



Business Foundation

Integrity and Robust Business Infrastructure

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Human Rights

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Trusted Quality



Policy and approach relating to quality

It is no exaggeration to say that quality assessments by customers determine the valuation of products and the brand value of a powertrain manufacturer. In the modern world of remarkable technological innovation, the level of quality sought by our customers is increasing more and more.

At a time when the structure of the global economy is changing greatly and urbanization is progressing in each region, needs with respect to mobility are also growing.

As an powertrain manufacturer, JATCO believes that in addition to fulfilling our mission of providing the abundance brought about by mobility to people throughout the world, we have a major responsibility to provide quality that satisfies our customers at all times.

JATCO understands quality to be an issue for the entire company; is continuing activities to provide superior quality in all of the situations involving the customers, from planning of the products to development, production, logistics, sales, after-sales service, etc.; and is aiming to be a company which is trusted by its customers.

Simply put, the word “quality” covers wide-ranging content. JATCO is collaborating across departments and regions to make company-wide efforts to provide superior quality in all situations involving our products, from the useability of the products themselves to the response when there is a defect in a product, etc.

Based on a philosophy centered on the customers, JATCO is making efforts for both “product quality” and “service quality” with the goal of “putting the opinions of our customers first and enhancing the quality of our products and services so that our customers will feel deep satisfaction, in order to ensure that they choose JATCO-made products for many years to come.”

The “product quality” of the products themselves is the fundamental quality that enables our customers to use the products comfortably and with peace of mind for a long time.

We aim for the provision of quality which can meet the expectations

of our customers in all of the life cycle of the product, such as the “initial quality” of the product delivered to the customer and the “durable quality” felt when using a product for a long time, etc. Furthermore, in “service quality,” the pursuit of quality in our responses to our customers, we carry out activities to make inspections and repairs easy to do at dealers. In order to satisfy our customers in all of the processes, JATCO has introduced initiatives to incorporate the opinions of our customers and give feedback throughout the company.

Quality Policy



Management relating to quality

JATCO understands securing the safety of our customers and providing quality which satisfies them at all times to be important issues. In order to realize sustained growth as a trusted company,

we have built systems to promote quality enhancement globally and all of our employees are working together on quality activities. We clearly stipulate and apply globally the responsible persons and processes for wide-ranging quality enhancement activities in a quality management system that is compliant with IATF 16949. Moreover, we revise manuals appropriately as necessary to ensure that this leads to the thorough implementation of quality management with respect to all of those quality items. Furthermore, we implement training every year regarding the guidelines for building and implementing a quality management system. All of our employees are required to take this training. Note that regarding our production bases, all 13 bases have acquired IATF 16949 certification.

Management system relating to quality

In order to achieve the goal of becoming top level in quality, JATCO appoints a corporate officer dedicated to quality to the position of Chief Quality Officer. A Quality Committee chaired by the Chief Quality Officer meets every month, the officers of the respective divisions participate, and the committee promotes the quick solution of issues with product quality and service quality and also promotes quality improvement activities.

Furthermore, in order to realize the thorough implementation of compliance, we have built a monitoring and auditing system with a three-tiered structure and are making efforts to strengthen our auditing activities. In the first tier, the respective divisions implement monitoring with responsibility for compliance with laws and regulations and standards. In the second tier, the Corporate Quality Assurance Division implements audits concerning compliance with laws and regulations and standards. In the third tier, the Internal Audit Office carries out audits based on the fiscal year plan in accordance with the risks.

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Quality enhancement initiatives

Reflection of the opinions of our customers in quality enhancement activities

In order to provide the value expected by our customers and respond quickly to the dissatisfaction, etc., felt by customers, we listen to all of the opinions from our customers and reflect them in all of our quality improvement activities, from development to servicing.

Quick responses to the opinions of our customers and timely information sharing

JATCO responds to inquiries and consultations from our customers through the automobile manufacturers.

Furthermore, we share the opinions of our customers in the market by posting them on the in-house intranet so that they can be viewed by our employees at any time.

Reflection of the opinions of our customers in our products and services

We have put in place mechanisms to reliably share the opinions of our customers in the market with all of our divisions including planning, development, production, sales, etc., and reflect the opinions in our products and services. Elements which make our customers feel dissatisfaction even though they are not malfunctions also influence the quality of the products. JATCO understands responding to the dissatisfaction of our customers to also be the subject of quality enhancement activities and is working on improvement.

The expected value that our customers require from our products differs depending on the customers' region, age, tastes, etc., and sometimes is also affected by market characteristics such as the degree of adoption of the product and the climate, etc. JATCO uses global design as its basic specifications while also responding in accordance to the needs of the regions.

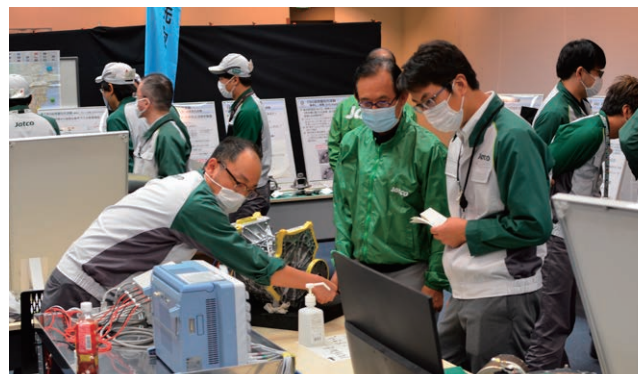
The person who bears responsibility for this role is the Chief Quality Engineer (CQE). The CQE is involved from the planning stage to product creation and works on reducing the dissatisfaction of our customers and the number of defects.

We endeavor to extract the opinions of our customers from market information, etc., decide the order of priorities from the planning and development processes onward in order to consider response measures, and reflect the opinions in our products and services.

Initiatives to foster a customer perspective

We believe that it is important for each and every employee to take the perspective of our customers and work on their operations with an awareness of "realization of superior quality that continues to be trusted by customers" so we are promoting a variety of initiatives such as companywide training to foster good mindsets and initiatives to give our employees opportunities to encounter the opinions of our customers on a daily basis.

Furthermore, we have been holding the JATCO Quality Forum for our officers and employees since 2006. This forum introduces the current state of quality, the opinions of our customers in the market, improvement activities based on the opinions of our customers, and activities for the achievement of our goals, using panels, videos, and displays of actual components. It is jointly held by all of the divisions involved in development and services and in recent years hands-on events have been incorporated to encourage our employees to think and take action from a customer perspective. Moreover, in order to reflect the opinions of our employees in



The JATCO Quality Forum held since 2006



Direct dialogues between officers and employees

quality enhancement activities, we have established opportunities for direct dialogues between officers and employees. In 2023, more than 2,500 people participated in these dialogues, which we held in Japan and overseas.

We are working to raise the importance of quality and awareness of our customers among our employees working globally.

Enhancement of "product quality"

"Product quality" is the fundamental quality that enables our customers to use the products comfortably and with peace of mind for a long time. For JATCO, which has carried forth Japanese "monozukuri," "product quality" is the foundation which supports the sustainability of the company. We are endeavoring to think about quality from the customer perspective at all times, respond quickly when a defect occurs, and prevent recurrence of the defect. Furthermore, we are enhancing "product quality" to satisfy as many of our customers as possible, by reliably ascertaining the dissatisfactions of our customers and implementing countermeasure activities in all of our processes to eliminate them.

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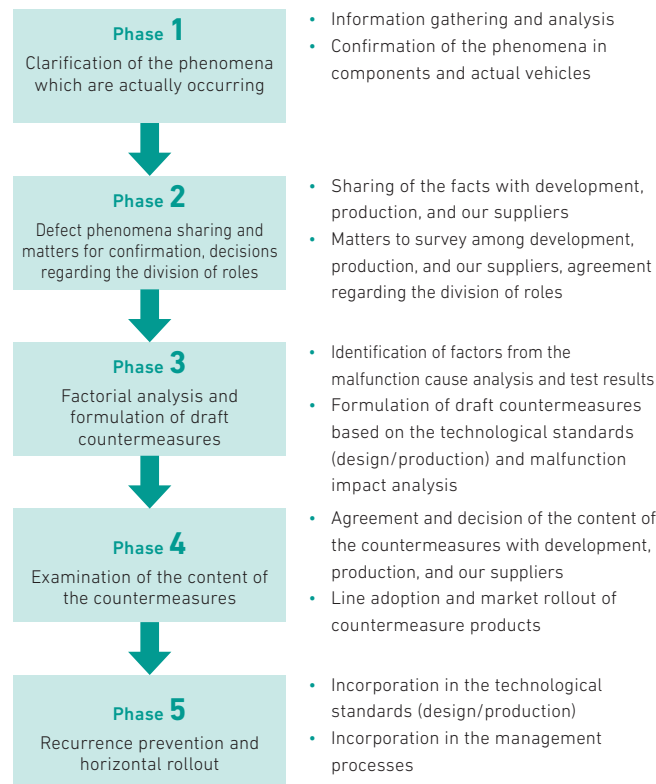
Market quality improvement activities

Initiatives for quick quality improvement in the market

JATCO has taken permanent countermeasures such as ascertaining the state of complaints and defects, through the automobile manufacturers, of sales companies and of customers who have entered the Customer Service Office, etc., sharing the information with the Development Department and the Production Department, and investigating the cause and considering countermeasures, etc., in order to encourage prevention of the spread of the defects.

Furthermore, as a consequence of the corporate activities of JATCO expanding globally, there is a possibility that the complaints and defects could occur in regions around the world. In order to quickly analyze those kinds of defects and analyze the factors behind them locally, JATCO has established survey bases in seven locations: Japan, the United States, Europe, China, South Korea, Mexico, and Thailand. At these survey bases, we are implementing market quality survey and analysis activities divided into five phases.

The concept of market quality survey and analysis activities in five phases



Enhancement of initial quality

We are strengthening initiatives to deliver superior quality products to our customers. We confirm that quality has been improved for each process and visualize the risks which could possibly occur from the planning stage to consider measures to alleviate the risks. We are guaranteeing superior quality at the time of the launch of new products by implementing all of the processes using transparent judgments in this way.

Improvement of durable quality

In order to have our customers ride in comfort for a long time, we are promoting initiatives with respect to deterioration that occurs due to use over many years.

In order to reduce not only the defects which occur during the warranty period but even the defects which occur after the warranty period, JATCO recovers secondhand cars and components that were actually used by our customers to implement quality confirmation, obtain and analyze a variety of data for utilization in the early detection of defects, etc., and strengthen the development of technologies which are resistant to deterioration.

Regarding fair and quick responses to serious defects

We understand that it is our responsibility to make our best effort to ensure that defects do not occur in the products, and at the same time it is also our responsibility to prepare for emergencies in the building of powertrains, which are a complex industrial product. JATCO's basic position is to mount a transparent, fair, and quick response. Specifically, we give top priority to ensuring the safety of our customers, minimizing inconvenience to them, and complying with laws and regulations, which leads to quick repairs.

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Initiatives with partners

JATCO works together with our partners to tackle quality enhancement in all of the production bases from the component design stage, including the risk response concerning the quality and supply of the components.

Management of risk evaluation and reduction promoted with our partners

We are strengthening global quality management, confirming the quality management status of the production processes in each of the bases of our partners on-site and with the actual products, and supporting the improvement activities of our partners so that they can satisfy the JATCO's required levels.

Furthermore, we are working on a variety of quality enhancement measures such as carrying out joint improvement activities which involve not only our partners who deliver components to JATCO but also the secondary partners who produce the constituent components of those components.

Auditing and training for product safety and quality enhancement

In order to ensure product safety, JATCO works together with our partners to implement audits of not only the products but also the delivered components.

A variety of processes are necessary before one component is delivered from a partner to JATCO, from the confirmations of the planning stage to production of design drawings, construction of prototypes, checks of performance, ensuring the system of mass production, among others. JATCO has stipulated the quality assurance activities necessary in this series of steps as the quality management standards for its business partners, and has put in place mechanisms to ensure that accurate components are delivered by executing these activities for all of the components, one by one.

JATCO is supporting partners who are compliant with the Partner Health Check, which is JATCO's own partner quality evaluation standard. We confirm the worksites of our partners, including confirmation of whether or not there are clear identification methods for good products and defective products, and mechanisms for trouble prevention, etc.

Furthermore, we use a quality management system in collaboration with our partners to confirm that materials certification has been acquired for all of the components with regards to not only the manufacturing processes but also the materials of the components. We have built a system which ensures that accurate components are delivered by implementing training about the quality management standards for business partners in all of our partners and rolling out and executing the standards inside our partners.

Furthermore, we are implementing diagnoses of delivery quality and market quality, etc., using the partner scorecard, and we are also implementing partner plant audits to confirm management systems. Through these diagnoses and audits, we are regularly confirming the mechanisms for the stable supply of good quality components and the implementation status of continuous quality improvement activities.

Enhancement of “service quality”

JATCO is working on optimization of inspection and repair methods. Specifically, we are providing quick, cheap, and reliable repair methods such as alleviation of the customer burden by keeping replacement components to a minimum, alleviation of the repair burden of dealers by optimizing inspection and repair methods, etc.

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Human Rights

Our approach regarding human rights

In order to realize our corporate purpose to “drive the possibilities of mobility with technology and passion,” JATCO recognizes that it is essential to respect the human rights of all of our stakeholders and comply with the applicable laws and regulations and standards, and for our employees to act based on the highest ethical standards stipulated in our in-house rules. We value and respect the diversity of our suppliers, customers, communities, and employees. Discrimination or harassment, in any form or degree, will not be tolerated. Officers and employees shall respect each other’s human rights, and shall not tolerate the carrying out or state of discrimination or harassment based on race, nationality, sex, religion, disability, age, place of origin, gender identity, sexual orientation, or any other reason. We respect the human rights stated in the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work (an ILO core labor standard). We have positioned the United Nations Guiding Principles on Business and Human Rights (UNGPs) as international standards to which we should refer and we are taking initiatives to manage the risks that could possibly arise in our business activities and actively prevent all impacts on human rights. We have released both the Basic Policy concerning Respect for Human Rights to make this approach concerning respect for human rights clearer and more robust, including in the supply chain, and the Global Human Rights Guidelines for explaining our commitment to human rights and ensuring that human rights are reliably respected in our business activities so that JATCO employees in each country and region can work with greater

peace of mind. In these guidelines, we established seven themes in light of the business activities of JATCO, further strengthening our initiatives to respect the human rights of our employees across the entire business.

Initiatives for human rights

In order to not only enable the proper management of employee labor and human rights, but also to maintain and enhance quality of life (QoL) at a high level, we are promoting the creation of comfortable workplaces in each country and region. Regarding annual paid leave, in Japan we not only comply with the law (taking a minimum of five days per year), but we also take measures such as establishing “encouraged days for taking leave” before and after long vacations in each division so that each employee can take 15 days of annual paid leave per year. Furthermore, we regularly hold ES (Employee Satisfaction) Enhancement Committee meetings in each country, introducing a mechanism to directly accept improvement requests from employees and working to create comfortable environments. JATCO also considers dialogue with our employees to be an important opportunity to respect human rights. In addition to discussions with employee representatives, we hold the Global Employee Meeting once a quarter, where we provide opportunities not only for the management team to convey messages but also for the management team to answer questions from employees. We value communication between employees and the management team globally, such as establishing direct communication time between local presidents and employees in each country and region.

We take a stance of not committing, allowing, or tolerating sexual harassment, power harassment, or any other type of harassment in the workplace and based on this stance we strive to prevent all employees, regardless of gender (male, female, or other), from meeting with harm. Our measures in this area

include making our e-learning on human rights and compliance mandatory training for all employees, and striving to raise the awareness of and enlighten our employees. In Japan, we implement harassment training for managers every year. Concerning violations which could have negative impacts on respect for human rights, we are taking corrective actions through the introduction of an internal reporting system.

Human rights management

As a company in the Nissan Group, we implement a human rights due diligence process and carry out risk management in order to prevent negative impacts on human rights in advance. Issues and risks concerning human rights are discussed in our Management Council as necessary. We recognize the importance of implementing initiatives concerning human rights over a scope that exceeds the activities of our own company, so we have set the goal of realizing ethically, socially and environmentally friendly business activities in all of the stages of the global supply chain. In order to achieve this goal, we cooperate with all of our business partners, including suppliers and contracted operators, to conduct our business in a manner that takes into consideration human rights.

[The social data is here >](#)



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Sustainable and Responsible Procurement



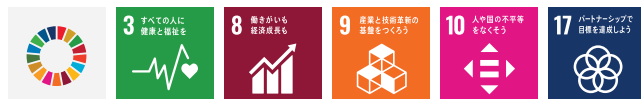
JATCO's basic approach with respect to the supply chain

JATCO is aiming to take into consideration our constantly changing society and environment and fulfill our responsibilities as a company while complying with laws and regulations, protecting human rights, and communicating with a variety of stakeholders. Furthermore, based on our corporate purpose to “drive the possibilities of mobility with technology and passion,” we are challenging ourselves to start new businesses and we will continue to expand the fields of our corporate activities going forward. In order for it to fulfill its own company responsibilities in that process, JATCO believes that we can only achieve our goals if our business partners share our vision and policies and we build long-term mutually-beneficial relationships of trust.

Measures to deepen mutual trust with our business partners

Signing of the Declaration of Partnership Building

In 2022 JATCO endorsed the purpose of the Declaration of Partnership Building and signed this declaration. In accordance with this declaration, JATCO is actively working to promote proper transactions, for example by correcting trading practices and commercial practices which obstruct the building of partnerships with our business partners. We are contributing to the achievement of the following five sustainable development goals (SDGs) by complying with this declaration.



Establishment of the JATCO Purchasing Way and the CSR Guidelines

We believe that in order for us to gain understanding regarding our vision, policies and responsibilities from not only our Tier 1 business partners engaged in direct transactions with JATCO but also our Tier 2 or higher business partners who have transactions with us indirectly, it is important to clearly state them in writing and share them. For that reason, we have established the JATCO Purchasing Way to clarify the “values which we should have as a company” based on the basic principles of — “trust,” “respect for the other party” and “transparency” —. In conjunction with this, we have established the CSR Guidelines to explicitly state the social responsibilities required for continuous development in the supply chain overall.

JATCO Purchasing Way

With the JATCO Purchasing Way, we make the values which are important to us when conducting transactions explicitly clear to our business partners. Based on these values, we not only share our social responsibility but also promise to share the challenges faced by our business partners and utilize our in-house know-how and human resources to support them.



CSR Guidelines

We explain the elements for fulfilling our corporate social responsibilities and achieving mutual sustainable development from the perspectives of “compliance,” “safety and quality,” “human rights and labor,” “environment” and “information disclosure,” and ask our business partners to address a variety of issues. Furthermore, we also ask our suppliers to build management systems for substances of concern and conflict minerals from the perspectives of human rights and the environment.

Business continuity activities with our business partners

Support for monozukuri improvements

JATCO has a variety of experience and know-how, including monozukuri improvement techniques and human resource development programs. We provide this knowledge and these human resources to our business partners upon request and help them with improvements. Such support activities not only improve the monozukuri structure of our business partners, but also lead to energy conservation and resource conservation throughout the entire supply chain.

Strengthening of BCP cooperation systems and support activities at times of disaster

JATCO has built a supply chain which can respond when unpredictable natural disasters occur by formulating BCPs which are integrated with our business partners. In recent years, natural disasters and problems with wide-ranging and prolonged impacts have occurred frequently, including business closures and suspensions of operations due to infectious disease pandemics, so further strengthening of the supply chain is required. For that reason, from the perspective of BCM, JATCO of course provides humanitarian aid and support for the restoration of

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production activities when there is an emergency, but we also endeavor to stabilize the supply chain at normal times by providing support for our business partners through a variety of initiatives. For example, with respect to all kinds of disasters, we regularly visit the production sites of our business partners to advance the visualization of the risks of disasters using our original assessment form. Based on the results of this assessment, we discuss countermeasures and priorities tailored to each company's circumstances, and cooperate to reduce risks.

Collaboration in cybersecurity

In the modern world, cyber attacks targeting computer systems and networks have emerged as a major threat. Just like in a natural disaster, once the supply chain is damaged, each company's core systems will be shut down, having a major impact on business activities. JATCO is re-verifying the status of cybersecurity efforts together with its business partners to confirm preventive measures and whether or not business activities will be possible in the event of damage. Furthermore, with some of our business partners we are implementing simulations based on the premise that there has been a cyber attack. We share the issues and countermeasures revealed by these simulations with our business partners to further advance collaboration.

Initiatives with our business partners for a sustainable global environment

Carbon Neutrality Initiatives

JATCO has set the goals of reducing CO₂ emissions by 46% compared to 2013 levels by 2030 and to zero in 2050. Of course the scope of this initiatives includes activities at our own locations but we are also aiming for the realization of carbon neutrality, including in the supply chain. We will accelerate activities for carbon neutrality going forward and we will also work together with our business partners to advance environmental improvement, reduce CO₂ emissions and contribute to the realization of a sustainable society.

Initiatives for the circular economy

JATCO is actively working to achieve a circular economy by reducing waste through the design of products with outstanding durability (Reduce), sorting and recycling components of products collected from the market (Reuse), and actively employing components made of recyclable materials such as aluminum (Recycle). Furthermore, regarding new products in new businesses, we are considering employing not only recycled materials but also green aluminum materials, and we are actively promoting the use of renewable energy.

Enhancement of the management of environmentally hazardous substances

JATCO complies with the laws of each country and region concerning environmentally hazardous substances and responds promptly to changes in such laws. In particular concerning chemical substances, the number of substances subject to management is increasing in each country, and restrictions on their use are rapidly progressing. In conjunction with these global trends, JATCO is promoting efforts to prohibit or reduce the use of environmentally hazardous substances

in advance of domestic and overseas laws and regulations, such as the EU ELV, the EU REACH, and the Japanese Act on the Regulation of Manufacture and Evaluation of Chemical Substances. To achieve this, it is necessary not only to develop products that do not use chemical substances prohibited by laws as raw materials, but also to avoid using such chemical substances in the manufacturing process. With the cooperation of our business partners, we have built a management system for substances which have an impact on the environment throughout our entire supply chain and we are collecting and managing information about the use of these substances.

Establishment of the Green Procurement Guideline

As mentioned above, in accordance with our environmental policy of "contributing to a sustainable global environment through all of our business activities," JATCO is promoting environmentally-friendly initiatives throughout the lifecycle of products. For that reason, we have established the policies and standards pertaining to the environment which should be shared with our business partners as the Green Procurement Guideline and we clearly state that initiatives with respect to the environment and the management of environmentally hazardous substances are our corporate social responsibility. In particular regarding environmentally hazardous substances, we ask suppliers to input data into the IMDS (International Material Data System) from the perspective of supply management and confirm the management of the environmentally hazardous substances used in the products and their compliance with the full range of regulations based on this IMDS data.

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Stakeholder Engagement



Understanding concerns through dialogue with stakeholders

JATCO's corporate activities are founded upon relationships of trust between the company and all of its various stakeholders. JATCO believes that in order to combine the sustainable growth of our company with the development of a better society, it is important to actively hold dialogues on the concerns of our stakeholders, listen to the opinions of our stakeholders, and reflect them in our corporate activities. Establishing opportunities for dialogues with our stakeholders will lead to the discovery of risks and opportunities. JATCO has established opportunities for a variety of dialogues and is reliably giving feedback on the results of the dialogues within the company in order to reflect more of the opinions of our stakeholders in our corporate activities.

Working toward building relationships of trust

Responding quickly to the changing needs of customers and offering products and services which give top priority to safety and peace of mind, we pursue true customer satisfaction through this provision.

Through fair trade with our business partners based on mutual trust, we are promoting initiatives to achieve mutual growth.

We also aim to implement respect for diversity and human resources development and to create a motivated workplace where each and every employee can experience growth.

Moreover, we will continue to work on the solution of social issues together with local communities and communication activities deeply rooted in local communities in order to be a good corporate citizen in all the regions in which JATCO conducts business.

Stakeholders	Opportunities for dialogue	Main themes	Main initiatives
Customers	Information provision through communication in daily business activities, the corporate website, social media, the mass media, etc., and the establishment of inquiry windows, etc.	<ul style="list-style-type: none"> The quality of the products and services Support for customers 	<ul style="list-style-type: none"> Technology briefings, test-ride events Responses to customer requirements Analysis and improvement of the evaluation of JATCO by customers
Employees	The regular exchange events with employees, interviews (evaluations, career development), a full range of surveys of employees, etc., labor-management councils, the in-house reporting system, the intranet	<ul style="list-style-type: none"> The business performance and issues of our company In-house diversity Diverse work styles The workplace environment and occupational health and safety Careers, education 	<ul style="list-style-type: none"> Sharing of management information with all of our employees by the officers (Global Employees Meeting) Meetings to exchange opinions with officers by business theme Business performance evaluation interviews Employee surveys In-house reporting system (Easy Voice, SpeakUp)
Business partners	Communication in daily business activities, policy briefings, the websites of our business partners, a full range of guidelines, etc.	<ul style="list-style-type: none"> Fair transactions Procurement policy Sustainability policy 	<ul style="list-style-type: none"> Business partner policy briefings Business partner awards Monozukuri seminars
Local communities	Communication with local governments and regional organizations, social contribution activities by our employees, events involving local residents, etc.	<ul style="list-style-type: none"> Contributions to local communities Working together with local governments and regional organizations for the solution of social issues 	<ul style="list-style-type: none"> Volunteer activities by our employees Events at our locations involving local residents (JATCO Festa)
Shareholders	General Meeting of Shareholders	<ul style="list-style-type: none"> JATCO's business strategies, business performance, company value enhancement 	<ul style="list-style-type: none"> General Meeting of Shareholders

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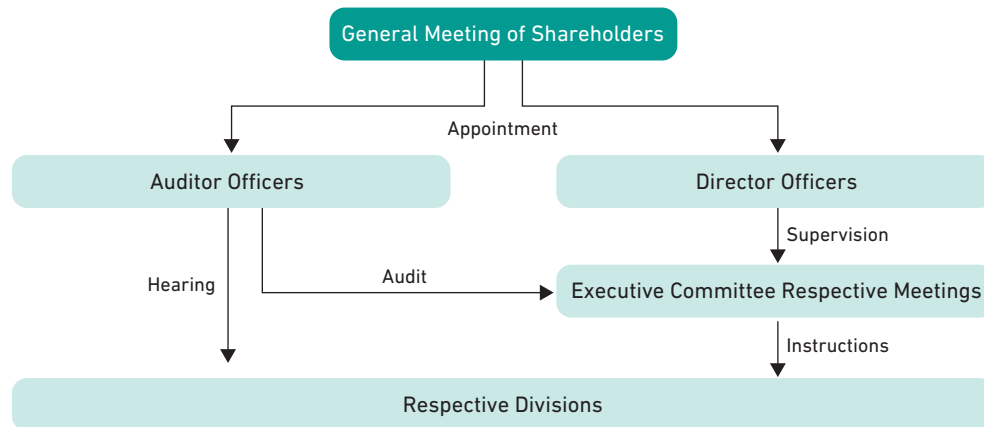
Governance and Compliance



Commitment to corporate governance

Corporate Governance System

JATCO is a "Company with Board of Company Auditors" as defined in the Companies Act, and is established as a legal entity with a General Meeting of Shareholders, a Board of Directors, and a Board of Auditors. In principle, the Board of Directors convenes once a month to decide on important management matters as well as to preside over the details of the operations being executed. The Board of Directors is composed not only of the directors who execute our operations, but also several directors from outside the company in order to create a system that allows for objective supervision of the execution status of our operations. A Corporate Officer system has also been introduced to facilitate efficient and flexible management, and authority has been delegated to Corporate Officers in clearly defined ways in the management of the business.



Strengthening our internal control system

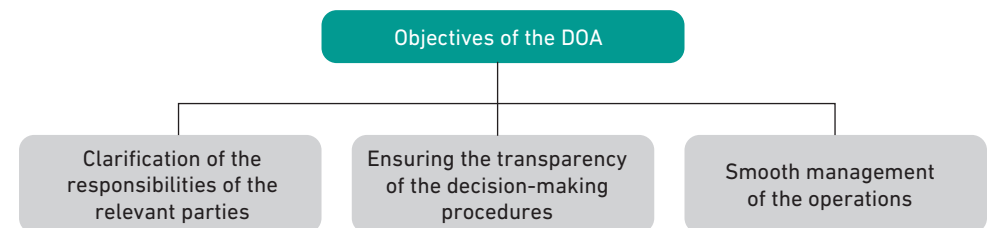
JATCO maintains and strengthens its internal control system based on the Basic Policy on Internal Control System passed by our Board of Directors in order to ensure proper and efficient corporate activities. This policy lays out the following items as its major items and checks are conducted every six months to verify that the internal control system is functioning effectively, and the results are reported to the Board of Directors.

Major items of the Basic Policy on Internal Control System

- Compliance with laws and regulations and the Articles of Incorporation in the execution of work by the directors and employees
- Storage and management of information pertaining to the execution of work by the directors
- Appropriate risk management
- Efficient execution of the work of the directors
- Ensuring that the work in the corporate group (the parent company and the subsidiaries) is performed properly
- Ensuring the effectiveness of the audits by the auditors, etc.

Important operational matters and decisions

The authority standards pertaining to important operational matters and decisions are stipulated in the Delegation of Authority (DOA). The objectives of establishing the DOA are clarification of the responsibilities of the relevant parties, ensuring the transparency of the decision-making procedures, and smooth management of the operations.



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Governance and Compliance

Strengthening compliance

Basic stance on compliance

The JATCO Group considers strict compliance with the laws of each country and region to be a minimum requirement for being trusted by society. In addition to strict compliance with laws, we consider it important for all employees of our Group to act fairly and honestly with a strong sense of ethics. JATCO has instituted a Global Code of Conduct, and we put effort into ensuring thorough compliance by providing action guidelines for all employees to abide by.

Standards in the Global Code of Conduct

1. Comply with all laws and rules
JATCO employees will abide by all laws of the country, and all regulations of the Company, in which they work.
2. Promote Safety
JATCO is committed to employee safety and wellness. JATCO employees are expected to engage in safe work practices to promote a healthy work environment. JATCO is also committed to the safety of our customers and Jatco employees are expected to continually promote safety of JATCO products.
3. Avoid Conflict of Interest
The best interests of JATCO are expected to be foremost in the minds of employees. It is prohibited to behave, act or use information in a way conflicting with Company interests.
4. Preserve Company Assets
JATCO employees are personally accountable for preserving and safeguarding Company assets. Unauthorized use or diversion of Company assets, including funds, information and intellectual property, is prohibited.
5. Be Impartial and Fair
JATCO employees must maintain impartial and fair relationships with business partners, including automobile manufacturers, suppliers, and other third parties.
6. Be Transparent and Accountable
JATCO employees shall make fair, transparent, timely and appropriate disclosure of the Company's business activities to our stakeholders, including stockholders, customers, local communities and other employees.
7. Value Diversity and Provide Equal Opportunity
We value and respect the diversity of suppliers, customers, communities and our employees. Discrimination or harassment, in any form or degree, will not be tolerated.
8. Be Environmentally Responsible
JATCO employees shall strive, within the business objectives of JATCO, to consider environmental protection when developing products and services, to promote recycling and to conserve materials and energy.
9. Be Active; Report Violations
JATCO employees are expected to carry out their work in accordance with the Code of Conduct. Employees who suspect that a violation of the Code of Conduct has occurred are obligated to report it as soon as possible, and such employees shall be protected from any disadvantage.

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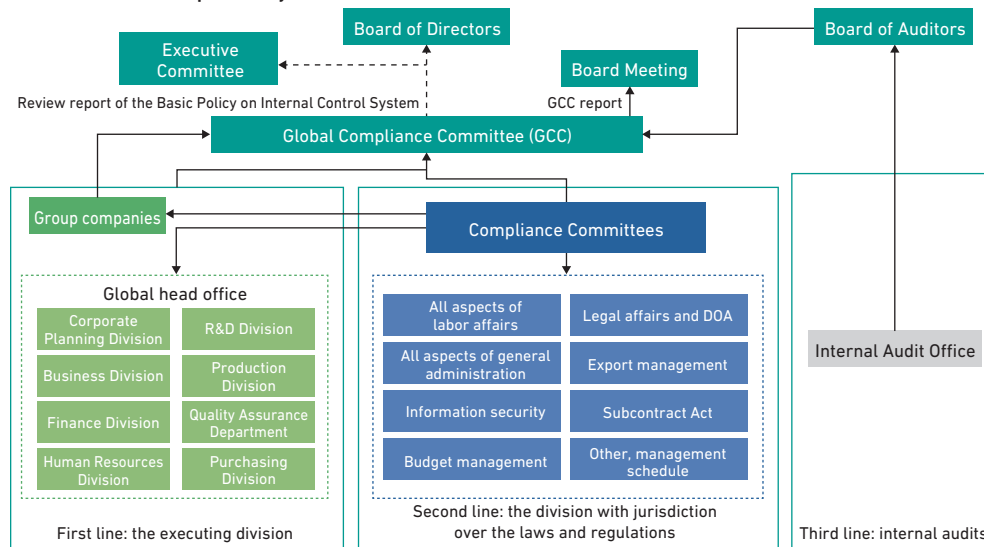
Governance and Compliance

Strengthening compliance

Promotion system for compliance

The compliance activities of the JATCO Group are promoted through (i) formulation of the activities policy, (ii) monitoring of the status of the activities, (iii) internal reporting response, and (iv) compliance education and enlightenment, with the Compliance Secretariat organized by the Legal & Intellectual Property Department and the Human Resources Development & General Administration Department as the center. Furthermore, the Compliance Secretariat supports the promotion of each individual activity in collaboration with the compliance promoters appointed to the respective divisions and each subsidiary.

Overview of the compliance system



Governance

JATCO has organized a Global Compliance Committee (GCC) comprised of representative executives from each division and the presidents of Group Companies in Japan and overseas, and meetings of the GCC are held four times a year by the Compliance Secretariat. The GCC puts effort into ensuring the proper implementation of the PDCA cycle, such as by sharing common global matters related to compliance, sharing specific cases of incidents that have actually occurred, and checking the details of the compliance activities of each company.

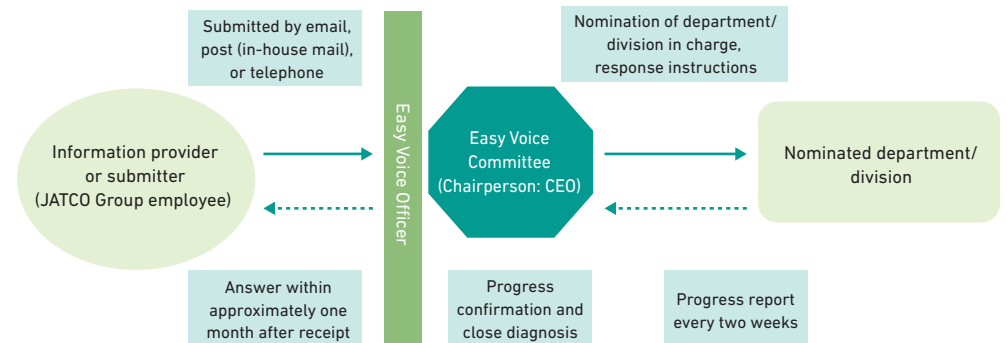
Monitoring

Every year, as a part of a comprehensive compliance inspection, we implement confirmations, etc., with respect to the division with jurisdiction over the laws and regulations, which is the second line, regarding the process for responding when there is a violation of laws or regulations, and implement monitoring of the status of the activities.

Internal reporting response

The JATCO Group has established the Easy Voice System for responding in-house, which is an internal reporting system that allows employees to report directly to the company on matters such as compliance violations, and SpeakUp, a window outside the company (Nissan Group), as part of our efforts to develop an environment where employees can take a proactive stance toward reporting violations.

Overview of the Easy Voice System



Compliance education and awareness-raising

Code of Conduct training is provided every year for all employees in the Group through the use of the e-Learning system.

The attendance rate at Code of Conduct training is reported in the Global Compliance Committee and follow-up is carried out until the implementation rate reaches 100% every year.

As compliance education other than the above, with regard to information security policies, harassment, export and import control, the Anti-Monopoly Act, prevention of the giving or acceptance of a bribe, trade secrets, DOA, the Subcontract Act, and company rules, etc., the division with jurisdiction over the laws and regulations, which is the second line, draws up and implements programs to educate employees.

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Governance and Compliance

Risk management initiatives

Promoting risk management

In order to respond to the diversifying risks accompanying the global expansion of our business, JATCO carries out a risk management audit as part of its internal control system. Specifically, we hold interviews with the relevant parties, including the officers, regarding the 12 items of product,

- (i) product strategies,
- (ii) production strategies,
- (iii) sales and marketing strategies,
- (iv) business continuity,
- (v) product and service quality,
- (vi) information quality,
- (vii) management quality,
- (viii) ethics and wrongful acts,
- (ix) human resources,
- (x) finance and market risks,
- (xi) adaptability to external environmental changes, and
- (xii) legal risks,

identify risks each year, determine the items that should be tackled in the Executive Committee meetings, assign personnel to take charge of each item, and formulate and implement measures to mitigate the risks. The progress of initiatives for each item are reported at the Executive Committee meetings, and a control-level assessment for each item is conducted at the end of the fiscal year.

Annual Plan for Corporate Risk Management	
Risk identification through officer interviews, etc.	January to February
Evaluation through risk assessment and selection of issue candidates	February
CRM* issues definitions and determination of the issue owners (Executive Committee)	March to April
Interim report: agreement of the direction of measures	September to October
Final report: completion of execution of measures	March

*CRM: Corporate Risk Management

Initiatives through the BCM* Committee

There are scenarios that endanger business continuity, such as earthquakes, typhoons, or other natural disasters. JATCO predicts the various risks that may arise, and has established a BCM Committee to implement measures to eliminate risks before they develop and to mitigate risks when incidents do occur. If a situation arises that has continuous impact on production, the relevant parties are notified immediately, and the BCM Committee takes a central role in resolving the problem with the cooperation of the respective divisions across the company. BCM simulation training is carried out every year to help employees learn how to react to a large-scale earthquake, and how to appropriately respond in order to achieve quick recovery.

* BCM: Business Continuity Management. This involves determining the countermeasures to take in situations where the company becomes unable to continue operations due to large-scale disasters, epidemics and the like and conducting the needed training and other activities to execute these countermeasures.

Risk management system for JATCO Group companies

With regard to Group companies, including our overseas production bases, risk management is performed by implementing countermeasures for the expected risks to each company. The experience and know-how that JATCO has built up through its BCM activities are disseminated to the Group companies, and for risks that are common to all our facilities across the world, risk management is carried out in cooperation with other Group companies.

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Disaster Preparedness (Physical Hazards)

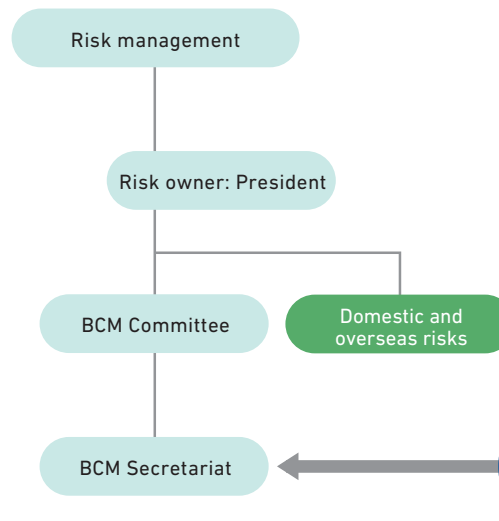


Ensuring business continuity in the event of a large-scale earthquake

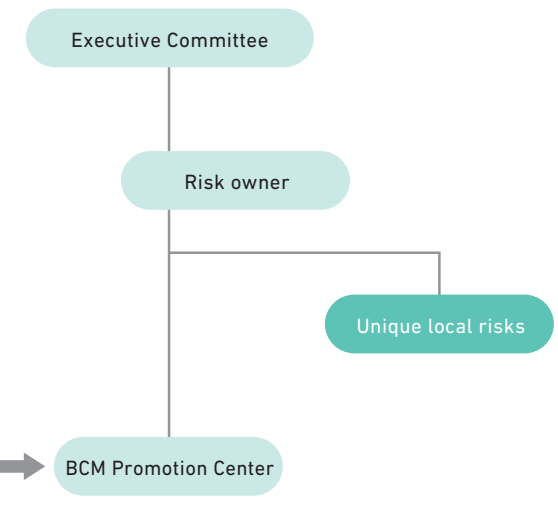
As part of JATCO's BCM initiatives, we organize disaster preparedness activities with regards to a large-scale earthquake (seismic intensity of 6 Upper or greater) that is feared to occur in the near future. These activities are aimed first towards saving lives, preventing secondary disasters, and a prompt and effective recovery to aid in the recovery of our business. Our BCM formulations are being reviewed and strengthened through our experience from such disasters as the Niigata Chuetsu-oki Earthquake in July 2007, the Great East Japan Earthquake in March 2011, and the earthquake in eastern Shizuoka Prefecture in March 2011, which resulted in significant damage to one of our plants. The disasters that we prepare for are not limited to just earthquakes. They cover a wide range that includes novel strains of coronavirus, IT failures, and supply chain stoppages. We also apply the experience that we have gained in developing BCM in Japan to the risks facing our overseas locations, including Mexico, China, and Thailand to extend our BCM practices globally across the entire JATCO Group. In order to promote activities focused on our supply chain in light of our experience during past disasters, we have made efforts to strengthen our overall supply chain by performing diagnoses of the BCM systems of each Group company. JATCO's highly effective BCM is driven by the repeated use of training. We have been conducting BCM simulation training every year since FY2008, through which we confirm our initial disaster response and recovery system for business continuity. This training is based on expected levels of damage and involves the relevant departments and company bases working together to solve problems related to business recovery. These problems include how to respond to automobile manufacturers, business partners, local communities, and the media. Through the repeated use of this training, we aim to provide a speedy response in the event of a disaster. This emphasis on simulation training with a focus on cooperation between bases has already yielded results at our Fujinomiya Plant, when during the earthquake in eastern Shizuoka Prefecture, the plant was able to easily receive assistance from our other bases and make a rapid recovery.

BCM promotion organization

JATCO's BCM promotion organization



BCM promotion organizations at overseas bases



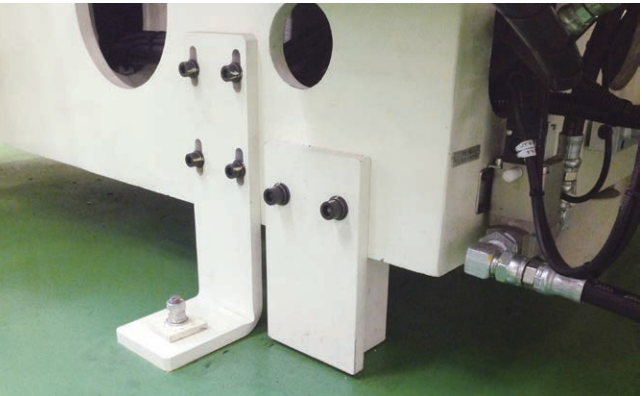
BCM simulation training

Disaster Preparedness (Physical Hazards)

Ensuring the safety of employees and the local community

Earthquake measures for buildings and facilities in Japan

In order to prevent damage to buildings and facilities and harm to employees in the event of a large-scale earthquake, as well as to achieve early recovery of production plant functions, we have taken a wide range of earthquake countermeasures that include securing production equipment at and strengthening the earthquake resistance of our main production bases in Japan, and taking measures to prevent objects from falling from ceilings or cranes. As a member of the supply chain, we are constantly coming up with countermeasures to minimize our impact on the production activities of our customers.



Newly added support leg on equipment

Earthquake countermeasures at overseas bases

JATCO operates globally and has implemented BCM activities at our overseas bases similar to those at our domestic bases to prepare them for earthquakes or other large-scale disasters. At JATCO (Thailand) Co., Ltd., which commenced operations in July 2013, we have drawn lessons from the major floods that occurred in 2011, and raised the foundation filling of the building by 50 cm compared to the initial plans, in preparation for tsunami and floods.

Ensuring the safety of employees

In order to ensure the safety of employees in the event of a large-scale earthquake, JATCO has established detailed procedures with regard to evacuation actions and evacuation shelters. In order to ensure that employees have a good grasp of this information, regular drills are conducted based on a variety of day and night emergency situations that we expect could occur.



Building site where the filling was carried out

Given the possibility of having employees at each facility who are unable to return home during an emergency, we have prepared supplies such as water, food, helmets, blankets, sleeping bags, and portable toilets at each facility.

Securing safety and peace of mind for local residents

JATCO is a company that stands together with local residents. Hence, we cooperate actively to secure safety and peace of mind for local residents. We are working to be included on municipal emergency shelter lists and to establish a system that allows us to provide company facilities as emergency shelters for local residents who have nowhere to evacuate to in the event of a large-scale disaster.



Designated by Fuji City as a designated emergency evacuation site and wide-area evacuation area

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Information Security



Strengthening information security

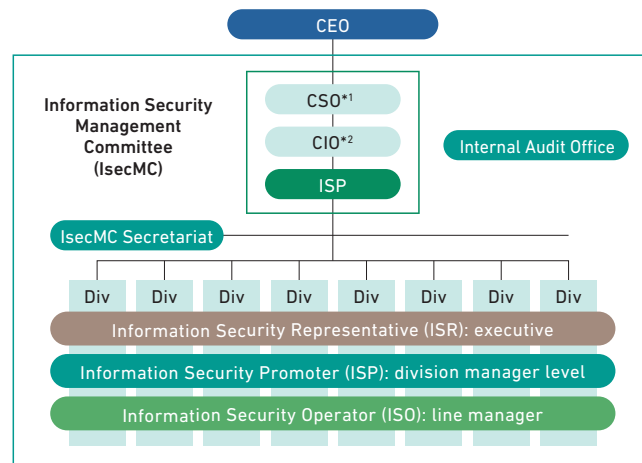
Information security promotion system

In order to maintain a high level of information security, JATCO has enacted an Information Security Policy to ensure that all of our employees can tackle their work with an awareness of information security.

The Information Security Policy comprehensively presents the basic policies of JATCO concerning information security, and has been established for the objective of maintaining the confidentiality, completeness, and availability of information, as follows:

- 1) Confidentiality: only people who have been given access permission can access the information
- 2) Completeness: maintaining the accuracy of the information and maintaining the accuracy and transparency of processing methods

Information Security Management Committee



*1 CSO: Chief Security Officer *2 CIO: Chief Information Officer

- 3) Availability: ensuring that the users with permission can use the information when necessary

JATCO has established the Information Security Committee and has built a promotion system to ensure that information leakages, releases of erroneous information, and situations in which the information can no longer be used are not caused as a result of these features being damaged. Through the committee, we share problems common to and solutions applicable across the Group companies, and check on the implementation of these solutions in each Group company and division.

Commitment to information management, and promotion of training activities and activities to raise awareness

In recent years, as the importance of the data held by companies and organizations has grown rapidly, threats such as information leakages, hacking, malware attacks, etc. have also increased, so robust information security has become an essential element for the growth of a company.

JATCO is putting effort into further strengthening our information infrastructure.

To prepare for cyber attacks, we are implementing various technical measures to prevent external attacks, while establishing the Cyber Attack Countermeasures Headquarters, putting in place systems and manuals to enable prompt responses, and carrying out training once a year based on the scenario of an actual emergency to prevent information from leaking out in the event of a security breach.

Information security is dependent on there being a proper awareness of information management by those who must handle the information—each and every one of our employees. Hence, we work to reduce the risk of information leakages with respect to new threats through targeted email training, etc. and

continuously strive to raise awareness about information security management, including thorough management of information assets using information asset management ledgers, regular provision of information security education to all employees in the JATCO Group, etc.

Information security activities in each division and Group company

In order to ensure the appropriate management of information security, it is vital to have each division and Group company correctly grasp the current state of and risks pertaining to information security, then formulate and implement countermeasures, and review the results, so JATCO takes measures which properly continue the PDCA cycle. For example, every year it implements assessments compliant with an information security management system (ISMS) based on international standard ISO 27001.

Details on the information security activities undertaken by each division and Group company and incident cases which have occurred are shared with the Information Security Committee, which meets three times a year. By encouraging the divisions and Group companies to incorporate each other's best practices, we are striving to further enhance the standardization of information security activities across the entire Group, including the overseas locations, introduction of shared facilities, promotion of education, etc.