

# Third-party opinion on the JTEKT CSR Report 2017

Director 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.

## 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. Researching and Making Proposals regarding the Ideal CSR in CSR Workshops of Study Groups.  
(<http://junkanken.com>)



I have been writing the third-party opinion since the first CSR Report (FY2008) and am grateful to have had the opportunity to see JTEKT's CSR become increasingly enriched and the level of information disclosure grow. I am convinced that JTEKT has been able to use the same individual belonging to an NPO for such a long period of time due to its broad-mindedness and strong enthusiasm for self-innovation through self-relativization. I believe that a third-party opinion is not a description of impressions of a CSR report, but rather the result of engagement between a company and third-party through a report conveying the actual state of the company, with the purpose of facilitating the next engagement. It would not be an overstatement to say the third-party opinion plays a part in fulfilling the "Engagement Model" (established March 2017).

## Considering both aspects simultaneously to achieve good CSR

This year's report gave me the impression that the CSR is gradually becoming more enriched and its level of information disclosure is growing. This sense of heightened enrichment came from reading about initiatives relating to CSR promotion, such as how JTEKT has changed the name of the CSR Promotion Committee to the Council for Enhancement of Corporate Value and established the Council of Public Disclosure. The first initiative mentioned above is a proclamation that JTEKT has clearly shifted its focus from CSR to 'strategic CSR' and integrated its company management. JTEKT's CSR is well-spread amongst its employees so I am sure the message associated with this transition will also spread before long.

However, as indicated by CSV (Creating Shared Value), strategic CSR is about producing values common to both the company and society, therefore I would like to see JTEKT also paying attention to the creation of social value.

Furthermore, at the same time as value creation, CSR also requires responsibility for the impact that business activities have on the environment and society, therefore it is important to consider both of these aspects simultaneously.

The establishment of the Council of Public Disclosure was timely as it will enable information disclosure that withstands the trend of investors enhancing the ability to evaluate ESG(\*) information in accordance with the Stewardship Code. In the future, I hope to see clear stipulation of information disclosure principles relating

to non-financial information and the establishment of information disclosure management. Also, please promptly take action regarding the specification of materiality I recommended previously.

## It was a wise decision to enrich content relating to "Building Professionals"

In regards to the increased level of information disclosure, this was evident from reading the "Together with employees" section of the CSR Report. This section has grown from 14 pages in the previous year's report to 17 pages and includes content that leads the way for other CSR reports of Japan. "Building Professionals" is one of the three activities that form the JTEKT GROUP VISION and is also mentioned in the Message from the President (JTEKT Report) as follows; Building Professionals" is the foundation that supports "Building Value" and "Building Excellent Products" and, as such, the most difficult and critical component. This kind of approach will result in the diversification and strengthening of initiatives for "Building Professionals", therefore it was a wise decision to enrich the content of the "Together with employees" section. I believe such initiatives are the reason for the ongoing improvement in the level of employee satisfaction reported through the employee questionnaire.

## Incorporating guidelines in targets is important

The Environmental Report also addresses social requirements and contains no small amount of leading reports. For example the long-term guideline of the Environmental Challenge 2050 has been established, and the report provides many examples that this is indeed serving as a concrete guideline for daily environmental conservation activities. Looking at other companies' reports, it is rare for a report to cover actions based on a long-term guideline looking as far ahead as the year 2050. Moving forward, JTEKT should incorporate this guideline in its targets in concrete terms and set short-to-midterm targets in a backcasting approach. This will surely help to further promote initiatives on the frontline and clarify evaluation. In regards to CO<sub>2</sub> emissions, the report states that "Moving forward, we will work on establishing CO<sub>2</sub> emissions targets with scientific basis" so I would like to see the same direction being taken for other categories also.

\* ESG The first letters of "Environment", "Social" and "Governance". Items a company must consider when rolling out its businesses as corporate responsibility.

## Response to the third-party opinion

Corporate Planning Department,  
Corporate Management HQ, JTEKT Corporation

Thank you, Mr. Yamaguchi, for your invaluable opinion of our complete CSR report, following our opinion exchanges at the kick-off meeting and intermediate meeting. We believe we have been able to continuously advance forward with the improvement of our information disclosure through this CSR Report since the initial FY2008 publication due to the steady accumulation of your opinion over the years, which we have enabled by making the opportunity to receive such opinions a milestone of this report.

In FY2017, JTEKT constructed the Management Model and Engagement Model as its implementation models and is working on strengthening initiatives to enhance corporate value. In order to co-create corporate value through dialogue with stakeholders, we have been promoting the integration of reports since FY2016 and by supplementing the integrated report “JTEKT Report 2017” with this CSR Report, which features detailed CSR-related information in addition to orderly positioning the reports we have achieved further enhancement.

In regards to your feedback relating to “considering both aspects simulta-

neously to achieve good CSR”, firstly we would like to firmly grasp each of the requirements and expectations directed at JTEKT as the importance of corporate social responsibility grows even greater and, based on the implementation of JTEKT-style initiatives which consider our impact on the environment and society, further promote activities which exceed the scope of conventional CSR activities, such as how contributing to the solving of social issues and values produced by corporate activities can lead to social values. Moreover, we will engage in initiatives to improve our internal structures; namely the processes for information disclosure relating to non-financial information and materiality specification and push forward with the creation of value on an ongoing basis.

Moving forward, we will continue engaging in initiatives for the realization of our Corporate Philosophy – “contributing to the happiness of people and the abundance of society through product manufacturing that wins the trust of society” – and provide ongoing reports to our stakeholders of the status of such initiatives.

---

### Thank you for reading.

We would like to further improve the CSR initiatives and reports, listening to our stakeholders. If you have any opinions or requests, please feel free to contact us.

#### Inquiries

Corporate Planning Department, Corporate Management HQ, JTEKT Corporation  
15th Floor, Midland Square 4-7-1 Meieki, Nakamura-ku, Nagoya 450-8515 Japan  
TEL: +81-52-527-1905 FAX: +81-52-527-1912

<http://www.jtekt.co.jp/e/>