

Environmental & Social Report 2010



Our mission - together with nature and people's smiles



Gazing at the bright future of man and society through the development and production of transmissions

Connecting the engine to the driven wheels and delivering power smoothly to the road.

The transmission is the "unseen lead", matching the driving conditions with the optimal gear change ratio,

which plays a major role in the car's driving and environmental performance.

We, at JATCO, will strive to develop and produce transmissions that are smoother and

more environmentally friendly. Through this activity we not only support the global automotive industry,

but also enhance people's driving lives.



We, at JATCO, will constantly challenge the ideal of "to provide value to our customers, to automotive culture, and to society" with the goal to "realize a society where automobiles and the environment coexist in harmony".



Contents

Message from the Top	03
Special Feature The Challenge of Balancing "Performance and Fuel Efficiency"	07
FY 2009 Targets and Results Commitment to Continually Improving Business Operations	10
Environmental Activities	11
Material Balance	13
Environmental Management System	15
Product Initiatives	17
Production Process	21
Distribution Efforts	28
Environmental Communication	29
Global Features Environmental Conservation Activities Overseas	30
Social Activities	31
Working with Suppliers	33
Employees and our Workplace	34
Community Relations	37
Environmental Data from our Production Bases	39
Environmental Activities	41
Corporate Information	42

Editorial Policy

In this, the sixth edition of our Environmental Report, you will find a more in-depth message from our President & CEO, in addition to messages from the officers in charge of our environmental and social efforts. Through this report, we hope to foster a better understanding of JATCO's contributions to the environment and our society. This report is intended for all of our stakeholders, including customers, suppliers, employees and our local communities. We also hope that your opinions and input will be an opportunity for us to identify new challenges that need to be addressed. We look forward to receiving your honest comments and feedback.

Scope of this Report

This publication presents the business activities of JATCO and all its domestic bases as well as a portion of its overseas bases from April 2009 to March 2010. It also presents information related to the business activities of some group enterprises.

Message from the Top



Shigeo Ishida President and CEO



Towards advanced environmental performance where man, society and nature coexist in harmony

Transmissions, driving the evolution of the automobile

Meeting global market needs

Since the collapse of Lehman Brothers in September 2008, the automotive industry has faced an extremely difficult time. However, the impact of government incentive programs and economic stimulus packages around the world, together with the rapid growth in demand for automobiles in emerging economies such as China and India, have brought gradual signs of recovery. While the financial and economic crisis took a large toll on the automobile industry, we have used this time as an opportunity to hone our technological skills to meet the needs of our global customer base, strengthening our operations in a process that has made us more competitive in this global market environment. Looking ahead, we will face demands from two very different markets. In developed economies our foremost challenge is to ensure sustainability; however there is also great demand to meet the needs of emerging markets, where affordability is the priority. As JATCO's ambitions to expand globally unfold, our ability to effectively deal with these two challenges will be paramount to the company's success. To address these issues, JATCO is enhancing its global production capabilities. The existing operations in Japan are being complemented by production at JATCO México S.A. de C.V., and at JATCO (Guangzhou) Automatic Transmission Ltd. In China which began operations in 2009. Both of these facilities are benefiting from the transfer of JATCO's production technologies and standards of quality.

I believe that JATCO's mission on the global stage is to meet the world's needs by providing transmissions with advanced environmental performance.

Environmentally Conscious Manufacturing

Along with the engine, the automatic transmission (step AT / belt CVT) is a key component of any vehicle. As such, it has undoubtedly played a major role in the progress of the car society. However, the global environmental impact of the automobile is not insignificant, and has put the automatic transmission in the spotlight as we develop better technologies to reduce CO₂ emissions. As a responsible member of the automotive industry, JATCO understands that reducing environmental impact is paramount.

With over 40% of the world market for CVTs, JATCO can rightly claim to be a world leader in this field. JATCO is the only company in the world to produce a full line-up of CVTs, recognized for their inherently superior levels of fuel efficiency. JATCO's CVTs cover mini vehicles to large 3.5-liter class vehicles. The belt CVT with an auxiliary gearbox that was announced last year is a good example of the changes and collaborative efforts we are implementing; this CVT was made more efficient by increasing the gear ratio range and by making it more compact and lightweight. In addition, by having the design and production teams work side by side, we were able to reduce the number of parts and simplify production, leading to a more efficient process that lowered energy consumption. As a leader in the industry, we believe that it is our duty to continue on our path of innovation, to create next generation transmissions that offer better fuel economy and environmental performance.

As a company we will continue to contribute to the development of a wide variety of technologies that improve the driving experience. For example, we optimize the coordinated control between transmissions and engines



or motors by increasing CVT performance, developing transmissions for hybrid vehicles and developing the technology that supports electric vehicles, resulting in increased mileage thanks to improved fuel efficiency and lower power consumption.

In addition, we are working as a single global organization to reduce the environmental footprint of our business activities by implementing such things as 'green' procurement habits, a modal shift, resource and energy conservation, and environmental preservation.

The Goals of a Global JATCO

All of the value created through JATCO's global business activities and products is directed at "customers, automotive

Topics

JATCO Receives Governor's Award for Activities Aimed at Creating a Gender-Equal Society in Shizuoka Prefecture in 2010

In July 2010, JATCO received the "Governor's Award for Activities Aimed at Creating a Gender-Equal Society in Shizuoka Prefecture". This award is given to individuals, groups or business establishments which are making proactive efforts to promote gender equality. JATCO was given this award along with three other business establishments in Shizuoka. Going forward, we will continue our unique activities to promote diversity, including

contributions towards building a gender-equal society.

Award presented by the Governor of Shizuoka, Mr. Heita Kawakatsu



Cumulative Production of 5 million units of Belt CVT for Medium FWD Vehicles (JF011E)

In July 2010, cumulative production of the belt CVT (JF011E) for medium FWD vehicles reached 5 million units. This CVT started production in 2004. Since that time, it has enjoyed success in a wide variety of 2 - 2.5L class vehicles because of its outstanding fuel economy, light weight and compact dimensions. In 2009, it became a global unit, with production at JATCO's factories in Japan, Mexico, and China. After six years in production,

cumulative output reached 5 million units, which was a world first for production of a single CVT model.

> Belt CVT for medium size FWD vehicles (JF011E)



culture and society". This can be seen in the actions of each of our employees, who look at our customers or at society to clearly identify the value that we provide. It is this kind of Monozukuri mindset that JATCO aims to achieve.

In order for JATCO to continue making higher quality products that meet the needs of society, it is vital that every one of our employees has the same passion and willingness for Monozukuri. In order to demonstrate that desire it is important to have a common goal. We believe that we can move closer towards a sustainable society when our employees take advantage of their different personalities and ideas, combining their wisdom to reach common objectives, and enabling JATCO to create a unique value for "customers, automotive culture and society".

Creating a Society where Automobiles and the Environment Coexist in Harmony

The automobile was born 100 years ago. In recent years, the way we use cars has become more diversified as we have seen the spread of hybrid cars and the commercialization of electric vehicles. At the same time, the role of the transmission is becoming more demanding as circumstances change daily. How can it work better with the engine to improve efficiency? In hybrid cars, how can we efficiently regenerate as much of the braking energy into electrical energy as possible? As new expectations and attentions are drawn to the environmental performance of vehicles, JATCO's strength lies in its deep understanding of how to use technology to efficiently transfer the engine's energy to the tires. Going beyond this, it is important for JATCO to offer technological innovation that can transfer energy and handle management. I believe that it is important to expand this kind of thinking and activity.

The technological development of environmental performance is not simply about providing products and technologies. New possibilities appear through our interactions with the car-driving population as well as our collaboration with society. JATCO is committed to further developing environmentally-friendly technologies and bringing value to various stakeholders to achieve a "society where automobiles and the environment coexist in harmony".

President and CEC JATCO I td

New 4-speed AT for Small FWD Vehicles in Emerging Markets (JF414E)

In August 2010, the 4-speed AT, underwent its first remodel in approximately 21 years. Simple, and highly durable, this unit was developed by utilizing JATCO's highly reliable core technologies and re-examining the specifications of the best-selling original, which was first equipped on the Nissan Sunny in 1989, and has now reached cumulative production of more than 11 million units. The fundamental performance of this remodeled transmission has been improved, making its design significantly more compact,

light and efficient. This new unit is currently being equipped on the Dongfeng Nissan March in China.





In September 2010, production of a newly developed transmission for hybrid vehicle started at our Fujinomiya plant. This transmission is JATCO's first full-scale production unit for hybrid systems, achieving a new level of superior fuel efficiency and driving performance. What's more, this new unit is roughly the same size as a conventional 7-speed AT for RWD vehicles, yet its compact design houses a motor and two clutches*. Commencing in November 2010, this unit is being equipped on the Nissan Fuga Hybrid model.

* Two clutches: A clutch between the engine and motor/clutches inside the 7-speed AT

Transmission for hybrid vehicle (JR712E)



Special Feature

The Challenge of Balancing

Our path to developing a belt CVT with an auxiliary gearbox



Haruhisa Nakano, General Manager, Project Promotion Office

What kind of CVT is a "Belt CVT with an Auxiliary Gearbox"?

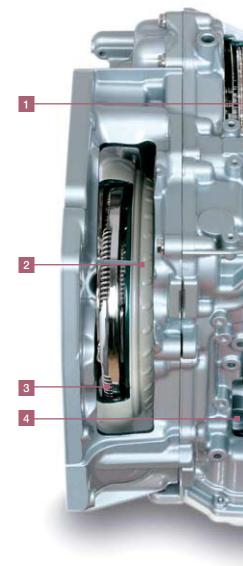
Nakano: A belt CVT with an auxiliary gearbox is a combination of a continuously variable transmission (CVT) with a geared auxiliary gearbox. Basically, it is a CVT with an additional 2-step AT. It's easy to imagine a bicycle with gears on the front and rear. Naturally, it's possible to ride the bike by changing only the rear gears, but the addition of the front gears makes wider changes possible. In the same way, adding a 2-step AT to the front of a CVT makes it possible to have wider gear ratio range many more gear ratios than conventional CVTs.

As a result, we were able to achieve the world's highest gear ratio range of 7.3. **Saito:** By adding the auxiliary gearbox, we could reduce the size of the CVT's pulley, helping us to greatly reduce the overall size and weight of the unit.

Nakano: When you start driving, one of the things you quickly realize is that you can drive at high speeds but with extremely low engine rpm. In the small FWD vehicle class, you can travel at 60 km/h at an engine revolution as low as 1,000 rpm. Even on the highway, the engine speed stays below 2,000 rpm. This had been difficult to achieve previously with the 2.5 liter class engines.

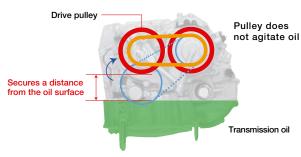
Saito: Without completely rethinking the definition of what a CVT should be, it would not have been possible to imagine adding an AT.

Nakano: At first, our goal was to increase the gear ratio range. In conventional CVTs, it is necessary to use a larger pulley to achieve this, making them unsuitable for application in small FWD vehicles. The idea of integrating an auxiliary gearbox into a belt CVT first began to take shape during a meeting in which everyone was trying to overcome the problem of how to increase the gear ratio range while keeping a small unit size.



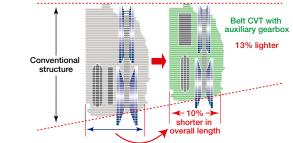
Reduced friction

Reduction in pulley size, oil agitation resistance, etc. realize friction cut by 30% compared with conventional CVTs of the same class.



Smaller and lighter

The two-step gear change using an auxiliary transmission allows smaller pulleys, reducing the overall length by 10% and weight by 13% compared with conventional CVTs of the same class.



"Performance and Fuel Efficiency"



What problems did you face before mass production?

Nakano: "Auxiliary gears" are the key words here.

The belt CVT with auxiliary gearbox includes a 2-step AT as an auxiliary gearbox. However, it was necessary to strictly manage any lack of precision in the control and the parts so that the driver wouldn't notice the AT. This is the area where a conventional CVT development approach would not have been possible. We then struggled to find a way for each CVT to recognize its own unique pattern so that such an individual difference could be controlled without the driver realizing.

Taking the clutch clearance as an example, the unit itself figures out whether it is a bigger unit or a smaller unit, and control its operation accordingly so that such an individual difference cannot be felt.

Saito: To achieve this, a step to make each CVT 'learn' its own pattern is necessary on the production line. At the same time the company was trying to reduce development time by half, so it was extremely challenging in a limited amount of time. The development team joined the production line to improve the process, and we were able to come up with a solution by combining the production and development sides. One more thing



Hisashi Saito, Manager, Project Promotion Section, Unit Process Engineering Department

that the mass-production team struggled with was balancing quality and cost at the same time. Since the unit was designed for use in mini and small FWD vehicles, it was not possible to demand a high price. However, we also had to ensure that the product remained competitive in terms of performance. At times the production team pitched proposals to the development team from their own perspective, such as, "If you do this, process volume will go down by this much". To turn an idea into reality, we often formed a working group that collaborated with the development team. In developing the auxiliary gearbox belt CVT, this kind of interaction between production and development was particularly frequent.



- 1 World's first application of an auxiliary gearbox World's highest transmission gear change ratio (7.3)
- 2 Use of a super-flat torque converter Full length of the transmission cut by 10%
- 3 Use of a low rigidity lock-up damper Improved fuel efficiency by the wider lock-up area
- 4 Use of a high-efficiency oil pump improves fuel efficiency
- 5 Integration of a clutch and an auxiliary gearbox Full length of the transmission cut by 10%
- 6 Smaller pulley Downsizing and weight reduction by 13% realizes higher fuel efficiency
- 7 Lower oil agitation resistance on gear parts Improved fuel economy by reducing friction by 30%



How was the JATCO Way useful in the development process?

Nakano: In developing the belt CVT with an auxiliary gearbox, the principle of "cross-functional" teamwork from multiple departments was a great asset. There was a real environment of teamwork throughout the entire company, which removed any barriers among the departments. Typically, when we develop a CVT, the development team will decide the structure and shape, but this time we created this product by involving the production, procurement and cost centre teams from a very early stage of the Monozukuri process, allowing everyone to exchange ideas.

In the end, I believe that each department worked proactively towards the same goal of creating a product that delights our customers.

Saito: Even the production department aimed for quite a customer-conscious Monozukuri process while developing the belt CVT with an auxiliary gearbox.

They envisioned things like "what kind of customer will drive this car?", "how do we increase performance?", and "what should be the cost?"

Nakano: The development department approached this project in a new way by inviting the production department staff to test-drive a car with a development-stage transmission, giving them an opportunity to feel the car from a driver's perspective. This experience led to a discussion that, "this part will affect that", "so if that's the case let's do this to the part". The development process is the same, but if you are only tasked with making parts, then I think there will be things that you miss.

Ultimately, becoming a user is very important because it allows you to view our products in the way our customers see them. I thought that it would be important to share that feeling during the Monozukuri process. To know the car is to know the customer. I think our actions during this project show a keen awareness of this fact.

Saito: If we pigeonhole development as development, and production as production, technological advances will leave us trailing behind.

I feel that it is important to see how well different teams can work together.

Nakano: From the outset of this project, there was a very strong voice from the ground up, wanting a new approach to the planning and operations. As it was the first time to try this approach, we were able to learn from both good and bad examples. There are many things that need to be improved or reviewed, but involving the production team in the Monozukuri process from an early stage will be very effective. I strongly believe that it is a good starting point for this crossfunctional development approach or the customer-centric Monozukuri process to be further expanded throughout the company.

What did you gain through the development of this belt CVT with an auxiliary gearbox?

Nakano: First and foremost, we gained a great deal of experience across the whole company. In my opinion, being able to establish a cross-functional approach to work has been a great asset. We've built a relationship where we can go directly to the production team if we have questions, and they'll show us what they're working on without hesitation. This is definitely something that I'd like to see continue in the future.

And for me personally, I think I've benefited by slowly learning more about production, because the plans that a development person draws up aren't necessarily in step with what's needed for mass production.

Saito: Speaking on behalf of the production department, I think we benefited by being able to test how far we could talk with the development people. I think that exchanging ideas in such a way will become even more important in the future. The flow that we created when we developed the belt CVT with an auxiliary gearbox is still carrying on even now, and I think that taking further steps as such will play an important role in JATCO's Monozukuri in the future.

Nakano: If we want to affect CO₂ reduction, CVTs, with inherently better environmental performance, provide a quick-impact measure. If we look from a global level, it is clear that demand for cars is still growing. This means that transmissions will also become more important. I want us to apply the knowledge and experience that we gained while working on this belt CVT with an auxiliary gearbox, and put it to use in future product development and production.

Saito: We receive a lot of interest in our belt CVT with an auxiliary gearbox, particularly from foreign automakers, and we expect that we will have to supply them on a global scale. I am proud of what we have achieved with this belt CVT with an auxiliary gearbox, and I have high expectations that it will greatly contribute to CO₂ reduction. At the same time, I want to continue making products with superior environmental performance.

FY 2009 Targets and Results

Commitment to Continually Improving Business Operations

Committed to continually reducing environmental load based on the PDCA Cycle.

At JATCO, we have initiatives each year to reduce environmental load. We call these initiatives "Environmental Objectives", and we strive to achieve them. By looking at the yearly results of previous initiatives, we are able to set goals for the following years, helping us to constantly improve our environmental performance.

Environmental objectives	Items	Targets	Results	Evaluation	FY 2010 targets
Continued improvement of the Environmental Management System	Periodic reviews	 Reassessment audit and maintenance of registration Internal environmental audits: 1 Environmental Integration Committee meetings: 2 Management reviews: 1 	 Reassessment audit and maintenance of certification registration Internal environmental audits: 1 Environmental Integration Committee meetings: 2 Management reviews: 1 	0	 Reassessment audit and maintenance of registration Internal environmental audits: 1 Environmental Integration Committee meetings: 2 Management reviews: 1
	Internal environmental auditor training	■ Required staff	■6 [6 persons]	0	■ Required staff
	Zero notices from the government and public offices	Number of notices: 0	Number of notices: 0	0	Number of notices: 0
Compliance with laws and preventive measures for environmental	Continued management of significant environmental aspects	Percentage of periodic revisions: 100%	Number of periodic revisions: 100%	0	Number of periodic revisions: 100%
issues	Environmental law- related training	Environmental law study sessions: 5/year	Energy conservation study sessions: 6/year	0	Energy conservation study sessions: 3/year
	Prevention of environmental incidents	Class A accidents: 0	Class A accidents: 0	0	Class B accidents: 45
	Implementation of energy- saving measures CO ₂ reduction per unit of net sales	■ 53.0t-CO ₂ /100 million yen	■ 54.4t-CO₂/100 million yen	(Note)	■ 53.9t-CO₂/100 million yen
Effective use of resources	Implementation of waste- reduction measures Reduction of general waste emission rate	2.0% reduction compared to FY 2008	 10.0% reduction compared to FY 2008 (achieved 10% reduction compared to capacity rate-compensated target values) 	0	2.0% reduction compared to FY 2009
	Recycling rate	■Maintain 100% rate	■Maintain 100% rate	0	Maintain 100% rate
Technological	Contribution to automobile fuel efficiency improvement	 Fuel efficiency targets (friction, weight, etc.) in individual product plans: 100% achievement rate 	Fuel efficiency targets (friction, weight, etc.) in individual product plans: 118% achievement rate	0	 Fuel efficiency targets (friction, weight, etc.) in individual product plans: 100% achievement rate
reduce environmental load	nvironmental load management of substances with application decisions for EU- additional annual	Conducted 4 times based on additional announcements from the European Chemical Agency	0	Notifications and permit application decisions for EU- REACH compliance: 3/year	
	Promotion of communication with local communities	Regional activities: 8/year	Participation (company- wide) in 16 activities	0	Regional activities: 8/year
Coexistence with the local community, society, and nature	Implementation of special activities in Environment Month and Month of Energy Conservation	Implement activities for both Months	Implemented activities for both Months	0	Implement activities for both Months

Note: \mbox{CO}_2 emissions per unit of net sales increased due to transition to products with higher in-house manufacturing ratio

Evaluation: \bigcirc : Achieved target; \times : Did not achieve target

Environmental Policy



Yo Usuba Executive Vice President

"A society where automobiles and the environment can coexist in harmony." We believe that this will be realized by a Monozukuri process that aims for a sustainable society.

Our goal is to "realize a society where automobiles and the environment coexist in harmony". To reach this goal, we are very conscious of the environmental load of our business, and we strive to reduce it.

We are committed to conducting ourselves with integrity and innovation in the development, production and sales of our transmissions, for the future of the Earth and our children, as well as to enable a sustainable mobile society.



Basic Policy

To achieve JATCO's mission as stated in our corporate philosophy "to provide value to our customers, to automotive culture, and to society", each member of the company needs to integrate modern technology with consideration for society, nature and the Earth, so that through the development, production and sales of our automatic transmissions (AT), we can realize a society where automobiles and the environment coexist in harmony.

Code of Conduct

OPlan continual improvement of our environmental management system to ensure quick and effective response to diversified environmental issues.

OPrevent environmental problems, acting in compliance with laws and regulations.

OFoster a corporate culture where the environment and nature are respected.

OConsider the finite nature of resources and energy and minimize their use for each product.

OActively develop technology that will help reduce environmental load.

OEndeavor to coexist amicably with the community, society and nature.

What environmental measures are expected of the automotive industry now, and what is expected of JATCO?

It is said that 20% of the world's CO₂ emissions come from vehicles, making emissions controls a pressing issue for the automotive industry. Each of the industry players is conducting research to reduce emissions, and we believe that automatic transmission, particularly the high environmental performance of the CVT, can contribute in this area. As emerging markets are expected to create growing demand for vehicles, we believe that by offering the CVT to global markets at a reasonable price, we can also contribute to the reduction of CO₂, by increasing our market share on a global scale.



Dynamic performance that moves a car exactly as the driver intended, with environmentally friendly fuel efficiency. That is our future, but finding ways to balance these is going to be an ongoing challenge. Among these challenges, for example, JATCO has spent many years utilizing its development and manufacturing technology in the pursuit of "Total Energy Management", such as coordinating the control of the engine and the CVT, or regenerating energy when a hybrid vehicle slows down. We will surely face more of these kinds of challenges in the future.

How is your Environmental Policy actually implemented in the production process?

We live out the Environmental Policy by sharing a common direction and the same goals throughout the entire organization. You can see this at work in our daily product development or manufacturing processes, where we ask ourselves what we, as individuals, can achieve. For example, when we aim to reduce a product's size and weight from the beginning of the design stage, it not only leads to lighter and more fuel efficient transmissions, it also helps us to reduce manufacturing time and cut energy needs, resulting in reduced CO₂. Everyone involved in Monozukuri has a duty to create more advanced products through their efforts, while ceaselessly striving to lower CO₂ output. By striving to reach this goal, I believe that we will improve our own technology development capabilities.

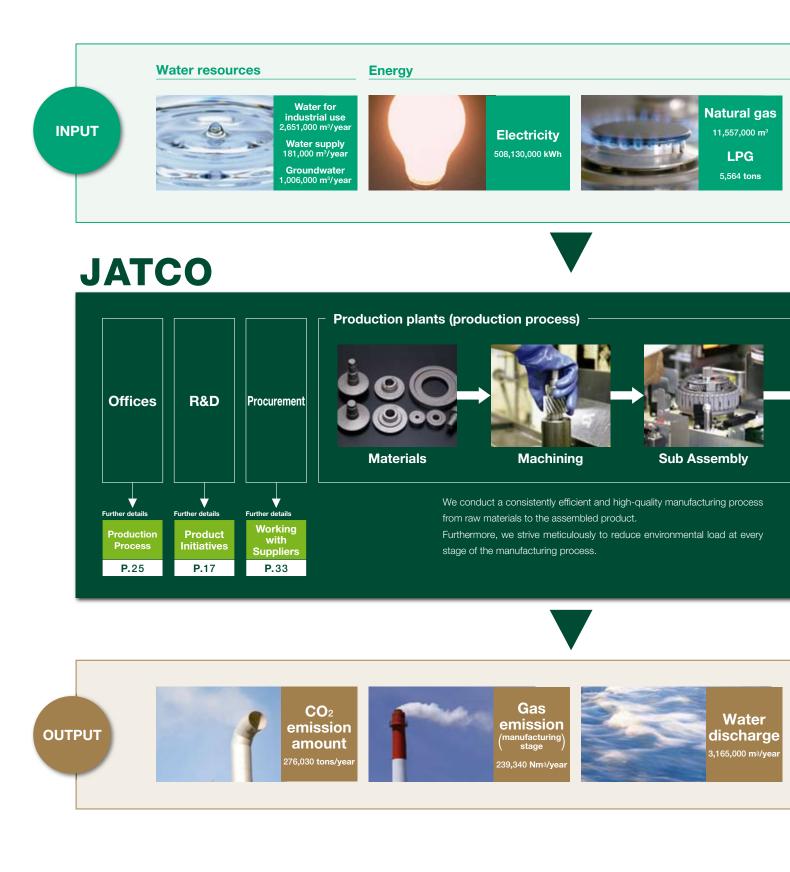
What environmental goals do you have in terms of JATCO's product development?

At JATCO, we believe that we can improve our Monozukuri process to contribute even more to environmental load reductions by looking more closely at the way people drive, and the traffic systems in place. To achieve this, improving the efficiency of the transmission is important, as well as understanding the kind of acceleration intended by the driver. In addition to these we also look at the broader picture, to see what kind of environmental activities we can undertake to connect man and society, such as control technology development that enables environmentally friendly driving, or research into controlling traffic information and other traffic infrastructure.

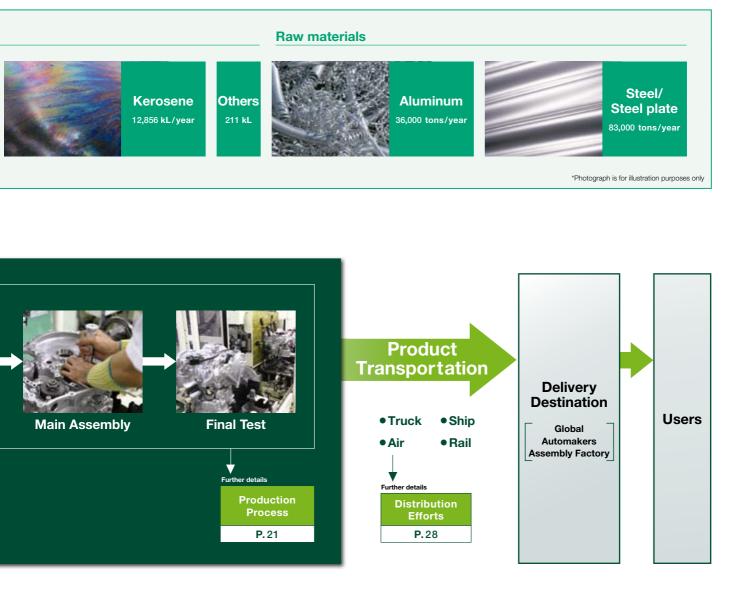
Material Balance

We strive to understand the emissions of the various sub

JATCO generates a variety of waste by-product in the course of conducting its business. To reach its goal of building a recycling-oriented society, JATCO is committed to the appropriate use of resources and the reduction of emissions.



stances associated with our business activities





*Photograph is for illustration purposes only

*The values shown are based on global data

Environmental Management System

Building a system to identify and manage environmental load

Each division has its own Environmental Management Manager who is responsible for the promotion of local environmental management. The Environmental Planning Subcommittee then reviews the company's mid- to long-term environmental strategies.

JATCO Environmental Management



Toshihiko Okumura Senior Vice President, Executive Environmental Manager

Environmental Management Implementation Organizational Chart

Pres	President		
Executive Committee	nmental Manager		
Structure Executive Environmental Manager Corporate Officer in Charge Environmental Management Manager Authorization of environmental policy and goals Reporting of environmental audit results EMS Management Review	Internal Environmenta Auditor		
nvironmental Committee of Each Division — Environmental Man Structure — Environmental Management Manager — Operations Manager — Promotion Committee Member of Each Division	nagement Manager		
Roles Confirm whether environmental target has been achieved Assessment of EMS efficacy Deliberations for environmental activities, etc	s Manager		
	5 managor		
Each D	ivision		

JATCO's headquarters and its Japan-based manufacturing facilities have obtained ISO14001 certification.

In Japan we have an Environmental Management System (EMS), headed by 12 Environmental Management Managers and 13 Operations Managers. It is the responsibility of these managers to promote EMS at each of the production sites and divisions. In addition, our overall EMS progress is the responsibility of one Executive Environmental Manager, who reviews the EMS in an Executive Environmental Committee together with the Corporate Officer in charge of the Production Division and the Corporate Officer in charge of the General Administration Department, ensuring that to EMS activities are adequate and implemented in an effective manner.

In this way, JATCO's approach to EMS is quite unique because we can unify and strengthen the direction of the company across multiple production sites and functions to implement the same EMS activities. In addition, establishing an Environmental Committee at each production site and division enables us to localize our environmental activities to suit the specific needs of that area.

Among our domestic group companies, JATCO Engineering has achieved ISO14001 certification, while JATCO Plant Tec and JATCO Tool, which both occupy our grounds, are integrated into our EMS activities. We are also in the process of establishing EMS at our overseas production bases, JATCO Mexico and JATCO Guangzhou.

Through JATCO's corporate philosophy, the company has set itself the mission "to provide value to our customers, to automotive culture, and to society."

In order to create a sustainable society where automobiles and the environment can coexist in harmony, we are working to position global environmental protection as an important social value, while being proactively environmentally responsive through business activities that adhere to our environmental policy.

JATCO Voice

Proactive actions are required for environmental protection

It is often said that climate change is the cause of many of the world's natural disasters, so every time we hear news of another disaster, it is crucial to be aware of the need to rapidly implement a well thought out plan that will help create an eternally sustainable society with low environmental impact.

We need a consistent plan of action throughout the world; however there are so many competing interests involved at the country, corporate and individual levels that very little progress has been made. Time is running out, so it is up to each of us to play a positive role. In order to achieve the mid- to long-term environmental targets set out in our environmental policy, JATCO is working day and night to reduce various environmental load factors through such efforts as development of units that contribute to fuel efficiency and the development of efficient production technologies.

I believe that this way of thinking will reduce the risk to our future, and I absolutely believe that we can make a positive contribution.

In charge of Environmental Management General Manager, Production Administration Department



Tetsuro Watanabe

The fundamental concept behind our environmental activities

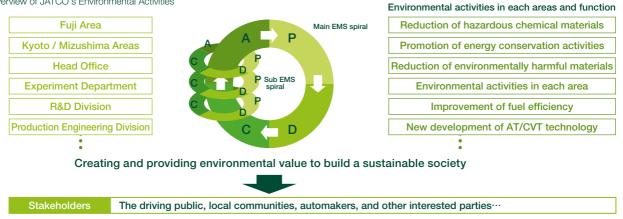
JATCO has established an Environmental Committee in each of its areas, implementing environmental activities that suit the needs of the area.

We take a unified approach to our environmental activities, ensuring that the management of local and divisional (functionbased) activities' PDCA cycle (sub EMS spiral) is in sync with

Overview of JATCO's Environmental Activities

JATCO's corporate level PDCA cycle (main EMS spiral). By continuously striving to make our activities more effective, we aim to create and provide environmental value to our stakeholders.

We also believe that this is the kind of role that JATCO needs to embrace if we are to build a sustainable society.



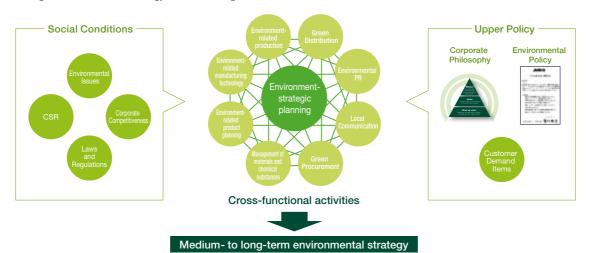
JATCO Environmental Planning Subcommittee

In 2008 JATCO established an Environmental Planning Subcommittee to review the company's mid- to long-term environmental strategy. Its role is different from the regional environmental management conducted by the EMS in that this subcommittee is tasked with considering such things as social conditions and top policies before it must review and promote the company's mid- to long-term strategy.

Within this subcommittee, there are eight smaller subcommittees, each one being used to expand environmental

management based on its functional hub. These represent each of JATCO's eight business units, including product development, manufacturing and procurement. From a high-level perspective, we aim to implement planning and management across JATCO's entire organization. Among these, the Environmental Planning Subcommittee focuses on the three most important issues, which are the prevention of global warming, environmental preservation, and the efficient use of our resources. We also support the planning and management of environmental activities at our overseas bases.





Product Initiatives

Ongoing development of products with less environmental

JATCO is dedicated to making products with reduced environmental load by reducing fuel consumption further.

Aiming to improve CVT's environmental performance

The world's only manufacturer offering a full line-up of CVTs

To control global environmental changes caused by CO₂ emissions, the most crucial issue is improved fuel economy for all automobiles. In response, we have utilized CVTs from early on. Also, through repeated improvements, we have achieved a full line-up of CVTs that covers mini vehicles to 3.5-liter class vehicles.

JATCO produced approximately 1.9 million CVTs in FY 2009, bringing the total number of JATCO's CVT-equipped vehicles in the market to over 8 million.

Next-generation CVT, aiming to further reduce fuel consumption

By thinking out of the box, JATCO was able to develop its next-generation CVT with the world's highest gear ratio* range. To endow this transmission with better environmental performance, we worked to produce a new auxiliary gearbox structure that allows an expanded higher gear range, and friction reducing technology that results in better fuel efficiency. The first model to use this next-generation transmission was the Suzuki Palette, launched in September 2009, followed by the Nissan Roox, Juke, and March, as well as the Suzuki Swift, Wagon R, Alto, and Lapin (as of September 2010).

 * According to our own research (AT/CVT transmissions with torque converters, as of March 2010)

<Characteristics of the Belt CVT with Auxiliary Gearbox>

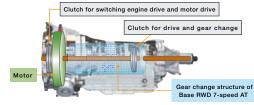
- \blacksquare World's largest gear ratio range for quicker starts and acceleration
- Downsized pulley allows compact size and reduced weight
- Reduced friction results in improved transfer efficiency and fuel efficiency

Idling stop control

Vehicles equipped with the idling stop feature automatically turn off the engine when the car is stopped, to reduce CO₂ emissions. An auxiliary pump is needed to maintain oil pressure through the transmission, which also ensures that the engine re-starts smoothly, and engages the clutch to stop the car from rolling back when starting on an incline.

Creating a specialized transmission to meet market needs

To meet the needs of the growing hybrid car market, JATCO has developed a hybrid transmission unit for large RWD vehicles that improves fuel efficiency without compromising driving performance.



<Characteristics of the transmission for hybrid vehicle>

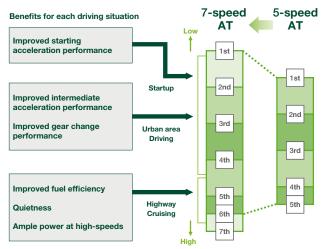
- Proprietary single motor dual clutch system
 Advanced control of the clutch system cultivated during AT development to improve transfer efficiency when driving
- Replaced the torque converter with a clutch and motor, reducing size and weight, ensuring ease of installation
- Reduced size and weight, and efficiency of transfer efficiency results in improved efficiency, power, gear changes, to achieve comfortable, powerful driving response.

Fuel efficiency improvement of the step AT

Multistepping and wider range of gear ratio

We are working to improve the fuel efficiency of step ATs, with their fixed step design, to add multistep and wide range. In the RWD 7-speed AT the gear ratio has been widened, so that the transmission is smooth and fuel-efficient at every stage, when starting, accelerating or cruising at high speed.

Expanded image of wider gear ratio using multistep gears



Further measures to reduce CO₂ emissions

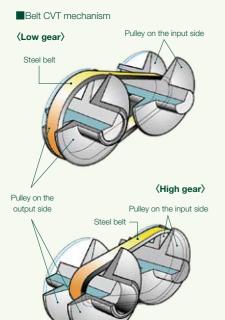
We will pursue further technical innovations in transmissions to reduce CO₂ emissions.

- Improvements to the belt CVT
- Improved transmission efficiency, wide-range conversion, lightweight Improvements to the step AT
- Multi-stepped AT, wide-range conversion, lightweight
- Control technology improvements Expansion of lock-up area, neutral idling control, idling stop control
- Measures for hybrid systems Optimized transmission for hybrid cars

What is a CVT?

Characteristics of a CVT

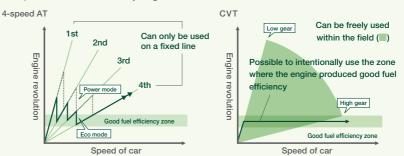
The CVT can take advantage of its stepless design to choose the gear ratio that best suits the driving situation; thus, it is constantly matching the ideal gear ratio to run the automobile in the most fuel efficient way.



Improving Fuel Economy

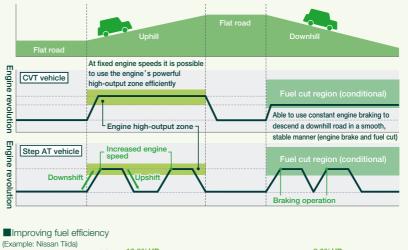
The CVT installed in the 2007 model year Tiida (in Japan) achieved 10/15 mode fuel economy of 19.4 km/L. With improvements to the CVT, the 2009 model year Tiida achieved a 10/15 mode fuel economy rating of 20.0 km/L, contributing to an improvement in fuel efficiency of 3.0%. Compared with conventional 4-speed AT vehicles, this represents a fuel efficiency improvement of 19.0%.

■4-speed AT and CVT efficiency range



CVTs and Engine Coordinated Control

CVTs can easily select the most suitable gear for the driving conditions, making it possible to adjust flexibly to differing driving styles, reducing fuel consumption.





JATCO Voice

We want fuel efficient transmissions to spread in emerging countries as well, to contribute to CO2 reduction

Currently, the demand for vehicles is increasing in emerging countries such as China and India. Manual transmissions (MT) are still the most common, but we believe that the ease of driving a two pedal transmission (AT) will help make them more popular. It is often mistakenly believed that AT are less fuel-efficient than their manual counterparts. Today, however, there are some CVTs capable of controlling the continuously variable transmission so precisely that they are more efficient than comparable MT vehicles, and contribute to CO_2 reduction. In order to help our customers in emerging economies use this kind of environmentally

friendly transmission, we have been conducting customer questionnaires and surveys to ascertain the ideal transmission for each market, and are planning appropriate products. Customers demand different things in different places, but the need for environmental protection is the same everywhere.

My goal is to continue developing fuel efficient AT/CVT units to ensure a livable future.

Masashi Sato In charge of Global Marketing



Product Initiatives

Promoting reduction of environmentally hazardous

We contribute by reducing the use of environmental load substances from the first design stage, while also working to improve rates of recycling and reuse.

By understanding the world's environmental laws, not only are we able to reduce hazardous substances, but also substances that pose a risk.

Management of chemical substance according to JATCO technical standards

The use of any environmental load-causing substances in our AT/CVT units is managed according to our internal technical standard, "JES M9001". JES M9001, based on the GADSL*1 and the Chemical Substance Control Law^{*2} together with legislation from each country, is a standard governing the use of specific substances.

This standard takes into account the environmental laws adopted in each country, and from the planning stage it promotes reducing the restricted use of specific substances.

Reducing parts containing JES M9001 standard specific substances

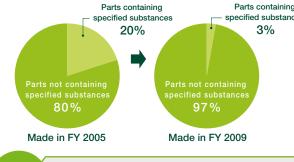
Through our systematic environmental load reduction activities, we have made progress in reducing the number of AT/CVT parts that contain specific substances. If we compare the number of parts containing specific substances used in the



belt CVT for medium class FWD vehicles, we find that the 2005 unit had 68 applicable parts, whereas units built in 2009 have only 10.

Environmental laws get-together with other companies

Trends in Percentage of Medium FWD Vehicle Belt CVT Parts Number Containing Specified Substances



Promoting a shift from hazardous substance management to risk substance management

Under the EU-ELV directive, four heavy metals (lead, hexavalent chromium, mercury, cadmium) are subject to regulation of hazardous substances because of their toxicity evaluation. In addition to the approximately 5,000 new chemical substances, the EU-REACH rules regulate an additional group of approximately 100,000 existing chemical substances, which are considered to be substances of very high concern (SVHC*3) because of their potential environmental impact.

Up until June 2010, the European Chemicals Agency announced 38 SVHC substances. Through the use of the IMDS*4, JATCO has progressed with the verification and reduction of a total of 106 parts (caps, plugs, hoses, etc.) which have been identified as containing risk substances that have the potential for environmental impact. Going forward, we will continue to reduce the number of parts that contain risk substances.



IMDS briefing for suppliers

Breakdown of parts containing SVHC



JATCO Voice

Promoting cross-functional activities with other departments

With an emphasis on the R&D division, our domestic divisions and overseas offices group work together, using a database (IMDS) to promote a systematic approach to reducing environmental load-creating substances. We have received cooperation from the supply chain, and are moving forward with the management of hazardous category substances to risk category substances.



Glossary

*1 Global Automotive Declarable Substance List (GADSL) *2 Law dealing with the regulation of chemical reviews and production *3 Substance of Very High Concern *4 International Material Data System, a system that collects information about materials used in automotive parts and material-containing substances

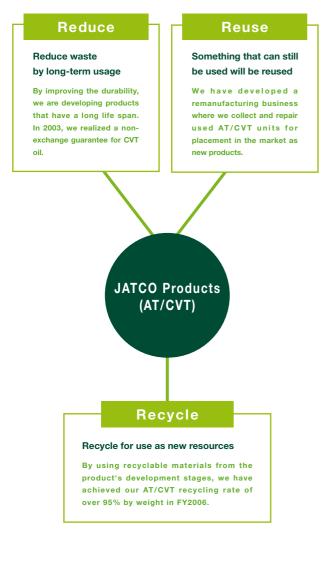
Kiyofumi Yoshihara In charge of Environmental Technology Engineering Administration Department

Initiatives for the effective use of resources

The "3R"s of our products

The "3R"s represent three key words necessary to create a recycling-oriented society. Reduce, Reuse, and Recycle. JATCO's approach to 3R activities is in the diagram below.

"3R"s of production



Remanufacturing System

Since 1989, Remanufacturing Operations has been collecting AT/CVT units from the market for disassembly, repair and quality assurance to supply to the market once again. Through this business, we help to preserve the global environment by reusing necessary resources.

Remanufacturing production bases are located in Japan and Mexico; furthermore, we have negotiated a technical assistance agreement with a local repair company in China to repair products collected from the market.

We will continue to improve the recycling rate for products that we have collected for environmental preservation.

Remanufacturing Operations Process



Production Process

Aiming to be the "World's No.1 in Monozukuri", JATCO is

JATCO aims to balance the need for reductions in environmental load during production with the need for efficiency, as well as introduce energy and resource saving equipment. We are also taking measures to properly manage chemical substances and reduce waste.

Aiming to be the World's No. 1 in Monozukuri

JEPS (JATCO Excellent Production System)

JATCO strives to become the top Monozukuri company for quality, cost and delivery. Our JEPS (JATCO Excellent ProductionSystem) is a no-waste system where each process of "purchasing materials, machining, assembly, and shipment" flows smoothly and promptly in a streamlined manner.



Through JEPS activities, we will realize outstanding Monozukuri and create excellent products to provide value to our customers, to automotive culture and to society.

Target of JEPS

The target of JEPS is to achieve the following two "unlimited" features within the entire supply chain.

(1) Unlimited synchronism with our customers - QCD

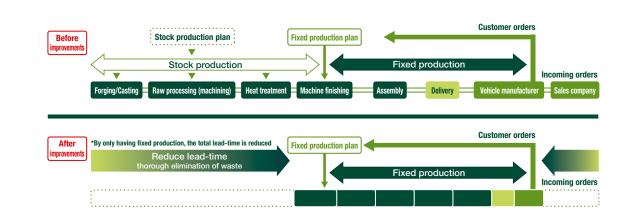
- Q: to synchronize QUALITY that emphasizes the value desired by our customers;
- C: to synchronize COSTS by offering reasonable products;
- D: to synchronize the time of DELIVERY to our customers, reducing production lead time.

JATCO are in pursuit of these three synchronizations.

(2) Visualization of unlimited challenge and innovation

To recognize the gap between the ideal state of Monozukuri and the current situation, visualize the hidden weak points and actively make improvements. By repeating these improvement and innovation, we can raise the level of efficiency and process efficacy of production.

The idea of JEPS is deployed in the global supply chain, including those overseas. At the same time, JATCO aims to optimize the flow of goods and information, energy saving resources by increasing the effectiveness and efficiency of manufacturing processes across the company and promotes and contributes to the automotive culture and society.



JATCO's Monozukuri

Striving to improve processes for energy efficiency and resource conservation

Environment-responsive production technology

Integrated production from raw materials to completed unit is performed at JATCO where the Production Technology Division considers the limits of the Earth's resources at each stage of new product and technology developments.

Top priorities include reduced CO₂ emissions through new technology, reduced environmental load (management of hazardous materials), and utilization of idle facilities to effectively use (recycle) our resources. We are developing highly efficient, load-reducing methods and innovative methods to reduce production processes as well as introducing and converting to energy and resource-saving equipment.

CO₂ reduction through the usage of compact, lightweight parts

In FY 2009 CO₂ emissions reduced by approx. 300 tons

In the development of new CVT with an auxiliary gearbox, collaborative efforts in production design by the R&D Division and Production Technology Division were intensive.

By reducing the general thickness by using the optimum configuration and clearance of limits during production, a weightsaving of 22% was achieved compared with same class conventional CVT. CO₂ emissions generated during parts production were thus substantially reduced and it is now possible to reduce emissions by 300 tons per year.



Forging process integrated line

Reduced thickness transmission case

CO₂ reduction to the machining/ heat treatment line through production design

In FY 2009 CO₂ emissions were reduced by approx. 860 tons

The Production Technology Division was involved in the product design of the belt CVT with auxiliary gearbox from its early product development stage. This new CVT went into production in 2009, and production is now being largely expanded due to its popularity. From the production design phase it became possible to drastically reduce the number of machines and to shorten the cycle time required in the pulley machining line, by reducing machining points to minimum. The cycle time was then further reduced when the necessary conditions for the heat treatment line were refined. As a result, we have succeeded in reducing CO₂ emissions by approximately 860 tons per year.

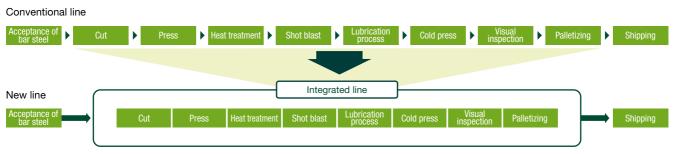
Reduction in CO₂ emissions by production design



Reduced CO₂ emissions using residual heat from the forging process

In FY 2009 CO₂ emissions reduced by approx. 1,115 tons

In the past, we have cooled the work after hot forging and reheated it to process rough materials. However, we are now changing to a heat treatment method (self-annealing) that uses the heat remaining from the forging process. By doing so, it is now possible to use one line instead of two for heat treatment. This has eliminated physical distribution between lines and reduced annual CO₂ emissions by approx. 1,115 tons per year.



CO2 reduced by approximately 1,115 tons / year

Production Process

We are making improvements to our production technology

Not only are we making improvements to the products themselves, we are also streamlining the production process, expanding our energy efficiency and resource conservation activities throughout the entire organization.

We are working to reduce overall environmental loads throughout the production process

Reducing lead time using induction hardening

By reducing the time required for annealing (lead time), we are making strides to control CO2 emissions. This is made possible by the development of an induction hardening technology. There are several problems caused by induction hardening, including a reduction in static fatigue, strain, and hardening cracks, however, we are developing technological breakthroughs to overcome these problems, aiming to reduce lead time to 1/100, and CO₂ emissions by 80%.

CO₂ reduction by reducing the final tester

In FY 2009 CO₂ emissions reduced by approx. 170 tons

The involvement of the production technology division in the 'production design' process from the very beginning of product design is part of the proactive way that we enable improvements to both product performance and productivity. As a result, we could level product performance to the accuracy of individual parts, reduce product performance tests by front-loading the assembly accuracy testing (done inprocess), shortening the final tester cycle time. The number of final testers required has been halved, reducing CO2 emissions by 170 tons annually.

Environmental improvement by converting from hydraulic to servo press fitting

Hydraulic press fitting is the conventional press fitting method used during the assembly process. Hydraulic press fitting machinery requires a pump to maintain oil pressure at all times, consuming a lot of electricity, creating noise and producing a lot of heat even when not being used. This is why we are converting to servo motors, which consume less power, and create less heat and noise, contributing to a better environment.

Utilizing direct mold carving to reduce environmental load

40 tons

The molds used by JATCO for die casting and forging involve complex shapes, so electro-discharge machining (EDM) has been the conventional manufacturing method. This method consumes a lot of power, and the graphite used as electrode material becomes industrial waste. Therefore we are currently promoting the process of direct mold carving directly at the Machining Center. This has resulted in reductions of CO2 emissions of 40 tons annually, and has significantly reduced the amount of industrial waste.



Die-casts fabricated using the direct mold carving process

Future manufacturing initiatives

Apart from the processes mentioned above, the Production Technology Division also makes improvements by purchasing of molten metals for die-casting, elimination of the shaving process for gears, elimination of the thermal treatment process, and lightening of unit weights through use of new materials. Going forward, further avenues of possibilities will be pursued and we are aiming for further technological breakthroughs to reduce environmental load, including CO₂ emissions.

JATCO Voice

CO₂ emissions reduction from optimized line design

JATCO designs its production lines to suit production volume and location. At our two new line projects, in JATCO Guangzhou and Kakegawa area, which will start operations in 2011, we try not to rely too much on automated equipment, preferring to use lines that maintain the original "assembly" craftsmanship only possible by hand

In order to ensure Q, C, and D in production lines that depend on people, we also have to overcome problems that arise due to differences in ways of thinking and culture. We believe that optimized line design reduces the need for equipment, and contributes to a reduction in CO2 emissions



Keiko Watanabe In charge of Assembly Technology Assembly Process Engineering Section, Unit Process Engineering Department

in order to create a production line with lower environmental load

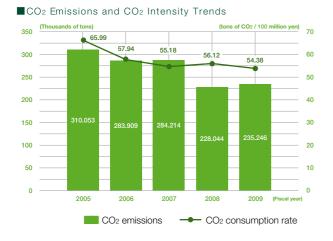
Energy efficiency activities undertaken at the facilities

CO₂ reduction targets

In FY 2009 CO₂ emissions were approx. 235,246 tons

Environmental measures at our facilities include an initial evaluation when installing new equipment. For equipment in operation, we are taking steps to switch to energy- and resource saving equipment that has low environmental load. We will continue to pursue technological innovation to reduce the environmental load at all our facilities and plants. JATCO's business activities in 2009 resulted in CO₂ emissions of approximately 235,246 tons. CO₂ consumption rate* was approximately 54.4 tons / 100 million yen. Using 2005 levels as a standard, this is an improvement of 17.6%. Our aim for 2010 is to achieve 53.9 tons of CO₂ / 100 million yen.

*CO2 emissions per sales (100 million yen)



Energy-saving activities at all sites

In FY 2009 CO ₂ emissions were reduced by approx.	15,600 tons

To reduce CO₂ emissions at each of our business sites, we are taking various energy-saving measures. Each business site sets its own targets and each worksite posts its own ideas that have been implemented to raise motivation and share methods for energy preservation. Through the participation of all employees, CO₂ emissions were reduced by 15,600 tons in FY 2009.

Reducing CO₂ using the "Yosedome production" heat treatment process

In FY 2009 CO ₂ emissions were reduced by approx.	1,553 tons
--	------------

JATCO operates a program in which "all employees participate in energy efficiency activities". A typical example of the ideas generated by this program includes Yosedome production^{*1} during the heat treatment process.

We operate metal heat treatment furnaces in seven locations, so by improving production efficiency we can greatly reduce energy consumption. In 2009 we raised production capacity by aggregating parts across the locations, improving efficiency and allowing us to halt idle equipment.

This initiative has helped us to reduce annual CO_2 emissions by 1,553 tons.

Collaboration with companies in other business fields

As a new global environmental conservation approach for JATCO, we have been actively promoting collaboration with companies from different industries. We have been working with The Tokyo Electric Power Company, Incorporated since FY 2005 to install NAS battery equipment*². The NAS is charged at night, when demand for electricity is at its lowest, and the power is used during the day, when demand for electricity is at its peak. This helps the power plants control output and enables an efficient use of electricity.

In FY 2007, we collaborated with CHUBU Electric Power Co., Inc. to observe the combustion conditions of an aluminummelting furnace in real time and implemented a system to sustain the most suitable state of combustion. Presently, we are promoting the same activity for the entire company.



NAS Battery Equipment

Thermal Monitoring System

Glossary

^{*1} Yosedome production: A method of aggregating parts and increasing production capacity at particular locations, allowing unnecessary equipment to be idled, increasing production efficiency *2 NAS battery: a liquid sodium and liquid sulfur storage battery using a special ceramic

Production Process

The various scenes where we are trying to reduce environmen

We aim to reduce environmental load by deploying energy saving measures that harness natural energy and reduce waste.

Conducting various environmental activities

Installation of solar power generation system and rooftop greening

In FY 2009 CO₂ emissions reduced by approx. 4 tons

On the roof of the head office building we have installed a 10kW solar power generation system that takes advantage of the sun's renewable energy. This energy is used to power the building's air conditioning. The introduction of this system has cut annual CO₂ emissions by approximately four tons per year. In addition, we used the inherent nature of lowering temperature of plants to implement a green roof that has helped to lower the building's temperature, reducing the power requirements of the air conditioning in summer.



Rooftop solar panel array

Rooftop greening

J-ESCO launch

In June 2009, we launched J-ESCO (JATCO Energy Service Company) as energy efficiency auditing team. J-ESCO is a team that investigates such things as the condition of factory equipment and the loss of energy. They then make improvement proposals to the divisions, and support them in their efforts to reduce CO₂ emissions. There are four members on the team, appointed from among JATCO and JATCO Plant Tec's environmental energy staffs. By combining efficiency experts with junior staff, we are also transferring knowledge within the company.

In the future we will also look at our overseas operations to promote further activities.

Conservation activities in the office

Implementation of Cool Biz and Warm Biz

As part of our energy conservation efforts, we raise temperatures in our offices between June and September, and encourage our employees to wear Cool Biz friendly light clothing. From December to March we participate in Warm Biz, encouraging our employees to wear more clothes if they feel cold, and allowing us to lower the set air-conditioning temperature.

Employee awareness activity through the environmental website

In June 2009, we launched a dedicated environmental intranet site to raise environmental awareness among employees. This website is updated with internal and external event information, as well as content such as JATCO eco test and Ecodrive test that help employees learn more about environmental issues.

To raise awareness of energy efficiency, we posted on the website a case study conducted in the company titled "Energy Efficiency Case Study Presentation 2009". The knowledge gained from this is being spread throughout the whole company.



JATCO Voice

We are conducting a rapid review of energy management standards

Since April 2010 in Japan, significant revisions have been made to the Energy Conservation Law. To adapt to these changes, JATCO is currently reviewing its energy management standards and we aim to achieve more effective use of energy in our Monozukuri process. In addition, the circumstances surrounding environmental



Hitoshi Watanabe In charge of Energy Efficiency Promotion Production Engineering Management Section, Production Administration Department

activities around the world are changing at a breakneck

pace, so by promoting initiatives that take energy efficiency

into account, I believe that we can aid our journey to

becoming a low-carbon society.

Waste reduction activities

"Zero emission" activities

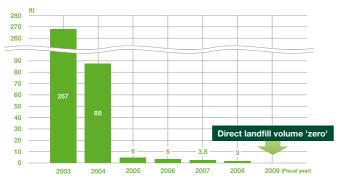
In FY 2009 achieved direct landfill waste was

By incorporating "zero emission of waste" into the waste reduction promotion management of the Environmental Management System (ISO 14001), we are promoting activities to achieve this goal.

zero

As a result, in FY 2005 we were able to achieve our initial zero emissions goal of producing less than 10 tons of direct landfill waste. Later, we set ourselves another zero emissions goal to recycle 100% of our resources, and as a result we achieved our zero direct landfill waste goal in FY 2009.







Waste sorting operations

Achieved 100% recycling rate

In FY 2009 achieve recycling rate was 100%

During company operations, various types of waste are generated such as scrap metal, metal powder, and offcuts (remaining materials) as well as industrial waste. Instead of applying incineration or landfill disposal, we are taking measures such as thermal recycling and material recycling by networking with those in the relevant industries to pursue recycling methods. Also, to effectively collect waste for use as resources, we have strict measures for separating our waste. Through these activities, we achieved a recycling rate of 99.5%. Thanks to these efforts, we were able to achieve 100% recycling of resources in Japan in June 2009. In addition to maintaining this result, we will also put more effort into reducing total waste. The activities at our overseas operations will get more attention.



Material recycling of offcuts

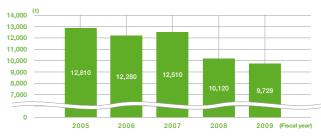
All employees participate in waste reduction activities

In FY 2009 total waste was reduced by

24%(vs. FY 2005)

To reduce CO₂ emissions at each of our business sites, we are taking various energy-saving measures. Each business site sets its own targets and each worksite posts its own ideas that have been implemented to raise motivation and share methods for energy preservation. In FY 2009, we received 1,124 submissions for CO₂ reduction ideas, resulting in a total waste volume of 9,729 tons, a 24% reduction compared with FY 2005.





Production Process

Thorough chemical substance management

In order to prevent environmental pollution caused by chemical substances, we conduct a preevaluation of chemicals, and strive to prevent fires and industrial accidents from occurring.

Chemical substance management activities from production processes

In order to reduce the risk of environmental pollution and damage caused by chemical substances, JATCO conducts pre-assessment checks on the chemicals before purchasing them, and strives to prevent chemical substance-related environmental pollution, fires and industrial accidents from occurring.

Managing Volatile Organic Compounds



As a volatile organic compound (VOC) measure, activities based on the action plan of Japan Auto Parts Industries Association (JAPIA), aiming for VOC 30% reduction in emissions by the year 2010 (compared to FY 2000) were conducted. As a result, well over target of 98% could have been reduced by 2006, which was maintained in FY 2009.

Emissions of volatile organic compounds (Japan) (kg) 100 80 60 Maintain a 98% 40 reduction 20 6.07 1.78 1 78 2009 (Fiscal vear) 2000 2004 2006 2007 2008 2005

PRTR substances management

In FY 2009 PRTR emissions were reduced by 97%(vs. FY 2003)

JATCO's emissions of chemical substances subject to PRTR^{*1} are shown in the graph below. We have promoted the elimination of dichloromethane washing facilities from the production process, as well as a shift from kerosene to natural gas fuel. This effort has led to a 97% reduction in PRTR related emissions compared with FY 2003 levels.

Measures against soil and groundwater contamination

As a measure to protect against soil and groundwater pollution, the use of chlorinated organic solvents was abolished in 2005. As these solvents had been used in the past, JATCO is currently monitoring its records and the environment for any signs of impact. In FY 2009 water quality measurements were taken at 20 locations in the Fuji area at six locations in the Kambara area. The results of the tests showed that none of the four* chlorinated organic substances was found, confirming that there is no impact on the groundwater.

*1,1,1-trichloroethane, trichloroethylene, dichloromethane, cis-1, 2-dichloroethylene

Eliminated the use of 3 hazardous air polluting substances

In FY 2009 3 hazardous air polluting substances were eliminated by 100%(vs. FY 2000)

JATCO set a target to reduce 95% of the emissions volume of 3 hazardous air polluting substances^{*2} by FY 2010 (vs. FY 2006). This target was reached in FY 2006, and has been maintained in FY 2009.

Unit: kg / year (dioxins mg-TEQ / year)

Classification			Amount	Amount Emissions volume		ne	Amount of
Classification	Chemical substance	Area Name	handled		water	soil	waste transfers
Specified Class		Fuji Area 1	—	11	0	0	0
I Designated	dioxin	Head Office / Fuji	—	82	0	0	1
Chemical		Kambara	_	1	0	0	0
Substances	benzene	Head Office / Fuji	605	1	0	0	0
	ethylbenzene	Head Office / Fuji	1,898	17	0	0	0
		Fuji Area 1	25,561	84	0	0	0
	un de me	Head Office / Fuji	65,045	152	0	0	0
Class I Designated	xylene	Kambara	12,855	35	0	0	0
Chemical Substances		Fujinomiya	1,134	12	0	0	0
Substatices	1,3,5-trimethylbenzene	Head Office / Fuji	1,078	23	0	0	0
	taluana	Fuji Area 1	6,594	367	0	0	0
	toluene	Head Office / Fuji	22,108	378	0	0	0

■ PRTR substance handling and emissions volumes (FY 2009)

Glossary

*1 PRTR: The Pollutant Release and Transfer Register, a law to promote improved management of emissions of specific chemical substances into the environment *2 Hazardous air pollutants: dichloromethane, trichloroethylene, tetrachloroethylene

Distribution Efforts

Reducing the environmental loads associated with transportation

From the perspective of effectively using limited resources, we are improving packaging methods and developing better transportation methods in an effort to reduce CO₂.

Switching to improved transportation systems

CO₂ reduction in transport

In FY 2009 CO2 emissions were reduced by 13%(vs. FY 2006)

JATCO is working towards its Green Logistics target "starting in FY 2006, to reduce CO₂ emissions by an average of more than 1% per year* until 2010". (based on distribution in Japan) In 2009 the reduction over the previous year was 9%, a reduction of 13% vs. the base figure.

*CO2 emissions (tons of CO2) ÷ cargo transport volume (tons · km)

Modal shift

To reduce CO₂ emissions that accompany distribution processes, we are improving our transport methods and have implemented a modal shift since 1994 with the help of our domestic customers.

Specifically, the transport of products to our customers in the Kyushu area is now done by ferry instead of truck, thus reducing CO₂ emissions by 75%.

In FY 2005, we switched from truck to train for the distribution of JATCO's supply parts from the Hiroshima area. Furthermore, in early 2006, we switched to using trains for the Okayama area and further expanded our modal shift system. The supply parts that were delivered from the Shizuoka production base by truck to the Hiroshima (780 km) and Okayama (680 km) areas were subject to this change. As a result, seven 10 tons truck shipping volume per day was reduced to 16 containers, reducing CO₂ by 83.3%* annually. We will continue to promote this modal shift and reduce the number of trucks required to achieve load efficiency.

*The comparison between truck transport of 3,276 tons-CO2 and JR train transportation of 546 tons-CO2 (research conducted by the Japan Freight Railway Company).





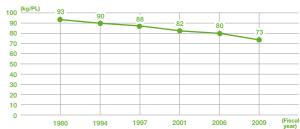
Sea transport by ferry (Photo courtesy of Kyushu Express Ferry Co.)

Promoting the improvement of shipping and packaging materials

Reducing packaging weight, simplifying packing materials

In 1997 we moved away from steel returnable pallets to resin dunnage (trays) as a way to reduce fuel consumption when transporting deliveries mainly to customers. This helped to reduce weight by approximately 21%. As for the packing materials, including plastic bags and dividers, used to protect the products in transit, we have been able to reduce the amount of trash created by using materials that allows us to simplify them, make them returnable and make them recyclable.

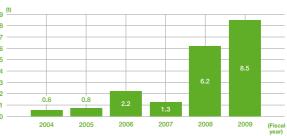
Trends in the weight of pallets



Reuse and recycling of resin containers

Traditionally, resin containers and protective resin cushioning materials are used to protect products from damage during transportation and storage. When these have become unusable due to deterioration or age, in the past we had discarded them as industrial waste. However, since 2004 we have been reusing the materials in other products, and have received assistance from the resin manufacturer to recycle the base material and reduce waste.

Trends in reuse and recycling of resin containers



JATCO Voice

Complying with green distribution to reduce CO₂ emissions during transport

In support of green logistics JATCO is expanding its modal shift to incorporate more rail and ferry transport options. The consolidation of deliveries into low loading ratio routes, the reduction in the number of deliveries, the weight savings from packaging improvements and increased filling rates have all helped us to reduce CO2 emissions caused by transportation.

In 2010 we established several distribution centers in the Fuji and Kyoto areas, integrating deliveries to each of the factories and improving load ratios while reducing the number of trucks on the road.



Environmental Communication

Making the environment the origin of our communication

JATCO uses various communication channels to help people understand its approach to the environment.

JATCO's actively shares its commitment to the environment

Publication of Environmental and Social Reports

The company has been publishing its Environmental Report every year since 2005 in an effort to help people understand its broad environmental commitment.

From 2009 this report was renamed the Environmental and Social Report, of which the social pages covering our social activities, were given more focus.

Communication activities centred on closeness

JATCO's participation at the "Tokyo Motor Show 2009"

Held from October 23 until November 04, 2009 when JATCO participated, the theme of JATCO's booth at the "41st Tokyo Motor Show 2009" was "JATCO CVT for Environment". The booth exhibited JATCO's full lineup of CVTs, at corners that explained the high environmental performance. We also ran presentations to introduce our newly developed belt CVT with an auxiliary gearbox, and a dedicated transmission for hybrid vehicles.



JATCO's booth at the "Tokyo Motor Show"

Ayu (sweetfish) juveniles released into rivers (Fuji area)

Every year since 1999, we have been inviting local kindergarten students to help in release juvenile Ayu fish into the Tajuku River as a way to restock the fish population. The 11th such event took place on June 17, 2009, at the Sakaemachi Children's Playground. Approximately 80 students participated in the event and helped to release around 400 fish fry. The juvenile fish were purchased with the proceeds from an inhouse aluminum can recycling program.



Children releasing juvenile fish into the river

Disclosure in the website

The various initiatives contained in the Environmental Report and the Environmental and Social Report can be downloaded at the following JATCO website.

http://www.jatco.co.jp/ENGLISH/ENVIRONMENT/reports.html

Participation at "Automotive Engineering Exposition 2009"

During May 20 – 22, 2009, JATCO participated in the Automotive Engineering Exposition 2009, held at Pacifico Yokohama. Many people passed through the booth to see JATCO's full lineup of CVTs for mini cars up to large 3.5 liter class vehicles, and also to learn more about our initiatives to improve CVT performance and reduce environmental load.



JATCO's booth at the "Automotive Engineering Exposition"

Distribution of plants (Kambara area)

At JATCO's Kambara area site, JATCO has been participating in initiatives run by the local government to help clean up Koike River, as well as giving away potted plants to local children, since FY 2004. In 2009 these activities were performed on July 5, with 150 employees participating as volunteers. The funds used to purchase the plants also came from the sale of recycled aluminum cans collected in-house.



Distribution of plants

Global Features

Environmental Conservation Activities Overseas

Efforts are also made at each of JATCO's overseas locations to reduce environmental load.

From Mexico

Our energy team is responsible for overseeing the safe and secure supply of electricity, compressed air, gas, and water to the appropriate production process. We take advantage of each of our expertise's professional knowledge to ensure the operation and maintenance of our facilities. We have also put a variety of conservation activities in place to ensure the rational and efficient use of energy.

At JATCO Mexico, as a corporate social responsibility, all of the employees are motivated to assist in global environmental protection, helping us to succeed Energy team member of JATCO Mexico in significantly reducing CO2 emissions. We are now working toward acquiring ISO14001 certification in FY 2010.



We proactively use highly energy efficient sources of energy

At JATCO Mexico, we had previously obtained our electricity needs from fuel and coal, however, since October 2009 approximately half of our energy needs now comes from natural gas. This conversion has

Separating trash in an easily identifiable way

We have placed trash bins around the company in places where trash is likely to be produced. On top of the trash bins are pictures representing the different types of everyday trash such as cans, plastic bottles, and plastic bags. By making it easy to dispose of the trash in the correct bin, we have helped to raise awareness among our employees about the importance

helped us to reduce CO2 emissions by 2,004 tons

(October 2009 to March 2010). In the future we will

continue to consider the use of natural energy, and

promote even higher levels of energy efficiency.

of thorough separation of trash.

From China

The Guangzhou Hi-tech Industrial Development Zone on the outskirts of Guangzhou is home to JATCO Guangzhou. The area has seen remarkable growth in recent years. In the expansion of the factory here, I have been responsible to ensure that we adhere to Guangzhou Environmental Protection Agency regulations, as well as leave as much beautiful nature for future generations as possible.

All of the JATCO Guangzhou employees have the same desire. "To deliver an environmentally friendly, clean CVT to our customers, from a locally friendly, clean factory".

Xianhui Chen In charge of Environment of JATCO Guangzhou Engineering Works Department, Engineering Division



Undertaking an environmental assessment to help build a factory with low environmental load

At JATCO Guangzhou we carried out two environmental assessments before building our factory. While the first construction in 2007, and the second in 2009 were done when we expanded operations, these assessments have helped us understand the impact of our factory on the surrounding environment, and have ensured that we comply with China's legislation for clean operations. The assessments included factory wastewater, exhaust gases, and environmental load arising from production processes. These were

investigated and evaluated for various factors and given approval by Guangzhou Environmental Protection Bureau. The results of the assessments were used as a reference during the construction of our facilities.

In addition, when the facilities were constructed, we also set up a recycling program for aluminum offcuts, plastic and cardboard. As our plant continues to expand, we are also installing more energy-efficient equipment such as highly efficient lighting.

Social Policy



Social Activities

Toru Akiba Senior Vice President in charge of Procurement Division

Precisely because there is cooperation of highly skilled suppliers, we can produce excellent products.

Number of components used to make our transmissions is several hundred per unit.

When every single part is made with precision, the finished transmissions meet JATCO's quality standard.

Procuring parts from many suppliers, JATCO sees each supplier as an important business partner, and works with these to realize best practices and aim for mutual sustainable development.



What kind of supplier relations does JATCO aim for?

JATCO currently has approximately 800 suppliers. These suppliers operate as partners in a friendly competition to create products together that delight our end users. In order to build strong cooperation in the future, we will expand the communication with our suppliers through a variety of meetings and technical workshops where we can share engineering knowledge, enhancing our mutual understanding and trust.

What challenges do you come across in building relationships with suppliers?

The biggest challenge came from the economic upheaval caused by the collapse of Lehman Brothers. In addition, in expanding markets such as China and India, there is a focus on cost competitiveness as well as higher environmental demands placed on the products themselves. To rapidly meet society's demands for high-quality products, it is important for us to keep our suppliers updated with information concerning changes in market conditions, and to build closer relationships with strong cooperative ties.

How do you consider global expansion?

In terms of local production on a global scale, the key is to ensure unwavering levels of high quality, reasonable costs, and a stable supply of parts. At all of the stages along the global market's supply chain, suppliers must strive to operate logical and environmentally friendly businesses. They need to conduct a fine-grained analysis into their production technology and quality assurance, with the goal of building a system that offers improved quality and a stable supply of parts.

Q

What is your long term vision in working with suppliers?

At JATCO we have a "guest engineer system", whereby we invite our suppliers' engineers to work with us from the start of the development process. By strengthening our cooperation with suppliers we are able to create best practices that help us compete on the global stage. We want to continue building relationships that foster a win-win for both companies, while building a firm relationship of trust, with our ultimate goal being "to provide value to our customers, to automotive culture, and to society".

Working with Suppliers

Aiming for a partnership of mutual growth

Building upon a foundation of trust with our suppliers, we are working to maintain and strengthen cooperative relationships based on equal footing and aimed at mutual growth.

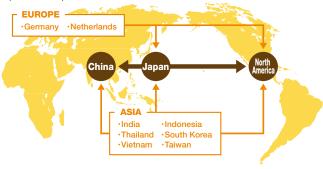
Strengthening cooperative relationships founded on fairness and evenness

Based upon our relationship of trust with our suppliers, JATCO is working toward our shared growth and the achievement of a society where automobiles and the environment coexist in harmony.

Cooperation under fair, even, and transparent standards is vital to the achievement of those goals. That is why we implement and follow clear rules (as exemplified by Green Procurement) for supplier selection and commendation of excellent suppliers. In the future, as we expand our procurement from the global marketplace, JATCO will undertake the sharing of CSR (Corporate Social Responsibility) and continue contributing to the sustainable development of society.

Procurement and promoting efficiency in the global marketplace

In the global market, where JATCO is significantly expanding production in Mexico and China, we implement fair and equitable procurement activities. We also promote LCC procurement and local production to improve efficiency of parts transportation.



Advancing environmental conservation activities with suppliers

JATCO manages substances with environmental loads in its products through the JES M9001 technical standards that regulate the use of specified substances. In FY 2009, we continued to advance this program together with suppliers, centered on the three items discussed below.

1. Global implementation of JATCO's Green **Procurement Guidelines**

We expanded our Green Procurement Guidelines to JATCO Guangzhou and to JATCO Mexico.

2. Standardizing the application of Green Procurement to new suppliers

We revised our "New Supplier Selection Standards" to call for the submission of Green Procurement-related documents when initiating business dealings.

3. Conformance with the EU-REACH Regulation

To supplement our existing data on chemical substances in products with additional data on chemical substances in shipping parts and in packaging materials for transport, we worked to expand the program to suppliers of these materials and collect relevant data.

Additionally, in March 2010 we held a briefing for suppliers in which we stressed the importance of Green Procurement activities in achievement of "a society where automobiles and the environment coexist in harmony," and called for cooperation and participation in our FY 2009 directives briefing for suppliers. Using the briefing as a starting point, we will advance our Green Procurement activities while striving for closer communication with suppliers.



Our EY 2009 directives meeting

Outline of green purchasing

The Green purchasing activities for which we are asking your cooperation at this time, are the activities to promote environmental conservation through the products purchased from our suppliers. Important activities include the following three items:

- 1. Confirmation of intention toward green purchasing
- 2. Development of an environmental management system
- 3. Reporting on the usage conditions environmental impact substance

In the future, we will favor those suppliers who aggressively promote green purchasing activities in product purchasing. We also ask our suppliers to favor their suppliers who are aggressively promoting green purchasing activities in product purchasing

JATCO Voice

Working together to create better products

In the improvement of transmission efficiency of the new CVT developed by JATCO, we successfully proposed a newly-developed grooved construction for the reverse brake drive plate along with a method to achieve mass production of the system, both of which JATCO adopted. The groove resulted in 50% less lost torque in the reverse

brake compared to previous designs, achieving better fuel economy in vehicles equipped with this CVT. As this reduces CO2 emissions, we are able to contribute to environmental activities through JATCO's product development.



Makoto Ogawa Supplier Deputy General Manager, Research & Development Headquarters, Dynax Corporation

Employees and our Workplace

Aiming for safety first in the workplace

Through workplace risk assessment activities and employee health care, we are creating workplaces in which all employees can perform their jobs safely and comfortably.

Risk assessment and ensuring occupational safety

Under the motto "All safety activities run through risk assessment activity", JATCO undertakes safety programs centered on observation of the workplace. This includes SES I*1, 5S patrols, factory (or section) safety patrols, open work observation, and safety-focused observation, beginning with our "Risk Disclosure Group" that unearths on-site risks from a wide variety of perspectives. All uncovered risks are recorded on a risk assessment chart, for determination of appropriate response and prioritization of response according to risk severity. By speedily implementing hardware measures such as equipment improvements and software measures such as education or instruction, we are seeking to achieve our goal of "Zero dangers from zero accidents".



BCM*3 initiatives

Dealing with major earthquakes

As one component of BCM, JATCO conducts disaster prevention activities aimed at rescue and secondary disaster prevention as first-response activities, plus speedy and effective business recovery actions, all directed toward the major (severity 6 or higher) earthquake that is feared to occur some time in the near future.

As a first-response measure, in March 2010 we completed preparation of an emergency earthquake announcement system. We further enabled a system in workplaces to confirm employees' safety after an incident, and worked to shorten the time required to complete confirmation. The disaster training we conduct every year is folded into the activity of our in-house firefighting team and involves participation by all employees.

From FY 2008 we have conducted BCM training for all relevant divisions as part of our business recovery measures. In this training, each Division coordinates solutions to problems facing business recovery under conditions of earthquake damage, including response to automobile manufacturers and suppliers, and dealing with the community and the media. Through

Ensuring employees' health (occupational health)

Mental health initiatives

To maintain the health of employees in both body and mind, we have partnered with an EAP*² specialist organization to offer consultation, examination, and counseling to employees and their families. In addition, we have expanded our training sessions aimed at managers and supervisers to include workplace leaders, with the goal of early detection and prevention of issues.

Improving employees' lifestyles

To counteract metabolic syndrome and other lifestylerelated illnesses, we have implemented guidance for lifestyle improvements based on the results of health check-ups. We provide continuous support for employees, including follow-up after guidance interviews, offering assistance to ensure steady progress toward goals.



Guidance on preventing lifestyle-related illnesses

repetition of this training we are working to ensure a rapid response.

Dealing with Influenza A

When the Influenza A pandemic broke out in 2009, we were able to minimize outbreak among employees by drawing up and disseminating employee activity guidelines. We gave a report on this activity during the 83rd Japan Society for Occupational Health.

Following the above, we also established response measures in accordance with the WHO's Pandemic Alert Phases, creating a structure and guidelines for procedures from first response to business recovery. Through these activities we are working to ensure the smooth continuation of business.



*1 SES I: An abbreviation for Safety Evaluation System, this is a system for quantitatively evaluating the level of safety in workplaces (JATCO safety evaluation standards). *2 EAP: An abbreviation for Employee Assistance Program, this program supports the mental aspects of employee health. *3 BCM: An abbreviation of Business Continuity Management, this refers to management aimed at ensuring the continuity of a company and its business activities under adverse circumstances.

Employees and our Workplace

Aiming for workplaces that support individuals' growth

JATCO practices respect for diversity along with human resource development matched to the times. Our goal is to create workplaces that spur motivation to work and allow employees to experience growth as individuals.

Implementing human resource development matched to the times

Dealing with globalization Human resource exchange program with our overseas locations

JATCO operates a human resource exchange program with our overseas locations that builds work experience abroad from a young age. This program aids in developing human resources able to act on the global stage.

A rich educational program

Through educational programs such as global human resource training in English, logical communication training, and crosscultural training, we foster not only foreign language skills but also the skills and mindset required for personnel to operate globally.

Respecting employee diversity

Undertaking diversity as a management issue

To develop our business globally and continue providing good value to customers while responding to changing times, we recognize the importance of creating new values that incorporate diverse perspectives. With that in mind, JATCO has positioned diversity as a management issue and has launched a variety of related initiatives.

In FY 2008 we established the Diversity Steering Committee, staffed by management personnel and headed by the President, to actively promote employment and human resource deployment without gender, nationality, or other bias.





Establishment of Ginou-Juku

To ensure that our technology in varied fields such as assembly, processing, casting, and forging is reliably passed along to new generations of employees, we established the Ginou-Juku (JATCO in house technical school) training center for technical skill acquisition. In addition to technical training for domestic and overseas employees, the School aids JATCO in contributing to the community through activities such as teaching local schoolchildren the joy of creating things.



Global human resource development

Ginou-Juku

Promoting active roles for women

One of our diversity initiatives is the promotion of active roles for female employees. In addition to appointing female career advisers, we convene a Diversity Forum to highlight senior employee role models active within the company. These actions aim to help each employee realize her full potential and pursue a career matching her individual circumstances.

To support active participation by women in production site work, we install assistive devices and otherwise undertake activities to prepare an environment in which anyone can work comfortably.



Diversity Forum

JATCO Voice

Work and family life compatibility is a great asset

Following the birth of each of my three children, I was able to take advantage of child care leave, lasting between several months to a year, to devote myself to child care and then return to the workplace. Once back at work I enjoyed the understanding of both the workplace and my family, letting me balance work with child care.

I'm often told how tough it must be to raise three children, but balancing family life with work hasn't proven a disadvantage on the job. Rather, it's honed my ability to strictly manage time and to reach goals via the shortest path.

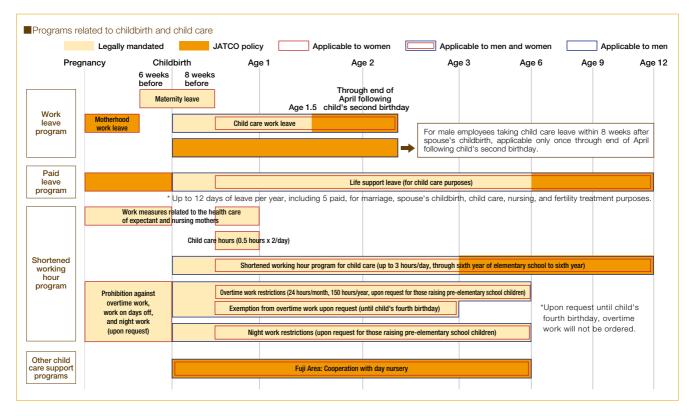


Naoko Endo Child leave beneficiary Manager, Sales & Marketing Department No.2

Work-life balance

JATCO realizes the importance of the "work-life balance" mindset that enables compatibility between jobs and private life. We strive to create a workplace environment in which all can work with confidence and enthusiasm, and are expanding systems to flexibly allow work tailored to individual employees'

circumstances. We have also positioned work-life balance as a measure supporting the promotion of diversity, and year by year are enriching our programs to support work that is compatible with child and family care.



<Key improvements to programs in 2010>

- Extension of applicable period of shortened working hour program for child care (Allows up to 3 hours/day shortened working hours. Program limit extended from third year of elementary school to sixth year)
- Extension of period for use of life support work leave (Extended from third year of elementary school to sixth year) *For child care purposes
- Expansion of applicable scope of work leave program for male employees due to spouse's childbirth

(Expanded from once per period, to allow re-eligibility through end of April following child's second birthday)

*Limited to child care leave taken within eight weeks following birth

- Enabled simultaneous use of flex-time system and shortened working hour program
- Enabled use of life support leave in half-day units
- (Allows up to 12 days of leave per year, including 5 paid, for health and family (troggue
- Increased number of life support leave days allotted for family care or nursing, depending on number of care recipients (5 days/year for one recipient, 10 days/ vear for two)

JATCO's initiatives have received praise from outside the company as well.

JATCO's support for men's participation in child care, including the promotion of work leave for fathers following childbirth and the raising of the target age for the shortened working hour program, resulted in the awarding of the "Next Generation Accreditation Mark" (colloquially known as "Kurumin") by the Minister of Health, Labor and Welfare in June 2009. This mark recognizes companies

that fulfill specified criteria, including drafting, executing, and accomplishing general employer action plans based on Japan's Law for Measures to Support the Development of the Next Generation.

JATCO is not content to stop with the acquisition of this certification, and will continue striving for a workplace environment in which all can work comfortably.



Next Generation Accreditation Mark (also known as "Kurumin")

Community Relations

Making efforts to contribute to society as a member of the

Making ongoing contributions to the local community is a requirement for a good corporate citizen. At JATCO, we carry out communication activities rooted in our communities.

Providing facilities to the community

Cooperation with events

In addition to opening up facilities such as our gymnasiums and tennis courts to employees, their families, and local residents, we undertake communication with local communities through events held on our company grounds. We take part in summer festivals and other local events, providing shuttle buses and parking spaces as a part of our contribution to regional activity.



JATCO Festa held at Yagi Area

Yoshiwara Gion Festival held in Fuji City

Support for the Fuji City Foster Care Group

As one of its regular events, the Fuji City Foster Care Group holds a training get-together every October in Hakone, with participants enjoying pools, hot springs, and meals together while deepening communication. JATCO endorses the purpose of the event and offers support by providing microbuses.

Cooperating with local safety enhancements

Preparation for a major disaster

JATCO has stockpiled water and emergency supplies in preparation for a Tokai earthquake. We have also set up systems to support victims by offering our company facilities as emergency shelters, should the need arise.

Activities to promote BCP (Business Continuity Planning)

From FY 2008, we have undertaken efforts to promote the spread of BCP through training sessions aimed at local small and medium enterprises in Fuji City. JATCO supports the program by providing instructors.



BCP training session

Factory tours as a component of social studies and environmental education

As a component of social studies and environmental education for local elementary and middle school children, we welcome factory tours by the students and their families. Our tour moves from processing to assembly sites as we explain the connection between cars and transmission or the workings of gear shifting. We teach the challenges of manufacturing and also the importance of environmental preservation, through overviews of water treatment facilities and the recycling process.

In addition, employees visiting schools on "delivery lectures" educate students about environmental preservation through activities such as water treatment experiments.



Letters from elementary school children

JATCO Voice

I believe that communication with local communities will become more and more important.

Our activities as a corporate citizen, beginning with communication with local communities and support for environmental activities, are extremely important. I believe that it is a company's responsibility to make ongoing contributions to the community as it grows into the future. As a manager in charge of promoting societal contribution, I'll continue planning and carrying out concrete policies while heeding information and opinions from all parties.



General Administration Department

Kojiro Takeda In charge of Societal Contribution

Undertaking societal contribution rooted in communities

Local cleanup activities

We actively participate in regional activities aimed at cleanup, beautification, and environmental maintenance. Moreover, we have established an Environment Day at each workplace to regularly perform mowing and garbage pickup around factory grounds during lunch hour.



Cleanup activity

Support for child facilities

JATCO donates picture books and story books to kindergartens and preschools in Fuji City and Nantan City.



Donating picture books and story books to kindergartens and preschools

Volunteer work at welfare facilities

At our locations in Shizuoka and Kyoto Prefectures, JATCO employees carry out ongoing volunteer work at nearby welfare facilities, assisting with tasks such as mowing grass, washing windows, and raking leaves.



Volunteer work at welfare facilities

Activities during Environment Month

During Environment Month every June, JATCO calls upon employees to actively take part in environmental preservation activities, and participates itself in various local activities.



Planting Japanese beech saplings

Supporting education at local technical high schools

To support the transfer of advanced skills and the early education of young technicians, the Ginou-Juku training centers within our company grounds dispatch lecturers to nearby technical high schools to offer instruction in high-level technical skills.



Support for education

Cooperation with hands-on events

On August 21st and 22nd, 2009, we offered support for Kids Engineer 2009, a hands-on event focused on automobiles held at Pacifico Yokohama. JATCO supports the event from the first time, hoping that participating children become the engineers that will support Japan in the future.



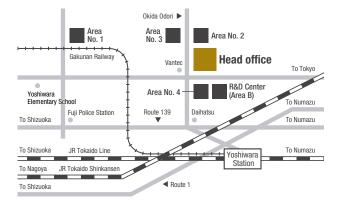
Kids Engineer

Environmental Data from our Production Bases

Fuji Area including head office

580 440





NOx:nitrogen compounds SOx:sulfur oxides ND:below lower limit

atmosphere

facility name	item	unit	regulation value	measured value	
facility name	nem	item unit		maximum	average
	dust	g∕Nm³	0.05	ND	ND
compact boiler (24 units)	NOx	ppm	100	84	51
(24 01110)	SOx	Nm³∕H	0.002	ND	ND
	dust	g∕Nm³	0.05	0.045	0.012
metal-heating furnace (16 units)	NOx	ppm	150	148	88
Tarriado (To arita)	SOx	Nm³∕H	0.018	ND	ND
	dust	g∕Nm³	0.05	0.026	0.008
steel-heating furnace (8 units)	NOX	ppm	150	50	31
Turnace (o unita)	SOx	Nm³∕H	0.026	0.001	0.0001
	dust	g∕Nm³	0.05	0.008	0.003
aluminum-melting	NOx	ppm	150	61	33
furnace (10 units)	SOx	Nm³∕H	0.019	ND	ND
	dioxins	ng-TEQ/Nm ³	5	2	0.341
	dust	g∕Nm³	0.05	0.047	0.047
drying kiln	NOX	ppm	56	13	13
(1 units)	SOx	Nm³∕H	0.0048	0.0047	0.0047
	dioxins	ng-TEQ/Nm ³	5	3.6×10 ⁻⁵	3.6×10 ⁻⁵
drying combustion furnace (1 units)	dioxins	ng-TEQ/Nm ³	5	0.027	0.027

water quality	regulation values in	n parentheses	are daily aver	ages ND:bel	ow lower limit
item		unit	regulation value	measured value	
nem		unit			

item	unit	(including agreed value)	maximum	average
hydrogen ion concentration (pH)	-	5.8~8.6	7.1	7.0
biochemical oxygen demand (BOD)	mg/L	20(15)	4.1	1.9
chemical oxygen demand (COD)	mg/L	20(15)	6.7	3.6
suspended solids (SS)	mg/L	20(10)	2.0	0.5
extractive substance in normal-hexane	mg/L	4	ND	ND
copper	mg/L	0.1	ND	ND
zinc	mg/L	0.1	0.05	0.04
coliform group number	group/cm ³	3000	21	12
trichloroethylene	mg/L	0.3	ND	ND
dichloromethane	mg/L	0.02	ND	ND
boron	mg/L	10	0.4	0.3
fluorine	mg/L	15	ND	ND
ammonium nitrogen nitrate nitrogen	mg/L	100	1.2	0.8
nitrite nitrogen				



atmosphere	NOx:nitrogen compounds SOx:sulfur oxides ND:below lower limit					
facility name	item	unit	regulation value	measured value		
racinty name	nem		(including agreed value)	maximum	average	
lummana kaling	dust	g∕Nm³	0.1	0.003	0.003	
kerosene boiler (2 units)	NOX	ppm	130	81	69	
(2 01113)	SOX	Nm³∕H	0.045	ND	ND	
matel basting	dust	g∕Nm³	0.05	0.006	0.006	
metal-heating furnace (3 units)	NOX	ppm	150	137	124	
iumade (o uma)	SOX	Nm³∕H	0.01	ND	ND	
	dust	g∕Nm³	0.05	0.013	0.0095	
aluminum-melting	NOX	ppm	100	23	22	
furnace (1 units)	SOX	Nm³∕H	0.013	ND	ND	
	dioxins	ng-TEQ/Nm ³	5	0.037	0.037	

water quality regulation values in parentheses are daily averages ND:below lower limit

item	unit value		measure	ed value
item		(including agreed value)	maximum	average
hydrogen ion concentration (pH)	_	$5.8 \sim 8.6$	7.6	7.5
biochemical oxygen demand (BOD)	mg/L	20(15)	3.6	2.3
chemical oxygen demand (COD)	mg/L	25(20)	5.2	3.8
suspended solids (SS)	mg/L	40(30)	3.0	2.0
extractive substance in normal-hexane	mg/L	5	ND	ND
coliform group number	group/cm3	1000	25	15.5
dichloromethane	mg/L	0.02	ND	ND
boron	mg/L	10	ND	ND
fluorine	mg/L	8	ND	ND
ammonium nitrogen nitrate nitrogen nitrite nitrogen	mg/L	100	38.8	21.5



atmosphere	mosphere NOx:nitrogen compounds SOx:sulfur oxides ND:below lower limit					
facility name	item	unit	regulation value (including agreed value)	measure maximum	ed value average	
	dust	g∕Nm³	0.05	0.006	0.005	
compact boiler (6 units)	NOX	ppm	100	81	75	
(o units)	SOX	Nm³∕H	0.01	ND	ND	
	dust	g∕Nm³	0.01	0.01	0.008	
metal-heating furnace (3 units)	NOX	ppm	150	138	87	
iumace (5 umits)	SOX	Nm³∕H	0.01	ND	ND	

water quality regulation values i	n parentheses	are daily aver	ages ND:bel	ow lower lim	
item	unit	regulation value	measured value		
nem		(including agreed value)	maximum	average	
hydrogen ion concentration (pH)	-	5.8~8.6	7.5	7.2	
biochemical oxygen demand (BOD)	mg/L	20(15)	0.9	0.5	
chemical oxygen demand (COD)	mg/L	20(15)	2	1.5	
suspended solids (SS)	mg/L	20(15)	ND	ND	
extractive substance in normal-hexane	mg/L	5	ND	ND	
phenols	mg/L	5	ND	ND	
copper	mg/L	3	ND	ND	
zinc	mg/L	2	0.08	0.06	
soluble iron	mg/L	10	0.1	0.075	
soluble manganese	mg/L	10	0.02	0.02	
chromium	mg/L	2	ND	ND	
coliform group number	group/cm ³	3000	0	0	
1,1,1-trichloroethane	mg/L	0.001	ND	ND	
boron	mg/L	10	ND	ND	
ammonium nitrogen nitrate nitrogen nitrite nitrogen	mg/L	100	ND	ND	



atmosphere	NOx:nitrogen compounds SOx:sulfur oxides ND:below lower limit					
facility name	item	unit	regulation measured va		regulation measured value	
	itein			maximum	average	
	dust	g∕Nm³	0.05	0.009	0.007	
compact boiler (2 units)	NOX	ppm	100	63.9	63	
(z urita)	SOx	Nm³∕H	0.01	ND	ND	

water quality regulation values in parentheses are daily averages $\ensuremath{\,\text{ND:below}}\xspace$ lower limit

:t		regulation measured value		
item	unit	(including agreed value)	maximum	average
hydrogen ion concentration (pH)	-	5.8~8.6	7.7	6.9
biochemical oxygen demand (BOD)	mg/L	20(15)	1.8	0.2
chemical oxygen demand (COD)	mg/L	80(60)	26.5	13.9
suspended solids (SS)	mg/L	20(10)	12.0	3.9
extractive substance in normal-hexane	mg/L	3	ND	ND
phenols	mg/L	2.5	ND	ND
copper	mg/L	0.5	ND	ND
zinc	mg/L	2	0.11	0.07
soluble iron	mg/L	5	0.36	0.23
soluble manganese	mg/L	5	0.03	0.03
chromium	mg/L	1	ND	ND
coliform group number	group/cm3	3000	0	0
cadmium	mg/L	0.05	ND	ND
cyanogen	mg/L	0.5	ND	ND
organic phosphorus	mg/L	1	ND	ND
lead	mg/L	0.1	ND	ND
hexavalent chromium	mg/L	0.25	ND	ND
arsenic	mg/L	0.1	ND	ND
mercury	mg/L	0.0005	ND	ND
alkyl mercury	mg/L	not detectable	ND	ND
PCB	mg/L	0.001	ND	ND
trichloroethylene	mg/L	0.1	ND	ND
tetrachloroethylene	mg/L	0.05	ND	ND
carbon tetrachloride	mg/L	0.01	ND	ND
1,1,1-trichloroethane	mg/L	1	ND	ND
boron	mg/L	10	0.2	0.1
ammonium nitrogen nitrate nitrogen nitrite nitrogen	mg/L	100	12.2	6.2



atmosphere	NOx:nitrogen compounds SOx:sulfur oxides ND:below lower limit					
facility name	item	item unit r		measure	ured value	
raciiity name	item unit		value (including agreed value)	maximum	average	
compact boiler (1 units) guideline	dust	g∕Nm³	0.1	0.003	0.003	
	NOX	ppm	150	34	27	
	SOx	Nm³∕H	0.00	ND	ND	
town gas boiler (1 units)	dust	g∕Nm³	0.1	0.008	0.008	
	NOX	ppm	150	83	67	
	SOx	Nm³∕H	0.49	ND	ND	

Yagi Area gs (tota 277m²

NOx:nitrogen compounds SOx:sulfur oxides ND:below lower limit						
14		regulation	measur	ed value		
item			maximum	average		
dust	g∕Nm³	0.1	ND	ND		
NOX	ppm	150	88	44		
SOX	Nm³∕H	0.00	ND	ND		
dust	g∕Nm³	0.1	ND	ND		
NOX	ppm	150	89	26		
SOX	Nm³∕H	0.00	ND	ND		
	item dust NOx SOx dust NOx	item unit dust g/Nm ³ NOx ppm SOx Nm ³ /H dust g/Nm ³ NOx ppm	item unit regulation value dust g/Nm³ 0.1 NOx ppm 150 SOx Nm³/H 0.00 dust g/Nm³ 0.1 NOx ppm 150	item unit regulation value measure maximum dust g ∕ Nm³ 0.1 ND NOx ppm 150 88 SOx Nm³ / H 0.00 ND dust g ∕ Nm³ 0.1 ND NOx ppm 150 89		

water quality regulation values in parentheses are daily averages ND:below lower limit

14 m m		regulation value	measure	ed value
item	unit	(including agreed value)	maximum	average
hydrogen ion concentration (pH)	_	5.8~8.6	7.5	7.3
biochemical oxygen demand (BOD)	mg/L	20(10)	2.5	1.2
chemical oxygen demand (COD)	mg/L	30(20)	1.8	1.5
suspended solids (SS)	mg/L	30(20)	1.4	0.6
extractive substance in normal-hexane	mg/L	2.5	0.7	0.5
phenols	mg/L	0.5	0.1	0.1
copper	mg/L	1.5	0.01	0.01
zinc	mg/L	2	0.03	0.02
soluble iron	mg/L	5	0.1	0.1
soluble manganese	mg/L	5	0.1	0.1
chromium	mg/L	1	0.01	0.01
coliform group number	group/cm ³	1500	10	5
nitrogen	mg/L	120(60)	11.1	8.6
nickel	mg/L	1	0.01	0.01
phosphor	mg/L	16(8)	0.1	0.1
boron	mg/L	10	0.2	0.2
fluorine	mg/L	8	0.2	0.2



atmosphere

NOx:nitrogen compounds SOx:sulfur oxides ND:below lower limit					
itom	itom unit r		measure	ed value	
item		(including agreed value)	maximum avera	average	
dust	g∕Nm³	1.17	0.32	0.287	
NOX	Kg/hr	-	0.0026	0.001	
dust	g⁄Nm³	0.47	0.03	0.028	
NOX	Kg/hr	-	0.0010	0.0007	
	item dust NOX dust	item unit dust g∕Nm³ NOx Kg/hr dust g∕Nm³	item unit regulation value dust g ∕ Nm³ 1.17 NOx Kg/hr — dust g ∕ Nm³ 0.47	item unit regulation value induing yeard wale measure maximum dust g.∕ Nm³ 1.17 0.32 NOx Kg/hr — 0.0026 dust g.∕ Nm³ 0.47 0.03	

water quality regulation values in	n parentheses	are daily aver	ages ND:bel	ow lower limi
item	unit	regulation value	measure	ed value
		(including agreed value)	maximum	average
hydrogen ion concentration (pH)	—	5~10	7.65	7.5
biochemical oxygen demand (BOD)	mg/L	150	15	18.0
chemical oxygen demand (COD)	mg/L	320	164	120.0
suspended solids (SS)	mg/L	150	ND	ND
extractive substance in normal-hexane	mg/L	25	22.7	15.2
copper	mg/L	4	ND	ND
zinc	mg/L	10	0.47	0.22



air and water quality: not applicable

Corporate History				Environmental and Quality Initiatives
1943 August: Begins operation as Yoshiwara Plant of aircraft	_	1943		
division of Nissan Motor Co., Ltd.				
970	_	1970		
January: Japan Automatic Transmission Co., Ltd. established through merger of Nissan Motor Co., Ltd., Mazda Motor Corporation (then: Toyo Kogyo Co., Ltd.), and Ford Motor Company		\frown	r	1998
April: Mitsubishi Motors Corporation established	_	1989		June: JATCO Corporation acquires ISO14001 certification (current: head office, Fujinomiya Area, Kakegawa Area)
989		1992 Earth Summit held in		November: Mitsubishi Motors Corporation Kyoto Plant acquires ISO14001 certification
October: Japan Automatic Transmission Co., Ltd. changes name to JATCO Corporation		Rio de Janeiro		December: Mitsubishi Motors Corporation Mizushima Plant acquires ISO14001 certification
1997		1993 Basic Environment Law enacted in Japan		1000
September: JATCO USA Inc. established in USA		1997	/	January: Nissan Motor Co., Ltd. Fuji Plant acquires
1998		COP 3 held in Kyoto		ISO14001 certification (current: Fuji Area, Kambara Area)
May: JATCO Korea Engineering Corp. established in Korea		1998		2000
1999		1999		April: Acquires QS9000 certification 2001
June: AT/CVT division of Nissan Motor Co., Ltd. splits off to become TransTechnology Ltd		2000 🖌		February: ISO14001 renewal assessment
October: TransTechnology Ltd and JATCO Corporation merge to form JATCO TransTechnology Ltd		2001		2002
2002		2002		December: Diamondmatic Co., Ltd. Kyoto Area acquires ISO14001 certification (current: Kyoto Area, Yagi Area)
April: JATCO TransTechnology Ltd		Earth Summit 2002 held in Johannesburg	,	2003
April: AT/CVT division of Mitsubishi Motors Corporation splits off to become Diamondmatic Co., Ltd.		Revised Law Concerning Special Measures for Total Emission Reduction of		March: Diamondmatic Co., Ltd. Mizushima Area acquires ISO14001 certification (current: Mizushima Area
spins on to become blamondmatic oc., Etc.		Nitrogen Oxides and Particulate Matter goes into effect in Japan		November: ISO14001 renewal assessment 2004
2003		2003		2004 February: Affiliated firm JATCO Engineering Ltd
April: JATCO Ltd merges with Diamondmatic Co., Ltd. April: JATCO México, S.A. de C.V. established in Mexico			/	acquires ISO14001 certification
October: JATCO France SAS established in France	•	2004 🖌)	2005
		2005		February: Acquires ISO/TS 16949 certification
2004		End-of-life Vehicle Recycling Law goes into effect in Japan	,	2006
May: JATCO Korea Service Corp. established in Korea		Kyoto Protocol takes effect		December: ISO14001 renewal assessment
		2006 •		2008
	•	2007		May: Awarded Shizuoka Prefecture Governor's Medal for Distinguished Efforts in Proper Disposal of Industrial Waste
2007		2008 Start of first commitment)	2009
April: JATCO (Guangzhou) Automatic Transmission Ltd. established in China	I	period of Kyoto Protocol 2009 nternational Renewable Energy		February: Fuji Areas 1, 2, 3, and 4, and Kambara Area awarded commendation as Excellent Energy Management Factories; awarded Agency for Natural Resources and Energy Director-General's Award

Corporate Information

Corporate Profile

Company Name	JATCO Ltd
Established	June 28, 1999
Head Office	700-1, Imaizumi, Fuji City, Shizuoka, Japan
Main Businesses	Development, manufacture and sale of transmissions and automobile components
Capital	¥29,935 million
Number of Employees	6,629 (as of March 2010)
Consolidated Net Revenues	¥553.6 billion (FY2007)
(Reference)	¥445.0 billion (FY2008)
	¥469.3 billion (FY2009)

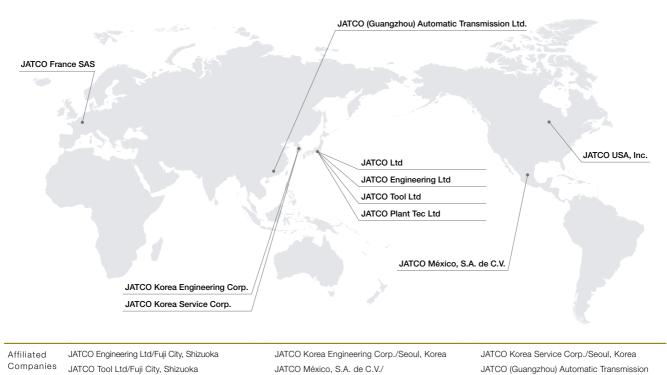
Major	NISSAN MOTOR CO., LTD.
Customers	MITSUBISHI MOTORS CORPORATION
	SUZUKI MOTOR CORPORATION
	RENAULT SAMSUNG MOTORS CO., LTD.
	DONGFENG MOTOR COMPANY LIMITED
	CHRYSLER LLC
	FUJI HEAVY INDUSTRIES LTD.
	GM DAEWOO AUTO & TECHNOLOGY COMPANY
	RENAULT S.A.S.
	HYUNDAI MOTOR COMPANY

Locations

Head Office and Fuji Area	Fuji City, Shizuoka			
Kambara Area	Shizuoka City, Shizuoka			
Fujinomiya Area	Fujinomiya City, Shizuoka			
Kakegawa Area	Kakegawa City, Shizuoka			
Kyoto Area	Kyoto City, Kyoto			
Yagi Area	Nantan City, Kyoto			
Mizushima Area	Kurashiki City, Okayama			
Atsugi R&D Center	Atsugi City, Kanagawa			
Okazaki R&D Center	Okazaki City, Aichi			
Motegi Proving Ground	Haga-gun, Tochigi			
*Out of the above locations, lis a environmental system site				



Global Network *including affiliated Companies







JATCO Plant Tec Ltd/Fuji City, Shizuoka

JATCO USA, Inc./Wixom, MI, U.S.A.





Aguascalientes, AGS., Mexico

JATCO France SAS/Paris, France

Ltd./Guangzhou Guangdong, China



JATCO Ltd Head Office 700-1, Imaizumi, Fuji City, Shizuoka 417-8585, Japan PHONE +81-545-51-0047 FAX +81-545-51-5976