

Environmental Management

In accordance with the JTEKT Basic Principle, which provides that we will contribute for benefit of “the Earth, society, and customers,” we strive to understand the impact of our corporate activities on the environment and have positioned environmental management as a priority issue. We established “All for One Earth—For our irreplaceable Earth—” as our environmental philosophy, formulated the JTEKT Environmental Action Guidelines, and are working toward the development of a sustainable society.

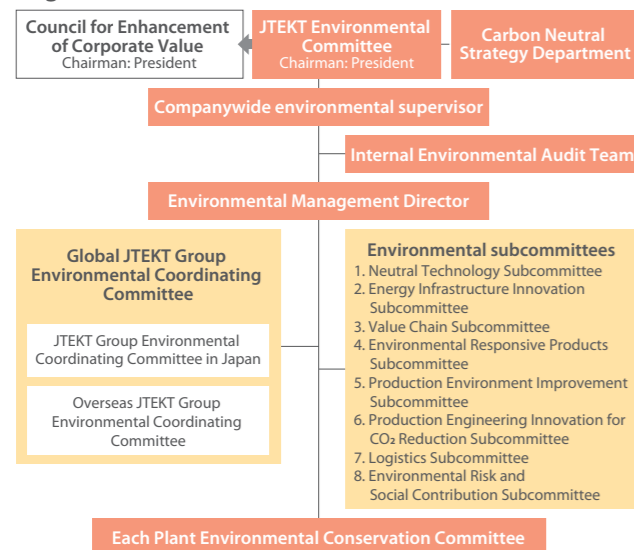
Promotion Structure

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

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

These measures are periodically reported to the Council for Enhancement of Corporate Value and are subject to oversight by the Council.

Organizational Chart



Long-Term Environmental Targets Set

With the goal of realizing a sustainable society in line with the vision of “For the children of the future,” JTEKT formulated the Initiative Guidelines “Environmental Challenge 2050” to minimize JTEKT’s environmental impact 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.

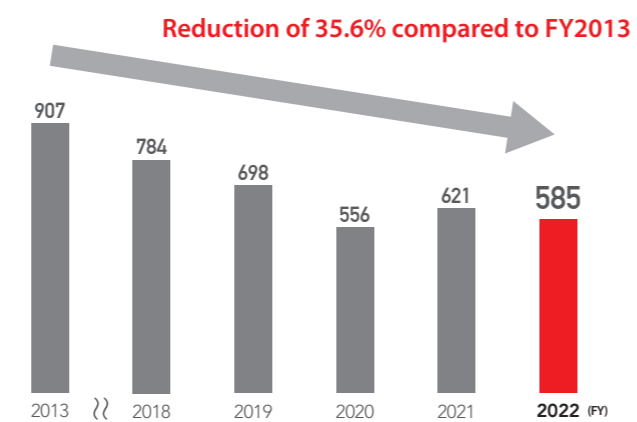
Working to achieve carbon neutrality in 2035

JTEKT has set Medium- to Long-Term targets for 2030 to achieve carbon neutrality by 2035.

The total emission target is a 1.5°C goal, which is consistent with the 1.5°C goal agreed on in the 2016 Paris Agreement (to limit temperature increase to 1.5°C compared to pre-industrial levels). The global CO₂ reduction target is 60% or more compared to FY2013. We aim to achieve this through energy reduction by production technology innovations, daily improvement at plants, and the introduction of renewable energy. Total CO₂ emissions (Scope 1 and 2) in FY2022 were 585 thousand t-CO₂, a reduction of 35.6% compared to FY2013, and thus, we achieved our 35% reduction challenge target for 2025 early.

CO₂ emissions from production (global)

(Thousand tons-CO₂)



Disclosures in Accordance with the TCFD Recommendations

We believe that identifying medium- to long-term climate-related risks and opportunities, quantitatively determining the effects, and reflecting those effects in our business strategies are necessary conditions for a company that can sustainably grow, and accordingly, we made prevention of global warming one of our issues of materiality (priority issues) and in 2018 announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Disclosure of Information in Accordance with the TCFD Framework

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

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

Based on the TCFD recommendations, we performed analysis using the 1.5°C (less than 2°C) scenario, which anticipates effects from the transition to a decarbonized society, and the 4°C scenario, which assumes the progression of climate change and physical impacts. When performing analysis, we predicted the impact on business in 2030, the target year for reducing CO₂ emissions by 60% compared to FY2013, and in

2050, the target year for our Environmental Challenge, and identified individual risks and opportunities.

The main risks that we identified under the 1.5°C scenario include higher operating costs due to the introduction and tightening of carbon taxes and other regulations and lower sales of products for internal combustion engine vehicles due to stricter regulation of automobile fuel efficiency and emissions. To avoid these risks, we believe that it will be necessary to save energy in production processes, improve logistics, accelerate product development, and take other measures. On the other hand, we see the transition from internal combustion engine vehicles to BEVs and fuel cell electric vehicles (FCEVs) as an opportunity for the Company. We are developing bearings for electric cars, hydrogen-resistant bearings, and steering systems and drive products common to next-generation vehicles. In the future, we will focus our efforts more narrowly on sale of these products and research and development of new products to expand markets.

Under the 4°C scenario, we identified the interruption of operations due to intensifying extreme weather as the primary risk. Countermeasures include enhancing resilience to disasters by reviewing logistics routes and actively collaborating with suppliers, while possible opportunities include higher demand for water level gauges that can contribute to disaster prevention and mitigation. We are currently developing

Item	Details	Actions
Governance	System for monitoring by directors * The organizational chart can be found on p.43.	<ul style="list-style-type: none"> In 2016, the Environmental Challenge 2050 was approved by the Global Environmental Protection Committee, the predecessor to the Council for Enhancement of Corporate Value, which was attended by the president, directors, and relevant officers Environmental management progress including KPIs is reported at monthly management meetings, and management reviews are conducted at the semiannual the Council for Enhancement of Corporate Value
	Roles of officers in evaluating and managing risks and opportunities	<ul style="list-style-type: none"> The president, who has responsibility and authority concerning environmental issues including climate change, serves as chair of the Council for Enhancement of Corporate Value and appoints an environmental management director from among the Senior Executive Officers The environmental management director formulates and Environmental Action Plan every five years and submits it to the Council for Enhancement of Corporate Value for approval
Strategy	Details can be found on pp. 44–45.	
Risk management	Risk identification and evaluation process	<ul style="list-style-type: none"> Environmental risks including climate change are positioned as business and management risks, and they are discussed and decisions on measures are made by the Council for Enhancement of Corporate Value chaired by the president Risks identified from all business activities are evaluated and countermeasures are confirmed
	Risk management process	<ul style="list-style-type: none"> The effective functioning of risk management is confirmed and risk items, responses, and evaluations are periodically reviewed
Metrics and targets	Integration with total risk management	<ul style="list-style-type: none"> The effective functioning of risk management is confirmed and risk items, responses, and evaluations are periodically reviewed
	Risk and opportunity evaluation metrics	<ul style="list-style-type: none"> Specific quantitative targets are set in the five-year Environmental Action Plan* as climate change-related metrics for CO₂ emissions from production and CO₂ reductions from the use of our products We disclose Scope 1 and 2 emissions as CO₂ emissions from production as well as 10 categories relating to the Company for Scope 3 * This information is available on the Environmental Report page in the Sustainability section of the Company Website. https://www.jtekt.co.jp/e/sustainability/environment/
	Disclosure of Scope 1, 2, and 3	<ul style="list-style-type: none"> In FY2022, we achieved a 35.6% reduction in CO₂ emissions from production compared to the challenge targets of a 35% reduction by 2025 and a 60% reduction by 2030 compared to FY2013 Targets and results are disclosed each fiscal year in the JTEKT Report
	Risk and opportunity management targets and results	<ul style="list-style-type: none"> In FY2022, we achieved a 35.6% reduction in CO₂ emissions from production compared to the challenge targets of a 35% reduction by 2025 and a 60% reduction by 2030 compared to FY2013 Targets and results are disclosed each fiscal year in the JTEKT Report

immersion water level gauges (the TD4800 series of power-saving water level gauges) suitable for crisis management and monitoring in land flooding. In anticipation of a future increase in demand, we plan to develop additional disaster prevention and mitigation products.

Strategy: Effects from Risks and Opportunities

Under the 1.5°C scenario, in which progress is made toward the transition to a decarbonized society, the amount of the impact (risk) from carbon taxes and higher electricity costs is

estimated to be in the range of 10 billion to 20 billion yen in 2050 (taking into consideration the wide range due to price fluctuations).

On the other hand, we estimate that the amount of the impact (opportunity) from increased sales of electrified products and achieving CO₂ emissions reduction targets will be about 30 billion yen.

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

Scenarios Used

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

List of Risks and Opportunities

Classification	Category	Overview	Time scale	Impacts under the 1.5°C scenario	Impacts under the 4°C scenario	Countermeasures by the Company
Transition Risks	Policies & Regulations	<ul style="list-style-type: none"> ● Introduction of carbon taxes Greenhouse gas emissions by sites in each country will be subject to taxation, causing operating expenses to increase ● Expanded scope of emissions rights trading systems Additional costs will be incurred when emissions quotas are exceeded 	Short term – long term	Large	Small	<ul style="list-style-type: none"> ● Set CO₂ emissions reduction targets (by 2030) ● Gather data on emissions results including Group companies ● Reduce CO₂ emissions in logistics
		<ul style="list-style-type: none"> ● Stricter regulation of automobile fuel efficiency and emissions R&D costs for complying with regulations will increase and sales of products for internal combustion engine vehicles will decrease 	Short term – long term	Large	Small	<ul style="list-style-type: none"> ● Development of bearings for EVs and FCEVs
Physical Risks	Urgent	<ul style="list-style-type: none"> ● Intensification of abnormal weather There is a risk that the continuation of business will become difficult due to damage to plants and disruption of supply chains 	Medium term – long term	Medium	Medium	<ul style="list-style-type: none"> ● Formulation of the Basic Policy for JTEKT Group Business Continuing Plan ● Implementation of disaster drills, disaster mitigation training, preparations for the early restoration of product supply, and other measures
Opportunities	Policies & Regulations	<ul style="list-style-type: none"> ● Renewable energy policies Demand for bearings and other products for wind power generation facilities will increase as a result of political support for wind power 	Medium term	Medium	Small	<ul style="list-style-type: none"> ● Develop bearings used in wind turbine main shafts, gearboxes, generators, and revolving parts
		<ul style="list-style-type: none"> ● Stricter regulation of automobile fuel efficiency and emissions If BEVs and FCEVs increase, demand for products for electric vehicles and FCEVs will increase 	Short term – long term	Large	Small	<ul style="list-style-type: none"> ● Development of products that contribute to the miniaturization and weight reduction of electric drive systems (JTEKT Ultra Compact Bearing™) ● Development of bearings that overcome hydrogen embrittlement (EXSEV-H2™)
	Technology	<ul style="list-style-type: none"> ● Promotion of energy-saving at plants Reduce energy costs and increase earnings by improving the efficiency of production processes through energy savings in the manufacturing stage and production technology innovations 	Short term – medium term	Medium	Medium	<ul style="list-style-type: none"> ● Continue energy-saving measures and develop energy-saving production technologies by improving production process efficiency

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

Contributions to a Recycling-Based Society

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

Reducing Waste Material

We categorize waste (materials recycled for free or upon payment of a fee) by type and have set sludge, foundry sand, and waste oil, which are generated in particularly high volumes, as priorities for improvement. We see all emissions including waste material as resources and are working toward achieving a target of 100% resource recycling based on the 3Rs (reduce, reuse, recycle) concept. JTEKT unconsolidated as achieved a 100% recycling rate since November 2012. We will formulate and implement plans for each region so that we can achieve zero emissions on a global scale.

Effective Use of Resources

Promoting the efficient use of water
To reduce the use of water, a crucial resource, we are reducing waste, reusing water internally, and taking other measures. In FY2022, we set a target of 4.0% or more improvement compared to FY2018, and further reduced the amount of water used, primarily by implementing leak prevention measures.

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

Reducing Substances of Environmental Concern/ Harmony with Nature

In addition to reducing usage and emission amounts during production, we identify and thoroughly manage environmentally hazardous substances contained in our products.

Reduction of Environmental Impact from Production Activities

We are working to manage and reduce environmental emissions of chemical substances resulting from production activities. Emissions of substances subject to the PRTR Law amounted to approximately 31.1 tons in FY2022, a reduction of approximately 1.1 tons compared to the previous fiscal year. To reduce usage even further in the future, we will completely eliminate the use of kerosene in production processes in accordance with the 2025 Environmental Action Plan.

Reform of product environment committee working groups

We established the new Vision 2026 to contribute to the formation of a sustainable society, and we seek to create management systems for chemical substances in products in excess of customer requirements. By using the JTEKT Basic Principle as a decision-making criterion, we are undertaking reforms including introduction of an ownership system to clarify the division of roles and responsibilities.

Preserving Biodiversity

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

We are taking action at all plants for the continuous preservation of biodiversity with a focus on protection of rare wildlife that inhabits or grows at each plant, improving the local environments in the vicinity of each plant, and developing

environmental human resources. When protecting rare wildlife, we take action based on objective evaluations that take into consideration the opinions of experts and academics.



A biodiversity preservation event