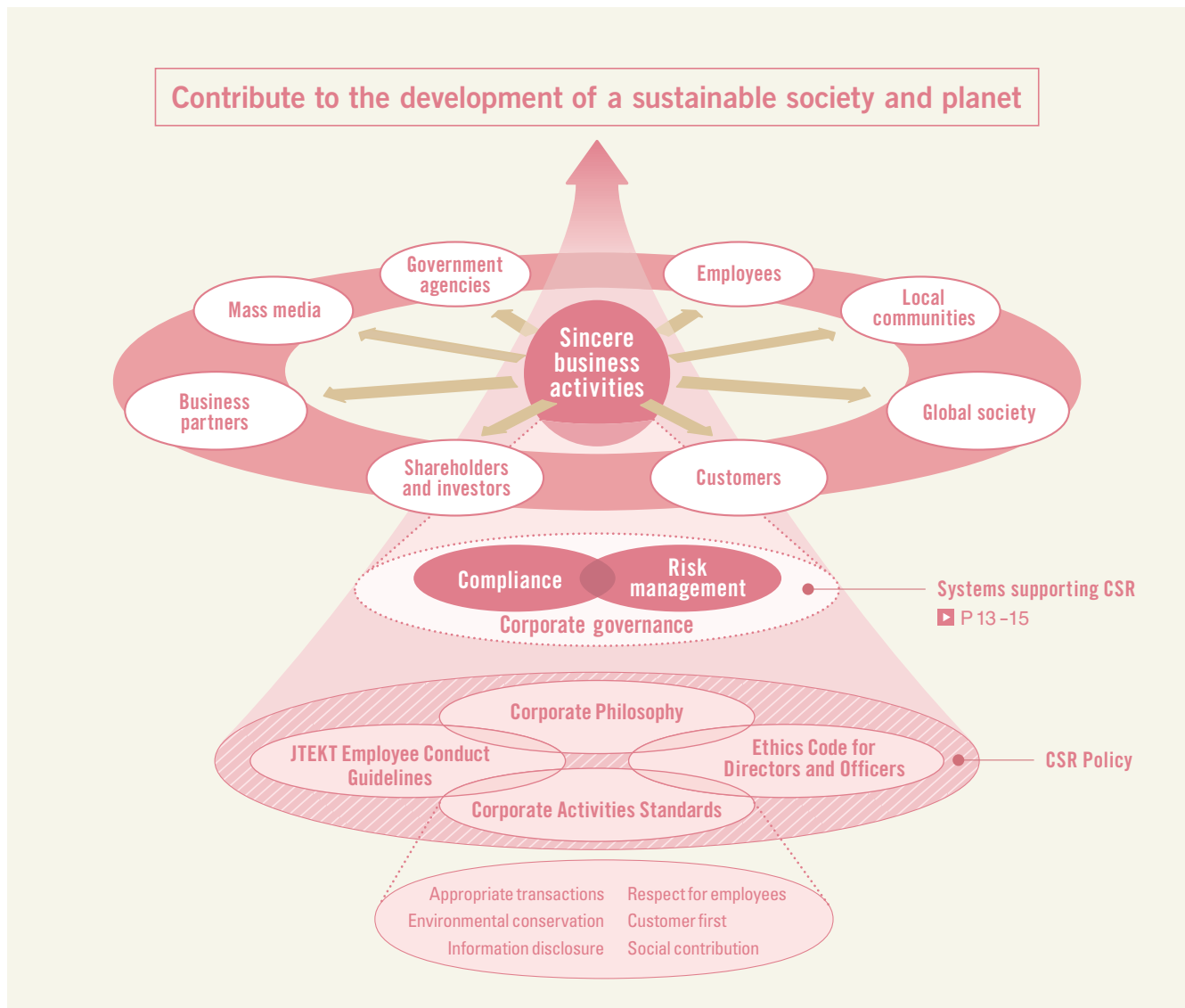


JTEKT CSR

JTEKT is still a young company.

We aim for the maturity and establishment of our own CSR.

JTEKT's CSR concept



Contributing to the happiness of people and the abundance of society through product manufacturing

In our corporate philosophy, JTEKT uphold the slogan of “contributing to the happiness of people and the abundance of society through product manufacturing”. The first step of JTEKT’s CSR is to be strongly aware of the issues facing society and actively pursue solutions.

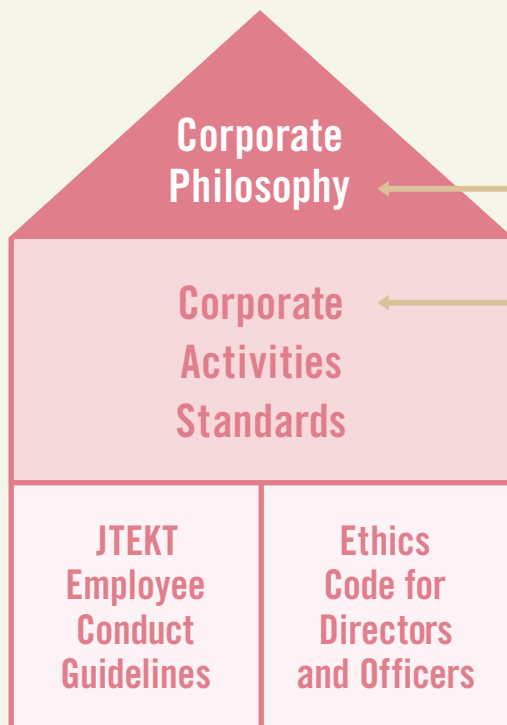
With bearings, referred to as the “backbone of the industry”,

and machine tools, known as “mother machines”, as our primary businesses, we have contributed down through time to industry development and the safe and affluent lives of people. From here forth also, we will aggressively search for solutions to the issues facing society which will continue to grow more serious, such as the global environment, the depletion of resources, traffic accidents and so forth. Furthermore, amidst increasing globalization, we will respect diverse values and fulfill our responsibility as a world citizen, and in doing so contribute to the development of a sustainable society.

JTEKT was formed in 2006 when Koyo Machines and Toyoda Machine Works merged. Both companies have a long history but only 4 years have passed since JTEKT was born. “What is our CSR?” — that is the answer we are still in pursuit of.

CSR Policy

JTEKT’s CSR Policy comprises of the Corporate Philosophy, Corporate Activities Standards, Employee Conduct Guidelines, and Ethics Code for Directors and Officers.



The JTEKT Group, in order to fulfill its mission of “contributing to the happiness of people and the abundance of society through product manufacturing,” seeks to carry out business activities in harmony with the economy, society, and the environment. As a good corporate citizen, we will continue activities to obtain the further trust of stakeholders and contribute to the sustainable development of society and the environment. We also share this idea with our business partners in the anticipation they will follow our lead.

● Corporate Philosophy

Corporate Purpose

Seeks to contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.

Management Stance

1. Create new value and provide society with joy and inspiration on a broad scale.
2. Aim for growth in harmony with society through innovative operations on a global basis.
3. Create a bright, energetic corporate atmosphere based on respect for people.
4. Strive toward the realization of safer, more abundant living circumstances.

● Corporate Activities Standards

1. Follow proper business practices and engage in fair, transparent and free competition based on a respect for the law.
2. Derive concepts from the market, provide the best in quality, technology and service, and obtain the satisfaction and trust of customers.
3. Carry out global environmental improvement activities proactively and aggressively with deep awareness of their being an important corporate mission.
4. Respect the individuality of employees, create workplaces that are motivating to employees and enable them to fulfill their potential, and strive to provide each with abundant living circumstances.
5. Maintain close communication not only with shareholders but also with society at large and disclose corporate information properly.
6. As a good corporate citizen, aggressively pursue activities that contribute to society.
7. Follow international rules, observe the laws, cultures and customs of countries and regions where we have operations, and seek to contribute to their growth.

CSR Promotion Structure

Centered on the CSR Promotion Committee established in February, 2009, we are involved in various activities and raising employee awareness.

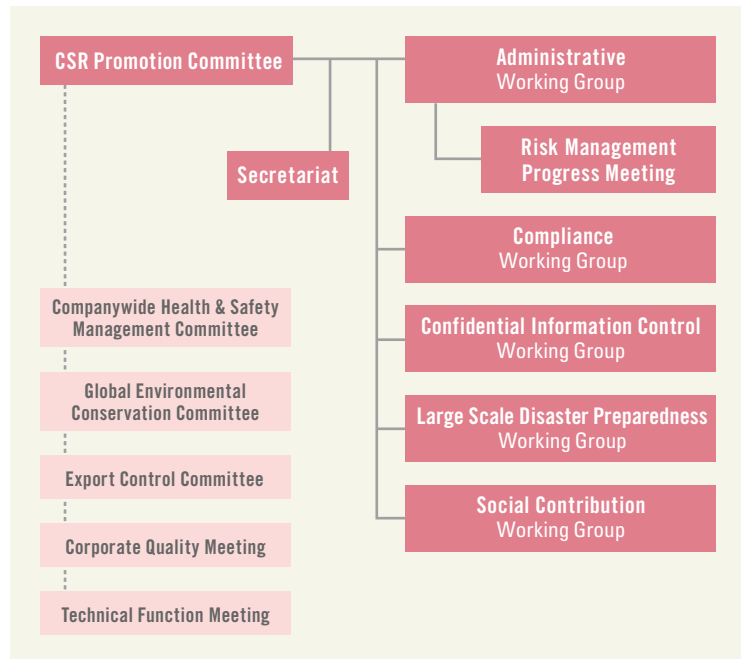
Systematic promotion of CSR activities

In February 2009, JTEKT established a CSR Promotion Committee chaired by the company president in order to systematically promote CSR activities on a companywide and group-wide basis. This organization discusses how best to accomplish the missions of fulfilling the Corporate Philosophy and controlling risk through CSR activities from many angles.

Establishment of specialized working groups

Specialized working groups have been established to form and carry out action plans regarding important topics such as compliance, confidential information control, and disaster preparation and response.

Outline of the structure



Overview of each organization

• Administrative Working Group

Plan and monitor the progress of CSR activities and expand them to group companies. Identify risks, prepare countermeasure plans, and monitor plan progress.

• Compliance Working Group

Raise awareness of the need for compliance with laws, internal rules, and business ethics.

• Confidential Information Control Working Group

Devise and implement a structure and systems for ensuring information security.

• Disaster Preparedness Working Group

Strengthen buildings and equipment to withstand disasters, prepare a manual for early recovery, etc.

• Social Contribution Working Group

Promote social contribution and volunteer activities.

CSR activities in each department

At JTEKT, CSR activities are promoted by the specialized committees and working groups operating under the CSR Promotion Committee. Individual departments such as General Administration and Personnel each include CSR targets in their annual policies and pursue these targets in a planned manner using the PDCA cycle (*1). Each working group's lead department compiles achievement results and reports to the CSR Promotion Committee. By this structure, JTEKT aims to promote the energetic, consistent carrying out of CSR activities throughout JTEKT and the JTEKT Group.

→ P 16-17 Related article

*1 PDCA cycle PDCA is a management tool for continuously improving work by repeating a Plan-Do-Check-Action cycle.

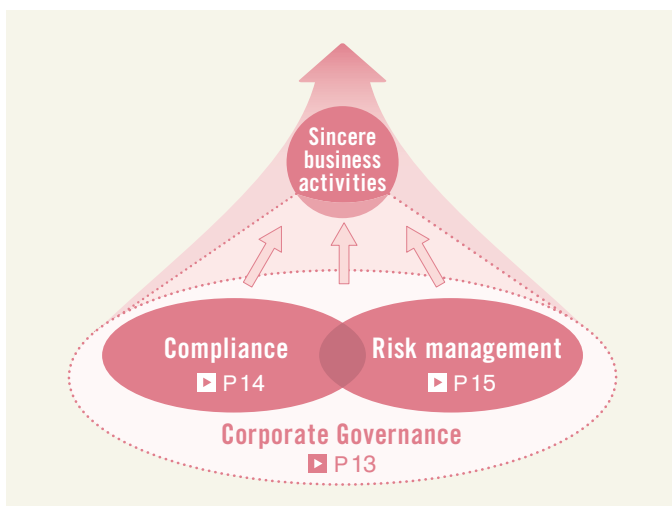


Systems supporting CSR

“Corporate governance”, “Compliance” and “Risk management”
— the three pillars supporting sincere business activities and promoting CSR.

The 3 pillars of sincere business activities

At JTEKT, we believe that the continual implementation of sincere business activities is connected to the promotion of CSR. One thing that is essential to sincere business activities is a highly transparent, healthy management style that observes statutory and social norms. The three pillars, “Corporate governance”, “Compliance” and “Risk management”, are positioned as important mechanisms to achieve this. All of these three have been emphasized in recent years in all corporations however the important thing is whether they are actually being implemented or not. At JTEKT, we have many ideas on how to effectively function each of these mechanisms.



Corporate Governance

[Basic concept]

Improving management transparency

JTEKT aim to build good relationships with all stakeholders and continuously enhance corporate value. We believe that increasing the transparency of management is vital to achieve this and strive to strengthen corporate governance.

[Promotion structure]

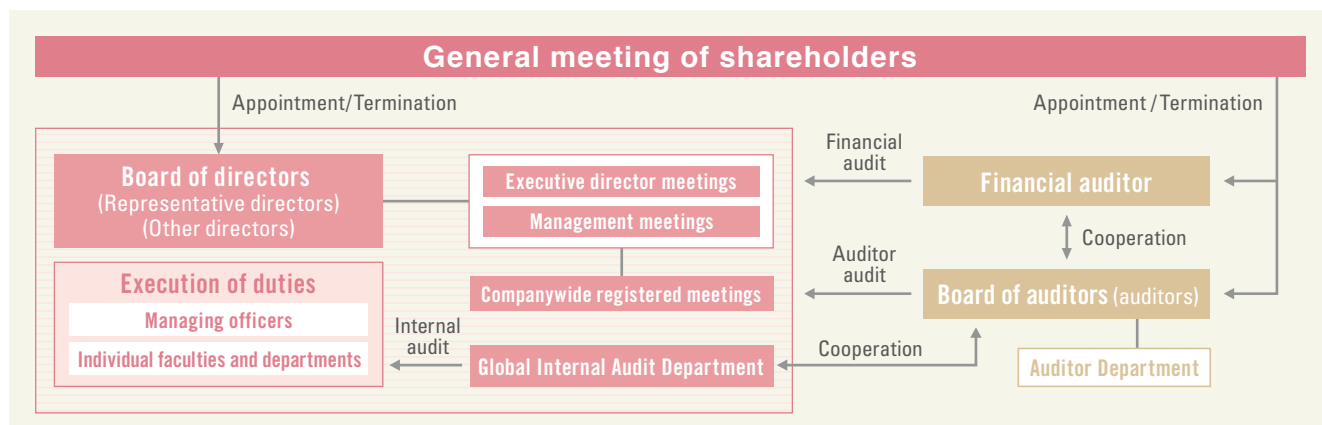
Audits by a “Global Internal Audit Department”

As a means of monitoring management, we have adopted an auditor system consisting of five auditors, three of

whom are external, who audit the directors’ execution of duties. We have also established an independent Global Internal Audit Department to audit overall operations including the adequacy and lawfulness of operational management and procedures. (See below figure)

Moreover, JTEKT is striving to construct an appropriate internal control system based on the internal control reporting system (commonly called J-SOX) (*2) by strengthening its internal control structure, expanding this throughout the JTEKT Group, and reviewing work process controls and IT controls.

*2 The internal control reporting system (common name – J-SOX) refers to the “internal control reporting system” relating to financial reporting based on the Financial Instruments and Exchange Act. It has been applied to listed companies since April, 2008.



Compliance

[Basic concept]

Compliance is the foundation that supports CSR

JTEKT believe that realizing the corporate philosophy is an essential condition for compliance as the premise and foundation supporting CSR. Not stopping at mere law observance, in order to fulfill corporate philosophy and social responsibilities we have established a "Compliance Standard", "Ethics Code for Directors and Officers", "Employee Conduct Guidelines" and so on.

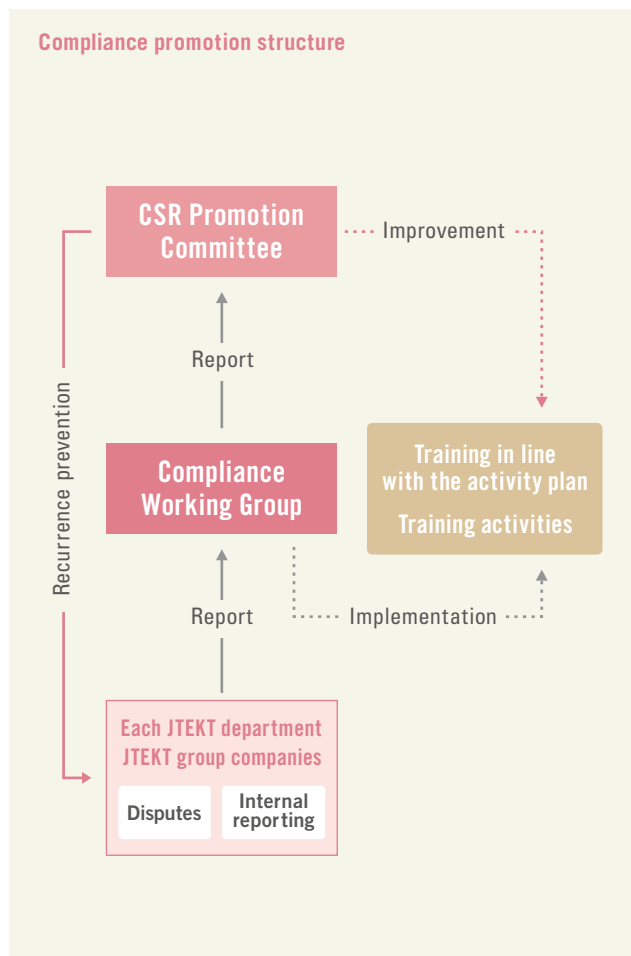
[Promotion structure]

Establish specialist working groups

A "Compliance Working Group" has been established as the compliance promotion organization. This group is in charge of activity planning, training, educational activities and so on. Disputes and internal reporting are also gathered by this group and reported to the CSR Promotion Committee. Analysis and evaluation helps to prevent reoccurrence.

Group company promotion structure

This same promotion structure is adopted by our group companies around the world, and activities are promoted in response to the characteristics of each country, region and company.



Training and educational activities

To deepen awareness-sharing

Through various training opportunities, we share and deepen awareness of compliance.

Periodic compliance workshops at each workplace

The Legal department circulates around individual workplaces and implements training mainly targeting leadership positions. As of March, 2010, 30 workplaces and approximately 1,300 people had completed training.

Compliance training by category

Training is carried out separately for new employees, employees who have been promoted to leadership positions, newly appointed executives and so forth.

E-learning

E-learning regarding the Anti-Monopoly Act has been developed.

Internal reporting system

Handled 22 cases in FY 2009

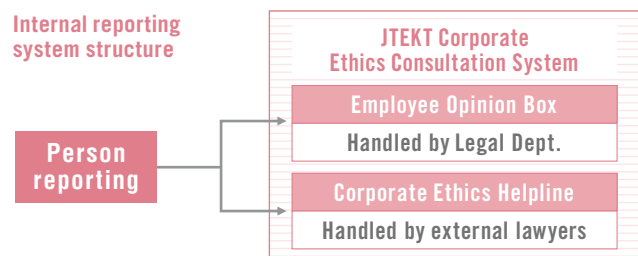
The JTEKT corporate ethics consultation system was established so that employees can report problems or

doubts related to compliance. The helpline consists of an Employees Opinion Box and a Corporate Ethics Helpline. In FY2009, 22 cases were handled.

Internal reporting system

FY 2007	19 cases
FY 2008	31 cases
FY 2009	22 cases

Internal reporting system structure



Actively informing employees

On top of the company newsletter and homepage, from 2009, the Consultation Window has been using desk-top pop-ups and vending machine paper cups to raise awareness of their presence. By doing this, they have created an environment which makes them easier to approach.

Risk management

[Basic concept]

Reinforcing business activity foundation through risk management

The foundation of business activities is reinforced by not only the prevention of various kinds of risk, but also the maintaining of a structure which keeps damage to a minimum if risk should arise.

FY 2009 activities	Categorization of business risk into 15 items and improvement of the management system.
FY 2010 plan	Selection of 54 items of risk. Reinforcement of the risk management system through the establishment of a countermeasure promoting department for each item.

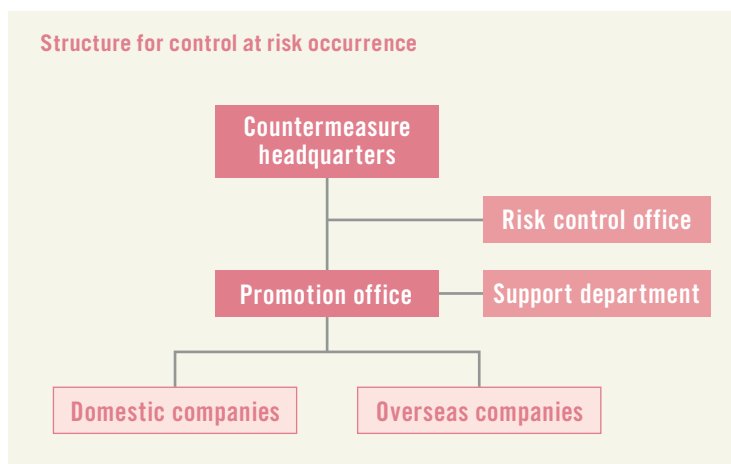
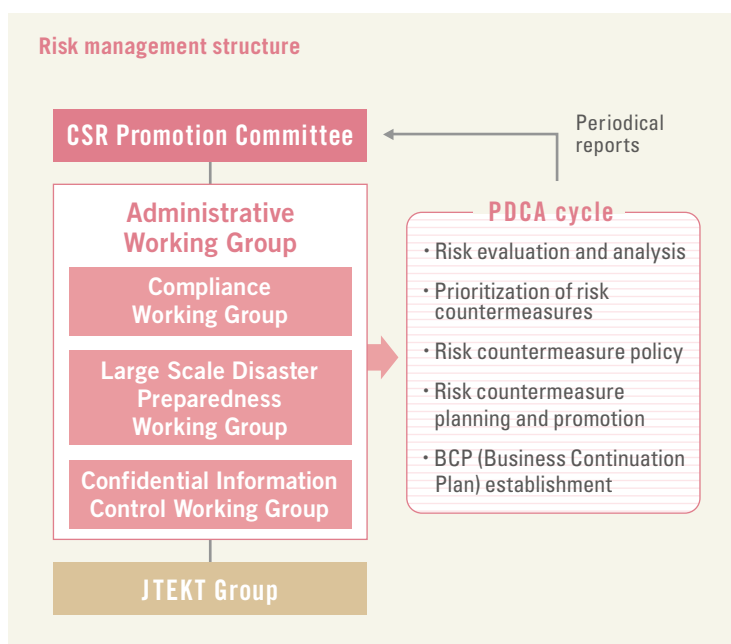
[Promotion structure]

Establish a company-wide organization

The Administrative Working Group was set up to promote risk management. For major risks such as compliance, large scale disaster preparedness and confidentiality leaks, expert working groups have been established and risk is being countermeasured by means including a BCP (Business Continuation Plan).

Structure for handling risk occurrence

Countermeasure headquarters are set up in response to the estimated damage in the event that risks such as major earthquakes, illnesses and so forth arise, helping to minimize damage and recover quickly.



Examples of activities

01 | Major earthquake countermeasure

Hard countermeasures

- Diagnose earthquake resistance of all buildings and reinforce
- Measures to prevent equipment rolling over and falling
- Measures to prevent fires and explosions
- Establishment /renewal of emergency lighting and evacuation guidance lights

Soft countermeasures

- Employee safety confirmation system
- Emergency earthquake announcements
- Incident-prevention training
- Preparing manuals for incident recovery procedures
- Maintenance of incident-prevention manuals
- Maintenance of emergency supplies (food/water)

02 | Influenza A (H1N1) countermeasures

- Establishment of an action plan team, and countermeasure headquarters in the event of break-out
- Enforce washing of hands, gargling, wearing of masks
- Establish a business continuation plan to manage personnel if illness spreads, etc.

03 | Confidential information leak countermeasures

- Guard against confidential information leaks from a systems aspect
- Education activities for confidentiality control
- Roll out to group companies
- Caution business partners

FY2009 CSR activity results and issues

We have self-evaluated each item

for every theme included in FY2009 CSR activities.

From this, we will extract issues to be addressed in future activities.

Themes		FY2009 activity content and issues		Evaluation	Featured page	
Management	Corporate governance	Maintenance and improvement of the internal control system	•Thorough implementation and establishment of a global internal control system	○	13	
	Compliance	Familiarize employees group-wide with compliance	•Introduction and establishment of E-learning •Expand deployment of compliance programs group-wide	○	14	
	Risk management	Reconstruction of risk management	•Improvement of the management system, expansion of deployment group-wide •Reconstruction of risk management •Continuation of large-scale earthquakes and confidentiality countermeasures •H1N1 virus countermeasures	○	15	
Action aimed at the community	Customers	Action for quality improvement	Improvement of product quality	•Implementation of milestones to control quality in development and production preparation stages •Continued promotion of TQM activities	△	26,27
			Improvement of work quality	•Enhancement of activities for improving work quality in staff departments	○	27
	Business partners	CSR activities promotion	Deployment in the supply chain	•Thorough promotion of CSR activities at domestic purchasing policy meeting	○	28
		Proper business practices	Enforce business partners' observance of laws and regulations	•Requested safety be secured, quality be improved and so forth in a purchasing policy meeting with our Chinese local affiliate	○	28
	Employees	Labor-management relations	Building mutual trust	•Continuation of discussions between management level and employee representatives	○	29
		Respect for equal opportunity and diversity	Supporting female employees	•Continuation of childcare leave and short-time working systems •Issues such as determination and development of professional-track jobs for female employees	△	30
			Reemployment of retired employees	•Reemployed approx. 98% of retired employees	○	31
			Employment of people with disabilities	•1.89% employment (Observe the percentage of employees required by legislation [1.8%]) •Issue of responding to legislation amendments	○	31
		Health and safety	Securing the healthy mind and body of employees	•Continuation of special health guidance •Revised the reinstatement support system aimed at employees absent for mental reasons	○	31,33,34
			Workplace incident prevention and environmental improvement	•Action to improve equipment safety (maintenance and deployment of rules [standards]) •Improvement of the workplace through equipment noise countermeasures	○	31~33

FY2009 CSR activity results and issues

○ Target achieved △ Target partially achieved × Not achieved

Themes		FY2009 activity content and issues		Evaluation	Featured page
Action aimed at the community	Local communities	Discussion with the local community	Holding events <ul style="list-style-type: none"> • Held community discussions at all plants • Held “View a manufacturing site” events • Held festivals at 10 plants 	○	35
		Social contribution activities	Contribution towards local communities <ul style="list-style-type: none"> • Continuation of local beautification activities and activities to nurture youth clubs 	○	35, 36
			Fire prevention and traffic safety activities <ul style="list-style-type: none"> • Tokyo Plant participated in joint fire prevention training • Set up a traffic safety booth at the Hanazono plant 	○	36
	Shareholders and investors	Information disclosure	Timely, appropriate and fair disclosure of information pertaining to company activities <ul style="list-style-type: none"> • Held an IR results briefing, etc. 	○	37
Environmental action (excerpt) *	Environmental management	Action in cooperation with group companies	<ul style="list-style-type: none"> • Held group environmental meetings 	○	40, 41
		Targets and results	<ul style="list-style-type: none"> • All targets for the following year (FY2010) achieved ahead of schedule 	○	43
		Reduction of environmental risk	<ul style="list-style-type: none"> • Zero environmental accidents • Implementation of environmental patrols 	○	45
		Environmental audits	<ul style="list-style-type: none"> • Continued implementation of external and internal environmental audits (annually) 	○	46
		Environmental education	<ul style="list-style-type: none"> • Implementing environmental awareness education for employees as a monthly environmental event 	○	46
	Business activities taking the environment into consideration	Global warming prevention	<ul style="list-style-type: none"> • Product development to restrain CO₂ emissions output • Reduction of CO₂ emissions output in production and logistics 	○	48~51
		Efficient use of resources	<ul style="list-style-type: none"> • Efficient use of resources (develop products with long service life) • Reduce the amount of main materials and sub-materials • Reduce waste • Reduce packaging 	○	52~54
		Control and reduce environmentally burdensome substances	<ul style="list-style-type: none"> • Reduce output/transfer of PRTR applicable substances • Continuation of soil and groundwater measures 	○	55

* Please see page 43 for details on environmental action