Human Capital

We will arrange and provide an environment that enables employees to undertake challenges, engage in strategic human resource development, and establish a human resources portfolio to maximize the value of human capital.

Hidenori Oka Executive Officer, Head of Human Resources & General Affairs Division HQ

The Mid-Term Management Plan MTP2026 positions "Maximize the Value of Human Capital" as a means of addressing the "Enhancement of Managerial Resources," a key management issue. With our sights set on NSK five to 10 years in the future, we defined our Human Resources Policy and Human Resources Strategy in a bid to achieve the three goals of becoming "A company that attracts diverse human resources," "A company where diverse human resources can develop and grow their skills and abilities," and a company that provides "Safe and healthy workplaces." We also linked this policy and strategy to our Management Strategy of "Change & Go Beyond" as part of our commitment to creating an environment in which each employee can undertake challenges.

In FY2024, we introduced a new personnel system for managerial positions (role-based personnel system), while focusing on efforts to expand the personnel system for specialists and experts, implement initiatives aimed at recruiting and retaining diverse human resources through new methods of expanding the recruitment pool, and investigate and introduce measures to increase the work-style options from which employees can choose. We also strengthened and advanced corporate health and wellness as an important foundation for human capital management. As part of this move, we went beyond simply improving health management and the work environment for employees in an effort to strengthen support for balancing work and medical treatment in addition to providing medical assistance for employees in the event of injury or illness. From FY2025, we will continue to implement and further strengthen these commitments to "Maximize the Value of Human Capital." Specifically, we will enhance education and training in connection with our personnel system to entrench and maximize the effectiveness of the role-based personnel system we introduced for managerial positions and will seek to establish an environment for realizing self-led career development. At the same time, we will initiate discussions to solidify this framework in order to extend a similar personnel system to regular employees as well.

To contribute to the development of a sustainable society, NSK will continue its efforts to create an environment that enables its diverse human resources to choose their own careers from among a wide range of options and that encourages them to innovate while fully demonstrating their individual potential.

Please see our website for more information.

NSK's Goal for Human Capital Management

Management Strategy (Mid-Term Management Plan MTP2026)

We aim to be a needed and trusted company that contributes to the development of a sustainable society by creating new value through the fusion of tribology and digital technology.

ESG Management

Growth with Profitability

Change & Go Beyond

Enhancement of Managerial Resources

Linked

Human Resources Strategy (Mid-Term Management Plan MTP2026)

Human Resources Policy

We believe each of our employees is a priceless asset and have clearly stated in the NSK Group Management Principles that our aim is to "provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality."

Human Resources Strategy

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.

Our Vision

1. **A company that attracts diverse human resources** (Diversity, Equity & Inclusion)
2. **A company where diverse human resources can develop and grow their skills and abilities** (personnel system, education/training system, work style)
3. **Safe and healthy workplaces** (corporate health and wellness, safety)

Maximize the Value of Our Human Capital

Create an environment in which each and every one of our diverse human resources can make the most of their individuality, expand their potential by taking on challenges, and continue to grow

Toward a company that is needed, trusted, and contributes to a sustainable society

Toward the Building of a Portfolio of Human Resources with Diverse Backgrounds

Our vision for an employee who will achieve sustainable value creation within the NSK Group is one who proactively takes on the challenge of pursuing difficult, future-oriented goals, and who constantly adapts and evolves their skill set. This individual must be able to take a high vantage point from which they engage in backcasting, identify and acquire useful and accurate information from the massive volumes of data amid a dramatically changing environment, and undertake challenges without fear of failure. This is our specific vision for the human resources who will undertake the challenge of "Change & Go Beyond" to which we are currently committed.

Based on the succession plans formulated by the Human Resources Committee (Chairperson: President & CEO), we are fostering the next generation of management personnel who will take responsibility for running NSK. In specific terms, this entails nominating candidates for key management positions and offering them assignments that provide different experiences. NSK is unique in that 80% of new graduate hires for the equivalent of career-track positions have technical backgrounds, and it is from this group of employees that we intend to nurture management personnel. As we innovate our business, one of the primary issues we need to address is fostering management personnel that are well-versed in technological fields, which is important for assembling technology-centered strategies and for adapting to the evolution in manufacturing and technology.

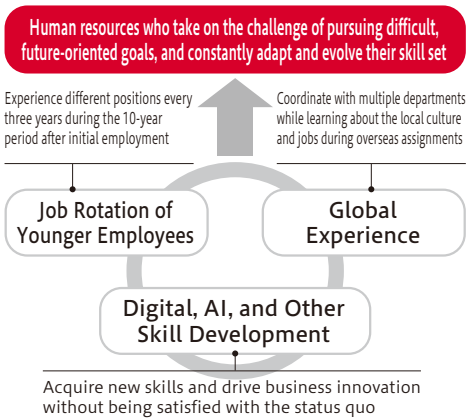
Moreover, in this era of diversifying values, we recognize the important role that "experience" in transforming information and knowledge into insights plays in developing future generations of human resources. Although NSK already administers a job training rotation system that provides younger employees with experience in three different departments over a 10-year period, we feel that those employees who join NSK with technology backgrounds, in particular, should have better access to career paths that provide them with opportunities to experience different domains and fields from early on in their careers. This, we believe, will help expand the pool of next-generation management personnel. Naturally, we will foster and strengthen our human resources in a way that allows them to enhance and acquire skills involving digital and AI knowledge, and that interweaves global experience as part of their career path. Moreover, we will focus on training and outputting human resources with the creative and conceptual power to conceive new value through work experience involving numerous contact points with the outside world, for example, through open innovation.

On a single FY2024 basis, we set our goal for mid-career hires in accordance with the market environment. Yet when considering this goal from the perspective of building a human resources pool, mid-career recruitment has changed little on average over the past five years. We are therefore organizing several means of recruiting new personnel, including referral recruitment and a welcome-back system that reaccepts former employees with experience working outside NSK in addition to their in-house experience.

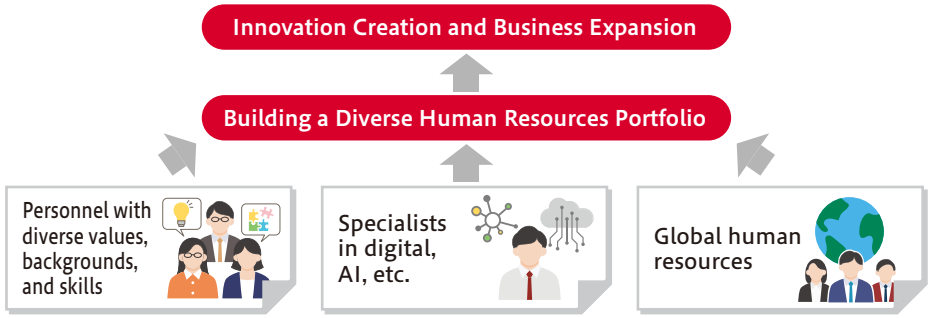
NSK aims to achieve a diversity ratio of 35% for our human resources base under MTP2026. Along with plans to expand the Condition Monitoring System (CMS) and Product Lifecycle Management (PLM) businesses, growing operations in new areas for NSK will require us to strengthen our framework by promoting and assigning highly specialized personnel with knowledge and experience from outside the Group. Melding the new perspectives provided by personnel with diverse backgrounds with the knowledge and technology established by NSK over the years is expected to drive a chemical reaction that will stimulate the innovation that lies beyond. In a similar vein, the Manufacturing Strategy Division Headquarters is pursuing ultra-stabilization of production and bolstering productivity by passing down the skills and experience built up over the years. At the same time, it is supporting the acquisition of digital, AI, and other new skills as it seeks to expand the scope of work that can be performed by everyone.

Along with actively recruiting new graduate and mid-career hires, we are establishing an environment to evaluate and develop highly specialized personnel as specialists. We believe that possessing this kind of diverse human resources portfolio will emerge as a major strength in terms of charting business growth.

Measures for Providing Different "Experiences"



Innovation Driven by the Diversity of Human Resources



Encouraging Self-Led Career Development by Employees

In FY2024, we introduced a new personnel system (role-based personnel system) for managerial positions. Role-based personnel systems clearly define the roles and responsibilities held by each manager, and evaluate and encourage their proactive undertakings in seeking to achieve difficult, future-oriented goals.

NSK had previously defined the content of jobs for which each individual is responsible using a chart that outlines the departmental duties and division of duties on a general level. Following the introduction of the new personnel system, however, we stipulated the required skills for each position and codified the roles demanded of each individual in the form of role descriptions. Clarifying the skills required of each position, the expected roles, and the corresponding responsibilities will enhance awareness among our employees that they should consider what they need to do going forward and act of their own accord. We have also found that clarifying the necessary personnel requirements in this way has made it easier to promote mid-career hires and those from within the Group.

Please see our website for more information on Vision 2026 ▶

We are currently advancing preparations to disclose these role descriptions within the Group. Instead of NSK simply encouraging employees along a career plan as in the past, however, we intend to establish a system whereby employees will take the initiative in envisioning their own plans and choose from various options.

Moreover, we share the values common to our Global Human Resources Policy, Human Resources Strategy, and Our Vision around the world through Vision 2026 Promotion Activities and the global human resources meetings held twice a year, where attendees exchange their respective thoughts and engage in other forms of cooperation. We believe that if we share our values, our personnel system will help allocate discretionary power to each geographical region in line with the different situations in the respective country and region, and introduce mechanisms that will align with each respective market. Building a global management foundation requires a globally uniform grading system that allows us to fairly assess the value of work. Yet salaries and benefits linked to each position differ significantly by country and geographical region, which is why we are not considering a completely unified system. In this sense, we feel diversity within the personnel system is also a positive.

Self-Led Career Development Based on Role Descriptions

1 Preparing role descriptions that illustrate the roles for each position

2 Internal disclosure of role descriptions

3 Using role descriptions as part of self-led career development

Creating Workplaces that Leverage the Strengths of NSK Personnel and Enable Challenge

NSK is recognized by society for its numerous honest, steady, and serious human resources. Meanwhile, assessments by third-party organizations have rated us highly for our execution and organizational abilities.

Over our long history, we have sincerely and tirelessly addressed the demands of our customers and have achieved growth as a company that earns the trust of the markets. Personally, I also feel our ability to persevere until we discover a solution is a strength in many aspects of our business. By pursuing this ability to persevere, I am confident that we will evolve into a company with the ability to "Change & Go Beyond." At the same time, I believe that employees will achieve greater job satisfaction and motivation if they are properly recognized for their perseverance, provided with future career plans, and granted the ability to choose their own career from a broad range of options.

On the other hand, because of their sincerity and honesty, we also place value on creating environments that allow our employees to take on challenges without having to fear change or failure any more than necessary. NSK possesses a culture that accepts failure as a result of taking on challenges. From what I have seen thus far, experiencing failure in many cases actually creates new opportunities to readdress these challenges.

I have explained to managers that providing young employees with the opportunity and arena for experience leads to their growth, which in turn strengthens the Company. At the same time, I have also requested that they ensure psychological safety and speak more often with their subordinates. I also feel that when managers experience being a mentee themselves, this will help them in future human resources development, which is why we introduced a mentor system for successor candidates in general manager positions and above.

Entrenching Vision 2026 and Future Issues

Since FY2016, we have deployed promotion activities to entrench Vision 2026 (hereafter, Our Vision) in Japan and abroad, and to normalize the corresponding behavior. Overseas, Our Vision has been received positively, with employees stating that seeing Our Vision clarified for the first time how they should act. This shows me that Our Vision has become entrenched and that employees are increasingly taking ownership of it.

In Japan, the employee engagement survey we conducted in the fall of 2024 confirmed that we had achieved the required level of "entrenchment" for Our Vision as a whole, whereas the number of employees responding they had "experienced" Our Vision within their actions and behavior was not as high as we expected.

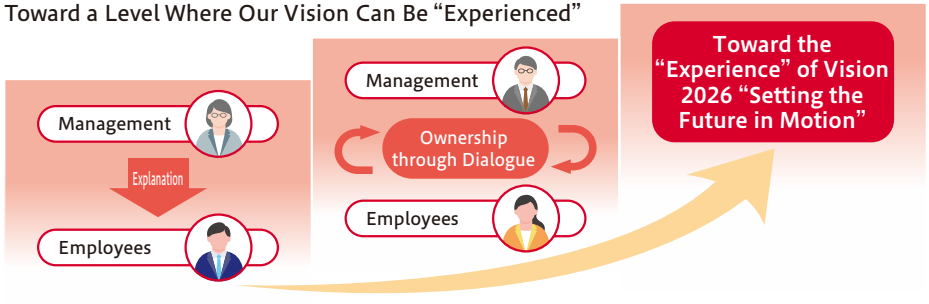
Achieving a level at which employees "experience" Our Vision will require a fair amount of time. But if Our Vision begins to be verbalized on a regular basis within workplaces, we feel this will link to the actions of individuals, who will then likely come to "experience" it. For example, the concept of "diversity" is already entrenched within the Company, and similar terms are now often used in everyday workplaces in attempt to link it to individual behavior.

Naturally, if individual employees do not fully accept why Our Vision is necessary and how it relates to their own work, it will not connect to their own expressions and behavior. To expand Our Vision to a level where it can be "experienced," we recognize that we must begin from the stage of sharing mid- to long-term perspectives and information, for example, the demands society is making on NSK's management, and ultimately ensure that employees become aware that they can integrate Our Vision into their respective roles.

Previously, each division worked to solve the issues they faced based on the results of the employee engagement survey and on an analysis of the details in the form of feedback. In light of the results of the latest survey, however, we feel there is a need to place greater

importance on deepening “dialogue” with our employees regarding Our Vision in addition to the “explanations” provided by the management team, and convey Our Vision in a way that substitutes what we require of the management team with what we require of our individual employees. As a result, this process of taking ownership will help overcome problems.

Toward a Level Where Our Vision Can Be “Experienced”



Dialogue Drives the Chemical Reaction for “Change & Go Beyond”

Under the president’s leadership, the management team values opportunities to hold direct talks with employees. The president himself actively provides opportunities to speak with employees when visiting NSK plants and branches, and holds conversations with those in the assistant manager and group leader class online. In this way, I feel the relationship between the management team and employees has become more egalitarian, and that there are more opportunities for direct dialogue compared to 10 years earlier.

Similarly, as far as advancing the careers of women is concerned, we create opportunities for our female employees to interact and speak with women working at other companies. This initiative is designed in part to drive a chemical reaction in which these women bring the insights and ideas they acquire from the outside back to NSK.

Even though they understand the importance of “Change & Go Beyond,” our plants, for example, also engage in standard work for which it is difficult to bring about major changes, aside from daily improvement activities. Against this backdrop, we feel it is important to increase the number of opportunities for employees whenever possible to articulate even their smallest concepts and ideas for linking to “Change & Go Beyond” during dialogue in their workplaces.

The environment that encompasses NSK is changing at a rapid pace, and our employees are adapting as social systems evolve. Our employees are likewise becoming more diverse, and as their individual sense of motivation now differs, we must arrange systems that offer options to address the speed of these changes. At the same time, we must clarify the roles our employees are expected to play and promote career development for proper assignments and strategic human resources development. Together, we feel these approaches will serve to achieve sustainable growth for NSK.

Examples of Initiatives

New Initiatives for Expanding Working Options

In addition to carrying out previously introduced measures, we investigated and introduced new measures to organize an environment that expands work-style options and enables more flexible work in FY2024. We also introduced other systems that can be used regardless of division or occupation, including an hourly-unit annual leave system, which helps balance work and life by enabling the paid leave that was previously only available to be taken in half-day and full-day increments to be taken in hourly units, and a side-work and second job system as an option for supporting the self-realization and self-led career development of our employees.

Enhanced Systems for Expanding Working Options

Health Management Promotion as the Foundation for Supporting Human Capital

In parallel with our initiatives intended to maximize human capital while changing work styles and behavior, we are also focusing on promoting health management as the foundation for supporting these initiatives. To date, we have provided medical support in the event our employees are injured or become ill at or above the legally mandated level. In FY2024, however, we further strengthened our systems for supporting a balance between work and medical treatment, and organized return-to-work programs for employees who were injured or ill. In addition, as a means of encouraging health in a uniquely NSK way, we have held events to improve diets based on the theme of reducing salt, events to increase opportunities to exercise, and smoking cessation challenges taken by pairs of colleagues. In addition to improving health, these initiatives encourage communication in the workplace and aspire to a form in which employees can actively participate with enjoyment.

Manual for Using Available Programs When Returning to Work Following Medical Leave

Event Themed on Reducing Salt at Plant Cafeterias

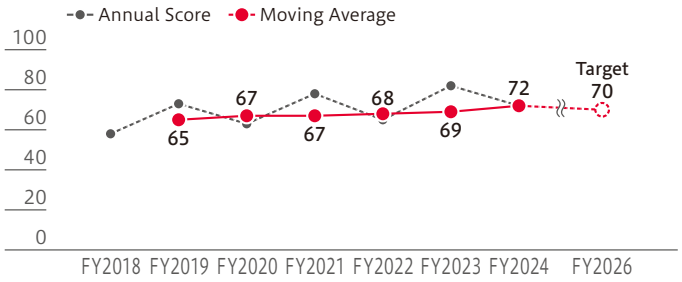
Exercise Event Where Teams Compete Over Step Counts During the Event Period

Toward Maximizing the Value of Human Capital: From the Results of the FY2024 Employee Engagement Survey

We set the target for the global engagement score as a metric regarding the outcomes of realizing the three goals for human capital management. The FY2024 employee engagement survey saw a year-on-year increase of three points in the global engagement score, thereby achieving the target under MTP2026. In particular, and on a global scale, NSK saw positive scores in the categories of "Strategy and Direction" and "Authority and Discretion," and recognized as strengths the link between personal work and corporate goals, and business execution with an understanding of the scope of responsibility.

Meanwhile, in Japan, NSK saw positive scores in the categories of "Authority and Empowerment," "Diversity," and "Corporate Ethics and Compliance," which were recognized as strengths. However, when considering response trends based on the national character and culture of Japan, "Sustainable Engagement" declined in relative terms, and the survey found issues with ownership of the Corporate Philosophy and Our Vision, with experiencing growth opportunities and new movement, and with entrenchment of ownership of the Corporate Philosophy and Our Vision. In light of these survey results, we identified the key drivers that will become important for enhancing "Sustainable Engagement" and specified measures for focusing efforts on these issues in FY2025. We will now begin to implement these measures after conveying a message to the entire Company.

Trends in the Global Engagement Score



Note: The survey is conducted every two years in each geographical region, and the countries surveyed differ each year. The moving average indicates the score calculated as a weighted average of the survey results for the relevant and previous fiscal years. In FY2024, the survey was conducted in every geographical region, so the moving average is the same as the score for both fiscal years.

Key Metric Targets and FY2024 Results for Human Capital

As the outcome metric for "Maximize the Value of Human Capital," the global engagement score is assumed to help enhance our initiatives by aggregating the outcomes of each. Here, we would like to introduce several initiatives from the larger scope that are especially correlated to our three goals for human capital management, including their respective KPIs, the targets for FY2026, and the results for FY2024.

Key Issues and Initiatives	Key Metrics	Scope*1	FY2024 Results	FY2026 Target
● Promoting Diversity, Equity & Inclusion (creating an organization and culture that is inclusive of diverse human resources/values)	● Employee diversity ratio (gender, mid-career hires, nationality) *2*3	Japan	29%	35%
● Support for balancing work and personal life (e.g., childcare, family care, medical treatment)	● Percentage of male employees taking childcare leave*3*4	Japan	89.2%	Maintain at 70% or higher (FY24)
● Introduction/operation of a new personnel system	● Introduction/operation of role-based personnel system (managerial level)	Japan	Fully implemented the new system (introduced for overseas assignments in FY2025)	Entrench an understanding of the system and enhance use/implementation
● Promoting succession planning	● Localization rate for key global posts	Global	72%	Maintain at 70% or higher
● Developing digital human resources	● Number of participants in basic digital talent development program*5	Japan	Approx. 4,200	● Deploy and instill Company-wide ● Develop specialists through practical training
	● Number of participants in intermediate digital talent development program*5		Approx. 1,200	
● Corporate health and wellness	● Certification as Outstanding Health & Productivity Management Organization (White 500) *3	Japan	Certification (Outstanding Health & Productivity Management Organization)	Maintain certification
● Fostering a "look across" culture of mutual safety awareness in workplaces	● Lost-time injury frequency rate*6	Global	0.15	0.10

A company that attracts diverse human resources

A company where diverse human resources can develop and grow their skills and abilities

Safe and healthy workplaces

Maximize the value of our human capital

Global engagement score*

FY2024 (actual) 72

FY2026 (target) 70 (maintain)

*1 Includes some Group companies unless otherwise indicated. *2 Diversity is emphasized at the decision-making level. The ratio is the percentage of diversity at the management and staff levels (equivalent to career-track positions). *3 Scope: NSK Ltd. *4 Calculated based on the Company's standard (leave taken within one year from the date of birth).
*5 Total number of employees attending each program from FY2022 to FY2024 *6 Figures include the steering business