

Officers and Audit & Supervisory Board Members

Members of the Board



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

**Chief of IT & Digital Division
and Quality Management Division**

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



Iwao Okamoto
Outside Director,
Member of the Board

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



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

**Chief of Research & Development Division
Chief of Automotive Business Unit**

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



Yuichiro Kato
Outside Director,
Member of the Board

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



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

Chief of Sales & Marketing Division

- Apr. 1986 Joined KOYO Automatic Machine Co., Ltd (currently JTEKT Corporation)
- Jan. 2010 General Manager, Procurement Division, Steering Systems Business Unit
- Apr. 2014 Executive Officer
- Apr. 2017 Executive Managing Officer
- Apr. 2020 Managing Officer
- Apr. 2021 Senior Executive Officer
- Jun. 2022 Senior Executive Officer, Member of the Board (to present)



Kazunari Kumakura
Outside Director,
Member of the Board

- Apr. 1985 Joined Toyota Motor Corporation
- Jan. 2011 General Manager, Materials & Facilities Purchasing Division, Toyota Motor Corporation
- Jun. 2016 Managing Executive Officer, Toyota Industries Corporation
- Jun. 2019 Executive Officer, Toyota Industries Corporation
- Apr. 2020 Deputy Chief, Procurement Division, Toyota Motor Corporation
- Jul. 2020 Chief, Procurement Division, Toyota Motor Corporation (to present)
- Jun. 2023 Member of the Board, Toyota Industries Corporation (to present)
- Member of the Board of the Company (to present)

Members of the Audit & Supervisory Board



Makoto Sano
Member of the Audit &
Supervisory Board

- Apr. 1981 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
- Jan. 2007 General Manager of Engineering, Tahara Plant, Toyota Motor Corporation
- Mar. 2014 Director of the Company
- Apr. 2014 Operating Officer
- Apr. 2015 Executive Managing Officer
- Jun. 2018 Executive Director
- Jun. 2020 Senior Executive Director
- Jun. 2021 Senior Executive Officer
- Apr. 2022 Advisor
- Jun. 2022 Full-Time Audit & Supervisory Board member (to present)



Yasushi Matsui
Outside Member of the Audit &
Supervisory Board

- Apr. 2019 Senior Executive Officer, DENSO Corporation
- Jun. 2021 Director and Senior Executive Officer, DENSO Corporation
- Jun. 2022 Audit & Supervisory Board member (to present)
- Jun. 2023 Executive Vice President, DENSO Corporation (to present)



Koichi Tsujita
Member of the Audit &
Supervisory Board

- Apr. 1990 Joined the Company
- Jan. 2015 General Manager, Corporate Planning Department
- Jul. 2017 Overseas Secondment, JTEKT (THAILAND) CO., LTD.
- Jul. 2020 Vice President, JTEKT ASIA PACIFIC CO., LTD.
- Jul. 2022 General Manager, Audit Department
- Jun. 2023 Full-Time Audit & Supervisory Board member (to present)



Yumiko Sakurai
Outside Member of the Audit &
Supervisory Board

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

Corporate Governance

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

Systems

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

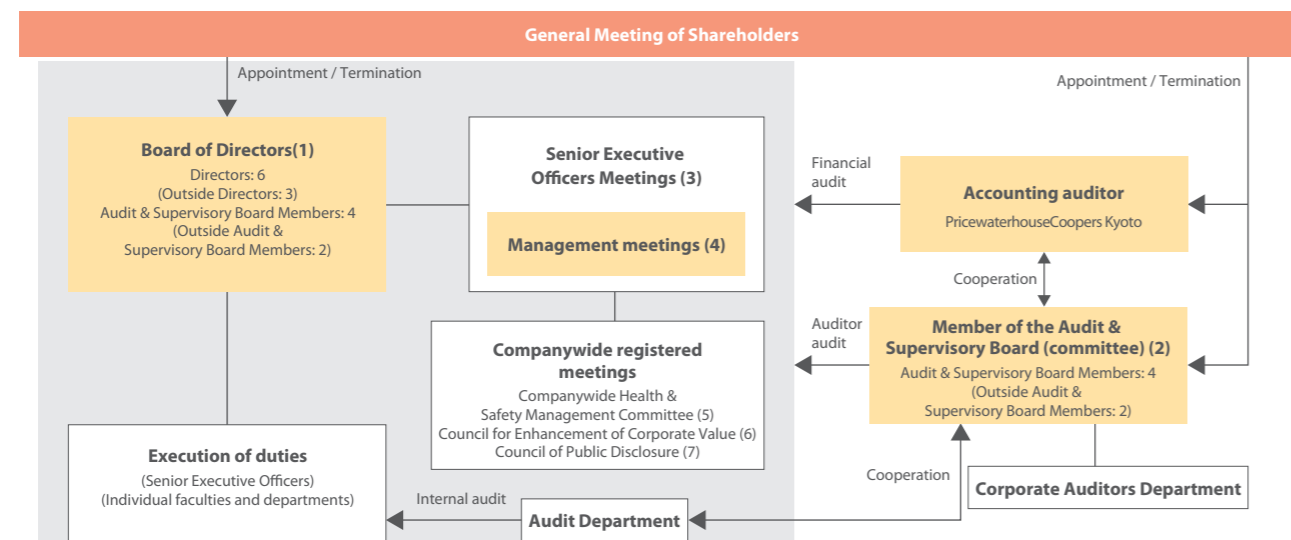
To ensure a transparent, fair, prompt and efficient management, JTEKT has opted for a company with an Audit & Supervisory Board to inspect directors' execution of duties, which consists of four auditors, two of whom are outside

auditors (of which one is independent outside auditor). At monthly Audit & Supervisory Board meetings, the Board monitor the execution of duties by the directors and confirm the appropriateness of the methods and results of audits performed by the accounting auditors.

Additionally, staff members in the Corporate Auditors Department assist the Audit & Supervisory Board members. Regarding internal auditing, 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 the Board of 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 Audit Department regularly hold discussions to exchange information and engage in mutual cooperation.

Corporate governance system



Meetings of the Board of Directors and Other Bodies (FY2022)

Committees	Composition	Meeting frequency	Details
(1) Board of Directors	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Once/Month	Makes decisions about important matters within management, and supervises directors' performance of duties.
(2) Audit & Supervisory Board	Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Once/Month	Inspects the appropriateness of methods and results of audits of the directors' performance of duties, and of audits performed by the accounting auditor.
(3) Senior Executive Officer Meetings	Directors: 3 Senior Executive Officers: 7 Audit & Supervisory Board Members: 2	Once/Month	Supplements the Board of Directors, deliberates important matters within management, and determines fundamental policies.
(4) Management Meetings	Directors: 3 Senior Executive Officers: 7 Audit & Supervisory Board Members: 2	Once/Month	Supplements the Board of Directors, and manages the progress of policies within the performance of duties. In addition, these meetings enable problem points and issues within performance of duties to be shared extensively among directors and officers.
Companywide Registered Meetings			
(5) Companywide Health & Safety Management Committee	Directors: 3 Senior Executive Officers: 7 Plant managers and others: 6	Twice/Year	Deliberates on policies, targets, and measures concerning safety, sanitation, health, and other issues
(6) Council for Enhancement of Corporate Value	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2) Senior Executive Officer and several others	4 times/Year	Investigates issues concerning sustainability to achieve sustainable growth by society and the Group.
(7) Council of Public Disclosure	Chief of Corporate Division Senior Executive Officer and several others	Once/Month	Investigates and confirms whether the timing, details, and methods of information disclosure are appropriate.
Corporate Strategy Meeting	Directors: 3 Senior Executive Officers: 7 Others: A small number	Once/Week	Investigates policies and directions for the establishment and sustainable development of business foundations through expert and thorough deliberation from the perspective of business execution.
Quality Function Meeting	Directors: 3 Senior Executive Officers: 7 Others: A small number	Twice/Year	Reviews the results of activities and deliberates on future actions based on quality function policies and measures.
Cost Function Meeting	Directors: 3 Senior Executive Officers: 7 Others: A small number	4 times/Year	Makes issues relating to current cost functions visible and investigates responses.
Information System Function Meeting	Directors: 3 Senior Executive Officers: 7 Others: A small number	Twice/Year	Shares information on issues and investigates and deliberates on response policies for the implementation of IT policies and establishment of governance globally.
Reviewing meeting on business issues of Domestic subsidiaries	Directors: 3 Senior Executive Officers: 7 Others: A small number	Once/Year/ Company	Shares information and issues relating to the status of management, the management vision, and strategies with senior management of Group companies.
Reviewing meeting on business issues of Overseas subsidiaries	Directors: 3 Senior Executive Officers: 7 Others: A small number	Once/Quarter/ Company	

Corporate Governance

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

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 Senior Executive Officer Meetings, 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. In Jan. 2021 Reform of officer system ((1) Abolition of director roles such as deputy president, senior managing director, and managing director, (2) Name integration to Senior Executive Officer, (3) Expansion of Senior management system) contributed to the slimming and flattening executive system, the speeding up management decisions, the promoting delegation of authority, further speeding up decisions on replacement, flexible promotion and withdrawal (expansion). As a result, the number of officers has also been significantly reduced.

Main governance reform initiatives

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

Group Governance

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

1. We share items including the JTEKT Basic Principle and the Medium-term Business Plan, with the business plan progress confirmed at reviewing meeting on business of subsidiaries.
2. We require prior consultation or post-reports on important matters based on the Prior Consultation and Reporting System Standards. Important matters concerning Group management are deliberated and decided by the Company committees.
3. We developed the JTEKT Group Business Management Guidelines and require the establishment of internal control systems. We also require the prompt reporting of serious financial, safety, quality, environment and disaster risks.
4. We require the establishment of compliance systems based on the JTEKT Global Conduct Guidelines. We also conduct regular compliance inspections based on checklists provided by JTEKT.

Outside Directors

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.

Provision of Information to Outside Directors

The Liaison Meeting for Outside Directors and Auditors is held the day before Board of Directors’ meetings. This provides an opportunity for the outside directors and auditors to receive materials and explanations concerning the deliberation agenda items and exchange opinions among themselves, thereby creating an environment in which they can actively participate in deliberation and reporting matters at Board of Directors’ meetings. Information on management topics other than the agenda items is also shared by the Meeting, and the outside directors and auditors can express their opinions on new business and other topics under consideration.

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

Title	Name	Main reasons (experience, insight, etc.) for appointment	Independent Director	Attendance record in FY2022 (attended/held)	
				Board of Directors	Audit & Supervisory Board
Director	Iwao Okamoto	Held key positions within the Ministry of Economy, Trade and Industry (METI) and for an incorporated foundation, obtaining ample experience and a high level of insight regarding industry and economic activities within Japan and overseas	✓	13/13	-
Director	Yuichiro Kato	Rich experience and deep insight in the fields of marketing and quality control, which he has garnered through his career as a professor at the university and other institutions	✓	10/10 (Inauguration June 2022)	-
Director (Newly appointed)	Kazunari Kumakura	Rich experience and deep insight relating to monozukuri (manufacturing) as a manufacturing business executive	-	-	-
Member of the Audit & Supervisory Board	Yumiko Sakurai	Considerable knowledge relating to financial and accounting matters as a certified public accountant	✓	13/13	15/15
Member of the Audit & Supervisory Board	Yasushi Matsui	Rich experience and broad insight relating to corporate governance as a manufacturing business executive	-	10/10 (Inauguration June 2022)	11/11 (Inauguration June 2022)

Corporate Governance

Nomination of Director and Audit & Supervisory Board Member Candidates

JTEKT has established the Executive Officer Personnel Appointment Review Meeting consisting of President and Independent outside directors as a voluntary committee to enhance objectivity in the nomination of candidates for directors and Audit & Supervisory Board Members and in the consideration of the selection and dismissal of Senior Executive Officer and Senior Management.

Skill Matrix of Directors

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

Evaluating the Effectiveness of 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.

Skill Matrix of Directors

Name	Title	Corporate Management	Business strategy and marketing	Monozukuri (industrial engineering, procurement, quality and safety)	Technology and R&D	Finance and accounting	Legal and risk management	HR development and Labor management	Sustainability & ESG	International Experience
Kazuhiro Sato	President, Member of the Board	✓	✓	✓			✓	✓	✓	✓
Takumi Matsumoto	Senior Executive Officer, Member of the Board	✓	✓	✓	✓		✓			✓
Koichi Yamanaka	Senior Executive Officer, Member of the Board	✓	✓	✓		✓		✓		✓
Iwao Okamoto	Outside Director	✓	✓			✓	✓	✓	✓	✓
Yuichiro Kato	Outside Director	✓	✓	✓	✓			✓		✓
Kazunari Kumakura	Outside Director		✓	✓			✓	✓	✓	✓

(1) Method

JTEKT conducts a survey on the effectiveness of the Board of Directors once a year for directors and audit & supervisory board members (self-evaluation by written questionnaire). In this survey, we evaluate whether the contents of deliberations and operation methods at the Board of Directors are appropriate and review them as necessary based on evaluations of those directors and Audit & Supervisory Board members.

(2) Overview of FY2022 evaluation

- Issues in the results of the survey conducted in April 2022
- Insufficient discussion on investment in intangible assets such as sustainability and human capital Activities in FY2022
 - Enhanced discussions on sustainability management at the Council for Enhancement of Corporate Value, which is composed of directors and Audit & Supervisory board members, including outside directors, as well as the Board of Directors.
 - Started formulation of human capital portfolio and completed the current status assessment.

(3) Future initiatives

Implement measures to close the gap between the current conditions identified in (2) and the vision for the human resource portfolio for 2030.

Action plan for FY2023

Conducting discussions on investment in intangible assets such as human capital portfolios linked to the business strategy, in conjunction with the development of the 2nd Medium-Term Business Plan.

Director and Auditor Remuneration

Directors' remuneration is shown on p. 61. Outside directors and Audit & Supervisory Board members receive only monthly remuneration, no bonuses are paid. Independence from management is ensured by establishing a remuneration system that is unlikely to be affected by corporate performance. The amount of remuneration for each Audit & Supervisory Board member is determined through discussions among Audit & Supervisory Board members.

Executive Remuneration Meeting

JTEKT has established the "Executive Remuneration Meeting" consisting of President and Independent outside directors as a voluntary committee to enhance objectivity in the consideration of directors' remuneration. At the Executive Remuneration Meeting, JTEKT's compensation levels were confirmed with reference to data from an external research organization, and the following proposals were made and discussed: (1) Proposal for monthly remuneration for FY2023 and the payment of bonuses reflecting the performance in FY2022; (2) Direction for reviewing the remuneration system for the following fiscal year and beyond. In addition, the meeting process and deliberation results are reported to the Board of Directors.

Cross-Shareholdings

JTEKT has established policies regarding the strategic shareholdings it holds as policy stock holdings and criteria for exercising voting rights, as shown to the right. The Board of Directors will annually review the appropriateness of the purpose and economic rationality for holding each policy stock. Specifically, the appropriateness of holding the shares will be verified by determining whether the benefits to be gained from holding the shares and the ROE of the issuing company are commensurate with the Company's cost of capital and other factors.

In addition, we will respond in a timely manner in accordance with the criteria for exercising voting rights.

(1) Policy regarding the strategic shareholdings

JTEKT's policy stockholdings are held for the purpose of maintaining and strengthening long-term, stable relationships with business partners, and from the perspective of increasing corporate value over the medium to long term. JTEKT will consider reducing the number of stocks that are no longer in line with such holding purposes or for which the benefits and risks associated with holding are judged not to be commensurate with the cost of capital, etc.

(2) Criteria for exercising voting rights pertaining to strategic shareholdings

JTEKT basically respects the business judgment of corporate management as long as the company does not engage in antisocial behavior and does not disregard shareholder interests, such as when shareholder returns are deemed to be significantly disproportionate compared to society in general. In cases where scandals or anti-social activities occur within a company or by corporate managers, JTEKT shall regard them as a serious problem in terms of corporate governance, and shall exercise its voting rights in a manner that contributes to the improvement of corporate governance.

Corporate Governance

Directors and Audit & Supervisory Board members remuneration

Payment method	Cash compensation		Stock compensation (Restricted Stock)
Type of compensation	Fixed (Monthly) compensation	Variable (Performance-linked) compensation	Variable (Performance-linked) compensation
Rough ratios	70%	20%	10%
Yearly limit on compensation	800 million yen		100 million yen
Paid on	Monthly	Yearly (The day after the ordinary general meeting of shareholders)	Yearly (The day after the ordinary general meeting of shareholders)
Policy and indicators	Set the base amount for each position	Calculate from the compensation table based on the following indicators (1) Business profit (2) Achievement of KPI of Safety and Quality * Based on the JTEKT Basic Principle of "safety first, quality second," we have set safety and quality KPIs as indicators.	50% of the standard compensation calculated based on business profit (according to the left column) is granted as stock compensation.
Process	(1) Formulated a compensation draft based on the above policy and indicators (2) At the Executive Remuneration Meeting consisting of President and 2 Independent outside directors established voluntarily the proposed compensation in (1) will be discussed. Deliberations • Consistency with decision policy and need for review • Confirmation of indicator performance evaluation • Remuneration levels by position (Comparison with companies of similar size to ours based on executive compensation survey data from an external research organization) (3) To be determined by the President of the Board of Directors by resolution of the Board of Directors based on the results of deliberations at the Executive Remuneration Meeting. (4) The allocation of stock compensation (number of shares) is decided by a resolution of the Board of Directors		

Total amount of corporate officer remuneration (FY2022)

Position	Total remuneration	Total remuneration by Type			Directors/Audit & Supervisory Board Members
		Fixed remuneration	Variable (Performance-linked) remuneration		
			Bonus	Share-based remuneration	
Directors (Outside directors)	268 million yen (36 million yen)	203 million yen (36 million yen)	44 million yen (- million yen)	20 million yen (- million yen)	11 (4)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	101 million yen (24 million yen)	101 million yen (24 million yen)	- million yen (- million yen)	- million yen (- million yen)	8 (4)
Total	369 million yen	304 million yen	44 million yen	20 million yen	19

Notes 1. The above amounts include those for nine directors, who retired from the post of director at the conclusion of the 122nd Annual General Meeting of Shareholders held on June 28, 2022.
 2. The above amount of performance-linked compensation includes the unpaid amount which was booked as bonus provision for directors in the fiscal year. (3 Directors, 44 million yen)
 3. The amount of stock-based remuneration above is the amount recorded as expenses during the fiscal year to shares with transfer restricted stock granted as post-delivery stock remuneration.

Outside Director Message



Iwao Okamoto
Outside Director

Independent

Praise for steady improvements and reforms carried out amid severe business environment

Despite a severe business environment characterized by such factors as a sharp rise in energy and raw material prices sparked by the war in Ukraine, China's zero-COVID policy, the semiconductor shortage, and the emergence of geopolitical risks, in FY2022 JTEKT managed to increase both revenue and profit and achieved its target of improving the profit-loss break-even point sales ratio. I believe that this outcome was the result of the entire Group coming together and working hard to reduce costs through labor-saving, energy-saving, and other measures, as well as the improvement of sales prices, structural reforms in North America and elsewhere, and the supply of new products and services.

During this period, reforms have been implemented over a wide range of areas, including brand unification to realize "One JTEKT," organizational reforms breaking down divisive vertical barriers and enabling the speedy display of synergy, the strengthening of governance in Group companies, and revision of the personnel system. Monitoring the state of progress of these efforts toward improvement and reform on the executive side, the Board of Directors has praised positive aspects and at the same time pointed out issues and urged a further deepening of reforms there. For example, it has called for more drastic efforts toward structural reform in Europe and greater response to the Chinese market, where electric vehicles are spreading rapidly.

As initiatives going forward, JTEKT has compiled a human-resource portfolio necessary for realizing our vision of ourselves in 2030 and a human-resource roadmap to this end. Also, JTEKT is focusing on the discovery of new businesses to serve as its next business pillars and is promoting their commercialization. Gathering together the Group's technologies and seeds, JTEKT will supply products and services capable of responding to the needs of society. Globally, JTEKT will steadily deploy its business strategy while keeping a close eye on trends in industrial policies relating to the bolstering of green transformation (GX), digital transformation (DX), and social capital (SC) and also on geopolitical risks.

Since I have an especially strong interest in and hopes for these initiatives, I will propose discussions appropriately from my position as an outside director.



Yumiko Sakurai
Outside Audit & Supervisory Board Member

Independent

Enhancing the governance of sustainability as a whole and promoting proper communication with stakeholders

Looking back on FY2022, I think that for JTEKT it was a year of reform to improve the quality of corporate governance with a view to the enhancement of corporate value. Following the Tokyo Stock Exchange's reorganization of its market segments, the Prime Market demanded a higher level of governance than the current situation offered.

Regarding sustainability initiatives, JTEKT has clearly specified its materiality in the Medium-Term Business Plan formulated in FY2020. In FY2022 discussions about not only risk response but also how this materiality can be transformed into earning power were conducted not only in the Board of Directors but also in meetings of the Council for Enhancement of Corporate Value and other committees. I feel that JTEKT was able to speedily rotate the plan-do-check-act (PDCA) cycle to further strengthen the governance structure with the aim of achieving an adequate enhancement of corporate value. Going forward, I think the issue will be how to make all Group companies and all employees aware of the sustainability policy that has been compiled.

In addition, to deepen constructive dialogue with investors and other stakeholders, I intend, as an outside director, to fulfill an offensive and defensive governance role so that sustainability information is accurately disclosed and two-way engagement with stakeholders is conducted.

FY2023 is the final fiscal year of the First Medium-Term Business Plan. The profit-loss break-even point sales ratio has become firmly entrenched and practiced as a target for strengthening JTEKT's revenue structure. Going forward, I hope that JTEKT will enter a stage of steadily pursuing and practicing capital-efficient management mindful of capital costs (return on equity [ROE], return on invested capital [ROIC]) and share price (price book-value ratio [PBR], price earnings ratio [PER]).

Risk Management

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

Promotion Structure

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

Risk management structure



Clarification of Risk Appraisals and Response

At JTEKT, we conduct risk assessment activities for each business axis, functional axis and regional axis. Every year, we use the "risk register" created by major organizations in our company and domestic and overseas group companies to evaluate the impact and likelihood of risks that may hinder the achievement of our organizational business objectives. The risks that have been determined to require priority response are being promoted across groups by the risk management department in charge of the risks.

Internal Penetration and Enlightenment Activities

To increase sensitivity to quality fraud, labor accidents, climate change, natural disasters, and information security, and to ensure appropriate responses are taken, various enlightenment activities are being implemented to promote understanding of risks and raise awareness.

The main initiatives going forward include risk management training for executives (Strengthening the ability to foresee risks - Creating a corporate culture where opinions and true feelings can be freely expressed) and training for risk managers (risk extraction, risk scenario workshop).

Enforcement of Immediate Reporting

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

Information Security

We recognize that information security risks, including cyber-attacks, are increasing day by day as a critical management risk. In order to supply secure products in each process of product development, manufacturing, and shipping, in 2019, we established the JTEKT Group Policy of Information Security.

We also established a Chief Information Security Officer (CISO) and a department specializing in security in our organization in 2022, JTEKT is continuously working to strengthen measures against security threats to our products, the JTEKT Group, and related business partners.

Countermeasures for a Large-scale Disaster

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

* BCP: BCP is an abbreviation of Business Continuity Plan

Compliance

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

Training and Awareness-Raising Activities for All JTEKT Group Companies

JTEKT conducts ongoing training and awareness-raising activities targeting its directors, employees and all group companies regarding how compliance is deeply intertwined with our operations. We conduct annual training targeting our key corporate compliance officers (directors, auditors, Senior Executive Officer, etc.). The themes for our FY2022 training were "The mechanisms by which embezzlement and other forms of frauds occur, and cultivation of a corporate culture to prevent the frauds", and provided participants with the opportunity to realize their awareness on current status and issues for compliance of JTEKT.

Moreover, we have established every July as Compliance Awareness Month, during which our president sends out a message to all JTEKT Group employees, and compliance training materials are distributed for e-learning and workplace perusal, etc. in an effort to support compliance activities in each workplace. We also address compliance in internal training provided in line with ranks and job types so that each employee pays the necessary heed.

Compliance self-check

We carry out regular surveys targeting all JTEKT departments and Group companies to assess the management status regarding compliance affecting our operations, and plan and implement compliance promotion initiatives based on the results.

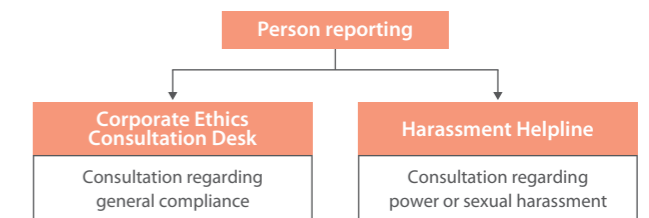
Whistleblowing System

JTEKT has set up several consultation desks (including those at which auditors consult directly) to allow employees to easily find a service aligned to the nature of the matter on which they wish to consult. This enables us to provide fine-tuned responses to each matter of consultation, thereby striving to prevent misconduct, and institute early responses and efforts to prevent recurrence. From FY2020, the Corporate Ethics Helpline (a service for consultation with legal professionals), one of the Corporate Ethics Consultation Desks, has been expanded to the domestic Group, with integrated information used to prevent recurrence and improve the skills of responding personnel.

No. of whistleblowing made in past 5 years

FY	2018	2019	2020	2021	2022
No. of reports	49	35	47	70	74

Role of the internal reporting consultation desks



Compliance with Competition Laws / Prevention of Corruption

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

Appropriate Tax Payment

JTEKT understands that making the appropriate tax payments for each country and region in which business is conducted is important in order to realize our Basic Principle, and complies with legislation relating to taxation as well as the spirit of such laws. The JTEKT Global Conduct Guidelines have been established by resolution of the Board of Directors, to guide the conduct of all executive officers and employees and to ensure transparency in tax matters. JTEKT and the JTEKT Group conduct business in approximately 30 countries and regions throughout the world and engage in trade between group companies across countries and regions. In regards to the transfer pricing during such transactions, we have established a group policy conforming to the OECD Transfer Pricing Guidelines and endeavor to appropriately declare any income gained through our businesses in each relevant country and region. Moreover, we do not engage in tax planning leading to tax base erosion or income transfer that abuses tax havens or tax treaties, etc. in countries or regions outside of where our business sites are located. JTEKT also maintains a system whereby the Chief of Corporate Division or CFO who are the senior executive officers report important matters regarding risk about tax payment to the Board of Directors as appropriate, then follows instructions given by the Board.