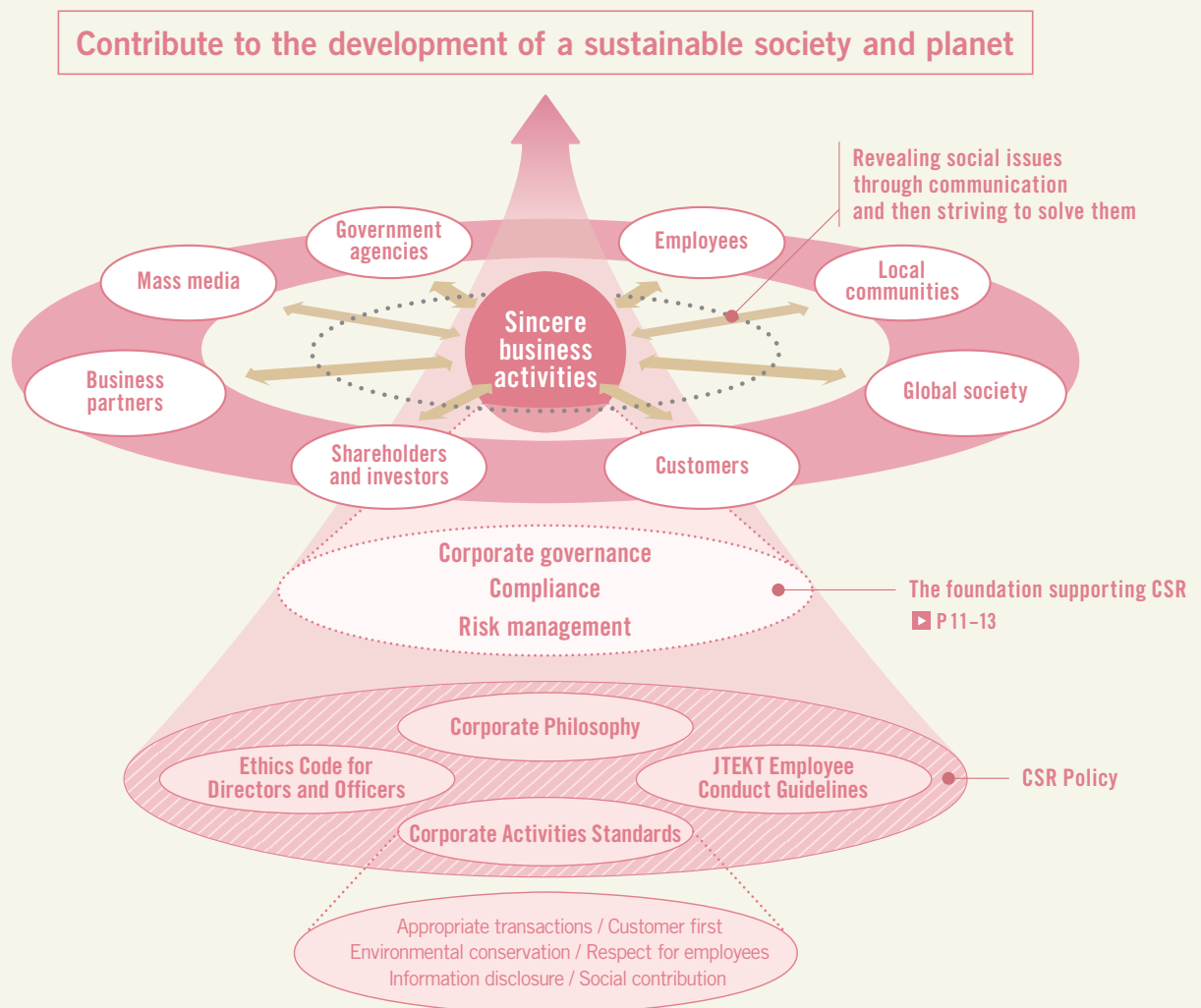


JTEKT CSR

Spreading CSR activities capturing the JTEKT essence further throughout society

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, know 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.

With the objective of developing our own independent CSR, we manage issues and create plans centered on the [CSR Promotion Committee]. We believe the spreading of CSR activities capturing the JTEKT essence further throughout society starts with instilling CSR awareness in every one of our employees.

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.

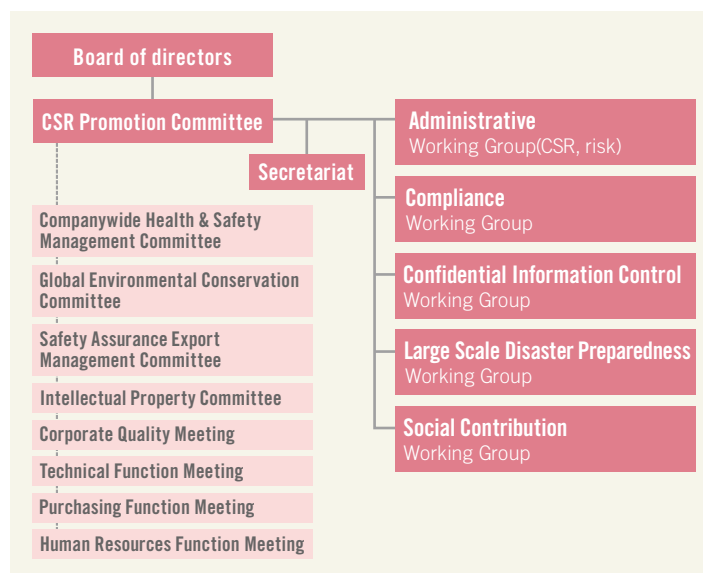
Systematic promotion of CSR activities

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. Moreover, with reference to the ISO26000 issued in November of 2010, we have revised some of the CSR self-improvement tools being used at each group company.

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 decide upon their annual CSR targets and promote these in a planned manner using the PDCA cycle (*1). Through this framework, JTEKT aims to vitalize and firmly establish CSR activities throughout the JTEKT group.



→ P14-15 Related article

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



My CSR

“Encouraging proactive involvement in CSR for all employees”

Hiroyuki Kuno

Government and Industrial Affairs Office,
Public Relations Dept., Corporate Management Div.

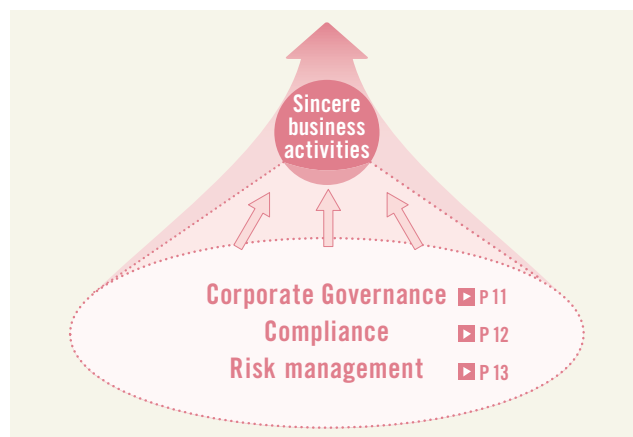
In the name of enriching JTEKT's CSR activities, we currently initiate various company awareness campaigns. In 2010 we created a “CSR HANDBOOK (pocket-size version)” and distributed it to all employees. CSR starts from individual employees assessing what society's expectations are, and thinking for themselves what they can do, with a firm awareness of JTEKT's mission. We will continue to heighten awareness among as many employees as possible.

The foundation 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]

Management transparency improves corporate value

In order to fulfill our social responsibility and continuously improve our corporate value, we have established an internal control system. We strive to improve our management transparency and secure ample accountability for all our stakeholders.

[Promotion structure]

Strengthening our auditing system on a global basis

At JTEKT, management decisions are made by the board of director meetings, executive director meetings, management meetings and company-wide registered meetings.

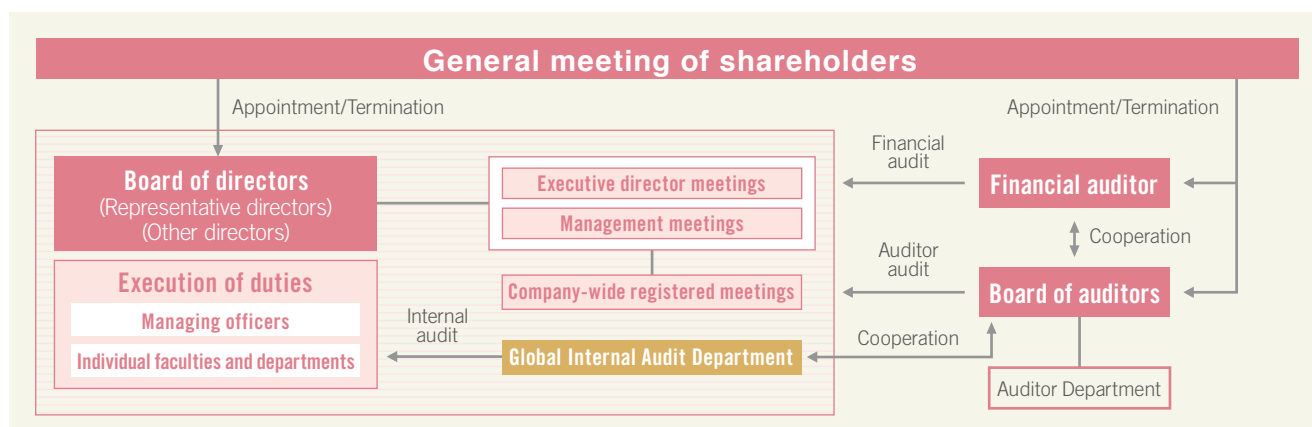
As a means of monitoring management, we have adopted an auditor system consisting of five auditors, three of whom are external, who audit the directors' execution of duties. The board of auditors, financial auditor and Global Internal Audit Department liaise together and hold regular discussions. (See

below figure) The Global Internal Audit Department, independent to the respective departments, audits overall operations including the adequacy and lawfulness of overall operations.

In line with the internal control reporting system stipulated by the Financial Instruments and Exchange Act (commonly called J-SOX) (*2) by strengthening internal control and evaluating task project control, IT control, etc., we are striving to construct an appropriate internal control system.

In 2010, believing it was necessary to strengthen our auditing framework globally, we established auditing departments in 4 major overseas locations.

***2 J-SOX** J-SOX is a Japanese Act established in line with the United States Sarbanes-Oxley Act (SOX) for the prevention of accounting scandals and compliance deficiencies, etc. J-SOX is the common name and comprises partially of the Financial Instruments and Exchange Act. The content of this act is expressed in the “Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting”. It has been applied to listed companies since April, 2008.



Compliance

[Basic concept]

Every individual makes decisions and acts correctly in line with Corporate Ethics

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.

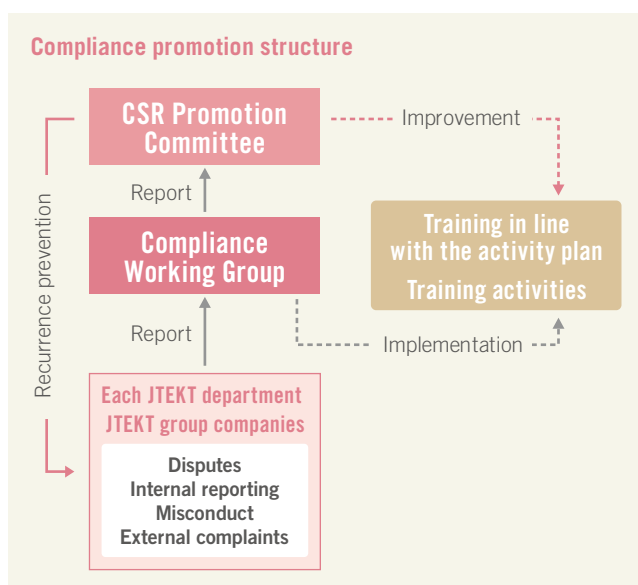
[Promotion structure]

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.

→ The first round was completed in February, 2011 (covering 11 workplaces and approx. 380 people in FY2010).

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 has been developed to educate employees on the Anti-Monopoly Act, Subcontracting Act and security control. Approximately 1,000 employees from departments with high external risk (Sales, Engineering and Purchasing) have participated in E-learning sessions.

Internal reporting system

Handled 29 cases in FY 2010

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 FY2010, 29 cases were handled.

2010 breakdown

Rule violation	2
Personnel system	7
Workplace communication	18
Other	2
Total	29

Proactively promoting employee usage

JTEKT proactively raises employee awareness of the Consultation Window made available to them through the company newsletter, intranet, etc. By introducing specific consultations and resolution cases in the company newsletter, we try to make it easier for employees with concerns to speak out.

Internal reporting system

FY 2007	FY 2008	FY 2009	FY 2010
19 cases	31 cases	22 cases	29 cases



My CSR "Further improvement of compliance awareness"

Rie Suzuki
Domestic Legal Affairs Group, Legal Dept.,
Corporate Management Div.

Compliance is the basis of CSR. It tends to be avoided because people see it as complex, but I try to make it as easy to understand as possible by using concrete examples and so forth. I am a mother of 2, but thanks to JTEKT's support system, I am able to work and raise a family at the same time. I appreciate the understanding and support shown to me by my superiors and colleagues and will continue to do my utmost to improve employee awareness towards compliance.

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 2010 activities

Selected 54 risk items. Established Risk Management Control Departments for each item to work on alleviation measures.

FY 2011 plan

Clarified risks, performed reevaluation, and narrowed down to 52 items.
Created response manuals for each item. Gave instructions for crisis-management systems for each region.

[Promotion structure]

Establish a company-wide organization

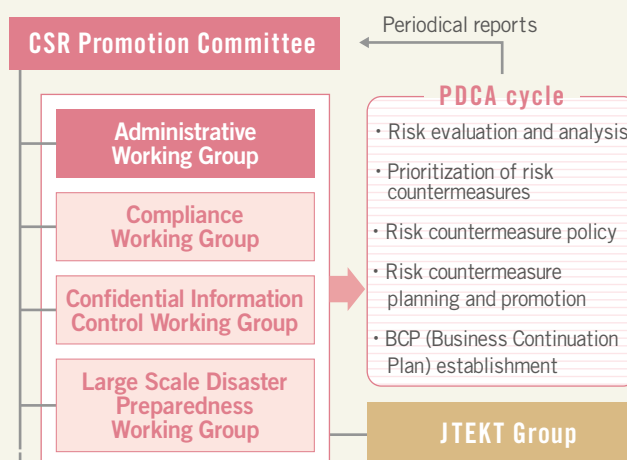
The Administrative Working Group was set up to promote risk management. For major risks such as compliance, large scale disaster preparedness and confidentiality leaks, expert working groups have been established and risk is being countermeasured by means including a BCP (Business Continuation Plan).

Structure for handling risk occurrence

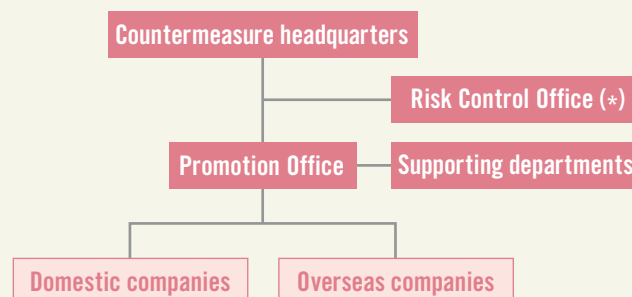
Countermeasure headquarters are set up in response to the estimated damage in the event that risks such as major earthquakes, illnesses and so forth arise, helping to minimize damage and recover quickly.

The foundation supporting CSR

Risk management structure



Crisis-management system (at risk manifestation)



***Risk Control Office** In March, 2011, the CSR Promotion Committee revised the framework and systems for when risk arises, and changed the name of the "Crisis Control Office" to the "Risk Control Office".

Measures for risk relating to the Great East Japan Earthquake

Immediately after the earthquake occurred on March 11th

Established an emergency earthquake task force with the company president as the head and continued activities.

Measures to restore production

◎Measures to avoid stopping customers' lines

Identified which parts would have supply issues and gathered information on customer operational status, the status of our material and parts suppliers, and our own JTEKT group line operational status. In efforts to restore production early on, we found alternative suppliers and confirmed the performance and quality of substitute parts, implementing measures by customer product.

◎Support for customers affected by the disaster (Machine Tools and Mechatronics operation)

Established a 24-hour support window and confirmed the status of our customers in the afflicted area. Dispatched approximately 40 servicemen to support equipment restoration.

For power saving

In response to government policy, the JTEKT group is investigating the introduction of generators, a shift to LED lighting and so on. Three working groups have been established (production, engineering, sales) and measures are being considered. Also, to deal with summer power shortages, JTEKT have made Thursday and Friday days off and Saturday and Sunday operation days from July through to September.

For new risks

Began investigating measures for risk uncovered by the Great East Japan Earthquake, such as nuclear power plant accidents and tsunamis.

FY2010 CSR activity results and issues

We have grouped the CSR activities of FY2010 into individual themes.
From this, we will extract issues to be addressed in future activities.

Themes		CSR activity items	FY2010 activity results and issues	Featured page
Management	ESR (*)	Promoted CSR awareness amongst employees	<ul style="list-style-type: none"> Promoted CSR awareness amongst employees Distributed the CSR HAND BOOK (pocket-sized version) to all employees and implemented awareness activities in each workplace Individual employee awareness is an issue 	10
	Corporate governance	Maintenance and improvement of the system	<ul style="list-style-type: none"> Established auditing departments in 4 major overseas locations As of current, March 2011, JTEKT group's internal control over financial reporting was judged as effective (Disclosed in June 2011 internal control report) 	11
	Compliance	Spreading compliance	<ul style="list-style-type: none"> Expansion of E-learning topics Revision of employee conduct guidelines Spread compliance program to group companies 	12
	Risk management	Construction and operation of overall frameworks and systems	<ul style="list-style-type: none"> Identified and evaluated Emergency response to the Great East Japan Earthquake (ongoing) 	13
Action aimed at the community	Customers (quality, lead time, product development)	Action for quality improvement Construction and operation of overall frameworks and systems	<ul style="list-style-type: none"> Implemented a customer satisfaction test and shared issues throughout the entire company Aiming to obtain No. 1 in quality status from all customers remains an issue 	22,23
		Improvement of product quality	<ul style="list-style-type: none"> Implementation of milestones to control quality in development and production preparation stages Ongoing promotion of TQM activities 	23
		Improvement of work quality	<ul style="list-style-type: none"> Promoted solution of practical problems based on data using SQC 	23
	Business partners	Proper business practices <small>Emergency action items</small> Early restoration of the supplier chain	<ul style="list-style-type: none"> In the wake of the Great East Japan Earthquake, established a "Problem Consultation Window" to share and resolve problems faced by our business partners 	24
	Employees	Good labor-management relations Labor-management discussion – building mutual trust	<ul style="list-style-type: none"> Continuation of discussions between management level and employee representatives 	25
		Respect for equal opportunity and diversity Supporting female employees – promoting employment	<ul style="list-style-type: none"> Expansion of childcare leave and the short-time working system Determined and developed professional-track jobs for female employees 	26,27
		Supporting participation of disabled persons – promoting employment	<ul style="list-style-type: none"> 1.94% employment (Observe the percentage of employees required by legislation [1.8%]) Setting a higher target and implementing necessary action are open issues 	27
		Employee work satisfaction and self-development support Senior employee work support	<ul style="list-style-type: none"> Established an "Iki-iki 60 Committee" where employees and management will investigate ways for employees 60 years and above to work Reemployed approx. 98% of age-limit retirees 	27
		Securing health and safety Workplace incident prevention and environmental improvement	<ul style="list-style-type: none"> Standardized work for which reoccurrence prevention and pre-outbreak prevention was possible and implemented equipment improvements To improve high temperature workplaces, revised measurement criteria and started evaluations Eradication of all disasters/accidents remains an issue 	28,29

*ESR ESR is the abbreviation of Employees' Social Responsibility.

FY2010 CSR activity results and issues

		Themes	CSR activity items	FY2010 activity results and issues	Featured page
Action aimed at the community	Employees	Securing health and safety	Securing the health mind and body of employees	<ul style="list-style-type: none"> Held stress management training (95% of employees attended) Continuation of special health guidance Carried out a quit smoking campaign in July, August 	30,31
	Local communities	Discussion with the local community	Appraisal of problems through communication and response	<ul style="list-style-type: none"> Continuation of community discussions at all plants Held festivals at 10 plants 	33
		Social contribution activities	Contribution towards local communities	Continuation of local beautification activities, fire prevention and road safety campaigns	34
			Community involvement	<ul style="list-style-type: none"> Local high school students gave a Japanese drum performance at the Hanazono plant festival Participated in the Monozukuri Fair in Kashiwara 	35,36
		Social contribution activities	Supporting employee volunteer activities	<ul style="list-style-type: none"> Participated in Nara's prefectural beautification campaign [2010 Clean-up Nara] Participated in the [Welfare and Health Festival] held by Kariya city 	36
Environmental action	Shareholders and investors	Information disclosure	Expansion of IR activities	<ul style="list-style-type: none"> Visited overseas institutional investors Held a company explanation for individual investors 	37
	Environmental management	Environmental management	Construction and operation of overall frameworks and systems	Formulated an Environmental Vision and a 2015 Environment Action Plan	40~45 47
			Appraisal and development of technological needs considering the environment	Achieved 2010 mid-term target for environmentally-orientated products	48~51
			Reduction of environmental risk	<ul style="list-style-type: none"> Zero environmental accidents Implementation of environmental patrols 	45
			Environmental audits	Continued implementation of external and internal environmental audits (annually)	46
			Environmental education	Implementing environmental awareness education for employees as a monthly environmental event	46
			Global warming prevention	<ul style="list-style-type: none"> In response to the revised energy conservation law, implemented energy-saving activities focused on plants and changed to a system allowing the promotion of development of production equipment with low energy consumption, operations based on an efficient driving power and improvements of indirect management departments Achieving our 2020 CO₂ discharge target by improving our basic energy unit through improved productivity remains an open issue 	52~53
		Business activities taking the environment into consideration	Efficient use of resources	<ul style="list-style-type: none"> Expanded the practice of making metal sludge discharged from grinding processes a valuable resource Further reduced discharge through increased making of valuable resources and by taking action at the source 	54~55
			Control and reduce environmentally burdensome substances	<ul style="list-style-type: none"> Modified our tally system in line with PRTR revisions Response to the REACH regulation 	56
			Biodiversity-focused action	<ul style="list-style-type: none"> Established biodiversity guidelines Implement action linked to social contributing activities 	57

Please see page 44 for details on environmental action.