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Corporate Governance Report

CORPORATE GOVERNANCE NTN Corporation

Last Update: November 28, 2024

NTN Corporation
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The corporate governance of NTN Corporation (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

Strengthening and enhancing our corporate governance is one of our top management priorities. We take steps to make management more efficient and robust while working to increase management transparency by disclosing information to shareholders and investors in a prompt and accurate manner.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

We comply with all of the principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1.4: Cross-shareholdings]

<Policy on cross-shareholdings>

From the perspective of improving our corporate value over the medium- and long-term, we hold shares of other listed companies to maintain and strengthen stable and long-term business relationship. Regarding cross-held shares, we regularly verify whether or not a shareholding meets the holding purpose. Holdings of stocks judged as not meeting the holding purpose will be reduced in number.

<Criteria for exercising voting rights connected to cross-shareholdings>

In principle, we exercise all voting rights of the cross-held shares. Regarding the voting for or against proposals, we make such judgments by paying due respect to the management policy of the company concerned, instead of simply applying fixed standards. We make judgments comprehensively, taking into account the following:

・whether or not the holding will contribute to improvement of our corporate value in the medium- and long-term

・whether or not the holding will damage shareholder value

[Principle 1.7: Related party transactions]

In accordance with the Companies Act and regulations of the Board of Directors, the approval of competitive transactions and transactions involving conflicts of interest with Directors and Executive Officers shall be resolved by the Board of Directors, and material facts related to such transactions shall be reported to the Board of Directors. Furthermore, transactions with other major shareholders, etc., shall be conducted after necessary deliberation and approval in accordance with internal regulations, depending on the materiality and nature of the transaction.

[Supplementary Principle 2.4.1: Ensuring diversity in the promotion of core human resources, etc.]

<Policy for ensuring diversity in the promotion of core human resources, etc.>

We are working on “transformation” so that we can respond flexibly and actively to rapid changes in the environment and continue to grow sustainably. One of the important strategies for this “transformation” is diversity. By combining these diverse values and creating flexible ideas, we will accelerate “transformation.” We are working to create a workplace environment in which a variety of people, irrespective of nationality, culture, gender, age, or disability, can create better ideas based on open-minded thinking, and demonstrate his or her abilities to the fullest. We will realize our corporate philosophy, “We shall contribute to international society through creating new technologies and developing new products,” by promoting diversity.

<Voluntary and measurable goals and status of ensuring diversity>

(i) Promotion of women to middle managerial positions

Currently, the percentage of female managers at the Group is 16.8%, and looking at such percentage by region, the percentage in Japan, including the Company, is low. Therefore, we believe that we need to further promote female advancement. By assigning many women to high responsibility positions and encouraging them to participate in important judgments and decisions, we expect that innovation will be created based on diverse opinions and flexible ideas, resulting in the creation of value and the strengthening of our organization. Specifically, we aim to increase the percentage of women in managerial positions in the Company to 5% by FY2026 (FY2023 result: 4.5%).

(ii) Promotion of foreign nationals to middle managerial positions

In line with the Group’s increasing ratio of overseas sales, we have been promoting the development of an environment and systems that allow diverse human resources, regardless of nationality or race, to play active roles at overseas sites that support overseas business development, and we are already actively promoting them to positions of responsibility, including the presidents of our overseas subsidiaries. No specific voluntary and measurable goals for the Group have been set in this area.

(iii) Promotion of mid-career hires to middle managerial positions

As the Company continues to hire people from various career backgrounds and actively promotes them to positions of responsibility, the percentage of mid-career hires in managerial positions is approximately 11%. Although no specific voluntary and measurable goals have been set in this area, we will continue to discuss and consider ways to ensure further diversity.

<Human resource development policy and internal environment development policy to ensure diversity and their implementation status>

The resource development policy and internal environment development policy to ensure diversity and their implementation status are posted on the Company’s website in the “Sustainability” section, under “Relationships with Employees” and then “Human resource development.”

(https://www.ntnglobal.com/en/csr/sc/employee.html)

[Principle 2.6: Roles of corporate pension funds as asset owners]

The Company's defined benefit pension fund staff have appropriate experience and qualifications in asset management, and the Company strives to enhance their expertise through participation in external seminars and other means. The selection of asset management institutions is deliberated and decided by the Asset Management Committee based on the Company's basic investment policy and the results of evaluations by outside consultants, and approved by a board of delegates which includes employees. We receive and confirm regular reports from each asset management institution on the management status and stewardship activities, etc.

[Principle 3.1: Full disclosure]

(i) Company objectives (e.g., business principles), business strategies and business plans

Our corporate philosophy and Medium-term Management Plan are posted on our website.

(https://www.ntnglobal.com/en/index.html)

(ii) Basic views on corporate governance

See "I. 1. Basic Views" of this report.

(iii) Policies and procedures in determining the remuneration of Directors and Executive Officers

See "II. 1. Remuneration for Directors and Executive Officers" of this report.

(iv) Policies and procedures in the nomination, etc. of Director candidates

Candidates for Directors will be selected based on standards for selection of Directors as described below, considering the diversity and balance of the Board of Directors (including gender and internationality), after careful deliberation by the Nominating Committee. The appointment of Executive Officers shall be determined after careful deliberation by the Board of Directors, including Outside Directors, comprehensively considering whether they possess personalities, insights, capabilities, experience/performance, etc. that are appropriate for fulfilling their duties. In addition, if it becomes clear that an Executive Officer lacks the required qualifications, he/she will be promptly dismissed by the Board of Directors, including Outside Directors.

<Standards for Selection of Directors>

・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 company-wide and medium- to long-term perspective.

・Must have excellent insight and foresight concerning changes to the overall environment and to society.

・Must have a sufficient record of performance and expertise in relevant fields. (Corporate manager or expertise)

・Outside Directors must (1) have sufficient time to accomplish their duties, (2) satisfy the standards regarding the independence of Outside Directors, (3) ensure diversity between the Outside Directors, and (4) have the requisite abilities to accomplish duties as a member of any of the three Committees.

(v) Explanations with respect to the individual nominations for Director candidates

Individual reasons for selection as a candidate for Director are stated in the Reference Documents for the General Meeting of Shareholders, and past experience of Directors and Executive Officers are stated in the Annual Securities Report.

[Supplemental Principle 3.1.3: Initiatives on sustainability, etc.]

In March 2015, we signed the United Nations Global Compact, and we are aiming to achieve the SDGs. As our promotional organization for sustainability management, we have established a Sustainability Committee, which reports on initiatives to the Board of Directors as appropriate. In December 2020, we identified material issues that we will prioritize in our efforts to realize our Group's vision of "NAMERAKA Society*." All the material issues are linked to the two perspectives of "Contribute to society through creation of original technologies" and "Form management systems / corporate organization which are essential for NTN, as a global company" set forth in our corporate philosophy. The former expresses our intention to contribute to society through our products and services, such as tribology technology that reduces energy consumption by reducing friction, and the latter expresses that we will remain a company trusted and needed by society by addressing ESG issues in society. By prioritizing these efforts, we will contribute to the achievement of the SDGs through our business activities. (*NAMERAKA Society = A society where people can easily lead a secure and fulfilling life in harmony with nature)

In May 2021, we also expressed our support of TCFD recommendations. We have been studying targets and KPIs for climate change-related materiality through scenario analysis in line with the TCFD recommendations and are promoting the implementation of these targets and KPIs in our management strategies and business activities. We strive to enhance the disclosure of our sustainability initiatives and investments in human capital and intellectual property through our website and the NTN Report (Integrated Report). (https://www.ntnglobal.com/en/index.html)

[Supplementary Principle 4.1.1.: Summary of the scope of matters delegated to management]

See "II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" of this report.

[Principle 4.9: Independence standards and qualification for Independent Directors]

See "Matters Concerning Independent Directors" of this report.

[Supplemental Principal 4.11.1: View on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size]

Directors other than Outside Directors are appointed from a wide range of fields, including manufacturing, marketing, technology, and administrative divisions. In addition, Outside Directors are appointed after considering diversity and balance, such as being a person with knowledge of finance, or experienced management at other companies, or being a lawyer. We believe that the current number of Directors is an appropriate size for strengthening corporate governance and expanding our global businesses. A skill matrix summarizing the main areas of experience we require for Directors and the suitability of each candidate is included in the Notice of the Annual General Meeting of Shareholders.

[Supplementary Principle 4.11.2: Concurrent positions of Directors]

The status of Directors holding concurrent positions at other listed companies is disclosed annually in the Notice of the Annual

General Meeting of Shareholders.

[Supplemental Principle 4.11.3: Analysis and evaluations of the effectiveness of the Board of Directors]

We annually evaluate the effectiveness of the Board of Directors to improve the effectiveness. In FY2023, we conducted a self-assessment of the Board of Directors by sending out questionnaires to Directors from the viewpoints such as role/structure/management of the Board of Directors and management of committees. Although this evaluation was generally positive, there was a suggestion that there may be issues regarding the sharing of information between the Nominating Committee and the Board of Directors on matters such as the CEO's succession plan, so the Nominating Committee will work to improve its management in the future. We will continue to analyze and evaluate the effectiveness of the Board of Directors on a regular basis to make improvements and enhancements.

[Principle 4.14.2: Training for Directors]

The Company continuously provides Directors with the knowledge and information necessary to effectively fulfill their required roles and responsibilities by inviting external lecturers to hold training sessions, etc., and it also has Outside Directors deepen their understanding of the Company's business through on-site inspection of business sites and other means. The cost of such training is also covered by the Company.

[Principle 5.1: Policy for constructive dialogue with shareholders]

To contribute to its sustainable growth and improvement of corporate value over the medium- to long-term, the Company actively engages in dialogue with shareholders and investors, etc. ("shareholders, etc.") to build good relationships with them through investor relations activities based on the following policies.

1. Dialogue with shareholders, etc. is led by the IR Department, while the President, other Directors, Executive Officers etc. attend interviews as necessary depending on individual requests or interests of the interview.
2. The IR Department shall cooperate with relevant internal departments to achieve constructive dialogue with shareholders, etc.
3. Through holding medium-term management plan briefings, business briefings, etc., and publishing the NTN Report (Integrated Report), the Company shall strive to disclose information that can determine sustainable growth and medium- to long-term corporate value and thereby promote constructive dialogue with shareholders, etc.
4. For institutional investors, the Company will hold medium-term management plan briefings, financial results briefings (including financial results conference calls and small meetings), business briefings, plant tours, and other events in addition to individual meetings. For individual investors, the Company will participate in information meetings organized by securities firms, etc. and conduct plant tours.
5. The constructive opinions and requests from shareholders, etc. obtained through such dialogue shall be provided as feedback to Directors, Executive Officers, etc. in a timely manner, shared as management issues, and utilized to enhance corporate value.
6. Regarding the management of insider information, the Company shall thoroughly manage undisclosed information in accordance with regulations for the prevention of insider trading, etc., an internal regulation, and work to prevent information leakage.

The status of dialogue with shareholders, etc. is as described in "III. 2. Status of IR-related Activities" of this report.

[Action to implement management that is conscious of cost of capital and stock price] [Last Update: June 28, 2024]

The Group has set “Vision for FY2035” as its long-term vision under which it aims to achieve and further improve ROE that constantly exceeds shareholder capital cost even under economic fluctuation. Its measures to realize management that is conscious of cost of capital and stock price are described in the presentation material for the new Medium-term Management Plan “DRIVE NTN100” Final that is posted on the Company’s website.

(https://www.ntnglobal.com/en/investors/pdf/findata/mtermplan2024.pdf)

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trustee account)	79,592,700	14.97
Custody Bank of Japan, Ltd. (Trustee account)	26,194,900	4.92
Meiji Yasuda Life Insurance Company	21,344,023	4.01
NTN Kyoueikai	17,462,395	3.28
NTN Employees Shareholding Association	12,933,374	2.43
MUFG Bank, Ltd.	11,332,491	2.13
The Dai-ichi Life Insurance Company, Limited	9,328,000	1.75
Nippon Life Insurance Company	9,206,273	1.73
JPMorgan Securities Japan Co., Ltd.	9,126,228	1.71
Mitsubishi UFJ Trust and Banking Corporation	7,901,380	1.48

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	None
Name of Parent Company, if applicable	None

Supplementary Explanation

None

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more

Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but fewer than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

5. Other Special Circumstances which may have a Material Impact on Corporate Governance

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Three Committees (Nominating, Audit and Compensation)

Directors

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	12

Outside Directors

Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Ryo Kawakami	Lawyer											
Tomonori Nishimura	From another company								△			
Yuriya Komatsu	From another company											
Akira Murakoshi	From another company											

Yasuo Kitani	From another company					△			△			
Tatsuhiko Toshita	From another company								△			

*Categories for “Relationship with the Company”.
(Use “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past; “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for or a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors’ Relationship with the Company (2)

Name	Membership of Committee			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Ryo Kawakami	○		○	○	Attorney at law, Osaka Nishi Law Office, Legal Professional Corporation	Mr. Ryo Kawakami possesses broad knowledge, etc. based on extensive experience as a lawyer familiar with corporate legal affairs. He has been elected as a candidate for Outside Director with an expectation that he will use his experience and knowledge 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. The Company has determined that there is no risk of a conflict of interest with general shareholders as he satisfies the independence criteria stipulated by stock exchange and the Company’s own standards regarding the independence of Outside Directors.
Tomonori Nishimura		○	○	○	Previously Executive Vice President, NEC Corporation	Mr. Tomonori Nishimura possesses broad knowledge, etc. based on extensive experience in the management of other companies. He has been elected as a candidate for Outside Director with an expectation that he will use his experience and knowledge 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. The Company has determined that there is no risk of a conflict of interest with general shareholders as he satisfies the independence criteria stipulated by stock exchange and the Company's own standards regarding the independence of Outside Directors.
Yuriya Komatsu		○		○	Previously Director, DWANGO Co., Ltd. Previously Director, IA Partners Inc. Outside Director, Dream Incubator Inc. Outside Director, Daicel Corporation	Ms. Yuriya Komatsu possesses broad knowledge, etc. based on extensive experience in the management of other companies. She has been elected as a candidate for Outside Director with an expectation that she will use her experience and knowledge 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. The Company has determined that there is no risk of a conflict of interest with general shareholders as she satisfies the independence criteria stipulated by stock exchange and the Company's own standards regarding the independence of Outside Directors.
Akira Murakoshi	○	○		○	Full-time Audit & Supervisory Board Member, Mitsubishi Corporation	Mr. Akira Murakoshi possesses broad knowledge, etc. based on extensive experience in the management of other companies. He has been elected as a candidate for Outside Director with an expectation that he will use his experience and knowledge 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. The Company has determined that there is no risk of a conflict of interest with general shareholders as he satisfies the independence criteria stipulated by stock exchange and the

						Company's own standards regarding the independence of Outside Directors.
Yasuo Kitani	○		○	○	Previously Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) Although MUFG Bank, Ltd. is the main bank of the Company, a considerable period of time has passed since his retirement. In addition, the Company has transactions with several financial institutions. Previously President and Representative Director, T&T ADVERTISING CO., LTD. Although T&T ADVERTISING CO., LTD. has a business relationship with the Company, the percentage of sales to the Company's total sales is minimal (less than 0.1%).	Mr. Yasuo Kitani possesses experience in banking and other areas and broad knowledge including finance, among others. He has been elected as a candidate for Outside Director with an expectation that he will use his experience and knowledge 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. The Company has determined that there is no risk of a conflict of interest with general shareholders as he satisfies the independence criteria stipulated by stock exchange and the Company's own standards regarding the independence of Outside Directors.
Tatsuhiko Toshita		○		○	Outside Director, NIHON SEIKAN K.K. Previously President and Representative Director, Marubeni-Itochu Steel Inc. Although Marubeni-Itochu Steel Inc. has a business relationship with the Company, the percentage of sales to the Company's total sales is minimal (less than 0.1%).	Mr. Tatsuhiko Toshita possesses broad knowledge, etc. based on extensive experience in the management of other companies. He has been elected as a candidate for Outside Director with an expectation that he will use his experience and knowledge 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. The Company has determined that there is no risk of a conflict of interest with general shareholders as he satisfies the independence criteria stipulated

						by stock exchange and the Company's own standards regarding the independence of Outside Directors.

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Supervisory Committees

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Nominating Committee	5	2	2	3	Outside Director
Compensation Committee	6	0	2	4	Outside Director
Audit Committee	5	3	2	3	Outside Director

Executive Officers

Number of Executive Officers	12

Status of Concurrent Duties

Name	Representative Authority	Concurrent Duties as Director			Concurrent Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Eiichi Ukai	Yes	Yes	Yes	Yes	No
Hideaki Miyazawa	Yes	Yes	No	No	No
Hiroyuki Ichikawa	No	No	No	No	No
Masayuki Kaimi	No	No	No	No	No
Yasuhiro Kawabata	No	No	No	No	No
Shumpei Kinoshita	No	Yes	No	No	No
Koji Takahashi	No	No	No	No	No
Ikuya Tateoka	No	No	No	No	No
Masayuki Tanio	No	No	No	No	No
Yoshiyasu Nakano	No	No	No	No	No
Etsu Harima	No	No	No	No	No
Masaaki Yamamoto	No	Yes	No	Yes	No

Auditing Structure

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed

Matters Related to the Independence of Said Directors and/or Staff from Executive Officers

The duties of the Audit Committee are supported by the Internal Audit Department, and the Secretariat of Audit Committee, etc. are staffed by persons holding different posts as well. These persons, who have proper capacity and experience for supporting the Audit Committee, are appointed by the manager of the Internal Audit Department, with the approval from the Audit Committee. Regarding matters related to personal relocation, disciplinary punishment, evaluation, etc. of such persons, the approval from the Audit Committee shall be required for decision.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Department

The Audit Committee, the accounting auditor, and the Internal Audit Department hold regular meetings to exchange information and opinions about the audit policies, audit plans, audit results, etc., and strive to improve efficiency and effectiveness of audits.

Matters Concerning Independent Directors

Number of Independent Directors	6

Other Matters Concerning Independent Directors

The Company has designated all Outside Directors who meet the qualifications for independent directors as Independent Directors.

In order to secure the independence of Outside Directors from the Group, the Company has established its own standards regarding the independence of Outside Directors, which stipulate that the Company's Outside Directors must be in adherence with all of the following items.

(1) He or she must not be a Director involved in business execution (as defined by Article 2, Item 15 of the Companies Act [in the event that the Companies Act is amended, the same stipulation in the post- amended Article]), an Executive Officer, an Accounting Advisor, or an employee (hereinafter "a Director involved in business execution, etc.") of the Company Group, and must also have not been a Director involved in business execution, etc., of the Company Group for ten (10) years prior to assuming office.

(2) At the time of assuming office and for three (3) years prior, none of the following may apply.

a. i. A major shareholder of the Company or a Director who is not a Director involved in business execution or a Director involved in business execution, etc., of a major shareholder organization of the Company Group (defined as an entity that holds 10% or more of the total voting rights, including in the form of indirect holdings; hereinafter the same)

ii. A Director involved in business execution, etc. of an organization of which the Company Group is the major shareholder

b. A main lender of the Company Group or a Director involved in business execution, etc. of an organization that is a main lender of the Company Group (defined as an entity that is a lender of the Company Group's liabilities that is equal to or greater than 2% of the Company Group's total assets as of the closing date of the most recent fiscal year)

c. A Director involved in business execution, etc. of the lead underwriting firm of the Company Group

d. i. A main customer or a Director involved in business execution, etc. of an organization that is a main customer of the Company Group (defined as a customer from which the Company Group has received monetary compensation in

exchange for goods or services within the most recent three (3) fiscal years that is equal to or greater than 2% of consolidated net sales for the most recent fiscal year of the Company Group)

ii. A main supplier or a Director involved in business execution, etc. of an organization that is a main supplier of the Company Group (defined as a supplier for which the Company Group has provided monetary compensation in exchange for goods or services within the most recent three (3) fiscal years that is equal to or greater than 2% of consolidated net sales for the most recent fiscal year of the supplier)

e. A person affiliated with the Company Group's accounting auditor

f. Separate from compensation as an Outside Director, a person who has received 10 million yen or more in monetary or other compensation from the Company Group averaged over the three (3) most recent fiscal years for consulting, accounting, or legal services, or a person affiliated with an organization that has received significant monetary or other compensation averaged over the three (3) most recent fiscal years (defined as either 10 million yen or more, or 2% or more of the net sales or revenue of said organization averaged over the same period, whichever is greater)

g. A person who has received a significant donation from the Company Group averaged over the three (3) most recent fiscal years (defined as 10 million yen or more per fiscal year), or a person affiliated with an organization that has received a significant donation

h. A person under mutual association with an Officer of the Company Group (defined as a person that is affiliated with an organization to which an Officer or employee of the Company Group was an existing Officer, etc. subsequently becoming an Officer of the Company Group)

(3) He or she must not be a relative (defined as a spouse or relative within the second degree, etc.) to any of the following persons.

a. At the time of assuming office, a person who is a Director involved in business execution, etc., or, a person who was a Director involved in business execution, etc. of the Company Group within the previous ten (10) years

b. A person to which any of the items in Item (2) applies (excluding unimportant employees and affiliated persons)

Incentives

Implementation Status of Measures related to Incentives Granted to Directors and/or Executive Officers	Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

The Company has introduced a performance-linked stock compensation scheme for Executive Officers (excluding non-Japan residents), under which the Company shares, etc. are delivered as officer compensation in accordance with how much they have attained the management indices linked to the Medium-term Management Plan's key targets.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

None

Remuneration for Directors and Executive Officers

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
Status of Disclosure of Individual Executive Officers' Remuneration	No Disclosure for any Executive Officers

Supplementary Explanation for Applicable Items

The Annual Securities Report and Business Report disclose the total amount of compensation, etc. by type for the categories of Directors, Executive Officers, and Outside Directors.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(1) Compensation policies and amounts shall be determined by the Compensation Committee.

(2) Compensation system

a. Directors (excluding those concurrently serving as Executive Officers) shall receive only fixed compensation, as they are in a position to supervise management (compensation is provided for the chairperson of the Board of Directors and the chairpersons and members of each committee).

b. Compensation for Executive Officers shall consist of fixed compensation and performance-linked compensation (annual incentives (bonuses) and medium- to long-term incentives (stock compensation)). Fixed compensation consists of basic compensation, compensation by responsibility and compensation by representation.

c. The ratio of fixed compensation to performance-linked compensation is approximately 5:5 as a standard.

d. Fixed compensation, performance-linked compensation, and ratios shall be set at appropriate levels by regularly utilizing external objective survey data, etc.

e. For annual incentives (bonuses) paid to Executive Officers, the Company determines whether or not to provide payment of monetary compensation that reflects the performance of a single fiscal year, based on consolidated financial results indicators, etc. of the previous fiscal year and, in the case of providing such payment, the total amount. The payment or non-payment of each Executive Officer, and in the case of payment, the amount, is determined within the total amount of provision by considering the Executive Officer's progress on priority target measures, including ESG items. An indicator related to the calculation of bonuses is set as consolidated return on invested capital (ROIC) from the perspective of emphasizing the achievement of growth in consideration of capital efficiency. The provision is made once a year in June after the determination of the Compensation Committee.

f. For medium- to long-term incentives (stock compensation), Company's shares shall be issued based on the achievement level of major target figures in the Medium-term Management Plan (money equivalent to the converted amount of shares shall be paid for a certain portion) as incentives to motivate them to achieve the targets in the Medium-term Management Plan and contribute to raising shareholder value, and in order to promote the holding of the Company's shares. Medium- to long-term performance

targets include key performance indicators (operating margin, net sales, etc.) that take into account the Company's management policies.

g. Compensation levels and compensation structure (fixed compensation and performance-linked compensation), etc., shall be discussed by the Compensation Committee in a timely and appropriate manner.

Support System for Outside Directors

As part of the provision of information to Outside Directors, in principle, monthly briefings are held to explain the details of deliberations, etc. at important meetings of the execution divisions.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and conditions of employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
None	None	None	None	None	None

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	0

Other Related Matters

None

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

[Board of Directors]

The Board of Directors decides the basic management policies, and supervises the execution of duties of Directors and Executive Officers. Except matters stipulated by laws and regulations or the Articles of Incorporation to be resolved at the Board of Directors, the Board of Directors delegated substantial authority to Executive Officers with the aim to strengthen the supervision of management, and make decisions more promptly.

The Board of Directors is held once a month in principle, but it is also held flexibly as needed.

The Articles of Incorporation specify that the term of office of Directors shall be one year, and the number of Directors shall be within 15. The number of Directors is 12 as of the date of submission, and six of them are Outside Directors. The Board of Directors is chaired by an Outside Director.

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has concluded liability limitation agreements with all non-executive Directors to limit their liability for compensation under Article 423, paragraph (1) of the same Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations.

The activities of the Board of Directors, Nominating Committee, Audit Committee, and Compensation Committee are described in the Annual Securities Report.

(https://www.ntnglobal.com/en/csr/governance/structure.html)

[Nominating Committee]

The Nominating Committee decides on the content of a proposal regarding appointment/removal of Directors, which is submitted to the General Meeting of Shareholders. The number of members is five as of the date of submission, and three of them are Outside Directors.

[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 number of members is five as of the date of submission, and three of them are Outside Directors. Three of them are full-time members.

[Compensation Committee]

The Compensation Committee decides on the policy for determining details of compensation for Directors and Executive Officers, and determines details of compensation for individual persons. The number of members is six as of the date of submission, and four of them are Outside Directors.

[Executive Officers]

Executive Officers are in charge of executional decision making and execution of operations delegated by the Board of Directors. Executive Officers are elected by the resolution of the Board of Directors and the term of office is specified as a year by the Articles of Incorporation. The number of Executive Officers is 12 as of the date of submission.

[Management Meeting]

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

[Executive Officers Meeting]

The Executive Officers Meeting is held by the Representative Executive Officer, President under the attendance of all Executive Officers. Matters resolved at the Board of Directors are instructed, and each Executive Officer reports about the status of operational execution. This meeting is held once a month in principle, to make operational execution more efficient and effective by sharing information among Executive Officers.

[Accounting auditor]

The Company has selected Ernst & Young ShinNihon LLC as an accounting auditor. The Company places importance on selecting an accounting auditor with the necessary expertise, independence, and quality control system required for the Company's accounting audit, as well as a firm that has the ability to expand into international business and other areas by utilizing its international network of firms.

[Internal Audit Department]

The Company's Internal Audit Department is in charge of internal audit operations, including audits of internal control systems based on the Financial Instruments and Exchange Act, and currently has a staff of five members as of the date of submission. The Internal Audit Department conducts internal audits of the execution of operations by each division of the Group from the perspectives of compliance with laws and internal regulations, appropriateness, and the effectiveness and efficiency of business activities. Based on the results of these audits, it provides advice and recommendations for improvement, as well as conducting

follow-up audits to confirm the implementation status of improvement measures. The results of internal audits are reported to the Representative Executive Officer, President and to the Audit Committee.

3. Reasons for Adoption of Current Corporate Governance System

The Company transitioned from a Company with a Board of Company Auditors to a Company with a Nominating Committee, etc. following approval at the 120th Annual General Meeting of Shareholders held on June 25, 2019. The aim of this transition was to establish a prompt decision-making structure and operational execution organization, strengthen the supervision of management, and improve management transparency and fairness, and the Company will work to improve its corporate value under this structure.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company strives for the early dispatch and disclosure of the Notice of the Annual General Meeting of Shareholders to ensure that shareholders have sufficient time to consider general meeting proposals.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The date of the General Meeting of Shareholders is determined in consideration of the connection with the settlement and audit dates, as well as the time required for in-house meeting preparation, while avoiding high concentration dates so that as many shareholders as possible can attend.
Electronic Exercise of Voting Rights	1. Votes are accepted until the end of business hours (5:25 p.m.) on the day before the General Meeting of Shareholders 2. If voting rights are exercised both via mail and via the Internet, the voting rights exercised via the Internet shall be adopted 3. If voting rights are exercised multiple times via the Internet, the last vote cast shall be adopted
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform operated by ICJ, Inc. for institutional investors.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Posted on the Company's website, etc.
Other	In addition to the Notice of the Annual General Meeting of Shareholders, the Company posts notices of resolutions, voting results, and videos of the General Meeting of Shareholders on the Company's website so that they can be widely viewed by shareholders and investors.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company created an Information Disclosure Policy (posted on the Company's website).	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefings after the main and quarterly financial results, as well as individual interviews. ESG briefing sessions are also held to explain the Company's ESG management.	Held
Regular Investor Briefings held for Overseas Investors	The Company participates in IR conferences for overseas investors and holds individual meetings with overseas investors using teleconferencing systems, etc.	Held
Online Disclosure of IR Information	The Company posts annual securities reports, semi-annual reports, quarterly reports, financial results, the NTN Report (Integrated Report), business reports, financial results briefing materials, ESG briefing materials, etc.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Communications Dept. of the Group Management Headquarters is in charge of IR and has appointed a dedicated person in charge.	
Other	The Company issues the NTN Report (Integrated Report) detailing the Company's growth strategy and ESG management.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company clearly states its Management Policy and Business Code of Conduct, etc. to ensure that employees fully understand them. It also thoroughly reinforces corporate ethics and legal compliance by educating managers and all employees through guidebooks, etc.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company issues the NTN Report (Integrated Report), which summarizes the NTN Group's business and sustainability activities, and reports on stakeholder relations and Company initiatives.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company created an Information Disclosure Policy (posted on the Company's website).

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company's basic approach to internal control system is as follows. The Company regards risk management and compliance as one of the most important issues in its efforts to improve its internal control systems.

(1) Systems regarding retention and management of information in relation to the execution of the duties of an Executive Officer

In accordance with document regulations and other internal regulations, the Company shall establish a system for the appropriate storage and management of documents, approval documents, and important meeting minutes and materials legally required to be retained.

(2) Rules and other systems related to management of the risk of loss

The NTN Group shall develop a Risk Management Policy and Risk Management Regulations and establish a Risk Management Committee to regularly check risk management process including identification, analysis, evaluation, and treatment with regard to risks that have a major impact on the management of the NTN Group. An administrative manager and a promotion department have been determined for each specific risk that will have a significant impact on the management of the NTN Group, and the promotion department will endeavor to reduce risks. In the event of an unforeseen event, a task force shall be established in accordance with the Risk Management Regulations and a prompt response shall be taken with input from both internal and external experts to prevent and minimize the spread of damage.

(3) Systems to ensure that the execution of the duties of an Executive Officer is performed efficiently

・The Board of Directors shall appoint Executive Officers, determine the duties of each, clarify their responsibilities, and monitor and supervise their execution of duties.

・Each Executive Officer shall clarify the responsibilities and authority of each department based on the division of duties and the authority granted, establish a system for efficient execution of duties, and report on the status of execution of duties at meetings of the Board of Directors and other major meetings.

・Based on directions from the Representative Executive Officer, President or the Audit Committee, the Internal Audit Department shall investigate the actual business content and operations of each department, request operational improvements when necessary, and report to the Representative Executive Officer, President, the Audit Committee, and the relevant departments.

(4) Systems to ensure that the execution of the duties of an Executive Officer or an employee complies with laws and regulations and the articles of incorporation

The Company shall establish various policies and Business Code of Conduct, and all officers and employees shall act in compliance with them in their business activities. The Company shall establish basic rules on compliance (corporate ethics) and establish a Compliance Committee to ensure thorough compliance by all officers and employees. In addition, to promote fair trade, the Company shall separately establish basic regulations concerning compliance with competition laws, and establish the Fair Trade Monitoring Committee, chaired by the Representative Executive Officer, President, to provide supervision and guidance on compliance status. The Company shall work to ensure thorough awareness of Helpline, a consultation service both within and outside the Company, and ensure its proper operation. In addition, the Internal Audit Department shall periodically audit the status of compliance (corporate ethics).

(5) Systems to ensure proper business activities in a business group comprised of the stock company and any parent company

or subsidiary companies thereof

1) Systems related to reporting of particulars regarding the execution of the duties of a Director, etc. of a subsidiary company

The Company shall ensure a system to receive weekly, monthly, and other reports from subsidiaries on matters concerning the execution of duties by Directors, etc. In addition, the Company shall establish a subsidiaries' reporting system by having them report to the Company on the status of execution of their Directors and other relevant personnel in the form of minutes of Board of Directors meetings, etc., and by having them apply to the Company for approval of certain matters through the execution of letters of confirmation regarding business management with subsidiaries in accordance with the Affiliate Company Management Regulations.

2) Rules and other systems related to management of the risk of loss of a subsidiary company

The Company shall ensure that its subsidiaries comply with the Company's basic policies on risk management through the execution of letters of confirmation regarding business management with subsidiaries in accordance with the Affiliate Company Management Regulations. In addition, a department designated for each risk shall provide guidance to subsidiaries with respect to the relevant risk. In the event of an unforeseen event, a task force shall be established in accordance with the Risk Management Regulations to prevent and minimize the spread of damage.

3) Systems to ensure that the execution of the duties of a Director, etc. of a subsidiary company is performed efficiently

The Company shall formulate a Group Medium-term Management Plan and, in order to achieve it, shall determine the Group-wide priority targets and budget allocation for each fiscal year. With respect to the execution of specific duties based on such priority targets and budget allocations, the Company shall establish a chain of command within the Group in accordance with the Affiliate Company Management Regulations, set criteria for authority and decision-making in the Authority Rules, and create a system for obtaining the Company's approval in accordance with such criteria.

4) Systems to ensure that the execution of the duties of a Director, etc. or an employee of a subsidiary company complies with laws and regulations and the articles of incorporation

The Company shall ensure that its subsidiaries comply with the Company's policies and Business Code of Conduct through the execution of letters of confirmation regarding business management with subsidiaries in accordance with the Affiliate Company Management Regulations, and shall ensure that all Directors and employees of the subsidiaries are fully aware of these. In addition, the Company shall appoint managers of subsidiaries in accordance with the basic rules on compliance (corporate ethics) and have them implement measures to ensure thorough compliance at subsidiaries. In addition, in accordance with the antimonopoly law compliance regulations, the Company shall provide guidance and conduct audits of subsidiaries with respect to compliance with competition laws. In addition, the Company shall work to ensure thorough awareness of Helpline, a consultation service, and ensure its proper operation.

(6) Systems to ensure that audits by the Audit Committee are performed effectively

1) Particulars related to Directors and employees to assist with the duties of the Audit Committee, particulars regarding independence of the Directors and employees from the Executive Officers, and particulars related to ensuring the effectiveness of instructions given by the Audit Committee to the Directors and employees

If the Audit Committee requests that an employee be assigned to support the Audit Committee in its duties, the Internal Audit Department shall assume such duties, and the manager of the Internal Audit Department shall, with the approval of the Audit Committee, appoint a person who has proper capacity and experience to support the Audit Committee. In such cases, to ensure

the independence of the Internal Audit Department from the Company's Executive Officers and the effectiveness of instructions given to the Internal Audit Department by the Audit Committee, the approval of the Audit Committee shall be obtained for matters related to personal relocation, disciplinary punishment, evaluation, etc. of employees appointed in advance by the manager of the Internal Audit Department.

2) Systems related to reporting to the Audit Committee

a. Systems for the Directors (excluding Directors who are Audit Committee members), Executive Officers, accounting advisors, and employees to report to the Audit Committee

Audit Committee members shall attend meetings of the Board of Directors, the Management Meeting and the Executive Officers Meeting. In addition, facts that could potentially cause significant damage to the Company, results of internal audits, complaints concerning compliance (corporate ethics), and the status of Helpline reporting shall be reported on a case-by-case basis.

b. Systems for the Directors, accounting advisors, company auditors, Executive Officers, members who execute the business, those who are to perform the duties of Article 598, paragraph (1) of the Companies Act, and other corporations equivalent thereto, and employees of a subsidiary company or persons who receive reports from them to report to the Audit Committee

The Company shall ensure that Directors and employees of subsidiaries or those who receive reports from them report to the Audit Committee by attending meetings of the Board of Directors, Management Meeting, and Executive Officers Meeting, confirming matters of approval, conducting audits by the Audit Committee, and receiving weekly, monthly, and other reports from subsidiaries.

3) Systems for ensuring that persons who make a report to the Audit Committee are not treated disadvantageously due to making the report

In the event that a person is treated disadvantageously for reporting an act in violation of laws, regulations, or internal regulations, the Company will promptly remedy the situation through the Helpline to ensure that persons reporting to the Audit Committee are not treated disadvantageously.

4) Particulars related to policies concerning the procedure for advance payment or reimbursement of expenses that arise with regard to execution of the duties of the Audit Committee or any other processing of expenses or obligations that arise with regard to execution of the duties

The Company shall pay all expenses and liabilities incurred for the proper execution of duties by Audit Committee members, and shall discuss the treatment of such expenses and liabilities with the Audit Committee as necessary.

5) Other systems to ensure that audits by the Audit Committee are performed effectively

The Audit Committee shall hold regular meetings with the Representative Executive Officer, President to exchange opinions and make necessary requests regarding issues to be addressed by the Company, the status of the audit environment for the Audit Committee, and important audit issues. In addition, the Audit Committee shall hold regular meetings with the Internal Audit Department and the Accounting Auditor to improve the efficiency of audits.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company's Business Code of Conduct conveys its stance against anti-social forces and groups that threaten social order and safety, stipulating that the Company will not bow down to anti-social forces and organizations and will resolutely confront them, thereby cutting off any relationship with such forces and organizations. The head office and general affairs divisions of business sites, as the departments in charge of responding to unjustified demands, acts in accordance with the Manual for Responding to Violent and Illegal Acts, and distributes and explains the Business Code of Conduct Guidebook to all officers and employees of the Company to conduct internal awareness-raising activities. In addition, the Company regularly collects relevant information from outside professional organizations such as local police departments, attorneys, and transfer agents for common stock, and works closely with them.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

None

2. Other Matters Concerning the Corporate Governance System

(1) Approach to timely disclosure

The Company's approach to timely disclosure is based on timely, appropriate, and fair disclosure in compliance with laws, regulations, and internal regulations.

(2) Timely disclosure system

The Company's internal system for timely disclosure is designed to disclose information to investors in a timely and appropriate manner. Each division within the Company works together to collect and understand corporate information at an early stage, determine whether the information should be disclosed in accordance with the timely disclosure rules of the stock exchange, and centrally manage corporate information with the head of the general affairs division as the person responsible for handling information.

[Corporate governance structure]

