NSK’s Approach to CSR and ESG

Under its mission statement calling for a safer, smoother society, protection of the global environment, and improved relationships between people, NSK aims to balance its contribution to resolutions for social issues with sustainable growth as a company by generating values through co-creation with all stakeholders. With the goal of realizing this aim in mind, NSK established VISION 2026 on the occasion of its 100th anniversary. Moreover, the 6th MTP continues to target the establishment of a corporate foundation for sustainable growth and provision of values through the evolution of MOTION & CONTROL™ as its vision for 2026, and is thus formulated to undertake the three management tasks of ESG management, business growth and profitability, and utilization of robust managerial resources.

Under a governance framework that raises the efficiency, flexibility, and fairness of management and strengthens the supervisory function, NSK’s approach to CSR and ESG is based on the core values of safety, quality, compliance, and environment. NSK’s approach also defines contribution to resolutions of social issues as a responsibility of the Company. Similarly, upon advancing specific initiatives, the Company formulated an SDGs Declaration that respects the spirit of the SDGs and selected the NSK’s seven key goals based on this approach.

Future Vision

NSK VISION 2026

Setting the Future in Motion

Vision for 2026: Establish a corporate foundation for sustainable growth
Provide values through evolution of MOTION & CONTROL™

Mission Statement
NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™. As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world.

Value Created
• Environmental contribution (low friction, high efficiency, improvement of transmission efficiency)
• Contribution to an advanced technological society
• Realization of a more prosperous society
• Growth of a wide range of industries
• Advancement in mobility society
• Improvement of shareholder value

3 key management tasks
Balance investment in future growth with shareholder returns under a stable financial structure
Personnel, Technology, Organization, Information

Utilization of robust managerial resources

Societal Issues
• Climate Change
• Natural Disaster Response
• Resource Depletion
• Water Shortages
• Ecosystem Conservation
• Hygienic Facility Maintenance
• Water Safety
• Product Safety
• Eradication of Poverty and Hunger
• Preventing/Reducing Inequality
• Preventing Forced Labor and Child Labor
• Quality of Education
• Gender Equality
• Eradication of Conflict/Terrorism
• Population Growth
• Falling Birthrates/Aging Populations

NSK’s SDGs Declaration

In line with our Mission Statement, NSK will work to resolve societal issues by conducting sincere and responsible business operations and achieving innovation in our products and services, in order to help realize a sustainable society.

We will uphold the spirit of all 17 SDGs, and have selected seven SDGs that are particularly interlinked with our business, which we will place priority on tackling.

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Decent Work and Economic Growth
6. Industry, Innovation and Infrastructure
7. Sustainable Cities and Communities
8. Clean Energy
9. Affordable and Clean Energy
10. Reduced Inequalities
11. Peace and Justice, Strong Institutions
12. Responsible Consumption and Production
13. Climate Action
14. Life below Water
15. Life on Land
16. Peace, Justice, and Strong Institutions
17. Partnerships for the Goals

Sustainable Growth Strategies

24 NSK REPORT 2019
NSK’s Initiatives and Non-Financial Targets

To promote CSR/ESG management, NSK considers it important to clarify the short-, mid- and long-term issues and evaluate the results of its initiatives. To those ends, we recognize that it is important to set up non-financial targets and their management indicators that will lead to the resolution of social issues and are proceeding with the identification of key performance indicators (KPIs). As set out below, this report shows the key goals for NSK and the initiatives being taken, and also shows as a reference the measurables for checking and evaluating the progress of and the results from solving those issues by using qualitative expressions. Going forward, we will further enhance our efforts to resolve social issues.

Seven Primary Sustainable Development Goals Addressed by NSK

<table>
<thead>
<tr>
<th>Declaration of NSK’s Initiatives</th>
<th>NSK’s Seven Key SDGs</th>
<th>Measurables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 We will contribute to a safe and resilient social infrastructure through innovation.</td>
<td>Number of new products and services, sales of infrastructure related products.</td>
<td></td>
</tr>
<tr>
<td>2 We will contribute to climate change countermeasures by reducing the impact of our business activities on the environment.</td>
<td>Reduction of CO2 emissions, total waste volume, recycling rate, water usage, etc.</td>
<td></td>
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<tr>
<td>3 We will contribute to the creation of a waste-free society and reduce impact on the global environment through environmentally friendly products and reuse of resources.</td>
<td>Number of environmentally friendly products developed, CO2 emissions reduced by end user use of NSK products.</td>
<td>P. 34</td>
</tr>
<tr>
<td>4 We will form richly diverse organizations where both employee motivation and value creation are fulfilled.</td>
<td>Female employee ratio, childcare leave/caregiving leave, employment of seniors, etc.</td>
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<tr>
<td>5 We will enhance our dialogue through multi-stakeholder partnerships to increase the effectiveness of our SDGs initiatives.</td>
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</tbody>
</table>

Initiatives to Strengthen CSR/ESG Management

Environmental Management

Maximize the environmental contribution through products and minimize the environmental impact from business activities

- Creating environmentally friendly products
- Contributing to reduction of CO2 emissions through products/services
- Reducing CO2 emissions from business activities by 60% compared with FY2017 by 2050
- Contributing to building a recycling-oriented society by promoting 3Rs (Reduce, Reuse, Recycle)

Safety Management

Create safe, secure, and comfortable workplaces where safety is the first and foremost priority

- Preventing serious accidents
- Improving safety awareness
- Preventing recurrence of occupational accidents

Quality Management

Enhance quality in cooperation with customers and suppliers

- Promoting NSK Product Development System (NPDS) activities
- Promoting NSK Quality No. 1 (NQ1) Program activities to aim for stable production with zero defects
- Developing human resources to build a stronger foundation for quality creation

Human Resource Management

Create a fair workplace that empowers the individual

- Leveraging a diverse workforce
- Providing opportunities for growth
- Building more engaging workplaces

Supply Chain Management

As a business partner, build trusting relationships and embody mutual development

- Ensuring stable procurement
- Strengthening the effectiveness of supply chain BCP
- Achieving sustainable and responsible procurement

Compliance

Increase trust from international society and local communities by adhering to the laws and regulations and by taking actions based on high ethical standards

- Strengthening compliance system, education and awareness-raising activities and monitoring

Corporate Governance

Realize a transparent, fair and timely decision-making system for sustainable growth and improvement in our corporate value over the mid- to long-term

- Enhancing the effectiveness of Board of Directors
- Strengthening Group governance

: Safety, quality, compliance and the environment are NSK’s core values.