Jatco

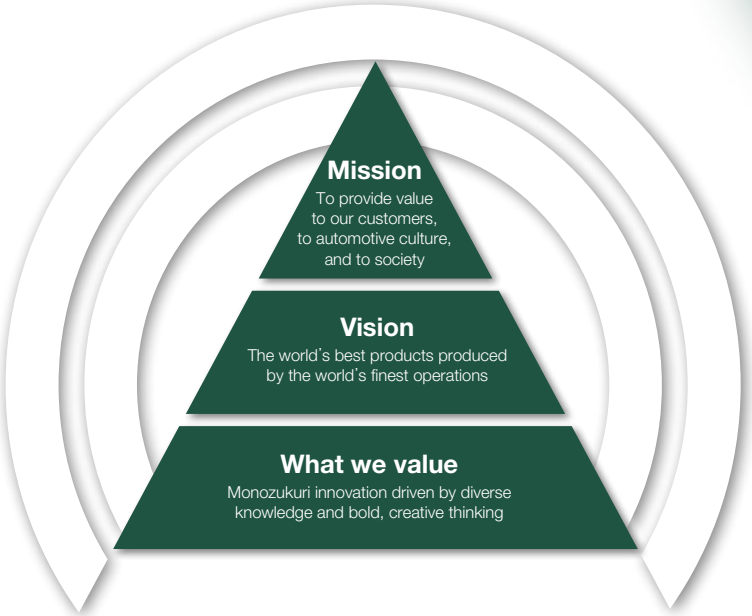
Environmental & Social Report 2011

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

Connecting the engine to the drive wheel 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".

Corporate Philosophy



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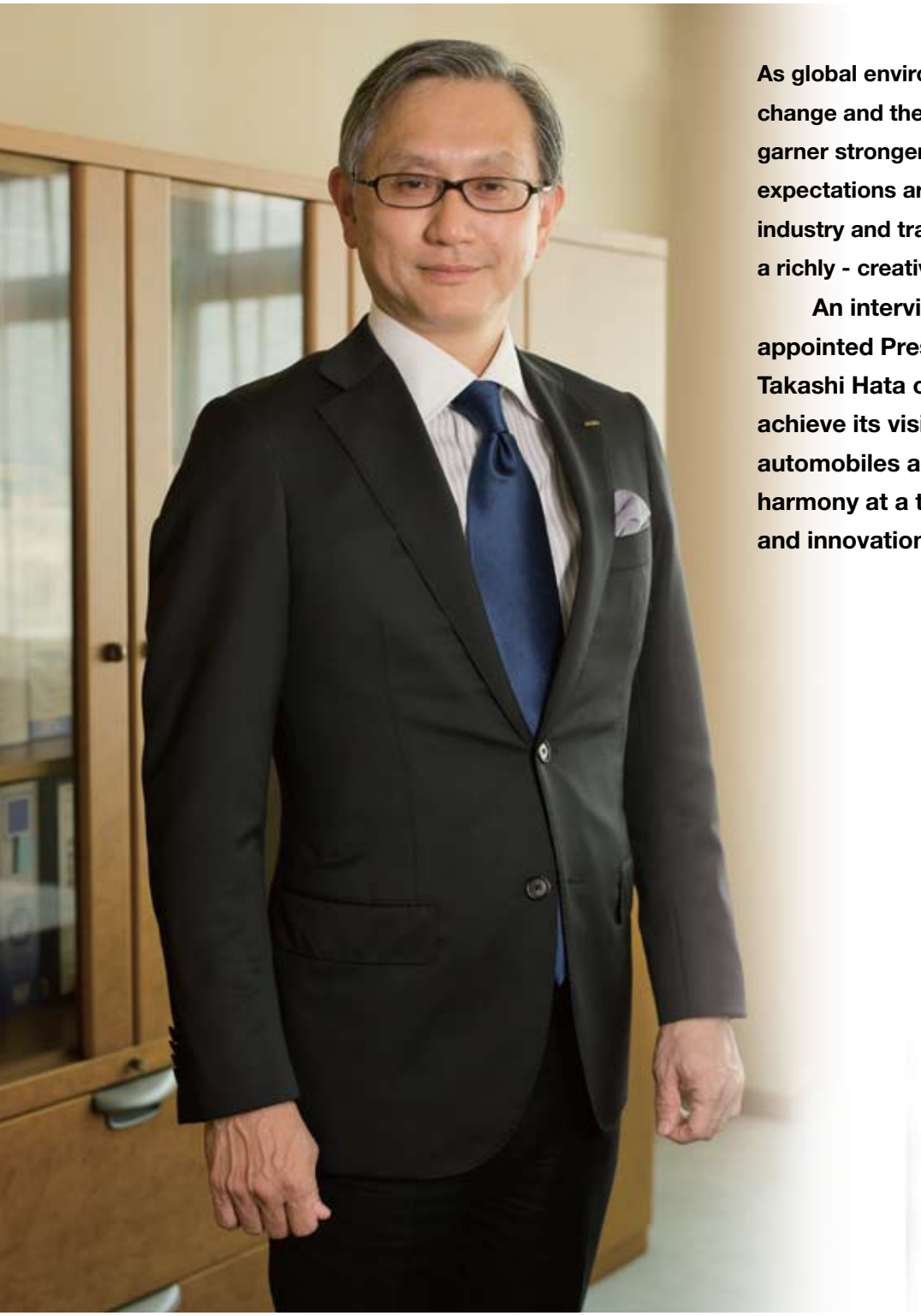
Editorial Policy

In this, the seventh edition of our Environmental Report, you will find messages from our new President and CEO as well as our new Executive Environmental Manager, 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 across-the-board improvement initiatives as well as its 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 provide an opportunity for us to identify new challenges that need to be addressed. We look forward to receiving your honest comments and feedback.

<Homepage> http://www.jatco.co.jp/ENGLISH

From a key component of future automobile To a determining factor behind environmental performance —— The possibilities for the automotive transmission are endless.



As global environmental issues such a climate change and the depletion of natural resources garner stronger attention from society, expectations are growing as to how the auto industry and transmission industry will help build a richly - creative, sustainable mobility society.

An interview was held with the newly appointed President and CEO of JATCO Takashi Hata on how the company will achieve its vision of realizing a society where automobiles and the environment coexist in harmony at a time when novel technologies and innovations are constantly evolving.

President and CEO Takashi Hata

Before we begin, on behalf of the company I would like to extend our deepest sympathies to those affected by the Great East Japan Earthquake and the earthquake that struck Eastern Shizuoka Prefecture in March 2011. The impact from these earthquakes and the tsunami continue to be felt today in the lives of people, corporate activities and the local economy. We sincerely hope that Japan can quickly recover and rebuild as we move forward.

Environmental Initiatives

Q How do you view the future relationship between the environment, automobiles and transmissions?

Automobiles have a significant impact on the global environment. As a member of the automotive industry, JATCO has positioned measures to reduce CO_2 emissions as one of its most important tasks as a company.

In order to attain the target of improving the environmental performance of automobiles, the industry must not only modify the engine and body, but also establish advanced technologies that provide balance across the entire automobile. Automatic transmissions manufactured by JATCO fulfill an important role in creating this balance. The transmission remains a key automotive component, despite the diversification seen in automotive engines and motors, whose importance will only continue to grow going forward.

Automatic transmissions require driving performance, which enables the driver to start and accelerate according to their intention by efficiently transmitting power from the engine or motor to the drivetrain, and fuel economy, which helps reduce environmental loads by curbing fuel consumption. I believe how we can balance these conflicting performances at a high level is the key condition for customers in the selection process of our automatic transmission units.

As evidenced by the Jatco CVT7 that features an auxiliary gearbox that improves fuel economy through a higher gear ratio range and reduced size and weight as well as our transmission for hybrid vehicles that balances great fuel economy with driving performance by employing one motor and two clutches, JATCO continues to tackle the challenges posed by technological innovation aimed at optimizing collaborative control between the transmission and engine or motor. In short, we develop products that meet the needs of our customers. As a leader in the industry, moving forward JATCO will continue to promote the development of next generation transmissions that balance environmental performance with driving performance to the greatest extent possible.

Social Initiatives

Q What type of initiatives is JATCO, as a company with global operations, taking in order to provide greater value to society?

Automobile market growth is beginning to shift from conventional developed country markets to emerging country markets. In order to respond to the needs of these new markets, JATCO is expanding its production bases globally. This is part of our aspiration to listen closely to feedback from local customers and provide high quality products that meet the demands of automakers from around the world in a timely manner. JATCO Mexico S.A. de C.V. and JATCO (Guangzhou) Automatic Transmission Ltd. have already commenced operations, and we are currently in the process of constructing our third overseas production base in Thailand.

Expanding operations into a new region, however, is not an easy endeavor. Initiatives need to take into account national affairs, governments and local community, initiatives toward this, as well as our impact on society, such as our societal responsibility for hiring large numbers of people. For example, we must always take part in initiatives to ensure JATCO has made a positive impact on the global environment as well as the local community. To that end, we promote initiatives aimed at environmental conservation, such as green procurement as well as energy-saving and resource-saving activities. We also recognize that it is our responsibility to society to prevent potential harm, such as environmental accidents. As a social contribution activity, I also believe that it is essential to continue with and constantly enhance grassroots activities in the local community using a volunteer effort in collaboration with the local community and government.

Monozukuri

Q Can you tell us about the Monozukuri mindset JATCO is aspiring to achieve globally?

The fundamental aim of a company is growth. However, simply making money is not good enough. A company must fulfill its responsibility to society and contribute to society's growth. Only with this commitment will a company achieve real and continual growth, I believe. Today, the JATCO Group employs around 10,000 people worldwide and this number will grow further as we continue to expand our production bases outside of Japan. Each and every one of our employees retains the ability to produce something from their differing thought processes and experiences. The diversity of our employees is a driving force behind JATCO's ability to maintain sustainable growth, and by having employees learn and enhance their skill set together through our business activities, JATCO is creating a value uniquely its own.

The automobile is facing a major turning point. In order for JATCO to continue to manufacture products that meet the needs of society with an even greater sense of urgency and speed, each and every employee must ask themselves what value is it that they provide and boldly take on the challenges associated with reform. This represents our mission embodied by the phrase "providing value to our customers, to automotive culture and to society." This also represents the approach to Monozukuri that JATCO is aspiring to achieve, I believe.

Future Aspirations

Q How will JATCO evolve going forward?

As awareness toward the environment grows in society, we can expect that the market for environmentally friendly products will expand in the auto industry and the transmission industry. The diversification of novel technologies such as hybrid vehicles, electric vehicles and plug-in hybrids, will also continue to progress further. Amidst this constant evolution, JATCO stands committed to accurately grasping the needs of the market and tackling the challenges of Monozukuri to produce innovative products and technologies that exceed all expectations.

For example, the electric vehicle does not require the transmission to transmit torque as much as the conventional gasoline power automobile. However, this is not to say that an electric vehicle does not require a transmission. Today, the challenges faced by the electric vehicle include making their motors smaller and achieving greater battery efficiency. In the field of technological innovation that considers how smaller motors and higher capacity batteries can be used more efficiently to transmit power to the tires, or in other words transmit and manage energy, many possibilities for such a core component as the transmission will live on.

In addition, needs will continue to exist for both novel technologies and existing technologies alike. For example, next generation transmissions that achieve far superior environmental performance by enhancing the fuel efficiency to the maximum

Topics

JATCO unveils the Jatco CVT8 for mid- and full-size FWD automobiles and the Jatco CVT8 HYBRID for hybrid vehicles

In October 2011, JATCO unveiled two new transmissions jointly developed with Nissan Motor Company, the Jatco CVT8 and the Jatco CVT8 HYBRID. These new transmissions will be manufactured at JATCO plants in Japan as well as Mexico.

The Jatco CVT8, which will be used in FWD mid- and full-size automobiles, features a best-in-class gear ratio range of 7.0. This particular transmission also improves fuel economy by around 10%*1 compared to existing units because it reduces friction by up to 40%. It also balances responsive and powerful acceleration with less noise at high speeds. The Jatco CVT8 will be introduced in North America beginning in 2012. The Jatco CVT8 HYBRID will be used on FWD hybrid vehicles and features a 1-motor, 2-clutch design. The result is a compact powertrain that does not require a specially designed body. The JATCO CVT8 HYBRID is slated to be used in new hybrid vehicles for the North American market in 2013.

*1: Jatco CVT8 used in 2.0- to 2.5-liter class automobiles

Jatco CVT8

Jatco CVT8 HYBRID

JATCO (Thailand) Co., Ltd. established

In July 2011, JATCO announced the establishment of JATCO (Thailand) Co., Ltd., its third overseas production base after Mexico and China.

The new company will become an important base for JATCO to further grow its business and to become a truly global company. JATCO plans to manufacture and supply around 500,000 environmentally friendly CVT each year to the ASEAN market, one of the fastest growing markets in the world along with China. The plant is scheduled to commence operations in the middle of 2013. Initially the new company will employ around 500 workers, but plans call to increase this number to around 1,300 by 2014.

extent possible will be needed for engines powered by gasoline or diesel, while demand is expected to grow for low-cost high efficiency transmissions for emerging markets. JATCO will continue to further refine its technological capabilities, create products only made possible by JATCO, and make these products more widely used by more customers. I believe this represents our mission.

JATCO's ideal vision of society is a society where automobiles and the environment coexist in harmony. I firmly believe that our environmental initiatives aimed at achieving this environmental philosophy will make broad contributions to sustainable development. For the Earth and for our future generations, JATCO employees will always ask themselves what is our role in society, while the company as a whole will continue to evolve under the goal of creating a new future together with all of its stakeholders.

Takashi Hata
President and CEO
JATCO Ltd.

JATCO manufacturers its 10 millionth CVT unit

In January 2011, JATCO reached a major milestone by manufacturing its 10 millionth CVT unit. After launching production of the world's first metal belt CVT for 2.0-liter class automobiles back in 1997, model F06A, it took JATCO 14 years to achieve this milestone. This also marked the first time that any CVT-focused manufacturer reached its 10 millionth*2 unit milestone.

*2: According to a study by JATCO

F06A

Jatco CVT7 recognized with two academic society awards

The JATCO CVT7, the world's first CVT with an auxiliary gearbox, simultaneously won the Japan Society of Mechanical Engineers (JSME) Medal for New Technology and the Society of Automotive Engineers of Japan (JSAE) Technological Development Award. These awards recognized that the Jatco CVT7 balanced enhanced fuel economy performance through a wider gear ratio range with improved installability through its compact and lighter weight design, using a revolutionary proprietary design that incorporates a two-step auxiliary gearbox. JATCO plans to contribute to the environmental preservation by offering these environmentally superior CVT in global markets.

JATCO launches production of CVTs with auxiliary gearbox at the Guangzhou Plant in China

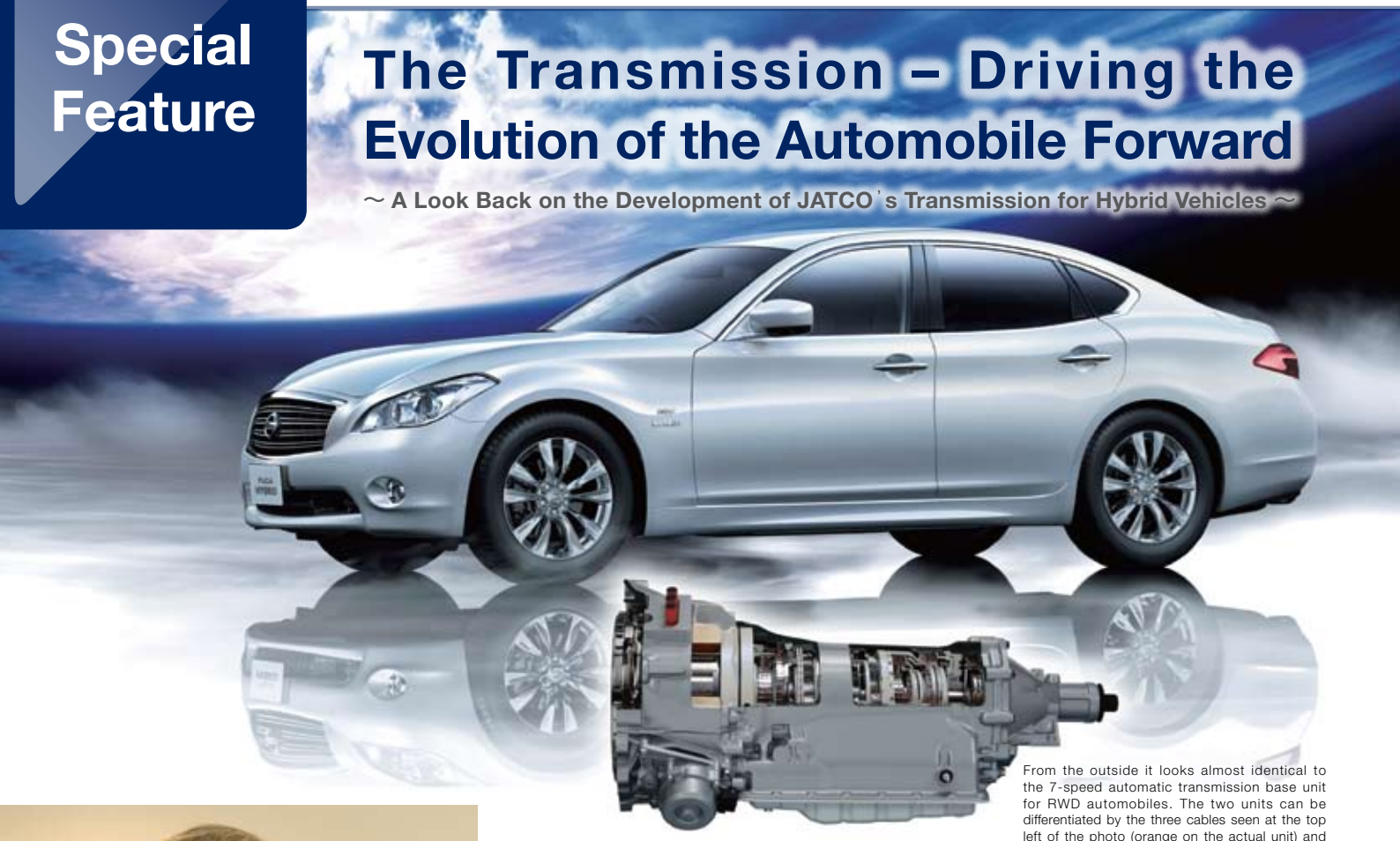
In April 2011, JATCO's manufacturing company in China JATCO (Guangzhou) Automatic Transmission Ltd. launched production of CVTs with an auxiliary gearbox. This marks the first time that the Jatco CVT7 was manufactured outside of Japan. The JATCO CVT7 is currently used in the Nissan Juke and March as well as the Suzuki Swift and Wagon R. Jatco CVT7s manufactured by JATCO (Guangzhou) will be used in the Dongfeng Motor Company's Nissan Sunny sold in the China market.

Jatco CVT7 (JF015E)

Special Feature

The Transmission – Driving the Evolution of the Automobile Forward

～A Look Back on the Development of JATCO's Transmission for Hybrid Vehicles～



From the outside it looks almost identical to the 7-speed automatic transmission base unit for RWD automobiles. The two units can be differentiated by the three cables seen at the top left of the photo (orange on the actual unit) and the engine oil pump at bottom left.

Shigeru Ishii
Manager
Project Promotion Office

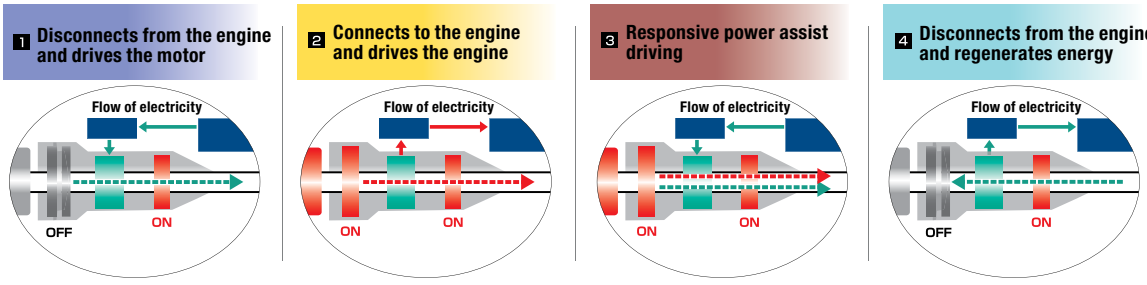
Pictured above is the Fuga—the proud flagship model of Nissan Motor Company (hereinafter, Nissan). The much anticipated hybrid version of the Fuga went on sale in Japan in 2010.
The following special feature looks back on the development process of the new transmission for hybrid vehicles undertaken jointly with Nissan through an interview with the product development managers from the JATCO side—Senior Manager Shigeru Ishii with the Project Promotion Office and Manager Makoto Hattori of the Assembly Process Engineering Section in the Unit Process Engineering Department.

What is the difference between the transmission for hybrid vehicles and ordinary transmissions?

Ishii: The new JATCO transmission for hybrid vehicles, as you can see from a cross section, uses the current RWD 7-speed automatic transmissions (AT) as a base, but replaces the torque converter with 1motor and 2clutches. This 1-motor, 2-clutch system aims to improve the recovery of braking energy and enhances fuel economy at high speeds. In the conventional 1-motor, 2-clutch system, the overall length increases because a motor

Transmission Operation Pattern

The new transmission operates in the following ways by using 1motor and 2clutches for both the drive train and energy regeneration.



is added to the torque converter of the existing unit, but this new unit, which was co-developed by the development teams at JATCO and Nissan that are highly adept at advanced control technologies, resolved control issues related to the motor, clutch and oil pressure. These efforts enabled the new transmission to maintain the same size as the existing RWD 7-speed AT, making it easy to install in hybrid vehicles.

Hattori: From a manufacturing standpoint, this new transmission for hybrid vehicles is not necessarily a completely different structure. Simply put, the torque converter in the RWD 7-speed AT was replaced with a motor for a hybrid version, so it can be manufactured on the same assembly line as our existing RWD AT, with only a minor design change where the unit is transferred to a dedicated assembly line to install the motor. During the motor installation process, in addition to the motor, the electric pump, high-voltage harness and other specialized components are also installed and the insulation resistance is measured. As JATCO does simultaneous production with Nissan's Tochigi Plant, the different variations of transmissions are manufactured and shipped with the same order as Tochigi.

What types of targets were set for this project?

Ishii: Since this new unit was slated for use in Nissan's flagship Fuga, our team felt an even stronger commitment to making the unit as high quality and as high performing as possible. Outside of Japan the new unit will be used by Infiniti, Nissan's luxury vehicle brand, so in addition to achieving driving comfort on a higher dimension, we also set the target to be more competitive in terms of highway fuel economy. Honestly, initially we were a bit concerned about the degree to which the new unit would be able to achieve both of these targets, but in the end we were able to achieve not only improved highway fuel economy, but also 19.5km/liter even in 10-15 mode, which exceeded our expectations. In addition, while the focus was on improved fuel economy, there was also strong demand for enhanced drivability, and so we focused a great deal of energy on achieving a more direct feeling of acceleration where the motor provided the power. As a result, we were able to receive recognition as having helped create the world's fastest hybrid vehicle.

How did you feel about working together with Nissan Motor on the development of this transmission?

Ishii: I felt we were able to develop a strong sense of cohesion. Near the end of the project, we no longer thought this person was from Nissan or that person was from JATCO, rather we had developed into a united team, which brought us great success.

Hattori: The production side of the project felt the same way. Although we experienced a number of firsts, I feel that everyone from JATCO with development and production as well as everyone from Nissan's Tochigi Plant (assembly plant) and the motor assembly line in Nissan's Yokohama Plant really came together as a team. Even when we spun the high voltage harness cables, which are a unique feature identifiable from the hybrid unit's external appearance, we traveled to the Nissan Technical Center, the company's research and development center, as well as the Tochigi Plant to confirm, and also gathered at JATCO's Fujinomiya Plant to review the results.

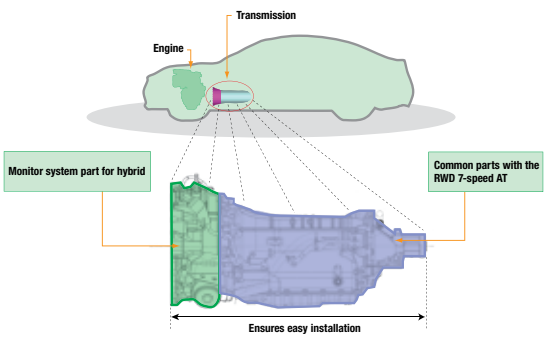
Ishii: In such a project as this one, we needed to precisely align Nissan as well as JATCO's components. Since this was the first time to mass produce a hybrid for both companies, I believe we were able to make a breakthrough in this regard by closely working together in a way that transcended organizational boundaries.

Hattori: In addition, even within JATCO internally we held cross-functional discussions across our development and production divisions, which helped move the entire process forward. I really feel that we came together as a team on the production floor, including our people from engineering, inspection and manufacturing, to make the production of this new unit a success.

Makoto Hattori
Manager
Assembly Process Engineering Section
Unit Process Engineering Department

Compact Package

The compact package achieved by using a clutch and motor in the traditional location of the torque converter makes it easier for the transmission to be installed in a variety of car models and classes.



■ **Main Car Model for the New Transmission for Hybrid Vehicles**

Nissan Fuga

In what part of the project did you face the greatest challenges?

Ishii: Generally we can utilize previous experiences when it comes to manufacturing existing units, but this time we used a lot of trial and error. For example, we needed to come up with all new designs not used in previous transmissions, such as installing additional equipment to cool off the motor in the transmission or making innovations to reduce noise from the motor, so we faced a lot of hurdles.

Hattori: The project got started right after the onset of the global financial crisis in the wake of the Lehman Shock, so we faced a lot of adversity in terms of restrictions on our spending. Because this was a unit that would be used in the Infiniti brand, we could not compromise in terms of quality, so in order to produce the unit using small-lot production with a high degree of quality while keeping costs down, we worked closely with everyone at the Fujinomiya Plant to come up with intelligent solutions. For example, we strived to identify issues at an early stage by verifying the installation of tools to be used in mass production during the trial production phase. In addition, in order to give easier-to-understand instructions for work processes on the production line, we enhanced workflow efficiency by changing the operator's board into a panel display. We made further innovations to this system, and today this panel display is being used on the production line at JATCO's Yagi Plant as well. These efforts to ensure the highest possible quality have in turn been handed down to those on the production floor.

Ishii: The greatest concern regarding the unit's development and design was small-lot production and costs. Our team worried a great deal about whether we really could produce a small-lot unit at the right price. However, since we had similar components to work with from the base RWD 7-speed AT and made innovations on the production floor, in the end we were able to achieve high performance at an optimal price. In this sense, this project incorporated a lot of common components used in existing automobiles to create a truly high performance transmission unit for hybrid vehicles, which was a great achievement. Yet, I feel we need to seek out more of these creative innovations and evolve our product development further.

Hattori: I feel the same way. I feel there are still areas where the production floor can still make more improvements. If we do not have the flexibility to manufacture a variety of different units on the same line, I believe it will be difficult for us to beat out competition globally going forward. This project incorporated the concept of mixed production on the same line as the existing 7-speed AT, and also masterfully took on the challenge of improving efficiency, as evidenced by the panel display I talked about earlier. However, there are still some places where the layout of the production line has yet to be optimized in terms of man hours, so I feel there is still room for improvement.

Ishii: Also, as we developed this new unit together with Nissan, I came to realize that there were some challenges, which we once thought could not be overcome, that we could overcome by working together with an automaker. This is why I feel it will be important to deepen our relationship with automakers further in order to refine the unit more comprehensively. Moving forward, this approach will likely accelerate.

How do you think JATCO and car manufacturing will change in the future?

Ishii: Moving forward, teamwork with JATCO's development bases around the world will become even more important, I believe. For example, consumers in Asia and North America want different things, even if it is the exact same car, so we need to plan our units based on the needs of customers in each of these regions. In order to provide attractive units in a timely manner, I think JATCO will shift to a structure where it manufactures its units in locations closer to the end market. In terms of environmental performance as well, efforts are being made in each car segment to improve fuel economy. As such, further innovation is also required in transmissions as well.

Hattori: As Mr. Ishii just said, going forward we will need to develop a structure to manufacture the high quality units demanded from our both customers in Japan and overseas. On the other hand, however, for units such as the new transmission for hybrid vehicles that are accompanied by innovative development, I believe the role of Japan, which forms the core of JATCO's development structure, will grow even more important. In order to deliver units that exceed the expectations of our customers around the world in a timely manner, I hope to leverage the experiences and knowledge gained from the development of transmission for hybrid vehicles to create products that are considerate of the environment and society.

FY 2010
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 2011 targets
Continued improvement of the Environmental Management System	Periodic reviews	■ Periodic reassessment audit ■ Internal environmental audits: 1 ■ Environmental Integration Committee meetings: 2 ■ Management reviews: 1	■ Periodic reassessment audit: Continue registration ■ Internal environmental audits: 1 ■ Environmental Integration Committee meetings: 2 ■ March plan → Implemented in April	○	■ Periodic reassessment audit: Continue registration ■ Internal environmental audits: 1 ■ Environmental Integration Committee meetings: 2 ■ Management reviews: 1
	Internal environmental auditor training	■ Required staff	■ Training completed for 9 persons	○	■ Required staff
Compliance with laws and preventive measures for environmental issues	Zero notices from the government and public offices	■ Number of notices: 0	■ Number of notices: 0	○	■ Number of notices: 0
	Continued management of significant environmental aspects	■ Percentage of periodic revisions: 100%	■ Number of periodic revisions: 100%	○	■ Number of periodic revisions: 100%
	Environmental law-related training	■ Energy conservation study sessions: 5/year	■ Energy conservation study sessions: 5/year	○	■ Number of claims: 0
	Prevention of environmental incidents	■ Class B accidents: 45	■ Class B accidents: 31	○	■ Class B accidents: 45
Effective use of resources	Implementation of energy-saving measures ■ Energy per unit of net sales (CO_2 conversion)	■ 53.9t- CO_2/100 million yen	■ 53.1t- CO_2/100 million yen	○	■ 52.9t- CO_2/100 million yen
	Implementation of waste reduction measures ■ Reduction of general waste emission rate	■ 2.0% reduction compared to FY 2009	■ 1.95% reduction compared to FY 2009*	×	■ 2.0% reduction compared to FY 2010
	■ Recycling rate	■ Maintain 100% rate	■ Maintain 100% rate	○	■ Maintain 100% rate
Technological development to reduce environmental load	Automobile fuel efficiency improvement	■ Fuel efficiency targets (friction, weight, etc.) in individual product plans: 100% achievement rate	■ Fuel efficiency targets in new development lot: 134% achievement rate ■ Average achievement rate for 4 divisions in charge: 128%	○	■ Fuel efficiency targets (friction, weight, etc.) in individual product plans: 100% achievement rate
	Reduction and management of substances with environmental load and used in products	■ Notifications and permit application decisions for EU-REACH compliance: 3/year	■ Decisions: 3 times Deemed not required based on additional announcements from the European Chemical Agency on SVHC and substances requiring permit.	○	■ Implementation rate of decisions on compliance with environmental laws [EU-REACH,EU-ELV directive, etc.]: 2 times
Coexistence with the local community, society, and nature	External disclosure of information	■ Environmental Report: published October 2010	Environmental Report: published November 2010	○	■ Publication of Environmental & Social Report
	Communication with local communities	■ Environmental press releases: 4 ■ Number of events held: 8	■ Environmental press releases: 5 ■ Number of events held in various regions: 19	○	■ Environmental and other events held: 8

Note: Did not achieve targets due to the impact of the Great East Japan Earthquake

Evaluation: ○ : Achieved target; × : Did not achieve target

Environmental Activities

Executive Environmental Manager, Executive Vice President Seiji Honda

JATCO Environmental Policy

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 state-of-the-art technology with consideration for society, nature and the Earth, so that through the development, production and sales of our transmissions, we can realize a society where automobiles and the environment coexist in harmony.

Code of Conduct

◯Plan continual improvement of our environmental management system to ensure quick and effective response to diversified environmental issues.
◯Prevent environmental problems, acting in compliance with laws and regulations.
◯Foster a corporate culture where the environment and nature are respected.
◯Consider the finite nature of resources and energy and minimize their use for each product.
◯Actively develop technology that will help reduce environmental load.
◯Endeavor to coexist amicably with the community, society and nature.

Transmission Units and the Production Floor Must Both Change in order to Accommodate the Evolution of the Automobile

The challenges JATCO faces in order to accommodate the needs of the environment, society and the automobile

As society's awareness of the environment grows stronger with each passing day, I believe the automobile will continue to evolve in two directions going forward. The first direction is the pursuit of improved fuel economy in developed countries. Today, more and more automakers are releasing hybrid, clean diesel or smaller turbocharged gasoline engines. The second direction is that demand will grow significantly for low-priced automobiles that also have advanced environmental performance in line with market growth in emerging countries. Today, JATCO is working to accommodate these two directions with units such as the transmission for hybrid vehicles, multi-step automatic transmissions, and CVTs. Given these diversifying needs, however, Monozukuri will also need to change going forward. Therefore, we need to maximize the fuel efficiency of our core CVT and automatic transmissions, supply these to markets around the world, and achieve a high standard of environmental conservation in the production process. That is, we must always continue to tackle the challenge of producing the best possible product with the least amount of energy.

Aspiring to be the most eco-friendly automotive parts manufacturer

Environmentally friendly production has already begun on a global scale at JATCO. At JATCO (Guangzhou) in China we introduced high efficiency equipment and lighting in order to develop a plant that is considerate of the environment. In addition, JATCO Mexico obtained ISO140001 certification in May 2011. Furthermore, JATCO (Thailand), which is currently under construction, plans to use the facilities that are very considerate of the environment as well as the local community.

Of course, we have also created the energy-saving diagnosis team J-ESCO to identify, propose and help implement energy-saving solutions at each of production bases in Japan. J-ESCO also conducts environmental assessments of newly introduced equipment to help us reduce our impact on the environment, as the team's environmental activities span a wide range of areas. As a result, we have steadily achieved positive results in energy and resource savings. We have consistently maintained a 100% waste recycling rate and continue to monitor our emissions of chemical substances as well. We have established a schedule to dispose of long and carefully stored waste, including polychlorinated biphenyl (PCB), and I trust we will faithfully fulfill our responsibility for appropriately disposing of this waste. In addition, in terms of our energy saving activities at our offices, we have taken an even wider range of actions after the Great East Japan Earthquake and earthquake in Eastern Shizuoka Prefecture that struck in March 2011, such as introducing a system to verify energy usage, which is in addition to our existing energy conservation activities. We are also seeking to foster energy saving mindsets among our employees.

The future of JATCO's Monozukuri

In aiming to achieve a greater reduction of our future impact on the environment, first we will return to our roots of Monozukuri to completely eliminate remaining loss and waste before introducing renewable energy or energy saving equipment. For example, if we can eliminate production line stoppages due to facility breakdowns, we can raise the utilization rate of the production line and improve our energy efficiency. To that end, we must rapidly promote the development of systems that closely check for any facility anomalies as well as undertake high quality scheduled maintenance.

We are currently expanding our production bases globally. Each of our production bases aspires for the exact same standards and targets in terms of environmental preservation. JATCO, in aiming to achieve its vision of realizing a society where automobiles and the environment coexist in harmony, shares its corporate philosophy and environmental policy across each of its business locations around the world as a foundation for fostering shared company-wide values. As evidenced by this, we are steadily moving forward with the needed preparations to take company-wide actions to reduce our impact on the environment globally as we move forward.

Material Balance

We strive to understand the emissions of the various substances associated with our business activities

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.

INPUT

Water resources

Water for industrial use
3,031,000 m³/year
Water supply
199,000 m³/year
Groundwater
1,140,000 m³/year

Energy

Electricity
608,443,000 kWh

Natural gas
12,751,000 m³
LPG
6,363 tons

JATCO

Offices | R&D | Procurement

Production plants (production process)

Materials

Machining

Sub Assembly

Further details
Production Process P.25

Further details
Product Initiatives P.17

Further details
Working with Suppliers P.35

We conduct a consistently efficient and high-quality manufacturing process from raw materials to the assembled product.
Furthermore, we strive meticulously to reduce environmental load at every stage of the manufacturing process.

OUTPUT

CO_2 emissions
327,029tons-CO_2

Gas emissions
manufacturing stage
302,000 Nm³

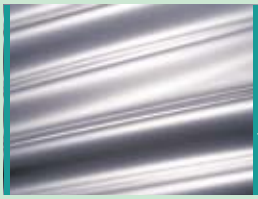
Water discharge
2,774,000m³

Raw materials

Kerosene
14,519 kL/year

Others
304 kL

Aluminum
41,000 tons/year



Steel/ Steel plate
104,000 tons/year

*Photograph is for illustration purposes only

Main Assembly

Final Test

Further details
Production Process
P. 21

Product Transportation

- Truck
- Ship
- Air
- Rail

Further details
Distribution Efforts
P. 27

Delivery Destination
Global Automakers Assembly Factory

Users

Directly reclaimed **waste**
360tons

*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

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, and the Environmental Management Manager ensuring that EMS activities are adequate and implemented in an effective manner.

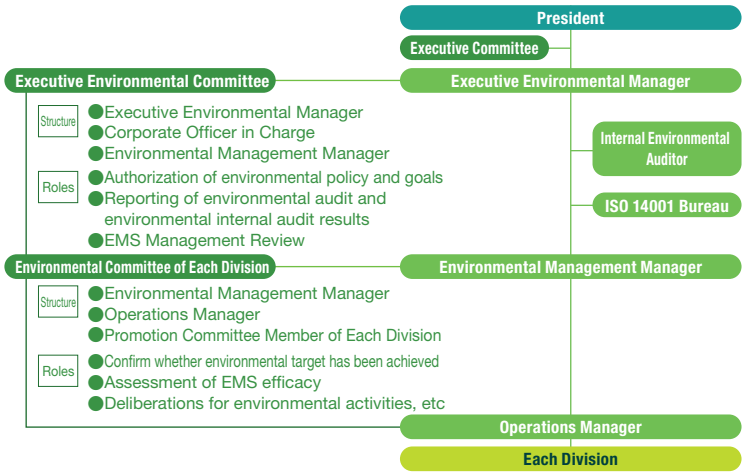
In this way, JATCO's approach to EMS is quite unique because we can unify and strengthen the direction of the company across multiple production sites and functions to implement the same EMS activities. In addition, establishing an Environmental Committee at each production site and division enables 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. As for our overseas production bases, JATCO Mexico acquired ISO14001 certification in May 2011, while JATCO Guangzhou is currently in the process of developing an EMS.

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.

■ Environmental Management Implementation Organizational Chart



JATCO Voice

What can I do?

I am currently in charge of on our EMS Secretariat and promoting activities that are considerate of the environment, such as energy-saving and resource-saving initiatives. As such, I have many opportunities to encourage our employees to help out in our efforts to save both energy and resources. I believe that personally I am exerting my best efforts to do what I can, but there are times when I think I need to become a stoic.

The automobiles in which our transmissions are installed are used by countless customers around the world. There are many areas where JATCO can improve the automobile and make contributions to the global environment, so I feel a strong sense of responsibility. Given this, our group, which is in charge of promoting energy-saving and resource-saving measures, bears an equally serious responsibility. I believe we are no longer at the point where we can be complacent and say to ourselves that I am doing what I can do to make a difference. What should we and what can we do as individuals to help safeguard the environment? What should JATCO be doing today? By promoting activities that take these questions into constant consideration, I believe that we can make contributions to protecting the global environment!

In charge of planning and promoting solutions to environmental issues

Mai Murakami

Production Engineering Management Section Production Administration Department

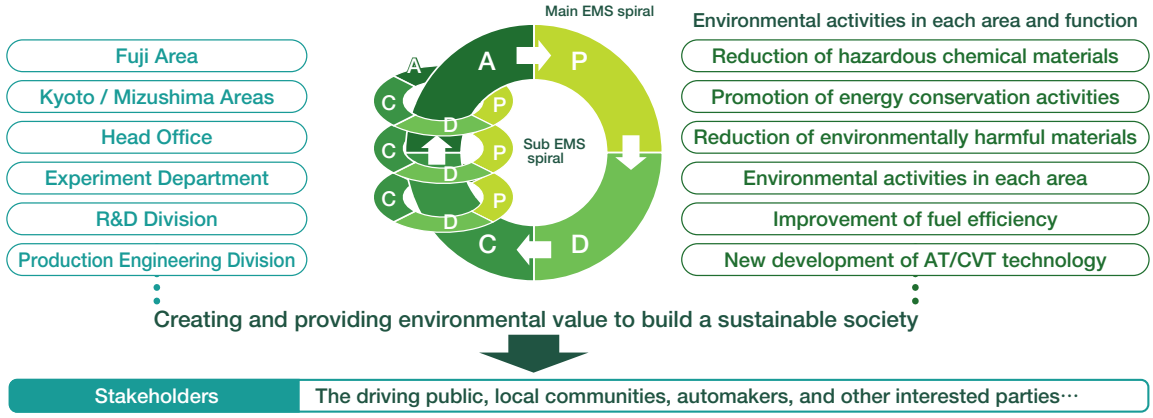
The fundamental concept behind our environmental activities

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 (function-based) activities' PDCA cycle (sub EMS spiral) is in sync with 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.

■ Overview of JATCO's Environmental Activities

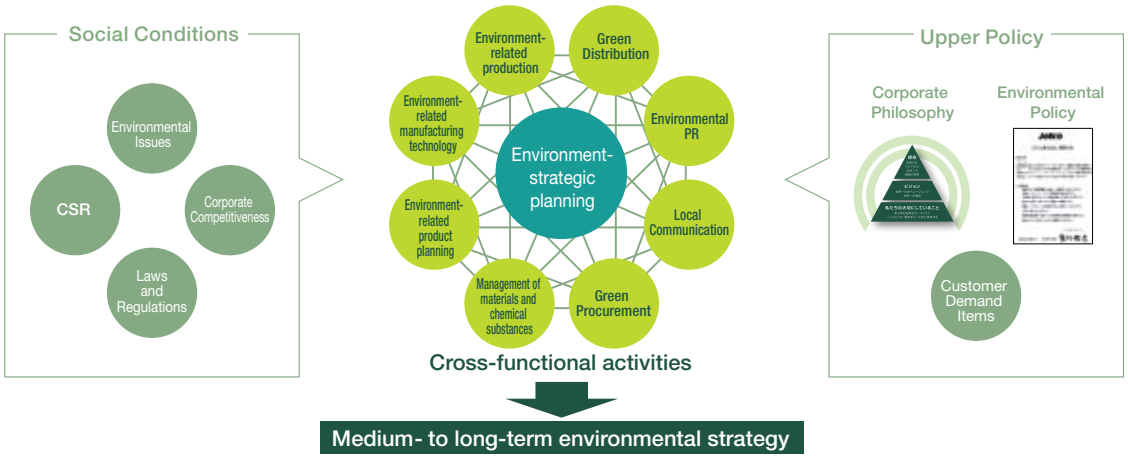


JATCO Environmental Planning Subcommittee

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.

■ Medium- to Long-Term Environmental Strategy / Promotion Diagram



Product Initiatives

Ongoing development of products with less environmental load

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 CO_2 emissions, the most crucial issue is improved fuel economy for all automobiles. In response, we have started developing 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 2.6 million CVTs in FY 2010, bringing the total number of JATCO's CVT-equipped vehicles in the market to 10 million.

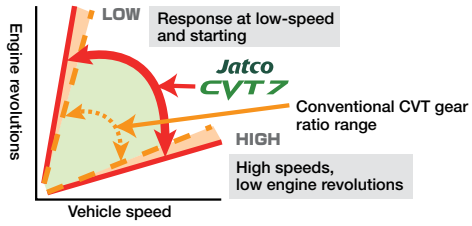
Jatco CVT7, aiming to further reduce fuel consumption

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.

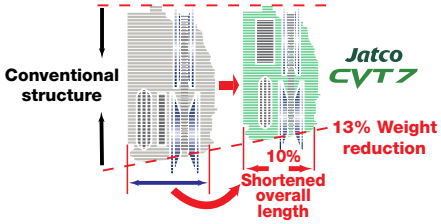
* According to our own research (AT/CVT transmissions with torque converters, as of March 2011)

< Features of the Jatco CVT7 >

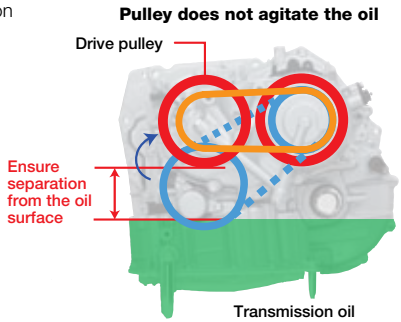
■ Improves start-line and acceleration performance using the world's widest gear ratio range



■ Reduced the overall size and weight of the unit by making pulleys more compact



■ Improves fuel economy and transmission efficiency through reduced friction

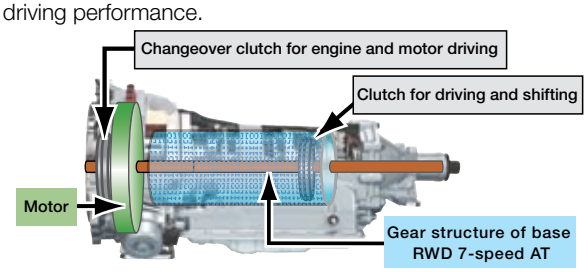


Idling stop control

Vehicles equipped with the idling stop feature automatically turn off the engine when the car is stopped, to reduce CO_2 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 1-motor 2-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.

JATCO Voice

Expanding the two-pedal transmission market

Automobile demand continues to grow in emerging countries, including Brazil, Russia, India and China. Today, these markets are still dominated by the manual transmission, but demand for the two-pedal transmission, or automatic transmission, is expected to expand going forward. I hope to help develop products that appeal to broader customer segments and expand the two-pedal transmission market by understanding the needs of our customers in each market and correctly conveying firsthand information on those markets that JATCO is looking to enter.

In charge of global marketing

Mika Sugiyama
Production Planning Department

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.

Further measures to reduce CO_2 emissions

We will pursue further technical innovations in transmissions to reduce CO_2 emissions.

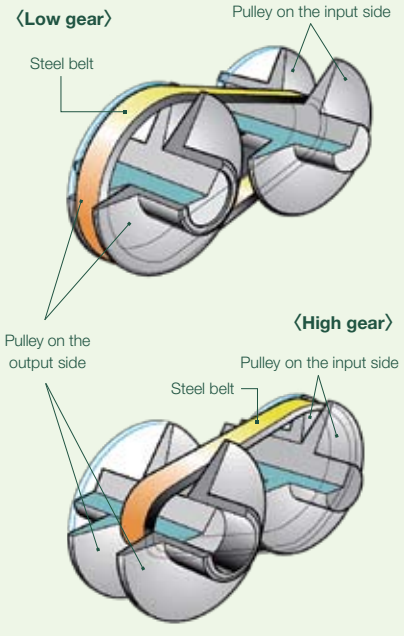
- Improvements to the belt CVT
  Improved transmission efficiency, wide-range conversion, lightweight
- Improvements to the step AT
  Multi-stepped AT, wide-range conversion, lightweight
- Control technology improvements
  Expansion of lock-up area, neutral idling control, idling stop control
- Measures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

What is a CVT?

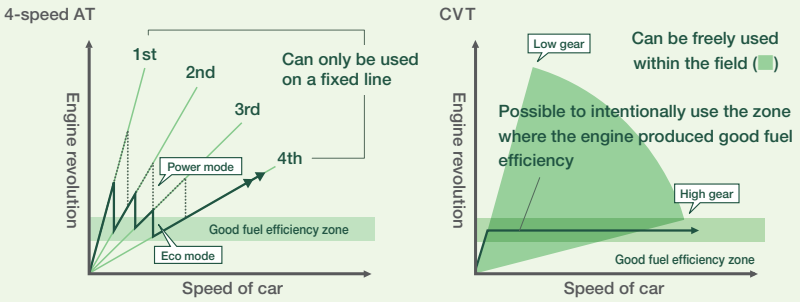
Characteristics of a CVT

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.

■ Belt CVT mechanism

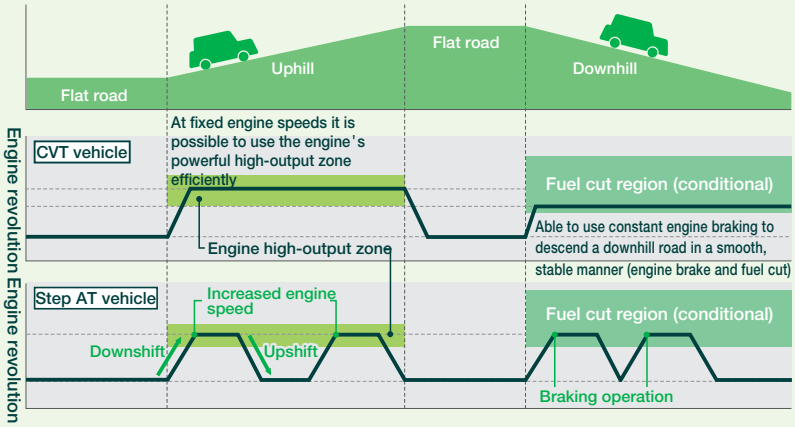


■ 4-speed AT and CVT efficiency range



CVTs and Engine Coordinated Control

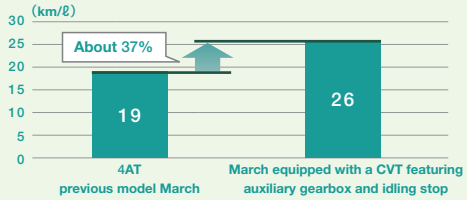
CVTs can easily select the most suitable gear for the driving conditions, making it possible to adjust flexibly to differing driving styles, reducing fuel consumption.



Fuel efficiency

Nissan March fitted with a Jatco CVT7 (equipped with idling stop) has achieved a 37% improvement in fuel efficiency compared to the previous model (4AT) because changes were made to the engine and vehicle in addition to employing these fuel efficiency improvement technologies.

■ Improvement in fuel efficiency (Nissan March)



Product Initiatives

Promoting the reduction of environmentally hazardous substances and the "3R"s in our transmission units

JATCO is dedicated improving its recycling and reuse ratios by reducing the use of enviromental load substances from the development stage.

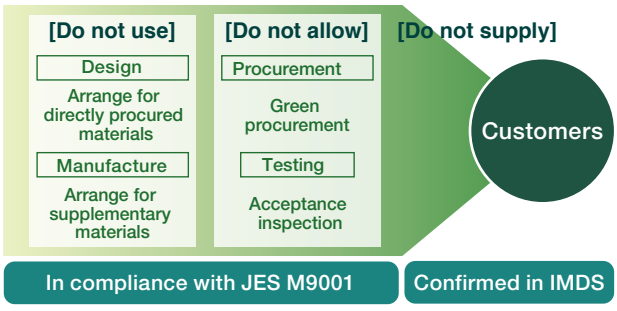
Reduction and Thorough Management of Environmentally Hazardous Substances

Management of chemical substances according to JATCO technical standards

We manage environmental load substances in transmissions according to our internal technical standard "JES M9001." JES M9001 governs the use of some 150 substance groups (2,700 substances) based on GADSL,*1 a list of controlled chemical substances common to the auto industry in Japan, the U.S. and Europe, and the Chemical Substance Control Law,*2 together with legislations from various countries. JATCO carries out appropriate reviews more than once per year to stay ahead of global environmental laws and promote the reduced use of environmentally hazardous substances.

In pursuing such reductions, it is important that we "do not use" controlled substances under JES M9001 in the design and manufacturing divisions, "do not allow" these in the procurement and inspection divisions, and "do not supply" these in the production and shipping divisions.

■Key points in initiatives to reduce use of environmentally hazardous substances



Activities to raise environmental awareness internally and externally

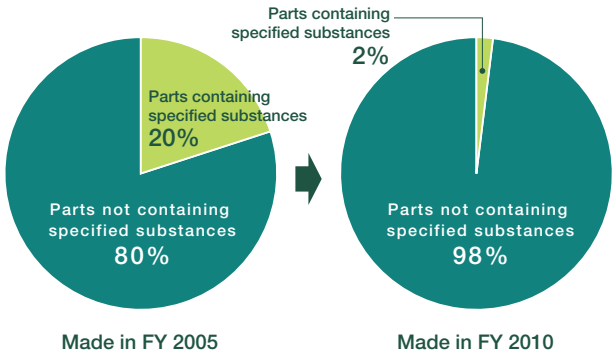
The reduction of environmentally hazardous substances is essentially a supply chain-related measure involving suppliers. In order to further raise awareness regarding the environment, JATCO stressed the importance of green procurement and initiatives to reduce hazardous substances at the JATCO Quality Forum.

Reducing parts that contain specified heavy metals

Specified heavy metals (lead, hexavalent chromium, cadmium and mercury) pollute the environment and are harmful to the human body. While parts that contain these heavy metals in transmissions accounted for some 20% of the belt CVT for medium FWD vehicles made in FY 2005, this was slashed to 2% in the model made in FY 2010 through systematic implementation of activities aimed at reducing the use of environmentally hazardous materials. The ratio of such metals in parts has been reduced to 1.7% for the hybrid RWD 7-speed AT.

The remaining parts which contain specified heavy metals are those that are permitted by law. JATCO, however, is pursuing development of alternative substances so as to reduce the load on the environment.

■Trends in Percentage of med-sized FWD Vehicle Belt CVT Parts Number Containing Specified Substances



Raising environmental awareness at the Quality Forum

JATCO Voice

Environmental quality is a must-have quality for all products

With additions to substances of very high concern (SVHC) and the determination of new designated chemical substances in EU-REACH regulations, the number of chemical substances subject to closer management scrutiny is increasing with each passing year. Automobile recycling laws and regulations on environmental load substances have been developed in emerging countries as well, meaning that demand has grown for products that fulfill and are compliant with laws and regulations globally. We stand committed to being a leader in the supply chain and promoting proper chemical substance management so that the CVT and AT units manufactured at each of our production bases around the world comply with environmental laws and regulations.

In charge of compliance with environmental laws and regulations

Hiroshi Teshigawara
Engineering Administration Department

Glossary

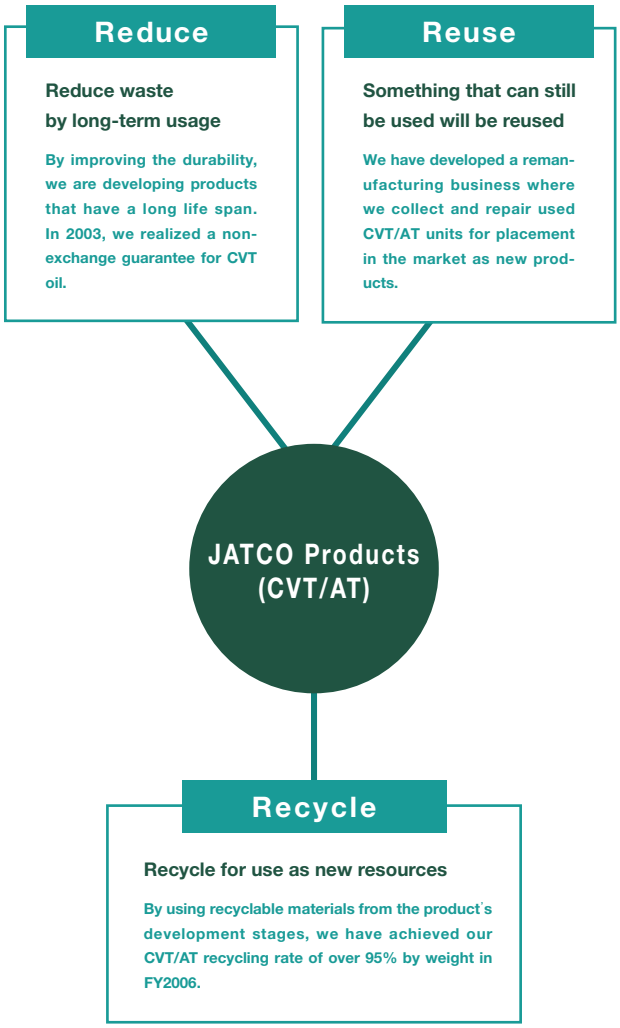
*1 GADSL: Global Automotive Declarable Substance List *2 Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc
*3 IMDS: International Material Data System

Promotion of reuse of resources that had been discarded

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

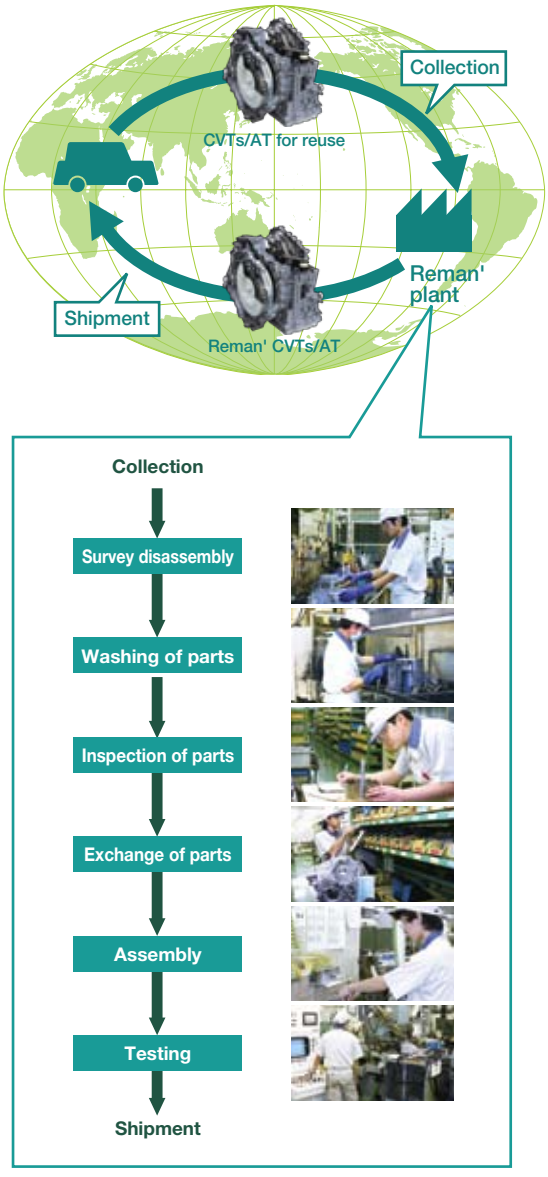


Remanufacturing system

Since 1989, Remanufacturing Operations has been collecting CVT/AT 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 Operations 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 advancing with upgrades of technologies and facilities

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 Production System) is a no-waste system where each process of "purchasing materials, machining, assembly, and shipment" flows smoothly and promptly in a streamlined manner.

■ JEPS Activity Conceptual Diagram

Target of JEPS

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

(1) Unlimited synchronization with our customers - QCD

Q: to synchronize QUALITY that emphasizes the value desired by our customers;

C: to synchronize COSTS by offering reasonably price 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 improvements and innovations, we can raise the level of efficiency and process efficacy of production.

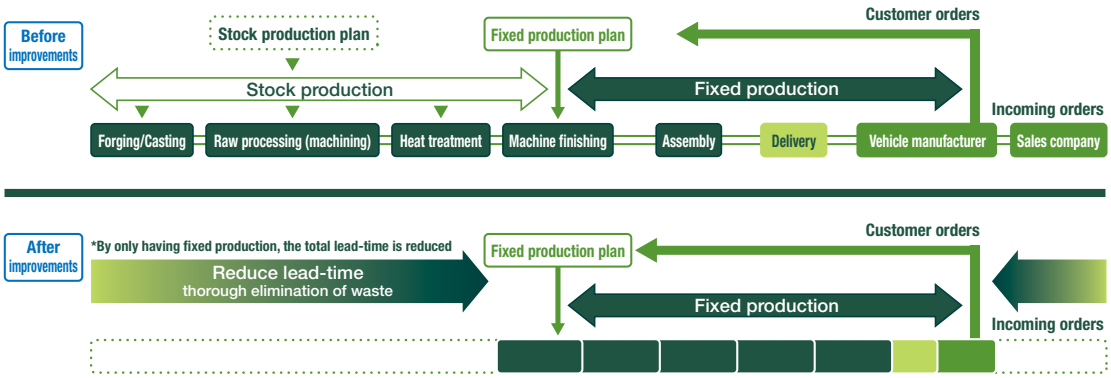
JEPS Innovation

In pursuit of achieving the two "unlimiteds," JATCO has placed FY 2011 as the starting point for JEPS Innovation and shall continue with innovations to its Monozukuri processes.

As part of this, we shall rebuild the JATCO management system by integrating the Environmental Management System and the Quality Management System.

With the rebuilt system as the base, JATCO will deploy its Monozukuri in the global supply chain including those overseas using JEPS as the standard. At the same time, JATCO aims to optimize the flow of goods and information by increasing the effectiveness and efficiency of manufacturing processes so as to promote savings in energy and resources and in turn contribute to 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 CO_2 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.

CO_2 reduction through the usage of compact, lightweight parts

In FY 2010 CO_2 emissions	300 tons

JATCO has employed compact, lightweight parts for the Jatco CVT7 introduced in 2009.

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. CO_2 emissions generated during parts production were thus substantially reduced and it is now possible to reduce emissions by 300 tons per year.

Reduced thickness transmission case

CO_2 reduction to the machining/heat treatment line through production design

In FY 2010 CO_2 emissions	860 tons

The Production Technology Division was involved in the product design of Jatco CVT 7 from its early product development stage. This new CVT went into production in 2009, and production is now being largely expanded. 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 CO_2 emissions by approximately 860 tons per year.

■ Reduction in CO_2 emissions by production design

Machining line	Conventional line	New line	
Number of machines	49units	27 units	▲43%
Annual CO_2 emissions	834 t / year	497 t / year	▲40%

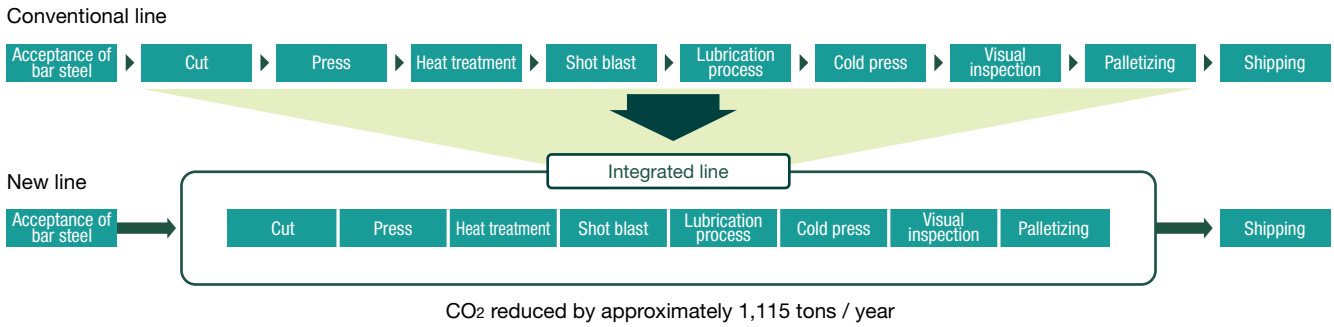
Heat treatment line	Conventional line	New line	
Cycle time	100%	66.7%	▲33%
Annual CO_2 emissions	1,561 t / year	1,041 t / year	▲33%

Reduced CO_2 emissions using residual heat from the forging process

In FY 2010 CO_2 emissions	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 CO_2 emissions by approx. 1,115 tons per year.

■ Forging process integrated line



CO_2 reduced by approximately 1,115 tons / year

Production Process

We are making improvements to our production technology in order to create a production line with lower environmental load

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

CO_2 reduction by reducing the final tester

In FY 2010 CO_2 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 in-process), shortening the final tester cycle time. The number of final testers required has been halved, reducing CO_2 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.

CO_2 emissions reduction through shortening of the newly developed Jatco CVT8 unit lead time

As far as the production process and method for the Jatco CVT8 are concerned, we are making strides in controlling CO_2 emissions through further review of existing processes and methods and by significantly reducing the production lead time.

We are aiming to achieve a higher target by through bold proposals for all parts the Production Technology Division handles and by collaborating with the R&D and Production divisions.

Utilizing direct mold carving to reduce environmental load

In FY 2010 CO_2 emissions reduced by approx.	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 CO_2 emissions of 40 tons annually, and has significantly reduced the amount of industrial waste.

Die-casts fabricated using the direct mold carving process

Pursuing revolutionary technological development

In addition to the aforementioned initiatives, the Production Technology Division has been taking on the challenge of enabling further technological breakthroughs in initiatives. These measures include purchasing of molten metal for die-casting, elimination of the shaving process for gears, development of next-generation vacuum carburizing furnaces, and lightening of unit weights through the use of thin-wall die-casting and new materials.

The scope of technological development is not limited to production lines but also includes activities to develop elemental technologies for bringing about innovation in parts and units. The division aims to successfully develop the next version of units as well as highly efficient next-generation units based on these activities. Product development from the Production Division can also contribute to reduction in environmental loads.

JATCO Voice

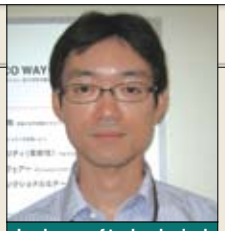
Achieve clean and green society with technology

I am involved in development of fundamental technologies and production process technologies required for enabling highly efficient next-generation mobility in a sustainable society.

We are developing technologies that lead to the reduction of environmental loads with an eye on the future, by recognizing the needs of customers as well as society and by having in-depth meetings with the development divisions from the planning stage for the next-generation unit. We handle numerous assignments ranging from advance technological development related to product specs to improving efficiency of internal processes.

For example, we propose ideas on how to incorporate specs that improve fuel efficiency into the production line, which spec would be easier to build and how we can shorten the process, and work towards actual implementation.

I would like to continue taking on challenges so that we can be the driving force of Monozukuri and to build vehicles that enable drivers to practice eco-friendly driving without undue worries while pursuing superior performance as a car. Not only automobiles but also technologies, processes and people which create products will continue evolving.



In charge of technological development

Koji Yoshida

Basic Development Section, Production Strategy Department

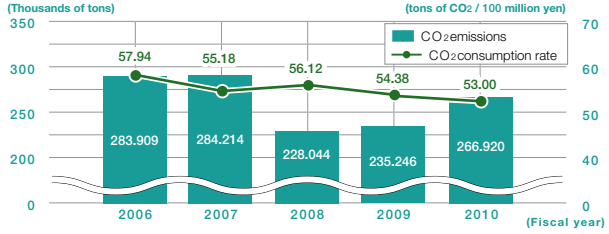
Energy efficiency activities undertaken at the facilities

CO_2 reduction targets

In FY 2010 CO_2 emissions were approx.	266,920 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 2010 resulted in CO_2 emissions of approximately 266,920 tons. CO_2 consumption rate* was approximately 53.0 tons / 100 million yen. Using 2005 levels as a standard, this is an improvement of 19.6%. Our aim for 2011 is to achieve 52.9 tons of CO_2 / 100 million yen.

■ CO_2 Emissions and CO_2 Intensity Trends



Energy-saving activities at all sites

In FY 2010 CO_2 emissions were reduced by approx.	14,500 tons

JATCO sets CO_2 emissions reduction targets for each site, and not only those in charge of environmental conservation but a large number of employees come up with and implement energy-saving ideas. The ideas that were actually put into practice and proven to be significantly effective are featured on the internal environmental website (see p.25 for details) for sharing as well as for boosting employee motivation. The energy saving ideas implemented in FY 2010 resulted in CO_2 emission reduction of approximately 14,500 tons.

CO_2 emission reductions through lighting improvements at various factories

In FY 2010 CO_2 emissions were reduced by approx.	770 tons

CO_2 emissions reductions made through lighting improvements are one of JATCO's core energy saving measures that have been implemented systematically. Lighting is a typical "little things make a big difference"-type energy and account for a rather significant share of energy consumption at the company as a whole including factories. We have therefore made improvements to ceiling lighting in our factories. We switched to energy efficient lighting, carried out light thinning and turned off certain lights, while ensuring a bright enough environment. In FY 2010, these efforts resulted in savings of 2,059,000 kWh in power consumption, while CO_2 emissions were reduced by approximately 770 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 aluminum-melting 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.

JATCO Voice

Cooling the body and mind with a bitter gourd green curtain

As the entire company pushed ahead with summer-time energy-saving activities, our office also initiated a voluntary energy conservation measure to curb air conditioner use. We grew bitter gourd plants to cover the exterior walls of the office, creating a green curtain.

We planted 10 bitter gourd plants at the end of May and employee volunteers tended the plants on weekdays as well as on weekends. These efforts paid off and the green curtain helped in easing temperature increases in the office in the afternoons on summer days. Especially on one particularly hot day when the outside temperature was 33 degrees Celsius and the temperature by the windows without the bitter gourd curtain was 39 degrees Celsius, while it was 29 degrees Celsius by the windows covered by the plants. Moreover, the lush green of the plants was a refreshing sight for employees working here. The harvested bitter gourds were fleshy and juicy. We sold them within the company to cover the cost of fertilizer and contributed the remaining towards the relief effort for the Great East Japan Earthquake.

In chrge of quality improvement promotion

Sumio Sugimoto
Basic Development Section,
Production Strategy Department

Glossary

*1 CO_2 consumption rate: CO_2 emissions per sales (100 million yen)
*2 NAS battery: a liquid sodium and liquid sulfur storage battery using a special ceramic

Production Process

We are making improvements to our production technology in order to create a production line with lower environmental load

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.

Conducting various environmental activities

Installation of solar power generation system and rooftop greening

In FY 2010 CO_2 emissions reduced by approx.	5 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 CO_2 emissions by approximately five tons per year. In addition, we used the inherent nature of plants to lower the temperature 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

J-ESCO activities

JATCO is promoting energy saving with its energy efficiency audit team called J-ESCO (JATCO Energy Service Company). 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 CO_2 emissions. There are members on the team, appointed from among JATCO and JATCO Plant Tec's environmental energy staffs. By having efficiency experts perform audits and provide support, we are also transferring energy-saving knowledge within the company.

So far the team has been supporting energy efficiency-related efforts at factories. It is currently working on ascertaining the status of energy usage at offices.

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.

Visualization of power consumption to promote voluntary energy-saving activities

JATCO began announcing the previous day's power consumption within the company in a bid to promote energy-saving activities by visualizing our actual power use. This allows all employees to easily check the power consumption in the various regions and serves as a guide for energy saving. With this initiative, we aim to promote voluntary energy-saving activities by individual employees.

Employee awareness activity through the environmental website

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 2010". The knowledge gained from this is being spread throughout the whole company.

JATCO Voice

As a team member and as an energy-saving partner

Ever since the energy efficiency audit team (J-ESCO) was established three years ago, I have been working on energy saving activities as a member of the team. We are carrying out various activities on a daily basis to contribute to energy saving, including energy efficiency audits of facilities to identify energy loss as well as offer proposals and implementation of countermeasures with the divisions. While the energy consumption rate for the entire company has been improving every year thanks to the promotion of energy efficiency, there are still facilities where energy is being wasted. Moving forward, we, at J-ESCO, shall continue our efforts so as to transform the existing facilities into profit-earning ones through our audits using various types of energy diagnosis equipment. The team until now has been implementing energy efficiency audits mainly of production sites, and it has more or less relied on those who are actually working there for energy saving at offices. The future challenge for us at J-ESCO is to identify how to devise measures and contribute to energy efficiency activities at offices. I will devote myself to this endeavor as part of the J-ESCO team.

In charge of technological development

Yoshinori Fujita
Production Engineering Management Section, Production Administration Department

Setting easily practiced rules for separating waste

We are implementing internal activities to reduce waste by assessing whether it can be reduced, reused or used in other ways and devising ways to do this. There are some waste materials that we have no option but to dispose of. Such waste is disposed of in accordance with the established separation criteria so that it can be recycled.

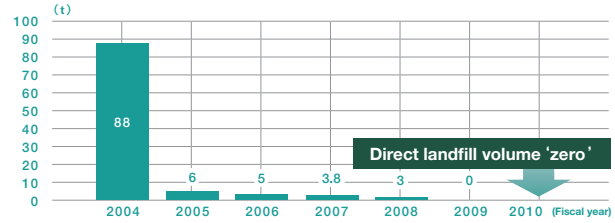
Waste reduction activities

"Zero emission" activities

In FY 2010 achieved direct landfill waste was	zero

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. As a result of these efforts, we were able to cut the amount of landfill-bound waste to zero at our business sites in Japan.

■ Trends in direct landfill waste (Japan)



Achieved 100% recycling rate

In FY 2010 achieve recycling rate was	100%

As part of its "zero emission" initiatives, JATCO is driving forward with efforts to avoid the incineration or landfill of waste and instead take measures such as thermal recycling and material recycling. 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 100% at our business sites in Japan.

All employees participate in waste reduction

In FY 2010 total waste was reduced by	11% (vs. FY 2005)

To reduce CO_2 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.

Chemical substance management activities from production processes

Managing Volatile Organic Compounds

In FY 2010 VOC emissions were reduced by	99% (vs. FY 2000)

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, we were able to achieve a 98% reduction by FY 2006 and a 99% reduction in FY 2010.

Measures against soil and groundwater contamination

As a measure to protect against soil and groundwater pollution, the use of chlorinated organic solvents was abolished. As these solvents had been used in the past, JATCO is currently monitoring its records and the environment for any signs of impact.

Eliminated the use of 3 hazardous air polluting substances

In FY 2010 3 hazardous air polluting substances were eliminated by	100% (vs. FY 2000)

In FY 2006 JATCO achieved a 100% elimination of the emissions of 3 hazardous air polluting substances*1 and maintained that success in FY 2010.

PRTR substances management

The amount of chemical substance emissions and transfers subject to PRTR*2 handled at JATCO's production sites in Japan are shown in the graph below. In FY 2010, N,N-dicyclohexylamine, 1,2,4-Trimethylbenzene, and n-hexane were added to list of controlled chemical substances based on revisions made to Chemical Substance Control Law.

■ PRTR substance handling and emissions volumes (FY 2010)

Classification	Chemical substance	Amount handled	Emissions volume			Amount of waste transfers
			atmosphere	water	soil	
Specified Class I Designated Chemical Substances	dioxin (mg-TEQ/year)	—	87.3	0	0	0.31
	benzene	1,096	1	0	0	0
Class I Designated Chemical Substances	ethylbenzene	3,519	6	0	0	0
	xylene	166,950	30	0	0	0
	N,N-dicyclohexylamine	17,212	0	0	0	11,100
	1,2,4-trimethylbenzene	181,309	0	0	0	0
	1,3,5-trimethylbenzene	2,312	39	0	0	0
	n-hexane	2,069	6	0	0	0
	toluene	48,649	40	0	0	0

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

Glossary

*1 Hazardous air pollutants: dichloromethane, trichloroethylene, tetrachloroethylene

*2 PRTR: The Pollutant Release and Transfer Register, a law to promote improved management of emissions of specific chemical substances into the environment

Distribution Efforts

Reducing the environmental loads associated with transportation

JATCO is moving forward with the rationalization of its logistics system as a means to reducing its impact on the environment from the transport of transmission components and units.

Switching to improved transportation systems

CO_2 reduction in transport

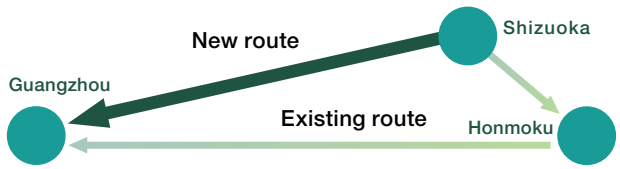
In FY 2010 CO_2 emissions were reduced by	24% (vs. FY 2006)

JATCO has worked toward achieving its Green Logistics target which called for a greater than 1% average annual reduction in the FY 2006 level of CO_2 emissions relating to logistics in Japan by FY 2010. In FY 2010 we achieved a 12% reduction over the previous year, and an average reduction of 6% over the five-year period.

*CO_2 emissions (tons of CO_2) ÷ cargo transport volume (tons·km)

Establishment of Fuji KD Center

In December 2010, JATCO together with Suzuyo & Co., Ltd. and Nissan Motor Co., Ltd. established the Fuji KD Center to enable further modal shift (reduction in land transport) and local economy revitalization through expanded use of Shimizu Port. The move reduces CO_2 emissions by shortening the distance of land transport, by changing the land transport route of China's Guangzhou-bound cargo from Fuji-Honmoku (Yokohama) to Fuji-Shimizu.



Modal shift

To reduce CO_2 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 CO_2 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, the dairy shipment volume of seven 10 ton trucks was reduced to 16 containers, cutting CO_2 by 83.3%* annually. We will continue to promote this modal shift and reduce the number of trucks required to achieve load efficiency.

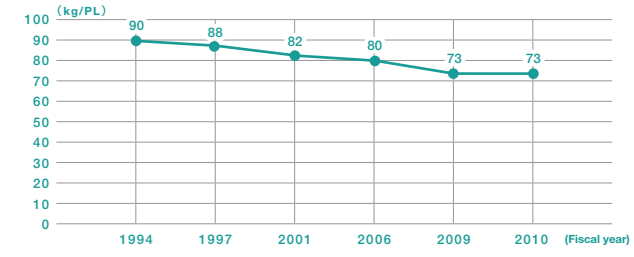
*The comparison between truck transport of 3,276 tons-CO_2 and JR train transportation of 546 tons-CO_2 (research conducted by the Japan Freight Railway Company).

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 are simple, returnable and recyclable.

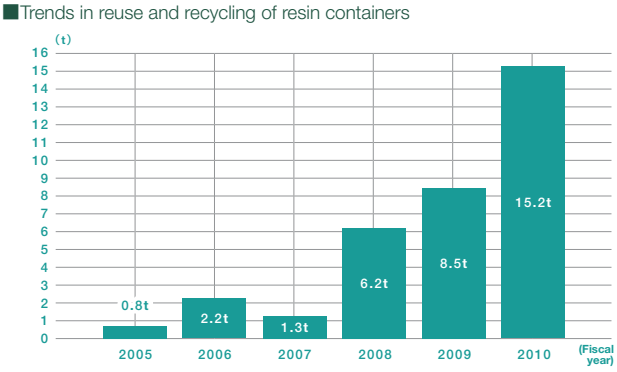
■Trends in the weight of pallets



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



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 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.

Disclosure in the website

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

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

Communication activities centred on interaction

Eco Run Challenge

In November 2010, JATCO held the Eco Run Challenge using Nissan March fitted with the Jatco CVT7. The event covers a total distance of about 1,000 km on a round trip between JATCO's Atsugi district and Yagi district, and is aimed at enabling employees to experience the CVT's superior fuel efficiency and to publicize it outside the company. We broadcast the event using social media such as Ustream and Twitter and received a great deal of encouragement from people throughout Japan and around the world.

【Overall score】

Total distance: 993.6 km

Total fuel consumption: 32.2 liters

Overall fuel consumption rate: 30.8 km/liter

Eco Run Challenge

Participation at Automotive Engineering Exposition 2010

During May 19 – 21, 2010, JATCO participated in the Automotive Engineering Exposition 2010, held at PACIFICO Yokohama. Many people passed through the booth to see JATCO's full lineup of CVTs for mini cars, including Jatco CVT7, up to large 3.5 liter class vehicles, and also to learn more about our initiatives to improve CVT performance and reduce environmental loads.

JATCO's booth at the Automotive Engineering Exposition

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

Every year since 1999, we have been inviting local kindergarten students to help release juvenile Ayu fish into the Tajuku River as a way to restock the fish population. This year's event, the 12th, took place at the Sakaemachi Children's Playground. A large number of kindergarten children participated in the event and helped to release around 400 fish fry. The juvenile fish were purchased with the proceeds from an in-house aluminum can recycling program.

Children releasing juvenile fish into the river

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.These activities were performed on July 4, 2010 with many 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

Environmental Conservation Activi

JATCO's sites around the world are each joining in initiatives to reduce our environmental load.

Mexico

At JATCO Mexico, employees are highly motivated to address global environmental protection issues as a key social responsibility of the company.

JATCO Mexico's environmental management system

Since its establishment in April 2003, JATCO Mexico has been engaged in a variety of environmental activities, including establishing environmental policies, conserving energy from the power supply side, and improving the company's recycling rate through waste sorting. In particular, starting in 2009 the company worked to construct an environmental management system, which underwent a review in March 2010 and obtained ISO14001 certification in May 2011. Moving forward, JATCO Mexico will operate this system as it strives for continuous improvement and works to achieve "A society where automobiles and the environment can coexist in harmony".

The company has set up three committees to operate its environmental management system: the Environmental Committee, the Environmental Legal Requirements Subcommittee, and the Energy Conservation Subcommittee.

The Environmental Committee is composed of representatives from each department and is headed by the company President and Vice-President. The Committee comprehensively debates, assesses, and tracks activities related to the environment. The Environmental Legal Requirements Subcommittee is comprised of managers in charge of the environment as well as members drawn from production, occupational safety and health, finance, and other departments. The Subcommittee determines, assesses, and applies legal and other requirements pertaining to the environment. Finally, the Energy Conservation Subcommittee deliberates and promotes the efficient management of electrical power, water, gas, and other power sources at each shop.

ISO14001 certificate


Key members behind construction of the environmental management system

Continuous improvement initiatives at JATCO Mexico

JATCO Mexico establishes environmental objectives every fiscal year as the company seeks to reduce its environmental load. The company also subjects its environmental management system to continuous improvement, conducting an annual review and setting objectives for the next fiscal year.

Items	Base year performance (base FY)	2010		Evaluation
		Targets	Results	
Determination of applicable legal items	—	100%	100%	○
Reduction in general waste generated per unit*	0.45 Kg (2009)	10% reduction (compared to base FY) 0.405 Kg	33.3% reduction 0.300 Kg	○
Reduction in industrial waste generated per unit*	79.44Kg (2008)	10% reduction (compared to base FY) 71.5 Kg	17.2% reduction 65.77 Kg	○
Efficient use of electricity per unit*	153.17kwh (2008)	153.17 kwh	7.4% reduction 141.83 kwh	○
Reduction in volume of water consumed per component in the casting process	0.063 m^3 (2008)	3% reduction (compared to base FY) 0.0611 m^3/pza	26.3% reduction 0.0464 m^3/pza	○

* Units produced: Generated per unit of CVTs produced

Evaluation/○:Achieved target: ×:Did not achieve target

ties Overseas

China

JATCO Guangzhou conducts environmental assessments for new equipment and construction taking place at the plant to preserve as much beautiful nature as possible for future generations. The company also adheres to Guangzhou Environmental Protection Agency regulations.

We conducted environmental assessments to achieve a factory with low environmental burden.

To meet increasing demand, JATCO Guangzhou is undertaking new construction aimed at expanding the existing factory, with new operations set to begin in April 2012. The company has performed construction to expand the factory twice so far, including new construction in 2009. At both times, the company conducted environmental assessments to understand the factory's impact on the local environment. The assessments investigated elements including factory wastewater, exhaust gases, and environmental loads arising from production processes. With the subsequent approval of the Guangzhou Environmental Protection Agency, JATCO Guangzhou drew upon the results of the assessments during construction at the factory. Since the first expansion project, the company has worked particularly hard to introduce energy efficient equipment in every building, starting with high-efficiency lighting. Moreover, recently the company has been tackling energy conservation not only in the development of infrastructure but also as a day-to-day improvement activity, launching improvements such as reducing unneeded lighting in offices and managing the temperature of air conditioning. In this way, JATCO Guangzhou will achieve clean operations in line with China's regulations.

In addition, JATCO Guangzhou launched a recycling system along with the construction of its factory, to address wastes such as aluminum spent chips, plastics, and cardboard. As a result, the company has been able to achieve its current 70% recycling rate. At present JATCO Guangzhou is pushing forward with activities that deal with the new increase in waste accompanying factory expansion.

Thailand

JATCO Thailand, which is scheduled to start production in 2013, aims to lessen its environmental impact through measures under the banner "JATCO Thailand Green Action," as follows.

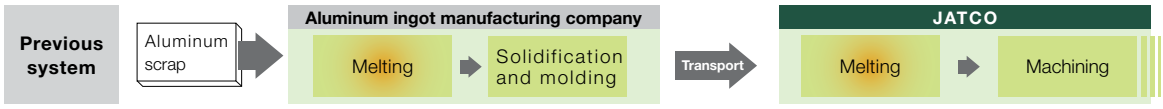
1. Purchase molten metal instead of aluminum ingots
2. Introduce vacuum carburizing heat treatment equipment
3. Treat plant wastewater
4. Recycle resources through separation and collection
5. Maximize greenery on plant grounds

Among these, the purchase of molten aluminum is particularly unique. JATCO Thailand takes advantage of ingots from an adjacent ingot casting company. By using the molten metal as-is in plant's equipment, the scheme reduces CO_2 that would otherwise be produced during the re-melting process.

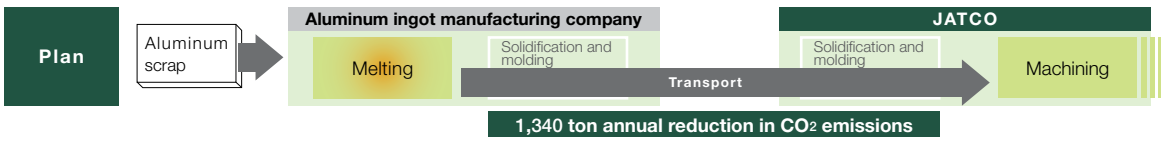
In this way, JATCO Thailand is striving for environmentally friendly improvements together with local businesses.

■ Purchasing system for molten aluminum ingots

Aluminum molded by an aluminum ingot manufacturing company was re-melted by JATCO and used to make components.



JATCO purchases molten aluminum still in a liquid state from the aluminum ingot manufacturing company, which conserves energy by eliminating the need to solidify and re-melt the same aluminum.



Social Activities

Corporate Vice President Takeshi Kitajo

[JATCO's various stakeholders]

JATCO Recognizes the Importance of its People in Continuing to Provide Value Added Transmission Units that Meet the Needs of Global Markets

The growth of each and every employee produces a relationship of trust

As demands today call for a higher level of environmental performance from automobiles, JATCO's transmission units are required in many markets around the world, including developed countries and emerging countries alike. In order to continually meet the expectations of these markets, it will be critical to provide superior transmission units at a lower cost and in a speedier manner. To that end, JATCO must continue to tackle even greater challenges.

JATCO values its employees so much that it refers to them as "human assets." We also value the diversity of each and every individual that is part of the JATCO family, and we strategically promote building positive workplace environments so that we can utilize the strengths of every employee to the maximum extent possible in striving to achieve the shared goal of sustainable growth. We believe that the constant evolution and spirit to take on challenges exhibited by our employees will provide the impetus for JATCO to achieve sustainable growth and by extension foster relationships of trust with its stakeholders.

Building relationships with the local community first begins by making employees proud of the company

In order to build relationships of trust with our stakeholders, it will also be equally important to develop positive relationships with the local community as a good corporate citizen. For JATCO to be a company that is well regarded by the local community and local residents, however, first we need to be a company that our employees are proud of. Employees that have pride in their company and that are active as good corporate citizens with positive character in the local community will help foster a relationship of trust with society, I believe. JATCO actively supports the social contribution activities of each and every one of its employees by providing facilities for these activities and giving plant tours and sponsoring hands-on events, in essence undertaking uniquely JATCO social contribution activities that leverage the resources cultivated from our business activities. Going forward, we wish to contribute to the sustainable development of society in order to pass on a rich and diverse world to future generations.

Keys to making further progress

Collaboration with our suppliers, which provide us with components, as well as our automaker customers is absolutely essential to our business activities. The Great East Japan Earthquake that struck Japan on March 11, 2011 brought about significant damages to the plants of JATCO's supplier and customer companies. JATCO strived to provide information on production and to ascertain the damages of each of its business locations as well as to provide assistance to restore the operations of damaged companies. In the earthquake that struck Eastern Shizuoka Prefecture later in March 2011, this time JATCO's facilities suffered heavy damages and its customer as well as supplier companies came to the rescue to provide significant amounts of assistance to restore operations at our affected plants. As a member of the supply chain, today I now feel a renewed sense of importance in inter-company collaboration.

In the wake of these earthquakes, we implemented our business continuity plan (BCP), which we had formulated to ensure that the company could continue to facilitate its operations even during a major natural disaster, and our employees came together in making efforts to ensure that we were able to continue to provide our transmission units to our customers in a speedy manner. The bond of solidarity and experiences in overcoming these crises will without a doubt act as an important foothold for our future progress. Going forward, together with its stakeholders JATCO will continue to promote the growth of its people in order to provide value to its customers, automotive culture and society.

Responding to emergencies

Planning for accidents and disasters to create thorough readiness

Preparing for emergencies

JATCO has prepared countermeasures against major impacts on production and supply caused by disasters such as earthquakes, as well as epidemics, accidents, and other unforeseen troubles.

Initiatives toward BCM*

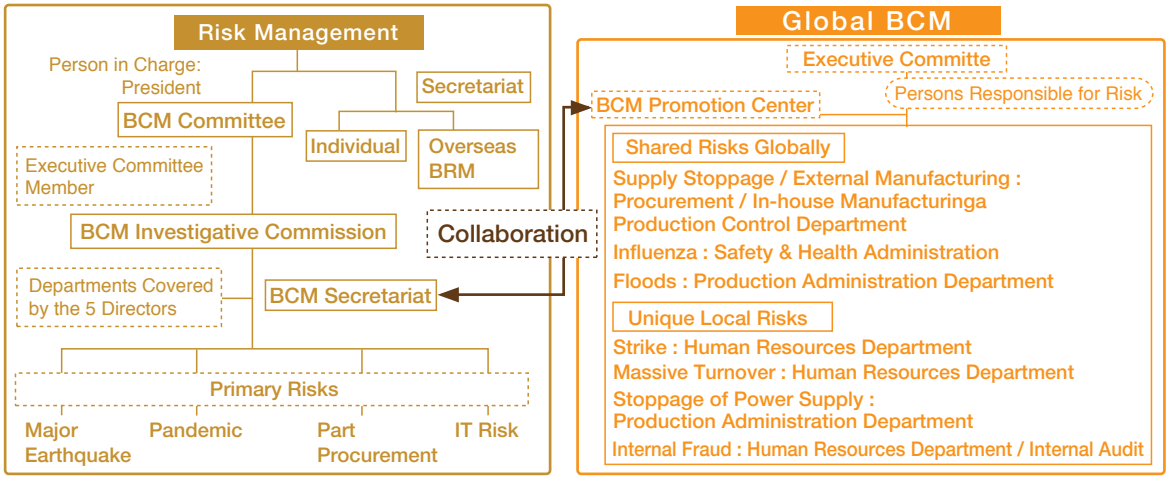
Dealing with major earthquakes

As one component of BCM, JATCO conducts disaster prevention activities aimed at first-response rescue, secondary disaster prevention, and speedy and effective recovery, all directed toward major (seismic intensity 6 or higher) earthquakes feared to strike sometime in the near future.

As a first-response measure, in March 2010 we completed preparations for an emergency earthquake notification system. We further enabled a system in workplaces to confirm employees' safety after an incident, and worked to shorten the time required to complete confirmations. Moreover, the disaster training we conduct every year incorporates the activities of our in-house firefighting team and involves participation by all employees.

As one recovery measure, from FY 2008 we have conducted BCM training for all relevant divisions. In this training, each division coordinates among themselves to find solutions to anticipated problems facing business recovery, based on damage assumptions from an earthquake. This includes dealing with automobile manufacturers, suppliers, the community, and the media. Through repetition of such training, we aim to ensure a rapid response. In addition, experiences gained from this BCM development process are also utilized in the BCM development process of our overseas production bases including Mexico and China, indicating that the JATCO Group is steadfastly committed to implementing BCM across all of its operations globally.

■BCM Promotion Organization



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.

Response to the Great East Japan Earthquake

While JATCO itself suffered only minor damage in the Great East Japan Earthquake on March 11, 2011, there was a major impact on our automaker customers and our suppliers. In addition, the seismic intensity 6 East Shizuoka Earthquake that occurred on March 15, 2011 caused considerable damage to our facilities and equipment, especially at our Fujinomiya Plant. We enacted measures as follows in response to the earthquakes and to deal with subsequent recovery.

Response inside and outside the company

Internal response

When the Great East Japan Earthquake struck on March 11, JATCO was able to confirm the safety of its employees and damages to its facilities within the first 10 minutes, and 20 minutes after the earthquake, JATCO had set up a BCM Headquarters and issued a BCM proclamation. Fortunately only minor physical damage was suffered in the Great East Japan Earthquake, but the March 15 earthquake that struck the eastern region of Shizuoka Prefecture resulted in significant physical damage, including to plant equipment, a roof collapse, fallen pipes and other damages.

Looking back on our emergency response after the earthquakes, we identified a wide range of issues that we could not have foreseen in our initial BCM, such as the fact that no detailed rules had been stipulated on confirming employee safety when telephone service is interrupted, our emergency response for power outages and night-time shifts, as well as our response during a tsunami.

Afterwards, we utilized our experiences from these earthquakes to conduct a review on our specific response measures to address these issues. In consideration of the tsunami that resulted in unheard of devastation after the Great East Japan Earthquake, we carried out a rethinking of the location of our evacuation shelters since some of our business locations are located in close proximity to the ocean. In addition, we also established rules for workers stranded and unable to return home, confirmed our procedures for dealing with disasters occurring at night, re-examined our placement of power sources, and created a contact network to deal with interruptions in phone service.


BCM Headquarters

Collaborating with customers and suppliers

The two earthquakes on March 11 and March 15 resulted in major damage to the production sites of our automaker customers, as well as to the factories of the companies that supply us with components. JATCO promptly dispatched employees to these companies' sites to assess the damage. Using the company portal website, our employees provided ongoing information to suppliers regarding our status and production outlook, while actively offering support for the recovery of the damaged companies.

In addition, not only each JATCO area, but many automakers and suppliers came to our aid to help the recovery work taking place at the JATCO Fujinomiya Plant, which suffered significant damage in the March 15 earthquake.

Drawing on the lessons of the earthquake, we prepared a contact network and organized our customer and supplier data so as to allow faster collection of information. In addition, we began training core personnel at each site in preparation for the contingency of disaster damage at multiple JATCO sites.


Group picture of the support team

Glossary

BCM: An abbreviation for "Business Continuity Management," which refers to creating a business continuity plan (BCP) and conducting training exercises under this plan in preparation for addressing a situation where the company can no longer continue to operate due to a large-scale natural disaster or pandemic.

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.

JATCO's commitment to maintaining and strengthening its cooperative relationships with suppliers as well as contributing to the development of society

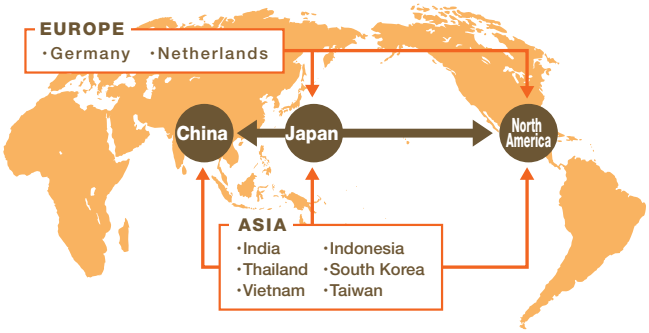
Based upon our relationship of trust with our suppliers, JATCO is working toward our shared growth and the achievement of a society where automobiles and the environment coexist in harmony.

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 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.



Environment-related initiatives

Activities in FY 2010

JATCO manages substances with environmental loads in its products based on the JES M9001 technical standards that regulate the use of specified substances. In FY 2010, we continued to pursue activities under this program together with suppliers, centered on the three items discussed below.

1. **Global implementation of JATCO's Green Procurement Guidelines**
   We manage substances with environmental loads on a global basis including the Japanese headquarters and overseas affiliated companies.
2. **Standardizing the application of Green Procurement to new suppliers**
   We promote management of substances with environmental loads at new suppliers by asking them to submit Green Procurement-related documents.
3. **Conformance with the EU-REACH Regulation**
   We have expanded the scope of items under management to include not only the data on chemical substances in products but data on chemical substances in shipping parts and in packaging materials for transport and more recently supplies used in the production process (such as stationery including magic markers). We will continue with our persistent efforts to reduce the use of environmental load substances.

Activities in FY 2011

JATCO will further promote Green Procurement activities in response to rising environmental consciousness around the world.

In addition, we commend excellent suppliers which recognize JATCO's aspiration to achieve a society where "automobiles and the environment coexist in harmony" and cooperate in our endeavors. Starting from FY 2011, we decided to commend suppliers which made contributions to business locations in Japan, Mexico and China, in addition to our global commendations. We include contributions to environmental conservation from various aspects in the selection criteria for commendation, with the aim of deepening a win-win relationship with our suppliers.

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

FY 2010 Development Award

JATCO has been working to improve vehicle fuel efficiency through the development and manufacturing of automatic transmissions. NSK supplies bearings and clutches for JATCO's transmissions and has participated in joint development programs on a medium- to long-term basis to improve fuel efficiency. JATCO has been studying our products from the perspective of how to utilize our strengths in their automatic transmissions, and we feel its sincere attitude towards environmental issues. In the previous fiscal year, JATCO adopted our clutch with reduced friction loss and we were able to contribute to improving the efficiency of the transmission. By continuing to work with JATCO's development team, NSK aims to assist JATCO's endeavor to pioneer the two-pedal automatic transmission.

Supplier

Satoshi Dairokuno
General Manager, Fuji Office, NSK Ltd.

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.

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. We are emphasizing an elimination of processing glitches in particular, as they not only are associated with high risk of occupational accidents but also hurt production activities.

All risks uncovered through various activities are recorded 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".

Risk Disclosure Group activities

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.

Improving lifestyle habits of employees

To counter metabolic syndrome and other lifestyle-related illnesses, JATCO offers health guidance to employees who are identified as in need based on health check-up results. We provide various forms of guidance, such as continuous support including follow-up after interviews, to steadily improve their health condition and to achieve their health goals.

Guidance on preventing lifestyle-related illnesses

Anti-smoking initiatives

In addition to the existing anti-smoking measures such as reducing smoking areas, the setting of smoking times and discontinuation of in-house tobacco sales, JATCO set forth a monthly no smoking day in FY 2011 by following the lead of the World No Tobacco Day on May 31, to raise employee awareness about non-smoking. JATCO also holds workshops for quitting smoking and offers treatments using smoking-cessation aid.

No smoking poster

Dealing with new strain of influenza

When the new strain of influenza 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.

To address highly contagious new strains of influenza, we have compiled a manual detailing our response to outbreaks and ensure the smooth continuation of our business activities by following the basic policies of human life first, preventing the spread of the virus and ensuring business continuity outlined in our action plan and other documents.

Glossary

*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 : Employee Assistance Program

Employees and our Workplace

Aiming for workplaces that support individual 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.

Efforts to develop human resources globally

Dealing with globalization

Human resource exchange program with our overseas locations

To help young employees grow quickly as global human resources able to respond to our expanding overseas markets, JATCO operates a human resource exchange program with its overseas locations. This program aims to instill a global mindset in participants, not only through work but also diverse experiences that include everyday living.

Global Education Program

This program offers not only language study (English, Chinese, Thai, etc.) but also communication training (assertiveness, debate, etc.) and overseas intercultural training to enhance the skills and mindset needed for globalization.

Gemba Training for Overseas Personnel

JATCO conducts practical shop-floor training at our plants in Japan for Chinese workers introduced to us through the China International Intellectech Corporation. The program allows workers to learn practical skills as it contributes to the development of young talent, one of China's key national policies. At the same time, this program aims to give trainees personal exposure to JATCO's corporate philosophy and culture, instilling in them the image of working within the JATCO Group and an understanding of the transmission manufacturing workflow.

Trainees from China

Respecting the independent growth of each individual

Nurturing personnel with independence

To enable new employees to thrive in whatever division to which they are assigned, we implemented our Freshman Leader system. Under this system, the senior employees who will directly supervise new employees in their assigned divisions offer guidance and advice to ensure a smooth entry into work and company life.

Fostering the desire to learn

To support employees that have a desire to learn on their own, JATCO has prepared educational courses that employees can take on their own. The program provides opportunities to take a variety of courses, ranging from job-related content to personal development programs not immediately related to work.

Working toward a corporate culture of recognition and praise

Thanks Card System

"Thanks for the quick response on..." "Thank you for always brightening the workplace with your cheery greetings..." These are the expressions of gratitude we write and exchange by card under the Thanks Card System introduced by JATCO. Through on-the-spot expressions of gratitude, we aim to promote a culture of praise and boost employee motivation to take the next action.

Thanks Award recipients

Commendation System

JATCO awards the President's Commendation and Corporate Officers' Commendation for meritorious deeds and conduct that enhance the company's results or its honor. By properly evaluating, recognizing, and commending such deeds and conduct, we create an environment where employees gain motivation to undertake their work.

President's Commendation

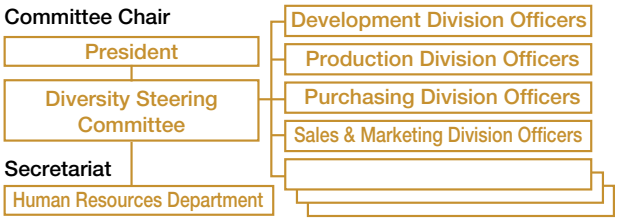
Respecting employee diversity

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.

■Organizational chart of the Diversity Steering Committee



Encouraging the activities of multinational human resources

As one of its diversity initiatives, JATCO promotes employment opportunities without concern for nationality. The company now has employees from many nations, including South Korea, China, U.K., and India among others. We also promote personnel and technological exchanges among overseas sites. In situations such as discussing new projects, concerned members from across JATCO, including members from overseas sites, come together as one to resolve issues.

Interaction among members of overseas sites

Valuing employee diversity

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.

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.

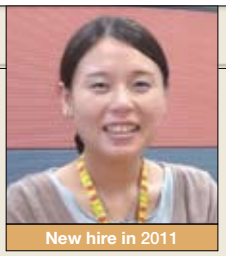
Next Generation Accreditation Mark
(also known as "Kurumin")

JATCO Voice

Both study and work are enriching

I am a new employee in my first year with the company. I joined JATCO with an admiration for Japan's high technological prowess.

Since joining, I have come to gradually understand more about transmissions through group training, on-site practical training, and internal e-learning. The workplace is enriching with something new every day, making both my studies and work enjoyable. The workplace environment has many male employees. I find it easy to talk to my seniors, and find the workplace very easy to work in. I am still new, but I hope to quickly grow into a full-fledged member able to contribute to the company through my own abilities.



New hire in 2011

Sai Seii (from China)
Quality Assurance Department

Community Relations

Making efforts to contribute to society as a member of the community

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.

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.

Factory tours

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

Activities during Environment Month

During Environment Month every June, JATCO calls upon employees to actively take part in environmental preservation activities, which include collecting aluminum cans, releasing juvenile fish into rivers, and distributing plants, among other activities.

Planting Japanese beech saplings

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

Fundraising drive for the Great East Japan Earthquake and East Shizuoka Earthquake

Following the Great East Japan Earthquake and East Shizuoka Earthquake, we sought to support reconstruction activities by holding a fundraising drive across the JATCO Group, including our overseas sites. We contributed all donations to relevant organizations.

Certificate of appreciation for our donations from Fuji City

Internships for local technical high schools

To support the transfer of advanced skills and the early education of young technicians, the Ginou-Juku training centers held within our company dispatch lecturers to nearby technical high schools to provide instruction in high-level technical skills. In addition, we also arrange internships for local technical high schools in order to deepen student understanding of the intricacies of Monozukuri, from materials through to machining and assembly, enable a more informed understanding of the workplace through the acquisition of technical and practical skills, and to provide a deeper understanding of related subject matter as well as help them make a career choice.

Internships for local technical high schools

Cooperation with hands-on events

On July 30th and 31st, 2010, we offered support for Kids Engineer 2010, 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

JATCO Voice

Forever remaining a company that is admired

Our communication activities with the community are diverse, beginning with our support for environmental activities. All of these activities play an important role in the local community.

In my work I have opportunities to interact with people from the community and from external organizations. What I sense from this is that JATCO, as a company, is in many ways given more attention by those around us than we realize. Amid this, I have come to feel more strongly than ever that it is our corporate responsibility to sustainably contribute to society while we grow toward the future.

Moving forward we will actively promote social contribution activities that include various means of interacting with the community.

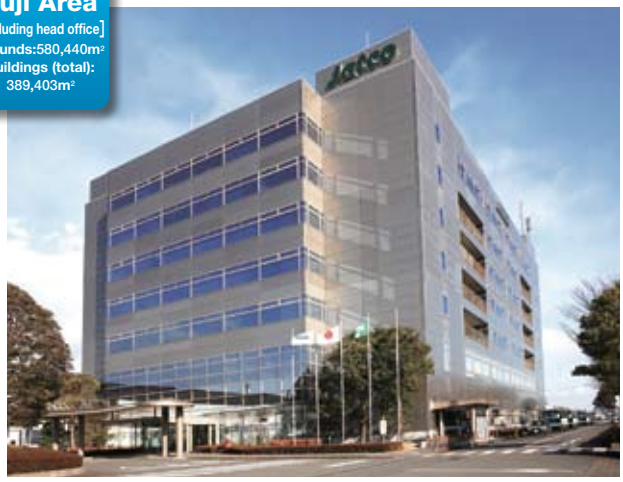
In charge of Public relations

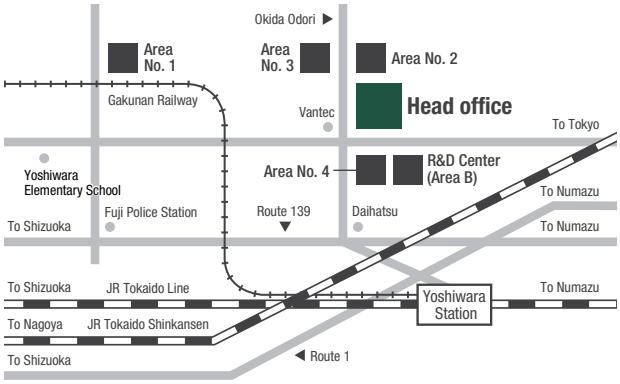
Nobuaki Kimura
General Affairs Department

Environmental Data from our Production

Fuji Area

[including head office]
grounds:580,440m²
buildings (total):
389,403m²





atmosphere

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

facility name	item	unit	regulation value (including agreed value)	measured value	
				maximum	average
compact boiler (24 units)	dust	g／Nm³	0.05	ND	ND
	NO x	ppm	100	75	45
	SO x	Nm³／H	0.002	ND	ND
metal-heating furnace (16 units)	dust	g／Nm³	0.05	0.032	0.010
	NO x	ppm	150	134	76
	SO x	Nm³／H	0.018	ND	ND
steel-heating furnace (8 units)	dust	g／Nm³	0.05	0.016	0.005
	NO x	ppm	150	40	27
	SO x	Nm³／H	0.026	0.001	0.0001
aluminum-melting furnace (10 units)	dust	g／Nm³	0.05	0.010	0.006
	NO x	ppm	150	60	32
	SO x	Nm³／H	0.019	ND	ND
	dioxins	ng-TEQ／Nm³	5	1.800	0.338
drying kiln (1 units)	dust	g／Nm³	0.05	0.048	0.047
	NO x	ppm	56	19	17
	SO x	Nm³／H	0.0048	ND	ND
	dioxins	ng-TEQ／Nm³	5	0.00058	0.00058
drying combustion furnace (1 units)	dioxins	ng-TEQ／Nm³	5	0.008	0.008

water quality

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

item	unit	regulation value (including agreed value)	measured value	
			maximum	average
hydrogen ion concentration (pH)	—	5.8 ~ 8.6	7.4	7.1
biochemical oxygen demand (BOD)	mg/L	20 (15)	9.7	7.1
chemical oxygen demand (COD)	mg/L	20 (15)	7.6	6.7
suspended solids (SS)	mg/L	20 (10)	2.0	1.5
extractive substance in normal-hexane	mg/L	4	ND	ND
copper	mg/L	0.1	ND	ND
zinc	mg/L	0.1	0.06	0.04
coliform group number	group/cm³	3000	4	1
trichloroethylene	mg/L	0.3	ND	ND
dichloromethane	mg/L	0.02	ND	ND
boron	mg/L	10	0.2	0.2
fluorine	mg/L	15	ND	ND
ammonium nitrogen nitrate nitrogen nitrite nitrogen	mg/L	100	1.3	0.7

Kambara Area

grounds:78,423m²
buildings (total):
58,033m²

atmosphere

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

facility name	item	unit	regulation value (including agreed value)	measured value	
				maximum	average
kerosene boiler (2 units)	dust	g／Nm³	0.1	0.003	0.002
	NO x	ppm	130	81	60
	SO x	Nm³／H	0.045	ND	ND
metal-heating furnace (3 units)	dust	g／Nm³	0.05	0.010	0.004
	NO x	ppm	150	140	127
	SO x	Nm³／H	0.01	ND	ND
aluminum-melting furnace (1 units)	dust	g／Nm³	0.05	0.010	0.008
	NO x	ppm	100	22	22
	SO x	Nm³／H	0.013	ND	ND
	dioxins	ng-TEQ／Nm³	5	0.091	0.091

water quality

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

item	unit	regulation value (including agreed value)	measured value	
			maximum	average
hydrogen ion concentration (pH)	—	5.8 ~ 8.6	7.6	7.5
biochemical oxygen demand (BOD)	mg/L	20 (15)	1.8	1.7
chemical oxygen demand (COD)	mg/L	25 (20)	6.5	5.9
suspended solids (SS)	mg/L	40 (30)	7.0	5.5
extractive substance in normal-hexane	mg/L	5	ND	ND
coliform group number	group/cm³	1000	16	13
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	61.2	34.6

Fujinomiya Area

grounds:67,698m²
buildings (total):
66,756m²

atmosphere

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

facility name	item	unit	regulation value (including agreed value)	measured value	
				maximum	average
compact boiler (6 units)	dust	g／Nm³	0.05	0.004	0.004
	NO x	ppm	100	98	84
	SO x	Nm³／H	0.01	ND	ND
metal-heating furnace (3 units)	dust	g／Nm³	0.01	0.009	0.007
	NO x	ppm	150	110	82
	SO x	Nm³／H	0.01	ND	ND

water quality

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

item	unit	regulation value (including agreed value)	measured value	
			maximum	average
hydrogen ion concentration (pH)	—	5.8 ~ 8.6	7.2	7.2
biochemical oxygen demand (BOD)	mg/L	20 (15)	7.8	3.9
chemical oxygen demand (COD)	mg/L	20 (15)	2.4	1.2
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	0.24	0.15
soluble iron	mg/L	10	0.05	0.05
soluble manganese	mg/L	10	0.05	0.03
chromium	mg/L	2	ND	ND
coliform group number	group/cm³	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	0.6	0.6

Bases

*Site data is not included for Areas other than these listed, as our company does not directly emit waste or wastewater there.

Kakegawa Area

grounds:95,522m²
buildings (total): 14,954m²

atmosphere

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

facility name	item	unit	regulation value (including agreed value)	measured value	
				maximum	average
compact boiler (2 units)	dust	g／Nm³	0.05	0.001	0.001
	NO x	ppm	100	62	62
	SO x	Nm³／H	0.01	ND	ND

water quality

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

item	unit	regulation value (including agreed value)	measured value	
			maximum	average
hydrogen ion concentration (pH)	—	5.8 ～ 8.6	8	7.4
biochemical oxygen demand (BOD)	mg/L	20 (15)	1	0.1
chemical oxygen demand (COD)	mg/L	80 (60)	19.6	13.1
suspended solids (SS)	mg/L	20 (10)	4.0	2.0
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	0.16	0.14
soluble iron	mg/L	5	0.38	0.36
soluble manganese	mg/L	5	0.06	0.05
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	ND	ND
ammonium nitrogen nitrate nitrogen nitrite nitrogen	mg/L	100	11.6	9.7

Kyoto Area

atmosphere

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

facility name	item	unit	regulation value (including agreed value)	measured value	
				maximum	average
compact boiler (1 units) guideline	dust	g／Nm³	0.1	0.005	0.004
	NO x	ppm	150	29	29
	SO x	Nm³／H	0.00	ND	ND
town gas boiler (1 units)	dust	g／Nm³	0.1	0.008	0.008
	NO x	ppm	150	71	71
	SO x	Nm³／H	0.49	ND	ND

Yagi Area

grounds:233,323m²
buildings (total): 68,277m²

atmosphere

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

facility name	item	unit	regulation value (including agreed value)	measured value	
				maximum	average
compact boiler (11 units)	dust	g／Nm³	0.1	ND	ND
	NO x	ppm	150	62	45
	SO x	Nm³／H	0.00	ND	ND
continuous carburizing furnace (11 units)	dust	g／Nm³	0.1	0.02	0.001
	NO x	ppm	150	110	35
	SO x	Nm³／H	0.00	ND	ND

water quality

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

item	unit	regulation value (including agreed value)	measured value	
			maximum	average
hydrogen ion concentration (pH)	—	5.8 ～ 8.6	7.6	7.4
biochemical oxygen demand (BOD)	mg/L	20 (10)	2.0	1.3
chemical oxygen demand (COD)	mg/L	30 (20)	5	2.9
suspended solids (SS)	mg/L	30 (20)	1.8	0.9
extractive substance in normal-hexane	mg/L	2.5	0.5	0.5
phenols	mg/L	0.5	0.1	0.1
copper	mg/L	1.5	0.01	0.01
zinc	mg/L	2	0.04	0.03
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/cm³	1500	27	14
nitrogen	mg/L	120 (60)	16.7	11.8
nickel	mg/L	1	0.01	0.01
phosphor	mg/L	16 (8)	0.1	0.1
boron	mg/L	10	0.3	0.3
fluorine	mg/L	8	0.2	0.2

JATCO México, S.A. de C.V.

atmosphere

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

facility name	item	unit	regulation value (including agreed value)	measured value	
				maximum	average
metal-heating furnace (2 units)	dust	mg/m³	1,420 ～ 1,384	530	427
	NO x	Kg/hr	—	0.017	0.009
aluminum-melting furnace (2 units)	dust	mg/m³	458 ～ 461	12.9	9.60
	NO x	Kg/hr	—	0.09	0.09

water quality

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

item	unit	regulation value (including agreed value)	measured value	
			maximum	average
hydrogen ion concentration (pH)	—	5 ～ 10	7.65	7.02
biochemical oxygen demand (BOD)	mg/L	150	79	41
chemical oxygen demand (COD)	mg/L	320	251	166
suspended solids (SS)	mg/L	150	36	19
extractive substance in normal-hexane	mg/L	25	17	9.6
copper	mg/L	4	0.25	0.2
zinc	mg/L	10	0.762	0.296

JATCO (Guangzhou) Automatic Transmission Ltd.

air and water quality : not applicable

Environmental Activities

Corporate History

1943

August: Begins operation as Yoshiwara Plant of aircraft division of Nissan Motor Co., Ltd.

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

April: Mitsubishi Motors Corporation established

1989

October: Japan Automatic Transmission Co., Ltd. changes name to JATCO Corporation

1997

September: JATCO USA Inc. established in USA

1998

May: JATCO Korea Engineering Corp. established in Korea

1999

June: AT/CVT division of Nissan Motor Co., Ltd. splits off to become TransTechnology Ltd

October: TransTechnology Ltd and JATCO Corporation merge to form JATCO TransTechnology Ltd

2002

April: JATCO TransTechnology Ltd changes name to JATCO Ltd

April: AT/CVT division of Mitsubishi Motors Corporation splits off to become Diamondmatic Co., Ltd.

2003

April: JATCO Ltd merges with Diamondmatic Co., Ltd.

April: JATCO México, S.A. de C.V. established in Mexico

October: JATCO France SAS established in France

2004

May: JATCO Korea Service Corp. established in Korea

2007

April: JATCO (Guangzhou) Automatic Transmission Ltd. established in China

Environmental and Quality Initiatives

1998

June: JATCO Corporation acquires ISO14001 certification (current: head office, Fujinomiya Area, Kakegawa Area)

November: Mitsubishi Motors Corporation Kyoto Plant acquires ISO14001 certification

December: Mitsubishi Motors Corporation Mizushima Plant acquires ISO14001 certification

1999

January: Nissan Motor Co., Ltd. Fuji Plant acquires ISO14001 certification (current: Fuji Area, Kambara Area)

2000

April: Acquires QS9000 certification

2001

February: ISO14001 renewal assessment

2002

December: Diamondmatic Co., Ltd. Kyoto Area acquires ISO14001 certification (current: Kyoto Area, Yagi Area)

2003

March: Diamondmatic Co., Ltd. Mizushima Area acquires ISO14001 certification (current: Mizushima Area)

November: ISO14001 renewal assessment

2004

February: Affiliated firm JATCO Engineering Ltd acquires ISO14001 certification

2005

February: Acquires ISO/TS 16949 certification

2006

December: ISO14001 renewal assessment

2008

May: Awarded Shizuoka Prefecture Governor's Medal for Distinguished Efforts in Proper Disposal of Industrial Waste

2009

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

Release of the environmentally superior Jatco CVT7

2010

Mass production of transmissions for hybrid vehicles

Timeline

1943

1970

1989

1992 Earth Summit held in Rio de Janeiro

1993 Basic Environment Law enacted in Japan

1997 COP 3 held in Kyoto

1998

1999

2000

2001

2002 Earth Summit 2002 held in Johannesburg Revised Law Concerning Special Measures for Total Emission Reduction of Nitrogen Oxides and Particulate Matter goes into effect in Japan

2003

2004

2005 End-of-life Vehicle Recycling Law goes into effect in Japan Kyoto Protocol takes effect

2006

2007

2008 Start of first commitment period of Kyoto Protocol

2009 International Renewable Energy Agency (IRENA) established

2010

Corporate Information

Corporate Profile

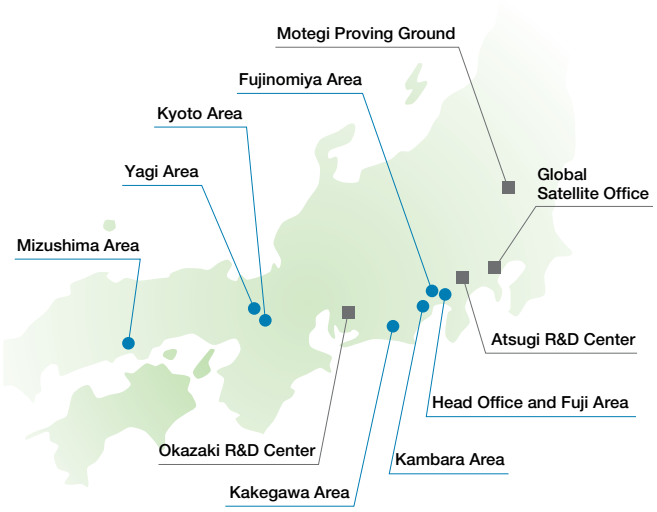
Company Name	JATCO Ltd
Established	June 28, 1999
Head Office	700-1, Imaizumi, Fuji City, Shizuoka, Japan
Main Businesses	Development, manufacture and sale of transmissions and automobile components
Capital	¥29,935 million
Number of Employees (consolidated)	9,313 (as of March 31, 2011)
Consolidated Net Revenues (Reference)	¥445.0 billion (FY2008) ¥469.3 billion (FY2009) ¥560.8 billion (FY2010)

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

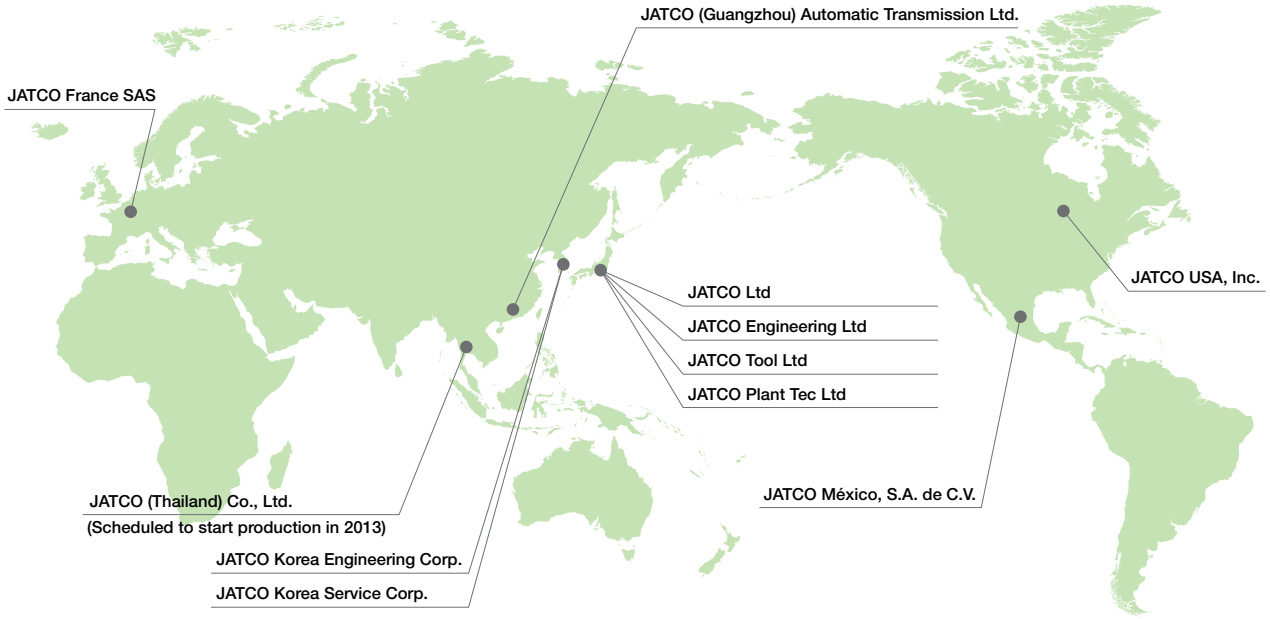
Locations

● Head Office and Fuji Area	Fuji City, Shizuoka
■ Global Satellite Office	Yokohama City, Kanagawa
● 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, ● is a environmental management system site



Global Network *including affiliated companies



Affiliated Companies	JATCO Engineering Ltd/Fuji City, Shizuoka	JATCO Korea Engineering Corp./Seoul, Korea	JATCO Korea Service Corp./Seoul, Korea
	JATCO Tool Ltd/Fuji City, Shizuoka	JATCO México, S.A. de C.V./	JATCO (Guangzhou) Automatic Transmission
	JATCO Plant Tec Ltd/Fuji City, Shizuoka	Aguascalientes, AGS., Mexico	Ltd./Guangzhou Guangdong, China
	JATCO USA, Inc./Wixom, MI, U.S.A.	JATCO France SAS/Paris, France	JATCO (Thailand) Co., Ltd. (Scheduled to start production in 2013)

Jatco

www.jatco.co.jp/ENGLISH

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