

Corporate governance

We JTEKT work to continuously enhance our corporate governance in order to fulfill our corporate social responsibility and continuously raise our corporate value.

Promotion structure

Figure-01

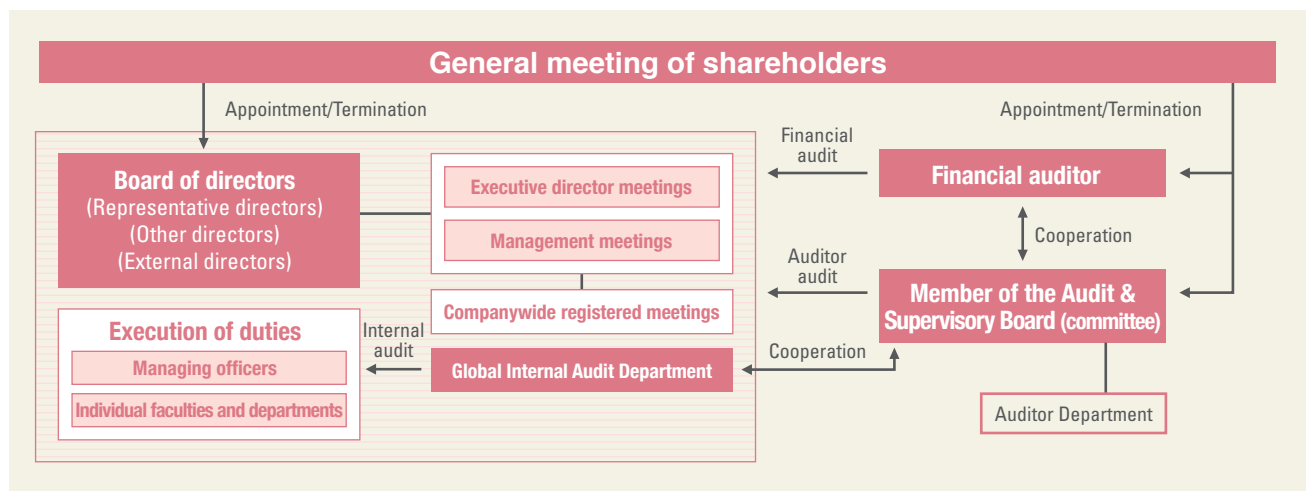
At JTEKT, the board of directors meets every month to make management decisions and supervise directors' performance of duties. Furthermore, two independent directors outside the company were appointed in June 2015 so as to strengthen the supervising function of the board of directors. In addition, sub-mechanisms of board meetings such as executive director meetings, management meetings, and companywide registered meetings are held to fulfill deliberations on individual matters and supervise the performance of duties by managing officers.

As a way of monitoring management, we have adopted an auditing system to inspect directors' performance of duties, which consists of five members of the Audit & Supervisory Board, three of whom are outside personnel.

Internal audits are conducted by an independent Global Audit Department, who inspects the validity and lawfulness of overall operations and procedures. The members of the Audit & Supervisory Board, financial auditors and Global Audit Department liaise together and hold conferences when necessary.

In addition, we maintain and operate an internal control system in line with both the Companies Act and the Financial Instruments and Exchange Act.

Figure-01 Corporate governance system



Board of directors

Makes decisions about important matters within management, and supervises directors' performance of duties.

Executive director meetings

Supplement the board of directors, deliberate important matters within management, and determine fundamental policies.

Management meetings

Supplement the board of directors, and manage the progress of policies within the performance of duties. In addition, these meeting enable problem points and issues within performance of duties to be shared extensively among directors and officers.

Audit & Supervisory Board

Inspect the appropriateness of methods and results of audits of the directors' performance of duties, and of audits performed by financial auditors.

Companywide registered meetings

The board of directors, executive director meetings, and management meetings delegate authority to companywide registered meetings to examine the policies and direction of the company through specialized and sufficient deliberations from the standpoint of duty performance.

Outside directors

▶ Figure-02

JTEKT appoints outside directors who fulfill requirements for independent directors (*) and possess experience and insight within their field. They are also selected based on the excellence of their character and viewpoints, and for their high ethical standards, in accordance with the JTEKT policy for appointing directors.

Furthermore, JTEKT conducts the appointment of outside members of the Audit & Supervisory Board from a perspective of audit neutrality and objectivity. These members are also selected based on their experience and viewpoints, as shown in Fig. 02.

* Refers to outside directors or outside members of the Audit & Supervisory Board for whom there is no possibility of conflict of interest with general shareholders. This is determined based on an internal company standard created in line with the guideline for the governance of listed companies, an independent standard of the Tokyo Stock Exchange.

Remuneration for directors and members of the Audit & Supervisory Board

Remuneration for Directors consists of monthly amounts and bonuses, and is conducted through a remuneration system that reflects the work responsibilities and performance, and

is linked to company performance. Bonuses are paid based on the consolidated operating income of each term, and are determined by comprehensively taking into account dividends, the level of bonus for employees, the trends of other companies, mid- to long-term business performance, and amounts paid in the past. A concrete plan for remuneration is deliberated by the Executive Remuneration Meeting, which is comprised of representative Directors and Outside Directors. Remuneration for the Member of the Audit & Supervisory Board consists of monthly payments, and does not include bonus payments. This system for remuneration is not greatly influenced by company performance and is therefore ensured independence from management. Monthly amounts of remuneration for directors and officers and other remuneration are set within the upper limit for total remunerations based on the decision of the Annual Meeting of Shareholders on June 27th, 2012. Monthly amounts of remuneration for each Director are decided by the board of directors, and monthly amounts of remuneration for each Member of the Audit & Supervisory Board are decided through consultation with the members. The total amount paid for Director bonuses is approved by the Annual Meeting of Shareholders which meets regularly, after which the bonus amount paid to each Director is decided by the board of Directors in consideration of the performance of their individual duties and responsibilities.

▶ Figure-02 Appointment of independent Outside Directors and independent Outside Member of the Audit & Supervisory Board

Position	Name	Main reasons (experience, insight, etc.) for appointment	Independent Director	Attendance record in FY2017 (attended/held)	
				Board of Directors	Audit & Supervisory Board
Director	Takao Miyatani	Abundant experience and high level of insight regarding <i>monozukuri</i> , obtained as a manager within the manufacturing industry and chairman of a trade organization.	○	13/15	—
Director	Iwao Okamoto	Held key positions within the Ministry of Economy, Trade and Industry, and for an incorporated foundation, obtaining ample experience and a high level of insight regarding industry and economic activities within Japan and overseas.	○	13/15	—
Member of the Audit & Supervisory Board	Koichi Fukaya	Possesses abundant experience as a manager within the manufacturing industry, and broad insight into corporate governance.		15/15	15/15
Member of the Audit & Supervisory Board	Masaaki Kobayashi	Possesses substantial expertise in finance and accounting as a certified public accountant.	○	15/15	15/15
Member of the Audit & Supervisory Board	Koei Saga	Possesses abundant experience as a manager within the manufacturing industry, and broad insight into corporate governance.		11/15	11/15