

05 Corporate Governance Corporate Governance Systems

NSK's Approach

NSK believes that the establishment and maintenance of systems that ensure transparent, fair, and timely decision-making is essential to achieve sustainable growth and increase our mid- to long-term corporate value. To realize this objective, we are working to construct our corporate governance systems based on the following four guiding principles.

► Policy on Development of Corporate Governance Systems

1. To increase the efficiency and agility of management by proactively delegating decision-making on the execution of the operations from the Board of Directors to the Company's executive organizations.
2. To ensure that supervisory organizations have oversight of executive organizations by clearly separating the two.
3. To strengthen supervisory organizations' oversight of the executive organizations by ensuring cooperation between the two.
4. To improve the fairness of management by strengthening compliance systems.

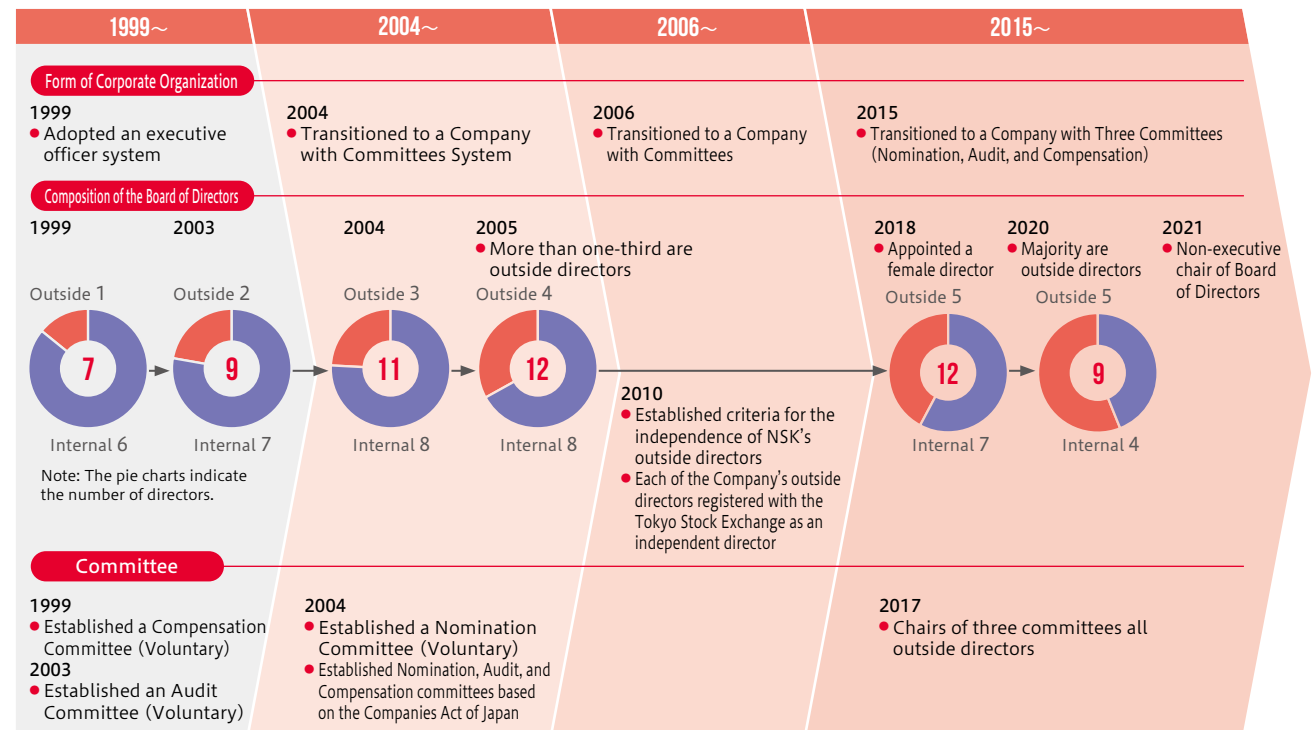
Corporate Governance Systems

Current Corporate Governance System

NSK has adopted a Company with Three Committees (Nomination, Audit, and Compensation) system as its form of corporate organization to better achieve the basic approach described on the left. NSK's Board of Directors determines basic management policies, with the aim of achieving the Group's sustainable growth and increasing mid- to long-term corporate value. The Board proactively delegates decision-making authority

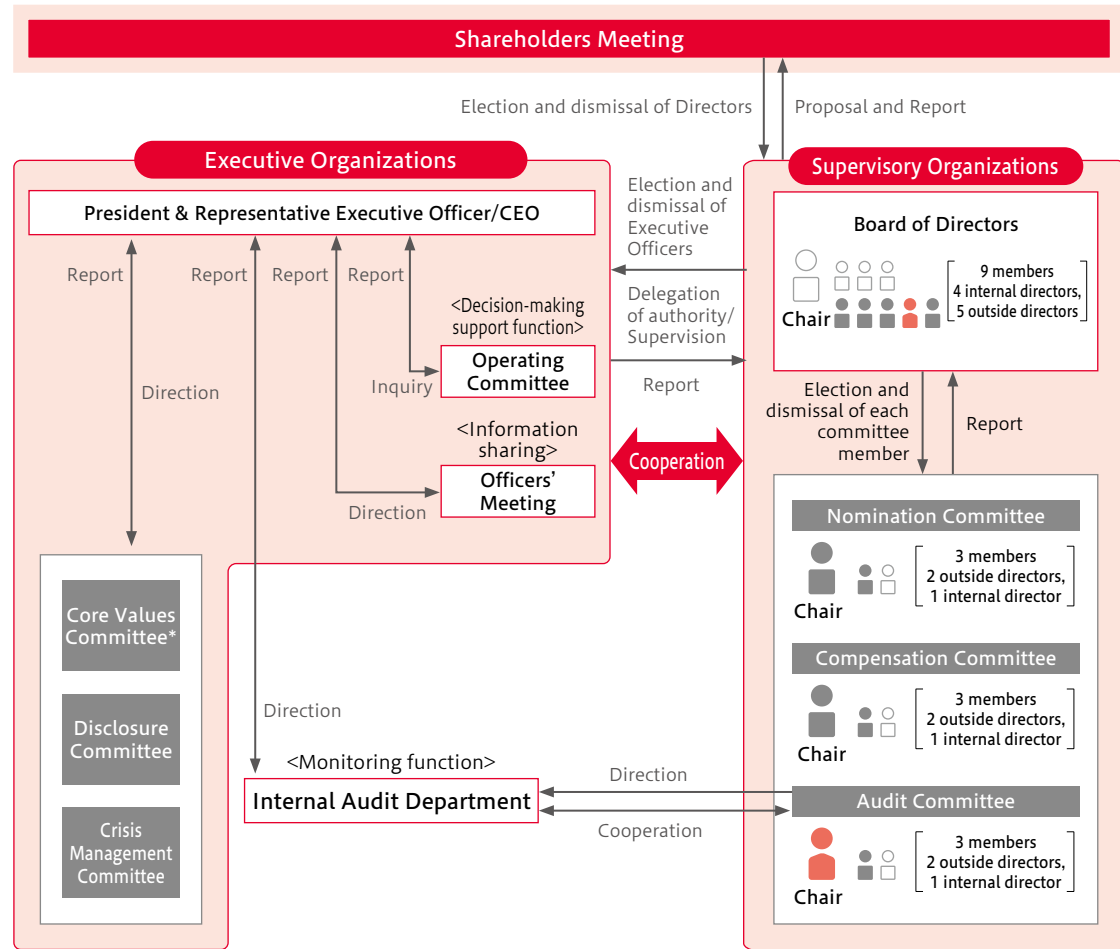
regarding business execution to executive organizations, while supervising the status of implementation in an appropriate manner. The CEO has the ultimate authority and responsibility for all decision-making and operational executive functions delegated by the Board. Under the direction of the CEO, executive officers are responsible for executing their respective duties in accordance with their division of duties.

Changes to NSK's Corporate Governance Systems



NSK's Corporate Governance Structure (As of August 2023)

○ Internal director
 ● Outside director (Men)
 ● Outside director (Women)



* Core Values Committee: The core values of Safety, Quality, Environment, and Compliance are common value standards that are given the highest priority in NSK's management decisions and actions. The Core Values Committee sets company-wide issues, makes recommendations for their resolution, and monitors progress through discussion of policies for promoting and strengthening core values and sharing of related risks.

Supervisory Organizations

Board of Directors	Number of times convened in FY2022 10
<p>Chair a non-executive director</p> <p>Objectives and Authority</p> <ul style="list-style-type: none"> ● Passes resolutions related to basic management policies (including delegation of deciding on the execution of the operations to executive officers) ● Supervises the execution of duties by executive officers 	<p>Main Activities during FY2022</p> <ul style="list-style-type: none"> ● Determined consolidated financial statements, appropriation of retained earnings, basic policy on the establishment of internal control systems, and the new executive system ● Verified the rationality of cross-shareholdings held ● Considered whether to continue anti-takeover measures ● Considered the direction of disclosure based on the results of dialogue with institutional investors ● Assessed the Board of Directors' effectiveness and acted on identified issues ● Determined the policy on budget management ● Monitored MTP2026
Nomination Committee	Number of times convened in FY2022 6
<p>Chair Outside director</p> <p>Objectives and Authority</p> <ul style="list-style-type: none"> ● Determines the content of proposals submitted to the Shareholders Meeting regarding the appointment or dismissal of directors 	<p>Main Activities during FY2022</p> <ul style="list-style-type: none"> ● Considered and determined the composition of the Board of Directors (including the skill matrix) ● Selected and determined FY2023 director candidates ● Secured outside candidates
Compensation Committee	Number of times convened in FY2022 4
<p>Chair Outside director</p> <p>Objectives and Authority</p> <ul style="list-style-type: none"> ● Determines policies on the compensation of directors and executive officers ● Determines the individual compensation provided to directors and executive officers, and other matters 	<p>Main Activities during FY2022</p> <ul style="list-style-type: none"> ● Determined the policies on the compensation of officers and other matters ● Determined the individual compensation provided to directors and executive officers, and other matters ● Determined the FY2023 officer compensation system
Audit Committee	Number of times convened in FY2022 14
<p>Chair Outside director</p> <p>Objectives and Authority</p> <ul style="list-style-type: none"> ● Audits the duties of directors and executive officers and creates audit reports ● Determines the content of proposals related to appointment or dismissal of the auditor, and other matters 	<p>Main Activities during FY2022</p> <ul style="list-style-type: none"> ● Audited and provided suggestions on key management issues (e.g., specific measures and plans of MTP2026) ● Assessed the auditor (including important matters to be discussed and the three-way audit system)