



Déclaration de Performance Extra-Financière

Extra Financial Performance Statement Fiscal Year FY2020 (From April 1st 2020 to 31st March 2021)

NTN

NTN Transmissions Europe



This document gives informations related to the Extra Financial Performance of NTN Transmissions Europe, regarding :

- compliance*,**
- social concern,**
- environmental concern,**
- societal involvement**

Informations are related to the year 2020. *However, considering the timing of publication of this document, informations linked to NTN Group changes occurred in April 2021 are mentioned.

As a reminder, the Extra Financial Performance Statement has replaced since summer 2017 the previous CSR report (Corporate Social Responsibility).

2020, an unprecedented crisis in our history ...

Already weakened by the Diesel Gate affair, the new WLTP standards, the US embargo on Iran, and the appearance of new competitors who are extremely aggressive in terms of price, NTN Transmissions Europe must now face a health crisis without precedent in the automotive industry.

The first quarter of 2020 was marked by the sudden and total shutdown of production following the government-ordered confinement in March in the context of the pandemic.

From the very beginning of the crisis, all the teams at NTN Transmissions Europe mobilized to take a responsible approach to all its stakeholders:

- ➡ by rapidly implementing the strictest sanitary measures to protect employees and their families as well as anyone entering the site,
- ➡ by ensuring that production is restarted as soon as possible (beginning of April 2021) to accompany that of our customers and thus ensure that they do not suffer any critical disruption in terms of delivery (no line stoppage),
- ➡ by showing solidarity by donating 2,500 surgical masks to the “Agence Régionale de la Santé”.

WORD OF THE GENERAL DIRECTOR



The global pandemic, which suddenly appeared in the first quarter of 2020, completely disrupted and halted the automotive business. Despite the lack of visibility, our teams have shown resilience in the face of the unprecedented industrial context, demonstrating a strong capacity to mobilize, adapt, react and commit to meeting the major expectations of our customers.

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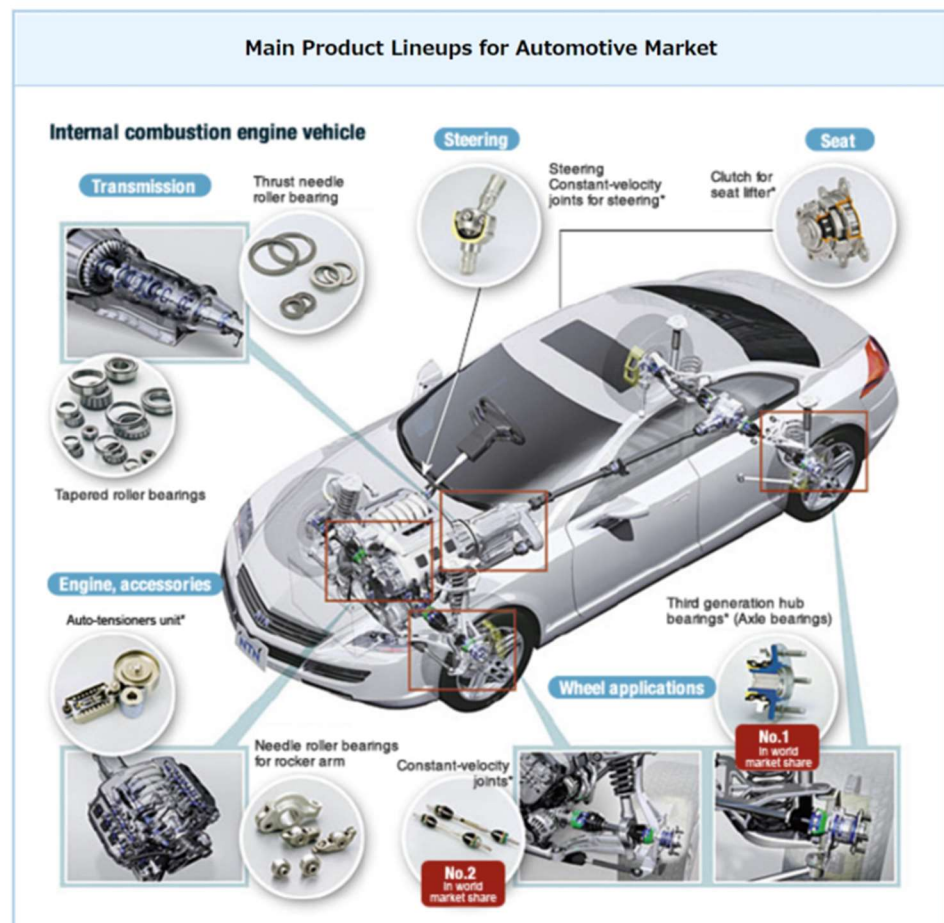
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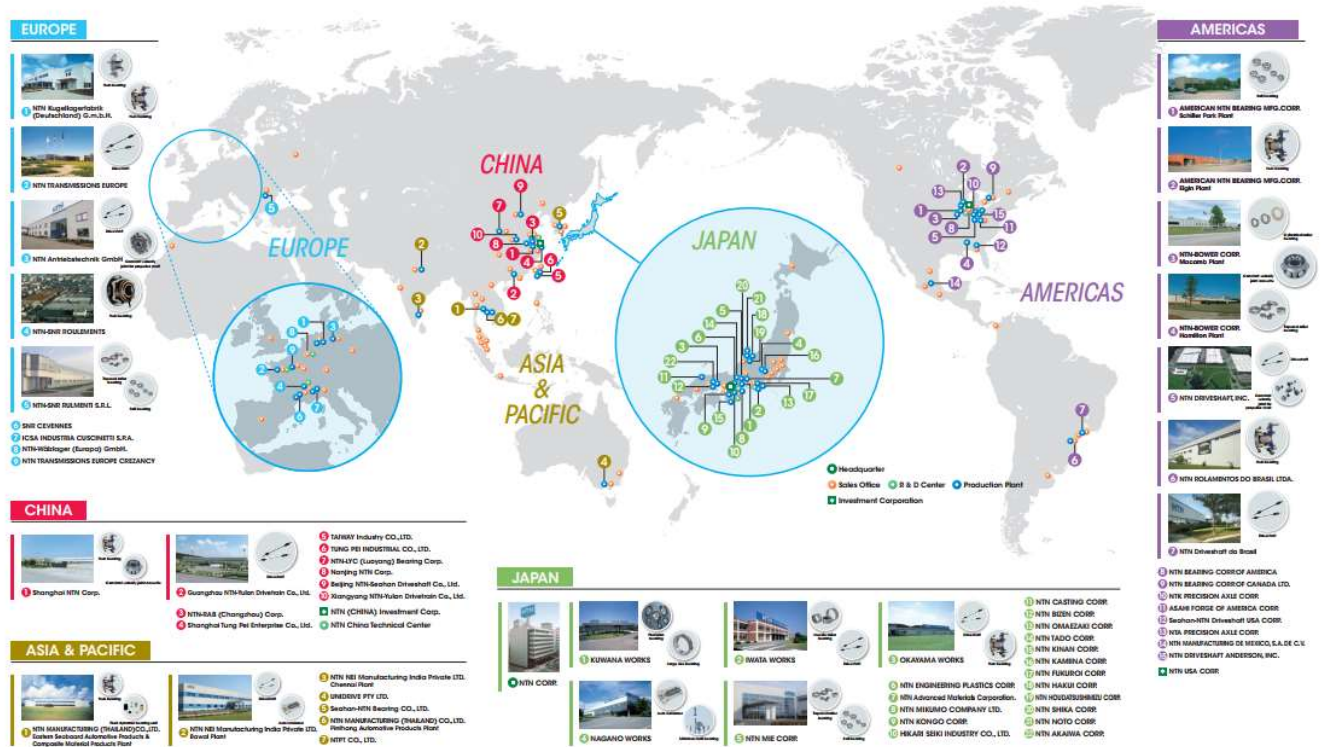
I - PRESENTATION OF NTN TRANSMISSIONS EUROPE AND ITS POSITION WITHIN NTN GROUP

1 - Presentation of NTN Corporation

NTN Corporation (New Technology Network) is one of the world leaders as a designer, developer and manufacturer of bearings, linear modules, transmissions (CVJ = CONSTANT VELOCITY JOINT), of idlers and suspension parts and service provider. NTN Corporation is present in all markets of industry, automotive and aeronautics. The products are marketed under the brands NTN, BCA, BOWER and SNR.



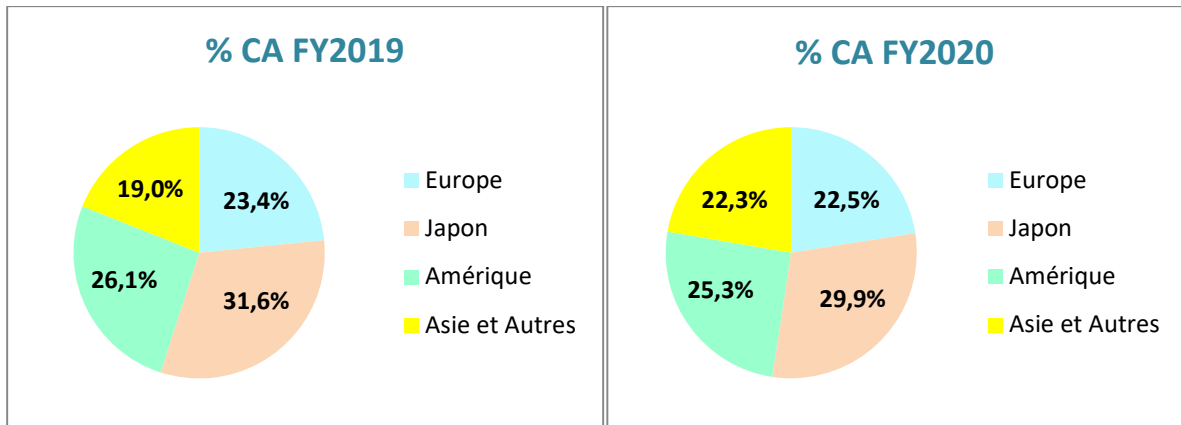
The NTN Group benefits from a worldwide presence, with production sites, sales offices and numerous design offices.



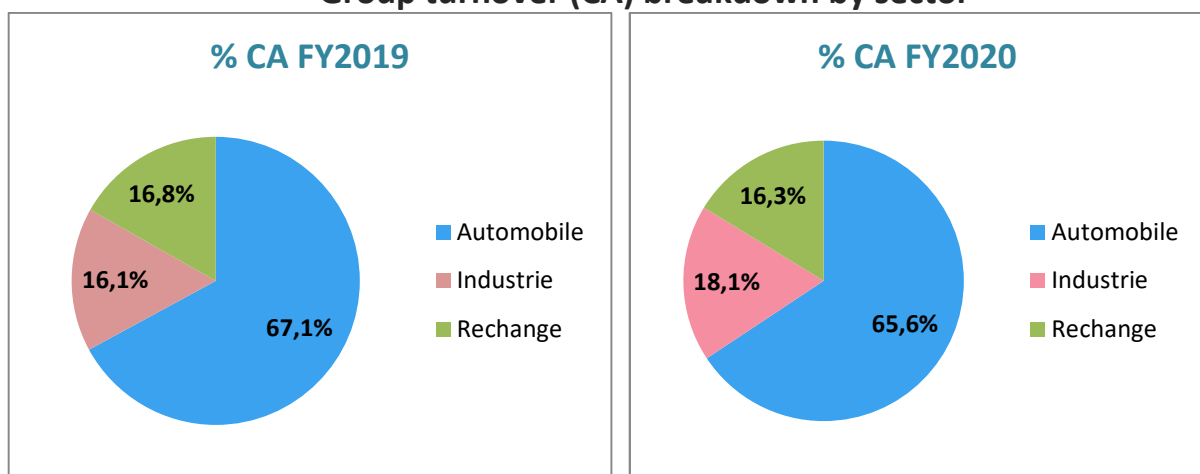
Transmission manufacturing plants spread worldwide



Geographical breakdown of the Group turnover (CA)



Group turnover (CA) breakdown by sector



2 - Presentation of NTN Transmissions Europe

NTN Transmissions Europe, 100% subsidiary of NTN Corporation, has a production site in Allonnes in the Sarthe, France. The company also has administrative offices and an R & D department.



NTN Transmissions Europe, whose main shareholder is NTN Corporation, has as its main customers the Tier 1 automotive manufacturers, its activity being centered on the Tier 1 automotive sector, with very strong competition (GKN, Neapco, IFA, Nexteer etc.).

Revenues for fiscal year 2020 are expected to be around 165 M€. Sales forecasts show a trend of around 15% increase in sales between 2020 and 2022.

As the main component of a transmission is steel, the company is very much affected by fluctuations in the price of this material.

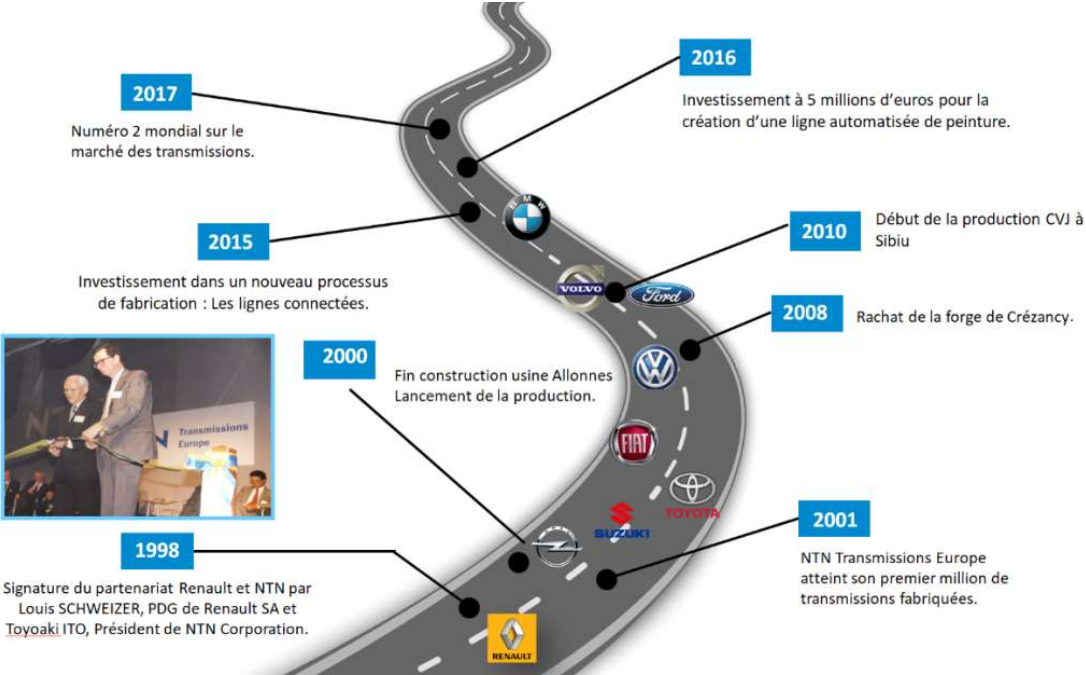
NTN Transmissions Europe itself owns a wholly-owned subsidiary, NTN Transmissions Europe Crézancy, located in the Aisne region of France, which manufactures forged parts.



The customer base of NTN Transmissions Europe is located in Western and Eastern Europe. Consequently, the company uses a subcontracting activity in Romania, with NTN-SNR Rulmenti in Sibiu, allowing the company to propose machining and assembly activities closer to Eastern markets.



History of NTE :



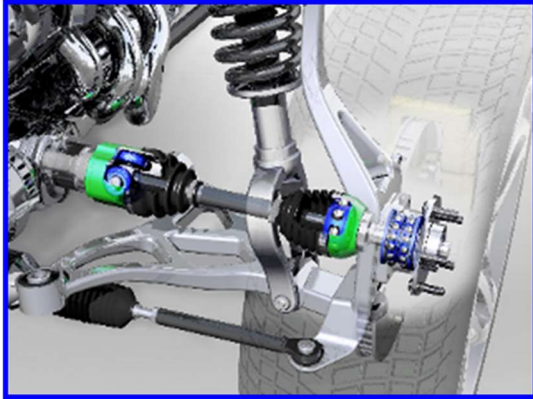
Number of people at 31st March 2021 :



Total NTN Group Employees	23 292 people
NTN Transmissions Europe Allonnes Employees (long term contract)	655 people
NTN Transmissions Europe Crézancy Employees Employees (long term contract)	99 people

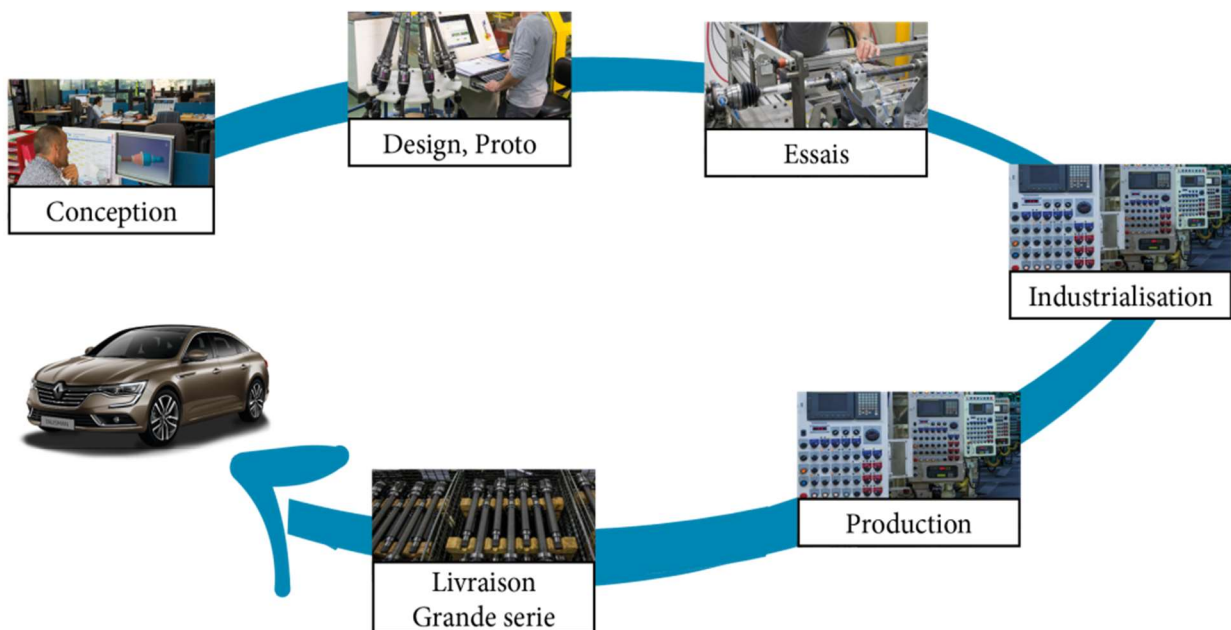
From conception to delivery of products

A transmission is a mechanical part composed of two homokinetic joints (Constant Velocity Joint) and a connecting element. It transmits the rotational movement and torque of the gearbox to the wheel.



The Design Office of NTN Transmissions Europe designs its products by integrating the changes of vehicle architecture (notably with the development of electric vehicles), produces and markets its production with the support of the commercial structure of NTN-SNR. Product design is an important contributor to value creation in the company.

Production teams represent 88% of the total workforce.



II - POLICY AND STRATEGIC DIRECTIONS OF NTN TRANSMISSIONS EUROPE

1 – NTN Group philosophy and values



Our Japanese shareholder NTN Corporation has been a signatory of the **Global Compact** since March 2015, a 2000 United Nations initiative whose aim is to encourage companies to adopt a socially responsible attitude.

In this particular period, the 10 principles of the Global Compact have found their place within **all the companies of the Group** to respond to the crisis:

The anti-Covid measures deployed within NTN TE are accessible to all persons **without any discrimination**, with attention to persons at risk (feasibility of telecommuting, isolation, etc.)

Telecommuting has been strongly deployed with the implementation of remote meetings by "TEAMS", helping **to reduce the negative impact of transportation on the environment**



Quick implementation of individual protection against Covid 19: masks, gel, surface cleaning pts, distancing, teleworking... **to work safely**

A Compliance/Anti-trust e-learning course has been set up in March 2021

In its projection for the next 10 years, the Group aims to deploy a philosophy

« Nameraka »

« Nous devons contribuer à la Société dans le monde en nous développant harmonieusement avec toutes les parties prenantes. »

Ensemble, construisons un monde

NAMERAKA

VISION NTN DANS 10 ANS

- Passer d'une entreprise de production à une entreprise qui vend de la valeur à ses clients à travers ses produits et ses services.
- Transformer notre modèle économique.
- Répondre aux changements de notre environnement : électrification, 4.0, digital...

« Drive forward Transformation of business structure »*

*Piloter la transformation de notre modèle économique



NTN Corp. aims to realize what is called a "Nameraka society" or a harmonious society in Japanese, where everyone can easily work safely in harmony with nature.

To achieve this goal and in the continuity of the deployment of its values, NTN Corporation has adopted 17 « SDGs Sustainable Development Goals », which turn around 5 Priorities:

- People
- Planet
- Prosperity
- Peace
- Partnership



2 – NTN Transmissions Europe commitments

In line with the NTN Group's philosophy, **NTN Transmissions Europe** is committed to deploying **the SQCCD** established by **Eiichi UKAI**, the new President of the Group.

S for Security : it is the most important

Q for Quality of Human Ressources Humaines, of our products and our job

C for Compliance

C for Costs

D for Delivery time.

The SQCCD becomes the backbone of all our activities and meets the expectations of all our stakeholders, and finds its place in each of our economic, social, societal and environmental issues.

	Ventes	Engineering	Production	Supply chain
S Sécurité	<ul style="list-style-type: none"> Build relationship of trust for customer's reassurance 	<ul style="list-style-type: none"> Provide robust design to ensure safety of vehicle and driving 	<ul style="list-style-type: none"> Maintain and improve Safety & Health of shop floor 	<ul style="list-style-type: none"> Build stable procurement system to contain supply risk
Q Qualité	<ul style="list-style-type: none"> Grasp customer's challenge and provide effective solution 	<ul style="list-style-type: none"> Improve design quality Reduce warranty cost 	<ul style="list-style-type: none"> Improve product quality and mfg. process 	<ul style="list-style-type: none"> Monitor and help improve supplier's quality
C Compliance	<ul style="list-style-type: none"> Strictly comply with Anti-trust laws 	<ul style="list-style-type: none"> Avoid patent infringements 	<ul style="list-style-type: none"> Strictly adhere to labor/human rights/ environment laws 	<ul style="list-style-type: none"> Promote CSR procurement and Fair trade guideline
C Coûts	<ul style="list-style-type: none"> Verify market price Maintain price levels Monitor profitability 	<ul style="list-style-type: none"> Design to cost Unify and standardize design 	<ul style="list-style-type: none"> Improve productivity to optimize mfg. cost Minimize failure cost 	<ul style="list-style-type: none"> Diversify suppliers for procurement cost saving
D Temps	<ul style="list-style-type: none"> Keep timely communication and responsiveness 	<ul style="list-style-type: none"> Respect punctuality to support customer's on-time development 	<ul style="list-style-type: none"> Respect contract delivery date Optimize stock levels 	<ul style="list-style-type: none"> Shorten supply chain Streamline logistics routing

In the context of its activities, **NTN Transmissions Europe** considers as stakeholders all the actors with whom the company interacts: its customers, employees, IRPs, suppliers, shareholders, local residents, schools, universities, competitors, local businesses, public authorities, external auditors, etc.

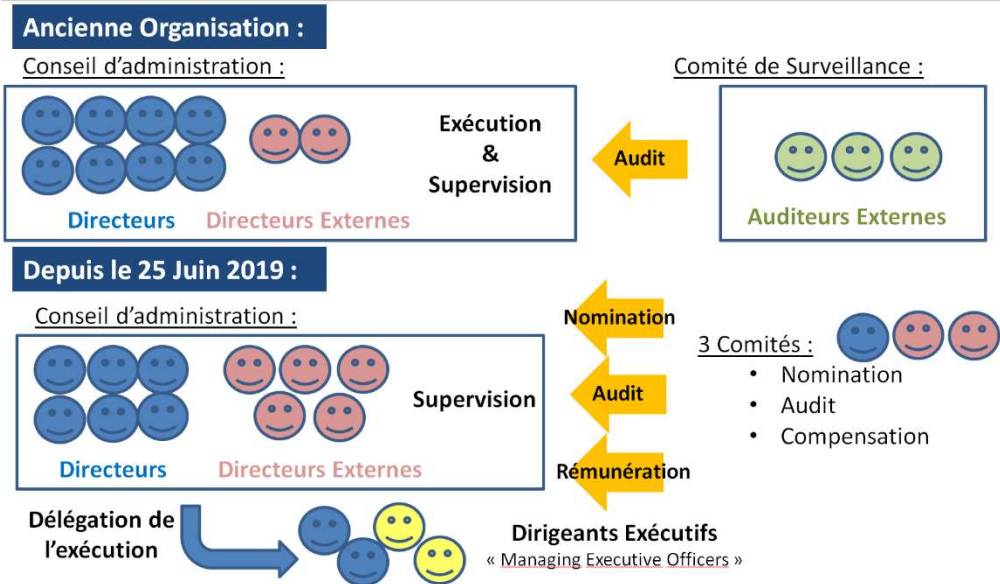
Each of these has its own expectations and **NTN Transmissions Europe** has structured its CSR strategy to meet its objectives and adapt to the priority needs of its stakeholders.

3 – An enhanced Compliance

Strengthening and improving the Group's governance is one of its main management priorities. Measures have been taken to make management more efficient and robust, while striving to increase management transparency through timely and accurate disclosure to shareholders and investors.

At the General Shareholders' Meeting held on June 25, 2019, the Group made a transition from a company with a Board of Directors, composed of internal and external directors, overseen by a committee composed of external auditors, to a company with a Board of Directors more balanced between internal and external directors, and overseen by 3 committees (Nomination, Audit and Compensation).

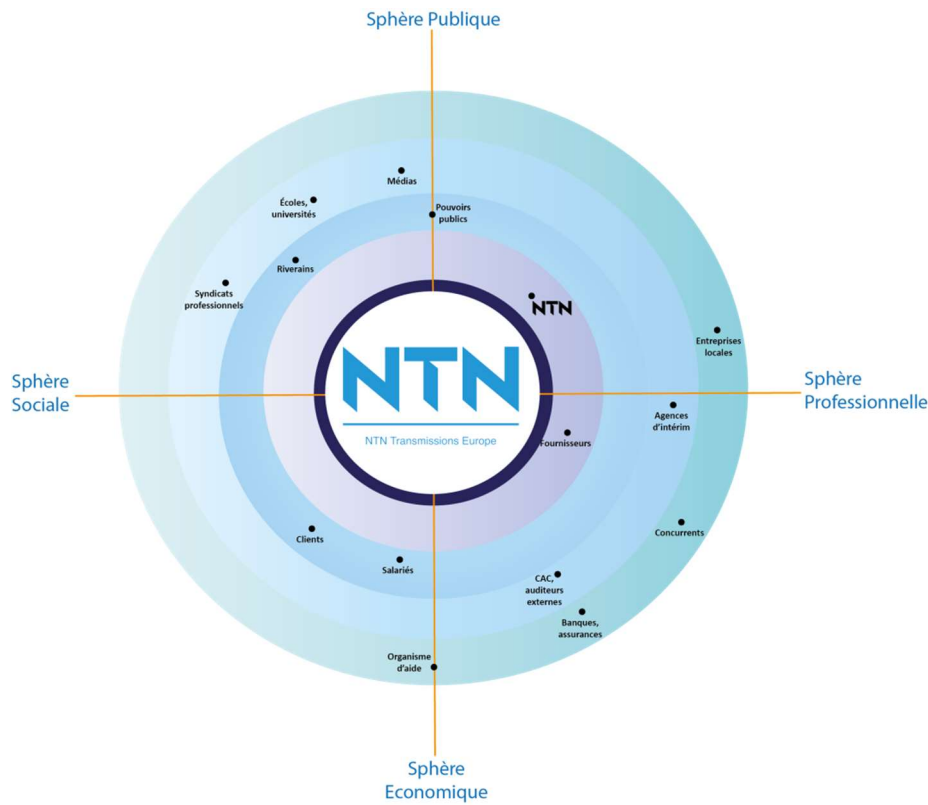
The objective of this transition is to establish a rapid decision-making structure and operational execution organization, strengthen management supervision, and improve management transparency and fairness. Under this structure, the Group is working on further improving the value of the company in the medium and long term.



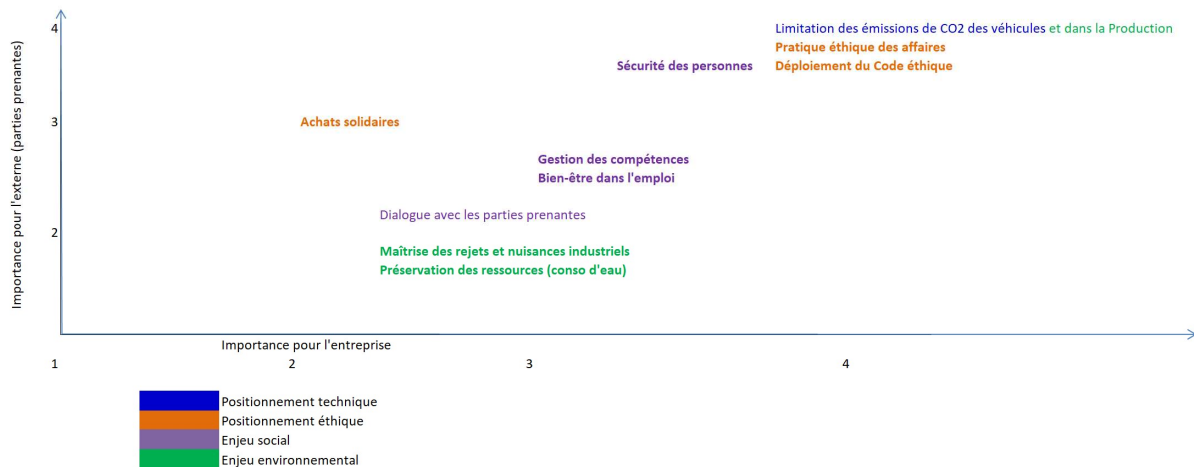
Eiichi UKAI is appointed President and CEO of NTN as of April 1, 2021

4 – NTN TE Roadmap 2020-2023

NTN Transmissions Europe's strategy is structured around four commitments (economic, social, societal and environmental) derived from the materiality matrix built by taking into account the strengths and weaknesses of the company's processes, and the expectations of the company's stakeholders.



Materiality matrix of NTN Transmissions Europe



NTN Transmissions Europe's roadmap is part of the group's global strategy with the identification of the following axes:

➡ **Economical issues :**

- **Automotive market analysts do not expect a return to normal before 2024, or even 2025 in the worst cases, which is in line with our business visions.**

Facing unprecedented scale and economic impact of the pandemic, **NTN Transmissions Europe** has adapted its production capacities in line with its customers' plant closures and implemented the following measures :

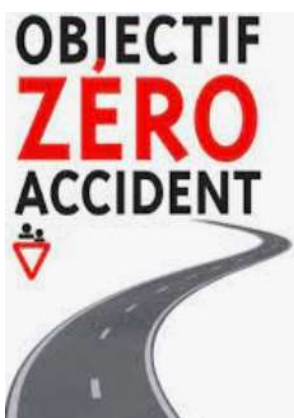
- Drastic adjustment of current expenses and headcount through a RCC agreement;
- Implementation of the APLD agreement (Long Term partial unemployment) ;
- Level of borrowing under control, sharp reduction in inventories;
- Drastic reduction of our investments.

➡ **Social issues (7 KPI) :**

- **Safety is our number one priority at both Company and Group level.**

We want to provide a safe working environment for our employees.

Making safety a constant concern for all employees, so that they can protect themselves and their colleagues, is **the priority of our new president.**



The goal is to reduce the average number of recorded accidents by a minimum of 10% per year from 2018 to 2020 to achieve a minimum 50% reduction by FY2023.

This target is based on 3 pillars :

- **Men** by establishing a strongly safety-oriented culture so that everyone is a player ;
- **Machines** by making them as safe as possible to prevent an accident even if an employee makes a mistake ;
- **Analysis methods** and action plans to achieve 0 accident.

Facing the constraint of work-related accidents and illnesses, our objective is to obtain ISO 45 001 certification in order to establish a safety framework for the permanent improvement of employee protection and risk reduction.

2 KPI followed :

- ***The accident frequency rate: Tf Allonnes, Tf Crézancy***
- ***The accident severity rate: Tg Allonnes, Tg Crézancy***

- **The development of human capital and the securing of skills are undeniable levers of performance in a highly competitive economic context.**

They are all the more essential in the context of the implementation of the reduction of structures to remain competitive.



The ambition of the Skill Management Department (GPEC) is to support managers in identifying and developing the potential of their employees, retaining talent and building replacement plans to ensure the future by securing key skills.

3 KPI followed :

- *The coverage rate of activities and skills by working cell and sector,*
- *The job satisfaction rate of our operators,*
- *Number of training courses leading to certification*

➤ **NTN Transmissions Europe wants to maintain a constructive relationship with all social partners and employees.**

2 KPI followed :

- *Number of company agreements signed*
- *Number of monthly meetings led by the Top management with managers*

➡ **Societal issues (5 KPI) :**

➤ **In a world of greater and ever-changing demands, increasing risks and higher expectations from our partners, maintaining their trust and our reputation is only possible through exemplary and responsible professional behavior.**

4 KPI followed :

- *% of Technicians/Managers having completed the Code of Ethics training (Allonnes)*
- *% of Technicians/Managers having completed Anti-trust E-learning module (Allonnes)*
- *Male-Female equality index follow-up*
- *% of suppliers committed themselves by signing our Collaborative and Responsible Purchasing Charter*

➤ **The pandemic has had a strong impact on the entry of young graduates into the job market, and to face this difficulty, NTN Transmissions Europe intends to use work-study contracts to participate in the professional integration of the younger generations from 2021.**

1 KPI followed :

- *Number of trainees in Allonnes and Crézancy plants.*

➔ Environmental issues (4 KPI) :

- As a major player in the automotive industry, NTN Transmissions Europe is in tune with the transformation of the automotive sector, aiming to offer vehicles with lower CO2 emissions.

The research and development work of the Design Office is oriented towards the analysis of the mechanical efficiency of transmission joints with the objective of reducing CO2 emissions.

NTN Transmissions Europe has invested in the equipment of a test bench to measure and characterize the mechanical efficiency of the manufactured joints and the R&D Road Map is based on this strategy.

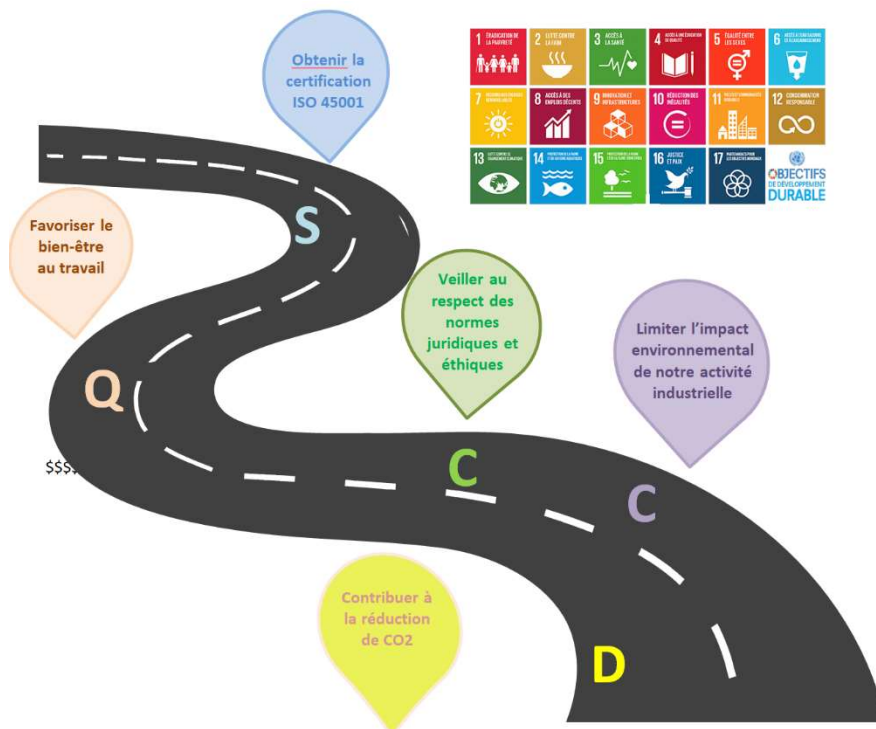


- NTN Transmissions Europe has the will to develop its products and to manage its activities by limiting the environmental impact of its industrial activities.

NTN Transmissions Europe expresses its desire to offer sustainable development, with respect for the environment and people, by striving to validate its ISO 14 001 and 50 001 certifications every year.

4 KPI followed :

- Monitoring our energy performance
- Monitoring of our water consumption
- % of waste recycled or recovered
- % of suppliers certified ISO 14 001



III – NTN TRANSMISSIONS EUROPE ISSUES

NTN Transmissions Europe has the will to develop its Extra Financial Performance Declaration by striving to respect the best practices in the matter and by progressively integrating Crézancy in order to harmonize the existing practices and to create a more important proximity.

1 - Social issues



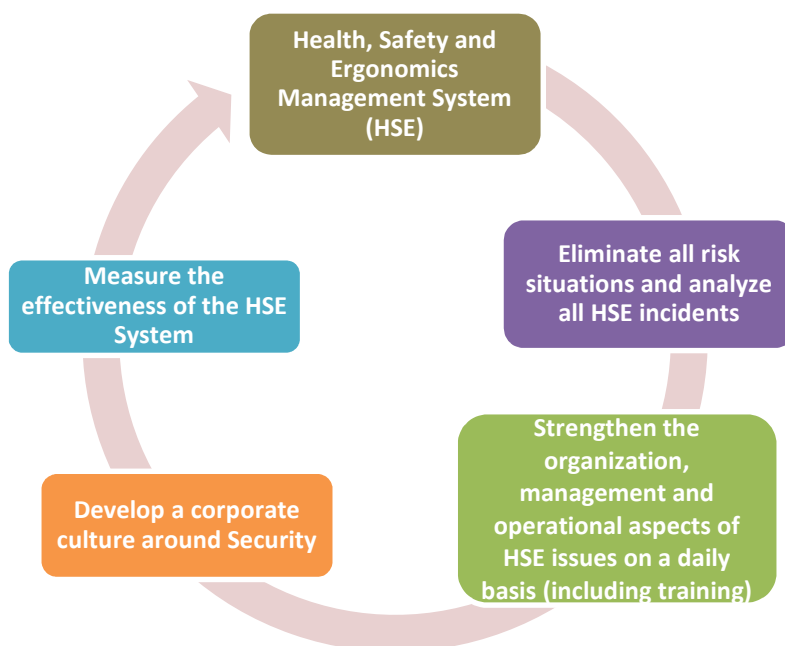
- **Safety is our number one priority at both Company and Group level**

2 KPI : TF/TG

Since 2019, The HEALTH, SECURITY and ERGONOMY PHILOSOPHY declined in **6 AXES** defined by the Group:

- 1- Be in compliance with laws and regulations
- 2- Promote continuous improvement in operational safety through the safety management system
- 3- Eliminate and reduce risks and dangers
- 4- Promote training
- 5- Promote communication
- 6- Create a safety culture.

The approach to preventing accidents at work and occupational diseases is based on a safety management system (SMS).



Areas of improvement in terms of organization, management and operations are presented in the HSE ROAD MAP.

Measurement of the effectiveness of the HSE System is reported monthly in the HSE Scoreboard, including the following topics:

- Communication campaigns / internal health / safety awareness
- Follow-up of the ergonomic projects
- Follow-up of the risk assessment and associated action plans
- Follow-up of the regulatory compliance rate
- Follow-up of internal security audits
- Safety training rate
- Monitoring the costs of accidents and occupational illness.

Nevertheless, the year 2020 was marked by a deterioration in our Safety results: :

(1)	2019	2020
Tf Allonnes	15,7	20,4
Tg Allonnes	0,54	0,53
Tf Crézancy	18,4	52,0
Tg Crézancy	0,53	0,85

(1) The accident frequency rate is calculated according to the following rule: [Number of lost-time accidents / Number of hours worked x 1,000,000] for employees of the plant (excluding commuting accidents)

The accident severity rate is obtained by calculating: [Number of days off work due to accidents / Number of hours worked x 1000] for the employees of the plant (excluding commuting accidents).

The Group has therefore decided to launch an emergency safety plan for all sites with deteriorating safety results.

The contingency plan is built on the following steps:

- Inspection of machine safety, unsafe conditions and risky behavior in order to implement immediate safety measures and update the Single Document.
- Interviewing all employees about the risk situations (near misses) they have identified and taking the appropriate protective measures; corrective actions are prioritized according to the risk level :
 - immediate (1 week)
 - medium term (1 month)
 - long term (> 1 month)
- Analysis of the origin of the accidents in FY 2020; the objective being to confirm the effectiveness of the actions implemented and to extend them to the other sectors concerned.

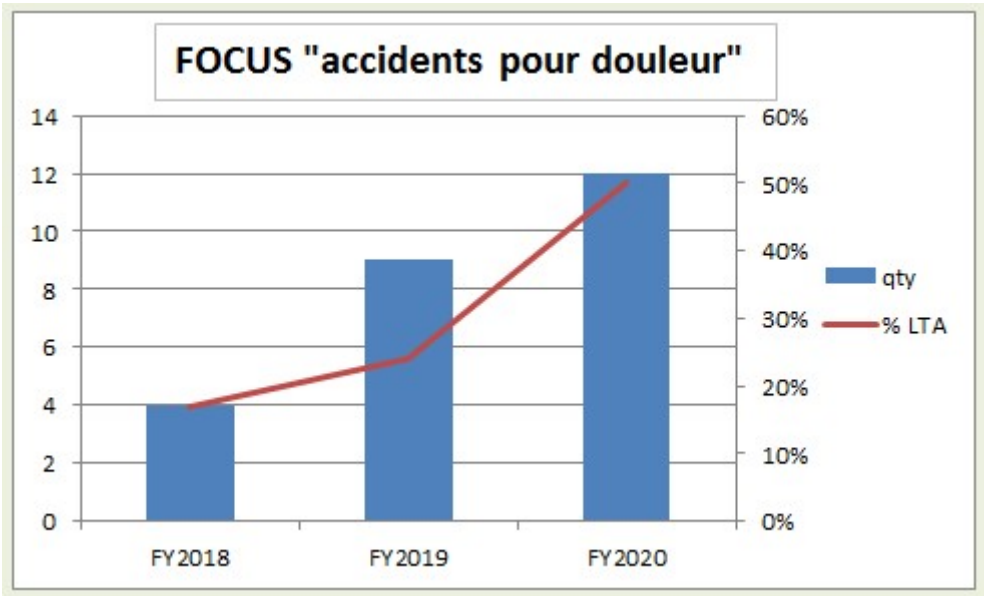
The members of the CSSCT are directly involved in this process.

In parallel with the annual update of the Single Document, the ergonomist set up the ergonomic rating of all the activities of the Allonnes site in 2020.

This rating enabled us to identify 82 priority situations (out of a total of 316) to undertake improvement projects with the aim of limiting the risk of occupational illnesses.

Monthly job retention committees are organized with the occupational medicine department, the social worker, the nurse, the ergonomist, the head of the GPEC unit and the managers of the employees concerned in order to find workplaces adapted to their state of health.

These actions are a particular priority given the increase in work-related accidents due to pain at the Allonnes site.



In the particular context of the Covid-19 pandemic, we would like to emphasize the responsiveness of all our staff, which has enabled us to continue our activities and restart production at the beginning of April 2020.

The reorganization of the site to ensure the respect of the barrier measures has allowed no employee to be infected on the sites; despite the surface of the Allonnes site, **no cluster** has been recorded and, to date, we have a **positivity rate of 6% (39 employees out of 655)**.

It should be noted that since April 2021, the departmental occupational medicine department has initiated the vaccination of employees against Covid-19.

➤ **The development of human capital and the securing of skills are undeniable levers of performance in a highly competitive economic context**

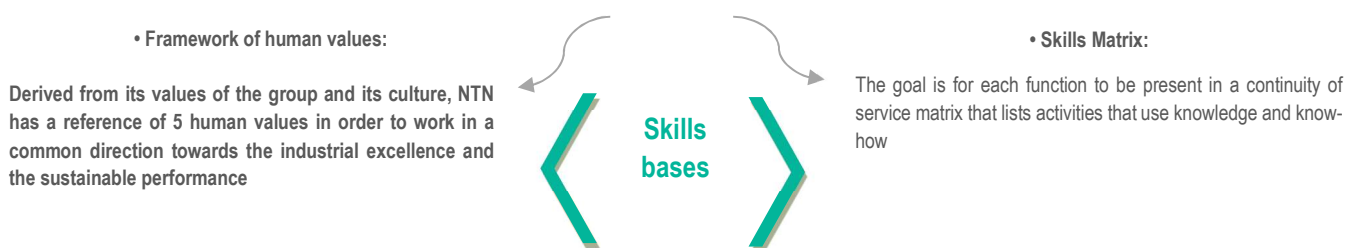
3 KPI :

- *The coverage rate of activities and skills by working cell and sector,*
- *The job satisfaction rate of our operators,*
- *Number of training courses leading to certification*

In a highly competitive economic context, the technical skills of employees are a major differentiating asset. Skills management is an undeniable performance lever. Placing people at the heart of individual performance, the company invests in the management of its internal skills through the activities of its GPEC department.

Our goal: committed employees and responsible employers.

However, the unprecedented situation of 2020 has forced us to change the challenges of our forward-looking management of jobs and skills, which are usually based on :



We had to freeze certain recruitment, skills development and training projects to meet an economic imperative due to the health crisis and the sharp drop in our production volumes. Nevertheless, during this period, we worked on:

- the mapping of our professions;
- the creation or updating of our job descriptions and skills referentials.

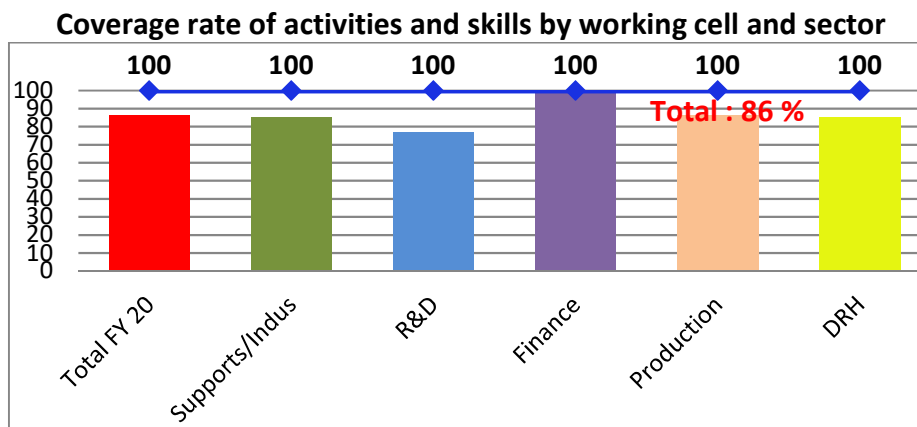
in order to identify and track the key and/or unique skills required for our operations.

Our indicator, the coverage rate of activities and skills by working cell and sector, is at 86% vs 76.7% in 2019 (2)

- (2) The indicator for Allonnes is calculated by family of skills, according to the following method:
 [Number of skills whose activities are covered (mastered by more than one person) / Total number of skills] * 100

This indicator involves a mapping of our professions, an identification of the risks of non-continuity of service and an associated short-term action plan. This approach, which is based on the identification and evaluation of skills, makes it possible to anticipate operational needs and provide concrete responses to the problems identified.

Intergenerational cohesion is a central issue in the construction of our replacement plans and in the formalization of our skills streams to safeguard and transmit our key skills



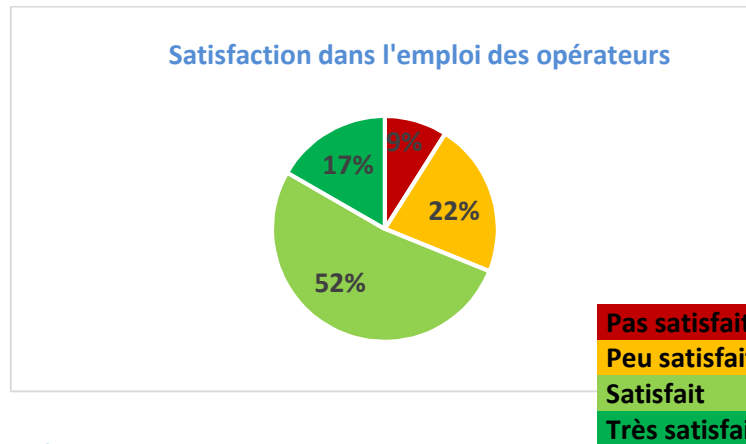
Still with a view to securing our skills capital, the level of motivation, involvement and satisfaction of our employees in their jobs is measured annually via the professional projection interview and is monitored as an indicator of our level of management and support.

For our job satisfaction indicator, the topics covered are:

- - Work content
- - Recognition and sense of achievement
- - Motivation and implication
- - Training actions / Professionalisation
- - The material conditions
- - Professional development and remuneration
- - Internal relations (colleagues, hierarchy, inter services ...)
- - Communication (management flashes , working cell ...).

The job satisfaction rate of our operators is **69%** vs 61,3% in 2019 (3)

(3) The indicator for Allonnes is calculated according to the following method:
 [Number of Very Good and Good / Total number of returns] * 100



Securing career paths :

NTN Transmissions Europe contributes to the security and development of professional careers, promoting employability both within and outside the group, while guaranteeing an increase in skills. This year, the training activities that allow employees to obtain professional recognition and improve their employability were:

Number of training courses leading to certification : **16** vs 19 in 2019

Nombres Formation finies 2020	Personnes concernées	Projet à venir 2021
CQPM Animateur Equipe Autonome Production	6	Oui
CQPM Conducteur des systèmes de production automatisée	3	Oui
CQPM Opérateur Régleur sur machine-outil à commande numérique	2	Oui
CQPM Pilote Opérationnel en Logistique de Production	2	
Recyclage SSIAP1	1	
CQP APS	1	Oui
Certification COFREND niveau 2 ULTRASONS	1	



16 Certifiés

- + Management Cycle 3
- + Certification Soudure
- + Titre Technicien de Maintenance
- + Responsable d'équipe autonome

Despite the omnipresent COVID context, which had a strong impact on our training activity for several months, forcing us to postpone the majority of our 2020 training plan, we chose to maintain the certification training courses already underway.

We have thus been able to support 16 employees in 2020 on various certifications that are recognized on the job market.

We have also made it a point of honor to offer new certification training topics in 2021.

Supervisors Courses:

The development of managers' skills impacts our competitiveness and the cohesion of our employees.

Professional training is a key factor in the excellence and expertise of our teams over the long term. The implementation of more operational training courses that are relevant to our businesses supports this dynamic.

The autonomy and agility increasingly demanded of operational teams are profoundly changing the role of local management. The role of Supervisors is being enriched with new management and leadership skills to enable them to become true leaders.

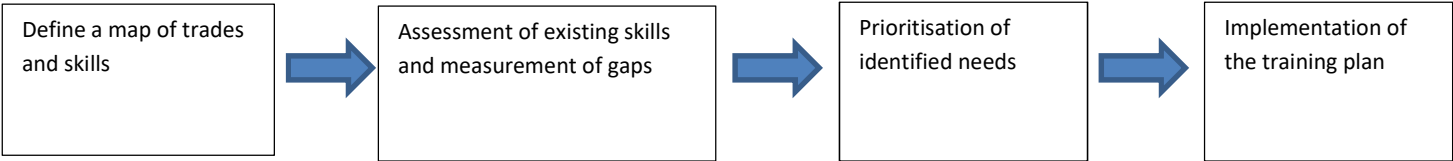
In 2019, our Supervisors course has been revised to take into account these changes and the expectations of our employees. This course, which includes 8 training modules with associated practical exercises, will run until 2021 (postponed following the Covid-19 crisis).

This forced break has allowed us to enrich the course by adding new operational themes such as training on the management of IRP, the module on good HR practices and practical management workshops.

Form Ongoing Vocational Training:

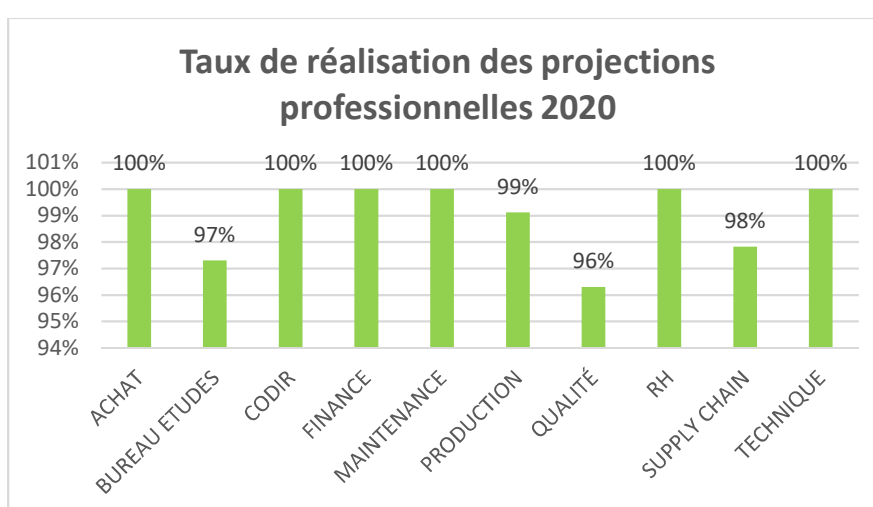
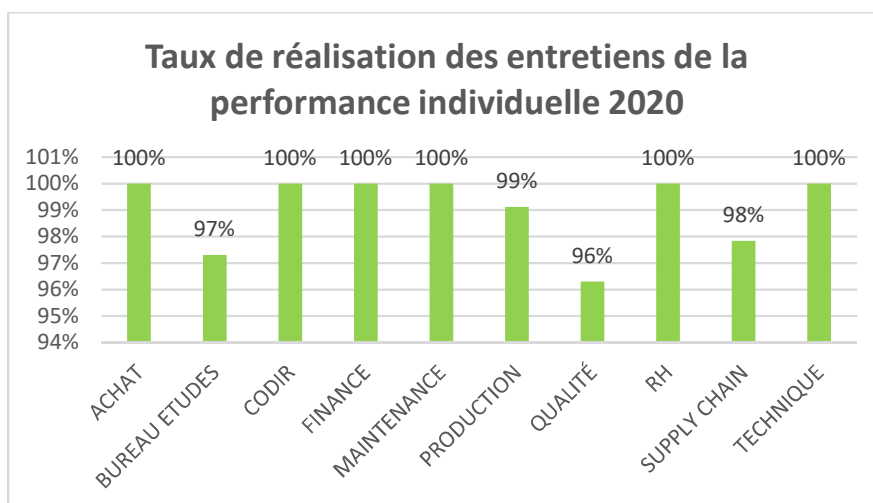
NTN Transmissions Europe confirms its desire to maintain the momentum in the development of capital skills in line with the strategic and economic priorities of the company.

To meet this challenge, it is essential to identify the critical key skills in order to develop them and thus limit the risks. The training plan must be built in line with this analysis.



In addition to this approach, the annual and professional interviews to which our employees are invited also allow us to take stock of their training needs and their expectations in terms of professional development.

We closely monitor these interviews because we believe it is important for each employee to be able to express his or her needs, successes and possible difficulties at least once a year.



Due to the pandemic, the Competency Development Plan 2020 was unfortunately halted in March. In light of this situation, we had to focus on:

- compulsory training (SST, electrical authorizations, CACES, etc.)
- internal training with our business experts
- training courses leading to certification already underway

In 2020, we devoted 1.84% of our payroll to continuing education and trained 856 trainees versus 3.80% in 2019 for 760 trainees.

We have chosen to focus on short internal business-oriented training courses in order to limit our costs while pursuing our objective of developing skills.

As part of a continuous improvement approach and to ensure that professional training contributes to the individual progress of each employee, the GPEC Unit secures its operation by measuring the relevance and effectiveness of training courses and by linking skills management and continuous professional training.

Internal mobility:

In order to reinforce the motivation and the professional projection of our employees, we want to promote internal professional opportunities for our employees and to encourage them to be actors of their own professional development.

In this context, **NTN Transmissions Europe** distributes offers of internal mobility, a source of additional motivation and a guarantee of greater efficiency in the organization.

Since July 2020, two monthly follow-up COPIL meetings have been set up:

- An "Executive Mobility" COPIL managed by the CODIR with HR
- An "Technician Mobility" COPIL managed by the Managers with HR

The management of our internal, functional, geographical and/or promotion-related mobility contributes to the development and retention of our employees.

Integration :

The GPEC department ensures that each new employee has the necessary elements for his or her integration into our company.

Our aim is to facilitate the adaptation to the job and the integration within the teams. This integration process allows the newcomer to feel supported and to develop his or her skills under the right conditions.

In this context, we have divided our "Integration" training into a one-day session for support staff and a two-day session for production staff.

This training allows all newcomers to discover the history of **NTN Transmissions Europe**, the products, the customers, basic safety, basic quality, the 5 S's, chemical products, the code of ethics, etc.

This is the starting point of a training process that will continue throughout his professional life.

In the same spirit, training has been set up for tutors. The objective is to define the functions and responsibilities of each person in order to ensure that they are welcomed and supported in the best possible conditions.

- **NTN Transmissions Europe wants to maintain a constructive relationship with all social partners and employees.**

2 KPI :

- ***Number of company agreements signed***
- ***Number of monthly meetings led by the Top Management with managers***

NTN Transmissions Europe aims to maintain a sustained social dialogue with the Trade Unions present in Allonnes and Crézancy by regularly sharing with them the fundamental issues of the company.

In the same vein, the supervisors' course includes training in social relations so that they can fully fulfill their role as local social interlocutor.

The HR roadmap includes the opening of numerous negotiations with social partners. These negotiations include a project to revise the old company agreements to adapt them to the economic reality of the company and its new challenges.

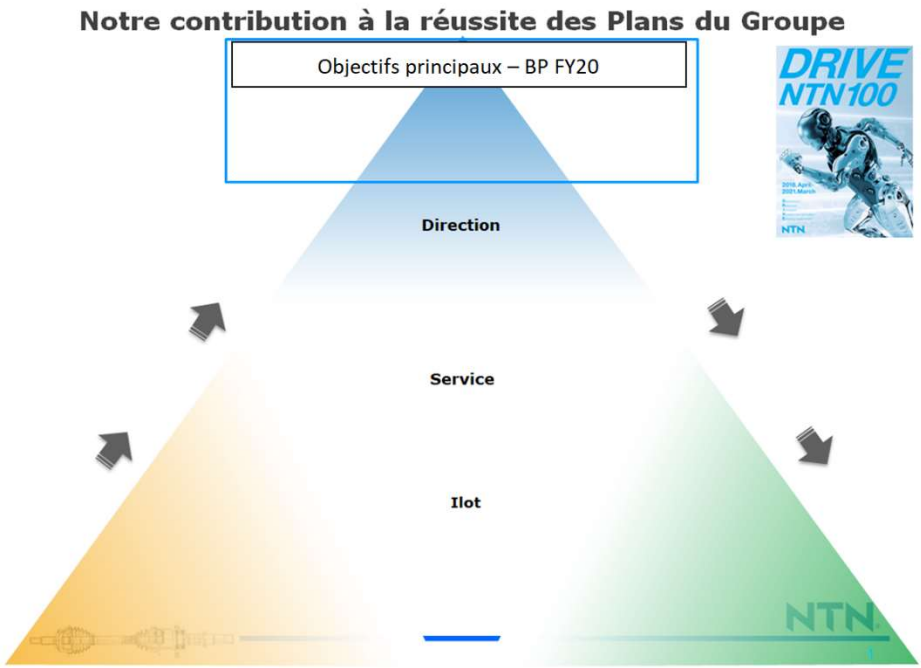
A teleworking agreement is currently being negotiated, as well as an agreement on age-related measures.

Number of company agreements signed: 5 in 2020 (3 for Allonnes and 2 for Crézancy)

Internal communication at the service of our performance :

In order to ensure that employees adhere to the company's strategy, each year, the General Director informs all employees of the performance in the past financial year and does a Launch meeting. This launch meeting aims to explain the strategic axes of the group and the company, to all employees.

At the end of this meeting, each manager will be able to build with his teams the contribution of each service to the performance of the company by the standard tool displayed in each of the workcells of the company.



Internal communication being a vector of team cohesion and success for the company, a monthly meeting with all managers is led by the Deputy General Manager and the members of the Executive Committee on the following topics :

- Security,
- Financial Results,
- Production,
- Quality,
- Supply chain,
- HR and Compliance.

Depending on the current events, specific topics can be added.
Given the health context in 2020, all the meetings could not be held and in 2021, we have resumed our normal rhythm of one meeting per month.

6 monthly meetings led by Top Management with managers in 2020 vs 8 in 2019

2 - Societal issues



- **In a world of greater and ever-changing demands, increasing risks and higher expectations from our partners, maintaining their trust and our reputation is only possible through exemplary and responsible professional behavior.**

4 KPI :

- **% of Technicians/Managers having completed the Code of Ethics training (Allonnes)**
- **% of Technicians/Managers having completed Anti-trust E-learning module (Allonnes)**
- **Male-Female equality index follow-up**
- **% of suppliers committed themselves by signing our Collaborative and Responsible Purchasing Charter**

Code of ethics and good conduct :

As one of the world's leading designers and manufacturers of automotive transmissions, the iconic brand NTN must comply with the ethical principles that apply to the conduct of business, adopt a socially responsible attitude towards its employees and all stakeholders.

For this, a Code of Ethics and Good Conduct is in force in the company and applies to all employees, from the newly hired employee to the members of the Management Committee, in all countries, and this in accordance with the laws and regulations.

Every day we make decisions that can impact the reputation of our company. So, it is up to us, wherever we are, and whatever our level of management in the company, to adopt responsible behavior based on morality, seriousness, honesty and respect for the rules of conduct defined.

The Code of Ethics and Good Conduct does not claim to provide an answer to all the ethical questions that may arise in the context of our missions, but it formalizes all the basic rules and the conduct to follow when making a decision.

Everyone must be able to anticipate the risks related to their function, but it goes without saying that such a code cannot foresee everything and that the objective pursued will only be achieved thanks to the common sense and sense of responsibility of each person. This Code also provides procedures for reporting unethical conduct without fear of reprisal.

The Code of Ethics has been distributed to all personnel.



Some of the staff are specifically trained in the Code of Ethics to ensure its proper application in all areas of the company.

29% of Technicians/Managers have completed the Code of Ethics training vs 24,8% in 2019 in Allonnes

As a follow-up to the training actions implemented in 2018, a new, updated and more complete training course has been deployed since June 2021 for all our new employees. A reminder will also be carried out on this basis for all **NTN Transmissions Europe** managers and ETAMs.

In order to ensure the proper involvement of the Top Management, each director will lead at least one session of this training.

In 2020, we also set up an E-learning module on Compliance and more specifically on anti-trust.

This module has been opened to the most exposed managers and supervisors, i.e. about 100 people. To date, 31% of this population has taken this module.

A new wave of training is planned for the beginning of the 2021 school year.

31% of Technicians/Managers have completed the Anti-trust training in FY2020 in Allonnes

NTN Transmissions Europe had to deal with a case of sexual harassment in 2018 and has therefore prioritized the deployment of an awareness campaign for all managers on sexual harassment and the appointment of two referents in 2019.

Monthly information on good Compliance practices has been put in place since the beginning of 2021 in order to raise the long-term awareness of our managers to respect these good practices.

Equal treatment :

In addition to its desire to ensure professional equality between men and women, **NTN Transmissions Europe** is committed to not discriminating on any grounds whatsoever, and guarantees equal opportunities to all persons wishing to join the company as well as to employees who are already present during the life of their employment contract (training, professional development, maintaining employment, etc...).

Male/Female equity index 2020 is at 94 points out of 100, vs 85 points in 2019 in Allonnes (4)

(4) The Index, out of 100 points, is calculated from 4 to 5 indicators depending on whether the company has less or more than 250 employees:

- a. The gender pay gap,
- b. The gender pay gap, b. The gender pay gap in individual raises,
- c. The gender pay gap in promotions (only in companies with more than 250 employees),
- d. The number of female employees receiving raises upon return from maternity leave,
- e. Parity among the 10 highest earners.

Moreover, our annual compulsory declaration of employment of disabled workers, war veterans and the like shows a contribution of 0, our quota meeting the legal obligations.

NTN Transmissions Europe does not make any distinction between employees based on :

- gender ;
- age;
- ethnic, social, cultural origin;
- sexual orientation;
- religion;
- political orientation;
- physical appearance;

- union activity;
- a state of health ;
- or a handicap.

NTN Transmissions Europe considers that the richness of the mix and diversity in the teams, source of innovation and creativity, is a performance lever for the company.

Our recruitment and career development policy and our salary policy are based solely on the qualities, skills, performance and experience of the candidates and/or our employees, without favouritism.

NTN Transmissions Europe participates in the training effort by promoting exchanges with the actors of continuing education and national education.

NTN Transmissions Europe rejects and condemns all forms of illegal or concealed work, in particular by complying with national legislation and regulations concerning child labor. The company refrains from employing children under the age of 16 and complies with the provisions of Convention N°138 of the International Labour Organization (ILO) and ensures that its partners subscribe to the same requirements.

[The control measures relating to our suppliers are based on the integration of the requirements of our Purchasing Charter.](#)

Responsible management of Purchasing is a major challenge due to the overall amount of expenditure, the volumes, and the diversity of purchases made by **NTN Transmissions Europe**.

An evaluation of the performance of our POE suppliers (direct purchases) is carried out quarterly on the basis of quality, costs and deadlines, with the **implementation in FY2020 of a supplier risk analysis**.

The results of the quarterly evaluation of our suppliers.

NTN Transmissions Europe's Charter for Collaborative and Responsible Purchasing is derived from our code of ethics and recalls our commitments in terms of human relations, respect for the environment and ethics.



NTN Transmissions Europe is committed to its suppliers, to:

- Secure collaborations ;
- Develop a win-win relationship ;
- Apply a transparent purchasing policy.

What we expect from our Suppliers:

- Respect the guiding principles of Human Rights
- Privilege professional honesty

In FY2020, **78%** of our suppliers committed themselves by signing our Collaborative and Responsible Purchasing Charter, stable vs FY2019

In this way, **NTN Transmissions Europe** and the signatories show their willingness to apply a set of good practices, in conformity with the national and international legislation in force.

NTN Transmissions Europe wishes to conduct its relations with all of its suppliers in a sustainable and fair manner, based on this progress approach

- **The pandemic has had a strong impact on the entry of young graduates into the job market, and to face this difficulty, NTN Transmissions Europe intends to use work-study contracts to participate in the professional integration of the younger generations from 2021.**

1 KPI :

- *Number of trainees in Allonnes and Crézancy plants*

In order to develop our external image and increase our notoriety towards technical skills (maintenance personnel, machinists, engineers...), **NTN Transmissions Europe** developed, during 2018, its presence on social networks (LinkedIn, in particular).

As the Internet is now the primary source of information and employment research, in addition to our presence on social networks, we have a partnership with UIMS and their new website dedicated to recruitment: <https://www.lindustrie-recrute.fr/>

All of our professional opportunities are also broadcast in priority on the website of NTN SNR (another subsidiary of NTN Group in France) « **find your job !** » : <https://www.ntn-snr.com/fr/jobs>

In order to anticipate and strengthen our skills capital, we have carried out a targeted action on work-study programs with school partnerships for technical professions in 2019. We will relaunch this action in 2021 with the opening of **14 positions to be filled under work-study contracts**.

In FY2020, 7 trainees were employed in Allonnes and 1 in Crézancy

NTN Transmissions Europe is a committed player in its employment basin and actively participates in events related to the metallurgy professions with the UIMS in order to make itself known to young people (meeting high school students, workshops, etc.) and to increase the number of women in its teams.

Unfortunately, due to Covid-19, we were unable to maintain the visits to NTN Transmissions Europe that were planned as part of the Industry Week in 2020.

In order to be an attractive company, it is vital for **NTN Transmissions Europe** to meet the expectations of the new generations who are strongly oriented towards teleworking.

Today, more than a third of employers make a direct link between employee loyalty and the possibility of carrying out part of their activity from home.

With this in mind, **NTN Transmissions Europe** has worked on a draft agreement dedicated to telework following the test period imposed by the health crisis, with the aim of offering a better balance between private and professional life to employees.

This agreement is currently being negotiated with our social partners.

3 - Environmental issues



- **NTN Transmissions Europe is committed to developing its products and managing its activities while limiting the environmental impact of its industrial activities.**

4 KPI followed :

- *Monitoring our energy performance*
- *Monitoring of our water consumption*
- *% of waste recycled or recovered*
- *% of suppliers certified ISO 14 001*

Environmental Responsibility :

The protection of the environment is a fundamental principal for **NTN Transmissions Europe**, applicable at all stages of its activities and supported by each member of its staff. It is a guarantee of sustainable development for the company.

NTN Transmissions Europe has set up at its production sites in Allonnes and Crézancy an environmental management system, recognized by an ISO 14001 certification.

The company's environmental and energy policy defines the following key issues:

- **PRESERVE NATURAL RESOURCES**
- **FIGHT AGAINST CLIMATE WARMING**
- **ACT TO PROTECT THE ENVIRONMENTL'ENVIRONNEMENT**

The policy of limiting the environmental impact of our industrial activity is reflected in three priority areas :

La réduction des consommations d'énergie

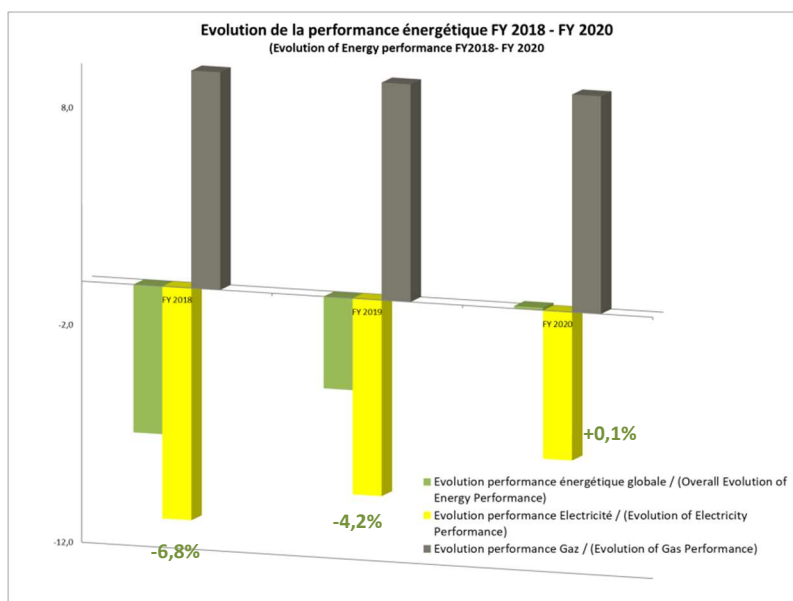
To fight against global warming, and act for the preservation of natural resources, **NTN Transmissions Europe** is committed to reducing its energy consumption and improving its energy efficiency.

An energy management system has been deployed in accordance with the ISO 50001 standard, and has been certified since December 2015. In this context, the company has determined all of its energy uses and their importance, in order to monitor and control the consumption, and implement targeted actions to improve its energy performance.

However, for the year 2020, the improvement could not be effective due to the consequences of the global pandemic of Covid 19, which led to a reduction in production activities and the implementation of sanitary measures in the company.

Natural gas consumption is now at a higher level, mainly due to the use of gas as process energy for new manufacturing processes that started in 2017.

**Our energy performance is quite stable at -0,1% vs previous years (basis FY2015-2017)
(5)**



(5) This indicator for Allonnes is calculated as follows: % change between the energy performance of year N and the energy performance of the reference year (index: FY 2015-2016-2017). Energy performance is measured by energy consumption (electricity and gas) reported to the Added Value.

The main achievements to reduce energy consumption are :

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Preservation of water resources

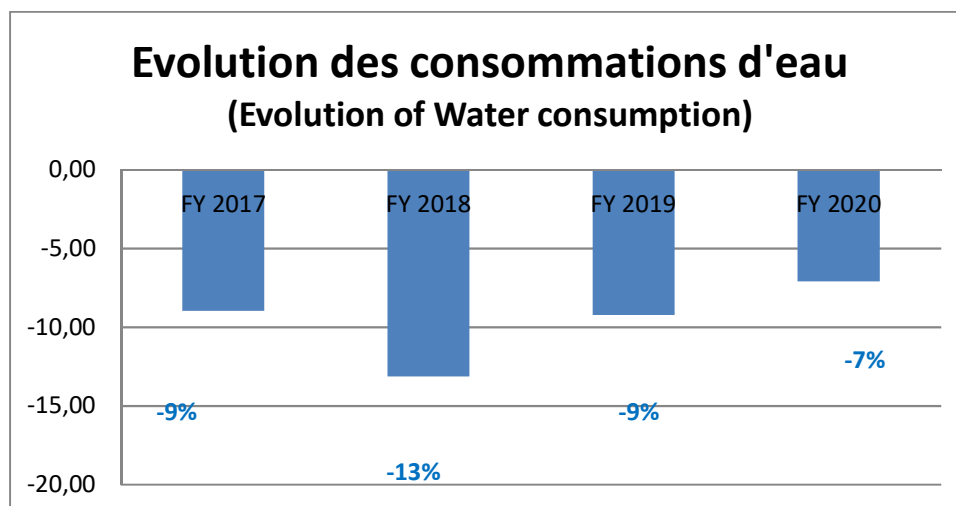


The reduction of water consumption is a priority for the preservation of natural resources.

As part of its objectives to reduce water consumption, NTN Transmissions Europe has installed a monitoring of the main points of consumption and continuously improves the control of the installations.

The action plan for reducing water consumption revolves around:

- Specific monitoring of the main water consuming points in the company
- Fitting some installations with variable speed pumps
- Improved piloting and control of key parameters of the water supply for our cooling installations.



Our indicator of reduced water consumption for Allonnes + Crézancy

improved by **7%** (6)

(6) This indicator for Allonnes and Crézancy is calculated as follows % change between water consumption in year N in relation to the VA and water consumption in relation to the VA for the reference year FY016.



Prevention and waste management

NTN Transmissions Europe is working on waste management and prevention, with the objective of reducing the quantities produced on its production sites, and of treating them in approved treatment channels, in compliance with the regulations.

The company's policy is to give priority to recovery and recycling operations, rather than destruction and burial.

- A selective waste sorting system has been set up in all workshops and offices, with appropriate containers collected regularly.
- Each new waste item is studied to adapt the collection methods and the choice of recycling channel.
- Awareness-raising sessions are held for people working on NTN Transmissions Europe sites
- In 2020, water bottles made available to staff were replaced by individual thermos flasks as part of the fight against plastic waste (Allonnes and Crézancy).



98% of waste is recycled or recovered

NTN Transmissions Europe expects its suppliers to take into account environmental challenges

In 2020, **70%** of main suppliers had ISO 14001 certification (environmental approach) vs 68% in 2019