Enhancement of corporate value

Today, companies are required to produce not only business results (economic value) but they are also required to be a presence needed by society (social value). If a company is not necessary for society, growth of the company cannot be expected. In order for us to continue to be a company needed by society, it is necessary for us to face social issues and aim to realize a sustainable society by practicing our corporate philosophy.

In 2018, we established the corporate philosophy code of conduct “NTN SPIRIT” in order to instill our corporate philosophy, and NTN SPIRIT clearly stipulates the attitudes and actions we want each and every employee to pursue. We have divided the process of instillation into three steps: “recognition,” “empathy and understanding” and “practice.” We are pursuing measures that lead to the implementation of those three steps.

Installation Phase Map of Corporate Philosophy

<table>
<thead>
<tr>
<th>Phase 1 Recognition</th>
<th>Phase 2 Empathy/Understanding</th>
<th>Phase 3 Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal communication journal</td>
<td>Corporate Philosophy Dialog</td>
<td>NTN PROUD AWARD ceremony</td>
</tr>
<tr>
<td>NTN SPIRIT BOOK, card and poster</td>
<td>e-learning</td>
<td>NTN PROUD AWARD</td>
</tr>
</tbody>
</table>

Putting your thoughts into words: To each person’s SPIRIT

We issued the Japanese and English versions of NTN SPIRIT BOOK in order to make our corporate philosophy system and its code of conduct “NTN SPIRIT” widely known to all employees working in the Group. This booklet encourages all employees to carry out the corporate philosophy with their dreams and goals in mind in order to create a “NAMERAKA Society.” In 2019, voluntary activities aimed at disseminating our corporate philosophy were extended to other countries, and we began preparing a French version of NTN SPIRIT BOOK. Overseas employees (NTN BEARING CORP. OF CANADA LTd. and NTN-SNR) played a central role in preparing the booklet so that it is written using easy-to-understand expressions for local employees.

Corporate Philosophy Dialogs spreading to each business site

We hold Corporate Philosophy Dialogs as a venue for interactive communications in order to help employees not only simply learn about the corporate philosophy system and NTN SPIRIT but also deepen their empathy and understanding for the system and spirit so that employees can express such concepts by using their own words. In the fiscal year ending March 2020, we held workshops at several business sites, and approximately 250 employees deepened their understanding of NTN SPIRIT and shared the values.

Four Award Categories based on the Corporate Philosophy

Employees are allowed to organize their team members on their own, and freely set themes they are interested in. In addition, by letting employees participate in four award divisions based on our corporate philosophy, we are strengthening the realization of our philosophy and the linkage between our philosophy and themes.

Participants in the NTN PROUD AWARD have expressed opinions such as “through our own thoughts and actions, we have started to implement our daily tasks proactively” and “because the team consists of members from various departments, the interaction has been deepened, causing a positive effect on our daily work.”

Case Study: Transformation for sales activity localized in Chinese market

With regard to the huge Chinese market, economic growth is still expected in the future. On the other hand, our sales activities in the region faced a variety of issues unique to the region. By resolving these issues, we aimed to improve the NTN brand in the region.

First, we classified a series of sales activities into 4 phases: (i) new customer acquisition, (ii) prospective customer acquisition, (iii) customer base expansion, and (iv) customer maintenance, and implemented concrete actions targeting.

In order to grasp the current situation, such as issues that are identified at the site, we made thorough efforts to identify problems in each phase at meetings with branch managers and through visits to exhibitions. For example, in (i) new customer acquisition phase, we once again analyze the reasons behind the low level of awareness of the NTN brand in the Chinese market. As a countermeasure, we are reviewing the use of our website localized to the Chinese area, improvement of our own website, and PR methods to disseminate our track records in a wide range of industries, and are restructuring sales activities and strengthening our sales system.

In the section of "Challenge," one of credos in NTN SPIRIT, it is stipulated that “We passionately challenge ourselves without being satisfied with the current situation.” As in this guideline, we were able to promote the establishment of a sales structure in the Chinese market by pursuing innovations while thinking on our own without being satisfied with the current situation. In the future, we will transform our business operations with the three credos of NTN SPIRIT as our guide: "Challenge," "Collaboration" and "Commitment.”

What it means to practice the corporate philosophy

We see our corporate philosophy as a common value that strongly connects each and every employee, not as words on paper. With this common value in mind, we aim to become a “presence needed by society.”

The NTN PROUD AWARD was established as an “opportunity to practice our corporate philosophy” in 2018, when we celebrated our 100th anniversary, with that year being regarded as an excellent opportunity to drive forward transformation for the next 100 years. During the NTN PROUD AWARD 2 in 2019, 76 teams participated from around the world, and 8 teams that received the awards after the two-step selections were praised at the ceremony in December.

Evaluation criteria based on NTN SPIRIT

The activities of each team are evaluated based on three credos (Challenge, Collaboration, and Commitment) that are included in NTN SPIRIT. One of the characteristics of this process is to approve and praise teams, in terms of not just results but also processes. Participants commented, “By knowing the processes in case examples from other companies, we were able to incorporate them into our own business activities, boosting our motivation;” and “With ‘Challenge’ incorporated in the evaluation criteria, we were able to overcome our inclination to follow precedents.”

Criteria based on NTN SPIRIT

<table>
<thead>
<tr>
<th>Evaluation criteria</th>
<th>Field of Creation</th>
<th>Field of Contribution to Society</th>
<th>Field of Globalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
<td>Positive impact on the development of customers, create technology, quality, and services that are leading developments of customers.</td>
<td>Certification to stakeholders, including employees in all levels, is focusing on the spirit of responsibility and co-operativeness.</td>
<td>Positive effect on our daily work.</td>
</tr>
</tbody>
</table>

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