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Activities of Overseas Affiliated Companies
51 - JTEKT Automotive (Thailand) Co., Ltd.
53 - JTEKT AUTOMOTIVE VIRGINIA, INC.
55 - KOYO BEARINGS (EUROPE) LTD.
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Environmental Data
59 - Environmental Data by Location
The JTEKT Group, which began as a maker of bearings and machine tools and later expanded its product lineup to include steering systems and driveline components, seeks as a group possessing extensive manufacturing know-how to “contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.”

In order to start a new page in JTEKT's history and promote achievement of the above corporate philosophy, in April this year we established our “JTEKT Vision 2015,” which calls for the JTEKT Group to carry out operations based on a spirit of “Creation & Innovation” and win the trust of customers through a continual pursuit of top-class quality as a true “Quality First Company.” This Vision also expresses our commitment to carrying out business activities in a manner that is fair, transparent, and in compliance with relevant laws, regulations, and business ethics in order to fulfill our social responsibilities as a trusted member of the international business community.

Protection of the global environment is an issue that concerns everyone, and each person should take action to resolve environmental problems based on a sober consideration of our planet’s future. The JTEKT Group has established an “Environmental Action Plan” that stipulates targets for 2010, and member companies are working hard as a team to achieve these voluntary targets. We aim to contribute to the creation of a sustainable society not only through productivity improvements and other measures that reduce the load on the environment but also through providing such energy-efficient products as electric power steering and ultra-low-torque bearings, both of which improve vehicle fuel efficiency.

We believe that human resource development is a key to achieving our goals and that our employees constitute one of our most valuable assets. Through a development program aimed at enabling employees to achieve their true potential, we hope to create a workforce capable of understanding societies, cultures, and environmental issues around the world and to be a company that wins the trust of customers and society by listening closely to the environmental concerns of all its stakeholders. We welcome your feedback to the content of this Social & Environmental Report.

September 2007

Message from the President

Global Environmental Conservation Committee Chairman
President
Motohiko Yokoyama

Director of Environmental Management
Senior Executive Director
Nobuyoshi Hisada
Corporate Philosophy / Vision

JTEKT, based on a deep awareness that environmental conservation on a global scale is one of its most important duties as a company, aims to contribute to the further safety and prosperity of society by creating new value and by promoting harmony between people, society and the environment.

Our Corporate Philosophy expresses our company’s basic spirit and values, and our Vision describes the company we aim to be in 2015.

Corporate Philosophy

- Corporate Purpose
  Seek to contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.

- Management Stance
  1. Create new value and provide society with joy and inspiration on a broad scale.
  2. Aim to growth in harmony with society through innovative operations on a global basis.
  3. Create a bright, energetic corporate atmosphere based on respect for people.
  4. Strive toward the realization of safer, more abundant living circumstances.

JTEKT’s 2015 Vision: "Creation & Innovation"

- Specific aims of formation
  1. Achievement of the company’s dream
     Enable JTEKT as a “monozukuri” company (one dedicated to skill and excellence in manufacturing) to contribute to the betterment of society through the provision of products and services truly desired by customers.

  2. Realization of each employee’s potential
     Enable each employee to obtain the joy, satisfaction and recognition that results from contributing to society through corporate activities and to achieve continual personal growth.

- Corporate objectives
  1. Be a “monozukuri” company friendly to the global environment
  2. Be a company that promotes living and work environment improvements by providing safe, reliable, pleasurable products
  3. Be a company that sees market changes as business chances and continues to grow throughout the world
  4. Be a truly global company that is a good corporate citizen with an excellent social and cultural understanding in each world region

- Core paradigm
  Each employee acts with initiative and a sense of responsibility to enable JTEKT to achieve its corporate objectives!

  1. Strong ambition: Take pride in being a JTEKT employee and strive to enhance both personal capability and corporate value
  2. Emphasis on speed in decision-making and actions: Speed is vital to achieving a competitive edge
  3. Teamwork: While respecting the individual, work closely as a team in order to realize synergistic capability
  4. Culture of task completion: Cultivate a culture of continuing to search for solutions and make improvements until the task has been completed
Company Profile

- **Company name:** JTEKT Corporation
- **Headquarters:** No.5-8, Minamisemba 3-chome, Chuo-ku, Osaka, Japan
- **Head Offices:** Nagoya head office No.7-1, Mieki 4-chome, Makani-shuku, Nagoya, Aichi Pref., 462-815, Japan
- **Osaka head office No.5-8, Minamisemba 3-chome, Chuo-ku, Osaka, Japan**

**President:** Motohiko Yokoyama

**Capital:** 36,200 million yen (as of March 31, 2007)

**Number of employees:** 31,355 (consolidated) 9,919 (nonconsolidated) (As of March 31, 2007)

**Sales:** Year ending March 2006 1025.2 billion yen (consolidated) 634.8 billion yen (nonconsolidated)

**Ordinary income:** Year ending March 2006 66.9 billion yen (consolidated) 38.2 billion yen (nonconsolidated)

**Consolidated subsidiaries:**
- JTEKT Corporation
- No.5-8, Minamisemba 3-chome, Chuo-ku, Osaka, Japan
- Nagoya head office No.7-1, Mieki 4-chome, Makani-shuku, Nagoya, Aichi Pref., 462-815, Japan
- Osaka head office No.5-8, Minamisemba 3-chome, Chuo-ku, Osaka, Japan

**Sales, Ordinary Profit, and Number of Employees**

- **Sales**
  - Unconsolidated
  - Consolidated

- **Ordinary profit**
  - Unconsolidated
  - Consolidated

- **Number of employees**
  - Unconsolidated
  - Consolidated

**Domestic Plants**
- **Kokubu Plant**
  - 24-1 Kokubu-Higanjo-cho, Kashiwara, Osaka Pref.
- **Kariya Plant**
  - 1-1 Asahi-machi, Kariya 448-8652, Aichi Pref.
- **Tokushima Plant**
  - 1 Osato-Ileanab, Aizu-iwa, taizou, Osaka Pref., 711-124
- **Okazaki Plant**
  - 8 Aza-Kiyosumi, Ichiba-machi, Okazaki, Aichi Pref.

**Main Products**
- **Steering systems**
  - Electric power steering
  - Electronically controlled variable gear ratio steering
  - Hydraulic power steering
  - Hydraulic pump
- **Bearings**
  - General-purpose bearings
  - Automotive bearings (hub unit with integrated sensor)
  - Machine tools bearings (High Ability series)
  - Steel mill bearings
- **Driveline components**
  - Couplings
  - Torque sensors
  - Propeller shafts
  - Drive shafts
- **Machine tools**
  - Grinders
  - Machining centers
  - Special machine tools
  - Super high-pressure machine tools

**Other products**
- **Mechatronics**
- **Sensors**
- **Residential devices**
  - Programmable controllers
  - Pressure switches
  - Pressure sensors for air conditioners
  - Home elevators

**Note:** JTEKT Corporation was created on January 1, 2006, by the merger of Koyo Seiko Co., Ltd. and Toyoda Machine Works, Ltd., with Koyo Seiko being the legally surviving entity. Accordingly, the results shown for FY 2005 were calculated by adding Koyo Seiko’s results from April through December 2005 to JTEKT’s results from January through March 2006. Results for FY 2004 and before are for Koyo Seiko.
Corporate Governance

- **Fulfilling Social Responsibility**
  
  In order to achieve continuous improvement of company value and fulfill CSR expectations as a trusted corporate citizen of the international community, we are endeavoring to attain management transparency for the sake of shareholders and other concerned parties.

- **Achieving Rapid Accurate Decision-making**
  
  The primary decision-making meetings are the general meeting of shareholders and the board meetings. In addition, to achieve swift decision-making and efficient execution of operation, we have adopted an executive officer system whose role is to focus on operations.
  
  Specialized, full discussions are carried out in the executive director meetings and various committee meetings to enable fast, accurate decision-making. To share information and confirm progress of operations among directors and managing officers, management committees are held with the participation of directors, auditors and managing officers.
  
  The board of auditors exists as an auditing organization, and external auditors make up two of the five auditors.
  
  An Internal Audit Department has been established to audit internal operations and support the board of auditors.

- **Structure of Corporate Governance**
  
  ![Diagram of Corporate Governance](attachment:image.png)
Establishment of Corporate Actions / Risk Management Committee

Following discussions by the Corporate Actions / Risk Management Committee, the Employee Conduct Guidelines were established in April 2006. This is an easy-to-read collection of policies and principles that guides employees when they face challenges on the job as they strive to implement JTEKT's corporate philosophy and achieve company goals.

Chapter 1
Guidelines related to employee's relationship with the company

Chapter 2
Guidelines related to employee's participation in company activities

Chapter 3
Guidelines related to employee's relationship with society

Chapter 4
Guidelines related to employee's personal activities

As an "employee" company dedicated to the highest manufacturing principles, JTEKT aims to achieve world-class levels of quality and safety and continues to pursue new challenges in manufacturing innovation. At the same time, to meet increasing social demands for corporate responsibility, JTEKT last year established a Risk Management Committee and issued Employee Conduct Guidelines to provide employees with an easy-to-understand outline of expected behavior in order to enable JTEKT to carry out its Corporate Philosophy and achieve its aims.

We position compliance with laws, corporate ethics, and regulations as a major responsibility of management. Compliance and risk management are invaluable to being a company that has the trust and high expectations of society, and we are continually striving for improvement in these areas.

Corporate Activities Standard

1. Follow proper business practices and engage in fair, transparent and free competition based on a respect for the law.
2. Derive concepts from the market, provide the best in quality, technology, and service, and obtain the satisfaction and trust of customers.
3. Carry out global environmental improvement activities proactively and aggressively.
4. Respect the individuality of employees, create workplaces that are motivating to employees and enable them to fulfill their potential, and strive to provide each with abundant living circumstances.
5. Maintain close communication not only with shareholders but also with society and disclose corporate information properly.
6. As a good corporate citizen, aggressively pursue activities that contribute to society.
7. Follow international rules, observe the laws, cultures and customs of countries and regions where we have operations, and seek to contribute to their growth.

Establishment of “Employee Conduct Guidelines”

Formation of guidelines
Following discussions by the Corporate Actions / Risk Management Committee, the Employee Conduct Guidelines were established in April 2006. This is an easy-to-read collection of policies and principles that guides employees when they face challenges on the job as they strive to implement JTEKT’s corporate philosophy and achieve company goals.

Content of Employee Conduct Guidelines

Chapter 1 Guidelines related to employee’s relationship with the company
Chapter 2 Guidelines related to employee’s participation in company activities
Chapter 3 Guidelines related to employee’s relationship with society
Chapter 4 Guidelines related to employee’s personal activities

Distribution of “pocket version”
An easily carried “pocket version” of the Employee Conduct Guidelines has been distributed to all employees so that they can refer it handily in everyday life.

Promoting training on compliance
Training sessions have been held at all business sites with the aim of explaining the rationale behind the Corporate Philosophy, Corporate Activity Standards and Employee Conduct Guidelines and gaining acceptance thereof.

Receiving assistance regarding corporate ethics
An “Employee Opinion Box” and “Corporate Ethics Helpline” have been set up to enable employees seek answers to questions and raise issues regarding compliance issues.

“Employee Opinion Box”
This is a means by which employees can receive consultation when they are having doubts about the lawfulness of their own activities or other activities being carried out in the company. Messages can be dropped in a box or sent by company e-mail.

“Corporate Ethics Helpline”
Employees unable to consult with their supervisor or specialist department for various reasons can utilize a corporate ethics helpline set up for consultation with outside lawyers. The lawyers provide advice and improvement proposals to JTEKT management as required, while keeping the employee’s identity anonymous.
We will put quality first and provide products to earn the trust and satisfaction of our customers. This is in our quality policy, and we are working to emphasize the concept of “putting customers first and focusing on quality” at every opportunity as well as to create attractive products that will satisfy the customer.

Quality control system & Creating products to put the customer first
We are promoting “TQM (Total Quality Management) activities” based on “improvement in quality of work” and “vitalization of people and workplaces” for everything from product planning to manufacturing, sales, and service, and we are working to build in quality.

In particular, in FY 2007 we established “From Quantity to Quality!” as the basic concept of our company policy, and we are striving to be a company that provides customers with reliable products and superior service.

Moreover, because we acquired certification in the ISO 9001 and ISO/TS 16949 international quality management standards early on, we have created a quality system that can respond to the demands of customers.

Quality assurance that involves our suppliers
Quality and reliability are the most important selling points for the JTEKT, Koyo, TOYODA, and TORSEN brands. In order to supply high-quality products that earn the trust of our customers, we carry out quality assurance activities not only internally but also with our suppliers.

Efforts to eradicate environmentally burdensome substances from our products.
We position freedom from environmentally burdensome substances as an important quality characteristic and strive to provide products that customers can use without concern.

Social involvement
We have been contributing to society by designing Only-One products attractive to customers.

Also, we contribute to society through the focused improvement of our fundamental technologies creating product systems and modules and developing and offering safe, reliable, pleasure-providing, energy-conserving, and environmentally friendly products.
Together with Local Communities

JTEKT, as a partner with local communities, proactively promotes communication through various activities in order to better integrate with the local communities.

Activities contributing to society

**<The JTEKT Challenge Cup>**

Some 15 schools and 30 teams participated in an elementary school soccer tournament that JTEKT sponsored in February this year in Kariya, Aichi Prefecture. Also, volunteers from our nearby plant served participants by making lunch, etc. to make the entire tournament an enjoyable event.

Communication with local communities

**<Community discussion meeting>**

In order to build good relations with local communities, our company invites local residents for community meetings, where active exchanges of views take place. Through these meetings we are able to gain the understanding of residents with respect to our efforts.

Local beautification activities / Plant Festivals

In order to improve our employees’ environmental awareness, our company carries out local beautification activities every year. Employees proactively participate in cleanup around the plant and flower-planting activities in order to better coexist with local communities. Also, we hold Plant Festivals every year, which are enjoyed by employees, their family members, and local residents.
Management summary of fiscal year 2006 and regarding returning profits to shareholders

JTEKT “seeks to contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.” In order to achieve this corporate philosophy, the JTEKT Group has dedicated itself to securing steady growth and stable profit by enhancing the group’s overall capability, responding appropriately to changes in the business environment, developing products that foresee the needs of customers, and creating strong workplaces as well as by providing customers with the highest level of satisfaction through delivering the best in quality and service.

Consolidated sales for FY 2006 were 1,025.2 billion yen, an increase of 300.9 billion yen, or 41.5%, over the previous period. Regarding profit, despite a rise in raw material prices, consolidated operating income rose to 66.9 billion yen, an increase of 20.1 billion yen, or 43.1%, thanks to increased sales, and consolidated net income rose 17.6 billion yen, or 64.6%, to 44.9 billion yen.

As a result, JTEKT was able to issue an annual dividend to shareholders of 19 yen per share, an increase of 4 yen per share from the previous year.

Our forecast for the current fiscal year is 1,060 billion yen in consolidated sales, 67 billion yen in consolidated operating income, and 40 billion yen in consolidated net income. We expect to increase the annual dividend by 2 yen to 21 yen per share.

### Status of shares
Status of shares (as of March 31, 2007)
- Total authorized shares: 1,200,000,000
- Total issued shares: 320,136,000
- Number of shareholders: 24,764

### Status of major stockholders

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Number of shares (thousand shares)</th>
<th>Percentage of voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor Corporation</td>
<td>18,398</td>
<td>1.5%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>18,139</td>
<td>1.5%</td>
</tr>
<tr>
<td>OENSIO CORPORATION</td>
<td>17,231</td>
<td>1.4%</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>17,256</td>
<td>1.5%</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>12,591</td>
<td>1.0%</td>
</tr>
<tr>
<td>Toyota Industries Corporation</td>
<td>12,237</td>
<td>1.0%</td>
</tr>
<tr>
<td>Resona Bank, Ltd.</td>
<td>11,582</td>
<td>1.0%</td>
</tr>
<tr>
<td>The Sumitomo Trust &amp; Banking Co., Ltd.</td>
<td>11,501</td>
<td>1.0%</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>10,800</td>
<td>0.9%</td>
</tr>
<tr>
<td>Toyota Tsusho Corporation</td>
<td>9,998</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

### Distribution of shares by owner

- Financial institutions: 44.0%
- Other domestic companies: 33.0%
- Overseas companies etc.: 15.0%
- Privately owned: 8.0%
- Security companies: 0.5%
- Treasury stock: 0.3%
- Treasury stock: 0.3%
- Treasury stock: 0.3%
- Treasury stock: 0.3%
- Treasury stock: 0.3%
- Treasury stock: 0.3%
- Treasury stock: 0.3%
- Treasury stock: 0.3%
- Treasury stock: 0.3%

### Changes in price of share

<table>
<thead>
<tr>
<th>Price of share (yen)</th>
<th>Volume (thousand shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>1,234</td>
</tr>
<tr>
<td>110</td>
<td>1,234</td>
</tr>
<tr>
<td>120</td>
<td>1,234</td>
</tr>
<tr>
<td>130</td>
<td>1,234</td>
</tr>
<tr>
<td>140</td>
<td>1,234</td>
</tr>
<tr>
<td>150</td>
<td>1,234</td>
</tr>
<tr>
<td>160</td>
<td>1,234</td>
</tr>
<tr>
<td>170</td>
<td>1,234</td>
</tr>
</tbody>
</table>

### Procurement Policy Meeting

In March 2007, JTEKT held its FY 2007 Procurement Policy Meeting with the participation of 314 suppliers.

President K. Yoshida urged participants to manufacture products in an environmentally friendly way, improve unsafe situations and actions, and promote activities to prevent defects from flowing to the following process and from being produced in your own process.

In addition, suppliers that had achieved outstanding results were recognized in an awards ceremony at this meeting.
Develop employees who understand the company philosophy, and who are professional, creative, highly skilled, and able to achieve management goals.

Develop employees who are creative, always motivated to improve themselves, and able to realize their true potential through self-driven and disciplined actions.

Develop employees who respect human rights, live in harmony with the environment, observe social rules, are sensible and have an international perspective.

**Idea behind human resource development**

1. Develop employees who understand the company philosophy, and who are professional, creative, highly skilled, and able to achieve management goals.
2. Develop employees who are creative, always motivated to improve themselves, and able to realize their true potential through self-driven and disciplined actions.
3. Develop employees who respect human rights, live in harmony with the environment, observe social rules, are sensible and have an international perspective.

**Employee development**

Our training system consists of rank-specific training (companywide training), function-specific training within specialist fields, and workplace-specific training carried out by the workplace.

Rank-specific training is separate for each qualifications and job level. Clearly defined knowledge, skills and responsibilities must be attained by persons at each rank, and the training is designed to achieve that.

Function-specific training is provided so that employees can obtain advanced knowledge and skills through external instructors who are skilled in specific functional fields.

At each workplace, an education and training plan is defined so that employees can acquire the skills relevant to their job level and qualifications based on a schedule.

In addition, we support employees’ efforts to obtain qualifications and in self-development programs.

**Technician development**

In order for JTEKT, as a maker of functional components possessing both bearing and machine tool divisions, to continually provide the world with advanced, reliable technology rooted in innovative monozukuri practices, it must carry out continual training to provide its employees with advanced technical skills.

Technicians receive basic education through the company’s vocational school and then through OJT at the workplace. After that, technicians are trained while working with their teams through such means as studying for national and internal technical-skill examinations and participating in courses to increase their skills.
Safety, Hygiene, and Health

Concerning the safety and health policy of JTEKT, it “recognizes that securing the safety and health of employees is an essential aspect of company managing and proactively promotes companywide safety and health activities for that purpose.” Employees actively participate in safety and health activities with the aim of maintaining their health and creating pleasant workplaces.

Centralized management system under the Safety and Health Management Committee

Our company established a companywide “Safety and Health Management Committee,” chaired by the executive director responsible for safety and health, which determines policies, targets, and actions related to safety, hygiene, health, traffic, and fire prevention and follows up on implementation.

We also established a lower organization called the “Safe Equipment Design Committee,” which has the purpose of creating intrinsically safe equipment by strengthening specifications and implementing measures companywide. In addition, for the purpose of exchanging information with our affiliates and aligning direction, we established an “Affiliate Safety Liaison Meeting” and started expanding these activities to overseas affiliates this year.

Regarding plant safety and health activities, action items decided by the Safety and Health Promotion Committee and other important information is disseminated to employees through the plant-level Safety and Health Management Committee at each plant in order to prevent the recurrence of accidents and create pleasant workplaces.

Continuous improvement in safety and health activities based on medium- and long-term plans

By promoting continuous safety and health activities according to the themes in the medium- and long-term plans, which are “creating safe workplaces,” “training employees to work safely,” and “reinforcing OSHMS implementation methods,” we are working to raise safety and health levels.

Improving awareness and knowledge through safety and health education

In order to create workplaces where safe, pleasant work is possible, employees must receive safety and health education to improve their awareness and knowledge. Thorough training is carried out until employees are able to work correctly at their workplaces. Each employee must be careful to ensure his own safety and that of coworkers.

This education to ensure workplace safety and health is an important part of training and is carried out consistently.

(1) Principal education

- Rank-based education: New employees, new group leaders, new section managers (safety managers), etc.
- Special education: (statutory) Low-voltage electrical, arc welding, grinding stone replacement, organic solvents, hyponics, dust, noise, etc.
- Special education (non-statutory) Toyota-group education of people in charge of outside workers, education of high-place work/electric shock prevention, etc.
- OSHMS education: Risk assessment education

(2) Principal training

- Basic KYT training, danger training, skill training, etc.

Frequency of work-related disasters

Transition of lost-time accident ratio

- Continuous improvement in safety and health activities based on medium- and long-term plans
- Improving awareness and knowledge through safety and health education

Relationship with employees

~Safety, Hygiene, Health, and Transportation~

Building a safe and pleasant working environment and aiming to achieve both physical and mental fitness
1. Safety and Health

(1) Carry out activities based on occupational safety and health management system
   - Improve work methods and equipment through promoting risk assessment
     - Implementation of risk assessment training
       - Number of times (total of 20 times): number of people who have taken the training (total of 527 people)
     - Number of risk assessments (evaluations) implemented
       - Number implemented: 14,837; Number of pieces of equipment: 17,812
   - Acquisition of certification from external organizations
     - FY 2006 (new): Kariya/Okazaki; (renewed) Tokyo
     - FY 2007 (new certification expected): Hanazono/Higashi Kariya/Tadomisaki
       * In FY2007, all domestic plants will be certified

(2) Promote safety-conscious employee
   - Enforce observation of rules (prepare manuals, education and training)
   - Enforce reporting and horizontal implementation

(3) Promoting efforts to improve the intrinsic safety of equipment
   - Standardization of equipment safety specifications
   - Promotion of measures to prevent starts by third parties (lockout systems)

(4) Equipping forklifts with seatbelts
   - Seatbelts have been added to all forklifts in the company

(5) Improve work environments
   - Improve workplaces that fall into 3rd degree noise management
     (Target: 0 by 2010)
   - Improve hot workplaces
   - Reduce workload by incorporating ergonomics

2. Traffic and fire prevention

(1) Invigorating workplace activities focusing on preventing accidents at intersections

(2) Creating workplaces where fires don’t happen
   - Promotion of equipment measures based on fire prevention assessments
   - Fire prevention inspections by the department fire prevention manager
   - Implementation of initial-stage firefighting training

3. Achieving mental and physical health

   Health management activities are being executed to assist employees in promoting health and well-being. As a measure for achieving mental and physical health, we proactively promote activities to prevent lifestyle-related diseases and maintain mental health suited to individual health and activity levels.

   (1) Achieving mental health
       - We proactively promote mental health measures focused on preventing depression.
       - Education of managers in mental health and to be listeners
       - Basic knowledge on mental health, methods to detect anything unusual in subordinates early on, proactive attentive listening methods
       - Stress checks
       - Realizing stress levels in yourself and reporting the results to your workplace
       - Counseling for high-stress individuals
       - Providing mental health information
       - The 15th of every month is “Health Day”

   (2) Measures to combat lifestyle-related diseases
       Group education is carried out to prevent lifestyle-related diseases
       **Education for preventing lifestyle-related diseases**
       Objective: To raise employees to improve their lifestyles
       For: People with metabolic syndrome
       **Details of education**
       Measurement of vascular age
       Objective: to get a grasp of arterial hardening
       Sampling health foods (low-calorie foods, balanced foods)
       Diet improvement education
As a manufacturing company that seeks to be environmentally friendly, in addition to reducing the burden on the environment through productivity improvements, we endeavor to develop and supply environmentally friendly products that contribute to protection of the global environment and the creation of a sustainable society.

Centralized Management Framework with the Environmental Conservation Committee at the Center

The Global Environmental Conservation Committee, chaired by the President, determines company policies, targets, and measures related to the environment. To support the work of this committee, six specialized subcommittees have also been established to work on priority themes stipulated in the company's environmental policy.

Promoting Global Environmental Management

In order to promote environmental conservation activities of the entire group, JTEKT has established a system of Global JTEKT Group Environmental Liaison Meetings to implement environmental activities with both domestic and overseas affiliates. In FY 2006, we organized our overseas affiliates into the four groups North America / South America, Europe, Asia, and China in order to strengthen our management system.

Environmental Policy

Our company has established and publicly disclosed a companywide environmental policy that covers all employees including outside workers who work inside our plants. Some plants have also established plant-level environmental policies based on the conditions at their plant and local conditions.
Environmental Action Plan

Our company has established an “Environmental Action Plan” for 2010 stipulating an action policy and specific goals, and based on that we are implementing environmental conservation activities that include our affiliates to contribute to the creation of a sustainable society. In areas where goals have already been achieved, we have set more challenging targets and are working to achieve them.

### Fourth Environmental Action Plan – Targets for FY 2010

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2006 results</th>
<th>FY 2010 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promotion of measures to prevent global warming</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Total CO2 output: 5% reduction from 2003 level by the end of FY 2010</td>
<td>276,455 (t-CO2)</td>
<td>241,373 (t-CO2)</td>
</tr>
<tr>
<td>• Unit CO2 output: 10% reduction* from the FY 2004 level by the end of FY 2010</td>
<td>43.5 (100 million yen)</td>
<td>55.4 (100 million yen)</td>
</tr>
<tr>
<td><strong>Controlling and further reducing substances of environmental concern</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Substances subject to PRTR: 60% reduction from the FY 1998 level by the end of FY 2010</td>
<td>103 (t)</td>
<td>77 (t)</td>
</tr>
<tr>
<td><strong>Reducing waste and promoting resource conservation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Zero landfill waste: 99% reduction from the FY 1998 level by the end of FY 2010</td>
<td>36 (t)</td>
<td>Achieved in FY 2003, zero landfill efforts are continuing.</td>
</tr>
<tr>
<td>• Incinerated waste: 50% reduction* from the FY 2004 level by the end of FY 2010</td>
<td>1,463 (t)</td>
<td>1,200 (t)</td>
</tr>
<tr>
<td>• Unit waste output: 5% reduction* from the FY 2003 level by the end of FY 2010</td>
<td>10.1 (100 million yen)</td>
<td>11.5 (100 million yen)</td>
</tr>
<tr>
<td>• Primary materials, by mass: 5% reduction from the FY 2005 level by the end of FY 2010</td>
<td>1.471 (million yen)</td>
<td>1.633 (million yen)</td>
</tr>
<tr>
<td>• Primary materials, by value: 5% reduction from the FY 2005 level by the end of FY 2010</td>
<td>12.09 (million yen/million yen)</td>
<td>11.49 (million yen/million yen)</td>
</tr>
<tr>
<td>• Secondary materials, by value: 5% reduction from the FY 2005 level by the end of FY 2010</td>
<td>5.85 (million yen/million yen)</td>
<td>5.60 (million yen/million yen)</td>
</tr>
<tr>
<td>• Reduction of machining allowances through near-net shape technology</td>
<td>Improvement of yields</td>
<td></td>
</tr>
<tr>
<td>• Longer die and tool life</td>
<td>Reducing and reusing waste oil</td>
<td>Measures to control waste at source</td>
</tr>
<tr>
<td>• Reducing material losses</td>
<td>Longer machining fluid life</td>
<td>Increased recycling of waste</td>
</tr>
<tr>
<td><strong>Promoting the rationalization of logistics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• CO2 output at the transportation stage: At or below FY1990 level by the end of FY 2010</td>
<td>17,881 (t-CO2)</td>
<td>15,866 (t-CO2)</td>
</tr>
<tr>
<td>• Basic unit of CO2 output: 40% reduction from the FY 1990 level by the end of FY 2010</td>
<td>2.85 (100 million yen)</td>
<td>2.16 (100 million yen)</td>
</tr>
<tr>
<td><strong>Promoting PR and information disclosure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Issued Environmental Report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Held local discussion meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Continued activities with domestic group companies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Eco-friendly development and design

- Improved environmental efficiency of power steering
- Decreased weight and size of Toran LSD
- Reduced weight of CVT oil pump and reduced its energy consumption
- Increased the life of needle roller bearings for planetary gears
- Reduced power consumption of Top Center series machining center (TH-555F3) by decreasing the amount of coolant

### Expansion of environmental management system in response to consolidated management

- Creation of an environmental management system

### Participation in social and conservation activities as a corporate citizen

- Participate in environmental conservation activities
- Promote regional community volunteer activities

---

*Includes upgraded targets

---

Environmental Performance

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
<th>FY 2006 results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Efforts in the development and design stage</strong></td>
<td>We have introduced the “Basic environmental efficiency equation” as a common index for reducing environmental impact. By increasing the environmental efficiency, the environmental impact of new products can be decreased.</td>
<td></td>
</tr>
<tr>
<td>• Basic environmental efficiency</td>
<td>Performance of the product</td>
<td>Environmental impact of the product</td>
</tr>
<tr>
<td>• KAIZEN of transportation methods</td>
<td>Reduction of CO2 output at the transportation stage</td>
<td>17,881 (t-CO2)</td>
</tr>
<tr>
<td>• Displacement of modal shift</td>
<td>2.85 (100 million yen)</td>
<td>2.16 (100 million yen)</td>
</tr>
</tbody>
</table>

---

**Environmental Action Plan**

**Activities in Fiscal Year 2006**
Environmental Audits

In order to evaluate whether or not the environmental management system is being continuously maintained and improved, our company receives both internal audits and external audits every year.

- **Internal audits**
  In order to determine whether or not the environmental management level is being continuously improved and to evaluate the mitigation of latent environmental risks, an internal audit is carried out once a year. In FY 2006, no major items requiring correction were identified.

- **External audits**
  In April 2007, we received an ISO 14001 surveillance audit, during which time we received further instruction on how day-to-day operations at each workplace must be directly tied to environmental improvement activities aimed at achieving purposes and goals. There were no major nonconformities, but five items were identified as observations, which were corrected by joint efforts between all concerned departments. We will continue to improve our rules for operating the environmental management system in order to strengthen our environmental management activities.

- **Efforts by overseas affiliated companies**
  In FY 2006, six overseas JTEKT group companies obtained ISO14001 certification, including KJKC (Korea) JAPL (Czech Republic), JAPA (Czech Republic).

- **Overseas affiliates in the Czech Republic acquired ISO14001 certification**
  Our two overseas affiliates in the Czech Republic, JAPL and JAPA, acquired ISO 14001 certification in November 2006.
  The Czech Republic, a beautiful country where nature is plentiful and remnants of medieval towns can still be seen, has extremely pressing environmental conservation needs, so we are carrying out activities very proactively in this country.
  These affiliates help protect the environment not only by supplying energy-efficient electric power steering, which reduces vehicle emissions, but also through such ongoing activities as sorting trash and properly controlling hazardous substances.

<table>
<thead>
<tr>
<th>Overseas affiliate</th>
<th>Date-certification acquired</th>
</tr>
</thead>
<tbody>
<tr>
<td>KJKC (Korea)</td>
<td>June 2006</td>
</tr>
<tr>
<td>JAPL (Czech Republic)</td>
<td>November 2006</td>
</tr>
<tr>
<td>JAPA (Czech Republic)</td>
<td>November 2006</td>
</tr>
<tr>
<td>KLF (China)</td>
<td>December 2006</td>
</tr>
<tr>
<td>SF-KOYO (China)</td>
<td>March 2007</td>
</tr>
<tr>
<td>KDC (China)</td>
<td>April 2007</td>
</tr>
</tbody>
</table>
We carry out environmental accounting in order to grasp investments and costs associated with environmental conservation activities as well as the benefits obtained through environmental countermeasures and to improve the efficiency of these activities and countermeasures.

Environmental accounting practices are an important means of helping our stakeholders understand our environmental activities and are vital to corporate management, and therefore we will continue efforts to improve them.

### Cost of Environmental Conservation

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Investment</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business area cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pollution control</td>
<td>Improvement of wastewater channels</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maintenance and management costs for wastewater treatment equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maintenance and management costs for dust collection equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global environmental protection</td>
<td>Cost of energy conservation measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource recycling</td>
<td>Investment and maintenance costs for waste reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of waste disposal, recycling, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upstream and downstream cost</td>
<td>Green purchasing costs</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenses for industry groups, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management activity cost</td>
<td>Cost of education and awareness development activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of maintaining and managing ISO14001 certification</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Environmental monitoring and measurement cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research &amp; development cost</td>
<td>Development cost of eco-friendly products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social activity cost</td>
<td>Cost for environmental information disclosure</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of greening etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental damage cost</td>
<td>Pollution load levy (Tokyo and Tokushima)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of groundwater and soil purification</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal**

**Total**

### Economic Effect of Environmental Conservation Measures

<table>
<thead>
<tr>
<th>Details of effect</th>
<th>Economic effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling of waste products generated by our primary business activities and business profit from the recycling of used products, etc.</td>
<td></td>
</tr>
<tr>
<td>Reduction in energy cost from energy conservation measures</td>
<td></td>
</tr>
<tr>
<td>Reduced waste disposal costs from resource conservation and recycling</td>
<td></td>
</tr>
</tbody>
</table>

**Total**

The economic effect brought about by environmental conservation measures does not include factors such as “contribution to VA of products,” “avoidance of environmental risk,” and “improvement to corporate image.”

Figures only include calculable items such as energy-saving effect, etc.

Calculation range: JTEKT Corporation only
(Head offices and branches, Logistics Center, R&D Dept., and all plants)

Accounting period: FY 2006 (April 2006 to March 2007)
Cost depreciation is not included.
Costs with combined expenditure purposes are shown.

### Environmental accounting results for FY 2006

The total environmental conservation cost for FY 2006 was 5,100 million yen, comprising 1,330 million yen of investment and 3,790 million yen of expenses.

Compared to the previous fiscal year, more money was used for energy conservation measures for the purpose of addressing global warming.

The economic benefit from our environmental conservation measures was 1,660 million yen. Contributing to this was the sale of steel scrap, the sale of solidified grinding swarf, and a change from paying for shot material recycling to selling it.
Environmental Education and Training

In order for a corporation to promote environmental efforts, its employees must each understand what they can do for the environment in their day-to-day operations. At JTEKT, we utilize environmental education and training to improve employee awareness of the need for environmental conservation.

Environmental education

Our company carries out various types of environmental education to improve the environmental awareness of all employees.

(Environmental self-awareness sessions)

Every year in June, our environmental month, we hold environmental self-awareness sessions in each plant for our employees.

Employees are educated on global environmental issues, JTEKT’s environmental efforts, and the rules that each of them must follow with respect to environmental conservation.

(Educating internal environmental auditors)

Every year, we carry out internal environmental auditors training for employees of JTEKT and affiliates that includes content for new internal environmental auditors and for retraining people already registered as internal environmental auditors.

In FY 2006, 95 people were newly registered as internal auditors as a result of this training.

(New employee training and rank-based training)

Companywide training concerning the environment is provided for new employees, newly appointed managers, staff positions, and skilled positions.

(Training related to equipment having an environmental impact)

Training is carried out at each workplace regarding the appropriate control of equipment that has an impact on the environment.

Emergency training

JTEKT regularly carries out emergency preparedness training at each plant in order to enable employees to handle emergencies properly.

<table>
<thead>
<tr>
<th>No. of people with major environment-related qualifications (FY 2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pollution prevention manager</td>
</tr>
<tr>
<td>Atmosphere: □ □</td>
</tr>
<tr>
<td>Water: □ □</td>
</tr>
<tr>
<td>Noise: □ □</td>
</tr>
<tr>
<td>Vibration: □ □</td>
</tr>
<tr>
<td>Energy management manager: □</td>
</tr>
<tr>
<td>Energy management officer: □</td>
</tr>
<tr>
<td>Internal environmental auditor: □ □</td>
</tr>
</tbody>
</table>
Efforts to Reduce Environmental Risk

Our company has incorporated proactive prevention measures into its environmental management system and is striving to reduce environmental risks with the aim of eradicate regulatory infractions, abnormalities and complaints involving any action that has a negative effect on the local environment.

Compliance Status for Environmental Laws and Regulations

We have set voluntary standards for plant wastewater and atmospheric emissions that are even more stringent than those set out by law. In FY2006, we had no breaches of environmental laws or regulations, nor did we have any penalties or fines, and there were no legal actions brought against us.

Environmental accidents and complaints

In FY 2006, we had four environmental complaints regarding noxious smells caused by construction work and other problems. Each situation was corrected, and countermeasures implemented at the concerned plant are being expanded to other plants.

We will continue ongoing efforts to promote preventative activities.

There were no accidents related to the environment.

On-site checks of Industrial Waste Processing/Collection Contractors

We implement a yearly on-site check of all waste processing and waste collection contractors to ensure that the waste we give them is being handled appropriately.

Efforts related to soil and groundwater (continuous reporting)

Regarding groundwater pollution caused by trichloroethylene, used in the past as a cleaning agent, our Kariya and Okazaki plants use a pump-and-treat method (*1) to clean water before it exits the plant and prevent the outflow of pollutants. The Okazaki Plant since 2004 has been carrying out bioremediation (*2), a process that involves the injection of nutrients.

Also, we report groundwater measurement results to the authorities as well as to local residents during town meetings that we hold.

**FY 2006 Trichloroethylene measurements**

<table>
<thead>
<tr>
<th>Plant</th>
<th>Maximum measured value in groundwater</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kariya</td>
<td></td>
</tr>
<tr>
<td>Okazaki</td>
<td></td>
</tr>
</tbody>
</table>

*The substance was not detected at the observation wells at the boundaries of any plants other than the ones shown above.

1. **Pump-and-treat method:**

   Groundwater is turned to spray and air is blown from below in order to vaporize and separate organic solvents inside, and activated carbon absorbs the pollutants.

2. **Bioremediation:**

   This is a method of revitalizing polluted environments using microorganisms. Substances such as nutrients are injected into the affected area to elevate the cleaning power of resident microorganisms.
In its Environmental Policy, JTEKT has committed to contributing to energy conservation and resource conservation by developing and providing environmentally friendly products. To quantitatively evaluate the degree to which the products we develop reduce the burden on the environment, we devised a "basic environmental efficiency equation" as an index.

Environmental efficiency is a value calculated from the degree of weight reduction, compactness, energy savings, etc., and "environmental burden" is the inverse of this value. For instance, if environmental efficiency is 1.25, the decrease in environmental burden is determined by the following equation to be 20%.

\[
\frac{\text{Product performance}}{\text{Product environmental burden}} = 1 / \sqrt{W + T + E}
\]

Where:
- \( W \) = Mass item,
- \( T \) = Loss item,
- \( E \) = Energy item

### Steering Systems

Of the numerous parts and systems composing an automobile, the steering system is required to have particularly reliable performance. Our company is an integrated manufacturer of steering systems that responds to the diversified needs of customers, emphasizing not only Q (quality), C (cost), and D (delivery) but also E (environment), S (safety), and C (comfort). To this end we have established technical centers in Japan, Europe, and America, and we supply products that contribute to environmental conservation around the world.

Electric power steering systems are more fuel-efficient and compact than conventional systems, but higher output is required in order to be usable on larger vehicles. While working to develop systems with such output, we are working to improve the environmental features of both electric and conventional steering systems.

### Power steering (PS) types and applicable vehicles

<table>
<thead>
<tr>
<th>Application</th>
<th>Location installed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger vehicles</td>
<td>Cabin</td>
</tr>
<tr>
<td>Large vehicles</td>
<td>Engine compartment</td>
</tr>
<tr>
<td>Electric PS (EPS)</td>
<td></td>
</tr>
<tr>
<td>Column assist type PS (C-EPS)</td>
<td></td>
</tr>
<tr>
<td>Pinion assist type PS (P-EPS)</td>
<td></td>
</tr>
<tr>
<td>Rack assist type PS (R-EPS)</td>
<td></td>
</tr>
<tr>
<td>Hydraulic-electric PS (H-EPS)</td>
<td></td>
</tr>
<tr>
<td>Hydraulic PS (HPS)</td>
<td></td>
</tr>
</tbody>
</table>

### Comparison of fuel efficiency by system

#### Electric power steering

- **Column-assist type**

Successful efforts to achieve higher output power enabled improved efficiency compared to conventional designs.

- **Aim of development**
  - Change to a brushless motor (smaller size, reduced weight)
  - Adoption of Hall IC torque sensor (smaller size, reduced weight)

- **Effect**
  - Mass: 26% reduction
  - Torque reduction: 19% reduction
  - Energy consumption: 83% reduction

Rack axial force up to 12,000 N
The new torque sensor meets the new European safety standards.
**Pinion-assist type**

Successful efforts to achieve smaller size and lighter weight enabled improved efficiency compared to conventional designs.

- **Aim of development**
  - Optimization of motor/controller housing (smaller size, reduced weight)

- **Effect**
  - Mass: 22% reduction
  - Torque reduction: 22% reduction
  - Energy consumption: 83% reduction

Increase in environmental efficiency: **1.55**

**FY 2006 efforts**

- Pinion-assist type

**Rack-assist type**

Successful efforts to achieve smaller size and higher output enabled improved efficiency compared to conventional designs.

- **Aim of development**
  - Integration of E-VGR (smaller size, reduced weight)
  - Improvement of motor efficiency (smaller size, increased output power)

- **Effect**
  - Mass: 22% reduction
  - Torque reduction: 36% reduction
  - Energy consumption: 82% reduction

Increase in environmental efficiency: **1.69**

**Hydraulic-electric power steering**

Successful efforts to achieve smaller size and lighter weight enabled improved efficiency compared to conventional designs.

- **Aim of development**
  - Optimization of motor/controller housing (smaller size, reduced weight)

- **Effect**
  - Mass: 20% reduction
  - Torque reduction: 20% reduction
  - Energy consumption: 67% reduction

Increase in environmental efficiency: **1.39**

**FY 2006 efforts**

- Rack-assist type

**Hydraulic power steering**

Successful efforts to achieve lighter weight and lower loss enabled improved efficiency compared to conventional designs.

- **Aim of development**
  - Friction pressure-welded rack (reduced weight)
  - High-flow-rate valve (lower losses)
  - High-flow-rate pump (lower losses)

- **Effect**
  - Mass: 10% reduction
  - Torque reduction: 20% reduction
  - Energy consumption: 17% reduction

Increase in environmental efficiency: **1.18**

**Awarded the “Automotive Component Award” at the 4th “Monozukuri Component Awards Ceremony”**

(sponsored by the Nikkan Kogyo Shimbun, supported by the Ministry of Economy, Trade and Industry and The Japan Chamber of Commerce and Industry)
Efforts at the Development and Design Stages

Drive systems

Vehicles increasingly are being required to have reduced impact on global warming and atmospheric pollution. Regarding our driveline components, we use sophisticated forming and machining technologies as well as electronic control technologies to create smaller and lighter products and reduce energy consumption so that automobile fuel consumption can be reduced. In this way we are contributing to the protection of the global environment.

Ultracompact Torsen LSD

We developed a new product for luxury vehicles (Lexus) that is dramatically lighter and more compact than conventional products, thus contributing to improved fuel economy.

Structure and characteristics
- The internal gear, flange, and power shaft were integrated and a caseless structure was adopted, allowing us to realize significantly weight and size reductions.
- Reduction in weight: 39% reduction
- Increase in environmental efficiency: 1.10
- Increase in vehicle fuel economy: 0.1%

Compact CVT oil pump

With this CVT oil pump for compact cars, dramatic reductions in weight and discharge rate were achieved, thus contributing to improved fuel economy.

Structure and characteristics
- Lighter weight through a smaller housing outer diameter
- Reduced pump discharge rate by 39%, which decreased energy consumption
- Reduction in weight: 37% reduction
- Increase in environmental efficiency: 1.62
- Increase in vehicle fuel economy: 0.9%
- Energy consumption: 39% reduction
Bearing

As industry develops further, the performance required of bearings in terms of product life, light weightness, and high-speed rotation is becoming even more advanced and diversified. Our company contributes to global environmental conservation by increasing the efficiency and reducing the weight of bearings required by the automotive, semiconductor, steelmaking equipment, home appliance, and space industries.

Long-life needle roller bearing for planetary gears

- In addition to heat treatment processing technology we developed for longer product life, we carry out a surface modification treatment on the planetary shaft (shot peening*).

Aim of development
- To achieve longer life with high speed and low torque

Effect
- Eight times longer life than current product

* Shot peening: A technique of increasing the fatigue strength of metal by bombarding it with numerous spherical solid particles to produce large compressive residual stress in the material surface.

Development of a high-efficiency chain for CVTs

Our company has concluded an exclusive license agreement with Dutch company Gear Chain Industrial B.V. (GCI) to use this company’s patents and know-how related to involute chains, based on which we have succeeded in the development of a high-efficiency chain for continuously variable transmissions (CVT).

In recent years, automakers increasingly are switching from automatic transmissions to CVTs to improve vehicle fuel economy. Conventional CVTs comprise those with a metal belt and those with a chain, but JTEKT, using the various elemental technologies it cultivated through its bearing business along with the technology of GCI, has developed the “JTEKT Involute Chain,” which is more efficient than existing metal belts and produces less noise than existing chains.

In addition, the torque capacity of this product can be more than twice that of metal belts. Accordingly, this chain will enable CVT application on vehicles with high torque ranges that currently cannot use CVTs, which will contribute to the conservation of energy and resources.

【Characteristics of the JTEKT Involute Chain (J-IC)】
- High efficiency with high torque capacity
  Because the J-IC is more efficient at the low- and high-speed regions where transmission gear ratios are large, it has even higher fuel efficiency than existing CVTs (4-5% better than existing CVTs in fuel economy efficiency measurement mode 10-15).
  Also, while the torque limit of metal belts used in existing CVTs is about 350Nm, the J-IC can perform at twice this torque, making it possible to use CVTs not only on SUVs and other vehicles but also non-automotive applications.
- Low noise
  J-IC has a unique structure that suppresses the shock occurring when the chain and the pulleys engage, resulting in less noise from the chain.
Machine Tools
We are developing machine tools while recognizing the importance of reducing energy consumption and conserving resources. We carry out product assessment evaluating the effect of the product on the environment at every stage from manufacturing to disposal so that we can provide products with a low environmental burden to our customers.

Top Center series machining center TH-555F3: Reduced power consumption through less coolant

Minimization of the swarf dispersal area by making the equipment more compact
Reduction of the amount of coolant and energy consumption

- Reduced pressure loss through the use of a coolant valve
  Adoption of a low-pressure-loss coolant valve
- Optimization of coolant nozzle, adoption of an energy-saving nozzle

[Reduction of the amount of coolant and power consumption]

- Minimized swarf dispersal area: Fig.1
  Minimized jig size according to the machining area
  Increase in environmental efficiency: 1.14

- Improved handling by placing the bed directly below swarf and by increasing the oil pan inclination angle, change in the locations of the swarf drain pipes (Directly in front of oil pan): Fig.2

Energy conservation from high-pressure coolant

- Optimization of amount of coolant through spindle
  - Confirmed that this amount can be 10 L/min for a moderate pressure of 1.0MPa without any problem

G3 measurement results (moderate pressure of 1.0MPa)

<table>
<thead>
<tr>
<th>Discharge rate</th>
<th>Low pressure</th>
<th>Moderate pressure</th>
<th>Low pressure</th>
</tr>
</thead>
<tbody>
<tr>
<td>L/min</td>
<td>L/min</td>
<td>L/min</td>
<td>L/min</td>
</tr>
</tbody>
</table>

- Reviewed pump capacity
  Low pressure
  Moderate pressure

G3 measurement results for the Top Center series machining center TH-555F3

- Discharge rate
  Conventional
  Optimized

- Power consumption
  Conventional
  Optimized

EGProcessor compact cylindrical grinder leads to the “Energy-Conserving Machinery Award”

At the 2005 Energy-Conserving Machinery Awards ceremony held by the Japan Machinery Federation, we received the JMF Chairman’s Award for our EGProcessor compact cylindrical grinder.

The EGProcessor was developed in conjunction with NEDO (New Energy and Industrial Technology Development Organization) and was exhibited at the Japan International Machine Tool Fair in Autumn 2004 as a “next-generation environmentally friendly grinder.”

In presenting this award, JMF recognized this grinder’s energy savings (50% less energy consumption during grinding than conventional grinders), space savings (60% less floor area than conventional grinders), and productivity (cycle time 10% shorter than that of conventional grinders).
The objective of environmental conservation activities is to reduce environmental burdens in all phases of business activities. JTEKT quantitatively grasps overall amounts of material and energy input and amounts of output flowing into the environment and strives to reduce burdens placed on the environment through each type of business activity.

Shown below are material and energy input amounts and amounts of output flowing into the environment.

In addition to striving to prevent global warming by reducing energy use during forging, casting, heat treatment, and machining processes, we are working to reduce environmental burdens caused by waste from each process and by the use of chemical substances in processes such as painting.

<table>
<thead>
<tr>
<th>Resource / energy inputs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials (Metals, non-ferrous metals)</td>
<td>230,000 t</td>
</tr>
<tr>
<td>Energy Total</td>
<td>6,843,442 GJ</td>
</tr>
<tr>
<td>Electricity</td>
<td>575,649 MWh</td>
</tr>
<tr>
<td>Municipal gas</td>
<td>17,348,000 Nm³</td>
</tr>
<tr>
<td>LPG</td>
<td>978 t</td>
</tr>
<tr>
<td>Fuel oil A</td>
<td>4,863 t</td>
</tr>
<tr>
<td>Water Total</td>
<td>2,690,000 m³</td>
</tr>
<tr>
<td>Service water</td>
<td>571,000 m³</td>
</tr>
<tr>
<td>Industrial water</td>
<td>267,000 m³</td>
</tr>
<tr>
<td>Groundwater</td>
<td>1,852,000 m³</td>
</tr>
<tr>
<td>Chemical substances set out by the PRTR Law Total</td>
<td>187 t</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Logistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging and packing material</td>
<td>9,497 t</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emissions of substances environmentally detrimental</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions into the atmosphere</td>
<td></td>
</tr>
<tr>
<td>CO₂</td>
<td>276,455 t</td>
</tr>
<tr>
<td>Emissions into rivers, lakes, and oceans</td>
<td></td>
</tr>
<tr>
<td>Amount of wastewater</td>
<td>1,034,000 m³</td>
</tr>
<tr>
<td>COD</td>
<td>6.9 t</td>
</tr>
<tr>
<td>Nitrates</td>
<td>8.3 t</td>
</tr>
<tr>
<td>Phosphates</td>
<td>0.1 t</td>
</tr>
<tr>
<td>Substances set out by the PRTR Law</td>
<td>0.2 t</td>
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<tr>
<td>Emissions sent outside the company</td>
<td></td>
</tr>
<tr>
<td>Waste</td>
<td>1,499 t</td>
</tr>
<tr>
<td>For-value recycling</td>
<td>13,704 t</td>
</tr>
<tr>
<td>For-free recycling</td>
<td>48,640 t</td>
</tr>
<tr>
<td>Substances set out by the PRTR Law</td>
<td>32 t</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Logistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ generated from product transportation</td>
<td>17,881 t</td>
</tr>
</tbody>
</table>
Global Warming Prevention Measures

The prevention of global warming is an important environmental objective of our company, and we have established an Energy Conservation Committee to promote activities to reduce total CO2 emissions and conserve energy by increasing the energy efficiency of existing manufacturing processes and replacing deteriorated equipment with high-efficiency equipment.

In FY 2006, production volumes increased, and soaring crude oil prices caused energy expenses to increase as well. Although reduced our unit amounts, we missed achieving our total CO2 emission target by roughly 2% (roughly 0.4% less than the result for FY 2005). We will intensify our activities to reach the total emissions reduction target for 2010.

Primary activities

- Improvement of heat-treatment process
  - Developed high-speed carburizing furnace
  - Switched the continuous heating furnace pre-heat zone to gas
- Improvement of production/peripheral equipment
  - Introduced high-efficiency transformer
  - Introduced high-efficiency compressor
  - Introduced high-efficiency compressed-air dehumidifier
  - Installed high-efficiency fluorescent lighting
- Energy conservation expansion activities through the integration of low-load lines
- Efficient operation of in-house power generation equipment
- CO2 reductions through change to energy source (fuel oil A △ utility gas)
- Renewal of energy conservation activities at every workplace
- Environmental considerations in newly built plants
  - Strategic use of stratified air conditioning throughout the plant as well as individual air conditioners for workers.
  - Use of high-efficiency fluorescent lighting.

Examples of improvement

[ Tadomisaki Plant ]
Decrease in compressor power consumption achieved through reduced air flow pressure
(Installation of a plant-air reservoir tank)

By installing a reservoir tank at the end of the air piping, sudden pressure changes can be avoided, making it possible to lower the compressor’s air pressure and reduce its power consumption.

Air flow pressure setting: 4.5 kg/cm² △ 4.0 kg/cm²
Compressor power consumption: △ 12%
Reduction in CO2: 694 t-CO2/year

Changes in total CO2 output

Changes in unit output

Tokyo Plant receives Director’s Award from Kanto Bureau of Economy, Trade and Industry

On February 6, 2007, at the Saitama-Shintoshin National Government Building, the Tokyo Plant received the Director’s Award from the Kanto Bureau of Economy, Trade and Industry for having demonstrating excellence in energy management in FY 2006.

This award recognized the Tokyo Plant’s efforts over many years to utilize energy more efficiently. Of the nine recipients in the Kanto region, the Tokyo Plant was the only recipient from the Tokyo metropolitan area. The Tokyo Plant will continue proactive efforts to conserve energy and strive to receive the Minister of Economy, Trade and Industry’s award.

Award Certificate
Plant Manager Mr. Hatada receiving the award
To address the problem of resource depletion, we established a Resource Conservation Committee, which is acting to reduce primary materials such as raw materials and secondary materials such as abrasives and cutting tools in order to promote production activities that take into account the global environment.

**Results of FY 2006 efforts**

In FY 2006, we had a target to reduce the unit consumption cost of primary materials to 1.0% less than the figure for FY 2005. By improving yields through near-net-shape processing and effectively using scrap such as punched-out material, we were able to achieve a reduction of 6.0%, clearing the target.

With a target to reduce the unit consumption cost of secondary materials to 1.0% less than the figure for FY 2005, we carried out activities to improve tool life, reduce the number of grinding wheels used, etc.; however, we were able to achieve a reduction of only 0.1% due to soaring crude oil prices.

### Details of primary initiatives and implemented actions

**Primary material**
- Reducing material costs by increasing material yield through changes in processing methods
- Reducing material costs through changes in material and material quality

**Secondary material**
- Reducing consumption through changes in material quality of grinding wheels, cutters and dies, as well as changes in specifications
- Recycling of waste oil, grinding wheels, cutters, and jigs

### Unit primary material usage by fiscal year

![Primary material usage chart](chart1)

- Primary material
- Target
- Actual performance

- Unit consumption cost of primary materials with FY 1997 as the baseline (=100)

### Secondary material usage chart

- Secondary material
- Target
- Actual performance

- Unit consumption cost of secondary materials with FY 1997 as the baseline (=100)

### Example of Kaizen related to primary material

**Improved material yield by changing the part processing method to friction welding from gun-drilling**

**Before Kaizen**
- Gun-drilling of bar stock

**After Kaizen**
- Friction welding of bar stock and pipe

Previously, this part for steering was manufactured by gun-drilling a hole in the bar stock. By changing the processing method to friction-welding a pipe to the bar stock, the required strength is secured and raw material weight is reduced 33%. This kaizen improvement succeeded in reducing not only raw material weight but also the energy required for processing.
Our company proactively carries out waste-reduction activities in view of the decreasing number of landfill sites and with the aim of using resources more effectively. In addition to targets for reducing the amount of waste hauled to landfill sites or incinerated, we also aim to increase our use of recycling services (depending on the type, the service is free, at a charge, or we are paid) to reduce overall waste output.

**Processing status of industrial waste products and recycled materials**

- **Total waste:** 63,800 tons
  - **For-fee recycling:** 48,600 tons (78.2%)
  - **Free-of-charge for-value recycling:** 13,700 tons (21.3%)
  - **Direct landfill waste:** 36 t
  - **Intermediate processing outside of company:** 1,900 t

**Kaizen example**

**Change to for-value recycling of iron oxide fine powder generated by the shot-blasting process (Tokushima Plant and Kagawa Plant)**

The shot-blasting process carried out after bearing part forging produces a fine iron oxide powder. Previously, we had to pay a fee to have this powder recycled along with grinding sludge.

In FY 2006, however, we started separating the iron oxide fine powder, mixing it with waste plastic, and solidifying it into something that we can sell as a raw material for use in electric steel furnaces.

**Kaizen result**

- **Amount of for-value recycling:** 450 t/year
- **Reduction in processing cost:** 6.8 million yen/year

*Shot-blasting*

This is a way of processing workpieces by shooting particles at the workpiece surface.
We introduced a powder coating machine to reduce usage of toluene and xylene, which make up 64% of the PRTR-designated substances that we emit or move.

We have introduced trailers for shipments of products bound for export, and by reducing the number of shipments, we aim to reduce CO₂ emissions from logistics and reduce transportation costs.

Kaizen example

We introduced a powder coating machine to reduce usage of toluene and xylene, which make up 64% of the PRTR-designated substances that we emit or move.

Kaizen result

Reducing the amount of PRTR-designated substances emitted • • 3,000 kg/year.

Promoting streamlining in logistics

Grasping the actual CO₂ emissions in logistics and setting new targets

We are working to reduce CO₂ emissions to 1990 levels by 2010.

Starting in FY 2007, in addition to the kaizen example to the right related to changing to trailers for core routes, we have also been working to use modal shift and relay logistics based on logistics centers in order to reduce the number of shipments on core routes.

CO₂ emissions and unit emission amount from logistics

Kaizen example

Adoption of trailers for export shipments

We have introduced trailers for shipments of products bound for export, and by reducing the number of shipments, we aim to reduce CO₂ emissions from logistics and reduce transportation costs.

Before

15-ton trucks were used to transport goods from the Kokubu Plant to Kobe and Osaka ports.

CO₂ emissions from logistics: 123 t/year

Kaizen details

By using a large trailer and sending a large shipment at once, the number of shipments was decreased.

(Before Kaizen)

8 shipments with 15t trucks/day

(After Kaizen)

3 shipments with the trailer/day

CO₂ emissions from logistics: 69t/year

Effect

Reduction in CO₂ emissions from logistics: 54t/year

Breakdown of PRTR-designated substances for FY2006

Environmental initiative target for 2010

(60% reduction from FY 1998 level)
Koyo Machine Industries Co., Ltd.

Message from the President

Our company is currently engaged in various activities aimed at reducing CO₂ emissions, the main cause of global warming, as a matter of high priority is actively pursuing the development and manufacture of products with improved environmental efficiency. As part of these efforts, we are striving to provide products that contribute to reduced energy consumption and the launch of efficient new facilities. We also are engaged in zero-emission activities. In FY 2006 we achieved a recycling percentage of 39.4%, and we will continue pursuing the goal of zero waste. Based on a respect for humanity, we will continue to use our wisdom and creativity to deliver superior value and contribute to the realization of a safe and prosperous society.

Company outline

<table>
<thead>
<tr>
<th>Company name</th>
<th>Koyo Machine Industries Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head office</td>
<td>3-34 Minamiosumi-cho, Yano-ku, Osaka, 554-8501, URL: <a href="http://www.koyo-machine.co.jp">http://www.koyo-machine.co.jp</a></td>
</tr>
<tr>
<td>Established</td>
<td>August 1920</td>
</tr>
<tr>
<td>Capital</td>
<td>1.1 billion yen</td>
</tr>
<tr>
<td>Net sales</td>
<td>FY 2005: 35.08 billion yen, FY 2006: 35.05 billion yen</td>
</tr>
</tbody>
</table>

Environmental management system

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (mid-term target)</th>
<th>FY 2005 target</th>
<th>FY 2006 results</th>
<th>Sinclair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental friendly products</td>
<td>stared activities related to development of products with new environmental benefit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improved environmental efficiency</td>
<td>1.42</td>
<td>1.75</td>
<td>0</td>
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<tr>
<td></td>
<td>Degree of performance improvement</td>
<td>0.80</td>
<td>1.27</td>
<td>0</td>
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<tr>
<td></td>
<td>Degree of reduction in environmental burden</td>
<td>1.25</td>
<td>1.18</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(Standard: Pre-2005 Product)</td>
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</tr>
<tr>
<td>Energy conservation</td>
<td>Reduce consumption of electricity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduction of base unit (energy consumption / production output)</td>
<td>1.23%</td>
<td>1.18%</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Reduction of gas</td>
<td>1.06%</td>
<td>1.06%</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Loss in press fitting machine</td>
<td>1.08</td>
<td>1.08</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Intermediate joint with damper</td>
<td>1.18</td>
<td>1.16</td>
<td>0</td>
</tr>
<tr>
<td>Resource conservation I</td>
<td>Reduce/primary and secondary material usage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduction in base unit (expenditure / total output)</td>
<td>40.5%</td>
<td>41.4%</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Primary material</td>
<td>2.1%</td>
<td>2.2%</td>
<td>0</td>
</tr>
<tr>
<td>Environmental improvement</td>
<td>Reduce waste (excluding salable resource)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduction in base unit (waste amount / total output)</td>
<td>1.80%</td>
<td>1.80%</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Recycling</td>
<td>99.8%</td>
<td>99.8%</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Monitor for air and water quality</td>
<td>100%</td>
<td>100%</td>
<td>0</td>
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<tr>
<td>Resource conservation III</td>
<td>Reduce logistics cost (transport cost and shipping cost)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduction in basic unit (cost / sales amount) by 14% compared to the actual FY1998 level</td>
<td>0.08</td>
<td>0.08</td>
<td>0</td>
</tr>
</tbody>
</table>

Environmental data

<table>
<thead>
<tr>
<th>Main products</th>
<th>Machine tools</th>
<th>Automotive, industrial robots, robots, other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main activities</td>
<td></td>
<td>Install inverter-type compressor</td>
</tr>
</tbody>
</table>

Environmental friendly product subcommittee

- Develop KVD500: reduce size of KVD500 (for small-diameter machined objects)
- Develop KVD300: save energy by vertical axis specification
- Modify KVD300: save space by use of AE sensor
- Modify lock pin press-fitting machine, make compact type and press-fitting unit
- Modify intermediate joint with damper, reduce weight by half-lower damper

Main activities

Environmental conservation subcommittee

- Change to reusable ball screw packaging cases
- Change in paper usage index
- Reduce sheet usage index in proportion to the sales amount by 3% from previous year
- Reduce basic unit (cost / sales amount) from 2005 to 2006

Energy conservation subcommittee

- Develop logistics cost (transport cost and shipping cost)
- Reduce logistics cost (transport cost and shipping cost)
- Reduce logistics cost (transport cost and shipping cost)
- Reduce logistics cost (transport cost and shipping cost)
- Reduce logistics cost (transport cost and shipping cost)

Resource conservation subcommittee I

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- Reduce sheet usage index in proportion to the sales amount by 3% from previous year
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<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (mid-term target)</th>
<th>FY 2006 target</th>
<th>FY 2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy conservation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction of CO2 discharge</td>
<td>Cut on the basic unit. By end of FY2006, 30% reduction compared to FY2005.</td>
<td>4,265 (ton)</td>
<td>24.8% (ton / million yen)</td>
<td>□</td>
</tr>
<tr>
<td>Waste</td>
<td>Reduction of industrial waste</td>
<td>Cut on the basic unit. By end of 2010, 30% cut compared to FY2005.</td>
<td>345 (ton)</td>
<td>0.068 (ton / million yen)</td>
</tr>
<tr>
<td><strong>Environmental products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of energy and resource saving products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Paper</strong></td>
<td>Reduction of paper purchased</td>
<td>By end of FY2007, 6% reduction in comparison to 2004</td>
<td>1,049 sheets</td>
<td>□</td>
</tr>
</tbody>
</table>

Main activities

- Dispersion compressors under multi-unit control: 6 units
- Intermittent operation of hydraulic pumps and coolant pumps: 14 units
- Adoption of smaller motors and inverters: 5 units
- Use of energy-saving vane pumps: 2 units
- Turn off the power in the equipment during during holidays

Activities of Affiliated Companies

- Electrically-driven water pump
- Solenoid valve
- TOYOPUC Motion Product line

Toyooki Kogyo Co., Ltd.

Message from the President

Toyooki Kogyo Co., Ltd. aims to be a city that "coexists in harmony with the environment and abounds in greenery and beautiful waterways," and as a member of this community, our company strives to provide environmentally friendly technology and contribute to the creation of a society friendly to people and the environment. Based on this policy, we have engaged in various environmental conservation activities. In addition to activities related to conserving energy and reducing waste, we develop and supply products that conserve energy and resources and endeavor to reduce the use of substances of environmental concern in our products, thereby contributing to customers’ manufacturing innovation and reduced environmental impact.

Company outline

- **Company name**: Toyooki Kogyo Co., Ltd.
- **Business base**: Toyooki Kogyo Co., Ltd.
- **Established**: 1958
- **Head office**: 45 Kaizan, Hacchi-cho, Okazaki-city, Aichi Prefecture
- **Net sales**: FY2005: 14,786 million yen, FY2006: 12,835 million yen
- **Capital**: 2.54 million yen
- **Tel**: 0564-48-2211, **URL**: http://www.toyooki.jp/
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Environmental data

<table>
<thead>
<tr>
<th>Item</th>
<th>Legal limit</th>
<th>In-house standard</th>
<th>Actual (mid-term target)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOx</strong></td>
<td>1,200 (ton)</td>
<td>1,046 (ton)</td>
<td>□</td>
</tr>
<tr>
<td><strong>NOx</strong></td>
<td>1,200 (ton)</td>
<td>1,046 (ton)</td>
<td>□</td>
</tr>
<tr>
<td><strong>Vibration</strong></td>
<td>1,200 (ton)</td>
<td>1,046 (ton)</td>
<td>□</td>
</tr>
<tr>
<td><strong>Particulate</strong></td>
<td>1,200 (ton)</td>
<td>1,046 (ton)</td>
<td>□</td>
</tr>
</tbody>
</table>

Emissions quantity

- **CO2 emissions**: 2,953 (ton)

Waste

- **Total waste**: 313 ton
- **Waste paper**: 1,046 sheets

Energy-saving products

- **Production of 2-model product development.**

Reduction of industrial waste

- **Cut on the basic unit.**
- **Waste**: Total waste: 313 ton
- **Waste paper**: 1,046 sheets

Environmental objective FY 2006 target

- **Reduction of CO2 discharge**: 4,265 (ton)
- **Waste**: Total waste: 313 ton

Performance index (mid-term target)

- **Reduction of CO2 discharge**: 4,265 (ton)
- **Waste**: Total waste: 313 ton

Evaluation

- **Main activities**: Single-sided same-size printing
- **Multi-unit control of compressors**
- **Reduction of industrial waste**: Using weights to reduce the volume of grinding waste
- **Reduction of CO2 discharge**: Multi-unit control of compressors

<table>
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</tr>
<tr>
<td><strong>NOx</strong></td>
<td>1,200 (ton)</td>
<td>1,046 (ton)</td>
<td>□</td>
</tr>
<tr>
<td><strong>Vibration</strong></td>
<td>1,200 (ton)</td>
<td>1,046 (ton)</td>
<td>□</td>
</tr>
<tr>
<td><strong>Particulate</strong></td>
<td>1,200 (ton)</td>
<td>1,046 (ton)</td>
<td>□</td>
</tr>
</tbody>
</table>

Emissions quantity

- **CO2 emissions**: 2,953 (ton)

Waste

- **Total waste**: 313 ton
- **Waste paper**: 1,046 sheets

Energy-saving products

- **Production of 2-model product development.**

Reduction of industrial waste

- **Cut on the basic unit.**
- **Waste**: Total waste: 313 ton
- **Waste paper**: 1,046 sheets

Environmental objective FY 2006 target

- **Reduction of CO2 discharge**: 4,265 (ton)
- **Waste**: Total waste: 313 ton

Performance index (mid-term target)

- **Reduction of CO2 discharge**: 4,265 (ton)
- **Waste**: Total waste: 313 ton

Evaluation

- **Main activities**: Single-sided same-size printing
- **Multi-unit control of compressors**
- **Reduction of industrial waste**: Using weights to reduce the volume of grinding waste
- **Reduction of CO2 discharge**: Multi-unit control of compressors

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (mid-term target)</th>
<th>FY 2006 target</th>
<th>FY 2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy conservation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction of CO2 discharge</td>
<td>Cut on the basic unit. By end of FY2006, 30% reduction compared to FY2005.</td>
<td>4,265 (ton)</td>
<td>24.8% (ton / million yen)</td>
<td>□</td>
</tr>
<tr>
<td>Waste</td>
<td>Reduction of industrial waste</td>
<td>Cut on the basic unit. By end of 2010, 30% cut compared to FY2005.</td>
<td>345 (ton)</td>
<td>0.068 (ton / million yen)</td>
</tr>
<tr>
<td><strong>Environmental products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of energy and resource saving products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Paper</strong></td>
<td>Reduction of paper purchased</td>
<td>By end of FY2007, 6% reduction in comparison to 2004</td>
<td>1,049 sheets</td>
<td>□</td>
</tr>
</tbody>
</table>

Main activities

- Dispersion compressors under multi-unit control: 6 units
- Intermittent operation of hydraulic pumps and coolant pumps: 14 units
- Adoption of smaller motors and inverters: 5 units
- Use of energy-saving vane pumps: 2 units
- Turn off the power in the equipment during during holidays

Activities of Affiliated Companies

- Electrically-driven water pump
- Solenoid valve
- TOYOPUC Motion Product line
Koyo Sealing Techno Co., Ltd.

Message from the President

Located at the mouth of the clear Yoshino River in the city of Shikoku, our company strives for harmony with this beautiful environment as we manufacture seals and functional components, made of rubber and plastic in order to support industries and lifestyles.

As an integrated rubber manufacturer, we are independently and proactively promoting activities to conserve the global environment in all business activities from product planning to design, procurement, manufacturing, sales and service. Based on an accurate grasp of the technical needs related to global environmental conservation, we are developing revolutionary oil seals with high levels of sealing and low torque in order to prevent environmental pollution from lubricants. We are also contributing to the conservation of the global environment through the development of functional rubber parts.

Company outline

- **Company name:** Koyo Sealing Techno Co., Ltd.
- **Established:** October 1964
- **Head office:** 2-8-2 Nihonbashishi, Chuo-ku, Tokyo, 103-8563, Japan
- **Contact:** 03-3269-1111
- **Capital:** 125 million yen
- **Net sales:** 31.1 billion yen / FY 2005: 31.1 billion yen
- **Primary business:** Manufacture of oil seals, gaskets, large-size, bonded piston seals, etc., and other products
- **Number of employees:** 521
- **Certification body:** Japan Environmental Management Certification Organization for Environment and Quality (JEMCO)

Environmental management system

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (medium-term target)</th>
<th>FY 2005 target</th>
<th>FY 2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy conservation</td>
<td>Reduce energy conservation</td>
<td>CO2 emissions (kt-CO2) reduction compared to FY 2005</td>
<td>5% reduction</td>
<td>Reduced by 6% compared to FY 2005</td>
</tr>
<tr>
<td>Resource conservation</td>
<td>Reduce primary and secondary material usage</td>
<td>Proportion of primary material consumption to production output: 3% reduction by end of FY 2008 compared to FY 2005</td>
<td>5% increase</td>
<td>Reduced by 2% compared to FY 2005</td>
</tr>
<tr>
<td>Waste production</td>
<td>Reduce waste</td>
<td>Proportion of primary material consumption to production output: 3% reduction by end of FY 2008 compared to FY 2005</td>
<td>5% increase</td>
<td>Reduced by 1% compared to FY 2005</td>
</tr>
<tr>
<td>Logistics</td>
<td>Improve efficiency of logistics</td>
<td>Proportion of packaging and material cost to total sales: 8% reduction by end of FY 2008 compared to FY 2005</td>
<td>5% increase</td>
<td>Reduced by 0.5% compared to FY 2005</td>
</tr>
</tbody>
</table>

Main products

- **Ears:**
  - Acoustic (100% Compliance)
  - Noise generator (shorter operation time)

- **Primary material**
  - Low torque seals
  - Reduce power consumption by delaying heater timer for vulcanization press by 30 minutes
  - Do activities to reduce air leaks when not in operation
  - Always turn off lights and do not expect use of lights
  - Prevent people from being hit by oil on condition, periodically inspect and clean filters
  - Implement energy conservation policies

- **Secondary material**
  - Low torque seals
  - Reduce power consumption by delaying heater timer for vulcanization press by 30 minutes
  - Do activities to reduce air leaks when not in operation
  - Always turn off lights and do not expect use of lights
  - Prevent people from being hit by oil on condition, periodically inspect and clean filters
  - Implement energy conservation policies

Environmental data

<table>
<thead>
<tr>
<th>Environmental data</th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions</td>
<td>0.01</td>
<td>0.01</td>
<td>Reduced by 1% compared to FY 2005</td>
</tr>
<tr>
<td>Incinerated waste</td>
<td>0.01</td>
<td>0.01</td>
<td>Reduced by 2% compared to FY 2005</td>
</tr>
<tr>
<td>USBOTNJTTJPOT</td>
<td>0.01</td>
<td>0.01</td>
<td>Reduced by 1% compared to FY 2005</td>
</tr>
</tbody>
</table>

Activities of Affiliated Companies

- **Design**
  - Carry out product assessments
  - Shogun Sealing Techno Co., Ltd.
  - Nippon Sealing Techno Co., Ltd.

- **Regional environment**
  - Strengthen our environmental conservation system
  - Manage and improve environmental facilities

- **Logistics**
  - Basic unit for packaging and packing material cost (proportion to total sales): 8% reduction by end of FY 2008 compared to FY 2005 | 5% reduction | Reduced by 0.5% compared to FY 2005 |
  - Basic unit for delivery cost (proportion to total sales): 8% reduction by end of FY 2008 compared to FY 2005 | 5% reduction | Reduced by 0.5% compared to FY 2005 |

- **Waste products**
  - Reduce waste
  - Proportion of primary material consumption to production output: 3% reduction by end of FY 2008 compared to FY 2005 | 5% reduction | Reduced by 2% compared to FY 2005 |

- **Energy conservation**
  - Reduce energy conservation
  - Proportion of primary material consumption to production output: 3% reduction by end of FY 2008 compared to FY 2005 | 5% reduction | Reduced by 1% compared to FY 2005 |

- **Resource conservation**
  - Proportion of primary material consumption to production output: 3% reduction by end of FY 2008 compared to FY 2005 | 5% reduction | Reduced by 1% compared to FY 2005 |

- **Waste products**
  - Reduce waste
  - Proportion of primary material consumption to production output: 3% reduction by end of FY 2008 compared to FY 2005 | 5% reduction | Reduced by 1% compared to FY 2005 |

- **Logistics**
  - Proportion of packaging and packing material cost to total sales: 8% reduction by end of FY 2008 compared to FY 2005 | 5% reduction | Reduced by 0.5% compared to FY 2005 |

- **Design**
  - Increase order of primary low torque seals
  - Turn waste oil into a saleable resource
  - Effectively/commonly utilize metallic rings and finished products
Prevent burnishing scratches

Change lathe coolant to aqueous cutting fluid

Achieve shorter cycle time through sound material cycle

Environmental conservation improvement

Ikumi Funahashi

Environmental management system

Environmental objective | Performance index (mid-term index) | FY2006 target | FY2006 results | Evaluation
--- | --- | --- | --- | ---
Reduce environmental burden in each division | Promote environment friendly product design activities. | 4 or more/Design For Environment per year | 4 per year | □

Energy conservation

Reduce energy consumption through activities performed by Energy Conservation Subcommittees

The Energy Conservation Subcommittees set target figures for FY of each division clarifying concrete execution items and promotes activity. By end of FY 2009, reduce CO2 total output by 5% compared to FY 2005.

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2006 target</th>
<th>FY2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2</td>
<td>12,130 t-CO2 / year</td>
<td>12,130 t-CO2 / year</td>
<td>□</td>
</tr>
</tbody>
</table>

Resource conservation

Reduce industrial waste through activities performed by the waste group.

The waste group sets target figures for FY of each division clarifying concrete execution items and promotes activity. By end of FY 2009, reduce total industrial waste output by 25% compared to FY 2005.

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2006 target</th>
<th>FY2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste output</td>
<td>74.1 t/year</td>
<td>57.9 t/year</td>
<td>□</td>
</tr>
</tbody>
</table>

Green procurement

Promote green procurement where parts, materials, and essential materials which are line on environmental burden from manufacturers who are proactive on environment preservation.

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2006 target</th>
<th>FY2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of green procurements</td>
<td>6 or more/year</td>
<td>6 per year</td>
<td>□</td>
</tr>
</tbody>
</table>

Environmental improvement

Reduce environmental burden through execution of "personal declaration on environment" by all employees and through personal environmental improvement activities.

Raise environmental awareness of all members and continuously deploy improvement activities in order to reduce environmental burden in each division. Number of environmental improvements to be 2 or more per month per division

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2006 target</th>
<th>FY2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of 113 per year</td>
<td></td>
<td></td>
<td>□</td>
</tr>
</tbody>
</table>

Product assessment

Reduce weight through changes in shape of soldering-iron for roll-forming unit

Reduce weight through changes in shape of die bar automatic roll-forming unit

Reduce material weight with a smaller design for roll-forming unit

Improve equipment productivity

Achieve shorter cycle time through change in the drill mode for NC lathe

Investigate compressed air leaks when not in operation; reduce these leaks

Stop grinding stone rotation and coolant and hydraulic units after NC machining cycle is finished

Increase load in each ch through improvement at shaft coupling (p)

Measure at source

Reduce detects through use of seal cover on NC lathe

Dust filter cycle time by a third through addition of carbon paper to transfer machines

Reduce clamping stability through addition of air or line in rolling machines

Reduce flange appearance defects during press extruding

Reduce environmental burden of procured items

Change to bare metal from aluminum to magnesium coating fund

Change Ti-nitrides with lower toxic and stronger aluminum coating for cutting through in part process

Improve utility through elimination of solidification step achieved with different gas type sacrificial plate

Reduce environmental burden in each division

After removing finisher for cover for finish work, the finish separator and the separator liquid can be exit at the finisher for the atmosphere

By changing the break part position from the fin to on the larger finishing blanks, the fan can be reused for the finisher booth

When we produce products, the attached finisher separator used to hold the customer specified changes, so they were thrown out, but now they are true headed as cost effective item

A special liquid filling bag are introduced to prevent the afferent of processed powder

Reduce environmental burden in each division

Number of environmental improvements to be 2 or more per month per division

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2006 target</th>
<th>FY2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of 113 per year</td>
<td>113 per year</td>
<td>□</td>
<td></td>
</tr>
</tbody>
</table>
Message from the President

On June 6, 2007, the G8 summit was held in Germany, and a long-term target of halving worldwide greenhouse gas emissions by 2050 was proposed by the Japanese government. To achieve this target, various types of activities must be pursued.

As an integrated manufacturer in the field of heating technology, we are accelerating efforts to create new thermal technologies and develop products with environmentally friendly features (energy conservation, resource conservation, short lead times, etc.) to better control greenhouse gas emissions. We also are working to improve logistics. Your continued guidance and support is appreciated. Thank you.

Koyo Thermo Systems Co., Ltd.

President
Michiro Kajiwara

Environmental management system

<table>
<thead>
<tr>
<th>Environmental management system</th>
<th>Performance index (related term index)</th>
<th>FY 2006 target</th>
<th>FY 2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design for environmental efficiency (energy, resources)</td>
<td>Delivering products with improved environmental efficiency</td>
<td>Provide products with 40% better environmental efficiency in FY 2006 (comparison criterion: FY 2002)</td>
<td>Provide products with 35% better environmental efficiency (comparison criterion: FY 2002)</td>
<td>32.7±0.8%</td>
</tr>
<tr>
<td>Energy conservation</td>
<td>(1) Reduction of oil consumption for production equipment</td>
<td>Reduce the oil consumption rate of FY 2006 to 3.5% or less / kg</td>
<td>Reduce the oil consumption rate of FY 2006 to 3.5% or less / kg</td>
<td>0.039kg / kg</td>
</tr>
<tr>
<td></td>
<td>(2) Reduction of gas consumption</td>
<td>Reduce consumption of FY 2006 to 1.941t / 100 million yen</td>
<td>Reduce consumption of FY 2006 to 1.941t / 100 million yen</td>
<td>0.136t / 100 million yen</td>
</tr>
<tr>
<td></td>
<td>(3) Reduction of special A fuel oil</td>
<td>Keep consumption at 165L / year or less</td>
<td>Keep consumption at 165L / year or less</td>
<td>115L / year</td>
</tr>
<tr>
<td></td>
<td>(4) Reduction of electricity consumption</td>
<td>Reduce consumption of FY 2006 to 1.023kWh / 100 million yen</td>
<td>Reduce consumption of FY 2006 to 1.023kWh / 100 million yen</td>
<td>0.458kWh / 100 million yen</td>
</tr>
<tr>
<td>Resource conservation</td>
<td>(1) Reduction of paper consumption</td>
<td>Reduce the paper consumption of FY 2006 to 540kg / 100 million yen</td>
<td>Reduce the paper consumption of FY 2006 to 540kg / 100 million yen</td>
<td>0.123kg / 100 million yen</td>
</tr>
<tr>
<td></td>
<td>(2) Reduction of chemicals consumed</td>
<td>0.123kg / 100 million yen</td>
<td>0.123kg / 100 million yen</td>
<td>0.123kg / 100 million yen</td>
</tr>
<tr>
<td>Green environmental conservation</td>
<td>(1) Reduction of waste</td>
<td>14,711t of waste / 100 million yen</td>
<td>14,711t of waste / 100 million yen</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(2) Environmentally-friendly products</td>
<td>0.95%</td>
<td>0.95%</td>
<td>0</td>
</tr>
</tbody>
</table>
| Environmental improvement | (1) Volume reduced in waste | 12.2 t / year or less | 7.548 t / year | 0.062%
| | (2) Improving recycling percentage | 42.0% | 42.0% | 0 |
| Logistcs | (1) Number of environmental pollutants / year | 0 | 0 | 0 |
| | (2) Number of environmental pollutants / year | 0 | 0 | 0 |
| Logistics | Reduce environmental impact (energy, resources) | Achieve reduction for FY 2006 of at least 1,105.5 kg per year | Achieve reduction for FY 2006 of at least 1,105.5 kg per year | 464.7kg / year (after target) | 0.27%
| Logistics | Reducing CO2 emissions through logistics improvements | Achieve reduction for FY 2006 of at least 966.3t per year | Achieve reduction for FY 2006 of at least 966.3t per year | 3.397t per year | 0.347%
| Logistics | Environmental improvement | Achieve reduction for FY 2006 of at least 0.650% | Achieve reduction for FY 2006 of at least 0.650% | 0.650% | 0.650%
| Logistics | Reduce number of delivery vehicles for increasing loading efficiency | Achieve reduction for FY 2006 of at least 0.650% | Achieve reduction for FY 2006 of at least 0.650% | 0.650% | 0.650%
| Logistics | Reduce number of delivery vehicles for increasing loading efficiency | Achieve reduction for FY 2006 of at least 0.650% | Achieve reduction for FY 2006 of at least 0.650% | 0.650% | 0.650%
| Logistics | Reduce number of delivery vehicles for increasing loading efficiency | Achieve reduction for FY 2006 of at least 0.650% | Achieve reduction for FY 2006 of at least 0.650% | 0.650% | 0.650%
Koyo Electronics Industries Co., Ltd.

Message from the President

President Tsutomu Yuine

Artificial greenhouse gas were pointed out as a cause of global warming in the IPCC report issued in February this year, and since then people around the world have been focusing on the goal of halving total greenhouse gas emissions. Dramatic improvement in the overall efficiency of societies will be necessary in order to achieve this goal.

Having been selected as one of Japan's model industries this year, our company is introducing more energy-efficient air-conditioning and heating system, and we expect to achieve 48% reduction in CO2 emissions.

We will continue to pursue increased efficiency in our products and operations in order to contribute to the prevention of global warming.

Company outline

Company name: Koyo Electronics Industries Co., Ltd.

Head office: 1-171 Tenjin-cho, Kodaira, Tokyo

Capital: 1,593.2 million yen

Net sales: 12.7 billion yen (non-consolidated)

Main products: Electronic control devices

Environmental data

<table>
<thead>
<tr>
<th>Ozumi Plant</th>
<th>Head office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>Legal limit</td>
</tr>
<tr>
<td>NOx</td>
<td>0.01</td>
</tr>
<tr>
<td>SO2</td>
<td>0.009</td>
</tr>
<tr>
<td>Particulates</td>
<td>10</td>
</tr>
</tbody>
</table>

Environmental management system

<table>
<thead>
<tr>
<th>Environmental management system</th>
<th>Performance index (mid-term target)</th>
<th>FY 2005 target</th>
<th>FY 2005 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmentally friendly products</td>
<td>Promote environmental design</td>
<td></td>
<td>Achieved weight and energy savings using a miniature magnetic rotary encoder and modular PLC (see the flow to the right)</td>
<td>□</td>
</tr>
<tr>
<td></td>
<td>Manage environmental design targets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduce product weight</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduce power consumption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy conservation (electricity)</td>
<td>Promote energy and resource conservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduce power consumption at head office</td>
<td></td>
<td>Head office: 18% reduction</td>
<td>□</td>
</tr>
<tr>
<td></td>
<td>Reduce power consumption at Ozumi Plant</td>
<td></td>
<td>Quanzu Plant: 15% reduction</td>
<td>□</td>
</tr>
<tr>
<td>Resource conservation (paper)</td>
<td>Reduce paper usage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promote paperless work at head office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promote paperless work at Ozumi Plant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource conservation (logistics)</td>
<td>Reduce resources consumed for shipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduce logistics outsourcing cost by 2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduce logistics outsourcing cost by 2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste</td>
<td>Reduce and optimally recycle wastes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promote zero waste at head office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promote zero waste at Ozumi Plant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical substances</td>
<td>Suppress and properly control chemical substances</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Activities of Affiliated Companies

[Introduction of a nighttime thermal storage air conditioning system]

This nighttime thermal storage air conditioning system allows energy to be stored during the day when evaporation energy is not used. To eliminate pollution, emissions of carbon dioxide, and noise, they will use a nighttime thermal storage air conditioning system.

[Thermal storage area is on the basement and the heat pump is on top]
Daibea Co., Ltd.

Message from the President

The depletion of natural resources, increase of disasters caused by deforestation, and global warming caused by CO2 emissions are just some of the serious environmental problems facing our world today.

Our company is concentrating on using energy in an efficient, environmentally considerate manner and creating products that are more environmentally friendly than before.

In addition, under the guidance of our Global Environmental Conservation Committee, our five specialized subcommittees specializing in energy conservation, resource conservation, environmental improvement, logistics, and paper reduction are pursuing the reduction of environmental burdens on an ongoing basis.

It is my desire to work together with all employees to contribute to global environmental conservation.

Company outline

Company name: Daibea Co., Ltd.  
Head office: 2nd Floor, 3-13-1, Nishi-ku, Sakai-shi, Osaka 594-8560  
Web page: http://www.daibea.co.jp

Main products

Our compact and lightweight thin-walled bearings used in applications such as the heat rollers of copying machines and contribute reducing the burden on the environment.

Environmental management system

Environmental objectives  

- Improve packaging materials cost
- Reduce delivery costs by changing the vehicle class of delivery vehicles
- Reduce packing material by eliminating rivets from cartons and cases
- Produce resources by hardening grinded particles
- Promote life expectancy of products

Performance index (mid-term target)

- CO2: -4.1% compared to FY2003
- Primary materials: +3.2% compared to FY2003
- Secondary materials: +3.0% compared to FY2003
- Recycled paper: +6.0% compared to FY2003
- Reduced logistics cost (per total sales): +15.3% compared to FY2003
- Compliance with in-house standards
- Recycling rate: 99.5%

Main Activities

- Repair air leaks
- Change pumps and compressors to the inverter type
- Optimize excitation based on Cost-Benefit Analysis
- Improve lighting
- Install high-efficiency transformers
- Pursue efforts related to energy saving model line
- Reduce weight by changing forging dimensions
- Reduce amount of materials used by using a hardener for grinding cost
- Reduce grinding stone
- Reduce oil usage by bushing method to prevent oil leaks
- Promote use of long-life oil dammed

Environmental data

- CO2
- OD
- SO
- pH
- No particular facility

- No particular facility

- No particular facility

Activities of Affiliated Companies

- No particular facility

- No particular facility

- No particular facility

- No particular facility
**Message from the President**

Global warming is not merely a problem to be faced by future generations but rather has already begun to affect the world we live in today. Rising temperatures and changing rainfall levels are lowering agricultural productivity, and food shortages are becoming more serious in each region of the world. As a country that imports massive quantities of food, Japan is being directly affected by this problem. Our company, which acquired ISO 14001 certification 5 years ago, has worked aggressively to reduce CO2 emissions and contributed greatly to the prevention of global warming. This year we are pursuing efforts to identify and eliminate waste and improve production efficiency in order to further reduce CO2 emissions.

**Company outline**

- **Company name:** Utsunomiya Kiki Co., Ltd.
- **Established:** October 1953
- **Head office:** 585 Suzumenomiya-machi, Utsunomiya, Tochigi Prefecture
- **Capital:** 100 million yen
- **Net sales:** FY 2006: 6,010 million yen
- **Number of employees:** 272

**Main products**

- Threading type needle roller bearings
- Red type needle roller bearings

**Environmental data**

- **Source:** FY 2006, March 2007
- **Measurement:** 3 consecutive years

**Main activities**

- Display electricity consumption in a marker to improve awareness in order to reduce electricity consumption
- Select a heat exchanger for an air conditioner and reduce air-cooled heat pump in order to reduce CO2 emissions
- Shorter air conditioners and reduce the operation time of each unit to reduce electricity consumption
- Increase the use of inverter-controlled compressors and shorter the compressor operation time in order to reduce CO2 emissions
- Apply an insulating layer coating to the roof to improve air conditioner and heating efficiency

**Environmental management system**

- **Environmental objective:**
  - Reduce electricity consumption
  - Reduce gas consumption
  - Reduce fuel consumption
  - Reduce water consumption
  - Reduce CO2 emissions

- **Performance index (mid-term index):**
  - Reduce electricity consumption
  - Reduce gas consumption
  - Reduce fuel consumption
  - Reduce water consumption
  - Reduce CO2 emissions

- **FY 2006 target:**
  - 1.5% reduction from previous year
  - 1.0% reduction from previous year
  - 0.5% reduction from previous year

- **FY 2006 results:**
  - 1.5% reduction from previous year
  - 1.0% reduction from previous year
  - 0.5% reduction from previous year

- **Main activities:**
  - Display electricity consumption in a marker to improve awareness in order to reduce electricity consumption
  - Select a heat exchanger for an air conditioner and reduce air-cooled heat pump in order to reduce CO2 emissions
  - Shorter air conditioners and reduce the operation time of each unit to reduce electricity consumption
  - Increase the use of inverter-controlled compressors and shorter the compressor operation time in order to reduce CO2 emissions
  - Apply an insulating layer coating to the roof to improve air conditioner and heating efficiency

**Monitoring environmental measurement data trends**

- In order to quickly detect abnormal situations and develop appropriate counter measures.

**Activities of Affiliated Companies**

- **CO2 emission per 100 million yen of production cost**
  - 0.5 t-CO2
  - 0.4 t-CO2

- **Material usage per product**
  - 0.6 kg
  - 0.5 kg

- **Energy consumption per product**
  - 0.7 kWh
  - 0.6 kWh

- **Material mass per product**
  - 0.4 kg
  - 0.3 kg

**Recycling rate of waste**

- **Total waste emission per 100 million yen of production cost**
  - 0.08 t

- **Recycling rate of waste**
  - 0.15 kg
  - 0.12 kg

- **Logistics cost as a percentage of sales amount**
  - 0.05%
  - 0.04%
Message from the President

Our company's management principle is to provide value for our customers by creating user-friendly and environmentally friendly products.

We promote environmentally friendly products by overhauling and modifying Toyota grinders to conserve resources and develop compact high-performance grinders to conserve energy.

Based on the direction of our Environmental Improvement Committee, all our employees participate in environmental conservation activities to reduce CO2 and other industrial emissions and develop ecologically friendly office and factory environments.

We will continue to contribute to our environment and society.

President

Kazumi Nakamura

Company outline

<table>
<thead>
<tr>
<th>Performance Index (mid-term index)</th>
<th>FY 2006 target</th>
<th>FY 2006 results</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental management system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy conservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce energy consumption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By end of FY 2010,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total CO2 emission</td>
<td>441 t / year (i-CO2)</td>
<td>441 t / year (i-CO2)</td>
<td></td>
</tr>
<tr>
<td>Environmentally friendly products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promote environmental design</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce the environmental</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>burden by developing environmentally friendly products</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Environmental data

<table>
<thead>
<tr>
<th>Item</th>
<th>Legal limit</th>
<th>Actual measurement</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>SS</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>NOx</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>SOx</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Oil content</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>CO2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td></td>
<td></td>
<td>0.0</td>
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<td>指甲</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Main products

- GS3 Series
- GEK Series
- GSS Series
- Select G Series

Environmental management system

- Energy conservation
- Reduce energy consumption
- Promote energy conservation activities
- Resource conservation
- Reduce waste
- Promote reduction of waste
- Environmentally friendly products
- Promote environmental design considering energy conservation, reduction in waste, recycling and low noise levels.

Environmental improvement

- Forest protection
- Establishment of green areas near the factory
- Promote tree planting
- Promote the growth of trees
- Planning and modification of plant facilities
- Improve operation by promoting paperless activities
Since its founding in 1975, our company has provided customers with CBN grinding wheels and other tools for super-abrasive applications, all of which enable high-efficiency manufacturing, resource conservation, and recycling.

With the growing importance of establishing a recycling, sustainable society, our company has actively pursued improvements in areas such as energy and resource conservation in order to contribute to protection of the global environment and is striving to develop super-abrasive tools that will enable customers to carry out manufacturing operations with minimal environmental burden.

President
Kazuhiko Sugita

Company outline

- **Company name**: Toyoda Van Moppes Ltd.
- **Head office**: 1-54 Shirugahara, Itadori-cho, Obihiro-ku, Asahikawa city, Hokkaido 065-8551
- **URL**: http://www.tvm.co.jp
- **Capital**: 180 million yen
- **Net sales**: FY 2010: 1,024.0 million yen
- **Customers**: 741
- **Business bases**: Sales bases: Aichi, Tokyo, Osaka, Shizuoka, Hiroshima

**Environmental data**

- **Bit wheel base recycling rate**
  - FY 2006: 50.0%
  - FY 2010: 50.0%
- **Environmental impact**
  - **CO2**: 0.00 g / million yen
  - **Noise**: 74.0 dB
- **Solid waste disposal**
  - **Base recycling rate**: 50.0%
  - **Solid waste disposal**: 33.3 tons / year
  - **Solid waste disposal (Landfill and incineration)**: 88.3% reduction from FY 1999 level
  - **Solid waste disposal (disposal)**: 33.3 tons / year
- **Reduction of waste**
  - **Reduction of waste (base unit)**
    - **FY 2006**: 2.61 tons / year
    - **FY 2010**: 0.51 tons / year
  - **Reduction of waste**
    - **FY 2006**: 2.61 tons / year
    - **FY 2010**: 0.51 tons / year

**Main products**

- **Vitrified bond CBN wheel**
  - For grinding cylinders
  - For high speed grinding
  - For grinding camshafts, etc.
- **Diamond rotary dresser**
  - For high speed grinding
  - For grinding camshafts, etc.
  - For grinding camshafts, etc.
  - For grinding camshafts, etc.
  - For grinding camshafts, etc.

**Environmental management system**

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (FY 2009 target)</th>
<th>FY 2006 target</th>
<th>FY 2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recycle</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion of base recycling of CBN wheel</td>
<td>Increase the recycling rate of CBN wheel base by the end of FY 2010 by 33.3% compared to FY 1998 base recycling rate (FY 1999: 27.6%, FY 2010: 52.0%)</td>
<td>Recycling rate of CBN wheel base: 27.6% increase from FY 1999 level</td>
<td>Base recycling rate: 53.8%</td>
<td>54.7%</td>
</tr>
</tbody>
</table>

**Environmentally friendly products**

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (FY 2009 target)</th>
<th>FY 2006 target</th>
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<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recycle</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promote design that minimizes machining allowance</td>
<td>38 cases of reduced allowances by the end of FY 2010, 8 cases / year of reduced allowances</td>
<td>11 cases</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Energy conservation**

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (FY 2009 target)</th>
<th>FY 2006 target</th>
<th>FY 2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduce CO2 and noise</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce CO2 emissions (base unit): 41% compared to FY 2006 by the end of FY 2010</td>
<td>1200 t / year; 100 million yen</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reduce industrial waste</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce industrial waste (base unit): by 43% compared to FY 2006 by the end of FY 2010</td>
<td>27.1 tons / year</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Resource conservation**

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (FY 2009 target)</th>
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</table>
Message from the President

The ISO 14001 standard provides a model for establishing a management system that is focused on controlling and improving a company’s impacts on the environment. In this session, environmental management system, tools, and techniques are described as a framework for continual improvement of environmental performance, including compliance to environmental regulations. Effectively applied, ISO 14001 promises cost savings, waste reduction, energy efficiency, resource productivity, and improvements in public relations and liability.

Company outline

- **Company name**: JTEKT Automotive (Thailand) Co., Ltd.
- **Established**: October 1996
- **Head office**: 17/19 Kacharapa Village, Phraekhrang, Bangpleun, Nonthaburi 12120, Thailand, tel. +66 38 854515
- **Chairman**: Tetsu Tsuchimura
- **Secretary**: 0271-05-0555
- **Primary business**: Automotive, Power Steering System, Driveline System, Engine Parts
- **Number of employees**: 565
- **ISO/TS 16949**: CERT.NO.TH 0700006

Environmental management system

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Performance index (mid-term index)</th>
<th>FY2006 target</th>
<th>FY2006 results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental improvement</strong></td>
<td>Total noise reduction</td>
<td>Less than 90 dB(A)</td>
<td>Total noise reduction</td>
<td>Noise level in 2 places measured and the noise level is less than 90 dB(A)</td>
</tr>
<tr>
<td>Resources conservation</td>
<td>Cloth &amp; glove reduce</td>
<td>Reduce usage, rework and reused</td>
<td>Reduce 10%</td>
<td>Reduce 15%</td>
</tr>
<tr>
<td>Energy conservation</td>
<td>Electrical and water consumption</td>
<td>Install chiller for good condition working, demand up 700 KW FY2006: TM81-40 per unit</td>
<td>Reduce 10%</td>
<td>Reduce 40%</td>
</tr>
<tr>
<td>Cost saving</td>
<td>Production tool cost reduction</td>
<td>Increase tool life, Kaiser-Change Tool, Moduring Machine Study Cutting Oil</td>
<td>Reduce 10%</td>
<td>Reduce 12%</td>
</tr>
<tr>
<td>Waste management</td>
<td>Waste disposal cost down</td>
<td>Additional area for waste management</td>
<td>Reduce 10%</td>
<td>Reduce 5%</td>
</tr>
</tbody>
</table>

Main products

- **Power Steering Assy**: 
- **Power Steering System**: Engine Parts
- **Reservoir**: 
- **Drive line**: 
- **Shaft Assy**: 
- **PC Receiving**: 
- **PC Deliverly**: 
- **Power consumption (Base unit)**: FY2006: 6,494 million baht
- **Reduce electrical lighting**
- **Project**: 
- **CO2**: Total 10 point all OK
- **Noise**: Total 11 point all OK
- **Sound Log 8hs**: Total 3 point all OK
- **Air in workplace**: Total 8 point = OK 6 NG 2
- **Productive equipment**: 

Environmental data

- **Oil mist**: 
- **Drainage water quality**: 
- **Activities of Overseas Affiliated Companies**: 

Activities of Overseas Affiliated Companies

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Item</strong></td>
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<tr>
<td><strong>Item</strong></td>
</tr>
<tr>
<td><strong>Cyanide</strong></td>
</tr>
<tr>
<td><strong>Barium</strong></td>
</tr>
<tr>
<td><strong>Phenol</strong></td>
</tr>
<tr>
<td><strong>Copper</strong></td>
</tr>
<tr>
<td><strong>Lead</strong></td>
</tr>
<tr>
<td><strong>Hexavalent Chromium</strong></td>
</tr>
<tr>
<td><strong>Cadmium</strong></td>
</tr>
<tr>
<td><strong>Toluene</strong></td>
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<td><strong>Toluene</strong></td>
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</tbody>
</table>

JTEKT Automotive (Thailand) Co., Ltd.
At JAVA, we are committed to our goal of being environmentally responsible. In fact, our commitment goes beyond the walls of our facility and the land on which it is built. It is our belief that we must educate our workforce and our community about the importance of reducing consumption and increasing reuse/recycling.

This includes encouraging recyclers to explore new markets and partnering with other organizations to create markets for recycling of wastes to reduce environmental costs.

We will never be content with our results; there is always room for improvement no matter how far you are ahead of any other group or industry.

Environmental policy

JTEKT AUTOMOTIVE VIRGINIA (JAVA) is committed to protecting the environment where Manufacturing, Engineering and Office activities are performed by adhering to the following items:

1. Maintain an Environmental Management System that is appropriate to the nature, scale and environmental impacts of activities and products.
2. Contribute to global energy and resource conservation through continual improvement and the prevention of pollution.
3. Maintain awareness and communicate with the public at large, employees and those working for or on behalf of the company such as contractors, suppliers, consultants and temporary workers.

Company outline

Overview:

JAVA is the 6th largest employer in Botetourt County (261 employees) and manufactures high quality Electric Power Steering and Manual Steering Systems as well as the associated Rack and Pinion Gears.

Our EPS system reduces fuel consumption by 2.5%, a definite benefit to our environment.

Background:


Environmental Projects Corrective Action Target
Oil and Coolant Reuse / Recycling Parting is Recycling externally. Frequent changing of coolant in sample due to harm is. Test various system filters and fluid recyclers in order to extend coolant life. Reduce Environmental costs per column by 5%.
Evaporator Quality of product sent out for recycle is approximately 90% water. Samples to be tested by vendor (verify that it will not harm environment). Reduce Waste Disposal/Recycling Costs by 25%.
Wood Pallets Wood Pallets being sent to landfill. Study street recycle route. Supplies to Plastic Returnables. Eliminate wood waste. 50% suppliers using plastic returnables.
Plastic Trays Plastic Trays from supplier totes are not recycled, placed in trash. Locate/recycle that will accept this material and other plastics. Eliminate Waste from Plastic Trays, plastic shrink wrap, etc.
Litter Elimination Trash Compactor leaves lots of trash on ground when hauled to empty. Research compactors and vendors to replace or modify compactor. Eliminate debris and trash from compactor.

Message from the President

Takashi Terakado

Living in the UK it is quite common for news on environmental change to filter through on a daily basis. The record breaking high summer temperatures and lack of snow during the recent winters are all evidence of the subtle changes that are being experienced here at KBE, which is located centrally within the UK. We cannot solely rely on our government’s policy as to ensure that our children and future generations can enjoy this beautiful and pleasant land in the way it is now. It is not only up to the people who live here, but also the manufacturing companies that operate in the area, who should adopt a positive stance on this issue affecting the environment.

As an example, we must ensure that none of the products that we supply to our customers contain any of the 4 Substances of Concern i.e. Lead, Cadmium, Hexavalent Chromium and Mercury. This action has already been carried out.

The collection, analysis and distribution of data is a very important aspect for a company adopting a more proactive role in environmental management. This will enable it to clearly identify problems and implement corrective measures quickly.

KOYO BEARINGS (EUROPE) LTD.

Environmental management system

<table>
<thead>
<tr>
<th>Arm</th>
<th>Aspects</th>
<th>Method</th>
<th>Target Measure</th>
<th>Target Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td>Disposal of incoming packaging waste</td>
<td>Maximize the use of returnable packaging for supplied components</td>
<td>Review current packaging situation for incoming goods and establish a target for returnable packaging</td>
<td>End of Apr 2007</td>
<td>Previously not considered as a separate item.</td>
</tr>
<tr>
<td>Waste</td>
<td>Garbage product packaging</td>
<td>Maximize the use of returnable packaging for product pallets</td>
<td>75% returnable packaging</td>
<td>End of 2007</td>
<td>Disposing returnable packaging limited to customer agreement.</td>
</tr>
<tr>
<td></td>
<td>Disposable metal oil drums and grease pails</td>
<td>Remove from contaminated waste stream.</td>
<td>100% of oil drums to be returned to supplier for reuse.</td>
<td>Current situation</td>
<td>Oil supply as currently comply with the requirement.</td>
</tr>
<tr>
<td></td>
<td>Disposal of grinding sludge as hazardous waste</td>
<td>Identify potential recycling routes.</td>
<td>Recycled amount: 790k/year</td>
<td>Proposal available by end of 2007</td>
<td>Compression of grinding sludge to proceed; a buyer for this material has been found.</td>
</tr>
<tr>
<td>Environmental improvement</td>
<td>Burning natural gas in furnaces</td>
<td>Establish optimum burner efficiency.</td>
<td>CCC emissions to be maintained below 0.5% on all furnaces.</td>
<td>Routine Maint.</td>
<td>Regular adjustment and monitoring programme in place.</td>
</tr>
<tr>
<td>Waste</td>
<td>Waste containing grease and PTFE with hazardous properties or containing substance of concern as defined by customer requirements</td>
<td>To remove / minimise the use of substances of concern in products through the sourcing of alternative products</td>
<td>Number of hazardous substances used in products.</td>
<td>February 2007</td>
<td>Customer assessment completed in 2006. Absorbed by the use of substances of concern from January 2007.</td>
</tr>
</tbody>
</table>

Recycling activities

Proposed actions

1. Use a baling machine to handle waste cardboard and plastic packaging, and sell it.
   - Number of hazardous substances used: No hazardous substances used.
   - Target: Achieved.
   - Improved by 25%.

2. Use a can crushing machine to crush empty grease pails.
   - Disposal of metal grease drums through the scrap metal route.
   - Environmentally friendly.

3. After these measures are tested and assessed, consider purchase of the baling machine and can crushing machine.

Company outline

<table>
<thead>
<tr>
<th>Company name</th>
<th>KOYO BEARINGS (EUROPE) LTD. [KBE]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>February 1990</td>
</tr>
<tr>
<td>Head Office</td>
<td>YORKSHIRE, S75, 3TA</td>
</tr>
<tr>
<td>Capital</td>
<td>£54.84 million pounds</td>
</tr>
<tr>
<td>Sales</td>
<td>£213.46 million pounds</td>
</tr>
<tr>
<td>More products</td>
<td>Inside use, outside use, contact bearings, Water pump bearings, High precision bearings, Bearing units</td>
</tr>
<tr>
<td>Products</td>
<td>KOYO BEARINGS (EUROPE) LTD. [KBE]</td>
</tr>
<tr>
<td>Number of employees</td>
<td>410</td>
</tr>
<tr>
<td>KOYO BEARINGS (EUROPE) LTD. [KBE] Certification</td>
<td>ISO 14001: Certification awarded in February 2000</td>
</tr>
</tbody>
</table>
KYO LIOHO (FOSHAN) AUTOMOTIVE PARTS CO., LTD.

Message from the President

Today, in the 21st Century, environmental problems are vital issues directly facing humanity. Global warming, the destruction of the ozone layer, the occurrence of extreme wind and rain, atmospheric pollution, etc., all demonstrate the worsening global environment.

It has been slightly over a year since January 2006, when we began production activities in Shunde, Guangdong Province, China. The first thing that we worked on was the environmental issue, and in September 2006, we were the first companies in the industrial park to acquire ISO14001 certification. There are many different ways to work on environmental problems, but at KLF, we carry out integrated production starting with forging, and because of the high cost of electricity in China, we are focusing our efforts on resource and energy conservation.

It is our hope that our efforts, as humble as they may be, can somehow contribute to the protection of the global environment.

Company outline

Company name: KYO LIOHO (FOSHAN) AUTOMOTIVE PARTS CO., LTD. (KLF)
Established: August 3, 2004
Head office: No. 28 Shunde Industrial Park, Shunde Town, Shunde District, Guangdong, China
Capital: 12 million Chinese Yuan
Primary business: Vehicle and automobile parts
Main customer: MMR 90%: Toyoda Gosei 5%, Lioho Machine Works, S destroy 30% / Toyota Tsusho: 2%
Number of employees: 1186 (as of June 2007)
Acquired the ISO14001 Certification GOH101: Certification acquired in September 2006
Certification body: SGS

Environmental management system

Environmental objective | FY 2006 target | FY 2006 results | Main activities
--- | --- | --- | ---
Energy conservation | Reduce electrical consumption | 3,550,000 kWh/year | 4.3% more than planned
- Air conditioning (cooling setting: 26°C)
- Adoption of inverter compressor
- Changing from mercury lamps to energy-saving lamps
- Lights-out during meals

Waste | Reduce the amount of gloves / rags used | 2.05 / 2.05年/人 | 2.27年/人/日
Promote their collection, washing, and reuse
Collection | Washing | Reuse

Resource conservation | Reduce the amount of primary materials used | Utilizing and pieces | Target achieved
- Utilizing and pieces in introducing a sawing machine

Environmental improvement | Wastewater processing | Wastewater below the standard | Target achieved

Hazardous waste handling | 100% collection and processing | We have determined a collection area for hazardous waste and qualified special contractors collect the wastes.

Environmental policy

We shall comply with the law, reduce consumption, prevent pollution, and promote continuous improvement.

Environmental data

<table>
<thead>
<tr>
<th>Item</th>
<th>Legal limit</th>
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Acquisition of ISO14001 certification

In order to protect the local / global environment, we started plans for acquiring ISO14001 certification in February 2006, and received a preliminary audit on September 1 and the formal audit on September 18 (certified by SGS). We received ISO14001 certification on October 26, making us the first such certified company in Section A of the Shunde Industrial Park in Foshan, Guangdong, China, and we were even featured in the Industrial Park’s bulletin.

Our company was established on August 3, 2004. We manufacture 1.2 million hub units a year for the Toyota Motor Corporation’s Camry, and we ship them to four places: China (Guangzhou), Australia, Taiwan, and Thailand.

Our company has “We shall comply with the law, reduce consumption, prevent pollution, and promote continuous improvement” as our environmental policy, and we are working to improve our production and environmental facilities, maintain and improve our wastewater standards, sort out waste, and recycle and reduce metal scrap and waste oil, etc.

Main products

- Ball Bearing
- Shaft Bearing
- Needle Bearing

Activities of Overseas Affiliated Companies

KOYO LIOHO (FOSHAN) AUTOMOTIVE PARTS CO., LTD. [KLF]
### Environmental Data by Location

#### Kariya Plant
- **Number of employees:** 1,450
- **Products:** Machined parts, deep-pull sleeves, machine parts

#### Kokubu Plant
- **Number of employees:** 1,090
- **Products:** Various types of ball and roller bearings, ultra-precision bearings, ball units, high-precision bearings

#### Kariya Plant
- **Number of employees:** 1,450
- **Products:** Machined parts, deep-pull sleeves, machine parts

#### Tokushima Plant
- **Number of employees:** 1,090
- **Products:** Ball bearings, water pump bearings, cylindrical roller bearings, special environment bearings

#### Okazaki Plant
- **Number of employees:** 742
- **Products:** Electric power steering, power steering gears, AST/propulsion control units, CVT oil pumps, propeller shafts, car parts

#### Kagawa Plant
- **Number of employees:** 574
- **Products:** Taper roller bearings

---

### Water Quality Measurement Data

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### Atmospheric Measurement Data

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### Noise/Vibration Data

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### Environment Data by Location

#### Nara Plant
- **Number of employees:** 950
- **Products:** Electric power steering, hydraulic power steering, manual steering

#### Toyohashi Plant
- **Number of employees:** 550
- **Products:** Hydraulic power steering, hydraulic power steering hose, manual steering, collapsible steering column

#### Tadomisaki Plant
- **Number of employees:** 915
- **Products:** Drive shafts, 4460 couplings

#### Hanazono Plant
- **Number of employees:** 1,039
- **Products:** Electric power steering, hydraulic power steering pumps, Electric control units

#### Kameyama Plant
- **Number of employees:** 253
- **Products:** Ball bearings, clutch bearings

---

### Water Quality Measurement Data

**Unit:** mg/l

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### Atmospheric Measurement Data

**Unit:** ppm

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### Noise Measurement Data

**Unit:** dB

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### Vibration Measurement Data

**Unit:** dB

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### Environmental Data by Location

#### Nara Plant
- **Number of employees:** 950
- **Products:** Electric power steering, hydraulic power steering, manual steering

#### Toyohashi Plant
- **Number of employees:** 550
- **Products:** Hydraulic power steering, hydraulic power steering hose, manual steering, collapsible steering column

#### Tadomisaki Plant
- **Number of employees:** 915
- **Products:** Drive shafts, 4460 couplings

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- **Products:** Electric power steering, hydraulic power steering pumps, Electric control units

#### Kameyama Plant
- **Number of employees:** 253
- **Products:** Ball bearings, clutch bearings
Issued by: Safety, Health, and Environmental Management Dept.
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Issued on: September 2007
Next issue: August 2008

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