

5. Sustainability Linked Finance Framework

5.1 KPI

The following KPI is used in this framework. This KPI will contribute to the NTN Group's goal of achieving carbon neutrality by 2050.

KPI: CO₂ emissions in Scope 1 and Scope 2 for NTN Group (Japan)

<Definition>

The scope of the data covers the entire NTN Group in Japan, and is based on the total of Scope 1 and Scope 2 CO₂ emissions, and is shown in comparison with fiscal 2018.

<Results>

	FY2018	FY2019	FY2020	FY2021	FY2022
Domestic CO ₂ Emissions (Unit: 10,000 tons)	38.3	32.7	27.6	30.2	29.5

5.2 Measuring Sustainability Performance Targets

This framework uses the following Sustainability Performance Targets (SPTs). The SPTs for loans will be identified in the contract documents and other documents with the corresponding determination year.

SPT: Targets for each fiscal year toward the KPI target of 50% reduction of CO₂ emissions (compared to fiscal 2018) in fiscal 2030 for Scope 1 and Scope 2 in Japan

Target	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Domestic CO ₂ Emissions (Unit: 10,000 tons)	38.3	36.7	35.1	33.5	31.9	30.3	28.7
Target	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	
Domestic CO ₂ Emissions (Unit: 10,000 tons)	27.1	25.5	23.9	22.3	20.7	19.1	

5.3 Characteristics of the Loan

Loan characteristics will vary depending on the achievement of the SPT. The specifics will be specified in the contract documents at the time of each loan, but the interest rate will be stepped up or down as shown below.

- Step up/down of interest rates
 - ✓ If each SPT is not achieved/achieved, the interest rate will increase/decrease at the annual rate determined for each SPT at the time of financing from the time of interest payment after the judgment date until the next judgment.
- If it is not possible to calculate and disclose the KPI by the set determination date, interest will be paid at the increased interest rate or interest rate to which preferential interest rates do not apply on the subsequent interest payment date.
- In addition, the information regarding the characteristics of the loan specified at the time of financing includes the following items.
 - ✓ SPT value
 - ✓ SPT reporting period, judgment date, and basis for judgment
 - ✓ Loan characteristics: range of interest rate increases/decreases (annual percentage rate)
 - ✓ Response to other significant events affecting SPT, etc.

5.4 Reporting

During the period until the repayment of the Sustainability Linked Loan, NTN plans to disclose the status of achievement of the established KPIs against the SPT once a year on its website as its environmental and social activity results.

<Reporting Items>

- KPI values as of the last day of each fiscal year
- KPI actual values from the base year (2018)
- Provision of information that may affect the achievement of SPT (setting and updating of sustainability strategies, formulation of action plans and implementation status, etc.)
- Disclosure of independent third-party verification reports on KPI achievement status

5.5 Regarding the expiration date and review of this framework

Although there is no specific expiration date for this framework, it will be reviewed and updated when deemed necessary, such as when the SPT needs to be changed due to changes in sustainability strategies or revisions to reduction performance/targets. In conjunction with the update of this framework, the application policy for loans will be determined through consultation with lenders.