

Third-party opinion on the JTEKT CSR Report 2016

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>)



Your company has begun publishing an integrated report, the "JTEKT REPORT", beginning with this year's 2016 edition.

Although the number of companies publishing integrated reports is rapidly increasing, there are concerns that CSR information may lag behind. The IIRC (International Integrated Reporting Council) views integrated reports as "concise primary reports", and imagines such reports to be consistent and relevant with past CSR reports. Although reports that follow this idea do not fall behind in CSR information, many times they are not consistent with previous reports. However, the pages of the Management, Society, and Environmental reports have increased since last year's CSR Report, and there is also much information in the report disclosed for the first time, therefore the stagnation of information is not a concern.

2015: A year where major CSR targets were presented

It can be said that, for companies actively implementing CSR, 2015 was a year where major CSR targets were presented. At the G7 Summit during June of the same year, a proclamation was made to improve the efficiency of resources, and in September, the United Nations adopted the "2030 Agenda for Sustainable Development". Then, at the COP21 in December, all nations cooperated in adopting the Paris Agreement, which stipulates to aim for zero actual emissions of greenhouse gases in the latter half of this century. Turning our gaze to affairs in Japan, we find the enactment in August of the Act of Promotion of

Women's Participation and Advancement in the Workplace, and the mandate to perform stress checks from December onward in order to reduce the number of persons afflicted with mental health ailments. Companies' reports must be sensitive to these trends. The "Characteristics of information relating to social responsibility" section within ISO26000 also mentions "sensitive" matters, and readers expect reports to contain responses to the abovementioned trends.

Does the report observe trends in Japan and overseas?

Regarding the improvement of resource efficiency, promotion of women in the workplace, and mental health, the report responds to the expectations of readers in that it includes highly detailed information on JTEKT's concept, systems, and achievements, including quantified values. The "Social background" section contains words that convey JTEKT's awareness of the importance of the 17 targets (SDGs) within the "2030 Agenda". However, the report does not include what measures will be taken to fulfill these SDGs as targets within CSR. It would be wise to establish a relationship between the Values Which JTEKT Provides and the SDGs within the report.

With respect to the Paris Agreement which took effect this past November 4th, we can say that we have jumped into an era of a zero-carbon society, from merely a carbon-limiting society. JTEKT set the Environmental Challenge 2050 guidelines in May 2016 and presented the Environmental Action Plan 2020 as the first step to achieving these

guidelines. Both of these establishments stipulate targets for CO2 emissions aimed at building a low-carbon society. I therefore give high marks for setting forth such mid- to long-term targets, as they conform to the Paris Agreement. However, I am concerned as these targets are for the reduction of basic units, and the target for total emissions is "minimization" or "target basic unit × production volume". Hereafter will be an inevitable transition into an era where it is demanded that we decouple the increase in production due to various innovations and the increase in CO2 emissions. I would like to see JTEKT proceed from carbon-neutral and set forth absolute values within their emissions targets, aimed at a zero-carbon society.

CSR has permeated each division

For the past few years I have been involved in JTEKT's CSR report, and it has conveyed that the company is steadily familiarizing its employees with CSR. I believe that this is the result of systematically proceeding with CSR activities by engaging profusely in CSR-related matters within rank-based training for managers, administrative positions, and technical positions, and implementing the PDCA cycle within each division. In particular, the remark that "I want to lead the research division in a direction where engineers and researchers engage in development themes that enable JTEKT to contribute to future society" within the Special Edition is one that conforms to the CSR, Mindset, and that I see as a symbol of CSR familiarization at JTEKT.

Response to the third-party opinion

Corporate Planning Department,
Corporate Management HQ, JTEKT Corporation

Thank you for your invaluable opinion of our complete CSR report, following our intermediate opinion exchange.

We published the JTEKT REPORT as the first step in establishing an integrated report from FY 2016 onward. While this CSR report expresses the details of the matters concerning ESG (*) that are included within the JTEKT REPORT, we are also working to enhance the provision of information regarding CSR activities.

As you have explained, demands concerning CSR are increasing by the year, a fact of which we are constantly aware. We will proceed with activities in consonance with the needs of our stakeholders, and work to cooperate with and contribute to worldwide movements that aim for sustainable development.

We, JTEKT, greeted the milestone of our 10th anniversary in 2016, formulating the JTEKT WAY as our set of values that can be shared afresh on a global basis. We also reshaped our set of guiding principles so that they can be shared and understood easily across the globe. These principles, augmented by the JTEKT WAY, serve to motivate us in facing new challenges as we strive to fulfill our Corporate Philosophy of "contributing to the happiness of people and the abundance of society through product manufacturing that wins the trust of society".

*ESG Environment, Social, Governance