JTEKT

JTEKT Corporation

JTEKT REPORT 2024

Integrated Report



JTEKT Group 2030 Vision

A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment











Bringing new value to society by transforming into a solution provider

My name is Yoshihito Kondo, and I assumed the position of President of JTEKT Corporation in June 2024.

This fiscal year marks the start of the Second Medium-Term Business Plan for 2030, and we have engaged in numerous internal dialogues to formulate the plan. In this context, we have formulated the JTEKT Group 2030 Vision as the core of our Medium-Term Business Plan.

Our vision is to evolve into a solution provider that contributes to society and people of the future by grasping real needs and underlying social issues through dialogue and co-creation with customers, and proposing solutions to them.

There are many challenges to realizing our vision and transforming into a solution type business, but I believe that if all employees demonstrate their abilities and make the most of the core technologies and competencies that we have cultivated over our history, we will be able to continue on the path to success.

JTEKT Report 2024 introduces the past, present, and ideal future of JTEKT, focusing on the contents of the Second Medium-Term Business Plan. I hope that you will take this opportunity to deepen your understanding of our company. and ask for your continued support and encouragement.

Yoshihito Kondo
President



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Chapter Outline

We will introduce the past and present of JTEKT, as well as the vision that JTEKT aims to achieve through the voice of the President.

We will explain the strategies for realizing JTEKT's vision through the concept of enhancing corporate value and the progress of the Medium- to Long-Term Business Plan formulated in 2021, especially the second phase business plan starting from the FY2024.

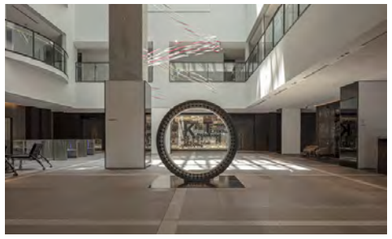
From the four business divisions that support JTEKT's business, we will introduce the analysis of the market environment, business strengths and issues, a review of the First Medium-Term Business Plan, strategies based on the new Medium-Term Business Plan, and the "No. 1 & Only One" strategies that each business is focusing on for the future.

Learn about the six capitals that support JTEKT's operations, their status, and their key initiatives.

Among the areas we place the greatest emphasis on, our Chief Financial Officer and Chief Human Resources Officer will introduce our future strategies for financial capital and human capital, respectively.

Here we explain corporate governance initiatives that are effective in increasing corporate value. In addition, we introduce the active discussions at the Board of Directors meetings and the contributions of outside directors to management at the Outside Officer Roundtable, etc.

By displaying financial and non-financial data and sustainability-related indicators and targets so far, this section enables a numerical analysis of the JTEKT Group.













Editorial Policy

This report introduces our business activities and sustainability (value creation and governance) initiatives from a medium- to long-term perspective in order for shareholders, investors, and other stakeholders to understand how the JTEKT Group contributes to solving social issues and realizing a sustainable society. The guidelines that were referenced when creating this report are listed below. In addition, for more information on sustainability, please visit our website. We hope this report facilitates an understanding of our corporate activities.

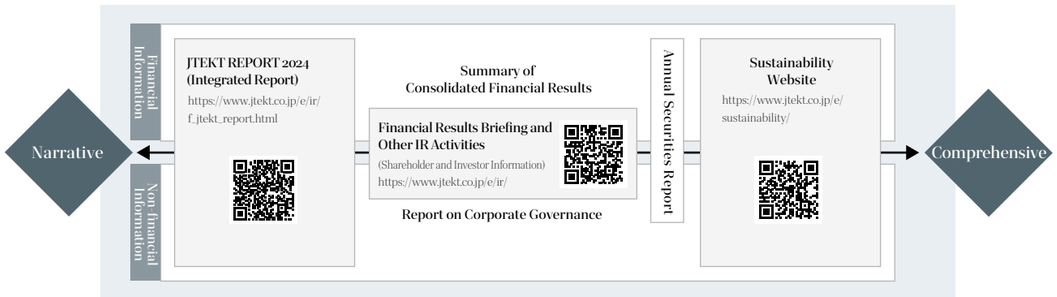
■ **Reference guidelines:**
- International Financial Reporting Standards (IFRS)
- Japan's Corporate Governance Code
- Global Reporting Initiative (GRI) "Sustainability Reporting Standards"
- Japan's Ministry of the Environment "Environmental Reporting Guidelines (2018 edition)"
- ISO 26000 (international standard for social responsibility)

■ **Target period:** April 2023-March 2024 ■ **Publication:** December 2024

■ **Target organizations and scope:** All activities of the JTEKT Group
For items for which there is no criteria uniform across the JTEKT Group, the unconsolidated results of JTEKT are displayed. As a general rule, if there are changes in the tallying scope, we revise data retrospectively.

■ **Note on forward-looking statements**
This report contains forward-looking statements pertaining to future plans and strategies. These forward-looking statements include risks, uncertainties, and other factors, and actual results and business performance may differ from those stated.

Information Disclosure System

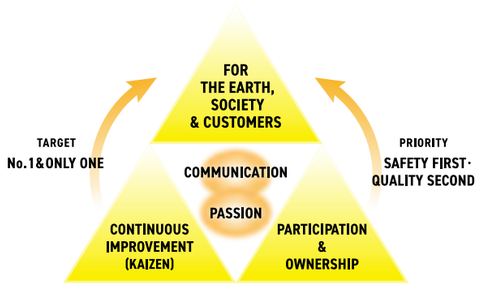


At a Glance (As of the end of March 2024)

JTEKT Basic Principle

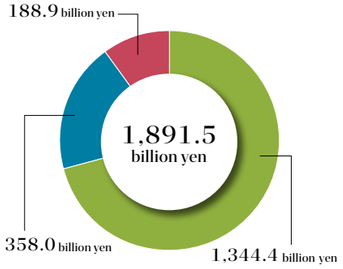
JTEKT has established the JTEKT Basic Principle with the intention of being a company that solves social issues through its business activities, and continues to make contributions for the Earth, society, and customers.

Each employee will have more passion, and through active communication, will practice continuous improvement (kaizen) with participation & ownership. JTEKT is committed to safety first, quality second and being the No. 1 & Only One, continuously contributing to the Earth, society, and customers for an ever-expanding future, and creating happiness that lies beyond.



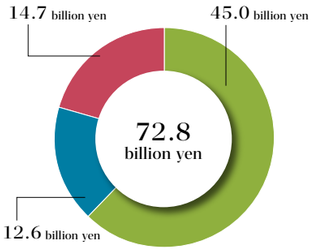
JTEKT BASIC PRINCIPLE

Revenue

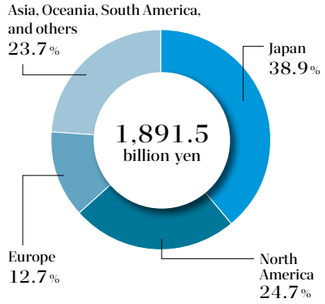


Automotive Business Unit
Industrial and Bearing Business Unit
Machine Tools & Manufacturing Systems Business Unit

Business profit



Sales ratio by region



Highly Valued Management Resources

Capital expenditures
65.1 billion yen

Number of Group employees
45,717

Research and development expenses
58.9 billion yen

Manufacturing sites
128 plants

Education and training time per employee
7.8 hours

Contribution to CO_2 emissions reduction through products
575,000 tons

JTEKT agent network (Globally)
93 countries

* Number of agents: 364 (overseas) + 101 (domestic)

Number of employees involved in social contribution activities
3,739

Technological development sites / Innovation centers (Globally)
20 sites

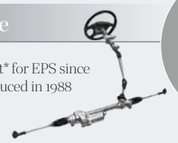


Automotive Business Unit

JTEKT has an extensive lineup of steering systems ranging from compact cars to commercial vehicles. We are undertaking systemization and modularization of driveline components, and contributing to safe and secure driving and enhanced vehicle fuel efficiency.

Main Products Electric power steering, hydraulic power steering, electronically controlled 4WD couplings (ITCC™), Torsen™, pressure-reducing valve for FCEVs, etc.

No. 1 & Only One



No. 1 share of the global market* for EPS since it was first developed and produced in 1988

Global market share **26.5%**



Industrial and Bearing Business Unit

We support the development of industry and society throughout the world by providing an extensive lineup of various bearing types optimized for customer use environments and performance requirements in a broad range of fields.

Main Products Roller bearings, ball bearings, bearing units, various other bearings, oil seals, etc.

No. 1 & Only One

No. 1 share of the domestic market* for bearings used in steel equipment that achieve high-speed rotation even under high loads and at ultra-high temperatures



Domestic market share **55%**



Machine Tools & Manufacturing Systems Business Unit

JTEKT's machine tools business provides high-quality and low-price products that satisfy wide-ranging needs from high productivity to high precision by leveraging the high reliability and technologies that we have accumulated in the automobile industry. We support manufacturing in various industries with our extensive support systems.

Main Products Grinders, machining centers, cutting machines, battery manufacturing equipment (source process), control equipment (including IoE-related products)

No. 1 & Only One

Developed the first grinders produced in Japan in 1956. No. 1 share of the global market* for cylindrical grinders (including specialized grinders)



Global market share **35%**



Aftermarket Business Unit

In addition to providing products, the entire Group works together in the aftermarket to support the product lifecycle through close collaboration with customers around the world, contributing to the development of a circular society.

Main Products Bearings, hydraulic pumps for power steering, constant-velocity joints, hub units, Group products (CBN grindstones, Toyopack, etc.)

No. 1 & Only One

We seek to become an indispensable presence to customers in the aftermarket by leveraging our sales networks in regions around the world and our diverse product lineup.



* Market shares are based on JTEKT's research

History of JTEKT

Since their establishment, Koyo Seiko and Toyoda Machine Works have continually perfected their technologies to provide high-quality and reliable products.

JTEKT was established in 2006 with the merger of these companies. Going forward, we will continue to produce No. 1 & Only One products and move forward in our ambition to be a company that contributes to society.

Founded in 1921
Koyo Seiko Co., Ltd.

Zenichiro Ikeda established Koyo Seiko in Osaka City as a private store and started production after selling imported bearings

Founded in 1941
Toyoda Machine Works Ltd.

Toyota Motor Co., Ltd. spun off its machine tools division and established Toyoda Machine Works, Ltd.

1968

Commenced production of hydraulic power steering systems



1980

Commenced production of constant-velocity joints for automobiles

1984

World's first practical application of ceramic bearings



1988

Developed and produced the world's first electric power steering (EPS) system



2002

Established FAVESS, which develops and sells EPS



Established in 2006

JTEKT

Bearing manufacturer Koyo Seiko and machine tool manufacturer Toyoda Machine Works merged to become the world's number one EPS manufacturer

2012

Opened Iga Proving Ground



2014

Started full-scale operation of Large Size Bearing Engineering Development Center



2015

Cumulative total of 100 million EPS units manufactured

2022

Unified brands for all businesses

JTEKT

JTEKT Group 2030 Vision

A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment



2024

Announced JTEKT Group 2030 Vision

- Automotive Business Unit
- Industrial and Bearing Business Unit
- Machine Tools & Manufacturing Systems Business Unit
- Aftermarket Business Unit
- New Business

Products and Technologies Created Through Synergies

From 2014
Commenced production of high-pressure hydrogen gas valve and pressure-reducing valve

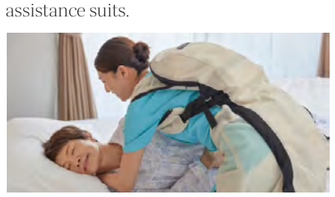
Following the first-generation "MIRAI" released in 2014, the newly developed high-pressure hydrogen gas valve and pressure-reducing valve were installed in the new model MIRAI fuel cell electric vehicle released by Toyota Motor Corporation on December 9, 2020.

* MIRAI is a registered trademark of Toyota Motor Corporation



From 2018
Started production of the J-PAS™ power assist suit

To solve such social challenges as aging and the low birthrate, the working population shortage, and the increasing number of industrial accidents, we have capitalized on the assistance technology, highly safe design technology, and so on nurtured in our existing businesses to develop the J-PAS™ series of power assistance suits.



From 2019
Commenced production of high heat-resistant lithium-ion capacitors

We develop high heat-resistant lithium-ion capacitors that achieve heat resistance from -40 °C to 85 °C, a world's first. These capacitors feature high output power, safety, and reliability, and as a result, it is expected that they will be used in a wide range of fields, not limited to automotive auxiliary power sources, but also power stabilization for renewable energy such as wind power.



From 2020
Commenced mass production of ultra-high precision bearing PRECILENCE™

In order to increase the processing precision of machining centers, we collaborated with Group companies to develop bearings for main shafts that outperform earlier products. PRECILENCE™ bearings boast ultra-high-precision rotation performance and are used not only in machine tools, but a variety of industries.



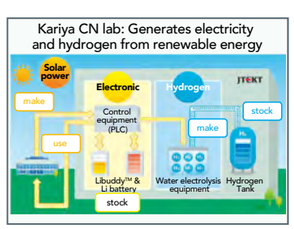
From 2022
Commenced sales of G3VU series of vertical multi-process grinders

By utilizing the Group's technology, we have made high-efficiency processing possible with overwhelming grinding performance, and have also adopted a newly developed multi-porous structure grindstone to reduce power consumption by 10% compared to conventional methods.



From 2024
Opening CN Park (Kariya CN Lab + CN Training Dojo)

We opened CN Park inside the Kariya Plant in June 2024. We have declared that we will achieve carbon neutrality in our production activities (Scope 1 and 2 emissions) by 2035.



Strengthening and integrating core technologies and competencies to be a solution provider creating the future of a mobility society



Yoshihito Kondo
President

Going beyond "One JTEKT" armed with sincerity and abundant core technologies and competencies

I was appointed President of JTEKT in June 2024. My relationship with the Company goes back much further to when I started working at Toyota Motor Corporation, which was always developing components with JTEKT. While at Toyota, I was very grateful to JTEKT for the knowledge and technology they shared. Now that I'm at JTEKT, I look forward to repaying that kindness by making a strong contribution to the Company's growth.

I had always felt that JTEKT had many people who were very dedicated and sincere about their work, and since becoming president that impression has become even stronger. After spending time at various companies and organizations, I've come to believe that one thing that every strong company has in common is sincerity. When people are doing their work with sincerity, they have a firm foundation that allows them to be flexible to change, which also means they are able to grow.

Another thing that surprised me when I joined JTEKT was the sheer number of core technologies and competencies. I knew that JTEKT had the three pillars of automotive components, bearings, and machine tools along with core technologies for each, but the number of core technologies and competencies derived from each of the founding businesses far exceeded my imagination. It is clear that the Company has been diligently and meticulously digging deep into its elemental technologies to strengthen its founding businesses, and this too told me that JTEKT has great potential.

The connection between the founding businesses and the core technologies and competencies is very strong, but at the same time, it seems as if there hasn't been much progress in applying them to other fields. The days are gone when simply improving a product's functionality is enough to differentiate it from other companies. With the current trends in commoditization, it's time to reexamine our business model.

Former President Sato's drive for One JTEKT broke down walls inside our organization and laid the foundation for the Company to advance to its next phase. I intend to make full use of that foundation and guide the Company toward further evolution.

Becoming a company where all employees eagerly and actively take on challenges

For the past 35 years, I have been primarily involved in production engineering at Toyota. My experiences engineering all sorts of components to meet the changing needs of the times is truly an asset in my life. One of the most memorable moments was in 2005 when I was put in charge of developing motor technology, which was a completely new area for me. Without a precedent to follow or anyone to show us the way, we started by assembling our team. We didn't have any success at the beginning, which was very frustrating. But when those tough times later turned to success, there was, along with the sense of accomplishment, the reaffirmation that failing provides a huge amount of insight that becomes an essential element in success.

In 2020, I was appointed director of Toyota's Production Engineering Development Center, which had been established by combining manufacturing development and prototype teams that were in automotive and components. I led the center's projects where some 5,000 employees were working to make new proposals to clients and pursue other new challenges as we tried to shift the organization from an automobile company to a mobility company. Even though the Monozukuri Development Center didn't directly add to profits, my main focus was on managing income and spending, while maximizing output and encouraging people to take on challenges. We actually were able to develop some of the businesses into profit producers. I was also very gratified that we created a virtuous cycle of new challenges stimulating employee development, even producing many highly professional human resources, and that in turn generating the creation of new products.

Taking on a challenge is about failure as much as success, as both experiences become assets in life. I will continue to take this positive approach, and I hope that all of our colleagues in the Company will be eager to take on challenges and not fear failure as they both enrich our lives.

Also, when seeking to create something new, I firmly believe we need management that is focused on people and the workplace so we have a work environment where teams actively work with a sense of unity. That conviction comes from my 35 years in manufacturing. I sum it up in four phrases: "Everyone involved," "Time is life," "Selflessness," and "Humility and gratitude." I will talk about "Everyone involved" in more depth later. For "Time is life," I urge our managers to always be aware that people's lifetimes are limited and employees are giving a part of their precious lives

to the Company. So I and our managers must always remember the importance of creating work environments where everyone is fully active and engaging in meaningful corporate activities, because wasting time is wasting life.

The launch of the Second Medium-Term Business Plan

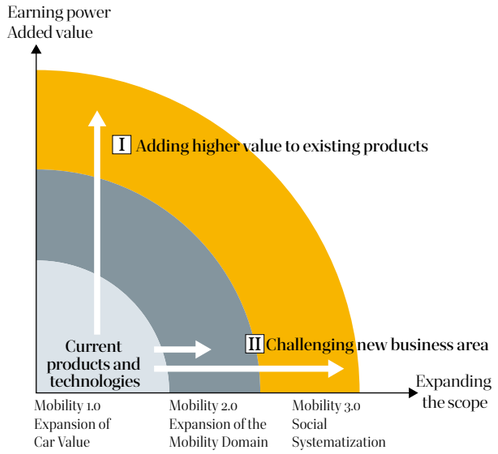
The First Medium-Term Business Plan that ended in fiscal 2023 was a three-year period for enhancing our corporate structure, during which we reestablished profitability by focusing on the breakeven point and aggressively lowering fixed costs. However, we were not able to improve ROE or the profit margin as much as we were targeting and ultimately fell short of our target of ¥100 billion business profit. The Second Medium-Term Management Plan started in fiscal 2024 acknowledges the need to improve profitability while also steadfastly continuing to strengthen our corporate structure.

The basic concept of the new plan's growth strategy is to generate profits by adding value to our existing products and use the funds as resources for venturing into new areas. We will combine our core technologies and competencies to boost the value of our current product lineup, which will require less spending and therefore improve investment efficiency. The new resources will be invested in our human resources and technology development so we can broaden into new fields where we can propose solutions with the aim of expanding our business and enhancing our corporate value. The new plan sets ROE and price-to-book ratio (PBR) as the key management indicators to guide our progress.

The JTEKT Group 2030 Vision to transform into a solution provider

The Second Medium-Term Management Plan outlines our Vision 2030 for using our manufacturing operations and facilities to provide solutions for clients and social issues and to be a "solution provider for the future mobility society." To fulfill that vision, we need to go beyond the BtoB level with our clients to dig deeper into their issues and identify and communicate what they need us to do for them. More than merely providing products, our aim must be to use our products and services to solve problems and provide satisfaction to our clients and society. That is what will raise our value added to another level and increase our profits. I also believe it will increase employee satisfaction, thereby creating a virtuous cycle.

The first step to proposing solutions is to liberate the Group's core technologies and competencies from the pre-existing internal framework and create an environment where they can be combined more freely. By collaborating across businesses and divisions and utilizing the Group's core technologies and competencies in a variety of ways, we aim to become a company that can create breakthrough solutions that lead to answers for customer and social issues. As we continue in that direction, we will ultimately transform our business unit structure to be completely solution-oriented.



Decisively transform to a solution-generating business model

Creating platforms is an effective way to transform a business model into a solution provider. We will establish multiple platforms based on technology, human resources, and functions including safety, quality, and the environment, and create a system that allows us to take full advantage of all of our resources.

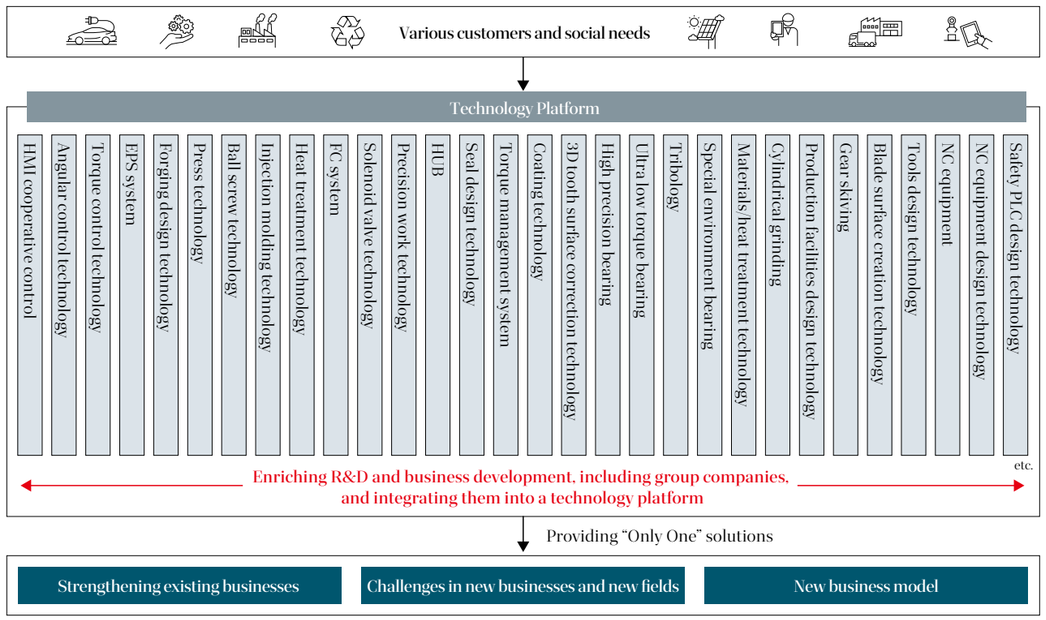
Our role as a solution provider will advance in stages as society changes and as the specific characteristics of our businesses evolve. The first stage will be to use our Group synergies to increase the added value of existing products and strengthen our earning power in the automotive and industrial machinery fields. The funds we generate at that stage will then be used for the next stage of expanding our business scope beyond automobiles to aviation, drones, and next-generation mobility linked to mobility as a service (MaaS). As we continue expanding our business, the third stage will be proposing large system solutions, including social infrastructure, for a "mobility society." To steadily bring us to that stage, we will establish a Solution Co-Creation Center dedicated to developing new businesses by responding to the diverse needs of our clients and society. While creating solutions for emerging client needs, the center will also carry out everything from sales and planning to design, prototyping, and manufacturing to resolve current issues in our own business divisions and factories.

In the next two to three years, we will focus on the first stage of the mission to enhance our earning power by creating a platform for our competencies. We are also preparing to start gradually broadening our business scope as we bear in mind that beyond this stage in the future we will be proposing solutions for new mobility, social infrastructure, and other systemizations. We can expand the scope by engaging in more co-creation activities with the Toyota Group and other companies. As our scope expands, we will need to work with a wide range of companies both inside and outside the Group, and I will be at the forefront of creating those collaborations.

What we offer and how we provide it will vary depending on who we work with and who the client is. It could be items to sell, like equipment and software together or separately, or as intellectual property and blueprints. It could also be services to provide, like solution proposals, technology support, and after-sales support. In addition to one-time sales in which we are no longer associated with the product, we will also increase offerings that will create ongoing connections with clients, such as after-sales support services and subscription sales models. I would like provide combination of these to increase value and broaden our customer and market reach.

Technological expertise is not our only competency, and the Solution Co-Creation Center is not the only way we will create solutions. We have employees who are good at working with numbers and others who are skilled video producers. If we can create a platform for the myriad of competencies possessed by the Group's 45,000 employees, we could create

● The JTEKT Technology Platform





solutions with added value that is off the charts. I consider every one of our employees to be a solution provider, and JTEKT to be a group of solution providers. The day will soon come when we can say, "JTEKT has all the answers inside our organization."

Employee mindset is key
Becoming a company where everyone is engaged and encouraged to take on challenges

As we create our platform, we are also working to change the mindset and values of our employees.

Creating new value requires thinking very deeply. Rather than giving orders, leaders should ask questions so team members can give real thought to an issue and deepen their understanding. I truly believe that a company whose supervisors stimulate their employees to always be thinking is a company that will continue growing.

I am always saying that, as we conduct our business, I want us to be thinking about what we call *sanpo yoshi*, or three-way satisfaction, meaning we should not be thinking just about how we can benefit from our business but also how our clients and society can benefit. Doing our business while thinking about our client and people after that — the end user and society — will give us better vision of the true essence of our clients' latent needs and issues, and then we will be able to address the heart of their problems and propose solutions.

The transformation to such a business model with the human resources it requires cannot be achieved without venturing in new directions. Because of that, making us a company that encourages employees to pursue new ideas is the first thing I need to do. I want everyone to experience how taking on challenges is not only enjoyable, but also leads to satisfied clients and progress for the Company and society.

We have been so focused on securing earnings in the past few years that we have not been able to pursue significant challenges. Now that we have a solid earnings foundation in place, it is prime time to start taking on bigger challenges. I want to create an environment where everyone views failure as a driver of success and can take on challenges without fear of failure.

I want our company to one where every employee has that mindset and everyone is engaged in contributing to the clients and society.

Practicing management focused on capital efficiency

We are taking quick action to review and consider improvement measures for businesses and operations that are not using assets efficiently and do not have good balance of input and output (cost-effectiveness).

From a long-term perspective, I also think it is important for each of us to get a clearer sense of how much output we are producing compared to the resources that are being invested. We will always evaluate and verify our business from this perspective and apply the PDCA cycle for better cost-effectiveness. To do that, we will need to create a system for visualizing individual input and output. I will closely examine input-output conditions and it will be my responsibility to determine which activities to improve, integrate, or abandon.

I think people are actually what provide the most efficient balance of input and output. Machines and equipment eventually produce decreasing output and become obsolete, but people continue growing over time. Even factoring in rising salaries, the output people produce grows faster. That is why it is not exaggerating to say that the essence of management is to motivate employees to be active throughout their whole career and to thoroughly consider how to put the right person in the right position to contribute to society.

Even if the value of an existing business is declining, there should be a way to use the human resources for a new business. For example, when a local business contracts, rather than eliminate the business, it's possible to leverage experienced and talented local employees to create a new business model. I believe the key to making the best use of the people we have is not to work within the existing framework, but to use those people to transition to business models matched to the times.

Sustainable and economically rational management

As we develop and grow our business, I believe sustainability should always be at the center of our management. Companies have an inherent responsibility to respect human rights and formulate appropriate relationships with supply chains. From a long-term perspective, investing to become carbon neutral is also economically rational. For example, improving our production processes to reduce CO_2 emissions may temporarily raise equipment costs, but the improvements will eventually lead to lower product costs and increased production efficiency.

We will also actively work to create a circular economy. We have been focusing intently on the efficiency of production and have given little thought to possibly dismantling and reusing obsolete equipment. That has created a situation where we are using significant energy and incurring high costs. Optimizing our overall operations requires changing how we work and considering both production efficiency and the ease with which equipment can be reused. I also consider initiatives to create a circular economy as important to management decisions because they lead to economic rationality.

Message to stakeholders

I would like to emphasize once again that JTEKT has tremendous potential. By steadily implementing the initiatives I have described, we are transforming into a company and group that can fully demonstrate our potential as a solution provider. Our aim is to achieve sustainable growth, enhance our corporate value, and achieve our PBR target. As we transform, we will strive to continue increasing the return to shareholders who are supporting our efforts.

We will be putting more effort than ever into communicating with our shareholders, investors, and other stakeholders and will use IR and other channels to increase opportunities to share our ideas. We will continue our hands-on technical IR projects, such as offering test drives of vehicles equipped with our steering wheels and automotive components on our test course, as well as other direct experiences of our initiatives.

JTEKT is transforming, and we will eagerly share information about the progress and advances we are making so our stakeholders will be informed every step of the way.

I look forward to your continued enthusiastic support.

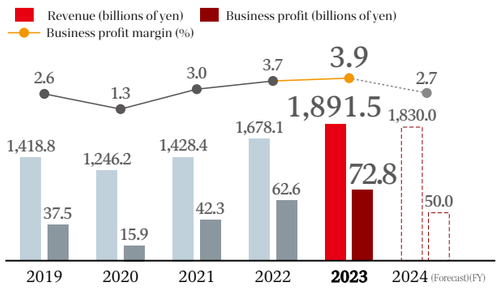
President

近藤禎人

Financial / Non-Financial Highlights

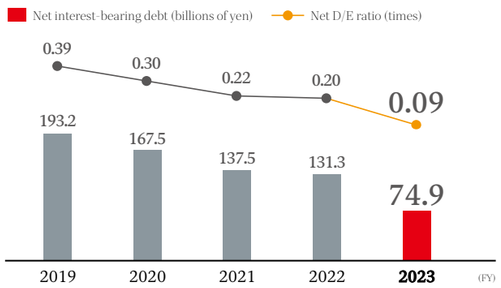
JTEKT has applied the International Financial Reporting Standards (IFRS).

Revenue / Business profit / Business profit margin



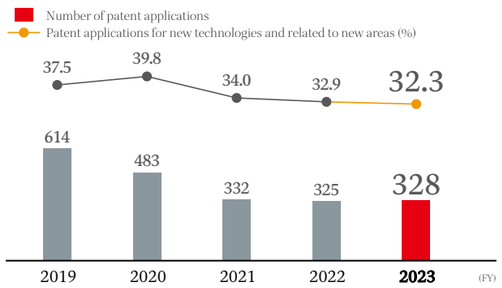
In addition to the recovery from the impact of COVID-19 and the shortage of semiconductors, revenue reached a record high due to the impact of foreign exchange. Despite investments in human resources and advanced development for the future, business profit increased year on year due to the effects of higher sales, the impact of foreign exchange rates, and the promotion of cost improvement activities.

Net interest-bearing debt / Net D/E ratio



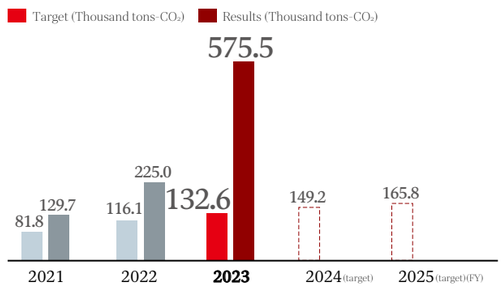
Funds generated from business activities and the sale of strategic shareholdings were applied to the repayment of loans, leading to a reduction in net interest-bearing debt and improvement of the net D/E ratio.

Number of patent applications / Patent applications for new technologies and related to new areas



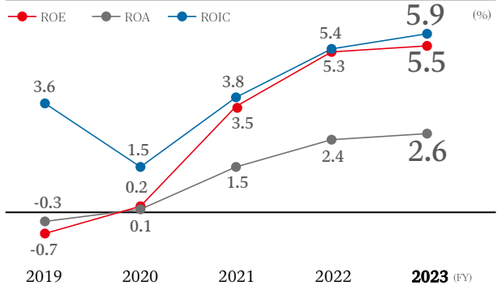
We consider comprehensive protection of intellectual property for technologies and in areas where we expect to demonstrate competitiveness in the future to be of particular importance. To this end, we identified key research and development topics (approximately 40 topics), set targets for the number of patent applications relating to each topic, and conduct systematic invention discovery measures.

Contribution to CO_2 emissions reduction through products



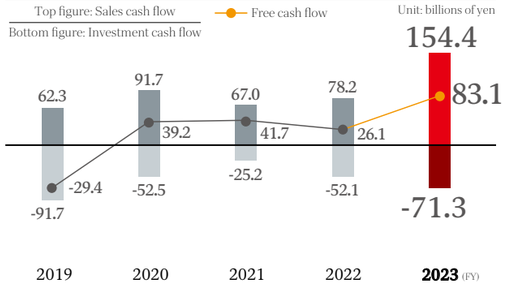
We set a five-year plan in FY2021 and significantly surpassed our targets in FY2023. In order to achieve our targets, we will continue to reduce CO_2 emissions from our products by reducing size and weight, improving efficiency, and changing materials.

Capital efficiency index



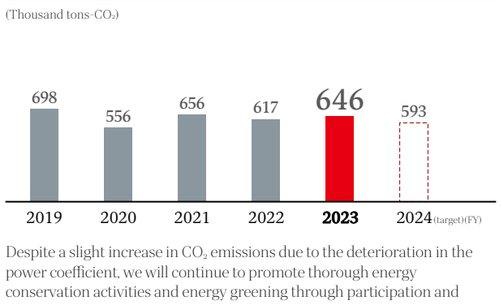
As a result of improved profitability and various financial conditions, ROA and ROE rose 0.2 points, and ROIC rose 0.5 points compared to the previous fiscal year.

Cash flow



Free cash flow increased significantly compared to the previous fiscal year due to an increase in profit before income taxes, despite the implementation of seeding for the future, strategic investments, and investment in projects that have already been ordered.

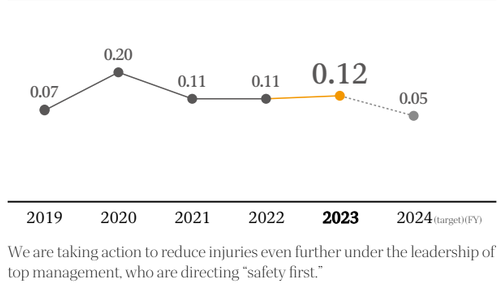
CO_2 emissions for internal production (global)



Despite a slight increase in CO_2 emissions due to the deterioration in the power coefficient, we will continue to promote thorough energy conservation activities and energy greening through participation and ownership toward the goal of reducing CO_2 emissions by 60% from FY2013 levels by FY2030.

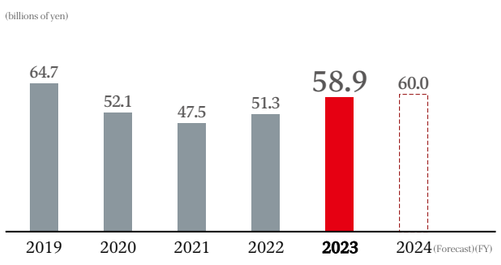
Lost time injury frequency rate*

*Lost time injury frequency = Number of lost time injuries / Total number of work hours × 1,000,000



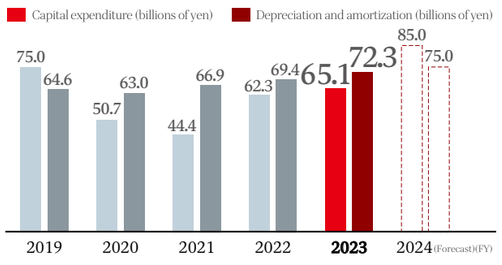
We are taking action to reduce injuries even further under the leadership of top management, who are directing "safety first."

Research and development expenses



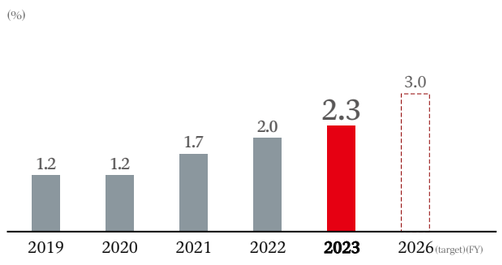
By implementing comprehensive measures to raise the efficiency of development in existing fields and increasing investment in research and development in new and existing areas, we are taking up the challenges of new value creation and pursuing further growth.

Capital expenditure / Depreciation and amortization

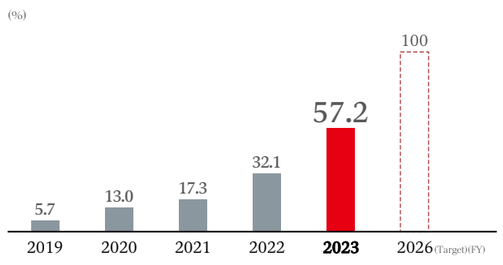


In order to improve our financial position and strengthen competitiveness in existing fields, we continue to closely examine investment projects and review investment intensity, while also making strategic investments in new fields and other fields such as carbon neutrality and DX.

Ratio of female managers



Acquisition rate for childcare leave by male employees



Until now, we have set a target of 40 or more female managers and 50% or more male employees taking childcare leave by FY2025, but we have set a higher target (3.0% female managers and 100% male employees taking childcare leave by FY2026). We will promote D&I and create workplaces so that we can achieve our goals.

Transformation into a Solution Provider

We aim to transform ourselves into a solution provider creating the future of a mobility society through Monozukuri and Monozukuri equipment, which is the JTEKT Group 2030 Vision, to further increase our management capital by contributing to society, and to sustainably improve our corporate value.

JTEKT Group 2030 Vision

A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment

Management capital

- Human capital p.43
- Intellectual capital p.47
- Social capital p.51
- Natural capital p.53
- Manufacturing capital p.49
- Financial capital p.37

Key initiatives

p.25

Digital Festival / Digital Monozukuri

In addition to digitally connecting products from planning to production, we work to improve the digital literacy of employees.

p.27, 54

Promoting Carbon Neutral (CN)

We contribute to CO_2 reduction and the prevention of global warming in both production activities and product development.

p.26

People and site 1st management

We promote the development of human resources and workplaces where each and every employee can actively take on challenges and help each other.

p.56

Circular Economy Compliance (CE)

We view the effective use of limited resources as a business opportunity for our company and work to build a recycling society.

p.23

Solution Co-Creation Center / Technology platform

We combine our core technologies and competences to propose solutions to social issues through co-creation with stakeholders.

p.40 **Optimal capital allocation (Cash allocation)**

- Improving profitability
- Streamlining invested capital
- Reviewing the equity ratio

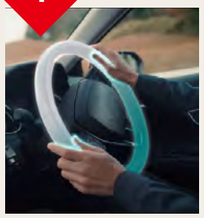
Solution provider



Continuous enhancement of corporate value

JTEKT's Materiality

1 Social challenges to be solved through business



Contribute to safe, secure and comfortable life

Combining the existing technologies and know-how that we have fostered so far, JTEKT will create new technologies to solve future social challenges. In addition, we are emphasizing activities that contribute to the community to realize safer and more comfortable living.

2 Social challenges to be solved through business



Protect the rich earth for future children

JTEKT has set forth the Environmental Challenge 2050 and is endeavoring to conduct management in consideration of the environment. Viewing initiatives to achieve carbon neutrality and so on as not only a contribution to the environment but also a growth opportunity to enhance our competitiveness, we are proactively promoting them.

3 Social challenges to be solved through business



Provide new values to manufacturing (Monozukuri)

Combining our strengths in bearings, machine tools and manufacturing systems, automotive parts, gears, and so on, we will create products capable of supporting society. The synergy generated by the JTEKT Group businesses will promote the evolution of manufacturing.

4 Important issues in business structure



Develop organizations and people that are trusted by society and contribute to society

Good manufacturing starts with good human resource development. At the JTEKT Group, we have realized the wide-ranging activities of employees and the building of work-friendly workplaces. We believe that our biggest social contribution lies in delivering happiness to all people through cooperation transcending the barriers of Group companies and business divisions.

Second Medium-Term Business Plan and Materiality

In the JTEKT Group 2030 Vision, as set forth in the Second Medium-Term Business Plan, JTEKT's materiality is defined as the targets to which we aim to provide solutions to society as a solution provider creating the future of mobility society through manufacturing and manufacturing equipment.

The four materiality issues introduced here (social issues that JTEKT places importance on) were discussed and identified during the process of formulating the First Medium-Term Business Plan (see "Materiality Determination Process and Approach").

Based on these four materiality issues, JTEKT will continue its business activities to enhance corporate value through contributions to society in order to connect technologies and bring smiles to the faces of the earth and all working people.

Materiality Determination Process and Approach

To contribute to the realization of a sustainable society, while imagining various changes in the social environment, we considered what was important for our company and from the viewpoint of stakeholders. Then in consideration of core technologies and competencies for our company, we identified important issues to be addressed by the entire company and formulated JTEKT's Materiality.

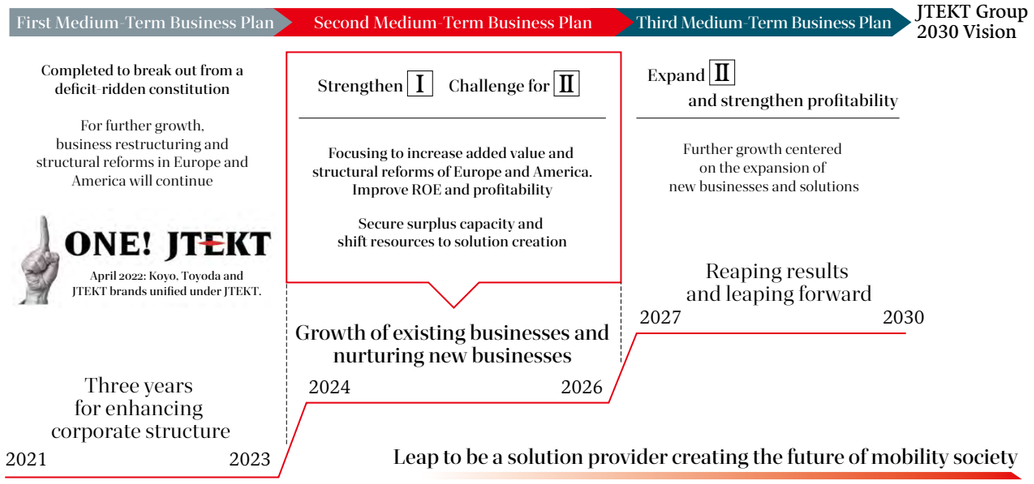
Progression of steps		Implementing body
Step1 Identification of Issues	From among various social issues, itemize those that are relevant to the Company and its business activities.	· Corporate Division (Corporate Planning Dept.) · Director hearings
Step2 Prioritization	Rate the materiality from both internal and external perspectives, and narrow down the list of highly rated items. [Rating method] 1. Conduct questionnaires and discussions with relevant internal departments 2. Plot on a matrix and narrow down the most important materialities for the Company and stakeholders	· Corporate Division (Corporate Planning Dept.) · Corporate Strategy Committee
Step3 Validation of Adequacy	Reviews are conducted through the Corporate Strategy Committee, the Sustainability Council (including the participation of outside directors), and others. Adequacy is confirmed based on the opinions expressed therein.	· Corporate Strategy Committee · Sustainability Council
Step4 Approval by Top Management	Final approval by the Board of Directors based on the results of the validation of adequacy	· Board of Directors

Overall View of Long-Term Business Plan

Among the long-term business plans targeting 2030, FY2024 marks the start of the Second Medium-Term Business Plan. Under the new JTEKT Group 2030 Vision, over the next three years, we will make full-scale efforts toward the growth of existing businesses and development of new businesses and aim to make further strides.

Ⅰ Combining core technologies and competencies to add higher value to the current product lineup and improve investment efficiency

Ⅱ Using the resources generated from the above (I), propose solutions to new fields based on issues and needs



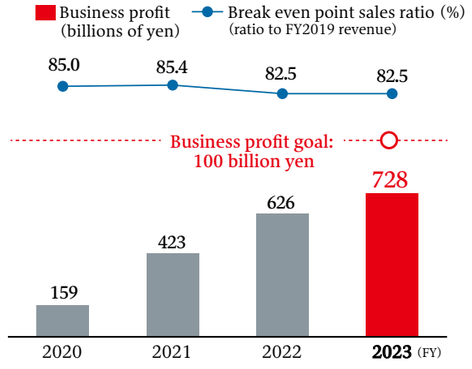
Review of First Medium-Term Business Plan

In the First Medium-Term Business Plan, based on the belief that there was an urgent need to recover business performance by lowering the break-even point, we promoted streamlining and strengthening of the management structure through measures such as improving profitability without sanctuaries, consolidating and abolishing affiliated companies, and restructuring in Europe and the United States.

As a result, the break even point sales ratio (as a percentage of sales revenue in FY2019), which was 92% in FY2019, was 82.5% in FY2023, and although we did not achieve our target of 80%, we continued to be in the black even in the face of inflationary headwinds, and achieved "tree-ring management" with increased sales and profits for three consecutive years.

● Review of KPI in the First Medium-Term Business Plan

The goal for FY2023, business profit of 100 billion yen and a break even point sales ratio of 80%



Achievements

Reduction of fixed costs through the promotion of site consolidation
(152 companies as of March 31, 2020 => 119 companies as of March 31, 2024 (down 33 companies))

Focus on improving the break even point sales ratio and transforming into a leaner structure

Issues

Business profit goal was not achieved. The improvement has slowed down from the ROE and profit margin perspectives.

Sales decreased in Europe and China. Productivity declined in North America.

JTEKT Group 2030 Vision

A solution provider creating the future of mobility society through Monozukuri and Monozukuri equipment

At the beginning of the Second Medium-Term Business Plan, in order to clarify our vision for 2030 again, we have set various target values to demonstrate our intention to evolve our business model with the vision of being "a solution provider creating the future of mobility society through manufacturing and manufacturing equipment." We aim to improve our ROE, PBR, and business profit ratio in order to realize management that emphasizes efficiency.

On the other hand, in order to focus on our transformation into a solution provider and improve the quality of operations, which we believe are indispensable for achieving these goals, we have decided not to pursue sales expansion.

In addition, we have decided to set targets related to non-financial capital that have not been taken up until now, aiming at management that values people and the Earth.

With regard to people, we will place emphasis on employee engagement and strive to improve employees' trust in our company and their willingness to contribute. We have adopted eNPS* as an indicator, and have set a target value of -40 by 2030, which would make us one of the top companies in Japan. In addition, we have reaffirmed our commitment to the Earth in the current Medium-Term Business Plan in order to ensure that carbon neutrality will be achieved by 2050.

● Target value

		2023 result	2026 (Second Medium-Term Business Plan)	2030 Vision
Efficiency-oriented management	ROE	5.5%	7-8%	10%
	PBR	0.6 times	1.0 times	1.5 times
	Business profit ratio	3.9%	5-6%	Upper 8%
	Revenue	1.9 trillion yen	2 trillion yen	over 2 trillion yen
People and Site 1st Management	Employee engagement (eNPS*)	-69	-55	-40
Management for Earth	CO_2 reduction goal (from FY2013)	-32%	-45%	-60%

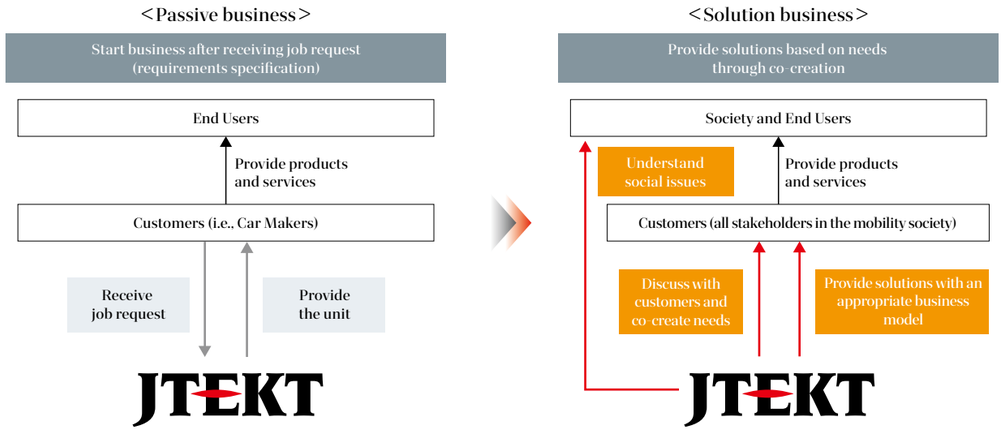
Exchange rate: 1 USD = 145 yen
* eNPS: Employee Net Promoter Score; non consolidated base

Why eNPS

eNPS is a metric that quantifies employees' attachment, satisfaction, and motivation by asking a simple question: "Would you recommend your friends or acquaintances to join our company?" Employees in workplaces with high eNPS tend to feel attached to their company, generate innovative ideas, and enthusiastically make good proposals to customers.

In order to become a solution provider that can provide high customer satisfaction by increasing the number of such employees, we have set eNPS as an important target value of the Second Medium-Term Business Plan.

What Is a Solution Business?



At the heart of our transformation to a solution provider is the evolution of our business model. JTEKT has built trust by selling our products to a wide variety of customers, including car makers around the world. On the other hand, however, most of the transactions so far have been based on a traditional, passive, job-request-based business model of supplying products ordered by customers. As a solution provider, we are aiming for a business model that achieves what our customers truly want through dialogue and also solves the social issues behind their needs.

In order to create solutions that truly satisfy our customers, we need reliable, core technologies and competencies. In addition to our two founding businesses of bearings and machine tools, we have cultivated a number of core technologies and competencies in automotive parts such as steering and drivelines. We believe that it is important to effectively utilize these excellent technologies beyond the boundaries of products and organizations.

In order to make the most of these core technologies and competencies, we are currently working to realize a technology platform and establish a Solution Co-Creation Center.

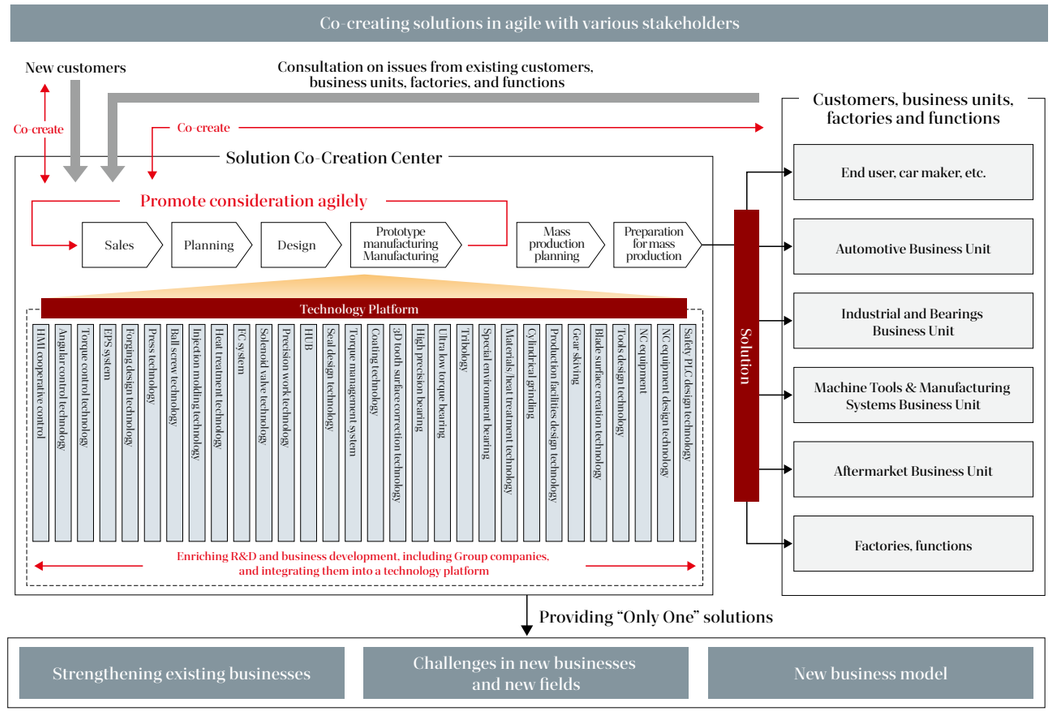
In the technology platform, the core technologies and competencies currently held by each business unit will be contained in a single platform, and the necessary technologies will be quickly extracted according to the needs of customers and society. First of all, the core technologies and competencies of existing businesses will be the main focus, but we will not only add research and development and business development efforts and results, but also technologies that are uniquely owned by Group companies. We believe that this will not only solve problems in existing businesses and increase profits, but also make it realistic to take on new businesses.

The Solution Co-Creation Center is based on a technology platform and aims to provide solutions in an integrated manner by bringing together functions from sales to production.

In other words, each function collects the problems faced by customers and the company, and agilely conducts hypotheses and verifications through planning, design, and manufacturing. And by selecting and utilizing the best core technologies and competencies from the technology platform, we can quickly propose solutions. Ultimately, the overall vision of the Solution Co-Creation Center (SolCen) is to provide solutions, based on the proposals, that truly satisfy customers by repeating dialogue and co-creating with customers facing problems.

Moreover, one of the social issues that we should address together with our customers is the progress of the mobility society mentioned in the JTEKT Group 2030 Vision. We are particularly focusing on this issue. The mobility society refers to a society where all people and things can move freely. We aim to realize a society where all modes of transportation and the infrastructure that supports them are integrated as a social system, not just for automobiles but for all means of transportation. By doing so, we hope to enrich people's lives.

● Solution Co-Creation Center



Initiatives Toward Realization

This kind of SolCen was conceived within the Second Medium-Term Business Plan, but the efforts to strengthen our solution creation capabilities have also been cultivated through our Group's history and the human resource development that we have been working on as part of the initiatives of the First Medium-Term Business Plan.

For example, A-Lab, which began as a voluntary activity by employees in the Sales & Marketing Division, has been updated to reflect the value provided to customers by grasping potential needs that customers themselves have not been able to verbalize through dialogue through a combination of customer visits and team activities. As an example of discovering needs from the perspective of customer issues, it has become a pioneer in the solution business that we are aiming for. Similar initiatives have already spread to employees other than sales, and we would like to further expand this momentum to the entire company.

The business model evolution is also taking place overseas. Our subsidiary in North America operates an e-commerce service that handles programmable logic controllers (PLCs) and their peripherals, and we have gained the support of our customers by offering our core products as well as a lineup of other companies' products based on customer needs, and by further enhancing our after-sales service. Based on the feedback gathered during conversations with customers, we provide the core products we have identified together with peripherals, and we pay attention to the provision of integrated total solutions that deliver products quickly and reliably with advanced logistics functions as a form to be learned by the whole Group.

Another example is the development of a flight controller for drones. This is a fusion of our core technologies and competencies, electronic components and control equipment for electric power steering, and Libuddy™, a lithium-ion capacitor product. This solution was realized through agile verification based on core technologies and competencies and through co-creation with end users and drone manufacturers.

We will nurture the assets of these solutions businesses that have been cultivated so far and push forward with the realization of our 2030 Vision.

Second Medium-Term Business Plan

We will strengthen management and business structures to improve ROE and profitability and expand future solutions.

Strengthen Competitiveness

In the Second Medium-Term Business Plan, we will continue to focus on strengthening our competitiveness and management base, as well as strengthening our ability to create solutions as described above. In addition to promoting restructuring the global structure with a focus on strengthening bases in India and structural reforms in Europe and America, we will formulate strategies for each business with a focus on ROE and profitability improvement.

Strengthening solution creativity

Establishment of Solution Co-Creation Center

- Combine the core technologies and competencies of the entire company to quickly create solutions
- Build a technology platform



Strengthening competitiveness

Building a business strategy aimed at maximizing profitability

- Embodying action plans to achieve the 2030 Vision and the expansion of solution creation
- Focused on a strategy aimed at improving ROE and profit margin, rather than increasing sales

Improving the digital infrastructure for stronger business

- Promoting digital monozukuri and renewing the engineering chain into one stop chain
- Reforming the information infrastructure and promoting digital utilization across the company, including management and operations

Restructuring the global structure

Strengthening Indian sites

- Promoting India as global site

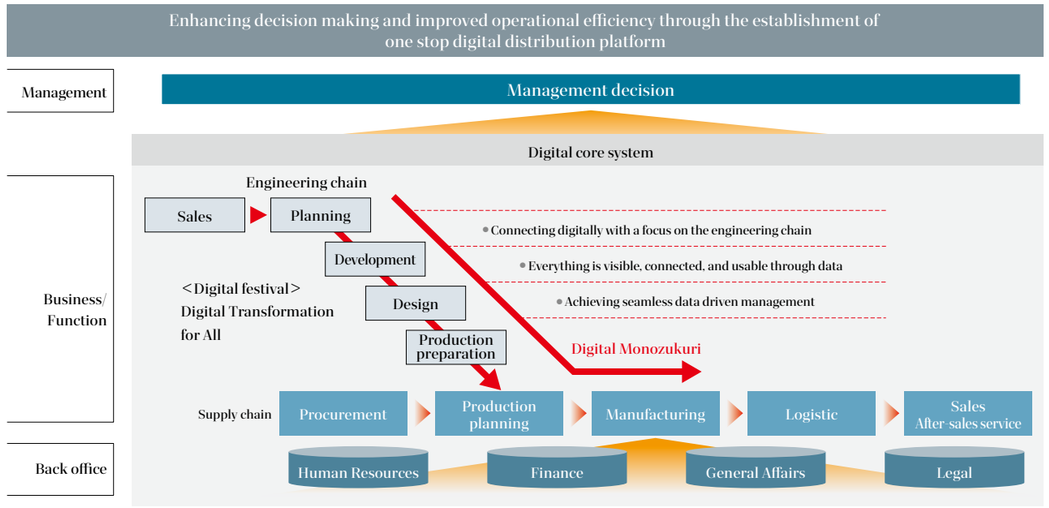
Structural reforms in Europe and America

- Promoting the optimal allocation of development and production sites globally



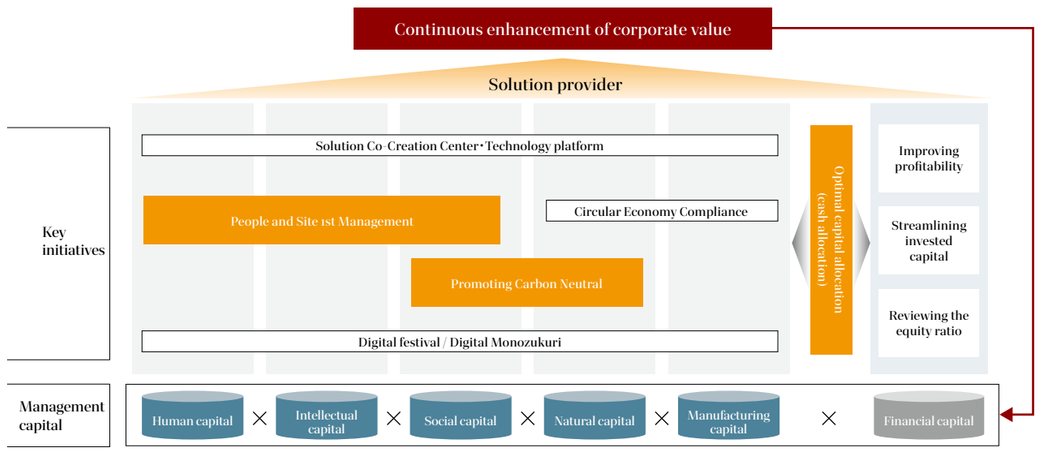
◆ Digital Festivals and Digital Monozukuri to Support Businesses

As an important measure to strengthen our competitiveness, we will promote the digitalization of manufacturing. First, we will integrate the engineering chain from product planning to production, which is the key to solution proposals, into one stop chain through the power of digitalization. In this way, we will make all data related to manufacturing visible and usable, and at the same time, we will work on Digital Festivals to improve the digital literacy of all employees.



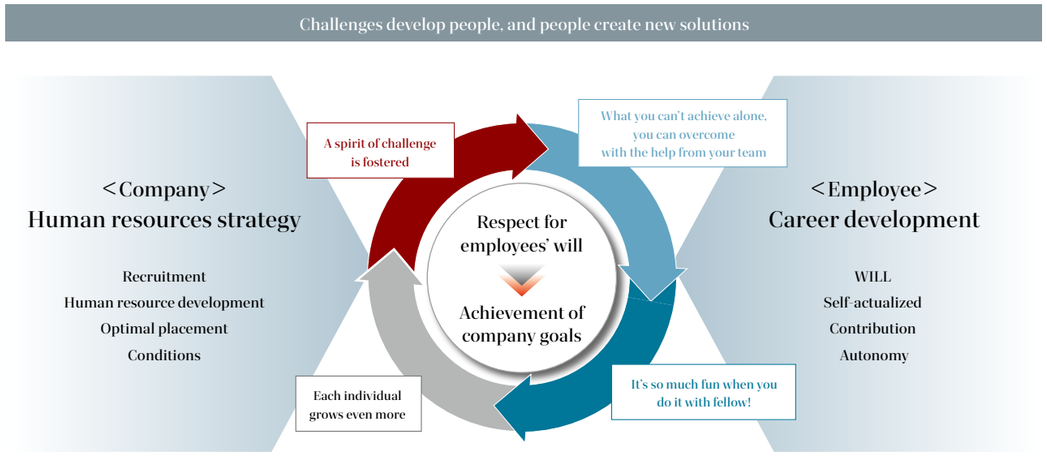
Strengthen Management Foundation

In order to strengthen our management base, we will be more conscious than ever before of our competitiveness in the market and the enhancement of non-financial capital, which is the source of corporate value. In addition, we will strategically strengthen the distribution of financial capital (cash allocation) to support the enhancement of non-financial capital and shareholder returns, and work to break down and clarify each process into KPIs in order to steadily advance the enhancement of management capital with an awareness of the linkage between finance and non-financial, which equals continuous enhancement of corporate value.



◆ People and Site 1st Management

Based on the belief that challenges develop people, and people create new solutions, we believe that it is important to value the WILL (what we want to do) of each employee and to create an environment where everyone can play an active role. At the same time, we will emphasize fostering a culture in which members can make their own decisions, think and act at all sites that support corporate activities, and promote people and site 1st management.



◆ Promoting carbon neutrality

We aim to achieve carbon neutrality (CN) for the entire Group by FY2035 and for the entire supply chain by FY2050. Initially, we had set a target of a 35% reduction by FY2025 (compared to FY2013), but now we have moved this target forward to 45%, and we have also obtained SBT certification for our aim of reducing emissions by 60% by FY2030.

Our efforts in the field of carbon neutrality are one of the first to realize the fusion of our core technologies and competencies, and in addition to reducing upstream emissions by reducing size and weight at the product development stage, we will also contribute to the reduction of CO_2 emissions in the products we sell, thereby achieving carbon neutrality.

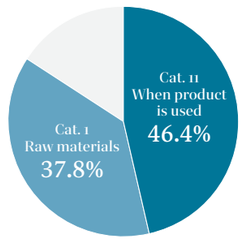
To provide green products which meet the increasing environmental demands, reduce CO_2 emissions during product use and from raw materials

Provide green products to customers

- Car maker
- Automotive parts
- Industrial machinery
- Construction machinery
- Machine tool, robot

Calculate Scope 3 emissions and add new environmental value to the products.

Breakdown of Scope3 (at 2021)



Cat. 1 (Raw materials)
- Switching to recycled materials
- Miniaturization and weight reduction
- Simplification

Cat. 11 (When product is used)
- Improving fuel economy
- Miniaturization and weight reduction
- Low torque technology

Comparing to sum of Cat. 1 and 11 of FY2021, 25% reduction by FY2030 (SBT certified)
Develop a new product roadmap with added environmental value and provide only one products

JTEKT's Succession and Evolution

FY2024 was a major milestone year for JTEKT, with the appointment of Yoshihito Kondo as president and the start of the Second Medium-Term Business Plan.

In formulating the Second Medium-Term Business Plan, Kondo's experience and vision have been combined with the history we have cultivated and the many core technologies and competencies that have been created in the process, leading to the creation of many management themes. We aim to achieve the JTEKT Group 2030 Vision by inheriting the management structure strengthened through the First Medium-Term Business Plan as a foundation, steadily implementing and realizing the management themes that have been created, and evolving through the period of the Third Medium-Term Business Plan aiming for reaping results and leaping forward.

Articles particularly relevant to Second Medium-Term Business Plan

- Message from the President Kondo: P.09 -
- Strategy by Business: P.29 -
- Message from the CFO and Financial Capital: P.35 -
- Message from the CHRO and Human Capital: P.41 -
- Natural Capital: P.53 -

Quality Control

Approach to Quality Control and Quality Assurance

Based on the principle of "Safety First, Quality Second" set forth in the JTEKT Basic Principle, we will ensure product safety and provide quality that customers can continue to choose through high-quality, low-cost products and services.

1. Priority

Safety is directly linked to the lives of our employees, and quality is directly linked to the lives of our end users. We believe that protecting lives that cannot be recovered is highest priority.

Safety and quality are fundamentally the same, and the basic principles are "to observe and have everyone observe standard work and rules" and "stop, call out, and wait" when "abnormalities" occur. We have identified risks and are making improvements under the principle of "putting human life first."

2. Basic Stance

We consider quality as something that belongs to customers, and that subsequent processes are done by customers. We believe that by each employee doing their best and handing over their work to customers, customers will be satisfied and show their appreciation. As a result, we believe that it will lead to our customers choosing us again. Our basic stance is that quality is built through each person's work and each process.

3. Priority Implementation Items

- Ensuring manufacturing quality that does not "leak out": In order not to cause inconvenience to customers, we are first working to ensure a system that does not let bad products "leak out" from within the company.
- In order to prevent "occurrences," we incorporate lessons learned from past quality problems at the design and production preparation stages, consider how customers will use the products and how they will break, and build product safety into them.
- In the unlikely event that a defective product is passed to a customer, we will quickly share information and work together as a company to resolve the issue as soon as possible and prevent recurrence.

We have established the following quality policy to instill the above approach to quality assurance in each and every employee.

Quality Policy

◆ Quality Policy

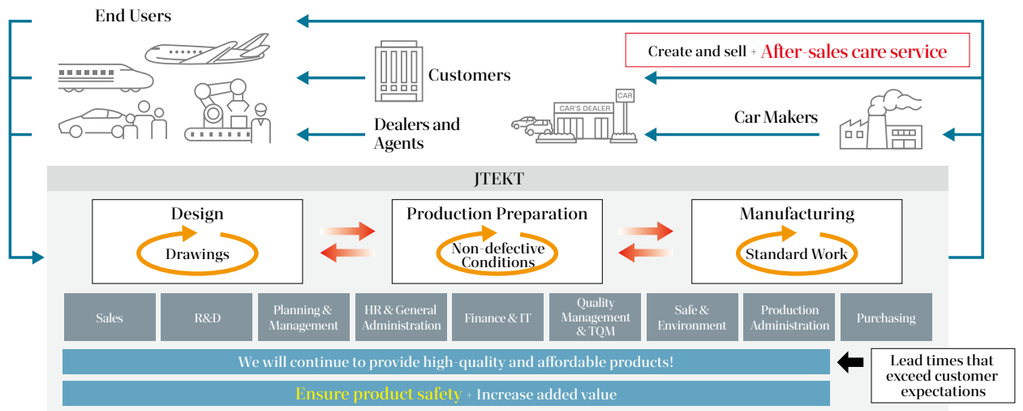
We will devote ourselves to quality first and provide attractive products that earn the trust and satisfaction of our customers.
- Accept judgments from the customer's point of view and take prompt action
- Design and manufacture quality products through the creativity and ingenuity of everyone involved

In this quality policy, we emphasize design quality and manufacturing quality, and clarify our belief that building quality in each individual's work and each process at each stage of manufacturing will lead to quality improvements and gaining customer trust.

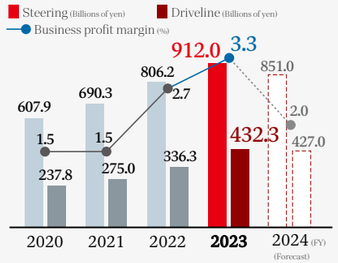
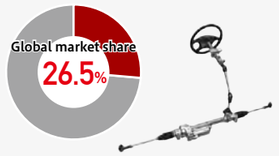
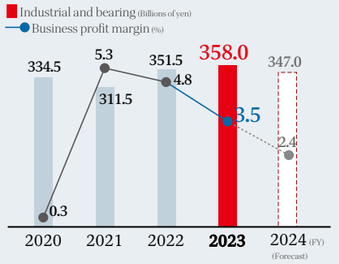
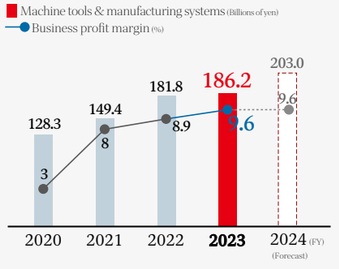
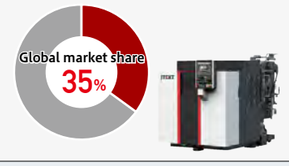
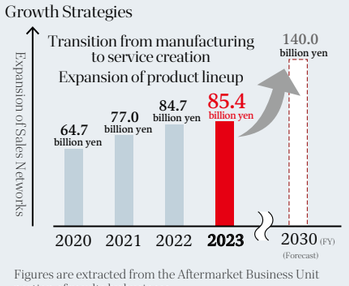
Quality Assurance System

Under the supervision of the Board of Directors, etc., the Quality Function Meeting, chaired by the Chief Quality Officer (CQO), determines company-wide issues and actions. At quality meetings for each region and manufacturing plant, we strive to maintain and improve quality on a daily basis by aligning vectors within the entire company, addressing individual issues and discussing them.

In addition, we are working to create safe and comfortable products in collaboration with internal departments such as design, production technology, and procurement.



Highlights by Business

	Business profit / Business profit margin	Market environment	No. 1 & Only One	Business strengths and challenges
p.31	 The HUB business was reorganized into the Automotive Business Unit in FY2021	In the automotive industry, the spread of eco-friendly vehicles and the decline in the domestic workforce are accelerating, and it is desirable to propose solutions for the needs of BEVs, HEVs, clean energy vehicles, and other vehicles. In addition, while there is a significant shortage of human resources in the software field, we need human resources for control and software expansion, so we will strengthen our business structure and promote value-added business operations.	**No. 1** share of the global market for EPS since the world's first development and production in 1988 	Our Automotive Business Unit has a strong position in steering systems and driveline products. We are leveraging this strength to contribute to the evolution of turning and driving, which are basic functions of cars. We will enhance our competitiveness by introducing next-generation products for the future with a wide range of lineup, enhanced and integrated core technologies to achieve high added value. Looking ahead to 2030, we will begin initiatives to provide value as a system supplier in various mobility fields for further social development and aim to become a solution provider.
p.32	 The HUB business was reorganized into the Automotive Business Unit in FY2021	In response to the challenge of extending the driving range of electric vehicles, which is expanding due to environmental maintenance and improvement demands represented by carbon neutrality, bearings that are small, lightweight, and have low torque loss are required. These bearings contribute to reduced electric power consumption through the advancement of elemental technologies. For industrial machinery, we will continue to propose solutions based on highly reliable bearings for harsh and special environments, such as the steel industry, which is a core industry, and the fast-growing robot and semiconductor industries.	**No. 1** share of the domestic market for bearings used in steel equipment that achieve high-speed rotation even under high loads and at ultra-high temperatures 	For more than 100 years since its foundation in 1921, the Industrial and Bearing Business Unit has contributed to adding value to products for a wide range of customers, from automobiles to industrial machinery, through the deepening of its original bearing processing and tribology technologies. Going forward, we will strengthen not only bearing products but also the core technologies and competencies of the JTEKT Group, and we will continue to make proposals to solve additional customer problems and issues by connecting these technologies. In order to continue being chosen by our customers, we will transform from competition to co-creation to address future social challenges and grow to become a solutions provider.
p.33		The movement toward achieving carbon neutrality is accelerating worldwide, and the automotive industry is rapidly responding to electrification. In addition, the labor shortage in Japan is becoming more pronounced. In response to the growing need for automation and labor saving, we will promote further evolution of existing products and take on the challenge of entering new fields. The JTEKT Group will use its total strength to propose solutions in a timely manner.	Developed the first grinders produced in Japan in 1956. **No. 1** share of the global market for cylindrical grinders (including specialized grinders) 	In the Machine Tools & Manufacturing Systems Business Unit, our strength lies in the high productivity cultivated in the automotive industry and the reliability that enables us to maintain high precision for a long period of time. Experienced service specialists continue to support customers so they can keep using them with peace of mind. In addition, the Group has a wide range of product offerings and elemental technologies, such as grinding, grindstones, transport, and hydraulics, and contributes to manufacturing in various industries. Going forward, we will contribute to further improving the productivity and added value of our customers by proposing solutions that integrate the Group's competencies, and we will work to make them say, "I'm glad I chose JTEKT!"
p.34	 Figures are extracted from the Aftermarket Business Unit portion of results by business	The development of a circular society is being promoted to take the place of a society based on mass production, consumption, and disposal, and expectations for the repair market are increasing. We will expand and enhance our product lineup to meet the diverse needs of customers and will work with Group companies and sales agents to listen directly to customer opinions and comments and provide the products and services that customers need.	In addition to seeking to become an indispensable presence to customers in the aftermarket by leveraging our sales networks in regions around the world and our diverse product lineup, we will provide new value by utilizing our No. 1 & Only One technologies. 	We aim to be a solution partner in the repair market that supports customers' product lifecycles by leveraging the Group's strengths in providing a wide variety of assets. In addition, in order to meet the needs of a recycling-based society from a customer perspective, we will strengthen our product lineup that is easy for customers to buy and exchange, and our sales and service network that is easy for customers to reach. Toward 2030, we will also create new markets and ways of selling, and develop a business model that can respond to further needs in a recycling-based society.

Automotive Business Unit



JTEKT develops and provides steering systems for turning, driveline products that support driving, and other critical function products that support the basic functions of a car. As a top supplier of turning and driving systems, we will provide UX value by focusing on vehicle performance centered on turning and driving through co-creation with automobiles in order to realize even more comfortable cars in the new mobility field.



Takumi Matsumoto
Chief of Automotive Business Unit
Chief of Research & Development Division
Senior Executive Officer,
Member of the Board

Review of Previous Medium-Term Business Plan

Under the First Medium-Term Business Plan, which started in FY2021, business sales have increased year by year despite the impact of COVID-19 and the shortage of semiconductors. Profits also achieved steady annual growth as a result of using the break-even point sales ratio as a KPI and making improvements to current issues. Through One JTEKT, we have strengthened cooperation between our businesses and Group companies, and at the same time, we have contributed to improving our competitiveness as the home to the Toyota Group's driveline, and we believe that we have been able to shift to a more robust structure in terms of profitability.

Specifically, in FY2023, to meet the needs of customers from a medium- to long-term perspective, we have promoted various initiatives such as the introduction of next-generation C-EPS™ and RP-EPS™ based on the concept of lightweight, compact, high-quality, and low-cost, which contributed to earnings growth.

However, we have not achieved our targets in terms of earnings, so it is important to have a strategy that looks ahead to the future. In order to increase earnings further, we believe it is necessary to introduce and expand sales of products with higher added value.

Strategy Based on New Medium-Term Business Plan

Under the Second Medium-Term Business Plan, we will introduce next-generation high-value-added products that strengthen and integrate core technologies that are developed through the coordination of design, production, and manufacturing technologies, thereby contributing to earnings growth. We will focus on the development to establish J-EPICS™ (SbW) as the de facto standard based on that core technology, and we will also evolve Pairdriver™ as a fundamental technology for autonomous driving. Using the profits gained from next-generation products and the development capacity created through the use of DX and AI, we will provide a comfortable driving environment and solution value in line with market changes.

Looking ahead to 2030, we are starting to transform ourselves into a solution provider that can offer proposals that meet a variety of needs. In new mobility fields such as SDV, * we will eliminate the framework of steering and driveline and promote co-creation activities with customers and Group companies as a system supplier, which covers everything from steering wheels to hubs.

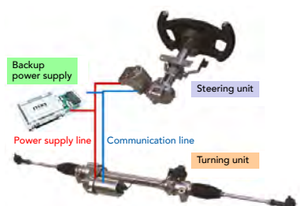
* Software-defined vehicle: An automobile designed and developed with the assumption that the functions of the automobile will be updated by software

Initiatives to Be the No. 1 & Only One

Coexistence of driver assistance and autonomous driving functions with humans Comfortable driving environment and improved handling at low speeds	We are working on the development of control software for driving assistance and autonomous driving in automobiles. In particular, our Pairdriver™ achieves driving assistance through intuitive communication between humans and systems, contributing to safe and comfortable autonomous driving. J-EPICS™, a general term for a system that uses electrical signals to control steering operations, retracts the steering wheel during autonomous driving to secure space in the vehicle cabin, thereby achieving a large driving space. Steering wheel rotation is reduced at low speeds, also contributing to improved vehicle handling during manual driving.
Efficient product development	As a system supplier, we will develop a wide variety of high-efficiency products to reduce the electricity costs of clean energy vehicles. Hydrogen is attracting attention as a next-generation energy source for clean energy vehicles, and with a view to achieving carbon neutrality, the highly efficient high-pressure hydrogen gas valve and pressure reducing valve will contribute to improving the cruising range of hydrogen-fueled vehicles.



Autopilot control system



J-EPICS™


Valve for high-pressure hydrogen tanks


Pressure-reducing valve for FCEVs

Industrial and Bearings Business Unit



Bearings are used in rotating parts of all industries, from automobiles to various industrial machinery, and support society in invisible ways to realize carbon neutrality and the circular economy for a sustainable society. In the automotive field, we respond to needs such as miniaturization, weight reduction, and high speed for electrification, and in the industrial machinery field, we provide new products and services to reduce lifecycle costs for customers in a variety of usage environments such as robots and semiconductors.



Yoshihisa Miura
Chief of Industrial and Bearings Business Unit
Senior Executive Officer

Review of Previous Medium-Term Business Plan

Under the First Medium-Term Business Plan, we have been working to strengthen our earnings structure under the slogan "Reborn" using the JTEKT brand by enhancing our corporate structure in the plan's the three-year stage. In particular, in order to establish a stable business foundation that can withstand changes in the external environment, the business structure was improved through the integration and closure of bases, including Group companies, and the implementation of structural reforms in Japan and overseas.

In addition, from a medium- to long-term perspective, we have begun strengthening the competitiveness of BEV bearings for automobiles and shifting to growth areas in the industrial machinery field. In particular, the JTEKT Ultra Compact series was developed as high value-added products that contribute to various fields of automobiles and industrial machinery by utilizing the assets of the Group. In the field of industrial machinery, we have also been working to respond to various customer needs by developing bearings for semiconductor manufacturing equipment and robot reduction gears in response to diversifying usage environments.

Strategy Based on New Medium-Term Business Plan

Under the new Medium-Term Business Plan, in addition to the initiatives implemented in the first plan to strengthen our business structure, we will pursue further structural reforms to improve profitability and aim for sustained growth by expanding into growth areas through cost reduction and innovation in production technologies.

Toward 2030, as part of our efforts to strengthen our competitiveness in the automotive field, we will shorten development lead times through the use of digital technologies and create surplus by utilizing external resources such as partner companies.

We will continue to evolve our core technologies using such surplus created and accelerate our proposals for automobiles and industrial machinery. In addition, we will develop human resources who can provide the evolution of new products and services by linking bearing technology with the competencies of other businesses and Group companies.

We will break away from the traditional business of selling goods and become a solution provider that contributes to the creation of new value for customers.

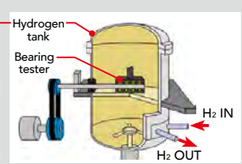
Initiatives to Be the No. 1 & Only One

Developed touchdown bearings (MV coated) for magnetic bearing type turbomolecular pumps	Bearings for magnetic bearing type turbomolecular pumps are widely used in high vacuum applications such as semiconductor manufacturing equipment Offered MV-coated products with more than four times the durability of conventional products, contributing to improved reliability
Commenced mass production of EXSEV-H2™ bearings for hydrogen-resistant environments	Commenced mass production of EXSEV-H2™, which greatly improved durability and corrosion resistance in hydrogen environments Used in hydrogen circulation pumps for fuel cells, and contributes to the realization of carbon neutrality

● Hydrogen resistant bearings


Bearings for hydrogen-resistant environments EXSEV-H2™

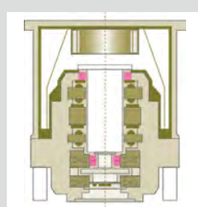

Exterior of tester



Tester structure

Bearing life tester in hydrogen environment (JTEKT original)

● Touchdown bearing for turbomolecular pump


Turbomolecular pump


Touchdown bearings

Machine Tools & Manufacturing Systems Business Unit



We provide support throughout the entire lifecycle of our customers' manufacturing by leveraging our highly reliable equipment cultivated in the automotive industry and after-sales services that exceed customer expectations. By proposing solutions that combine the evolution of existing products and challenges in new fields, digital and AI technologies, and the Group's competencies, we will contribute to the enhancement of added value for customers and support the development of business and society.



Shingo Sasaki
Senior Executive Officer
Chief of Machine Tools & Manufacturing Systems Business Unit

Review of Previous Medium-Term Business Plan

Amid the increasing volatility of global conditions, the market has finally emerged from the effects of COVID-19. Capital investment demand recovered sharply and remained firm in the semiconductor and automotive industries, but investment appetite declined due to global inflation and monetary tightening policies. Although there are needs for EVs, carbon neutrality measures, automation and labor saving, the market entered an adjustment phase due in part to the impact of the slowdown in the Chinese economy.

In this environment, we have expanded our product lineup in the grinding field, where we have strengths, to respond to the wide-ranging changes in demand from our customers' EV initiatives. In addition, besides installing carbon neutrality-compatible functions, the Group worked to propose IoE solutions using control technology. Furthermore, we are taking on the challenge of new fields by developing and producing battery manufacturing facilities. In response to the needs for automation and labor saving, we promoted the development of products and services using digital technologies and AI, as well as processing technologies and construction methods that will be required in the future.

The business environment has become more challenging due to the sharp rise in materials, transportation, and energy costs. We have improved productivity and further cost reductions, and as a result, we have achieved an increase in both revenue and profit compared with the term before the previous Medium-Term Business Plan, partly due to the weaker yen.

Strategy Based on New Medium-Term Business Plan

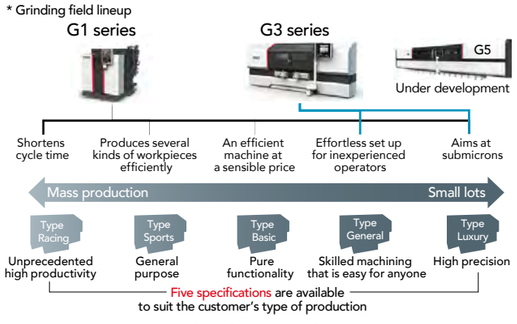
By providing solutions that utilize the Group's competencies, we aim to contribute to further productivity and added value in manufacturing, and to be a business that customers will continue to choose forever.

In the Second Medium-Term Business Plan, in order to strengthen our competitiveness, we will promote the development of large models of grinders and the creation of equipment to support the evolution of batteries. In addition, we will establish a production process that utilizes digital technology throughout the JTEKT Group and build an efficient and high-quality production system. And through dialogue with our customers, we will provide new solutions across the entire Group to address their apparent and latent needs.

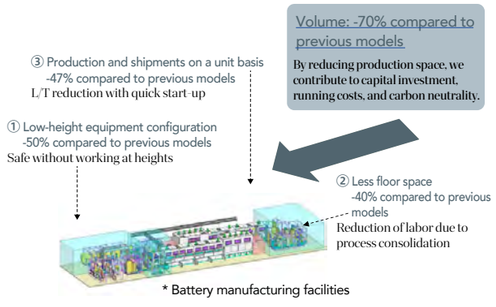
Toward 2030, we will introduce AI and predictive management to promote the creation of new after-sales services to quickly respond to customer problems. We will strengthen our collaboration with the Toyota Group, including in the field of battery equipment, and aim to be a total line builder who will be responsible for everything from equipment development to production line coordination.

Initiatives to Be the No. 1 & Only One

Develop large models in the grinding field	We will promote the development of large models in our core grinding field. We will work to develop options such as carbon neutrality functions and automation that customers need, and to propose solutions with the collective strength of the Group.
Simple, slim, and compact equipment to improve productivity	In battery manufacturing facilities, which we are taking on as a new field, we will reduce the burden of equipment introduction and maintenance costs with simple, slim, and compact equipment specifications, and provide value in aspects other than equipment performance.



Lineup development that meets customer expectations



Simple, slim, and compact design for improved investment efficiency

Aftermarket Business Unit



Our Reason for Existing

- To enable sustainable value creation activities for customers
- To provide a wide variety of products, services, and joy
- To solve social issues and customer problems, as well as contribute to the prevention of potential problems

Become a solutions partner that supports the realization of a sustainable society, with a vision for the future of the Earth



Kenichi Ishioka
Senior Executive Officer
Chief of Aftermarket Business Unit

Review of Previous Medium-Term Business Plan

Building a sales network that can easily reach customers

Expand sales support to customers, including the establishment of new bases in emerging markets



Enhanced product lineup to meet customer repair needs

Launch the repair market for automobile parts and expand the product lineup

Provide customers with the information they need in a timely manner

The parts search system Parts Navi 3 and the launch of brand marketing via SNS have created a system that can deliver information to customers in a timely manner

Strategy Based on New Medium-Term Business Plan

We will contribute to the realization of a recycling-based society by utilizing the diverse assets of the Group in the repair market. We aim to be a solution partner that supports the product lifecycle of our customers.

In the automotive field, we will respond to the needs for rebuilding automotive parts and repairing parts for new mobility such as EVs.

In the industrial field, we are fulfilling our product lineup with partner products. In the social field, we will contribute to solving various social issues such as climate change by utilizing water level meters and Group products.

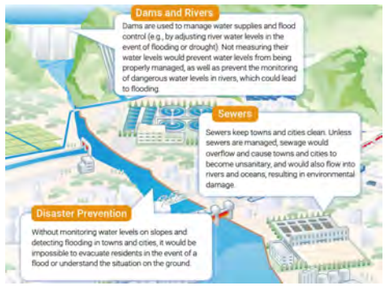




Initiatives to Be the No. 1 & Only One

Meet new customer needs Road bike ONI Bearings™	We have developed ceramic ONI Bearings™ for road bikes to meet the new needs of our customers with our No. 1 & Only One technologies. In addition to wheel bearings, we have also newly released bottom bracket bearings. From 2024, they have also been used by top European team Team Visma/Lease a Bike. In addition to supporting the best driving performance on the world stage, including Tour de France, we will also provide outstanding driving performance to customers around the world.
Water level meters Support for disaster prevention	By proposing power-saving, high-precision water level meters, we will help ensure the safety of people's lives from the flooding of rivers and inland water inundation in urban areas that have occurred in recent years.







Financial Capital Message from the CFO

Supporting efficiency-driven management with financial strategies to achieve the JTEKT Group 2030 Vision

Kazuyuki Kamiya
CFO, Vice Chief of Corporate Division

Review of the First Medium-Term Business Plan

We have set the First Medium-Term Business Plan as a three-year plan for structural improvement with measures designed to lower the break-even point. Our efforts to reduce fixed costs by reorganizing Group companies were particularly fruitful and helped us significantly lower the breakeven sales ratio versus the FY2019 level from 92% in FY2019 to 82.5% in FY2023. We have now firmly established profitability and realized our tree-ring management with three straight years of rising revenue and profits.

At the same time, we see several issues that we need to address in our business approach. Specifically, we have not taken full advantage of the opportunity to increase the added value of our products that has appeared with the changing industry structure accompanying rapid spread of battery electric vehicles (BEVs) and the growing demand for software. We also need to address the decline in productivity due to the reduced workforce and inability to retain employees, which are partly due to the drastic change in the labor environment since the pandemic. The Second Medium-Term Business Plan will respond to these by flexibly responding to the changing external environment and revising our management approach so we can continue enhancing the added value of our products.

Executing the Second Medium-Term Business Plan

As stated in the 2030 Vision, we will combine the many competences that are the foundations of our strength and proactively identify client problems and issues to create a business driven by proposing higher added-value products and services. This will require an emphasis on business efficiency and profitability, so we have accordingly set targets for ROE, PBR, and business profit margin.

To improve ROE, we control the balance of inputs (costs and man-hours) and outputs (results and effects) in our business activities. To turn limited resources into a source of value creation, our approach will be to "set up small and earn big by being smart." We will do this by optimizing the allocation of resources, forming accurate budgets, and tracking our activities more closely. We will also create a visualization system for the progress and issues that arise when advancing initiatives.

Our efforts to improve profitability will include continuing the drive of our First Medium-Term Business Plan to lower the breakeven point. We will also improve our operating efficiency by shifting our mindset and business management to asset management rather than on profit and loss as has been our habit in the past.

Advancing the digitalization of our operations and human resources will be fundamental. As we advance digitalization in manufacturing, it is important to include the back-office operation in the digitalizing process. Digitalization will enable comprehensive and accurate data collection and analysis from the planning stage through execution and from material procurement through sales. This will support faster management decision and quicker progress with business plans.

By increasing the digitalization of our operations, information that has been separately handled by each business and plant will be more quickly consolidated under the CFO. This will facilitate quick access to information to support management decisions and solution proposals for clients thereby increasing the likelihood of success for our projects and investments.

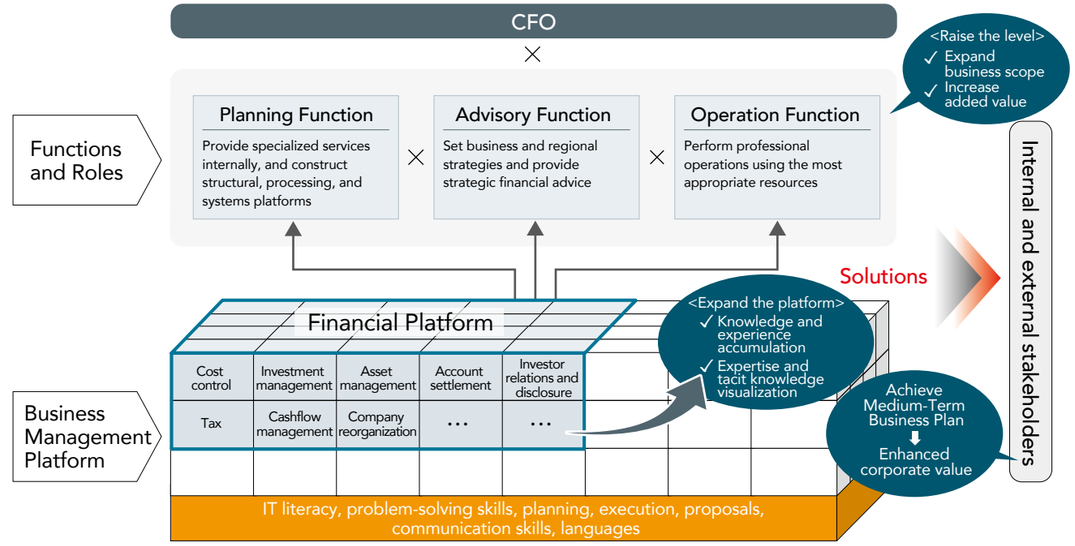
At the same time, we will also organize and optimize financial functions and operations throughout the Group. We will create a business management and finance platform that provides visualization of each individual's knowledge, experience, expertise, and inherent understanding, which we will use to develop clear functions and role geared to each person's skills and characteristics. While enhancing each person's professional abilities, this will enable us to provide higher value services with more streamlined functions.

The finance department formulates strategies to efficiently and effectively invest people, goods, and money, and promotes the incorporation and improvement of ROIC. These activities provide a foundation for all companies to work together toward the same targets and on the same vectors. With all employees setting goals with a management's perspective and valuing their own ideals and ideas, we will fulfill the Medium-Term Business Plan with everyone playing their part.

● Primary KPI Targets

		2023 Results	2026 (Second Medium-Term Business Plan)	2030 Vision
Management emphasis on efficiency	ROE	5.5%	7-8%	10%
	PBR	0.6 times	1.0 times	1.5 times
	Business profit margin	3.9%	5-6%	Upper 8%

● Business Management & Financial Platform



Advancing the growth strategy

We recognize that in order to achieve sustainable growth as a group, we will need to not only improve financial indicators, but also invest in and utilize non-financial capital, including human capital, intellectual capital, and natural capital, such as pursuing carbon neutrality.

Allocating our non-financial capital to use it to its greatest effect will be essential for integrating our core technologies and competencies and creating new value. We will step up our efforts to link our financial and non-financial assets, eliminate any uncertainty about our future prospects, and to reduce the cost of capital while maximizing expected investment return.

We will also strengthen our financial governance, fulfill our corporate responsibility to provide accurate and timely financial information, and fulfill our tax obligation as we seek to grow our business and enhance our corporate value over the medium and long term.

Finally, we believe it is important to minimize any information asymmetry in the market, and will seek to provide timely and appropriate information about the strategies, progress, and results of the medium-term business plan to our shareholders, investors, and all stakeholders.

We therefore plan to increase our investor relation activities by creating more opportunities to engage in direct dialogue with individual and overseas investors so they will be more familiar with our strengths and future potential. We believe that the more people know about our activities, the more they will feel drawn to JTEKT and support our vision for our future.

Financial Capital

Overview

Building an earnings structure and financial foundation that can flexibly respond to changes in the external environment and create added value

We have launched the Second Medium-Term Business Plan in preparation for the JTEKT Group 2030 Vision. By utilizing the resources generated from adding higher value to existing products, we will challenge new business areas and promote initiatives for sustainable growth and the enhancement of corporate value.

In response to the issues raised in the First Medium-Term Business Plan, we will shift to efficiency-oriented management and aim to achieve ROE and PBR targets. From here, we will explain our financial capital measures to create and maximize added value, including specific actions, from the perspectives of strengthening profitability, improving capital efficiency, and capital policy and shareholder returns.

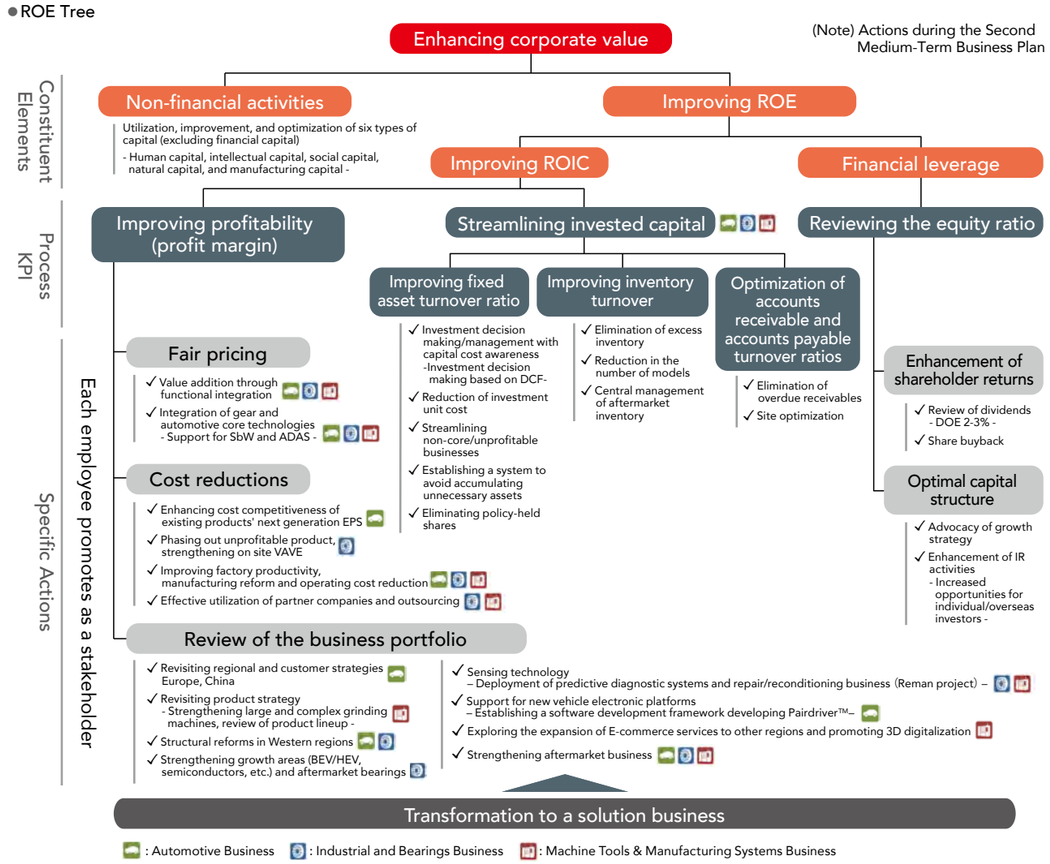
Strengthening Profitability

Continuing our commitment to improving our break-even point, pursue high added value, and evolve our profit structure

Fair Pricing

We proactively identify the latent needs of our customers and social issues, and provide solutions that lead to problem solving through close dialogue. We will not only sell products, but also provide products and services that combine our competencies to solve customers' real worries and issues. As a result, we will build sustainable relationships, where customers appreciate that JTEKT has all the answers and pricing can naturally be set to maximize both customer benefits and our profits.

● ROE Tree



Cost Reductions

We believe that the most important driver for achieving the goals of the Second Medium-Term Business Plan is our steady cost reduction and fixed cost reduction activities. In all business activities, we will thoroughly focus on balancing inputs (costs and man-hours) and outputs (results and effects), and strive to earn wisely while saving on costs more than before.

We will reduce costs by combining our core competencies and strengthen cost competitiveness by improving the development efficiency of next-generation products. At the same time, we will implement VA/VE for existing products using the Genchi Genbutsu method (go and see for yourself) and discontinue unprofitable models. In addition, the decline in productivity due to a decrease in the labor force, mainly at overseas plants, has resulted in unnecessary costs, such as air transportation costs for products to back up production from Japan and other countries, and parts replacement costs due to poor quality. First, in order to minimize such losses, we will set up a task force team at key locations to thoroughly restore profitability by focusing on raising the level of production preparation, achieving planned profitability at the start of production, improving productivity, and reforming manufacturing.

Review of Business Portfolio

In addition to pricing and cost reductions for each product, we believe that it is important to take a bird's-eye view of our businesses and regions from a macro perspective, and to formulate and implement management strategies while constantly reviewing our portfolio and selecting areas to focus on.

While continuing to further improve our break-even point, it is crucial to implement another round of structural reforms and corporate consolidations that have been carried out in the European and American regions so far, as well as to cultivate a business model that can provide high added value, which is the key to improving efficiency and profitability.

In order to increase the ratio of the solution business and transform it into a highly profitable business entity, for example, we need to accelerate the global expansion of e-commerce services that we currently operate in the United States and the discovery of needs based on customer issues and the implementation of activities that lead to new businesses.

In addition, we will review strategies based on regional and customer perspectives, such as focusing on targeted customers and businesses in China and cultivating Chinese automakers in the ASEAN region. We will also expand the commercialization of automobile repair parts in the aftermarket business and enter untapped regions. In this way, while continuing our efforts to date, we aim to transform our business portfolio over the medium to long term and build a system to achieve high profits with fewer assets.

Improving Capital Efficiency

Efforts to streamline and strengthen the balance sheet and enhance asset management through system development

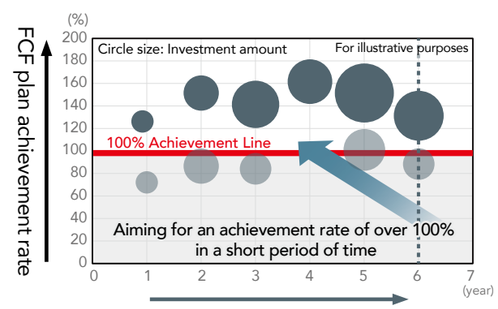
Improving Fixed Asset Turnover Ratio

We conduct comprehensive monitoring and follow-up from planning to post-mass production stages on the invested capital represented by capital investment, by monitoring inputs (investment) and outputs (results/effects).

When considering equipment investment, we aim to optimize business assets by calculating profitability using net present value (NPV) with awareness of capital costs and confirming excess returns. This allows us to perform profitability simulations with a focus on capital costs from the early stages before receiving orders, leading to the prevention of excessive investments and an increase in the success rate of investments. In addition, by clarifying preconditions assumed when making investment decisions, we have started a system to monitor whether the invested assets are generating cash as expected. Using the free cash flow (FCF) achievement rate of investment projects, we grasp the progress of the realization of benefits on investment sequentially and review which assumptions have changed, thereby visualizing issues and implementing countermeasures, and leading to the success of the next investment and project.

We are a company that manufactures products and also provides manufacturing equipment. We will design and manufacture equipment used within the Group in order to shorten the development period and reduce costs, while also focusing on asset utilization rates and actively introducing highly versatile equipment. We will also work on the development of smart production and production lines that make long and thorough use of assets.

● Progress of FCF in investment projects (achievement rate)



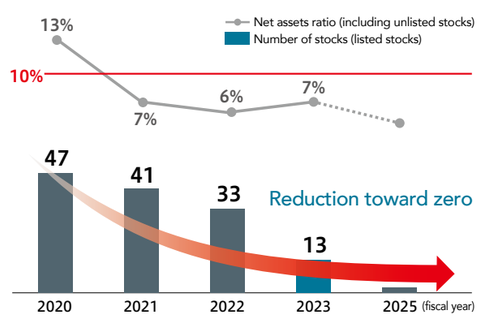
Consolidation of Business Assets and Reduction of Cross-Shareholdings

In order to shift toward a management that emphasizes further profitability improvement and efficiency, we believe that it is essential to streamline non-core and unprofitable businesses, and we are continuing to work on this. The number of consolidated subsidiaries decreased by 33 (compared to the end of March 2020) as a result of aggressive consolidation of bases during the First Medium-Term Business Plan. However, among the current Group companies, there are businesses that have become less compatible with the vision we aim for due to changes in the business environment, as well as companies that are expected to experience a slowdown in growth in the future. We continue to discuss the ongoing value of these businesses and companies.

On the other hand, the definition of the target companies and businesses to be discussed as challenges was not clear, so we are now promoting the creation of a new quantitative yardstick, the establishment of a process to determine whether to rebuild or withdraw based on the classification of the challenged companies, and the development of a system for periodic monitoring. Specifically, as a result of the financial analyses, we are classifying companies with profitability challenges, companies with inefficient capital, and business affinity and growth based on criteria, and we are working to speed up management decisions and clarify responsibilities by establishing a process for determining the sustainability of target companies.

In addition, with regard to the reduction of cross-shareholdings that we have been promoting for some time, we aim to eliminate shareholdings in listed companies during the Second Medium-Term Business Plan. During the First Medium-Term Business Plan, we reduced the number of listed companies we hold stock of from 47 to 13, and we will continue to promote this reduction. Furthermore, we will continue to discuss the significance of holding shares, considering the compatibility with the business, not only for listed company stocks but also for unlisted company stocks, and engage in careful discussions with investee companies. The funds obtained from the sale of shares will be used not only for future growth investments but also for the expansion of shareholder returns.

● Change in cross-shareholdings (Listed company stocks)

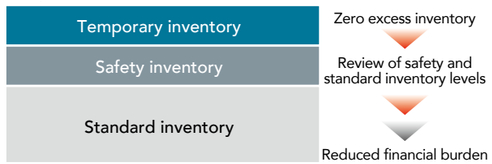


Improved Inventory Turnover

In recent years, due to the disruption in logistics caused by the spread of COVID-19, inventory temporarily increased, and we had more inventory than the standard stock required for business operations and safety stock to mitigate risks. With the alleviation of logistics disruptions and supply shortages to a certain extent, except for some components, we aim to eliminate the temporary surplus inventory that had increased and review the standard inventory level, working on improving inventory turnover.

In the bearing business, increasing the number of models has made production and inventory management difficult. To address this issue, we will consolidate or discontinue models, reduce long-term inventory, and work to minimize disposal losses. In addition, by centrally managing the commercially available inventory stored at each regional base, we will promote the minimization of inventory at each base and optimize inventory levels, leading to increased efficiency in production.

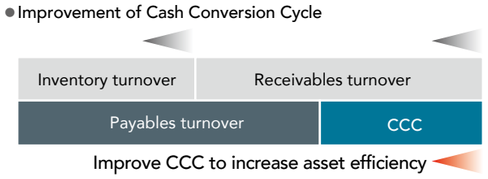
● Improved inventory turnover



Optimization of Accounts Receivable and Accounts Payable Turnover Ratios

To optimize the turnover ratio of receivables and payables, we will work to eliminate accumulated receivables and optimize collection (payment) period. We will strengthen credit management and governance, and provide support from Japan for the early detection and collection of overdue receivables in order to eliminate the overdue receivables occurring mainly overseas. Furthermore, we are proceeding with a review of payment period from the perspective of the Subcontract Act, and we will carefully explain the impact to customers and hold discussions to properly optimize collection period. Through these activities, we aim to improve the cash conversion cycle (CCC), strengthen financial governance, and achieve the effective use of funds.

● Improvement of Cash Conversion Cycle



Capital Policy and Shareholder Returns

Expanding the fund procurement foundation linked to non-financial capital and implementing capital policies that create both future growth and shareholder returns

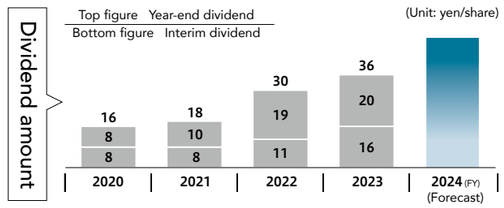
Capital Policy and Cash Allocation

For the sustainable growth, we will review our capital structure by balancing safety and efficiency to reduce capital costs, diversifying procurement, and ensuring appropriate shareholder returns. Regarding fund procurement, we will build a stable fund procurement foundation while maintaining and improving our credit rating. The key to future growth is the funds needed to expand and utilize non-financial capital. Therefore, we are actively promoting the use of sustainability bonds such as ESG bonds in addition to existing procurement methods.

On the other hand, we will efficiently allocate funds entrusted by investors and generated through business activities toward business growth and addressing social issues, while also utilizing them for long-term stable shareholder returns.

During the Second Medium-Term Business Plan, we will first promote steady cost reductions to increase the added value of our existing products and strengthen our ability to generate cash. We will utilize the resources generated there for new challenges, circulating them toward the creation of further value and cash and realizing the growth of the company. As specific examples of how funds will be used, we plan to invest in future growth such as preparing for new businesses and solution business development, investing in people and building a foundation for digitalization, investing in focused products and regional projects, funds necessary for completing structural reforms in Europe and the United States, as well as shareholder returns such as ongoing dividends and flexible repurchases of treasury shares. Always selecting and executing the optimal resource allocation while being conscious of and achieving improvements in ROE and PBR, we will advance the transformation to a new growth stage.

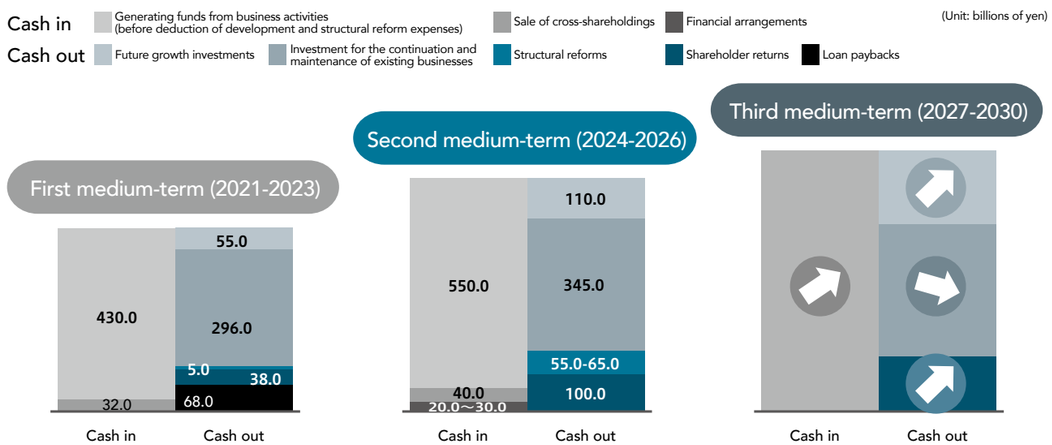
● Change in dividend amount



Enhancement of Shareholder Returns

In addition to increasing returns through capital gains due to stock price improvement, we aim to achieve long-term stable returns through income gains. In the Second Medium-Term Business Plan, we first set the target DOE (dividend on equity ratio) of 2-3% as a guideline for dividends. This is our commitment to continuously return value, unaffected by short-term profit fluctuations due to changes in the market environment. Furthermore, regarding the acquisition of treasury shares, we plan to consider the scale of repurchases, while taking into account the balance with the target capital structure and execute flexible acquisitions. We will continue to implement measures to ensure that our shareholders can hold shares with peace of mind and satisfaction by achieving returns that exceed the cost of equity capital.

● Cash allocation





Human Capital Message from the CHRO

A solution provider where everyone is a problem solver

Akito Tachibana
Senior Executive Officer
Chief of Corporate Division

The JTEKT approach to human capital management

JTEKT recognizes human resources as the most important asset and implements human capital management designed to enable every employee to achieve self-fulfillment and play an active role in the Company. Knowing that people often spend about one-fourth of their waking hours at work, we are highly focused on how much each person enjoys their work and how comfortable the workplace is.

We need to create a workplace where employees see it as a place where they can achieve self-fulfillment and proactively take on challenges without fear of failure, allowing them to realize their ideal self. The maximum value of the human capital of our employees will be achievable when their will to realize their best self is maximized. We are combining our human resources strategy and employee career development to fulfill the 2030 Vision.

Achieving the JTEKT Group 2030 Vision

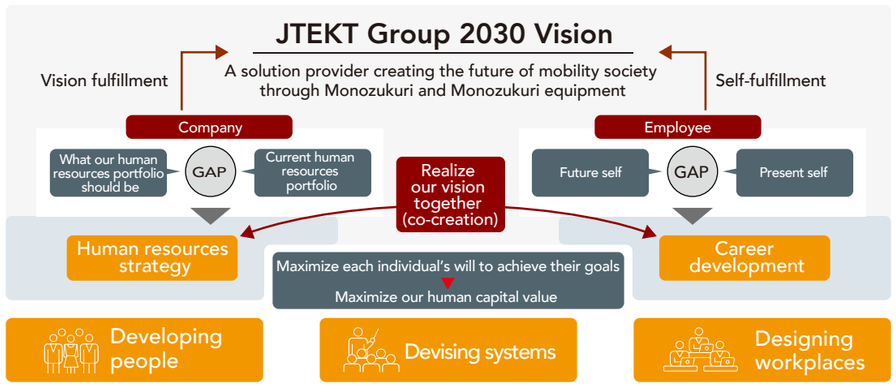
Taking on challenges and actively contributing to addressing customer and social issues will be essential to fulfilling the JTEKT Group 2030 Vision set forth in the Second Medium-Term Business Plan. To strengthen our employees' abilities to focus in on customer issues, it will be absolutely essential to strengthen each individual's problem-solving skills and create a work environment where everyone is actively engaged without fear of failing.

I believe creating a work environment where everyone is active and engaged will establish a people- and workplace-focused management and will increase our score on the employee Net Promoter Score (eNPS) that we use to measure employee engagement.

The three pillars of human capital management

Our human resources strategy for fulfilling the 2030 Vision place priority on initiatives in three key areas: developing people, devising systems, and designing workplaces.

● Overview of Human Capital for Achieving Vision 2030



Developing people means cultivating human resources who create value together with our customers and who actively seek self-fulfillment. Devising systems is formulating systems and an organization that ensures transparency of people, goods, money, and information and forming business processes so we do the right thing in the right way. Designing workplaces means steadily creating workplaces where employees are comfortable sharing their views, where everyone is actively engaged, and where people enjoy taking on new challenges.

Developing people skilled in solving customer and social issues

Our employee development is guided by our Human Capital Development Policy, which clearly states that our employees as indispensable assets for our corporate activities. The JTEKT Basic Principle is the foundation of our efforts to foster employees who think and act on their own initiative. We cultivate human resources who believe in and practice this principle.

Even prior to joining the Company, we share and explain our Basic Principle at recruitment events so candidates can think about it for themselves, which helps ensure that newly hired employees are fully in line with our philosophy. New hires participate in workshops on manufacturing fundamentals and career planning to help guide them toward achieving self-fulfillment.

In addition, managers participate in training workshops where they actively interact with department leaders to hone their ability to put the Basic Principle into practice and provide support to their team members who are taking on challenges.

We also strengthen our abilities as a solutions provider through customer value creation activities designed to increase understanding of the customer perspective. These activities cultivate human capital skilled in co-creating value with our customers.

Designing workplaces where everyone is actively engaged

Psychological safety is essential to creating a workplace where employees are eager to take on challenges and are not afraid of consequences of failure.

We conduct training workshops where managers can gain insights through discussions and enhance their ability to create highly psychologically safe work environments in their departments.

We have also revised our personnel structure to provide more career options for employees to pursue their full potential. We combined the "career" and "general" employment categories into a single "technician" category and abolished the system of assigning roles based on the employment category.

Specific targets

The three-year medium-term business plan up to 2026 sets key performance indicators (KPIs) in each of the key areas of the human resources strategy of developing people, devising systems, and designing workplaces to fulfill the 2030 Vision.

● Three-year plan to advance toward the 2030 Vision

	Fulfilling the 2030 Vision	Three-year plan	Key performance indicators	FY2026 Targets	FY2023 Results
Developing people	• People creating value together with our customers • People seeking self-fulfillment	• Conduct strategic hiring and training • Strengthen general manager training • Develop human resources through the customer value creation activities • Cultivate digital human resources • Support employee self-directed career advancement	Number of people with combined mechanical, electrical, and control expertise	160	—
			Percentage of participants in problem-solving training	100%	100%
			Number of candidates selected as next-generation management leaders	106	88 (cumulative)
			Business creation human resources	45	—
			Percentage of participants in digital human resource training	100%	—
Devising systems	• Systems and an organization that ensures transparency of people, goods, money, and information • Business processes that do the right thing in the right way	• Convert to data-driven HR operations • Identify priority risks and improve response mechanisms	Percentage of department managers using the dashboard	100%	—
			Percentage of operations identified as significant risks for which improvement measures were implemented	100%	—
Designing workplaces	• Workplaces where employees are comfortable sharing their views • Workplaces where everyone is actively engaged • Workplaces where people enjoy taking on new challenges	• Promote diversity and inclusion • Strengthen health management • Increase dialogue	Percentage of female managers	3.0%	2.3%
			Percentage of managerial positions held by mid-career employees hires	Raise from the current level	16.7%
			Percentage of male employees taking childcare leave	100%	57.2%
			Health management evaluation	Certification renewals	No certification
			Psychological safety survey	70% or higher positive responses	—

Human Capital

Human Resource Development

Overview

We have set a policy stating that "employees are an indispensable asset for corporate activities" and are working on human resource development.

In human resource development, we regard those who can create value together with customers and those who can achieve self-actualization as the ideal for achieving our 2030 Vision.

◆Human Resources Development Policy

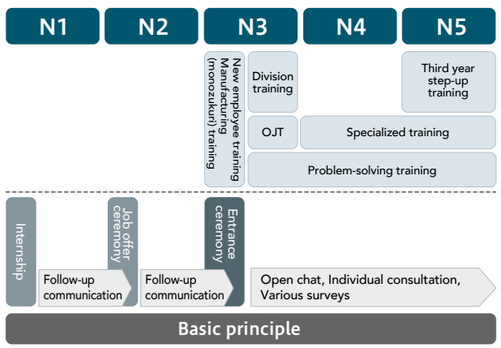
(1) We conduct human resource development based on the belief that employees are an indispensable asset for corporate activities.
(2) We foster a culture of self-initiated learning and growing together.

Promoting Strategic Recruitment and Development

◆ N5 Plan: Hiring and developing human resources who resonate with the Basic Principle

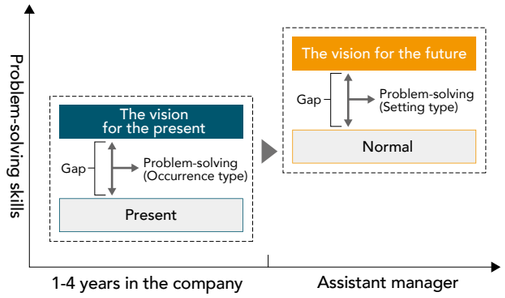
We provide opportunities for prospective employees to learn about JTEKT's Basic Principle before joining the company, aiming to recruit and nurture personnel who resonate with the principle.

Specifically, in N1 (the first year), we will hire personnel who resonate with our Basic Principle through recruitment events such as internships. In the first fiscal year of joining the company as N3 (the third year), all new office and engineering employees will participate in new employee training and manufacturing (monozukuri) training to deepen their understanding of the basics of being a working professional and our basic principle while also learning the basics of manufacturing, which includes mechanical, electrical, control, and digital aspects, through hands-on experience. In the third year of employment, which is the final year of the N5 plan (the fifth year), we will hold a workshop in the third year step-up training to reflect on work, clarify their motivation, and connect to self-actualization for considering future career paths.



◆ Acquisition of problem-solving skills and task-achieving skills

In order to enhance the problem-solving skills of each employee, we thoroughly train our employees in problem solving during their first to fourth years with the company, and we work so they can accomplish higher tasks after promotion to assistant manager.



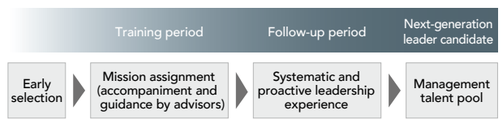
Developing Human Resources through Customer Value Creation Activities

In order to become a solution provider, we are working to develop human resources who can solve social issues and customers' problems, as well as those who can co-create value with customers.

In the "customer value creation activities" initiative, executive candidates from each business unit gather, receiving guidance from experts in business creation, and conduct monthly work sessions to consider business concepts and organizational implementation to solve social issues.

Developing the Next Generation of Management Personnel

For the next generation of management personnel, we select and develop potential candidates at an early stage. Those who are selected early in the process are given a mission by executives who serve as advisors to hone their skills as management personnel, and the advisors accompany and guide them so that they can achieve their mission by systematically experiencing positions of responsibility.



Management Training

We conduct training for managers in order to create a workplace where employees can actively take on challenges without fear of failure.

In this training, we hold workshops in a format that allows participants to share and consult on issues with others in similar positions, creating a space for building relationships. In addition, three months after the training, we hold a follow-up meeting to reflect on and share the actual efforts made by each individual, aiming to further elevate the level of initiatives.



Management training

Human Resource Development for Engineering staff

Human resource development for engineering staff consists of three pillars: companywide training, workplace-based training, and self-education.

In companywide training, we conduct career development program based on the education at our Technical Training Center. We also conduct TWI trainer (supervisor training instructor) and leadership training for workplace leaders, and emphasize improving understanding by providing practical training in TPS (Toyota Production System) for newly appointed supervisors. In workplace-based training, we provide on-the-job training on the specialized skills necessary for passing on skills. In self-education, we support individuals challenging themselves to acquire national trade skill tests and certifications, QC KENTEI (Quality Management and Quality Control Examination), autonomous maintenance worker certifications, and more.

Development of Digital Human Resources

As part of digital human resource development, we have launched the companywide digital improvement initiative Digital Festival that all employees will participate in starting from 2024.

Under this initiative, by enhancing the awareness and skills of each individual in digitalization and enabling them to actively introduce digitalization into operations, we are promoting business improvement and efficiency.

Structure Development

Overview

In system development, we regard structures and organizations that ensure transparency of people, goods, money, and information and business processes that can correctly do the right things as the ideal for achieving our 2030 Vision. We are working on establishing the foundation to take on challenges toward growth.

Data-Driven HR

We are working on dashboarding personnel data by linking various personnel measures as a structure to ensure transparency of information related to people.

This enables the centralization of various personnel information in real-time, allowing managers to make data-based confirmations and decisions by combining multiple types of information.

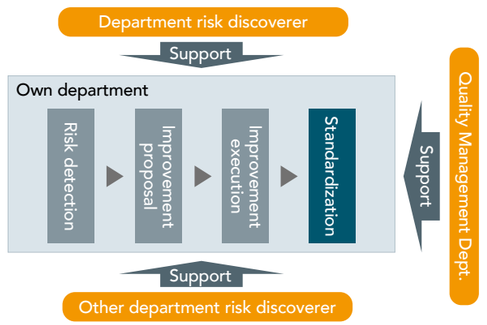
Managers will aggregate individual data and move forward to be able to respond and implement measures based on data, breaking away from conventional personnel measures based on past experience.

Optimization of Business Processes

As part of business process improvement, we are conducting a companywide quality system inspection to ensure that business processes are capable of doing the right things correctly.

In this inspection, first, each workplace will identify risks on their own. The business processes for those risks are reviewed by three parties: within the workplace, outside the workplace, and the Quality Management Department. In the event that risks are found, the three parties also work together to make improvements.

Through this initiative, we are working to address any risks or vulnerabilities that may cause inconvenience to our customers.



Workplace Building

Overview

At JTEKT, in terms of workplace creation, we regard a workplace where employees can speak their minds without hesitation, a workplace where everyone can actively participate, and a workplace that enjoys challenges as ideal for achieving our 2030 Vision. We are promoting the creation of a workplace where the cultivation of a culture with high psychological safety, permeated by diversity and inclusion (D&I), and a stable foundation of health and safety are considered important.

D&I Practices

For sustainable growth of a company, we believe it is essential that diverse employees, regardless of gender, nationality, age, culture, and other attributes, can all actively participate.

In FY2023, we integrated general positions and career track positions as one of our D&I initiatives. By abolishing general positions predominantly held by women, we aim to promote women's career development and create a more challenging system. Furthermore, as a new initiative, we have employed individuals with visual impairments as Health Keepers (in-house therapists) to support the active participation of people with disabilities and promote health and productivity management. We have also created a massage room inside the company.

In addition, we are focused on supporting the balance between life events and work. In supporting the balance between work and childcare or nursing care, we are working to enhance systems such as a comeback support system (re-employment system for employees who resigned due to their spouse's relocation, nursing care, infertility treatment, etc.), babysitter assistance, and on-site childcare facilities, in addition to our leave system that goes beyond what is legally required. Furthermore, we provide training and a work-life balance support handbook, offer optional online courses on childrearing and skills improvement on a website dedicated to employees on childcare leave, and we set up a telephone helpline where caregivers can consult with experts to support individuals balancing work and caregiving responsibilities so that they do not feel isolated. We are promoting the creation of an environment where employees can work more flexibly through telecommuting and side job systems. In FY2023, we have achieved the goal of a 50% male paternity leave uptake rate that we have been aiming for. Therefore, we will set new goal of a 100% acquisition rate by FY2026 and further work on creating an environment where it is easier to balance life and work.

We are also working on creating a workplace where individuals can thrive regardless of their sexual orientation and gender identity (SOGI), and implementing activities such as enlightenment through training and setting up a SOGI consultation desk.

Promotion of Health and Productivity Management

We believe that it is essential for employees to be healthy both mentally and physically in creating a workplace, and we are working on initiatives to ensure that each employee can work energetically. In particular, we are focusing our efforts on programs to support people with mental health issues, prevent and reverse lifestyle-related diseases, and raise health awareness.

In FY2023, we identified the establishment of exercise habits and improvement of sleep quality as challenges, and conducted walking campaigns and interviews with those suffering from sleep disorders. Also, with the aim of encouraging employees to think and act proactively to maintain and improve their own health, we conduct an annual Healthy Human Evaluation and pass on the results to individuals and workplaces.

◆ Health Declaration

The JTEKT Group believes that both the physical and mental health of all employees and their families is most important for company. We will support the health of our employees and their families with compassion and sincerity, and will also work on health promotion activities with a focus on employees.

We declare that we will work on disease prevention for employees and their families, and create health-first workplaces in which everyone can feel that the workplace is getting better and better.

June 2021
President of JTEKT Corporation

Occupational Safety and Health

Based on the safety and health philosophy that "all accidents can be prevented," all employees are united in their efforts to participate and take ownership in safety and health activities and create a comfortable work environment, and we aim to achieve zero accidents. In addition, we are striving to develop human resources who do not cause accidents, and we are working to create even safer workplaces, especially by increasing new educational opportunities for supervisors and managers, who are key personnel in the field.

Improving Workplace Culture

To cultivate a workplace culture with high psychological safety, we have been conducting Psychological Safety Workshops for managers, starting from FY2024, engaging participants in dialogue. We are also working on improving workplace culture by conducting surveys from various perspectives and providing feedback to the workplace.

Human Rights

Basic Approach to Respecting Human Rights

We recognize that the impacts of our business activities on human rights issues are not limited to those from our own company but also extend to impacts in our supply chain.

JTEKT avoids causing or exacerbating human rights violations, and takes appropriate measures to rectify and remedy the situation if human rights violations do occur, in accordance with guidelines such as the UN Guiding Principles on Business and Human Rights.

Human Rights Policy

We have promoted initiatives for the respect of human rights based on our Guidelines for Employee Conduct and JTEKT Supplier Sustainability Guidelines.

In 2023, we formulated and published the JTEKT Group's Human Rights Policy to clarify our stance and further promoting activities for the respect of human rights, and have declared our commitment to fulfilling our responsibility to respect human rights.

Refer here for the JTEKT Group's Human Rights Policy
https://www.jtekt.co.jp/e/sustainability/human_rights_policy.html

Human Rights Due Diligence

We are engaging in due diligence with respect to human rights in accordance with the JTEKT Group's Human Rights Policy.

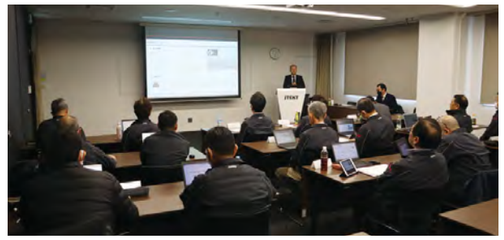
In 2022, a human rights impact assessment was conducted, with risks assessed in terms of their severity and their likelihood of occurrence. As a result, four risks — forced labor and slavery, child labor, discrimination, and harassment — were identified as human rights risks that the JTEKT Group must address with the highest priority and designated as priority issues.

Establishment of Consultation Counters

JTEKT has established counters for consultation and reporting both internally and outside the Company. Anonymous reporting and foreign language services have also been made available in an effort to create an environment in which one can readily and easily consult and report. In the event that a human rights violation has been identified, we will take appropriate corrective measures and remedies after ensuring that the whistleblower is not identified.

Training and Awareness Activities

We conduct awareness activities to facilitate employees putting into practice behaviors based on the JTEKT Group's Human Rights Policy. Human rights training is provided to all employees, including new recruits, with training also implemented on discrete themes including harassment and diversity, which have been stipulated as priority issues. In FY2023, we also conducted human rights training for executives by experts.



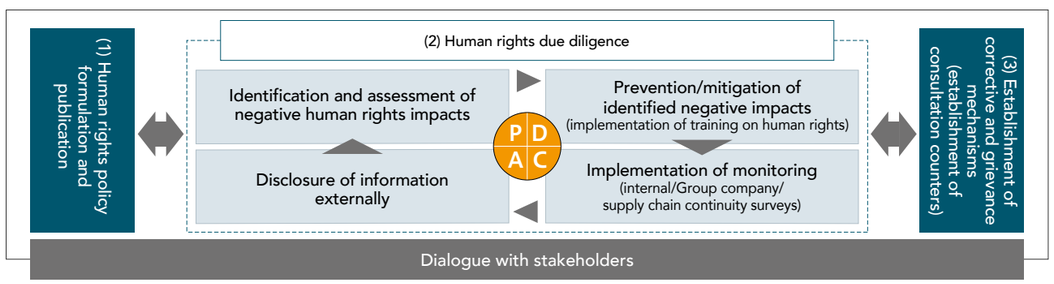
Human rights training for executives

Initiatives for the Supply Chain

We conducted surveys on the circumstances of non-Japanese technical interns as well as on the use of conflict minerals in the supply chain as part of initiatives to address the priority issues of forced labor and slavery and child labor. For more details on the survey on conflict minerals, see p. 50 "Coexistence and co-prosperity with suppliers."

Furthermore, in FY2023, we conducted surveys on human rights risks for our major domestic suppliers, analyzed the results, and provided follow-up.

● Overall picture of human rights initiatives



Intellectual Capital

Seeding for the Future

Basic Stance

JTEKT aims to contribute to society through manufacturing by connecting the technologies we have developed so far and creating more intellectual property.

Initiatives Related to New Businesses

We are "sowing seeds for the future" to create new value that supports tree-ring management. With the keywords No. 1 & Only One, our Group is combining the competencies we have developed so far to work toward realizing a safe, secure, and comfortable life for people.

We are nurturing the seeds of new businesses, including Libuddy™ (high heat-resistant lithium-ion capacitor) and the gear business, to make the newly created value a pillar of revenue following our existing Automotive, Industrial and Bearing, and Machine Tools & Manufacturing Systems businesses.

Initiatives Toward the Resolution of Social Issues

◆ **Contributions to a society with an aging population and declining birthrates**

The J-PAS™ series of assistance suits, which utilizes assistive technologies cultivated in our existing business as well as advanced safety design technologies, is expected to contribute to reducing burdens not only in manufacturing sites but also in caregiving tasks. Additionally, the electric assistance unit for nursing care wheelchair karu-e™ and the hospital bed transport assistance device RAKU STEER™ contribute to solving the challenges of a society with a declining birthrate and aging population.

◆ **Contributions to solving environmental issues**

The combination of Libuddy™ and batteries enhances power performance and battery life, contributing to waste reduction. It can also be utilized for power leveling of renewable energy such as solar power generation, contributing to the realization of a carbon-neutral society.

High heat-resistant lithium-ion capacitor Libuddy™

Our lithium-ion capacitors, developed using the technology honed in our existing businesses, excel in rapid charge and discharge of electricity and are superior electrical power storage devices in terms of heat resistance, lifespan, and safety. In 2023, we registered the trademark as Libuddy™ to enhance brand value and plan further expansion.



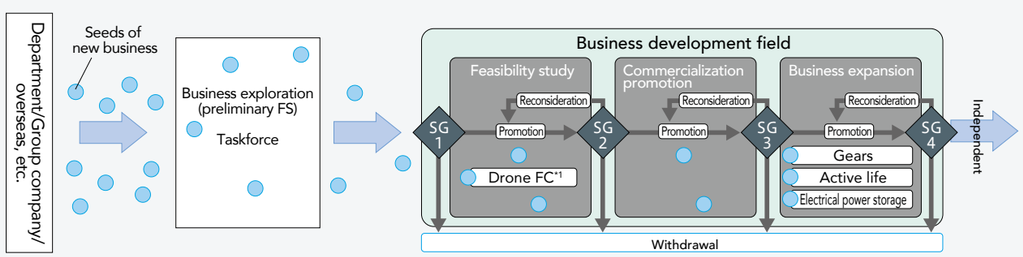
◆ **Contribution to solving labor shortages**

We aim to enhance drone flight performance by providing flight controllers utilizing EPS technology and Libuddy™ to the rapidly advancing drone market. We have begun development with PRODRONE Co., Ltd., a company in Nagoya, Aichi Prefecture, that develops industrial drones, contributing to efficiency improvements and addressing labor shortages in logistics and inspections.

Structure for creating new businesses

We have designed an indicator (SG: Stage Gate) that summarizes the items to be understood and verified according to the consideration stage of new businesses.

We are considering a system to continuously generate seeds for new businesses and promote the turnover of business evaluations.



	SG1	SG2	SG3	SG4
Gate checkpoint*2	Superiority of idea	Business feasibility	Business viability	Business expansion probability

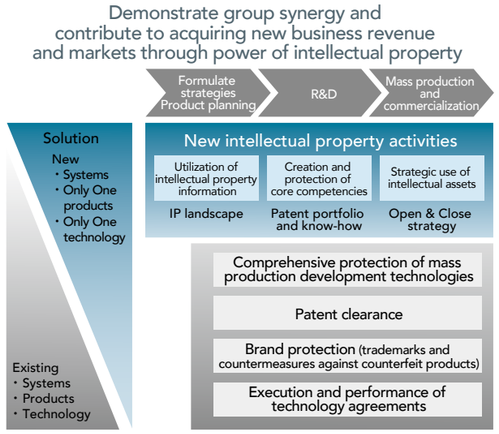
*1 Flight Controller
*2 Define items to be examined at the gate using the framework used when formulating a business plan

Intellectual Property Activities

Basic Policy on Intellectual Property Activities

JTEKT will provide solutions that address social issues and market needs. We will continue to create the "Only One" technologies and products necessary for those solutions.

Our intellectual property activities are focused on addressing these issues by emphasizing new intellectual property activities in addition to traditional defensive intellectual property activities.

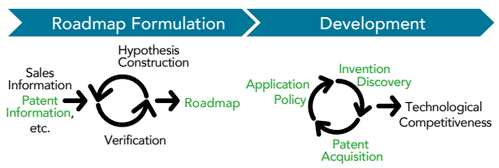


New Intellectual Property Activities

◆ **Utilization of intellectual property information (IP landscape)**

We utilize intellectual property information to understand industry trends and the latest technology trends when formulating business strategies and product planning.

For example, we utilize patent information to understand market needs and competitor development trends, which aids in formulating our development roadmap. In addition, we have established a patent application policy based on the development roadmap to protect the results of development quickly and accurately and to further strengthen our technological competitiveness.



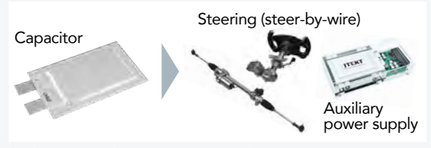
◆ **Creation and protection of core competencies and strategic utilization of intellectual property**

To gain future competitiveness and build partnerships, we protect our unique Only One technologies (core competencies) that provide new solutions through a patent portfolio and know-how.

We are formulating and promoting open and close strategies to maximize our business by leveraging these patents, know-how, and other intellectual properties.

Intellectual property activities with high heat-resistant lithium-ion capacitor Libuddy™

We protect a wide range of intellectual property, from standalone capacitors to applications that use them. For example, regarding our high heat resistance technology for capacitors, which is one of our core competencies, we strictly manage it as confidential know-how, and for steering systems equipped with auxiliary power supplies, we have obtained nearly 60 patents.



We are also analyzing patent information and exploring applications for Libuddy™. The scenarios in which Libuddy™ will be active are expected to expand even further in the future. Furthermore, we are considering opening up the technology related to user safety and quality in order to promote the widespread adoption of these products, which boast high safety standards.

Respect for Other Companies' Intellectual Property Rights (Infringement Prevention)

We respect the intellectual property rights of other companies and ensure strict compliance to prevent our products from infringing on those rights.

We define the necessary intellectual property activities at each stage of development, conduct searches for other companies' patents, determine infringement, and avoid infringement through design changes (or obtain licenses) in a timely manner to provide products with no risk of infringement.

Counterfeit Prevention Countermeasures

JTEKT utilizes trademark rights acquired in approximately 200 countries worldwide to actively combat counterfeit products.

Through collaboration with local subsidiaries, industry associations, and regulatory agencies in various countries, we achieve continuous and consistent activities, contributing to the safety of our customers and the protection of their businesses.

Manufacturing Capital

Sustainable Manufacturing

Basic Stance

Based on manufacturing, we have production bases for a wide variety of products around the world, including Group companies, and conduct daily production activities. In order to responsibly supply products to our customers, we believe that it is important to maintain an environment where we can continue our production activities and to have suppliers who support our manufacturing.

Here, we introduce information security initiatives that are attracting attention recently in terms of the continuation of production activities, and initiatives for co-prosperity with suppliers.

Philosophy and Promotion Structure for Information Security

While recent corporate activities require effective use of information systems and transformation through DX, we recognize that unexpected information security risks such as sophisticated cyber attacks and internal information leaks are increasing year by year.

As a manufacturing company, we believe that we have a responsibility to take security measures (product security) for the products we deliver to our valued customers and to ensure the operation of our production lines (factory security). In today's corporate management, where the importance of sustainability is required, it is necessary to avoid and minimize risks that significantly impair corporate value.

Against this backdrop, in order to further improve the level of security and maintain an information security system appropriate to its realization, JTEKT has established a Chief Information Security Officer (CISO) and a specialized department, and is promoting initiatives based on the JTEKT Group Policy of Information Security.

JTEKT Group Policy of Information Security
https://www.jtekt.co.jp/e/sustainability/governance/informationsecuritypolicy/

Initiatives to Strengthen Information Security

(1) Strengthening security governance
We are working to continuously maintain and improve information security by conducting inspections of our company and consolidated subsidiaries using the Genchi Genbutsu method (go and see for yourself) in accordance with guidelines from the Japan Automobile Manufacturers Association and other organizations.

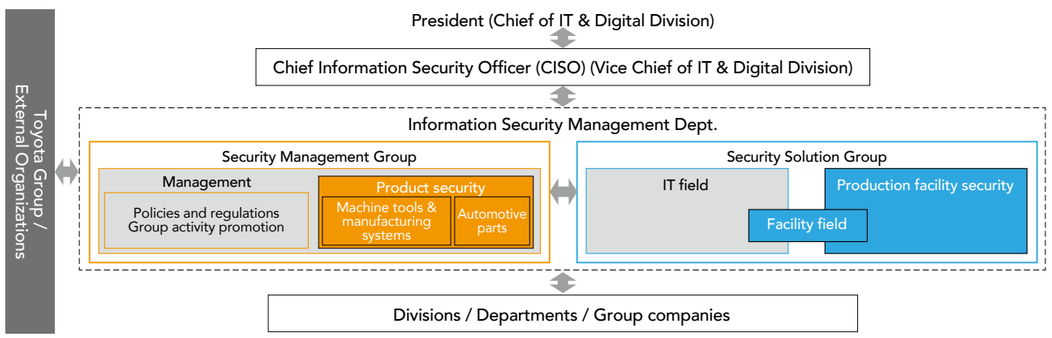
(2) Compliance with global standards
We have established a management system in accordance with the global standard ISO 27001 and the laws and regulations of each country.

(3) Development of security human resources
With the aim of managing and protecting information assets companywide and improving the level of security for employees, information security leaders have been assigned to each department in the company, and security human resources are trained according to the information assets handled in each workplace and their roles.

(4) Preparation for security incidents
We have a dedicated team (CSIRT) that responds to security incidents and a dedicated team (PSIRT) that responds when risks such as product vulnerabilities are discovered.

(5) Supporting the entire supply chain
In order to protect the entire supply chain, including our suppliers, from the risk of cyber attacks, we continue to strengthen security measures through dialogue with our suppliers.

(6) Initiatives to address future threats
In addition to implementing various security measures for access to all information assets, we aim to establish a safe and secure information infrastructure by appropriately collecting threat information and preparing it ahead of time.



Coexistence and Co-Prosperity with Suppliers

Supply Chain Management

Based on our corporate philosophy, our Basic Purchasing Policy states that we are committed to conducting open and fair transactions in order to solve social issues through our business activities and continue to be a company that contributes to the development of a sustainable society for the Earth, society, and customers.

◆ Basic Purchasing Policy

Open and fair trade: We will provide open, fair and equitable opportunities for entry, regardless of nationality, company size, or business track record.
Mutual trust: We will build mutual trust through close communication with our suppliers.
Coexistence and co-prosperity: We will achieve mutual prosperity based on mutual trust with our suppliers.
Long-term stable transactions: Through continuous transactions, we will achieve stable procurement that ensures quality, price, quantity, and delivery times.
Global procurement: We will achieve optimal procurement from a global perspective. We will also strive to improve our international competitiveness through a strong supply chain.

Promoting Sustainable Business Activities Based on the Sustainability Guidelines

In order to share the purpose of our Concept of Corporate Social Responsibility and our Corporate Activities Standards with our suppliers, we have established provisions regarding initiatives to consider the global environment, as well as the protection of human rights and respect for diversity. Suppliers are required to comply with the purpose of the Guidelines and to develop activities that go back to the upstream of the supply chain.

Refer here for the JTEKT Supplier Sustainability Guidelines
https://www.jtekt.co.jp/e/sustainability/pdf/csr_guideline_partner.pdf

Initiatives for Responsible Procurement of Resources and Raw Materials

We recognize that minerals such as tantalum, tungsten, tin, and gold (=3TG), which may be a source of funds for organizations involved in human rights violations such as child labor, environmental destruction, and inhumane acts of violence, are one of the serious social issues in the supply chain of minerals originating in conflict or high-risk areas around the world.

We continue to conduct our conflict minerals survey, which we have implemented annually since FY2013. With the cooperation of our suppliers, we have confirmed the history of minerals used in our products throughout the supply chain.

We will continue to work with our suppliers and various other stakeholders to promote initiatives for more responsible mineral procurement, such as avoiding complicity in human rights violations and violent acts in the face of increasingly serious problems related to mineral resources, while practicing initiatives aimed at eliminating the use of conflict minerals.

Green Procurement Initiatives

JTEKT promotes companywide green purchasing activities to build a sustainable, recycling-based society. For this purpose, we have issued the JTEKT Green Purchasing Guidelines to ask our suppliers for their cooperation.

◆ Points to Request to Suppliers

- Establish an environmental management system, including the acquisition of certification from external organizations such as ISO 14001.
- Comply with and thoroughly enforce environmental laws and regulations.
- Prohibit or restrict the use of substances of environmental concern.
- Improve environmental performance, including reducing CO_2 emissions to achieve carbon neutrality.
- Promote biodiversity conservation.

Initiatives for Carbon Neutrality

We are working to strengthen cooperation with suppliers by holding Environmental Committee meetings and setting up a Value Chain Subcommittee.

We present our suppliers with a target of reducing CO_2 emissions by 25% compared to FY2021 by FY2030, and ask them to promote activities to reduce CO_2 emissions by 2.5% annually. We conduct an annual environmental survey to understand the CO_2 emission levels and challenges of our suppliers.

In addition, in order to support the activities of our suppliers, we share examples of energy-saving initiatives provided by our company and our suppliers, and disseminate awareness-raising information to promote initiatives toward carbon neutrality. We also visit suppliers to confirm their efforts and issues, and offer advice on specific energy-saving measures.

Social Capital

Contributions to Society Through Products

Striving to Be the No. 1 & Only One Supplier

We aim to provide our customers around the world with JTEKT's unique value through a wide range of products such as automotive parts, industrial machinery and bearings, and machine tools.

In particular, as the world's No. 1 & Only One supplier of automotive steering systems, we are highly regarded by many automobile manufacturers, and we supply products to them.

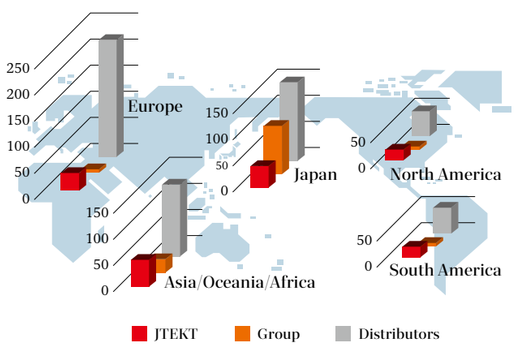
As a Member of the Toyota Group

Our predecessors, Koyo Seiko Co., Ltd. and Toyoda Machine Works, Ltd., were both members of the Toyota Group, which have collaborated with Toyota Motor Corporation. In particular, Toyoda Machine Works, Ltd. was established as a company that was spun off from the machine tool division of Toyota Motor Corporation.

Even today, JTEKT is positioned as one of the core companies of the Toyota Group, and shares the same philosophy as the Toyota Group Vision, aiming to contribute to the enhancement of the corporate value of the entire Toyota Group through its business activities.

Global Sales Network

Under the slogan "One JTEKT," we are working together with Group companies on a global scale to build a worldwide sales network with the cooperation of our agencies and distributors. In addition, we are developing e-commerce in order to provide products and services to more customers faster and more easily.



Wide Range of Products

In addition to JTEKT's three core businesses of automotive parts, industrial machinery and bearings, and machine tools and manufacturing systems, the Group has a wide range of products such as industrial furnaces, various sensors, gear systems, vibration dampers, electronic parts, and CBN grindstones for grinders.



Contributing to Society in All Areas

Our Group's products contribute to society in a variety of fields, including automobiles, steel, railways, aerospace, construction machinery and agricultural machinery, wind power generation, and semiconductors.

In recent years, we have aimed to bring about safe and comfortable lifestyles by developing high heat-resistant lithium-ion capacitors that supplement stamina and power to existing power sources such as lithium-ion batteries and fuel cells, and power assist suits that solve the shortage of nursing care personnel due to the declining birthrate and aging population. Through these initiatives, we will meet customer expectations in new fields and contribute to a sustainable society.





Contribution to Local Communities

Philosophy of Social Contribution Activities

JTEKT has established the JTEKT Basic Principle with the intention of always being a company that solves social issues through its business activities and makes contributions for the Earth, society, and customers. For social contribution activities other than our business activities, we have established the JTEKT Group Social Contribution Activity Policy based on this basic principle and will promote social contribution activities with a focus on the key areas of environment, local contributions, and sports promotion.

Refer here for the JTEKT Group Social Contribution Activity Policy

https://www.jtekt.co.jp/e/sustainability/society/community/

Main Activities for FY2023

◆ Environment

Under the concept of "one plant, one activity," each plant and business site are implementing activities to coexist with nature and preserve biodiversity together with local residents.





Refer here for our environmental conservation activities

https://www.jtekt.co.jp/e/sustainability/environment/nature.html

◆ Local contributions

We actively participate in events and festivals held in the community, and engage in volunteer activities to build good relationships with everyone in the local area who supports each of our bases. We also provide information on local festivals and other events held by each business site and support the operation of local children's cafeterias.













◆ Sports promotion

Through corporate sports activities such as volleyball, badminton, softball, and wrestling, we support athletes who aim to become global athletes, and we also support and train professional and amateur golfers.

We also conduct sports classes, local volunteer activities, and greeting activities at local elementary schools to promote sports and exchange with local communities.

In FY2023, a total of 2,090 elementary, junior high, and high school students gathered at 33 locations in workplace area for volleyball, badminton, and other classes, and learned about the fun of the game and the key points for improving skills.









Natural Capital

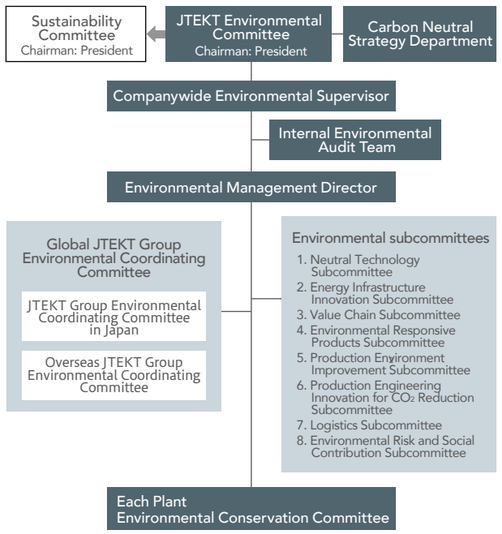
Promotion Structure and Long-Term Goals

Environmental Management Promotion Structure

JTEKT has created environmental management implementation structures centered on the JTEKT Environmental Committee, chaired by the president. The JTEKT Environmental Committee sets targets twice annually based on corporate policy, deliberates on and determines measures, and monitors the status of progress. The results of the Committee's deliberations are reported to the Sustainability Committee, which is attended by all directors including outside directors, where the results are discussed, and if budgetary measures are needed for countermeasures, a referral is made to the Senior Executive Officer Meetings or the Board of Directors, and following discussion by management, the matter is reflected in management strategy.

We also established the Global JTEKT Group Environmental Coordinating Committee to implement Groupwide environmental initiatives. This committee reviews actions by individual domestic and overseas Group companies, discusses action plans for the next fiscal year, and exchanges information and opinions relating to environmental management. Since 2021, we established the Carbon Neutral Strategy Department under the direct authority of the president, and it is facilitating communication among business divisions.

● Organizational Chart



Long-Term Environmental Targets Set

JTEKT has identified "Protect the rich earth for future children" as a materiality issue to address social challenges through our business. The JTEKT Group's Environmental Challenge 2050, which was formulated in 2016, is based around five key pillars — Products / Technologies, Creation of a low-carbon society, Creation of a recycling-based society, Harmony with nature / Biodiversity, and Environmental management — and clearly states that the JTEKT Group is working together as one to take up the challenge of minimizing its environmental footprint and maximizing environmental value.

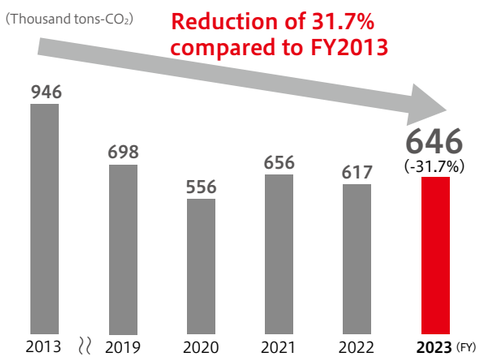
◆ Working to achieve carbon neutrality in 2035

We are committed to achieving carbon neutrality in manufacturing by 2035. Furthermore, we have set a target for 2030 to achieve this goal.

The total emission target is to achieve a reduction of at least 60% globally compared to FY2013, which aligns with the 1.5 °C target agreed upon in the 2016 Paris Agreement (to limit the temperature increase to 1.5 °C compared to pre-industrial levels).

The total CO_2 emissions for FY2023 (Scope 1 and 2) amounted to 646,000 tons of CO_2, influenced by the deterioration of the power coefficient. (It would have been 609,000 tons with the previous coefficient.) However, in order to achieve the 2030 target, we will continue to promote thorough energy conservation through daily improvements in plants and innovations in manufacturing technology, as well as the greening of energy through the introduction of renewable energy.

● CO_2 emissions for internal production (global)



Building a Low-Carbon Society

Disclosure of Information in Accordance with the TCFD Framework

The Task Force on Climate-related Financial Disclosures (TCFD) framework requires companies to analyze the impacts of climate change on their business and resulting opportunities and risks based on the prospective scenarios, which are to be reflected in their business strategies. In this section, among the action plans concerning environmental management that we formulated based on our Environmental Challenge 2050, we explain our initiatives related to climate change, focusing in particular on strategy, one of the four items (Governance, Strategy, Risk Management, and Metrics and Targets) indicated by the TCFD.

Strategy: Short-, Medium-, and Long-Term Risks and Opportunities

Based on the TCFD recommendations, we performed analysis using the 1.5 °C (less than 2 °C) scenario, which anticipates effects from the transition to a decarbonized society, and the 4 °C scenario, which assumes the progression of climate change and physical impacts. When performing analysis, we predicted the impact on business in 2030, the target year for reducing CO_2 emissions by 60% compared to FY2013, and in 2050, the target year for our Environmental Challenge, and have identified individual risks and opportunities.

The main risks that we identified under the 1.5 °C scenario include higher operating costs due to the introduction and tightening of carbon taxes and other regulations and lower sales of products for internal combustion engine vehicles due to stricter regulation of automobile fuel efficiency and emissions. To avoid these risks, we believe that it will be necessary to save energy in production processes, improve logistics, accelerate product development, and take other measures. On the other hand, we see the transition from internal combustion engine vehicles to BEVs and fuel cell electric vehicles (FCEVs) as an opportunity for the Company. We are developing bearings for electric cars, hydrogen-resistant bearings, and steering systems and drive products common to next-generation vehicles. Additionally, among our Group companies, we offer a lineup of industrial equipment aimed at energy-saving in the production process, including SuperMoldatherm (new insulation material), Toyopack ECO II+



SuperMoldatherm (new insulation material)



Toyopack ECO II+



Sakura (CBN wheel)

Item	Details	Actions
Governance	System for monitoring by directors The organizational chart can be found on p.51.	• In 2016, the Environmental Challenge 2050 was approved by the Global Environmental Protection Committee, the predecessor to the Sustainability Committee, which was attended by the president, directors, and relevant officers • Environmental management progress including KPIs is reported at monthly management meetings, and management reviews are conducted at the semiannual JTEKT Environmental Committee
	Roles of officers in evaluating and managing risks and opportunities	• The president, who has responsibility and authority concerning environmental issues including climate change, serves as chair of the Council for Enhancement of Corporate Value and appoints an environmental management director from among the Senior Executive Officers • The environmental management director formulates an Environmental Action Plan every five years and submits it to the Council for Enhancement of Corporate Value for approval
Strategy	Details can be found on p. 54–55.	
Risk management	Risk identification and evaluation process	• Environmental risks including climate change are positioned as business and management risks, and they are discussed and decisions on measures are made by the Sustainability Committee chaired by the president • Risks identified from all business activities are evaluated and countermeasures are confirmed
	Risk management process	
	Integration with total risk management	• The effective functioning of risk management is confirmed and risk items, responses, and evaluations are periodically reviewed
Metrics and targets	Risk and opportunity evaluation metrics	• Specific quantitative targets are set in the five-year Environmental Action Plan* as climate change-related metrics for CO_2 emissions from production and CO_2 reductions from the use of our products • We disclose Scope 1 and 2 emissions as CO_2 emissions from production as well as 10 categories relating to the Company for Scope 3 *This information is available on the Environmental Report page in the Sustainability section of the Company Website.
	Disclosure of Scope 1, 2, and 3	
	Risk and opportunity management targets and results	• In FY2023, we achieved a 31.7% reduction in CO_2 emissions from production compared to the targets of a 35% reduction by 2025 and a 60% reduction by 2030 compared to FY2013 • Targets and results are disclosed each fiscal year in the JTEKT Report

(energy-saving hydraulic unit), and Sakura (vitrified CBN wheels for cylindrical grinding). Moving forward, our entire Group will unite to further focus on the sales of these products and the research and development of new products, aiming to expand our market presence. Under the 4 °C scenario, we identified the interruption of operations due to intensifying extreme weather as the primary risk. Countermeasures include enhancing resilience to disasters by reviewing logistics routes and actively collaborating with suppliers, while possible opportunities include higher demand for water level gauges that can contribute to disaster prevention and mitigation. We are developing immersion water level gauges (the TD4800 series of power-saving water level gauges) suitable for crisis management and monitoring inland flooding. In anticipation of an increase in demand, we plan to develop additional disaster prevention and mitigation products.

Strategy: Effects from Risks and Opportunities

Under the 1.5 °C scenario, in which progress is made toward the transition to a decarbonized society, the amount of the impact (risk) from carbon taxes and higher electricity costs is estimated to be in the range of 10 billion to 20 billion yen in 2050 (taking into consideration the wide range due to price fluctuations).

On the other hand, we estimate that the amount of the impact (opportunity) from increased sales of electrified products and achieving CO_2 emissions reduction targets will be about 30 billion yen.

Under the 4 °C scenario, in which global warming advances, we estimate that the amount of impact (risk) from flooding and storm surge damage will be about 4 billion yen in 2050.

● Scenarios Used

Item	Details	1.5°C (less than 2°C) Scenario	4°C Scenario
Overview		Scenario where temperature rise in 2100 is limited to 1.5°C (less than 2°C) compared to the second half of the 19th century	Scenario where temperature rise in 2100 is 4°C compared to the second half of the 19th century
Scenario	Transition	Net-Zero Emissions by 2050 Scenario (NZE) Sustainable Development Scenario (SDS) Ambitious Climate Transition Scenario (ACT)	Stated Policy Scenario (STEPS) Limited Climate Transition Scenario (LCT)
	Physical	Representative Concentration Pathways (RCP2.6)	Representative Concentration Pathways (RCP8.5)

● List of Risks and Opportunities in the Scenarios Used

Item	Category	Overview	Time scale	Impacts under the 1.5℃ scenario	Impacts under the 4℃ scenario	Countermeasures by the Company
Transition Risks	Policies & Regulations	• Introduction of carbon taxes Greenhouse gas emissions by sites in each country will be subject to taxation, causing operating expenses to increase • Expanded scope of emissions rights trading systems Additional costs will be incurred when emissions quotas are exceeded	Short term – long term	Large	Small	• Set CO_2 emissions reduction targets • Gather data on emissions results including Group companies • Energy saving in production process • Reduction of CO_2 emissions in logistics
		• Stricter regulation of automobile fuel efficiency and emissions R&D costs for complying with regulations will increase and sales of products for internal combustion engine vehicles will decrease	Short term – long term	Large	Small	• Development of bearings for EVs and FCEVs
Physical Risks	Urgent	• Intensification of abnormal weather There is a risk that the continuation of business will become difficult due to damage to plants and disruption of supply chains	Medium term – long term	Medium	Medium	• Formulation of the Basic Policy for JTEKT Group Business Continuing Plan • Implementation of disaster drills, disaster mitigation training, preparations for the early restoration of product supply, and other measures
Opportunities	Policies & Regulations	• Renewable energy policies Demand for bearings and other products for wind power generation facilities will increase as a result of political support for wind power	Medium term	Medium	Small	• Develop bearings used in wind turbine main shafts, gearboxes, generators, and revolving parts
		• Stricter regulation of automobile fuel efficiency and emissions If BEVs and FCEVs increase, demand for products for electric vehicles and FCEVs will increase	Short term – long term	Large	Small	• Development of products that contribute to the miniaturization and weight reduction of electric drive systems (JTEKT Ultra Compact Bearing™) • Development of bearings that overcome hydrogen embrittlement (EXSEV-H2™)
	Technology	• Promotion of energy-saving at plants Reduce energy costs and increase earnings by improving the efficiency of production processes through energy savings in the manufacturing stage and production technology innovations	Short term – medium term	Medium	Medium	• Continue energy-saving measures and develop energy-saving production technologies by improving production process efficiency

Notes: 1. Time Scales Short term: Present – 2025 Medium term: 2030 Long term: 2050.
2. Impact assessments were set as follows: Large: Amount of impact is more than 10 billion yen Medium: Amount of impact is 1 billion to less than 10 billion yen
Small: Amount of impact is less than 1 billion yen

Contributions to a Recycling-Based Society

Initiatives to Improve Material Recycling Rate

We categorize waste (materials recycled for free or upon payment of a fee) by type and have set sludge, foundry sand, and waste oil, which are generated in particularly high volumes, as priorities for improvement.

Additionally, regarding the by-products generated during manufacturing, most metals are recovered as valuable materials and undergo material recycling. However, for vinyl and plastic, we had been advancing treatment through thermal recycling, which utilizes the heat, etc. generated during incineration.

However, in order to promote material recycling in these areas as well, a goal of a 35% material recycling rate by 2025 has been set, and efforts such as sorting and aggregation are being initiated to turn waste into valuable resources.

Effective Use of Resources

◆ Promoting the efficient use of water

To reduce the use of water, a crucial resource, we are reducing waste, reusing water internally, and taking other measures. In FY2023, we set a target of 5.0% or more improvement compared to FY2018, and further reduced the amount of water used, primarily by implementing leak prevention measures.

◆ Compliance with the Act on Promotion of Resource Circulation for Plastics

In response to the Act on Promotion of Resource Circulation for Plastics coming into effect in April 2022, in addition to existing measures to reduce one-way plastics, we are taking measures to reduce waste release volumes with respect to all waste plastic.

Reducing Substances of Environmental Concern / Harmony with Nature and Biodiversity

Initiatives for Reduction of Environmental Impact from Production Activities

We are working on managing and reducing the chemical substances released into the environment through manufacturing activities. The amount of emissions of substances subject to the PRTR Act for FY2023 was approximately 73.8 tons, influenced by the revision in April 2023. To reduce usage even further in the future, we will completely eliminate the use of kerosene in production processes in accordance with the 2025 Environmental Action Plan.

◆ Strengthening the management system for chemical substances contained in products of domestic and overseas Group companies

To contribute to the formation of a sustainable society, we have established the vision of the Product Environment Committee and aim to provide safety and quality that will always be the choice of our customers by building a management system for chemical substances contained in products that exceeds customer requirements. We are currently promoting the strengthening of the management system for chemical substances contained in products of our domestic and overseas Group companies.

Preserving Biodiversity

We established the Biodiversity Conservation Action Guidelines pursuant to the 2025 Environmental Action Plan and have been undertaking environmental action in order to reduce the environmental impacts of our business activities and give due consideration to biodiversity.

We are taking action at all plants for the continuous preservation of biodiversity with a focus on protecting rare wildlife that inhabits or grows at each plant, improving the local environments in the vicinity of each plant, and developing environmental human resources. When protecting rare wildlife, we take action based on objective evaluations that take into consideration the opinions of experts and academics.

◆ Biodiversity Risks and Opportunities in Business Activities

Business activities and natural capital mutually influence each other, so we view the use of resources such as water and energy, as well as emissions into the atmosphere and water bodies, as risks throughout the lifecycle of business activities starting from raw material procurement. On the other hand, we view the provision of products that enhance environmental performance, which leads to the reduction of CO_2 emissions and climate change mitigation, as well as the maintenance of water source cultivation functions through forest preservation activities, as opportunities to contribute to biodiversity. These efforts also help reduce the risk of water-related disasters at business locations.

Officers and Audit & Supervisory Board Members

Members of the Board



Yoshihito Kondo
President, Member of the Board
CEO
- Chief of IT & Digital Division
- Chief of Quality Management Division



Takumi Matsumoto
CTO
Senior Executive Officer, Member of the Board
- Chief of Research & Development Division
- Chief of Automotive Business Unit



Koichi Yamanaka
Senior Executive Officer, Member of the Board
- Chief of Sales & Marketing Division



Kazunari Kumakura
Outside Director, Member of the Board
- Significant Concurrent Positions Outside the Company
  - Chief of Procurement Division, Toyota Motor Corporation
  - Member of the Board, Toyota Industries Corporation



Ikuji Ikeda
Outside Director, Member of the Board [Independent]
- Significant Concurrent Positions Outside the Company
  - Special Adviser, Sumitomo Rubber Industries, Ltd.



Yumiko Sakurai
Outside Director, Member of the Board [Independent]
- Significant Concurrent Positions Outside the Company
  - Representative, Yumiko Sakurai CPA
  - Outside Director, Daikoku Denki Co., Ltd.
  - Outside Audit & Supervisory Board Member, Futaba Industrial Co., Ltd.

Members of the Audit & Supervisory Board



Makoto Sano
Member of the Audit & Supervisory Board



Koichi Tsujita
Member of the Audit & Supervisory Board



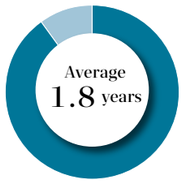
Yasushi Matsui
Outside Member of the Audit & Supervisory Board
- Significant Concurrent Positions Outside the Company
  - Executive Vice President, DENSO Corporation
  - Member of the Audit & Supervisory Board, BluE Nexus Corporation



Akiko Miyakawa
Outside Member of the Audit & Supervisory Board [Independent]
- Significant Concurrent Positions Outside the Company
  - Representative, Akiko Miyakawa CPA Office
  - External Director (Audit & Supervisory Committee Member), Nomura Real Estate Holdings, Inc.

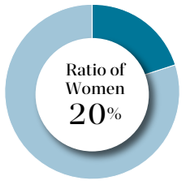
Composition of Directors and Audit & Supervisory Board Members

Term of Office



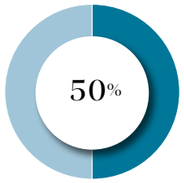
0-4 years 9
5-9 years 1

Diversity



Women / Foreign employees 2
Japanese men 8

Ratio of Outside Directors



Outside Directors 5
Inside Directors 5

Overview of Officers

	Name	Appointment	Number of shares held	Attendance record in FY2023				Corporate management	Business strategy and marketing	Monozukuri (industrial engineering, procurement, quality and safety)	Technology and R&D	Finance and accounting	Legal and risk management	HR development and labor management	Sustainability & ESG	Global management
				Board of Directors Meeting	Audit & Supervisory Board Meeting	Council for Enhancement of Corporate Value (currently Sustainability Council)										
Members of the Board	Yoshihito Kondo	June 2024	10,296	–	–	–		●		●	●			●		●
	Takumi Matsumoto	June 2016	29,609	12/12	–	3/3		●	●	●	●		●			
	Koichi Yamanaka	June 2022	17,865	12/12	–	3/3		●	●	●		●				●
	Kazunari Kumakura	June 2023	0	10/10	–	1/3			●	●			●		●	●
	Ikuji Ikeda	June 2024	0	–	–	–		●	●	●				●		●
	Yumiko Sakurai	June 2024	5,000	12/12	13/13	3/3			●			●	●	●	●	
Members of the Audit & Supervisory Board	Makoto Sano	June 2022	22,339	12/12	13/13	3/3										
	Koichi Tsujita	June 2023	3,526	10/10	10/10	3/3										
	Yasushi Matsui	June 2022	0	12/12	13/13	3/3										
	Akiko Miyakawa	June 2024	0	–	–	–										

* Yumiko Sakurai attended the Audit & Supervisory Board Meeting as an independent outside member of the Audit & Supervisory Board of JTEKT Corporation until June 2024.

Corporate Governance

Systems

JTEKT holds Board of Directors meetings every month where, in addition to items stipulated by law and the Articles of Incorporation, deliberations take place and decisions are made pertaining to the Medium-Term Business Plan aimed at realizing JTEKT Group 2030 Vision. This includes management strategies (business plan, personnel, organizational, capital and investment measures) aimed at achieving the Medium-Term Business Plan, as well as oversight of the execution of duties by directors. Furthermore, of the three outside directors, two independent directors from outside the Company were appointed to strengthen the supervising function of the Board of Directors. In addition, subcommittees under the Board of Directors, such as Senior Executive Officer Meetings, Management Meetings, and Companywide Registered Meetings, are held to improve deliberations on individual matters and supervise the performance of duties by managing officers.

Additionally, to ensure a transparent, fair, prompt and efficient management, JTEKT has opted for a company with an Audit & Supervisory Board to inspect directors' execution of duties, which consists of four auditors, two of whom are outside auditors (of which one is independent outside auditor). At monthly Audit & Supervisory Board meetings, the Board monitor the execution of duties by the directors and confirm the appropriateness of the methods and results of audits performed by the accounting auditors. We have also established a Corporate Auditors Department to assist members of the Audit & Supervisory Board, with dedicated staff members to perform their duties. Regarding internal auditing, Audit Department, which reports directly to the president, inspects the business execution of each function and business division and the effectiveness of internal controls, reporting the results to the Board of Directors and the Audit & Supervisory Board to ensure auditing independence.

Under this system, for example, in accounting audits, Audit & Supervisory Board members receive reports and explanations from accounting auditors, confirming the appropriateness of auditing methods and results as well as the independence of accounting auditors. In order to enhance the efficacy of these audits, Audit & Supervisory Board members, the accounting auditor and the Audit Department regularly hold discussions to exchange information and cooperate with each other.

Initiatives to Strengthen Corporate Governance

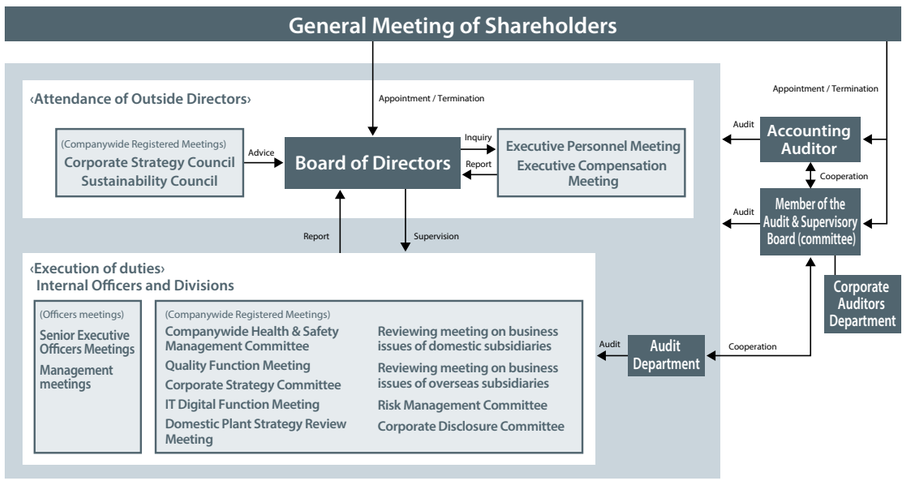
JTEKT recognizes that corporate governance enhancements are an important management issue, thus we are engaged in efforts to reform and strengthen our corporate structure including the formulation of guidelines in response to the Corporate Governance Code and annual implementation of the PDCA cycle.

In addition, JTEKT conducts a survey on the effectiveness of the Board of Directors once a year for directors and Audit & Supervisory Board members (self-evaluation by written survey). In this survey, we evaluate whether the contents of deliberations and operation methods at the Board of Directors are appropriate and review them as necessary based on evaluations of those directors and Audit & Supervisory Board members. Since 2024, we have incorporated a survey evaluation by an external organization into our effectiveness evaluation so that we can objectively grasp and evaluate our situation and challenges by comparing with other companies.

◆ Schedule for Evaluating Effectiveness of Board of Directors

March:	Conduct survey of directors and Audit & Supervisory Board members by an external organization
April:	Compare the survey results with other companies' evaluations and identify challenges
May:	Report the results of the effectiveness evaluation, and improvement activities at the Board of Directors meeting
May onwards:	Implement improvement activities

• **Corporate Governance System**



◆ Evaluation Items for Board of Directors Effectiveness Evaluation Survey

(1) Composition of the Board of Directors
(2) Operation of the Board of Directors
(3) Discussion at the Board of Directors
(4) Monitoring function of the Board of Directors
(5) Performance of inside directors
(6) Performance of outside directors
(7) Support system for directors and Audit & Supervisory Board members
(8) Training
(9) Dialogue with shareholders (investors)
(10) Officer initiatives

◆ Challenges in FY2023

Inadequate discussions about human capital and intangible assets

◆ Results in FY2023

Held Council for Enhancement of Corporate Value, attended by outside directors, discussed human resource portfolio strategies and investments in intangible assets

◆ Challenges in FY2024

Inadequate executive training and discussion of management strategy and capital efficiency

◆ Improvement Measures in FY2024

Review the content of executive training and enhance discussions on capital cost

• **Meetings of the Board of Directors and Other Bodies (FY2023)**

Committees	Composition	Meeting frequency	Details
Board of Directors	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Once/Month	Makes decisions about important matters within management and supervises directors' performance of duties.
Audit & Supervisory Board	Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Once/Month	Inspects the appropriateness of methods and results of audits of the directors' performance of duties, and of audits performed by the accounting auditor.
Senior Executive Officers Meetings	Directors: 3, Senior Executive Officers: 7 Audit & Supervisory Board Members: 2, and several others	Once/Month	Supplements the Board of Directors, deliberates important matters within management, and determines fundamental policies.
Management Meetings	Directors: 3, Senior Executive Officers: 7, and Audit & Supervisory Board Members: 2	Once/Month	Supplements the Board of Directors and manages the progress of policies within the performance of duties. In addition, these meetings enable problem points and issues within performance of duties to be shared extensively among directors and officers.
Companywide Registered Meetings			
Companywide Health & Safety Management Committee	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Deliberates on policies, targets, and measures concerning safety, sanitation, health, and other issues
Council for Enhancement of Corporate Value	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2) Senior Executive Officer and several others	4 times/Year	Investigates issues concerning sustainability to achieve sustainable growth by society and the Group.
Corporate Disclosure Committee	Chief of Corporate Division, Senior Executive Officer, and several others	Once/Month	Investigates and confirms whether the timing, details, and methods of information disclosure are appropriate.
Council for Enhancement of Enterprise Value	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Month	Discusses challenges related to the improvement of the stock value in order to improve the value of JTEKT's shares and its corporate value.
Risk Management Committee	Directors: 2, Audit & Supervisory Board Members: 2 Senior Executive Officer and several others	3 times/Year	Comprehensively manages risks that hinder the achievement of long-term and medium-term plans throughout the Group and takes measures for priority management risks.
Corporate Strategy Council	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2) Senior Executive Officer and several others	Twice/Year	Examines JTEKT's medium- to long-term strategy based on various roadmaps (markets, products, technologies).
Corporate Strategy Committee	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Week	Investigates policies and directions for the establishment and sustainable development of business foundations through expert and thorough deliberation from the perspective of business execution.
Quality Function Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Reviews the results of activities and deliberates on future actions based on quality function policies and measures.
Cost Function Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	4 times/Year	Makes issues relating to current cost functions visible and investigates responses.
Information System Function Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Shares information on issues and investigates and deliberates on response policies for the implementation of IT policies and establishment of governance globally.
Domestic Plant Strategy Review Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	6 times/Year	Reviews safety, quality, and profit issues, and discusses optimal location production and strategies.
Reviewing meeting on business issues of domestic subsidiaries	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Year/ Company	Shares information and issues relating to the status of management, the management vision, and strategies with senior management of Group companies.
Reviewing meeting on business issues of overseas subsidiaries	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/ Quarter/ Company	

• Main Deliberation Themes and Number of Proposals at the FY2023 Meetings of the Board of Directors

Category	No. of reports
Financial results / Finance	10
Business restructuring	9
Human resources	9
Policy / Plan	3
Governance / Risk management / Internal control	1
Reorganization	1
Individual cases	9

• Main governance reform initiatives

Date	Measures	Purpose
June 2005	Introduction of executive officer system	Separation of management supervision and executive function
May 2006	Publication of Corporate Governance Report	Summarize, organize, and disclose the key information on corporate governance
Jan. 2008	Establishment of Global Internal Audit Department	Audit of general tasks such as adequacy and legal compliance of management and procedures
Feb. 2009	Establishment of CSR Promotion Committee	To regularly assess the status of CSR activity promotion
June 2013	Appointment of foreign executive officer	To ensure executive officer diversity
June 2015	Appointment of two outside directors	Strengthening management oversight function
Feb. 2016	Establishment of Executive Personnel Meeting (consisting of President and independent outside directors)	To ensure the adequacy of personnel of executive officers
June 2016	Establishment of Executive Compensation Meeting (consisting of President and independent outside directors)	To ensure fairness and appropriateness in determining executive compensation
Mar. 2017	Establishment of Council for Enhancement of Corporate Value	Discussion on new value creation for improving sustainability
Oct. 2017	Establishment of Risk Management Department	Manage risks systematically to avoid or reduce them
June 2018	Increased number of outside directors by one, to a total of three	Further strengthening management oversight function
June 2019	Appointment of a female outside member of the Audit & Supervisory Board	To ensure greater executive officer diversity
Nov. 2019	Revision of Board of Directors Rules	Narrow down the agenda and devote the deliberation time of the Board of Directors to the consideration of more important matters
Apr. 2020	Introduction of Senior management system	Enables the selection of young employees to important posts and the flexible appointment and withdrawal of human resources to important posts
Jan. 2021	Review of officer system	(1) Abolition of director roles such as deputy president, senior managing director, and managing director (2) Name integration to Senior Executive Officers (3) Expansion of senior management system for positions other than above
June 2022	The number of independent outside directors became one-third of all directors.	To ensure the effectiveness of oversight function by the Board of Directors and independent and objective corporate management
June 2024	Appointment of a female outside director	To ensure greater executive officer diversity

Group Governance

In order to engage in fair, transparent and efficient Group management, JTEKT is engaged in the following initiatives at our domestic and overseas subsidiaries.

1. We share items including the JTEKT Basic Principle and the Medium-Term Business Plan, with the business plan progress confirmed at reviewing meeting on business issues of subsidiaries.

2. We require prior consultation or post-reports on important matters based on the Prior Consultation and Reporting System Standards. Important matters concerning Group management are deliberated and decided by the Company committees.

3. We developed the JTEKT Group Business Management Guidelines and require the establishment of internal control systems. We also require the prompt reporting of serious financial, safety, quality, environment, and disaster risks.

4. We require the establishment of compliance systems based on the JTEKT Global Conduct Guidelines. We also conduct regular compliance inspections based on checklists provided by JTEKT.

Nomination and Selection of Director and Audit & Supervisory Board Member Candidates

JTEKT's policy for appointing directors requires that they possess excellent character, insight, knowledge, and a high sense of ethics. Furthermore, to ensure a balance of knowledge, experience, skills, and diversity across the entire Board of Directors, which is necessary for the sustainable growth and the enhancement of corporate value over the medium to long term, we aim to appoint diverse officers with experience and expertise in organizational management which are considered important from the perspective of corporate management.

In the nomination of officer candidates, JTEKT has established the Executive Personnel Meeting consisting of President and independent outside directors as a voluntary committee to enhance objectivity in the nomination of candidates for directors and Audit & Supervisory Board members and in the consideration of the selection and dismissal of senior executive officers and senior management.

Participation of Outside Directors in Management

JTEKT nominates candidates for outside director and independent outside director who are capable of fulfilling the roles and responsibilities stipulated by JTEKT, such as being in a position to appropriately reflect the opinions of stakeholders independently of the management team, and who have achievements and insight in their respective fields. JTEKT also considers the nomination of outside Audit & Supervisory Board members (including independent outside Audit & Supervisory Board members) from a perspective of audit neutrality and objectivity.

In order to ensure that outside directors nominated and selected in this way can fully demonstrate their expertise, JTEKT holds a Liaison Meeting for Outside Directors and Auditors on the day before the Board of Directors meeting. To create an environment where outside directors can actively participate in resolutions and reports at the Board of Directors, the liaison meeting distributes materials to outside directors and provides explanations on matters to be discussed and offers opportunities for outside directors to exchange opinions with each other. In addition, JTEKT shares information on management themes other than matters to be discussed and receives opinions on new businesses under consideration.

* Please refer to the "Outside Director Roundtable" on page 63 for information on the contributions of outside directors to JTEKT's management

Sustainability Management and Corporate Governance

JTEKT has established a corporate governance system with the Board of Directors at the top. However, the Council for Enhancement of Corporate Value (renamed the Sustainability Council in FY2024), which consists of all members of the Board of Directors, including outside directors, senior executive officers, and CxOs (chief executive officers of each internal function), is mainly responsible for determining sustainability-related activity policies and supervising and providing advice on internal initiatives. At meetings of the Council for Enhancement of Corporate Value in FY2023, discussions were held on the topic of "management that values people," including future human capital management initiatives based on our human resource portfolio and the formulation of the JTEKT Group Human Rights Policy. In addition, we deliberated on the policy of improvement through comparison with other companies regarding sustainability disclosures in securities reports.

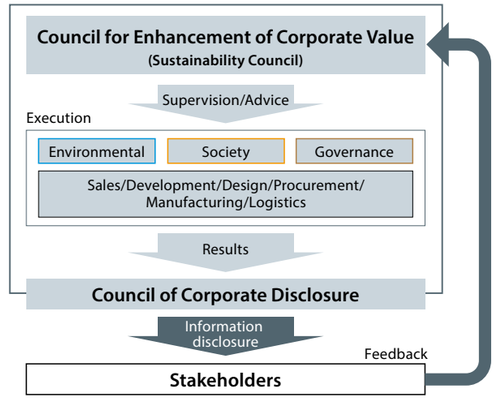
The themes discussed at the Council for Enhancement of Corporate Value are materialized as initiatives by the responsible departments in charge of related work and are reflected in business activities. JTEKT discloses information on these business activities through integrated reports (JTEKT Report), corporate governance reports, annual securities reports, and our corporate website (https://www.jtekt.co.jp/e/sustainability/).

Information Disclosure System

JTEKT believes that the appropriate disclosure of information on management strategies and their results is the basis of constructive dialog with stakeholders and an important factor in enhancing corporate value.

Based on this belief, we have clarified the standards for appropriate and fair information disclosure in our Corporate Disclosure Policy, and we have established a Council of Corporate Disclosure as an organization to realize these standards.

The Council of Corporate Disclosure, chaired by the Chief of the Corporate Division, includes those responsible for preparing statutory disclosure documents such as annual securities reports, integrated reports, and corporate governance reports, as well as those in charge of IR and public relations. In addition to considering specific information disclosure cases, the Council continues to deliberate on the approach to information disclosure that is responsive to social demands, taking into account societal trends.



Which Direction Should JTEKT Take to Improve Its Corporate Value?

JTEKT aims to continuously improve its corporate value by actively incorporating the opinions of outside officers. We asked three outside officers to talk about their evaluation of the Board of Directors and the issues facing JTEKT.

Q Since being appointed, how would you evaluate JTEKT's Board of Directors?

Sakurai: I was appointed as an Audit & Supervisory Board member of JTEKT five years ago, and am now an outside director. When I was appointed as an Audit & Supervisory Board member, I had a strong impression that there was a sense of vertical division among departments, but I think that our attitude changed drastically in the three years since former president Sato was appointed as president. Now, each executive officer is actively engaged in discussions not only within his or her own area of responsibility, but also from a companywide perspective.

Matsui: It has been two years since I was appointed, and my first impression of the Board of Directors was that everyone spoke firmly and freely. I also feel that after the brands were unified, One JTEKT has made significant progress in both name and substance, with a strong focus on fostering employee awareness and engagement.


Kazunari Kumakura Outside Director

Kumakura: I think everyone on the Board of Directors expresses their opinions very freely. Although some time had passed since integration, our feelings had not truly become one. I think it is good that One JTEKT's initiatives have led to results.

Matsui: On the other hand, I am not sure if JTEKT has a clear direction for its multiple subsidiaries located both in Japan and overseas. The management team is aware of the issues and has begun to work on them, so I would like to advise them appropriately and move forward.

Sakurai: The agenda for Board of Directors meetings is carefully prepared in advance, and our opinions are taken seriously. I feel that this kind of earnest and straightforward attitude is part of the good company culture at JTEKT. In addition, as an outside director, I think it is great that I can participate not only in the Board of Directors meetings but also in the discussions of various meeting bodies. However, in terms of monitoring and confirming the progress of each initiative, I believe that stakeholders also strongly demand a governance-based perspective. This is a warning to myself as well.

Matsui: I agree with Ms. Sakurai's opinion that improvements were made promptly regarding the issues pointed out, and they are serious and sincere.

Q Please talk about your evaluation of and challenges regarding initiatives for human capital management.

Sakurai: We were briefed in the Sustainability Council on the human resources portfolio, which will be the core of the future human resources strategy, and it was very clear how to proceed with system construction. Among them, I think it is wonderful that we are conducting a thorough analysis of human resources. In addition, the specific application examples were convincing. In this context, the linkage between the human resources strategy and strategies such as the Medium-Term Business Plan is a very good system, and I expect that we will be able to link it to strategies and move forward.


Yumiko Sakurai Outside Director

Matsui: Steady progress is being made in human capital initiatives, but there are still issues to be addressed. The first is that, as Ms. Sakurai said, the business plan and human resource strategy are not aligned. The second is to provide a path to securing the resources necessary to manage the human resource portfolio. In order to secure the source of funds, whether it is people or money, it is necessary to make a decision to stop something, or even if not to stop, to re-evaluate the current work and create a good balance. I believe it is necessary to make a careful assessment of the situation. The third point is whether the personnel system is too much from the perspective of management. I believe that the original purpose of the personnel system is to maximize the motivation of employees and other target people. The general public is calling for systems like job-based employment, but if we are to promote such systems, we need to change the hiring process itself. There are other contradictions, such as increasing mobility but encouraging retention. It is necessary to take care not to make the system convenient only for management.

Kumakura: I have the impression that other companies have been conducting trial and error activities in their efforts to develop human capital and revisions to the personnel system. However, from the perspective of employees, I believe that it is most important for a company to be sincerely committed, even while exploring different approaches. Also, when we recruit and develop people, it should be assumed that people will keep joining and leaving the Company. I think it is necessary to share know-how on human resource utilization within the Group.

Q Please share your awareness of the management issues that we are facing, including the issues that should be discussed at the Board of Directors.

Kumakura: A major issue in the overseas business is how to increase productivity in each region. I believe that we should continue to consider the direction and strategy for growth, and proceed with consolidation while keeping up the pace. I would also like to see the Toyota Group actively promote cooperation among its members. I believe that by combining the fields in which each company excels, each business can develop further.

Sakurai: I think there are two main issues. One is sustainability management and disclosure of non-financial information. Sustainability management is discussed at the Sustainability Council, but I think it is necessary to delve deeper into the themes of disclosure of non-financial information. As accountants, we refer to non-financial information as "pre-financial information." "Future" refers to financial information that is not yet available or will be available. I would like to have an in-depth discussion on how this should be communicated with stakeholders. The other issue is the approach toward PBR. For this as well, I strongly believe that we need to be aware of indicators such as ROE and ROIC, as well as capital costs, and to discuss shareholder returns from a short- and long-term perspective.


Yasushi Matsui Outside Member of the Audit & Supervisory Board

Matsui: I think that we should focus on enhancing corporate value. It is important to clarify policies in four categories, such as improving profitability, reducing low-profit assets, reforming the capital structure, and changing business portfolios, and discuss each theme one by one to disseminate them. Crossing functions and being conscious of horizontal connections in operations is expected to become more widespread in the future. However, it is essential to always be mindful of business profitability when conducting activities.

Q What are your expectations of JTEKT in the future?

Sakurai: Building upon the foundation created by former President Sato, and incorporating President Kondo's manufacturing expertise, I hope that JTEKT's unique tree-ring management as the "No. 1 & Only One" solution provider can be achieved. I have transitioned from the position of Audit & Supervisory Board member to that of director this fiscal year, and I am determined to redouble my efforts to contribute to JTEKT's development.

Matsui: It seems obvious, but I expect corporate value to increase by 2030. For that reason, I think it is important for everyone to be aware of what makes JTEKT unique and why the company exists and to establish and maintain their own autonomy. In addition, in pursuing each numerical target that serves as an indicator toward achieving the Medium-Term Business Plan, some businesses may require fundamental reforms, and I believe that the revitalization of European and American operations is key among them. I also hope that it will never forget to prioritize safety, no matter what its goals may be, as it moves forward.

Kumakura: Currently, it uses the slogan "One JTEKT" to eliminate the vertical mindset, but I hope a common awareness is instilled among employees so that we do not have to use this word in the future. In addition, I hope that more employees will understand the strengths of the company and work with pride in order to increase competitiveness toward the goals of each business as well as the entire company.



Appointed in FY2024

Messages from Outside Officers



Ikuji Ikeda
Outside Director

Leveraging experience in the automotive industry to maximize corporate value

I was appointed as an outside director of JTEKT this fiscal year. I joined Sumitomo Rubber Industries, Ltd. in 1979, a company engaged in the manufacture and sale of tires, sports goods, and industrial rubber products, and mainly worked in the tire production department. Since 2011, I have served as President & CEO, Representative Director, and since 2019, as Chairman, Representative Director, leading the global expansion of our business. As the automotive industry is said to be undergoing a once-in-a-century major transformation, I have promoted not only immediate profits and evaluations but also environmental and social considerations centered on ESG management and the construction of a sound global management system. I would like to use this experience to contribute to the evolution of our company to become the "No. 1 & Only One" company and to maximize corporate value.

The General Meeting of Shareholders where I was appointed as a director was followed by a visit to the Kariya Plant, which is an impressive historical building with a well-organized and clean environment, thanks to the thorough implementation of the 5S principles (sort, set, shine, standardize, and sustain). I was very impressed by the accurate explanation of the roadmap for future efforts in electric vehicles. In particular, I believe that I can proactively give advice on battery manufacturing equipment based on my previous experience.

In order to ensure that our business development is in line with our basic principle "for the Earth, society, and customers," we will promote appropriate discussions and advice from the perspective and knowledge of outside directors with experience in completely different industries.



Akiko Miyakawa
Outside Member of the Audit & Supervisory Board

I look forward to seeing the progress toward a new world and a diverse environment

I am honored to assume the role of Audit & Supervisory Board member at JTEKT during this crucial period of the first fiscal year of the Second Medium-Term Business Plan, and I feel a strong sense of responsibility and commitment to this role.

During the First Medium-Term Business Plan, JTEKT set out to strengthen its business structure and implemented various measures, such as lowering the break-even point, unifying the brands, and integrating overseas subsidiaries and affiliates, thereby achieving major transformation. I appreciate the decision-making and execution skills that have built a solid foundation and achieved results, even though none of it has been easy. In the next three years, the profit growth of existing businesses and nurturing new businesses will be important. As we work on various measures related to new business and solution expansion, we will keep a close eye on how people, goods, technology and funds are allocated and how we evaluate our business and move forward. I also want to emphasize the importance of non-financial perspectives that focus on solving social issues with sustainability in mind, not just from a financial standpoint.

In the VUCA* era, it is essential to hone a sense of risk and deal with situations flexibly and agilely. To this end, it is necessary to foster an environment that embraces diverse ways of thinking, without being bound by past experience and common sense, and to change ideas. I would like to support the creation of an open culture where not only women but everyone can work in their own way and live a fulfilling JTEKT life as a member of the organization.

* An acronym for "Volatility," "Uncertainty," "Complexity," and "Ambiguity" in which it is difficult to predict the future of society and business.

Risk Management

Basic Stance

Our risk management activities aim to continuously improve corporate value by controlling risks, or uncertain factors in achieving our business plan across the entire group, within expectations through integrated risk management.

Specifically, in accordance with the Risk Management Standards, which apply to all Group companies in Japan and overseas, we are working to manage companywide risks based on the following items.

1. Prevention and mitigation of risks that may have a serious impact on management
2. Establishment of a crisis management system to minimize damage if a crisis materializes

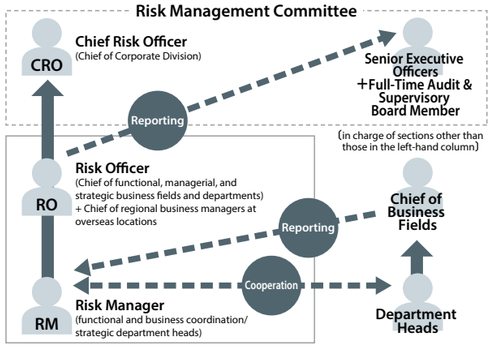
Ascertaining Risks and Clarifying Response

An annual risk assessment is carried out for each sector of business, function, and region. We assess risks associated with 1) legal regulations and related violations, 2) damage to trust and credibility, 3) operations, 4) strategy, and 5) governance. This is done using a comprehensive risk register, evaluating the importance and probability of occurrence, and formulating preventative actions and response plans. Particularly critical risks are managed across the Group with the oversight of the risk supervisor, as departments work collaboratively. Their progress is monitored and deliberated within the Risk Management Committee.

Promotion Structure

We have established a Risk Management Committee to effectively and regularly update risk assessments and risk responses that incorporate environmental changes and are implementing follow-up measures to ensure that they become firmly established. In addition, when a crisis occurs, we establish a crisis management headquarters according to the degree of impact and respond to the crisis.

• **Risk management structure**



Enforcement of Immediate Reporting

We have expanded the scope of immediate reporting that requires prompt reporting after identifying compliance issues since FY2015. We are also working on thorough enforcement of operational rules and establishment of a system to ensure that the first report after identification of other risks is promptly communicated.

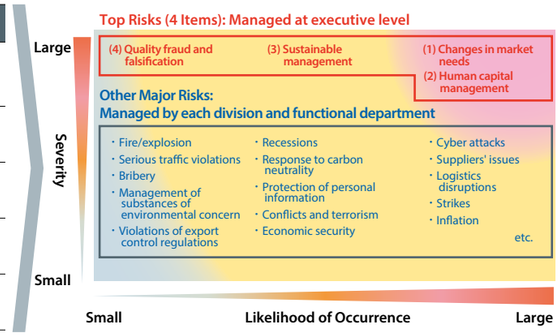
Countermeasures for a Large-Scale Disaster

In regards to large-scale disasters with particularly heavy impact on continuity of business activities, in accordance with the Basic Policy for JTEKT Group BCP,* JTEKT is promoting countermeasures for both tangible and intangible aspects, such as confirming safety of employees, emergency training, measures to mitigate disaster-related damage in households assuming various regional disaster risks and preparation for the early restoration of of the supply of products.

* BCP is an abbreviation of Business Continuity Plan

• **Risk Management Items and Responses to Each**

Items	Details
1) Legal regulations and related violations	Product/environmental laws violations, antitrust laws violations, tax evasion, security violations, privacy violations, lawsuits, etc.
2) Damage to trust and credibility	Lack of respect for human rights, slow response to the environment, problems in the working environment, traffic accidents, improper dealings, social responsibility, etc.
3) Operations	Occupational accidents, natural disasters, fires and explosions, quality issues, suppliers' issues, securing human resources, information security, etc.
4) Strategy	Responding to changes in the business environment (political, economic, social, and technology), business models, production bases, procurement and delivery, etc.
5) Governance	Management, including Group companies, inadequacies in discipline, management systems inadequate dialogue with stakeholders, etc.



Compliance

Basic Stance

We position compliance as the premise and foundation upholding corporate value, and as therefore being essential to realizing the JTEKT Group 2030 Vision. We have embarked on a Groupwide compliance program and are supporting the promotion of compliance aligned to the various natures of different businesses by Group companies.

Training and Awareness-Raising Activities for All JTEKT Group Companies

We provide ongoing education and awareness-raising activities for officers and employees of the Group on compliance. In particular, we hold executive training every year for our key officers (including directors, Audit & Supervisory Board members, and Senior Executive Officers, etc.). In FY2023, in order to prevent quality misconduct from occurring, we held workshops on the points of preventing misconduct and measures to ensure psychological safety in the workplace, and each executive issued a declaration of conduct.

In addition, every July is designated as Compliance Awareness Month to support the implementation of compliance in each workplace by disseminating a message from the president to all employees of the Group, providing e-learning, and providing educational materials for reading at workplaces. Furthermore, in addition to in-house training programs tailored to each employee's rank and position, we also take up compliance issues that require attention.

◆ Compliance Self-Check and Compliance Anonymous Questionnaires

We carry out regular surveys targeting JTEKT and Group companies to assess the status regarding compliance affecting our operations, and plan and implement compliance promotion initiatives based on the results. In addition, we conduct anonymous questionnaires of our employees on compliance violations, including quality misconduct and harassment, and strive for early detection and prevention of compliance violations through careful fact-finding.

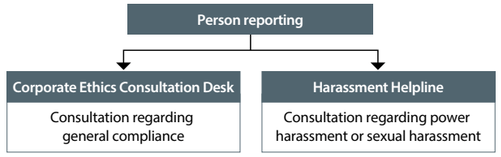
Whistleblowing System

To make it easier for employees to select a contact point according to the nature of their consultation, we have established multiple contact points (including those handled by external lawyers for JTEKT and domestic Group companies and internal contact points handled by Audit & Supervisory Board members). We also strive to prevent misconduct before it occurs and respond quickly, and prevent recurrence through the meticulous responses of personnel trained at each point of contact. In FY2024, we established the Global Compliance Hotline "Speak Up" as a global whistleblowing contact point, and have established a system to promptly respond to reports from all over the world and implement measures to prevent recurrence.

• **Number of Whistleblowing Incidents in the Past Five Years**

FY	2019	2020	2021	2022	2023
No. of reports	35	47	70	74	96

• **Role of Contact Points**



Compliance with Competition Laws / Prevention of Corruption (Bribery)

With consideration given to a global trend of placing importance on fair transactions, and features of JTEKT and JTEKT Group companies' businesses form and products, JTEKT places particular importance on compliance with the Anti-Monopoly Act of Japan, the laws and regulations of various countries relating to competition and acts of corruption and bribery.

Appropriate Tax Payment

In order to realize the JTEKT Basic Principle, we recognize that it is important to pay taxes appropriately in the countries and regions where we do business, and we comply with laws and the spirit of tax payment. In addition to establishing the JTEKT Global Conduct Guidelines in the resolution of the Board of Directors, the JTEKT Tax Policy was established in July 2024 to provide guidelines for the actions of all officers and employees and to ensure tax transparency. While maintaining sound and normal relationships with tax authorities in the countries and regions in which we operate, JTEKT and the JTEKT Group endeavor to appropriately report income commensurate with our business, including the application of tax incentives. We also have established Group policies based on the OECD Guidelines and set appropriate prices for inter-group transactions. We do not conduct tax planning that leads to tax base erosion or income transfer by using tax havens or tax treaties, etc. in countries or regions outside of where our business sites are located. In promoting the above activities, the Chief Financial Officer (CFO) is ultimately responsible for the establishment and maintenance of the JTEKT Group's tax corporate governance, tax risk management and significant tax issues under the direction of the Board of Directors. The CFO and the accounting department report the status of governance to the Board of Directors, Audit & Supervisory Board (members), etc.

Eleven-Year Consolidated financial Summary

Fiscal years ended March 31		Unit	JGAAP						IFRS					
			FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales / Revenue		Billions of yen	1,260.1	1,355.9	1,399.9	1,318.3	1,441.1	1,520.8	1,520.8	1,418.8	1,246.2	1,428.4	1,678.1	1,891.5
Business profit		Billions of yen	–	–	–	–	–	–	71.7	37.5	15.9	42.3	62.6	72.8
Operating income / Operating profit		Billions of yen	58.2	74.1	81.9	77.4	81.3	66.6	63.7	16.1	12.9	36.4	49.3	62.1
Ordinary income (loss)		Billions of yen	61.8	79.3	81.2	78.0	82.5	69.6	–	–	–	–	–	–
Profit (loss) attributable to owners of parent / Profit (loss) for the year attributable to owners of the parent company		Billions of yen	23.3	42.5	48.6	47.5	49.6	24.6	27.2	-3.7	0.8	20.6	34.2	40.2
Net assets / Equity		Billions of yen	418.8	499.7	480.0	512.9	572.5	571.0	585.4	531.5	585.0	660.4	700.7	822.7
Total assets		Billions of yen	1,066.4	1,126.2	1,075.8	1,117.8	1,277.0	1,267.8	1,298.0	1,244.2	1,291.3	1,386.4	1,441.3	1,628.5
Net interest-bearing debt		Billions of yen	180.8	158.6	125.1	114.4	139.5	138.0	141.0	193.2	167.5	137.5	131.3	74.9
Capital expenditures		Billions of yen	76.4	68.4	63.1	66.4	66.6	75.2	75.2	75.0	50.7	44.4	62.3	65.1
Depreciation and amortization		Billions of yen	53.0	57.0	58.4	56.0	60.4	66.9	64.3	64.6	63.0	66.9	69.4	72.3
Research and development expenses		Billions of yen	40.1	41.3	46.2	48.2	55.2	63.6	63.6	64.7	52.1	47.5	51.3	58.9
Cash flows	Cash flows from operating activities	Billions of yen	89.2	103.3	110.1	99.2	100.0	103.0	104.1	62.3	91.7	67.0	78.2	154.4
	Cash flows from investing activities	Billions of yen	-87.1	-62.0	-59.9	-68.0	-99.0	-75.3	-75.2	-91.7	-52.5	-25.2	-52.1	-71.3
	Cash flows from financing activities	Billions of yen	-35.4	-36.4	-49.3	-22.1	60.2	-26.5	-27.3	34.2	-57.9	-43.5	-28.7	-47.2
	Cash and cash equivalents	Billions of yen	61.9	65.4	61.6	70.2	132.6	132.4	132.4	134.8	118.6	124.2	123.8	167.0
Financial index	Business profit margin	%	–	–	–	–	–	–	4.7	2.6	1.3	3.0	3.7	3.9
	Operating income margin	%	4.6	5.5	5.9	5.9	5.6	4.4	4.2	1.1	1.0	2.5	2.9	3.3
	Ordinary income margin	%	4.9	5.9	5.8	5.9	5.7	4.6	–	–	–	–	–	–
	ROA	%	2.2	3.9	4.4	4.3	4.2	1.9	2.1	-0.3	0.1	1.5	2.4	2.6
	ROE	%	6.2	9.8	10.5	10.1	9.7	4.6	5.0	-0.7	0.2	3.3	5.3	5.5
	Equity ratio	%	37.1	42.0	42.3	43.6	41.7	42.3	42.4	40.1	42.7	45.0	46.3	48.4
	D/E ratio	Times	0.46	0.34	0.27	0.23	0.26	0.26	0.26	0.39	0.30	0.22	0.20	0.09
	Inventory turnover months	Months	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.6	1.8	1.7	1.7	1.6
Share information	Market capitalization	Billions of yen	524.9	644.0	501.1	593.5	541.0	467.5	467.5	252.3	387.9	330.9	350.4	490.2
	Number of shares issued	Thousands of shares	342,186	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286
	Dividends per share	Yen	18	34	42	42	43	44	44	38	16	18	30	36.0
	Payout ratio	%	26.3	27.4	29.6	30.3	29.7	61.2	55.4	–	685.2	29.8	30.0	30.7
	Number of employees	Persons	43,456	43,912	43,938	44,528	49,589	49,693	49,693	49,933	48,332	47,167	46,053	45,717
Exchange rate	USD	Yen	100.23	109.93	120.14	108.38	110.85	110.91	110.91	108.74	106.06	112.38	135.47	144.62
	EUR	Yen	134.37	138.77	132.58	118.79	129.70	128.41	128.41	120.82	123.70	130.56	140.97	156.80

List of Non-Financial Data

Four-Year of Non-Financial Data

				Unit	FY2020	FY2021	FY2022	FY2023
Contributing through Monozukuri	Products [Consolidated]	Contribution to CO_2 emissions reduction through products*1		Thousand tons	812	130	225	575
	Research and Development [Nonconsolidated]	Number of patent applications		Cases	483	332	325	328
		Patent applications for new technologies and related to new areas		%	39.8	34.0	32.9	32.3
	Environment [Consolidated]	Prevention of global warming	Total CO_2 emissions for internal production	Thousand tons	556	656	617	646
			Renewable energy introduction rate	%	5.1	4.1	4.5	6.0
		Effective use of resources	Waste emissions basic unit per in-house production volume	Tons/100 million yen	8.51	8.10	7.54	7.35
			Water usage basic unit per in-house production volume	Thousand m³/ 100 million yen	1.10	0.97	0.87	0.78
	Environment [Nonconsolidated]	Prevention of global warming	Total CO_2 emissions for internal production	Thousand tons	184	223	206	210
			Total CO_2 emissions in logistics	Thousand tons	8.6	9.5	8.9	9.3
			Renewable energy introduction rate	%	6.7	6.8	6.8	8.0
		Effective use of resources	Waste emissions basic unit per in-house production volume	Tons/100 million yen	5.97	6.19	6.50	6.65
			Water usage basic unit per in-house production volume	Thousand m³/ 100 million yen	1.34	1.28	1.27	1.31
			Emissions and transfers of substances subject to PRTR legislation (PRTR substances)	t	33	32	31	74
			No. of environmental anomalies	Cases	0	2	0	1
Establishment of a firm management foundation	Safety and Health [Nonconsolidated]	Lost time accident rate			0.20	0.11	0.11	0.12
	Employees [Nonconsolidated]	Total number of selected human capital pools (number of successor candidates for head of department)*1		Persons	112	131	96	88
	Employees [Nonconsolidated]	Level of understanding by employees of own division's vision*2		%	–	90.7	92.1	93.1
		Female managers percentage		%	1.20	1.68	2.02	2.30
		Female assistant managers percentage		%	5.61	5.90	6.01	6.46
		Female employee percentage		%	10.59	10.52	10.07	10.73
		Employment rate of persons with disabilities		%	2.23	2.29	2.32	2.32
		Acquisition rate for childcare leave (female)		%	100	100	100	100
		Acquisition rate for childcare leave (male)		%	13.0	17.3	32.1	57.2
		Education and training time per employee		Hours	3.39	7.02	7.7	7.8
	Governance [Nonconsolidated]	Number of whistleblowing made		Incidents	47	70	74	96
All data relating to employees [Nonconsolidated]	Number of employees (number of female employees)			Persons	14,490 (1,471)	14,303 (1,504)	14,173 (1,427)	14,107 (1,514)
	Total number of fixed-term, part-timer, reemployed, and temporary employees				2,458	2,638	2,761	2,974
	Job turnover rate within the first 3 years [permanent employees, seasonal recruits, voluntary early retirement]			%	3.51	4.08	2.34	4.48
	Number of hires [periodic recruits] (number of female recruits)		Total	Persons	147 (12)	145 (10)	149 (7)	145 (9)
			Administrative		20 (8)	20 (7)	21 (4)	24 (4)
			Technology		53 (3)	52 (2)	50 (0)	43 (2)
			Specialist		73 (1)	73 (3)	78 (3)	78 (3)

*1. Starting in FY2021, we changed the reference year to FY2015, which featured higher efficiency. Activities will be promoted in accordance with the 2025 Environmental Action Plan, toward the objective of reducing emissions by at least 165,000 tons from the FY2015 base.
*2. Survey on degree of understanding was not conducted in FY2020

Sustainability Indicators and Targets

	Indicators	Targets	Notes
Responses to climate change	CO_2 emissions	60% reduction compared with FY2013 levels (including 17 domestic and 31 overseas Group companies)	FY2030 target
Creation of a recycling-based society	Waste emissions basic unit per in-house production volume	7% reduction compared with FY2018 levels	FY2025 targets
	Water usage basic unit per in-house production volume	7% reduction compared with FY2018 levels	FY2025 targets
	No. of spills involving environmentally hazardous substances (legal violations)	0 incidents (including companies subject to consolidation)	(Ongoing target)
Occupational safety and health	No. of major accidents	0 incidents (including companies subject to consolidation)	(Ongoing target)
	Lost time injury frequency rate	0.05 (Nonconsolidated)	This rate indicates the frequency of accidents, which in this case should be taken to refer to the number of occupational injuries resulting in lost workdays per million actual working hours.
Health	Outcomes of Health and Productivity Management	Ranked in the top 500 (Nonconsolidated)	Acquired White 500 accreditation for Health & Productivity Management Outstanding Organizations
Human resource development	Participation rate for problem-solving training (1-4 years in the company, assistant managers)	100%	
Engagement	Employee Net Promoter Score (eNPS)	-55 (nonconsolidated)	FY2026 target (FY2023: -69)
Diversity	Ratio of female managers	3.0% (nonconsolidated)	FY2026 targets
	Percentage of eligible male employees taking childcare leave	100% (nonconsolidated)	FY2026 targets
Compliance	No. of serious legal violations	0 incidents	(Ongoing target)
Cyber security	No. of incidents of a serious nature arising	0 incidents	(Ongoing target)

Evaluation Index (KPI) for Health and Productivity Promotion

We regard labor losses due to employee health problems as a management issue, and comprehensively evaluate them from the two perspectives of "result index" and "action index." In particular, the action index is designed to be an indicators that can be improved by raising the health awareness of each individual, with the aim of fostering the awareness of all employees to participate in health promotion measures. We are working to improve the health of our employees by implementing the PDCA cycle to achieve our goals so that they can work in good health and vigorously.

Classification	Items	FY2025 target	FY2023 result
Result index	Days of non-occupational injury or illness leaves	29,000 days	33,912 days
	Number of non-occupational injury or illness leaves	480 persons	873 persons
	Days of mental illness leaves for the first time	3,750 days	5,900 days
	Number of mental illness leaves for the first time	63 persons	76 persons
Action index	Healthy Human Assessment (★: Common to the TOYOTA group) ★Healthy weight ★Light drinker / Non-drinker ★Well rested by sleeping ★Have an exercise habit ★Eat breakfast everyday ★Don't eat snacks ★Non-smoker ★Excellent mental health ●Have a hobby ●Brush own teeth at least twice a day	Percentage of people who checked 7-10 items is 70% or more	Percentage of people who checked 7-10 items is 60.1%

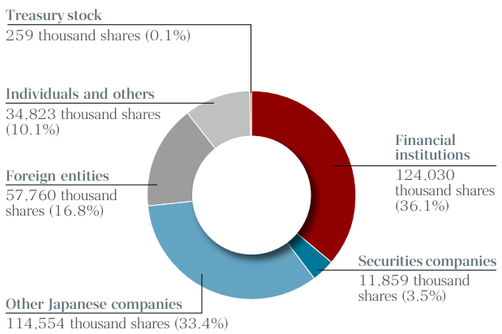
Stock Information / Company Overview

Stock Information

Stock Information

No. of shares	No. of shares authorized	1,200,000 thousand shares
	No. of shares issued	343,286 thousand shares
No. of shareholders		29,113

Distribution by Ownership (Percentage of shares issued)

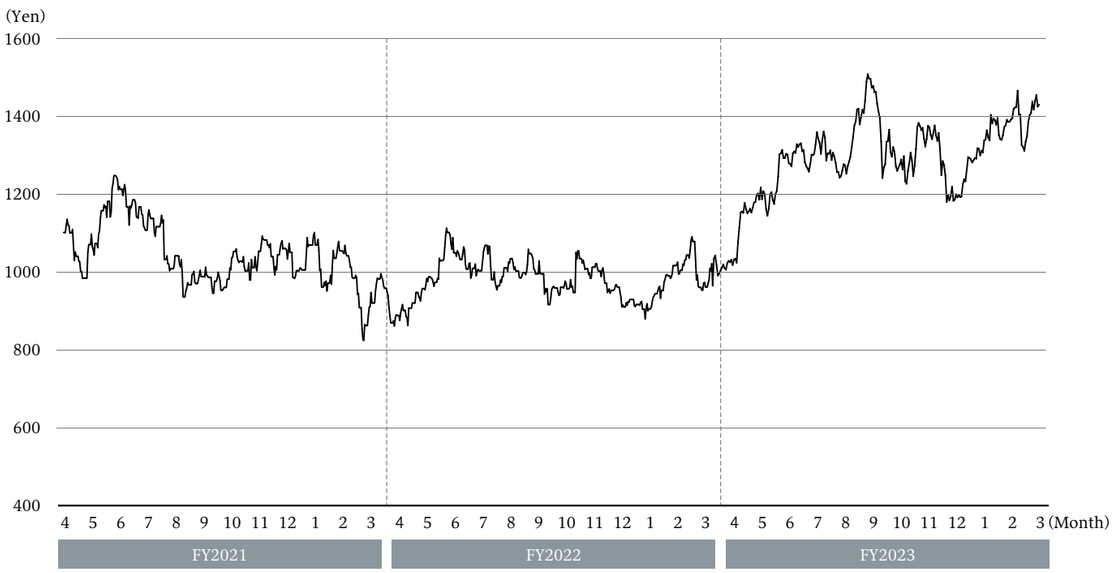


Major Shareholders (Top ten)

Name	No. of shares (thousand shares)	Ratio of shareholding (%)
Toyota Motor Corporation	77,235	22.5
The Master Trust Bank of Japan, Ltd. (Trust account)	47,791	13.9
Custody Bank of Japan, Ltd. (Trust account)	29,560	8.6
DENSO CORPORATION	12,860	3.7
Nippon Life Insurance Company	11,125	3.2
Toyota Industries Corporation	7,813	2.3
Sumitomo Mitsui Trust Bank, Limited	7,635	2.2
Sumitomo Mitsui Banking Corporation	6,366	1.9
Toyota Tsusho Corporation	5,969	1.7
JTEKT employee shareholding association	5,832	1.7

Note: The ratio of shareholding is calculated by deducting the number of treasury stock (259 thousand shares) from the number of shares issued (343,286 thousand shares).

Information on Stock Prices

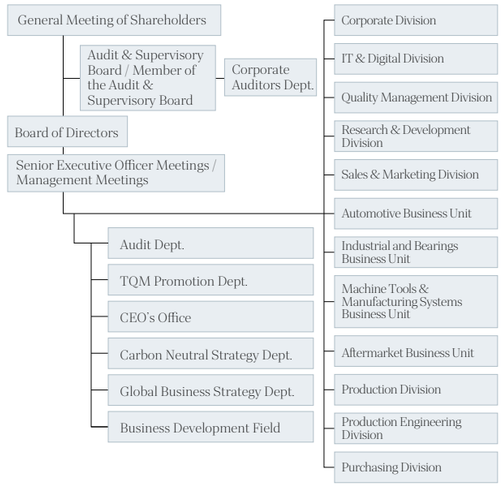


Company Overview

Corporate Profile

Company name	JTEKT Corporation	
Headquarters and head office	1-1, Asahi-machi, Kariya, Aichi 448-8652, Japan	
Phone number	[Head Office] +81-566-25-7211	
President	Yoshihito Kondo	
Capital	45,591 million yen (As of March 2024)	
No. of employees	45,717 [Consolidated]	(As of March 2024)
	11,252 [Nonconsolidated]	
Revenue	1,891,504 million yen	[Consolidated] (As of March 2024)
Business profit	72,898 million yen	
Net sales	807,382 million yen	[Nonconsolidated]
Ordinary income	73,236 million yen	
No. of consolidated subsidiaries	120 (Domestic: 28, Overseas: 92) (As of March 2024)	

Organizational Chart (As of December 1, 2024)



Third-Party Evaluations

In FY2023, we received recognition for our pioneering initiatives to address climate change issues such as the reduction of environmental load and CO_2 emissions for the realization of our aim of minimizing CO_2 emissions set forth in the JTEKT Environmental Challenge 2050.

- Acquisition of Science Based Targets (SBT) certification within the JTEKT Group
- Received the highest rating of A in the "Climate Change Category" and an A- leadership level rating in the "Water Security Category" at CDP 2023
- A component of the FTSE Blossom Japan Sector Relative Index
- A component of the SOMPO Sustainability Index (13th consecutive year)

FTSE4Good | FTSE Blossom Japan | FTSE Blossom Japan Sector Relative Index | CDP A LIST 2023 CLIMATE | 2024 ESG FINANCE AWARDS JAPAN | 2024 Sompo Sustainability Index | SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTIONS

<Major Certifications and Awards in FY2023>

- Received the highest honor, the Best Paper Award, for the paper titled "The Haptic Link Enabling Driver-Automation Teaming" about Pairdriver™, developed by JTEKT, at the 4th IEEE International Conference on Human-Machine Systems (IEEE ICHMS 2024)
- Received the Invention Award at the FY2024 National Invention Awards of Japan hosted by the Japan Institute of Invention and Innovation for "low power hydrostatic bearings" for grinder wheel spindles
- Received the Energy Conservation Center, Japan Chairman's Award at the FY2023 Energy Conservation Grand Prize (Energy Conservation Case Category) sponsored by the Energy Conservation Center, Japan for energy-saving efforts in forging material production line by developing a warm-sizing method for constant velocity joints (CVJ), which are a part of driveshafts
- Received the Nippon Brand Prize at the 20th Cho-Monozukuri Parts Grand Prize 2023 hosted by Nikkan Kogyo Shimbun for the high-performance bearing for road bikes, ONI BEARING™
- Kagawa Plant received the Kagawa Decarbonization Initiative Grand Prize in the FY2023 Kagawa Decarbonization Promotion Business Awards Project organized by Kagawa Prefecture

JTEKT

JTEKT Corporation

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JTEKT REPORT is available on JTEKT's official website.

www.jtekt.co.jp/e/

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