Sustainability

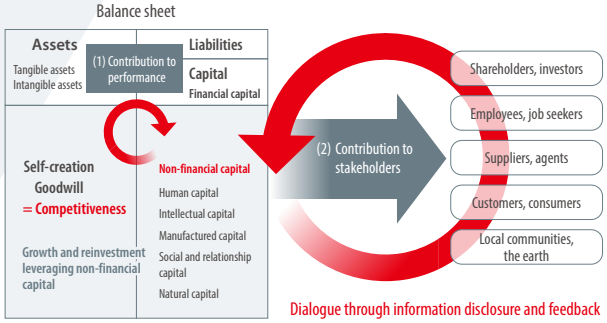
Sustainable Management at JTEKT

JTEKT's business activities are supported by a wide range of stakeholders, including shareholders, investors, customers, suppliers, employees, and local communities. We believe that a thriving global environment in which people can live with peace of mind is a fundamental prerequisite for the continued and stable progress of our business. Based on this belief, and in accordance with our Mission of "Joint Technology to bring joy to the planet earth and all working people," we will use our business activities to address the social issues faced by stakeholders. As such, we have set out a management policy of enhancing our corporate value in the medium and long term by sustainably growing together with society.

In order for JTEKT to help address such social issues and thereby continue growing as a company, it is vital that we work to strengthen the non-financial capital that underpins our sustainable growth, including human capital and intellectual capital. Based on our understanding that the development of non-financial capital is a core element of sustainable management, we engage in sustainability-related activities.

Our Approach to Sustainable Management

By stimulating discussions and activities aimed at strengthening our management capital, particularly our non-financial capital, we aim for management capable of contributing to (1) the enhancement of the company's performance and value and (2) the happiness of our stakeholders.



To help address social issues and effectively develop our non-financial capital amid a rapidly changing external environment, it is essential that we constantly verify whether our direction is the correct one. Engagement with stakeholders through information disclosure and dialogue is a vital and effective part of this assessment. We ground our management in the process of properly disclosing information about our business activities and asking stakeholders to assess whether we are properly making contributions that delight society and whether we are properly managing our non-financial capital toward that end.

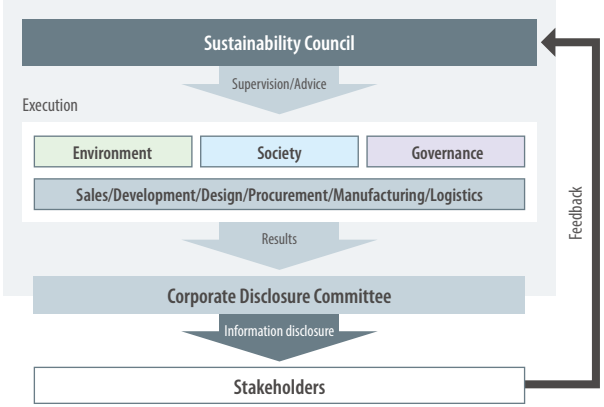
Through such co-creation with stakeholders, we will advance sustainable management aimed at solving social issues and developing non-financial capital, thereby enhancing our corporate value in the medium and long term.

Sustainability Promotion Structure

JTEKT has a corporate governance structure with the Board of Directors at the top. However, decisions on sustainability-related policies and strategies, as well as reports on sustainability-related initiatives within the Company, are primarily carried out by the Sustainability Council, which was renamed from the Council for Enhancement of Corporate Value in FY2024. Composed of Senior Executive Officers, CxO-level officers overseeing internal functions, and all members of the Board of Directors, including outside officers, the Sustainability Council complements the Board of Directors by functioning as a monitoring and advisory board.

Themes discussed by the Sustainability Council are translated into specific initiatives by responsible departments engaged in related work and are reflected in business activities. JTEKT discloses information on these business activities through channels such as this integrated report, the JTEKT Report, annual securities reports, corporate governance-related reports, our corporate website (https://www.jtekt.co.jp/e/sustainability/), and public relations activities.

Example of Disclosure of Information Related to Sustainability Activities



FY2025 Sustainability Council Members

Yoshihito Kondo	President, Member of the Board (Council Chair), CEO, Chief of Production Engineering Division
Koichi Yamanaka	Director, Member of the Board, Chief in charge of North America and Europe
Toshiaki Shinya	Senior Executive Officer, Member of the Board, CPO, Chief of Production Division
Ikuji Ikeda	Outside Director, Member of the Board
Yumiko Sakurai	Outside Director, Member of the Board
Isao Nakanishi	Director, Member of the 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
Akiko Miyakawa	Outside Member of the Audit & Supervisory Board
Kenichi Ishioka	Senior Executive Officer, Chief of Sales & Marketing Division
Yoshihisa Miura	Senior Executive Officer, Chief of Industrial and Bearing Business Unit
Katsutoshi Sakata	Senior Executive Officer, CTO, Chief of Automotive Business Unit
Kenshi Miyafuji	Senior Executive Officer, Chief of Machine Tools & Manufacturing Systems Business Unit
Tomoaki Kuki	Senior Executive Officer, CBO
Kazuyuki Kamiya	Senior Executive Officer, CFO, Chief of Corporate Division
Shinobu Shimizu	Senior Executive Officer, CINO, CRO, Chief of Innovation Division, Chief of General Administration & Human Resources Division
Kazuo Inoue	Senior Executive Officer, Chief of Purchasing Division
Ko Sahara	CIO, CISO
Susumu Kitamura	CQO, Chief of Quality Management Division



Sustainability Council meeting

These important information disclosures are made following discussions by the Corporate Disclosure Committee, which is chaired by the CFO and operated primarily by related departments in the Corporate Division. Discussions focus on the appropriateness of the content and expressions of disclosures from the perspective of ensuring that communication to stakeholders is appropriate, timely, and neither insufficient nor excessive. Information disclosed in this manner is used in external events, in internal education, and as a foundation for constructive dialogue with stakeholders.

See p. 25 for additional information on dialogue with stakeholders.

Evaluations of the Company gained through dialogue with stakeholders, particularly concerning management issues viewed from the outside, are fed back to the management team through regular reports at the Sustainability Council. Incorporating the valued opinions of stakeholders into our management to inform new initiatives, thereby furthering the realization of our Mission and Vision, lies at the core of our structure to promote sustainability.

Sustainability Strategy

Environmental Field

JTEKT considers environmental conservation and restoration, both foundations of a sustainable society, as part of our social responsibility. We have long undertaken efforts that include the reduction of substances of concern, and in recent years have promoted the transition to a carbon-neutral society as a priority measure. We believe that the know-how gained in that process contributes to solving customer issues, and evaluate it as a part of our factory solution initiative. As a Monozukuri company focused on metal products, we also tackle contributing to a circular economy as a key measure in our business strategy.

Social Field

JTEKT seeks to contribute to everyone involved in work with the Company through our "people and site-first management."

We strive to create a safe and worry-free workplace environment in which employees can realize their full potential and achieve self-actualization, and we make efforts to respect the human rights of all people across our value chain. As a Monozukuri company working in areas such as mobility and machine tools, we are committed to maintaining and enhancing product safety and product quality to ensure the safety and comfort of our customers and end users.

Corporate Governance

JTEKT's management structure must align with the goals of its Mission and Vision for it to achieve both and grow sustainably together with society.

We will strengthen our earning power by transforming into a solution provider and by offering solutions to social issues. We will build a robust management structure capable of achieving targets while adapting to a changing business environment, and will strive to enhance our corporate value through prompt and resolute decision-making.

See p. 61 and later for information on our corporate governance initiatives.

Sustainability Council Meeting Agendas

	FY2024				FY2025			
	1st meeting	2nd meeting	3rd meeting	4th meeting	5th meeting	6th meeting	7th meeting	8th meeting
Sustainable management in general	• Issues in promoting sustainability and steps forward	–	• Issues seen in the findings of external evaluations • Review of proposed additions to Materiality	• Review of past sustainability activities	• Review of the current FY activity policy and the behavioral guidelines	• Positioning and draft of the structure of the behavioral guidelines	• Formulation of the behavioral guidelines	• Review of past sustainability activities
Information disclosure and dialogue	–	• Disclosure of non-financial information and issues in its use • Status of other companies' sustainability disclosures	–	–	• Non-financial information disclosure • IR feedback	–	–	–
Governance and internal control	–	–	–	• Status of risk management initiatives	–	–	• Strengthening of the functions of the Board of Directors	• Status of risk management initiatives
Natural capital and environmental strategy	• Status of and issues in climate change response	–	–	–	–	• CN solutions	–	–
Human capital and human rights	–	• Human capital aimed at achieving Second Medium-Term Business Plan targets	–	• Employee engagement	–	–	• DE&I policy and health and productivity management policy	• Employee engagement
Intellectual capital	–	–	–	–	–	• Current state of and prospects for CCP	–	–
Manufactured capital and digitalization	• Status of and issues in information security response	–	–	–	–	–	–	–
Social and relationship capital and quality	–	–	• Issues in value chain management	–	–	–	–	–

Special Feature

Roundtable Discussion on Sustainability



Rie Suzuki
Sustainability Council Secretariat
Chief of Business Field, Corporate Planning Department, Corporate Division

Yasushi Matsui
Outside Member, Audit & Supervisory Board

Akiko Miyakawa
Outside Member, Audit & Supervisory Board

JTEKT actively incorporates the diverse knowledge and independent perspectives of outside officers into its management with the aim of strengthening the Company's corporate governance. The Sustainability Council functions as a venue where all members of the Board of Directors, including outside officers, take part in discussions on topics related to management fundamentals. In this roundtable discussion, Yasushi Matsui and Akiko Miyakawa, both outside members of the Audit & Supervisory Board, and Rie Suzuki, secretary of the Sustainability Council, discussed the deliberations of the Council and the contributions of outside officers to JTEKT.

The enhancement of corporate value through Sustainability Council discussions and the contributions made by outside officers

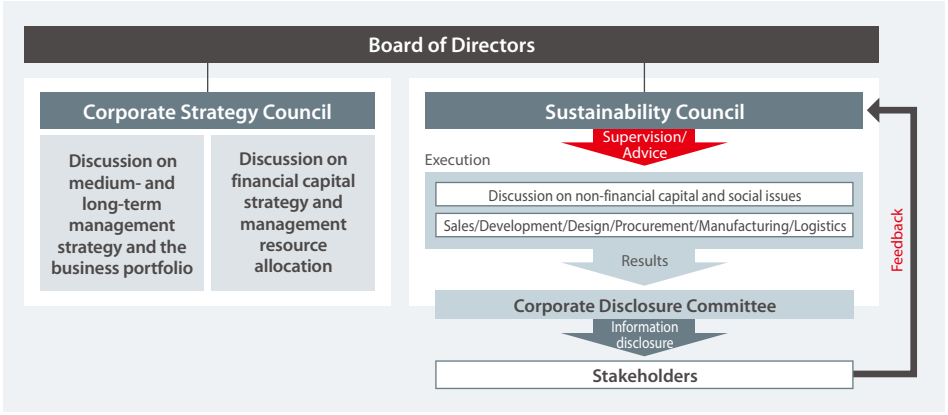
Sustainable management as an element of competitiveness

Suzuki Sustainability has undergone change from a voluntary undertaking to one viewed as a management factor that directly relates to corporate value. The nature of the communications expected of companies, too, has changed significantly from accurately relating past achievements to presenting future growth strategies and directions for contributing to society.

Matsui It would be difficult to say that the Company's market capitalization reflects a proper evaluation of its innate competitiveness. All stakeholders are seeking a positive cycle by which a company plays a role as a public instrument of society, generates revenue, and creates better products through reinvestment. Information disclosure, too, must change from a rearview mirror reflecting the past to something that looks forward, presenting the directions of a company's growth and social contribution. For some time, I have felt weakness in the Company's communications capabilities to be an issue and have conveyed this view within the Council. Because advancing investors' understanding of sustainable management also connects to reducing the cost of capital, I think it's important that the Company engage in communication more actively than ever.

Miyakawa From the significant reactions in stock price to announcements of shareholder returns and share buybacks, I realized anew where investors' interest lies. At the same time, the essence of sustainability is the continued survival of a company, that is, the growth strategy itself. Achieving solid earnings while leveraging its core technologies to contribute to society is what will allow the Company to move forward with investing for growth. Our role as company outsiders is to bring in perspectives not found within the Company. Accordingly, I try to express opinions from the perspectives of accounting and of gender.

Suzuki Thank you. Reframing sustainability measures as actions to be carried out by oneself as an element of competitiveness, not as actions carried out because you have been told to do so. Also, articulating, in a manner integrated with financial results, how the Company's climate change actions, respect for human rights, promotion of diversity, and other ESG themes tie to product capabilities and to competitive advantage in business. The Secretariat recognizes these two areas as the greatest themes to be addressed under the Third Medium-Term Business Plan.



Roundtable Discussion on Sustainability

Deepening Sustainability Council deliberations with outside perspectives

Suzuki Since FY2024, we've held discussions originating in the Company's Mission, covering revision of the Company's Materiality to be in line with the Corporate Sustainability Reporting Directive, the public announcement of our Mission, Vision, and Value (MVV) in May 2025, the formulation of behavioral guidelines to entrench MVV as a foundation for everyday decision-making, and other topics. We have also carried out discussions on IR and SR feedback and on the state of progress toward transformation into a solution provider, and in FY2027 will move forward with a discussion series on human capital.

Miyakawa What particularly stands out to me is how discussions broadened from IR feedback to the importance of SR, which led to a number of insights. Considerable time was also spent on the behavioral guidelines. I myself spoke about the importance of the diversity and endeavors of every individual. For employees, who hold varied roles and senses of value, I feel that the behavioral guidelines have turned out well in a way that closely aligns with employees, who remain conscious of a vision that leads to joy and a sense of accomplishment in work.



Matsui I have the impression that the Company's Sustainability Council seriously addresses matters ahead of other companies. The themes it addresses are comprehensively organized, and I commend the way that topics, from IR and SR feedback to visions for the Board of Directors, are sincerely discussed with a sense of personal ownership by participants. In particular, the way outside officers participate in the Sustainability Council and very actively speak out seems uncommon in other companies. People outside the Company sometimes bring in different opinions. I feel that the Company's high receptivity to taking in and discussing these opinions is a strength that directly relates to the enhancement of corporate value.

Suzuki What made an impression on me is that discussions went beyond defensive debates on how to respond to disclosure requests, to also encompass deliberations on essential matters originating in the Company's Mission, including questions of what Materiality is unique to JTEKT and how the behavioral guidelines can be entrenched as the foundation for employees' decision-making. ESG themes are discussed not as matters for disclosure, but as initiatives for enhancing ongoing competitiveness, something that I feel is largely due to the lead taken by outside officers.

Organizational strength enhanced by human capital and diversity

Suzuki We had discussions on the behavioral guidelines, and we reaffirmed that respect for diversity and the creation of rewarding workplaces form an indispensable foundation for achieving the Company's Mission. When an internal survey identified diligence and receptiveness, but also passivity, as characteristics of the Company, discussions were held on the need to transform the Company culture so that all employees can take initiative with a sense of purpose aimed at effecting the transformation into a solution provider.

Miyakawa On the topic of human capital, I believe it's important to first clarify business strategy in terms of what future direction the Company will take and what it will explore in depth, and to proceed with human resources recruitment and training in a manner that is integrated and that conforms to the business strategy. Given the possibility of sudden changes in the business environment, rather than holding human capital fixed in place, I feel there's a need for flexibility that allows human resources to work where they can best demonstrate value at that time.



Matsui I believe that the essence of diversity lies not in compensating for labor shortages but in enhancing organizational capabilities through the mingling of different perspectives. Toward this end, inclusion—that is, receptivity—is essential. The high receptivity of the Company can also be seen in its retention of mid-career recruits. The Company, in which two business entities became one in the past, is inherently a company that embraces diverse senses of value. I think that fusing these, not leaving them disparate, will provide a major opening for discussions on human capital.

Miyakawa A company needs not only people who take on the challenge of new things, but also people who support this, and people who steadily accomplish the work before them. A company that positively recognizes such diverse working styles and contributions can make good use of people and strengthen its organizations.

Matsui Heading toward the next Medium-Term Business Plan, in addition to diversity, and Kenko Investment for Health, the Company should add human capital in the AI era as a point for discussion. If physical AI grows in presence alongside generative AI, then significant changes will occur not only in human capital, but also in manufactured capital and approaches to investment. Given the speed of AI's exponential evolution, I think the Company should start preparing.

Strengthening governance to enhance corporate value



A Sustainability Council meeting

Suzuki With the majority of companies listed on the Tokyo Stock Exchange Prime Market having transitioned to a committees-type model, in FY2025, the Sustainability Council held discussions on governance that is effective for the Company. Looking ahead, we also hope to revise the agenda of the Board of Directors. If you notice any areas where discussion is lacking, please let me know.

Miyakawa In the design of a corporate structure, effectiveness is more important than the form itself. The Company's Board of Directors has free and open discussions that include participation by members of the Audit & Supervisory Board. There seem to be no major problems with the current structure in terms of serving as a monitoring board.

Matsui What matters more than focusing on form is having management that is solid. What choices should the Company make to raise its corporate value? I think we should hold substantive discussions on this. In Board of Directors meetings, we should continue to discuss management that is conscious of capital efficiency and of the cost of capital. There is also room for even deeper screening of individual investment projects and discussions on a financial strategy. I believe it would be good to delve into approaches to shareholder returns originating in the balance sheet, and to further discuss ways to enhance financial literacy throughout the Board of Directors.

Miyakawa Breaking things down based on the ROE tree, metrics that should be tracked at the department level come into view. The Company has metrics in individual departments' areas of responsibility, recognizes the achievement of these, and examines issues when they are not achieved. With analysis now making progress, I look forward to seeing initiatives that instill consciousness of capital efficiency throughout the Company, with detailed follow-up.

Matsui There's also the question of how to organize the relationships among businesses, functions, and regions. The three-axis matrix structure is susceptible to opacity in showing where responsibility and authority lie. While there is no single form that can be called correct, at times it is important to have the courage to effect great changes in the organization and to integrate responsibility and authority at those times.

Suzuki Decision-making slows down when it's unclear where responsibility and authority lie, something that I see as a real issue. I would like the Board of Directors to hold discussions on approaches to delegation of authority with a view toward transformation into a solution provider, with consideration of the structural difficulty.

Toward a Sustainability Council that turns uncertainty into opportunity

Suzuki Amid the rise of geopolitical risks and other uncertainties, what discussions should the Sustainability Council hold in the future?

Miyakawa Decisions on major investments become difficult amid rising uncertainty, which suggests to me the need to make small decisions while carrying out course corrections. I think there is a need to consider what sort of organization will be able to make quick decisions and take flexible actions. Sharing cases of benchmarking against other companies should also make the Company's position clearer.

Matsui I think three points will be important for the Company in enhancing its corporate value. The Company must take into account the impacts of AI on each of the six major capitals, explain how non-financial and financial factors connect to competitiveness in a way that resonates, and incorporate the perspectives of all manner of stakeholders. I also think it would be good to hold discussions on narrowing the Company's domains. When domains are not clearly defined, areas of business grow without order and timely decisions on withdrawal from businesses also become difficult. For that reason, I think it would be good to determine domains at the individual business level.

Suzuki Amid the increasing uncertainty that was pointed out, I feel that the grounds for determining what to grow and what to quit will become more important than ever. And for the Company, its approach to domains is still very broad so it must be made more detailed. That's why I think it's important to raise the quality of management decision-making, including decisions on the business portfolio and investment, using MVV as criteria for making judgments. Hearing the points made today, I realize anew that discussions within the Sustainability Council are a source of greater corporate value for the Company and that outside officers provide support for that. I would like such insights to be solidly reflected in future discussions and decision-making, and to connect to the further enhancement of corporate value.



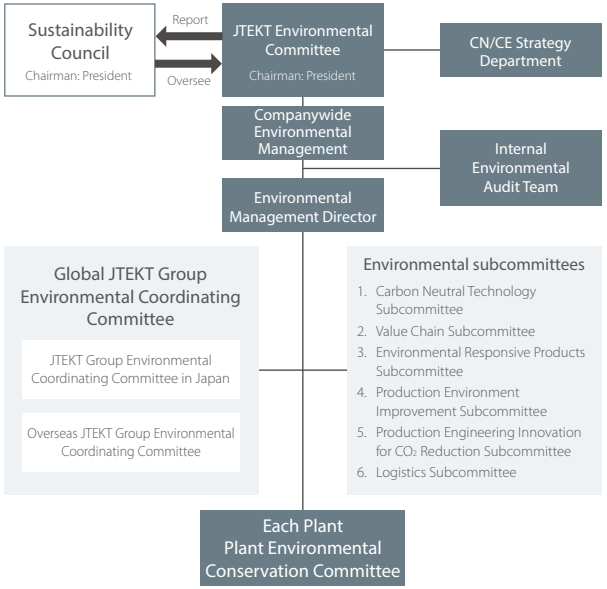
Environment

Environmental Management Promotion Structure

Our Company considers "protect the rich earth for future children" to be an important management theme. Looking toward 2030, we have set targets for the three pillars of carbon neutrality, circular economy, and nature positive, as well as environmental management, which serves as the foundation for our actions. We will also continue to advance initiatives that minimize our environmental impact. Progress toward these targets is shared across the environmental management promotion structure centered on the JTEKT Environmental Committee, which is chaired by the President, while its activities are regularly reported to the Sustainability Council for oversight by senior management.

To ensure that all environmental initiatives are conducted with an even stronger sense of unity as the JTEKT Group, we will review our promotion structure starting in FY2026 and work to raise the overall standard of our activities.

Organizational Chart

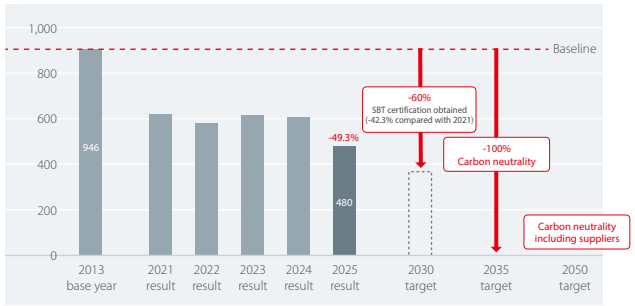


Working to Achieve Carbon Neutrality

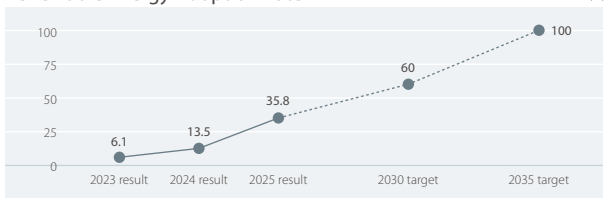
Our Company has declared that it will achieve carbon neutrality in its global manufacturing by 2035. To this end, we have set a FY2030 target for CO_2 emissions, which has been certified by Science Based Targets (SBT). To meet this target, we are promoting energy-saving activities as one global team. This involves visualizing energy consumption by process and expanding energy-saving activities that have been effective at domestic manufacturing sites to Group companies both in Japan and overseas. Moving forward, we will further visualize the status of each site by creating a matrix of effective initiatives and manufacturing sites, and work to accelerate the rollout of these initiatives across the Group.

In addition, to achieve a 60% renewable energy introduction rate by FY2030, we are adopting renewable energy through on-site solar carports and off-site physical and virtual PPAs, steadily working toward achieving carbon neutrality.

Global CO_2 Emissions Performance and Targets



Renewable Energy Adoption Rate



Topics

Start of Demonstration of a Carbon Neutral Model at the Hanazono Plant

As part of our initiatives toward achieving carbon neutrality, we have installed a CN Plant—a facility that generates, stores, and supplies hydrogen using renewable energy—and a hydrogen burner-type aluminum melting and holding furnace at the Hanazono Plant (Okazaki City, Aichi Prefecture). This marks the start of a demonstration for the local production and consumption of green hydrogen on a plant-scale basis.

The CN Plant produces green hydrogen by performing water electrolysis with the electricity generated by solar power. This hydrogen is filled into tanks, while surplus electricity is stored in batteries to ensure the efficient use of energy. In addition, hydrogen supply piping has been installed within the plant, establishing a system in which the entire process of making, storing, transporting, and using hydrogen can be completed entirely on-site. By using this hydrogen in the hydrogen burner-type aluminum melting and holding furnace, we are able to reduce CO_2 emissions and achieve a manufacturing process with a lower environmental impact. Having established a plant-scale model for the local production and consumption of green hydrogen at the Hanazono Plant, we will expand this approach to aluminum casting processes at other plants going forward, thereby advancing CO_2 emissions reduction under Scopes 1 and 2.

These results were achieved through the subsidy program "Development of Technologies for Realizing a Hydrogen Society / Regional Hydrogen Utilization Technology Development / Development of an Aluminum Melting Furnace Using a Hydrogen Burner and On-Site Hydrogen Infrastructure Technology" funded by the New Energy and Industrial Technology Development Organization (NEDO).

Details on the CN Model Plant

https://www.jtekt.co.jp/news/2025/004975.html (Japanese)



CN Plant



Hydrogen burner-type aluminum melting and holding furnace

Disclosure of Information in Accordance with the TCFD Framework

The Task Force on Climate-related Financial Disclosures (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.

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

Based on the TCFD recommendations, we have anticipated the risks on our business and identified risks and opportunities by category for multiple scenarios, including 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. We have set the short-term period up to 2026, the medium-term period up to 2030 (our medium-term target year), and the long-term period up to 2050 (the target year for our Environmental Challenge).

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, while the effect (opportunity) of increased sales of electrified products and the achievement of CO_2 emissions reduction targets will be approximately 30 billion yen.

Furthermore, 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.

List of Initiatives in Line with the TCFD Framework

Item	Content	Initiatives
Governance	Supervisory system by directors Organizational chart shown on p. 50	• In 2016, the Council for Enhancement of Corporate Value, which was the predecessor to the Sustainability Council attended by the President, directors, and related executives, approved the Environmental Challenge 2050 • The JTEKT Environmental Committee reviews the progress of environmental management including KPIs on a semi-annual basis
	Role of management in assessing and managing risks and opportunities	• The President, who has responsibility and authority for environmental issues including climate change, serves as chair of the Sustainability Council and appoints an Environmental Management Director from among the executive officers • The Environmental Management Director formulates a five-year Environmental Action Plan, which is submitted to and approved by the JTEKT Environmental Committee
Strategy	Details shown on the left	
Risk Management	Process for screening and assessing risks	• Position environmental risks, including climate change, as one of the business and management risks, and decide on matters to be deliberated and addressed in the JTEKT Environmental Committee, chaired by the President • Evaluate risks identified in all business activities and confirm countermeasures
	Process for managing risks	
	Integration with comprehensive risk management	• Confirm that risk management is functioning effectively and regularly review risk items, countermeasures, and evaluations
Metrics and Targets	Risk and opportunity assessment indicators	• Set specific numerical targets for CO_2 emissions from production and CO_2 reduction contributions from the use of our products in our five-year Environmental Action Plan* as indicators related to climate change • Disclose 12 categories related to our Company for Scope 1 and 2 CO_2 emissions from production and Scope 3 indirect emissions *Published on our Company website's Sustainability Environmental Report https://www.jtekt.co.jp/e/sustainability/environment/
	Disclosure of Scopes 1, 2, and 3	
	Risk and opportunity management targets and results	• CO_2 emissions from production are on track to meet the challenge targets of a 45% reduction by 2025 and a 60% reduction by 2030 compared to FY2013 levels, with a 49.3% reduction achieved in FY2025 • Targets and achievements are disclosed annually in the JTEKT Report

List of Risks and Opportunities in the Scenarios Used

Item	Category	Overview	Time scale	Impacts under the 1.5°C scenario	Impacts under the 4°C scenario	Countermeasures by the Company
Transition Risks	Policy and Legal	• 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 trading systems Additional costs will be incurred when emissions quotas are exceeded	Short term–long term	Large	Small	• Set CO_2 emissions reduction targets • Gather data on emissions results including Group companies • Energy saving in production processes • Reduction of CO_2 emissions in logistics
		• 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	• Development of bearings for BEVs and FCEVs
Physical Risks	Acute	• 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	• Formulation of the Basic Policy for JTEKT Group Business Continuity Plan • Implementation of disaster drills, disaster mitigation training, preparations for the early restoration of product supply, and other measures
Opportunities	Policy and Legal	• Renewable energy policies With the increase in solar power generation due to the promotion of renewable energy, there is a growing need to utilize surplus electricity Not only within our own Company, but also among our business partners, there is a growing demand for energy-saving equipment in each production process	Medium term	Medium	Small	• Development and demonstration of hydrogen management system technology that utilizes electricity generated from renewable energy to reduce CO_2 emissions under Scope 1 See "Topics" on p. 50 for details
		• 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	• Development of products that contribute to the miniaturization and weight reduction of electric drive systems (JTEKT Integrated Gear Bearing™) • Development of bearings that overcome hydrogen embrittlement (EXSEV-H2™)
	Technology	• 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	• Continue energy-saving activities and develop energy-saving production technologies by improving production process efficiency (SuperMoldatherm)

Notes: 1. Time scales Short term: Present – 2026, Medium term: 2030, Long term: 2050.
2. Impact assessments were set as follows: Large: Amount of impact exceeds 10 billion yen, Medium: Amount of impact is 1 billion to 10 billion yen or less, Small: Amount of impact is 1 billion yen or less.

Environment

Contributing to the Circular Economy

The Circular Economy Vision 2020 (Ministry of Economy, Trade and Industry) calls for a shift from the traditional "3Rs (reduce, reuse, recycle) as environmental activities" to a "circular economy as economic activities" that approaches design and system creation to prevent waste. Furthermore, the 2024 Fundamental Plan for Establishing a Sound Material-Cycle Society calls on businesses to fulfill their social responsibilities, which are essential for sustainable development that will benefit future generations, through environmentally conscious business activities such as the use of recycled materials and renewable resources.

In Europe, the End of Life Vehicles (ELV) Regulation, which consolidates the "ELV Directive" and the "Directive on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability" into a single regulation, was proposed in 2023 and agreed upon in 2025. This regulation requires automobiles to promote the use of recycled materials and reduce environmental impact at the end of their lifecycle. In Japan, legislative amendments in 2025 aim to mandate the use of recycled resources and promote environmentally conscious design.

Our Company has been contributing to the circular economy through environmentally conscious design, remanufacturing and rebuilding of our own products, and the recycling of industrial waste.

Moving forward, we will continue to contribute to the realization of a circular economy through the activities of our various environmental subcommittees. This includes the Environmental Responsive Products Subcommittee, which promotes the development of environmentally conscious products that are compact, lightweight, and highly efficient while taking resource circulation into account, and the Production Environment Improvement Subcommittee, which works to reduce waste and promote material recycling in our business activities.

See p. 50 for details on our promotion structure.

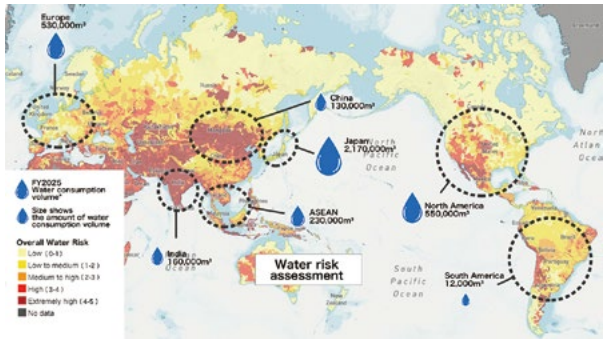
Water Risk Assessment and Countermeasures

To reduce the use of water, a crucial resource, we are reducing water consumption internally by eliminating waste and recycling water. We also use Aqueduct* to assess water risks at each of our business sites.

Among these, we have identified sites where water stress that directly affects our business has been assessed as high risk as water-stressed areas.

* Aqueduct: A database operated by the World Resources Institute (WRI). It provides world maps and information showing water risks such as "physical water stress," "water quality," "legal and regulatory risks related to water resources," and "reputation risks."

Water Risk Assessment and Usage at Each Site



Water Risk Measures

As a result of regular assessments, the JTEKT Group's production sites in India and Mexico were evaluated as having high water stress. For these regions, we have set higher targets for reducing water consumption in each region and are promoting measures such as water recycling and coolant regeneration.

Harmony with Nature / Biodiversity

We have formulated the 2030 Environmental Action Plan based on our Biodiversity Conservation Action Guidelines 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 implementing initiatives at all of our plants, based on three key pillars: the conservation of rare species that inhabit or grow at each plant, the enhancement of the local natural environment surrounding each plant, and the development of environmental human resources to continuously promote biodiversity.

Key initiatives include efforts to protect the Japanese rosy bitterling, a locally endangered species, in a pond on plant grounds (Nara Plant); efforts to protect fiddler crabs inhabiting the tidal flats of the Yoshino River adjacent to a plant (Tokushima Plant); and efforts to eradicate lanceleaf coreopsis, an invasive species that is spreading in the areas where our plants are located (Kariya Plant and Tadomisaki Plant). Each of our plants is implementing various initiatives of this nature.



Protecting the Japanese rosy bitterling



Protecting fiddler crabs

KENKO Investment for Health, Safety, and Human Rights

KENKO Investment for Health

We promote our KENKO Investment for Health initiative because we believe that investing in employee health leads to improved employee engagement and performance, which in turn contributes to sustainable growth and the enhancement of corporate value. By actively promoting employee health, we aim to create a workplace environment where each and every employee can work in a healthy and fulfilling manner.

Key Initiatives

We recognize labor losses due to employee health issues as a significant business risk and are implementing initiatives that focus on absenteeism (such as absences due to health issues). We evaluate employee health using metrics such as the number of employees on leave due to illness and the number of days of such leave, and prioritize addressing mental health issues, preventing and improving lifestyle-related diseases, and enhancing health awareness. In recognition of these efforts, we were once again certified as an Outstanding Organization of KENKO Investment for Health (White 500) for FY2025. In FY2026, we will newly formulate the JTEKT Group Policy for Promoting KENKO Investment for Health to further advance our KENKO Investment for Health initiative.

Occupational Safety

Based on the philosophy that "all accidents can be prevented," we aim for zero accidents by having all employees take part in occupational safety and health activities and in improving the workplace environment. Furthermore, by sharing information, including case studies from both Japan and overseas, we clearly identify contributing factors and implement highly effective safety measures. In FY2025, we achieved zero lost-time injuries through these efforts. In FY2026, we will work to establish and further strengthen our occupational safety and health management system with the goal of obtaining ISO 45001 certification.

Respect for Human Rights

We recognize that the impacts of our business activities on human rights issues are not limited to those from our own company but also extend to impacts throughout the supply chain. Also, JTEKT avoids causing or exacerbating human rights violations, and takes appropriate measures to correct and remedy the situation if human rights violations do occur, in accordance with guidelines such as the UN Guiding Principles on Business and Human Rights. Our efforts to respect human rights are reported to and reviewed by the Sustainability Council, and progress reports are submitted to officers of the relevant divisions as appropriate.

Implementation of Human Rights Due Diligence

We conduct human rights due diligence in accordance with the JTEKT Group's Human Rights Policy.

JTEKT Group's Human Rights Policy
https://www.jtekt.co.jp/e/sustainability/human_rights_policy.html

Risk Assessment

We conduct human rights risk surveys and provide feedback to our major domestic suppliers, and we also conduct annual human rights risk surveys for our domestic affiliates.

Consultation Counters

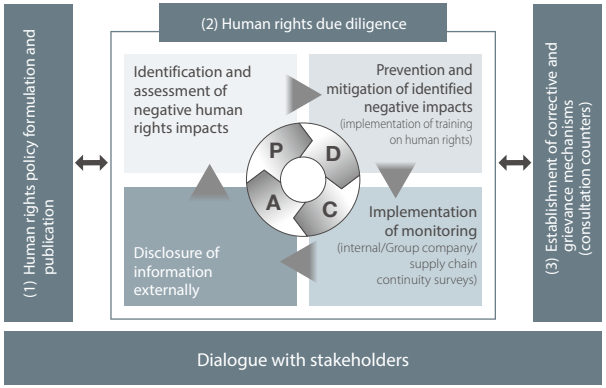
JTEKT has counters for consultation and reporting both internally and outside the Company. We also accept anonymous reports and reports in foreign languages in an effort to create an environment in which one can readily and easily consult and report. In the event that a human rights violation has been identified, we will take appropriate corrective measures and remedies after ensuring that the whistleblower is not identified.

Training and Awareness Activities

We conduct awareness activities to facilitate employees putting into practice behaviors based on the JTEKT Group's Human Rights Policy. Human rights training is provided to all employees, including new recruits, with training also implemented on discrete themes including harassment and diversity, which have been stipulated as priority human rights issues for our Company, as well as human rights training for executives by inviting external experts. In FY2025, we again conducted training titled "Mutual Respect Month" for all employees in Japan, in which we held workplace-based discussions on unconscious bias. We aim to promote understanding of unconscious bias and encourage each employee to become more aware of it, thereby enhancing workplace inclusion.

Supply Chain Initiatives

We assessed the conditions of foreign technical intern trainees as well as the use of conflict minerals in the supply chain as part of initiatives to address our Company's priority human rights issues of forced labor and slavery and child labor. For more details on the survey on conflict minerals, see "Supply Chain Management" on p. 55. P.55



Information Security

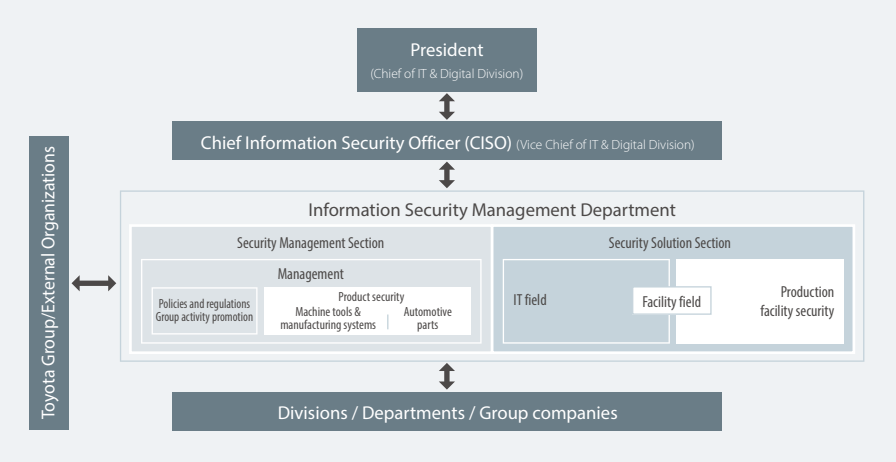
Approach and Promotion Structure

While recent corporate activities require effective use of information systems and transformation through digital technologies, information security risks such as sophisticated cyberattacks and internal information leaks are increasing year by year. We view information security not only as a risk mitigation measure to protect corporate activities, but as a critical management foundation that underpins the reliability of our products and services and ensures the trust of our stakeholders.

Drawing on the lessons learned from a past incident of unauthorized access to the Group, we are promoting further initiatives to strengthen our information security.

As a manufacturing company, we believe that we have a responsibility to take security measures (product security) for the products we deliver to our valued customers and to ensure the operation of our production lines (production equipment security). In today's corporate management, where the importance of sustainability is required, it is necessary to avoid and minimize risks that significantly impair corporate value.

Information Security Structure



JTEKT Group Policy of Information Security
https://www.jtekt.co.jp/e/sustainability/governance/informationsecuritypolicy/

Against this backdrop, in order to further improve the level of security and maintain an information security system appropriate to its realization, JTEKT has a Chief Information Security Officer (CISO) and a specialized department dedicated to information security (Information Security Management Department), and implements initiatives based on the JTEKT Group Policy of Information Security.

Initiatives to Strengthen Security

1 Strengthening Security Governance

Led by the CISO and the Information Security Management Department, we are working with each division and function to implement safety checks on various information technology systems used and those installed in products, as well as information gathering and dissemination regarding threats to those systems, across the entire Group. We are striving to build a system that enables early detection and response.

In addition, in order to prevent the leakage of confidential information and protect information assets from cyberattacks, we are working to continuously maintain and improve information security by conducting inspections of our Company and consolidated subsidiaries using the Genchi Genbutsu method ("Go and see for yourself") and providing guidance for improvement in accordance with industry guidelines.

2 Compliance with Global Standards

We maintain a management system in accordance with the global standard ISO 27001 and the laws and regulations of each country.

3 Development of Security Human Resources

With the aim of managing and protecting information assets companywide and improving employees' security awareness and literacy, security leaders have been assigned to each department in the Company, and security human resources are trained according to the information assets handled in each workplace and their roles. Furthermore, we are promoting the placement of a chief information security leader in each division within the Company and are also promoting plans to place information security leaders in Group companies both in Japan and overseas. We are working to strengthen the development of security human resources so that each and every employee can become the "last line of defense."

4 Preparation for Security Incidents

We have a dedicated team (CSIRT) that responds to incidents and a dedicated team (PSIRT) that responds when risks such as product vulnerabilities are discovered. The CSIRT also conducts training exercises that include our Group companies.

5 Supporting the Entire Supply Chain

In order to protect the entire supply chain, including our suppliers, from cyberattacks, we conduct written inspections and on-site inspections based on guidelines in cooperation with the procurement department, in addition to supporting each Group company. We provide feedback on the inspection results to suppliers, and follow up and provide support for key suppliers on issues that need to be improved. Furthermore, we share information on any incidents among relevant parties and strive to prevent recurrence and strengthen the security of the entire supply chain.

6 Initiatives to Address Future Threats

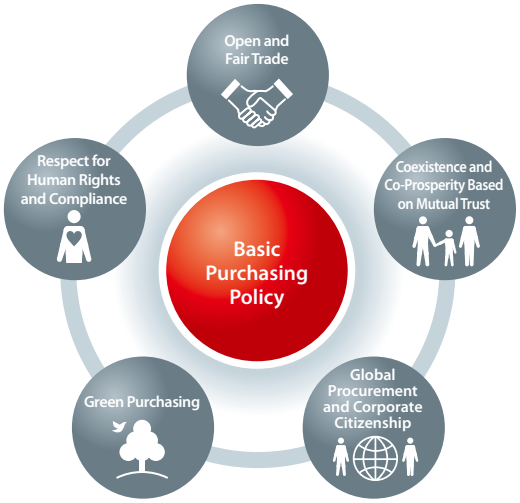
In addition to implementing various security measures for access to all information assets, we aim to obtain information from industry organizations and public-private partnership organizations in order to respond flexibly to the latest threats and establish a safe and secure information infrastructure.

Supply Chain Management

Approach and Policy

We are committed to fair and open trade, providing suppliers with fair opportunities for participation regardless of nationality or company size, and pursuing stable procurement that meets quality, cost, quantity, and delivery requirements. Grounded in mutual trust and close communication with our suppliers, we foster coexistence, co-prosperity, and the development of lasting relationships. We pursue optimal procurement from a global perspective and fulfill our responsibilities as a corporate citizen by conducting procurement activities that give due weight to environmental consciousness, respect for human rights, and compliance.

JTEKT's Basic Purchasing Policy
https://www.jtekt.co.jp/e/sustainability/society/partner/



In September 2025, the Company received a recommendation from the Japan Fair Trade Commission for a violation of the Subcontract Act relating to the reduction of payment amounts. We have since rectified the system configuration shortcomings that gave rise to the violation and have completed restitution for the damages incurred. We are now taking further steps to strengthen our commitment to fair trade practices.

Building a Resilient Supply System

Grounded in globally optimized procurement, we are driving comprehensive improvements in quality, cost, and delivery through co-creation with our suppliers. By refining specifications, engaging in early collaboration from the design phase, and placing orders earlier in the process, we are simultaneously achieving greater efficiency in development and production preparation, higher quality, and shorter lead times. Furthermore, we are visualizing information across procurement, production, and logistics to maintain a clear overview of the entire supply chain and enable faster decision-making. To address a growing range of risks, we are not only reinforcing our supply system in partnership with suppliers, but also securing alternative sources for critical components and optimizing inventory allocation. Through BCP reviews, regular drills, and risk assessments, we are strengthening the effectiveness of our measures and building a resilient supply chain that can sustain stable delivery even in the event of unforeseen disruptions.

Green Purchasing Initiatives

In pursuit of a low-carbon society and a circular economy, we have Green Purchasing Guidelines in place and are actively advancing environmentally conscious procurement. We have set a target of reducing CO_2 emissions by 25% compared to FY2021 by FY2030 and are also requesting our suppliers to work toward a reduction target of 2.5% per year, thereby expanding reduction activities across the entire supply chain.

In addition, we maintain subcommittees together with supplier members of the JTEKT Supplier Association to promote more impactful and effective activities. We are also striving to raise the level of our initiatives and share them externally, including by submitting case studies for the Energy Conservation Grand Prize and participating in presentation sessions for the Central and Western Japan regions.

Compliance Measures

In our efforts to uphold fair and transparent procurement practices, we are dedicated to full compliance with all relevant laws and regulations, including the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment (formerly the Subcontract Act), while promoting appropriate trading conduct. By properly addressing price pass-through and reinforcing our partnerships, we are deepening the trust-based relationships we maintain with our suppliers.

In addition, we are working closely with our suppliers to ensure responsible sourcing of raw materials, including compliance with the EU Deforestation Regulation and conflict minerals regulations. We have been conducting conflict minerals surveys since FY2013 with the active cooperation of many of our suppliers. Through these ongoing efforts, we are strengthening the integrity of our entire supply chain and laying the groundwork for sound, sustainable partnerships.

Initiatives for Human Rights and Sustainability

We share our sustainable management philosophy with our suppliers and request their adherence to our Sustainability Guidelines, which outline our commitments to environmental consciousness, human rights protection, and respect for diversity. We also ask them to promote these principles further upstream in the supply chain. In FY2024, we conducted due diligence surveys on labor and human rights with 248 suppliers, and also carried out surveys and provided guidance on environmental and information security practices. In addition, we participate in sustainability evaluations by EcoVadis as part of our ongoing efforts to enhance our initiatives and maintain transparency.

JTEKT Supplier Sustainability Guidelines
https://www.jtekt.co.jp/e/assets/uploads/2024/10/files/supplier_sustainability_guideline_2022.pdf

Quality Control

Approach to Quality Control and Quality Assurance

Our operations are grounded in the conviction that protecting safety and quality means protecting lives. Based on this principle and our quality assurance philosophy (below), we strive to deliver quality that is truly indispensable to our customers by ensuring product safety and providing high-quality products and services at affordable prices.

1 Priority

Safety is directly linked to the lives of our employees, and quality is directly linked to the lives of our end users. We believe that protecting lives that cannot be recovered is our highest priority.

Safety and quality are fundamentally the same, and the basic principles are to observe standard work and rules, and to "stop, call out, and wait" when abnormalities occur. We identify risks and make improvements under the principle of putting human life first.

2 Basic Stance

We view quality as something that belongs to the customer and regard the subsequent process as the customer. Our basic philosophy is that quality is built through each individual's work and each process. As a result, we aim to earn our customers' appreciation and satisfaction, and to remain their continued choice.

3 Priority Implementation Items

As we transform into a solution provider—amid the diversifying needs of our customers and markets, the growing complexity of our products, and the expansion of new businesses—we recognize the critical importance of comprehensively identifying quality risks and maintaining robust processes that prevent issues before they arise. To embed this approach as a core system, we will drive the following quality initiatives forward, guided by the principle of "keep doing the right job correctly."

Prevent **"defect escape"**: In order not to cause inconvenience to customers, we are working to ensure a system that prevents defective products from escaping our internal processes and reaching customers.

Prevent **"occurrences"**: We incorporate lessons learned from past quality problems at the design and production preparation stages, identify how customers will use the products and how they could break, and build in safe and reliable product quality.

Prevent **"recurrences"**: Should a quality issue arise, we move quickly to share information across the organization and unite as a company to resolve it swiftly, determine its root cause, and implement measures to prevent recurrence.

Quality Policy

Quality Policy

We, through commitment to quality and continual improvement, supply products that will delight our customers by meeting or exceeding requirements.

- Judge and act quickly from the customer's perspective
- Execute built in quality of design and manufacturing utilizing creativity and good ideas of our team members

In this quality policy, we emphasize design quality and manufacturing quality, and clarify our belief that building quality in each individual's work and each process at each stage of manufacturing will lead to gaining customer trust.

Quality Assurance System

The Quality Function Meeting, chaired by the Chief Quality Officer (CQO), determines company-wide issues and actions. At quality meetings for each region and manufacturing plant, we strive to maintain and improve quality on a daily basis by ensuring that the entire Company is aligned with the quality policy, while also addressing individual issues and discussing them. In addition, we are working to create safe and reliable products through collaboration with all departments involved in design, production preparation, and production.

Approach to Quality Assurance

