

Audit Committee

Message from the Chair

Chairperson of Audit Committee
Outside Director

Yasuo Kitani



Looking back on our audit activities in FY2024, based on the plan established at the beginning of the fiscal year, audits were conducted on-site at more than 100 locations across a wide range of areas including headquarters, manufacturing sites, sales offices, and research and technology departments. We also conducted audits of Executive Officers' job performance through interviews. On a daily basis, we also attended all of the committees including Management Meetings, Executive Officers Meetings, the Risk Management Committee, the Sustainability Committee, and the Compliance Committee, monitoring them from a governance perspective. We paid particular attention to - and were able to confirm - the effectiveness of the internal control functions of the committees.

Regarding internal control functions overseas, the need for some improvements has been detected, and advice has been proactively provided. Taking this as an opportunity, from the next fiscal year onward, we will encourage checks of internal control functions on a global basis and improvements where necessary, and monitor the situation.

For on-site audits, we focused particularly on checking inventory storage conditions and the appropriateness of mold and die storage contracts with partner companies.

For FY2025, we will establish an audit plan that achieves the same level of on-site audit hours as last year, and will continue to prioritize improving internal control functions both domestically and internationally, including giving guidance. As a management issue, NTN is strengthening the optimization of inventory levels. Through audits, we will provide guidance and support on proper inventory management.


I hope that our committee can contribute to establishing a corporate culture where points for improvement that are discovered through audits become fuel for growth.

Deliberations of the Audit Committee

Major agenda items of the Audit Committee include the formulation of audit policies and plans, evaluation of the audit plans of accounting auditors, and assessment of the appointment of accounting auditors, and the assessment of the status of development and operation of the Internal Control System.

Audit status

The Audit Committee members attend meetings of the Board of Directors and other major meetings in accordance with auditing standards, policies, and plans determined by the Audit Committee. The Audit Committee receives reports or hears from Directors, Executive Officers, employees, etc. on the status of the execution of their duties, and audits the execution of duties by Directors and Executive Officers. In addition to the Board of Directors and Executive Officers Meetings, members of the Audit Committee attend and monitor other committees which operate the internal control system – the Sustainability Committee, the Risk Management Committee, the Compliance Committee and the Fair Trade Monitoring Committee.

 P.72 Committees of the Executive Organization

Internal control system

We regard risk management and compliance as one of the most important management issues, and have established a basic approach to internal control system (Internal Control Policy). Based on this basic policy, we maintain and operate the Group's internal control system, and are working to improve the soundness and efficiency of our management by constantly reviewing our internal control system in response to changes in the business environment.

The Internal Control Department supervises evaluation of internal controls based on the Financial Instruments and Exchange Act. (the internal controls reporting system). It also works to develop and strengthen the internal control system under the Companies Act.

Regarding challenges arising with regard to internal controls as discovered by audits, it examines the design and operational status of rules, procedures and systems from a Group-wide perspective, then aims to reinforce internal controls through remediation and improvement activities.

Internal audit initiatives

NTN Group's Internal Audit Department, under the direct oversight of the President, Executive Officer, undertakes internal audits independently of the department under audit. The internal audits are conducted into the status of business execution by Group executive organizations from the perspective of propriety and compliance with laws, regulations and internal regulations, as well as from the viewpoint of the effectiveness and efficiency of business activities.

Internal audits involve auditing each executive organization separately (operational audit) and auditing horizontally across organizations by risk and business function (thematic audit). Based on the results, advice and suggestions are provided to the department concerned. Follow-up audits are conducted to check on the implementation of improvements until they are complete.

The results of internal audits are reported to the President, Executive Officer, the Board of Directors and the Audit Committee, as well as being shared with all Executive Officers. In addition, the Audit Committee, the Internal Audit Department and the Accounting Auditor hold regular meetings to exchange information and opinions about audit policies, plans and results in order to improve their efficiency and effectiveness.

Overseas, we have established an Administration & Internal Control Department within General Manager's Offices, which supervise each region. The Internal Audit Department and the Administration & Internal Control Departments work together while taking into account the circumstances and characteristics of the region concerned.