

Third-party opinion



Representative of the Workers Club
for Eco-harmonic Renewable Society (NPO)

Tamio Yamaguchi

Tamio Yamaguchi's profile

After 25 years at a newspaper company, Mr. Yamaguchi held a position as the manager of public relations at an environment venture company, chief editor of a publishing company's environmental magazine, and part-time university lecturer, after which he began freelancing. He has been researching CSR since 2000, each year analyzing and reporting the trends of over 350 companies' CSR reports. (<http://csr-project.jp/>)

Workers Club for Eco-harmonic Renewable Society

A citizen's organization that considers from a global point of view how society and the natural ecosystem that should be passed on to future generations can live in harmony. The organization researches, supports and implements activities so that citizens, companies and government agencies will form a recycling-based society. The organization researches and makes proposals regarding ideal CSR, through CSR workshops within study groups. (<http://junkanken.com>)

Provision of Dynamic Communication

Readers of an integrated report expect dynamic information as opposed to static information. As such, the main components of the report should be values, business model, strategies for securing business sustainability and growth potential, and governance. This report meets expectations and provides dynamic communication due to its inclusion of the way of thinking by JTEKT – value creation model, value creation process – future outlook for each business, future initiatives – environment, social governance, corporate governance, etc. However, in regards to value creation, it is unfortunate that there is no mention of the so-called “six capitals” (financial, manufactured, intellectual, human, social and relationship, and natural). If the strengths and future reinforcement prospects of JTEKT's six capitals were indicated, it would provide readers a sense of certainty regarding JTEKT's value creation over the medium-to-long term.

Expectations towards real reporting of ESG management

One of the most impressive aspects of this report was JTEKT's commitment to promoting ESG-orientated management. This approach to management has been dubbed “ESG management” and this term can be seen here

and there throughout the 2017 Report. 2016 was the start year for ESG investment, and as ESG investment becomes more mainstream, society's expectations will turn to management involving integration of non-financial and financial initiatives and improvement thereof, therefore many stakeholders will inevitably begin paying attention to this aspect. I hope that JTEKT continues reporting the actual status of ESG management in this Report. Integrated reports are expected to indicate a binding of financial and non-financial information however reporting on the actual status of ESG management is one and the same with reporting such a binding. Moreover, this Report conveyed that “a healthy sense of risk” and “co-creation of corporate value” were the basis of ESG management. I find this admirable as both these elements are important perspectives in order to achieve sustainable growth for a company amidst a mountain of social issues.

Solidifying ESG management utilizing SDGs

The Value Creation Model demonstrated the mapping of SDGs and social value provided by JTEKT. This is important as a first step toward achieving SDGs and there is an abundance of business opportunities in the 169 targets associated with these SDGs. The model includes a process called “Find new issues”. As the next step, I hope that JTEKT utilizes SDGs in this process and further solidifies ESG management.

Response to the third-party opinion

Corporate Planning Department, Corporate Management HQ, JTEKT Corporation

This year we were able to issue JTEKT REPORT 2017, which was our second integrated report. First, we would like to express our sincere appreciation to all those who cooperated in the creation of this report. This year, the Government Pension Investment Fund, Japan (GPIF) incorporated ESG as an index for making investments which enable it to fulfill its consignee responsibility. We have renewed our awareness that ESG-based initiatives are important and must continue growing so that we may fulfill our goal of improving corporate value. Within such an environment, JTEKT established its Management Model in March 2017 as a practical model for the creation of corporate value and in order to steadily manifest value improvements. Moreover, through repeated dialogue with stakeholders, we have prepared an Engagement Model for the co-creation of value together with society.

Furthermore, so that JTEKT can clarify the value that it offers, the intention of the fundamental elements (Building Value, Building Excellent Products and Building Professionals) was explored on a deep level and the Value Creation Model revised. We hope this will lead to a better understanding by a higher number of people of JTEKT's intention and stance regarding the improvement of corporate value. Meanwhile, in regards to the six capitals related to value creation (financial, manufactured, etc.) pointed out by Professor Yamaguchi, JTEKT is aware that this is also an effective approach in terms of further enhancing dialogue with stakeholders. JTEKT will maintain constant dialogue with all of our stakeholders so that we may continue to create value into the future and grow as a company that can offer this value to society.