

# Social Report

- The CSR Report 2017 PDF is published with the aim of conveying the concept and activities pertaining to JTEKT's CSR in an easily understood manner. This report emphasizes objectiveness, completeness and continuity.

- Please refer to the JTEKT REPORT 2017 for information about JTEKT's business performance, business activities, planning, and strategy.

- For related articles:

M = JTEKT's CSR Management F = Special Edition

S = Social Report E = Environmental Report

J = JTEKT REPORT 2017

- In this Social Report section, we have summarized the overall activities for FY2016 by stakeholder. This report has been consistently configured in the same way since the 2008 CSR Report, in order to make it easy to read on a continuous basis.

## Target period and target organizations/scope

### Target period

FY2016 (April 2016 - March 2017)

\* Some items include content from other periods.

### Target organizations and scope

All activities of the JTEKT group

For items for which there is no criteria uniform across the JTEKT group, the unconsolidated results of JTEKT are displayed. As a general rule, if there are changes in the tallying scope, we revise data dating back to the past.

## Reference guidelines

- ◎ The 4th edition of Sustainability Reporting Guidelines (G4 Guidelines)
- ◎ Japan's Ministry of the Environment "Environmental Reporting Guidelines (2012 edition)"
- ◎ ISO26000 (International Standard for corporate responsibility)



This mark is used to indicate new actions begun in FY2016 and information disclosed for the first time in this year's report.

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# Together with customers

## Social background

Awareness of consumers' rights is rising on a global scale, exemplified by the ISO26000 positioning consumer issues as one of the central themes, and the 4th edition of Sustainability Reporting Guidelines (G4 Guidelines) establishing a section on product responsibility. Moreover, there is a trend emerging which emphasizes dialogue with stakeholders amidst an expectation of corporations to incorporate sustainable interaction with society into their value creation process.

## The way of thinking by JTEKT

### Considering the entire society as customers

In order to provide customers with the highest quality products, JTEKT naturally searches for value as a supplier but at the same time aims to be considered as having value as a partner that can be relied upon. Moreover, JTEKT's products are used in various industries, such as automotive, railway, steel, aviation and space and are deeply and widely involved with society and environmental issues. We JTEKT have a strong awareness of our social responsibility, and constantly strive to improve technology and quality, regarding our customers to be not only those who we directly do business with, but also the society at large.

→ F\_01~08·J\_08~09 Related article

### Quality policy and quality assurance system

▶ Figure-01

Establishing a quality policy with the motto of "Customer First", we are involved in a variety of quality improvement activities. We also maintain and constantly improve a quality assurance system based on this policy.

In 2013, the wording of the quality policy was partially changed. The phrase "product quality" was changed to a more specific expression, "design quality and manufacturing quality". We believe that seeking quality at each stage of design and manufacturing allows us to improve overall product quality and gain our customers' trust.

**Quality policy** Adhering to the theme of "Quality First", we offer products which earn the trust and satisfaction of our customers.

- Making decisions and taking swift action from the standpoint of our customers
- Improving design and manufacturing quality through the ingenuity of all members

## Together with customers

### Main activities FY2016

#### [ Quality ]

##### Elimination of Major Quality Problems

In September 2014, the Quality BR (Business Revolution) Office was established directly under top management with the aim of extinguishing major quality issues. The Quality BR Office has established a vision of “Floor Management” (daily management, change point management, troubleshooting) and engages in activities to maintain and improve this.

##### Implemented QG (\*1) -20 activities (milestone control)

JTEKT has begun a control meeting using 20 milestones for all stages, from planning, design, development and production preparation to full-scale production. The required quality is properly reflected in the product.

\*1 QG QG is an abbreviation for Quality Gates.

##### Strengthening the EDER (\*2) activity ★ **New!**

JTEKT engages in an EDER activity aimed at looking from our customers’ perspectives to discover market issues at an early state, promptly identify the cause, establish countermeasures and deploy these in the market.

\*2 EDER “EDER” is an abbreviation of “Early Detection Early Resolution”.

##### Improvement through periodic inspections

JTEKT actively pursues the obtainment of reviewed quality management system certification through third parties. JTEKT continues to receive periodic inspections once or twice a year and uses the results to further revise and improve its quality control system.

##### Major obtained certifications

- ISO9001 (International quality management system standard)
- TS16949 (Quality management system for the automotive industry)
- JIS Q 9100 (Quality management system for the aviation/aerospace industries)

### Initiatives to reform company culture and raise customer satisfaction levels

For the purpose of raising quality awareness, we have set May and November as “Quality Months”. During these months, we engage in various activities such as collecting and displaying posters and quality slogans, and discussing improvements for each department.

Moreover, from November until December, the 2nd Quality Exhibition was held at 18 venues and attended by a total of 11,110 directors and managers of JTEKT. This exhibition introduced quality status and initiatives for improvement as well as provided an opportunity to renew our awareness of the importance of quality.



Poster for the 22nd Quality Month 2nd Quality Exhibition (Tadamisaki Plant)

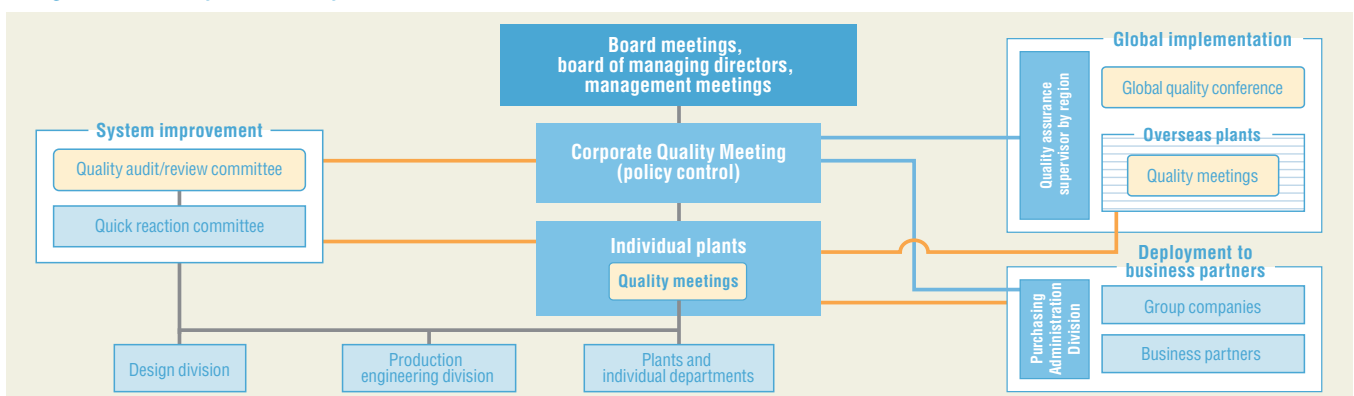
### Awards from customer companies

JTEKT received awards from customer companies in recognition of various quality improvement activities.

#### Major awards FY2016

| Customer name                             | Award                           | Awarded company                        |
|---|---------------------------------|--|
| General Motors Company                    | Award for Excellence in Quality | JTEKT Corporation<br>Daibeac Co., Ltd. |
| Hitachi Automotive Systems Americas, Inc. | Quality Excellence Award        | JNA (U.S.)                             |
| Renault S.A.S.<br>NISSAN MOTOR CO., LTD.  | TPM Excellence Award            | Toyoda<br>Van Moppes Ltd.              |
| YANMAR CO., LTD                           | TPM Excellence Award            | JTEKT Corporation                      |
| Aichi Machine Industry Co., Ltd.          | Award of Excellence for Quality | JTEKT Corporation                      |
| Perodua                                   | Quality Excellence Award        | JAMY (Malaysia)                        |

▶ Figure-01 Quality assurance system



## Together with customers

### [ Communication ]

#### Conducting a customer satisfaction survey

As in previous years, in FY2016 we conducted customer satisfaction surveys targeting our main customers. In order to improve satisfaction in the five areas of quality, delivery, technical response capability, cost response capability and technical/sales service, we shared the issues revealed by these surveys and are exerting efforts to solve them promptly and appropriately.

#### Exhibit at the 28th JAPAN INTERNATIONAL MACHINE TOOL FAIR (JIMTOF2016)

JTEKT had an exhibit at the 28th JAPAN INTERNATIONAL MACHINE TOOL FAIR (JIMTOF2016) held at Tokyo Big Sight from the 17th to the 22nd of November. With an innovative exhibit linked with our 10-year anniversary campaign under the banner of “Young Company with Rich History”, we introduced JTEKT’s core technologies, such as our historical highly-reputed machine, TOYODA-Gendron cylindrical grinder, and the latest model, CNC cylindrical grinder GE4i, as well as the concept of “Smart factory where people have the lead role.” With one new demonstration unit, this JIMTOF themed on virtual technology became a hot topic due to its breakthrough exhibits, and the JTEKT booth was visited by around 20,000 exhibit-goers, which is the highest number ever.



JTEKT's booth

#### Increase awareness through company and business advertisements

2016 was the year of JTEKT’s 10-year anniversary campaign, which was conducted on a scale the likes of none before. The campaign slogan of “Young Company with Rich History” was adopted due to 10-year old JTEKT being formed from a merger between two companies with a total of 150 years’ history between them. As a face fitting this slogan, JTEKT commissioned Ebizo Ichikawa, a kabuki actor bringing new approaches (innovation) to the traditional world of kabuki. Our advertising campaign spanned across a variety of media, including television commercials, newspaper/magazine/online advertisements and billboards, in order to create buzz and improve recognition

of JTEKT’s company name.



Television commercial



Advertisement displayed in the Nagoya station concourse

#### Holding “Young but Historic Discussions” ★ New!

As part of our 10-year anniversary campaign, JTEKT’s top management and well-known people active in historic and traditional areas held “Young but Historic Discussions” in which they discussed topics such as tradition, innovation, history and youth. We also published advertisements in a variety of magazines to appeal to a wide range of people.

- A discussion between face of JTEKT’s 10-year anniversary campaign, Ebizo Ichikawa and JTEKT’s President, Tetsuo Agata
- A discussion between Shogo Kariyazaki, a well-known Japanese flower artist, and JTEKT’s Chairman Atsushi Niimi (when the discussion was held in Jun. 2016/current Senior Advisory)
- A discussion between General Manager Hitoshi Fujisaki of Tokyo Station Hotel (which completed a full facelift in 2012 and celebrated its 100th anniversary in 2015) and President Agata



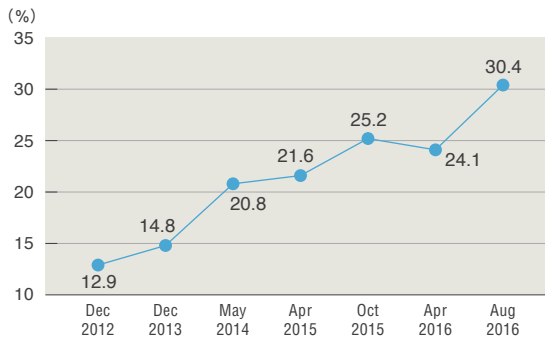
Ebizo Ichikawa and President Agata have a discussion

## Together with customers

### Significant improvement of company name recognition

As a result of our 10-year anniversary campaign, JTEKT's company name recognition rose from 21.6 percent in April 2015 to 30.4 percent in August 2016.

#### Transition in company name recognition



### JTEKT businesses advertisements

JTEKT ran business advertisements in FY2016 as part of efforts to strengthen the Koyo brand representing our bearing business and TOYODA brand representing our Machine Tools & Mechatronics business, and ultimately promote sales. For the bearing business, we established the concept of “Key of your operation Koyo” and emphasized the superior performance and technology of JTEKT’s bearings in order to strengthen sales in the industrial machinery and commercial fields. For the Machine Tools & Mechatronics business, we established the concept of “Just for your best” and emphasized reliability with tradition using expressions with a premium feel based on our stance of delivering customers the optimal product right when it is needed. We will continue rolling out business advertisements aimed at penetration of the Koyo and TOYODA brands.



Business advertisement for the Koyo bearing business brand



Business advertisement for the TOYODA Machine Tools & Mechatronics business brand

### Special exhibit at JTEKT ROOM Ginza **New!**

From the 10th to the 30th of November, JTEKT held a Leonardo De Vinci Exhibition - Technique and dream by tradition at JTEKT ROOM Ginza, which attracted many visitors. Together with a manuscript left behind by De Vinci, we exhibited a bearing mock-up and self-traveling vehicle reproduced by JTEKT. This exhibit introduced the connection between JTEKT’s technologies and the dream envisioned by De Vinci.



Explaining exhibited articles

### Obtainment of naming rights for Gymnastic No. 1, KASHIHARA Sports Park (Nara prefecture) **New!**

In 2016, JTEKT obtained the naming rights for Gymnastic No. 1, Nara Prefectural KASHIHARA Sports Park, one of Nara’s largest arenas, and began using the nickname of “JTEKT Arena Nara.” As well as utilizing the arena as the second home arena for JTEKT STINGS (our men’s volleyball team), we also use it for engaging in activities that contribute to the local community, and are improving awareness of JTEKT’s company name in the Kansai region.



JTEKT Arena Nara

→ S\_25 Related article

Shunya Hattori  
Kansai Group  
Application Engineering Office 2  
Application Engineering Dept.  
Sales & Marketing Headquarters

My CSR



### Aiming for customer satisfaction

Our department constantly aims to provide customers with products and technical services which earn their satisfaction through assessing customer needs by direct visits to customers, technical exchange meetings, exhibitions and so on, then offering more value than their expectations with speedy response. We are focusing on expanding product sales and creating JTEKT fans through solving our customers’ troubles. I am in charge of our customers in the Kansai area but I will never forget how nervous and happy I felt when I was specifically requested by a customer to help them with their issue.

# Together with business partners

## Social background

One of the issues raised by ISO26000 is the “promotion of social responsibility in the value chain.” Moreover, the Leaders’ Declaration of the 2015 G7 Elmau Summit included “Responsible Supply Chains.” When engaging in procurement activities, in addition to conventional QCD (quality, cost and delivery), a company is expected to also consider factors such as human rights, labor practices, fair business practices and the environment.

## The way of thinking by JTEKT

### Promoting fair business

JTEKT regards business partners as equals and aims for mutual development and growth based on strong relationships of trust. JTEKT has stipulated policies for open and fair business practices in its Corporate Activities Standards and its Purchasing Philosophy regardless of country or company size and including companies with no experience supplying to JTEKT. On the company website, JTEKT has outlined procedures for becoming a business partner, as a means of providing fair, equal opportunities for all.

**“Follow proper business practices and engage in fair, transparent and free competition based on a respect for the law.”**

(from JTEKT Corporate Activities Standards)

### Purchasing Philosophy

**Fair and transparent business transactions** We provide open, fair and equal opportunities to all regardless of nationality or company size, including companies with no experience doing business with JTEKT.

### Purchasing Basic Policy

**Mutual trust** Build mutual trust through close communication with business partners.

**Coexistence and co-prosperity** Achieve harmonious relationships with business partners based on mutual trust.

**Long-term, stable business relationships** Achieve stable procurement meeting JTEKT’s quality, cost, volume, and delivery requirements through continuous business.

**Global purchasing** Achieve optimal purchasing from a global viewpoint and improve international competitiveness by a strong supplier chain.

## [CSR Activity Item Guidelines]

We issued the CSR Activity Item Guidelines for our business partners, in order to share with them the purpose of our CSR Policy and clarify items that we would like our business partners to observe. We request our business partners deploy these guidelines upstream as well.

Moreover, in order to maintain fair trade, we ensure that all departments which interact with business partners respect the various industrial fair trade guidelines and, in order to improve communication with business partners, utilize every opportunity to disseminate information and gather opinions.

### 1. Management-related initiatives

- Legal compliance
- Risk management

### 2. Initiatives for stakeholders

- Securing quality
- Fair trade
- Good labor-management relations
- Protection of human rights/respect for diversity
- Observance of corporate ethics
- Initiatives for local communities

### 3. Initiatives for the global environment

- Environmental management
- Environmentally friendly business activities

## Green Purchasing activities

Our company promotes companywide Green Purchasing activities in order to contribute to the creation of a sustainable recycling-based society. For this purpose, we have issued Green Purchasing guidelines and have requested the cooperation of business partners.

### Requests to our business partners

We make the following requests to our business partners under the Green Purchasing Guideline.

- Construction of an environmental management system based on obtainment of external certification such as ISO14001.
- Observation and reinforcement of environmental laws and regulations
- Prohibit or restrict use of environmentally burdensome substances
- Improve environmental performance by reducing CO<sub>2</sub> emissions, etc.
- Promote actions to conserve biodiversity

## Together with business partners

### Main activities FY2016

#### Purchasing Policy Briefing

On April 18th, the Purchasing Policy Briefing was held at the Hotel New Otani Osaka, attended by 249 companies and 277 people. As FY2016's purchasing policy, we requested the strengthening of CSR and thorough safety, which are major premises of business. At the same time, we explained our major implemented items for the fiscal year. We also awarded our business partners who had demonstrated outstanding performance in regards to quality, technology and cost price improvement for the year overall.

#### Major Implementation Items for FY2016

- Strengthen efforts to solve significant quality problems
- Achieve superior international cost competitiveness
- Respond to global optimal production

#### Purchasing Policy Briefing in North America ★ **New!**

JNA (U.S.), JTEKT's North American group company, held the 2016 JNA Purchasing Policy Briefing on October 12th, 2016. Sixty major business partners attended this briefing, which provided explanations of company policy, procurement policy and market trends. The event was successful in promoting understanding of JTEKT's procurement policy applicable to business partners in North America as well as forming and strengthening relationships of trust.



#### Quality control tournament of the JTEKT Supplier Association

The Quality Management Convention was held on November 22nd, at Osaka Matsushita IMP Hall, and was participated in by around 400 people from all 253 member companies of the JTEKT Supplier Association(\*). In addition to examples of outstanding improvements from 6 companies and presentation by JTEKT's QC Circle, a lecture was given on the role of QC Circle supporters.

\* **The JTEKT Supplier Association** The JTEKT Supplier Association is comprised of 253 companies (as of FY2016). It is intended to foster mutual trust among members and raise their capabilities through activities such as quality control tournaments, workshops, and lectures.

#### JTEKT Supplier Association Workshop

The JTEKT Supplier Association participated at the Midland Hall in Nagoya on January 25th. Training was conducted on the three themes of environment conservation, control of chemical substances contained in products and appropriation of transactions in the supply chain overall. In addition, an external lecturer was invited to give a lecture on business continuance.

### Initiatives for the conflict minerals issue

JTEKT shares our customers' procurement policies in regards to problems such as infringement of human rights in conflict regions, and in FY2016 once again conducted the survey regarding conflict minerals ongoing since FY2013. With the cooperation of our business partners, we confirmed the status of conflict minerals all the way up the supply chain and appropriately responding to related customer enquiries. Moreover, based on our CSR Activity Item Guidelines, JTEKT requests our business suppliers to also be responsible when procuring resources and raw materials.

#### TOPICS

#### Special lecture for JTEKT's 10-year anniversary

In order to show our appreciation to the dealers and customers of bearings and machine tools, President Tetsuo Agata and Senior Advisory Atsushi Niimi held special lectures for JTEKT's 10-year anniversary in ten regions throughout Japan, which were attended by over 1,400 people. The lectures introduced various lessons learned through hardship by Mr. Niimi and President Agata through their experience and own personal episodes as businessmen. Feedback from participants included "It was extremely useful as a reference point" and "I want to apply what I heard to my company's training."

#### Regions where lectures were held

|           |                                   |
|-----------|-----------------------------------|
| July      | Gunma                             |
| August    | Shizuoka, Osaka, Fukuoka, Okayama |
| September | Sendai, Aichi, Kanazawa, Niigata  |
| November  | Tokyo                             |



Poster advertising special lectures for JTEKT's 10-year anniversary



Scene from a lecture

**Kyouichi Chaen**  
Purchasing Dept. 2  
Purchasing Headquarters

My  
CSR



#### Possessing awareness as the face of JTEKT

The Purchasing Department has the most opportunities to interact with business partners. We must be aware that our words and deeds will be interpreted as JTEKT's stance and beliefs and at the same time, we are expected to handle information acquired from external sources with care. I am always careful to conduct myself in a way that will earn trust as the face of JTEKT.

# Together with employees

## Personnel-related actions

### Social background

Amidst a variety of CSR-related standards and targets being established (i.e. the Ten Principles of the United Nations Global Compact, ISO26000, OECD Guidelines for Multinational Enterprises, the 4th edition of Sustainability Reporting Guidelines (G4 Guidelines), the International Integrated Reporting <IR> Framework and Sustainable Development Goals (SDGs), there were repeated cases where narratives relating to human rights and labor were reinforced. The global community is strongly demanding that companies emphasize respect for human rights and workers' rights more when engaging in business activities.

### The way of thinking by JTEKT

#### Creating a friendly work environment for all

JTEKT promotes the creation of a workplace in which all of our employees find it easy to work, considering various aspects such as human development, respect for diversity and safety and hygiene. Our company believes that, as we expand globally, it will become even more important to deepen understanding towards human rights and share this with group companies both domestically and overseas.

#### Respect for human rights and utilization of diverse human resources

JTEKT's Corporate Activities Standards states the following; "Respect the individuality of employees, create safe workplaces that motivate employees and enable them to fulfill their potential and strive to provide each with abundant living circumstances." We give explicit instructions regarding the prohibition of discrimination based on race, gender, age, nationality, etc., and share and enforce this thinking with our group companies both in Japan and overseas. Additionally, we engage in various actions to utilize diverse human resources.

#### Main actions

- Hiring foreign employees
- Assisting female employees' career development
- Employing persons with disabilities
- Changing fixed-term employees to permanent employees
- Providing assistance for those engaged in childcare or family care
- Reduction of work outside regular hours and encouragement of paid leave usage
- Providing post-retirement employment opportunities
- Various education concerning human rights, etc.

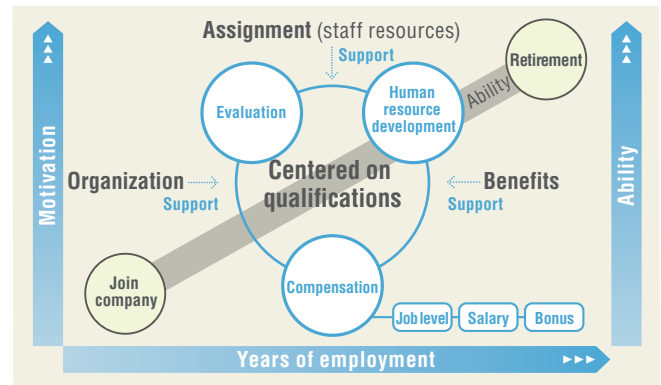
#### Direction of human resource development

Based on the following 3 points, JTEKT constructed a systematic human resource development system to enable all employees to grow while achieving a sense of accomplishment.

1. Develop employees who understand the Corporate Philosophy and are professional, creative, highly skilled, and able to achieve management goals.
2. Develop employees who have confidence, pride, and passion, think for themselves, and act as a member of the JTEKT group.
3. Develop employees who respect human rights, live in harmony with the environment, observe social rules, are sensible, and have an international perspective.

#### Maintaining high motivation and enhancing abilities

Our human resource development system, consisting of training, evaluation and compensation, enables employees to continually improve their skills and provides them with a motivating working environment during their years in the company.



### Main activities FY2016

#### [ Labor-management relations and employment ] Emphasizing labor-management communication

JTEKT places importance on labor-management communication and facilitates numerous opportunities for direct dialogue between workers and management on a companywide and individual plant basis. These include various social gatherings and discussion sessions. Workers and management exchange opinions on company development and stabilizing/improving employee quality of life and strive to deepen mutual trust and understanding by building even firmer relationships.

#### Labor-management discussion opportunities (held in FY2016)

- Central Production Subcommittee Meetings (annual)
- Central Labor-Management Meetings (annual)
- Labor-Management Meetings (4 times)
- Labor-Management Committee Meetings (10 times)
- Labor-Management training (annual)
- Plant Production Section Meetings (monthly at each plant)
- Business Facility Labor-Management Discussions (monthly at each business facility)
- Workplace Discussions (as required at each workplace) etc.

## Together with employees

### Initiatives relating to paid leave and working hours

JTEKT aims to create a workplace in which employees find it easy to use paid leave. Labor and management cooperate together to periodically check the usage status of paid leave in order to improve the usage rate. Moreover, business reform is also promoted by indirect departments as one theme of the Mid-term Management Plan. JTEKT is striving to reduce working hours.

#### Labor condition transition (Average per each workers union member)

|  | 2012    | 2013    | 2014    | 2015    | 2016 (FY) |
|--|---------|---------|---------|---------|-----------|
| Total work hours (hours)                 | 2,074.7 | 2,115.3 | 2,107.2 | 2,089.8 | 2,080.3   |
| Work outside of regular hours (hours)    | 316.0   | 351.7   | 345.7   | 334.9   | 331.6     |
| Percentage of paid leave consumption (%) | 63.2    | 65.6    | 67.4    | 71.6    | 72.4      |

### Maintain employment

In FY2016, JTEKT continued to exert efforts to maintain employment through various measures such as reassignment from the perspective of effectively utilizing resources. JTEKT observed the

#### Transition from fixed term workers to permanent employees

|                                     | 2012 | 2013 | 2014 | 2015 | 2016 (FY) |
|-------------------------------------|------|------|------|------|-----------|
| Number of transitions made (people) | 167  | 184  | 99   | 91   | 72        |

#### Composition of employees as of the end of March 2017

|                           | Male   | Female | Total  |
|---------------------------|--------|--------|--------|
| Permanent employees       | 11,111 | 919    | 12,030 |
| Fixed-term employees (*1) | 2,787  | 576    | 3,363  |
| Total                     | 13,898 | 1,495  | 15,393 |

|                     | Male | Female | Average |
|---------------------|------|--------|---------|
| Years of employment | 16.1 | 11.2   | 15.7    |

|   |      |  |  |
|---|------|--|--|
| Job turnover rate (*2)                          | 0.9% |  |  |
| Job turnover rate within the first 3 years (*3) | 2.5% |  |  |

\*1 Total fixed-term, part-time, reemployed, and temporary employees \*2 Voluntary early retirement rate \*3 Permanent employees, seasonal recruits, voluntary early retirement

relevant laws and internal regulations for managing the employment of fixed-term workers. In FY2016, 72 fixed-term workers were appointed as permanent employees.

### [ Human resource development ] Formation of a global human management/development framework

▶ Figure-01

Around 60 percent of the approximate 44,000 employees of the JTEKT Group work overseas. JTEKT promotes the formation of a global human management/development framework with the aim of creating the optimal environment for employees and the company alike so that motivated and capable people, regardless of nationality or race, may perform to their fullest transcending national and regional borders. JTEKT assembled information on the careers and capabilities of employees currently occupying major posts at our domestic and overseas bases and potential successors and held regional Succession Committees in FY2016 also to discuss the discovery, development and appropriate allocation of successors for each post. We also gather information from each region and hold a Global Succession Committee to discuss the discovery, development and appropriate allocation of human resources for the group overall. Moreover, from FY2016, personnel nominated at the Succession Committee as candidates for overseas bases are provided the opportunity to participate in selection-based training held at JTEKT Head Office in order to improve management skills of the group overall. We plan to continue this in FY2017.

#### Percentage of foreign nationals in major overseas posts (consolidated)

|  |                | 2015 | 2016 (FY) |
|--|----------------|------|-----------|
| Foreign employees in the general manager class | No.            | 125  | 124       |
|  | Percentage (%) | 62.2 | 62.9      |

▶ Figure-01





## Together with employees

### Hiring and utilization of foreign employees

Even within Japan, JTEKT is proactively hiring and utilizing excellent human resources regardless of nationality.

#### Foreign employee hiring results (general office/engineering)

|                       | 2012 | 2013 | 2014 | 2015 | 2016 (FY) |
|-----------------------|------|------|------|------|-----------|
| Seasonal hiring no.   | 2    | 6    | 3    | 14   | 14        |
| Mid-career hiring no. | 11   | 3    | 0    | 0    | 1         |

### Strengthening of employees' English abilities, bidirectional employee interaction between Japan and overseas

JTEKT also strives to strengthen the English ability of its employees overall in order to develop professionals capable of working globally. In addition to providing motivation-raising strategies such as an internal TOEIC exam and self-study courses (company-subsidized), as part of our overseas trainee system, we also arrange for young employees who are willing to work at JTEKT's overseas group companies at an early stage in their careers, so that they may improve their language ability and cross-cultural communication skills.

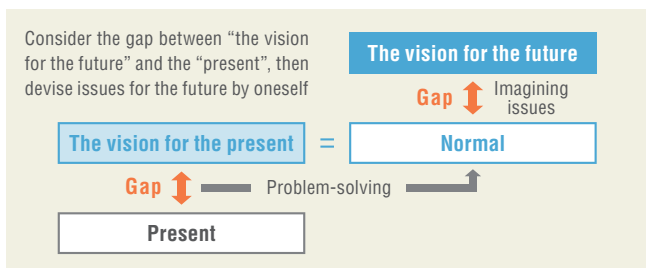
Moreover, from FY2016, JTEKT will fully promote training in Japan for employees of its overseas group companies by utilizing an inter-company transfer visa. Rather than the conventional one-way pattern of sending employees from Japan to overseas, we will begin bidirectional employee interaction between Japan and overseas.

### Human resource development for office and engineering staff

The JTEKT training system is composed of four pillars: rank-based training, job title-based training, age-based training and selection/theme-based training. We also focused on supporting the acquisition of qualifications and self-study efforts. Training to strengthen problem-solving ability is conducted on a rank-based basis, and from FY2016, task-based problem-solving training has been held for employees with Assistant Manager status in order to strengthen ability to imagine issues and leadership. JTEKT is also developing problem-solving trainers on a global scale so as to foster a culture where by senior employees pass on their knowledge to junior employees.

#### Gain the ability to imagine issues

There may not be any problems now, but environments do change. JTEKT plans to commence training particularly for Assistant Managers to imagine future issues and take preemptive measures in order to respond to customer needs five/ten years from now.

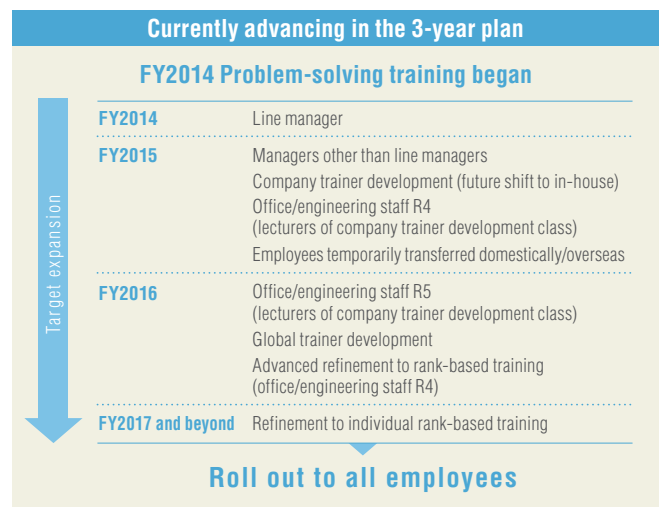


### Task-based problem-solving training program

|                |  |
|----------------|--|
| First session  | <ul style="list-style-type: none"> <li>● Explanation of task-based problem-solving</li> <li>● Consider a workplace's mission</li> <li>● Environment analysis</li> </ul>  |
| Second session | <ul style="list-style-type: none"> <li>● Task-based problem-solving Steps 1 thru 3</li> <li>● Leadership</li> <li>● Organizational management</li> </ul>   |
| Third session  | <ul style="list-style-type: none"> <li>● Task-based problem-solving Steps 1 thru 5</li> <li>● Organizational management</li> <li>● Capability development plan</li> <li>● Expression of determination</li> </ul> |

#### Expand targeted employees

Moving forward, JTEKT will spread the problem-solving concept for all levels on an ongoing basis.



### Human resource development for production staff

▶ Figure-01

The JTEKT training system is composed of the three pillars of companywide training, workplace-based training and self-study. Regarding companywide training, apart from a career development program (rank-based) which is based on training at the JTEKT Technical Training Center (\*1), we carry out supervisor training, 10 specialized skill training courses, TWI supervisor trainer development courses (\*2) and TWI 10-hour courses. Regarding workplace-based training, we implement OJT (\*3) training covering the specialized skills necessary to pass down to future generations, as well as special training and skill courses for the obtainment of certifications necessary in the line of work. We support the self-study of employees so they may attempt the National Trade Skills Test, QC Test, Voluntary Conservation Officer recognition, etc. In FY2016, sheet metal training was launched and we plan to deploy this to KL (Kaizen Leaders) who primarily engage in kaizen (improvement) tasks in FY2017.

\*1 JTEKT Technical Training Center Provides vocational training approved by the prefectural governor of Aichi. Focuses on developing excellent production personnel.  
\*2 TWI supervisor trainer development course TWI is an abbreviation for "Training Within Industry". It is internal training for supervisors.  
\*3 OJT Abbreviation for "On the Job Training," or training carried out during actual work.

## Together with employees

▶ Figure-01 Rank-based training types and main content

|                            | Training  | Main content  | Attendees |
|----------------------------|---|---|-----------|
| Managers                   | Training for new department managers and manufacturing assistant managers | CSR, workplace management   | 10        |
|                            | R3 training for new managers  | CSR, policy management, daily task control  | 99        |
| Office & engineering staff | R4 training for new office & engineering staff                            | CSR, leadership, planned fulfillment of tasks   | 113       |
|                            | R5 training for office & engineering staff                                | Business communication skills   | 143       |
|                            | R6 training for office & engineering staff                                | Problem solution methods and concepts   | 98        |
|                            | Training for mid-career new employees                                     | CSR, JTEKT employee basic knowledge and mindset   | 29        |
|                            | Training for office & engineering new employees                           | CSR, JTEKT employee basic knowledge and mindset   | 157       |
| Production staff           | Training for newly appointed production managers                          | Acquisition of an internal human resource development framework and JPS (+) production system | 11        |
|                            | Training for new Chief Leaders  | CSR, Management basics and planned fulfillment of tasks                                       | 48        |
|                            | Training for new KLs  | Basics of workplace improvements and acquisition of production systems                        | 66        |
|                            | Training for new Group Leaders  | Problem solutions based on QC concept   | 85        |
|                            | Training for new production employees                                     | CSR, JTEKT employee basic knowledge and mindset   | 121       |

+ JPS JTEKT Production System

### Promoting TQM activities

JTEKT promotes TQM (Total Quality Management) activities based on the three pillars of “Customer First”, “Endless Improvements” and “Participation by All”. At workplaces, which are the frontline, we strive to foster mutual instruction and the handing down of unique techniques and human resource development through small group activities (QC Circle activities).

#### TOPICS

### Sharing the direction of TQM activities at a 10-year anniversary tournament

On December 9th, JTEKT held its 10-year anniversary tournament at the Osaka International House Foundation in Osaka city. The theme of the tournament was “TQM activities aimed to become a truly global company – the joy, wonder and inspiration of working”. The tournament consisted of a Global QC Circle Improvement Case Study Presentation in which QC circles selected from six regions across the world presented the results of their activities, as well as an All-JTEKT TQM Competition, which aimed at sharing the direction of TQM activities.



#### TOPICS

### Received Four Awards at the WorldSkills International in Japan

At the WorldSkills International in Japan held in Yamagata prefecture in October, JTEKT employees received a total of four awards.

- Gold Award in Mechanical drawing **A JTEKT first** : Yuji Tsuchiya
- Silver Award in Mechatronics : Morimasa Kono, Kazuya Ymanaka
- Fighting Spirit Award in Mechatronics : Shota Kimura, Tomoya Hattori
- Fighting Spirit Award in trimming die : Kiyofumi Yamamoto

Feedback from the employee who obtained the Gold Award



Yuji Tsuchiya  
Technical Training Center

### Next, I want to take on the world

When I joined JTEKT as a student of their Technical Training Center three years ago, I never imagined I would one day win a Gold Award at the WorldSkills International in Japan. I really feel that it was accomplishable due to being supported by so many people. I'm currently preparing for the 44th WorldSkills Competition to be held in the UAE in October 2017. I will take on the world as a representative of Japan and a representative of JTEKT.

### Various QC Circles receive awards at national competitions

On May 20th, the SP☆GIRLS QC Circle from JTEKT's Toyota Branch Office received the Kaoru Ishikawa Award for Promoters at the QC Circle National Competition held in Sapporo. On September 8th, the Sea Man Circle from JTEKT's Nara Plant received the Fascinating Award at the QC Circle National Competition held at the Nagoya Congress Center. On November 29th, the Birdie Circle from JTEKT's Okazaki Plant received the Gold Award at the QC Circle National Competition held at Tokyo Big Sight. This was the first time JTEKT had the honor of receiving the Kaoru Ishikawa Award and Gold Award.



1. The SP ☆GIRLS who received the Kaoru Ishikawa Award for Promoters
2. The Sea Man Circle who received the Fascinating Award
3. The Birdie Circle who received the Gold Award

## Together with employees

### Promotion of the J-KI activity

**New!**

J-KI is an abbreviation for JTEKT Knowledge intensive staff Innovation. It is an activity that aims at improving productivity and vitalizing organizational culture by changing approaches to daily tasks so that we can see the content of one another's tasks and each other's thoughts. The 1st case presentation for J-Knowledge Intensive was held at JTEKT's Technical Center (Hanazono) on March 31st and was attended by approximately 80 people. The Center Manager, General Manager, Group Manager and various other members of Technical Center (Central Japan) presented the accomplishments of J-KI activities and details of initiatives.



### SQC (\*) Improvement Case Study Companywide Presentation

In R&D, design, production activities and so on, JTEKT proactively incorporates the SQC method to be able to make scientific judgments based on data and consider the variation of materials, parts and properties. In order to share case studies and the importance of the following 3 points; "data-based discussion," "understanding the concept of variation," and "verifying and predicting (forecasting) hypotheses," and learn from one another to improve skills, JTEKT holds a SQC Improvement Case Study Companywide Presentation each year. In FY2016, approximately 510 members attended the event.

\* SQC SQC is the abbreviation for Statistical Quality Control.



### A group of technicians who proactively consider JTEKT's development

In FY2012, the JTEKT Engineers Association was formed to provide an opportunity for engineers of JTEKT's respective areas to work hard together to improve their technical ability and leadership abilities in the name of solving societal issues. In FY2016, the fifth year since its formation, each association focused on initiatives to enhance the tours and events held by the respective committees and branches in east, west and central Japan as well as further stimulate communication between engineers. JTEKT Technical Presentation is also held annually. It is alternated between Kariya Plant and Kokubu Plant in order to secure a high attendance of engineers. In FY2016, it was held at Kokubu Plant on November 23rd. The session was divided into the three specialty fields of electric/electronics, material/tribology/mechanical elements, and machining/production engineering, and live connection to each of our operating centers enabled a total of approximately 700 people companywide to engage in discussion on 18 themes.



JTEKT Technical Presentation (Kokubu Plant)

### [ Respect for diversity ] Promoting diversity

In the midst of an ever-changing management environment, represented by globalization, accepting and utilizing personnel with diverse values irrespective of gender, nationality, age, culture and so on is essential for a company to continue growing. JTEKT positions the promotion of diversity as an important management strategy for the achievement of the JTEKT GROUP VISION and engages in various initiatives accordingly.

### Reform awareness of all employees and encourage a diversity mindset **New!**

In order to promote diversity, first, all employees must understand the necessity and the purpose, change their awareness and their conduct. To this end, JTEKT takes the approach of including the theme of diversity in the President's message, e-learning for all employees and incorporating a diversity component in our rank-based training. Moreover, in FY2016, an expert in the field was invited to give a lecture on diversity, which was attended by 1,500 employees.

## Together with employees

### Assisting female employees in developing their careers

In order to accelerate female participation in the workplace, JTEKT conducted an actual condition survey targeting all female employees and all management personnel in FY2014. We investigated the environment surrounding female employees, awareness of female employees' work and the development/assessment by superiors of subordinates. Based on the issues brought to light through this survey we established the following four elements which have been focused on since FY2015. We made steady progress with such activities in FY2016 also.

|                                |  |
|--------------------------------|--|
| <b>1. Reform consciousness</b> | <p>We implement training for all administrative positions on understanding diversity management from the aspects of eliminating stereotyped perception of gender roles, and the nurturing of female subordinates.</p> <p>We conduct career training for women in all positions on long-term career design and network formation.</p> |
| <b>2. Dual support</b>         | <p>Creation of systems and environments enabling employees with limitations to continue working</p> <p>Introduction of systems aimed at supporting career development</p>  |
| <b>3. Strengthen hiring</b>    | Proactive hiring of women who are strongly career-oriented   |
| <b>4. Foster culture</b>       | We foster a corporate culture that enables all employees to flourish, regardless of gender, based on diversity education for all employees as well as other methods.   |

### Formulation of an action plan based on the Act of Promotion of Women's Participation and Advancement in the Workplace

Based on a law relating to promoting women in the workplace (the Act of Promotion of Women's Participation and Advancement in the Workplace), JTEKT formulated an action plan.

|                    |  |
|--------------------|--|
| <b>Plan period</b> | Apr. 1st 2016 – Mar. 31st 2020   |
| <b>Issues</b>      | <ul style="list-style-type: none"> <li>● Low percentage of women in managerial positions (0.8% or 16 women as of Jan. 31st 2015)</li> <li>● Low percentage of women in full-time positions (7.3% or 857 women as of Jan. 31st 2015)</li> </ul>   |
| <b>Target</b>      | <ul style="list-style-type: none"> <li>● By Mar. 31st 2020, increase the number of women in managerial positions by 2.5 times the number as of Jan. 2015</li> <li>● By Mar. 31st 2020, increase the number of women in managerial positions by 1.3 times the number as of Jan. 2015</li> </ul> |



Management diversity training (1 day)



Career training for female employees (2 days)



#### No. of females hired/appointed managers (\*1)

|  | 2012    | 2013    | 2014    | 2015    | 2016 (FY) |
|--|---------|---------|---------|---------|-----------|
| <b>Total no. of women hired through seasonal recruitment</b> | 20      | 27      | 26      | 31      | 37        |
| (Total no. of employees hired through seasonal recruitment)  | (326)   | (316)   | (309)   | (311)   | (345)     |
| <b>No. of women managers</b>                                 | 12      | 13      | 16      | 16      | 16        |
| (Total no. of managers)                                      | (1,804) | (1,870) | (1,937) | (1,976) | (1,924)   |
| <b>No. of women assistant managers</b>                       | 22      | 32      | 37      | 49      | 62        |
| (Total no. of assistant managers)                            | (1,303) | (1,328) | (1,410) | (1,486) | (1,594)   |

\*1 Based on company registration (includes employees temporarily transferred to domestic or overseas group companies and excludes employees from other companies temporarily stationed at JTEKT)  
Values differ from last year's report due to a revision to the calculation method.

\*2 Subsection chief equivalent

## Together with employees

### Enhancement of the dual support system

JTEKT is exerting efforts to support all employees, regardless of gender, to balance child-raising or caregiving with work. To this end, we are enhancing the systems and creating workplace environments in which employees can easily utilize such systems.

#### Overview of dual support system

| Pregnancy - childbirth   | Childbirth/parenting |              |              |                    |                                  | Care  | Other   |
|--|----------------------|--------------|--------------|--------------------|----------------------------------|---|---|
|  | 1 year old           | 2 years' old | 3 years' old | Pre-elementary age | Completion of elementary grade 2 |   |   |
| Maternity leave  |                      |              |              |                    |                                  | Family care leave                                 | Flexible working hours                            |
| Parenting leave  | Extension possible   |              |              |                    |                                  | Shorter working hours for family care             | Half-day annual leave (no limits on no. of times) |
| Mom & Dad Child Care Leave Plus  |                      |              |              |                    |                                  | Limited overtime (24 hours/month, 150 hours/year) |   |
| Overtime exemption   |                      |              |              |                    |                                  | Comeback support system                           |   |
| Limited overtime (24 hours/month, 150 hours/year)                            |                      |              |              |                    |                                  |   |   |
| Child care leave (1 child: 5 days/year, 2 children or more: 10 days or more) |                      |              |              |                    |                                  |   |   |
| Daycare support  |                      |              |              |                    |                                  |   |   |
| Shorter working hours for parenting  |                      |              |              |                    |                                  |   |   |
| Babysitter subsidization scheme  |                      |              |              |                    |                                  |   |   |

#### Description of major schemes

|  |   |
|--|---|
| <b>Parenting leave</b><br><small>[revised in FY2015]</small>                     | Available until child turns one.<br>(if unable to secure spot in daycare center, can be extended until the child turns 2)   |
| <b>Mom &amp; Dad Child Care Leave Plus</b>                                       | Available until child is 14 months old if both parents take parenting leave.  |
| <b>Shorter working hours for parenting</b><br><small>[revised in FY2015]</small> | Parents can shorten the hours they work in one day until March 31st in the year that the child completes grade 2 of elementary school.  |
| <b>Daycare support</b><br><small>[revised in FY2015]</small>                     | <b>Aichi prefecture</b><br>Four Toyota Group companies jointly operate Cooperative nursery school "Tacchi House" primarily concentrated in the Mikawa region of Aichi prefecture. Tacchi House provides a childminding service during company operational hours.  |
|  | <b>Other regions</b><br>If parents work on public holidays, a room in the workplace is used by a professional to provide child-minding services.<br>* Available at Nara Plant and Kokubu Plant as of March 2017   |
| <b>Babysitter subsidization scheme</b><br><small>[revised in FY2015]</small>     | Employees can arrange babysitters for their children subsidized by the company when they have work commitments.<br>The company covers 50% of babysitting costs with an annual limit of 240,000 yen/person   |
| <b>Family care leave</b>   | A total of 365 days leave available for each family member in need of care. (Able to be broken into a maximum of three periods)   |
| <b>Shorter working hours for family care</b>                                     | Able to acquire up to two times within three years of first using the system for each family member requiring care.   |
| <b>Comeback support system</b>   | A system where employees who have had no choice but to resign due to their spouse being transferred or the need to care for a family member can return to work (comeback) if they have registered to do so upon their resignation and their circumstances allow it. In principle, this system is available for up to 5 years after resignation. |

#### Number of employees who took childcare leave **New!**

|  |        | 2012 | 2013 | 2014 | 2015 | 2016 (FY) |
|--|--------|------|------|------|------|-----------|
| Number of employees who took childcare leave | Female | 28   | 34   | 30   | 34   | 36        |
|  | Male   | 0    | 1    | 1    | 0    | 5         |

\*Numbers were counted at a different timing to last year, therefore the figures differ to last year's report.

#### Number of employees who took family care leave **New!**

|  |        | 2012 | 2013 | 2014 | 2015 | 2016 (FY) |
|--|--------|------|------|------|------|-----------|
| Number of employees who took family care leave | Female | 2    | 1    | 3    | 1    | 0         |
|  | Male   | 1    | 1    | 2    | 2    | 2         |

\*Numbers were counted at a different timing to last year, therefore the figures differ to last year's report

## Together with employees

### Reemployment of retired employees

To allow highly motivated retired employees with abundant knowledge and experience to continue working, JTEKT established a post-retirement reemployment system in April 2006. As of March 31st, 2017, 718 people reemployed by JTEKT and related companies were working at various workplaces and training younger employees who will one day become the leaders of JTEKT.

#### Application of the post-retirement reemployment system in FY2016

|                                    |                 |      |
|------------------------------------|-----------------|------|
| Number of those who are applicable |                 | 175  |
| Number of applications [a]         |                 | 157  |
| Number of re-employed [b]          | JTEKT           | 149  |
|                                    | Group companies | 8    |
| Rate of employment [b/a]           |                 | 100% |

### Provision of training and tools to consider asset building

A re-employment system clarifying expectations and roles was launched in FY2014 aimed at employees who return to work after retirement. In FY2015, an Asset Building Exploratory Labor-Management Committee was established to discuss pre-retirement asset building so that employees may retire with a sense of reassurance. In FY2016, the committee organized an increase in the amount JTEKT contributes to the Defined Contribution Plan and confirmed it would be providing training and tools for asset building aimed at raising employee awareness.

### Enhancement of career/life training

JTEKT's career/life training used to focus on employees turning 50 and 55 years old, however starting from FY2016, we began incorporating training targeting employees turning 28 and 30 years old. With the aim of providing an opportunity for employees to consider their life plan including their careers, assets formation, health management and knowledge of nursing care, training content is adjusted to suit the target age.

#### Career/life training participants (FY2016)

| Name of training                               | Target              | No. of participants |
|--|---------------------|---------------------|
| 28 y.o. – Career/life 28 training participants | Skill jobs          | 197                 |
| 30 y.o. – Career/life 30 training participants | Administrative jobs | 137                 |
| 30 y.o. – Life 30 training participants        | General jobs        | 10                  |
| 50 y.o. – Career/life 50 training participants | All employees       | 347                 |
| 55 y.o. – Career/life 55 training participants | All employees       | 216                 |
| <b>Total</b>                                   |                     | <b>907</b>          |

### Employment of people with disabilities

JTEKT supports the active participation of employees with disability in the workforce by creating comfortable workplaces and allocating personnel to best suit the characteristics of their individual disability. Moreover, with the retention rates of persons with disabilities not increasing in society as it should be, JTEKT is exerting efforts to help increase this rate by encouraging a good understanding of workplaces and tasks through hands-on training.

#### Number of disabled persons employed (As of the end of March 2016)

|   |       |
|---|-------|
| No. of employees with disabilities        | 300   |
| No. of employees according to legislation | 279   |
| No. over or short                         | +21   |
| Employment rate                           | 2.15% |

\* In accordance with legislation, employees with severe disabilities are counted twice (as 2 people) in the above table.

### [ Employee satisfaction improvement ] Workplace management questionnaires

Every December, JTEKT conducts a workplace management questionnaire for all employees. In FY2016 as well, we collected comments from employees in both managerial and non-managerial positions at each workplace through questions regarding the “understanding of the workplace mission”, “common perception of the upper management policies”, and “understanding of the connection between the upper management policies and personal themes”, etc. This allowed us to understand management status, such as whether the progress of daily operations is properly controlled and whether company policies are steadily communicated. We aim to create a better workplace by incorporating issues found through this questionnaire into the plan for the following fiscal year.

### Confirming the level of satisfaction through morale surveys

JTEKT conducts a morale survey in December each year, along with a workplace management questionnaire, in order to confirm the level of employee satisfaction/dissatisfaction towards the organization and policies, and their associated reasons. Incorporating the results into the plan for the following fiscal year will lead to improvement in employee satisfaction.

### Adoption of Cafeteria Plan for benefits

JTEKT has adopted a selection-based benefit program (Cafeteria Plan). Employees can freely select from the benefit menu, including food, travel, and family care, according to points received. In FY2016, the point usage rate was 96.2 percent.

We support our employees in having a fulfilling life through various programs and facilities such as the employee savings scheme, employee shareholding association, dormitories, and gym.

## Together with employees

### [ 10-year anniversary activities ]

#### JTEKT Global Tournament

On December 10th, JTEKT held JTEKT Global Tournament at Noevir Stadium Kobe in Kobe city, Hyogo prefecture as the closing event to mark its 10th anniversary. Around 5,000 employees gathered at the venue, including participants from both domestic and overseas group companies. In the first session of the commemoration ceremony, President Agata delivered a speech that reflected on the past decade and expressed determination to take a new step forward. The second session consisted of a participation-based event and anniversary concert. It was a global tournament that enhanced JTEKT employees' feeling of unity.



The "ONE JTEKT" slogan at Noevir Stadium Kobe

#### Compilation of "JTEKT 10 Years of Making History"

January 2016 marked JTEKT's 10th anniversary since establishment and "JTEKT 10 Years of Making History" was compiled in commemoration of this milestone. It introduces the individual histories of Koyo Seiko and Toyoda Machine Works prior to the merger, and the ten years of history since the 2006 merger. As a special feature, content of a sit-down discussion between the people directly involved in the merger was featured. The publication also included pages introducing JTEKT's No. 1 & Only One products and technologies as well as a section introducing domestic and overseas group companies. This document was distributed to all employees and an English translation provided to overseas group companies. This initiative had the effect of increasing the pride that employees feel towards their company and fostering a sense of unity for the JTEKT group on the whole.



English (left) and Japanese (right) versions of "JTEKT 10 Years of Making History"

#### JTEKT night game spectating

As a commemorative event of JTEKT's 10th anniversary and with the aim of fostering employee unity, express gratitude to our stakeholders and increase awareness of our company name, JTEKT employees went to pro baseball games together as spectators. This was held on two occasions, one in May at the Hanshin Koshien Stadium when the Hanshin Tigers took on the Chunichi Dragons in the Osaka Contest, and one in July at Nagoya Dome when the same teams faced each other again. Both events were participated in by JTEKT group employees and their families, as well as customers and business partners – totaling approximately 5000 JTEKT-related people. These were special events filled with a sense of unity and many were excited to see Executive Vice President Masakazu Isaka make the ceremonial first pitch, JTEKT's slogan display on the stand and so on.



The "10th JTEKT" slogan at Hanshin Koshien Stadium

## Together with employees

### Safety and health-related initiatives

#### Social background

The ISO26000 positions work habits as one of its central themes, and as such safety and health at work has been raised as an issue, and corporate safety and health management has been set in detail. Moreover, according to the Ministry of Health, Labour and Welfare, the number of people who die or take four days or more off work due to work-related injury or illness has reached 110,000 per year and companies are now expected to find feasible solutions to this problem.

#### The way of thinking by JTEKT

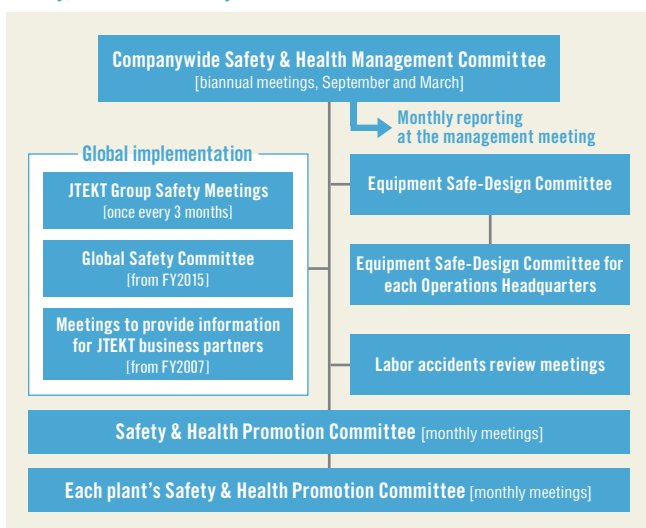
##### Aiming to create a safe and comfortable workplace environment

All JTEKT employees unite to engage in safety and health activities and create a comfortable workplace environment under our Companywide Safety & Health Policy.

##### Promoting activities under a centralized control system

In order to systematically and consistently promote the formation of a safe and comfortable workplace environment, we established a Companywide Safety & Health Management Committee and have formed a centralized control system which covers group companies both in Japan and overseas. JTEKT is rolling out its safety and health activities on a global scale.

##### Safety, health control system



#### Main activities FY2016

##### [JTEKT's safety activities]

##### Activities based on the safety & health management system

By FY2007, 11 plants and the Higashi-kariya Operation Center had acquired "JISHA OSHMS Standards Certification", certification by the Japan Industrial Safety & Health Association concerning occupational safety and health management systems with an emphasis on risk management. Since then, activities have been ongoing in accordance with the management system. In FY2014, the Sayama Plant also acquired certification.

##### JISHA OSHMS Standards Certification

**FY2016** Updated at Nara Plant, Toyohashi Plant, Hanazono Plant, Tadamisaki Plant, Higashikariya Operation Center and Tokushima Plant

**FY2017** Scheduled to be updated at Sayama Plant, Kokubu Plant, Kagawa Plant and Kameyama Plant

##### Aiming for zero work-related accidents ▶ Figure-01

At JTEKT domestic plants and operation centers, we continuously promote various safety and health activities aimed at achieving zero work-related accidents. Such activities include establishing Major 6 accidents (\*1) which can easily lead to death or impairment and the establishment of Safety DOJO (\*2) to prevent work-related accidents through improving work and equipment. Since FY2011 we have placed particular emphasis on countermeasures for "accidents caused by skipping machine-stop" (\*3) and continued in FY2016 to focus on eradicating these as an issue of utmost importance. As a result, we were able to reduce the number of failure-to-stop accidents from 9 in FY2015, to 5 in FY2016; however unfortunately, we were unable to fully eradicate them. Also, pedestrian accidents seem to be increasing but the total number of accidents has decreased (no. of lost time accidents has also fallen). We are working to thoroughly identify the reasons for such accidents and achieve our Safety Vision of "Safety First" - JTEKT should eliminate all the accidents. by accelerating our efforts in developing safety personnel and safe workplaces. In FY2017, we will aim to halve the total number of accidents from a year earlier.

\*1 Major 6 accidents Accidents arising through pinching/entanglement, heavy objects, vehicles, falling, electric shock and hot surfaces.

\*2 Safety DOJO A place where accidents on actual machinery are simulated and employees learn the importance of observing work rules through physical experience.

\*3 Accidents caused by skipping machine-stop Accidents which occur when troubleshooting or repairs are conducted without stopping the machine tools.

##### "Safety Vision" as the pillar of safety activities





## Together with employees

▶ Figure-01

### [ Safety activities of domestic group companies ] Held Domestic Group Safety Meetings

Continuing on from last year, safety meetings were held every three months. With the venue changing to a different company each time based on a system of rotation, these meetings were opportunities to confirm safety activities of the company where the safety meetings were held, extract hazards through shop floor patrols, exchange opinions and deploy countermeasures. In addition, major items (refer to S\_18 FY2016 Safety Activity Summary) were shared and engaged in by the entire group.

### Small group activities and special support activities ★ **New!**

Domestic group companies were divided into six small groups for each region and these groups met every two months. On such occasions, participants conducted shop floor patrols of each other's premises, extracted issues then established and implemented countermeasures. Moreover, focused support was provided for companies with frequent accidents in the form of the designated JTEKT responsibility confirming the progress of safety activities each month, as well as conduct local safety patrols and extra any issues. As a result of these initiatives, the total number of accidents for the entire domestic group was slightly less than the previous financial year. However, incidents continue to be frequent, therefore the entire JTEKT group will exert greater effort in developing safety personnel and safe workplaces moving forward.

▶ Figure-01

### [ Safety activities of overseas group companies ] Global safety meeting

Since FY2015, JTEKT has been holding global safety meetings with the aim of having all JTEKT companies unite in the pursuit of safety through information exchange with overseas group companies and mutual stimulation. The second of these meetings was held on July 12th at Wiz, JTEKT's Corporate Pension Fund Hall in Kariya city, Aichi prefecture. The four presiding companies for each region participated in this meeting to discuss the status of initiatives for development of safety personnel and creation of safe workplaces, then participated in tours of Kameyama and Toyohashi Plants specifically to observe safety activities.

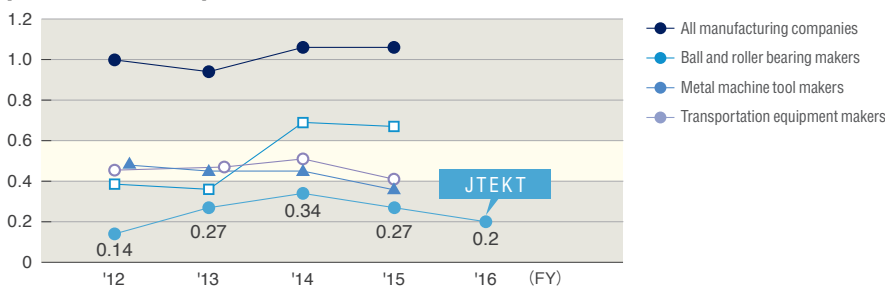
### Improving safety level on a global basis

Regarding the status of work-related accidents occurring at overseas group companies, 26 accidents occurred in 2016, compared to a total of 96 accidents in 2011. However, accidents caused by skipping machine-stop are still rising, as they have since 2012, demonstrating that overseas group companies faced the same problem as JTEKT domestic group companies. We will proactively assess conditions using the *genchi genbutsu* approach and implement support activities in order to raise the safety level globally and achieve zero accidents across JTEKT.

▶ Figure-01

### Change of industrial accident frequency rate

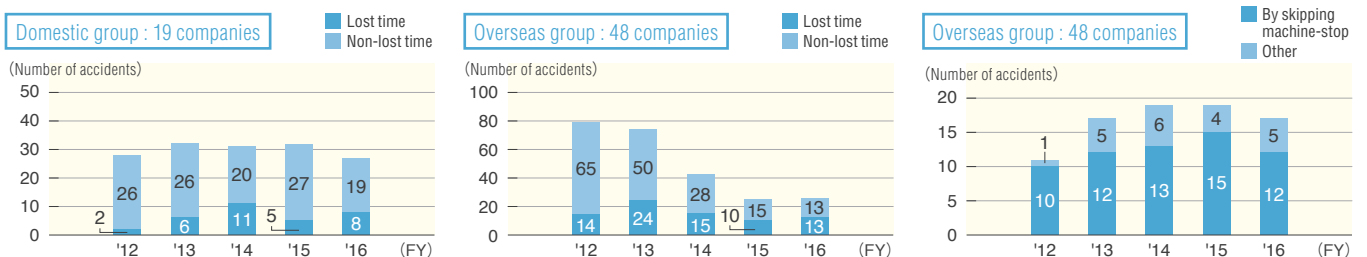
[Lost time accident rate] \* The FY2016 section of the graph only shows the lost time accident rate for JTEKT.



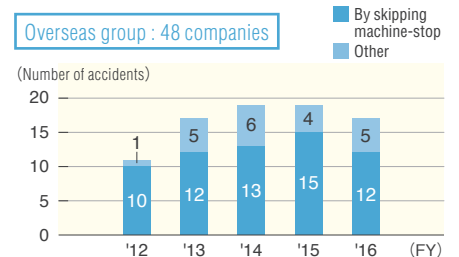
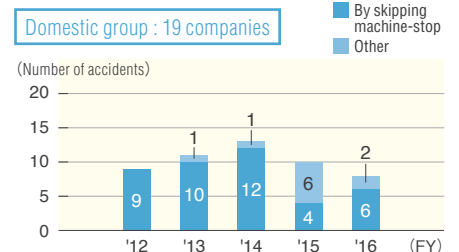
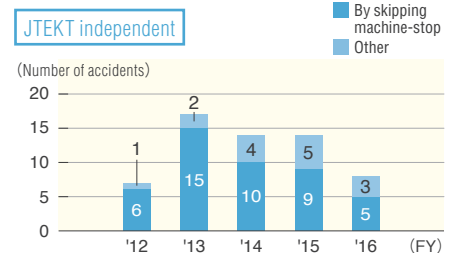
$$\text{Lost time accident rate} = \frac{\text{Number of lost time accidents} (*)}{\text{Total work hours}} \times 1 \text{ million}$$

\* **Lost time accidents** JTEKT defines lost time accidents as work-related accidents resulting in work absence of 1 day or more.

### Trend of total number of accidents



### Trend of the Major 6 accidents



\* The consolidated management scope differs between the Safety & Health Activities Report and Environmental Report. As such, the number of group companies in individual graphs also changes.

## Together with employees

### Summary of safety activities for FY2016

#### Major items

- Eradication of frequently-stopping equipment
- Promotion of red equipment (\*1) countermeasures
- Safety personnel evaluations (\*2) ● Full participation safety patrols
- Refresher training for troubleshooting ● Job risk assessment

#### Promotion of various equipment countermeasures

- Red equipment countermeasures: Completed for 2,921 machines
- Frequently-stopping equipment countermeasures: Completed for 2,315 machines
- Oil-leak countermeasures: 1,832 machines

#### Created workplaces where safety awareness is shared and workers warn each other about unsafe behavior

- Reinforced safety checks using the pointing and calling method, targeting 100 percent execution.
- Promoted proposals for near misses (\*3).  
→ Countermeasures were completed for all 103,464 proposals.
- Promoted training in Safety DOJOs and shop-based Safety DOJOs (\*4).
- Conducted an actual-condition assessment through a safety diagnosis by DuPont.

#### Global deployment

- Rolled out domestically deployed items to our overseas group companies.  
→ Held investigations when accidents occurred and promoted countermeasures.  
Promotion of countermeasures for equipment with oil leaks  
Safety personnel evaluation  
Eradication of frequently-stopping equipment  
Promotion of red equipment countermeasures

- \*1 **Red equipment** Equipment without covers which still have the risk of trapping hands.
- \*2 **Safety personnel evaluations** Individual employees conduct a self-assessment to confirm their own level as safety personnel and strive to achieve higher in this area.
- \*3 **Near misses** A safety and health activity involving gathering and sharing of information on near misses and the devising of reoccurrence prevention measures.
- \*4 **shop-based Safety DOJOs** A Safety DOJO targeting risk sources and equipment specific to a certain workplace or production line.



My CSR

Hiroshi Watanabe  
Safety & Health Control Dept.

For all employees and their families

The Safety & Health Control Dept. promotes the development of “personnel strong on safety” and “workplaces where employees can work with a sense of security by preventing work-related accidents, traffic accidents and fires”. Even one accident can cause grief for not just the employee(s) involved, but also their family and it could sometimes even ruin a person’s life. JTEKT constantly listens to the voice of our workers and sometimes take an iron-fist approach to create a safe and secure workplace for all and aim for zero accidents.

### Improving awareness and knowledge through safety & health education

One of the key requirements of workplace safety & health activities is the planned implementation of education and training. Our main forms of education are rank-based training based on job level and special training based on job type, while our main forms of training are Training named “4R” for safety awareness (\*5), danger-sensing training, and skill training.

\*5 **Training named “4R” for safety awareness** KYT stands for Kiken (danger), Yochi (recognition), and Training. The term “4R” means “4 rounds.” This is danger-recognition training through 4 phases.

#### Main training types (number of attendees in FY2016)

|                            |  |              |
|----------------------------|--|--------------|
| <b>Rank-based training</b> | Safety management training                               | 99           |
|                            | Group Leader training                                    | 85           |
|                            | New employee training                                    | 157          |
| <b>Special training</b>    | Training Center student training                         | 78           |
|                            | Grinding wheel replacement                               | 78           |
| <b>Others</b>              | Low-voltage handling                                     | 78           |
|                            | All-Toyota training for those overseeing outside workers | 545          |
|                            | All-Toyota training for those overseeing construction    | 138          |
|                            | Elevated-work training                                   | 769          |
|                            | Electric shock prevention training                       | 645          |
|                            | Education for risk assessment trainers                   | 372          |
|                            |  | <b>3,044</b> |

### [ Creating a comfortable workplace environment ]

#### Workplace noise countermeasures

JTEKT has been engaging in improvements to eliminate all Noise Level 3 Classification areas (90 dB or higher) however has still not succeeded in achieving this goal. We are promoting improvement activities as per plan, without delay.

#### Creating a workplace environment considerate of senior and female workers

In order to promote the creation of a workplace environment considerate of senior and female workers, JTEKT introduced our own original ergonomics assessment in FY2015 and has rolled this out to all domestic plants. From FY2016, we have been implementing improvements.

#### Improving high temperature workplaces

From the perspective of worker protection, JTEKT revised work environment measurement standards and began WBGT-based (\*6) assessments in FY2010. JTEKT’s index is WBGT 30°C. We will continue implementing countermeasures in FY2017.

\*6 **WBGT (Wet-Bulb Globe Temperature)** An indicator incorporating humidity, radiant heat and temperature, which significantly impact a person’s heat balance. Calculated using dry-bulb temperature, wet-bulb temperature and globe temperature.

#### WBGT (Wet-Bulb Globe Temperature) calculation method

Outdoors:  $WBGT = 0.7 \times \text{wet-bulb temp.} + 0.2 \times \text{globe temp.} + 0.1 \times \text{dry-bulb temp.}$   
Indoors :  $WBGT = 0.7 \times \text{wet-bulb temp.} + 0.3 \times \text{globe temp.}$

## Together with employees

### Health-related initiatives

#### Social background

With the ongoing increase in national health cover fees and decline in productive population, the health maintenance of employees can be interpreted from a company management perspective, and an increasing number of companies are incorporating the strategic concept of “healthy companies.” Moreover, according to the Ministry of Health, Labour and Welfare, the number of people who suffered from mental health issues due to highly stressful jobs and were recognized as eligible for workers’ compensation grew to almost 500 in FY2016 which is the highest since the survey began in 1983. Mental health measures by companies have become a matter of extreme importance.

#### The way of thinking by JTEKT

##### Promoting healthy minds and bodies for every employee

JTEKT values the health of each and every one of its employees and as such, conducts health management activities so that employees may enjoy and go about their daily work with vitality. As an initiative to promote healthy minds and bodies, we proactively promote mental health activities and activities for the prevention of lifestyle-related diseases.

#### Main activities FY2016

##### [ Achieving mental health ]

##### Further strengthening and promotion of mental health measures

▶ Figure-01

In FY2016, JTEKT continued to promote mental health measures which focused on preventing depression however in the end, there was an increase compared to last year of employees in twenties and forties taking time off work for the first time. For people in their twenties, we realized that there were many cases in which employees in their first three years with the company developed depression. One reason why people in their twenties are believed to be susceptible to depression is because they have just begun life on their own and lack support from people around them, therefore can become emotionally unbalanced. Causes for people in their forties include environment changes due to personnel shuffles, etc. and emotional issues triggered by interpersonal relationships with supervisors, colleagues, etc. In FY2017, we will reflect the results of FY2016 and promote training to improve an individual’s ability to deal with stress as well as improve management-level employees’ ability to notice unusual changes in their subordinates’ behavior.

##### Implementation of stress checks

JTEKT conducts stress checks as part of health checkups so that employees may be aware of their own stress levels and know their level of psychological burden. People found to have high stress levels have the option of receiving face-to-face counseling if they require it. Of the employees found to have high stress levels, 168 requested to speak with a welfare worker before seeking medical advice from a doctor, while 5 employees requested to medical advice from a doctor immediately. Of the reasons for high stress, the highest at 40 percent was interpersonal relationships, followed by 25 percent “feeling burdened by their work”, 20 percent stating their individual ability to handle stress was too low, and 15 percent stated “Other, family issues, etc.” JTEKT believes that improving interpersonal relationships in the workplace is an important factor of improving mental health.

##### Workplace improvement activities based on stress check results

▶ Figure-02

In order to ascertain stress levels in one’s own workplace and leverage this to make improvements, employees performed stress checks at their workplaces. The results are fed back to the division head. Regarding the evaluation per department in FY2016, Rank A workplaces (workplaces full of positive energy) had doubled, however Rank D and E workplaces (where stress is being felt) had decreased compared to the past three years, indicating a favorable trend overall. However, due to the increased number of employees taking time off work for the first time due to mental health-related issues, JTEKT believes the degree of stress ranges from high to low even within the same department depending on section and unit. In FY2017, we will conduct stress check analyses using a smaller unit so that we may establish more fine-tuned countermeasures.

#### TOPICS

##### Certified as a 2017 Excellent Health Management Company (Large-scale Company Category White 500)

In February 21st, JTEKT was certified as a 2017 Excellent Health Management Company (Large-scale Company Category White 500). This is a certification scheme promoted jointly by Japan’s Ministry of Economy, Trade and Industry and NIPPON Kenko Kaigi (\*1), whereby companies with notably superior health management are selected and commended. JTEKT’s proactive initiatives to promote both the mental and physical health of employees were regarded highly, leading to this year’s certification. JTEKT’s next goal is to be selected as a “Health Management Brand” (\*2) by the year 2020.



\*1 NIPPON Kenko Kaigi A group established to conduct effective activities aimed at extending the healthy life of all Japan’s citizens and realizing appropriate medical care through collaboration between civilian organizations and with the full support of government bodies.

\*2 Health Management Brand As part of promoting healthy companies, the Ministry of Economy, Trade and Industry is working together with the Tokyo Stock Exchange to select companies strategically engaging in the health management of employees from the perspective of business operations as “Health Management Brand”.

## Together with employees

### Held mental health training

JTEKT provided mental health training as part of the rank-based training targeting newly-appointed managers and supervisors. Mental health training comprised of the following components; understanding and dealing with mental disorders, how to listen to others, how to cope with personal stress, assertion (\*1) and so on. Moreover, compliance training targeting all employees in managerial positions raised the theme of “Anger management for prevention of power harassment.”

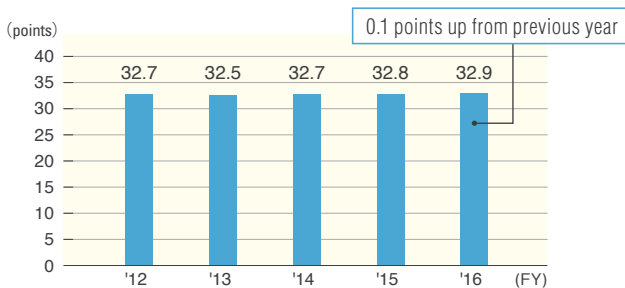
\*1 **Assertion** The skill of frankly conveying to another person on the spot one’s thoughts and feelings using appropriate expressions while respecting the other person’s thoughts and feelings.

### Support for employees taking time off work due to mental disorders in returning to work

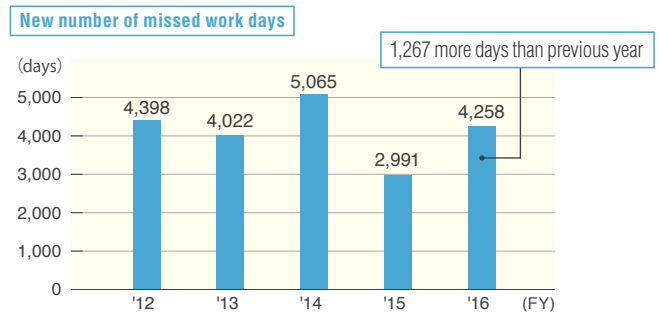
JTEKT supports the return of employees taking off work due to mental disorders, based on the Guidelines for Maintaining and Improving Workers’ Mental Health established by the Ministry of Health, Labour and Welfare. Our return to work support program focuses on reoccurrence prevention and cooperates with external organizations such as vocational centers for persons with disabilities. The reoccurrence rate dropped from 0.34 percent in FY2009 to 0.24 percent in FY2016.

▶ Figure-01

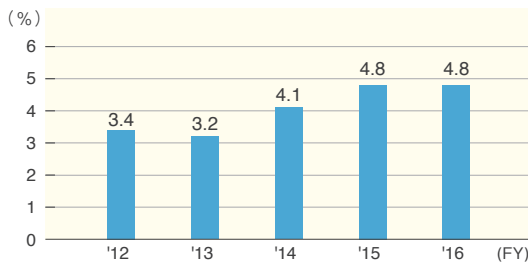
#### Transition of average stress levels (\*2)



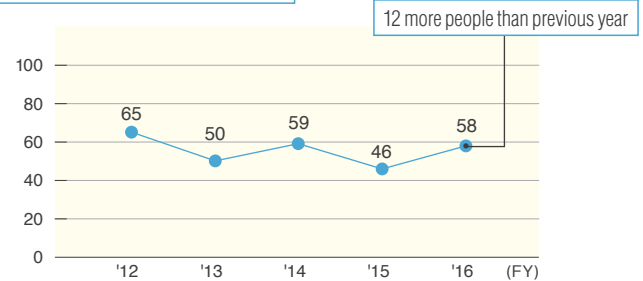
#### Number of work absences due to mental disorders



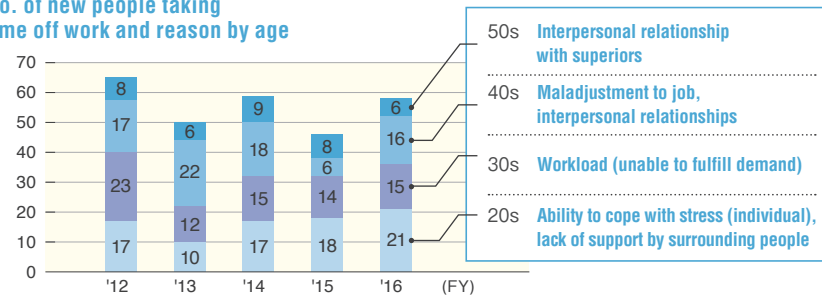
#### High-stress individual ratio yearly transition (\*3)



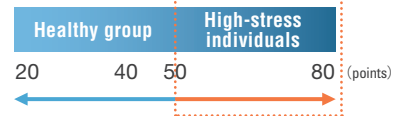
#### Number of newly absent employees



#### No. of new people taking time off work and reason by age



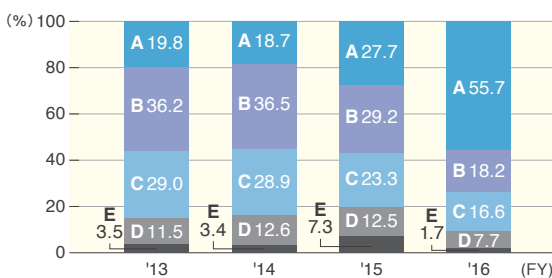
#### Stress level



\*2 **Stress level** Stress level = depression scale. Indicates the mental state and stress at the time the survey was conducted. Individuals with a stress level of 50 points or over are classed as “high-stress”. Individuals with 60 points or over are suspected of suffering from depression.

\*3 **High-stress individual ratio** Number of high-stress individuals against the total number of employees who submitted stress surveys.

▶ Figure-02 Stress check results



#### Ranks

- A Extremely good (workplaces full of positive energy)
- B Good (lively workplaces)
- C Normal
- D Poor (workplaces where stress is felt)
- E Extremely bad (high stress levels. Workplace improvement is necessary)

## Together with employees

### Establishment of “Health Day” ★ **New!**

JTEKT has established a “Health Day” for each month in order to enhance employee awareness and interest in health. Each Healthy Day raises a theme suited to the season and company events and health-related materials are circulated.



Circulated “Health Day” material

### Implementation of a “one word from each person” activity

As part of creating workplace with a positive atmosphere, JTEKT has been promoting an activity where everyone gives a few remarks according to a monthly theme during morning or afternoon workplace assembly. The aim of this activity is to create an opportunity for sharing each other’s feelings and speak directly with one another in order to vitalize workplace communication.

### Trend of excessive work measures

It is a company’s obligation to have employees working long hours interviewed by a doctor to ensure health maintenance. During the interview, an industrial physician checks the employee’s degree of fatigue and work situation. Employees diagnosed to have accumulated fatigue are given guidance on overtime work restrictions for the next month and on lifestyle.

### Awareness activities

There is a high possibility that excessive work may lead to cerebral vascular disturbance and ischemic heart disease. As such, JTEKT took into account the health risks related to working long hours and engaged in awareness activities which emphasize points to observe concerning “correction of frequent overtime, working weekends, and non-stop working stretches” and “assessing and controlling work time”. As a result, we were able to significantly reduce the number of employees in managerial positions who received long-hour worker health checkups in FY2016. However, unfortunately the number of general employees who received the long-hour worker health checkup rose. In FY2017, we will continue engaging in activities to make duties more efficient and improve management methods of equalization countermeasures and long hour workplaces.

### Transition of number of employees receiving checkup for working long hours

| Managers |                                    | Staff  |                                    |
|----------|------------------------------------|--------|------------------------------------|
| FY2012   | Approx. 2,523 (Average: 210/month) | FY2012 | Approx. 1,563 (Average: 130/month) |
| FY2013   | Approx. 2,767 (Average: 231/month) | FY2013 | Approx. 1,753 (Average: 146/month) |
| FY2014   | Approx. 3,004 (Average: 250/month) | FY2014 | Approx. 2,312 (Average: 193/month) |
| FY2015   | Approx. 4,451 (Average: 371/month) | FY2015 | Approx. 1,854 (Average: 155/month) |
| FY2016   | Approx. 2,408 (Average: 201/month) | FY2016 | Approx. 2,088 (Average: 174/month) |

\* Health checks for employees who work long hours apply to employees who have worked over 45 hours of overtime a week for 3 months consecutively, including management and general employees as well as employees who have worked over 70 hours of overtime in a single month.

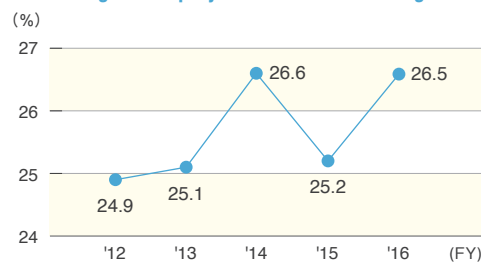
### [ Achieving physical health ]

#### Reducing the risk of lifestyle disease

Beginning with lifestyle-related diseases, we focus on the prevention, early detection and early treatment of illnesses, and actively support the health management of our employees. With BMI (\*) as one index to measure the risk of contracting a lifestyle disease, JTEKT established the goal of reducing the percentage of employees with a BMI of 25 or higher (excluding fixed-term employees) to 20% or less and are engaging in various activities towards achieving this.

\*BMI BMI is calculated by dividing body weight (kg) by height (m) squared. The Japan Society for the Study of Obesity (JASSO) stipulates that people with BMI of 25 or higher are obese.

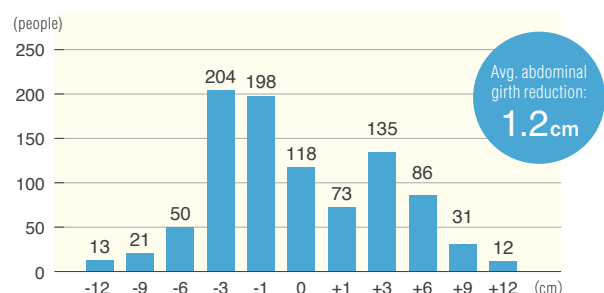
#### Percentage of employees with BMI 25 or higher



### Special health guidance ★ **New!**

The program that JTEKT began in 2008 for special health checkups and healthcare guidance is gradually taking hold. JTEKT is taking assertive action towards the objective of eradicating metabolic syndrome. In FY2016, the percentage of participants achieving their goal improved from 6.0 percent the previous year to 8.3 percent. Results of evaluations conducted six months from the guidance showed that 288 employees (31 percent) had reduced their abdominal girth by 3 cm or more and, of these, 67 employees had broken free from one of the criteria for diagnosing metabolic syndrome (an abdominal girth of 85 cm or more for men and 90 cm or more for women). On the other hand, there were as many as 264 (28 percent) employees whose abdominal girth increased by 3 cm or more, indicating that, even though participants in the program were aware of the need to improve their physique, they were not following this up by changing their behavior and obtaining concrete results. As such, JTEKT wants to enhance content in the future so that our health guidance may be more effective in realistic terms.

### Increase/reduction in abdominal girth of participants in special health checkups and healthcare guidance six months after start (total no. of participants: 941)



## Together with employees

### New, overnight stay-based health guidance (Smart Life Stay)

Continuing on from FY2015, JTEKT once again held overnight stay-based health guidance in FY2016 at Kaminoyama city, Yamagata for two nights and three days. This was held twice, once in August and once in October, with President Agata attending the October program. Health awareness of the 22 employees who participated was significantly improved and they are making ongoing improvements to their lifestyles.

### Data health plan ★ New!

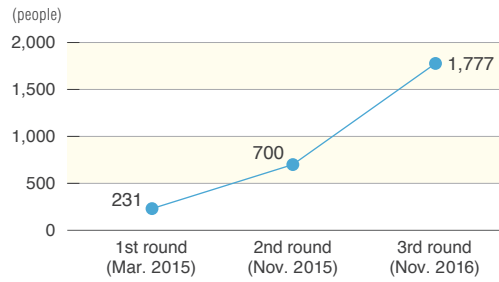
A data health plan refers to the effective and efficient implementation of health service based on the analysis of medical fees data/health checkup data and in accordance with a PDCA cycle. With the Japanese government establishing the “extension of healthy life expectancy for people” as one of its major policies, all health insurance associations are expected to establish and implement this data health plan. The department in charge of health promotion at JTEKT works with JTEKT’s health insurance association to roll out health services based on data analysis. In FY2016, as countermeasures for the growing severity of so-called “lifestyle diseases”, we conducted health guidance aimed at “preventing artificial dialysis due to diabetic nephropathy” and encouraged employees previously found to have health issues to go for examinations.

### Walking campaign

JTEKT launched a walking campaign in FY2014 in order to provide employees with the opportunity to adopt better daily exercise habits. The third round was held in November 2016. Under the theme of “Base to Base Walking”, participants walked a distance equivalent to the route between individual JTEKT bases with a goal of 10,000 steps per day. Every time, we are improving our planning and operational method of this campaign. In order to further increase the number of participants for the third round, we focused on strengthening the method of raising awareness of the event and incentives as well as introduced a new advance registration scheme and web-based system. As a result, we attracted 1,777 participants, largely exceeding our goal of 1,500. In FY2017, we will verify the effects of the campaign using exercise habits and obesity rate, etc. as indicators.

▶ Figure-01

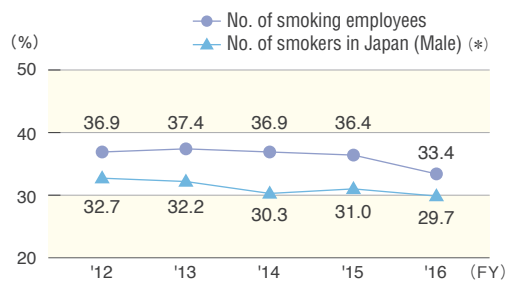
▶ Figure-01 Shift in walking campaign participant no.



### Quit Smoking campaign

JTEKT has continuously promoted a Quit Smoking Challenge as an activity to provide those employees who express a wish to quit smoking with full support from medical professionals. This activity aims at reducing the number of smokers working for JTEKT (excluding limited-term workers) to 32 percent or less by the year 2020. In FY2016, we conducted another survey to assess the awareness level towards quitting smoking. In a questionnaire-style survey targeting 3,185 employees, most of which were in managerial positions, the percentage of smokers interesting in kicking the habit had increased significantly from 11.0 percent to 40.7 percent compared with the previous year. JTEKT will continue supporting its employees to give up smoking through the Quit Smoking Challenge, etc. and not simply focus on the individual but also simultaneously take approaches to smoking environments/workplaces so that the percentage of smokers may fall and in order to prevent passive smoking.

### Transition of percentage of smokers



\*From an investigation by JT



Company newsletter

Posters

Company intranet

## Together with employees

### Various data on employees

| Item  |  | Unit      | FY2014            | FY2015            | FY2016            |     |
|---|--|-----------|-------------------|-------------------|-------------------|-----|
| Number of employees<br>(Total permanent, fixed-term, part-time, reemployed, and temporary employees)  |  |           | 14,842<br>(3,724) | 14,702<br>(3,442) | 15,393<br>(3,363) |     |
|   | Men  | People    | 13,442<br>(3,157) | 13,312<br>(2,930) | 13,898<br>(2,787) |     |
|   | Women                                      |           | 1,400<br>(567)    | 1,390<br>(512)    | 1,495<br>(576)    |     |
| Average age   |  |           | 38.9              | 38.9              | 39.3              |     |
|   | Men  | Age       | 39.0              | 39.0              | 39.4              |     |
|   | Women                                      |           | 37.8              | 37.9              | 37.8              |     |
| Years of employment   |  |           | 15.3              | 15.4              | 15.7              |     |
|   | Men  | Years     | 15.6              | 15.7              | 16.1              |     |
|   | Women                                      |           | 11.2              | 11.2              | 11.2              |     |
| Number of employees who quit within 3 years of entering the company<br>[permanent employees, seasonal recruits, quitting due to personal reasons] |  | %         | 3.68              | 3.70              | 2.54              |     |
| Persons hired<br>[Seasonal recruitment]   | Total                                      |           | 309               | 311               | 345               |     |
|   | Men  |           | 283               | 280               | 308               |     |
|   | Women                                      |           | 26                | 31                | 37                |     |
|   | Administrative                             | Total     | People            | 47                | 50                | 55  |
|   |  | Men       |                   | 26                | 24                | 32  |
|   |  | Women     |                   | 21                | 26                | 23  |
|   | Engineering                                | Total     | People            | 89                | 87                | 103 |
|   |  | Men       |                   | 89                | 86                | 94  |
|   |  | Women     |                   | 0                 | 1                 | 9   |
|   | Technical                                  | Total     | People            | 173               | 174               | 187 |
| Men   |  | 168       |                   | 170               | 182               |     |
| Women   |  | 5         |                   | 4                 | 5                 |     |
| Rate of Senior Partner re-employment system application   |  | %         | 100               | 100               | 100               |     |
| Percentage of employees realizing personal growth (*)   |  | %         | 32                | 33                | 36                |     |
| Percentage of employees feeling job satisfaction (*)  |  | %         | 36                | 37                | 39                |     |
| Percentage of employees happy with the company (*)  |  | %         | 27                | 28                | 29                |     |
| Percentage of employees with a BMI above normal   |  | %         | 26.6              | 25.2              | 26.5              |     |
| Percentage of smokers   |  | %         | 36.9              | 36.4              | 33.4              |     |
| Number of incidents reported within the company<br>(corporate ethics consultation desk /<br>harassment helpline)                                  | Total                                      |           | 51                | 51                | 45                |     |
|   | Compliance with laws/rules                 |           | 4                 | 3                 | 4                 |     |
|   | HR systems                                 |           | 10                | 10                | 6                 |     |
|   | Workplace communication                    |           | 4                 | 2                 | 5                 |     |
|   | Sexual harassment-related consultations    | Incidents | 1                 | 0                 | 1                 |     |
|   | Power harassment-related consultations     |           | 20                | 27                | 10                |     |
|   | Consultations on other forms of harassment |           | 1                 | 2                 | 12                |     |
|   | Health and safety                          |           | 3                 | 1                 | 1                 |     |
| Other   |  |           | 8                 | 6                 | 6                 |     |

\* From the workplace management questionnaire (6 options).

# Together with local communities

## Social background

The importance of participating in and contributing to the local community is one of the seven core themes of ISO26000. The 4th edition of Sustainability Reporting Guidelines (G4 Guidelines) touches on local community development programs based on the needs of local community. As “corporate citizens”, companies are expected to contribute to the local society in a variety of ways.

## The way of thinking by JTEKT

### “Social contribution activities” as one of the Corporate Activities Standards

One of JTEKT’s Corporate Activities Standards is “As a good corporate citizen, aggressively pursue activities that contribute to society.” The Social Contribution Working Group under the CSR Promotion Committee (which changed its name to “Council for Enhancement of Corporate Value” in March 2017) leads in expanding a variety of social contribution activities, supported by activities rooted in the local community, proactive individual activity towards building nature and culture, and activities to support the affected areas of the Great East Japan Earthquake.

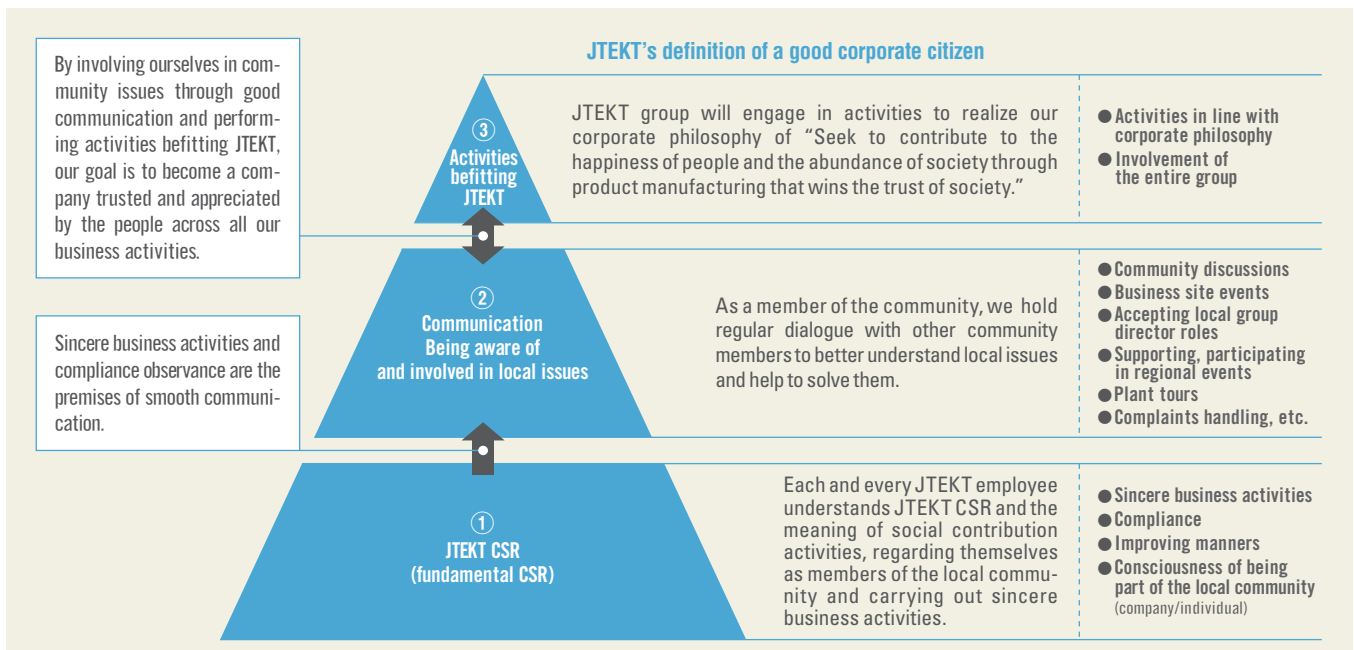
### What we want to achieve

▶ Figure-01

JTEKT promotes activities for social contribution as a good corporate citizen, with the aim of developing alongside the local community.

For activities befitting JTEKT, each base actively interacts with their local communities, aims to solve regional issues and engages in actions rooted in the local community.

▶ Figure-01



## Main activities FY2016

### [ Communication ]

In FY2016, there were a total of 655 cases of social contribution activities (of which 129 were new) reported by domestic bases. At JTEKT, we believe that identifying the needs of the community through interacting with its members is the first step in achieving activities rooted in the local community therefore community discussions, plant festivals, etc. were held at each base to deepen communication with the region.

### Holding community discussions at all plants

We periodically invite local government officials and community members to participate in community discussions at each plant and operation center. At these discussion sessions, we report achievements and exchange opinions concerning environmental conservation activities, and conduct plant tours, etc., to build a good relationship with the local community. During FY2016, sessions were held at all 13 domestic plants.

→ E\_10·21 Related article



Community discussion at Kokubu Plant

Community discussion at Tadamisaki Plant



## Together with local communities

### Deepening friendships through plant festivals

Each of JTEKT's plants and operation centers hold festivals every year, with stage shows, games, employee-run stalls and more. The aim is to promote friendship between employees, families and the local community. Festivals were held at 10 plants and at the Higashikariya Operation Center in FY2016, counting a total of 8,037 visitors.



The festival at Okazaki Plant. Part of the profits from stall sales was used to donate road safety goods to the Civic Safety Department, Okazaki city office.

### Various forms of communication with the community

In addition to community discussions and plant festivals, JTEKT is deepening its communication with the community through various forms.

Introduction of activities

#### Support for the Tokushima Marathon 2017 ★ New! Tokushima Plant

Seven JTEKT employees from our Tokushima Plant volunteered to help run the Tokushima Marathon 2017 held on March 26th. These employees provided salt at the water stations along the



Employees providing salt to runners at water stations while cheering them on.

marathon course. The employees involved expressed their desire to proactively participate in activities that could contribute to the community again in the future.

Introduction of activities

#### Donating drop curtain and light truck to communities ★ New! Daibea Co., Ltd.

Daibea is a bearing manufacturer with its head office and Izumi Plant located in Izumi city, Osaka prefecture and its Nabari Plant located in Nabari city, Mie prefecture. The company was established in February 1936. In 2016, as commemoration of 80th anniversary in business, it has donated a drop curtain to Izumi city and a light truck to Nabari city.



The drop curtain is used by Minami Matsuo Hatsugano Elementary and Junior High School in Izumi city.



The light truck is used by Nabari city hall.

### [ Nurturing of young community members ]

Through activities such as *monozukuri* classes and sporting events, JTEKT contributes to the nurturing of young community members.

JTEKT held *monozukuri* classes at schools and children-orientated events to teach children about car parts, etc.



A visiting class at Sakurai Minami Elementary School, Sakurai city led by employees from Nara Plant. The children wrote reviews on the class, saying that they thought it was a valuable experience to see an engine up close.



For the first time, JTEKT participated in Kids Engineer 2016 held at PACIFICO Yokohama. Children learnt about the functions and mechanisms of various car parts.

JTEKT STINGS (a men's volleyball team) held volleyball lessons in the regions throughout Japan where JTEKT has bases.



A costumed mascot participated in the lesson held at Hamura city, Tokyo.



Using body language to passionately give guidance to students with disabilities at Aichi Prefectural Okazaki School for the Hearing Impaired.



Giving guidance to around 100 elementary school students from prefectural schools at JTEKT Arena Nara.



→ S\_04 Related article

## Together with local communities

Introduction of activities

### Supporting nearby schools from various aspects ★ **New!**

JSAI (India)

JSAI provided support to nearby schools in the form of flushable toilets, installation of a water filtration unit and library, dispatch of computer teachers, etc. At a gathering by the school to show their appreciation for JSAI's support, heartfelt thanks were expressed by many, including the representative of the village, students and their guardians.



At the gathering of appreciation



Flushable toilet installation

### [ Welfare support ]

JTEKT supports the socially vulnerable, such as sick persons and those with disabilities, in many ways.

Introduction of activities

### Ongoing "Once a year, volunteer" activity All domestic bases

In order to foster a culture whereby all JTEKT employees proactively participate in volunteer activities, JTEKT continued its "Once a year, volunteer" activity again in FY2016 in which it distributes novelty goods to employees who have engaged in volunteer activities. Novelty goods that would contribute to supporting the welfare of people with disabilities or people living in zones affected by natural disaster were chosen.

### | Selling bread and sweets at a vocational aid center |

With continuance of our "Once a year, volunteer" activity, an initiative involving selling bread and sweets made at vocational aid centers is growing popular at each base. Through this activity, JTEKT has deepened its connection with the people at vocational aid centers.



Osaka Head Office (multipurpose hall)



East Japan Branch Office (JTEKT ROOM Ginza)

Introduction of activities

### A hands-on seminar to increase awareness of welfare

Toyota Branch Office

Following on from previous fiscal year, a hands-on seminar was held again this year in order to increase employees' understanding of disabled peoples' perspectives and way of life as well as interest in their welfare. Two lecturers with disabilities themselves were invited to lead the seminar and a vision impairment booth was set up for employees to see how a guide dog did its duty, read braille, etc., as well as a hearing impairment booth, where employees joined in a gesture game, and tried speaking in sign language.



Expressing one's name in sign language



A guide dog smoothly showing the way

### [ Road safety ]

JTEKT actively promotes a number of road safety activities, including "risho" (※), which is carried out at each of our domestic bases.

※ **Risho** A practice unique to Japan where, on the morning of a specific day every month, employees of automotive-related companies promote road safety awareness amongst drivers. This activity aims to reduce the number of road accidents.



Traffic safety activity "risho" at the roads surrounding Higashikariya Operation Center



Introduction of activities

### "Dial 110 Day" promoted by Mareka Shidochi ★ **New!**

Mareka Shidochi, JTEKT's employee and a well-known female wrestler, was designated by the Hokkaido Prefectural Police to be head of the Command and Control Center for a day on January 10th and engage in activities to promote "Dial 110 Day".



Mareka Shidochi - active in women's wrestling



A mock emergency call response

## Together with local communities

### [ Community beautification ]

JTEKT employees actively participated in activities to make the community beautiful and foster harmony with local regions. This activity was carried out at all domestic bases, including plants, head offices and branch offices, in FY2016 also.



Kariya Plant 530 (zero garbage) activity



Higashinoh Branch Office: Gathering of fallen ginkgo tree leaves in Ginza



Hiroshima Branch Office: Cleanup activity around the office



Nagoya Head Office: Joint cleanup activity with companies around the office

### [ Harmonization with nature ]

JTEKT considers environmentally-orientated social contribution to be of great importance. Each plant and operation center engages in a variety of activities with community members aimed at harmonization with nature.



Kagawa Plant's participation in "Building Kagawa's Vibrant Sea"

[→ E.23 Related article](#)



Toyohashi Plant's participation in "Sandy Beach Fureai Walk", an initiative to clean up coastal areas



[→ E.23 Related article](#)

### [ Disaster area support ]

It has been six years since the Great East Japan Earthquake, yet devastated areas are still in the midst of recovery and reconstruction. JTEKT has designated the support for disaster areas as a pillar of our societal contribution activities, and our employees continue to participate in support activities. JTEKT also supported the areas devastated by the Kumamoto Earthquake.

Introduction of activities

### Volunteering at Great East Japan Earthquake disaster areas ★ New!

As part of JTEKT's 10th anniversary campaign, JTEKT employees engaged in volunteer activities in the disaster areas devastated by the Great East Japan Earthquake from the 23rd to the 25th of September. A total of 45 employees participated in various locations around Minami Sanriku town and Kesennuma city, Miyagi prefecture region.



Received expressions of appreciation from faculty members for wiping windows and repairing shoe boxes at a community center.



Cooperated with the Kesennuma Asobiba Community Organization that runs play centers for children by making chairs and desks.



Visited various locations in disaster area while listening to a storyteller and donated flowers at the Crisis Management Department

Introduction of activities

### Charity caravan supporting disaster areas All domestic bases

JTEKT ran charity caravans supporting disaster areas at all of its domestic bases as a companywide support activity utilizing the cafeteria menu and vending machines. FY2016 was the fourth year of this initiative and a total of 3,401,851 yen was raised in donations. The money raised was donated to ten volleyball teams at six schools in Kesennuma/Minami Sanriku and Kesennuma Asobiba Community Organization as support for their activities.

#### Donations

|        |                        |
|--------|------------------------|
| FY2013 | → 2,314,976 yen        |
| FY2014 | → 2,620,525 yen        |
| FY2015 | → 3,302,973 yen        |
| FY2016 | → <b>3,401,851 yen</b> |

∥ Ongoing in FY2017! ∥



Held at various schools in Minami Sanriku town, Kesennuma city. Received messages of thanks and photos afterwards.

## Together with local communities

Introduction of activities

### Volleyball class supporting disaster area recovery

JTEKT STINGS

On July 9th, JTEKT STINGS held a volleyball class to support disaster area recovery. This class was participated in by around 100 members of high school volleyball teams in Kesenuma/Minami Sanriku and served to deepen interaction.



This volleyball class is in its 5th year, and has been ongoing since June 2011, when JTEKT held our first class in the disaster area three months after the earthquake and tsunami devastated the region.

#### TOPICS

### Volleyball team members at high school in area receiving JTEKT support begin cleanup activity at closet train station

The boys/girls' volleyball team at Motoyoshihikibi High School, Miyagi prefecture have begun activities under the theme of "contributing to the community" after discussing amongst themselves what they can do as a show of appreciation to JTEKT for the money we donate towards supporting their activities and providing volleyball classes. Currently the team members engage in a cleanup activity around their closet train station, JR Motoyoshi Station once a week. JTEKT received a letter from the team members which read "While receiving your support, we renewed our awareness of the importance of doing something not for yourself, but for the benefit of others, and this was our opportunity to start some form of activity that would contribute to our community."

Introduction of activities

### Participation in "Heart-Warming Sport Projects"

New!

"Heart-Warming Sport Projects" are projects whereby athletes are dispatched to schools in the regions affected by the Great East Japan Earthquake in order to support their emotional recovery and contribute to restoration and recovery.

This project is sponsored by the four organizations of the Japan Sports Association, Japanese Olympic Committee, Japan Football Association and Japan Top League Alliance. As part of "Keep-Smiling Sport Experiences" - one initiative of this project - former JTEKT STINGS member, Shiro Furuta (at the time) taught a lesson at Kuji City Ookawame Elementary School in Iwate prefecture on August 24th.



After having the kids engage in physical exercise, Mr. Furuta talked about his own experiences and conveyed the importance of striving towards ones' dream.

Masayuki Kubota  
CNK Co., Ltd.

### Community contribution activities participated in by all employees

My CSR



CNK proactively engages in a companywide activity aimed at protecting the environment. In concrete terms, CNK's Environmental Committee regularly meets and rolls out activities for energy-saving, resource-saving and community contribution. In the resource-saving activity, all departments enforce waste separation and waste quantity control. In the community contribution activity, all CNK employees engage in weeding around the parking lot, cleaning public roads, etc. on a monthly basis. CNK wishes to continue these activities and have its employees constantly encourage one another to contribute to the community.

Atsushi Sagami  
Koyo Thermo Systems Co., Ltd.

### Social contribution activities at one with the community

My CSR



Koyo Thermo Systems Co., Ltd. is blessed with a lush green environment due to its location at the confluence of Furugawa river and Yamatogawa river in Tenri city. The company is a member of the Environment Liaison Council, City of Tenri, a group established for the purpose of protecting Tenri's natural environment. As part of this, the company engages in river cleanup activities, introduces eco-friendly cooking with minimal food waste and so on. It also engages in regular cleanup activities around company premises. Koyo Thermo Systems will continue contributing to regional society through environment protection activities.

# Together with shareholders and investors

## Social background

The transparency of company management is scrutinized, making it increasingly important to disclose information in an accurate and timely manner and establish accountability. Moreover, in the financial sector as well, it is becoming more commonplace to emphasize ESG (\*1) information when assessing a company's value. Therefore, it is important for a company to be able to balance earning power with business sustainability.

\*1 ESG The first letters of "Environment", "Social" and "Governance". Items a company must consider when rolling out its businesses as corporate responsibility.

## The way of thinking by JTEKT

### Aiming for highly transparent management

One of JTEKT's Corporate Activities Standards is "Maintain close communication not only with shareholders but also with society at large, disclose corporate information properly, and strive continuously to improve company value." Based on this concept, we guarantee transparent management, and strive to construct a long-term relationship of trust with shareholders and investors.

## Main activities FY2016

### Information disclosure and IR activities

JTEKT not only observes rules on legislated disclosure and timely disclosure, but also strives to increase the transparency of its management. In addition, in order to deepen understanding of JTEKT and the JTEKT group by shareholders and investors, the company also actively discloses information that is both well-timed and appropriate voluntarily and in a fair manner, through various IR activities.

### End-of-period IR results briefing

At the end-of-period IR results briefing for analysts and institutional investors held in May 2017, direct dialogue was had regarding the status of each JTEKT business with the general manager

of each business headquarters in attendance. We incorporate feedback received through such dialogue in the annual review and revision (\*2) of our mid-term management plan and strive to reflect it in our business activities.

\*2 Review and revision Regularly revising a plan to suit changes in the management environment.

### Main IR activities

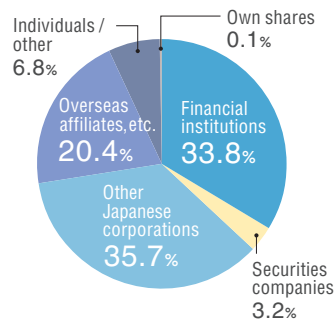
| Target  | IR activity   |
|---|---|
| Domestic institutional investors/stock analysts | <ul style="list-style-type: none"> <li>● Hold IR results briefing and small meetings</li> <li>● Individual interviews</li> <li>● Issue of JTEKT Report (integrated report)</li> </ul>     |
| International institutional investors           | <ul style="list-style-type: none"> <li>● Individual interviews</li> <li>● Participate in stock company-hosted conferences</li> <li>● Issue of JTEKT Report (integrated report)</li> </ul> |
| Individual shareholders/individual investors    | <ul style="list-style-type: none"> <li>● Notify business reports and summons of General Meeting of Shareholders</li> </ul>  |

### Shareholder status

Current as of the end of March 2017, the number of shares issued was 343,286,000 and the breakdown of shareholders is as follows.

→ J\_48 Related article

### Shareholder distribution status



|                             |         |                 |
|-----------------------------|---------|-----------------|
| Financial institutions      | 116,174 | thousand shares |
| Securities companies        | 11,154  | thousand shares |
| Other Japanese corporations | 122,433 | thousand shares |
| Overseas affiliates, etc.   | 69,943  | thousand shares |
| Individuals/other           | 23,307  | thousand shares |
| Own shares                  | 271     | thousand shares |

As of the end of March 2017 (anything less than 1,000 rounded down)

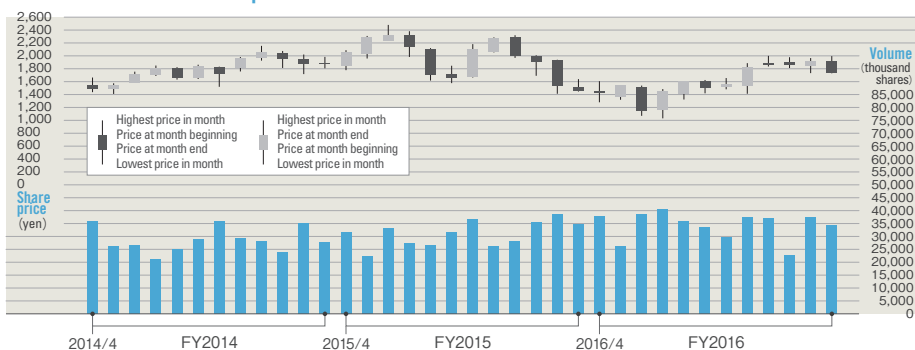
### Business performance and return of profits

JTEKT considers ongoing stable dividends a basic premise and comprehensively considers performance and payout ratio in order to satisfy the expectations of our shareholders. Based on this policy, the dividend per share for FY2016 was 42 yen, which is equal to last year's amount.

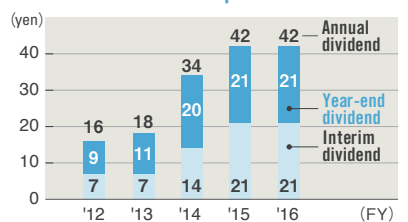
→ J\_18-48 Related article

▶ Figure-01

### Transition of JTEKT share price



### Transition of dividend per share



### JTEKT bond ratings

| Rating institution                   | Long-term rating | Short-term rating |
|--------------------------------------|------------------|-------------------|
| Japan Rating Agency                  | A+               | J-1               |
| Rating & Investment Information, Inc | A                |                   |