

This document is a translation of a document originally prepared in the Japanese language and is provided for your convenience. NSK makes no representation or warranty that this document is a complete or accurate translation of the original Japanese text, and it is not intended to be relied upon. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail. This document is not intended and should not be construed as an inducement to purchase or sell stock in NSK.

## Corporate Governance Report

Last Update: June 27, 2024

NSK Ltd.  
Representative Executive Officer and President  
Akitoshi Ichii  
Contact: 03-3779-7111  
Securities Code: 6471  
<https://www.nsk.com/>

The corporate governance of NSK, Ltd. (“NSK” or “the Company”) is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

The NSK Mission Statement is as follows: “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. NSK aims to fulfill this responsibility to society while maintaining an appropriate level of profitability that meets the expectations of our shareholders, thereby achieving sustainable growth and increasing our mid- to long-term corporate value.

NSK believes that the establishment and maintenance of systems that ensure transparent, fair, and timely decision-making is essential in order 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

We aim:

- (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.

NSK has adopted a Company with Three Committees (Nomination, Audit and Compensation) system as its form of corporate organization to better achieve the aforementioned basic approach. We have articulated this basic approach to corporate governance and its structure in our Corporate Governance Rules, which guide directors and executive officers in the performance of their duties.

(\*MOTION & CONTROL defines the scope of NSK’s present and future business. “MOTION” symbolizes our complex hardware, machinery, and systems, while “CONTROL” represents our sophisticated software and electronics systems.)

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

NSK complies with all principles of the Corporate Governance Code.

#### [Disclosure Based on the Principles of the Corporate Governance Code]

##### [Principle 1-4 Cross-Shareholdings]

- (1) Policy on cross-shareholding

In principle, NSK holds no cross-holding shares. Conversely, we exceptionally hold cross-holding shares in cases where it is deemed necessary to enhance the mid- to long-term corporate value. Regarding the appropriateness of cross-shareholdings, our executive organizations conduct quantitative and qualitative evaluations on an annual basis to determine whether each individual shareholding is delivering acceptable benefits in relation to our capital cost. The Board of Directors receives regular reports from the aforementioned executive organizations and studies the matter accordingly. We will sell any cross-shareholdings whose possession we believe cannot be justified, taking into account stock prices and market trends.

Consequently, we reduced 5 cross-holding shares in FY2023, including 3 listed companies. The number of cross-holding shares has reduced to 52 (including 20 listed companies) as of March 31, 2024 from 136 (including 79 listed companies) as of March 31, 2010.

(2) Criteria for exercise of voting rights concerning cross-shareholdings

NSK has defined specific criteria for exercise of voting rights concerning cross-shareholdings. When exercising voting rights, we confirm that the proposal in question does not damage shareholder value, and that it serves to improve the mid- to long-term corporate value of both NSK and the company in which the stake is held. We engage in dialogue, such as requesting explanations, with the company in which the stake is held before determining whether or not we support proposals.

**[Principle 1-7 Related Party Transactions]**

NSK’s Board of Directors conducts prior approval of transactions with officers or major shareholders (transactions between related parties) in accordance with relevant laws such as the Companies Act, as well as internal regulations, to ensure that the interests of the Company and its shareholders are not harmed. The Board also receives regular status reports. Furthermore, the Audit Committee conducts audits on transactions where required.

**[Supplementary Principle 2-4-1 Ensuring Diversity in Core Human Resources]**

(1) Policy on ensuring diversity in core human resources

In our HR Policy we clearly state that our aim is “to provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality” as stated in the NSK Group Management Principles. In addition, based on the idea that each employee is a priceless asset to the company, we have committed ourselves to creating a “fair workplace that empowers the individual.” This commitment features three key areas of focus: leveraging a diverse workforce, building more engaging workplaces, and providing opportunities for growth.

As one concrete measure under “leveraging a diverse workforce,” NSK is working to promote greater diversity and inclusion. We believe that employing people from diverse backgrounds—in gender, age, nationality, culture, lifestyle, values, and career (knowledge and experience)—will foster a work environment full of new perspectives and ways of thinking. This, in turn, will strengthen NSK’s competitiveness and capacity to avoid risks. We also place an emphasis on ensuring diversity among managers and managerial candidates, and are working in a systematic manner to utilize human resources with diverse attributes and backgrounds.

More information on NSK’s policy and key initiatives on diversity and inclusion can be found at the following website: <https://www.nsk.com/company/sustainability/human-resources/>

<Voluntary KPIs and their status>

	<<Scope>>	<<Goal>>	<<End of Mar. 2024>>
• Number of women in managerial positions and managerial candidates	Japan	FY2024: 100	97
• Ratio of midcareer hires among managers and managerial candidates	Japan	FY2026: 25% or more	24%

NSK has worked to localize its management with the aim of establishing a framework that enables it to conduct locally-oriented, agile business management in each region as it expands its operations outside Japan. Currently, we are expanding our business under local leadership by appointing a number of national employees to the “global posts” in each regional headquarters that we have defined as key positions in our global business operations, including regional heads.

	<<Scope>>	<<Goal>>	<<End of Mar. 2024>>
• Ratio of national employees assigned to global posts	Global	70% or more is kept	72%

(2) Policies for human resource development to ensure diversity and the status of their implementation  
NSK created a roadmap for a three-phase initiative lasting from 2016 to 2026, and is promoting diversity and inclusion in line with this. In addition to empowering women, which is one of our important management objectives, we are also expanding our initiatives to other areas including empowerment of non-Japanese employees and those who identify as LGBTQ. We also recognize that encouraging a diverse workforce to play an active role requires that we make progress in creating work arrangements with more flexibility. This is why we are moving forward with work-style reform, hand in hand with diversity and inclusion, recognizing that each complements the other.

Information on NSK's diversity and inclusion roadmap, key initiatives and status of implementation, policy on facilitating work-life balance and key initiatives can be found at the following websites:

- NSK website: Diversity - Leveraging a Diverse Workforce:

<https://www.nsk.com/company/sustainability/human-resources/diversity/>

- NSK website: Diversity - Safe and Healthy Workplaces and Work-Style Reforms: Building More Engaging Workplaces: <https://www.nsk.com/company/sustainability/human-resources/safe-and-healthy-work-places/>

(Reference: Evaluation of NSK's human resources initiatives by external agencies)

■ *PRIDE* index, gold award: Selected for the 3rd straight year (Nov. 2023)\*:

<https://www.nsk.com/jp/company/news/2023/1108a.html>

\*Only available in Japanese

■ *Outstanding Health and Productivity Management Organization (White 500)\**:

Selected for the 7th straight year (Mar. 2024)

<https://www.nsk.com/jp/company/news/2024/0311a.html>

\*Only available in Japanese

\*\*Employees refer to all persons working for the NSK Group.

#### **[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]**

NSK has established a Pension Administration Committee, to which it has assigned personnel from the human resources and finance divisions possessing appropriate knowledge and skills, and operates its pension assets in accordance with defined operating policies. We select the organizations to which we entrust the operation of our pension fund based on a comprehensive evaluation which encompasses investment policy, investment performance, compliance, and other perspectives. The management of our pension assets is commissioned to several organizations, and by entrusting the selection of investment targets and exercise of voting rights to each fund, we ensure that no conflict of interest arises between pension beneficiaries and the Company.

#### **[Principle 3-1 Full Disclosure]**

(i) Company objectives, business strategies and business plans

NSK's mission is outlined in our Corporate Philosophy. The Board of Directors resolves mid- to long-term management strategies, management plans, and other key policies in line with this Philosophy.

Further information on our Corporate Philosophy can be found on the following website:

<https://www.nsk.com/company/about-us/corporate-philosophy/>

For more information regarding our management strategies and management plans, NSK's mid-term plan and long-term vision can be found at the following website:

<https://www.nsk.com/company/investors/mid-term-management-plan/>

(ii) Basic views and guidelines on corporate governance

NSK's basic approach and policy on corporate governance are as described in the section of this report entitled "I-1 Basic Views".

(iii) Policies and procedures of Compensation Committee in determining the compensation of senior management and directors

The policy in determining the compensation of directors and executive officers is as described in the section of this report entitled "II-1. [Compensation for Directors and Executive Officers (*shikkoyaku*)] Disclosure of Policy on Determining Compensation Amounts and Calculation Methods".

(iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of director candidates

NSK's directors are required to possess experience and insight in either general business and management or a specific field of expertise, as well as high ethical principles and a sound knowledge of corporate

governance. Based on this approach, candidates for director are determined by the Nomination Committee, and the Board of Directors then submits a resolution to the General Meeting of Shareholders for approval.

In the event that it is deemed that a director has failed to exercise appropriate duty of care or duty of loyalty, or is otherwise unsuitable to continue serving in the position, the Nomination Committee deliberates on their removal. The Board of Directors then submits a resolution to the General Meeting of Shareholders for approval.

NSK's executive officers are required to possess sufficient capability to swiftly and appropriately enact the decision-making responsibility delegated to them by the Board of Directors. This includes considerable knowledge and insight into business and/or a specific field of expertise, as well as high ethical principles and a sound knowledge of corporate governance. Appointment of executive officers is made via resolution by the Board of Directors in order to construct an optimal operating framework for management of the Group. In the event that the Board of Directors deems that an executive officer has failed to exercise appropriate duty of care or duty of loyalty, or is otherwise unsuitable to continue in the position, it will pass a resolution to remove the officer in question from the position.

- (v) Explanations with respect to the individual appointments/dismissals and nominations by the Board of Directors based on (iv), when appointing/dismissing senior management or nominating director candidates

Reasons for selection of director candidates and the career history, positions, and assignments of directors and executive officers are listed in the Notice of the Ordinary General Meeting of Shareholders as well as disclosed on the following website:

[Notice of the Ordinary General Meeting of Shareholders]

<https://www.nsk.com/company/investors/stock-and-bond/share-holder-meetings/>

### **[Supplementary Principle 3-1-3 Initiatives for Sustainability]**

- (1) Our initiatives for sustainability

Under NSK's corporate philosophy: "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." We will continue to collaborate with stakeholders to create value with the aim of contributing to the resolution of social issues while achieving sustainable growth as a company. The NSK "spirit" and "direction" espoused in our Corporate Philosophy continues to be the starting point of NSK's efforts at sustainability. With the goal of realizing this aim in mind, we will contribute to sustainable society development and aim to become a company that is needed, trusted, relied upon, and chosen by society, by creating synergies of tribology and digital technology, and undertake 3 key management tasks of "Growth with Profitability", "Enhancement of Managerial Resources" and "ESG Management" in our Mid-Term Management Plan 2026. For more information and details regarding our sustainability initiatives, refer to NSK's website:

- NSK website, Sustainability Information: <https://www.nsk.com/company/sustainability/>

NSK has formulated an SDGs Declaration that respects the spirit of the SDGs to realize a sustainable society and has selected seven key goals that are particularly interlinked with our business. In addition, we have formulated the Declaration of NSK's Initiatives as more concrete strategic measures. We are continuing to create collaborative value with our stakeholders through our business activities in order to achieve sustainable growth while contributing to the resolution of social issues and the achievement of the SDGs goals. Please see our website for more information on our SDGs initiatives:

- NSK website, Realizing the World Envisioned by NSK and the SDGs:

<https://www.nsk.com/company/sustainability/nsk-sustainability/sdgs-declaration/>

- (2) Investments in Human Capital

In our HR Policy we clearly state that our aim is "to provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality" as stated in the NSK Group Management Principles. In addition, based on the idea that each employee is a priceless asset to the company, we have committed ourselves to creating a "fair workplace that empowers the individual." This commitment features three key areas of focus: leveraging a diverse workforce, building more engaging workplaces, and providing opportunities for growth. We are currently working on our "Mid-Term Management Plan 2026," which covers the five-year period from FY2022 to FY2026. As technology and society continue to change, we will broaden the perspective of our activities and continue

to take on the challenge of "going beyond change" to achieve our lofty goals, aiming to become a company that is needed, trusted, and chosen by society. As the business environment surrounding our group changes drastically, it is important to gather the knowledge, experience, and perspectives of diverse human resources and stimulate each other to revitalize the organization and lead each individual to "change and exceed. This will lead to employees being able to continue to work with a sense of fulfillment and to be able to create results as a team. Based on our talent strategy, which is linked to our management strategy, we aim to maximize the value of our human capital by setting forth the following three goals, in other words, to enable each of our diverse human resources to maximize their individuality and further expand their potential and continue to grow.

<Our vision>

A company that attracts a diverse workforce

A company where diverse employees can develop their skills and abilities and grow

A safe and healthy workplace

Please see our website for more concrete information on our approach:

- NSK website, Human Resource Management:

<https://www.nsk.com/company/sustainability/human-resources/>

- NSK website, Mid-Term Management Plan 2026:

<https://www.nsk.com/content/dam/nsk/common/company/investors/library/pdf/mtp/mtp2026.pdf>

### (3) Investment in Intellectual Property

NSK has set its aim to become a new type of trillion yen company, with "Change & Go Beyond" in the Mid-Term Management Plan 2026, and will go about this by tackling the three key management tasks of "Growth with Profitability", "Enhancement of Managerial Resources" and "ESG Management." To take on these measures, NSK intends to make R&D expenses, which we recognize as all expenses in the technology divisions, equivalent to 3 to 4% of sales. Additionally, we will make investments in intangible assets to enhance corporate value, promote the appropriate management of intellectual properties as an investment in intellectual capital, and promote IoT and Digital Transformation (DX) as an investment in IT and software.

Our Four Core Technologies, consisting of tribology, materials, numerical simulation, and mechatronics, along with the "Plus One" technology of manufacturing engineering enable us to quickly supply sophisticated products with new features to the market. Moreover, we will contribute to the realization of a more abundant, sustainable society by engaging in activities to save energy, reduce CO<sub>2</sub> emissions, and conserve the global environment.

Please see the following links for our Mid-Term Management Plan and R&D philosophy:

- NSK website, Mid-Term Management Plan 2026:

<https://www.nsk.com/content/dam/nsk/common/company/investors/library/pdf/mtp/mtp2026.pdf>

- NSK website, Research & Development - Four Core Technologies plus One

<https://www.nsk.com/tools-resources/research-and-development/philosophy-and-achievements/>

### (4) The impact of risks and opportunities related to climate change on business activities and profits

NSK seeks to minimize CO<sub>2</sub> emissions from its business operations to address the problems of global warming and climate change. Our specific efforts include making technical innovations in production processes, visualizing energy use, and expanding the adoption of renewable energy. We have also set an ambitious goal of completely offsetting CO<sub>2</sub> emissions from our business operations by fiscal 2026 by maximizing our contribution to reducing our customers' CO<sub>2</sub> emissions through development, design, production, and sales of products that support the expansion of renewable energy such as products with low-friction performance or bearings for wind power generation.

We also promote "ESG management" in our Mid-Term Management Plan 2026 and aim to build a carbon-neutral society through a "Create" and "Utilize" approach. Our targets for achieving carbon-neutral are as follows:

<Target>

Achieve 50% less Scope 1+2 CO<sub>2</sub> emissions compared to FY2017 by FY2026.

Achieve Scope 1+2 carbon neutrality by FY2035.

More information on our Mid-Term Management Plan can be found on our website.

- NSK website, Mid-Term Management Plan 2026:

<https://www.nsk.com/content/dam/nsk/common/company/investors/library/pdf/mtp/mtp2026.pdf>



In January 2020, NSK endorsed the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with the recommendations of the TCFD, NSK identifies business risks and opportunities, adapts management plans, and enhances information disclosure with the aim of contributing to both the sustainable development of society and the sustainable growth of NSK, while endeavoring to take its environmental activities to the next level.

For information based on TCFD recommendations, please refer to our website.

- NSK website, Information disclosure based on TCFD Recommendations:

<https://www.nsk.com/company/sustainability/environment/tcf-recommendations/>

#### **[Supplementary Principle 4-1-1 Roles and Responsibilities of the Board of Directors]**

NSK's Board of Directors determines basic management policies, etc. with the aim of achieving the Group's sustainable growth and increasing its mid- to long-term corporate value. In order to achieve fair, transparent, and swift decision-making based on the aforementioned policies, the Board proactively delegates decision-making on the execution of the operations to executive officers, while monitoring the status of implementation in an appropriate manner. A list of the items which must be resolved by NSK's Board of Directors can be found at the following website:

<https://www.nsk.com/company/about-us/corporate-governance/>

The Board of Directors also discusses long-term and strategic issues from the perspective of the NSK Group's stakeholders and advises executive officers regarding the planning and implementation of long-term strategy.

#### **[Principle 4-8 Effective Use of Outside Directors]**

NSK maintains that the majority of its Board should be comprised of outside directors and has appointed five independent outside directors possessing outstanding character and a broad range of knowledge. These individuals provide expert knowledge beneficial to the Group and contribute to achieving sustainable growth and increasing NSK's mid- to long-term corporate value. We hold meetings comprised of independent outside directors to facilitate the exchange of information and foster shared understanding. While respecting the objective of these meetings as an opportunity to freely share opinions, the Board secretariat follows up on any relevant matters as appropriate to improve the effectiveness of the Board of Directors.

#### **[Principle 4-9 Independence Standards and Qualifications for Outside Directors]**

When electing nominees for outside directors, we refer to the following criteria:

- Persons who have neither a special interest with the Company nor conflict of interest with regular shareholders
- Persons who meet NSK's criteria for independence
- Persons who have considerable experience and deep insight as a corporate executive or as experts
- Persons who can devote sufficient time to perform duties as an outside director of NSK

The Nomination Committee determines outside director candidates who meet the above criteria.

The criteria for the independence of NSK's outside directors can be found in the section of this report entitled "II-1 Independent Directors," as well as the following website:

<https://www.nsk.com/company/about-us/corporate-governance/>

These criteria satisfy those of the Tokyo Stock Exchange, Inc., and each outside director has been registered with the Tokyo Stock Exchange as an independent director.

#### **[Supplementary Principle 4-11-1 Composition of the Board of Directors]**

NSK believes that its Board of Directors should be well-versed in the Company's businesses and be capable of supervising important managerial judgments related to business execution, with the aim of enhancing the sustainable growth and mid- to long-term corporate value of the NSK Group. Career diversity in field of expertise and business experience are considered to ensure that the Board maintains a well-balanced composition, in light of the Company's mid- to long-term business strategy or managerial issues, and the size of the Board is also considered to enhance the effectiveness of deliberations. In appointing individual directors, experience in business and management in general or experience in their area of expertise are used as selection criteria, in addition to high ethical standards in management and the person's insight into corporate governance.

For reference, the current Board of Directors consists of a total of nine directors (including one female director). The board is comprised of five outside directors with experience in the fields of business management/top management, corporate governance/internal controls, global business,

engineering/production, and finance/accounting/capital policy; two internal directors who do not concurrently serve as executive officers; and two internal directors who concurrently serve as executive officers.

Details on the skill matrix for NSK's Board of Directors are disclosed on the following website.

- NSK website, Corporate Governance:

<https://www.nsk.com/company/about-us/corporate-governance/>

- Notice of the Fiscal 2023 (163<sup>rd</sup>) Ordinary General Meeting of Shareholders, p.17 Skills Matrix for the Board of Directors

[https://www.nsk.com/content/dam/nsk/common/company/investors/stockandbond/pdf/notice\\_gm163.pdf](https://www.nsk.com/content/dam/nsk/common/company/investors/stockandbond/pdf/notice_gm163.pdf)

#### **[Supplementary Principle 4-11-2 Status of Directors with Concurrently Held Posts]**

NSK discloses the important concurrently held posts of each director in the Business Report and Reference Material sections of the Notice of the Ordinary General Meeting of Shareholders, as well as on the following website:

<https://www.nsk.com/company/investors/stock-and-bond/share-holder-meetings/>

#### **[Supplementary Principle 4-11-3 Assessment of Board of Directors]**

To achieve sustainable growth and increase our mid- to long-term corporate value, NSK conducts annual assessments of the effectiveness of its Board functions and works to further enhance performance. To maintain the objectiveness of these assessments, we commission external experts to conduct assessments based on questionnaires and individual interviews.

The following text details the assessment procedures and results of the FY2023 evaluation, FY2023 issues, and the major initiatives for the future:

##### **[Assessment Procedures]**

1. Questionnaires and individual interviews with outside experts
  - (1) Questionnaires and individual interviews were conducted with all directors (9) by outside experts.
  - (2) The questionnaire consisted of 49 questions and open-ended prompts, and the following items were checked (the questionnaire items were designed to be as detailed as possible and reviewed annually, with an emphasis on continuity and social trends):
    - 1) Management strategy and risk management
    - 2) Board composition
    - 3) Board roles and processes
    - 4) Board management
    - 5) Stakeholder engagement
    - 6) CEO succession planning
    - 7) Committees (Nomination, Audit, and Compensation Committees)
    - 8) Board culture
    - 9) Directors' contributions
    - 10) Importance of discussion topics and amount of discussion
  - (3) Responses to the questionnaire were taken into account, and one-hour interviews were conducted with each director.
2. Analysis and evaluation by outside experts
  - Based on the results of the questionnaire and individual interviews, outside experts analyzed and evaluated the effectiveness of the Board of Directors.
3. Evaluation results were shared and discussed with the Board of Directors.
4. Issues and initiatives of the next fiscal year were considered.

##### **(Results of the evaluation for FY2023)**

The results of the questionnaire and individual interviews confirmed that the effectiveness of the Company's Board of Directors has improved. In particular, the steady progress in confirming the progress of "Mid-Term Management Plan 2026," and the enhancement of discussion at the Board of Directors meetings, such as the Board's close involvement in the transition of the steering business to a joint venture, which was a major decision, were highly evaluated. The initiatives for FY2023 in response to issues in FY2022 were as follows:

1. Sharing the roles of the Board of Directors amid business restructuring
  - The chairman of the Board, the outside director and the CEO initiated the process of discussing and deciding the agenda of the Board of Directors meetings.
  - Involved in the transition of the steering business to a joint venture.
2. Thorough and complete monitoring of the Mid-Term Management Plan
  - Mutual recognition of monitoring among directors and collaboration with the executive side
  - Enhancement of discussions on mid-term management plan themes

3. Further strengthen the contribution of outside directors
  - Resumption of site visits and board meetings at plants to deepen outside directors' understanding of the business.
  - Resumption of regular meetings among outside directors to enhance communication.

(Issues in FY2023 and major future initiatives)

Based on the results of the FY2023 evaluation etc., the NSK's Board of Directors will take the following main initiatives to further improve its effectiveness.

1. Enhancement of discussions based on stakeholder perspectives
  - Enhancement of discussions (including discussions on sustainability) based on the perspectives and opinions of shareholders and capital markets
  - Further enhancement of dialogue and information disclosure with shareholders and capital markets
2. Further enhancement of monitoring of Mid-Term Management Plan
  - Monitor progress in each important theme, and update the Mid-Term Management Plan in response to changes in the business environment.
3. Awareness of and appropriate involvement in "defensive governance"
  - Awareness of and appropriate involvement in defensive governance (risk management, internal control, group governance, etc.)
4. Involvement in nomination committee topics
  - Receive information shared as a board of directors and hold discussions in a timely manner

#### **[Supplementary Principle 4-14-2 Officer Training]**

NSK provides training to its directors and executive officers to enhance their knowledge regarding relevant laws such as the Companies Act of Japan, corporate governance, its business, and its financial status.

#### **[Principle 5-1 Policy for Constructive Dialogue with Shareholders]**

##### **(1) Basic Approach**

NSK discloses its management information in a fair and timely manner and strives to maintain a healthy dialogue with investors. By delivering stable shareholder returns and working to secure sustainable growth and increasing mid- to long-term corporate value, we aim to constantly exceed the expectations of our stakeholders, including shareholders and investors.

##### **(2) Investor Relations Framework**

NSK positions investor relations initiatives as one of its key management tasks. Accordingly, we have established the Corporate Communications Department, a specialized organization which reports directly to the CEO and is overseen by the executive officer responsible for investor relations. The Corporate Communications Department works with the Company's various departments to develop systems by which to disclose business strategies and financial information, as well as non-financial information such as ESG initiatives, in a fair and appropriate matter.

##### **(3) Method of Dialogue and Status of Initiatives**

NSK recognizes the General Meeting of Shareholders as an important opportunity for dialogue with its shareholders. When setting meeting dates, we strive to avoid clashes with other companies and work to achieve swift disclosure by sending the Notice of Convocation and Business Report to our shareholders as early as possible.

We also hold face-to-face dialogue between shareholders and investors through briefing meetings for institutional investors and analysts, hosted by top management, to explain our corporate results and mid-term management plans. Specific efforts are as described in the section of this report entitled "III-2 IR Activities".

We also began publishing the NSK Report (Integrated Report) as a tool for advancing constructive dialogue with investors and a range of other stakeholders and conduct constructive dialogue (engagement) relevant to our management strategy and ESG initiatives.

##### **(4) Feedback**

NSK has developed systems to swiftly relay the feedback obtained at its General Meeting of Shareholders and through the IR initiatives outlined above to the Board of Directors, upper management, and relevant departments.

##### **(5) Management of Insider Information**

NSK will not disclose or divulge insider information during dialogue with shareholders and investors. When disclosing important information regarding NSK that might influence investment decisions of investors as outlined in relevant laws and regulations, the Disclosure Committee will confirm the



timeliness and appropriateness of the information prior to release. In addition, we will refrain from dialogue for a certain period prior to the release of our quarterly results, referred to as the “Silent Period”.

(6) Initiatives to Ensure Fair Disclosure

NSK promotes fair disclosure to prevent any information gaps regarding our company between market participants. In addition to exercising caution during communication with shareholders and investors, we work to make information regarding the Company broadly available through our website and other means.

**[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]**

Under the Mid-Term Management Plan 2026 announced in May 2022, NSK has taken up the three management tasks of “Growth with Profitability,” “Enhancement of Managerial Resources,” and “ESG Management.

In May 2024, we set an ROE of 8% and ROIC of 6% as management targets of capital efficiency, following a review based on changes in the business environment. While it is the mission of a listed company to generate a rate of return that exceeds the cost of capital expected by shareholders and investors, we recognize that our cost of capital, estimated from past share price trends, business characteristics and current stock market conditions, is generally between 8% and 9%.

We believe that achieving the management targets of the Mid-Term Management Plan 2026 and, beyond that, achieving an ROE of 10% will lead to an increase in corporate value, and will continue to operate with a focus on achieving these targets.

We will also strive to expand disclosures of our initiatives per the Tokyo Stock Exchange’s “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”.

Please refer to our website for an overview of the Mid-Term Management Plan 2026 and our implementation efforts:

- NSK website, Financial Results for the Fiscal Year Ended March 31, 2024:

[https://www.nsk.com/content/dam/nsk/common/company/investors/library/pdf/financial\\_announcement/2023/fis2023q4.pdf](https://www.nsk.com/content/dam/nsk/common/company/investors/library/pdf/financial_announcement/2023/fis2023q4.pdf)

**[Status of Dialogue with Shareholders and Investors]**

Details on the status of dialogue with shareholders and investors for the fiscal year ending March 31, 2024 are disclosed on the Company’s website below.

- NSK website, Dialogue with Shareholders and Investors:

<https://www.nsk.com/company/investors/shareholder-dialogue/>

**2. Capital Structure**

Percentage of Foreign Shareholders	From 20% to less than 30%
------------------------------------	---------------------------

**[Status of Major Shareholders]**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	78,519,800	15.82
Custody Bank of Japan, Ltd. (Trust Account)	33,805,700	6.81
Meiji Yasuda Life Insurance Company	27,626,000	5.56
Fukoku Mutual Life Insurance Company	22,400,000	4.51
Nippon Life Insurance Company	22,034,490	4.43
Mizuho Bank, Ltd.	18,211,000	3.66
NSK Customer Shareholding Association	10,244,318	2.06
NSK Employee Shareholders Association	8,938,481	1.80
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	8,344,600	1.68
JPMorgan Securities Japan Co., Ltd.	8,147,247	1.64

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

Supplementary Explanation

--

### 3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market of the Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (Consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

--

### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

--

## II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Three Committees (Nomination, Audit and Compensation)
-------------------	--

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	No maximum number
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Other director
Number of Directors	9

#### [Outside Directors]

Number of Outside Directors	5
Number of Independent Directors	5

#### Outside Directors' Relationships with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Koichi Obara	From another company								△			
Junji Tsuda	From another company								△			
Sayoko Izumoto	Certified Public Accountant											
Mikio Fujitsuka	From another company								△			
Nobuhide Hayashi	From another company								△			

\* Meaning of symbols under "Relationship with the Company"

\*○: The director presently falls or has recently fallen under the category

\*△: The director fell under the category in the past

\*●: A close relative of the director presently falls or has recently fallen under the category

\*▲: A close relative of the director fell under the category in the past

Category definitions:

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to categories d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationships with the Company (2)

Name	Membership in Committees	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Koichi Obara	Compensation Committee Audit Committee	Independent Director	Koichi Obara has not engaged in business execution at Maeda Corporation since July 2019. Although there are mutual transactions between the Company and Maeda Corporation, the value of such transactions was less than 0.1% of net sales of Maeda Corporation, constituting no special interest between the Company and Mr. Obara. Mr. Obara fulfills the Company's Criteria for Independence of Outside Directors and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Mr. Obara as an Independent Director with the Tokyo Stock Exchange.	We expect Koichi Obara to supervise management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As a member of the Compensation Committee, he has played an appropriate role through discussions and deliberations on executive compensation policies and compensation decisions. We believe that he will contribute to improving and strengthening our corporate governance and enhancing our corporate value.
Junji Tsuda	Nomination Committee	Independent Director	Junji Tsuda has not been engaged in the execution of Yaskawa Electric Corporation's business since June 2022. Although the Company and Yaskawa	We expect Junji Tsuda to supervise management and provide advice on general management from an independent and fair standpoint, drawing on his

			<p>Electric have transactions with each other, the amount of both transactions is less than 0.1% of the net sales of both companies, and there is no special interest in any of them. Mr. Tsuda fulfills the Company's Criteria for Independence of Outside Directors and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Mr. Tsuda as an Independent Director with the Tokyo Stock Exchange.</p>	<p>extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As Chair of the Nomination Committee, he has played an appropriate role through discussions and deliberations on proposals for the appointment of Directors and CEO succession planning. We believe that he will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.</p>
Sayoko Izumoto	Audit Committee	Independent Director	<p>Sayoko Izumoto has not been engaged in the management of Deloitte Touche Tohmatsu LLC since August 2016. There are no transactions and no special interests between the Company and the said auditing firm. Ms. Izumoto fulfills the Company's Criteria for Independence of Outside Directors and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Ms. Izumoto as an Independent Director with the Tokyo Stock Exchange.</p>	<p>We expect Sayoko Izumoto to supervise management and provide advice on general management from an independent and fair standpoint, drawing on her extensive experience as a certified public accountant, high ethical standards, and broad insight, and she has actively participated in Board of Directors meetings. As the Chair of the Audit Committee, she has played a leading role through discussions and deliberations at committee meetings regarding the enhancement of the audit system and its operation. We believe that she will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.</p>
Mikio Fujitsuka	Nomination Committee	Independent Director	<p>Mikio Fujitsuka has not been engaged in the execution of Komatsu Ltd.'s business since April 2019. Although the Company and Komatsu Ltd. have transactions with each other, the amount of such transactions is less than 0.3% of net sales of the Company and less than 0.1% of net sales of Komatsu Ltd., and there is no special interest in any of them. Mr. Fujitsuka fulfills the Company's Criteria for Independence of Outside</p>	<p>We expect Mikio Fujitsuka to supervise management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As a member of the Nomination Committee, he has played an appropriate role through discussions and deliberations</p>

			Directors and the criteria for independence set forth by the Tokyo Stock Exchange. The Company has filed Mr. Fujitsuka as an Independent Director with the Tokyo Stock Exchange.	on proposals for the appointment of Directors and CEO succession planning. We believe that he will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.
Nobuhide Hayashi	Compensation Committee	Independent Director	Nobuhide Hayashi has not engaged in business execution at Mizuho Bank, Ltd. since April 2019. Although the Company has a borrowing transaction with the Bank, the Company is not particularly dependent on it as the Bank is one of multiple lenders used by the Company, and no special interests exist between the Bank and the Company. Mr. Hayashi meets the Company's Criteria for Independence of Outside Directors and the independence criteria set by the Tokyo Stock Exchange, and the Company has registered him as an independent officer with the Tokyo Stock Exchange.	We expect Nobuhide Hayashi to supervise management from an independent and fair standpoint, drawing on his wealth of experience as a corporate manager, high ethical standards, and broad insight. We believe that he will contribute to improving and strengthening our corporate governance and enhancing our corporate value by supervising management and providing advice on overall management as an Outside Director.

### [Committees]

#### Committee's Composition and Attributes of Chairpersons

	All Committee Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Nomination Committee	3	0	1	2	Outside Director
Compensation Committee	3	0	1	2	Outside Director
Audit Committee	3	1	1	2	Outside Director

### [Executive Officers (*shikkoyaku*)]

Number of Executive Officers ( <i>shikkoyaku</i> )	20
--	----

#### Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Akitoshi Ichii	Yes	Yes	Yes	-	-
Keita Suzuki	Yes	Yes	-	Yes	

Tomoyuki Yoshikiyo	-	-	-	-	-
Hideki Ochiai	-	-	-	-	-
Hayato Oumi	-	-	-	-	-
Kunihiko Akashi	-	-	-	-	-
Guoping Yu	-	-	-	-	-
Hikomichi Takemura	-	-	-	-	-
Tatsufumi Soda	-	-	-	-	-
Michio Ozaki	-	-	-	-	-
Hidenori Oka	-	-	-	-	-
Shinji Miyata	-	-	-	-	-
Naoki Goto	-	-	-	-	-
Tatsuki Murata	-	-	-	-	-
Gen Murayama	-	-	-	-	-
Hideaki Hayami	-	-	-	-	-
Takeshi Kihara	-	-	-	-	-
Tamami Murata	-	-	-	-	-
Ulrich Nass	-	-	-	-	-
Brian Parsons	-	-	-	-	-

#### [Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed
--	-----------

#### Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (*shikkoyaku*)

The Internal Audit Department is appointed as the organization that supports the duties of the Audit Committee. Selected employees of the Internal Audit Department support the duties of the Audit Committee either full-time or part-time. The Internal Audit Department is an organization reporting directly to the CEO, independent from audit subject divisions and the executive officer(s) responsible for it. The Audit Committee may give direct instructions/directions to the head of the Internal Audit Department or employees belonging to the Internal Audit Department. Official notification of appointment or disciplinary disposition of the head of the Internal Audit Department or staff assigned to assist the Audit Committee in the performance of their duties (Audit Committee secretariat) on either a full time or part time basis requires the prior consent of the Audit Committee, and the Audit Committee may state opinions about the performance evaluation of the aforementioned members.

#### Cooperation among Audit Committee, Accounting Auditors, and Internal Audit Departments

The Audit Committee receives reports from the accounting auditor at the time of formulation of the accounting auditor's audit plan and at appropriate intervals, such as on a quarterly basis. Matters for discussion include the implementation status of the accounting auditor's duties and the results of audits of the Group's non-consolidated and consolidated financial statements. Where necessary, the Audit Committee requests further clarification. The above system maintains the independence of the accounting auditor and ensures that the auditing duties of the Audit Committee are monitored to verify their appropriate operation. The Audit Committee also creates an audit policy as well as an annual audit plan. In addition to conducting day-to-day auditing duties, the Committee also coordinates with the Internal Audit Department in order to audit the Group.

In addition, the Audit Committee reviews the plans, implementation status, and results of audits performed by the Internal Audit Department (including appraisal of internal control over financial reporting) and directs changes or improvements where necessary. The Committee also receives monthly reports from the



Internal Audit Department detailing eventuated or underlying risks related to business operation and directs additional investigations or other follow-up actions as required.

### [Independent Directors]

Number of Independent Directors	5
---------------------------------	---

#### Matters relating to Independent Directors

NSK classifies all outside directors who meet the criteria for independent officers as Independent Directors. Criteria for independence is outlined below:

#### <Criteria for Independence of Outside Directors>

The following persons are ineligible to become independent director candidates of the Company:

- 1) Persons holding positions at a company which constituted 2% or more of the previous year's consolidated sales of NSK, or persons who held such a position until recently.
- 2) Persons holding positions at a company which made 2% or more of its previous year's consolidated sales to NSK or a subsidiary of NSK, or persons who held such a position until recently.
- 3) Persons holding positions at a financial institution which NSK relies on for funding, or persons who held such a position until recently.
- 4) Consultants, accounting professionals, or legal professionals receiving significant financial compensation in addition to compensation for the NSK independent director position, or persons who held such a position until recently.
- 5) Persons belonging to a company or organization which held 10% or more of NSK's total number of shares issued at the end of the most recent financial reporting period, or persons belonging to such a company or organization until recently.
- 6) Persons belonging to a company or organization which NSK holds 10% or more of the company's total number of shares issued at the end of the most recent financial reporting period, or persons belonging to such a company or organization until recently.
- 7) Relatives within the second degree, or family members living in the same household as persons specified in items 1 to 6 (excluding non-key posts). ("Key posts" are generally assumed to refer to executive or senior managers of relevant companies or trading partners, chartered public accountants belonging to relevant audit firms, and legal professionals belonging to relevant legal firms.)
- 8) Persons who hold executive positions at NSK or a subsidiary of NSK, or relatives within the second degree or family members living in the same household of persons who held such positions until recently.

The wording "recently" in the items above is assumed as a period of three years or less from the date NSK elects directors.

\* This information is also available on the Company's website below:

<https://www.nsk.com/company/about-us/corporate-governance/>

### [Incentives]

Incentive Policies for Directors and/or Executive Officers ( <i>shikkoyaku</i> )	Introduction of performance-based compensation system
--	---

#### Supplementary Explanation

At the Compensation Committee meeting held on May 16, 2016, the decision was made to end stock option programs. Furthermore, at the Compensation Committee meeting held on March 27, 2019, the committee resolved to revise the stock compensation program for executive officers from the year ending March 31, 2020, changing it into a performance-based program. However, the stock compensation program for directors will be operated as previously as a stock compensation program with no added incentive for business performance, in consideration of the supervisory role of directors. For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

Details of performance-based and stock compensation can be found in the sections of this report entitled "Compensation for Directors and Corporate Executive Officers (*shikkoyaku*), Disclosure of Policy on Determining Compensation Amounts and Calculation Methods".

Recipients of Stock Options	
-----------------------------	--

Supplementary Explanation
---------------------------

--

**[Compensation for Directors and Executive Officers (*shikkoyaku*)]**

Disclosure of Individual Directors' Compensation	Individual compensation is not disclosed
Disclosure of Individual Executive Officers' ( <i>shikkoyaku</i> ) Compensation	Selected corporate executive officers ( <i>shikkoyaku</i> )

Supplementary Explanation
---------------------------

Compensation for year ended March 31, 2024

	Total Compensation	Fixed Compensation		Short-Term Performance-Based Salary		Stock Options	
		No. of officers	Amount	No. of officers	Amount	No. of officers	Amount
Directors (internal)	¥120 million	5	¥101 million	-	-	3	¥18 million
Directors (outside)	¥88 million	6	¥70 million	-	-	6	¥18 million
Executive Officers	¥982 million	18	¥540 million	16	¥74 million	24	¥368 million

1. Compensation (excluding stock compensation) for directors (internal) includes compensation for directors who also serve as executive officers.
2. The amount of performance-based salary is the planned amount to be paid on July 1, 2024, based on the results for the year ended March 31, 2024.
3. The amount of stock compensation is the amount recorded as expenses for the current fiscal year.
4. Figures listed above are rounded down to the nearest million yen.

Policy on Determining Compensation Amounts and Calculation Methods	Appointed
--	-----------

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods
--

As a Company with Three Committees (Nomination, Audit, and Compensation), NSK Ltd. makes decisions on executive compensation structure, compensation levels, and individual compensation, etc., at a Compensation Committee chaired by an outside director, and based on advice from external consultants as well as objective information on compensation levels and trends at other companies. The Company will determine compensation for director and executive officer positions separately. When a director also serves as an executive officer, the total of the respective compensation amounts will be paid.

For directors who also serve as executive officers, stock-based compensation for the director position will not be provided.

1. Executive Officers' Compensation

The compensation package for executive officers consists of fixed basic compensation and performance-based compensation that fluctuates with performance. The Company generally sets a compensation ratio of 4:6 for fixed compensation to performance-based compensation.

(1) Basic compensation

The amount of basic compensation is determined according to the title of the executive officer. Moreover, an additional amount will be paid to executive officers with representation rights.

(2) Performance-based compensation

The performance-based compensation consists of short-term performance-based compensation and mid- to long-term performance-based stock compensation.

i) Short-term performance-based compensation

Short-term performance-based compensation will be determined based on metrics consistent with management goals to increase profitability, raise efficiency of shareholders' equity, and improve corporate value: metrics related to the operating income margin, ROE, cash flow, and the ratio of new product sales to the total sales, as well as an achievement target for ESG goals for CO<sub>2</sub> emission reductions and safety and quality improvements. The individual's level of achievement in their designated job duties are also evaluated when determining the amount of compensation paid to each executive officer.

ii) Mid- to long-term performance-based stock compensation

In order to further incentivize contributions to a sustainable improvement of corporate value, to ensure that executive officers share interests with shareholders, and to further reinforce the link between executive officer compensation and mid- to long-term stock value, NSK has introduced a performance-based stock compensation program using a Board Benefit Trust system. Through the system, points are fixed every three years based on a relative evaluation of the total shareholder return (TSR) of the Company's shares through a comparison with the TOPIX growth rate, the equivalent of which company shares are then distributed upon retirement. However, a certain portion of the above will be provided as cash obtained by the conversion of shares.

2. Directors' Compensation

The compensation package for directors consists of a fixed basic compensation and stock compensation which is variable compensation.

(1) Basic compensation

Basic compensation is determined based on whether the director is an outside director or an internal director in addition to the director's role on committees and the Board of Directors to which the director belongs.

(2) Stock compensation

In order to further incentivize contributions to a sustainable improvement of corporate value and to ensure they share the interests of shareholders, the Company has introduced a stock compensation program using a Board Benefit Trust system. The system distributes company shares upon retirement based on points allocated each fiscal year, of which separate amounts are given for outside and internal directors. However, a certain portion of the above will be provided in the form of cash obtained by converting shares into cash. For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

3. Other

In addition, in the event a member of a management team of another company such as a subsidiary or an affiliate, etc., assumes an executive officer position, compensation will be determined separately.

**[Supporting System for Outside Directors]**

NSK provides information to its outside directors in an appropriate manner, including distributing meeting materials to all directors in advance, and providing prior explanation by the officers responsible or the Board secretariat. Furthermore, in previous years, we have provided opportunities for outside directors to visit business facilities in Japan and overseas, which enables them to deepen their understanding of NSK's business and matters specific to NSK.

Each outside director is a member of either the Nomination, Audit, or Compensation committees, and are supported in the corresponding duties by the respective secretariats.

**[Retired Presidents/CEOs Holding Advisory Positions (*sodanyaku, komon, etc.*)]**

Information on Retired Presidents/CEOs Holding Advisory Positions (*sodanyaku, komon, etc.*)

Name	Job Title/ Position	Responsibilities	Employment Terms (Full/Part Time, with/without Compensation, etc.)	Date when Former Role as President/ CEO Ended	Term
Norio Otsuka	Honorary Advisor	Key external engagements to further the Company's activities in the business world	Part-time, compensated	6/24/2015	Maximum of five years
Toshihiro Uchiyama	Counselor	Key external engagements to further	Part-time, compensated	3/31/2021	Maximum of three years

		the Company's activities in the business world			
--	--	--	--	--	--

Number of Retired Presidents/CEOs Holding Advisory Positions ( <i>sodanyaku, komon, etc.</i> )	2
--	---

Others
--------

- Honorary advisors and counselors have no involvement in managerial decision-making. They engage in social activities and public services including key external engagements that serve to increase the Group's corporate value.
- "Term" in the above table indicates the maximum term of honorary advisors and counselors.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)

### (1) Current Framework

NSK's Board of Directors determines basic management policies, etc. with the aim of achieving the Group's sustainable growth and increasing its mid- to long-term corporate value. The Board proactively delegates decision-making on the execution of the operations to executive organizations while supervising the status of implementation in an appropriate manner. In addition, the Nomination Committee, Audit Committee, and Compensation Committee, each of which are chaired by an outside director, have been granted independent authority, and work to strengthen monitoring functions by fulfilling the criteria defined by the Companies Act, etc. and the rules of each board committee. At the time of this report, our Board is comprised of nine directors, five of whom are outside directors (four men, one woman), while four are internal directors (two of whom concurrently serve as executive officers).

The CEO has the ultimate authority and responsibility for all decision-making on the execution of the operations 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 the division of duties. We also maintain an Operating Committee, which functions as an organization to support the CEO in the decision-making process. The Committee deliberates on policies and key matters related to the NSK Group's business operations. NSK also holds Officers' Meetings to foster a common understanding by sharing information on managerial issues, operational direction, and the status of the execution of their duties. An Officers' Meeting consists of the CEO, Executive Officers, Operating Officers, and Group Officers, and is chaired by the CEO.

The structure of the Board and each committee, the number of times each meeting was convened during the period from April 1, 2023 to March 31, 2024, and the attendance record of each member are outlined below:

#### [Board of Directors]

- Objectives and authority
  - Passes statutory resolutions related to basic management policies, etc. (including delegation of decision-making on the execution of the operations by executive officers)
  - Supervises execution of duties by executive officers
- Structure: 9 members: (5 outside directors, 4 internal directors; Chair: non-executive director)
- Number of times convened: 10
- Secretariat: Employees from the Corporate Planning Division Headquarters and the Secretariat Office perform secretariat duties in addition to their regular duties.
- Members (number of meetings attended):
  - Akitoshi Ichii (10/10)
  - Keita Suzuki (8/8) \*appointed as of June 23, 2023
  - Saimon Nogami (10/10)
  - Kenichi Yamana (10/10)
  - Mitsuhiro Nagahama (10/10)
  - Koichi Obara (10/10)
  - Junji Tsuda (10/10)
  - Sayako Izumoto (10/10)
  - Mikio Fujitsuka (7/8) \*appointed as of June 23, 2023

Directors Mitsuhiro Nagahama retired from their positions as of June 27, 2024, Nobuhide Hayashi was appointed as directors on the same date.

[Nomination Committee]

- Objectives and authority
  - Determines the content of proposals submitted to the General Meeting of Shareholders regarding the appointment or dismissal of directors
- Structure: 3 members: (2 outside directors, 1 internal director; Chair: outside director)
- Secretariat: Employee from the Human Resources and General Affairs Division Headquarters performs secretariat duties in addition to the regular duties.
- Number of times convened: 6
- Members (number of meetings attended)
  - Junji Tsuda (6/6)
  - Mikio Fujitsuka (5/5) \*appointed as of June 23, 2023
  - Akitoshi Ichii (6/6)

[Audit Committee]

- Objectives and authority
  - Audits the duties of directors and executive officers
  - Creates audit reports
  - Determines the content of proposals related to appointment or dismissal of accounting auditors and other matters.
- Structure: 3 members: 2 outside directors, 1 internal director (standing Audit Committee member); Chair: outside director
- Secretariat: Employees from the Internal Audit Department perform secretariat duties either exclusively or in addition to their regular duties.
- Number of times convened: 14
- Members (number of meetings attended)
  - Sayako Izumoto (14/14)
  - Mitsuhiro Nagahama (14/14)
  - Kenichi Yamana (14/14)

Mitsuhiro Nagahama retired from his position as of June 27, 2024, Koichi Obara was appointed as directors on the same date.

[Compensation Committee]

- Objectives and authority
  - Determines policies on the compensation of directors and executive officers
  - Determines the individual compensation provided to directors and executive officers, and other matters
- Structure: 3 members: (2 outside directors, 1 internal director; Chair: outside director)
- Secretariat: Employee from Human Resources and General Affairs Division Headquarters performs secretariat duties in addition to the regular duties.
- Number of times convened: 4
- Members (number of meetings attended)
  - Mitsuhiro Nagahama (4/4)
  - Koichi Obara (4/4)
  - Keita Suzuki (3/3) \*appointed as of June 23, 2023

Mitsuhiro Nagahama retired from his position as of June 27, 2024, Nobuhide Hayashi was appointed as directors on the same date.

(2) Initiatives to Strengthen Audit Committee Functions

As a Company with Three Committees (Nomination, Audit, and Compensation), in order to maximize the efficiency and effectiveness of our Audit Committee function, we strive to place outside directors with correlating expertise and experience, such as Certified Public Accountants, on the Committee. In addition, we have assigned an internal director who does not concurrently serve as an executive officer as a full-time (standing) member of the Committee. Furthermore, we have established a dedicated (full-

time) secretariat to support the Audit Committee, while the Internal Audit Department, the Group's internal auditing division, collaborates with the Committee to perform audits of the Group's operations.

(3) Liability Limitation Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act and Article 26 of the Articles of Incorporation of the Company, the Company has executed agreements to limit liability for damage of Directors under Article 423, Paragraph 1 of the Companies Act with all Directors (excluding executive directors). The limits of liability for damage under the agreement are equal to the minimum amount of liability as set forth in the relevant laws and regulations.

### 3. Reasons for Adoption of 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 in the section of this report entitled "I-1 Basic Views".

We believe that this organizational design, in which outside directors who have no conflict of interest with regular shareholders and participate in Board of Directors meetings, as well as the use of three supervisory committees (Nomination, Audit, and Compensation) to determine key management policies and monitor the duties of executive officers, serves to further the transparency and soundness of our corporate management.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	NSK works to provide early disclosure of the Notice of the Ordinary General Meeting of Shareholders. We registered with Tokyo Stock Exchange and posted a disclosure on the company's website on Friday, May 31, 2024, 27 days prior to the Shareholders' Meeting.
Scheduling AGMs Avoiding the Peak Day	In general, NSK aims to hold its Ordinary General Meeting of Shareholders at least two days prior to the busiest date for shareholders meetings in Japan. The meeting for fiscal 2023 (the year ended March 31, 2024) was held on Thursday, June 27, 2024.
Allowing Electronic Exercise of Voting Rights	NSK has allowed the electronic exercise of voting rights since fiscal 2008.
Participation in Electronic Voting Platform	NSK has allowed the electronic exercise of voting rights since fiscal 2008.
Providing Convocation Notice in English	NSK registers English-language versions of its basic information to the Tokyo Stock Exchange and publishes the same information on its website.
Other	NSK publishes the Notice of the Ordinary General Meeting of Shareholders and Business Report on its website.

### 2. IR Activities

	Supplementary Explanations	Explanation by Representative of the Company
Preparation and Publication of Disclosure Policy	NSK strives to disclose information rapidly and fairly to investors and other stakeholders. Accordingly, we have published our disclosure policy, which outlines our basic approach of actively engaging in dialogue with stakeholders, on our website at the address below: <a href="https://www.nsk.com/company/investors/management/disclosure-policy/">https://www.nsk.com/company/investors/management/disclosure-policy/</a>	
Regular Investor Briefings for Individual Investors	We hold several briefings per year for individual investors.	No
Regular Investor Briefings for Analysts and Institutional Investors	We hold quarterly briefings, hosted by top management, to explain our corporate results and mid-term management plans as well as the progress of	Yes



	each. In addition, we hold several small meetings per year hosted by our CEO.	
Regular Investor Briefings for Overseas Investors	NSK aims to communicate proactively with investors outside Japan. Our senior management makes annual visits to Europe, the United States, and Asia to engage with institutional investors. We also participate in several conferences per year for overseas investors held by securities companies.	Yes
Posting of IR Materials on Website	NSK's quarterly financial results, securities reports, reporting materials (business reports, consolidated and non-consolidated financial statements, audit reports, etc.), NSK Report (Integrated Report), results presentation materials, fact books, mid-term management plans, and other reference materials are published on our website below:  <a href="https://www.nsk.com/company/investors/">https://www.nsk.com/company/investors/</a>	
Establishment of Department and/or Manager in Charge of IR	NSK has established the Corporate Communications Department, a specialized organization which reports directly to the CEO and is overseen by the executive officer responsible for investor relations.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	With the NSK Corporate Philosophy serving as the cornerstone for all our management decisions, respect for the position of our stakeholders is ingrained in all our internal regulations, such as the NSK Code of Corporate Ethics, Corporate Governance Rules, and Compliance Rules. We regard customers, suppliers, employees, shareholders and investors, local communities, and future generations as important stakeholders of the NSK Group.
Implementation of Environmental Activities, CSR Activities etc.	We report on implementation status of our activities related to sustainability including environmental and social issues, in our NSK Report and on our website below: NSK Report <a href="https://www.nsk.com/company/investors/ir-reports/">https://www.nsk.com/company/investors/ir-reports/</a> NSK Website Sustainability <a href="https://www.nsk.com/company/sustainability/">https://www.nsk.com/company/sustainability/</a>
Development of Policies on Information Provision to Stakeholders	We realize that improving the soundness and transparency of our management to achieve smooth business operations ultimately contributes to the profitability of NSK. To ensure transparency, we have set out rules for timely disclosure of financial and other corporate information in the NSK Group Management Rules, and proactively work to provide key corporate information. In the aforementioned website which has information related to sustainability, we provide information on implementation of our activities in line with GRI (Global Reporting Initiative) Sustainability Reporting Standards.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

1. Basic policy on the development of internal control systems  
Since deciding on the Basic Policy on the Development of Internal Control Systems in 2006, NSK's Board of Directors has continually reviewed and updated this policy in light of the changing societal expectations placed on companies. Our current policy is outlined below.

(1) Structure to ensure appropriateness of operations in the NSK Group

NSK aims to improve internal controls over the NSK Group as a whole, improve the soundness and transparency of its management, and manage its business smoothly in line with the “NSK Group Management Rules.” Based on this policy, NSK aims to establish a structure that ensures the appropriateness of operations throughout the NSK Group. In addition, NSK must receive, on a regular or continuous basis, reports from the NSK Group’s respective divisions regarding relevant duties, and reports from directors of subsidiary companies or equivalent persons regarding the performance of their duties, in accordance with the NSK Group rules governing management and business procedures. NSK shall establish a system that enables the Audit Committee to confirm regular reports from the NSK Group's divisions. The Audit Committee or the Audit Committee members may visit the NSK Group’s divisions themselves or cooperate with the auditors of subsidiaries to inspect the status of operations and assets.

- (2) Structure to ensure executive officers and employees of NSK and directors and employees of its subsidiaries conform to laws and regulations and the Articles of Incorporation during performance of duties  
“NSK Code of Corporate Ethics,” “Corporate Governance Rules”, and “Compliance Rules,” based on the NSK Corporate Philosophy, lay down the fundamental principles that executive officers and employees of NSK and directors and other officers/employees of subsidiaries must comply with when conducting business activities, the structure for promoting compliance, and basic operating matters (organization, structure for training, internal whistleblowing system, etc.). By fostering awareness of compliance among all officers and employees and strengthening/improving internal controls, NSK aims to prevent the violation of laws, regulations, and the Articles of Incorporation. In particular, NSK prevents violation of competition laws in Japan and abroad by ensuring adherence to “Rules for Compliance with Competition Law.” The Legal & Compliance Division formulates policies to strengthen the Group’s compliance system, implements various measures based on these policies, and monitors the status of these measures. The activities of the Legal & Compliance Division are regularly reported to the Core Values Committee, which makes recommendations and monitors progress toward resolving company-wide compliance issues by sharing related risks and discussing policies to promote and strengthen compliance as one of our core values. Furthermore, the Group’s Finance Division Headquarters ensures the establishment and operation of internal controls over financial reporting by the NSK Group as a whole based on the “Rules for Internal Control over Financial Reporting,” while the Internal Audit Department (IAD) evaluates their implementation. This system secures a structure from which reasonable assurance of financial reporting reliability can be obtained. As a core policy, NSK takes a resolute stance against all antisocial forces that threaten the order and safety of civil society, and declines all relationships, including business relationships, with such parties. In addition, NSK will not accede to any unreasonable or illegal demands from such parties.
- (3) Structure for ensuring efficient performance of duties by executive officers of NSK and directors and other officers of subsidiaries  
“NSK Group Management Rules” provide the framework to ensure efficient performance of duties by executive officers of NSK and directors and other officers/employees of subsidiaries regarding principles governing group management, decision-making mechanisms, continuous monitoring of business risks, and each NSK group company’s performance targets and management.
- (4) Rules and other frameworks in the NSK Group for management of risk of loss  
The NSK Group’s Risk Management Rules stipulate the responsible persons and roles of organizations in the execution system, govern the Group’s risks exhaustively and comprehensively, and clarify the details of the risk management system. The Internal Audit Department audits risk the management status of each division and reports results to the Audit Committee. The Committee reports this information to the Board of Directors on a regular basis.
- (5) Framework concerning saving and retention of information related to performance of duties by executive officers of NSK and directors and other officers/employees of subsidiaries  
The framework for saving and retention of information regarding performance of duties by executive officers of NSK and directors and other officers of subsidiaries must follow the provisions in “NSK Group Management Rules,” “NSK Group Rules on Saving and Retention of Documents”, and “NSK Group Information Security Standards.” Executive officers of NSK and directors and other officers/employees of subsidiaries must make information regarding the above readily available upon request by the Audit Committee or Audit Committee member(s) appointed by the Committee.

(6) Matters required for the execution of Audit Committee duties

1) Matters concerning members of the board and employees who support the duties of the Audit Committee

The Internal Audit Department is appointed as the organization that supports the duties of the Audit Committee. Selected employees of the Internal Audit Department support the duties of the Audit Committee either full-time or part-time.

2) Matters concerning independence from the executive officer in charge of the Internal Audit Department and effectiveness of directions issued to the Internal Audit Department

The Internal Audit Department is an organization reporting directly to the CEO, independent from audit subject divisions. In order to conduct organizational audits, the Audit Committee may give direct instructions/directions to the head of the Internal Audit Department or employees belonging to the Internal Audit Department. Official notification of appointment or disciplinary disposition of the head of the Internal Audit Department or staff assigned to assist the Audit Committee in the performance of their duties (Audit Committee secretariat) on either a full time or part time basis requires the prior consent of the Audit Committee, and the Audit Committee may state opinions about the performance evaluation of the aforementioned members.

3) NSK Group framework for reporting to the Audit Committee

The NSK Group must establish a framework under which the responsible persons in business divisions and Group Companies are required to report on items deemed necessary by the Audit Committee. Any events with the potential to cause substantial detriment to the NSK Group must be reported to the Audit Committee on a regular basis. When it is judged that an event likely to cause substantial detriment to the Group has occurred, details must be reported to the Audit Committee immediately. As a means to complement reports, Audit Committee members appointed by the Audit Committee may attend important meetings of the NSK Group which the Audit Committee finds necessary, with consent of the host of the meeting. In addition, executive officers must establish an internal whistleblowing system in the NSK Group and report the operation and status of whistleblowing to the Audit Committee without delay. In addition to the content and methods of the reports stipulated above, directors, executive officers, employees, and auditors of the NSK Group, or persons receiving reports from the aforementioned parties, may report to the Audit Committee. The NSK Group prohibits unfavorable treatment of any person reporting to the Audit Committee as a result of the aforementioned or other reports, regardless of the reporting format, and ensures that this policy is understood throughout the NSK Group.

4) Other structures for ensuring effective auditing by the Audit Committee

The Audit Committee exchange opinions with the CEO and accounting auditor on a regular basis, and, in order to ensure the effectiveness of internal audits performed by the Internal Audit Department, may recommend to executive officers changes to audit plans, the execution of additional audits, or improvements in light of the annual internal audit plan, its implementation status, and results. In addition, if necessary, during the course of their auditing duties, the Audit Committee may hire their own consulting lawyer or receive advice from specialist lawyers or accountants. NSK will process expenses incurred during the performance of Audit Committee members' duties in a prompt and appropriate manner, either via pre-payment or reimbursement, in accordance with the designated method.

2. Functions and Organization Related to Internal Control

The main functions related to the development, maintenance, and operation of the NSK Group's internal control systems, as well as the role of the organizations responsible are outlined below. The following organizations play a key role in the development and operation of internal control systems.

(Compliance)

The Legal & Compliance Division formulates policies to strengthen the Group's compliance system, implements various measures based on these policies, continuously monitors the status of these policies, and regularly reports its activities to the Core Values Committee.

(Risk Management)

The Corporate Planning Division Headquarters coordinate with each business, functional and regional headquarters to support the CEO and oversee and manage general risks related to management of the NSK Group. They are also responsible for maintaining and enhancing the internal control systems necessary for the operation of the NSK Group's global business.

The Internal Audit Department conducts regular performs risk analysis and monitoring to ascertain the status of risk management. It also studies the appropriateness of internal systems and performs business

audits to facilitate corrective measures or improvement initiatives.  
The Risk Management Committee is responsible for preparing and strengthening risk management systems in order to prevent or minimize the damage from major risks to NSK, such as natural disasters, pandemics, or major accidents. It is also responsible for leading a swift and appropriate response in the event of a disaster.

**(Approval and Reporting)**

Each NSK Group company must duly apply to the CFO for approval on matters related to corporate management, systems, the governance structure, and shareholder interests, or to the controlling business or functional division headquarters in the case of important decisions related to business operations. NSK Group Companies must also report on the status of their operations to the Company on a regular basis.

**2. Basic Views on Eliminating Anti-Social Forces**

As its basic policy, NSK takes a resolute stance against all antisocial forces that threaten the order and safety of civil society, and declines relationships, including business relationships, with such parties. NSK does not accede to any unreasonable or illegal demands from such parties. In order to ensure a systematic response across the NSK Group, this policy is clarified in the NSK Code of Corporate Ethics, and we are making ongoing efforts to promote awareness, as well as strengthening collaboration with the police and other external organizations.

**V. Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	None
------------------------------------	------

Supplementary Explanation

**I. Outline of the Basic Policy Regarding Persons Controlling the Company’s Decisions Concerning Financial and Business Policies**

NSK is a stock company whose shares are traded on capital markets, and therefore, the Company believes that, in the case of a large-scale purchase of NSK shares, the decision whether to accept such a purchase should ultimately be left to the shareholders.

However, there is a possibility that a sudden and unsolicited large-scale purchase of shares could occur without necessary and sufficient information being disclosed and an opportunity to consider the proposal being given to the shareholders, and without the NSK’s Board of Directors being provided with the information and time to express its opinion and make an alternative proposal. Such large-scale purchases of shares could damage the Company’s corporate value and the common interests of its shareholders if, for instance, the purchaser does not intend to manage the Company reasonably or in good faith.

We believe that any party that makes a large-scale purchase of the Company shares that damages NSK’s corporate value and the common interests of its shareholders is not an appropriate party to control decisions concerning financial and business policies.

**II. Special Endeavors which Contribute to the Realization of the Basic Guidance**

**a) Endeavors to Enhance Corporate Value under the Mid-Term Management Plan**

The NSK Group aims to establish a corporate foundation capable of sustainable growth in the mid- to long term, in order to continue providing value to society through our MOTION & CONTROL technology.

In this environment, the NSK Group will continue to contribute to the development of a sustainable society by creating value through the fusion of tribology and IT or digital technology in accordance with our corporate philosophy, aiming to be a company that is needed and trusted by society. To achieve this goal, we have launched our “Mid-Term Management Plan 2026”, which covers the five-year period from fiscal 2022 to 2026.

Positioning NSK’s core values of safety, quality, environment, and compliance as an overriding shared value standard in management decision-making and actions, we will address the three management tasks of “Growth with Profitability,” “Enhancement of Managerial Resources,” and “ESG Management.”

The three main management tasks and details of initiatives are shown below:

1. For “Growth with Profitability,” under the concept of “Bearings & Beyond,” which means developing new business domains while growing existing businesses, we will aim to establish a business foundation for sustainable growth even in changing business conditions.

- We will enhance the competitiveness of the Group’s mainstay products, bearings and precision machinery, transform our business portfolio through the expansion of the industrial machinery business, and respond to the shift to electrification of automobiles.
- We aim to expand our business by contributing to a recycling-oriented society by providing services such as bearing life prediction, condition monitoring, repair, and replacement.
- We will promote co-creation of new technologies in new domain areas such as industrial automation, environmental measures, and conveyance assist robots, to expand our business through new products that contribute to automation and a safer, more secure society.
- We will work with our joint venture partner JIS to explore new alliances for the future of the steering business.
- We will promote structural reforms of our business to improve profitability, such as reorganizing production sites.

2. For “Enhancement of Managerial Resources,” we will enhance our managerial resources through digital technology and create a foundation for continuous business transformation.

- We will proactively utilize digital technology across our quality, technology, and manufacturing operations, and develop the human resources required to support these efforts.
- We aim to transform manufacturing by dramatically improving productivity through digital and realizing safer, more secure, and environmentally friendly plants, with a manufacturing policy of “ultra-stabilization of production”.
- We aim to maximize the value of our human capital by providing opportunities to diverse human resources and developing and supporting diverse career paths.

3. For “ESG Management,” we will aim to be a company that continues to be needed, trusted, and relied upon by society, by contributing to the sustainable development of society through our business.

- From the perspective of “production”, we aim to achieve carbon neutrality in terms of direct CO2 emissions (Scope 1) and energy use (Scope 2) by 2035 through energy-saving initiatives, development of new technologies, and utilization of renewable energy. We will also work to reduce emissions throughout the entire supply chain (Scope 3).
- From the perspective of “usage” of the NSK Group’s products by our customers, we will contribute to the development of a recycling-oriented society by providing low-friction technology that reduces energy loss and environmentally-friendly products and services used in wind power generation, hydrogen energy, etc.
- We will create a fulfilling working environment through work style reforms and promoting diversity and inclusion.
- We will strengthen group governance and deepen dialogue with stakeholders.

We will continue to “Change and Go Beyond” on the above issues and aim to be a vibrant company that continues to move forward toward future-looking and ambitious goals. Through corporate activities based on our corporate philosophy and the evolution of MOTION & CONTROL™, we will continue to contribute to the resolution of societal challenges and the sustainable development of society.

#### **b) Endeavors to Enhance Corporate Governance**

NSK has been actively working to improve the transparency and soundness of its management-related decision-making in order to fulfill its social responsibilities as well enhance its corporate value and, by extension, the common interests of its shareholders. Even before shifting to a Company with Committees, etc. governance system in 2004, NSK worked to enhance its governance by introducing an executive officer system, inviting outside directors onto its board, and voluntarily establishing a Compensation Committee and Audit Committee. NSK is currently endeavoring to further improve its management transparency and soundness under a Company with Three Committees (Nomination, Audit and Compensation) system, with each the three committees (Nomination Committee, Audit Committee and Compensation Committee) comprised of an internal director and a majority of outside directors. Each of the Company’s outside directors has been registered to the Tokyo Stock Exchange as an independent director.

### **III. Endeavors to Prevent Decisions Concerning the Company's Financial and Business Policies from Being Controlled by Inappropriate Persons in Light of the Basic Policy**

NSK abolished the countermeasures against large-scale purchases of the Company's shares (takeover defense measures) introduced in June 2008 at the conclusion of the 162nd Ordinary General Meeting of Shareholders held on June 23, 2023, when the effective period expired.

NSK will continue to make efforts to enhance its corporate value and, in turn, the common interests of its shareholders and will request that any person who intends to conduct a large-scale acquisition of the Company's shares that may damage the corporate value of the Company and, in turn, the common interests of its shareholders, provide necessary and sufficient information and time for the shareholders to consider the pros and cons of such an action. In addition, we will take appropriate measures to the extent permitted by the Financial Instruments and Exchange Law, the Companies Act, and other related laws and regulations, such as disclosing the opinions of our Board of Directors and other relevant information to ensure that our shareholders have the opportunity to make an appropriate decision on the purchase.

### **IV. Judgments of the Board of Directors and Reasons Therefore Regarding the Endeavors Described Above**

The efforts described in II. above are part of NSK's basic efforts to enhance its corporate value over the mid- to long-term and are implemented for the purpose of improving the Company's corporate value and, in turn, the common interests of its shareholders.

In addition, the initiatives described in III. above are intended to secure necessary and sufficient information, time, and opportunities for shareholders to consider the pros and cons of a large-scale purchase and are implemented for the purpose of ensuring and enhancing the Company's corporate value and, in turn, the common interests of its shareholders.

Accordingly, the efforts described in II. and III. above are in line with the basic policy described in I. above and are not detrimental to the common interests of NSK shareholders, nor are they intended to maintain the status of the Company's officers.

## **2. Other Matters Concerning the Corporate Governance System**

### **【Overview of Timely Disclosure System】**

#### **1. Basic Views**

NSK will disclose management information rapidly and fairly, and actively engage in dialogue with our stakeholders, including customers, suppliers, shareholders and investors, employees, local communities, and future generations. NSK will disclose information in compliance with the Financial Instruments and Exchange Act of Japan and all other applicable laws and regulations (hereinafter "laws and regulations") as well as the regulations of the stock exchanges on which NSK is listed.

In addition, NSK will disclose not only information required by laws and regulations, but also management and financial information it regards as useful in deepening stakeholder understanding of NSK management policy and business activities. NSK will also disclose non-financial information regarding the environmental and social impact of its activities.

#### **2. Internal Structures for Timely Disclosure**

##### **(1) Disclosure Committee**

NSK has established the Disclosure Committee, an organization directly under the control of the Representative Executive Officer, Senior Executive Vice President, and CFO, to control information disclosure. In order to ensure the timeliness and appropriateness of disclosure of important corporate information, the Disclosure Committee considers whether or not information requires timely disclosure based on the Timely Disclosure Rules, as well as matters such as the content and timing of disclosed information.

<Members of the Disclosure Committee>

Chairperson: Representative Executive Officer, Executive Vice President, and CFO

Committee Members:

Head of Corporate Planning Division Headquarters

Head of Human Resources and General Affairs Division Headquarters

Head of Finance Division Headquarters

Department Head/Group Manager, Group Financial Control Department of Finance Division Headquarters

Department Head, Accounting Department of Finance Division Headquarters

Head/Deputy Head of Corporate Communications Department



Head, General Affairs Division of Human Resources and General Affairs Division Headquarters  
Group Manager of Corporate Planning Division Headquarters  
Secretariat: Corporate Planning Division Headquarters

<Timing of Disclosure Committee Meetings>

- Prior to the release of quarterly and full-year results
- When a fact that should be disclosed arises, such as an important decision or occurrence of fact
- Prior to release of important disclosure documents such as quarterly reports and annual securities reports

(2) Implementation of Timely Disclosure

1. Decisions, company earnings information, and other matters related to institutional decisions

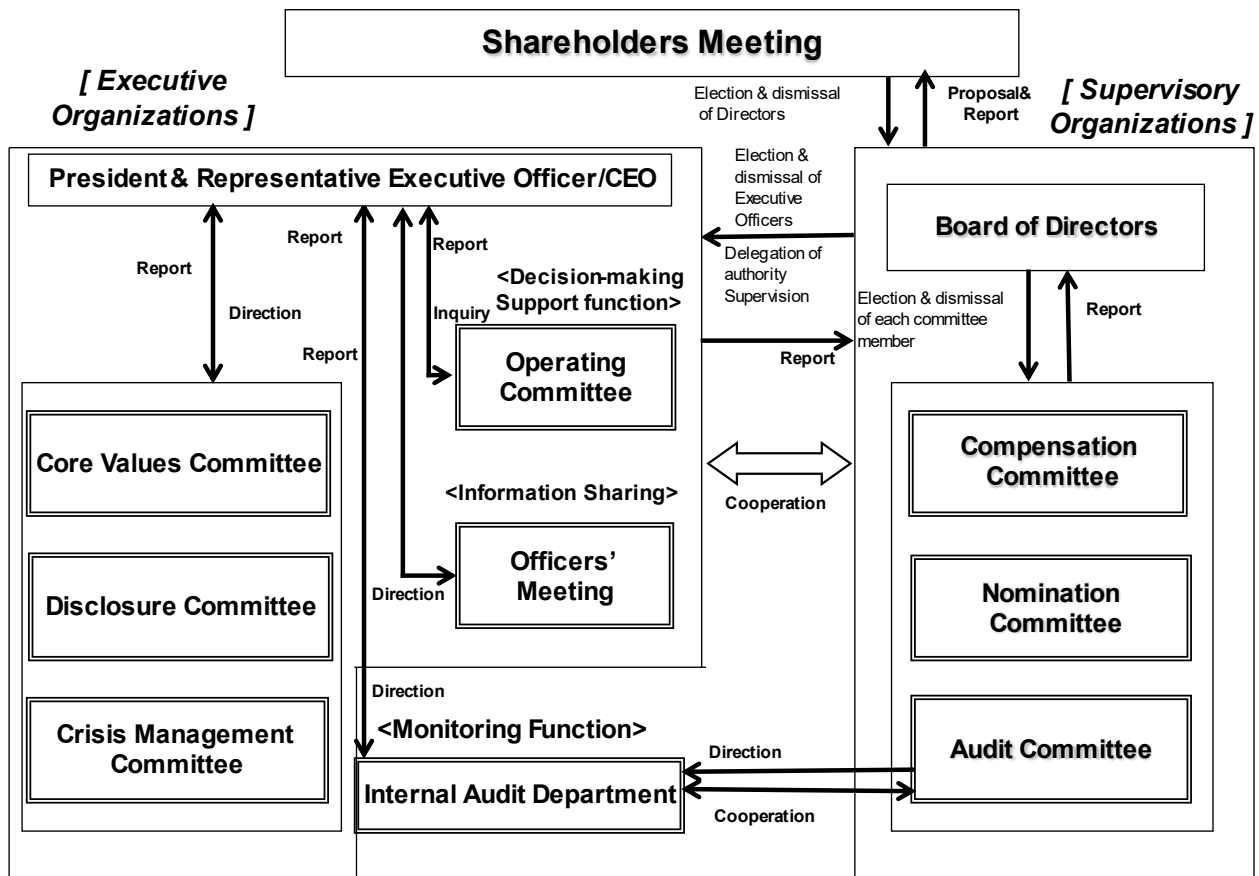
When resolution of the Board of Directors is required in accordance with Board of Directors Rules, such matters will be disclosed only after approval by the Board of Directors. As the Company is a company with Three Committees (Nomination, Audit and Compensation), matters that are transferred to the Representative Executive Officer and President will be determined by the Representative Executive Officer and President and disclosed without delay.

2. Facts which Occurred

Members of the Disclosure Committee will disclose information without delay after reporting to the Representative Executive Officer and President.

### **3. Audit Structure related to Timely Disclosure**

NSK's Audit Committee conducts audits on timely disclosure to ensure that the financial and corporate information disclosed is transparent and reliable.



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.