To incorporate stakeholders’ input into our sustainable corporate activities, we have annually held our Stakeholder Dialog since 2015 with academics and experts representing a number of CSR-related fields. For this fiscal year, the 6th dialog was held in July 2020.

One of the “Prepare for future growth” measures in our Business Operating Policy for fiscal year 2020 is “Responding to SDGs.” For this fiscal year, the 6th dialog was held in July 2020.

To incorporate stakeholders’ input into our sustainable corporate activities, we have annually held our Stakeholder Dialog since 2015 with academics and experts representing a number of CSR-related fields. For this fiscal year, the 6th dialog was held in July 2020.

By reviewing a change in management regulations for sustainability promotion activities, in 2006, we established rules for managing CSR activities, but at that time the policy related to “Responsibility” had a relative emphasis on compliance. While strengthening compliance, we have redefined the significance of “Responsibility” based on the idea that we want to be a company that meets the expectations of society, as stated in our corporate philosophy. The number of employees who support these activities is increasing, and we intend to continue promoting company-wide initiatives aimed at resolving social issues through our business activities.

### 6th Stakeholder Dialog

**Topics of the Dialog**

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**Experts**

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- **Masaru Kaizaki**
  - General Manager of Planning Department, Sustainability Office OMRON Corporation
- **Hideki Matsuoka**
  - Special Project Manager, Asia-Pacific Human Rights Information Center (HRIGHTS OSAKA)
- **Eriko Nashioka**
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**NTN**

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  - Toshinori Shiratori
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- Manager of CSR (Governance, Health & Safety) Integrated Management Department
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  - Executive Officer and Corporate General Manager of CSR Headquarters
- Manager of Corporate Value Promotion Department, CSR Headquarters
  - Kouhei Iguchi

**Topics 1**

### Sustainability Promotion Activities

**NTN**

- Through our business activities, we contribute to the resolution of social issues and aim to achieve a sustainable NAMERAKA Society. The biggest initiative in the fiscal year under review was a change in the management regulations for sustainability promotion activities. In 2006, we established rules for managing CSR activities, but at that time the policy related to “Responsibility” had a relative emphasis on compliance. While strengthening compliance, we have redefined the significance of “Responsibility” based on the idea that we want to be a company that meets the expectations of society, as stated in our corporate philosophy. The number of employees who support these activities is increasing, and we intend to continue promoting company-wide initiatives aimed at resolving social issues through our business activities.

**Kokubu:** Identifying materiality is important, but every company seems to find it extremely difficult to put it into practice. This is because all items are important. If everything is important, it becomes meaningless to identify materiality. While identifying materiality is important, every company seems to find it extremely difficult to put it into practice. This is because all items are important. If everything is important, it becomes meaningless to identify materiality. Currently, NTN has set a large theme that is applicable to any company, so why not focus on more detailed items for discussion? When most Japanese companies plot their issues on a matrix, they use the 2 axes of “importance to society” and “relevance to business,” but “impact on stakeholders’ decision-making.” I think it would be good to verify such aspect again.

**Kaizaki:** OMRON also identifies its materiality. However, human resource management and risk management are regarded as a matter of course, and there is an increase in cases where companies are not evaluated favorably even if they conduct such management activities. We are making improvements to express the uniqueness of OMRON more strongly. I think it would be better for NTN to consider expressing the “uniqueness of NTN” in the same way. What is more important is the period subject to materiality issues and the management system. I think it is necessary to consider how and how long materiality issues are managed in the business management process and how external evaluations are incorporated into the Company’s activities.

**NTN:** We would also like to ask about activities to instill our corporate philosophy. With the 100th anniversary celebrated in 2018, the corporate philosophy system was revised to establish NTN SPIRIT, which serves as the basis for employees’ activities, and initiatives to put the corporate philosophy into practice were launched. We are promoting activities to disseminate our corporate philosophy through the 3 steps of “Recognition,” “Empathy & Understanding,” and “Practice.” In 2019, we held the second NTN PROUD AWARD, which is an initiative to “Practice” our corporate philosophy. The number of employees who support these activities is increasing, and we intend to continue promoting company-wide initiatives aimed at resolving social issues through our business activities.
to firmly establish them on a global scale in the future. At the same time, we believe that there are issues regarding the positioning of the NTN PROUD AWARD in the corporate award system, how to reflect the practice of our corporate philosophy in our business goals and personnel assessment, and how to promote our corporate philosophy amid the coronavirus pandemic.

Kaiyazaki: OMRON has also held TOGA/The OMRON Global Awards since 2012 to support the practice of the company philosophy. The only team-based internal award system we have is TOGA. When an employee wins the award, it is recorded in the employee’s personnel evaluation sheet. However, it is extremely difficult to reflect the practice of our corporate philosophy in personnel evaluation, and we are currently looking for ways to link the system to evaluation practices. Regarding corporate philosophy activities amid the coronavirus pandemic, we first place emphasis on the health and safety of our employees, while at the same time fulfilling our supply responsibilities as a manufacturer and contributing to society through our business activities. Our employees participated in ventilator development in Spain, but this was not a top-level order, but a voluntary action. I think this is a good example of how our corporate philosophy has been disseminated and put into practice.

Kokubu: In recent years, our corporate philosophy has become an extremely important part of our CSR activities. NTN’s founders’ “Frontier Spirit” and “Coexistence and co-prosperity Spirit” have a significant impact. The “Frontier” recalls “Innovation” and “Co-existence and co-prosperity” recalls “Creating Shared Value,” bringing home the fact that NTN really wants to resolve social issues.

Topic 2
Human Rights

NTN: This year we formulated the Human Rights Policy. We signed the United Nations Global Compact in 2015 and changed our institutional designs to a Company with a Nominating Committee, etc. last year. These measures further clarified our Management Policy, and because “Respect for human rights” was included in the policy, we decided to formulate the Human Rights Policy. In the future, we will examine the method of operating this Human Rights Policy, the scope of applicable suppliers, and the method of managing them.

Matsuoka: I feel that a mechanism for human rights due diligence is very difficult to operate, even though it is possible to create a mechanism or report to outside parties that a mechanism has been created. The main point of internal dissemination is that each and every employee understands human rights in a way that links them to their work. Human rights risks are also linked to management risks. It is necessary not only to create a system but also to continue education in everyday life.

With regard to the scope (boundary) of suppliers, it seems that many companies actually ask Tier 1 suppliers to investigate things.

Kaiyazaki: The scope of application of the Human Rights Policy is also important. In the case of OMRON, a survey revealed that regular employees of OMRON accounted for less than the majority of all employees at some business sites. Based on these examples, we believe that we should not apply the policy only to employees who are directly employed by OMRON, but should also apply to temporary staff employees and contractors’ employees who work at the sites.

As for the boundary, we are implementing measures by including surveys targeting Tier 2 and subsequent-tier suppliers in Tier 1 requirements.

Topic 3
Environment

NTN: In the fiscy year ended March 2020, production was reduced due to the coronavirus pandemic, resulting in a decrease in CO2 emissions, but unit CO2 emissions were increased. In Stakeholder Dialog last year, it was pointed out that we should indicate a change (what volume of CO2 emissions are reduced compared with the time when products before the reduction were used), rather than indicating a reduction of CO2 emissions. Therefore, since last year we have been quantifying environment contributing products and consider setting the goal of eliminating CO2 emissions in the long run. Specifically, the total volume of CO2 generated (consumed) when products are used and CO2 generated by NTN’s business activities is offset by CO2 induced as a result of power generation with natural energy products, and this is an image of achieving the goal. Do you regard this as “net zero CO2 emissions”?

Kokubu: It is better to say that “net zero CO2 emissions” refers to maintaining a balance between human-induced CO2 emissions and human-induced “absorption,” such as through the promotion of tree planting. In this sense, it may be better to move away from the concept of “net zero.” As the bearings industry has a fixed range of product types, we believe it will be difficult to switch to businesses that emit less CO2 and drastically reduce CO2 emissions. In addition, because of the concepts of SDGs and the circular economy, society as a whole is progressing toward a low-carbon society, with the automotive industry itself being targeted. Even if it is difficult for the bearings industry to do something drastic, I think it is important to consider the issue of climate change from the perspective of what “our company” can do for society.

Kaiyazaki: OMRON announced in July 2018 that it will set science-based targets (SBT) for reduction of emissions of greenhouse gases, and then the issue of TCFD emerged. Because company-wide supervision is necessary for TCFD, the Sustainability Office proposed to top management that TCFD should be endorsed. The linkage of financial information has been planned, but I believe that if you do not announce your efforts to tackle the issue of climate change, that will pose a problem.

Kokubu: Japanese companies are lagging far behind in disclosing how they manage climate change risks. Disclosure of risk information is thought to cause anxiety, but failure to disclose such information may cause more anxiety. Responding to the new coronavirus is also an important issue. I think that the overall direction is that the “weight of individuals” will increase. In society as a whole, focus will shift from organizations to individuals and the working environment will be changed to one in which employees can work more comfortably. Also, it will be necessary to fundamentally change the organization’s work system and the method of reviewing positions.

Matsuoka: As telework progressed, the situation in which women worked at home while doing housework and raising children, as well as the case in which they suffered from domestic violence, emerged as issues. I believe that companies will be asked what they can do to address these issues and to what extent they can address them in the future.

Kaiyazaki: I feel that this coronavirus pandemic has shortened the time horizon for a vision we should aim for in the field of sustainability. While OMRON has begun formulating plans for the next decade, society may change at a faster pace. I think we need to address the issue with that in mind.