

Message from Executive Officer in Charge of Sustainability

Enhancing our corporate value with a two-way approach, from both sustainability and financial strategy perspectives

Executive Officer

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A “NAMERAKA Society” means reducing friction and conflict that arise in daily life

NTN Corporation established sales companies in Germany in 1962 and in the United States the following year, and set up manufacturing bases in both countries in 1971. Having pioneered overseas expansion ahead of other companies, we now generate just over 70% of our net sales from overseas markets. Against this background, many employees at our company have experienced overseas assignments for a long time, and many of my seniors and supervisors have also experienced overseas work, creating a workplace environment where overseas operations are familiar. I myself worked at our sales company in Chicago, USA for five years starting at age 29, while still relatively young. There, I found myself in the position of a foreigner (minority) within American society, learned the reality that “Japanese common sense is nonsense,” and understood that “being different is natural, and I cannot survive without accepting it.” I was able to learn many tangible and intangible things from viewing matters from various perspectives and angles, as well as from work, daily life, and travel, which greatly changed my outlook on life. What was particularly impressive was the difference in working styles - the sight of only Japanese employees’ cars remaining in the parking lot after 5 PM (though I don’t think this is unique to America) made me strongly aware of cultural differences.

Having had such experiences, the “NAMERAKA Society” that I envision encompasses not only Japan but the entire world. Our company operates globally, with a large number of people from diverse backgrounds. Even in daily life where diversity across countries with different histories and cultures is the norm, reducing obstacles and friction in matters, as well as the “uneasiness” and “concerns” in people’s hearts - that is the vision of a “NAMERAKA Society”

as I see it.

For our company, I believe it is important to share mindsets such as our corporate philosophy and the NTN SPIRIT in order to unite the hearts of our diverse employees.

Company-wide shared sustainability activities

Traditionally, customer criteria for supplier selection centered on elements such as “price,” “delivery time,” “quality,” and “technical support.” However, in recent years, our sustainability initiatives as suppliers have also come to be positioned as important evaluation criteria. In particular, the importance of evaluation indicators by third-party organizations regarding responses to climate change and human rights has been increasing, and these trends have come to be widely shared among management.

Until now, discussions about sustainability activities were mostly handled between the sustainability department and related departments, but now they are increasingly being shared among all Executive Officers. The discussed content is deployed to relevant regions and departments through Executive Officers and reflected in company-wide decision-making.

Key ESG management measures in the Medium-term Management Plan

In the Medium-term Management Plan “DRIVE NTN100” Final that started in FY2024, we have positioned “Evolution of ESG management” as one of the “Strategies to support transformation.”

E: Environment

Our company has set a target of reducing CO₂ emissions by more than 30% in FY2026 compared to FY2018, toward achieving carbon neutrality in

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FY2035. The Carbon Neutrality Promotion Committee regularly follows up on the status of each site, and progress is currently proceeding smoothly.

Meanwhile, we are also undertaking initiatives linked to carbon neutrality from a financial perspective. This is called “Sustainability-Linked Loans,” financing that receives interest rate benefits according to the achievement status of carbon neutrality goals. We introduced this in 2023 and have already used this scheme for 12 deals totaling approximately 27 billion yen in borrowings, which has also led to the creation of economic value.

Furthermore, as demand for “lighter, more durable products” intensifies, we are focusing on developing and providing products that minimize energy loss to the utmost limit in diverse fields such as automobiles, aerospace, rolling stock, construction machinery, and wind power generation.

S: Social

One of the challenges facing companies, including ours, is the increase in employee turnover. While lifetime employment was once the norm, now that job changes have become common, I believe the engagement of employee is crucial for retaining valuable human resources. I consider it important for leaders of organizations both large and small to communicate their own thoughts and feelings and engage in sincere dialogue with employees. When I served as a department head, I made efforts to foster workplace unity by establishing opportunities twice a year to directly speak to and share with department members about company policies and the goals and strategies of my own department based on those policies.

In terms of recruitment, we partially introduced Initial Assignment Placement Guaranteed Hiring starting in 2024, as the traditional system where

assignment decisions are made after on-the-job training following entry had been affecting subsequent retention rates. We believe that enabling people to envision their career image before joining allows them to start working with higher motivation.

Currently, mid-career hires are increasing in many workplaces, and I feel that workplaces are increasingly being revitalized by the active participation of personnel with diverse backgrounds. Regarding the promotion of women to management positions, while there were few role models in the past, I feel that among female employees in their 30s and 40s, those who are positive about promotion to management positions have increased. Additionally, male employees taking childcare leave have steadily increased, and I feel that awareness of sharing housework and childcare has permeated. These changes represent a major step toward realizing a comfortable workplace environment and will lead to further advancement of women.

The contributions of these diverse human resources are the source of our competitiveness and form the foundation supporting sustainable growth.

G: Governance

At our company, Outside Directors serve as chairperson of the Board of Directors and as the three committee chairs of the Nominating Committee, Compensation Committee, and Audit Committee, enabling active discussions that incorporate external perspectives. Through this, we believe healthy oversight functions for management are exercised and governance functions effectively. On the other hand, we recognize that there is still room for improvement in governance at the business site level, and in 2023 we launched the “Domestic Affiliated Company Governance Strengthening Project” and are working on continuous improvement. Issues and risks identified

through operational audits, and other means are appropriately addressed by the Risk Management Committee, and necessary measures are implemented. Through this series of processes, our company strives to further strengthen our governance system and improve transparency.

The significance of concurrently serving in the Finance and Sustainability Departments

The most important thing for a company is to continue to exist. For this, a stable financial foundation is necessary, and if profit cannot be generated through business activities, sustainable activities cannot be promoted in the first place. Regarding the level of profit expected to our company, I can explain this clearly using indicators such as ROIC and ROE.

Meanwhile, I can also convey how sustainability activities through “Evolution of ESG management” contribute to business growth and enhancement of corporate value, incorporating specific examples.

Ensuring that the creation of economic value through business activities and the creation of environmental and social value through sustainability activities are both essential for corporate development permeates throughout the company - this is my role and the significance of concurrently serving in two departments.

Our company is an enterprise with 100 years of history, but in looking toward the next 100 years, it is essential to transform into a robust corporate structure through the structural reforms we are currently advancing. I strongly wish to accomplish these reforms that each region is working on with determination and connect them to the next era.