Message from Executive Officer in Charge of Human Resources

Moving from Building the Foundation to Putting it into Practice: Securing and Developing Human Resources and Fostering Organizational Culture

Executive Officer

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NTN's Basic Approach to Human Capital Strategy

The environment and social structures surrounding our Group are changing at an unprecedented pace, and the challenges we face are becoming increasingly complex. To capture these changes and sustainably enhance corporate value, we need to flexibly adapt our management strategy. The "people" who carry out that strategy are also required to respond to change. For this reason, we believe that employees who think autonomously and work to enhance economic, environmental, and social value through solving societal issues form the foundation of human capital management.

In the Medium-term Management Plan "DRIVE NTN100" Final, we focus on two pillars: "securing and developing human resources" and "fostering organizational culture." In particular, under this plan we have focused on building personnel systems and development programs that encourage employees to take on challenges and promote independent growth. We recognize that we are currently shifting from a phase of building a foundation to one of putting these systems into practice and embedding them at the frontline.

Securing and Developing Human Resources Promoting the Development of Systems that Value Challenge and Foster Autonomous Growth

For securing and developing human resources, we have set three themes: "enhancing the technical capabilities required to achieve the management strategy," "developing management talent to lead the Group," and "achieving independent growth and career autonomy." To respond to changes in the business environment, we need to move away from seniority-based thinking, clarify "who is responsible for which job," and transform toward a system that allows each individual to maximize their capabilities. We have changed the personnel system for managers to one based on work criteria, and have also introduced the Post Challenge Program, among other measures.

Through these initiatives, an awareness of actively promoting young talent is beginning to emerge at the frontline. Employees who take on new positions gain a deeper understanding of the roles, responsibilities, and corresponding compensation associated with their role. Going forward, we hope that the understanding and buy-in gained by employees who have taken on such challenges will spread throughout their workplaces and the organization as a whole.

The Post Challenge Program presents the experience and skills required for a given position alongside the position itself, giving employees the opportunity to take on challenges based on their own experience and skills. At present, utilization of this system is still insufficient. The challenge is to bridge the gap between the expectations of the hiring workplace and applicants' understanding of the role. Going forward, we will present job content and role requirements more clearly, expand the range of positions on offer, and continue working to build an environment in which taking on challenges arises naturally.

In addition, in this era of uncertainty, it is also important to systematically develop talent capable of leading Group management. With top management and the Personnel Department working as one, we are advancing the pooling of talent, and are also implementing the NTN Next Leader Program, a talent development program for the next generation of leaders. Since its launch in FY2021, a cumulative total of 166 employees have completed this program, which cultivates a management perspective through lectures on finance, marketing, and management strategy, while also deepening cross-departmental networking and understanding of diversity.

We are also providing opportunities for younger employees to think about their own careers. While focused on their day-to-day work, employees may not always have sufficient time to consider how they want to contribute to the company through their work in the future. Through rank-based training and forums for considering one's career, we aim to help employees broaden their

perspectives and create opportunities for them to become aware of their own potential. What matters most is not that the company unilaterally decides the path, but that employees themselves think and choose to take on challenges and pursue growth. The company will continue to support this.

We believe our company has an inherent workplace culture of accepting the opinions and ideas of others. Building on this foundation, we will use our reformed systems to promote the autonomous growth of each individual employee.

Fostering Organizational Culture While Being Mindful of Employees' Unspoken Voices

For fostering organizational culture, we have set forth "diversity, equity and inclusion," "creating a workplace culture that embraces challenges and follows through," and "mindset transformation based on the NTN SPIRIT."

First, as a company that operates globally, we are consistently mindful of ensuring diversity among our workforce. That said, rather than prioritizing specific individuals based on factors such as age or attributes, it is important that diversity is ensured as a result of placing emphasis on each individual's abilities and aptitude. At the same time, given the nature of our business, our Group has a relatively high proportion of personnel with backgrounds in mechanical engineering and materials engineering. Our basic stance is therefore to also bring in personnel with expertise in other specialized fields, aiming for an organizational culture that generates more diverse perspectives and ideas than ever before.

On this basis, our company has a culture that welcomes challenges in a positive spirit. To follow challenges through to the end and turn them into results, it is essential to transform not only our systems but the mindset of each individual employee.

For example, in our target management system, we have incorporated a setting of challenge targets, and through interim interviews held three times a year, we provide opportunities for managers and their subordinates to closely align their goals and the degree of progress toward them. Through this dialogue, some employees have begun to set more challenging goals for themselves.

We are also advancing initiatives to increase points of contact between management and the frontline. We actively hold town hall meetings and lunch meetings, valuing these opportunities both to directly convey to the frontline what management is thinking and where it intends to go, and to listen to their voices.

We are also expanding our use of employee engagement surveys. Rather than reacting emotionally to individual numbers, we regard the survey as, so to speak, a health checkup that gauges the condition of the organization. We take the trends reflected in the numbers seriously, while placing importance on deeply considering why those results occurred and what lies behind them. It is important to give consideration to feelings that do not show up in the results and are difficult to voice, and to connect this to dialogue and improvement activities at each workplace — our "Better Workplace Activities." While still at a trial-and-error stage, we recognize that a shift in awareness is beginning to emerge at the level of individual workplaces regarding how to create a better workplace. We will continue to enhance the quality of dialogue and cultivate an organizational culture that actively takes on challenges.

From Building the Foundation to a Stage Where Accumulating Practice Becomes More Important Promoting Prosperous Human Development So That Employees Can Work Enthusiastically

The various foundations we have touched on so far are not something that produce immediate results simply by putting a framework in place. Changing practices that our company has continued until now, and the mindset cultivated through them takes time. Our Group's efforts are still only halfway there, and we believe that the accumulation of practice is what matters most in aiming for "Prosperous human development."

Through the transition to a system based on work criteria, the Post Challenge Program, opportunities to think about one's career, and dialogue centered on engagement survey results, opportunities are steadily emerging for employees to think about their own roles and futures. We believe that accumulating these small changes will eventually lead to change across the organization as a whole.

As mentioned at the outset, it is essential to link management strategy and human resources strategy in a way that responds to changing times and needs. At the center of all this are people. Increasing the number of employees who think and take on challenges for themselves when the management environment changes, and building an organization where diverse employees can each make the most of their individual strengths, grow through business activities, and work enthusiastically — we believe this leads to our Group's sustainable growth and the enhancement of corporate value. We will continue to expand the possibilities of our people and organization through the two wheels of building the foundation and accumulating practice.