

December 14, 2022

NTN Corporation Q&A Summary of ESG meeting 2022

Q1. Are there any measures to break down organizational barriers as employee engagement efforts?

A1. We believe that the barriers have been broken down considerably with the new business headquarters system and the Corporate General Managers of headquarters being in charge of sales and production. Each of the Automotive, Industrial Machinery , and Aftermarket Business HQ. has its own plants and sales company, which has improved the openness of the organization.

Q2. How will you link your carbon neutrality initiatives to the high added value of your brand and improved business performance?

A2. There are two major carbon neutrality initiatives: the ultimate reduction of energy consumption by products, and the reduction of CO₂ emissions in the manufacturing process of products. I explain the point of reducing CO₂ emissions in the manufacturing process. The measures include visualizing energy and reducing wasted energy. We will switch heat treatment facilities that use fossil fuels to electric power as much as possible, and use green electricity when the supply makes good process. We consider not to increase the cost to reduce CO₂ emissions. The situation of infrastructure differs from country to country, so it is necessary to take actions according to the country's situation. We will consider how to change to brand value, reduce energy waste, and go green.

Q3. From the perspective of Ms. Komatsu, as an Outside Director, what changes do you see in the proceedings and themes of the Board of Directors since Mr. Ukai assumed the position of President?

A3. I feel that there are only good changes. President Ukai has strong leadership skills and clearly set the direction of the company and the measures to be taken. There is a sense of speed, and clear instructions are given, including specific actions to be taken, for example when discussing price pass-on measures. In addition, while the Outside Directors actively express their opinions, they receive accurate responses and subsequent reports, and I feel that efficiency and the content of the questioning have improved.

Q4. Could you give us a few words from Mr. Ukai?

A4. We will continue to accelerate our business activities as everyone in the company as one in order to enhance our corporate value and become a company newly recognized by society and the world.

Q5. I would like to know the progress of the talking bearing. How long will it take until it is put to practical use and what needs to be done in the future?

A5. Further miniaturization and support for higher temperatures will be necessary in the future. Currently, vibration and temperature sensors are built in, but we are exploring needs such as other technical information using prototypes. The feature of the talking bearing is that the size and volume of the bearing remains the same, so it can be used in the same part where the customer is currently using it. We have received a great deal of interest from customers, and although we cannot say that we will commercialize the product immediately next fiscal year, we will do so as soon as possible. All the components of the talking bearing are contained inside the bearing, so not only is it compact, but it is also highly accurate in detecting abnormalities, which is also highly valued by our customers.

Q6. Regarding the concept of diversity in the governance aspect, do you appoint non-Japanese to the Board of Directors? I would like to know what your company thinks about this.

A6. We have a French Operating Officer who used to work in Japan, and we have some local persons at the top of the overseas business sites. We are considering having one of them join the Executive Officer members. As a global company, we will consider what to do about diversity in top management, not only for those from overseas but also for women, as one means of addressing issues in our corporate activities.

Q7. In reading past integrated reports, the following points are made. There is a lack of recognition as a global headquarters in the headquarter divisions, and there are no discussions about overseas in the board meetings. Are these improvements being made?

A7. The most important thing is the workplace on site, including overseas. I believe that the base of our activities is for Executive Officers to go directly to at least the district for which they are responsible and connect with local employees for engagement. The pandemic situation is changing, so we are incorporating these kinds of moves.