



July 21, 2023

## Notice Regarding Development of Sustainability Linked Bond Framework

NSK is pleased to announce our Sustainability Linked Bond Framework, developed with the aim of contributing to solving environmental issues. The issuance of Sustainability Linked Bonds will be determined separately in consideration of market conditions and other factors.

### 1. Purpose and Background of the Development of the Sustainability Linked Bond Framework

NSK aims to contribute to the development of a sustainable society by creating value through the fusion of its strengths in tribology and digital technology, and to remain a company that is needed, trusted, and relied upon by society. In our Mid-Term Management Plan "MTP2026" covering fiscal 2022 to 2026, we have positioned "Growth with Profitability," "Enhancement of Managerial Resources," and "ESG Management" as our most important management issues tasks, and we are promoting environmental initiatives as part of "ESG management."

In this context, we have set long-term targets and are promoting initiatives to reduce CO2 emissions from our business activities, and to increase our contribution to CO2 emissions reduction through the use of our products and services by our customers. With regard to the reduction of CO2 emissions from our business activities, in MTP2026 we have set a target of virtually zero Scope 1 and Scope 2 CO2 emissions by 2035.

### CO2 Emission Reduction Targets

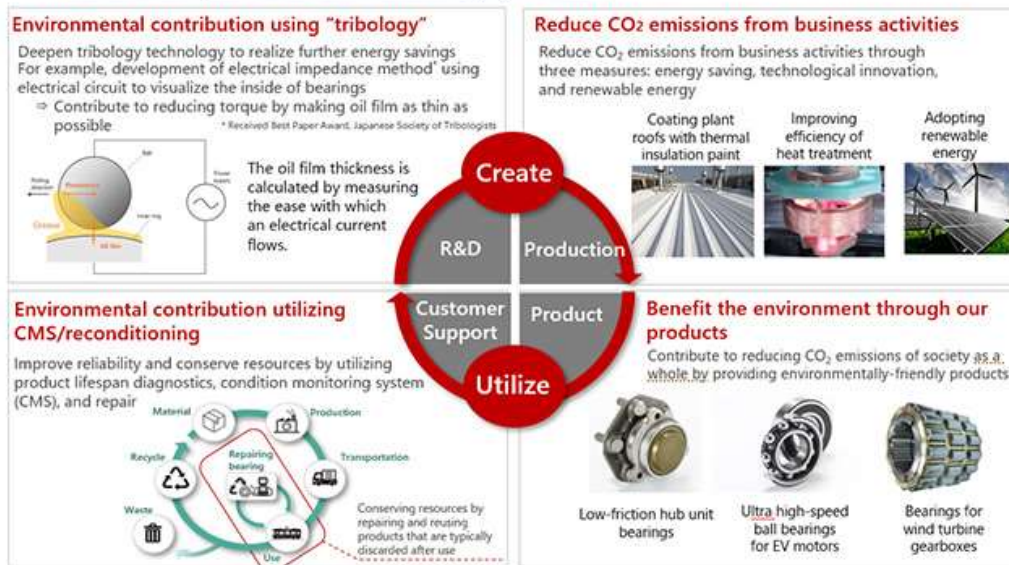
Fiscal 2026: Achieve Scope 1+2 CO2 emissions reduction by 50% (vs. FY2017)

Fiscal 2035: Achieve Scope 1+2 carbon neutrality

## Promoting Carbon Neutrality



- Build a carbon-neutral society through "Create and Utilize" approach
- New target:  
Achieve Scope 1+2 CO<sub>2</sub> -50% compared to FY2017 by FY2026 – MTP2026 milestone  
Achieve Scope 1+2 Carbon Neutrality by FY2035



In order to further promote this initiative, NSK has developed the Framework based on targets to be achieved by FY2026. By accelerating the above efforts through the issuance of Sustainability Linked Bonds, we aim to become carbon neutral and to further ensure our contribution to the development of a sustainable society.

## 2. Sustainability Linked Bond Framework

We have obtained a second-party opinion from *Rating and Investment Information, Inc.* (R&I) on the conformity of the Framework with the "Sustainability-Linked Bond Principles 2023" of the International Capital Market Association (ICMA) and the "Sustainability Linked Bond Guidelines 2022" of Japan's Ministry of the Environment.

In addition, Nomura Securities Co., Ltd. was selected as the structuring agent to support the issuance of the Sustainability Linked Bonds with respect to the development of this framework and the acquisition of the third-party evaluation.

- **Second-party Opinion (R&I)**

<https://www.nsk.com/jp/investors/stockandbond/pdf/ri2307.pdf> (Japanese language only)

- **NSK's Sustainability Linked Bond Framework**

<https://www.nsk.com/jp/investors/stockandbond/pdf/fw2307.pdf> (Japanese language only)

**Notes:**

(1) Sustainability Linked Bonds are bonds whose terms vary depending on whether or not they meet predetermined sustainability/ESG targets. The issuer commits to future sustainability outcomes within an initially defined time horizon. Specifically, it is a financial instrument based on the evaluation of future performance using predetermined key performance indicators (KPI) and sustainability performance targets (SPTs), and the terms of the bond change depending on whether or not the SPTs set as target figures to be achieved with respect to the KPI are achieved. The terms of the bond will change depending on whether or not the SPTs set as target figures to be achieved with respect to the KPI are achieved.

(2) Key Performance Indicator (KPI) is a quantitative indicator used to measure the performance of selected indicators, which is a key evaluation indicator in Sustainability Linked Bonds.

(3) Sustainability Performance Targets (SPTs) are targets based on the issuer's management strategy that determine the terms of issuance of Sustainability Linked Bonds.

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