



MOTION & CONTROL™

NSK

NSK Group

Sustainability Report 2023

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Sustainability at NSK

Sustainability Approach
and System



Materiality



Realizing the World Envisioned
by NSK and the SDGs



Sustainability Approach and System

Sustainability Management

Under its mission statement and management principles, NSK aims to balance its contribution to resolutions for social issues with sustainable growth as a company by creating collaborative value with all stakeholders.

Mission Statement

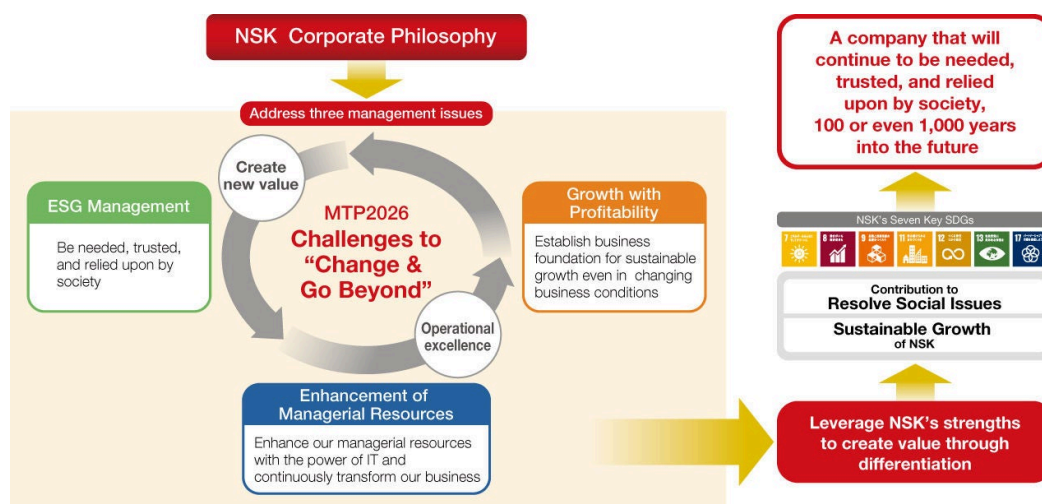
NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™. As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world.

Management Principles

We will:

1. Provide our customers with innovative and responsive solutions through our world leading technologies.
2. Provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality.
3. Identify the needs of the present and future, and meet these needs by being flexible, agile, and dynamic.
4. Contribute to the communities in which we operate.
5. Manage our business from an international perspective and develop a strong presence throughout the world.

Moreover, we have positioned FY2022 to FY2026, the period of the Mid-Term Management Plan 2026 (MTP2026) as a period for rebuilding NSK's corporate foundation for sustainable growth. By undertaking the three key management tasks of "growth with profitability," "enhancement of managerial resources" and "ESG management," NSK aims to contribute to a sustainable world and remain a company that is needed, trusted, and continually chosen by society.



Also, NSK has formulated an SDGs Declaration and has selected seven key goals that are particularly interlinked with our business to contribute the achievement of SDGs by creating collaborative value with our stakeholders. While keeping these seven key goals in mind, the Company has drawn up the Declaration of NSK's Initiatives as strategic initiatives with more clarity.













NSK's SDGs Declaration

In line with our Mission Statement, NSK will work to resolve societal issues by conducting sincere and responsible business operations and achieving innovation in our products and services, in order to help realize a sustainable society. We will uphold the spirit of all 17 SDGs, and have selected seven goals that are particularly interlinked with our business, which we will place priority on tackling.

NSK's Seven Key SDGs



– Seven Primary Sustainable Development Goals Addressed by NSK

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

➤ Realizing the World Envisioned by NSK and the SDGs



Execution System

NSK positions safety, quality, environment, and compliance as core values and gives them highest priority in management decision-making and business activities.

NSK has established a Core Values Committee consisting of the president and related directors. The Core Values Committee identifies company-wide issues and discusses policies for promoting and strengthening the core values and, sharing relevant risks, makes recommendations and monitors progress on solving the issues.

➤ **Please visit [NSK Corporate Governance Structure](#).**

The NSK Group has identified nine material topics as the key sustainability areas on which it should focus its efforts. While living up to its corporate philosophy, the Group aims to contribute to the resolution of social issues with its sustainable growth by addressing these topics.

Material Topic Identification Process

– Step1 Selection of Subjects for Material Topic Assessment

We selected subjects that affect or could affect NSK's sustainable growth and contribution to social issues from both short-term and medium-to-long-term perspectives. Subjects such as product safety, helping to build a carbon-neutral society, and local community development were chosen for material topic analysis. The selection process primarily considered the following inputs.

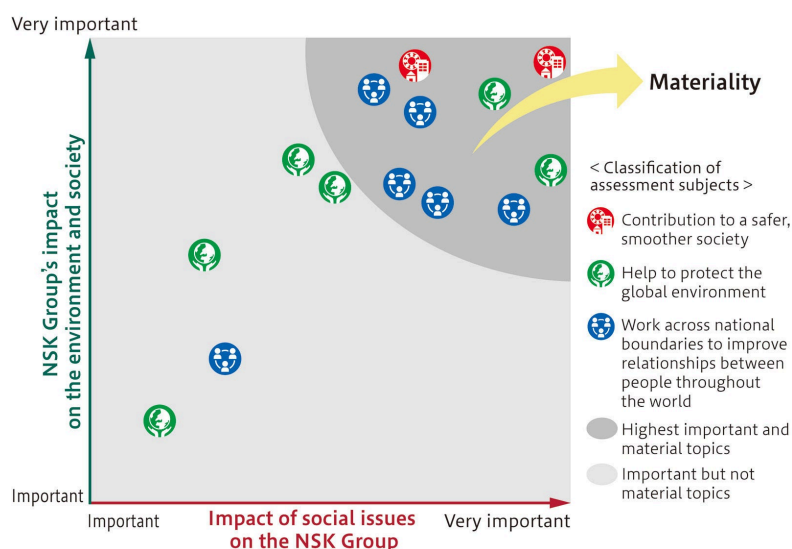
- Standards, questionnaires, etc., reviewed:
 - (1) SDGs, GRI Standards, SASB Standards, ESRS
 - (2) Questionnaires from ESG research organizations
 - (3) Questionnaires/interviews with institutional investors

These assessment subjects align with the commitments to build a “safer, smoother society,” “protect the global environment,” and “improve relationships between people” articulated in NSK's corporate philosophy, as well as the “safety,” “quality,” “environment,” and “compliance” NSK has positioned as core values.* They are also consistent with NSK's SDGs Declaration, initiatives under its Mid-Term Management Plan 2026 (MTP2026), issues identified in annual risk assessments, and activities undertaken with stakeholders such as customers and suppliers.

* Core values: Common value criteria given top priority in management decision-making and actions

– Step2 Identification of Material Topics

Based on the concept of double materiality,* the importance of the assessment subjects was evaluated and mapped from both positive and negative perspectives in terms of the NSK Group's impact on the environment and society (impact materiality) and impact of social issues on the NSK Group (financial impact). The nine subjects with the highest importance were identified as material topics.



* Double materiality: A method of assessing material topics by evaluating not only the impact of changes in the external environment such as social issues on business, but also the impact of a company's activities on external stakeholders, the environment, and society

— Step3 Deliberation by the Operating Committee

The nine identified material topics were finally determined by the CEO after deliberation by the Operating Committee, which is comprised of representatives from the executive divisions. They were then shared throughout the NSK Group via the Officers' Meeting. Material topics will be revised continually based on NSK's management situation, changes in social conditions, changes in stakeholder requests, and other factors.

* The appropriateness of the setting and analysis content of the above identification process has been assessed with insights from an external consultant.

Corporate philosophy	Core values	Material topics	MTP2026 Three key management issues	Initiatives (examples)	SDGs (related goals)
Contribution to a safer, smoother society	Safety Quality Environment Compliance	1. Pursue product safety and reliability	ESG management	● Promote Total Quality No.1 initiatives (NPDS, NQ1, and human resources development)	
		2. Create value by integrating tribology and digital technologies	Enhancement of managerial resources Growth with profitability	● Ultra-stable production ● Bearings & beyond	
Help to protect the global environment		3. Contribute to the establishment of a carbon-neutral society	ESG management	● Reduce CO ₂ emissions ● Reduce energy consumption per unit of sales	
		4. Contribute to the establishment of a sound material-cycle society (conserve and recycle resources)	ESG management	● Promote resource conservation and recycling ● Make smaller, lighter, longer-lasting products	
Work across national boundaries to improve relationships between people throughout the world		5. Respect fundamental rights at work	ESG management	● Ensure compliance with labor laws and regulations ● Respect human rights	
		6. Build a corporate culture of honesty, fairness, and trust	ESG management	● Ensure group-wide understanding of the Corporate Philosophy ● Pursue initiatives to strengthen compliance	
		7. Maximize the value of human capital	Enhancement of managerial resources ESG management	● Develop and support diverse careers; utilize DX ● Improve the working environment (health and safety)	
		8. Implement sustainable supply chain management	Enhancement of managerial resources ESG management	● Improve QCD ● Collaborate on environmental/human rights initiatives, etc.	
		9. Promote regional economic development	Growth with profitability	● Strive for harmony and mutual benefit with communities	

➤ For more information about MTP2026, please click here.

Realizing the World Envisioned by NSK and the SDGs

NSK's SDGs Declaration and Declaration of NSK's Initiatives

**Launch of "Team SDGs"
: Documenting SDG Stories**

NSK Products Making SDG Contributions (SDG Stories)

In-House Activities to Raise Awareness

Our Mission Statement states that "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." The world today faces various social issues. To resolve these issues, they must be addressed not only by international organizations and governments, but also by companies and individuals. At NSK, we believe that helping to solve social issues through our business activities will help us to deliver on our Mission Statement. That is why NSK supports the achievement of the UN Sustainable Development Goals (SDGs).

NSK's SDGs Declaration and Declaration of NSK's Initiatives

NSK respects all 17 of the Sustainable Development Goals. We examined the SDGs closely to find the ones that are particularly relevant to NSK's business, and gradually narrowed down our list until we arrived at seven key goals. We did this while keeping in mind the company's roles and responsibilities as a member of society, as stipulated in our Mission Statement. We also considered contributions that we can make through our main businesses, the industrial machinery and automotive businesses. In deciding these seven goals, we declared our intention to work actively to help achieve the SDGs.



Launch of “Team SDGs”: Documenting SDG Stories

In order to take more concrete steps to deliver on our SDGs Declaration and the Declaration of NSK's Initiatives, we decided to look at the SDG stories of our businesses and products helping to achieve the SDGs. In August 2019, we launched a task force called “Team SDGs” in order to promote SDG activities company-wide. To help identify the stories about SDG contributions made across business and product activities, Team SDGs is composed of a cross-section of NSK team members, including representatives from the core Automotive Business Division HQ and Industrial Machinery Business Division HQ, as well as various departments in charge of technology development, environment, and corporate planning, and CSR. The team members have been taking the lead in considering the stories to highlight from each department.

Process for Documenting Stories

From August 2019 to February 2020, considered SDG story proposals once or twice a month from each department

Exchanged opinions in February 2020 with executive officers who are mentors for each Division HQ

Illustrating SDG contributions using products

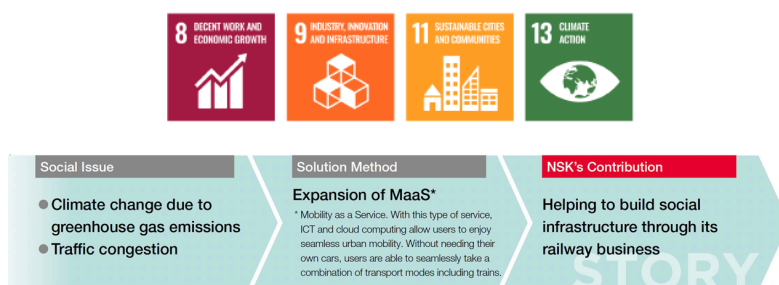
NSK Products Making SDG Contributions (SDG Stories)

Team SDGs has organized NSK business areas and products where SDG contributions can be made. It did this based on global issues such as climate change and the main ways NSK solutions help to solve these issues.

We share some of these products here as examples that are expected to make SDG contributions.

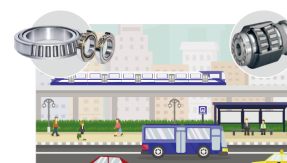
Industrial Machinery Business

Helping to Create Convenient Cities by Promoting Seamless Use of Public Transport



— Through the development and supply of bearings for railway vehicles, we are contributing to the creation of cities where everyone can get around easily.

In recent years, NSK has been providing railway vehicle bearings to China, Europe and other locations, reflecting customer confidence in our considerable technological capabilities. We will continue to support the development of railway infrastructure worldwide by supplying bearings for railway vehicles. Our aim is to help reduce traffic congestion and CO₂ emissions.



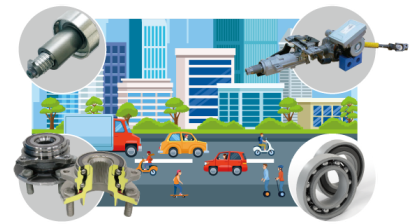
Automotive Business

Helping to Create a Safe, Clean Automotive Society



— By developing and supplying automotive parts that support autonomous driving and electrification, we are helping to reduce greenhouse gas emissions and promote motoring societies with fewer traffic accidents.

We aim to promote more efficient use of energy, limit global warming through traffic congestion reduction, and help realize safer roads with minimal accidents by supplying parts that support the development of autonomous driving and vehicle electrification technologies.



Technology Development

Making Daily Life Safer and More Convenient Through NSK's Robotics/Actuator Business



— NSK has entered robotics as a new field. Our aim is to help create caring societies where robots can provide personal support and assistance to people.

NSK mechatronics technology uses computer-control to further promote the advantages of mechanical component technologies such as bearings and ball screws. Utilizing the knowledge we have amassed in the field of industrial machinery, we aim to help solve the challenges faced by super-aged societies. We are doing this by developing our robotics/actuator business, which promotes safe and comfortable living. This includes care robots to assist people in the healthcare field.



NSK innovation is contributing to the effective use of food oil and the conservation of rivers and oceans



— Utilizing our material technology, we are slowing the deterioration of oil used for frying foods, while helping to protect river and ocean environments.

NSK has developed a food oil deterioration suppression filter by combining paper with additives used to prevent the oxidative deterioration of oil. Since this filter helps prevent food oil deterioration, it allows oil to be used more times before disposal (saving resources). This, in turn, is expected to reduce the amount of used food oil that ends up polluting rivers and oceans. The product is currently being readied for mass production.



In-House Activities to Raise Awareness

Since issuing the SDGs Declaration, our seven key goals, and the Declaration of NSK's Initiatives, we have been working to promote understanding of the SDGs among all NSK employees. We have also created a permanent SDG site on the company intranet with the aim of further promoting SDG initiatives across our business activities. The site strives to raise SDG awareness among NSK employees by providing useful information, such as current trends in SDG activities and actions that individuals can take to help the world achieve the SDGs.

In order to raise SDG awareness among employees at subsidiaries outside Japan and encourage their efforts, we have created an English version of our intranet site to share SDG materials in that language.

Environment

Environmental Management ▶▶

Climate Change Measures ▶▶

Environmentally Friendly Products ▶▶

Resource Conservation and Recycling Measures ▶▶

Reducing Use of Environmentally Harmful Substances ▶▶

Biodiversity Conservation ▶▶

Information Disclosure Based on TCFD Recommendations ▶▶

Environmental Management

NSK's Approach

Policy

System

Targets and Performance

Initiatives

NSK's Approach

A sense of crisis is growing over the advance of global warming and climate change, depletion of resources, chemical pollution of air and water, and loss of biodiversity. All of humanity faces the challenge of learning to live sustainably while protecting the global environment. The NSK Group's Mission Statement declares that NSK "helps protect the global environment." With the environment as one of our core values, we carry out environmental activities to address global issues, contribute to the realization of a sustainable society, and improve our corporate value.

Policy

The NSK Group established the NSK Environmental Policy and the NSK Environmental Code of Conduct in 1997 to reflect its commitment, which spans all of its business operations, to help protect the global environment. In line with this policy, we strive to develop products and services that help reduce environmental impact, and our guiding principle is to practice business operations that seek to reduce environmental impact throughout the value chain. In November 2021, we revised our Environmental Policy in light of growing international attention to environmental issues in recent years and rising expectations for corporate action to address these issues.

NSK Environmental Policy

NSK is determined to contribute to a safer, smoother society and help protect the global environment through its innovative technology integrating Motion & Control™, as declared in the NSK Mission Statement. The entire NSK Group works hard to achieve this mission by setting its own ambitious goals. The Group continues to take on the challenge of maximizing the environmentally protective benefits of its products and minimizing the environmental impact of its business activities. Living up to our aspiration to "Change & Go Beyond," we work hard to achieve our goal of net-zero environmental impact and create the kind of new value that will drive the green society of the future. We are committed to growing sustainably and continuing to be needed, trusted and relied upon by society.

1. Contributing to the Establishment of a Carbon-Neutral Society

We help societies around the world to minimize energy loss by developing advanced technologies in the field of tribology (friction control and lubrication) and constantly improving our products and services. We seek to leverage our technological innovations to make our business carbon-neutral and achieve net-zero greenhouse gas emissions.

2. Contributing to the Establishment of a Sound Material-Cycle Society

We help build a sound material-cycle society that makes the most of the benefits of recycling by developing environmentally friendly products and producing them with as few natural resources and as little energy as possible.

3. Contributing to the Establishment of an Environmentally Symbiotic Society

We work hard to prevent pollution and minimize environmental impact throughout the supply chain to help build an environmentally symbiotic society.

NSK Environmental Code of Conduct

All the officers and employees of the NSK Group are expected to fulfill the NSK Environmental Policy by ensuring their actions are always in accordance with the provisions of the NSK Environmental Code of Conduct.

1. Ensuring Environmental Compliance

We always adhere to relevant environmental laws and regulations in the countries and regions where we operate. We assess the effect of our business activities on the environment and set our own standards and policies, while striving to prevent any pollution of air, water, or soil and minimizing negative environmental impact.

2. Fighting Global Warming and Climate Change

We deliver products and services that help reduce energy loss, contributing to even better energy efficiency. We minimize greenhouse gas emissions across every area of our corporate activities. In addition, we cooperate with our suppliers to minimize greenhouse gas emissions in the supply chain.

3. Conserving Resources and Practicing Recycling Measures

We use water efficiently and procure parts and raw materials with low environmental impact. We make every effort to reduce, reuse and recycle in our production operations, while minimizing both resource inputs and waste.

4. Developing and Popularizing Environmentally Friendly Products

We develop advanced technologies in the field of tribology (friction control and lubrication). We develop, produce, and provide environmentally friendly products that make the most of these technologies, thereby making the greatest possible contribution to environmental protection and social progress.

5. Conserving Biodiversity

We monitor the effect of our business activities on biodiversity, especially in the phases of research and development, procurement, and production. We mitigate the impact of these activities and work to protect biodiversity as a responsible member of the local communities where we operate.

6. Reducing Use of Environmentally Harmful Substances

We properly assess the environmental risks of any potentially harmful substances we must use, and whenever possible we switch to alternatives. We practice rigorous substance management at each phase of our operations, from development and design, to procurement, production, and distribution.

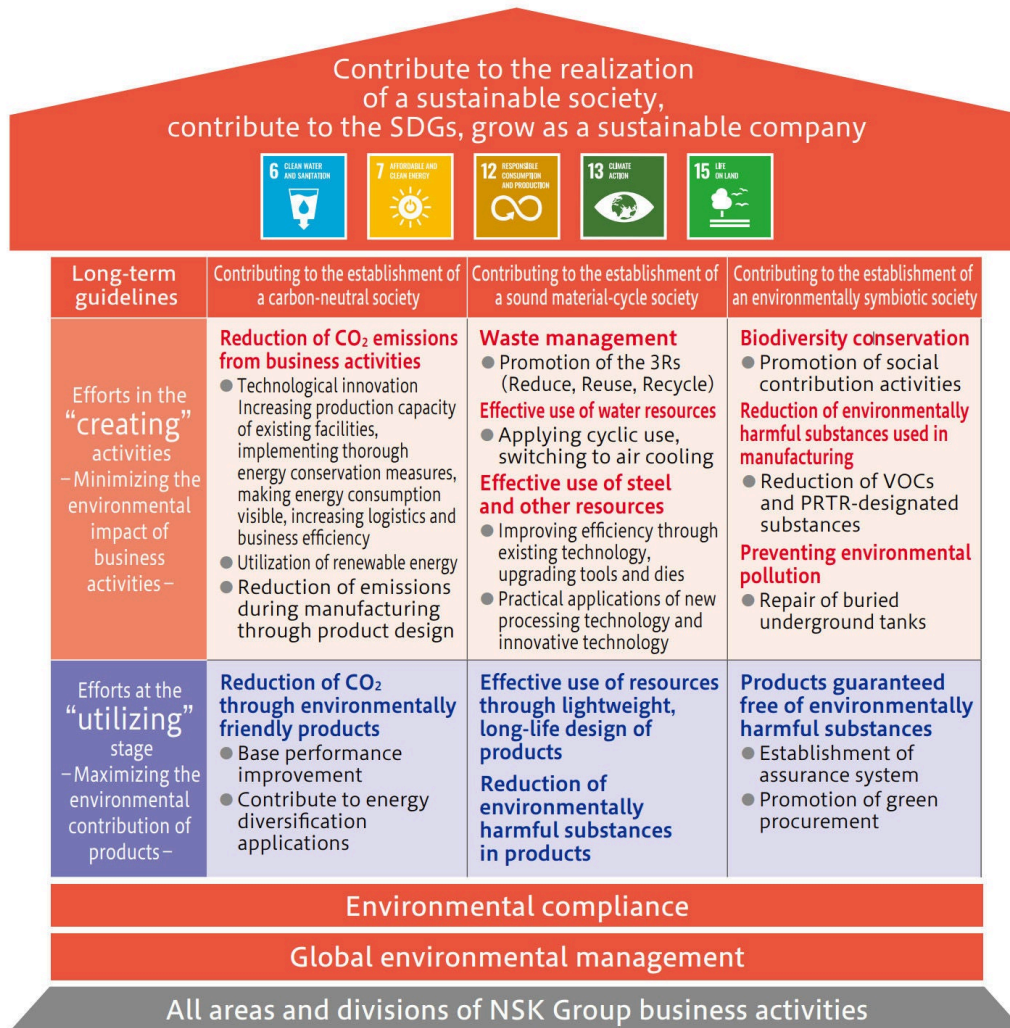
7. Communicating with Stakeholders

We disclose the progress of our environmental management efforts, and we seek to continually improve their effectiveness. We pursue good communication with our stakeholders, including government environmental agencies, local communities, customers, and suppliers.

Established December 12, 1997
Revised November 15, 2021

Envisioning what the NSK Group should look like in 2050, we have formulated a long-term environmental action plan with a target year of FY2026 by back-casting from our vision for the future. With global environmental management and environmental compliance as the foundation, we work hard to help resolve three social issues: the establishment of a carbon-neutral society, the establishment of a sound material-cycle society, and the establishment of an environmentally symbiotic society. By providing products like bearings that reduce energy loss, we will help to reduce society's overall environmental impact, and by reducing the environmental impact of the Group's business activities to net zero, we will support the achievement of the Sustainable Development Goals (SDGs).

— NSK Group Environmental Action Plan



– Environmental Risks and Opportunities

In the effort to build a sustainable world, there are accelerating efforts to develop measures and regulations to reduce CO₂ emissions, encourage resource circulation, and reduce environmentally harmful substances. In line with this, progress is being made in areas such as the electrification of automobiles. Doing its part, the NSK Group identifies and evaluates environmental opportunities and risks in each phase of the value chain and reflects these in its management strategy and environmental action plan to achieve continuous growth.

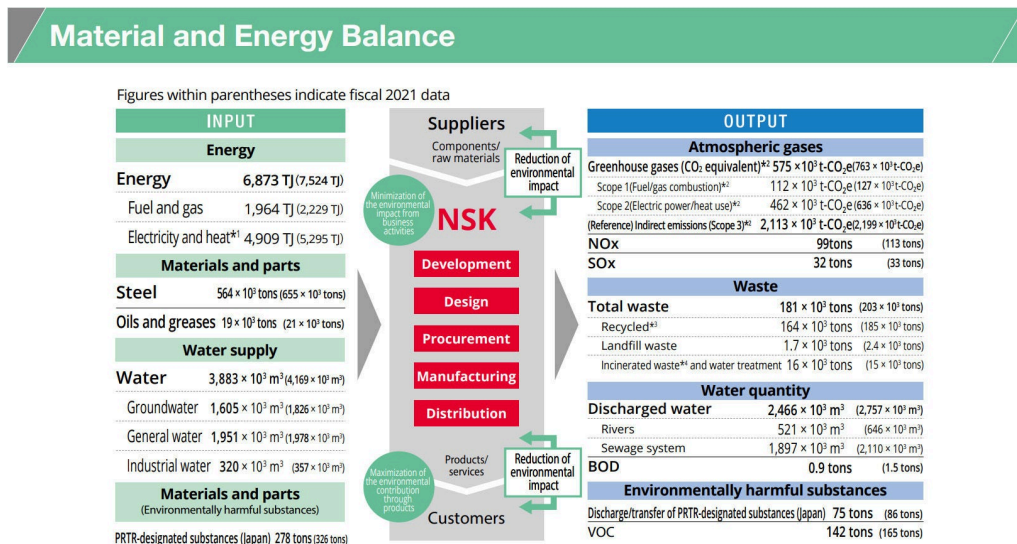
Value Chain	Development and design	Procurement	Manufacturing	Transport	Usage	Disposal/recycling
Relevant Stakeholders	Customers/employees	Suppliers	Employees/partner companies	Transport companies	Customers/society	
Environmental Issues	● Need to help build a carbon-neutral society: Depletion of fossil fuels, progression of global warming and climate change, occurrences of large-scale disasters					
	● Need to help build a sound material-cycle society: Depletion of resources and deterioration of the natural environment due to waste					
	● Need to help build an environmentally symbiotic society: Decline and loss of biodiversity due to climate change, environmentally harmful substances, ocean plastic pollution, etc.					
Opportunities	● Increase market share by commercializing environmentally friendly products ● Increase market share by developing products that do not contain environmentally harmful substances	● Ensure a stable supply of fuel and raw materials by promoting alternatives ● Increase engagement with environmentally friendly suppliers	● Improve environmental efficiency and reduce costs through energy conservation and resource circulation ● Improve environmental efficiency and reduce costs by developing energy-efficient production lines	● Contribute to CO ₂ reductions by improving transport efficiency ● Strengthen engagement with environmentally friendly transport companies	● Expand market share and business opportunities through environmentally friendly products ● Expand efforts to reduce energy loss	● Help reduce disposal costs and environmental impacts by extending product life and improving recycling rates
	● Establish production systems not reliant on fossil fuels					
	● Increase corporate value through environmental protection activities					
Risks	● Inadequate response to environmental requirements	● Environmental impact of resource consumption ● Violating environmental laws and regulations by suppliers ● Supply chain disruption due to severe natural disasters	● Increased cooling costs due to rising temperatures ● Adverse impact on biodiversity from construction and renovation of facilities ● Increased waste disposal costs ● Depletion of fossil fuels	● Disruption of transport networks due to severe natural disasters	● Recalls due to inclusion of restricted substances ● Reduced competitiveness due to products being inferior to competitors' in terms of environmental performance	● Inadequate response to needs related to disposal and recycling of products and packaging materials
	● Delays in producing energy savings and CO ₂ reductions, including at suppliers					
	● Tightening of environmental regulations ● Violating environmental laws and regulations ● Growing calls from stakeholders to address environmental issues					
Main Initiatives	● Develop environmentally friendly products (highly efficient, smaller, lighter, with longer life, and related to renewable energy) ● Develop and design products that do not contain environmentally harmful substances	● Promote green and CSR procurement ● Make raw materials common across products	● Adopt renewable energy ● Reduce and dispose of waste properly ● Reduce usage of and properly manage environmentally harmful substances ● Conduct environmental assessments ● Innovate in production technologies ● Invest in high-efficiency equipment	● Improve distribution efficiency ● Shift to modes of transport with a lower environmental footprint and switch to eco-friendly cars ● Encourage joint transport ● Reduce and reuse packaging	● Maximize reductions in CO ₂ emissions during product use ● Provide information on environmentally harmful substances ● Create environmentally friendly products (highly efficient, smaller, lighter, with longer life, and related to renewable energy)	● Improve recycling rates ● Use biodegradable plastic for packaging materials
	● Undertake energy conservation activities, including with suppliers ● Advance conversion to and use of alternative fuels ● Use recycled materials ● Use resources effectively ● Management based on the NSK List of Environmentally Harmful Substances ● Comply with regulations for environmentally harmful substances					
	● Operate an environmental management system ● Comply with environmental laws and regulations ● Strengthen preparedness for risks from natural disasters with a business continuity plan (BCP) ● Improve environmental education and awareness					
Office Initiatives	● Reduce electricity consumption by promoting no-overtime work styles ● Take advantage of remote conferencing ● Switch to eco-friendly cars, use public transportation, and encourage car sharing					

➤ Information Disclosure Based on TCFD Recommendations

– Material and Energy Balance

The NSK Group works with suppliers to reduce environmental impact via green procurement and other initiatives. We also strive to reduce the environmental impact of our customers and of society as a whole by providing environmentally friendly products.

Input and Output of Global Business Activities (FY2021 and 2022)



*1 Energy usage accounted for by purchased electricity is the total amount of the NSK Group's electricity usage.

*2 Total greenhouse gas emissions (CO₂ equivalent) are obtained by multiplying each type of gas by its global warming coefficient. Emission factors for electricity are variable market standards. These emission factors, which change every year, are published by power companies with which we have contracts, or are given in the International Energy Agency's CO₂ Emissions from Fuel Combustion. The amount of greenhouse gas emissions for Scope 1 to 3 are calculated based on GHG Protocol calculation standards.

*3 Including incinerated with heat recovery.

*4 Excluding incinerated with heat recovery.

System

– Environmental Promotion System

Each department implements various measures to achieve NSK's environmental action plan and continuously monitors and evaluates its progress.

Initiatives related to the environment are regularly reported to the Core Values Committee. The Committee discusses policies to strengthen activities related to the environment, which is one of NSK's core values, and considers related risks, so that it can suggest improvements to address issues. In particular, climate change-related matters are singled out from among environmental initiatives and are regularly reported to the Operating Committee and other committees by the Carbon Neutrality Department. This process facilitates discussions and resolutions on strategies, policies, and targets, as well as shared consideration of risks. Especially important measures undergo deliberations by the Operating Committee before being submitted to the Board of Directors. The Board of Directors oversees the NSK Group's environmental issues by approving or rejecting and commenting on reports and proposals from the Operating Committee.

*For more information on the Core Values Committee, please visit [NSK's Corporate Governance Structure](#).

Targets and Performance

— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

MTP2026 targets			FY2022 targets	FY2022 performance	FY2023 targets
Environmental management	Maintain ISO 14001 certification at all subject sites		Maintain ISO 14001 certification at all subject sites	Maintained at all subject sites	Maintain ISO 14001 certification at all subject sites
	Obtain ISO 14001 certification within 3 years of starting full-scale operations at a site		No applicable site	—	Obtain ISO 14001 certification within 3 years of starting full-scale operations at a site
	No serious violations of environmental laws and regulations		No serious violations of environmental laws and regulations	No serious violations of environmental laws and regulations	No serious violations of environmental laws and regulations
	No serious incidents of environmental pollution		No serious incidents of environmental pollution	No serious incidents of environmental pollution	No serious incidents of environmental pollution
Creating environmentally friendly products	Create environmentally friendly products with a Neco score of 1.2 or higher (ongoing)		Continue with new developments (Develop 1 or more environmentally friendly products)	Developed 4 environmentally friendly products (total 243 products)	Continue with new developments (Develop 1 or more environmentally friendly products)
	Avoid at least 3 million t-CO ₂ emissions during the use of NSK products		2.60 million t-CO ₂	2.29 million t-CO ₂	2.47 million t-CO ₂
Climate change measures	Manufacturing, technology, offices	CO ₂ emissions*: 50% reduction from FY2017	26.6% reduction from FY2017	43.6% reduction from FY2017	45.0% reduction from FY2017
		Energy usage per unit of sales: 10% reduction from FY2017	5.0% reduction from FY2017	4.9% reduction from FY2017	6.0% reduction from FY2017
	Distribution (Japan)	CO ₂ emissions by transport volume: Continue to reduce by 1% year on year	Below 4% (base year FY2017) (1% reduction from FY2021)	0.5% (base year FY2017) (Reduced by 4.3% from FY2021)	Below -0.5% (base year FY2017) (1% reduction from FY2022)

MTP2026 targets			FY2022 targets	FY2022 performance	FY2023 targets
Resource conservation and recycling measures	Manufacturing, technology, offices	Industrial waste per unit of sales: Continue to reduce by 1% year on year	Below 7.4% (base year FY2017) (1% reduction from FY2021)	-5.8% (base year FY2017) (Reduced by 13.2% from FY2021)	Below -6.8% (base year FY2017) (1% reduction from FY2022)
		Maintain a recycling rate of at least 99%	99% or higher	99.0%	99% or higher
		Water withdrawal per unit of sales: 9% reduction from FY2017	Below -5% (base year FY2017)	-10.4% (base year FY2017)	Below -6% (base year FY2017)
	Distribution (Japan)	Packaging waste per production unit: 14% reduction from FY2021	Below -6% (base year FY2021)	-8.5% (base year FY2021)	Below -10% (base year FY2021)
Reducing use of environmentally harmful substances	Development and design, procurement, manufacturing	Full response to the 10 EU RoHS2 substances	Full response	Ensured full response in newly developed products Continued efforts to completely eliminate harmful substances in manufacturing processes	Full response
	Procurement	Conduct survey regarding inclusion of substances on the NSK List of Environmentally Harmful Substances	Conduct supplier audits of the management systems for environmentally harmful substances	Continued to conduct supplier audits and take corrective actions	Conduct supplier audits of the management systems for environmentally harmful substances
			Obtain responses from all target suppliers	Continued to obtain responses from all target suppliers	Obtain responses from all target suppliers
	Manufacturing (Japan)	Handling of PRTR-designated substances per unit of sales: Continue to reduce by 1% year on year	Below -1% (base year FY2021)	-10.9% (base year FY2021)	Below -1% (base year FY2022)
Biodiversity conservation	Identify the factors in operations that could have a negative impact on biodiversity		Continue activities	Continued activities	Continue activities
	Expand social contribution activities related to biodiversity conservation		Continue activities	Initiated new <i>satoyama</i> conservation activities in Shizuoka Prefecture	Continue activities
	Educate to deepen employee awareness of issues		Continue activities	Continued activities	Continue activities

* Greenhouse gas emissions (CO₂ equivalent) are calculated by multiplying emissions from use of an amount of electricity, fuel, etc., by its respective global warming coefficient. In Japan, the global warming coefficients used are given in the Ministry of the Environment's and the Ministry of Economy, Trade and Industry's Greenhouse Gas Emission Calculation and Reporting Manual. Outside Japan, the global warming coefficients used are released by electricity providers or given in the International Energy Agency's CO₂ Emissions from Fuel Combustion.

Initiatives

— Global Environmental Management

Acquiring and Maintaining Environmental Management Certification

The NSK Group implements the PDCA cycle for environmental management at all sites. Environmental initiatives are important at sites involved in development, design, manufacturing, and distribution because these processes have especially large environmental impacts. We require these sites to obtain external ISO 14001 certification—the international standard for environmental management systems—within three years of full-scale operation, such as the start of mass production. We increase the effectiveness of our management system globally to ensure continuous improvement, obtaining certifications for each site and undergoing regular reviews by third-party organizations.

➤ Certification for Environmental and Occupational Health and Safety Management Systems

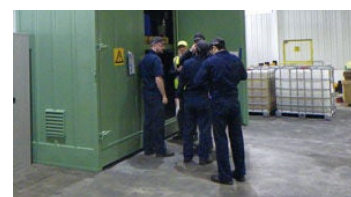
— Environmental Compliance

Environmental Compliance

In addition to compliance with environment-related laws and regulations, the NSK Group does more than merely comply with environmental laws; we adhere to rigorous internal standards that go beyond legal obligations to prevent air and water pollution. In the event of an accident or legal violation that has an impact on the external environment, we promptly report the matter to administrative authorities, investigate the cause, and implement measures to prevent recurrence.

Environmental Audits

Regular internal audits and third-party audits are conducted at each site around the world. Additionally, the NSK Head Office's environment-related divisions and regional headquarters conduct audits designed to prevent oil leakages and spills, ensure compliance with environmental laws, and properly manage waste and environmentally harmful substances.



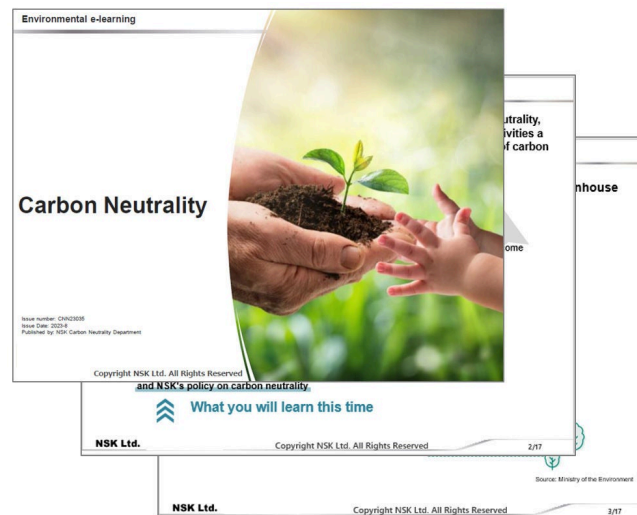
Environmental audit (Europe)

Remediating Soil and Groundwater Pollution

The NSK Group completely eliminated the use of chlorinated organic solvents by FY2003. However, we are continuing to clean up six sites where past use has left traces of contamination in soil and groundwater. We regularly monitor groundwater and report our progress to agencies.

Environmental Education and Training

The NSK Group recognizes that the key to increasing the effectiveness of environmental protection initiatives is for every employee to perform their daily work based on sound knowledge. This is why we constantly work to raise employees' environmental awareness and provide rank-based training to deepen knowledge. This consists of general environmental training for all new employees, environmental e-learning focused on different themes and conducted several times a year for all employees, and training tailored to different objectives for the environmental managers in each department.



Excerpt from "Carbon Neutrality" e-learning program

NSK's Approach

Targets and Performance

Initiatives

NSK's Approach

– Promoting CO₂ Emissions Reductions through “Create” and “Utilize” Approach

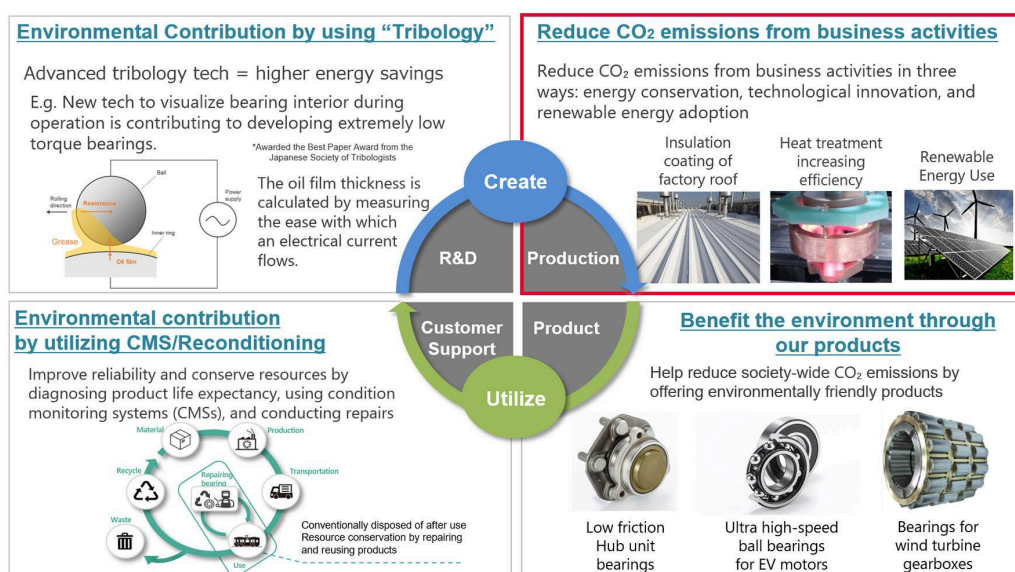
As part of its response to the urgent issue of climate change, the NSK Group is helping to realize a sustainable society by implementing initiatives that go beyond its own activities and take into consideration the entire lifecycle of its products.

The NSK Group aims to contribute to the realization of a carbon neutral society by working to reduce CO₂ emissions in both the “create” and “utilize” stages of its products. This includes enhancing product performance, promoting energy savings and technological innovations in the production process, and expanding the use of renewable energy. We are also intensifying efforts to reduce CO₂ emissions in logistics and offices, with the goal of minimizing CO₂ emissions across all business activities.

- This page explains CO₂ emissions reductions in production. For information on contributing to CO₂ emissions reductions through products and services, please see the page on Environmentally Friendly Products.

Environmentally Friendly Products

Information Disclosure Based on TCFD Recommendations



Targets and Performance

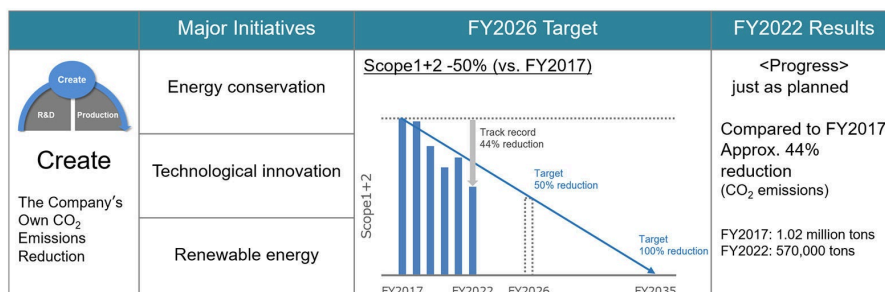
— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

MTP2026 targets		FY2022 targets	FY2022 performance	Initiatives	FY2023 targets
Manufacturing, technology, offices	CO ₂ emissions:* 50% reduction from FY2017	26.6% reduction from FY2017	43.6% reduction from FY2017	(1) Production technology innovation <ul style="list-style-type: none"> Improved production efficiency with ultra-stable production Adopted high-efficiency induction heat treatment (2) Promotion of energy savings and fuel conversion <ul style="list-style-type: none"> Visualized energy use Converted fuel for air-conditioning equipment Upgraded to high-efficiency compressors Repainted plant roofs with thermal insulation paint Reduced gas usage Switched to LED lighting 	45.0% reduction from FY2017
	Energy usage per unit of sales: 10% reduction from FY2017	5.0% reduction from FY2017	4.9% reduction from FY2017	(3) Expanded adoption of renewable energy <ul style="list-style-type: none"> Switched to 100% CO₂-free electricity at production sites in Europe Accelerated switch to CO₂-free electricity in other countries, as well Expanded introduction of solar power generation facilities in China, Japan, and elsewhere (4) Mechanisms to promote measures <ul style="list-style-type: none"> Facilitated activities by conducting NSK Group-wide and global cross-functional meetings Considered adoption of internal carbon pricing Incorporated CO₂ emissions reductions into evaluation items for executive officer short-term performance-based remuneration and promoted relevant activities 	6.0% reduction from FY2017
Distribution (Japan)	CO ₂ emissions by transport volume: Continue to reduce by 1% year on year	Below 4% (base year FY2017) (1% reduction from FY2021)	0.5% (base year FY2017) (Reduced by 4.3% from FY2021)	<ul style="list-style-type: none"> Improved loading efficiency Reduced transportation distances by revising routes Modal shift 	Below -0.5% (base year FY2017) (1% reduction from FY2022)

* Greenhouse gas emissions (CO₂ equivalent) are calculated by multiplying emissions from use of an amount of electricity, fuel, etc., by its respective global warming coefficient. In Japan, the global warming coefficients used are given in the Ministry of the Environment's and the Ministry of Economy, Trade and Industry's Greenhouse Gas Emission Calculation and Reporting Manual. Outside Japan, the global warming coefficients used are released by electricity providers or given in the International Energy Agency's CO₂ Emissions from Fuel Combustion.

– CO₂ Reduction Targets and Progress

- Aim to reduce Scope 1 and 2 CO₂ emissions by 50% by FY2026 from FY2017 levels.
- Aim to achieve carbon neutrality for Scope 1 and 2 by FY2035.
- Additionally, aim to work to reduce Scope 3 CO₂ emissions, which include the upstream supply chain, and contribute to the goal set by global society of net zero CO₂ emissions by FY2050.



Initiatives

– Initiatives on “Create” Approach

Energy Saving Initiatives

We are working on improving air conditioning efficiency by introducing high-efficiency equipment and applying thermal insulation paint, reducing air usage, and advancing energy management through visualization of production energy.

- **Improving Air-Conditioning Efficiency**
At NSK's plants, we are improving the energy efficiency of air conditioning systems by switching the heat source from gas to electricity, and by changing from shielding paint to thermal insulation paint, we are improving air conditioning efficiency in both summer and winter.
- **Visualizing Energy Usage**
At Suzhou NSK Bearings Co., Ltd. in China, we are assessing the energy efficiency of production lines and equipment, discovering and reducing wastage by correlating the electricity usage and operational status of each line and piece of equipment. At the NSK Saitama Plant in Japan, we are developing a new system that is even more advanced. In addition to electricity, we are also working to visualize the usage of air and fuel gas.
- **Coating Plant Roofs with Thermal Insulation Paint**
Coating plant roofs with thermal insulation paint not only reduces radiant heat caused by sunlight in summer but also prevents heat loss in winter. Since it has proved effective after application at NSK Saitama Plant, we are in the process of rolling it out to the Fukushima Plant and other plants. We also plan to apply this coating to the exterior walls of heat treatment furnaces to improve the work environment and reduce the risk of burns.



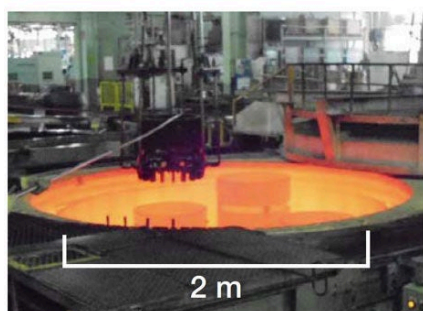
Thermal insulation paint on the roof of the Saitama Plant

Technological Innovation

● Adopting High-Frequency Induction Heat Treatment

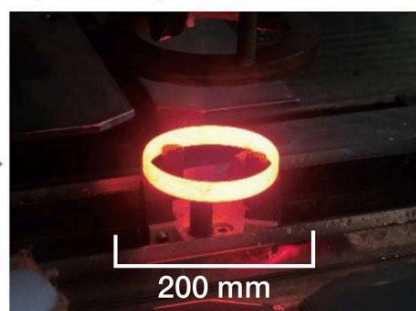
The heat treatment process accounts for 22% of the NSK Group's total energy consumption. Since high-frequency induction heat treatment only heats the target part, without heating the entire conventional furnace, we expect it to reduce energy consumption significantly and make a substantial contribution to reducing Scope 1 emissions. We have already introduced this method at the NSK Ishibe Plant, and we are gradually rolling it out to more products and other plants.

Conventional heat treatment furnace



Heating the entire furnace

High-frequency induction heat treatment



Heating the target part only

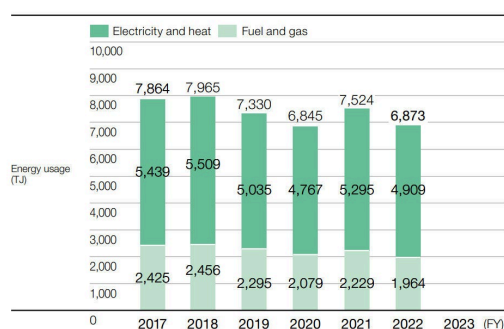
We will also work to reduce CO₂ emissions by improving productivity through the use of digital technology and other means to super-stabilize production.

Introduction of Renewable Energy

In Europe, a leading region in renewable energy, we have switched to 100% CO₂-free electricity at all production sites. We are also accelerating its adoption in Japan. Additionally, we are gradually expanding the installation of solar power generation equipment at our production sites and offices worldwide.

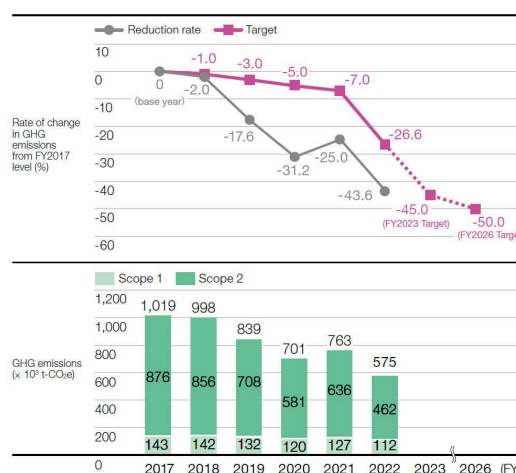
— Energy Usage and CO₂ Emissions

Energy Usage (Global)



We are taking thorough steps to reduce energy usage, for instance, improving the insulation of plant buildings, improving air conditioning equipment efficiency, implementing energy conservation measures on production equipment. We are also switching the purchase of electricity to power derived from renewable energy sources.

GHG Emissions and Emissions per Unit of Sales (Global)



We reduced GHG emissions in FY2022 to 43.6% of the FY2017 level through energy conservation measures and a switch to renewable energy.

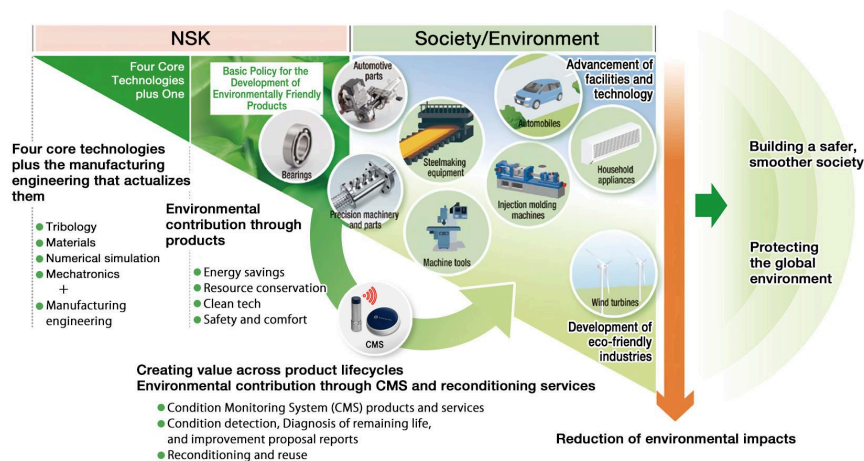
Manufacturing Philosophy

Indicators for NSK Environmentally Friendly Products

Manufacturing Philosophy

— Aiming to Contribute to a Smoother, Safer Society and Help Protect the Global Environment through Product Manufacturing

The NSK Group strives to contribute to a safer, smoother society and help protect the global environment, as indicated in its Mission Statement. To achieve this, NSK is developing environmentally friendly products and technologies in line with our “Basic Policy for the Development of Environmentally Friendly Products” by making full use of our Four Core Technologies plus One: tribology, materials, numerical simulation and mechatronics, plus manufacturing engineering. The more NSK products are used around the world, the more we can help improve the performance of machinery and spur the development of environmentally friendly industry. Furthermore, by deploying and providing our condition monitoring system (CMS) and related services, we will create more value over the product lifecycle and reduce the ecological footprint of society as a whole.

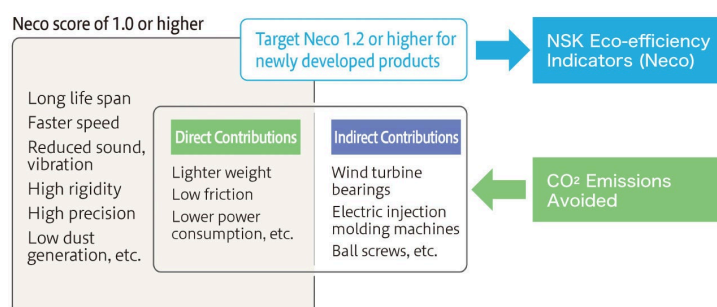


— Basic Policy for the Development of Environmentally Friendly Products

1. Each product should contribute toward the energy and resource conservation of the machine in which it is installed.
2. The amount of energy and resources required during product manufacturing should be minimal.
3. Environmentally harmful substances should not be used in products or manufacturing processes.
4. Products should contribute to the health and safety of end users by having low levels of vibration, noise, and dust emissions.

Indicators for NSK Environmentally Friendly Products

NSK's products are incorporated into automobiles and industrial machinery to control friction and reduce energy consumption. This leads to lower environmental impact, for instance by reducing customers' CO₂ emissions when "utilizing" the products. We have defined two indicators, the NSK Eco-efficiency Indicator (Neco) and avoided CO₂ emissions, using them as guides in our efforts to maximize the environmental contribution of our products.

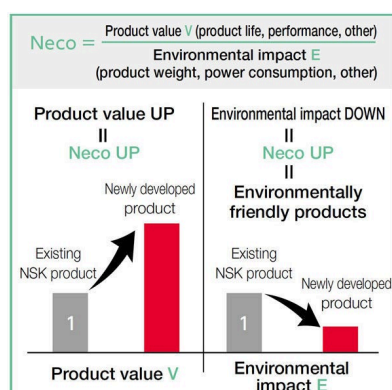


– NSK Eco-efficiency Indicator (Neco)

NSK has introduced the Neco score as a unique quantitative metric to comprehensively evaluate environmental contributions at the product development stage.

The Neco score is a numerical value obtained by dividing the product value V by the environmental impact E, which represents in numerical form the degree of improvement over the conventional product with a value of 1. The numerator, product value V, represents parameters that should be improved, such as service life, accuracy, and allowable rotation speed. The denominator, environmental impact E, represents assessment parameters that should be reduced, such as product weight, power consumption, and frictional loss. The larger the product value V and the smaller the environmental impact E, the larger the Neco score, indicating a more environmentally friendly product.

For example, with a bearing, the longer its service life when compared to an existing products, the better its ability to withstand high-speed rotation, the lighter and more compact that bearing is, and the lower the friction loss, the higher its Neco value will be, and that bearing will be assessed as an environmentally friendly product. We are working to develop new products with a Neco score of 1.2 or higher.

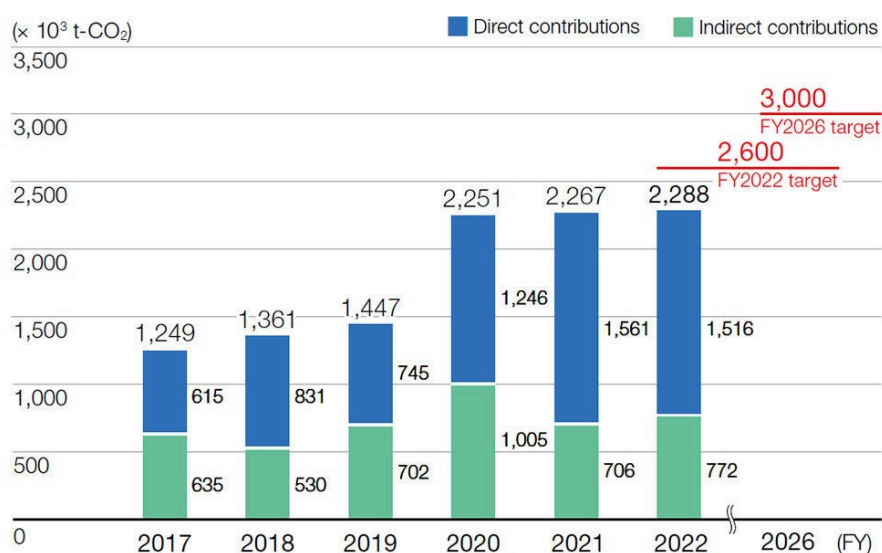


➤ Achievements in the Development of Environmentally Friendly Products with a Neco Score of 1.2 or Higher

— Avoided CO₂ Emissions

NSK's initiatives to avoid CO₂ emissions in the “utilize” stage fall into two categories: direct contributions and indirect contributions. In FY2022, total avoided emissions in both categories were 2.29 million tons. NSK will continue to strengthen these initiatives with the aim of delivering over 3 million tons of avoided emissions by FY2026, thereby contributing to the reduction of CO₂ emissions across society as a whole.

CO₂ Emissions Avoided through Products



In FY2022, the indirect contributions from bearings for wind turbines was 772 thousand t-CO₂, an increase of 66 thousand t-CO₂ from FY2021, while the direct contribution from low torque bearings decreased by 45 thousand t-CO₂ from FY2021, resulting in a total of 2,288 thousand t-CO₂.

Concepts for Products Helping to Avoid CO₂ Emissions at the “Utilize” stage

Category	Contribution concept	Examples of contributions to CO ₂ reduction
Direct Contributions	Direct contributions to CO ₂ emissions reduction through individual NSK product performance	<ul style="list-style-type: none"> Reducing friction loss Downsizing through longer life Smaller size and less weight
Indirect Contributions	Indirect contributions through CO ₂ emissions avoided by incorporating NSK products into customer equipment and facilities	<ul style="list-style-type: none"> Responding to the shift from hydraulics to electrification Responding to the spread of renewable energies Developing new environmentally friendly products

— Direct Contributions

In this area, NSK products contribute directly to reducing energy loss in machinery. We continually strive to improve the base performance of our existing products, for instance by developing bearings that reduce even more friction. This contribution is calculated using the formula shown below.

$\text{CO}_2 \text{ emissions avoided (product basis)} = \Delta \text{PCO}_2 \times \text{Annual uptime} \times \text{Duration of use} \times \text{Product sales volume}$

ΔPCO_2 : CO_2 emissions avoided per unit of time product is used (CO_2/hour)

Annual uptime: Time a product is in operation per year (hours/year)

Duration of use: How long a product is used (years)

Product sales volume: Sales volume of the product in the fiscal year

Note: The Japan Bearing Industry Association formulated guidelines.

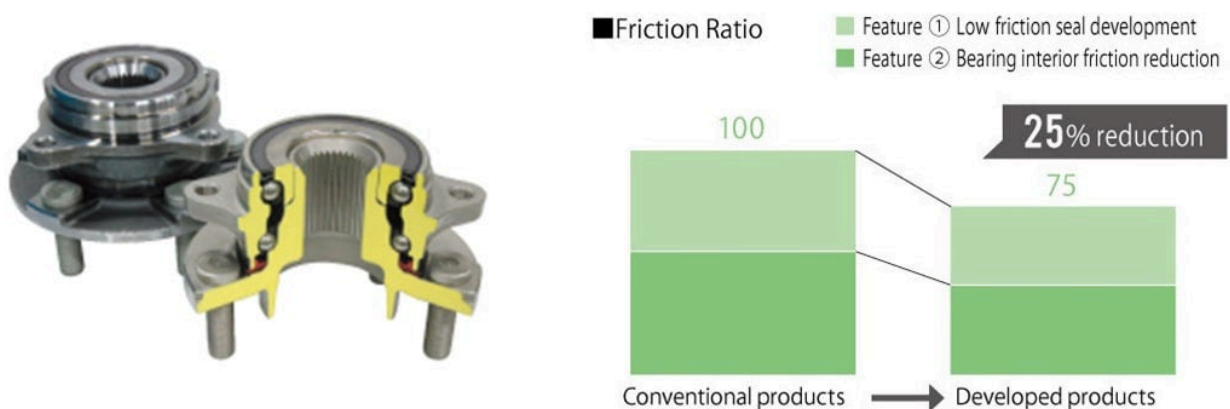
Example: Low Friction Hub Unit Bearings

Hub unit bearings are often used in harsh environments in the field. So they must be equipped with seals to prevent mud and water from getting inside. In order to achieve low friction, therefore, we must reduce friction not only inside the bearing but with the seals. In general, there are trade-offs between low friction and bearing function (durability, rigidity, sealing, etc.). Because of these trade-offs, simply reducing friction can damage the reliability of the bearings in the field.

By optimizing internal bearing design, selecting the optimal grease, and developing low friction seals, NSK has developed a Low Friction Hub Unit Bearing that delivers 25% lower friction while maintaining the field reliability required.

Example Low friction hub unit bearings

Realizing low friction while maintaining high reliability in the market



— Indirect Contributions

In this area, NSK products contribute indirectly by being incorporated into devices such as wind turbines and electric injection molding machines (which have motorized hydraulics). Guidelines have been established based on the disclosed contribution rate of bearings in the wind power generation field. The contribution is calculated using the formula below.

$\text{CO}_2 \text{ emissions avoided (equipment basis)} = \Delta \text{PCO}_2 \times \text{Annual uptime} \times \text{Duration of use} \times \text{Contribution rate} \times \text{Penetration (sales volume)}$

ΔPCO_2 : CO_2 emissions avoided per unit of time equipment is used (CO_2/hour)

Annual uptime: Time that equipment is in operation per year (hours/year)

Duration of use: How long equipment is used (years)

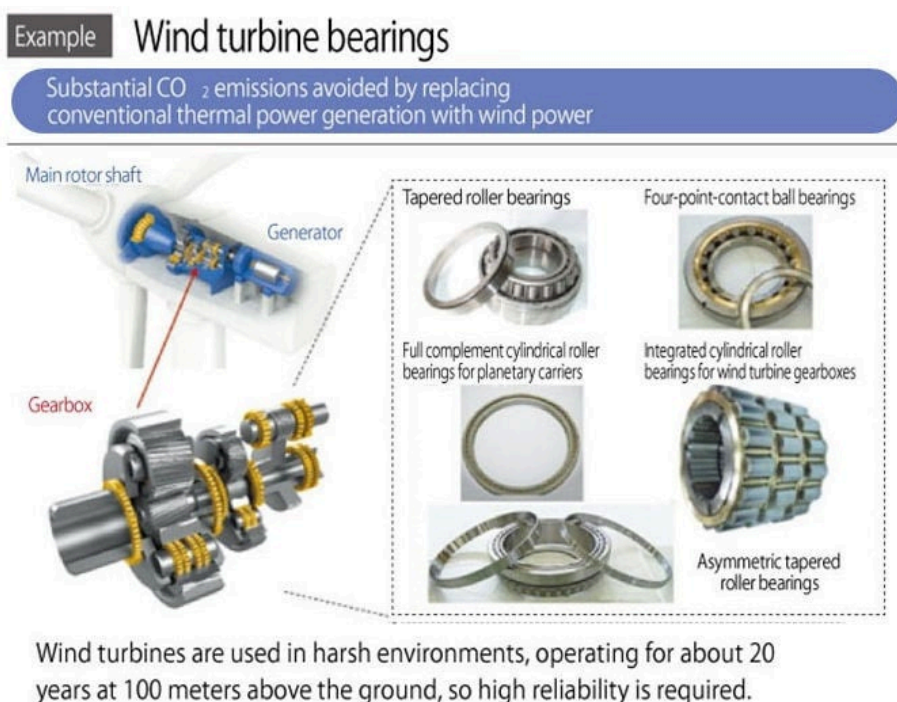
Contribution rate: Rate of contribution of NSK products to the equipment (%)

Product penetration (sales volume) : Penetration (sales volume) of the product in the fiscal year

Example: Bearings for Wind Turbines

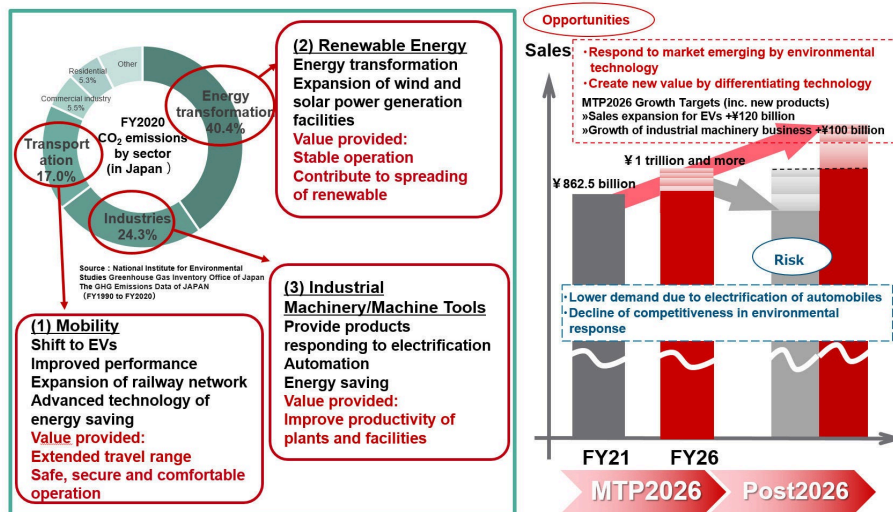
NSK provides bearings used in the gearbox that affect the performance of a wind turbine. This contributes to the spread of renewable energy.

Bearings for wind turbines must be exceptionally reliable. Windmills are designed to operate for 20 years, and it is difficult to replace parts if problems occur. This is why advanced computer-based numerical simulation, extensive expertise in materials and heat treatment, and technology for testing and evaluating full-size bearings are required. NSK is a leader in the bearing industry in all of these areas.



— Contributing to a Decarbonized Society





NSK views contributing to a decarbonized society as an opportunity for profitable growth and is focusing on markets that are expected to see growth, particularly in the fields of mobility, renewable energy, and industrial machinery/machine tools. NSK aims to achieve sustainable growth by developing products that leverage its strengths in areas like precision bearings, precision ball screws, and automotive components for electric vehicles and by expanding sales in highly profitable market.



Example: Environmental Contribution through Automotive Electrification

Automotive electrification is indispensable to achieving carbon neutrality. Under MTP2026, NSK has set a new sales promotion plan for electric vehicle components and will seek to differentiate its technology and expand its business by offering a new product, ball screws for electro-hydraulic brake systems.

Strategy and progress of the Automotive Business : **NSK Report 2023**

Support for EVs	Railways
 <p>Ball screws for electric-hydraulic brake systems</p> <p>Ultra-high-speed ball bearings</p>  <p>Single pinion EPS for EVs</p>  <p>Low-friction hub unit bearings</p> <p>Ceramic ball bearings</p>	<p>Vibrator control actuator for railcars</p>  <p>Wheelset bearings</p>
<p>Differentiation: Reduced friction, Reduced size and weight, High-durability, High output, High-speed, Low noise Value provided: Extended travel range of EVs</p>	<p>Differentiation: Low noise/vibration control, Reduced friction, High-durability Value provided: Safe and secure operation, Comfortable ride</p>

Achievements in the Development of Environmentally Friendly Products with a Neco Score of 1.2 or Higher

FY2022: Four Products

Eco-friendly product	NSK technology	Customer benefits	Neco
Ball Screws for Next-Generation High-Accuracy Machine Tools	<ul style="list-style-type: none"> Reduced friction fluctuations when the ball screw reverses direction of motion Reduced friction fluctuations 	<ul style="list-style-type: none"> Improved productivity Energy savings 	1.25
J-Type ROBUSTDYNA™ Bearings for Machine Tool Spindles, Ideal for Heavy Cutting and High-Speed Applications	<ul style="list-style-type: none"> Improved load capacity Extended service life 	<ul style="list-style-type: none"> Improved productivity Long-term stable operation 	2.70
ROBUSTGRD™ Seizure-Resistant Grease for Machine Tool Spindle Bearings	<ul style="list-style-type: none"> Improved seizure resistance Improved oil film retention capability when coolant penetrates 	<ul style="list-style-type: none"> Improved productivity Long-term stable operation 	3.61
NSK Feed Drive Adjuster, a ball screw feed drive	<ul style="list-style-type: none"> Shaft end support tracks dimensional changes of the ball screw due to temperature changes, maintaining appropriate rigidity 	<ul style="list-style-type: none"> Improved productivity Energy savings 	1.34

FY2021: One product

Eco-friendly product	NSK technology	Customer benefits	Neco
Super-Long Life for High-Load Drive Ball Screws	<ul style="list-style-type: none"> Optimization of load distribution Long life span 	<ul style="list-style-type: none"> Electrification of industrial machinery Improved productivity Resource conservation through downsizing of machinery 	1.30

FY2020: Six products

Eco-friendly product	NSK technology	Customer benefits	Neco
Low Friction Hub Unit Bearings for EV	<ul style="list-style-type: none"> Improved base oil and thickener Reduced friction 	<ul style="list-style-type: none"> Improved fuel economy (energy efficiency) Extended travel range 	1.24
Technology to Reduce Machine Tool Quadrant Glitches in Circular Interpolation Motion by Stabilizing Friction in Ball Screws	<ul style="list-style-type: none"> Reduced frictional variation when the ball screw reverses direction of motion 	<ul style="list-style-type: none"> Energy savings Improved productivity 	1.48
ROBUSTDYNA™ Ultra-High Speed High Load Capacity Angular Contact Ball Bearings	<ul style="list-style-type: none"> High load capacity High impact resistance Ultra-high speed performance 	<ul style="list-style-type: none"> Long-term stable operation Improved productivity 	1.52
New Machine Tool Spindle Bearing Technology	<ul style="list-style-type: none"> Significant reduction of grease run-in time Lower temperature rise under oil-air lubrication High reliability roller-guided cage 	<ul style="list-style-type: none"> Improved productivity High-reliability 	1.32
Long Life Series DH/DS NSK Linear Guides™	<ul style="list-style-type: none"> Application of TF “Tough” Technology Long life span 	<ul style="list-style-type: none"> Improved productivity Energy savings 	1.23
World's Fastest Ball Bearing for EV Motors (Gen 3)	<ul style="list-style-type: none"> Designed resin cage with new shape by applying topology optimization technology and simulation technology Adopted proprietary NSK grease for superior seizure resistance Adopted high rigidity resin material for cage 	<ul style="list-style-type: none"> Smaller and lighter Extended travel range Improved fuel economy (energy efficiency) 	1.51

FY2019: Six products

Eco-friendly product	NSK technology	Customer benefits	Neco
<p>For automobiles</p> <p>Anti-Fretting Grease for Wear-Resistant Deep Groove Ball Bearings (in Japanese only)</p>	<ul style="list-style-type: none"> Wear suppression Maintained heat resistance 	<ul style="list-style-type: none"> Energy and resource conservation due to improved durability Noise/vibration reduced by improving fretting resistance 	2.45
<p>For EV gearboxes</p> <p>Tapered Roller Bearings for Lean Lubrication Conditions</p>	<ul style="list-style-type: none"> Improved seizure resistance Reduced churning loss Reduced the amount of lubrication oil required by more than 95% Space-saving 	<ul style="list-style-type: none"> Improved fuel economy (energy efficiency) Smaller and lighter Significantly reduced amount of lubrication oil required 	1.73
<p>General machinery and conveyance equipment</p> <p>NSK K1-L Lubrication Unit for NSK Linear Guides™</p>	<ul style="list-style-type: none"> Significantly boosted lubrication capability Reduced friction Measures against damage and entry of foreign matter 	<ul style="list-style-type: none"> Improved reliability Longer maintenance-free operation Energy savings due to reduced dynamic friction force 	1.29
<p>For vertical equipment and machinery</p> <p>Lift-Rotation Z-θ Actuator</p>	<ul style="list-style-type: none"> Compact in-line arrangement of coaxial rotation and linear motion drive parts with a waterproof upper structure and brake mechanism Waterproof design 	<ul style="list-style-type: none"> Small footprint 	1.69

Eco-friendly product	NSK technology	Customer benefits	Neco
For EV motors Ultra-High-Speed Ball Bearings	<ul style="list-style-type: none"> Used proprietary NSK grease Cage with new shape and material 	<ul style="list-style-type: none"> Smaller and lighter Improved fuel economy (energy efficiency) Improved reliability 	1.33
For train gearboxes Low-Maintenance High-Reliability Bearings	<ul style="list-style-type: none"> Developed clearance adjustment technology Significantly increased cage strength Enhanced suppression of bearing creep 	<ul style="list-style-type: none"> Low maintenance Reduced life cycle costs 	1.41

FY2018: Two products

Eco-friendly product	NSK technology	Customer benefits	Neco
High Efficiency Motor Bearings	<ul style="list-style-type: none"> Loss reduction Extended product life 	<ul style="list-style-type: none"> Energy savings Resource conservation 	2.51
High-Durability Precision Ball Screws for High-Accuracy Machine Tools	<ul style="list-style-type: none"> Extended accuracy lifespan Reduced frictional torque during low-speed running Applied surface processing technology 	<ul style="list-style-type: none"> Improved reliability Maintenance cycle extension Energy savings 	1.53

Resource Conservation and Recycling Measures

NSK's Approach

Targets and Performance

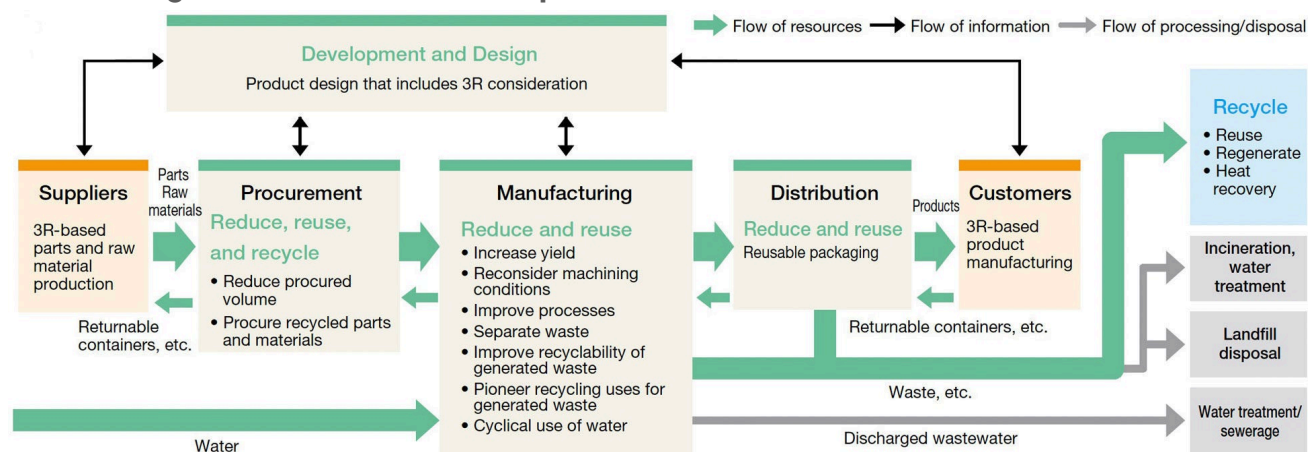
Initiatives

NSK's Approach

The NSK Group is determined to help build a circular economy by developing environmentally friendly products and minimizing waste in production. To this end, we implement initiatives to enhance the 3Rs (reduce, reuse, recycle) at each stage of the supply chain.

In our development and design divisions, we strive to develop products that are lightweight, long-lasting, and easy to recycle after use, while also minimizing the use of raw materials in production. Our procurement divisions endeavor to procure parts and raw materials with low environmental impact, such as steel made from recycled scrap materials. Our manufacturing divisions work on reducing resource waste by improving processes and refining tools and molds. Furthermore, we strive to reduce waste output, eliminate landfill disposal, and improve recycling rates by promoting the effective use of lubricants, the circular use of water, and the in-house treatment of waste liquids. Our logistics divisions aim to reduce waste output through the repeated use of packaging materials. Moreover, we ensure proper waste disposal and prevent compliance violations by ensuring each business site carries out self-inspections, carrying out on-site verification of companies entrusted with waste treatment, and utilizing information systems to ensure advanced management.

— Practicing the 3Rs at the NSK Group



➤ Waste Involved in Bearing Manufacture and 3R Efforts

— Water Resources

An examination of our water needs revealed that the NSK Group is unlikely to be subjected to restrictions on water use, given the locations of our business sites and the volume of water we use. Still, in preparation for future risks, we are working to reduce water consumption by taking measures including cyclical using cooling water, switching to air cooling, and reusing wastewater after purification treatment in our manufacturing divisions. In addition, we are working to conserve water resources by properly treating wastewater and preventing pollution accidents.

Targets and Performance

— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

MTP2026		FY2022 Targets	FY2022 Performance	Initiatives	FY2023 Targets
Manufacturing	Industrial waste per unit of sales: Continue to reduce by 1% year on year	Below 7.4% (base year FY2017) (1% reduction from FY2021)	-5.8% (base year FY2017) (Reduced by 13.2% from FY2021)	<ul style="list-style-type: none"> Improved yield Revised processing conditions Improved production processes Reused water Reduced the volume of waste 	Industrial waste per unit of sales: Below -6.8% (base year FY2017) (1% reduction from FY2022)
	Maintain a recycling rate of at least 99%	99% or higher	99.0%	<ul style="list-style-type: none"> Improved the recyclability of generated waste and developed recycling uses for generated waste 	99% or higher
	Water withdrawal per unit of sales: 9% reduction from FY2017	Below -5% (base year FY2017)	-10.4% (base year FY2017)	<ul style="list-style-type: none"> Reduced plastic materials 	Water withdrawal per unit of sales: Below -6% (base year FY2017)
Distribution (Japan)	Packaging waste per production unit: 14% reduction from FY2021	Below -6% (base year FY2021)	-8.5% (base year FY2021)	<ul style="list-style-type: none"> Employed reusable packaging 	Packaging waste per production unit: Below -10% (base year FY2021)

Reduce	<ul style="list-style-type: none"> ● Improve yield of materials such as steel by improving processing methods, tools, and molds to reduce waste ● Reduce waste by introducing briquetting equipment for grinding chips, evaporators for waste liquids, and dehydrators for sludge ● Reduce plastic waste by introducing plastic compressors ● Reduce cooling water through air cooling
Reuse	<ul style="list-style-type: none"> ● Promote the cyclical use of water and the repeated use of packaging materials
Recycle	<ul style="list-style-type: none"> ● Develop recycling routes, promote the recycling of plastic containers, and reduce landfill disposal
Proper Disposal	<ul style="list-style-type: none"> ● Monitor with self-inspections at each site, on-site verification of waste treatment companies, and information systems for advanced management

— Production Process Initiatives

Reducing Grinding Waste Liquid

About 40% of the NSK Group's waste is waste liquid generated during the grinding process, and we are taking steps to reduce this waste liquid. As part of these efforts, we are introducing equipment that distills and concentrates waste liquid as well as high-performance concentrators and dryers that quickly dry liquids. Some water recovered during distillation is reused for equipment cooling to effectively utilize resources. The concentrated waste liquid is recycled outside the company as fuel, among other uses. Shenyang NSK Precision Co., Ltd. has installed a waste liquid evaporator.



Waste liquid evaporator installed at Shenyang NSK Precision

Reducing Grinding Swarf

We are working hard to reduce the discharge of grinding swarf, which accounts for about 40% of the NSK Group's waste, and to ensure its stable recycling.

To address these issues, we are introducing briquetting equipment at our plants worldwide. This equipment compresses the grinding swarf to reduce moisture and form briquettes, thereby reducing weight and volume and allowing it to be recycled as a raw steelmaking material.

The Peterlee Plant in the UK has introduced briquetting equipment, reducing the discharge of grinding swarf and landfill waste.



Briquetting equipment installed at the Peterlee Plant

Reducing Sludge

The NSK Group takes measures to reduce the output of sludge. At Kunshan NSK Co., Ltd. in China, we updated the filter machine, thereby reducing the oil content of diatomaceous earth used in the filter machine and reducing the amount of waste generated. Additionally, at AKS Precision Ball (Hangzhou) Co., Ltd., a sludge dehydrator was installed, reducing the moisture content of the sludge and the amount of waste generated.

Sludge is classified as hazardous waste in China, so these initiatives have reduced hazardous waste.



Updated filter machine at Kunshan NSK

Reducing Plastic Waste

The impact of plastic waste on marine ecosystems has become a social issue. Although plastic waste accounts for only about 1% of the NSK Group's waste, we are working to reduce it.

NSK-Warner K.K. has installed a plastic compressor. Stretch film, PP bands, and vinyl are compressed and sold as valuable materials.



Plastic compressor installed at NSK-Warner

Reusing Water Resources

PT. AKS Precision Ball Indonesia has built a new waste water treatment facility and has been reusing the treated water. Treated water is used for cleaning floors, watering plants, and filling cooling towers.



Waste water treatment facility at PT.AKS Precision Ball Indonesia

Harvesting and Using Rainwater

At the Newark Plant in the UK, rainwater is collected and used in facilities such as lavatories. This system provides clean water by filtering and UV irradiating the rainwater to eliminate bacterial microbes and fungal spores, reducing the utility-supplied water used in lavatories and other areas by about 40%.



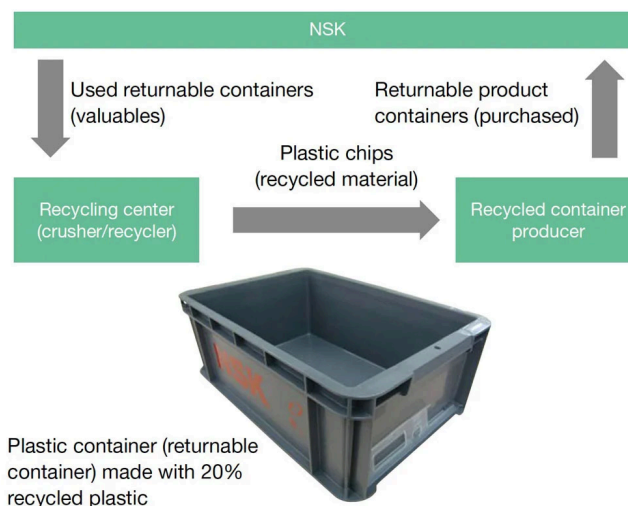
Rainwater collection system installed at the Newark Plant

— Distribution Process Initiatives

Recycling Plastic Containers

In Japan, we are working with a container producer to implement closed-loop recycling, where damaged plastic containers (returnable containers) that have been used repeatedly for many years are recycled as raw materials for new containers. This reduces the amount of virgin plastic resources used and the amount of plastic disposed of as waste.

Closed-Loop Recycling System

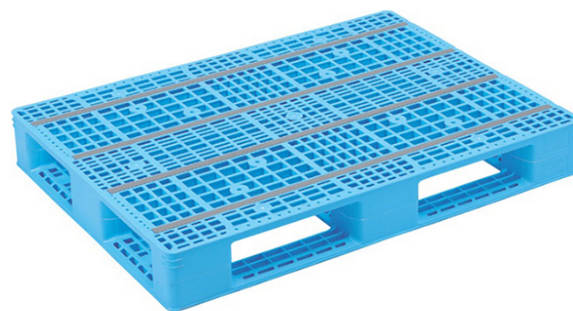


Expanding the Use of Plastic Pallets

The NSK Group is working to switch from wooden logistics pallets for transporting products to customers to plastic pallets.

Switching to plastic pallets allows for longer use with less damage, significantly reducing wood use. An additional advantage is that no splinters break off during use.

Furthermore, plastic pallets are excellent in terms of resource circulation, as pallets that can no longer be used due to damage or aging can be recycled as raw materials for new plastic products.



Plastic pallet

Reusing Wooden Pallets

In Europe, the wooden pallets used in shipping from Japan, being of a different size than standard European pallets (“EURpallet”), had been unable to be reused and were disposed of as waste. In FY2020, however, the Company commenced returning these wooden pallets to the Japan, Asia, or Oceania regions, and subsequently they are being reused for interregional shipping.

— Regional Initiatives

In the Americas, packaging materials from unpacking imported products, previously disposed of in landfills as waste, have been sold to contractors since FY2020 for thermal recycling, where the energy generated from incineration is reused.

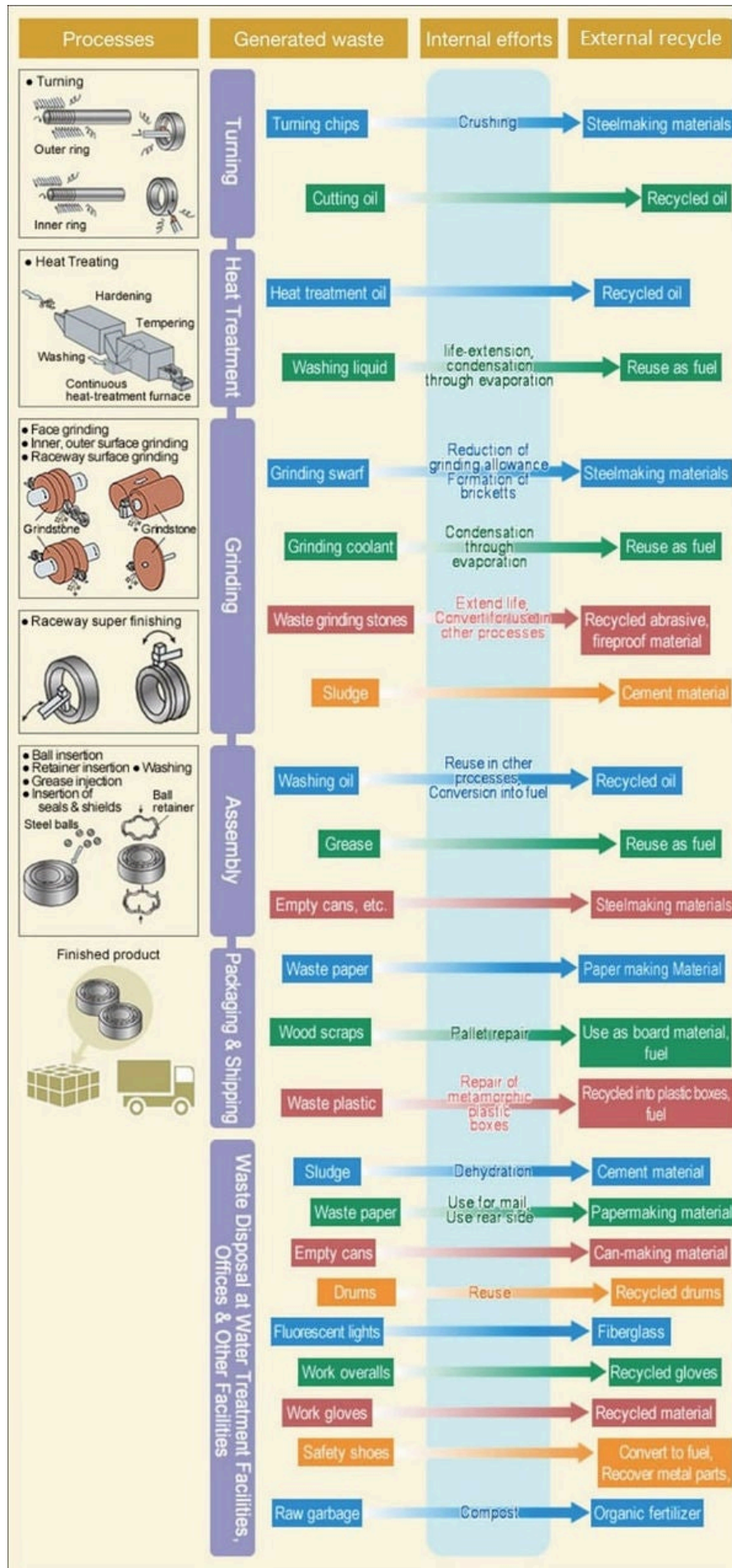
— Initiatives in Development and Design

[Learn more about our initiatives to reduce environmental impact through products and services.](#)

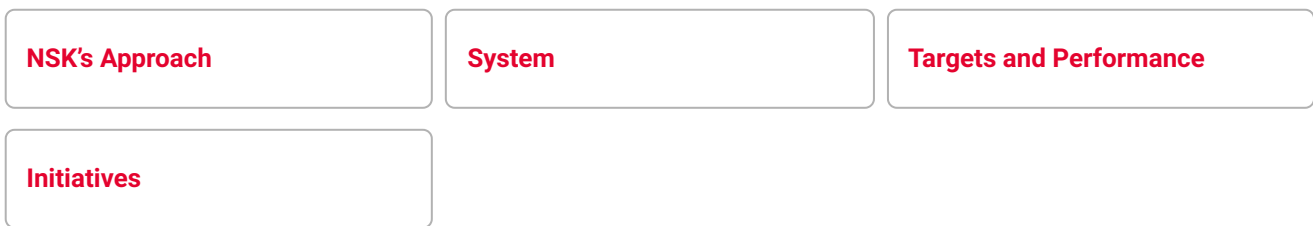
— Initiatives in Procurement

[Read about our initiatives at the procurement stage.](#)

Waste Involved in Bearing Manufacture and 3R Efforts



Reducing Use of Environmentally Harmful Substances



NSK's Approach

The NSK Group strives to create products that use no environmentally harmful substances.^{*1} We use the NSK List of Environmentally Harmful Substances to rigorously control and reduce environmentally harmful substances in each stage of development and design, procurement, manufacturing, and distribution. The List is based on industry standards such as the EU RoHS2 Directive,^{*2} the EU REACH^{*3} and SVHC,^{*4} and GADSL.^{*5} We set and adhere to discretionary standards that are more rigorous than regulations for safeguarding air and water quality from exhaust gas and wastewater generated by production processes. In addition, we press suppliers to practice rigorous management based on the NSK Group Green Procurement Standards and the NSK List of Environmentally Harmful Substances.

^{*1} Substances that impede preservation of the environment (including ecosystems) or maintaining good health, as well as substances which may have the potential to do so.

^{*2} RoHS2 is an update for the original "Directive on the Restriction of Certain Hazardous Substances in Electrical and Electronic Equipment" that restricts the use of certain harmful materials in electric and electronic devices distributed in the EU. Currently, 10 substances such as phthalates are regulated.

^{*3} Registration, Evaluation, Authorization, and Restriction of Chemicals: A comprehensive chemical substance regulation system that came into force in the EU in June 2007.

^{*4} Substances of Very High Concern: A list of candidates for inclusion under EU REACH.

^{*5} GADSL (Global Automotive Declarable Substance List): A list of environmentally harmful substances compiled by consensus of automobile-related manufacturers around the world.

System

To reduce the environmental impact of the entire value chain, the NSK Group maintains a system for managing environmentally harmful substances. We develop rules for the management of environmentally harmful substances in accordance with laws, regulations, and industry standards related to the chemical substances that must be managed.

— Management of Environmentally Harmful Substances



Targets and Performance

— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

MTP2026		FY2022 Targets	FY2022 Performance	Initiatives	FY2023 Targets
Development and design, procurement, and manufacturing	Full response to the 10 EU RoHS2 substances	Full response to EU RoHS2	<p>Ensured full response in newly developed products</p> <p>Continued efforts to completely eliminate harmful substances in manufacturing processes</p>	<ul style="list-style-type: none"> Used parts that do not contain environmentally harmful substances in newly developed products Conducted a supplier survey regarding the 10 substances Eliminated inventory of products containing environmentally harmful substances Eliminated materials containing environmentally harmful substances from manufacturing processes 	Full response to EU RoHS2
Procurement	Conduct survey regarding inclusion of substances on the NSK List of Environmentally Harmful Substances	Conduct supplier audits of the management systems for environmentally harmful substances	Continued to conduct supplier audits and take corrective actions	<ul style="list-style-type: none"> Checked and improved suppliers' management systems 	Conduct supplier audits of the management systems for environmentally harmful substances
		Obtain responses from all target suppliers	Continued to obtain responses from all target suppliers	<ul style="list-style-type: none"> Conducted a supplier survey regarding the NSK List of Environmentally Harmful Substances 	Obtain responses from all target suppliers
Manufacturing (Japan)	Handling of PRTR-designated substances per unit of sales: Continue to reduce by 1% year on year	Below -1% (base year FY2021)	-10.9%	<ul style="list-style-type: none"> Managed and reduced PRTR-designated substances 	Below -1% (base year FY2022)

Initiatives

— Initiatives in Procurement, Design, Manufacturing, and All Processes That Involve Customers

Green Procurement and Management of Environmentally Harmful Substances

The NSK Group has included environmentally harmful substances identified based on laws, regulations, and industry standards on the NSK List of Environmentally Harmful Substances.* Additionally, we established the NSK Group Green Procurement Standards to prevent the delivery of products with prohibited substances. We ask our suppliers to practice thorough management and to maintain and improve their management systems. We hold green procurement briefings around the world, ask our suppliers to submit forms consenting to green procurement, and conduct supplier surveys.

NSK customers all around the world use our products. This is why products that contain NSK components must not only comply with laws and regulations worldwide, but also with environmentally harmful substance standards in the automotive, electrical, and electronic industries. Every year, the NSK Group surveys its suppliers based on the NSK List of Environmentally Harmful Substances. We also respond swiftly to requests for information on environmentally harmful substances from our customers.

*A list classifying environmentally harmful substances as “prohibited” (substances that must not be included in or with delivered products), “reduced” (substances that will be reduced systematically), or “under observation” (substances whose inclusion must be monitored).



NSK List of Environmentally Harmful Substances

— Initiatives in Design and Production Processes

Full Response to the 10 EU RoHS2 Substances

Based on the results of supplier surveys, the NSK Group has created a list of parts confirmed to not contain the 10 substances prohibited under the EU RoHS2 Directive. We confirm that prohibited substances are not included when designing products. The list is also used at each plant when receiving procured parts. Phthalates have been added to the EU RoHS2 Directive. Phthalates have a high migration potential—that is, they move easily through contact. For this reason, we do more than disallow them in product materials; we also conduct global surveys of resins, rubber gloves, packaging, and other materials that our products come into contact with during manufacturing processes. This ongoing initiative aims to eliminate the risk of phthalates migrating to our products during manufacturing.

NSK's Approach

Main Initiatives

NSK's Approach

To contribute to our nature positivity^{*1} goal, the NSK Group has established the NSK Biodiversity Guidelines, ^{*2} which set forth basic policies and action guidelines for biodiversity conservation. We strive to understand the impact of our business activities on biodiversity and work to suppress negative impacts and promote positive ones.

The main raw material for the NSK Group's primary products, bearings, is special steel made from recycled steel scrap. After being used by customers, the bearings become steel scrap again and are used as raw materials for steelmaking. Therefore, the dependence and impact on biodiversity at each stage, from the procurement of parts and raw materials to production at the NSK Group, use by customers, and disposal, is not significant. However, the NSK Group recognizes that a wide range of activities relate to biodiversity. Accordingly, we are working to ensure no net loss^{*3} of biodiversity by minimizing impacts and expanding contributions, including efforts to prevent deforestation^{*4} in procurement and production activities.

^{*1} Nature positivity: Refers to putting nature on a path to recovery, halting and reversing biodiversity loss.

^{*2} NSK Biodiversity Guidelines: Established on October 5, 2010, with the approval of the President and CEO, after being deliberated by the relevant officers at the Global Environment Protection Committee meeting in August 2010.

^{*3} No net loss: Ensuring sufficient compensatory measures are in place to offset the decrease in biodiversity caused by human activities, resulting in no net loss.

^{*4} Deforestation: Refers to the loss of natural forests through their conversion to non-forest land or plantations or through continuous degradation.

— NSK Biodiversity Guidelines

Basic Policy

The NSK Group recognizes the importance of biodiversity, and understands the relationship between our business activities and the ecosystem. We aim to reduce our impact on the environment by creating systems and initiatives that ensure biodiversity is conserved.

Established October 5, 2010 NSK Ltd.

Action Agenda

1. Research and Development

We will contribute to the conservation of biodiversity by developing products that save energy and resources.

2. Procurement and Purchasing

We will contribute to the conservation of biodiversity throughout the supply chain when procuring main materials, sub-materials, and packaging/packaging materials. We will promote the purchase of the environmentally-friendly products, and consider the conservation of biodiversity in product selection criteria.

3. Manufacturing and Logistics

We will minimize the impact of our production on biodiversity by reducing consumption of energy and resources, and emission of environmentally harmful substances.

4. Plant and Office Grounds

We will consider the impact on the ecosystem when acquiring land for our places of business and during greening initiatives.

5. Social Contribution Activities

We will perform social contribution initiatives as a member of international society, and value our collaboration with public and private institutions.

6. Communications

We will actively disclose information on biodiversity-related initiatives to persons both inside and outside the company. We will heighten employee awareness of biodiversity-related issues, and constantly work to improve the quality and efficiency of initiatives.

Established October 5, 2010 NSK Ltd.

Main Initiatives

— Overview of Main Biodiversity Initiatives

Action agenda classification	Main initiatives
1. Research and development	<ul style="list-style-type: none"> ● Creating Environmentally Friendly Products
2. Procurement and purchasing	<ul style="list-style-type: none"> ● Climate Change Measures ● Resource Conservation and Recycling Measures ● Reducing Use of Environmentally Harmful Substances
3. Manufacturing and logistics	
4. Plant and office grounds	<ul style="list-style-type: none"> ● Protecting Endangered Species ● Conducting Biodiversity Risk Assessments (IBAT Analysis) ● Conducting environmental impact assessments during plant construction
5. Social contribution activities	<ul style="list-style-type: none"> ● Preservation of <i>Satoyama</i> Forest Areas ● Tree Planting ● Marine Plastic Reduction Activities (Cleanup Activities) ● Efforts to Remove Specific Invasive Species ● Protecting Endangered Species ● Donating to organizations
6. Communications	<ul style="list-style-type: none"> ● Cooperation with NPOs, local governments, and local residents and organizations ● Inclusion in internal and external communications

➤ ESG Data Book 2023 Biodiversity Conservation

— NSK's Business and Its Relationship with Biodiversity

Assessing the Relationship with Biodiversity

Using the tool ENCORE* to assess the relationship with biodiversity, we analyzed the dependence and impact of NSK's business on ecosystem services. The results showed no significant dependencies on ecosystem services for the business sectors to which the NSK Group belongs. It also revealed that the potential impacts of the Group's business activities are relatively large in terms of GHG emissions, soil pollutants, solid waste, water pollutants, and water use. We plan to advance our analysis and evaluation further in the future.

*ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. Jointly developed by the Natural Capital Finance Alliance (NCFA, an international financial industry group in the field of natural capital) and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC). A tool to visualize the impact of environmental changes on the economy.

IBAT*¹ Analysis

A survey of protected areas within a three-kilometer radius of all NSK Group production sites revealed one IUCN Category Ib*² site and two Ramsar wetland sites. (The survey encompassed World Natural Heritage Sites; IUCN Categories I, II, and III; and Ramsar Sites) We do our utmost to care for biodiversity at these sites.

For plants located near wetlands or water sources, such as those around Lake Biwa, we recognize that the impact of water pollution is a particularly important risk in terms of biodiversity conservation. Therefore, we are strengthening our efforts to preserve water quality, such as by installing oil film detectors in the rainwater drainage paths within the plants to prevent even the slightest amount of oil from escaping the premises.

*1 IBAT: Integrated Biodiversity Assessment Tool. A tool provided by BirdLife International, Conservation International, IUCN (International Union for Conservation of Nature and Natural Resources), and UNEP-WCMC (UN Environment Programme World Conservation Monitoring Centre) to help businesses assess biodiversity risks.

*2 IUCN Ib: A protected area management category defined by the International Union for Conservation of Nature and Natural Resources. IUCN Ib refers to wilderness areas.

➤ Expanding Social Contribution Activities Related to Biodiversity Conservation

Expanding Social Contribution Activities Related to Biodiversity Conservation

— Initiatives

Protecting Endangered Species on the Premises of Our Sites

The NSK Group continues to protect endangered species within our own premises.

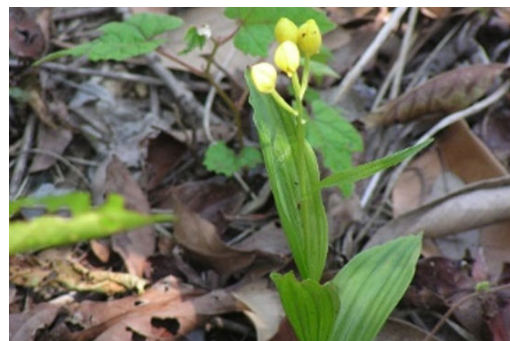
[Fukushima in Japan] Fukushima Plant: Wild grey-headed lapwings^{*1}

^{*1} Class IB endangered species on the Fukushima Red List.



[Kanagawa in Japan] Kiriwara Precision Machinery Plant: Golden orchids^{*2}

^{*2} Class II endangered species on the Ministry of Environment Red List and Class II endangered species on the Kanagawa Prefecture Red List.



Tree Planting and Donation of Seedlings

[Fukushima in Japan] Fukushima Plant

Since FY2018, the Fukushima Plant, working together with town residents and local government officials, has planted *Edohigan* cherry trees in the Tanagura town covenant forest. In FY2023, 270 *Edohigan* cherry trees were planted by 20 people.



[Shizuoka in Japan] NSK-Warner K.K., Chitose Sangyo Co., Ltd.

In Kakegawa City, 62 people (employees and their family members) participated in a parent-child walking recreation activity and tree-farming activity.



[India] RANE NSK Steering Systems Private Ltd.

In June 2023, 610 employees planted trees to promote greening.



[India] NSK Bearings India Private Ltd.

In June 2023, the company planted 70 trees on its premises to promote afforestation.



[Indonesia] PT. AKS Precision Ball Indonesia,
PT. NSK-Warner Indonesia

In 2023, the company planted mangroves.



[Indonesia] PT. NSK Bearings Manufacturing
Indonesia

In 2023, the company planted trees.



[Thailand] NSK Bearings Manufacturing (Thailand)
Co., Ltd.

In June 2023, the company participated in a tree-planting activity at the Amata City Industrial Estate.



[Thailand] NSK Bearings Manufacturing (Thailand) Co., Ltd.

In June 2023, the company opened a seedling nursery to provide seedlings to employees and suppliers.



[Thailand] Siam NSK Steering Systems Co., Ltd.

In FY2022, the company conducted mangrove planting along with cleaning and beautification activities.



[Canada] NSK Canada Inc.

NSK Canada held an Earth Day event, where the company distributed starter kits containing flower seeds and planters for employees to plant at home.



Preservation of *Satoyama* Forest Areas and Nature Observation Workshops

[Kanagawa in Japan] Five sites in Fujisawa area

Since FY2015, employees and their family members from five sites in the Fujisawa area (Fujisawa Plant, Fujisawa Technology Center, Kiriara Precision Machinery Plant, Fujisawa Plant NSK Micro Precision Co., Ltd., and AKS East Japan Co., Ltd.) have participated in observation workshops and green conservation activities twice a year in specially designated green conservation areas. In FY2023, 90 people participated in the activities.



[Shiga in Japan] Ishibe Plant

Since FY2018, the Ishibe Plant has taken part in tree-planting and grass-cutting activities under the supervision of Shiga Prefecture and Konan City, with guidance from the local forestry association, with which an agreement has been signed. In FY2023, 21 people worked to remove weeds and other vegetation around the planted trees to ensure their healthy growth.



[Gunma in Japan] Five sites in Gunma area

Since FY2015, five sites in the Gunma area have been engaged in *satoyama* conservation activities at the NSK Gunma Future Forest in Gunma Prefecture. In FY2023, 25 people (employees from NSK Steering Systems Co., Ltd. Soja Plant Soja Manufacturing Department, Soja Plant Akagi Manufacturing Department, NSK Takasaki Plant, Haruna Plant, and NSK Steering & Control Co., Ltd., and their family members) participated in forest volunteer activities such as thinning and pruning *hinoki* cypress branches from thinned trees to create an environment conducive to the growth and habitation of various plants and animals.



Community Cleanup, Beautification Activities, and Marine Plastic Reduction Activities

[U.S.] Clarinda Plant NSK Corporation, NSK-AKS Precision Ball Company

In FY2022, the company again conducted a cleanup outside the plant building.



[U.S.] Franklin plant, NSK Corporation

In FY2022, about 20 employees again carried out a cleanup and planted trees within and around the plant premises.



[U.S.] NSK Precision America, Inc.

In FY2022, 10 employees again carried out a cleanup and tree planting on the premises. While cleaning, they surprisingly discovered a goose nest and eggs! Employees were alerted to be cautious.



[U.K.] Newark Plant, NSK Bearings Europe Ltd.

The company conducts beautification activities in parks and rivers around the plant. In FY2022, about 10 employees picked up approximately 100 kg of garbage.



[South Korea] Changwon Plant, NSK Korea Co., Ltd.

Once every quarter, employees engage in cleanup activities at the plant and its surroundings.



[Kanagawa in Japan] Kiri-hara Precision Machinery Plant, Fujisawa Plant Kiri-hara, Fujisawa Plant NSK Micro Precision Co., Ltd.

In FY2023, about 60 people conducted a beach cleanup at Katase Nishihama Beach, Enoshima, Kanagawa Prefecture.



[Shizuoka in Japan] NSK-Warner K.K., Chitose Sangyo Co., Ltd.

Since FY2020, these companies have conducted dune protection activities and hands-on learning along the Enshu-nada Coast at Nakatajima Sand Dunes, Hamamatsu City, under the guidance of an NPO. In FY2023, 95 people (employees and their family members) participated in collecting marine debris, dune restoration activities, and observing baby turtles and coastal plants.



[Nagano in Japan] NSK Micro Precision Co., Ltd. (Nagano)

In FY2023, about 40 people walked along the Tenryu River dried riverbed, collecting empty cans, plastic waste, and other litter, working up a sweat for environmental beautification.



Efforts to Remove Specific Invasive Species

[Saitama in Japan] Saitama Plant

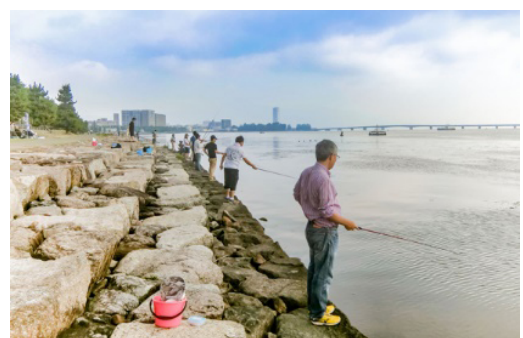
Since FY2016, the Saitama Plant have been working to protect the native habitat of the waterwheel plant (*Aldrovanda vesiculosa*), a protected species, in Houzoji Marsh under the guidance of Hanyu City officials and an NPO. In FY2023, activities continued with members of the Hanyu City Waterwheel Plant Preservation Society.

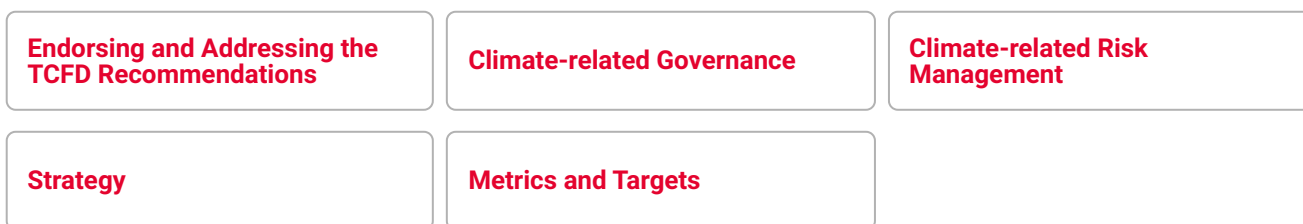


Efforts to remove tadpoles of American bullfrogs, which eat the waterwheel plant (Saitama)

[Shiga in Japan] Ohtsu Plant

Since FY2014, the Ohtsu Plant has been removing invasive fish species from Lake Biwa, which is a Ramsar Site. Activities continued in FY2022.





Endorsing and Addressing the TCFD Recommendations

In January 2020, NSK endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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.

Climate-related Governance

NSK has adopted a Company with Three Committees (Nomination, Audit, and Compensation) as its form of corporate organization. As part of this organization, the Board of Directors proactively delegates decisions regarding the execution of operations to the executive organizations and monitors the status of execution in an appropriate manner. Under the direction of the CEO, executive officers are responsible for executing their respective duties in accordance with their division of duties. The Mid-Term Management Plan is decided by the Board of Directors, which monitors the Plan's specific measures implemented by the executive organizations, as well as the progress of these measures.

Established in FY2022 and chaired by the CEO, the Core Values Committee specifies Group-wide issues through the discussion of policies for promoting and enhancing the core values of safety, quality, environment, and compliance, and through the sharing of climate-related risks. This Committee also provides suggestions for and monitors the progress of solutions to these issues.

➤ **NSK's Corporate Governance Structure**

Climate-related Risk Management

NSK works to build a risk management system based on clearly stipulated fundamental principles aimed at effectively enabling global Group management and internal control functions. Every year, NSK classifies, analyzes, and evaluates risks to identify the risks that should be addressed. These risks are then managed in accordance with the prescribed reporting systems.

NSK has for some time treated climate-related risk, which is among the risks associated with the environment, across businesses or divisions as a risk of high importance. However, NSK is now analyzing changes in the business environment and impacts on its business by making use of the scenario analysis recommended by the TCFD and has been enhancing efforts to identify issues and implement countermeasures, among other initiatives.

➤ Risk Management

Strategy

With the goal of considering the future impact that climate change will have on NSK's value chain, as well as the effectiveness of climate change countermeasures, NSK looked at the period up to the year 2050 and performed two scenario analyses, one scenario with a temperature increase of 1.5°C–2°C and another scenario with an increase of 4°C. As a result of these analyses, NSK determined that its basic strategy is to contribute to realizing a sustainable society in which the global temperature rise can be kept under 1.5°C–2°C. In short, NSK will act to address transition risks associated with CO₂ emission regulations; recognize the needs of society, namely decarbonization throughout product life cycles, as opportunities to advance its business field of Motion & Control™; and promote measures to address climate change through its overall business activities. On the other hand, NSK will promote measures considering the scenario analyses results for natural disasters that are caused by climate change.

— Scenario Analysis

■ Analysis targets and prerequisites

Region	Period	Scope	Main Scenarios Adopted
Countries/regions with NSK presence	2021–2050	Value chain	RCP2.6 (1.5°C), RCP4.5, RCP6.0 (2°C), RCP8.5 (4°C), WEO2020, etc.







■ Image of anticipated 2050 society in which NSK operates its business for the scenario analysis (outline)

	Society Where Temperature Rises 1.5°C to 2°C	Society Where Temperature Rises 4°C
Anticipated image of society	<ul style="list-style-type: none">● Aggressive environmental policies put in place by governments and other entities fix the price of carbon at a high level, and more than 80% of the power supply is from non-fossil fuels.● Fuel economy regulations for the automobile industry become more stringent, and almost all new cars sold are EVs.● The frequency and impact of natural disasters caused by climate change are greater than current levels but are less severe than in the 4°C scenario.	<ul style="list-style-type: none">● Only mild environmental policies are put in place by governments and other entities, and the ratio of non-fossil fuels in the energy source composition edge up only slightly.● Technological innovation in the automobile industry is lackluster, and internal combustion vehicles that use conventional fossil fuels remain in the mainstream for a large number of new cars sold.● The average temperature continues to rise, and natural disasters caused by climate change increasingly escalate in severity.

– Risks and Opportunities















Financial impact is indicated as **negative (red)** or **positive (blue)** impact on the business, and the size of the circle indicates the scale of the impact.

When there is almost no impact, it is indicated as “Minimal impact.”














Degree of Negative Impact		Degree of Positive Impact	
small		small	
medium		medium	
large		large	

Forecast of Risk from Response Measures

Medium to Long-term future

Classification			Identified Risks		Financial Impact	Short-term		Medium to Long-term	
						Status of NSK Initiatives	Financial Impact	NSK Countermeasures	Financial Impact
Risk	Physical	Acute	Increasingly severe natural disasters caused by climate change*	Production suspension due to in-house flood damage		Implementing flood countermeasures		<ul style="list-style-type: none"> • Making regular confirmations using hazard maps, etc. • Implementing appropriate countermeasures against flooding and other risks 	Minimal impact
				Supply suspension due to flood damage at suppliers		Implementing flood countermeasures		<ul style="list-style-type: none"> • Source diversification of suppliers 	Minimal impact
	Transition	Legal	Transition to decarbonization/ electrification	Introduction and strengthening of automobile fuel efficiency regulations and ZEV regulations lowers demand for products geared toward internal combustion engines and transmissions.		Developing products		<ul style="list-style-type: none"> • Strengthening development, sales, and production of products for ZEV 	
				Decreased demand for machinery and facilities that produce automotive internal combustion engines and transmissions		Developing products		<ul style="list-style-type: none"> • Strengthening product development for machine tools that address the processing of core components that replace automobile internal engines and transmissions and of materials that lower automobile weight, and the electrification of automobile parts 	
		Reputation	More stringent regulations pertaining to greenhouse gas emissions	Rising carbon prices lead to increased costs for components, raw materials, and energy procurement, and in line with this, higher costs for developing new materials and methodologies, and for capital investments.		Reducing CO ₂ emissions		<ul style="list-style-type: none"> • Promoting decarbonization in NSK business activities • Employing self-help efforts to cut costs and appropriately reflect in pricing 	Minimal impact
				Rising development costs and capital investments for decarbonization, as well as stagnation of efforts results in reduced credibility and not being selected by customers.		Reducing CO ₂ emissions			Minimal impact

Opportunities

Classification		Identified Opportunities		NSK Countermeasures	Financial Impact
Opportunities	Products and services	Rising decarbonization needs throughout the life cycle	Increasing needs to cut CO ₂ emitted when users operate automobiles, machinery, etc. (final goods manufacturer Scope 3 downstream)	<ul style="list-style-type: none">• Constantly generating environmentally friendly products, enhancing low friction, achieving lighter weight• Generating new technologies and new products that arise from the Four Core Technologies plus One	
			Increasing needs to cut CO ₂ on components purchased by automobile, equipment, etc., manufacturers (final goods manufacturer Scope 3 upstream)	<ul style="list-style-type: none">• Reflecting decarbonization in NSK's business activities in product pricing	
			Accelerating action to reduce CO ₂ emitted in the manufacturing process of automobile, equipment, etc., manufacturers (final goods manufacturer Scope 1 + 2)	<ul style="list-style-type: none">• Offering new solutions utilizing tribology technology	
	Markets	Electrification progress	<ul style="list-style-type: none">• Expanding demand for products/solutions geared toward automobile electrification applications• Growing need for electrification of industrial machinery mobility such as tractors and bulldozers, and machine tools, etc.	<ul style="list-style-type: none">• Strengthening development, sales, production, and solutions for products that address electrification (actuators, etc.) in mobility (automotive, industrial machinery) and machine tools, etc.• Shortening development speeds by utilizing digital twin technology	
			Rising demand for storage/charging technology	<ul style="list-style-type: none">• Helping to solve the issue of EV prevalence through participation in open innovation	
		Growing airconditioning demand*	Expanding demand for products/solutions for air-conditioning equipment	<ul style="list-style-type: none">• Bolstering products/solutions that contribute to eliminating the need for maintenance	
		Expanding railway demand	Growing demand for products/solutions for railways	<ul style="list-style-type: none">• Strengthening development, sales, production, and solutions for products geared toward railways and wind power generation	
	Energy source	Growing renewable energy demand	Increasing demand for wind power generation	<ul style="list-style-type: none">• Developing high-speed rotary bearings for cooling fans	
			Rising demand for storage/charging technology	<ul style="list-style-type: none">• Strengthening and expanding the condition monitoring system (CMS) business for facilities and equipment	
			Increasing needs for failure diagnostics/residual life diagnostics	<ul style="list-style-type: none">• Promoting the development of products for harsh and special environments	
			Expanding demand for products/solutions associated with hydrogen energy	<ul style="list-style-type: none">• Promoting product development for household compact power generators	
	Resilience	Increased investment into addressing BCP*	As countermeasures for disaster prevention and mitigation, rising demand for construction equipment, etc., necessary for infrastructure maintenance	<ul style="list-style-type: none">• Strengthening development and production of products for construction machinery	
		Expanding demand for hydrogen energy	Growing demand for power generators in line with disaster countermeasures		

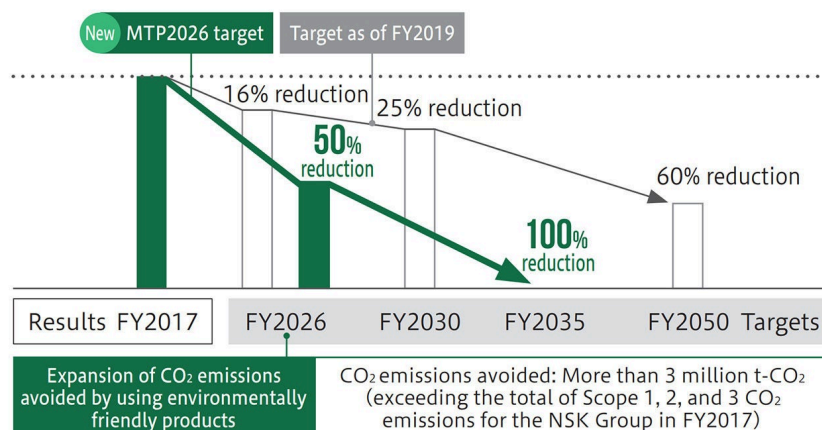
Created based on the 1.5°C to 2°C scenario. However, * is assumed to be for a 4°C scenario.

In estimating the financial impact, the risk of inundation, the number of days of outages and damage due to inundation, and the projected carbon tax price are calculated using data published by public agencies.

Metrics and Targets

NSK has set long-term targets and is advancing initiatives through the dual approach of cutting CO₂ emissions from business activities and expanding on the volume of CO₂ emissions avoided by using environmentally friendly products. Particularly in terms of reducing CO₂ emissions from business activities, NSK has established a target of effectively reducing Scope 1 and 2 CO₂ emissions to zero by FY2035 under MTP2026, which kicked off in FY2022. This CO₂ emission reduction target is consistent with improving corporate value and is used as an indicator for executive officer short-term performance-based compensation.

Reductions in CO₂ Emissions from Business Activities (Scope 1 and 2)



Social

Research & Development ▶▶

Safety Management ▶▶

Quality Management ▶▶

Supply Chain Management ▶▶

Human Resource Management ▶▶

Social Participation to Promote Social Progress ▶▶

Respecting Human Rights ▶▶

Research & Development

Philosophy & Achievements

Four Core Technologies plus One

Philosophy & Achievements

NSK has relentlessly pursued innovative technologies and focused on improving quality in order to contribute to a safer, smoother society and to protect the global environment, in line with its corporate philosophy. The foundation that underpins those technologies consists of tribology, materials, numerical simulation and mechatronics, which are NSK's Four Core Technologies.



Then there is manufacturing engineering, another important technology and strength of NSK that gives shape to our Core Technologies.

The technologies and products that have been created based on our Four Core Technologies, with the “plus One” of manufacturing engineering, are contributing both to the development of industry across the world and to people's abundant lifestyles.

NSK will continue to engage in advanced technological development and provide highly functional, high-quality products that meet market needs in the years to come.

In an effort to contribute to a safer, smoother society and to protect the global environment, as spelled out by NSK corporate philosophy, NSK strives to accurately determine customer

and societal needs, and develop environmentally friendly products and technologies that utilize the Company's Four Core Technologies: Tribology (friction control technology), Materials, Numerical Simulation, and Mechatronics.

By developing and bringing to market sophisticated and innovative new products in a timely manner, NSK contributes to creating a safer, smoother society while also helping save energy and reduce carbon dioxide emissions.

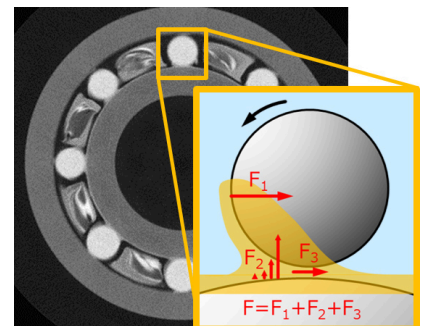
Changes in the business environment and globalization are advancing swiftly. In order for research and development to rapidly and flexibly respond to such change where it occurs, NSK has expanded regional technology centers while positioning the Corporate Research & Development Center in Japan as the center of our R&D activities. (There are 21 technology centers in total; six bases in Japan, five in Europe, four in the Americas, and five in Asia.)

Four Core Technologies plus One

— Tribology

Studying, Clarifying and Controlling Friction

Tribology is the study of friction and wear of contact surfaces in relative motion, such as rotating parts that endure enormous forces with a thin oil film. Severe operating conditions are mitigated through lubrication and surface treatments developed by NSK, resulting in superior performance for applications requiring low friction, high-speed rotation, quiet operation, or enhanced durability.



Friction on the bearing's ball surface

— Materials

Unrelenting Pursuit of Performance Durability and Reliability

Materials research and development affects nearly every aspect of product performance. Through careful selection of material composition, heat treatment, and ceramic materials, NSK enables optimization of application performance. This may result from improvements in function, endurance, or reliability, or through advancements in cost-effectiveness or production efficiency.

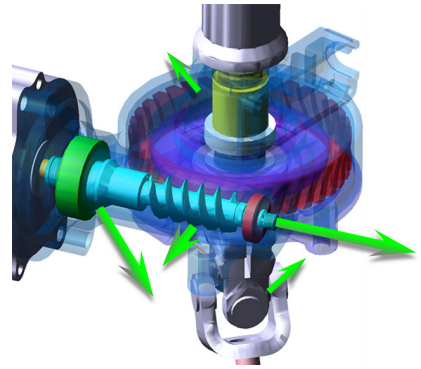


Durability testing machines

— Numerical Simulation

Simulated Recreation in Cyberspace to Predict Performance

In the past, accuracy and reliability in product development were achieved with experience-based design and longer testing periods. NSK's simulation technology allows virtual validation to accelerate design and production. Extreme conditions or innovative designs that defy previous expectations can also be evaluated and analyzed.

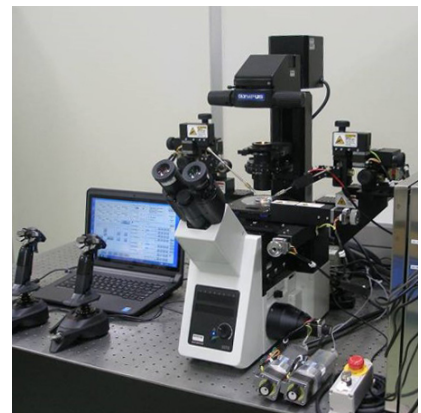


Simulated example of an automotive component

— Mechatronics

Technology Supports People for a Convenient, Safe and Comfortable Future

Mechatronics integrates machine elements technology with control technology. By combining bearings, ball screws and linear guides, together with motors, sensors and computers, greater mechanical functionality is elicited with computer control. This technology applies new functions and performance to a range of industrial machinery, such as for automobiles and bio-medicine. It also contributes to greater reliability, as well as to convenience and safety in daily life.



Manipulation system for bio-medicine

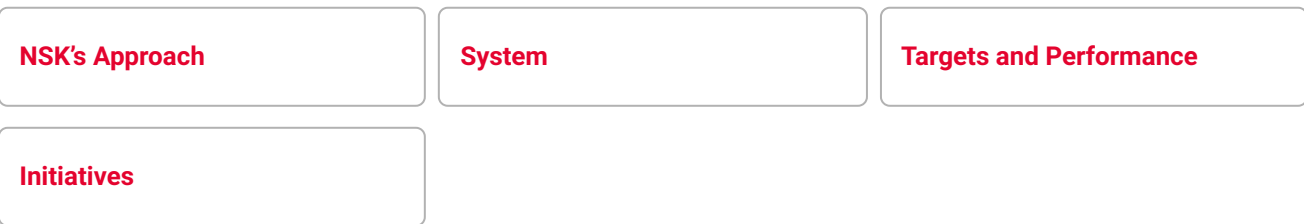
— Manufacturing Engineering

Giving Shape to Four Core Technologies

Contributing to the environment and heightening safety and security through our Four Core Technologies requires something to breathe life into these technologies. In addition, it is essential to consistently produce with high quality. NSK tackles these issues by applying AI to its equipment, utilizing IoT, and optimizing its overall production framework while it works to realize the creation of smart factories that economize on space, save on energy, and reduce manpower requirements.



Cheonan Plant in South Korea



NSK's Approach

The NSK Group has positioned safety as one of its core values. We continuously strive to increase our employees' safety awareness so that safety will always be their basis for determining the best course of action. We implement various

measures based on our Safety Philosophy to protect the safety and health of every employee, and to ensure the safe conduct of everyone in the workplace. Never content with the status quo, we constantly work to further raise the level of safety.

NSK Group's Safety Philosophy

NSK Group's Safety Philosophy
Safety takes precedence over everything else
Creating a safe, secure, and comfortable workplace

We are committed to protecting the safety and health of all employees and business partners working within the NSK Group. This philosophy expresses our conviction that safety takes precedence over any business concern and that corporate activities depend on safety. It is the foundation of each and every NSK Group employee's mindset. In all our workplaces worldwide, employees take action on one's own initiative to ensure safety and to create comfortable environments where they can work with peace of mind.

NSK Group Safety Policy

Foster, spread, and
instill a culture of
safety

Build
"zero accident"
workplaces

Put preventive and
predictive
technologies in place

The NSK Group has three key safety policies. As part of "Foster, spread, and instill a culture of safety," workshops are held for employees working at production sites to foster a mutually enlightening culture of safety. In addition, to encourage management to exercise felt leadership (leadership that is felt by employees), we have held core value workshops for executive management from FY2020. As part of building "zero accident" workplaces, we are working to prevent serious accidents by reducing the risks of equipment and operations through STOP 6+2 activities and risk assessments. We also work to create a safe working environment for our business partners, such as outsourcing contractors and subcontractors. In addition, we are promoting the "putting preventive and predictive technologies in place" for equipment to detect abnormal signs that could lead to disasters in advance and prevent major breakdowns.

— Organizational Structure for Occupational Health and Safety Management

The NSK Group appreciates the importance of a proactive approach to safety and health in the workplace as the foundation of manufacturing and the key to providing an environment where employees can make the most of their abilities. Accordingly, we established a Safety and Fire-Prevention Enhancement Committee chaired by the president. We also adopt unified priority objectives through two bodies that hold regular meetings on global safety and fire-prevention issues—both for the regional heads of operation and for regional safety and fire-prevention managers.

Global Safety and Fire-Prevention Management System



Safety Management System



In Japan, company and union representatives participate in the NSK Central Safety and Health Council and the Safety and Health Committee, where they discuss and analyze occupational accidents and share insights on how to further enhance safety measures.

— Occupational Health and Safety Management System

Each of NSK's plants has obtained external certification for ISO 45001, the international standard for safety and health management systems. We are not satisfied with the status quo, but are constantly striving to improve our activities in order to enhance the level of safety. NSK believes that the effectiveness of its management system can be enhanced by having each of its plants ISO 45001 certified and regularly audited by a third-party organization. By June 2023, 77 sites (29 in Japan and 48 outside of Japan) will be certified, and we plan to complete certification at all eligible sites in FY2023.

Targets and Performance

— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

Policy		Foster, spread, and instill a culture of safety and fire prevention	Build “zero accident” workplaces	Put preventive and predictive technologies in place
MTP2026	Targets	<ul style="list-style-type: none"> ● Foster a culture of safety through the global rollout of NSK safety culture workshops ● Train safety and fire prevention experts 	<ul style="list-style-type: none"> ● Identify and eliminate accident and fire risks by conducting comprehensive risk assessments 	<ul style="list-style-type: none"> ● Introduce and promote preventive and predictive technologies ● Analyze existing information and use it for preventive measures
FY2022	Targets	<ul style="list-style-type: none"> ● Deepen mutual understanding of safety culture by broadly sharing information about its significance and rolling out activities to all levels, including conducting NSK safety culture workshops at more sites ● Develop risk assessment promotion leaders (one leader per site in Japan) ● Continue training and education to have two fire prevention auditors at each site (14 certified) 	<ul style="list-style-type: none"> ● Develop a risk assessment program covering all operations to reduce operational risks ● Expand fire risk assessment (cutting process, ball grinding process) and eliminate high risks 	<ul style="list-style-type: none"> ● Create a model for accident prevention by introducing real-time monitoring and wearable systems
	Performance	<ul style="list-style-type: none"> ● Rolled out NSK safety culture workshops to plants in Japan and expanded them to Korea and the ASEAN region ● Started developing the first group of risk assessment promotion leaders ● Developed fire prevention auditors (established a two-person-per-site system) 	<ul style="list-style-type: none"> ● Zero serious accidents, zero construction labor accidents ● Risk assessment promotion leaders reevaluated risk assessment ● Eliminated high risks of fires through Fire Prevention Subcommittee activities 	<ul style="list-style-type: none"> ● Introduced an operator anomaly detection system
FY2023	Targets	<ul style="list-style-type: none"> ● Continue rolling out NSK safety culture workshops to plants in Japan and expand them to Korea and the ASEAN region ● Instill an independent culture of safety ● Start developing the second group of risk assessment promotion leaders 	<ul style="list-style-type: none"> ● Improve equipment with safety levels L4 and L3 ● Have risk assessment promotion leaders reevaluate risk assessment ● Implement priority measures for risk levels IV and III 	<ul style="list-style-type: none"> ● Expand deployment of anomaly detection system to maintenance operators and people working alone

— Lost Time Injury Frequency Rate Target and Performance

MTP2026 Target	FY2022 Performance
0.10	0.38

Note: Lost time injury frequency rate=Number of workplace accidents resulting in one or days of work absence / total actual working hours×1,000,000
A lost-time injury incident is defined as a workplace accident resulting in one or more days of absence from work.

The NSK Group employs two approaches to raise individual safety awareness: ongoing activities to increase safety awareness, and initiatives to give people more time to think about safety. *Kiken Yochi* (hazard prediction) Training (KYT), communication of near-miss incidents, and the safety practice of pointing and calling are implemented at workplaces on an ongoing basis as continuous activities to increase safety awareness. KYT is intended to prevent workers from getting stuck in unconscious routines. Past accidents and near-miss incidents at each workplace are compiled into a booklet, and everyone recites them in unison at morning briefings and other occasions. Our initiatives to give people more time to think about safety include “Look Across Activities,” “Core Value Contact,” and group activities related to safety. In these group activities, safety-related themes are set twice a year for sites in Japan, and improvement activities are carried out with the participation of all employees. Awards are given for outstanding activities.

— Increasing Safety Awareness

Pointing and Calling

NSK Group sites in Japan follow the three steps shown on the right in the safety practice of pointing and calling. We also share best practices for this activity company-wide in an effort to spread them to all sites.

Three Steps of Pointing and Calling

Step1	Identify the work procedures that require pointing and calling
Step2	Clarify the key points that require pointing and calling
Step3	Point and call out loud when performing the work procedures

Practicing “Core Value Contact” in Each Department

The NSK Group practiced “Safety Contact” at the beginning of meetings, morning briefings, and other occasions from FY2019 to FY2021. In this activity, employees shared their thoughts and ideas about safety. It gave employees more time to think about safety, with the expectation that this would enhance sensitivity to safety issues. The program received positive feedback such as: “It’s easy to relate to stories I hear from people close to me,” and “It allows me to see different ways of thinking about safety in a new light.” “Safety Contact” served as a valuable safety enhancement tool.

Starting in FY2022, the NSK Group expanded the “Safety Contact” program and renamed it “Core Value Contact,” to give employees not only more time to think about safety, but also about the Group’s Four Core Values (Safety, Quality, Environment, and Compliance) and their contribution to the Core Values.

“Look Across Activities”

At the NSK Group, we ask employees to see accidents at other sites as relevant to their own workplaces and examine those incidents to identify similar risks in their surroundings. Countermeasures are then implemented for those identified risks to prevent the recurrence of the accidents. We call these efforts “Look Across Activities.” Carrying out “Look Across Activities,” either on a workplace or individual level, makes it possible to identify new risks and make the working environment safer. These activities also increase communication about safety in the workplace and help to foster an interdependent safety culture in which employees are motivated to challenge one another on the safety of their actions.

— Standardization of Safety Training and Education

The NSK Group has established “Safety *Dojo*” facilities at all plants, where employees can gain an appreciation of dangerous operations by participating in simulated experiences of workplace accidents. The goal is to make sure all employees learn about the importance of complying with operation rules to stay safe.

Experiencing a safety harness



All plant employees are required to take this experiential training every year. Safety *Dojo* operation procedures have been compiled into a manual and deployed to plants in each country to help foster a culture of safety.

— Preventing Fatal and Serious Accidents

STOP6 + 2 Activities

The NSK Group conducts “STOP6 + 2” activities as a means of preventing fatal and serious accidents. STOP6 is an initiative for occupational safety designed to prevent fatal and serious accidents. STOP6 classifies accidents in the STOP6

manufacturing industry into six major types and defines key prevention activities. In addition to the accident types identified by STOP6, the NSK Group addresses “oxygen deficiency and poisoning” and “accidents caused due to an employee working alone” as two additional accident types in its “STOP6 + 2” activities.

Major Accident Types in STOP6 + 2 Activities

1	Getting caught-in or entangled
2	Contact with heavy objects
3	Contact with vehicles
4	Falling down or falling from a height
5	Electric shock
6	Work with hot objects, accidents caused by explosions
+ 2	1 Oxygen deficiency and poisoning
	2 Accidents caused due to an employee working alone

— Preventing Accident Reoccurrence

Using Video to Share Cases of Accidents

The NSK Group in Japan posts cases of accidents on its intranet to share information. In the past, details of accidents were posted in writing. However, we received feedback that all of the technical terminology made it difficult for employees outside of manufacturing departments to understand the accidents and what caused them. Now, we post videos depicting recreations of accidents, which we believe has made it easier for everyone to “look across” and see how such accidents are relevant to their own workplaces. At some sites, all employees watch these videos together at morning briefings in order to start the day with a heightened awareness of safety.

— External Recognition for Safety Activities

To improve safety levels, NSK focuses on risk assessment activities (identifying, prioritizing, and determining actions to be taken to address risks at work sites). We seek to acquire SA and SSA certifications to reduce the variation in knowledge and level among staff so that risk assessments can be conducted efficiently with correct knowledge. At the same time, we have reduced the number of accidents by promoting safety measures at our facilities. In recognition of these achievements in safety-related human resource development and the reduction of the number of occupational accidents, we received the Encouragement Award at the 8th *Mukaidono* Safety Award.*



Mukaidono Safety Award,
Encouragement Award Ceremony

* *Mukaidono* Safety Award

Managed by The Institute of Global Safety Promotion, this is one of the country's leading awards presented to individuals and organizations that have contributed to the maintenance, improvement, advancement, and dissemination of safety in the industrial sector.

NSK's Approach	System	Targets and Performance
Initiatives		

NSK's Approach

With quality as one of its core values, the NSK Group aims to become “No. 1 in Total Quality.” In other words, we are working to achieve the industry’s best quality in everything we deliver—not only products and services but also information. We believe that this commitment to quality ensures that our products will satisfy customers all over the world.

To achieve our Quality Assurance Vision 2026 (100% good products and services that put the customer first), we engage in activities based on the Three Pillars of NSK Quality Assurance.

Three Pillars of NSK Quality Assurance



1. NSK Product Development System (NPDS)	To quickly transform new orders into reliable, stable production, we promote initiatives that incorporate quality into individual processes.
2. NSK Quality No. 1 (NQ1) Program	We work hard to realize stable production and ensure zero defects.
3. Human Resources Development	We promote human resource development to build a stronger foundation for quality systems.

Quality Assurance Vision 2026

Our Quality Assurance Vision 2026 sets clear goals and expectations to achieve by 2026. It has Three Pillars, as mentioned above. Across the NSK Group, we are working to build a seamless, consistent system for quality improvement, leveraging inter-departmental collaboration to achieve our goal of being No. 1 in Total Quality. This includes quality at every operational stage, from design and manufacturing, to supplier management and field responsiveness. Our goal is 100% good products and services that put the customer first, by 2026.



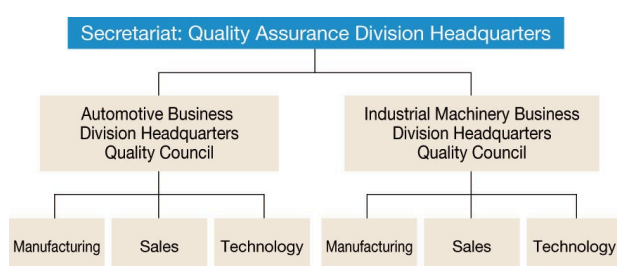
– Quality Assurance Organizations

The NSK Group has established the Core Values Committee to promote and strengthen corporate activities based on NSK's core values (safety, quality, environment, and compliance). To that end, it identifies issues for the entire Group to address by discussing policies and sharing information on related risks. The Committee also provides suggestions for and monitors progress on solutions to these issues.

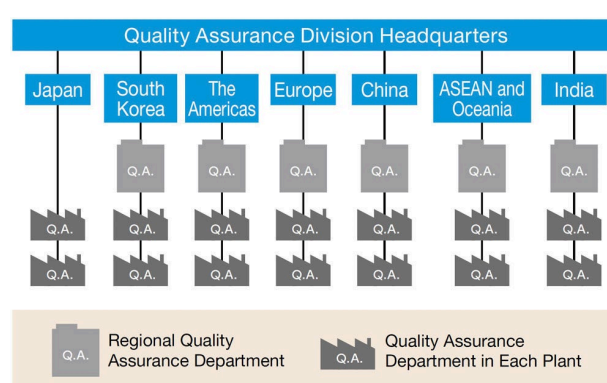
The Quality Assurance Division Headquarters is positioned as the global headquarters for quality management, and quality councils have been established within each business unit as subordinate organizations of the Core Values Committee. Together, they work to strengthen quality improvement efforts by promoting cooperation among the manufacturing, sales, and technical departments. The headquarters also reports the Group-wide status of quality management to senior management at monthly Executive Officers' Meeting.

We have established regional quality assurance departments in South Korea, the Americas, Europe, China, ASEAN/Oceania, and India. This global quality assurance system has been built to meet customer needs in each country and region, as the highest priority. Annual global meetings and biannual regional meetings on quality are held to share and discuss quality-related information and to strengthen monitoring, oversight, and the support structure in each region.

NSK Quality Council



Global Quality Assurance Organization



Targets and Performance

— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

Policy		NSK Product Development System (NPDS): NSK's proprietary quality management system that quickly translates new orders into reliable, stable production	NSK Quality No. 1 (NQ1) Program: Initiatives to realize stable production and ensure zero defects	Human resource development: NSK is promoting the human resource development to build a stronger foundation for quality creation.
MTP2026	Targets	<ul style="list-style-type: none"> ● Improve NPDS quality worldwide <ul style="list-style-type: none"> · Establish DR experts outside Japan · Establish stricter DR and adopt design-manufacturing integrated digital FMEA ● Develop a global system addressing design <i>kakotora</i> (quality problems experienced in the past) and expand to manufacturing <i>kakotora</i> (manufacturing problems experienced in the past) 	<ul style="list-style-type: none"> ● Establish digital management of quality (completion inspections, traceability, enhanced critical process control) ● Enhance control of process capabilities 	<ul style="list-style-type: none"> ● Establish a quality DX organization and secure human resources ● Deploy quality training to all employees (virtualized training/e-learning)
FY2022	Targets	<ul style="list-style-type: none"> ● Implement training to establish DR experts in Europe and China Convert development and manufacturing information into data through full deployment of design-manufacturing integrated digital FMEA ● Develop a global system addressing design <i>kakotora</i> in design operations and accumulate data 	<ul style="list-style-type: none"> ● Deploy an automated final inspection system to eliminate human error Establish a new project team to strengthen traceability for new products and formulate an overall concept Strengthen critical process control through remote monitoring and management ● Visualize process capabilities and tighten rules 	<ul style="list-style-type: none"> ● Establish an organizational structure for a digital platform for quality Create training content on quality information and implement training ● Launch <i>e-Quality-Dojo</i> for online training
	Performance	<ul style="list-style-type: none"> ● Prepared educational materials for DR experts outside Japan Conducted training for a total of 7 people from quality assurance and engineering departments in Europe and China Completed global training (Americas/Europe/China/ASEAN) on how to use the design-manufacturing integrated digital FMEA system ● Established a global design <i>kakotora</i> system and completed registration of design knowledge Started using the system in engineering departments 	<ul style="list-style-type: none"> ● Verified the installation status of automated appearance inspection equipment (scope: global plants) Conducted an appearance defect analysis survey to analyze inspection requirements (scope: appearance defects over the past 7 years) Established a new traceability promotion project team Created guidelines for strengthening traceability ● Created new rules tightening process capability (scope: new products) Started trials based on the new rules (scope: 5 cases) 	<ul style="list-style-type: none"> ● Implemented Group-wide digital training (target: managers and above) ● Launched online <i>e-Dojo</i> for engineers and conducted training (twice a year) with 92% participation

FY2023	Targets	<ul style="list-style-type: none"> Select 1 DR expert and start practicing DR expert activities Create and deploy guidelines for the operation of the design-manufacturing integrated digital FMEA system Expand the global design <i>kakotora</i> system to manufacturing departments and locations outside Japan, and start using it 	<ul style="list-style-type: none"> Create guidelines for installing automated appearance inspection machines Create a process management checklist and implement self-sustaining promotion of installation at each plant Implement process design for introducing traceability in line with the guidelines Officially apply new rules on process capabilities (scope: all new products) Create a roadmap for expanding the scope of process capability tightening (scope: existing products) 	<ul style="list-style-type: none"> Conduct training for digital promotion personnel in each department (twice a year) Launch virtual quality training for all employees
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Initiatives

To ensure quality that puts customers first, and enduring quality in the field, the NSK Group strives to secure and improve quality throughout the product process, from design, to procurement from suppliers, to manufacturing. We are promoting total quality through the four initiatives shown below.



– Initiatives to Enhance Field Quality

As a firm that services the manufacturing sector, the NSK Group aims to achieve a level of quality that meets the expectations of society at large. This is why we not only strive to satisfy our direct customers, but also look beyond to assess the needs of the end users who use products with NSK components. Our system enables us to both propose and deliver quality products and services that thoroughly fulfill both customer and social needs.

Customer Management Database

In order to accurately meet customer requests, the NSK Group provides technical support related to design and expert knowledge on product usage. We have also established a database of information such as response history for customer inquiries. The information gathered from various countries and regions is used to improve our products and services.

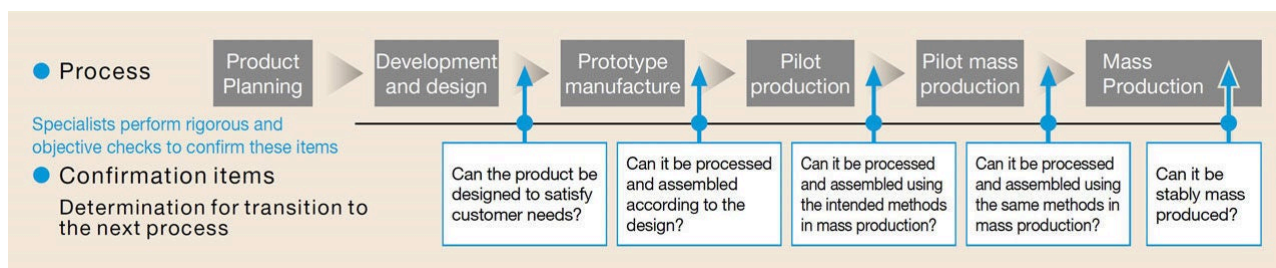
– Initiatives to Enhance Design Quality

The NSK Group incorporates feedback from customers into its designs to enhance quality in the design stage. We make every effort to design products with a superior level of quality by drawing on our expertise and experience in the market, cultivated over many years. We always strive to meet our own unique quality targets, going above and beyond the core quality that our customers have come to expect.

Building Quality into Each Process: NSK Product Development System (NPDS)

The NSK Group has globally deployed an innovative quality management system, the NPDS, to respond promptly and reliably to new projects and to mass produce products that satisfy customers. At each stage of the process, from product planning to development/design, prototype manufacturing and mass production, we ensure that any concerns are resolved and strive to improve quality. Even after mass production begins, we conduct thorough management to maintain high quality.

Outline of NPDS



Education to Improve the Quality of Design Reviews in Developed Products

To improve product design quality in new projects, the NSK Group has its own internal system of experts that perform design reviews (DR) and has implemented worldwide measures to improve DR quality. These DR experts identify issues related to product quality from the design phase and into the mass production phase to prevent problems down the road. Along with the enhancement of DR content for NSK-developed products, we ask these experts to make the most of their knowledge and experience: (1) to promote robust design* proposals that fully meet customer requirements; (2) to build manufacturing processes that emphasize the 4Ms and maintain stable production; and (3) to hand down technology skills while creating learning opportunities for young NSK engineers.

To raise the DR level, the necessary materials and data need to be prepared in advance. When all the participants understand the design details before the DR meeting, the review discussions are more efficient and meaningful. NSK is increasing the number of opportunities for discussions between DR experts and our designers and developers, while working to raise their technical skills and improve the technical data that is needed for each step of the DR process. Moreover, by conducting optimal evaluation and feedback in each step of the DR process, we are working to improve the quality of product development projects as part of our DR quality enhancement efforts.

* Robust design: Design that ensures the required characteristics for various product usage conditions.

— Initiatives to Enhance Manufacturing Quality

The NSK Group works diligently to deliver a consistently high level of product quality that meets customer needs.

We also develop manufacturing processes that focus on the 4Ms (man, machine, materials and methods) to further improve product quality.

4M Priority Issues

Man (human resources)

We are working to raise the quality awareness of all employees by establishing *Quality-Dojo* at all plants, worldwide. This training area provides a place for employees to learn how to use and handle NSK products and how to inspect them correctly.

Machine (equipment)

We are promoting systematic investment in quality assurance equipment to prevent any quality problems from recurring.

Material

We will continue to develop lightweight and highly reliable materials, leveraging robust design to maintain high quality.

Method

We aim to develop products that can be reliably produced without any defects.

Product Assurance through Quality Inspection

To provide customers with assurance that they can use our products with confidence, the NSK Group conducts thorough inspections to ensure product quality. These inspections consist of both visual and functional tests and are conducted at various points of the manufacturing process, from acceptance to shipping, to prevent any defective products from leaving the plant.

Going forward, we aim to improve process assurance and increase efficiency by automating more inspections.

Global Quality Improvement Activities and Their Deployment

Every month, the NSK Group monitors the status of quality management at all production sites worldwide. The NSK Group is engaged in efforts such as zero-defect activities, recurrence prevention activities, and Quality *Dojo* activities across all production sites as part of its quality improvement activities. The Quality Assurance Division Headquarters has introduced an award system for each activity, aiming to incentivize active participation. In addition, production sites that have achieved particularly excellent results in terms of quality are designated as outstanding plants, and their characteristics and operational initiatives are analyzed and horizontally deployed to other production sites.

Objectives of Quality Information Exchange Meetings for Plants

- Learn from the successful activities of other plants
- Share solutions for particular problems
- Adopt the “Look Across Activities” approach to problems (to prevent problems from recurring at other plants)

Quality Training

To promote continuous awareness and knowledge improvement on quality, one of the NSK Group’s core values, the Group provides quality training for all employees.

Training includes:

- Rank-based quality training for new employees and managers, tailored for their respective roles and responsibilities
- Quality-*Dojo* training that allows employees to learn through actual examples and products
- Digital quality training for all employees delivered via e-learning

– Initiatives to Enhance Supplier Quality

High-quality lubricants, materials, and parts are required to manufacture high-quality products. At the NSK Group, we engage in a wide range of initiatives to enhance quality, based on our strong ties with suppliers. Our Quality Assurance Division Headquarters works to promote quality data visualization at suppliers, implement improvement plans, and carry out quality improvement efforts, collaborating closely with the NSK plants that receive products from suppliers.

Main Initiatives

Policy	Details
Briefing sessions by the Global Quality Audit Office on internal activity policies	At the annual purchasing policy briefing, shared with suppliers the details of a supplier quality control system currently being created
Ascertaining and visualizing the current quality situations at suppliers	Using trend graphs and radar charts to clarify the situation for quality problems originating at suppliers that are detected during receiving inspections and on production lines
Development of a management system for supplier quality problems	<ul style="list-style-type: none">● Managing quality problems originating at suppliers using a system that handles everything from information gathering to data visualization● Information standardization, usability enhancement, and flow acceleration
Monthly report on supplier quality issues	<ul style="list-style-type: none">● Using a system to prepare and send monthly visualized data reports on supplier quality situations to business division headquarters and plants● Providing quality guidance to and conducting checks of suppliers based on the monthly quality performance of monitored suppliers● Quality improvement activities implemented by the top management of the Quality Assurance Division Headquarters for the worst-ranked suppliers
Ascertaining the current situations at suppliers performing final processing	<ul style="list-style-type: none">● Reliably ascertaining the quality situations at suppliers who perform final product processing● Raising management to the same level as for purchased items

➤ Supply Chain Management

— Other Initiatives

Strengthening Audit Functions

The role of the Global Quality Audit Office at the Quality Assurance Division Headquarters is to monitor compliance situations and potential risks relating to quality control, and to implement preventive measures for potential problems. To fulfill this role, the office conducts audits from a third-party perspective.

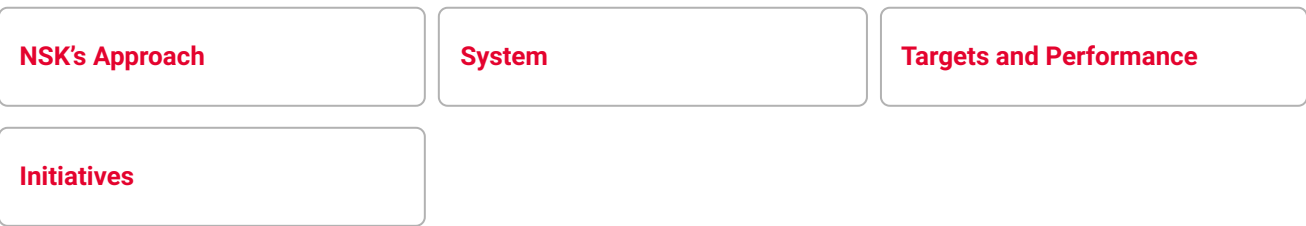
The audit office also constantly gathers product recall and defect information on other companies. It examines this information and promotes necessary information development and preventive activities.

Quality Management System

The NSK Group has obtained ISO 9001 and IATF 16949 certifications, the international standards for quality management systems, at its development, design, and manufacturing facilities. In addition, the effectiveness of our quality management system is verified through periodic third-party and internal audits, and when problems are found, appropriate corrective measures are taken to continually improve the level of our efforts.

Response to Product Defects

NSK provides customers with technical information and handling instructions to ensure the safe use of its products. We do our best to ensure quality, but in the unlikely event of a product or service defect, we will promptly inform the customer of the information, and all relevant departments will work together to take prompt and appropriate action to prevent the problem from spreading. We will also investigate the cause of the problem and prevent its recurrence.



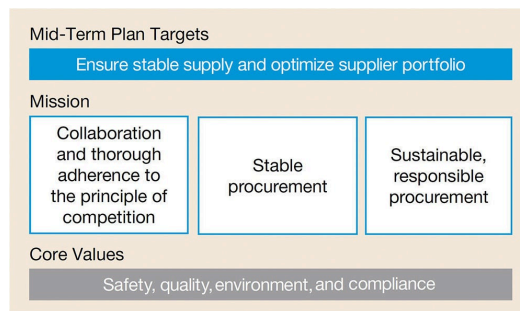
NSK's Approach

NSK considers suppliers to be indispensable business partners for NSK and aims for mutual development while building relationships of trust. Based on our basic philosophy of conducting fair and impartial procurement activities that are considerate of impacts on both society and the environment, we are engaged in efforts throughout our entire supply chain to help create a sustainable society.

— Mission of NSK's Procurement Division

NSK's procurement division strives to improve earnings and cost competitiveness by ensuring stable procurement and optimizing quality, cost, and delivery time through fair, transparent transactions with suppliers. In our relationships with suppliers, we practice sustainable, responsible procurement by ensuring compliance and focusing on CSR procurement. We also share our Green Procurement Standards and Supplier CSR Guidelines with suppliers in order to foster CSR activities throughout the supply chain.

Mid-Term Management Plan 2026: Procurement Division Headquarters



— Policy

NSK Group Basic Policy for Procurement

1. Economic Rationality Applicable companies shall conduct transactions whose quality and service are economically rational.	counterparties shall not be entered into if there are personal interests involved.
2. Fairness and Impartiality Applicable companies shall conduct transactions in a fair and impartial manner regardless of region, company size, or whether the counterparty is a new or existing business partner.	•Transactions with counterparties and/or potential counterparties shall not be entered into for the purpose of personal gains. •Companies shall not compel counterparties and/or potential counterparties to make donations, etc.
3. Observance of All Laws I Applicable companies shall strictly follow the procurement laws and regulations of each country, and possess awareness of their important societal role. II Applicable companies shall conduct training and education programs to ensure strict observance of procurement laws and regulations.	II Applicable companies, when entering into transactions with subcontracting firms, shall strive to build a strong, cooperative partnership and maintain a stable supply.
4. Respect for Moral Standards I Applicable companies shall adhere to strict moral standards. •Transactions with counterparties and/or potential	5. Environmental Preservation, Resource Conservation (Green Procurement) Applicable companies shall promote environment protection by procuring environmentally-conscious products from counterparties that make positive efforts toward environmental preservation.
	6. Employee Training and Education Applicable companies shall provide procurement training and education to employees.

– NSK Supplier CSR Guidelines

NSK distributes the NSK Supplier CSR Guidelines to approximately 1,700 main global suppliers, requesting compliance initiatives such as adherence to competition and antibribery laws, human rights and labor initiatives such as the prohibition of child labor and forced labor and occupational health and safety, environmental initiatives such as reductions in CO₂ emissions, and community initiatives such as avoiding the use of conflict minerals.

➤ NSK Supplier CSR Guidelines

NSK Supplier CSR Guidelines Key Items

- Compliance
- Human rights/labor
- Environment
- Contribution to local communities
- Risk mitigation
- Information disclosure

– NSK Group Green Procurement Standards

The NSK Group has established standards for green procurement throughout the supply chain, starting at the beginning with parts and materials, and works together with suppliers on this issue. The standards address efforts to fight climate change, promote resource conservation and recycling, manage environmentally harmful substances, and other important matters.

➤ NSK Group Green Procurement Standards

NSK Group Green Procurement Standards Key Items

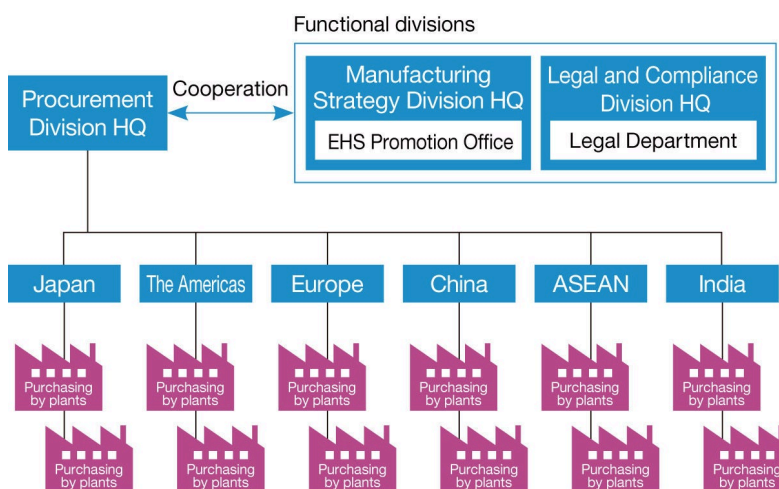
- Policies addressing environmental preservation
- Compliance with environmental laws
- Requirements for the development of an environmental management system (EMS)
- Requirements for the development of an environmentally harmful substance control system
- Requirements for environmental protection activities
- Audit and investigation of environmentally harmful substances

System

– Global Supply Chain Management Promotion System

The Procurement Division Headquarters is tasked with ensuring that the NSK Group fulfills its social responsibility throughout the entire supply chain. Directed by a senior vice president, it plays a central role in building systems to promote supply chain management, working in collaboration with relevant functional divisions, procurement and administrative divisions within the NSK Group. Procurement policies and progress on CSR procurement and other related measures are reviewed at the biannual Global Procurement Conference, which brings together those responsible for procurement from each region of the world.

Global Supply Chain Management Promotion System



Targets and Performance

– Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

Policy		Rebuild the foundation for procurement reform using a global overall optimization perspective instead of pursuing only individual optimization	
MTP2026	Targets	<ul style="list-style-type: none"> Strengthen BCP readiness 	<ul style="list-style-type: none"> Environmentally friendly procurement
FY2022	Targets	<ul style="list-style-type: none"> BCP inspections on 30 major companies (120 total since FY2018) 	<ul style="list-style-type: none"> Revised the Supplier CSR Guidelines and conducted a survey of initiatives based upon them Revised the Green Procurement Standards
	Performance	<ul style="list-style-type: none"> BCP inspections on 11 major companies (108 total since FY2018) (Some backlog due to the COVID-19 pandemic) 	<ul style="list-style-type: none"> Revised the Supplier CSR Guidelines and conducted a survey of initiatives based upon them Revised the Green Procurement Standards
FY2023	Targets	<ul style="list-style-type: none"> BCP inspections on 12 major companies (120 total since FY2018) 	<ul style="list-style-type: none"> Provide feedback on Supplier CSR Guidelines compliance surveys

Initiatives

— Regional Distribution of the NSK Group's Supply Chain

The NSK Group has transactions with approximately 1,500 suppliers worldwide (after adjusting for overlap between regions) for direct materials.

— Stable Procurement Based on Relationships of Trust

Sharing NSK's Value Creation with Suppliers

The NSK Group holds procurement policy briefings every year to explain its procurement and other policies to major suppliers. Suppliers are asked to reinforce their efforts to implement CSR activities to ensure the same level of performance throughout the entire supply chain.

In June 2023, we held an online procurement policy briefing, and about 120 companies watched it. We explained the content of our fully revised Supplier CSR Guidelines and detailed how we are asking suppliers to address growing social demands for human rights, labor, and climate change countermeasures.



Procurement policy briefing

➤ Initiatives to Enhance Supplier Quality

Promoting Fair Trade

In 2017, the NSK Group created an internal manual to address various fair trade trends in government and industry, such as laws and regulations like Japan's Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, and industry agreements like the Voluntary Action Plan of the Japan Automobile Manufacturers Association, Inc. and Japan Auto Parts Industries Association. The manual is designed for employees involved in procurement, and it covers key issues and warns against specific types of conduct that are likely to be viewed with suspicion. We disseminated the manual and continue to work hard to promote fair trade.

Compliance Hotline

The NSK Group has established the compliance hotline (whistleblowing system) to enable anyone to anonymously convey their criticisms, opinions, and concerns. This helps to ensure any issues will be identified at an early stage so corrective measures can be taken. In Japan, for example, the hotline has two points of contact: one is the Head of the Legal and Compliance Division Headquarters and the other is an outside attorney. We are careful to ensure that not only internal whistleblowers but also suppliers can use the hotline safely and securely and face no repercussions as a result. We have distributed leaflets to make the compliance hotline more widely known.

– Identifying and Managing Risks in the Supply Chain

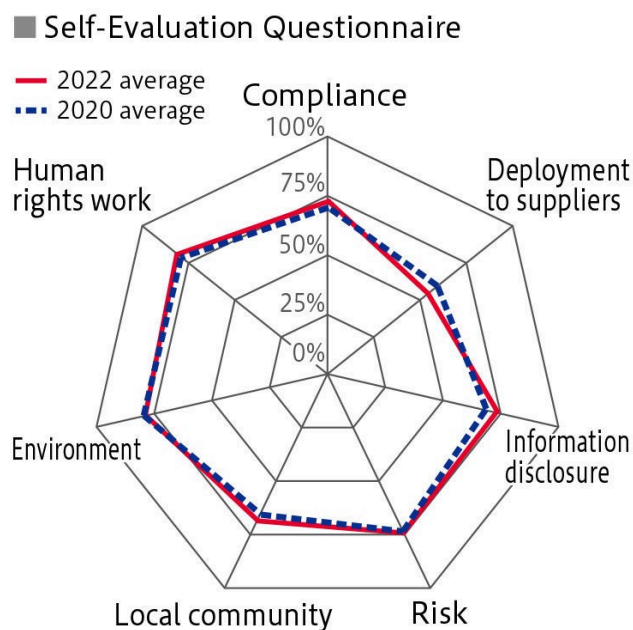
Supplier Risk Management

The NSK Group obtains understanding and agreement from all suppliers to follow the NSK Supplier CSR Guidelines and NSK Group Green Procurement Standards. We have also incorporated clauses on environmental, social, and governance (ESG) performance into basic transaction agreements to further strengthen risk management. We determine the risk that each supplier in NSK's supply chain presents by taking into account the procurement cost and volume, the importance of the procured parts, the availability of replacements, the risk of the presence of environmentally harmful substances and conflict minerals, and the risk of damage from earthquakes, wind or flood.

Suppliers estimated to present a high level of risk are placed under critical control, and we assess supplier risk by checking their financial condition, requiring them to conduct CSR self-assessments, and other methods. The necessary measures to reduce risk are then implemented in close collaboration between those suppliers and the relevant departments at NSK, such as design and production. We also conduct a careful study of risk before beginning to do business with any new supplier. We confirm their management structure, check for legal violations including violations of environmental and labor laws, and verify practices related to quality control and environmental management, among other things.

Supplier CSR Self-Assessment

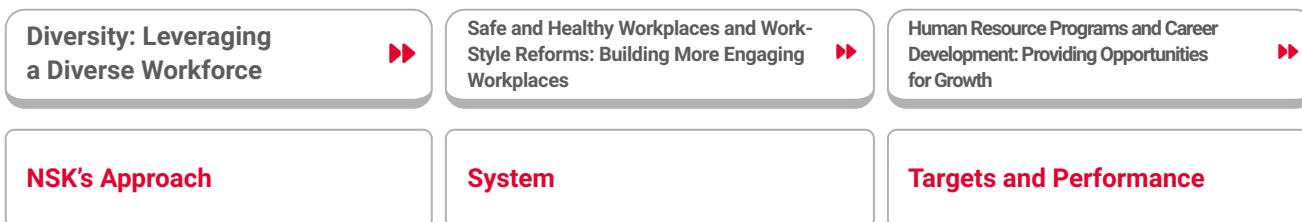
The NSK Group asks its suppliers to perform CSR self-assessments and monitors the condition of their operations (every two years). We then report the results of our evaluation of their activities back to the suppliers. In Japan, we conducted self-assessments in FY2022 and requested responses from approximately 500 suppliers, receiving responses from about 90% of them. We provided feedback on the survey results to each company and requested that they take measures to address identified issues, such as strengthening preventive measures against occupational accidents and improving the level of green procurement. We also regularly conduct monitoring through self-assessments at each site for suppliers outside Japan. Requirements regarding human rights and the environment are becoming stricter in each region, and we will work with our suppliers to improve the level of compliance.



➤ Respecting Human Rights

— Enhancement of Supply Chain BCP Effectiveness (Japan)

The NSK Group has built a system for quickly identifying the scale of damage and problems at suppliers in the event of a disaster. The system also facilitates a precisely targeted response with the cooperation of suppliers. Drills are conducted regularly to ensure sites properly utilize the Supplier Safety Confirmation System, which is used for emergency contact. We have also asked major suppliers to create their own Business Continuity Plans (BCP) and verified their progress in order to strengthen risk management throughout the supply chain.



NSK's Approach

— Policy

The NSK Group Management Principles clearly state that our aim is “to provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality.” In acknowledgment of the fact that each employee is a priceless asset, 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.

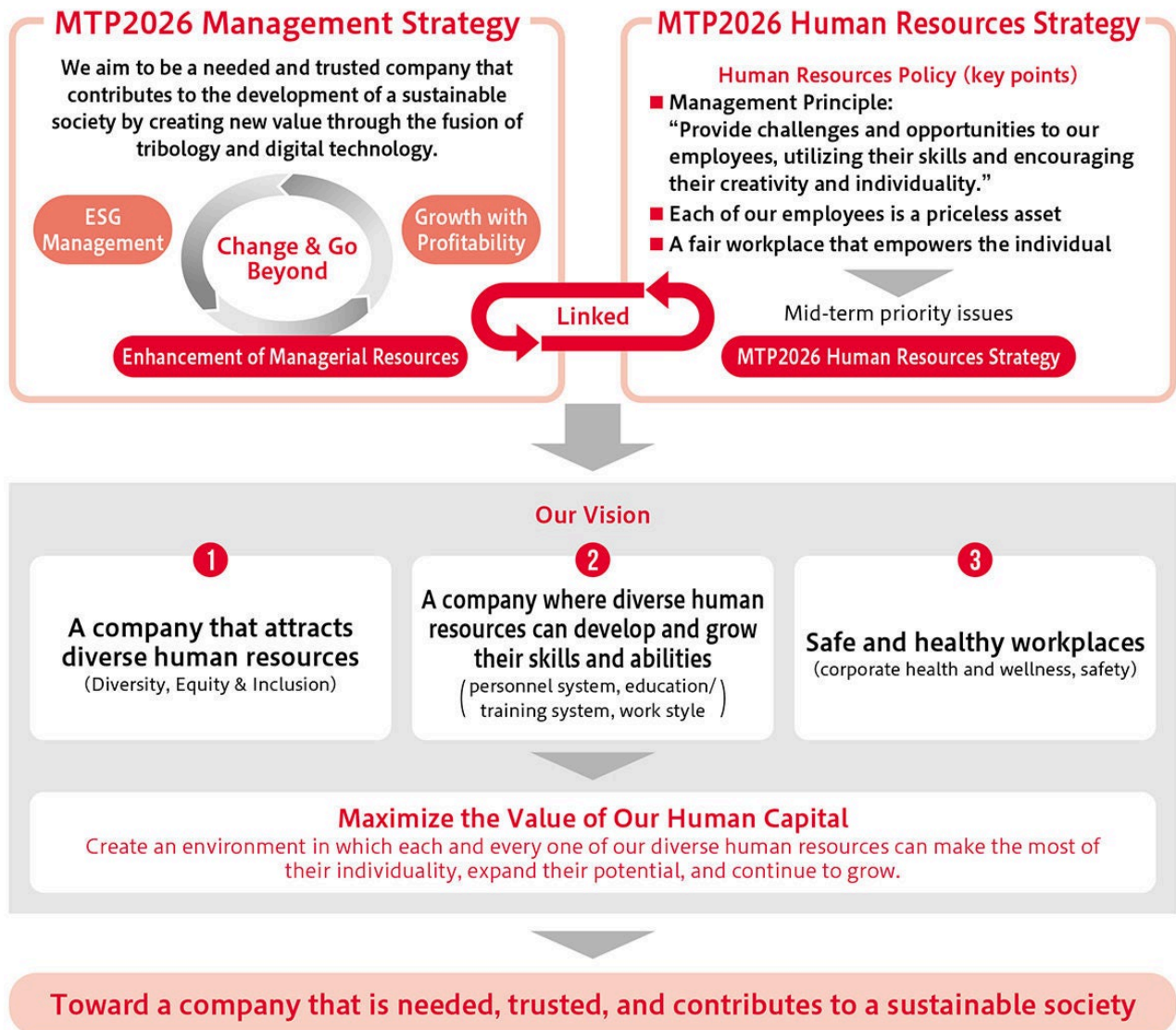


Maximizing the Value of Our Human Capital

The NSK Group’s MTP2026 tackles three key management issues: “growth with profitability,” “enhancement of managerial resources,” and “ESG management.” In doing so, we seek to realize our corporate philosophy while simultaneously helping to address societal challenges and achieve sustainable growth. As technology and society continue to evolve, we will broaden the perspective of our initiatives and continue to “Change & Go Beyond” to achieve our ambitious goals, with the aim of being a company that is needed, trusted, and relied upon by society. As the business environment in which we operate undergoes significant changes, it is important that we bring together the knowledge, experience, and perspectives of a diverse pool of human resources that can inspire each other in order to energize the organization and enable each member to “Change & Go Beyond.” This will in turn ensure that employees will continue to find fulfillment in their work and generate results as a team. In order to maximize the value of our human capital based on our human resources strategy, which is linked with our management strategy, we have set three goals. Namely, we aim to enable every member of our diverse workforce to make the most of their individuality, continue to expand their potential, and achieve personal growth.

«Our Vision»

- ① A company that attracts diverse human resources
- ② A company where diverse human resources can develop and grow their skills and abilities
- ③ Safe and healthy workplaces



– Examples of Initiatives

① A company that attracts diverse human resources

Diversity as a driving force of the organization

NSK regards diversity as a source of competitiveness. In particular, we have identified the diversification of our management team and career advancement for women as key management issues and are working to develop female managers/managerial candidates.

In Japan during FY2022, NSK revised its action plan according to The Act on Promotion of Women's Participation and Advancement in the Workplace, and set a target of increasing the number of women in managerial positions and managerial candidate positions to 100 by FY2024 (including major group companies).

As one measure to foster an environment in which women can play an active role, we have launched an initiative in which younger female employees interview women holding key positions across NSK's business sites, compiling the discussion into articles that are published and distributed throughout the Company to raise awareness of women's career development. We also continue to work on LGBTQ+ inclusiveness to promote understanding and empathy for hidden diversity. NSK has received the PRIDE Index Gold Award for three consecutive years in recognition of its LGBTQ+ ally initiatives.



In-house publication featuring interviews with women in key positions

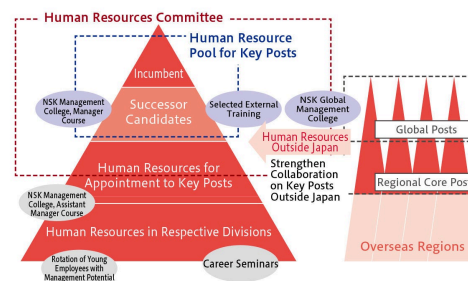


② A company where diverse human resources can develop and grow their skills and abilities

Developing Future Management Candidates

We regard the period of young employee development as an important phase for developing the next generation of management candidates. As such, we have created a career development program that rotates young employees to give them career experience as an early development measure and produce a strong talent pool of future management candidates.

Goals for Development of Management Candidates



From 2019, we added an assistant manager course to our NSK Management College, with the goal of encouraging young talent to develop a corporate management perspective from an earlier stage. Regarding appointments to key management positions, the Human Resources Committee serves as the top-level body that approves succession plans for management personnel and human resources investment plans. By clarifying the definition of key posts (talent profiles), we implement globally coordinated succession planning and strategically select and appoint management talent.

Development of Digital (DX) Talent

Amid rapid changes in the business environment, NSK defines digital transformation (DX) as a corporate transformation that goes beyond simply introducing digital and IT tools, but instead reshapes the Company's business approach at a fundamental level. In this regard, we are pursuing DX with a view to transforming our business portfolio and profit structure. It is therefore essential to develop digital talent who can play a central role in promoting DX, and the Digital Transformation Division Headquarters, created in April 2022, is taking the lead in rolling out a company-wide digital talent development program. We are in the process of deploying a training program that fosters a digitally-oriented mindset, with the aim of delivering training to 5,000 employees. To date, 3,000 employees have taken part in the course. In addition, we regardless of age, gender, or nationality, including for management personnel outside Japan. We also conduct talent management by utilizing IT systems to monitor our positions and human resources in real time.



➡ Human Resource Programs and Career Development

③ Safe and healthy workplaces

Corporate Health and Wellness Management (Promoting mental and physical health)

NSK has been certified as an Outstanding Health and Productivity Management Organization (White 500) in Japan for six successive years. In FY2022, we reviewed and disclosed the NSK Health and Wellness Management Strategy Map, which visualizes the link between health initiatives and our key management issues, based on our belief that employee health is the

foundation that supports MTP2026. In addition, we are stepping up our efforts by reviewing the NSK Basic Policy on Health and Wellness (Employee Wellness Declaration), the three pillars of health initiatives, the promotion structure, and other items.

We are continuing to place priority on the mental and physical health of our employees and their families through a variety of initiatives, including e-learning to raise awareness of health issues, online health fairs, briefings for managers to explain how to interpret and follow-up the results of stress checks in their organizations, and promoting participation in No Smoking Days.



No Smoking Day poster



Health and wellness e-learning

➡ Safe and Healthy Workplaces and Work-Style Reforms

– Employee Engagement Survey

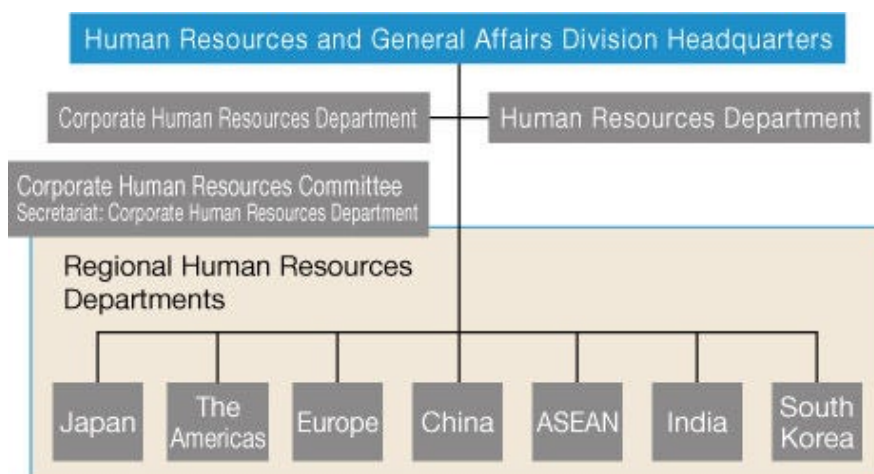
Starting in FY2018, we have conducted biennial employee engagement surveys on a global basis. In FY2022, surveys were conducted in Japan and China. Compared to the previous survey results, scores improved for 89% of questions in Japan and for 100% of questions in China. The survey in Japan was sent to more than 16,000 employees (including those of Group companies), with a response rate of 93%. The total number of written responses to open ended questions totaled around 20,000. This represented a high response rate, with the survey provider commenting that this trend was very positive as it indicates that NSK employees are willing communicate their opinions to the Company. We will strive to link this employee feedback to further improvements. To track the progress of our three goals for human capital management, we have established KPIs and targets for all our initiatives, including measures to address issues identified from the survey results. We believe that our aim of maximizing the value of our human capital can be achieved by accumulating the results of each of these initiatives, and we have positioned the employee engagement score obtained from this survey as a composite measure of our performance. We have also established and begun implementing the NSK Engagement Index, a proprietary index consisting of questions from the engagement survey that are particularly correlated to NSK's goals for employee engagement, as an indicator that more directly expresses the results of each initiative. We are currently studying tracking the NSK Engagement Index as a global score in the future.

System

– Global Human Resources

The Human Resources and General Affairs Division Headquarters collaborates closely with regional HR departments worldwide on a variety of efforts, all guided by the commitment described above. At the regular Global Human Resources Committee meetings, HR managers from each region meet to report on their regional and national initiatives, share the local challenges they face, and discuss measures to further improve talent management.

Structure of the Human Resources and General Affairs Division Headquarters



Targets and Performance

– Maximizing the Value of Our Human Capital: MTP2026 Key Metrics and Targets

Key Issues and Initiatives	Key Metrics	Scope*	FY2022 Results	FY2026 Target
● Promoting Diversity, Equity, and Inclusion (creating an organization and culture that is inclusive of diverse human resources/values)	● Employee diversity ratio (gender, nationality, mid-career hires)	Japan	13%	15%
	● Ratio of female managers* ¹	Global	12.5%	Higher than current level
● Support for balancing work and personal life (e.g., childcare, nursing care, medical treatment)	● Percentage of male employees taking childcare leave	Japan	72.6%* ²	70% or higher (FY2024)
● Introduction/operation of new personnel system	● Introduction/operation of role-based personnel system (managerial level)	Japan	Creation of RD* ³	Promote understanding of system and improve operations
● Promoting succession planning	● Localization rate for key global posts	Global	73%	Maintain at 70% or higher
● Reviewing training curriculum and developing a digital-based education and training system	● Education and training hours per employee	Global	21 hours	Increase by 20%
● Developing digital human resources	● Number of participants in basic digital talent development program	Japan	Approx. 2,700	Develop specialists through company-wide theoretical and practical training
	● Number of participants in intermediate digital talent development program		Approx. 1,000	
● Corporate Health and Wellness	● Certification as Outstanding Health & Productivity Management Organization (White 500)	Japan	Certification	Maintain certification
● Fostering a "look across" culture of mutual safety awareness	● Lost-time injury frequency rate	Global	0.38	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
(FY2026 target)
70
(FY2022 Performance 68)

*1 Percentage of women among managerial positions

*2 Calculated based on the Company's standard (leave taken within one year from the date of birth)

*3 Role description (clarifies the role of the position and required competencies)

*4 Excludes some group companies

Promoting More Diversity and Inclusion

Diversity and Inclusion Roadmap and Priorities for Our Mid-Term Management Plan

Promoting a Better Understanding of Diversity and Inclusion

Promoting More Diversity and Inclusion

It is our conviction that employing people from diverse backgrounds—in gender, age, nationality, culture, lifestyle and values—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. This is why we are working to build a corporate culture that embraces diversity and is inclusive of all people and the values they hold.

Diversity and Inclusion Roadmap and Priorities for Our Mid-Term Management Plan

The NSK Group is promoting diversity and inclusion in a three-phase initiative lasting from 2016 to 2026.

We will continue to take steps to empower women, which is an important management objective. At the same time, we will expand our initiatives in other areas, working also to empower non-Japanese employees and all those who identify as LGBTQ+. We are determined to advance all aspects of diversity and inclusion.

We also recognize that encouraging diverse employees to play an active role requires that we make progress in creating more flexible work arrangements. This is why we will move forward with work-style reform, hand in hand with diversity and inclusion, recognizing that they are critical to one another. In this way, we will work to ingrain new attitudes and change behaviors simultaneously.

Diversity Roadmap



- Priority 1: Promote a better understanding of diversity and inclusion
- Priority 2: Promote career advancement for women
- Priority 3: Promote the advancement of non-Japanese employees
- Priority 4: Support work-life balance (parenting, caregiving, medical or infertility treatment; [Facilitating Work-Life Balance \[related pages\]](#))
- Priority 5: Work-style reform([Promoting Safe, Secure, and Comfortable Workplaces \[related pages\]](#))

— Diversity Promotion System

NSK established a Diversity Development Team in 2006, which worked to create workplace environments that promote a balance between work and personal life for all employees. In 2016, the team was reorganized as the Diversity Promotion Office and the promotion system was enhanced.

With a mission to “support increase employee engagement in the workplace and corporate culture by helping each person to make the most of their abilities and individuality,” the office is developing measures with a focus on five priority areas to accelerate diversity promotion activities at NSK.

Promoting a Better Understanding of Diversity and Inclusion

The NSK Group is undertaking the following initiatives to become an organization in which every employee understands the need for diversity and inclusion, and respects and accepts diverse workplace members and their values.

Main Initiatives

- Communicating commitment from senior management (diversity training for executives, and sharing diversity messages from the president and other executives)
- Diversity seminars and training
- Diversity lectures
- Unconscious bias training
- Information sharing on internal diversity portal site and social media
- Training on LGBTQ+ issues

— Promoting Career Advancement for Women

At NSK, promoting greater career opportunities for women is a management priority. By empowering more women to demonstrate their full abilities and play an active role, the aim is to further advance

diversity and inclusion and strengthen the competitiveness of the company.

For this reason, we are increasing the percentage of new hires who are women, while striving to create an environment where work and family can be balanced, supporting career development for women, and providing the opportunity to be active in a wide range of roles. We are also implementing initiatives to promote the active participation of women Group-wide. The aim is not only to expand the number of women in various roles, but also to increase diversity among managers and their values.

➤ Action Plan in Response to the Women's Advancement Act (in Japanese only)

With Japan's Act on Promotion of Women's Participation and Advancement in the Workplace now in effect, NSK investigated its current situation for the active participation of women, and analyzed the issues. We have created an action plan based on the results.

Main Initiatives in Japan

- Training for women serving as assistant managers / career-track training for women
- Role model lectures
- Workshops for women in the sales division: improvement activities and skill training, etc.
- Workshops for women in the technology division: social contribution activity (Riko-challe*)

Main Initiatives Outside Japan

- Diversity event held at the European Management Conference
- NSK Americas Women's Development Program

* Riko-challe: An initiative led by the Gender Equality Bureau of Japan's Cabinet Office, the Ministry of Education, Culture, Sports, Science and Technology, and the Japan Business Federation, to support career choices for female students who are interested in STEM fields



Diversity Event, held as part of the Management Conference (Europe)



Participants in NSK Americas Women's Development Program

— Leveraging Global Talent

The NSK Group continually hires and trains outstanding human resources to support the operations of the NSK Group worldwide. The Group also works hard to assign the right person for each job. Key posts for global business operations have been identified as "global posts." In consultation with senior management and human resources departments in each global region, we determine the leadership competencies required of people in these positions. With these competencies as core requirements, we devise successor plans and systematically promote, evaluate, and compensate our global talent. This program includes transfers between different world regions. We also provide a variety of human resource development programs such as education for future and current leaders. We are also working to develop organizational infrastructure to ensure that we make the most of our global talent across national and regional boundaries. We have, for instance, established and rolled out Group-wide guidelines designed to facilitate international transfers.

— Career Advancement for Non-Japanese Employees in Japan

We will improve the environment and foster a workplace culture that allows non-Japanese employees to take an active role in advancing their own careers.

We are working to provide all internal information bilingually and to offer foreign-language education as well as information sharing and education in order to build a more inclusive corporate culture.

Main Initiatives

- Cross-cultural training
- Bilingual internal information
- Distribution of guidebooks
- Support and tools for foreign language education and learning
- Sharing information to create a more inclusive corporate culture
- Cross-cultural exchange and communities

— Helping to Support an Aging Society (Japan)

NSK recognizes that the knowledge and skills of experienced senior employees are beneficial in growing its business. Our basic policy is to provide work opportunities to employees willing to continue at NSK after retirement. We have had a rehiring program in place since April 2001. NSK is committed to ensuring that its human resources system meets the needs of all employees. We will work to build environments in which the knowledge and expertise of veteran employees can be fully utilized to support the sustainable growth of our business activities.

— Providing Work Opportunities to People with Disabilities (Japan)

At NSK, we believe it is our responsibility to provide suitable employment opportunities to individuals with disabilities. With four sites in Japan, special subsidiary NSK Friendly Service Co., Ltd. provides opportunities for people with intellectual disabilities to work and thrive in our organization. Going forward, some of these employees will also be assigned to other sites to further expand employment opportunities.



Employees of NSK Friendly Service at work

– Supporting Hidden Diversity: LGBTQ+ (SOGI)

NSK has clarified the following principles regarding LGBTQ+ (lesbian, gay, bisexual, transgender, queer and other) employees, and awareness of sexual orientation and gender identity (SOGI).

1. We will eliminate discrimination based on gender identity or sexual orientation, while protecting the basic human rights of LGBTQ+ employees.
2. We will increase the number of allies who understand SOGI and support LGBTQ+ employees.
3. We will create workplaces and a corporate culture that allows everyone to play an active role regardless of their gender identity or sexual orientation.

Based on the principles, NSK has been promoting initiatives. In recognition of its activities, NSK has received the Gold PRIDE Index for three consecutive years.



*About the PRIDE Index

This is an indicator for evaluating the efforts of companies and other organizations toward LGBTQ. The five categories are Policy, Representation, Inspiration, Development, and Engagement/Empowerment. The awards are given in three overall levels: Gold, Silver, and Bronze.

Main Initiatives

- Enlightenment activities : Employee seminars, lectures, and e-learning sessions
- Guidelines for respecting transgender individuals
- Family benefits expanded to include same-sex partners.
- Establishment of LGBTQ+ consultation services
- Training for LGBTQ+ consultation providers
- LGBTQ+ Ally community activities
- Distribution of LGBTQ+ Ally stickers and pins
- LGBTQ+ events for children
- Installation of "all-gender" restrooms

Safe and Healthy Workplaces and Work-Style Reforms: Building More Engaging Workplaces

Promoting Safe, Secure, and Comfortable Workplaces

Facilitating Work-Life Balance

Health and Wellness

Promoting Safe, Secure, and Comfortable Workplaces

It is our conviction at the NSK Group that having safe workplaces and employees who enjoy and are actively engaged in both their work and personal lives will have a beneficial impact on our business. An improvement in employee productivity will lead to an improvement in their ability to produce quality work, which will ultimately foster a more fulfilling life both at work and at home. For this reason, we strive to better manage employee working hours, to encourage employees to take their annual paid leave, and to provide a variety of work-style options to fit their diverse lifestyles. In order to boost job satisfaction, we are also promoting work-style reform to change employee attitudes.

— Managing Employee Working Hours and Promoting Paid Leave (Japan)

At NSK, we believe that helping employees stay focused and efficient on the job will allow them to enjoy greater productivity and produce higher quality work, without wasting time. For this reason, in addition to making flextime available to employees, we are striving to better manage working hours using objective records and to encourage employees to take their annual paid leave. In particular, labor and management have been calling on employees to use all of their annual paid leave. As part of the effort to prevent COVID-19 infection, working from home was quickly introduced at the head office and the sales and technology divisions. Remote work has now become another work style option for employees, adding to other styles we offer to fit their changing lifestyle needs.

Main Initiatives

- Remote work system
- Flextime and discretionary labor system
- Objectively ascertaining hours worked using time clock and similar records, and proper work rules application
- Promoting time management based on labor-management collaboration
- Promoting full use of paid leave
- “No Overtime” days

And others

– Programs to Re-energize Employees and Their Social Activities

Re-energized employees provide higher work productivity and efficiency. We also offer programs to support employee social activities, aiming to facilitate their growth as members of society.

Main Initiatives

- Refresher leave

To provide opportunities for employee self-development and re-energizing, this program allows employees to take leave for up to five consecutive days every five years, beginning after they complete five years of service with the company.

- Volunteer leave

To help employees contribute to society by being involved in volunteer work relating to their local communities and social welfare, this program allows employees to take up to 12 days of special paid leave per year. They must work for a non-profit organization and carry out activities such as supporting people with disabilities and promoting international exchange.

And others

– Lifelong Design Learning Program

NSK provides opportunities for employees to think about and plan for retirement, including ways to maintain their motivation, health, and personal finances. The aim is for participants to enjoy rich and rewarding lifestyles after mandatory retirement. Many employees participate in the training and seminars to learn about pensions, employment insurance, and taxes.

Facilitating Work-Life Balance

– Supporting Work-Life Balance in Every Life Stage (Japan)

The NSK Group is building workplaces that meet the wide-ranging needs of a diverse workforce and allow each and every employee to enjoy job satisfaction. NSK wants every employee to enjoy a healthy work-life balance. Our system for ensuring employees can balance their work and child/nursing care responsibilities exceeds legal requirements. As part of this approach, we not only provide comprehensive support for working parents and caregivers, but also strive to create a work environment where they can realize their full potential.

Moreover, to provide even better support for employees balancing work and childcare responsibilities, we obtain feedback from those with childcare experience. NSK is working to create and improve programs that not only exceed statutory requirements, but are also as very convenient for employees to utilize.

Main Balance Support System*

	NSK	Japanese Law
Parental leave	Through end of April following child's third birthday (first five days are paid)	Up to 2 years old (unpaid)
Reduced hours for working parents	Through end of March of child's 6th grade year	Up to 3 years old
Caregiver leave	Up to 1 year	Up to 93 days
Reduced hours for working caregivers	Up to 3 years (eligible for extension)	Up to 3 years
Exemption from half-day limit	The limit of 12 half-days per year does not apply to employees when caring for sick family members, providing childcare, or undergoing medical or infertility treatments	
Re-employment registration system	Employees who resign to follow a transferring partner can register for re-employment at NSK upon their return	

* NSK Ltd. and major NSK Group companies in Japan

— Support for Working Parents (Japan)

In recognition of our efforts to support working parents of small children, the Minister of Health, Labour, and Welfare awarded NSK the *Kurumin* certification.*



* *Kurumin*: Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, NSK formulated an action plan as a general business operator and received certification from the Minister of Health, Labour and Welfare as a corporation that supports child raising.

➤ Action Plan Based on the Act on Advancement of Measures to Support Raising Next-Generation Children (in Japanese only)

NSK has established an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Main Initiatives

- Parental leave at time of/after birth
- Support to encourage paternal leave (seminars, briefing sessions, pamphlets, etc.)
- Shortened working hours for childcare reasons
- Flextime with no core hours (trial)
- Banked paid leave
- Sick/injured child care leave (unpaid)
- Holiday daycare
- Providing babysitting discount coupons
- Affiliated daycares
- Re-hiring registration system
- Work-life balance support program guidebook
- Return-to-work support seminar
- Interviews with expectant mothers before maternity leave/prior to return to work
- Maternity uniform
- Email newsletter for those on maternity and childcare leave
- Changing room exclusively for pregnant employees
- Providing opportunities for self-learning and development

– Support for Family Caregivers (Japan)

As part of measures to support employees who are providing care to a family member, NSK is aiming to create an environment where employees can easily raise any concerns about work-life balance.

Main Initiatives

- Caregiver leave
- Work-life balance support program guidebook
- Seminar on support for family caregiver employees
- Training for managers to support family caregiver employees
- Training for HR staff giving counseling to family caregiver employees
- A collection of materials to support family caregiver employees
- Email newsletter for HR personnel regarding family caregiver employees

– Support for balancing work and medical treatment (Japan)

In support measures for balancing work and medical treatment, we are promoting each measure so that employees can balance work with medical treatment and hospital visits and continue to work in their own way.

Main Initiatives

- Internal Information Meeting on Balancing Work and Medical Treatment
- Guidebook for balancing work and medical treatment

In addition, we focus on awareness-raising activities and consultation on health issues specific to women.

Main Initiatives

- Awareness-raising activities: Awareness-raising on health issues specific to women, such as menstrual pain, pregnancy, and menopause, through training, information sessions, etc.
- Consultation: Online obstetrics and gynecology consultation for women's health issues with a physician at any time
- Others: Awareness-raising about postpartum blues in the support for balancing work and health promotion from a young age before pregnancy (preconception care) in the guidebook on balancing work and infertility treatment.

Health and Wellness

— Promoting Health and Wellness (Japan)

At NSK, we see an investment in health as an investment in corporate value, and as such, we are committed to a full range of initiatives to promote the health and wellness of our employees and their families. With the NSK Basic Policy on Health and Wellness (Employee Wellness Declaration) and a company-wide health management promotion system, we are developing activities and implementing specific initiatives to address health management issues, as part of NSK's Three Main Health Focal Points.

NSK Basic Policy on Health and Wellness (Employee Wellness Declaration)

At the core of NSK's Vision to set the future in motion is a desire to create a brighter tomorrow where we can all lead safe, healthy, and fulfilling lives. It is NSK's firm belief that the health of our employees and their families is foundational to achieving this future. The health—both of body and mind—of each one of our employees and their families is an invaluable asset to the Group. As such, NSK has established a management structure that prioritizes health and is committed to a full range of activities to promote employee wellness, all with the aim of improving their physical and mental health.

In order to continue to be a company that is needed, trusted and relied upon by society, we position measures to maintain and improve health as an important investment that serves as the basis for maximizing human capital value, and we will continue to proactively pursue initiatives.

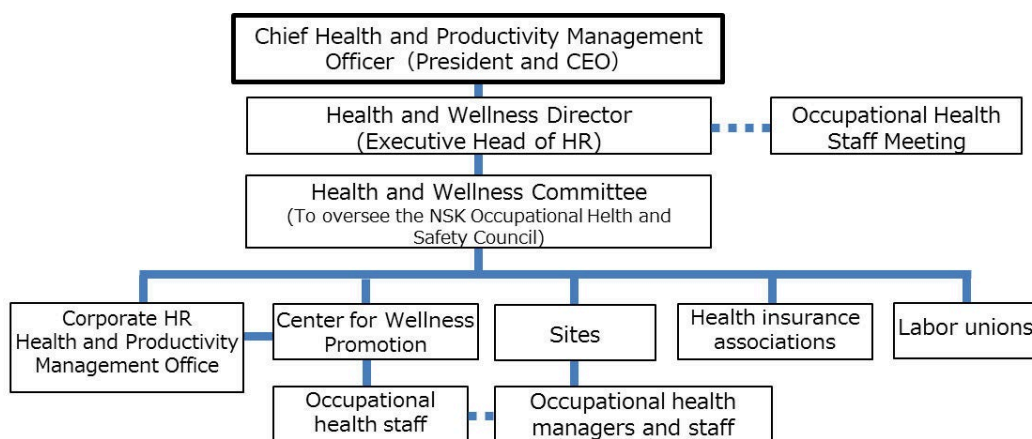
Akitoshi Ichii, President & CEO, NSK Ltd.

— Corporate Health Management Structure (Japan)

NSK is committed to helping employees maintain and improve their health and wellness. Our collaborative approach involves the executive head of HR, the Human Resource and General Affairs Division Headquarters, the Center for Wellness Promotion, labor unions, health insurance associations, onsite labor divisions, and occupational health staff—all working together under the supervision of the president & CEO of NSK Ltd.

In April 2019, we established the Corporate Health Management Office within the HR & GA Division Headquarters to enhance our capacity to achieve our health and wellness objectives. We also built an organization that is more conducive to coordination. The resident occupational physicians in each locality report to the Corporate Health Management Office, and nurses and health specialists also hold concurrent posts in the office. Going forward, we will further advance health management by appointing a manager of occupational safety and health at each site. In addition, by holding regular meetings of occupational health staff and the Wellness Committee—a function established to oversee the activities of the NSK Central Occupational Health and Safety Council—we will continue improving our ability to support the wellness of employees.

Corporate Health Management Structure



— Three Main Focal Points of NSK Health and Wellness

1. Focus on prevention. Support employees to prevent aggravation of medical conditions.
2. Implement and promote mental wellness strategies to prevent the onset of mental health issues.
3. Reduce smoking rate and promote non-smoking on premises.

NSK Health Initiatives Indicators*1

	FY2020	FY2021	FY2022	Target indicators*2
Percentage of employees participating in the Specific Health Guidance program	27.3%	27.2%	26.3%	22% or lower
Percentage of employees receiving stress checks	95.9%	97.9%	98.7%	100%
Percentage of employees who smoke	33.8%	31.9%	31.6%	20% or lower

*1 : NSK Ltd. and major NSK Group companies in Japan

*2 : The target percentage of employees participating in the Specific Health Guidance program is the industry average for insured employees.

— Specific Initiatives for the Three Main Health Focal Points (Japan)

[Physical Health]

To enable all employees to work as energetically as possible, it is important to help prevent and detect illnesses at an early stage. For this reason, employees whose annual health checkups reveal points of concern are provided with health counseling and given guidance on improving their lifestyles and habits.

While 100% of employees undergo annual health checkups, only 30% to 40% of employees currently opt for detailed examinations. NSK is working to further improve this rate.

To help prevent infectious disease, we provide workplace vaccinations for seasonal influenza, and about 50% of employees participate.

The company's health insurance associations provide specific health guidance, along with screening for cancers of the stomach, colon, and breast. We are working to maintain and improve the health of our employees and their families, by promoting early detection and helping to prevent disease progression. Recent health data analysis has revealed a certain number of metabolic syndrome cases among younger employees, and we intend to develop targeted support programs and other measures for this group.

In addition, we have started a project to prevent aggravation of diseases. Although 21 of our employees are eligible, the current participation rate is about 10%. We will accelerate efforts to improve it. In order to further improve employee health awareness, we started implementing health management e-learning in FY2022, and employees working in plants and other sites have watched videos on health management with the same content. The e-learning participation rate was 96.2%, satisfaction was 96.2%, and understanding was 98.9%.

[Mental Health]

As a company, we provide mental health education and have consultation services available to help prevent mental illness. NSK also arranges relevant lectures for managers given by outside experts, along with practical training on how to notice and respond to mental health warning signs among subordinates. We strive to prevent mental health issues in the workforce through relevant training. This includes enhancing stress level awareness and teaching ways to deal with stress.

NSK believes it is important to build workplaces where employees feel free to ask for help. Therefore, we have set up consultation services at each business site and ensure that everyone knows about them. We have also established a telephone service for mental health consultation to make it even easier for employees and their family member to get help. We have adopted an employee assistance program (EAP) using outside experts to help prevent situations that could result in an employee taking mental health leave. The EAP also helps employees return to work after mental health leave and keep their health issue from recurring.

As measured by the stress checks conducted every year, the percentage of employees with high stress has hovered between 10% and 11%. We will redouble our efforts to keep it below 10%.

[Prevention of Secondhand Smoke Exposure]

To prevent secondhand smoke exposure in the workplace, we have relocated smoking areas outdoors at each business site. To reduce employee smoking rates, NSK conducts activities such as “quit-smoking recommendation days” and offers free smoking cessation programs provided by the health insurance associations.

	Category	Target	Initiatives
Increasing health awareness	Distribution of NSK health booklets	All employees	Created a handbook to help employees take steps to improve their health
	Health promotion events and lectures	All employees	Held events and lectures to raise employee health awareness
Mental health measures	Stress checkups and mental health education	All employees	Promoted self-care by providing employees with their own personal stress scores
		Managers	Created an organizational health improvement plan based on the results of diagnoses for each organization
	Consultation desk/ support for people with mental illness	All employees and their families	Established health consultation desks for each site, and an external consultation call center
		All employees	Employee assistance programs (EAPs) using outside experts*
Physical health measures	Disease prevention/ lifestyle improvement	All employees and their families	Interviews to provide specific health guidance to employees with issues found during health checkups
			Provided screening by health insurance associations for stomach, colorectal, breast, and cervical cancers
	Measures to prevent seasonal illness	All employees	Workplace employee vaccinations for influenza Education to prevent heat stroke, and heat mitigation measures
Prevention of secondhand smoke exposure	Prevention of secondhand smoke exposure	All employees	Only allowed smoking spaces outdoors in principle Looked into providing free smoking cessation programs offered by health insurance associations (launched in fiscal 2020)

* Employee assistance program: A program that supports employee mental health

— Formulation of NSK health management strategy map (Japan)

【Goals and issues to be resolved through health management】

By setting the final goal indicators for health management of “reduction of absenteeism,” “reduction of presenteeism” and “maximization of engagement,” we are seeking to improve medium- to long-term corporate value while helping to build a sustainable world . We are making company-wide efforts to meet the management challenge of becoming a company that is needed and trusted.

By summarizing these health management goals and initiatives in the form of the NSK Health Management Strategy Map, we are enabling all employees to work together to further promote health initiatives.

Status of indicators related to the NSK Health Management Strategy Map

Indicators related to health investment measures	
Regular health checkup rate	100%
e-learning participation rate	96.0%
Specific health instruction completion rate	40.9%

Indicators related to changes in employee awareness and behavior	
Percentage of people willing to change or surpass their health (Results of in-house health management e-learning questionnaire)	93.0%
Percentage of people with high stress results	10.3%

Final target index of health management	
Presenteeism (percentage loss according to the WHO-HPQ method)	38.9%
Absenteeism (proportion of absenteeism due to illness)	0.7%

— Expected Benefits of Health Management (Japan)

Efforts for health management lead to improvement of employee presenteeism and absenteeism and maximization of engagement, creating a workplace environment where each and every employee can work with vitality. We believe that these efforts will improve employee performance and increase corporate value.

Human Resource Programs and Career Development: Providing Opportunities for Growth

**Human Resource Programs for
Talent Management**

**Providing Educational Opportunities for
Individuals to Realize Their Potential**

Human Resource Programs for Talent Management

The NSK Group has established a range of human resource programs designed to maximize the motivation, skills, and individual potential of employees and to help shape encouraging workplaces for every employee. We provide many opportunities for individual growth, with a focus on employee evaluation and feedback using target management and performance agreements. Some of the main channels for growth are job rotation, our Workplace and Career Aspirations Survey, and our system for changing employee classification.

Job Rotation

We believe that the growth of individual employees drives the growth of the organization. Accordingly, the NSK Group positions job rotation at the core of human resource development. The rotation system allows employees to be transferred within Japan, and even to overseas and affiliated companies. The aim of job rotation is to accelerate employee development by providing new career experiences and encouraging them to learn and grow independently by taking on new work challenges.

Young Employee Rotation

Based on our conviction at the NSK Group that people grow through experience, young employees up to age 30 are considered to be in a training phase. We carry out job rotation for these young employees in career-track positions to broaden their outlook through a variety of experiences and to give them a better perspective. They are interviewed every three years to check their career plans. Transfers are performed to promote career development, as well as to acquire the ability to adapt to changing environments, build relationships, and hone communication skills. This reflects our efforts to offer opportunities to be active as future NSK people and to nurture growth as the human talent that will become responsible for managing the Company.

Evaluation and Feedback Using Target Management and Performance Agreements

The NSK Group uses a performance agreement system to align individual goals with departmental and corporate targets, allowing employees to maximize their potential as they grow along with their department and company. Under this system, employees meet regularly with their supervisors to set goals for the fiscal year, and follow up on results at the end of the year. In order to ensure that evaluations are fair and that managers and their employees are communicating well with each other, we also conduct a survey to determine how satisfied employees are with evaluation feedback from their supervisors. When setting personal goals with individual employees, the degree of challenge is based on the individual's own abilities and qualifications in order to encourage self-motivation and challenge-taking. Managers view feedback as another opportunity to support the growth of their team members. By giving individuals the opportunity to reflect on their performance through dialogue, managers employ this technique to help employees grow.

Workplace and Career Aspirations Survey

Once a year, the NSK Group gives employees the opportunity to submit feedback directly to human resources departments through the Workplace and Career Aspirations Survey. The survey includes questions on their current workplace environment, their personal aspirations for their future with the company, and other personal concerns they might like to address. Employees may also request a follow-up interview with HR departments. Based on the results of these surveys and interviews, we employ strategic personnel transfers to enable our employees to fully develop their unique skills and abilities through growth opportunities.

System for Changing Employee Classification

We have set up a system that allows employees to change their classification, such as allowing them the opportunity to change from a non-managerial career track to a career-track position. The system also encourages employees to develop greater career awareness and take the initiative in developing their abilities. It is an opportunity for employees to promote their own careers.

Providing Educational Opportunities for Individuals to Realize Their Potential

NSK aims to develop core human resources who can support sustainable growth. Through a variety of educational offerings and training programs that further refine our people's abilities, knowledge, and character, we provide numerous opportunities and forums for further development. As a new initiative, we are planning employee career-advancement seminars by age group. In order to prepare for changes in society as the average lifespan moves toward 100, we started a trial program for employees in their 50s in FY2019. We will continue to enhance these seminars, going forward. They provide an opportunity for employees to recognize how times have changed and how they can continue to learn and grow on their own. We hold the following specific training programs to help employees continue to develop their own careers.

Career Development System

		Pre-Employment	New Employees	2nd Year and Beyond	Assistant Managers	Managers	Senior Managers
Company-Wide Common Training	Rank-based training	<ul style="list-style-type: none"> Training before joining company <ul style="list-style-type: none"> English Business etiquette 	<ul style="list-style-type: none"> New employee development <ul style="list-style-type: none"> New employee development (approx. 1 month) Plant training (approx. 3 months) Follow-up training (conducted three times during first two years) 	<ul style="list-style-type: none"> New employee mentor training 	<ul style="list-style-type: none"> New assistant manager training 	<ul style="list-style-type: none"> New manager training Manager training (for managers) 	<ul style="list-style-type: none"> Manager training (for senior managers)
	Career development support		<ul style="list-style-type: none"> Follow-up seminar for mid-career recruits 	<ul style="list-style-type: none"> Career seminar for young employees 		<ul style="list-style-type: none"> Career seminar for different age groups 	
	Self-improvement		<ul style="list-style-type: none"> Business skills training (correspondence course, e-learning) Language training (group lesson, correspondence course, e-learning) 				
	Selective training				<ul style="list-style-type: none"> NSK Management College <ul style="list-style-type: none"> Assistant Manager Course 	<ul style="list-style-type: none"> Manager Course Global Course (NSK Global Management College) 	
Specialized Training	Production department training			<ul style="list-style-type: none"> NSK Manufacturing Education and Training Center <ul style="list-style-type: none"> Engineers <ul style="list-style-type: none"> Beginner Course Intermediate Course Skilled Operators <ul style="list-style-type: none"> Mid-Career Course Electrical Maintenance Course 			
	Technical department training		<ul style="list-style-type: none"> NSK Institute of Technology (NIT) <ul style="list-style-type: none"> Classes on basic skills for working professionals and common knowledge for NSK engineers (1st-3rd years) Specialized knowledge course by job (1st year and thereafter) Technical English education 			<ul style="list-style-type: none"> MOT (Management of Technology) course 	
	Sales division training			<ul style="list-style-type: none"> Sales ability enhancement training 			

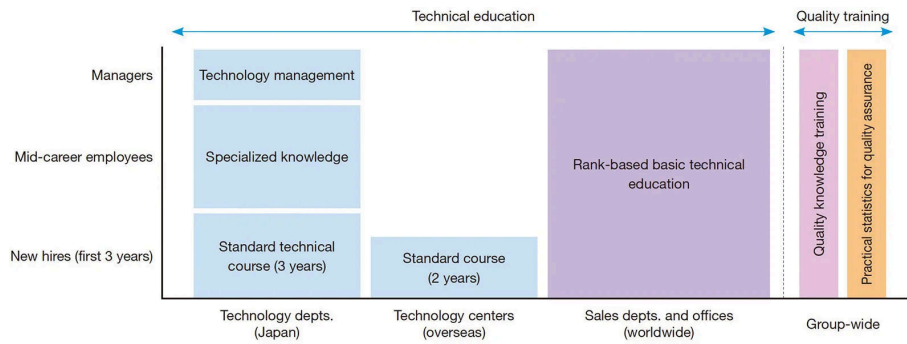
— NSK Management College

To develop talent for managerial roles around the world, the NSK Group has been running the Japan Management College (JMC) since 2000. In 2011, the eligibility criteria was expanded to include NSK Group employees worldwide, launching a parallel program named the Global Management College (GMC). At the JMC, managerial applicants selected in Japan systematically learn about business management over a period of about one year. They then make proposals to NSK's executives for enhancing the Group's future operations. About 400 employees have been through the JMC so far, and a steady stream of executives have been produced by the program. Every year, two GMC participants from each global region, including Japan, are selected to make educational visits to NSK Group sites worldwide. GMC participants receive lectures on business strategy and make visits to business sites in and outside the company, helping them to acquire the knowledge and skills required for senior leadership. In recent years, the GMC has been sending some participants to prestigious business schools outside Japan and inviting experts to come and give lectures. More than 100 people have completed the GMC to date, and they are now active as leaders across the NSK Group. Since FY2019, we have been selecting outstanding young employees and offering them a special program to prepare them for potential admission to the college later in their careers. The aim is to further raise the level of the JMC program. While learning the basics of business management, these young participants learn about the current business environment, which is undergoing major changes as a result of globalization and digital technology. They spend four months studying and thinking about the optimal direction for NSK in the future.

— Development of Professional Human Resources (NIT, NSK Manufacturing Education and Training Centers, and Quality-Support Professionals)

Established in November 2007, the NSK Institute of Technology (NIT) is a global educational institution that provides opportunities for employees to obtain knowledge on a broad range of market and customer technologies, while gaining specialized expertise by diving deeper into fields of focus at NSK. The credit-based curriculum is divided by academic discipline, with classes provided at technology departments in Japan and technology centers around the world. The aim is to provide a comprehensive technical education that goes beyond technical theory to include product usage and handling, safety, quality control, ethics for engineers, manufacturing methods, and cost control. In addition to these standard courses, there are objective-based courses such as English training, technology management training for managers, training for mid-career employees, sales engineer training, and quality education that combine textbook knowledge with practical skills. Open seminars are also held periodically, where external lecturers introduce new perspectives into the organization. In these programs, NSK goes a step beyond mere technical training in an effort to raise up highly talented engineers who will have a direct impact on strengthening the competitiveness of our businesses. In FY2022, 495 students were enrolled in standard programs offered at 10 sites in eight countries. Seeking to develop frontline manufacturing specialists to inherit unique skills and expertise and pass them on to the next generation, NSK established the NSK Manufacturing Education and Training Center at Ishibe Plant in Shiga Prefecture and at Fujisawa Plant in Kanagawa Prefecture. The technical education provided at these facilities, conducted in three courses on grinding/assembly, maintenance, and electrical maintenance, offers training suited to the abilities and experience of each individual employee. Going forward, the centers will continue conducting the education needed to ensure skill transfer among our frontline employees.

Overview of NIT Education



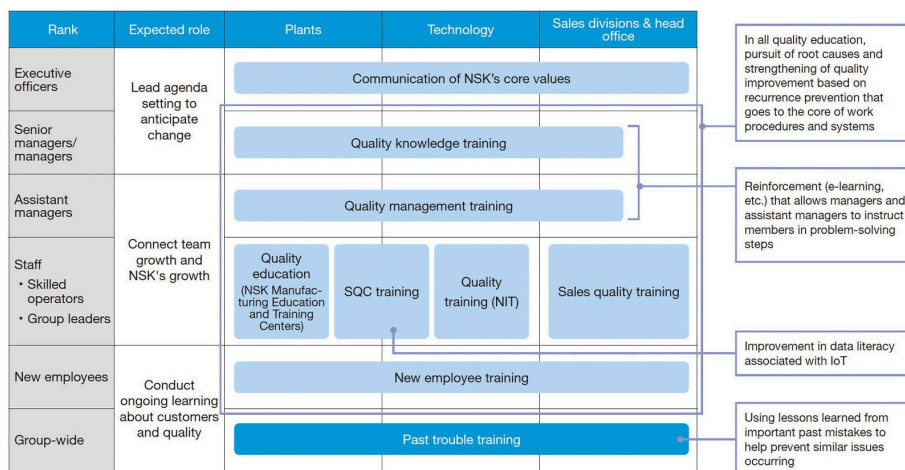
NSK Manufacturing Education and Training Center: Courses and Content

	Course	Participants	Period	Course content
Skilled operators	Skilled operators (grinding/assembly)	Skilled operators	3 months	<ul style="list-style-type: none"> Skills knowledge focused on the fundamentals of shop floor management
	Skilled operators (maintenance)	Skilled operators	3 months	<ul style="list-style-type: none"> Special skills for repair/maintenance as well as shop floor management
	Electrical maintenance	Candidates for advanced maintenance staff	6 weeks + 2 months (at plant)	<ul style="list-style-type: none"> Fundamentals of electrical maintenance (basic theory, programming, troubleshooting) 2 months of hands-on training at plant
Engineers	Beginner-level engineers	Engineers with 2-3 years (or equivalent) experience	6 weeks	<ul style="list-style-type: none"> Fundamentals of being a plant engineer (basic engineering, basic management knowledge)
	Intermediate-level engineers	Engineers with 5-7 years (or equivalent) experience	1 week (held twice)	<ul style="list-style-type: none"> Knowledge for shop floor management skills for intermediate-level engineers Monozukuri knowledge from the Toyota Production System

— Developing Quality-Support Professionals

The NIT programs are broadly divided into technical and quality assurance education. NSK provides quality education based on collaboration between the Quality Assurance Division Headquarters and NIT. It is tailored to each employee's rank and department. In FY2016, we began restructuring our quality education systems by introducing quality ethics education and practical education in statistical quality control (SQC). We also adopted quality engineering (*Taguchi* method) and practical education.

Sixth Mid-Term Management Plan: Function-Based and Rank-Based Education System (in cooperation with NIT)



NSK's Approach

NSK's Approach

The NSK Group strives to understand the needs of each country and region, and it trains personnel, develops technology, and promotes community-based activities accordingly. Seeking to contribute to sustainable development and continue being a company that is needed, trusted, and considered a valued member of each community, we conduct social contribution initiatives in the three priority areas of “promoting science and technology,” “development of the next generation,” and “mutual harmony and benefit with communities.”

Policy on Social Contribution Initiatives

We are determined to remain a company that is needed, trusted, and considered a valued member of each community.

1. Promoting science and technology that supports the prosperity of society
2. Fostering the development of the next generation
3. Engaging in activities designed to build mutual harmony and benefit with communities

Priority Areas and Stakeholders

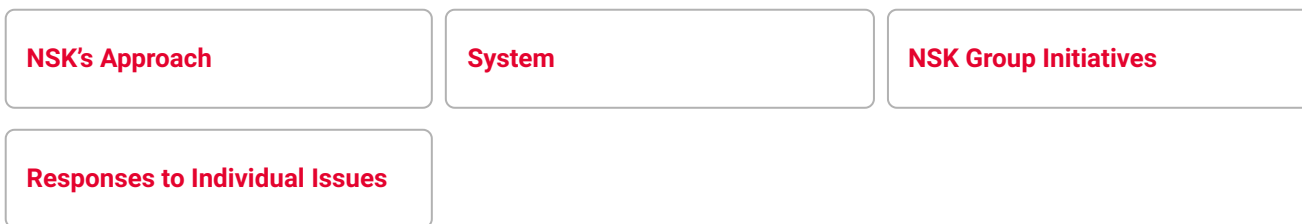
Priority	Relevant stakeholders	Category	Initiatives
Promoting science and technology	Local communities/next generation	Providing aid to research institutions	<ul style="list-style-type: none"> ● Supporting the NSK Foundation for the Advancement of Mechatronics (NSK-FAM) <p>NSK-FAM was established with a donation from NSK in 1988 and was approved as a public interest incorporated foundation in 2010. NSK-FAM's purpose is to contribute to the development of Japan and the improvement of living standards by advancing mechatronics technology. It does this by providing grants for R&D, education, technology exchanges, meetings, and other activities that will spur rapid progress in the development of mechatronics technology.</p> <p>http://www.nskfam.or.jp/ (only in Japanese)</p>

Priority	Relevant stakeholders	Category	Initiatives
Development of the next generation	Next generation	<ul style="list-style-type: none"> ● Holding classes about bearings ● Providing scholarships ● Offering students work experience opportunities ● Donation 	<ul style="list-style-type: none"> ● Support for the NSK Scholarship Foundation <p>NSK established the NSK Scholarship Foundation in April 2017 to support the development of the next generation of human resources.</p> <p>NSK Scholarship Foundation provides support for Japanese students studying abroad and for students from other Asian countries studying in Japan, since NSK is a Monozukuri company based in Japan, a country located in Asia. The purpose of support is to develop the highly skilled next-generation human resources who will help to solve various issues the world is facing, such as conflict and hunger, climate change countermeasures and nature conservation, an equal and fair society, and safe and healthy lifestyles.</p> <ul style="list-style-type: none"> ● Offering online science activities for children <p>NSK has been offering the STEAM Program* annually since 2018 to share the fascinating world of manufacturing with children. This year, the children took part in the program via a web conferencing system. Thanks to experimental kits sent out in advance, the participants were able to experience firsthand what bearings can do. They also came up with and presented their own concepts for what could be accomplished in the future using bearings.</p> <p>NSK will continue to develop the next generation of human resources by offering bearing-based science courses and other activities, in order to help build an even more prosperous society in the future.</p> <p>*The Science, Technology, Engineering, Arts, and Mathematics (STEAM) Program is based on an educational policy and method that focuses on these learning areas.</p> <p>Holding online science classes for children co-hosted by Tohoku University Qatar Science Campus (only in Japanese)</p> <p>Children's Future Support Fund: Introduction of Donation-type Vending Machines</p>

Priority	Relevant stakeholders	Category	Initiatives
Mutual harmony and benefit with communities	Local communities	<ul style="list-style-type: none"> Cooperating in welfare programs Cooperating in community events Expanding Social Contribution Activities Related to Biodiversity Conservation 	<ul style="list-style-type: none"> Donating bicycle helmets to elementary schools in Shinagawa ward <p>Since 2017, NSK has been donating bicycle helmets to elementary schools to give to children who did not yet own one, in accordance with the schools' wishes, as a social contribution activity for Shinagawa ward, where NSK was founded. The Company aims to reduce injury caused by bicycle accidents and promote helmet use.</p>

— Establishment of Social Contribution Action Period

Taking the opportunity of our 100th anniversary to further enhance social contribution initiatives, in FY2016 we designated the months of, before, and after NSK's founding (October through December) as the Social Contribution Action Period. During this period, we work to strengthen our social contribution initiatives Group-wide, making the most of the unique features of each region.



NSK's Approach

NSK creates value that contributes to solving social issues, such as outstanding products and services that help create a smoother, safer society and protect the global environment. For the Company to grow sustainably, we believe that it is important to respect the individuality and potential of each employee and to create engaging workplaces.

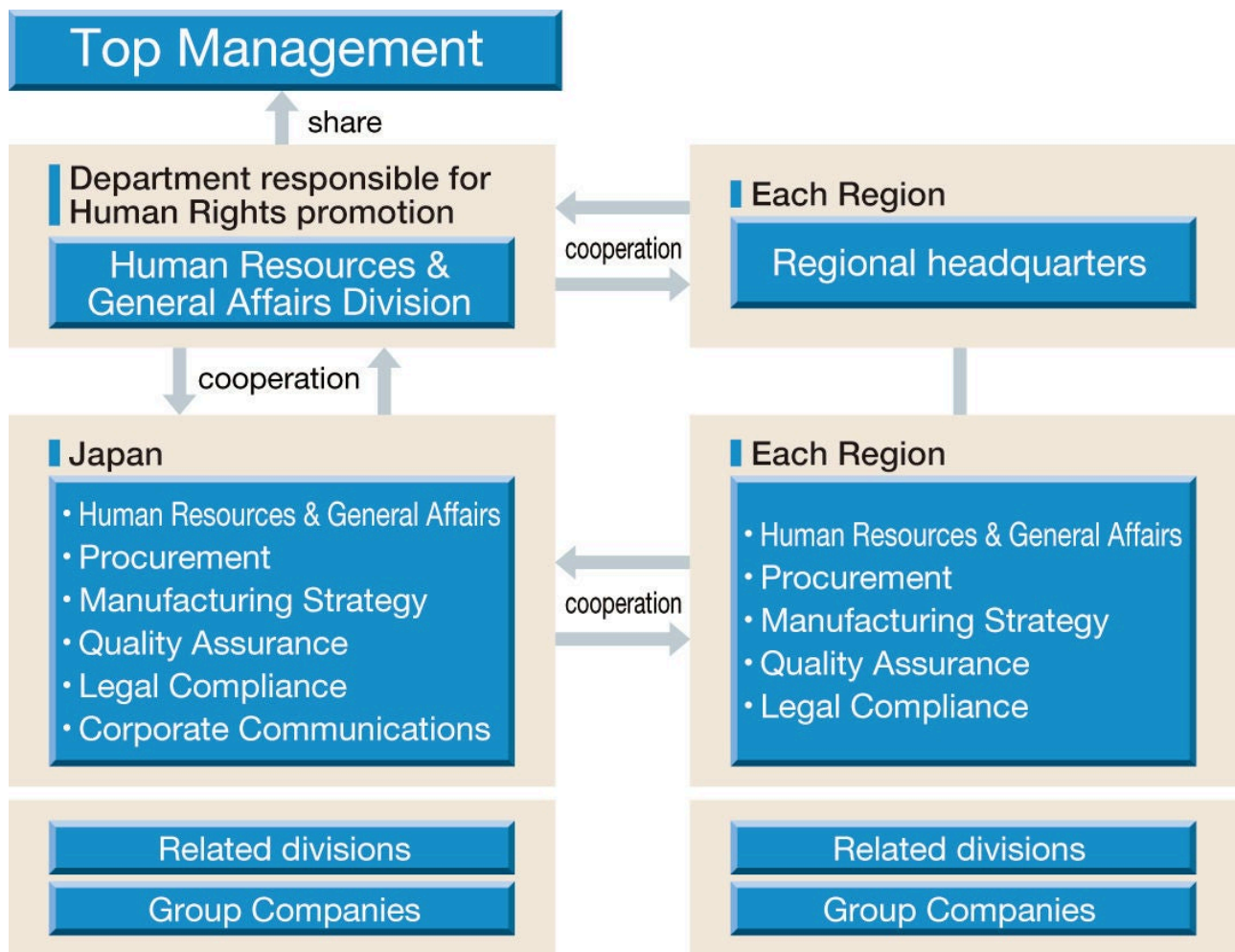
To that end, NSK supports and respects international norms, such as the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights. Also, the NSK Human Rights Policy as well as NSK Code of Corporate Ethics stipulates what officers and employees of the NSK Group should practice regarding human rights and labor, and requires them to respond. We also promote initiatives, such as diversity, equity and inclusion (DE&I), to create an organization and culture in which diverse employees can demonstrate their abilities. Furthermore, we aim to reflect the content stipulated in the NSK Human Rights Policy and the NSK Code of Corporate Ethics in the NSK Supplier CSR Guidelines and work with our suppliers to address human rights and labor issues.

[➤ NSK Human Rights Policy](#)

System

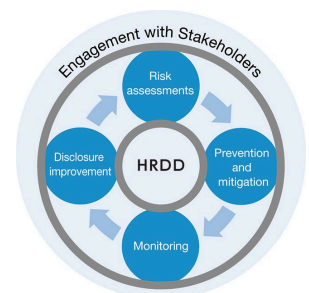
The organization responsible for promoting the NSK Group's human rights initiatives is the Human Resources and General Affairs Division HQ. This role includes the responsibility of strengthening human rights risk management across the NSK Group. And, each functional headquarters, including human resources and general affairs, procurement, manufacturing strategy, quality assurance, and legal and compliance, collaborates globally in the practice of human rights due diligence (HRDD) for both the NSK Group and procurement partners. In addition, the Human Resources and General Affairs Division HQ shares and discusses regional issues with regional headquarters outside Japan to develop responsive measures, too. It also promotes human rights education for all global employees. Moreover, it regularly holds NSK Human Rights Meetings as a venue for sharing information across the Group. Important matters discussed at these meetings and progress on HRDD initiatives are reported and shared with the management team.

System for Promoting Respect for Human Rights (As of FY2023)



NSK Group Initiatives

Following the UN Guiding Principles on Business and Human Rights, the NSK Group manages human rights risks using the HRDD (Human Rights Due Diligence) process described below.



— Risk Assessment

In FY2021, we identified NSK's key human rights risks with reference to human rights issues expressly stated in NSK's codes and guidelines, information and indications from Japan's Ministry of Justice, NGOs, research firms, and major customer CSR guidelines. In FY2022, we conducted 14 interview sessions with external experts and NSK's several functional division headquarters in Japan and regional headquarters outside Japan. Considering human rights risk cases emerging in related industries and the lists of corporate efforts evaluated by international initiatives, we identified and prioritized NSK's key human rights risks.

— Targets and Initiative Results

Period	Targets	Initiative Results
FY2024	1. Conduct HRDD on business activities, and strive to identify, assess, and remedy adverse human rights impacts.	-
	2. Promote awareness of human rights policy among NSK Group employees, and promote respect for human rights through collaboration with business partners.	-
	3. Strengthen efforts to ensure respect for human rights in business activities, including collaborating with suppliers and integrating human rights risk management into internal processes.	-
FY2023	1. Conduct HRDD on business activities, and strive to identify, assess, and remedy adverse human rights impacts.	<ul style="list-style-type: none"> ● Held HRDD promotion kickoff meetings with functional division headquarters (human resources and general affairs, procurement, manufacturing strategy, quality assurance, and legal and compliance). ● In FY2023, together with external experts we interviewed departments in and outside Japan to identify, assess, prioritize, and consider mitigation measures for human rights risks in business operations.
	2. Promote awareness of human rights policy among NSK Group employees, and promote respect for human rights through collaboration with business partners.	<ul style="list-style-type: none"> ● Created plan for disseminating human rights policy and providing human rights training to sales departments in Japan, employees outside Japan, and suppliers. ● Establish HRDD management standards for the NSK Group Business Standards. Then plan to manage them as risk management activities.
	3. Conduct questionnaire surveys of all major suppliers in high-risk areas for sites in Japan, local subsidiaries outside Japan, and consolidated subsidiaries to grasp the actual situation of human rights issues in the supply chain.	Conducted a CSR engagement survey on 90% of major suppliers in Japan in FY2023, provided feedback, and identified and assessed adverse impacts. Also now conducting the survey on suppliers outside Japan and planning to provide feedback after collecting responses.
FY2022	1. Formulate and publish human rights policy.	Published the NSK Human Rights Policy on Japanese and global (English) websites in October 2022.
	2. Disseminate human rights policy and promote respect for human rights through collaboration.	<ul style="list-style-type: none"> ● Distributed the NSK Supplier CSR Guidelines to major suppliers in and outside Japan and requested their understanding and implementation of the NSK Human Rights Policy. ● Conducted in-house training (e-learning) on "Business and Human Rights" with around 8,800 people having taken the training.
	3. Identify NSK's key human rights risks and formulate an HRDD action plan.	<ul style="list-style-type: none"> ● Conducted a total of 14 interview sessions with external experts for regional division HQs in and outside Japan. ● Identified NSK's key risks and formulated short- to medium-term HRDD response action plans.

– Legal Compliance and Corporate Ethics

In addition to stipulating “prohibition of discrimination, cultivation of a sound workplace” and “respect of fundamental rights at work” in its Code of Corporate Ethics, NSK publishes the NSK Compliance Guidebook, which explains the matters to be observed in the languages of each country. The Guidebook is distributed to officers and employees. We also regularly hold in-house training to promote understanding.

[➤ Compliance Guidebook](#)

NSK Code of Corporate Ethics	Matters to Be Complied With (NSK Compliance Guidebook 2022)
14. Prohibition of discrimination, Cultivation of a sound workplace	1. Prohibition of discrimination
	2. Prohibition of harassment
15. Respect of fundamental rights at work	1. Prohibition of forced labor
	2. Prohibition of child labor
	3. Management of working hours
	4. Appropriate wages
	5. Safe workplaces
	6. Labor-management dialogue

Scope: NSK Ltd. and its consolidated and non-consolidated subsidiaries as well as affiliates

– Establishing a Compliance Hotline (Whistleblowing System) and Consultation Channels

NSK aims to identify and correct illegal and fraudulent activities at an early stage. If an employee or officer discovers illegal or potentially fraudulent activity, the Company requests that he or she makes a report to the internal or external whistleblowing points of contact. The whistleblower can make a report anonymously so that he/she will not face any repercussions. Any act that violates relevant laws and regulations or the NSK Code of Corporate Ethics will be subject to disciplinary action based on company regulations. In addition, the risk assessments conducted annually for all business establishments include items such as risks related to acts that violate laws and regulations and the NSK Code of Corporate Ethics, and risks related to occupational safety and the supply chain. As a result of these assessments, we take measures to mitigate the risk for items that are judged to be of high importance.

[➤ Compliance](#)

– Labor-Management Relations Based on Dialogue

For NSK to grow sustainably as a corporate group committed to high-quality manufacturing, we believe it important to look at employment from a long-term perspective and to continuously hire and develop outstanding human resources in the countries and regions where, for example, our production, sales, and development sites are located.

Hiring employees in an appropriate manner in accordance with international norms and local laws, the NSK Group regards a healthy relationship between labor and management as indispensable. We guarantee the right of employees to communicate directly with management (labor-management dialogue) without fear of retaliation, intimidation, or harassment. Also considering it important to create a work environment where each employee feels motivated and can develop, we carry out employee awareness surveys, which are aimed at measuring employee engagement and compliance awareness and take measures to address identified issues.

– Creating Workplaces Where Diverse Human Resources Can Demonstrate Their Abilities

In the NSK Code of Corporate Ethics, we spell out our commitment to “prohibition of discrimination, cultivation of a sound workplace,” and establish this guideline for action: “Personnel must respect the rights of individuals and must not unfairly discriminate on the basis of race, appearance, belief, gender, lineage, ethnicity, nationality, age, marital status, physical disability, or other inappropriate reason. In addition, personnel must avoid engaging in acts that cause offense to the recipient.” Specific initiatives include offering seminars and consultation services for employees regarding respect for diverse gender identities and sexual orientations and preventing discrimination and harassment of LGBTQ+ people.

➤ Supporting Hidden Diversity: LGBTQ+ (SOGI)

➤ Promoting Safe, Secure, and Comfortable Workplaces

– Supply Chain Initiatives

NSK distributes copies of its NSK Supplier CSR Guidelines, which contain the matters to be observed regarding human rights and labor, to all its suppliers and requests implementation by them. In addition to asking all suppliers who have a direct business relationship with the NSK Group to take their own actions and promote procurement activities that take human rights into consideration, by means of these guidelines we are aiming to further advance our efforts to upstream suppliers. In addition, we regularly conduct CSR self-assessments and provide feedback to everyone about any issues that have come to light so that they can help improve the level of their activities.

➤ Supply Chain Management

— Occupational Health and Safety Management

NSK has positioned safety as one of its core values. Under our safety philosophy and policies, we proactively advance workplace safety and health activities that support manufacturing. NSK strives to create workplaces where employees can work safely, securely, and comfortably.

➤ Occupational Health and Safety Management System

— Quality

NSK has positioned quality as one of its core values. We seek to practice manufacturing that earns customer delight worldwide, whether with products, services, or information provided. To enhance design quality, manufacturing quality, supplier quality, and ultimately market quality, NSK has established a Quality Council chaired by the Head of the Quality Assurance Division HQ to oversee group-wide quality management.

➤ Quality Management

— Environment

In 1997, NSK established the NSK Environmental Policy to reflect its commitment to help protect the global environment across all of its business operations, as stated in the NSK Mission Statement. It develops products and services that help reduce environmental impact and promotes business operations to reduce environmental impact across its value chain. NSK's Environmental Code of Conduct sets out seven guidelines for action by officers and employees: ensuring environmental compliance, fighting global warming and climate change, conserving resources and practicing recycling measures, developing and popularizing environmentally friendly products, conserving biodiversity, reducing use of environmentally hazardous substances, and communicating with stakeholders.

➤ Environmental Management

➤ Climate Change Measures

➤ Resource Conservation and Recycling Measures

➤ Biodiversity Conservation

➤ Reducing Use of Environmentally Harmful Substances

— Addressing Conflict Mineral Issues

As a policy, NSK prohibits the use of conflict minerals^{*1} in its products. Conflict minerals are those which come from the Democratic Republic of the Congo and its neighboring countries which can be the source of funding and benefits to illegal armed groups that violate human rights. Moreover, whenever investigation reveals concerns about conflict minerals in the supply chain, we take measures to prevent the use of the relevant parts or raw materials.

Some NSK products, including electronic components used in vehicle electric power steering systems, contain metals such as tin and tantalum. These materials are subject to the US conflict minerals rule^{*2}. For this reason, NSK conducts annual conflict mineral surveys in cooperation with relevant parts and raw material suppliers. This includes tracing relevant materials back through the supply chain to the refineries and countries of origin. The NSK surveys conducted up through FY2022 have revealed no presence of conflict minerals that could be a source of funding for armed conflict.

*1 Four conflict minerals (tantalum, tin, tungsten, and gold) originating in the Democratic Republic of the Congo and surrounding countries, which can be the source of funding for the activities of illegal armed groups in the region.

*2 A rule that requires companies listed in the United States to investigate the potential use of conflict minerals in products, and to officially submit the results and publicly disclose them every year. While NSK is not listed in the United States where the rule applies, we still conduct conflict mineral surveys and share the information with customers.

Governance

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Corporate Governance

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Corporate Governance

— Basic Policy

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 Ltd. aims to fulfill this responsibility to society while maintaining an appropriate level of profitability that meets the expectations of our shareholders, thereby achieves sustainable growth and increases 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 increases 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) 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.

— Corporate Governance Structure



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.

NSK's Board of Directors passes resolutions related to basic management policies, etc. The Board also delegates decision-making on the execution of the operations to executive organizations, while monitoring the status of implementation in an appropriate manner. A list of the items which must be resolved by Board of Directors is as follows.

<Major matters requiring board resolution>

1. Basic management policy
2. Matters regarding the interrelationship between the Executive Officers, including the division of duties between the Executive Officers and hierarchy of command of the Executive Officers
3. Basic policy on the development of internal control systems
4. Acquisition of company treasury stock stipulated in the Articles of Incorporation
5. Calling of the General Meeting of Shareholders
6. Approval of related party transactions
7. Appointment and removal of members of the Nomination, Audit and Compensation Committees
8. Appointment and removal of the Executive Officers
9. Appointment and removal of Representative Executive Officers
10. Approval of financial statements, business reports and the annexed detailed statements thereof as well as provisional financial statements and consolidated financial statements
11. Decision on matters regarding dividends of surplus stipulated in the Articles of Incorporation
12. Approval of execution of material operations
13. Establishment, amendment and repeal of material by-laws
14. Other items required to be resolved by the Board of Directors in accordance with laws or the Company's Articles of Incorporation except matters which may be delegated to the Executive Officers as well as items delegated to the Executive Officers but for which resolution of the Board are deemed necessary

The Nomination Committee, Audit Committee and the Compensation Committee, each of which are comprised of a majority of independent outside directors, work to strengthen the monitoring function by fulfilling the duties of each.

Nomination Committee

The primary function of the Nomination Committee is to determine the content of proposals regarding the election and dismissal of directors to be submitted at the general meeting of shareholders, ensuring with due care that the nominating process for director candidates is transparent and effective.

Audit Committee

The primary function of the Audit Committee is to audit the execution of duties by the Directors and the Executive Officers and prepare audit reports, as well as to determine the content of proposals regarding the election and dismissal of financial auditors. The Committee also audits in accordance with the Companies Act, and the NSK Group's governance systems and its management of business risk in cooperation with the internal audit department.

Compensation Committee

The primary function of the Compensation Committee is to determine the remuneration policy for the Directors and the Executive Officers as well as the remuneration of the individual Directors and Executive Officers.

Executive Organizations

The Executive Officers appointed by the Board of Directors are responsible for executing their respective duties in accordance with the division of duties under the directions of the Chief Executive Officer (CEO). NSK established the Operating Committee and Officers' Meeting, and secures the efficiency and agility of execution of operations properly.

Operating Committee

The Operating Committee is established as an organization for supporting decision-making by the CEO. It deliberates on policies and key matters relates to the execution of the NSK Group's business operations.

Officers' Meeting

The Officers' Meeting is established to foster a common understanding by sharing information of managerial issues, operational direction and status of the execution of their duties. The Officers' Meeting consists of the CEO, Executive Officers, Operating Officers and Group Officers, and is chaired by the CEO.

— Internal Control System

The Executive Officers are required to create and operate internal control systems, according to the basic policy determined by resolution of the Board of Directors. The main functions of the internal control system and the roles of the organization responsible are outlined as follows:

Compliance

The Legal & Compliance Division shall formulate policies to strengthen the Group's compliance system, implement various measures based on these policies, continuously monitor the status of these policies, and regularly report its activities to the Core Values Committee.

Risk Management

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

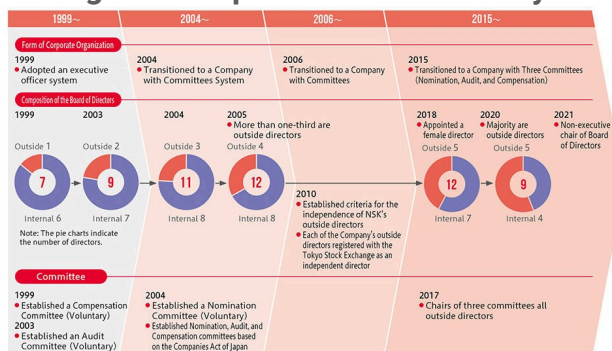
The Internal Audit Department conducts regular stock takes of risks and performs risk monitoring to ascertain their management status. It also studies the appropriateness of internal systems and performs business audits to facilitate corrective measures and improvement initiatives.

The Crisis Management Committee is responsible for preparing and strengthening management systems in order to prevent or minimize the damage from major risks to the NSK Group, 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 duly applies for approval to CFO for matters related to corporate management, systems, governance structure and interest of shareholders, or to the controlling business or functional division headquarters in the case of important decisions related to business operation. NSK Group Companies also report on the progress of their operations to the Company on a regular basis.

Changes to Corporate Governance System



Board of Directors

— Composition of the Board of Directors

The Company believes that the Company's 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, in addition to selecting based on experience in business and management in general or experience in their area of expertise, high ethical standards in management and their insight into corporate governance is also in the selection criteria.

<Skill Matrix for Board of Directors>

Name	Experience and expertise expected				
	Business management/ Top management	Corporate governance/ Internal control	Global business	Engineering/ Manufacturing	Finance/ Accounting/ Capital policy
Akitoshi Ichii	*	*	*		
Keita Suzuki		*	*		*
Saimon Nogami	*	*	*		*
Kenichi Yamana		*	*		*
Mitsuhiro Nagahama	*	*	*		*
Koichi Obara	*	*	*	*	
Junji Tsuda	*	*	*	*	
Sayoko Izumoto		*			*
Mikio Fujitsuka	*	*	*		*

Mitsuhiro Nagahama, Koichi Obara, Junji Tsuda, Sayoko Izumoto and Mikio Fujitsuka are outside directors.

— Structure and Roles of Supervisory Organizations

(As of the end of June, 2023)

Organizations	<div> <div>Internal director</div> <div>Outside director (Men)</div> <div>Outside director (Women)</div> </div>			
	Board of Directors	Nomination Committee	Audit Committee	Compensation Committee
Structure	<div> <div>Chair</div> <div>9 members (4 internal directors, 5 outside directors)</div> <div>Majority outside directors</div> <div>Chaired by a non-executive director</div> </div>	<div> <div>Chair</div> <div>3 members (2 outside directors, 1 internal director)</div> <div>Majority outside directors</div> <div>Chair: Outside director</div> </div>	<div> <div>Chair</div> <div>3 members (2 outside directors, 1 internal director)</div> <div>Majority outside directors</div> <div>Chair: Outside director</div> </div>	<div> <div>Chair</div> <div>3 members (2 outside directors, 1 internal director)</div> <div>Majority outside directors</div> <div>Chair: Outside director</div> </div>
Objectives and Authority	<ul style="list-style-type: none"> Passes resolutions related to basic management policies, etc. (including delegation of deciding on the execution of the operations to executive officers) Supervises execution of duties by executive officers 	<ul style="list-style-type: none"> Determines the content of proposals submitted to the Shareholders Meeting regarding the appointment or dismissal of directors 	<ul style="list-style-type: none"> Audits the duties of directors and executive officers Creates audit reports Determines the content of proposals related to appointment or dismissal of the auditor, and other matters 	<ul style="list-style-type: none"> Determines policies on the compensation of directors and executive officers Determines the individual compensation provided to directors and executive officers, and other matters
Secretariat	Corporate Planning Division Headquarters, Secretariat Office	Human Resources and General Affairs Division Headquarters	Internal Audit Department	Human Resources and General Affairs Division Headquarters
Number of times convened in FY2022	10	6	14	4

— Years as Director at NSK, Attendance at the Board of Directors and Committee meetings
(As of the end of June, 2023)

Name	Years as Director at NSK	Attendance at the Board of Directors and committee meetings (FY2022)			Current position of the Board	Significant Concurrent Positions outside the Company
Akitoshi Ichii	6	Board of Directors	100%	(10/10)	Member of the Nomination Committee	-
		Nomination Committee	100%	(6/6)		
Keita Suzuki	-	-			Member of the Compensation Committee	-
Saimon Nogami	10	Board of Directors	100%	(10/10)	-	-
		Compensation Committee	100%	(4/4)		
Kenichi Yamana	2	Board of Directors	100%	(10/10)	Member of the Audit Committee	-
		Audit Committee	100%	(14/14)		
Mitsuhiro Nagahama	3	Board of Directors	100%	(10/10)	Chair of the Compensation Committee Member of the Audit Committee	External Auditor of Kuraray Co., Ltd., Outside Director of Azbil Corporation
		Compensation Committee	100%	(4/4)		
		Audit Committee	100%	(14/14)		
Koichi Obara	2	Board of Directors	100%	(10/10)	Member of the Compensation Committee	Consultant of Maeda Corporation
		Compensation Committee	100%	(4/4)		
Junji Tsuda	1	Board of Directors	75%	(6/8)	Chair of the Nomination Committee	Senior Advisor of Yasukawa Electric Corporation Outside Director of TOTO LTD., External Member of Directors of Kyusyu Electric Power Company, Incorporated.
		Nomination Committee	100%	(5/5)		
Sayoko Izumoto	1	Board of Directors	100%	(8/8)	Chair of the Audit Committee	External Audit and Supervisory Board Member of Freund Corporation
		Audit Committee	100%	(9/9)		
Mikio Fujitsuka	-	-			Member of the Nomination Committee	Outside Director of Yamaha Corporation Outside Corporate Auditor of Mitsui Chemicals, Inc.

* Keita Suzuki and Mikio Fujitsuka were newly appointed as directors on June 23, 2023, and therefore have not attended any meetings in FY2022.

* Each of the outside directors has been registered with the Tokyo Stock Exchange as an independent director.

➤ Reasons of Outside Directors Appointment

➤ Management

Outside Directors

– Roles and Election Standards of Outside Directors

NSK expects outside directors to possess 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 its mid- to long-term corporate value.

When electing outside director candidates, we verify requirement as follows in addition to “Selection Standards of Directors”:

- 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 following persons are ineligible to become independent director candidates of NSK Ltd.

- 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 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 shall be assumed to be a period of three years or less from the date NSK elects directors.

These criteria satisfy those of the Tokyo Stock Exchange, Inc.

— Reasons of Outside Directors Appointment

Name	Independence	Reasons of Appointment
Mitsuhiro Nagahama	*	Mitsuhiro Nagahama has supervised management and provided advice in general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethics standards, and broad insight, and he has actively participated in Board of Directors meetings. As the Chair of the Compensation Committee, he has played a leading role in the discussions and deliberation of executive compensation policies and decisions on compensation. Furthermore, as a member of the Audit Committee, he has played an appropriate role in enhancing the audit system and its operation through discussions and deliberations at committee meetings. We believe that he continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.
Koichi Obara	*	Koichi Obara has supervised management and provided 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	*	Junji Tsuda has supervised management and provided 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. In addition, as a member of the Nominating 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.
Sayoko Izumoto	*	Sayako Izumoto has supervised management and provided 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 meetings. In addition, 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 the improvement and strengthening of our corporate governance and the enhancement of our corporate value.
Mikio Fujitsuka	*	Mikio Fujitsuka has a wealth of experience as a corporate manager, high ethical standards, and broad insight, which he will utilize in supervising management from an independent and fair standpoint. As an outside director, we expect him to supervise management and provide advice on overall management, and we believe that he will contribute to improving and strengthening our corporate governance and increasing our corporate value.

🔴 Years as Director at NSK, Attendance at the Board of Directors and Committee meetings

— Supporting System

NSK provides information in an appropriate manner, including distributing materials to all directors in advance, and prior explanation by officers and 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.

In addition, NSK holds meetings comprised of outside directors to facilitate information exchange and foster shared understanding among outside directors and executive officers. While valuing these meetings as an opportunity to freely share opinions, the Board secretariat follows up on requests and suggestions as appropriate to improve the effectiveness of the Board of Directors.

Directors/Officers' Compensation

— Compensation for Directors and Executive Officers, Policy on Determining Compensation Amounts and Calculation Methods

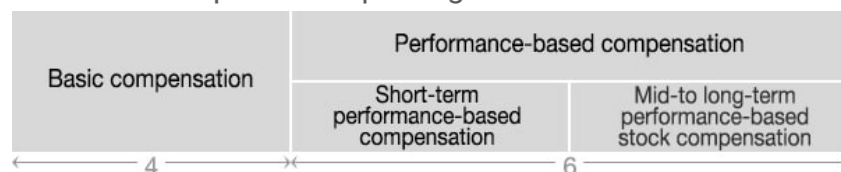
As a Company with Three Committees (Nomination, Audit, and Compensation), NSK Ltd. makes decisions on executive compensation structure, compensation levels, and individual compensation, etc., at a Compensation Committee chaired by an outside director, and based on advice from external consultants as 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 each respective compensation amount shall be paid. For directors who also serve as executive officers, stock-based compensation for the director position will not be provided.

— Executive Officers' Compensation

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

Executive officer compensation package



(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 a short-term performance-based compensation and a mid- to long-term performance-based stock compensation.

a) Short-term performance-based compensation

The short-term performance-based compensation are 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 ratio of new product sales to total sales as well as an achievement target for ESG goals for CO₂ emission reductions and safety and quality improvement. 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.

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

In order to further incentivize contributions to a sustainable improvement of corporate value, to ensure they share the interests with shareholders and to further reinforce the link between executive officer compensation and the mid- to long-term stock value, the Company 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 for which Company shares are then distributed upon retirement. However, for a certain portion of the above shall be provided in the form of cash obtained by converting shares into cash.

— **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, for a certain portion of the above shall 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.

— **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.

Assessment of Effectiveness of Board of Directors

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



— FY2022 Assessment Results and Future Initiatives

The results of the questionnaire and individual interviews confirmed that the Board of Directors has improved its effectiveness. In particular, the Board was highly evaluated for its enhanced monitoring functions in supporting the execution of the business, such as confirming the progress of MTP2026. "FY2022 initiatives in response to FY2021 issues" and "Future initiatives in response to FY2022 issues" are as follows.

■ FY2022 Initiatives in Response to FY2021 issues of Effectiveness Assessment

FY2021 Issues	FY2022 Initiatives
Reaffirmation of the Role of the Board of Directors and Monitoring	<ul style="list-style-type: none"> After the formulation of MTP2026, the Board of Directors monitored the progress of important subjects from the perspective of supporting business execution.
Enhancement of mid- and long-term strategic discussion to enhance corporate value	<ul style="list-style-type: none"> Agendas for Board of Directors meetings were narrowed down to the most important items, time for discussion was ensured by efficiently explaining agenda items, and strategic discussions were held utilizing the knowledge of each director.
Strengthening of the composition of the Board of Directors to support strategic discussions and monitoring	<ul style="list-style-type: none"> Two outside directors were newly appointed to contribute to strategic discussions at Board of Directors' meetings by leveraging their experience and expertise in corporate management and accounting.
Separation of roles and functions between Chairperson of the Board of Directors and President & CEO	<ul style="list-style-type: none"> The chairperson of the Board of Directors continued to be a non-executive director.
Promotion of opportunities for communication and business understanding among board members	<ul style="list-style-type: none"> Two Board of Directors meetings were held at business sites other than NSK's headquarters, a practice that had been suspended due to the COVID-19 pandemic, and provided opportunities for outside directors to visit sites to promote business understanding Three meetings of outside directors were held to enhance communication

■ Future Initiatives in Response to FY2022 issues of Effectiveness Assessment

FY2022 Issues	Main Future Initiatives
Sharing roles of the Board of Directors amid business restructuring	<ul style="list-style-type: none"> Share awareness of issues relevant to each director through outside director meetings, etc. Recognize the subjects on which the Board of Directors should take action
Thorough and complete monitoring of the Mid-Term Management Plan	<ul style="list-style-type: none"> Coordinate with the executive side, based on shared understanding of monitoring granularity, frequency, methods, etc., as the Board of Directors Continue efforts to confirm progress and enhance strategic discussions that go beyond reporting and explanations
Further strengthening the contribution of outside directors	<ul style="list-style-type: none"> Establish opportunities for periodic site visits to deepen understanding of NSK's business Enhance mechanisms, including meetings of outside directors, that lead to better communication among outside directors

Corporate Governance Library

Corporate Governance Report

NSK Report

ESG Data

NSK's Approach

System

Representative Risks Deemed of High Importance (Business Risks)

NSK's Approach

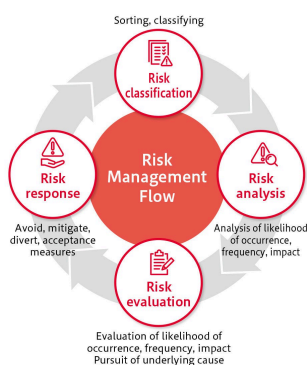
At the NSK Group, the executive management team oversees the implementation of a risk management system guided by the Group's basic internal control policy. Risks faced by the NSK Group are identified, categorized and prioritized by the risk management department, before being assigned to responsible departments. This system is designed to avoid and minimize risks for the entire Group and to coordinate response measures when risks actually materialize.

System

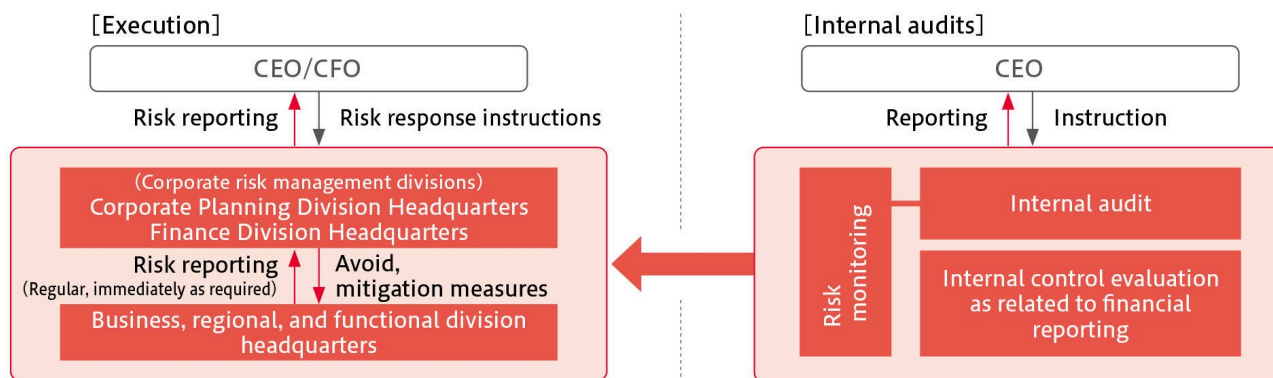
— Risk Management Systems

NSK works to build a risk management system based on clearly stipulated fundamental principles aimed at effectively enabling global Group management and internal control functions. Every year, all the business sites perform their own risk assessment, classifying, analyzing, and evaluating risks in accordance with changes in the social environment, the frequency of risk occurrence, the size of impact, and other factors to identify risks that should be addressed. The Corporate Planning Division Headquarters and the Finance Division Headquarters coordinate with business and regional and functional headquarters regarding risks at each division and each business site, which are managed in accordance with prescribed reporting systems. While putting in place preventive measures, the Company devises steps to swiftly and appropriately act in the unfortunate event a risk is manifested, and then works to mitigate the impact. In addition, the internal audit division coordinates with the Audit Committee to monitor the tasks carried out by executive divisions, build an internal control system, and audit operational status. As NSK's business activities spread to more areas, the range of anticipated risks widens. The Company has identified 10 types of representative risks deemed of high importance according to what they entail and likelihood of occurring, their degree of impact, and mitigation measures.

Risk Management Flow



Risk Management System

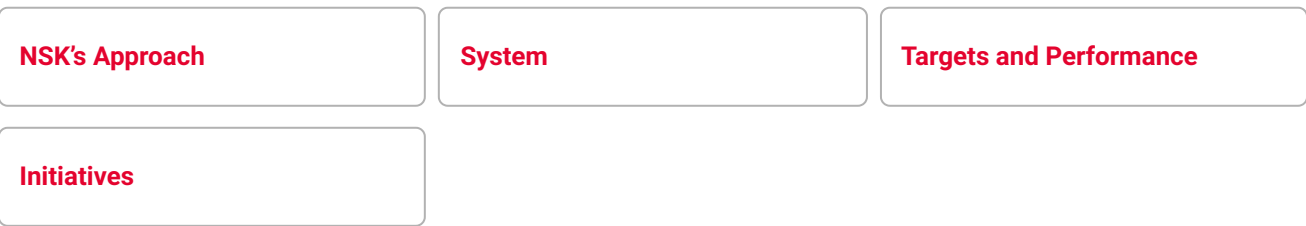


Representative Risks Deemed of High Importance (Business Risks)

As NSK's business activities spread to more areas, the range of anticipated risks also widens. However, the Company has identified 10 types of representative risks deemed of high importance (business risks) according to what they entail and likelihood of occurring, their degree of impact and mitigation measures. View these risks by using the link below.

[➤ Business Risks and Other Risk Factors](#)

Business Continuity Management (BCM)



NSK's Approach

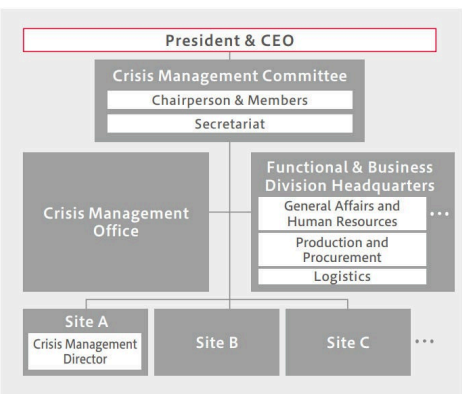
NSK's basic policy is to place the highest priority on ensuring the safety of human life, to respond to disasters in collaboration with society and to prevent disruptions to essential operations and to promptly resume operations in the event of a suspension. To shorten the time required to resume production, we have formulated a Business Continuity Plan (BCP) that includes thoroughgoing disaster mitigation measures to minimize damage at the time a disaster occurs and measures to shorten the recovery period. The BCP also includes steps to ensure sufficient inventories to meet our responsibility to supply products to customers for a period longer than required to resume production.

System

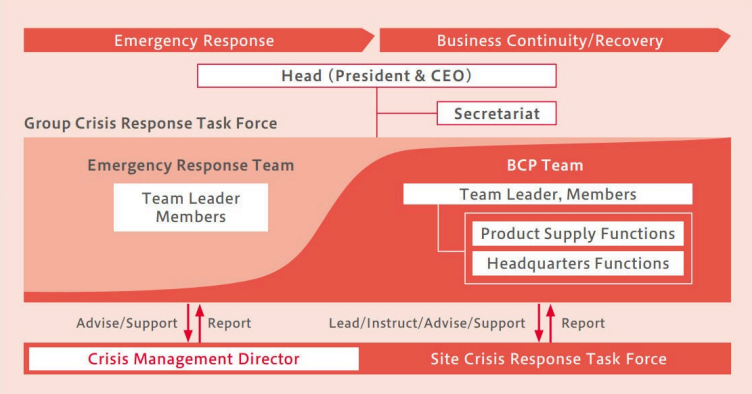
We have established the permanent Crisis Management Committee under the direct control of the CEO. This Committee is charged with the responsibility of overseeing business continuity management initiatives. In this manner, we have put in place a system for directing and controlling preparations and contingency responses for such incidents as natural disasters, the outbreak of infectious diseases, major accidents/incidents, and other risks that might materialize. In addition, such organizations have been established in each region outside Japan to oversee business continuity management. The Crisis Management Committee will work with these organizations to deal with risks when they emerge.

— Crisis Management Structure

■ Normal Times



■ Emergencies



Targets and Performance

— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

Policy		Development of group crisis management systems	BCP formulation and effectiveness enhancement
MTP2026	Targets	<ul style="list-style-type: none"> ● Implement a BCM in accordance with global standards ● Strengthen the information sharing platform 	<ul style="list-style-type: none"> ● Formulate a BCP for critical functions ● Enhance the effectiveness of the BCP formulated
FY2022	Targets	<ul style="list-style-type: none"> ● Design and conduct a trial of the BCM processes ● Streamline and secure backups for normal and emergency reporting as well as information sharing methods 	<ul style="list-style-type: none"> ● Create specific BCP guidelines by function ● Verify and optimize BCP effectiveness through drills, workshops, and BCP inspections
	Performance	<ul style="list-style-type: none"> ● Self-assessments of BCM conducted in all regions ● Streamlined and secured backups for normal and emergency reporting and information sharing methods 	<ul style="list-style-type: none"> ● Reviewed existing BCP guidelines ● Verified and optimized BCP effectiveness through drills, workshops, and inspection sheets
FY2023	Targets	<ul style="list-style-type: none"> ● Visualize recovery targets and effects of implemented measures through BCM improvements ● Integrate platforms for information gathering, reporting, and sharing during normal times and emergency situations 	<ul style="list-style-type: none"> ● Establish a global version of the BCP guidelines ● Review BCP verification method, and verify and optimize effectiveness

— BCP Establishment

Setting Recovery Time Objectives

Recovery time objectives are set so as to enable a resumption of product supply to customers even after a crisis occurs. To ensure recovery within the target period, the NSK Group promptly implements measures to thoroughly minimize damage in the event of a disaster. By reducing the recovery period and securing the minimum inventory required, we will be able to continue supplying products. In anticipation of unforeseen damage and difficulties for recovery within the target period, we are in a state of preparedness so that business activities can be resumed using alternative functions.

Specific Initiatives

At NSK sites, including the head office and Group companies in Japan, we have been preparing for potential emergencies. These efforts include creating emergency organizational structures, establishing response procedures, and assembling useful tools. We also confirm the viability of the preparation through regular drills and address issues that emerge during the drills to make improvements. We are also working to improve BCP effectiveness in the event of a major disaster such as a large-scale earthquake. This is being done by preparing measures to minimize damage, securing emergency communication channels, establishing a reporting system, preparing for large-scale power outages, and ensuring backups for IT infrastructure.

Turning to regions outside Japan, we are formulating BCPs for our business sites based on the assumption of region-specific risks and verifying the effectiveness of the BCPs we have developed.

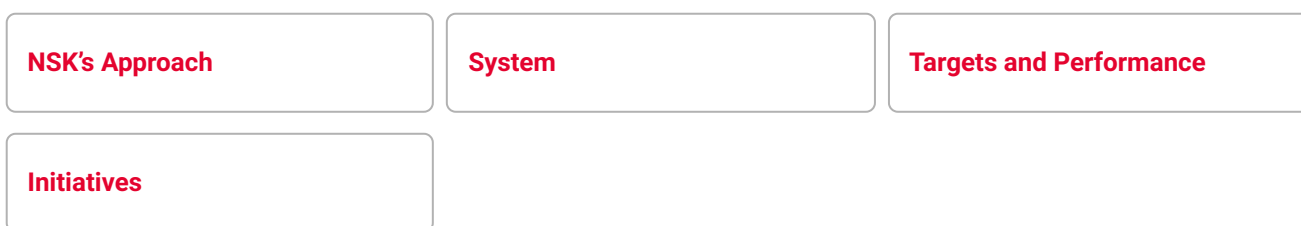
«Initiatives in FY2023»

- **Conducting Self-Inspections of Business Continuity Management Systems as well as Crisis Management and BCPs**

As far as its business continuity management systems are concerned, NSK has prepared inspection sheets based on the business continuity guidelines issued by the Cabinet Office of Japan. The Company conducts periodic self-inspections of regional headquarters functions and identifies issues in all regions. Moreover, we evaluate the current status of crisis management and BCP measures at each business site based on our own guidelines, and clarify issues so that we can respond promptly in the event of an emergency.

- **Strengthening Emergency Response and Business Continuity Measures through Training and Workshops**

Utilizing our Fukushima Plant as a model case, we published a manual in FY2022 intended to promote a shift away from a headquarters-led approach and encourage each location to conduct training on an independent basis. In this manner, we are working to strengthen our initial response capabilities in emergencies. In FY2023, plans are in place to conduct voluntary training at all locations in Japan and locations outside Japan with earthquake risks. Regarding business continuity, NSK believes it is important to conduct risk assessments of resources such as people, equipment, and infrastructure, identify gaps against recovery targets, and formulate implementation plans for countermeasures in each division. Starting in FY2023, we will hold workshops at key locations to formulate implementation plans for countermeasures, working to improve the level of our business continuity capabilities.



NSK's Approach

The use of digital technology is expanding across an increasingly wide range of fields. At the same time, the volume of information and data is also increasing dramatically with the forms in which it is held and used continuing to diversify. Against the backdrop of this business environment, in addition to the risks associated with the improper handling of information, there are growing concerns surrounding information leaks and the adverse effects on the supply chain due to increasingly sophisticated cyberattacks. Positioning information security management as one of its important management tasks, NSK is working to reduce a variety of risks while strengthening its response to relevant laws and regulations. Moreover, we are promoting initiatives for more robust mechanisms and organizational structures, such as network countermeasures, against increasingly sophisticated cyberattacks.

— Basic Policy and Management Standards and Rules

NSK has established a basic information security policy and put in place subordinate rules and regulations. We review and expand this policy, as well as rules and regulations, in line with the enforcement and revision of statutory and regulatory requirements and changes in our operating environment. Moreover, we are working to ensure that information security rules and risk countermeasures are implemented throughout the organization via increased awareness, development, and education, as well as periodic checks on the status of their penetration.

■ Major Information Security-Related Regulations

NSK Group Basic Policy on Information Security	This policy sets out the objectives for the NSK Group's information security (information security initiatives, handling of information assets, compliance with laws, regulations, and contracts, as well as education and continuous improvement).
NSK Group Information Security Management Standards	As the top information security directives in the NSK Group, these standards outline the principles for bringing the levels of information security management across the Group up to the same high standard.
NSK Group Information Security Procedural Standards	These rules stipulate measures to protect information assets, such as proper methods for handling information assets that need to be adopted across the NSK Group.

– Information Security Management System (ISMS)

The NSK Group is enhancing its managerial resources and transforming its business through the power of digital technology. We established the Information Security Enhancement Office under the Digital Transformation Division HQ to enable the safe use of digital technology and to globally deploy information security enhancement measures that take into account the relationship between digital technology and cybersecurity. Moreover, information security-related risks are supervised under the Corporate Risk Management System. Information security is also discussed by the Board of Directors as an issue that concerns the Group as a whole. The Information Security Enhancement Office regularly holds global meetings, working in cooperation with information security management committees in Japan, the Americas, Europe, China, ASEAN and Oceania, India, and South Korea. NSK is working to improve the information security management level of the entire NSK Group, and to plan and implement information security measures.

Information Security Management System



Targets and Performance

— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

Policy		<ul style="list-style-type: none"> Respond to risks associated with the convenience of information handling due to the rapid development of information and communication technology and strengthen compliance with relevant laws and regulations Establish a highly secure IT infrastructure to address today's increasingly sophisticated cyberattacks and take initiatives to strengthen readiness for cyberattacks 		
MTP2026	Targets	<ul style="list-style-type: none"> Strengthen security governance management operations 	<ul style="list-style-type: none"> Strengthen cyber security risk countermeasures 	<ul style="list-style-type: none"> Strengthen infrastructure security
FY2022	Targets	<ul style="list-style-type: none"> Make efforts to improve security standards based on official guidelines Strengthen readiness against cyberattacks 	<ul style="list-style-type: none"> Improve cybersecurity response capability by providing education and training 	<ul style="list-style-type: none"> Establish a security-focused next-generation network and strengthen vulnerability management
	Performance	<ul style="list-style-type: none"> Conducted security assessments in and outside Japan Developed reinforcement measures based on the assessment results 	<ul style="list-style-type: none"> Participated in the FY2022 Cross-Sectoral Exercise organized by the National center of Incident readiness and Strategy for Cybersecurity (NISC) and the Nippon CSIRT Association Conducted incident response training at plants in Japan Conducted information security inspections for business partners Carried out regular education and training in addition to the above 	<ul style="list-style-type: none"> Continued real-time monitoring and expanded its scope Introduced a web gateway to enable secure external access
FY2023	Targets	<ul style="list-style-type: none"> Continue efforts to improve the security maturity level based on official guidelines* Continuously strengthen readiness against cyberattacks 	<ul style="list-style-type: none"> Improve cybersecurity response capabilities with education and training 	<ul style="list-style-type: none"> Establish a security-focused next-generation network and strengthen vulnerability management

*Official guidelines: A globally adopted guideline framework developed by professional cybersecurity organizations

Initiatives

The NSK Group's main information security initiatives are as follows.

- Enhancing information security management
- Having an external expert conduct security assessments to evaluate the security of NSK's critical internal computer systems and public website
- Developing an incident response system
- Raising the information security awareness of NSK's officers, employees, and business partners

— Status of Security Certifications

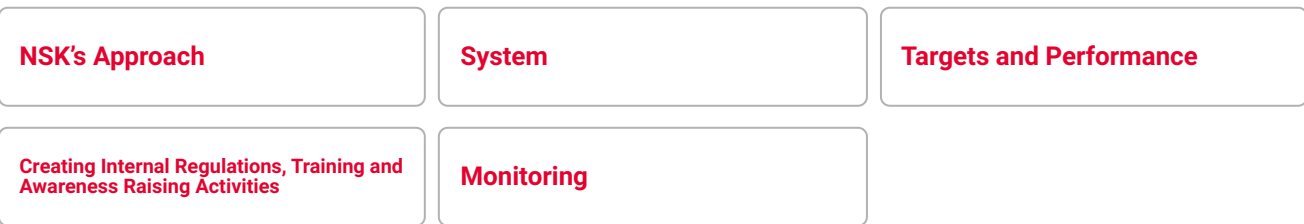
NSK has established a PDCA cycle for its information security management system, which includes periodic inventory and risk assessment of information assets and the formulation of plans for addressing and improving risk issues. As a result, we have acquired and maintain ISO/IEC 27001 certification, an international standard. In addition, based on demands from customers, we acquired TISAX certification, a security certification broadly adopted in Germany's automobile industry, at nine locations in Europe, China, and Japan.

— Training and Countermeasures against Cyberattacks

As part of our efforts against cyberattacks, we have put in place a security incident response system to reduce risk and minimize the impact of damage through swift action based on preparatory steps and detection. In addition, we have defined incident levels and set out response procedures. We have also conducted drills on the assumption that an incident has occurred as well as targeted threat e-mail training to all NSK Group employees using PCs in cooperation with the Systems Management departments of each region. As technical countermeasures, we are advancing measures to reinforce monitoring for phishing emails and information devices and working to enhance surveillance and countermeasures, including against vulnerabilities, by using external security assessment services. Furthermore, security assessments are conducted by an external expert contractor for Internet public systems and internal critical systems. Given the growing risk of attacks against the supply chain in recent years, we are enhancing security systems at our plants and conducting information security inspections at business partners.

— Prevention of Information Leaks and Information Security Education

The NSK Group has established rules for classifying and appropriately handling information according to the confidentiality level of information assets, paying close attention to the handling of confidential information and striving to prevent information leaks. As far as the NSK Group's training and education endeavors are concerned, the Group is working to maintain and raise employee awareness toward information security through periodic e-Learning courses for employees in and outside Japan. We are also conducting training by employee category, including officers and Systems Management Department members, as well as for employees entering the company or personnel posted overseas.



NSK's Approach

The NSK Group has positioned compliance as one of its core values. For NSK, compliance goes beyond adherence to laws and regulations. It also entails acting in accordance with internal rules, social norms and the Corporate Philosophy in a sincere and fair manner. Moreover, compliance means earning the trust of society and contributing to the development of the economy and society in Japan and around the world.

— NSK Code of Corporate Ethics (Established: February 22, 2002, Revised: June 23, 2017)

NSK Code of Corporate Ethics, based on the NSK Corporate Philosophy, lays down the fundamental principles that all officers and employees of NSK Ltd. and NSK Group companies ("Personnel") shall comply with when conducting various business activities. All officers and employees of the NSK Group must follow this code. Whenever it is violated, the person concerned is subject to disciplinary action based on the employment regulations.

Scope: NSK Code of Corporate Ethics applies to NSK Ltd., its consolidated subsidiaries (unless they have established their own code independently), and NSK-Warner K.K.

[1] NSK Corporate Ethics Policies

1. Personnel will strive to ensure that NSK Ltd. and its affiliates continue to prosper as a company that acts in a sincere and fair manner, and which is respected and trusted in international and regional society.
2. Personnel will comply with all laws related to its business activities. Moreover, personnel will act in a highly ethical manner in order to ensure that NSK fulfils its responsibility as a corporate citizen.

[2] NSK Code of Conduct Concerning Compliance

1. Compliance with Competition laws

Personnel must not make agreements with competitors to set selling price or territorial sales markets, restrict resale price, or perform other anticompetitive acts. Personnel will conduct legitimate trade through free and fair market competition.

2. Compliance with Import- and Export-Related Laws

Compliance with international rules is essential for freedom of global business activities. Personnel must comply with all import- and export-related laws.

3. Prohibition of Commercial Bribery (handling of entertainment, gifts, etc.)

When giving and receiving gifts and entertainment, bribery – and any acts deviating from socially-accepted norms – is prohibited. Personnel must not provide entertainment and gifts to officials and employees of public institutions unless there are special reasons for doing so.

4. Transactions with Public Institutions and Handling of Political Donations

Personnel must comply with all laws related to transactions with public institutions. Personnel must also comply with all laws related to political donations and must avoid questionable expenditures/provision of benefits.

5. Accurate Recording and Processing

All business activities must be accurately recorded, archived, and processed appropriately in accordance with related laws and regulations. In the event of an audit, whether internal or external, personnel must cooperate fully and provide honest information.

6. Prohibition of Insider Trading

Personnel must not trade in stock or other securities with the knowledge of nonpublic insider information or provide said information to any third party, including family members.

7. Handling of Intellectual Property Rights

Personnel must strive to create, protect, and utilize intellectual property, such as inventions, and must handle intellectual property rights with great care. In addition, personnel must not infringe the intellectual property rights of others.

8. Prohibition of Illegal and Criminal Conduct

Personnel must adopt a resolute stance against illegal conduct and must not interact with organizations that are engaged in criminal operations.

9. Protection of Corporate Assets

Personnel must use corporate assets in an appropriate manner, solely for the purpose of corporate operations, and endeavor to protect such assets. Personnel must avoid the misuse and waste of corporate facilities, equipment, tools, materials, spare parts, and network systems.

10. Handling of Confidential and Personal Information

Personnel must not obtain confidential information of companies, customers, suppliers, etc. through wrongful means, disclose such information to any third party, nor use for private purposes, including after retirement. Personnel must also manage personal information appropriately in order to protect privacy.

11. Relations with Customers

Personnel must always provide high-quality, safe, and secure products and services. Personnel must always commit themselves to entering into fair trade practices, being sincere in attitude, and making proactive proposals in order to enhance trust in the NSK brand.

12. Relations with Suppliers

Selection of suppliers must be based on fair criteria. When conducting business with suppliers, personnel must comply with related laws and treat suppliers as an equal business partner. In addition, personnel shall not seek nor receive personal profits using a dominant bargaining position.

13. Prohibition of Acts Discrediting Competitors

Fair business activities must be performed based on the principles of free competition. Personnel must not unfairly undermine competitors' credibility by disseminating arbitrary information about competitors or their products, including libel, slander, or defamation.

14. Prohibition of Discrimination, Cultivation of a Sound Workplace

Personnel must respect the rights of individuals and must not unfairly discriminate on the basis of race, appearance, belief, gender, lineage, ethnicity, nationality, age, marital status, physical disability, or other inappropriate reason. In addition, personnel must avoid engaging in acts that cause offense to the recipient.

15. Respect of Fundamental Rights at Work

Personnel must not use forced or child labor. In addition, personnel must comply with all labor laws and respect fundamental rights at work.

16. Global Environmental Protection

Personnel must comply with environment-related laws and internal rules. In addition, personnel must be conscious of the effect their work has on the environment, and strive to prevent pollution as well as protect human health and the ecosystem in order to pass on a better environment to the next generation.

[3] Disciplinary Actions

Personnel who violate this Code will be subjected to disciplinary actions.

System

– Compliance Promotion System

The Legal and Compliance HQ formulates policies to strengthen the compliance structure of the NSK Group, implements various measures based on these policies, and continuously monitors the implementation status. Activities of the Legal and Compliance HQ are reported to the Core Values Committee on a regular basis. Through the discussion of policies for promoting and strengthening compliance, which is one of our core values, and sharing of relevant risks, the Core Value Committee makes recommendations and monitors progress toward resolving company-wide compliance issues.

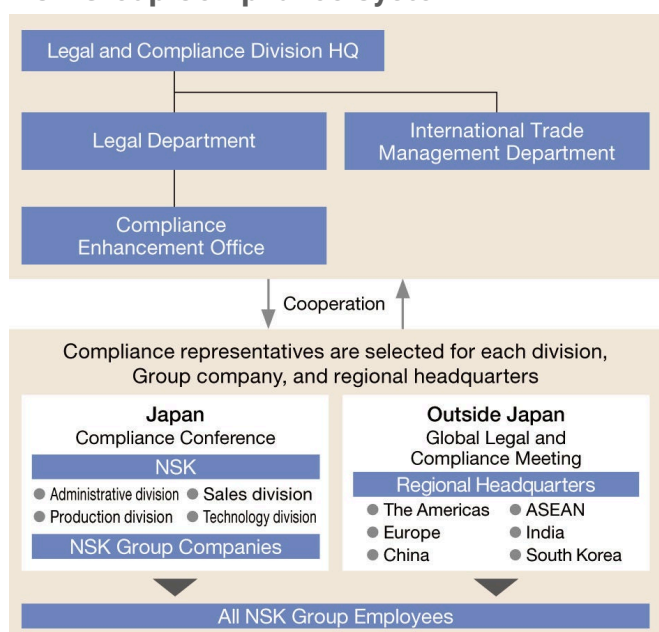
The NSK Group has appointed persons responsible for compliance at each department, site, and NSK Group company in Japan as well as each headquarters outside Japan to serve as key contact points who regularly report on compliance and conduct risk management.

For more information on the Core Values Committee, please visit [NSK Corporate Governance Structure](#).

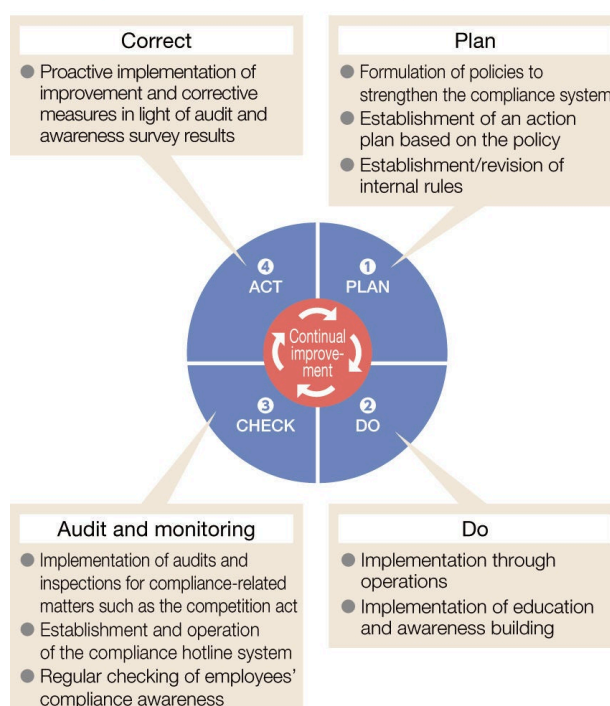
– Global Legal and Compliance Meetings

In order to strengthen the global compliance system, global legal and compliance meetings are held twice a year. At these meetings, members responsible for compliance from the Americas, Europe, China, ASEAN, India, and South Korea gather to report on and discuss compliance activities in their respective regions and countries. This includes compliance training implementation methods and compliance hotline operation. They also share information on relevant laws and regulations in each country, helping one another to identify ways to improve future performance.

NSK Group Compliance System



PDCA Cycle for Continual Compliance Improvement



Targets and Performance

— Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

Policy		Increase trust from international and regional society by completely adhering to the laws and regulations, and by taking actions based on high ethical standards	
MTP2026	Targets	<ul style="list-style-type: none"> ● Maintain and improve compliance awareness 	<ul style="list-style-type: none"> ● Further enhance the reduction of compliance risks
FY2022	Targets	<ul style="list-style-type: none"> ● Renew the NSK Compliance Guidebook and conduct educational activities ● Increase awareness and promote use of the compliance hotline 	<ul style="list-style-type: none"> ● Further expand compliance training for sales, engineering, and production divisions ● Conduct competition law (antitrust law) audits (worldwide)
	Performance	<ul style="list-style-type: none"> ● Revised the NSK Compliance Guidebook and conducted awareness-raising activities ● Spread awareness of the compliance hotline via training and internal communication materials 	<ul style="list-style-type: none"> ● Conducted training for all sales departments ● Conducted training for all engineering departments ● Conducted training for three production departments ● Conducted competition law audits at 38 locations in and outside Japan
FY2023	Targets	<ul style="list-style-type: none"> ● Plan and execute training and awareness-raising activities on overall compliance ● Spread awareness and promote use of the compliance hotline 	<ul style="list-style-type: none"> ● Make use of data and DX to anticipate and address compliance risks

Creating Internal Regulations, Training and Awareness Raising Activities

— Distribution of Compliance Guidebook

NSK distributed the NSK Compliance Guidebook, which explains the 16 items of the NSK Code of Conduct Concerning Compliance in the NSK Code of Corporate Ethics, to officers and employees of the NSK Group to raise awareness about compliance. We have prepared additional localized versions of the guidebook when needed, based on relevant national laws. Employees who receive the Guidebook pledge to abide by its content.

 **NSK Compliance Guidebook**

— Preventing Violations of the Competition Law

The NSK Group has established Rules for Compliance with Competition Law. We prohibit officers and employees from exchanging information or making arrangements with competitors regarding product prices or customers, or from making efforts to restrict sales price setting by retail stores. Moreover, contact with competitors is prohibited in principle. Whenever officers or employees need to participate in a business meeting where there is a chance for interaction with competitors, they must submit an application in advance followed by a report afterwards.

We also conduct training worldwide, focusing on sales departments annually. The training covers competition law and other compliance-related themes. The training includes the review of past cases of cartel behavior, in order to keep the applicable lessons fresh in employee minds.

— Anti-bribery

The NSK Group's Anti-Bribery Standards prohibit officers and employees not only from engaging in bribery, but also giving or receiving entertainment or gifts that deviate from publicly accepted norms. In principle, the provision of entertainment or gifts to any officer or employee of a public institution is prohibited.

Based on the Anti-Bribery Standards, localized internal regulations have been established for Group companies worldwide, based on relevant anti-bribery laws. The NSK Group regularly conducts training and e-learning programs to prevent bribery.

— Preventing Insider Trading

The Internal Regulation for Preventing Insider Trading applies to all officers and employees of the NSK Group. This regulation prohibits officers and employees from buying or selling company stock while in possession of insider knowledge of related undisclosed information. Personnel in this situation are also not allowed to encourage others including family members to buy or sell company stock. It also prohibits NSK Group officers and employees from purchasing NSK shares on the stock market. When selling NSK shares, they must apply for permission in advance using a special system. We are working to ensure thorough awareness of insider training across the Group. We provide e-learning modules and other training, posters, and internal communication materials such as the Compliance Newsletter.

— Security Export Control

The NSK Group has strengthened its system for controls for preventing products and technology from being exported for the aims of the development, manufacture, and use of weapons, based on Japan's Foreign Exchange and Foreign Trade Act. A basic policy and system of controls related to security export have been set forth in the Standards on Security Export Control, and we are working to maintain and improve the reliability of the NSK Group's export-related operations and to reduce the risk of legal violations.

— Protecting Personal Information

The NSK Group maintains a basic policy concerning the acquisition, management and protection of personal information. Internal control systems have been set up for the protection of personal information based on the actual business situation. These enable the Group to collect, use, and provide personal information appropriately in accordance with its prescribed rules. We continually strive to prevent unauthorized access to personal information, as well as its leakage, loss, destruction, or falsification. This includes carefully supervising Group employees who process data containing personal information and any external provider contracted to do so.

— No Association with Organized Crime

The NSK Group is fulfilling its corporate social responsibilities with a basic policy for completely blocking any association with organized crime, including transactional relationships. Furthermore, this policy is spelled out clearly in the NSK Code of Corporate Ethics and awareness of it is continually promoted to ensure a systematic response across the Group. We have also strengthened cooperation with the police and other external organizations. In Japan, the Group adds special clauses to its contracts with business partners to enable cancellation if the business partner is later found to be connected with organized crime.

— Tax Compliance

As the globalization of business advances, the NSK Group believes that the proper payment of taxes in the countries and regions where it operates is one of the most fundamental and important social responsibilities that it should undertake. In March 2018, we established the NSK Group Tax Policy. We are striving to ensure appropriate tax treatment, including refraining from forming organizations that are inconsistent with business purposes and actual conditions for the purpose of tax avoidance.

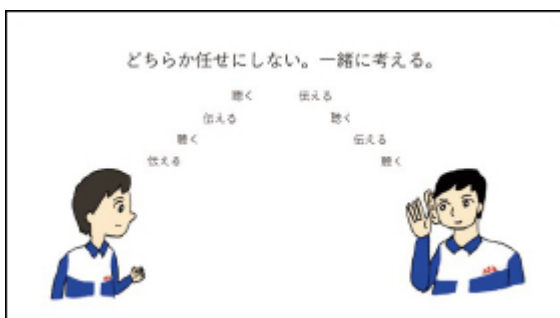
– Initiatives to Reduce Compliance Risks in Each Division

With the aim of reducing compliance risks in each division, the NSK Group conducts compliance training by department. In sales departments, we have been conducting training on the themes of competition laws and keeping the cartel incident fresh in our memories since FY2012. In FY2022, training was held on the themes of the Antimonopoly Act and mismanagement of expenses. Looking back on the response to the cartel incident, we continued to implement the storytelling activities that began in FY2020 to pass on the facts and lessons learned. Employees from all sales divisions in Japan attended the course. In production departments, training is conducted on the theme of preventing quality fraud such as data falsification. In FY2022, we conducted operator-level employee training at three production sites in Japan, and all employees attended the course. In engineering departments, we conducted training on the themes of fostering engineering ethics and preventing quality fraud such as data falsification. In FY2022, employees from all technical departments in Japan attended the course. The NSK Group also disseminates information via internal communication materials such as the Compliance Newsletter, otherwise known as the “Compliance *Kawaraban*,” with the aim of further raising compliance awareness among officers and employees.

– NSK Corporate Philosophy Day

To revisit the lessons learned from past incidents, reconfirm the resolve of all NSK Group employees that no anticompetitive incident will ever occur again, and ensure that all employees review the Corporate Philosophy and make it their own code of conduct, July 26, the date of our on-site inspection by the Japan Fair Trade Commission, has been designated as “NSK Corporate Philosophy Day.”

In FY2022, employees at our domestic and overseas bases watched videos titled “Message from the President,” “Understanding Our Corporate Philosophy,” and “A Look Back at the Cartel Incident.” Thereafter, in Japan, a presentation in animated form was given on the importance of each individual communicating and listening to their thoughts and feelings in order to act in accordance with the Corporate Philosophy. Taking advantage of NSK Corporate Philosophy Day, group discussions were held at each workplace on the themes of “things that bother me” and “things I want to change,” as an initiative to share their own thoughts. Overseas, after a message from the management of local bases, each site held its own events that included lectures by outside experts and discussions on compliance.



Animation for NSK Corporate Philosophy Day

Monitoring

— Employee Engagement Surveys (Compliance Awareness Surveys)

An employee engagement survey is conducted with the Human Resources Department. The objective is to assess the level of compliance awareness and the condition of work environments, in terms of motivation and opportunities for growth for each employee. We are working to address issues identified based on employee engagement surveys. These activities include raising compliance awareness in the manufacturing division, while further improving the compliance hotline's reliability.

— Auditing and Inspection

Since FY2013, the Compliance Enhancement Office in NSK's Legal Department has been conducting annual audits to assess the extent of compliance with competition law. We also use self-inspections to check for risks relating to specific compliance topics.

— Compliance Hotline (Whistleblowing System)

The NSK Group has made explicit in its internal rules that employees who learn of acts that violate or might violate the NSK Code of Corporate Ethics or compliance are to contact the compliance hotline made available in their regions and countries. The Group makes sure that employees are well informed about these hotlines. In some countries and regions, the hotline is available to suppliers, as well.

In Japan, we established hotline operational rules to ensure that the functioning of our system is in full compliance with Japan's Whistleblower Protection Act. We have also set up internal and external hotlines, which accept reports 24 hours a day.

In FY2017, we changed the hotline system to enable users to contact the Audit Committee concerning officer compliance matters. This point of contact is independent of executive personnel, and has further increased the effectiveness of the compliance hotline. The system allows hotline users to remain anonymous, and rules are established to ensure they are protected from disadvantageous repercussions. Reported incidents are investigated by the Legal and Compliance Division Headquarters in Japan and by the local legal department outside Japan with the help of relevant departments as needed. If a compliance violation becomes apparent, corrective actions and recurrence prevention measures are quickly taken where needed.

We are distributing business card-sized cards containing the hotline contact information to make the system well known to employees. In addition, we disclose the number of reports and the status of measures taken in response to reported incidents via internal corporate communication tools, helping to form a corporate culture that ensures employees can use the system with peace of mind. In FY2022, 143 reports were received globally.

Editorial Policy

The NSK Group carries out a variety of environmental, social, governance initiatives to do its part in creating a sustainable society. Our sustainability website explains these initiatives in detail.

Scope of Coverage

– Period of Coverage

Primarily FY2022 (April 1, 2022 to March 31, 2023).

Some activities from before March 2022 and after April 2023 are also covered.

– Organizations Covered

NSK Ltd. and its consolidated subsidiaries (92 companies in all).

Affiliates accounted for using the equity method (16 companies).

– Scope of Performance Data

All sites in the NSK Group.

Some data relates to initiatives carried out with customers and suppliers. In addition, the scope is indicated separately for information with a different scope.

Reference Guidelines

Sustainability Reporting Standards by the Global Reporting Initiative (GRI) (2016/2018/2019/2020/2021/2022)

[**➤ GRI Standard Index**](#)

Contact us regarding our sustainability website

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