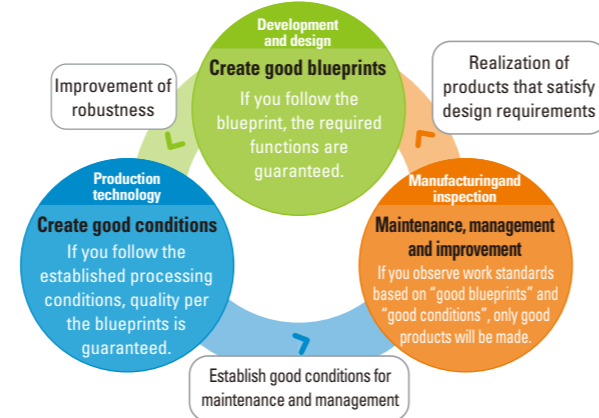
Quality at the development design stage, which includes the development of manufacturing methods and processes for producing our products, are determining factors in the market quality of our products. Furthermore, the degree of completeness of production shop floor work procedures and other such rules, 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.

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

Step	Goal of the 3 steps	Quality assurance steps
Prior/Model development <b>DR0 evaluation meeting</b>	Proof of possibility (Description/evaluation of developed quality)	Development quality
Order development <b>DR1 evaluation meeting</b>	Proof of mass production (Actual proof/evaluation of developed quality)	Start quality
Mass production development/ Production preparations <b>DR2 evaluation meeting</b>	Proof and serialization of applicability (Actual proof/evaluation of start evaluation)	Mass production quality
<b>Mass production</b>	<b>Declaration of Quality and Safety</b> 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



### TOPICS

#### Activities of Full-Time Improvement Team

At each hub of the KYB Group, improvement activities have been carried out continuously in line with the policy of solving quality challenges. Under the leadership of the hub chief, the situation will be promptly established where quality satisfactory to our stakeholders, such as customers and partners, is created. If the hub fails to achieve a certain result, the hub chief will organize the Full-Time Improvement Team so that the time and budget necessary for improvement can be ensured in order to speed up the process.



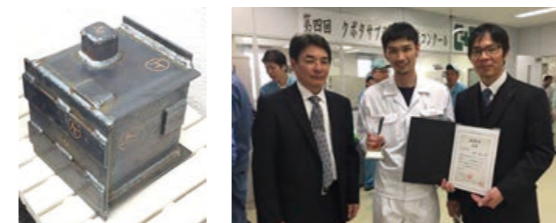
Activity of the Full-Time Improvement Team (plant in Indonesia)

### Supplier Award List

Date	Hub	Award	Description	Customer
2017.4	HC Operational Headquarters	Kubota Supplier Skill Competition	Gold Award in Welding Section	Kubota Corporation
2017.4	HC Operational Headquarters	All Kubota Skill Competition	Achieved sixth place among 26 suppliers	Kubota Corporation
2017.5	KIMZ	Best Performance Award	Achievement of problem-free quality and delivery	Jatco Guanzhou Ltd.
2017.5	KAC	Supplier Excellence Award 2016	Achievement of excellent results in quality and delivery	Yamaha Motor Manufacturing Corporation of America
2017.5	Takako Industries, Inc.	Commendation for Excellent Company	Promotion of safety management and accident prevention	Association of Shiga Prefecture fire prevention and security
2017.7	Takako Industries, Inc.	Supplier Commendation	Achievement of problem-free quality and delivery	Bosch Group
2017.7	AC Operational Headquarters	Certificate of Appreciation	Contribution to and cooperation in referral sales	Toyota Home Corporation
2017.7	AC Operational Headquarters	Regional Quality Award	Achievement of defect-free products	Jatco Ltd.
2017.9	KYB-YS Corporation	Quality Excellence Award	Achievement of five consecutive years of defect-free product quality	Aichi Machine Industry Co., Ltd.
2017.9	KYBT	Supplier Quality Excellence Award 2016	Achievement of zero complaints for quality	General Motors, Thailand
2017.11	KIMZ	Supplier Commendation	Achieved full scores for quality, cost, and delivery	Caterpillar Inc
2017.11	KMSB	Excellent Supplier Award	Contributed to quality, delivery, and cooperation for cost	Hong Leong Yamaha Motor Sdn. Bhd.

### Participation in the All Kubota Skill Competition

In April 2017, Yasuhiro Okumura of Manufacturing 2 Division, Manufacturing Department, South plant, participated in the Kubota Supplier Skill Competition sponsored by Kubota Corporation and won the Gold Award in the welding section. This competition by Kubota Corporation is intended to improve skills together with suppliers and thereby provide better products to customers. Because of the excellent result in the competition, Okumura participated in the All Kubota Skill Competition within Kubota Corporation as the only representative of the suppliers. Among the 26 skilled competitors from hubs all around the world, he won sixth place, and he was confident that he could apply the skills developed in the manufacturing workplace. He will continue to make further efforts to help improve the KYB brand reputation by aiming at further development of his skills.



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### Information supply to customers

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

#### Participated Exhibitions (partial)

Exhibition	Major Presentation
Convention for expanding sales	Parts/Processed products KMV (Vietnam)
The 42nd Japan Meat Industry Fair	Hydraulic Machine, Hydraulic System
Automec Brazil	Automobile components
Automotive Engineering Exposition	Communication and Image Terminals
Paris Air Show	Electric brake, electric actuator
Bangkok International Auto Salon	KYB shock absorber
Gunma Parts Show	Car participating in the rally
41st Plant Maintenance Show	Oil analysis of machines and equipment
Higashi Hiroshima Environmental Fair (see p. 22 for details)	Town Beaver
Eco Drive Championship	2017 Champion Car
China Auto Salon	Exhibition of KYB shock absorbers
China International Agricultural Machinery Exhibition	Hydraulic products for agricultural machines
Automechanika Shanghai	Commercial shock absorber
Fifth Mass-Trans Innovation Japan 2017	Brakes for railroad vehicles, Suspensions
Third IoT/M2M Exhibition (Autumn)	New products of communication terminals
EXCON 2017	Concrete mixer trucks
Tokyo Auto Salon 2018	Automobile equipment

#### 2018 Interviews/Lectures List

Interviews and lectures are good opportunities for communication directly with customers and the media. We intend to continue taking such opportunities to participate in them. The following include some of the exhibitions we participated in:

#### Participated Exhibitions (partial)

Exhibition	Major Presentation
Efu (F), the organization publication of Fuyo Kondankai (social gathering Fuyo)	Interview with the president, Nakajima
Tokyo Shimbun	Interviewed regarding development of products for chair-skis
Tokyo Shimbun, Sankei Sports, NHK	Interviews with chair-skier, Takeshi Suzuki
KYB lecture	Explanation by the procurement headquarters about our policy for partner companies
Lecture on target costs	Lecture by an emeritus professor of a university on target costs
Tenth JFPS International Symposium on Fluid Power	Poster Presentation
47th Supplier QC Circle Convention	Attended by 133 supplier companies
KYB partner company shareholder meeting	From the top to the sixth-biggest shareholders participated
30th Kanagawa Prefecture Seminar on Quality Control	Lecture by Mr. Usui, special advisor, on quality management
Convention of the QC Circle, Kanagawa Section	Talk Show of Ukyo Katayama

# 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>

#### ● Activity results of 2017

- |   |   |
|---|---|
| ① Procurement activities aiming at the coexistence and mutual prosperity of KYB and our suppliers | ⑥ Timely delivery                           |
| ② Legal compliance  | ⑦ Protection of natural environment         |
| ③ Quality First   | ⑧ Construction of global procurement system |
| ④ Safety and health, human rights and labor   | ⑨ Risk management                           |
| ⑤ Continuous cost reduction activities  | ⑩ Classified information management         |
|   | ⑪ Prevention of corrosion                   |

### Fiscal Year 2017 Procurement Policy Briefing

In fiscal year 2017, we again held a KYB Procurement Policy Briefing in order to strengthen the collaboration between KYB and our suppliers. (Palace Hotel Tokyo: Chiyoda-Ku, Tokyo) On the day of the meeting, we welcomed suppliers from 224 companies, 10 more companies than in the previous fiscal year, to whom we presented explanations of company policy, procurement policy, and quality policy.

We also presented commendations to outstanding suppliers who had achieved results from their who have achieved an effect in QCD. 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 countries 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 companies 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.

### Activation of Improvement Activities by a Supplier QC Circle Convention

To improve the activities of suppliers, we sponsor a supplier QC Convention every year. In FY 2017, we held the 47th convention in Tokyo for the first time, with 173 participants from 133 companies. Among the 31 companies that applied, the best six gave presentations on good examples of improvement. Hekikai Kouki Co., Ltd., won the highest award (Gold Award) for the fourth consecutive year.

### Survey of Status of Business Continuity Plan (BCP)

In preparation for the three anticipated interlocked earthquakes (Tokai-Tonankai-Nankai), an explanation was provided on the BCP at the meeting for the production trends at each plant. As we did last year, in consideration of the importance of understanding the BCP status of suppliers, we conducted a questionnaire that consisted of 100 items in seven categories (actions for anticipated risks, securing personal safety and emergency evacuation, disaster task force, confirmation of safety, confirmation of property damage, instructions for returning home and people who have difficulty returning home, and re-establishment task force) and had participants make a self-assessment. We asked all suppliers to grasp their action status and to take scheduled action hereafter for any items that have not been implemented.

## VOICE

### On winning the Gold Award in the Supplier QC Circle Convention < Hekikai Kouki Co., Ltd. >

In the presentation circle this time, the goal was to stabilize performance at a high level, and we worked on the theme of improving PPH and reducing costs. One good point was that as we proceeded with improvement activities, everyone came up with ideas for improvement. Thus, we successfully reduced machine time and hand time. We achieved our goals and eliminated work on holidays for great results. When we ran into a difficulty and overcame it, we achieved a sense of accomplishment and made greater efforts in daily activities. We decided to continue working to raise the level of all members and address new challenges to increase the satisfaction of customers.



Presenter: Atsushi Inoue (middle)  
Assistant presenter: Daisuke Taguchi (right)

# For the Community

## ▶ Social Support Activities

### Cleanup Campaign in the Shiba Area

In the Shiba area, where KYB is located, the Cleanup Campaign (Town with No Smoking on the Street!) was held with volunteers from KYB and participants from neighboring enterprises to clean the streets. Although the day was very cold, the volunteers worked hard to accomplish the task of making the town cleaner together with all participants. We will continue to promote activities that contribute to the local community with the participation of employees.



Cleanup activity

### Donation to the Akaihane Central Community Chest drive

The Tokyo Metropolitan Social Welfare Convention was held at the Tokyo Metropolitan Government Office with about 500 participants, and commendations and certificates of appreciation related to social welfare were awarded. At this convention, KYB received a commendation from the chairperson of the Community Chest of Tokyo for the donations made for eight consecutive years.



Certificate of Commendation from the chairperson of the Community Chest of Tokyo

### Plant Tour for Individual Shareholders

As was held last year, the plant tour for individual shareholders was held at the Gifu North plant in March 2018. About 30 shareholders joined us on the tour day and we showed them around the factory, the safety experience hall, and the exhibition area. After the tour, the question and answer session provided a valuable opportunity to obtain comments from the shareholders.



Plant Tour

We believe that positive information disclosure leads to open management and to a sense of security by the shareholders. We will continue to hold plant tours and make efforts to deepen the understanding of our company through dialog between shareholders and us.

### Official Sponsor of SC Sagamihara

For the purpose of the revitalization of the local community and the promotion of sports, KYB is an official sponsor of the J3 league soccer team, SC Sagamihara, based in Sagamihara, Kanagawa, where our Sagamihara plant is located. The company has supported the team since 2012 by holding the annual official home game, KYB Special Support Match. All KYB

employees will continue to support SC Sagamihara and develop activities together with the local community.



KYB Employees' Children as Escort Kids

Group photo taken before the KYB Special Support Match

### Joint Disaster Drill with Neighborhood Medical Organizations

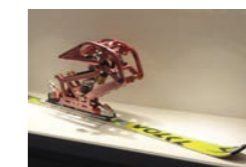
In the event of a disaster, the KYB Gifu South plant has concluded an agreement to cooperate with the nearby Japan Community Health Care Organization (JCHO) Kani Tono Hospital and thus participates in the joint disaster drill every year. This drill is conducted by the Kani Tono Hospital to simulate a large-scale earthquake and then conduct an emergency response in cooperation with the staff members, area residents, and local businesses. In 2017, the firefighting team of the Gifu South plant headquarters participated in this drill and conducted an evacuation drill using the EVAC+CHAIR (stairway evacuation carrier for injured persons) and a water-discharge exercise, confirming the antidisaster measures of the cooperative structure in the event of a large-scale earthquake. KYB intends to increase the company's awareness of disaster prevention through these activities and to contribute to the local community.

### Continued Support of the Para-Alpine National Ski Team

As an official sponsor and supplier of the Para-Alpine National Ski Team of the Japan Para-Ski Federation (Specified Nonprofit Organization), we develop and provide technical support for shock absorbers for the chair-skis of the Japanese team at their training camps and in the World Cup in various countries. Also a KYB employee, Takeshi Suzuki, who is a specially trained skier, has participated in races and practiced very hard while positively dealing with the media and giving lectures. The KYB Group will continue to positively promote sports as part of its contribution to society while making efforts to improve products.



Para-alpine skier, Takeshi Suzuki, a member of KYB



Chair-ski



Shock absorbers for chair-skis



▶ Social Support Activities

**Setting up an Exhibition Booth at the 45th Tokyo Motor Show 2017**

The 45th Tokyo Motor Show 2017 was held under the theme of "Feel the Passion, Feel the Future. Feel with KYB." Our booth had the theme "Passion for Motor Sports," "Introduction of Advanced Technology (Future)," and "Letting the Students and Children Who Will Create the Future Know About KYB Products Which Support Our Daily Lives (with KYB)," which made our exhibition very attractive. We introduced the development of the EPS coordinate control system and exhibited our newest shock absorbers to control vehicle attitude, holograms of KYB technologies, and a machine to experience EPS. We also held a talk show with Ukyo Katayama and attracted significant attention from the media. Compared with last year, the number of visitors to our booth increased, and we were thus able to publicize the KYB brand.



KYB booth



Talk show of Ukyo Katayama

**Exhibition Booth at Higashi Hiroshima Environmental Fair 2017**

We exhibited Town Beaver F to contribute to green recycling at the Higashi Hiroshima Environmental Fair 2017 sponsored by Higashi Hiroshima City. This year was the third consecutive time we participated. We gave a demonstration of the Town Beaver chipping pruned branches and enjoyed favorable reception from many of the visitors. Town Beaver F was delivered to Higashi Hiroshima City in November 2017. We will continue to publicize the Town Beaver in several areas in order to protect the natural environment so that the next generation can inherit towns rich in greenery.



Demonstration of Town Beaver F 1



Demonstration of Town Beaver F 2

**Environmental Conservation Organization of Sagamihara**

The Environmental Conservation Organization of Sagamihara monitors changes in the environment in order to prevent pollution, protect the rich natural environment, and create a comfortable environment. For this purpose, the organization sponsors a variety of activities in all seasons every year, including bird-watching, an environmental class during the summer holidays, river bio-assessments, and nature observations. Our

company participates in conservation activities as a member of the organization, and in FY 2017, we participated in a survey of the changes in the condition and the kinds of riverine biota in the rivers in the city, observed the endangered Aster kantoensis and other riverside plants, and contributed to the maintenance of the riverside.



Survey of riverine biota Observation of the endangered Aster kantoensis and other riverside plants

**KMSB (Malaysia): Visit to an Orphanage and Tree Planting**

As part of the contribution to the local community, KMSB (Malaysia) visited an orphanage during Ramadan (fast). The 43 children, who seldom have a chance to shop, were taken to the shopping mall where they enjoyed buying clothes and having dinner in a restaurant together at night. As part of the tree-planting campaign, KMSB planted mango and banana trees around the fences of the plant. A total of 37 volunteers from KMSB took part in the activity.



With the children of the orphanage



Tree planting

**Campaign for the Prevention of Railroad Crossing Accidents**

The Gifu South plant is located next to Kanigawa Station of the Nagoya Railroad (Meitetsu) Hiromi Line, and the railroad crossing is in front of the plant's main entrance gate. This crossing is also on the route to the local Dota Elementary School. As the entrance and opening ceremonies of the school were held on April 6, the Campaign for the Prevention of Railroad Crossing Accidents was conducted with the slogan "Let's Eliminate Railroad Crossing Accidents!" With the cooperation of Nagoya Railroad Co., Ltd., and the local Kani police, an executive employee of the Gifu South plant gave a speech that called for securing safety for the schoolchildren and KYB employees when crossing. This activity was appreciated by Kani City, and the story was published in the city's public relations magazine as "Activity of Watching over Children." KYB will conduct this activity continuously from next year.



Awareness campaign by Nagoya Railroad Co., Ltd. and local Kani police

**Cosponsor My Daddy-Long-Legs Project**

As part of its corporate support of the arts, KYB cosponsors the My Daddy-Long-Legs Project hosted by the Kani Public Arts Center. This project invites local children to concerts of classical music or jazz, theaters, and yose by this center. Many letters of appreciation expressing pleasure at their first contact with theatrical arts have been received.



Ceremony to present tickets



Daddy-Long-Legs

**Tour of Gifu North Plant by Kani City Dota Community Center**

With the themes "Learn the history of KYB" and "Strengthening ties with the local community," a tour of the Gifu North plant was held by the Dota Community Center with 25 participants. In the beginning, a Kani City official explained how KYB started business in Kani City during the war. After the tour, there was an active question and answer session. At the end of the tour, participants had lunch at the restaurant used by the employees. KYB will continue to value the relationship with the local community.



Explaining the company



**KMV (Vietnam): Support for a Local Elementary School**

As an event commemorating the 15th anniversary, KMV (Vietnam) donated lockers, bookshelves, and notebooks and pencils to an elementary school near the plant. KMV received many compliments from the children and was awarded a plaque in gratitude from the elementary school.



With the children who were given stationery

**Exhibit Booth at the 11th Industrial Fair in Kani 2017**

The Industrial Fair in Kani 2017 was held in spite of the bad weather from an approaching typhoon, and it was crowded with more than 16,000 visitors. The goal of this fair is to revitalize the local economy by introducing products, negotiating sales, and then selling the products. The fair is a good opportunity for visitors to learn about local business enterprises. KYB will continue to deepen its exchanges with local people through the industrial fair.



A view of KYB exhibit booth I



A view of KYB exhibit booth II



A view of KYB exhibit booth III

**Participation in Kani City Environmental Festa**

This year as well, KYB participated in the 18th Kani City Environmental Festa. This Festa is held to introduce the activities of citizens, business enterprises, and public administration to raise awareness of the environment and put the environmental basic plans into practice. As many as 30 groups, organizations, and business establishments set up booths with original ideas concerning the environment and, together with as many as 1,700 visitors, had the experience of thinking about the environment. Under the slogan "KYB Group contributes to society by providing the technology and products that make people's lives safer and more comfortable," KYB exhibited its own product, the Town Beaver (pruned branch chipping vehicle), and demonstrated chipping of 2.5 t of pruned cherry and hinoki cypress branches and then distributed the chips to visitors.



Full view of KYB booth



Chipping pruned branches

**KMSI (India): Support for a Local Elementary School with Neighborhood Companies**

KMSI (India), together with neighborhood companies, supported a local elementary school. In addition to giving every child an umbrella, rain gear, a canteen, and a lunchbox, the support included commemorative tree planting and medical diagnoses. It is an important social responsibility for the enterprise to support local children to study peacefully and enjoyably and thereby contribute to the local community. We will continue to engage in local contributions together with neighborhood companies.



Local elementary schoolchildren



Medical diagnoses



# With Employees

## 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.

### Implementation of Employee Awareness Survey

KYB implemented employee awareness surveys for all employees in January 2018 as a first-time attempt. To obtain honest opinions from employees about the workplace culture, work environment, and management policies, we conducted an anonymous survey and asked an external organization to collect and analyze the results. We will use the data to develop an environment where every one of our employees can work with more enthusiasm through the whole company.

### Activities Aiming to Further Promote the Advancement of Women

KYB endeavors to make the company a place where diverse human resources optimize their individuality and continue creating new value and competitive products. As a part of this engagement, we aim to develop an environment where every employee can have an active role by promoting the advancement of women. Accordingly, we embrace the following four pillars:

1. Training to develop skills and raise awareness
2. Cultivating a worker-friendly organizational culture
3. Support for employees on childcare leave
4. Support for diverse workstyles

In fiscal year 2017, we continued implementing Career Training for Women, Training for Managers Who Have Female Subordinates to change their mindset, and the Go Home Early campaign (Kaeru Campaign). We will not only promote the advancement of women but also widely promote and implement such activities from a diversified viewpoint.

### Promoting Work from Home

As a part of the workstyle reform, we promote work from home by focusing on support for a balance between work and family for employees with childcare or nursing responsibilities. To begin with, we implemented a one-year pilot operation for eleven employees from the head and branch offices in November 2017. The program will lead to the reduction and effective use of commuting time and effort. Participants in the program are currently working from home up to twice a week. We would like to make improvements to make the system more accessible and expand the user base based on feedback from current users.

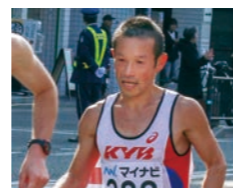
### Mental Health Seminars

We held a mental health seminar for department managers, who play key roles in the organization. Mental health measures prevent employees from developing mental health issues and vitalize the organization. At the seminar, we had group discussions on the theme of what to do to create an environment that increases employee work engagement\*. Through this training, we would like to help create a vibrant organization and increase the number of healthy KYB employees.

\*Work engagement is the state where employees are motivated, feel rewarded regarding their jobs, and work with energy and enthusiasm.

### KYB Track Club Activities

The KYB Track Club practices mainly on weekday nights and holidays. Everyone on the team practices and trains every day while balancing their work in a limited amount of time and focusing on improving performance. In September 2017, two athletes participated in and performed well at the 65th All Japan Industrial Track & Field Championships, where athletes compete for the title of Japan's number one. In December 2017, three athletes participated in the 71st Fukuoka International Open Marathon Championship, and Taniguchi set a new record for the most consecutive entries in the championship at 25. The KYB Track Club will continue working hard to achieve good results that will lead to the revitalization of other clubs.



Taniguchi set a new record for the most consecutive entries in the Fukuoka International Open Marathon Championship at 25



All Japan Industrial Track & Field Championships Long jump/Hanai



All Japan Industrial Track & Field Championships High jump/Tsukiji

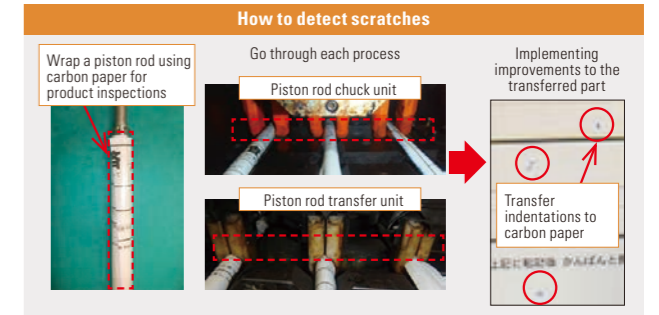
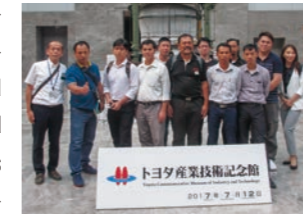
## Human Resource Development and Technical Capability Improvement

### 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.

In FY 2017, 41 staff members from 15 bases in eleven countries participated in three courses (facility maintenance, plating, and KPS courses). We intend to continue these training sessions in the future and will promote the strengthening of skilled manufacturing capabilities at our production bases in other countries.

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It used to be difficult to detect surface scratches, which had caused chronic defects in the process for a long time. This problem was resolved by using a special technology to transfer scratches to carbon paper. As a result of continuous improvements until no transfer was made, dents were reduced by 80%, which we almost gave up trying to achieve. We are still pushing forward with this zero-dents activity.

### KYB Global Production Meeting

In the KYB global production and quality meeting for FY 2017, 53 participants from 21 overseas bases presented examples of safety-, environment-, quality- and production-related improvements followed by enthusiastic question-and-answer sessions. On the first day, a KYB global improvement presentation session was held, and KYBSE (Spain) won the top prize with its presentation Safety -5 and Improvement of In-House Logistics Efficiency among 11 bases.

We are working to share information and issues related to safety, the environment, quality, and production at each production base; improve the respective functional levels; and contribute to future development.

### LT50 Activities (improvement) Example

**[Before improvement]** To prevent rod screws from rusting, antirust oil was applied with a dipping method. However, there was oil dripping that needed to be cleaned and removed from products and boxes to prevent the dripping from being mistaken for accidental oil leakage.



Oil dripping on box



Oil spray machine

**[After improvement]** To prevent from oil dripping, an appropriate amount of misted antirust oil was sprayed in the chamber in the antirust oil application process. Using an appropriate amount of antirust oil also reduced oil use and reduced labor hours for cleaning boxes and the use of waste cloths.



Packing after improvement

### Quick Detection of Dents

The piston rod, the sliding part of the shock absorber, requires high quality because even a minute scratch will cause an oil leakage. Therefore, we perform visual inspections on all piston rods to determine whether they are defective.

