

Third-party opinion on the JTEKT CSR Report 2014

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 then freelanced. Now a part-time university lecturer he also works as a corporate trainer on CSR topics. Since 2005, Yamaguchi-san has analyzed and reported on 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. Learning about true CSR and getting advice in CSR workshops. (<http://junkanken.com>)



Since 2008, I have had the honor of overseeing the third-party opinion section of the JTEKT CSR report, and this time I truly felt that the theme of "CSR Familiarization" has progressed throughout JTEKT and its group companies. This can be seen in the CSR policy comprehension survey and the "My CSR" column, as well as in the comments and remarks from group companies. JTEKT has a sufficient internal reporting system, which I think can be largely attributed to CSR reinforcement throughout the company. I ask that JTEKT continues efforts for familiarization, and also that JTEKT be aware of the sharing of various global soft laws (*) such as ISO26000 and the United Nations' "Guiding Principles on Business and Human Rights", in order to ensure smooth progression into a truly global company.

There are 3 points in this report that can be used as models for other reports. The first is "verification of results" regarding the enforcement of compliance. Although companies that violate compliance may take various recurrence prevention measures, they retain the structural issues within the organizational climate that caused the problems in the first place. Consequently, cases of recurrence arise because these companies do not verify the efficacy of their preventative measures. Regarding this, I stated in last year's third-party opinion that "important points from the perspective of reoccurrence prevention (violation of the Anti-Monopoly Act in this year's case) are awareness-raising, strengthening systems and frameworks, and verification reports that rules, training and so forth are functioning adequately in workplaces." The "verification of results" I mentioned corresponds to this opinion, so I ask that JTEKT periodically confirm the status of its systems in order to continuously improve them. Please report about the same verification implementation concerning the enhancement of countermeasures related to work accidents in next year's report.

The second point is the pattern started in the 2012 report of including the details of efforts and their results, after stating the social background and JTEKT's concept. JTEKT is committed to "revealing social issues through communication and then striving to solve them", and the report layout meets this assertion. This is important in raising the appeal power of the report. I believe that using this layout in the "PICKUP 2013" would have made it more persuasive.

The third point is the reporting on mental health. Mental health ailments have become a large social issue on not only a company level, but on a national level as well. A revised Industrial Safety and Health Law was established in June

2014, making stress checks for every employee mandatory. JTEKT had been working proactively to combat mental health issues prior to the revised law, the details of which have been noted in this report. The "No. of people taking time off work and reason by age" section in particular is something that is not seen in the CSR reports of other companies. I believe that by reporting actual conditions, verifying the efficacy of measures taken, and improving actions, the situation will inevitably change for the better. This is because these actions are a demonstration of the important function of communication. JTEKT has been working on improvements since FY2012; a trend I expect will be continued. However, the main factor in mental health illnesses, work time, has been getting longer; the increasing number of employees working long hours who are receiving checkups is concerning.

JTEKT is a global company, from the perspective of its employee structure, sales structure, and technological prowess. To take the next step in becoming further renowned throughout the world, I expect JTEKT to undertake the following 3 points. The first point is something I have previously highlighted in last year's report, the disclosure of the "importance (materiality)" selection process. This is included along the lines of a "keyword" within the report (leaflet), but is not specified as anything more than a "keyword" selected through the corporate perspective. I feel that a focus on the importance of stakeholders' perspectives will, in quoting the preface of the GRI G4 Guidelines, "make reports more relevant, more credible and more user-friendly. This will, in turn, enable organizations to better inform markets and society on sustainability matters."

The second point is the section on efforts within the value chain. The value chain is expanding throughout the world due to globalization. As JTEKT issued the "CSR Activity Item Guidelines" in 2012, I surmise that efforts are currently underway, however the details of the guidelines are unclear. The status of value chain CSR is also unknown.

Within ISO26000 as well, "promoting social responsibility in the value chain" is specified as a major theme within issues relating to fair established corporate practices.

The third point is the strengthening of efforts for global warming prevention. Last year's report states the goal of "cutting greenhouse gasses to half of what they were in 2000 by the year 2050". I ask that JTEKT backcast from this objective when setting medium and short term goals.

* **Soft laws** Social norms without legal binding.

Response to the third-party opinion

Corporate Planning Dept.

We would like to extend our sincere thanks to Mr. Yamaguchi for providing us with his valuable opinion at the kick-off meeting when creation of this report began, at the intermediate conferral and upon completion of the report.

To establish JTEKT as a truly global company, we have promoted the formulation of the JTEKT GROUP VISION and the Mid-term Management Plan in FY2013. In FY2014, we will continue to take the lead to steadily promote the Mid-term Management Plan to achieve the VISION, together with the whole JTEKT group. We will also continue promoting the familiarization of CSR within JTEKT employees by providing support through face-to-face communication and *genchi genbutsu* spirit to establish the CSR mindset in all workplaces, including those of other JTEKT group companies, and to help employees

become self-reliant in their activities. We will further enhance the activities that Mr. Yamaguchi has emphasized concerning "importance (materiality)", "value chain", and "prevention of global warming", which are all what we consider will one day be important for global JTEKT activities.

Moreover, we will contribute to local revitalization from the perspective of CSR through efforts such as job development, while promoting locally rooted activities.

We have edited this report while keeping in mind our broad range of readers, and have written the presidential message and remarks from product developers in the "Message" column as was done last year, as a communication tool to make readers feel closer to JTEKT. We have put efforts into disclosing sufficient information and improving the chapter structure within the "Details & Data" section. Our goal is for our company's activities to be understood by our stakeholders and to remain a company trusted and appreciated by all.