

Materiality **Thorough compliance**

Basic approach to compliance

We believe that earning the trust of society is essential for us to contribute to the realization of a sustainable society and to continue to be a company needed by society. Accordingly, we are placing importance on compliance in our Management Policy. We formulated the Business Code of Conduct to specify the policy of actions which officers and employees should observe so that we can conduct business activities in accordance with laws and regulations and generally accepted standards and practices in each country, and our internal rules. We have also established and have been operating the compliance promotion structure that includes rules related to compliance, a whistle-blower system, the Compliance Committee, and the Fair Trade Monitoring Committee.

Promotion structure

We have established and have been operating the Compliance Committee and the Fair Trade Monitoring Committee to promote compliance through the activities of both committees. (See page 75 for Overview of the Committees.)

Aside from the efforts made by the two committees, the Legal Department conducts the rank-based training and the topic-specific training for officers and employees as part of compliance-related educational and awareness-raising activities. In addition, we hold a group training session for Compliance Promotion Activity Supervisors in Japan once a year. By sharing information and exchanging opinions on important issues, we are enhancing the promotion activities at each business site and providing support for the initiatives at each business site. Furthermore, with regard to activities for global compliance risks such as corruption prevention, we regularly exchange information and opinions with the Administration & Internal Control Department at each Office of General Manager in five overseas regions and legal/compliance departments of overseas subsidiaries, thereby

confirming each other's ongoing activities and setting new agendas.

In addition, we have established the Fair Trade Promoting Group in Legal Department of an overall supervisory department for compliance with antimonopoly law. Under the direction of the Fair Trade Monitoring Committee, the Group conducts various activities (such as education, instruction and audit) for relevant divisions. Additionally, overseas subsidiaries are monitored for the implementation status of compliance with antimonopoly law in cooperation with the Administration & Internal Control Department at the Office of General Manager in each region.

Internal corporate culture survey

As part of its fraud prevention activities, the Group has investigated employee evaluations for the attitudes of the presidents of affiliated companies and their corporate culture related to compliance, since the fiscal year ended March 2018.

It is said that there is a high probability of occurrence of fraudulent acts in a company when motives/pressures, opportunities, and rationalization triangles are formed. While advancing the development of regulations, rules, and penalties, it is important to develop an internal corporate culture and environment. Therefore, we regularly confirm changes in the organizational culture of affiliated companies through employee evaluations.

By disclosing the results of this survey to the presidents of affiliated companies, we are making use of the results to create an internal corporate culture of not being motivated to conduct fraudulent acts, based on the awareness that fraudulent acts are constantly seen within the company and at the head office. Also, such results are used to create better relationships with employees.

In the fiscal year ended March 2023, we conducted a survey of approximately 680 employees of 12 affiliated companies (6 in Japan and overseas, respectively) where a change of the president or other event occurred.

Corruption prevention initiatives

Initiatives in Japan

We have established and have been applying in-house rules and regulations based on domestic and overseas anti-corruption laws and social norms. Our in-house rules and regulations not only prohibit bribery from and to domestic and overseas public officials and business partners, but also specify the rules and procedures regarding provision of property or profit by our officers or employees, and rules and procedures to prevent bribery via our business partners. In addition, under the circumstance that some countries even impose restraints on the transfer of property or profit between private companies, we have established rules and procedures for the receipt of property or profit in order to prevent bribery by our officers and employees, to thoroughly ensure the conduct of fair trade, and to prevent our officers and employees from engaging in conflicts of interest. Furthermore, we have made it a policy to refuse to receive gifts and entertainment from our business partners in principle. We conduct in-house training and e-learning programs to raise awareness of the contents of our in-house rules and regulations, and conduct self-audits once a year to ensure thorough awareness of the anti-corruption rules and regulations. Domestic subsidiaries have also established and have been applying their own internal regulations that are consistent with the Company's policies.

Overseas initiatives

Our overseas subsidiaries have developed and have been operating in-house rules and regulations that are localized to reflect relevant laws, regulations, and generally accepted standards and practices in each country. They also conduct audit activities related to these rules and regulations as needed. The Legal Department is regularly sharing information and exchanging views with the Administration & Internal Control Department at the Office of General Manager in each region on related initiatives, and maintaining and managing a structure in which the Group unites as one to prevent bribery.

Helpline (whistle-blower system) and educational activities

In Japan, the whistle-blower system called Helpline has been established within and outside the Company and has been operated as a contact point for providing consultation regarding violations of laws, Business Code of Conduct, and in-house regulations. Helpline provides consultation for cases such as suspected violations of labor-related laws, including harassment, as well as violations of in-house regulations, and conducts investigation in accordance with Helpline Management Rules that stipulate ensuring the confidentiality and

prohibition of detrimental treatment against the whistle-blower and collaborators of the investigation. Through provision of information in various compliance training sessions and in the Code of Conduct Guidebook, we have established a structure where all employees can utilize Helpline, not only as a tool to report misconduct, but also as a means of raising questions and expressing opinions and complaints regarding the Business Code of Conduct, and maintaining satisfactory relationships between the company, officers, employees, and business partners. In 2022, we revised our Helpline Management Rules in line with the implementation of the amended Whistleblower Protection Act. According to the purpose of the act, we are performing proper operations, such as increasing persons eligible for protection and strengthening protection. Whistle-blower systems are being progressively created and operated also in overseas regions, where they are tailored to local needs and circumstances.



Antimonopoly law compliance initiatives

We regard any antimonopoly violations represent a potential risk for the whole NTN Group. To ensure thorough antimonopoly compliance, the Legal Department and the Administration & Internal Control Department in each region conduct training and awareness-raising activities related to antimonopoly law compliance in accordance with local laws and circumstances in each region.

In addition, any officer or employee who might potentially contact competitors at an exhibition or meeting or any other event is obligated to apply for permission in advance and/or report it subsequently. This means we have in place a system with which we can identify the status of contact by officers and employees with competitors. Furthermore, we strengthen the compliance system by conducting annual self-audits and internal audits. Based on those results, each department proactively plans and implements improvement measures.

We work to put fair and free competition into practice by continuing to upgrade our educational activities and raising the awareness of officers and employees.

Please refer to our website for other initiatives related to "Thorough compliance."
<https://www.ntnglobal.com/en/csr/governance/compliance.html>

■ Structure

