



CSR Report 2011

Message from the President

**“Go back to basics,
and give it all
we’ve got.”**

JTEKT Corporation
Company President

Shoji Ikawa

To give back to all those who gave to us

On behalf of JTEKT, I would like to express my sincere condolences for all the victims of the Great East Japan Earthquake, may their souls rest in peace. We offer our prayers to all those affected and their families.

The earthquake in March of this year caused destruction on a scale unlike anything we have ever experienced. Even now, months on, Japan as a nation is doing everything in its power to overcome this crisis and get back on its feet as quickly as possible. In the wake of this unparalleled catastrophe, we have rethought how we should contribute to Japan’s reconstruction, what corporate social responsibility actually is, and how can we achieve it. The JTEKT group has functioned until now thanks to the support of customers, business partners, the local community and our employees. We now have a renewed awareness that, in order to return the gesture

to all those who have supported us over the years, achieving our primary company objective of “contributing to the happiness of people and the abundance of society through product manufacturing” is the most important.

Fulfilling our responsibility to supply is the foundation of JTEKT CSR

Generally-speaking, good CSR requires the fulfillment of responsibilities from economic, social and environmental aspects.

From a social aspect, JTEKT have sent donations of money and supplies to the disaster-affected zones, our directors and employees have made personal donations and we are providing support to affected customers to recommence production. Just as providing support to the disaster-affected people is important, from an economic perspective, so too is getting JTEKT’s regular duties back to normal as quickly as possible for the reconstruction of Japan in the mid-to-long term. The foundation of JTEKT CSR is to engage in sincere business activities, which means fulfilling our responsibility to supply products under any circumstances. We believe that through supplying products worthy of customer satisfaction, securing jobs and returning our profits to the community, we can achieve our mission as a public institution. In the process of implementing various measures to avoid stopping our customers’ lines, several problems which had laid hidden beneath the surface until now, have come to light. We will take this opportunity to streamline our supply chain, increase the added-value of our in-house products and enhance

product and manufacturing capabilities. In addition, we will focus our strengths on shaping employees who can undertake new issues proactively and see them through to the end as well as respond flexibly in times of crisis. Furthermore, in regards to risk management, we need to reflect on our response to the earthquake and tsunami disaster, and incorporate it in training exercises. In Japanese, the word "Soutei-gai" (unpredictable) is often used, but if we merely pass everything off as being unpredictable, we will never be able to prepare ourselves for it. We need to always assume the worst, consider and discuss countermeasures and cost versus benefits and use this as grounds for our decision-making.

Rethinking all operations from a CSR perspective

Faced with the current situation, in our 2011 company policy, we have included the following two items to strengthen CSR and risk management, and we will promote these with priority. The first is to reinvestigate duties which have become second nature from a CSR perspective and strengthen workplace management. CSR is the premise for continuing corporate operations. Not only is it essential, but it should be a given, just like the air we breathe. The downside is, just like the air we breathe, it tends to be easily forgotten. At some point we begin going about our daily tasks mechanically, thus we need to ensure that we are not merely repeating the same tasks over and over without reflecting upon our true mission and objective.

This year, while observing compliance obligations goes without saying, we also want to take inventory from the perspectives of, a) are we contributing to sincere business activities, b) do we benefit the planet and the people in it, and c), are we helping Japan get back up on its feet again?

The second point is rebuilding our risk management network globally. JTEKT is a global company with operations in Europe, the US, Asia and so forth. We



must maintain effective risk management networks for each of these regions, not just Japan. Of course strengthening activities to prevent risk is essential, but we will also create a network where each region liaises with Japan to allow for prompt, appropriate response when a crisis does occur to minimize damage, and clarify recovery response. To realize this, it is important

that we establish a company culture of relaying the seeds of risk, or in other words, the *bad news* first.

Furthermore, regarding protecting our company lifelines of safety, quality and lead time, we will reinforce our basic stance of "customer first". Environmental efforts include reliable power-saving measures and actions to achieve our goal of a company with zero environmental burden throughout all our operations and the entire life-cycle of our products. We will do this based on our newly established "JTEKT Environmental Vision" and our "2015 Environmental Action Plan". In each of the workplaces affecting our lifelines mentioned above, we will promote an environment where each and every employee share the same mission and vision, think and act independently, and always finish what they start. At the same time, we will expand our work-life balance policy to ensure our employees are happy and healthy, as well as instill problem-solving skills so as many employees as possible approach activities autonomously and creatively.

Rebuilding Japan's *monozukuri* and taking the next step

Regarding our consolidated performance in 2010, as a result of strengthening our income base after the Lehman Brother bankruptcy we were able to produce a surplus, with an ordinary income of 40.2 billion yen, current net earnings of 20 billion yen and an overall sales turnover of 955.4 billion yen, 24% higher than the previous year. The earthquake/tsunami disaster in 2011 has made the future uncertain, with issues like the supply chain, power supply inefficiencies, restoration of the escalated primary resource prices, a prolonged strong Japanese yen and so on. On the other hand, demand for vehicles, etc., remains strong, and we forecast that automotive manufacturing will recover in the latter half of the year. As such, we are doing everything in our power to fulfill our responsibility as a supplier to our customers.

We will combine the entire JTEKT group's engineering prowess to develop products that our customers' will appreciate as a step towards not only the restoration of Japan's *monozukuri*, but for further growth into the future.

We highly appreciate your invaluable support and cooperation.

JTEKT's response to the Great East Japan Earthquake Restoration and recovery activities overview

JTEKT group

- Donated 70 million yen

JTEKT

- Directors and employees donated 11,335,645 yen
- Sent supplies (food, daily necessities) to the disaster-affected zones
- Dispatched approximately 40 servicemen from the Machine Tools and Mechatronics Division to assist with restoring customer production lines.