

JTEKT

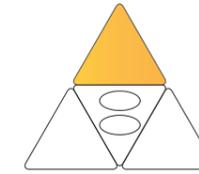
JTEKT REPORT 2022

Integrated Report

JTEKT
Reborn

Taking on the challenge of No. 1 & Only One, contributing to our earth, society and our customers

Seek to contribute to the happiness of people and the abundance of society through product manufacturing.
In order to please our customers, each of our employees thinks proactively based on our Basic Philosophy, with the Company acting as one to deliver value that exceeds customer expectations.



For the earth

Valuing our air, water, soil, flora, and fauna

- Carbon neutrality

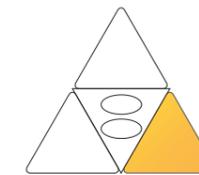
For society

Continuous "tree-ring" growth for stable employment and payment of taxes

For customers

Pursuing high quality at a reasonable price to achieve No. 1 & Only One

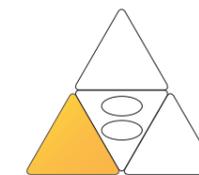
- Medium- to Long-term Business Plan



Total participation

Cooperation beyond the barriers between Group companies and business divisions

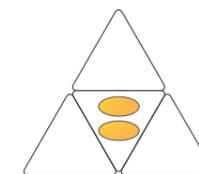
- Brand unification
- New businesses
- For employees



Continuous kaizen

Human resources with problem-solving methods and IT skills

- Human Resource Development



Dialogue

Communication as a team is essential to achieving "Passion"

- Top Message

Passion

The desire to do something for someone is the driving force behind everything

- Top Message

Editorial Policy

This report introduces business and environmental, social and governance (ESG) activities 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. Please refer to the guidelines to the right that were referenced when creating this report. For more information on ESG, please visit our website. We hope this report facilitates an understanding our corporate activities.

Reference guidelines

- IFRS (International Financial Reporting Standards) framework
 - Japan's Corporate Governance Code
 - "The GRI (Global Reporting Initiative) Standards"
 - Japan's Ministry of the Environment "Environmental Reporting Guidelines (2018 edition)"
 - ISO 26000 (International Standard for corporate responsibility)
- Target period:** April 2021 to March 2022
Publication: September 2022

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 dating back to the past.

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 results may differ from those stated.



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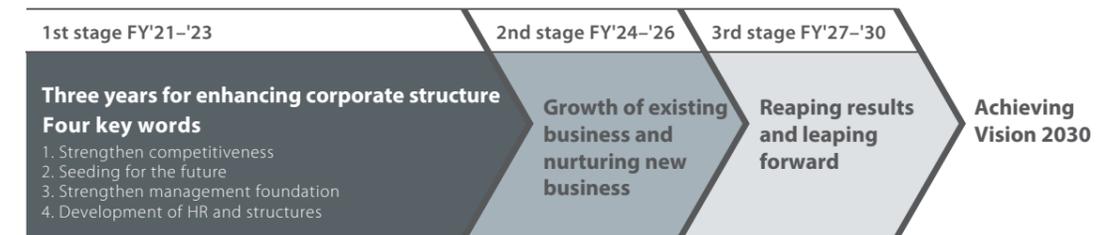
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Medium- to Long-term Business Plan



We have formulated our Vision 2030 and Medium- to Long-term Business Plan to grow as a company that resolves social issues. We have divided the 10-year period up to 2030 into three periods of three, three, and four years.

Long-term plan —Vision 2030— Utilizing the seeds of the JTEKT Group and collaborating with the Toyota Group to win in new areas. To achieve further business growth, strengthen the competitiveness of existing business.



Materiality

- 1. Contribute to safe, secure and comfort life**
 - Turning solution for all mobilities
 - Safe automation/labor-saving for various works and services
 - Life and care support for aging society
- 2. Protect the rich earth for future children**
 - Prevention of global warming
 - Contribution to recycling society
 - Reduction of environmental impact
- 3. Provide new values to manufacturing (monozukuri)**
 - Providing key components supporting industry
 - Improvement in productivity by utilizing digital technology
 - Extending life span of machine by preventive maintenance
- 4. Develop organizations and people that are trusted by society and contribute to society**
 - Human resources development
 - Safety and health of workers
 - Governance
 - Diversity
 - Compliance

Creating the products that society needs by combining our strength

Further strengthening JTEKT by combining and utilizing our strengths

We create new value that is for the benefit of the earth, society, and customers using synergies generated through the combination of the JTEKT Group's businesses including the automobile, industrial and bearing, and machine tools & manufacturing systems businesses.

Machine Tools & Manufacturing Systems Business Unit

11%
¥151.4 billion

Industrial and Bearings Business Unit

22%
¥311.5 billion

Automotive Business Unit

68%
¥965.3 billion



Revenue

Automotive Business Unit

Sales increased in all areas, resulting in a 14.1% year-on-year increase

Industrial and Bearings Business Unit

Sales increased in all areas, resulting in a 15.3% year-on-year increase

Machine Tools & Manufacturing Systems Business Unit

Sales increased in all areas, resulting in a 16.3% year-on-year increase

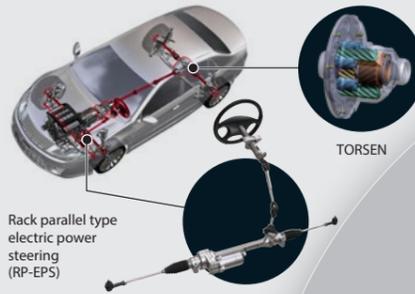
Note: Component ratios in results are rounded, and consequently, the sum of the component ratios may not add up to 100%.

Automotive Business Unit

→ P. 37

Leading supplier of components responsible for "driving" and "turning"

JTEKT has an extensive lineup of steering systems and supports comfortable and safe driving with driveline components. We will continue creating driving and turning innovations as a leading supplier in the future.

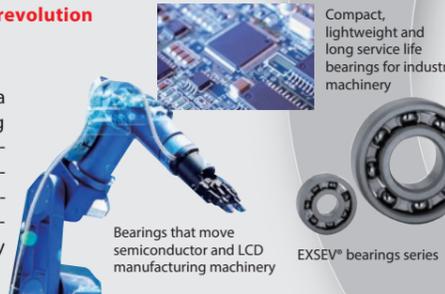


Industrial and Bearings Business Unit

→ P. 38

Technology that supports the revolution of society and moves various industries more smoothly

We supply advanced bearings to a variety of industries by adapting our low-friction torque, high-quality technologies designed for automobiles to general industry including industrial robots, semiconductors, and environmentally-friendly wind power generation.



Machine Tools & Manufacturing Systems Business Unit

→ P. 39

Providing value in all phases of manufacturing

With products that can create high-productivity lines according to customer needs, we seek to create truly integrated production lines that are trusted by customers and enhance *monozukuri* value.





Aftermarket Business Unit

→ P. 40

Finding value in using the product to the end

In the aftermarket, the entire Group works together to support the product lifecycle through close collaboration with customers. In addition, we will create new value from the customer's point of view and deliver a wide variety of products, services, as well as joy, a sense of security, and safety.



New Businesses Diligently studying all the technologies possessed by JTEKT to create new value

To address future social issues including declining birth-rates, aging populations, and environmental and energy problems, JTEKT will continue to create new value by consolidating and integrating technology throughout the Group including technologies refined in the automobile component, bearing, and machine tools businesses.



Accurately ascertain the needs of customers worldwide and respond quickly

The JTEKT Group, which has development and manufacturing bases in approximately 30 countries and regions, is committed to promoting the development of products with high added value by quickly ascertaining global trends and changes and amassing this information at development bases that act as antennas tuned into customer needs.



North America

No. of companies 17
No. of employees 6,297



South America, Others

No. of companies 6
No. of employees 837

Europe

No. of companies 28
No. of employees 6,699



China

No. of companies 25
No. of employees 5,684



Asia, Oceania

No. of companies 32
No. of employees 8,083

Japan

No. of companies 36
No. of employees 19,567



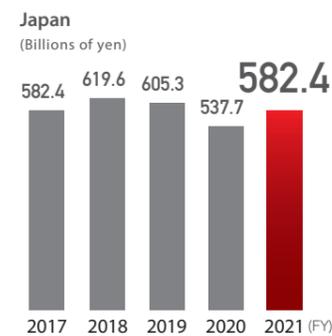
Sales by Region



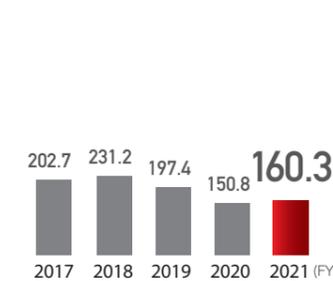
Japan
¥582.4 billion

In fiscal 2021, sales increased in all regions due to improved market environment and other factors.

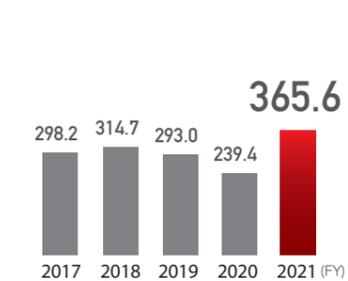
We are committed to promoting cost reduction and fixed cost control on a global level, with the aim of establishing a corporate structure that enables us to earn profits even if the market environment deteriorates, such as a decline in sales.
Note: Sales by region are rounded to the nearest 10 million.



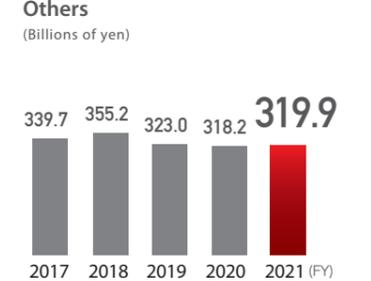
Europe
(Billions of yen)



Asia, Oceania
(Billions of yen)

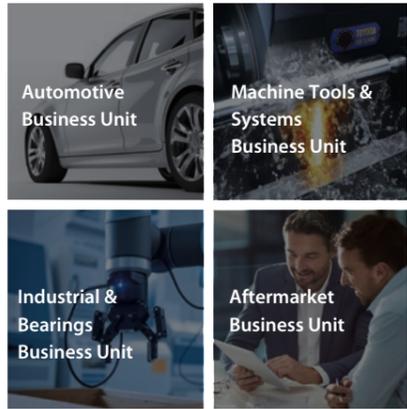


North America, South America, Others
(Billions of yen)



Our aim is to enhance corporate value through the resolution of social issues

We are committed to reassessing the strengths of the JTEKT Group in response to future social issues and the ideal state we aspire to, to realize a better future with our No. 1 & Only One technologies, and to grow together with society.



Forecast

We review our position connecting it to new values that we can offer in the future through the know-how cultivated in the past and present.

- External Environment & Social Issues
- Hydrogen society
 - Renewable energy generation
 - Autonomous
 - Electrification of automobiles

Management Resources (Strengths)
P. 05

- JTEKT Group Challenges
- Each inherited business stands alone and seldom exchange
 - Unable to unify business structure
 - Leave overseas affiliated companies reorganized/restructured

Business
P. 05

2021-2030
Medium- to Long-term
Business Plan
P. 22

We have formulated the long-term and medium-term management plans dividing the 10 years till 2030 into three phases of three years, three years, and four years.

Social challenges to be solved through business

- 1 | Contribute to safe, secure and comfort life
- 2 | Protect the rich earth for future children
- 3 | Provide new values to manufacturing *monozukuri*

Important issues in business structure

- 4 | Develop organizations and people that are trusted by society and contribute to society

Materiality
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Providing value to society



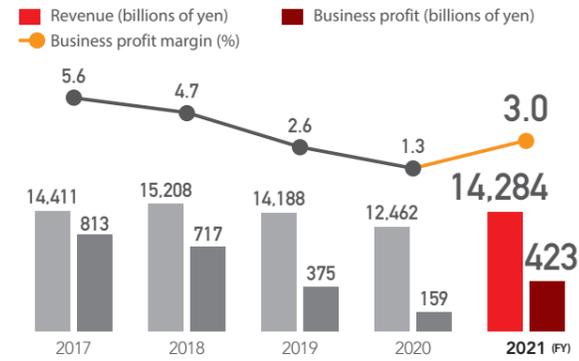
Backcasting

We are committed to swift identification of changes in the surrounding environment, to visualizing the value we bring to the future, and to examining current initiatives. Combinations of effective initiatives and effective measures are examined and incorporated into the business.

Financial / Non-Financial Highlights

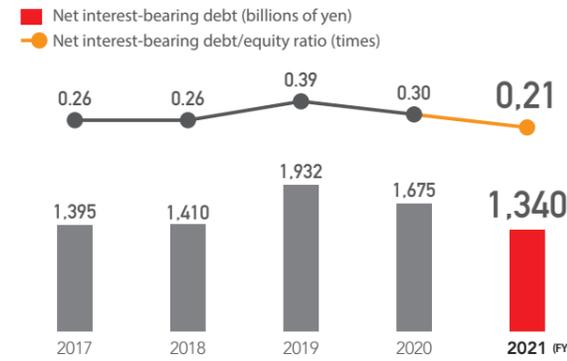
JTEKT has applied the International Financial Reporting Standards (IFRS) since fiscal 2018.

Revenue / Business profit / Business profit margin



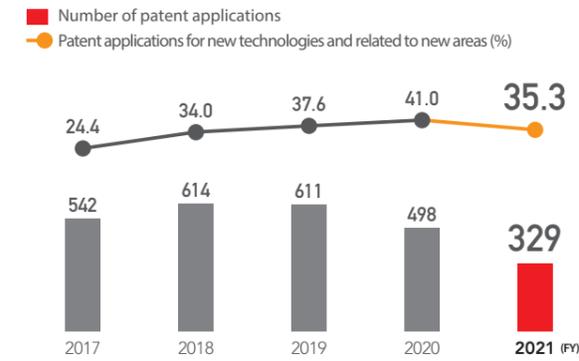
Profits have been supported by the industrial and bearing business, which has been making efforts to improve costs by reducing personnel and taking other measures, and the machine tool business, which has benefited from solid performance in industry. Profit in the automobile industry has slumped due to a shortage of semiconductors and soaring prices for materials and logistics, but overall, business performance is recovering.

Net interest-bearing debt / Net interest-bearing debt/Equity ratio



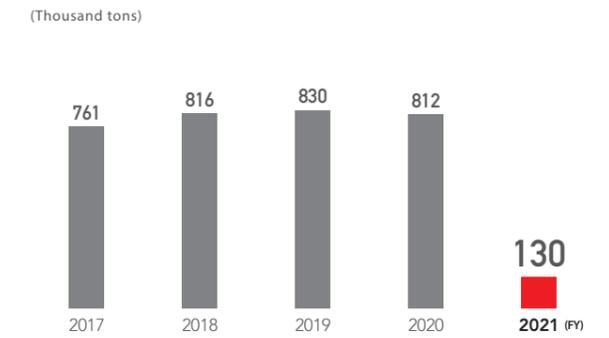
Funds generated from business activities and the sale of strategic shareholdings were applied to the repayment of loans, leading to a reduction in net interest-bearing debt and improvement of the net debt/equity ratio.

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



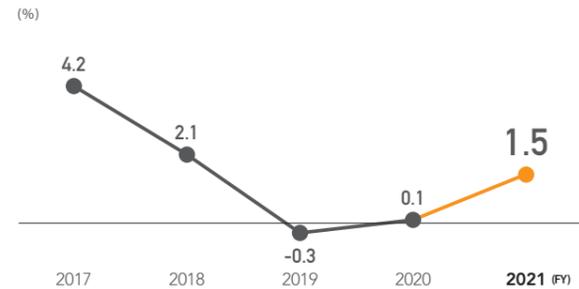
As we shift our patent application strategy from quantity to quality, we are transitioning from existing business areas to new technology and new areas and creating a patent portfolio that can establish competitive superiority in future business.

Contribution to CO2 emissions reduction through products



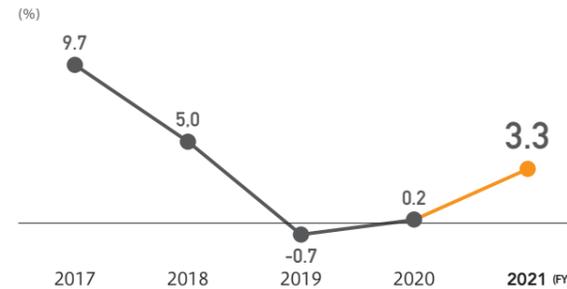
Starting in fiscal 2021, we changed the reference year to 2015, which featured higher efficiency. In accordance with our 2025 environmental action plan, we are working towards our target of reducing emissions by at least 165,000 tons compared to fiscal 2015.

Return on assets (ROA)



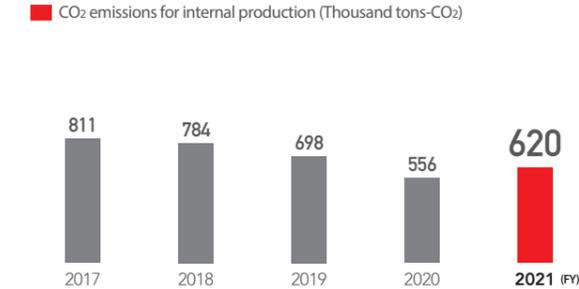
As a result of improvement in various financial conditions, ROA increased by 1.4 points compared to the previous fiscal year.

Return on equity (ROE)



As a result of improvement in various financial conditions, ROE increased by 3.1 points compared to the previous fiscal year.

CO2 emissions for internal production (global)



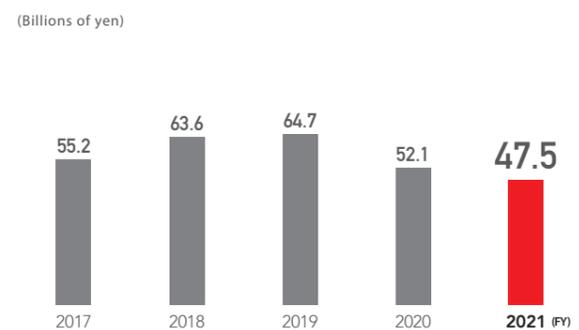
Until now, we have been promoting activities such as energy-conservation activities including shutdown of non-operationals and air reductions, and the introduction of renewable energy. However, in fiscal 2021, CO2 emissions increased by 11.5% from the previous fiscal year due to an increase in production volume.

Accident frequency rate



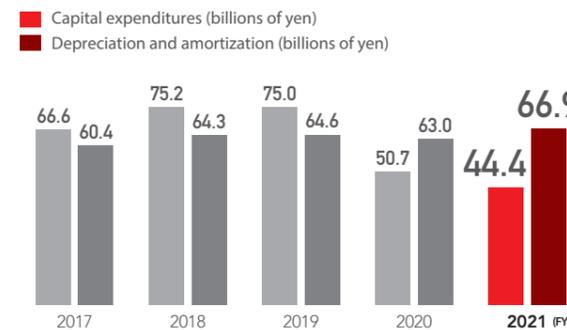
We will continue to take action in pursuit of a zero accident frequency rate.

Research and development expenses



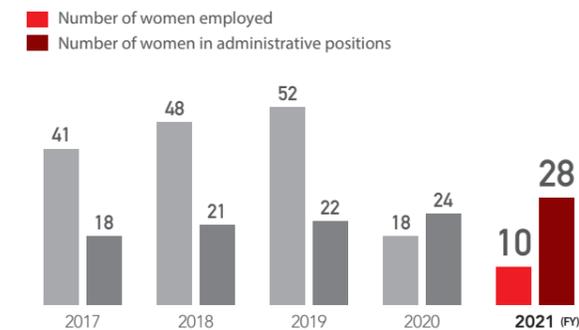
Total expenses decreased as a result of improvement in R&D operations in existing businesses and other factors. We will continue to actively invest in the development of next-generation products and new businesses in parallel.

Capital expenditures / Depreciation and amortization



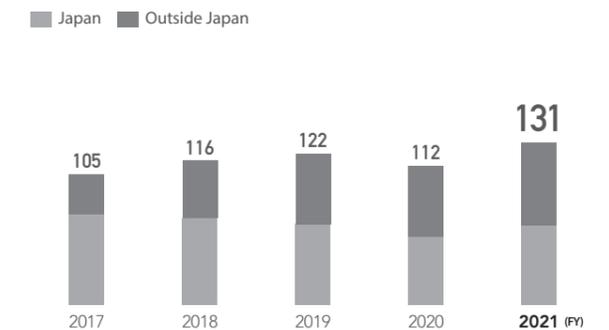
We successfully reduced waste in business by consolidating sites in Europe and implementing other measures. By redirecting the results of improvement into up-front investment, we are concurrently sowing seeds for the future.

Number of women employed / Number of women in administrative positions



The number of women in administrative positions increased by 15% from the previous fiscal year. The total number of new employees hired has been decreasing since fiscal 2020, and as a result, the percentage of female employees has declined compared to 2019.

Total number of human resources selected from global capital pools



To conduct stable business operations in and outside of Japan, we are developing human capital that can serve as successors in key posts within Japanese and overseas Group companies.



Kazuhiro Sato
President

Maximizing group synergies as One JTEKT Boldly expanding into new domains and becoming a “powerful company” with a solid foundation and agility

JTEKT Reborn begins producing tangible results

Management faced an extremely severe business environment in fiscal 2021 with the Covid-19 pandemic conditions as well as semiconductor shortages, tight logistics conditions, and soaring resource prices. Nevertheless, we were able to secure profit for the year attributable to owners of the parent company of ¥20.6 billion.

After the first case was reported in Wuhan, China, in December 2019, Covid-19's rapid worldwide spread in just a few short months triggered a sharp slowdown in the global economy. In fiscal 2019, the JTEKT Group reported its first loss in a decade since the Global Financial Crisis in 2009, and recorded a business loss of roughly ¥30 billion in the first quarter of fiscal 2020. It was in those adverse conditions that I was appointed president of JTEKT at the end of June 2020. Over the next nine months I did everything I could to pare the company down to a lean operating structure, and in fiscal 2020 we posted a final profit of ¥800 million and avoided a second straight year of losses. With that lean structure, in fiscal 2021, we recorded the roughly the same amount of sales as in fiscal 2019, but posted final profit of ¥20.6 billion. Fiscal 2021 was a very meaningful year for us. Although earnings were less than satisfactory, we approached fiscal 2021 as the first year of JTEKT Reborn, and the Group really came together and put forth an earnest effort to strengthen our constitution.

When our Group recorded its first loss in 10 years in fiscal 2019, we were the only core Toyota Group company that was not profitable. Immediately after becoming president, I looked for the cause and found two primary reasons. The first was that we were too optimistic when we measured the breakeven point. While other companies were lifting weights to become stronger so they would be able to continue securing profits

Financial Results

	FY2020 Results	FY2021 Results	FY2022 Forecast
Revenue (Billions of yen)	1,246.2	1,428.4	1,600.0
Business profit (Billions of yen)	15.9	42.3	60.0
Profit for the year*1 (Billions of yen)	0.8	20.6	25.0
Breakeven sales ratio*2 (versus FY2019 sales)	85.0%	85.4%	83.0%

*1 Profit for the year attributable to owners of the parent company
*2 Breakeven point, excluding external factors such as rises in resource prices and logistics costs, for fiscal 2021 is 88.4%.

even in another financial collapse, we were taking on fat without even looking in the mirror or getting on a scale. With that constitution, we would have no chance to survive in a severe business environment and would quickly fall into the red. The other reason we were not profitable was because we were like the frog in a well that doesn't only not know the ocean but also that didn't have a vision for the future. We were continuing our business as usual without considering what our strengths and weaknesses were compared to our rivals. We also had not drawn up a growth strategy because we hadn't done backcasting from the position we wanted to reach in the market.

To break us out of the complacency, we announced our Vision 2030 in May 2021 and outlined concrete Medium- to Long-term Business Plan that will drive us toward fulfilling our vision. We divided the 10-year period to fiscal 2030 into three stages with the first stage from fiscal 2021 to 2023 as a three-year stage for enhancing our corporate structure following the four themes presented below.

Primary fiscal 2021 initiatives Activate One JTEKT synergies

The first of the four key themes of the First Stage Medium-term Management Plan is strengthening management foundation under which we implemented measures to strengthen the earnings structure and fortify our business foundation. To strengthen the earnings structure, we focused on the breakeven sales ratio (in relation to the ratio of revenue to sales in fiscal 2019) as the main measurement indicator. The measures we implemented lowered the breakeven sales point to 85.4% in fiscal 2021, down from 92.0% when I became president. The figures exclude impacts from the external environment, such as high resource prices and logistics costs, but my sense is that our development, manufacturing, and sales, and all work sites have steadily changed. The major step we took to fortify the business foundation was to unite all of our business brands under the single JTEKT brand on April 1, 2022. The new JTEKT brand retains and consolidates the many positive aspects of the former JTEKT brand. At the same time, we plan to fundamentally review and change the way we conduct our business to dispel any negative impressions that our customer may have had from not living up to their expectations. The brand unification is also an opportunity for us to transform into a proactive corporate group where each employee thinks about what they can do for customers from the perspective of overall optimization. We are removing barriers between Group companies and businesses and bringing together diverse ideas from across the JTEKT Group. By fostering the synergies as One JTEKT, we will offer customers a new level of value in our products and service.

The medium-term plan's second main theme is strengthening competitiveness, which we are doing by shifting our product development approach from product-out geared to what we think are better products to market-in of designing the products that the market is demanding. As an example, consider automotive parts. Since automakers generally plan model changes five years in advance, we determine the customer's future needs and the status of competitor suppliers, analyze the performance and price points that the customer will accept, and examine if we can gain an advantage over our competitors. Based on the targets set from that market-in approach, we now are proactively developing technology and planning production for automotive parts. It will certainly take time before the results of this new approach begin to show in our results, but we are steadily receiving orders, which is giving us confidence. Following the market-in approach, when we unified the brand, our machine tool business launched a new line of "high quality, reasonably priced" products. TOYODA brand grinders are known to be both highly reliable and carry a high price, to the point that potential customers were holding off on purchases with a sentiment of "someday, I'll own a TOYODA." We responded by creating a standard module to give customers a greater choice depending on their specific needs and introducing a new series of high-function, affordable cylindrical grinders. Our internal message was, "The highest quality at a better value." We will continue honing our approach and boosting our competitiveness by ascertaining market needs and carefully assessing the market environment and the future trends.

The third theme is sowing seeds for the future. In November 2021, we launched our gear business in earnest with the opening of the Gear Innovation Center. The growing market of industrial robots and electric vehicles is increasing demand for a stable supply of the high-precision gears, which are key determiners of the performance of drive units. We responded to these needs by bringing together the JTEKT Group technologies spanning material procurement, heat treatment, and machining to create the gear business as a symbol of One JTEKT. The number of mass production projects we have already received has shown that the demand was much stronger than we were anticipating, and we are making every effort to fulfill their needs. In addition, our Lithium-ion Capacitors, which are energy storage devices that achieve high heat resistance with our proprietary technology, are products that can contribute to a wide range of fields, such as improving the energy management efficiency for electric vehicles or to help achieve carbon neutrality. We are working to reduce costs in preparation for mass production operations which, if

successful, we expect to lead to significant market growth. I have high expectations that we can build both the gears and capacitor businesses into real candidates to become new earnings pillars for the Company.

The fourth theme is developing human resources and organizational structures, which can be said to be the most fundamental element to our future growth. We are convinced that if we continuously seek to improve and all employees earnestly think about and act on contributing "for the Earth, for society, for customers" as our TQM Basic Principles state, we will become an unrivaled Company. We are currently reorganizing the JTEKT Promotion Department to more effectively advance and deepen the adoption of the Basic Principles. For the remodeled department launched in August 2021, we introduced an open recruitment system to attract employees with a strong desire to be directly involved in changing the Company.

Medium-Term Management Plan FY2021 Key Themes

1. Strengthen the management foundation

Lower the breakeven point, structural reform in Europe and North America, brand unification

2. Strengthen competitiveness

Convert from a contract-based to a proposal-based business model

3. Sow seeds for the future

Launch a full-fledged gear business

4. Develop human resources and organizational structures

Deepen penetration of the JTEKT Basic Principles

Stepping up development of human resources and organizational structures in fiscal 2022

In fiscal 2022, the second year of First Stage Medium-term Management Plan, we will be implementing measures to advance all four themes. Now that we have raised ourselves back into profitability, I would like to finally give full attention and energy to developing our human resources and organizational structures. My aim is for us to be a company where employees can "say what they want to say, and do what they want to do." I want us to be a Toyota group member that is different for being open-minded,

distinctive, and having a unique outlook. Those characteristics were in our mind when we prepared the entrance ceremony for new employees in April 2022. We designed the ceremony so senior employees would be able to express their feelings upon welcoming new people into the Company with the aim of fulfilling the original purpose of entrance ceremonies to stoke the motivation of new employees. Our standard initiation ceremonies have been held in our auditorium where the president gave a speech. This year, we held the ceremony in the home arena of the JTEKT Stings professional men's volleyball team. Wearing personalized Stings uniforms with their names, the new employees were introduced just like the volleyball team players before a match. After striking a pose for the audience, each new member had a chance to try receiving a spike from a Stings player. It was thrilling to watch, and I'm sure will be a lasting memory for everyone who participated.



The entrance ceremony for new employees

This is just one example of how we are not just following precedent but looking deeper to the fundamental purpose, thinking flexibly and exchanging ideas, and engaging in focused discussion as we seek to add value from the customer's perspective. I believe that making this sort of approach common throughout the Company will almost automatically make us a company capable of sustainable growth.

Strengthening our competitiveness will be achieved by further pursuing Group synergies. Our strengths are in bearings and machine tools. Bearings are often described as the food staple "rice grains of industry" and machine tools the "mother machines," meaning that they will always be needed for industry to survive no matter how the world changes because bearings allow things to turn and machine tools are used for manufacturing processes. I would also add gears as an elemental component of power transmission, and we launched a full-scale business last year. Combined, these technologies give us the potential to create new products as

well as the machine tools to make them, which will give us the ability to create businesses with one-of-a-kind, inimitable strengths. We will remove barriers between divisions that block business creation and activate synergies to further enhance our competitiveness.

To sow seeds for the future, we will improve the efficiency in our existing business domains and allocate the resources that are generated use in new and emerging fields, such as parts for self-driving automobile, in research related to carbon neutral technologies, in digital transformation to bolster our business foundation, and in other strategic investments for a future business model. In our core automotive parts business, we are aiming to contribute to the spread of electric and autonomous vehicles by developing a steering system combining a steer-by-wire system and High heat-resistant Lithium-ion Capacitor as an auxiliary power supply. We are also researching crickets as a food source with an eye to developing a new business. Crickets are attracting attention as a cheap and high-quality source of protein, and we believe that if we can build a system for breeding and mass-producing crickets, then we can help the world be prepared for an era of food shortages and contribute to attaining Sustainable Development Goal 2 to achieve "zero hunger." At first glance, this may appear to have no relation to our current business fields. The connection is that a successful cricket breeding and processing plant will need our Internet of Everything (IoE) solutions and the automation technology and data and quality assurance technology that Group companies already use in their facilities.

To strengthen our management foundation, we will continue to bolster the governance of the Group. To shift to integrated Group management from a structure where each company is independently managed for advancing their own business and generating individual profit, we will need to align all the company vectors by sharing information and engaging in lively discussions to establish the One JTEKT approach and quickly activate synergies. Last fiscal year, we began holding management issue review meetings in which JTEKT executive officers, Group company managers, and regional managers thoroughly discuss issues and related activities from the perspective of optimizing the entire Group. I participated in the discussions and took the lead promoting efforts to address the issues, but in the future, I would like to encourage not just managers but employees from all levels to participate so we can unite as One JTEKT.

Roadmap to carbon neutral and digital transformation

Carbon neutrality and digital transformation (DX) are important themes that are directly linked to strengthen management foundation in the future. To strongly promote these efforts, in August 2021 we established the Carbon Neutral Strategy Office and the DX Promotion Office.

The effort to become carbon neutral tends to be seen as a cost factor, but I view it as a major business opportunity. Viewed from a different angle, minimizing CO2 emissions means making products smaller, lighter, and simpler, so lowering CO2 emissions leads to lower costs and greater competitiveness. As such, pursuing carbon neutrality is exactly the direction we should be going in. With that understanding, we are seeking to improve our production sites every day and innovating production technology and design as well as reviewing the way work is done at sites not directly involved in production. Through these activities, we have moved forward our target date for achieving Scope 1 and 2 carbon neutrality from 2040 to 2035 and are aiming to attain Scope 3 carbon neutrality including our supply chain in 2050.

In implementing DX, instead of rushing into digitalization, our first step will be to organize and integrate the Group systems that have yet to be integrated since the merger to bring them into alignment with the JTEKT standard for work procedures. Streamlining those processes will allow us to reconfirm a process's purpose and review how it is carried out, which will both increase productivity and be extremely meaningful from the perspective of strengthening governance because it will improve the communication of information within the Group. As we standardize and streamline processes, we are also identifying and prioritizing issues with the intention in fiscal 2022 of creating a DX roadmap for fulfilling our Vision 2030.

Becoming a company where employees work with peace of mind and add a new ring every year

When I imagine the company of Vision 2030, I envision using Group synergies to achieve successes in new business fields and having pillars in multiple businesses, more than we have now.

With the growing uncertainty and diversity of risk in the business environment, I believe having a variety of businesses providing a balance of earnings will be essential for sustainable growth.

Naturally, we must continue to strengthen our current three core businesses to make them stronger pillars and increase their competitiveness. The Automotive Business Unit will seek to become a system supplier for the whole range of drive and chassis components, providing not just the design and evaluation of single units, but also the design and evaluation of systems, which is currently done by the automakers themselves. We will also harness the Group's resources to meet customer needs and create and provide value in a timely manner, including providing products for electric and self-driving vehicles and offering weight reduction and efficiency improvement solutions. The Industrial and Bearings Business Unit will focus resources on the broad field of industrial machinery so we can provide high value-added products to such growth industries as robots, semiconductors, medical devices, and renewable energy as well as to the machine tool, steel, and other core sectors. In the machine tool business, we have gained a foothold with our first offering of JTEKT brand series of cylindrical grinders as we seek to capture major market share of the general market as well as the automotive market, where we have established our competitive strength.

To these three earnings pillars, we are also developing fourth and fifth pillars of the gear business and Lithium-ion Capacitors. In the gear business, we plan to be a

comprehensive gear builder that not only manufactures gears but also constructs gear production lines and contribute to the industrial robot, e-axle, and other growth markets. Lithium-ion Capacitors are used as backup power sources in combination with steer-by-wire system controls in self-driving cars and are expected to have applications in markets ranging from auxiliary power sources for drones and energy regeneration systems for railways to power stabilization systems for wind and solar power generation. We intend to diligently develop and expand our businesses in each of these areas. The Research Department is playing a leading role in sowing the seeds of new businesses that will become pillars in the future. Our target is to have about seven earnings pillars in 2030.

When managing the business portfolio, rather than businesses that can quickly become obsolete when times changes, it is important to identify and invest in businesses that will last for at least ten years. In that regard, I have high expectations for gears, which are key components, to join our founding businesses of bearings and machine tools as a long-standing, lucrative earnings pillar. Any business will experience ups and downs caused by changes in the external environment, but if we have multiple businesses holding their own, complementing each other, and providing steady revenue, then we will be a resilient Company that can withstand adversity.

Underlying all of the ideas I have mentioned here is my desire to make the Group a place where employees can be open and have long careers with peace of mind. Peace of mind for employees means the company's business remains stable in any circumstances. We aim to create new business pillars while looking ahead 10 and 20 years into the future.

manufacturing industry has an obligation to contribute to society by providing customers with high-quality, reasonably priced products and services. High-quality, reasonably priced products and services makes both our customers and their customers happy. That is a contribution to society, and that in turn will lead to increasing JTEKT's corporate value. That's why I want our employees to put all of their effort into every process with the aim of pleasing our customers.

The JTEKT Group currently employs approximately 50,000 people. Even if each person contributes just a little strength, using the Company as an instrument can magnify that power by thousands or tens of thousands. I believe that if we approach our work with the desire to contribute to the Earth, society, and our customers, we will have a positive impact on society. Let's create high-quality, reasonably priced products and services knowing that we have a great ability to have a positive impact on society. We communicate this mindset directly to employees in various ways including through town meetings at our factories and business sites and weekly messages sent to all employees. We will continue to practice "sincerity and dialogue" to deepen the permeation of the JTEKT Basic Principles and to change our way of thinking.

"For the Earth, for society, and for our customers." I myself will lead the effort to make a company where every employee is earnest about thinking, acting, and continually improving and to make JTEKT a company that brings happiness to everyone we come in contact with.

The JTEKT Group is rapidly transforming for the future.

September 2022

Contributing through our Company to society and to the happiness of stakeholders

I am always conscious of the fact that a company is an instrument for contributing to society. A company in the

佐藤和弘

Kazuhiro Sato President



Advancing our tree-ring management by fortifying both the financial and non-financial elements of our corporate structure



Akito Tachibana
Senior Executive Officer, Chief of Corporate Division

I would like to describe our financial strategy under our tree-ring management approach and also talk about our non-financial strategy including the Corporate Division's approach to human resources.

Review of Fiscal 2021 and Progress of the First Stage Medium-term Management Plan Foundation Strengthening

Fiscal 2021, the initial year of the First Stage Medium-term Management Plan, was characterized by various headwinds of the ongoing Covid-19 pandemic, reduced production activities at our customers due to a shortage of semiconductors, soaring steel prices, and disrupted logistics. In this severe business environment, the Company made the breakeven sales ratio its primary KPI and worked to improve the operating structure. The result was a substantial ¥26.4 billion year-on-year increase in business profit to ¥42.3 billion.

We also continued efforts to lower the ratio of fixed to variable costs and improved our cost structure, as the breakeven sales ratio adjusted to factor out the excessive impact from the sharp rises in steel and logistics costs was lowered to 85.4% (using the fiscal 2019 sales level). We still have some way to go to reach our target of 80% in fiscal 2023, but we took a significant first step in fiscal 2021.

Initiatives to Strengthen the Financial Foundation

Assessing our business strategies and implementing initiatives

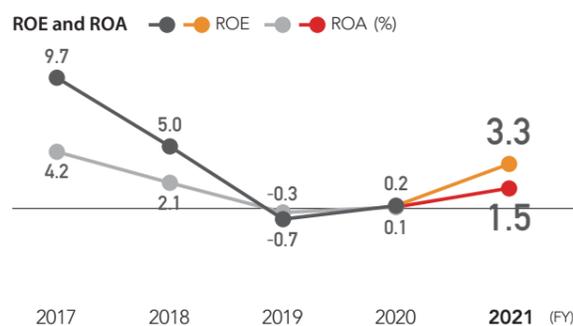
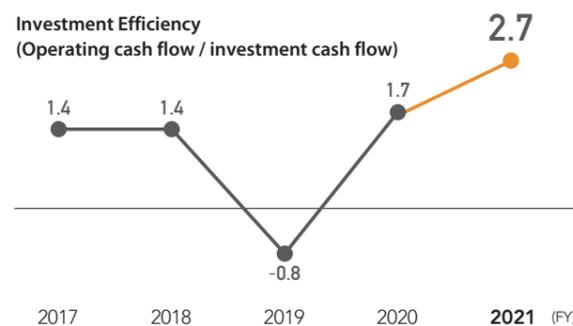
to strengthen our competitiveness on the group level requires a global perspective where we formulate effective measures by comparing and visualizing our various businesses and local operations. We also must apply the proper KPIs to monitor the progress toward our goals and take swift and appropriate action if an activity is not progressing adequately or if an obstacle has arisen.

We are stepping up efforts to strengthen the foundation and infrastructure for this revenue management by standardizing our financial data, developing key performance indicators, and creating processes for collecting basic data. One of our first steps is to align our code systems and the granularity of our KPI management data in preparation for digital transformation (DX).

In addition, we are advancing initiatives to improve management and asset efficiency, including consolidating Group offices, selling non-core businesses, and selling or converting to cash cross-shareholdings in accordance with the Corporate Governance Code.

We are also actively utilizing intergroup financing and interregional dividend and reinvestment to reduce interest-bearing debt and improve capital efficiency. We are taking particular steps to optimize the cash reserves and inventory assets set up in fiscal 2020 as an emergency risk reserve. Due to the persisting severe external environment, our policy is to carry out fund management and procurement that is strategic and balanced in accordance with the prevailing conditions.

The funds generated by these activities will be used to accelerate the business restructuring and structural reforms.



Investment Strategy and Financial Goals —Sowing Seeds for the Future

We will systematically conduct investment designed to “sow the seeds for the future” and position us to fulfill the objectives of the First Stage Medium-term Management Plan. While improving investment efficiency, we also must allocate resources more widely, particularly for automation to strengthen competitiveness and for strategic investment in carbon neutrality and DX. While continuing to control the breakeven sales ratio, we are increasing our financial management commitment to improving our capital efficiency and have added KPIs associated with the balance sheet and cash flow. Particular focus will be placed on the ratio of investment cash flow to operating cash flow to ensure we are using our funds judiciously and investing efficiently in the areas we need to. As a guide for our investment activities, we have set medium-term targets of ROE of 10% and ROA of 5%.

Shareholder Return

Our basic policy on returning profit to shareholders is to continuously enhance the Company's corporate value and to provide stable dividends over the long term. Our criteria for calculating the dividend distribution amount is to use the higher of a 30% payout ratio or 1% of net assets. We will continue to ensure our ability to provide stable shareholder return by maintaining a financial foundation capable of flexible responding to changes in the business environment, fortifying our structure to enhance our earnings performance, and applying our tree-ring management approach.

Human Capital Philosophy and Initiatives

JTEKT considers its employees as indispensable assets for its corporate activities and is committed to developing its human resources. We seek individuals who can “put JTEKT's

basic philosophy into practice” and seek to produce value for our customers through our development of human resources and products.

Our human resources development is structured into three main categories, on-the-job training (OJT), off-the-job training (OFF-JT), and career development. OJT includes a four-year program dedicated to strengthening problem solving skills at the worksite. Our career development program includes a full-scale open recruitment system designed to proactive career development. The TQM Promotion Department and the Operations Management Development Department, which are essential to promoting the JTEKT basic philosophy of total quality management, operate an open job transfer system, which is enthusiastically used by employees with a strong desire to improve the Company. In addition, we are systematically developing human resources following our succession plans for key positions, such as heads of departments and representative offices.

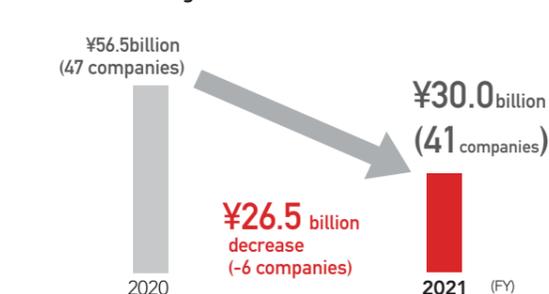
In the operation of our personnel system, to promote diversity we appoint people to posts regardless of age, and we have revised the salary structure for managers to reflect the increasing job responsibility in recent years. We plan to create a hybrid personnel system that combines job-specified appointments with the best elements of a membership-type system as we seek to create an environment where individuals can maximize their potential.

We are also improving the workplace culture in the belief that a “good workplace and good colleagues” are important for personal growth and skill development. Employee surveys are used to identify issues in the workplace and the degree of policy integration, which we follow up with dialogue and improvement measures. All worksites cultivate a workplace where employees can easily consult with their superiors through discussion sessions, town hall meetings, and other activities designed to encourage communication. The frequency of these communication efforts is monitored via a monthly survey, the results of which are shared throughout the Group.

The objective of these efforts is to be a company where employees can “say what they want to say, and do what they want to do.”

In today's turbulent times, it is increasingly important to engage in dialogue with all stakeholders to create and execute financial and human resource strategies. We plan to make more use of investor relation opportunities to hold deeper dialogues with everyone regarding our corporate activities. We are also considering introducing a management framework that puts more emphasis on capital costs and our human resource portfolio.

Cross-shareholdings



Past Business Plans (FY'14-'20)

Over the seven years beginning in 2014, we adopted a rolling medium-term plan approach. With this method, we evaluated our efforts annually and revised and updated the five-year plan to incorporate changes in the external environment. We did this in the belief that we need to constantly be looking five years ahead as we consider our business strategy.

Review of Past Medium-Term Business Plans

Approach to the Medium-Term Business Plan

Under our approach of always looking five years ahead to consider what we need to do now to anticipate changes in society and achieve aggressive management, we prioritized the actions and resources required to achieve our goals over the medium term. We then created a scenario to ensure the realization of those goals, establishing process guidelines for moving forward.

In the automotive-related business, which accounts for approximately 70% of our sales, it takes time to go from the receipt of an order to final results. Aiming for market dominance in the next four to six years, we created a five-year plan for group consolidation and global growth based on each of our businesses. We then reviewed the plan annually, incorporating results, details of our initiatives and changes in the external environment.

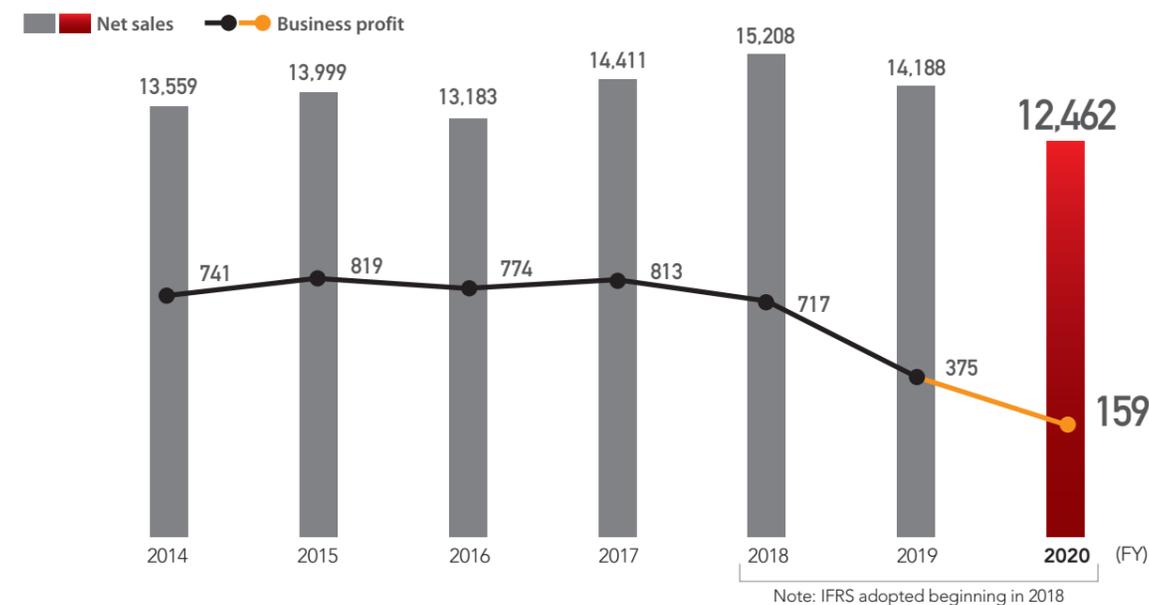
Achievements and Issues

We have been able to achieve a certain degree of success with our rolling five-year plan by strengthening our product portfolios, transforming our business models and implementing structural reforms in each of our businesses, and posted a record-high business profit of 81.9 billion yen in fiscal 2015.

Meanwhile, in order to do what needs to be done now with a view to five years out, we proactively pursued a sales strategy that prioritized market share expansion and upfront investment in R&D costs as a way of arming ourselves for the future. As a result, however, expenses ballooned, putting business profits under pressure.

In addition, the rolling approach to constantly reviewing the five-year plan and updating targets tended to result in an inadequate near-term analysis of pressing issues. Strengthening product portfolios by business and conducting structural reforms also made it more difficult to generate interaction between businesses, which was another issue.

Net Sales and Business Profits between FY2014 and FY2020



Medium- to Long-Term Business Plan (FY'21-'30)

We have formulated our Vision 2030 and Medium- to Long-term Business Plan to grow as a company that resolves social issues. We will increase our competitive strength by coming together as the JTEKT Group to exploit our synergies as we work toward further growth.

Creating a New Structure

True Merger

To generate innovative services and products and contribute to society, we would like to unify our business processes and our employees under a common understanding, leveraging the synergies of the diverse seeds of the Group, which represent our strength as One JTEKT.



Cooperation among Group Companies

As a Toyota Group company, we believe we can contribute to manufacturing at even more customers by enhancing cooperation with other Group companies. The companies within JTEKT Group also have unique products and technologies, and an expansive range of diverse customers and suppliers. We will leverage not only our technology, but the synergies inherent in these functions.



Vision 2030

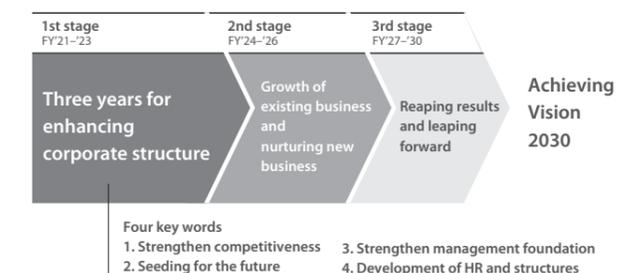
Long-Term Plan—Vision 2030—Outlook

We work to anticipate change, resolve social issues and advance new initiatives with an eye to society in 2030. At the same time, we are working to move forward with actions keyed around near-term issues and initiatives in an effort to achieve growth based on both backcasting and forecasting.

Solving social problems	Hydrogen society	Water resistant bearings, products for FCEV
	Renewable energy generation	Bearings for generators, Preventive maintenance
New projects	Lithium-ion Capacitor	Back up power supply system
	Autonomous	Autonomous driving bus, agricultural and construction machinery
Strengthen existing businesses	Automotive	Promote systemization and expansion of next-generation standards
	Industrial and Bearings	Strengthen BEV compatibility and growth in the industrial field
	Machine Tools & Manufacturing Systems	Expand target from the engine market to general markets
Decline in demand	For internal combustion engines	Reap the benefits of being a survivor
	Hydraulic products	Keep the profits

The Position of the First Medium-Term Plan Period

We have positioned the first period of the medium-term plan through fiscal 2030 as a three-year stage for enhancing our corporate structure, reflecting on the past, which brought a deterioration of our earnings structure, and working toward our vision for 2030. We have set out four key words for achieving steady annual growth: (1) strengthen competitiveness (2) seeding for the future; (3) strengthen management foundation and (4) development of HR and structures.



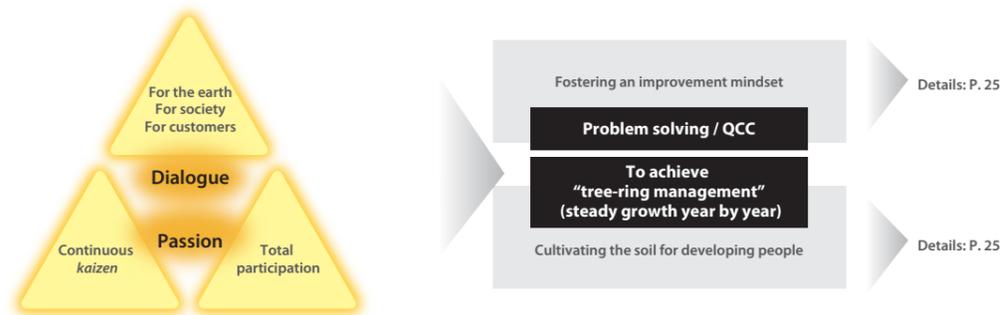
First Stage of the Medium-Term Business Plan (FY'21-'23)

Of the 10 years of the medium-term plan through 2030, we have positioned the first period as a three-year stage for enhancing our corporate structure and are working on the following four areas: (1) development of HR and structures; (2) strengthen management foundation (3) strengthen competitiveness and (4) seeding for the future.

Four Key Words

Development of HR and Structures

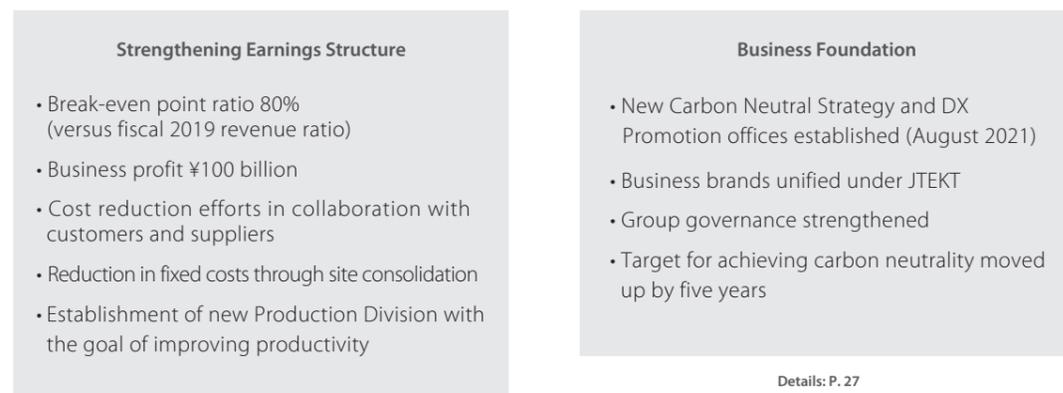
JTEKT has established its basic philosophy with the aim of becoming a company that mass-produces happiness, and where all employees have an earnest attitude toward continuous improvement for the benefit of our earth, for society and for our customers. Our goal is for each employee to be able to think and act proactively regarding what our customers want and what each employee should do to meet those needs. We believe our top priorities in fiscal 2022 should be to inculcate this JTEKT basic philosophy, develop human resources who can put solutions into practice, and create an open workplace brimming with passion and dialogue. To that end, we have reorganized our four key words as the top items.



Strengthen Management Foundation

Our targets for the first stage of the medium-term plan call for a break-even point ratio of 80% by fiscal 2023 (versus fiscal 2019 revenue ratio) and a business profit of 100 billion yen. To achieve this, we are advancing activities to reduce fixed costs, including business restructuring with a focus on cost of capital and optimization of the number of affiliates globally.

We are also strengthening governance by holding regular meetings with each of our Group companies. In addition, we are unifying our structures toward achieving true DX, and moving forward with efforts to achieve carbon neutrality.

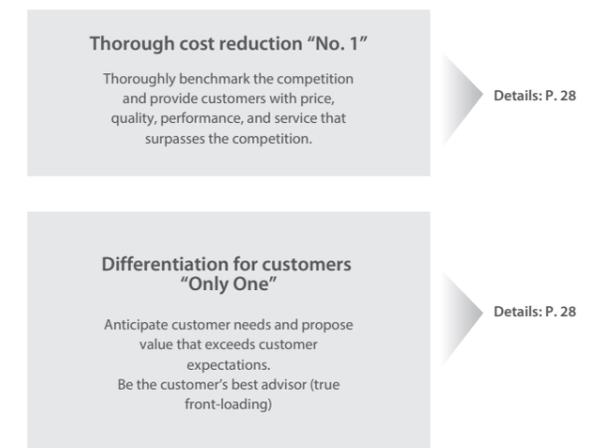


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Strengthen Competitiveness

Based on the top-level concepts of safety, to protect employees, and quality, which belongs to the customer, we are promoting thorough cost reductions ("No. 1") and differentiation for customers ("Only One"), with the goal of strengthen competitiveness.

Our aim is to create high-quality, low-cost products and services that customers will want to choose, based on thorough benchmarking of the competition and anticipation of customer needs. To do this, we are working to identify the seeds that the Company and the Group possess and advancing reforms to create synergies among business divisions and strengthen cooperation within the Group. This will create new value through synergies that only the Company can demonstrate, thereby strengthening our competitiveness.



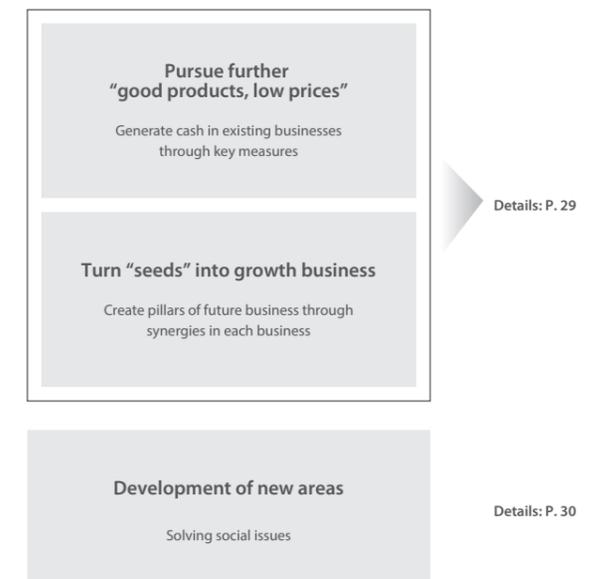
Seeding for the Future

Looking ahead to 2030, we are increasing the ratio of investment in growth businesses in existing fields by making more efficient investments in facilities and products. These include design standardization, optimizing procurement and production locations, and production technology innovation.

Further, to reap results and leap forward in the third stage and beyond, we have established new organizations including the Aftermarket Business Unit and the BR* Marketing Office, which is responsible for anticipating market trends. We are conducting surveys and research aimed at creating new, as yet unknown pillars of business leveraging the seeds the Company and the Group possess.

*Business Reform: A system for priority placement of experienced personnel on a limited-time basis to reform operations and effectively utilize human resources for the future.

Important goals in the 1st stage (FY'21-'23)



Progress on Measures

We look back at year one of the first stage of the medium-term plan (fiscal 2021 to 2023), positioned as a three-year stage for enhancing our corporate structure, while also reporting on our outlook going forward in line with our four key words: Development of HR and structures; strengthen management foundation; strengthen competitiveness; and seeding for the future.

Progress with Four Key Words

Development of HR and Structures

Long-term goal A company in which people can say what they think and do what they want

■ Review of Fiscal 2021

A Variety of Measures Enacted with the Aim of Instilling Jtekt's Basic Philosophy

At JTEKT, we believe that if each and every one of our employees can bring an earnest attitude to thinking about and acting on their contributions to our earth, to society and to our customers, we can become a strong company that is second to none. To that end, we worked to instill the JTEKT basic philosophy, an embodiment of the kind of human resources we seek.

In August 2021, we launched a new TQM Promotion Department to plan and promote measures aimed at instilling the JTEKT basic philosophy. Members of this organization, which reports directly to the president, have a desire to take on new challenges, and were recruited through an internal recruiting system. In addition, to ensure that everyone working at JTEKT has an opportunity to be made constantly aware of the Company's basic philosophy, we have established Quality Month (November), Work Basics Month (February) and Customer Month (May) in an effort to encourage employees to reflect whether their work is in line with the JTEKT basic philosophy.

Basic Philosophy of JTEKT



■ Measures and Targets Going Forward

Transforming into a Free and Open-Minded Corporate Group in Which People Can Say What They Think and Do What They Want

We have positioned reexamining our own work and gaining the ability to think about and act on our individual roles as our most important task for fiscal 2022. We are working to transform into a free and open-minded corporate group in which people can say what they think and do what they want.

To effect that transformation, we are fully embracing the introduction of an open recruitment system that supports the early formation of problem-solving skills—forming the base of human resource development—enhancement of practical training tailored to each workplace, and proactive career development. In creating this system, we aim to develop an open workplace in which challenges are accepted and failures are tolerated, and we will encourage active dialogue regardless of position. We will continue to monitor how these efforts are implemented through a "Ta-i-wa (Dialogue) Survey," with the goal of fostering a culture in which people are properly recognized by those around them for doing good work and taking on positive challenges.

TOPICS

Our fiscal 2022 welcoming ceremony for new employees was a change from the conventional format, and was held in a gymnasium near the head office to give employees a taste of the Company's free and open-minded atmosphere. It was a uniquely lively event in which the new employees were challenged to return spikes hit to them by players from the JTEKT STINGS volleyball team.



A scene from the welcoming ceremony

Strengthen Management Foundation (Strengthen Earnings Structure)

Long-term Goal Create a lean structure with no excess fat to ensure profitability under any conditions (a break-even point ratio of 70%)

■ Review of Fiscal 2021

Break-Even Point Ratio Generally Meets Target Issues with Improving Variable Cost Ratio

Targets set out for fiscal 2023 include a break-even point ratio of 80% versus fiscal 2019 sales and business profit of 100 billion yen.

In fiscal 2021, as a result of thorough cost reductions and cuts to fixed costs in all divisions, we were generally able to achieve our target break-even point ratio of 85%, although this figure excludes the impact of a very challenging external environment, including soaring material and distribution costs.

At the same time, while progress was made in reducing fixed costs as planned, we were unable to improve the variable cost ratio as much as we would have liked, due in part to a drop in productivity caused by an outflow of human resources in the North American region. The external environment is constantly changing, and we will continue to make improvements from a variety of perspectives to build an organization that can withstand those changes.

Break-Even Point ratio Status



Note: The fiscal 2021 break-even point, not considering the impact of the external environment (soaring cost of materials, distribution, etc.)

■ Measures and Targets Going Forward

Strengthening a System That Allows for Recovery toward Achieving Targets, Even in the Face of Changes in the External Environment

For fiscal 2022, we have set an even higher target for our break-even point of 83%. To achieve this goal, we will adhere even more closely to our individual plans and targets, work quickly to solve problems when deviations are identified, and strengthen our system for recovery toward achieving our goals even in the face of changes in the external environment. Specific measures are as noted below.

- While continuing to manage and curb fixed costs, we will further accelerate efforts to improve variable costs and enact structural reforms.
- By getting our customers and suppliers even more involved in collaborating with us, we will promote cost reduction efforts that benefit not only ourselves, but all three parties.
- We will strengthen the horizontal deployment of these activities to both overseas and domestic affiliates, where there is still significant room for cost reductions. In North America in particular, where profitability is deteriorating, we will dispatch personnel from Japan in an effort to turn the situation around.
- We established a new Production Division, creating an organizational structure that will allow factories across the globe to be compared side-by-side. We aim to improve productivity across the Group as a whole by consolidating production in those factories with higher productivity and through other steps that drive mutual competition.

We will steadily implement these measures, and going forward will further advance other actions aimed at our first stage mid-term plan target of a break-even point ratio of 80% (versus fiscal 2019 sales), as well as our long-term target of 70% (versus sales for the fiscal year in question).

Progress on Measures

Strengthen Management Foundation (Business Foundation)

Long-term goal Develop people and an organization that are trusted by and can contribute to society

Review of Fiscal 2021

Cooperating and Collaborating as a Group under One Brand

In January 2022 we announced the unification of our brands, and on April 1, we unified all of our businesses under the JTEKT brand.

Our goal is to strengthen our brand power by breaking away from our past practice of having multiple brands, unifying all of our businesses under the JTEKT brand to breakdown barriers between businesses and maintain sustainable growth over the next 100 years.

Changes in Business Brands

	Before	Unified brand
Corporate	JTEKT	JTEKT
Automotive Business	JTEKT	JTEKT
Industrial and Bearings Business	Koyo	JTEKT
Machine Tools & Manufacturing Systems Business	TOYODA Koyo	JTEKT
New businesses, etc.	JTEKT	JTEKT

Efforts Toward Carbon Neutrality and Acceleration of Digital Transformation (DX)

In August 2021, we established new Carbon Neutral Strategy and DX Promotion offices to accelerate promotion of carbon neutrality and DX.

With regards to carbon neutrality, we reevaluated our action plan and changed the target date for achieving carbon neutrality from 2040 to 2035, moving it up by five years.

In DX, we are moving forward to establish a Company-wide roadmap, consolidating and optimizing efforts that to date have been pursued individually by each division.

Measures and Targets Going Forward

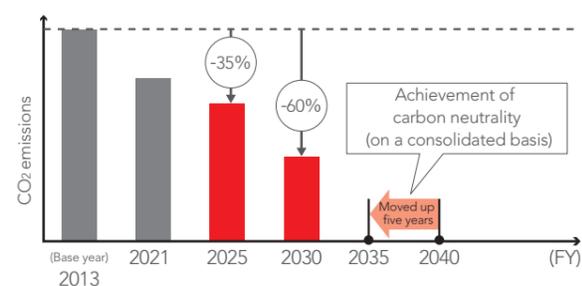
Brand Unification as the Starting Point for Accelerating JTEKT Reborn

We will use our brand unification to change the way all of our work is done. Our goal is to become a company that our customers can be pleased with by resolving shortcomings with former brands that were not meeting customer expectations, by restructuring work procedures that differed among businesses and within the Group, and by strengthening collaboration.

Achieving Carbon Neutrality by 2035

In addition to rigorous efforts to save energy, we are working to reduce CO₂ through proactive investment in renewable energy, new energy and CO₂ recovery technology, and by demonstrating the viability of these technologies in a model factory.

Roadmap to Carbon Neutrality



Starting Steps toward Realizing DX by 2030

In parallel with formulating a DX roadmap, we are making progress in visualizing certain issues, such as looking at systems that should be connected but are not. As we work to prioritize these issues, we will also move steadily forward to address what should be done now that those issues have been clarified.

Strengthen Competitiveness

Long-term goal Offer products and services focused on No. 1 and Only One

Review of Fiscal 2021

Pursuing High Quality at a Reasonable Price

As a start to our brand unification, we set out a slogan —“The highest quality at a better value.”—and launched sales of a new series of cylindrical grinders, the first under the JTEKT brand. Under the concept of high quality at a reasonable price, our objective is to expand from the engine market, which is shrinking with the shift to EVs, and target the general market.

Inheriting the technology of TOYODA's highly reliable grinders, we have achieved affordable prices even as we have improved functionality through unit standardization and through use of Ddigital Twins in development and evaluation.



Measures and Targets Going Forward

Achieve No. 1 & Only One to Outperform Other Companies

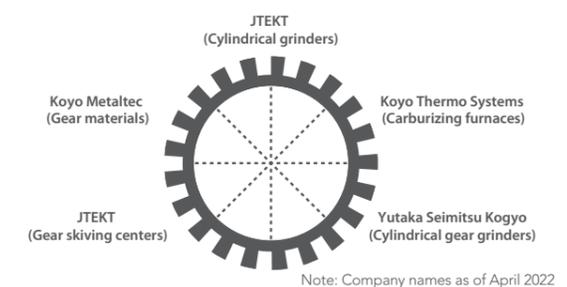
To achieve a position as the undisputed No. 1 & Only One, outperforming other companies, we are aiming for a complete transformation to a market-oriented approach. To ensure that all JTEKT products are recognized by our customers as their No. 1 choice, we will develop a JTEKT product roadmap that incorporates an understanding of customer expectations, promotes competitive benchmarking, and is based on the future strategies of our customers.

Transformation of the JTEKT Group and the Creation of Synergies Between Businesses

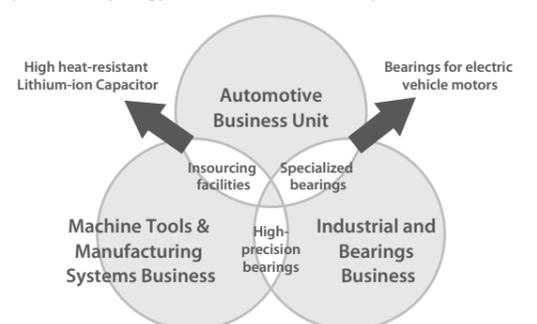
To create joy for our customers, we are putting even greater focus on the transformation of the JTEKT Group and the creation of synergies between our businesses.

To lead the way in that effort, in April 2022 we established a new Corporate Strategy Dept.. The goal is to strengthen collaboration within the Group toward a true One JTEKT, and in addition to our shared technology and expertise and strengths in *monozukuri* (manufacturing), drive the creation of high-quality, reasonably priced products and services as well as the creation of new value.

Example of the Utilization of Group Seeds (Gear Business)



Depiction of Synergy Creation between Companies



Progress on Measures

Seeding for the Future

Long-term goal Create new value to support "tree-ring management"

Review of Fiscal 2021

Developing the Pillars of Future Business

To grow and harvest in the second and third stages of the mid-term plan, in the first stage we are focused on further pursuit of high quality at reasonable prices, and are engaged in efforts to develop new fields where our seeds will lead to business growth.

In fiscal 2021, we launched our gear business leveraging the strengths of the Group, which has all of the necessary components, including bearings, which are elemental parts, and automobile parts, which are end products, as well as the machine tools to produce those parts. In November 2021, we established a new Gear Innovation Center at the Kariya Plant. Under the concept of "Gear Innovation: Delivering the World the Gears it Needs," we will act as a comprehensive gear builder to offer our customers gears and gear processing equipment, contributing to growing markets such as robotics, e-Axles and others.



Further, as part of our efforts to develop new fields in stage two and beyond, we established an Aftermarket Business Unit, as well as a BR Marketing Dept.. They are advancing efforts to develop future technologies tied to carbon neutrality, and to commercialize products related to the Human Life business.

Measures and Targets Going Forward

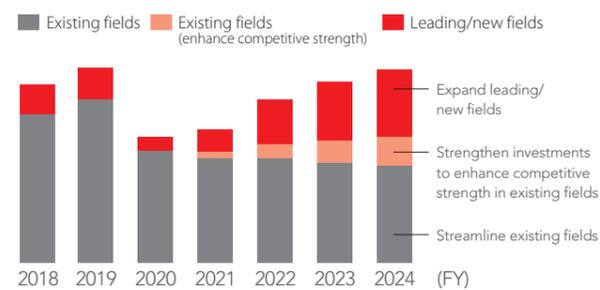
Proactive Investment in Future Growth

We will accelerate investments to drive the creation of synergies not only between the Company's businesses, but across JTEKT Group as a whole, putting in place the structures needed to generate new business.

While investment in existing fields will be streamlined, we will expand investment aimed at enhancing our competitive strength, accumulating resources for growth. We will then proactively invest in leading new fields in light of social changes such as carbon neutrality and CASE, based on discussion of future strategy through backcasting that asks, "What kind of company will JTEKT be in the future?"

Today, to contribute to the future expansion of vehicles compatible with automated driving, we are developing steering that combines drive-by-wire systems and High heat-resistant Lithium-ion Capacitor to act as auxiliary batteries. We are also expanding our gear business and working to develop crickets as a food source.

Depiction of Investment Strategy

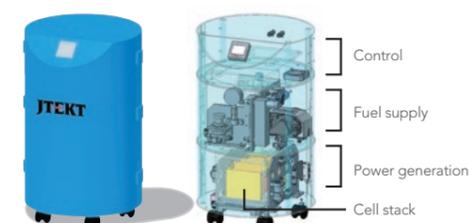


R&D Initiatives

We are engaged in basic elemental research aimed at enhancing the competitive strength of existing businesses (automated driving, materials, processing, analysis), and in solving social issues in order to contribute to future society.

New Fuel Cell Batteries Using Formic Acid

To address Goal 7 of the SDGs, "Affordable and Clean Energy" we are working to develop new energy from the perspective of creation, use, and return. We are focusing on formic acid, which has a high energy density, to advance development of fuel cells featuring highly efficient power generation, making full use of the *monozukuri* (manufacturing) technologies we have accumulated over the years for the catalysts and other components of fuel cell power generation.



Direct formic acid fuel cell functional demonstration unit (50W class)

Developing Crickets as a Food Source

Because of the extremely low environmental impact of raising crickets as compared to cattle or other livestock, edible crickets are expected to help avoid future food shortages and serve as a sustainable source of protein. We are utilizing our IoT technology to control the ideal environment for breeding crickets and developing automated breeding systems to increase productivity. We are also moving forward with development of a plant that integrates everything from breeding to processing, allowing for safe, secure, high-quality production.



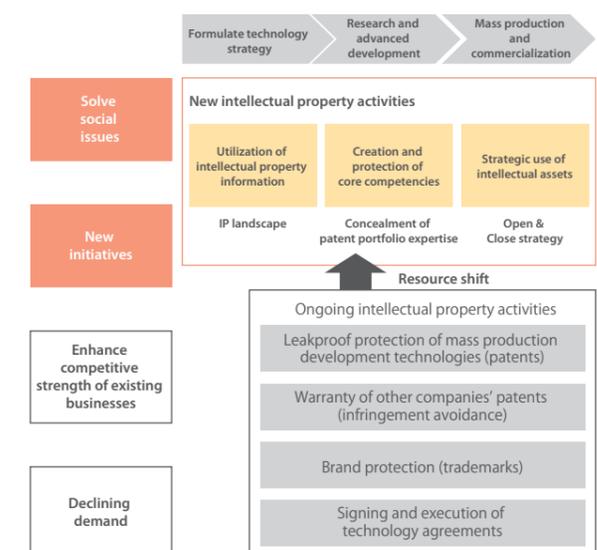
Intellectual Property Initiatives

JTEKT is shifting its resources from the traditional protection of intellectual property to activities aimed at new intellectual property. By combining the vast amount of patent and market information, we utilize intellectual property information to help formulate a variety of strategies and product plans, including product development for carbon neutrality.

In addition, we are working to use our patents and expertise to protect the technologies (core competencies) at the core of our competitive strength in future businesses, thus supporting business growth. Further, we are formulating and promoting an Open and Close strategy to maximize the value of these core competencies.

Note that JTEKT is undertaking thorough patent warranty clearance searches during the product development stage so as to respect the intellectual property rights of third parties and thus reduce the risk of future disputes.

Intellectual Property Initiatives Aimed at Future Growth



Materiality 1. Contribute to safe, secure and comfort life

JTEKT Technology: Contributing to the Evolution of the Car

Technological innovation is indispensable to the creation of a “mobility society” characterized by high levels of safety, security, and convenience. Drawing on technology developed over many years, JTEKT is currently creating an array of products that will contribute to the commercialization of autonomous driving.



Social Issues and the Market Environment

The Automotive Industry Is on the Cusp of a Once-in-a-Century Revolution

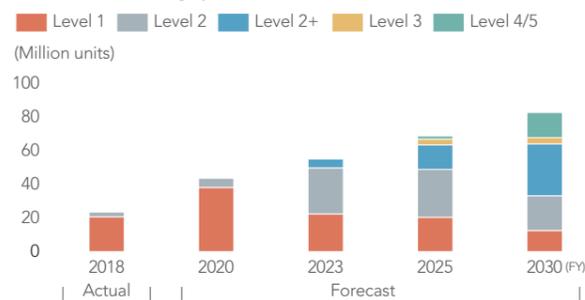
The CASE revolution—innovation in Connected, Autonomous, Shared, Electric technology—is advancing rapidly. This transformation encompasses, in particular, autonomous-driving technology that liberates drivers from the actual driving process, reduces traffic accidents due to human error, and helps clear traffic jams. Japan is progressing toward level 3 autonomous driving, in which all of a car’s systems operate automatically under specified conditions on expressways and some other roads.

Steer by Wire: Indispensable to Advanced Autonomous Driving

Moving from one autonomous driving level to the next requires technology that further improves safety and adds value for drivers. Steer by Wire (SBW) is one such technology. SBW eliminates the mechanical connection between the steering wheel and the axle; instead, electronic signals are sent from the steering wheel to the steering mechanism. The lack of a mechanical connection allows for a variety of functionalities not previously possible, including flexible adjustment of steering feel, increased flexibility in driving space design, and a reduced burden and thus enhanced comfort in the driving operation itself.

JTEKT is taking the lead over competitors in SBW development.

Advanced Driver Assistance Systems / Autonomous Driving Systems: Outlook for Global Market Size



Source: Yano Research Institute

JTEKT's Efforts

The J-EPICS Steer-by-Wire System

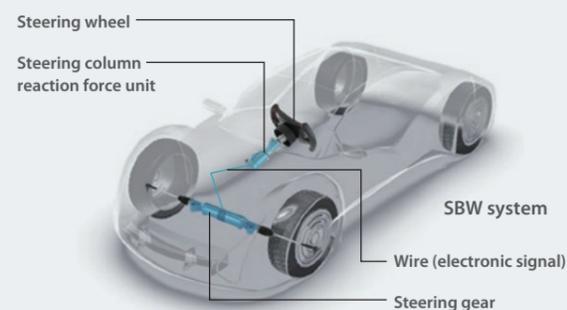
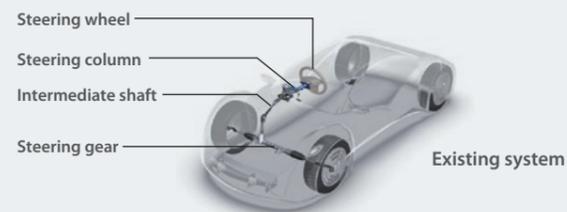
SBW enhances steering flexibility. For example, at a given number of degrees that the steering wheel is turned, with an SBW system the front tires will turn at a greater angle* at low speeds, improving vehicle maneuverability (such as for getting into a garage). At high speeds, the front tires would turn at a lesser angle, enhancing safety.

Furthermore, the steering wheel need not be round; other designs are possible. Intermediate shaft and other parts of a standard steering system are unnecessary in an SBW system, allowing for lighter cars and larger passenger cabins.

The technology that JTEKT has developed for electronic power steering (EPS) systems over many years has also been useful in the development of SBW.

* The angle of tire movement in comparison to the steering angle from moving the steering wheel

Existing System vs. SBW System



Lithium-Ion Capacitors

High-heat-resistant Lithium-ion Capacitor have been developed as auxiliary power sources for steering systems. Because these capacitors serve as a source of backup power when a vehicle’s power supply fails, they contribute significantly to steering system safety.

The operating temperature range of the capacitors is as low as 40°–85°C, which means that a vehicle’s steering system need not include a cooling device, unlike current steering systems. (By limiting the maximum operating voltage, the capacitors can be used in high-temperature environments, up to 105°C.) The capacitors are highly resistant to the deterioration that results from heat generated during periods of large-scale charge or discharge, which means that they will likely find applications in industrial machinery as well.

We maintain our high-heat-resistant technology strictly as a trade secret.



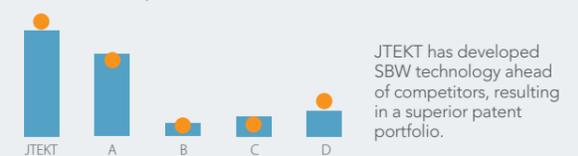
High-heat-resistant Lithium-ion Capacitor

Research and Development

JTEKT is moving ahead with research and development to advance autonomous-driving technology and enhance its product appeal. We commenced software development at our Higashi Kariya Office; this is in addition to the existing auto parts software development site at our Hanazono Plant Technology Development Center. We will be collaborating with affiliates and overseas bases to develop steering systems for the autonomous-driving society.

Comparison of SBW Patent Portfolios

■ Number of patents maintained ● Portfolio value*



* The value analyzed and assessed from the perspectives of number of patents held, their remaining periods of validity, and other factors

Outlook for the Future

Toward Commercialization of Level 4 Autonomous Driving

In fiscal 2021, JTEKT and other Toyota Group companies collaborated to develop the MX221 concept model featuring a next-generation cabin space. The MX221 allows users to change the seating arrangement and interior fixtures of the car, creating a comfortable shared-mobility space consistent with level 4 autonomous driving, anticipated to be in use in urban areas beginning around 2030. Our SBW system is used in the MX221.

Beginning in fiscal 2022 automakers are planning to release battery-powered electric vehicles featuring advanced autonomous-driving functionality. We anticipate that our SBW system will be adopted in these vehicles.

Our Contribution to Systems and Safety Features Essential to Advanced Autonomous Driving

As autonomous driving becomes ever more sophisticated, JTEKT will enhance its basic technology to ensure safety and security, and will continue to develop next-generation steering-by-wire systems, including steering wheel-less systems, in order to bring to reality Smart Steering and Smart Cabin functionality, designed to enhance the traveling pleasure of driver and passengers, respectively.

Other materiality-related matters

- 3-1 Providing key components supporting industry
- 3-2 Improvement in productivity by utilizing digital technology

Materiality 2. Protect the rich earth for future children

Bearings: One of JTEKT's Major Contributions to Renewable Energy

Boosting energy in various areas will be necessary as nations around the world accelerate their decarbonization efforts. As a supplier of bearings to many industries, JTEKT is taking a particular interest in developing bearings for use in offshore wind turbines, a growing market.



Social Issues and the Market Environment

Addressing Climate Change as a Global Issue

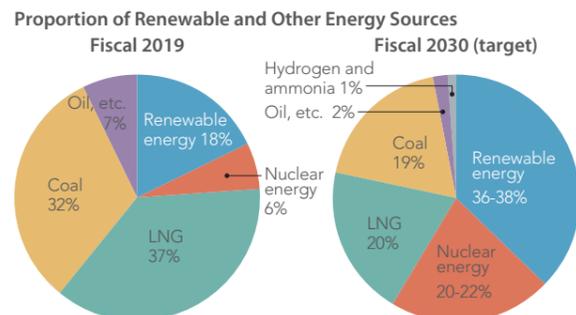
The majority of energy we use derives from the burning of fossil fuels such as oil and natural gas. However, this results in the emission of carbon dioxide and other greenhouse gases into the atmosphere, contributing to global climate change.

In response, nations around the world have accelerated their decarbonization efforts. For its part, the Japanese government has announced a plan that aims to achieve a decarbonized, carbon-neutral society by 2050.

Renewable Energy: The Key to Carbon Neutrality

Achieving carbon neutrality will require not only a reduction in energy consumption but also the use of renewable energy sources that do not emit greenhouse gases, such as solar, wind, and geothermal energy.

It is anticipated that by 2050 the majority of Japan's electricity generation will be from renewable energy sources. Of particular recent interest is offshore wind power, which entails several advantages compared to land-based wind power generation: a steadier wind supply, a substantially greater utilization rate, and the ability to use high-output power generators. Offshore wind turbines will therefore lead to a dramatic increase in power generation capacity.



Source: Agency for Natural Resources and Energy

JTEKT's Efforts

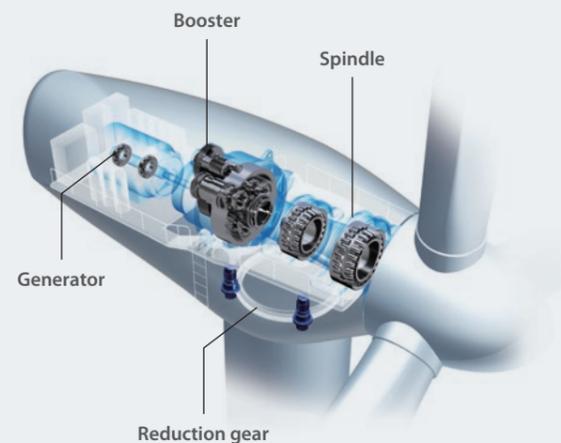
Bearings: Contributing to Energy Conservation in a Variety of Industries

Bearings are classic energy conservation parts, given their ability to reduce energy loss and heat caused by friction. They have a wide variety of energy conservation applications: in cars, trains, electrical appliances, industrial machinery, and more.

Bearings for Wind Turbines

The role of bearings in wind turbines is to ensure that the shafts in the mechanism rotate smoothly, which in turn substantially impacts power generation efficiency.

Multiple types of bearings are used in several parts of a wind turbine: the spindle, the reduction gear, the booster, and the generator. And because a turbine's height makes maintenance difficult, bearings need to have a design life of at least 20 years and otherwise be highly reliable.



Main shaft bearing test rig for multi-megawatt class wind turbine

JTEKT was the first company in the world to develop and mass-produce ceramic ball bearings for electric power generators, and they have since been used in over 20,000 land-based wind turbines. Our extensive technical experience has contributed markedly to improved reliability and reduced maintenance costs of wind turbines. And we have installed test equipment that closely reproduces the actual wind turbine environment, thus reducing development man-hours and improving simulation precision and overall reliability.

Bearings for Offshore Wind Turbines

In the wind power area, JTEKT has until now specialized in land-based turbines, developing various main shaft bearings. With offshore wind power generation becoming more common, however, we have introduced new product-processing equipment and are developing bearings for the main shaft of 5-meter-diameter offshore turbines. Using the technology we have developed for onshore turbines, we are also seeking to participate in government-sponsored projects as we increase our focus on offshore power generation.

Outlook for the Future

Harnessing the Synergies from Our Multiple Businesses

Our Machine Tools & Manufacturing Systems Business Unit is developing the processing equipment required for producing the bearings used in the main shaft of 5-meter-diameter offshore turbines. Harnessing the combined strengths unique to our machine tools and bearings businesses, we will produce and timely deliver highly reliable and efficient processing equipment and other products that meet customer needs.

Assisting with the Growth of Offshore Wind Power Generation

Offshore wind power generation is expanding worldwide, especially in Europe, and the Asian market as well is expected to enjoy rapid growth. In December 2020 the Japanese government issued its "Vision for the Offshore Wind Power Industry," which sets a target for 2040 of 45 million kilowatts of offshore wind generation capacity, the equivalent of 45 of the largest nuclear power plants.

JTEKT aims to boost its sales, including in overseas markets, by drawing on our extensive track record of providing large bearings for onshore wind turbines and other applications, and our technical capabilities in manufacturing products that are resistant to rotation wear and are durable for over 30 years.

Other materiality-related matters

1-2 Safe automation/labor-saving for various works and services

Materiality 3. Provide new values to manufacturing (*monozukuri*)

High-Performance Gears for Complex Movements of Industrial Robots

Industrial robots are coming into increasing use at the production sites of many different industries, and a wide variety of gears are used in the robots' complex moving parts. A comprehensive gear maker, JTEKT is offering new ideas by drawing on its accumulated know-how in the automotive industry.



Social Issues and the Market Environment

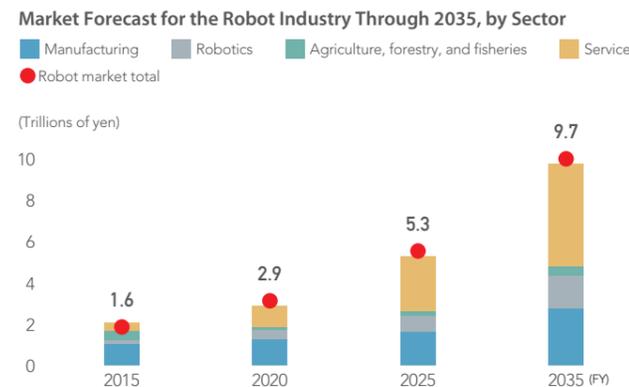
A Shrinking Workforce Requires Manufacturing Workplace Reform

As its birthrate declines, Japan is expected to have a population in 2035 in which about one in three people (33.4%) is elderly. Labor shortages already exist in some areas, a problem increasingly being addressed by mechanization of manufacturing sites.

The Expanding Industrial Robot Market

The industrial robot market is expanding rapidly as production sites mechanize. And robots are not used merely to mechanize the production process. Rather, industrial robots are being developed that utilize AI and the Internet of Everything (IoE) to perform more complex tasks, enabling the robots to play an active role in processes that until now have been difficult for them to perform.

For example, robots that grab and move items have many joints and require a large variety of gears—in different sizes and with different numbers of teeth—that govern the robots' moving parts. In other words, a robot's gears directly impact performance, such that their manufacturing requires a high degree of technical expertise.



Source: FY2010 Robot Industry Future Market Survey (Ministry of Economy, Trade and Industry; New Energy and Industrial Technology Development Organization)

JTEKT's Efforts

JTEKT's Gear Business Is Pursuing Group Synergy

Gear makers need to ensure technical expertise and a stable supply capacity as demand for industrial robots increases.

As a comprehensive gear maker, the JTEKT Group is always working to more effectively leverage relevant technologies, including materials, heat treatment, and processing. In November 2021, we opened our Gear Innovation Center at our Kariya Plant, with an aim to reduce by one-third the time between a customer's request for a new high-performance gear and our presentation of a proposal.



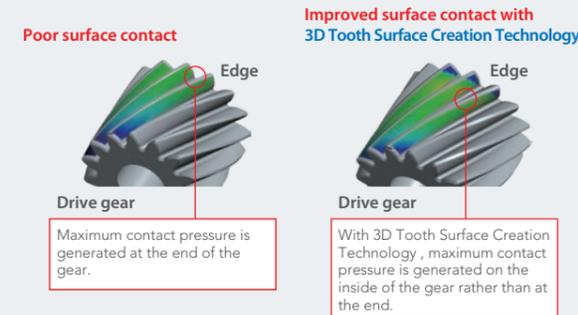
Beyond Simple Gears: Optimization of Unit Structure

By bringing together manufacturing and the analysis technology in automotive parts, bearings, and machine tools that we have developed, JTEKT has implemented 3D Tooth Surface Creation Technology that normalizes gear meshing even under the harshest usage conditions. This has enabled us to make high-performance gears with such characteristics as compact size, high durability, and low noise production. Furthermore, by integrating bearings and unit structure analysis technology, we are able to offer customers unit structure optimization and miniaturization.

JTEKT's "Only One" Technology

● 3D Tooth Surface Creation Technology

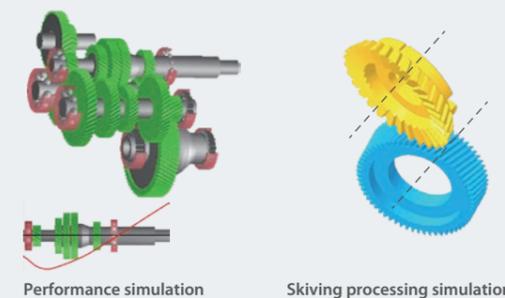
JTEKT's 3D Tooth Surface Creation Technology, made possible by our skiving* and tooth-grinding processing technologies, reduces the adverse impact of uneven tooth surface contact and tooth tip interference, improving quietness and durability.



*Gear cutting processing technology using the relative velocity generated by tilting and rotating the tool and workpiece.

● Performance and processing simulation technology

JTEKT offers optimal structures and processing thanks to the simulation systems that we have created, which link sound and vibration performance with shape and precision processing technologies.



Outlook for the Future

Key Components to Support Industry

We have received many inquiries from customers in the industrial robot market following the opening of our Gear Innovation Center. Additionally, customers have responded very positively to our high-value-added gears and optimized unit structures.

In the growing industrial robot market, we will continue to offer the gears that our customers desire by leveraging our technical expertise and stable supply capacity.

A Supplier of "Only One" Basic Parts

Basic parts like gears and bearings, used since ancient times, are now indispensable to leading-edge machinery like industrial robots, battery electric vehicles (BEV), and fuel cell electric vehicles (FCEVs). The performance of gear devices—characterized by compact size, light weight, durability, low vibration, low noise, and high efficiency—is a crucial factor in determining the competitiveness of finished products.

Utilizing its gear analysis and processing technology, the JTEKT Group will continue to develop unique gears for application in a wide range of industries.

Other materiality-related matters

1-2 Safe automation/labor-saving for various works and services

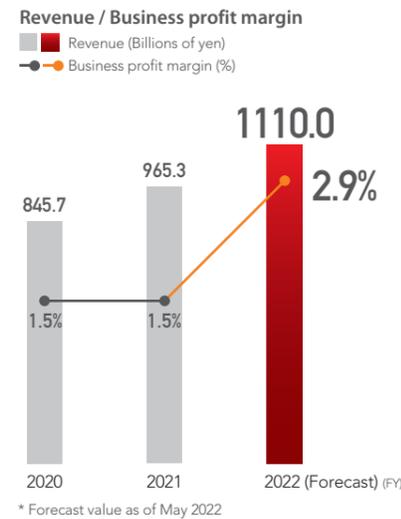
Automotive Business Unit

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



JTEKT develops and provides steering systems for turning, a basic function of a car; and various other critical function products that support the basic functions of a car. As a leading supplier of "turning" and "driving" systems for automobiles, we will provide not just automotive safety and security, but will also contribute to the development of society by unceasingly responding to increasingly diverse automotive needs in the future.

Recent Initiatives	Measures Looking Ahead to the Future
Enhancing competitiveness <ul style="list-style-type: none"> Improved profit structures through reduction improvements Developed next-generation products with a focus on competitiveness Responding to diversifying needs <ul style="list-style-type: none"> Provided products and services in response to the shift to electric vehicles and autonomous driving Provided software-based solutions to customers 	Creating New Value <ul style="list-style-type: none"> The entire Group will work together to create value that is recognized by society Establish our position as a key module supplier* Make the jump to a system supplier <p>* A supplier that can provide designs for next-generation products together with customers</p>



Fiscal 2021 Results

Compared to fiscal 2020, the effects of the COVID-19 pandemic began to show signs of subsiding, and both revenue and profit were up year-on-year. With regard to the profit margin, however, the market competition intensified substantially, and the level was flat from fiscal 2020.

Forecast for Fiscal 2022

The risks of impacts from the COVID-19 pandemic, the semiconductor shortage, and other factors remain, but we are starting to see signs of effects from our efforts to improve structures in order to secure profits, and we formulated a plan with a higher profit margin than in fiscal 2021.

In fiscal 2022, our initial focus will be on continuing our efforts to enhance competitiveness and responding to diversifying needs in response to current circumstances. With regard to the former, in order to remain successful in the midst of intensifying market competition, we will focus intently on enhancing competitiveness, developing next-generation products by reviewing designs and mechanisms from the ground up, and incorporating the results into project proposals. To address the latter, we will provide new products and services that respond to new needs, exemplified by steer-by-wires, and strive to provide unique value using software.

From a medium- to long-term perspective, we will undertake measures that anticipate changes in the value demanded of automobiles. JTEKT and Group companies have a strength in our ability to create and provide new value and systems suited to the times by integrating the various elemental technologies that we possess with our steering, drive, bearing, and equipment businesses. In fiscal 2022, we will work to solidify

our position as a key module supplier and will continue our efforts to become a system supplier that can make independent proposals that exceed customer expectations.

TOPICS

JTEKT in the Software First Era

The roles performed by software in automobiles has been increasing substantially in recent years. JTEKT is developing control software to provide new driving experiences with driving support and autonomous driving. Among them is Haptic Shared Control (HSC), which combines steering operations by the driver with steering control by the autonomous driving system. Research on HSC has been completed, and we are now conducting developing for commercialization. By installing HSC as the base software, it will be possible to eliminate discomfort from the integration of human and machine control and support a variety of ADAS* functions up to level 4. By refining hardware, JTEKT's strength, even further and integrating it with software, we will provide solutions from the user's perspective.

* Advanced Driving Assistance System: A comprehensive driving support system for supplementing human cognitive abilities.

Industrial and Bearings Business Unit

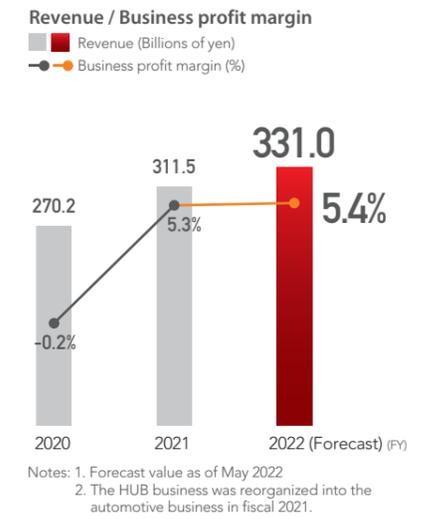
Katsumi Yamamoto
Senior Executive Officer
Chief of Industrial and Bearing Business Unit



Our products are used in the rotating parts of products manufactured in various industries, from automobiles to industrial machinery, and support rotation in society in ways that people cannot see.

In the automotive field, we provide bearings that address the needs for miniaturization, weight reduction, and higher speeds. In the industrial machinery field, we strive to provide value and services by developing proposal-based businesses that respond to diverse usage environments such as robots, semiconductors, and renewable energy.

Recent Initiatives	Measures Looking Ahead to the Future
To establish overwhelming cost competitiveness, we <ul style="list-style-type: none"> Implemented structural reforms globally Worked to reduce costs, primarily through the Toyota Production System (TPS) Implemented innovations to production engineering and optimized procurement Expanded sales of high added value products 	In order to generate profits from existing products and shift resources to growth areas, we will <ul style="list-style-type: none"> Develop automotive products that support the shift to electric vehicles Develop high added value industrial machinery Provide valuable products that incorporate the Group's core technologies and business seeds in new areas



Fiscal 2021 Results

Low revenues have continued since fiscal 2018, but starting in fiscal 2020, we have focused on improving recent profitability and have implemented structural reforms in Japan and overseas and took comprehensive measures to reduce costs. The results of these efforts started to appear in fiscal 2021, and the profit structure improved, but on a global basis, there are still regions where revenue measures are needed, particularly in Europe and the U.S. We will work to improve the profit structure through steady measures to reduce costs and structural reforms.

Forecast for Fiscal 2022

To eliminate the barriers between businesses, all business brands were unified under the JTEKT name in April. The risks of impacts from the COVID-19 pandemic, the semiconductor shortage, and other factors will remain in fiscal 2022, but we formulated a plan with higher sales and profit margin than in fiscal 2021. In particular, we will respond to changes in the product mix resulting from electrification of the automobile industry, reorganize production systems, and reinforce product development to meet customer needs for miniaturization, weight reduction, and higher speeds. In the area of industrial machinery, we will focus on the robot, semiconductor, and renewable energy fields, which in particular are expected to grow, as well as mature base markets including machine tools, steel, and agricultural and construction machinery. To do this, we will integrate the Group's core technologies with business seeds and undertake monozukuri reforms to continue to provide No. 1 and Only One products and services.

TOPICS

Development of Products That Meet Customer Needs

There are varied uses and applications in the industrial machinery field, and the demands for bearing performance are becoming increasingly advanced and diverse. Semiconductor production equipment and medical devices in particular require strict performance in terms of cleanliness, high temperatures, and corrosion resistance, and we are evolving our lineup of bearing products for use in special environments (EXSEV® series) on a daily basis to meet these needs and continue supplying products to customers.

- Contributions to customers' stable operations and higher productivity
Use environments: Clean rooms, high temperature, corrosion resistance, vacuum, high-speed rotation



Semiconductor ICs



Ceramic bearings

- Contributions to customers' reliability and quiet operations
Use environments: High temperature, high-speed rotation, maintenance free



CT scan



Bearing unit for CT scanner

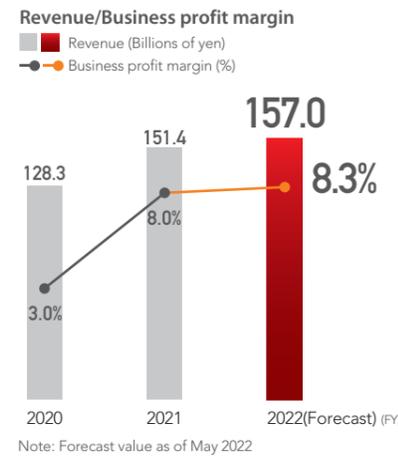


Machine Tools & Manufacturing Systems Business Unit

Yoshihiro Arai
Chief of Machine Tools & Manufacturing Systems Business Unit

We aim to enhance the value of our customers' Monozukuri in all phases with our "Only One" technology by developing three businesses: machine tools such as grinders, machining centers, and gear skiving centers; loE and other solutions; and life-cycle support.

Recent Initiatives	Measures Looking Ahead to the Future
<ul style="list-style-type: none"> Developed a new series of high-quality, low-cost machine tools for customers in various industries that are undergoing transition to electric vehicles Created accelerated Monozukuri support with digital one-stop services Reinforced the company's organization through structural reforms 	<ul style="list-style-type: none"> Create future business strategies contributing to solutions to new social issues by combining technology seeds Activate all resources through group-wide measures to reinforce core businesses



Fiscal 2021 Results

Parts supplies were tight due to the uncertain global conditions, but the recovery in economic activity resulted in a rapid market recovery, and capital investment was active. Amidst this environment, the business unit reported high revenues and profits compared to the previous fiscal year.

Forecast for Fiscal 2022

As a variety of risks in the external environment continue, we will accelerate the provision of value with the expectation that we will receive more orders than in the previous fiscal year.

With regard to enhancing product strengths, we have expanded the product lineup from the engine line, which has demonstrated strengths until now, to a new series of high-quality, low-cost products in response to the needs of the expanding market for EVs and automation as well as in various industrial areas. In addition to meeting needs for unmanned vehicles, we will contribute to solving social problems by making green performance standard feature and by other means.

In order to enhance sales capabilities, we will adopt virtual reality for test processes in order to immediately propose optimal processing technologies and equipment and promote environmentally-friendly Monozukuri without trial processing.

In terms of organizational reforms, we will undertake logistics reforms for just-in-time supply of parts according to the progress of assembly and use digital prototyping to complete design and manufacturing tasks. By reducing development and production lead times, we are able to provide products more quickly to more customers.

Many of JTEKT's Group companies have technologies that make them niche leaders. We will combine these technologies to create new value and work to solve various social issues.

TOPICS

First Meeting JTEKT Brand Cylindrical Grinders: The highest quality at a better value

We launched the first JTEKT brand cylindrical grinder by making use of traditional Toyoda grinder technology that has been handed down. In an era when carbon neutrality is required, we seek to expand markets and increase sales to various industries including the automotive industry, which is transitioning to electrical drives.



New G1 Series of Cylindrical Grinders



Meeting the needs of a new era using traditional technologies

GS200H Gear Skiving Center Wins 56th Minister of Economy, Trade and Industry Award for Promoting the Machine Industry

We have achieved the first practical application of the gear skiving method,* which makes possible the precise machining of compact, low-noise gears that will contribute to the electric vehicle production in the future.



GS200H Gear Skiving Center



Small-diameter gears created using the skiving process

* A machining process that cuts gears by controlling the rotation of the workpiece and the tool. JTEKT has world-leading technological capabilities in this field with the most patents held.



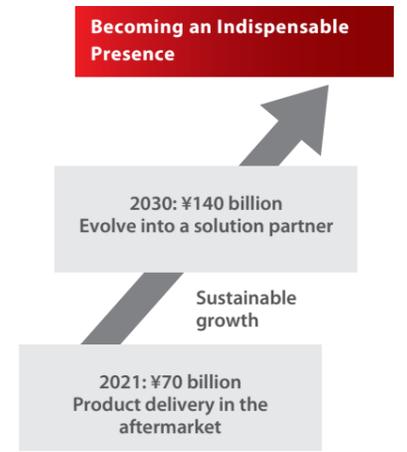
Aftermarket Business Unit

Kenichi Ishioka
Senior Executive Officer
Chief of Aftermarket Business Unit

The Aftermarket Business Unit delivers needed products to aftermarket customers as quickly as possible and also provides a diverse range of products and services as well as satisfaction so that customers can continue their value creation activities. As a solution partner that supports the product life cycle, we solve customer problems and help prevent them from occurring.

Our declaration:
We will be an indispensable presence for customers in the aftermarket

Recent Initiatives	Measures Looking Ahead to the Future
<p>We will</p> <ul style="list-style-type: none"> (1) Work closely with customers around the world, (2) Support product life cycles, and (3) Provide safety and security. 	<p>By going beyond the boundaries of existing products and</p> <ul style="list-style-type: none"> (4) creating and providing new value, we seek to become a solution partner that supports customers.



(1) Work closely with customers around the world

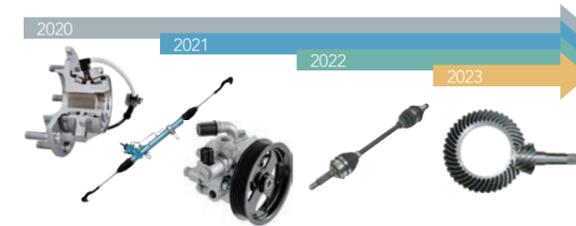
We will expand and improve our systems for providing products and services that meet customer aftermarket parts needs around the world. We will work to address markets in developing countries, such as in Africa, where new aftermarket demand is expanding, to ensure that we are able to meet customer needs globally.



(2) Become a presence that supports product life cycles

We will provide aftermarket parts and services to enable customers to use products for long periods. In the automotive aftermarket sector in particular, we have started sales of steering and related parts for aftermarket.

Going forward, we will expand our lineup of aftermarket products including driveline and related parts with the aim of meeting the expectations of not just the first owners of vehicles, but also the second and third owners.



We will continue to disseminate information so that we can provide solutions to everyone

(3) Become a presence that provides safety and security.

We released Bearing Defender, a product that assesses the status of bearings used in customer equipment. A vibration sensor and smartphone or tablet app work together to create a system that anyone can easily use to quickly make a diagnosis. This product enhances engineering and logistics services and supports the safe and secure operation of customer equipment.



(4) Become a presence that creates and provides new value

We developed ONI Bearing, a ceramic bearing products for sports bicycles, to meet new customer needs by using our "No. 1 and Only One" technologies. Our ceramic bearing technology supports smooth and comfortable bicycle riding by customers. Customers have experienced the vastly better performance of this product in various events, and we supply it as a bicycle upgrade part.

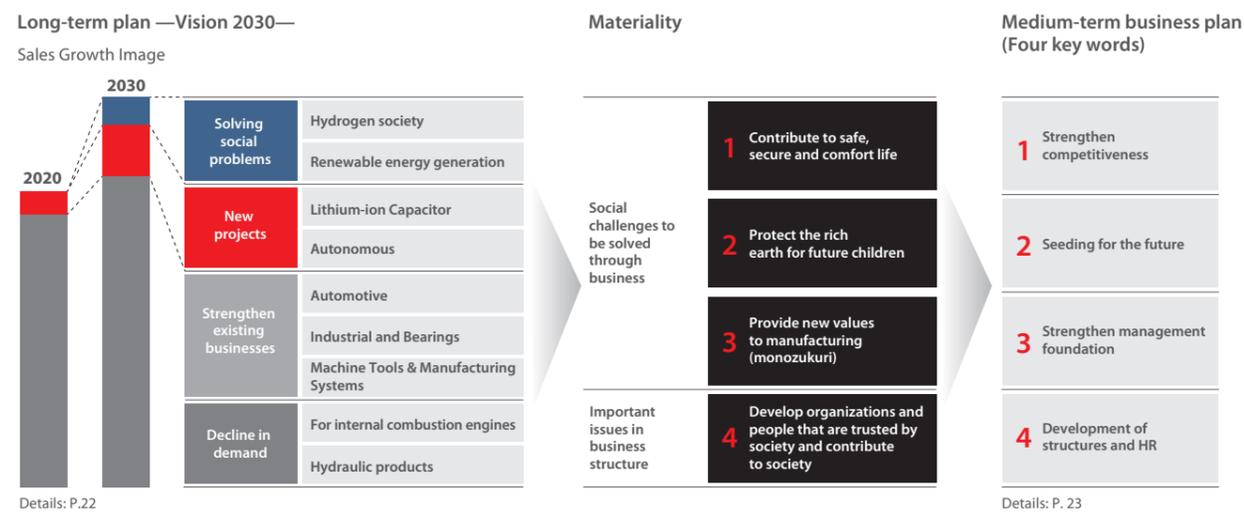


Identification of Materiality toward 2030

In tandem with our compilation of the medium-term business plan, we clarified our vision of ourselves in 2030, which is our long-term goal. Now we are tackling the solution of various social issues and realization of sustained growth with the aim of achieving this goal.

Relationship Between Materiality and the Medium- to Long-Term Business Plan

We formulated our materiality in the process of drafting the 2030 vision of ourselves and our medium- to long-term business plan. We categorized the various social issues between those that can be solved through our main business and those that are part of the foundation supporting our business. We then identified materiality as the vision we wish to achieve for each of these. In the medium-term business plan toward the realization of these visions, we set four key words, drafted policies based on these key phrases, and clarified the officers in charge, and we are monitoring the state of progress.

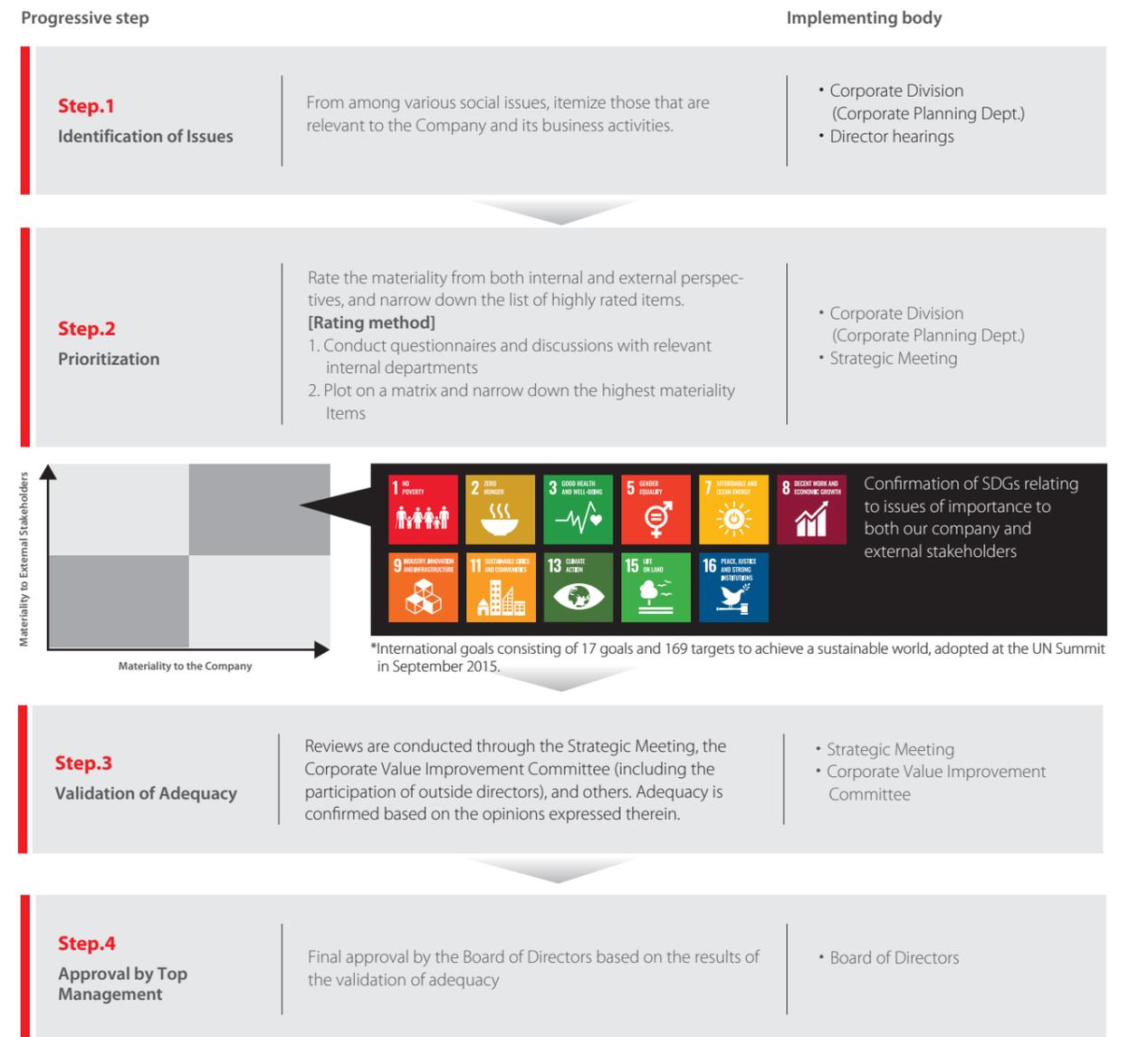


JTEKT's Materiality (Important Issues)

Social challenges to be solved through business	1 Contribute to safe, secure and comfort life	<ul style="list-style-type: none"> Turning solution for all motilities Safe automation/labor-saving for various works and services Life and care support for aging society 	
	2 Protect the rich earth for future children	<ul style="list-style-type: none"> Prevention of global warming Contribution to recycling society Reduction of environmental impact 	
	3 Provide new values to manufacturing (monozukuri)	<ul style="list-style-type: none"> Providing key components supporting industry Improvement in productivity by utilizing digital technology Extending life span of machine by preventive maintenance 	
Important issues in business structure	4 Develop organizations and people that are trusted by society and contribute to society	<ul style="list-style-type: none"> Human resources development Safety and health of workers Governance Diversity Compliance 	

Materiality Determination Process and Thinking

To contribute to the realization of a sustainable society, while imagining various changes in the social environment, we considered importance for our company and importance from the viewpoint of stakeholders. Then, in consideration of seeds for our company, we identified important issues to be addressed by the entire company and formulated our materiality.



CSR Management

The JTEKT Group aims to contribute to the resolution of social issues and realize a sustainable society through business conducted in accordance with its corporate philosophy.

About CSR (Corporate Social Responsibility)

The JTEKT group focuses on fulfilling its mission of "Seek to contribute to the happiness of people and the abundance of society through product manufacturing," and engages in business activities in harmony with the economy, society and the environment based on our Corporate Activities Standards. As a good corporate citizen, we work to resolve social issues together with our customers and suppliers who share this mindset in order to continue contributing to the sustainable development of society and the world.

Formulation of Corporate Activities Standards, Etc.

In February 2009 JTEKT formulated its CSR Policy. In April 2016, it rearranged these into JTEKT's Concept of Corporate Social Responsibility and the Corporate Activities Standards and is engaging in a wide range of CSR activities.

Furthermore, we have established the Global Conduct Guideline in an effort to fulfill its social responsibility as a company conducting business activities on a global scale. This guideline is updated and revised on an ongoing basis to appropriately reflect changes in international affairs and the social environment and expectations of society on corporations.

Corporate Activities Standards

Responsibility to our customers and business partners

We follow proper business practices and engage in fair, transparent, and free competition based on a respect for the law. We derive concepts from the market, provide the best in quality, technology, and service, and obtain the satisfaction and trust of customers.

Responsibility to our shareholders

We maintain close communication not only with shareholders but also with society at large and disclose corporate information properly, while at the same time working to improve our corporate value on a continuous basis.

Responsibility to our employees

We respect the individuality of employees, create workplaces that are motivating to employees and enable them to fulfill their potential, and strive to provide each with abundant living circumstances.

Contributing to regional societies and to global society

As a good corporate citizen, we aggressively pursue activities that contribute to society. We follow international rules, observe the laws, cultures, and customs of countries and regions where we have operations, and seek to contribute to their growth. We carry out global environmental improvement activities proactively and aggressively with deep awareness of their being an important corporate mission.

Main Points of the Global Conduct Guideline

1. Laws and Rules
2. Customers and Business Partners
3. Company
4. Our Colleagues
5. Society at Large

Promotion Structure

At JTEKT, we believe CSR is a core corporate activity from the belief that "the company is a public institution of society" and, as such, each of our divisions and units formulates an annual activity plan. A PDCA cycle* is then applied to this plan in accordance with monthly management based on policy control. Through this type of mechanism to achieve goals, we are incorporating concrete initiatives in company policy and division / unit policies to achieve the steady promotion of CSR activities.

For important themes, JTEKT has established specialized committees and functional meetings to formulate and promote activity plans.

* The Plan, Do, Check, Action management method for ongoing operation improvements

Council for Enhancement of Corporate Value

In February 2009, JTEKT established the CSR Promotion Committee chaired by the president, which periodically inspects the progress of CSR activities. In March 2017, this committee was renamed the "Council for Enhancement of Corporate Value." In addition to reporting on CSR activities conducted in the past, the council conducts ongoing discussions regarding dialogue with various stakeholders sharing the results of evaluations by external organizations and other information, the participation of outside directors and auditors in the pursuit of new value creation, intangible asset management, and JTEKT's contributions toward the realization of a sustainable society.

Companywide Health & Safety Committee

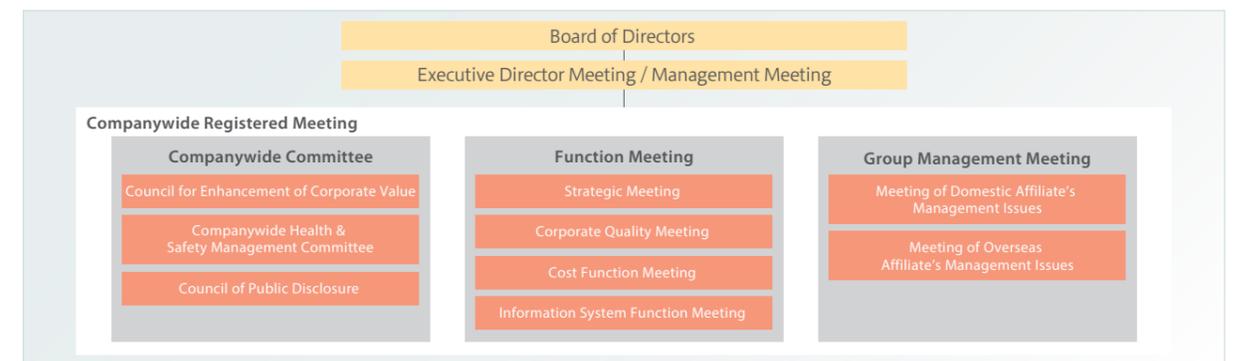
To promote better strategies and organizational structures for building safe, healthy, and comfortable work environments for all employees, in March 2006, we established a Company-Wide Safety and Health Committee with the President as its head. We conduct safety and health activities on a global scale including domestic and overseas group companies. In June 2020, in accordance with a revised Safety and Health Philosophy that "All accidents are definitely preventable," we established a Global message, "All for One in Life," expressing our safety principles. All JTEKT peruse ZERO accident through activities focusing on one's live and health.

Council of Public Disclosure

JTEKT discloses information about JTEKT Group appropriately and fairly in order to increase management transparency and enhance corporate value. In August 2016, the Council of Corporate Disclosure was established, comprising of concerned directors and managers of JTEKT's Corporate Headquarters with the purpose of examining and confirming whether the timing, content and means of corporate disclosure are appropriate. In April 2020, Corporate Disclosure Policy was published, showing our attitude toward JTEKT corporate disclosure.

JTEKT will continue to conduct constructive dialogue and publish information actively toward establishing the relationship of trust with stakeholders, including shareholders, investors, customers, business partners, and local communities.

Outline of the CSR Promotion Structure



Environmental Management

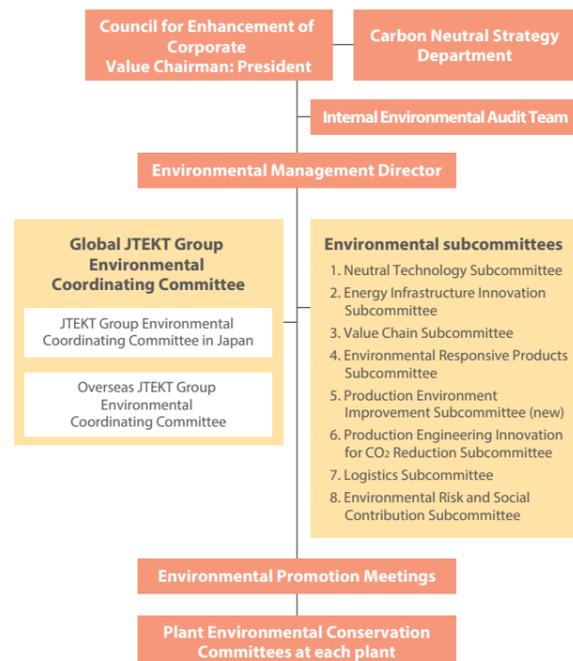
We have positioned the environment as a top-priority management issue based on an understanding of the impact that our corporate activities have on the environment. In accordance with our corporate philosophy, we have established a value-creation model and undertake ongoing measures to achieve a sustainable society.

Promotional Structure

We formulated the All for One Earth environmental philosophy and the JTEKT Environmental Action Guidelines with the aim of raising employee awareness so that the entire Group can work together to achieve a sustainable society through our business activities and product lifestyles.

To focus KPI on CO₂ emissions, we consolidated the Global Warming and Energy Conservation Subcommittee and the Resource Recycling Committee, two existing specialized environmental bodies, into the Production Environment Improvement Subcommittee and accelerated efforts through energy and resource conservation. This will lead to better communications among business divisions and support initiatives for achieving carbon neutrality at an early stage based on timely decision making.

Organizational Chart



Long-Term Environmental Targets Set

With the goal of realizing a sustainable society in line with the vision of "For the children of the future," JTEKT formulated the Environmental Challenge 2050 guidelines for measures aimed at minimizing JTEKT's environmental footprint by 2050. The JTEKT Group's Environmental Challenge 2050 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 the JTEKT Group is working together as one to take up the challenge of minimizing its environmental footprint and maximizing environmental value.

Environmental Challenge 2050

1. Products / Technologies

- Contribute to the building of an environmentally friendly society using our capabilities in the development of products and technologies. Actively promote the development of products that are expected to contribute toward reducing the burden on the environment, including components for fuel cell electric vehicles (FCEVs), etc.

2. Creation of a low-carbon society

- Work to minimize CO₂ emissions throughout the product life cycle, from materials and component procurement through to design, manufacturing, and eventual disposal.
- Work to minimize CO₂ emissions from factories engaged in the manufacturing of products by 2050. Expand the development and adoption of innovative new processes and production equipment. Implement day-to-day improvements and enhance the efficiency of production equipment at our factories. Shift over to the use of renewable energy, hydrogen energy, etc.

3. Creation of a recycling-based society

- Work to minimize emissions and expand recycling at the production stage. Implement source control measures (including yield enhancement, etc.) and use strengthened separation measures, etc., to enhance the value of waste materials (generation of valuable resources).
- Work to minimize water usage through the cyclical utilization of water used in our factories, etc.
- Ensure that wastewater discharged from our factories is discharged in a cleaner state.

4. Harmony with nature / Biodiversity

- Promote activities aimed at fostering harmony with nature and protecting ecosystems, not only on a JTEKT wide basis but also in collaboration with the Toyota Group and with government agencies and NPOs.

5. Environmental management

- Build a corporate culture and cultivate professionals oriented toward actively conserving the earth's environment. Strengthen employees' environmental awareness and cultivate people who can make a positive contribution to the environment, both within and outside the company. Expand the implementation of global-scale environmental activities.

Prevention of Global Warming

To achieve Group-wide carbon neutrality by 2035, we are working to minimize energy use in conjunction with business activities, conserving energy in all processes from design to delivery, improving logistics, and encouraging the use of renewable energy.

Working to Achieve Carbon Neutrality in 2035

At COP26 held in Glasgow, Scotland in 2021, formal agreement was reached on setting a target of limiting temperature increase since the Industrial Revolution to less than 1.5°C, and customers in Japan and overseas have made specific demands to the company regarding carbon neutrality. JTEKT will achieve carbon neutrality not just with regard to its own emissions (Scope 1 and 2), but also including the emissions of suppliers and others from the perspective of total product lifecycle CO₂.

To achieve the various effects of climate change, we moved up our Group-wide carbon neutrality by five years and will encourage energy conservation and the use of renewable energy in all processes associated with our business activities to achieve carbon neutrality by 2035.

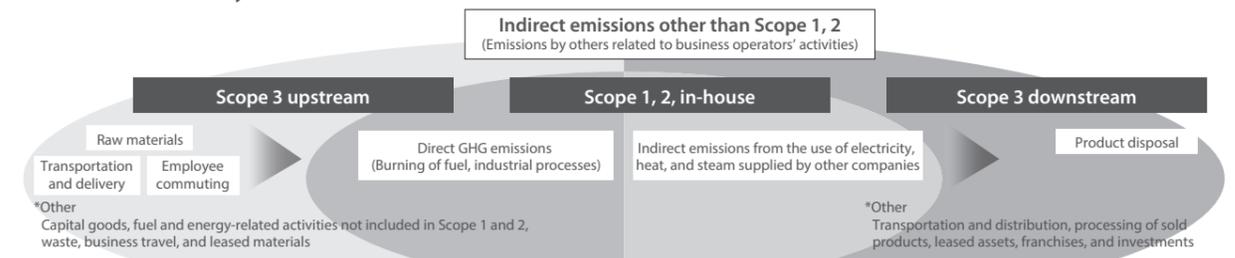
Setting Total CO₂ Emission Targets for 2030

JTEKT has set medium- to long-term targets for 2030 to achieve carbon neutrality by 2035.

The total emission target is a 1.5°C goal, which is consistent with the 2°C goal agreed on in the 2016 Paris Agreement (to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels). The global CO₂ reduction target is 60% or more compared to fiscal 2013. We aim to achieve this through energy reduction by production technology innovations, daily improvement at plants, and the introduction of renewable energy.

Total CO₂ emissions in fiscal 2021 were 223.2 thousand t-CO₂, a reduction of 37.6% compared to fiscal 2013.

JTEKT's Carbon Neutrality Definition and Policies



JTEKT's Policy Regarding Initiatives						
Aiming to achieve carbon neutrality in the entire supply chain						
	Scope 3 upstream	Amount reduced through own efforts	Scope 1, 2, in-house	Own plants + others' products	Scope 3 downstream	Amount reduced through own efforts
Own efforts	<ul style="list-style-type: none"> Reduce purchase volume Improve the efficiency of logistics Lower the weight reduction of products 	<ul style="list-style-type: none"> Shift to remote 	<ul style="list-style-type: none"> Energy saving (ongoing) Renewable energy Energy conversion 	<ul style="list-style-type: none"> CO₂ capture Reduce the amount of waste 	<ul style="list-style-type: none"> Make products lighter Improve of product efficiency Reduce friction, etc. 	
Reliance on others	<ul style="list-style-type: none"> Conversion to electric power for logistics vehicles Energy conversion 		<ul style="list-style-type: none"> Renewable energy Energy conversion 	<ul style="list-style-type: none"> CO₂ capture 		

Areas of Each Environmental Subcommittee

Environmental Subcommittee	Measures
Neutral Technology Subcommittee	New energy carriers, distributed power sources, CO ₂ resource recovery
Energy Infrastructure Innovation Subcommittee	Introduction of hydrogen and ammonia, renewable energy; construction of energy infrastructure
Value Chain Subcommittee	Understanding supply chain emissions and supporting CO ₂ reduction activities
Environmental Responsive Products Subcommittee	Simplification of products, reduction of component types, reduction of size and weight, reduction of friction, and improvement of performance
Production Environment Improvement Subcommittee (new)	Reducing CO ₂ emissions in production activities (energy conservation, waste reduction)
Production Engineering Innovation for CO ₂ Reduction Subcommittee	Monozukuri innovation, heat treatment, cost reduction
Logistics Subcommittee	Efficient logistics, electrification of logistics vehicles, reduction of packaging materials

Prevention of Global Warming

TCFD Initiatives

JTEKT conducts environmental management to maximize the environmental value described in the Environmental Challenge 2050. We believe that as a part of our environmental management, identifying medium- to long-term climate-related risks and opportunities,

quantitatively determining the effects, and reflecting those effects in our business strategies are necessary conditions for a company that can sustainably grow, and accordingly, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2018. Below, we disclose JTEKT's climate-change related initiatives in accordance with the TCFD framework.

Disclosure of Information in Accordance with the TCFD Framework

https://www.jtekt.co.jp/e/sustainability/environment/efforts/low_carbon/

Item	Details	Actions
Governance	System for monitoring by directors	<ul style="list-style-type: none"> In 2016, the Environmental Challenge 2050 was approved by the Global Environmental Protection Committee, the predecessor to the Council for Enhancement of Corporate Value, 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 the Council for Enhancement of Corporate Value
	Roles of officers in evaluating and managing risks and opportunities	<ul style="list-style-type: none"> 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 manager from among the executive officers The environmental manager formulates and Environmental Action Plan every five years and submits it to the Council for Enhancement of Corporate Value for approval
Strategy	Short-, medium- and long-term risks and opportunities	<ul style="list-style-type: none"> With regard to transition risks, rising costs in production processes are assumed due to higher prices for fossil fuels, carbon and other taxes, and responding to new CO₂ emissions regulations. With regard to logistics risk, direct impacts on business sites and supply chain disruptions caused by large-scale natural disasters are assumed
	Impacts of risks and opportunities	<ul style="list-style-type: none"> On the other hand, the manifestation of climate change will increase the need for even higher energy efficiency throughout society, which in turn will raise demand for our products, including automotive parts, that contribute to higher fuel efficiency, bearings that reduce energy losses in all industries, machine tools and storage battery related equipment used in battery manufacturing of, demand for all of which will increase in the future, as well as hydrogen-related components, which are expected to become a mainstay of next-generation renewable energy
	Organizational strategic resilience based on climate-related scenarios	<ul style="list-style-type: none"> Expanding business by developing environmentally-friendly products and minimizing environmental burdens in production processes is our business strategy for the environment Identifying risks and opportunities based on climate change scenarios and disclosing potential effects on the Company's website (in Environmental Reports)
Risk management	Risk identification and evaluation process	<ul style="list-style-type: none"> Environmental risks including climate change are positioned as business and management risks, and they are discussed and decisions on measures are made by the Council for Enhancement of Corporate Value chaired by the president Risks identified from all business activities are evaluated and countermeasures are confirmed
	Risk management process	
	Integration with total risk management	<ul style="list-style-type: none"> The effective functioning of risk management systems is confirmed and risk items, responses, and evaluations are periodically reviewed
Indicators and targets	Risk and opportunity evaluation indicators	<ul style="list-style-type: none"> Specific quantitative targets are set in the five-year Environmental Action Plan as climate change-related indicators for CO₂ emissions from production and CO₂ reductions from the use of our products We disclose Scope 1 and 2 emissions as CO₂ emissions from production as well as 10 categories relating to the Company for Scope 3
	Disclosure of Scope 1, 2, and 3	
	Risk and opportunity management targets and results	<ul style="list-style-type: none"> In fiscal 2021, we achieved a 37.7% reduction in CO₂ emissions from production compared to the challenge targets of a 30% reduction by 2025 and a 60% reduction by 2030 compared to fiscal 2013 In fiscal 2021, CO₂ reduction from the use of our products was 930,000 tons, which is greater than total CO₂ emissions from production of 223,000 tons Targets and results are disclosed each fiscal year in the JTEKT Report

Contributions to a Recycling-Based Society

We promote innovation in production technology, reduce materials used by reducing processing itself, and make improvements and use other means at production sites to implement various measures such as reusing resources including water resources and reducing and recycling waste material.

Reducing Waste Material

We categorize waste by type and have set sludge, foundry sand, and waste oil, which are generated in particularly high volumes, as priorities for improvement.

We see all emissions including waste material as resources and are working toward achieving a target of 100% resource recycling based on the 3Rs (reduce, reuse, recycle) concept. JTEKT unconsolidated achieved a 100% recycling rate in November 2012 and has maintained this rate since then. We are formulating and implementing plans for each region so that we can achieve zero emissions on a global scale.

Effective Use of Resources and Compliance with the Plastic Resource Circulation Act

We have adopted net shaping (reducing machined parts) by improving casting, forging, and other materials processing technologies to reduce the amount of materials used as an initiative for reducing the use of main materials. Also, to reduce the use of water, a crucial resource, we are implementing water conservation measures and reusing water internally. In fiscal 2021, we set a target of 3.0% or more improvement compared to fiscal 2018, and by reducing the amount of water used, primarily by implementing leak prevention measures, and preventing unplanned liquidation,* we were able to achieve the target.

To comply with the Act on Promotion of Resource Circulation for Plastics, which came into effect in April 2022, we are taking action to reduce one-way plastics, an issue we have been addressing for some time, and also set quantitative targets for reducing releases of waste plastic starting in 2022, and are taking systemic action to reduce releases.
* Renewal of processing oils, lubricating oils, and other oils.

Reducing Substances of Environmental Concern

To reduce use and waste volumes during production, we identify substances of environmental concern in products and conduct rigorous management.

Comprehensive Chemical Substance Management

The relevant departments established the Product Environment Committee to identify and manage substance of environmental concern in products. Overall activities including information gathering, data management, and internal training are incorporated into subcommittee activities and measures are implemented by working groups.

Emissions of substances subject to the PRTR Law*¹ amounted to approximately 32.2 tons in fiscal 2021, a reduction of approximately 1.2 tons compared to the previous fiscal year. Of these substances, VOC*² emissions account for approximately 30.0 tons, the bulk of which is xylene 1,2,4-trimethylbenzene. 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.

* 1. A framework that requires business operators to determine and report to the government the amounts of chemical substances that may be harmful to human health or ecosystems that they release from business sites into the environment (the atmosphere, water, and soil) and the amounts of such chemical substances included in waste material transported from business sites. The national government aggregates and announces the release and transportation amounts based on reported data and estimates.

* 2. Volatile organic compounds

Preserving Biodiversity

JTEKT formulated the Biodiversity Conservation Action Guidelines in March 2011 based on the 2015 Environmental Action Plan of the JTEKT Group Vision and has been undertaking environmental action in accordance with those guidelines in order to reduce the environmental impacts of our business activities and give due consideration to biodiversity.

The three pillars of our biodiversity protection activities are protection of rare wildlife that inhabit or grow at each plant, improving the regional local environments in the vicinity of each plant, and developing environmental human resources to continuously protect biodiversity. When protecting rare wildlife at each plant, we take action based on objective evaluations that take into consideration the opinions of experts and academics.

Human Resource Development

We are undertaking the building of workplaces in which employees can work enthusiastically and healthily over the long term, as well as putting in place a human resources development framework that encourages every individual employee to undertake self-directed learning and helps them to achieve growth along with the company.

Direction of Human Resource Development

We undertake human resource development in which each employee takes the initiative in accordance with the following two policies.

- (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.

Building a Sound Framework for Human Resource Development

JTEKT undertakes human resource development based on three pillars: on-the-job training (OJT), off-the-job training (OFF-JT) and career development.

- OJT training**
 To draw out the initiative of personnel, we conduct periodic interviews and operate an on-the-job trainer system. We also introduced "Problem Solving (four-year basic training)" to improve problem-solving skills and also develop human resources through practical work in the workplace.
- Training systems (OFF-JT)**
 We conduct systematic training according to employee position and age as well as the topic with a focus on strengthening problem-solving skills, one of the foundations of work, and also conduct e-learning based optional training to encourage self-initiated learning.
- Career development**
 To support the self-actualization of employees, we conduct career interviews, formulate succession plan, and use an internal recruiting system. In addition, we have created an environment where employees can select their careers at their own initiative.

Training Systems (OFF-JT)

We believe that as the social environment for business enterprises and individuals undergo significant changes and social values and needs diversify, in order to achieve sustainable growth in corporate value, it is important that diverse individuals achieve growth

through ambitious learning and contribute to higher productivity in the creation of innovation. We introduced a three-stage educational program that enables employees to learn independently according to their individual career ambitions and characteristics.

For the first and second stages of the educational program, we created courses on the fundamentals of functioning as a member of society including observing laws and regulations and compliance and courses on the necessary knowledge and approaches as a member of JTEKT including the Toyota Production System and problem-solving. As a result, we were able to create an atmosphere in which employees who were hired mid-career and did not have the opportunity to undergo training within JTEKT can catch up with our internal training system.

For the third stage, we incorporated original courses on expected rules and business and technical courses conducted in collaboration with outside courses.

We are also shifting the above training online in order to support learning that is not restricted by time and place.

Talent Management System and Learning Management System

We centrally manage the knowledge and skills acquired through self-initiated and motivated learning by individual employees, encourage visualization based on companywide standards, propose training plans and learning plans for the future, and use those plans for human resource recruiting and internal matching. We are also creating a system for linking individual learning with corporate growth.

In addition, we encourage recurrent education including specialized AI training and are introducing human resources into growth fields including AI, DX, and carbon neutrality using internal recruiting systems and other means in order to strategically utilize the human resources that we already have.

Global Succession Committees

To accelerate the global development of our business, we need to develop and promote more leaders who can work and be effective in multiple countries and regions. Regional succession committees discuss the identification, development, and optimal placement of selected human resources who can become candidate successors for key positions at business sites in Japan and overseas.

Diversity

Accepting and using human resources with diverse values is essential for achieving corporate growth. Encouraging diversity is positioned as a key management strategy for achieving the JTEKT Group Vision, and we are working to promote diversity.

Reforming Employee Awareness and Fostering Diversity Mindsets

In order to promote diversity, it is first necessary that all employees understand the need for and objectives of diversity and change their ways of thinking and actions. To achieve this, JTEKT conducts diversity training for all employees through e-learning and other means.

Empowering Women in the Workplace

To accelerate the empowerment of women in the workplace, we conducted a survey of all female employees and all managers in fiscal 2014 in order to investigate the working environments of female employees, their attitudes towards work, and the attitudes of supervisors regarding the development and evaluation of subordinates. Since then, we have been undertaking initiatives in three areas to address the issues identified based on the survey results: reforming awareness, achieving a good work-life balance, and fostering a beneficial corporate climate.

Measures to Support a Good Work-Life Balance

To enable all employees, regardless of gender, to maintain a good

balance between child care/family care and work, we are putting particular efforts into improving systems and creating a workplace environment that facilitates the use of those systems.

Starting in April 2018, we introduced a program for working from home for back-office departments with the aim of helping employees maintain a good work-life balance and securing opportunities for personal growth. We created a system that enables employees who can work autonomously to work more flexibly.

Employment of Persons with Disabilities

We support the active participation of employees with disabilities by creating a comfortable work environment and assigning work to employees according to their individual disability characteristics. In addition, as society is faced with the challenge of improving the workplace retention rate for people with disabilities, we are working to improve our retention rate by inculcating a thorough understanding of the workplace and work through practical training for employees with disabilities.

As one aspect of our efforts to create environments that facilitate work by all, we are introducing support tools for employees with hearing impairment (devices that display spoken word on a PC screen).



Use of a support tool during training

Specific Examples of Diversity Initiatives

Women <ul style="list-style-type: none"> ● Career training for women 	Foreign nationals <ul style="list-style-type: none"> ● Network building ● Environmental improvement ● Overseas secondment acceptance 	Seniors <ul style="list-style-type: none"> ● Review of human resource programs ● Career development support 	Persons with disabilities <ul style="list-style-type: none"> ● Workplace development ● Support for people with disabilities 	LGBT <ul style="list-style-type: none"> ● Training ● Establishment of consultation counter
Work-Life Balance				
Child care (support for work-life balance) <ul style="list-style-type: none"> ● Daycare support ● Babysitter subsidization scheme ● Childcare leave, shorter working hours, overtime limit program ● Distribution of handbook, establishment of support website 	Family care (support for work-life balance) <ul style="list-style-type: none"> ● Distribution of handbook ● Holding of briefings ● Establishment of consultation counter ● Shorter working hours, limited overtime work system 	Illness (support for work-life balance) <ul style="list-style-type: none"> ● Cancer treatment leave 	Flexible work style <ul style="list-style-type: none"> ● Elimination of upper limit on the number of half-day annual leave ● Flexible working hours (Elimination of core hours) ● Work-from-home program 	
Reforming Awareness (instilling a diversity mindset)				
Diversity training ● Conducting training for executives, managers, and by employee levels		Employee awareness ● Publication of in-house magazine ● Conducting lectures on diversity		

Occupational Safety and Health

Following a revised Safety and Health Philosophy, "All accidents are definitely preventable," all employees engage in safety and health activities and to enhance a comfortable workplace environment.

Safety and Health Philosophy

The JTEKT Group seeks to achieve zero accidents throughout the entire group by implementing measures that place life and safety at the center.

Safety and Health Philosophy

JTEKT and JTEKT Group aim to create a safe and secure workplace for zero accidents in the belief that "All accidents are definitely preventable!"

All for One in Life

"To promote a 'Safety-minded people' and 'Safe workplace' that enables all employees to work safe and healthy."

[JTEKT Safety and Health Action Guidelines]

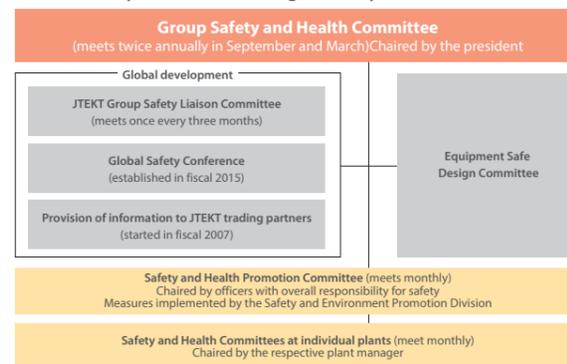
1. We promote detailed activities with the participations of all employees.
2. We understand and abide legal laws and safety rules regarding safety and health.
3. We promote continuous KAIZENs towards zero accidents

April 1, 2022 25, 2020
JTEKT CORPORATION
Companywide Safety Supervisor Toshiaki Shinya

Implementation Systems

In order to implement in a planned and systematic manner the creation of comfortable workplace environments that facilitate safe and healthy work by all employees, we established the Group Safety and Health Committee chaired by the president. The committee is responsible for creating a central safety and health management system for all domestic and overseas Group companies and conducting safety and health activities through unified global efforts.

Central Safety and Health Management System (Global)



Health

JTEKT values the health of each and every one of its employees and as such, conducts health management activities so that employees may enjoy their daily work and go about it with vitality.

Health Declaration

The JTEKT Group believes that the physical and mental well-being of all employees and their families is the most important thing. We support the good health of employees and their families with consideration and compassion and work to improve their health based on an employee-first stance.

We declare that we will implement initiatives to prevent disease so that employees and their families do not become ill and that we will create health-first workplaces where all employees feel that there is steady improvement in the workplace.

June 2021
Kazuhiro Sato, President of JTEKT Corporation

JTEKT Certified as a 2022 Health & Productivity Management Outstanding Organization (large enterprise category)

JTEKT takes active measures to support the physical and mental health of its employees, and on March 9, 2022, the company was certified as a Health & Productivity Management Outstanding Organization under the 2022 Health and Productivity Management Outstanding Organizations program. This program commends companies that undertake particularly noteworthy health management based on measures tailored to regional health issues and the health promotion measures encouraged by the Nippon Kenko Kaigi.



Supply Chain Management

In addition to the earlier standards of quality, cost, and delivery (QCD), companies are now being called on to conduct procurement that takes into consideration human rights, labor practices, fair business practices, the environment, and more. Under these circumstances, JTEKT engages in fair, transparent, and free competition and conducts appropriate transactions with a commitment to compliance.

Purchasing Philosophy

JTEKT respects its suppliers and aims to develop and grow based on mutual trust. (Refer to the October 2021 Partnership Building Declaration.)

In our Corporate Activities Standards and Purchasing Philosophy, we have clearly stated our policy of practicing open and fair business regardless of nationality, company scale, and experience doing business with JTEKT. Moreover, in order to offer fair and equal opportunities to trade with us, we publicly disclose the preliminary steps to establishing trade with JTEKT on our website.

Purchasing Philosophy

Fair and transparent business transactions
We provide open, fair, and equal opportunities to all regardless of nationality or company size, including companies with no experience doing business with JTEKT.

Purchasing Basic Policy

Mutual trust
Build mutual trust through close communication with business partners.

Coexistence and co-prosperity
Achieve harmonious relationships with business partners based on mutual trust.

Long-term, stable business relationships
Achieve stable procurement meeting JTEKT's quality, cost, volume, and delivery requirements through continuous business.

Global purchasing
Achieve optimal purchasing from a global viewpoint and improve international competitiveness through a strong supplier chain.

JTEKT Supplier Sustainability Guidelines

In order to share JTEKT's approach to CSR with suppliers, in 2022 we issued the JTEKT Supplier Sustainability Guidelines, which take into consideration recent social conditions, to clarify matters that we expect suppliers to comply with. Suppliers are asked to also request that their own upstream suppliers follow these Guidelines.

Furthermore, to maintain appropriate business transactions, the departments involved with suppliers comply with the guidelines for fair business transactions in each industry.

We are also working to disseminate information and gather opinions at every opportunity to further improve communication with suppliers.

JTEKT Supplier Association

The JTEKT Supplier Association, made up of 251 suppliers (as of fiscal 2021), holds quality management meetings, study sessions, safety subcommittee meetings, and other meetings with the objectives of building trusting relationships among members and strengthening corporate foundations. JTEKT also supports activities for reinforcing partnerships. In fiscal 2021, the annual conference could not be held in the usual manner due to the COVID-19 pandemic, but innovative methods including video distribution were employed to conduct the conference.

Green Purchasing

Our company promotes companywide Green Purchasing activities in order to contribute to the creation of a sustainable recycling-based society. For this purpose, we have issued Green Purchasing guidelines and have requested the cooperation of business partners.

Actions Required Under the Green Purchasing Guidelines

- Construction of an environmental management system
- Observation and reinforcement of environmental laws and regulations
- Prohibit or restrict use of environmentally burdensome substances
- Improve environmental performance by reducing CO₂ emissions, etc.
- Promote actions to conserve biodiversity

Initiatives for the Conflict Minerals Issue

In fiscal 2021 as well, we conducted the survey regarding conflict minerals ongoing since fiscal 2013. With the cooperation of our business partners, we confirmed the status of conflict minerals all the way to the supply chain and appropriately responding to the relevant customer enquiries.

Officers and Audit & Supervisory Board Members

Members of the Board



Kazuhiro Sato
President, Member of the Board
(Representative Director)

Chief of Quality Management Division

Apr. 1979 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
Jan. 2005 General Manager, Quality Division, Toyota Motor Corporation
Apr. 2014 Managing Officer, Toyota Motor Corporation
Apr. 2017 Senior Managing Officer, Toyota Motor Corporation
Jan. 2019 Operating Officer, Toyota Motor Corporation
Jan. 2020 Advisor of the Company
Jun. 2020 President, Member of the Board (to present)



Iwao Okamoto
Outside Director,
Member of the Board

Apr. 1970 Joined the Ministry of International Trade and Industry (MITI) (currently Ministry of Economy, Trade and Industry (METI))
Sept. 1999 Director-General, Basic Industries Bureau, MITI
Jan. 2001 Director-General, Manufacturing Industries Bureau, METI
Jul. 2002 Director-General, Agency for Natural Resources and Energy
Oct. 2003 Senior Executive Director, Japan Bank for International Cooperation
Oct. 2005 Managing Executive Officer, SUMITOMO CORPORATION
Apr. 2006 Senior Managing Executive Officer, SUMITOMO CORPORATION
Jun. 2007 Representative Director, Senior Managing Executive Officer, SUMITOMO CORPORATION
Apr. 2009 Representative Director, Assistant to President and CEO, SUMITOMO CORPORATION
Jul. 2009 President, Japan Cooperation Center for the Middle East (JCCME)
May 2011 President Executive, JAPAN-CHINA ECONOMIC ASSOCIATION
Jun. 2015 Director, Member of the Board of the Company (to present)



Takumi Matsumoto
Senior Executive Officer,
Member of the Board
(Representative Director)

Chief of Research & Development Division
Chief of Automotive Business Unit

Apr. 1986 Joined Toyota Motor Corporation
Aug. 2010 General Manager, BR-Electric Vehicle/Charge System Development Dept., Toyota Motor Corporation
Apr. 2015 Managing Officer of the Company
Oct. 2015 Executive Managing Officer
Jun. 2016 Executive Director
Jan. 2021 Senior Executive Officer, Member of the Board (to present)



Takeshi Uchiyamada
Outside Director,
Member of the Board

Apr. 1969 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
Jun. 1998 Member of the Board of Directors, Toyota Motor Corporation
Jun. 2001 Managing Director, Toyota Motor Corporation
Jun. 2003 Senior Managing Director, Toyota Motor Corporation
Jun. 2004 Director of the Company
Jun. 2005 Executive Vice President, Toyota Motor Corporation
Jun. 2012 Vice Chairman of the Board of Directors, Toyota Motor Corporation
Jun. 2013 Resigned from Director of the Company
Chairman of the Board of Directors, Toyota Motor Corporation (to present)
Jun. 2018 Director, Member of the Board of the Company (to present)



Koichi Yamanaka
Senior Executive Officer,
Member of the Board
(Representative Director)

Chief of Sales & Marketing Division

Apr. 1984 Joined JTEKT Corporation
Jan. 2010 General Manager, Procurement Division, Steering Systems Business Unit
Apr. 2014 Executive Officer
Apr. 2017 Executive Managing Officer
Apr. 2020 Managing Officer
Apr. 2021 Senior Executive Officer
Jun. 2022 Senior Executive Officer and Member of the Board (to present)



Yuichiro Kato
Outside Director,
Member of the Board

Apr. 2003 Associate Professor, Department of Industrial and Strategic Engineering, Graduate School of Engineering, Nagoya Institute of Technology
Oct. 2015 Representative Member, Brand Design LLC (currently Brand Design Inc.)
Apr. 2018 Professor, Faculty of Human Resource Development, Polytechnic University (under the jurisdiction of the Ministry of Health, Labour and Welfare)
Nov. 2018 Representative Director, Brand Design Inc.
Jun. 2019 Professor, Project for Collaboration among Industry, Academia, Government, and Finance, Nagoya Institute of Technology (to present)
Jun. 2022 Member of the Board, JTEKT Corporation (to present)

Members of the Audit & Supervisory Board



Kazuhisa Makino
Member of the Audit &
Supervisory Board

Apr. 1982 Joined Toyoda Machine Works Ltd.
Jan. 2005 General Manager, Corporate Management Dept., Toyoda Machine Works Ltd.
Jun. 2010 General Manager, Accounting Dept. of the Company
Jun. 2011 Managing Officer
Apr. 2015 Executive Managing Officer
Jun. 2019 Executive Director
Jun. 2020 Senior Executive Director
Jan. 2021 Senior Executive Officer, Member of the Board
Jun. 2022 Full-Time Audit & Supervisory Board member (to present)



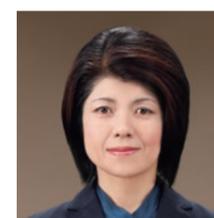
Yasushi Matsui
Outside Member of the Audit &
Supervisory Board

Apr. 2019 Managing Officer, DENSO Corporation
Jun. 2021 Director and Managing Officer, DENSO Corporation (to present)
Jun. 2022 Audit & Supervisory Board member (to present)



Makoto Sano
Member of the Audit &
Supervisory Board

Jan. 2007 General Manager of Engineering, Tahara Plant, Toyota Motor Corporation
Mar. 2014 Director of the Company
Apr. 2014 Operating Officer
Apr. 2015 Executive Managing Officer
Jun. 2018 Managing Officer
Jun. 2020 Senior Executive Director
Jun. 2021 Senior Executive Officer
Apr. 2022 Advisor
Jun. 2022 Full-Time Audit & Supervisory Board member (to present)



Yumiko Sakurai
Outside Member of the Audit &
Supervisory Board

Jan. 2000 Representative, Yumiko Sakurai CPA (to present)
Jun. 2019 Audit & Supervisory Board member (to present)

Corporate Governance

JTEKT continuously strives to enhance corporate governance in order to fulfill its corporate social responsibility (CSR) and increase its corporate value.

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 our corporate philosophy and the JTEKT GROUP 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 executive director meetings, management meetings, and companywide registered meetings, are held to fulfill deliberations on individual matters and supervise the performance of duties by managing officers.

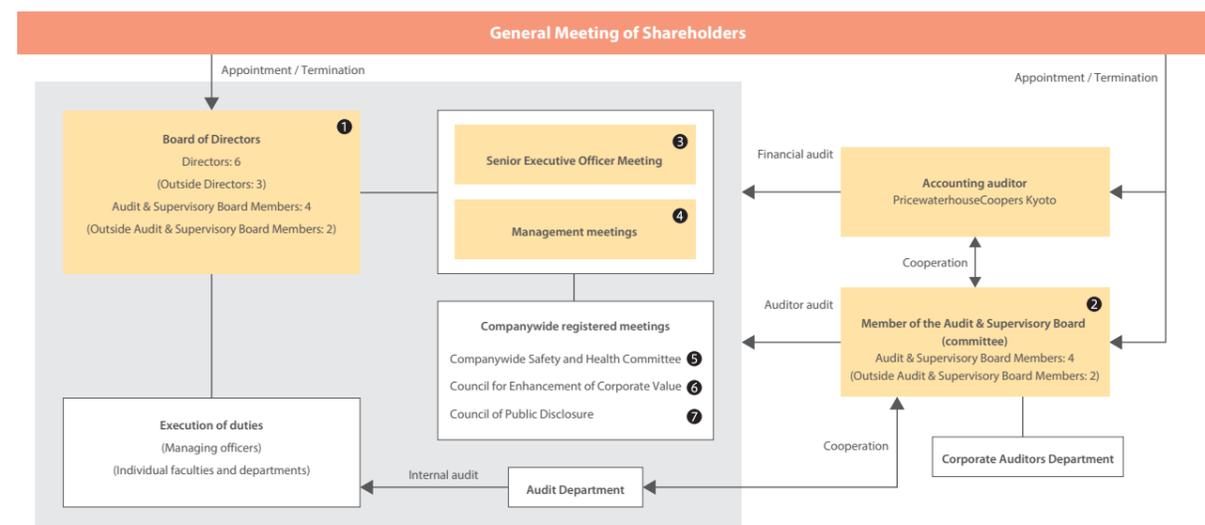
To ensure a transparent, fair, prompt and efficient management, JTEKT has opted for a company with an Audit & Supervisory Board to inspect directors' execution of duties,

which consists of four auditors, two of whom are outside auditors (of which one are independent outside auditor). At monthly 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. The Board also makes periodic reports on the auditors' finding at management meetings.

Additionally, three full-time staff members in the Corporate Auditors Department assist the Audit & Supervisory Board members. Regarding internal auditing, the Audit Department, which reports directly to senior management, inspects the business execution of each function and business division and the effectiveness of internal controls, reporting the results to representative directors and the Audit & Supervisory Board to ensure auditing independence.

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 addition, 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 engage in mutual cooperation.

Corporate Governance System



Meetings of the Board of Directors and Other Bodies (Fiscal 2021)

Committees	Composition	Meeting frequency	Details
1 Board of Directors	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Held once per month	Makes decisions about important matters within management, and supervises directors' performance of duties. Met 12 times in fiscal 2021.
2 Audit & Supervisory Board	Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Held once per month	Inspects the appropriateness of methods and results of audits of the directors' performance of duties, and of audits performed by the accounting auditor. Met 12 times in fiscal 2021.
3 Senior Executive Officer meetings	Directors: 3 Senior Executive Officers: 6 Audit & Supervisory Board Members: 2	Held twice per month	Supplements the Board of Directors, deliberates important matters within management, and determines fundamental policies. Met 24 times in fiscal 2021.
4 Management meetings	Directors: 3 Senior Executive Officers: 6 Audit & Supervisory Board Members: 2	Held once per 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. Met 12 times in fiscal 2021.
Companywide Registered Meetings			
Companywide Committee	5 Companywide Health & Safety Committee	Directors: 3 Senior Executive Officers: 5 Plant managers and others: 6	Held twice per year Deliberates on policies, targets, and measures concerning safety, sanitation, health, and other issues.
	6 Council for Enhancement of Corporate Value	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Held twice per year Deliberates on the creation of new value for society and the Group to achieve sustainable growth.
	7 Council of Public Disclosure	Chief of Corporate Division (Senior Executive Officer) and several others	As needed Investigates and confirms whether the timing, details, and methods of information disclosure are appropriate.
Function Meetings	Strategic Meeting	Directors: 3 Senior Executive Officers: 6 Others: 4	Held once per week The Board of Directors, Senior Executive Officer Meeting, and management meetings delegate authority to companywide registered meetings to examine the policies and direction of the company through specialized and sufficient deliberations from the standpoint of duty performance.
	Corporate Quality Meeting	Directors: 3 Senior Executive Officers: 6 Others: 2	Held twice per year Reviews the results of activities and deliberates on future actions based on quality function policies and measures
	Cost Function Meeting	Directors: 3 Senior Executive Officers: 6 Others: 9	Held four times per year Makes issues relating to current cost functions visible and investigates responses.
	Information System Function Meeting	Directors: 3 Senior Executive Officers: 6 Others: 3	Held twice per year Shares information on issues and investigates and deliberates on response policies for the implementation of IT policies and establishment of governance globally.
Group Management Meeting	Meeting of Domestic Affiliate's Management Issues	Directors: 3 Senior Executive Officers: 6 Others: 3	Held once per year by each company Shares information on issues and other topics relating to the status of management, the management vision, and strategies with senior management of Group companies.
	Meeting of Overseas Affiliate's Management Issues	Directors: 3 Senior Executive Officers: 6 Others: A small number	Held once per quarter by each company

Corporate Governance

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. JTEKT share information with subsidiaries including the JTEKT GROUP VISION, and the medium-term business plan and confirms business plan progress at management issue meetings.
2. JTEKT requires that subsidiaries engage in prior consultation or post-report 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. JTEKT developed the JTEKT Group Business Management Guidelines and requires subsidiaries to establish internal control systems. We also require the prompt reporting of serious financial, safety, quality, environmental, and disaster risks.
4. JTEKT requires that subsidiaries establish compliance systems based on the "Global Conduct Guidelines." Subsidiaries also conduct regular compliance inspections based on checklists provided by JTEKT.

Initiatives for Reinforcing 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 and annual implementation of the PDCA cycle in response to the Corporate Governance Code.

In November 2019, we reviewed matters to be referred to the Board of Directors and delegated decision-making authority with regard to items of low importance to the executive director meeting, revising the Board of Directors regulations for the purpose of setting aside more time for Board of Director deliberation of management strategy and other, more important items.

In April 2020, the existing "managing officer system" was abolished and a new "senior management system" was introduced. As a result, this has enabled the promotion of talented young employees and the flexible assignment or withdrawal of human resources in important posts, which has significantly reduced the number of officers. 2021 Reform of officer system [(1) Abolition of director roles such as deputy president, senior managing director, and managing director; (2) Name integration to Senior Executive Officer; (3) Expansion of Senior management system] contributed to the slimming and flattening executive system, the speeding up management decisions, the promoting delegation of authority, further speeding up decisions on replacement, flexible promotion and withdrawal (expansion). As a result, the number of officers has also been significantly reduced.

Outside Directors and Auditors

JTEKT appoints outside directors who fulfill requirements for outside directors and possess experience and insight within their field. They are also selected based on the excellence of their character and viewpoints, and for their high ethical standards, perspectives, and knowledge in accordance with the JTEKT policy for appointing directors. Furthermore, JTEKT conducts the appointment of outside members of the Audit & Supervisory Board from a perspective of audit neutrality and objectivity. These members are also selected based on their experience and viewpoints.

Nomination of Director and Audit & Supervisory Board Member Candidates

Concerning the nomination of director and Audit & Supervisory Board member candidates, the "Executive Officer Personnel Appointment Review Meeting," comprising the president and independent outside directors, nominate candidates with various areas of expertise and experience in consideration of maintaining the overall balance and diversity of the Board of Directors.

Main Governance Reform Initiatives

Date	Measures	Purpose
Jun. 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
Jun. 2013	Appointment of foreign executive officer	To ensure executive officers diversity
Jun. 2015	Appointment of two outside directors	Strengthening management oversight function
Feb. 2016	Establishment of Executive Officer Personnel Appointment Review Meeting (comprising the President and Representative Director and outside directors)	To ensure the adequacy of personnel of executive officers
Jun. 2016	Establishment of Executive Remuneration Meeting (Comprising President and Representative Director and 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
Jun. 2018	Increased number of outside directors by one, to a total of three	Further strengthening management oversight function
Jun. 2019	Appointment of a female outside Member of the Audit & Supervisory Board	To ensure greater executive officers diversity
Nov. 2019	Revision of the Board of Directors regulations	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 executive structure	(1) Abolition of director roles such as deputy president, senior managing director, and managing director, (2) Name integration to Senior Executive Officer, (3) Expansion of Senior management system
Jun. 2022	Appointed independent outside directors equal to one-third the number of directors	Ensuring the effectiveness of independent and objective supervision of management by the Board of Directors

Appointment of outside Directors and outside Members of the Audit & Supervisory Board

Position	Name	Main reasons (experience, insight, etc.) for appointment	Independent Director	Attendance record in fiscal 2021 (attended/held)	
				Board of Directors	Audit & Supervisory Board
Director	Iwao Okamoto	Held key positions within the Ministry of Economy, Trade and Industry (METI) and for an incorporated foundation, obtaining ample experience and a high level of insight regarding industry and economic activities within Japan and overseas	✓	14/14	-
Director	Takeshi Uchiyamada	Rich experience and deep insight relating to monozukuri as a manufacturing business executive	-	14/14	-
Director (new appointment)	Yuichiro Kato	Extensive experience and deep insight in the marketing and quality control fields accumulated through a career as a professor at universities and other educational institutions	✓	-	-
Member of the Audit & Supervisory Board	Yumiko Sakurai	Considerable knowledge relating to financial and accounting matters as a certified public accountant	✓	14/14	15/15
Member of the Audit & Supervisory Board (new appointment)	Yasushi Matsui	Extensive experience as a manager in manufacturing companies and wide-ranging insight concerning corporate governance	-	-	-

Corporate Governance

Provision of Information to outside Directors and Auditors

The Liaison Meeting for Outside Directors and Auditors is held the day before Board of Directors' meetings. This provides an opportunity for the outside directors and auditors to all meet at the same time, receive materials and explanations concerning the deliberation agenda items, and exchange opinions among themselves, thereby creating an environment in which they can actively participate in deliberation and reporting matters at Board of Directors' meetings.

Information on management topics other than the agenda items is also shared by the Meeting, and the outside directors and auditors can express their opinions on new business and other topics under consideration.

In addition, regarding important items, a Management Review Meeting is held, in principle, one month before the Board of Directors' meeting, attended by the same participants as the Board of Directors, including outside directors, to ensure a sufficient amount of time to review all agenda items.

Skill Matrix of Directors

To ensure a balance of knowledge, experience, skills, and diversity required for the sustainable growth of JTEKT as a monozukuri company, and the enhancement of corporate value over the medium to long term, we have selected diverse directors with experience and expertise in organizational management that are considered pivotal from the perspective of the corporate philosophy, JTEKT GROUP VISION, and corporate management.

Skill Matrix of Directors

Name	Position	Corporate management	Technology & R&D	Finance & accounting	Business strategy & marketing	Monozukuri (production) technology, procurement, quality, and safety	Legal & risk management	Talent development & labor issues	Sustainability & ESG	International experience
Kazuhiro Sato	President	✓	✓	✓			✓	✓	✓	✓
Takumi Matsumoto	Senior Executive Officer	✓	✓	✓	✓		✓			✓
Koichi Yamanaka	Senior Executive Officer	✓	✓	✓		✓		✓		✓
Iwao Okamoto	Outside Director	✓	✓			✓	✓	✓	✓	✓
Takeshi Uchiyamada	Outside Director	✓	✓	✓	✓			✓	✓	✓
Yuichiro Kato	Outside Director	✓	✓	✓	✓			✓		✓

Evaluating the Efficacy of Directors and Audit & Supervisory Board Members

JTEKT's Board of Directors, in which outside directors participate, strives to engage in lively discussions based on a diverse array of knowledge and abundant experience, conducting meetings that enable us to make timely and appropriate business decisions.

The effectiveness of the Board of Directors is analyzed and evaluated as follows.

Analysis and Evaluation Process

- Audit of "efficacy of important meetings, including the Board of Directors" by the Audit & Supervisory Board members
- Implementation of "survey on the efficacy of the Board of Directors" by the Board of Directors Secretariat targeting directors and Audit & Supervisory Board members

Overview of Evaluation Results

Although there has been some discussion of the relationship between intangible assets and business strategies, such as sustainability and human capital, opinions were expressed that there is still room for further improvement. In response, in addition to the Board of Directors, we plan to use companywide registered meetings bodies in which directors and Audit & Supervisory Board members participate to create forms for enhanced deliberation. We are aware of issues in addition to the above identified from the evaluation results, and we will make improvements to enhance efficacy further.

Director and Auditor Remuneration

Directors' remuneration is as shown in the figure below. Outside directors and Audit & Supervisory Board members receive only monthly remuneration, no bonuses are paid.

Independence from management is ensured by establishing a remuneration system that is unlikely to be affected by corporate performance. The amount of remuneration for each Audit & Supervisory Board member is determined through discussions among Audit & Supervisory Board members.

Remuneration of Directors and Audit & Supervisory Board Members

Payment method	Cash compensation		Stock compensation (Restricted Stock)
	Fixed (Monthly) compensation	Variable (Performance-linked) compensation	Variable (Performance-linked) compensation
Type of compensation	Fixed (Monthly) compensation	Variable (Performance-linked) compensation	Variable (Performance-linked) compensation
Rough ratios	70%	20%	10%
Yearly limit on compensation	¥800 million		¥100 million
Paid on	Monthly	Yearly	Yearly
Policy and indicators	Set the base amount for each position	Calculate from the compensation table based on the following indicators (1) Business profit (2) Achievement of safety and quality goals	Half of performance-linked compensation based on business profit is granted as stock compensation
Process	(1) Formulated a compensation draft based on the above policy and indicators (2) At the Executive Compensation Meeting consisting of the president and two independent outside directors, the validity of the above formulated compensation based on company performance and comparison with social conditions and trends at other companies, etc. and consistency with the decision policy are confirmed and approved (3) The Board of Directors has resolved to give the president discretion in determining the compensation of each director, and the president determines the compensation of each director based on that resolution (4) The allocation of stock compensation (number of shares) is decided by a resolution of the Board of Directors		

Total Amount of Director and Auditor Remuneration (Fiscal 2021)

Position	Total compensation	Total compensation by type			Directors/Audit & Supervisory Board Members
		Fixed compensation	Variable (Performance-linked) compensation		
			Bonuses	Stock compensation	
Directors (Outside directors)	¥427 million (¥36 million)	¥319 million (¥36 million)	¥97 million (¥-million)	¥11 million (¥-million)	13 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	¥109 million (¥32 million)	¥109 million (¥32 million)	¥-million (¥-million)	¥-million (¥-million)	5 (3)
Total	¥536 million	¥428 million	¥97 million	¥11 million	18

Notes: 1. The above amounts include those for four directors, who retired from the post of director at the conclusion of the 121st Annual General Meeting of Shareholders held on June 25, 2021.
2. The above amounts of bonuses include ¥97 million (paid to six directors) that was expensed as director bonuses in the current fiscal year.

Risk Management

To maintain and strengthen fundamentals (corporate foundation), we are working to improve our risk management promotion system that ascertains, evaluates, and appropriately promotes measures with respect to critical risks faced by the entire JTEKT Group.

Risk Management

In October 2017, we established a new system in which the Compliance Officer (CO) was transitioned into the Risk Management Officer (RO) in order to strengthen our risk prevention efforts. We aim to control risks on a global scale by expanding risk management to each department and group.

Risk Management Structure



Identifying Risks and Clarifying Responses

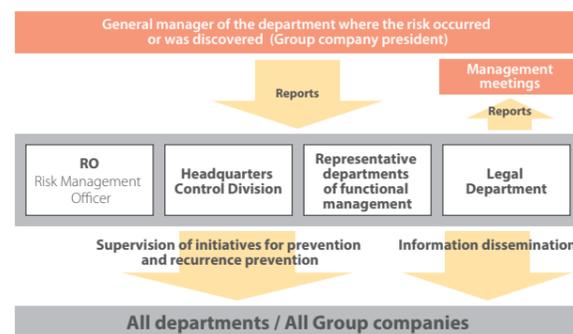
JTEKT assigns a risk management department to each risk item. The risk management department reviews the annual action plan formulated by each division at the end of each fiscal year and reflects it in the next fiscal year's plan.

Risk Responses in Each Department

To deal with risks autonomously, each division promotes prevention and countermeasures against the occurrence of risks based on the annual action plan.

Thorough Adherence to Immediate Reporting

From fiscal 2015, we broadened the scope of our immediate reporting system, which requires prompt reporting after identifying compliance issues and even with regard to noncompliance risks, and ensure that operational rules are in place to quickly issue initial reports after risks are uncovered.



Information Security

As the number of cyberattacks and virus infections increase throughout the world, JTEKT is cognizant that these are extremely significant risks that threaten our corporate activities. In each process we engage in, such as product development, manufacturing, and shipping, the strengthening of information security measures is indispensable for our ability to supply safe products. Given these circumstances, in March 2019 we formulated the JTEKT Group Policy of Information Security and shared it throughout the entire Group in an effort to enhance information security.

Large-Scale Disaster Countermeasures

We are promoting both software and hardware measures to deal with large-scale disasters, which have a particularly large impact on the continuation of our business activities under the Basic Policy for JTEKT Group Business Continuing Plan. These include employee safety confirmation, disaster drills, disaster mitigation education in households based on the assumption of local disaster risks, and preparations for early recovery of product supply.

Compliance

JTEKT positions compliance as the premise and foundation of corporate value, therefore it is essential to realizing our corporate philosophy.

Group Training and Awareness Activities

JTEKT conducts ongoing training and awareness-raising activities targeting its directors, employees, and all Group companies regarding how compliance is deeply intertwined with its operations. We conduct annual workshops for company officers (including directors, auditors, managing officers and others) who are vital for compliance. In fiscal 2021, the theme was fostering a corporation culture that does not allow compliance violations to occur, and the event provided an opportunity to reaffirm JTEKT's current status and issues in light of past incidents.

Moreover, every July is declared Compliance Month, during which the president sends out a message to all JTEKT employees, including those at JTEKT Group companies, and compliance training materials are distributed for e-learning and workplace reference in an effort to support compliance activities in each workplace. Even within internal training planned by our HR Department, we address compliance issues so that each employee can take the necessary precautions suitable to their rank and job type.

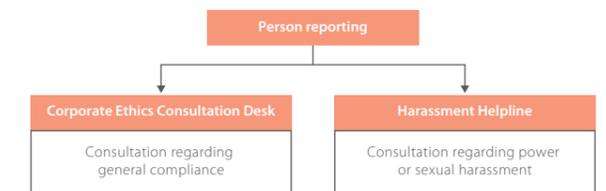
Compliance Inspections (Targeting Group Companies)

Regular inspections are conducted in all departments within the Company and each company in the JTEKT Group to examine management conditions in terms of compliance related to operations, and we plan and implement measures to promote compliance based on the results.

Whistleblowing System

To enable a fine-tuned response to each consultation case, JTEKT has established the Corporate Ethics Consultation Desk and several other consultation desks (including those with auditors serving as the point of contact) aimed at the prevention, early detection, and recurrence prevention of scandals. From fiscal 2020, we will improve the ability of the JTEKT Group to respond to whistleblowing by unifying the operation of the Corporate Ethics Helpline (lawyer consultations), part of the Corporate Ethics Consultation Desk, within domestic subsidiaries.

Role of the Internal Reporting Consultation Desks



No. of Internal Reports Made in the Past Five Years

FY	2017	2018	2019	2020	2021
No. of reports	50	49	35	47	70

Antitrust Laws and Corruption Prevention

JTEKT places particular importance on compliance with antitrust laws, competition laws in each country, and laws relating to corruption and bribery with JTEKT and its Group companies, products, and business transactions in light of global trends placing importance on fairness in trading and the current situation in terms of stricter regulations and enforcement.

Appropriate Tax Payments

JTEKT and the JTEKT Group conduct business in approximately 30 countries and regions, transacting business between Group companies across countries and regions. With regard to transfer pricing, we established a policy that complies with the OECD Transfer Price Guidelines and strive to ensure appropriate declarations. Furthermore, we do not engage in tax planning that leads to tax source erosion or income transfers that abuse tax havens or tax treaties located outside the country or region where our business is located.

In addition, regarding important matters such as risks related to tax payments, the Chief of Corporate Division, who is a Senior Executive Officer, reports to the Board of Directors and other committees, and a system is in place to receive guidance from the Board of Directors.

Outside Director Message



Iwao Okamoto
Outside Director

Independent

Group-wide restructuring in the first year of JTEKT Reborn

Our new medium- to long-term business plan set 2021 as the first year of JTEKT Reborn. We have constructed a framework for a Group-wide concerted effort to lower the breakeven sales ratio, reduce costs, and implement various measures to fortify our fundamental competitiveness amid the drastically changing business environment worldwide. The Board of Directors is considering and evaluating all initiatives and is actively promoting structural improvements in Europe, North America, and other regions. In addition, the board receives reports from business executives on the success and developments of specific measures related to the semiconductor shortage, the pandemic situation, and other issues.

The board has also discussed the status of the temporary restraint on investment in facilities and R&D, which was undertaken to shore up the Company's financial foundation. The current discussion, to which the executive side is also contributing, is about how to increase investment needed to make us more competitive in the future and in what fields to focus investment.

I believe that the most important element to maximizing the effectiveness of whatever we plan and to developing our business going forward will be the investment in human resources. With that in mind, I want to determine the ideal portfolio of human resources for the execution of our business and to formulate a roadmap to reach our objectives. I also want to encourage active discussion on information disclosure to improve the execution of specific initiatives and increase employee engagement.



Yuichiro Kato
Outside Director

Independent

In the current unsettled environment, a strategy story with a destination and a path to get there is essential

What is the Company aiming for in the long term, and what will be the Company's story for getting there? As the business environment for global companies becomes increasingly uncertain with U.S.-China trade friction, the global pandemics, and semiconductor shortages, a strategy story with a destination and a path to get there is more important than ever.

The goal is assurance of future earnings, and achieving that requires establishing sustainable growth and highly predictable outcomes. A convincing future plan will support expectations that the share price will rise without losing momentum even during times of business weakness. Outside directors are the shareholders' representatives, and we have the important duty to oversee the attractiveness of the Company's strategy story and to monitor the Company's progress.

For the strategy story to yield outstanding results, Total Quality Management is indispensable. TQM backed with a strategy story drives the entire organization to solve problems and accomplish tasks, which will make shareholders more inclined to support the Company through temporary ups and downs on the way to a long-term objective. I believe that boldly taking on challenges with a strong strategy story backed by TQM is the kind of "aggressive governance" that is called for in times of uncertainty.

My primary focus is how JTEKT can combine its TQM and a strategy story to create sustainable business growth. As an academic researcher, I will apply my skill in examining and creating logic in the "rules and principles" of strategy stories and use my experience from "practice and proof" with businesses in various sectors. As an outside director, I am deeply committed to furthering the Company's development.



Yumiko Sakurai
Outside Audit & Supervisory Board Member

Independent

Urgent need for a long-term human capital strategy to increase in corporate value

JTEKT has set a clear medium- to long-term business plan for what it wants the Company to be in 2030, and we are now halfway through the first stage of getting the plan fully under way. In my view, the most important step JTEKT can take now is to invest in the human resources needed to carry out the plan. The JTEKT Group has approximately 50,000 employees worldwide. How can this intangible asset of human capital be used to improve corporate value? and how can we form and execute a human capital management strategy? We will soon need to integrate human resource management more deeply in order to develop personnel with a deeper understanding of the JTEKT corporate philosophy.

In addition, the government revised the Corporate Governance Code in 2021 to call for diversification of human resources and governance of investment in human resources, and the Ministry of Economy, Trade and Industry released the Ito Review 2.0 on Human Capital in May 2022. Japan is also considering including information on human capital along with other non-financial information in its rules for ESG disclosure. The need to formulate a long-term strategy for human capital is urgent.

We are in an era of extreme uncertainty, where the market environment and global conditions are rapidly changing, and stakeholders are demanding that companies find different ways to increase corporate value. As an outside member of the Audit & Supervisory Board and a representative of all stakeholders, I am constantly on the alert for what is being expected of corporate management, including human capital management. I will fulfill my duty by providing information from an objective perspective so that JTEKT can fulfill its role as a public institution of society and become an even greater contributor to creating a sustainable society and planet.



Eleven-Year Consolidated Financial Summary

	Fiscal years ended March 31	Unit	JGAAP							IFRS				
			FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019	FY2020	FY2021
Net sales / Revenue		Billions of yen	1,052.6	1,067.5	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
Business profit		Billions of yen	—	—	—	—	—	—	—	—	71.7	37.5	15.9	42.3
Operating income / Operating profit		Billions of yen	35.6	29.1	58.2	74.1	81.9	77.4	81.3	66.6	63.7	16.1	12.9	36.4
Ordinary income (loss)		Billions of yen	38.6	34.2	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	13.3	13.8	23.3	42.5	48.6	47.5	49.6	24.6	27.2	(3.7)	0.8	20.6
Net assets / Equity		Billions of yen	342.3	384.2	418.8	499.7	480.0	512.9	572.5	571.0	585.4	531.5	585.0	660.4
Total assets		Billions of yen	959.6	1,026.9	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
Net interest-bearing debt		Billions of yen	106.4	168.5	180.8	158.6	125.1	114.4	139.5	138.0	141.0	193.2	167.5	134.0
Capital expenditures		Billions of yen	65.8	109.6	76.4	68.4	63.1	66.4	66.6	75.2	75.2	75.0	50.7	44.4
Depreciation and amortization		Billions of yen	46.7	44.2	53.0	57.0	58.4	56.0	60.4	66.9	64.3	64.6	63.0	66.9
Research and development expenses		Billions of yen	34.7	36.3	40.1	41.3	46.2	48.2	55.2	63.6	63.6	64.7	52.1	47.5
Cash flows	Cash flows from operating activities	Billions of yen	48.8	49.9	89.2	103.3	110.1	99.2	100.0	103.0	104.1	62.3	91.7	67.0
	Cash flows from investing activities	Billions of yen	(56.2)	(101.0)	(87.1)	(62.0)	(59.9)	(68.0)	(99.0)	(75.3)	(75.2)	(91.7)	(52.5)	(25.2)
	Cash flows from financing activities	Billions of yen	39.5	(5.8)	(35.4)	(36.4)	(49.3)	(22.1)	60.2	(26.5)	(27.3)	34.2	(57.9)	(43.5)
	Cash and cash equivalents	Billions of yen	146.6	93.8	61.9	65.4	61.6	70.2	132.6	132.4	132.4	134.8	118.6	124.2
Financial index	Business profit margin	%	—	—	—	—	—	—	—	—	4.7	2.6	1.3	3.0
	Operating income margin	%	3.4	2.7	4.6	5.5	5.9	5.9	5.6	4.4	4.2	1.1	1.0	2.5
	Ordinary income margin	%	3.7	3.2	4.9	5.9	5.8	5.9	5.7	4.6	—	—	—	—
	ROA	%	1.5	1.4	2.2	3.9	4.4	4.3	4.2	1.9	2.1	(0.3)	0.1	1.5
	ROE	%	4.1	4.0	6.2	9.8	10.5	10.1	9.7	4.6	5.0	(0.7)	0.2	3.3
	Equity ratio	%	33.8	35.4	37.1	42.0	42.3	43.6	41.7	42.3	42.4	40.1	42.7	45.0
	D/E ratio	Times	0.33	0.46	0.46	0.34	0.27	0.23	0.26	0.26	0.26	0.39	0.30	0.21
	Inventory turnover months	Months	1.6	1.8	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.6	1.8	1.7
Share information	Market capitalization	Billions of yen	339.1	305.2	524.9	644.0	5,011.1	593.5	541.0	467.5	467.5	252.3	387.9	330.9
	Number of shares issued	Thousands of shares	342,186	342,186	342,186	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286	343,286
	Dividends per share	Yen	16	16	18	34	42	42	43	44	44	38	16	18
	Payout ratio	%	41.1	39.5	26.3	27.4	29.6	30.3	29.7	61.2	55.4	—	685.2	29.8
	Number of employees	Persons	39,834	41,714	43,456	43,912	43,938	44,528	49,589	49,693	49,693	49,933	48,332	47,167
Exchange rate	USD	Yen	79.73	83.10	100.23	109.93	120.14	108.38	110.85	110.91	110.91	108.74	106.06	112.38
	EUR	Yen	109.69	107.14	134.37	138.77	132.58	118.79	129.70	128.41	128.41	120.82	123.70	130.56

Consolidated Statement of Financial Position

Assets	Millions of yen		Liabilities and equity	Millions of yen	
	IFRS			IFRS	
	FY2020	FY2021		FY2020	FY2021
Current assets			Liabilities		
Cash and cash equivalents	118,645	124,254	Current liabilities		
Trade and other receivables	290,568	319,084	Trade and other payables	286,634	317,672
Inventories	182,872	229,074	Bonds and borrowings	62,971	85,749
Other financial assets	3,394	5,099	Other financial liabilities	2,857	3,128
Income tax receivable	1,952	943	Income tax payable	5,558	13,375
Other current assets	3,205	4,522	Provisions	5,529	6,547
Assets held for sale	—	2,518	Other current liabilities	4,894	6,258
Total current assets	600,639	685,497	Liabilities directly associated with assets held for sale	—	2,047
Non-current assets			Total current liabilities	368,446	434,779
Property, plant and equipment	463,344	460,012	Non-current liabilities		
Goodwill and intangible assets	31,656	34,590	Bonds and borrowings	223,248	176,012
Other financial assets	144,226	139,771	Other financial liabilities	6,695	7,657
Investments accounted for using the equity method	11,786	13,091	Retirement benefit liabilities	79,203	75,110
Deferred tax assets	14,225	17,414	Provisions	224	228
Other non-current assets	25,421	36,085	Deferred tax liabilities	19,976	24,432
Total non-current assets	690,660	700,965	Other non-current liabilities	8,417	7,827
Total assets	1,291,300	1,386,463	Total non-current liabilities	337,765	291,268
			Total liabilities	706,212	726,048
			Equity		
			Capital stock	45,591	45,591
			Capital surplus	107,397	107,638
			Treasury stock	(428)	(430)
			Other components of equity	(5,934)	27,253
			Retained earnings	404,281	443,960
			Equity attributable to owners of the parent company	550,908	624,012
			Non-controlling interests	34,179	36,402
			Total equity	585,088	660,415
			Total liabilities and equity	1,291,300	1,386,463

Consolidated Statements of Income

	Millions of yen	
	IFRS	
	FY2020	FY2021
Revenue	1,246,286	1,428,426
Cost of revenue	(1,074,581)	(1,218,547)
Gross profit	171,705	209,878
Selling, general and administrative expenses	(155,792)	(167,532)
Business profit	15,912	42,346
Other income	11,815	8,939
Other costs	(14,807)	(14,885)
Operating profit	12,920	36,401
Finance income	5,997	10,466
Finance costs	(3,828)	(3,419)
Share of the profit of associates accounted for using the equity method	263	486
Profit before income taxes	15,352	43,934
Income tax expenses	(12,130)	(20,317)
Profit (loss) for the year	3,221	23,616
Profit (loss) for the year attributable to:		
Owners of the parent company	800	20,682
Non-controlling interests	2,421	2,933
Earnings per share (Owners of the parent company)		
Basic (Yen)	2.33	60.31
Diluted (Yen)	—	60.28

Consolidated Statements of Cash Flows

	Millions of yen	
	IFRS	
	FY2020	FY2021
Cash flows operating activities		
Profit before income taxes	15,352	43,934
Depreciation and amortization	63,056	66,990
Impairment losses	428	3,540
Finance income (costs)	529	(740)
Share of the profit of associates and joint ventures accounted for using the equity method	(263)	(486)
Net (decrease) increase in provisions	(1,165)	619
Increase (decrease) in retirement benefit liabilities	(183)	(5,192)
Decrease in retirement benefit assets	(11,557)	(10,622)
Increase (decrease) in inventories	14,598	(32,556)
Net (decrease) increase in trade and other receivables	(10,741)	(13,071)
Net (decrease) increase in trade and other payables	13,230	20,413
Other	17,768	11,089
Subtotal	101,051	83,918
Interest received	1,024	1,361
Dividends received	1,790	2,288
Interest paid	(3,328)	(2,907)
Income taxes paid	(8,781)	(17,622)
Net cash provided by operating activities	91,757	67,039
Cash flows from investing activities		
Payment of purchases of property, plant and equipment	(55,248)	(42,684)
Proceeds from sales of property, plant and equipment	1,887	1,383
Payment of purchases of investment securities	(383)	(82)
Proceeds from sales of investment securities	3,463	24,161
Payment of acquisition of subsidiaries' stock resulting in change in scope of consolidation	—	6
Other	(2,235)	(8,050)
Net cash used in investing activities	(52,515)	(25,265)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(28,696)	(3,311)
Proceeds from long-term borrowings	11,443	134,777
Repayment of long-term borrowings	(28,915)	(143,624)
Redemption of bonds	—	(20,000)
Dividends paid	(8,232)	(5,488)
Dividends paid to non-controlling interests	(2,039)	(2,149)
Payment of acquisition of subsidiaries' stock not resulting in change in scope of consolidation	(54)	(1,590)
Proceeds from sale and leaseback transactions	955	—
Other	(2,418)	(2,143)
Net cash (used in) provided by financing activities	(57,957)	(43,531)
Foreign currency translation adjustments on cash and cash equivalents	2,530	7,588
Net (decrease) increase in cash and cash equivalents	(16,186)	5,830
Cash and cash equivalents at beginning of year	134,852	118,645
Net increase in cash and cash equivalents from newly consolidated subsidiaries	—	1
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(20)	(222)
Cash and cash equivalents at end of year	118,645	124,254

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.

Koyo Seiko

1921 Zenichiro Ikeda established Koyo Seiko as a privately-run store in Osaka City for selling imported bearings and later commenced production	1958 Founded a sales company in the United States to market bearings	1960 Commenced development and trial production of steering wheels	1984 Accomplished the development of ceramic bearings with Toshiba Corporation	1998 Completion of a General Research Institute of Technology (Kashihara City, Nara Prefecture)
1941 Founded Toyota Machine Works as a spin off from the machinery division of Toyota Motor Corporation	1955 Forged a technical alliance with French company GENDRON and commenced production of cylindrical grinders	1968 Commenced production of power steering wheels Established a machining center	1975 Introduced the Toyota Production System	1996 Commenced production of steering wheels in Thailand

Toyoda Machine Works

2002
Established FAVESS Co., Ltd., which develops and markets EPS

2006
JTEKT

A name that embodies ideas that inspire the industry, the times and the mind

"J" symbolizes Joint, Joy, and Japan, and TEKT is an abbreviated version of the ancient Greek word "Tekton" which means "one who has exceptional skills."

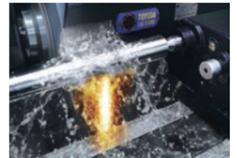
- 2007**
Development and mass production of large, insulated ceramic bearings for wind turbine generators
- 2010**
Commenced production of EPS in India
- 2011**
Commenced production of EPS in Indonesia
- 2012**
Opened Iga Proving Ground
Developed gear skiving center
- 2014**
Started full-scale operations of Large-size bearing Technology Development Center
- 2017**
Established the JTEKT IT Center Akita Corporation as a software development base

2020
Relocation of Head Office to Kariya City, Aichi Prefecture

JTEKT
Reborn

2022
Unified the "JTEKT" brand

Value added to society

1952 Commenced production of automotive parts 	1980 Commenced production of constant-velocity joints for automobiles 	1984 Practical application of ceramic ball bearings 	1988 Developed and produced the world's first electric power steering (EPS) system 	1998 Developed electronic intelligent torque-controlled AWD coupling (ITCC) 	2007 Development of the ultra, low-friction torque tapered roller bearing LFT-III 	2008 Developed horizontal spindle machining center FH1250SW 	2011 Developed dual pinion-type electric power steering system (DP-EPS) 	2018 Launched sales of power assist suit (J-PAS) 	2022 Developed JTEKT brand cylindrical grinders 
 ▶ Contributed to widespread use of automobiles	 ▶ Contributed to efficient "driving" of automobiles	 ▶ Contributed to the application of long-life and high-performance mechanical devices in special environments such as seawater and chemical solutions	 ▶ Contributed to "ease of driving" for women and elderly	 ▶ On-demand AWD ▶ Energy conserving (high-mileage) powertrains, reduced environmental load	 ▶ Long-life, high rigidity, low torque ▶ Energy conserving transmission (high-mileage), reduced environmental load	 ▶ Contributed to industrial and agricultural machinery as well as the wind power generation market that addresses environmental issues	 ▶ Contributed to the spread of areas adapted to vehicle electrification	 ▶ Contributed to creation of safe workplaces and to active participation of a diverse range of human resources	 ▶ Contributed to manufacturing that is optimal delivering high quality at a reasonable cost

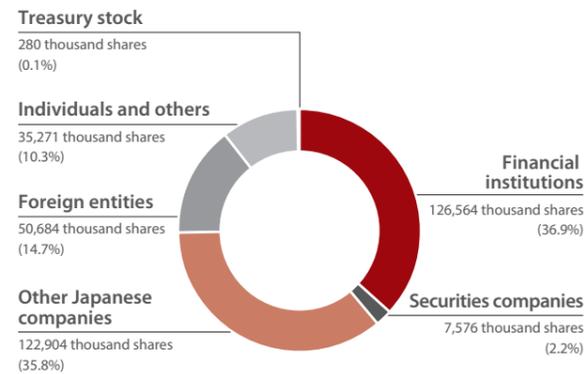
Stock Information / Company Overview

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	29,147

Distribution by Ownership (Percentage of shares issued)

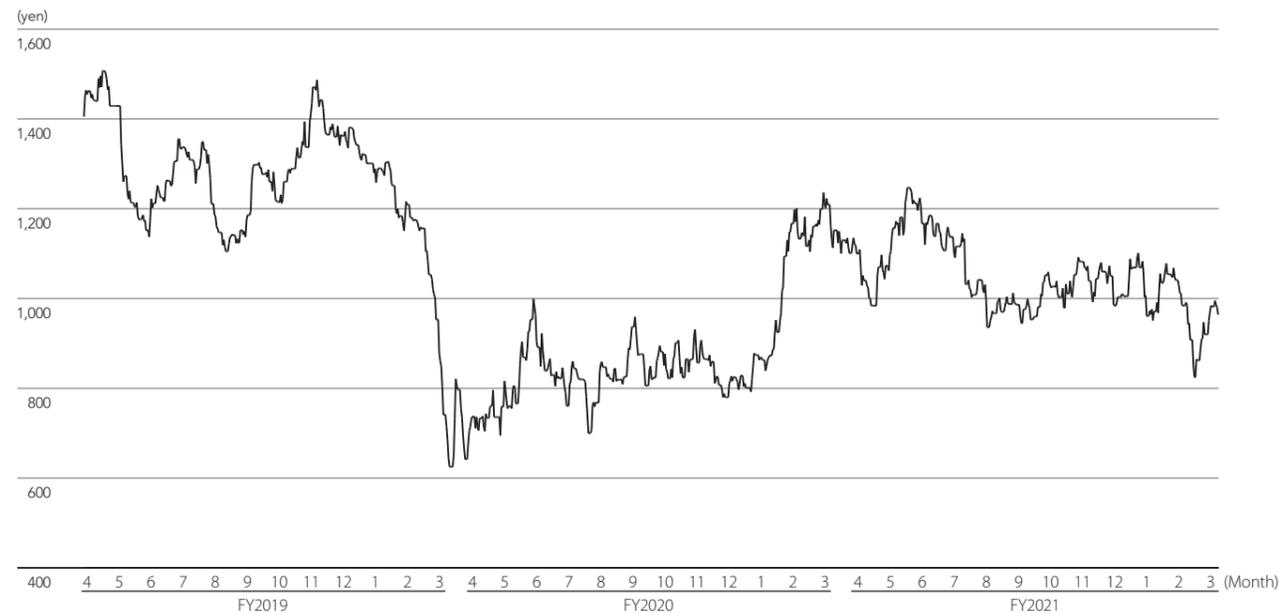


Major Shareholders (Top ten)

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)	50,812	14.8
Custody Bank of Japan, Ltd. (Trust account)	24,545	7.2
DENSO CORPORATION	18,371	5.4
Nippon Life Insurance Company	11,125	3.2
Toyota Industries Corporation	7,813	2.3
Sumitomo Mitsui Trust Bank, Limited	7,635	2.2
Resona Bank, Limited	6,749	2.0
Sumitomo Mitsui Banking Corporation	6,366	1.9
Toyota Tsusho Corporation	5,969	1.7

Note: The ratio of shareholding is calculated by deducting the number of treasury stock (283 thousand shares) from the number of shares issued (343,286 thousand shares).

Information on Stock Prices

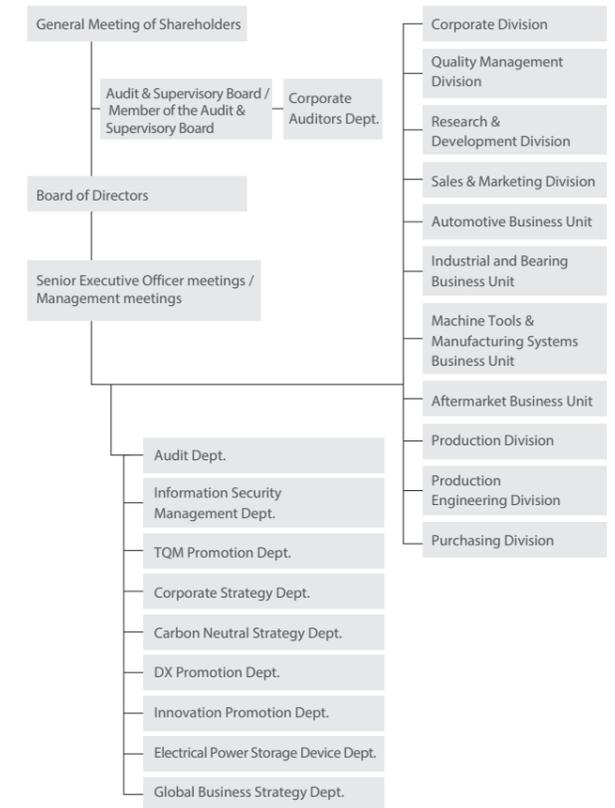


Company Overview

Corporate Profile

Company name	JTEKT Corporation
Headquarters	1-1, Asahi-machi, Kariya, Aichi 448-8652, Japan
Head office	1-1, Asahi-machi, Kariya, Aichi 448-8652, Japan
Phone number	[Head Office] +81-566-25-7211
President	Kazuhiro Sato
Capital	¥45,591 million (As of March 31, 2022)
No. of employees	47,167 [Consolidated] (As of March, 2022) 11,665 [Nonconsolidated]
Revenue	¥1,428,426 million [Consolidated] (As of March, 2022)
Business profit	¥42,346 million [Consolidated] (As of March, 2022)
Revenue	¥620,091 million [Nonconsolidated]
Ordinary income	¥38,595 million [Nonconsolidated]
No. of consolidated subsidiaries	144 (Domestic: 36, Overseas: 108)

Organizational Chart (As of April 1, 2022)



Third-Party Evaluations

In fiscal 2021, in recognition of our pioneering initiatives to address climate change issues such as reduction of environmental load and CO₂ emissions for the realization of our aim of "minimization" of CO₂ emissions set forth in the JTEKT Environmental Challenge 2050, we were selected for inclusion in the "FTSE Blossom Japan Sector Relative Index," received the ESG Finance Award Japan Special Prize, and were selected as the CDP2021 Supplier Engagement Leader. Going forward, we are committed to reduction of CO₂ emissions through the development of new technologies and improved production processes for the realization of carbon neutrality, while also continuing to contribute to sustainable societies and strive to sustainably enhance our corporate value through our CSR activities.





Inquiries

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JTEKT REPORT is available for viewing on JTEKT's official website.

www.jtekt.co.jp/e/

