In-house technologies for measures against climate change

NTN develops business activities based on our corporate philosophy “We shall contribute to international society through creating new technologies and developing new products,” and the paragraph 1 of the NTN Environment Policy “Technologies to help prevent global warming.”

As bearings and driveshafts, which are main products of NTN, contribute to the reduction of energy loss in final goods of our customers equipped with them (hereinafter referred as “final goods”), all of these products can be considered as environmentally friendly products.

They include products which are already commonly used in society because of the achievement of predecessors, as well as those with environmental contributions further enhanced by NTN’s engineering and development capabilities.

NTN continues unwavering efforts to realize its corporate philosophy by developing and providing higher-grade products that contribute to the environment while classifying the products according to environmental contribution levels based on our standards.

Definition of environment-contributing product

Classification and grades of NTN products and their definition

<table>
<thead>
<tr>
<th>Environment contributing products</th>
<th>Grade</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>S-eco (Super eco)</td>
<td></td>
<td>Classified according to environmental factor standards specified for different products in line with world’s technology standards</td>
</tr>
<tr>
<td>A-eco (Advanced eco)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-eco (Brilliant eco)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C-eco (Creative eco)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D-eco (Diffused eco)</td>
<td></td>
<td>Products that help to reduce energy loss of final goods at the same performance level of around 1997</td>
</tr>
</tbody>
</table>

Calculation methods for environmental factors and eco-efficiency

To quantify products’ environmental friendliness, NTN adopted environmental factors and eco-efficiency that are defined in the formula and as follows.

\[
\text{Environmental factor} = \frac{\text{Eco-efficiency of developed products}}{\text{Eco-efficiency of benchmark products}}
\]

\[
\text{Eco-efficiency} = \frac{\text{Product value}}{\text{Environmental impact}}
\]

<table>
<thead>
<tr>
<th>Environmental factors</th>
<th>Calculation methods for environmental factors and eco-efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco-efficiency of developed products</td>
<td>Environmentally friendly products that contribute to the environment by reducing energy losses in final goods</td>
</tr>
<tr>
<td>Eco-efficiency of benchmark products</td>
<td>Environmental benchmarks that are used as a reference for the eco-efficiency of developed products</td>
</tr>
</tbody>
</table>

Contribution to CO2 reduction from driveshafts and hub bearings

NTN calculates the amount of CO2 emissions that can be reduced by the contribution of S to C eco-products throughout the assumed life period of final goods in comparison to the amount of CO2 emissions in case D eco-products are continued to be used in final goods instead. Such amount is defined as “Contribution to CO2 reduction” of the year the Company’s products are sold.

The contribution to CO2 reduction from environment-contributing products of the Company for the fiscal year ended March 31, 2020 was approximately 1,490,000 tons (equivalent to approximately 640,000 thousands liters of gasoline).

Contribution to CO2 reduction from green energy products

As one of our new businesses, we are conducting a green energy business and developing products that can utilize renewable energy.

Green energy products are environment-contributing products that generate electricity using clean-energy sources such as wind, water, and solar power that exist everywhere to reduce CO2 emissions. They are expected to supply as an independent power source for the mini-grid network, which can provide efficient power supply in non-electrified areas of the world, and as a regional power source that can utilize unused energy in the region.

In addition, they are used as a power source in the event of a power failure at the time of a disaster to provide safety and security to local communities. (For details, see page 51.)

Contribution to CO2 reduction from green energy products is shown in the table.

Green energy products

NTN’s Micro Hydro Turbine

NTN Power Station