

# CSR Report 2011



— Value & Technology

Pursuing dreams through skill to  
bring you valuable technology

**JTEKT**

JTEKT CORPORATION

# Broadening connections

*Strengthening our connections with all stakeholders*

– that has been the key focus of our efforts

to further enrich our corporate social responsibility activities.

Going forth into the future, we will utilize our connections to engage in CSR activities that involve everyone.

**Broadening connections.**

**JTEKT CSR has taken a new step forward.**



## About the front cover

The illustration theme is "Taking CSR further". The cake in the center represents the 5th anniversary since JTEKT was formed. We have taken this opportunity to express our renewed determination to promote CSR even more aggressively and spread CSR activities capturing the JTEKT essence even further throughout society.

# JTEKT

## CSR Report 2011

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#### CSR Report 2011 target period and target organizations

##### ■ Target period

FY2010 (April 2010 – March 2011)

\*Some items include content from other periods.

##### ■ Target organizations and scope

All JTEKT Corporation independent activities

\* Some items show the achievements of affiliated companies.

##### ■ Report structure

○A segment called “My CSR” has been added to convey employees’ thoughts on CSR.

○The “Environmental data per business site” from the 2010 report is now available on our website.

<http://www.jtekt.co.jp/>

#### Reference guidelines

○GRI (Global Reporting Initiative), “Sustainability Reporting Guidelines 2006” (third edition)

○Japan’s Ministry of the Environment, “Environmental Reporting Guidelines” (2007 edition)

○ISO26000 (International Standard for the corporate responsibility of organizations)

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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.

# Strengthening the foundation of growth across the globe.

JTEKT have operations in countries across the globe.

In 2010, we strengthened the foundation of growth in each and every location.

## Company Profile

Company name	JTEKT Corporation
Headquarters	No. 5-8, Minamisemba 3-chome, Chuo-ku, Osaka 542-8502 Japan
Head Offices	[Nagoya Head Office] No. 7-1, Meieki 4-chome, Nakamura-ku, Nagoya, Aichi Pref. 450-8515 Japan [Osaka Head Office] Minamisemba 3-chome, Chuo-ku, Osaka 542-8502 Japan
President	Shoji Ikawa
Capital	45.5 billion yen (as of March 31, 2011)
Number of employees	36,775 [consolidated] (as of March 31, 2011) 9,906 [nonconsolidated] (as of March 31, 2011)
Sales	955.4 billion yen [consolidated](FY2010) 547.1 billion yen [nonconsolidated](FY2010)
Ordinary income	40.2 billion yen [consolidated] (FY2010) 17 billion yen [nonconsolidated] (FY2010)
Consolidated subsidiaries	135 (41 in Japan, 94 overseas)

## Company History

### May 2005

Koyo Seiko Co., Ltd. and Toyoda Machine Works, Ltd. concluded a merger agreement

### January 2006

JTEKT Corporation established

### July 2007

JTEKT Sona Automotive India Ltd., manufacturer of electric power steering (EPS) systems, established in India through a joint venture with Sona Koyo Steering Systems Ltd.

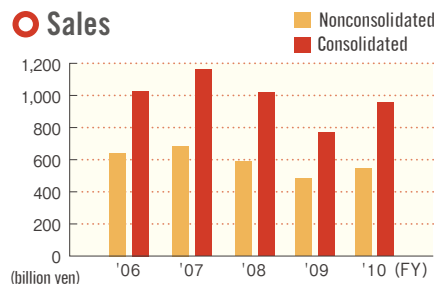
### August 2008

Machine tool sales and service company, Toyoda Micromatic Machinery India Limited, established in India through a joint venture with Micromatic Grinding Technologies

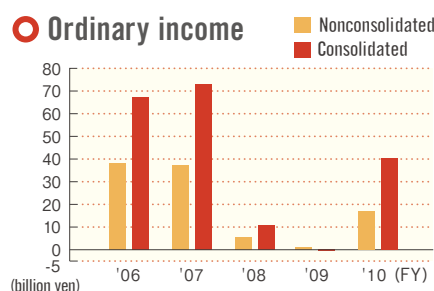
### December 2009

Acquired the needle bearing business of the Timken Company, USA.

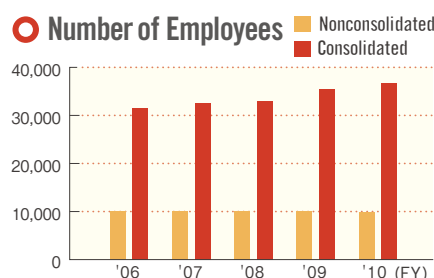
## Sales



## Ordinary income

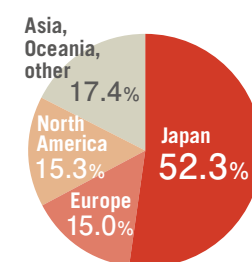


## Number of Employees



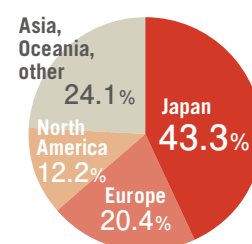
## Sales turnover share by location

(FY2010 consolidated net sales)



## Employee percentage by location

(Consolidated net sales current as of March 31st, 2011)



## TOPICS

### Aiming for top share of automotive bearings in China.

On September 28th, 2010, JTEKT signed a memorandum of understanding in preparation for the establishment of a joint venture with China's Wafangdian Bearing Company Ltd (hereinafter "ZWZ"). JTEKT have been cooperating with ZWZ since 1995 and will continue aiming for top share of the Chinese automotive bearing market. Not limited to bearings for the automotive industry, through cooperation with ZWZ we intend to supply bearings in a wide-range of industries including railway, wind power generation and more.



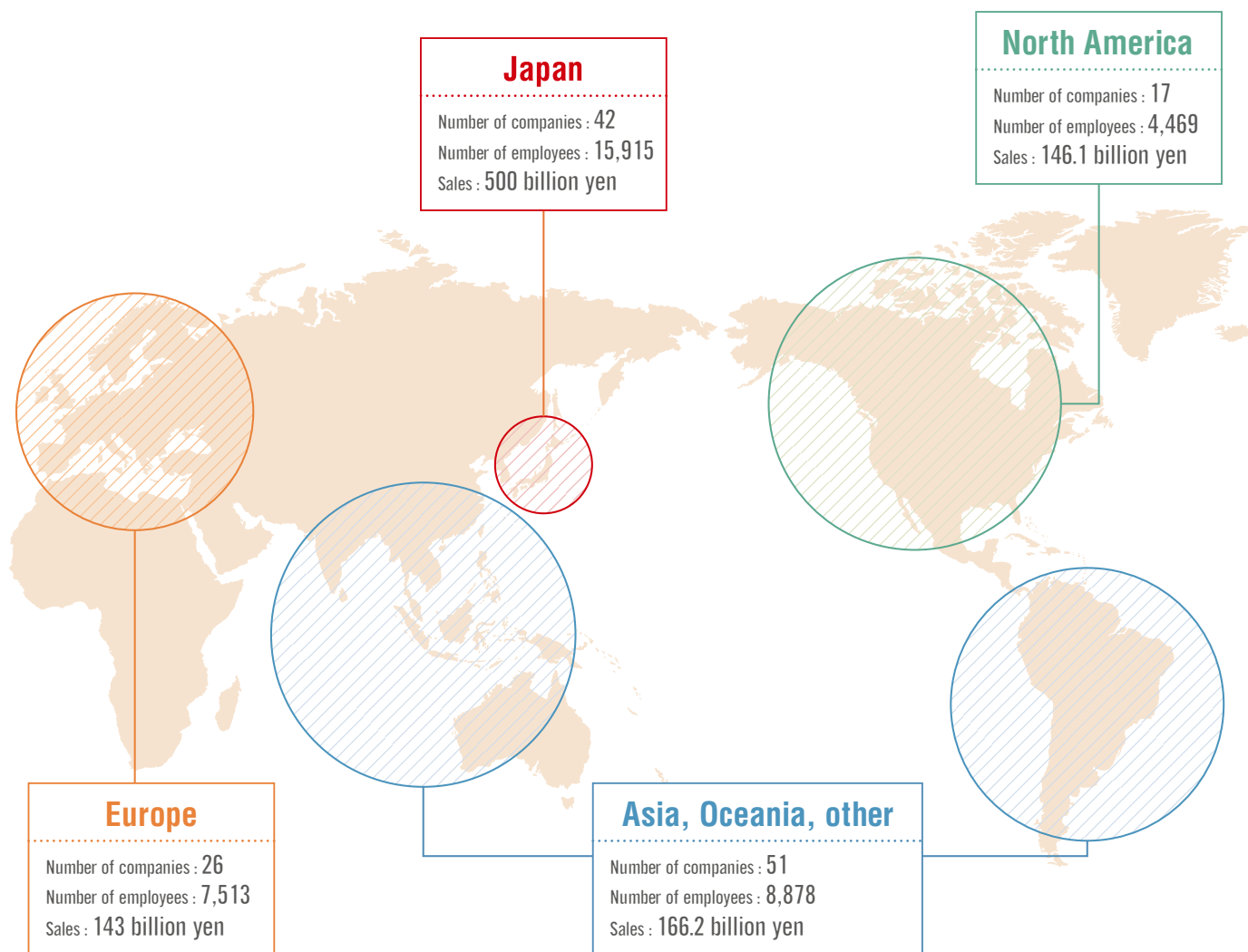
### New plant in Indonesia to meet increased demand in the ASEAN region.

In response to the increased demand for 4-wheel and 2-wheel vehicles in the ASEAN region, PT. JTEKT Indonesia (our Indonesian steering manufacturing affiliate also known as "JID") is currently constructing a plant. Line-off is planned for October, 2011.

They will manufacture EPS, bearings and starter clutches for 2-wheel vehicles. They plan to have approximately 1,000 employees by the end of 2012.

Conceptual drawing of the completed JID plant





### Chinese affiliate obtains national safety level 1 accreditation.

JTEKT Steering Systems Xiamen Co., Ltd. (our Chinese steering manufacturing affiliate also known as "JSSX") held a ground-breaking ceremony for their No. 2 plant in Amoi city, Fujian province on January 6th, 2011. The following day, January 7th, they obtained national safety level 1 accreditation from the Chinese State Administration of Work Safety. In 2011, a total of 18 companies have obtained this accreditation, 3 of which were Japanese companies. We will continue to make further development towards establishing China as an EPS manufacturing base.



### Expansion of the EPS supply network in northern and southern India.

JTEKT Sona Automotive India Ltd. (our Indian steering manufacturing affiliate also known as "JSAI") opened a new plant in October of 2010. At the opening ceremony, kagamiwari (opening of a sake barrel) and coconut-splitting ceremonies were held to represent the respective cultures of Japan and India. JSAI have built an EPS supply network in 3 locations, Gurgaon in the north and Chennai and Bangalore in the south. Our goal is to contribute to development of the local economy and provide our customers with a stable product supply.



### Establishment of a Power System Development Center

To strengthen our technical development strength of electrical components, we established a new Power System Development Center on January 1st, 2011. The opening ceremony was held at our Hanazono plant. In the future, through the development of a mechatronic EPS combining both the motor and ECU, a next-generation electric pump, etc., we wish to offer our customers products which help prevent global warming and solve energy issues.

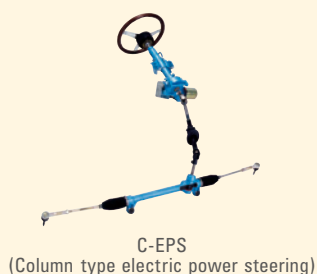




# Support society through *monozukuri*. That is the significance of JTEKT's existence.



## Automotive-related



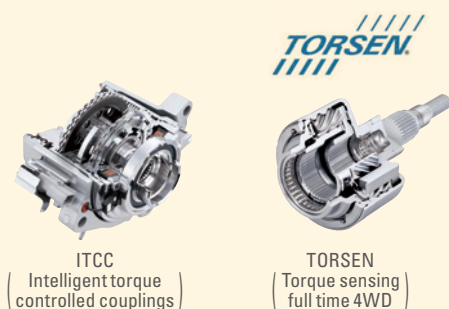
The steering system is the mechanism responsible for turning a vehicle and the sole part that allows the driver to feel at one with the car. JTEKT were the first in the world to develop and mass produce motor-assisted electric power steering. As our pioneering industry, we offer all types of steering systems to major automotive manufacturers across the globe.

### Steering systems

**JTEKT**



**Koyo**  
Torrington. Needle Roller Bearings



Driveline components are responsible for moving the car. Including ITCCs (electronically controlled 4WD couplings) already holding an overwhelming world share for 4WD units, TORSENs (torque sensing full time 4WD), drive shafts, propeller shafts and so on, JTEKT are providing major automotive manufacturers around the world with driveline systems connecting the engine to the tires.

### Driveline components

**JTEKT**



Most people probably don't have the opportunity to see JTEKT's products often. However our products are used widely in general industries like automotive-related industries, steel, railway, aircraft/aerospace, construction and agricultural machinery, wind power generation and so on, supporting society close to you.

**JTEKT** "JTEKT" is the brand name used for JTEKT's steering systems and driveline components.

**Koyo** "Koyo" is the brand name used for JTEKT's bearings and oil seal products.

**TOYODA** "TOYODA" is the brand name used for JTEKT's machine tools.

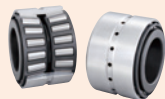
## General industry-related

### Bearings

**Koyo**



Bearings for extreme special environment



Bearings for N700 series bullet trains



Machine tool bearings



Aircraft bearings



Windmill power generator bearings



Steel mill bearings

Bearings have the role of supporting the rotating parts of all mechanical devices. Because they are a functional component critical to the industrial domain, they are known as the "backbone of industry". Centered on automotive bearings positioned in the world's top group, JTEKT are contributing to customers around the globe starting with wind power generation and covering a diverse range of fields such as energy, steel, construction machinery, agricultural machinery, and aircraft.

### Machine tools & mechatronics

**TOYODA**



Safety PLC (TOYOPUC)



CNC cylindrical grinders (e300G)



Machining centers (FH1250)

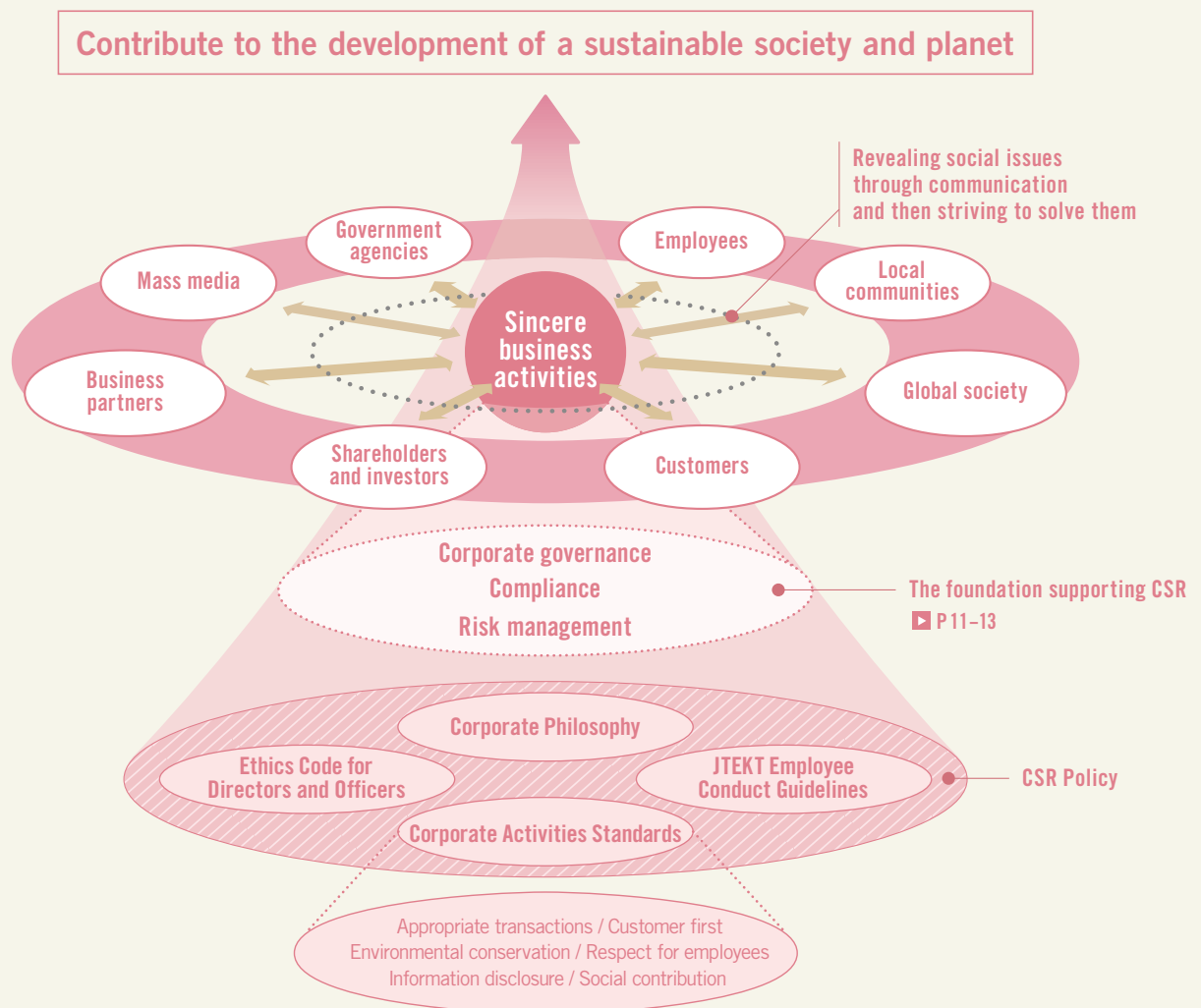
Machine tools are machines made to build machines. They are commonly referred to as "Mother Machines". JTEKT is one of the few companies in the world to possess machine tool technology at the same time as being a component manufacturer ourselves. We provide customers involved in manufacturing all across the globe with products such as grinders that boast the highest sales in the world, ultra precision machines capable of nanometer machining, high speed/high accuracy machining centers and so on.

\* IFS, C-EPS, ITCC and TORSER are trademarks of JTEKT Corporation. Torrington is the trade mark of US company, The TIMKEN Company.

# 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.

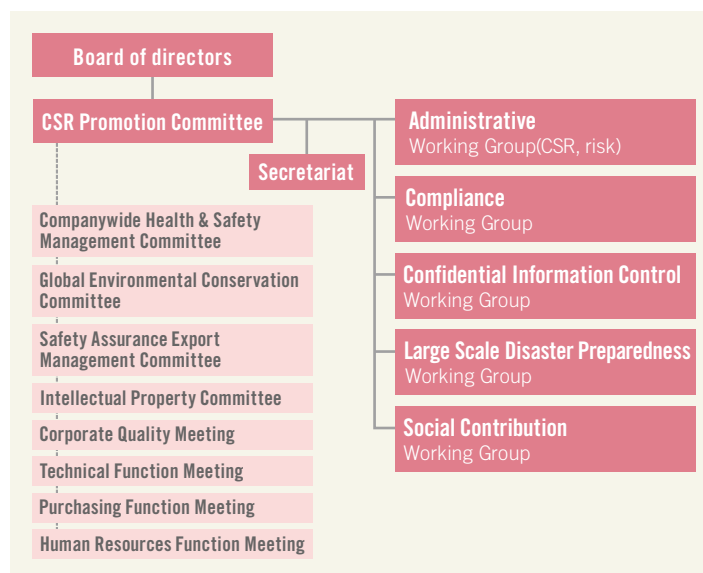
## Systematic promotion of CSR activities

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

• <b>Administrative Working Group</b>	Plan and monitor the progress of CSR activities and expand them to group companies Identify risks, prepare countermeasure plans, and monitor plan progress
• <b>Compliance Working Group</b>	Raise awareness of the need for compliance with laws, internal rules, and business ethics
• <b>Confidential Information Control Working Group</b>	Devise and implement a structure and systems for ensuring information security
• <b>Disaster Preparedness Working Group</b>	Strengthen buildings and equipment to withstand disasters, prepare a manual for early recovery, etc.
• <b>Social Contribution Working Group</b>	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.

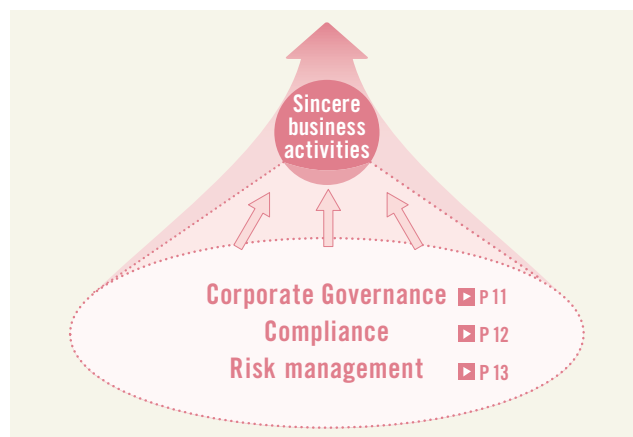
In the name of enriching JTEKT's CSR activities, we currently initiate various company awareness campaigns. In 2010 we created a “CSR HANDBOOK (pocket-size version)” and distributed it to all employees. CSR starts from individual employees assessing what society's expectations are, and thinking for themselves 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.

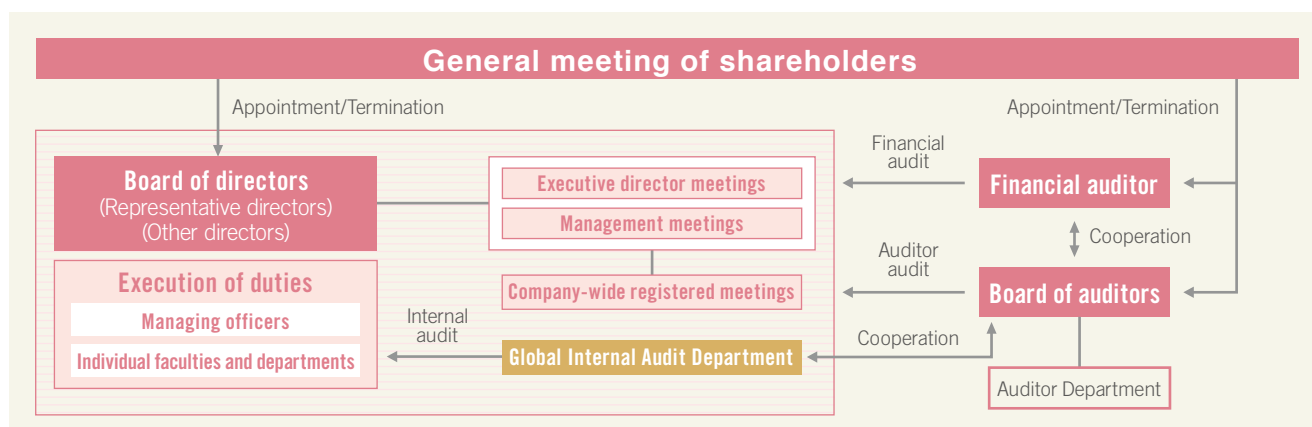
As a means of monitoring management, we have adopted an auditor system consisting of five auditors, three of whom are external, who audit the directors' execution of duties. The board of auditors, financial auditor and Global Internal Audit Department liaise together and hold regular discussions. (See

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.

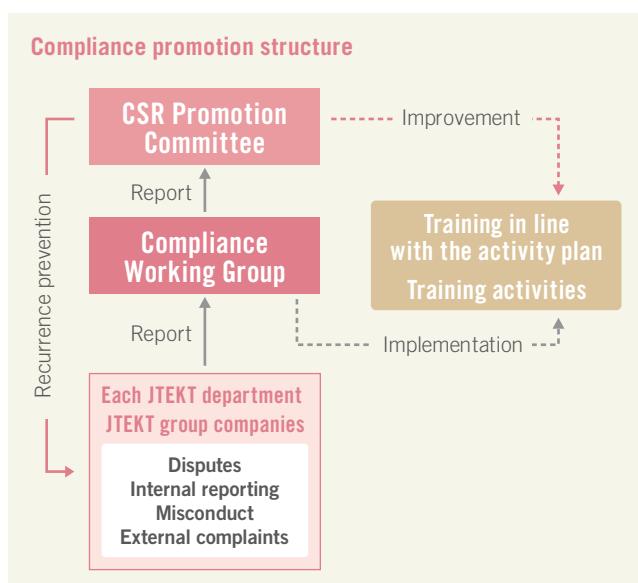
### [Promotion structure]

#### 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
<b>Total</b>	<b>29</b>

### 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

## The foundation supporting CSR

### [ 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 ]

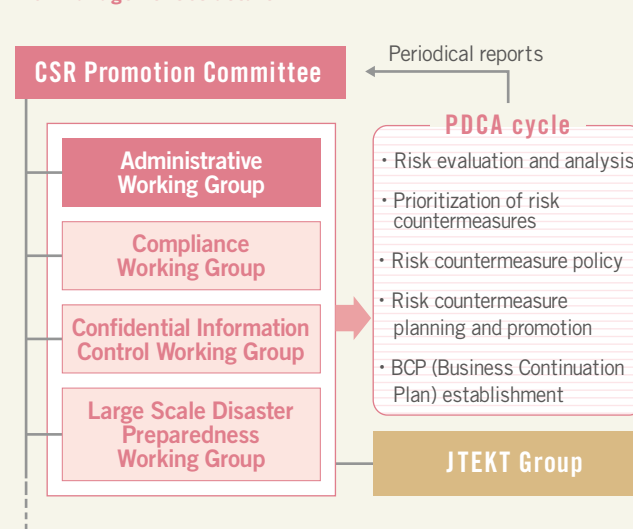
#### Establish a company-wide organization

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).

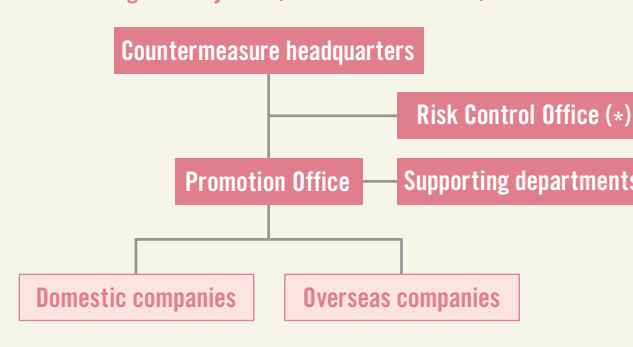
#### Structure for handling risk occurrence

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.

#### 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"> <li>Promoted CSR awareness amongst employees</li> <li>Distributed the CSR HAND BOOK (pocket-sized version) to all employees and implemented awareness activities in each workplace</li> <li>Individual employee awareness is an issue</li> </ul>	10
	Corporate governance	Maintenance and improvement of the system	<ul style="list-style-type: none"> <li>Established auditing departments in 4 major overseas locations</li> <li>As of current, March 2011, JTEKT group's internal control over financial reporting was judged as effective (Disclosed in June 2011 internal control report)</li> </ul>	11
	Compliance	Spreading compliance	<ul style="list-style-type: none"> <li>Expansion of E-learning topics</li> <li>Revision of employee conduct guidelines</li> <li>Spread compliance program to group companies</li> </ul>	12
	Risk management	Construction and operation of overall frameworks and systems	<ul style="list-style-type: none"> <li>Identified and evaluated</li> <li>Emergency response to the Great East Japan Earthquake (ongoing)</li> </ul>	13
Action aimed at the community	Customers	Action for quality improvement Construction and operation of overall frameworks and systems	<ul style="list-style-type: none"> <li>Implemented a customer satisfaction test and shared issues throughout the entire company</li> <li>Aiming to obtain No. 1 in quality status from all customers remains an issue</li> </ul>	22,23
		Improvement of product quality	<ul style="list-style-type: none"> <li>Implementation of milestones to control quality in development and production preparation stages</li> <li>Ongoing promotion of TQM activities</li> </ul>	23
		Improvement of work quality	<ul style="list-style-type: none"> <li>Promoted solution of practical problems based on data using SQC</li> </ul>	23
	Business partners	Proper business practices	<div>Emergency action items</div> <ul style="list-style-type: none"> <li>Early restoration of the supplier chain</li> </ul>	24
	Employees	Good labor-management relations	<ul style="list-style-type: none"> <li>Labor-management discussion – building mutual trust</li> </ul>	25
		Respect for equal opportunity and diversity	<ul style="list-style-type: none"> <li>Supporting female employees – promoting employment</li> </ul>	26,27
			<ul style="list-style-type: none"> <li>Supporting participation of disabled persons – promoting employment</li> </ul>	27
		Employee work satisfaction and self-development support	<ul style="list-style-type: none"> <li>Established an “Iki-iki 60 Committee” where employees and management will investigate ways for employees 60 years and above to work</li> <li>Reemployed approx. 98% of age-limit retirees</li> </ul>	27
		Securing health and safety	<ul style="list-style-type: none"> <li>Standardized work for which reoccurrence prevention and pre-outbreak prevention was possible and implemented equipment improvements</li> <li>To improve high temperature workplaces, revised measurement criteria and started evaluations</li> <li>Eradication of all disasters/accidents remains an issue</li> </ul>	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"> <li>Held stress management training (95% of employees attended)</li> <li>Continuation of special health guidance</li> <li>Carried out a quit smoking campaign in July, August</li> </ul>	30,31
	Local communities	Discussion with the local community	Appraisal of problems through communication and response	<ul style="list-style-type: none"> <li>Continuation of community discussions at all plants</li> <li>Held festivals at 10 plants</li> </ul>	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"> <li>Local high school students gave a Japanese drum performance at the Hanazono plant festival</li> <li>Participated in the Monozukuri Fair in Kashiwara</li> </ul>	35,36
		Social contribution activities	Supporting employee volunteer activities	<ul style="list-style-type: none"> <li>Participated in Nara's prefectural beautification campaign [2010 Clean-up Nara]</li> <li>Participated in the [Welfare and Health Festival] held by Kariya city</li> </ul>	36
Environmental action	Shareholders and investors	Information disclosure	Expansion of IR activities	<ul style="list-style-type: none"> <li>Visited overseas institutional investors</li> <li>Held a company explanation for individual investors</li> </ul>	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"> <li>Zero environmental accidents</li> <li>Implementation of environmental patrols</li> </ul>	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"> <li>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</li> <li>Achieving our 2020 CO<sub>2</sub> discharge target by improving our basic energy unit through improved productivity remains an open issue</li> </ul>	52~53
		Business activities taking the environment into consideration	Efficient use of resources	<ul style="list-style-type: none"> <li>Expanded the practice of making metal sludge discharged from grinding processes a valuable resource</li> <li>Further reduced discharge through increased making of valuable resources and by taking action at the source</li> </ul>	54~55
			Control and reduce environmentally burdensome substances	<ul style="list-style-type: none"> <li>Modified our tally system in line with PRTR revisions</li> <li>Response to the REACH regulation</li> </ul>	56
			Biodiversity-focused action	<ul style="list-style-type: none"> <li>Established biodiversity guidelines</li> <li>Implement action linked to social contributing activities</li> </ul>	57

Please see page 44 for details on environmental action.

## JTEKT's 5th anniversary

# 5 years of facing and contemplating social issues, and constantly taking steps forward.

2011 marked the 5th year since JTEKT's establishment. Over the past 5 years, society, JTEKT, and JTEKT CSR have all changed in various ways. Now, having reached this milestone, we would like to recall our activities to date.

### The lead-up to JTEKT's establishment

To respond to fiercer global competition in the automotive industry

On January 1st, 2006, Koyo Seiko and Toyoda Machine Works merged to form JTEKT.

Below, we explain the lead-up to the merging of the two companies.

Merger signing ceremony (February 2005)



#### 2005.5 Signed merger agreement

Koyo Seiko and Toyoda Machine Works entered a merger agreement together and decided on the company name of JTEKT.

JTEKT's footsteps

JTEKT  
CSR report trajectory

Social condition  
at the time

#### Koyo Seiko

In 1921, Zenichiro Ikeda founded Koyo Seiko as a bearing manufacturer. In 1935 it became a listed company. Its main product was the bearing.

#### 1988.3 Koyo Seiko

Developed the world's first EPS (electric power steering)

2000

To create superior home-grown machine tools essential in vehicle manufacturing, separated from Toyota Motor Corporation and began operations in 1941 as an independent company. Its main product was the machine tool.

#### Toyoda Machine Works

2001.12

**Toyoda Machine Works**  
Started EPS mass production

2002



2002.11  
**FAVESS Co., Ltd was established.**

Koyo Seiko, Toyoda Machine Works, Denso Corporation and Toyota Motor Corporation jointly invested in FAVESS, a company to develop and sell electric power steering. This greatly contributed to the integration between Koyo Seiko and Toyoda Machine Works and played an important part in JTEKT's conception.



Commemoration of FAVESS's launch (February, 2003)

2000.9

**Koyo Seiko and Toyoda Machine Works entered a basic agreement for the joint production of electric power steering.**

In the basic agreement it was stipulated that Koyo Seiko would develop column type and pinion type EPS for light vehicles, while Toyoda Machine Works would develop the rack type for large vehicles. The objective of this agreement was to combine the technological and development strengths of both companies, speed up and streamline the development process and ride out the competitive times.

2005.10

**Introduced JTEKT at the Tokyo Motor Show.**

Held a press briefing at the JTEKT booth. Explained the background behind JTEKT's establishment, future directives, the business opportunities and global strategies made possible through the merger and gave an overview of the exhibition theme members of the press in order to deepen understanding of the new company.



Tokyo Motor Show press briefing



## “Expectations towards JTEKT’s vigor”

**Toshiaki Wakabayashi**  
Lecturer for Advanced Materials Science,  
Faculty of Engineering, Kagawa University

In October of 2010, I visited the Kokubu plant for the first time in a long time, and I remember I was impressed by the obvious improvements in equipment layout and product quality control. Just a couple of days ago, I had the opportunity to talk to young employees who had

been with the company for less than 5 years, and was reminded how JTEKT have a culture of treating their employees highly and encouraging free discussion. My sincere congratulations to JTEKT on their 5th anniversary. I had been interested in their engineering capabilities for some time now and in the future I have high expectations of their ability to demonstrate their vitality through monozukuri earning society’s trust.

● Topics relating to management ● Topics relating to technology ● Topics relating to CSR

**2006  
slogan**

### JTEKT’s first year “Integration” and “Reform” Getting the most out of synergy!

- [Jan] ● Inauguration  
● Received the Technical Category Prize at the line-off ceremony of the new Toyota Camry
- [Feb] ● Small-type cylindrical grinder, EGProcessor, received the Energy-saving Device Excellency Award  
● Held Machine Tool and Mechatronics Product Appreciation evenings in all domestic locations (until March)
- [April] ● Initiation ceremony – 351 new employees  
● Establishment of the JTEKT Cooperation
- [July] ● Donated 7.36 million yen through the Japan Red Cross to the victims of the Java Earthquake
- [Dec] ● Relocated to our Nagoya Head Office

JTEKT was conceived on January 1st, 2006

2006

JTEKT

**2007  
slogan**

### Transition from quantity to quality Pursuing synergy and generating real results

- [Jan] ● Ultra-low torque, high performance tapered bearing, LFT-III, awarded the Energy-saving Device Excellency Award by the Minister of Economy, Trade and Industry
- [Mar] ● E-VGR awarded the Nikkan Kogyo Shimbun’s Monozukuri Category Prize
- [April] ● Initiation ceremony – 302 new employees
- [June] ● Opening ceremony of JSSX, the first EPS manufacturing base in China
- [July] ● Established joint venture, JSAI, for the production of EPS in India  
● Donated 3 million yen through the Japan Red Cross to the victims of the Chūetsu Offshore Earthquake
- [Sep] ● Developed a large-type insulation ceramic bearing for wind power generation
- [Dec] ● Electronic control 4WD coupling “ITCC” awarded the Chunichi Sangyo Technical Prize by the Minister of Economy, Trade and Industry



2007

[ 2006 Environment & Social Report ]  
(Introducing activities in 2005)

### Seeking harmony between people, society and the global environment

Began as an [Environment & Social Report]. In line with the merger, expectations of JTEKT regarding social responsibility grew and CSR activities became more important. As a united group we sought harmony between people, society and the global environment.



[ 2007 Social & Environmental Report ]  
(Introducing activities in 2006)

### Considered how to enrich the social report

Changed the name to [Social & Environment Report]. Discussed how the report should be with related departments and moved the focus from environmental issues to actions, etc., towards stakeholders and began considering how to enrich the social report.



### Faith in Japan’s quality shaken

Japan’s economy continued to grow from 2002 onwards, and surpassed the “Izanagi Boom” after WW2. However, incidents of personal computers and home electrical appliances catching on fire, breakage of nuclear power generation turbines and mass vehicle recalls defined 2007 as a year where the image of “Japanese made = high-quality” faltered.

### Heightened concern for environmental conservation

Several incidents believed to have been caused by decreased corporate moral such as shams in the food industry, etc., received significant attention from the media. Escalating crude oil prices, America’s sub-prime loan problem, etc., led to a decline in Japan’s economic growth. Also, concern for environmental conservation began increasing, with the prevention of global warming being the prime focus.

## 5 years of facing and contemplating social issues, and constantly taking steps forward.

### 2008 slogan

### Forming a foundation for assured growth through further quality improvements

- [Jan] ● Proper participation in the vertical machining market
- Announced development of the world-first rack-cross type EPS for large SUVs
- [April] ● Initiation ceremony – 302 new employees
- Distributed JTEKT original eco-friendly bags to all employees
- [May] ● Donated 15 million yen through the Chinese Red Cross, etc., to victims of the Sichuan earthquake
- [Aug] ● TORSER domestic production exceeded 4 million
- [Oct] ● Strengthening development of emergency earnings improvement activities



### 2009 slogan

### Protect our surplus with all our strength

- [Jan] ● Large horizontal machining center, FH1250SX, received Nikkan Kogyo Shimbun's Top Ten New Products Award
- [Feb] ● Establishment of the CSR Promotion Committee
- [April] ● Initiation ceremony – 354 new employees
- Hydraulic cylindrical grinder, LG series, received the Long-life & Bestseller Award from the Committee for Awarding Monumental Machine Tools
- [July] ● Established local bearing dealer, KBIN, in India
- [Nov] ● Donated 1 million yen to the victims of the Sumatra earthquake through specified nonprofit organization, Japan Platform\*
- \* An international humanitarian aid organization supported by 1% of Japanese Business Federation members
- [Dec] ● Acquired major U.S. needle bearing manufacturer, TIMKEN

#### CSR activities

Contributing to society and the planet  
Corporate philosophy  
Compliance  
Sincere business activities



2008

2009

### [ CSR Report 2008 ] (Introducing activities in 2007)

### From this year the name became the [CSR Report]

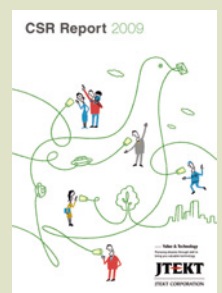
By changing the name to [CSR Report] we placed greater emphasis on the connection with society. We thought about what JTEKT's corporate social responsibilities were and featured a special report entitled "Unique technology for a better future".



### [ CSR Report 2009 ] (Introducing activities in 2008)

### Featured round-table discussions by staff involved in CSR promotion

Established our CSR Policy and clearly stated our intention to share JTEKT CSR with our group companies and business partners. Held round-table discussions attended by staff involved in CSR promotion to increase awareness.



### An age where corporate essence is directly scrutinized

The financial and economic crisis that spread rapidly across the globe triggered by the US financial crisis impacted heavily on Japanese domestic company performance and employment. Never before had financial problems affected the world economy at such a rapid pace. This point is proof that we are indeed in an age where corporate essence is directly scrutinized.

### Newly emerging countries driving the world economy

The financial and economic crisis of 2008, said to be a "once a century" occurrence, impacted advanced countries, particularly Japan, the US and Europe, much more than imagined. Amidst this situation, emerging countries, primarily China and India, made strong economic progress and grew to such a scale that they were able to drive the world economy.





**Takahiro Suzuki**  
Nikkan Kogyo Shinbun Company  
– Mie branch manager

As a newspaper journalist, for 5 years since April, 2006, I have been writing articles on JTEKT. In the beginning, I got the impression that the bearing business and machine tool business were separate, however recently I sense that solidarity has emerged as a powerful Toyota

Group company.

However, one unfortunate thing is that, in the case of both the bearing and machine tool businesses, PR approaches leave a lot to be desired. Despite having top-class technology, in many cases it seems JTEKT don't realize this. In the future I would like to see JTEKT have more confidence in their technology and proactively disseminate this to other companies.

● Topics relating to management ● Topics relating to technology ● Topics relating to CSR

## 2010 slogan

## Progression towards a path to assured growth through further quality improvements

- [Jan] ● CNC combination grinder, TG4, received Nikkan Kogyo Shinbun's Top Ten New Products Monozukuri Award
- [Feb] ● Began mass producing STG in India (JSAI)
- [Mar] ● Donated 1 million yen and 500,000 yen respectively to the victims of the Haiti and Chilean earthquakes through specified nonprofit organization, Japan Platform
- [April] ● Initiation ceremony – 178 new employees
- [May] ● Donated 1 million yen through the Japan Red Cross to the victims of the Yushu earthquake
- [Oct] ● Constructed an internal notification system for all Chinese JTEKT Group companies
- [Dec] ● Torque tube assembly received the Project Award at the Toyota's Lexus LFA line-off ceremony



## 2011 slogan

## Generating real results in order to establish and define the basis of management

- [Jan] ● Established the Electric System Development Center
- [Feb] ● Issued the “CSR HANDBOOK”
- [Mar] ● Donated 70 million yen through the social welfare organization, Central Community Chest of Japan to the victims of the Great East Japan Earthquake
- [April] ● Initiation ceremony – 290 new employees



[ CSR Report 2011 ] (Introducing activities in 2010)

## Awareness activities for all employees

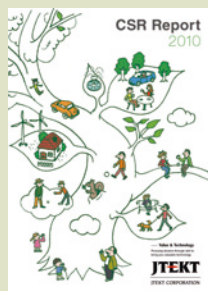
To promote CSR activities with certainty and strength, we implement awareness activities for all of our company employees, not just specific groups or people. The aim is for each and every employee to contribute to the spread of JTEKT CSR throughout society.

2010

[ CSR Report 2010 ]  
(Introducing activities in 2009)

## Pursuing CSR befitting JTEKT

JTEKT are facing social issues head on and we considered what type of CSR befitting us best. We promise to uphold CSR as a manufacturer by showing the link between our technology and a society where people can feel safe.



## Japanese companies feeling the pressure of business structure reform

China becoming number one in the world in the number of vehicle sales and machine tool production value is proof that emerging countries are gaining greater presence and influence. Within Japan, prolonged strong yen is demanding drastic business structure reform. In the mid-to-long term, the spread of electric vehicles and technical innovation in the reusable energy domain will serve to promote economic growth.

2011

We have established a working group and are making several studies towards the formulation of JTEKT VISION 2015.

## Fulfill our social responsibilities as a manufacturer and promote CSR activities across all business domains

Until now, JTEKT have helped solve important social issues such as protecting the global environment, improving vehicle safety, enriching work environments and so on. From here on forward, at the same time as fulfilling our social responsibilities as a manufacturer, we will aim to promote CSR activities across all business domains by creating an environment where all employees think about, and act upon, CSR.

2015



JTEKT CSR Report 2011

# Social Report

## Enhancing and broadening communication with society

An important factor in the promotion of CSR is enhancing communication with all stakeholders.

To date, JTEKT have maintained open, sincere dialogue with customers, business partners, employees, local communities, shareholders and investors, in order to better determine which corporate social responsibilities are appropriate for JTEKT.

While valuing our existing connections, we will strive to enhance and broaden communication with society and acquire even more input to incorporate in our CSR activities.

In FY2010, we made a special effort to build solid relationships with local communities, an aspect covered in detail in this year's report.

# Social Report

## Summary of FY2010 activities

### Together with customers

#### → P23

Establishment of milestones for development and production preparation.

#### → P23

Toyohashi plant circle received a special award at the All Komatsu QC Contest.



### Together with employees

#### → P27

Establishment of an "Iki-iki 60 Committee" to investigate various measures enabling employees 60 years and above to work with vigor.

#### → P30

Stress management training for all employees.



### Together with business partners

#### → P24

Helped our earthquake/tsunami-affected business partners restore production.

#### → P24

Approx. 350 people from the 210 companies in our cooperative participated in a Quality Management Convention.

### Together with local communities

#### → P33

Tadomisaki plant supported the local vocational training center for people with disabilities.



#### → P35

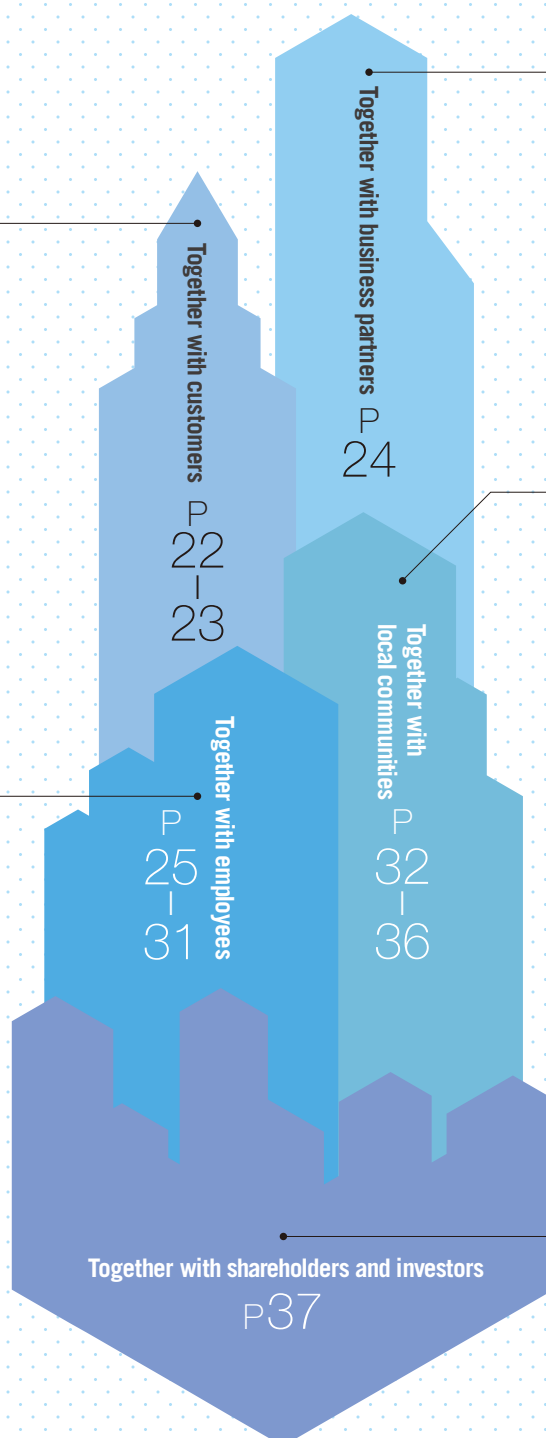
Kameyama plant involved in the Kameyama City Eco-Forest project.



### Together with shareholders and investors

#### → P37

Hosted visits from overseas corporate and individual investors and gave company information sessions.



# Together with customers

## Basic concept

### ● Considering the entire society as customers

JTEKT products are not very familiar to most people but in reality they are used in a diverse range of industries from cars, steel, railway, aerospace and so on.

For example, our EPS (electric power steering) accounts for 40% of the world share. Moreover, JTEKT bearings are widely used in windmill power generators. These are but two examples of how JTEKT products are intrinsically linked to social and environmental issues.



#### Masazumi Yamamoto

Sales & Marketing Headquarters,  
Corporate Sales Management Dept.  
Administrative Management Office



**“Striving to meet the needs of customers, the community and the planet”**

Our department oversees environmental burdening material surveys, shares the results of these internally and conducts employee awareness activities. Our aim is to ensure that JTEKT's products contribute to the conservation of the planet's environment. We also perform customer satisfaction level surveys and engage in activities with the goal of pleasing our customers in all aspects, including quality, lead time, cost, product development and so on.

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 society at large.

## Quality control

### ● Quality policy and quality assurance system

Establishing a quality policy with the motto of “Customer First”, JTEKT are involved in a variety of quality improvement activities. We also maintain a quality assurance system based on this policy.

▶ Figure-01

#### Quality policy

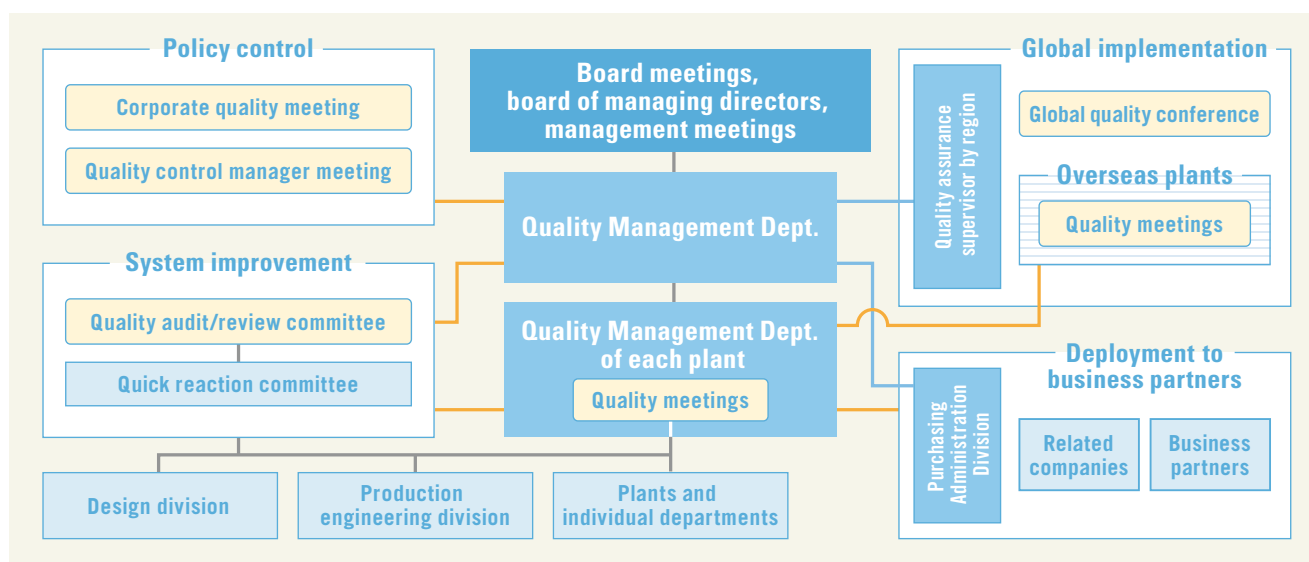
**Adhering to the theme of “Quality First”, to offer products which earn the trust and satisfaction of our customers**

- Making decisions and taking action from the standpoint of our customers
- Manufacturing with quality, safety and environmental-friendliness based on the highest technology and skill
- The instilment of own-process quality through the ingenuity of all employees

### ● Quality milestones in development and production preparation

In response to customers' requests, JTEKT have implemented

▶ Figure-01 Quality assurance system





## Together with customers

a control system using milestones in all stages, from planning, design, development and production preparation to full-scale production. By advancing to the next stage only after conducting audits and ensuring milestone outputs meet standards, the required quality is properly reflected in the product.

### ● Improvement through 3rd party audits

JTEKT actively pursued the obtainment of certification through third parties and as a result acquired certification in the ISO 9001 international standard, ISO/TS 16949 automotive industry standard, AS 9100 aerospace industry standard and other quality management standards. JTEKT continues to receive periodical inspections twice yearly and uses the results to further revise and improve its quality control system.

### ● Promoting TQM activities

JTEKT promote TQM (Total Quality Management) activities based on the three pillars of “Customer First”, “Endless Improvements” and “Participation by All”. Everyone from our top executives to shop floor workers are engaged in improvements that will make our daily tasks more effective and efficient. At workplaces, we strive to foster mutual instruction and the handing-down of unique techniques through small group activities (QC Circle activities), in which workplace members work together to improve visible workplace problems.

### ● Solving problems and issues with SQC

SQC stands for Statistical Quality Control and is essential for promoting work from a QC point of view. By making data, information and ideas visible, stratification and major directives can be advanced at a faster pace. Furthermore, it is easier to make scientific judgment based on data. JTEKT promote SQC internally to familiarize employees with the concept and encourage its use in the workplace.

### Activities in FY2010

Registered problems and issues discovered in daily tasks as “themes” and used SQC effectively for consultations between the person who raised the theme, supervisor and consultant close to the problem (SQC leader) and obtained solutions.

### ● Implemented a customer satisfaction survey

Every year, JTEKT conduct customer satisfaction surveys targeting our main customers. We share the issues revealed through such surveys company-wide and strive to resolve them swiftly and effectively.



#### Toshiichi Takeshita

Machine Tools & Mechatronics Operations  
Headquarters  
After Sales Service Dept.  
Service Group for Middle Japan



Repairing and adjusting products  
in customers' plants

#### “Realizing the importance of ties with our customers through disaster response”

JTEKT formed a task force to respond to the earthquake/tsunami disaster on the day of the earthquake. Amidst fuel shortages and aftershocks, our service cars loaded with relief supplies visited all our customers in the prefectures of Iwate, Miyagi, Fukushima, Ibaragi and Tochigi to repair and adjust products. Our customers greeted us warmly, more impressed with our efforts to reach them than the actual repairs themselves. Our servicemen were thrilled to contribute to improving the situation for our still very distraught customers in some small way and the experience brought home the importance of strong ties.



#### TOPICS

#### Toyohashi plant circle received the special award at the All Komatsu QC Contest

On the 13th of November, 2010, the 42nd All Komatsu QC Contest was held at Komatsu's Ibaraki plant. At this contest, the circle from Toyohashi plant received the special award (2nd place) in the Cooperative Company Division. They were highly appraised with the comment that their “presentation was faithful to the fundamental principles, easy to follow, and it was clear that all members had exercised their strengths”.

[From the left] Takashi Kadatani (presenter) and Yukitoshi Okazaki (support)

# Together with business partners

## Basic concept

### 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. We have outlined procedures in our website for new business partners to start business with JTEKT 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.

#### Long-term, stable business relationships

Achieve stable procurement meeting JTEKT's quality, cost, volume, and delivery requirements through continuous business.

#### Coexistence and co-prosperity

Achieve harmonious relationships with business partners based on mutual trust.

#### Global purchasing

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

## Activities with business partners

### Sharing purchasing policies/measures with business partners

JTEKT hold a Purchasing Policies Briefing every year for our business partners, with the purpose of sharing purchasing policies and measures. We also hold Operations Briefings for individual operations and share production information with our business partners.

### Response to the Great East Japan Earthquake

Responded to various issues relating to purchasing which occurred as a direct result of the earthquake/tsunami disaster.

#### 01 | Helped business partners in the disaster-affected zones restore production

Immediately confirmed the status of our business partners in the disaster-affected zones and helped them restore production as soon as possible. Arranged for the production and supply of replacement parts for those parts unable to be produced and carried out quality assessments to ensure standards were maintained.

#### 02 | Held a Production Trend Briefing

Held a Production Trend Briefing led by the Production Control and Purchasing departments to provide business partners with production information in a timely fashion.

#### 03 | Set up a Consultation Helpline

Set up a helpline for business partners to share any issues they were facing and discuss possible solutions.

#### 04 | Introduced public support systems, etc.

Introduced various public support systems to support our business partners troubled by worsening business conditions caused by decreases in production.

### Green Purchasing activities

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

### Promoting quality improvement through collaboration

The JTEKT Supplier Association (\*) holds a Quality Management Convention every year. We will continue sharing information and issues with our business partners and conduct activities in order to pursue mutual quality improvement.

#### 01 | FY2010 Quality Management Convention

Approximately 350 employees from the 210 member companies of our Supplier Association participated. Presentations were held by six companies giving examples of improvements, as well as a guest presentation by the QC circle from Hanazono plant. Lectures were given on themes such as “The Spirit of Company Management” and “QC Circle Activities for Vitalizing the Workplace”.

#### 02 | Holding workshops for the Supplier Association

In January 2011, a training workshop was held for the 210 companies of the Supplier Association. The three central themes were “Labor Compliance”, “Security Control” and “Stress Management”.

\* The JTEKT Supplier Association comprises of 210 companies. It is intended to foster mutual trust among members and raise their capabilities through activities such as quality management conventions, workshops, and lectures.



**Shigeyuki Tanaka**

Purchasing Administration Div.  
Purchasing Administration Dept.  
Planning & Administration Group



### “Committed to timely information-sharing”

The Purchasing Administration Department is the point of contact with business partners. Our role is to inform our business partners of our purchasing policies and requests through various interactive events, and in turn, acquire our business partners' requests and reflect them internally. It is our hope that these activities will heighten awareness of CSR throughout the entire JTEKT group.

# Together with employees

## Basic concept

### ● Creating a friendly work environment for all

JTEKT fosters workplaces where human rights and diversity are respected and there is no discrimination, and where employees can strive to achieve high goals. We will continue to create workplace environments excelling in respect for people and enabling all employees to work comfortably.

## Labor-management relations

### ● Emphasis on communication and building mutual trust

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

#### Labor-management discussion opportunities (held in FY2010)

- Central Production Subcommittee Meetings (semiannual)
- Central Labor-Management Meetings (annual)
- Labor-Management Meetings (4 times)
- Labor-Management Committee Meetings (8 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)



**Yasuaki Doi**

Corporate Management Division  
Personnel Dept.  
Personnel Office  
Personnel Planning group



### “Creating a culture of happy workers”

My work involves transferring and promoting personnel, as well as making assessments and promoting the self-enumeration scheme. By really listening to what each employee has to say and being sincere in what I do, I believe I am contributing to the creation of a culture where anyone can work happily and fully utilize their strengths. It would make me even happier if my efforts led to the development of the JTEKT group and contributed to society at large.

## Human resource development

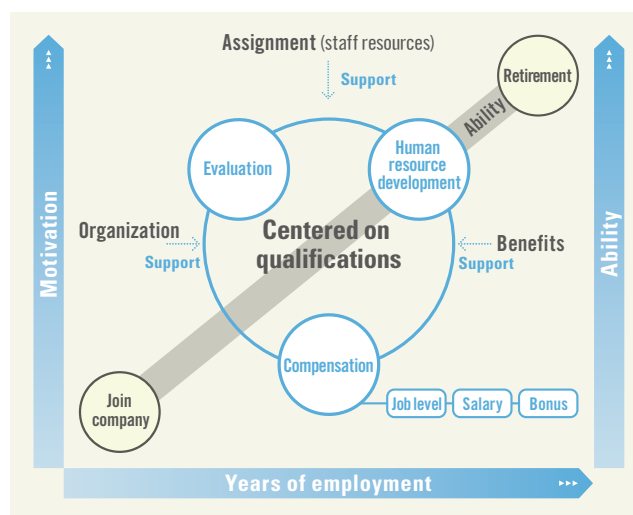
### ● Concept of human resource development

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 are continually motivated to improve themselves and able to realize their true potential through self-driven, disciplined effort.
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.



### ● Training system supporting growth

#### 01 | Human resource development for office & engineering staff

The JTEKT training system is composed of three pillars. Rank-based training, teaching the knowledge and skills necessary for each rank, function-based training, teaching advanced knowledge and skills and workplace-based training, teaching employees specific skills related to their job. In addition, we support the acquirement of qualifications and self-study efforts.

## Together with employees

## 02 | Human resource development for production staff

Based on the training at the JTEKT Technical Training Center (\*1), we incorporate systematic guidance through OJT (\*2) and strive to foster highly skilled production staff. Apart from this, we maintain a support system for certification acquisition, various examination systems and so forth.

→ Related article on [page 46](#)

\*1 JTEKT Technical Training Center JTEKT has a Technical Training Center whose purpose is to cultivate superior production-related employees.

\*2 OJT Abbreviation for "On the Job Training," or training carried out during actual work.

## Rank-based training types and main content

	Training	Main content	Attendees
Managers	Training for new department managers	CSR, workplace management	25
	R3 training for new managers	CSR, policy management, daily task control	109
Office & engineering staff	R4 training for new office & engineering staff	Leadership, planned fulfillment of tasks	104
	R5 training for office & engineering staff	Business communication skills	133
	R6 training for office & engineering staff	Problem solution methods and concepts	154
	Training for office & engineering new employees	JTEKT employee basic knowledge and mindset (including CSR)	77
Production staff	Training for new Chief Leaders	Management basics and planned fulfillment of tasks	45
	Training for new Group Leaders	Problem solutions based on QC concept	51
	Training for new production employees	JTEKT employee basic knowledge and mindset (including CSR)	57

## Respect for human rights, equal opportunity and diversity

## ● Utilization of diverse human resources

Included in JTEKT's Corporate Activities Standards is the following: "Respect the individuality of employees, create workplaces that motivate employees and enable them to fulfill

their potential, and strive to provide each with abundant living circumstances." We are engaged in various actions to utilize valuable human resources regardless of gender, age, nationality and so on.

## Main measures

- Hiring foreign employees
- Changing fixed-term employees to permanent employees
- Providing assistance for those engaged in child-care or nursing-care
- Providing post-retirement employment opportunities
- Assisting female employees' career development
- Employing handicapped persons
- Various education concerning human rights, etc.

## ● Maintain employment

Amongst the ongoing harsh management environment in FY2010 we implemented measures such as job transfers and work sharing in an effort to maintain employment. JTEKT observe the laws and regulations in adjusting the employment of fixed-term workers. In FY2010, 50 fixed-term workers were made permanent employees.

## Composition of employees as at end of March, 2011

	Male	Female	Total
Permanent employees	9,316	590	9,906
Fixed-term employees (*1)	1,817	167	1,984
Total	11,133	757	11,890

	Male	Female	Average
Years of employment	17.2	15.6	17.1

Job turnover rate (*2)	0.5%
------------------------	------

\*1 Total fixed-term, part-time, reemployed, and temporary employees

\*2 Voluntary early retirement rate

## ● Assisting female employees in developing their careers

We provide equal opportunities based on motivation and qualifications regardless of gender. Specifically, we hire women for

## VOICE



## "Pass on the dreams to the next generation and continuing the challenge as an instructor"

Takanori Takahashi (Technical Training Center)

As a result of believing in ourselves and enduring stringent training together with our instructor, we were able to receive the Fighting-spirit Award two years running. Now, I would like to pass the dream down to the next generation and work with them as an instructor to try and achieve even higher results in the Skill Olympics. Based on the skill and spiritual strength I've cultivated through training, I will strive to be a skilled technician able to contribute to company growth.

Won the Fighting-spirit Award two years consecutively in the lathe work division at the Skill Olympics National Contest, where young technicians compete for the highest skill award in Japan.





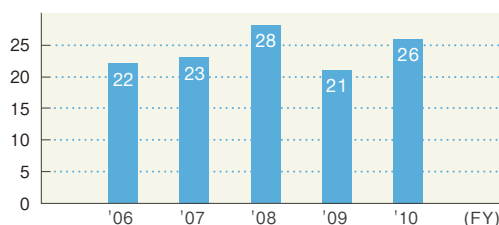
## Together with employees

management-track positions, assign them based on aptitude, and promote them to management positions.

### Supporting the work/child-raising balance

With the adoption of our childcare leave and short-time working systems, we actively assist those who wish to balance their careers with child-raising and work free from anxiety. In line with the regulation adjustment in July of 2010, JTEKT are proactively incorporating changes to answer employees' needs such as expanding the short-time working system for child-raising until April of first grade elementary school.

#### Number of employees who took childcare leave



### ● Reemployment of retired employees

So that retired employees with high motivation and abundant knowledge and experience could continue working, JTEKT established a Senior Partner System in April 2006. As of the end of March 2011, 566 such senior partners reemployed by JTEKT and related companies were working at various workplaces and training younger employees who will become leaders of JTEKT.

#### Number of senior partners in FY2010

Number of those who are applicable		311
Number of applicants [a]		254
Number of reemployed [b]	JTEKT	215
	Related companies	34
Rate of employment [b/a]		Approx. 98%

### Established an "Iki-iki 60 Committee"

Formed an "Iki-iki 60 Committee" in February 2011 for employees and management to jointly investigate various measures enabling employees 60 years and above to work positively and with vigor. In order to broaden opportunities following retirement, we are refining training systems during employees' active service years and aiming to create systems to provide employees with equally high motivation after retirement.

### ● Employment of people with disabilities

JTEKT actively participate in joint-employment seminars aimed at disabled persons and strive to provide as many people as possible with interviews and opportunities to apply. Currently we have disabled employees working mainly as shop floor support and general administration staff. We will

continue to further expand occupational opportunities for disabled persons so they may work with zest and vigor.

#### Number of disabled persons employed (End of March, 2011)

No. of disabled employees	218
No. of employees according to legislation	202
No. of over and short	+ 16
Employment rate	1.94%

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

## Building workplaces

### ● Workplace management questionnaires

JTEKT conduct workplace management questionnaires to grasp the strengths and weaknesses of workplace management and lead to improvements. Each and every employee thinks about what is required to achieve organizational goals from a CSR perspective, sets high individual goals, and through striving to achieve these goals, creates a robust workplace which in turn improves performance company-wide.

## Safety, hygiene and health

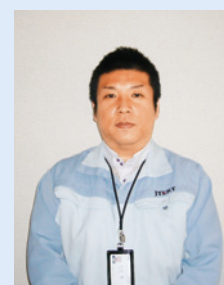
### ● Making the workplace safe and protecting employee health

Maintaining the health of all employees is indispensable to an enthused and vital work environment and to protect the mind and body. In our "Safety & Health Policy", we at JTEKT clarify that "safety and health activities are promoted by the company as a whole".



**Akira Yoshida**

Production Engineering / Production / Logistics Division  
Safety & Health Control Dept.



#### "Promoting improvements as one with those on the shop floor"

I would like to see each and every employee constantly be aware of safety. I want to create an environment which is both safe and easy to work in. I go about by daily tasks with this goal always in mind. Overcoming difficulties with shop floor members, improving safety and the work environment, and getting a strong sense of how employee safety awareness has heightened, really makes my work worthwhile.

## Together with employees

## Promoting activities under a centralized control system

Under the “Safety & Health Policy,” in order to strategically and systematically promote the creation of safer and healthier workplaces, JTEKT have constructed a centralized control system.

▶ Figure-01

## Activities to achieve zero accidents

JTEKT promote safety & health activities based on risk assessment (\*1) and OSHMS (\*2).

**\*1 Risk assessment** Method to investigate potential workplace risks and implement appropriate risk-reduction measures.

**\*2 OSHMS** Abbreviation for Occupational Safety & Health Management System, a system to responsibly, systematically and continuously promote safety & health management and improve safety & health standards at business facilities.

### Activities in FY2010

Reanalyzed equipment and tasks where comparatively more accidents had occurred in the past, then clarified the important points before implementing countermeasures and work standardization.

**Total accidents : 17 in FY2009 down to 15 in FY2010**

We were able to reduce slightly.

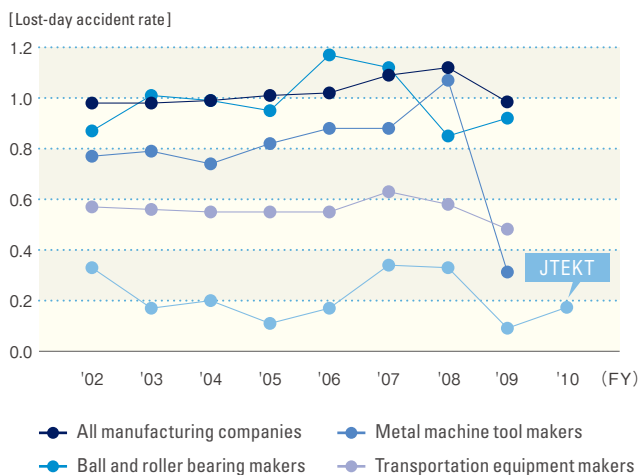
**Lost-day accidents (\*3) : 2 in FY2009 up to 4 in FY2010**

#### Results

Unfortunately, the number of lost-day accidents increased. We believe this to be due to reduced safety awareness among some workers. We are conducting process control aiming for the 100% implementation of “pointing-and-calling”, a safety measure for raising safety awareness that can be done by anyone and is expected to be effective.

**\*3 Lost-day accidents** JTEKT defines lost-day accidents as work-related accidents resulting in work absence of 1 day or more.

## Change of industrial accident frequency rate



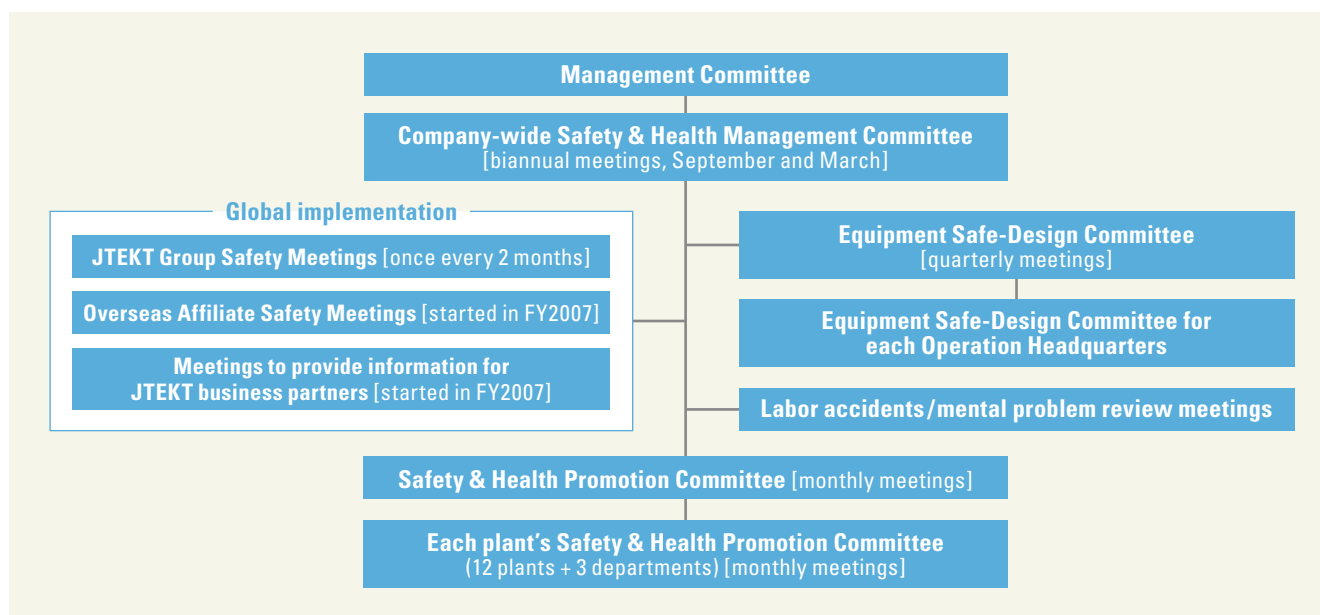
$$\text{Lost-day accident rate} = \frac{\text{Number of lost-day accidents}}{\text{Total work hours}} \times 1 \text{ million}$$

\*The FY2010 section of the graph only shows the lost-day accident rate for JTEKT.

## Safety & health education and training

One of the key requirements of 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 basic KYT 4R training (\*4), sensing-danger training, and skill training.

▶ Figure-01 Safety, hygiene and health control system



## Together with employees

## Main training types (number of attendees in FY2010)

Rank-based training	Safety management training	95
	Group Leader training	50
	New employee training	78
	Training Center student training	53
Special training	Grinding wheel replacement	52
	Arc welding	53
	Robots	0
	Low-voltage handling	52
	Vibrating tool handling	0
	Organic solvents	0
Others	All-Toyota training for those overseeing outside workers	257
	All-Toyota training for those overseeing construction	136
	Elevated-work training	347
	Electric shock prevention training	331
	Risk assessment training	63
Total		1,567

\*4 Basic KYT 4R training KYT stands for Kiken (hazard), Yochi (prediction), and Training. 4R means "4 rounds." This is hazard-prediction training through 4 phases.

## ● Main safety measures in FY2010

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

By FY2007, all 12 plants had acquired certification concerning work safety from external organizations. Since then, activities have been ongoing in accordance with the management system.

#### Certification by outside organizations

**FY2010** Renewed at the Nara, Hanazono, Toyohashi, Tokushima, Tadamisaki and Higashi-kariya plants.

**FY2011** Plan to renew at the Kokubu, Kagawa and Kameyama plants.

### 02 | Creating safety-conscious people, strengthening workplace foundation

Below are the main activities carried out in FY2010.

#### All employees participating in safety activities as one

- Enforcement of "pointing-and-calling" by ALL employees.
  - Improvement of work that can't be done unless equipment is stopped or is difficult to do.
- 1,204 tasks registered. Completed standardization of work procedures for all.

#### Two-way communication activities

Band-aid (minor injuries) and near misses (\*5) identification and countermeasures, FHS activity (\*6)

\*5 Near misses A safety and health activity involving gathering and sharing of information on near misses and the devising of reoccurrence prevention measures.

\*6 FHS activity FHS stands for "Face to Face, Heart to Heart, Smile to Smile" and is an activity based on the philosophy that open, honest communication between people will lead to the identification and solving of problems.

### Reoccurrence prevention, proactive measures

- Assessing and implementing countermeasures for troubleshooting work on frequently-stopping equipment
  - Assessing and implementing countermeasures for long hours, high frequency repair/maintenance work
- Completed standardization and implemented countermeasures regarding all specified equipment and tasks.

### 03 | Promoting efforts to improve equipment safety

In order to prevent labor accidents and increase job safety, we have equipment rules (standards) and expanded this to all of our domestic plants and overseas affiliates. Furthermore, we completed countermeasures on similar machines in order to prevent accidents and evaluated equipment safety level.

## ● Main measures in FY2010 relating to workplace environment improvement

### 01 | Improvement of noise level no.3 control category workplaces

Improved noise level in 6 No. 3 control classified zones (workplaces requiring improvement by regulation) in FY2010 (53 pieces of equipment) and aim to have zero No. 3 control classified zones by FY2012.

#### Improvement of workplaces with class III noise (Target: Zero in FY2012)

FY	2006	2007	2008	2009	2010	2011	2012
Number of improved workplaces (number of improved machines)	2 (2)	8 (58)	5 (15)	2 (11)	6 (53)	5 (59)	7 (59)
Number of workplaces (number of remaining machines)	26 (263)	19 (205)	18 (190)	16 (170)	12 (108)	8 (59)	0 (0)

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

To promote the creation of a workplace environment considerate of senior and female workers, we conducted a posture-weight assessment on newly installed lines. Posture-weight assessments allocate a score for posture determined by the work posture, and a score for weight, determined by the weight of the object/s handled. It is a method to quantitatively assess the risk of lower back pain. The assessment gave satisfactory results and no workplaces required improvement.

### 03 | Improving high temperature workplaces

From the perspective of worker protection, JTEKT revised our work environment measurement standards and began WBGT-based (\*7) assessments. JTEKT's WBGT standard is 30°C.

\*7 WBGT (Wet-Bulb Globe Temperature) An indicator incorporating humidity, radiation heat and temperature, which significantly impact upon 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 × wet-bulb temp. + 0.2 × globe temp. + 0.1 × dry-bulb temp.  
Indoors : WBGT = 0.7 × wet-bulb temp. + 0.3 × globe temp.

## Together with employees

## ● Achieving mental and physical health

To support healthy minds and bodies of each of our employees, JTEKT promote various activities such as lifestyle-related disease detection and mental health activities. In FY2010, we held stress management training courses with an emphasis on self-care.

▶ Figure-01

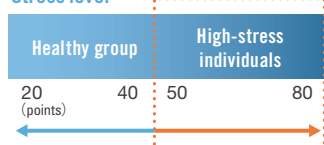
### 01 | Achieving mental health

JTEKT aggressively promoted mental health measures with an emphasis on preventing depression. As a result, the number of employees who took leave of absence and the total number of days missed due to mentally-related illnesses were less than the previous year. We believe that this was achieved due to other people detecting warning signals early on and taking care of the source of problems early on.

Unfortunately however, employee stress level (\*1) and high-stress individual ratio (\*2) grew in line with production increases.

**\*1 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.

#### Stress level



**\*2 High-stress individual ratio** Number of high-stress individuals against the total number of employees who submitted stress surveys.

### [ Activities in FY2010 ]

#### Stress management training

Held stress management training for all employees with the purpose of teaching stress coping strategies and depression prevention methods. A total of 138 training sessions were held. All workplaces were connected through video conferencing, with a total of 10,037 attendees.

#### Training content

- ① About stress    ② Stress coping strategies, how to be strong against stress
- ③ Self-analysis, egogram (practical)    ④ Breathing exercises (practical)



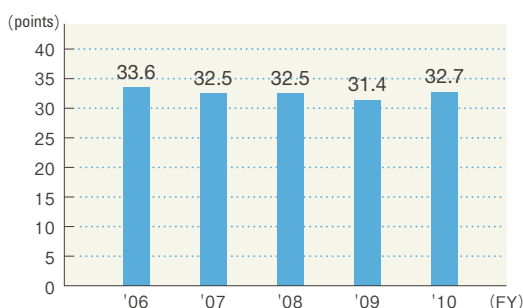
Stress management training

#### Early detection of mentally-compromised individuals and response

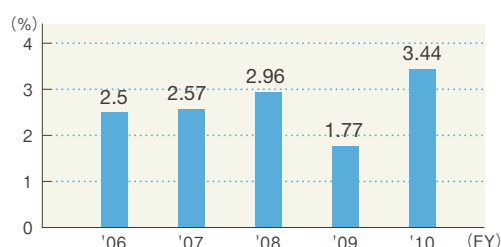
Thanks to the establishment of early detection/response systems, the number of employee consultations doubled compared to the previous year. Recent years have seen increases in new-type depression (\*3) and bipolar disorder (\*4) cases, making it difficult to handle within the individual workplace alone. JTEKT employ health nurses to tend to such cases so as not to overburden workplaces.

▶ Figure-01

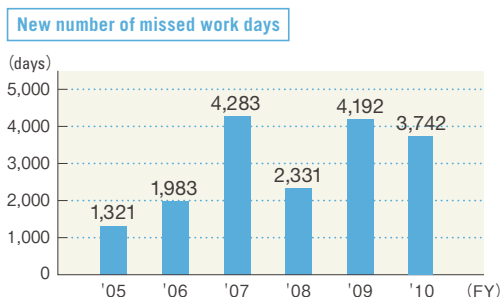
#### Transition of average stress levels



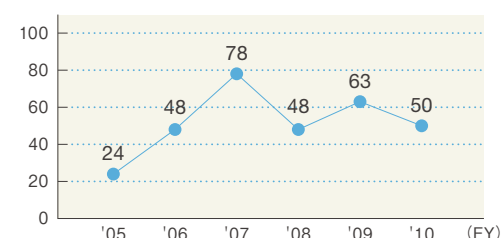
#### High-stress individual ratio yearly transition



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



#### New number of absent employees





## Together with employees

## Counseling

Consultation from the individual	102
Consultation from colleagues of the individual (cases where unusual behavior on behalf of the individual is detected)	102

## Reinstatement support

Interview before reinstatement and follow-up afterwards	66
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**\*3 New-type depression** New type of depression where symptoms only persist while the individual is at work.

**\*4 Bipolar disorder** Mental disorder where individual suffers from repeated manic and depressive states

## 02 | Measures against overworking

It is a company's obligation to have employees working long hours interviewed by a doctor to ensure health maintenance. During interviews, an industrial physician checks their degree of fatigue and work situations. Employees determined to have accumulated fatigue are given guidance on overtime work restrictions for the next month and from a lifestyle perspective.

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

In line with production increases in FY2010, employees began working longer hours. There is concern that if individuals work more than 70 hours overtime per month, their lifestyle and sleep patterns will deteriorate and could give rise to lifestyle-related diseases.

Managers	FY2008	Approx. 2,640 (Average : 220/month)
	FY2009	2,092 (Average : 174/month)
	FY2010	2,558 (Average : 213/month)
Staff	FY2008	Approx. 1,290 (Average : 107/month)
	FY2009	316 (Average : 26 /month)
	FY2010	1,898 (Average : 158/month)



Hideko Sugimoto

Production Engineering /  
Production / Logistics Division  
Safety & Health Control Dept.

**"I want people to experience the joy of working with a healthy body"**



I really want employees to go about their daily work with vigor and energy. I am so happy when people tell me after health consultations or mental care sessions "I'm so glad I talked about it", "I'm so relieved my illness was detected early", "I feel reassured now", and so on. I am determined to continue health management activities which will allow people to experience the joy of working with a healthy body.

## 03 | Achieving physical health

Beginning with lifestyle-related diseases, we place importance on the prevention, early detection and early treatment of illnesses, and actively support the health management of our employees.

## Special health guidance

The program that JTEKT began in April 2008 of special health checkups and healthcare guidance is gradually taking hold. We are taking assertive action towards our objective of eradicating metabolic syndrome.

## FY2010 healthcare guidance implementation

	Special health checkups	Special healthcare guidance	Improved people (*1)	Metabolic syndrome alleviation(*2)
No. of those applicable [a]	5,532	1,728	1,022	1,022
People screened, people participated [b]	5,532	1,022	455	312
% of total	Result [b/a]	100%	59%	45%
	Target	80%	45%	10%

\*1 Reduction of 1kg or more in weight or 1cm or more in abdominal girth

\*2 Abdominal girth of 85cm or less

## Quit Smoking campaign

From July 1st to August 31st, we ran a Quit Smoking campaign to support those people who wanted to quit smoking.

We established two courses. A course providing anti-smoking aid and B course for quitting smoking by own strength alone. With detailed assistance from an industrial doctor and nurse, 69% of people successfully quit.

## Total no. of participants and no. of successful participants

	Total	Successful	Success rate
A course	143	93	65%
B course	48	39	81%
Total	191	132	69%

# Together with local communities

## Basic concept

### ● Promoting socially contributing activities as a good corporate citizen

In JTEKT's Corporate Activities Standards we state that as a good corporate citizen, we will aggressively pursue activities that contribute to society. Based on this policy, we promote various activities with the objective of growing as a company while being trusted and appreciated by local communities. The Social Contribution Working Group beneath the CSR Promotion Committee leads these activities and works to further enrich activities.

### What we want to achieve

Based on the below interpretation of a "good corporate citizen", JTEKT promote socially contributing activities and aim to grow together with the community.

### JTEKT's interpretation of "a good corporate citizen"

- ① Each and every employee understands JTEKT CSR and the purpose of socially contributing activities, possess an awareness of themselves as being members of the local community and carry out sincere business activities.
- ② As a community member, communicate with the relevant local community, be aware of local issues, and cooperate with the community to find solutions.
- ③ All of JTEKT group plan and execute activities to realize our philosophy of "contributing to the happiness of people and the abundance of society through product manufacturing".

## Current activities and vision

Currently, each workplace is developing a culture where all employees can proactively contribute to society in the form of volunteer activity support through communication with local communities, revolving around the three areas of community contribution, environmental conservation and people-nurturing.



**Takao Uemura (left)**

Corporate Management Division  
Public Relations Dept.  
Government and  
Industrial Affairs Office



### "To win even one more heart"

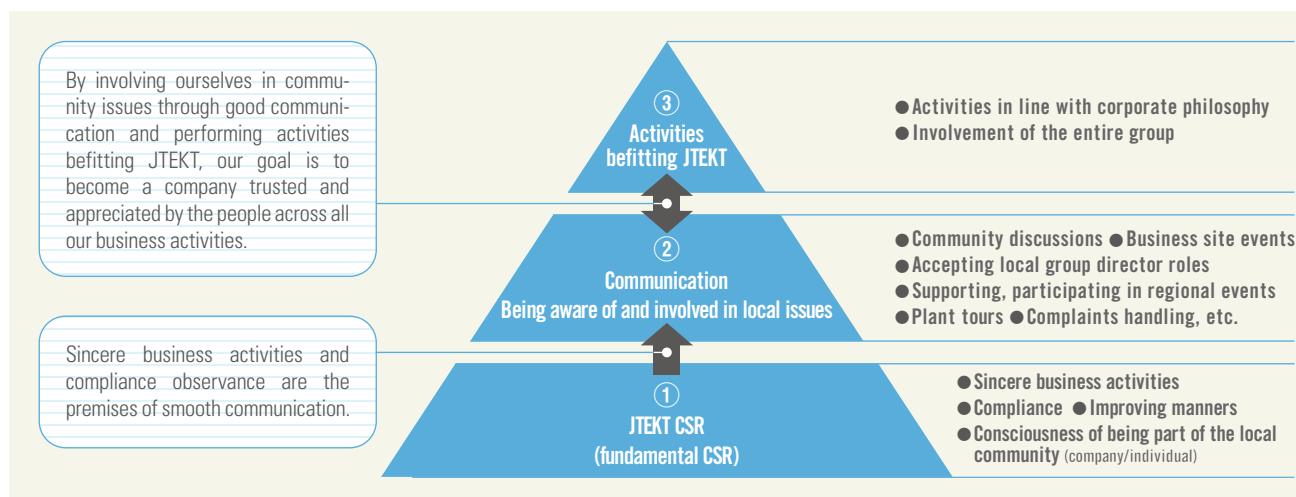
Contributing to society through sincere business activities goes without saying, but JTEKT perform various activities with each employee aware they too are members of the community, and we always do our best to win even one more heart.

**Rinako Nishihata (right)**

Corporate Management Division  
Public Relations Dept.  
Government and Industrial Affairs Office

### "Want to heighten awareness companywide"

We promote activities daily with the objective of growing as one with a community that trusts and appreciates us. To this end, we drive home this purpose to each and every one of our employees and spare no effort in heightening companywide awareness.



## Together with local communities

## Communication

## ● Emphasizing dialogue with the community

As a member of the local community, JTEKT consider dialogue with surrounding communities to be important and provide many opportunities for interaction such as community discussions, plant festivals and so on.

## ● Holding community discussions at all plants

We periodically invite local residents to participate in community discussions at each plant. At these discussion sessions, we report achievement and exchange opinions concerning environmental conservation activities and do plant tours, etc., to build a good relationship with the local community. In FY2010, a total of 262 people participated at all 12 plants.

Activity  
close-up

## Community discussions with two districts

Higashi-kariya plant (Kariya, Aichi)

Every year at our Higashi-kariya plant, JTEKT hold community discussions for the two districts of Noda, Kariya and Nishinaka, Chiryu. The wife of the district mayor attended the community discussion for Nishinaka in July of 2010 and we were able to share a better understanding of JTEKT.



## VOICE

## Takashi Fukatsu

District Mayor, Noda district, Kariya, Aichi

JTEKT have been a vital member of our community for several years now. Through the plant discussions (and plant tours) held each year, JTEKT's reputation has become established as a company open to the community. I hope JTEKT will continue to have a presence in our community for years to come.

## ● Deepening friendships through plant festivals

Each of JTEKT's plants plan and hold festivals every year, with stage shows, games, stalls and more. The aim is to promote friendship between employees, families and the local community. Festivals were held at 10 plants in FY2010, with a total of 16,000 visitors.

Activity  
close-up

## Supporting the local vocational training center for people with disabilities.

Tadomisaki plant (Takahama, Aichi)

At the Tadomisaki plant festival, visitors received bags of rusks as presents. JTEKT asked these bags to be prepared and distributed by the residents of the local vocational training center for people with disabilities. We want to create contact between people with disabilities and JTEKT employees, their families, and the community at large, to encourage mutual understanding and respect.



## VOICE

## Tomoe Kunitatsu

Director of NPO "Nori-nori Footwork"

We are sincerely grateful to everyone at the JTEKT Tadomisaki plant for their understanding and cooperation in helping the challenged gain independence through bread-making and sales activities, etc.



## Together with local communities

### Socially contributing activities

#### ● Promotion based on three activity items

JTEKT promote socially contributing activities based on the three items of regional contribution, people nurturing and volunteer activity support.

#### [ Regional contribution ]

JTEKT strive to engage in activities meeting the expectations and requests of the surrounding regions.

#### Road safety and fire prevention

JTEKT actively promote a number of road safety activities including “risho” (\*1). We also believe that fire prevention is very important to maintaining a trusting relationship with the community and as such implement fire prevention measures.

**\*1 Risho** A practice unique to Japan where, on the morning of a set day every month, employees of automotive-related companies promote road safety awareness amongst drivers. This activity aims to reduce the number of road accidents.

#### Activity close-up

#### Road safety awareness activity (risho) spreads to local roads

**Okazaki plant** (Okazaki, Aichi)

Okazaki plant conducts a road safety awareness activity (risho) to keep drivers safety-conscious. Conventionally, risho is carried out at national road intersections however, from 2011 JTEKT began conducting this activity at the intersections of local roads too. Employees stand watch to check that drivers are observing rules and driving safely and that children are able to get to school safely.



#### Activity close-up

#### Rear-end collision experience at plant festival

**Tokushima plant** (Itano, Tokushima)

At their festival, the JTEKT Tokushima plant arranged a JAF (\*2) “Rear-end Collision” booth to heighten visitors awareness of road safety. They also held plant tours and explanatory



tours to introduce environmental facilities within the plant and received comments from visitors that “it was clear to see the plant was environment-friendly”.

**\*2 JAF** Japan Automobile Federation



#### VOICE

#### Satoshi Tada

Tokushima plant  
Administration Dept. General Affairs Sect.

The rear-end collision booth allowed a number of visitors to experience just how scary traffic accidents are. We will continue to raise awareness towards road safety.

#### Community clean-up, beautification

Every year JTEKT hold community beautification activities to raise company environmental awareness. Employees proactively participate in cleaning up around plants and co-exist with the community. This activity was held at all of our plants in FY2010.

#### Activity close-up

#### Community clean-up

**Kagawa plant** (Higashi-kagawa, Kagawa)

Every year in either May or June, Kagawa plant perform a clean-up activity in a designated zone. After work has finished for the day, around 120 employees start cleaning the roads and continue for roughly an hour. Local residents passing by often thank us for our efforts.



## Together with local communities

Activity  
close-up

## Participation in the “530 Movement”

Toyohashi plant (Toyohashi, Aichi)

Every year, the JTEKT Toyohashi plant participate in the “530 Movement” (\*3) with other neighboring companies. On November 4, 2010, 1,068 employees of 84 companies participated, picking up the garbage scattered around the Akemi Industrial Park roads and traffic island.

**\*3 530 (Zero Garbage) Movement** An activity originally held on May 30th where participants picked up garbage. This movement began in 1975 in Toyohashi city, Aichi prefecture, but is now practiced nationwide.



## Environmental conservation

JTEKT consider environmentally-orientated social contributions to be of particular importance. Each workplace engage in a diversity of environmental conservation activities with community members.

Activity  
close-upParticipation in Hamura City's  
“Full of Flowers” movement

Tokyo plant (Hamura, Tokyo)

Every spring and autumn, the JTEKT Tokyo plant get involved in Hamura City's “Full of Flowers” movement. They plant tulips, salvia, pansies and more along road sides and plant boundaries for the visual pleasure of residents. They also preserve the variety of trees that have taken root from fallen seeds within the plant grounds.

Activity  
close-upParticipation in the Kameyama City  
Eco-Forest project.

Kameyama plant (Kameyama, Mie)

The JTEKT Kameyama plant participate in the Kameyama City Eco-Forest project, an environment improvement activity held in conjunction with residents of Kameyama city and neighboring companies. This involves weeding and cleaning up of pavements as well as family-orientated woodwork classes and nature observation sessions.



## [ People-nurturing ]

Through activities such as monozukuri classes and plant tours, JTEKT contribute to the nurturing of young community members.

Activity  
close-upA Japanese drum performance  
by local high school students

Hanazono plant (Okazaki, Aichi)

At the Hanazono plant festival in 2010, JTEKT invited a Japanese drum group from the local high school to perform. This group gave a performance at the Shanghai Expo and captivated onlookers with their flawless choreography and powerful beat.





## Together with local communities

### Activity close-up

#### Participation in the Monozukuri Fair in Kashiwara

**Kokubu plant** (Kashiwara, Osaka)

JTEKT participated in the Monozukuri Fair in Kashiwara which is held in Kashiwara city, Osaka, and showcases products and technologies from local manufacturers. The Kokubu plant exhibited their ultra-low torque bearing contributing to fuel efficiency and environmentally-friendly bearing for wind generation. Elementary school children at the fair on a field trip handled an actual roller used in large bearings and marveled at its impressive weight.



### [ Volunteer activity support ]

JTEKT employees proactively engage in a number of locally contributing activities. We will continue to provide information and introduce examples, etc., to encourage employees to autonomously pursue volunteer activities.

#### TOPICS

#### Sponsor and management of a Nagoya Philharmonic charity concert

The eight Toyota group companies including JTEKT based in Kariya sponsored and managed a charity concert held by the Nagoya Philharmonic Orchestra. So this concert could be enjoyed by people in wheelchairs, JTEKT helped with the removal of chairs from the auditorium to allow for better wheelchair access. Also, the concert program was designed using a picture drawn by a resident of a local caring facility



### Activity close-up

#### Participation in the 2010 Clean-up Nara Campaign

**Nara plant** (Kashiwara, Nara)

On September 5th, 2010, JTEKT Nara plant's volleyball team participated in the group beautification activity "2010 Clean-up Nara Campaign", cleaning up the area around Kashiwara shrine.



### Activity close-up

#### Participation in Kariya city's Health & Well-being Festival

**Kariya plant** (Kariya, Aichi)

Every year, with the aim of raising awareness concerning health and well-being and expanding the circle of volunteers, a Health & Well-being Festival is held in Kariya. Employees from our Kariya plant participate in volunteer activities each year and are involved from preparations to running things on the actual day.



#### VOICE

##### Yuichi Yoshida

Kariya Plant  
Administration Dept.  
General Affairs Sect.

I was pleased to do my part for the community on behalf of the JTEKT Kariya plant!



# Together with shareholders and investors

## Basic concept

### ● Aiming for highly transparent management

At JTEKT we make "communication with not only shareholders but also the community at large and the fair disclosure of corporate information" part of our Corporate Activities Standards. Based on this concept, we make management transparent, and strive to construct a long-term relationship of trust with shareholders and investors.

## Information disclosure and IR activities

### ● Detailed IR activities

JTEKT not only observe rules on legislated disclosures and timely disclosures but also actively disclose information that is both well-timed and appropriate voluntarily and in a fair manner. Furthermore, we deploy detailed IR activities. From FY2010, JTEKT began hosting visits from overseas corporate and individual investors and giving company information sessions, doing our best to provide easy-to-understand information to all of our shareholders and investors.



An information session for individual investors

#### Main IR activities

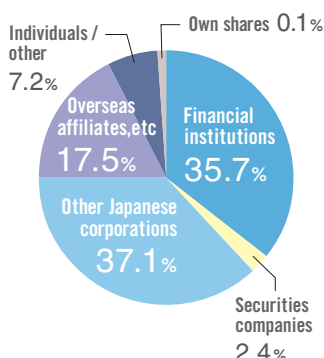
- Hold IR briefings and small meetings
- Individual interviews
- Visits from overseas corporate investors
- Company information sessions for individual shareholders and investors
- Conduct plant tours
- Issue annual reports
- Disclose information on HP

## Shareholder situation and return of profits

### ● Shareholder status

Current at end of March, 2011, the number of shares issued were 342,186,000 and the breakdown of shareholders is as follows.

#### Shareholder distribution status



Financial institutions	122,230	thousand shares
Securities companies	8,100	thousand shares
Other Japanese corporations	126,850	thousand shares
Overseas affiliates, etc.	60,016	thousand shares
Individuals / other	24,739	thousand shares
Own shares	249	thousand shares
<b>Total</b>	<b>342,186</b>	<b>thousand shares</b>

As at end of March, 2011  
(anything less than 1000 rounded down)

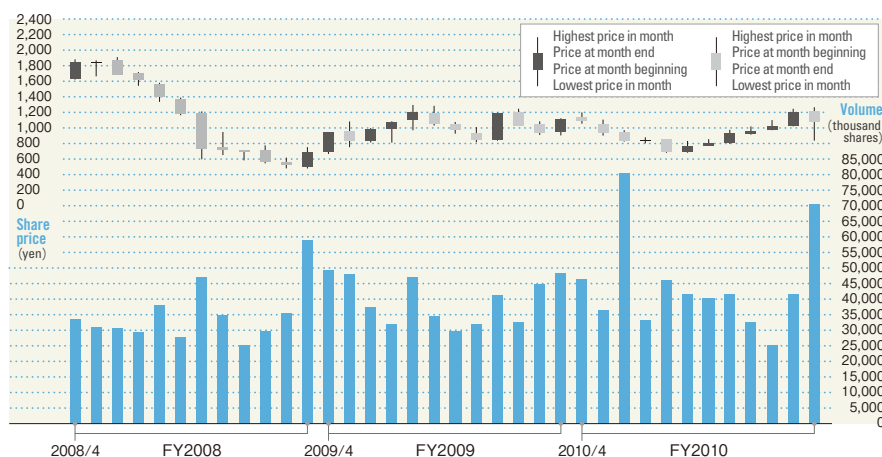
### ● Business performance and return of profits

Our consolidated sales for FY2010 was 955.4 billion yen, 24.1% higher than the previous year. Our consolidated operating profit was 39.9 billion yen (400 million yen for the previous year), while our combined ordinary income of 40.2 billion yen and combined current net earnings of 20 billion yen. Consequently, we adjusted our annual dividend to 16 yen per share, a 5 yen increase over last period.

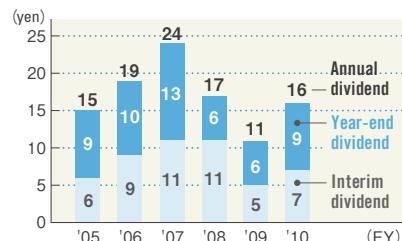
It is still not clear how FY2011 will unfold, but JTEKT will spare no effort in establishing ourselves as a corporation capable of producing stable results.

▶ Figure-01

▶ 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	

# Environmental Report



## Establishing a group environmental vision and broadening environment conservation activities.

JTEKT thought long and hard about what we can do and what future action we should take in order to contribute to the conservation of the global environment.

In FY2010, we established a guideline to lead us down the right path, the “JTEKT Group Environmental Vision”.

This guideline will bring the JTEKT group, our customers and our business partners together regarding approaches to environment conservation and make a specific environmental action plan our common goal.

For our FY2010 milestone, we incorporated biodiversity conservation and are promoting activities for the next generation.





# Environmental Report

## Summary of FY2010 activities

### Environmental management

#### → P40

Established the JTEKT Group Environmental Vision and 2015 Environmental Action Plan.

#### → P45

Implemented emergency drills to minimize damage in the event of a natural disaster.

### Prevention of global warming

#### → P52

Built companywide promotion framework by establishing working groups, etc., in response to the Energy Saving Act.

#### → P53

Introduced reusable natural and biomass energies including solar and wind power.

### Effective use of resources

#### → P54

Recycled and reused chips produced in aluminum forging through compression and solidification.

#### → P55

Changed our contracted treatment method of metal sludge to allow for the reuse of manufacturing waste.

### Environmentally-focused development and design

#### → P49

Our steering operations developed steering systems to best suit vehicle applications and objectives.

#### → P50

The Bearing and Driveline Operations Headquarters promoted optimal design of bearings and driveline components in an effort to contribute to the environment.

#### → P51

The Machine Tools & Mechatronics Operations Headquarters developed products with minimal environmental load to conserve energy and resources.

### Control and reduction of environmentally burdensome substances

#### → P56

Decreased the release and transfer of substances subject to the PRTR act target substances to reduce the impact of chemical substances on the environment.

#### → P56

Aim for zero REACH regulation substances requiring authorization by January, 2014.

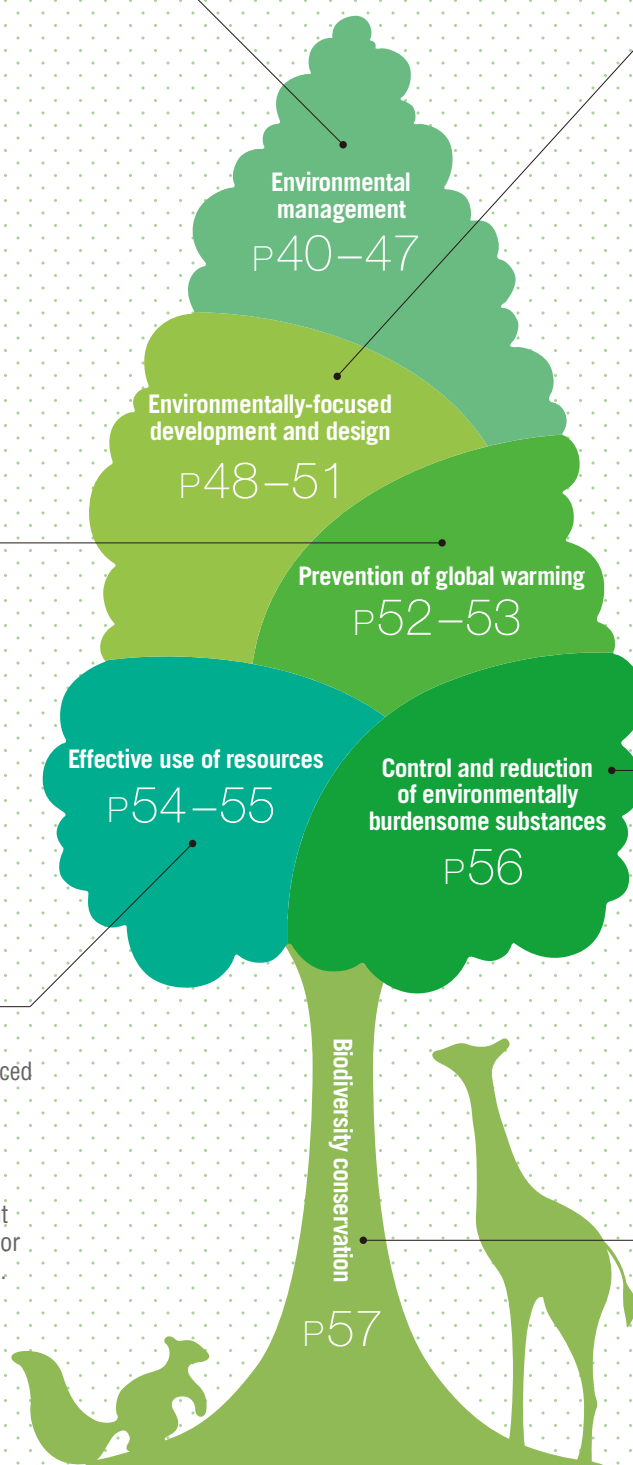
### Biodiversity conservation

#### → P57

Established a "Biodiversity Conservation Action Guideline" to reduce the environmental load created by business activities and to consider biodiversity.

#### → P57

Participated in the "Toyota Group Forest Management Experience", learning about the current status of forests and carrying out thinning.





# Environmental management

## Basic concept

### ● For development of a sustainable planet

The JTEKT group, to realize our corporate philosophy of “contributing to the happiness of people and the abundance of society through product manufacturing”, consider the environment to be an important management issue and promote action to contribute to the development of a sustainable planet and society.

## JTEKT Group Environmental Vision

### ● Establishment of the environmental vision

In March of 2011, JTEKT established the JTEKT Group Environmental Vision comprised of an environmental philoso-

phy and policy defining global environmental conservation action based on CSR policies.

▶ Figure-01

### ● Establishment of the 2015 Environmental Action Plan

In March of 2011, JTEKT established an Environmental Action Plan targeting 2015. In this action plan, the base indicator of CO<sub>2</sub> and waste generated by production was changed from the conventional one based on sales to one based on in-house production volume, which better reflects production activities and results of production improvement activities. To promote environmental conservation activities encompassing the JTEKT group, consolidated companies and business partners, initiatives and concrete items and targets were defined with activities beginning in FY2011.

▶ Figure-02

▶ Figure-01

JTEKT Group Environmental Vision

=

Environmental Philosophy

+

Environmental Policy

### Environmental Philosophy

The JTEKT group is aiming to reduce the environmental load of our business activities and products throughout their life-cycle in order to conserve the global environment for future generations and realize a sustainable society.

### Environmental Policy

JTEKT, based on a deep awareness of the importance of global environmental conservation, will proactively pursue environmental conservation in all business activities in the fields of bearings, driveline components, steering systems, and machine tools & mechatronics at all plants, head offices and sales offices with the active participation of all employees.

1. Continuously improve our environmental management system to harmonize our business activities with the environment and promote the cooperation of all suppliers of raw materials, etc.
2. Comply with all requirements of environmental laws, regulations, treaties, agreements, etc., related to our business activities and strive to prevent environmental pollution. Also, contribute to society by accurately grasping technical needs related to global environmental conservation and developing products to meet such needs.

3. Raise the environmental awareness of all employees and pursue the following as important environmental management objectives in relation to all our business activities, products and services

- (1) Develop and design environmentally friendly products
- (2) Reduce CO<sub>2</sub> emissions through effective energy utilization
- (3) Reduce waste
- (4) Thoroughly control chemical substances and reduce environmentally burdensome substances
- (5) Reduce primary materials and secondary materials
- (6) Reduce CO<sub>2</sub> emissions in logistics
- (7) Maintain and improve community environments

4. Maintain an environmental conservation promotion structure, clarify the purposes and targets of environment conservation activities, conduct periodic reviews, and pursue environmental conservation activities with the participation of all employees.

5. Maintain an awareness of the community surrounding each business site, maintain good communication with concerned government agencies and local residents, and publicly disclose information on our environmental management activities as necessary.

## Environmental management

Figure-02 2015 Environmental Action Plan

Area	Action items	Concrete items/targets															
Environmental management	(1) Strengthen and promote consolidated environment management	① All consolidated group companies to establish and promote their own environmental action plans based on the JTEKT Group Environmental Vision.															
	(2) Promote environmental activities in cooperation with business partners	① Promote green purchasing aiming at all components and material suppliers <ul style="list-style-type: none"><li>● Control and reduce environmentally burdensome substances included in components and material</li><li>● Request the formation and operation of an environmental management system</li></ul> ② Promote the purchasing of environmentally friendly products															
	(3) Promote sustainable plant activities	① Build plants that utilize nature and are in harmony with it ② Promote development of low CO <sub>2</sub> production technologies, daily improvements, reusable energy and plant greenification															
	(4) Promote environmental education activities	① Promote environmental awareness education with the objective of improving employee environmental awareness ② Promote rank-specific education ③ Roll out JTEKT Environmental Month (June)															
Develop and design environmentally friendly products	(1) Develop new technology and new products leading to environmental load reduction	① Use the environmental efficient system established in JTEKT internally to assess all products and aim for improvement															
	(2) Reduce resource consumption	① Promote designs which make products smaller, lighter and have less yield rate															
	(3) Promote recycle design considering effective resource use	① Promote development of material such as resin, etc., contributing to carbon neutrality															
	(4) Control and reduce environmentally burdensome substances contained in products	① Promote response to worldwide chemical substance regulations globally															
	(5) Roll out environmental assessments in the design and development phases	① Promote activities to improve product performance and life-cycle assessments															
Reduce CO <sub>2</sub> emissions	(1) Reduce CO <sub>2</sub> in production and logistics <ul style="list-style-type: none"><li>● Global reduction of CO<sub>2</sub></li><li>● Reduction of CO<sub>2</sub> in logistics</li></ul>	<b>Production</b> ① Promote CO <sub>2</sub> reduction activities through the development and introduction of low CO <sub>2</sub> production technologies and daily improvements (Pursue production improvements and encourage activities including administration centers also)															
		<table><tr><th>Target</th><th>Item</th><th>Base year</th><th>Target (2012)</th></tr><tr><td rowspan="2">JTEKT</td><td>Emissions</td><td>1990</td><td>7% down*</td></tr><tr><td>Emissions by in-house production volume</td><td>2008</td><td>4% down</td></tr><tr><td>Globally</td><td>Emissions by in-house production volume</td><td>2008</td><td>4% down</td></tr></table> <p>* Average from FY2008 to FY2012</p>	Target	Item	Base year	Target (2012)	JTEKT	Emissions	1990	7% down*	Emissions by in-house production volume	2008	4% down	Globally	Emissions by in-house production volume	2008	4% down
		Target	Item	Base year	Target (2012)												
		JTEKT	Emissions	1990	7% down*												
			Emissions by in-house production volume	2008	4% down												
Globally	Emissions by in-house production volume	2008	4% down														
<b>Logistics</b> ① Reduce CO <sub>2</sub> through transportation improvements																	
<table><tr><th>Item</th><th>Base year</th><th>Target (2012)</th></tr><tr><td>Emissions</td><td>1990</td><td>15% down</td></tr><tr><td>Emissions by sales</td><td>2006</td><td>12% down</td></tr></table>	Item	Base year	Target (2012)	Emissions	1990	15% down	Emissions by sales	2006	12% down								
Item	Base year	Target (2012)															
Emissions	1990	15% down															
Emissions by sales	2006	12% down															
(2) Promote reusable energy	① Promote reusable energy considering characteristics of each region and locality																
Reduce waste	<b>Production</b> (1) Promote thorough reduction of waste through countermeasures focusing on the source of the waste (2) Achieve zero emissions in all JTEKT group plants (JTEKT itself achieved zero direct land-fill waste in FY2009 and are continuing to aim for zero waste production in other areas)	<table><tr><th>Item</th><th>Base year</th><th>Target (2012)</th></tr><tr><td>Emissions by in-house production volume</td><td>2008</td><td>10% down</td></tr><tr><td>Direct land-fill waste</td><td></td><td>Zero</td></tr></table>	Item	Base year	Target (2012)	Emissions by in-house production volume	2008	10% down	Direct land-fill waste		Zero						
	Item	Base year	Target (2012)														
Emissions by in-house production volume	2008	10% down															
Direct land-fill waste		Zero															
<b>Logistics</b> (1) Reduce packaging material consumption through simpler packaging and using more returnable containers, etc.	<table><tr><th>Item</th><th>Base year</th><th>Target (2012)</th></tr><tr><td>Emissions by sales</td><td>2006</td><td>12% down</td></tr></table>	Item	Base year	Target (2012)	Emissions by sales	2006	12% down										
Item	Base year	Target (2012)															
Emissions by sales	2006	12% down															
Reduction of chemical substances and environmental burdening substances	(1) Reduce environmentally burdensome substances in production activities	① Reduce release and transfer of substances subject to the PRTR <ul style="list-style-type: none"><li>● Reduce through substitution</li></ul>															
Reduce primary materials and secondary materials	(1) Reduce waste and effectively use resources in production and logistics operations	① Reduce waste and effectively use resources by promoting the improvement of yield rate															
Preserve and improve the global environment, forge communication	(1) Enforce preventative measures for environmental problems and observe regulations	① Strengthen and improve daily control tasks to promote ongoing efforts for zero claims from residents and regulation violations															
	(2) Build good relationships with local residents	① Promote environmental conservation activities around plants ② Build good relationships through discussions with local residents and councils															
	(3) Proactive disclosure of environmental information and enhancement of communication activities	① Issue CSR reports/Communicate well with government bodies and local residents															
	(4) Action for biodiversity	① Promote environmental activities based on our Biodiversity Conservation Action Guideline															

2015 targets will be set by 2012.

## Environmental management

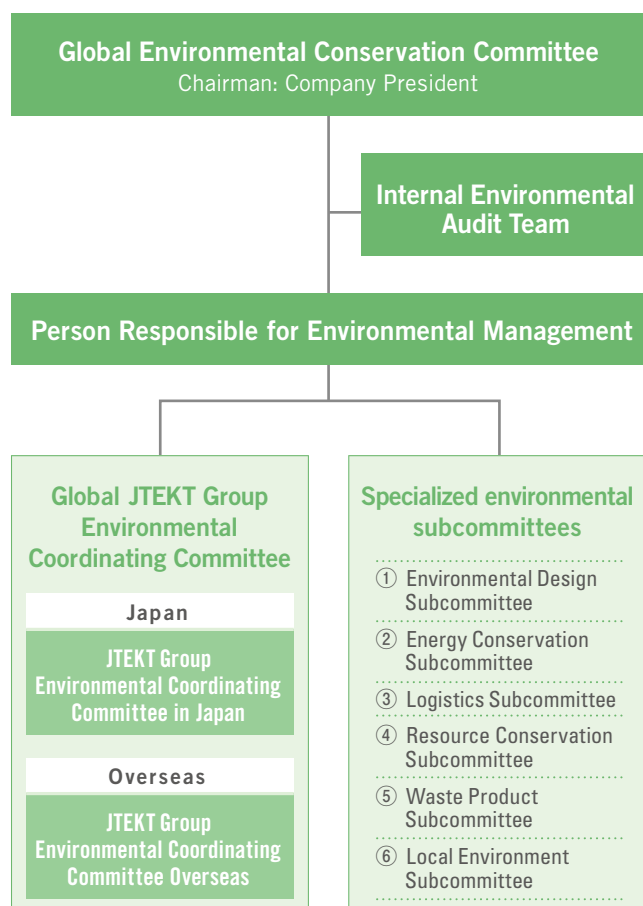
## Promotion structure

## ● Promotion by the Global Environmental Conservation Committee

JTEKT engage in environmental management led by the Global Environmental Conservation Committee chaired by our company president. The committee is divided into six specialized environmental subcommittees who set targets based on companywide policies, discuss and decide upon measures and control progress.

▶ Figure-01

▶ Figure-01 Organizational chart



## Global environmental management

## ● Promotion of global environmental management

JTEKT have set up a Global JTEKT Group Environmental Coordinating Committee comprising of 18 affiliated companies within Japan and 33 overseas affiliates. This committee works to solve environmental issues.

## 01 | JTEKT Group Environmental Coordinating Committee in Japan

In 2010, the 18 domestic members of the JTEKT Group Environmental Coordinating Committee held two sessions, and made progress in CO<sub>2</sub> and waste reduction activities. Furthermore, to make members aware of law and regulation amendments and prevent environmental abnormalities occurring, cases of environmental problems experienced by other companies were presented. In June of 2010, the previous year's results and present year's actions were reported and discussed. In December, 2010, a group-wide session was held, with progress reports and exchanges of opinions on problem areas, etc. A plant tour was conducted at the location hosting the event, and participants were able to see environmentally-orientated equipment and the status of activities, which resulted in heightened mutual awareness towards the environment.

## 02 | Environmental management system certification within the JTEKT group

The JTEKT group is working to acquire ISO14001 certification. ISO14001 is the environmental management system international standard. In FY2010, 43 of the 51 companies on the JTEKT Group Environmental Coordinating Committee (14 within Japan and 29 overseas) had acquired certification, and built systems conforming to the standard.

## Environmental impact of business activities

## ● Reduction of environmental load in all business activity stages

JTEKT strives to quantitatively grasp resource and energy amounts used (input) and amounts discharged into the environment (output) and reduce environmental load in all business activity stages.

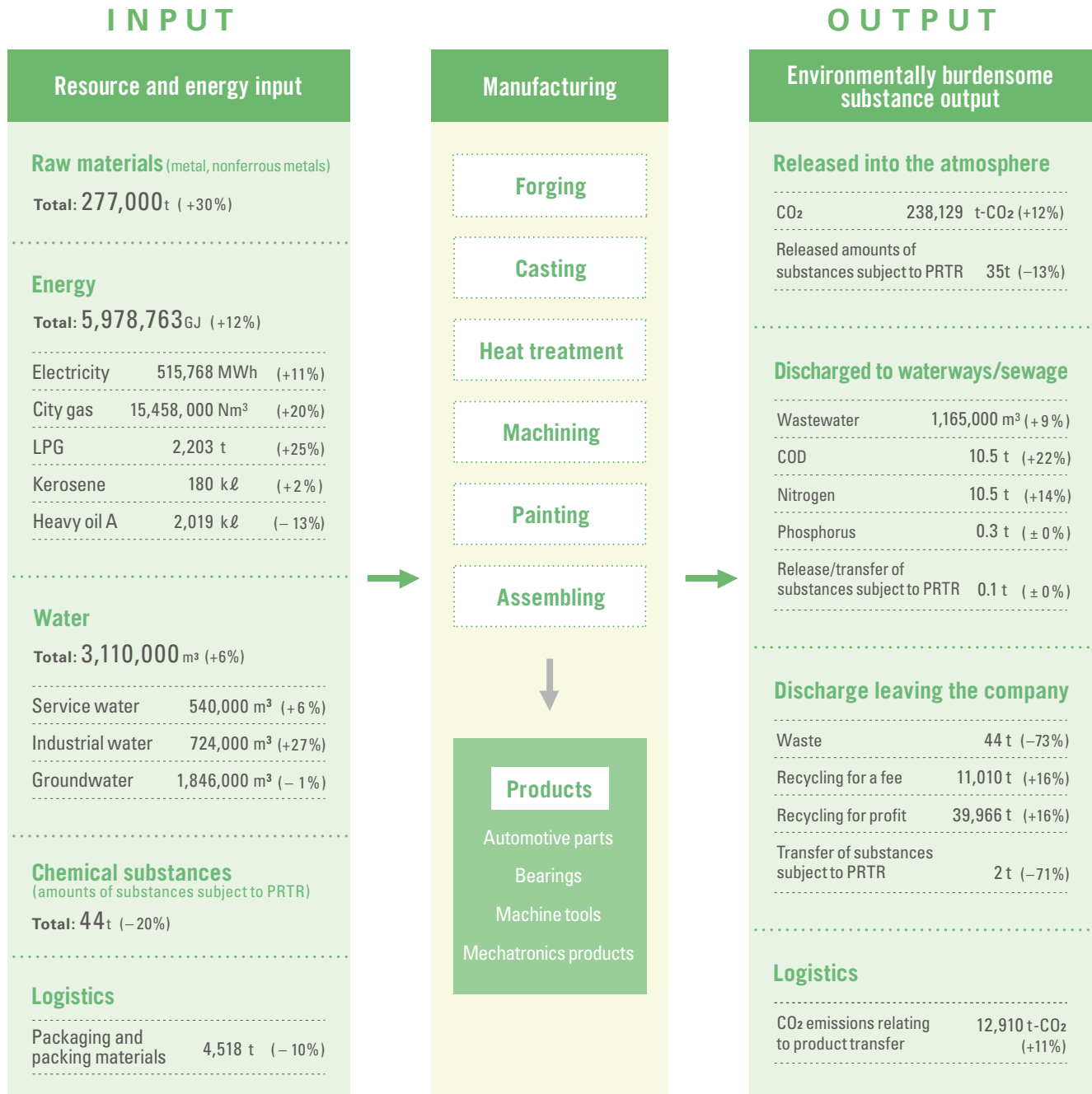
## ● Resource and energy input versus environmentally burdensome substance output

The table to the right shows the resource and energy input versus environmentally burdensome substance output for FY2010. To minimize the impact our business activities on global warming, JTEKT are working to reduce the amount of energy used in all our processes, including forging, casting, heat treatment, machining and so forth. We also make efforts to convert to more efficient energy such as electricity and city gas. Due to the increase in production in FY2010, energy input was 12% higher than the previous year, however significantly less heavy oil A, which is highly burdening on the environment, was used.

▶ Figure-02

## Environmental management

Figure-02 Resource and energy input versus environmentally burdensome substance output



\* Values in parenthesis are comparisons with the previous year

## \* Notes on the [Resource and energy input versus environmentally burdensome substance output]

CO<sub>2</sub> conversion coefficients to calculate CO<sub>2</sub> emissions volume

Electricity	0.3817 kg-CO <sub>2</sub> /kWh	The CO <sub>2</sub> conversion coefficients in the table to the left are used both in Japan and overseas. Regarding the conversions in this report, so that the results of our improvements could be evaluated, we fixed electrical conversion coefficients, and we converted cogeneration CO <sub>2</sub> reduction results using a thermal energy average and used this result to indicate emissions volume.
Heavy oil A	2.7000 kg-CO <sub>2</sub> /ℓ	
Kerosene	2.5308 kg-CO <sub>2</sub> /ℓ	
Propane gas	3.0094 kg-CO <sub>2</sub> /kg	
City gas	2.3576 kg-CO <sub>2</sub> /Nm <sup>3</sup>	

**Heavy oil A:** Among the three classes (A, B, C) of heavy oil, heavy oil A is the closest to kerosene and is used as fuel for boilers or heating.

**GJ:** Giga-joule (heat quantity unit), G=10<sup>9</sup>

**PRTR regulation:** "PRTR" is an abbreviation for Pollutant Release and Transfer Register, which is a system announced by the government for reporting the amount of chemical substances released or transferred.

**COD:** Chemical Oxygen Demand (water quality index)

**Charged recycling:** Pay a processing fee to recycle.



## Environmental management

## Targets and results

## ● JTEKT Environmental Action Plan

JTEKT have established initiatives for environmental conservation and concrete targets, and are rolling out environmental conservation activities to all affiliated companies. FY2010 was the final year of the environmental plan begun in FY2006, and

as such we exerted all efforts and achieved our targets for every item.

FY2011 marked the first year of our newly established Environmental Action Plan aiming for 2015. This Action Plan aims for even higher targets through various activities from environmental management to preservation and improvement of the local environment.

## [1] Enhance environmental conservation activities through further efforts to reduce environmental load

\* Values in parenthesis are comparisons with the base year

Action items	FY2010 targets and initiatives			Results of activities	Evaluation	Challenges	Related pages	
Promote measures to prevent global warming	(1)Promote activities for the thorough reduction of CO <sub>2</sub> emissions in production			(1) Visualization of energy (2) Follow-through activities with company wide themes (3) Improvement of efficiency through base unit management of heat treatment	○		52 53	
	Action items		Targets	Results		Challenges		
	CO <sub>2</sub> emissions	241,373t-CO <sub>2</sub>	Down 5% from FY2003	238,129 t-CO <sub>2</sub>		(-6.3%)		199,600 t-CO <sub>2</sub>
	Emissions per sales	55.4 t/100 mill yen	Down 7% from FY1990	43.5 t/100 mill yen		(-36%)		40.5t/100 mill yen
	Emissions per global sales	56.0 t/100 mill yen	Down 8% from FY2003	50.3 t/100 mill yen		(-17%)		42.6t/100 mill yen
Strengthen control of environmentally burdensome substances and reduce usage	(1) Substituting with products lower in PRTR			(1) Coolant substitution (2) Paint thinner substitution	○		56	
	Action items		Targets	Results		Challenges		
	Output of PRTR substances	77t	Down 60% from FY1998	36.9t		(-81%)		37.3 t
Reduce waste and promote resource conservation	(1) Reduction of material usage (2) Recycling of metal chips (3) Reduction of material being outsourced for recycling			(1) Reduction of stock removal and rejects (2) Recycling of grinding sludge by solidification (3) Reduction of waste with treatment equipment (4) Reduction of incinerated waste	○		54 55	
	Action items		Targets	Results		Challenges		
	Landfill waste	154t	Down 99% from FY1995	0 t		(-100%)		0t
	Incineration waste	3,170t	Down 84% from FY 1990	44.1t		(-99%)		120t
	Waste per sales	11.5t/100 mill yen	Down 5% from FY 2003	9.3t/100 mill yen		(-23%)		8.6t/100 mill yen
Promote logistics streamlining	(1) Improvement of transportation routes (2) Improvement of remote area logistics			(1) Use trailers on main routes (2) Use larger trucks between logistic bases (3) Roll out remote area logistics	○		53	
	Action items		Targets	Results		Challenges		
	CO <sub>2</sub> emissions	15,865t-CO <sub>2</sub>	Less than FY1990	12,910t-CO <sub>2</sub>				14,200t-CO <sub>2</sub>
	Emissions per sales	3.26t/100 mill yen	Down 10% from FY1990	2.30t/100 mill yen		(-36%)		2.30t/100 mill yen

## [2] Develop and design environmentally friendly products

Action items	FY2010 targets and initiatives	Results of activities	Evaluation	Related pages
Promote efforts in the development and design stages	(1) Reduce environmental load of new products by the environmental efficiency basic equation	(1) E-VGR single-unit type RD-EPS	○	48
		(2) Needle roller bearing with low torque and minimal lubrication		49
		(3) High performance sealed bearing		50
		(4) Cutting machines, grinding machines (e series)		51
Strengthen cooperation with business partners	(1) Further promote green purchasing (2) Formulate environmentally friendly purchasing guidelines to share with business partners	(1) Expansion of Green Purchasing Guidelines	○	24

## Environmental management

## [3] Strengthen environmental management system responding to consolidated management

Action items	FY2010 targets and initiatives	Results of activities	Evaluation	Related pages
Develop structures and enhance activities	(1) Share basic policy and conduct guidelines	(1) Continuing activities with group companies in Japan and overseas (2) Environmental Coordinating Committee sessions	○	40 41 42

## [4] Actively participate in social activities as a corporate citizen

Action items	FY2010 targets and initiatives	Results of activities	Evaluation	Related pages
Promote socially contributing activities	(1) Participate in environmental conservation activities	(1) Cleaning activities around plant (2) Forest management action	○	34 35 57
Maintain close communications with local communities	(1) Cooperate with and support local community groups	(1) Hold environmentally-related discussions with local community	○	33
Promote public relations activities and information disclosure	(1) Provide more environmental information via our website (2) Enhance and continue issuance of our environmental reports (3) Promote volunteer activities in local communities	(1) Issued CSR report 2010	○	36

## Reducing environmental risk

## ● Enforcement of environmental accident prevention

At JTEKT, we assume environmental risks such as accidents and violation of regulations and therefore engage in risk reduction and preventative measures.

We have set internal standards(\*) for water quality, atmosphere and so on, more stringent than regulations and manage daily inspections, monitoring and measurements to prevent abnormalities from occurring. We also conduct emergency drills to be prepared for environmental accidents if they occur.

Furthermore, we disseminate information internally regarding cases which did not result in accidents or violation of regulations, but came close. This is done as a preventative measure.

\* Internal standards JTEKT has set its internal standards at 80% of the regulatory requirements.

## ● Legal compliance with environmental laws and regulations

In FY2010 there were no cases of exceeding regulation values and our internal standard, and there were zero environmental accidents and complaints. There were also no environmentally-related lawsuits (fines, penalties).

## ● Implementation of emergency drills

To prepare for environmental accidents such as wastewater or waste gas exceeding our internal standard or oil spills, etc., we keep emergency procedures for each piece of equipment.

To minimize damage, we conduct regular emergency drills, revising procedures afterwards if necessary.



Oil spill prevention drill (Kariya plant)

## ● Environmental patrols by the plant manager

Every June is our Environmental Month, and as such from FY2008 managers of each plant have conducted environmental patrols. With the objective of preventing environmental abnormalities, in FY2010 we focused on confirming the status of management at environmentally related facilities.



Environmental patrol (Hanazono plant)

### Environmental management

#### ● On-site confirmations of industrial waste processing and collection/transportation companies

JTEKT conduct annual on-site checks of all waste processing and collection/transportation companies to ensure that the consigned waste is being appropriately processed.

### Environmental audits

#### ● Action for continuous improvement

JTEKT conduct effective internal and external audits in an effort to continue operating our environmental management system efficiently.

##### 01 | Internal audits

JTEKT use a common checklist and conduct internal audits annually to confirm the operation status of our environmental management system. We revise checklist items each year and exert all efforts to ensure this internal audit is effective.

##### 02 | External audits (ISO14001)

JTEKT were surveyed in April of 2011. As a result, we were given 3 proposals to improve the efficiency of our management review method, non-conformity correction procedures and internal environment audits (where there was room for improvement). On the other hand, we had zero non-conformities, JTEKT's environmental management system conformed to standard requirements and was deemed as being carried out effectively.



External survey (April 2011)

### Environmental education

#### ● Multifaceted training

At JTEKT, while raising environmental awareness among each and every employee, in order to promote activities as an organization, we take a multifaceted approach to environmental training, targeting individuals, departments and specific ranks.

##### 01 | Environmental awareness education

JTEKT hold environmental awareness education every June for employees. In FY2010, 487 employees participated, achieving a better understanding of JTEKT's environmental activities, rolling out training content to their own workplaces, and contributing to the awareness of all employees.

##### 02 | Environmental education by division

In FY2010, JTEKT began division-based education targeting the production engineering department. 62 people participated, gaining a better understanding of JTEKT's environment activities and learning about issues which should be handled by the production engineering department.

##### 03 | Environmental education by rank

Each year, as part of the companywide education program, JTEKT educate new students of our Technical Training Center, newly hired employees and recently promoted management staff on ISO14001, the JTEKT environmental management system and environmental actions.

In FY2010, a total of 326 people completed environmental training.



Naoki Miyagawa

Production Engineering / Production / Logistics Division  
Environment Control Dept.



#### “Environmental activities are the foundation of CSR”

We engage in activities to observe environmental regulations and reduce environmental risk. These activities are the foundation of CSR activities which contribute to the development of a sustainable society and planet and as such we go about them with a sense of worth and responsibility. It is my hope that through our efforts, society will come to trust the JTEKT group all the more.

## Environmental management

## Environmental accounting

## ● Cost and results appraisal

JTEKT quantitatively appraise the cost and results of environmental conservation activities and ensure that effective and efficient improvements are constantly being made. We use environmental accounting to provide information to our stakeholders on JTEKT's environmental conservation activities. The tally system is in accordance with the Ministry for Environment's Environmental Accounting Guideline.

## ● Environmental accounting results for FY2010

Environmental conservation costs for FY2010 were 1.23 billion yen in investments and 2.84 billion in management costs, adding up to a total of 4.1 billion yen. This was an increase of 70 million yen (2%) from the previous year. An update to a cooling tower method from air drying aiming to prevent underground seepage and global warming was the main investment made. Economic benefits of environmental conservation measures totaled 1.69 billion yen, which was a 320 million yen (23%) improvement over the previous year.

## Environmental conservation costs

(Millions of yen)

Type	Details	Investment	Cost
[1] Business on-site costs			
① Pollution prevention costs	● Service & upkeep of environmental equipment	129	223
② Environmental conservation costs	● Measures for energy conservation	288	58
③ Resource recycling costs	● Waste processing, recycling	28	381
[2] Upstream and downstream costs	● Green purchasing	—	36
[3] Management activity costs	● Environmental monitoring, measurements, etc.	24	152
[4] R&D costs	● R&D of environmentally friendly products	792	1,929
[5] Social activities costs	● Disclosure of environmental information, greenification, etc.	—	45
[6] Environmental damage costs	● Soil and groundwater restoration	—	12
Total		1,261	2,836
Gross amount			4,097

## Economic benefit of environmental conservation measures

(Millions of yen)

Details of benefits	Economic benefit
Profit from recycled material sales	1,043
Energy-cost reduction from promoting energy conservation	638
Reduction of waste processing costs	7
Total	1,688

It is not possible to calculate the economic benefits brought about by environmental conservation measures such as increased product value, avoiding environmental risk and improving corporate image. We have only calculated items which can be accurately appraised such as energy-savings benefits, etc.

Calculated area : JTEKT Corporation  
(including some group companies within workplaces)

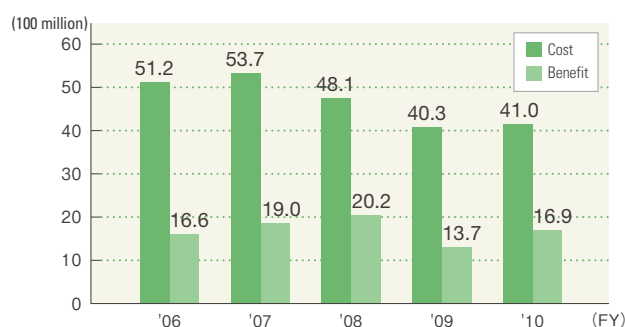
Calculated period : FY2010 (April 2010 to March 2011)

\* Calculated period has been changed from previous year.

## Benefits towards material amount reduction from environmental conservation measures

Details of benefits	Benefits towards material amount reduction
Energy consumption (t-CO <sub>2</sub> )	24.4
Waste output (t)	362

## Cost and benefits of environmental conservation measures





# Environmentally-focused development and design

## Basic concept

### ● Improve each product from every angle

JTEKT, in line with our corporate philosophy of “contributing to the happiness of people and the abundance of society through product manufacturing”, develop and design environmentally friendly products.

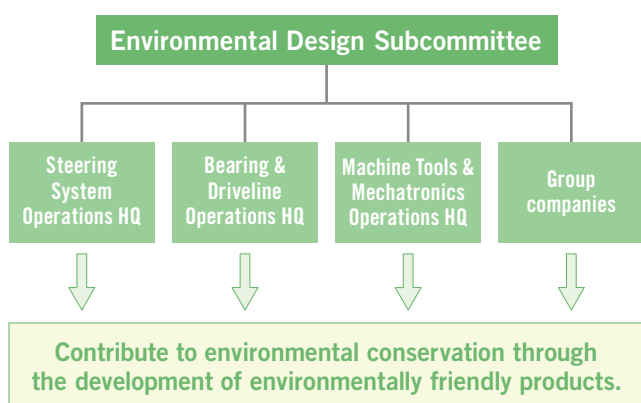
Each operation engages in activities to improve the environmental performance of all products, and are producing results which will contribute to global warming prevention and effective resource use. To convey the actions undertaken in an easy-to-understand way, in FY2010 we reported on each operation (product) individually.

## Promotion structure

### ● Promotion by the Environmental Design Subcommittee

Under the guidance of the Environmental Design Subcommittee, which unites companywide environmental conservation activities, Environmental Design Subcommittees are promoting the development of environmentally friendly products. Innovative technology is used in the development and design stages to make products smaller, lighter, more efficient, and reduce the amount of environmentally burdensome material they contain. In this way, JTEKT is engaging in environmental conservation on a world scale.

#### Environmental design promotion framework



### ● Assessment method

JTEKT has established an original environmental efficiency basic equation to serve as an index in quantitatively assessing environmental load reduction benefit. The larger the value, the greater the environmental load reduction benefit is. Each year JTEKT sets higher environmental efficiency targets and works to reach them while monitoring progress.

▶ Figure-01

▶ Figure-01

#### Environmental efficiency basic equation and environmental efficiency value calculation

Environmental efficiency is a value calculated based on the degree of lightness, compactness, energy-savings, etc. The environmental efficiency value is calculated by dividing the environmental efficiency of the assessed product by that of the standard product.

$$\text{Environmental efficiency} = \frac{\text{Product performance}}{\text{Product environmental load}} = \frac{1}{\sqrt{W^2 + T^2 + E^2}}$$

W: Mass T: Loss E: Energy

$$\text{Environmental efficiency value} = \frac{\text{Environmental efficiency of assessed product}}{\text{Environmental efficiency of standard product}}$$

#### Calculation of environmental load reduction effect

As the environmental load reduction effect, it is possible to seek environmental load reduction ratio more than the environmental efficiency value. For example, if the environmental efficiency value was 1.25, that product's environmental load reduction benefit would be 20%.

$$\text{Environmental load reduction ratio} = \left( 1 - \frac{1}{\text{Environmental efficiency value}} \right) \times 100$$

A reduced environmental load is sought as the reverse of the environmental efficiency value.

## Product recycling

### ● Reuse and recycling

Concerning the reuse of used products, based on the automobile recycling law, our customers have cooperated and returned ball-screw type and rack & pinion type hydraulic steering, which we have processed as rebuild steering. In the future we plan to consider rebuilding electric power steering also, depending on the needs of the market.

As for the recycling of material and products, we design and develop our products following the environmental regulations of the relevant country and region, and recycle as much material as possible, in particular steel.

From here on, the need for energy-saving electronic and multi-purpose unit products will grow even greater, and JTEKT will promote development and design of products that are easily disassembled and use material that can be easily recycled rather than prioritize individual cost.

## Environmentally-focused development and design

## Efforts of the Steering System Operations Headquarters

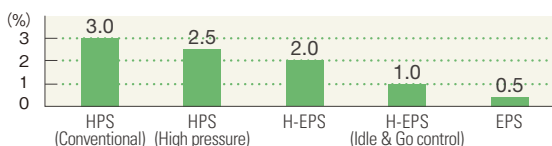
## ● Pursuing optimal steering

As a total manufacturer of the No. 1 environmentally contributing steering system in the world(\*1), JTEKT pursue the optimal steering which satisfies vehicle application and purposes, offering products superior in not only quality, cost and delivery, but also in environment, safety and comfort features.

**\*1 No. 1 environmentally contributing** JTEKT have top share of the electric power steering (EPS) market. EPS is better in fuel efficiency and contributes to the environment more than any other steering system. JTEKT also work to improve the environmental efficiency of the conventional hydraulic power steering.

## Comparison of power steering energy consumption

Percentage of energy used for power steering of the entire vehicle energy consumption



## ● Reduction of product transport mileage (\*2)

Our steering operations promote local purchasing and production with the goal of reducing CO<sub>2</sub> emissions created during product transport.

**\*2 Product transport mileage** The concept of reducing CO<sub>2</sub> emissions by reducing the resources and energy consumed by product transport. The figure obtained by multiplying product transport quantities by transport distance is assessed.

## ● Improvement in fuel efficiency through environmental design

JTEKT continued efforts in FY2010 to downsize, lighten and improve torque loss of each steering system. Consequently, we were able to reduce energy consumption, mass and torque loss in more systems than last year. As a result of pursuing environmentally-orientated designs, environmental efficiency increased and fuel efficiency improved.

## FY2010 development achievements 01

System		Development points	Developed product	Results		Environmental efficiency value
Electric power steering	C-EPS (Column assist type)	● Optimization of plastic material (lightening)		Mass	31% reduction	1.70
				Torque loss	27% reduction	
				Energy consumption	83% reduction	
Electric power steering	P-EPS (Pinion assist type)	● Reducer efficiency improvement (torque loss reduction)		Mass	30% reduction	1.75
				Torque loss	32% reduction	
				Energy consumption	83% reduction	
Electric power steering	R-EPS (Rack assist type)	● Optimization of housing (lightening)		Mass	34% reduction	1.98
				Torque loss	45% reduction	
				Energy consumption	83% reduction	
Electro-hydraulic power steering		● Optimization of control features (torque loss reduction)		Mass	19% reduction	1.43
				Torque loss	16% reduction	
				Energy consumption	67% reduction	
Hydraulic power steering		● Optimization of hydraulic circuit (torque loss reduction)		Mass	15% reduction	1.19
				Torque loss	17% reduction	
				Energy consumption	17% reduction	

\*RC-EPS, C-EPS, P-EPS, R-EPS, H-EPS are registered trademarks of JTEKT Corporation.

## Steering types and applicable vehicles

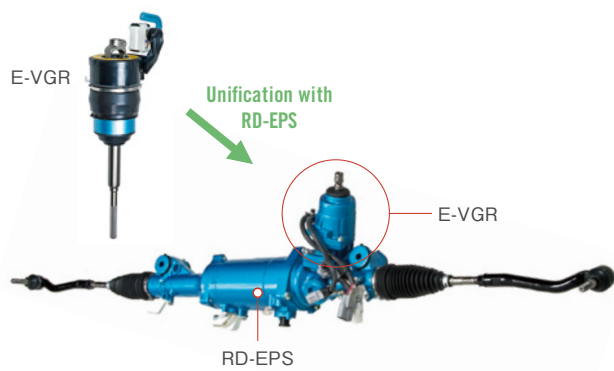
		Applicable vehicles					Installed location
		Passenger cars				Heavy vehicles	
		Mini	Small	Medium	Large		
EPS (electric power steering)	C-EPS (column assist type)	○	○	○			Passenger compartment
	P-EPS (pinion assist type)		○	○			Engine room
	R-EPS (rack assist type)			○	○		Engine room
H-EPS (electric-hydraulic power steering)			○	○	○		Engine room
HPS (hydraulic power steering)		○	○	○	○	○	Engine room

## Environmentally-focused development and design

### FY2010 development achievements 02

#### Improvement of E-VGR single-unit type RD-EPS

JTEKT's E-VGR single-unit type RD-EPS is a product high in performance and quality, as well as being environmentally friendly, manufactured for premium class vehicles. This year we made improvements to the design to make it even more environmentally friendly. These were reducing size and weight of the product through optimizing the shape and reducing size and increasing output through improved motor efficiency. We were able to reduce environmental load by half compared with conventional products.



Environmental efficiency value	1.98
--------------------------------	------

### Efforts of the Bearing and Driveline Operations Headquarters

#### ● Contributing through optimal design

Bearings supporting the rotation of all mechanical devices and driveline components without which vehicles wouldn't run. While meeting the demand for high functionality, we have engaged in activities to effectively use resources through downsizing and lightening these products and reducing friction loss through optimal profile design. As a result we have improved durability.

### FY2010 development achievements 01

#### Needle roller bearing with low torque and minimal lubrication

Of all the roller bearings, thrust needle roller bearings have the most sliding contact, making friction loss reduction a major issue. Moreover, in recent years low viscosity oils have been used in devices for vehicles in order to improve fuel efficiency, and how to countermeasure wear on the rolling contacting portions has become an issue.

In response, we now machine the sliding contact portions of the roller, retainer and rolling contacting portion, making it the

ultimate shape, reducing friction loss and suppressing wear with minimal lubrication.

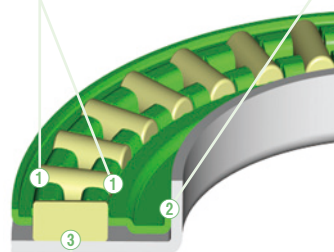
#### Developed product

##### ① Improvement of roller and retainer sliding contact parts

- Roller end-face curved surface contact
- Roller special crowning (\*1)

##### ② Improvement of race and retainer sliding contact parts

- Retainer ID crowning



##### ③ Improvement of race and roller sliding contact parts

- Roller special crowning (\*1)

Friction resistance	50% reduction
Environmental efficiency value	1.15

\*1 Crowning Processing edges to make them mid-strength and soften impact with other parts.

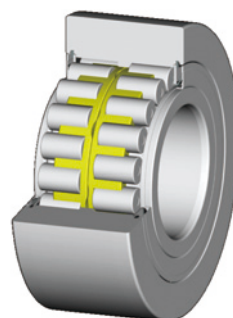
### FY2010 development achievements 02

#### Sendzimir roller machine (\*2) High performance sealed bearing for backup

Backup rolls of roller machines which produce magnetic steel sheets used in hybrid car motors, wind power generators, etc., are used in high load, high temperature environments and therefore need to be high in durability.

As such, JTEKT has adopted a sealed style of configuration and improved material to improve product durability even under high temperatures and low lubrication conditions.

#### Developed product



Life	Approx. 4 fold
Environmental efficiency value	1.21

\*2 Sendzimir rolling machine A roller machine invented by Tadeusz Sendzimir in the 1930s. Its multilayered roll configuration made a smaller work roll diameter possible thereby allowing the high pressure rolling of hard material and rolling of ultra-thin steel plate.

## Environmentally-focused development and design

## Efforts of the Machine Tools &amp; Mechatronics Operations Headquarters

## ● Assessment of the entire life-cycle

Machine tools are developed with the awareness that activities to save resources and reduce power consumption are vital to protecting the global environment. We conduct product assessments which look at the impact of a product on the environment throughout its entire life-cycle, from manufacturing to disposal and offer our customers products with minimal environmental load.

## ● Close cooperation with group companies

The Machine Tools & Mechatronics Operations Headquarters engage in environmentally-orientated activities together with group companies with whom products are being jointly developed and designed. We use an independent index, the JTEKT Eco-Scale<sup>(\*)3</sup> to match product features and show how our environmental actions have progressed.



JTEKT Eco-Scale mark (example)

**\*3 JTEKT Eco-Scale** JTEKT have set 12 items including power capacity, standby mode power consumption, footprint, machine mass and so on, and created an internal standard assessment point system using indexes (the smaller the value in the top of the displayed mark is, the better). The amount reduced from the 2003 product assessment point is expressed as the environmental load reduction ratio (% value at the bottom of the displayed mark).

## FY2010 development achievements

## Cutting machines, grinding machines (e series)

As an alternative to special-purpose machines, we have developed universal machine tools with high added value and high-efficiency machines able to combine multiple processes based on the SSC (Simple, Slim, Compact) concept.

On machining centers, we achieved reductions in energy used both for operation and transportation of machines through weight reduction. We also contributed to space reduction with a maintenance-easy design. On grinders, we integrated processes conventionally carried out on multiple machines and reduced power consumption and oil usage.



## Katsuhiko Takeuchi

Machine Tools & Mechatronics Operations Headquarters  
Development Dept.  
Product Planning Group



## “Improving the environment is the most important development issue”

People have been consumed by sudden prosperity and development, already destroying much of the environment and causing the loss of life. “Preserving an environment where life can continue to exist.” That is the most important issue in our work and development. Machine tools mainly comprise of metal such as forged steel and are therefore recyclable. We have continue to engage in activities to save energy and resources by lightening moving parts, reducing machining time through new techniques and reducing oil and coolant use. It is my intention to continue activities with a renewed passion to ensure we do not create products that destroy our invaluable environment.



## ◎Vertical machining center e640V

Eco-Scale	52% reduction
Power	68% reduction
Machine size/ machining area	48% reduction



## ◎CNC cylindrical grinder e300G

Eco-Scale	18% reduction
Power	63% reduction
Oil usage	80% reduction

# Prevention of global warming

## Basic concept

### ● Reducing CO<sub>2</sub> emissions across all processes

In order to help prevent global warming, JTEKT engage in activities to reduce CO<sub>2</sub> emissions in the production and transportation of products. All group companies, both in Japan and overseas, promote energy-saving methods and the use of reusable energy throughout all processes from product design to delivery.

## Efforts made for energy-saving

### ● Response to the revised Energy Saving Act

Due to revisions made to the Energy Saving Act in FY2010, energy management which was conventionally done by each operation location, is now centralized by the operator and energy-saving actions are required to be holistic.

In response, apart from the conventional production improvements and merging processes, JTEKT have built a framework to allow companywide promotion of activities by establishing working groups which develop equipment that can manufacturer products at low energy consumption, improve efficiency of source power facilities and promote the energy-saving activities of indirect management divisions.

## Reducing CO<sub>2</sub> emissions in production

### ● Improvements through energy visualization

JTEKT have reduced energy consumption by promoting CO<sub>2</sub>

emission reduction mainly through productivity improvements such as higher yield rate and process integration, as well as through identifying eliminating wasteful power usage through visualization processes.

Particularly in the heat treatment process, which consumes a large amount of energy, we implement heat loss prevention measures and do our best to operate equipment efficiently monitoring energy usage in relation to weight of steel subjected to heat treatment.

▶ Figure-01

### Main measures

#### Efficient operation of once-through boilers by removing moisture in steam

Once-through boilers lose heat due to the steam being sent losing coolness (draining) in the pipeline. To solve this, we have changed the set up to use a unit which removes the surplus moisture in steam (bison cyclone), improving boiler efficiency. This has reduced city gas consumption by 7% and energy costs by 3.1 million yen per year.

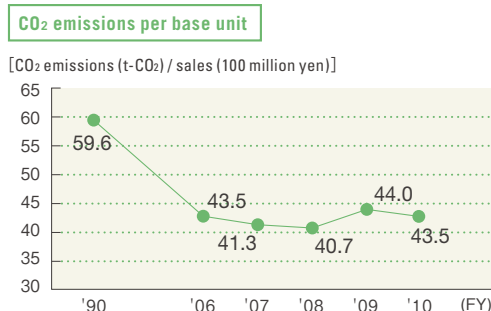
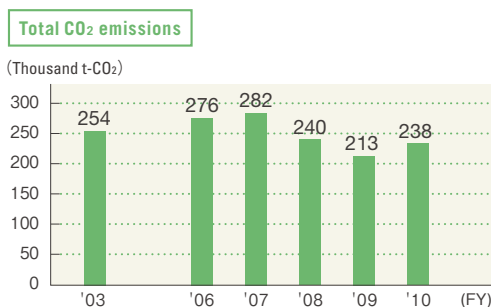


Bison cyclone (Kokubu plant)

### ● Reduction of global CO<sub>2</sub> emissions

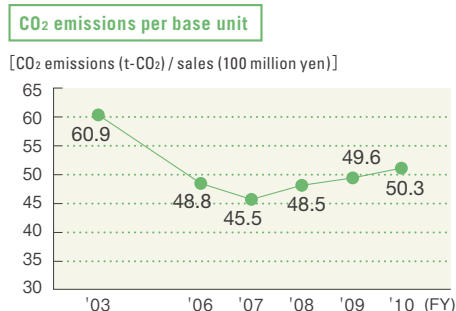
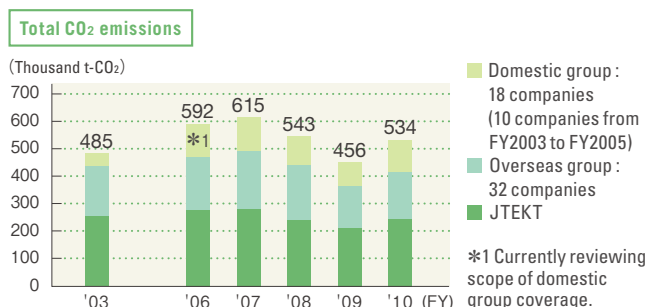
With an aim to minimize the impact of our global production operations to global warming, JTEKT is working to reduce CO<sub>2</sub> emissions not only within JTEKT but also at its group compa-

▶ Figure-01 Transition of total and per base unit CO<sub>2</sub> emissions in production



\* Refer to page 43 for CO<sub>2</sub> conversion coefficients used in calculating CO<sub>2</sub> emissions

▶ Figure-02 CO<sub>2</sub> emissions (global and base unit)





## Prevention of global warming

nies in Japan and overseas.

As a result of activities which aimed to meet an 8% reduction in CO<sub>2</sub> emission base unit compared to FY2003 by FY2010 at all our group company production bases both in Japan and overseas, we achieved a 17% base unit reduction, above and beyond what was originally set. We will continue to promote production efficiency improvements and prevent global warming here on into the future.

▶ Figure-02

### ● Introduction of reusable energy

JTEKT are also proactively involved in the introduction of natural and biomass energies such as solar and wind power, etc..

By FY2020 we aim to introduce 500kW of reusable energy and create plants which are in harmony with nature.



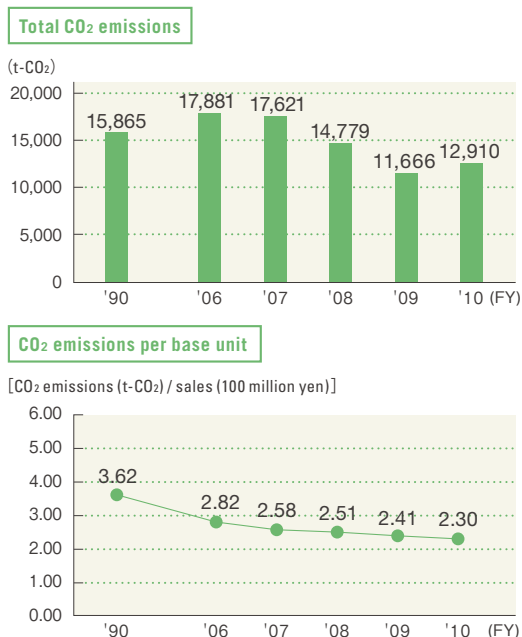
Kagawa plant (solar and wind power generation)

## Reducing CO<sub>2</sub> emissions in logistics

### ● Reaching total emission and per base unit targets

FY2010 saw high fluctuation in demand, yet we still reached total

▶ Figure-03 Transition of total and per base unit CO<sub>2</sub> emissions in logistics



and per base unit targets for CO<sub>2</sub> emissions in our logistics operations. Regarding emissions, we set and achieved an extra high target of a 10% reduction from FY1990.

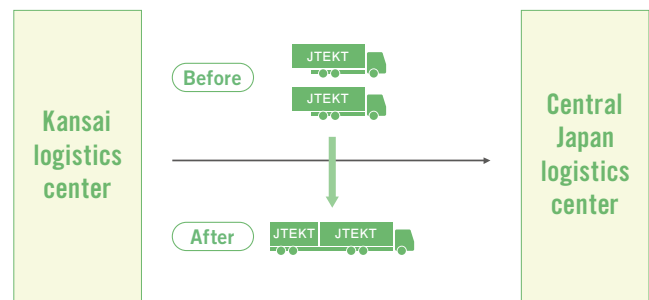
▶ Figure-03

### Main measures

#### Complete shift to trailer usage on main Japanese routes

In FY2010, as well as expanding model shift activities made to date, we also promoted the use of trailers on transportation trucks between logistic bases. We trialed a complete shift to trailer usage between Kansai and Toyota city in Aichi prefecture, and found we could reduce CO<sub>2</sub> emissions by 62t per truck per annum.

#### Complete shift to trailer usage



**My CSR**

**Tatsuya Kuga**

Production Engineering / Production / Logistics Division  
Logistics Dept.  
Planning Group



### “Accumulation of little improvements matter”

I am in charge of logistics-related global environment conservation and carry out activities to reduce CO<sub>2</sub> emissions created in logistics and the use of wood and paper in packaging. To date, I have been able to produce results with major improvement items such as shifting from road transportation (trucks) to rail. However, I think that changes will not be all that obvious and it will be the accumulation of little improvements that will matter. With the cooperation of each plant, we will continue to advance step by step, little by little, to realize logistic operations with minimal environmental load.

# Effective use of resources

## Basic concept

### ● Responsibility as a manufacturer

At JTEKT, we consider the effective use of resources as one of the responsibilities of an environmentally friendly manufacturer. Through making improvements and coming up with ideas for the production processes of each product, we strive to reduce material usage and waste output, reuse and save resources.

## Saving resources in production

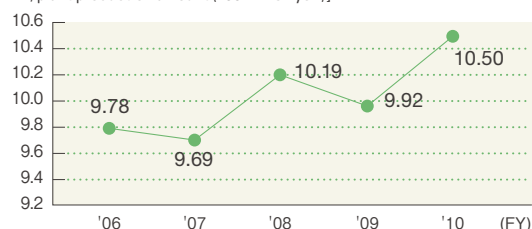
### ● Reduction of primary material usage amount

JTEKT do our best to reduce material usage through changing design and techniques and reducing stock removal. We also make other products from the material left in a mold once the product has been removed in an effort to reuse waste material.

However, due to the rise in material costs, our base unit is worse than the previous year and we will strive to improve further in the future.

#### Primary materials usage per base unit

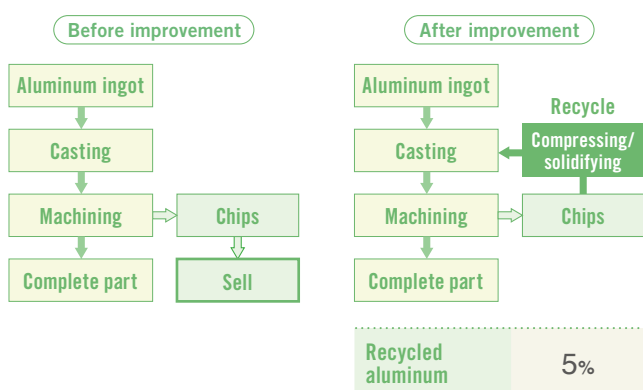
[Primary material usage amount (million yen)  
/ plant production amount (100 million yen)]



### Main measures

#### Recycling through the compression and solidification of aluminum chips

Aluminum forged products are machined after forging to create the finished product however up until now JTEKT sold the chips produced in the machining phase. Now, by compressing and solidifying these chips, we are able to re-melt them in the forging furnace and recycle them.



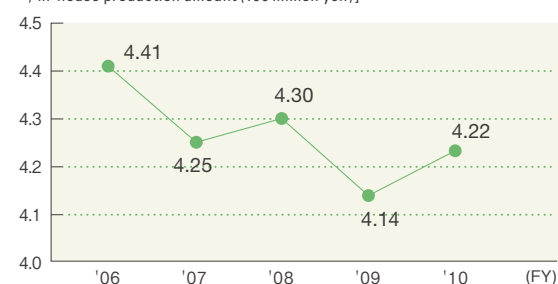
### ● Reduction of secondary material usage amounts

We succeeded in reducing usage by revising the material, shape, hardness and other specs of secondary material such as grinding wheels, cutting tools and dies and further increasing their durability. Also, we strove to promote recycling by reusing oil, grinding wheels, cutting tools and jigs.

However, due to the rise in the cost of oil, etc., our base unit is worse than the previous year and we will strive to improve further in the future.

#### Secondary materials usage per base unit

[Secondary material usage amount (million yen)  
/ in-house production amount (100 million yen)]



## Waste reduction

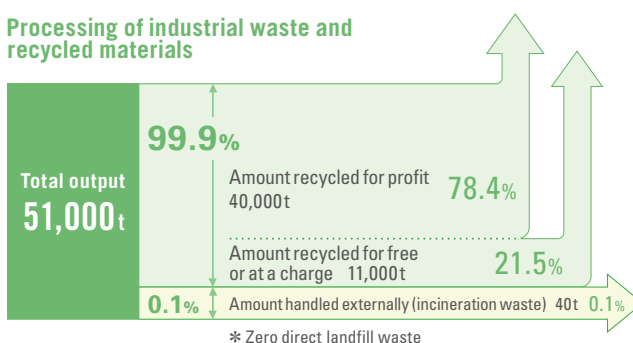
### ● Aiming for overall emissions reduction

In an effort to efficiently use resources and response to the depletion in landfill sites, JTEKT have defined waste reduction targets including waste recycled either for free or at a charge and are rolling out activities. From FY2009 we began a shift to recycling landfill waste and have, as a result, reduced it to zero. We were also able to reduce the amount of incinerated waste significantly through recycling and improving treatment methods.

We will continue to exert efforts in the reduction of waste overall, including that recycled for profit.

Figure-01

#### Processing of industrial waste and recycled materials



## Effective use of resources

## Main measures

## Promotion of more effective recycling

From FY2010, in order to more effectively recycle waste produced from manufacturing processes, we now request our contractor to combine and solidify the metal sludge produced from the grinding process with lime and coke. This has allowed us to sell 300t of processed steelmaking raw material with reduction properties, achieving more effective utilization. We will continue to switch to treatment methods that will allow the effective utilization of waste.

## Reduction of packaging material

## ● Reducing packaging and packing material

In order to effectively use resources, JTEKT have established targets for packaging and packing material individually for wood and paper, and promote simpler and returnable packag-

ing. In wooden packaging, we have increased our use of returnable wooden crates. In paper packaging, through leaner packing methods we have changed from cardboard to returnable plastic containers.

▶ Figure-02

## Reduction of water usage

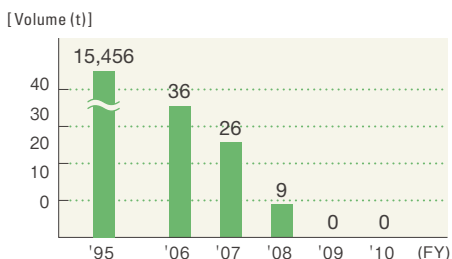
## ● Effective water usage

The securing of water resources is a major issue the world over and amidst this, JTEKT is also making efforts to reduce water usage. Until date we have promoted effective water usage such as reusing wastewater and our water usage in FY2010 was 7,663,000m<sup>3</sup>. We will continue to make every effort to reduce water usage even further in the future.

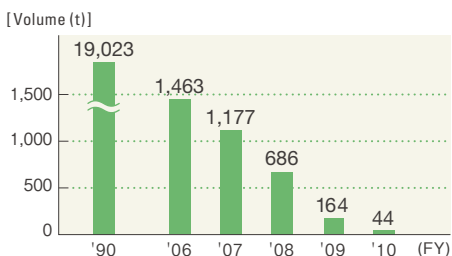
▶ Figure-03

▶ Figure-01

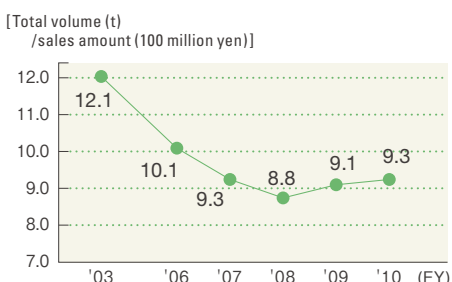
## Yearly transition of landfill waste output



## Yearly transition of incineration waste

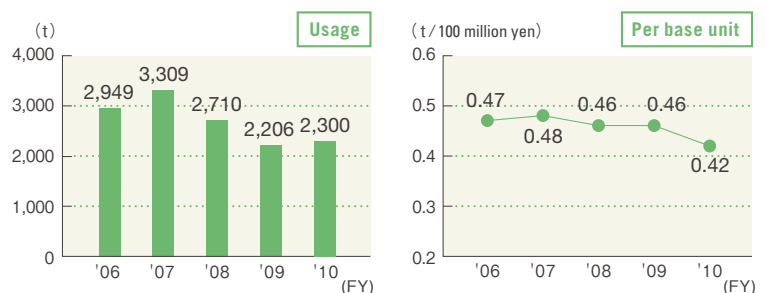


## Yearly transition of discharge per base unit

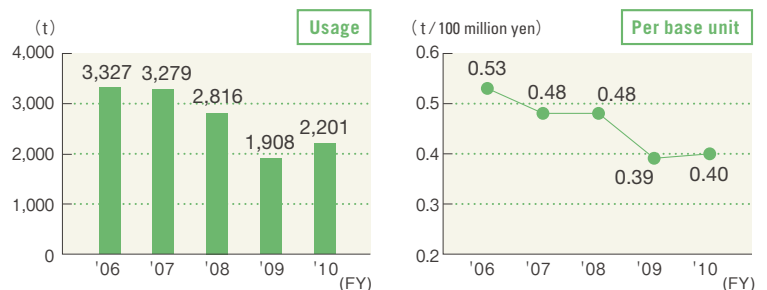


▶ Figure-02

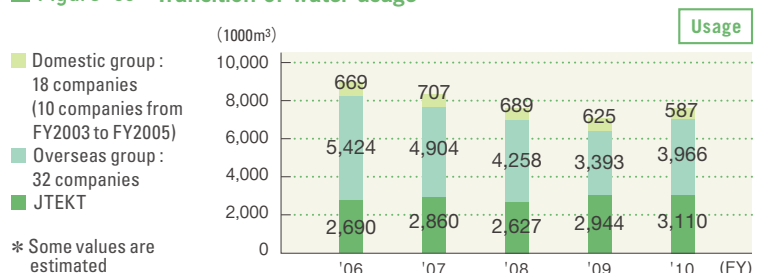
## Transition of wood packaging usage and per base unit



## Transition of paper packaging usage and per base unit



▶ Figure-03 Transition of water usage



# Control and reduction of environmentally burdensome substances

## Basic concept

### ● For the reduction of environmentally burdensome substances

For JTEKT, who aims to be a “monozukuri company gentle on the planet”, reduction of environmentally burdensome substances in production activities is one of our greatest challenges. It goes without saying that we will respond to and observe revised regulations as promptly as possible but we are also working to reduce output of environmentally burdensome substances to reduce our impact on the environment as much as possible.

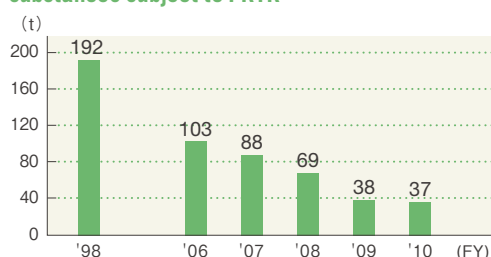
## Control and reduction of chemical substances

### ● Reduction of substances subject to PRTR

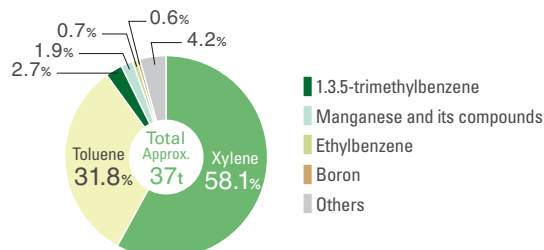
In order to decrease the health and environmental impacts of chemical substances released into the environment from production activities, JTEKT work to reduce the release and transfer of substances subject to PRTR regulation(\*1). Revisions were made to the PRTR regulation, and from FY2011 different substances will apply. JTEKT is changing our tally system in response to this.

**\*1 PRTR regulation** Pollutant Release and Transfer Register is a system to collect and disseminate information on environmental releases and transfer of toxic chemicals from industrial and other facilities.

### Yearly transition release and transfer breakdown of substances subject to PRTR



### Release and transfer breakdown of substances subject to PRTR for FY2010



### ● Response to REACH regulation

REACH(\*2) is a European regulation concerning chemical substances issued in June of 2007. REACH had identified 46 “Substances of Very High Concern”(SVHC)(\*3) as at December, 2010. In February of 2011, for the first time, it became necessary to seek authorization for products and components if they

contained any of the six identified SVHC substances. JTEKT is working to free(\*4) our products of the three substances necessitating authorization by January, 2014.

**\*2 REACH regulation** REACH is a regulation that deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances.

**\*3 Substance of Very High Concern (SVHC)** SVHC refers to the approximate 1,500 substances identified by the European Chemicals Agency (ECHA) as likely to impact upon the health and environment.

**\*4 Free** “Free” in this case refers to having less than 0.1wt% of a substance requiring authorization in a given product or material.

### ● Soil and groundwater measures (continued report)

Since 1998, JTEKT’s Kariya and Okazaki plants have implemented measures to prevent external leaks and to purify groundwater of trichloroethylene, a substance previously used in detergent, etc. They do this using a pumping and aeration system(\*5). In addition, since FY2004, the Okazaki plant have used a microbial purification system(\*6) which injects nutritional supplement as part of their purification measures and had achieved better than the standard by FY2009. JTEKT report our groundwater measurement results to government agencies and provide local residents with explanations in community discussions.

→ Related article on [page 33](#)

**\*5 Pumping and aeration system** Groundwater is pumped up and sprayed and air is blown on it from below to aerate and separate organic solvents, which are made to adhere to activated carbon for removal.

**\*6 Microbial purification system** This is a method of restoring contaminated environments by utilizing microbial function. The purification capability of microbes living in the environment is raised by injection of nutrients, etc.

### Trichloroethylene measurement values Environmental standard: 0.03mg/ℓ

Plants	Maximum measurement value in groundwater		
	FY2009	FY2010	Status
Kariya	0.933	0.378	Purifying
Okazaki	Less than 0.001	Less than 0.001	Purifying

\* For plants other than the above, no trichloroethylene was detected in measurements taken in wells around the plant borders.

### ● Proper storage and control of PCM devices

The Act on Special Measures concerning the Proper Treatment of Polychlorinated Biphenyl Waste requires the storage and notification of devices containing PCB (polychlorinated biphenyl), widely used as an insulating oil. JTEKT appropriately store such devices and notify government agencies in accordance with this Act. In addition, by FY2010 we had rendered 55 high pressure condensers with highly concentrated PCB levels, harmless through PCB treatment at JESCO (Japan Environmental Safety Corporation). We intend to complete this on the remaining 191 units we currently have in storage.



Status of PCB device treatment (Tokushima plant)

# Biodiversity conservation

## Basic concept

### ● Protecting the planet's ecosystem

The conservation of our ecosystem is a global challenge, a fact which is evident from the adoption of the Convention on Biological Diversity (CBD) in 1992 and the COP10 (tenth meeting of the Conference of the Parties) held in Aichi Prefecture in 2010.

JTEKT believe conserving biodiversity to be a critical social issue supporting life and lifestyle and as such make efforts to achieve harmony between our business activities and biodiversity through the actions of each and every employee.

## Consideration towards biodiversity

### ● Establishment of a Biodiversity Conservation Action Guideline

In order to reduce the environmental load created by our business activities and consider biodiversity, JTEKT established a Biodiversity Conservation Action Guideline in March of 2011 based on the JTEKT Group Environmental Vision. We will continue to engage in activities relating to biodiversity in accordance with this guideline. The guideline refers to the Ministry for the Environment's Guidelines for Private Sector Engagement in Biodiversity.

## Action Guideline

Item	Description
Relationship with business activities	<b>Raw material procurement</b> <ul style="list-style-type: none"> <li>● Liaise with business partners to protect biodiversity.</li> </ul>
	<b>Soil usage</b> <ul style="list-style-type: none"> <li>● Through greenifying our plants, etc., we are engaging in activities to protect ecosystems which contribute to biodiversity.</li> </ul>
	<b>Production activities</b> <ul style="list-style-type: none"> <li>● With activities such as preventing global warming by developing innovative techniques and equipment, effective resource usage, reduction of environmentally burdensome substances and so on, we aim to succeed at both biodiversity and corporate activities.</li> <li>● We work hard to quantitatively appraise the impact had by our business activities on biodiversity.</li> </ul>
	<b>Product development</b> <ul style="list-style-type: none"> <li>● Based on life-cycle assessment approach, JTEKT develop and design top-class environmentally friendly products and reduce impact on biodiversity.</li> </ul>
Promotion of socially contributing activities benefiting biodiversity conservation	<ul style="list-style-type: none"> <li>● Proactively participate in socially contributing activities through cooperation with councils and affiliated companies.</li> </ul>
Training, awareness activities and information-sharing	<ul style="list-style-type: none"> <li>● Raise employee awareness of biodiversity conservation through environmental training.</li> <li>● Use the CSR report as a tool to communicate our activities towards biodiversity conservation with our stakeholders and communities.</li> </ul>

## Activities in FY2010

### Toyota Group Forest Management Experience

In May and October of 2010, the "Toyota Group Forest Management Experience" was held at Kise (Toyota, Aichi). A total of seven JTEKT employees participated and tried their hand at forest thinning. They learnt about the current status of forests and the importance of thinning and by actually getting their own hands dirty, increased their awareness of environmental protection.

JTEKT also proactively engage in activities such as the Kameyama City Eco-Forest project, which contribute to biodiversity.



→ Related article on [page 35](#)



# Financial data

## [ Summary of JTEKT's performance since establishment ]

		FY2006	FY2007	FY2008	FY2009	FY2010
<b>Sales</b>	(mill yen)	1,025,297	1,157,594	1,017,071	769,682	955,470
<b>Operating income</b>	(mill yen)	64,630	77,650	22,370	425	39,924
<b>Ordinary profit/loss</b>	(mill yen)	66,968	72,896	11,109	△252	40,263
<b>Current term net profit or loss</b>	(mill yen)	44,900	43,446	△11,954	△19,413	20,052
<b>Net assets</b>	(mill yen)	361,846	393,098	323,624	315,159	336,086
<b>Total assets</b>	(mill yen)	945,308	974,819	813,461	847,005	842,220
<b>Equipment investment</b>	(mill yen)	60,303	58,912	51,104	25,248	30,850
<b>Depreciation</b>	(mill yen)	44,093	51,090	55,824	50,010	48,646
<b>Net asset per share</b>	(yen)	1,082.87	1,168.42	951.66	924.27	931.09
<b>Current term net profit/loss per share</b>	(yen)	140.51	135.58	△37.22	△60.45	59.39
<b>Rate of self-owned</b>	(%)	36.7	38.5	37.6	35.0	37.8
<b>Self-owned current term net margin (ROE)</b>	(%)	13.9	12.0	—	—	6.5
<b>Cash flow through sales</b>	(mill yen)	97,029	84,762	33,908	63,255	60,320
<b>Cash flow through investment</b>	(mill yen)	△57,449	△63,241	△58,977	△57,715	△31,147
<b>Cash flow through financial activities</b>	(mill yen)	△19,013	△13,063	27,146	15,365	△14,812
<b>Cash and cash equivalent term-end balance</b>	(mill yen)	72,145	83,562	75,074	99,338	113,513
<b>Capital</b>	(mill yen)	36,295	36,854	36,879	36,879	45,591
<b>Total of issued shares</b>	(thou shares)	320,136	321,370	321,406	321,406	342,186
<b>Dividend per share</b>	(yen)	19.00	24.00	17.00	11.00	16.00

No. of employees	Consolidated	31,355	32,542	33,029	35,465	36,775
	Nonconsolidated	9,919	10,023	10,091	10,105	9,906
No. of consolidated subsidiaries		91	93	97	117	135
	Domestic	32	31	31	33	41
	Overseas	59	62	66	84	94
No. of equity method affiliates		11	11	11	12	20
	Domestic	2	2	2	3	6
	Overseas	9	9	9	9	14

\* From FY2006, net assets amounts have been calculated applying the accounting standard relating to the net asset display in the balance sheet (Accounting Standard No. 5) and the application guideline for accounting standards relating to the net asset display in the balance sheet (Accounting Standard No. 8).

## [ Consolidated financial statement ]

\* Below figures have had amounts less than 1 million yen rounded down.

### Consolidated balance sheet

(As of March 31st, 2011)

	Item	Amount
Assets	Floating assets	461,880
	Cash and savings	68,679
	Notes and accounts receivable	169,597
	Securities	49,032
	Inventory	130,998
	Other	44,555
	Allowance for bad debt	△982
	Fixed assets	380,339
	Tangible fixed assets	290,326
	Machinery & freighting devices	134,773
	Other	155,553
	Intangible fixed assets	8,412
	Investment & other assets	81,600
	<b>Total assets</b>	<b>842,220</b>
Liabilities	Floating liabilities	313,183
	Notes and accounts receivable	152,164
	Short-term loans	63,692
	Other	97,317
	Fixed liabilities	192,949
	Bonds	40,000
	Long-term loans	83,923
	Other	69,026
	<b>Total liabilities</b>	<b>506,133</b>
Net assets	Common equity	348,483
	Capital	45,591
	Capital surplus	108,237
	Earned surplus	195,035
	Own shares	△381
	Accumulated total of other comprehensive income	△30,132
	Valuation difference on available -for-sale securities	9,356
	Foreign currency translation adjustment total	△39,488
	Minority equity	17,735
	<b>Net asset total</b>	<b>336,086</b>
	<b>Liabilities &amp; net asset total</b>	<b>842,220</b>

(Millions of yen)

### Consolidated income statement (from April 1st, 2010 to March 31st, 2011)

Item	Amount
Sales	955,470
Sales cost	811,470
Gross margin on sales	143,999
SGA	104,074
Operating income	39,924
Non-operating income	7,001
Non-operating expenditure	6,663
Ordinary profit & loss	40,263
Extraordinary profit	3,680
Extraordinary loss	10,734
Income before income taxes and others	33,209
Corporate income tax, etc.	10,290
Current net earnings prior to minority equity loss adjustment	22,918
Minority interest	2,866
Current net earnings	20,052

(Millions of yen)

## [ Non-consolidated financial statement ]

\* Below figures have had amounts less than 1 million yen rounded down.

### Balance sheet

(As of March 31st, 2011)

	Item	Amount
Assets	Floating assets	260,811
	Fixed assets	374,100
	Tangible fixed assets	136,821
	Intangible fixed assets	2,459
	Investment & other assets	234,819
	<b>Total assets</b>	<b>634,911</b>
Liabilities	Floating liabilities	209,659
	Fixed liabilities	135,922
	<b>Total liabilities</b>	<b>345,582</b>
Net assets	Common equity	280,616
	Capital	45,591
	Capital surplus	108,230
	Earned surplus	127,137
	Own shares	△343
	Valuation/conversation difference	8,713
	Valuation difference on available -for-sale securities	8,713
	<b>Net asset total</b>	<b>289,329</b>
	<b>Liabilities &amp; net asset total</b>	<b>634,911</b>

(Millions of yen)

### Income statement

(from April 1st, 2010 to March 31st, 2011)

Item	Amount
Sales	547,103
Sales cost	493,936
Gross margin on sales	53,166
SGA	44,307
Operating income	8,859
Non-operating income	11,207
Non-operating expenditure	2,983
Ordinary profit & loss	17,083
Extraordinary profit	43
Extraordinary loss	4,674
Current net earnings prior to tax deduction	12,452
Minority interest	1,850
Current net earnings	10,602

(Millions of yen)

## Third-party opinion on JTEKT CSR Report 2011

Representative of the Workers Club for Eco-harmonic Renewable Society (NPO)

**Tamio Yamaguchi**

For a report to receive high social appraisal, it must address the concerns and interests of readers (in particular those of readers with strong interest in the relevant company's trends) and continuously improve information disclosure and accountability.

I was interested in seeing how JTEKT's 2011 CSR report addressed three issues in particular, the earthquake/tsunami disaster that devastated northern Japan in March, CSR advancements and global response. President Ikawa makes several mentions of the earthquake disaster in his message. He also touches upon purchasing and risk countermeasures. In particular, the commitment to concentrating strengths on the numerous issues exposed by the disaster conveys JTEKT's determination. A disaster of such scale has heightened expectations towards the "conception and construction of a sustainable future giving rise to a paradigm shift", and corporations must aim to meet this expectation when addressing the various issues.

Regarding CSR advancements, examples of JTEKT CSR "taking a new step forward", can be seen in activities such as creating and distributing the "CSR HANDBOOK (pocket-size version)" for the 2010 edition. These kinds of activities, I believe, have come to fruition in the form of the 2011 policy of "Taking another look at tasks that have become second nature from a CSR perspective" and the "My CSR" section of this year's report. CSR can be maximized through the aggregation of individual employees' social responsibility (ESR: Employee Social Responsibility), therefore we can expect programs will be conceived through the daily investigation of topics raised in this section. Regarding the environmental aspect, I look forward to seeing concrete policies and action take shape now that a directive on biodiversity conservation has been instituted and an environmental vision has been created.

Furthermore, JTEKT are now investigating CSR activities with reference to ISO26000. I have high expectations of seeing the detailed results of this investigation in next year's report, but for now I believe it is safe to say that the clearly stated message in the "CSR concept" diagram of "Reveal social issues through communication and then strive to solve them" is proof that this approach has been beneficial. However, at corporations all over the world the "integration of CSR and management" is continuously advancing, so I would like to see JTEKT pick up the pace of

integration-orientated activities.

Regarding global response, President Ikawa mentions in his speech the "reconstruction of crisis-management framework on a global scale" however I have to say that this report is lacking in reference to such global response. I believe this may be due to the way in JTEKT has set a boundary of only looking at "all JTEKT Corporation independent activities" and thus could be resolved by broadening the scope to include subsidiaries and affiliated companies, taking sales turnover share by location and number of employees by location into consideration and including all this various information in the report.

Regarding information disclosure, the fact that the door opens each year is evidence of JTEKT's willingness to be transparent. In line with their principle of "Promoting the improvement of conditions through information disclosure", I hope they will increase efforts to this end even further in the future. Currently, the information disclosed in the "Making of healthy minds and bodies" section is of excellent quality, but I hope to see more proactive and quantitative disclosure in all areas of CSR.

Finally, I would like to see JTEKT concentrate on incorporating the following items into next year's report. These are specific mention of efforts for foreign worker employment and promoting the awareness of human rights. Both of these are of great importance in today's society and while this report lists them as "Main activities" items, they are not elaborated on. Regarding foreign worker employment, I would like to see information across a broad perspective on strategies to secure global human resources, localization and so forth, based on a principle of "true globalization". For the human rights aspect, currently great importance is being placed on the "violation of human rights relating to corporate activities" in the ISO26000, the revised OECD Guidelines for Multinational Enterprises and the GRI (Global Reporting Initiative) G3.1 Guidelines, therefore in the future I hope to see JTEKT act and report on matters exceeding mere "performance awareness".



### Tamio Yamaguchi's profile

After 25 years at a newspaper company, Mr. Yamaguchi held a position as the manager of public relations at an environment venture company, chief editor of a publishing company's environmental magazine, and then freelanced. Now a part-time university lecturer he also works as a corporate trainer on CSR topics. Since 2005, Yamaguchi-san has analyzed and reported on over 300 companies CSR reports. (<http://csr-project.jp/>)

### Workers Club for Eco-harmonic Renewable Society

A citizen's organization that considers from a global point of view how society and the natural ecosystem that should be passed on to future generations can live in harmony. The organization researches, supports and implements activities so that citizens, companies and government agencies will form a recycling-based society. (<http://www.nord-ise.com/junkan/>)

## Response to the third-party opinion

We would like to extend our sincere thanks to Mr. Yamaguchi for providing us with his valuable opinion at the kick-off meeting when production of this report began, the intermediate conferral and upon completion of the report. In his appraisal, Mr. Yamaguchi has pointed out areas we should focus on in the future, such as formulating programs through the daily investigation of ESR (Employee Social Responsibility) and the established environmental vision and directives, as well as global response.

We are also grateful to Mr. Yamaguchi for reminding us of the importance of reporting in concrete terms activities relating to foreign worker employment and respect for human rights.

### Public Relations Dept., JTEKT Corporation

As Mr. Yamaguchi pointed out, the important key words/themes of 2011 for JTEKT are "global response" and "a speedy approach to global response". While we spread and share the JTEKT way globally as a monozukuri corporation, we will respect the culture and tradition of each country and region to make a great leap forward and mature into a global corporation with roots in each region. We will strive to report these accomplishments to you all.

In the editing of this report we enhanced the level of information disclosure in order to be true to our open communication policy, and will continue aiming to become a company deserving of the respect of our stakeholders.



#### Dear Readers

#### We welcome your opinions and comments regarding this report.

Thank you for taking the time to read through our 2011 CSR Report. This time, we have reflected on CSR activities over the past 5 years since JTEKT was formed. In addition, we have overturned many new issues through the important guidance of the ISO26000 and the unparalleled earthquake/tsunami disaster. Many of these issues could not be addressed in this report but it is our hope that we have impressed upon you that JTEKT is evolving. We would highly appreciate any thoughts or suggestions you may have, as we aim to further improve our CSR activities and this report in the future.

## CSR Report 2011

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This report can also be viewed on JTEKT's website.

➡ <http://www.jtekt.co.jp/>



# JTEKT CORPORATION

<http://www.jtekt.co.jp/>



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