

# Social Report

- This report aims to inform our stakeholders in straightforward language of JTEKT's concept and activities surrounding CSR.
- In FY2013, we have made major changes to the format of the report to make it easier to comprehend, dividing it into a Pick-Up section (leaflet) and a full online report combining both the Pick-Up and a Details & Data section.
- The Details & Data section emphasizes objectiveness, completeness and continuity.
- In this "Social Report" section, we have summarized the overall activities for FY2012 by stakeholder. It is configured in a consistent format since the CSR Report 2008 to make it easy to read continuously.

## Target period and target organizations/scope

### Target period

FY2012 (April 2012 - March 2013)

\* Some items include content from other periods.

### Target organizations and scope

All JTEKT Corporation activities

Management of the JTEKT group is carried out on a group-wide basis, including elements such as environmental data measurement and control based on a uniform standard. Some items also show the performance of our domestic affiliated companies and overseas local affiliates. As a general rule, if there are changes in the tallying scope, we revise data dating back to the past.

## Reference guidelines

- ◎ GRI (Global Reporting Initiative)  
"Sustainability Reporting Guidelines 2011 (3.1 edition)"
- ◎ Japan's Ministry of the Environment  
"Environmental Reporting Guidelines (2012 edition)"
- ◎ ISO26000 (International Standard for corporate responsibility)

**New!** This mark is used to indicate new action begun in FY2012 and information disclosed for the first time in this year's report.

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# Together with customers

## Social background

Awareness of consumer's rights is rising on a global scale, represented by moves such as the ISO26000 positioning consumer issues as one of its central themes, etc. Since the establishment of the Consumer Affairs Agency in Japan in 2009, consumer's rights are also being respected on an administrative level. Thorough quality control is being demanded of manufacturers and system suppliers in order to provide safe and secure products.

## JTEKT's concept

### Considering the entire society as customers

In order to provide customers with the highest quality products, JTEKT naturally search for value as a supplier but at the same time aim to be considered as having value as a partner that can be relied upon.

Moreover, JTEKT's products are used in various industries, such as automotive, railway, steel, aviation and space and are deeply and widely involved with society 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.

[→ \[Pick-Up\] P20 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.

**Quality policy** Adhering to the theme of "Quality First", we offer products which earn the trust and satisfaction of our customers

- Making decisions and taking swift action from the standpoint of our customers
- The instilment of own-process quality through the ingenuity of all employees

### TOPICS

## Awarded the Silver Prize in the Nationwide QC Circle Contest

On November 13th, 2012, the 42nd Nationwide QC Circle Contest was held at Tokyo Big Sight with 17 circles selected from around Japan.



Yukikazu Yasuda (left) and Hidekazu Kubota (right) receiving their award. The assistant is Shigeyuki Kawaguchi.

From JTEKT, Nara plant's "Ring Circle" participated and was awarded the Silver Prize. Under the keywords of "Wa" (meaning "peace", "discussion" and "circle"), Ring Circle was highly regarded as an excellent example of achieving growth for both the leader and members.

## Together with customers

### Major activities in FY2012

#### 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 is the abbreviation for 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 (Total Quality Management) 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).

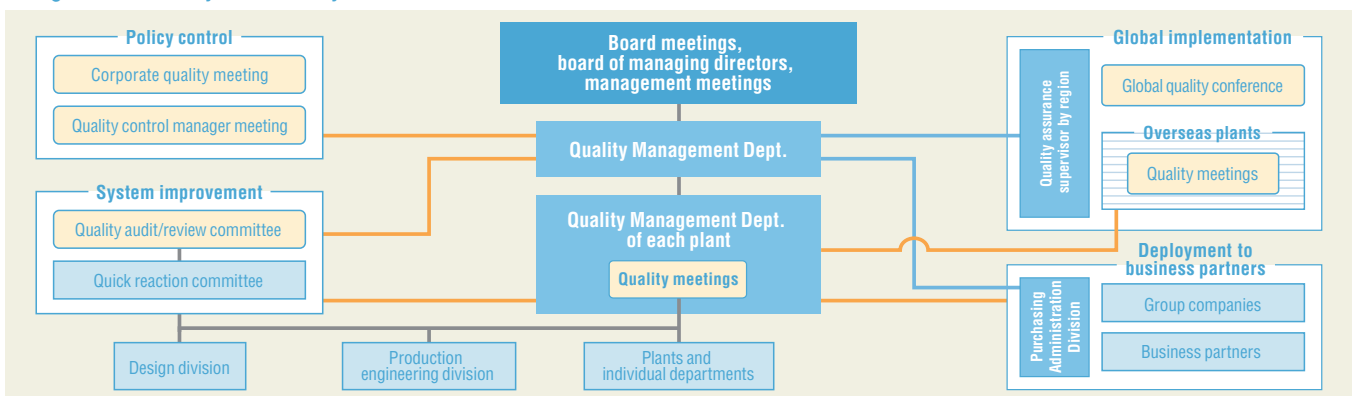
#### Held a SQC (\*2) Improvement Case Study Companywide Presentation ★

In R&D, design, production activities and so on, JTEKT proactively incorporate the SQC method to be able to make scientific judgments based on data and consider the variation of material, parts and properties.

In FY2012, in order to share case studies which utilized SQC throughout the company, a SQC Improvement Case Study Companywide Presentation which around 350 people came and listened to.

\*2 SQC is the abbreviation for Statistical Quality Control.

▶ Figure-01 Quality assurance system



The Delivery Management Office consists of an export group which performs processing of imports and exports, and a task group which mainly handles lead-time management of completed bearings for overseas customers. Under their motto of “Safe and Secure Exporting & Importing” the export group engages in improving the accuracy of processing and compliance. The task group, under their motto of “Customer First”, exert efforts to improve customer satisfaction level.

#### Conducting a customer satisfaction survey

As in previous years, in FY2012 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.

#### Opening of a test course ★

In October of 2012, a test course, the “Iga Proving Ground” was opened in Iga city, Mie prefecture. By evaluating and analyzing actual vehicle driving performance we are contributing to the better efficiency of our customers production tasks and shortening of the development period. [→ \[Pick-Up\] P12-13 Related article](#)

#### Awarded from customer companies

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

#### Major awards in FY2012

Customer name	Award	Awarded company
Aichi Machine Industry Co., Ltd.	Award of Excellence for Quality	JTEKT Corporation
General Motors Japan	Supplier Quality Excellence Award	JTEKT Corporation

# 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, work environment, law and regulation observation, and BCP (\*1).

**\*1 BCP**

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.

## 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.

**Coexistence and co-prosperity**

Achieve harmonious relationships with business partners based on mutual trust.

**Long-term, stable business relationships**

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

**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.

### 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 CO<sub>2</sub> emissions, etc.
- Promote action to conserve biodiversity

## Major activities in FY2012

### Purchasing Policy Briefing

On April 19th, 2013, the Purchasing Policy Briefing was held at the Teikoku Hotel in Osaka, attended by 328 companies and 366 people. As FY2013's purchasing policy, JTEKT requested the strengthening of CSR and thorough safety, which are major assumptions of doing business. At the same time, we explained our major implemented items for the fiscal year. We also awarded our business partners who had demonstrated outstanding performance in regards to quality, technology and cost price improvement for the year overall.

### Major Implemented Items for FY2013

- Reconstruction of a framework to guarantee sound quality
- Strengthening of international cost competitiveness
- Promotion of global optimal purchasing

### Quality Management Convention

The Quality Management Convention was held on November 14th, 2012 at Osaka Matsushita IMP Hall, and was participated in by around 360 people from all 212 member companies of the JTEKT Supplier Association (\*2). 6 companies presented improvement case studies and Kokubu plant's QC circle also gave a presentation. In addition, there was a lecture relating to QC circle and talk from Nakazato Seisakusho's CEO, Mr. Nakazato.

\*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.

## Together with business partners

### JTEKT Supplier Association Workshop

The JTEKT Supplier Association Workshop was held at the Kariya Industrial Development Center on January 30th, 2013, and was attended by many people from the JTEKT Supplier Association. Training was implemented based on the three themes of labor compliance, workplace mental health measures and CSR action.

### Issuance of CSR Activity Item Guidelines **New!**

In order to share the gist of JTEKT's CSR policy, we issued CSR Activity Item Guidelines to our business partners in October, 2012. These guidelines clarify items relating to management, sociality and environment that we would like our business partners to observe.

→ [\[Pick-Up\] P14-15 Related article](#)

Masahiko Nakagami

Training & System Group  
Global Purchasing Planning Office  
Purchasing Planning Dept.  
Purchasing Administration Headquarters



**Cooperating to promote  
local industry through a fair**

In December of 2012, JTEKT tied up with Mie prefecture and held a Technology Fair. 20 companies from Mie exhibited and employees from the JTEKT group attended. More than 250 people attended over the 2-day event, and there was lively opinion exchange. We will continue to cooperate with promoting local industry through introducing companies with unique characteristics.

# Together with employees

## Personnel-related actions

### Social background

Human rights were raised as one of the core themes of ISO26000 issued in 2010. Also, in the 2011 revision of the OECD Guidelines for Multinational Enterprises, a chapter relating to human rights was newly established. As can be seen by the increasing number of international guidelines relating to human rights which are being established and revised recently, there are strong demands for companies to conduct business activities which place importance on 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. We promote the creation of a workplace in which all of our employees find it easy to work, considering various aspects such as human development, respect for diversity and safety and hygiene. JTEKT believe that, as we expand globally, it will become even more important to deepen understanding towards human rights and share this with group companies both domestically and overseas.

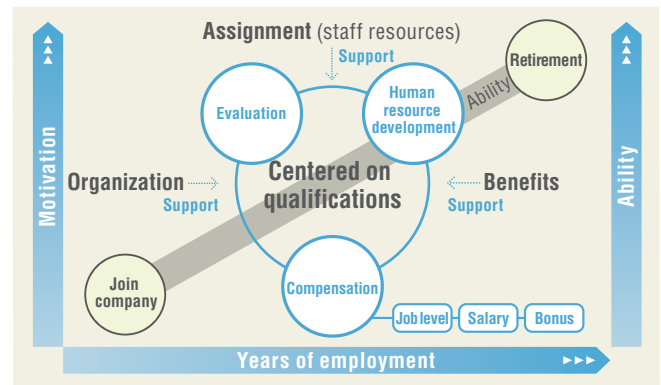
#### Direction of human resource development

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 FY2012

#### 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 FY2012)

- 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 for gold in a national competition

**Hiroki Watanabe**  
 Technical Training Center  
 Personnel and General Administration Division

At JTEKT Technical Training Center (\*1), as an instructor for the National Skills Competition [Mechatronics] job category (\*2), Watanabe uses his experience as a player to develop the junior members. At the 2012 National Skills Competition (\*3), JTEKT obtained the silver prize. We will further improve our level and aim for gold next time. The development of technical specialists will contribute to the development of JTEKT on the whole.

**\*1 JTEKT Technical Training Center** The JTEKT Technical Training Center is set up within JTEKT to focus on developing outstanding technical human resources.

**\*2 [Mechatronics] job category** Participants form pairs and design, assemble, adjust, program and service devices. This category is a competition focusing on work speed and accuracy which aims to develop the top mechatronics technician in the world.

**\*3 National Skills Competition** A competition where young technicians (23 years and younger) compete for the top skill level in Japan. The year before the World Skills Competition, a participant screening session is held.





## 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 acquisition 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 (\*) 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.

\* 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	57
	R3 training for new managers	CSR, policy management, daily task control	109
Office & engineering staff	R4 training for new office & engineering staff	CSR, leadership, planned fulfillment of tasks	118
	R5 training for office & engineering staff	Business communication skills	219
	R6 training for office & engineering staff	Problem solution methods and concepts	176
	Training for mid-career new employees	CSR, JTEKT employee basic knowledge and mindset	142
	Training for office & engineering new employees	CSR, JTEKT employee basic knowledge and mindset	124
Production staff	Training for new Chief Leaders	CSR, Management basics and planned fulfillment of tasks	57
	Training for new Group Leaders	Problem solutions based on QC concept	110
	Training for new production employees	CSR, JTEKT employee basic knowledge and mindset	178

### 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
- Assisting female employees' career development
- Employing handicapped persons
- Changing fixed-term employees to permanent employees
- Providing assistance for those engaged in child-care or nursing-care
- Reduction of work outside regular hours and encouragement of paid leave usage
- Providing post-retirement employment opportunities
- Various education concerning human rights, etc.

#### Labor condition transition

\* Average per each workers union member

	2008	2009	2010	2011	2012
Total work hours (hours)	2,015.3	1,934.8	2,170.6	2,077.2	2,074.7
Work outside of regular hours (hours)	278.0	220.9	306.1	321.8	316.0
Percentage of paid leave consumption (%)	60.2	55.0	58.6	62.1	63.2

\* In CSR Report 2012, the total work hours for FY2011 was given as [2,064.7] however there was a mistake in the tallying and this should have been [2,077.2].

### Maintain employment

In FY2012 also, JTEKT exerted an effort to maintain employment through taking various measures such as reassignment. JTEKT observed compliance by adjusting the employment of fixed-term workers making 167 fixed-term workers permanent employees in FY2012.

#### Transition from fixed term workers to permanent employees

	2010	2011	2012
Number of transitions made (people)	50	205	167

#### Composition of employees as at end of March, 2013

	Male	Female	Total
Permanent employees	9,804	740	10,544
Fixed-term employees (*1)	3,148	540	3,688
<b>Total</b>	<b>12,952</b>	<b>1,280</b>	<b>14,232</b>
	Male	Female	Average
Years of employment	15.8	12.2	15.5
Job turnover rate (*2)	0.5%		

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

\* 2 Voluntary early retirement rate

## Together with employees

### 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

	2008	2009	2010	2011	2012
Total no. of women hired for management-track positions	7	8	8	16	11
Total no. of employees hired for management-track positions	(132)	(163)	(75)	(135)	(118)
No. of women managers	5	6	8	11	12
Total no. of managers	(1,378)	(1,384)	(1,386)	(1,446)	(1,491)
No. of women assistant managers	16	18	20	20	21
Total no. of assistant managers	(1,238)	(1,226)	(1,204)	(1,240)	(1,183)

#### 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 is 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 (\*)

	2008	2009	2010	2011	2012
Number of employees who took childcare leave	28	21	26	19	25
Percentage of employees who took childcare leave (%)	97	88	93	89	100

\* 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 2013, 743 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 FY2012

Number of those who are applicable	179
Number of applications [a]	147
Number of reemployed [b]	JTEKT 138
	Group companies 9
Rate of employment [b/a]	100%

#### Continuation of the "Iki-iki 60 Committee"

In FY2011 an "Iki-iki 60 Committee" was formed for employees and management to jointly investigate various measures enabling employees 60 years and above to work positively and with vigor. In FY2012, the system was revised in response to law reforms and improvements, etc., were made.

#### Expansion of life career plan training scope

Previously, life career plan training was only held for those employees who had turned 55 however from FY2012, the scope was increased to cover those who were turning 50. We provide an opportunity for employees to think about their career and life design after retirement.

#### Life career plan training participants (FY2012)

50 year old participants	102
55 year old participants	164
Total	266

### 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. On April 1st, 2013 the percentage of disabled employees required by the law was raised from 1.8% to 2%, and as such we have further enhanced our actions such as expanding the areas disabled persons can work in.

#### Number of disabled persons employed (Average for 2012)

No. of disabled employees	247
No. of employees according to legislation	230
No. of over and short	+17
Employment rate	1.94%

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

### Workplace management questionnaires

JTEKT conducts 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 (\*) and do our best to improve employee satisfaction.

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

## Together with employees

# Safety, hygiene and health related actions

### Social background

According to the Health, Labor and Welfare Ministry, every year approximately 110,000 people are injured or fall ill during work and take at least 4 days off to rest. 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

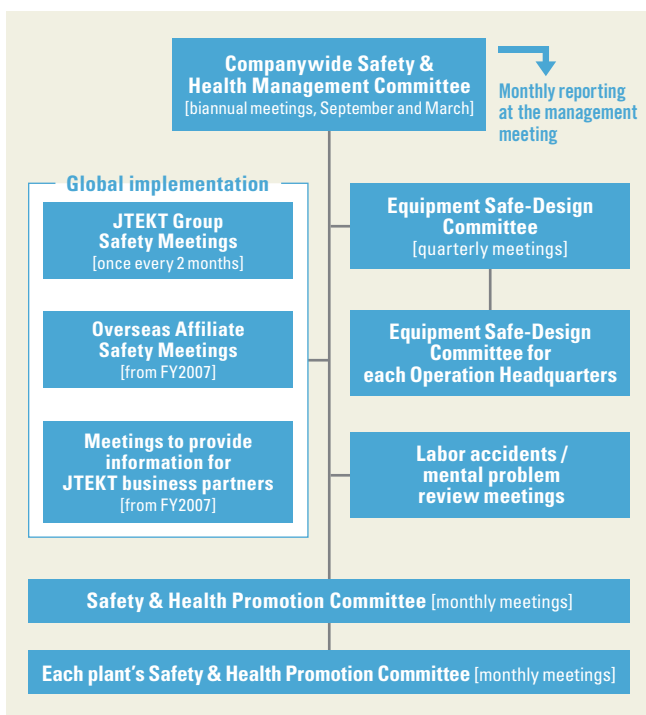
Maintaining the health of all employees is indispensable to an enthused and vital work environment and to protect the mind and body. In our "Safety & Health Policy", we at JTEKT clarify that "safety and health activities are promoted by the company as a whole".

#### 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 has constructed a centralized control system.

▶ Figure-01 Safety, hygiene and health control system



## Major activities in FY2012

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

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

\* Name changed from Higashi-kariya plant

### Certification by external organizations

**FY2012** Renewals at Tokyo plant, Okazaki plant and Kariya plant

**FY2013** Renewals are planned for Higashi-kariya Operations Center, Tadomisaki plant, Hanazono plant, Nara plant, Toyohashi plant and Tokushima plant.

### Aiming for zero work-related accidents

JTEKT is continuously promoting various safety & health activities aiming for zero work-related accidents. Amongst these, accidents which can easily lead to death and impairment have been established as the 6 Major Accidents (\*1), and efforts are being made to prevent these through work and equipment improvements.

\*1 **6 major accidents** Accidents arising through pinching/entanglement, heavy objects, vehicles, falling, electrocution and hot surfaces.

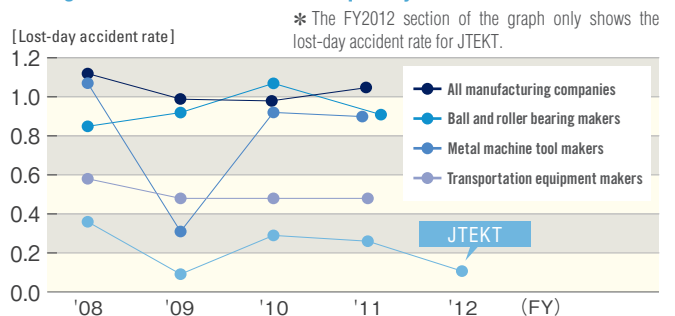
### Beginning of preparations for a safety dojo ★ **New!**

The results of an analysis of past accidents showed that from FY2011 onwards, countermeasures for "Failure-to-Stop" Accidents (\*2) were of the highest importance and the eradication of these has been heavily focused on. As a result, compared with 10 Failure-to-Stop Accidents in FY2010, there were only 4 in FY2011. However, in FY2012, the number of Failure-to-Stop Accidents had increased to 6. As such, we have begun preparing to establish a safety dojo. This will involve participants actually using machines and simulating what happens if Failure-to-Stop Accidents occur. The aim is to increase employee awareness regarding observance of work rules. Safety dojos are scheduled to be established in all plants in FY2013.

\*2 **Failure-to-Stop Accidents** Accidents which occur when troubleshooting work or repairs are conducted without first stopping the machine.

➔ [\[Pick-Up\] P13 Related article](#)

### Change of industrial accident frequency rate



$$\text{Lost-day accident rate} = \frac{\text{Number of lost-day accidents}^{(*)3}}{\text{Total work hours}} \times 1 \text{ million}$$

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



## Together with employees

### Standardization of difficult-to-do work

- Assessed and implemented countermeasures for troubleshooting work on frequently-stopping equipment.  
→ All of the 179 pieces of equipment that were registered were countermeasured of work was standardized.
- Assessed and implemented countermeasures for time consuming, high frequency repair/maintenance work.  
→ All of the 157 pieces of equipment that were registered were countermeasured of work was standardized.

### 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 (\*1) promoting proposals.  
→ All 96,465 proposals made were countermeasured.
  - Rolled out of visual training tools (DVDs) for the eradication of not-stopping accidents and held training.
  - Actions in safety reinforcement months.  
→ Held a safety talk for all 1,832 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.
- \*1 Near misses A safety and health activity involving gathering and sharing of information on near misses and the devising of reoccurrence prevention measures.

### Creating an environment of friendly competition in plants

- Exposing hazardous places in safety cross-checks and countermeasuring.  
→ Of the total 265 extracted, countermeasures have been completed for all.

### Global roll out

- Rolled out domestically rolled out items to our overseas group companies.  
→ Rolled out the latest equipment safety standards.  
Held investigations when accidents occurred and promoted countermeasures. Promoted safety activities.

### Workplace noise countermeasures

JTEKT is engaging in improvements to eliminate all Noise Level 3 Classification (workplaces requiring improvement by law) by FY2014. In FY2012, 2 workplaces were improved (19 pieces of equipment).

### 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 (\*2) assessments from FY2010. JTEKT's index is WBGT 30°C. A FY2011 investigation showed that improvements were necessary in 5 plants therefore as countermeasures for hot workplaces, in FY2012, pressure air fans and coolers were established and results were seen. We will continue implementing countermeasures in FY2013.

\*2 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:  $WBGT = 0.7 \times \text{wet-bulb temp.} + 0.2 \times \text{globe temp.} + 0.1 \times \text{dry-bulb temp.}$   
Indoors :  $WBGT = 0.7 \times \text{wet-bulb temp.} + 0.3 \times \text{globe temp.}$

### 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 (\*3), sensing-danger training, and skill training.

\*3 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 FY2012)

Rank-based training	Safety management training	111
	Group Leader training	126
	New employee training	123
	Training Center student training	82
Special training	Grinding wheel replacement	80
	Arc welding	80
	Low-voltage handling	80
Others	All-Toyota training for those overseeing outside workers	350
	All-Toyota training for those overseeing construction	103
	Elevated-work training	483
	Electric shock prevention training	380
	Risk assessment training	197
		<b>2,195</b>

Hitoshi Ito  
Safety & Health Control Dept.  
Production Engineering Headquarters



#### Aiming for the creation of global safety culture

I go about my daily tasks with the aim of instilling a consciousness within JTEKT that "Safety should come above all else". I propose safety and fire prevention activities that all employees can proactively engage in and feel a sense of achievement when management and supervisors cooperate. Taking the responsibility that JTEKT should fulfill seriously, I would like to continue to aim for the creation of a global safety culture.

## Together with employees

### Achieving mental health

▶ Figure-01

JTEKT aggressively promoted mental health measures with a focus on preventing depression. As a result, there was a reduced number of high stress individuals in FY2012, however, we were unable to reduce the number of people and days taken off work due to mental disorders. By analyzing age and causing factor, we learnt that the number of people in their thirties affected by mental disorders is increasing and the causing factor is due to a lack of communication in the workplace leading to human relationship and workload problems. New depression cases are increasing yearly and we saw that half of the people who take time off work between 20 and 35 years of age are affected.

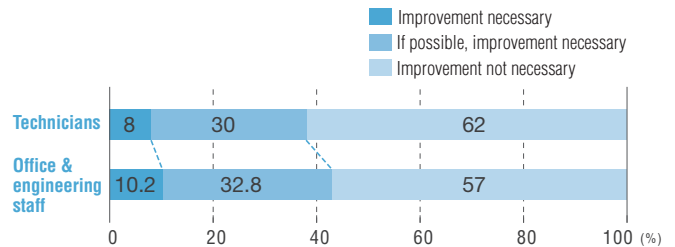
**[Issues]** Countermeasures for mental health targeting particularly people in their thirties is important

### Implementation of a mental health workplace diagnosis ★

From August to September, a questionnaire relating to mental-health was held on an individual level to all employees (excluding

fixed-term employees and temporary staff). The return rate was 75%. The Safety and Health Control Department analyzed results and reported these to the director in charge and division managers in December.

#### Results of a mental health workplace diagnosis

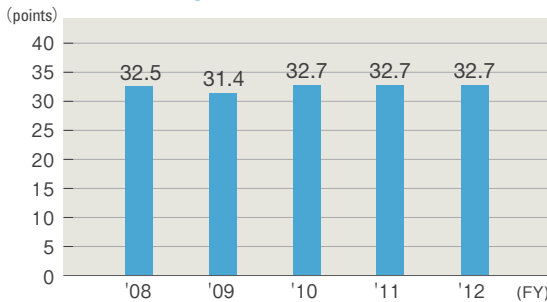


#### Requests

- Would like superiors to be more approachable with issues
- Appropriate allocation of work and assignment of people
- Promote cooperation and liaison with other groups

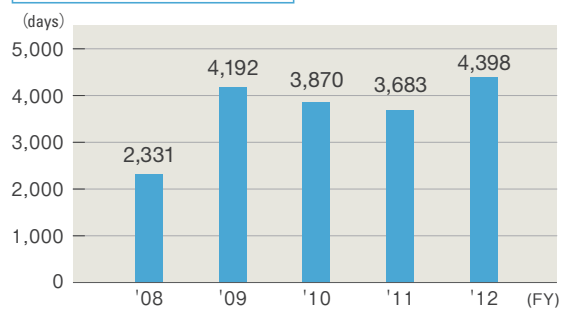
▶ Figure-01

#### Transition of average stress levels (\*1)

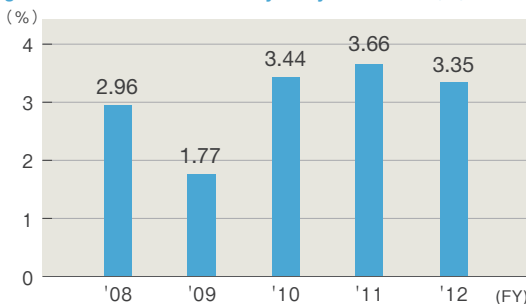


#### Number of work absences due to mental disorders

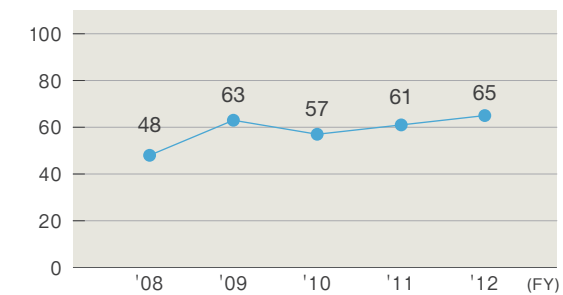
##### New number of missed work days



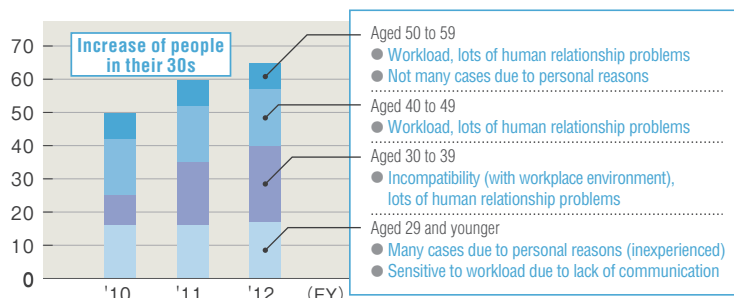
#### High-stress individual ratio yearly transition (\*2)



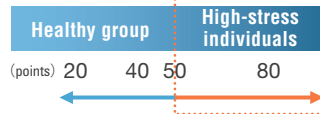
##### Number of newly absent employees



#### No. of new people taking time off work and reason by age ★



#### 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

### Implementation of mental health training 3 for management ★**New!**

Mental health training was held for management in series. Level 1 mental health training for management taught basic knowledge and attentive hearing (practical skill) relating to mental health. Level 2 discussed the themes of response to new type depression and support for employees returning to work". In recent years, the number of people incompatible with their workplace are increasing, therefore Level 3 of the training looked at the theme of preventing and responding to incompatibility with the workplace. From October to November, this training was held in a lecture-style (via video conference) and of the total management population (1,508), 1,200 people completed the course.

#### Content

- Reporting results of mental health workplace diagnosis
- Response to young employees (twenties)
- Preventing workplace incompatibility and responding to sufferers of such
- Peer counseling, coaching (practical skill)

### 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		Staff	
FY2009	Approx. 2,092 (Average: 174/month)	FY2009	Approx. 316 (Average: 26/month)
FY2010	2,558 (Average: 213/month)	FY2010	1,898 (Average: 158/month)
FY2011	2,511 (Average: 210/month)	FY2011	2,231 (Average: 186/month)
FY2012	2,523 (Average: 210/month)	FY2012	1,563 (Average: 130/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.

### 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.

In FY2012, weight control training was held for employees under 40 years of age with a BMI of 25 or higher.

### FY2012 healthcare guidance implementation

	Special health checkups	Special healthcare guidance
No. of those applicable [a]	1,059	886
People screened, people participated [b]	1,059	584
% of total	Result [b/a]	66%
	Target	60%

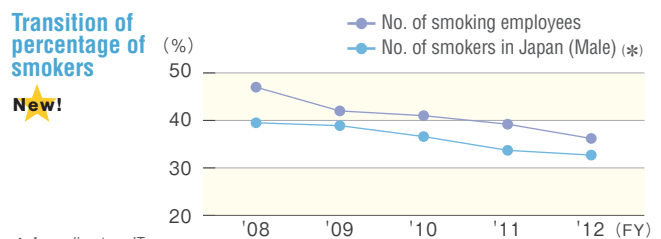
### The voice of participants in weight control training

- Since I turned 30, I have gained weight and I was feeling threatened.
- I became interested in health.
- I want to revise my life-style patterns so I don't get metabolic syndrome.

### 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, 57.6% of people successfully quit. The overall number of employees who smoke is decreasing year by year. However, compared with the average number of Japanese males who smoke, the number is still high so we will continue to support action to quit smoking.

### Transition of percentage of smokers ★**New!**



\* According to a JT survey



My CSR

Miki Tsuruta  
Safety & Health Control Dept.  
Production Engineering Headquarters

It is important that employees are aware of their own health

I take care of check-up appointments, managing the schedule for health check-ups for each operations center, health-related enquiries and health consultations. I feel a sense of achievement with my work when the people who come see me say "I'm glad I asked", "That really helped" and "I feel reassured". Employee health is the strength of the company. Each employee should be aware of their own health and maintain it, both physically and emotionally, and I work to help them achieve this.

# 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. Also, the importance of participating in and contributing to the local community is raised as one of the seven core themes of ISO26000. 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

▶ Figure-01

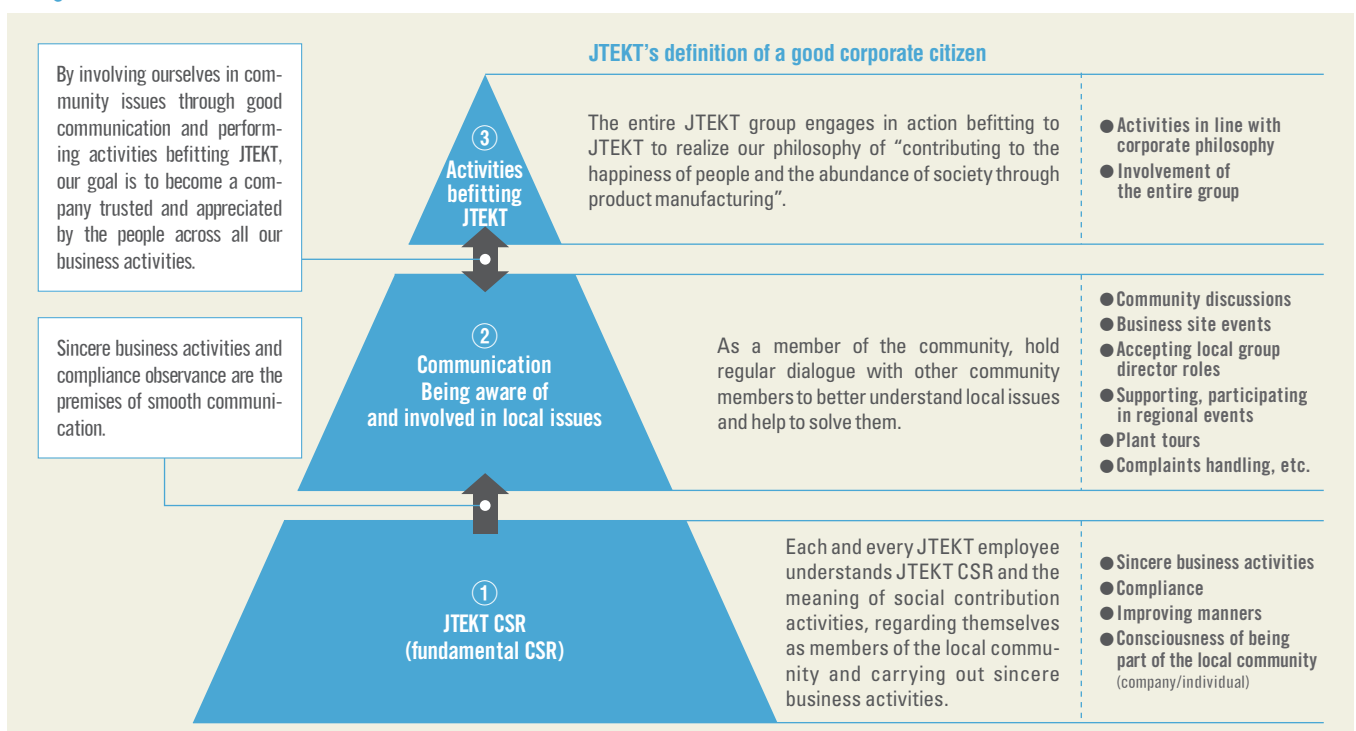
In JTEKT’s Corporate Activities Standards we state that as a good corporate citizen, we will aggressively pursue activities that contribute to society. Based on this policy, we promote various activities with the objective of growing as a company while being trusted and appreciated by local communities.

The Social Contribution Working Group beneath the CSR Promotion Committee leads these activities and works to further enrich them.

### What we want to achieve

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

▶ Figure-01



## Major activities in FY2012

### A questionnaire relating to volunteer activities

JTEKT employees are proactively participating in various regional contributing activities. The Social Contribution Working Group conducted a questionnaire survey relating to volunteer activities, targeting all JTEKT employees. The results showed that a total of 4,717 volunteer activities were carried out in FY2012 by employees. The results of the survey will be used to create an environment where volunteering is easier and build a framework which encourages volunteer activities. [▶ \[Pick-Up\] P17 Related article](#)

### Introduction of volunteer insurance ★ New!

Volunteer insurance was introduced as part of encouraging activities rooted in the community. As insurance when participating in social contributing activities, both individual and operation base membership has been introduced, and is supported and promoted.

## [ 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 FY2012, a total of 373 people participated at all 12 plants and the Higashi-kariya operations center.



## Together with local communities

Introduction of activities

### Exchanging opinion with administrative evaluation committees ★ **New!**

Kokubu plant (Kashiwara city, Osaka)

On January 19th, 2013, Kokubu plant invited the Kashiwara Administrative Evaluation Committee (8 committee members, 6 administrative staff), to their plant and took them on a tour of the facility. After the evaluation committee saw the production lines, opinions were exchanged regarding what was necessary to vitalize Kashiwara city. Afterwards, we received a message of thanks from the committee members commenting that “The Kokubu plant’s operation, maintenance and quality control was of the highest standard and we were very impressed”.



### 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 FY2012, with a total of 7,045 visitors.

Introduction of activities

### Local PR booths also featured

Nara plant (Kashihara city, Nara)

On May 19th, Nara plant held “Family Festival in Nara”. The festival featured booths promoting Kashihara city, a magic show and so on, with approximately 800 visitors enjoying the event.



## [ 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

### A stall for a disabled persons support shop ★ **New!**

Kariya plant (Kariya city, Aichi)

This year for the first time, a stall was set up at the Kariya plant festival for the disabled persons’ shop, “Wa”, which is a specified non-profit organization operating close to the Kariya plant. The stall sold grilled squid, fragrant soaps and other handmade goods. 2 disabled people along with 2 others from the organization participated on the day and had a great time with JTEKT employees.



Introduction of activities

### Offered a location for a movie shoot ★ **New!**

“Takahama Monogatari”

Tadomisaki plant (Takahama city, Aichi)

Tadomisaki plant offered use of its grounds for shooting of a movie called “Takahama Monogatari”. The filming went for 5 days from May 3rd. JTEKT employees volunteered by guiding the film crew’s shuttle bus, cleaning up the site and so on. On May 4th, as well as the movie shoot, JTEKT Tadomisaki also held a joint event with “Onimichi Matsuri”, a local festival held in Takahama city each year.



My CSR

Tomoyuki Morikawa  
General Affairs Section  
Administration Dept.  
Hanazono Plant  
Automotive Systems Business Headquarters

To make more JTEKT fans!

Of course we need to have an awareness of ourselves as members of the community and always be sincere in our business activities, but in addition, in order to deepen friendship with locals, JTEKT holds a plant festival each year. Through this kind of activity, I will continue to exert every effort to make even 1 more JTEKT fan who considers us a pride of the community.



## Together with local communities

Introduction of activities

### Visits to Hansen's disease recovery patients New!

Overseas group company KLF (China)

KLF has been backing a group called "House" since 2009, which engages in support activities for people recovering from Hansen's disease. As well as collecting donations from their employees, KLF also donates 5,000 CNY (a little over 800 USD) each year as a company. From 2011, some KLF employees expressed the desire to visit the people who had recovered from Hansen's disease. A total of 28 people paid 7 visits by June of 2012.



### [ Road safety and fire prevention ]

#### To continue being a company trusted by the community

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

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

Introduction of activities

### STINGS players are policemen for a day New!

On September 21st, 5 members of JTEKT's volleyball team, STINGS, acted as policemen with the Kariya Police Department for one day and propagated road safety to citizens waving around fans nicknamed "Road Accident Oko-shima Sensu" on the walkways leading to Kariya train station.



Introduction of activities

### Night patrol in the plant vicinity New!

Kariya plant (Kariya city, Aichi)



Crime prevention is a key element to creating a safe and secure community. From November 2012 to March 2013, Kariya plant conducted special alert patrols together with the Kariya Police Department. This patrol walked around a set course in the vicinity of the plant at night. The patrol has been carried out 9 times, with a total of 47 employees participating.

### [ Community clean-up, beautification ]

#### Co-existence with the community through cleanups and beautification

Every year JTEKT holds community beautification activities to raise company environmental awareness. Employees proactively participate in cleaning up around plants and co-exist with the community. In FY2012, all 12 plants and the Higashi-Kariya operations center implemented such activities.

Introduction of activities

### Participating in cleaning activities in front of the station New!

Tokyo plant (Hamura city, Tokyo)

In Hamura city, an ordinance came into effect prohibiting littering and smoking in the street, and in line with this, a clean-up activity was held on June 29th in front of Hamura station as a citizen-awareness campaign. 10 JTEKT employees participated from the Tokyo plant together with several other participants from industrial parks, the shopping mall, citizen's organizations and so on.



TOPICS

### Donated land for road expansion to the city New!

Kokubu plant (Kashiwara city, Osaka)

At the request of Kashiwara city, Kokubu plant donated part of their employee car park to expand a city road. The related city road is designated as a route for school children however the pathway running alongside it is narrow, and there was a request from locals to secure the safety of pedestrians, in particular school children. In order to cooperate in building a safe and secure community, Kokubu plant cooperated in all aspects with the city road expansion project. On March 29th, 2013, we received a letter of thanks from Mayor Nakano of Kashiwara city.



Awarded a Certificate of Appreciation (Left: Mayor Nakano, right: Plant Manager Shimaura)

Hirofumi Yoshikawa  
General Affairs Section  
Administration Dept.  
Sayama Plant  
Automotive Systems Business Headquarters

My CSR



#### For vitalization of the local community

The other day I participated in a local council meeting. Most of the members of this council were employees of companies in the industrial park and each of them represented their companies and proactively participated in this activity to vitalize the local community. In June we plan to plant Begonias along the railway tracks in cooperation with the neighboring council. I would like to continue proactively engaging in activities for the vitalization of the local community.

## Together with local communities

### [ Environmental preservation activities ]

#### Diverse environmental preservation activities

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

#### Introduction of activities Participation in forest-building projects Tokushima plant (Itano ward, Tokushima)

Tokushima plant is involved in a forest-building project called “Tokushima Kyodo-no-morizukuri Jigyo” promoted by Tokushima prefecture. This project is a carbon offset action aiming to absorb the CO<sub>2</sub> released by general households and company through vitalization of forests. On May 30th, 9 JTEKT employees participated in an event held in the forest near Sanagochi, Myodo District carrying out thinning work and setting up a JTEKT panel.



### [ People-nurturing ]

#### Contributing to the nurturing of young community members

Through activities such as monozukuri classes and sporting events, JTEKT contributes to the nurturing of young community members.

#### Introduction of activities First ever soccer class

Every year, JTEKT holds “JTEKT Challenge Cup”, a soccer tournament which aims to nurture young people. In FY2012, on February 2nd and 9th of 2013, a total of 450 children from 15 elementary schools in Kariya city made up 32 teams and had fun battling it out on the playing field at Kariya City General Athletic Park. JTEKT’s own soccer team cooperated with the running of the tournament, in such ways as having 8 of its members act as referees and so on. Also, following the tournament, as a new experiment, the soccer team held the first JTEKT Challenge School. The 24 elementary school children who participated enjoyed the 1-hour program together with the 15 JTEKT soccer team members.



#### ((( VOICE ))) Thanks to the cooperation of many people

Yuuya Yotsuda

Production Section 3 Production Dept.  
Okazaki Plant Automotive Systems Business Headquarters

I was a referee at our soccer tournament and volunteered in Challenge School. It was the first time for us to hold Challenge School so we did struggle with some things but thanks to the cooperation of many people, I felt it was a good tournament. Watching the children chase the ball with all their strength was really motivating.



#### Introduction of activities A workshop on “Aichi Hatsumei-no-hi” ★ New!

In Aichi prefecture, August 1st is established as “Aichi Hatsumei-no-hi” (Day of Invention), and many events are held around this time. As part of that, on July 28th, at the Kariya Industrial Research Center, a workshop was held for children and the JTEKT Technician Group participated for the first time. On the day, around 600 children visited. In the “Making a Pet Bottle” corner set up by the JTEKT Technician Group, a long line was formed immediately after the start and around 200 children tried their hand at monozukuri.



Koji Nagai  
Sales Section 3  
Nagoya Branch Office  
Sales & Marketing Headquarters

My  
CSR

Social contribution and regional coexistence through volleyball!



JTEKT’s volleyball team, STINGS, has been participating in the highest league for adults “V Premier League”, since 2013. In the future, we not only want to show everyone our top level play, but we also wish to cooperate in social contribution and regional coexistence as one with the government authorities and citizens. In concrete terms, this would involve proactive participation in regional vitalization events and holding volleyball classrooms in regions across Japan targeting elementary and junior high school children, as well as mother’s, etc. The STINGS players are also really looking forward to meeting a lot of people and making them smile.

# Together with shareholders and investors

## Social background

The transparency of company management is scrutinized, making it increasingly more important to disclose accurate, well-timed company information. Moreover, in the finance sector as well, when assessing a company's value it is becoming more commonplace to emphasize ESG (\*) information, and not only is a company's earning power important, but also the balance with business continuity.

\* ESG Abbreviation for Environment, Social and Governance. The items a company is expected to consider as their responsibility when conducting their business activities.

## 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 FY2012

### 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.

### Machine tools and mechatronics business information session

In August of 2012, a machine tools and mechatronics business information session was held for analysts and institutional in-

vestors. We explained about JTEKT's activities and deepened their understanding of machine tools and mechatronics through a tour of the Kariya plant.

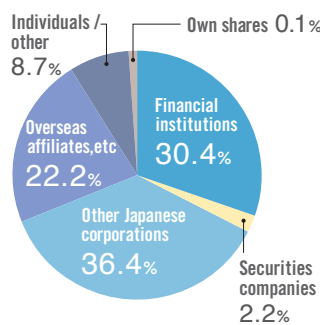
### Main IR activities

- Held IR results briefing and small meetings
- 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, 2013, the number of shares issued were 342,186,000 and the breakdown of shareholders is as follows.

### Shareholder distribution status



Financial institutions	104,110	thousand shares
Securities companies	7,555	thousand shares
Other Japanese corporations	124,411	thousand shares
Overseas affiliates, etc	75,842	thousand shares
Individuals/other	30,012	thousand shares
Own shares	254	thousand shares
<b>Total</b>	<b>342,186</b>	<b>thousand shares</b>

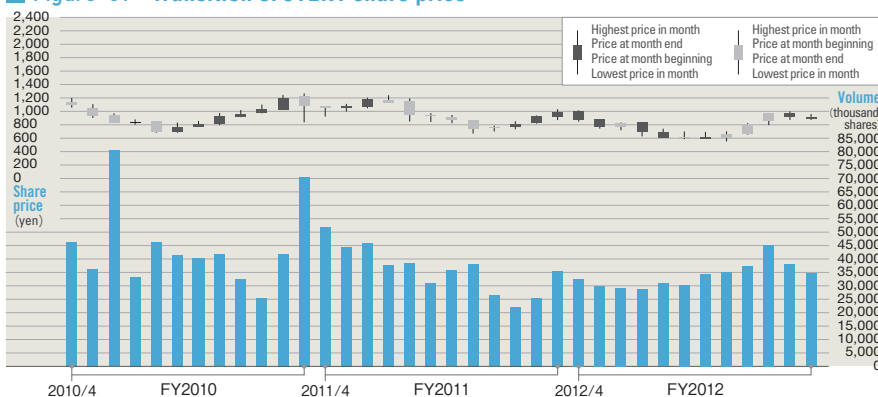
As at end of March, 2013  
(anything less than 1,000 rounded down)

### Business performance and return of profits ▶ Figure-01

Our consolidated sales for FY2012 were 1 trillion 67.5 billion yen, 1.4% higher than the previous year. Our consolidated operating profit was 29.1 billion yen (35.6 billion yen for the previous year), while our combined ordinary income was 34.2 billion yen and combined current net earnings were 13.8 billion yen. Consequently, we maintained our annual dividend to 16 yen per share, the same as last period.

In FY2013, it is still difficult to predict what lies in store, but we will continue efforts to establish a strong foundation not susceptible to change and shift from "quantity" to "quality" as a business model which can provide our customers with even more value. We wish to establish ourselves as a company which can achieve both stability and growth.

▶ 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	