

Message from the President



We place great importance in keeping harmony with our stakeholders, and will work united as a group to accomplish our Vision.

JTEKT Corporation Company President

Tetsuo Agata

JTEKT Group efforts in FY2013

Last fiscal year, amidst intensifying competition, JTEKT focused on strengthening product competitiveness and proposal capability as well as production improvement, with the aim of making the leap to becoming a brand which can be trusted and depended upon by customers across the world. In the automotive components business, we engaged in the development of high-

output rack parallel type electric power steering that answers the need for comfortable steering wheel feeling for large size vehicles, targeting the European market. We also exhibited at the Tokyo Motor Show. Concerning the bearing business, we established the Large Size Bearing Engineering Development Center, which is installed with test equipment that accurately recreates the customer's environment of use for wind power and railroads. The center has already begun operation, and new testing machines for evaluating bearings for steel production will be introduced in October 2014 (➡ related article on page 9). Relating to the machine tools business,

JTEKT conducted the first full model change in 20 years on our general purpose cylindrical grinder for the general market, under the concept of "a machine with which anyone can easily achieve high-grade *monozukuri*" (➡ related article on page 10). Regarding production supply, our efforts to raise productivity at the Kariya plant have paid off, achieving vast reduction in product lead-time. We are continuing our efforts for CSR to enforce compliance among all directors, managing officers, and general employees. We will improve the recurrence prevention framework through periodic inspections regarding compliance (➡ related article on page 3).

Message from the President

JTEKT Group shares values and ideals on a global scale

JTEKT practices honest business activities with deep consideration to relations with our stakeholders, in order to fulfill our corporate philosophy of “contributing to the happiness of people and the abundance of society through product manufacturing”. I believe that striving towards continuous improvement of our company value through these activities is the corporate social responsibility (CSR) of the JTEKT group.

To further respond to the trust and expectations of society, we changed the JTEKT VISION 2015 to the JTEKT GROUP VISION in April 2014, specifying the same values and ideals to be shared by

all group companies. As JTEKT continues corporate expansion across the globe, I would like for every employee to be aware that we are all on the same team, learning from one another and manifesting our abilities to support the prompt delivery of Number One and Only One products and services. In FY2014, as we globally promote activities to familiarize employees with JTEKT common values and ideals, we will continue to strengthen the management ability of workplace leaders and enlighten and guide each member, utilizing the “10 things we should keep in mind as employees” established in 2013, so that employees will be able to act while understanding the true essence of things. JTEKT officers will be assigned to each of our 6

major regions to promote CSR activities rooted in the local communities.

Steadily promoting the company plan while constantly perceiving environmental changes

Within the current economic environment, emerging nations continue to experience a general stagnation in demand, and the future remains unclear. Our company group has formulated the Mid-term Management Plan based on our CSR mindset, for the purpose of accomplishing the JTEKT GROUP VISION. This plan outlines our concrete strategy and path for the next 5 years, and will be updated each year to incorporate external environmental

JTEKT GROUP VISION Shaping a Better Future through the Spirit of “No. 1 & Only One”

We will be an invaluable partner with our customers, our suppliers, and our team members.
We will deliver “No. 1, Only One” products and services through “Building Value,” “Building Excellent Products,” and “Building Professionals.”

Building Value

Provide value to customers by delivering products and services that exceed their expectations.

Building Excellent Products

Astonish the world with “*Monozukuri*,” the art of refined craftsmanship and superior quality.

Building Professionals

Develop a team composed of individuals working together, acting with initiative, confidence, pride, and passion as global members of JTEKT.



JTEKT GROUP VISION

Ideals shared by all members of domestic and overseas JTEKT group companies

Mid-term Management Plan

Detailed strategies, measures and target figures for fulfilling the VISION

Annual Global Company Policy

Emphasized policies of initial year based on the Mid-term Management Plan

Our Mindset

Support employees' way of thinking within work progression



changes within the plan's progress as we steadily move forward.

In the automotive components business, JTEKT aims to be the No. 1 supplier in the world within the steering business through unparalleled product competitiveness, by maintaining the top share and by strengthening earning power. In the driveline business, we aim to improve profitability by establishing the top share in the 4WD business and assessing the business areas on which to focus. For the bearing business, JTEKT will work to create a business structure that keeps pace with market expansion through structural reforms of domestic and overseas plants, development of "No.1 & Only One" products, and by strengthening sales capability, production power, and production engineering power. Within the machine tools and mechatronics business, our company will aim to be a genuine total production system supplier by maintaining a global sales and service system, instituting design and production methods that break away from the structure of traditional special purpose machines, and improving product competitiveness in collaboration with other group companies. JTEKT will work towards promoting operational reform, training global personnel, and improving our financial strength. This will be done in order to reliably promote the strategy for each business along with efforts towards safety, quality and environment, which constitute the infrastructure of corporate management.

In this way, through various efforts, we will establish a strong foundation not susceptible to change, and continue to grow as a truly global *monozukuri* company to contribute to the creation of an abundant society. We JTEKT sincerely appreciate your ongoing support.

Actions to reinforce compliance → Related article on page M_05

In March of 2013, the JTEKT group was recognized by the Japan Fair Trade Commission as having violated the Anti-Monopoly Act. We take this very seriously, and have been working day after day to improve awareness within each employee, developing and implementing various measures for enforcing compliance. The operating status of each measure is periodically surveyed, and improvements are made which reflect the overall opinion of each workplace.

Main measures of FY2013

[Statements by members of management]

- Transmission of a "Message concerning Observance of Laws and Regulations" by the president
- Transmission of a message to sales headquarters from the director of sales

[Rule organization and training]

- Revision of reporting rules when making contact with other companies
- Revisions to compliance rules for sales activities, the "Summary of Prohibitions"
- Training workshops for executive officers led by external lawyers (Twice a year)
- Independent study sessions on the Anti-Monopoly Act by each sales division
- Compliance training in all sales locations
- Training by job category, training before overseas assignment
- Distribution of compliance transmissions (Every month)

[Strengthening of systems]

- Periodic inspections of all group companies regarding compliance
- Information gathering and sharing concerning problems within CSR
- Compliance Awareness Month (July)
- Acquisition of a testimony relating to the observance of laws and regulations (All employees)
- Global monitoring of audits (Assignment of coordinators to each region)



[Framework] (Since FY2011)

- Establishment of the Compliance Promotion Department, appointment of Compliance Officers
- Establishment of an Anti-Monopoly consultation desk
- Strengthening the framework of the internal auditing department
- Establishment of regional audit offices (6 major overseas regions)

Verification of results

[Report concerning contact with other companies]

Employees are required to submit a memorandum and report within the regular meeting list before any contact with other companies. In FY2013, meetings at the consultation desk and memorandum submissions confirmed the steady familiarization of rules within the company.

[Workplace compliance awareness survey]

In the workplace management questionnaire (January – February 2014), we surveyed respondents on their compliance awareness within the workplace. The level of awareness has risen 5 points each year since FY2011, and it will be one of our challenges in FY2014 to raise it further.

[Level of satisfaction for compliance training (sales division)]

A satisfaction level survey was conducted on the e-learning instruction and group training carried out in FY2013. Over 70% of respondents replied that they found the training and instruction informative in their duties.

In order to raise compliance awareness, JTEKT continually improves the system through periodic checks to allow the consistent spread of awareness among all employees.