



# NSK Group Sustainability Report 2024

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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

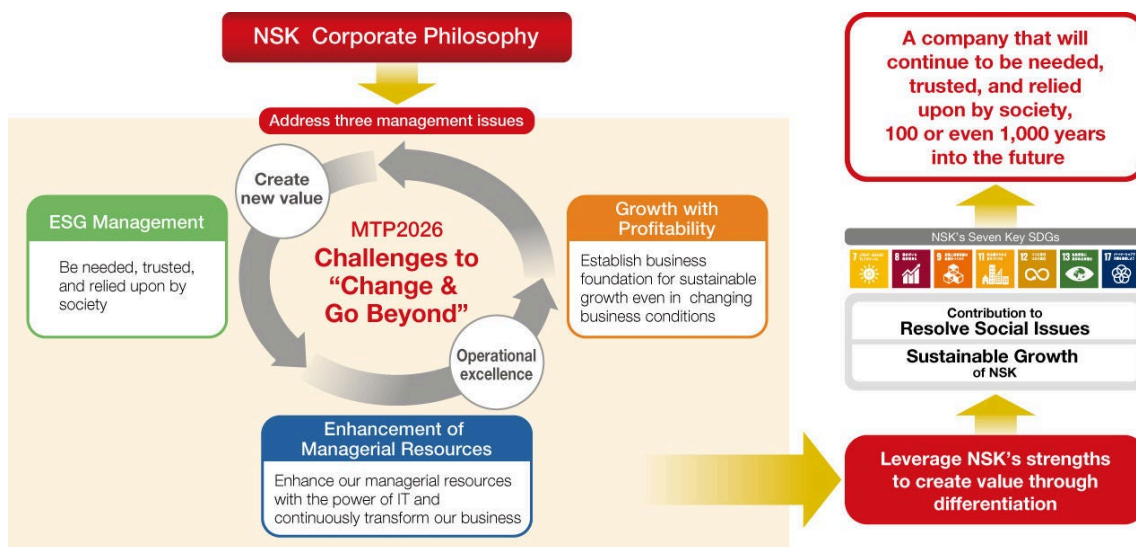
NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™. As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world.

#### 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 goals that are particularly interlinked with its business, in order to help achieve the SDGs by creating collaborative value with stakeholders. While keeping these seven goals in mind, the Company has drawn up NSK's SDGs Declaration to clarify its strategic initiatives.

### 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 its 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  
SDGs**





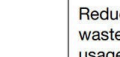



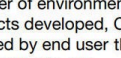
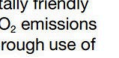









## — Seven Sustainable Development Goals Addressed by NSK

	Declaration of NSK's Initiatives	NSK's Seven 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 <sub>2</sub> 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 <sub>2</sub> 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





## Promotion Structure

NSK has designated “safety, quality, environment, and compliance” as core values that serve as a common standard of priority values for decision-making and actions taken by management.

We have established the Core Values Committee, comprising the president and the relevant directors. To advance NSK’s sustainability initiatives, the Committee sets company-wide issues, makes recommendations for their resolution, and monitors progress through policy discussions on the promotion and strengthening of core values and the sharing of related risks.

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

# Material Topics

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

### — Step 1: 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 mid- 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:

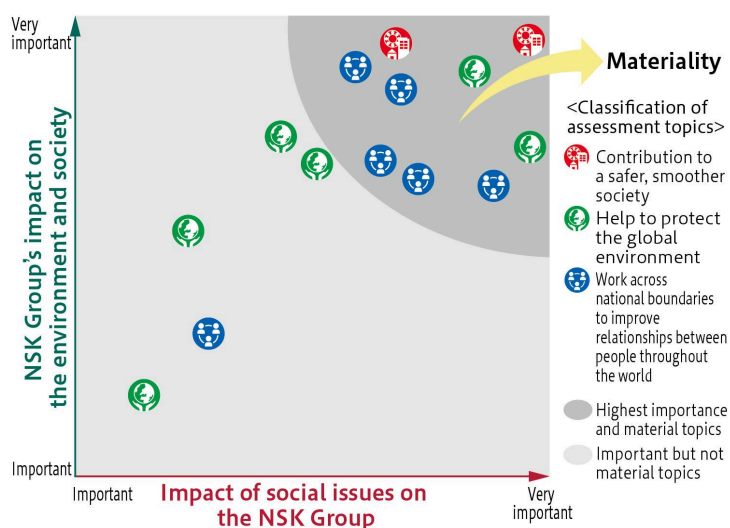
- (1) SDGs, GRI Standards, SASB Standards, ESRS
- (2) Questionnaires from ESG research organizations
- (3) Questionnaires/interviews with institutional investors

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

## — Step 2: Identification of Material Topics

Based on the concept of double materiality,<sup>\*</sup> 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 the impact of social issues on the NSK Group (financial impact). The nine subjects with the highest importance were identified as material topics.



<sup>\*</sup>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

## — Step 3: Deliberation by the Operating Committee

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

<sup>\*</sup>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  Help to protect the global environment  Work across national boundaries to improve relationships between people throughout the world	Safety Quality Environment Compliance	1. Pursue product safety and reliability	ESG management	<ul style="list-style-type: none"> <li>Promote Total Quality No.1 initiatives (NPDS, NQ1, and human resources development)</li> </ul>	
		2. Create value by integrating tribology and digital technologies	Enhancement of managerial resources Growth with profitability	<ul style="list-style-type: none"> <li>Ultra-stable production</li> <li>Bearings &amp; Beyond</li> </ul>	
		3. Contribute to the establishment of a carbon-neutral society	ESG management	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions</li> <li>Reduce energy consumption per unit of sales</li> </ul>	
		4. Contribute to the establishment of a sound material-cycle society (conserve and recycle resources)	ESG management	<ul style="list-style-type: none"> <li>Promote resource conservation and recycling</li> <li>Make smaller, lighter, longer-lasting products</li> </ul>	
		5. Respect fundamental rights at work	ESG management	<ul style="list-style-type: none"> <li>Ensure compliance with labor laws and regulations</li> <li>Respect human rights</li> </ul>	
		6. Build a corporate culture of honesty, fairness, and trust	ESG management	<ul style="list-style-type: none"> <li>Ensure group-wide understanding of the Corporate Philosophy</li> <li>Pursue initiatives to strengthen compliance</li> </ul>	
		7. Maximize the value of human capital	Enhancement of managerial resources ESG management	<ul style="list-style-type: none"> <li>Develop and support diverse careers; utilize DX</li> <li>Improve the working environment (health and safety)</li> </ul>	
		8. Implement sustainable supply chain management	Enhancement of managerial resources ESG management	<ul style="list-style-type: none"> <li>Improve QCD</li> <li>Collaborate on environmental/human rights initiatives, etc.</li> </ul>	
		9. Promote regional economic development	Growth with profitability	<ul style="list-style-type: none"> <li>Strive for harmony and mutual benefit with communities</li> </ul>	

➡ For more information about MTP2026, please click here.

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

**NSK Products Making SDG  
Contributions (SDG Stories)**

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).

We also provide level-specific training and e-learning sessions to instill awareness and thorough understanding among all NSK employees of our efforts to achieve the SDGs through our business activities.

## **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 work actively to help achieve the SDGs.



## NSK Products Making SDG Contributions (SDG Stories)

NSK has organized the business areas and products where it can contribute to the SDGs. We have done this based on global issues such as climate change and the major ways in which our 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

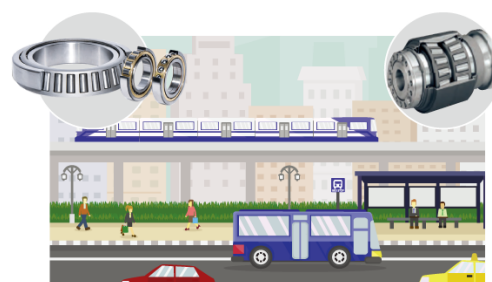
#### Helping to Create Convenient Cities by Promoting Seamless Use of Public Transport





— 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 CO<sub>2</sub> emissions.



## Automotive Business

### Helping to Create a Safe, Clean Automotive Society



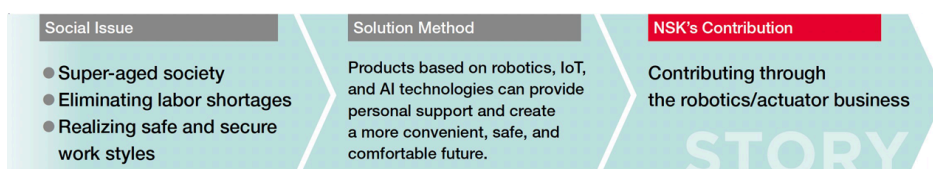
— By developing and supplying automotive parts that support autonomous driving and electrification, we are helping to reduce greenhouse gas emissions and promote motoring societies with fewer traffic accidents.

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.



### Technology Development

**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 sold to customers.



# Environment

Environmental Management ▶▶

Climate Change Measures ▶▶

Environmentally Friendly Products ▶▶

Resource Circulation ▶▶

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

Addressing environmental issues, such as the increasingly serious advance of climate change worldwide, and building a sustainable world where economic growth and protection of the global environment are both possible are challenges facing all of humanity. 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 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.

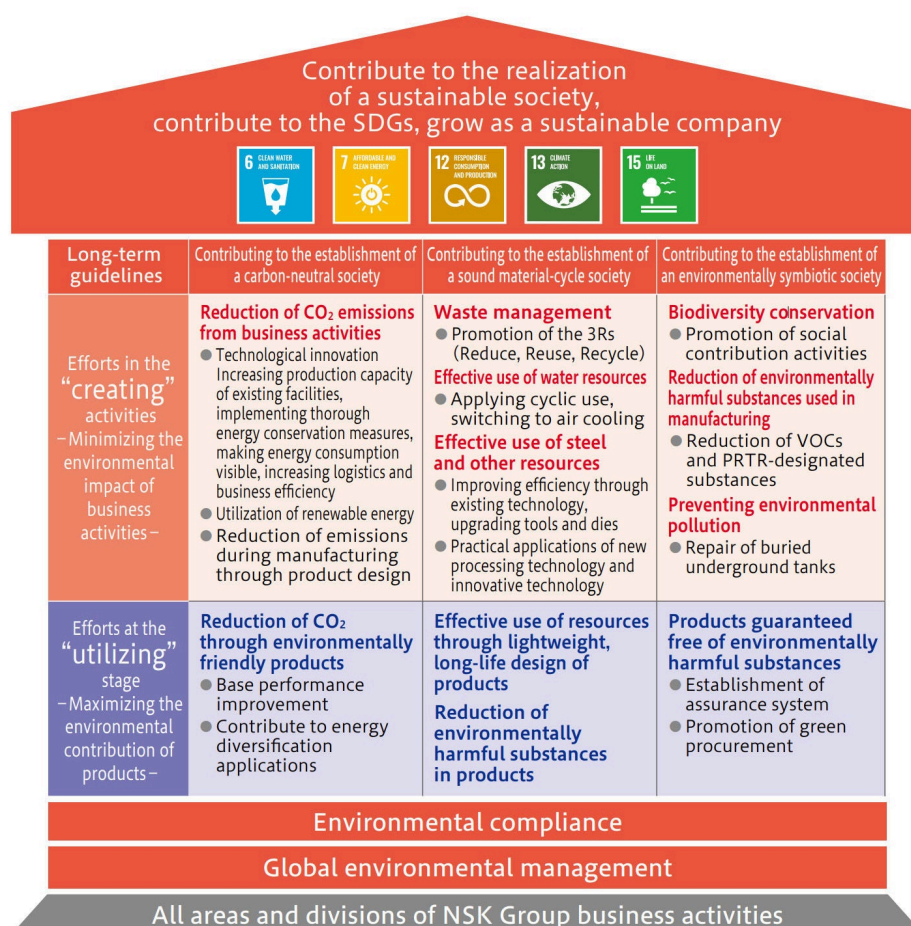
### 7. Communicating with Stakeholders

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

The NSK Group has established the Environmental Action Plan to promote ESG management, one of the key issues of MTP2026. In our practice of global environmental management and environmental compliance, we envision “contributing to the establishment of a carbon-neutral society,” “contributing to the establishment of a sound material-cycle society,” and “contributing to the establishment of an environmentally symbiotic society.” To help achieve this vision, we are minimizing the environmental footprint of our business activities and maximizing the environmental contribution made by our products. This is also linked to helping to achieve the SDGs.

## — NSK Group Environmental Action Plan



## — Environmental Risks and Opportunities

In the drive to build a sustainable world, efforts are accelerating to strengthen national and regional regulations and to develop initiatives that encourage measures to reduce CO<sub>2</sub> emissions, recycle resources, and reduce environmentally harmful substances. Corporate developments also show progress, in areas such as the electrification of automobiles. 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. See the diagram below for specific risks and opportunities.



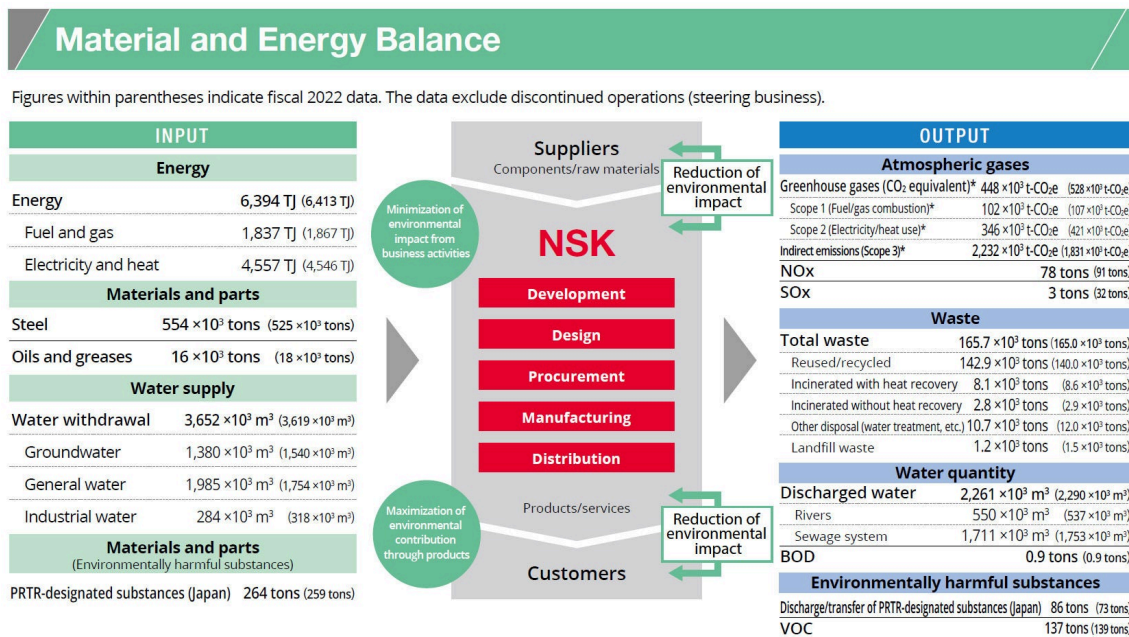
Value Chain	Development and design	Procurement	Manufacturing	Transport	Usage	Disposal/recycling
Relevant Stakeholders	Customers/employees	Suppliers	Employees/partner companies	Transport companies	Customers/society	
Environmental Issues	● Need to help build a carbon-neutral society: Depletion of fossil 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 <sub>2</sub> 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 <sub>2</sub> 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 <sub>2</sub> 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 through efforts such as 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 (FY2022 and 2023)



\* Total greenhouse gas emissions (CO<sub>2</sub> 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 CO<sub>2</sub> Emissions from Fuel Combustion. The amount of greenhouse gas emissions for Scope 1 to 3 are calculated based on GHG Protocol calculation standards.

## 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, with regard to initiatives toward carbon neutrality, which is an essential management issue, the Carbon Neutrality Department sets policies, strategies, and targets from a companywide and mid- to long-term perspective, promoting various measures to achieve goals. Progress is regularly reported to the executive officer in charge and the CEO. Particularly critical measures are decided by the CEO following discussions by the Operating Committee and are deliberated by the Board of Directors. The Board of Directors supervises the implementation of these initiatives. The degree of achievement of targets to reduce CO<sub>2</sub> emissions is incorporated into the evaluation criteria for the short-term performance-based compensation of executive officers.

\*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			FY2023 Targets	FY2023 Performance	FY2024 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* <sup>1</sup>		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 3 environmentally friendly products	Continue with new developments (Develop 1 or more environmentally friendly products)
	Avoid at least 3 million t-CO <sub>2</sub> emissions during the use of NSK products		2.47 million t-CO <sub>2</sub>	2.43 million t-CO <sub>2</sub>	2.49 million t-CO <sub>2</sub>
Climate change measures	Manufacturing, technology, offices	CO <sub>2</sub> emissions* <sup>2</sup> : 50% reduction from FY2017	45.0% reduction from FY2017	51.7% reduction from FY2017	39.0% reduction from FY2017
		Energy usage per unit of sales: 10% reduction from FY2017	6.0% reduction from FY2017	19.4% reduction from FY2017	7.7% reduction from FY2017

Resource circulation - Resource conservation and recycling measures	Manufacturing, technology, offices	Industrial waste per unit of sales: Below -9.0% (base year FY2017)	Below -6.0% (base year FY2017)	-19.8% (base year FY2017)	Below -7.0% (base year FY2017)
		Maintain a recycling rate of at least 99%	99% or higher	99.2%	99% or higher
	Manufacturing	Waste plastic per unit of sales: (Global) Below -3.0% (base year FY2023)	Waste plastic per unit of sales: (Japan) Below -1.0% (base year FY2022)	0.0% (base year FY2022)	Below -1.0% (base year FY2023)
	Distribution (Japan)	Packaging waste per production unit: 14% reduction from FY2021	Below -6% (base year FY2021)	-23.3% (base year FY2021)	Below -10% (base year FY2021)
Resource circulation - Utilization of water resources	Manufacturing, technology, office	Water withdrawal per unit of sales: 9% reduction from FY2017	Below -6% (base year FY2017)	-19.5% (base year FY2017)	Below -7% (base year FY2017)
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 FY2022)	+0.4% (base year FY2022)	Below -1% (base year FY2023)
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	Continued activities Newly implemented riverbank clean-up in Nagano prefecture	Continue activities
	Educate to deepen employee awareness of issues		Continue activities	Continued activities	Continue activities

\*1 Sites with particularly large environmental impacts, including development, design, manufacturing, and distribution

\*2 Total greenhouse gas emissions (CO<sub>2</sub> 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 CO<sub>2</sub> Emissions from Fuel Combustion.

## Initiatives

### Global Environmental Management

#### Acquiring and Maintaining Environmental Management Certification

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The NSK Group establishes 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. Additionally, we work to bolster the effectiveness of our management system at the global level by setting targets, making continuous improvements, and undergoing regular third-party audits. Further, the environmental impact of our ISO 14001 certified sites in terms of energy use, GHG emissions, water consumption, and waste emissions accounts for over 98% of the Group total.

### Certification for Quality, Environmental, and Occupational Health and Safety Management Systems

### Environmental Compliance

#### Environmental Compliance

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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)

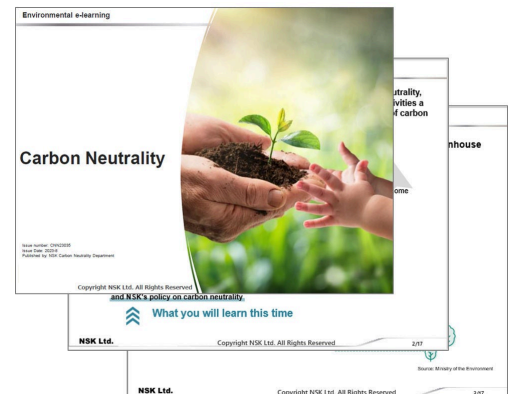
## Remediating Soil and Groundwater Pollution

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.

### — Other Initiatives

## 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 continuously offer training to raise employees' environmental awareness and to deepen their knowledge. Training includes level-specific environmental education for all employees, from new hires to experienced veterans, on such themes as environment management, carbon neutrality, resource conservation (water resources and waste), management of environmentally harmful substances and building an environmentally symbiotic society; environmental e-learning; training tailored to different objectives for the environmental managers in each department; and education for engineers.



Excerpt from "Carbon Neutrality" e-learning program

# Climate Change Measures

NSK's Approach

Targets and Performance

Initiatives

## NSK's Approach

### — Promoting CO<sub>2</sub> Emissions Reductions through “Create” and “Utilize” Approach

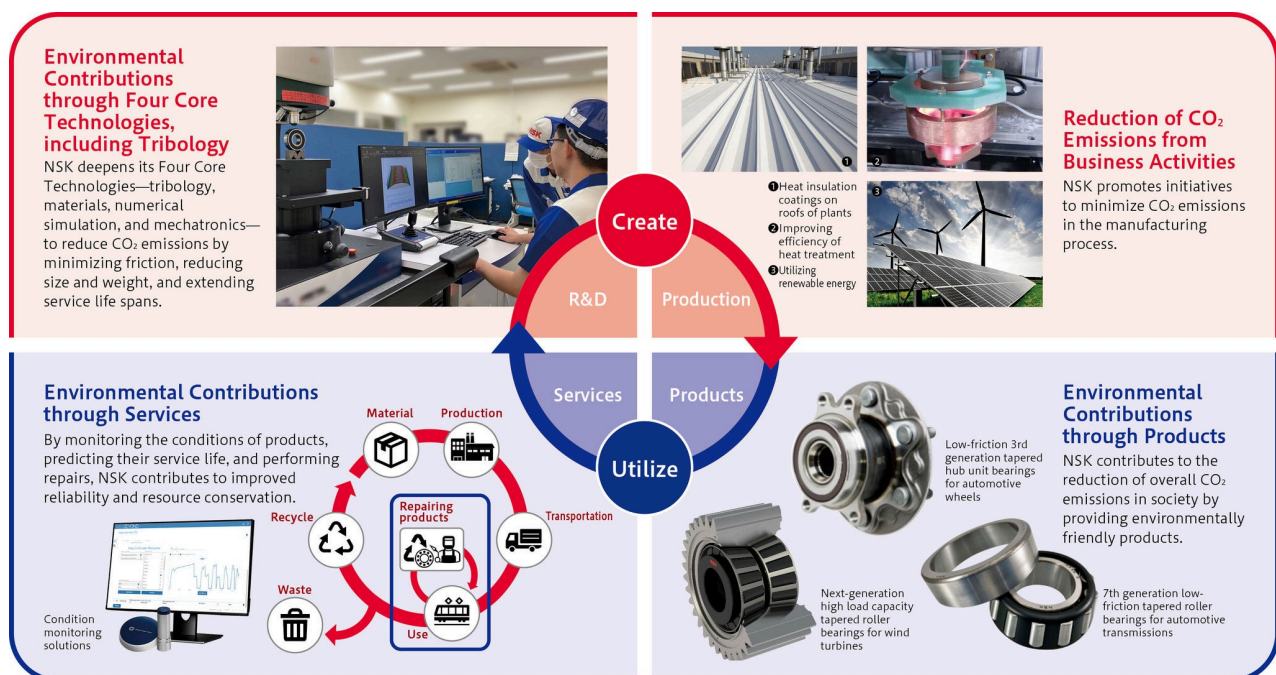
In response to the urgent issue of climate change, NSK contributes to achieving carbon neutrality across the entire supply chain. NSK works to reduce energy consumption and CO<sub>2</sub> emissions not only during the “create” stage, when products are manufactured, but also throughout the entire product life cycle, including the “utilize” stage by customers.

Furthermore, the products NSK provides contribute to the efficient use of resources by incorporating the concept of a circular economy. By leveraging its core technologies, honed over more than 100 years since our founding, NSK is dedicated to contributing to the realization of a sustainable society.

- This section outlines NSK's activities for reducing CO<sub>2</sub> emissions during the “create” stage, from the procurement of raw materials and components to the manufacturing and shipping of products. For information on how our products and services reduce CO<sub>2</sub> emissions during the “utilize” stage, please visit “Environmentally Friendly Products.”

### Environmentally Friendly Products

### Information Disclosure Based on TCFD Recommendations





## Targets and Performance

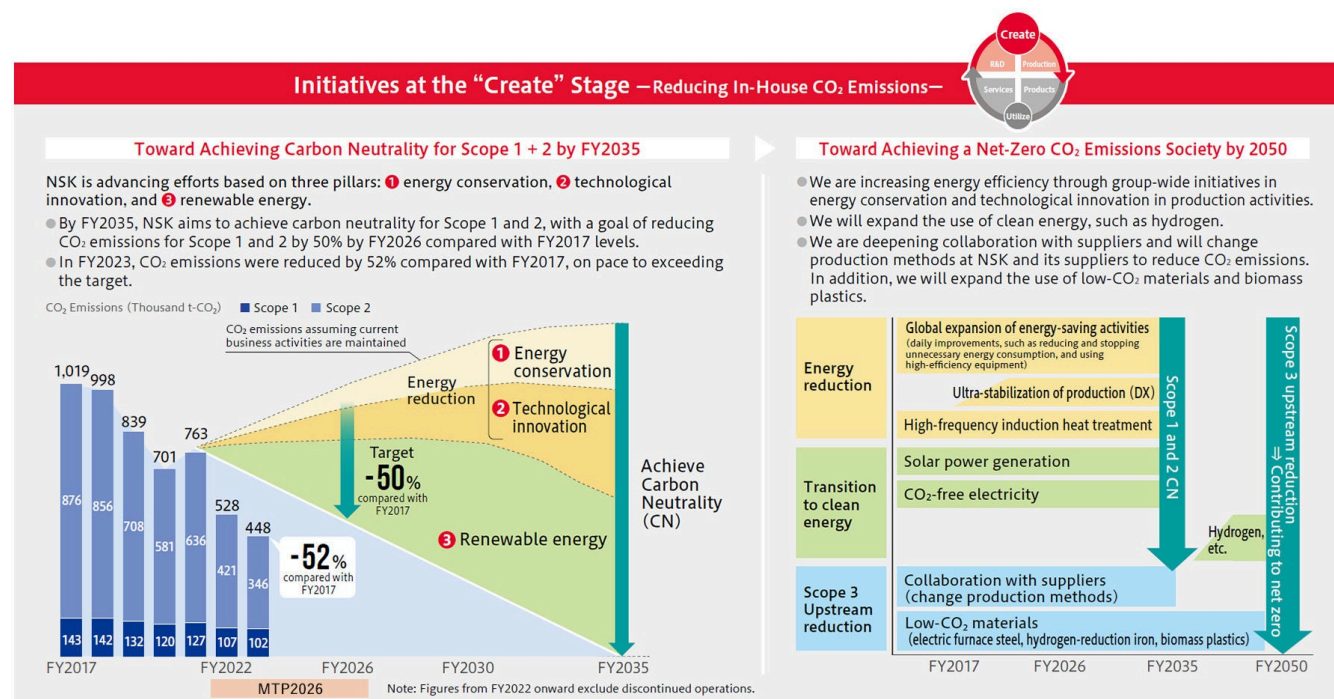
### — Mid-Term Management Plan 2026 (MTP2026) Targets, with Targets and Performance for Each Fiscal Year

MTP2026	Targets	FY2023 Targets	FY2023 Performance	Initiatives	FY2024 Targets
Manufacturing, technology, offices	CO <sub>2</sub> emissions*: 50% reduction from FY2017	45.0% reduction from FY2017	51.7% reduction from FY2017	<b>(1) Promotion of energy savings and fuel conversion</b> <ul style="list-style-type: none"> <li>Visualized energy use</li> <li>Converted fuel for air-conditioning equipment</li> <li>Upgraded to high-efficiency compressors</li> <li>Repainted plant roofs with thermal insulation paint</li> <li>Reduced gas usage</li> <li>Switched to LED lighting</li> </ul> <b>(2) Production technology innovation</b> <ul style="list-style-type: none"> <li>Improved production efficiency with ultra-stable production</li> <li>Adopted high-efficiency induction heat treatment</li> </ul> <b>(3) Expanded adoption of renewable energy</b> <ul style="list-style-type: none"> <li>Switched to 100% CO<sub>2</sub>-free electricity at production sites in Europe</li> <li>Accelerated switch to CO<sub>2</sub>-free electricity in other countries and regions</li> <li>Expanded introduction of solar power generation facilities in China, Japan, and elsewhere</li> </ul>	39.0% reduction from FY2017
	Energy usage per unit of sales: 10% reduction from FY2017	6.0% reduction from FY2017	19.4% reduction from FY2017	<hr/> <b>◆ Mechanisms to promote measures</b> <ul style="list-style-type: none"> <li>Facilitated activities by conducting NSK Group-wide and global cross-functional meetings, and collaborating with suppliers</li> <li>Considered adoption of internal carbon pricing</li> <li>Incorporated CO<sub>2</sub> emissions reductions into evaluation items for executive officer short-term performance-based remuneration and promoted relevant activities</li> </ul>	7.7% reduction from FY2017

\* Total greenhouse gas emissions (CO<sub>2</sub> 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 CO<sub>2</sub> Emissions from Fuel Combustion.

## — CO<sub>2</sub> Reduction Targets and Progress

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



Click [here](#) for more details on NSK’s energy consumption, greenhouse gas emissions, and more.

## Initiatives

### — Initiatives on “Create” Approach

#### Energy Reduction

The NSK Group aims to enhance (1) energy conservation and (2) technological innovation initiatives by sharing information across the entire Group and expanding activities at each site to improve energy efficiency and reduce CO<sub>2</sub> emissions. We promote ongoing energy conservation activities and the adoption of cutting-edge technology. Since FY2017, we have set an annual target of reducing energy usage per unit of sales by more than 1% each year. As of FY2023, we achieved energy usage per unit of sales of -19.4%, exceeding our target of -6.6%.



The rate of change in energy usage per unit of sales from FY2017 (base year) has been recalculated to exclude discontinued operations (steering business). Note that the energy usage per unit of sales for FY2019 - 2021 in the graph is plotted based on estimate values.

## (1) Energy Conservation

NSK plants are pursuing more advanced energy management by utilizing digital tools to monitor and analyze the energy consumption of each piece of equipment. Building on this foundation, the plants are deploying energy-saving initiatives such as improving the operational efficiency of production equipment, reducing compressed air consumption, optimizing the number of compressors in operation, and enhancing the energy efficiency of air conditioning systems.

### Example Initiatives

- **Advanced Energy Management with Digital Tools**

The Saitama Plant developed a digital dashboard in 2021 that allows for a clear, real-time view of energy consumption by piece of equipment and by time period across the production process. This tool is being used to realize advanced energy-saving measures.



Visualizing energy use at the Saitama Plant

- **Production Equipment Efficiency Improvement**

Grinding machines consume a significant amount of energy, especially the motors that rotate the grinding wheels and the pumps that circulate coolant during grinding operations. By analyzing energy consumption using its digital dashboard, the Saitama Plant identified older, less-efficient grinding machines that consumed about 40% more energy. These machines wasted energy by continuing to run even when not processing parts. Improvements were made to stop the motors when not in use, minimizing energy waste. Pump energy use was also reduced by optimizing coolant consumption to the minimum levels required.

Many production machines, which have components that require high force, such as the grinding wheel feed mechanism of grinders, are equipped with hydraulic units. Conventional hydraulic units continuously operate the hydraulic pump motor at a constant speed, resulting in wasted energy whenever high oil flow is not needed. To address this, the Otsu Plant installed high-efficiency hydraulic units that precisely control motor speed, delivering the optimal amount of hydraulic oil at all times and significantly reducing power consumption.

- **Fuel Conversion for Air Conditioning Systems**

Saitama Prefecture is known among Japan's prefectures for taking active steps to combat global warming, aiming to reduce its CO<sub>2</sub> emissions by 46% by FY2030 compared to FY2013. To achieve this, the prefecture requires large-scale business sites to set and work toward emission reduction targets. The Saitama Plant is one of NSK's largest production sites in terms of CO<sub>2</sub> emissions and has actively pursued emission reduction initiatives. One such initiative is the conversion of its air conditioning equipment from gas to electricity. The plant's newly installed electric air conditioning system is about four times more energy-efficient than the previous gas-powered one, leading to a significant reduction in CO<sub>2</sub> emissions. Moreover, the electric system produces no exhaust gases, uses no water, operates stably, and requires less maintenance, thereby reducing the plant's various environmental impacts.

- **Inverter-Controlled Air Conditioning and Thermal Insulation Coating for Plant Buildings**

Maintaining comfortable temperature levels inside large plant buildings during summer and winter is problematic due to the power consumption of air conditioning systems and the resulting CO<sub>2</sub> emissions. To address this, the Fukushima Plant is combining inverter-controlled air conditioning with a rooftop thermal insulation coating to improve energy efficiency.



Thermal insulation coating on the roof of the Fukushima Plant

By using inverters to precisely control air conditioning operations based on indoor temperatures, the plant effectively reduces its CO<sub>2</sub> emissions. Large air conditioning systems in the plant use five or six motors for ventilation, exhaust, and air circulation. High-precision control of each motor's rotation speed with inverters helps lower CO<sub>2</sub> emissions while maintaining a comfortable work environment. Thermal insulation coatings have been applied to the outer walls, their interior surfaces, and the roof of the plant. These coatings reduce the impact of outside temperatures and intense sunlight. This in turn enhances air conditioning efficiency, keeping the plant cooler in summer and warmer in winter.

- **Thermal Insulation Coating for Heat Treatment Furnaces**

During the heat treatment process, metal components like bearing inner and outer rings are usually heated in a furnace to temperatures above 800°C to enhance their durability. This requires substantial energy consumption, both electricity and gas. Additionally, radiant heat from the furnaces significantly raises indoor temperatures, posing challenges for improving the workplace environment and reducing air conditioning energy consumption. To address these issues, the Takasaki Plant and Haruna Plant applied thermal insulation coating to their heat treatment furnaces, minimizing heat loss. This measure not only improved the workplace environment but also enhanced heat treatment efficiency and reduced air conditioning energy consumption, leading to overall energy savings.



- **Improved Compressor Efficiency (Reducing Air Leaks)**

Compressors provide the compressed air necessary for powering production machinery in plants. However, air leaks can occur due to aging pipes and equipment, leading to greater compressor use and wasted electricity. Detecting these leaks is challenging because they are invisible and only produce faint sounds, making it difficult to pinpoint the leak locations. To solve this issue, the Ishibe Plant now uses detection devices that overlay the source of air leak noise on captured images, effectively visualizing leak locations. This technology enables rapid detection of even the smallest leaks within seconds, which were previously undetectable. Since its implementation, the number of detected air leaks doubled in FY2023 compared to FY2021, and the energy-saving effect from repairs tripled, delivering significant results.



Air leak detection at the Ishibe Plant

## **(2)Technological Innovation**

The NSK Group is reducing Group-wide CO<sub>2</sub> emissions by adopting innovative production technologies at its plants worldwide and expanding the range of products for which these technologies are utilized.

### **Example Initiatives**

- **High-Frequency Induction Heat Treatment**

To address the challenge of reducing CO<sub>2</sub> emissions in the heat treatment process, we have developed high-frequency induction heat treatment technology and are actively deploying it at NSK plants worldwide. Unlike conventional heat treatment methods, which heat parts by surrounding them in a gas-heated furnace, high-frequency induction heating rapidly and efficiently heats only the part itself. At the Ishibe Plant, the introduction of high-frequency induction heat treatment has not only reduced CO<sub>2</sub> emissions but also optimized equipment space utilization, contributing to a safer and more beneficial workplace.

Conventional heat treatment furnace



Heating the entire furnace

High-frequency induction heat treatment

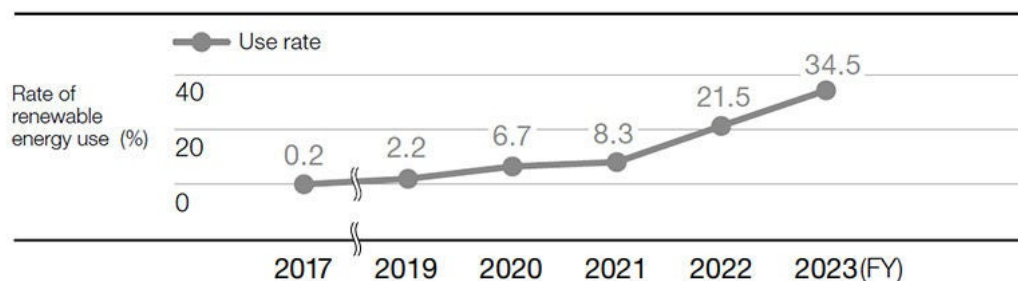


Heating the target part only



### (3) Renewable Energy

NSK is advancing its plan to switch all sites to renewable energy. The ratio of renewable energy being used to the Group's total energy consumption increased from 21.5% in FY2022 to 34.5% in FY2023. In Europe, all sites have switched to CO<sub>2</sub>-free electricity, and the transition is progressing in Japan, the ASEAN countries, and North America. In addition, most of our factories in China have installed solar power generation systems.



Data for FY2022 – 2023 renewable energy use rates exclude the discontinued operations.

#### Example Initiatives

##### ● Solar Power Generation

NSK is working to reduce CO<sub>2</sub> emissions by utilizing solar power. At the Fujisawa Plant, a large-scale solar power system with a capacity of 1.265 million kWh was added to the roof in 2024. Combined with the existing capacity of 185,000 kWh, the expected annual power generation now reaches 1.45 million kWh, leading to a total CO<sub>2</sub> emission reduction of 524 tons, including 67 tons from the pre-existing system.



Solar power system at the Fujisawa Plant

#### — Scope 3 Upstream Reductions

#### Example Initiatives

##### ● Strengthening Collaboration with Suppliers

The majority of NSK's total CO<sub>2</sub> emissions come from upstream Scope 3 sources, making emission reductions in this area a significant challenge. To address this, NSK is expanding collaboration with the suppliers of components such as rings. The scope of collaboration continues to grow, covering about 40% of the procurement value of components with approximately 20 suppliers as of the two-year period, FY2022-2023. NSK representatives visit major suppliers to explain the necessity of carbon neutrality achievement and how it can enhance business resilience. They also encourage each supplier to seek out the most effective CO<sub>2</sub> reduction measures tailored to their specific circumstances. Over the past two years, CO<sub>2</sub> reduction measures for key products have resulted in a reduction of 5.7%, surpassing the 5.2% target. Going forward, NSK will strengthen collaboration with overseas suppliers to further promote reductions.

- **Use of Low-CO<sub>2</sub> Materials**

NSK has developed the world's first cage made from 100% plant-derived biomass plastic. Castor bean plants, the raw material source for this biomass plastic, absorb CO<sub>2</sub> during their growth process. Consequently, the bio-based plastic reduces CO<sub>2</sub> emissions by 80% compared to conventional petroleum-based plastics.



Biomass plastic cage



Castor bean materials

# Environmentally Friendly Products

Manufacturing Philosophy

Targets and Performance

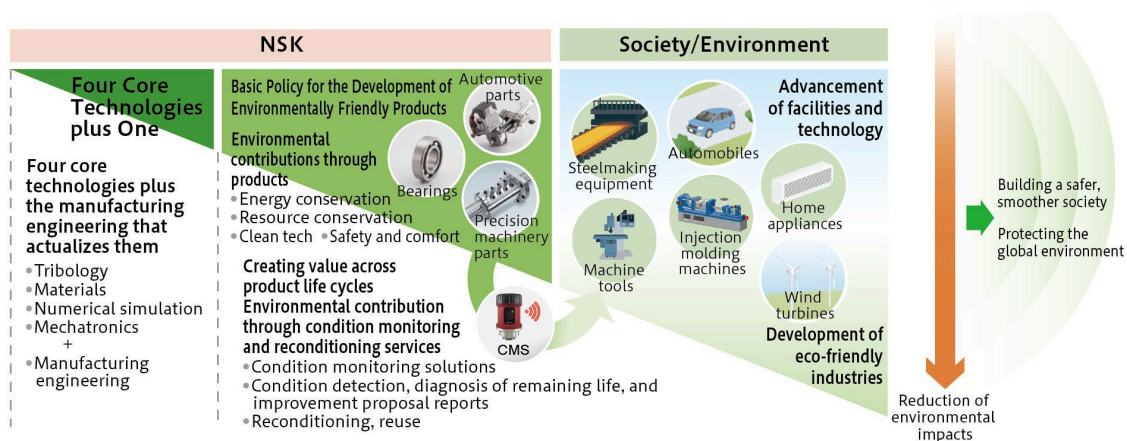
Indicators for NSK  
Environmentally Friendly  
Products

## Manufacturing Philosophy

### — Efforts to Maximize the Environmental Contribution of Our Products

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.

While many automobiles and industrial machines worldwide consume vast amounts of energy by operating for extended periods, NSK's products aim to reduce this energy consumption to the greatest extent possible through downsizing, weight reduction, and low torque. Furthermore, they are used in renewable energy facilities such as wind turbines, contributing to their spread. On the other hand, because the production and processing of steel, which is a key material for NSK products, requires many resources, NSK promotes waste reduction and efficient use of resources through product life-span extension and recycling. Through these efforts, NSK is working to reduce CO<sub>2</sub> emissions throughout the entire product life cycle.



### — 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.

## — Verification Requirements and Assessment Items for Each Stage of the Product Lifecycle

NSK assesses the items listed in the table below throughout the entire product lifecycle, and strives to both maximize its products' environmental contribution, and minimize their environmental impact by reducing the amount of steel, water, and other resources used and lowering GHG emissions.

Lifecycle	NSK Initiatives (Contributing to resource and energy conservation, safety, and cleanliness)
Procurement of raw materials	<ul style="list-style-type: none"> <li>● Reduce product size/weight</li> <li>● Utilize low-carbon materials/recycled materials</li> <li>● Eliminate use of environmentally harmful substances*</li> </ul>
Production	<ul style="list-style-type: none"> <li>● Integrate components by standardizing and unitizing materials and parts</li> <li>● Boost productivity</li> <li>● Stabilize product quality, reduce defects</li> <li>● Utilize manufacturing processes with high material yields</li> <li>● Reduce energy use in production, reduce waste, upgrade to high-efficiency equipment</li> <li>● Develop and implement innovative production technologies</li> <li>● Strengthen collaboration with suppliers</li> <li>● Switch to clean energy</li> <li>● Eliminate use of environmentally harmful substances in processing oils and detergent oils</li> </ul>
Transport	<ul style="list-style-type: none"> <li>● Boost load efficiency, reduce transport distances by rethinking routes, promote shared transport</li> <li>● Reduce, reuse, and recycle packaging materials</li> <li>● Eliminate use of environmentally harmful substances in packaging materials</li> </ul>
Use	<ul style="list-style-type: none"> <li>● Develop longer-life, smaller, lighter, low-friction products</li> <li>● Develop products that help reduce use of lubricants and frequency of maintenance</li> <li>● Design products for ease of maintenance</li> <li>● Provide solutions for monitoring conditions and product repairs</li> <li>● Develop low-vibration, low-noise, low-dust emitting products</li> </ul>
Disposal/recycling	<ul style="list-style-type: none"> <li>● Design products to be easy to disassemble and sort</li> <li>● Find ways to eliminate use of difficult-to-recycle materials/components</li> </ul>

\* Environmentally harmful substances: Taking national and regional laws and regulations, as well as industry guidelines, into account, NSK defines environmentally harmful substances as chemical substances that are, or could potentially be, harmful to human health, ecosystems, and/or environmental conservation, including toxic substances, ozone-depleting substances, and substances that pollute air, water, soil, or groundwater. NSK properly manages these substances, including by prohibiting their use. For more information, see [“Reducing Use of Environmentally Harmful Substances.”](#)

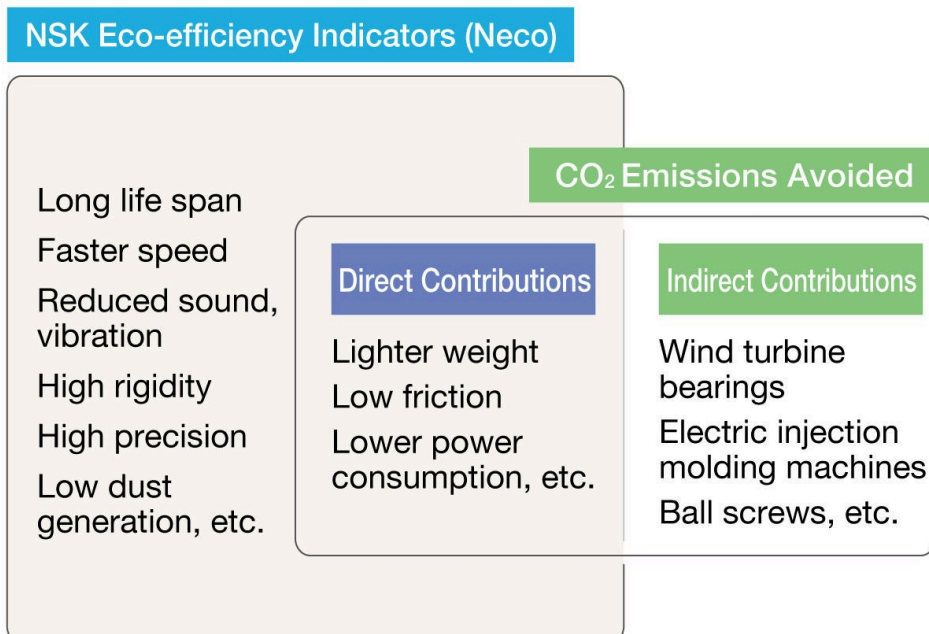
## Targets and Performance

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

MTP2026 Targets		FY2023 Targets	FY2023 Performance	FY2024 Targets
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 3 environmentally friendly products	Continue with new developments (Develop 1 or more environmentally friendly products)
	Avoid at least 3 million t-CO <sub>2</sub> emissions during the use of NSK products	2.47 million t-CO <sub>2</sub>	2.43 million t-CO <sub>2</sub>	2.49 million t-CO <sub>2</sub>

## Indicators for NSK Environmentally Friendly Products

NSK has defined and operates its own indicators showing the environmental contribution of its products: the NSK Eco-efficiency Indicator (Neco), and avoided CO<sub>2</sub> emissions. The Neco is used to assess a product's environmental contribution based on such factors as service life. The NSK avoided CO<sub>2</sub> emissions index assesses both avoided emissions resulting from these factors (direct contributions) and indirectly avoided emissions from the use of wind power, etc. (indirect contributions). These indicators quantify the extent of a product's contribution, and NSK uses them to develop products that contribute to the environment by, for example, reducing CO<sub>2</sub> emissions.



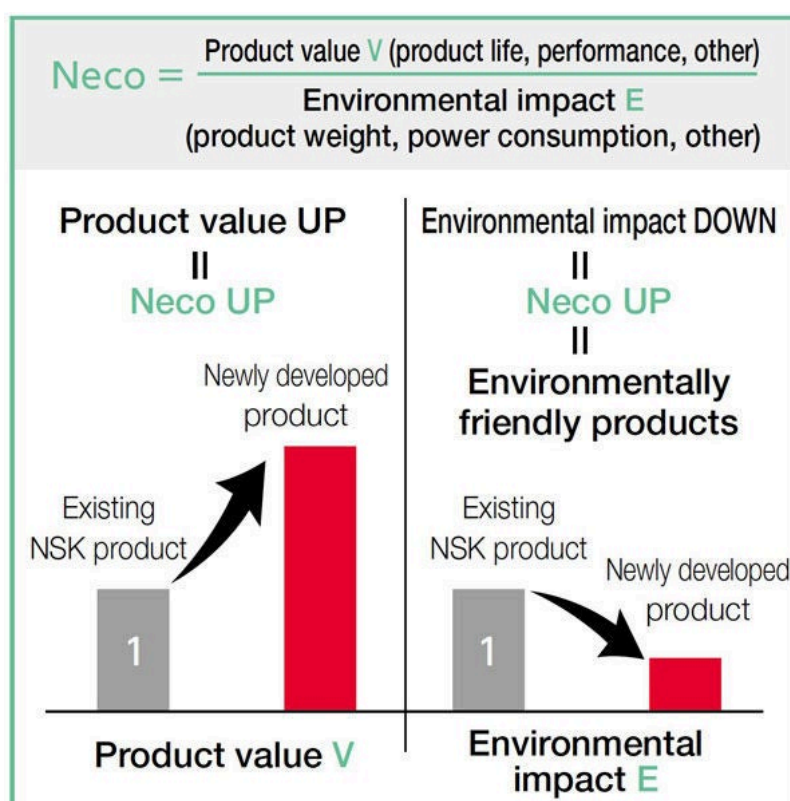


## — NSK Eco-efficiency Indicator (Neco)

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 factors that assess performance, such as service life, accuracy, and maximum rotation speed. The denominator, environmental impact  $E$ , represents factors that assess environmental impact, such as product weight, power consumption, and friction loss. The greater the product value  $V$  and the smaller the environmental impact  $E$ , the greater the Neco score, indicating a more environmentally friendly product.

In assessing newly developed bearings, for example, the longer the bearing's service life is, when compared to existing products, the better its high-speed rotation, the lighter and more compact the bearing is, and the lower the friction loss, the higher its Neco value will be, indicating a more environmentally friendly product. In developing new products, NSK aims for a Neco score of 1.2 or higher.

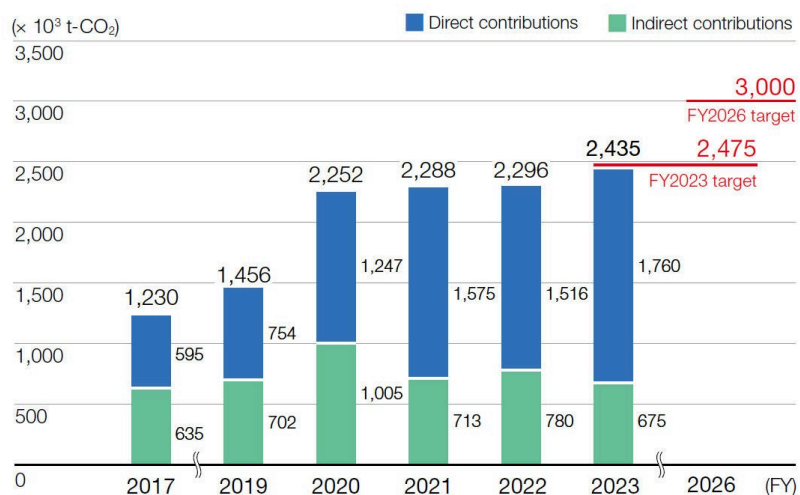


## ➤ Achievements in the Development of Environmentally Friendly Products with a Neco Score of 1.2 or Higher

## — Avoided CO<sub>2</sub> Emissions

NSK's initiatives to avoid CO<sub>2</sub> emissions in the “utilize” stage fall into two categories: direct contributions and indirect contributions. In FY2023, total avoided emissions in both categories were 2.43 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 CO<sub>2</sub> emissions across society as a whole.

CO<sub>2</sub> Emissions Avoided through Products



In fiscal 2023, the indirect contributions from bearings for wind turbines was 675 thousand t-CO<sub>2</sub>, an decrease of 105 thousand t-CO<sub>2</sub> from fiscal 2022, while the direct contribution from low torque bearings increased by 244 thousand t-CO<sub>2</sub> from fiscal 2022, resulting in a total of 2,435 thousand t-CO<sub>2</sub>.

## Concepts for Products Helping to Avoid CO<sub>2</sub> Emissions at the “Utilize” stage

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

## — Direct Contributions

In this area, NSK products effectively contribute to the reduction of CO<sub>2</sub> emissions by improving the performance of existing products, such as curbing friction loss in bearings, to directly reduce energy loss in the customer machinery in which they are incorporated. This contribution is calculated using the formula shown below.

CO<sub>2</sub> emissions avoided (product basis) =  $\Delta\text{PCO}_2 \times \text{Annual uptime} \times \text{Duration of use} \times \text{Product sales volume}$

$\Delta\text{PCO}_2$ : CO<sub>2</sub> emissions avoided per unit of time product is used (CO<sub>2</sub>/hour)

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

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

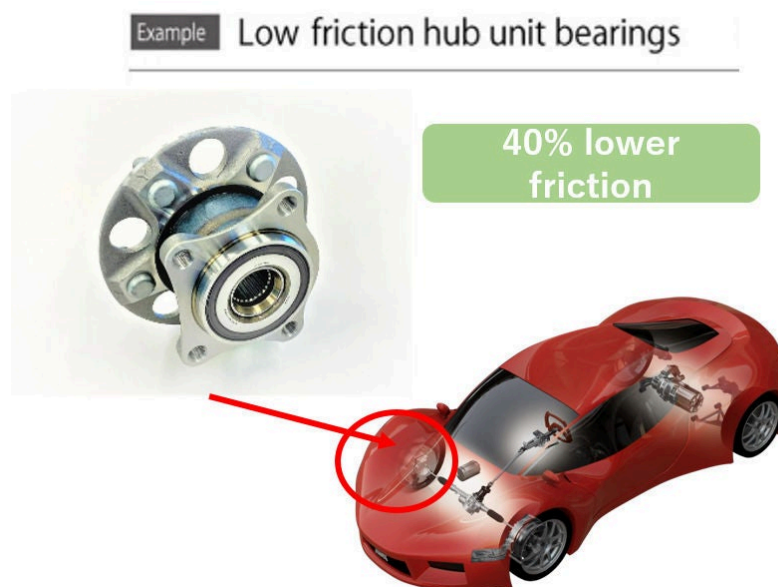
Product sales volume: Sales volume of the product in the fiscal year

Note: The Japan Bearing Industry Association formulated guidelines.

### Example: Low Friction Hub Unit Bearings

As hub unit bearings are often used in harsh environments in the field, they are equipped with seals to prevent mud and water from getting inside. Although these bearings are expected to improve efficiency by reducing friction, focusing on achieving low friction alone can damage the reliability of the bearings during use.

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 40% lower friction, while still maintaining the field reliability required.



For more information, click [here](#).

## — Indirect Contributions

In this area, NSK products such as bearings for wind turbines and ball screws for electric injection molding machines (with motorized hydraulics) that are used to manufacture plastic products contribute indirectly when employed in customer machinery. 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.

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

$\Delta\text{PCO}_2$ :  $\text{CO}_2$  emissions avoided per unit of time equipment is used ( $\text{CO}_2/\text{hour}$ )

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

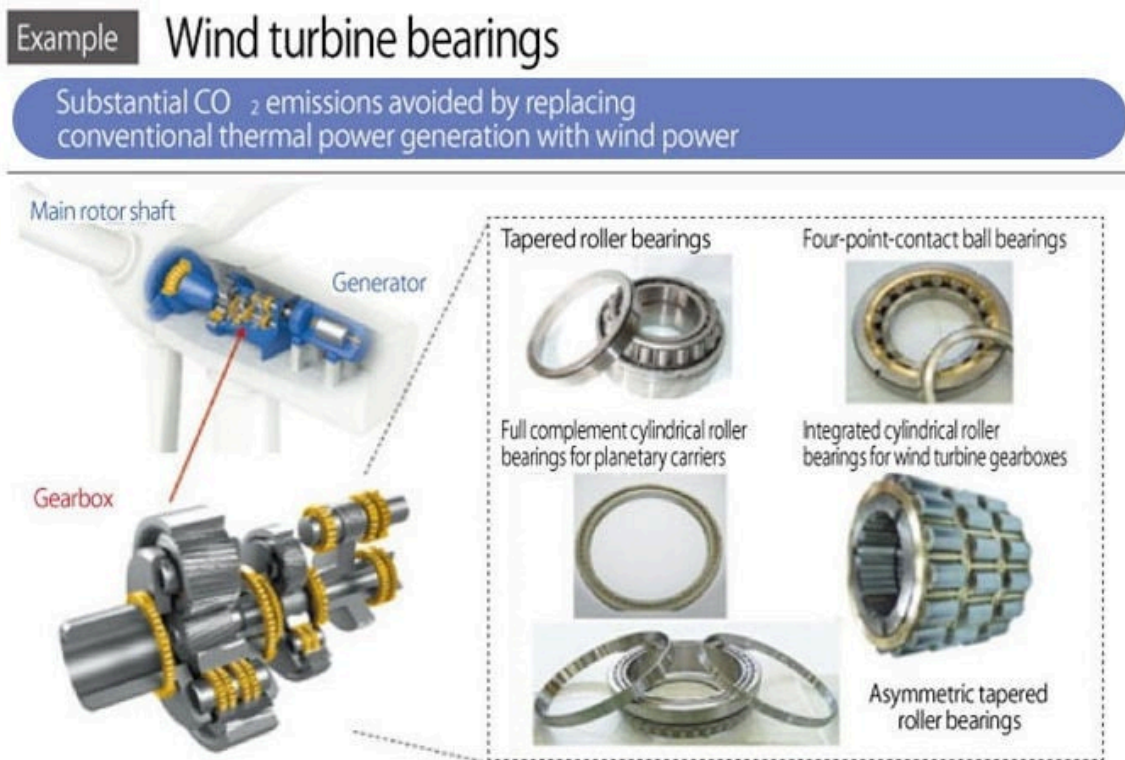
Duration of use: How long equipment is used (years)

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

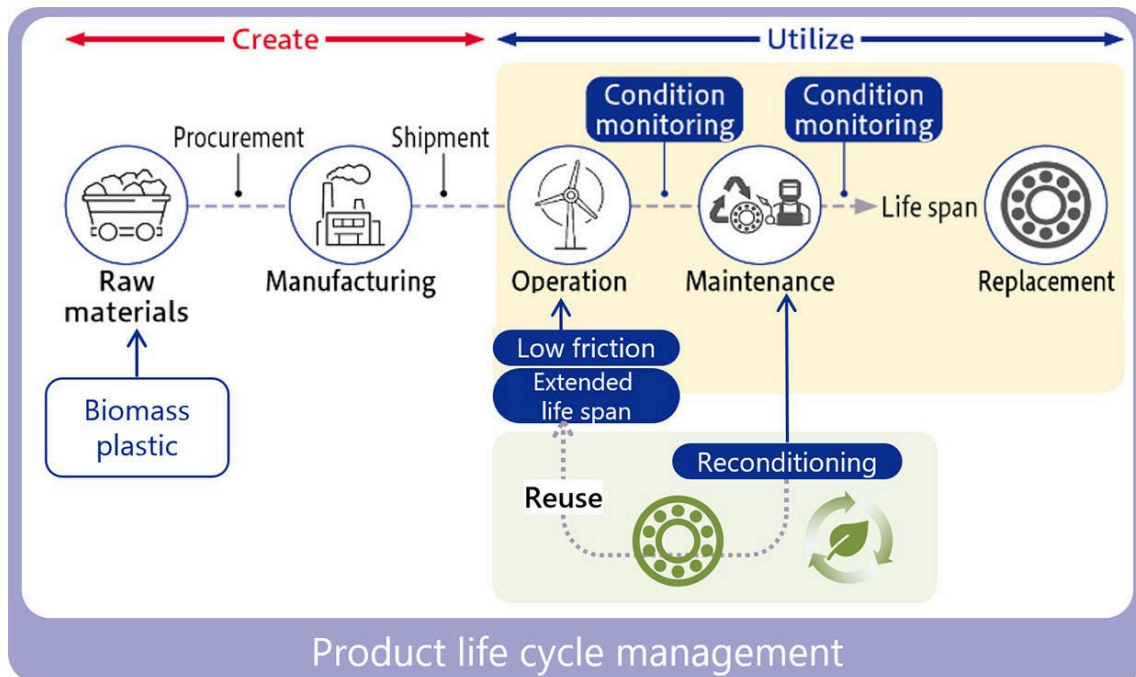
Since replacing turbine parts is difficult, bearings for wind turbines are required to operate for 20 years and must therefore be exceptionally reliable. NSK provides high-quality bearings used in the gearbox. They help determine the performance of the wind turbine and contribute to the spread of renewable energy. Thanks to NSK's advanced computer-based numerical simulations, extensive expertise in materials and heat treatment, and technologies for testing and evaluating full-size bearings, NSK bearings deliver world-class performance.



Wind turbines are used in harsh environments, operating for about 20 years at 100 meters above the ground, so high reliability is required.

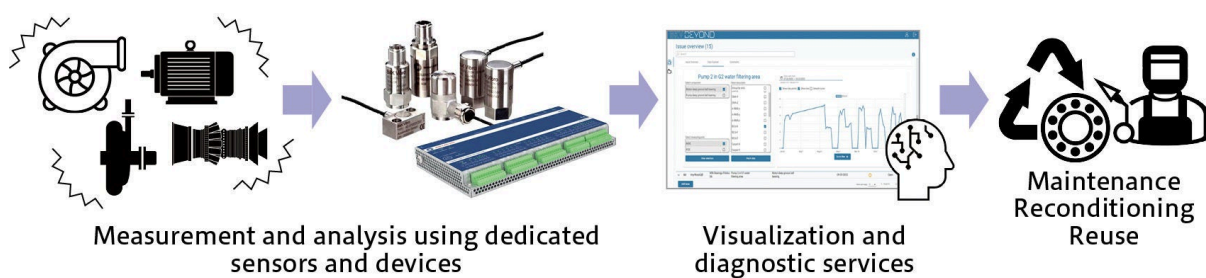
## — CO<sub>2</sub> Emission Reduction through Services

In addition to selling products, NSK provides technical services such as maintenance and condition monitoring technology, aiming to reduce CO<sub>2</sub> emissions throughout the entire product life cycle - from product restoration to disposal.



### Example: Condition Monitoring Solutions and Reconditioning

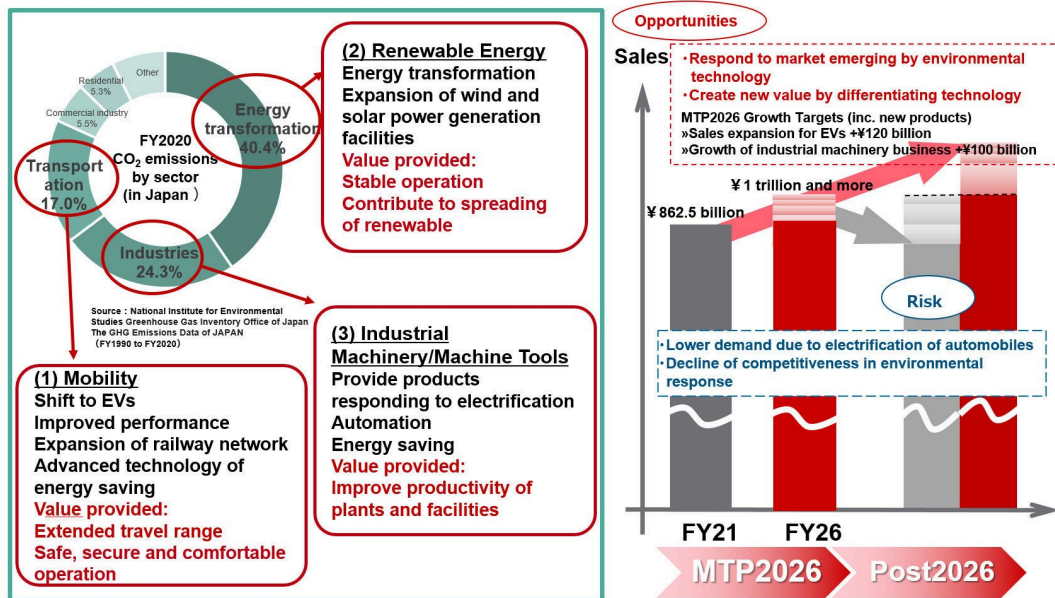
Condition monitoring solutions measure and analyze the vibrations of rotating and linear motion mechanisms inside equipment to diagnose the product's condition and life span. This contributes to improved machine reliability and extended product life. In addition, reconditioning enables product repair and reuse.





## — Contributing to a Decarbonized Society








NSK recognizes that contributing to a decarbonized society is an opportunity for profitable growth. In particular, NSK is focusing on markets that are expected to see growth in the fields of mobility, renewable energy, and industrial machinery/machine tools. NSK aims to meet society's needs and achieve sustainable growth by developing products that leverage NSK's strengths in areas like precision bearings, precision ball screws, and automotive components for electric vehicles in order to expand its sales in highly profitable markets.



## Example: Environmental Contribution through Automotive Electrification

Automotive electrification is indispensable to achieving carbon neutrality. Under MTP2026, NSK sets a 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 2024**

<p><b>Support for EVs</b></p>  <p><b>Electrical erosion resistant bearings for eAxles</b></p>  <p><b>Ceramic ball bearings</b></p> <p><b>Ball screws for electric-hydraulic brake systems</b></p>  <p><b>Ultra-high-speed ball bearings</b></p>  <p><b>Low-friction hub unit bearings</b></p>  <p><b>Differentiation:</b> Reduced friction, Reduced size and weight, High-durability, High output, High-speed, Low noise <b>Value provided:</b> Extended travel range of EVs</p>	<p><b>Railways</b></p> <p><b>Vibrator control actuator for railcars</b></p>  <p><b>Wheelset bearings</b></p>  <p><b>Differentiation:</b> : Low noise/vibration control, Reduced friction, High-durability <b>Value provided:</b> : Safe and secure operation, Comfortable ride</p>
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# Achievements in the Development of Environmentally Friendly Products with a Neco Score of 1.2 or Higher

## FY2023: Three Products

Eco-friendly product	NSK technology	Customer benefits	Neco
Low-Dust and Decontamination Compliant Actuator	<ul style="list-style-type: none"> <li>Improved low-dust performance, decontamination resistance</li> <li>Reduced friction torque</li> </ul>	<ul style="list-style-type: none"> <li>Long-term stable operation</li> <li>Energy savings</li> </ul>	1.66
Low-Dust, High-Performance Bearings for Servomotors	<ul style="list-style-type: none"> <li>Improved low-dust performance</li> <li>Improved seizure resistance</li> <li>Reduced friction torque</li> </ul>	<ul style="list-style-type: none"> <li>Long-term stable operation</li> <li>Energy savings</li> </ul>	1.41
Bearings for Gas Turbine Generators for eVTOL (Large Drones)	<ul style="list-style-type: none"> <li>Reduced lubricant use</li> <li>Reduced power loss</li> </ul>	<ul style="list-style-type: none"> <li>Resource conservation</li> <li>Improved fuel efficiency</li> </ul>	1.34

## 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"> <li>Reduced friction fluctuations when the ball screw reverses direction of motion</li> <li>Reduced friction fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>Improved productivity</li> <li>Energy savings</li> </ul>	1.25
J-Type ROBUSTDYNA™ Bearings for Machine Tool Spindles, Ideal for Heavy Cutting and High-Speed Applications	<ul style="list-style-type: none"> <li>Improved load capacity</li> <li>Extended service life</li> </ul>	<ul style="list-style-type: none"> <li>Improved productivity</li> <li>Long-term stable operation</li> </ul>	2.70
ROBUSTGRD™ Seizure-Resistant Grease for Machine Tool Spindle Bearings	<ul style="list-style-type: none"> <li>Improved seizure resistance</li> <li>Improved oil film retention capability when coolant penetrates</li> </ul>	<ul style="list-style-type: none"> <li>Improved productivity</li> <li>Long-term stable operation</li> </ul>	3.61
NSK Feed Drive Adjuster™, a ball screw feed drive	<ul style="list-style-type: none"> <li>Shaft end support tracks dimensional changes of the ball screw due to temperature changes, maintaining appropriate rigidity</li> </ul>	<ul style="list-style-type: none"> <li>Improved productivity</li> <li>Energy savings</li> </ul>	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"> <li>● Optimization of load distribution</li> <li>● Long life span</li> </ul>	<ul style="list-style-type: none"> <li>● Electrification of industrial machinery</li> <li>● Improved productivity</li> <li>● Resource conservation through downsizing of machinery</li> </ul>	1.30

## FY2020: Six products

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

## FY2019: Six products

Eco-friendly product	NSK technology	Customer benefits	Neco
For automobiles Anti-Fretting Grease for Wear-Resistant Deep Groove Ball Bearings (in Japanese only)	<ul style="list-style-type: none"> <li>Wear suppression</li> <li>Maintained heat resistance</li> </ul>	<ul style="list-style-type: none"> <li>Energy and resource conservation due to improved durability</li> <li>Noise/vibration reduced by improving fretting resistance</li> </ul>	2.45
For EV gearboxes Tapered Roller Bearings for Lean Lubrication Conditions	<ul style="list-style-type: none"> <li>Improved seizure resistance</li> <li>Reduced churning loss</li> <li>Reduced the amount of lubrication oil required by more than 95%</li> <li>Space-saving</li> </ul>	<ul style="list-style-type: none"> <li>Improved fuel economy (energy efficiency)</li> <li>Smaller and lighter</li> <li>Significantly reduced amount of lubrication oil required</li> </ul>	1.73
General machinery and conveyance equipment NSK K1-L Lubrication Unit for NSK Linear Guides™	<ul style="list-style-type: none"> <li>Significantly boosted lubrication capability</li> <li>Reduced friction</li> <li>Measures against damage and entry of foreign matter</li> </ul>	<ul style="list-style-type: none"> <li>Improved reliability</li> <li>Longer maintenance-free operation</li> <li>Energy savings due to reduced dynamic friction force</li> </ul>	1.29
For vertical equipment and machinery Lift-Rotation Z-θ Actuator	<ul style="list-style-type: none"> <li>Compact in-line arrangement of coaxial rotation and linear motion drive parts with a waterproof upper structure and brake mechanism</li> <li>Waterproof design</li> </ul>	<ul style="list-style-type: none"> <li>Small footprint</li> </ul>	1.69
For EV motors Ultra-High-Speed Ball Bearings	<ul style="list-style-type: none"> <li>Used proprietary NSK grease</li> <li>Cage with new shape and material</li> </ul>	<ul style="list-style-type: none"> <li>Smaller and lighter</li> <li>Improved fuel economy (energy efficiency)</li> <li>Improved reliability</li> </ul>	1.33
For train gearboxes Low-Maintenance High-Reliability Bearings	<ul style="list-style-type: none"> <li>Developed clearance adjustment technology</li> <li>Significantly increased cage strength</li> <li>Enhanced suppression of bearing creep</li> </ul>	<ul style="list-style-type: none"> <li>Low maintenance</li> <li>Reduced life cycle costs</li> </ul>	1.41

## FY2018: Two products

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



1.Resource Conservation and Recycling Measures

NSK's Approach	Targets and Performance	Initiatives
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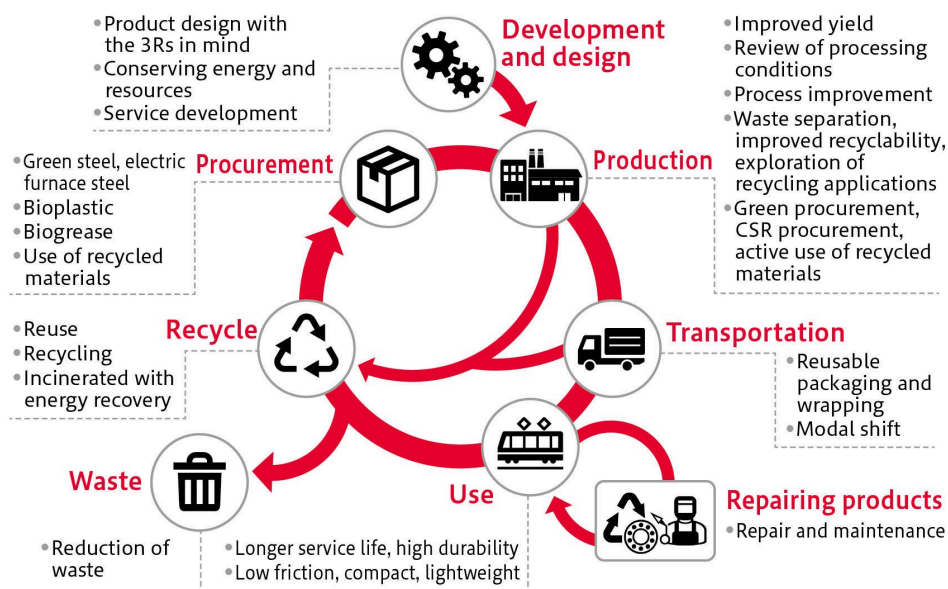
2.Utilization of Water Resources

NSK's Approach	Targets and Performance	Initiatives
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1. Resource Conservation and Recycling Measures

NSK's Approach

The NSK Group is promoting efforts at each stage of the supply chain to enhance the 3Rs (reduce, reuse, recycle) through the development of environmentally friendly products and efficient, waste-free production, all in pursuit of realizing a circular economy. In its development and design divisions, NSK focuses on reducing product weight and extending service life while developing products that are manufactured with minimal raw materials and are easy to recycle after use. Procurement divisions work in collaboration with suppliers to procure environmentally friendly parts and raw materials, including steel materials made from recycled scrap metal. In manufacturing divisions, efforts are made to reduce resource waste by improving material yield through process improvements and refinements to tools and molds. In addition, NSK collaborates both internally and externally with suppliers to recycle metal and grinding waste generated during production back into steel, while also promoting water recycling and waste liquid treatment to reduce waste emissions and improve recycling rates. Our logistics divisions contribute by reducing waste emissions through the repeated use of packaging and wrapping materials. Moreover, NSK ensures the proper disposal of waste by conducting voluntary inspections at its business sites, carrying out on-site verifications of companies entrusted with waste disposal, and enhancing management practices using information systems to prevent any compliance violations.



## ➤ Waste Involved in Bearing Manufacture and 3R Efforts

### Targets and Performance

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

MTP2026		FY2023 Targets	FY2023 Performance	Initiatives	FY2024 Targets
Manufacturing, technology, office	Industrial waste per unit of sales: Below -9.0% (base year FY2017)	Below -6.0% (base year FY2017)	-19.8% (base year FY2017)	<ul style="list-style-type: none"> <li>Improved yield</li> <li>Revised processing conditions</li> <li>Improved production processes</li> <li>Reused water</li> <li>Reduced the volume of waste</li> </ul>	Below -7.0% (base year FY2017)
	Maintain a recycling rate of at least 99%	99% or higher	99.2%	<ul style="list-style-type: none"> <li>Improved the recyclability of generated waste and developed recycling uses for generated waste</li> </ul>	99% or higher
Manufacturing	Waste plastic per unit of sales (Global): Below -3.0% (base year FY2023)	Waste plastic per unit of sales (Japan): Below -1.0% (base year FY2022)	0.0% (base year FY2022)	<ul style="list-style-type: none"> <li>Reduced plastic materials</li> <li>Studied methods of reuse</li> <li>Studied recycling use</li> <li>Reduced waste plastic volume by compression</li> <li>Identified more recipients of valuable materials</li> </ul>	Below -1.0% (base year FY2023)

Distribution (Japan)	Packaging waste per production unit: 14% reduction from FY2021	Below -6.0% (base year FY2021)	-23.3% (base year FY2021)	<ul style="list-style-type: none"> <li>● Reused pallets from imported products for packaging exports</li> <li>● Maintained closed-loop recycling of plastic containers (returnable containers)</li> </ul>	Below -10% (base year FY2021)
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## Initiatives

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

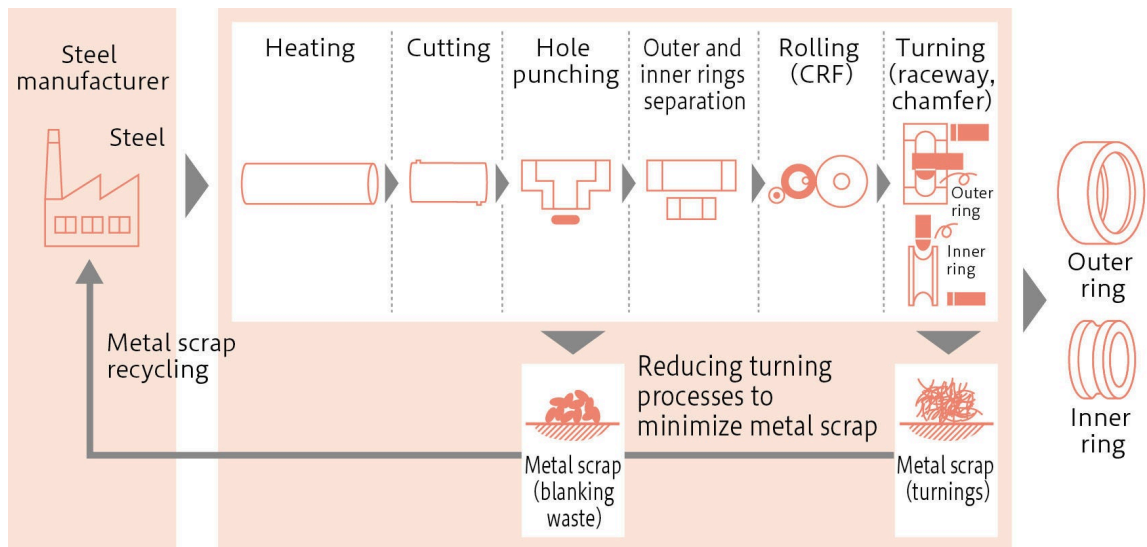
### — Production Process Initiatives

#### Pursuing Improvements in Material Yield\*<sup>1</sup>

The majority of NSK's main products, such as bearings, are made of steel, and approximately half of the CO<sub>2</sub> emissions generated during the manufacturing process come from steel production by steel manufacturers. Developing and expanding environmentally friendly manufacturing methods that utilize steel efficiently, without waste, and enable resource conservation is a crucial issue for reducing CO<sub>2</sub> emissions throughout the supply chain.

When manufacturing the outer and inner rings of bearings primarily from bar steel through turning\*<sup>2</sup>, the material yield is usually below 50%. However, by revising the manufacturing method, it is possible to improve the yield to above 60%, thereby reducing the amount of steel used (see the chart next page). NSK has focused on high-production volume products for these improvements, but it is now working on expanding the range of applicable products and further improving yields. In addition, improving yield reduces the amount of metal scrap generated in the manufacturing process, which in turn decreases CO<sub>2</sub> emissions during recycling into new steel at steel manufacturers. Through the efficient use of resources, NSK is contributing to the realization of carbon neutrality and a circular economy for society as a whole.

## Manufacturing Process with Improved Yield

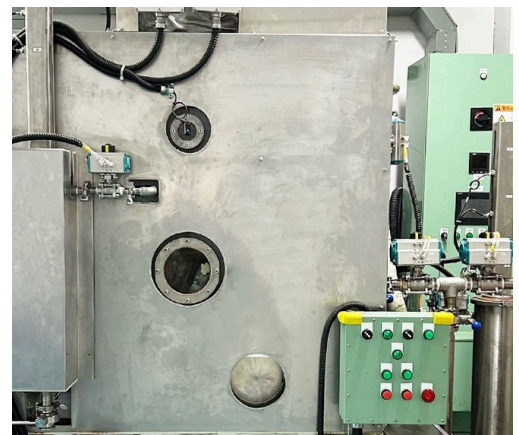


\*1 The ratio of the weight of the finished part to the weight of the raw material input into the process.

\*2 A machining method in which steel is rotated and shaped by applying a tool called a bit to achieve the desired form.

## 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

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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

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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.



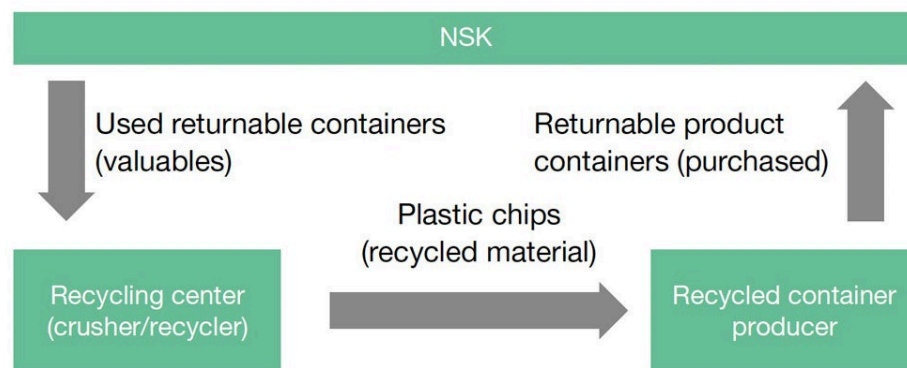
Plastic compressor installed at NSK-Warner

### — 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



Plastic container (returnable container) made with 20% recycled plastic

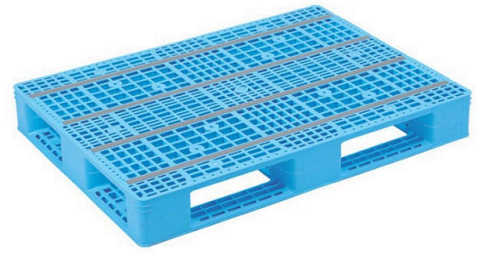
## Expanding the Use of Plastic Pallets

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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

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In Europe, the wooden pallets used in shipping from Japan, being of a different size than standard European pallets (“EUR-pallet”), 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.](#)

## 2. Utilization of Water Resources

### NSK's Approach

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		FY2023 Targets	FY2023 Performance	Initiatives	FY2024 Targets
Manufacturing, technology, office	Water withdrawal per unit of sales: 9% reduction from FY2017	Below -6% (base year FY2017)	-19.5% (base year FY2017)	<ul style="list-style-type: none"><li>● Circular use of cooling water</li><li>● Switched to air-cooled AC systems</li><li>● Replaced conventional toilets with water-saving toilets</li></ul>	Below -7% (base year FY2017)

See below for information on water withdrawal and performance for FY2019-FY2023.

Water withdrawal

Discharged water

### 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 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

### Switch to Air-Cooled AC Systems

The Saitama Plant upgraded its air-conditioning systems, replacing gas-fired absorption chillers with air-cooled chillers. Not only did the upgrade significantly reduce CO<sub>2</sub> emissions, but the switch from absorption air-conditioning equipment, which use water to heat and cool, to air-cooled chillers, which do not, reduced water consumption by approximately 50,000m<sup>3</sup> per year (some 20% of the plant's annual water consumption).



Air-cooled chillers installed at the Saitama Plant

## Conducting Water Risk Assessments

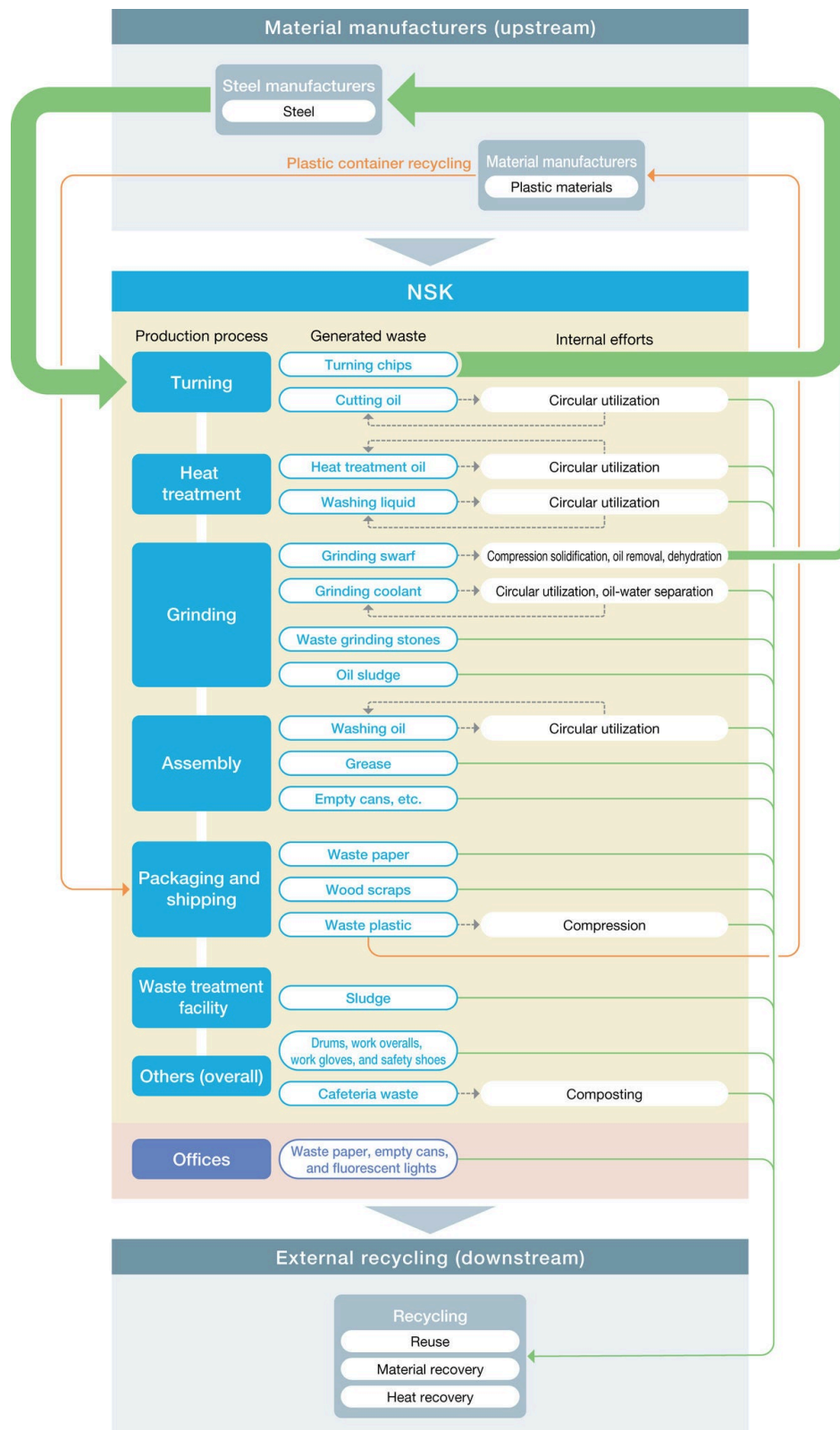
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Water resources are unevenly distributed across various locals, and the susceptibility to water shortages and water-related disasters varies by country and region. NSK uses the WRI Aqueduct\* to assess water risk at all of its production sites around the world. The assessment found that one plant in India is located in an area at high risk of drought, with a water intake of 14,000m<sup>3</sup> in FY2023, representing 0.4% of the NSK Group's total water intake. The plant here is implementing initiatives with a particular focus on water recycling.

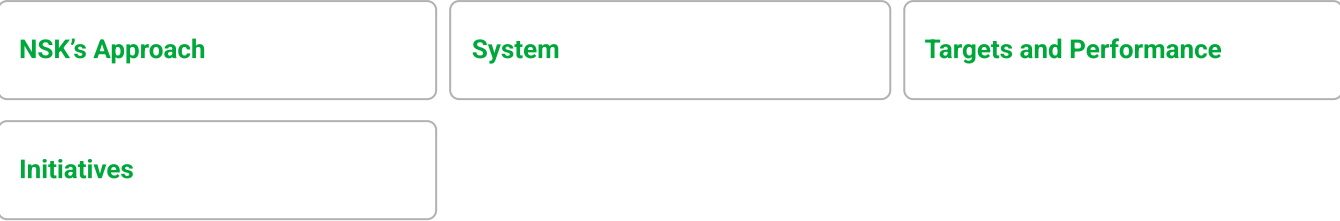
\* WRI Aqueduct: A global tool for water risk assessment developed by the World Resources Institute (WRI). This tool enables the assessment of water risk with regard to water quantity, water quality, and regulatory and reputational factors in the area where a site is located.



# 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.<sup>\*1</sup> 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,<sup>\*2</sup> the EU REACH<sup>\*3</sup> and SVHC,<sup>\*4</sup> and GADSL.<sup>\*5</sup> 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.

<sup>\*1</sup> 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.  
<sup>\*2</sup> 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.  
<sup>\*3</sup> Registration, Evaluation, Authorization, and Restriction of Chemicals: A comprehensive chemical substance regulation system that came into force in the EU in June 2007.  
<sup>\*4</sup> Substances of Very High Concern: A list of candidates for inclusion under EU REACH.  
<sup>\*5</sup> 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		FY2023 Targets	FY2023 Performance	Initiatives	FY2024 Targets
Development and design, procurement, and manufacturing	Full response to the 10 EU RoHS2 substances	Full response to EU RoHS2	Continued efforts to completely eliminate environmentally hazardous substances from developed products and manufacturing processes	<ul style="list-style-type: none"> <li>Used parts that do not contain environmentally harmful substances in newly developed products</li> <li>Eliminated materials containing environmentally harmful substances from manufacturing processes</li> </ul>	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"> <li>Checked and improved suppliers' management systems</li> </ul>	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"> <li>Conducted a supplier survey regarding the NSK List of Environmentally Harmful Substances</li> </ul>	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 FY2022)	+0.4% (base year FY2022)	<ul style="list-style-type: none"> <li>Managed and reduced use of substances regulated by the revised PRTR Law</li> </ul>	Below -1% (base year FY2023)

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

#### Green Procurement and Management of Environmentally Harmful Substances

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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 organize green procurement briefings around the world and kindly request the submission of consent forms. Additionally, we conduct audits of our major suppliers, and if any issues are found, we promptly ask for corrective actions and follow up on the improvement progress.

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

### Full Response to the 10 EU RoHS2 Substances

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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	Targets and Performance	Main Initiatives
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## NSK's Approach

To contribute to our Nature Positive<sup>\*1</sup> goal, the NSK Group has established "the NSK Biodiversity Guidelines"<sup>\*2</sup>, 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<sup>\*3</sup> of biodiversity by minimizing impacts and expanding contributions, including efforts to prevent deforestation<sup>\*4</sup> in procurement and production activities.

\*1: Nature Positive: 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

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### 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.

## Targets and Performance

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

MTP2026 Targets	FY2023 Targets	FY2023 Performance	FY2024 Targets
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	Continued activities Newly implemented riverbank clean-up in Nagano prefecture	Continue activities
Educate to deepen employee awareness of issues	Continue activities	Continued activities	Continue activities

## Main Initiatives

### — Overview of Main Biodiversity Initiatives

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

## — NSK's Business and Its Relationship with Biodiversity

### Assessing the Relationship with Biodiversity

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NSK strives to help achieve Nature Positive by 2030. Using the tool ENCORE\* to assess the relationship with biodiversity, we analyzed the dependence and impact of NSK's business and upstream and downstream supply chain on ecosystem services. The results showed no significant dependencies and impacts on ecosystem services for the business sectors to which the NSK Group belongs. However, we identified activities in our value chain that have significant dependencies and impacts in business sectors in the upstream and downstream supply chain. The analysis also revealed that the potential impacts of our 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. The tool was significantly updated in July 2024.

## — Biodiversity Risk Assessments

### IBAT\*<sup>1</sup> Analysis

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A survey of protected areas within a three-kilometer radius of all NSK Group production sites revealed two Ramsar wetland sites. (The survey encompassed World Natural Heritage Sites; IUCN\*<sup>2</sup> 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: A protected area management category defined by the International Union for Conservation of Nature and Natural Resources.

## ➤ Expanding Social Contribution Activities Related to Biodiversity Conservation

# Expanding Social Contribution Activities Related to Biodiversity Conservation

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## — Initiatives

### Protecting Endangered Species on the Premises of Our Sites

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

[Fukushima in Japan] Fukushima Plant: Wild grey-headed lapwings<sup>\*1</sup>

<sup>\*1</sup> Class IB endangered species on the Fukushima Red List.



[Kanagawa in Japan] Kiriwara Precision Machinery Plant: Golden orchids<sup>\*2</sup>

<sup>\*2</sup> 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

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[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* were planted by 20 people, and the total number planted to date reached 500. In FY2024, participants carried out pruning to promote healthy growth of the initially planted trees. Six years after planting, they have grown to over two meters in height.





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

In Kakegawa City, 70 people (employees and their family members) participated in a parent-child walking recreation activity and tree-farming activity (which included putting mesh material around the seedlings to protect them from wild animals).



[India] NSK Bearings India Private Ltd.

In June 2024, the company planted 100 trees on its premises to promote afforestation.



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

In FY2023, employees participated in a mangrove planting activity organized by the MM2100 Industrial Estate. The event saw the participation of 86 individuals from 37 companies, who together planted 20,818 trees across two hectares.



[Indonesia] PT. NSK Bearings Manufacturing Indonesia

In 2023, the company planted trees.



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

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



In September 2024, 300 employees participated in a tree planting activity together with 125 students and teachers from Ban Bung Toei School in Pak Chong District, Nakhon Ratchasima Province. The school is located in one of Thailand’s major forest areas and is committed to environmental education.



[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.



[U.S.] NSK Americas, Inc.

NSK Americas distributed seeds of native pollinator plants to employees as a way to promote the growth and prevalence of native wildflowers in the community.



[Brazil] Suzano Plant, NSK Brasil Ltda

NSK Brasil planted native seedlings to mark Arbor Day (September 21) and also held an informational exhibit to convey the importance of environmental protection.





### [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 Fujisawa. In FY2024, 80 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 FY2024, 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 FY2024, 21 people (employees from NSK Takasaki Plant, Haruna Plant, NSK Steering Systems Co., Ltd. Soja Plant Soja Manufacturing Department, Soja Plant Akagi Manufacturing Department and NSK Steering & Control, Inc. and their family members) participated in selective thinning to address overcrowding and promote the growth of a healthy forest. This included removing poorly growing trees and pruning felled hinoki cypress trees.



## Community Cleanup, Beautification Activities, and Marine Plastic Reduction Activities

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

In FY2023, about 15 employees again carried out a cleanup and planted trees within and around the plant premises.



[U.S.] Franklin Plant and Liberty Plant NSK Corporation, NSK Precision America, Inc.

As part of a biodiversity project in FY2023, employees participated in a cleanup activity in and around the facility grounds. Additionally, each employee was provided with a red oak sapling to plant at home, promoting personal tree-planting initiatives.



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

As a part of the Great British Spring Clean, an environmental campaign in the U.K, the company conducted cleanup activities around the plant. 15 employee volunteers picked up 250-300 kg of garbage.



[Indonesia] PT. AKS Precision Ball Indonesia

As part of efforts to maintain the environment around the plant, 15 employees participated in a cleanup activity (mainly along a riverbank). As a result of this effort, about 15 pieces of plastic waste were collected.



[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] Kiriwara Precision Machinery Plant, Fujisawa Plant Kiriwara, Fujisawa Plant NSK Micro Precision Co., Ltd.

In FY2024, about 30 people conducted a beach cleanup at Katase Nishihama Beach, Enoshima, Kanagawa Prefecture as part of Fujisawa City's Zero Waste Cleanup Campaign.



[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 FY2024, 101 people (employees and their family members) participated in collecting marine debris activities, and observing baby turtles and coastal plants.



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

In FY2024, about 40 people (employees and their family members) 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

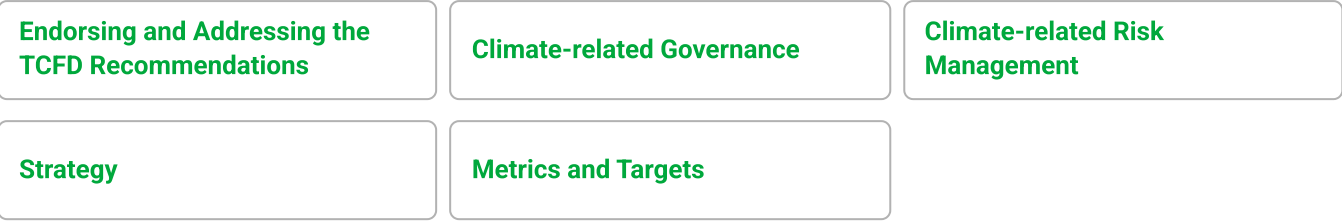
[Saitama in Japan] Saitama Plant

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 FY2024, 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)





## 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 CO<sub>2</sub> 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"> <li>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.</li> <li>Fuel economy regulations for the automobile industry become more stringent, and almost all new cars sold are EVs.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The average temperature continues to rise, and natural disasters caused by climate change increasingly escalate in severity.</li> </ul>

## — 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*	<div>●</div>	Implementing flood countermeasures	<div>●</div>	<ul style="list-style-type: none"> <li>• Making regular confirmations using hazard maps, etc.</li> <li>• Implementing appropriate countermeasures against flooding and other risks</li> </ul>	Minimal impact
			Supply suspension due to flood damage at suppliers		<div>●</div>		Implementing flood countermeasures	<div>●</div>
	Transition	Legal	Introduction and strengthening of automobile fuel efficiency regulations and ZEV regulations lowers demand for products geared toward internal combustion engines and transmissions.	<div>●</div>	Developing products	<div>●</div>	<ul style="list-style-type: none"> <li>• Strengthening development, sales, and production of products for ZEV</li> </ul>	<div>●</div>
			Decreased demand for machinery and facilities that produce automotive internal combustion engines and transmissions	<div>●</div>	Developing products	<div>●</div>	<ul style="list-style-type: none"> <li>• 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</li> </ul>	<div>●</div>
		Reputation	More stringent regulations pertaining to greenhouse gas emissions	<div>●</div>	Reducing CO <sub>2</sub> emissions	<div>●</div>	<ul style="list-style-type: none"> <li>• Promoting decarbonization in NSK business activities</li> <li>• Employing self-help efforts to cut costs and appropriately reflect in pricing</li> </ul>	Minimal impact
			Increasingly sophisticated decarbonization requests from customers	<div>●</div>	Reducing CO <sub>2</sub> emissions	<div>●</div>		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 <sub>2</sub> emitted when users operate automobiles, machinery, etc. (final goods manufacturer Scope 3 downstream)	<ul style="list-style-type: none"> <li>Constantly generating environmentally friendly products, enhancing low friction, achieving lighter weight</li> <li>Generating new technologies and new products that arise from the Four Core Technologies plus One</li> </ul>	●
			Increasing needs to cut CO <sub>2</sub> on components purchased by automobile, equipment, etc., manufacturers (final goods manufacturer Scope 3 upstream)	<ul style="list-style-type: none"> <li>Reflecting decarbonization in NSK's business activities in product pricing</li> </ul>	●
			Accelerating action to reduce CO <sub>2</sub> emitted in the manufacturing process of automobile, equipment, etc., manufacturers (final goods manufacturer Scope 1 + 2)	<ul style="list-style-type: none"> <li>Offering new solutions utilizing tribology technology</li> </ul>	●
	Markets	Electrification progress	<ul style="list-style-type: none"> <li>Expanding demand for products/solutions geared toward automobile electrification applications</li> <li>Growing need for electrification of industrial machinery mobility such as tractors and bulldozers, and machine tools, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening development, sales, production, and solutions for products that address electrification (actuators, etc.) in mobility (automotive, industrial machinery) and machine tools, etc.</li> <li>Shortening development speeds by utilizing digital twin technology</li> </ul>	●
			Rising demand for storage/charging technology	<ul style="list-style-type: none"> <li>Helping to solve the issue of EV prevalence through participation in open innovation</li> </ul>	●
		Growing airconditioning demand*	Expanding demand for products/solutions for air-conditioning equipment	<ul style="list-style-type: none"> <li>Bolstering products/solutions that contribute to eliminating the need for maintenance</li> </ul>	●
		Expanding railway demand	Growing demand for products/solutions for railways	<ul style="list-style-type: none"> <li>Strengthening development, sales, production, and solutions for products geared toward railways and wind power generation</li> </ul>	●
	Energy source	Growing renewable energy demand	Increasing demand for wind power generation	<ul style="list-style-type: none"> <li>Developing high-speed rotary bearings for cooling fans</li> </ul>	●
			Rising demand for storage/charging technology	<ul style="list-style-type: none"> <li>Strengthening and expanding the condition monitoring system (CMS) business for facilities and equipment</li> </ul>	●
			Increasing needs for failure diagnostics/residual life diagnostics	<ul style="list-style-type: none"> <li>Promoting the development of products for harsh and special environments</li> </ul>	●
			Expanding demand for products/solutions associated with hydrogen energy	<ul style="list-style-type: none"> <li>Strengthening development and production of products for construction machinery</li> </ul>	●
	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"> <li>Promoting product development for household compact power generators</li> </ul>	●
		Expanding demand for hydrogen energy	Growing demand for power generators in line with disaster countermeasures		●

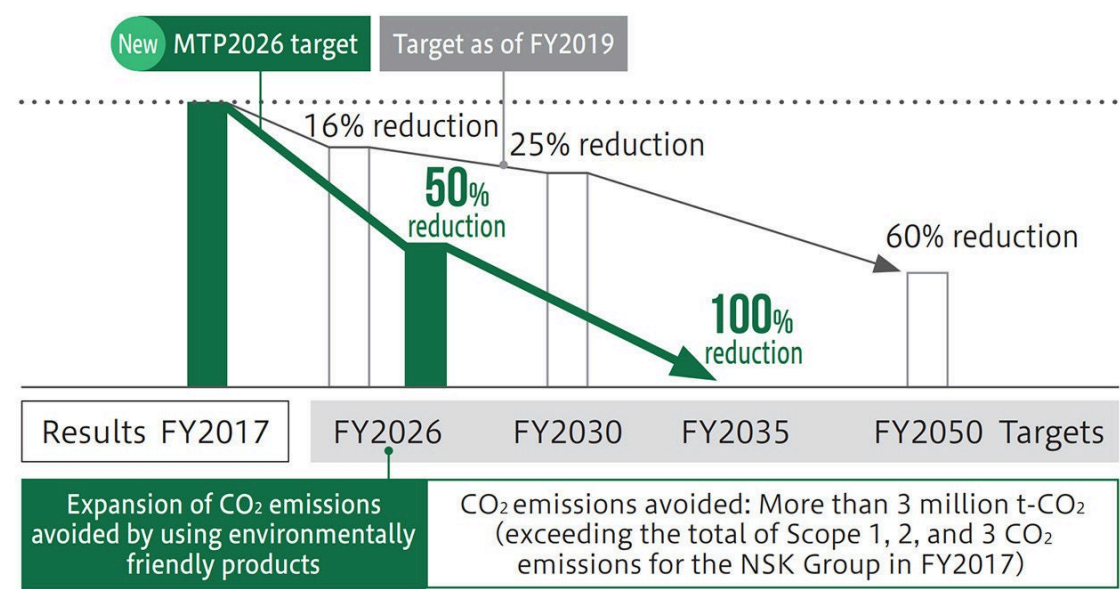
Created based on the 1.5°C to 2°C scenario. However, \* is assumed to be for a 4°C scenario.

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 CO<sub>2</sub> emissions from business activities and expanding on the volume of CO<sub>2</sub> emissions avoided by using environmentally friendly products. Particularly in terms of reducing CO<sub>2</sub> emissions from business activities, NSK has established a target of effectively reducing Scope 1 and 2 CO<sub>2</sub> emissions to zero by FY2035 under MTP2026, which kicked off in FY2022. This CO<sub>2</sub> 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 CO<sub>2</sub> 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.

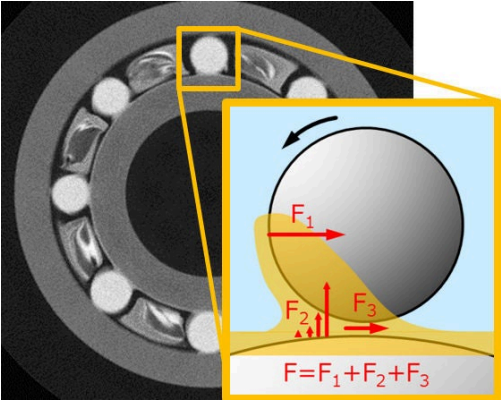
NSK will continue to engage in advanced technological development and provide highly functional, high-quality products that meet market needs in the years to come.

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.

## Four Core Technologies plus One

### Tribology



Friction on the bearing's ball surface

#### 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.

### Materials

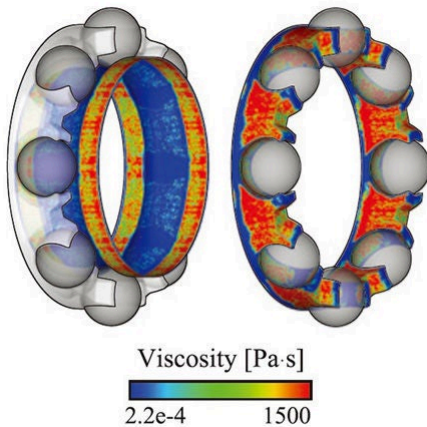


Bearings utilizing ceramics and resins

#### Unrelenting Pursuit of Performance Durability and Reliability

Materials research and development affects nearly every aspect of product performance. We are constantly pursuing cost and productivity while meeting ever- evolving demands for improved functionality, durability, and reliability through technologies that utilize metals, polymers, and ceramics with optimized material composition and heat treatment conditions.

## — Numerical Simulation



Example of bearing grease flow analysis

## — Mechatronics



Active Caster

## — Manufacturing Engineering



Cheonan Plant in South Korea

Read more

[NSK History & Achievements](#)

## 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.

## Technology Supports People for a Convenient, Safe and Comfortable Future

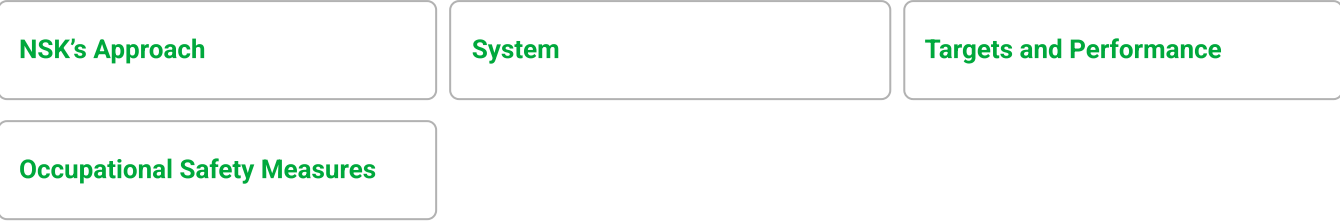
Mechatronics integrates machine element technology with control technology.

By combining bearings, ball screws, and linear guides, together with motors, sensors, and computers, greater mechanical functionality is elicited with computer control. This technology enables new functions and performance in a range of industrial machinery, automotive, and biomedicine applications. It also contributes to greater reliability, as well as to convenience and safety in daily life.

## 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 manufacture products with high quality.

NSK tackles these issues by applying smart technology to its equipment, utilizing lot, 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 labor requirements.



## 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.

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.

The NSK Group has three key safety policies. As part of personnel development, to encourage management to exercise "felt leadership" (leadership that enables workers to understand and "feel" management's thoughts on safety), we have held core value workshops for executive management since FY2020. In addition, we hold workshops for employees working at production sites to foster an interdependent culture of safety. As part of our hardware countermeasures, 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, including outsourcing contractors and subcontractors. In the area of compliance, we provide workers with personal protective equipment and implement new measures to prevent occupational injuries and accidents, while also working hard to ensure compliance with relevant laws, regulations, and work procedures. By actively communicating about these measures, we collect information from other companies and relevant organizations and promote new NSK standards.

## NSK Group Safety Philosophy

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

## NSK Group Safety Policy

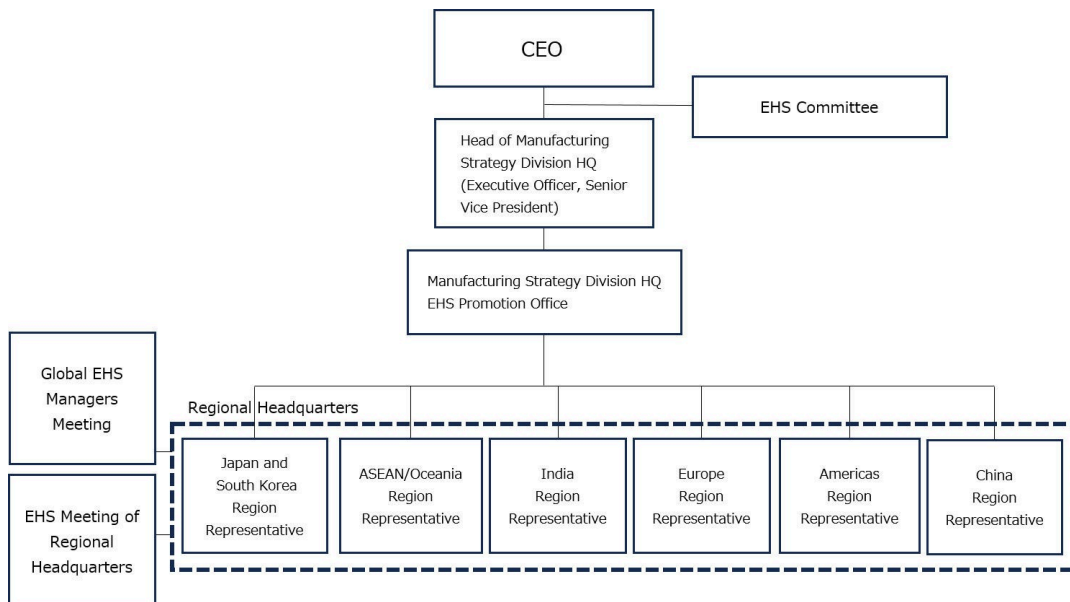


## — Organizational Structure for Safety Management

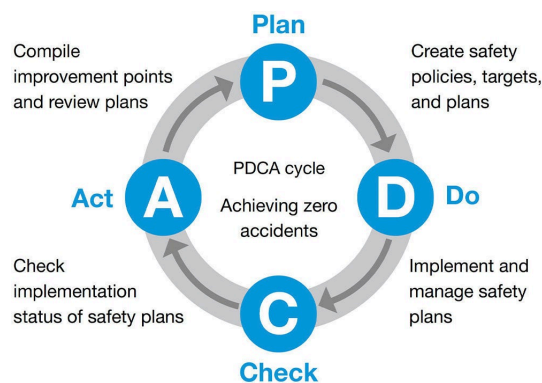
The NSK Group operates a global safety management structure headed by the CEO. Under this structure, safety management activities are communicated from the EHS Promotion Office at the Manufacturing Strategy Division HQ to NSK Group companies through the regional headquarters.

Safety issues facing specific regions are addressed by the EHS Committee the highest safety management decision-making body (attended by the Manufacturing Strategy Division HQ head, plant heads, and executive officers of each business division HQ). The committee determines annual policy and holds discussions on the progress made on these issues four times a year. In conjunction with the Global EHS Managers Meeting (attended by EHS managers from each region), these two bodies hold meetings to discuss issues and share information on initiatives.

### Global EHS Operating Structure



### 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

All NSK Group production sites have obtained external certification for ISO 45001, the international standard for occupational health and safety management systems. In addition, third-party management audits and internal audits by qualified personnel are carried out annually to enhance the effectiveness of the management structure and to continuously improve our activities in order to enhance the level of safety.

## ➤ Certification for Quality, Environmental, and Occupational Health and Safety Management Systems

## Targets and Performance

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

Policy		Personnel development	Hardware countermeasures	Compliance
MTP2026	Targets	<ul style="list-style-type: none"> <li>Foster a culture of safety through the global rollout of NSK safety culture workshops</li> <li>Train safety and fire prevention experts</li> </ul>	<ul style="list-style-type: none"> <li>Identify and eliminate occupational accidents and fire risks by conducting risk assessments</li> </ul>	<ul style="list-style-type: none"> <li>Introduce and standardize preventive and predictive technologies</li> <li>Analyze existing information and use it for preventive measures</li> </ul>
FY2023	Targets	<ul style="list-style-type: none"> <li>Continue rolling out NSK safety culture workshops to plants in Japan and expand them to Korea and the ASEAN region</li> <li>Instill an independent culture of safety</li> <li>Start developing the second group of risk assessment promotion leaders</li> </ul>	<ul style="list-style-type: none"> <li>Take measures to for high-risk equipment</li> <li>Have risk assessment promotion leaders re-identify risks</li> </ul>	<ul style="list-style-type: none"> <li>Prevent muscle fatigue injuries in the Americas by introducing ergonomic risk assessment system</li> </ul>
	Performance	<ul style="list-style-type: none"> <li>Completed expansion of NSK safety culture workshops to Korea and the ASEAN region</li> <li>Instilled independent culture of safety at 3 plants</li> <li>Completed training first group of 16 risk assessment promotion leaders, started training second group</li> </ul>	<ul style="list-style-type: none"> <li>Improved equipment with high safety level risk</li> <li>Had risk assessment promotion leaders continue to re-identify risks</li> <li>Received <i>Mukaidono</i> Safety Award (for risk assessment personnel training and elimination of occupational accidents)</li> </ul>	<ul style="list-style-type: none"> <li>Introduced external ergonomic risk assessment system and improved task procedures</li> </ul>

FY2024	Targets	<ul style="list-style-type: none"> <li>● Expand NSK safety culture workshops to China</li> <li>● Help instill independent/interdependent culture of safety</li> <li>● Complete training of second group of risk assessment promotion leaders</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to improve level of equipment safety</li> <li>● Eliminate occupational accidents through focused instruction at high-risk sites</li> </ul>	<ul style="list-style-type: none"> <li>● Prevent construction work-related accidents with reviews of safety management at outside contractors</li> <li>● Help raise safety awareness in and outside of NSK (National Industrial Safety and Health Convention, etc.)</li> </ul>
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## — Lost Time Injury Frequency Rate Target and Performance

MTP2026 Target	FY2023 Performance
0.10	0.28

Note: Lost time injury frequency rate = Number of workplace accidents resulting in one or more days of work absence / total actual working hours × 1,000,000

The global lost time injury frequency rate including the discontinued operations (steering business) was 0.24.

## Occupational Safety Measures

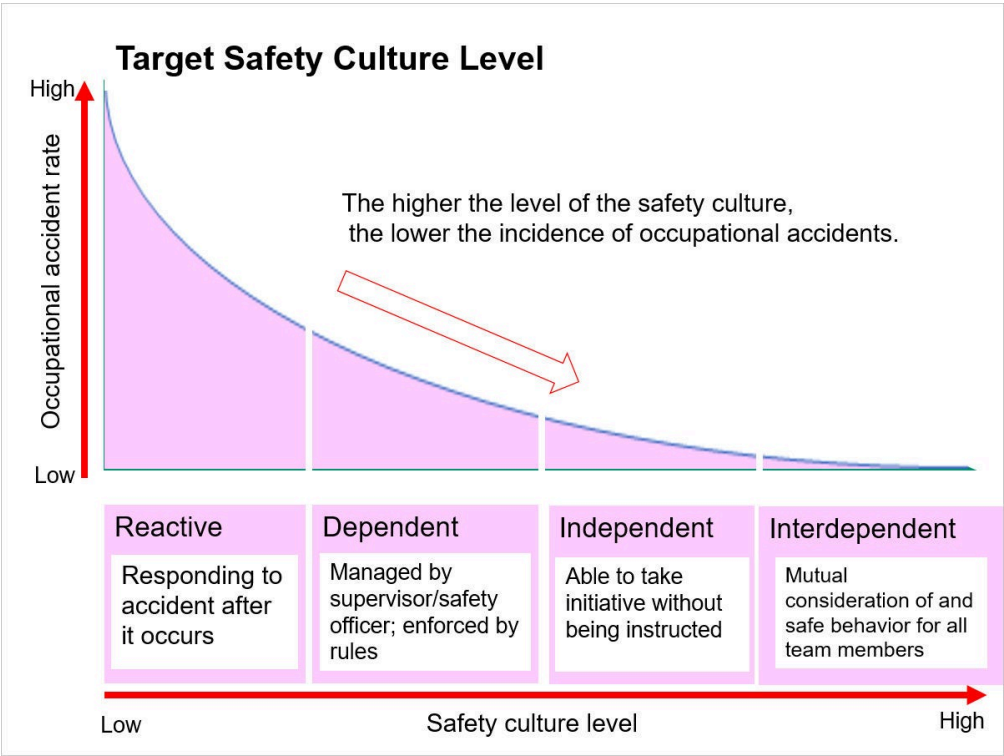
The NSK Group employs two approaches to raise individual safety awareness: ongoing activities to increase safety awareness, and initiatives to give people more time to think about safety. *Kiken Yochi* (hazard prediction) Training (KYT), communication of near-miss incidents, and the safety practice of 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.

Fostering a Culture of Safety (NSK Safety Culture Workshops)

As part of its efforts to foster a culture of safety, NSK conducts safety culture workshops. These workshops involve an initial safety culture questionnaire given to all employees at each production site to determine a safety culture baseline and to analyze the strengths and weaknesses of the organizational structure, leadership, and business operations. Next, employee interviews and site observations are carried out to identify suitable methods for improving the situation on the ground. A two-day workshop with all department heads is then held to formulate and implement an action plan to boost the level of the safety culture. Sites with a high level of independent or interdependent safety culture tend to have lower rates of occupational accidents, and we believe that ongoing initiatives are required to maintain and improve safety culture levels.

Following an implementation when the action plan formulated during the workshop is carried out and safety awareness is promoted among employees at all levels, a second safety culture questionnaire survey is conducted. The second questionnaire is used to determine whether the level of safety culture has risen and to reflect on the strengths, weaknesses, and effectiveness of the action plans to further foster a culture of safety.

The NSK Group will continue to promote these activities in and outside of Japan with the aim of instilling interdependent safety culture at its plants around the world.



## Practicing “Core Value Contact” in Each Department

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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.

### Safety Dojo

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The NSK Group has established facilities called “Safety Dojo” at all production sites, where employees receive training using simulators to experience potential workplace hazards. In these *dojos*, employees learn the importance of prioritizing safety by recognizing the risks of hazardous tasks by learning from actual workplace incidents that have occurred within the NSK Group, while being trained to follow correct operating procedures. All plant employees receive regular, annual training at the Safety Dojo. We have compiled manuals of operational procedures, which have been distributed to plants in each country to help foster a culture of safety. Virtual reality (VR) content has also been incorporated into the curriculum recently, allowing participants to simulate experiences such as working at heights and dealing with fire hazards.



Experiencing a safety harness



VR safety training at the safety dojo

## 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 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

### — Hardware Countermeasures

### Risk Assessment

At NSK’s production sites, we conduct risk assessments of equipment and machinery, continuously implementing measures to reduce workplace hazards, particularly those deemed high-risk. To enhance safety, risk assessments are also conducted from the development stage for new equipment and processes. Currently, we are training safety assessors who have obtained qualification certifications from external institutions, ensuring that personnel with the proper knowledge and skills are taking action to mitigate risks. NSK currently has approximately 1,000 safety assessors, and we are working to continuously increase this number.

These initiatives are also being expanded to China, with in-house instructors from the Manufacturing Strategy Division HQ visiting the region to conduct risk assessments at production sites to establish this practice and boost the level of risk assessment. As a result of these initiatives, the total number of workplace incidents across the entire NSK Group has decreased each year, and the number of incidents has been halved compared to when these initiatives first began.



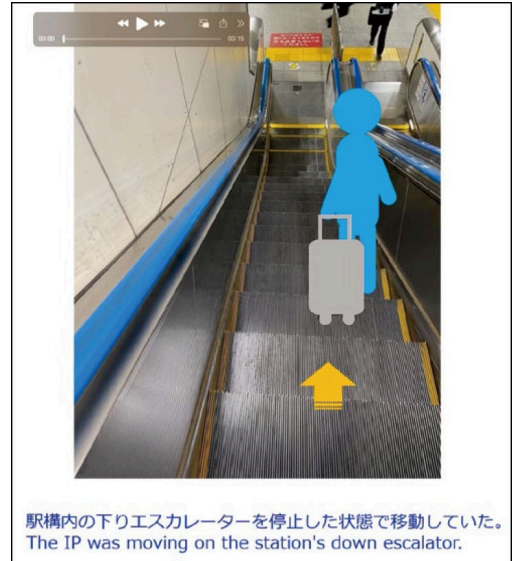
In-house training to improve the risk assessment skills of certified personnel



## Sharing Examples of Workplace Incidents

In the event that a workplace incident occurs at an NSK Group site, the information is shared on the Company's intranet for all business sites worldwide to view. Reenactment videos are created to provide detailed insights into the incident. This encourages employees to carry out activities to look across\* at other workplaces where incidents occur and reflect on whether similar operations or situations exist in their own workplace. By sharing past workplace incidents across the organization, NSK is working to prevent the recurrence of incidents, heighten safety awareness, and further promote the creation of a safe, secure, and comfortable working environment.

\* NSK conducts "Look Across Activities" where employees take ownership of their surroundings and work proactively on issues, as well as taking an interest in and being involved in these efforts at other workplaces. Carrying out "Look Across Activities," either on a workplace or an 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.



Frame captured from a workplace incident reenactment video

## Contributing to Safety Awareness (National Industrial Safety and Health Convention)

The NSK Group trains risk assessment promotion leaders by providing classroom lectures and risk assessment practices at production sites for personnel who have a machine safety specialist certification. In addition, we are rolling out a project led by risk assessment promotion leaders to re-inspect all production facilities in Japan in order to reveal unidentified risks. These efforts have improved risk communication (sharing information on hazards within the Group). Employees working at plants are now able to identify and discuss problem areas at an advanced level.

There are currently over 1,000 qualified safety assessors at the NSK Group. Occupational accidents at sites in and outside of Japan have fallen by 60% since 2016, when these risk assessment activities were begun. In addition, the NSK lost time injury frequency rate in Japan, at 0.11, is significantly lower than the manufacturing industry average. These results demonstrate that our rational risk assessment and risk reduction activities are effective. We shared examples of our safety-related personnel development and reductions in occupational accidents at the 83<sup>rd</sup> National Industrial Safety and Health Convention.



NSK presentation at the 83<sup>rd</sup> National Industrial Safety and Health Convention

## Reviewing Guidebook for External Construction Crews and Reinforcing Construction Rules

To ensure the safety of external construction crews who carry out such high-risk work as work at height or working with fire, the NSK Group has put together a guidebook for external construction crews, which covers 18 specific points. We also regularly review regulations and standards to maintain our record of zero occupational accidents in construction. More specifically, these efforts include strengthening the presence of attending personnel during hazardous work, upgrading preliminary training for construction directors and work managers, and conducting interdependent safety checks using task point checklists before work begins.

The entire process for construction request applications, from initial request to completion of construction, is centrally managed via the external construction management web system developed by NSK. At the same time, employees are able to check daily construction schedules and locations, and this has also helped to improve efficiency.



Frame capture from an educational video on guidelines for managing external construction

NSK's Approach

System

Targets and Performance

Quality Improvement 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.

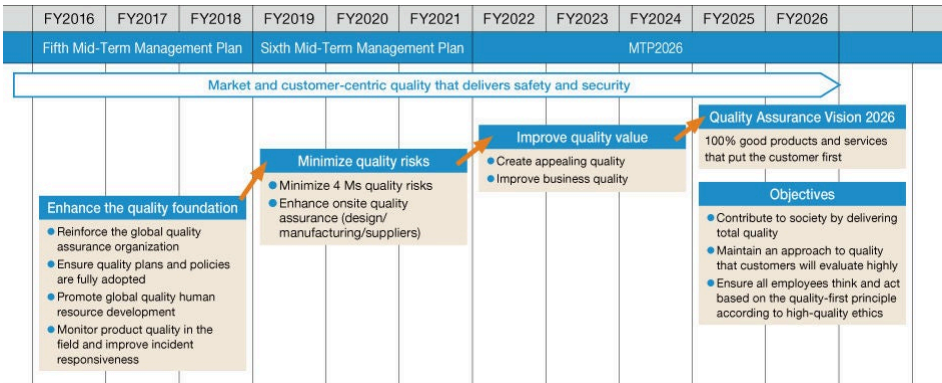
Three Pillars of NSK Quality Assurance



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.



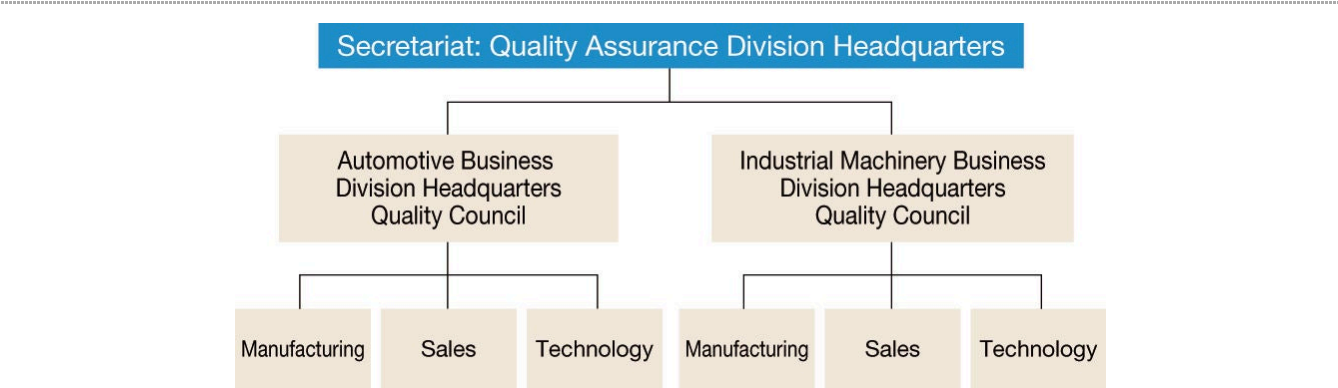
Quality Assurance Organizations

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.

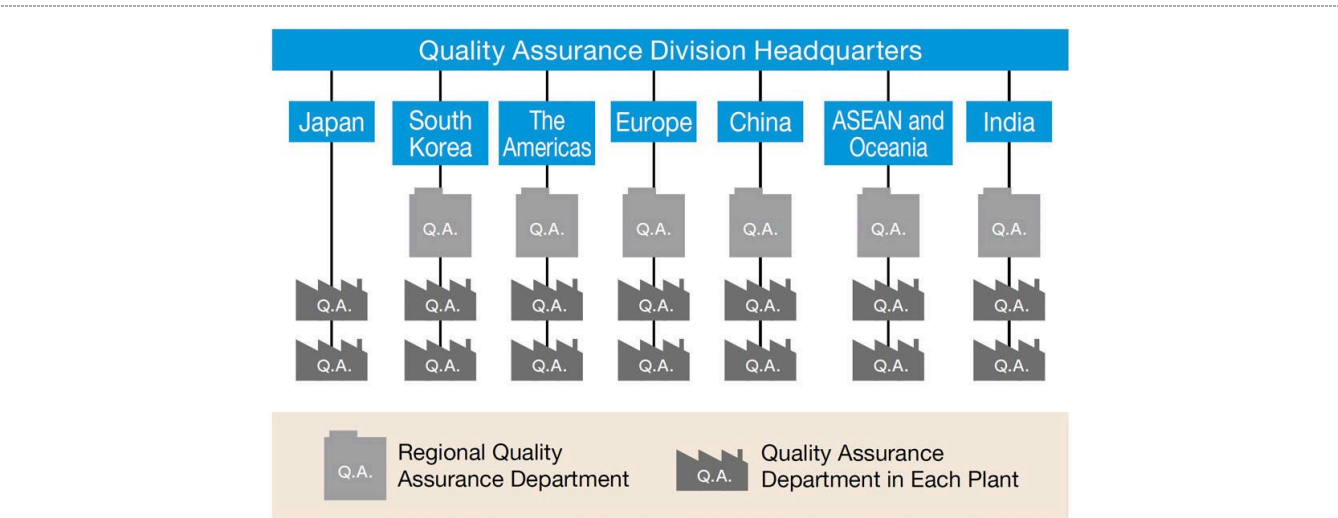
The Quality Assurance Division Headquarters is positioned as the global headquarters for quality management, and quality councils have been established within each business unit as subordinate organizations of the Core Values Committee. Together, they work to strengthen quality improvement efforts by 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"> <li>● Improve NPDS quality worldwide (Establish stricter DR and adopt design-manufacturing integrated digital FMEA*)</li> <li>● 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)</li> </ul>	<ul style="list-style-type: none"> <li>● Establish digital management of quality (completion inspections, traceability, enhanced critical process control)</li> <li>● Enhance control of process capabilities</li> </ul>	<ul style="list-style-type: none"> <li>● Deploy quality training to all employees (virtualized training/ e-learning)</li> </ul>
FY2023	Targets	<ul style="list-style-type: none"> <li>● Create and deploy guidelines for the operation of the design-manufacturing integrated digital FMEA system</li> <li>● Expand the global design <i>kakotora</i> system to manufacturing departments and locations outside Japan, and start using it</li> </ul>	<ul style="list-style-type: none"> <li>● 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</li> <li>● 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)</li> </ul>	<ul style="list-style-type: none"> <li>● Launch virtual quality training for all employees</li> </ul>



	Performance	<ul style="list-style-type: none"> <li>Created guidelines for the operation of the design-manufacturing integrated digital FMEA system Completed global deployment of the created guidelines</li> <li>Trained personnel at all plants in Japan on how to use the global design <i>kakotora</i> system and how to input knowledge data Gave similar explanations to regional quality assurance departments, and rolled out the system for use worldwide</li> </ul>	<ul style="list-style-type: none"> <li>Created guidelines for installing automated appearance inspection machines Created a process management checklist, deployed it to plants, and initiated self-sustaining progress management using the checklist</li> <li>Created guidelines for strengthening traceability and completed global deployment Held briefing sessions for all plants in Japan and regional quality assurance departments (all 6 regions)</li> <li>Created and deployed guidelines for new process capability rules, and started deployment by DR experts for new products</li> </ul>	<ul style="list-style-type: none"> <li>Organized training systems by function and level, and launched a training portal site</li> </ul>
FY2024	Targets	<ul style="list-style-type: none"> <li>Start using a design-manufacturing integrated digital FMEA system Promote system operation and utilization in the Automotive Business Create a model FMEA for priority products in the Industrial Machinery Business</li> <li>Strengthen the global design <i>kakotora</i> system (by including external information sharing)</li> </ul>	<ul style="list-style-type: none"> <li>Promote global deployment of guidelines for installing automated appearance inspection machines Use process management checklists to promote the adoption of automatic visual inspection machines (100% adoption target in MTP2026)</li> <li>Revise guidelines, organize and clarify goals for each product group and plant Create a roadmap for adopting traceability at each plant / production line</li> <li>Implement DR expert review of the status of new rule application to process capability, and monitor the results through expert evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Provide ongoing quality training to new hires during their first 10 years with the company, aiming to foster quality awareness</li> </ul>

\* FMEA: Failure Mode and Effects Analysis, a method for identifying potential failure modes in design and manufacturing, evaluating their impact, and taking steps to address those

## Quality Improvement 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.

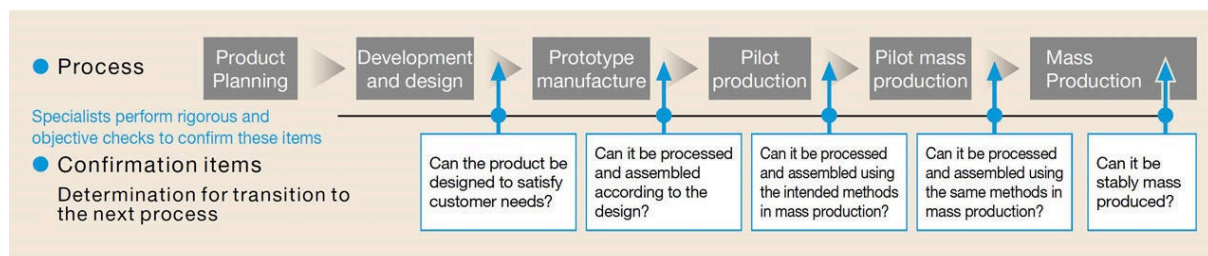
### — Initiatives to Enhance Design Quality

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

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### 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.

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## 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.

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## Preventing Quality Defects Through Effective Data Utilization

NSK is working to implement heat treatment cockpit systems across all its plants worldwide. This system enables continual operational status monitoring for heat treatment furnaces. By managing the big data obtained from this monitoring, we aim to prevent heat treatment defects before they occur.

Some customers, such as operators of railway vehicles and large-scale plants, use NSK products in environments where maintenance and inspections are challenging, and where equipment failure poses significant risks. To better support these customers, we have introduced the Condition Monitoring System (CMS) for quality assurance and defect prevention. This system detects vibrations during bearing operation and conducts vibration diagnostics, enabling the early detection of abnormal conditions. Through initiatives like these, we strive to ensure that customers can use our products with confidence.

## Global Quality Improvement Activities and Their Deployment

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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

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

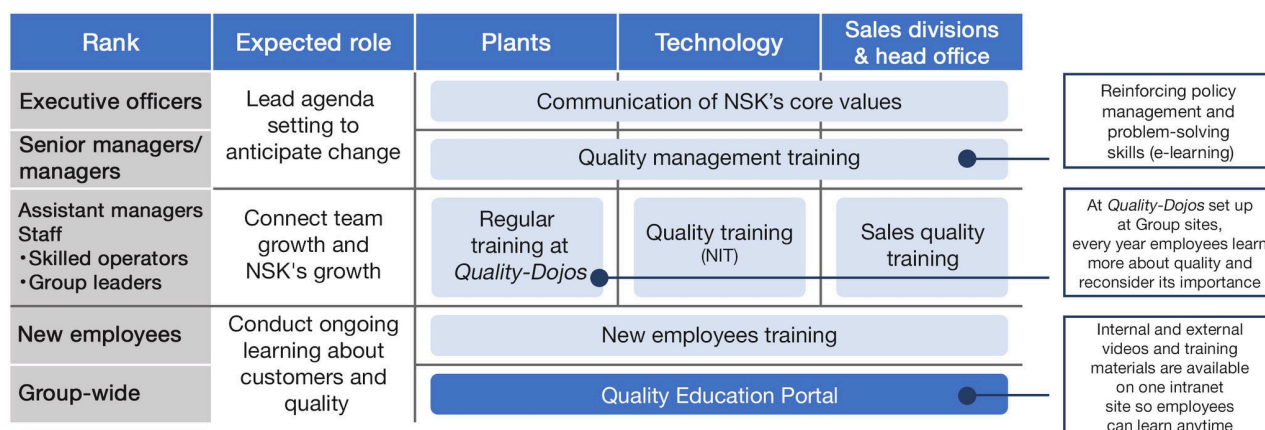
NSK's quality education program is designed by the Quality Assurance Division Headquarters. Appropriate quality training is conducted as part of group training sessions organized by the Headquarters' Human Resources Department, NIT,\* and other relevant departments, depending on employees' divisions and organizational levels. Moreover, since FY2019, we have been establishing *Quality-Dojos* at our plants and technical departments, where regular quality training is conducted annually.

### 《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



## Sixth Mid-Term Management Plan: Function-Based and Rank-Based Quality Education System



\* NIT (NSK Institute of Technology): A faculty-based educational institution with credit-based courses that provides comprehensive technical education on product applications/handling, quality control, manufacturing methods, and cost efficiency. Established in 2007 as an educational center for members of NSK and NSK Group technical departments, NIT aims to develop highly skilled personnel who can support NSK's technological competitiveness.

### *Quality-Dojo*\* Training

We believe that quality education should be learned in the order of awareness → knowledge → technique/skill. To eliminate defects caused by human error, we have established *Quality-Dojos* at 52 production sites worldwide. In these *dojos*, we foster awareness by explaining the importance of quality, while hands-on experience with actual products and defective items helps employees gain knowledge about products and quality. At NSK, it is our goal for employees working in production and technical departments to participate in *Quality-Dojo* training at least twice a year. By connecting what they learn to their daily work, these employees become valuable contributors to high-quality manufacturing, helping NSK achieve No. 1 in Total Quality.



*Quality-Dojo* Training: On-Site

\* Teachers and assistant instructors will be appointed to all *Quality-Dojos* to manage them comprehensively, ensuring the enhancement and renewal of educational content to the training of instructors and the formulation of educational curricula.

## — 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
Supplier briefings on quality activity policy	By providing annual procurement policy briefings for key suppliers, NSK shares its quality activity policies and provides guidance and explanations on quality compliance and quality improvement initiatives In May 2024, 87 companies participated in procurement policy briefings.
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"><li>● Managing quality problems originating at suppliers using a system that handles everything from information gathering to data visualization</li><li>● Information standardization, visualization, and flow acceleration</li></ul>
Monthly report on supplier quality issues	<ul style="list-style-type: none"><li>● Using a system to prepare and send monthly visualized data reports on supplier quality situations to business related divisions</li><li>● Managing suppliers' quality performance on a monthly basis and providing them with quality guidance and audits</li><li>● Quality improvement activities implemented by the top management of the Quality Assurance Division Headquarters for the worst-ranked suppliers</li></ul>

## ➤ Supply Chain Management

### Activities to Enhance Supplier Quality Awareness

NSK has been introducing its suppliers to *Quality-Dojo* training, which is highly effective in fostering quality awareness. Some suppliers have established their own *Quality-Dojos* and are promoting quality training. NSK provides guidance on activity content, instructional panels, and training methods to support the improvement of supplier quality education. With the aim of further enhancing quality awareness, during Quality Month we also provide interested suppliers with cards listing the 10 Quality Principles that NSK workers follow.

### Strengthening Audit Functions

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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

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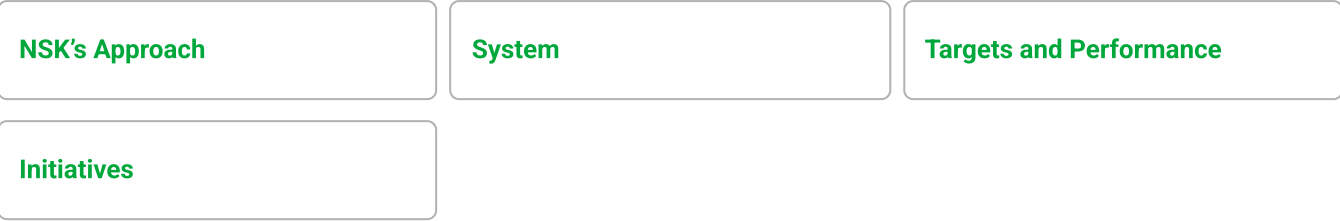
The NSK Group has obtained ISO 9001 and IATF 16949 certifications, the international standards for quality management systems, at its development, design, and manufacturing facilities. In addition, the effectiveness of our quality management system is verified through periodic third-party and internal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

### ➤ Certification for Quality, Environmental, and Occupational Health and Safety Management Systems

### Response to Product Defects

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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.



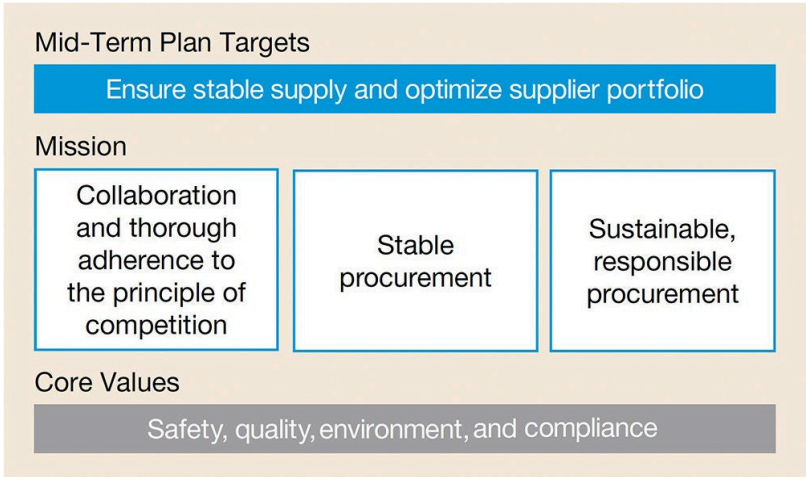
## NSK's Approach

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



## NSK Group Basic Policy for Procurement

### 1. Economic Rationality

Applicable companies shall conduct transactions whose quality and service are economically rational.

### 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.

### 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.

### 4. Respect for Moral Standards

I Applicable companies shall adhere to strict moral standards.  
•Transactions with counterparties and/or potential

counterparties shall not be entered into if there are personal interests involved.

•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.

II Applicable companies, when entering into transactions with subcontracting firms, shall strive to build a strong, cooperative partnership and maintain a stable supply.

### 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 CO<sub>2</sub> 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

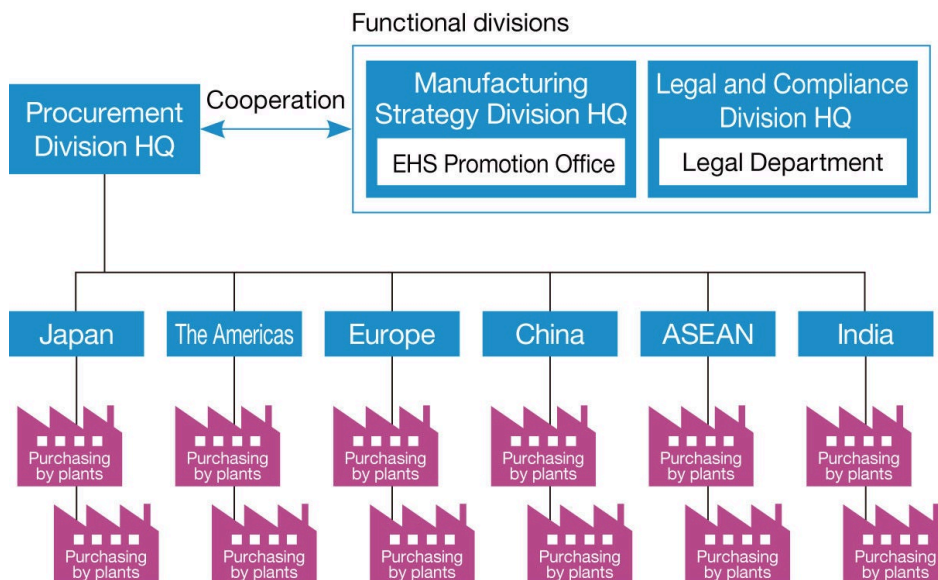
- Policies addressing environmental preservation
- Compliance with environmental laws
- Requirements for the development of an environmental management system (EMS)
- Requirements for the development of an environmentally harmful substance control system
- Requirements for environmental protection activities
- 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"> <li>Strengthen BCP readiness</li> </ul>	<ul style="list-style-type: none"> <li>Environmentally friendly procurement</li> </ul>
FY2023	Targets	<ul style="list-style-type: none"> <li>BCP inspections on 12 major companies (120 total since FY2018)</li> </ul>	<ul style="list-style-type: none"> <li>Provide feedback on Supplier CSR Guidelines compliance surveys</li> </ul>
	Performance	<ul style="list-style-type: none"> <li>BCP inspections on 10 companies newly (118 total since FY2018)</li> <li>Did follow-up inspections on 20 companies</li> </ul>	<ul style="list-style-type: none"> <li>Provided feedback on Supplier CSR Guidelines compliance surveys</li> </ul>
FY2024	Targets	<ul style="list-style-type: none"> <li>Strengthen response capabilities by carrying out ongoing BCP inspections. Do follow-up inspections on 20 companies.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement Supplier CSR guidelines compliance surveys</li> </ul>

## Initiatives

### — Regional Distribution of the NSK Group's Supply Chain

The NSK Group collaborates with approximately 1,500 direct material suppliers globally (adjusted for overlaps between regions.)

Ratio of NSK Group Suppliers by Region (Number of Suppliers)



## — Stable Procurement Based on Relationships of Trust

### Sharing NSK's Value Creation with Suppliers

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Every year, the NSK Group holds procurement policy briefings to communicate to major suppliers on information about heightened social demands, such as human rights, labor practices, and climate change countermeasures. We also explain initiatives that NSK expects suppliers to take, such as improving occupational safety and reducing CO<sub>2</sub> emissions, while calling for coordinated efforts across the entire supply chain. In May 2024, 87 companies participated in procurement policy briefings.



Procurement policy briefing

In FY2023, we distributed a video about the NSK Human Rights Policy and related initiatives to some suppliers, and collected their opinions, impressions, and other feedback.

## ➤ Initiatives to Enhance Supplier Quality

### Promoting Fair Trade

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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

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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.

### Supplier Risk Management

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The NSK Group confirms that all suppliers understand the NSK Supplier CSR Guidelines and NSK Group Green Procurement Standards and agree to adhere to the relevant items therein. 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.

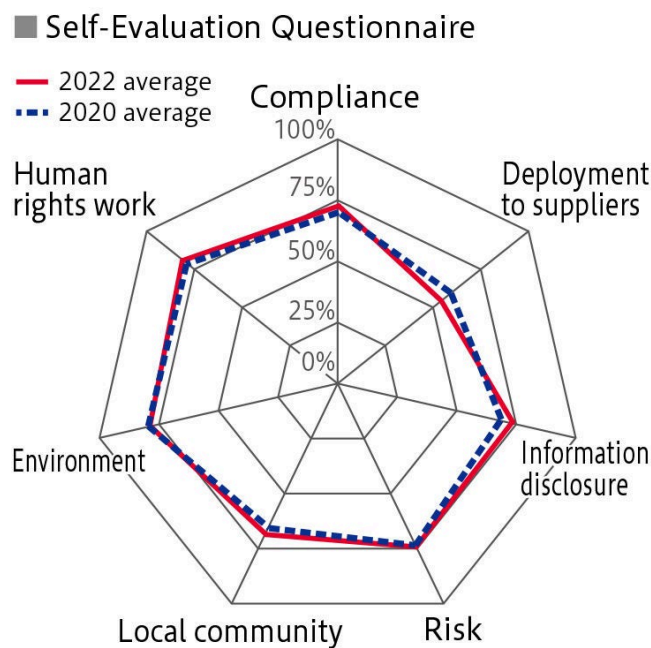
Suppliers estimated to present a high level of risk are placed under critical control, and we assess supplier risk by checking their financial condition, requiring them to conduct CSR self-assessments, and other methods. The necessary measures to reduce risk are then implemented in close collaboration 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.

#### Evaluation items for supplier selection

- Management / financial soundness
- Initiatives for QCD (quality, cost and delivery [stable supply capacity])
- Technological and development capabilities
- CSR initiatives (initiatives for environment, occupational safety, disaster prevention, conflict minerals, etc.)

## 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.

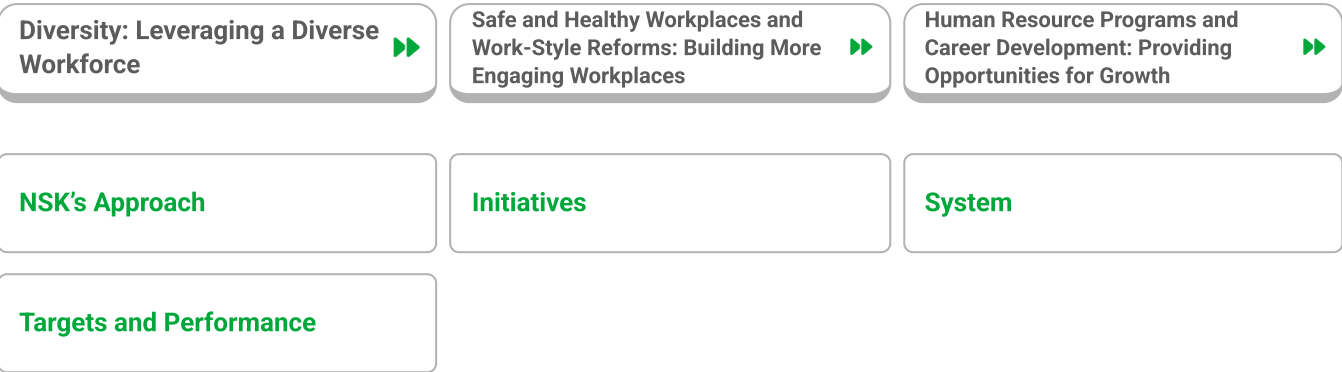


### ➤ Respecting Human Rights

#### — 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

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



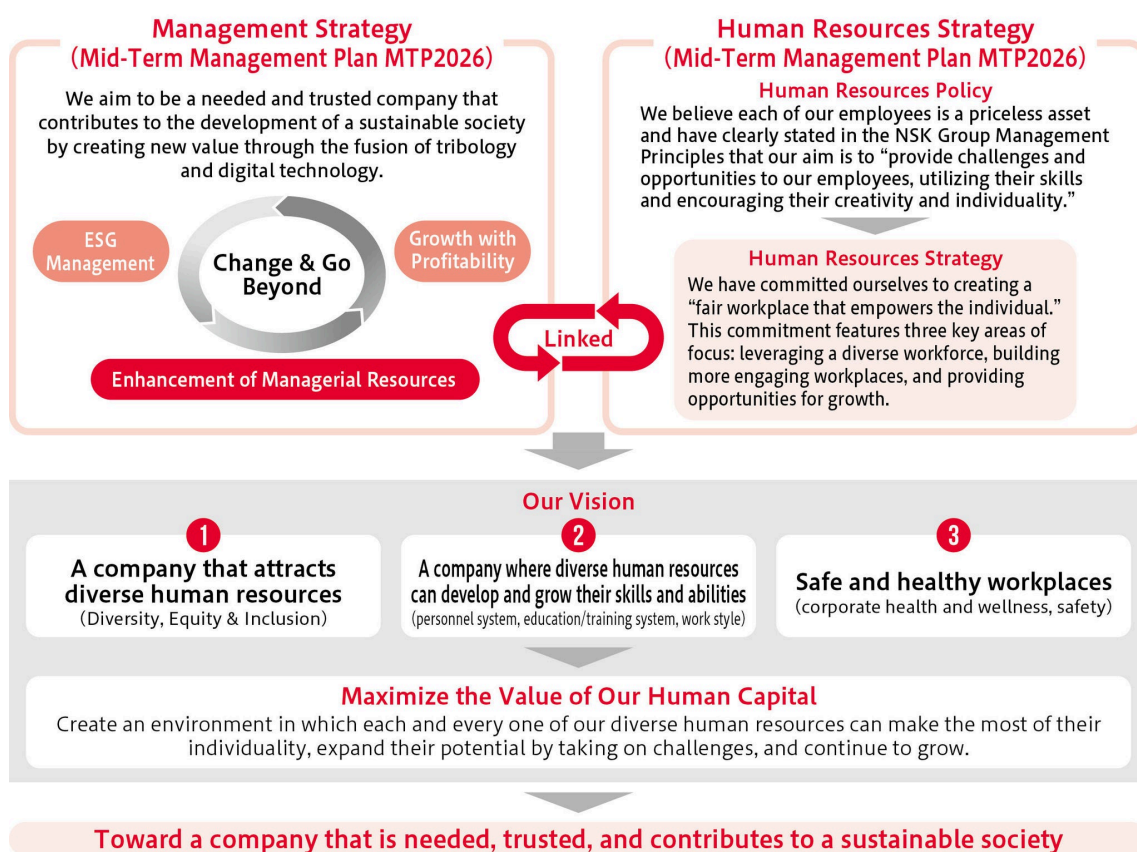
### — Strategy

We have committed ourselves to creating a “fair workplace that empowers the individual.” This commitment features three key areas of focus: leveraging a diverse workforce, building more engaging workplaces, and providing opportunities for growth.

## 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.

### «NSK's Goal for Human Capital Management»



## Diversity, Equity &amp; Inclusion

By continuously engaging in initiatives that help advance the career of women -one of our key management issues- we have made steady progress on increasing the number of women in managerial positions and in the managerial candidate class to 100, our target for FY2024 in the action plan we formulated in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. As part of this effort, in Japan we distributed educational pamphlets on women's health and held seminars to which we invited role models for women during International Women's Day on March 8, 2024. Abroad, NSK Europe and NSK Americas jointly held an internal online event covering the topics of unconscious bias and career advancement for women.

In a similar vein, we have sought to assist employees from various backgrounds in playing an active role by providing systems that help them balance work with child and family care, and in most cases these systems go beyond the legal mandated minimums. For example, we provide training programs specifically designed for those taking childcare leave so that this period does not leave a gap in their careers, but instead serves as an opportunity for them to prepare to advance their careers while caring for their children. Similarly, we organize support seminars on different family care-related topics that go beyond the basics to assist employees in their struggles with balancing care for family members with their work. In fact, we release videos of the seminars that can be viewed by both employees and their families.

We also engage in Diversity & Inclusion activities targeting non-Japanese employees and LGBTQ+ in an effort to promote a better understanding of and empathy with hidden forms of diversity. In 2024, we received the Gold award for the fourth consecutive year under the PRIDE Index in recognition of our various activities to empower the LGBTQ+ community.



Cover page for women's self-care health support pamphlet



Flyer for a support seminar video on the topic of balancing work and family care

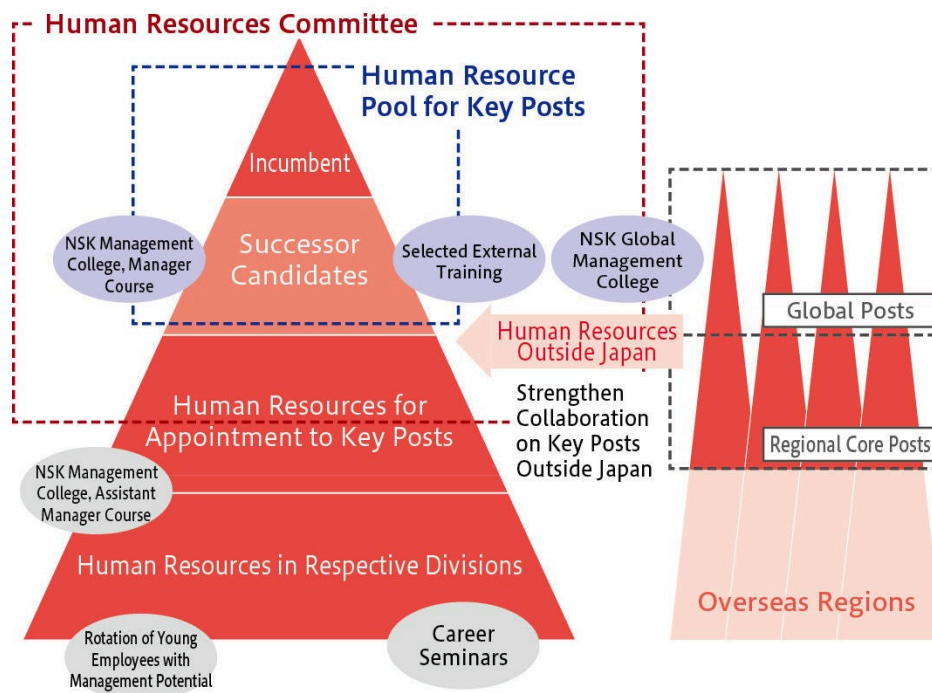


## Developing Future Management Candidates

In Japan, we took the step of designing a career development program that consistently produces a strong talent pool of future management candidates. The program itself begins with job rotations intended to nurture young employees as an early-career development measure and includes the NSK Management College, which we administer to provide training to select individuals at the assistant manager and manager levels. Similarly, we conduct region-specific training programs for human resources outside of Japan. In addition, we run a global management college that is primarily intended for successors for those in global posts as a global initiative.

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. To expand the management successor talent pool, we hold regular discussions between each business division and functional division, and implement cross-business and cross-divisional rotations and promotions for selected employees (stretch assignments). Similarly, we hold successor planning meetings on a regular basis for global posts and regional core posts in Europe, the Americas, and China. We are committed to globally coordinated succession management that accepts all ages, genders, and nationalities in an effort that begins by clearly defining the key posts (talent profiles).

### Goals for Development of Management Candidates



## Development of Digital (DX) Talent

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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, approximately 4,000 employees have taken part in the course. Approximately 1,100 employees have also completed the intermediate program.

In addition, as part of this digital talent development, we are deploying company-wide training programs to help employees acquire practical digital skills. This includes training on using IoT in production, learning Python and other programming languages, learning basic data analysis, using collaboration tools, and using citizen development and self-service BI applications.



## Introducing a New Personnel System

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The way people approach their careers is diversifying, with a greater desire for a self-driven career path. The correlation between personal growth, self-realization, and corporate growth is becoming stronger, and the relationship between employees and companies is becoming more equal, with employees having a greater say in how they shape their careers. In response to these changes, our first move has been to introduce a role-based personnel system for managerial positions. Role-based personnel systems clearly define the roles and responsibilities of each employee, and expect individuals to take the initiative on attempting to achieve lofty, future-oriented goals. These systems also clearly define talent profiles for specific positions in the form of role descriptions, which enable employees to envision and map out their own career path and take self-driven steps toward their personal growth.



The physical and mental health of our employees underpins all our business activities. Under its CEO, who is also the officer responsible for health management, NSK is promoting activities to maintain and improve employee health. By using a Health and Wellness Management Strategy Map to visualize KPIs for the effectiveness of our health and wellness initiatives and how they are linked to NSK's management goals, we will work to further increase the effectiveness of our programs. We believe that a healthy, safe, and secure workplace creates an atmosphere conducive to open communication, which in turn produces a positive and vibrant working environment .

NSK has been certified as an Outstanding Health and Productivity Management Organization (White 500) in Japan for seven successive years. Based on the Employee Wellness Declaration and in line with the NSK Health and Wellness Management Strategy Map, which visualizes KPIs for the effectiveness of our health and wellness initiatives and how they are linked to NSK's management goals, NSK is progressively enhancing its health and wellness initiatives. Specific efforts include education to raise awareness of health issues (e-learning, health fairs), stress-checks and briefings for managers to explain how to interpret and follow-up the results of these checks in their organizations, and promoting participation in No Smoking Days. Through these ongoing activities, we are continuing to prioritize the mental and physical health of employees and their families.



2024  
健康経営優良法人  
Health and productivity  
ホワイト500

今回のeラーニングの目的

NSKの従業員が、健康づくりの大切さや健康づくりのポイントをより良く知ることによって、今より一歩先の取組みに「**変わる 超える**」ことを目的としています。

あなたの健康づくりの取組みは、今、どのステージ？

まだ 関心はない → 関心は 気まぐれ状態 → いつも 関心はある → 既に 実践している → 楽しみながら 続けている

コ－ポレート人事部 健康

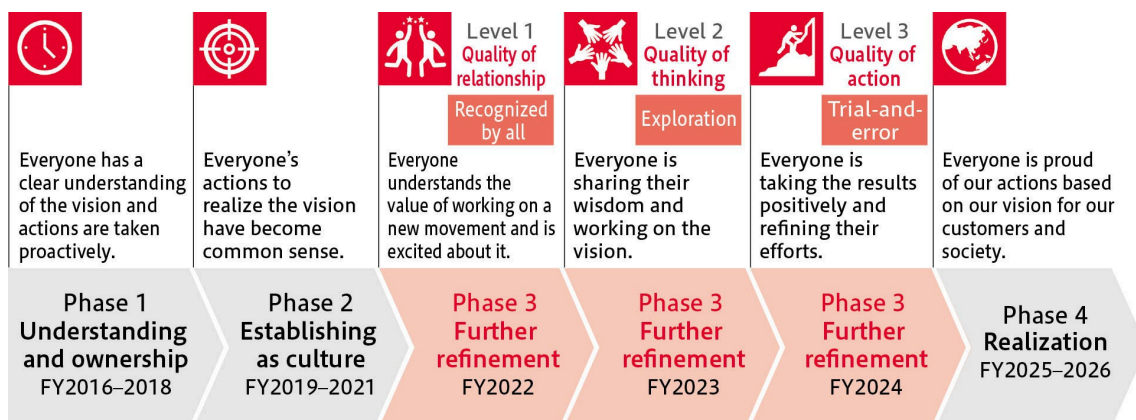


Health and wellness e-learning

### ➤ Safe and Healthy Workplaces and Work-Style Reforms

## Vision 2026 Promotion Activities

Since FY2016, we have engaged in various initiatives that seek to achieve our goal of setting the future in motion under NSK Vision 2026, both in Japan and abroad. As the backbone that supports all of NSK's human capital, these initiatives aim to foster a corporate culture in which active dialogue and psychological safety within the workplace serve as the foundation for encouraging employees to bring their personal vision and sense of purpose to fruition, leading to actions that will set the future in motion. To help support departments and individuals in their efforts to set the future in motion, specific initiatives we have conducted since FY2023 include an action learning program in which the members of each workplace discuss topics such as their personal visions over a series of sessions, as well as publishing a selection of "how-to" guides filled with tips on how to translate the learning from previous activities into real action. We also share and discuss these kinds of initiatives from each region at the Global Vision 2026 Committee Meeting, which we held in-person for the first time in five years in April 2024.



## Employee Engagement Survey

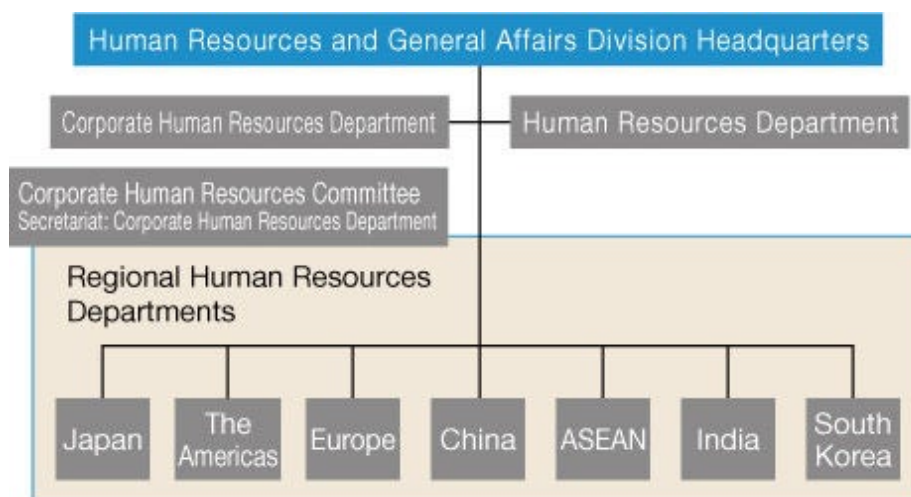
Since FY2018, we have conducted biennial employee engagement surveys on a global basis. The survey questions cover a range of topics, from "understanding of the company's strategy and goals and awareness of their connection to your own work" to "sense of accomplishment in your assigned tasks," "opportunities for growth" and more. 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

We have laid out KPIs and FY2026 targets for each of our initiatives intended to achieve our three goals for human capital management. 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 global employee engagement score obtained from this survey as a composite measure of our performance.

Here, we would like to introduce several initiatives from the larger scope that are particularly strongly correlated to our three goals for human capital management.

#### A company that attracts diverse human resources

Key Issues and Initiatives	Key Metrics	Scope <sup>*1</sup>	FY2023 Results	FY2026 Target
Promoting Diversity, Equity & Inclusion (creating an organization and culture that is inclusive of diverse human resources/values)	Employee diversity ratio (gender, mid-career hires, nationality) <sup>*2*3</sup>	Japan	29%	35%

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

Key Issues and Initiatives	Key Metrics	Scope*1	FY2023 Results	FY2026 Target
Support for balancing work and personal life (e.g., childcare, nursing care, medical treatment)	Percentage of male employees taking childcare leave*3*4	Japan	83.3%	Maintain at 85% or higher (FY2025)
Introduction/operation of new personnel system	Introduction/ operation of role-based personnel system (managerial level)	Japan	Formulated a system and conducted briefings to promote an understanding (managerial positions)	Promote understanding of system and improve operations
Promoting succession planning	Localization rate for key global posts	Global	72%	Maintain at 70% or higher
Developing digital human resources	Number of participants in basic digital talent development program*5	Japan	Approx. 4,000	<ul style="list-style-type: none"> <li>● Deploy and instill Company-wide</li> <li>● Develop specialists through practical training</li> </ul>
	Number of participants in intermediate digital talent development program*5		Approx. 1,100	

## Safe and healthy workplaces

Key Issues and Initiatives	Key Metrics	Scope*1	FY2023 Results	FY2026 Target
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	0.24	0.10

**Maximize the value of our human capital**  
**Global engagement score (target) 70**

\*1 Includes some Group companies unless otherwise indicated.

\*2 Diversity is emphasized at the decision-making level. The ratio is the percentage of diversity at the management and staff levels (equivalent to career-track positions).

\*3 Scope: NSK Ltd.

\*4 Calculated based on the Company's standard (leave taken within one year from the date of birth).

\*5 Total number of participants for each program in FY2022 and FY2023.

# Diversity: Leveraging a Diverse Workforce

Promoting Greater Diversity and Inclusion

Diversity and Inclusion Roadmap

Promoting a Better Understanding of Diversity and Inclusion

## Promoting Greater Diversity and Inclusion

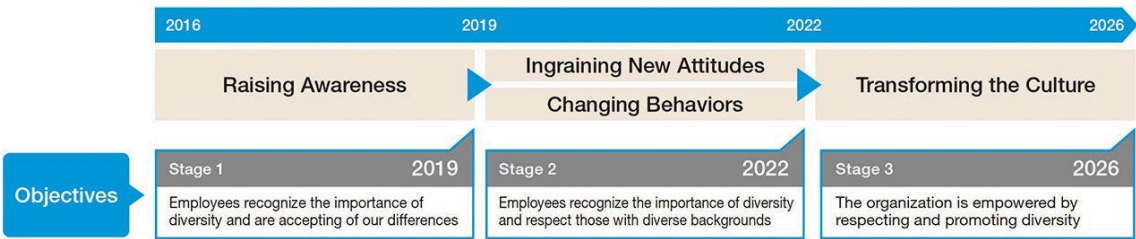
The NSK Group believes that employing people from diverse backgrounds—in gender, age, nationality, culture, lifestyle and values—will foster a work environment full of new perspectives and ways of thinking. This, in turn, will strengthen our competitiveness and capacity to avoid risks. Accordingly, we 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

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

We are taking ongoing steps to promote women’s career development, 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+. In this way, we are determined to advance diversity and inclusion from a broad perspective.

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 are moving forward with work-style reform in tandem with diversity and inclusion, recognizing that they are critical to one another. In this way, we will work to achieve a shift both mindset and behavior.



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



## — 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, strengthening the organizational framework for advancing diversity and inclusion.

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 the diversity of background and values among our managers.

### 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》

- Career advancement training for women (assistant manager/assistant manager candidate level)
- Internal talks by women in role model positions
- Facilitating interviews between junior women and senior women who can mentor them in their careers
- Workshops for women in the sales divisions: improvement activities and skill training, etc.
- Workshops for women in the technology division: social contribution activity (*Riko-challe*\*)

\* *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



Career advancement training



Social contribution activity (*Riko-challe*\*)

### 《Main Initiatives Outside Japan》

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



Diversity Event, held as part of the European Management Conference



Participants in NSK Americas Women's Development Program

## — Leveraging Global Talent

To grow as a corporate enterprise with a global reach, the NSK Group continually hires and trains outstanding human resources to support its operations worldwide, always striving to assign the right person to the right job. Key management positions in NSK's global business operations have been identified as "global posts." In consultation with the senior management and human resources departments in each global region, we determine the leadership competencies required for these positions. With these competencies as core requirements, we devise successor plans and systematically evaluate, promote, and compensate our global talent. This program includes the potential for transfers between different regions of NSK's business. We also provide a variety of human resource development programs for current and future leaders, and we strive to fill at least 70% of the global posts with local talent.

Meanwhile, we are working to develop organizational infrastructure to ensure that we make the most of our global talent across national and regional boundaries, including establishing Group-wide guidelines designed to facilitate international personnel transfers.

## — Career Advancement for Non-Japanese Employees in Japan

As an important part of our Mid-Term Management Plan, we are working to foster an environment that allows non-Japanese employees to take an active role in advancing their own careers.

Specifically, we are working to develop career paths, create workplaces where non-Japanese members can perform of the best of their ability, and fostering mutual understanding and an inclusive organizational culture.

### 《Main Initiatives》

- Cross-cultural exchange and creation of a multinational employee community
- Cross-cultural communication training
- Creation and distribution of a guidebook for non-Japanese employees living in Japan
- Foreign language training support (Japanese, English), provision of language support tools
- Bilingual preparation of internal information
- In-house lectures and sharing information to create a more inclusive corporate culture



NSK's tea ceremony club hosts an event introducing employees of all nationalities to Japanese culture

## — 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 four 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



### — Utilizing the Talent and Experience of Senior Employees (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



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

Health and Wellness

Promoting Safe, Secure, and Comfortable Workplaces

Facilitating Work-Life Balance

## Health and Wellness

### — Promoting Health and Wellness (Japan)

As part of the “enhancement of managerial resources” initiative outlined in NSK’s Mid-Term Management Plan (MTP2026), **we aim to “maximize the value of our human capital” by focusing on three key areas.**

One of these areas is creating “safe and healthy workplaces.” We believe that the physical and mental well-being of our employees and their family members is essential for a vibrant workplace. As such, we see investing in health as a key to raising corporate value.

To promote health and wellness, we have established the NSK Basic Policy on Health and Wellness and implemented a company-wide health management system. Our Health and Wellness Management Strategy Map clearly outlines the relationships between challenges, goals, and expected outcomes (such as improving presenteeism and absenteeism, and maximizing engagement). We have also identified health issues and specific measures under the three pillars of health initiatives and are actively implementing these activities.

### — NSK Basic Policy on Health and Wellness

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.

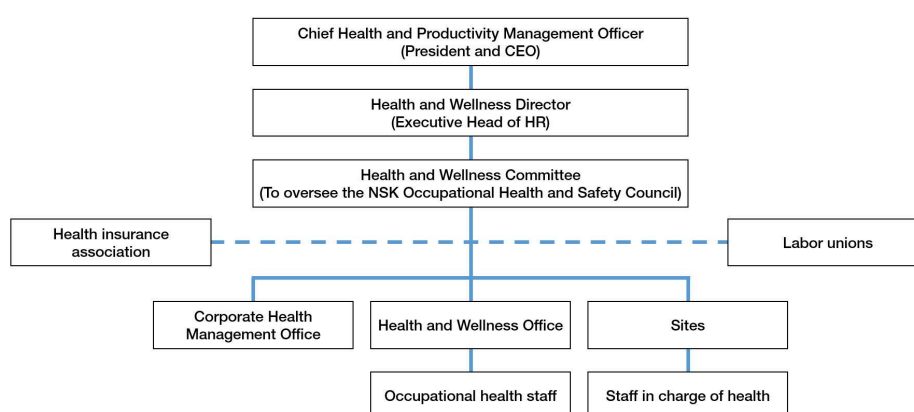
In order to continue to be a company that is needed, trusted and relied upon by society, we position measures to maintain and improve health as an important investment that serves as the basis for maximizing human capital value, and we will continue to proactively pursue initiatives.

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 Corporate Health Management Office, the Health and Wellness Office, labor unions, a health insurance association, 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 at each site report to the Corporate Health Management Office, and nurses, including specialized public health nurses, also hold concurrent posts in the office. The Corporate Health Management Office regularly shares information and holds discussions with both the health insurance association and the labor union to ensure effective collaboration. Each site appoints a manager of occupational safety and health and works to advance NSK's health management. 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.



## — Three Pillars of Health Initiatives

At NSK, we have identified health and wellness challenges and specific measures as NSK's three pillars of health initiatives, based on an analysis of employees' health conditions and lifestyle habits. We carry out activities while periodically reviewing and refining these focal points according to the current status of the challenges.

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.

## Performance Indicators

## ESG Data Book

## — Specific Health Initiatives (Japan)

NSK collaborates with the NSK Health Insurance Association to maintain and improve the health of employees and their family members.

### <Physical Health : Preventing Illnesses and Supporting Those with Health Concerns to Prevent Serious Conditions>

To enable all employees to work as energetically as possible, it is important to help prevent and detect illnesses at an early stage.

《Main initiatives》(including those by the NSK Health Insurance Association)

- Regular health check-ups and encouraging follow-up examinations for those with health concerns
- Specific health examinations, specific health guidance, and metabolic syndrome prevention
- Health check-ups for employees in specific roles
- Various non-mandatory health screenings: stomach examinations, colorectal cancer screenings, breast cancer screenings, etc.
- Infectious disease prevention and subsidies for seasonal influenza vaccinations
- Locomotive syndrome prevention through mobility tests
- Health support using various mail-in test kits
- Various health consultations and guidance
- Consultation services for women's health issues
- Support for returning to work after leave
- Walking events
- Measures to prevent overwork
- Educational and awareness-raising activities

### Performance Indicators

## ESG Data Book

### <Mental Health : Reducing Mental Health Issues through Preventive Measures>

Mental health is crucial for employees to experience personal growth and job satisfaction and is supported by a healthy workplace culture. NSK is fostering an environment where employees feel comfortable seeking help when troubled or experiencing difficulties.

《**Main initiatives**》(including those by the NSK Health Insurance Association)

- Consultation services: Industrial physicians, health staff, HR personnel, and external counselors
- Employee Assistance Program: A program to support employees' mental well-being
- Stress checks and subsequent workplace briefings
- Awareness training for managers: Line care training
- Awareness training for employees: Self-care training
- Support for employees experiencing mental health issues
- Support for returning to work after leave
- Educational and awareness-raising activities

#### **Performance Indicators**

[ESG Data Book](#)

#### **<Prevention of Secondhand Smoke Exposure and Reduction of Employee Smoking Rate>**

Smoking is known to increase the risk of various diseases, including cancer. We are focusing on preventing secondhand smoke exposure and supporting employees who want to quit smoking.

《**Main initiatives**》(including those by the NSK Health Insurance Association)

- Preventing secondhand smoke exposure: Moving smoking areas outdoors and consolidating smoking locations
- Promoting smoking cessation: Recommending quitting on certain days and limiting smoking times
- Offering smoking cessation programs
- Pairing up smokers and non-smokers to take on the challenge of smoking cessation

#### **Performance Indicators**

[ESG Data Book](#)

## **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. At the same time, through work-style reforms, we are working to change employee mindsets and create more rewarding workplaces.

### **— 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. In addition, the head office and the sales and technology divisions offer remote work for another work-style option.

#### **《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.

### — 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 *Platinum Kurumin*\* certification.



\* *Platinum Kurumin* : A special certification awarded to select companies among those granted *Kurumin* certification by the Ministry of Health, Labour and Welfare that have displayed particularly outstanding initiatives as a “company that supports child-rearing parents”.

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

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

The NSK Group 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 Support Systems Related to Work-Childbirth/Childcare Balance

		Pregnancy	Childbirth	Age 1	Age 2	Age 3	Age 4	Grade 1	Grade 3	Grade 6	Grade 7~
<b>One-on-one counseling</b>	Explain systems to expecting employee and confirm their intentions										
<b>Leave for childbirth and childcare</b>	Leave for birthing parents		6 weeks before birth / 8 weeks after birth								
	Leave for partners of birthing parents		2 days within 14-day period of partner giving birth								
	Childcare leave at birth (postnatal paternity leave)		Up to 4 weeks within 8-week period of birth or due date, whichever is later								
	Parental leave		In principle, until child turns one year old. (May be extended through the end of April following the child's third birthday)								
<b>Support for working parents</b>	Sick leave (Leave and other support for sickness during pregnancy and/or after birth)		Up to one year after birth								
	Medical appointments during work hours		Up to one year after birth								
	Use of half-days		Generally up to 12 times a year, but this is unlimited when deemed necessary for parental hospital visits, child medical care or other purposes related to the child.								
	Use of banked paid leave		Employees with child in sixth grade or below								
	Sick/injured childcare leave		Employees with child in sixth grade or below								
	Exemption from overtime work		Employees with child less than 3 years old								
	Limited work over statutory working hours		Employees with preschool-age child								
	Limited late-night work		Employees with preschool-age child								
	Reduced working hours for childcare		Employees with child in sixth grade or below								
	Coreless flex time		Employees with child in third grade or below								

### 《Other Main Initiatives》

- Prenatal interview
- Return-to-work interview
- Return-to-work support seminar
- Career support
- Providing opportunities for self-learning and development (online educational programs)
- Remote work system
- Maternity uniform
- Work-Childcare Balance Support Guidebook
- Changing room exclusively for pregnant employees
- Holiday daycare
- Affiliated daycares
- Providing babysitting discount coupons
- Financial gift for birth of child (from company and labor union)

## Main Support Systems Related to Work-Childbirth/Childcare Balance (as compared to legal mandates)

System	Details
Leave for birthing parents	Legally required to provide 6 weeks unpaid leave before and 8 weeks unpaid leave after childbirth. NSK pays employees a portion of their salary during this time.
Leave for partners of birthing parents	Not legally mandated. NSK employees may take 2 days (paid leave) within 14-day period of the birth of a child by a partner.
Childcare leave at birth (postnatal paternity leave)	NSK employees may take 4 weeks (28 days) of leave within 8-week period of the date of birth or due date, whichever is later (first 5 days leave paid).
Parental leave	Legally required to provide leave that may be extended up to the time the child turns 2 years old. NSK employees may extend their leave through the end of April following the child's third birthday.  (First 5 days of leave paid when employee does not take child care leave at birth)
Sick leave (Leave and other support for sickness during pregnancy and/or after birth)	Legally required to provide unpaid sick leave up to 1 year after birth. NSK employees may take paid leave during this period.
Medical appointments during work hours	Legally required to provide unpaid leave for medical appointments up to 1 year after birth. NSK employees may take paid leave during this period.
Use of half-days	Not legally mandated. NSK employees may generally use (paid) half-days 12 times a year, but this is unlimited when deemed necessary for parental hospital visits, child medical care or other purposes related to the child.
Use of banked paid leave	Not legally mandated. NSK employees with a child in sixth grade or below may use (paid) accumulated leave.

### — 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.

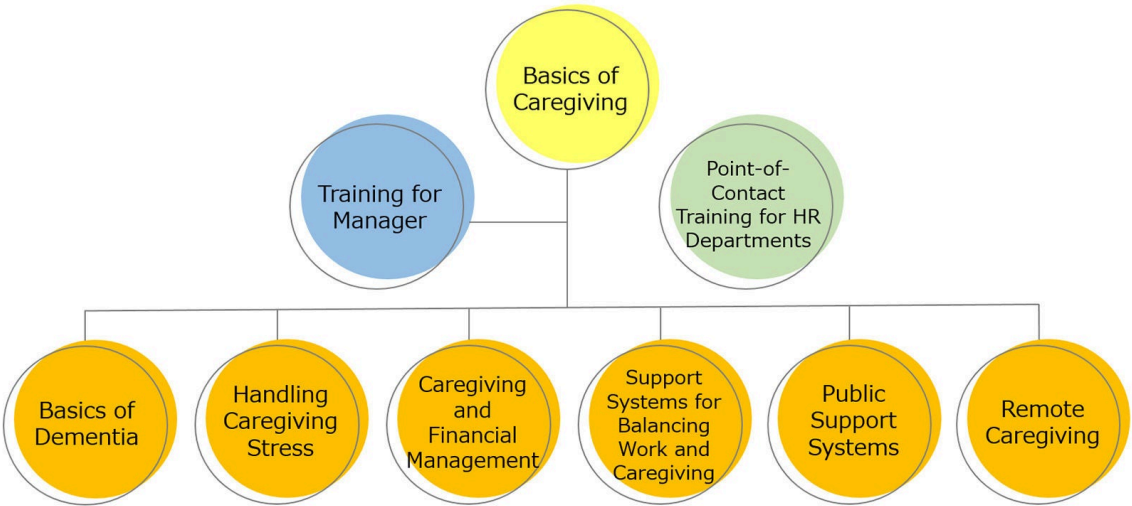
Systems Related to Caregiver Leave (as compared to legal mandates)

System	Details
Short-term leave for caregiver	5 days per year per eligible family member, 10 days per year for two or more eligible family members
Caregiver leave	Legally required to provide up to 93 days per eligible family member. NSK employees may take a total of up to 186 days* per eligible family member. * May be extended to a maximum of 365 days in special circumstances only.
Use of half-days	Not legally mandated. NSK employees may generally use (paid) half-days 12 times a year, but this is unlimited when half-days are taken for caregiving purposes.
Use of banked paid leave	Not legally mandated. NSK employees may take the number of days of (paid) banked leave needed for caregiving purposes.

《Measures to Support Work-Caregiving Balance》

- Seminars to help employees balance work and caregiving

(Major NSK Caregiving Seminars)



- Caregiver allowance (unique NSK benefit)
- Caregiver leave benefits

《Work Style Systems for Caregivers》

- Exemption from overtime work
- Limited work over statutory working hours
- Reduced hours for working caregivers (may be extended beyond 3 years depending on circumstances)
- Limited late-night work

## 《Other Main Initiatives》

- Publication of work-caregiving balance support guidebook
- Publication of email newsletter for HR personnel regarding family caregiving
- Compilation of reference materials to support family caregiving

### — 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
- Return-to-work program
- Awareness-raising activities: Menopause seminars for men and women, harassment prevention

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

## 《Main Initiatives》

- Awareness-raising activities: Training, information sessions, etc. on menstrual pain, pregnancy, menopause (men and women), and other topics
- 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.



# 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.

Evaluation and Feedback Using Target Management and Performance Reviews	
<p>The NSK Group uses a performance review system as a mechanism for employees to maximize their individual potential and abilities in achieving personal goals that are cascaded down from company and departmental objectives. This system aims to facilitate both individual growth and self-realization alongside company growth. Under this system, employees meet regularly with their supervisors to set goals at the beginning of each half of the fiscal year, then follow up during the period, and confirm results at the end of each half of the fiscal year. We also conduct a survey to determine how satisfied employees are with evaluation feedback from their supervisors, confirming every time that evaluations are fair and that managers and their employees are communicating well with each other. 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. We view supervisor feedback as another opportunity to support the growth of team members. By giving individuals the opportunity to reflect on their performance in dialogue with their supervisors, managers responsible for HR development, and persons in charge of HR development as their mentors, we help employees grow.</p>	
Job Rotation	Young Employee Rotation
<p>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.</p>	<p>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.</p>

Workplace and Career Aspirations Survey	System for Changing Employee Classification
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.	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 optional training programs designed to help employees gain practical skills to tackle the challenges they face in today's rapidly changing social environment, as well as the increasing diversity and complexity of work. This initiative provides employees an opportunity 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"><li>● Training before joining company<ul style="list-style-type: none"><li>- English</li><li>- Business skills (business etiquette, IT skills, relationship-building)</li></ul></li></ul>	<ul style="list-style-type: none"><li>● New employee development<ul style="list-style-type: none"><li>- New employee development (approx. 1 month)</li><li>- Plant training (approx. 3 months)</li><li>- Follow-up training (conducted three times during first two years)</li></ul></li></ul>	<ul style="list-style-type: none"><li>● New employee mentor training</li></ul>	<ul style="list-style-type: none"><li>● New assistant manager training</li></ul>	<ul style="list-style-type: none"><li>● New manager training</li><li>● Manager training (for managers)</li><li>● Training for managers responsible for new employees</li></ul>	<ul style="list-style-type: none"><li>● Manager training (for senior managers)</li></ul>
	Career Development Support			<ul style="list-style-type: none"><li>● Career seminar for young employees</li><li>● Follow-up training for mid-career hires</li><li>● Career seminar for different age groups (financial planning seminar and lifetime design seminar)</li></ul>		<ul style="list-style-type: none"><li>● Optional training for managers</li></ul>	
	Diversity		● Diversity education (support for work-life balance, LGBTQ)				
	Self-Improvement		● Business skills training (languages, correspondence courses, e-learning)				
	Selective Training					● NSK Management College <div>Assistant Manager Course</div> <div>Manager Course</div> <div>Global Course</div> <div>● External training for selected employees</div>	
Specialized Training	Quality Department Training		<ul style="list-style-type: none"><li>● Quality training for new employees</li></ul>	<ul style="list-style-type: none"><li>● Quality training (NIT, sales)</li><li>● <i>Quality-Dojo</i> training</li></ul>		<ul style="list-style-type: none"><li>● Quality management training</li></ul>	
	Production Department Training		<ul style="list-style-type: none"><li>● Group leader training</li><li>● NSK Manufacturing Education and Training Center<div>[Skilled Operators]<div>Autonomous Maintenance Course</div><div>Electrical Maintenance Course</div><div>Maintenance Expert Development Course</div></div><div>[Engineers]<div>Plant Engineer Basic Course</div><div>Electrical Basics for Plant Engineers</div></div><div>[Management Supervisors]<div>Autonomous Maintenance Course for Supervisors</div></div></li><li>● Fundamentals of NSK Core Values and Manufacturing (Integrated Learning Modules)<div>Safety Learning Module</div><div>Fire Prevention Learning Module</div><div>Environmental Learning Module</div><div>Quality Learning Module</div><div>Improvement Activity Learning Module</div><div>Carbon Neutrality Learning Module</div><div>Compliance Learning Module</div></li></ul>	<ul style="list-style-type: none"><li>● Core personnel development (for assistant managers)</li></ul>	<ul style="list-style-type: none"><li>● Core personnel development (for managers)</li></ul>		
	Technical Department Training		<ul style="list-style-type: none"><li>● NIT (NSK Institute of Technology)<div>Classes on basic skills for working professionals and common knowledge for NSK engineers (Intensive group training for 1st year, repeated training for 2nd and 3rd year)</div><div>Specialized knowledge course by Job (1st year and thereafter)</div><div>Technical English education</div></li><li>● MOT (Management of Technology) Course</li></ul>				
	DX Department Training		<ul style="list-style-type: none"><li>● Digital talent development program<div>Design thinking</div><div>e-learning</div><div>Digital tool training</div><div>Generative AI training</div><div>IoT training for production staff</div></li><li>● Design thinking for senior managers and managers</li><li>● e-learning for senior managers and managers</li></ul>				
	Sales Department Training			<ul style="list-style-type: none"><li>● Sales ability enhancement training</li></ul>			

## — 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 425 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 to deepen their understanding of the differences in the cultural backgrounds of each country. 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 they will need as senior leaders. In recent years, the GMC has been sending some participants to prestigious business schools outside Japan and inviting experts to come and give lectures. The GMC has been completed by 124 people from 17 countries in seven regions to date, and many of them are now active as leaders across the NSK Group. Since FY2019, we have been selecting assistant managers and offering them a special Assistant Manager Course. 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 five 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)

In 2007, NSK established the NSK Institute of Technology (NIT) to develop highly skilled technical personnel who can support NSK's competitiveness from a technological standpoint. In these times of constant change, NIT trains young employees to strengthen their fundamental business skills, enabling them to maximize and further develop their abilities. Additionally, NIT offers lectures in general knowledge areas, including science, mathematics, and engineering, along with the specific knowledge necessary for NSK engineers — in areas such as safety, quality, environment, engineering ethics, and the Four Core Technologies plus One. Specialized technical learning content across various fields is also provided online as needed. Through these initiatives, NSK offers educational support that helps engineers identify issues not only for direct customers, like automobile, home appliance, and industrial machinery manufacturers, but also for end users, local communities, and the global society, thereby contributing solutions leveraging NSK's MOTION & CONTROL™ while enhancing their own capabilities. In FY2023, 539 employees attended NIT lectures. Furthermore, NIT plays a role in developing the next generation in local communities by sending lecturers to universities and conducting science classes for elementary school students.

## NSK Manufacturing Education and Training Center: Courses and Content

The NSK Manufacturing Education and Training Center, established in 2005, aims to enhance the training of employees involved in production to provide better products for customers. Since its inception, a total of 1,265 employees have completed regular training and are active on the shop floor. To strengthen manufacturing, it is vital to improve the skills of each individual employee. Therefore, we have implemented a system where employees acquire technical skills and knowledge, take on central roles in the workplace, and pass on skills to their colleagues.

The training courses are listed in the table below. The NSK Manufacturing Education and Training Center operates in two locations on the Fujisawa Plant and Ishibe Plant premises. It serves a broad range of employees, from those who have been with the company for about two years to those in management positions. Approximately 150 employees receive training each year and apply what they learn in their respective workplaces.

	Course	Participants	Period	Location	Target Personnel Profile	Training Content
Skilled Operator Education	Autonomous Maintenance Course	Leaders, advanced maintenance staff, and candidates	6 weeks +3 months OJT, 2-day completion training	Ishibe Plant	<ul style="list-style-type: none"> <li>Personnel who acquired necessary knowledge and skills through theoretical and practical training as a practitioner of autonomous maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Develop abilities required as an equipment-capable operator</li> <li>Develop skills at the level of a certified autonomous maintenance technician</li> </ul>
	Electrical Maintenance Course	Advanced maintenance staff candidates	6 weeks +2 months (at plant)	Fujisawa Plant	<ul style="list-style-type: none"> <li>Personnel who can solve equipment problems, whether mechanical/electrical issues, as advanced maintenance staff candidates</li> </ul>	<ul style="list-style-type: none"> <li>Fundamentals of electrical maintenance (basic theory, programming, troubleshooting)</li> <li>2 months of hands-on training at plant</li> </ul>
	Maintenance Expert Training Course	Specialized maintenance staff	1 year	NSK MACHINERY Co., Ltd.	<ul style="list-style-type: none"> <li>Personnel who can perform complete overhauls independently and pass on these skills</li> </ul>	<ul style="list-style-type: none"> <li>Learn grinding machine overhaul and assembly knowledge/skills</li> <li>Obtain Machine Maintenance Technician and Finishing Technician certifications</li> </ul>



Engineer Education	Plant Engineer Basic Course	Engineers with 2-5 years of experience	6 weeks	Fujisawa Plant	<ul style="list-style-type: none"> <li>Personnel ready to take the first step toward becoming a plant engineer (who can develop themselves toward goals)</li> </ul>	<ul style="list-style-type: none"> <li>Basic knowledge for plant engineers (fundamental technology, basic management knowledge)</li> </ul>
	Electrical Basics for Plant Engineers	Mid-career engineers	Electrical basics: 2 days Electives: 2 days × 4 subjects	Fujisawa Plant	<ul style="list-style-type: none"> <li>Engineers who can solve equipment problems, whether mechanical/electrical issues</li> </ul>	<ul style="list-style-type: none"> <li>Basic electrical education for plant engineers</li> <li>Electrical basics (required), programming, inverters, touch panels (electives)</li> </ul>
Management Supervisor Education	Autonomous Maintenance Course for Supervisors	Group Leaders (1-3 years)	1 week	Ishibe Plant	<ul style="list-style-type: none"> <li>Supervisors who lead equipment-capable operators to improve their workplace and build a workplace with zero accidents, zero failures, and zero defects</li> </ul>	<ul style="list-style-type: none"> <li>Role of supervisors</li> <li>How to promote autonomous maintenance and maintenance "JISHUKEN"</li> <li>Skills at the level of certified autonomous maintenance technician</li> </ul>
	Core Personnel Development for Senior Managers and Managers	Senior Managers and Managers	1 day × 8 sessions	Head Office	<ul style="list-style-type: none"> <li>Personnel who understand how to realize the company's manufacturing vision and can engage in cost reduction activities that lead to profit improvement</li> </ul>	<ul style="list-style-type: none"> <li>Profit/loss and cost analysis, theme selection</li> <li>Management processes and management</li> <li>Establishing and implementing plant management projects</li> </ul>

## — Self-Development Programs and Language Training

NSK has established a correspondence education system to support employee skill development. We offer over 150 programs, including language courses, digital transformation/IT literacy, certifications, and specialized skills, with the company covering 50% of the tuition fees upon meeting completion requirements. Additionally, we implement measures to enhance English proficiency, such as offering TOEIC® tests in-house.

## — Higher Education and Various Training Programs

We send employees to universities and graduate schools in and outside Japan to cultivate globally active personnel and highly specialized professionals. Destinations include Japanese institutions such as the University of Tokyo, International University of Japan, Toyota Technological Institute, Institute of Science Tokyo, Kyushu University, and Yokohama National University, as well as institutions outside Japan like the University of California, Berkeley, Technical University of Munich, and Cranfield University.

## — Developing Quality-Support Professionals

NSK's quality education program is designed by the Quality Assurance Division Headquarters. Appropriate quality training is conducted as part of group training sessions organized by the Headquarters' Human Resources Department, NIT, and other relevant departments, depending on employees' divisions and organizational levels. Moreover, since FY2019, we have been establishing *Quality-Dojos* at our plants and technical departments, where regular quality training is conducted annually.

### Sixth Mid-Term Management Plan: Function-Based and Rank-Based Quality Education System

Rank	Expected role	Plants	Technology	Sales divisions & head office	
Executive officers	Lead agenda setting to anticipate change	Communication of NSK's core values			Reinforcing policy management and problem-solving skills (e-learning)
Senior managers/ managers		Quality management training			
Assistant managers Staff • Skilled operators • Group leaders	Connect team growth and NSK's growth	Regular training at <i>Quality-Dojos</i>	Quality training (NIT)	Sales quality training	At <i>Quality-Dojos</i> set up at Group sites, every year employees learn more about quality and reconsider its importance
New employees	Conduct ongoing learning about customers and quality	New employees training			Internal and external videos and training materials are available on one intranet site so employees can learn anytime
Group-wide		Quality Education Portal			

## 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"> <li>● <b>Supporting the NSK Foundation for the Advancement of Mechatronics (NSK-FAM)</b></li> </ul> <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&amp;D, education, technology exchanges, meetings, and other activities that will spur rapid progress in the development of mechatronics technology.</p> <p><a href="http://www.nskfam.or.jp/">http://www.nskfam.or.jp/</a> (only in Japanese)</p>

Development of the next generation	Next generation	<ul style="list-style-type: none"> <li>● Holding classes about bearings</li> <li>● Providing scholarships</li> <li>● Offering students work experience opportunities</li> <li>● Donation</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Support for the NSK Scholarship Foundation</b>  NSK established the NSK Scholarship Foundation in April 2017 to support the development of the next generation of human resources. 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.  <b>NSK Scholarship Foundation award ceremony held for FY2024 scholarship recipients (only in Japanese)</b></li> <li>● <b>Offering online science activities for children</b>  NSK has been offering the STEAM Program* annually since 2018 to share the fascinating world of manufacturing with children. In FY2024, the program provided science courses for children in Fujisawa City in August and at Tohoku University in September. The teaching materials used in these courses were based on dye-sensitized solar cell technology developed by NSK. 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.  * The Science, Technology, Engineering, Arts, and Mathematics (STEAM) Program is based on an educational policy and method that focuses on these learning areas.  <b>Science courses for children held in Fujisawa City and at Tohoku University this year (only in Japanese)</b>  <b>Children's Future Support Fund: Introduction of Donation-type Vending Machines</b></li> </ul>
Mutual harmony and benefit with communities	Local communities	<ul style="list-style-type: none"> <li>● Cooperating in welfare programs</li> <li>● Cooperating in community events</li> <li>● <b>Expanding Social Contribution Activities Related to Biodiversity Conservation</b></li> </ul>	<ul style="list-style-type: none"> <li>● <b>Donating bicycle helmets to elementary schools in Shinagawa ward</b>  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.</li> </ul>

NSK's Approach	System	Human Rights Due Diligence Initiatives
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## NSK's Approach

NSK believes that respecting human rights is our responsibility as a global company, and that it is essential to support and respect international norms, such as the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights.

The NSK Code of Corporate Ethics clearly stipulates that we do not tolerate discrimination or violations of human rights (forced labor, child labor, etc.) for any reason. Furthermore, we established the NSK Human Rights Policy in October 2022 to better clarify our approach to human rights in order to facilitate further initiatives. In accordance with the policy, we respect the human rights of our stakeholders and work with our suppliers on efforts to evaluate, prevent, and mitigate impacts on human rights in line with international norms.

[▶ NSK Human Rights Policy](#)

## System

The person responsible for promoting the NSK Group's human rights initiatives is the Executive Officer serving as the head of the Human Resources and General Affairs Division HQ and the head of the Legal and Compliance Division HQ (as of September 2024). 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 suppliers.

In addition, the Human Resources and General Affairs Division HQ, which is the organization responsible for promoting the Group's human rights initiatives, 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 to the Core Values Committee.





## Human Rights Due Diligence Initiatives

In FY2021, the NSK Group identified its key human rights risks with reference to human rights issues expressly stated in its 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 NSK's key human rights risks and assessed their priority level (likelihood of occurrence x severity).



Providing human rights education for NSK Group employees, in FY2023 we held e-learning for employees in and outside Japan, with approximately 12,000 participants. We also held training in Japan for individual job levels and target groups (for newly hired employees, managers, sales staff, and employees posted overseas), with approximately 900 participants.

We work with our suppliers in the area of human rights due diligence initiatives. In FY2023, we distributed a video on the NSK Human Rights Policy and initiatives to over 200 suppliers in Japan. We also requested suppliers outside Japan to conduct self-assessments on human resources, labor, safety and health, the environment, and other areas, and we provided feedback on the results to each company.

## Issues to Address/Mitigation Measures

### — Human Rights and Labor

In FY2023, we implemented self-assessments at 13 Group companies in Japan and 39 plants/companies in 15 other countries. The issues covered as human rights risks included discrimination in employment, child labor, forced labor, working conditions, and occupational safety and health, etc.

(Specific Examples of Verification)

#### **Discrimination in employment**

- The existence of clear policies and systems to prevent discrimination in the employment and treatment of employees on the basis of race, ethnicity, gender, language, religion or other opinion, national or social origin, property, birth or other status.
- The establishment of a harassment consultation channel and a grievance-handling channel. Provision of an awareness/training program on harassment for employees and its regular revision.

#### **Child labor**

- Non-engagement in child labor and other human rights violations and the existence of a policy and system to prevent it.

#### **Forced labor**

- Non-engagement in forced labor and other human rights violations and the existence of a policy and system to prevent it.

#### **Working conditions**

- Management of working hours (maximum overtime hours, etc.) and payment of appropriate wages (minimum wage, etc.) in accordance with the legal system of each country and regular checks and revisions.

#### **Occupational safety and health**

- Prioritization of workplace safety and health programs and policies and efforts to prevent accidents and injuries through both physical measures and education and training.

## — 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**

## — 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

## — Managing Supply Chain

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 Circulation
- Biodiversity Conservation
- Reducing Use of Environmentally Harmful Substances

## — Addressing Conflict Minerals Regulations

As a policy, NSK prohibits the use of conflict minerals<sup>\*1</sup> in its products. Conflict minerals are those that 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 inform relevant suppliers of the importance of addressing this issue and take measures to prevent the use of the relevant parts or raw materials.

Some NSK products, including electronic components used in driver units for Megatorque Motor™, contain metals such as tin and tantalum, which are subject to U.S. conflict minerals regulations<sup>\*2</sup>. 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. We evaluate the safety of mineral procurement using the CMRT and EMRT unified formats developed by the Responsible Minerals Initiative (RMI), an organization leading global efforts to avoid conflict minerals. Our investigations have not identified the use of any conflict minerals that could serve as a source of funds for armed groups.

\*1 Conflict minerals are defined as tantalum, tin, gold, and tungsten under the U.S. Dodd-Frank Act.

\*2 U.S. regulations require companies listed in the U.S. to investigate the potential use of conflict minerals in products, and to officially submit the results and publicly disclose them every year.

Although NSK is not listed in the U.S. where the regulations apply, the Company still conducts conflict mineral surveys and shares this information with customers.



## — Modern Slavery and Human Trafficking Statement

Based on the NSK Code of Corporate Ethics, the NSK Human Rights Policy, and the NSK Supplier CSR Guidelines, the NSK Group has published the modern slavery and human trafficking statement of NSK Europe Ltd., a consolidated subsidiary in the UK, and all its UK subsidiaries and affiliated companies (the “NSK Europe Group”).

### Modern Slavery Statement | NSK Europe

## — 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.



# Governance

Corporate Governance



Risk Management



Business Continuity  
Management (BCM)



Information Security  
Management



Compliance



## Corporate Governance

Corporate Governance

Board of Directors

Outside Directors

Directors/Officers'  
Compensation

Assessment of Effectiveness  
of Board of Directors

Cross-Shareholdings

Corporate Governance Library

## 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 promotes the Company's sustainability activities by discussing policies for promoting and strengthening core values and sharing related risks, establishing company-wide issues, making recommendations for their resolution, and monitoring progress.

## Supervisory Organizations

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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**

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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**

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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**

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The Corporate Planning Division Headquarters coordinates with each business, functional and regional headquarters 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 risk management.

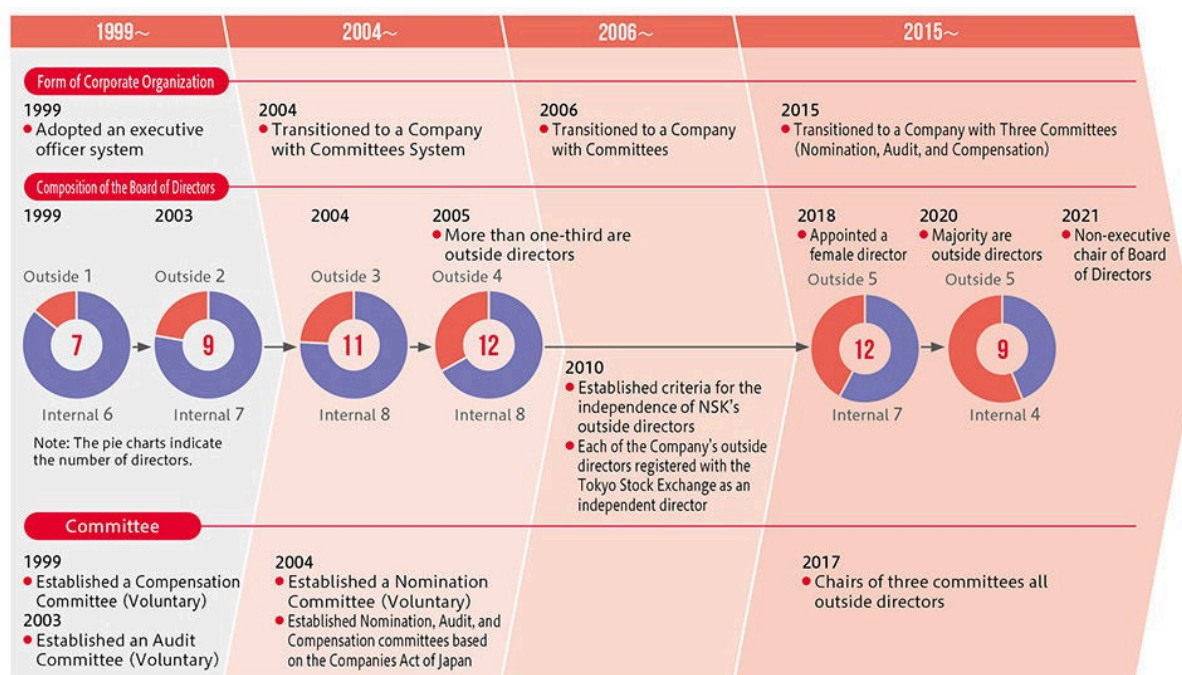
The Crisis Management Committee oversees the NSK Group's business continuity management efforts, anticipate the materialized risks that the NSK Group may encounter, and promote preparedness in normal times to minimize damage. In the event that a risk is materialized, the committee cooperates with related departments and direct and control prompt and accurate actions.

### **Approval and Reporting**

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

## Changes to Corporate Governance System



### — Response to Japan's Corporate Governance Code

NSK complies with all principles of the Corporate Governance Code and outlines its policies in the Corporate Governance Report that it submits to Tokyo Stock Exchange, Inc.

### Corporate Governance Report

## 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		*	*		*
Koichi Obara	*	*	*	*	
Junji Tsuda	*	*	*	*	
Sayoko Izumoto		*			*
Mikio Fujitsuka	*	*	*		*
Nobuhide Hayashi	*	*	*		*

Koichi Obara, Junji Tsuda, Sayoko Izumoto, Mikio Fujitsuka and Nobuhide Hayashi are outside directors.

## — Structure and Roles of Supervisory Organizations

(As of the end of June, 2024)

Roles and Structure of Supervisory Organizations				
<div> <div>Internal director</div> <div>Outside director (Men)</div> <div>Outside director (Women)</div> </div>				
Organizations	Board of Directors	Nomination Committee	Audit Committee	Compensation Committee
Structure	<p>Chair 9 members (4 internal directors, 5 outside directors)</p> <ul style="list-style-type: none"> <li>Majority outside directors</li> <li>Chaired by a non-executive director</li> </ul>	<p>Chair 3 members (2 outside directors, 1 internal director)</p> <ul style="list-style-type: none"> <li>Majority outside directors</li> <li>Chair: Outside director</li> </ul>	<p>Chair 3 members (2 outside directors, 1 internal director)</p> <ul style="list-style-type: none"> <li>Majority outside directors</li> <li>Chair: Outside director</li> </ul>	<p>Chair 3 members (2 outside directors, 1 internal director)</p> <ul style="list-style-type: none"> <li>Majority outside directors</li> <li>Chair: Outside director</li> </ul>
Objectives and Authority	<ul style="list-style-type: none"> <li>Passes resolutions related to basic management policies, etc. (including delegation of deciding on the execution of the operations to executive officers)</li> <li>Supervises execution of duties by executive officers</li> </ul>	<ul style="list-style-type: none"> <li>Determines the content of proposals submitted to the Shareholders Meeting regarding the appointment or dismissal of directors</li> </ul>	<ul style="list-style-type: none"> <li>Audits the duties of directors and executive officers</li> <li>Creates audit reports</li> <li>Determines the content of proposals related to appointment or dismissal of the auditor, and other matters</li> </ul>	<ul style="list-style-type: none"> <li>Determines policies on the compensation of directors and executive officers</li> <li>Determines the individual compensation provided to directors and executive officers, and other matters</li> </ul>
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 FY2023	10	6	14	4

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

(As of the end of June, 2024)

Name	Years as Director at NSK	Attendance at the Board of Directors and committee meetings (FY2023)			Current position of the Board	Significant Concurrent Positions outside the Company
Akitoshi Ichii	7	Board of Directors	100%	(10/10)	Member of the Nomination Committee	
		Nomination Committee	100%	(6/6)		
Keita Suzuki	1	Board of Directors	100%	(8/8)	Member of the Compensation Committee	-
		Compensation Committee	100%	(3/3)		
Saimon Nogami	11	Board of Directors	100%	(10/10)	-	Outside Director of Yasuda Logistics Corporation
		Compensation Committee	100%	(1/1)		
Kenichi Yamana	3	Board of Directors	100%	(10/10)	Member of the Audit Committee	-
		Audit Committee	100%	(14/14)		
Koichi Obara	3	Board of Directors	100%	(10/10)	Member of the Compensation Committee Member of the Audit Committee	Consultant of Maeda Corporation
		Compensation Committee	75%	(3/4)		
Junji Tsuda	2	Board of Directors	100%	(10/10)	Chair of the Nomination Committee	Senior Advisor of Yasukawa Electric Corporation Outside Director of TOTO LTD.
		Nomination Committee	100%	(6/6)		
Sayoko Izumoto	2	Board of Directors	100%	(10/10)	Chair of the Audit Committee	External Audit and Supervisory Board Member of Freund Corporation Outside Director of Tokyo Keiki Inc.
		Audit Committee	100%	(14/14)		
Mikio Fujitsuka	1	Board of Directors	88%	(7/8)	Member of the Nomination Committee	Outside Director of Yamaha Corporation
		Nomination Committee	100%	(5/5)		
Nobuhide Hayashi	-	-			Chair of the Compensation Committee	Advisor of Mizuho Financial Group, Inc. Auditor of JTB Corp. Outside Audit & Supervisory Board Member of Tobu Railway Co., Ltd.

\* Keita Suzuki and Mikio Fujitsuka were newly appointed as directors on June 23, 2023, and therefore have not attended any meetings in FY2023.

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

### — 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
Koichi Obara	*	Koichi Obara has supervised management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As a member of the Compensation Committee, he has played an appropriate role through discussions and deliberations on executive compensation policies and compensation decisions. We believe that he will contribute to improving and strengthening our corporate governance and enhancing our corporate value.
Junji Tsuda	*	Junji Tsuda has supervised management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As Chair of the Nomination Committee, he has played an appropriate role through discussions and deliberations on proposals for the appointment of Directors and CEO succession planning. We believe that he will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.
Sayoko Izumoto	*	Sayoko Izumoto has supervised management and provide advice on general management from an independent and fair standpoint, drawing on her extensive experience as a certified public accountant, high ethical standards, and broad insight, and she has actively participated in Board of Directors meetings. As the Chair of the Audit Committee, she has played a leading role through discussions and deliberations at committee meetings regarding the enhancement of the audit system and its operation. We believe that she will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.
Mikio Fujitsuka	*	Mikio Fujitsuka has supervised management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As a member of the Nomination Committee, he has played an appropriate role through discussions and deliberations on proposals for the appointment of Directors and CEO succession planning. We believe that he will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.
Nobuhide Hayashi	*	Nobuhide Hayashi has supervised management from an independent and fair standpoint, drawing on his wealth of experience as a corporate manager, high ethical standards, and broad insight. We believe that he will contribute to improving and strengthening our corporate governance and enhancing our corporate value by supervising management and providing advice on overall management as an Outside Director.

### ➤ 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**

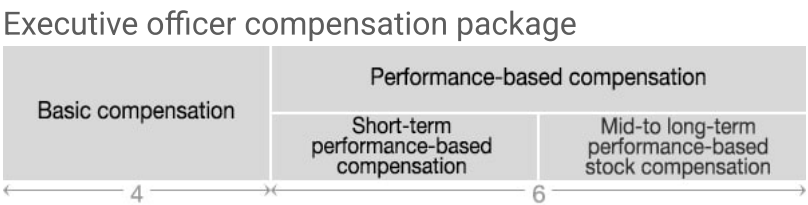
— Compensation for Directors and Executive Officers, Policy on Determining Compensation Amounts and Calculation Methods

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.



#### (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 CO<sub>2</sub> 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.

### Directors/Executive Officers' Compensation

	Total compensation	Fixed compensation		Performance-based compensation		Stock compensation	
		No. of officers	Amount	No. of officers	Amount	No. of officers	Amount
Directors (Internal)	¥120 million	5	¥101 million	-	-	3	¥18 million
Directors (Outside)	¥88 million	6	¥70 million	-	-	6	¥18 million
Executive Officers	¥982 million	18	¥540 million	16	¥74 million	24	¥368 million

\*Compensation (excluding stock compensation) for Directors (Internal) includes compensation for Directors who also serve as Executive Officers.

\*The amount of performance-based salary is the planned amount to be paid on July 1, 2024, based on the results for the year ended March 31, 2024.

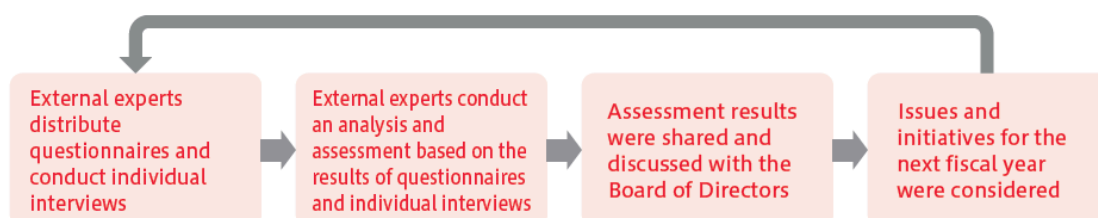
\*The amount of stock compensation is the amount recorded as expenses for the current fiscal year.

\*Figures listed above are rounded down to the nearest one million yen.

## 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.

### Assessment Procedures



■ Target: 9 directors

■ Questionnaire items: ① Management strategies and risk management ② Composition of the Board of Directors ③ Role and processes of the Board of Directors ④ Meeting management ⑤ Stakeholder engagement ⑥ CEO succession planning ⑦ Committees (Nomination, Audit, and Compensation Committees) ⑧ Culture ⑨ Directors' contributions ⑩ Importance of discussion themes and the amount of discussion

■ Individual interview: Individual interviews conducted by external experts based on questionnaire results

## — FY2023 Assessment Results and Future Initiatives

The results of the questionnaire and individual interviews confirmed that the effectiveness of the Board of Directors has improved in FY2023. In particular, the steady progress in confirming the progress of MTP2026 and the enhancement of discussions at meetings of the Board of Directors, such as the Board's close involvement in the transition of the Steering Business to a joint venture, which was a major decision, were highly evaluated.

FY2023 initiatives in response to FY2022 issues" and "Future initiatives in response to FY2023 issues" are as follows.

FY2023 Initiatives in Response to FY2022 Issues

FY2022 Issues	FY2023 Initiatives
Sharing the roles of the Board of Directors amid business restructuring	<ul style="list-style-type: none"> <li>● A process whereby the chairperson of the Board of Directors, outside directors, and the CEO discuss and determine the Board meeting agenda was introduced.</li> <li>● The Board of Directors was deeply involved in the transition of the Steering Business to a joint venture.</li> </ul>
Thorough and complete monitoring of MTP2026	<ul style="list-style-type: none"> <li>● Directors shared their understanding of monitoring and coordinated with the executive side.</li> <li>● The Board of Directors enhanced its discussions on MTP2026 themes.</li> </ul>
Further strengthening the contribution of outside directors	<ul style="list-style-type: none"> <li>● Site visits and the practice of holding Board meetings at plants were resumed, to deepen the business understanding of outside directors.</li> <li>● Communication was enhanced through the resumption of regular meetings of outside directors.</li> </ul>

Future Key Initiatives in Response to FY2023 Issues

FY2023 Issues	Main Future Initiatives
Enhancement of discussions based on perspectives of stakeholders	<ul style="list-style-type: none"> <li>● Enhancement of discussions (including discussions on sustainability) based on the perspectives and opinions of shareholders and the capital markets.</li> <li>● Further enhance dialogue with shareholders and the capital markets and information disclosures.</li> </ul>
Further enhancement of monitoring	<ul style="list-style-type: none"> <li>● Monitor progress on each important theme and update MTP2026 in response to changes in the environment.</li> </ul>
Awareness of and appropriate involvement in "defensive governance"	<ul style="list-style-type: none"> <li>● Awareness of and appropriate involvement in defensive governance (e.g., risk management, internal control, group governance).</li> </ul>
Involvement in Nomination Committee topics	<ul style="list-style-type: none"> <li>● Hold discussions in a timely manner in response to information shared as the Board of Directors.</li> </ul>

## Cross-Shareholdings

### — Policy on cross-shareholding

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

As a result, the number of cross-shareholdings held by the Company has been reduced by 5 stocks (including 3 listed companies) in FY2023, from 136 stocks (including 79 listed companies) at the end of March 2010 to 52 stocks (including 20 listed companies) at the end of March 2024, a reduction of 84 stocks (including 59 listed companies) over 14 years.



## — Criteria for exercise of voting rights concerning cross-shareholdings

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

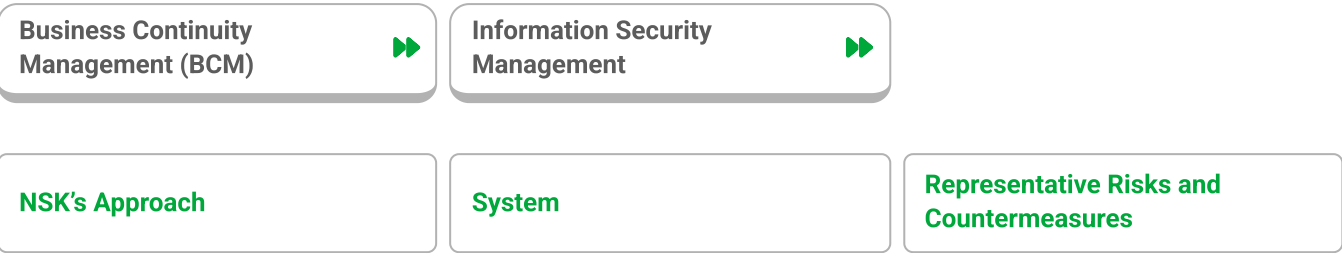
## ➤ Notice of the Ordinary General Meeting of Shareholders (Cross-Shareholdings)

## Corporate Governance Library

[Corporate Governance Report](#)

[NSK Report](#)

[ESG Data 2024 Governance](#)



## 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

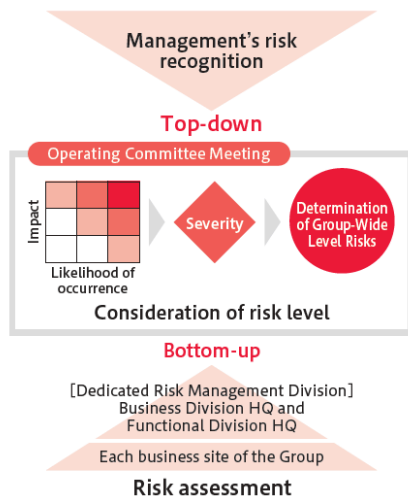
### — Risk Management Systems

NSK conducts risk management based on clearly stipulated fundamental principles aimed at effectively enabling the Group global management and internal control functions; however, to further increase the effectiveness of risk management, starting from FY2024, NSK introduced a new Enterprise Risk Management (ERM) framework setting out more clearly the "Three Lines of Defense" approach.

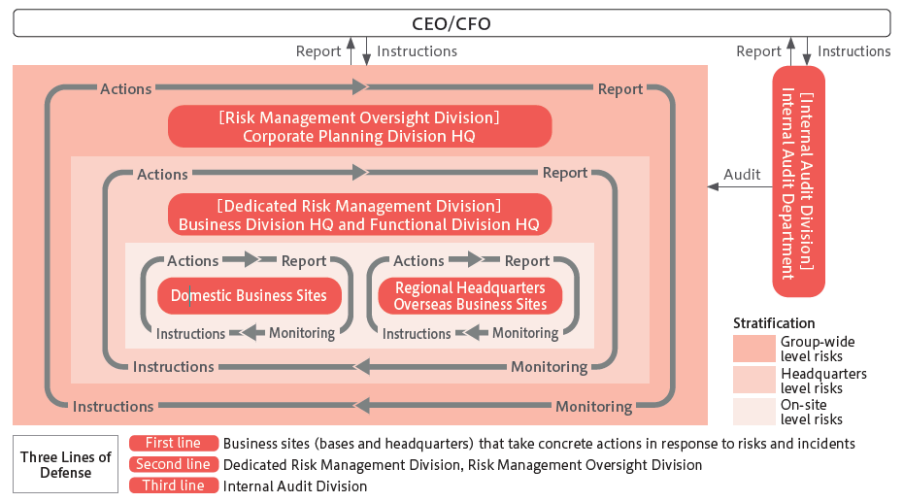
Key pillars for operation of the new framework are the introduction of risk stratification and enhancement of potential risk management. In terms of stratification, based on management's risk recognition and instructions, risks identified through group-wide risk assessments were divided into three categories: group-wide level risk, headquarters-level risk, and on-site level risk, and responsibility for addressing each risk was clarified. The Operating Committee determines group-wide material risks based on consideration of their severity in addition to an evaluation of likelihood of occurrence and impact and reports them to the Board of Directors. In addition, for each risk identified in accordance with the new risk classification, we are required to determine countermeasures from the viewpoints of avoiding, mitigating, diverting, or accepting risk and to seek more effective prevention through more thoroughgoing implementation of the cycle of taking and reporting such actions, and monitoring and giving instructions. At the same time, we adopt a system where, in the event of an incident, the Dedicated Risk Management Division (Business Division Headquarters or Functional Division Headquarters) in charge of managing the relevant risk seeks to mitigate the impact by working with the affected business site to take prompt and appropriate steps and assumes responsibility until the incident is over.

In addition, the internal audit division (Internal Audit Department) checks the ERM system framework and reports its findings to the Audit Committee.

## Determination of Group-Wide Level Risks



## Enterprise Risk Management (ERM) System

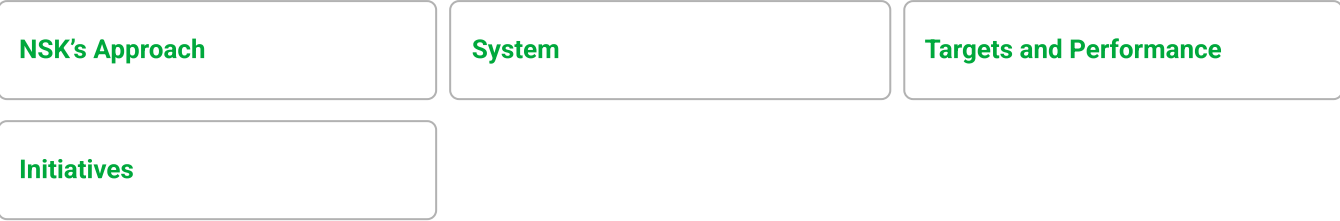


## Representative Risks and Countermeasures

Risk Item	Details of Representative Risks	Countermeasures
(1) Risks associated with technological innovation	<ul style="list-style-type: none"> <li>Risk of delayed development response to market changes and customer technology demands brought on by technological innovation</li> </ul>	<ul style="list-style-type: none"> <li>Ensure development plan management and operation based on mid- to long-term policies</li> <li>Leverage open innovation and alliances</li> </ul>
(2) Risks associated with safety, prevention of fire, and natural disasters	<ul style="list-style-type: none"> <li>Risk of operations being impacted by an inadequate BCP response to events such as a natural disaster or pandemic</li> <li>Risk of a major industrial accident occurring</li> <li>Risk of a halt in operations due to a fire</li> </ul>	<ul style="list-style-type: none"> <li>Prioritize through impact analysis and specify and implement concrete countermeasures</li> <li>Strengthen management systems and step up preventive activities at priority business sites</li> <li>Enhance group-wide in-house training activities</li> </ul>
(3) Risks associated with quality	<ul style="list-style-type: none"> <li>Risk of occurrence of serious quality problems</li> <li>Risk of decline in capability to deal with problems due to shortcoming in quality assurance system</li> <li>Risk of quality data fraud and falsification</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen countermeasures based on analysis of past incidents</li> <li>Mitigate impact in the event of a problem through the introduction of a group-wide traceability system</li> <li>Enhance information sharing and quality audit activities, and strengthen training</li> </ul>
(4) Risks associated with the environment	<ul style="list-style-type: none"> <li>Risk that delayed measures to reduce energy use in the long term will lead to lost business opportunities and damage to corporate value</li> <li>Risk of a leak of environmentally harmful substances or overrun of emission standards</li> </ul>	<ul style="list-style-type: none"> <li>Implement investment plan based on cycle for achieving energy reduction targets</li> <li>Strengthen management systems and step up preventive activities at priority business sites</li> </ul>

(5) Risks associated with compliance	<ul style="list-style-type: none"> <li>● Risk of delayed response to changes in various laws and regulations</li> <li>● Risk of our products being used by users of concern under security export controls</li> <li>● Risk of shortcomings in our responsiveness to global taxation issues</li> </ul>	<ul style="list-style-type: none"> <li>● Information sharing, and education and training through the Group compliance system</li> <li>● Step up initiatives based on the Three Lines of Defense, thoroughly implement customer management and conduct regular audits</li> <li>● Strengthen tax management system including increasing resources to deal with international taxation and sharing data and risks between parent company and subsidiaries</li> </ul>
(6) Risks associated with human resources and labor	<ul style="list-style-type: none"> <li>● Risk of being unable to secure the globally competent human resources needed to expand business and implement strategies</li> <li>● Risk of being too slow to embrace diverse work styles and review personnel systems and measures accordingly</li> <li>● Risk of disruption to business operations as a result of failure to comply with each country's labor laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthen recruitment process and enhance succession planning according to the status of businesses and capabilities under the condition of each country and region</li> <li>● Formulate and implement measures and action plans within the Group based on engagement surveys and step up awareness-raising activities</li> <li>● Engage in information exchange and monitoring with the Human Resource division of each region around the world on a regular basis and collaborate with external experts</li> </ul>
(7) Risks associated with procurement	<ul style="list-style-type: none"> <li>● Risk of disruption to procurement due to overreliance on specific suppliers</li> </ul>	<ul style="list-style-type: none"> <li>● Consider alternatives, have more than one supplier, and encourage local procurement</li> </ul>
(8) Risks associated with DX and information security	<ul style="list-style-type: none"> <li>● Risk of delivery delays and rising costs in connection with the introduction of core systems</li> <li>● Information security risks such as cyber attacks and the leakage of confidential information</li> </ul>	<ul style="list-style-type: none"> <li>● Tighten project management and establish a rigorous review process for additional development</li> <li>● Well scheduled system updates, and conduct vulnerability assessments on a regular basis</li> <li>● Improve ability of early detection and coping skills, and strengthen prompt recovery capability</li> </ul>
(9) Risks associated with mid- to long-term improvement in corporate value	<ul style="list-style-type: none"> <li>● Risk that unexpected changes in the business environment prevent achievement of the mid-term management plan</li> <li>● Risk that inadequate dialogue with stakeholders, including shareholders, investors, employees, and others, impacts improvement in corporate value or external evaluations</li> </ul>	<ul style="list-style-type: none"> <li>● Monitor achievement of the plan and formulate and implement new countermeasures in the event any negative changes occurred</li> <li>● Increase engagement activities with all stakeholders and improve disclosures and communication</li> </ul>

# Business Continuity Management (BCM)



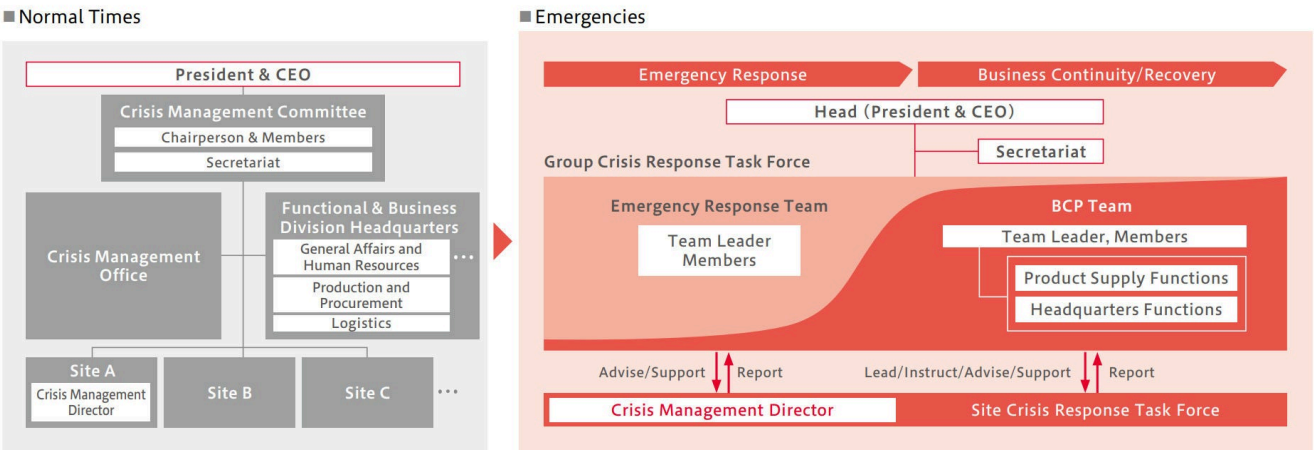
## NSK's Approach

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. NSK has established a Business Continuity Plan (BCP). As part of its disaster preparedness, NSK focuses on measures to reduce damage in the event of disaster. As post-disaster measures, NSK works to shorten recovery times and investigate alternative means of conducting business. We also ensure that necessary inventories are maintained to fulfill our responsibility to supply products to customers.

## System

As an organization that directly reports to the CEO, NSK has permanently established the Crisis Management Committee to oversee initiatives related to business continuity management and to foresee the risks that the NSK Group might face. Based on this preparedness, NSK has put into place systems during normal times while directing and controlling organizations to respond to a crisis in an emergency. 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





## 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"> <li>● Implement a BCM in accordance with global standards</li> <li>● Strengthen the information sharing platform</li> </ul>	<ul style="list-style-type: none"> <li>● Formulate a BCP for critical functions</li> <li>● Enhance the effectiveness of the BCP formulated</li> </ul>
FY2023	Targets	<ul style="list-style-type: none"> <li>● Visualize recovery targets and effects of implemented measures through BCM improvements</li> <li>● Integrate platforms for information gathering, reporting, and sharing during normal times and emergency situations</li> </ul>	<ul style="list-style-type: none"> <li>● Establish a global version of the BCP guidelines</li> <li>● Review BCP verification method, and verify and optimize effectiveness</li> </ul>
	Performance	<ul style="list-style-type: none"> <li>● Selected priority products for BCP investigation and established recovery targets</li> <li>● Defined a policy for creating an integrated platform for disaster information gathering, reporting, and sharing</li> </ul>	<ul style="list-style-type: none"> <li>● Reviewed BCP verification method, and verified its effectiveness for optimization</li> </ul>
FY2024	Targets	<ul style="list-style-type: none"> <li>● Identify issues in order to achieve the recovery target and implement necessary measures</li> <li>● Prepare for the implementation of an integrated platform for disaster information gathering, reporting, and sharing</li> </ul>	<ul style="list-style-type: none"> <li>● Establish a global version of the BCP guidelines</li> <li>● Conduct training to enhance decision-making capabilities and action-taking skills, focusing on individuals</li> </ul>

## Initiatives

### 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.

## Initiatives to Enhance BCP Effectiveness

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.

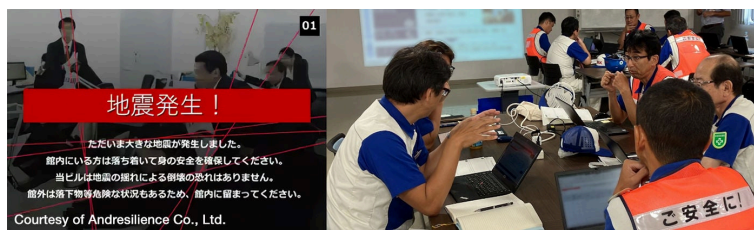
### «Initiatives in FY2024»

#### Strengthening the Capabilities of Individuals

To ensure the business continuity of organizations and companies, it is essential that each employee can respond appropriately in an emergency without relying on instructions from a leader. With this in mind, NSK will introduce new training programs in FY2024. These programs will include learning methods for rescuing and aiding casualties using disaster simulations, as well as provide leadership skills so that people can solve problems that rapidly materialize during a disaster. Plans call for the new training to start at a pilot plant and then be expanded to other locations.



First hands training on protecting people's lives



Problem solving training using disaster simulations

#### Reflections on Disaster Responses

In light of frequent earthquakes and heavy rainfall, NSK is reflecting on its disaster responses to identify areas for improvement in its BCP. Recent insights have highlighted the need to improve decision-making and communication methods when crisis levels escalate outside of normal working hours, to better understand the latest hazard information around plants, replenish disaster supplies, and ensure the effectiveness of preparedness through exercises. Based on these reflections, we have carried out inspections of weather-related disaster preparedness at all domestic and overseas plants.

## «Measures for Adapting to Climate Change»

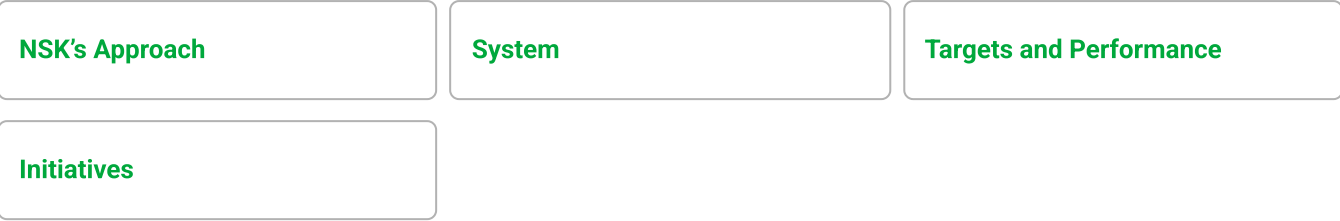
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We have been implementing various measures to address the increasingly severe weather disasters caused by the advance of climate change. For example, as a part of flood preparedness measures, we have conducted actions such as reviewing timeline action plan procedures, installing anti-flood plates, and implementing training for sandbag installation.



Regular training on installing anti-flood plates





## 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. In this business environment, in addition to the risks associated with information leaks and violations of laws due to the improper handling of information, there is also a higher risk of increasingly sophisticated cyberattacks, which could bring supply chain operations to a halt. Positioning information security management as one of its important management tasks, the NSK Group has established the NSK Group Basic Policy on Information Security and 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

The NSK Group 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

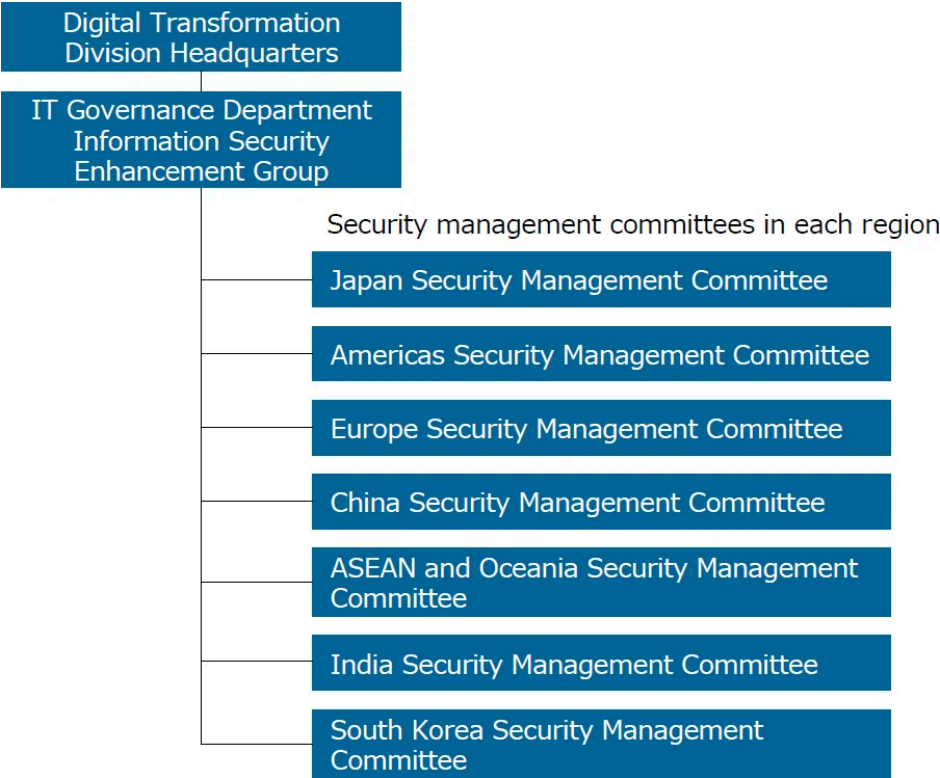
NSK Group Basic Policy on Information Security	This policy sets out the objectives for the NSK Group's information security (information security initiatives, handling of information assets, compliance with laws, regulations, and contracts, as well as education and continuous improvement). <a href="#">NSK Group Basic Policy on Information Security</a>
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 with the power of digital technology and continuously transforming its business. This is a key priority in our Mid-Term Management Plan 2026, MTP 2026. We established the Information Security Division (IT Governance Department, Information Security Enhancement Group) under the Digital Transformation Division Headquarters at NSK Ltd., the Group headquarters, 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 and are discussed by the Board of Directors as an issue that concerns the Group as a whole. The Information Security Division 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.

Furthermore, NSK has established a CSIRT\* organization to quickly and appropriately respond to cyberattacks, aimed at preventing the spread of damage and facilitating swift recovery. NSK is also a member of the Nippon CSIRT Association.

\* CSIRT is an abbreviation for Computer Security Incident Response Team, an organization that rapidly responds to computer security incidents.





## 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"> <li>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</li> <li>Establish a highly secure IT infrastructure to address increasingly sophisticated cyberattacks and take initiatives to strengthen the incident response structure</li> </ul>		
MTP2026	Targets	<ul style="list-style-type: none"> <li>Strengthen security governance management operations</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen cyber security risk countermeasures</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen infrastructure security</li> </ul>
FY2023	Targets	<ul style="list-style-type: none"> <li>Continue efforts to improve the security maturity level based on official guidelines*</li> <li>Continuously strengthen cyberattack response structure</li> </ul>	<ul style="list-style-type: none"> <li>Improve cybersecurity response capabilities with education and training</li> </ul>	<ul style="list-style-type: none"> <li>Establish a security-focused next-generation network and strengthen vulnerability management</li> </ul>
	Performance	<ul style="list-style-type: none"> <li>Continued efforts to improve security standards and started strengthening global standards system</li> <li>Strengthened plant incident response structure</li> </ul>	<ul style="list-style-type: none"> <li>Participated in the FY2023 Cross-Sectoral Exercise organized by the National center of Incident readiness and Strategy for Cybersecurity and Nippon CSIRT Association</li> <li>Conducted incident response training at plants in Japan</li> <li>Conducted information security inspections at business partners</li> <li>Carried out regular education and training of various types in addition to the above</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened technical measures to manage vulnerabilities</li> </ul>
FY2024	Targets	<ul style="list-style-type: none"> <li>Promote standardization at the global level</li> </ul>	<ul style="list-style-type: none"> <li>Improve cybersecurity response capabilities with education and training</li> </ul>	<ul style="list-style-type: none"> <li>Deploy global standard tools and platforms</li> </ul>

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

### — Enhancing Information Security Management

By utilizing globally adopted guidelines and frameworks (NIST Cyber Security Framework 2.0, CIS Controls, etc.) developed by professional cybersecurity organizations, NSK is forging a balanced approach to information security management in the context of people and organizations, processes, and technologies, while incorporating the concept of cyber resilience and working to strengthen these initiatives.

#### Status of Security Certifications

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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.

#### Enhancing Incident Response Capabilities

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We are advancing technical measures to detect suspicious activities and security threats on information devices and networks. Information about detected incidents is analyzed by the Security Operations Center,<sup>\*1</sup> which then implements countermeasures. With this structure, we have established mechanisms for swiftly responding to security incidents. In addition, vulnerabilities that affect the entire NSK Group are monitored utilizing security rating services<sup>\*2</sup> and attack surface management (ASM).<sup>\*3</sup>

In view of the significant impact of recent security incidents on the supply chains of other companies, we also carry out information security inspections at suppliers and strive to enhance their security level. Efforts are also underway to enhance the incident response structure at NSK plants to enable not only an IT response, but an OT<sup>\*4</sup> response to incidents, as well.

<sup>\*1</sup> Security Operations Center is an organization dedicated to detecting, analyzing, and taking countermeasures to cybersecurity threats.

<sup>\*2</sup> Security rating services quantify a company's security measures to provide ratings that are useful in external and internal risk assessment and the formulation of countermeasures.

<sup>\*3</sup> Attack surface management is a series of processes executed to discover IT assets that are accessible from outside the organization (via the Internet) and to continuously identify and assess the vulnerabilities and other risks they present.

<sup>\*4</sup> Operational technology (OT) consists of plant and other facility control systems. Whereas IT deals specifically with information, OT is considered unique in that it interacts with the physical environment.

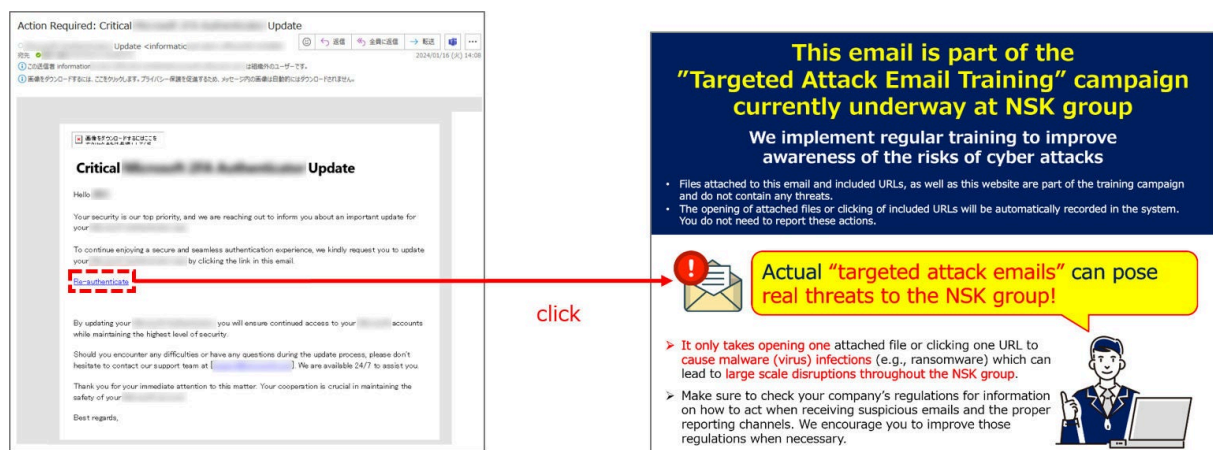
## Training and Countermeasures against Cyberattack

NSK conducts annual drills simulating incidents triggered by cyberattack. In FY2024, we participated in the NISC/NCA collaborative drill\* held by the Nippon CSIRT Association to verify whether our response structure would function effectively in the event of an actual incident. We also collaborate with regional system management departments to provide training on targeted attack emails to all employees who use a PC. Incident response drills at plants simulate attacks that have taken down internal plant systems and OT systems. We assess responses designed to ensure production continuity in the event of an emergency and make improvements to address identified issues.

\* NISC/NCA collaborative drills are cyber drills executed jointly by the National center of Incident readiness and Strategy for Cybersecurity (NISC) and Nippon CSIRT Association (NCA). NISC conducts an annual all-sectoral critical infrastructure provider drill (cybersecurity tabletop exercise) every December for NCA members.

### Image from Targeted Attack Email Training

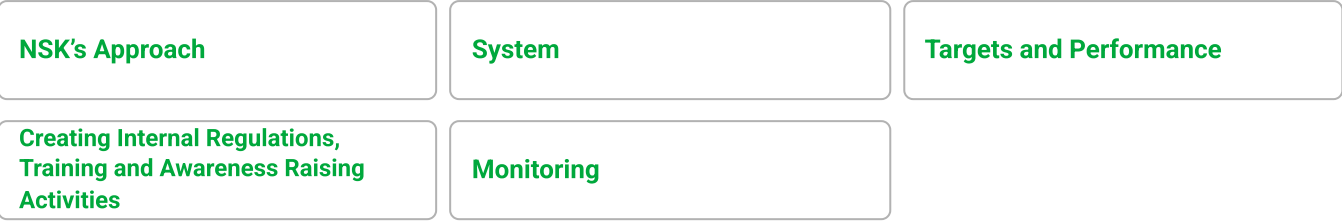
Educational content is displayed to employees who do not handle a suspicious email properly, in order to help employees thoroughly understand the appropriate actions to be taken.



### — Raising Information Security Awareness

#### 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: April 1, 2022)

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.

## — Compliance Promotion System

The Legal and Compliance Division HQ formulates policies to strengthen the compliance structure of the NSK Group, implements various measure based on these policies, and continuously monitors the implementation status. Activities of the Legal and Compliance Division 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 Values Committee makes recommendations and monitors progress toward resolving company-wide compliance issues.

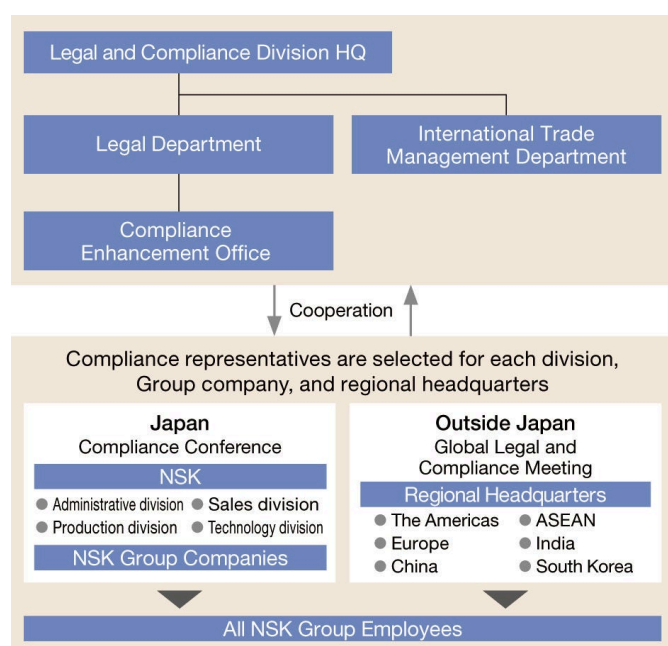
The NSK Group has appointed persons responsible for compliance at each department, site, and NSK Group company in Japan as well as each headquarters outside Japan to serve as key contact points who regularly report on compliance and conduct risk management.

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

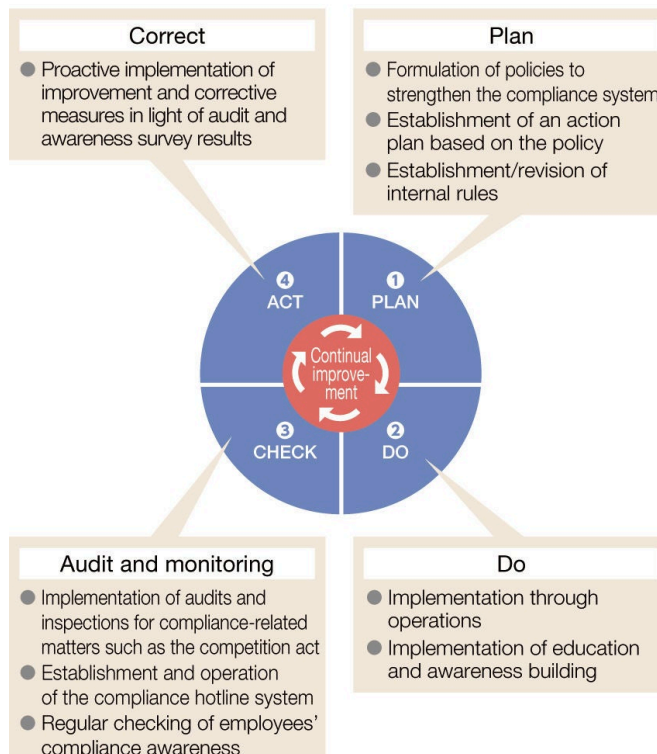
## — Global Legal and Compliance Meetings

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"> <li>● Maintain and improve compliance awareness</li> </ul>	<ul style="list-style-type: none"> <li>● Further enhance the reduction of compliance risks</li> </ul>
FY2023	Targets	<ul style="list-style-type: none"> <li>● Plan and execute training and awareness-raising activities on overall compliance</li> <li>● Spread awareness and promote use of the compliance hotline</li> </ul>	<ul style="list-style-type: none"> <li>● Make use of data and DX to anticipate and address compliance risks</li> </ul>
	Performance	<ul style="list-style-type: none"> <li>● Conducted training in all sales divisions</li> <li>● Conducted training across all technical departments</li> <li>● Conducted training at nine production sites</li> <li>● Addressed internal concerns that may cause hesitation to use the compliance hotline by raising awareness of its importance through various training programs</li> </ul>	<ul style="list-style-type: none"> <li>● Reduced compliance risks by introducing an AI chatbot to respond to compliance-related inquiries</li> </ul>
FY2024	Targets	<ul style="list-style-type: none"> <li>● Plan and execute training and awareness-raising activities on overall compliance</li> </ul>	<ul style="list-style-type: none"> <li>● Reduce compliance risks by strengthening monitoring activities</li> </ul>

## Creating Internal Regulations, Training and Awareness Raising Activities

### — Distribution of Compliance Guidebook

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

[!\[\]\(cbe2492b119e39e02a1dab2af4a4b296\_img.jpg\) 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 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. 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 by conducting e-learning sessions, specialized training, and regular audits.

## — 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.

[!\[\]\(2e897e890e69d81eae4503a8342c36b0\_img.jpg\) Privacy Policy](#)

## — 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.

[!\[\]\(830769b31eeeaca920791081939ff8ba\_img.jpg\) Tax Policy](#)

## — 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. 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. As a result of these training and awareness-raising activities, the percentage of favorable responses to compliance-related questions in engagement surveys improved from 59% in FY2019 to 72% in FY2023.



## Training/Activities Conducted in FY2023

Details	Subjects
<ul style="list-style-type: none"> <li>● Training on antimonopoly laws and the importance of accurate corporate recordkeeping (conducted annually)</li> </ul>	Japan: Employees in all sales divisions
<ul style="list-style-type: none"> <li>● Storytelling activities to convey facts and lessons learned from cartel incidents</li> </ul>	
<ul style="list-style-type: none"> <li>● Training to prevent workplace harassment as well as quality fraud, such as data falsification</li> </ul>	Japan: Employees at nine production sites
<ul style="list-style-type: none"> <li>● Training to foster engineering ethics and prevent quality fraud, including data falsification</li> </ul>	Japan: Employees in all technical departments
<ul style="list-style-type: none"> <li>● E-learning and other training programs (themes: personal information protection; business and human rights)</li> </ul>	Japan: All 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 FY2023, a message from the president was delivered to locations in Japan and other countries, and employees watched a video about the cartel incident and an explanation of NSK’s Corporate Philosophy. In Japan, initiatives were introduced to foster a workplace culture that embodies “Beyond Limits, Beyond Today,” our action guidelines for realizing the Corporate Philosophy. 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.

## 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.

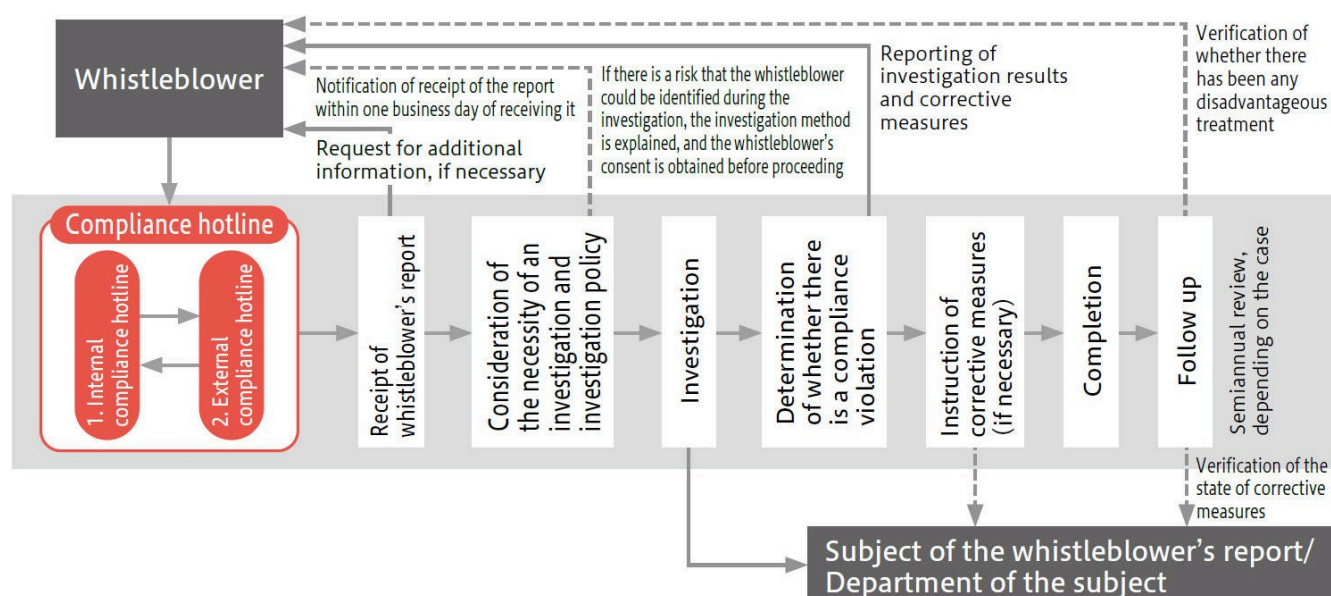
### — Auditing and Inspection

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. Points for adherence to the NSK Code of Corporate Ethics are reviewed annually under the group-wide Enterprise Risk Management (ERM) framework.

## — 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. 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 FY2023, 131 reports were received globally.



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

## Scope of Coverage

### — Period of Coverage

Primarily FY2023 (April 1, 2023 to March 31, 2024).

Some activities from before March 2023 and after April 2024 are also covered.

### — Organizations Covered

NSK Ltd. and its consolidated subsidiaries (82 companies in all).

Affiliates accounted for using the equity method (29 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)

[!\[\]\(7d1d6890825e83a6a4a51febe2dcc7f3\_img.jpg\) GRI Standard Index](#)

## Contact us regarding our sustainability report

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