

CSR Management

→ [Pick-Up] P4 Related article

- This report aims to inform our stakeholders in straightforward language of JTEKT's concept and activities surrounding CSR.
- In FY2013, we have made major changes to the format of the report to make it easier to comprehend, dividing it into a Pick-Up section (leaflet) and a full online report combining both the Pick-Up and a 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".

CSR Policy M_01

- Corporate Philosophy
- Corporate Activities Standards
- Ethics Code for Directors and Officers
- JTEKT Employee Conduct Guidelines

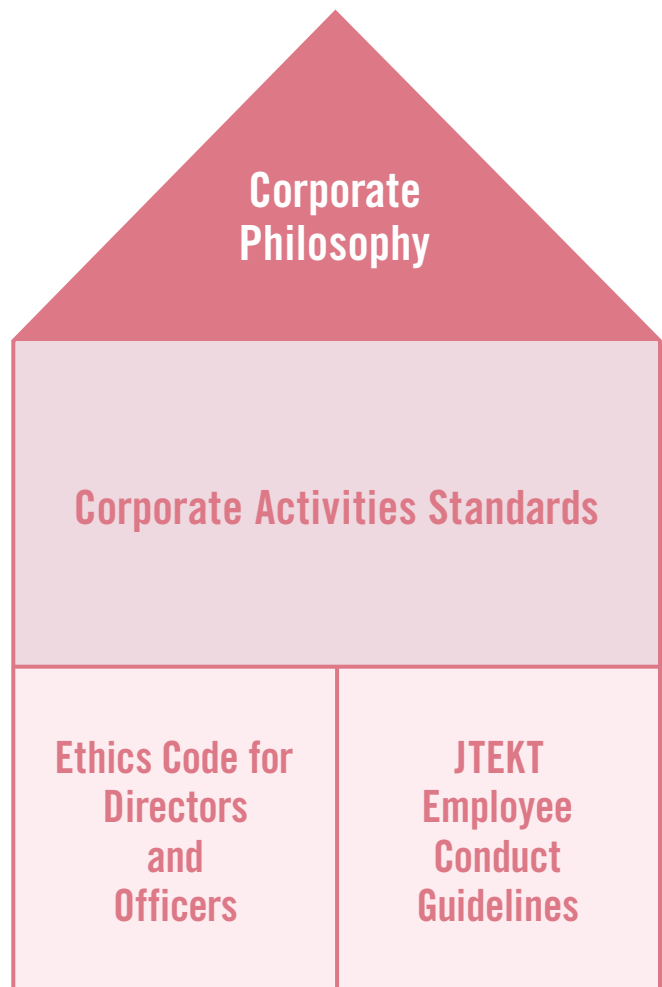
CSR Promotion Structure M_03

The foundation supporting CSR M_04

- Corporate Governance
- Compliance
- Risk management

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

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.

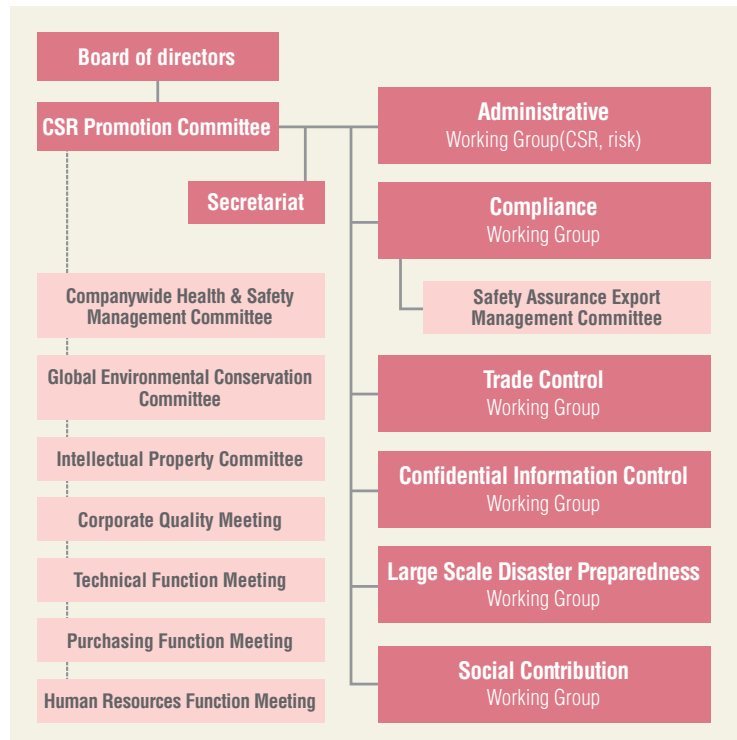
At the March 2013 committee meeting, 21 domestic compliance officers and the presidents of 11 main domestic companies participated and discussed plans for furthering compliance within the JTEKT Group.

→ [Pick-Up] P3 Related article

Specialized working groups

One of our specialized working groups is currently planning and promoting activity schedules for the important themes of compliance, confidential information control, large-scale disaster control, and social contributions. The trade control working group was newly created in March 2013.

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	Proposing and promoting 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.
● Large Scale Disaster Preparedness Working Group	Strengthen buildings and equipment to withstand disasters, prepare and revise manuals for early recovery, etc.
● Social Contribution Working Group	Promote social contribution and volunteer activities.

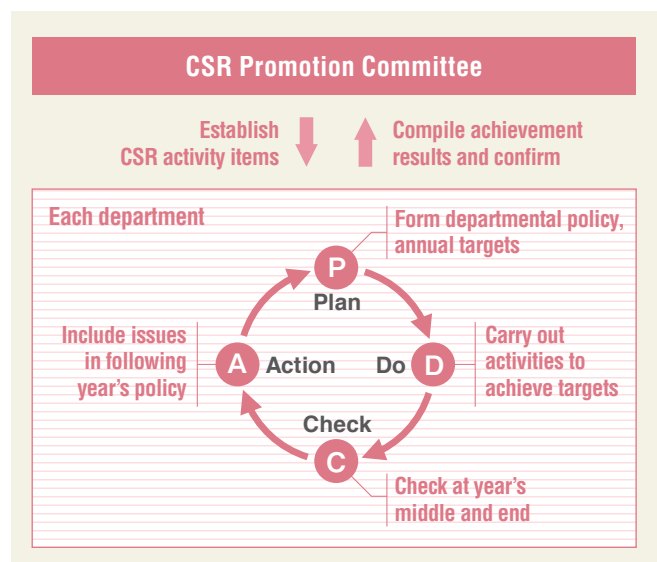
CSR activities in each department, companywide

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.

Continuing on from FY2011, in FY2012 we have added details particularly emphasizing CSR to our global company policy. All employees of Line Leader status and above have expressed their determination regarding CSR, and are strengthening their efforts to improve CSR awareness within each department.

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

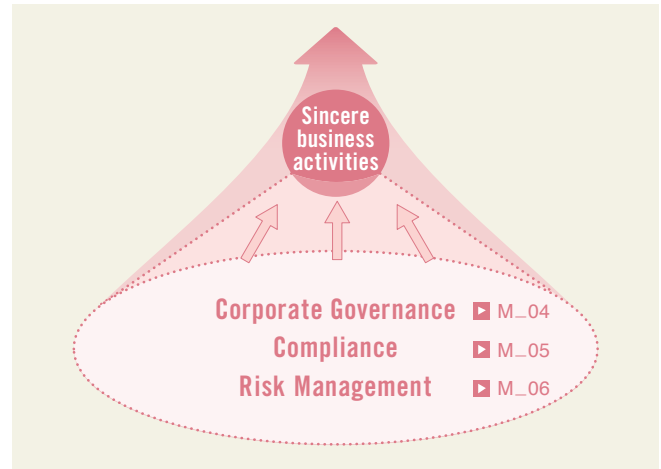
→ [Pick-Up] P14-15 Related article



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

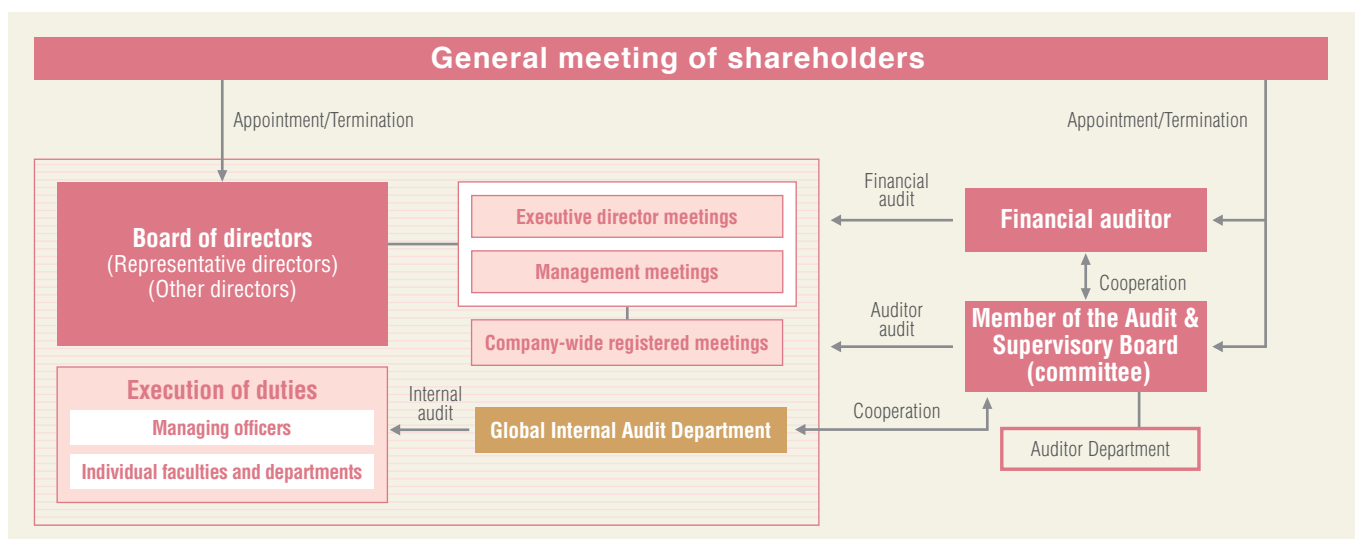
At JTEKT, the board of directors meets every month to make management decisions and monitor directors’ performance of duties. Also, sub-mechanisms of board meetings, such as executive director meetings, management meetings and company-wide registered meetings, are held to fulfill individually deliberated 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 FY2012, our compliance officers conducted surveys and education for the heads of each department both in Japan and overseas, and we strengthened our auditing framework through the establishment of auditory departments in North America, Europe, ASEAN, India, China, and Central/South America. Furthermore, we enhanced our internal control system utilizing management control guidelines.

→ [\[Pick-Up\] P3 Related article](#)



The foundation supporting CSR

Compliance

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

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.

→ [Pick-Up] P3 Related article

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 Strengthening Month

In order to not let the fact that we underwent an on-site investigation from the Fair Trade Commission in July 2011, we have made July of each year into Compliance Strengthening Month, holding educational activities for all employees. Other efforts include adding featured articles to our company newsletter, putting up posters, and setting compliance messages to be displayed upon computer startup.

◎Departmental education on major subjects

Each year we designate departmental compliance education on major subjects as part of the yearly schedule. We prepare easy-to-understand educational materials explaining the laws concerning the department in question, and conduct education and group instruction via e-learning.

◎Compliance education within each company level

Instruction is carried out for executives, employees promoted to managerial and supervisory positions, and new employees.

◎Examples of compliance violations

We have drawn up a list of generalized compliance violations (incidents and near-incidents) that have occurred within JTEKT and JTEKT Group companies. The material was posted to our database to help prevent reoccurrences of these incidents.

Internal reporting system

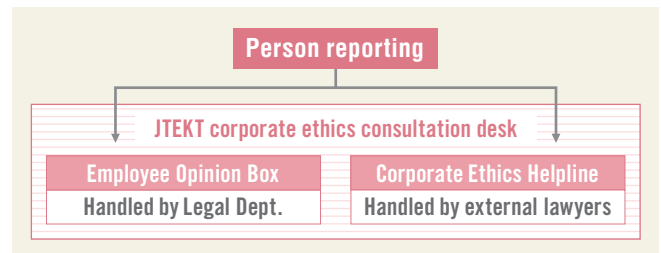
28 cases reported and handled in FY2012

The JTEKT corporate ethics consultation desk was created as a way for employees to report problems and concerns regarding compliance, and receive consultation; the facility consists of an Employee Opinion Box (managed by the Legal Dept.) and a Corporate Ethics Helpline (managed by an external lawyer). As a result of proactive publicity activities, a total of 28 cases were reported and handled in FY2012.

FY2012 breakdown

Rule violation	6
Personnel system	8
Workplace communication	5
Harassment	6
Health and safety	1
Other	2
Total	28

Structure of the internal reporting system



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

Number of internally reported cases

FY2008	FY2009	FY2010	FY2011	FY2012
31 cases	22 cases	29 cases	21 cases	28 cases

Actively encouraging employee use

The consultation desk proactively advertises opportunities such as employee instruction within the company newsletter, intranet, etc. During FY2012, the consultation desk was publicized on the paper cups of beverage vending machines in order to reach employees on a closer level.



My CSR

Naoki Nishizawa
Domestic Legal Affairs Group Legal Dept.
Personnel and General Administration Division

Supporting JTEKT activities from the legal aspect

The word “CSR” can be interpreted to mean different things, but we define it as everyone’s aim to build a happier, more abundant world through work. In the Legal Department, we work daily to support the JTEKT activities of “Purchasing materials, creating useful products for the world, and conducting sales”, through a legal lens. As a member of the Legal Department, I would like to contribute to fulfilling our corporate philosophy by helping everyone.

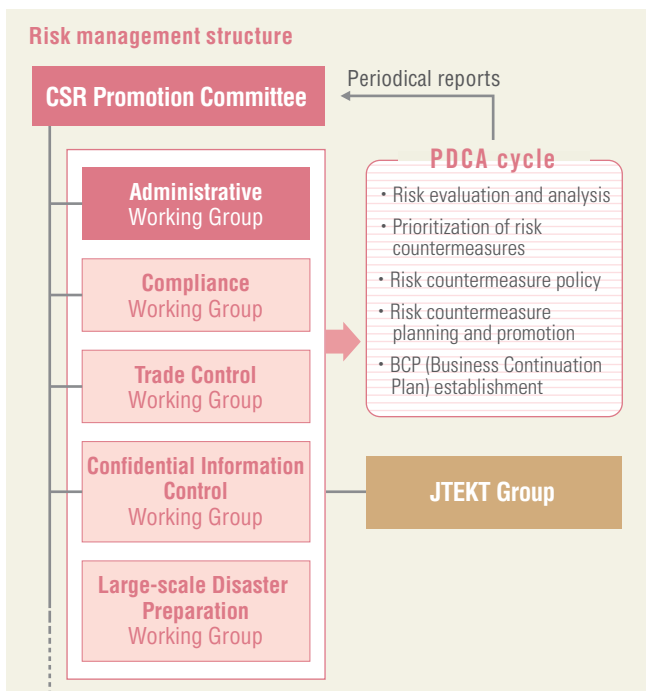
The foundation supporting CSR

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 companywide, horizontal organization, CSR Promotion Committee, selects risks, etc., that affect business activities, the environment and safety. Each Risk Management Department then formulates measures for prevention, countermeasure and recovery assuming such risks. Ongoing revisions are made in response to changes in the external environment and the level is constantly improved.

Ongoing revision of risk management

Implemented in FY2011

- Continue countermeasures and reevaluate each risk
- Discuss revisions in the company rules/information transmission route that respond to changes in the outer environment


Implemented in FY2012

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

FY2013 plan

- Review risk management framework and operations
- Strengthen PDCA cycle to improve risk management

Framework in the event of risks affecting the whole company
In the event of a risk occurring such as a large scale disaster, etc., which would affect the whole company, a task force is set up to respond to risks.



My CSR

Tadashi Ashida
System Infrastructure Planning Group 2 Planning Office
Management Information Systems Dept.
Finance & IT Division

Facing risks while pursuing higher work efficiency

In the Information Systems Department, we are continuing the enhancement of risk countermeasures to handle mainly the risks of information leakage, system shutdown due to large-scale disaster, and software license violations. While IT is extremely convenient, it has the potential to cause considerable damage or greatly influence a company if a problem or accident occurs. We will face these risks as we pursue higher work efficiency; working towards risk reduction and the improvement of IT user morale, and conducting further countermeasures for preparation in case of an emergency.

