





Connecting and Growing through the Power of Dialogue

"First with our employees. Then with all of our stakeholders".

JTEKT believe that dialogue is the foundation for thinking about what social responsibility is and how it can be achieved.

In FY2011, JTEKT promoted the company-wide spread of CSR through dialogue between employees of all levels in each of the departments.

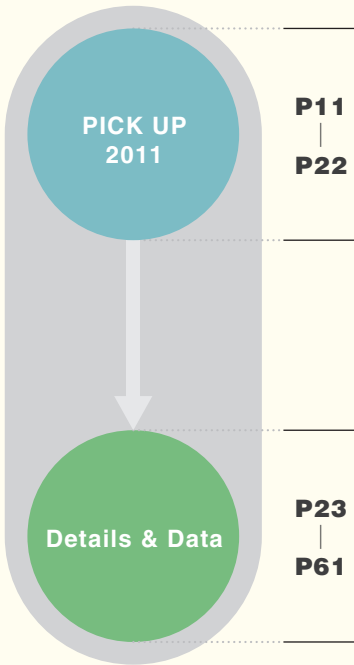
2011 was a year that reminded us of how powerful dialogue can be towards surmounting disasters and global economical issues too.

About the front cover

The illustration's theme is "Dialogue". The tree is symbolic of how JTEKT grows by listening to the voices of many people. JTEKT believe that listening with sincerity to the voices of people from both inside and outside the company is the origin of CSR.

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Editing policy

- ◎ This report aims to inform our stakeholders in straightforward language of JTEKT's concept and activities surrounding CSR.
- ◎ We have separated the FY2012 report into two halves to make it easier to comprehend and more "reader-friendly".
- ◎ The first half introduces JTEKT's basic concept of CSR and aims to describe the major activities of FY2011 in straightforward language.
- ◎ The second half gives data and other detailed information regarding all activities. The content in this section prioritizes objectivity, completeness and continuity.
- ◎ Like last year, environmental data by business area is available on JTEKT's website.

Target period and target organizations

Target period

FY2011 (April 2011 – March 2012)

* Some items include content from other periods.

Target organizations and scope

All JTEKT Corporation Independent Activities Measurements, management, etc., according to group standards for environmental data are handled by the group as a whole. Some of the items give the performances of affiliated companies.

Reference guidelines

- ◎ GRI (Global Reporting Initiative),
"Sustainability Reporting Guidelines 2006" (third edition)
- ◎ Japan's Ministry of the Environment,
"Environmental Reporting Guidelines" (2012 edition)
- ◎ ISO26000 (International Standard for the corporate responsibility of organizations)

Disclosure of CSR information

- ◎ Japanese hardcopy report (issued once a year around July)
- ◎ English hardcopy report (this document) (issued once a year around September)
- ◎ PDF versions of the reports (both Japanese and English versions are available to download from JTEKT's website from the time the hardcopies are issued)
- ◎ PDF versions of environmental data by business area (Issued once a year. The previous year's portion is available for download from JTEKT's website from around July)
- ◎ JTEKT website (report content and news releases)

Message from the President



Constantly considering CSR in the name of a sustainable society

JTEKT Corporation Company President

Shoji Ikawa

Reinforce compliance and reconsider what JTEKT's social responsibility is.

Last year, reflecting on our group as a whole, JTEKT and our subsidiary, Koyo Sales, were suspected of infringing the Anti-Monopoly Act regarding our bearing transactions and we became under investigation by the overseeing Japanese author-

ity. This investigation is ongoing. Our European bases were also suspected of infringing the EU Competition Law and are currently being investigated by European authorities. Until now, we have exerted every effort to conduct business activities in accordance with CSR and observe legislation however we must take this reality that we are undergoing investigation with extreme seriousness.

I would like to extend my sincere apolo-

gies to our shareholders, customers and all other stakeholders for the concern and trouble we have caused. JTEKT will fully cooperate with the authorities and do everything in our power to facilitate an appropriate and swift investigation.

At JTEKT, we believe that CSR must be reflected in every single activity we engage in and have introduced a framework to reinforce compliance, and strengthened the organizational structure of the division that monitors this.

In FY2011 we surveyed individual workplaces to reinvestigate duties which have become second nature from a CSR perspective and strengthen workplace management. This activity aimed to facilitate sincere business activities. By discussing the results, observations and doubts arising from this activity, we raised our awareness of CSR. This activity provided each of our employees with an opportunity to rethink the role they play from a perspective of what JTEKT's value is and our responsibility to our customers, business partners, and the local community who support us, with respect to our company objective of "contributing to the happiness of people and the abundance of society through product manufacturing". We would like to conduct this activity again in 2012, increase dialogue with our stakeholders, become a trusted member of the local community, and be seen as a company essential to the local ecosystem. JTEKT will continue to make every effort to see CSR reach each and every one of our employees, including our executives.

Global company policy – towards establishing a strong foundation

In regards to the external environment, the past year saw many unprecedented risks emerge, including the Great East Japan

Message from the President

Earthquake, the subsequent nuclear power generation and power supply issues, disasters such as the floods in Thailand and from an economic perspective, the prolonged super-strong yen, the European debt crisis and so on. We would like to use the many lessons we learnt from taking action to address these issues and the relationships we formed with people to further strengthen risk management and fulfill our responsibility as a corporate citizen.

In light of this social landscape, JTEKT's global company policy for FY2012 incorporates two main points to address economic issues - to establish a strong foundation not susceptible to change and challenge to further achievement. For the first initiative of establishing a strong foundation not susceptible to change, we have identified the elements of safety, quality and delivery, human resources and corporate culture and global management control to accompany CSR, which I mentioned at the outset. I believe that



these are the fundamental elements we need to incorporate in our solid economic foundation if the JTEKT group is to continue to be a truly global corporation into the future. All of our employees will have high aspirations and continue to make progress in these areas as we work towards our primary goals.

To elaborate on the safety element, I feel we can still do a lot more towards eliminating the root cause of workplace accidents. I became strongly aware yet again how important it is to prioritize safety over production efficiency and will create a

workplace culture where everyone takes ample caution and can work with peace of mind. We will passionately engage in activities to achieve zero workplace accidents overall. Regarding quality and delivery time, we will take a long, hard look at our actions from our customer's point of view to ensure we are not making light of the invaluable feedback they provide us and that each department isn't merely prioritizing activities convenient to them. Our goal is to become a trusted partner worthy of recognition from all of our customers. For the human resources and corporate culture element, we wish to foster an environment where each and every employee can feel highly motivated, acquire new knowledge independently, and by developing a people-nurturing culture, bring out the most of each individual's capability, so that our employees and our company as a whole can grow together and be active on a global scale. Charles Darwin said *"It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change"*, and I believe that companies must also learn how to respond to change. JTEKT aims to become a company in which each individual member will swiftly identify their needs, cooperate with other members to form a team that can respond flexibly and, as a result, perform with our heads held high amidst fierce global competition.

Regarding global management, JTEKT believe that our prime task is to further enhance the overall group's framework to control risks and the like. Learning from the risks which surfaced from last year's disasters and the experience we gained, we will prepare for various presumed risks. We believe that our responsibility to society is to continue to provide a stable supply of products by not allowing anything to interfere with production activities under any circumstance.

Challenge ourselves to further achievement

As well as building a solid management foundation, we will engage in challenges to keep on leaping forward. In order to respond to changes in the world's environment swiftly and turn them into business opportunities, we must respond to our customer's expectations and provide products which surpass these expectations in a timely fashion. To achieve this, we are strengthening our sales potentiality and product competitiveness. Through creating a process of "grasping customer needs", "proposing attractive products" and "skillfully manufacture good products" and constantly leveling up, our products will evolve from being "good" to being "attractive".

First, we must capture the customers' needs with strong marketing, plan and propose products from the customer's perspectives and consider how we can contribute to our customer's business and whether or not they are faced with any issues our products could help solve. The JTEKT group covers a diverse range of technologies and we strive to propose attractive products with technological prowess and product value so our customers can experience this. In the name of safety and consideration to the environment, for example, we will utilize compact, lightweight technologies to provide our vehicle manufacturer customers with products that will aid their production, and combine peripheral parts with conventional equipment to create module units and propose products with even higher added-value. JTEKT is strengthening activities to propose products and technology that contribute to resolving any issues our customers may be facing and facilitate technological innovation. For example we are channeling even more energy into the industrial domain, further enhanc-

(*) JTEKT VISION 2015

→ Related article on [page 10](#)



ing the quality of our bearings, adding maintenance functions, and developing flexible machine tool systems suitable for multi-variety, small-volume production. Next, in order to provide such products in a timely fashion, we are building a global standard line that will guarantee the JTEKT brand of manufacturing. The global standard line will be rolled out worldwide, introducing the philosophy by which Japanese manufacturers build their lines, run a business, respond to trouble and make good products well. This action will create jobs and stimulate the various local communities, but rather than be hasty in rolling out, we will proceed with due caution to ensure fundamental elements such as safety and quality are not neglected. Moreover, the products and lines resulting from this activity will be universalized and each department's tasks streamlined. The generated resources will be further invested in improving the added-value of products and we will challenge ourselves in new areas whilst striving to improve our products further.

In closing, last December, the JTEKT, Koyo and TOYODA brands established an integrated logo. We will continue to contribute to creating an abundant society through the unshaking product quality promised by these 3 brands. In order to realize the JTEKT VISION 2015 (*), we will interpret changes as chances as a truly global company, and the entire JTEKT group will work as one to make this year one great leap forward.

We ask you all for your continued support.

JTEKT's new framework for compliance reinforcement.

→ Related article on [page 28](#)

To strengthen our compliance framework, we appointed 23 compliance officers in October of 2011 (18 in Japan, 5 overseas) mainly comprising of managing officers. A compliance officer's primary duties are to spread compliance awareness in individual workplaces, supervise, provide leadership and conduct inspections. Moreover, in November we established a Compliance Promotion Department directly under the Company President and a Compliance Promotion Group under the managing department of Sales & Marketing Headquarters.

Under this new framework, from the end of January to March 2012, JTEKT carried out compliance inspections in all 160 company departments as well as 25 domestic and 69 overseas group companies. Based on the results of these inspections, we formulated the compliance promotion plan for FY2012. This overall activity is monitored by an internal audit led by the Global Internal Audit Department to ensure transparency and objectivity.

We will continue to insure that compliance reaches each and every of our employees.

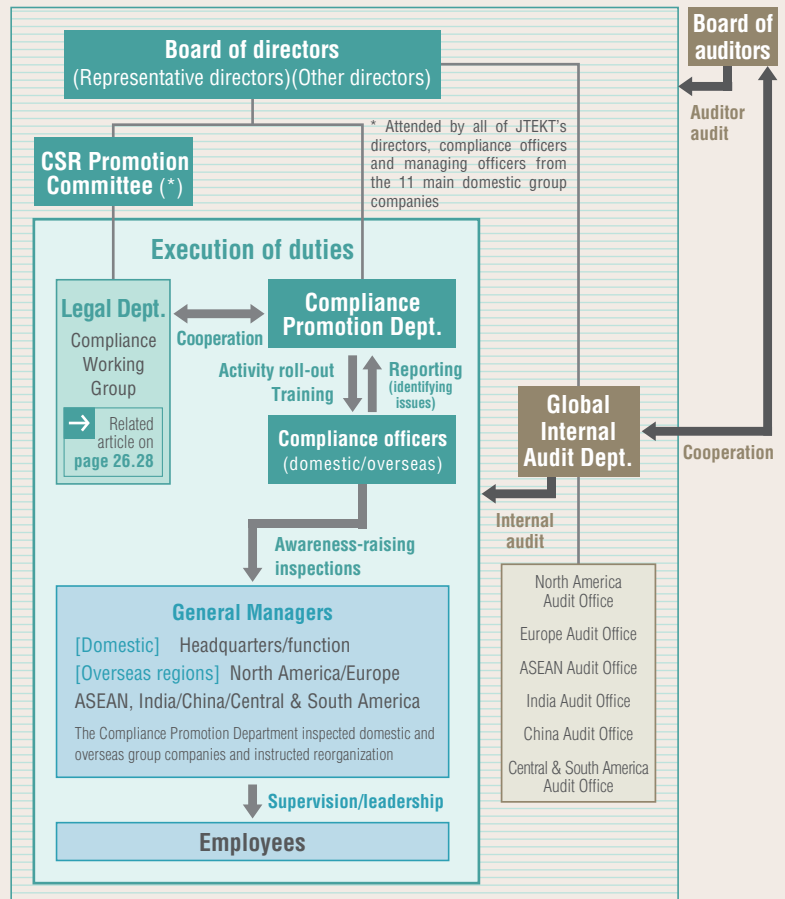
Activities to strengthen our compliance framework

2011

- October ● Appointed 23 compliance officers (18 domestic, 5 overseas) mainly comprising of managing officers (Appointment began in November)
- November ● Established a Compliance Promotion Department directly under the company president, a consultation desk for the Anti-Monopoly Act and a Compliance Promotion Group under the managing department of Sales & Marketing Headquarters
- December ● Held a workshop on laws and regulations for managing officers

2012

- January - March ● Held compliance inspections JTEKT wide and group wide (domestic & overseas)
- March ● Formulated the FY2012 activity plan based on results of the compliance inspection held by the CSR Promotion Committee
- April ● Reported audit results concerning compliance to the board of directors
- June ● Reelected compliance officers



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Business areas

Supporting society through manufacturing

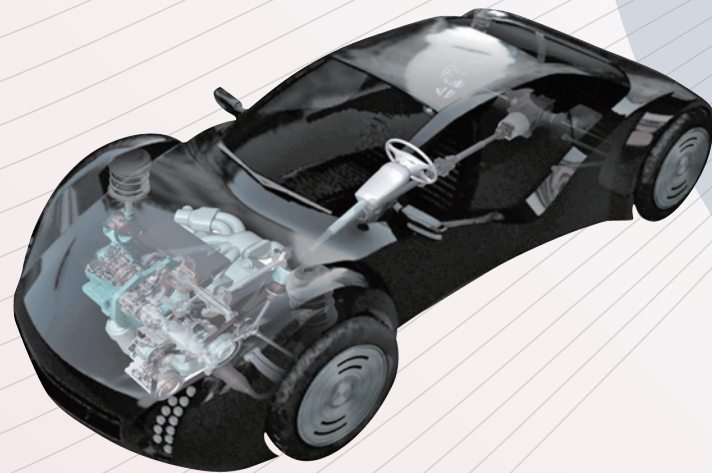
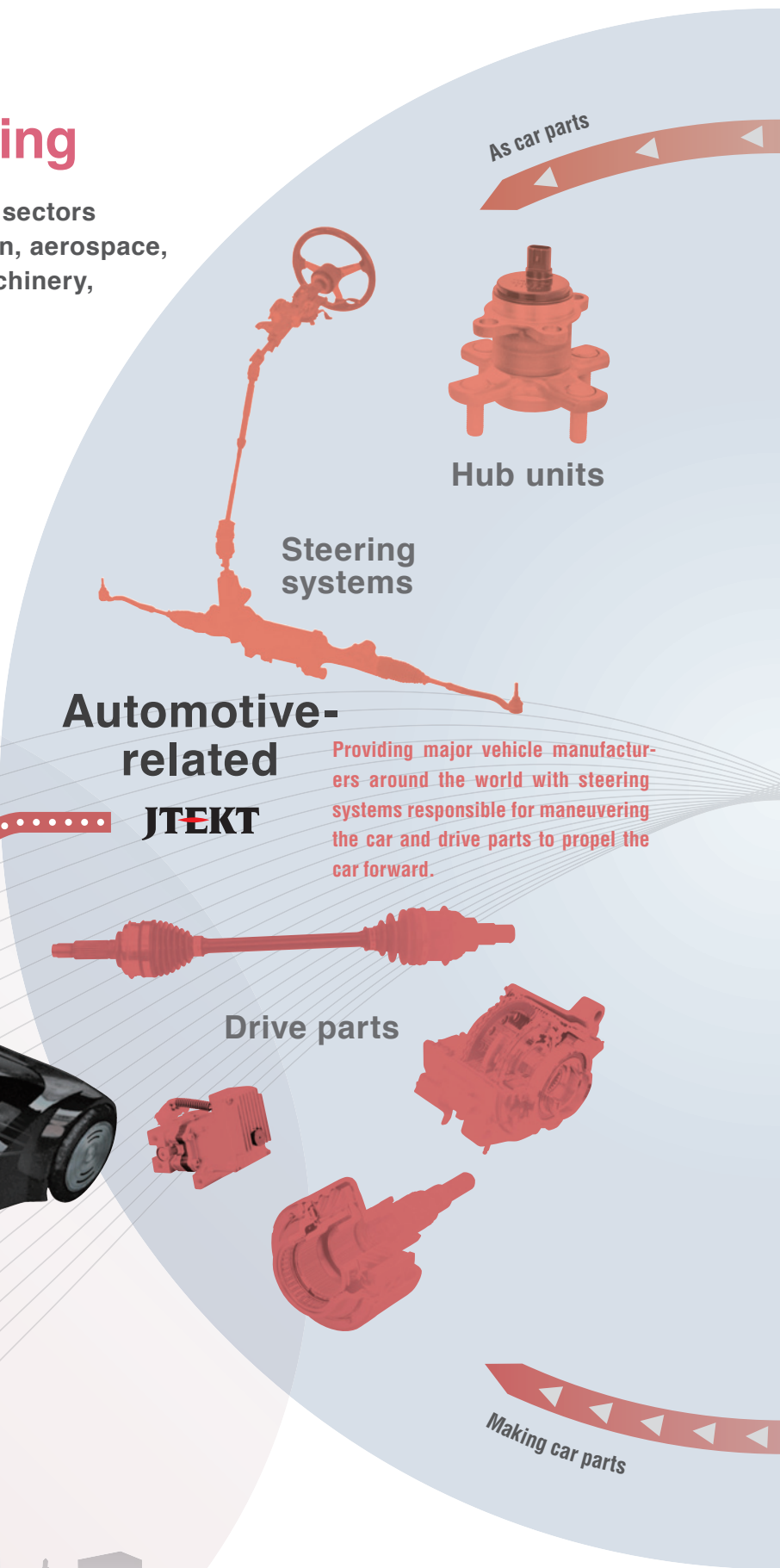
Supporting society across a diversity of sectors from automotive to steel, railway, aviation, aerospace, construction machinery, agricultural machinery, wind power generation and more.

JTEKT
 Establishment of a logo integrating all 3 business brands

Koyo | **TOYODA**

To clarify the positioning and unification of JTEKT's 3 business brands, we have established an integrated brand logo mark. Combining bearings (Koyo) which support industrial progress, machine tools (TOYODA) and automotive parts total system supplier (JTEKT), we are determined to contribute to building a rich society through unshakeable technological prowess.

The central T-line stands for "Tekton" which is a Greek word from which the name JTEKT also derives. "Tekton" means "Person in possession of outstanding technology".



Koyo

Bearings

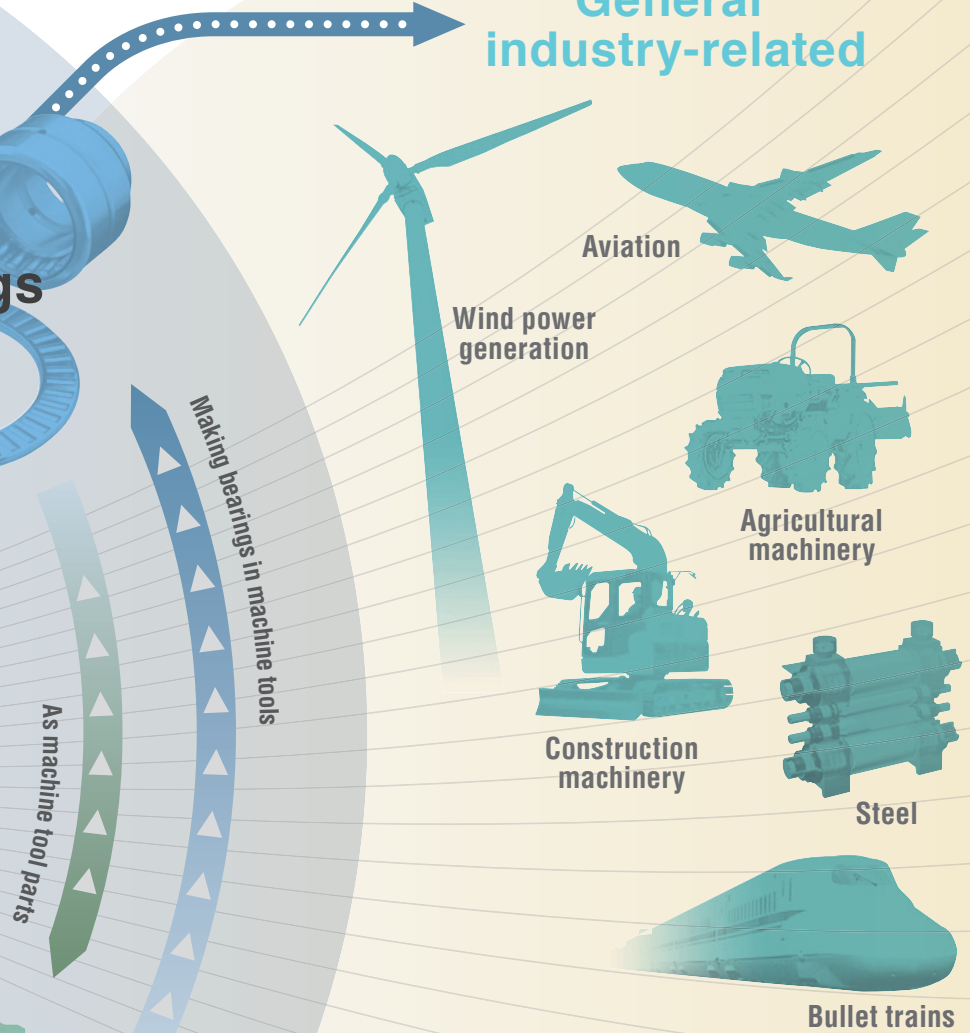
Bearings support the rotating parts of all mechanical equipment. JTEKT's bearings are active in a wide-range of domains with a particular focus on automotive.

Machine tools are machines that make machines, also known as "Mother Machines". JTEKT is a parts manufacturer as well as a machine tool expert, one of very few companies in the world that can boast this advantage.

Machine tools & mechatronics

TOYODA

General industry-related



Wind power generation

Aviation

Agricultural machinery

Construction machinery

Steel

Bullet trains

Making bearings in machine tools

As machine tool parts

Products and technology such as grinders, ultra-precision machines and machining centers support all the processes of manufacturing.

Assembly plants

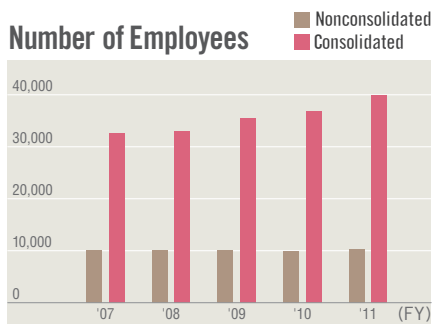
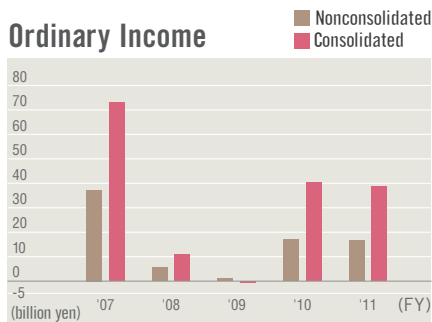
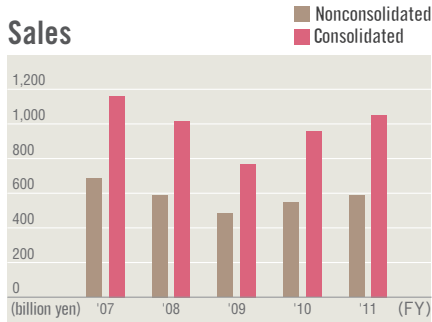
Quality inspection

Research & testing labs

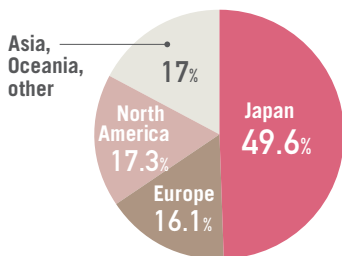
Machining plants

Heat treatment plants

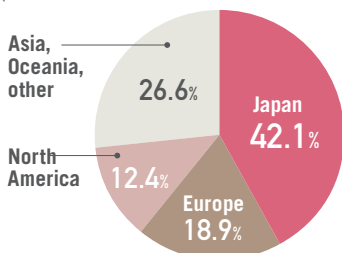
Company Profile



Sales turnover share by location
(FY2011 consolidated net sales)



Employee percentage by location
(Consolidated net sales current as of March 31st, 2012)



Company Profile

Company name	JTEKT Corporation	
Headquarters	No. 5-8, Minamisemba 3-chome, Chuo-ku, Osaka Japan	
Head Offices	[Nagoya Head Office]	No. 7-1, Meieki 4-chome, Nakamura-ku, Nagoya, Aichi Pref. Japan
	[Osaka Head Office]	No. 5-8, Minamisemba 3-chome, Chuo-ku, Osaka Japan
President	Shoji Ikawa	
Capital	45.5 billion yen (as of March 31, 2012)	
Number of employees	39,834 (4,677)	[consolidated] (as of March 31, 2012)
(external, average temporary employed personnel)	10,385 (1,654)	[nonconsolidated] (as of March 31, 2012)
Sales	1,052.6 billion yen	[consolidated] (FY2011)
	588.7 billion yen	[nonconsolidated] (FY2011)
Ordinary income	38.6 billion yen	[consolidated] (FY2011)
	16.6 billion yen	[nonconsolidated] (FY2011)
Consolidated subsidiaries	140 (42 in Japan, 98 overseas)	

Global network

	Number of companies	Number of employees	Sales
Japan	43	16,771	522 billion yen
Europe	26	7,515	169.8 billion yen
North America	17	4,935	182 billion yen
Asia, Oceania, other	55	10,613	178.6 billion yen

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 Ltd., established in India through a joint venture with Micromatic Grinding Technologies
December 2009	Acquired the needle bearing business of the Timken Company, USA.

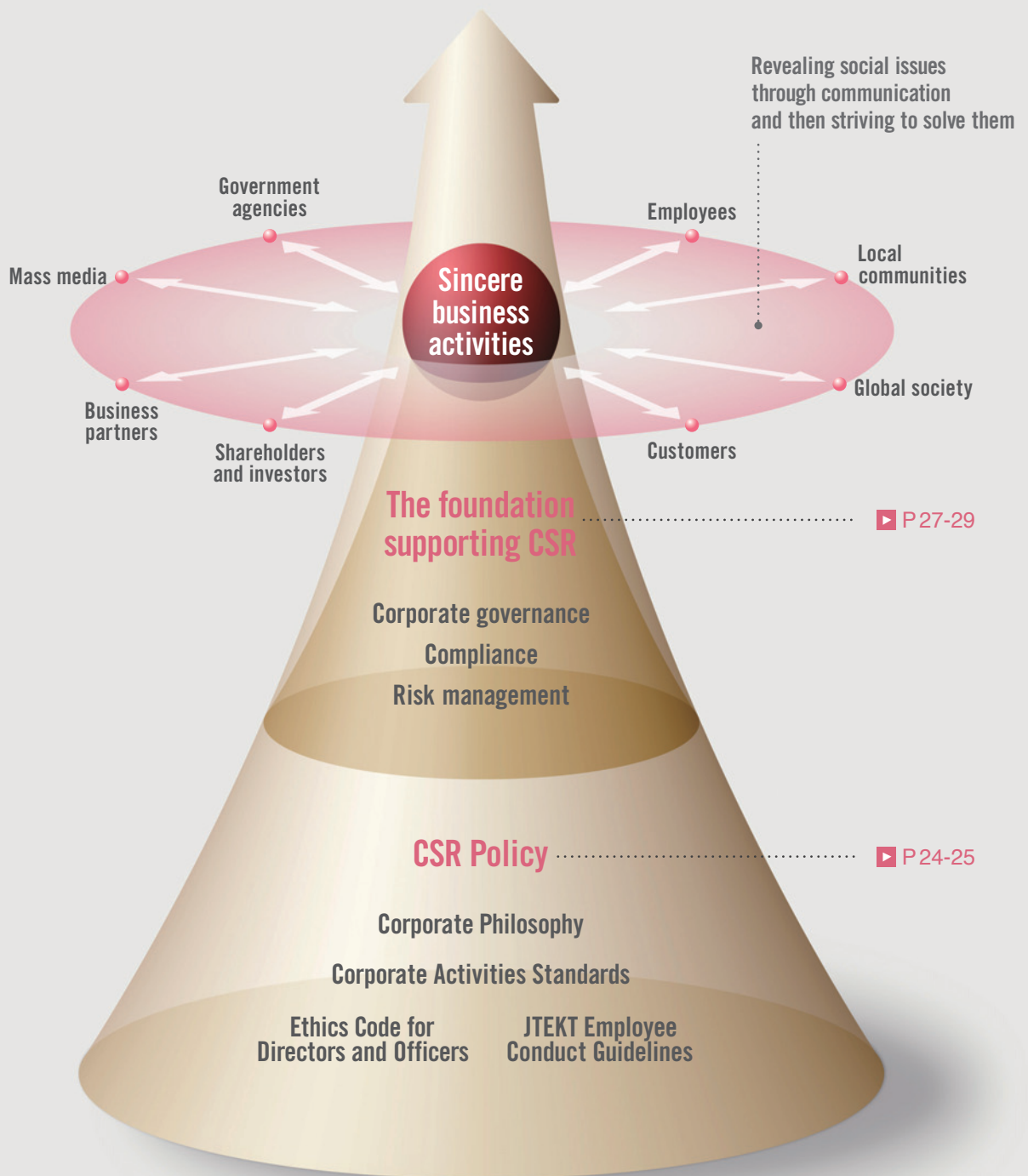
JTEKT's CSR concept

Spreading CSR activities capturing the JTEKT essence further throughout society

JTEKT aim to contribute to the development of a sustainable society and planet through sincere business activities based on our corporate philosophy of "contributing to the happiness of people and the abundance of society through product manufacturing". By valuing communication with each of our stakeholders, we will do our best to uncover social issues. Then, we will create and apply solutions to such issues and spread CSR activities capturing the JTEKT essence further throughout society.

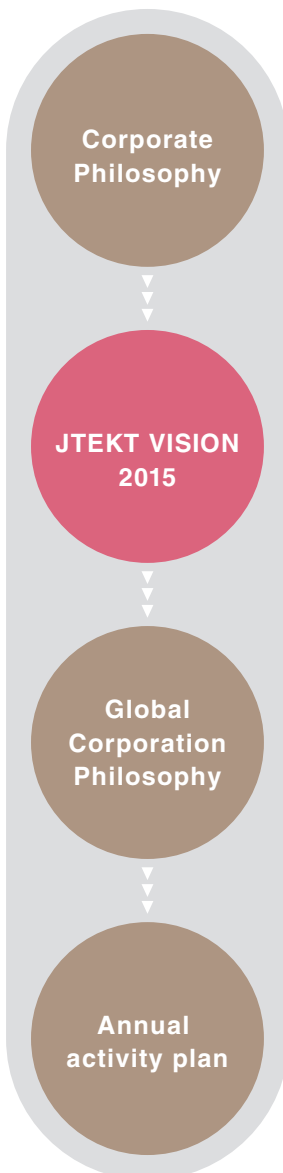
→ P25 Related article

Contribute to the development of a sustainable society and planet



JTEKT VISION 2015

This new VISION is an evolved version of the “JTEKT VISION 2015 Creation & Innovation” released in 2006, with a view to quickly spotting change in the environment and change of the times so that we can make a further leap forward.



Renewed vision in line with the times

In 2006, JTEKT was formed by a merger between Koyo Seiko and Toyoda Machine Works and in the same year established the JTEKT VISION 2015 with the motto of Creation & Innovation as an expression of our future direction. In 2011, we renewed this vision to meet the changes of the environment and times we now find ourselves in. We aim for new developments and growth based on this new JTEKT VISION 2015.

Objectives

Achievement of the company's dream

Enable JTEKT as a “monozukuri” company to contribute to people's happiness and the betterment of society through providing products and services truly desired by customers

Realization of each employee's potential

Enable each employee to obtain the joy, satisfaction and recognition that results from contributing to society through corporate activities and to achieve continual personal growth

Corporate Objectives

1. Be a “monozukuri” company friendly to the global environment

Provide energy/resource-saving recyclable products

2. Be a company that promotes living and work environment improvements by providing safe, reliable, pleasurable-to use products

Products that prevent accident occurrence and improve safety Products and equipment that are easy for anyone to use

3. Be a company that sees market changes as business opportunities and continues to grow throughout the world

Elevate JTEKT Group's global presence by world top-level quality Create new products, services and business utilizing the group's total capability

Strengthen approach to emerging countries

Boost field of business to be strengthened

- [Mobility] Determination to survive in the automobile field
- [Infrastructure] Expansion of technology range
- [Energy] Contribution to environment
- [Factory] Pursue of energy saving and ecology→Smart factory
- [Life] Pioneering new fields

Strengthened product competitiveness

- Suggestion of solutions with lifetime support
- Contribute to customer satisfaction (CS) with cooperation beyond the operation headquarters

4. Be a truly global company that is a good corporate citizen with an excellent social and cultural understanding of each world region

Obtain strong awareness of and trust in the JTEKT brand around the world

Management common to the world

Management adjusting to local

- Compliance
- Regional contribution
- Respect of atmosphere and culture of each world region

Achievement of Corporate Objectives

1. Raise Individual Awareness and enhance corporate power

Strong Ambition

Take pride in being a JTEKT employee and strive to enhance both personal capability and corporate value.

Practices “For What?”

What are essentials of problems? See overall problems and find optimal solutions from a customer's standpoint

Thinking and acting decisively

Determines essentials with “genchi-genbutsu” — Agree and decide quickly, then, try to put it into practice with all efforts

Maintain strong teamwork

Train a person and bring together a power of an individual Respects humanity of the individual and demonstrate total power of the team

Cultivating a tradition of achievement

We maintain our tradition of tireless effort until problems are solved and goals are achieved.

2. Development of atmosphere that fosters personnel strive themselves

Respecting personality and individuality of employees, providing a workplace where values potential and job satisfaction and realizes happiness of an individual

PICK



UP



Keyword	Environment	.....	P12
Keyword	Safety, Peace-of-mind, Comfort	.....	P18
Keyword	Global	.....	P19
Keyword	Spreading CSR internally	.....	P20
Keyword	Disaster Recovery	.....	P22



2011



This section introduces some of the major activities from FY2011 centered on 5 keywords.

The keywords of “Environment” “Safety, Peace-of-mind, Comfort” and “Global” were chosen based on the image of the company JTEKT aims to become as stated in the JTEKT VISION 2015.

Of the activities carried out in FY2011, we particularly wish to emphasize efforts made to spread CSR companywide and recover from natural disasters.

1 Environment

Development of a lighter electric power steering system

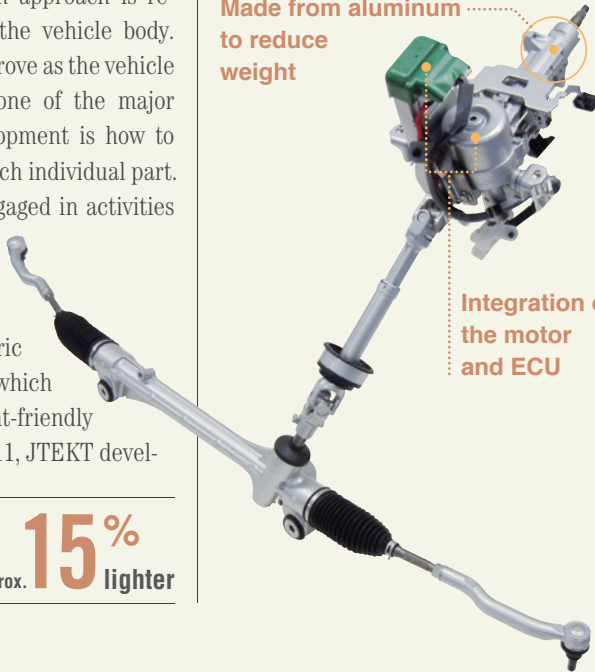
Improved fuel efficiency through lighter parts Promoting energy-saving

At the frontline of vehicle development, various approaches are taken in the name of energy-saving, which contributes to the environment. One such approach is reducing the weight of the vehicle body. Fuel efficiency will improve as the vehicle body lightens, hence one of the major issues in design development is how to reduce the weight of each individual part. At JTEKT, we have engaged in activities to make each steering system smaller and lighter, with a particular focus on electric power steering (EPS) which is the most environment-friendly steering systems. In 2011, JTEKT devel-

oped the ECU-motor integration type C-EPS system as a column-assist power steering series. This new C-EPS system is around 15% lighter than the conventional system and contributes to energy-saving.

Made from aluminum to reduce weight

Integration of the motor and ECU



Weight
Conventional system 18.2kg → 15.5kg
Approx. **15%** lighter

Easy assembly on vehicle through design innovation Improved comfort and safety

The newly developed product integrates the motor and the computer which operates it (ECU) reducing the harnesses (cables) required for connection and making it easier to assemble in the vehicle on the assembly line. Moreover, the brush-free motor, which is one of the key parts, has been made smaller and lightened by approximately 20% of the conventional motor. The section which connects the steering system to the steering wheel is now made from

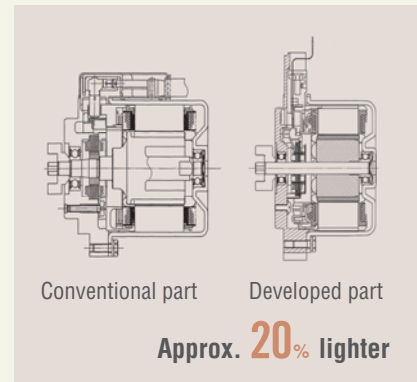
aluminum, making it lighter. Through the gradual accumulation of ideas such as these, we have reduced weight by 2.7kg compared with the conventional part. At the same time, in order to improve driving comfort and safety, in addition to a new steering intuitive control which increases safety as well as responds to steering wheel operations with better agility, we have equipped the steering system with back-up control that

Environment

Engaging in environmentally-conscious manufacturing from the development and design stages. Doing our best to preserve the global environment across all production activities. That is our mission as an environmentally-friendly manufacturing company.



Motor parts made smaller



offers the driver peace-of-mind by providing the appropriate assistance to suit all driving conditions. This product is used on Toyota's new model Camry currently being sold in Japan, the US and Asia.



Toyota Camry

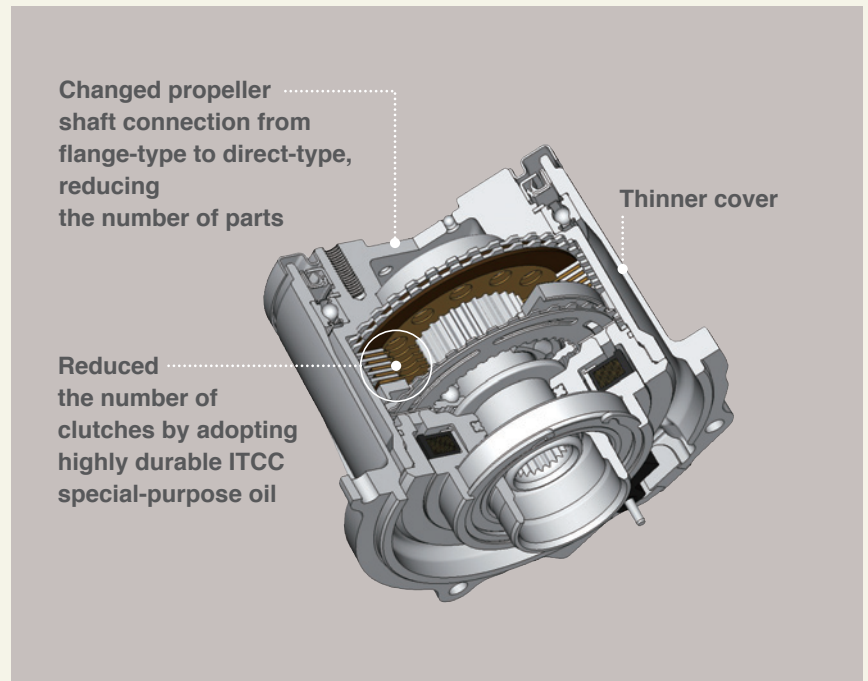
*C-EPS is a trademark of JTEKT Corporation

2 Environment Development of an electronic control 4WD coupling (ITCC) which achieves better fuel efficiency and a pleasurable driving experience

Further improved and mass produced the product which received the Invention Award

Amidst rising popularity and attention towards cars that are more fuel efficient and environmentally-friendly, a demand has also emerged for better fuel efficiency and a pleasurable driving experience with safety and peace-of-mind for 4WD systems. JTEKT was among the first to respond to such a need, developing an electronically controlled 4WD coupling (ITCC). The ITCC is the core element of a 4WD system as it is responsible for transmitting the ideal power to the rear tires to suit the road surface and driving conditions. It is used by major vehicle manufacturers worldwide. In 2009, JTEKT was awarded the National Invention Award for the invention of a diamond-like carbon (DLC-Si) coated electromagnetic clutch(*). Following this, aiming to contribute to even better fuel efficiency, the ITCC which incorporated further devel-

Electronically controlled 4WD coupling (ITCC)



oped technology, was adopted on the Mazda CX-5. Mass production of the ITCC began in 2011 in preparation for sales launch of new model vehicles.

* Diamond-like carbon (DLC-Si) with silicon is an amorphous carbon that displays similar properties to diamond. Using an electromagnetic clutch with a DLC-Si coating several microns thick, clutch size is reduced and life is extended.

Contributing to better fuel efficiency performance of new model eco cars through weight reduction and higher efficiency

Mazda CX-5



On the new ITCC, in order to reduce weight and improve car fuel efficiency, the number of clutches was reduced by using highly durable ITCC special-purpose oil, the number of parts was reduced through revising vehicle mounting structure, the cover was made thinner and so on. As a result, we succeeded in reducing weight of the developed ITCC by around 4kg compared with the conventional, in other words a 38% weight reduction. Furthermore, in the search for a control to suppress torque trans-

mitted to the rear tires to the minimal required amount, we have developed a more efficient 4WD system and consequently reduced energy loss during travel compared with the conventional part. JTEKT will continue technological development which will achieve both better fuel efficiency and a pleasurable driving experience, contributing to the development and spread of eco cars which are gentle on the planet and comfortable to drive.

Weight

Conventional system
10.4kg → 6.5kg

Approx. **38%** lighter

* ITCC is a trademark of JTEKT Corporation

3 Environment Development of an electric oil pump for idle reduction to contribute to better vehicle fuel efficiency

Mass production of a small electric oil pump for gasoline-driven cars

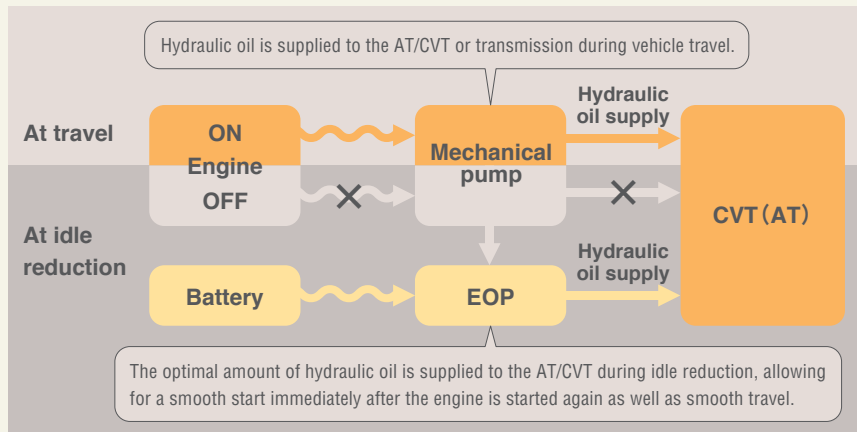
Due to energy-saving activities and the reinforcement of environmental regulations in recent years, vehicle manufacturers have proactively introduced technologies which contribute to better fuel efficiency. Idle reduction, which stops the engine when the car is stationary, is effective in improving the fuel efficiency of gasoline-drive cars. For this reason, transmissions with idle reduction mechanisms are attracting attention, however if there is a time lag when the car starts moving again, this affects the driver's comfort and safety. A smooth start requires an electric oil pump (EOP) which supplies hydraulic oil to the transmission when the engine is stationary. Mean-

while, the engine room of existing gasoline-drive cars is narrow and the EOP has to be designed small to fit. "In 2011, JTEKT responded to these needs by developing and mass producing an electric oil pump for idle reduction that contributes to even better fuel efficiency.

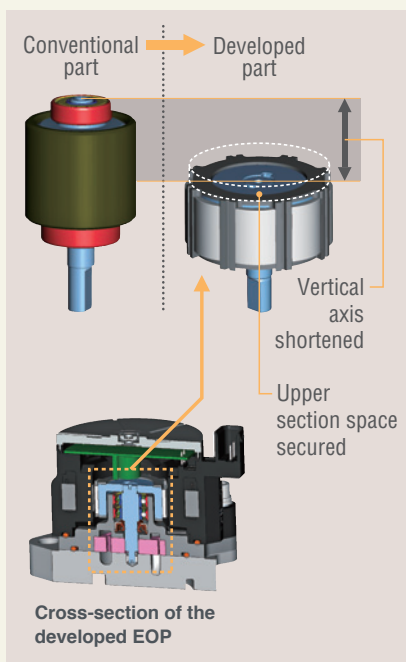


The developed EOP

Hydraulic oil supply route for an idle reduction mechanism



Smaller motor parts



Popularizing idle reduction cars by standardly equipping Contributing to preservation of the global environment

The new product, at the same time as adopting a small brush-free motor, features a reduced length bearing located in the motor rotor. This product is approximately 30% smaller than the conventional part. Furthermore, power consumption has been reduced to a maximum of 47% through control which suppresses excessive output. Also, through revising the process, reducing the number of parts and so on, cost has been reduced by around 60%. It is believed that the idle reduction mechanism will become more and more important in the future as a technology which achieves better fuel efficiency at

low cost on gasoline-driven cars as they are. On that point, this product encourages standard equipping on vehicles and accelerates the popularization of idle reduction vehicles. It can also be used on hybrid and electric cars in the future. Through continued product and technological prowess, JTEKT will continue to promote the realization of a car society that can co-exist with the planet.

Motor parts **30% smaller**
Approx. compared to the conventional part

Energy consumption **47% less**
Approx. compared to the conventional part

Cost **60% lower**
Approx. compared to the conventional part

4 Environment

Contributing to energy-saving in manufacturing through enhancing the environmental performance of machine tools

Introducing a new energy-saving technology in machine tool products with the goal of reducing energy consumption

Machine tools support manufacturing as the mother machines that make machines. JTEKT aims to develop machine tools which help save energy and resources. As such, we are engaged in tireless innovative engineering to advance process integration through the reduction of coolant usage, more compact machines and higher efficiency, whilst always maintaining quality and safety of products. Also, in regards to the product lifecycle from manufacture to disposal, JTEKT conduct product assessments to measure the environmental impact, etc., as part of the effort to offer products with minimum environmental load.

One of the greatest issues of this action was power consumption during machin-

ing. Machine tools use a large amount of energy during machining, therefore reducing power during machining is the key to saving energy in the production line. As such, in 2011, JTEKT applied newly developed energy-saving technologies (energy-saving circuit, energy-saving unit) to the FA800S machine as part of the energy consumption reduction effort.

Reducing energy consumption during wait and operation through technological innovation and creativity

On the FA800S, use of an inverter for devices and improving the coolant supply

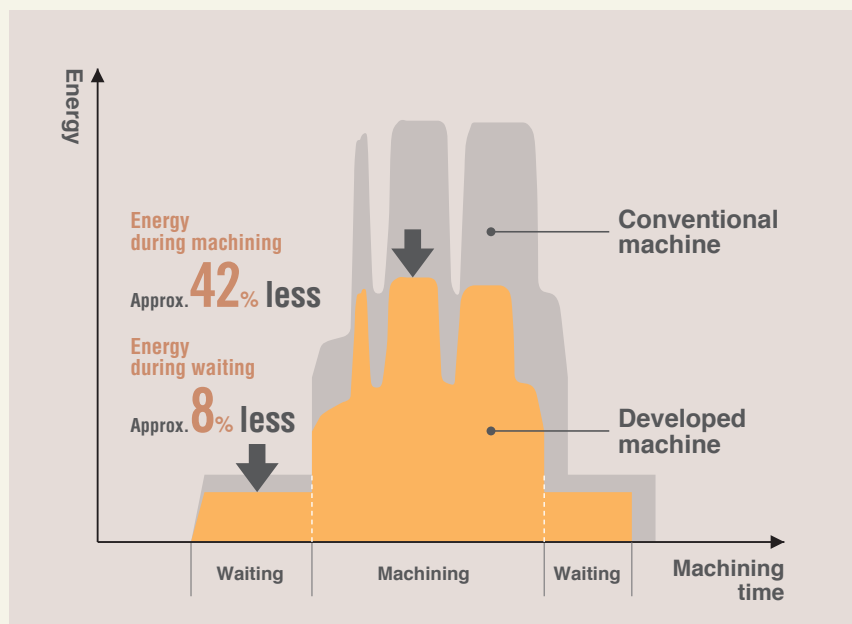
method, etc., has reduced the number of devices, thereby reducing the amount of energy consumed during wait time by around 8%. Furthermore, by using inverter control for the motor and so on, the amount of energy consumed during machining has been reduced to around 42%. As a result of various actions, we have successfully reduced energy consumption by half of the conventional product.

While raising environmental awareness, like the energy-saving technologies developed this time, needs for products which feature technologies that help to reduce environmental load are growing every year. Approximately half of all the machine tools we received orders for in FY2011 were equipped with environmentally-responsive technologies. We will continue striving to contribute to the global environment by further increasing our environmentally-friendly line-up.

View of the FA800S



Reduction of machine tool energy consumption

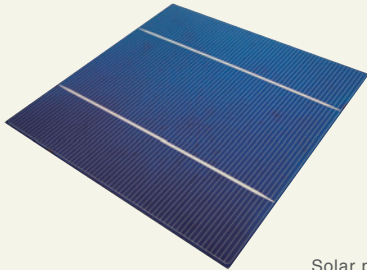


FA800S case

Energy consumption **50% less** compared to the conventional part
Approx.

PICK UP

2011



Solar panel
(final completed product)



Continuous diffusion furnace

5 Environment

Development of a next-generation solar power cell manufacturing unit to achieve energy-saving and low-cost production of solar power

Koyo Thermo Systems, a JTEKT group company, develop and manufacture a solar power battery cell diffusion furnace essential for solar power generation. Amidst heightened awareness of environmental conservation and energy-saving, there is a demand even within the solar power panel manufacturing domain to further cut energy usage and reduce costs.

In response to this demand, the Continuous Diffusion Furnace developed in 2011 has around 83% less power consumption per processing surface of each solar power cell, weighs around 72% less, and emits around 2.9t less CO₂ per machine compared to the Horizontal Diffusion Furnace. Through green engineering, we will continue to produce solar power batteries

that help to conserve of the global environment.

Koyo Thermo Systems Co., Ltd.	
Head office and plant	229, Kabata-cho, Tenri, Nara, JAPAN
Established	July 19, 1967
No. of employees	461 (as of April 1, 2012)
Business	Manufacturing and sale of industrial heat treatment equipment and Moldertherm heaters

Power consumption	83%
Per processing surface of each solar power cell	Approx. less
Weight	72%
Per processing surface of each solar power cell	Approx. lighter
CO₂ emission	2.9t
Per machine	Approx. less

6 Environment

Introducing solar power and promoting energy-saving at Tokyo plant in preparation for power shortages

JTEKT are proactively introducing reusable energies as part of energy-saving countermeasures. While we had planned to introduce 5kW of solar power to 10 domestic plants at the beginning of 2011, in line with the power usage restrictions put into place in the Kanto region after the Great East Japan Earthquake struck, we concentrated on our Tokyo plant, introducing 50kW of solar power in July. Based on the idea of securing power in the event of an emergency, solar power is used to run the administrative buildings, janitor's room, drainage facilities and so on. As a result, approximately 39,500kWh of solar power was generated over the 9 months between

July of 2011 and March of 2012, reducing CO₂ emissions by around 14.6t (or 19t per annum).

We plan to establish 60kW of solar power in our Nara plant, situated in the Kansai region which is predicted to have power shortages this year. Our goal is to introduce over 500kW of solar power by the year 2020, rolling out solar power and wind power to all our plants one by one, creating production plants in harmony with nature.

CO₂ emission	14.6t
From July, 2011 until March, 2012	Approx. less

Solar power generation (Tokyo plant)



7 Environment

Reducing power wastage and heightening employee awareness through the visualization of energy usage

In order to reduce the amount of energy used on our production lines, it is necessary to gauge the amount of power used during wait time and operation and confirm that power is being used appropriately without wastage. To achieve this, JTEKT installed eco power meters which automatically measure power on the main lines of each plant and display the measured values constantly. This was part of an effort to make energy usage visible. By

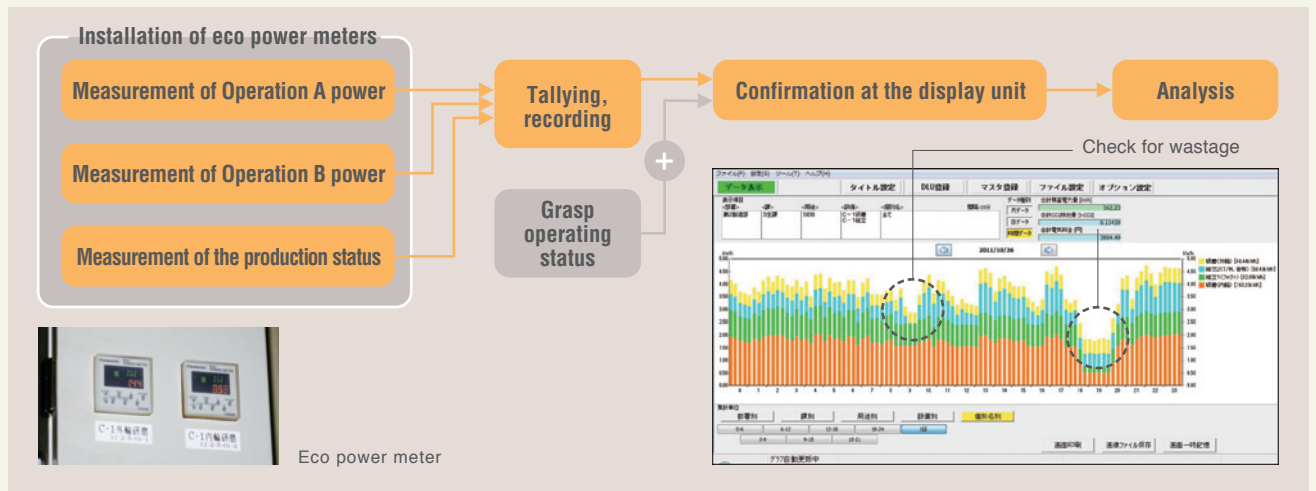
seeing the amount of power used and effects of energy-saving in numerical values, we were able to reduce the power used in wait mode when the machine is stopped and control at a basic unit level. The displays also raised employee awareness. We are rolling out examples of improvements learnt on the main lines to other lines and rolling out to individual plants at the Environment Promotion Meeting each month. In the future, we will

promote directives such as stopping machines (sleep mode) when not in operation, optimizing quality stability time at start-up and wait status control when machines are stopped, in an effort to save energy and improve operation availability.



Defining action items for energy-saving at each individual plant and raising employee awareness (example of the Tokushima plant)

The visualization of energy usage using eco power meters



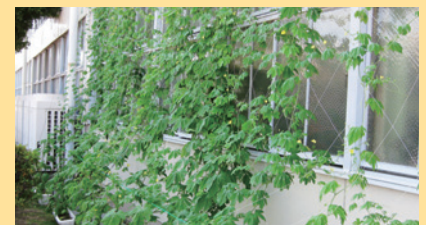
Energy-saving activities at Tokyo plant in the summer of 2011 from peak-cut strategies to green walls

In the summer of 2011, part of the Tokyo plant's production was transferred to other plants due to the power usage restrictions applied to companies in the Kanto region in the wake of the Great East Japan Earthquake. Even after the effects of that move were subtracted from the equation, the Tokyo plant still achieved an energy saving of around 13% in the 3 months between July and September.

Concretely speaking, the peak-cut strategies involved changing the time of day that the heat

treatment furnaces were heated and introducing equipment such as generators and engine compressors. Energy-saving measures included revising the AC periphery and introducing air compressor automatic limited control operation. At worksites, grassroots measures such as erecting green walls and shade cloth were taken. All plants took part in these activities and JTEKT's companywide effort towards energy-saving is ongoing.

Power consumption **13%**
Tokyo plant from July to September 2011 **Approx. 13% less**



Erected green walls and shade cloths as summer energy-saving measures



Taking action in individual workplaces and raising energy-saving consciousness

Keyword



Safety, Peace-of-mind, Comfort

We believe safety, peace-of-mind and comfort are elements strongly demanded by society of manufacturing companies. We are responsible for offering products with these 3 elements as well as protecting the safety of our employees and all related persons.

2 Safety, Peace-of-mind, Comfort Building a new development process towards conformity with ISO26262

JTEKT has established traceability to the development process of electronic control systems. Trials began on the new system in August of 2011, with actual operation from April, 2012.

This move was made in an effort to comply with ISO26262, the international standard relating to the functional safety of electronic control systems for vehicles. ISO26262 stipulates that correct processes are implemented for the whole of the product development life cycle and systems are established to alleviate the risk of malfunctions.

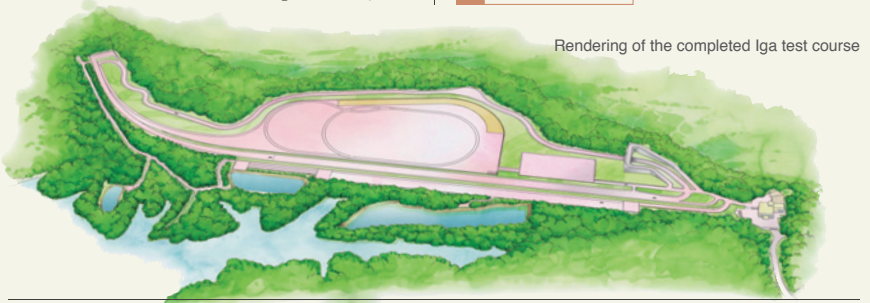
In recent years, the sophistication of vehicle electronic control systems has been accompanied by a rise in the demand and expectation of functional safety. JTEKT believe the introduction of new development processes will improve the level of trust towards functional safety and create a corporate culture acutely conscious of safety.

1 Safety, Peace-of-mind, Comfort Construction of a large scale test course to ensure we propose attractive products to our customers

In order to make proposals to our customers as a system supplier, JTEKT decided to build our first large scale test course. Construction began in June of 2011. To harness the knowledge we have accumulated as a specialized manufacturer, evaluate and analyze JTEKT original standardized or serialized products, we

will operate a test course which reproduces all types of road surfaces. We aim to secure quality of production on our global standard line and provide an even higher level of safety, peace-of-mind and comfort. The test course is scheduled for completion in October, 2012.

→ P19 Related article



Rendering of the completed Iga test course

3 Safety, Peace-of-mind, Comfort Aiming for complete safety and peace-of-mind in the workplace environment

ISO26000 upholds a principle that superior safety and health standards and organizational performance complement and reinforce each other. This is precisely what JTEKT believe. It is the belief of our management that the safety and health of each and every one of our employees is what makes our organization strong. In FY2011, particular attention was paid to the elimination of "not-stopping accidents" (*1) on a safety aspect. Observation of the 1000-plus work rules registered last fiscal year was reinforced. As a result, the percentage of not-stopping accidents out of total accidents dropped from 66.7% in FY2010 to 33.3% in FY2011. Also, the lost-day accident rate dropped from 0.29 to 0.23. On a health aspect, we continued on from

last fiscal year with emphasis on mental health measures which are also attracting a lot of attention in society on the whole.

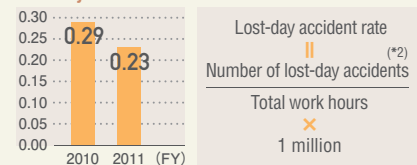
We will continue to observe the basic approach of "stop, call, wait" and reinforce safety and health control more than ever before. In addition, by implementing countermeasures assuming new risks we will aim for the complete safety and peace-of-mind for our employees and related persons.

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Percentage of not-stopping accidents out of total accidents

	Total accidents	Not-stopping accidents	Percentage
FY2010	15	10	66.7%
FY2011	12	4	33.3%

Lost-day accident rate



*1 Not-stopping accidents: Accidents which occur when troubleshooting work or repairs are performed without stopping the machine. *2 Lost-day accidents: JTEKT defines lost-day accidents as work-related accidents resulting in work absence of 1 day or more.

Keyword

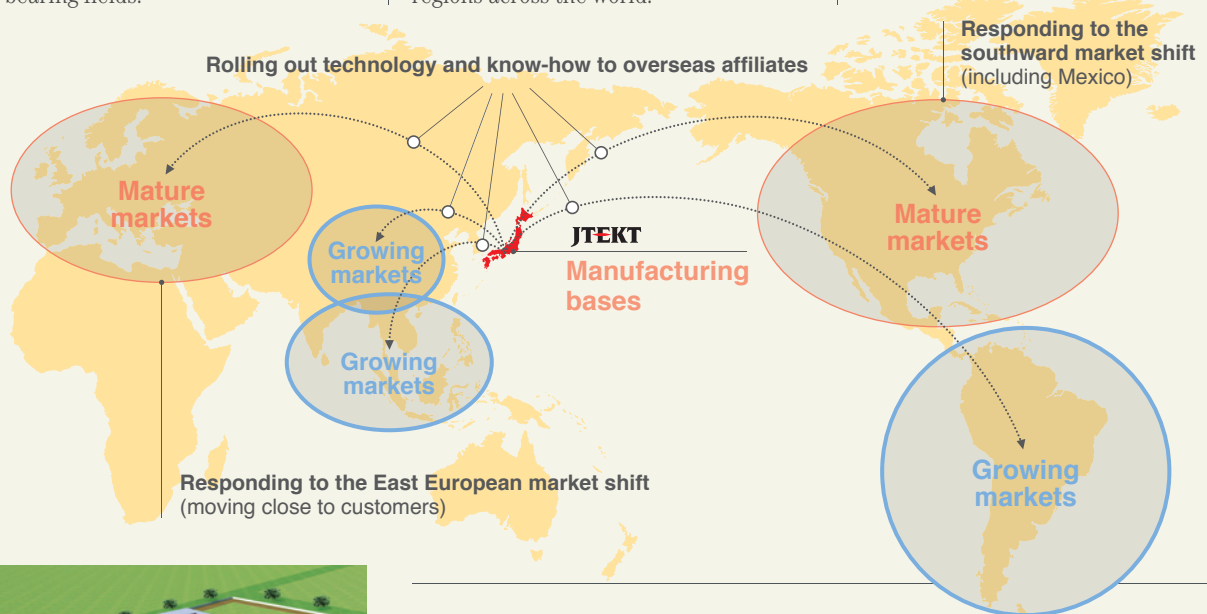
1 Global Rolling out superior production lines to the world Leading to the vitalization of regions

JTEKT has selected superior production lines from our plants to be standard lines and is promoting construction of a global standard line to be rolled out to affiliate companies around the world. This activity began in FY2010 and in FY2011, was rolled out to Indonesia, Thailand and the US in the automotive, industrial machine and bearing fields.

By rolling out operation framework including standardized lines and employee training we are securing the stable quality of manufacturing that underpins the JTEKT brand globally, realizing a “Globally Uniform Quality”. JTEKT Japan will be responsible for quality, making it possible to verify on lines identical to those operated domestically in order to secure the level of quality our customers have come to expect from our design, manufacturing and inspection processes. Through this kind of activity, we will build a competitive manufacturing framework and contribute to the creation of stable jobs, employee training and vitalization of regions across the world.

Global

Promoting formation of a framework to offer products which match our customers’ needs more swiftly in regions across the globe. Through these actions, JTEKT is contributing to creating jobs and aiming to be a truly global company.



Rendering of the completed JID plant (Indonesia)



Rendering of the completed KBIN plant (India)

2 Global Promoting local production in growing markets Contributing to job creation

In FY2011, JTEKT enhanced our production framework with a particular focus on Asia. At our Indonesia affiliate we built a new bearing plant which began production from December, 2011. We plan to have approximately 1,200 employees by 2014. We also built a new bearing plant at our Indian affiliate. Production will begin from November of this year and we plan to have

approximately 450 employees by 2015. We will continue activities to strengthen business foundation in key regions such as Asia where there is significant growth and contribute to society and the economies of various regions around the globe.

The relationship between CSR and everyday tasks Each and every employee rethinking their roles

The ISO26000 emphasizes the important of communication related to social responsibility both inside and outside organizations as one of its guidelines on integrating social responsibility as an organization on the whole. JTEKT proactively create opportunities for employees to exchange opinions on CSR.

FY2011 was a year where we made special effort to promote the spread of the term CSR itself and the concepts that accompany it. In training sessions, first we had

the general managers of each department who are in charge of promoting CSR explain what it meant in their own words and then we discussed the important policy of reinvestigating duties which have become second nature from a CSR perspective.

JTEKT believe that making employees see how they are helping the company and society will motivate them to always do their best.



Spreading CSR internally

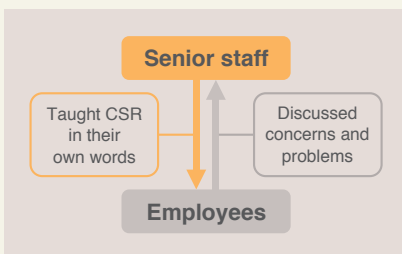
Holding CSR training sessions for each department and conducting questionnaires targeting all employees.

We concentrated our strength on spreading CSR throughout the company.

Steps to spreading CSR internally



Activities for the spread of CSR in each department



Percentage of people who "understood CSR satisfactorily" and "understood CSR really well".
(Top 2 answers out of 6 options)

	FY2010	FY2011
Managers or above	47%	64%
General employees	13%	26%
All employees	21%	35%

The percentage of employees who understood the CSR policy increased significantly

To verify the degree to which CSR has spread throughout the company, we have conducted a questionnaire since FY2010 asking employees their level of understanding of the CSR policy. The results of this questionnaire revealed that 35% of employees either understood satisfactorily or understood well, which were the top 2 answers out of 6. The FY2011 results was 14 percentage points higher than the 21% result at the end of FY2010.

The written questionnaires completed by

general managers in each workplace showed us that in most departments, there was a shared awareness of CSR issues. Moreover, two-thirds of all departments expressed a desire to continue activities to spread CSR.

We will continue to hold training sessions in each department and further improve understanding of CSR. We will also maintain a framework where discussion can be had on JTEKT's changing social responsibility to suit social conditions.

I realized how closely intertwined daily duties and CSR are.

Production Headquarters
Production Administration Dept. 1
General Manager
Hiroshi Nakamichi

I realized that things I hadn't worried about much until now actually went against compliance.

Bearing Operations Headquarters
Industrial Machinery Application Engineering Dept.
Assistant Manager
Junichi Kubo

There were lots of opinions, so we listed up the problems relating to our various jobs and thought up countermeasures.

Bearing Operations Headquarters
Industrial Machinery Application Engineering Dept.
General Manager
Nobuya Suzuki

I thought that CSR activities weren't related to my work but I realized that wasn't true.

Kariya Plant
Quality Control Dept.
Tsuyoshi Hirai

I've begun reciting from the CSR handbook in after-lunch meetings.

Production Engineering Headquarters
Steering Production Engineering Dept.
General Manager
Takao Inoue

There were lots of positive opinions about how we can fulfill our social responsibilities as employees of a company.

Production Headquarters
Production Administration Dept. 2
General Manager
Tsuyoshi Suenaga

The department's awareness rose regarding what we are working for in the first place.

Kokubu Plant
Administration Dept.
General Manager
Kouji Nakamura

At first the term "CSR" itself was confusing but now that it is called Corporate Social Responsibility (in Japanese), it's much easier for us.

Production Headquarters
Production Administration Dept. 2
Left: **Keiji Matsumoto**
Right: **Aya Kishimoto**

My CSR Special

Quotes from the questionnaire completed by employees who participated in training sessions. We are steadily raising awareness of CSR among JTEKT employees.

Keyword

Disaster Recovery

2011 was a year never to be forgotten for Japan and for the world.

Now, companies must rethink the impact of disasters and build a new risk management framework.



Donations, etc., in FY2011

The Great East Japan Earthquake

- JTEKT group donated 70 million yen (March, 2011)
- Directors and employees donated 11, 335, 645 yen.

Typhoon 12

- JTEKT Corporation donated 1.5 million yen (October, 2011)

Thailand floods

- JTEKT group donated 5 million Baht (October, 2011)

2

Disaster Recovery Thailand floods

Among the first to support flood-affected customers

After the Thailand floods of July 2011, JTEKT swiftly provided their machine tool customers affected by the disasters with support.

JTEKT support team members went to Thailand and taught 10 Thai service personnel repair methods, etc. Also, 6 employees from group companies cooperated to visit 35 customers and examine 199 machines suspected of damage. Of these, 76 machines in 19 companies had taken on water so we carried out initial



Teaching personnel on the actual machine

repair work. Our customers even said to us "JTEKT was the first to come".

1

Disaster Recovery The Great East Japan Earthquake

Supporting disaster recovery as an organization and as individuals

In the wake of the Great East Japan Earthquake that struck on March 11th, 2011, JTEKT, as a company and as individuals, took various actions towards disaster recovery.

Response immediately after disasters

- Immediately after the disaster, JTEKT established an emergency earthquake task force with the company president as the head.
- Confirmed the safety of JTEKT and JTEKT group company employees and their families
- As a supplier, procured substitute parts so as not to stop our customers' lines.
- As a machine tool manufacturer, supported the recovery of disaster-struck customers.
- The company on the whole promoted energy-saving and power peak-cut more than ever. A rotating holiday system was introduced for the 3 months between July and September.

→ P17 Related article

- Recruited short-term employees for the Tokyo plant through job advertising magazines in the disaster areas.
- Closed the emergency earthquake task force in June. Continuing to solve outstanding issues in individual departments.

Response still continuing today

- **Supporting the Tohoku recovery as a Toyota group member**
Hold periodical meetings and discuss recovery projects (current as of March, 2012)
- **Established activity bases for the Tohoku region**
Established a machine tools maintenance/service base and sales base to support the recovery of industries in the disaster-struck areas (April, 2012)

JTEKT volunteers

- 6 JTEKT employees worked alongside local volunteers through the Toyota group disaster volunteer network
- Bell mark coupons, unused stamps, mistakenly written and unused postcards (replace with stamps and provided), unused phone cards, etc., were collected from employees and donated through NPOs supporting the disaster-struck areas. (still continuing in 2012)
- The JTEKT volleyball team, Stings, held volley ball training sessions twice in June

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Employees who volunteered for recovery support in the wake of the Great East Japan Earthquake



Katsuji Washio (left)
Okazaki Plant
Administration Dept. General Affairs Section

Volunteered from June 29th to July 3rd

I want to volunteer again in the future

I removed rubble from rice fields and residential areas then separated it for disposal. Once I saw how deep I had to dig to remove the rubble that had been washed into the rice fields, I realized what a long road to recovery it would be. I want to volunteer again.

Yasuhito Ishihara (right)
Engineering Headquarters
Advanced Product Development Center
Advanced Product Development Office

Volunteered from July 27th to 31st

The reusable cloth bags were popular

I was involved in cleaning out roadside drains and removing rubble. It took 10 people 2 hours just to clean a 100 meter –long stretch of road. It made me painfully aware of just how long recovery would take. When I helped out at a local festival the reusable cloth bags provided by our company were really popular with the disaster victims.

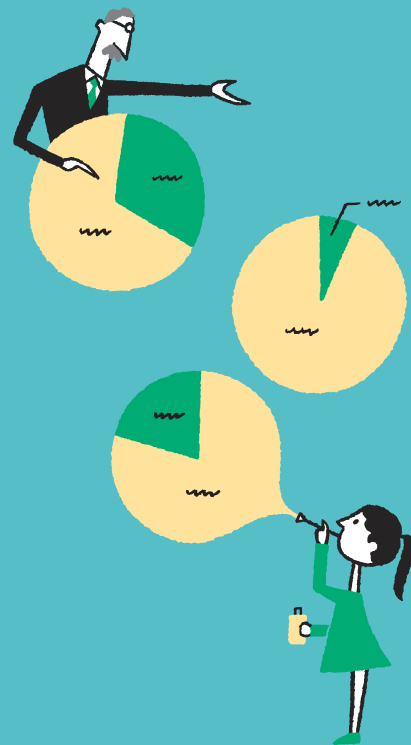
Details & Data

This section comprises of 3 parts

- CSR Management, Social Report and Environmental Report,
featuring all corporate activities in FY2011.

The content in this section prioritizes objectivity,
completeness and continuity and
provides detailed information including data, etc.

CSR Management	P24
Social Report	P32
Environmental Report	P46



CSR Management

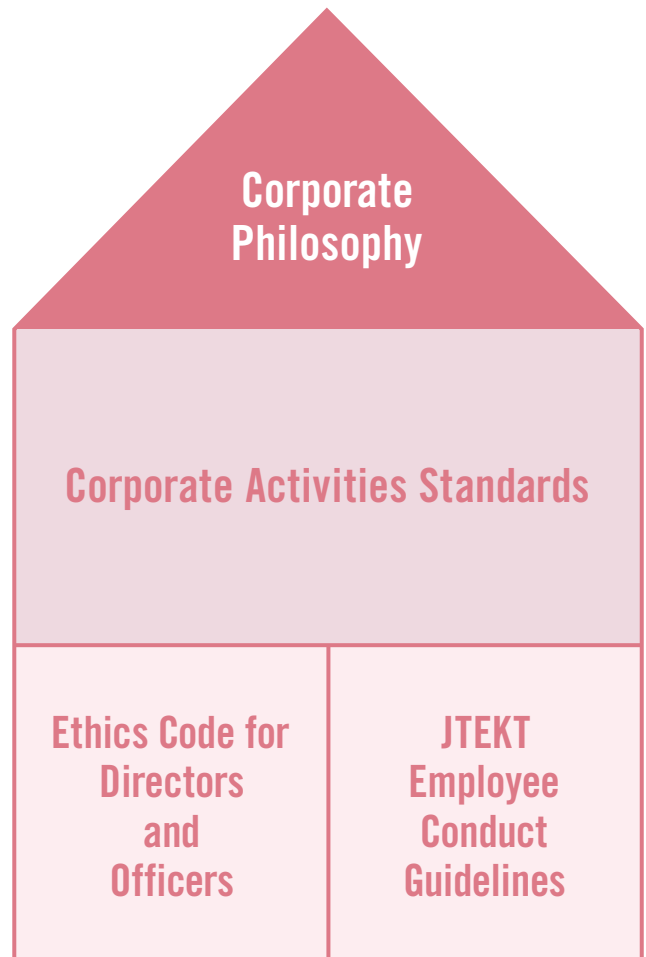
In this section we will introduce what policies and frameworks are being used to manage and promote CSR in order to realize the JTEKT CSR concept. We have also listed activities results and issues in FY2011.

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CSR Policy

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



CSR Policy

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.

Ethics Code for Directors and Officers

The Ethics Code for Directors and Officers was established in April, 2008. It is the equivalent to conduct guidelines for directors and corporate officers. This ethics code comprises of 11 clauses including “Ethical conduct in good faith”, “Compliance with laws and regulations” and so on to insure that laws are complied with. Moreover, another objective of this ethics code is to encourage employees to observe laws by directors setting examples.

Configuration of the Ethics Code for Directors and Officers (excerpt)

Article 5	Ethical conduct in good faith
Article 6	Compliance with laws and regulations
Article 8	Reporting of illegal and unethical actions
Article 9	Responsibility to comply with the Code

JTEKT Employee Conduct Guidelines

The JTEKT Employee Conduct Guidelines uses straightforward language to set out the basic frame of mind and directives for employee activities in order to achieve JTEKT's corporate philosophy and become the company JTEKT is aiming for. It was established in April 2006 and revised in June of 2008.

Directives are featured on the JTEKT intranet and the CSR HANDBOOK issued January, 2011. A pocket version which can be carried easily was also distributed to reinforce and spread CSR to all employees.

Configuration of the JTEKT Employee Conduct Guidelines

Section 1	Employee's relationship with the company
Section 2	Employee's work in the company
Section 3	Employee's relationship with society
Section 4	Employee's personal activities

CSR Promotion Structure

Systematic promotion of CSR activities

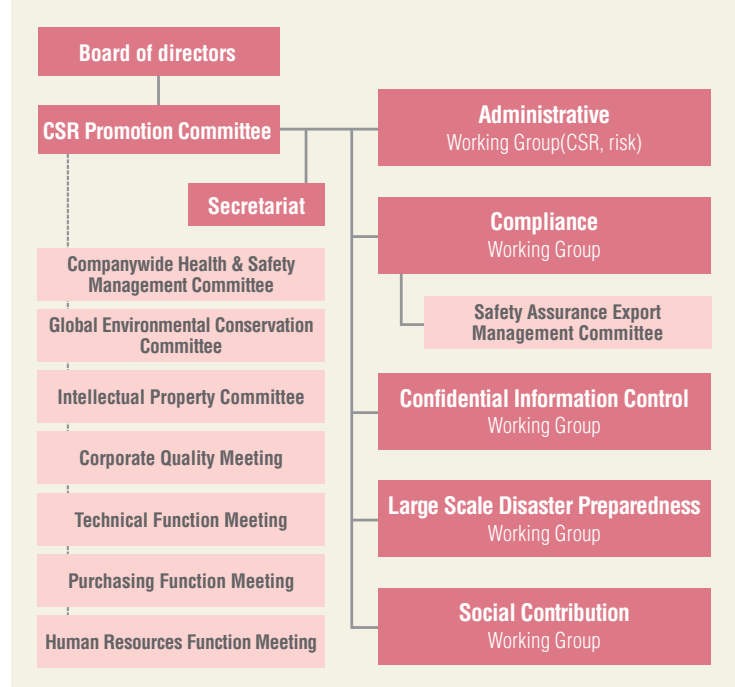
Regular inspections of CSR activity status are conducted by the CSR Promotion Committee. The CSR Promotion Committee is chaired by the company president and was established to systematically promote CSR activities on a companywide and group-wide basis. This organization also discusses how best to accomplish the missions of fulfilling the corporate philosophy and controlling risk through CSR activities from many angles. 18 domestic compliance officers and directors from 11 major domestic companies attended a committee meeting held March, 2012 and discussed measures to reinforce compliance within the JTEKT group.

→ P5 Related article

Specialized working groups

Specialized working groups have been established to form and carry out action plans for the various important topics of compliance, confidential information control, and disaster preparation and response.

Outline of the structure



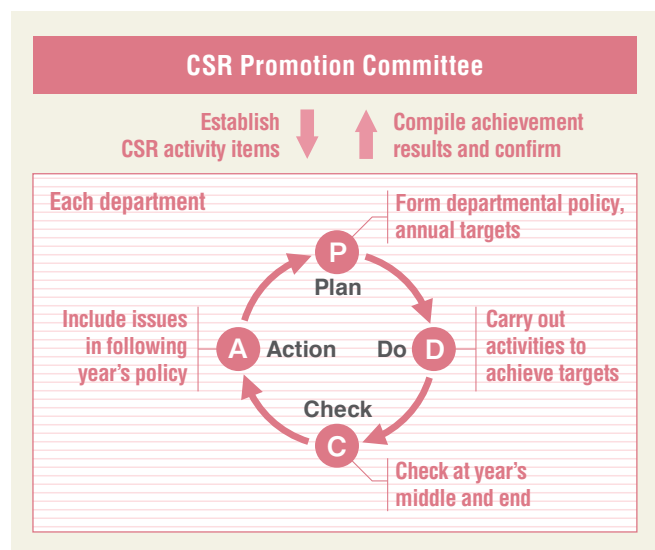
● Administrative Working Group	Plan and monitor the progress of CSR activities, regularly assess risk countermeasures and evaluate risks.
● Compliance Working Group	Raise awareness and reinforce the need for compliance with laws, internal rules, and business ethics
● Confidential Information Control Working Group	Assess and improve in accordance with guidelines and strengthen structures and systems concerning information security.
● Large Scale Disaster Preparedness Working Group	Strengthen buildings and equipment to withstand disasters, prepare and revise manuals for early recovery, etc.
● Social Contribution Working Group	Promote social contribution and volunteer activities

CSR activities in each department, companywide

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 (*). Through this framework, JTEKT aims to vitalize and firmly establish CSR activities throughout the JTEKT group.

From FY2011, activities to raise awareness towards CSR in individual departments have been strengthened by adding more items emphasizing CSR to our global company policy.

→ P20-21 Related article

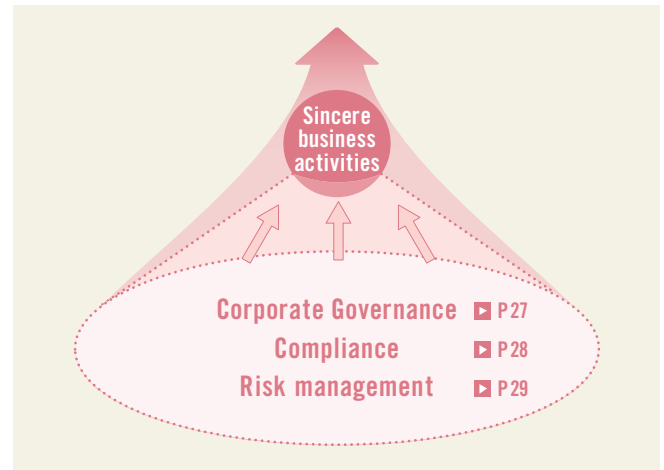


* **PDCA cycle** PDCA is a management tool for continuously improving work by repeating a Plan-Do-Check-Action cycle.

The foundation supporting CSR

The 3 pillars of sincere business activities

At JTEKT, we believe that the continual implementation of sincere business activities is important for 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. In order to use these 3 pillars effectively, JTEKT makes numerous improvements such as ongoing revisions to the CSR Promotion Structure, etc.



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

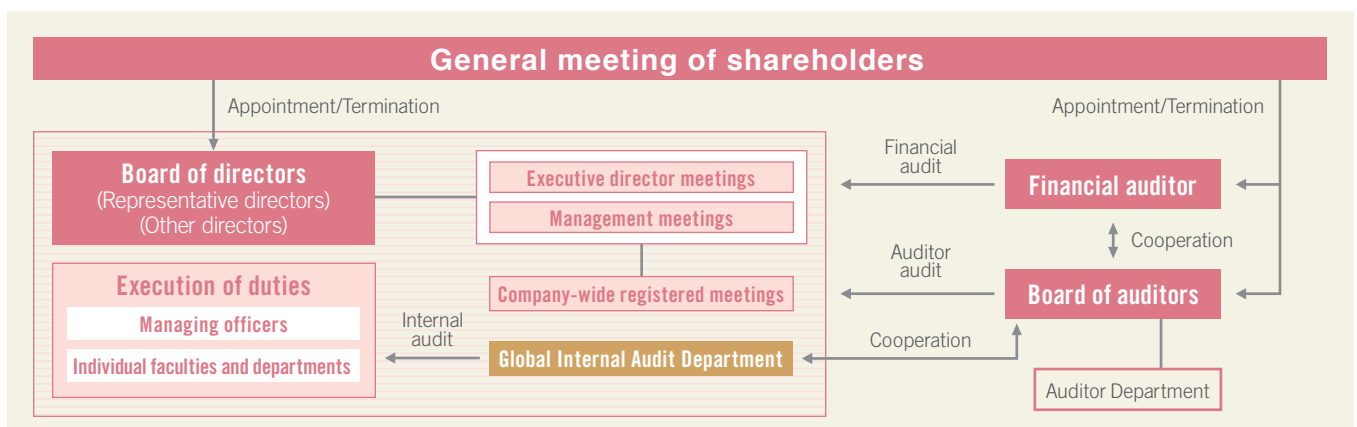
In the name of global governance

At JTEKT, a board of directors meeting is held every month in order to make management decisions and monitor directors’ execution of duties. Also, as sub-mechanisms to the board meeting, executive director meetings, management meetings and companywide registered meetings are held which monitor execution of duties by corporate officers.

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. Internal audits are conducted by an independent Global Audit Department who audit the adequacy and lawfulness of overall operations. The auditors, financial auditors and Global Audit Department liaise together and hold regular discussions. (See below figure)

Also, JTEKT maintain and operate an internal control system in line with the Financial Instruments and Exchange Act and Companies Act. In FY2011, we strengthened our auditing framework globally by appointing compliance officers both in Japan and overseas as well as establishing audition departments in North America, Europe, ASEAN, India, China and Mid/South America. Furthermore, we strengthened internal control by rolling out management control guidelines.

→ P5 Related article



The foundation supporting CSR

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

Construction of a new compliance promotion structure

In November of 2011, the Compliance Promotion Department was formed as an organization to promote compliance. In liaison with compliance working groups, this department is responsible for rolling out compliance activities. Moreover, for any problems or doubts related to sales activities, an Anti-Monopoly consultation desk was set up. This desk deals with one case per week and responds on an as needed basis.

→ P5 Related article

Group company promotion structure

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

Training and educational activities

Promoting and reinforcing awareness of all employees

We engage in activities every day which aim to raise employee awareness so they reflect CSR in their daily tasks.

Periodic compliance workshops at each workplace

The legal department does rounds of individual workplaces and carries out training mainly targeting sales departments.

→ Held training from October to December 2011 for sales departments in 16 business locations, with a total of around 650 participants.

Compliance training by category

Training is carried out for executives, employees who have been promoted to leadership positions, employees who have become supervisors and new employees.

E-learning

Held e-learning classes on the Anti-Monopoly Act, Contractors Act, and confidentiality control for all employees belonging to sales departments. We also held these classes for the major sales departments of our domestic group companies. We plan to hold e-learning classes for all employees in the future.

Internal reporting system

21 cases reported and handled in FY2011

The JTEKT corporate ethics consultation desk 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 FY2011, 21 cases were reported and handled.

2011 breakdown

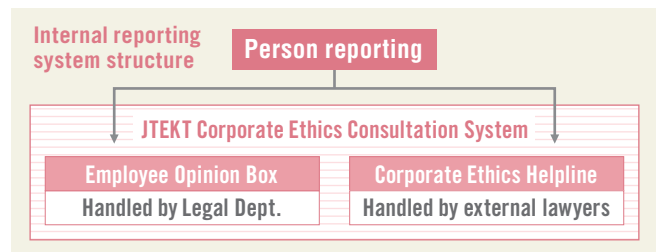
Rule violation	2
Personnel system	8
Workplace communication	11
Total	21

Proactively promoting employee usage

JTEKT proactively raises employee awareness of the consultation desk available to them through the company newsletter, intranet, etc. We introduce specific compliance cases in the Employee Conduct Guidelines and encourage people to speak out.

Internal reporting system

FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
19 cases	31 cases	22 cases	29 cases	21 cases



* The internal reporting system is being rolled out to group companies, both domestic and overseas.



Eri Asada
Personnel and
General Administration Div.
Legal Dept.
Domestic Legal Affairs Group



Always acting with an awareness of compliance

In the legal department, we hold discussions, spread information via the database and post articles in the company newsletter to teach people about compliance from all angles. Also, as the legal department, we proactively participate in external lectures and seminars to share information, acquire knowledge and improve training methods. We aim to be a legal department that other JTEKT employees can rely on and trust.

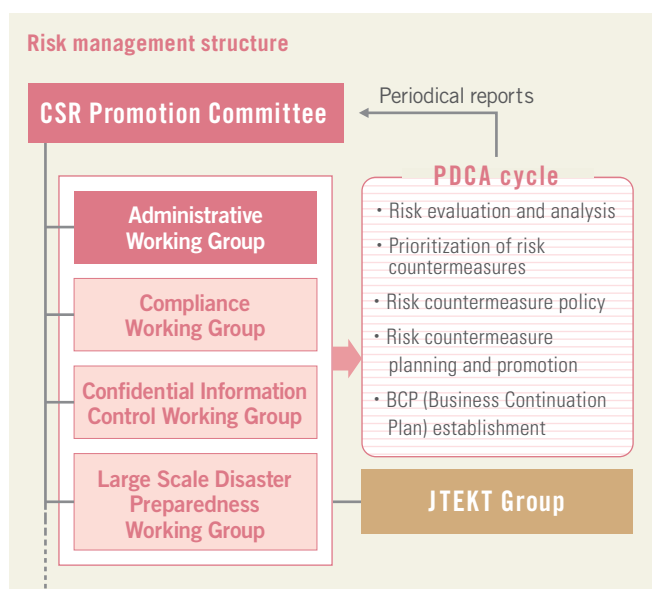
The foundation supporting CSR

Risk management

Basic concept

To continue business activities all the time, under any circumstances

In order to continue business activities uninterrupted, JTEKT constantly engages in actions to prevent accidents and countermeasures to minimize damage in the unlikely event of a crisis. In light of the impact the Great East Japan Earthquake of March 11th, 2011 had on business activities, we have further strengthened risk management frameworks.



Promotion structure

Promote countermeasures based on a companywide organization

The companywide, horizontal organization, CSR Promotion Committee, selects risks, etc., that affect business activities, the environment and safety. Each Risk Management Department then formulates measures for prevention, countermeasure and recovery assuming such risks. Ongoing revisions are made in response to changes in the external environment and the level is constantly improved.

Ongoing revision of risk management

Implemented in FY2010

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

Implemented in FY2011

Countermeasures are ongoing. Reevaluation of each risk. Considering revision of information transfer routes and internal rules in response to changes in the external environment.

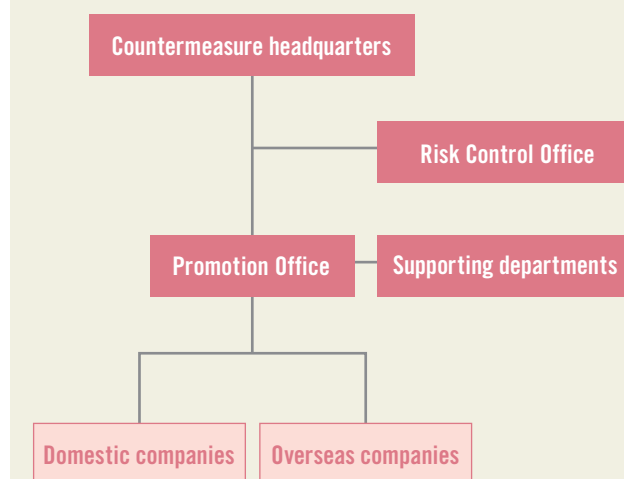
FY2012 plan

Rolling out risk management to domestic and overseas related companies and aiming to minimize risk across the whole JTEKT group.

Framework in the event of risks affecting the whole company

In the event of a risk occurring such as a large scale disaster, etc., which would affect the whole company, a task force is set up to respond to risks.

Crisis-management system (at risk manifestation)



Masahiko Ichioka
Corporate Planning Dept.
Corporate Administration Group



Risk management must be reinforced

FY2011 was a year full of natural disasters such as the Great East Japan Earthquake, the Thailand floods, and typhoons. This spate of disasters exceeded our assumed risks and the likelihood of a large scale earthquake occurring at some point in the future is even greater. I believe that actions to further strengthen and maintain risk management are an essential part of CSR. "To be forewarned is to be forearmed". Damage can be minimized by always being prepared. In light of the disasters of 2011, JTEKT is examining risk countermeasures for earthquakes, etc., together with the Toyota group and related departments.

FY2011 CSR activity results and issues

We have grouped the CSR activities of FY2011 into individual themes.
From this, we will extract issues to be addressed in future activities.

		Themes	CSR activity items	FY2011 activity results and issues	Featured page
Management		ESR (*)	Promoted CSR awareness amongst employees	<ul style="list-style-type: none"> Distributed CSR Reports and Awareness Sheets to all employees and reinvestigated duties of each workplace that had become second nature from a CSR perspective. Individual employee awareness is an issue 	20 21
		Corporate governance	Maintenance and improvement of the system	<ul style="list-style-type: none"> Established auditing departments in six major overseas locations As of March 2012, JTEKT group's internal control over financial reporting was judged as effective (Disclosed in the June 2012 internal control report) 	27
		Compliance	Spreading compliance	<ul style="list-style-type: none"> Appointed compliance officers and established a Compliance Promotion Department Carried out compliance training and e-learning focusing on sales departments Established compliance promotion framework in group companies 	5 28
		Risk management	Enhancement and operation of overall frameworks and systems	<ul style="list-style-type: none"> Identified and evaluated Organization of the risk communication network and awareness enforcement are issues 	29
Action aimed at the community	Customers	Customer first (quality, lead time, product development)	Enhancement, operation of companywide structures and frameworks relating to quality improvement	<ul style="list-style-type: none"> Implemented a customer satisfaction test and shared issues throughout the entire company Engaged in companywide action to improve customer satisfaction 	32 33
			Improvement of product quality	<ul style="list-style-type: none"> Quality milestone control for all phases from planning to development, design, production preparation and production itself. Ongoing promotion of TQM activities Began construction of a test course 	18 33
			Improvement of work quality	<ul style="list-style-type: none"> To roll out SQC activities established a special-purpose credibility course targeting engineering departments. Compliance with ISO26262 	18 33
	Business partners	CSR activity promotion	Rolling out to the supply chain	<ul style="list-style-type: none"> Requested strengthening of CSR and reinforcement of safety in the procurement policy briefings held in Japan The JTEKT Cooperation continued quality management events and workshops in an effort to further improve quality. 	34
	Employees	Good labor-management relations	Building mutual trust through labor-management discussion	<ul style="list-style-type: none"> Continuation of discussions between management level and employee representatives 	35
		Respect for equal opportunity and diversity	Supporting female employees Promoting employment	<ul style="list-style-type: none"> Expansion of childcare leave and the short-time working system Determined and developed professional-track jobs for female employees 	36 37
			Supporting participation of disabled persons Promoting employment	<ul style="list-style-type: none"> 1.86% employment (Observe the percentage of employees required by legislation [1.8%]) Further expansion of occupational range is an issue 	37
		Employee work satisfaction and self-development support	Senior employee work support	<ul style="list-style-type: none"> "Iki-iki 60 Committee" (Workers and management discuss work for employees aged 60 and above) Reemployed approx. 99% of age-limit retirees 	36 37
		Securing health and safety	Workplace incident prevention and environmental improvement	<ul style="list-style-type: none"> Shared safety awareness and created workplaces where people warn each other about unsafe behavior Global roll out of safety & hygiene management Eradication of all disasters/accidents remains an issue 	18 37~39

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

FY2011 CSR activity results and issues

		Themes	CSR activity items	FY2011 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"> Carried out high stress workplace hearings and improvement activities Continuation of special health guidance Continued a quit smoking campaign in July, August 	40 41
	Local communities	Dialogue with local communities	Appraisal of problems through communication and response	<ul style="list-style-type: none"> Continuation of community discussions at all plants Held festivals at all plants 	42 43
		Social contribution activities	Contribution towards local communities	<ul style="list-style-type: none"> Held volleyball training as part of the Great East Japan Earthquake recovery Employees at JTEKT North American affiliates held a Christmas charity 	44
			People-nurturing	<ul style="list-style-type: none"> Solar car class for elementary school children Supported travelling classroom "Travel mechanisms of vehicles" 	43 44
	Supporting employee volunteer activities	<ul style="list-style-type: none"> Participation in volunteer activities for the Great East Japan Earthquake 	22 44		
Shareholders and investors	Information disclosure	Expansion of IR activities	<ul style="list-style-type: none"> Established a committee to disclose information and began information disclosure based on set procedures Implemented IR activities such as plant tours, etc. 	45	
Environmental action	Environmental management	Enhancement and operation of overall frameworks and systems	<ul style="list-style-type: none"> Formed an Environment Promotion Meeting and shared/rolled out improvement cases between plants Promoted activities based on the 2015 Environmental Action Plan 	46~49	
		Reduction of environmental risk	<ul style="list-style-type: none"> Zero environmental accidents Held emergency situation training including nightshift workers 	51 52	
		Environmental audits	<ul style="list-style-type: none"> Continued implementation of external and internal environmental audits (annually) 	52	
		Environmental education	<ul style="list-style-type: none"> Implemented environmental awareness education for employees as a monthly environmental event 	52	
	Business activities taking the environment into consideration	Development and design taking the environment into consideration	<ul style="list-style-type: none"> Promoted environmental design activities together with group companies 3R action 	12~16 53	
		Global warming prevention	<ul style="list-style-type: none"> Reduction of CO₂ emissions and basic unit Achievement of the 2020 objective for CO₂ emission and response to power shortages are future issues 	16 54 55	
		Efficient use of resources	<ul style="list-style-type: none"> Resource-saving through production improvement Set targets for the full recycle of waste 	56~58	
		Control and reduce environmentally burdensome substances	<ul style="list-style-type: none"> Promoted substitution to parts not containing PRTR substances (low content) Responded to overseas chemical substance restrictions 	59 60	
		Action towards preservation of biodiversity	<ul style="list-style-type: none"> Continued actions in connection with social contribution activities Added "Biodiversity Conservation Action Guideline" to the Green Purchasing Guideline 	61	

Please see page 46 for details on environmental action.

Social Report

This section introduces all of JTEKT's activities in FY2011 by stakeholder.

The report is configured in the same format as the CSR Report 2008 in order to make it easy to read.

Social Report

Together with customers

Social background

Awareness of consumer protection is rising on a global scale, represented by moves such as the ISO26000 positioning consumer issues as one of its central themes, etc. Thorough quality control is being demanded of manufacturers and system suppliers.

JTEKT's 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 30% 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.

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.

[→ P6 Related article](#)

Quality policy and quality assurance system

[▶ Figure-01](#)

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



Katsuhiro Takuwa
Sales & Marketing Headquarters
Corporate Sales Management Dept.
Management Office 2



Aiming for safer, more assuring exporting and importing

JTEKT workplaces handle a wide range of tasks involving both exports from Japan to overseas countries and imports from overseas countries to Japan. Although each members' duties are slightly different, they share the common motto of "Safe and assuring exports/imports". While observing the export/import regulations of each country goes without saying, we also aim for better safety and assurance by improving the quality of work.

Together with customers	32
Together with business partners	34
Together with employees	35
Together with local communities	42
Together with shareholders and investors	45

Together with customers

Major activities in FY2011

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

JTEKT has begun a control meeting using 20 milestones for all stages, from planning, design, development and production preparation to full-scale production. The required quality is properly reflected in the product. *1 QG=Quality Gates

Improvement through regular inspections

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

Major obtained certifications

- ISO9001 (International quality management system standard)
- TS16949 (Quality management system for the automotive industry)
- AS9100 (Quality management system for the aviation/aerospace industries)

Promoting TQM activities

JTEKT promote TQM (*2) activities based on the three pillars of "Customer First", "Endless Improvements" and "Participation by All". Also, at workplaces, which are the frontline, we strive to foster mutual instruction and the handing-down of unique techniques through small group activities (QC Circle activities).

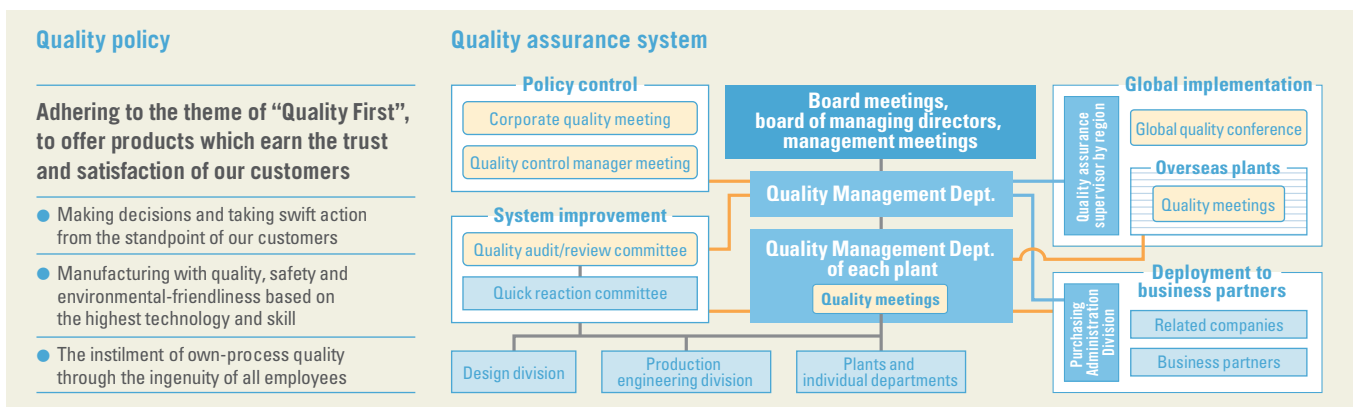
*2 TQM=Total Quality Management

SQC activities

In R&D, design, production activities and so on, JTEKT proactively incorporate the SQC method (*3) to be able to make scientific judgments based on data and consider the variation of material, parts and properties. In FY2011, a special-purpose credibility course targeting engineering departments was established and by training leaders, we are promoting problem-solving based on scientific grounds.

*3 SQC=Statistical Quality Control

▶ Figure-01



TOPICS

Awarded the Prize of Excellence at an external QC circle presentation for administration, sales and service related duties

From the right
Kyohei Nitta (presenter)
and Yasushi Terada (support)



At the 5353th QC Circle JHS (*4) Headquarter General Manager Prize Regional Selections & Improvement Example Event (hosted by the QC Circle Tokai Branch Aichi Region) held December 1st, 2011 at the Obu City Kinro Bunka Hall, the Tokyo team from the After Sales Service Dept. of the Machine Tools & Mechatronics Operations Headquarters received the Prize of Excellence (2nd place). They were highly commended by the judges who said "It was an example of machine tool recovery time being shortened and I could really tell the team were sincere about wanted to please their customers".

*4 QC circle JHS A generic term for small group activities involving administration (JIMU = J), sales (HANBAI = H) and service (S) related duties.

Conducting a customer satisfaction survey

As in previous years, in FY2011 JTEKT conducted customer satisfaction surveys targeting our main customers. We share the issues revealed through such surveys companywide and strive to resolve them swiftly and effectively.

Began construction of a test course → P18 Related article

Compliance with ISO26262 → P18 Related article

Awarded from customer companies

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

Major awards in FY2011

Customer name	Award	Awarded company
Aichi Machine Industry Co., Ltd.	Award of Excellence for Quality	JTEKT Corporation
Caterpillar	Award of Excellence for Quality	KBUS (North American affiliate-manufactures and sells bearings)
John Deere	Partner-Level-Supplier Recognition	KCU (North American affiliate-manufactures and sells bearings)
Daimler	Supplier Award	JEU (Europe: Overseeing Local Affiliate)

Together with business partners

Social background

With CSR receiving more and more interest on a global scale, in addition to the current QCD (quality, close, delivery), there is an expectation of companies to engage in purchasing activities which consider the environmental and safety factors of the material and parts purchased, labor environment and law and regulation observation.

JTEKT's 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.

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. This was revised in 2011, with the addition of “Biodiversity Conservation Action Guideline” to the Green Purchasing Guideline”.

→ P61 Related article

Requests to our business partners

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

- Construction of an environmental management system based on obtainment of external certification such as ISO14001.
- Observation and reinforcement of environmental laws and regulations
- Prohibit or restrict use of environmentally burdening substances
- Improve environmental performance through reducing CO₂ emissions, etc.
- Promote action to conserve biodiversity

Major activities in FY2011

Purchasing Policy Briefing

This year's Purchasing Policy Briefing was held on the 23rd of April, 2012 at the Osaka International Convention Center. 390 people participated from 330 companies. As well as requesting the strengthening of CSR and reinforcement of safety, we also explained actions being taken towards the 4 items defined as this year's major action items, specifically speaking, dramatic improvement of quality, strengthening of international cost competitiveness, acceleration of local production/local purchasing and the strengthening of the supply chain. (*1). We also awarded our business partners who produced outstanding results in quality and cost price improvement in FY2011.

*1 **Supplier chain strengthening** To build a supply chain resilient against disasters, we requested cooperation to clarify tier 1, tier 2 and tier 3 business partners and use multiple suppliers and multiple locations.

Quality Management Convention

On November 8th, 2011, the Quality Management Convention was held at Osaka Matsushita IMP Hall. The JTEKT Supplier Association (*2) attended, consisting of 310 people from 212 companies. 6 companies gave improvement examples and the QC circle from Tadomizaki Plant was invited. Development planner Yoshihiko Taki gave a seminar and other various lectures were given focused on TQM.

JTEKT Supplier Association Workshop

A workshop was held on January 27th, 2012 at the Sangyo Shinko Center in Kariya city and attended by the JTEKT Supplier Association. Training was given based on the 3 themes of “BCP” (*3), “Labor Compliance” and “Environmental Compliance”. Regarding labor compliance, we requested participants to respect human rights by explaining about treatment of temporary staff and contractors, labor time management, mental health and so on. We also explained about the Green Purchasing Guideline revised in 2011.

*2 The JTEKT Supplier Association comprises of 212 companies. It is intended to foster mutual trust among members and raise their capabilities through activities such as quality management conventions, workshops, and lectures.

*3 BCP is an abbreviation for Business Continuity Plan. It is an action plan to formulate ways of minimalizing impact to important operations in times of disasters and restarting operations as soon as possible if they are interrupted.



Yoshitsugu Soeno
 Purchasing Administration Headquarters
 Purchasing Planning Dept.
 Global Purchasing Planning Office
 Administration Group



A global perspective leads to CSR

Through the cooperation of our business partners, we are investigating environmentally burdening substances and achieving purchasing activities in accordance with laws and regulations. The organizational restructuring of April 2012 saw the formation of a Purchasing Administration Headquarters system and I believe that achieving our duties from a global perspective more than ever before will lead to CSR.

Together with employees

Personnel-related actions

Social background

The ISO26000 positions human rights as one of its central topics. Also the OECD's Guidelines for Multinational Enterprises was revised in 2011, with a chapter added for human rights. These moves illustrate the strong international demand on companies to place importance on respect for human rights.

JTEKT's concept

Creating a friendly work environment for all

JTEKT fosters discrimination-free workplaces where human rights and diversity are respected and employees can strive to achieve high goals. By positioning consideration of human rights as a fundamental item, we will continue to create workplace environments excelling in respect for human rights that enable all employees to work comfortable by being safe and hygienic with capacity for human resource development and respect for diversity.

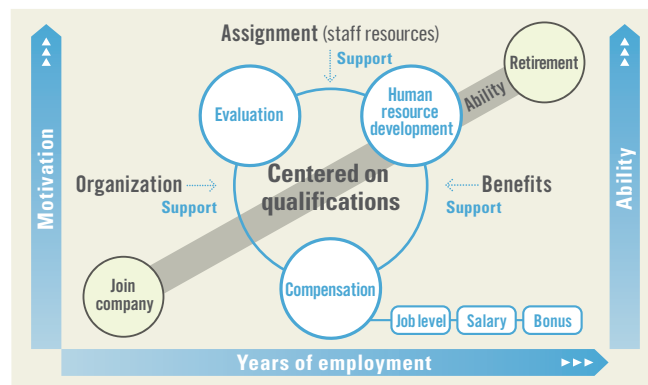
Direction of human resource development

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

1. Develop employees who understand the Corporate Philosophy and are professional, creative, highly skilled, and able to achieve management goals.
2. Develop employees who 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.



Major activities in FY2011

Emphasizing labor-management communication

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

Labor-management discussion opportunities (held in FY2011)

- Central Production Subcommittee Meetings (annual)
- Central Labor-Management Meetings (semiannual)
- Labor-Management Meetings (4 times)
- Labor-Management Committee Meetings (14 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)

(((VOICE)))

Aiming to become a technical specialist without forgetting to be appreciative

Kazuhiro Kita Kagawa Plant Process Engineering Dept.



I was awarded first prize at the 2011 Aichi Intra-operational Vocational Training Event (*4). I reported on how I had changed through my experience at the JTEKT Technical Training Center (*5). I think I won because I put everything I had into everything I did. I want to reflect this experience in my work and achieve my dream of becoming a technical specialist without forgetting to appreciate my instructors and the people in the workplaces where I trained.

*4 Aichi Intra-operational Vocational Training Event An event for occupational trainees of Aichi prefecture. In FY2011, presentations were made by 14 people representing 12 companies.

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



Together with employees

Training held by job type and rank

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.

Human resource development for production staff

Based on the training at the JTEKT Technical Training Center, we incorporate systematic guidance through OJT (*1) 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.

*1 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 and manufacturing assistant managers	CSR, workplace management	138
	R3 training for new managers	CSR, policy management, daily task control	122
Office & engineering staff	R4 training for new office & engineering staff	CSR, leadership, planned fulfillment of tasks	92
	R5 training for office & engineering staff	Business communication skills	209
	R6 training for office & engineering staff	Problem solution methods and concepts	186
	Training for office & engineering new employees	CSR, JTEKT employee basic knowledge and mindset	136
	Training for mid-career new employees	CSR, JTEKT employee basic knowledge and mindset	177
Production staff	Training for new Chief Leaders	CSR, Management basics and planned fulfillment of tasks	55
	Training for new Group Leaders	Problem solutions based on QC concept	102
	Training for new production employees	CSR, JTEKT employee basic knowledge and mindset	151

Respect for human rights and utilization of diverse human resources

Included in JTEKT's Corporate Activities Standards and Employee Conduct Guidelines 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 give explicit instructions regarding the prohibition of discrimination based on race, gender, age, nationality, etc., and share and enforce this thinking with our group companies both in Japan and overseas. Additionally, we engage in various actions to utilize diverse human resources.

Main actions

- Hiring foreign employees
- 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
- Reduction of work outside regular hours and encouragement of paid leave usage
- Employing handicapped persons
- Various education concerning human rights, etc.

Labor condition transition

*Average per each workers union member

	2007	2008	2009	2010	2011
Total work hours (hours)	2,190.9	2,015.3	1,934.8	2,170.6	2,064.7
Work outside of regular hours (hours)	405.8	278.0	220.9	306.1	321.8
Percentage of paid leave consumption (%)	58.7	60.2	55.0	58.6	62.1

Maintain employment

Amidst the ongoing harsh management environment in FY2011 we implemented measures such as job transfers in an effort to maintain employment. JTEKT observed compliance by adjusting the employment of fixed-term workers making 205 fixed-term workers permanent employees in FY2011.

Composition of employees as at end of March, 2012

	Male	Female	Total
Permanent employees	9,526	728	10,254
Fixed-term employees (*1)	2,867	405	3,272
Total	12,393	1,133	13,526

	Male	Female	Average
Years of employment	16.0	15.2	16.0

Job turnover rate (*2)	0.8%
------------------------	------

*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.

Hiring women for management-track positions and promoting to management positions

We hire women for management-track positions, assign them based on aptitude, and promote them to management positions.

Hires of women for management-track positions and promotion to management positions

	2007	2008	2009	2010	2011
No. of women in management-track positions	17	7	8	8	16
Total no. of people in management-track positions	(129)	(132)	(163)	(75)	(135)
No. of women managers	4	5	6	8	11
Total no. of managers	(1,352)	(1,378)	(1,384)	(1,386)	(1,446)
No. of women assistant managers	17	16	18	20	20
Total no. of assistant managers	(1,275)	(1,238)	(1,226)	(1,204)	(1,240)

Together with employees

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 and percentage of employees who took childcare leave (*)

	2007	2008	2009	2010	2011
Number of employees who took childcare leave	23	28	21	26	19
Percentage of employees who took childcare leave (%)	96	97	88	93	89

*Percentage of female employees who took childcare leave of all female employees who gave birth

Reemployment of retired employees

So that highly motivated retired employees with abundant knowledge and experience could continue working, JTEKT established a Senior Partner System in April 2006. As of the end of March 2012, 633 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 FY2011

Number of those who are applicable			314
Number of applicants [a]			256
Number of reemployed [b]	JTEKT	223	253
	Related companies	30	
Rate of employment [b/a]			Approx. 99%

Employees and management established an "Iki-iki 60 Committee"

Formed an "Iki-iki 60 Committee" 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 developing appropriate workplaces and aiming to create systems to provide employees with equally high motivation after retirement.

Started life career plan training

From FY2011, we have begun life career plan training for all employees turning 55. This is an opportunity for employees to think about their career and life design after retirement. In FY2011, 171 employees completed this training.

Employment of people with disabilities

JTEKT actively participate in joint-employment seminars aimed at people with disabilities and strive to provide as many people as possible with interviews and opportunities to apply. Currently we have employees with disabilities working mainly as shop floor support and general administration staff. We will continue to further expand occupational opportunities for people with disabilities so they may work with zest and vigor.

Number of disabled persons employed (Average for 2011)

No. of disabled employees	220
No. of employees according to legislation	212
No. of over and short	+8
Employment rate	1.86%

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

Workplace management questionnaires

JTEKT conduct workplace management questionnaires to grasp the strengths and weaknesses of workplace management and lead to improvements. We used the results of these questionnaires to improve not only workplace management level but performance of the whole organization. Moreover, we also conduct moral surveys (*2) and do our best to improve employee satisfaction.

*2 Moral survey Survey to confirm the level of employee satisfaction or dissatisfaction towards the organization and policies and the associated reasons.

Safety, hygiene and health related actions

Social background

According to the Health, Labor and Welfare Ministry, every year approximately 540,000 people are injured or fall ill due to work-related reasons. Furthermore, the percentage of people who feel stress or anxiety due to work is increasing and mental health countermeasures are becoming more important in the workplace.

JTEKT's concept

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".

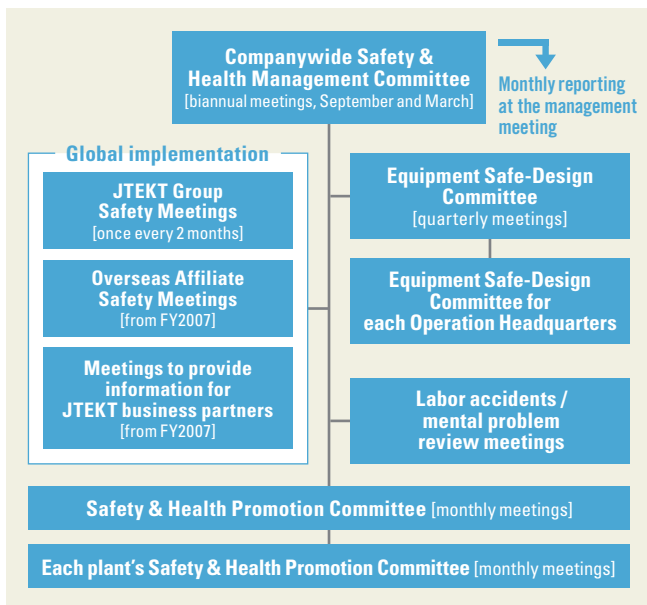
Together with employees

Promoting activities under a centralized control system

▶ Figure-01

Under the "Companywide 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 Safety, hygiene and health control system



Major activities in FY2011

Activities based on the safety & health management system

By FY2007, all 11 plants and the Higashi-kariya operations center (*1) had acquired certification concerning work safety from external organizations. Since then, activities have been ongoing in accordance with the management system.

*1 Name changed from Higashi-kariya plant

Certification by external organizations

FY2011 Renewed at the Kokubu, Kagawa and Kameyama plants.

FY2012 Plan to renew at the Tokyo, Okazaki and Kariya plants.

Activities to achieve zero accidents

Up until now, JTEKT have promoted safety & health activities based on risk assessment (*2) and OSHMS (*3). In FY2011, based on analytic results of past accidents, we engaged in action which positioned the eradication of "not-stopping accidents" as our most important issue. As a result, in FY2011 only 4 not-stopping accidents occurred compared with 10 in FY2010. To accompany this, the number of total accidents and lost-day acci-

dents decreased. We will continue safety activities aiming for zero accidents.

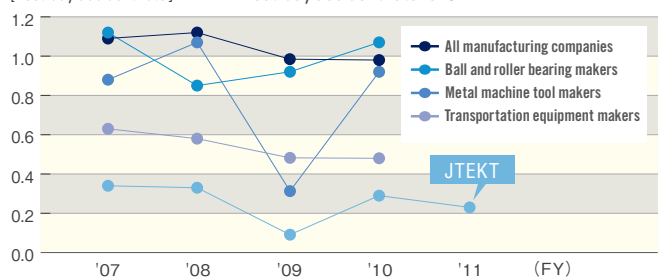
→ P18 Related article

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

*3 **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.

Change of industrial accident frequency rate

* The FY2011 section of the graph only shows the lost-day accident rate for JTEKT.



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

Standardization of difficult-to-do work

- Improved work that can't be done unless equipment is stopped or is difficult to do
→ Standardized all 752 jobs that were registered.
- Assessed and implemented countermeasures for troubleshooting work on frequently-stopping equipment
→ All of the 439 pieces of equipment that were registered were countermeasured or work was standardized.
- Assessed and implemented countermeasures for time consuming, high frequency repair/maintenance work
→ All of the 429 pieces of equipment that were registered were countermeasured or work was standardized.
- Building real safety
→ Revised companywide regulations regarding work that leads to the 6 major accidents (*4).
Cross-checked with equipment safety standards and built safe equipment.

*4 **6 major accidents** Accidents arising through pinching/entanglement, heavy objects, vehicles, falling, electrocution and hot surfaces.

Built workplaces where safety awareness is shared and workers warn each other about unsafe behavior.

- Reinforced safety checks using the pointing and calling method targeting 100% execution.
- Near misses (*5) promoting proposals
→ All 77,439 proposals made were countermeasured.
- Exposed and countermeasured hazardous places through safety cross-checks
- Rolled out of visual training tools (DVDs) for the eradication of not-stopping accidents and held training.
- Actions in safety reinforcement months (October and November)
→ Held a safety talk for all 1,222 young employees in light of the frequency of accidents involving young employees.

Together with employees

- Conducted a safety awareness survey

→ Conducted a questionnaire twice in the year to half of employees at a time.
Analyzed the questionnaire results and rolled out the content to other plants.

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

Global roll out

- Rolled out domestically rolled out items to our overseas affiliates.

→ Rolled out the latest equipment safety standards.
Held investigations when accidents occurred and promoted countermeasures.
Promoted safety activities.

Workplace noise countermeasures

We were taking action to improve noise levels in No. 3 noise control classified zones (workplaces requiring improvement by regulation) by FY2012 however the results of countermeasure tests were surprisingly low and we had to revise our method. As such, we have reset our goal to FY2014. Countermeasures were made for 69 pieces of equipment while improvements were made for 30.

Improvement of workplaces with class III noise (Target: Zero in FY2014)

FY	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of improved workplaces (number of improved machines)	2 (2)	8 (58)	5 (15)	2 (11)	6 (53)	8 (69)	2 (20)	2 (9)	2 (10)
Number of workplaces (number of remaining machines)	26 (263)	19 (205)	18 (190)	16 (170)	12 (108)	4 (39)	2 (19)	2 (10)	0 (0)

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.

Improving high temperature workplaces

From the perspective of worker protection, JTEKT revised our work environment measurement standards and began WBGT-based (*6) assessments from FY2010. JTEKT's index is WBGT 30°C. A FY2011 investigation showed that improvements were necessary in 5 plants therefore improvement plans were made for FY2012 and beyond.

*6 **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.

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, special training based on job type, while our main forms of training are basic KYT 4R training (*7), sensing-danger training, and skill training.

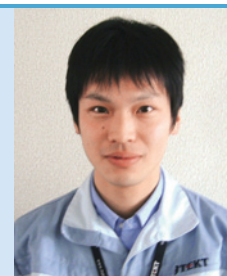
*7 **Basic KYT 4R training** KYT stands for Kiken (hazard), Yochi (prediction), and Training. 4R means "4 rounds." This is hazard-prediction training through 4 phases.

Main training types (number of attendees in FY2011)

Rank-based training	Safety management training	116
	Group Leader training	160
	New employee training	144
	Training Center student training	75
Special training	Grinding wheel replacement	75
	Arc welding	76
	Robots	0
	Low-voltage handling	75
	Vibrating tool handling	0
Others	Organic solvents	0
	All-Toyota training for those overseeing outside workers	344
	All-Toyota training for those overseeing construction	163
	Elevated-work training	590
	Electric shock prevention training	517
	Risk assessment training	213
Total		2,548



Taisuke Hanasaki
Production Headquarters
Safety & Health Control Dept.



I want to contribute from a safety and health perspective

I want all employees to practice "Safety First" as if it was natural and work in a friendly environment. I go about my daily tasks trying to support this quest. It feels rewarding to propose safety activities that anyone can proactively engage in, and cooperate with other workplace members to secure safety and improve the working environment. I would like to continue to contribute to people involved in our company and society on the whole from a safety and health perspective.

Together with employees

Achieving mental health

JTEKT aggressively promoted mental health measures with a focus on preventing depression. However, after the Great East Japan Earthquake, the rise in production and increase in anxiety-causing factors saw a 0.22% rise in high-stress individuals compared with the previous year. We will continue to promote activities to improve workplace mental health by aiming for a workplace where all employees feel comfortable.

Mental health countermeasure for fixed-term employees is an issue

▶ Figure-01

The number of days taken off work due to mentally-related illnesses decreased compared with the previous year however the number of employees taking time off work increased. In FY2011 it was particularly noticeable that 8 fixed-term employees experienced symptoms despite this never occurring amongst fixed-term employees up until FY2010. These symptoms were seen several months after starting to work for the company so it is possible the factors include incompatibility to the workplace.

High-stress workplace hearings and improvement activities

The Safety & Health Control Department analyzed results of a stress survey conducted by workplace and reported these to

each general manager. The report clearly explains results and shows response methods. In order to alleviate the burden on workplaces to respond to mentally unhealthy employees, the Safety & Health Control Department held hearings and improvement activities for those workplaces with a number of mentally unhealthy employees or hard-to-handle cases.

Stress levels per department: Survey results

Stress rank	Extremely	Healthy	Normal	Slightly	Unhealthy	Total
No. of workplaces	6	42	106	15	3	172

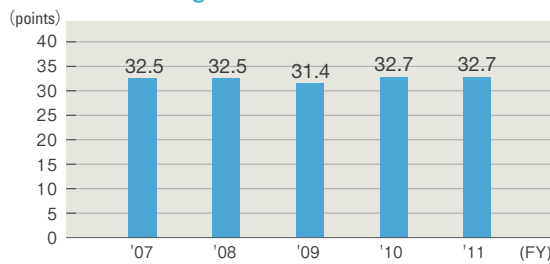
Main consultation content

- Dealing with junior staff who exhibit unusual behavior
- Dealing to cases of reoccurrence
- Dealing to employees who have returned to work after mental illnesses
- Workplace moral harassment, etc

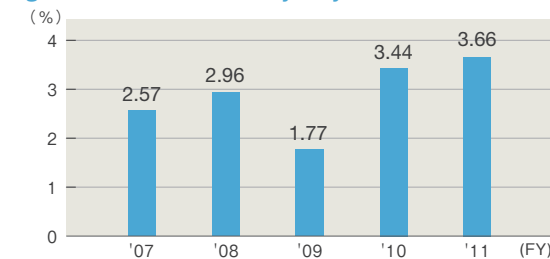
Stress survey results report

▶ Figure-01

Transition of average stress levels (*1)

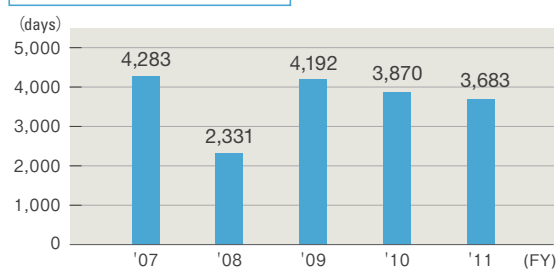


High-stress individual ratio yearly transition (*2)

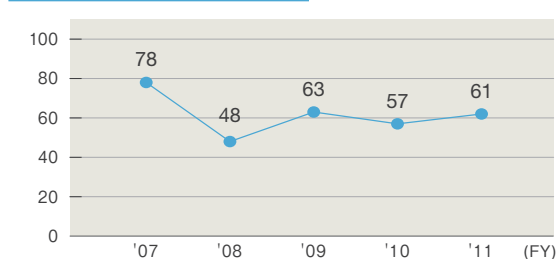


Number of work absences due to mental disorders

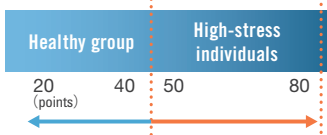
New number of missed work days



Number of newly absent employees



Stress level



*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.

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

Transition of excessive work measures

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

Awareness activities

There is a high possibility that excessive work could lead to cerebral vascular disturbance and ischemic heart disease. As such JTEKT considers the health risks related to working long hours and engages in awareness activities which raise the points to observe of "correction of frequent overtime, working weekends, non-stop working stretch" and "assessing and controlling work time".

Transition of number of employees receiving checkup for working long hours

Managers	FY2008	Approx. 2,640 (Average : 220/month)
	FY2009	2,092 (Average : 174/month)
	FY2010	2,558 (Average : 213/month)
	FY2011	2,511 (Average : 210/month)
Staff	FY2008	Approx. 1,290 (Average : 107/month)
	FY2009	316 (Average : 26/month)
	FY2010	1,898 (Average : 158/month)
	FY2011	2,231 (Average : 186/month)

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



Kanae Sumida
Production Headquarters
Safety & Health Control Dept.



Health control activities to make people shine the way they were meant to

Health is a valuable asset. I get such pleasure when JTEKT employees take action to improve their health. It is when people are healthy in both mind and body that they shine the way they were meant to and they are more inclined to take care of what surrounds them. By realizing each individual's affluence, I truly believe it reinforces the hidden strengths of both employees and the company. I really want to contribute to this cause.

Achieving physical health

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

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.

FY2011 healthcare guidance implementation

	Special health checkups	Special healthcare guidance
No. of those applicable [a]	5,574	1,246
People screened, people participated [b]	5,574	1,030
% of total	Result [b/a]	82%
	Target	45%

Examples of improving metabolic syndrome

A 44 year old male employee had a waist measurement of 92cm when he came in for a health check. This was a result of insufficient exercise, eating between meals and often eating until he was full. However, after receiving special healthcare advice he began jogging for an hour each day and working out. He also stopped eating between meals and began eating more moderately. As a result of improving his lifestyle patterns in such a way, he was able to reduce his waistline to 76cm in 6 months.

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. Course A providing anti-smoking aid and Course B for quitting smoking by one's own strength alone. With detailed assistance from an industrial doctor and nurse, 59% of people successfully quit.

Total no. of participants and no. of successful participants

	Total	Successful	Success rate
A course	71	38	54%
B course	32	23	72%
Total	103	61	59%

Together with local communities

Social background

The concept that companies are also citizens who make up the local community, in other words “corporate citizens” is taking root in Japan. In addition to business activities such as job creation which have economic benefits, companies are expected to contribute to the local community from a wide range of aspects including environmental countermeasures and people-nurturing.

JTEKT’s concept

Promoting social contribution activities as a good corporate citizen

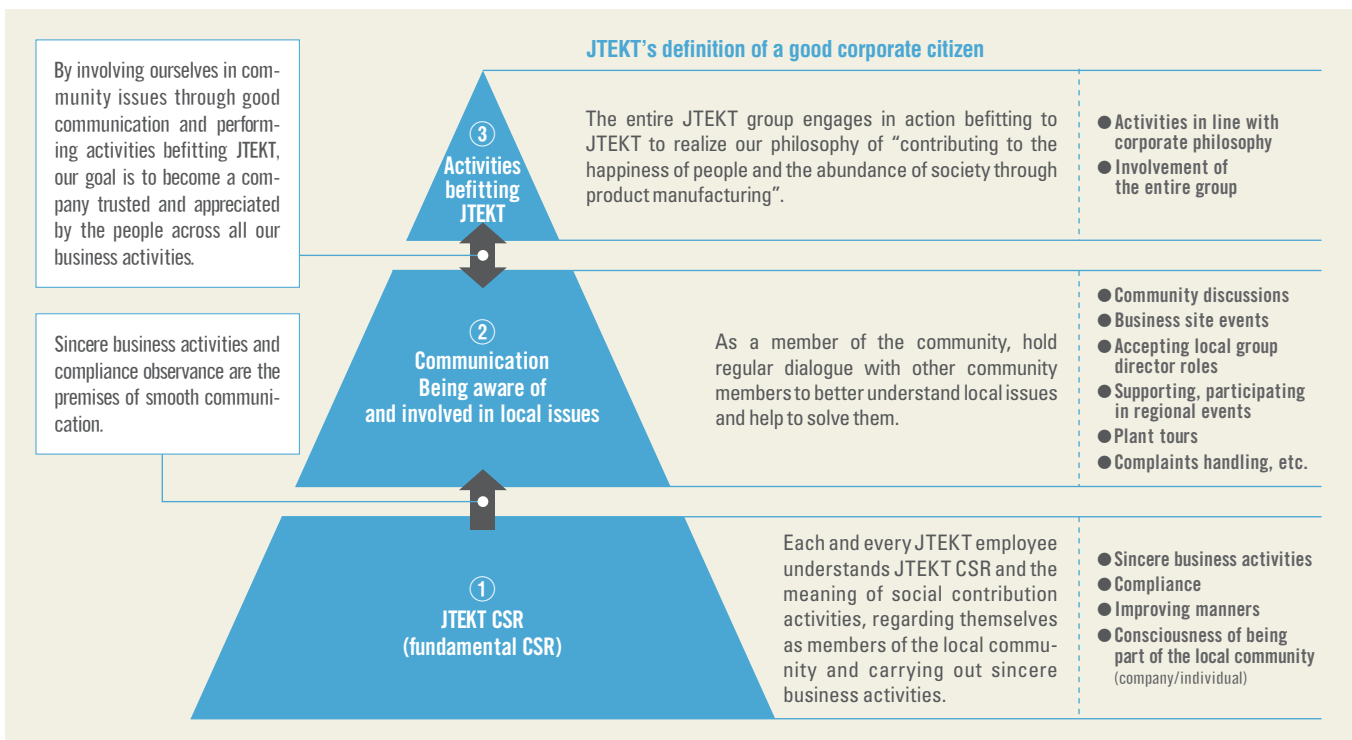
In JTEKT’s Corporate Activities Standards we state that as a good corporate citizen, we will aggressively pursue activities that contribute to society. Based on this policy, we promote various activities with the objective of growing as a company while being trusted and appreciated by local communities.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

What we want to achieve

▶ Figure-01

Based on the below interpretation of a “good corporate citizen”, JTEKT promote social contribution activities and aim to grow together with the community.

▶ Figure-01



Major activities in FY2011

Carried out a questionnaire survey targeting local residents and employees

The Social Contribution Working Group carried out a questionnaire survey of local citizens’ assessment of social contribution activities and employee awareness. The results of this survey will be used to revise activities and further raise employee awareness.

[Communication]

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 FY2011, a total of 305 people participated at all 11 plants and the Higashi-kariya operations center (*1).

→ P60 Related article

*1 Name changed from Higashi-kariya plant

Introduction of activities

Received words of gratitude for cooperation

Tadomisaki Plant (Takahama, Aichi)

The Tadomisaki Plant invited 7 members of the local community to introduce their environmental actions and take a plant tour. No complaints were made to the Tadomisaki Plant and words of gratitude were received for cooperation to the community. The town mayor asked if the community could use the technical

Together with local communities

center as a tsunami evacuation area to which we said yes, as we want to do our part for the community.



Deepening friendships through plant festivals

Each of JTEKT's plants 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 FY2011, with a total of 7,267 visitors.

Introduction of activities

First festival

Kagawa Plant (Higashi-kagawa, Kagawa)

Kagawa Plant held their first family festival. 527 visitors came and a fun time was had by all with events such as a karaoke competition and balloon show. Many people also took part in the bazaar and plant tour.



Introduction of activities

Selling goods made at a vocational aid center

Toyohashi Plant (Toyohashi, Aichi)

Fun was had by everyone from children to grown-ups with performances by local bands and shows by entertainers, etc.



There was also a stall selling goods made by people with disabilities who work at the Tahara vocational aid center welfare facility.

Tahara vocational aid center stall

[Social contribution activities]

Promoting activities which aim to contribute to the community

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

Introduction of activities

Solar car class

Upon request by the education committee of Kashiba City in Nara prefecture, we held a solar car class for elementary students as part of extra-curricular activities. JTEKT employees operated solar cars in the car park of the Kashiba City town hall as around 50 young children yelled out "Cool!" "So fast!" as the solar cars sped back and forth silently. The photo which captured this scene was featured on the front page of Kashiba City's information bulletin.



Actively implementing road safety activities and fire prevention measures

JTEKT actively promote a number of road safety activities including "risho" (*2). We also believe that fire prevention is very important to maintaining a trusting relationship with the community and as such implement fire prevention measures.

*2 Risho A practice unique to Japan of company employees standing on public road sides holding banners concerning road safety.

Co-existence with the community through clean-ups and 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 FY2011.

Diverse environmental conservation activities

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



Hiroyuki Fujii
Kokubu Plant
Administration Dept.
General Affairs Section



Expand networks with the local community even more!

When we hold the solar car class, the children always give us energy and surprise us. I am overwhelmed by the children's passion to learn and listening to them surprises me how well they know about things going on in the world. Year after year, I feel like expectations are growing from the local community towards companies to be involved in the nurturing of children - are our leaders of the future.

Together with local communities

Contributing to the community through people-nurturing

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

Introduction of activities

Cooperation through travelling classrooms at high schools

On December 17th, 2011, a travelling classroom "Travel mechanisms of vehicles" (lecturer: Yoshihiro Suda) was held by the Next-Generation Development Office of the Institute of Industrial Science, the University of Tokyo at Urawaichijo high school. JTEKT contributed by providing bearings to the Tokyo Metro Co., Ltd. The questionnaire completed after the class showed that students' interests in scientific engineering and industry had risen.



Introduction of activities

Held volleyball training in the tsunami-earthquake struck region

JTEKT's volleyball team, 'Stings', held volleyball training as part of recovery efforts after the Great East Japan Earthquake. This training was held on two occasions, at Kesennuma, Miyagi Prefecture on June 11th, 2011 and at Minamiaizu, Fukushima Prefecture on June 25th. Of the people who participated, some were still living in evacuation shelters and some were still missing family members. The situation was still very severe however we feel we were able to provide a little bit of joy through the volleyball lessons.

→ P22 Related article



Minamiaizu, Fukushima Prefecture



Kesennuma, Miyagi Prefecture

Supporting employee volunteer activities

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.

→ P22 Related article

Introduction of activities

Christmas presents to less fortunate families

In JTEKT's US locations, employees donated gifts and money so that less fortunate families in the surrounding areas could have a better Christmas. Many locations set up a Christmas tree for donations and attached tags to the tree specifying what families needed. Employees who wanted to participate removed the tag of



The Christmas tree and presents at our Michigan office

their choice and left the specified item under the tree. These gifts were sent along with money to the local homeless shelters. Employees felt rewarded by giving back to the local community.

TOPICS Held the 15th JTEKT Challenge Cup

The JTEKT Challenge Cup is a soccer tournament held every year that aims to nurture young children. This year's tournament was held from February 4th to 11th, 2012 and 430 people participated from 15 elementary schools in Kariya city,



forming 29 teams. A passionate competition took place and 8 JTEKT volunteers from the JTEKT soccer club participated as referees, while other JTEKT employees distributed hot tea.



Masayuki Izumikawa
Personnel and General Administration Division
Technical Training Center



Creating more JTEKT fans throughout Japan through volleyball

As we had met students from the Kesennama Girls High School before the Great East Japan Earthquake through the high school volley coaching campaign held in spring by Fuji TV, 3 months after the disaster, we visited the school as a team and held a volleyball class. Many junior and senior high school children came to the venue and got joy out of playing with our team and hearing their advice. I think we made a lot of JTEKT fans there. Through volleyball, I want to spread JTEKT's name to different regions and eventually throughout all of Japan. We want to become a team that is loved by all.

Together with shareholders and investors

Social background

It is becoming more common in the finance sector to place importance on ESG(*) information when assessing a company's value. Also, transparency of company's management is also scrutinized, making it increasingly more important to disclose accurate, well-timed company information.

*ESG Abbreviation for Environment, Social and Governance

JTEKT's 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.

Major activities in FY2011

Information disclosure and IR activities

JTEKT not only observe rules on legislated disclosures and timely disclosures. We also strive to increase transparency of our management and, in order to deepen understanding of JTEKT and the JTEKT group from our shareholders and investors, we also actively disclose information that is both well-timed and appropriate voluntarily and in a fair manner, through various IR activities.

Information Disclosure Committee

JTEKT have created an Information Disclosure Committee who stipulates procedures regarding timely disclosures. Based on these procedures, when an important decision that can be classified as information for timely disclosure or when an important situation has arisen, these are reported to the Information Disclosure Committee. After receiving these reports the Information Disclosure Committee hold a meeting to decide whether the information should be timely

disclosed or not, and if it should, the when, what and how of its disclosure. This is then reported to our president and disclosed accordingly.

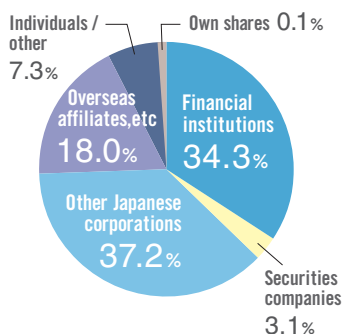
Main IR activities

- Individual interviews
- Company information sessions for individual shareholders and investors
- Conduct plant tours ● Issue annual reports ● Disclose information on HP

Shareholder status

Current at end of March, 2012, the number of shares issued were 342,186,000 and the breakdown of shareholders is as follows.

Shareholder distribution status



Shareholder Type	Number of Shares (thousand shares)
Financial institutions	117,223
Securities companies	10,669
Other Japanese corporations	127,288
Overseas affiliates, etc	61,766
Individuals / other	24,986
Own shares	251
Total	342,186

As at end of March, 2012 (anything less than 1000 rounded down)

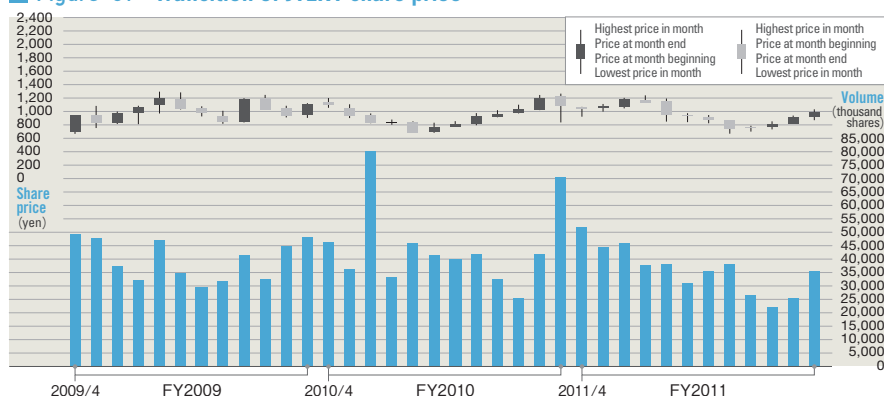
Business performance and return of profits

▶ Figure-01

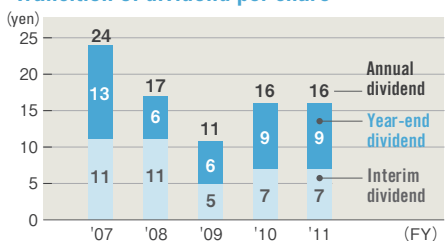
Our consolidated sales for FY2011 were 1 trillion 52.6 billion yen, 10.2% higher than the previous year. Our consolidated operating profit was 35.6 billion yen (39.9 billion yen for the previous year), while our combined ordinary income was 38.6 billion yen and combined current net earnings were 13.3 billion yen. Consequently, we maintained our annual dividend to 16 yen per share, the same as last period.

As with FY2011, we do not know what lies in store in FY2012 but we will continue efforts to establish a strong foundation not susceptible to change and challenge ourselves to further achievement. We wish to establish ourselves as a company which can deliver stable results.

▶ 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

This section introduces environmental activities engaged in by JTEKT in FY2011 based on the 2015 Environmental Action Plan. We have paid consideration to providing readers with ongoing data and reports however some content has been moved to the Pick Up section. Also, like last year, environmental data by business area is available on JTEKT's website.

Environmental management	46
Environmentally considerate development and design	53
Prevention of global warming	54
Effective use of resources	56
Control and reduction of environmentally burdensome substances	59
Biodiversity conservation	61

Environmental management

Social background

In order to achieve a sustainable society, there is a demand for business activities to be less burdening on the environment. It is becoming more and more important for companies to assess both risks and opportunities when promoting environmental management. Such performance is attracting interest as an index in evaluating a company's financial condition.

JTEKT's concept

For sustainable development of the planet

To realize our corporate philosophy of "contributing to the happiness of people and the abundance of society through product manufacturing", the JTEKT group considers the environment to be an important management issue and promotes action to contribute to the development of a sustainable planet and society.

JTEKT Group Environmental Vision

▶ Figure-01

Based on the CSR policy, JTEKT established the JTEKT Group Environmental Vision comprised of an environmental philosophy and policy defining global environmental conservation action. We aim to achieve a sustainable society, establishing an action plan and promoting activities to achieve this goal.



Promotion structure

Under the Global Environmental Conservation Committee

▶ Figure-02

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 to address issues relating to business activities. These subcommittees set targets based on company-wide policies as well as discuss and decide upon measures and control progress.

Environmental management

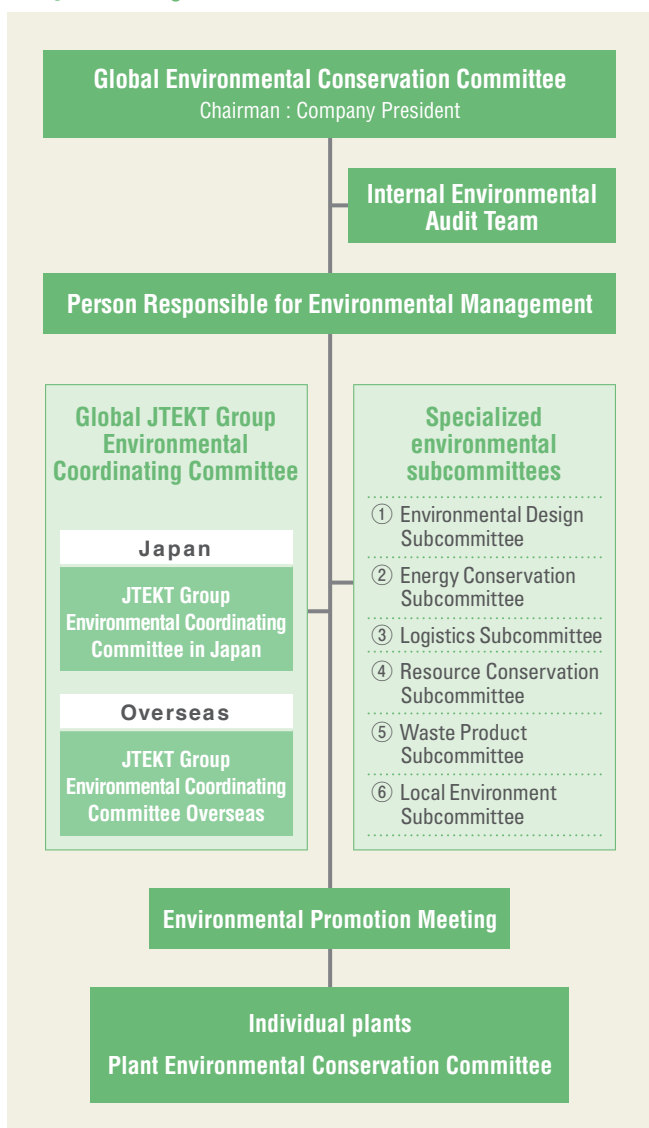
Forming of an Environmental Promotion Meeting

The Environmental Promotion Meeting was formed in April of 2011 in order to enhance and strengthen environmental activities. Every month, a video conference is held connecting all plants and improvement cases from individual plants are shared with other plants. In this way, JTEKT engages in activities to improve environment performance such as reducing CO₂ emissions and waste. At the same time we are also promoting activities to abide by environmental laws and regulations as well as ISO14001 activities.

Promotion of global environmental management

JTEKT has set up a Global JTEKT Group Environmental Coordinating Committee comprising of 18 affiliated companies within Japan and 32 overseas affiliates. This committee works to solve environmental issues.

▶ Figure-02 Organizational chart



▶ Figure-01 JTEKT Group Environmental Vision

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 CO₂ 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 CO₂ 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

Targets and results

JTEKT Environmental Action Plan 2015 Environmental Action Plan

▶ Figure-01

JTEKT established a 2015 Environmental Action Plan which stipulates action policies and specific targets in order to promote environmental conservation activities which involve the entire JTEKT group and suppliers. This Action Plan has been live from FY2011. We are working towards cutting greenhouse gases to 25% of what they were in 1990 by the year 2020 and contributing to the realization of international society's goal of cutting greenhouse gases to half of what they were in 2000 by the year 2050.

▶ Figure-01 2015 Environmental Action Plan

Area	Action items
Environmental management	(1) Strengthen and promote consolidated environment management
	(2) Promote environmental activities in cooperation with business partners
	(3) Promote sustainable plant activities
	(4) Promote environmental education activities
Develop and design environmentally friendly products	(1) Develop new technology and new products leading to environmental burden reduction
	(2) Reduce resource consumption
	(3) Promote recycle design considering effective resource use
	(4) Roll out environmental assessments in the design and development phases
	(5) Control and reduce environmentally burdensome substances contained in products
Reduce CO ₂ emissions	(1) Reduce CO ₂ in production and logistics <ul style="list-style-type: none"> ● Global reduction of CO₂ ● Reduction of CO₂ in logistics
	(2) Promote reusable energy
Reduce waste	Production (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 landfill waste in FY2009 and is continuing to aim for zero waste production in other areas)
	Logistics (1) Reduce packaging material consumption through simpler packaging, using more returnable containers, etc.
Reinforcement of chemical substance control and reduction of environmentally burdensome substances	(1) Reduce environmentally burdensome substances in production activities
Reduce primary materials and secondary materials	(1) Reduce waste and effectively use resources in production and logistics operations
Preserve and improve the global environment, forge communication	(1) Enforce preventative measures for environmental problems and observe regulations
	(2) Build good relationships with local residents
	(3) Proactive disclosure of environmental information and enhancement of communication activities
	(4) Action for biodiversity

* C-EPS, ITCC are registered trademarks of JTEKT Corporation.

Environmental management

* Values in square brackets are comparisons with the base year

	FY2011 targets and initiatives	Results of activities	Evaluation	Related pages												
	(1) Share the JTEKT Group Environmental Vision	(1) Continued activities with group companies in Japan and overseas (2) Held Environmental Coordinating Committee sessions		46 47 51												
	(1) Further promote green purchasing (2) Roll out environmentally friendly purchasing guidelines to business partners	(1) Expanded Green Purchasing Guidelines	○	34 61												
	(1) Introduced reusable energy (2) Promoted plant greenification	(1) Introduced solar power generation (50kW) to our Tokyo plant (2) Installed green curtains at our Kariya plant	○	16 17												
	(1) Promote education with the objective of improving environmental awareness	(1) Environmental education in Environmental Month (2) Rank-specific education		52												
	(1) Reduce the environmental burden of new products through an environmental efficiency basic formula (2) Promote recycle design (3) Promote life cycle assessment (LCA) activities	(1) Steering ● Developed an ECU-motor integration type C-EPS system (2) Bearings and drive ● Developed an electric oil pump for idle reduction ● Developed an electronically controlled 4WD coupling (3) Machine tool and mechatronic ● Took action for energy-saving machine tools	○	12~16 53												
	(1) Promote response to chemical substance regulations	(1) Activities to eliminate substances identified under the European REACH regulation (2) Response to the Provisions on Environmental Administration of New Chemical Substances		59												
	Production (1) Promote CO ₂ reduction activities through the development and introduction of low CO ₂ production technologies and daily improvements (2) Horizontal deployment of energy-saving improvement cases (3) Visualization of energy		△	17 54 55												
	<table border="1"> <thead> <tr> <th>Item</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>CO₂ emissions</td> <td>236,367 t-CO₂ : Down 7% from FY1990</td> </tr> <tr> <td>Emissions by in-house production volume</td> <td>151.2 t/100 mill yen : Down 3% from FY2008</td> </tr> <tr> <td>Globally Emissions by in-house production volume</td> <td>100.2 t/100 mill yen : Down 3% from FY2008</td> </tr> </tbody> </table>	Item	Target	CO ₂ emissions	236,367 t-CO ₂ : Down 7% from FY1990	Emissions by in-house production volume	151.2 t/100 mill yen : Down 3% from FY2008	Globally Emissions by in-house production volume	100.2 t/100 mill yen : Down 3% from FY2008	<table border="1"> <thead> <tr> <th>Results</th> </tr> </thead> <tbody> <tr> <td>232,870t-CO₂ [Down 8.4%]</td> </tr> <tr> <td>157.5 t/100 mill yen [Up 1.0%]</td> </tr> <tr> <td>101.3 t/100 mill yen [Down 1.8%]</td> </tr> </tbody> </table>	Results	232,870t-CO ₂ [Down 8.4%]	157.5 t/100 mill yen [Up 1.0%]	101.3 t/100 mill yen [Down 1.8%]		
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	Logistics (1) Reduce CO ₂ through transportation improvements		○	55												
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	(1) Introduction of reusable energy	(1) Introduced solar power generation (50kW) to our Tokyo plant	○	16												
	Production (1) Reduction of emissions through countermeasures focusing on the source (2) Promotion of a shift to valuable resources (3) Reduction of emissions through using less and reusing		○	57												
	<table border="1"> <thead> <tr> <th>Item</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Emissions by in-house production volume</td> <td>7.7 t/100 mill yen : Down 7.5% from FY2008</td> </tr> <tr> <td>Direct land-fill waste</td> <td>Zero</td> </tr> </tbody> </table>	Item	Target	Emissions by in-house production volume	7.7 t/100 mill yen : Down 7.5% from FY2008	Direct land-fill waste	Zero	<table border="1"> <thead> <tr> <th>Results</th> </tr> </thead> <tbody> <tr> <td>6.8 t/100 mill yen [Down 18%]</td> </tr> <tr> <td>Zero</td> </tr> </tbody> </table>	Results	6.8 t/100 mill yen [Down 18%]	Zero					
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Results																
6.8 t/100 mill yen [Down 18%]																
Zero																
	Logistics (1) Transition to returnable (2) Simplification of packaging by changing packing style		○	58												
	<table border="1"> <thead> <tr> <th>Item</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Emissions by sales</td> <td>0.89 t/100 mill yen : Down 10% from FY2006</td> </tr> </tbody> </table>	Item	Target	Emissions by sales	0.89 t/100 mill yen : Down 10% from FY2006	<table border="1"> <thead> <tr> <th>Results</th> </tr> </thead> <tbody> <tr> <td>0.82 t/100 mill yen [Down 18%]</td> </tr> </tbody> </table>	Results	0.82 t/100 mill yen [Down 18%]								
Item	Target															
Emissions by sales	0.89 t/100 mill yen : Down 10% from FY2006															
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0.82 t/100 mill yen [Down 18%]																
	(1) Substitution with parts that don't contain substances subject to PRTR	(1) Release and transfer of substances subject to the PRTR: 34.9t (down by 5.5% compared with last year)	○	59 60												
	Primary materials (1) Reduce stock removal, reduce amount of material used by changing design and methods Secondary materials (1) Reduce amount used through changes to specifications such as material and profile	(1) Primary material base unit: 10.64 (2) Secondary material base unit: 4.62	△	56												
	(1) Ongoing efforts for zero environmental regulation violations and claims from residents through the strengthening of daily control tasks	(1) Zero environmental violations and claims from residents		51 52												
	(1) Promote environmental conservation activities around plants (2) Build good relationships with local residents and councils	(1) Clean-up activities around plant (2) Held environmentally-related discussions with local community		42 43 60												
	(1) Enhance and continue issuance of CSR reports (2) Provide more environmental information	(1) Issued CSR report 2011	○	42												
	(1) Promote activities based on our Biodiversity Conservation Action Guideline	(1) Participated in a forest development project (2) Reviewed the Green Purchasing Guideline and promoted activities with suppliers		34 61												

2015 targets will be set by 2012.

Environmental management

Environmental impact on business activities

Reduction of environmental burden in all stages

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

Resource and energy input versus environmentally burdensome substance output

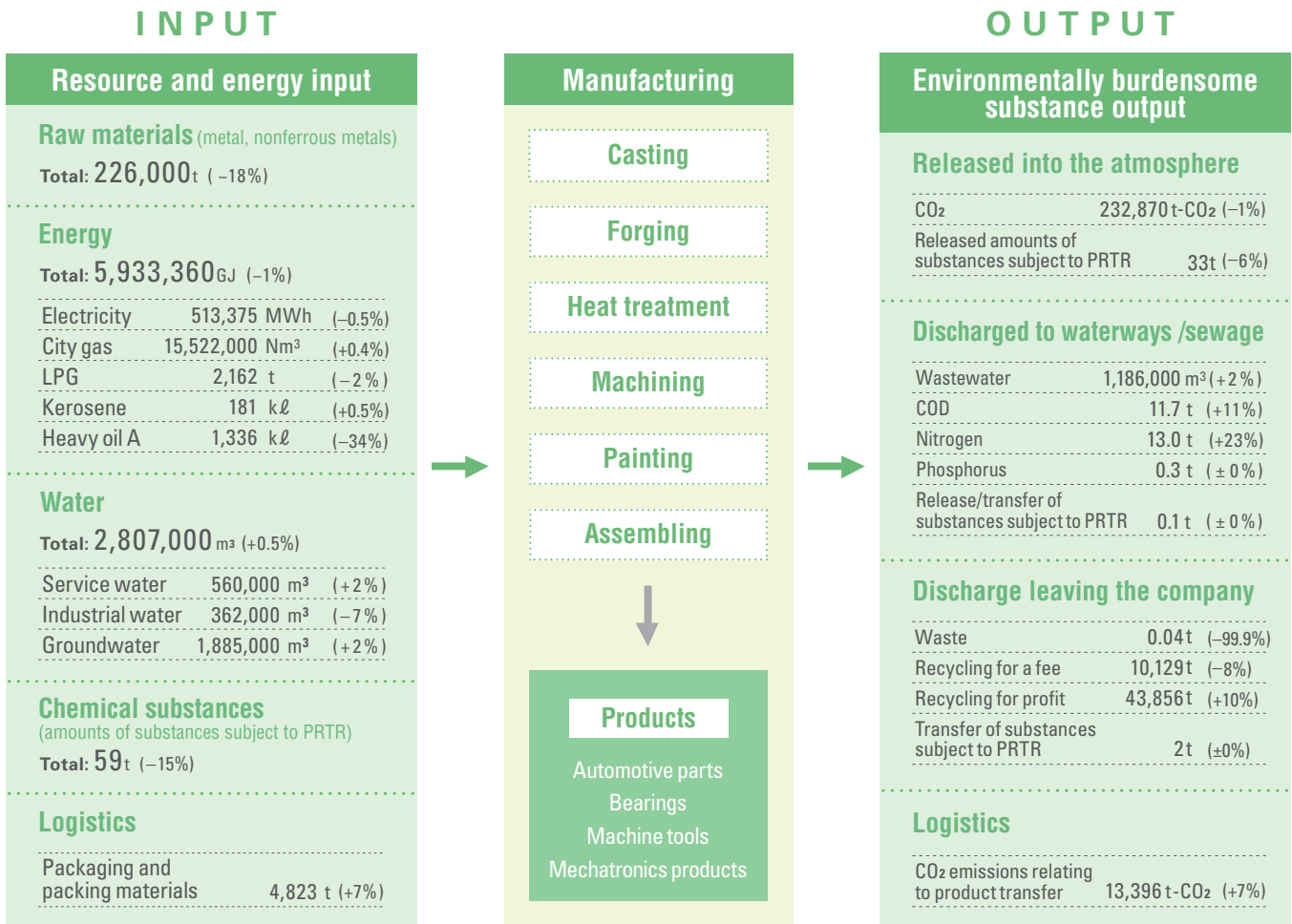
▶ Figure-01

The table below shows the resource and energy input versus envi-

ronmentally burdensome substance output for FY2011. To minimize the impact our business activities have on global warming, JTEKT is working to reduce the amount of energy used in all our processes, including casting, forging, heat treatment, machining processes and so forth. We also make efforts to convert to more efficient energy such as electricity and city gas.

In FY2011 we aimed for efficient production while responding to fluctuations in production volume caused by natural disasters and energy conservation requirements.

▶ Figure-01 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]

CO₂ conversion coefficients to calculate CO₂ emissions volume

Electricity	0.3707 kg-CO ₂ /kWh
Heavy oil A	2.6958 kg-CO ₂ /ℓ
Kerosene	2.5316 kg-CO ₂ /ℓ
Propane gas	3.0040 kg-CO ₂ /kg
City gas	2.1570 kg-CO ₂ /Nm ³

The CO₂ conversion coefficients were set by Japan Federation of Economic Organizations (1990) and are used in Japan. Regions outside of Japan use 2001 published values. We fixed electrical conversion coefficients so that the results of our improvements could be evaluated.

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=10⁹

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

Environmental accounting

Cost and results appraisal

By quantitatively appraising the cost and results of environmental conservation activities, JTEKT is constantly making improvements effectively and efficiently. 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 conservation costs

(Million yen)

Type	Details	Investment	Cost
[1] Business on-site costs			
① Pollution prevention costs	● Service & upkeep of environmental equipment	159	229
② Environmental conservation costs	● Measures for energy conservation	306	52
③ Resource recycling costs	● Waste processing, recycling	25	371
[2] Upstream and downstream costs	● Green purchasing	—	38
[3] Management activity costs	● Environmental monitoring, measurements, etc.	3	153
[4] R&D costs	● R&D of environmentally friendly products	838	2,032
[5] Social activities costs	● Disclosure of environmental information, greenification, etc.	7	50
[6] Environmental damage costs	● Soil and groundwater restoration	—	4
Total		1,338	2,929
Gross amount			4,267

Economic benefit of environmental conservation measures

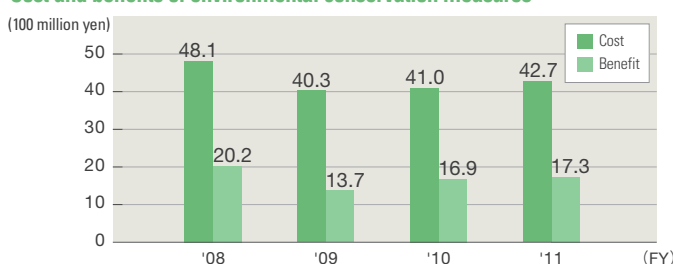
(Million yen)

Details of benefits	Economic benefit
Profit from recycled material sales	835
Energy-cost reduction from promoting energy conservation	879
Reduction of waste processing costs	15
Total	1,729

Benefits towards material amount reduction from environmental conservation measures

Details of benefits	Benefits towards material amount reduction
Energy consumption (t-CO ₂)	32,600
Waste output (t)	1,102

Cost and benefits of environmental conservation measures



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 : FY2011 (April 2011 to March 2012)

Environmental accounting results for FY2011

Environmental conservation costs for FY2011 were 1.34 billion yen in investments and 2.93 billion yen in management costs, adding up to a total of 4.27 billion yen. This was an increase of 170 million yen (4.1%) from the previous year. Updates to air conditioning units and visualization of energy were the main investments made with the objectives of preventing underground seepage of oils and establishing energy-saving countermeasures. Economic benefits of environmental conservation measures totaled 1.73 billion yen, which was a 40 million yen (2.4%) improvement over the previous year.

Major activities in FY2011

JTEKT Group Environmental Coordinating Committee in Japan

JTEKT holds Group Environmental Coordinating Committees twice a year with participation by all 18 domestic group companies. In these committees, activities for CO₂ and waste reduction as well as environmental disturbance prevention are advanced. In June of 2011, the previous year's results and current year's actions were reported and discussed. In December, 2011, 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, the status of energy-saving activities, earthquake measures and so on. JTEKT strive to improve our environment conservation countermeasures.

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 FY2011, JTEKT group company, Nippon Needle Roller Manufacturing obtained certification. This makes a total of 44 of the 50 JTEKT Group Environmental Coordinating Committee companies (15 within Japan and 29 overseas) which have obtained certification and completed systems conforming to the standard.

Reducing environmental risk

Environmental accident prevention activities

To prevent environmental accidents, we share countermeasures implemented in response to incidents occurring both internally and externally for similar equipment. Moreover, we have set internal standards (*) more stringent than regulations in order to observe environmental legislation, treaties and convention levels and manage these standards thoroughly.

* **Internal standards** JTEKT's final affluent internal standards are 80% of regulatory requirements.

Environmental management

Legal compliance with environmental legislation

In FY2011, there were no cases of exceeding environmental regulation values and zero environmental accident complaints. There were also no environmentally-related lawsuits (fines, penalties). However, there were 3 environmental close-calls (*1) including a case where we went over our internal standard. We will identify the cause and take corrective action while at the same time roll out countermeasures to other plants.

***1 Environmental close-call** Incidents where impact on the environment was minor and confined within JTEKT grounds however could have resulted in an accident.

Environmental patrols by the plant manager

As part of our Environmental Month every June, managers of each plant conduct environmental patrols. In FY2011, ditches, oil/water separator tanks and environmental facilities within the plant grounds were inspected for defects and improvements made if any problems were found.



Environmental patrol (Nara plant)

Emergency drills

In preparation for various environmental accidents, emergency training is carried out regularly at each plant. In FY2011, emergency training assuming abnormal occurrences such as tank oil leaks, etc. was carried out. Emergency training was also carried out for nightshift workers assuming that emergency situations could also occur at night.



Emergency drills (Kagawa plant)

On-site checks of industrial waste processing and collection/transportation companies

JTEKT conduct annual on-site checks of all waste processing and collection/transportation companies. These on-site checks are done using a common check sheet and we check that the consigned waste is being appropriately processed.

Environmental audits

Internal audits

JTEKT conduct internal audits annually to confirm the operational status of our environmental management system and observance of legislation. We always correct the issues identified in this audit.

External audits (ISO14001)

JTEKT was subjected to an ISO14001 renewal survey in March of 2012. As a result, there were 4 cases identified with room for improvement however no cases of non-conformity procedures and our environmental management system conformed to standard requirements and was deemed as being carried out effectively. We were also evaluated to have improved our environmental performance based on targets and be making continuous improvements.

Environmental education

Environmental awareness education

JTEKT hold environmental awareness education every June for employees. In FY2011, 563 employees participated, deepening understanding of JTEKT's environmental activities, and heightening awareness of environmental abnormality prevention. Participants also rolled out training content to their own workplaces, and contributed to the awareness of all employees.

Environmental education by division

In FY2011, JTEKT began division-based education targeting the production engineering department. 86 people participated, gaining a better understanding of JTEKT's environment activities as well as learning about PRTR and waste reduction as environmental responses demanded of production engineering.

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 about ISO14001, the JTEKT environmental management system and environmental actions.

In FY2011, a total of 400 people completed environmental training.



Hiroaki Matsuta
Production Headquarters
Environment Control Dept.

Raising environmental awareness of each individual and putting into practice



In recent years, needs relating to environmental problems and energy-saving countermeasures have arisen and there is a heightened interest in the environment. In environmental education, JTEKT introduce environmental conservation activities conducted by each department and instruct the types of activities we wish our employees to put into practice in the future. I would like to see environmental education contribute to raising individual employee's awareness of the environment and lead to various actions being put into practice.

Environmentally considerate development and design

Social background

Sustainable development requires the popularization of productions which consider environmental impact across their entire lifecycles. Environmental consideration is demanded from the development and design phases in order to develop technologies which reduce environmental burden and create designs that make reuse and recycling easy.

JTEKT's 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. We believe that JTEKT's products and technologies provide environmental countermeasures for our customer's products and manufacturing processes and as such, greatly contribute to the environment. Therefore, we engage in activities to improve the environmental performance of all products and are producing results which will contribute to prevention of global warming and effective resource use.

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 substances they contain. In this way, JTEKT is engaging in environmental conservation on a world scale.



Keitoku Higashiyama
 Engineering Headquarters
 Engineering Management Dept.
 Engineering Management Office
 Group 1



More environmentally friendly products to society

JTEKT pursues manufacturing with minimal environmental burden from the development stage by creating products which are resource and energy-saving, and consider reduction in life-cycle cost by designing parts which are easy to disassemble and recycle upon disposal. Our department aims to spread awareness of environmental design to engineers in the name of reducing CO₂ emissions through environmental design meetings and strives to provide society with more environmentally friendly products.

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.

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.

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

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

Environmental efficiency value

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

Environmental load reduction ratio

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

Evaluation of the 5 products featured in PICK UP (P12-16)

Developed product	Environmental burden reduction percentage
The ECU-motor integration type C-EPS system	41.5%
Electronically controlled coupling (ITCC)	35.8%
Electric oil pump for idle reduction	31.9%
Machine tool FA800S	41.2%
Continuous diffusion furnace for solar battery cell manufacturing	81.0%

3R (*2) activities

JTEKT's environmental design activities are not limited to JTEKT itself, but are also rolled out to all group companies. JTEKT group products contribute to the effective use of resources through environmental design.

Main measures

Reduction and reuse of packaging material (Group company: Koyo Electronics Industries Co., Ltd)

By revising the structural design of the cushioning material used in the packaging of programmable display units, Koyo Electronics Industries succeeding in reducing packaging material by approximately 15%. Moreover, this cushioning material was improved so it could be reused by the customer as a temporary stand during set-up, increasing convenience.



*2 3R Originating from the first letters of Reduce, Reuse and Recycle, 3R is a concept expressing the order of priority for waste handling.

*C-EPS, ITCC are registered trademarks of JTEKT Corporation.

Prevention of global warming

Social background

With frequent worldwide occurrences of abnormal weather feared to be the effects of global warming, countermeasures addressing global warming are urgently needed. Greenhouse gases such as CO₂ are emitted through various corporate activities and countermeasures combining many different techniques are necessary to reduce such emissions. Moreover, due to nuclear power plants going out of operation in the wake of the Great East Japan Earthquake in 2011, a nationwide power shortage problem has arisen and not only corporations, but the entire nation of Japan, now needs power-conserving countermeasures.

JTEKT's concept

Reducing CO₂ emissions across all processes

In order to help prevent global warming, JTEKT engage in activities to reduce CO₂ 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.

Stabilization of power supply and demand

In order to continuously countermeasure power shortages, JTEKT proactively engages in energy-saving activities such as introducing even better energy-saving equipment in addition to introducing our own power generation based on a plan up until 2015. By supplying our own power, we can continue stable business activities, suppress demand for purchased power, as well as contribute to the stabilization of supply and demand.

Reducing CO₂ emissions in production

Reducing domestic CO₂ emissions

▶ Figure-01

2011 was a year which caused production volume to fluctuate significantly due to disasters such as the Great East Japan Earthquake in March and the Thailand floods in November. Despite this, CO₂ emissions were much lower than 2010 and, as was the case last year, the base unit had improved compared with the previous year.

Main measures

Reduction of heating energy through waste heat utilization

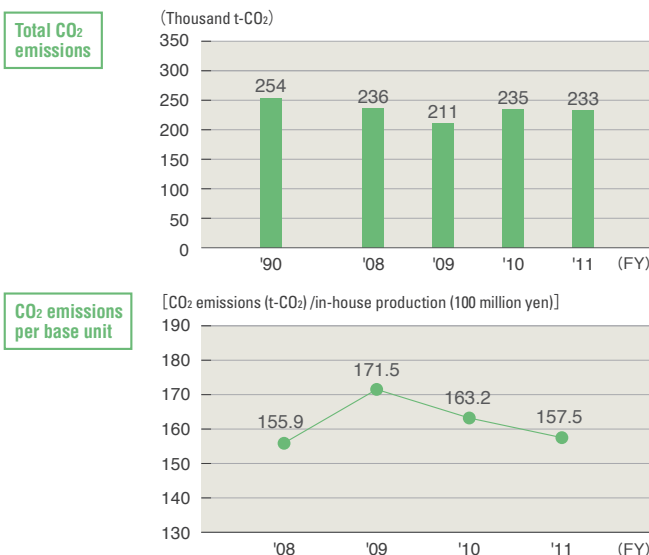
Previously, 60°C to 70°C waste heat emitted from the air compressor for our forging processes in the new south plant on our Tadomisaki site was released into the open air. We redirected this waste heat to keep it inside the plant and use it as heating energy, stabilizing the indoor temperature at 22°C and abolishing air conditioning. As a result, we were able to reduce the 2,000m³ of air conditioning gas normally used every month down to zero, and reduced winter CO₂ emissions to 24.6t. We will investigate utilizing waste heat from the warm-forging process in the future.



Installed a duct on the compressor (New south plant on our Tadomisaki site)

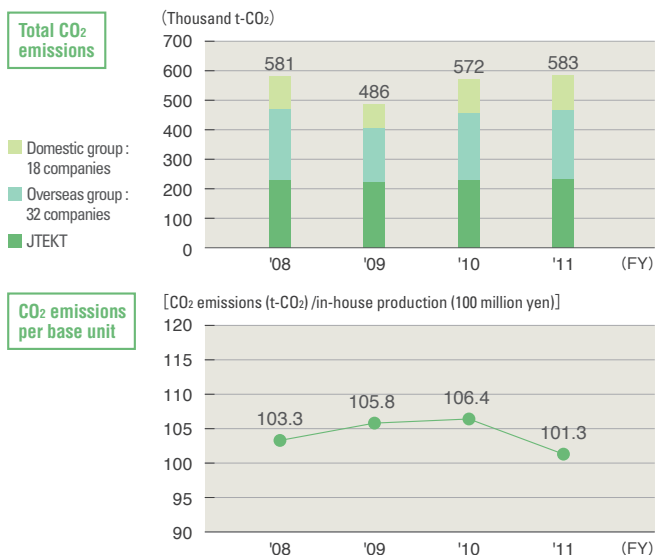
▶ Figure-01

Transition of total and per base unit CO₂ emissions in production



▶ Figure-02

CO₂ emissions (global and base unit)



*Past performance has been revised due to a change in conversion coefficients. Refer to page 50 for CO₂ conversion coefficients used in calculating CO₂ emissions

Prevention of global warming

Reduction of global CO₂ emissions

▶ Figure-02

With an aim to minimize the impact of our global production operations on global warming, JTEKT is working to reduce CO₂ emissions not only within JTEKT but also at its group companies in Japan and overseas.

In FY2011, we achieved a 4.8% base unit reduction. We will continue to improve productivity in order to prevent global warming and improve production efficiency as a group on the whole.

Improvements in energy-saving through visualization

JTEKT saves energy through productivity improvements such as higher yield rate. Valid examples of energy-saving improvement cases are rolled out to all JTEKT plants through conversion into a matrix and visualization so that the type and location of the plant where the improvement was made is clear.

In-house power generation activities

JTEKT has introduced in-house power generation focused on cogeneration in order to stabilize the supply and demand of power and provide an off-grid power source for emergencies. Our in-house power generation percentage (*) for FY2011 was 4.3% (overall power-generation: 23.3 million kWh). In FY2012 we plan to install a 3,000kW cogeneration system in our plants located in the west of Japan, where the concern for power shortages is particularly high.

*In-house power generation percentage In-house power generation/power usage (purchased power + in-house power generation)

Introduction performance

FY2001	Kagawa plant 3,535kW
FY2003	Okazaki plant 4,900kW (cogeneration)
FY2004	Tokushima plant 4,960kW

Introduction schedule

FY2012	Kokubu plant 3,000kW (cogeneration)
FY2013	Tokyo plant 1,000kW (cogeneration)

Reducing CO₂ emissions in logistics

Reaching total emission and per base unit targets

▶ Figure-03

FY2011 was a year shaken by severe natural disasters such as the Great East Japan Earthquake and the Thailand floods. JTEKT responded in some cases by operating on weekends to meet our customers' needs. Despite this, we still reached total and per base unit targets for CO₂ emissions by improving packing style and transportation on the whole. Moreover, we have succeeded in reducing emissions by around 16% since FY1990.

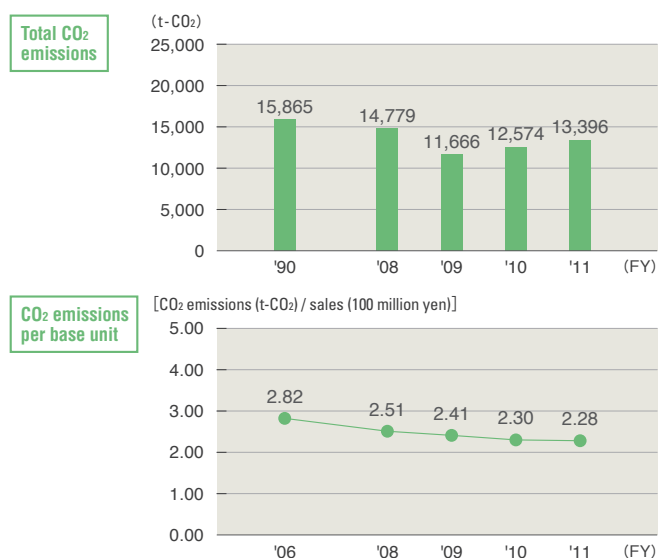
Main measures Improved capacity

In the transportation of products, we changed from packaging with cardboard cases to plastic cases, achieving both a shift to reusable material and reducing cushioning material. In addition to improving capacity, we shifted from road to rail transportation. By shortening the logistics route, we reduced the number of trucks used and cut annual CO₂ emissions by 55t.



▶ Figure-03

Transition of total and per base unit CO₂ emissions in logistics



Effective use of resources

Social background

The effective use of our planet's limited resources is essential to creating a recycling society. In order to achieve this, JTEKT is committed to minimizing waste, reusing parts, etc., and recycling.

JTEKT's 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 devising 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

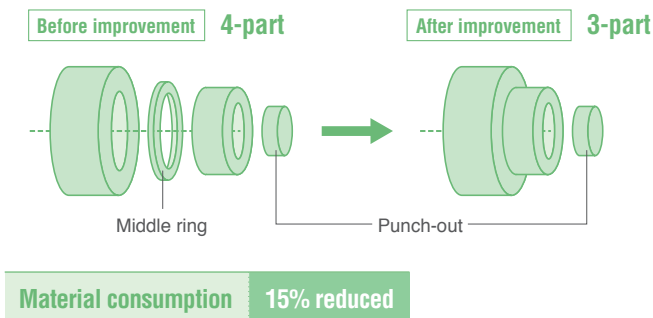
Reduction of primary material consumption

▶ Figure-01

JTEKT do our best to reduce material consumption through changing product design and techniques and reducing stock removal. In addition to efforts to reduce waste, 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.

Main measures Improving material yield rate through changed forging processes

In the hot forging of single ball bearings, operations were conventionally broken into 4 parts - the inner ring, outer ring, middle ring and punch-out, with the middle ring and punch-out being disposed of. However, by adding cold rolling which can enlarge the diameter, we have changed to a 3 part hot forging process and have succeeded in improving material yield rate.



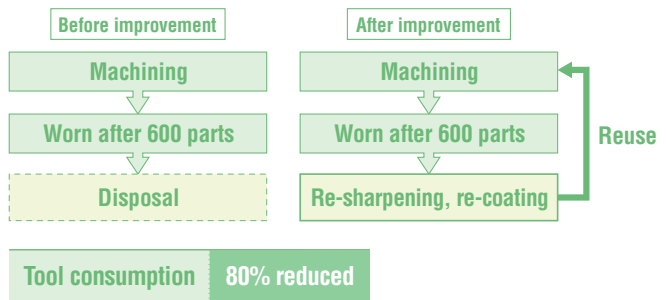
Reduction of secondary material consumption

▶ Figure-02

We succeeded in reducing consumption 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.

Main measures Reducing tool consumption through re-sharpening and re-coating machining drills

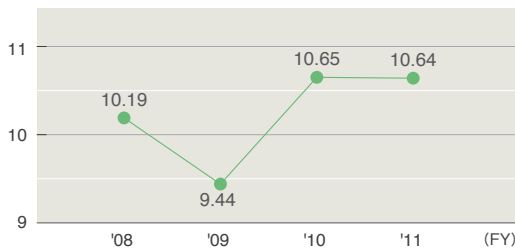
A 3.4 dia. drill is used to machine the centers of electric power steering. In the past we would dispose of the drills after they had machined 600 parts, however, by establishing technologies to re-sharpen and re-coat, in-house we were able to significantly reduce our tool consumption.



▶ Figure-01

Primary materials usage per base unit

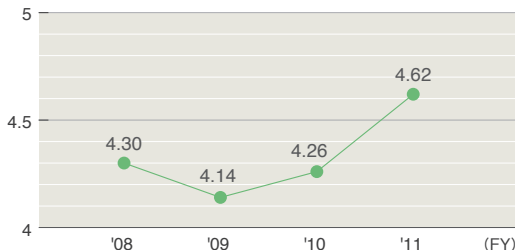
[Primary material usage amount (million yen) / plant production amount (100 million yen)]



▶ Figure-02

Secondary materials usage per base unit

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



*Past performance has been revised due to revision of appraisal area

Waste reduction

Aiming for overall emissions reduction ▶ Figure-03

In an effort to efficiently use resources and respond to the depletion in landfill sites, JTEKT has 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 all direct landfill waste and will also be able to recycle all incinerated waste from FY2012. We will continue efforts to reduce waste overall, including waste recycled for profit.

Main measures

Our casting operation uses sand molds. When we extract moldings, we disassemble the sand molds and reuse the sand internally to create new molds however some of the sand is recycled for use in cement material as industrial waste (tailings). In order to reduce the amount of tailings which account for around one-quarter of all JTEKT waste, from FY2011 we have sold part of our waste to a casting sand dealer who can reuse it as casting sand, reducing annual wastage to 700t.

Waste reduction 700t/year

My CSR

Masayuki Yamanaka
Production Headquarters
Environment Control Dept.

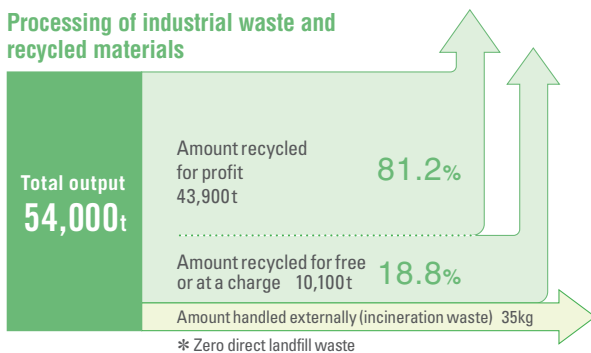
**Always keeping
“Waste not, Want not”
in mind**



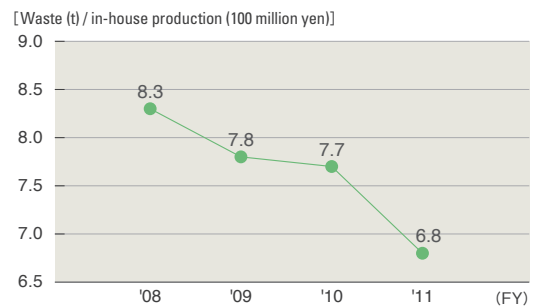
My main responsibility is engaging in waste reduction activities. Actions that value our planet’s limited resources are absolutely imperative to protecting the global environment. It is my job to use my knowledge to its fullest and think of ideas to repeatedly use what can be reused and treat what must be classed as waste as a resource. I go about my waste improvement duties constantly conscious of “Waste not, want not” and the fact that if materials are mixed, they become waste, if they are separated, they are resources.

▶ Figure-03

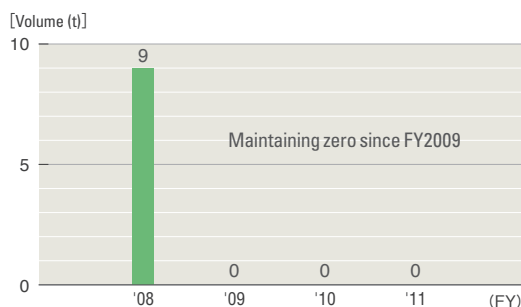
Processing of industrial waste and recycled materials



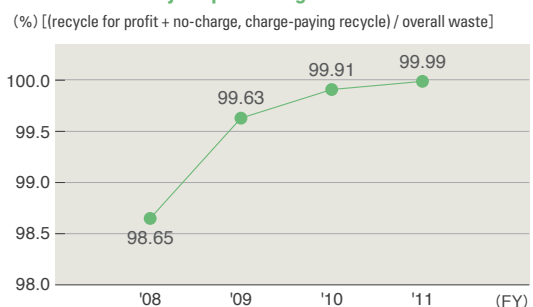
Yearly transition of waste base unit



Yearly transition of direct landfill waste output



Transition of recycle percentage



Effective use of resources

Reduction of packaging material

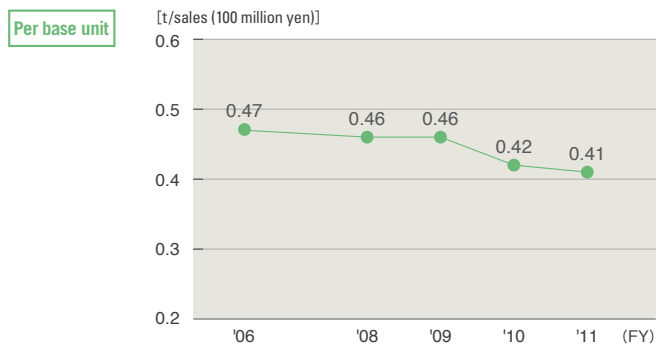
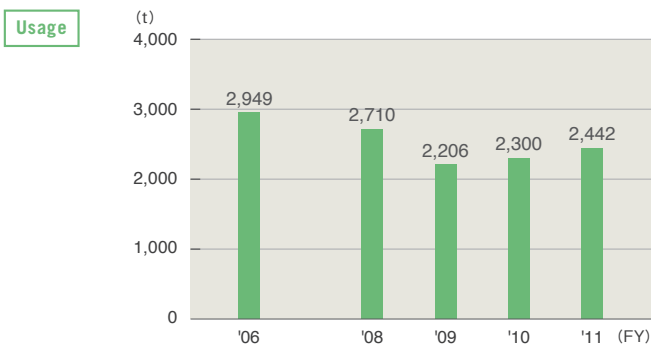
Reducing packaging and packing material

Figure-01

In order to effectively use resources, JTEKT has established targets for packaging and packing material individually for wood and paper, and promotes simpler and returnable packaging. In wooden packaging, we have increased our use of returnable pallets. In paper packaging, we are encouraging a shift from cardboard to returnable plastic containers through improved packing style.

Figure-01

Transition of wood packaging usage and per base unit



Transition of paper packaging usage and per base unit

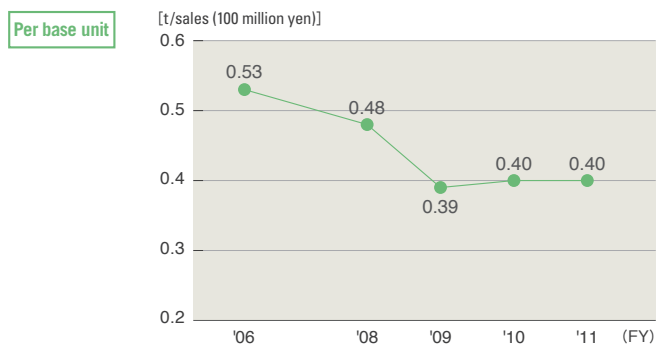
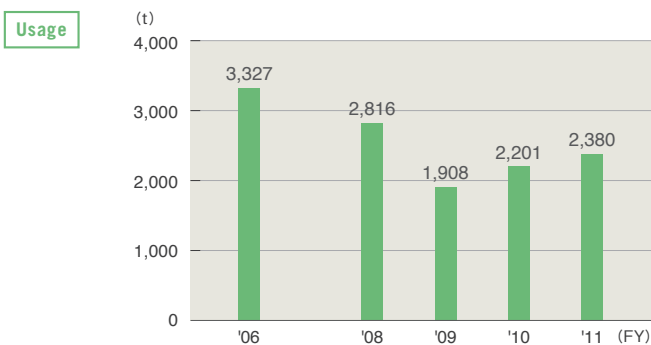
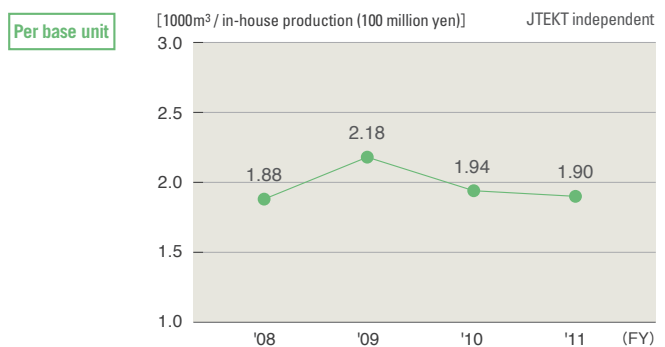
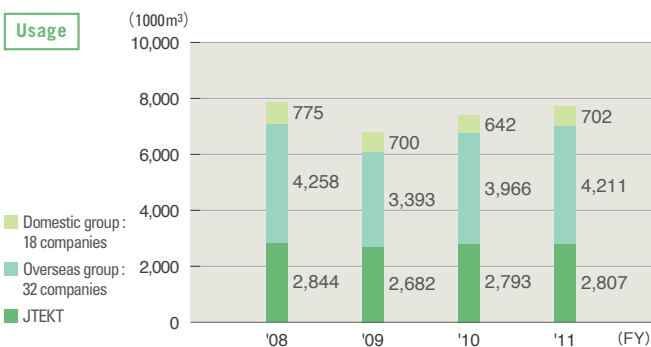


Figure-02

Yearly transition of overall and base unit water usage



* Past performance has been revised due to revision of water usage appraisal area

Control and reduction of environmentally burdensome substances

Social background

More and more action is being taken to reduce the usage and discharge of environmentally burdensome substances which can negatively impact the planet's environment and people's health. Society demands that corporations not only abide by various laws and regulations concerning environmentally burdensome substances but also take autonomous action.

JTEKT's 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 social commitments. 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 alleviate our impact on the environment as much as possible.

Control and reduction of chemical substances

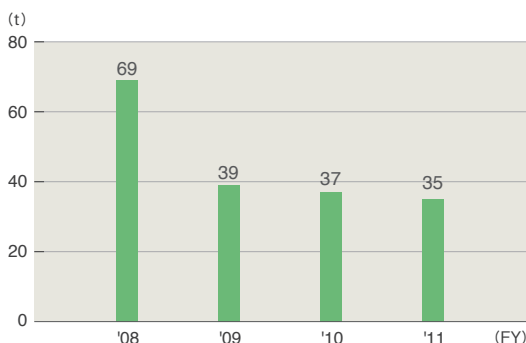
Reduction of substances subject to PRTR ▶ Figure-01

JTEKT is taking action to reduce the impact of chemical substances released into the environment from production activities on people's health and the environment. By promoting substitution to paint, grinding fluid, cleaning agent and so on that do not contain PRTR substances (low content) JTEKT is promoting reduction of the release and transfer of PRTR (*1) recognized substances.

***1 PRTR** 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.

▶ Figure-01

Yearly transition release and transfer breakdown of substances subject to PRTR



Response to chemical substance regulations

Response to the European REACH regulation

REACH (*2) is a European regulation relating to chemical substances issued in June of 2007. 27 new "Substances of Very High Concern" (SVHC) (*3) were added to REACH in 2011 making a total of 73 SVHC as of December, 2011. In February of 2012, for the first time, it became necessary to seek authorization for 8 additional products and components if they contained any of the identified SVHC substances, making 14 in total.

JTEKT appraises information on REACH regulation substances, rolls out this information within the company and 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.

Response to the Provisions on Environmental Administration of New Chemical Substances

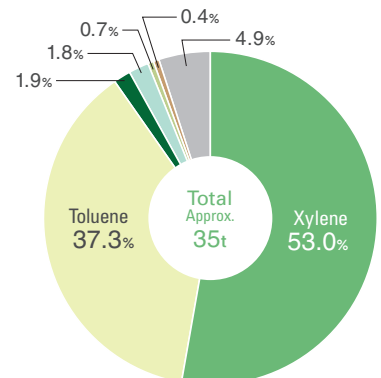
All secondary materials purchased in Japan and supplied to our JTEKT group companies located in China have been investigated in response to the revised Provisions on Environmental Administration of New Chemical Substances (*5) which came into effect in China in October of 2010. Procedures are underway to declare identified new chemical substances. JTEKT will continue action to respond to the chemical substance regulations of each country.

*5 Revised Provisions on Environmental Administration of New Chemical Substances

With the objective of controlling the environmental risk of new chemical substances, these provisions regulates those substances not listed in the "Inventory of Existing Chemical Substances" as new chemical substances and stipulates the control and tracing control system of these new chemical substances through a declaration system and categorization.

Release and transfer breakdown of substances subject to PRTR for FY2011

- 1,3,5-trimethylbenzene
- Manganese and its compounds
- Ethylbenzene
- Boron
- Others



Control and reduction of environmentally burdensome substances

Chemical substance control training

Amidst acceleration of a movement to regulate chemical substances for the entire lifecycle of products, action from the development and design stages to minimize environmental burden is becoming increasingly important.

That is why, in FY2011, JTEKT set up a technical course on chemical substance control aimed at all employees involved in design and development. 70 people including employees of our group companies participated in the first course. They learned about the type of action that is necessary during the development and design of products and the importance of Japanese and overseas chemical substance regulations. We plan to hold ongoing training sessions to deepen employees' understanding of chemical substance control.

Training text

技術講座 N02
JTEKT環境ビジョンと環境設計

ELV指令 環境負荷物質

許容濃度 '02 '03	物質名	備考
鉛(Pb)	0.1 wt%	鉛酸バッテリー、鉛酸バッテリー、鉛酸バッテリー
カドミウム(Cd)	0.01 wt%	鉛酸バッテリー、鉛酸バッテリー、鉛酸バッテリー
水銀(Hg)	0.1 wt%	鉛酸バッテリー、鉛酸バッテリー、鉛酸バッテリー
多環芳香族炭化水素(PAH)	0.1 wt%	鉛酸バッテリー、鉛酸バッテリー、鉛酸バッテリー

認可対象物質

認可の目的：
極めて懸念の高い物質が、経済的及び技術的に実現可能な場合、適切な代替物質又は代替技術によって、段階的に置き換えられることを確保する

認可の移行措置：
期限(Sunset date)の18ヶ月前までに申請すれば、判定が出るまで使用・上市可能(原則として使用禁止)

Proper storage and control of PCB 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 stores such devices and notifies government agencies in accordance with this Act. In addition, by April of FY2012 we rendered 100 high pressure condensers with highly concentrated PCB levels harmless through PCB treatment at JESCO (Japan Environmental Safety Corporation). We plan to perform this treatment on another 48 units in FY2012 and complete this on all 146 units we currently have in storage by 2014.



Status of PCB device treatment (Okazaki plant)

Soil and groundwater measures (continued report)

Since 1998, JTEKT's Kariya and Okazaki plants have implemented ongoing 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 (*1). In addition, since FY2004, the Okazaki plant have used a microbial purification system (*2) which injects nutritional supplement as part of their purification measures.

JTEKT report our groundwater measurement results to government agencies and provide local residents with explanations in community discussions.

→ P42 Related article

***1 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.

***2 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

(mg/ℓ)

Plants	Maximum measurement value in groundwater		
	FY2010	FY2011	Status
Kariya	0.378	0.382	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.

Biodiversity conservation

Social background

As more and more nature is destroyed, the diversity of living creatures which can survive on this planet is rapidly depleting. Corporate activities are possible thanks to the blessings of nature but at the same time impact greatly upon biodiversity. That is why it is important that corporations are proactively involved in biodiversity conservation activities.

JTEKT's concept

Protecting the planet's ecosystem

JTEKT believe conserving biodiversity to be a critical social issue supporting life and lifestyle. As such, based on the JTEKT Group Environmental Vision, we are making efforts to achieve harmony between our business activities and biodiversity through the actions of each and every employee.

Actions for Biodiversity Conservation

Under the Biodiversity Conservation Action Guideline

▶ Figure-01

In order to reduce the environmental burden created by our business activities and consider biodiversity, JTEKT established a Biodiversity Conservation Action Guideline in March of 2011 based on the 2015 Environmental Action Plan of the JTEKT Group Environmental Vision. In addition to promoting this action, we will investigate making quantifiable evaluations of biodiversity in the future. The guideline refers to the Ministry for the Environment's Guidelines for Private Sector Engagement in Biodiversity.

▶ Figure-01

Action Guideline

Item	Description
Relationship with business activities	Raw material procurement ● Liaise with business partners to protect biodiversity.
	Soil usage ● Through greenifying our plants, etc., we are engaging in activities to protect ecosystems which contribute to biodiversity.
	Production activities ● 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. ● We work hard to quantitatively appraise the impact had by our business activities on biodiversity.
	Product development ● Based on life-cycle assessment approach, JTEKT develop and design top-class environmentally friendly products and reduce impact on biodiversity.
Promotion of socially contributing activities benefiting biodiversity conservation	● Proactively participate in socially contributing activities through cooperation with councils and affiliated companies.
Training, awareness activities and information-sharing	● Raise employee awareness of biodiversity conservation through environmental training. ● Use the CSR report as a tool to communicate our activities towards biodiversity conservation with our stakeholders and communities.

Major activities in FY2011

Participation in the Tokushima Cooperation Forest Development Project

In August of 2011, JTEKT entered a partnership with Tokushima prefecture in relation to their Tokushima Cooperation Forest Development Project. This project is modeled after the carbon offset scheme whereby corporations and general households compensation for the CO₂ that they can't reduce themselves through forestation management such as thinning and tree planting. In May of 2012, 9 JTEKT employees from our Tokushima plant were involved in forestation activities, helping through such tasks as thinking 1.5ha of forest and so on.



Agreement Signing Ceremony (August, 2011)



Thinning work

Revision to the Green Purchasing Guidelines

In 2011, we added the Biodiversity Conservation Action Guideline to our Green Purchasing Guidelines and we are promoting action in liaison with our suppliers. In January of 2012, JTEKT introduced the 2015 Environmental Action Plan in a JTEKT Supplier Association Workshop attended by 212 business partners and rolled out the revised guidelines.



Green Purchasing Guidelines (Edition 2)

→ P34 Related article

Financial data

[Summary of Operational Performance for the Past 5 Years]

		FY2007	FY2008	FY2009	FY2010	FY2011
Sales	(mill yen)	1,157,594	1,017,071	769,682	955,470	1,052,671
Operating income	(mill yen)	77,650	22,370	425	39,924	35,657
Ordinary profit/loss	(mill yen)	72,896	11,109	△252	40,263	38,649
Current term net profit or loss	(mill yen)	43,446	△11,954	△19,413	20,052	13,303
Net assets	(mill yen)	393,098	323,624	315,159	336,086	342,340
Total assets	(mill yen)	974,819	813,461	847,005	842,220	959,674
Equipment investment	(mill yen)	58,912	51,104	25,248	30,850	65,864
Depreciation	(mill yen)	51,090	55,824	50,010	48,646	46,740
Net asset per share	(yen)	1,168.42	951.66	924.27	931.09	948.40
Current term net profit/loss per share	(yen)	135.58	△37.22	△60.45	59.39	38.91
Rate of self-owned	(%)	38.5	37.6	35.0	37.8	33.8
Self-owned current term net margin (ROE)	(%)	12.0	—	—	6.5	4.1
Cash flow through sales	(mill yen)	84,762	33,908	63,255	60,320	48,878
Cash flow through investment	(mill yen)	△63,241	△58,977	△57,715	△31,147	△56,212
Cash flow through financial activities	(mill yen)	△13,063	27,146	15,365	△14,812	39,520
Cash and cash equivalent term-end balance	(mill yen)	83,562	75,074	99,338	113,513	146,625
Capital	(mill yen)	36,854	36,879	36,879	45,591	45,591
Total of issued shares	(thou shares)	321,370	321,406	321,406	342,186	342,186
Dividend per share	(yen)	24.00	17.00	11.00	16.00	16.00

No. of employees	Consolidated	32,542	33,029	35,465	36,775	39,834
	Nonconsolidated	10,023	10,091	10,105	9,906	10,385
No. of consolidated subsidiaries		93	97	117	135	140
	Domestic	31	31	33	41	42
	Overseas	62	66	84	94	98
No. of equity method affiliates		11	11	12	20	20
	Domestic	2	2	3	6	5
	Overseas	9	9	9	14	15

[Consolidated financial statement]

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

Consolidated balance sheet

(As of March 31st, 2012)

Item		Amount	
Assets	Floating assets	564,277	
	Cash and savings	55,659	
	Notes and accounts receivable	210,771	
	Securities	93,034	
	Inventory	154,575	
	Other	51,095	
	Allowance for bad debt	△859	
	Fixed assets	395,396	
	Tangible fixed assets	308,290	
	Machinery & freighting devices	135,768	
Other	172,521		
Intangible fixed assets	7,784		
Investment & other assets	79,322		
Total assets		959,674	
Liabilities	Floating liabilities	406,333	
	Notes and accounts receivable	208,473	
	Short-term loans	87,315	
	Other	110,543	
	Fixed liabilities	211,000	
	Bonds	40,000	
	Long-term loans	102,390	
	Other	68,609	
	Total liabilities		617,333
	Net assets	Common equity	354,247
Capital		45,591	
Capital surplus		108,237	
Earned surplus		200,802	
Own shares		△383	
Accumulated total of other comprehensive income		△29,991	
Valuation difference on available-for-sale securities		10,968	
Foreign currency translation adjustment total		△40,960	
Minority equity		18,084	
Net asset total		342,340	
Liabilities & net asset total		959,674	

(Millions of yen)

Consolidated income statement

(from April 1st, 2011 to March 31st, 2012)

Item	Amount
Sales	1,052,671
Sales cost	903,462
Gross margin on sales	149,208
SGA	113,550
Operating income	35,657
Non-operating income	10,403
Non-operating expenditure	7,411
Ordinary profit & loss	38,649
Extraordinary profit	591
Extraordinary loss	7,711
Income before income taxes and others	31,529
Corporate income tax, etc.	16,334
Current net earnings prior to minority equity loss adjustment	15,195
Minority interest	1,892
Current net earnings	13,303

(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, 2012)

Item		Amount
Assets	Floating assets	348,127
	Fixed assets	392,071
	Tangible fixed assets	138,160
	Intangible fixed assets	1,828
	Investment & other assets	252,082
Total assets		740,199
Liabilities	Floating liabilities	291,158
	Fixed liabilities	154,449
Total liabilities		445,607
Net assets	Common equity	284,306
	Capital	45,591
	Capital surplus	108,230
	Earned surplus	130,829
	Own shares	△345
	Valuation/conversion difference	10,285
	Valuation difference on available-for-sale securities	10,285
Net asset total		294,591
Liabilities & net asset total		740,199

(Millions of yen)

Income statement

(from April 1st, 2011 to March 31st, 2012)

Item	Amount
Sales	588,774
Sales cost	536,239
Gross margin on sales	52,534
SGA	47,514
Operating income	5,020
Non-operating income	15,735
Non-operating expenditure	4,117
Ordinary profit & loss	16,637
Extraordinary profit	1,247
Extraordinary loss	4,035
Current net earnings prior to tax deduction	13,849
Minority interest	4,686
Current net earnings	9,163

(Millions of yen)

I believe that important elements to developing CSR activities are “Dialogue – Engagement”, “Spreading – Social Responsibility Sharing”, and “Understanding Social Trends – Creating Social Value”. In this report, JTEKT clearly state that “Dialogue is the basis”, raise “Spreading of CSR internally” as a keyword in the PICK UP section and feature “Social Background” at the beginning of each social and environmental report. In this way, JTEKT is opening the door to the important elements of CSR activities, and sending out a strong message that they are heading towards a new stage. This is what makes readers sense that the JTEKT VISION 2015 will be realized.

In preparing the CSR report, JTEKT proactively responded to the issues I laid out for them in our exchange of opinion, and they are constantly improving the quality of the report year after year, making it easier to comprehend, being more specific, using quantitative expressions and expanding the range of disclosed items. This report is divided into two halves. The first half covers the materiality expressed in GRI guidelines as 5 keywords, giving them stronger appeal. Moreover, as I mentioned at the outset, JTEKT emphasize “Social Background” and divide the section up into “Concept” and “Major Activities” making it extremely easy to understand. If they were to also add a section on “Issues – Future Response” at the end of the section, I believe the report would better fulfill JTEKT’s responsibility of explaining their activities and lead to concrete improvements. New items of disclosure in this year’s report include total work hours, work outside of regular hours, percentage of paid leave consumption, number of women in management-track positions, number of managers and percentage of employees who took childcare leave. I would like to see JTEKT continue to disclose more information through guidelines and benchmarks.

JTEKT’s coverage of mental health issues in previous CSR reports has set an example for other companies to follow, however I hold this year’s inclusion of mental health for fixed-term employees in particularly high regard as it exceeds the boundaries of occupational type. I firmly believe that the disclosure of various types of quantitative information will give way to new measures and activities, and improve problematic situations. I have expectations for JTEKT’s ongoing disclosure.

An important part of this report was the mention of price cartels. Since the Anti-Monopoly Act was revised in 2006, there has been a series of cartel and bid-rigging problems, resulting in a major social issue. I believe the head of companies who have violated laws must make a statement and give details surrounding the matter, clearly stating cause and reoccurrence

prevention methods. In most cases, however, this is not done.

In JTEKT’s CSR report, the president gives a statement and provides JTEKT’s new framework for compliance reinforcement, which I believe is worthy of mention. However, according to newspaper reports, the amount of money involved in this case was the greatest ever. The Japan Fair Trade Commission filed a criminal complaint and the prosecutor’s office pressed charges (JTEKT was exempted from prosecution through the leniency policy). Considering the circumstances, it is likely that there will be ongoing investigation and restrictions on JTEKT due to court cases, etc., so I would have liked to have seen more details disclosed. In light of the fact that laws are becoming increasingly stringent towards price cartels in Japan and overseas, I believe it is necessary to set up countermeasures independent of regular compliance. Either way, I would like to see this issue disclosed from various perspectives in the future.

I hope to see the below two items incorporated in CSR activities and the CSR report next fiscal year. First, JTEKT’s own CSR verification and reporting in accordance with ISO26000. JTEKT has already referred to this standard when they revised their CSR self-improvement tool however, there is no verification reporting on CSR as a whole. I ask that JTEKT verify, expose any areas yet to be addressed, prioritize and take action. Secondly, I would like to see JTEKT report about CSR in practice from the perspective of establishing management suitable to the local community in line with the 4th company image of providing “Management that Translates to the World”. I call this perspective “Glocal CSR” and many corporations are putting this into practice in a range of domains. I believe these two items are essential perspectives and actions to becoming a truly global corporation.

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 350 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. Learning about true CSR and getting advice in CSR workshops. (<http://www.nord-ise.com/junkan/>)

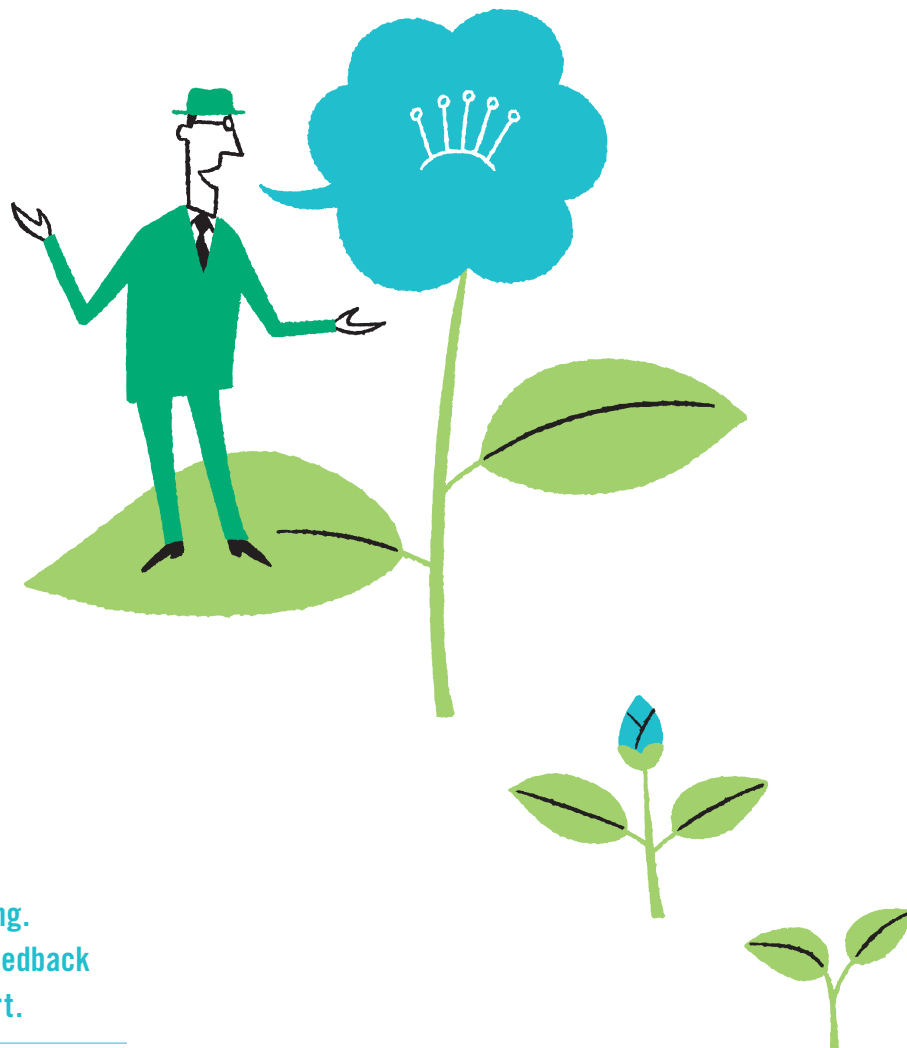
Response to the third-party opinion

Corporate Planning Dept.

We would like to extend our sincere thanks to Mr. Yamaguchi for providing us with his valuable opinion at the kick-off meeting when creation of this report began, the intermediate conferral and upon completion of the report. For JTEKT, FY2012 was a year where we challenged ourselves to further achievement and accelerated global business development. The promotion of ISO26000 priority issues and acceleration of glocalization response are issues which we must address to become a truly global corporation. As a manufacturing company, while continuing activities firmly rooted in the community, we will contribute to creating jobs and other activities to vitalize the community, while developing into a truly global corporation. We will do our best to report these achievements to all of our stakeholders.

Mr. Yamaguchi said that he would have liked to have seen more details disclosed regarding the investigation our group is under from the concerned authorities however, at this point, the investigations are ongoing so we were only able to provide limited information in the report this time. We have full intentions of disclosing timely and appropriate information as the investigation progresses.

Regarding editing of the report, in the name of accountability, we have enhanced the amount of information we disclose and made the report easier for the general public to read by rearranging the layout, etc. Our goal is for our company’s activities to be understood by our stakeholders and to remain a company trusted and appreciated by all.



Dear Readers

**Thank you for reading.
We welcome your feedback
regarding this report.**

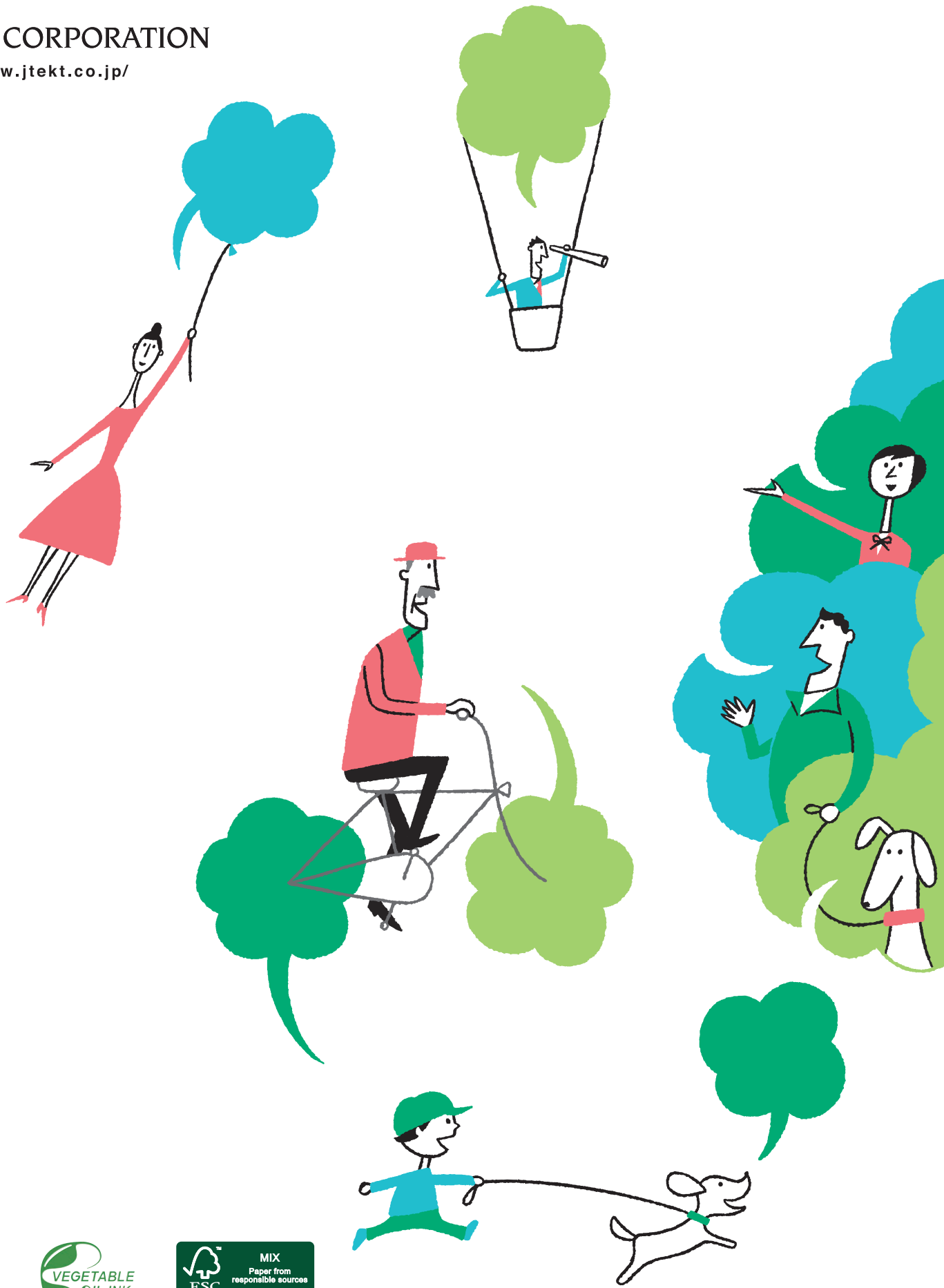
This will be the fifth year since we have received feedback from our readers in the form of a questionnaire. The layout of this year's report reflects feedback from previous years and is divided into two parts, making the report easier to read. JTEKT will continue to evolve the CSR with reference to our reader's valuable feedback. We look forward to hearing your honest opinion.

CSR Report 2012

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

➡ <http://www.jtekt.co.jp/>



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