Value Creation Story | Materiality

In March 2015, we signed the United Nations Global Compact, which is a global framework for the international community to realize sustainable growth, and we are aiming to achieve the SDGs.

In December 2020, we identified 13 items of materiality that the Group should prioritize to address in response to the SDGs, and we are driving efforts to achieve the targets set for each materiality. Our initiatives toward materiality are outlined in a roadmap for realizing a "NAMERAKA Society," and progress is regularly reviewed by the Sustainability Committee, which includes members from across the organization, and reported to the Board of Directors as appropriate.

The identified materialities are also linked to the NTN corporate philosophy of "We shall contribute to international society through creating new technologies and developing new products." By promoting materiality initiatives, we aim to realize a "NAMERAKA Society" through the Group's sustainable growth and the creation of environmental and social value.
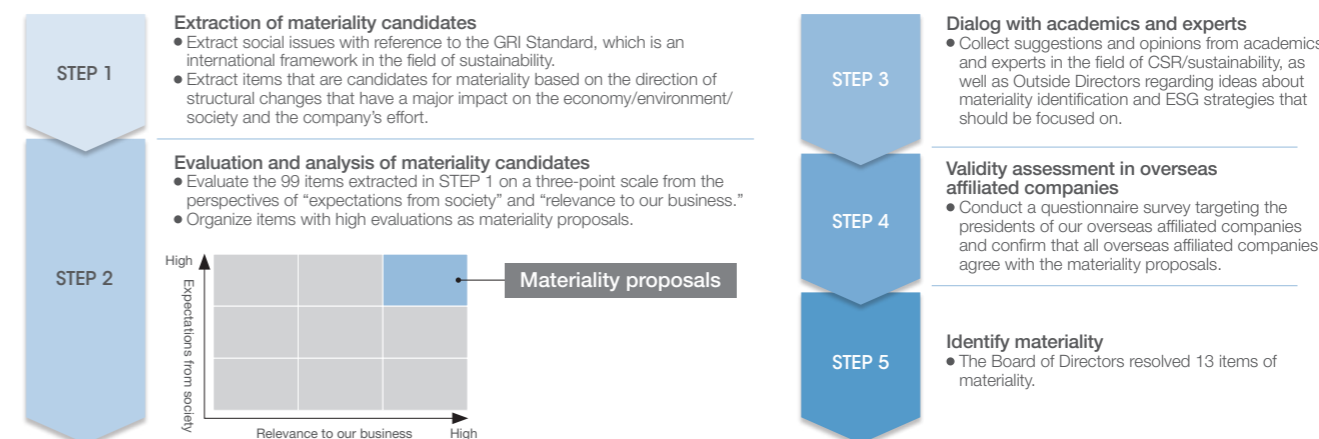
WE SUPPORT
UN GLOBAL COMPACT

Contribution to solving social issues toward the future we aim for

		Materiality	Related SDGs	Target FY
Environment	1	Respond to climate change	13	FY2030
				FY2035
				FY2050
	2	Realize a sustainable society using natural energy	7 13	FY2022
				FY2023 (★)
	3	Reduce energy loss	7 9 12 13	FY2022
				FY2023 (★)
Social	4	Provide safety and comfort	9 11	FY2022
				FY2023 (★)

Foundation to support ESG management

		Materiality	Related SDGs	Target FY
Environment	5	Resource recycling and pollution prevention	12 14	FY2022
				FY2023 (★)
Social	6	Improve the reliability of products and services (Quality assurance, stable supply)	12	Continue
				FY2023
				FY2023 (★)
	7	Procurement activities with an emphasis on environment and society	10 13	Continue
	8	Promote safety and health	8	FY2022
				Continue
	9	Respect for human rights	10	FY2022
				Continue
	10	Human resource development	8	Continue
	11	Promote diversity	5	FY2023
				December 2024
Governance	12	Thorough compliance		Continue
	13	Strengthen governance		Continue

Identification process

STEP 1 — Extraction of materiality candidates
● Extract social issues with reference to the GRI Standard, which is an international framework in the field of sustainability.
● Extract items that are candidates for materiality based on the direction of structural changes that have a major impact on the economy/environment/society and the company's effort.

STEP 2 — Evaluation and analysis of materiality candidates
● Evaluate the 99 items extracted in STEP 1 on a three-point scale from the perspectives of "expectations from society" and "relevance to our business."
● Organize items with high evaluations as materiality proposals.

Expectations from society (High) — Relevance to our business (High) — Materiality proposals

STEP 3 — Dialog with academics and experts
● Collect suggestions and opinions from academics and experts in the field of CSR/sustainability, as well as Outside Directors regarding ideas about materiality identification and ESG strategies that should be focused on.

STEP 4 — Validity assessment in overseas affiliated companies
● Conduct a questionnaire survey targeting the presidents of our overseas affiliated companies and confirm that all overseas affiliated companies agree with the materiality proposals.

STEP 5 — Identify materiality
● The Board of Directors resolved 13 items of materiality.

Target	Actual results of FY2022	Detail page
● Reduce CO_2 emissions in business activities (Scope1, 2) ➡ 50% reduction (Compared to the FY2018) ● Reduce CO_2 emissions in business activities (Scope1, 2) ➡ Achieve carbon neutrality ● Reduce CO_2 emissions in business activities (Scope3) ➡ Achieve carbon neutrality	Scope1, 2 ● Reduction of 22.6% compared to the FY2018 Scope3 ● Develop and promote action plans	➡ P.53
● Development related to products and services that contribute to the stable operation of wind turbines ➡ FY2022 Completion of development themes ● Development related to products and services that contribute to the stable operation of wind turbines ➡ FY2023 Completion of development themes	● Launch a one-stop service that provides everything from bearing supply to abnormality detection and maintenance for wind turbines, etc. —	➡ P.52
● Development related to low friction, miniaturization and weight reduction of products for automobiles and industrial machinery ➡ FY2022 Completion of development themes ● Development related to low friction, miniaturization and weight reduction of products for automobiles and industrial machinery ➡ FY2023 Completion of development themes ● Development related to robot-related modules ➡ FY2022 Completion of development themes	● Development of high speed deep groove ball bearings for EVs and HEVs, etc. — ● Development of Rotary Actuator Type Hand, etc.	➡ P.50
● Raise awareness of independent power supply units and implement proposal activities for disaster mitigation and disaster prevention ● Development related to robot-related modules ➡ FY2023 Completion of development themes ● Raise awareness of independent power supply units and conduct sales activities for disaster mitigation and local revitalization	● N³ N-CUBE was adopted by several municipalities (e.g., circulating flush eco-toilets, bus stop waiting areas, etc.) — —	➡ P.57

Target	Actual results of FY2022	Detail page
● Water consumption intensity ➡ 4.30 m³/million yen (Japan) 3.14 m³/million yen (Overseas) ● Waste generation intensity ➡ 164 kg/million yen (Japan) 279.4 kg/million yen (Overseas) ● Recycling rate ➡ 97.9% (Japan) 97.5% (Overseas) ● Water consumption intensity ➡ 3.98 m³/million yen (Global) ● Recycling rate ➡ 96.0% or more (Global)	● 4.36 m³/million yen (Japan) 2.83 m³/million yen (Overseas) ● 159.7kg/million yen (Japan) 251.0 kg/million yen (Overseas) ● 98.7% (Japan) 96.2% (Overseas) — —	➡ P.58
● Maintain high level of customer satisfaction ➡ More than 90% of responses for "Excellent" and "Good" ● Maintain 100% certification for quality management systems (ISO9001/IATF16949) *Applies to domestic and overseas consolidated manufacturing subsidiaries (excluding bases that have not started mass production). ● Number of participants in specialized quality education courses ➡ 100 or more ● Progress in restructuring the domestic core systems Production area ➡ Competed the introduction to all sites (For sales and logistics, financial accounting, human resources and salaries, and technology areas, already introduced in FY2021) ● Start of the information security emergency response system (NTN-CSIRT)	● "Excellent" + "Good": 88% ● Maintain 100% certification ● 145 ● Introduction completed at 7 production sites ➡ On track to complete implementation during FY2023 —	➡ P.60
● Conduct CSR questionnaires for suppliers continuously and maintain and improve achievement level of results	● Result Achievement 87%	➡ P.61
● Continue operation of occupational safety and health management system ➡ 6 domestic manufacturing affiliates have acquired GSC certification ● Maintain "White 500" certification for Health and Productivity Management Organization (Large enterprise category) ● Achievement of the annual plan of the Risk Survey targeting manufacturing sites ➡ 100%	● 2 companies have acquired certification ➡ 4 companies that have not yet acquired the certificate are continuing their efforts to complete the achievement during FY2023 ● Accreditation maintained for three consecutive years ● Degree of achievement 100%	➡ P.66
● Analyze and evaluate the results of questionnaires of overseas affiliates ● Survey on the situation of foreign workers working in Japan (Monitoring)	● Analysis and evaluation completed ● Started counting the number of foreign workers (monthly)	➡ P.67
● Number of participants in "NTN Next Leader Program" ➡ 50 ● Holding of "NTN PROUD AWARD" as ESG Corporate Award	● 59 ● First Global Congress to be held in June 2023	➡ P.63,88
● Ratio of female managers ➡ 9% for NTN ● Ratio of male childcare leave acquisition ➡ 30%	● 4.4% for NTN ● 37.2%	➡ P.65
● Annual number of Compliance Committee meetings held ➡ 2 ● Helpline recognition level in survey of compliance awareness ➡ 85% or more *Raise the target to 90% or more in FY2023, and promote initiatives	● 2 ● 88.4%	➡ P.77
● Enhance Corporate Governance	● Enhance Corporate Governance	➡ P.71

*Targets marked with "continue" in the target FY are targets we will aim to achieve each year, and (★) are newly set targets.