

Third-party opinion on the JTEKT CSR Report 2013

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://www.nord-ise.com/junkan/>)



CSR activities and information including CSR released by companies can be likened to a never-ending journey, in which for every step forward that is taken, the goal moves even further away. In the past couple of years this trend has intensified, and it is exactly as though one is trying to run up a descending escalator, as in, if you stand still, you will end up relatively going backwards. Given this state of affairs, it is extremely reassuring to hear JTEKT's assertion that their "CSR and CSR report consider the importance of observing and changing, advancing year after year".

I have 4 evaluation points and 1 request regarding this year's report.

The first point is that the report was divided into 2 versions, Pick-Up and Details & Data. All companies share a common wish to have their CSR report read by more people, and by creating two versions the way JTEKT has this year, I believe they can expect a higher number of readers. The issue is the separation of information for the respective versions. The general rule is to separate information with a firm awareness that Pick-Up should be a tool to promote communication with stakeholders, while Details & Data should be a tool to fulfill the responsibility of a company to provide explanations. In this year's report, information has been selected based on keywords, however as I will mention further in, the importance of information needs to be selected objectively.

The second point is the use of a "NEW" mark. This makes it plain to see that JTEKT's CSR is advancing. It is important that CSR reports both respond to society's concern while adhering to global standards and the NEW mark is likened to a "merkmal" (*) of these.

NEW items which leave an impression are "CO₂ emissions by scope" and "No. of new people taking time off work and reason by age". Regarding the former, there are a notable number of items for which the calculation method is under investigation, and as such, I look forward to future progress. JTEKT's mental health reporting has always been advanced but this year's report is more significant than that of any other company's report up until 2012. Unfortunately, at this stage, mental health illnesses are not on the road to improvement, however I am confident that through looking reality square on, analyzing, reporting and rolling out concrete measures, the situation will take a turn for the better.

The third point is the report on action to reinforce compliance. Regarding the 2010 price cartel for the sale of bearings, in March of 2013, each company involved was dealt with by either being forced to pay a penalty or being issued with a cease-and-desist order. JTEKT was ordered to pay a penalty and not forced to cease-and-desist, however they were judged as having committed a violation. Although my impression that last year's report did not sufficiently cover this matter has not changed, this year's report lists the compliance reinforcement measures implemented in rapid succession from June of 2011 to 2013. Moreover, during our conferral, I heard that various measures were being strictly applied in workplaces and JTEKT's firm resolve to prevent this type of incident from reoccurring was apparent.

Important points from the perspective of reoccurrence prevention are awareness-raising, strengthening systems and frameworks, and verification reports that rules, training and so forth are functioning adequately in workplaces. The inclusion of veri-

fication reports has been notable from around 3 or 4 years ago and I am of the understanding that reoccurrence prevention is being achieved so far at the companies who are taking such an approach.

The fourth point is spreading CSR internally. This is the first big hurdle that companies promoting CSR come up against, but once overcome, CSR will advance significantly. JTEKT has been exerting effort into spreading CSR internally since 2011 and their achievement is also apparent in the level-of-understanding surveys. Moreover, by reading their report, I can see that CSR has not only spread throughout JTEKT, but also JTEKT's group companies. I have expectations that, moving forward, JTEKT will hold CSR coordinating committee sessions with overseas group companies, successfully spread CSR throughout them as well, and incorporate messages and actions from overseas.

My request is the selection of important (material) information and the disclosure of that process. The international trend guides companies not to feature all information exhaustively, but select which information to report on based on importance.

Both the exposure draft of the International Integrated Reporting Framework released in April, 2013 and the G4 of GRI released in May of the same year raise the concept of importance. While these two differ slightly, they both seek explanations of how topics of importance were selected. I understand that one of the keywords of this report is "importance" however the selection process adopted is not objective.

From next fiscal year, I would like JTEKT to refer to the G4 and framework process for selecting information of importance when deciding on keywords.

* **Merkmal** German for "indicator" or "sign".

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, the intermediate conferral and upon completion of the report.

For JTEKT, FY2012 was a year in which we set a goal of strengthening CSR amongst our global company policy and focused on establishing a strong foundation not susceptible to change as well as accelerating the roll out of our global operations. This year, FY2013, we are continuing the promotion of "Glocal CSR" which we received Mr. Yamaguchi's opinion on last year, and while engaging in actions rooted in the local community, we will contribute to vitalization of the region, take a leap forward and grow into a truly global company. Regarding CSR

reporting, we will endeavor to indicate our internal importance (materiality) selection process with reference to global standards and the international integration reporting framework, and do our best to fulfill our responsibility of providing explanations, as demanded by society.

So that general readers can better relate to JTEKT CSR, in response to internal and external questionnaires, we have enhanced our report by featuring several messages from the people in charge of various areas in our Pick-Up edition, as well as information disclosure in the Details & Data edition.

Our goal is for our company's activities to be understood by our stakeholders and to remain a company trusted and appreciated by all.