

NTN®



Report on Fighting Against Forced Labour and Child Labour in Supply Chains

NTN BEARING CORPORATION OF CANADA LTD.
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NTN

Business Report: NTN Bearing Corporation of Canada Ltd.

EXECUTIVE SUMMARY

This report provides a comprehensive overview of NTN Bearing Corporation of Canada Ltd.'s activities, policies, and due diligence processes for the financial year starting April 1, 2023, and ending March 31, 2024. It outlines the company's commitment to preventing forced and child labour in its supply chain and details the steps taken to address human rights risks.

GROUP STRUCTURE

Entity Information

- **Legal Name:** NTN Bearing Corporation of Canada Ltd.
- **Business Number:** 103954566
- **Headquarters:** Japan
- **Joint Report:** Yes, with NTN Bearing Manufacturing of Canada sharing the same business number.

Financial Reporting Period

- **Start Date:** 2023-04-01
- **End Date:** 2024-03-31

Report Status

- This is not a revised version; no previous versions will be affected.

ACTIVITIES

NTN Bearing Corporation of Canada, based in Mississauga, Ontario, manufactures and distributes a wide range of ball and roller bearings, serving the automotive, industrial and recreational markets.

SUPPLY CHAIN

NTN Bearing Corporation of Canada Ltd. procures its material from more than 20 global "direct" suppliers from countries including United States, Canada, Germany, France, Japan, Taiwan, China, and Philippines. The complete supply chain includes many additional "indirect" suppliers from various regions globally. All suppliers go through a thorough NTN Global approval process.

RISKS IN SUPPLY CHAIN

Supply Chain Legislation Compliance

- The entity is not subject to reporting requirements under supply chain legislation in another jurisdiction.

Annual Report Highlights

- NTN Global has taken significant steps to mitigate the risk of forced and child labour in the production and importation of goods. A detailed policy is available in the annual report, which can be accessed here: https://www.ntnglobal.com/en/investors/pdf/annual/ntn_report2023_en.pdf

Procurement and Human Rights Policies

- In April 2021, NTN formulated a Procurement Policy aligned with the Sustainable Development Goals (SDGs), emphasizing fairness, legal compliance, environmental considerations, and mutual prosperity.



- The company promotes green procurement and CSR activities, as detailed in the “NTN Group Green Procurement Standards” and “NTN CSR Procurement Guidelines.”
- A “Declaration of Partnership Building” was announced in 2022 to foster collaboration and value creation with supply chain partners: <https://www.ntnglobal.com/en/csr/sc/client.html>

Human Rights Due Diligence

- NTN prioritizes employee rights, supply chain risks, and access to remedies, following the United Nations Guiding Principles on Business and Human Rights.
- A human rights questionnaire for overseas affiliates indicated a low risk of negative impacts, and regular assessments are planned to continue due diligence efforts.
- The Human Rights Policy ensures all employees uphold human rights values, addressing global concerns such as the SDGs and the UK’s Modern Slavery Act. More information can be found here: <https://www.ntnglobal.com/en/csr/sc/human-rights.html>

ACTIONS, RISK & EFFECTIVENESS ASSESSMENT

Supply Chain Risk Management

- The company conducts conflict mineral surveys to ensure responsible procurement and has established guidelines to avoid sourcing from high-risk areas.
- Over 97% of surveyed business partners reported no use of conflict minerals, with ongoing efforts to maintain this standard.

Additional Information on Organizational Structure, Activities, and Supply Chains

As part of our commitment to sustainable development and corporate responsibility, NTN Bearing Corporation of Canada Ltd. has implemented a comprehensive Procurement Policy that aligns with the Sustainable Development Goals (SDGs). This policy is founded on the principles of fairness, legal compliance, green procurement, and mutual prosperity.

Procurement Policy and Standards

- **Fairness and Impartiality:** Our purchasing departments are instrumental in fostering trusted relationships with business partners, ensuring that all procurement activities are conducted with integrity.
- **Compliance with Laws and Regulations:** We strictly adhere to legal standards, ensuring that our procurement practices meet all regulatory requirements.
- **Green Procurement:** The “NTN Group Green Procurement Standards” guide our efforts to prioritize environmental conservation. We actively seek to partner with suppliers who demonstrate a strong commitment to environmental quality.
- **Coexistence and Co-prosperity:** Our goal is to create a symbiotic relationship with our suppliers, where both parties can thrive and grow together.

Local and Global Procurement Initiatives

- We strive for local procurement at all manufacturing sites, including those outside Japan, to support local economies and reduce our carbon footprint.
- Our global procurement strategy ensures that we source materials from the most optimal locations worldwide, balancing cost, quality, and environmental impact.

Declaration of Partnership Building

- In 2022, we introduced our “Declaration of Partnership Building” to establish new partnerships that foster collaboration and shared success. This initiative aims to create value and strengthen ties with our supply chain partners and other businesses.

Through these policies and initiatives, NTN Bearing Corporation of Canada Ltd. is dedicated to maintaining a responsible and sustainable supply chain that respects human rights and the environment. Our approach to procurement and partnership is designed to support our long-term vision of growth and corporate social responsibility.

Policies and Due Diligence Processes Related to Forced Labour and Child Labour

NTN Bearing Corporation of Canada Ltd. is deeply committed to upholding human rights and has established a robust framework to address any associated risks within its operations and supply chain. This commitment is rooted in the principles of “respect” and “remedy,” as advocated by the United Nations Guiding Principles on Business and Human Rights.

Human Rights Risk Management

- **Employee Rights:** The company prioritizes the protection of its employees’ rights, ensuring a workplace free from forced or child labour.
- **Supply Chain Vigilance:** A proactive approach is taken to identify and respond to human rights risks within the supply chain.
- **Remediation Framework:** A structured process is in place to provide remedies for any human rights violations that may occur.

Due Diligence Initiatives

- A comprehensive human rights questionnaire is regularly distributed to overseas affiliates to monitor and assess the risk of negative human rights impacts.
- The analysis of these questionnaires has consistently shown a low risk of such impacts, reinforcing the effectiveness of our due diligence processes.

Human Rights Policy

- NTN has formulated a Human Rights Policy that serves as a guiding beacon for all Group employees, instilling a shared understanding and commitment to human rights values.
- This policy is not only a foundation for daily operations but also a commitment to addressing emerging global human rights issues.
- The policy aligns with international standards, including the SDGs and the UK’s Modern Slavery Act, ensuring NTN’s adherence to global human rights expectations.

For a detailed exposition of our Human Rights Policy and the steps we are taking to ensure the respect of human rights across all our activities, please refer to the following link:

<https://www.ntnglobal.com/en/csr/sc/human-rights.html>

Supply Chain Human Rights Due Diligence and Conflict Mineral Surveys

NTN Bearing Corporation of Canada Ltd. recognizes the importance of addressing human rights risks within its supply chain, particularly concerning the procurement of minerals. The company is committed to ensuring that its products do not contribute to conflict or human rights abuses.

Conflict Mineral Surveys

- **Policy Implementation:** In April 2016, the company established CSR Procurement Guidelines, which include a policy of “Responsible mineral procurement.”
- **Continuous Monitoring:** The guidelines mandate the ongoing monitoring of mineral resources to ensure they are not sourced from conflict and high-risk areas.
- **Supply Chain Traceability:** In the fiscal year ended March 2023, NTN traced its supply chain back to 245 business partners to identify the smelters used for materials.
- **Results:** The survey revealed that more than 97% of business partners reported they do not use conflict minerals.



- **Future Surveys:** The company is dedicated to conducting these surveys regularly to maintain responsible sourcing practices.

Commitment to Ethical Sourcing

- NTN Bearing Corporation of Canada Ltd. is actively engaged in efforts to prevent the use of income from the mining of tin, tantalum, tungsten, and gold (3TG) in the Democratic Republic of the Congo (DRC) and neighboring countries from financing armed forces.
- The company’s due diligence processes are designed to identify and mitigate the risks of human rights infringements, illicit mining, and smuggling associated with conflict minerals.

The company’s approach to managing human rights risks in the supply chain and its rigorous conflict mineral surveys demonstrate NTN Bearing Corporation of Canada Ltd.’s dedication to ethical business practices and respect for human rights. By continuing to implement and refine these processes, the company aims to contribute positively to the global effort against forced labour and child labour in the mining industry.

REMEDIATION

Remediation Measures for Forced Labour and Child Labour

NTN Bearing Corporation of Canada Ltd. has taken proactive measures to address and remediate any instances of forced labour or child labour within its operations and supply chain. These measures are encapsulated within the company’s Human Rights Policy, which serves as a cornerstone for its commitment to human rights.

Human Rights Policy Overview

- **Internationally Recognized Human Rights:** NTN pledges to uphold and respect human rights as recognized by the international community.
- **Prohibition of Human Rights Violations:** The company commits to not engaging in or supporting the violation of human rights.
- **Responsive Action:** NTN will take appropriate measures to address any adverse human rights impacts resulting from its business activities.

Active Remediation Efforts

- The Human Rights Policy is not just a statement of intent but a framework for action. It guides the company’s efforts to ensure that all employees, at every level, understand and implement human rights principles in their daily work.
- The policy is designed to address issues of global concern, such as those highlighted by the SDGs and the UK’s Modern Slavery Act, thereby fulfilling NTN’s corporate responsibility to respect human rights.

Implementation of the Human Rights Policy

- **Education and Awareness:** NTN conducts regular training and awareness programs to ensure that all employees are informed about the Human Rights Policy and their role in upholding it.
- **Monitoring and Evaluation:** The company monitors its activities and supply chain to identify any potential human rights violations, with a particular focus on forced and child labour.
- **Remediation Processes:** In cases where human rights violations are identified, NTN has established clear processes for remediation, including corrective action plans and support for affected individuals.

Through its Human Rights Policy and the outlined remediation measures, NTN Bearing Corporation of Canada Ltd. demonstrates its unwavering commitment to protecting and promoting human rights. The company actively works to prevent any form of forced or child labour and ensures that its business practices align with the highest ethical standards.



TRAINING

Employee Training on Forced Labour and Child Labour

NTN Bearing Corporation of Canada Ltd. is dedicated to educating its employees on the critical issues of forced labour and child labour. The company has instituted a comprehensive annual training program for all procurement and management personnel to ensure they are well-informed and equipped to uphold the highest standards of human rights within the organization and across its supply chains.

Training Program Components

- **Bill S211 Overview:** Employees receive an in-depth explanation of the legislative framework surrounding forced and child labour, particularly focusing on the stipulations of Bill S211.
- **Definitions and Identifications:** The training provides clear definitions of forced labour, child labour, and human trafficking, enabling employees to recognize these violations accurately.
- **Human Rights Legislation:** A review of relevant human rights legislation is included to ensure that all actions and decisions are compliant with legal requirements.
- **Supply Chain Awareness:** The program covers the activities within the company’s global supply chain, emphasizing the importance of vigilance and ethical sourcing.
- **Procurement Practices:** Employees are trained on procurement practices that align with international human rights guidelines, ensuring responsible operations.
- **Code of Conduct Adherence:** The training reinforces the necessity of following the NTN Americas Code of Conduct for Ethical Business Practices.
- **CSR Procurement Guidelines:** The latest NTN Corporate Social Responsibility (CSR) Procurement Guidelines 2023 are reviewed, highlighting the company’s commitment to social responsibility.

Through this training, NTN Bearing Corporation of Canada Ltd. empowers its employees to act as stewards of ethical business practices, ensuring that the company’s operations and supply chains are free from forced and child labour. The organization’s proactive approach to education reflects its commitment to corporate social responsibility and the protection of human rights.

ATTESTATION

Conclusion

NTN Bearing Corporation of Canada Ltd. remains dedicated to ethical business practices, with robust policies and processes to prevent forced and child labour. The company’s proactive approach to human rights due diligence and supply chain management reflects its commitment to corporate responsibility and sustainable development.

Attestation

“In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.”

Full name: Paul Meo

Date: May 27, 2024

Title: President & CEO

SIGNATURE:

“I have the authority to bind NTN Bearing Corporation of Canada Ltd.”

