

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).

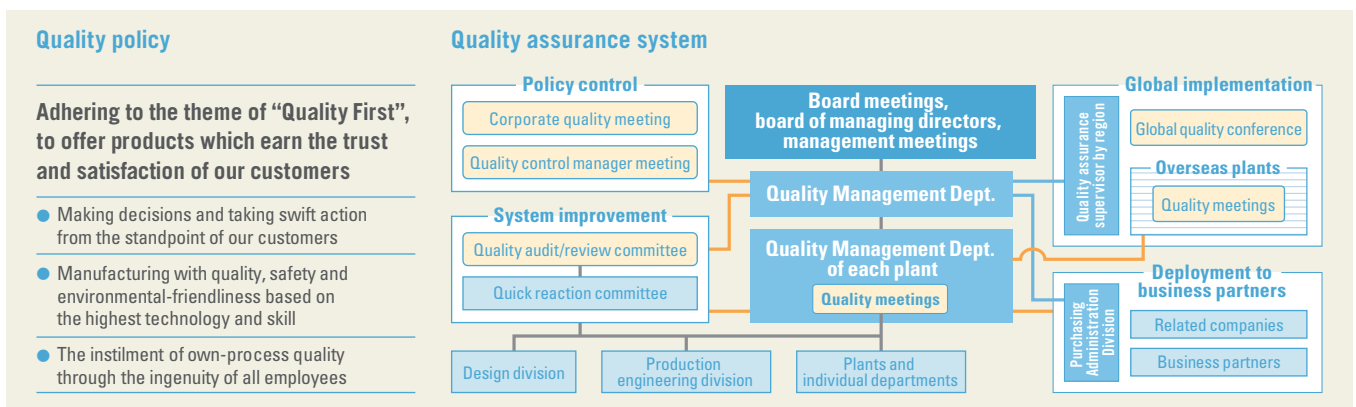
*2 TQM=Total Quality Management

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.

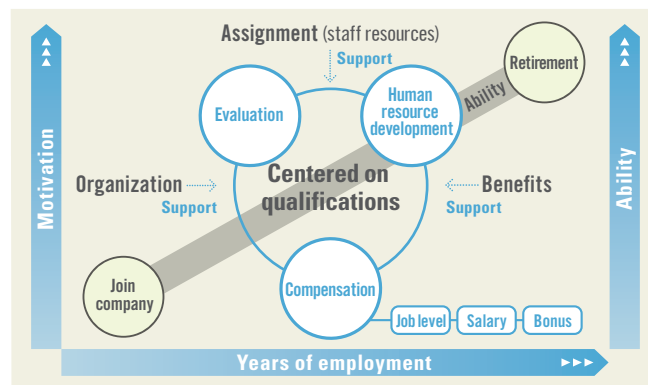
Direction of human resource development

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".

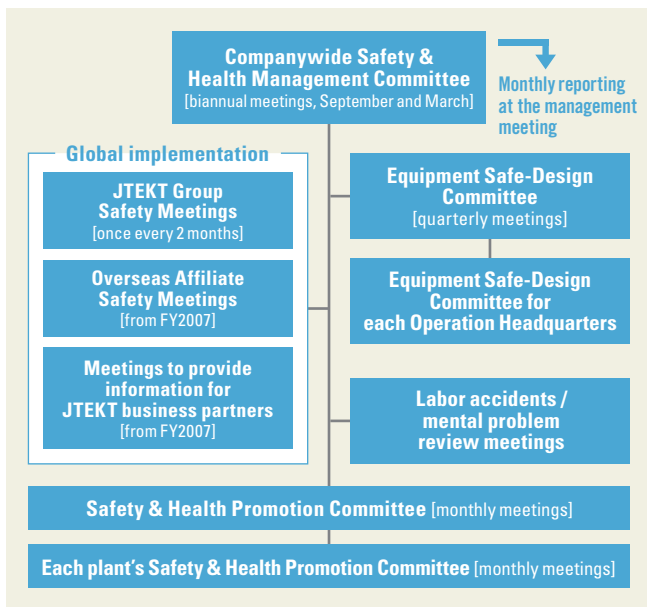
Together with employees

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.

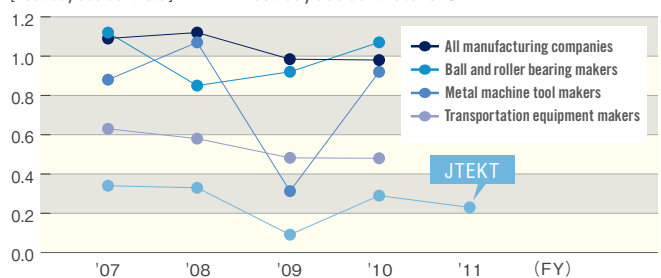
→ P18 Related article

*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.

● 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.

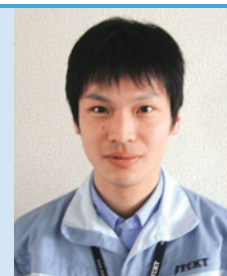
*7 **Basic KYT 4R training** KYT stands for Kiken (hazard), Yochi (prediction), and Training. 4R means "4 rounds." This is hazard-prediction training through 4 phases.

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.

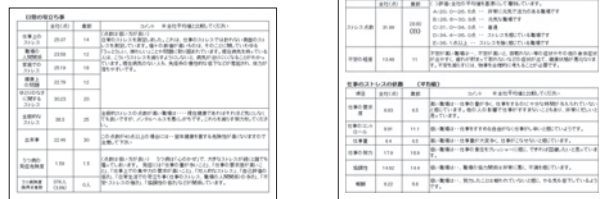
Stress levels per department: Survey results

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

Main consultation content

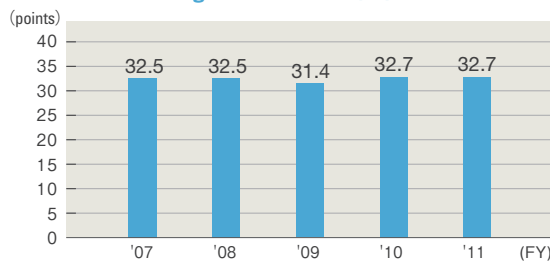
- Dealing with junior staff who exhibit unusual behavior
- Dealing to cases of reoccurrence
- Dealing to employees who have returned to work after mental illnesses
- Workplace moral harassment, etc

Stress survey results report

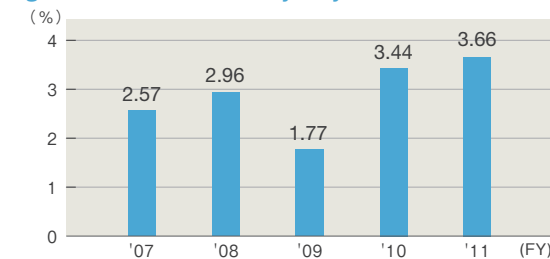


▶ Figure-01

Transition of average stress levels (*1)

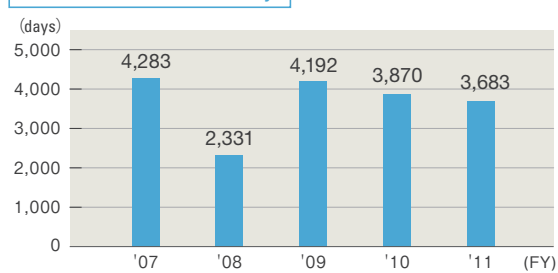


High-stress individual ratio yearly transition (*2)

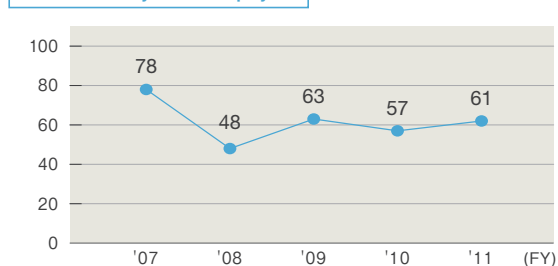


Number of work absences due to mental disorders

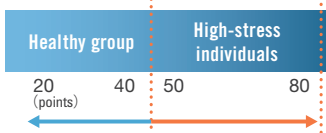
New number of missed work days



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.

Together with employees

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

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

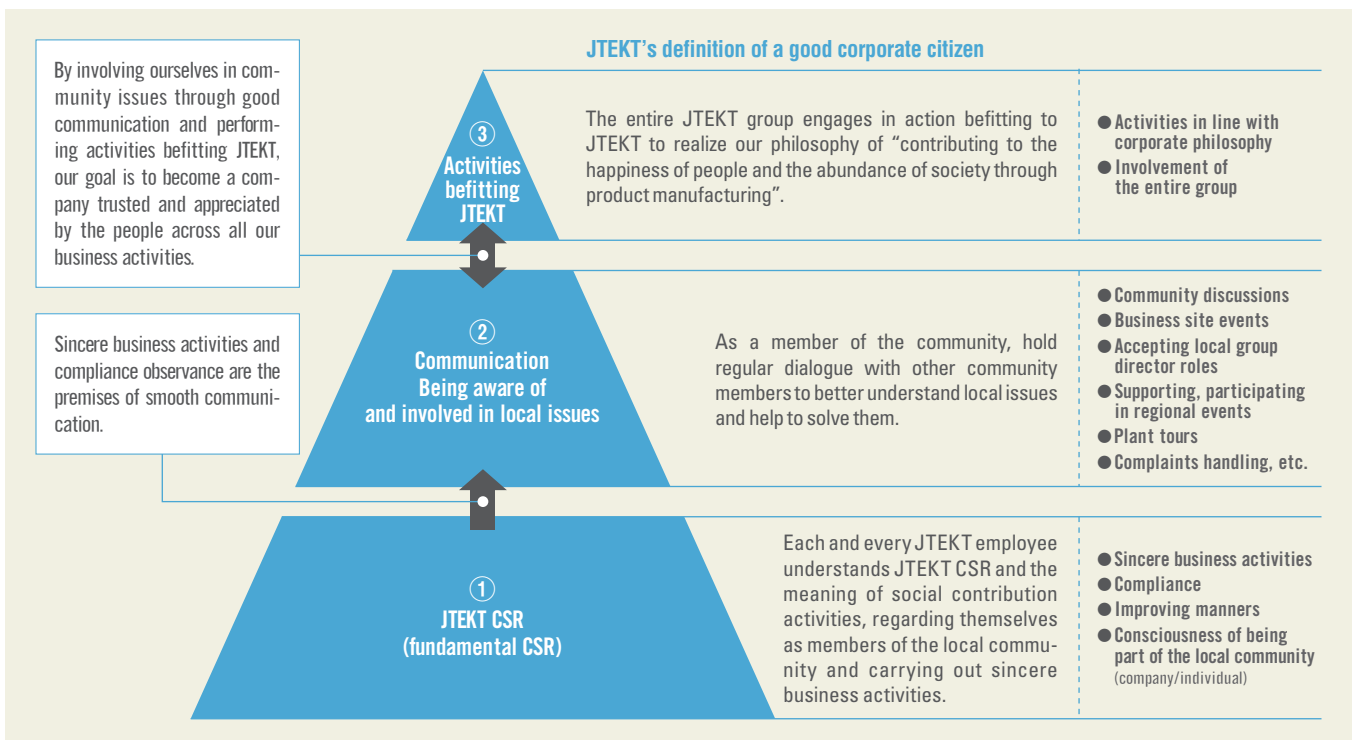
In JTEKT’s Corporate Activities Standards we state that as a good corporate citizen, we will aggressively pursue activities that contribute to society. Based on this policy, we promote various activities with the objective of growing as a company while being trusted and appreciated by local communities. 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.

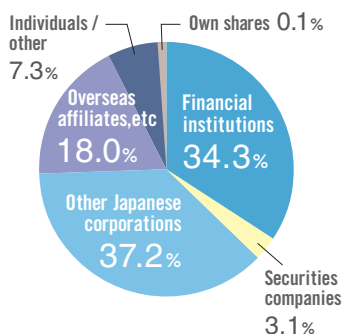
Main IR activities

- 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)

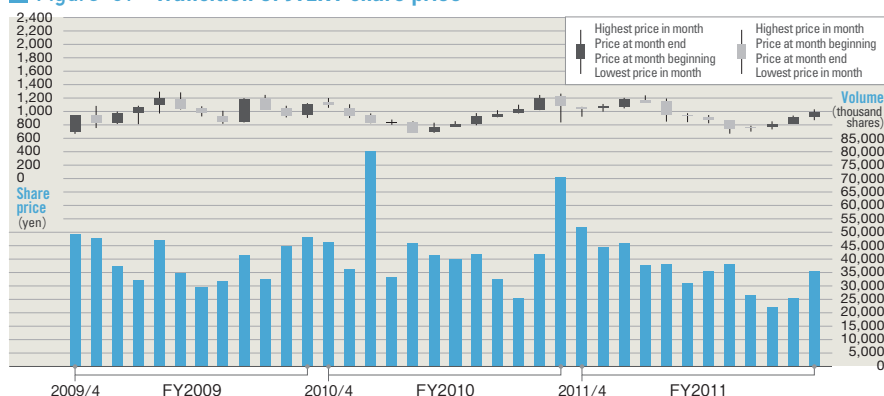
Business performance and return of profits

▶ Figure-01

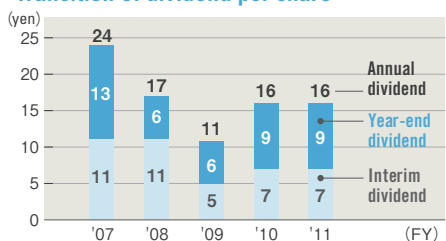
Our consolidated sales for FY2011 were 1 trillion 52.6 billion yen, 10.2% higher than the previous year. Our consolidated operating profit was 35.6 billion yen (39.9 billion yen for the previous year), while our combined ordinary income was 38.6 billion yen and combined current net earnings were 13.3 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	