NSK’s Value Creation Model

In its mission statement, NSK declares its aims of realizing a “safer, smoother society” and protecting the global environment through MOTION & CONTROL™. Under this philosophy, we set out NSK Vision 2026 and intend to realize our mid-term goals and establish corporate fundamentals that will enable sustainable growth while continuing to create value. We also believe that the value created by NSK will lead to contributions to the goals for 2030 for which the SDGs are aiming.

Diverse Capital and Inputs

Manufacturing Capital
- Raw materials: Steel, greases and oils, externally procured components
- Global production sites, manufacturing facilities
- Process set-ups, process controls

Intellectual Capital
- 100 years of accumulated know-how
- Four Core Technologies plus One
- Knowledge/expertise in specialist fields
- R&D centers
- R&D framework linked to external organizations

Human Capital
- Highly qualified engineers, skilled workforce, globally minded talent, sales personnel who maintain close relationships with customers
- Corporate governance structure (Three Committees system, global compliance framework)

Financial Capital
- Capital, interest-bearing debt, cash reserves

Social/Relationship Capital
- Relationships of trust with external parties (users, suppliers, local communities)
- Globally recognized and trusted NSK brand

Natural Capital
- Minerals (iron ore, coal, etc.), water, energy

NSK’s Value Creation Model

NSK Vision

Contribution to Resolving Social Issues
- Safer and smoother society
- Protection of the global environment

NSK’s Value Created

Global and Wide-Ranging Business Foundation

R&D

Feedback

Receipt of Orders

Value

Core

Compliance

Safety

Initiatives to Increase

Deepening of Value Chain

Creating Value with Stakeholders

P. 14

P. 34

(As of March 31, 2019)
In its mission statement, NSK declares its aims of realizing a 2030 for which the SDGs are aiming. Growth while continuing to create value. We also believe that the establishment of corporate fundamentals that will enable sustainable development.

### NSK’s Value Created
- Contribution to an advanced technological society
- Realization of a more prosperous society
- Growth of a wide range of industries
- Advancement of mobility societies
- Contribution to an advanced technological society

#### NSK’s Seven Key SDGs
- Diverse Capital and Inputs
- Social/Relationship Capital
- Financial Capital
- Human Capital
- Intellectual Capital

### Creation Model and Stakeholder Needs into New Value

**Chain**
- Procurement
- Manufacturing
- Sales/Aftermarket

**Core Technologies Cultivated over 100 years of History**
- PP. 4, 42

**Management**
- PP. 24

**Values**
- Environment
- Quality

### Products/Services
- Industrial Machinery Bearings
- Precision Machinery and Parts
- Automotive Bearings
- Automotive Components
- Maintenance & Repair, Aftermarket Services

### Financial Outcomes from Provision of Added Value
- Cash generation
- Improvement in ROE
- Improvement in share price/market capitalization
- Cash generation
- Improvement in ROE
- Improvement in share price/market capitalization

### Impact on Society/Environment
- Reduction of investment resource/energy usage through improved production processes
- Promotion of human resource diversity and inclusion
- Improvement of compliance awareness
- Improvement of compliance awareness
- Compliance with varying regulations in each country (e.g., avoiding use of conflict minerals, Modern Slavery Act)

**Output and Outcomes**

- Share of bearings market
- Number of EPS mounted on vehicles (cumulative total)
- Number of patents held
- Cash flow from operating activities
- Dividends/Payout ratio
- Lost-worktime injury frequency rate (global)
- Diversity (global)
- Ratio of female employees (17.6% in the previous fiscal year)
- Japan Management College
- Global Management College
- Total number of graduates over all 18 college terms: 333
- Total number of graduates over all 8 college terms: 99
- Number of regions: Graduates from 20 countries
- Number of employees who have attained a TOEIC score of 730 or higher
- Development of environmentally friendly products
- GHG emissions per production unit
  - 13.8% decrease (Japan)
  - 21.7% decrease (excluding Japan)

- (Output as burden on the environment)
- Greenhouse gases (GHG), industrial waste, water discharge

NSK’s business model for creating value consists of the core values of “safety, quality, compliance, and environment” that support the value chain (NSK’s business activities), from R&D to manufacturing, sales, and feedback. Possessing “core technologies cultivated over 100 years of history,” “a global and wide-ranging business foundation,” and “CSR/ESG management” for tackling social issues autonomously as the drivers, we are working to strengthen our value chain and improve our output and outcomes. We are also promoting initiatives to maintain and enhance these in a sustainable manner.