A sense of crisis is spreading to the message of top management. Many companies around the world are struggling with COVID-19, and your company has positioned the term ending March 2021 as the “crisis response period.” In this situation, I believe it was a good idea for NTN to strengthen its ESG management and to demonstrate its unchanged stance in response to climate change. “Green recovery” has been advocated mainly in Europe, and the recovery from the pandemic is being linked to the creation of a green economy. I hope that NTN will strongly contribute to that move and turn the crisis into an opportunity.

This pandemic has also increased attention to the issue represented by ESG’s “S.” The existence of people who are unable to take measures against infectious diseases underscores that economic inequality is exactly the inequality of life. Your company cites “ensuring the health and safety of employees” as the “crisis response period.” In this situation, I think that efforts for “S” will be required in a broader range, including suppliers and business partners. In Europe and North America, Black Lives Matter movements are boisterous, while in China, concerns about human rights are becoming a focus in various issues including those in the Xinjiang Uighur Autonomous Region. I truly appreciate that you established the Human Rights Policy in July 2020. In the near future, however, not only on-site decisions but also management decisions regarding those human rights issues around the world may draw attention. This year, I also read the dialogue between the two Outside Directors and found it very interesting. They talked over issues, which consumed 4 pages and is reminiscent of a discussion at a meeting of Board of Directors. I think it good that NTN created and published a skill matrix this time. Director selection criteria was also made public, increasing the transparency of corporate governance.

Initially, I thought that a skill matrix should include “knowledge on sustainability,” but director selection criteria includes “Must have excellent insight and foresight concerning changes to the global environment and to society,” indicating that the ability related to sustainability is regarded as qualifications rather than skills. A woman has joined Board of Directors for the first time, and diversity has increased. The ratio of Outside Directors is also high, and it conveys the intention to make the “G (Governance)” of ESG work properly.

In this sense, it is somewhat regrettable that you have a sustainability-related committee only on the executive side. Of course, executives should be in charge of practical operations, and the final decisions, such as on the identification of materiality, are to be made by Board of Directors; however, it would be a good idea to formally position Outside Directors as the center of the framework that will be the counterpart of the sustainability committee of the executive team. I hope that from a broader, longer-term perspective, those Directors will hold discussions about how the Company will confront global issues such as climate risks and risks of social division and how the Company will fulfill its social roles.