

What Actions Should JTEKT Take to Achieve the JTEKT Group 2030 Vision?

JTEKT actively incorporates the independent perspectives and advice based on various expertise of our outside officers into management to strengthen corporate governance.

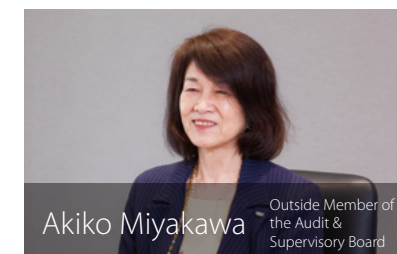
Four outside officers offered their objective assessment, discussed the challenges, and shared their expectations for our Company, which launched a new structure under new leadership in 2024.



Q.

What is your assessment of the impact of last year's change in president, the Second Medium-Term Business Plan, and the subsequent announcement of MVV?

- Sakurai** | Since I became an outside officer six years ago, I have seen JTEKT transforming at a remarkable pace. The president before last laid the groundwork after the merger of Koyo Seiko and Toyoda Machine Works, the previous president built the foundation, and President Kondo is now beginning to construct a solid structure. I feel we have had presidents well-suited to the times.
- Matsui** | President Kondo's growth strategy of transforming into a solution provider aims to identify user pain points from the customer's perspective and deliver solutions. I have high expectations for this challenge of adopting a user-centric approach, moving away from a product-out mindset. I also feel that initiatives have become more sophisticated over the past two to three years. For example, the introduction of the DOE (Dividend On Equity ratio) into the dividend policy to pursue stable dividends, and the Company's first-ever share buyback in February 2025, have been well-received by the stock market. On the other hand, I feel that the roadmap for achieving the goals outlined in the Second Medium-Term Business Plan is not fully fleshed out in some areas.
- Miyakawa** | My impression is that this past year has been one of activity aligned with the JTEKT Group 2030 Vision. The Second Medium-Term Business Plan spans three years, with a clear roadmap: sowing seeds on the foundation laid by the previous president, then reaping the harvest. President Kondo has now embarked on this journey in its first year.
- Ikeda** | President Kondo communicates messages very clearly both internally and externally. The newly established



Matsui

MVV clearly states that JTEKT exists to “bring joy to the planet earth and all working people,” and that we aim to “create the future of mobility society” to achieve this. And within the Company, he communicated the message “Let’s work together as a unit,” which resonated well.

While numerical targets are important in the Medium-Term Business Plan, the most crucial element is pursuing our ideal state as a company. I believe that only when employees resonate can the plan be achieved. We established our MVV and shifted JTEKT toward purpose-driven management. Rather than starting with business plans, we set goals based on the Company’s core purpose. This allows employees to recognize how their work contributes to society, changing their actions. That’s precisely why it’s crucial for everyone to feel a sense of conviction in our MVV. President Kondo demonstrated exceptional leadership by dedicating significant effort to internal adoption about six months before announcing the MVV externally.

Sakurai

Mission represents JTEKT’s social purpose, and it is precisely because of this that employees can find their own value within the Company. Since taking office, I have consistently advocated for the necessity of purpose, and I was deeply moved that this finally enables the true realization of “ONE! JTEKT.” I firmly believe that if every single employee embraces our Value of “Yes for All, by All!”, we will become an exceptional company.

Miyakawa

I agree. When employees individually face uncertainty or struggle with decisions, having the MVV as the Company’s foundation will help them find solutions.

Q.

Please share your insights on the challenges for enhancing corporate value and what is necessary to achieve the Second Medium-Term Business Plan.

Ikeda

Through the Board of Directors, I sense a shared recognition of the challenge: “How can we improve our PBR (Price Book-value Ratio)?” To enhance PBR, I want management to constantly keep in mind the fundamental principle of “Are we making steady progress on our decisions?” Even when the environment changes, I want them to accelerate their efforts on what has been decided.

Miyakawa

Recently, discussions have been based on analyses by region and business segment, making it easier to identify challenges. Furthermore, restructuring affiliated companies will likely be unavoidable to improve profit margins and capital efficiency. Measures such as the sale of cross-shareholdings are progressing steadily. If each initiative advances further this fiscal year, I believe future growth can be expected.

Matsui

While the management team appears conscious of PBR and capital costs, the business divisions still seem focused solely on profit-and-loss management. I believe efforts are needed to instill awareness of capital costs throughout the entire Company.

Sakurai

The ROE (return on equity) Tree was announced as part of the Second Medium-Term Business Plan, and the President personally delivered a thoughtful message to the entire Company. Afterwards, I received a question from a regular employee about ROIC (return on invested capital). I sensed our Company’s potential in the fact that employees were taking ROIC personally and that mindset was taking root. I became convinced that once awareness of the cost of capital permeated the entire Company, corporate value would rise.

Matsui

As we pursue efficiency, “deciding what to give up” is a challenge for our Company. We need a mechanism where each business division can voluntarily propose giving up certain activities, not just following management directives. Once purpose-driven management permeates the Company, employees will naturally think, “We should give this up and focus on that instead,” based on our purpose. To refine investment and exit decisions, we also need to analyze products individually, assessing each product’s competitiveness and sales trends.

Sakurai | Once the Board pointed out that we need withdrawal criteria that prioritize efficiency, withdrawal criteria were promptly defined, and withdrawal proposals aligned with them began to be submitted. This straightforwardness and speed are among our Company's strengths.

Ikeda | To achieve the transformation into a solution provider announced in the Second Medium-Term Business Plan, we must break down barriers between business units. Currently, while each unit possesses excellent technology, collaboration is limited and the barriers between them feel insurmountable. We expect the newly established Solution Co-Creation Center to eliminate these barriers and generate synergy. On the other hand, I highly value the Company's culture where management is committed to diligently tackling steady activities like inventory reduction.

Q.

Please provide your views on our progress toward sustainable management, including an evaluation of our current activities, the challenges ahead, and your expectations for our future success.

Sakurai | What stands out from the Sustainability Council's activities was the proposal from the secretariat to consider Materiality that is unique to JTEKT. While sustainability promotion can easily become focused on disclosure, I believe pursuing Materiality that is uniquely JTEKT, based on our Mission, was an excellent achievement.

Matsui | In pursuing purpose-driven management, it is highly commendable that top management understands the importance of sustainability and is tackling it with high priority. Beyond disclosure, it is impressive that management is spotlighting the Sustainability Council to embed it throughout the Company.

Miyakawa | I'm impressed by how diligently our employees study sustainability. I also feel that actively engaging in community contribution activities is truly characteristic of JTEKT.

Ikeda | Our Company communicates not only numerical targets for initiatives like carbon neutrality, but also the underlying purpose through Materiality. Understanding the purpose and sharing that conviction drives our activities, which ultimately leads to results. In talent development, we champion people and site-first management, emphasizing the importance of enabling self-actualization, pursuing one's actual desires, and enjoying challenges. I believe it's excellent that we prioritize developing people not just defensively, but proactively.

Matsui | On the other hand, I would like to see even more opportunities for feedback from investor dialogues. I believe my insights can be useful for IR, so I strongly hope for improvements in this area.

Q.

What do you expect from JTEKT going forward as we work toward achieving the JTEKT Group 2030 Vision?

Sakurai | Our strengths lie in our superior core technologies and components, coupled with our workforce of nearly 50,000 talented individuals. We are confident that combining these strengths will enable us to achieve

our 2030 Vision of becoming a solution provider. We also aim to continuously communicate the appeal of our workplace and become a company chosen by job seekers.

Miyakawa | I hope we can accelerate and realize the initiatives we are currently implementing as we move toward 2030. Furthermore, I expect our Company to become one where our technologies are utilized and contribute to the future mobility society, encompassing flying cars and autonomous driving.

Ikeda | While targets values are important, above all, I am looking forward to the realization of our MVV. To achieve this, we must break down business silos and generate synergies. Furthermore, I want the Company to look outward beyond itself, engage in co-creation, and generate opportunities. Doing so will lead to results beyond our plan for 2030.

Matsui | I also believe we must strive to realize MVV and the Second Medium-Term Business Plan. Without wavering, giving up, being swayed, or kowtowing to unspoken expectations, I want to continue supporting the entire Company as it unites in one direction to generate tremendous power and momentum.



Corporate Governance

Corporate Governance Structure

At our Board of Directors meetings, in addition to items stipulated by law and the Articles of Incorporation, deliberations take place and decisions are made pertaining to the Medium-Term Business Plan aimed at realizing JTEKT Group 2030 Vision. This includes management strategies aimed at achieving the Medium-Term Business Plan, as well as oversight of the execution of duties by directors. Furthermore, two independent directors from outside the Company were appointed to strengthen the supervising function of the Board of Directors. In addition, subcommittees under the Board of Directors, such as Senior Executive Officer Meetings, Management Meetings, and Companywide Registered Meetings, are held to improve deliberations on individual matters

and supervise the performance of duties by managing officers.

Additionally, to ensure a transparent, fair, prompt and efficient management, JTEKT has opted for a company with an Audit & Supervisory Board to inspect directors' execution of duties, which consists of four auditors, two of whom are outside auditors (of which one is independent outside auditor).

At 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. However, we have established a Corporate Auditors Department to assist members of the Audit & Supervisory Board, with dedicated staff members to perform their duties. Regarding internal auditing, Audit Department, which reports directly to the president, inspects the business execution of each function and business division and the effectiveness of

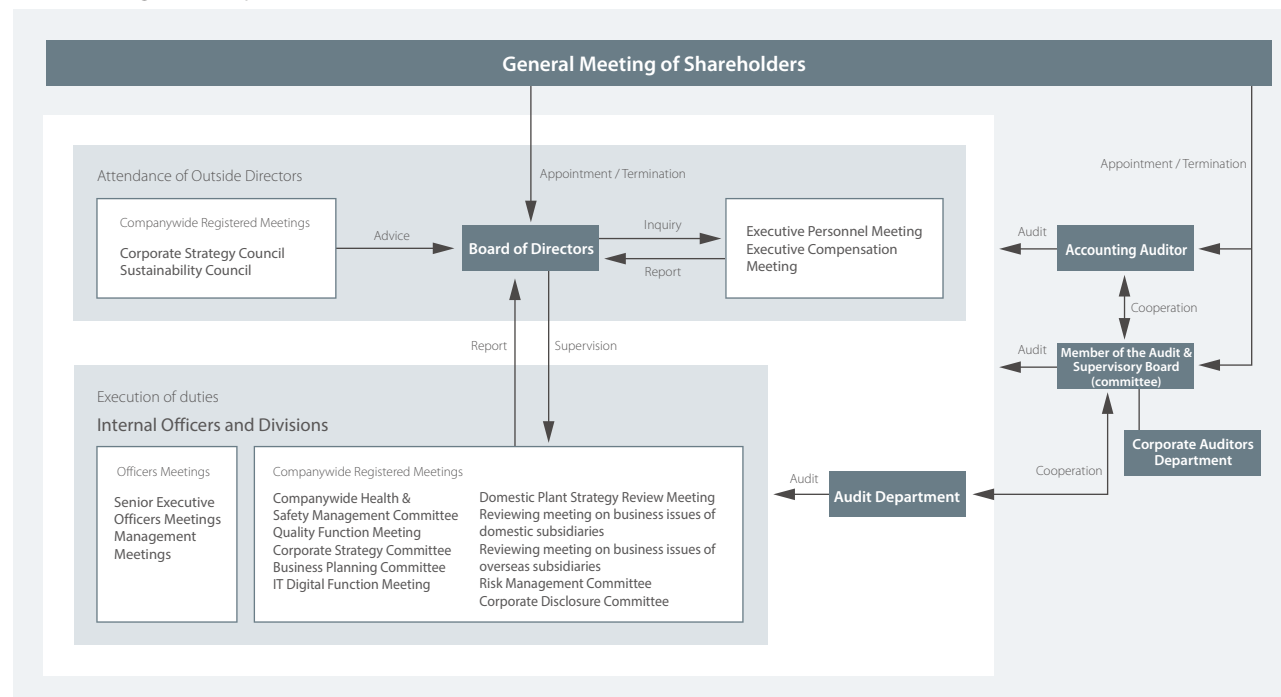
internal controls, reporting the results to the Board of Directors and the Audit & Supervisory Board to ensure auditing independence.

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

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.

Schematic Diagram of Corporate Governance Structure



1. We share the code of conduct and business plans applicable to our Group companies and strive to unify our management policies.
2. We have established the JTEKT Group Business Management Guidelines to promote the development of internal control systems and monitor their implementation.
3. We hold annual meetings where our management and the management of each Group company discuss management issues at each company.
4. Based on the Prior Consultation and Reporting System, we require prior consultation or reporting to our Company regarding the execution of specific tasks, and important matters are deliberated by our Board of Directors, etc..
5. We require immediate reporting in the event of incidents related to finance, safety, quality, compliance, etc., and have established systems to respond appropriately and promptly.

Operations of the Board of Directors, etc.

At the Board of Directors meeting for FY2024, in addition to deliberating on important decisions regarding the approval and execution of the annual business plan, we held repeated discussions on the formulation of the Second Medium-Term Business Plan and the efficient consideration of management capital necessary to utilize it.

In particular, we have reviewed the structure of our Group's businesses and focused on structural reforms such as consolidating subsidiaries and reviewing business areas, while discussing ways to achieve an optimal group structure.

We have established internal standards for identifying the impact on management in terms of both content and amount for matters that require submission to the Board of Directors and the Senior Executive Officers Meetings, and we take care to focus on deliberating truly important management issues. Matters that do not meet these standards and discussions that are prerequisites for submission to the Board of Directors are deliberated by various company-wide committees established for each function, and we have established a system of delegation of authority whereby CxOs and division chiefs are responsible for making decisions.

● Matters for Deliberation by the Board of Directors in FY2024

Category	No. of reports
Financial results / Finance	13
Human resources	8
Policy / Plan	6
Business restructuring	4
Reorganization	1
Individual cases	7

● Matters for Reporting to the Board of Directors in FY2024

Category	No. of reports
Governance / Risk management / Internal control	14
Financial results / Finance	13
Human resources	4
Business restructuring	2
Individual cases	10

Meetings of the Board of Directors and Other Bodies (FY2024)

Committees	Composition	Meeting frequency	Details
Board of Directors	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Once/Month	Makes decisions about important matters within management and supervises directors' performance of duties. [Structural reforms (North America, Europe), formulation of mission]
Audit & Supervisory Board	Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)		Inspects the appropriateness of methods and results of audits of the directors' performance of duties, and of audits performed by the accounting auditor.
Senior Executive Officers Meetings	Directors: 3 Senior Executive Officers: 7 Audit & Supervisory Board Members: 2		Supplements the Board of Directors, deliberates important matters within management, and determines fundamental policies. [Structural reforms (North America, Europe), formulation of mission]
Management Meetings	Directors: 3 Audit & Supervisory Board Members: 2, and dozens of others Senior Executive Officers: 7		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. [Progress management of the Second Medium-Term Business Plan, confirmation of production preparation status]
Companywide Registered Meetings			
Corporate Strategy Council	Directors: 6 (Outside Directors: 3) Audit & Supervisory Board Members: 4 (Outside Audit & Supervisory Board Members: 2)	Twice/Year	Examines JTEKT's medium- to long-term strategy based on various roadmaps (markets, products, technologies). [Formulation of the Second Medium-Term Business Plan]
Sustainability Council	Senior Executive Officer and several others	4 times/Year	Investigates issues concerning sustainability to achieve sustainable growth by society and the Group. [Revision of material issues]
Companywide Health & Safety Management Committee	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Deliberates on policies, targets, and measures concerning safety, sanitation, health, and other issues. [Confirmation of progress on each policy, analyzing disasters, and addressing issues]
Quality Function Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Reviews the results of activities and deliberates on future actions based on quality function policies and measures. [Deciding on priority implementation items and confirming progress]
Corporate Strategy Committee	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Week	Investigates policies and directions for the establishment and sustainable development of business foundations through expert and thorough deliberation from the perspective of business execution. [Strategies and profit plans for various projects]
IT Digital Function Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Twice/Year	Shares information on issues and investigates and deliberates on response policies for the implementation of IT policies and establishment of governance globally. [Measures for realizing data-driven management and advancing value-added operations]
Domestic Plant Strategy Review Meeting	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	6 times/Year	Reviews safety, quality, and profit issues, and discusses optimal location production and strategies. [Growth strategies, reduction of fixed costs]
Reviewing meeting on business issues of domestic subsidiaries	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Year/ Company	Shares information and issues relating to the status of management, the management vision, and strategies with senior management of Group companies. [Structural reforms, productivity improvement]
Reviewing meeting on business issues of overseas subsidiaries	Directors: 3, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	Once/Quarter/ Company	
Risk Management Committee	Directors: 2, Audit & Supervisory Board Members: 2 Senior Executive Officers: 7, and several others	3 times/Year	Comprehensively manages risks that hinder the achievement of long-term and medium-term plans throughout the Group and takes measures for priority management risks. [Confirmation of progress in addressing top priority risks and consideration of top priority risks for the next fiscal year]
Corporate Disclosure Committee	Chief of Corporate Division CFO and several others	Once/Month	Investigates and confirms whether the timing, details, and methods of information disclosure are appropriate. [IR strategy, integrated reporting policy]

Corporate Strategy Council and Sustainability Council

Our Company has established a Corporate Strategy Council and a Sustainability Council to complement the discussions on management issues held at Board meetings. All members of the Board of Directors, including outside directors, participate in these councils, which effectively serve the same function as the Board of Directors. In addition, we have enhanced the quality of discussions by inviting senior executive officers other than directors who do not normally participate in Board meetings, CxOs, and other relevant parties to participate.

The Corporate Strategy Council is a forum for discussing corporate business strategies and financial capital, and in FY2024, it deliberated on important elements in the process of formulating the Second Medium-Term Business Plan. The Sustainability Council deliberates on responses to issues related to the environment, society, and governance with the aim of enhancing our non-financial capital.

Based on this division of roles, we aim to build a system that can respond to the increasingly complex business environment by utilizing flexible discussion forums in coordination with the Board of Directors.

Participation of Outside Directors in Board Meetings

Prior to Board meetings, we hold an "Outside Directors' Liaison Meeting" to ensure that outside directors can fully utilize their expertise in Board deliberations. At this meeting, we distribute materials to outside directors, explain the items to be deliberated, and provide a forum for mutual exchange of opinions among outside directors. In addition, at this liaison meeting, we exchange opinions on management issues other than those to be deliberated at Board meetings and receive insightful advice on corporate management.

Recommendations from Outside Directors and Their Impact on Management

Equipment Investment Management

When deciding whether to invest in equipment, it is important to be mindful of capital costs and manage them appropriately.

By clearly indicating CO₂ emissions as a factor in investment decisions for buildings, it may be possible to achieve consistency with efforts toward carbon neutrality.

Reviewing Effective Capital Investment Management Mechanisms to Achieve the 2030 Vision

Collection and Utilization of Non-Financial Information

Companies that disclose specific links between non-financial and financial information and KPIs tend to have higher PBRs (price-to-book ratios).

DX is essential for enabling comprehensive information collection. We believe that related systems should be unified globally.

It is important to be aware that, in the future, audits and third-party assurance will be required in the same way as for financial information. A system for verifying collected data retrospectively is also necessary.

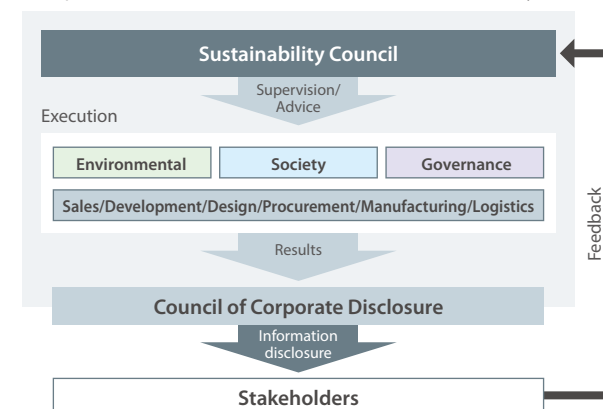
Considering the Establishment of an Accurate and Efficient System for Collecting Non-Financial Information

Information Disclosure System

JTEKT believes that the timely and appropriate disclosure of information on management strategies, business activities, and their results is the basis of constructive dialog with stakeholders and an important factor in enhancing corporate value. Based on this belief, we have clarified the appropriate and fair manner of information disclosure in our Corporate Disclosure Policy, and we have established a Council of Corporate Disclosure as an organization to realize these standards.

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

Examples of Disclosure of Information Related to Sustainability Activities



Evaluation of the Effectiveness of the Board of Directors

We recognize strengthening corporate governance as an important management issue, and have established the guidelines in response to the Corporate Governance Code. We are also working to transform and strengthen our corporate structure by implementing the PDCA cycle every year.

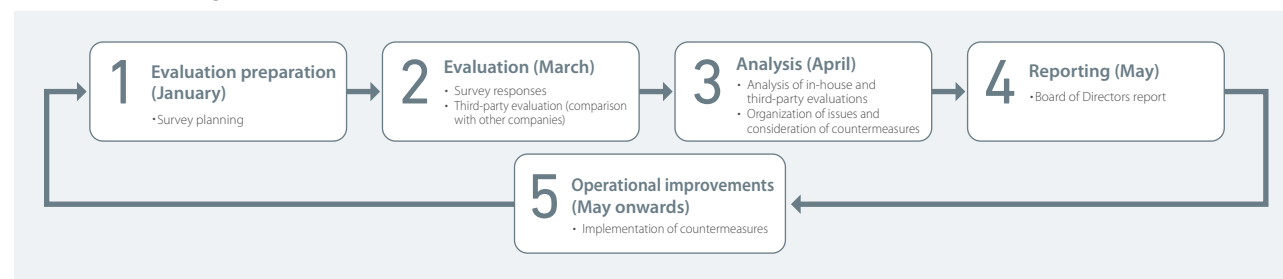
In addition, JTEKT conducts a survey on the effectiveness of the Board of Directors once a year for directors and Audit & Supervisory Board members (self-evaluation by written survey). In this survey, we evaluate whether the contents of deliberations and operation methods at the Board of Directors are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

Board of Directors Effectiveness Evaluation Survey

Our survey consists of a questionnaire with 18 questions (rated on a five-point scale) and a free response section regarding "Composition of the Board of Directors," "Operation of the Board of Directors," "Discussion at the Board of Directors," and "Monitoring function of the Board of Directors."

We conduct this survey of all directors and Audit & Supervisory Board members to analyze issues related to improving the effectiveness of the Board of Directors based on the awareness of issues among our target companies and comparisons with other companies. We aim to operate a Board of Directors that realizes increased corporate value through transparent, fair, and swift decision-making by diligently addressing each of these issues.

Schedule for Evaluating Effectiveness of Board of Directors



FY2024 Initiatives

In FY2024, we were able to strengthen our organizational structure, including the diversity of the Board of Directors and cooperation with the Internal Audit Department, and enhance discussions on medium- to long-term value creation through the formulation of the Second Medium-Term Business Plan.

FY2023 Issues
Diversity of Board members
Management focused on profitability and capital efficiency
Sustainable growth and medium- to long-term value creation
Cooperation between directors, Audit & Supervisory Board members, and Internal Audit Department
Training for directors and Audit & Supervisory Board members

FY2024 Initiatives
Appointment of female outside directors
Implementation of investment evaluation based on capital costs
Discussions on the formulation of the Second Medium-Term Business Plan
Review of material issues in the Sustainability Council
Reporting of internal control audit results to the Board of Directors
Implementation of training on compliance, information security, and the business environment

FY2024 Issues and FY2025 Plans

In FY2025, we will aim to establish a Board of Directors capable of making even more swift and decisive decisions, in collaboration with the Corporate Strategy Council and Sustainability Council, in order to support the realization of the Second Medium-Term Business Plan.

FY2024 Issues
Management focused on revenue and capital efficiency
Involvement in the formulation of a CEO succession plan
Supervision of management resource allocation and business portfolio strategy
Enhancement of information disclosure
Feedback on dialogue with shareholders
Supervision of the operation of internal control systems
Ensuring opportunities for exchange of opinions among outside directors

FY2025 Improvement Activity Plan
Discussions at the Strategy Council
Discussions on Board succession at the Executive Personnel Meeting and reporting of the contents at the Board of Directors
Discussions at the Sustainability Council and Corporate Strategy Council
Active discussions aimed at realizing management that contributes to the enhancement of corporate value and sustainable growth through feedback on information obtained from dialogue with shareholders and investors
Reporting of internal control audit results of Group companies to the Board of Directors
Ensuring opportunities for exchange of opinions at quarterly meetings of outside directors, etc.

Nomination and Appointment of Candidates for Executive Officers, etc.

In order to ensure the balance and diversity of knowledge, experience, and abilities on the entire Board of Directors necessary for sustainable growth and medium- to long-term enhancement of corporate value, we aim to appoint diverse executives who possess the experience and expertise that we consider important from a corporate management perspective. In addition, we select candidates for outside directors who are independent from management and can appropriately reflect the opinions of stakeholders.

For the nomination and appointment of such candidates, we have established an Executive Personnel Meeting consisting of the President and Representative Director and independent outside directors as an ad hoc committee, which discusses not only the nomination of candidates for directors and Audit & Supervisory Board members, but also the appointment and dismissal of senior executive officers and senior management.

Designing a System for Executive Compensation

Our Company has designed its executive compensation system with the aim of achieving long- and medium-term business plans and promoting business execution from the perspective of shareholders. Specifically, 30% of directors' compensation is performance-based, and one-third of that is paid in company stock.

In addition to business profit, we have set indicators and targets related to employee safety and product quality as KPIs that serve as the basis for calculating performance-based compensation.

The design of this executive compensation system and the determination of executive compensation amounts are deliberated by the President and independent outside directors at the Executive Compensation Meeting, which is a voluntary committee.

Compensation of Directors and Audit & Supervisory Board Members

Payment method	Cash compensation		Stock compensation (with transfer restrictions)
Type of compensation	Fixed compensation (monthly compensation)	Performance-based compensation	Performance-based compensation
Payment ratio (based on standard amount)	70%	20%	10%
Compensation limit (annual amount)	800 million yen		100 million yen
Payment period	Monthly	Once a year (the day after the annual general meeting of shareholders)	Once a year (the day after the annual general meeting of shareholders)
Policy	Standard amount set for each position	Calculated based on the following indicators using a table: (1) Business profit (2) Safety and quality KPI evaluation	50% of the amount calculated based on the above business profit is awarded as stock compensation
Process	(1) Formulate a compensation proposal based on the above policy (2) Discuss the compensation proposal in (1) at a voluntary Executive Compensation Meeting (President and two independent outside directors). [Discussion topics] • Consistency with the decision policy, necessity of review • Confirmation of performance evaluation metrics • Compensation levels by position (comparison with companies of similar size to our Company based on executive compensation survey data from external research institutions) (3) Based on the results of the deliberations of the Executive Compensation Meeting, the President decides on the executive compensation proposal through a resolution at the Board of Directors meeting (delegated to the President) (4) The allocation of stock compensation (number of shares) is decided through a resolution at the Board of Directors meeting		

Total Compensation of Directors and Audit & Supervisory Board Members

Category	Total compensation, etc.	Total compensation, etc. by type			Number of recipients
		Fixed compensation	Performance-based compensation		
			Bonuses	Stock-based compensation	
Directors (of which outside directors)	266 million yen (43 million yen)	188 million yen (36 million yen)	55 million yen (7 million yen)	23 million yen (- million yen)	9 persons (5 persons)
Audit & Supervisory Board members (of which outside Audit & Supervisory Board Members)	99 million yen (21 million yen)	99 million yen (21 million yen)	- million yen (- million yen)	- million yen (- million yen)	5 persons (3 persons)
Total	365 million yen	287 million yen	55 million yen	23 million yen	14 persons

- (Notes) 1. The amounts of compensation, etc. for the three members who retired at the conclusion of the 124th Ordinary General Meeting of Shareholders held on June 25, 2024, are included in the figures along with the number of recipients.
 2. The amounts of the above bonuses include the following amounts expensed as executive bonuses during the current period: (6 directors, 55 million yen).
 3. The amounts of the above stock-based compensation represent the expenses recognized during the current period for restricted stock granted as post-delivery stock-based compensation.
 4. Yumiko Sakurai resigned as an Audit & Supervisory Board member at the 124th Ordinary General Meeting of Shareholders and was appointed as a director. Therefore, the number of persons and the amount paid are included in the Audit & Supervisory Board member period as an Audit & Supervisory Board member (outside Audit & Supervisory Board member) and in the director period as a director (outside director).

Officers and Audit & Supervisory Board Members

Director, Member of the Board



Yoshihito Kondo

President, Member of the Board
CEO

Chief of IT & Digital Division
Chief of Quality Management Division



Koichi Yamanaka

Director, Member of the Board

North America and Europe Division



Toshiaki Shinya

Senior Executive Officer, Member of the Board
CPO

Chief of Production Division



Ikuji Ikeda

Outside Director, Member of the Board
[Independent]

Significant Concurrent Positions Outside the Company
• Special Adviser, Sumitomo Rubber Industries, Ltd.
• Glory Ltd. Outside Director



Yumiko Sakurai

Outside Director, Member of the Board
[Independent]

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



Isao Nakanishi

Director, Member of the Board

Significant Concurrent Positions Outside the Company
• Outside Director, Toho Gas Co., Ltd.

Overview of Members of the Board

Name	Appointment	Number of shares held	Attendance record in FY2024			Skills Matrix								
			Board of Directors	Member of the Audit & Supervisory Board	Sustainability Council	Corporate management	Business strategy and marketing	Monozukuri (industrial engineering, procurement, quality and safety)	Technology and R&D	Finance and accounting	Legal and risk management	HR development and labor management	Sustainability & ESG	Global management
Yoshihito Kondo	June 2024	11,399	12/12	—	4/4	●		●	●			●		●
Koichi Yamanaka	June 2022	24,391	14/14	—	3/4	●	●	●		●				●
Toshiaki Shinya	June 2025	6,796	—	—	—	●	●	●					●	●
Ikuji Ikeda	June 2024	2,006	11/12	—	4/4	●	●	●				●		●
Yumiko Sakurai	June 2024	5,000	14/14	3/3*	4/4		●			●	●	●	●	
Isao Nakanishi	June 2025	0	—	—	—	●	●		●				●	●

*Yumiko Sakurai resigned as Audit & Supervisory Board member and assumed the position of outside director upon the conclusion of the 124th General Meeting of Shareholders held on June 25, 2024.

Members of the Audit & Supervisory Board



Makoto Sano

Member of the Audit & Supervisory Board



Koichi Tsujita

Member of the Audit & Supervisory Board



Yasushi Matsui

Outside Member of the Audit & Supervisory Board

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

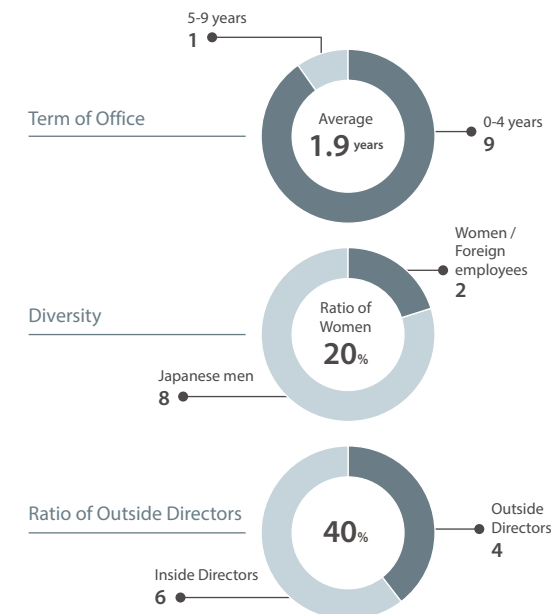


Akiko Miyakawa

Outside Member of the Audit & Supervisory Board [Independent]

Significant Concurrent Positions Outside the Company
• Representative, Akiko Miyakawa CPA Office
• Outside Director (Audit Committee Member) of Asahi Group Holdings, Ltd.

Composition of Directors and Audit & Supervisory Board Members



(Note) The term of office of Yumiko Sakurai as an Outside Audit & Supervisory Board Member has been calculated by combining her total terms.

Overview of Members of the Audit & Supervisory Board

Name	Appointment	Number of shares held	Attendance record in FY2024			Skills Matrix								
			Board of Directors	Member of the Audit & Supervisory Board	Sustainability Council	Corporate management	Business strategy and marketing	Monozukuri (industrial engineering, procurement, quality and safety)	Technology and R&D	Finance and accounting	Legal and risk management	HR development and labor management	Sustainability & ESG	Global management
Makoto Sano	June 2022	24,543	14/14	13/13	4/4	●		●			●	●		●
Koichi Tsujita	June 2023	4,626	14/14	13/13	4/4						●	●	●	●
Yasushi Matsui	June 2022	0	14/14	13/13	4/4	●	●			●	●		●	
Akiko Miyakawa	June 2024	1,003	12/12	10/10	3/4	●				●	●			●

Risk Management

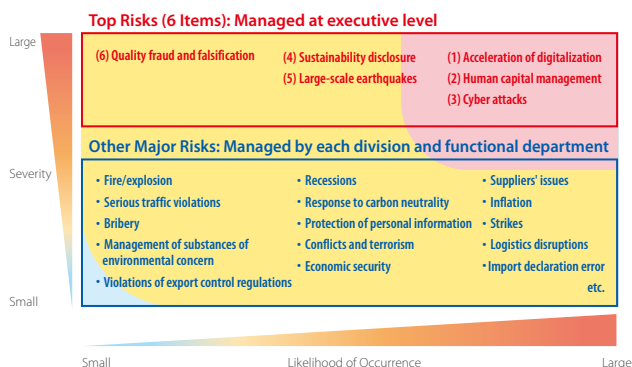
Basic Stance and Structure

We aim to continuously improve corporate value and have established and operate a risk management structure for the entire Group. We assess risks that could affect the achievement of our Business Plan, identify priority risks that need to be addressed, formulate and implement response plans for those risks, and continuously monitor them in order to control risks within expectations. In the event of a major crisis, we establish a crisis management headquarters and take measures to minimize damage and impact.

Promotion Structure

Based on the Risk Management Standards, we have established a Risk Management Committee chaired by the CRO to grasp the risk situation of the entire Group. At the same time, we are working to reduce risks across the whole Group by selecting the top risks for the Group to focus on and checking countermeasure activities.

Risk Heat Map



Top Risks for the Group

After deliberation by the Risk Management Committee, the following were identified as the Group's top priority risks for FY2025.

Risk title	Background for considering it a top priority risk	Anticipated impact on the JTEKT Group	JTEKT Group's Response
(1) Acceleration of digitalization	- Declining demand for internal combustion engine (ICE) vehicles due to stricter environmental regulations, transition to battery electric vehicles (BEVs) - Increasing importance of digital technologies, as represented by software-defined vehicles (SDVs)	- Declining demand for ICE parts - Potential decline in competitiveness within the industry if unable to meet the technological, speed, and cost requirements of emerging manufacturers who are making great strides	- Management must understand digitalization, set digital transformation(DX) goals, assign appropriate human resources, promote DX throughout the Company, and improve operational agility - Active research and development of innovative and attractive new products and technologies
(2) Human capital management	- Lack of specific human resources necessary for executing growth strategies (business planning capabilities, leadership, speed) - Skill gaps (particularly in DX and software-related areas) - Insufficient coordination between management strategy and human resources strategy	Insufficient talent acquisition, development, and retention can result in an inability to allocate sufficient talent to priority areas, weakening the ability to achieve goals	- Centralization of HR information and construction of a talent portfolio - Recruitment branding - Promoting Diversity, Equity and Inclusion to enhance engagement - Strengthening the development of software talent
(3) Cyber attacks	- Cybersecurity is not just an IT department issue - Cybersecurity is a corporate strategy that goes hand in hand with digitalization - Cybersecurity is a core element of risk management and business resilience	- Business interruption and the resulting stoppages of customer production line - Penalties for GDPR violations - Loss of trust due to theft or leakage of customers' confidential information	- Establishment of a safe and secure IT infrastructure for the entire Group - Strengthening of governance systems at the regional level - Conducting training involving top management in the event of an emergency
(4) Legalization of sustainability information disclosure	- In recent years, sustainability information disclosure standards are being established both domestically and internationally - There is a demand for extensive and detailed information disclosure, and there are challenges in managing data and ensuring accuracy throughout the entire value chain	Damage to reputation caused by incomplete or incorrect disclosure	- Establishment and advancement of sustainability data collection, management processes, and systems - Preparation for third-party assurance
(5) Large-scale earthquakes	- Japan is one of the most earthquake-prone countries in the world - According to scientific predictions, there is a high probability that a massive Nankai Trough megathrust quake will occur within the next few decades	- Difficulty in ensuring employee safety and confirming their well-being - Damage to production and distribution centers - Disruption of the supply chain	Establishment of an initial response headquarters system capable of responding to multiple disaster scenarios
(6) Quality fraud and falsification	- Compliance with product quality laws and regulations is directly linked to the trust of customers and local communities - Strict management is increasingly required and is an essential element for achieving sustainable growth	- Huge costs associated with recalls - Deterioration of business performance due to loss of customer trust - Damage to corporate reputation and brand value	- Organizational culture reform (respect for psychological safety) - Anonymous surveys and workplace outreach - Continuous education for middle managers on the implementation of our corporate philosophy - Quality system inspections (cross-checking between departments)

Compliance

Basic Stance

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

Training and Awareness-Raising Activities, and Check and Improvement Activities

We provide ongoing education and awareness-raising activities for officers and employees of the Group on compliance. In particular, we hold executive training every year for our key officers.

In FY2024, we invited experts to give lectures on the responsibilities required of leaders in times of change and held workshops on points to note in enhancing corporate value through compliance, and each executive issued a declaration of action.

In addition, every July is designated as Compliance Awareness Month to support the implementation of compliance in each workplace by disseminating a message from the president to all employees of the Group, providing e-learning, and providing educational materials for reading at workplaces.

Furthermore, we conduct annual compliance self-checks across the entire Group and reflect the results in planning for the following fiscal year and beyond. In addition, starting this fiscal year, we have been conducting anonymous questionnaires of our employees on compliance violations not only within JTEKT but also within the Group, and strive for prevention of compliance violations through careful fact-finding.

Compliance with Competition Laws / Prevention of Corruption (Bribery)

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

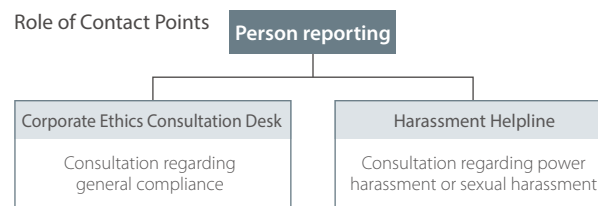
Whistleblowing System

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

Number of Whistleblowing Incidents in the Past Five Years

FY	2020	2021	2022	2023	2024
No. of reports	47	70	74	96	95

Role of Contact Points



Appropriate Tax Payment

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

JTEKT Tax Policy

<https://www.jtekt.co.jp/e/sustainability/governance/taxpolicy/>