

CSR Management

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- This report aims to inform our stakeholders in straightforward language of JTEKT's concept and activities surrounding CSR.
- This report is divided into a Message (leaflet) and a full online report containing both the Message and the Details & Data section.
- The Details & Data section emphasizes objectiveness, completeness and continuity.
- For related articles:
M = CSR Management S = Social Report
E = Environmental Report
- In this section, "CSR Management", we have organized the JTEKT CSR concept and the important points of corporate governance, beginning with "CSR Policy".

New! This mark is used to indicate new actions begun in FY 2014 and information disclosed for the first time in this year's report.

CSR Policy M_01

Corporate Philosophy

Corporate Activities Standards

Ethics Code for Directors and Officers

JTEKT Employee Conduct Guidelines

CSR Promotion Structure M_03

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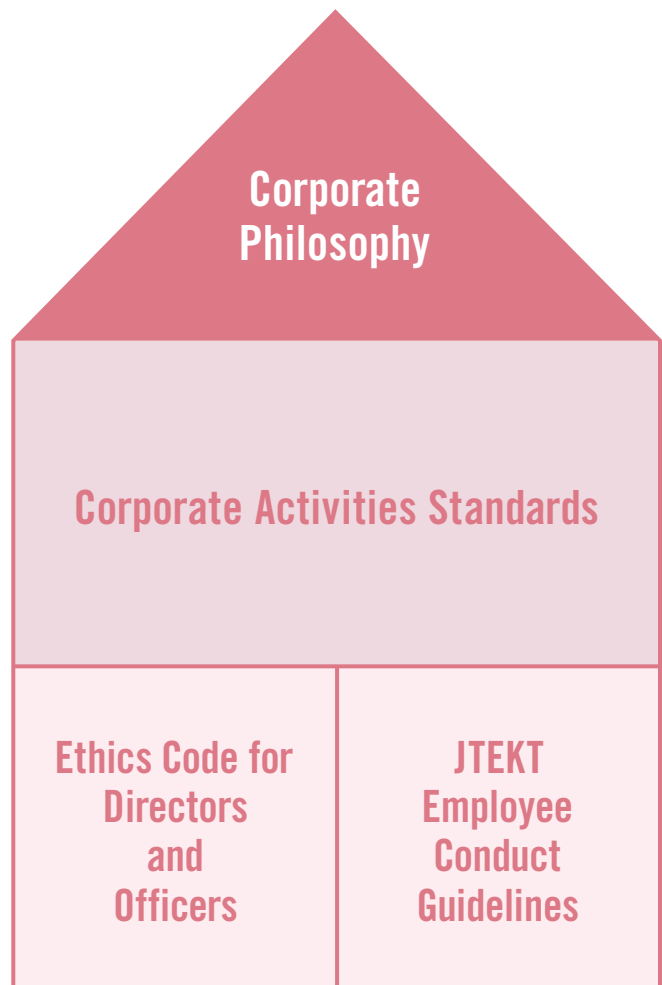
Corporate Governance

Compliance

Risk management

CSR Policy

JTEKT's CSR Policy is comprised 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 ensure 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

These guidelines are organized to make the 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. The guidelines were formulated in April 2006 and revised in June 2008, November 2011, and August 2014. The wording of each section was simplified to promote familiarization throughout employees, and the guidelines have been uploaded onto the internal JTEKT intranet. A portable “pocket edition” has been distributed as well to help enforce CSR among all employees.

Configuration of the JTEKT Employee Conduct Guidelines

- | | |
|-----------|-------------------------------|
| Section 1 | Relationship with the company |
| Section 2 | Activities within the company |
| Section 3 | Relationship with society |
| Section 4 | 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. We, the JTEKT group, formulated the JTEKT GROUP VISION and the mid-term management plan (*1) in April 2014, and defined CSR as one of our business foundations.

***1 Mid-term Management Plan** Implements an evaluation of results and a scheduled renewal each year through constant anticipation of the next five years. The FY 2014 plan corresponds to the period until FY 2018, and the FY 2015 plan corresponds to the period until FY 2019.

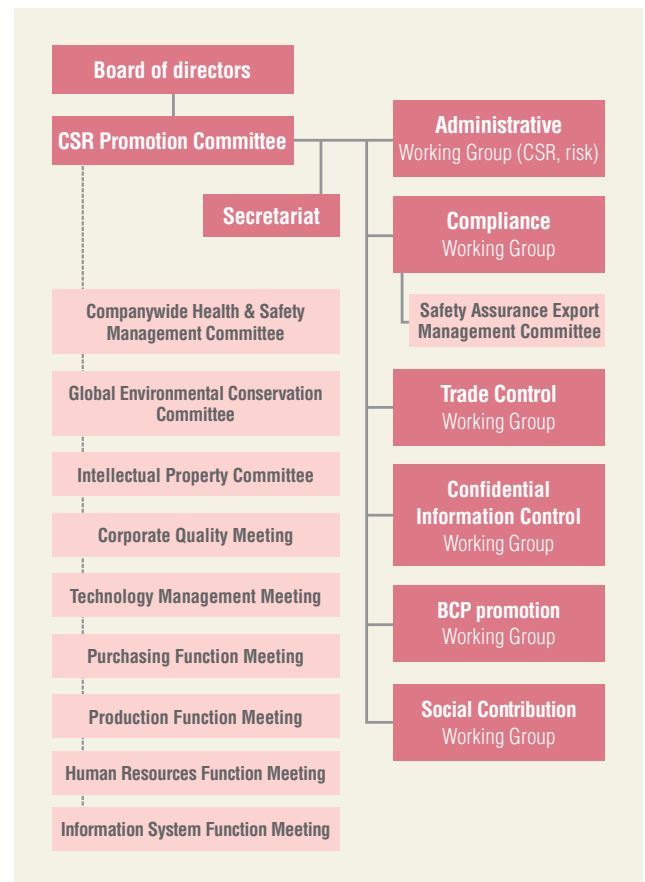
New establishment of two meetings ★ **New!**

We established the “Production Function Meeting” and “Information System Function Meeting” in FY 2014 to further enhance the framework supporting the CSR Promotion Committee. The Production Function Meeting holds discussions on actions for the preparation and stages of production restoration, and the Information System Function Meeting discusses the establishment of IT governance within the JTEKT group.

Specialized working groups

Specialized working groups are established to create and promote activity plans for compliance, trade control, confidential information control, BCP (business continuity planning) promotion, and social contribution, all of which are important themes.

Outline of the structure



● Administrative Working Group	Plan and monitor the progress of CSR activities, regularly assess risk management status and evaluate risks.
● Compliance Working Group	Raise awareness and reinforce the need for compliance with laws, internal rules and business ethics.
● Trade Control Working Group	Propose and promote 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.
● BCP Promotion Working Group	Protect human lives and lifelines, reinforce buildings and equipment in preparation for disasters, and prepare and review an early recovery manual.
● Social Contribution Working Group	Promote social contribution and volunteer activities.

Companywide CSR activities in each department

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 (*2). Through the construction of this type of system, we aim to jumpstart and enhance CSR activities throughout JTEKT and JTEKT group companies. In FY 2014, activities emphasizing CSR were incorporated into global company policies and performed by each department as part of their annual action plan.

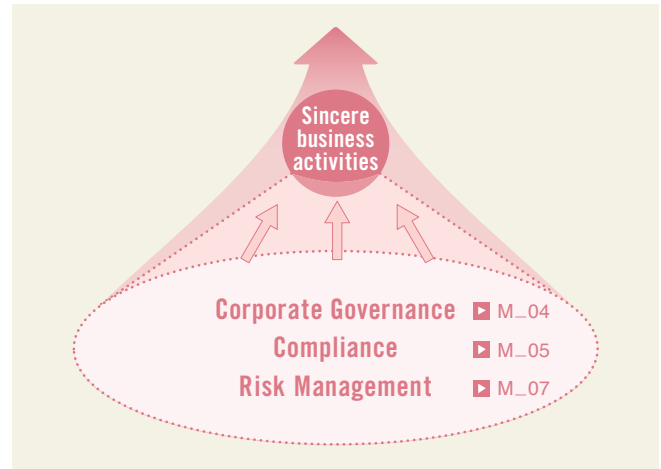
***2 PDCA cycle** PDCA is a management tool for continuously improving work by repeating a Plan-Do-Check-Action cycle.



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.



Corporate Governance

Basic concept

For sustainable growth and mid to long-term improvement of corporate value **New!**

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. In addition, we have implemented a corporate governance code (enacted June 2015) to transform our corporate constitution.

Promotion structure

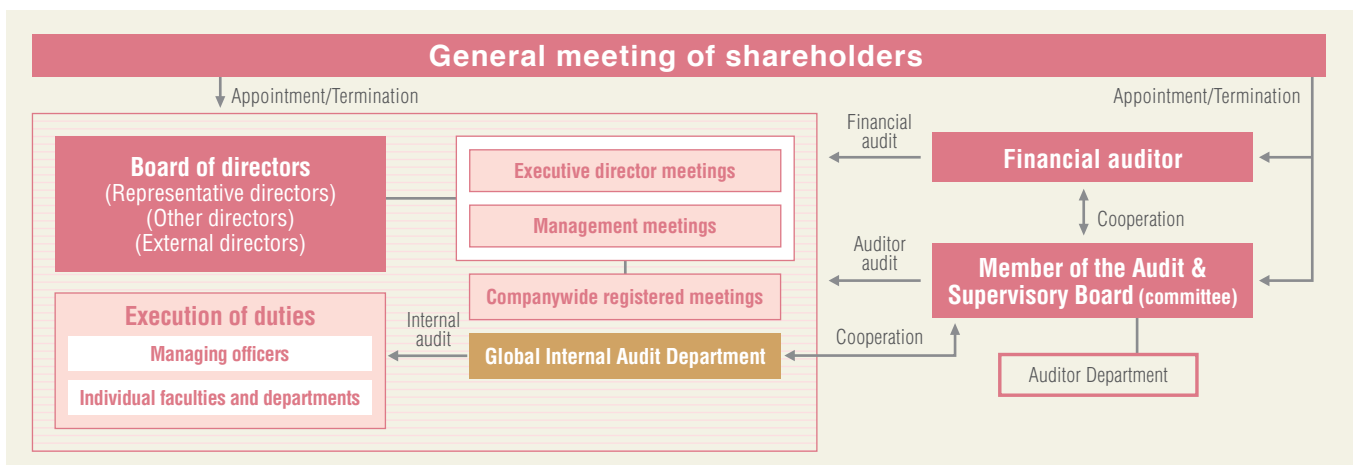
Towards governance on a global scale **New!**

At JTEKT, the board of directors meets every month to make management decisions and monitor directors' performance of duties. Furthermore, two independent directors were appointed outside the company in June 2015 so as to strengthen the monitoring function of the board of directors. Also, sub-mechanisms of board meetings, such as executive director meetings, management

meetings and companywide registered meetings (*), are held to fulfill individual deliberations and monitor the duty performance of managing officers. As a way of monitoring management, we have adopted an auditing 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). In addition, we maintain and operate an internal control system in line with both the Financial Instruments and Exchange Act and the Companies Act. In FY 2014, we revised our Corporate Management Guidelines with the aim to raise awareness for management control, especially among executive personnel in overseas group companies.

The auditing departments responsible for each region, including North America, Europe, ASEAN, India, China, and Central and South America, conducted audits on a global scale to augment the group's internal control.

* **Companywide registered meeting** Meeting authorized by officers' meetings (board of directors, executive director meeting, management meeting) to deliberate and approve matters in order to ensure specialized and in-depth deliberation and proper, more efficient decision-making.



The foundation supporting CSR

Compliance

→ [Message] P3 Related article

Basic concept

Each individual behaves and makes correct decisions according to Corporate Ethics

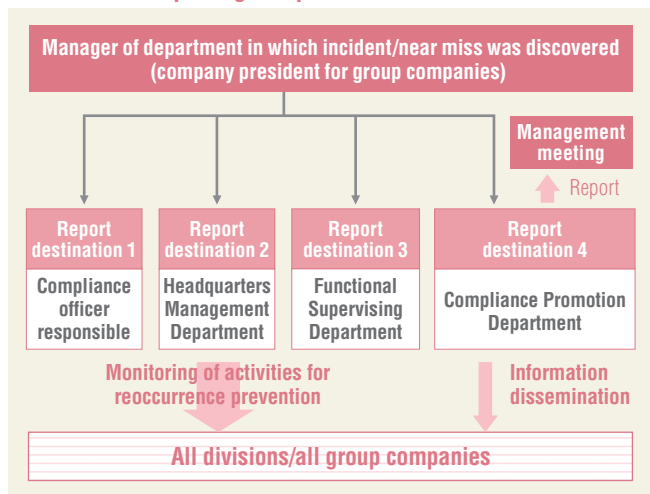
JTEKT regards compliance as the premise and foundation supporting CSR, and essential to the realization of the corporate philosophy. Without limiting compliance to mere law observance, JTEKT has established an “Ethics Code for Directors and Officers”, “Employee Conduct Guidelines” and “Compliance Standard” in order to fulfill corporate ethics and societal obligations.

Promotion structure

Time and appropriate reporting to top management

Compliance violations that occurred within the JTEKT group, including near miss case examples, are regularly reported at management meetings in which top executives participate. To avoid delayed response after the occurrence of a compliance incident, we are currently enforcing the habit of “bad news first” in order to ensure that, as a general rule, any compliance violations (including near miss case examples) are reported within 24 hours of their occurrence.

Procedure for reporting compliance violations



Progress control by the CSR Promotion Committee

In the CSR Promotion Committee, which takes place twice a year, the progress of compliance promotion activities and the results of semiannual activity plans and compliance checks are reported to grasp how deep these activities are instilled and to clarify the direction of promotion.

Education and inquiry by compliance officers

Compliance officers have been newly appointed, mainly from among managing officers. Their role is to promote business ac-

tivities 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 must also understand compliance familiarity, risks and issues, and engage in efforts towards compliance improvement.

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.

◎ Anti-corruption activities **New!**

During FY 2014, our company emphasized activities for the prevention of corruption (bribery), which has surfaced as an international problem in recent years. In June 2014, we enacted an internal “Anti-Corruption Regulation”, and in January 2015 we published an FAQ for the regulation which includes explanations and concrete examples. This FAQ, titled the “Anti-Corruption Guidelines”, was distributed throughout the company.

In conjunction with the publishing of the guidelines, we are enforcing awareness about basic knowledge, the latest social circumstances, and precautions concerning corruption within training for officers, directors and employees.

◎ Compliance Strengthening Month

JTEKT has designated July as “Compliance Strengthening Month”, in which educational activities are provided for all employees. These activities were promoted throughout all of JTEKT during FY 2014, including group companies.

Activities spanned multiple aspects and included e-learning for all employees (a printed medium was given to employees who had not yet been lent computers), compliance training for officers and directors, awareness messages upon PC startup, hanging of educational posters, and placement of table top notices.



Officer and director compliance training held in July

◎ Compliance Letter

The 20th of each month is designated as the “Day of Compliance Communication” so that employees at each workplace can discuss everyday compliance problems and deepen their understanding of compliance.

◎ Deployment of examples of compliance incidents and near miss case examples **New!**

To help prevent reoccurrence of compliance incidents, we have created a collection of easy-to-understand case examples using four-panel comic strips as a reference for compliance violations which have occurred at JTEKT and group companies.

◎ Rank-based compliance education

Training programs for officers, new managers, and personnel promoted to managerial positions were held in the form of group discussions.

The foundation supporting CSR

Internal reporting system

Establishment of three consultation desks specializing in different fields of problems

To provide a more comprehensive response to each case, a “corporate ethics consultation desk”, “anti-monopoly consultation desk”, and “harassment helpline” have been established as the three main pillars of the internal reporting system.

The corporate ethics consultation desk is comprised of an employee opinion box, the harassment helpline, and a “corporate ethics helpline” operated by an external lawyer.

Actively spreading awareness about the consultation desks ★ New!

To increase employee awareness about the internal reporting consultation desks, we have created table top signs and posters which have been displayed throughout the entire company in easily visible locations. As a result, the number of consultation cases has risen, allowing us to pick up on voices that were previously unheard. Our company will continue to organize an environment which facilitates consultation, aiming for a goal of 100 percent employee knowledge of the system.



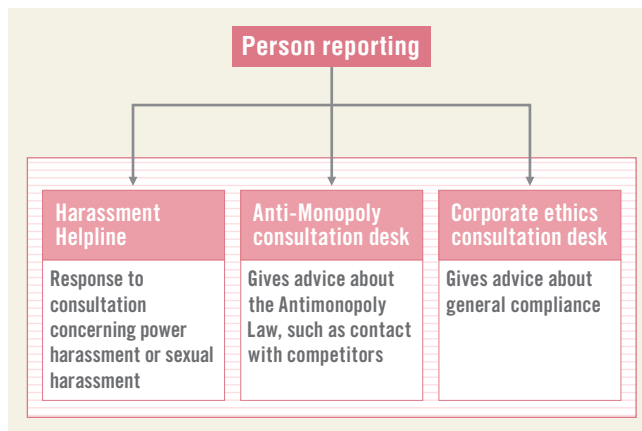
My CSR

Megumi Harada
Personnel and General Administration Division
Legal Dept.
Overseas Legal Affairs Group

Be mindful of mutual communication

Two-way communication between each department and group company is an important element within legal tasks. Our objective is to support the development of a sound business based on compliance by assessing the needs of the requestor and considering solutions which benefit both parties. As the Overseas Legal Affairs Group is currently concentrating its efforts on the promotion of a global law system, I would like for those in charge to pursue mutual understanding through active communication with one another and implement support suited to each region in order to gain the trust of local employees.

Structure of the internal reporting system



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

FY 2014 breakdown

Harassment Helpline	Sexual harassment	1
	Power harassment	11
	Total	12

Anti-monopoly consultation desk	Contact with competitors	11
	Collection and handling of information	5
	Total	16

* No events corresponding to those that must be reported

Corporate ethics consultation desk	Violation of laws and rules	4
	Personnel system	10
	Workplace communication	4
	Power harassment	10
	Health and safety	3
	Other	8
	Total	39

Number of problems reported to the corporate ethics consultation desk for the last five years

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
29 cases	21 cases	28 cases	33 cases	39 cases

The foundation supporting CSR

Risk management

Basic concept

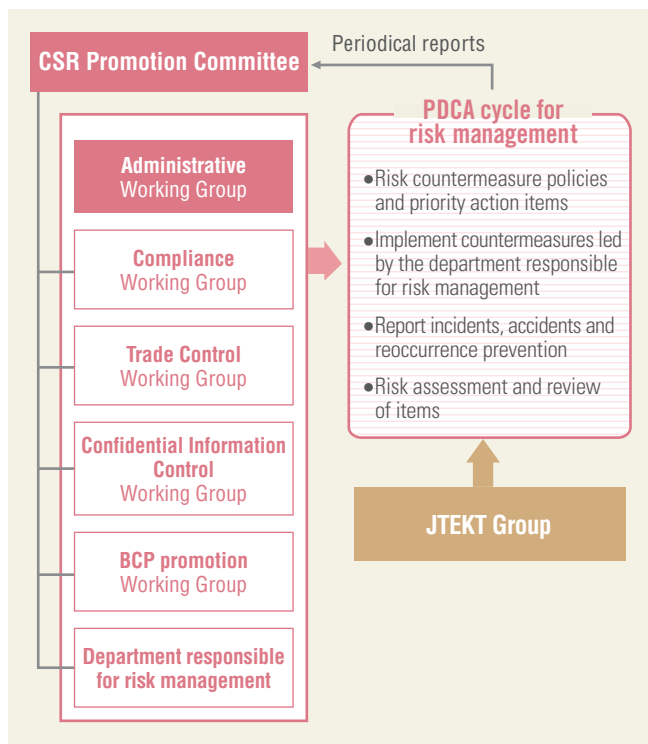
Responding to the expectations of society

JTEKT is working to strengthen management in order to minimize damage due to the occurrence of accidents and incidents. Strengthening management will also enable JTEKT to conduct business activities in harmony with the economy, society and the environment by preventing risks which disturb these three elements.

Promotion structure

Promote countermeasures based on a companywide organization

The CSR Promotion Committee, which is a companywide cross-departmental organization, selects risks expected to affect business activities, society, and the environment, and each working group and the department responsible for risk management formulate activities to prevent the occurrence of risks, measures against them, and recovery plans. In addition, they constantly review and improve them by keeping track of changes in the external environment. Each company of the JTEKT group is also promoting these activities.



Ongoing revision of risk management

Implemented in FY 2013

- Reviewed risk management framework and operations
- Regularly reported CSR-related problems and measures against them to the management meeting
- Established an organization dedicated to maintaining the disaster prevention promotion system

Implemented in FY 2014

- Rolled out Corporate Management Guidelines for the entire JTEKT group
- Enacted a basic policy for the JTEKT group BCP (Business Continuity Plan)

FY 2015 plan

- Enhance risk management within group companies based on the Corporate Management Guidelines
- Promote measures to reduce large-scale disasters and initial measures (in the technical/human aspects)

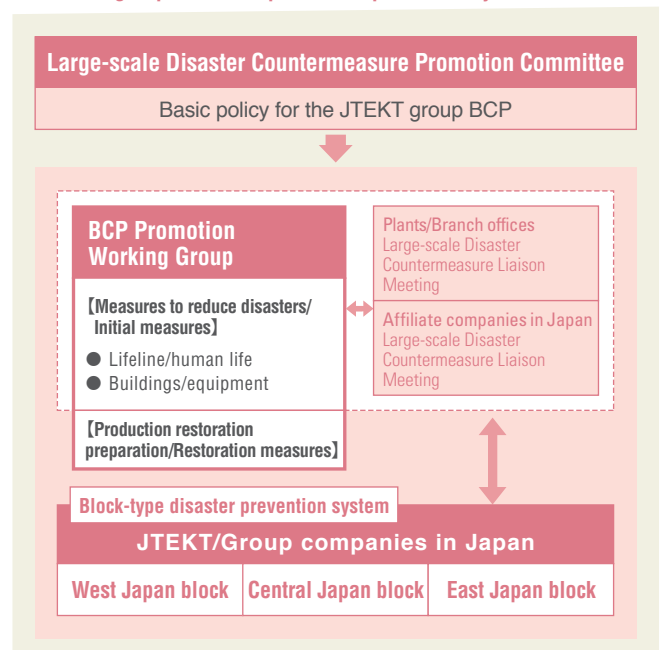
Stepping up approaches to risks at each department

At JTEKT, each department and headquarters formulate an annual action plan based on the Global Company Policy and adopt a policy control system for regularly checking the progress of achievement. Since FY 2013, individual departments and headquarters have described in their annual plans factors that would hinder the plans as risks, and have begun activities to consider measures at the planning stage in case of risk occurrence.

Promoting measures against large-scale disasters

JTEKT divides Japan into three blocks and promotes measures to reduce disasters as well as initial measures so that each block will be able to autonomously take action.

The JTEKT group's disaster prevention promotion system



The foundation supporting CSR

Promotion of safety assurance export management **New!**

To preserve the peace and safety of international society, we collaborate with other countries to conduct management of exports in order to prevent products able to be diverted to military use from entering countries with security concerns or being obtained by terrorists. Management and regulations are based on the Foreign Exchange and Foreign Trade Act in Japan.

We have also established the specialized Export Control Department to ensure that safety assurance export management is accomplished. This organization enforces the observance of the Foreign Exchange and Foreign Trade Act throughout JTEKT group companies.

Promotion of confidential information control **New!**

JTEKT has established “Security Guidelines” which explain specific rules and regulations to be obeyed within confidential information control. These guidelines have been deployed at group companies in Japan and overseas as a means of preventing confidentiality leaks.



My CSR

Kotaro Doi
 Personnel and General Administration Division
 General Administration Dept.
 Head Office
 Planning Group

Banding together as a company to prevent information leaks

Confidential information concerning topics such as technology, production, and sales are highly valuable assets to a *monozukuri* company. Leakage of such confidential information externally can cause great damage to the company and lead to a loss of competitive power. At the General Administration Department, we are promoting a system to prevent confidential information from leaking outside the company. We are also expanding activities throughout all group companies including JTEKT to ensure that the confidential information control system can sustain changes within the outside environment.

TOPICS

Course on safety assurance export management **New!**

JTEKT group company Nippon Needle Roller Manufacturing Co., Ltd. produces needle rollers and cylindrical rollers for bearings. Although these items are not applicable to list control (*), on June 9th the company implemented a short course on safety assurance export management for personnel in charge of exports, as a measure to prevent the diversion of products to military use.

* **List control** Stipulates the objects and technologies for which approval from the Minister of Economy, Trade and Industry must be obtained.



Photograph taken during the course