

CSR Management

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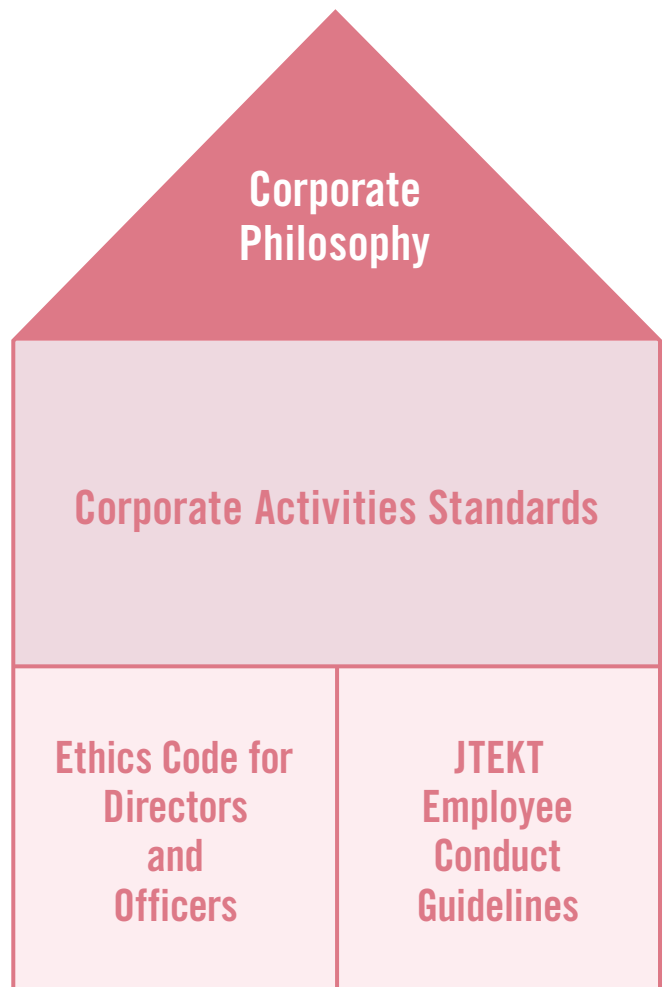
- This report aims to inform our stakeholders in straightforward language of JTEKT’s concept and activities surrounding CSR.
- For FY2014, we have made major changes to the format of the report to make it easier to comprehend, dividing it into a Message (leaflet) and a full online report combining both the Message and the Details & Data section.
- The Details & Data section emphasizes objectiveness, completeness and continuity.
- In this section, “CSR Management”, we have organized the JTEKT CSR concept and the important points of corporate governance, beginning with “CSR Policy”.

New! This mark is used to indicate new action begun in FY2013 and information disclosed for the first time in this year’s report.

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CSR Policy

JTEKT’s CSR Policy comprises of the Corporate Philosophy, Corporate Activities Standards, Ethics Code for Directors and Officers, and Employee Conduct Guidelines.



CSR Policy

CSR Policy

The JTEKT group, in order to fulfill its mission of “contributing to the happiness of people and the abundance of society through product manufacturing,” seeks to carry out business activities in harmony with the economy, society, and the environment. As a good corporate citizen, we will continue activities to obtain the further trust of stakeholders and contribute to the sustainable development of society and the environment. We also share this idea with our business partners in the anticipation they will follow our lead.

Corporate Philosophy

Corporate Purpose

Seeks to contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.

Management Stance

1. Create new value and provide society with joy and inspiration on a broad scale.
2. Aim for growth in harmony with society through innovative operations on a global basis.
3. Create a bright, energetic corporate atmosphere based on respect for people.
4. Strive toward the realization of safer, more abundant living circumstances.

Corporate Activities Standards

1. Follow proper business practices and engage in fair, transparent and free competition based on a respect for the law.
2. Derive concepts from the market, provide the best in quality, technology and service, and obtain the satisfaction and trust of customers.
3. Carry out global environmental improvement activities proactively and aggressively with deep awareness of their being an important corporate mission.
4. Respect the individuality of employees, create workplaces that are motivating to employees and enable them to fulfill their potential, and strive to provide each with abundant living circumstances.
5. Maintain close communication not only with shareholders but also with society at large and disclose corporate information properly.
6. As a good corporate citizen, aggressively pursue activities that contribute to society.
7. Follow international rules, observe the laws, cultures and customs of countries and regions where we have operations, and seek to contribute to their growth.

Ethics Code for Directors and Officers

The Ethics Code for Directors and Officers was established in April, 2008. It is the equivalent to conduct guidelines for directors and corporate officers. This ethics code comprises of 11 clauses including “Ethical conduct in good faith”, “Compliance with laws and regulations” and so on to insure that laws are complied with. Moreover, another objective of this ethics code is to encourage employees to observe laws by directors setting examples.

Configuration of the Ethics Code for Directors and Officers (excerpt)

Article 5	Ethical conduct in good faith
Article 6	Compliance with laws and regulations
Article 8	Reporting of illegal and unethical actions
Article 9	Responsibility to comply with the Code

JTEKT Employee Conduct Guidelines

This report is organized to make basic mental attitudes and guidelines for work easy to understand for employees, focusing on putting the JTEKT corporate philosophy into practice and making our goal status into a reality. It was created in April 2006, and revised in June 2008.

The guidelines appear in the inner-company intranet and the CSR Handbook (revised November 2012). A portable “pocket edition” has been distributed as well to help the thorough permeation of CSR throughout all employees.

Configuration of the JTEKT Employee Conduct Guidelines

Section 1	Employee's relationship with the company
Section 2	Employee's work in the company
Section 3	Employee's relationship with society
Section 4	Employee's personal activities

CSR Promotion Structure

Systematic promotion of CSR activities ★ **New!**

Regular inspections of CSR activity status are conducted by the CSR Promotion Committee. The CSR Promotion Committee is chaired by the company president and was established to systematically promote CSR activities on a companywide and group-wide basis. This organization also discusses how best to accomplish the missions of fulfilling the corporate philosophy and controlling risk through CSR activities from many angles.

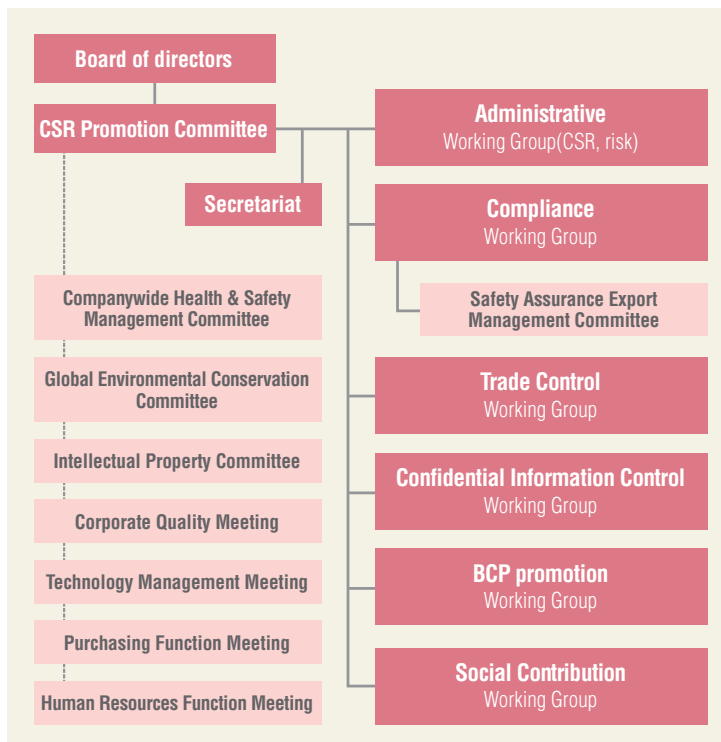
The JTEKT group also formulated the JTEKT GROUP VISION and the Mid-term Management Plan in April 2014, and defined CSR as one of our business foundations.

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Specialized working groups ★ **New!**

Specialized working groups are established to create and promote activity plans for compliance, trade control, confidential information control, BCP (business continuity planning) promotion, and social contribution, all of which are important themes. In March 2014, the Large Scale Disaster Preparedness Working Group was renamed the BCP Promotion Working Group, which is promoting the establishment of a disaster prevention promotion system that enables each of the eastern, central, and western Japan blocks to independently conduct activities.

Outline of the structure



● Administrative Working Group	Plan and monitor the progress of CSR activities, regularly assess risk countermeasures and evaluate risks.
● Compliance Working Group	Raise awareness and reinforce the need for compliance with laws, internal rules and business ethics.
● Trade Control Working Group	Propose and promote measures for securing compliance with foreign rules concerning imports and exports.
● Confidential Information Control Working Group	Assess and improve in accordance with guidelines and strengthen structures and systems concerning information security.
● BCP Promotion Working Group	Protect human lives and lifelines, reinforce buildings and equipment in preparation for disasters, and prepare and review an early recovery manual.
● Social Contribution Working Group	Promote social contribution and volunteer activities.

Companywide CSR activities in each department

JTEKT promotes CSR activities through an expert committee belonging to the “CSR Promotion Committee” and specialized working groups. For our fiscal year goal, we plan to incorporate our CSR objectives into each company department, and promote CSR activities consistently by implementing the PDCA cycle(*). Through the construction of this type of system, we aim to jumpstart and enhance CSR activities throughout JTEKT and JTEKT group companies.

In FY2013, activities placing emphasis on CSR were incorporated into the global company policies and performed by each department as part of their annual action plan.

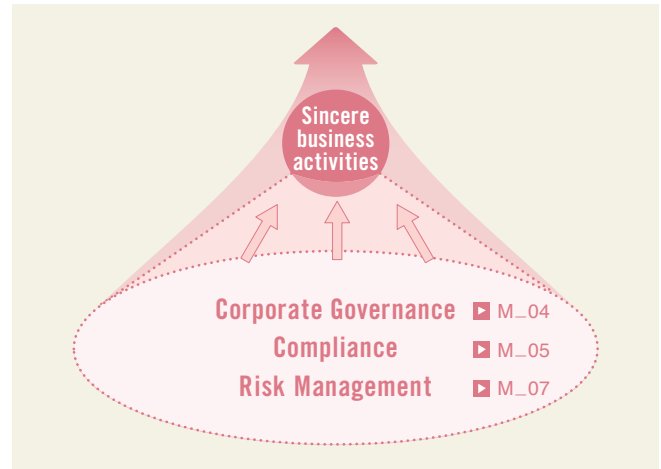
* **PDCA cycle** PDCA is a management tool for continuously improving work by repeating a Plan-Do-Check-Action cycle.



The foundation supporting CSR

The 3 pillars of sincere business activities

At JTEKT, we believe that the continual implementation of sincere business activities is important for the promotion of CSR. One thing that is essential to sincere business activities is a highly transparent, healthy management style that observes statutory and social norms. The three pillars, “Corporate governance”, “Compliance” and “Risk management”, are positioned as important mechanisms to achieve this. All of these three have been emphasized in recent years in all corporations however the important thing is whether they are actually being implemented or not. In order to use these 3 pillars effectively, JTEKT makes numerous improvements such as ongoing revisions to the CSR Promotion Structure, etc.



Corporate Governance

Basic concept

Management transparency improves corporate value

In order to fulfill our social responsibility and continuously improve our corporate value, we have established an internal control system. We strive to improve our management transparency and secure ample accountability for all our stakeholders.

Promotion structure

Towards Governance on a Global scale

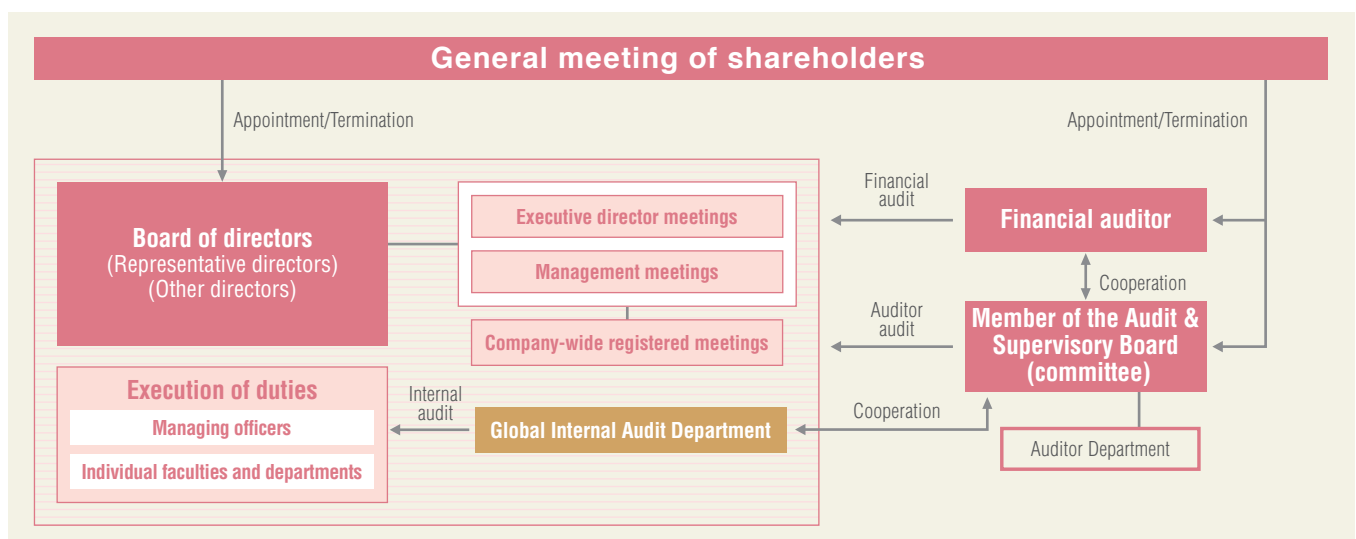
At JTEKT, the board of directors meets every month to make management decisions and monitor directors’ performance of duties. Also, sub-mechanisms of board meetings, such as executive director meetings, management meetings and company-wide registered meetings(*), are held to fulfill individually deliberated issues and monitor the duty performance of managing officers. As a way of monitoring management, we have adopted an

auditory system to inspect the directors’ duty performance, consisting of five Members of the Audit & Supervisory Board, three of whom are external.

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 conference periodically (See the below figure). Also, JTEKT maintains and operates an internal control system in line with both the Financial Instruments and Exchange Act and the Companies Act.

In FY2013, JTEKT promoted guidance and assistance in both business and functions for domestic and overseas subsidiaries. The auditory departments responsible for each region, including North America, Europe, ASEAN, India, China, and Central and South America, conducted audits on a global scale to augment the Group’s internal control.

* **Company-wide registered meeting** Meeting authorized by officers’ meetings (board of directors, executive director meeting, management meeting) to deliberate and approve matters in order to ensure specialized and in-depth deliberation and proper and more efficient decision-making.



The foundation supporting CSR

Compliance

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Basic concept

Every individual behaves and makes correct decisions according to Corporate Ethics

JTEKT believes that implementing corporate philosophy is essential to compliance as the premise and foundation supporting CSR. Without stopping at mere law observation, we have established an “Ethics Code for Directors and Officers”, “Employee Conduct Guidelines” and “Compliance Standard” in order to fulfill corporate ethics and societal obligations.

Promotion structure

Regular reporting to the top management

Compliance violations that occurred within the JTEKT group, including near misses, are regularly reported at management meetings with the participation of the top management. The entire group is endeavoring to take optimal measures and prevent recurrence by “visualizing” compliance-related issues.

Progress control by the CSR Promotion Committee

In the CSR Promotion Committee, which takes place twice a year, the progress of compliance promotion activities and the results of semiannual activity plans and compliance checks are reported to grasp how deep these activities are instilled and to clarify the direction of promotion.

Education and inquiry by compliance officers

Compliance officers have been newly appointed, mainly from among managing officers. Their role is to promote business activities in line with compliance in every department, facility and overseas region, and perform periodic compliance checks on the departments and facilities they supervise. Compliance officers also must understand compliance familiarity, risks and issues, and engage in efforts towards compliance improvement.

Group company promotion structure

This same promotion structure is adopted by our group companies, both in Japan and around the world, and activities are promoted in response to the characteristics of each country, region and company.

Training and educational activities

Promoting and reinforcing awareness among employees

We engage every day in activities which aim to raise awareness among all employees, so that they may reflect compliance within their daily conduct.

◎Compliance Letter

The Compliance Letter is a monthly report of compliance-related topics common to all JTEKT members and published by the Legal Department. The 20th of each month is defined as the “Day of Compliance Communication,” and on this day, each workplace discusses compliance-related matters based on the Compliance Letter to raise awareness of compliance.

◎Compliance Strengthening Month

Every July is defined as the “Compliance Strengthening Month,” in which educational activities are provided for all employees. The entire JTEKT group, including domestic and overseas subsidiaries, will work on the activities of the Strengthening Month.

- Displaying internal reports and compliance messages when personal computers are turned on
- Providing e-learning education for personnel to whom a personal computer is lent
- Displaying educational posters

◎Continuing education for each critical target department

Multiple departments are designated as critical target departments for compliance education every year and receive education through e-learning and group training. In group training, members of the Legal Department visit each workplace and interview workers about problems confronting them and requests.

◎Rank-based compliance education

Training programs for officers, new managers, personnel promoted to key positions, and the employment of superintendents, etc. are held in the form of group discussions. Thinking approach training is conducted, which is designed to make trainees think about example cases and discuss “what the person concerned will do to deal with them.”

The foundation supporting CSR

Internal reporting system

Establishment of three consultation desks specialized in different fields of problems ★ New!

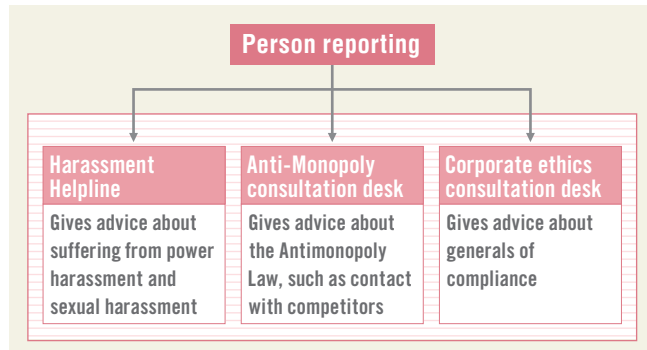
Until FY2012, reports and counseling about compliance-related problems and questions were dealt with by JTEKT's "Corporate ethics consultation desk" and "Anti-Monopoly consultation desk," both of which consisted of an employee opinion box (operated by the Legal Department) and a corporate ethics helpline (operated by external lawyers).

In FY2013, a "Sexual Harassment Helpline" was additionally established with the aim of providing more elaborate response to each case consulted and detecting and correcting frauds and other compliance violations as early as possible.

Creating an environment in which all employees can easily seek consultation

At each of the consultation desks, specialized advisers and internal lawyers meet directly with personnel in trouble and can give them more proper advice and support for their troubles and worries. JTEKT has arranged an environment that can help resolve problems with security.

Structure of the internal reporting system



* The internal reporting system has expanded to include group companies overseas.

FY2013 breakdown

Harassment Helpline		Anti-Monopoly consultation desk		Corporate ethics consultation desk	
Sexual harassment	3	Contact with competitors	13	Violation of laws and rules	3
Power harassment	11	Collection and handling of information	9	Personnel system	11
Personnel system	2			Workplace communication	5
Workplace communication	1			Power harassment	7
Total	17	Total	22	Health and safety	4
				Other	3
				Total	33

* No events corresponding to those that must be reported

Number of problems reported to the corporate ethics consultation desk for the last five years

FY2009	FY2010	FY2011	FY2012	FY2013
22 cases	29 cases	21 cases	28 cases	33 cases



Supporting the sound development of JTEKT's global business

We of the Overseas Legal Affairs Group support the sound development of JTEKT's global business from the standpoint of law, through examinations of business transaction agreements with overseas companies, participation in overseas projects, the construction of global law systems, business alignments, and dispute settlement. We are committed to accumulating and improving skills required for us to make the group a legal department of the head office that each department and business office of the head office, subsidiaries and affiliated companies operating in each region can rely on.

The foundation supporting CSR

Risk management

Basic concept

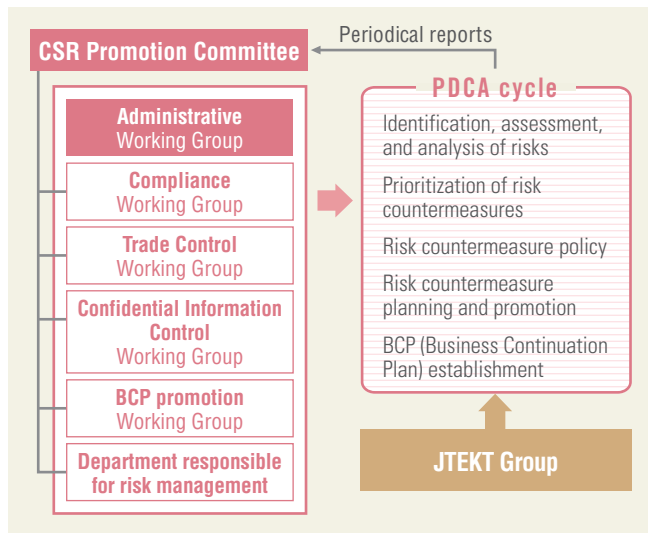
To continue business activities under any circumstances

In order to continue business activities uninterrupted, JTEKT constantly engages in accident prevention and countermeasures to minimize damage in the unlikely event of an emergency. Taking into consideration the effect of large-scale disasters and the influenza epidemic on business activities, we have further strengthened our risk management framework.

Promotion structure

Promote countermeasures based on a companywide organization

The CSR Promotion Committee, which is a companywide cross-departmental organization, selects risks expected to affect business activities, society, and the environment, and each working group and the department responsible for risk management formulate activities to prevent the occurrence of risks, measures against them, and recovery plans. In addition, they constantly review and improve them by keeping track of changes in the external environment. Each company of the JTEKT group is also promoting these activities.



Ongoing revision of risk management

Implemented in FY2012

- Expand risk management to group companies overseas, aiming to minimize risk across the whole of the JTEKT group

Implemented in FY2013

- Review risk management framework and operations
- Regularly report to the management meeting CSR-related problems and measures against them
- Establish a dedicated organization toward the reconstruction of the disaster prevention promotion system

FY2014 plan

- Step up the JTEKT group's risk management
- Promote measures against large-scale disasters

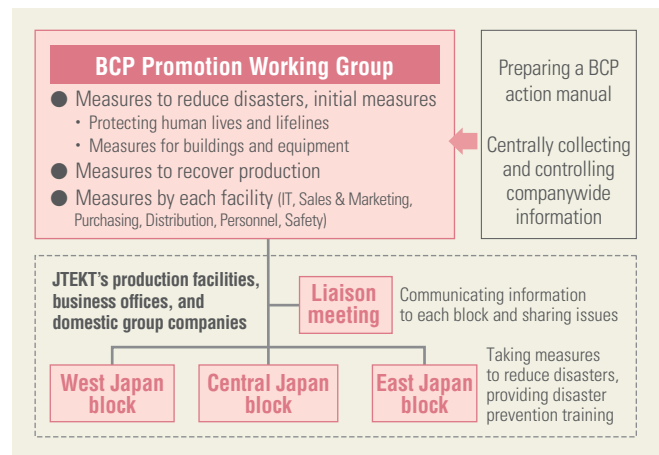
Stepping up approaches to risks at each department

At JTEKT, each department and headquarters formulate an annual action plan based on the Global Company Policies and adopt a policy control system for regularly checking the progress of achievement. In FY2013, individual departments and headquarters described in their annual action plans factors that would hinder the plans as risks, and began activities to consider measures at the planning stage in case of risk occurrence.

Promoting measures against large-scale disasters

JTEKT divides Japan into three blocks and promotes measures to prevent and reduce disasters so that each block will be able to autonomously take action.

JTEKT Group's disaster prevention promotion system



My CSR

Hirohito Minoshima
Management TOP Direct Control
Export Control Dept.

JTEKT is making all possible efforts every day to strictly observe export-related laws and regulations.

The Export Control Department is making all possible efforts to observe laws and regulations so that cargo and technologies of JTEKT and JTEKT group companies will not be used for military purposes, such as the diversion thereof to the development and production of weapons of mass destruction. The department strictly examines whether cargo and technologies to be exported to overseas countries are items controlled by laws and regulations and whether customers will use them for proper purposes. JTEKT is determined to further reinforce the export control system and, at the same time, communicate the latest information to all JTEKT group companies through position/department-specific training, audits, etc.