

Governance Structure

Governance structure timeline

2006	<ul style="list-style-type: none"> CSR Committee is established
2008	<ul style="list-style-type: none"> Risk Management Committee is established An Outside Director is appointed for the first time
2011	<ul style="list-style-type: none"> The number of Outside Directors increases (from 1 to 2)
2012	<ul style="list-style-type: none"> Fair Trade Monitoring Committee is established
2015	<ul style="list-style-type: none"> Compliance Committee is established The effectiveness of the Board of Directors is assessed
2016	<ul style="list-style-type: none"> Compensation Advisory Committee is established
2018	<ul style="list-style-type: none"> New corporate philosophy system is established
2019	<ul style="list-style-type: none"> Transition to Company with Nominating Committee The number of Outside Directors increases (from 2 to 5) Sustainability Committee is established
2020	<ul style="list-style-type: none"> First woman appointed as a Director (Outside)
2021	<ul style="list-style-type: none"> Executive Officer hierarchy flattened
2022	<ul style="list-style-type: none"> ESG incorporated in the Executive Officer evaluation system Female Outside Director appointed as the chair of the Board of Directors
2023	<ul style="list-style-type: none"> Important meeting briefing held for Outside Directors Carbon Neutrality Promotion Committee is established
2024	<ul style="list-style-type: none"> Change to the performance-linked compensation ratio for Executive Officers (increased from 40% to 50% of total compensation)

Board of Directors

Activities of the Board

In FY2024, NTN's Board of Directors met 15 times and deliberated primarily on the business plan for the current year and the progress of the Medium-term Management Plan, current conditions and issues

faced by business and region, occupational health and safety, quality control, compliance, risk management and sustainability.

The Board, which consists of both Inside and Outside Directors, is selected from a wide range of fields with consideration for diversity and balance. As of June 25, 2025, there were two female Directors (Outside Directors) on the Board, and one of whom serves as Chairperson. Through the oversight of management by the Directors, diverse values are integrated in our efforts to achieve sustained enhancement of corporate value.

Assessing the effectiveness of the Board

The effectiveness of the Board of Directors is evaluated annually to ensure it is fit for purpose. In FY2024, self-evaluation was conducted by each Director using a questionnaire asking about aspects such as the role, composition and operation of the Board and the operation of committees. The anonymized questionnaire has a four-point grading system, with a blank section provided for each question to elicit individual opinions from the respondent.

In FY2024, the third-party evaluation, which is implemented once every three years, took place. An external organization lent its support in designing the questionnaire and reviewed the results. Overall, the opinion was generally positive, indicating that initiatives to ensure the effectiveness of the Board are being implemented. However, there was a view that it may be necessary to further enhance the methods for information-sharing from the Nominating Committee to the Board of Directors regarding CEO succession planning and other matters, and we decided that the Nominating Committee would consider this going forward. NTN will continue to regularly analyze and evaluate the effectiveness of the Board of Directors and strive for improvement and enhancement.

Executive Officers

Appointment of Executive Officers

The appointment of Executive Officers shall be determined after careful deliberation by the Board of Directors, taking into overall account whether they possess the appropriate character, insight, capabilities, experience and track record to fulfil their duties. In addition, if it becomes clear that an Executive Officer lacks the required qualifications, they shall be promptly dismissed by the Board of Directors.

Flattening of the hierarchy and compensation structure

On June 25, 2021, NTN Group removed the Managing Executive Officers and eliminated hierarchical relationships among Executive Officers to create one team. This was also done in order to re-activate discussions among Executive Officers, respond to issues quickly and to further enhance corporate value.

In line with the flattening of the structure, the existing system of position-specific Directors' remuneration was abolished in April 2022 and transitioned to a compensation system adapted to the responsibilities held by each Director in their field.

Adoption of ESG evaluation

Since April 2022, ESG factors have been set as key individual target measures for Executive Officers involved in the calculation of annual incentives (bonuses). The degree of achievement of these ESG factors is one of the evaluation indicators. Incorporating ESG factors into the evaluation system promotes active engagement by Executive Officers on ESG.

📖 P.70 Compensation Committee