

Management System of the Tsubaki Group

The Tsubaki Group is realizing “Global Best,” based on a management system that emphasizes results—namely, practical management—over form, such as system creation.

Board of Directors, Corporate Auditors, and Executive Officers



Takashi Fukunaga
Chairman, President and
Representative Director



Makoto Kanehira
Director and Senior Managing Executive Officer
Development and Technology/
Management of Technology (MOT)/
Tsubaki Techno School/
Chief Engineer/
Kyotanabe Plant



Tadashi Ichikawa
Director and Senior Managing Executive Officer
Chain and Power Transmission Operations/
Chain Division/
President, Tsubaki Emerson Co./
Global Best Development/
Kyoto Plant/
Hyogo Plant



Toru Fujiwara
Director and Managing Executive Officer
Automotive Parts Division/
Global Best Development/
Saitama Plant



Nobuhiko Miki
Director and Managing Executive Officer
Corporate Social Responsibility Development/
Internal Auditing Department



Isamu Osa
Director and Managing Executive Officer
Management Planning/
Osaka Office



Tamio Miyamoto
Director and Executive Officer
Materials Handling Systems Division/
Materials Handling Sales Operations/
Global Best Development



Hidetoshi Yajima
Outside Director

Corporate Auditors (Standing)

Masahiro Takemura
Jiro Miyamoto

Corporate Auditors (Outside)

Masaru Tokuda
Takafumi Watanabe

Senior Managing Executive Officer
Yoshinobu Miyazaki

Managing Executive Officers

Tadasu Suzuki
Masato Kondo
Yoshikazu Kitayama

Senior Executive Officer
Jiro Baba

Executive Officers

Shigeya Tsubakimoto
Toshimitsu Sakai
Toshio Takahashi
Katsuhiko Mio
Hideaki Haruna
Masaya Ushida

(As of August 28, 2008)

Corporate Governance

How are you responding to this period of dramatic change? Small decision-making body and smooth operational implementation

Our current operating environment is characterized not only by continually advancing economic globalization and technological innovation but also by extremely unstable currency exchange rates and crude oil and raw material prices. Amid these rapidly occurring changes, we believe that achieving sustainable growth requires swift, precise decision making and strategy formulation and smooth operational implementation.

Founded on this conviction, the Tsubaki Group maintains a comparatively small Board of Directors, with 8* directors, to facilitate quick response to a rapidly changing external environment.

Conversely, the 17* executive officers who make up the executive officer system, each with a wealth of experience in their operational area, utilize their specialized knowledge and skills to achieve smooth operational implementation.

* Of the 17 executive officers, 6 are directors

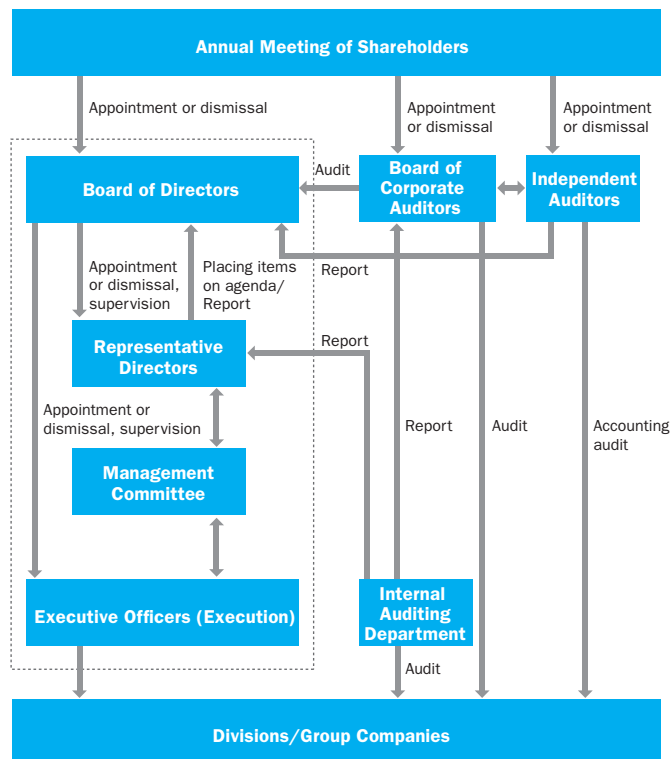
How are you realizing appropriate oversight and maintaining flexibility and transparency in management?

Aggressively and voluntarily utilizing non-Group resources

To realize impartiality, objectivity, and oversight for management, we have appointed one outside director, while two of the four corporate auditors are outside auditors.

Regarding the capital markets, based on the Tsubaki disclosure policy we maintain transparency in management by disclosing information in a timely and appropriate manner. Moreover, we do not simply release information; we take positive steps to achieve two-way communication with capital markets by paying careful attention to feedback on our management.

Following the biannual Settlement of Accounts and Management Strategies presentations, we allow a considerable amount of time for investors and analysts to ask questions and to exchange opinions. In addition, through such methods as plant tours and small meetings, we are increasing the opportunities for direct communications with Group directors and officers. We also hold management strategy briefings and informal discussions with shareholders at the end of the annual meeting of shareholders. In this way, we do not simply report and explain information to shareholders, but rather hold dialogues with them and pay full attention to their opinions.



Corporate Governance System

Tsubaki Group IR Initiatives for FY2008	
Settlement of Accounts and Management Strategies presentations	Convened twice; attended by the Chairman, the President, and top management from each operational segment.
Overseas road show	Conducted twice, with the President giving the presentation.
Plant tours, small meetings	Factory tours conducted three times, at the Saitama and Kyotanabe plants. Small meetings held twice.
Participation in investor relations (IR) fairs for individual investors	Participated twice, including at the Nikkei IR Fair.
Establishment of a temporary Tokyo IR office	Established four times, with IR staff providing business presentations for Tokyo investors and analysts.

Compliance and Internal Controls

What are your effective strategies for preventing corporate wrongdoing?

In addition to a full program of education and training, it is crucially important to foster an ethical corporate management mentality among all employees

The Tsubaki Group has created a complete range of guidelines for employee behavior. In December 2002, we established the *Corporate Work Ethics/Guidelines for Ethical Conduct*; in September 2003, the Risk Management Basic Strategy; in April 2005, Regulations for Handling of Personal Information; and in December 2005, revised and strengthened *Guidelines for Taking Information/Equipment Outside the Company*. These guidelines apply to all employees and we require that they are fully adhered to.

In addition to regular in-house training corresponding to each employee level, the Tsubaki Group designates every February as “Strengthening Corporate Ethics Month.” During this month, we conduct intensive training for all Group employees, both in Japan and overseas, to ensure they are fully aware of our corporate work ethics.

Through training and education, we aim to achieve our vitally important goal of an ethical corporate management mentality in all Group employees. This is because it is only when employees fully understand the importance of corporate social responsibility (CSR) for achieving sustained Company growth that they develop autonomous and positive attitudes toward fulfilling our corporate social responsibilities.

What if a law or internal regulation is violated?

We have set up ethics helplines, whereby employees can easily provide information or seek advice.

If an employee discovers or suspects that a law or an internal regulation has been violated, or is unsure about decisions relating to operational implementation, we have set up in-house and external ethics helplines to enable them to easily provide information or seek advice.

Tsubaki Group CSR Management

Recently, most companies have been aggressively conducting CSR management. However, beyond conventional CSR, the Group’s major CSR strength is in the activities of the CSR Advancement Center, established in April 2006. The Center integrates and advances Groupwide CSR initiatives intended for stakeholders, including for capital markets, society, and employees. The Center coordinates Group CSR activities, such as those relating to legal compliance, environmental preservation, information disclosure, and social contribution, which is effective in achieving cohesive CSR management. In this way, the Tsubaki Group integrates the support from all of its stakeholders, thereby enabling the realization of sustainable growth.



Nobuhiko Miki
Director and Managing
Executive Officer,
Corporate Social
Responsibility Development

The Tsubaki Mission Statement

In April 1999, the Tsubaki Group established its mission statement, which expresses how in its “drive to be the global best” it is focusing the Group’s comprehensive strengths to maximize corporate value. Regardless of how the business environment changes, we will always remain committed to our customers and to manufacturing excellence. We have created a booklet describing this philosophy so that each of our employees can carry it with them at all times.



The Tsubaki Mission Statement in Chinese, English, and Japanese

Environmental Management and Other CSR Activities

How do you carry out environmental activities through your main businesses?

In addition to environmental preservation measures carried out via production activities, each operational segment develops environmentally friendly products that connect directly to the increased competitiveness of our product lineup.

An example of our environmentally friendly products is the bearing roller conveyor chain, part of the lube-free series. Switching from steel to plastic ball bearings between the bushings and rollers has enabled lube-free operation and further minimized friction, which equates to reduced energy consumption through smaller products. Furthermore, we collect used plastic chains as recyclable materials to create Tsubaki recyclable plastic chains, which are the same quality as the original. It was the first industrial machinery component in Japan to be registered as an EcoLeaf environmental label product.

In what ways are you contributing to protecting the environment through your production activities?

Creating environmental management, and implementing initiatives centered on energy saving and recycling.

We are implementing environmental management while also regularly holding meetings of the Tsubaki Group Environmental Management Committee. Thirteen domestic Tsubaki Group facilities and six overseas facilities have received ISO14001 certification. At all facilities, internal environmental auditors regularly conduct internal audits to certify in-Group compliance and to confirm that environmental management systems are operating effectively and that full compliance with all laws and regulations is being maintained. Auditors also offer advice to further improve their environmental performance.

Examples of initiatives at Tsubaki plants to reduce CO₂ emissions include: (1) At our Saitama plant, switching from heavy fuel oil to city gas for the plant's boiler fuel, and (2) at our Kyotanabe plant, introducing a cogeneration system.

What social contribution activities are you involved in, other than for environmental protection?

We take part in a wide range of social contribution activities to strengthen our bonds of trust with local communities

Tsubaki engineers from the Kyotanabe plant visit local high schools to teach students how to use machinery and equipment. During the summer holiday period, we invite children and parents from the local community to the plant. We create an original program, such as showing how chains are assembled, enabling children to see how products are actually made and deepening their interest in Japan's product manufacturing culture.

Converting Kitchen Refuse to Compost, and the Eco-Farm

At the Kyotanabe plant, we convert kitchen refuse from the employee canteen into compost, using specialized equipment. The compost is used on the eco-farm set up by employees within the grounds of the plant. Employees with an interest in gardening often spend their free time in the eco-farm growing vegetables by hand, something they may have never had the opportunity to try before. So, not only does the farm contribute to recycling resources and raising employee awareness of environmental issues, it also contributes to the welfare of employees at the plant.



Units of CO₂ emissions for the Tsubaki Group— performance and target

