

# Cross-talk among Outside Directors and Executive Officers



Executive Officer

**Shumpei Kinoshita**

Outside Director

**Yuriya Komatsu**

Outside Director

**Tatsuhiko Toshita**

Every year, the NTN Report provides an opportunity for Outside Directors to discuss NTN's management and sustainability issues, publishing the content under the title, "Outside Director Dialogue." This year, we are presenting this as a "cross-talk" discussion among Outside Directors and Executive Officers featuring Board of Directors Chair Yuriya Komatsu, Director Tatsuhiko Toshita (appointed in June last year), and Executive Officer Shumpei Kinoshita, who is in charge of management strategy. They frankly discuss NTN's current situation and challenges.

## Review of the first year of the Medium-term Management Plan "DRIVE NTN100" Final

**Kinoshita** Looking back at the first year of the Medium-term Management Plan, to be honest it was a challenging start. Due to sluggish sales, we were unable to achieve targets related to operating income such as ROIC. Meanwhile, regarding the structural reform that incorporated 35 billion yen in special losses over three years, we streamlined production and reduced costs by consolidating or closing plants in Europe, China, and Canada ahead of schedule. While some adjustments became necessary due to changes in US trade policy, we plan to accelerate reorganization linking Japan and the US from FY2025. Actions to increase the aftermarket sales composition ratio mainly focused on developing large overseas markets, but were impacted by deteriorating market conditions due to factors such as Russia's invasion of Ukraine. Inventory preparation and production capacity upgrades in Japan for aftermarket sales growth, as well as procurement of finished products from relevant overseas companies, are progressing and will continue to accelerate.

**Komatsu** Regarding structural reform, I commend the employees for their persistent efforts, including stopping production ahead of schedule, even under conditions more severe than anticipated. However, it is also true that from the perspective of by institutional investors and other external stakeholders, there remain shortcomings in the speed and target-setting of reform. They expect us to establish a system capable of achieving financial indicators comparable to companies with best practice in the industry through thorough structural reform within approximately three years, and to become a company that can sustain growth and competitive advantage over the medium to long term (5-10 years). To avoid greatly disappointing these expectations, we need at least to set high internal targets and give daily thought as to how to achieve them. Of course, the unexpected will occur, such as the US situation, but we should anticipate that the unexpected will occur and consider and take measures accordingly. In that sense, we should shift our mindset from "improvement" to "reform." If we set a target to halve inventory, for example,

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we should persist until we achieve it. If we speed up with such an attitude, results will follow.

**Toshita** Since becoming a Director last year, I have visited the five major works around Japan and four Group companies adjacent to the works. At each site, I could see that employees were earnestly working on challenges such as inventory reduction. However, I also got the sense that their thinking remained confined to their own areas of responsibility. To advance reforms, it is necessary to change the level of consciousness of each individual. Even when people are aware of targets, habitual ways of thinking do not change easily. I felt that even though people at the sites understood the situation, they were grappling with the dilemma that their daily actions were not effectively leading to success. As a result, key indicators other than inventory turnover ratio declined compared to last year.

**Komatsu** I believe employees are working hard. However, from the perspective of ROIC and other indicators, targets have not been achieved, so employees may not feel they are contributing. To change the situation, I would like to see more examples of actively promoting people who boldly take on challenges. For instance, giving opportunities to young people with a growth mindset who are going to pursue efficiency through digital transformation, and rewarding them with bonuses and promotions if they succeed, and hailing their initiative even if they fail. If we motivate people with clear evaluations linked to the personnel system, we can expect acceleration.

**Kinoshita** With the aim of speeding up, we overhauled the business headquarters system and made a major change to a product-based system of CVJ & Axle and Bearing. At the same time, we revised the decision-making authority and target KPIs of Executive Officers for each region and business, strengthening the authority and responsibility of Executive Officers responsible for a business globally along vertical lines including sales, profit, inventory, and policy measures. The progress in inventory reduction this time was due to the policy measure puzzle pieces starting to fall into place that manufacturing, production management, and production engineering departments had been working on, such as production reforms, production volume adjustments, and domestic

and international logistics changes. To these we can add the improved coordination between domestic and overseas sites through these organizational changes. However, employee mindset transformation is incomplete, and regarding the utilization of young people, as you pointed out, we will continue to work consciously on this.

### Effectiveness of corporate governance

**Kinoshita** Regarding corporate governance, we incorporate ESG into the target management of all Executive Officers and make it subject to evaluation. However, regarding the points you mentioned earlier about key indicators other than inventory reduction not being achieved and setting targets higher, we will consider taking another step forward from a governance perspective as efforts to raise our sights and change habitualized consciousness.

**Komatsu** Regarding the effectiveness of governance from a compliance perspective, rules are properly established and monitoring systems have improved. I understand that we are currently working on further improvements to strengthen monitoring of governance at domestic and overseas affiliated companies. Another important issue is personnel evaluation at overseas subsidiaries. Rather than managing under instructions from the parent company, I want subsidiaries to undertake reforms and improvements themselves and raise their management level. I think particularly for large subsidiaries in the United States and Europe, which have significant impact on our Group performance, it would be good to thoroughly implement a system where local management proactively undertakes reforms and improvements, with the parent company supervising and evaluating them, with clear rewards and punishments, and replacing management if results are not achieved.

**Toshita** Since the challenges are fairly clear at this point, I expect initiatives with even greater speed. While Group subsidiaries are distributed across Japan, Europe, and the United States, each with their own unique circumstances making it highly complex, we should set priorities according to risk level and focus resources. As a

manufacturer, plant equipment relocation and product changeover take time. That is precisely why we need an approach of predicting major changes in business conditions and preparing in advance. Something else that preoccupied me when visiting sites was that the labor population decline problem is on our doorstep. Considering the changes in employee age composition that will become apparent in five years at NTN as well, I think we should implement countermeasures with fresh thinking

**Kinoshita** To change the mindset including at NTN subsidiaries, we started “halving activities” worldwide in FY2025. For companies like ours with many product types and a global footprint, reforming the cost structure requires not only major structural reform but also a whole lot of reforms down to operational details, heeding suggestions from everyone involved. We ask employees to discover inefficiencies and waste in their workplace, and to work on “halving” or “doubling efficiency” even for small matters. We expect this campaign to produce not just small improvements but a wave of reform, and like inventory reduction, become a force that brings us closer to targets as the puzzle pieces fall into place. Regarding personnel evaluation and development of top leadership at subsidiaries, we are utilizing these posts as tough assignments and positions for developing next-generation management, and believe approaches from the perspective of medium- to long-term succession planning are also necessary.



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**Toshita** Regarding succession planning, it might be necessary to switch perspectives depending on whether it is an emergency or not. For example, in an emergency, would it not be an option to call on those who have retired, such as the alumni networks that have been attracting attention recently? In normal times, as you explained, we want candidates to experience new value creation and growth through difficult challenges. The company's attitude as reflected in numbers is also important, and while research and development expenses as a ratio to sales are at levels comparable to competitors, I think we should also be conscious of the amount invested in equipment, for example. While the future is increasingly uncertain, we need to prepare for various situations so that we can immediately take action when the environment changes.

**Komatsu** Regarding management leadership, external recruitment for loss-making companies is also an option. In structural reforms to make a company profitable, it is important to consider a wide range of talent, not limited to those with industry experience. If the two large subsidiaries in the United States and Europe were to turn profitable, it would completely change our business performance. If we can reduce assets, ROIC will also change. I want NTN to work with strong determination to accelerate reforms, enhance profitability, and achieve V-shaped recovery as early as possible.

**Kinoshita** Regarding succession planning, we are working both on rejuvenating overseas general managers and developing next-generation management. I understand

that urgency is also needed here. Particularly for restructuring in Europe and the Americas, which we want to achieve as soon as possible, the CFO will be in charge of the European region and I will be responsible for the Americas region from this fiscal year, working together with local top management to accelerate matters. Additionally, one Executive Officer will be dedicated to the project, establishing a system where regions collaborate on production reorganization.

### Strengthening the foundations for growth

**Kinoshita** Production reform, procurement reform, logistics reform, and design domain reform will accelerate execution speed together with ICT reforms and generate results early. I recognize that structural reforms are not goals but means, and how to connect structural reforms to value creation and growth is important. Digitalization is also a major theme, and we have completely eliminated our host computers in Japan and switched to a new core system, enabling rapid business processing including producing estimates. We have also introduced model-based development utilizing our own systems, establishing a system that can promptly provide proposals with design simulations in response to customer requests. Closer to home, Executive Officers themselves have started new initiatives such as using AI to create meeting minutes and rapidly share information with stakeholders.

**Komatsu** Such digitalization should be actively publicized. This is my personal impression, but I feel that DX has not progressed much at Japanese manufacturing sites. It is inevitable that DX and AI use initiatives will advance in all aspects. If these are initiatives that other companies are not pursuing, I think they would greatly benefit our IR efforts.

**Toshita** The most pressing issue for our company is surely information utilization at our plants. We should comprehensively organize and utilize data necessary for production reforms, data leading to sales growth, and plant data essential for aftermarket business expansion. I think we should speed up building such systems.

**Kinoshita** After advancing computerization, what will ultimately become the power to beat the competition is

technology in the broad sense including manufacturing, procurement and logistics, and the people who make it possible. We need to develop people who create our company's value, accurately convey it to customers, and promote our advantages. We will focus on "developing people who set us apart from our rivals" as a long-term and global challenge.

### Toward achieving the Medium-term Management Plan targets

**Kinoshita** Finally, please give us advice on achieving the targets in the Medium-term Management Plan.

**Komatsu** What I would say as an Outside Director looking toward the second year of the Medium-term Management Plan boils down to this: set high goals and follow through. From the perspective of shareholders and other stakeholders, I believe it is important to steadily advance structural reform without pause, even under severe business conditions. In that sense, my impression from visiting NTN plants was that there is plenty of room for efficiency improvement.

**Toshita** Structural reform is a means to (1) create a corporate structure resilient to changes in business conditions and (2) improve "earning power" as stated in the Medium-term Management Plan. It is not a goal. Mindset transformation is most important for structural reform, and without this, it remains "improvements" on the conventional approach, not reform. Since changing a corporate culture is not easy, management must consistently advocate for it. Ultimately, companies change as a result of employees acting autonomously. For example, what would happen if inventory reduction were one of the most important themes, then a supervisor blamed their staff member for a stock-out due to unforeseen circumstances? That person would unconsciously move toward increasing inventory. Instead, if we allowed the use of air freight for delivery in case of unexpected situations for example, this would demonstrate how seriously the company took the situation. Delivering good products on schedule is fundamental for a manufacturing company, and I feel this important corporate culture is sufficiently developed. Precisely because of this, I hope that while protecting this corporate culture, we can

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review existing mindsets and common sense to enable endeavors for further value creation.

**Kinoshita** When customers say, “please deliver tomorrow,” we push ourselves to manufacture and deliver. Or when they say, “we won’t buy unless it’s this price,” we strive to reduce costs to somehow match it. Such a culture has taken root in our company. In recent years, we have shed light on the problems arising from such stances. Of course, this is not at all about not valuing customers, but reconsidering what we need to do for our company to survive. As a result, we are more energetically engaging in price negotiations than before and not letting products remain unprofitable. This is a major shift from our traditional sales approach, but the spirit to carry this through is beginning to take root among employees. Particularly for the CVJ & Axle Bearing Business, which has one-to-one relationships with customers, the shift to reduce unprofitable model numbers and eliminate wasteful inventory is progressing quickly. For the Bearing Business, which supplies various products to diverse industries, negotiations and transitions are not easy, but things are definitely beginning to progress.

**Toshita** Indeed, the Bearings business serves customers across diverse industries, so a uniform approach is difficult. For example, investigating the customer track record and narrowing down model numbers that can be provided would not progress easily if left to sites. How to judge potential negative impacts and how far to take action



considering effects extending to suppliers and procurement requires management decisions. To repeat, what determines the success or failure of reforms is changes in mindset and behavior of each manager and employee. We need to simultaneously build a mechanism to visualize these changes. For example, regarding the aftermarket, we have set a target of 40% sales ratio by FY2035, but how about showing in a visual way the intermediate milestones to people inside and outside NTN?

**Kinoshita** Simply put, there are two elements to increase aftermarket sales: riding market growth itself and gaining market share from competitors. Since market growth is not significant currently, to increase sales, we need bold and clever actions and mechanisms that lead the sector in terms of customer service and strategy. We are concentrating on reducing non-aftermarket inventory while focusing on the necessary inventory lineup. As part of strengthening business axes, since April 2024, we have set KPIs such as profit, inventory, and ROIC in a matrix of regions and businesses, and shared these with Executive Officers and regional general managers. While establishing this approach, we will proceed with inventory reduction and plan-versus-actual management of business plans.

**Toshita** Such movements should be monitored constantly and updates disseminated throughout the company. I hope that NTN will actively disseminate information about growth investment plans that lead to improved employee motivation and continue steady progress toward achieving Medium-term Management Plan targets.

**Komatsu** I also spoke with chief manager and above about the importance of ROIC and improvement measures when visiting sites, and I want to continue constructive suggestions by gathering information about employee motivation. One more point is that from the perspective of women, I intend to support the development of female talent aiming for management positions by establishing discussion forums with female employees at each site.

**Kinoshita** Thank you very much for your valuable suggestions. We are dedicated to the “revitalization of NTN,” never slowing the pace of reforms.

### Message from our new Director

Outside Director

**Hiromi Wada**



After graduating from university, I joined a major electronics manufacturer and worked in the fields of research and development, product planning, and quality control across some four decades. In particular, my experience in developing i-Mode mobile phones and in-vehicle infotainment systems, developing products focused on the user perspective, has become the foundation of my career. Since retirement, I have served as a non-executive Outside Director at several companies and have been involved in important management decisions such as making structural reform, launching new businesses, and making decisions on withdrawing from markets. Through these experiences, I have developed an approach of contributing to corporate value enhancement from both a technical and a business perspective. I feel there is great potential in NTN’s technological and global expansion capabilities, and I will endeavor to contribute to its sustainable growth by combining grassroots awareness and management perspective from an external standpoint. Thank you very much for your support.

# Directors (as of June 25, 2025)

■ Nominating Committee Member ■ Compensation Committee Member ■ Audit Committee Member ★ Chairperson of each committee

## Inside Directors



**Eiichi Ukai**



Number of years as Director  
8 years  
Number of shares of the  
Company held  
200,600 shares



**Masaaki Yamamoto**



Number of years as Director  
3 years  
Number of shares of the  
Company held  
74,200 shares



**Shumpei Kinoshita**

Number of years as Director  
2 years  
Number of shares of the  
Company held  
67,400 shares



**Koji Takahashi**

Number of years as Director  
New  
Number of shares of the  
Company held  
43,237 shares

## Outside Directors



**Masaki Egami**



Number of years as Director  
4 years and 11 months  
Number of shares of the  
Company held  
64,400 shares



**Etsu Harima**



Number of years as Director  
New  
Number of shares of the  
Company held  
96,200 shares



**Ryo Kawakami**



Number of years as Director  
6 years  
Number of shares of the  
Company held  
0 shares

(Significant concurrent positions)  
Attorney at law (Representative Partner,  
Osaka West Law Office, Legal Professional  
Corporation)



**Yuriya Komatsu**



Number of years as Director  
4 years and 11 months  
Number of shares of the  
Company held  
10,000 shares

(Significant concurrent positions)  
Outside Director, Dream Incubator Inc.  
Outside Director, Daicel Corporation

Chairperson of the Board of Directors



**Akira Murakoshi**



Number of years as Director  
3 years  
Number of shares of the  
Company held  
5,400 shares

(Significant concurrent positions)  
Full-time Audit & Supervisory Board  
Member, Mitsubishi Corporation



**Yasuo Kitani**



Number of years as Director  
2 years  
Number of shares of the  
Company held  
8,800 shares



**Tatsuhiko Toshita**



Number of years as Director  
1 years  
Number of shares of the  
Company held  
2,400 shares

(Significant concurrent positions)  
Outside Director, NIHON SEIKAN K.K.



**Hiromi Wada**



Number of years as Director  
New  
Number of shares of the  
Company held  
0 shares

(Significant concurrent positions)  
Outside Director, Sakai Chemical  
Industry Co., Ltd.  
Representative Director, HIROZ Co., Ltd.  
Part-time Advisor, Panasonic  
Automotive Systems Co., Ltd.  
Outside Director, Shimano Inc.

Please see the NTN Group sustainability website for past experience of each Director.



<https://www.ntnglobal.com/en/csr/governance/structure.html>

# Directors

## Attendance at Board of Directors and Committee Meetings, reasons for selection, and skill matrix

Name	Attendance at Board of Directors meetings and committee meetings		Reasons for selection	Skills matrix									
				Main areas of experience required of Directors									
				Corporate management	Manufacturing	Technology, R&D	Sales	Corporate and business planning	Finance and administration	Legal affairs, internal controls, compliance	Global experience	ICT*	Experience of other industries, diversity
<b>Eiichi Ukai</b>	100%	Board of Directors 15/15 Nominating Committee 5/5 Compensation Committee 6/6	Mr. Eiichi Ukai possesses operational experience in areas such as the Quality Assurance Division and Overseas Division, and broad knowledge of the management of the Company promoting businesses globally based on these achievements, among others, and has served as President, Executive Officer of the Company since April 2021. The Company selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.	●	●		●				●		
<b>Masaaki Yamamoto</b>	100%	Board of Directors 15/15 Compensation Committee 6/6	Mr. Masaaki Yamamoto possesses operational experience in areas such as the Finance Division and Overseas Division, and broad knowledge based on these achievements, among others. The Company selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.					●	●	●	●		
<b>Shumpei Kinoshita</b>	100%	Board of Directors 15/15	Mr. Shumpei Kinoshita possesses operational experience in areas such as the Overseas Division and Finance Division, and broad knowledge based on these achievements, among others. The Company selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.					●	●		●		
<b>Koji Takahashi</b>			Mr. Koji Takahashi possesses operational experience in areas such as the IR and Public Relations Division and ICT Division, and broad knowledge based on these achievements, among others. The Company newly selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.					●	●			●	
<b>Masaki Egami</b>	100%	Board of Directors 15/15 Audit Committee 10/10	Mr. Masaki Egami possesses operational experience in areas such as the Engineering Division and Research and Development Division, and broad knowledge based on these achievements, among others. The Company selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.			●							
<b>Etsu Harima</b>			Mr. Etsu Harima possesses operational experience in areas such as the Business Division and Quality Assurance Division, and broad knowledge based on these achievements, among others. The Company newly selected him as a Director with an aim to continuously improve corporate value, utilizing his experience and knowledge, etc. for management.	●	●	●	●				●		
<b>Ryo Kawakami</b>	100%	Board of Directors 15/15 Nominating Committee 5/5 Audit Committee 13/13	Although Mr. Ryo Kawakami has not been directly involved in corporate management, he possesses broad knowledge, etc. based on extensive experience as a lawyer familiar with corporate legal affairs. The Company selected him as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through his duties such as providing appropriate opinions on the independent standpoint from business executors.							●			●
<b>Yuriya Komatsu</b>	100%	Board of Directors 15/15 Compensation Committee 6/6	Ms. Yuriya Komatsu possesses broad knowledge, etc. based on extensive experience in the management of other companies. The Company selected her as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through her duties such as providing appropriate opinions on the independent standpoint from business executors.					●	●	●	●		●
<b>Akira Murakoshi</b>	100%	Board of Directors 15/15 Nominating Committee 5/5 Compensation Committee 6/6	Mr. Akira Murakoshi possesses broad knowledge, etc. based on extensive experience in the management of other companies. The Company selected him as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through his duties such as providing appropriate opinions on the independent standpoint from business executors.	●			●	●	●	●	●		●
<b>Yasuo Kitani</b>	100%	Board of Directors 15/15 Nominating Committee 5/5 Audit Committee 13/13	Mr. Yasuo Kitani possesses extensive experience in banking over many years and broad knowledge including finance, among others. The Company selected him as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through his duties such as providing appropriate opinions on the independent standpoint from business executors.	●			●	●	●	●	●		●
<b>Tatsuhiko Toshita</b>	100%	Board of Directors 11/11 Compensation Committee 5/5	Mr. Tatsuhiko Toshita possesses broad knowledge, etc., based on extensive experience in the management of other companies. The Company selected him as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through his duties such as providing appropriate opinions on the independent standpoint from business executors.	●			●	●			●		●
<b>Hiromi Wada</b>			Ms. Hiromi Wada possesses broad knowledge, etc., based on extensive experience in the Technology and Research Division and IT Technology Division of other companies. The Company newly selected her as an Outside Director with an expectation to continuously improve corporate value by conducting supervision from the viewpoint to increase transparency and fairness of management through her duties such as providing appropriate opinions on the independent standpoint from business executors.	●		●						●	●

\* ICT (Information and Communications Technology)

# Executive Officers (as of June 25, 2025)



Representative Executive Officer,  
President, Executive Officer

## Eiichi Ukai\*

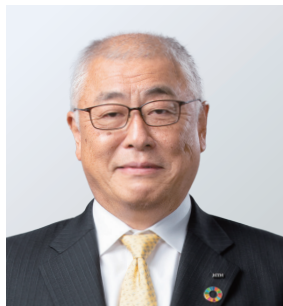
CEO (Chief Executive Officer)  
Corporate General Manager,  
Group Management HQ.



Representative Executive Officer,  
Executive Officer

## Masaaki Yamamoto\*

CFO (Chief Financial Officer)  
Europe & Africa Region



Executive Officer

## Hiroyuki Ichikawa

Quality HQ.  
Composite Material Product  
Division  
India Region



Executive Officer

## Masayuki Kaimi

Corporate General Manager,  
SCM Strategy HQ.  
China Region  
Production Engineering HQ.



Executive Officer

## Yasuhiro Kawabata

Deputy Corporate General Manager,  
Group Management HQ.  
Human Resources Strategy Dept.  
Personnel Dept.  
General Affairs Dept.  
Legal Dept.



Executive Officer

## Tsuyoshi Kikuta

Deputy Corporate General Manager,  
Group Management HQ.  
Financial Strategy Dept.  
ESG Promotion Dept.  
Accounting Dept.  
Internal Control Dept.



Executive Officer

## Shumpei Kinoshita\*

Deputy Corporate General Manager, Group  
Management HQ.  
Corporate Strategy Dept.  
Carbon Neutrality Strategy Promotion Dept.  
Americas Region



Executive Officer

## Koji Takahashi\*

Deputy Corporate General Manager,  
Group Management HQ.  
Corporate Communications Dept.  
ICT Strategy Dept.



Executive Officer

## Ikuya Tateoka

Corporate General Manager,  
CVJ & Axle Bearing Business HQ.



Executive Officer

## Masayuki Tanio

In charge of Business Structural  
Reform



Executive Officer

## Yoshiyasu Nakano

CTO (Chief Technology Officer)  
Research Division  
Innovation & Business Development HQ.  
New Product and Business Strategy  
Planning Dept.  
Intellectual Property Strategy Dept.



Executive Officer

## Keiji Yanagida

Corporate General Manager,  
Bearing Business HQ.  
NTN KOREA CO., LTD.  
ASEAN, Oceania & West Asia Region

\*Executive Officer who also serves as a Director

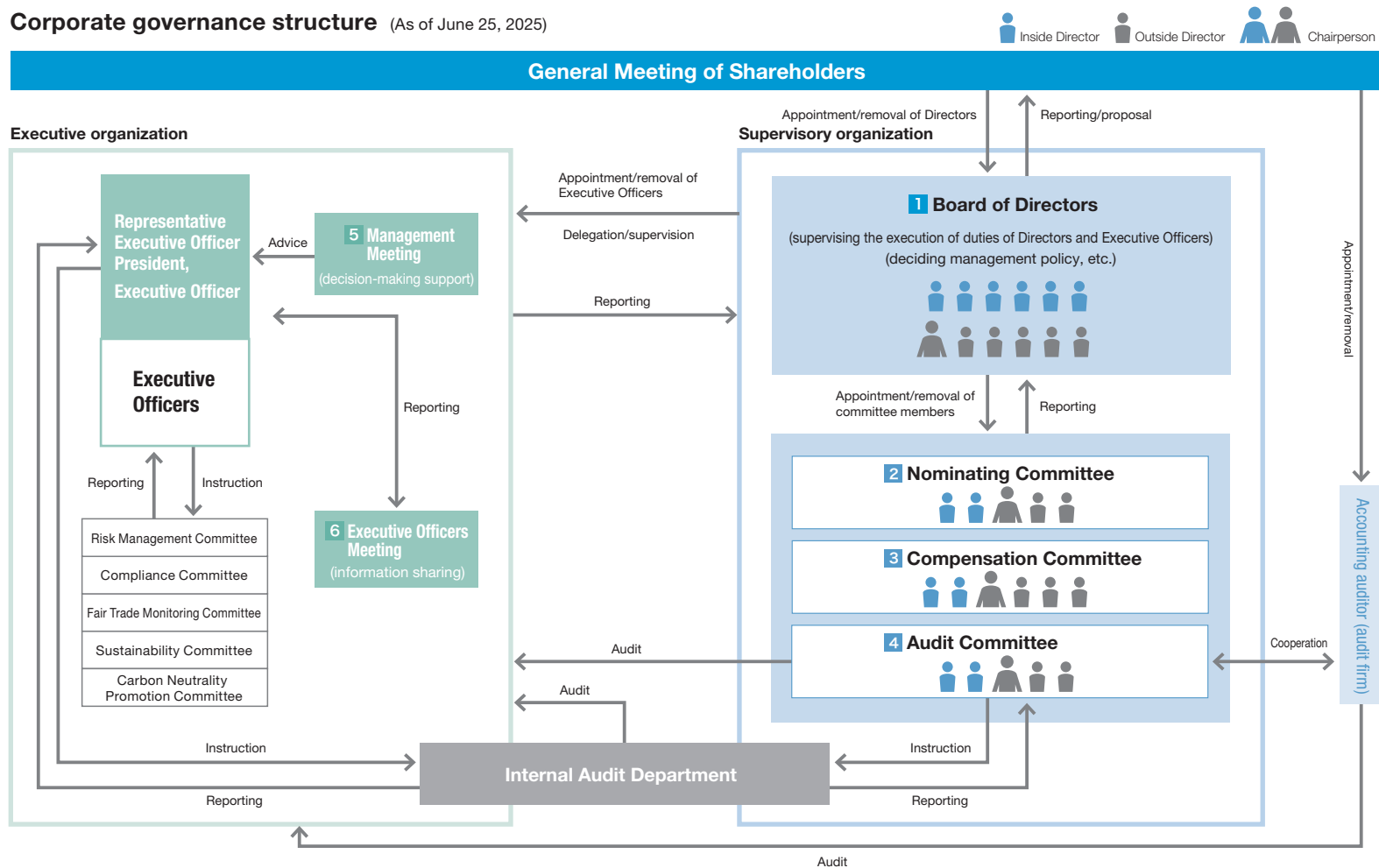
# Governance Structure

## Basic approach

NTN Group considers the strengthening and enhancement of corporate governance to be one of our top management priorities. While further improving the efficiency and soundness of our management, we are also striving to increase management transparency by rapidly disclosing accurate information to our shareholders and investors.

With the aim of creating a structure for rapid decision-making and execution, enhancing our business supervisory functions and improving the transparency and impartiality of our management, NTN Group transitioned from Company with Board of Company Auditors to Company with Nominating Committee, etc. in June 2019. Under this structure, we will work on further enhancement of corporate value over the medium- and long-term.

**Corporate governance structure** (As of June 25, 2025)



# Governance Structure

## 1 Board of Directors

The Board of Directors decides on the basic management policies and supervises the execution of duties of Directors and Executive Officers. Apart from matters stipulated by laws and regulations or the Articles of Incorporation to be resolved by the Board of Directors, the Board delegates substantial authority to Executive Officers with the aim of strengthening the supervision of management and speeding up decision-making.

The Articles of Incorporation stipulate that the term of office of a Director shall be one year, and the number of Directors shall be 15 or fewer. The Board of Directors convenes once a month in principle, but also meets flexibly as needed.

As of June 25, 2025, there are 12 Directors, of which six are Outside Directors. The Board is chaired by an Outside Director.

## 2 Nominating Committee

The Nominating Committee decides on the content of the proposal regarding appointment or removal of Directors, which is submitted to the General Meeting of Shareholders. Five members sit on the committee as of June 25, 2025, three of whom are Outside Directors. The committee is chaired by an Outside Director.

## 3 Compensation Committee

The Compensation Committee decides on the policy for determining the compensation of Directors and Executive Officers, and determines compensation for individuals. Six members sit on the committee as of June 25, 2025, four of whom are Outside Directors. The committee is chaired by an Outside Director.

## 4 Audit Committee

The Audit Committee audits the execution of duties of Directors and Executive Officers, and decides on the content of a proposal regarding appointment/removal of the accounting auditor, which is submitted to the General Meeting of Shareholders. The duties of the Audit Committee are supported by the Internal Audit Department, and its concurrently assigned staff members serve as the Audit Committee secretariat and other functions. These staff members, who have the requisite skills and experience to support the Audit Committee, are appointed by the manager of the Internal Audit Department with the approval of the Audit Committee. Decisions on matters related to transfer, disciplinary action or evaluation of these staff members require the approval of the Audit Committee.

The committee has five members as of June 25, 2025, three of whom are Outside Directors. The committee is chaired by an Outside Director.

### Members composing Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee

FY2025 (As of June 25, 2025)			
Board of Directors	Nominating Committee	Compensation Committee	Audit Committee
Eiichi Ukai	○	○	
Masaaki Yamamoto		○	
Shumpei Kinoshita			
Koji Takahashi			
Masaki Egami			○
Etsu Harima	○		○
Ryo Kawakami ★	○		○
Yuriya Komatsu ★		○	
Akira Murakoshi ★	◎	○	
Yasuo Kitani ★	○		◎
Tatsuhiko Toshita ★		◎	○
Hiroimi Wada ★		○	

\*Please note that persons with ★ are Outside Directors, persons with ◎ are Chairpersons of committees, and persons with ○ are members of committees.

## 5 Management Meeting

The Management Meeting discusses important matters relating to operational execution, as the supporting body for decision-making by the President, Executive Officer. The meeting is composed of the President, Executive Officer and other Executive Officers as designated by him and held twice a month in principle.

## 6 Executive Officers Meeting

The Executive Officers Meeting is convened by the President, Executive Officer and attended by all Executive Officers. Resolutions passed by the Board of Directors are communicated and each Executive Officer reports about the status of operational execution. This meeting is held once a month in principle, sharing information among Executive Officers to make operational execution more efficient and effective.

## Executive Officers

Executive Officers are appointed by resolution of the Board of Directors. They decide on the execution of business delegated to them by the Board of Directors and execute the business. Their term of office is one year under the Articles of Incorporation. As of June 25, 2025 there are 12 Executive Officers.

### Corporate data

Organizational design	Company with Nominating Committee, etc.
No. of Directors	12
of which 6 independent Outside Directors	
Director's term of office	1 year
No. of Executive Officers	12
of which 2 have representative rights	
No. of Executive Officers who are also Directors	4
System to assist the work of the Audit Committee	yes (Internal Audit Department)
Accounting auditor	Ernst & Young ShinNihon LLC

# Governance Structure

## Governance structure timeline

2006	<ul style="list-style-type: none"> <li>CSR Committee is established</li> </ul>
2008	<ul style="list-style-type: none"> <li>Risk Management Committee is established</li> <li>An Outside Director is appointed for the first time</li> </ul>
2011	<ul style="list-style-type: none"> <li>The number of Outside Directors increases (from 1 to 2)</li> </ul>
2012	<ul style="list-style-type: none"> <li>Fair Trade Monitoring Committee is established</li> </ul>
2015	<ul style="list-style-type: none"> <li>Compliance Committee is established</li> <li>The effectiveness of the Board of Directors is assessed</li> </ul>
2016	<ul style="list-style-type: none"> <li>Compensation Advisory Committee is established</li> </ul>
2018	<ul style="list-style-type: none"> <li>New corporate philosophy system is established</li> </ul>
2019	<ul style="list-style-type: none"> <li>Transition to Company with Nominating Committee</li> <li>The number of Outside Directors increases (from 2 to 5)</li> <li>Sustainability Committee is established</li> </ul>
2020	<ul style="list-style-type: none"> <li>First woman appointed as a Director (Outside)</li> </ul>
2021	<ul style="list-style-type: none"> <li>Executive Officer hierarchy flattened</li> </ul>
2022	<ul style="list-style-type: none"> <li>ESG incorporated in the Executive Officer evaluation system</li> <li>Female Outside Director appointed as the chair of the Board of Directors</li> </ul>
2023	<ul style="list-style-type: none"> <li>Important meeting briefing held for Outside Directors</li> <li>Carbon Neutrality Promotion Committee is established</li> </ul>
2024	<ul style="list-style-type: none"> <li>Change to the performance-linked compensation ratio for Executive Officers (increased from 40% to 50% of total compensation)</li> </ul>

## Board of Directors

### Activities of the Board

In FY2024, NTN's Board of Directors met 15 times and deliberated primarily on the business plan for the current year and the progress of the Medium-term Management Plan, current conditions and issues

faced by business and region, occupational health and safety, quality control, compliance, risk management and sustainability.

The Board, which consists of both Inside and Outside Directors, is selected from a wide range of fields with consideration for diversity and balance. As of June 25, 2025, there were two female Directors (Outside Directors) on the Board, and one of whom serves as Chairperson. Through the oversight of management by the Directors, diverse values are integrated in our efforts to achieve sustained enhancement of corporate value.

### Assessing the effectiveness of the Board

The effectiveness of the Board of Directors is evaluated annually to ensure it is fit for purpose. In FY2024, self-evaluation was conducted by each Director using a questionnaire asking about aspects such as the role, composition and operation of the Board and the operation of committees. The anonymized questionnaire has a four-point grading system, with a blank section provided for each question to elicit individual opinions from the respondent.

In FY2024, the third-party evaluation, which is implemented once every three years, took place. An external organization lent its support in designing the questionnaire and reviewed the results. Overall, the opinion was generally positive, indicating that initiatives to ensure the effectiveness of the Board are being implemented. However, there was a view that it may be necessary to further enhance the methods for information-sharing from the Nominating Committee to the Board of Directors regarding CEO succession planning and other matters, and we decided that the Nominating Committee would consider this going forward. NTN will continue to regularly analyze and evaluate the effectiveness of the Board of Directors and strive for improvement and enhancement.

## Executive Officers

### Appointment of Executive Officers

The appointment of Executive Officers shall be determined after careful deliberation by the Board of Directors, taking into overall account whether they possess the appropriate character, insight, capabilities, experience and track record to fulfil their duties. In addition, if it becomes clear that an Executive Officer lacks the required qualifications, they shall be promptly dismissed by the Board of Directors.

### Flattening of the hierarchy and compensation structure

On June 25, 2021, NTN Group removed the Managing Executive Officers and eliminated hierarchical relationships among Executive Officers to create one team. This was also done in order to re-activate discussions among Executive Officers, respond to issues quickly and to further enhance corporate value.

In line with the flattening of the structure, the existing system of position-specific Directors' remuneration was abolished in April 2022 and transitioned to a compensation system adapted to the responsibilities held by each Director in their field.

### Adoption of ESG evaluation

Since April 2022, ESG factors have been set as key individual target measures for Executive Officers involved in the calculation of annual incentives (bonuses). The degree of achievement of these ESG factors is one of the evaluation indicators. Incorporating ESG factors into the evaluation system promotes active engagement by Executive Officers on ESG.

📖 P.70 Compensation Committee

# Nominating Committee

## Message from the Chair

Chairperson of Nominating Committee  
Outside Director

**Akira Murakoshi**



The Nominating Committee selects Directors for shareholder approval at the Annual General Meeting and also recommends Executive Officers, including the Representative Executive Officer, to the Board of Directors. Regarding succession plans for Directors and Executive Officers, we work with the executives to understand the candidate pool of Executive Officers and internal candidates using a skills matrix for Executive Officers and internal candidates, and to develop them through job rotations and other means for necessary career development.

As we enter the second year of the Medium-term Management Plan “DRIVE NTN100” Final, uncertainty in the external environment continues to increase. To complete the company’s revitalization and gain the trust of shareholders and all stakeholders, it is necessary to take steps to achieve bold structural reform under strong leadership and improve profitability from a long-term perspective.

From this perspective, last year the Nominating Committee engaged in extensive discussions regarding our approach to board composition and the qualities and requirements expected of candidates for the next CEO. We have already completed discussions on the framework, and this fiscal year we will report to the Board of Directors and deepen our shared understanding with the executives.

The current Medium-term Management Plan sets out quite a long-term “vision” for 2035 as our goal and measures designed by backcasting. In an environment of rapid change, acceleration of structural reform is required. As the Nominating Committee, we intend to work together with the executives to grow the next generation of management, including potential CEO successors, utilizing the perspectives of Outside Directors.

## Matters deliberated by the Nominating Committee

In fiscal year 2024, the Nominating Committee met five times and deliberated on the creation and consideration of the Company’s succession plan, the executive structure for fiscal year 2025, and the selection of candidates for CEO, Representative Executive Officer, executive officers and directors.

## Standards for appointment of Directors

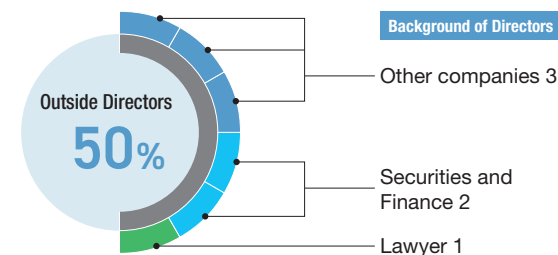
Candidate Directors, whether selected from inside or outside the Group, shall be decided upon careful deliberation by the Nominating Committee based on standards for selection of Directors as stipulated below, taking into account the diversity and balance of the Board (including gender and international experience).

- Must be in good condition both physically and mentally
- Must have a high sense of ethics and a law-abiding spirit.
- Must be able to engage in constructive discussion from an objective viewpoint.
- Must be highly motivated to improve their abilities.
- Must have excellent decision-making skills from a companywide and medium- to long-term perspective.
- Must have excellent foresight and insight regarding environmental and social change.
- Must have sufficient track record of performance and expertise in relevant fields (corporate manager or specialization).
- Regarding Outside Directors, (1) they must have sufficient time to accomplish their duties, (2) they must satisfy the standards regarding the independence of Outside Directors as stipulated under separate cover, (3) diversity must be ensured among the Outside Directors, and (4) they must have the requisite abilities to accomplish duties as a member of any of the three committees.

## About Outside Directors

As of June 25, 2025, the Board of Directors consists of 12 members, including six Inside Directors and six Outside Directors, a ratio of Outside Directors of 50%. We will continue to strengthen the supervision of management and improve transparency and fairness. In order to ensure appropriate corporate governance, we have also established our own standards regarding the independence of Outside Directors, stipulating qualification and independence standards for their appointment. All Outside Directors are designated as Independent Directors as defined by the rules of the Tokyo Stock Exchange, and are reported to the Exchange as such.

In order to ensure a Board environment of vibrant discussion, we have established in principle monthly seminars for Outside Directors on the content of discussions in key meetings of executive departments. Moreover, we continuously provide the information necessary for Outside Directors to effectively fulfill their roles and responsibilities by creating opportunities to deepen their understanding of our business through in-person inspection of business sites and other means.

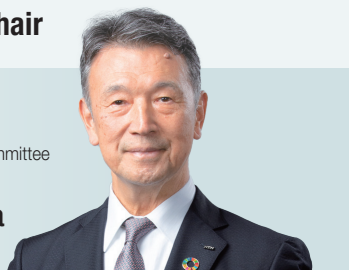


# Compensation Committee

## Message from the Chair

Chairperson of Compensation Committee  
Outside Director

**Tatsuhiko Toshita**



NTN's Compensation Committee consists of four Outside Directors and two Inside Directors, and is chaired by an Outside Director. The committee objectively evaluates management compensation and aims for a system design that contributes to sustainable growth and medium- to long-term enhancement of corporate value. Amid growing uncertainty in the business environment, NTN has implemented timely revisions to the compensation system based on its medium- to long-term business strategy, emphasizing transparency and fairness.

In FY2024, with the intention of boosting “earning power” and improving capital efficiency, NTN revised the ratio of fixed compensation to performance-linked compensation from approximately 6:4 to 5:5, and performance-linked compensation totals are now determined based on the return on invested capital (ROIC) of consolidated financial results. Individual compensation amounts for Executive Officers are comprehensively considered and decided by the committee within the total amount of provision, taking into account the progress on priority target measures including ESG targets for each Executive Officer.

In a world of rapid social and economic change, compensation systems that promote sound motivation among Directors and Executive Officers and contribute to securing and developing excellent management talent have never been more important.

Our committee constantly monitors changes in the business environment while monitoring the effectiveness of the current system. We aim to strengthen governance by evolving toward a transparent compensation decision-making process under a compensation system that leads to high performance by Directors and Executive Officers in executing NTN's medium- to long-term strategy.

## Deliberations of the Compensation Committee

The Compensation Committee held six meetings from April 2024 to March 2025.

The committee resolved matters related to executive compensation, including individual compensation, with the aim of enhancing corporate governance and improving the fairness, transparency, and objectivity of the procedures for determining the compensation of Directors and Executive Officers.

### Compensation Committee meetings (from April 1, 2024 to March 31, 2025)

1st meeting	<ul style="list-style-type: none"> <li>Points granted by BIP Trust for compensation of Officers</li> <li>Bonus for Executive Officers in 2024</li> <li>Performance indicators of the system for medium- to long-term performance-linked compensation of Directors under the New Medium-term Management Plan</li> </ul>
2nd meeting	<ul style="list-style-type: none"> <li>Decision on the order of replacement in the event of the Chair being unable to serve</li> <li>Director compensation</li> <li>Annual activity plan</li> </ul>
3rd meeting	<ul style="list-style-type: none"> <li>Additional contribution of shares to the account of the BIP Trust for compensation of Officers</li> <li>Signing a memorandum concerning the revision of stock issuance regulations, internal regulations, and the trust contract</li> </ul>
4th meeting	<ul style="list-style-type: none"> <li>Revision of bonus system for Executive Officers</li> <li>Revision of the basic policy for determining compensation</li> </ul>
5th meeting	<ul style="list-style-type: none"> <li>Review of compensation levels and compensation structure for Officers</li> </ul>
6th meeting	<ul style="list-style-type: none"> <li>Executive Officer compensation</li> </ul>

## Basic policy for determining compensation

The Compensation Committee, chaired by an Outside Director, shall determine the system and level of compensation for Officers and individual compensation with reference to objective data on compensation levels and trends at other companies.

Executive Officers' and Directors' compensation shall be determined separately, and if a Director also serves as an Executive Officer, those compensations shall be combined.

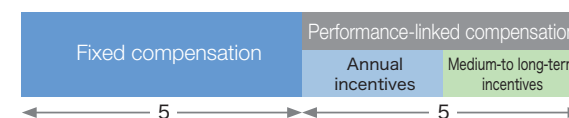
## Compensation for Directors

Compensation for a Director consists only of fixed compensation.

Fixed compensation shall be calculated by adding a supplement to basic compensation (which is determined based on any concurrent duties as an Executive Officer and whether the work is full-time or part-time), taking into account the committee(s) to which a Director belongs and their role on the committee(s).

## Compensation for Executive Officers

The compensation for Executive Officers consists of fixed compensation and performance-linked compensation, which varies based on performance. The standard ratio of fixed to performance-linked compensation is approximately 5:5.



### Fixed compensation

Fixed compensation consists of basic compensation, compensation by responsibility and compensation by representative authority.

### Performance-linked compensation

#### Annual incentives

For Executive Officers, the Group determines whether to provide monetary compensation reflecting performance over a single fiscal year, and, if so, the total amount to be paid. This decision is based on the business plan at the beginning of the relevant fiscal year and the consolidated performance indicators from the previous fiscal year. Whether or not to pay an annual incentive to an Executive Officer, and in the case of payment, the amount, is determined (within the total amount of provision) with reference to the Executive Officer's progress on priority target measures. The indicator related to the calculation of bonuses is based on the consolidated Return on Invested Capital (ROIC), from the perspective of focus on the achievement of growth that takes capital efficiency into account. The provision is made once a year in June as determined by the Compensation Committee.

#### Medium- to long-term incentives

NTN Group shares shall be issued based on the achievement of key targets in the Medium-term Management Plan (money equivalent to the converted amount of shares shall be paid for a certain portion) as an incentive to achieve those targets and to contribute to raising shareholder value, as well as to promote the holding of NTN Group shares. Medium- to long-term performance targets include key performance indicators (consolidated operating margin, inventory turnover ratio, etc.), taking into account the Company's management policies.

# Audit Committee

## Message from the Chair

Chairperson of Audit Committee  
Outside Director

**Yasuo Kitani**



Looking back on our audit activities in FY2024, based on the plan established at the beginning of the fiscal year, audits were conducted on-site at more than 100 locations across a wide range of areas including headquarters, manufacturing sites, sales offices, and research and technology departments. We also conducted audits of Executive Officers' job performance through interviews. On a daily basis, we also attended all of the committees including Management Meetings, Executive Officers Meetings, the Risk Management Committee, the Sustainability Committee, and the Compliance Committee, monitoring them from a governance perspective. We paid particular attention to - and were able to confirm - the effectiveness of the internal control functions of the committees.

Regarding internal control functions overseas, the need for some improvements has been detected, and advice has been proactively provided. Taking this as an opportunity, from the next fiscal year onward, we will encourage checks of internal control functions on a global basis and improvements where necessary, and monitor the situation.

For on-site audits, we focused particularly on checking inventory storage conditions and the appropriateness of mold and die storage contracts with partner companies.

For FY2025, we will establish an audit plan that achieves the same level of on-site audit hours as last year, and will continue to prioritize improving internal control functions both domestically and internationally, including giving guidance. As a management issue, NTN is strengthening the optimization of inventory levels. Through audits, we will provide guidance and support on proper inventory management.


I hope that our committee can contribute to establishing a corporate culture where points for improvement that are discovered through audits become fuel for growth.

## Deliberations of the Audit Committee

Major agenda items of the Audit Committee include the formulation of audit policies and plans, evaluation of the audit plans of accounting auditors, and assessment of the appointment of accounting auditors, and the assessment of the status of development and operation of the Internal Control System.

## Audit status

The Audit Committee members attend meetings of the Board of Directors and other major meetings in accordance with auditing standards, policies, and plans determined by the Audit Committee. The Audit Committee receives reports or hears from Directors, Executive Officers, employees, etc. on the status of the execution of their duties, and audits the execution of duties by Directors and Executive Officers. In addition to the Board of Directors and Executive Officers Meetings, members of the Audit Committee attend and monitor other committees which operate the internal control system – the Sustainability Committee, the Risk Management Committee, the Compliance Committee and the Fair Trade Monitoring Committee.

 P.72 Committees of the Executive Organization

## Internal control system

We regard risk management and compliance as one of the most important management issues, and have established a basic approach to internal control system (Internal Control Policy). Based on this basic policy, we maintain and operate the Group's internal control system, and are working to improve the soundness and efficiency of our management by constantly reviewing our internal control system in response to changes in the business environment.

The Internal Control Department supervises evaluation of internal controls based on the Financial Instruments and Exchange Act. (the internal controls reporting system). It also works to develop and strengthen the internal control system under the Companies Act.

Regarding challenges arising with regard to internal controls as discovered by audits, it examines the design and operational status of rules, procedures and systems from a Group-wide perspective, then aims to reinforce internal controls through remediation and improvement activities.

## Internal audit initiatives

NTN Group's Internal Audit Department, under the direct oversight of the President, Executive Officer, undertakes internal audits independently of the department under audit. The internal audits are conducted into the status of business execution by Group executive organizations from the perspective of propriety and compliance with laws, regulations and internal regulations, as well as from the viewpoint of the effectiveness and efficiency of business activities.

Internal audits involve auditing each executive organization separately (operational audit) and auditing horizontally across organizations by risk and business function (thematic audit). Based on the results, advice and suggestions are provided to the department concerned. Follow-up audits are conducted to check on the implementation of improvements until they are complete.

The results of internal audits are reported to the President, Executive Officer, the Board of Directors and the Audit Committee, as well as being shared with all Executive Officers. In addition, the Audit Committee, the Internal Audit Department and the Accounting Auditor hold regular meetings to exchange information and opinions about audit policies, plans and results in order to improve their efficiency and effectiveness.

Overseas, we have established an Administration & Internal Control Department within General Manager's Offices, which supervise each region. The Internal Audit Department and the Administration & Internal Control Departments work together while taking into account the circumstances and characteristics of the region concerned.

# Committees of the Executive Organization

## Sustainability Committee

The NTN Group has established the Sustainability Committee chaired by the Executive Officer in charge of the ESG Promotion Department (Chief Management Officer of Sustainability Activities). The committee serves as a body that deliberates on the sustainability activities required for identifying and resolving issues with a view to realizing a “NAMERAKA Society.” In principle, the committee meets twice a year. Members of the committee, comprising mainly of the heads of departments related to ESG, deliberate on the details of risks and opportunities related to sustainability as well as the initiatives to be implemented. The status of initiatives is reviewed regularly as a response measure for materiality linked to risks and opportunities. In addition, the Risk Management Committee has established a framework for reporting and deliberating on more specific countermeasures for sustainability-related risks. The details of deliberations by the Sustainability Committee are reported to the Board of Directors.

## Carbon Neutrality Promotion Committee

Amid the growing importance of climate change countermeasures worldwide, NTN established the Carbon Neutrality Promotion Committee in FY2023 to promote, globally and more strongly, the realization of carbon neutrality, which the Sustainability Committee has long been working on as one of our ESG issues.

The Carbon Neutrality Promotion Committee is chaired by the President, Executive Officer, with the Executive Officer in charge of the Carbon Neutrality Strategy Promotion Department serving as the Vice Chairperson. Its members include Executive Officers and general managers responsible for each region (Japan, Europe and Africa, the Americas, China, ASEAN/Oceania/West Asia, and India). The Committee meets twice a year in principle to deliberate on action plans toward achieving the carbon neutrality target and the status of efforts.

In addition, the regional subcommittee of each region, chaired by an Executive Officer in charge, functions as the subordinate organization of the Carbon Neutrality Promotion Committee. These subcommittees meet four times a year in principle to review measures and efforts corresponding to the actual conditions in each region, and report the results of their discussions to the Carbon Neutrality Promotion Committee.

Matters deliberated on by the Carbon Neutrality Promotion Committee are reported independently or jointly with the Sustainability Committee, to the Board of Directors as appropriate.

## Risk Management Committee

NTN has established the Risk Management Committee, chaired by the Executive Officer in charge of the ESG Promotion Department (Chief Management Officer of Risk Management), for the purpose of preventing risks and minimizing damage in the event of a crisis. In principle, the committee meets twice a year.

The committee regularly checks activities including identification, analysis, evaluation, and treatment with regard to various risks surrounding the business of the NTN Group, and reports the details of deliberations to the Board of Directors.

Risks that are discovered through internal audits conducted by the Internal Audit Department are shared with the Internal Control Department. This allows the Group to take preventive actions and make improvements to prevent risks in a timely and appropriate manner.

## Compliance Committee

NTN has established the Compliance Committee, chaired by the Executive Officer in charge of the Legal Department (Chief Management Officer of Compliance Promotion Activities). It serves as an advisory body for compliance promotion activities, and meets twice a year in principle. Members of the Committee are comprised primarily of the heads of the related risk management departments. They discuss issues related to global compliance risks (excluding the risk of violating antimonopoly and subcontract laws), as well as action plans and results, and report to the Board of Directors. Based on the action plans discussed by the Committee, the relevant risk management promotion departments implement measures to mitigate risks in collaboration and partnership with the Compliance Promotion Activity Supervisors appointed at each domestic business site and subsidiary as well as the Administration & Internal Control Department established at each Office of the General Manager in each overseas region.

## Fair Trade Monitoring Committee

NTN has established the Fair Trade Monitoring Committee, chaired by the President, Executive Officer, to engage in activities for promoting compliance with antimonopoly and subcontract laws. The Committee meets twice a year in principle. The primary members include the Executive Officers in charge of sales and procurement departments, Outside Directors, and external lawyers. The Committee discusses the implementation plans and performance reports for compliance with antimonopoly and subcontract laws, and provides supervision and guidance on effective control for fair trade practices along with education and awareness-raising activities. The discussed matters are reported to the Board of Directors. Under the direction of the Fair Trade Monitoring Committee, the Legal Department, which oversees activities related to compliance with antimonopoly laws, conducts activities including education, guidance, and supervision of the relevant domestic departments, and also works together with the Administration & Internal Control Department of each overseas region to manage the implementation status of activities related to compliance with antimonopoly laws.

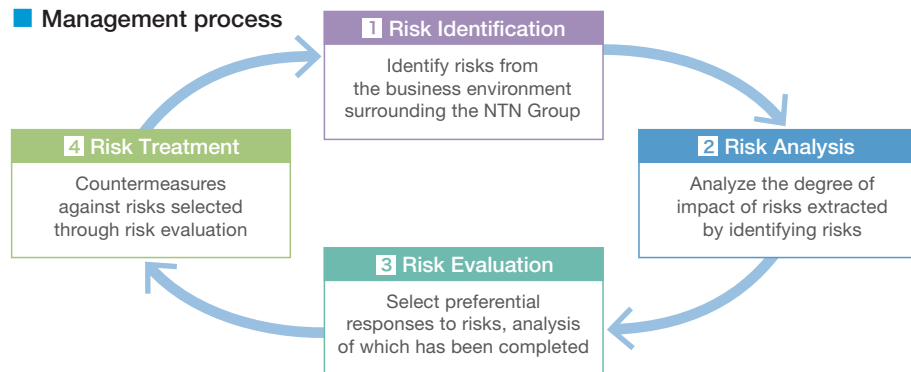
# Risk Management

## Basic approach to Risk Management

We have developed a Risk Management Policy that outlines our basic approach to preventing and responding to risks that may impede the business operations of our Group, as well as the Risk Management Regulations that define the organization and roles for risk management. Through these measures, we are working on risk management and promoting BCP/BCM (Business Continuity Plan/Business Continuity Management) across the entire Group.

With the aim of preventing risks and minimizing damage when crises occur, we have established a Risk Management Committee chaired by the Executive Officer in charge of the ESG Promotion Department (who has oversight of risk management). The committee regularly checks up on the various risks surrounding NTN Group business activities including risk identification, analysis, evaluation, and treatment. Risks are classified into the following 20 risk categories from the viewpoint of comprehensiveness, and management managers and promotion divisions are determined for each specific risk, with the aim of reducing risk. The deliberations of the Risk Management Committee are reported to the Board of Directors twice a year.

### Management process



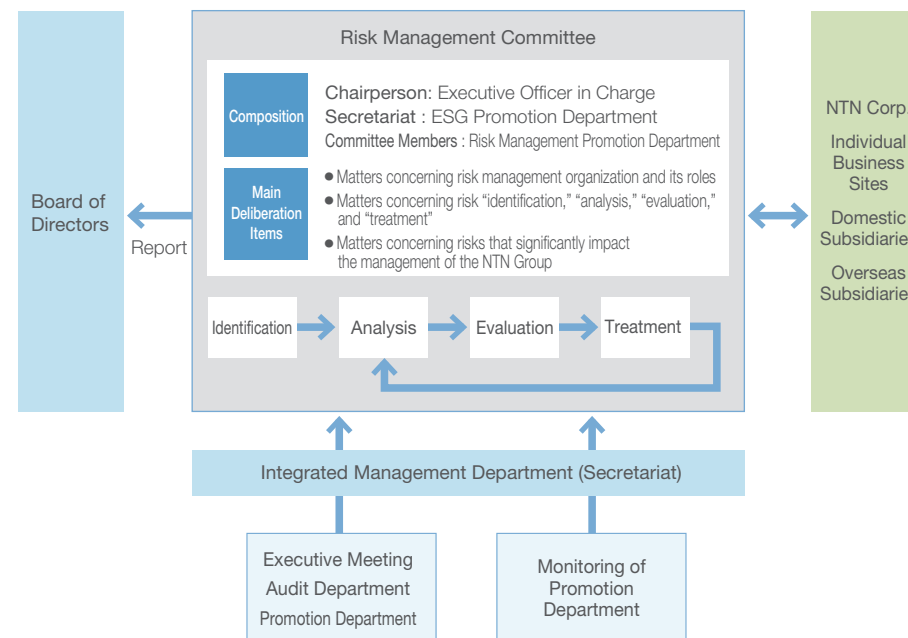
### Relevant risks

1 Natural disasters	8 Technology and R&D	15 Health and safety
2 Geopolitical risk	9 Procurement	16 Environment
3 Changing political and economic conditions	10 Logistics	17 Information Information systems
4 Changing market conditions	11 Production and inventory	18 Finance and accounting
5 Changing working environment	12 Quality	19 Legal affairs and compliance
6 Carbon neutrality	13 Marketing and sales	20 Others
7 Changing legislation and regulation	14 Personnel and labor	

## Organization Chart

The risk management structure consists of a General Manager (the Executive Officer in charge of risk management), the Integrated Management Department, the Promotion Department, and the Implementation Department (working departments). The Integrated Management Department serves as the Secretariat of the Risk Management Committee and is responsible for overseeing the identification, analysis, assessment, and response to risks across the entire NTN Group. The Promotion Department, as a department responsible for each risk in their respective operations, is responsible for conducting risk assessments, reporting to the Integrated Management Department, formulating regulations and other measures related to their assigned risks, establishing management systems, providing education and awareness regarding risk management for their assigned risks, and providing guidance and advice to subsidiaries.

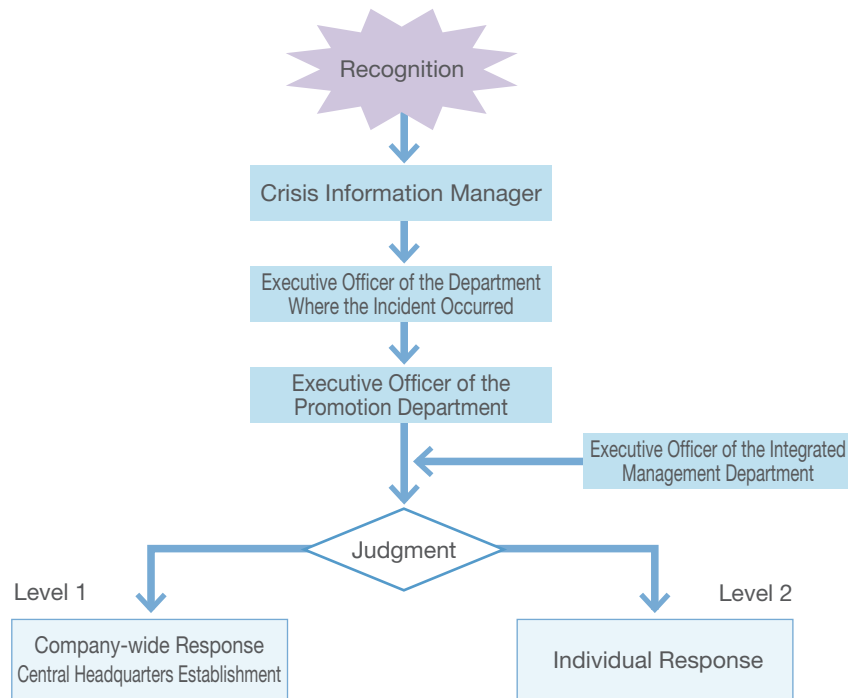
### Structure



# Risk Management

## Crisis management structure

When an emergency situation involving life safety or incidents/accidents affecting management occurs, the crisis information manager of the department where the incident occurred reports to the Executive Officer in charge of that department. The Executive Officer who receives the report consults with the Executive Officer in charge of the relevant risk promotion department and the Executive Officer in charge of risk management oversight to determine the crisis response level for the emergency situation. Crisis response levels are classified into the following two levels according to the degree of impact on management. Level 1 refers to cases where the impact on management is deemed extremely significant, and when a judgment meeting determines it to be Level 1, the Central Headquarters established at the Head Office will implement comprehensive response measures. Level 2 refers to cases where the degree of impact on management is judged to not reach Level 1-these cases are handled by the department where the emergency occurred with the cooperation of the relevant promotion department as necessary.



## Promotion of BCP/BCM

We have been developing a BCP/BCM structure designed to respond to major earthquakes in Japan and are working to strengthen our disaster response systems, including those of our group companies. We have completed the formulation of BCPs to enable rapid recovery at all production sites across Japan. Based on our experience from the Noto Peninsula Earthquake in 2024, we are carrying out BCP training and developing systems for rapid recovery in case of emergencies. In addition, we have compiled materials documenting our response from earthquake occurrence through recovery, which are utilized in our BCM activities.

## Strengthening the computer security incident response team

### Strengthening CSIRT structure

In response to increasing risks of cyberattack and data breaches and in view of the importance of information security today, we have established a Basic Policy of Information Security alongside our Environment Policy, Human Rights Policy, Safety and Health Basic Policy and Procurement Policy as one of the NTN Group's basic policies set forth under our Management Policy.

Cyberattacks are becoming increasingly complex and sophisticated daily, with numerous similar incidents and information breaches occurring at other companies. When information security incidents occur, it is essential to respond swiftly from detection through reporting to handling of information security risks. We have established a cross-departmental emergency response system for handling information security risks (NTN-CSIRT: NTN Computer Security Incident Response Team), and have begun operations in conjunction with a dedicated security organization (SOC: Security Operation Center) that monitors cyberattacks 24 hours a day, 365 days a year for early detection of cyberattacks.

Furthermore, as part of personnel security measures, we regularly conduct incident response trainings that assume the occurrence of information security incidents, training for dealing with spoofed mails, and e-learning programs to deepen understanding of information security-related regulations and how to deal with information security threats.

#### [Objectives of establishing the Computer Security Incident Response Team (NTN-CSIRT)]

- (1) Detect information security risks and accelerate communication, reporting, handling, and recovery in case of risk occurrence
- (2) Reduce the risk of information security incidents and prevent them from occurring
- (3) Strengthen governance to improve overall information security standards

[Related information on the website](#)

NTN Basic Policy



# Compliance

## Basic approach to compliance

NTN believes that earning the trust of society is essential in order for the Company to contribute to the realization of a sustainable society and to continue to be a company that is needed by society. Accordingly, we place importance on compliance in our Management Policy.

We perceive compliance to include not only abiding with the laws and regulations of each country, but also observing internal regulations and social norms.

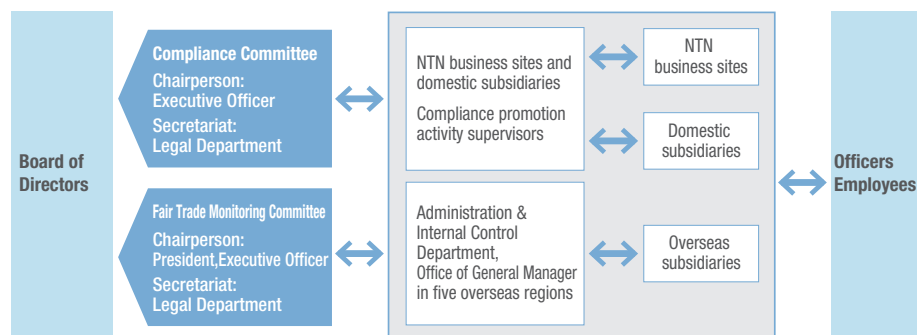
In light of that, we have established the Business Code of Conduct to serve as a behavioral guideline that officers and employees should adhere to.

## Promotion structure

NTN has established Group-wide rules and regulations regarding compliance, and has set up and operates the Compliance Committee and the Fair Trade Monitoring Committee to build a system for promoting compliance centered on the activities of these two committees.

In Japan, a Compliance Promotion Activity Supervisor is appointed at each business site and subsidiary to facilitate the implementation of compliance promotion activities. With regard to antimonopoly laws, the Legal Department is responsible for overseeing legal compliance activities in Japan, including at subsidiaries. Overseas, the action plans deliberated by each committee are implemented mainly by the Administration & Internal Control Department established in the Office of the General Manager in each region. We are working to enhance compliance activities across the Group by holding regular training sessions and sharing information and exchanging opinions on important issues.

### Structure



## Implementation of surveys on corporate culture

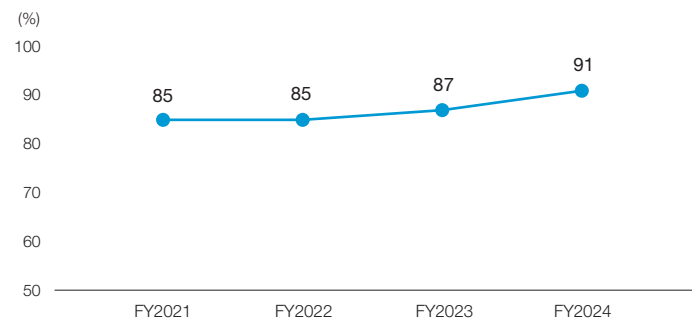
As part of our fraud prevention activities, since fiscal year 2017, the Group has been conducting surveys on employee evaluations to find out more about the attitudes of the presidents of affiliated companies and corporate culture of these companies, in relation to compliance.

It is said that there is a high probability of occurrence of fraudulent acts in a company when the Fraud Triangle of motives/pressures, opportunities, and rationalization, is established. While advancing the development of regulations, rules, and penalties, it is also important to improve the corporate culture and environment. Therefore, NTN regularly checks for changes in the organizational culture of affiliated companies through employee evaluations.

By disclosing the results of this survey to the presidents of affiliated companies, we are utilizing these results to develop a culture of “not being motivated to engage in fraudulent acts” by fostering awareness that they are always being observed by the Company and the Head Office. At the same time, the results of this survey are also used to build good relationships with employees.

Since fiscal year 2021, we have been conducting the survey on affiliated companies with changes of presidents or other significant events, with a view to improving the effectiveness and efficiency of the survey. In fiscal year 2024, the survey was conducted on approximately 1,900 employees from 16 companies (seven in Japan, and nine overseas).

### (Average) Percentage of employees who evaluated the attitudes of the president of the affiliated companies as “Good”



# Compliance

## Corruption prevention initiatives

With regard to bribery, we have collaborated with the Administration & Internal Control Departments of each overseas region to prepare local versions of the internal regulations, taking into account the bribery-related laws and regulations as well as social norms in Japan and each country. Based on these, training and activities to raise awareness are conducted.

NTN's internal regulations not only prohibit bribery of domestic and foreign public officials and business partners, but also prescribe rules and procedures related to the provision of property and benefits by officers and employees, as well as rules and procedures to prevent bribery through business partners. In view that there are countries which regulate the exchange of property and benefits between private companies, we have also established rules and procedures regarding the receipt of property and benefits, in order to prevent the acceptance of bribery by our officers and employees, ensure fair transactions, and prevent conflicts of interest among officers and employees. In principle, NTN's officers and employees do not accept entertainment or gifts from business partners.

In addition to regular training, we share information and exchange opinions about initiatives in Japan and each country, and conduct self-audits and internal audits every year to maintain and manage our Group-wide anti-bribery system.

Over the past decade, our Group has not been charged by authorities in any country for violating bribery-related laws, nor incurred any expenses related to such violations. Furthermore, no employee has been subjected to disciplinary action or been dismissed as a result of violating regulations related to bribery prevention.

## Antimonopoly law compliance initiatives

We perceive violations of antimonopoly laws as a risk to the entire Group. Therefore, to ensure thorough compliance with such laws, the Legal Department and the Administration & Internal Control Departments of each overseas region conduct training and awareness-raising activities on antimonopoly law compliance while ensuring that such activities are consistent with the laws and environments of each country.

In addition, officers and employees are obligated to submit advance applications and post-event reports in cases of any possible contact with competitors at exhibitions, conferences, or other events, thereby we have developed a system that allows us to grasp the circumstances of such contact. Furthermore, we strive to strengthen our compliance system by conducting self-audits and internal audits every year and requesting each department to proactively plan and implement improvement measures based on the audit results.

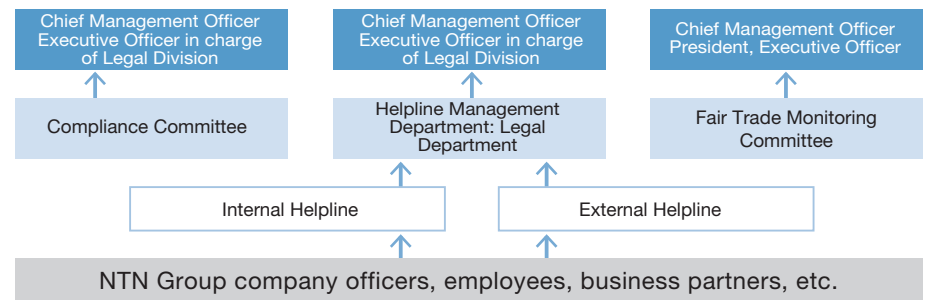
Going forward, we will continue to enhance the contents of training and other activities, and to realize fair and free competition by educating officers and employees.

## Helpline (whistle-blower system)

We have established a "Helpline (Whistle-blower system)" both inside and outside the company as a contact point for handling consultations regarding actual or potential violations of laws, the Business Code of Conduct, and internal regulations, whether named or anonymous. In accordance with the rules stipulated in the "Helpline Management Rules" which includes confidentiality obligations and prohibiting disadvantageous treatment of whistle-blowers and investigation cooperators-the Helpline handles various types of cases such as harassment. The Helpline is used not only as a means of reporting violations and misconducts, but also as a means of expressing questions and opinions regarding compliance with the Business Code of Conduct, maintaining good relationships between the company and its officers, employees, and business partners. In Japan, the Helpline Management rules was revised in 2022 in accordance with the enforcement of the amended Whistleblower Protection Act. We operate the Helpline in accordance with the spirit of the law, including measures such as expanding the scope of protected persons and ensuring broader protection. In FY 2024, there were 26 internal whistle blowing cases, with a 100% consultation response rate. Overseas as well, we are sequentially developing and operating Whistle-blower system for each region according to the needs and circumstances of each region.

We are working on raising-awareness activities about the Helpline among employees through various compliance training and inclusion in the Business Code of Conduct Guidebook, and Helpline awareness rate was 95% (FY2024 "Compliance Awareness Survey" results). We will continue to conduct awareness activities and to provide consultation services, and we aim to create a workplace where employees can work with peace of mind by detecting misconduct early and protecting employees.

### Structure



Please see the NTN Group sustainability website for more information on our compliance initiatives.



<https://www.ntnglobal.com/en/csr/governance/compliance.html>