

Message from the President



Constantly considering CSR in the name of a sustainable society

JTEKT Corporation Company President

Shoji Ikawa

Reinforce compliance and reconsider what JTEKT's social responsibility is.

Last year, reflecting on our group as a whole, JTEKT and our subsidiary, Koyo Sales, were suspected of infringing the Anti-Monopoly Act regarding our bearing transactions and we became under investigation by the overseeing Japanese author

ity. This investigation is ongoing. Our European bases were also suspected of infringing the EU Competition Law and are currently being investigated by European authorities. Until now, we have exerted every effort to conduct business activities in accordance with CSR and observe legislation however we must take this reality that we are undergoing investigation with extreme seriousness.

I would like to extend my sincere apolo

gies to our shareholders, customers and all other stakeholders for the concern and trouble we have caused. JTEKT will fully cooperate with the authorities and do everything in our power to facilitate an appropriate and swift investigation.

At JTEKT, we believe that CSR must be reflected in every single activity we engage in and have introduced a framework to reinforce compliance, and strengthened the organizational structure of the division that monitors this.

In FY2011 we surveyed individual workplaces to reinvestigate duties which have become second nature from a CSR perspective and strengthen workplace management. This activity aimed to facilitate sincere business activities. By discussing the results, observations and doubts arising from this activity, we raised our awareness of CSR. This activity provided each of our employees with an opportunity to rethink the role they play from a perspective of what JTEKT's value is and our responsibility to our customers, business partners, and the local community who support us, with respect to our company objective of "contributing to the happiness of people and the abundance of society through product manufacturing". We would like to conduct this activity again in 2012, increase dialogue with our stakeholders, become a trusted member of the local community, and be seen as a company essential to the local ecosystem. JTEKT will continue to make every effort to see CSR reach each and every one of our employees, including our executives.

Global company policy – towards establishing a strong foundation

In regards to the external environment, the past year saw many unprecedented risks emerge, including the Great East Japan

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Earthquake, the subsequent nuclear power generation and power supply issues, disasters such as the floods in Thailand and from an economic perspective, the prolonged super-strong yen, the European debt crisis and so on. We would like to use the many lessons we learnt from taking action to address these issues and the relationships we formed with people to further strengthen risk management and fulfill our responsibility as a corporate citizen.

In light of this social landscape, JTEKT's global company policy for FY2012 incorporates two main points to address economic issues - to establish a strong foundation not susceptible to change and challenge to further achievement. For the first initiative of establishing a strong foundation not susceptible to change, we have identified the elements of safety, quality and delivery, human resources and corporate culture and global management control to accompany CSR, which I mentioned at the outset. I believe that



these are the fundamental elements we need to incorporate in our solid economic foundation if the JTEKT group is to continue to be a truly global corporation into the future. All of our employees will have high aspirations and continue to make progress in these areas as we work towards our primary goals.

To elaborate on the safety element, I feel we can still do a lot more towards eliminating the root cause of workplace accidents. I became strongly aware yet again how important it is to prioritize safety over production efficiency and will create a

workplace culture where everyone takes ample caution and can work with peace of mind. We will passionately engage in activities to achieve zero workplace accidents overall. Regarding quality and delivery time, we will take a long, hard look at our actions from our customer's point of view to ensure we are not making light of the invaluable feedback they provide us and that each department isn't merely prioritizing activities convenient to them. Our goal is to become a trusted partner worthy of recognition from all of our customers. For the human resources and corporate culture element, we wish to foster an environment where each and every employee can feel highly motivated, acquire new knowledge independently, and by developing a people-nurturing culture, bring out the most of each individual's capability, so that our employees and our company as a whole can grow together and be active on a global scale. Charles Darwin said *"It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change"*, and I believe that companies must also learn how to respond to change. JTEKT aims to become a company in which each individual member will swiftly identify their needs, cooperate with other members to form a team that can respond flexibly and, as a result, perform with our heads held high amidst fierce global competition.

Regarding global management, JTEKT believe that our prime task is to further enhance the overall group's framework to control risks and the like. Learning from the risks which surfaced from last year's disasters and the experience we gained, we will prepare for various presumed risks. We believe that our responsibility to society is to continue to provide a stable supply of products by not allowing anything to interfere with production activities under any circumstance.

Challenge ourselves to further achievement

As well as building a solid management foundation, we will engage in challenges to keep on leaping forward. In order to respond to changes in the world's environment swiftly and turn them into business opportunities, we must respond to our customer's expectations and provide products which surpass these expectations in a timely fashion. To achieve this, we are strengthening our sales potentiality and product competitiveness. Through creating a process of "grasping customer needs", "proposing attractive products" and "skillfully manufacture good products" and constantly leveling up, our products will evolve from being "good" to being "attractive".

First, we must capture the customers' needs with strong marketing, plan and propose products from the customer's perspectives and consider how we can contribute to our customer's business and whether or not they are faced with any issues our products could help solve. The JTEKT group covers a diverse range of technologies and we strive to propose attractive products with technological prowess and product value so our customers can experience this. In the name of safety and consideration to the environment, for example, we will utilize compact, lightweight technologies to provide our vehicle manufacturer customers with products that will aid their production, and combine peripheral parts with conventional equipment to create module units and propose products with even higher added-value. JTEKT is strengthening activities to propose products and technology that contribute to resolving any issues our customers may be facing and facilitate technological innovation. For example we are channeling even more energy into the industrial domain, further enhanc-

(*) JTEKT VISION 2015

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ing the quality of our bearings, adding maintenance functions, and developing flexible machine tool systems suitable for multi-variety, small-volume production. Next, in order to provide such products in a timely fashion, we are building a global standard line that will guarantee the JTEKT brand of manufacturing. The global standard line will be rolled out worldwide, introducing the philosophy by which Japanese manufacturers build their lines, run a business, respond to trouble and make good products well. This action will create jobs and stimulate the various local communities, but rather than be hasty in rolling out, we will proceed with due caution to ensure fundamental elements such as safety and quality are not neglected. Moreover, the products and lines resulting from this activity will be universalized and each department's tasks streamlined. The generated resources will be further invested in improving the added-value of products and we will challenge ourselves in new areas whilst striving to improve our products further.

In closing, last December, the JTEKT, Koyo and TOYODA brands established an integrated logo. We will continue to contribute to creating an abundant society through the unshaking product quality promised by these 3 brands. In order to realize the JTEKT VISION 2015 (*), we will interpret changes as chances as a truly global company, and the entire JTEKT group will work as one to make this year one great leap forward.

We ask you all for your continued support.

JTEKT's new framework for compliance reinforcement.

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To strengthen our compliance framework, we appointed 23 compliance officers in October of 2011 (18 in Japan, 5 overseas) mainly comprising of managing officers. A compliance officer's primary duties are to spread compliance awareness in individual workplaces, supervise, provide leadership and conduct inspections. Moreover, in November we established a Compliance Promotion Department directly under the Company President and a Compliance Promotion Group under the managing department of Sales & Marketing Headquarters.

Under this new framework, from the end of January to March 2012, JTEKT carried out compliance inspections in all 160 company departments as well as 25 domestic and 69 overseas group companies. Based on the results of these inspections, we formulated the compliance promotion plan for FY2012. This overall activity is monitored by an internal audit led by the Global Internal Audit Department to ensure transparency and objectivity.

We will continue to insure that compliance reaches each and every of our employees.

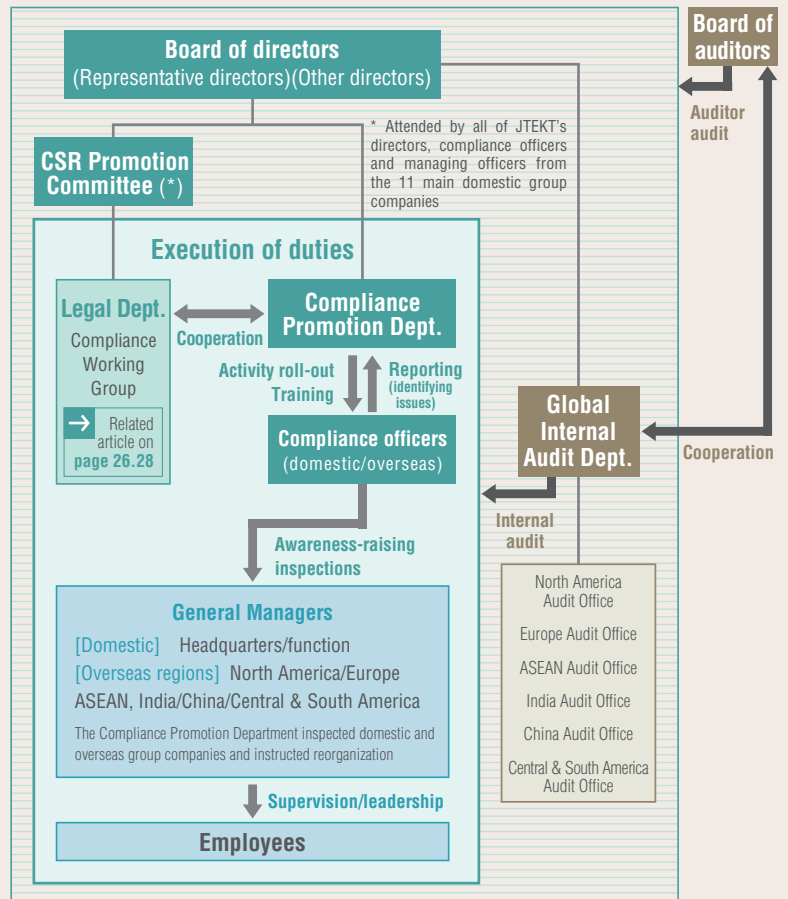
Activities to strengthen our compliance framework

2011

- October ● Appointed 23 compliance officers (18 domestic, 5 overseas) mainly comprising of managing officers (Appointment began in November)
- November ● Established a Compliance Promotion Department directly under the company president, a consultation desk for the Anti-Monopoly Act and a Compliance Promotion Group under the managing department of Sales & Marketing Headquarters
- December ● Held a workshop on laws and regulations for managing officers

2012

- January - March ● Held compliance inspections JTEKT wide and group wide (domestic & overseas)
- March ● Formulated the FY2012 activity plan based on results of the compliance inspection held by the CSR Promotion Committee
- April ● Reported audit results concerning compliance to the board of directors
- June ● Reelected compliance officers



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