

Social Report

- This report aims to inform our stakeholders in straightforward language of JTEKT's concept and activities surrounding CSR.
- This report is divided into a Message (leaflet) and a full online report containing both the Message and the Details & Data section.
- The Details & Data section emphasizes objectiveness, completeness and continuity.
- For related articles:
M = CSR Management S = Social Report
E = Environmental Report
- In this "Social Report" section, we have summarized the overall activities for FY 2014 by stakeholder. This report has been consistently configured in the same way since the 2008 CSR Report, in order to make it easy to read on a continuous basis.

Target period and target organizations/scope

Target period

FY 2014 (April 2014 - March 2015)

* 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 2013 (G4)"
- ◎ 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 actions begun in FY 2014 and information disclosed for the first time in this year's report.

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Together with customers

Social background

Awareness of consumers' rights is rising on a global scale, exemplified by the ISO26000 positioning consumer issues as one of the central themes, and the 4th version of the GRI Guidelines (G4) establishing a section on product responsibility. Moreover, there is a trend emerging which emphasizes dialogue with stakeholders amidst an expectation of corporations to incorporate sustainable interaction with society into their management strategies.

JTEKT's concept

Considering the entire society as customers

In order to provide customers with the highest quality products, JTEKT naturally searches for value as a supplier but at the same time aims 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. We 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 the society at large.

[→ \[Message\] P6~11 Related article](#)

Quality policy and quality assurance system

▶ Figure-01

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

In 2013, the wording of the quality policy was partially changed. The phrase "product quality" was changed to a more specific expression, "design quality and manufacturing quality". We believe that seeking quality at each stage of design and manufacturing allows us to improve overall product quality and gain our customers' trust.

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
- Improving design and manufacturing quality through the ingenuity of all members

Together with customers

Major activities in FY 2014

[Quality]

Establishment of a Quality BR Office ★New!

In September of 2014, the Quality BR (Business Revolution) Office was established as an organization which reports directly to top management. This section aims to eliminate the root causes of major quality problems and revise systems. In 2015, the section has been establishing and implementing activities for floor management targets and emphasizing cultural reform.

Implemented QG (*)-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. * QG is the abbreviation for Quality Gates.

Improvement through periodic inspections

JTEKT actively pursues the obtainment of reviewed quality management system certification through third parties. JTEKT continues to receive periodic 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)



19th quality month poster in May 2015

Raising awareness through quality months

For the purpose of raising quality awareness, we have set May and November as “quality months”. During these months, we engage in various activities such as collecting and displaying posters and quality slogans, and discuss improvements for each department.

For the May 2015 quality month, we increased awareness of “Quality First” and “Customer First” and emphasized “Improvement of Field Power (Floor Management)”, as efforts to further improve quality.

Management and reduction of chemical substances in products

[→ E_18 Related article](#)

[Training]

A group of technicians who proactively consider JTEKT's development ★New!

In FY 2012, the JTEKT Engineers Association was formed to provide an opportunity for engineers of JTEKT's respective areas to work hard together to improve their technical ability and leadership abilities in the name of solving societal issues.

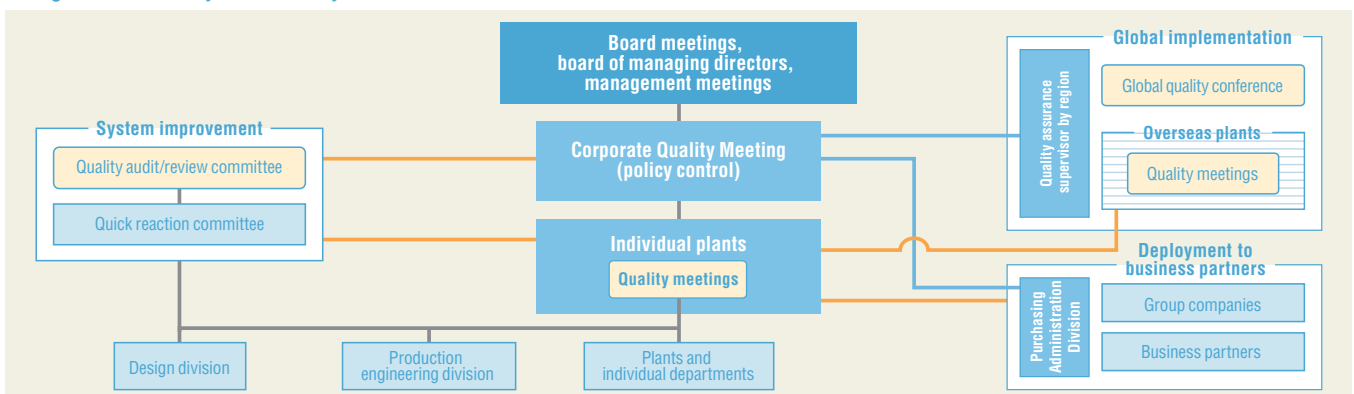
In FY 2014, the third year since the association was formed, we established three new domestic branches in East, Central and West Japan as an initiative to further enhance communication between engineers.

The JTEKT Technical Presentation is held annually, and in FY 2014, it was held for the first time at our Kokubu Operation Center on December 1st, a change from the usual venue at our Kariya Operation Center. The session was divided into the three specialty fields of electric/electronics, material/tribology/mechanical elements, and machining/production engineering, and live connection to each of our operating centers enabled a total of approximately 500 people companywide to engage in discussion on 17 themes.



JTEKT Technical Presentation

▶ Figure-01 Quality assurance system



Together with customers

Commencement of problem-solving training

In order to spread the concept of problem-solving as a basis to all work, JTEKT began conducting problem-solving training in FY 2014. The aim is for employees to acquire problem-solving skills which they can utilize to assist our customers. In FY 2015, this training was carried out for line leaders. JTEKT plans to widen the scope of this training from FY 2015 onwards to also include managerial positions and people externally assigned either domestically or abroad.

→ [\[Message\]](#) P13 S_08 Related article

Activities to improve engineering and quality at each workplace

Each workplace is working to improve engineering and quality by promoting TQM activities and implementing the SQC method.

→ [S_08-09](#) Related article

[Communication] Conducting a customer satisfaction survey

As in previous years, in FY 2014 we conducted customer satisfaction surveys targeting our main customers. In order to improve satisfaction in the five areas of quality, delivery, technical response capability, cost response capability and technical/sales service, we shared the issues revealed by these surveys and are exerting efforts to solve them promptly and appropriately.

Merger and acquisition of Koyo Sales Co., Ltd. **New!**

On October 1st, JTEKT merged and acquired Koyo Sales (consolidated subsidiary). By integrating with Koyo Sales, which sells bearings and precision devices, we are able to utilize the locations of both our companies and eliminate duplicate functions regarding the sale of all our domestic group products. Through strengthening our sales framework, strengthening our immediate delivery framework and enhancing our product lineup, we aim to meet our customers' requirements and alleviate any troubles they may be facing.

Exhibitions in Japan and abroad

Each year, our company exhibits at many exhibitions both in Japan and abroad in order to enhance communication with customers other than those we do business with on a regular basis. We endeavor to introduce our products and technologies to an even higher number of potential customers and more thoroughly assess the needs of the market.

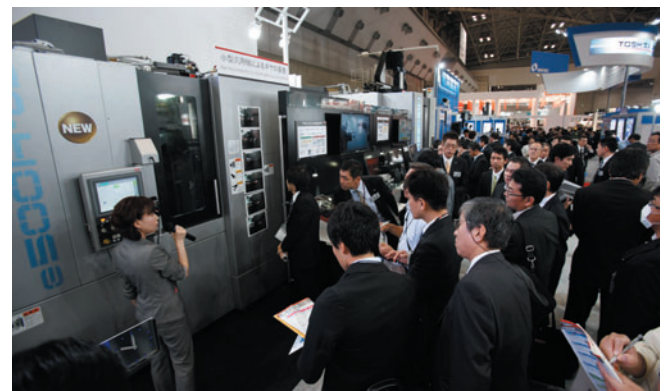
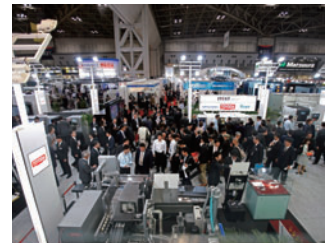
Auto China 2014

At Auto China 2014 held at the China International Exhibition Center from April 20th to 29th, JTEKT introduced products which responded to the needs of the Chinese market.



Japan International Machine Tool Fair (JIMTOF)

At JIMTOF 2014, held at Tokyo Big Sight from October 30th to November 4th, we made proposals for contributing to the improvement of customers' manufacturing capabilities, and introduced the new products in our machine tool and mechatronics business, as well as products from each of the JTEKT group companies. Our gear skiving center attracted attention from many exhibition goers.



Together with customers

Corporate advertising campaigns

We introduced JTEKT's No.1 & Only One technologies and products through corporate advertisements in various media, particularly newspapers. Results of a corporate image survey showed viewers of the advertisements thought they had impact and conveyed a global image.

Newspaper advertising

With the establishment of the JTEKT GROUP VISION, we ran a series of advertising to introduce JTEKT's No.1 & Only One technologies and products. Using straightforward language, these advertisements described the No.1 & Only One features of products and technologies for automotive systems, bearings, machine tools and mechatronics and demonstrated how they contribute to the lifestyles of society and customers.

[→ \[Message\] P20 Related article](#)



Television commercials ★ **New!**

We created a 15-second TV commercial delivering the key message that electric power steering systems, which JTEKT was the first in the world to successfully develop and mass produce, now have a deeply-established presence throughout the world. Focusing on students as our main target, the advertisement was aired on Japanese television from February to March, and aimed at vitalizing our hiring activities.



Awards from customer companies

JTEKT received awards from customer companies in recognition of various quality improvement activities. We received the Award of Excellence for Quality from Aichi Machine Industry five years running.

Major awards in FY 2014

Customer name	Award	Awarded company
Toyota Kirloskar Auto Parts Private Ltd.	Quality Award/Delivery Award	KBIN (India)
PSA Peugeot Citroën	Supplier's Award	JEU (France)
Aichi Machine Industry Co., Ltd.	Award of Excellence for Quality	JTEKT Corporation
Jaguar Land Rover Automotive PLC	Quality Award	KBE (U.K.)
General Motors	Supplier Quality Excellence Award	KBNA (U.S.A.) KBCA (Canada) KRA (Romania) JTC (Thailand) JTEKT Corporation Daibea Co., Ltd.

Kazunori Morisawa
Sales & Marketing Headquarters
Corporate Sales Management Dept.
Management Office 2
Human Resources & Administration Group

My
CSR



Aiming for Customer Satisfaction

The Corporate Sales Management Dept. engages in its work with the mission of “visualizing Sales & Marketing Headquarters issues with a customer-first perspective and establishing structures and frameworks within the department to provide support.” While this department does not have direct contact with customers, it aims to improve the level of customer satisfaction in all avenues, by developing policies for quality, price, delivery, product development and so on.

Together with business partners

Social background

As CSR continues to gather interest throughout the world, the implementation of procurement activities in addition to the conventional QCD (quality/cost/delivery) has come to be expected of companies. These include global compliance to laws and regulations, labor conditions, environmental and safety concerns of purchased materials and parts, and activities concerning the value chain.

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. On the company website, JTEKT has outlined procedures for becoming a business partner, 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

Our company promotes companywide Green Purchasing activities in order to contribute to the creation of a sustainable recycling-based society. For this purpose, we have 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 burdensome substances
- Improve environmental performance by reducing CO₂ emissions, etc.
- Promote actions to conserve biodiversity

Major activities in FY 2014

Purchasing Policy Briefing

On April 19th, 2015, the Purchasing Policy Briefing was held at the Hotel New Otani Osaka, attended by 253 companies and 277 people. As FY 2015's purchasing policy, we requested the strengthening of CSR and thorough safety, which are major premises of 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 Implementation Items for FY 2015

- Strengthen efforts to solve significant quality problems
- Achieve superior international cost competitiveness
- Respond to global optimal production

Quality Management Convention

The Quality Management Convention was held on November 12th, 2014 at Osaka Matsushita IMP Hall, and was participated in by around 360 people from all 210 member companies of the JTEKT Supplier Association(*). Six companies presented improvement case studies and in addition to a presentation by Kawagawa Plant's QC circle, there was a lecture relating to QC circles and a talk from a visiting lecturer.

*The JTEKT Supplier Association

The JTEKT Supplier Association is comprised of 210 companies (as of FY 2014). 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 participated at the Midland Hall in Nagoya on January 29th, 2015. A workshop was held focusing on the three themes of labor compliance, safety management and BCP (Business Continuity Plan).

[CSR Activity Item Guidelines]

We issued the CSR Activity Item Guidelines for our business partners, in order to share with them the purpose of our CSR Policy and clarify items that we would like our business partners to observe. We request our business partners deploy these guidelines upstream as well.

1. Management-related initiatives

- Legal compliance
- Risk management

2. Initiatives for stakeholders

- Securing quality
- Fair trade
- Good labor-management relations
- Protection of human rights/respect for diversity
- Observance of corporate ethics
- Initiatives for local communities

3. Initiatives for the global environment

- Environmental management
- Environmentally friendly business activities

Initiatives for the conflict minerals issue

We enlightened our business partners on the conflict minerals issue in a briefing session. We also urged our business partners to continue cooperating with upstream investigations of their supply chain to ensure it was problem-free.

Hiroki Shinba
Purchasing Headquarters
Purchasing Planning Dept.
Global Purchasing Planning Office
Administration Group

My
CSR



Enlightening business partners on green purchasing

The Purchasing Headquarters aims for observance of green purchasing practices by having business partners respond to regulations for environmentally burdensome substances and acquire environmental management systems. We wish to continue enlightenment activities aimed at business partners, thus contributing to the formation of a sustainable society.

Together with employees

Personnel-related actions

Social background

Amidst heightened interest in the role of corporations within society and sustainable management, various rules are being established such as the Ten Principles of the United Nations Global Compact, ISO26000, GRI G4 Guidelines and the <IR> Framework. As clearly indicated by the repeated reference to human rights and labor in many rules, corporations are now strongly expected to place more emphasis on observance of human rights in their business activities.

JTEKT's concept

Creating a friendly work environment for all

JTEKT fosters discrimination-free workplaces where human rights and diversity are respected and where 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. Our company believes 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.

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 persons with disabilities
- Changing fixed-term employees to permanent employees
- Providing assistance for those engaged in childcare or family care
- Reduction of work outside regular hours and encouragement of paid leave usage
- Providing post-retirement employment opportunities
- Various education concerning human rights, etc.

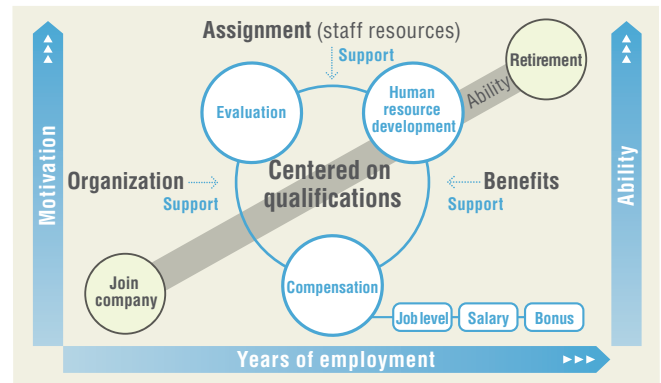
Direction of human resource development

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 have confidence, pride, and passion, think for themselves, and act as a member of the JTEKT group.
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 FY 2014

[Labor-management relations and employment] Emphasizing labor-management communication

JTEKT places importance on labor-management communication and facilitates 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 stabilizing/improving employee quality of life and strive to deepen mutual trust and understanding by building even firmer relationships.

Labor-management discussion opportunities (held in FY 2014)

- Central Production Subcommittee Meetings (annual)
- Central Labor-Management Meetings (annual)
- Labor-Management Meetings (4 times)
- Labor-Management Committee Meetings (9 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)

Together with employees

Actions to improve the paid leave usage rate

JTEKT aims to create a workplace in which employees find it easy to use paid leave. Labor and management cooperate together to periodically check the usage status of paid leave in order to improve the usage rate.

Labor condition transition (Average per each workers union member)

	2010	2011	2012	2013	2014
Total work hours (hours)	2,170.6	2,077.2	2,074.7	2,115.3	2,107.2
Work outside of regular hours (hours)	306.1	321.8	316.0	351.7	345.7
Percentage of paid leave consumption (%)	58.6	62.1	63.2	65.6	67.4

Maintain employment

In FY 2014, JTEKT continued to exert efforts to maintain employment through various measures such as reassignment from the perspective of effectively utilizing resources. JTEKT observed the relevant laws and internal regulations for managing the employment of fixed-term workers. In FY 2014, 99 fixed-term workers were appointed as permanent employees.

Transition from fixed term workers to permanent employees

	2011	2012	2013	2014
Number of transitions made (people)	205	167	184	99

Composition of employees as of end of March, 2015

	Male	Female	Total
Permanent employees	10,285	833	11,118
Fixed-term employees (*1)	3,157	567	3,724
Total	13,442	1,400	14,842

	Male	Female	Average
Years of employment	15.6	11.2	15.3
Job turnover rate (*2)	0.8%		
Job turnover rate within the first 3 years (*3)	3.6%		

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

*2 Voluntary early retirement rate

*3 Permanent employees, seasonal recruits, voluntary early retirement

[Human resource development] Training held by job type and rank

We are working on further enhancing the training programs for office and engineering staff as well as production staff.

Human resource development for office and engineering staff

The JTEKT training system is composed of three pillars: rank-based, function-based, and workplace-based training. We are also focusing on supporting the acquisition of qualifications and self-study efforts. From FY 2014, we have implemented special rank-based training to enhance problem-solving skills. For the first few years, this program will be led by an external instructor while we develop in-house trainers. Later on, we will establish our own trainers for conducting training. We plan to expand this training program to our bases in each region of the world.

→ [\[Message\] P13 S_03 Related article](#)

Human resource development for production staff **New!**

The JTEKT training system is composed of the three pillars of companywide training, workplace-based training and self-study. Regarding companywide training, apart from a career development program (rank-based) which is based on training at the JTEKT Technical Training Center (*1), we carry out supervisor training, 10 specialized skill training courses, TWI supervisor trainer development courses (*2) and TWI 10-hour courses. Regarding workplace-based training, we implement OJT training (*3) covering the specialized skills necessary to pass down to future generations, as well as special training and skill courses for the obtainment of certifications necessary in the line of work. We support the self-study of employees so they may attempt the National Trade Skills Test, QC Test, Voluntary Conservation Officer recognition, etc. In FY 2015, we launched floor management education, which involves workshops for leaders and supervisors. This will be rolled out overseas from FY 2016.

*1 **JTEKT Technical Training Center** Provides vocational training approved by the prefectural governor of Aichi. Focuses on developing excellent production personnel.

*2 **TWI supervisor trainer development course** TWI is an abbreviation for "Training Within Industry". It is internal training for supervisors.

*3 **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	31
	R3 training for new managers	CSR, policy management, daily task control	116
Office & engineering staff	R4 training for new office & engineering staff	CSR, leadership, planned fulfillment of tasks	195
	R5 training for office & engineering staff	Business communication skills	209
	R6 training for office & engineering staff	Problem solution methods and concepts	201
	Training for mid-career new employees	CSR, JTEKT employee basic knowledge and mindset	24
	Training for office & engineering new employees	CSR, JTEKT employee basic knowledge and mindset	145
Production staff	Training for newly appointed production managers	Acquisition of an internal human resource development framework and JPS (*4) production system	10
	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	139
	Training for new production employees	CSR, JTEKT employee basic knowledge and mindset	107

*4 **JPS** JTEKT Production System

Promoting TQM activities

JTEKT promotes TQM (Total Quality Management) activities based on the three pillars of "Customer First", "Endless Improvements" and "Participation by All". 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). On November 21st, "HIKARI Circle" of our Kokubu Plant and "CARTRIDGE A Circle" of our Kagawa Plant participated in the 44th Nationwide QC Circle Contest held at Tokyo Big Sight.

→ [S_03 Related article](#)

Together with employees

SQC(*) Improvement Case Study Companywide Presentation

In R&D, design, production activities and so on, JTEKT proactively incorporates the SQC method to be able to make scientific judgments based on data and consider the variation of materials, parts and properties. In order to share case studies which utilize SQC throughout the company and learn from one another to improve skills, JTEKT holds a SQC Improvement Case Study Companywide Presentation each year. In FY 2014, approximately 467 members attended the event.

→ S_03 Related article

* SQC SQC is the abbreviation for Statistical Quality Control.

Creative ideas proposal exhibitions ★ **New!**

From November until February, we held creative ideas proposal exhibitions in 12 plants which were participated in by approximately 6,700 people. The exhibitions introduced outstanding proposals which had been awarded Creative Ideas Merit Awards from the Minister of Education, Culture, Sports, Science and Technology. Detailed explanations of focus points and creative ideas were given so that other employees may leverage proposals to improve their own work. In FY 2014, a total of 29 JTEKT employees from all of our plants received the Creative Ideas Merit Award from the Minister of Education, Culture, Sports, Science and Technology.

[Respect for diversity]

Promoting diversity

In the midst of an ever-changing management environment, represented by globalization, accepting and utilizing personnel with diverse values and personalities is essential for a company to grow. JTEKT positions the promotion of diversity as an important management strategy for the achievement of the JTEKT GROUP VISION and engages in various initiatives accordingly.

Assisting female employees in developing ★ **New!** their careers

JTEKT has already established a dual support system, but in order to

further accelerate female participation in the workplace, we conducted an actual condition survey targeting all female employees and all management personnel in FY 2014. We investigated the environment surrounding female employees, consciousness towards female employees' work and the nurturing/assessment by superiors of subordinates. Based on the issues brought to light through this survey, we established initiative policies based on the below four elements.

1. Reform consciousness	Implementation of management-level training aimed at teaching methods for nurturing, instructing and managing female employees
2. Dual support	Implementation of training for women aimed at long-term career design and fostering career-orientated consciousness Creation of systems and environments enabling employees with limitations to continue working Introduction of systems aimed at supporting career development for female employees
3. Strengthen hiring	Proactive hiring of women who are strongly career-oriented
4. Foster culture	Fostering of a culture in which women can become more active through methods such as diversity training targeting all employees, and spread of a diversity mindset

Hiring of women and promotion of women to managerial positions

	2010	2011	2012	2013	2014
Total no. of women hired through seasonal recruitment	6	20	20	27	26
(Total no. of employees hired through seasonal recruitment)	(175)	(289)	(326)	(316)	(309)
No. of women managers	8	11	12	13	16
(Total no. of managers)	(1,386)	(1,446)	(1,491)	(1,577)	(1,645)
No. of women assistant managers	20	20	21	29	34
(Total no. of assistant managers)	(1,204)	(1,240)	(1,183)	(1,228)	(1,304)

TOPICS

2nd QC Circle Kaizen Activity Global Convention

On September 4th, the 2nd QC Circle Kaizen Activity Global Convention was held at the JTEKT Corporate Pension Fund Hall [Wiz] in Kariya city, Aichi. Daily activity results were presented by six selected circles from a total of 49 overseas group companies representing the six regions of Europe, North America, Central/South America, China, ASEAN and India. The convention served as a valuable opportunity for each of the participating circles to take back with them what they had learnt, deploy such knowledge to their respective regions and further vitalize QC circle activities.



First prize – China representative (JSSX) PLUS-ENERGY Circle



Presenter Huang Qi Chao (left) and interpreter Xiao Li Fang (right)

My CSR



Tomoyuki Kawamura
Personnel and General Administration Division
Technical Training Center

Human resource development through the National Skills Test!

The National Skills Test Secretariat runs and supports the National Skills Test. Currently, the number of JTEKT employees sitting the test is decreasing and the pass rate is also declining. Being involved in human resource development through the National Skills Test, my job is to think daily about what we can do as the Secretariat to support the examinees who are exerting all their effort into study.



Competition to assemble distribution boards and control panels

Together with employees

Enhancement of dual support systems

JTEKT is exerting efforts to enable all employees, regardless of gender, to balance child-raising or caregiving with work. To this end we are enhancing the systems and creating workplace environments in which employees can easily utilize such systems.

Number of employees who took childcare leave and number of employees who took family care leave

	2010	2011	2012	2013	2014
Number of employees who took childcare leave	26	19	25	24	38
Number of employees who took family care leave	2	4	4	3	5

Reemployment of retired employees

To allow highly motivated retired employees with abundant knowledge and experience to continue working, JTEKT established a post-retirement reemployment system in April 2006. As of the end of March 2015, 759 persons reemployed by JTEKT and related companies were working at various workplaces and training younger employees who will one day become the leaders of JTEKT.

Application of the post-retirement reemployment system in FY 2014

Number of those who are applicable			219
Number of applications [a]			181
Number of re-employed [b]	JTEKT	166	181
	Group companies	15	
Rate of employment [b/a]			100%

Establishment of an Asset Building Exploratory Labor-Management Committee

In FY 2011, an “*Iki-iki* 60 Committee” was formed for employees and management to jointly investigate various measures enabling employees 60 years and above to work with enthusiasm and vigor. As a result, a re-employment system clarifying expectations and roles was launched in FY 2014. Moreover, we have newly established an Asset Building Exploratory Labor-Management Committee. Labor and management hold discussions regarding pre-retirement asset building so that employees may retire with a sense of reassurance.

Enhancement of life career plan training content

JTEKT had already been holding life career plan training for employees aged between 50 and 55 as an opportunity to think about their career and post-retirement life design. From FY 2014, we also began covering the topic of health in this training.

Life career plan training participants (FY 2014)

50 years old Career 50 training participants	115
55 years old Career/life 55 training participants	202
Total	317

Employment of people with disabilities

JTEKT actively participates in joint-employment seminars aimed at people with disabilities and strives 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 are also enhancing initiatives by expanding job categories, etc.

Number of disabled persons employed (Average for 2014)

No. of employees with disabilities	292
No. of employees according to legislation	270
No. over or short	+22
Employment rate	2.17%

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

[Employee satisfaction improvement] Workplace management questionnaires

Each year, JTEKT conducts a workplace management questionnaire for all employees, from January through February. In FY 2014 as well, we collected comments from employees in both managerial and non-managerial positions at each workplace through questions regarding the “understanding of the workplace mission”, “common perception of the upper management policies”, and “understanding of the connection between the upper management policies and personal themes”, etc. This allowed us to understand management status, such as whether the progress of daily operations is properly controlled and whether company policies are steadily communicated. We aim to create a better workplace by incorporating issues found through this questionnaire into the plan for the following fiscal year.

[→ \[Message\] P15 Related article](#)

Confirming the level of satisfaction through morale surveys

JTEKT conducts a morale survey from January through February each year, along with a workplace management questionnaire, in order to confirm the level of employee satisfaction/dissatisfaction towards the organization and policies, and their associated reasons. Incorporating the results into the plan for the following fiscal year will lead to improvement in employee satisfaction.

[→ \[Message\] P19 Related article](#)

Adoption of Cafeteria Plan for benefits

JTEKT has adopted a selection-based benefit program (Cafeteria Plan). Employees can freely select from the benefit menu, including food, travel, and family care, according to points received. In FY 2014, the point usage rate was 96 percent. We support our employees in having a fulfilling life through various programs and facilities such as the employee savings scheme, employee shareholding association, dormitories, and gym.

Together with employees

Safety and health-related initiatives

Social background

The ISO26000 positions work habits as one of its central themes, and as such safety and health at work has been raised as an issue, and corporate safety and health management has been set in detail. Moreover, according to the Ministry of Health, Labor and Welfare, the number of people who take four days or more off work due to injury or illness has reached 110,000 per year and companies are now expected to find feasible solutions to this problem.

JTEKT's concept

Aiming to create a safe and comfortable workplace environment

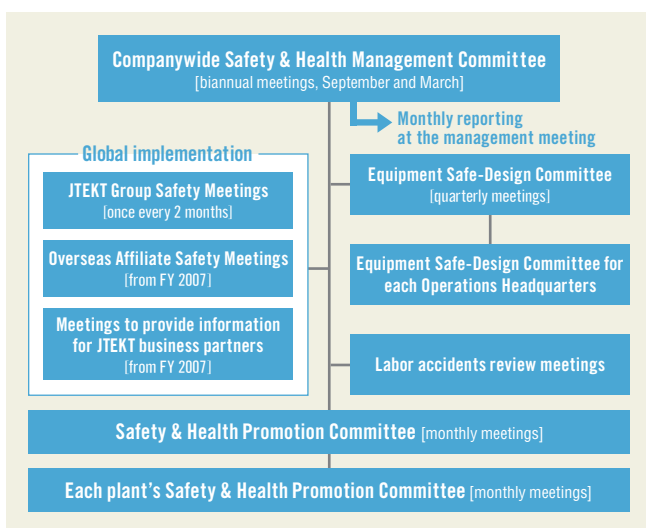
All JTEKT employees unite to engage in safety and health activities and create a comfortable workplace environment under our Companywide Safety & Health Policy.

Promoting activities under a centralized control system

▶ Figure-01

In order to systematically and consistently promote the formation of a safe and comfortable workplace environment, we established a Companywide Safety & Health Management Committee and have formed a centralized control system which covers group companies both in Japan and overseas. JTEKT is rolling out its safety and health activities on a global scale.

▶ Figure-01 Safety, health control system



Major activities in FY 2014

[JTEKT's safety activities]

Activities based on the safety & health management system

By FY 2007, 11 plants and the Higashi-kariya Operation Center had acquired "JISHA OSHMS Standards Certification", certification by the Japan Industrial Safety & Health Association concerning occupational safety and health management systems with an emphasis on risk management. Since then, activities have been ongoing in accordance with the management system. In FY 2014, the Sayama Plant also acquired certification.

JISHA OSHMS Standards Certification

FY 2014 Renewals at Kokubu Plant, Kagawa Plant and Kameyama Plant, as planned. New acquisition for Sayama Plant.

FY 2015 Renewals are planned for Okazaki Plant, Tokyo Plant and Kariya Plant.

Aiming for zero work-related accidents

▶ Figure-02

→ [Message] P14-15 Related article

At JTEKT domestic plants and operation centers, we continuously promote various safety and health activities aimed at achieving zero work-related accidents. Such activities include establishing 6 Major Accidents (*1) which can easily lead to death or impairment and the establishment of safety dojos (*2) to prevent work-related accidents through improving work and equipment. Since FY 2011 we have placed particular emphasis on countermeasures for "Failure-to-Stop Accidents" (*3) and continued in FY 2014 to focus on eradicating these as an issue of utmost importance. As a result, we were able to reduce the number of failure-to-stop accidents from 15 in FY 2013, to 10 in FY 2014; however unfortunately, we were unable to fully eradicate them. Moreover, the number of accidents due to tripping and falling appears to be rising, resulting in the number of all accidents and lost-worktime accidents increasing from the previous year. We are working to thoroughly identify the reasons for such accidents and achieve our Safety Vision of "Safety First' No. 1 JTEKT - We can eliminate all accidents!" by accelerating our efforts in developing safety personnel and safe workplaces. In FY 2015, we will aim for zero Failure-to-Stop Accidents and zero tripping and falling accidents.

*1 **6 Major Accidents** Accidents arising through pinching/entanglement, heavy objects, vehicles, falling, electric shock and hot surfaces.

*2 **Safety Dojo** A place where accidents on actual machinery are simulated and employees learn the importance of observing work rules through physical experience.

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

"Safety Vision" as the pillar of safety activities since FY 2015 ★ New!

"Safety First" No.1 JTEKT
-We can eliminate all accidents!-

- Safety takes priority over everything
- Strong ambition for ZERO accidents
- Aiming for ZERO risks

↓

We need to become a company which employees and their families are happy with and proud of.

Safety personnel	Safe workplace
① Can protect him/herself	① Equipment is intrinsically safe
② Does not let others get injured	② 4S is continuously and actively carried out
③ Improves unsafe actions and conditions	③ The workplace is improved on a daily basis

Together with employees

[Safety activities of domestic group companies]

Bi-monthly Safety Meetings ★ **New!**

Figure-02

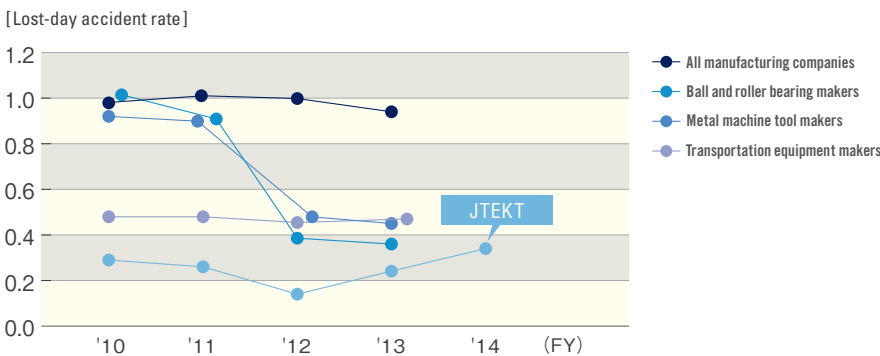
Bi-monthly safety meetings are held on a rotation-basis at JTEKT group companies in Japan in order to share a variety of information. The company who hosts the meeting picks up safety hazards through a safety patrol and then follows through on their improvement. Moreover, accidents which occur frequently during set-up changeover work are identified from past accident analysis results and all of the companies worked together on assessing all set-up changeover work and revising work procedures. As a result, a total of 993 tasks were covered.

Special support activities for companies with frequent accidents ★ **New!**

Failure-to-Stop Accidents are the greatest concern for not only JTEKT, but also JTEKT group companies in Japan, and these have been increasing in number since FY 2012. However, JTEKT has continuously conducted special support activities through the *genchi genbutsu* approach for those companies with a high number of accidents, including Failure-to-Stop Accidents. As a result, the number of accidents at the targeted group companies is declining.

Figure-02

Change of industrial accident frequency rate



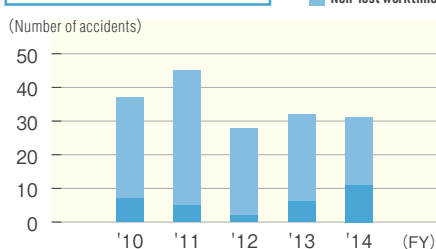
* The FY 2014 section of the graph only shows the lost-day accident rate for JTEKT.

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

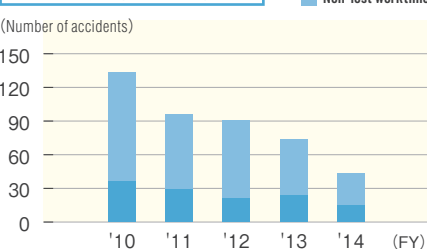
* **Lost-day accidents** : JTEKT defines lost-day accidents as work-related accidents resulting in work absence of 1 day or more.

Trend of total number of accidents

Domestic group : 19 companies

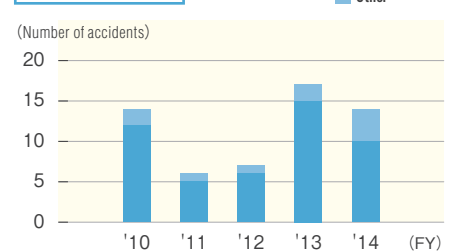


Overseas group : 48 companies

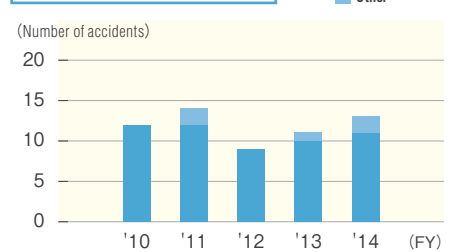


Trend of the 6 Major Accidents

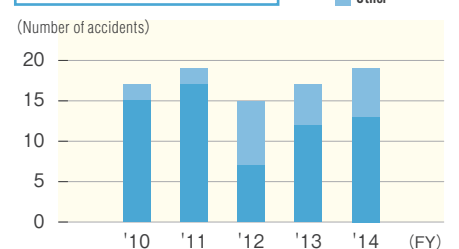
JTEKT independent



Domestic group : 19 companies



Overseas group : 48 companies



* The consolidated management scope differs between the Safety & Health Activities Report and Environmental Report. As such, the number of group companies in individual graphs also changes.

Together with employees

Summary of safety activities for FY 2014

Major items

- ① Eradication of frequently-stopping equipment
- ② “Pledging Zero Accidents” Day (Memorial Day)
- ③ Enforcement of PKTNS(*1) ④ Enforcement of “Stop and Confirm” activity
- ⑤ Red equipment(*2) countermeasures

Standardization of difficult work

- Assessed and implemented countermeasures for troubleshooting work on frequently-stopping equipment.
- Countermeasures and standardization of work were conducted for 922 of the total 1,210 pieces of equipment that were registered, with the remainder planned for completion in the first half of FY 2015.

Created 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 percent execution.
- Promoted proposals for near misses (*3).
- Countermeasures were completed for all 102,093 proposals.
- Actions during safety reinforcement months.
- Conducted a safety awareness survey in the form of a questionnaire twice during the year for half of the employees at a time. Analyzed the questionnaire results and shared the contents with other plants.
- Established safety dojos and shop-based safety dojos(*4).
- Conducted an actual-condition assessment through a safety diagnosis by DuPont.

Global deployment

- Rolled out domestically deployed items to our overseas group companies.
- Held investigations when accidents occurred and promoted countermeasures. Promoted monthly safety themed activities. Conducted autonomous safety audits, promoted establishment of safety dojos.

*1 PKTNS This approach entails the following:

1. Do not walk with hands in pockets
2. Do not walk while using a cell phone
3. Use the handrail when walking up/down stairs
4. Do not cross the road diagonally
5. Pointing and calling

*2 Red equipment Equipment without covers which still have the risk of trapping hands.

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

*4 Shop-based Safety Dojo A safety dojo targeting risk sources and equipment specific to a certain workplace or production line.

Katsuhiko Sakai
Management TOP Direct Control
Safety & Health Control Dept.

My
CSR



Special focal point support activities for group companies

I am the point of contact for matters relating to safety activity and serve as the facilitator between group companies and JTEKT. I would like to leverage my experience which I gained working on the production floor up until one year ago in order to support the individual group companies. The circumstances and concerns of each company differ and I feel great satisfaction when I confirm these one at a time through the *genchi genbutsu* approach, assess the situation and put my head together with the company to reach a solution. Sincerely vowing to put safety first and believing in our motto of “We can eliminate all accidents!”, I will contribute to the happiness of all JTEKT group employees and their families.

Improving awareness and knowledge through safety & health education

One of the key requirements of workplace safety & health activities is the planned implementation of education and training. Our main forms of education are rank-based training based on job level and special training based on job type, while our main forms of training are Basic KYT 4R training(*5), danger-sensing training, and skill training.

*5 Basic KYT 4R training KYT stands for Kiken (danger), Yochi (recognition), and Training. The term “4R” means “4 rounds.” This is danger-recognition training through 4 phases.

Main training types (number of attendees in FY 2014)

Rank-based training	Safety management training	118
	Group Leader training	153
	New employee training	142
Special training	Training Center student training	79
	Grinding wheel replacement	77
Others	Low-voltage handling	77
	All-Toyota training for those overseeing outside workers	406
	All-Toyota training for those overseeing construction	156
	Elevated-work training	837
	Electric shock prevention training	705
Risk assessment training	17	
		2,767

[Creating a comfortable workplace environment]

Workplace noise countermeasures

Our company had been engaging in improvements to eliminate all Noise Level 3 Classification areas (workplaces requiring improvement by law). However, some workplaces which had been improved were once again categorized as Noise Level 3 zones, and therefore we prepared a new plan for which we are promoting improvement activities.

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 had been conducting posture weight point assessments to numerically assess the risk of developing lower back pain. From FY 2015, we introduced an original ergonomics assessment which makes clear assessment easier and will begin rolling this out to all of our domestic plants.

Improving high temperature workplaces

From the perspective of worker protection, JTEKT revised work environment measurement standards and began WBGT-based(*6) assessments in FY 2010. JTEKT’s index is WBGT 30° C. The FY 2014 assessment showed that improvements were necessary in eight plants therefore we will continue implementing countermeasures in FY 2015.

*6 WBGT (Wet-Bulb Globe Temperature) An indicator incorporating humidity, radiant heat and temperature, which significantly impact a person’s heat balance. Calculated using dry-bulb temperature, wet-bulb temperature and globe temperature.

WBGT (Wet-Bulb Globe Temperature) calculation method

Outdoors: WBGT = 0.7 × wet-bulb temp. + 0.2 × globe temp. + 0.1 × dry-bulb temp.

Indoors : WBGT = 0.7 × wet-bulb temp. + 0.3 × globe temp.

Together with employees

Health-related initiatives

Social background

According to the Ministry of Health, Labor and Welfare, there is an increasing number of people who experience strong anxiety or stress due to work, and mental health countermeasures are becoming increasingly important in the workplace. In June 2014, the Industrial Safety and Health Act was partially revised, and employers are now under obligation to provide stress checkups for their employees.

JTEKT's concept

Promoting healthy minds and bodies for every employee

JTEKT values the health of each and every one of its employees and as such, conducts health management activities so that employees may enjoy and go about their daily work with vitality. As an initiative to promote healthy minds and bodies, we proactively promote mental health activities and activities for the prevention of lifestyle-related diseases.

Major activities in FY 2014

[Achieving mental health]

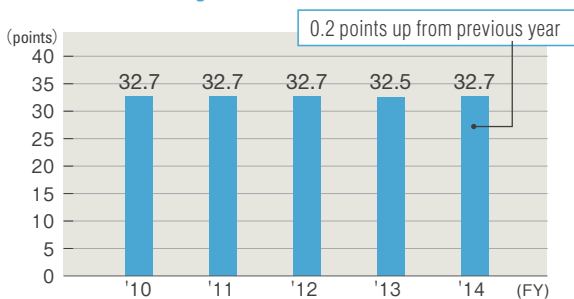
Ongoing promotion of mental health countermeasures

Figure-01

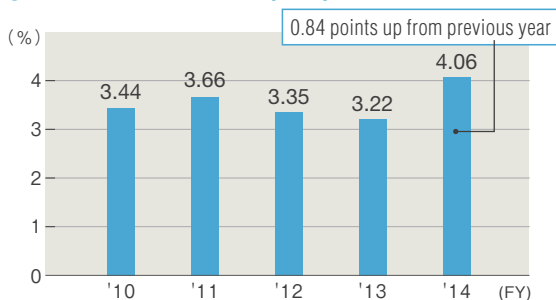
In FY 2014, we continued to promote mental health countermeasures which focused on preventing depression but unfortunately, the number of people experiencing high stress increased and the number of workers who took time off for mental reasons, along with the overall number of days taken off, rose. In particular, the number of employees in their 20s and 30s taking time off work increased, with the number of people who experienced stress less than three years after entering employment at JTEKT increasing from 12 in FY 2013 to 21. While there are some factors due to personal reasons, such as not becoming accustomed to the workplace or not properly being able to handle stress, we also thought it necessary to establish support systems to respond to this issue in the workplace for people who are easily stressed or have maladjustment problems. From FY 2015, we will roll out response with a central focus on establishing workplace systems as a mental health countermeasure.

Figure-01

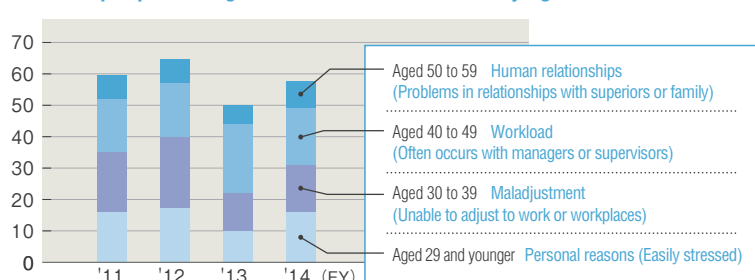
Transition of average stress levels (*1)



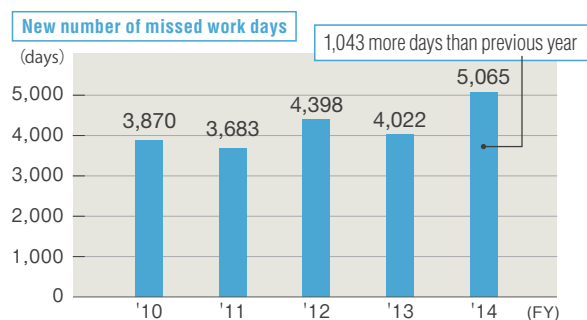
High-stress individual ratio yearly transition (*2)



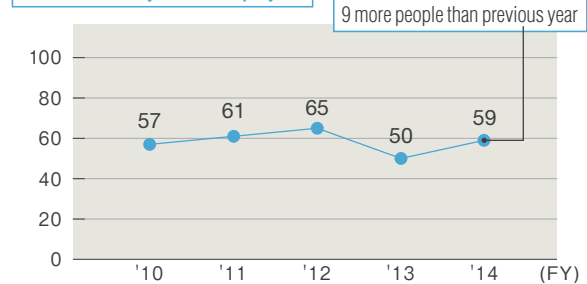
No. of new people taking time off work and reason by age



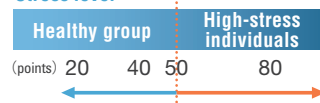
Number of work absences due to mental disorders



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

Implementation of a stress survey

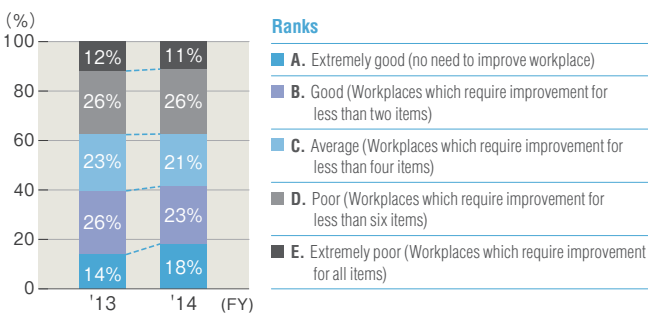
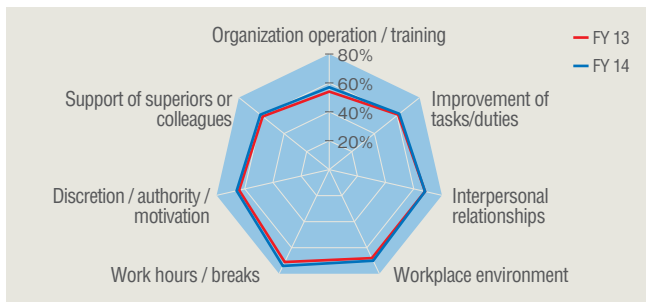
JTEKT conducts stress surveys as part of a health checkup so that employees may be aware of their own stress levels and know their level of psychological burden. This survey is in accordance with the Industrial Safety and Health Act revised in June 2014 (commonly referred to as the mandatory Stress Check Test).

Implementation of a mental health workplace diagnosis

From August to September, a questionnaire relating to mental health was held targeting all employees, and the return rate was 75 percent. Compared with FY 2013, Rank A (extremely good) workplaces had increased, while Rank E (extremely poor) workplaces had decreased slightly. We believe that the smoother dissemination of information through companywide deployment of compliance activities and an increased number of opportunities for employees to receive training based on a human resource development plan led to employees feeling motivated towards their work, thus improving the workplace environment.

Results of the mental health workplace questionnaire

Comparison of FY 2013 and FY 2014 ★ **New!**



Implementation of mental health training

We conducted mental health training of occupational rank-related content.

R4 mental health training

Theme [Preventing and responding to mental illness sufferers]

- Held in a lecture style (via video conference)
- Attended by approximately 1,800 people

Content

1. Recent status of mental health
2. Definition of a mental illness sufferer
3. Response if a workplace member becomes mentally ill

Support for employees taking off work due to mental disorders in returning to work

JTEKT supports the return of employees taking off work due to mental disorders, based on the Guidelines for Maintaining and Improving Workers' Mental Health established by the Ministry of Health, Labor and Welfare. Our return to work support program focuses on reoccurrence prevention and cooperates with external organizations such as vocational centers for persons with disabilities. The reoccurrence rate dropped from 0.34 percent in FY 2009 to 0.21 percent in FY 2014.

Implementation of a "one word from each person" activity

We have been promoting an activity where everyone gives a few remarks according to a monthly theme during morning or afternoon assembly in the workplace. The aim of this activity is to create an opportunity for sharing each other's feelings and thoughts within the workplace and supporting one another. We have received positive feedback from the various workplaces such as "The workplace is cheerier.", "I am in a department which provides overseas support so I gave a speech in English and it helped improve my language ability.", "Workplace communication got better." and "It was an opportunity to get to know one another."

Trend 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 the interview, an industrial physician checks the employee's degree of fatigue and work situation. Employees diagnosed to have accumulated fatigue are given guidance on overtime work restrictions for the next month and on lifestyle.

Awareness activities

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

However, unfortunately in FY 2014, the number of people who received health checkups due to working long hours increased for both managers and general employees. In FY 2015 we will engage in activities to make duties more efficient and improve management methods of equalization countermeasures and long hour workplaces.

Transition of number of employees receiving checkup for working long hours

Managers		Staff	
FY 2010	Approx. 2,558 (Average : 213/month)	FY 2010	Approx. 1,898 (Average : 158/month)
FY 2011	Approx. 2,511 (Average : 209/month)	FY 2011	Approx. 2,231 (Average : 186/month)
FY 2012	Approx. 2,523 (Average : 210/month)	FY 2012	Approx. 1,563 (Average : 130/month)
FY 2013	Approx. 2,767 (Average : 231/month)	FY 2013	Approx. 1,753 (Average : 146/month)
FY 2014	Approx. 3,004 (Average : 250/month)	FY 2014	Approx. 2,312 (Average : 193/month)

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

Together with employees

[Achieving physical health] Proactively supporting health management

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 for special health checkups and healthcare guidance is gradually taking hold. JTEKT is taking assertive action towards the objective of eradicating metabolic syndrome. In FY 2014, the company implemented training for individuals with high health risks (employees under 40 years of age with metabolic syndrome).

FY 2014 healthcare guidance implementation

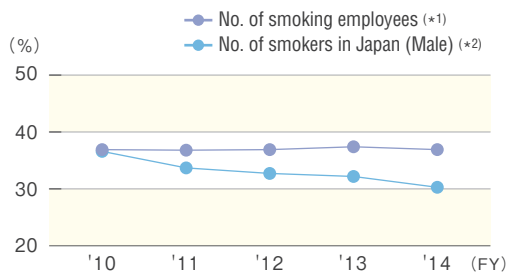
	Special health checkups	Education for employees with high health risks
No. of those applicable [a]	1,148	176
People screened/people participating [b]	1,137	176
% of total	Result [b/a]	99%
	Target	80%
		100%

Quit Smoking campaign

The Quit Smoking campaign is an activity that supports people who wish to quit smoking, with detailed assistance from an industrial doctor and a nurse. In FY 2014, 39 employees participated and 51 percent were able to successfully quit. The overall number of smokers among employees dropped 0.5 points from 37.4 percent last year to 36.9 percent.

We will continue to support employees in quitting smoking.

Transition of percentage of smokers



*1 The calculation scope has been revised, and therefore values differ from those appearing in reports released up until last year.

*2 From an investigation by JT

1st walking campaign **New!**

From March 1st to 25th, JTEKT conducted a “Walking around Operation Centers in Japan—Aichi/Shizuoka Edition” campaign with the aim of providing employees with an opportunity to walk and further promote the maintenance of their health. This was a virtual walking campaign which, by setting a target of walking an average of 10,000 steps a day, equated to walking the 175 km from JTEKT’s Nagoya Head Office to our Tokai Branch Office and Nakanihon Branch Office. A total of 232 employees completed the 175 km stretch.



Natsuko Morimoto

Personnel and General Administration Division
Personnel Dept.
Personnel Office
Health Promotion Group



Health is the foundation for a fulfilling life

I myself am a mother and I know just how important my health is in order to stay on top of family life and work. I want to do my best in health promoting activities so that all employees can feel energetic and vital every day and maximize their capabilities.

Together with local communities

Social background

The importance of participating in and contributing to the local community is one of the seven core themes of ISO26000. The 4th version (G4) of the GRI Guidelines touches on local community development programs based on the needs of local community. As “corporate citizens”, companies are expected to contribute to the local society in a variety of ways.

JTEKT’s concept

“Social contribution activities” as one of the Corporate Activities Standards

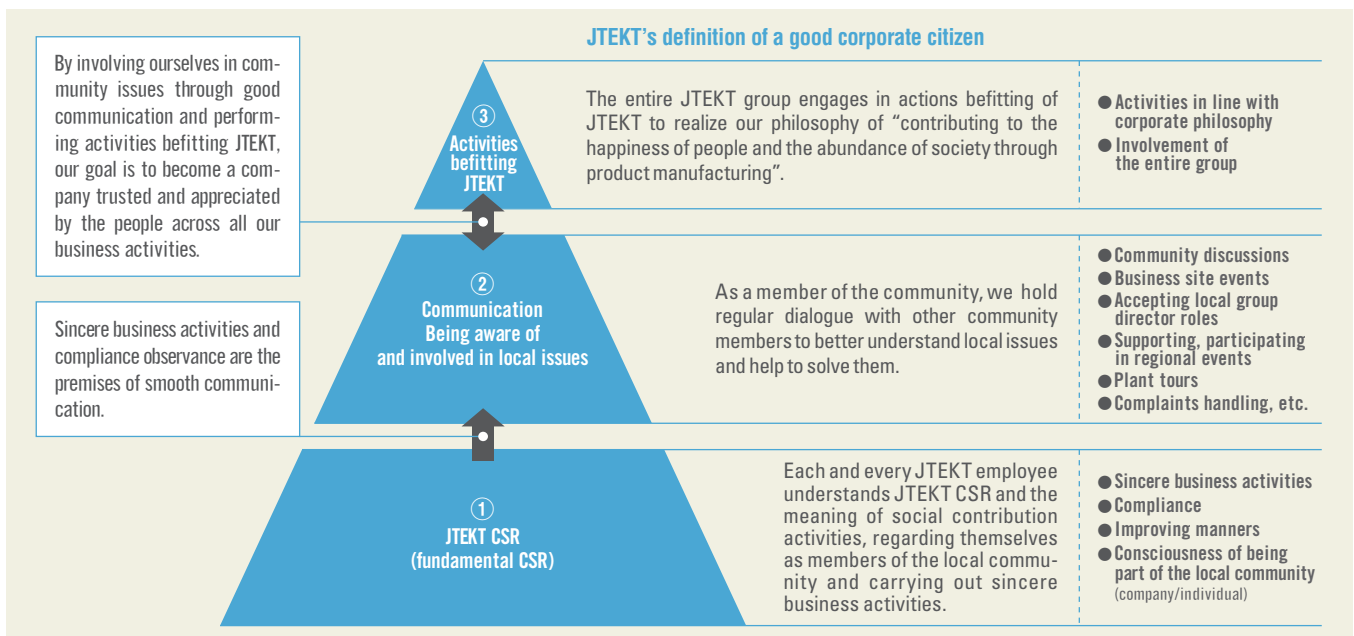
JTEKT has established “actively promoting social contribution activities as a good corporate citizen” as one of its seven Corporate Activity Standards. The Social Contribution Working Group under the CSR Promotion Committee leads in expanding a variety of social contribution activities, supported by activities rooted in the local community, proactive individual activity towards building nature and culture, and activities to support the affected areas of the Great East Japan Earthquake.

What we want to achieve

JTEKT promotes activities for social contribution as a good corporate citizen, with the aim of developing alongside the local community. For activities befitting JTEKT, each plant and operation center actively interacts with their local communities, uncovers local needs, and engages in actions rooted in the local community.

▶ Figure-01

▶ Figure-01



Major activities in FY 2014

Activities rooted in the local community

JTEKT is immersed in social contribution activities at each plant and branch office throughout Japan. In FY 2014, there were a total of 622 (166 new) activity reports from 458 plants and 164 branch offices.

[Communication]

JTEKT believes that ascertaining the needs of the surrounding people through interaction is the first step in locally rooted activities. Community discussions and plant festivals are held at each plant and operation center to further communication with the local community.

Holding community discussions at all plants

We periodically invite local government officials and community members to participate in community discussions at each plant and operation center. At these discussion sessions, we report achievements and exchange opinions concerning environmental conservation activities, and conduct plant tours, etc., to build a good relationship with the local community. During FY 2014, sessions were held at all 12 plants and at the Higashi-kariya Operation Center.

→ E_19 Related article

Deepening friendships through plant festivals

Each of JTEKT’s plants and operation centers hold festivals every year, with stage shows, games, employee-run stalls and more. The aim is to promote friendship between employees, families and the local community. Festivals were held at 12 plants and at the Higashi-kariya Operation Center in FY 2014, counting a total of 8,514 visitors.

Together with local communities

Introduction of activities

Holding a community discussion

Kokubu Plant (Kashiwara city, Osaka)

On February 14th, 2015, Kokubu Plant invited eight members of the local community to participate in a community discussion. This occasion involved a plant tour, exchange of views and a Q&A session, with the aim of deepening the guests' understanding of JTEKT. There were no complaints or requests made relating to the environment.



Introduction of activities

Over 350 visitors at a JTEKT family festival

Kameyama Plant (Kameyama city, Mie)

A family festival was held and over 350 visitors attended, comprising of employees, their families and related persons. Visitors enjoyed mini live performances by local stars, rock-paper-scissors competitions, workplace arm wrestling contests, handmade bouldering and many other forms of entertainment. All proceeds from the bazaar were donated to the victims of the Great East Japan Earthquake.



Introduction of activities

Participation in the 50th anniversary event of a local industry association ★ **New!**

Sayama Plant (Sayama city, Saitama)

On September 28th, Sayama Plant participated in a 50th anniversary ceremony and event for the Kawagoe Sayama Industry Association. At the event, JTEKT ran a *karaage* (fried chicken) stall and exhibited a booth introducing JTEKT's products and history in an effort to deepen communication with the local community.



Introduction of activities

Interacting with many people at a community event ★ **New!**

Iga Proving Ground (Iga city, Mie)

On November 3rd, JTEKT participated in a community event, Kenzui Festival 2014. We set up a booth introducing our products and a booth introducing JTEKT and the Iga Proving Ground through a video. We interacted with many local community members while handing out cookies featuring the JTEKT logo.



[Nurturing of young community members]

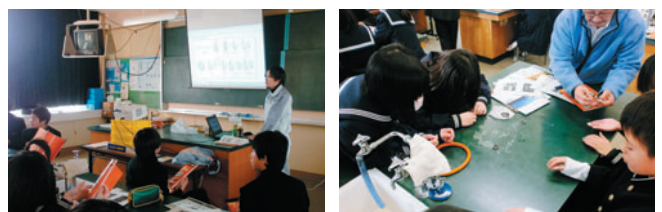
Through activities such as *monozukuri* classes and sporting events, JTEKT contributes to the nurturing of young community members.

Introduction of activities

A visiting lesson at a local junior high school ★ **New!**

Tokushima Plant (Itano ward, Tokushima)

On February 16th, employees of Tokushima Plant held a visiting lesson for second year students of Oujin Junior High School in Tokushima city. As well as introducing the mechanism and role of bearings in a straightforward way, employees also gave students the opportunity to experience assembling a bearing themselves. We received a letter of thanks from the Tokushima Prefecture Education Committee saying our lesson was a valuable opportunity to increase students' motivation to learn.



My CSR



Tetsuya Higashimori
Bearing Operations Headquarters
Kokubu Plant
Administration Dept.
General Affairs Section

Kokubu Plant - Growing with the community

Situated in Kashiwara city in the southeastern part of Osaka Prefecture, Kokubu Plant was established in 1938 and boasts over 70 years of history. Once a year, the plant invites members of the local community to a family festival, and in return, we are invited to the local summer festival. The plant has enjoyed a strong relationship with the region from long ago and is growing with the mutual cooperation of local residents. We would like to continue growing while placing even greater value on coexistence with the community.

Together with local communities

Introduction of activities

Initiatives in improving sanitary conditions for elementary school students ★ New!

JRDC (China)

JRDC participated in a social contribution activity hosted by Binhu district of Wuxi city and helped to improve the sanitary conditions of elementary schools in Guizhou province. In 2014, JRDC donated a shower room and toilet to elementary schools and in December, JRDC employees attended the inauguration ceremony.

Voice of the elementary school | The toilet is flushable, which has improved our sanitary conditions. Moreover, the children used to wash themselves in a tub or the river but thanks to the donated shower room, they can now bathe conveniently and hygienically. This is really pleasing and we are so grateful to JRDC for their generosity.



[Welfare support]

JTEKT supports the socially vulnerable, such as sick persons and those with disabilities, in many ways.

Introduction of activities

Volleyball class at Okazaki School for the Deaf ★ New!

STINGS

On August 1st, five players from JTEKT's volleyball team, the STINGS, visited Okazaki School for the Deaf. The JTEKT players received a big round of applause from the 31 members of the junior high/senior high school student volleyball team when they greeted them using sign language. Players spoke slowly and used gestures to teach volleyball tips. The students watched carefully with the utmost sincerity and took the new knowledge in through their entire bodies.



Introduction of activities

Weeding volunteer work at an orphanage ★ New!

Hanazono Plant (Okazaki city, Aichi)

Hanazono Plant conducts regular volunteer activities at Okazaki Heiwa Gakuen, an orphanage in Okazaki city. On September 21st, the plant employees volunteered to weed the school grounds and flower beds. After weeding, they planted the seeds they had donated together with the children in the orphanage. After the work was done, the employees stayed and played with the children, making for an enjoyable day filled with laughter.



[Road safety and fire prevention]

Our company actively promotes a number of road safety activities, including "risho" (*). We also believe that fire prevention is very important to maintaining a relationship of trust with the community and as such implement through fire prevention measures.

* **Risho** A practice unique to Japan where, on the morning of a specific 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

Preventing accidents involving children and the elderly

Higashi-kariya Operation Center (Kariya city, Aichi)

JTEKT performed a road safety (risho) activity four times in FY 2014, in spring, summer, autumn and at the end of the year, as a part of efforts to achieve road safety and prevent accidents involving children and the elderly. A total of 259 employees participated in the four risho activities carried out.



My CSR



Ryouichi Tokioka
Research & Development Headquarters
Advanced Creative Technology Research Dept.
Advanced Mobility Sect.

Contributing to the traffic society through safety and eco-driving

Each member of Nara Plant's Motor Sports Club, JTEKT (MSCJ) has a strong awareness of their role in contributing to a safe traffic society and strives to improve safe driving skills. In addition to safe driving, the club also engages in efforts to achieve smooth traffic conditions through eco-driving with no strain, waste or inconsistency. Moreover, through maintenance on club cars, the members build a mindset of treating things with care. MSCJ will continue to expand its activities to not only within the club, but also throughout the company and externally.

Together with local communities

Introduction of activities

Contributing road safety goods **New!** to Okazaki city

Okazaki Plant (Okazaki city, Aichi)

A portion of proceeds from the Okazaki Plant Friendship Festival was donated to Okazaki city. Upon receiving a request for road safety goods from the Okazaki City Citizens Lifestyle Club, JTEKT donated 530 reflectors (reflective key holders). Due to the fact that the number of accidents involving the elderly is increasing in Okazaki city, we donated four patterns of reflectors popular amongst elderly people.



[Community clean-up and beautification]

Every year JTEKT holds community beautification activities to raise company environmental awareness. Employees proactively participate in cleaning up around plants to enhance coexistence with the community. In FY 2014, all 12 plants, the Higashi-kariya Operation Center, seven branch offices and the Nagoya Head Office implemented such activities.

Introduction of activities

Clean-up activity together with **New!** local residents

Tadomisaki Plant (Takahama city, Aichi)

From March 2014, Tadomisaki Plant has been conducting clean-up activities around their plant on the third Wednesday of every month. After introducing initiatives at the community discussion held in December, members of the Tadomisaki citizens committee began joining us in this effort from the following month. In the clean-up activity held on January 21st, 2015, five kilograms of garbage was collected in a joint effort between four town committee members and seven JTEKT employees.



[Environmental preservation]

JTEKT considers environmentally-orientated social contribution to be of great importance. Each plant and operation center engages in a variety of environmental preservation activities with community members.

Introduction of activities

A “clean-up the coastline” activity with local elementary students

Toyohashi Plant (Toyohashi city, Aichi)

On October 18th, “friendly walk on the beach” was held again this year, following on from last year, at Tahara city’s Dodo Coast. This time, the employees of Toyohashi Plant and their families, as well as students from the local Fujimi Elementary School and their families, participated and a total of 150 people helped to clean up the coastline. After the clean-up, group net-hauling was held, as well as a lecture on sea turtles.



Voices of the parents of participating schoolchildren | One of the parents of a participating elementary school student commented that their son said he felt sorry for the sea turtles when he saw the mountain of trash which had been collected from the coastline during the clean-up activity and they think this activity made their son realize the importance of the natural environment.



Introduction of activities

Contributing recycle planters to **New!** an elementary school

Kariya Plant (Kariya city, Aichi)

Every year since 1999, Kariya Plant has donated planters made by employees using recycled waste material from the plant to two elementary schools in Kariya city. On March 12th of FY 2014, the plant donated 20 planters to Futaba Elementary School and 18 planters to Asahi Elementary School. Both schools were soon to hold graduation ceremonies and were pleased to receive the planters, saying they wanted to grow flowers to line where the graduates would walk during the ceremony. We plan to continue making this contribution.



My CSR



Kazushige Mabuchi
Bearing Operations Headquarters Tokyo Plant
Administration Dept. General Affairs Section

Participating as security volunteers at a summer festival

The Hamura Summer Festival is held every year in Hamura city, where the Tokyo Plant is located, and JTEKT employees participate as security volunteers. At Tokyo Plant, workers and management cooperate to recruit volunteers, and in 2014, a total of 56 people participated. The Samba Carnival held in the main street outside of Hamura Station always draws in large crowds, and ensuring security is an extremely important responsibility. We will leverage the power we receive from the festival and continue activities close to the local community.

Together with local communities

Building nature and culture through each employee's active participation

Each year, JTEKT conducts a questionnaire survey concerning individual volunteer activities for all employees, geared towards building an environment where volunteering is easier. The results of the questionnaire will be used to build a framework which encourages volunteer activities. In FY 2014, 5,362 volunteer activity participations were logged.

[Collection activities]

▶ Figure-01

JTEKT is devoting efforts to the collection of PET bottle caps, erroneous postcards, used ink cartridges, and other items, as an activity that anyone can easily participate in.

Introduction of activities

Providing scholarships to a Thai junior high school through collection activities New!

Companywide

In FY 2014, JTEKT provided three Thai junior high school students with scholarships through a collection campaign held around the New Year period which involved contributing used ink cartridges and erroneous postcards. The three students who received the scholarships live in Udon Thani in Thailand's northeast, and are studying diligently in order to advance to senior high school.



Introduction of activities

Used chopsticks as a base ingredient for paper New!

Toyota Branch Office (Toyota city, Aichi)

From September 2014, Toyota Branch Office has been conducting a used chopsticks collection activity. The collected chopsticks were sent to Oji Paper Company to be used as the base ingredient for paper. In FY 2014, the branch sent a total of 40 kg of used chopsticks (equivalent to 2,664 postcards).



Great East Japan Earthquake disaster area support activities

It has been four years since the Great East Japan Earthquake, yet devastated areas are still in the midst of recovery and reconstruction. JTEKT has designated the support for disaster areas as a pillar of our societal contribution activities, and our employees continue to participate in support activities. Moreover, in FY 2014, we provided a variety of support to the devastated areas of the Hiroshima landslides.

Introduction of activities

Charity caravan supporting disaster areas Companywide

JTEKT created a framework for raising donations by utilizing the cafeteria menu and vending machines and has implemented this in all plants, operation centers and branch offices around Japan again this year, following on from last year. Together with the independent charity projects of each plant, etc., we collected a total of 2,620,525 yen which was donated in the form of cash and requested goods to ten volleyball teams from six senior high schools in Kesenuma city and Minamisanriku town of Miyagi prefecture. → [Message] P17 Related article



▶ Figure-01

Campaign	Time period	Collection items	Collection results	Conversion	Beneficiary
Nihokai Collection of goods for East Japan recovery support	August–October	Erroneous postcards, bell marks (cards for funding education for poor children), unused stamps, all types of coupons		Equivalent to 428,572 yen	Nihokai
Collection at year-end and New Year	December–January	Used ink cartridges	5,984	Equivalent to 20,330 yen	EDF-Japan
		Erroneous/unused postcards	950	Equivalent to 37,313 yen	
		Election postcards/stamp sheets	26 stamp sheets		

Together with local communities

Introduction of activities

Participation in the Tohoku University **New!** Qatar Science Campus

Research & Development Headquarters R&D Planning
Dept. Advanced Process Innovation R&D Dept.

For the successful recovery of disaster-struck areas, the ongoing educational support of children, who are the future leaders of such efforts, is necessary. The Tohoku University's Qatar Science Campus, backed by support from Qatar, is a project run by the Tohoku University Graduate School of Engineering involving events related to manufacturing and scientific experiments aimed at school students in Miyagi prefecture. On August 23rd, JTEKT held an experimental type science class entitled "Let's learn from a mini 4WD contest" in which volunteers from JTEKT conveyed the fun of making things while thinking to 34 fifth and sixth year elementary school students.



Voices from participating employees

I would like to continue activities without forgetting the feeling of togetherness

Kunihiko Itou
Engineering Headquarters Engineering Administration Dept. Engineering Administration Office

I helped with farming oysters at Rikuzentakata and field support for the bicycle race, Tour de Sanriku. On the last day, I visited the temporary housing area and helped the residents harvest buckwheat. This buckwheat had been planted by volunteers from Toyota Group in the summer. I would like to continue activities without forgetting the feeling of togetherness (Duration: October 31st – November 3rd).



Introduction of activities

Participation in the Toyota group's recovery support volunteer activities

Employees

Toyota group is conducting recovery support volunteer activities, in which its employees participate. In FY 2014, two employees from JTEKT also participated.

Voices from participating employees

I was reawakened to the importance of daily risk management

Katsuji Washio
Automotive Systems Business Headquarters Okazaki Plant Administration Dept. General Affairs Section

This is the second time I have participated, the first time being in 2011. When I went to the disaster-struck regions for the first time in three years, I was painfully conscious of how slow recovery is there. I also held discussions with the director of a museum in Ofunato which teaches about the tsunami and members of a discussion group from Rikuzentakata city and through these encounters, realized what was necessary and what should be done in the event of a disaster. I was reawakened to the fact that daily risk management is important in order to be as prepared as possible for unpredictable disasters. (Duration: October 31st – November 3rd)



Introduction of activities

Support for victims of the Hiroshima **New!** landslides

Hiroshima Branch Office, Nishinohon Branch Office
(Hiroshima city, Hiroshima)

JTEKT donated 1 million yen to the victims of the landslides which occurred in Hiroshima city as a result of heavy rainfall. On September 19th, a presentation of the donations as gift certificates was conducted at Hiroshima City Hall. Also, on September 12th, three JTEKT employees participated in volunteer activities in the disaster-struck area. The Hiroshima Branch Office and Nishinohon Branch Office would welcome the opportunity to participate in support activities again.



Voices from participating employees

I helped to remove the mud created by the landslides from the parks and homes in Kabe district, Hiroshima. I was shocked that such a large-scale landslide could occur in one night, and it really made me think of how scared the local residents must have been. Working together with many other volunteers, I really felt how the small power of one can amount to a big power and experienced firsthand the importance of helping one another. I sincerely hope many people will continue to help each other so that the victims of this disaster may regain strength as soon as possible and return to life as normal.

Together with shareholders and investors

Social background

The transparency of company management is scrutinized, making it increasingly important to disclose information in an accurate and timely manner and establish accountability. Moreover, in the financial sector as well, it is becoming more commonplace to emphasize ESG(*1) information when assessing a company's value. Therefore, it is important for a company to be able to balance earning power with business sustainability.

*1 ESG Abbreviation for Environment, Social and Governance; the matters a company is expected to consider as their responsibility when conducting 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 guarantee transparent management, and strive to construct a long-term relationship of trust with shareholders and investors.

Major activities in FY 2014

Information disclosure and IR activities

JTEKT not only observes rules on legislated disclosure and timely disclosure, but also strives to increase the transparency of its management. In addition, in order to deepen understanding of JTEKT and the JTEKT group by shareholders and investors, the company also actively discloses information that is both well-timed and appropriate voluntarily and in a fair manner, through various IR activities.

Progress report on the mid-term management plan at the end-of-period IR results briefing

At the end-of-period IR results briefing for analysts and institutional investors held in May, 2015, we conducted the first review

and revision(*2) and announced the mid-term management plan up until FY 2019. A vigorous and grueling Q&A session was held and we were able to deepen understanding of JTEKT's current status and future developments.

*2 Review and revision Regularly revising a plan to suit changes in the management environment.

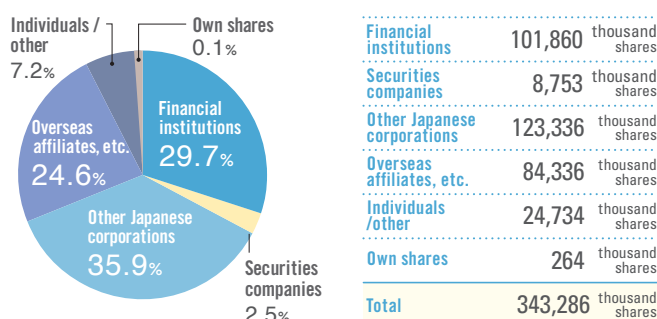
Main IR activities

- Hold 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 as of end of March, 2015, the number of shares issued was 343,286,307 and the breakdown of shareholders is as follows.

Shareholder distribution status

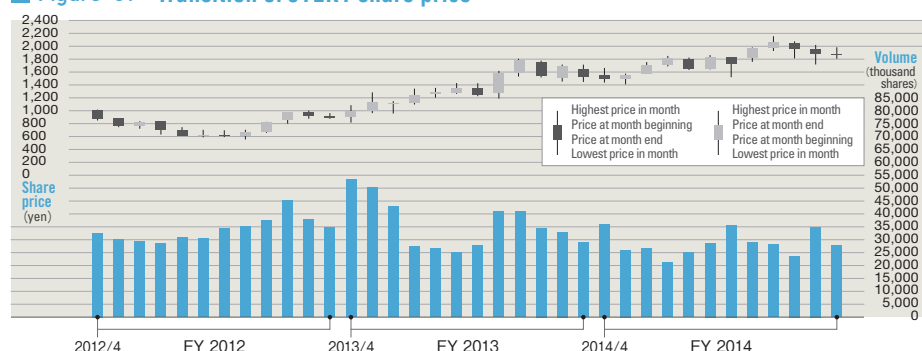


As of end of March, 2015
(anything less than 1,000 rounded down)

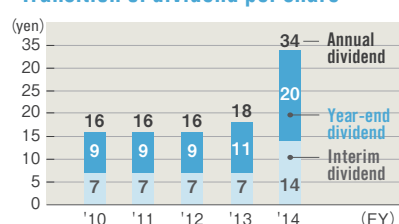
Business performance and return of profits

Our consolidated sales for FY 2014 were 1 trillion 355.9 billion yen, 7.6 percent higher than the previous year. Our consolidated operating profit was 74.1 billion yen, while our combined ordinary income was 79.3 billion yen and combined current net earnings were 42.5 billion yen. As a result, the annual dividend per share is 34 yen, an increase of 16 yen from last year. For FY 2015, the world economy is predicted to continue steadily on the whole, however it remains unclear how the situation will progress in developing countries. Even still, we will strive towards the achievement of "Shaping a Better Future through the Spirit of 'No.1 & Only One'" as part of the JTEKT GROUP VISION, for which activities were begun in April 2014. We will further strengthen cooperation between group companies and work to establish a strong management foundation and revenue base not susceptible to change.

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	