



JTEKT JTEKT REPORT 2020

No. 1 & Only One

CORPORATE PHILOSOPHY

Seek to contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.

JTEKT GROUP VISION

Shaping a Better Future through the Spirit of

No. 1 & Only One

We will be an invaluable partner with our customers, our suppliers, and our team members. We will deliver “No. 1 & Only One” products and services through “Building Value,” “Building Excellent Products,” and “Building Professionals.”

Building Value

Provide value to customers by delivering products and services that exceed their expectations.

Building Excellent Products

Astonish the world with *monozukuri*, the art of refined craftsmanship and superior quality.

Building Professionals

Develop a team composed of individuals working together, acting with initiative, confidence, pride, and passion as global members of JTEKT.

JTEKT WAY

Customer first

- We are committed to look at things from customer's viewpoint, and sincerely respond to customer's requests.
- We are committed to create values that are new to the world, to deliver products and services that exceed customer's expectation.

Ownership

- We are committed to take everything as our own business.
- We are committed to grasp the essence of things and take prompt action.

Teamwork and self-discipline

- We are committed to be self-disciplined, and perform any task with a sense of urgency.
- We are committed to actively communicate to unite the power of each other.



Continuous kaizen

- We are committed to go and see for ourselves to thoroughly understand the situation, and identify root causes.
- We are committed to, with enthusiasm for imaginativeness and inventiveness, diligently continue kaizen challenges.

Aspiration for innovation and for technique

- We are committed to limitlessly heighten our technology and skills to become a front runner in innovation.
- We are committed to foster a culture to keep each of us humble in learning things and developing each other.

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 following guidelines 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

- IIRC (International Integrated Reporting Council) framework
- Japan's Corporate Governance Code
- The GRI (Global Reporting Initiatives) Standards
- Japan's Ministry of the Environment "Environmental Reporting Guidelines (2018 edition)"
- ISO26000 (International Standard for corporate responsibility)

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.

JTEKT REPORT 2020 (Integrated Report)
https://www.jtekt.co.jp/e/ir/ir_jtekt_report.html

Annual Securities Report https://www.jtekt.co.jp/ir/security.html	Sustainability Website https://www.jtekt.co.jp/e/sustainability/	Corporate Governance Report https://www.jtekt.co.jp/company/cg/
Detailed information on financial results	Information related to sustainability	Information related to corporate governance

* These reports are available for viewing on JTEKT's official website.

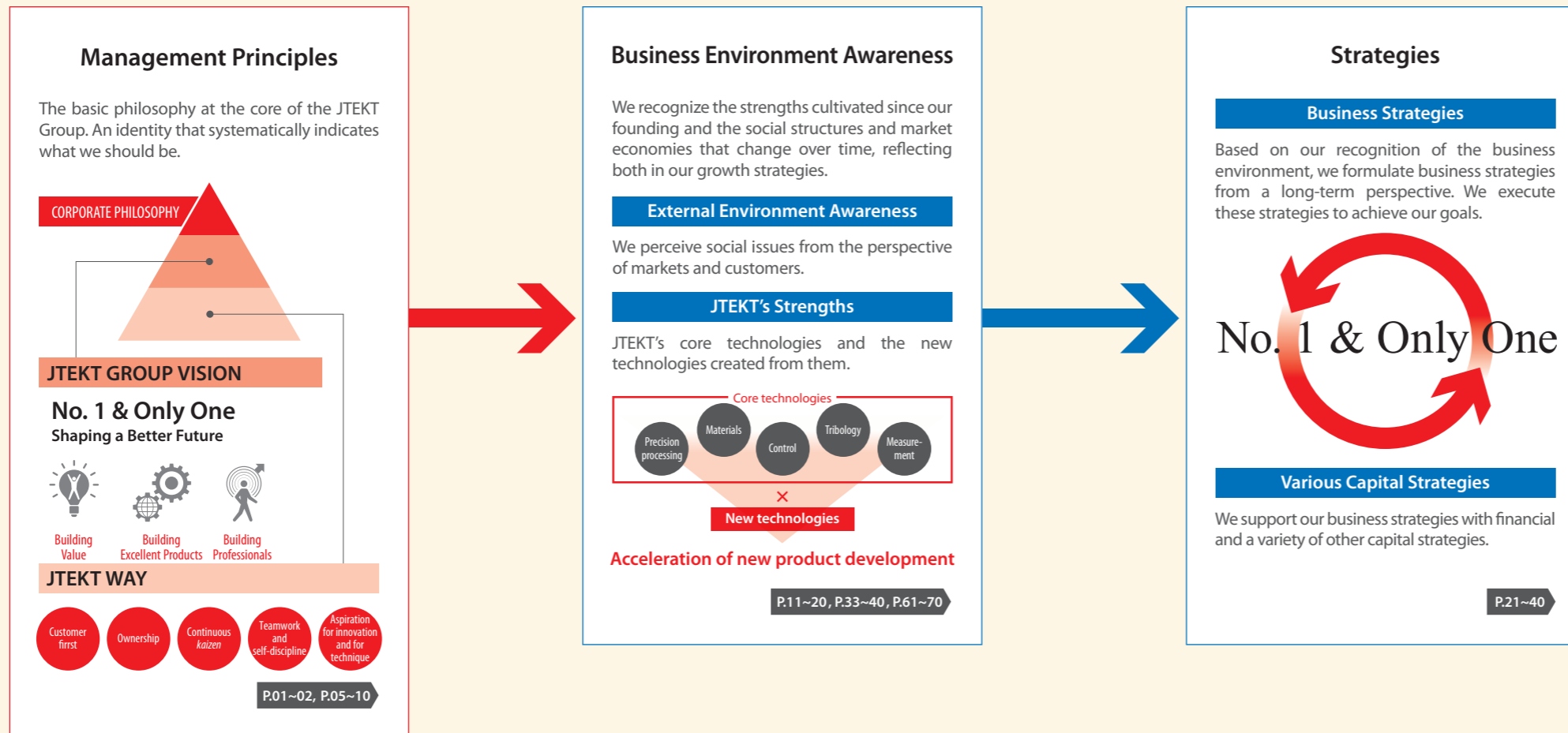
Target period: April 2019 to March 2020	Target organizations and scope: All activities of the JTEKT Group
---	---

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.

Creating No. 1 & Only One

This report has been compiled based on the concept shown below to explain the creation of the JTEKT GROUP VISION "No. 1 & Only One."



CONTENTS

WHAT'S JTEKT

Management Principles	P.01-02
Report Compositional Elements	P.03-04
History	P.05-06
JTEKT Business	P.07-08
Value Creation Model	P.09-10
Financial / Non-Financial Highlights	P.11-12

SHAPING A BETTER FUTURE

A Message from the President	P.13-20
JTEKT Capital Strategy	P.21-26
Special Feature: Automotive Parts Industry	P.27-28
Special Feature: Bearing Business	P.29-30
Special Feature: Machine Tools & Mechatronics Business	P.31-32
Review of Operations	
Steering Business	P.33-34
Driveline Business	P.35-36
Bearing Business	P.37-38
Machine Tools & Mechatronics Business	P.39-40

TOGETHER WITH SOCIETY

Together With Society	P.41-42
Corporate Governance	P.43-50
Society	P.51-56
The Environment	P.57-60

FINANCIAL PART

Financial Data	P.61-64
----------------------	---------

CORPORATE INFORMATION

Management	P.65-66
Group Companies	P.67-68
JTEKT by Region	P.69
Corporate Profile / Stock Information	P.70

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

We aim to contribute to a sustainable society and a brighter future by using our strengths as the impetus for helping to resolve society's issues.



1921-

Developed bearings-based technologies for steering components and machine tools

In 1921, Zenichiro Ikeda founded Koyo Seiko and began the domestic manufacturing of bearings. Utilizing our bearing-based technology, we developed and began manufacturing the electric power steering (EPS) system for the first time in the world in 1988.



1960s bearing package



Electric power steering (EPS)

Koyo

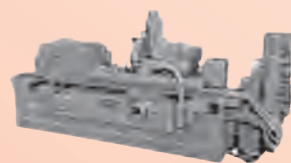
TOYODA

JTEKT
January
JTEKT is established

1941-

Pursuit of machine tools, steering, and driveline component applications

In 1941, Machine tools department of Toyota Motor Corporation spun off to establish Toyoda Machine Works, Ltd. Developed and launched mass production of cylindrical grinders in 1965, hydraulic power steering in 1968 and electronic intelligent torque-controlled coupling (ITCC) for 4WD vehicles in 1998.



1960s cylindrical grinders



4WD electronic intelligent torque-controlled coupling (ITCC)

2006-2009

Establishment of JTEKT, accelerating globalization

A period for creating synergies between the technologies and product lines of both companies. We accelerated globalization with the aim of becoming a top-level automobile parts manufacturer recognized worldwide.

Changes in corporate vision

2007
"JTEKT VISION 2015"
Creation & Innovation
Ongoing global growth, becoming a truly global company

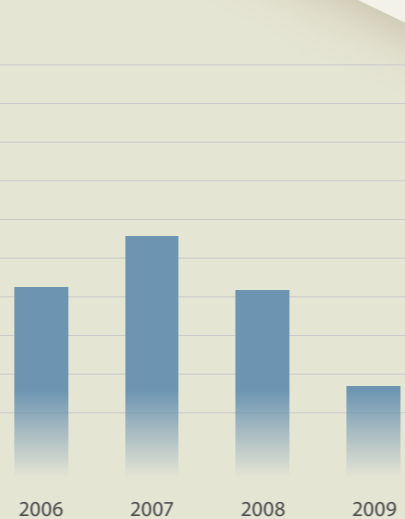
2007 Developed LFT-III super-low friction torque tapered roller bearing



2008 Developed horizontal spindle machining center FH1250SW



2009 Concluded agreement to acquire the needle bearing business of Timken Company in the United States



2010-2013

Transforming into a systems supplier

Transformative period during which JTEKT became a supplier able to offer system proposals to customers. We aimed to conduct various tests and evaluations from the same perspective as our customers.

2011
Revised to "JTEKT VISION 2015"
Expanding business domain and enhancing product strengths

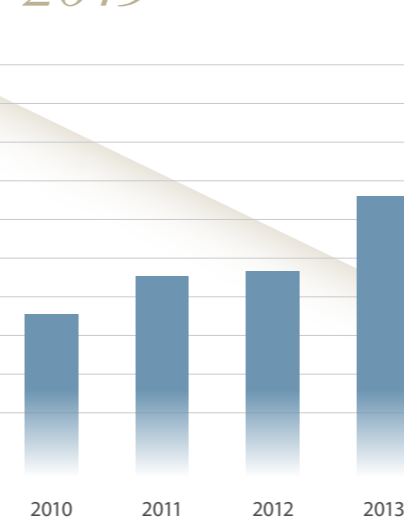
2011 Developed dual pinion-type electric power steering system (DP-EPS)



2012 Opened Iga Proving Ground to test and analyze actual vehicle performance



2013 Developed gear skiving center



2014-2019

More solutions to social issues

JTEKT leaps forward as a global leading company. Under the slogan "No. 1 & Only One" and an insistence on product and service quality we aimed to become an indispensable partner to our customers.

2014
"JTEKT GROUP VISION"
No. 1 & Only One
Shaping a better future

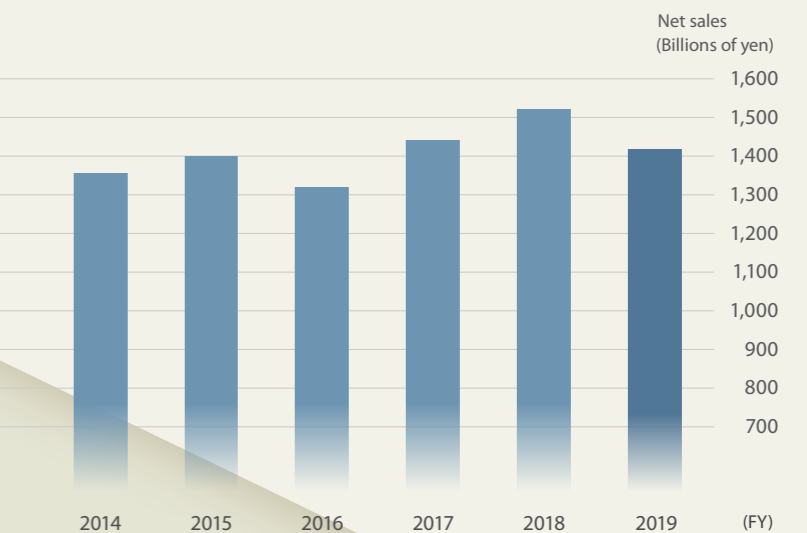
2016
Formulated the "JTEKT WAY"

2017 Established the JTEKT IT Center Akita Corporation as a software development base

2018 Launched sales of power assist suit (J-PAS)

2019 Established J-QuAD DYNAMICS Inc., a joint-venture company developing integrated software aimed at the adoption of automated driving


2020 Acquired shares in Yutaka Seimitsu Kogyo, Ltd., to strengthen 4WD driveline systems



* JTEKT is the brand name of JTEKT Corporation's automotive components (steering and driveline components). * Koyo is the brand name of JTEKT Corporation's bearings (including bearings and oil seals). * TOYODA is the brand name of JTEKT Corporation's Machine Tools & Mechatronics products. * ITCC is a registered trademark of JTEKT Corporation. * LFT is a registered trademark of JTEKT Corporation.

* DP-EPS is a registered trademark of JTEKT Corporation. * Gear skiving center is a registered trademark of JTEKT Corporation. * J-PAS is a registered trademark of JTEKT Corporation.

The JTEKT Group innovates according to the needs of the times, creating high added value "No. 1 & Only One" products and services that please customers.



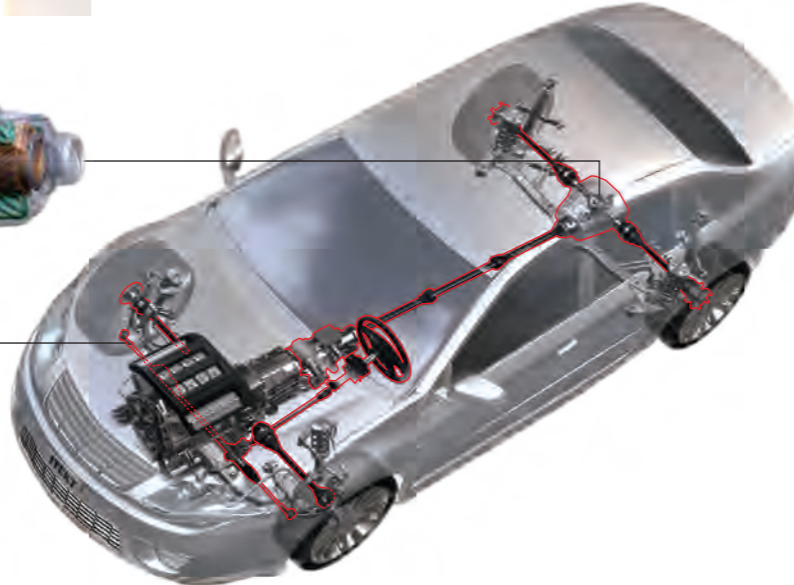
Steering business
Driveline business

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

Sales composition ratio **62%**

"TORSEN" provides "safety and security" and "driving pleasure"

TORSEN supports stability and driving performance in sports cars, SUVs and other vehicles. It is also increasing adopted for use in FF vehicles.



The world's first successful development and mass production of electric power steering (EPS)

From the start of production in 1988 to the present day, JTEKT's EPS, which has the world's No. 1 share, contributes to a prosperous motorized society through improved fuel efficiency, safety and security.

Sales composition ratio **11%**

Providing value in all phases of manufacturing

Machine Tools & Mechatronics business



Cylindrical grinders with the No. 1 domestic market share supported by inherited and new technologies

TOYODA's grinding machine processing technologies cultivated through manufacturing in all industries contribute to the high precision of motor shafts and film rolls, as well as cams and crankshafts in automobile engines.



The world's first gear skiving technology installed in a machining center

Gear skiving centers, born from the "TORSEN" differential gear manufacturing plant for automobile parts, contributes to the high functionality of automotive gears, robots and motor units, facilitating new production methods.




Bearing business

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

Sales composition ratio **27%**

Automotive bearings that meet the needs for automobile electrification and autonomous driving

JTEKT provides bearings in a timely manner suitable in all operating environments and conditions for the performance required of automobiles.

Compact, lightweight and long service life bearings for industrial machinery

As robots will likely become indispensable to our lifestyle in the future, smaller, lighter and longer-lasting bearings contribute to improved performance realizing highly accurate movements in narrow spaces.




Bearings that move semiconductor and LCD manufacturing machinery

"Special environment bearings" able to operate stably in vacuums, clean rooms, high temperature, corrosive and other environments are manufactured using materials, surface treatment and lubrication technologies.




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

New businesses




World's first high heat-resistant lithium-ion capacitor

JTEKT developed the world's first high heat-resistant lithium-ion capacitor that can be used in environments from -40°C to 85°C. In addition to being installed in automobiles, it contributes to power supply management in a wide range of fields such as power generation equipment and aerospace.



Power assist suit J-PAS contributes to reducing work load burdens

In order to address declining birthrates, aging populations, labor shortages, rising work-related accidents and other social issues, JTEKT leveraged its strength in assist technologies as a manufacturer with production facilities to develop a product that reduces burdens placed on site workers, saves labor, creates safe workplaces and supports the active participation of a diverse range of human resources.



Corporate Philosophy

Seek to contribute to the happiness of people and the abundance of society through product manufacturing that wins the trust of society.

JTEKT GROUP VISION

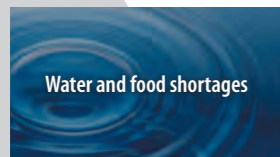
Shaping a Better Future through the Spirit of
“No. 1 & Only One”

SUSTAINABLE DEVELOPMENT GOALS



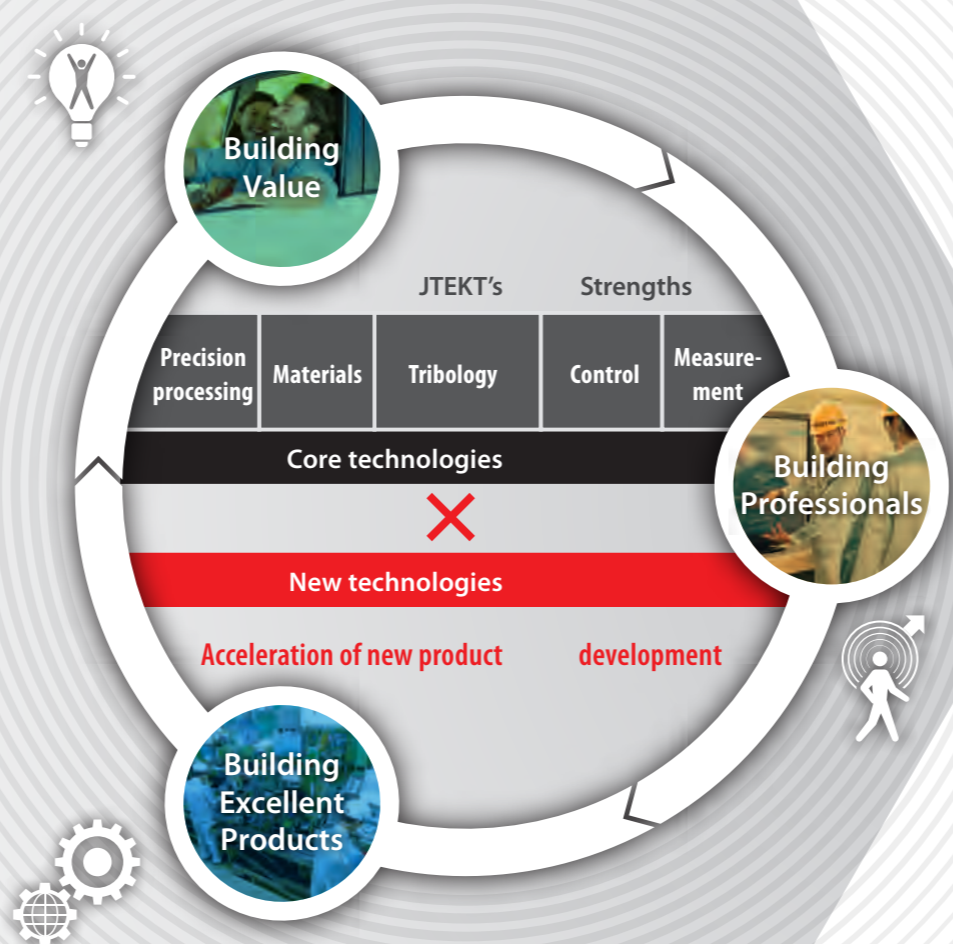
In September 2015, 17 Sustainable Development Goals (SDGs) and 169 targets were adopted at the UN Sustainable Development Summit. The JTEKT Group is doing its part to achieve the SDGs as a member of the international community.

Social issues



INPUT

- Financial capital**
 Total assets: ¥1,212.0 billion
 Net interest-bearing debt: ¥189.9 billion
 P.21~22
- Manufactured capital**
 Number of overseas base countries and regions: 30 countries
 Capital expenditures: ¥75.0 billion
 P.23
- Intellectual capital**
 R&D expenses: ¥64.7 billion
 Number of patent applications: 611
 P.24
- Human capital**
 Number of consolidated employees: 49,933
 P.25~26
- Social and relationship capital**
 Consolidated subsidiaries: 152
 P.23
- Natural capital**
 Total energy input: 16,570,397 GJ
 Water consumption: 5,435 thousand m³
 P.57~60

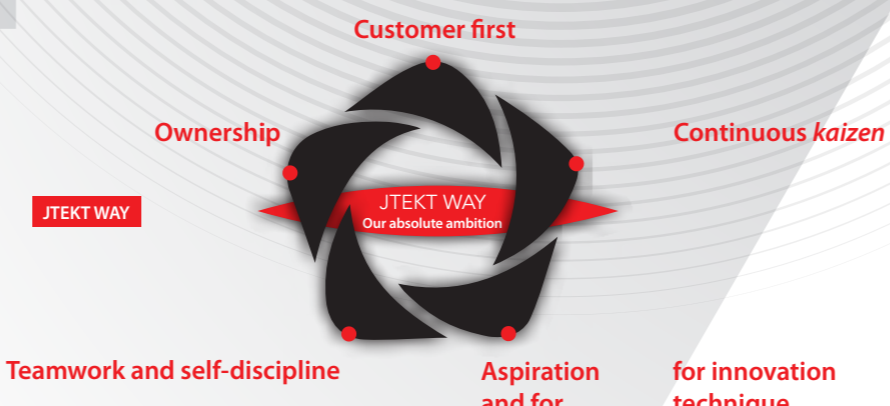


OUTPUT

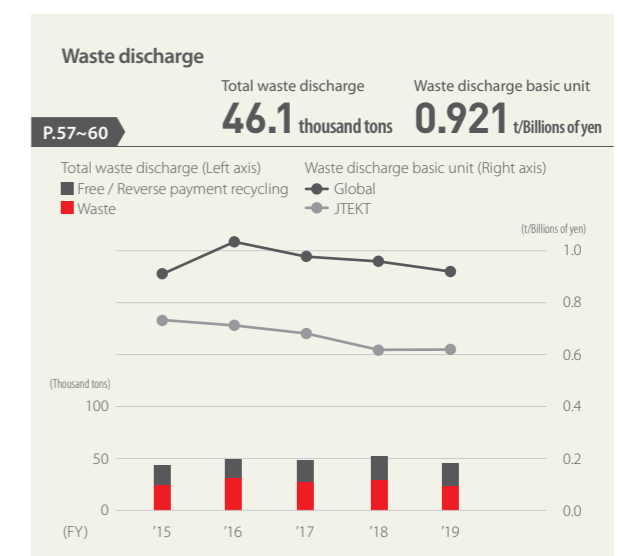
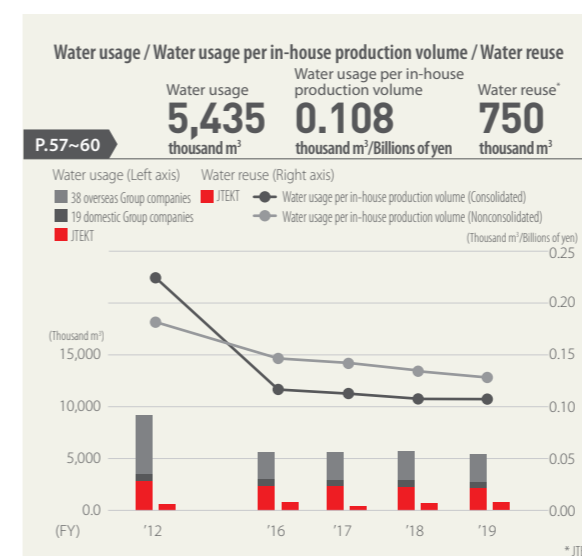
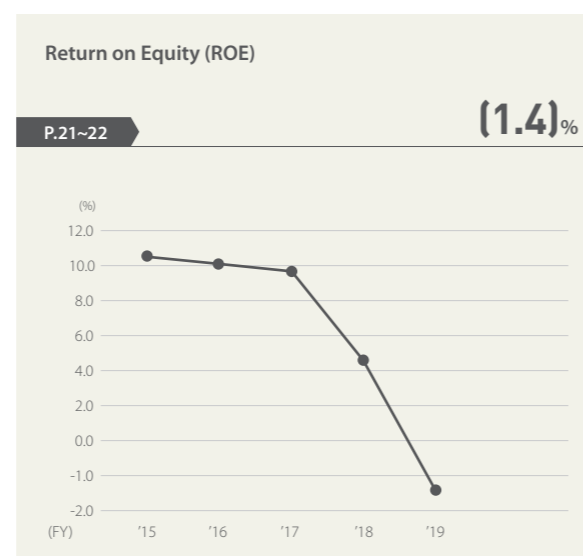
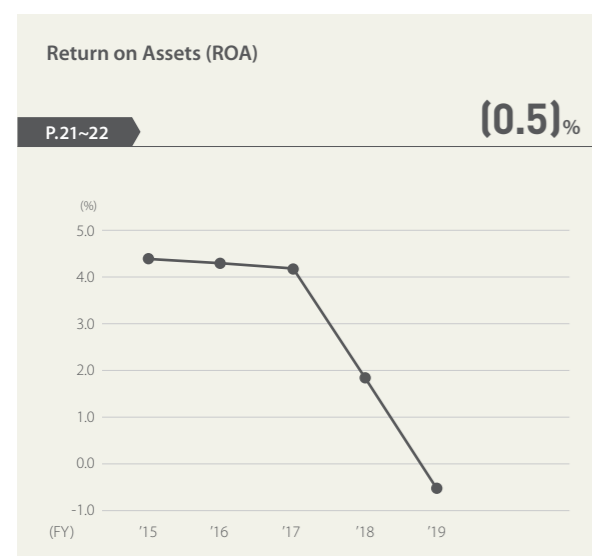
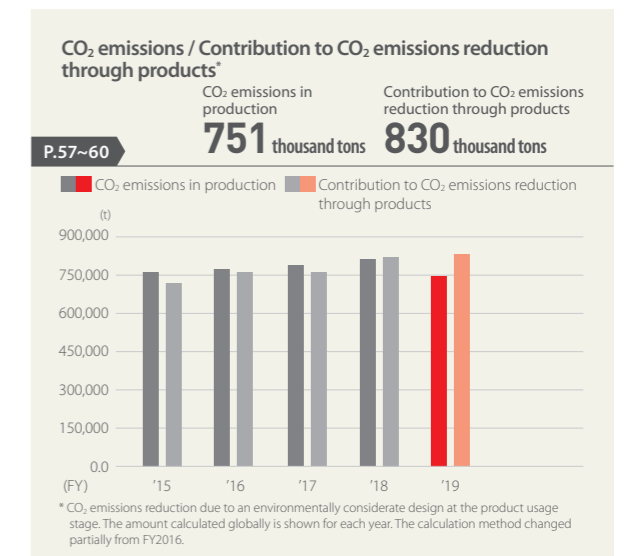
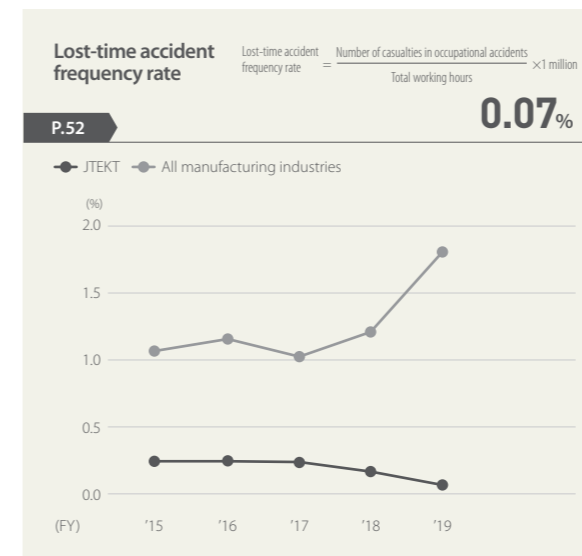
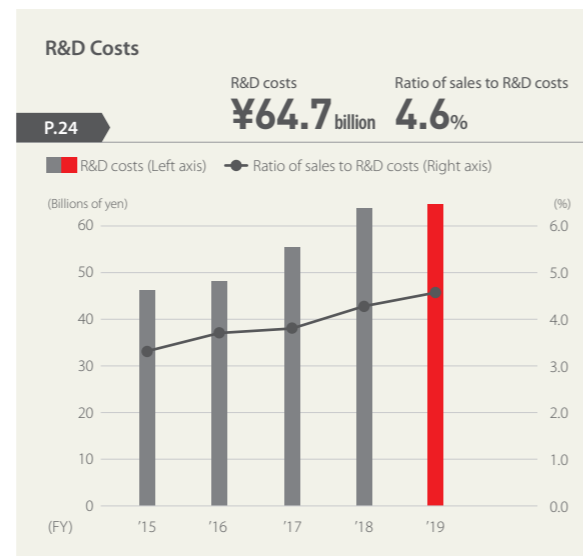
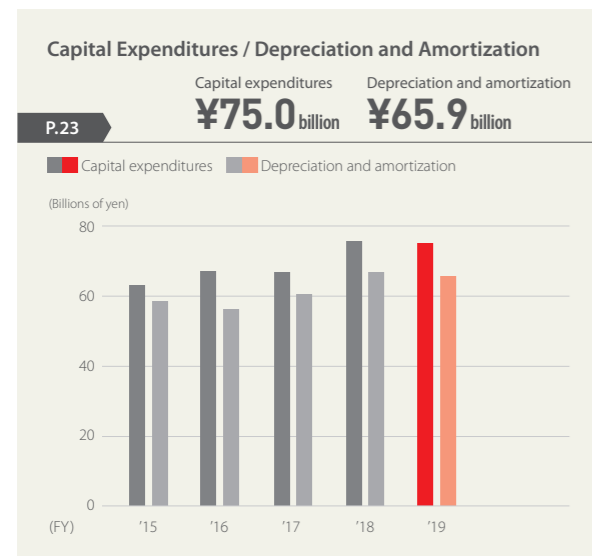
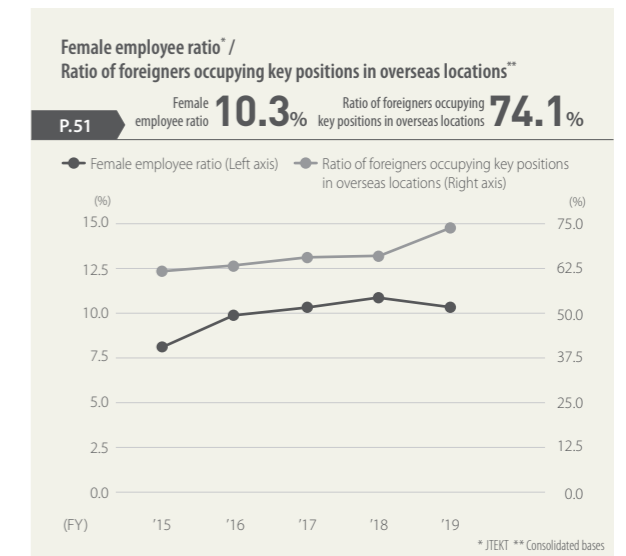
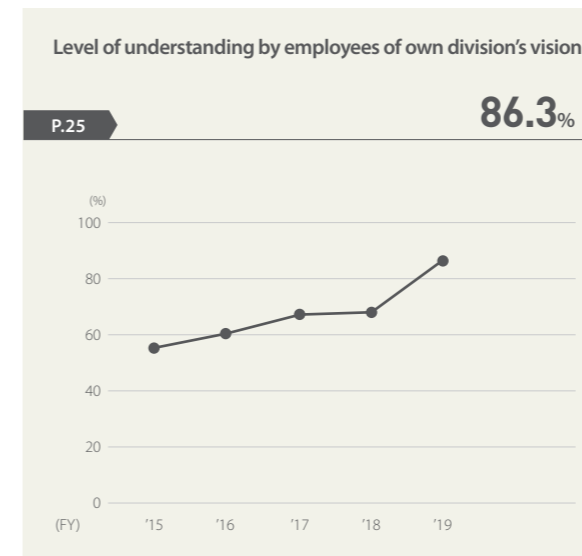
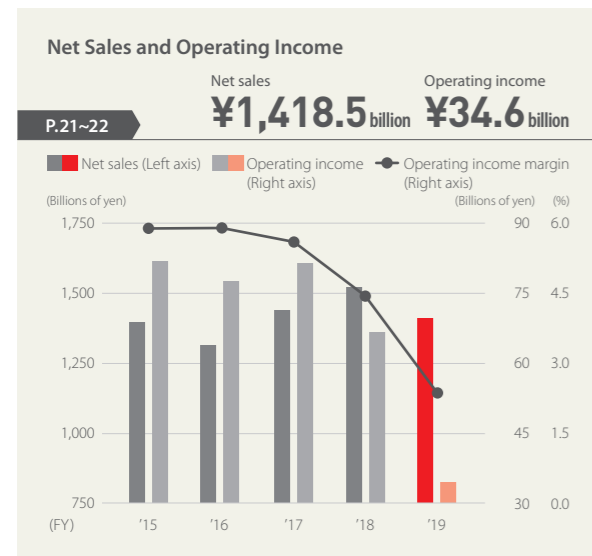
- Net sales: **¥1,418.5 billion** P.11
- Operating income: **¥34.6 billion** P.11
- Cash flows from operating activities: **¥61.6 billion** P.61~62
- 320 patents acquired P.24
- A total of 3,633 JTEKT Academy graduates P.26
- Female employee ratio: **10.3%** P.12
- Ratio of foreigners in important posts overseas: **74.1%** P.12
- CO₂ emissions: **751 thousand tons** P.12

Provide value to society

- Electric power steering
- TORSEN Type-D
- Robot bearings
- Gear skiving center
- High heat-resistant Lithium-ion capacitor
- J-PAS
- Reduce greenhouse gases
- Improve energy consumption
- Abundant lifestyle environments
- Always being motivated to work
- Safe, secure, and comfortable society



Financial Highlights





We will overcome this unprecedented crisis as “One JTEKT” by adhering to the “No. 1 & Only One” spirit and maintaining a “customer first” outlook.

President

佐藤和弘

Kazuhiro Sato

I. Establish a “kaizen mindset” to create a stronger JTEKT

My name is Kazuhiro Sato, and I took over as president of JTEKT in June 2020. I would like to thank everyone for their steadfast support.

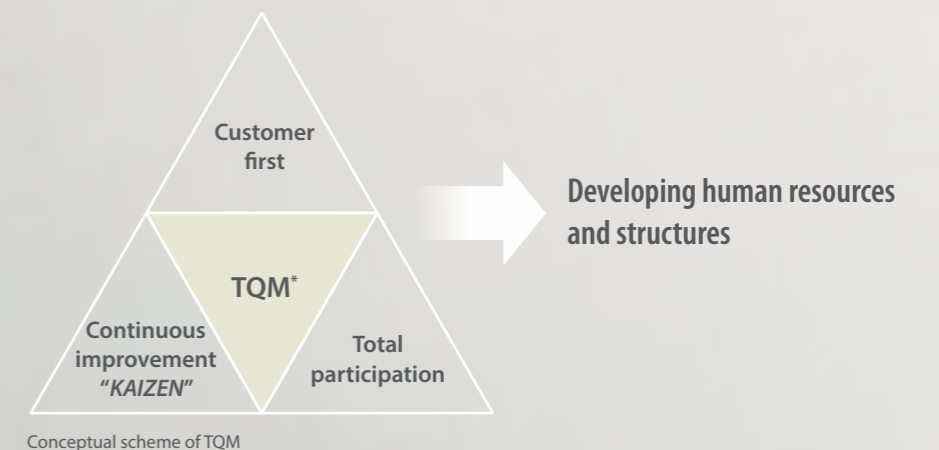
I was a member of Toyota Motor Corporation for many years, involved mainly in quality assurance and Total Quality Management (TQM). The Toyota Group defines TQM as “actions that improve the vitality of individuals and organizations.” Adhering to the principle of the continual advancement of all employees to ensure customer satisfaction (the three pillars of “customer first,” “total participation,” and “kaizen” (continuous improvement)), I worked to develop the people and structures that put these ideas into practice.

People feel satisfied when they make others happy or help them in some way, that is, when they feel that they have made a contribution. One of the action principles for TQM is “respect for humanness.” I believe

that proactively working to improve on a daily basis, and gaining such feelings of contribution and satisfaction, is the true essence of respect for humanness. The strength underpinning the performance of the Toyota Group is that it is an organization of people with a *kaizen* mindset. This strong organization has been fostered over many years by such practices as expressing inventive ideas, and quality control circles.

I would like all employees of the JTEKT Group to have such a *kaizen* mindset, and gain a sense of contribution and satisfaction through their work.

I have taken on the position of president as the automotive industry undergoes a “once in a century” transition, further complicated by the unpredictable crisis resulting from the COVID-19 pandemic. However, I consider this situation to be an opportunity, and am committed to strengthening the character of JTEKT.



Conceptual scheme of TQM

Developing human resources and structures

*Total Quality Management

II. Exposure of our weaknesses is an opportunity to make a fresh start

JTEKT posted year-on-year declines in both sales and earnings in the fiscal year ended March 2020, with net sales of ¥1,418.5 billion and operating income of ¥34.6 billion. Furthermore, as a result of the impairment loss at our European subsidiary that was recorded as an extraordinary loss, we posted a net loss of ¥6.6 billion, the first such shortfall in a decade. We were forced to reduce our year-end dividend from ¥22 to ¥16 per share, and I sincerely regret the concern and trouble this has caused for shareholders.

The external factors that led to this loss include stagnation in the automotive industry in China and India, and a falloff in sales due to the COVID-19 pandemic. At the same time, with global competition intensifying, a major factor for the earnings decline was our belated response to internal issues, including an inability to cover the shortfalls from lower sales prices with cost reductions, delays in achieving the planned cost point following product switchovers, insufficient controls on R&D and

infrastructure investment, and inadequate productivity gains in administrative divisions. Furthermore, looking back, the recording of an impairment loss as a result of the poor performance at our European subsidiary suggests an over-optimistic outlook regarding the future.

This most recent financial statement has clearly exposed weaknesses in our earnings capacity. People are reluctant to make changes when conditions are good, but now, with the recording of our first loss in a decade, and the uncertainty surrounding how long the global economy will continue to be impacted by the pandemic, I am sure that all our employees share a sense of crisis. I am certainly not taking an optimistic view, but I am thinking about it positively as an opportunity to make a change.

I think there are three approaches to changing a company. To put it in medical terms, there is first of all the surgical operation that needs to be done immediately, drastic action to stem the flow of red ink with structural reforms that leave

nothing off the table. Next is internal medicine-type actions, examining and reviewing in detail those businesses likely to be at risk in the future, and applying the appropriate treatments. Finally, there is Oriental medicine conducted in parallel using herbal treatments, a system of developing human resources according to TQM principles.

Looking at results by region and business segment, the Europe region and Bearing Business both recorded operating losses during the subject fiscal year. For Europe in particular, this was the second consecutive year of loss. We need to quickly stop the bleeding, and compile a structural reform plan. For the Bearing Business, we have been implementing various measures, including launching a rebuilding program for the Kokubu Plant in fiscal 2017, and the reorganization of tapered roller bearing plants in North America in the previous fiscal year. However, these measures are still only halfway complete, and we need to continue to steadfastly pursue reform. Other businesses and regions were also unable to achieve sufficient earnings. We will treat the problem areas quickly to stop the hemorrhaging, and regain a healthy body by prioritizing investment and strictly controlling fixed costs. Even if net sales declines further as a result of the pandemic, we will make a concerted effort as a corporate group to avoid a second consecutive year of loss.

I mentioned previously that we have been given an opportunity for change, but one thing has already changed greatly as a result of COVID-19. It's something that is also talked about often at other companies as well—the working style of employees. JTEKT already had a structure for telework in place, but it was rarely utilized owing to a deep-rooted sense that being at the office is the proper working style, and that not being present causes difficulties for coworkers.



Now, based on the government's request that people remain at home as much as possible in order to prevent the further spread of COVID-19, JTEKT has set a target office attendance rate of 30%, and in principle all employees in administrative divisions are to work from home. Thanks largely to the expanded IT infrastructure put in place under the previous president Tetsuo Agata, we have been able to shift to a telework format without any significant disruption. Employees have also reacted favorably, reporting that they are able to use the time previously spent commuting in a meaningful way, and that their productivity has increased. I feel that the benefit has been even greater than expected. Providing better work environments and workspaces is one type of Oriental medicine, and going forward I want to create an environment that will allow for various types of working styles.

(Billions of yen, J-GAAP)

	FY2018	FY2019	Increase / (decrease)	
Net sales	1,520.8	1,418.5	(102.3)	(6.7)%
Operating income	66.6 [4.4%]	34.6 [2.4%]	(31.9)	(47.9)%
Ordinary income	69.6 [4.6%]	34.7 [2.5%]	(34.9)	(50.1)%
Profit (loss) attributable to owners of parent	24.6 [1.6%]	(6.6) [(0.5)%]	(31.2)	—

[%]: Ratio to sales

III. Continuing to meet customer expectations with “No. 1 & Only One” products and technologies.

The first time I heard the JTEKT Group Vision “No. 1 & Only One,” I thought it was an extremely wonderful phrase.

There are a lot of ways to be No. 1, such as first in sales, market share, technology, quality, or performance. However, I think that the “No. 1” in this Group Vision is intended to make employees think for themselves what sort of “No. 1” they want to achieve. In the Steering Business, for example, that might be to consider what they need to do be the overwhelming “No. 1” that surpasses foreign competitors, and put that into action. In other businesses as well, if we use competitors as a benchmark to understand our own weaknesses, compensate for them and emphasize our strengths, we will be able to stand out from the competition. With the drastic changes in the business environment, JTEKT ought to change its definition of “No. 1” as necessary. Knowing the competition, as well as our own position, I’d like all of us to seriously consider the type of “No. 1” we should strive to achieve in order to survive into the future.

The other part of that phrase, “Only One,” I think means continuing to develop and offer original and revolutionary products that customers have never seen or experienced before. “Only One” products are by definition “No. 1” at the time they are created, but if we simply rest on our laurels, our competitors will soon catch up and overtake us. We need to continually anticipate customer needs, and provide them with new value.

The business environment for JTEKT becomes more difficult with each passing year, and we are now entering the era of “new normal” when conventional wisdom

and thinking no longer apply. While we will no longer be able to draw on past successes, I believe that new initiatives will expand opportunities for growth. If we remain conscious of helping achieve the UN’s Sustainable Development Goals (SDGs)¹ and the changes in peoples’ lifestyles, create a framework to establish new businesses without fear of failure in this time of great uncertainty, incorporate the ideas of a market-led, customer-centric approach, and continue to offer new “No. 1 & Only One” products and technologies where the needs (problems to be solved) of society intersect with JTEKT’s solutions, we will be able to satisfy customers around the world, advance the development of a sustainable society, and lay the cornerstones for business that will become the future pillars of JTEKT.

I’d like to cite a few examples of the new products that have emerged from this type of thinking. High Heat-Resistant Lithium-Ion Capacitors², which we began mass producing at a new factory in October 2019, are a unique, innovative power storage device that is able to operate stably at a high temperature range of 85°C, to a low of minus 40°C, allowing it to be installed in automobiles without the need for a cooling system. We have already received orders for this “Only One” product for use as a backup power supply in steer-by-wire³ systems, as well as many inquiries from customers outside the automotive industry for use in a range of applications, including functional stability of power generating systems, power supply regeneration, and main power supplies. In fact, the ability to operate in a wide temperature range also gives these capacitors exceptional durability,

allowing them to be charged and discharged repeatedly with almost no degradation. Many people are familiar with how the battery in their mobile phone drains more quickly after it has been used for a while. That is caused by the degradation of its lithium-ion battery. Lithium-ion capacitors have an advantage over lithium-ion batteries in terms of high power output, but their disadvantage is their low capacity. Going forward, if we are able to enhance these products and improve their capacity, it will allow them to be utilized by an even wider range of customers for many types of applications.

Electric power steering (EPS) currently accounts for more than half of JTEKT’s earnings. We faced major challenges during its development, and there was a long period of low profitability, but today, with the use of electric motors in hybrid, electric, and plug-in hybrid electric vehicles (EVs), it has become the standard for steering. In addition to High Heat-Resistant Lithium-Ion Capacitors, JTEKT has launched new

products and services each year. To contribute to the emerging aging society, we have developed the J-PAS Power Assist Suit⁴ to help people carry heavy objects, and the Electric Assist & Training Walker⁵ designed to encourage people to move independently, as well as the J-WeLL⁶ system to support groundwater management for the efficient utilization of water resources. Initiatives such as these are the driving force that will revitalize JTEKT, and we plan to develop them into the pillars that will support the company’s future.

Notes

1. The SDGs are a collection of 17 goals with 169 international targets adopted at the UN Sustainable Development Summit in September 2015 to “achieve a better and more sustainable future for all.”
2. The High Heat-Resistant Lithium-Ion Capacitor is an electric power storage device in which the energy density has been enhanced by adding lithium ions to the negative electrode material of a capacitor with an electric double layer positive and negative electrode.
3. Steer-by-wire is a system in which the commands from the steering wheel are conveyed to the tires by electrical signals rather than a mechanical structure.
4. Power assist suit for easier and safer physical labor.
5. A walker with a physical training function designed to enable independent movement.
6. A well water management system that detects the inflow volume and manages the pumping rate accordingly.



High Heat-Resistant Lithium-Ion Capacitor



Production plant for High Heat-Resistant Lithium-Ion Capacitors



J-PAS



Electric Assist & Training Walker

IV. Utilizing the strengths of “One JTEKT”

JTEKT has more than 150 facilities around the world, with around 50,000 employees. Each Group company has its specialty, and I believe that our diversity, including the products, technologies, customers, and suppliers for each firm, is both part of JTEKT’s strength, and an asset. At the same time, JTEKT has established a Group Vision of “No. 1 & Only One,” as well as the JTEKT WAY as the set of values that all employees should share (comprising the five elements of “Customer first,” “Ownership,” “Continuous *kaizen*,” “Teamwork and self-discipline,” and “Aspiration for innovation and for technique”). JTEKT has continued to instill

these principles throughout the corporate group, providing us with a standard for resolving global issues.

Going forward, we will take a broad view of the situation from the standpoint of the JTEKT Group, and make a concerted effort to address issues. For example, determining a theme to address as a group and thinking about it together will almost certainly generate unexpected and innovate ideas. To implement our business and resource allocation strategies from a global perspective, we must be mindful of “One JTEKT” and strengthen ties among Group companies.

V. People with a passion to accomplish something drive the company

Strengthening JTEKT’s earnings capacity will require revising businesses and generating synergies, but also focusing further on cultivating the type of people who are the source of our strength. Manufacturing equipment and leading-edge ICT devices⁷ can be obtained comparatively easily with money, but with the labor market more fluid these days, it’s

difficult to quickly find people who can consider the customer perspective and make continual improvements. Employees who have the necessary “*kaizen* mindset” of a member of the Toyota Group, and continually apply it in the course of their work, cannot be bought with money. Cultivating such employees takes considerable time.

The basic mindset that I look for is not just a *kaizen* mentality, but people with a passion to accomplish something or make a contribution. People such as this, in order to put into action the things they want to do, think intently about what is lacking, and learn on their own. At a time of rapid change in the world, only those who can think and act on their own accord will be able to adapt to change and survive. When leaders have that sort of passion, the people around them are greatly inspired by it, and are able to give 120%. If every department had such

a manager, it would give a tremendous boost to the company.

Companies support people with passion and a *kaizen* mindset, and while utilizing the autonomy and originality of their employees, provide the backing that allows people to gain a feeling of contribution. This is what I believe is truly “respect for humanness,” and what allows companies to greatly strengthen their constitution.

Note
7. Information and Communication Technology (information devices such as computers, projectors, and digital cameras).

VI. Contributing to a sustainable society through “tree-ring management”

I’ve been thinking a lot in recent years about the definition of a company. My answer is that a company is an apparatus, a tool for contributing to society.

The social responsibility of a manufacturer is first and foremost to provide high-quality yet inexpensive products in order to satisfy the greatest number of customers. Earnings are generated as a result, which allow the company to contribute to society in the form of taxes and employment. Such steady growth year by year is the social significance of the “tree-ring management” that I seek to achieve. Tree rings only increase by one ring each year, but a new ring is always added, and the addition of each thin ring eventually creates a large tree. Companies also aim to achieve the same sort of continuous, steady growth.

In addition to customers, companies have a responsibility to communities and to the global environment. Through its value creation, manufacturing, and human resource development, JTEKT makes firm

contributions to the sustainable growth of communities and the conservation of the global environment.

I have been in the manufacturing industry for a long time, and have had many experiences and valuable learning opportunities. As a way of giving back to the world, I will consolidate the power of all JTEKT Group employees, overcome this unprecedented crisis, and contribute to society. I ask for your continued support.



Financial Capital



Cost Strategy

The type of the growth JTEKT should target is annual growth, which, although gradual, is steadily on the rise. For the Group to continue growing in this manner, we must resolve issues facing society throughout our business activities. In terms of a financial strategy to achieve this, we are engaged in efforts to create a solid financial foundation that supports business activities; namely, building value, building excellent products and building professionals

In building such a foundation, the most important factor is improving profitability in core businesses. In addition to the transformation of the automobile industry, in a world being substantially changed in response to the COVID-19 pandemic, JTEKT will engage in the following activities over the short- to medium-term in order to strengthen our ability to generate free cash flows.

In the short-term, we will analyze and thoroughly streamline our cost structure, focusing mainly on fixed costs. Because of adverse impacts caused by the response to the COVID-19 threat, lockdowns and shortened operating hours are in effect throughout the world. However, we regard this as an opportunity to review fixed costs, thus we are engaged in thoroughly eliminating waste, reducing costs and improving efficiency.

In addition, as the Group is expanding business globally, in the previous fiscal year substantial impairment losses were recorded at some sites. Reflecting on this, we will undertake sweeping measures that include immediately revising our management system on a global basis, and as a medium-term initiative, we will revise our site strategy, including the reorganization of unprofitable sites. We will also strengthen synergies within and between regions and businesses and strategically reallocate management resources.

(J-GAAP)

Net Sales	Operating Income	Net Interest-Bearing Debt
¥1,418.5 billion	¥34.6 billion	¥189.9 billion

Fiscal 2019 consolidated operating income was ¥34.6 billion, a year-on-year decrease of 47.7%, mainly due to the effects of COVID-19 in China amid an increasingly competitive environment. In regards to funding, net interest-bearing debt increased ¥51.9 billion, partly due to funds borrowed in preparation for unforeseen funding demands in Group companies and the supply chain in response to the pandemic.

Investment Strategy

To deliver quality products to customers into the future, in addition to implementing cost strategies, it is also important to make the necessary investments in new technological developments.

In particular, the business environment surrounding the Group is at a major turning point. We are now at the stage where we must plant the seeds of our future by taking a long-term view of what the JTEKT Group needs in order to realize sustainable growth. Accordingly, we must continue to make investments to strengthen our management infrastructure, including new product development, research into advanced technologies and IT, while also improving the performance of existing technologies and reducing costs.

In order to carry out these investments efficiently, we will make thorough and effective use of existing sites and

assets, establishing mechanisms to allocate investment resources in line with the strategy of each business portfolio. We will carefully consider the necessity, profitability and recoverability of each investment project using visualization to make investment decisions, and at the same time, with respect to areas where growth is not seen or profits are low, we will also strengthen our ability to ascertain when to withdraw and formulate exit strategies.

As the financial function, we will support the planning and execution of investments and provide financing, while at the same time, we will decide whether or not to invest in consideration of the cost of capital and focus unwaveringly on recouping investments. Furthermore, we will support business activities by securing funds for investment and examine a variety of investment methods.

Capital Strategy

The JTEKT Group proactively introduced cash management systems* with hubs in each regional headquarters and conducted financing on a cross-border basis to raise the capital efficiency of the Group as a whole among other activities aimed at reducing interest-bearing debt.

However, at the same time, in order to respond to risks facing the Group, such as the deteriorating relationship between the United States and China and the COVID-19 pandemic, as well as to prepare for any unforeseen circumstances, we are also ensuring a sufficient supply of cash on hand. For the JTEKT Group to continue achieving annual growth, we believe we must continue activities on a Group company basis as well as throughout the entire supply chain. At present, in response to financial risks, including those faced by partner companies, and in order to respond to the need for working capital when demand recovers after the pandemic has passed, we are increasing cash on hand as an emergency measure.

Going forward, our head office will continue to appropriately control cash on hand in response to changes in the business environment, while reducing net interest-bearing debt throughout the Group, to maintain and expand our system enabling the immediate provision of required funding from the head office to each Group company. Through these activities, we believe it will be possible to efficiently and profitably procure funding for the Group overall.

In addition to improving profitability, the basic policy of our financial strategy is to secure strategically essential investment funds by shrinking business assets and engaging in management with good asset efficiency.

Going forward, in addition to conducting business administration, we will also promote business management that is focused on the balance sheet and cash flows through such measures as monitoring the cash conversion cycle and introducing asset efficiency metrics for each business.

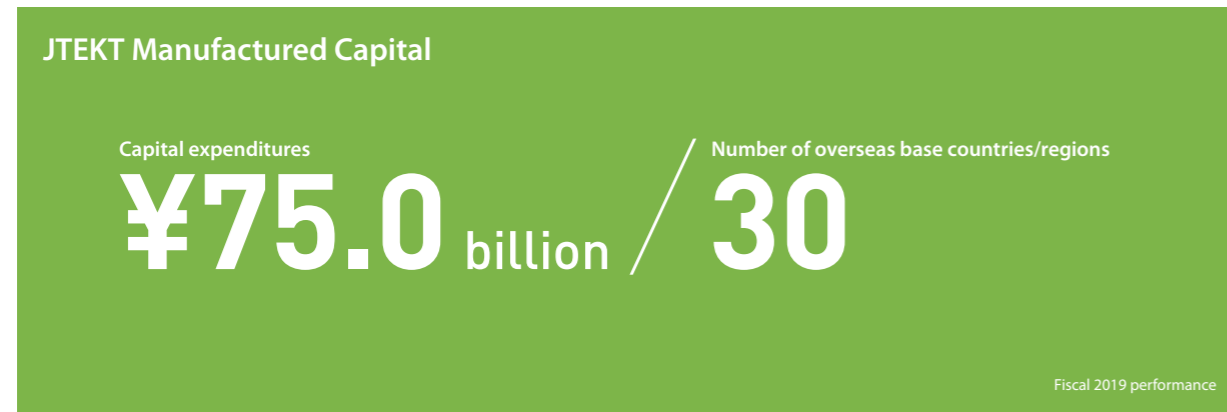
* Cash management system refers to services provided by banks mainly in the areas of fund management and administration aimed at improving a company's capital efficiency.

ROA	ROE	Dividends per Share
(0.5)%	(1.4)%	Annual ¥38/share

During fiscal 2019, in addition to deteriorating earnings, substantial impairment losses were recorded in the European and other businesses, resulting in a net loss. Assets increased, mainly due to the acquisition of Yutaka Seimitsu Kogyo Ltd., causing ROA to deteriorate significantly.

With regard to shareholder returns, our basic approach is to strive to enhance the company's corporate value on an ongoing basis, and to provide stable dividends over the long term. Although we recorded a loss in fiscal 2019, we provided a full-year dividend of ¥38 per share in adherence with this policy. Going forward, we will continue with efforts to improve ROA, ensure financial health and achieve stable shareholder returns.

Manufactured Capital



Capital Expenditures Aimed at Strengthening Business and Management Foundations

In addition to production increases and investments to update old equipment, the JTEKT Group has been proactively investing in operational efficiency centered on IT to strengthen its management foundation for the future.

As we face a harsh business environment, in order to continue making efficient investments into the future, we will carefully consider the necessity and recoverability of each investment project and thoroughly utilize existing bases and assets.

Development and Manufacturing Bases Capturing Global Needs

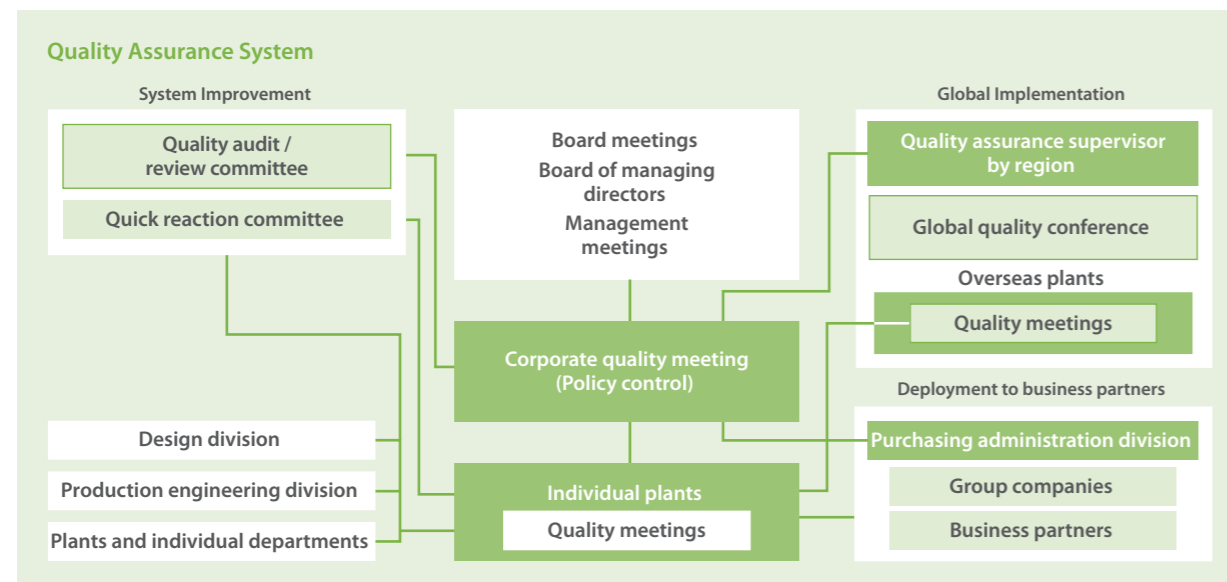
The JTEKT Group has development and manufacturing bases in approximately 30 countries and regions. With each base acting as an antenna tuned into customer and market needs in each country and region, we are able to quickly

ascertain trends and changes throughout the world. Amassing this information at development bases enables JTEKT to develop products with high added value.

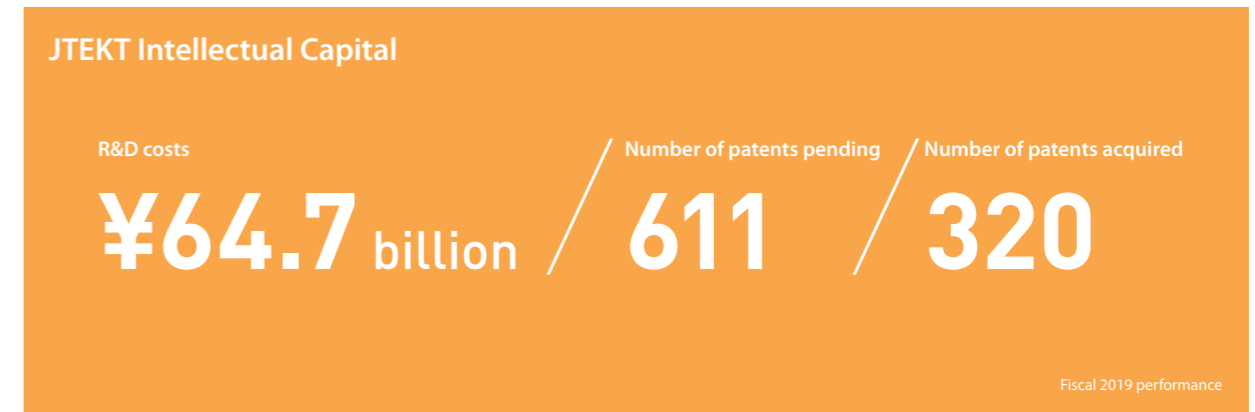
Quality Policy and Quality Assurance System

With our "Customer First" philosophy being the foundation of our quality policy, we engage in various quality improvement activities. In pursuing quality at each stage of "design quality and manufacturing quality," we have established a quality assurance system based on the belief

that improvements in overall product quality are linked to earning the trust of our customers. In addition, in order to permeate and establish the policy, we post and chant the policy on the companywide basis.



Intellectual Capital



R&D Investments in Future Businesses

The JTEKT Group is engaged in foundational element research that will lead to future products by further advancing and combining technical areas comprising the strengths of each business.

Furthermore, in an era of automobile industry reforms such as CASE¹ and MaaS², we are proactively engaged in R&D to provide customers with new products that are

"eco-friendly, safe, secure, and comfortable" in a quick and reliable manner.

1. Acronym that stands for Connected, Autonomous, Shared, and Electric. This implies the importance of mobility services across industries as well as physical changes to automobiles in terms of components.
2. Mobility as a Service. A new concept of mobility using ICT to seamlessly connect public transportation systems other than private vehicles.

JTEKT Promotes Intellectual Property Activities that Support Business

Protection of technological development accomplishments and respects of technological development by third parties

JTEKT promotes patent strategies in each business to contribute to business profitability utilizing patents and know-how resulting from technological development accomplishments.

Recently, in addition to our four existing businesses, we are focused on patent applications in new businesses such as high heat-resistant lithium-ion capacitors and nursing

care equipment, as well as R&D projects on future technologies.

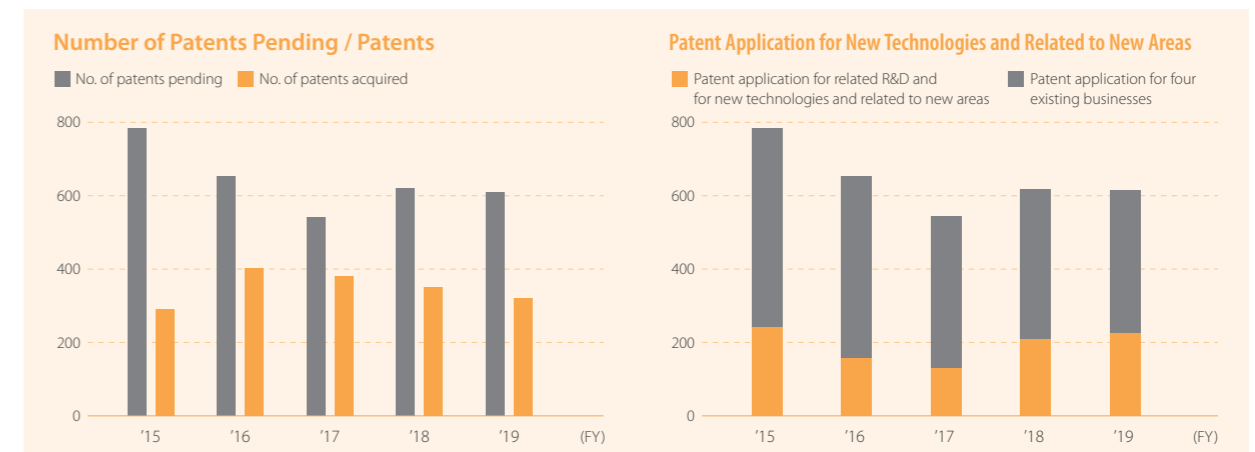
Additionally, in order to respect the intellectual property rights of third parties and reduce the risk of disputes in the future, we conduct thorough patent assurance surveys at the product development stage.

Counterfeit Products and Brand Protection

To ensure the safety of users, protect brands and secure profits, we proactively implement countermeasures against counterfeit products with the firm cooperation of local subsidiaries in each country.

With respect to counterfeit bearings in particular, we regularly conduct awareness activities through the mass

media and at exhibitions and make efforts to inculcate understanding among regulatory authorities in China, ASEAN, Central and South America, the Middle East, and other critical regions. We also focus efforts on market detection and customs protection measures.



Human Capital



JTEKT Human Resources Spread around the World

The JTEKT Group has more than 150 bases around the world and approximately 50,000 employees. About 60% of all employees work overseas. As a truly global company, we conduct corporate activities rooted in local communities and cultures, proactively recruit and develop talented human resources responsible for manufacturing of the future in each country and promote local procurement and locally-based

manufacturing, all of which contributes to industrial development in countries throughout the world.

Each Group company leverages its unique characteristics to provide customers around the world with high value-added products taking pride in their outstanding capabilities and forging strong bonds with each other.

Training by Grade

Training is conducted on the basis of four pillars: grade, rank, age, and elective / themed. We also focus effort on supporting the acquisition of certifications and self-education. Training is conducted by grade to strengthen problem-solving abilities, and since fiscal 2015, we have implemented issues-based problem-

solving training for assistant managers and above to enhance our ability to challenge ourselves and strengthen leadership. In addition, we are cultivating trainers to facilitate problem solving both domestically and globally to foster the passing on of corporate culture from senior to junior employees.

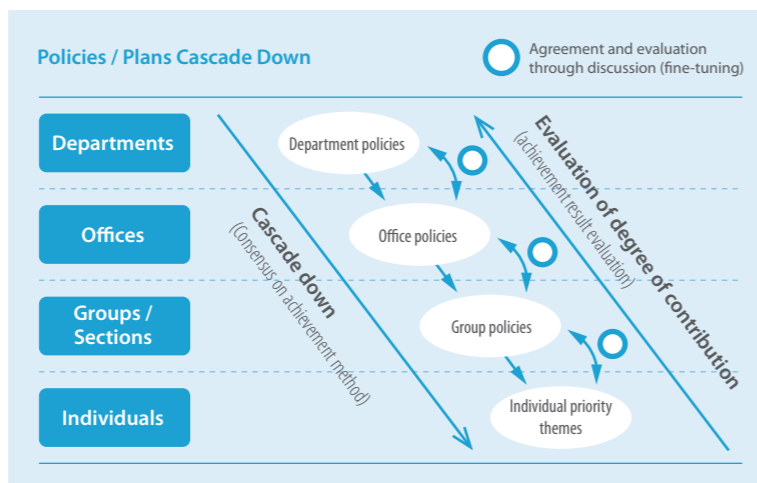
Employee Understanding of Their Division's Mission

JTEKT formulates and executes an annual activity plan based on its medium-term business plan. However, when implementing this, while the activity plans of departments, offices, groups and individuals are being cascaded down, not only the activities expected from high-level policy, but also what can be done for high-level policy is divided into

themes and discussed between superiors and subordinates until the concerned parties agree and understand the content, then repeat this process with the outcome until further agreement and understanding is achieved. In this way, JTEKT Group management realizes its ideal of drawing out the autonomous actions of each and every employee.

Through this policy management in fiscal 2019, we enabled department managers to continuously and clearly indicate workplace vision, and as a result of the permeation of this vision of each department, the number of "Employees' understanding their department's vision" greatly improved (68.0% ⇒ 86.3%). We will maintain this high level from fiscal 2020 onward.

P12



JTEKT Academy

Cultivating Technicians Responsible for the Future

JTEKT Academy contributes to society through manufacturing, teaching basic skills enabling students to play an active role in the workplace.

Based on the ethos "skilled workers are required to make good products," we started in-company vocational training in 1941 to develop human resources, including human development based on technical and skills training. JTEKT fosters the motivation and sense of responsibility (mind) apposite for society, knowledge (wisdom) essential for future manufacturing and the

basic skills (techniques) required to play an active role in the assigned workplace.

Currently, the Academy accepts Group company employees in addition to Group employees and aims to develop human resources who can contribute to the manufacturing conducted by the entire JTEKT Group. From a total of 3,633 graduates, we have producing excellent technicians who have earned the "Medal with Yellow Ribbon" and the "Outstanding Technician Award (Contemporary Master Craftsman)."



Aiming for Japan's Top Skill Level—Competing in the Technical Skills Olympics

As part of our effort to further enhance our skills, participants are selected from Academy students to compete in the Technical Skills Olympics in a quest to attain Japan's top skill level. Through training and competition that "enables the "perfect manufacturing," the competition involves "taking action to carry through to the end," "athletes who can play an active role in the workplace" and "the cultivation of instructors" aimed at

achieving individual goals.

Since the establishment of JTEKT, we have won one gold medal, 10 silver medals, four bronze medals and 21 Fighting Spirit Prizes at the Technical Skills Olympics, and at the WorldSkills Competition Abu Dhabi 2017, where only gold medal winners can compete, we won the Fighting Spirit Prize.



Aims of Participating in the Technical Skills Olympics

- To provide motivation and goals to the younger generation and improve the motivation of all technicians
- To develop human resources comprising the core of the workplace with the latest knowledge and skills
- To secure talented human resources by attracting highly skilled workers
- To improve the JTEKT corporate brand

Cultivating Technicians Who Will Support the Future of Manufacturing

For members who have completed the Academy or who are involved in manufacturing, JTEKT provides the training necessary confirm and enhance the basic knowledge and skills required on manufacturing sites and to improve their skills, including the maintenance and improvement of machining, electrical circuit, equipment maintenance, sheet metal and welding skills.

At the same time, we also support employees sitting for the National Technical Skills Certification, which is a public certification system for technical skills acquired by individual employees. Approximately 120 skilled workers are certified each year. In addition, based on the idea that

"maintenance is important for improving on-site capabilities," Academy students push themselves to acquire a level two qualification for Maintenance Skills and Knowledge Certification, with many successful candidates appearing each year.

National Technical Skills Certification		Maintenance Skills and Knowledge Certification	
Rank	No. of personnel	Rank	No. of personnel
Special rank	821	Level 1	297
Level 1	1,169	Level 2	1,287
Level 2	1,652	Total	1,584
Total	2,903		

(Source: Employee data as of April 2020)

SHAPING A BETTER FUTURE

JTEKT's evolving solutions

Linkless Steer-by-Wire*1

A steering mechanism that has eliminated the mechanical linkage between the steering wheel and the tires

Peace of Mind & Safety

• Drivers' safety in the event of a collision has been enhanced by removing the shaft previous in the vehicle's interior.

Comfort

• Optimal tire control is calculated instantaneously from the driver's steering wheel operation and various vehicle information, thus providing passengers with a comfortable driving experience.
• Enhances the degrees of freedom in the driving space (the steering wheel can be stored away during autonomous driving mode)

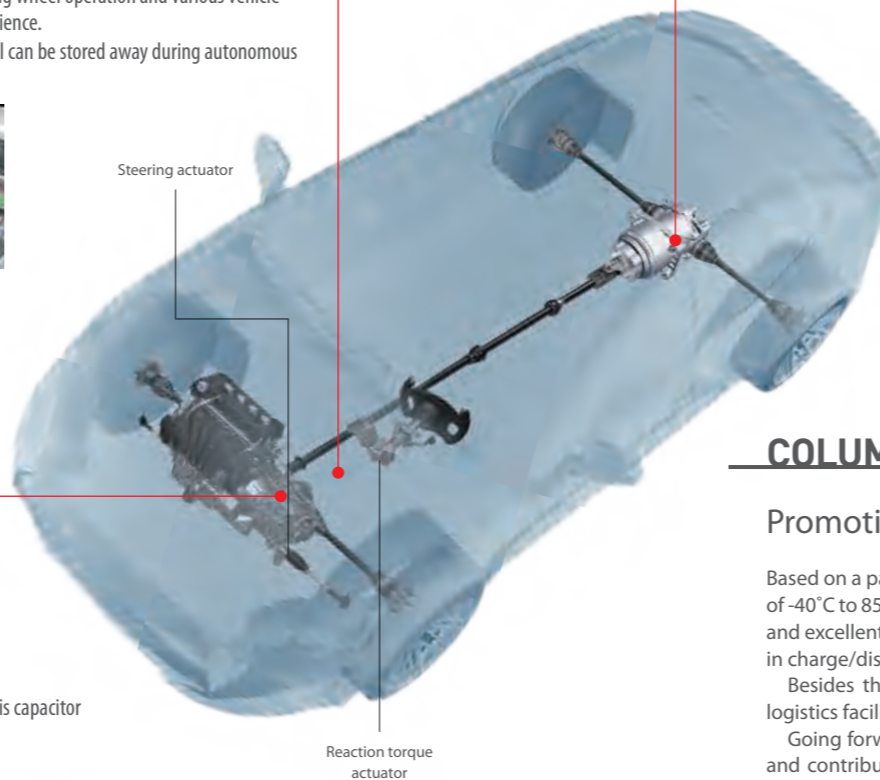


During normal driving



During autonomous driving

*1 A mechanism that transmits the rotation of the steering wheel to the tire electronically rather than mechanically



Steering actuator

Reaction torque actuator

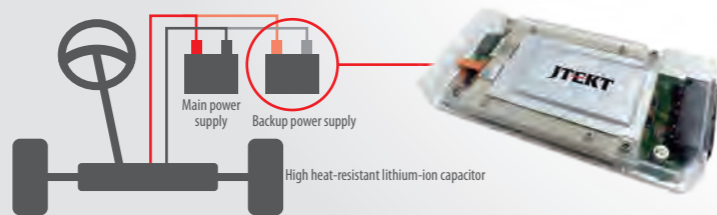
High Heat-Resistant Lithium-Ion Capacitor*2

A lithium-ion capacitor that can be used at a temperature range of -40°C to 85°C

⇒ Please refer to COLUMN on page 28.

Peace of Mind & Safety

• Installed in the system and used as a backup power supply
If for some reason there is a disruption to electric power in the vehicle, this capacitor can supply power to the actuator that moves its tires.



Main power supply

Backup power supply

High heat-resistant lithium-ion capacitor

Electrification & Autonomous Driving

• Can be used for backup power supply, power assist, energy recovery, and various other purposes

Improved System Installation Flexibility

• High heat resistance allows it to be installed within vehicles without cooling equipment

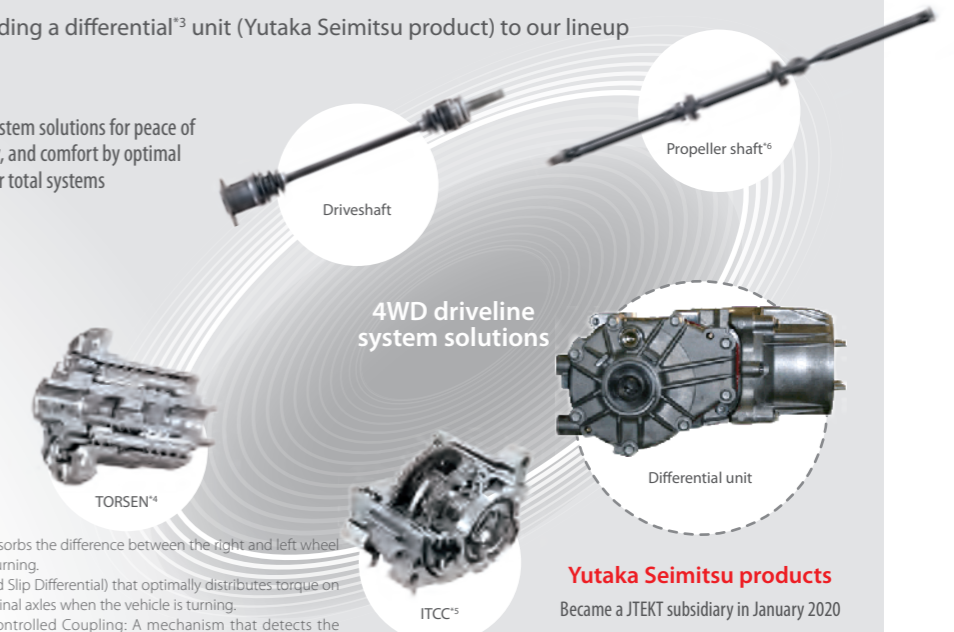
*2 A power storage device with increased energy density by adding lithium ions to the negative electrode material of a power storage device (capacitor) having an electric double layer of a positive electrode and a negative electrode

4WD Driveline Systems

Becoming a system supplier by adding a differential³ (Yutaka Seimitsu product) to our lineup

Peace of Mind & Safety Comfort

• Providing system solutions for peace of mind, safety, and comfort by optimal proposals for total systems



*3 A mechanism that absorbs the difference between the right and left wheel rotation for smooth turning.

*4 A type of LSD (Limited Slip Differential) that optimally distributes torque on the lateral or longitudinal axes when the vehicle is turning.

*5 Intelligent Torque Controlled Coupling: A mechanism that detects the difference between front and rear wheel rotation and achieves optimal front and rear wheel torque distribution by electronic control

*6 A shaft that transfers power from the engine to the rear axle in 4WD and rear-wheel drive vehicles.

Yutaka Seimitsu products

Became a JTEKT subsidiary in January 2020

In January 2020, JTEKT acquired all shares of Yutaka Seimitsu Kogyo, Ltd. and made it a subsidiary.

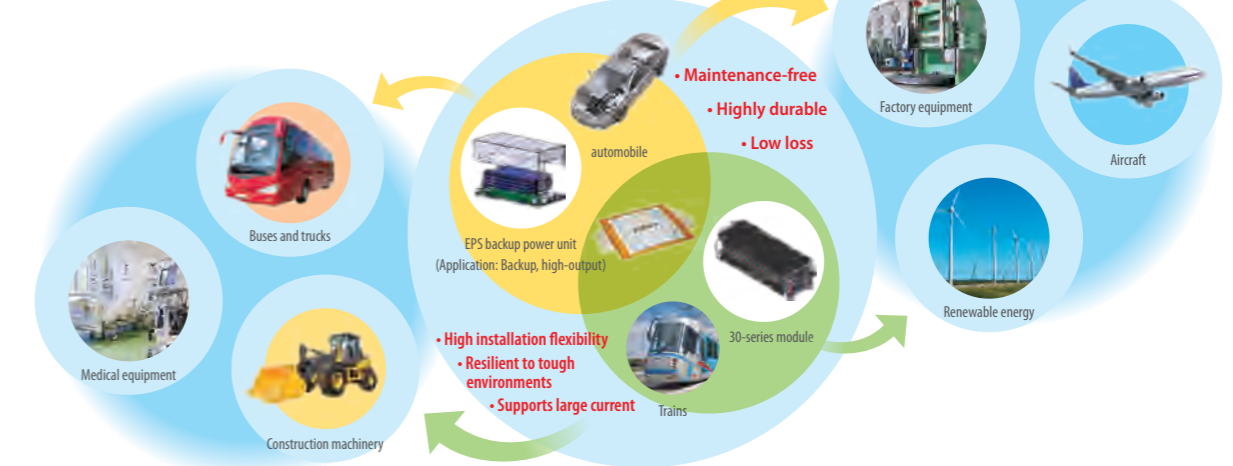
COLUMN

Promoting further sales expansion of high heat-resistant lithium-ion capacitors

Based on a patented technology, high heat-resistant lithium-ion capacitors are "No. 1 & Only One" products that can operate in a range of -40°C to 85°C. They offer improved system installation flexibility as they can be installed in a vehicle without requiring a cooling device and excellent durability against deterioration caused by self-heat generation during large current charge/discharge, giving advantages in charge/discharge performance and durability over competitors' products.

Besides the automotive industry, we are receiving inquiries from customers that manufacture trains, construction machineries, logistics facilities, and other equipment and are working aggressively to expand our sales channels.

Going forward, JTEKT will spark new innovation with our No. 1 & Only One technologies and contribute to resolving an expanding array of social issues, such as global warming, declining birthrates, a shift to an elderly society, and disaster risks.



• Maintenance-free
• Highly durable
• Low loss

• High installation flexibility
• Resilient to tough environments
• Supports large current

SHAPING A BETTER FUTURE

JTEKT's evolving solutions

Bearing technologies required in the spread of vehicle electrification

- **Improved reliability:** Respond to new issues that arise from electrification
- **Response to autonomous driving:** Contribute to safe and reliable driving
- **Response to high speed:** Address needs for high-output and smaller motors
- **Torque reduction*1:** Contribute to even better fuel efficiency

*1 To reduce force to move objects (equivalent to low friction)
 *2 This is a kind of machine element comprising a screw shaft, a nut, balls, etc. with a mechanism for converting linear motion to rotational motion, and vice versa.
 *3 A phenomenon that the outer ring rotates in relation to the housing

“Only One” technology

Non-circulating type ball screw for electric brakes*2

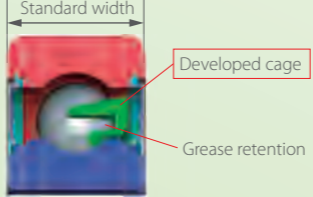


Non-circulating type ball screw

We have simplified the ball screw mechanisms that efficiently convert the rotational motion of an electric motor into linear motion. This will contribute to the evolution of electric braking technology that is needed to meet the demands for size and weight reduction and for autonomous driving technology.

“No. 1” technology

Grease-lubricated high-speed ball bearing for EV motors



Standard width
Developed cage
Grease retention
Developed item

JTEKT developed a grease-lubricated ball bearing for EV motors that enables the world's fastest* high-speed rotation of all those bearings for EV motors. This development addresses the need for smaller motors and higher motor output, which will help to improve electric power efficiency and extend the cruising range of the vehicle.

* According to JTEKT research

COLUMN

Ultra-high precision bearing PRECILENCE*4



Koyo Seiko Co., Ltd., one of the predecessors of JTEKT, will celebrate the 100th anniversary of its founding in 2021. In honor of this milestone, we are working to elevate JTEKT's Koyo brand of bearings to a global top brand. Toward that goal, we worked to deepen our base technologies (materials and heat treatment technologies) and innovate our processing technologies. This led to the successful development of PRECILENCE, a bearing that offers ultimate rotational accuracy, quietness, high speed, low torque, and longevity that conventional bearings were not able to achieve. We will continue contributing to the advancement of all sorts of industries with our “No. 1 & Only One” technologies.

*4 PRECILENCE is the brand name of an extra precision bearing that offers both precision and silence. The brand will be developed as a series in the future.

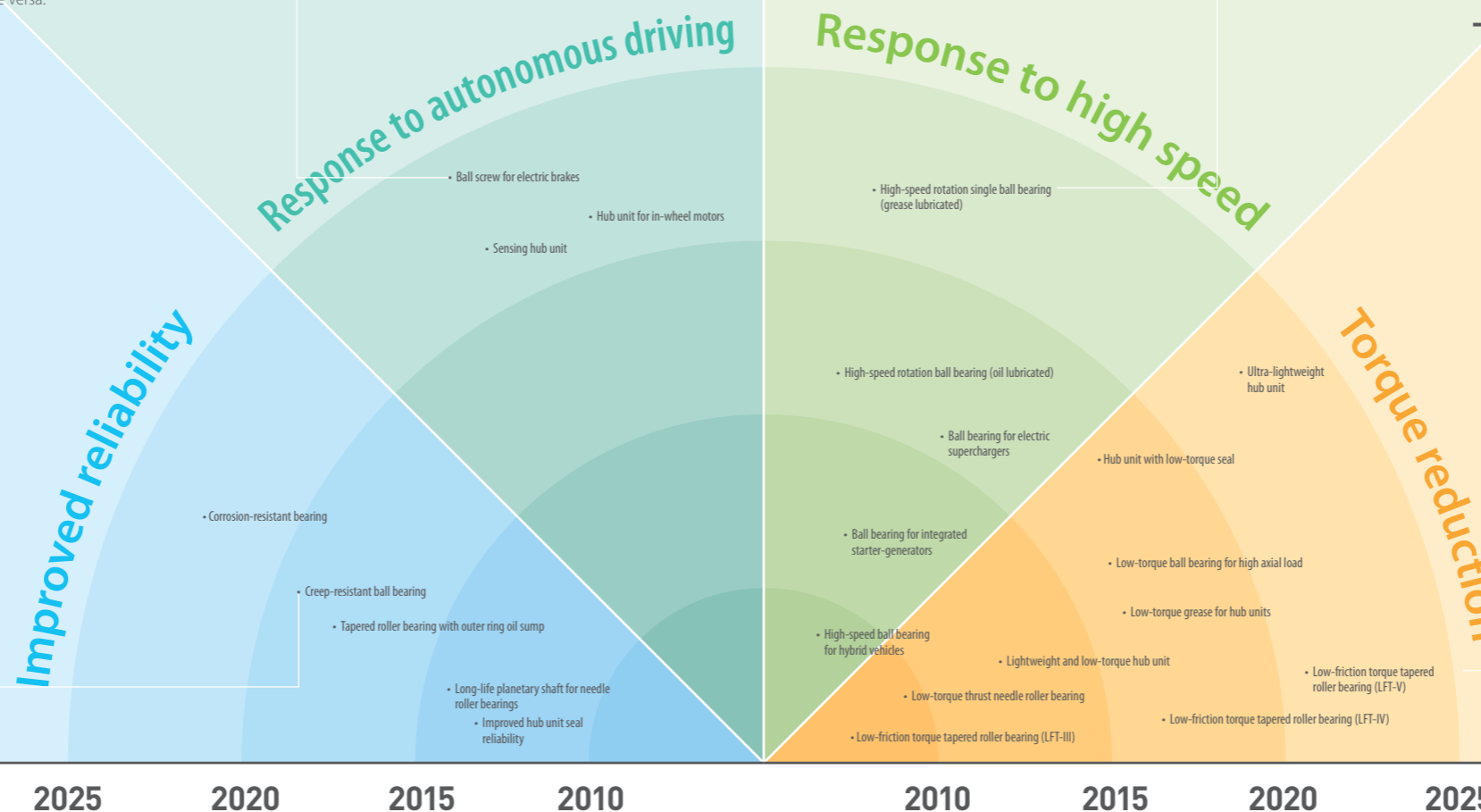
“Only One” technology

Ball bearing with suppressed creep wear*3



Special coating
Circumferential groove

We have enhanced resistance to creep caused by the strain of the outer rings of thin section ball bearings used in electrified powertrain units. We are therefore able to contribute to making transmissions smaller, lighter, and more reliable.



“No. 1” technology

(LFT*5 series) 5th generation Low-Friction-Torque tapered roller bearing “LFT-V”



As tapered roller bearings used in automotive transmissions and differential units*6, we have developed the LFT-V, which offers the No. 1 lowest torque and weight in the LFT series. LFT-V will contribute to making automobiles lower in fuel consumption and higher in energy efficiency.

*5 Low Friction Torque
 *6 A mechanism that absorbs the difference between the right and left wheel rotations for smooth turning.

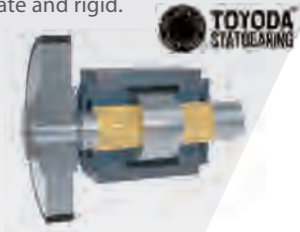
SHAPING A BETTER FUTURE

JTEKT's evolving solutions

High accuracy cylindrical grinders*1

Static technology STAT BEARING

STAT BEARING is installed in the grinding wheel spindle, known as the heart of the grinder, which has no metal-to-metal contact and is highly accurate and rigid.



Thermal control

We use CAE analysis*3 to thoroughly reduce thermal deformation and achieve stable grinding accuracy.



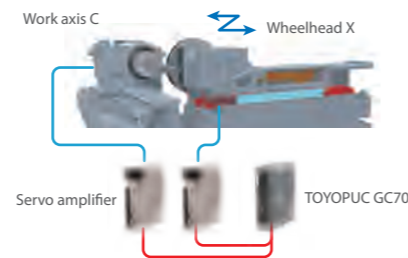
High-speed CBN processing technology

We provide productivity improvement to our customers through our rich experience in processing gained from our development of grindstones that began in the early 1970s.



C-X control technology

A highly responsive servo system that synchronizes the amount of movement in the grinding bed and work axis rotation with high accuracy is achieved through a built-in CNC*2 device.



*1 A machine that grinds the surface of a workpiece using a rotating grinding wheel
 *2 Computer Numerical Control: A device that controls machinery based on predetermined numerical values
 *3 Computer Aided Engineering: Simulations and analyses using computers during the machine design process

Gear skiving centers*4

Skiving tools

Based on the Skiving Theory of Creation*5, our gear skiving centers achieve tool design with low-resistance and high accuracy and a variety of tooth formations, such as an involute*6 and special shapes.



Highly durable with a high-speed spindle

A compact, high-speed, and highly durable unit created from a high-output, built-in motor and our in-house large-diameter bearings.



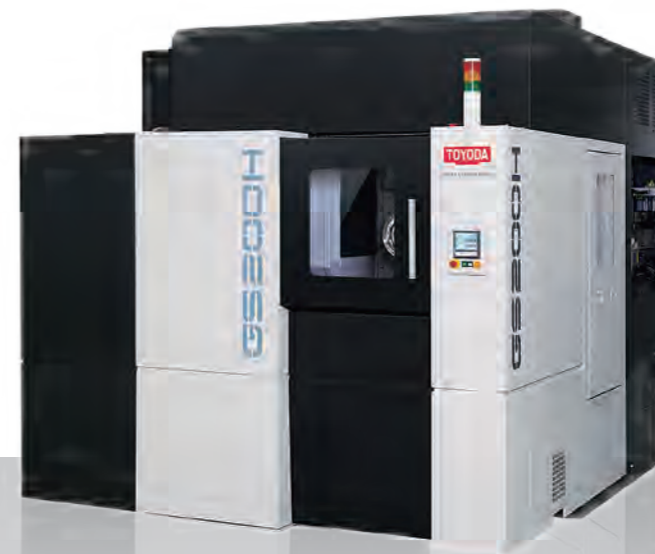
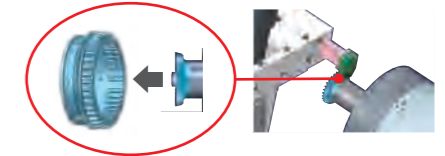
High-speed and synchronized gear machining control

Our proprietary CNC achieves high-speed and highly accurate synchronized rotation and gear tooth formation with perfect freedom.



Gear tooth position control technology

This is a non-contact position detection technology used to accurately determine the tool blade position in order to accurately machine the item to be cut without re-affixing it while changing tools for complex gears.



COLUMN The voice of the customer

Realizing an ideal general-purpose line for gears

Unit Production Technology Division
Hino Motors, Ltd.

Hino Motors is a manufacturer of trucks, buses, and other commercial vehicles.

In addition to a broad product lineup, its vehicles have a long model life, which means it has an extremely large number of parts to manufacture and manage. Of these, it has a wide range of manual transmissions that are made on in-house lines comprising specialized machines (gear shavers*7 and broaching machines*8) for each item. JTEKT's gear skiving center recently adopted by Hino Motors concentrates gear cutting and a variety of other jobs within one unit regardless of differences in size or specifications of the item. This enables the ideal production of multiple items in small lots, greatly reduces manufacturing lead times, and overcomes a range of issues such as removing tasks that require intuition and experience.

JTEKT received the following positive feedback, "We received the best solution for dealing with multi-product and small-lot production of parts from the latest models to those released over 30 years ago." We will work together with Hino Motors to create low-cost, lightweight and compact next-generation transmissions while further enhancing the performance of machined parts.



COLUMN The voice of the customer

"Circle for True Circle" with an eye toward the product ahead

Hideto Yamada
President of Yamada Seisakusho Co., Ltd.

In the 50 years since its foundation, Yamada Seisakusho has focused on grinding processes to make things perfectly round in a way only possible by master craftsmen. It is known as a company with the slogan "Circle for True Circle" that works to improve and maintain the accuracy of roundness. In contrast to manufacturing sites in Japan supported by veteran employees with long years of experience, at Yamada Seisakusho young female staff in their 20s are energetically operating processing machines. The background to this is the belief that business continuity would be difficult when relying on the skills and experience of specific individuals. They therefore pursued business innovation by standardizing internal operations and deploying IoT and robots so that anyone could perform the required tasks. In addition, the introduction of IoT enabled the company to analyze operating conditions on the factory floor and have younger employees make improvements.

The TOYODA grinders that support Yamada Seisakusho's highly accurate processing have received such feedback as, "They are easy to operate, and it is easy to achieve accuracy. Since we get accuracy, tasks can be standardized, it is easy to work with robots."

In this way, "No. 1 & Only One" TOYODA grinders are contributing on the factory floor, where there are issues with business continuity and automation is progressing at a rapid clip.



Steering Business



JTEKT applies technologies cultivated in electric power steering (EPS) to contribute to the realization of a safer and more comfortable car society and autonomous driving.

Solutions for social issues
(from the perspective of the SDGs)



Business Overview

Contributes to safety, the environment and improved convenience through the provision of steering systems, which assume the basic vehicle function of "turning." With a main product lineup including column assist-type EPS^{*1} and rack assist-type EPS^{*2} able to provide EPS for a variety of automobiles, from passenger cars to large commercial vehicles, this is one of JTEKT's flagship businesses with No. 1 global share.

*1 EPS where the motor responsible for the assist is attached to the column
*2 EPS where the motor responsible for the assist is attached around the steering rack

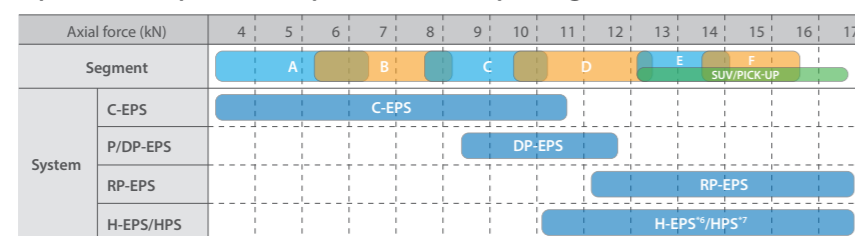
Business Environment

- Rapid progress of technological innovations represented by CASE^{*3}, including autonomous driving and vehicle electrification
- Global-scale projects and increasingly sophisticated customer demands
- Sluggish growth in automobile market due to sudden economic slowdown
- Intensifying price competition

*3 Acronym that stands for Connected, Autonomous, Shared, and Electric. This implies the importance of mobility services across industries as well as physical changes to automobiles in terms of components.

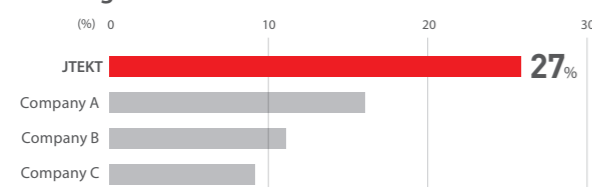
Steering Business Strengths

- One out of every four cars in the world is equipped with JTEKT steering
- Developing global business for Japanese customers as well as European customers
- Column assist-type EPS (C-EPS), dual pinion-type EPS (DP-EPS)^{*4}, and rack parallel-type EPS (RP-EPS)^{*5} in the main product lineup, which can provide EPS to all passenger cars

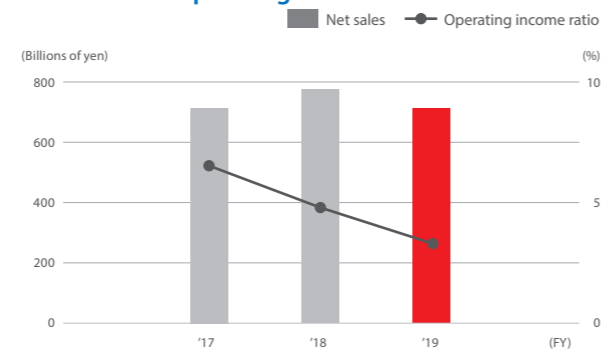


*4 EPS with two pinion shafts and assist motor mounted around the rack bar
*5 EPS with assist motor attached parallel to the rack bar
*6 Electro-hydraulic power steering: Steering mechanism using a motor to drive a pump that assists hydraulically
*7 Hydraulic power steering: Steering mechanism that uses the engine to operate a pump that assists hydraulically

Steering share Fiscal 2019

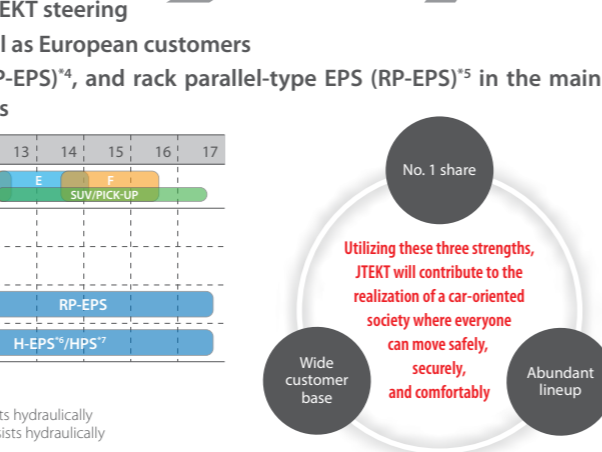
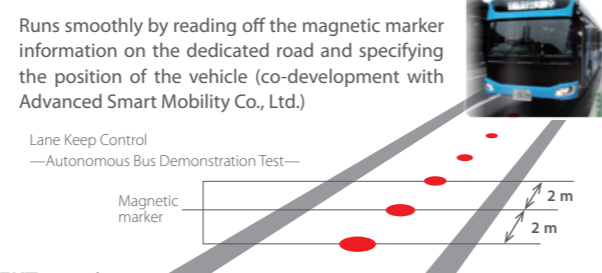


Net sales and operating income ratio



Customer Demands

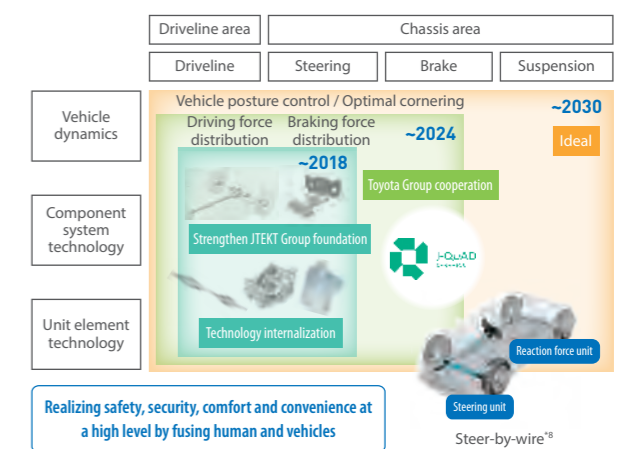
- High quality, high performance, low cost (service maximization)
- System proposals from vehicle perspective
- Provision of advanced systems (technologies and products realizing autonomous driving)



Fiscal 2019 Review and Business Strategy for Fiscal 2020

In fiscal 2019, sales and profit declined compared to the previous fiscal year because of sluggish growth in the automobile market caused by the sudden economic slowdown and intensifying market competition. At the same time, R&D expenses increased due to expanded investment in the switch to rack assist-type EPS, development efforts in new areas and CASE compliance.

In fiscal 2020, we will focus on profit and work to build a robust structure that can withstand changes in the market and operating environment. Additionally, as the No. 1 steering system supplier, we will further enhance our competitiveness and make the leap from steering system supplier to a supplier able to contribute to chassis functionality, striving to evolve from a business that provides products to a provider of value.



*8 A mechanism that transmits the rotation of the steering wheel to the tire electronically rather than mechanically

Issues and Responses

1. Improving profitability by strengthening project planning and management.

We promoted the development of each project by dividing roles for each function, from planning to mass production, which limited the collaboration across functional boundaries. In response to this issue, we will build a system that allows us to manage projects, from initial planning to order receipt and mass production in a single process, to improve both the quality of service we provide our customers and profitability.

2. Building an optimal business structure to improve competitiveness

Amid drastic changes that happen once in a century, JTEKT's ability to deepen the global collaboration required to maintain our competitive advantage as the No. 1 supplier in steering has been an issue. In response, we will respond swiftly to market demands, rethink our new business structure, leverage the strengths of each Group company and build optimal production systems in competitive areas and manufacturing sites to improve our competitiveness.



Making the Leap from Steering System Supplier to a Supplier Able to Contribute to Chassis Functionality

To succeed in the automobile industry, which is said to be undergoing a once-in-a-century period of changes, JTEKT believes that it will not survive by simply providing steering systems as in the past. Leveraging the strengths and experience that earned us a No. 1 global market share, we will expand our approach to focus on the chassis domain, transforming from a business that provides products to one that provides value, evolving into a business that customers need more than ever before.



Hirofumi Matsuoka
Chief of Steering Systems Business Unit

Driveline Business



Through the energy-saving, improved travelling safety, and other benefits provided by our driveline parts, we will contribute to the creation of a safer and more secure society. We will also contribute to the enjoyment of driving through vehicle torque control.

Solutions for social issues (from the perspective of the SDGs)

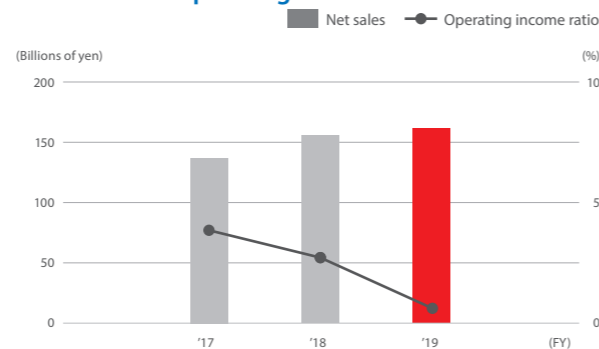


Business Overview

Providing driveline products^{*1} for vehicles, torque control devices (TCDs)^{*2}, hydraulic systems^{*3} and valve units for fuel cell vehicles (FCVs), etc., related to the basic vehicle function of “driving.”

*1 Drive shafts, propeller shafts and other products that deliver driving force
*2 TORSEN, ITCC and other mechanisms that distribute front, rear, left and right driving force
*3 Electric oil pumps, mechanical oil pumps, FC valves and other products

Net sales and operating income ratio



Business Environment

- Changes in product composition due to acceleration of vehicle electrification and autonomous driving
- Slowdown of growth in emerging markets and intensifying market competition
- Competitor mergers, accelerating alliance revisions

Customer Demands

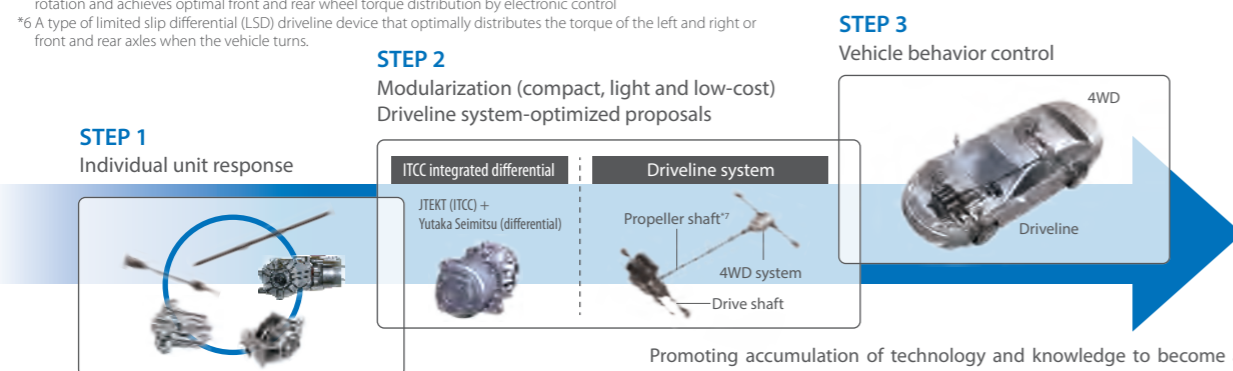
- Provision of high-quality, low-cost products
- Driveline system through product proposals (especially in conventional areas) for customers shifting resources to CASE^{*4}

*4 Acronym that stands for Connected, Autonomous, Shared, and Electric. This implies the importance of mobility services across industries as well as physical changes to automobiles in terms of components.

Driveline Business Strengths

- Wide lineup: Product lineup includes driveline, hydraulic systems and TCD
- 4WD control technology: 4WD control making full use of “No. 1” product ITCC^{*5} and “Only One” product TORSEN^{*6}
- Provides comprehensive vehicle driveline system solutions

*5 Intelligent Torque Controlled Coupling: A mechanism that detects the difference between front and rear wheel rotation and achieves optimal front and rear wheel torque distribution by electronic control
*6 A type of limited slip differential (LSD) driveline device that optimally distributes the torque of the left and right or front and rear axles when the vehicle turns.



*7 Shaft that transmits the driving force of the engine to the rear axle in 4WD vehicles and FR vehicles

Development of New TORSEN “Type D”

Development Concept
Providing compact, low-priced LSD^{*8} for EVs and FF passenger cars, contributing to improved safety, security, and driving performance



*8 Limited Slip Differential: A driveline device that optimally distributes the torque of the left and right or front and rear axles when the vehicle turns

ITCC and Differential^{*9} Modularization Development

Development Concept
Compact, lightweight and low-cost modularized 4WD unit meeting customer expectations.



*9 Mechanism that absorbs the rotational difference between the left and right wheels to make smooth turns

Fiscal 2019 Review and Business Strategy for Fiscal 2020

In fiscal 2019, sales increased but profits declined compared to the previous fiscal year due to a slowdown in emerging markets, the impact of the COVID-19 pandemic, intensifying market competition and higher expenses associated with the development of next-generation products.

In fiscal 2020, we will establish solid traction, placing a higher priority than ever on profits. At the same time, we will bolster our business foundation to make the leap forward as a system supplier.

Issues and Responses

Improving Competitiveness with Thorough Cost-Reductions and a Stronger Business Foundation

Amid a rapidly changing competitive environment characterized by competition with mega suppliers, market entry by companies in different industries and corporate restructuring driven by competition, JTEKT must thoroughly increase its competitive advantage. To meet this expectation,

realizing increased efficiency and a stronger structure are challenges. In response, we will promote thorough improvements in efficiency utilizing the TPS^{*10} and aim to become a professional driveline organization.

*10 Toyota Production System



In an aim to improve vehicle performance, JTEKT will provide optimal driveline system proposals to facilitate solutions for safe, secure and comfortable automobiles.

At present, we are experiencing what is said to be a once-in-a-century period of transformation, with the automobile manufacturers comprising our customer base allocating a massive amount of resources to CASE compliance. Given these conditions, JTEKT believes we can contribute to society through automobile advances enabling us to meet expectations as a true partner to our customers through proposals for products involved with automobile driving functions responsible for total systems.



Takumi Matsumoto
Chief of Driveline Systems Business Unit

Bearing Business



Bearings play a role in supporting rotating parts in all types of machinery. JTEKT bearings contribute to society by providing a wide range of bearings for everything from all types of automobile to various industrial machines.

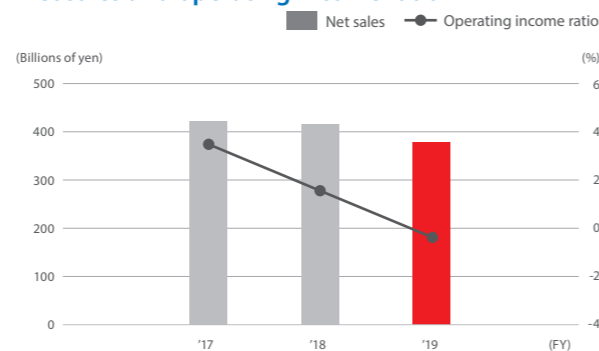
Solutions for social issues (from the perspective of the SDGs)



Business Overview

From vehicles to industrial machinery JTEKT bearing products are used in rotating parts for all industries, supporting the revolution of society in unseen places. In the automotive field, we support vehicle electrification and autonomous driving, while in the industrial machinery field, we develop business based on proposals supporting various usage environments, such as semiconductors, robotics and aerospace, in an effort to provide value and service. Through these activities, we will contribute to the realization of a better society from the perspectives of environmental preservation and the creation of social infrastructure.

Net sales and operating income ratio



Business Environment

- Automotive bearings: Acceleration of vehicle electrification and autonomous driving
- Industrial machinery bearings: Diversification of operating environment
- Intensification of global competition

Customer Demands

- Timely provision of products that support energy saving and electrification (high-speed rotation/quietness/low-torque^{*1}/compact)
- Products and services that respond to changes in the social environment
- Stable supply and cost competitiveness in line with globalization

^{*1} To reduce force to move objects (equivalent to low friction)

Bearing Business Strengths

- As the JTEKT Group operates automobile parts and industrial machinery businesses, we are able to provide comprehensive development support from the customers' perspective.
- Unmatched low-torque technology represented by the Low Friction Torque (LFT) series
- Broad product lineup enabling support for a wide-variety of industrial machine applications

Main Products

<p>1 Fifth-generation super low friction torque tapered roller bearings (LFT-V)</p> <p>Bearings used in automobile transmissions and differential units</p> <p>Advantages</p> <ul style="list-style-type: none"> • Lowest torque in the LFT series • Low fuel consumption and long automobile life • Contributes to space saving and weight reduction 	<p>2 "PRECILENCE" super high precision bearings</p> <p>"P2" bearings that realize the "highest precision" rotatability applicable for the sophisticated machining precision required for machine tools</p> <p>Advantages</p> <ul style="list-style-type: none"> • Rotation accuracy (four times more accurate than conventional bearings) • Quietness (about one-half the vibration of conventional bearings) • Low torque (30% lower than conventional bearings) • Long life (two times longer than conventional bearings) 	<p>3 Controlled magnetic bearings</p> <p>Bearings used in turbo rotating machines such as compressors, blowers, expansion turbines and turbine generators</p> <p>Advantages</p> <ul style="list-style-type: none"> • Support for high-speed rotation • Maintenance-free • Oil-free
--	---	---

^{*2} Indicates the highest level of bearing accuracy precision

Fiscal 2019 Review and Business Strategy for Fiscal 2020

In fiscal 2019, we engaged in structural reforms focused on Japan, North America and Europe. Despite improvements to our earnings structure resulting from these efforts, sales declined significantly, causing sales and profits to decline compared to the previous fiscal year.

In fiscal 2020, we will promote global developments, including existing and new technological developments accumulated up to now over the past 100 years of the Koyo brand, while overcoming the trend toward commoditization by strengthening cost competitiveness through stringent cost-reduction efforts driven by manufacturing technology innovations.

Issues and Responses

1. Improving profitability through structural reforms

To survive market commoditization, we believe it necessary to strengthen cost competitiveness through cost reduction activities in accordance with the realization of innovative manufacturing reforms. To this end, we will promote structural reforms through selection and concentration from a global perspective, including manufacturing base integration, along with the robust promotion of productivity improvements through expanded automation, unmanned operations and increased speed.

2. Aiming to become the niche leader in growing markets

In the Bearing business, we believe that it is necessary to respond to changes in the social environment, such as the shift from internal combustion engines to electrification in the automobile industry, declining birthrates and aging populations and information technology innovations. To achieve this, we will concentrate resources on the development of new areas, new products and high added value products that anticipate customer needs in an aim to grow and develop by becoming the leader in the niche field.



A Business that Continuously Creates Value and Provides Customers with Safety, Security, and Excitement —Koyo, the World's Top Brand—

In the Bearing Business, we want to contribute to automotive bearing technology innovations by advancing the elemental technologies we have cultivated over our 100-year history and by developing new automotive technologies to further promote electrification and autonomous driving.

We also aim to contribute to robotics, semiconductors, medical equipment and a wide range of other industries expected to grow robustly in the future with our industrial machinery bearings.



Katsumi Yamamoto
Chief of Bearing Business Unit

Machine Tools & Mechatronics Business



We are transforming machine tools TOYODA into a *monozukuri* (building excellent products) innovation company. Providing value in all phases of *monozukuri* and contributing to customer value enhancement with "Only One" technologies.

Solutions for social issues (from the perspective of the SDGs)



Business Overview

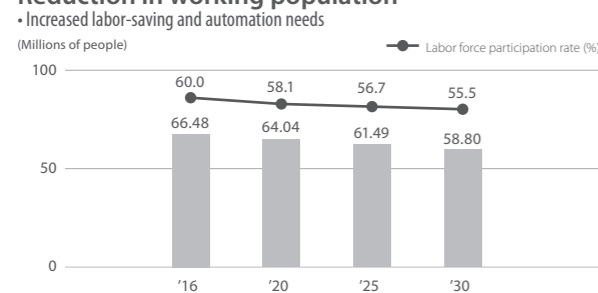
This business provides cam and crankshaft grinders^{*1}, general-purpose cylindrical grinders and other cutting machines^{*2}, machining centers^{*3}, gear skiving centers^{*4} and other machine tools meeting customer needs, as well as IoT^{*5} Solution. Machine tool element components and system devices are proprietary and manufactured by the JTEKT Group. In recent years, this business has expanded into growth areas such as semiconductor equipment, vehicle battery equipment.

^{*1} Machine that grinds the surface of a workpiece using a rotating grinding wheel
^{*2} Machine that cuts the surface and shape of a workpiece using a rotating tool
^{*3} A numerically controlled machine tool with an automatic tool change function that performs different types of machining such as milling, boring, drilling, and tapping using the same machine
^{*4} Machine for gear skiving processing using relative speeds generated by tilting and rotating tools and workpieces
^{*5} Internet of Everything: Refers to the connecting of everything to the Internet of Things (IoT)

Business Environment

- Rapid conversion of automobiles to EVs
- Declining workforce, highly skilled workers not passing on technical knowledge
- Growing semiconductor demand in line with acceleration of 5G and artificial intelligence (AI)
- Intensifying global competition

Reduction in working population

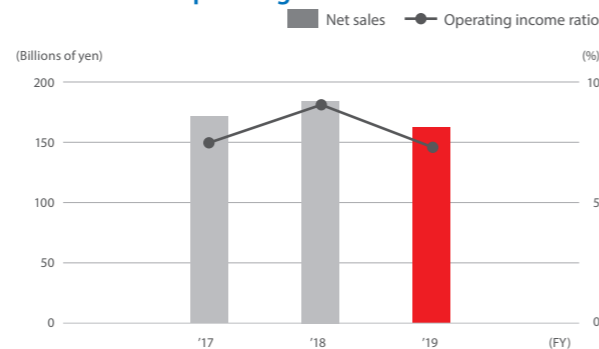


Machine Tools & Mechatronics Business Strengths

Our strengths include, technological capabilities cultivated in automobile engine lines, "No. 1 & Only One" high precision grinding and gear skiving technologies, with the technologies used to control these realized through in-house development and manufacturing utilizing integrated machinery.

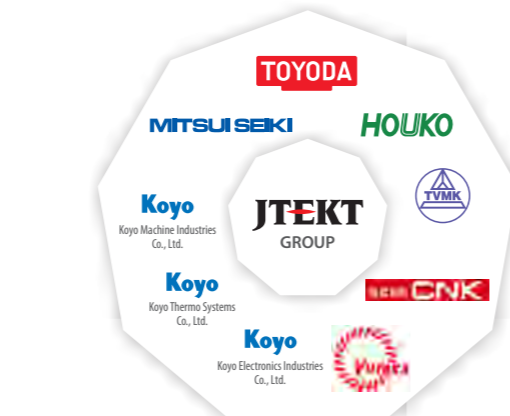
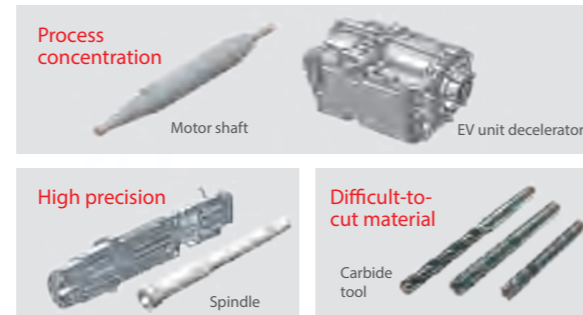
The overall strength of the JTEKT Group lies in the ability to propose the entire systems that improve the value of customer products through cost reductions, advanced functionality and other enhancements.

Net sales and operating income ratio



Customer Demands

- Product innovation through miniaturization, weight reduction and noise reduction
- Labor saving and automated equipment that improve factory productivity
- Equipment able to facilitate detailed and homogeneous processing
- Shorten delivery times and lower equipment costs through local production



Fiscal 2019 Review and Business Strategy for Fiscal 2020

In fiscal 2019, in response to social changes such as a declining workforce, the shift to EVs and the development of 5G and AI technologies, we released an autonomous grinding system with a built-in transport and measurement system, an advanced gear skiving center and JTEKT IoT Solution supporting human growth. Furthermore, in response to the customer need to use products over the long term, we pursued lifecycle value and made efforts to accelerate support for recovery utilizing customer data and dispatching personnel as soon as possible in the event of a disaster. However, the impact of the market slowdown was substantial, resulting lower sales and profit compared to

the previous fiscal year.

The economic downturn is expected to continue in fiscal 2020, thus we will strive to strengthen our structure by streamlining manufacturing processes and further pursuing lifecycle value through the utilization of IoT technologies as a means of establishing our management foundation. Additionally, we will promote the evolution of "Only One" technologies for next generation high-precision cylindrical grinding machines and gear skiving centers.

We will also make an effort to strengthen machine tool group cooperation and expand business in growth areas.

Issues and Responses

Accelerating Digital Transformation

To maintain and further advance our position as Japan's top provider of high-precision cylindrical grinders and the leading company in gear skiving with "Only One" technology, we must accelerate product development and create greater value than ever before. To this end, we are making

an effort to speed up production development with the establishment of a digital design center and a modular evaluation center with the aim of accelerating the digital transformation to create new business value.



Grinding system integrating in-line measurement that maintains the production of quality products



Cooperative robot and gear skiving center that realize highly efficient combined machining of all kinds of gears



Appropriate support realizing improved productivity and quality

Pursuing the Speedy Creation of New Value

Our mission is to provide tools that enhance the value of customer manufacturing by helping them realize their goals.

Social changes and technological innovations create new demand and new competition. We want to be sensitive to changes and demand to pursue and provide new value in a timely manner.



Shinji Kato
Chief of Machine Tools & Mechatronics Business Unit

Together With Society

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.

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.

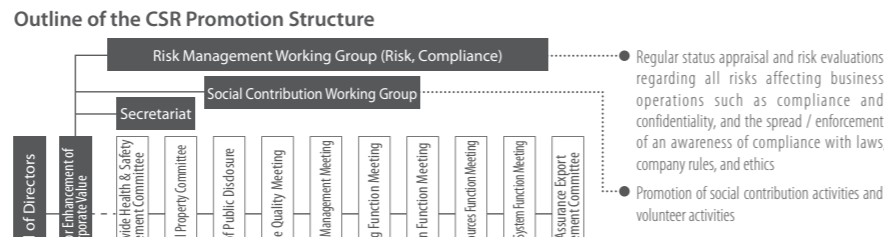
Global Conduct Guideline

- Responsibilities in line with global-level business activities**
- JTEKT has 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.
- 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
- * For more information, please visit JTEKT's website.
<https://www.jtekt.co.jp/e/sustainability/csr/concept/>

CSR Promotion

- Implementation of CSR activities in each division on a companywide basis**
- 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.
- *1 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 has periodically inspected the progress of CSR activities. In March 2017, this committee was renamed the "Council for Enhancement of Corporate Value". In addition to the reporting on CSR activities conducted in the past, the council has ongoing discussions regarding conversations with various stakeholders, the sharing of results of evaluations by external organizations, JTEKT's contributions toward the realization of a sustainable society, and the creation of new value.



Major ESG² Data

Unit	FY2017	FY2018	FY2019
------	--------	--------	--------

Contributing through *monozukuri*

Products [Consolidated]	Contribution to CO ₂ emissions reduction ³	Total	1,000t	761.0	816.0	830.0
Product group examples	Steering ⁴	C-EP5 Powerassist steering system	1,000t	372.0	370.0	361.6
	Bearings ⁵	Tapered roller bearings for automobiles	1,000t	111.4	115.0	108.4
R&D [Consolidated]	Total cost of R&D ⁶		Billions of yen	552	636	647
R&D [Nonconsolidated]	No. of patents pending		Incidents	543	614	611
	No. of patents acquired		Incidents	368	334	320
Quality [Nonconsolidated]	No. of visitors to quality exhibitions (Total)		People	—	9,237	10,374
Environment [Consolidated]	Prevention of global warming	CO ₂ emissions for internal production	1,000t	784	808	751
	Environment [Nonconsolidated]	Prevention of global warming	CO ₂ emissions for internal production	1,000t	227	217
		CO ₂ emissions in production per in-house production volume	t/Billions of yen	140.3	131.1	126.3
		CO ₂ emissions in logistics	1,000t	12.8	12.2	10.7
		CO ₂ emissions in logistics per net sales	t/Billions of yen	1.99	1.82	1.65
Effective use of resources	Waste per in-house production volume		t/Billions of yen	6.78	6.20	6.26
	Packaging usage per net sales		t/Billions of yen	0.77	0.75	0.78
	Water usage per in-house production volume		1,000m ³ /Billions of yen	1.43	1.35	1.29
Reduction and management of environmentally burdensome materials	Release / transfer of substances subject to PRTR		t	38	27.1	25.7
No. of environmental issues			Incidents	0	2	0

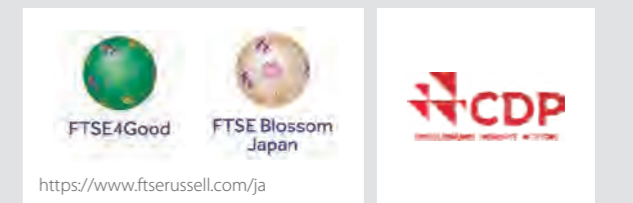
Establishment of a firm management foundation

Employees [Consolidated]	Ratio of foreigners occupying key positions in overseas locations	%	65.3	65.7	74.1
Employees [Nonconsolidated]	Level of understanding by employees of own division's vision	%	67.1	68.0	86.3
	Female employee percentage	%	10.3	10.8	10.3
Percentage of women in administrative positions	Managerial positions	%	0.92	1.07	1.20
	Assistant managers	%	4.11	4.69	5.15
Percentage of employees with disabilities		%	2.17	2.17	2.24
Employees who took childcare leave		People	49	60	68
Employees who took family care leave		People	1	5	6
Percentage of vigorous and vibrant workplaces ⁷		%	55.3	21.4	18.2
Governance [Nonconsolidated]	No. of internal reports made	Incidents	50	49	35
Local contribution [Nonconsolidated]	No. of youth development ⁸	People	1,201	1,627	1,288
	No. of information get-togethers with local community	Place	13	13	13
	No. of participants in region cleanup activities	People	4,665	4,861	3,178

*2 Acronym that stands for environmental, social and governance. Used as an indicator to determine whether or not a company can grow sustainably.
 *3 Amount of CO₂ reduction in the use stage of product by environmental design. The amount calculated globally is shown in a single year. The calculation method has been partially changed since FY2016.
 *4 Figure is calculated based on the number of products designed by JTEKT therefore products produced overseas are included.
 *5 Nonconsolidated
 *6 R&D costs included in general administrative costs and manufacturing costs.
 *7 Based on internal employee survey results
 *8 Number of participants of elementary school, junior high school, and high school students

Third-Party Evaluations

In light of our efforts and information disclosure in the ESG areas, JTEKT has been selected for inclusion in FTSE Russell's FTSE4Good Index Series and FTSE Blossom Japan Index. Also, within the corporate survey conducted by CDP⁹, in fiscal 2019 we received an A- in the climate change and a B in the water security categories. Going forward, through our CSR activities, we will contribute to sustainable societies and strive to sustainably enhance our corporate value.



*9 CDP: Representing global institutional investors, CDP provides information disclosure on corporate activities with regard to climate change, water, and forest resources. This is an NPO that provides investors with disclosure using an eight-level assessment (A-D) with regard to company responses.

Corporate Governance

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

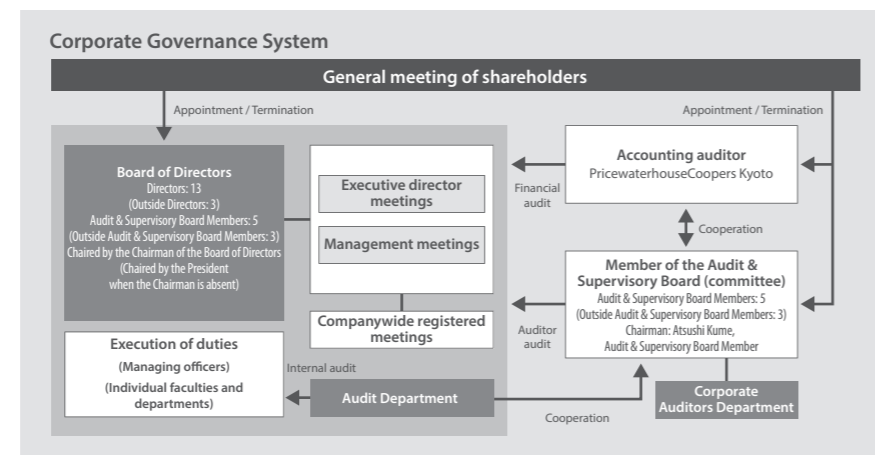
Promotion structure

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 five auditors, three of whom are outside auditors (of which two are independent outside auditors). Additionally, two 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.



Board of Directors Held once per month
Makes decisions about important matters within management, and supervises directors' performance of duties.

Executive director meetings Held once per month
Supplements the Board of Directors, deliberates important matters within management, and determines fundamental policies.

Management meetings 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.

Audit & Supervisory Board 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.

Companywide Strategic Meetings Held twice per month
The Board of Directors, executive director meetings, 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.

Companywide Registered Meetings See below
The purpose of these meetings is to engage in deliberations focused on important management themes and apply the PDCA*1 cycle.

*1 Acronym for "Plan, Do, Check, Action." A management method for the continuous improvement of operations through the repeated application of this cycle.

Companywide Registered Meetings

Function Meetings		Councils and Committees	
Human Resources Function Meeting	Held twice per annual	Companywide Health & Safety Management Committee	Held twice per annual
Purchasing Function Meeting	Held twice per annual	Council for Enhancement of Corporate Value	Held twice per annual
Corporate Quality Meeting	Held once per annual	Council of Public Disclosure	As needed
Production Function Meeting	Held twice per annual		
Technology Management Meeting	Held twice per annual		
Information System Function Meeting	Held four times per annual		

Progress toward enhanced 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.

Former System (Managing Officer System)

Status	Division	Role Position
Officer	Director	Chief of Division
	Executive Managing Officer	Chief of Division / Vice Chief of Division / Regional Business Manager / In charge of Organization
	Managing Officer	Vice Chief of Division / Regional Business Manager / In charge of Organization
	Executive Technical Advisor - Executive Managing Advisor	In Charge of Organization / (General Manager)
Employee	Manager R0	General Manager (Office Manager)
	Manager R1	
	Manager R2	General Manager / Office Manager / Manager / Group Manager

New System (Senior Management System)

Status	Division	Role Position
Officer	Director	Chief of Division
	Executive Managing Officer	Chief of Division / Vice Chief of Division / Regional Business Manager / In charge of Organization
Employee	Senior Management	Vice Chief of Division / Chief of Regional Business Manager / Chief of Field
		General Manager (Office Manager)
		General Manager / Office Manager / Manager / Group Manager

*2 Flexible appointment/withdrawal

Main Governance Reform Initiatives

Date	Measures	Date	Measures
June 2005	Introduction of executive officer system	March 2017	Establishment of Council for Enhancement of Corporate Value
May 2006	Publication of Corporate Governance Report	Oct. 2017	Establishment of Risk Management Department
Jan. 2008	Establishment of Global Internal Audit Department	June 2018	Increased number of outside directors by one, to a total of three
Feb. 2009	Establishment of CSR Promotion Committee	June 2019	Appointment of a female outside member of the Audit & Supervisory Board
June 2013	Appointment of foreign executive officer	Nov. 2019	Revision of the Board of Directors regulations
June 2015	Appointment of two outside directors	Apr. 2020	Introduction of senior managing system
Feb. 2016	Establishment of Executive Officer Personnel Appointment Review Meeting (Comprising representative directors and outside directors)		
June 2016	Establishment of Executive Remuneration Meeting (Comprising representative directors and outside directors)		

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.

- JTEKT share items with subsidiaries, including the JTEKT GROUP VISION, the JTEKT WAY and the medium-term business plan, with the business plan progress confirmed at meetings at top meetings.
- JTEKT requires that subsidiaries to engage in prior consultation or post-reports on important matters based on the "Prior Consultation and Reporting System Standards." Important matters concerning Group management are deliberated and decided by the Company committees. Also, regarding major subsidiaries, JTEKT confirms that the decision-making process is functioning properly within the subsidiary.
- 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.
- 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.

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.

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 2019 (attended/held)	
				Board of Directors	Audit & Supervisory Board
Director	Takao Miyatani	As a corporate executive and industrial group chairman, he possesses a wealth of experience and deep insights involving manufacturing over many years, and is appointed to supervise the management of the Company and provide appropriate advice and recommendations. In addition, he has satisfied the requirements for an independent director and it has been determined that there is no risk of a conflict of interest with general shareholders.	○	15/15	—
Director	Iwao Okamoto	Having held important positions in the Ministry of Economy, Trade and Industry and the Japan-China Economic Association, he possesses a wealth of experience and deep insights into domestic and overseas industrial and economic activities, and is appointed to supervise the management of the Company and provide appropriate advice and recommendations. In addition, he has satisfied the requirements for an independent director and it has been determined that there is no risk of a conflict of interest with general shareholders.	○	15/15	—
Director	Takeshi Uchiyamada	As a corporate manager, he possesses a wealth of experience and deep insights involving manufacturing over many years, and is appointed to supervise the management of the Company and provide appropriate advice and recommendations.	—	12/13 (After appointment)	—
Member of the Audit & Supervisory Board	Takashi Yoshida	As a certified public accountant, he possesses a wide range of knowledge regarding finance and accounting, and is appointed to audit the management of the Company and provide appropriate advice and recommendations.	○	15/15	15/15
Member of the Audit & Supervisory Board	Hiroyuki Wakabayashi	As a manager, he possesses a wide range of experience and knowledge with deep insight into corporate governance, and is appointed to audit the management of the Company and provide appropriate advice and recommendations.	—	13/15	12/15
Member of the Audit & Supervisory Board	Yumiko Sakurai	As a certified public accountant, she possesses a wide range of knowledge regarding finance and accounting, and is appointed to audit the management of the Company and provide appropriate advice and recommendations.	○	13/13 (After appointment)	11/11 (After appointment)

Provision of information to Outside Directors and Auditors

In order to further enhance deliberations by the Board of Directors, JTEKT explains details regarding Board of Directors' meeting agenda items to outside directors and auditors on the day before the Board of Directors' meeting, and on the day of the Board of Directors' meeting, a Liaison Meeting for Outside Directors and Members of the Audit & Supervisory Board is held to share information between outside directors and auditors. In addition, regarding M&A and other 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.

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.

Director and Auditor remuneration

Director remuneration consists of fixed remuneration (monthly remuneration) and performance-linked remuneration (bonuses). Performance-based remuneration consists of short-term incentives paid based on Company performance in each business year, and medium- to long-term incentives paid depending on the degree of achievement of the medium-term business plan.

Short-term incentives are calculated based on a bonus table, using consolidated operating profit as an indicator.

Medium- to long-term incentives are calculated by multiplying the referenced amount by a coefficient obtained based on the degree of achievement of financial indicators such as ROA as well as social contribution indicators such as CO₂ emissions, which are set based on the medium-term business plan. The coefficient fluctuation range is 77% to 137%.

Remuneration for each director is decided through a resolution by the Board of Directors based on the results of examination at the Executive Remuneration Meeting, which consists of the president and independent outside directors.

In fiscal 2020, in consideration of the business results of the previous fiscal year, no bonuses were paid to directors.

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.

Total Amount of Corporate Officer Remuneration (Fiscal 2019)

Category	Number of allowances	Amount of remuneration, etc.
Directors	14	¥337 million
Members of the Audit & Supervisory Board	5	¥106 million
Total	19	¥443 million

Evaluating the efficacy of the Board of Directors

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

From the result of evaluations in fiscal 2019, we recognized a need to improve the legibility of meeting materials, but in general, it was evaluated that the meetings are functioning properly and the effectiveness of the Board of Directors was confirmed.

Messages from Independent Outside Directors



Takao Miyatani
Independent Outside Director

Engaging in *monozukuri* that addresses society's needs

In my opinion, it is most important for senior executives to manage JTEKT so that there is a balanced and sustainable happiness among customers, shareholders, and the employees of the company and its suppliers. Toward that end, it is critical to innovate and have discussions on a daily basis. Outside directors who are not involved in business execution have a responsibility when required to ask for disclosure on how discussions are proceeding in regular meetings and to confirm that the necessary discussions are taking place. In this regard, I would like to provide stimulus to the management of affiliated companies both in Japan and overseas.

Looking back over the history of the automotive industry, it started about 130 years ago with Karl Benz's invention of the first car powered by a gasoline engine. This was followed about 30 years ago with measures to respond to restrictions on exhaust emissions and then by hybrid vehicles and a succession of innovations that address society's needs. We are now amid competition that occurs once in a century in the race for the development of EVs and autonomous driving technologies while also contending with various issues arising from the COVID-19 pandemic. Against this backdrop, this is the exactly the time for JTEKT to take center stage since from its foundation, its history has been one of providing customers around the world with what they need. I would like to see the company go all out for *monozukuri* (building excellent products) during this time.



Iwao Okamoto
Independent Outside Director

Sharing changes in the environment both internally and externally, tackling key issues full force

JTEKT's business environment is characterized by unprecedented transformation and risks brought on by the advent of CASE^{*1}, the U.S.-China tensions, and the global COVID-19 pandemic. To propose and implement sustainable growth strategies, JTEKT needs to share an awareness of internal and external environmental changes within the concerned departments and concentrate companywide and Groupwide know-how and technology toward making solutions a reality. From these perspectives, I attend preliminary briefings and Board of Directors' meetings and raise issues on occasion as well as engage in discussions with the executive side on the how the related divisions are tackling issues.

As a global company, JTEKT is expected to do its utmost to help achieve the SDGs^{*2} in order to bring about sustainable development in the global society. On this point, each time I attend a plant inspection, I get a strong impression that not only the general managers, but also the line managers in each group and worksite are fully aware of the significance of the SDGs. I am also confident that each employee has a sense of ownership for each of the goals as it relates to their daily work and that this is the pillar of JTEKT's social contribution.

^{*1} Acronym that stands for Connected, Autonomous, Shared, and Electric. It expresses the physical transformation in automobiles from a hardware perspective and importance of mobility services with the involvement of other industries.

^{*2} Sustainable Development Goals: International objective composed of 17 goals and 169 targets for realizing a sustainable world, as described in the 2030 Agenda for Sustainable Development adopted at the United Nations Summit in September 2015.

Messages from Independent Outside Members of the Audit & Supervisory Board



Takashi Yoshida
Independent Outside Member of the Audit & Supervisory Board

Injecting society's common sense as an Independent Outside Auditor who "doesn't go with the flow"

According to the Companies Act, the role of an auditor is to audit directors in the execution of their duties. Outside auditors are positioned as parties who can express their opinions independently and objectively without being influenced by executives.

I endeavor to review JTEKT's business from a viewpoint maintaining a certain distance from those responsible for execution and to express my opinions candidly to the President and the Board of Directors. When you have been associated with an organization for a long time, there is a tendency to stick to tradition. That is why I audit the company to ensure there are no gaps between what is viewed as common sense at JTEKT versus the view of society. I intend to continue carrying out my duties as an independent outside auditor who "doesn't go with the flow".

Amid the transformation in the automotive industry that occurs only once a century, JTEKT is taking a long view toward continuous growth under its Group vision, "No. 1 & Only One". Strengthening ties with various stakeholders is essential for realizing this goal.

The COVID-19 pandemic is having a serious impact on our lives now, but I believe once the pandemic passes, the world will change at a speed and scale like we have never seen before. In my opinion, JTEKT also needs to take aggressive and swift moves to address this drastic transformation.



Yumiko Sakurai
Independent Outside Member of the Audit & Supervisory Board

Strengthening ESG^{*3} initiatives and enhancing corporate value

I believe what is demanded of outside directors and auditors in a nutshell is: "from a position of neutrality, enhance corporate value, which is the common interest of all stakeholders."

Previously, I had understood the mission and role of independent outside directors and auditors to be enhancing corporate value as an advocate of shareholders, one of the stakeholders of a company. However, the age of shareholder primacy has ended, and I now believe that companies as public institutions need to secure continuous growth by improving corporate value with a focus on diverse stakeholders. Toward that end, I believe it is important to focus not only on short-term earnings, but also on how a company should be from a long-term view taken objectively and from the viewpoint of an outsider.

The COVID-19 pandemic put the brakes on economic activities and has caused people to raise such questions as "What is globalism?" and "Was capitalism in fact correct?" I believe JTEKT has continued to share the philosophy embedded in the SDGs and endeavored to enhance its corporate value through its approaches to ESG.

In my assessment, it will be important for JTEKT to continuously grow by taking a holistic view both in terms of time and geopolitics as it heads into an uncertain future. I hope it takes a broad perspective on various economic and social activities and creates businesses that can contribute on a global scale by applying its strong technological capabilities and thus creates happiness for all humankind.

^{*3} Acronym that stands for environmental, social, and governance; used as an indicator to determine whether a company can grow sustainably.

Risk management

Basic Approach Enhancing corporate value and meeting the expectations of society

To maintain and strengthen fundamentals (corporate foundation) while responding quickly to changes in the management environment and sustainably enhancing corporate value, 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.

Promotion system

The companywide Council for Enhancement of Corporate Value regularly reviews risks, including those in the external environment, having the potential to affect business activities, society, and the environment. 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. In addition to deploying risk management in each department and Group company, risk management will be integrated into activities related to corporate governance and compliance to enhance the efficacy and efficiency of activities aimed at controlling risks globally.

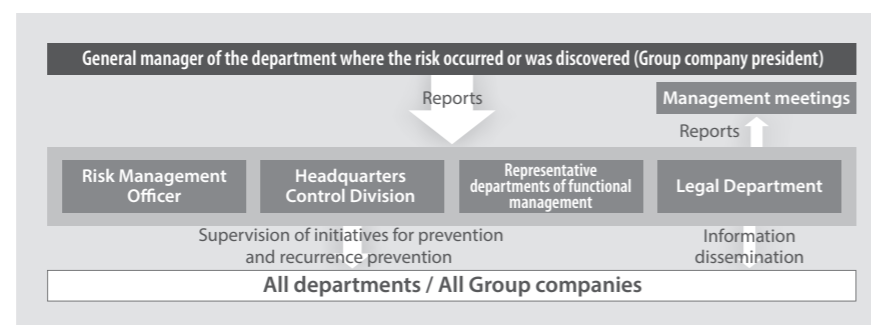


Clarification of risk appraisals and responses

JTEKT comprehensively systematizes risks, including the utilization of external knowledge. The risk management sections conducted level-based evaluations with regard to the impact and preparation for specific assumed scenarios, the results of which were shared with a Council for Enhancement of Corporate Value held in March 2019. Moreover, with regard to the spread of COVID-19, we received a risk report from China in January 2020, and in addition to responding to employee health and safety risks, we shared the status of our response to transmission risks, including the suspension of manufacturing among other activities.

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.



Strengthening risk perspectives in each division

For each division to autonomously handle risks, the annual execution plan formulated on a division level incorporates response to potential risks that may inhibit the fulfillment of the said plan and this promotes prevention of risk manifestation and remedial measures by each division independently.

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 Information Security Policy and shared it throughout the entire Group in an effort to enhance information security.

Compliance

Basic Approach All employees exhibit correct judgment and conduct in line with corporate ethics

JTEKT positions compliance as the premise and foundation of corporate value, therefore it is essential to realizing our corporate philosophy. JTEKT has established various internal rules concerning corporate compliance centered on the Ethics Code for Directors and Officers and the Compliance Rules, while the Global Conduct Guidelines indicate behavioral guidelines for officers and employees.

Furthermore, in addition to sharing the aforementioned Global Conduct Guidelines with each Group company, we promote corporate compliance as one of the most important items in the JTEKT Group Business Management Guidelines, encouraging and supporting the establishment of promotion structures appropriate for each company.

Group training and awareness activities

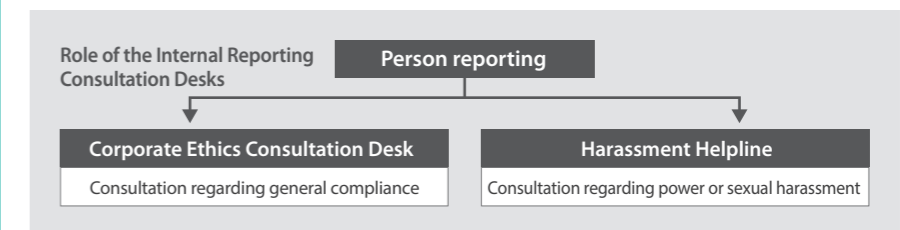
JTEKT conducts ongoing training and awareness-raising activities targeting its directors, employees, and all Group companies regarding how compliance is deeply intertwined with its operations. We conduct annual workshops for company officers (directors, auditors, managing officers and others) who are vital for compliance. The theme for our fiscal 2019 workshop was the roles and responsibilities of executives in corporate management. We provided participants with the opportunity to refresh their awareness on these issues through a lecture by outside lawyers. Moreover, every July is declared Risk Management Strengthening 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.

Group compliance inspections

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.

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 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.



No. of Internal Reports Made in the Past Five Years

FY	2015	2016	2017	2018	2019
No. of reports	51	45	50	49	35

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.

Initiative for appropriate tax payments

The JTEKT Group conducts 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 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 reports to the Board of Directors and other committees, and a system is in place to receive guidance from the Board of Directors.




Forging Sustainable Relationships with Stakeholders

The JTEKT Group has grown into what it is today through the support of its various stakeholders. We believe the opinions and requests of such stakeholders are important references when making decisions relating to our business activities, and we are working to increase opportunities for productive dialogue.

Safety and health-related initiatives

To create a safe and comfortable workplace environment

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. In addition, a dedicated global message, "All for One in Life," expresses the safety actions of the philosophy. All JTEKT focuses on ZERO accidents.



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.

June 25, 2020
JTEKT CORPORATION
Senior Executive Director
Makoto Sano

From March 11, 2019, through the end of August, we conducted a Companywide safety campaign with the aim of becoming "Global No. 1 even in safety." Specific activities included:
(1) Serialized a special issue on safety in the Company newsletter for six months starting in the March
(2) Posted safety posters at each office
(3) Distributed safety carrying cards
 We aim to raise the safety awareness of all employees, realize a safe workplace, and realize safe people.

Health-related initiatives

Promoting healthy minds and bodies for every employee

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.

Achieving Mental Health

JTEKT consistently promotes mental health countermeasures focusing on preventing depression and mental illnesses, but the number of employees in their 20s and 30s taking leave for the first time increased in fiscal 2019. In response, we conducted communication skills improvement training for employees in their 30s. We also provide mental health education as part of level-based training for new managers and supervisors. In fiscal 2019, we provided mental health education for managers, communication skills training, and education for factory supervisors. We increased conversations with workplace members and made efforts to create an atmosphere in which it is easy to speak out.

Achieving Physical Health

JTEKT places importance on the prevention, early detection, and early treatment of illnesses such as lifestyle-related diseases, and proactively supports the health management of its employees.

Certified as an Excellent Health Management Company (Large-scale Company Category, White 500) **four years running**

For four consecutive years (as of 2020), JTEKT has been certified as an Excellent Health Management Company (White 500) in recognition of its proactive initiatives promoting the emotional and physical health of its employees.



Employees

Human resources development measures

Promoting diversity

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 personal growth.

We position diversity promotion as one of the important management strategies for realizing the JTEKT GROUP VISION.

Concrete Measures for Promoting Diversity

Based on an approach that recognizes diversity, in its ultimate sense, as valuing the personality of each individual, we are striving on a daily basis to build a workplace environment in which every employee is able to undertake their work with enthusiasm and motivation.

- Starting from fiscal 2015, we have been making a major effort to promote diversity, with the commencement of measures focused on fostering the advancement of female employees and non-Japanese employees.
- Since fiscal 2017, we have been expanding and promoting our measures for realizing active participation by senior citizens and people with disabilities.
- In fiscal 2018, as part of our efforts to help employees balance their work responsibilities with their childcare or family care responsibilities, we have launched various measures, including expanding the scope of day-care center provision on weekends and public holidays, organizing seminars for employees wishing to return to work after taking time off for family care or childcare responsibilities, etc.
- In fiscal 2019, we promoted activities aimed at understanding and support for LGBT.
- In May 2019, we were awarded Kurumin Mark certification in accordance with the provisions of the Act on Advancement of Measures to Support Raising Next-Generation Children.



Balance Support System (examples)

- Reduced working hours for childcare: Enables employees to shorten fixed working hours until the end of March when the child completes the second year of elementary school
- Day-care support: Established "Tacchicchi House," an on-site daycare (open on public holidays), through collaboration with four Toyota Group sponsor companies
- Babysitter subsidy system: 50% of babysitter costs are subsidized by the Company (up to ¥240,000 yen per employee, per year)

JTEKT's human resources development framework comprises the following key pillars: on-the-job training (OJT), off-the-job training (OFF-JT), and career development.

- OJT
- OFF-JT
 - Grade-specific, position-specific, and age-specific training
 - Selection training / thematic training (problem-solving training, etc.)
 - Training in specialist fields (safety and health, environmental, quality management, technology-related, etc.)
- Succession planning
 - Helping employees to build up valuable experience through carefully planned training and rotation
- Planning is underway for the utilization of talent management systems and learning management systems to build a framework for employee rotation that makes effective use of data, identify skill gaps at the level of individual employees and implement effective career planning, and realize on-demand training, etc.
- The Global Succession Committee develops and optimally allocates management personnel for the entire Group

Building a sound framework for human resources development

Supporting employees 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.



Business Partners

We follow proper business practices and engage in fair, transparent, and free competition based on a respect for the law.

Promotion of fair and equal business transactions

JTEKT respects its business partners and aims to develop and grow based on mutual trust. In our Corporate Activities Standards and Purchasing Philosophy, we have clearly stated our policy of practicing open and fair business regardless of nationality, company size, 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.

Purchasing policy meeting

JTEKT's purchasing policy meeting was held in April 2019, with 277 representatives of 258 companies in attendance. As part of our procurement policy for fiscal 2019, we made requests concerning the strengthening of CSR and thorough implementation of safety measures, both of which are the basic premise of business. We also explained key implementation items for the current year. In addition, we presented awards to our business partners for outstanding achievements throughout the year in terms of quality, technology, VE¹ and VA² proposals and the environment (newly established from fiscal 2019).

¹ Value Engineering: Engineering having a simple and robust structure
² Value Analysis: Analysis that improves profitability for products currently in mass production.

JTEKT Supplier Association Disaster mitigation study session

The JTEKT Supplier Association, comprising 250 business partners (as of fiscal 2019), aims to build relationships of mutual trust among council members and strengthen enterprise fundamentals, engaging in activities including quality management meetings, training sessions, lectures and a disaster mitigation study meeting to prepare for large-scale disasters. Regarding disaster mitigation activities, which have been attracting attention in recent years, study meetings were held during fiscal 2019 at Osaka and Nagoya in July and November focusing on two themes (responses to disasters such as typhoons and flood damage that occur over time, and the six-step process from ascertaining risks to countermeasure implementation) that deepened understanding of the necessity of preparing for and responding to emergencies during normal times.

CSR Activity Items Guidelines for suppliers

In order to share JTEKT's approach to CSR with suppliers, we have issued a set of CSR Activity Items Guidelines for suppliers, which clarify which items we expect suppliers to comply with. Suppliers are asked to also request that their own upstream suppliers follow these Guidelines.

1. Managerial measures	
• Compliance	• Risk management
2. Stakeholder-related measures	
• Quality maintenance and enhancement	• Fair transactions
• Good labor relations	• Human rights protection and respect for diversity
• Adherence to corporate ethics	• Contributing to the local community
3. Global environment measures	
• Environmental management	• Environmentally friendly business activities

Activity items that the Guidelines request suppliers comply with

Local Communities

As a good corporate citizen, we aggressively pursue activities that contribute to society.

Sports promotion initiatives

Through sports, JTEKT will contribute to the development of young people and the promotion of sports, and by expanding the scope of activities of JTEKT STINGS, which has become No. 1 in Japan, we will strive to improve the company's recognition and favorable impression.



JTEKT STINGS won their first league championship in their seventh year of promotion to the top league



V.LEAGUE 2019—20 Season Champions

The number of appearances on the nationwide television has increased due to Yuji Nishida becoming a regular member of the Japan men's national volleyball team and the Tokyo Olympics. Promotional videos featuring the catchphrase "Jump to the future!" have become popular in television commercials and on YouTube.

Nishida has won numerous awards, including MVP and Japan's first top scorer

Volleyball classes

Through JTEKT STINGS activities, we held volleyball classes at all 14 locations in fiscal 2019 with the aim of promoting volleyball and interacting with local communities. During the July visit to Akita Prefecture, where JTEKT has an IT development center, more than 100 elementary and junior high school students enjoyed interacting and playing volleyball with V-Leaguers.

JTEKT strives to cultivate a sense of unity throughout the entire Group and to contribute to local communities and society by encouraging and supporting the players who are constantly challenging themselves to become "No. 1."



Initiatives aimed at fostering harmony with nature

Toyota City Asahi district forest development project
 JTEKT Head Office, internal departments

JTEKT has participated in forest service activities conducted by the "Asahi Ki no Eki Project Executive Committee" through the support of the Toyota City Oiden-Sanson Center since 2019.

In the activity in December 2019, we collected and transported thinned wood in a 0.5 hectare planted forest to be maintained by the Asahi Ki no Eki Project Executive Committee and the mountain owner under the guidance of the committee and the Yahagi-gawa Suikei Forest Volunteer Council "Yamorikyuu." By adding forest health checkups and thinning operations starting in 2020, we plan to develop environmental human resources for the preservation of the local environment and ongoing biodiversity conservation.



Toichi-cho ecosystem survey
 Nara Plant

JTEKT's Nara Plant conducted an ecosystem survey in December 2019 in cooperation with Kinki University at Toichi Pond, which is located in Toichi-cho, Kashihara. Since fiscal 2017, with support from Kinki University, the Nara Plant has been conducting conservation activities for *Rhodeus ocellatus kurumeus* (Japanese rosy bitterling), which has been designated as a "Specified National Endangered Species of Wild Fauna and Flora" at a biotope on the plant premises in Nara Prefecture. We will continue to collaborate with Kinki University and local residents to develop community-based activities in the future.



Overseas affiliate company initiatives

NGO activity support
 Overseas affiliate company: JABR (Brazil)

JTEKT AUTOMOTIVA BRASIL LTDA. supports the activities of local NGO "Brasil Sem Frestas" by collecting and reusing Tetra Pak.

Brasil Sem Frestas is working on wall restorations and improvement activities to improve lifestyle temperature environments in local houses.



Support for local facilities
 Overseas affiliate company: JAMX (Mexico)

JTEKT AUTOMOTIVE MEXICO contributes to local communities through activities including the provision of food to animal shelters, the provision of sanitary products to evacuation shelters and assistance at nursing homes.



COVID-19-Related Activities

Kokoro Hakobu Project

The "Kokoro Hakobu Project" is a general name for ongoing and long-term support activities conducted by the Toyota Motor Corporation, Toyota dealerships and their employees throughout Japan with sincere and heartfelt concern in support of areas afflicted by the Great East Japan Earthquake. The Kokoro Hakobu Project is a general term for the support activities that TOYOTA Group works on together based on the desire to do something for all those who are struggling with COVID-19 and also those medical workers, governments and local government officials struggling day and night.



In-house mask production

In cooperation with Toyota Group companies, JTEKT launched in-house production of masks for employees as a COVID-19 preventative measure. Production and distribution began in June 2020. By utilizing our manufacturing technology to produce masks in-house, we will contribute to easing mask supply and demand.

Medical protective clothing donations

At JTEKT Group company Koyo Machine Industries Co., Ltd., 380 employees created 800 articles of protective clothing worn by medical workers at home as part of Koyo Machine Industries' contribution to Yao City in Osaka Prefecture, where their office is located. This handmade protective clothing was donated to the Yao Municipal Hospital through the Yao City government.



Mobile PCR test facility trial

Tokushima University and JTEKT had been jointly developing a mobile test facility based on a comprehensive cooperative agreement signed in 2019. In anticipation of the spread of COVID-19, we urgently remodeled the mobile test facility that was being developed as a measure to contribute to the enhancement of the test system and the safety of medical workers, and have newly developed a mobile PCR test facility. We will conduct trial PCR testing at this facility in order to verify and evaluate issues in actual medical practice for future use of the facility.



Facility exterior



Facility interior



Aiming for a Sustainable Society and a Sustainable World

The JTEKT Group has positioned the environment as one of its main management issues. In order to realize a sustainable society through “No. 1 & Only One” business activities, in June 2020, we formulated an “environmental philosophy” consisting of the environmental slogan “All for One Earth” and the JTEKT Environmental Action Guidelines. We have been promoting measures that contribute toward the realization of a sustainable society and earth through a promotional framework in which JTEKT Corporation and the JTEKT Group as a whole work together as one.

Environmental Philosophy

Environmental Philosophy

JTEKT and the JTEKT Group companies aim to realize a sustainable society through “No. 1 & Only One” business activities.

All for One Earth
— For our irreplaceable Earth —

[JTEKT Environmental Action Guidelines]
Based on the JTEKT Medium to Long-term Plan, we will make continuous improvement to our environmental management system and strive to achieve environmental targets and performance.

- Comply with environmental laws and regulations, and address pollution prevention
- Reduce substances with environmental impact, such as CO₂ and chemical substances, toward low-carbon and recycling-oriented societies
- Work to protect biodiversity and ecosystems in harmony with local communities

June 25, 2020
JTEKT CORPORATION
Senior Executive Director
Makoto Sano

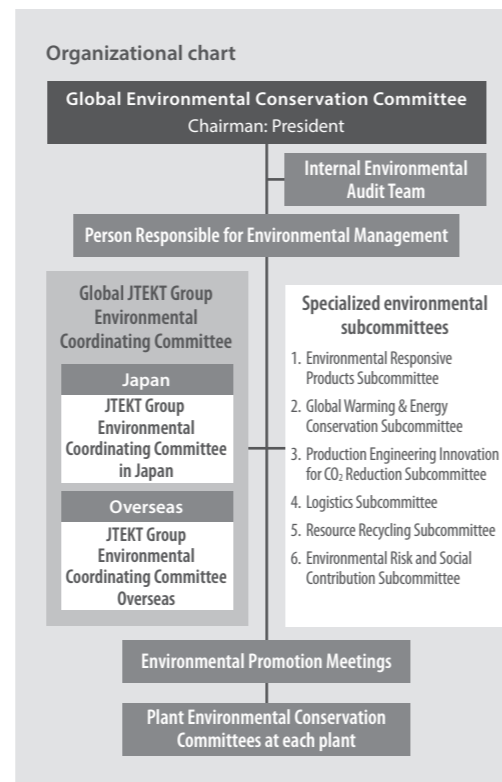
Promotional structure

Council for Enhancement of Corporate Value

JTEKT has established the Council for Enhancement of Corporate Value, which is chaired by the president, to promote environmental management. Under the guidance of this council, individual environmental subcommittees roll out activities based on ambitious goals.

Global environmental management

We are working to further strengthen our environmental management, not only at JTEKT but also at our 20 Group companies in Japan and 38 Group companies overseas (as of March 31, 2020).



Environmental Challenge 2050: Philosophy and guidelines

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

Formulated and announced in May 2016

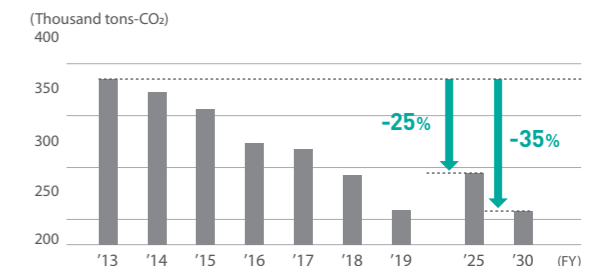
Category	Guideline
1. Products / Technologies	Contribute to the building of an environmentally friendly society using our capabilities in the development of products and technologies • Actively promote the development of products that are expected to contribute toward reducing the burden on the environment, including components for fuel cell vehicles (FCVs), etc.
2. Creation of a low-carbon society	Work to minimize CO ₂ emissions throughout the product lifecycle, from materials and component procurement through to design, manufacturing, and eventual disposal Work to minimize CO ₂ 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) • Effectively utilize recycled materials and expand internal recycling Work to minimize water usage through the cyclical utilization of water used in our factories, etc., and 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

Formulating the next medium-term targets

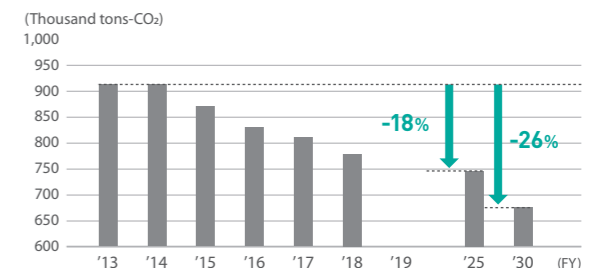
Setting CO₂ Emissions Target for 2030

To achieve the “minimal” CO₂ emissions as stated in “Environmental Challenge 2050,” we have set medium- and long-term targets for 2030 as milestones. Overall emissions targets are in line with the 2°C (the goal of staying within a 2°C increase from pre-industrial levels) agreed upon in the 2016 Paris Agreement. Overall global CO₂ targets call for a reduction of 26% compared to fiscal 2013, while nonconsolidated JTEKT targets call for a reduction in CO₂ emissions by at least 35% compared to fiscal 2013. We aim to achieve this through production technology innovations, day-to-day improvements and the introduction of sustainable energy initiatives.

Overall JTEKT nonconsolidated CO₂ reductions



Overall global CO₂ reduction



[Conversion coefficient used to calculate CO₂ emissions]
 With regard to the management of CO₂ emissions per unit of production output in the period up until 2020, we have adopted a conversion coefficient that facilitates assessment of the results achieved in the company’s improvement efforts. For overall emissions management in the period from 2021 onward, to ensure that CO₂ emissions data more closely reflects the actual situation, calculation is performed using the market-based conversion coefficient specified by the individual electric power company for the year in question.



Environmental Action Plan 2025

In order to achieve 2030 targets, we formulated the Environmental Action Plan 2025 as a midway point.

Working backwards from Environmental Challenge 2050, we set specific numerical targets for the JTEKT Group to work toward as we approach 2025.

Category	Implementation	Item	Base year	FY2025 targets
Products and technologies	Global	Contribution to CO ₂ emissions reduction through products	—	1,650,000 t
Building a low-carbon society	JTEKT non-consolidated	CO ₂ emissions	FY2013	25% reduction
		CO ₂ emissions from logistics	FY2013	25% reduction
		Renewable energy introduction rate	—	More than 15%
	Global	CO ₂ emissions	FY2013	18% reduction
Building a recycling society	JTEKT non-consolidated	Renewable energy introduction rate	—	More than 10%
		Recycling rate	—	More than 99%
		Basic unit of waste	FY2018	7% reduction
	Global	Basic unit of water usage	FY2018	7% reduction
		Basic unit of packaging material	FY2018	7% reduction
		Recycling rate	—	More than 90%
Coexistence with nature and biodiversity	Global	Basic unit of waste	FY2018	7% reduction
		Basic unit of water usage	FY2018	7% reduction
		Number of biodiversity conservation effort participants	—	More than 3,000 persons/year

For more information: <https://www.jtekt.co.jp/e/sustainability/environment/topics/>

Participation in TCFD

The identification of medium- to long-term climate-related risks and opportunities and the disclosure of information to stakeholders that assesses the resilience of Company initiatives is required for corporations that are able to grow sustainably. Accordingly, in 2018, we endorsed and announced our support for the final report recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by Japan's G20 Financial Stability Board (FSB). This year, we will disclose our approach to climate change in accordance with the TCFD framework. Going forward, we will select multiple scenarios for analysis, including the International Energy Agency 2°C scenario, establish our "social image" and evaluate the adaptability (resilience) of our initiatives. In addition, we will consider assessing and disclosing the financial impact of climate-related risks and opportunities.

For more information: <https://www.jtekt.co.jp/e/sustainability/environment/topics/>

Concrete measures adopted in fiscal 2019

Resource inputs and outputs

JTEKT quantitatively understands resources and energy use as inputs and emissions to the environment as outputs. To minimize the impact of global warming associated with business activities, we work to reduce energy focused on processes requiring high energy consumption such as casting, forging, heat treatment and machining. We will also promote the effective use of resources to realize further yield improvements.

Resource / energy inputs and environmentally hazardous substance emissions

INPUT		Manufacturing	OUTPUT	
Resource and energy inputs			Environmentally hazardous substance emissions	
Raw materials		Casting	Emissions into the atmosphere	
Total	335 thousand t		CO ₂	751 thousand t-CO ₂
Steel	318 thousand t		SO _x	0.6 t
Aluminum ingots	8 thousand t		NO _x	47 t
Resin pellets	1 thousand t		Toluene and xylene	41 t
Fuel oil and processing oil	6,507 kl		Emissions of other substances subject to PRTR	14 t
Grease	2 thousand t		Discharge to bodies of water and sewers	
Paint	0 thousand t		Total amount of wastewater	3,332 thousand m ³
Resource circulation amount	23 thousand t		(By release destination)	
Energy			Surface water	2,157 thousand m ³
Total	16,570,397 GJ ¹⁾	Groundwater	76 thousand m ³	
Electricity	1,424,519 MWh	Seawater	62 thousand m ³	
Renewable energy power generation	13,921 MWh	Others (sewer, etc.)	1,037 thousand m ³	
City gas	50,429 thousand Nm ³	Machining	COD ⁴⁾	25 t
LPG	4,866 t		Nitrogen	8 t
Kerosene	601 kl		Phosphorus	0.3 t
Heavy oil A ²⁾	196 kl		Release or transfer amount of substances subject to PRTR	0 t
Water		Painting	External waste	
Total	5,435 thousand m ³		Waste	24 thousand t
(By water source)			Reverse payment recycling ⁵⁾	23 thousand t
Surface water	1,249 thousand m ³		Sales recycling	143 thousand t
Groundwater	1,772 thousand m ³	Hazardous waste ⁶⁾	16 thousand t	
Others (city water, industrial water, etc.)	2,414 thousand m ³	Transfer amount of substances subject to PRTR	14 t	
Amount of water recycled	894 thousand m ³	Assembly	Logistics	
Chemical substances (amount of substances handled subject to PRTR ⁷⁾)			CO ₂ related to product transportation	15 thousand t-CO ₂
Total	79 t		Finished product	
Logistics			Automotive parts	
Packaging	129 thousand t	Bearings		
		Machine tools		
		Mechatronic products		

■ JTEKT and 19 domestic Group companies, 38 overseas Group companies
 ■ JTEKT and 19 domestic Group companies
 ■ JTEKT nonconsolidated

Third-party verification

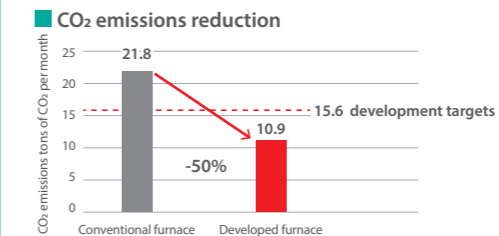
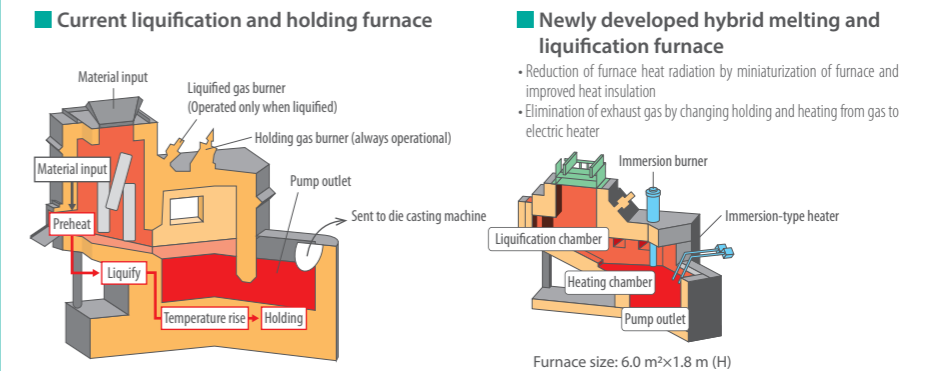
In order to increase the reliability of data disclosure, JTEKT has undergone a third-party verification by SGS Japan Inc., with regard to results for fiscal 2019. The scope of this verification includes JTEKT's manufacturing sites, domestic Group companies and some overseas affiliates covered by Scope 1, Scope 2 emissions, water usage and waste emissions, Scope 3 Category 6 (business trips), Category 7 (employee commuting) and Category 11 (use of products sold).

For more information: <https://www.jtekt.co.jp/sustainability/environment/img/efforts/management/img26.jpg>

Energy saving, high-precision casting method development Hybrid liquification and holding furnace

Production Support Division: Materials Innovation Department

We have developed a hybrid melting and holding furnace with the aim of improving fuel efficiency, reducing CO₂ emissions and downsizing.



Energy visualization initiatives

Overseas affiliate company: JTC (Thailand)

JTEKT (THAILAND) CO., LTD. (JTC), has been promoting initiatives aimed at lowering CO₂ emissions to 35% of current levels by fiscal 2030 through efforts to achieve an annual reduction target of 6% that include the reduction of 2,715 t-CO₂ annually through the introduction of a photovoltaic power generation system in July 2018. At present, to achieve further reductions, JTC is engaged in the visualization of energy consumption, using a remote monitoring system to perform detailed energy usage analysis and waste detection, which had been difficult to achieve using conventional manual meter checking. JTC plans to continue managing and improving its energy consumption going forward.



Introduction of solar power generation equipment

Overseas affiliate company: JALY (France)

JTEKT AUTOMOTIVE LYON S.A.S. (JALY) has installed a 1,710 kW solar power generation system. JALY will continue to engage in initiatives toward the introduction of renewable energy, which has a low environmental impact, while promoting the construction of plants in harmony with nature.



Environmental campaign "Tree seedling distribution"

Overseas affiliate company: JABR (Brazil)

Since 2014, JTEKT AUTOMOTIVA BRASIL LTDA. (JABR) has been distributing tree seedlings to employees as part of its environmental efforts during Environmental Week. In fiscal 2019, JABR distributed 200 tree seedlings that were planted at employees' homes. JABR plans to pass this initiative on to the next generation as part of its environmental education for employees.



1. Gigajoule (unit showing heat quantity) G=109
 2. Of the heavy oils classified into three types (A, B, and C), the consistency is closest to light oil and is used as fuel for boilers and heating.
 3. Abbreviation for Pollutant Release and Transfer Register, which is a system for reporting and announcing the amount of chemical substances released into the environment to the authorities.
 4. Chemical oxygen demand (index showing the degree of water pollution).
 5. Recycling involving the payment of disposal fees.
 6. Extracted (amount of waste and reverse payment recycling) from the amount of waste regulated as specially controlled industrial waste in Japan and dangerous waste in accordance with the laws in countries other than Japan from the amount of waste discharged.

Eleven-Year Consolidated Financial Summary

	Fiscal years ended March 31	Unit	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	IFRS	
													FY2018	FY2019
Net sales / Revenue	Billions of yen	769.6	955.4	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	
Business profit	Billions of yen	—	—	—	—	—	—	—	—	—	—	71.7	37.5	
Operating income	Billions of yen	0.4	39.9	35.6	29.1	58.2	74.1	81.9	77.4	81.3	66.6	63.7	16.1	
Ordinary income (loss)	Billions of yen	(0.2)	40.2	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	(19.4)	20.0	13.3	13.8	23.3	42.5	48.6	47.5	49.6	24.6	27.2	(3.7)	
Net assets / Equity	Billions of yen	315.1	336.0	342.3	384.2	418.8	499.7	480.0	512.9	572.5	571.0	585.4	531.5	
Total assets	Billions of yen	847.0	842.2	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	
Net interest-bearing debt	Billions of yen	135.5	88.4	106.4	168.5	180.8	158.6	125.1	114.4	139.5	138.0	141.0	193.2	
Capital expenditures	Billions of yen	25.2	30.8	65.8	109.6	76.4	68.4	63.1	66.4	66.6	75.2	75.2	75.0	
Depreciation and amortization	Billions of yen	50.0	48.6	46.7	44.2	53.0	57.0	58.4	56.0	60.4	66.9	64.3	64.6	
Research and development expenses	Billions of yen	27.4	31.9	34.7	36.3	40.1	41.3	46.2	48.2	55.2	63.6	63.6	64.7	
Cash flows														
	Cash flows from operating activities	Billions of yen	63.2	60.3	48.8	49.9	89.2	103.3	110.1	99.2	100.0	104.1	62.3	
	Cash flows from investing activities	Billions of yen	(57.7)	(31.1)	(56.2)	(101.0)	(87.1)	(62.0)	(59.9)	(68.0)	(99.0)	(75.2)	(91.7)	
	Cash flows from financing activities	Billions of yen	15.3	(14.8)	39.5	(5.8)	(35.4)	(36.4)	(49.3)	(22.1)	60.2	(27.3)	34.2	
	Cash and cash equivalents	Billions of yen	99.3	113.5	146.6	93.8	61.9	65.4	61.6	70.2	132.6	132.4	134.8	
Financial index														
	Business profit margin	%	—	—	—	—	—	—	—	—	—	4.7	2.6	
	Operating income margin	%	0.1	4.2	3.4	2.7	4.6	5.5	5.9	5.9	5.6	4.2	1.1	
	Ordinary income margin	%	0	4.2	3.7	3.2	4.9	5.9	5.8	5.9	5.7	—	—	
	ROA	%	(2.3)	2.4	1.5	1.4	2.2	3.9	4.4	4.3	4.2	2.1	(0.3)	
	ROE	%	(6.4)	6.5	4.1	4.0	6.2	9.8	10.5	10.1	9.7	5.0	(0.7)	
	Equity ratio	%	35.0	37.8	33.8	35.4	37.1	42.0	42.3	43.6	41.7	42.4	40.1	
	D/E ratio	Times	0.46	0.28	0.33	0.46	0.46	0.34	0.27	0.23	0.26	0.26	0.39	
	Inventory turnover months	Months	2.0	1.6	1.6	1.8	1.6	1.5	1.4	1.4	1.4	1.4	1.6	
Share information														
	Market capitalization	Billions of yen	354.8	370.2	339.1	305.2	524.9	644.0	501.1	593.5	541.0	467.5	252.3	
	Number of shares issued	Thousands of shares	321,406	342,186	342,186	342,186	342,186	343,286	343,286	343,286	343,286	343,286	343,286	
	Dividends per share	Yen	11	16	16	16	18	34	42	42	43	44	38	
	Payout ratio	%	—	26.9	41.1	39.5	26.3	27.4	29.6	30.3	29.7	55.4	—	
	Number of employees	Persons	35,465	36,775	39,834	41,714	43,456	43,912	43,938	44,528	49,589	49,693	49,933	
Exchange rate														
	USD	Yen	93.57	87.80	79.73	83.10	100.23	109.93	120.14	108.38	110.85	110.91	108.74	
	EUR	Yen	130.20	116.38	109.69	107.14	134.37	138.77	132.58	118.79	129.70	128.41	120.82	

Consolidated Statement of Financial Position

Assets	Millions of yen		Liabilities and equity	Millions of yen	
	IFRS			IFRS	
	FY2018	FY2019		FY2018	FY2019
Current assets			Liabilities		
Cash and cash equivalents	132,471	134,852	Current liabilities		
Trade and other receivables	316,439	270,321	Trade and other payables	328,595	272,551
Inventories	185,520	190,821	Bonds and borrowings	61,180	76,080
Other financial assets	5,079	3,857	Other financial liabilities	1,400	2,834
Income tax receivable	3,675	3,573	Income tax payable	8,847	4,389
Other current assets	3,477	4,273	Provisions	7,572	6,457
Total current assets	646,663	607,700	Other current liabilities	2,454	2,670
Non-current assets			Total current liabilities	410,050	364,983
Property, plant and equipment	464,630	461,513	Non-current liabilities		
Goodwill and intangible assets	35,684	33,264	Bonds and borrowings	212,307	252,045
Other financial assets	119,927	101,330	Other financial liabilities	4,253	5,819
Investments accounted for using the equity method	11,865	12,229	Retirement benefit liabilities	71,737	77,896
Deferred tax assets	12,380	14,663	Provisions	199	280
Other non-current assets	6,914	13,511	Deferred tax liabilities	6,993	4,863
Total non-current assets	651,403	636,513	Other non-current liabilities	7,030	6,773
Total assets	1,298,067	1,244,213	Total non-current liabilities	302,522	347,678
			Total liabilities	712,573	712,662
			Equity		
			Capital stock	45,591	45,591
			Capital surplus	107,034	107,273
			Treasury stock	(423)	(426)
			Other components of equity	(2,925)	(23,322)
			Retained earnings	401,489	370,228
			Equity attributable to owners of the parent company	550,766	499,343
			Non-controlling interests	34,727	32,207
			Total equity	585,494	531,551
			Total liabilities and equity	1,298,067	1,244,213

Consolidated Statements of Income

	Millions of yen	
	IFRS	
	FY2018	FY2019
Revenue	1,520,886	1,418,896
Cost of revenue	(1,272,630)	(1,210,688)
Gross profit	248,255	208,207
Selling, general and administrative expenses	(176,491)	(170,650)
Business profit	71,764	37,557
Other income	8,449	6,865
Other costs	(16,476)	(28,263)
Operating profit	63,737	16,158
Finance income	5,242	3,444
Finance costs	(4,811)	(5,987)
Share of the profit of associates accounted for using the equity method	1,093	1,457
Profit before income taxes	65,261	15,073
Income tax expenses	(33,266)	(16,127)
Profit (loss) for the year	31,995	(1,054)
Profit (loss) for the year attributable to:		
Owners of the parent company	27,248	(3,794)
Non-controlling interests	4,746	2,740
Earnings per share (Owners of the parent company)		
Basic (Yen)	79.45	(11.06)

Consolidated Statements of Cash Flows

	Millions of yen	
	IFRS	
	FY2018	FY2019
Cash flows from operating activities		
Profit before income taxes	65,261	15,073
Depreciation and amortization	64,318	64,629
Impairment losses	6,061	15,725
Finance income (costs)	117	(35)
Share of the profit of associates and joint ventures accounted for using the equity method	(1,093)	(1,457)
Net (decrease) increase in provisions	(1,847)	(908)
Increase in retirement benefit liabilities	1,004	6,866
Decrease in retirement benefit assets	(248)	(7,134)
Increase in inventories	(8,757)	(10,652)
Net (decrease) increase in trade and other receivables	(962)	43,624
Net (decrease) increase in trade and other payables	7,479	(53,476)
Other	(1,910)	9,281
Subtotal	129,421	81,536
Interest received	1,598	1,469
Dividends received	1,949	1,954
Interest paid	(3,616)	(3,442)
Income taxes paid	(25,206)	(19,205)
Net cash provided by operating activities	104,147	62,312
Cash flows from investing activities		
Payment of purchases of property, plant and equipment	(71,172)	(79,867)
Proceeds from sales of property, plant and equipment	2,186	1,574
Payment of purchases of investment securities	(762)	(892)
Proceeds from sales of investment securities	1,495	1,274
Payment of acquisition of subsidiaries' stock resulting in change in scope of consolidation	—	(9,373)
Other	(6,953)	(4,486)
Net cash used in investing activities	(75,207)	(91,771)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	14,114	16,618
Proceeds from long-term borrowings	19,965	39,110
Repayment of long-term borrowings	(35,264)	(11,754)
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	—	(10,000)
Dividends paid	(15,092)	(15,092)
Dividends paid to non-controlling interests	(4,065)	(2,865)
Payment of acquisition of subsidiaries' stock not resulting in change in scope of consolidation	(5,592)	(1,157)
Other	(1,426)	(619)
Net cash (used in) provided by financing activities	(27,361)	34,239
Foreign currency translation adjustments on cash and cash equivalents	(1,815)	(2,655)
Net (decrease) increase in cash and cash equivalents	(236)	2,125
Cash and cash equivalents at beginning of year	132,647	132,471
Net increase in cash and cash equivalents from newly consolidated subsidiaries	60	255
Cash and cash equivalents at end of year	132,471	134,852

Management

Members of the Board



President
Kazuhiro Sato

Chief of Innovation Promotion Dept.



Executive Vice President
Hiroyuki Kajjima

Chief of Asia (Japan, ASEAN, China, India) Business Manager / Chief of Sales & Marketing Division



Executive Vice President
Tomokazu Takahashi

Chief of Europe & America (North America, Mid & South America, Europe) Business Manager



Senior Executive Director
Katsumi Yamamoto

Chief of Bearing Business Unit



Senior Executive Director
Kazuhisa Makino

General Chief of Audit Dept. / Chief of Corporate Division



Senior Executive Director
Makoto Sano

Chief of Production Support Unit



Senior Executive Director
Shinji Kato

Chief of Machine Tools & Mechatronics Business Unit



Executive Director
Takumi Matsumoto

Quality Supervision / Research Supervision / Chief of Business Reform Electrical Power Storage Device Dept. / Chief of Driveline Systems Business Unit



Executive Director
Hirofumi Matsuoka

Chief of Steering Systems Business Unit



Executive Director
Haruhiko Segawa

Assistant to President

Members of the Board



Outside Director
Takao Miyatani



Outside Director
Iwao Okamoto



Outside Director
Takeshi Uchiyama

Members of the Audit & Supervisory Board



Member of the Audit & Supervisory Board
Atsushi Kume



Member of the Audit & Supervisory Board
Hiroshi Takenaka



Outside Member of the Audit & Supervisory Board
Takashi Yoshida



Outside Member of the Audit & Supervisory Board
Hiroyuki Wakabayashi



Outside Member of the Audit & Supervisory Board
Yumiko Sakurai

Japan

Koyo Machine Industries Co., Ltd.	Manufacture and sale of machine tools, mechanical parts, and automotive components
Toyooki Kogyo Co., Ltd.	Manufacture of hydraulic and pneumatic devices, manufacture and sale of machine tools and automotive components
Koyo Sealing Techno Co., Ltd.	Manufacture and sale of oil seals
CNK Co., Ltd.	Manufacture and sale of heat-treatment equipment, machine tools, and automotive components
Koyo Thermo Systems Co., Ltd.	Manufacture and sale of industrial heat-treatment furnaces, semiconductor manufacturing equipment, and PDP heat-treatment equipment
Koyo Electronics Industries Co., Ltd.	Manufacture and sale of electronic control devices and equipment
Daibea Co., Ltd.	Manufacture and sale of bearings
Utsunomiya Kiki Co., Ltd.	Manufacture of bearings
HOUKO Co., Ltd.	Manufacture and repair of machine tools, manufacture of automotive components
Toyoda Van Moppes Ltd.	Manufacture and sale of diamond tools
Koyometaltec Co., Ltd.	Forging of bearings, manufacture and sale of lathe turned components of bearings and steering systems
Fuji Kiko Co., Ltd.	Manufacture and sale of steering column, shifter and driveline components
YUTAKA SEIMITSU KOGYO, LTD.	Manufacture and sale of automotive components and gears for general machineries
KJK Co., Ltd.	Lathe turning of bearings
NIPPON NEEDLE ROLLER MFG. Co., Ltd.	Manufacture and sale of needle rollers and cylindrical rollers
Koyo Heat Treatment Co., Ltd.	Manufacture and sale of metal heat treated components
Tokio Seiko Corporation	Processing of bearings and related products
Yamato Seiko Co., Ltd.	Roller turning, grinding, etc.
Taiho Co., Ltd.	Lathe turning of bearings
KOYO Steering Service Co., Ltd.	Manufacture and sale of rebuilt steering, etc.
FORMICS Co., Ltd.	Manufacture and sale of sheet metal products
Tk Engineering CO., LTD.	Planning, design, manufacture and sale of production equipment systems
Toya Manufacturing Co., Ltd.	Part machining and assembly of small machine tool-related devices
Koyo Nichijiku Co., Ltd.	Manufacture of various bearings
KOYO-KOWA CO., LTD.	Sale of various bearings, machine tools, heat treatment furnaces, precision devices, electronic devices, cutting tools, environmental devices, etc.
Meiwa Shouko Co., Ltd.	Sale of various bearings, chains, motors, resin products, control devices, etc.
KOYO KYUEI Co., Ltd.	Sale of various bearings, oil seals, automotive components, etc.
SHIZUOKA KOYO CO., LTD.	Sale of various bearings, machinery and power tools
YUTAKA HIGH-TECH, LTD.	Design, drawing creation and software development
JTEKT Service CO., LTD.	Insurance agent and provider of various shared services for the JTEKT Group (security, facility management, personnel administration, etc.)
Fuji Kiko Auto Tech Tokai CO., LTD.	Manufacture and sale of automotive components
JTEKT IT Center Akita Corporation	Manufacture and sale of software and hardware for electric control equipment
Koyo Magnetic Bearing Co., Ltd.	Planning design, manufacture and sale of magnetic bearings

Europe and North Africa

France

JTEKT EUROPE S.A.S.	European regional headquarters
JTEKT AUTOMOTIVE DIJON SAINT-ETIENNE S.A.S.	Manufacture and sale of automotive components
JTEKT AUTOMOTIVE LYON S.A.S.	Manufacture and sale of automotive components
JTEKT HPI S.A.S.	Manufacture and sale of automotive components
KOYO FRANCE S.A.	Sale of bearings
KOYO BEARINGS VIERZON MAROMME SAS	Manufacture and sale of bearings
TOYODA MACHINERY AND ENGINEERING EUROPE SAS	Sale and service of machine tools
JTEKT EUROPE S.A.S. TECHNICAL CENTER	Technical center

Netherlands

JTEKT EUROPE BEARINGS B.V.	Sale of bearings
JTEKT EUROPE BEARINGS B.V. TECHNICAL CENTER	Technical center

United Kingdom

JTEKT AUTOMOTIVE UK LTD.	Manufacture and sale of automotive components
--------------------------	---

Germany

KOYO (U.K.) LIMITED	Sale of bearings
KOYO BEARINGS (EUROPE) LTD.	Manufacture and sale of bearings
KOYO DEUTSCHLAND GMBH	Sale of bearings
KOYO BEARINGS DEUTSCHLAND GMBH	Manufacture and sale of bearings
KOYO BEARINGS DEUTSCHLAND GMBH KUENSEBECK TECHNOLOGY CENTER	Technical center

Czech Republic

JTEKT AUTOMOTIVE CZECH PLZEN, S.R.O.	Manufacture and sale of automotive components
JTEKT AUTOMOTIVE CZECH PARDUBICE, S.R.O.	Manufacture and sale of automotive components
KOYO BEARINGS CESKA REPUBLIKA S.R.O.	Manufacture and sale of bearings
KOYO BEARINGS CESKA REPUBLIKA S.R.O. BRNO TECHNOLOGY CENTER	Technical center

Italy

KOYO ITALIA S.R.L.	Sale of bearings
--------------------	------------------

Belgium

JTEKT TORSER EUROPE S.A.	Manufacture and sale of automotive components
--------------------------	---

Romania

KOYO ROMANIA S.A.	Manufacture and sale of bearings
-------------------	----------------------------------

Sweden

KOYO KULLAGER SCANDINAVIA A.B.	Sale of bearings
--------------------------------	------------------

Spain

KOYO IBERICA, S.L.	Sale of bearings
--------------------	------------------

Morocco

JTEKT AUTOMOTIVE MOROCCO S.A.S.	Manufacture and sale of automotive components
---------------------------------	---

China

JTEKT (CHINA) CO., LTD.	Chinese headquarters, sale of automotive components and bearings
JTEKT STEERING SYSTEMS (XIAMEN) CO., LTD.	Manufacture and sale of automotive components
JTEKT AUTOMOTIVE (TIANJIN) CO., LTD.	Manufacture and sale of automotive components
JTEKT DALIAN INNOVATION AUTOMOTIVE CO., LTD.	Manufacture and sale of automotive components
WUXI KOYO BEARING CO., LTD.	Manufacture and sale of bearings
DALIAN KOYO WAZHOU AUTOMOBILE BEARING CO., LTD.	Manufacture and sale of bearings
KOYO BEARING DALIAN CO., LTD.	Manufacture and sale of bearings
KOYO LIOHO (FOSHAN) AUTOMOTIVE PARTS CO., LTD.	Manufacture and sale of bearings
KOYO AUTOMOTIVE PARTS (WUXI) CO., LTD.	Manufacture and sale of bearings
KOYO NEEDLE BEARINGS (WUXI) CO., LTD.	Manufacture and sale of bearings
TOYODA MACHINERY (DALIAN) CO., LTD.	Manufacture, sale and service of machine tools
JTEKT AUTOMOTIVE SCIENCE AND TECHNOLOGY CENTER (DALIAN) CO., LTD.	Technical center
JTEKT RESEARCH AND DEVELOPMENT CENTER (WUXI) CO., LTD.	Technical center
TAIWAN JTEKT CO., LTD.	Sale of automotive components

Asia, Oceania, Middle East

Thailand

JTEKT (THAILAND) CO., LTD.	ASEAN regional headquarters, manufacture and sale of automotive components and bearings, technical center
JTEKT AUTOMOTIVE (THAILAND) CO., LTD.	Manufacture and sale of automotive components
TOYODA MACHINERY S.E. ASIA CO., LTD.	Sale and service of machine tools

Indonesia

PT. JTEKT INDONESIA	Manufacture and sale of automotive components and bearings
PT. JTEKT INDONESIA SALES	Sale and service of machine tools

Singapore

KOYO SINGAPORE BEARINGS (PTE) LTD.	Sale of bearings
------------------------------------	------------------

Malaysia

JTEKT MALAYSIA SDN. BHD.	Sale of automotive components and bearings
JTEKT AUTOMOTIVE (MALAYSIA) SDN. BHD.	Manufacture and sale of automotive components

Philippines

JTEKT PHILIPPINES CORPORATION	Manufacture and sale of automotive components and bearings
-------------------------------	--

South Korea

JTEKT KOREA CO., LTD.	Sale of automotive components and bearings
KOYO JICO KOREA CO., LTD.	Manufacture and sale of bearings

India

JTEKT India LTD.	Indian regional headquarters, manufacture and sale of automotive components
KOYO BEARINGS INDIA PRIVATE LTD.	Manufacture and sale of bearings
TOYODA MICROMATIC MACHINERY INDIA PVT.LTD.	Sale and service of machine tools

Australia

KOYO AUSTRALIA PTY. LTD.	Sale of bearings
KOYO MIDDLE EAST FZCO	Sale of bearings

North America

USA

JTEKT NORTH AMERICA CORPORATION	North American regional headquarters
JTEKT AUTOMOTIVE NORTH AMERICA, INC.	Headquarters for North American automotive components business
JTEKT AUTOMOTIVE TENNESSEE-VONORE, LLC	Manufacture and sale of automotive components
JTEKT AUTOMOTIVE TENNESSEE-MORRISTOWN, INC.	Manufacture and sale of automotive components
JTEKT AUTOMOTIVE TEXAS, L.P.	Manufacture and sale of automotive components
JTEKT AUTOMOTIVE SOUTH CAROLINA, INC.	Manufacture and sale of automotive components
JTEKT TORSER NORTH AMERICA, INC.	Manufacture and sale of automotive components
KOYO BEARINGS NORTH AMERICA LLC	Manufacture and sale of bearings
KENTUCKY ADVANCED FORGE, LLC	Manufacture of bearings
JTEKT TOYODA AMERICAS CORPORATION	Sale and service of machine tools
JTEKT AUTOMOTIVE NORTH AMERICA INC. TECHNICAL CENTER	Technical center
KOYO BEARINGS NORTH AMERICA LLC PLYMOUTH TECHNICAL CENTER	Technical center
KOYO BEARINGS NORTH AMERICA LLC GREENVILLE TECHNOLOGY CENTER	Technical center

Canada

KOYO CANADA INC.	Sale of bearings
KOYO BEARINGS CANADA INC.	Manufacture and sale of bearings

Mexico

JTEKT AUTOMOTIVE MEXICO, S.A. DE C.V.	Manufacture and sale of automotive components
KOYO MEXICANA, S.A. DE C.V.	Sale of bearings

South America

Brazil

JTEKT AUTOMOTIVA BRASIL LTDA.	South American regional headquarters, manufacture and sale of automotive components
KOYO ROLAMENTOS DO BRASIL LTDA.	Sale of bearings
TOYODA KOKI DO BRASIL INDUSTRIA E COMERCIO DE MAQUINAS, LTDA.	Sale and service of machine tools
JTEKT AUTOMOTIVA BRASIL LTDA. TECHNICAL CENTER	Technical center

Argentina

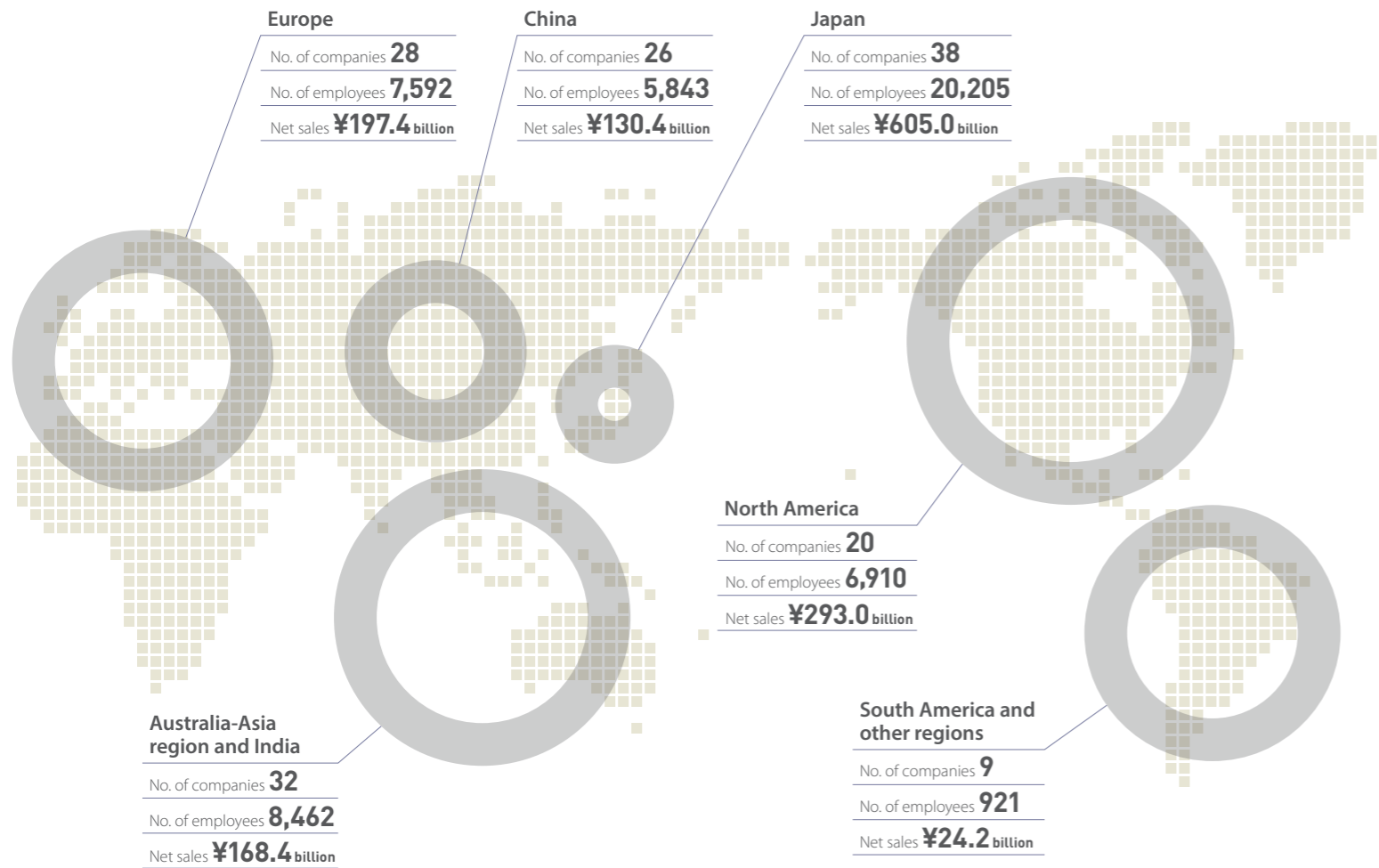
JTEKT AUTOMOTIVE ARGENTINA S.A.	Manufacture and sale of automotive components
---------------------------------	---

Panama

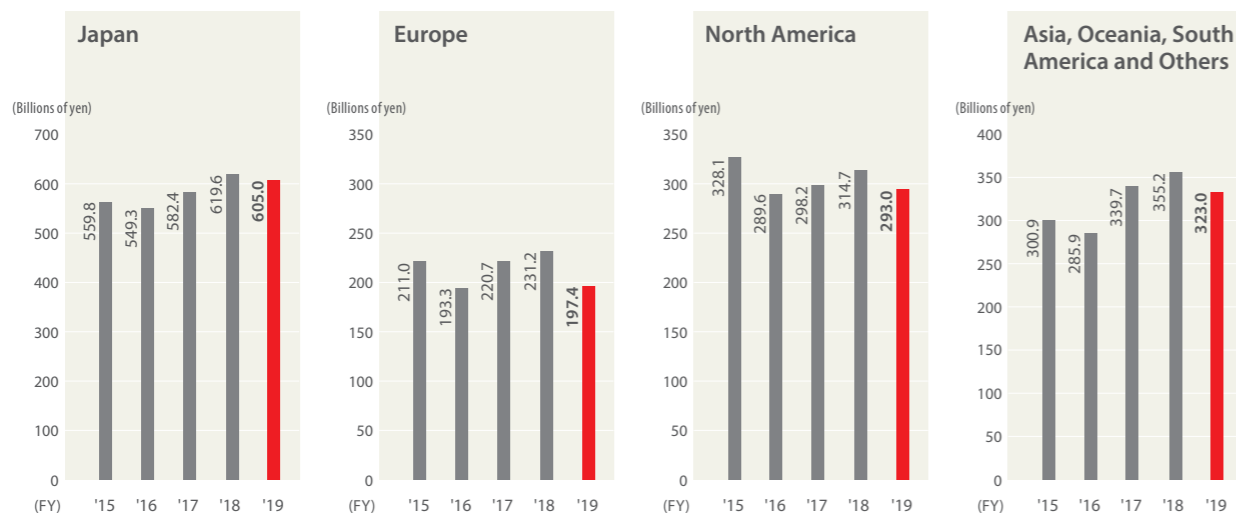
KOYO LATIN AMERICA, S.A.	Sale of bearings
--------------------------	------------------

JTEKT by Region

As of March 31, 2020



Net Sales by Region



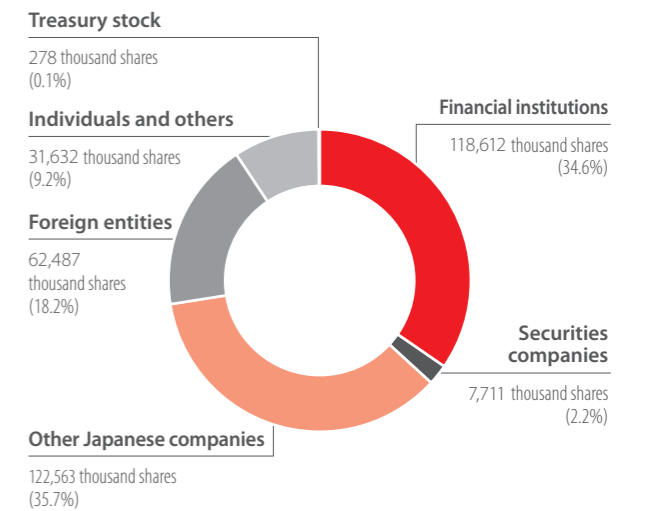
Corporate Profile

Company name	JTEKT Corporation	
Headquarters	5-8, Minamimemba 3-chome, Chuo-ku, Osaka 542-8502, Japan	
Head offices	[Head Office] 1-1, Asahi-machi, Kariya, Aichi 448-8652, Japan [Osaka Head Office] 5-8, Minamimemba 3-chome, Chuo-ku, Osaka 542-8502, Japan	
Phone number	[Head Office] +81-566-25-7217 [Osaka Head Office] +81-6-6271-8451	
President	Kazuhiro Sato	
Capital	¥45,591 million (As of March 31, 2020)	
Number of employees	49,933 [Consolidated] (As of March 31, 2020) 12,092 [Nonconsolidated] (As of March 31, 2020)	
Net sales	¥1,418,570 million [Consolidated] (FY2019) ¥652,075 million [Nonconsolidated] (FY2019)	
Ordinary income	¥34,756 million [Consolidated] (FY2019) ¥26.114 million [Nonconsolidated] (FY2019)	
No. of consolidated subsidiaries	152 (Domestic: 37, Overseas: 115)	

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	25,949	

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)	33,506	9.8
DENSO CORPORATION	18,371	5.4
Japan Trustee Services Bank, Ltd. (Trust account)	15,290	4.5
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

* The ratio of shareholding is calculated by deducting the number of treasury stock (278 thousand shares) from the number of shares issued (343,286 thousand shares).

Editorial Note on Publication of JTEKT Report 2020

The JTEKT Report introduces business, ESG and other activities to aid stakeholder understanding of Group efforts to resolve social issues and realize a sustainable society.

In JTEKT Report 2020, we have enhanced the content of the report with the addition of explanations of the capital strategies associated with various business strategies based on the opinions of readers of last year's report and the advice of outside experts.

We will continue to place great importance on dialogues with stakeholders and work to further improve the content of the JTEKT Report. We would appreciate your frank opinions and comments upon reading this publication.

JTEKT Report Production Office, Corporate Planning Department, Corporate Planning Office



Inquiries

Corporate Planning Department, Corporate Management HQ, JTEKT Corporation
1-1, Asahi-machi, Kariya, Aichi 448-8652, Japan
TEL: +81-566-25-7217 FAX: +81-566-25-7338

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

www.jtekt.co.jp