



NSK Group

Sustainability Report

2022

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Sustainability at NSK

Sustainability Approach and System

Sustainability Management ▶

Sustainability Management

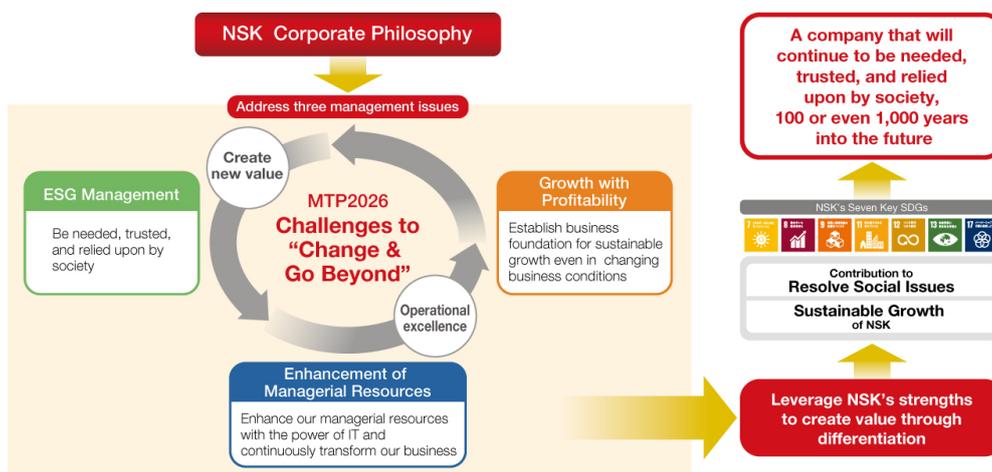
— Pursuing Value Creation to Address Social Issues and Deliver Sustainable Growth as a Company

Under its mission statement calling for “a safer, smoother society,” “protection of the global environment” and “improved relationships between people,” NSK aims to balance its contribution to resolutions for social issues with sustainable growth as a company by creating collaborative value with all stakeholders. This is NSK’s approach to sustainability.

Moreover, we have positioned fiscal 2022 to fiscal 2026, 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.

Under a governance framework that raises the efficiency, flexibility and fairness of management and strengthens the supervisory function, NSK’s approach to ESG is based on the core values of safety, quality, environment, and compliance. NSK’s approach also defines contribution to resolutions of social issues as a responsibility of the Company. Similarly, upon advancing initiatives, the Company formulated the SDGs Declaration that respects the spirit of the SDGs and selected NSK’s seven key goals based on this approach. While keeping these seven material issues in mind, the Company has drawn up the Declaration of NSK’s Initiatives as strategic initiatives with more clarity. Through its business activities, NSK will contribute to the achievement of the SDGs by continuing to create collaborative value with stakeholders.

▶ [Realizing the World Envisioned by NSK and the SDGs \(related site\)](#)



NSK's SDGs Declaration

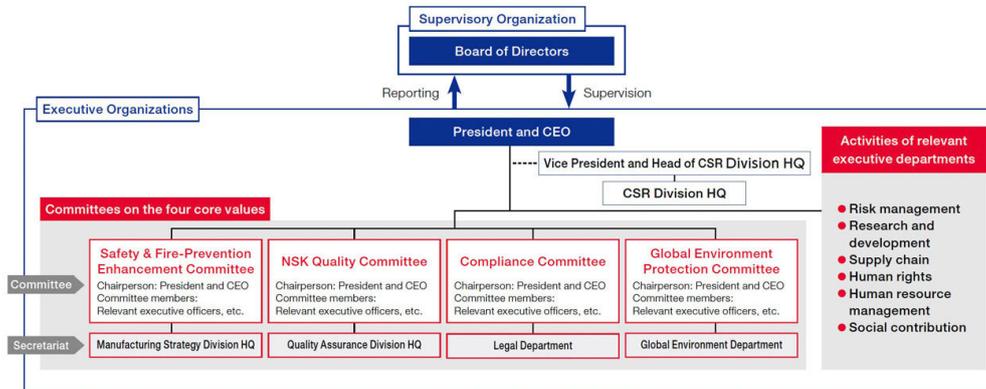
In line with our Mission Statement, NSK will work to resolve societal issues by conducting sincere and responsible business operations and achieving innovation in our products and services, in order to help realize a sustainable society. We will uphold the spirit of all 17 SDGs, and have selected seven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

NSK's
Seven Key
SDGs



— CSR/ESG Management Execution System

To uphold the four core values of safety, quality, environment, and compliance, NSK has established a CSR and ESG management system. It is comprised of various committees with members including the President and relevant officers. They deliberate and make decisions on ESG policies for the entire Group, check and review the progress of initiatives, and share information across departments. In other areas, relevant executive departments are working together every day to improve the effectiveness of their activities.



Sustainability Highlights

- Environment
- Social
- Governance

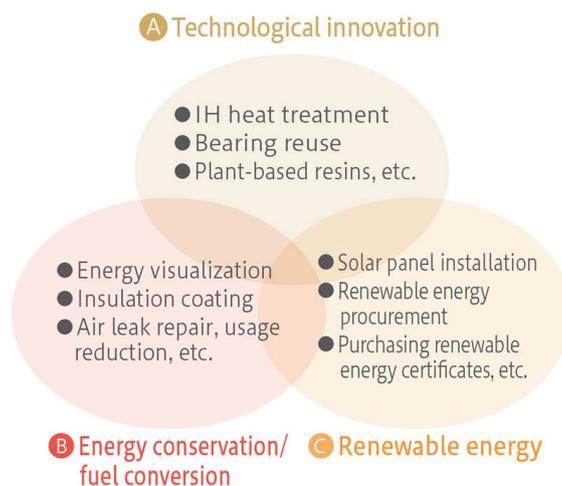
Environment

— Reducing CO₂ Emissions from NSK Business Operations

In June 2021, NSK established the Carbon Neutrality Department directly under the president to reduce CO₂ emissions from its business operations in the following three categories: A) technological innovation, B) energy conservation/fuel conversion, and C) renewable energy. This department will further accelerate these initiatives by organically collaborating with related departments from companywide and mid- to long-term perspectives.

In addition to these initiatives, we are considering the implementation of internal carbon pricing^{*1} to visualize the value of CO₂ emission reductions.

*1 Internal carbon pricing: a mechanism for companies to independently assign prices to their CO₂ emissions and use it to make investment decisions.



— A) Technological Innovation

Development of the World's First Biomass Plastic Heat-Resistant Resin Cage

NSK has a long history of developing environmentally friendly materials and products, including the development of biodegradable plastics in 2008 and food-derived grease in 2013. In 2021, NSK created the world's first biomass plastic heat-resistant resin cage for rolling bearings made mainly from plant-based biomass materials. We will continue to accelerate R&D focused on practical applications for biomass plastics by making full use of NSK's material, analysis, molding, and evaluation technologies.

Features 1

They exhibit the same strength and heat resistance as conventional polyamide 66 (66 nylon) cages made from fossil resources.

Features 2

Plants are biomass resources that grow by absorbing CO₂ from the atmosphere, therefore incinerating biomass plastics does not increase the amount of CO₂ in the atmosphere. As a result, a 91%^{*2} reduction in CO₂ emissions is expected over the entire cage life cycle by switching from a conventional cage.

*2 Material manufacturer estimates

— B) Energy Conservation/Fuel Conversion

Visualization and Reduction of CO₂ Emissions at Production Plants

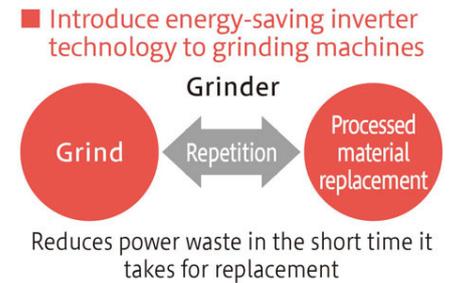
In fiscal 2020, we introduced a system at NSK's Saitama Plant that enables us to visualize CO₂ emissions at each bearing production process and the operational status of production lines. Using this system, we can detect unnecessary CO₂ emissions and pursue efficient improvement activities. Currently, we are working to improve the efficiency of heat treatment furnaces and reduce compressed air consumption in production facilities. We will expand these activities to other plants while continuing to make improvements at the Saitama Plant.



Visualization of CO₂ emissions by production process

Reduction of CO₂ Emissions from Bearing Production Grinding Machines

NSK plants consume a large amount of electricity to power facilities during production, and we are working to reduce CO₂ emissions under the following two themes: "improving productivity" and "reducing facility power consumption." First, "improving productivity" is an initiative to reduce the energy required to produce a single product by increasing processing capacity and operating rates. In the second theme, "reducing facility power consumption," we are lowering the power consumed at the facilities themselves by using power control innovations and new technologies. An example of this is introducing inverter technology to reduce power consumption without lowering the rotation speed of grinding wheel motors for bearing-production grinding machines. While grinders repeatedly grind and replace workpieces, we have been able to reduce the amount of power wasted during the short time it takes to replace the workpiece by instantly reducing the power consumption of grinding wheel motors. We will continue such activities to reduce environmental impact through the focused application of NSK technologies.



— C) Renewable Energy

Accelerate Introduction of Renewable Energy

NSK is working to reduce CO₂ emissions by actively promoting the installation of solar and wind power generation equipment and switching to purchased renewable energy electricity. In fiscal 2021, the amount of renewable energy used was 177Gwh. This corresponds to an increase of about three times compared with the previous year.

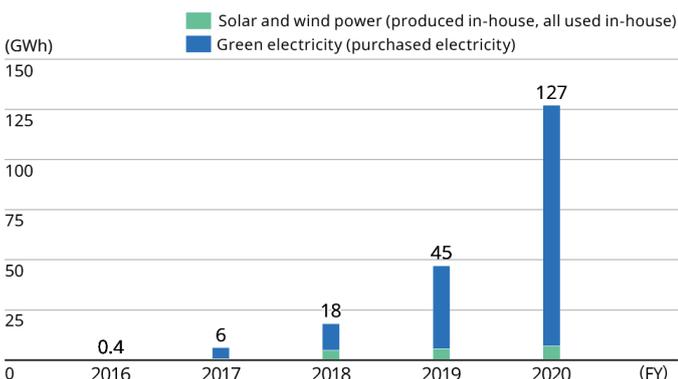


Suzhou NSK Bearings Co., Ltd. (China)



NSK Steering Systems Europe (Polska)

Renewable Energy Use



- ▶ [Fighting Global Warming and Climate Change \(related site\)](#)
- ▶ [NSK Adopts Green Energy in European Plants and Worksites \(related site\)](#)

Social

— Strengthening the Safety Management System: Using the Safety and Fire-Prevention Intranet Site Collaborating and Sharing Information Globally in Real Time

The Intranet Site for Safety and Fire-Prevention

Since December 2016, the Safety and Fire-Prevention Enhancement Office has been posting safety and fire-prevention updates on the Company’s intranet home page to keep NSK Group employees informed. We also provide timely information to each NSK Group site globally, including announcements of safety and fire-prevention activities and slogans being rolled out across the Group, as well as awards for outstanding safety posters.

Intranet Information

The Safety and Fire-Prevention Intranet Site provides information in four categories—disaster and accident information and reporting, manuals and rules, subcommittee activities, and audit results—as well as the latest information updates. In addition, we disclose our global policies, priority measures and targets, and also share the number of days free of accidents at each NSK plant worldwide. This has led to a higher awareness of accidents, and has encouraged each plant to keep its string of accident-free days going.



▶ Safety Management (related site)

— Quality-Dojo Maintain and Support NSK's High-Quality Manufacturing Expertise

The NSK Group provides a range of education and training programs to maintain and develop the human resources needed to ensure high quality manufacturing. We leverage collaboration across divisions to ensure that we offer high-quality products and services that satisfy our customers. In fiscal 2019, we created an area called a *Quality-Dojo* in each plant, and began training for all employees in fiscal 2020. Sharing the same structure worldwide, *Quality-Dojo* help to develop well-rounded human resources who have total familiarity with every aspect of manufacturing.

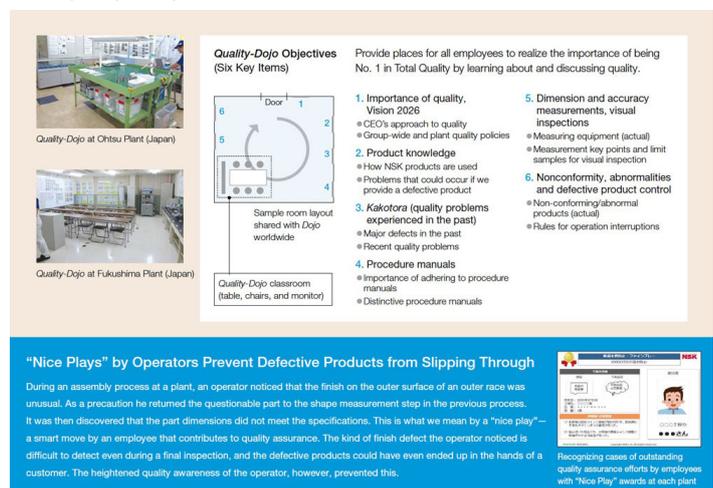
Quality-Dojo have been set up inside all of the Group's major plants: 17 plants in Japan and 40 plants outside Japan (2 in South Korea, 11 in China, 9 in the U.S., 6 in Europe, 7 in the ASEAN region and 5 in India). The program is tasked with training both executives and employees on six key items determined by the Quality Assurance Division Headquarters. To help participants to improve their quality awareness and better connect quality issues to their own jobs, they are asked to study a broad range of knowledge covering products, *kakotora* (past quality troubles), and inspection methods.

In fiscal 2020, with the leadership of the teachers and assistant instructors at each site, we performed a regular review of the learning content and took steps to revitalize the activities. We enhanced monitoring to boost the participation rate and launched an effort to ensure that attending a *Quality-Dojo* becomes a regular activity for all employees.

Quality-Dojo

NSK's *Quality-Dojo* is a place where employees can refine their knowledge and skills related to quality. It aims to help each trainee to develop sound judgment when it comes to ensuring quality. It also encourages employees to refocus on putting both the customer and quality first.

Quality-Dojo Objectives



The infographic details the six key objectives of the Quality-Dojo program. It includes two photographs of dojo interiors: one at the Ohtsu Plant in Japan and one at the Fukushima Plant in Japan. A central diagram shows a circular arrangement of six numbered items. A 'Door' is indicated at the top of the circle. A 'Sample room layout' is shown as a smaller circle within the main one, and a 'Quality-Dojo classroom' (with table, chairs, and monitor) is shown as a separate box.

Quality-Dojo Objectives (Six Key Items)

Provide places for all employees to realize the importance of being No. 1 in Total Quality by learning about and discussing quality.

- 1. Importance of quality, Vision 2026**
 - CEO's approach to quality
 - Group-wide and plant quality policies
- 2. Product knowledge**
 - How NSK products are used
 - Problems that could occur if we provide a defective product
- 3. Kakotora (quality problems experienced in the past)**
 - Major defects in the past
 - Recent quality problems
- 4. Procedure manuals**
 - Importance of adhering to procedure manuals
 - Distinctive procedure manuals
- 5. Dimension and accuracy measurements, visual inspections**
 - Measuring equipment (actual)
 - Measurement key points and limit samples for visual inspection
- 6. Nonconformity, abnormalities and defective product control**
 - Non-conforming/abnormal products (actual)
 - Rules for operation interruptions

"Nice Plays" by Operators Prevent Defective Products from Slipping Through

During an assembly process at a plant, an operator noticed that the finish on the outer surface of an outer race was unusual. As a precaution he returned the questionable part to the shape measurement step in the previous process. It was then discovered that the part dimensions did not meet the specifications. This is what we mean by a "nice play"—a smart move by an employee that contributes to quality assurance. The kind of finish defect the operator noticed is difficult to detect even during a final inspection, and the defective products could have even ended up in the hands of a customer. The heightened quality awareness of the operator, however, prevented this.

Recognizing cases of outstanding quality assurance efforts by employees with "Nice Play" awards at each plant

► [Quality Management \(related site\)](#)

— Promoting Diverse Work Styles and Development of Human Resources

Diversity as a Driving Force of the Organization

NSK was selected as a “Nadeshiko Brand^{*3},” an honor that is jointly determined by Japan’s Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange.

NSK has made women’s career advancement one of its important management objectives. Accordingly, we have been focusing on diversity and inclusion measures, such as providing training for women who are candidates for management positions. The *Nadeshiko* Brand selection recognizes NSK’s extensive efforts to promote employee diversity and flexible work styles.

*3 The *Nadeshiko* Brand program is designed to promote investment in listed companies making exceptional efforts to promote inclusion and career advancement for women. The program targets investors interested in companies that are wellpositioned to grow in value over the medium to long term. Since fiscal 2012, METI and the Tokyo Stock Exchange have jointly selected Nadeshiko Brand companies in order to promote the equal opportunity efforts of all listed companies.



▶ [Diversity \(related site\)](#)

Initiatives to Promote Wellness in Both Body and Mind

NSK’s outstanding efforts in health management have been widely recognized. The Company was certified as an Outstanding Health and Productivity Management Organization in Japan for the fifth consecutive year.

NSK recognizes that the health of each of our employees and their families is an invaluable asset to the Company and promotes initiatives with the aim of improving their physical and mental health. Based on the results of stress checks conducted on an annual basis, the Company holds organizational analysis feedback briefings for managers at each workplace, and improvement goals for each respective organization are formulated and put in place. In terms of physical health, by September 2020, NSK had eliminated smoking spaces within all NSK business sites, with the goal of preventing exposure to secondhand smoke. Moreover, by using a system to centrally manage the results of health checkups, we will be offering databacked health support measures.



▶ [Safe and Healthy Workplaces and Work-Style Reforms \(related site\)](#)

Transforming Learning: Expand Educational Opportunities, Location, and Scheduling Options

Work styles are experiencing a tectonic change, as seen with trends toward working from home and remote meetings. Educational activities are also becoming more diverse, shifting from face-to-face to online training, video streaming, and other formats.

There are also advantages to revising the approach we take to education, namely, the changing of programs, formerly implemented in conventional face-to-face training formats, in accordance with objective or attribute. Take, for example, video streaming where a course is available without needing to lock in a time, or online training, where employees who had found it difficult to attend in person because they needed to take care of their children, or other circumstances, have become able to participate. These are formats that enhance convenience and expand opportunities for participants.

As one such educational tool there is a new video program initiative called “Act Active Agent.” Under this program, employees make and present their own video of themes relevant to business efficiency enhancement, the honing of skills, or raising motivation from among the initiatives they worked on at the internal training. Employees will share within the Company what they have learned; moreover, diversifying how they learn it promotes the transformation of work styles throughout the Company.

▶ [Human Resource Programs and Career Development \(related site\)](#)

Governance

— Taking "NSK Corporate Philosophy Day" to Reflect on Lessons Learned from the Cartel Incident and Our Corporate Philosophy

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 the on-site inspection by the Japan Fair Trade Commission in 2011, has been designated as "NSK Corporate Philosophy Day" since FY2016. Moreover, awareness raising activities are undertaken each year. In FY2021, employees at our domestic and overseas bases watched videos titled "Message from the President," "Understanding Our Corporate Philosophy," and "A Look Back at the Cartel Incident." Thereafter, in Japan, practical examples in animation form for "Look Across Activities" that are consistent with the Corporate Philosophy were introduced. Taking advantage of NSK Corporate Philosophy Day, group discussions were also held at each workplace on matters that are taken for granted to help employees reflect on their own behavior. 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.



▶ [Compliance \(related site\)](#)

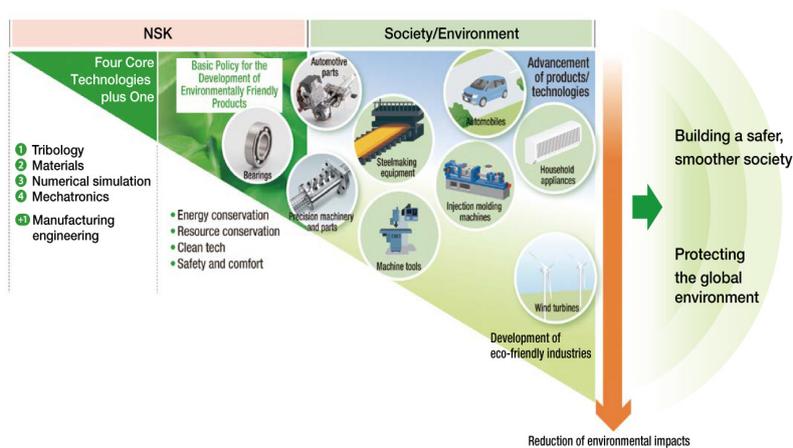
Environmentally Friendly Products

Manufacturing Philosophy	Indicators for NSK Environmentally Friendly Products	Outline of Environmentally Friendly Products
CO₂ Emissions Avoided During Use of NSK Products		

Manufacturing Philosophy

— Creating Products That Fulfill NSK’s Mission Statement

The NSK Group aims to contribute to a safer, smoother society and help protect the global environment, as indicated in its Mission Statement. To achieve this, we seek to accurately identify the needs of customers and society as a whole and meet them by leveraging our “Four Core Technologies plus One.” These are tribology, materials, numerical simulation, and mechatronics, plus manufacturing engineering. We are working hard to develop environmentally friendly products and technologies based on our Basic Policy for the Development of Environmentally Friendly Products. The more NSK products are used around the world, the more we can help improve the performance of machinery, spur the development of environmentally friendly industries, and reduce the ecological footprint of human society.

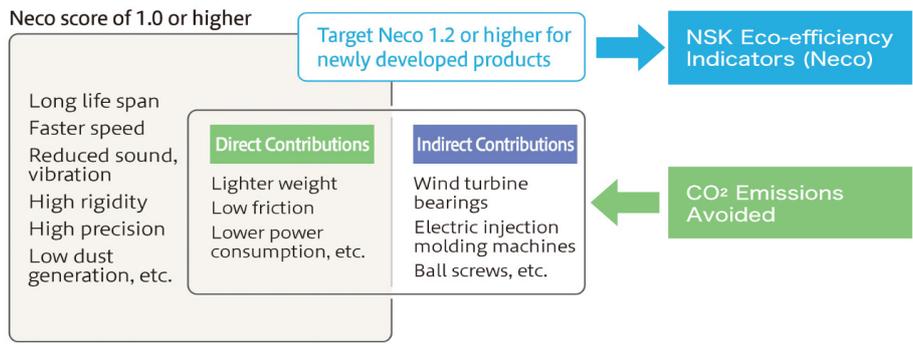


— Basic Policy for the Development of Environmentally Friendly Products

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

Indicators for NSK Environmentally Friendly Products

NSK’s products are incorporated into automobiles and industrial machinery to control friction and reduce energy consumption, thus all NSK products contribute to global environmental protection. To contribute further to the environment, NSK has established and currently uses the following two indicators to show the environmental contribution of its products.



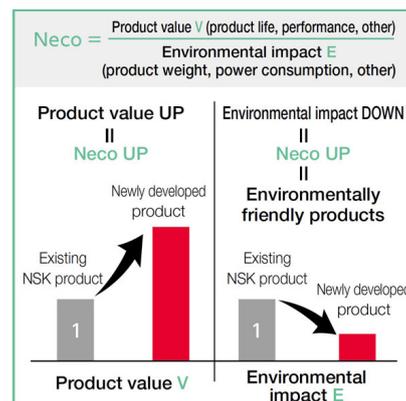
Outline of Environmentally Friendly Products

— Assessment Indicators for Environmentally Friendly Products (Neco)

To develop environmentally friendly products, we pursue various performance improvements in the areas of energy and resource conservation in a balanced way. However, there are many trade-offs that must be considered in terms of performance, such as efficiency, friction loss, size/weight, and service life. So, when developing NSK products, we use the NSK Eco-efficiency Indicators (Neco), as our own guide in comprehensively and quantitatively evaluating the level of environmental contribution our products make.

The Neco score is a numerical value obtained by dividing the product value V by the environmental impact E. The product value numerator V represents, in numerical form, the degree of improvement of a product in development were an existing product assessed at 1 with regard to assessment parameters that need to be increased to improve product value, such as service life, performance and accuracy. By comparison to an existing NSK product, the environmental impact denominator E represents assessment parameters, such as product weight, power consumption and friction loss, which must be reduced to decrease the environmental impact.

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



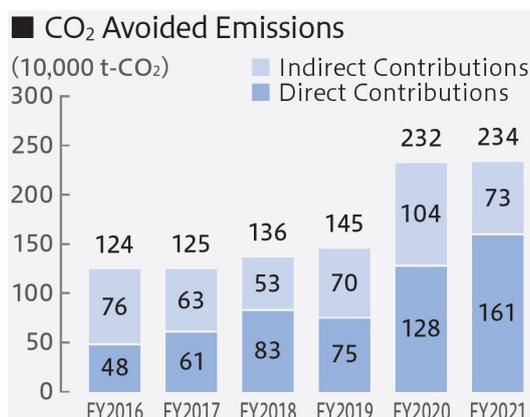
— Developing Environmentally Friendly Products

The NSK Group's products are incorporated into automobiles, industrial equipment, and many other types of machinery, helping to control friction and reduce energy consumption. Leveraging these product characteristics, we develop environmentally friendly products designed specifically to save energy and resources and to provide comfort for end users. We also aim to minimize environmental impact at every stage—from R&D and design to production, usage, and disposal.

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

CO₂ Emissions Avoided During Use of NSK Products

NSK's initiatives to reduce CO₂ emissions at the product-use stage fall into two categories: direct contributions and indirect contributions. As a result of promoting these efforts, we have achieved 2.34 million tons in fiscal 2021. NSK will contribute to the reduction of CO₂ emissions in society as a whole by aiming to reduce 3 million tons of emissions and more by fiscal 2026.



Concepts for Products Helping to Avoid CO₂ Emissions During Use

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

— Direct Contributions

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

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

ΔPCO_2 : CO₂ emissions avoided per unit of time product is used (CO₂/hour)

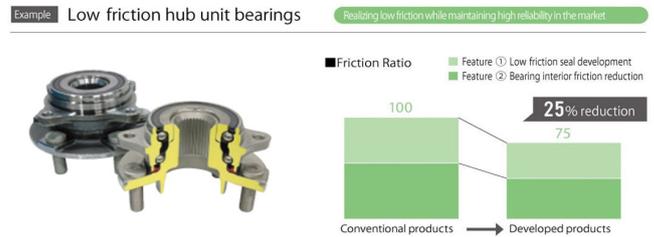
Annual uptime: Time a product is in operation per year (hours/year)

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 is currently formulating guidelines.

Example: Low Friction Hub Unit Bearings



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

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

— Indirect Contributions

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

CO₂ emissions avoided (equipment basis) = $\Delta\text{PCO}_2 \times \text{Annual uptime} \times \text{Duration of use} \times \text{Contribution rate} \times \text{Penetration (sales volume)}$

ΔPCO_2 : CO₂ emissions avoided per unit of time equipment is used (CO₂/hour)

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

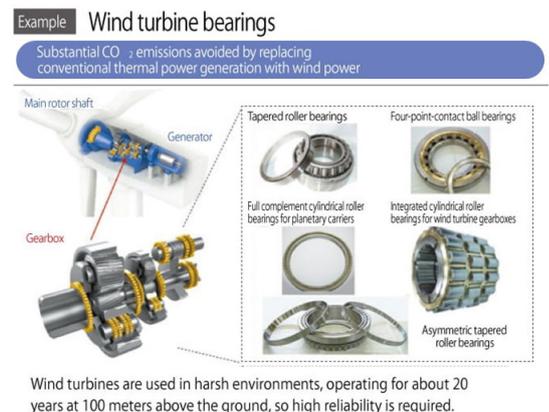
Duration of use: How long equipment is used (years)

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

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

Example: Bearings for Wind Turbines

NSK provides bearings used in the gearbox, a critical component of a wind turbine. This contributes to the spread of renewable energy. Bearings for wind turbines must be exceptionally reliable. Windmills are designed to operate for 20 years, and it is difficult to replace parts if problems occur. This is why advanced computer-based numerical simulation, extensive expertise in materials and heat treatment, and technology for testing and evaluating full-size bearings are required. NSK is a leader in the bearing industry in all of these areas. By constantly driving the evolution of bearing technology, we will continue to exceed market expectations.



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

Fiscal 2021: One product

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

Fiscal 2020: Six products

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

Fiscal 2019: 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"> • Wear suppression • Maintained heat resistance 	<ul style="list-style-type: none"> • Energy and resource conservation due to improved durability • Noise/vibration reduced by improving fretting resistance 	2.45
For EV gearboxes Tapered Roller Bearings for Lean Lubrication Conditions	<ul style="list-style-type: none"> • Improved seizure resistance • Reduced churning loss • Reduced the amount of lubrication oil required by more than 95% • Space-saving 	<ul style="list-style-type: none"> • Improved fuel economy (energy efficiency) • Smaller and lighter • Significantly reduced amount of lubrication oil required 	1.73
General machinery and conveyance equipment NSK K1-L Lubrication Unit for NSK Linear Guides™	<ul style="list-style-type: none"> • Significantly boosted lubrication capability • Reduced friction • Measures against damage and entry of foreign matter 	<ul style="list-style-type: none"> • Improved reliability • Longer maintenance-free operation • Energy savings due to reduced dynamic friction force 	1.29
For vertical equipment and machinery Lift-Rotation Z-θ Actuator	<ul style="list-style-type: none"> • Compact in-line arrangement of coaxial rotation and linear motion drive parts with a waterproof upper structure and brake mechanism • Waterproof design 	<ul style="list-style-type: none"> • Small footprint 	1.69
For EV motors Ultra-High-Speed Ball Bearings	<ul style="list-style-type: none"> • Used proprietary NSK grease • Cage with new shape and material 	<ul style="list-style-type: none"> • Smaller and lighter • Improved fuel economy (energy efficiency) • Improved reliability 	1.33
For train gearboxes Low-Maintenance High-Reliability Bearings	<ul style="list-style-type: none"> • Developed clearance adjustment technology • Significantly increased cage strength • Enhanced suppression of bearing creep 	<ul style="list-style-type: none"> • Low maintenance • Reduced life cycle costs 	1.41

Fiscal 2018: Two products

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

Realizing the World Envisioned by NSK and the SDGs

NSK's SDGs Declaration and Declaration of NSK's Initiatives	Launch of "Team SDGs": Documenting SDG Stories	NSK Products Making SDG Contributions (SDG Stories)
In-House Activities to Raise Awareness		

Our Mission Statement states that "NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™. As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world." The world today faces various social issues. To resolve these issues, they must be addressed not only by international organizations and governments, but also by companies and individuals. At NSK, we believe that helping to solve social issues through our business activities will help us to deliver on our Mission Statement. That is why NSK supports the achievement of the UN Sustainable Development Goals (SDGs).

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

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



Launch of “Team SDGs”: Documenting SDG Stories

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

Process for Documenting Stories

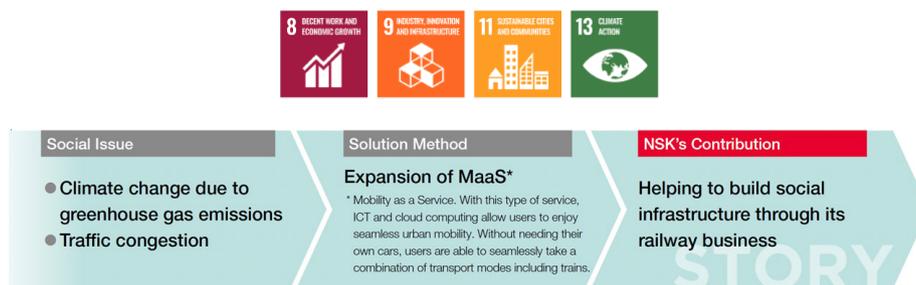


NSK Products Making SDG Contributions (SDG Stories)

Team SDGs has organized NSK business areas and products where SDG contributions can be made. It did this based on global issues such as climate change and the main ways NSK solutions help to solve these issues. We share some of these products here as examples that are expected to make SDG contributions.

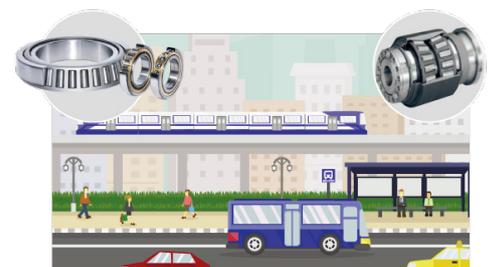
Industrial Machinery Business

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



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

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



— Helping to Create a Safe, Clean Automotive Society



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

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



Technology Development

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



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

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



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



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

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

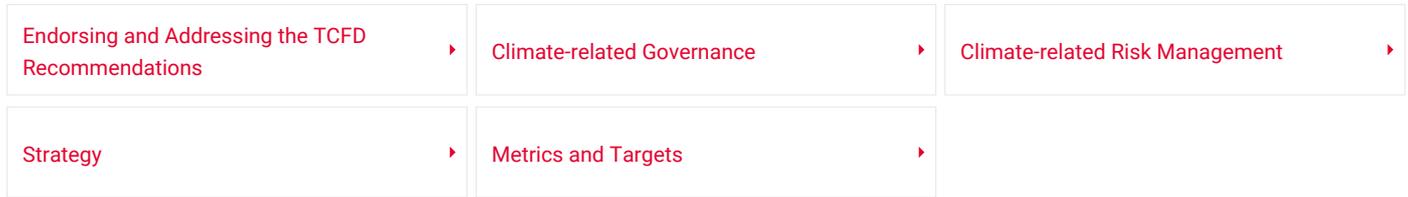


In-House Activities to Raise Awareness

Since issuing the SDGs Declaration, our seven key goals, and the Declaration of NSK’s Initiatives, we have been working to promote understanding of the SDGs among all NSK employees. We have also created a permanent SDG site on the company intranet with the aim of further promoting SDG initiatives across our business activities. The site strives to raise SDG awareness among NSK employees by providing useful information, such as current trends in SDG activities and actions that individuals can take to help the world achieve the SDGs. In addition, NSK provides e-learning opportunities and workshops. We have created an internal SDG community site, and we will continue to share even more SDG information with employees.

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

Information Disclosure Based on TCFD Recommendations



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.

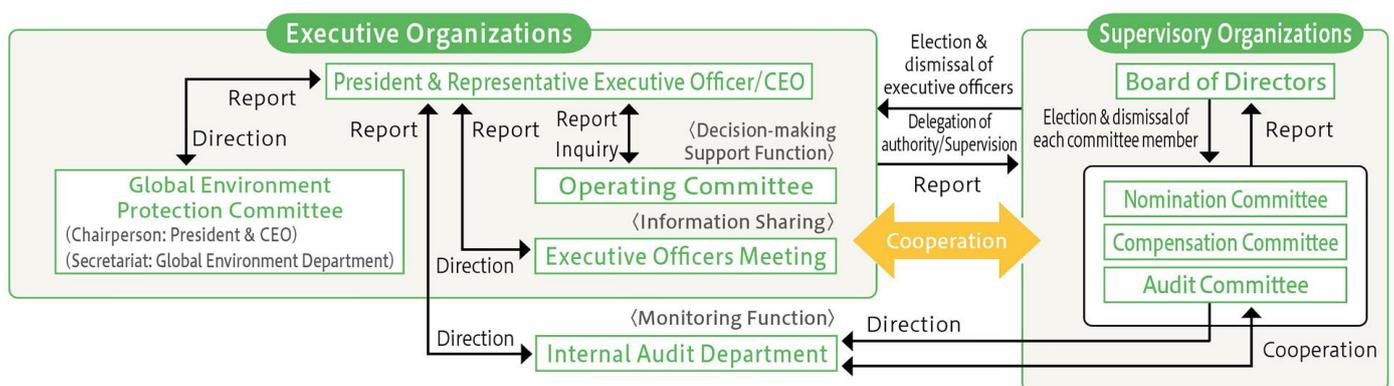
Climate-related Governance

As a Company with Three Committees, NSK proactively delegates to executive officers decision-making authority with regard to the execution of operations and strives to increase the efficiency and agility of management. The Board of Directors oversees the proper and fair execution of duties by the executive officers.

Based on its core values of safety, quality, compliance, and the environment, NSK has set forth its two policies of “operational excellence,” representing the constant pursuit of competitiveness, and “challenging innovation,” or the creation of new value. Moreover, we are tackling three management issues, namely new initiatives targeting growth, enhancing managerial resources, and contributing to the environment and society. The Board of Directors determines the Mid-Term Management Plan, and executive organizations report on the plan’s progress to the Board of Directors.

The Global Environment Protection Committee, chaired by the President & CEO with relevant executive officers serving as committee members, deliberates on activity policies, including for climate change, considers promotion systems, and assesses and revises activity progress as an organization that comprehensively advances issues pertaining to NSK’s efforts to preserve the global environment.

Together with having a good grasp of ongoing changes to the social environment, as well as stakeholder needs and expectations, NSK evaluates the risks and opportunities that arise along with climate change, reflects countermeasures to management strategy and business plans, and strengthens the actions it takes.



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, all the business sites perform their own risk assessment classifying, analyzing, and evaluating risks in accordance with changes in the social environment, the frequency of risk occurrence, the size of impact, and other factors to identify risks that should be addressed. The Corporate Planning Division Headquarters and the Finance Division Headquarters coordinate with business and regional and functional headquarters regarding risks at each division and each business site, which are managed in accordance with prescribed reporting systems. While putting in place preventive measures, the Company devises steps to swiftly and appropriately act in the unfortunate event a risk is actually manifested, and then works to mitigate the impact.

We had been treating climate-related risk, which is among the risks associated with the environment, across businesses or divisions as a risk of high importance. However, from fiscal 2021, we have been working to enhance climate-related risk management by also making use of the scenario analysis recommended by the TCFD while analyzing changes in the business environment and the impact on NSK's business.

Strategy

With the goal of considering the future impact 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 to 2°C and another scenario of 4°C.

Given the results achieved, NSK determined that its basic strategy would be to contribute to the realization of the 1.5°C to 2°C scenario, so as to have a hand in building a sustainable society. NSK will act to address transition risks associated with CO₂ emissions regulations; indeed, NSK will seize upon the opportunities to advance its business field of Motion & Control™ by addressing society's needs, namely decarbonization throughout a product's life cycle, promoting measures to deal with climate change during its overall business activities.

On the other hand, NSK is also promoting measures in the event of an anticipated 4°C scenario against natural disasters that are caused by climate change.

Based on the results of this analysis, NSK will formulate a strategy and build a framework in which it can continue to achieve sustainable growth, even with a different climate and social environment.

Scenario Analysis

■ Analysis targets and prerequisites

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

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

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

— Risks and Opportunities

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

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

Forecast of Risk from Response Measures



Classification	Identified Risks		Financial Impact	Short-term		Medium to Long-term			
				Status of NSK Initiatives	Financial Impact	NSK Countermeasures	Financial Impact		
Risk	Physical	Acute	Increasingly severe natural disasters caused by climate change*	Production suspension due to in-house flood damage		Implementing flood countermeasures		<ul style="list-style-type: none"> • Making regular confirmations using hazard maps, etc. • Implementing appropriate countermeasures against flooding and other risks 	Minimal impact
				Supply suspension due to flood damage at suppliers		Implementing flood countermeasures		<ul style="list-style-type: none"> • Source diversification of suppliers 	Minimal impact
	Transition	Legal	Transition to decarbonization/ electrification	Introduction and strengthening of automobile fuel efficiency regulations and ZEV regulations lowers demand for products geared toward internal combustion engines and transmissions.		Developing products		<ul style="list-style-type: none"> • Strengthening development, sales, and production of products for ZEV 	
				Decreased demand for machinery and facilities that produce automotive internal combustion engines and transmissions		Developing products		<ul style="list-style-type: none"> • Strengthening product development for machine tools that address the processing of core components that replace automobile internal engines and transmissions and of materials that lower automobile weight, and the electrification of automobile parts 	
		Reputation	More stringent regulations pertaining to greenhouse gas emissions	Rising carbon prices lead to increased costs for components, raw materials, and energy procurement, and in line with this, higher costs for developing new materials and methodologies, and for capital investments.		Reducing CO ₂ emissions		<ul style="list-style-type: none"> • Promoting decarbonization in NSK business activities • Employing self-help efforts to cut costs and appropriately reflect in pricing 	Minimal impact
						Reducing CO ₂ emissions			Minimal impact

Opportunities

Classification		Identified Opportunities		NSK Countermeasures	Financial Impact
Opportunities	Products and services	Rising decarbonization needs throughout the life cycle	Increasing needs to cut CO ₂ emitted when users operate automobiles, machinery, etc. (final goods manufacturer Scope 3 downstream)	<ul style="list-style-type: none"> Constantly generating environmentally friendly products, enhancing low friction, achieving lighter weight Generating new technologies and new products that arise from the Four Core Technologies plus One 	●
			Increasing needs to cut CO ₂ on components purchased by automobile, equipment, etc., manufacturers (final goods manufacturer Scope 3 upstream)	<ul style="list-style-type: none"> Reflecting decarbonization in NSK's business activities in product pricing 	●
			Accelerating action to reduce CO ₂ emitted in the manufacturing process of automobile, equipment, etc., manufacturers (final goods manufacturer Scope 1 + 2)	<ul style="list-style-type: none"> Offering new solutions utilizing tribology technology 	●
	Markets	Electrification progress	<ul style="list-style-type: none"> Expanding demand for products/solutions geared toward automobile electrification applications Growing need for electrification of industrial machinery mobility such as tractors and bulldozers, and machine tools, etc. 	<ul style="list-style-type: none"> Strengthening development, sales, production, and solutions for products that address electrification (actuators, etc.) in mobility (automotive, industrial machinery) and machine tools, etc. Shortening development speeds by utilizing digital twin technology 	●
			Rising demand for storage/charging technology	<ul style="list-style-type: none"> Helping to solve the issue of EV prevalence through participation in open innovation 	●
		Growing airconditioning demand*	Expanding demand for products/solutions for air-conditioning equipment	<ul style="list-style-type: none"> Bolstering products/solutions that contribute to eliminating the need for maintenance 	●
		Expanding railway demand	Growing demand for products/solutions for railways	<ul style="list-style-type: none"> Strengthening development, sales, production, and solutions for products geared toward railways and wind power generation 	●
	Energy source	Growing renewable energy demand	Increasing demand for wind power generation	<ul style="list-style-type: none"> Developing high-speed rotary bearings for cooling fans 	●
			Rising demand for storage/charging technology	<ul style="list-style-type: none"> Strengthening and expanding the condition monitoring system (CMS) business for facilities and equipment 	●
			Increasing needs for failure diagnostics/residual life diagnostics	<ul style="list-style-type: none"> Promoting the development of products for harsh and special environments 	●
			Expanding demand for products/solutions associated with hydrogen energy	<ul style="list-style-type: none"> Strengthening development and production of products for construction machinery 	●
	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"> Promoting product development for household compact power generators 	●
		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 takes a dual approach to CO₂ reduction, both with expanding on the volume of CO₂ emissions avoided at the product usage stage owing to products that help reduce CO₂ emissions, and CO₂ emissions cut during our business activities. We set respective long-term goals while advancing various efforts to mitigate the impact of climate change. Moreover, considering current conditions where there is increasing urgency to address the dangers of climate change, we are considering bringing our goals forward.

In addition, in terms of CO₂ emissions reduction goals, as one goal that is consistent with raising corporate value, we are using them as a metric for short-term performance-based compensation for executive officers.

Targets	FY2020 Results
Target for FY2026: Offset CO ₂ emissions volume through products that help reduce CO ₂ emissions Note: Surpass the CO ₂ emissions volume from NSK Group business activities (Scope 1 + 2 + 3) with the volume of contribution generated with products that help reduce CO ₂ emissions	FY2020 results: Offset ratio (②÷①) = 89% ① CO ₂ emissions volume (Scope 1 + 2 + 3): 2.83 million t-CO ₂ ② Volume avoided through products that help reduce CO ₂ emissions: 2.51 million t-CO ₂
CO ₂ emissions volume from business activities (Scope 1 + 2) reduction targets ● FY2020 5% reduction* ● FY2026 16% reduction* ● FY2030 25% reduction* ● FY2050 60% reduction* The above targets were announced in FY2019. *From FY2017 levels	CO ₂ emissions volume from business activities (Scope 1 + 2) reduction results ● FY2020 results: 31% reduction* (Ref.) Emissions per sales unit equivalent to a 6.1% improvement
For the Mid-Term Management Plan starting in FY2022, the Company plans to announce the setting of new goals and efforts to be taken toward realizing carbon neutrality.	

Environment

Executive Summary on the Environment

NSK's Environmental Policy	Targets and Performance	Environmental Risks and Opportunities
Material and Energy Balance		

NSK's Environmental Policy

A sense of crisis is growing over the advance of global warming and climate change, depletion of resources, chemical pollution of air and water, and loss of biodiversity. All of humanity faces the challenge of learning to live sustainably while protecting the global environment.

Back in 1997, the NSK Group established the NSK Environmental Policy to reflect its commitment across all of its business operations to help protect the global environment, as stated in the NSK Mission Statement. In line with this policy, we strive to develop products and services that help reduce environmental impact, and we work to reduce the impact of our own operations and throughout our value chain. In November 2021, we revised our environmental policy in light of the increased worldwide environmental concerns of recent years and the associated expectations of companies.

NSK Environmental Policy	NSK Environmental Code of Conduct
<p>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.</p> <p>1. Contributing to the Establishment of a Carbon-Neutral Society</p> <p>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.</p> <p>2. Contributing to the Establishment of a Sound Material-Cycle Society</p> <p>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.</p> <p>3. Contributing to the Establishment of an Environmentally Symbiotic Society</p> <p>We work hard to prevent pollution and minimize environmental impact throughout the supply chain to help build an environmentally symbiotic society.</p>	<p>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.</p> <p>1. Ensuring Environmental Compliance</p> <p>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.</p> <p>2. Fighting Global Warming and Climate Change</p> <p>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.</p> <p>3. Conserving Resources and Practicing Recycling Measures</p> <p>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.</p> <p>4. Developing and Popularizing Environmentally Friendly Products</p> <p>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.</p> <p>5. Conserving Biodiversity</p> <p>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.</p> <p>6. Reducing Use of Environmentally Harmful Substances</p> <p>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.</p> <p>7. Communicating with Stakeholders</p> <p>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.</p>

Established December 12, 1997
Revised November 15, 2021

The NSK Group practices global environmental management and is careful to ensure environmental compliance. We are making a difference by helping the world reduce its carbon footprint, maximize recycling, and honor the natural environment. Take, for instance, bearings that decrease energy loss. Through these kinds of advancements, NSK products are helping to reduce environmental impact around the world. The NSK Group is also committed to supporting the achievement of the Sustainable Development Goals (SDGs) by reducing the environmental impact of its business operations to zero.

NSK Group Environmental Action Plan



Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Sixth Mid-Term Management Plan targets		FY2021 performance	FY2021 targets	
Environmental management	Maintain ISO 14001 certification at all subject sites	Maintain ISO 14001 certification at all subject sites	Maintained at all subject sites	
	Obtain ISO 14001 certification within 3 years of starting full-scale operations at a site	No applicable site	No applicable 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 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	Developed 1 environmentally friendly products	
	Avoid at least 2 million t-CO ₂ emissions during the use of NSK products	2.0 million t-CO ₂	2.33 million t-CO ₂	
Fighting global warming and climate change	Manufacturing, technology, offices	CO ₂ emissions* : 7% reduction from FY2017	7% reduction	Reduced by 25.0%
	Distribution (Japan)	CO ₂ emissions by transport volume: 4% reduction from FY2017	4% reduction	Increased by 5.1%
Resource conservation and recycling measures	Development and design, manufacturing	Reduce waste of materials by changing processing methods (ongoing)	Continue reduction initiatives	Conducted reduction initiatives
	Manufacturing	Achieve a recycling rate of at least 99%	99% or higher	98.8%
		Industrial waste per unit of sales: 4% reduction from FY2017	4% reduction	Increased by 9.5%
		Water withdrawal per unit of sales: 4% reduction from FY2017	4% reduction	Increased by 5.8%
	Distribution (Japan)	Packaging waste per production unit: 15% reduction from FY2017	15% reduction	Increased by 45.3%

Sixth Mid-Term Management Plan targets			FY2021 performance	FY2021 targets
Reducing use of environmentally harmful substances	Development and design	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
	Procurement	Obtain consent to NSK Group Green Procurement Standards In Japan: Maintain 99% or higher Outside Japan: Obtain 99% or higher	In Japan: Maintain 99% or higher Outside Japan: Obtain 99% or higher	In Japan: Maintained 99% or higher Outside Japan: Obtained 97%
		Response rate for inclusion in NSK Survey of Environmentally Harmful Substances In Japan: Maintain 100% Outside Japan: Obtain 100%	In Japan: Maintain 100% Outside Japan: Obtain 100%	In Japan: Maintained 100% Outside Japan: Obtained 84%
	Manufacturing (Japan)	Handling of PRTRdesignated substances per unit of sales: 1% reduction year on year	1% reduction from FY2020	Reduced by 11.1%
Biodiversity conservation	Biodiversity conservation	Identify the factors in operations that could have a negative impact on biodiversity	Continue activities	Continued activities
		Expand social contribution activities related to biodiversity conservation	Continue activities	Continued activities based on the impact of the COVID-19 pandemic
		Educate to deepen employee awareness of issues	Continue activities	Continued activities

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

Environmental Risks and Opportunities

The international community has accelerated its efforts to build a sustainable world with the Paris Agreement, ESG Investments, and the Sustainable Development Goals (SDGs). While upholding its commitment to protection of the global environment, the NSK Group pursues continued growth by analyzing and responding to risks and opportunities associated with these developments. We identify and assess environmental risks and opportunities in each phase of the value chain, reflecting them in our management strategies and environmental action plans. We conduct this analysis of risks and opportunities on a regular basis.

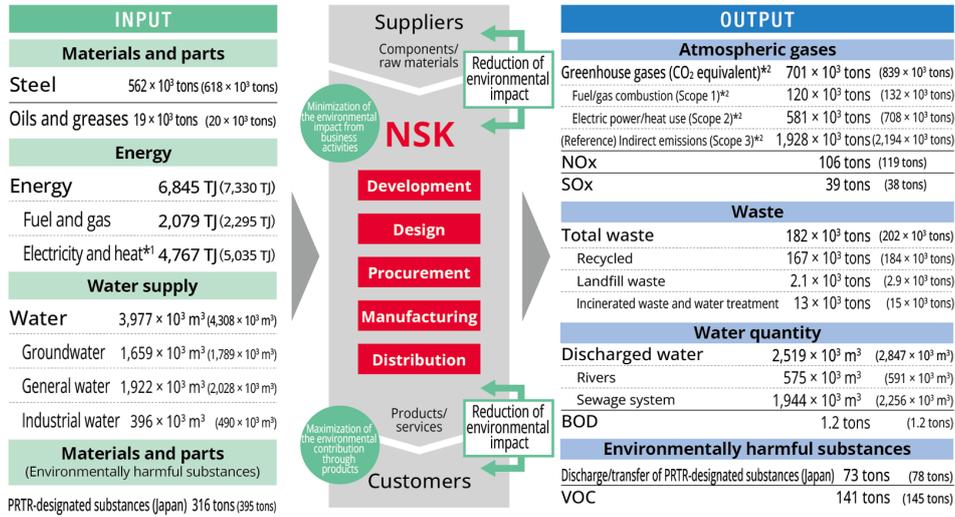
Value Chain	Development and design	Procurement	Manufacturing	Transport	Usage	Disposal/recycling
Relevant Stakeholders	Customers/employees	Suppliers	Employees/partner companies	Transport companies	Customers/society	
Environmental Issues	<ul style="list-style-type: none"> ● Need to help build a carbon-neutral 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	<ul style="list-style-type: none"> ● Increase market share by commercializing environmentally friendly products ● Increase market share by developing products that do not contain environmentally harmful substances 	<ul style="list-style-type: none"> ● Ensure a stable supply of fuel and raw materials by promoting alternatives ● Increase engagement with environmentally friendly suppliers 	<ul style="list-style-type: none"> ● Improve environmental efficiency and reduce costs through energy conservation and resource circulation ● Improve environmental efficiency and reduce costs by developing energy-efficient production lines 	<ul style="list-style-type: none"> ● Contribute to CO₂ reductions by improving transport efficiency ● Strengthen engagement with environmentally friendly transport companies 	<ul style="list-style-type: none"> ● Expand market share and business opportunities through environmentally friendly products ● Expand efforts to reduce energy loss 	<ul style="list-style-type: none"> ● Help reduce disposal costs and environmental impacts by extending product life and improving recycling rates
	<ul style="list-style-type: none"> ● Establish production systems not reliant on fossil fuels ● Increase corporate value through environmental protection activities 					
Risks	<ul style="list-style-type: none"> ● Inadequate response to environmental requirements 	<ul style="list-style-type: none"> ● Environmental impact of resource consumption ● Violating environmental laws and regulations by suppliers ● Supply chain disruption due to severe natural disasters 	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● Disruption of transport networks due to severe natural disasters 	<ul style="list-style-type: none"> ● Recalls due to inclusion of restricted substances ● Reduced competitiveness due to products being inferior to competitors' in terms of environmental performance 	<ul style="list-style-type: none"> ● Inadequate response to needs related to disposal and recycling of products and packaging materials
	<ul style="list-style-type: none"> ● Delays in producing energy savings and CO₂ reductions, including at suppliers ● Tightening of environmental regulations ● Violating environmental laws and regulations ● Growing calls from stakeholders to address environmental issues 					
Main Initiatives	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● Promote green and CSR procurement ● Make raw materials common across products 	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● Maximize reductions in CO₂ 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) 	<ul style="list-style-type: none"> ● Improve recycling rates ● Use biodegradable plastic for packaging materials
	<ul style="list-style-type: none"> ● 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 					
	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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 (related site)

Material and Energy Balance

The NSK Group works with suppliers to reduce environmental impact via green procurement and other initiatives. We also strive to reduce the environmental impact of our customers and of society as a whole by providing environmentally friendly products. Input and Output of Global Business Activities (FY2020 and 2021)

Figures within parentheses indicate fiscal 2019 data



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

*2 Total greenhouse gas emissions are obtained by multiplying each type of gas by its global warming coefficient. Emission factors for electricity are variable market standards. These emission factors, which change every year, are published by power companies with which we have contracts, or are given in the International Energy Agency's CO₂ Emissions from Fuel Combustion.

The amount of greenhouse gas emissions for Scopes 1 to 3 are calculated based on GHG Protocol calculation standards.

Environmental Management

NSK's Approach
System
Initiatives

NSK's Approach

The NSK Group is determined to deliver sustained increases in corporate value and to help build a sustainable world by proactively pursuing advanced environmental practices. In January 2019, we added the environment as one of NSK's core values and devised a vision for 2050. In April 2019, we established a mid-term environmental action plan through fiscal 2021 as well as a long-term environmental action plan through fiscal 2026 by backcasting from this vision. The long-term plan specifies the SDGs that will be the focus of the NSK Group's contributions: Goals 6, 7, 12, 13 and 15.

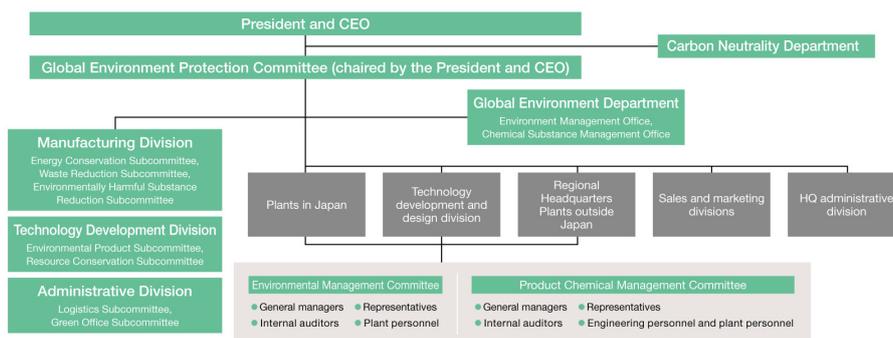
[▶ NSK Group Environmental Action Plan \(related site\)](#)

System

— Environmental Management System

The NSK Group has established a Global Environment Protection Committee under the supervision of the Board of Directors in order to reflect social expectations in the Group's environmental activities. The Global Environment Protection Committee, in essence, serves as the highest decision-making body with respect to environmental issues. Its members include the President and CEO as chairperson, as well as executive officers from related departments. The committee discusses the NSK Group's mid- to long-term environmental action plans and environmental initiatives, and refers particularly important matters to the Board of Directors after deliberation in the Operating Committee. Based on the Global Environment Protection Committee's decisions, theme-based specialized subcommittees, working with the Head Office's Global Environment Department, drive progress Groupwide by promoting daily environmental protection activities.

Environmental Management System Organizational Structure



Responsibilities of Specialized Subcommittees

Manufacturing Division	
Energy Conservation Subcommittee	Sets policy and confirms progress of energy conservation activities and greenhouse gas reductions
Waste Reduction Subcommittee	Promotes the 3Rs (reduce, reuse, and recycle) and appropriate disposal of waste
Environmentally Harmful Substance Reduction Subcommittee	Promotes reductions of environmentally harmful substances used in manufacturing processes
Technology Development Division	
Environmental Product Subcommittee	Promotes development/design of products that contribute to conservation of energy and resources
Resource Conservation Subcommittee	Promotes reductions in resource consumption through efficient use of primary and secondary materials
Administrative Division	
Logistics Subcommittee	Monitors and promotes reduction of energy use during transport
Green Office Subcommittee	Promotes waste management and the conservation of energy and resources in offices

Membership of the Global Environment Protection Committee and Main Achievements in FY2021

Membership	
Chair	President and CEO
Members	10 officers (The heads of each business division headquarters, the Technology Development Division HQ, the CSR Division HQ, etc.) Key members from other related departments (Global Environment Department and business division headquarters, etc.)
Meetings in FY2021	
Met six times	
Main Agenda	
<ul style="list-style-type: none"> ● Direction of environmental priorities in the next Mid-Term Management Plan ● Initiatives for TCFD recommendations ● Confirmation of issues and setting goals to combat global warming ● Confirmation of the progress of measures to reduce environmental risks ● Initiatives to effectively utilize resources such as steel ● Initiatives to reduce the environmental impact of logistics activities ● Revision of NSK environmental policy and environmental code of conduct 	

Initiatives

— Acquiring and Maintaining Environmental Management Certification

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

— Environmental Compliance

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)

Environmental Compliance

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 Education and Training

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



Excerpt from the “Measures for Global Warming” e-learning program

Fighting Global Warming and Climate Change

NSK's Approach	Targets and Performance	Initiatives
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NSK's Approach

The NSK Group seeks to minimize CO₂ emissions from its business operations to address the problems of global warming and climate change. Our specific efforts include making technical innovations in production processes, increasing production capacity, visualizing energy use, expanding the adoption of renewable energy, and strengthening energy-saving measures in logistics and offices. We aim to maximize the societal contribution of our products to CO₂ emissions reductions in two categories: NSK product performance that directly contributes to the reduction of CO₂ emissions (direct contributions), and NSK product applications that indirectly contribute to the reduction of CO₂ emissions (indirect contributions).

- [▶ Environmentally Friendly Products \(related site\)](#)
- [▶ Information Disclosure Based on TCFD Recommendations \(related site\)](#)

Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Sixth Mid-Term Management Plan targets		FY2021 targets	FY2021 performance	Initiatives
Manufacturing, technology, offices	CO ₂ e missions: ^{*1} 7% reduction from FY2017	948,000 t-CO ₂ e ^{*2} 7% reduction from FY2017	764,000 t-CO ₂ e ^{*2} 25.0% reduction from FY2017	(1) Production technology innovation <ul style="list-style-type: none"> • Adopted high-frequency induction heat treatment • Increased production capacity by creating smart factories
				(2) Promotion of energy savings and fuel conversion <ul style="list-style-type: none"> • Visualized energy use and made efforts to save energy • Converted fuel for air-conditioning equipment • Upgraded to high-efficiency compressors • Repainted plant roofs with thermal insulation paint • Switched to LED lighting • Reduced the percentage of staff coming into the office by promoting remote work • Expanded use of videoconferencing and phone conferences
				(3) Expanded adoption of renewable energy <ul style="list-style-type: none"> • Switched to 100% green electricity at European plants • Accelerated to switch to green electricity in Japan
				(4) Mechanisms to promote measures <ul style="list-style-type: none"> • Considered adoption of internal carbon pricing
Distribution (Japan)	CO ₂ emissions by transport volume: 4% reduction from FY2017	4% reduction from FY2017	5.1% from FY2017	<ul style="list-style-type: none"> • Improved loading efficiency • Improved transport routes • Modal shift^{*3}

^{*1} Scope 1 and 2. The electricity emission factors for calculating Scope 2 emissions are the variable market standard. These emission factors, which change every year, are published by power companies with which we have contracts.

^{*2} CO₂ e refers to the CO₂ equivalent: the emissions of a greenhouse gas multiplied by its respective global warming coefficient.

^{*3} Modal shift refers to the conversion of freight carried by trucks and other motor vehicles to railways and ships, which have a lower environmental impact.

Initiatives

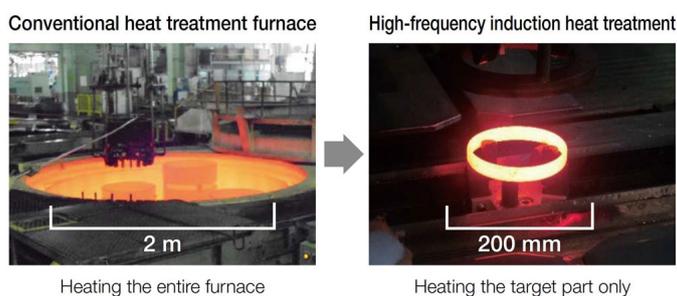
— Production Process Initiatives

Improving Productivity

The next-generation production line developed by the NSK Manufacturing Engineering Center, which is based on a new “Smart Factory” concept, increases productivity by reducing floorspace and shortening machining time. We have installed the new line at the NSK Ohtsu Plant and the Kirihara branch of the Fujisawa Plant, and we will roll it out to others, going forward. At the same time, we will work to reduce CO₂ emissions by further promoting existing independent activities taken by plants to conserve energy.

Adopting High-Frequency Induction Heat Treatment

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



Visualizing Energy Usage

We are evaluating energy efficiency and discovering/reducing waste for each production line and piece of equipment by linking the electricity usage and operational status of each. This effort has already been deployed at Suzhou NSK Bearings Co., Ltd. in China, and is in development at the NSK Saitama Plant in Japan. In addition to electricity, we are also working to make air and fuel gas usage visible.

Coating Plant Roofs with Thermal Insulation Paint

Coating plant roofs with thermal insulation paint not only reduces radiant heat caused by sunlight in summer, but also prevents heat loss in winter. Since it has proved effective after application at NSK Saitama Plant, we are in the process of rolling it out to the Fukushima Plant and other plants. We also plan to apply this coating to the exterior walls of heat treatment furnaces to increase insulation and improve the work environment, while reducing the risk of fires.



Thermal insulation paint on the roof of the Saitama Plant

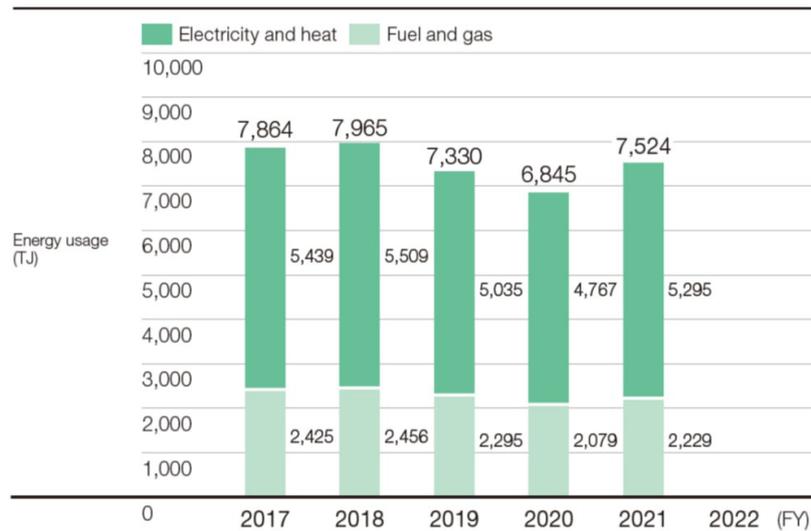
— Offices/Sales Initiatives

Adopting Green Electricity

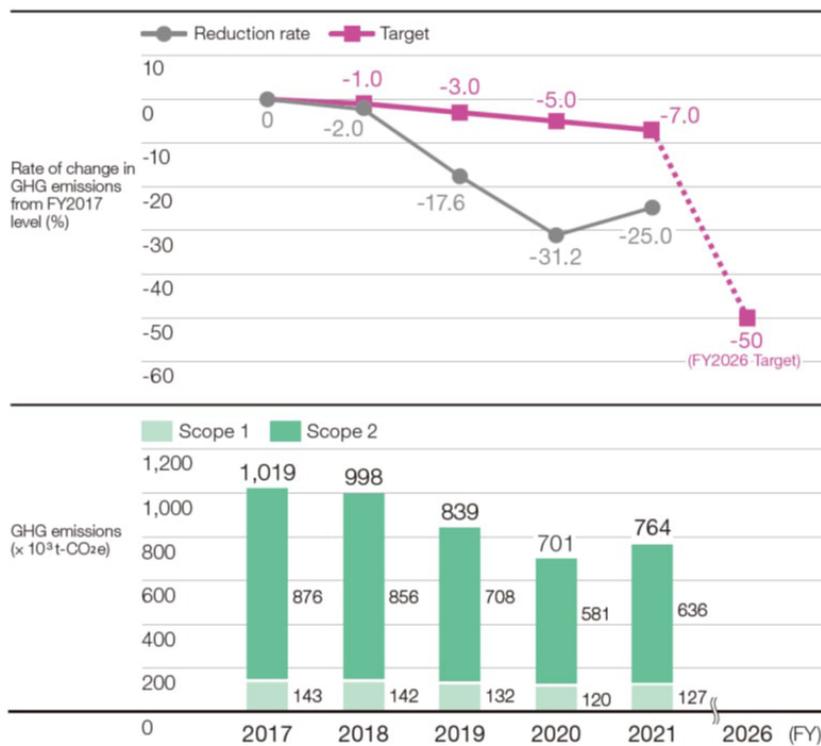
In the European region, which is ahead in renewable electricity, we have switched to green electricity at both NSK Deutschland GmbH and the NSK European Distribution Centre (the Netherlands). We are moving to implement renewable energy not just at plants, but at offices as well.

— Energy Usage and CO₂ Emissions

Energy Usage (Global)



GHG Emissions and Emissions per Unit of Sales (Global)



Resource Conservation and Recycling Measures

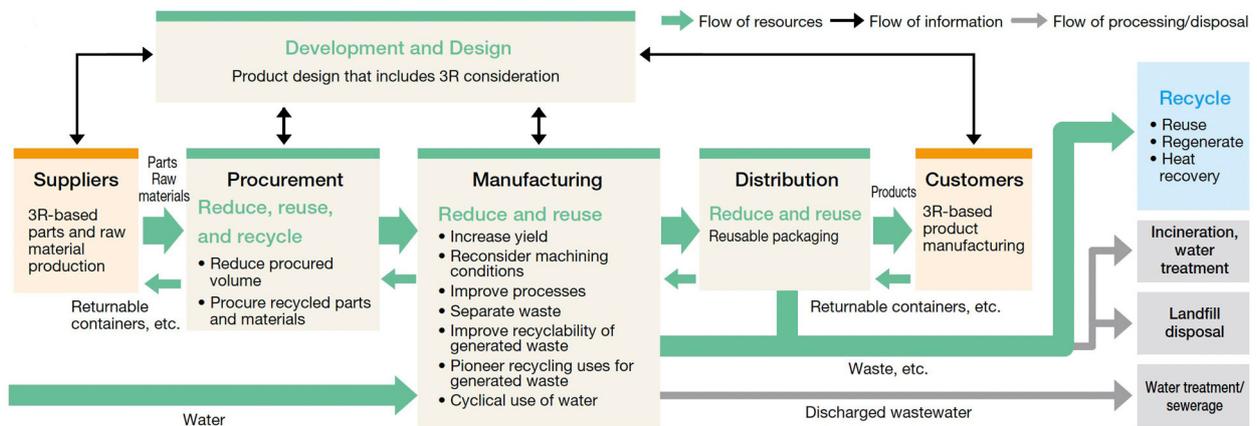
NSK's Approach	▶	Targets and Performance	▶	Initiatives	▶
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NSK's Approach

The NSK Group aims to use raw materials and other required resources efficiently by reducing, reusing, and recycling them (the 3Rs). In this way, we strive to do our part in building a recycling-oriented society. Our development and design divisions work hard to create easily recyclable products that conserve raw materials by designing products that are lighter and last longer. Our manufacturing divisions improve tools and molds and treat in-house waste liquids to make effective use of resources such as steel. Our distribution divisions reduce waste emissions by reusing packaging, among other initiatives. Across the company, we do our utmost to reduce, reuse, and recycle, with the goal of eliminating waste sent to incinerators/landfills.

An examination of our water needs revealed that the NSK Group is unlikely to be subjected to restrictions on water use, in light of the locations of our business sites and the volume of water we use. Still, in preparation for future risks, we strive to reduce water usage by taking measures including cyclical use of cooling water and switching to air cooling, and reusing wastewater after purification treatment in manufacturing divisions. In addition, to ensure the proper disposal of waste, we visit and check the sites of contracted industrial waste processors and strive to enhance management using information systems.

Practicing the 3Rs at the NSK Group



Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Sixth Mid-Term Management Plan targets		FY2021 targets	FY2021 performance	Initiatives
Development	Continue to reduce steel waste	Reduce waste of materials by changing processing methods	Reduced waste of materials by changing processing methods	<ul style="list-style-type: none"> Developed easily recyclable products that conserve on the use of raw materials Made products last longer Improved yield Designed products for the 3Rs Developed repair services that reduce the environmental impact of product use
	–	–	–	<ul style="list-style-type: none"> Reduced procurement volume Selected raw materials and parts carefully Procured recycled materials
Manufacturing	Industrial waste per unit of sales 4% reduction from FY2017	Industrial waste per unit of sales 4% reduction from FY2017	Industrial waste per unit of sales Increased by 9.5% from FY2017	<ul style="list-style-type: none"> Improved yield Revised processing conditions Improved production processes Reused products and water Reduced the volume of waste Improved the recyclability of generated waste and developed recycling uses for generated waste Reduced plastic materials
	Recycling rate 99%	Recycling rate 99%	Recycling rate 98.8%	
	Water withdrawal per unit of sales 4% reduction from FY2017	Water withdrawal per unit of sales 4% reduction from FY2017	Water withdrawal per unit of sales Increased by 5.8% from FY2017	
Distribution (Japan)	Packaging waste per production unit 15% reduction from FY2017	Packaging waste per production unit 15% reduction from FY2017	Industrial waste per unit of sales Increased by 45.3% from FY2017	<ul style="list-style-type: none"> Employed reusable packaging Reused packaging

► Waste Involved in Bearing Manufacture and 3R Efforts

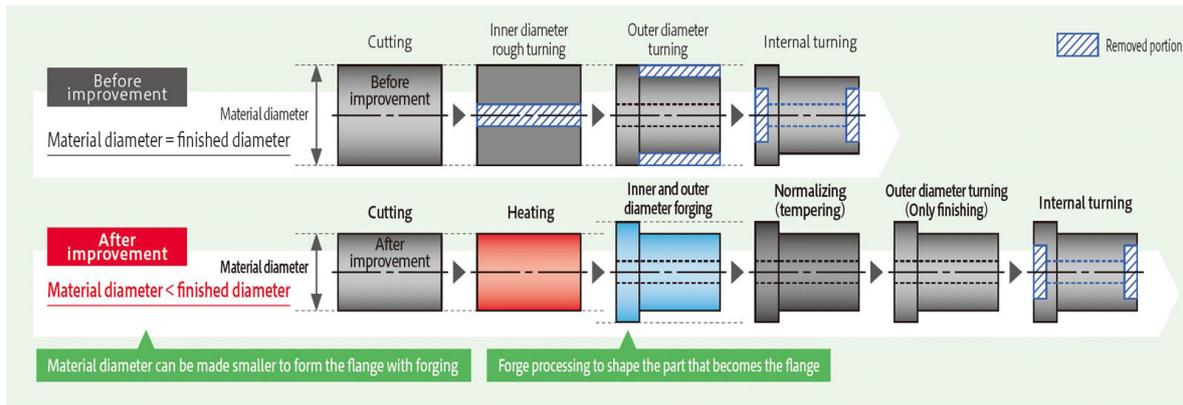
Initiatives

— Production Process Initiatives

Improved Steel Consumption Efficiency by Forging the Nuts for Large-Size Ball Screws

When manufacturing ball screws used in machine tools, electric injection molding machines, and other machinery, a nut is machined to the shape that meets the customer's specifications and combined with the screw's shaft for shipping.

Previously, when manufacturing nuts, a machine was used to shave off the excess portion from a cylindrical piece of steel that matched a flange with the nut's largest diameter. NSK has now reduced the volume of steel used by 44% from that prior to the improvement by employing a forging process with a smaller-diameter piece of steel.



Reducing Grinding Waste Liquid

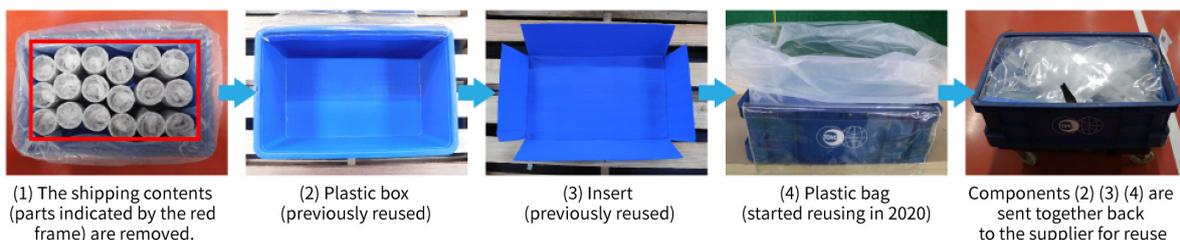
About 40% of the NSK Group's waste is waste liquid generated during the grinding process, and we are taking steps to reduce this waste liquid. We are working to reduce waste liquid by installing distillation concentrators, and high-performance concentration and drying equipment that can dry liquids in a short amount of time. Some of the distilled water is reused to cool the facilities with the aim of effectively utilizing resources, and the concentrated waste liquid is recycled outside the Company as fuel or another resource.



The waste liquid distillation concentrator deployed to Amatsuji Steel Ball Mfg. Co., Ltd. (Shiga plant)

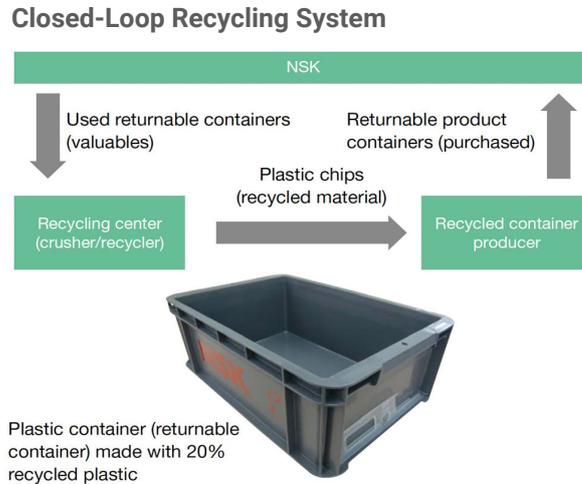
Reuse of Plastic Bags

At the NSK Group, we are working hard to reduce the amount of plastic we use. NSK Bearings Manufacturing (Thailand) Co., Ltd. used to dispose of plastic bags serving as packaging material after just one use when parts were delivered from suppliers. Now, the company uses them one more time if they are not too soiled, and has saved 1,000 plastic bags.



Recycling Plastic Containers

Plastic waste has become a social problem, with enormous impacts on marine ecosystems. Plastic accounts for only about 1% of the NSK Group's waste, but we still work hard to reduce waste plastic. One of our initiatives is closed-loop recycling of plastic containers (returnable containers) in Japan.



Reusing Water Resources

PT. AKS Precision Ball Indonesia has built a new waste water treatment facility and 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

— Distribution Process Initiatives

Reducing Waste Materials

Reduce, reuse, and recycle constitutes an initiative that the distribution division undertakes on a global scale as the Company endeavors to reduce waste materials.

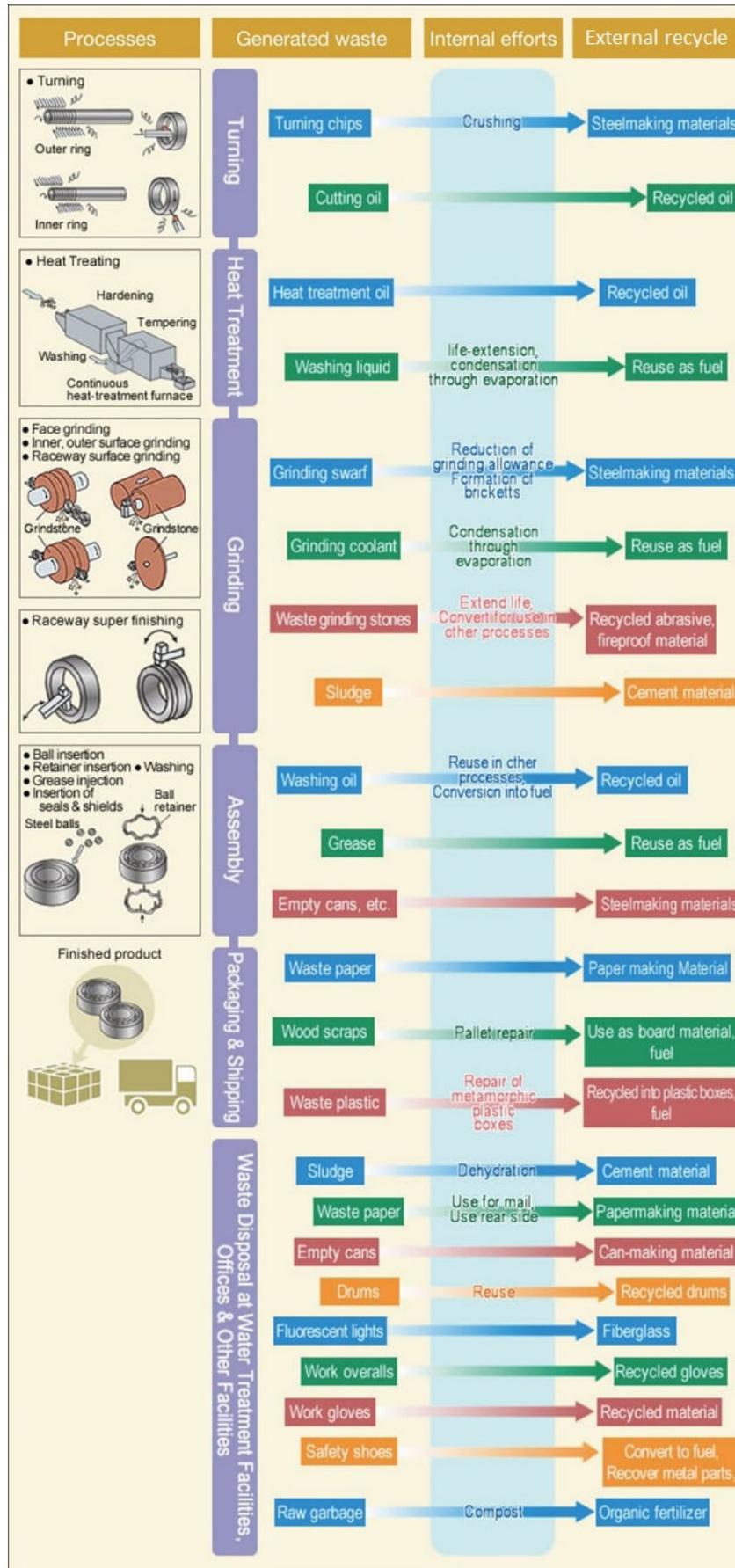
In the Americas, after unpacking imported items, the packaging materials had previously been treated as waste, which became landfill. From fiscal 2020, this waste has been sold to a vendor, and through incineration it is reused as energy (thermal recycling).

In Europe, the wooden pallets used in shipping from Japan, being of a different size than standard European pallets ("EURpallet"), had been unable to be reused and were disposed of as waste. In fiscal 2020, however, the Company commenced returning these wooden pallets to the Japan, Asia, or Oceania regions, and subsequently they are being reused for interregional shipping. In this way, our operations in Europe were able to cut wasted pallets by around 70% from the previous fiscal year.

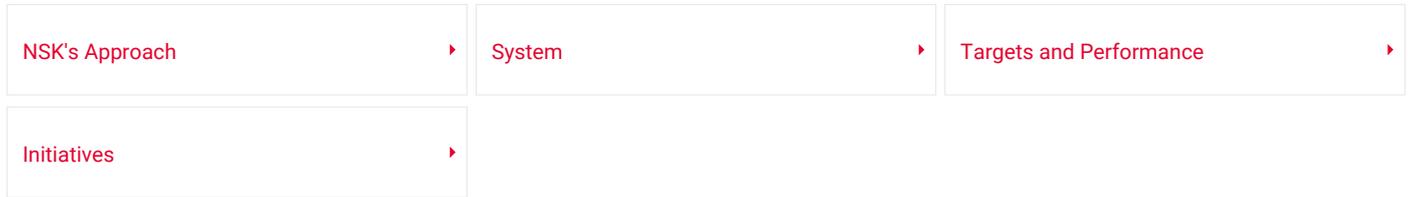


A reused wooden pallet

Waste Involved in Bearing Manufacture and 3R Efforts



Reducing Use of Environmentally Harmful Substances*1



NSK's Approach

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

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

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

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

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

*5 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.



Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Sixth Mid-Term Management Plan targets	FY2021 targets	FY2021 performance	Initiatives	
Development and design/ management	-	Reflect new regulations and customer requests in the NSK List of Environmentally Harmful Substances	<ul style="list-style-type: none"> Updated the NSK List of Environmentally Harmful Substances 	<ul style="list-style-type: none"> Understood laws and regulations and customer requests regarding environmentally harmful substances
	Full response to the 10 EU RoHS2 substances	Fully response to EU RoHS2	<ul style="list-style-type: none"> Fully responded to the 10 EU RoHS2 substances 	<ul style="list-style-type: none"> Used products that do not contain the 10 substances prohibited by EU RoHS2 in newly developed products
	-	Use parts 100% free of prohibited substances	<ul style="list-style-type: none"> Usage: 100% 	<ul style="list-style-type: none"> Used parts that do not contain environmentally harmful substances in newly developed products
Procurement from suppliers	Obtain consent to NSK Group Green Procurement Standards from suppliers	Consent to green procurement In Japan: Maintain 99% or higher Outside Japan: Obtain 99%	<ul style="list-style-type: none"> In Japan: Maintained 74% Outside Japan: Obtained 80% 	<ul style="list-style-type: none"> Extended management of environmentally harmful substances to suppliers
	Full response to the 10 EU RoHS2 substances	Fully response to EU RoHS2	<ul style="list-style-type: none"> Fully responded to the 10 EU RoHS2 substances 	<ul style="list-style-type: none"> Conducted a supplier survey regarding the 10 substances prohibited by EU RoHS2
	Conduct supplier survey regarding inclusion of substances on the NSK List of Environmentally Harmful Substances	Conduct audits of the management systems for environmentally harmful substances at 200 companies	<ul style="list-style-type: none"> Audited 200 companies and followed up on their corrections 	<ul style="list-style-type: none"> Checked/improved suppliers' management systems
Manufacturing and distribution	-	Survey response rate In Japan: 100% Outside Japan: 100%	<ul style="list-style-type: none"> In Japan: 100% Outside Japan: 100% 	<ul style="list-style-type: none"> Conducted a supplier survey regarding the NSK List of Environmentally Harmful Substances
	-	Conduct audits of 26 plants for three years	<ul style="list-style-type: none"> Conducted audits of 14 plants and implemented corrections 	<ul style="list-style-type: none"> Conducted audits on the management of environmentally harmful substances
	Full response to the 10 EU RoHS2 substances	Fully response to EU RoHS2	<ul style="list-style-type: none"> Continuing efforts for full elimination of prohibited substances 	<ul style="list-style-type: none"> Eliminated inventory of products containing the 10 EU RoHS2 substances, and eliminated materials containing prohibited EU RoHS2 substances in manufacturing processes
Customers	Reduce handling of PRTR-designated substances per unit of sales in production processes	In Japan: Handling of PRTR-designated substances per unit of sales 1% reduction from FY2020	<ul style="list-style-type: none"> Reduced by 11.1% per unit of sales 	<ul style="list-style-type: none"> Reduced PRTR-designated substances
	-	Deliver information in response to customer requests	Communicated information relevant to customer requests	Provided information on environmentally harmful substances in products and manufacturing

Initiatives

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

Green Procurement and Management of Environmentally Harmful Substances

The NSK Group has included environmentally harmful substances identified based on laws, regulations, and industry standards on the NSK List of Environmentally Harmful Substances*⁶. Additionally, we established the NSK Group Green Procurement Standards to prevent the delivery of products with prohibited substances. We ask our suppliers to practice thorough management and to maintain and improve their management systems. We hold green procurement briefings around the world, ask our suppliers to submit forms consenting to green procurement, and conduct supplier surveys.

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

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



▶ [NSK List of Environmentally Harmful Substances](#)

— Initiatives in Design and Production Processes

Full Response to the 10 EU RoHS2 Substances

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

Biodiversity Conservation

[NSK's Approach](#)



[Main Initiatives](#)



NSK's Approach

The NSK Group strives to determine the impact of its business operations on biodiversity, promote positive impacts, and control negative impacts based on the NSK Biodiversity Guidelines and Action Agenda. NSK uses a great deal of special steels in its bearings and other products. Since these are made from recycled iron scrap, they consume fewer natural resources. We believe that our business operations therefore have a comparatively minor impact on biodiversity.

However, since the loss of biodiversity on a global scale is a serious issue, we do our part to reduce that loss as much as possible and to help restore biodiversity. The NSK Group's efforts in this area include both business and social contribution initiatives—for instance, assessing biodiversity risk, protecting endangered species on plant premises, conserving energy and resources, and creating environmentally friendly products.

— NSK Biodiversity Guidelines

Basic Policy

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

Established October 5, 2010 NSK Ltd.

Action Agenda

1. Research and Development

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

2. Procurement and Purchasing

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

3. Manufacturing and Logistics

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

4. Plant and Office Grounds

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

5. Social Contribution Activities

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

6. Communications

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

Established October 5, 2010 NSK Ltd.

Main Initiatives

Overview of Main Biodiversity Initiatives

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

— Biodiversity Risk Assessments (IBAT*¹ Analysis)

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

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

*2 IUCN Ib: Wilderness Area

► **Expanding Social Contribution Activities Related to Biodiversity Conservation**

Expanding Social Contribution Activities Related to Biodiversity Conservation

— Initiatives

Protecting Endangered Species on the Premises of Our Sites

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

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

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



[Kanagawa in Japan] Kirihara Precision Machinery Plant: Golden orchids*2

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



Efforts to Remove Specific Invasive Species

[Shiga in Japan] Ohtsu Plant

Since fiscal 2014, the Ohtsu Plant has been removing invasive fish species from Lake Biwa, which is a Ramsar Site.



[Saitama in Japan] Saitama Plant and NSK Machinery Co., Ltd.

Since fiscal 2016, the Saitama Plant and NSK Machinery Co., Ltd. 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.



Efforts to remove American bullfrogs (Saitama)

Preservation of Satoyama Forest Areas and Nature Observation Workshops

[Kanagawa in Japan] Five sites in Fujisawa area (Fujisawa Plant, Fujisawa Technology Center, Kirihara Precision Machinery Plant, Fujisawa Plant NSK Micro Precision Co., Ltd., and AKS East Japan Co., Ltd.)

Since fiscal 2015, employees and their family members from five sites in the Fujisawa area have participated in satoyama (woodland areas near human settlements) preservation and nature observation workshops in special green zones.



[Fukushima in Japan] Fukushima Plant

Since fiscal 2018, the Fukushima Plant, working together with town residents and local government officials, has planted Edohigan cherry trees in the Tanagura town covenant forest.



[Shiga in Japan] Ishibe Plant

Since fiscal 2018, the Ishibe Plant has taken part in grass-cutting and tree-planting activities with the local forest association in Konan, Shiga Prefecture.



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

Under the guidance of an NPO, employees and their family members took part in coastal cleaning and beautification activities, such as collecting trash that has drifted ashore and releasing loggerhead sea turtles (baby turtles).



Tree Planting and Donation of Seedlings

[U.S.] Clarinda Plant, NSK Corporation

To commemorate Earth Day, the plant distributed seeds to all employees. The plant also raises vegetables such as corn, Brussels sprouts, tomatoes, chili peppers, bell peppers, cucumbers and pumpkins on its grounds to increase environmental awareness among employees.



[India] NSK Bearings India Private Ltd.

The company has planted 100 trees on its premises to promote afforestation.



Local Cleaning and Beautification Activities

[Toyama in Japan] NSK Toyama Co., Ltd.

In fiscal 2020, 60 employees carried out activities including grass-cutting (once a year) and river beautification for the Class A Sho River (twice a year), a project which NSK Toyama started in 2016. In appreciation of these continuing activities, the company received the 2020 Excellence Award from the Toyama Class A River System Water Pollution Countermeasures Coordination Committee.



[U.S.] Clarinda Plant, NSK Corporation

Nine employees carried out highway cleaning activities with support from the Iowa Department of Transportation. In addition to these activities, they also cleaned its plant grounds and the surrounding area.



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

A total of 30 employees cleaned the plant grounds and the surrounding area.



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

Fourteen employees carried out beautification activities on the plant grounds and along the rich natural river that flows near the plant. They collected around 100 kg of trash.



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

Four times a year, a total of 200 employees conducted cleaning activities on the plant grounds and surrounding area.



[China] Suzhou NSK Bearings Co., Ltd.

Around 300 employees carried out beautification activities such as picking up trash on Tianping Mountain, which is famous for its fall foliage.



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

450 employees carried out cleaning activities on the plant grounds.



Research & Development Philosophy & Achievements / Four Core Technologies plus One

Philosophy & Achievements

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



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

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

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

In an effort to contribute to a safer, smoother society and to protect the global environment, as spelled out by NSK corporate philosophy, NSK strives to accurately determine customer and societal needs, and develop environmentally friendly products and technologies that utilize the Company's Four Core Technologies: Tribology (friction control technology), Materials, Numerical Simulation, and Mechatronics.

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

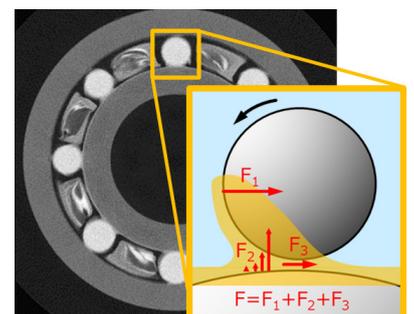
Changes in the business environment and globalization are advancing swiftly. In order for research and development to rapidly and flexibly respond to such change where it occurs, NSK has expanded regional technology centers while positioning the Corporate Research & Development Center in Japan as the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

Four Core Technologies plus One

— Tribology

Studying, Clarifying and Controlling Friction

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



Friction on the bearing's ball surface

— Materials

Unrelenting Pursuit of Performance Durability and Reliability

Materials research and development affects nearly every aspect of product performance.

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

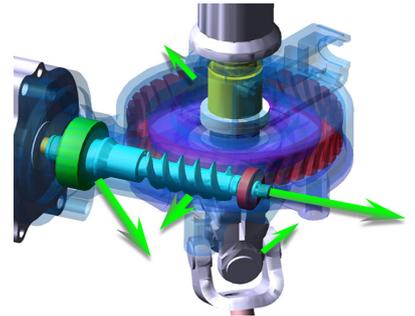


Simulated example of an automotive component

— Numerical Simulation

Simulated Recreation in Cyberspace to Predict Performance

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



Simulated example of an automotive component

— Mechatronics

Technology Supports People for a Convenient, Safe and Comfortable Future

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



Manipulation system for bio-medicine

— Manufacturing Engineering

Giving Shape to Four Core Technologies

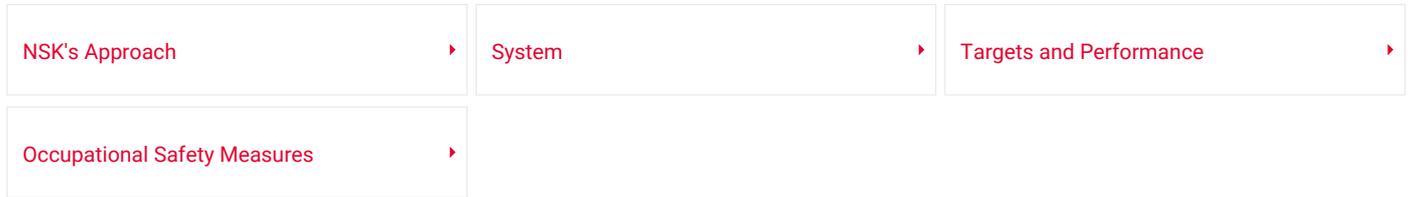
Contributing to the environment and heightening safety and security through our Four Core Technologies requires something to breathe life into these technologies. In addition, it is essential to consistently produce with high quality. NSK tackles these issues by applying AI to its equipment, utilizing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



Cheonan Plant in South Korea

► [Read more NSK History & Achievements](#)

Safety Management



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's safety policy sets out the three priority measures listed above. These guide our efforts to create safe, secure, and comfortable workplaces. To prevent fatal and serious accidents, we engage in "STOP6 + 2" activities and strive to build environments that ensure business partners such as outside contractors can work safely. In our efforts to increase safety awareness, we seek to foster an interdependent (mutually-enlightening) safety culture, and we hold safety culture workshops at our production sites. In addition, as an opportunity to learn about "felt leadership" (leadership that enables workers to understand and "feel" management's thoughts on safety), we have been holding core value workshops for executive management since fiscal 2020. We also work to give everyone more time to reflect upon NSK's Four Core Values. For example, we have implemented "Look Across Activities," which encourage each and every employee to see accidents at other sites as relevant to their own workplace and to reflect on hazardous areas, risks, and safe work practices. We also practice "Core Value Contact," an activity where employees share their experiences as well as examples of incidents related to safety, fire prevention, and environmental issues at the beginning of meetings. To prevent accident reoccurrence, we systematically conduct risk assessments (RA) to identify risks in both equipment and work procedures and implement improvements accordingly.

NSK Group's Safety Philosophy

The personal health and safety of NSK employees is given the utmost priority in all of our business activities and is fundamental to our sustainable growth. The NSK Group is committed to ensuring safe and healthful work environments for NSK employees, and also works to protect the safety and health of the contractors and business partners at NSK business sites.

NSK Group Safety Policy

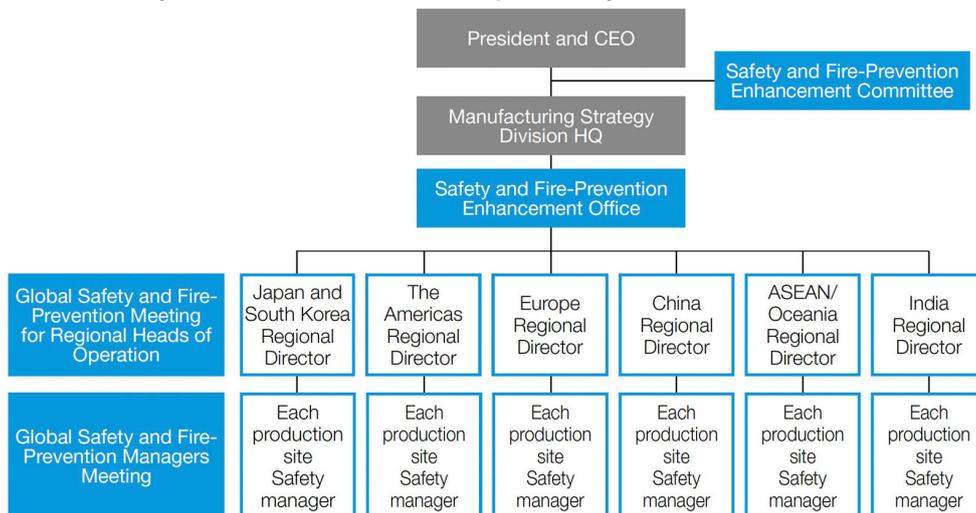
- Prevent fatal and serious accidents
- Increase safety awareness
- Prevent accident reoccurrence

System

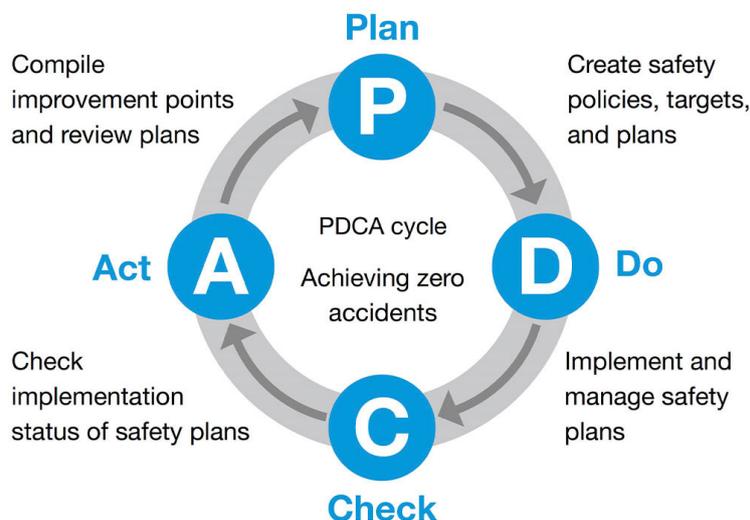
— Organizational Structure for Occupational Health and Safety Management

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

Global Safety and Fire-Prevention Management System



Safety Management System



— Occupational Health and Safety Management System

The NSK Group has developed an occupational health and safety management system that complies with requirements established by international bodies and other related regulations. We strive to foster a “safety first” culture and to fully engage employees at all sites in safety efforts. We quickly and globally share information on any occupational health and safety incidents that do occur, as well as the corresponding countermeasures, in order to prevent a recurrence of similar incidents.

In fiscal 2021, we continued efforts to acquire certification in the international standard covering occupational health and safety management systems. Eight sites in Japan and 14 sites outside Japan have acquired certification for ISO 45001.*1

*1 The international standard covering occupational health and safety management systems issued by the International Organization for Standardization (ISO) in March 2018.

Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Policy	Sixth Mid-Term Management Plan targets	FY2021 targets	FY2021 performance
Prevent fatal and serious accidents	Each production site manages its own PDCA cycle for identifying dangerous spots and their improvement	Raise the level of “STOP6 + 2” selfinspection as well as self-driven risk reduction activities at each site	Conducted self-inspections at each production site, improved the level of risk identification by performing remote on-site checks, shared best practices for improvement, and instilled selfdriven risk reduction activities
	Enhance the safety management of outside contractors	Confirm the status of implementation of a guidebook for outside construction management and improve its level	Identified and improved operational weaknesses by performing inspections using an outside construction safety management check sheet, and improved the level of mutual recognition of outside construction safety management
Increase safety awareness	Train and implement behavior that increases safety awareness, including KYT ^{*2} and the safety practice of pointing and calling	Hold a safety culture workshop at more sites in Japan to upgrade the NSK safety culture to an interdependent level (Plan in FY2021: three sites)	Held an NSK safety culture workshop at three sites in Japan to promote activities to strengthen the safety culture among all employees
	Obtain ISO 45001 certification and further enhance the safety management	Obtain ISO 45001 certification for 16 sites in Japan and 26 sites outside Japan	Obtained ISO 45001 certification and began implementing it at 8 sites in Japan and 14 sites outside Japan (Certification at all remaining sites to be acquired in FY2022)
	Newly establish the Safety and Fire Prevention Training Center and foster an advanced safety culture	Enhance remote operation of the Safety and Fire Prevention Training Center	Conducted remote training for two fire prevention auditors at each site, and certified seven (total of 32 in Japan), contributing to selfdriven fire prevention audits at each site
Prevent accident reoccurrence	Expand “Look Across Activities” (seeing accidents at other sites as relevant to one’s own workplace and learning lessons from those accidents) to operators on the shop floor	Enhance “Look Across Activities” so that factory personnel become more fully aware of the risks in their own workplace	Improved factory personnel’s sensitivity to risks by enhancing “Look Across Activities,” including sharing case studies of past accidents
	Identify risks through risk assessment of equipment and work procedures and implement measures against those risks	Implementation of risk assessment and evaluation of all existing facilities in Japan and elimination of high-risk items (Promotion of a three-year plan from FY2019 to FY2021)	Completed risk assessment of all existing facilities in Japan and implemented risk item countermeasures (Completed three-year plan from FY2019 to FY2021)

*2 KYT: *Kiken Yochi* (hazard prediction) Training

— Mid-Term Management Plan 2026 (MTP2026) Targets (FY2022–2026) and the FY2022 Targets

Policy	MTP2026 targets	FY2022 targets
Foster, spread, and instill a culture of safety and fire prevention	<ul style="list-style-type: none"> • Instill an interdependent safety culture through the global rollout of NSK safety culture workshops • Train safety and fire prevention experts by operating the Safety and Fire Prevention Training Center 	<ul style="list-style-type: none"> • Deepen mutual understanding of safety culture by broadly sharing information about its significance and rolling out activities to all levels, including conducting NSK safety culture workshops at more sites (conduct at nine sites in Japan) • Develop risk assessment promotion leaders (one leader per site in Japan) • Continue training and education to have two fire prevention auditors at each site (14 certified)
Build “zero accident” workplaces	<ul style="list-style-type: none"> • Identify and eliminate accident and fire risks by conducting comprehensive risk assessments 	<ul style="list-style-type: none"> • Develop a risk assessment program covering all operations to reduce operational risks • Expand fire risk assessment (cutting process, ball grinding process) and eliminate high risks
Put preventive and predictive technologies in place	<ul style="list-style-type: none"> • Introduce and promote preventive and predictive technologies • Analyze existing information and use it for preventive measures 	<ul style="list-style-type: none"> • Create a model for accident prevention by introducing real-time monitoring and wearable systems • Increase the level of risk assessments by introducing an AI system to analyze accumulated data such as past fire trouble and risk information

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

— Increasing Safety Awareness

Pointing and Calling

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

Three Steps of Pointing and Calling

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

Practicing “Core Value Contact” in Each Department

The NSK Group practiced “Safety Contact” at the beginning of meetings, morning briefings, and other occasions from fiscal 2019 to fiscal 2021. 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 fiscal 2022, the NSK Group expanded the “Safety Contact” program and renamed it “Core Value Contact,” to give employees not only more time to think about safety, but also about the Group’s Four Core Values (Safety, Quality, Environment, and Compliance) and their contribution to the Core Values.

“Look Across Activities”

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

— Preventing Fatal and Serious Accidents

STOP6 + 2 Activities

The NSK Group conducts “STOP6 + 2” activities as a means of preventing fatal and serious accidents. STOP6 is an initiative for occupational safety designed to prevent fatal and serious accidents. STOP6 classifies accidents in the manufacturing industry into six major types and defines key prevention activities. In addition to the accident types identified by STOP6, the NSK Group addresses “oxygen deficiency and poisoning” and “accidents caused due to an employee working alone” as two additional accident types in its “STOP6 + 2” activities.

Major Accident Types in STOP6 + 2 Activities

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

— Preventing Accident Reoccurrence

Using Video to Share Cases of Accidents

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

Quality Management

NSK's Approach ▶	System ▶	Targets and Performance ▶
Quality Improvement Initiatives ▶		

NSK's Approach

With quality as one of its four 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 interdepartmental 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.

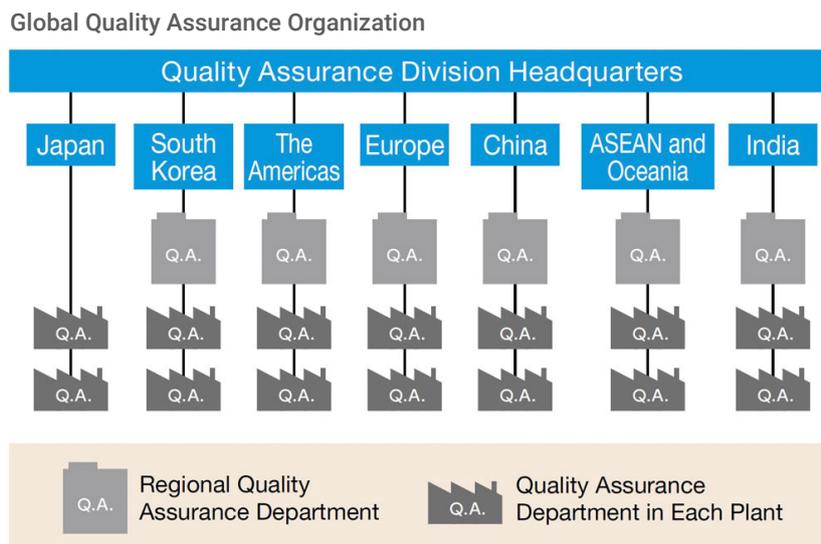
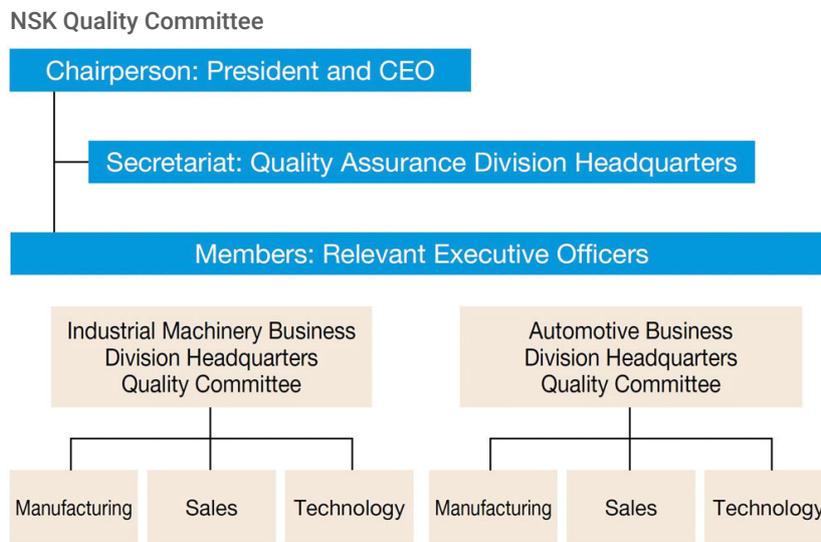


System

— Quality Assurance Organizations

The NSK Group has established the NSK Quality Committee, chaired by the president, to supervise Group-wide quality management. The president and heads of each business division headquarters meet in the committee three times a year to review the state of quality control and discuss quality issues, necessary initiatives, and related matters. NSK's Quality Assurance Division Headquarters serves as the global lead for quality management, assisted by quality committees in each business division headquarters. 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.



Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Policy	Sixth Mid-Term Management Plan targets	FY2021 targets	FY2021 performance
<p>NSK Product Development System (NPDS)</p> <p>This is NSK's proprietary quality management system for quickly transforming new orders into reliable, stable production.</p>	<ul style="list-style-type: none"> Verify performance with a complete grasp of the level and conditions required by the field Improve field quality 	<ul style="list-style-type: none"> Improve NPDS quality through proper assignment of DR experts and stricter DR meetings Implement a global system addressing design <i>kakotora</i> (quality problems experienced in the past) 	<ul style="list-style-type: none"> Selected and trained DR experts outside Japan Assigned DR experts in the US (100% achieved) Training DR experts in Europe and China Achieved KPI scores for DR expert system in Japan and new DR score Registered defect information in the global system addressing design <i>kakotora</i>
<p>NSK Quality No. 1 (NQ1) Program</p> <p>NSK is promoting initiatives to realize stable production and ensure zero defects.</p>	<ul style="list-style-type: none"> Improve procurement quality <i>Dantotsu</i> improvement activities (ongoing activities for zero defects) 	<ul style="list-style-type: none"> Standardize supplier system audits Implement supplier quality defect system (SQC system) in Japan Improve internal culture by ensuring penetration and vigor of <i>Dantotsu</i> activities (ongoing activities for zero defects) 	<ul style="list-style-type: none"> Renewed supplier audit rules and guidance document Completed and implemented a uniform SQC system at plants in Japan Achieve global expansion of <i>Dantotsu</i> activities and implemented an internal awards scheme
	<ul style="list-style-type: none"> Identify <i>gemba</i> (frontline) 4Ms^{*1} quality risks, review good product conditions Enhance reoccurrence prevention 	<ul style="list-style-type: none"> Strengthen cooperation with regional quality assurance departments for the three <i>gemba</i> (<i>gemba</i>: actual places, <i>gembutsu</i>: actual things, and <i>genjitsu</i>: actual situations) in a COVID-19 environment Improve the process reoccurrence prevention method 	<ul style="list-style-type: none"> Completely moved quality operation decisions to actual sites outside Japan (authority transfer completed) Created a check sheet for process reoccurrence prevention, conducted skill assessments, and analyzed weak points
<p>Human resource development</p> <p>NSK is promoting the human resource development to build a stronger foundation for quality creation.</p>	<ul style="list-style-type: none"> Foster quality-first human resource development 	<ul style="list-style-type: none"> Expand <i>Quality-Dojo</i>^{*2} and entrench their effective utilization Effectively operate <i>Quality-Dojo</i> in technological divisions for design quality training Effectively utilize quality engineering 	<ul style="list-style-type: none"> Established 10 basic quality principles Continued providing training in <i>Quality-Dojo</i> Launched online <i>Quality-Dojo</i> in technological divisions Training implemented by full-time instructors and shared among plants Implemented FMEA elearning Designed highly robust products using quality engineering

*1 4M: Man, Machine, Material, Method

*2 *Quality-Dojo*: A dedicated area for quality training put in place at each plant. Established in FY2019.

— Mid-Term Management Plan 2026(MTP2026) Targets (FY2022–2026) and the FY2022 Targets

Policy	MTP2026 targets	FY2022 targets
NSK Product Development System (NPDS): NSK's proprietary quality management system that quickly translates new orders into reliable, stable production	<ul style="list-style-type: none"> • Improve NPDS quality worldwide <ul style="list-style-type: none"> • Establish DR experts outside Japan • Establish stricter DR and adopt design manufacturing integrated digital FMEA • Develop a global system addressing design kakotora (quality problems experienced in the past) and expand to manufacturing kakotora (manufacturing problems experienced in the past) 	<ul style="list-style-type: none"> • Implement training to establish DR experts in Europe and China <ul style="list-style-type: none"> • Convert development and manufacturing information into data through full deployment of design–manufacturing integrated digital FMEA • Develop a global system addressing design kakotora in design operations and accumulate data
NSK Quality No. 1 (NQ1) Program: Initiatives to realize stable production and ensure zero defects	<ul style="list-style-type: none"> • Establish digital management of quality (completion inspections, traceability, enhanced critical process control) • Enhance control of process capabilities 	<ul style="list-style-type: none"> • Establish an organizational structure for a digital platform for quality <ul style="list-style-type: none"> • Create training content on quality information and implement training • Launch e-Quality-Dojo for online training

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.

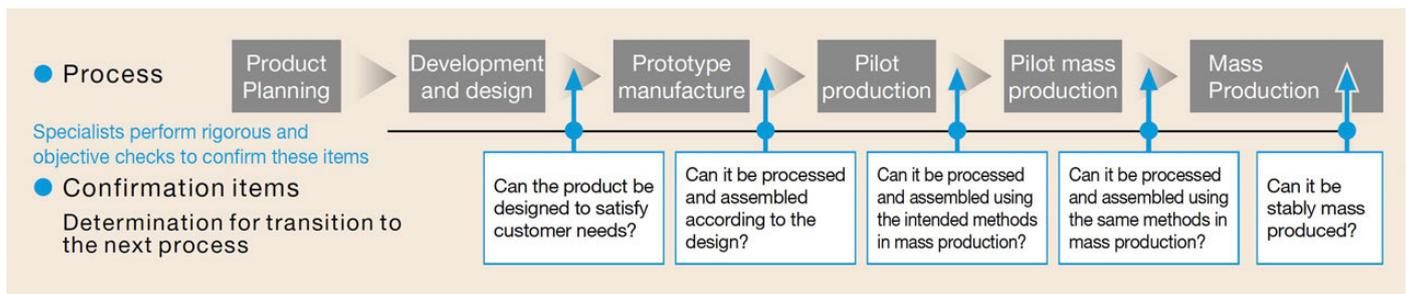
— Initiatives to Enhance Design Quality

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*³ 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.

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

— Initiatives to Enhance Design Quality

The NSK Group works diligently to deliver a consistently high level of product quality that meets customer needs. We also develop manufacturing processes that focus on the 4Ms (man, machine, materials and methods) to further improve product quality.

4M Priority Issues

Man (human resources)

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

Machine (equipment)

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

Material

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

Method

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

Product Assurance through Quality Inspection

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

Global Rollout of Measures from Best Practice Plants

Every month, the NSK Group monitors the status of quality management at all production sites worldwide. Production sites that produce exceptional results in terms of quality are categorized as "Best-Practice Plants." The characteristics of those plants and their management initiatives are analyzed and rolled out to other production sites.

We ensure that case studies and best practices are shared among sites by holding quality information exchange meetings with representatives from different plants. The participants bring back new information to their respective workplaces and consider applying it to their own operations. This helps to disseminate good quality assurance practices throughout the Group. Going forward, the NSK Group will continue to ensure good communication among plants so that employees can learn about activities undertaken at other sites and their benefits. These efforts will promote Group-wide quality awareness and a shared sense of accomplishment.

Objectives of Quality Information Exchange Meetings for Plants

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

Quality Training

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

Training includes:

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

— Initiatives to Enhance Supplier Quality

The NSK Group works diligHigh-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

Initiatives begun in fiscal 2019

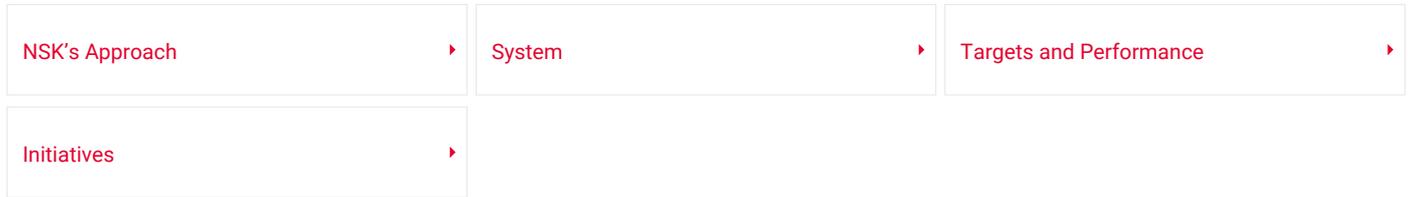
Category	Details
Briefing sessions by the Global Quality Audit Office on internal activity policies	<ul style="list-style-type: none"> •At the annual purchasing policy briefing, shared with suppliers the details of a supplier quality control system currently being created
Ascertaining and visualizing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

Strengthening Audit Functions

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

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

Supply Chain Management



NSK's Approach

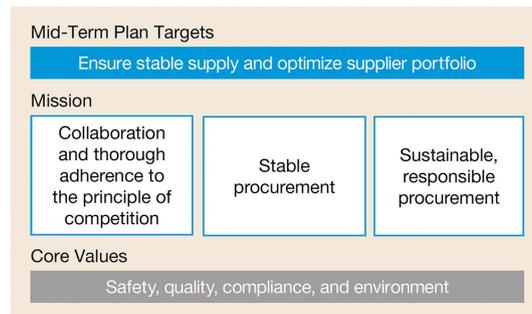
The NSK Group's operations are made possible by the support of its many suppliers. We consider suppliers to be essential business partners, and we seek mutual development while building relationships of trust. Based on our approach of ensuring fair procurement practices that also consider potential impacts on society and the environment, we are working across the entire supply chain to help build a sustainable world.

We carry out CSR procurement and green procurement globally, working across the entire supply chain to help build a sustainable world.

— Mission of NSK's Procurement Division

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

Mid-Term Management Plan 2026: Procurement Division Headquarters



— Policy

NSK Group Basic Policy for Procurement

- | | |
|---|---|
| <p>1. Economic Rationality
Applicable companies shall conduct transactions whose quality and service are economically rational.</p> <p>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.</p> <p>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.</p> <p>4. Respect for Moral Standards
I Applicable companies shall adhere to strict moral standards.
• Transactions with counterparties and/or potential</p> | <p>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.</p> <p>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.</p> <p>6. Employee Training and Education
Applicable companies shall provide procurement training and education to employees.</p> |
|---|---|

— NSK Supplier CSR Guidelines

The NSK Group asks its suppliers to ensure compliance with competition laws and anti-bribery laws, to respect the basic human rights of workers by prohibiting child labor and forced labor and maintaining occupational safety and health, to avoid the use of conflict minerals, and to make efforts to preserve the environment through activities such as managing environmentally harmful substances.

▶ [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

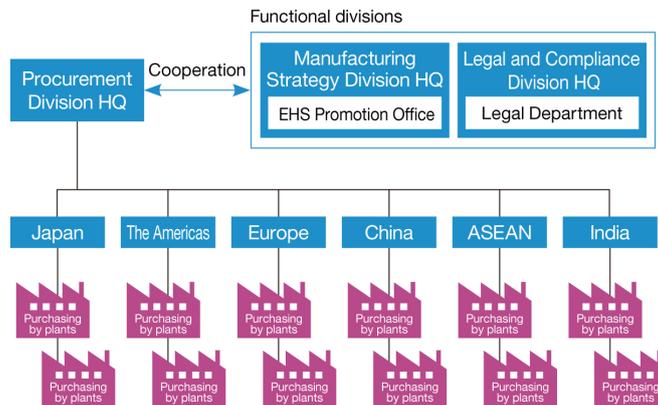
- Policies addressing environmental preservation
- Compliance with environmental laws
- Requirements for the development of an environmental management system (EMS)
- Requirements for the development of an environmentally harmful substance control system
- Requirements for environmental protection activities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

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Policy	Sixth Mid-Term Management Plan targets	FY2021 targets	FY2021 performance
Ensure stable supply and optimize supplier portfolio	Stable procurement	BCP audits of 30 major companies (Cumulative total of 100 companies since FY2018)	Despite the impact of COVID-19, assessments were conducted on 20 companies and followup done at 17 companies using on-site and remote visits.
	Sustainable and responsible procurement	<ul style="list-style-type: none"> Implementation of selfassessments based on the NSK Supplier CSR Guidelines (every other year) Survey customer requirements and other information for the next selfassessments in FY2022. 	<ul style="list-style-type: none"> Provided feedback and guidance for improvement to the 416 companies in Japan that responded to the FY2020 survey of initiatives. Started efforts to understand the content of human rights, environmental, and other requirements, and to revise the Supplier CSR Guidelines, with the aim of issuing them in FY2022.

— Mid-Term Management Plan 2026 (MTP2026) Targets (FY2022–2026) and the FY2022 Targets

Policy	FY2021 targets	FY2021 performance
Rebuild the foundation for procurement reform using a global overall optimization perspective instead of pursuing only individual optimization	Strengthen BCP readiness	BCP inspections on 30 major companies (120 total since FY2018)
	Environmentally friendly procurement	<ul style="list-style-type: none"> Revised the Supplier CSR Guidelines and conducted a survey of initiatives based upon them. Revised the Green Procurement Standards.

Initiatives

— Regional Distribution of the NSK Group’s Supply Chain

The NSK Group has transactions with approximately 1,200 suppliers worldwide (after adjusting for overlap between regions) for direct materials.

— Stable Procurement Based on Relationships of Trust

Sharing NSK’s Value Creation with Suppliers

The NSK Group holds procurement policy briefings every year to explain its procurement and other policies to major suppliers.

Suppliers are asked to reinforce their efforts to implement CSR activities to ensure the same level of performance throughout the entire supply chain.



Procurement policy briefing

Promoting Fair Trade

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

Compliance Hotline

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

— Identifying and Managing Risks in the Supply Chain

Supplier Risk Management

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

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

Supplier CSR Self-Assessment

The NSK Group asks its suppliers to perform CSR self-assessments and monitors the condition of their operations (every two years). We then report the results of our evaluation of their activities back to the suppliers.

▶ [Respecting Human Rights \(related site\)](#)

— 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.

Human Resource Management

NSK's Approach, System, Targets and Performance

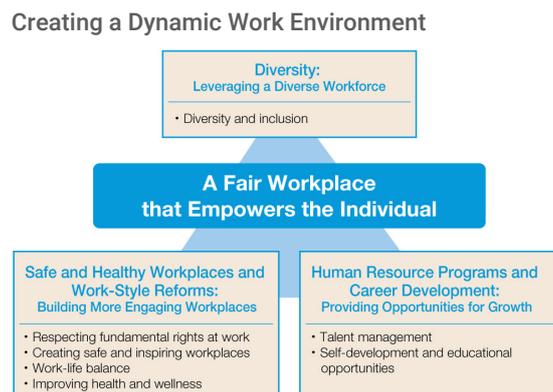
NSK's Approach	▶	System	▶	Targets and Performance	▶
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NSK's Approach

At the NSK Group, we see our workforce as a vital resource for the continued success of our business. We know that employees who remain fully engaged in their work produce the best results, which ultimately leads to the sustainable growth of individual employees and the entire NSK Group. This is why we are committed to creating a safe and motivating workplace where the cultures and practices of countries and regions worldwide are respected and diversity is embraced in the workforce.

— Policy

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



Diversity: Leveraging a Diverse Workforce

- The NSK Group is working to build a corporate culture where diverse human resources and their individual values are recognized and accepted. This effort is based on the conviction that employees from different backgrounds, working together, are able to generate more new ideas in the workplace, which will in turn strengthen the Group's competitiveness.

Safe and Healthy Workplaces and Work-Style Reforms: Building More Engaging 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. Based on this, we seek to provide safe, supportive workplaces.
- We are working to reform work styles in order to encourage greater awareness of work-life balance among employees, while encouraging them to take paid leave and working to offer more diverse ways of working.
- NSK has established programs to help employees fulfill any childcare or nursing care responsibilities they may have. These programs exceed legal requirements and take into account the ongoing need for employees to balance their work and family obligations throughout the stages of their lives. We also seek to ensure good communication between superiors and their team members in the workplace. We offer seminars, for instance, to support caregivers and working parents who are returning to work after childcare.
- At the NSK Group, we see an investment in health as an investment in corporate value, and as such, we are committed to the health and wellness of our employees and their families. We have established health management initiatives under the NSK

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

Human Resource Programs and Career Development: Providing Opportunities for Growth

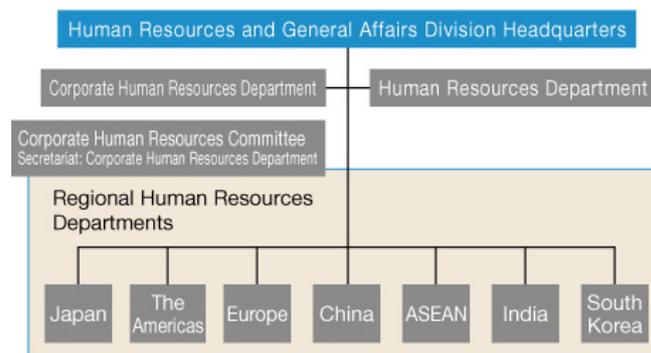
- The NSK Group has established a range of human resource programs including education and training. Providing opportunities for professional growth, the programs enable employees to further enhance their motivation and skills by maximizing their individual potential.
- We position job rotation at the core of human resource development, promoting employee awareness of the benefits of independent learning and growth. Employees learn new skills and operations while taking advantage of opportunities to advance their careers.
- We develop the core human resources needed to fuel sustainable growth by offering education and training programs which not only enhance the knowledge and skills of employees, but also promote their growth as human beings.

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



— Employee Engagement Surveys

The NSK Group has been conducting regular employee surveys in Japan and at some global sites in order to enhance awareness of its corporate philosophy and the importance of compliance. We recognize that it is essential for every employee to understand and follow the corporate philosophy, and that we must create the kind of transparent workplaces required to ensure compliance. As employee engagement is critical to these efforts, we recently expanded the scope of the survey to include all employees worldwide, and also added questions to measure engagement. Based on the survey results, we are developing next steps for each region. These steps include more clearly linking the corporate philosophy with daily operations, and promoting better communication between superiors and team members.

Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Policy	Sixth Mid-Term Management Plan targets	FY2021 targets	FY2021 performance
Leverage a diverse workforce	Promote more diversity and inclusion (D&I)	Raise awareness of D&I	<ul style="list-style-type: none"> President's Diversity Message 2021 published Monthly diversity messages from management Held three diversity lectures
		Improve the paternal leave acquisition rate	<ul style="list-style-type: none"> Improved 8.1 points against previous fiscal year (Acquisition rate 58.4%)
		Continue to run caregiving seminars	<ul style="list-style-type: none"> Offered a new course in the caregiving seminars (Held 33 caregiving seminars, with a total of 2,197 participants.) Held training courses for human resource consultation desk staff
		Create a work environment that empowers foreign nationals (Japan)	<ul style="list-style-type: none"> Started cross-cultural training planning, expanded support for language learning Held training courses for human resource consultation desk staff
		<ul style="list-style-type: none"> Create a comfortable work environment for LGBTQ+ individuals Raise awareness of LGBTQ+ issues 	<ul style="list-style-type: none"> Revised the company's employment regulations (providing benefits to same sex partners) Raised awareness of SOGI harassment and outing prevention
		Raise external awareness of our initiatives to promote D&I	<ul style="list-style-type: none"> Selected again as a Nadeshiko brand Retained <i>Kurumin</i> certification (certification recognizing companies with parent-friendly HR policies and programs) Received PRIDE Index Gold Award
	Promote the advancement of women Increase the percentage of women among managers and managerial candidates by 1.6 times (compared with FY2018)	Continue supporting women in career-track positions	<ul style="list-style-type: none"> Achieved target for the number of management positions held by women and women who are candidates for such positions (77) Conducted training and exchange events for women in career-track positions and assistant managers Role-model women offered lectures
	Promote a higher percentage of women among career-track position hires (administrative and sales staff: 40%; engineers: 10%)	<ul style="list-style-type: none"> Administrative and sales staff: 40%; Engineers: 10% achieved 	
Build more engaging workplaces	Promote work-style reforms	Expand remote work	<ul style="list-style-type: none"> Issued remote work guidelines
	Promote health and wellness	Raise external awareness of our initiatives to improve the health of our employees	<ul style="list-style-type: none"> Health and Productivity Management Organization (White 500)
		Promote workplace improvements using the results of stress check organizational assessments	<ul style="list-style-type: none"> Held seminars and meetings to explain the results of organizational assessments at 16 major business sites to support managers in their workplace improvement efforts (The organizational assessment results briefings were attended by 732 people, approximately 70% of those eligible.)
Provide opportunities for growth	Support the career advancement of every employee	Train young employees at an early stage for career advancement (experience and knowledge)	<ul style="list-style-type: none"> Implemented young employee rotations
		Continuously provide growth opportunities that encourage independence, self-reliance, and autonomy	<ul style="list-style-type: none"> Provided effective learning opportunities by combining the most appropriate learning modes (group training, online learning, e-learning, and correspondence education) according to training methods, taking advantage of the characteristics of each mode.

Diversity: Leveraging a Diverse Workforce

Promoting More Diversity and Inclusion	Diversity and Inclusion Roadmap and Priorities for Our Mid-Term Management Plan	Promoting a Better Understanding of Diversity and Inclusion
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Promoting More Diversity and Inclusion

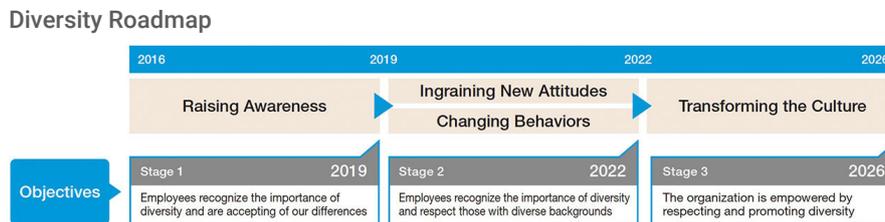
It is our conviction that employing people from diverse backgrounds—in gender, age, nationality, culture, lifestyle and values—will foster a work environment full of new perspectives and ways of thinking. This, in turn, will strengthen NSK’s competitiveness and capacity to avoid risks. This is why we are working to build a corporate culture that embraces diversity and is inclusive of all people and the values they hold.

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

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

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

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



Priority 1: Promote a better understanding of diversity and inclusion

Priority 2: Promote career advancement for women

Priority 3: Promote the advancement of non-Japanese employees

Priority 4: Support work-life balance (parenting, caregiving, medical or infertility treatment; [Facilitating Work-Life Balance \[related site\]](#))

Priority 5: Work-style reform ([Facilitating Work-Life Balance \[related site\]](#))

— Diversity Promotion System

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

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

Promoting a Better Understanding of Diversity and Inclusion

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

Main Initiatives

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

— Promoting Career Advancement for Women

At NSK, promoting greater career opportunities for women is a management priority. By empowering more women to demonstrate their full abilities and play an active role, the aim is to further advance diversity and inclusion and strengthen the competitiveness of the company. For this reason, we are increasing the percentage of new hires who are women, while striving to create an environment where work and family can be balanced, supporting career development for women, and providing the opportunity to be active in a wide range of roles. We are also implementing initiatives to promote the active participation of women Group-wide. The aim is not only to expand the number of women in various roles, but also to increase diversity among managers and their values.



NSK was selected as a Nadeshiko Brand for the third consecutive year. This honor is awarded to companies that excel in promoting the advancement of women in the workforce and is jointly determined by Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange.

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

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

Main Initiatives in Japan

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

Main Initiatives Outside Japan

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

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



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



Participants in NSK Americas Women's Development Program

— Leveraging Global Talent

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

— Career Advancement for Non-Japanese Employees in Japan

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

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

Main Initiatives

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

— Helping to Support an Aging Society (Japan)

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

— Providing Work Opportunities to People with Disabilities (Japan)

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



Employees of NSK Friendly Service at work

— Supporting Hidden Diversity: LGBTQ+ (SOGI)

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

(1) We will eliminate discrimination based on gender identity or sexual orientation, while protecting the basic human rights of LGBTQ+ employees.

(2) We will increase the number of allies who understand SOGI and support LGBTQ+ employees.

(3) We will create workplaces and a corporate culture that allows everyone to play an active role regardless of their gender identity or sexual orientation.

Based on the principles, NSK has been promoting initiatives. In recognition of activities, NSK was awarded the Gold PRIDE Index for the second consecutive year.



*About the PRIDE Index

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

Main Initiatives

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

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

Promoting Safe, Secure, and Comfortable Workplaces ▶	Facilitating Work-Life Balance ▶	Health and Wellness ▶
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Promoting Safe, Secure, and Comfortable Workplaces

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

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

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

Main Initiatives

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

And others

— Programs to Re-energize Employees and Their Social Activities

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

Main Initiatives

- **Refresher leave**
To provide opportunities for employee self-development and re-energizing, this program allows employees to take leave for upto five consecutive days every five years, beginning after they complete five years of service with the company.
- **Volunteer leave**
To help employees contribute to society by being involved in volunteer work relating to their local communities and social welfare, this program allows employees to take up to 12 days of special paid leave per year. They must work for a non-profit organization and carry out activities such as supporting people with disabilities and promoting international exchange.

And others

— Lifelong Design Learning Program

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

Facilitating Work-Life Balance

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

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

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

Main Balance Support System*1

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

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

— Support for Working Parents (Japan)

In recognition of our efforts to support working parents of small children, the Minister of Health, Labour, and Welfare awarded NSK the Kurumin certification.*2



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

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

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

Main Initiatives

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

— Support for Family Caregivers (Japan)

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

Main Initiatives

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

— Support for balancing work and medical treatment (Japan)

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

Main Initiatives

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

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

Main Initiatives

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

Health and Wellness

— Promoting Health and Wellness (Japan)

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

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

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

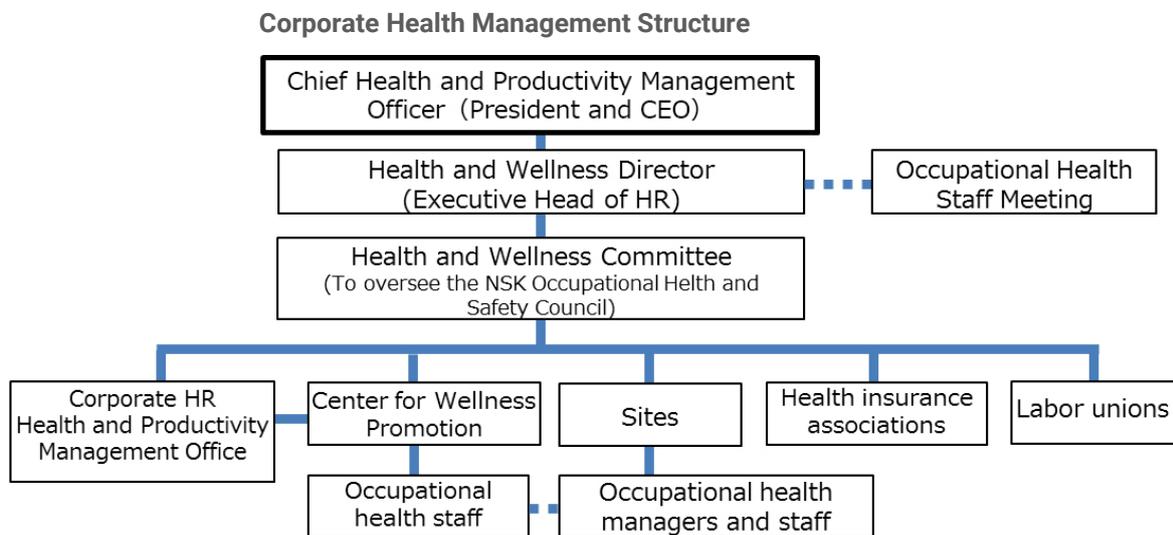
In order to continue to be a company that is needed, trusted and relied upon by society, we position measures to maintain and improve health as an important investment that serves as the basis for maximizing human capital value, and we will continue to proactively pursue initiatives.

Akitoshi Ichii, President & CEO, NSK Ltd.

— Corporate Health Management Structure (Japan)

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

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



— Three Main Focal Points of NSK Health and Wellness

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

NSK Health Initiatives Indicators*3

	FY2019	FY2020	FY2021	Target indicators*4
Percentage of employees participating in the Specific Health Guidance program	25.1%	27.3%	27.2%	22% or lower
Percentage of employees receiving stress checks	94.9%	95.9%	97.9%	100%
Percentage of employees who smoke	36.6%	33.8%	31.9%	20% or lower

*3 NSK Ltd. and major NSK Group companies in Japan

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

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

[Physical Health]

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

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

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

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

In addition, we have started a project to prevent aggravation of diseases. Although 21 of our employees are eligible, the current participation rate is about 10%. We will accelerate efforts to improve it. In order to further improve employee health awareness, we started implementing health management e-learning in fiscal 2022, and employees working in plants and other sites have watched videos on health management with the same content. The e-learning participation rate was 96.2%, satisfaction was 96.2%, and understanding was 98.9%.

[Mental Health]

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

NSK believes it is important to build workplaces where employees feel free to ask for help. Therefore, we have set up consultation services at each business site and ensure that everyone knows about them. We have also established a telephone service for mental health consultation to make it even easier for employees and their family member to get help. We have adopted an

employee assistance program (EAP) using outside experts to help prevent situations that could result in an employee taking mental health leave. The EAP also helps employees return to work after mental health leave and keep their health issue from recurring.

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

[Prevention of Secondhand Smoke Exposure]

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

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

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

— Formulation of NSK health management strategy map (Japan)

[Goals and issues to be resolved through health management]

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

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

[Status of indicators related to the NSK Health Management Strategy Map]

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

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

Indicators related to health investment measures	
Presenteeism (percentage loss according to the WHO-HPQ method)	38.9%
Absenteeism (proportion of absenteeism due to illness)	0.7%

— Expected Benefits of Health Management (Japan)

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

Human Resource Programs and Career Development: Providing Opportunities for Growth

Human Resource Programs for Talent Management	Providing Educational Opportunities for Individuals to Realize Their Potential
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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.

<h3>Job Rotation</h3> <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>	<h3>Young Employee Rotation</h3> <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>
<h3>Evaluation and Feedback Using Target Management and Performance Agreements</h3> <p>The NSK Group uses a performance agreement system to align individual goals with departmental and corporate targets, allowing employees to maximize their potential as they grow along with their department and company. Under this system, employees meet regularly with their supervisors to set goals for the fiscal year, and follow up on results at the end of the year. In order to ensure that evaluations are fair and that managers and their employees are communicating well with each other, we also conduct a survey to determine how satisfied employees are with evaluation feedback from their supervisors. When setting personal goals with individual employees, the degree of challenge is based on the individual's own abilities and qualifications in order to encourage self-motivation and challenge-taking. Managers view feedback as another opportunity to support the growth of their team members. By giving individuals the opportunity to reflect on their performance through dialogue, managers employ this technique to help employees grow.</p>	
<h3>Workplace and Career Aspirations Survey</h3> <p>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.</p>	<h3>System for Changing Employee Classification</h3> <p>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.</p>

Providing Educational Opportunities for Individuals to Realize Their Potential

NSK aims to develop core human resources who can support sustainable growth. Through a variety of educational offerings and training programs that further refine our people’s abilities, knowledge, and character, we provide numerous opportunities and forums for further development. As a new initiative, we are planning employee career-advancement seminars by age group. In order to prepare for changes in society as the average lifespan moves toward 100, we started a trial program for employees in their 50s in fiscal 2019. We will continue to enhance these seminars, going forward. They provide an opportunity for employees to recognize how times have changed and how they can continue to learn and grow on their own. We hold the following specific training programs to help employees continue to develop their own careers.

Career Development System

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

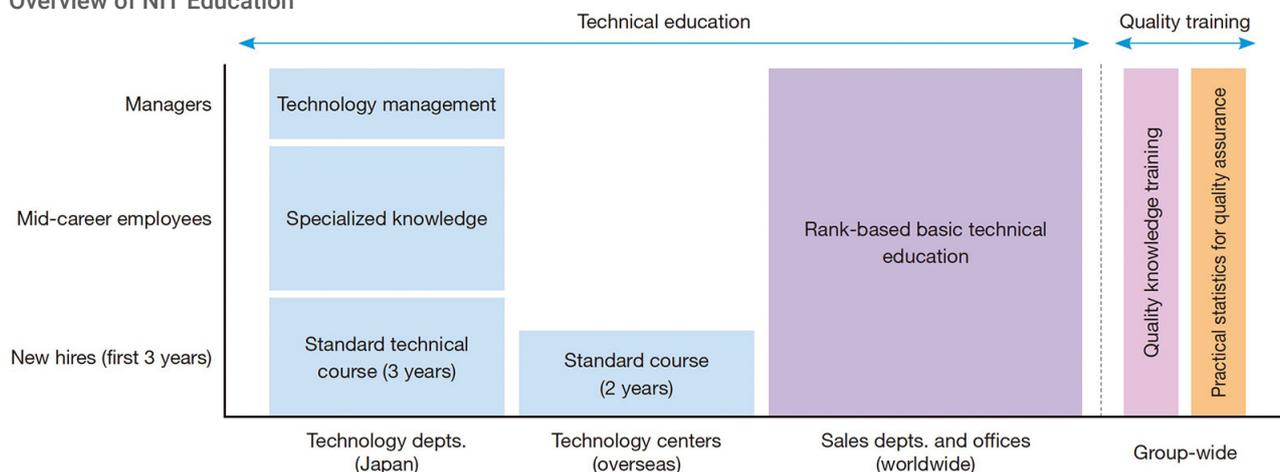
— NSK Management College

To develop talent for managerial roles around the world, the NSK Group has been running the Japan Management College (JMC) since 2000. In 2011, the eligibility criteria was expanded to include NSK Group employees worldwide, launching a parallel program named the Global Management College (GMC). At the JMC, managerial applicants selected in Japan systematically learn about business management over a period of about one year. They then make proposals to NSK’s executives for enhancing the Group’s future operations. About 400 employees have been through the JMC so far, and a steady stream of executives have been produced by the program. Every year, two GMC participants from each global region, including Japan, are selected to make educational visits to NSK Group sites worldwide. GMC participants receive lectures on business strategy and make visits to business sites in and outside the company, helping them to acquire the knowledge and skills required for senior leadership. In recent years, the GMC has been sending some participants to prestigious business schools outside Japan and inviting experts to come and give lectures. More than 100 people have completed the GMC to date, and they are now active as leaders across the NSK Group. Since fiscal 2019, we have been selecting outstanding young employees and offering them a special program to prepare them for potential admission to the college later in their careers. The aim is to further raise the level of the JMC program. While learning the basics of business management, these young participants learn about the current business environment, which is undergoing major changes as a result of globalization and digital technology. They spend four months studying and thinking about the optimal direction for NSK in the future.

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

Established in November 2007, the NSK Institute of Technology (NIT) is a global educational institution that provides opportunities for employees to obtain knowledge on a broad range of market and customer technologies, while gaining specialized expertise by diving deeper into fields of focus at NSK. The credit-based curriculum is divided by academic discipline, with classes provided at technology departments in Japan and technology centers around the world. The aim is to provide a comprehensive technical education that goes beyond technical theory to include product usage and handling, safety, quality control, ethics for engineers, manufacturing methods, and cost control. In addition to these standard courses, there are objective-based courses such as English training, technology management training for managers, training for mid-career employees, sales engineer training, and quality education that combine textbook knowledge with practical skills. Open seminars are also held periodically, where external lecturers introduce new perspectives into the organization. In these programs, NSK goes a step beyond mere technical training in an effort to raise up highly talented engineers who will have a direct impact on strengthening the competitiveness of our businesses. In fiscal 2019, 527 students were enrolled in standard programs offered at 10 sites in eight countries. Seeking to develop frontline manufacturing specialists to inherit unique skills and expertise and pass them on to the next generation, NSK established the NSK Manufacturing Education and Training Center at Ishibe Plant in Shiga Prefecture and at Fujisawa Plant in Kanagawa Prefecture. The technical education provided at these facilities, conducted in three courses on grinding/assembly, maintenance, and electrical maintenance, offers training suited to the abilities and experience of each individual employee. Going forward, the centers will continue conducting the education needed to ensure skill transfer among our frontline employees.

Overview of NIT Education



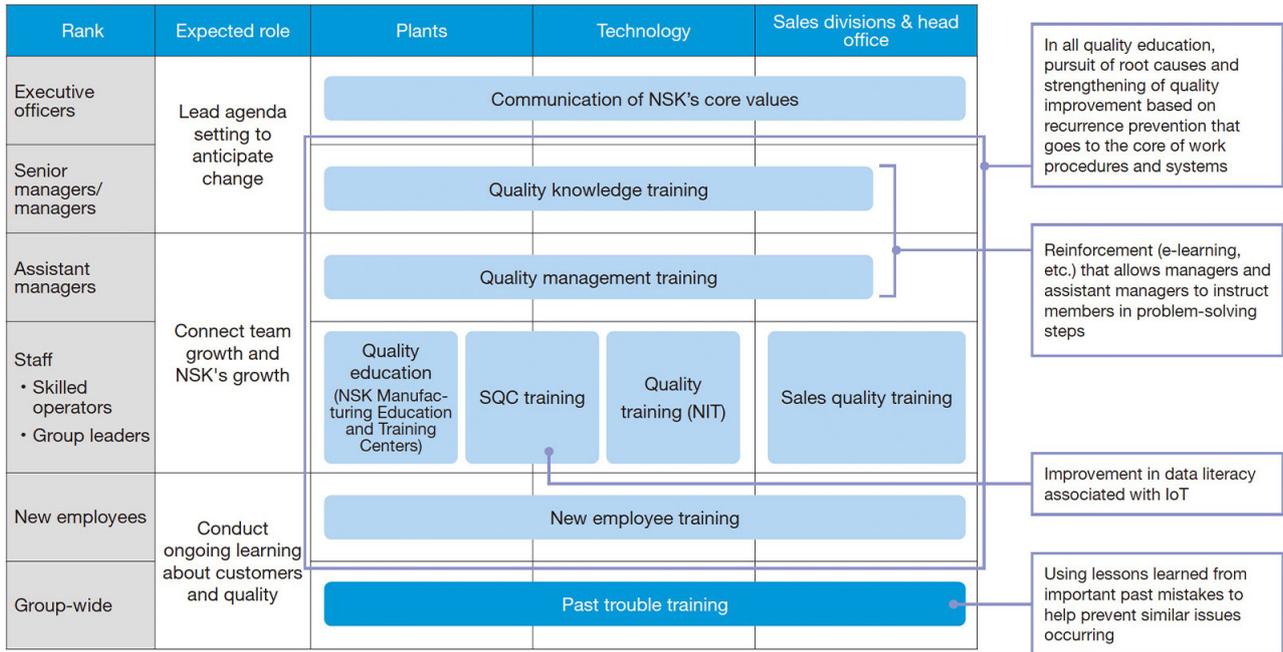
NSK Manufacturing Education and Training Center: Courses and Content

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

— Developing Quality-Support Professionals

The NIT programs are broadly divided into technical and quality assurance education. NSK provides quality education based on collaboration between the Quality Assurance Division Headquarters and NIT. It is tailored to each employee's rank and department. In fiscal 2016, we began restructuring our quality education systems by introducing quality ethics education and practical education in statistical quality control (SQC). We also adopted quality engineering (Taguchi method) and practical education.

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



Social Participation to Promote Social Progress

NSK's Approach ▶

NSK's Approach

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

Policy on Social Contribution Initiatives

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

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

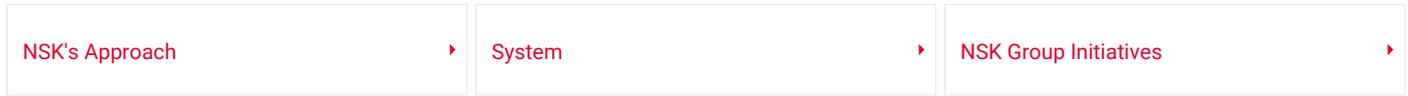
Priority Areas and Stakeholders

Priority	Relevant stakeholders	Category	Initiatives
Promoting science and technology	Local communities/ next generation	<ul style="list-style-type: none"> Providing aid to research institutions 	<p>Supporting the NSK Foundation for the Advancement of Mechatronics (NSK-FAM)</p> <p>NSK-FAM was established with a donation from NSK in 1988 and was approved as a public interest incorporated foundation in 2010. NSK-FAM's purpose is to contribute to the development of Japan and the improvement of living standards by advancing mechatronics technology. It does this by providing grants for R&D, education, technology exchanges, meetings, and other activities that will spur rapid progress in the development of mechatronics technology.</p> <p>http://www.nskfam.or.jp/ (only in Japanese)</p>
Development of the next generation	Next generation	<ul style="list-style-type: none"> Holding classes about bearings Providing scholarships Offering students work experience opportunities Donation 	<p>Support for the NSK Scholarship Foundation</p> <p>NSK established the NSK Scholarship Foundation in April 2017 to support the development of the next generation of human resources.</p> <p>NSK Scholarship Foundation provides support for Japanese students studying abroad and for students from other Asian countries studying in Japan, since NSK is a Monozukuri company based in Japan, a country located in Asia. The purpose of support is to develop the highly skilled next-generation human resources who will help to solve various issues the world is facing, such as conflict and hunger, climate change countermeasures and nature conservation, an equal and fair society, and safe and healthy lifestyles.</p> <p>Offering online science activities for children</p> <p>NSK has been offering the STEAM Program* annually since 2018 to share the fascinating world of manufacturing with children. This year, the children took part in the program via a web conferencing system. Thanks to experimental kits sent out in advance, the participants were able to experience firsthand what bearings can do. They also came up with and presented their own concepts for what could be accomplished in the future using bearings.</p> <p>NSK will continue to develop the next generation of human resources by offering bearing-based science courses and other activities, in order to help build an even more prosperous society in the future.</p> <p>* The Science, Technology, Engineering, Arts, and Mathematics (STEAM) Program is based on an educational policy and method that focuses on these learning areas.</p> <p>Holding online science classes for children cohosted by Tohoku University Qatar Science Campus(only in Japanese)</p> <p>Children's Future Support Fund: Introduction of Donation-type Vending Machines(only in Japanese)</p>
Mutual harmony and benefit with communities	Local communities	<ul style="list-style-type: none"> Cooperating in welfare programs Cooperating in community events Expanding Social Contribution Activities Related to Biodiversity Conservation 	<p>Donating bicycle helmets to elementary schools in Shinagawa ward</p> <p>Since 2017, NSK has been donating bicycle helmets to elementary schools to give to children who did not yet own one, in accordance with the schools' wishes, as a social contribution activity for Shinagawa ward, where NSK was founded. The Company aims to reduce injury caused by bicycle accidents and promote helmet use.</p>

— Establishment of Social Contribution Action Period

Taking the opportunity of our 100th anniversary to further enhance social contribution initiatives, in fiscal 2016 we designated the months of, before, and after NSK's founding (October through December) as the Social Contribution Action Period. During this period, we work to strengthen our social contribution initiatives Group-wide, making the most of the unique features of each region.

Respecting Human Rights



NSK's Approach

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

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

[▶ NSK Human Rights Policy](#)

System

The NSK Group’s efforts related to human rights and labor range widely from proper management of working hours and prevention of unjust discrimination and harassment in the workplace to the creation of safe, comfortable workplaces. We recognize that it is important to address these issues not only internally, but also across our supply chain. Accordingly, we ask our suppliers to carry out similar activities. Within the NSK Group, the CSR Division HQ as well as departments related to human resources, safety, procurement and more are advancing pertinent initiatives.

Human rights/labor	Division responsible
<ul style="list-style-type: none"> ● Understanding social trends; ensuring that understanding is shared throughout the Group ● Dissemination of NSK Code of Corporate Ethics; education and awareness raising activities 	Legal and Compliance Division HQ
<ul style="list-style-type: none"> ● Proper employment practices ● Prevention of discrimination and harassment 	Human Resources and General Affairs Division HQ
<ul style="list-style-type: none"> ● Ensuring workplace safety 	Manufacturing Strategy Division HQ
<ul style="list-style-type: none"> ● Dissemination of activities to suppliers 	Procurement Division HQ

NSK Group Initiatives

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

— Compliance Hotline (Whistleblowing System), Corrective Mechanisms

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

► [Compliance \(related site\)](#)

— 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

NSK clarifies its prohibition of all forms of discrimination, including that on the basis of sexual orientation and gender identification (SOGI^{*1}), in the NSK Compliance Guidebook, which explains the items stipulated in the NSK Code of Corporate Ethics. The NSK Guidelines on Creating Accommodating Workplaces for Transgender Employees encourage understanding of LGBTQ+ (SOGI) issues and explain considerations to prevent outing^{*2} and SOGI-related harassment. In fiscal 2020, we also promoted awareness through in-house newsletters and held online events on LGBTQ+ issues to help create a culture that is accepting of hidden diversity.

*1 The English abbreviation for Sexual Orientation, Gender Identity. LGBTQ+ is an abbreviation that indicates personal attributes, but SOGI refers to sexuality-related concepts.

*2 Without consent, communicating someone else's sexual orientation or gender identity to a third party.

▶ [Supporting Hidden Diversity: LGBTQ+ \(SOGI\)](#)

— Supply Chain Initiatives

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

▶ [Supply Chain Management \(related site\)](#)

— Addressing Conflict Mineral Issues

As a policy, NSK prohibits the use of conflict minerals^{*3} in its products. Conflict minerals are those which come from the Democratic Republic of the Congo and its neighboring countries which can be the source of funding and benefits to illegal armed groups that violate human rights. Moreover, whenever investigation reveals concerns about conflict minerals in the supply chain, we take measures to prevent the use of the relevant parts or raw materials.

Some NSK products, including electronic components used in vehicle electric power steering systems, contain metals such as tin and tantalum. These materials are subject to the US conflict minerals rule^{*4}. For this reason, NSK conducts annual conflict mineral surveys in cooperation with relevant parts and raw material suppliers. This includes tracing relevant materials back through the supply chain to the refineries and countries of origin. The NSK surveys conducted up through fiscal 2020 have revealed no presence of conflict minerals that could be a source of funding for armed conflict.

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

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

Corporate Governance

Corporate Governance ▶	Board of Directors ▶	Outside Directors ▶
Directors/Officers' Compensation ▶	Assessment of Effectiveness of the Board of Directors ▶	Takeover Defenses ▶
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.

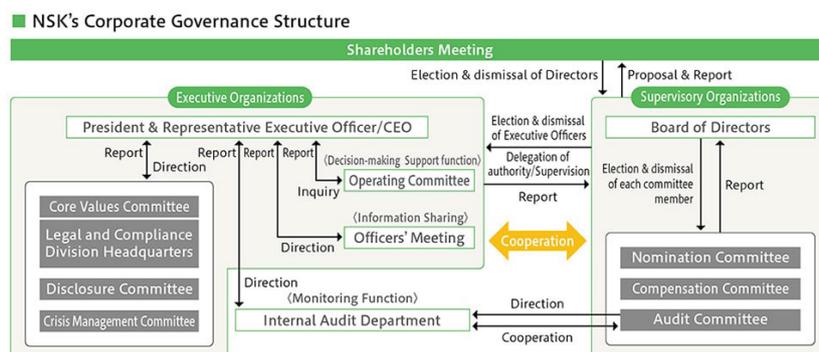
NSK believes that the establishment and maintenance of systems that ensure transparent, fair and timely decision-making is essential in order to achieve sustainable growth and increases our mid- to long-term corporate value. To realize this objective, we are working to construct our corporate governance 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



Supervisory Organizations

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

<Major matters requiring board resolution>

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

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

Nomination Committee

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

Audit Committee

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

Compensation Committee

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

Executive Organizations

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

Operating Committee

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

Officers' Meeting

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

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

Compliance

The Core Values Committee develops policies designed to strengthen the compliance of the overall NSK Group, sets and promotes compliance enhancement measures to realize these policies, supervises their implementation, and periodically reports to the Board on the progress of these measures.

The Legal and Compliance Division Headquarters as the operational arm of the Core Values Committee is responsible for implementing measures to strengthen compliance based on the policies set by the Committee. It also monitors the operations of initiatives and reports their progress to the Core Values Committee on a regular basis.

Risk Management

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

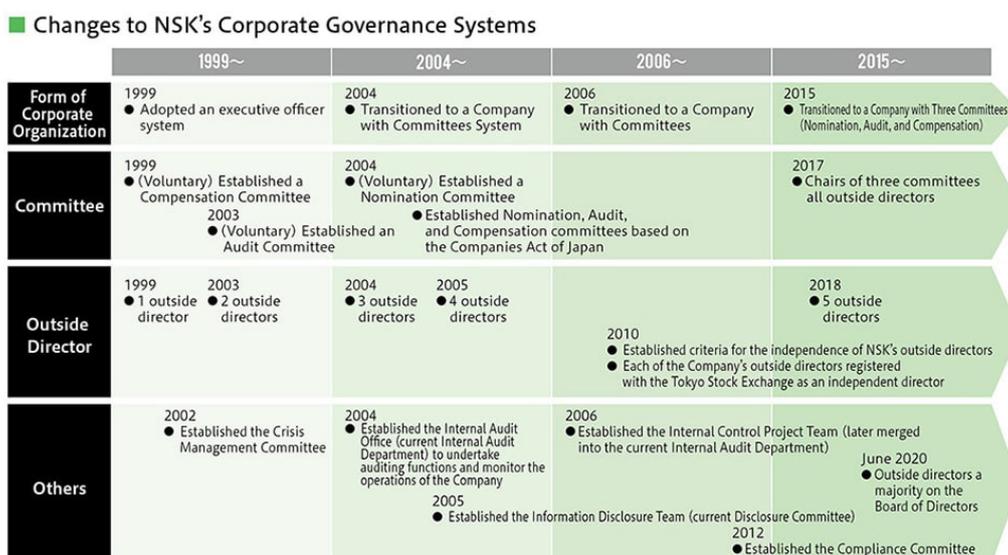
The Internal Audit Department conducts regular stock takes of risks and performs risk monitoring to ascertain their management status. It also studies the appropriateness of internal systems and performs business audits to facilitate corrective measures and improvement initiatives.

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

Approval and Reporting

Each NSK Group Company duly applies for approval to CFO for matters related to corporate management, systems, governance structure and interest of shareholders, or to the controlling business or functional division headquarters in the case of important decisions related to business operation. NSK Group Companies also report on the progress of their operations to the Company on a regular basis.

Changes to Corporate Governance System



Board of Directors

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
Toshihiro Uchiyama	●	●	●		
Akitoshi Ichii	●	●	●		
Saimon Nogami	●	●	●		●
Kenichi Yamana		●	●		●
Yoshitaka Fujita	●	●	●		●
Mitsuhiro Nagahama	●	●	●		●
Koichi Obara	●	●	●	●	
Junji Tsuda	●	●	●	●	
Sayoko Izumoto		●			●

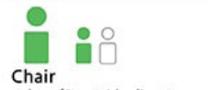
Yoshitaka Fujita, Mitsuhiro Nagahama, Koichi Obara, Junji Tsuda, and Sayoko Izumoto are outside directors.

Structure and Roles of Supervisory Organizations

(As of the end of June, 2022)

Roles and Structure of Supervisory Organizations

 Internal director
  Outside director (Men)
  Outside director (Women)

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"> ● Majority outside directors ● Chaired by a non-executive director 	 <p>Chair 3 members (2 outside directors, 1 internal director)</p> <ul style="list-style-type: none"> ● Majority outside directors ● Chair: Outside director 	 <p>Chair 4 members (3 outside directors, 1 internal director)</p> <ul style="list-style-type: none"> ● Majority outside directors ● Chair: Outside director 	 <p>Chair 3 members (2 outside directors, 1 internal director)</p> <ul style="list-style-type: none"> ● Majority outside directors ● Chair: Outside director
Objectives and Authority	<ul style="list-style-type: none"> ● Passes resolutions related to basic management policies, etc. (including delegation of deciding on the execution of the operations to executive officers) ● Supervises execution of duties by executive officers 	<ul style="list-style-type: none"> ● Determines the content of proposals submitted to the Shareholders Meeting regarding the appointment or dismissal of directors 	<ul style="list-style-type: none"> ● Audits the duties of directors and executive officers ● Creates audit reports ● Determines the content of proposals related to appointment or dismissal of the auditor, and other matters 	<ul style="list-style-type: none"> ● Determines policies on the compensation of directors and executive officers ● Determines the individual compensation provided to directors and executive officers, and other matters
Secretariat	Corporate Planning Division Headquarters, Secretariat Office	Human Resources and General Affairs Division Headquarters	Internal Audit Department	Human Resources and General Affairs Division Headquarters
Number of times convened in FY2021	10	7	14	5

(As of the end of June, 2022)

Name	Years as Director at NSK	Attendance at the Board of Directors and committee meetings(FY2021)			Current position of the Board	Significant Concurrent Positions outside the Company
Toshihiro Uchiyama	10	Board of Directors	100%	(10/10)	-	Outside Director of Sapporo Holdings Co., Ltd. Outside Director of IHI Co., Ltd.
		Nomination Committee	100%	(2/2)		
Akitoshi Ichii	5	Board of Directors	100%	(10/10)	Nomination Committee	-
		Nomination Committee	100%	(5/5)		
		Compensation Committee	100%	(1/1)		
Saimon Nogami	9	Board of Directors	100%	(10/10)	Compensation Committee	-
		Compensation Committee	100%	(4/4)		
Kenichi Yamana	1	Board of Directors	100%	(8/8)	Audit Committee	-
		Audit Committee	100%	(9/9)		
Yoshitaka Fujita	3	Board of Directors	100%	(10/10)	Nomination Committee (Chair) Audit Committee	Advisor of Murata Manufacturing Co., Ltd.
		Nomination Committee	100%	(7/7)		
		Audit Committee	100%	(14/14)		
Mitsuhiro Nagahama	2	Board of Directors	100%	(10/10)	Compensation Committee (Chair) Audit Committee	External Auditor of Kuraray, Co., Ltd. Outside Director of Azbil Corporation
		Compensation Committee	100%	(5/5)		
		Audit Committee	100%	(14/14)		
Koichi Obara	1	Board of Directors	100%	(8/8)	Compensation Committee	Consultant of Maeda Corporation
		Compensation Committee	100%	(4/4)		
Junji Tsuda	-	-	-	-	Nomination Committee	Senior Advisor of Yaskawa Electric Corporation Outside Director of TOTO LTD. External Member of Directors of Kyushu Electric Power Company, Incorporated.
Sayoko Izumoto	-	-	-	-	Audit Committee (Chair)	External Audit and Supervisory Board Member of Freund Corporation Outside Director of Hitachi Transport System, Ltd.

*Junji Tsuda and Sayoko Izumoto were newly appointed as directors on June 28, 2022, and therefore have not attended any meetings in fiscal 2021.

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

▶ Reasons of Outside Directors Appointment
▶ Management

Outside Directors

Roles and Election Standards of Outside Directors

NSK expects outside directors to possess outstanding character and a broad range of knowledge. These individuals provide expert knowledge beneficial to the Group and contribute to achieving sustainable growth and increasing its mid- to longterm 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
Yoshitaka Fujita	○	Yoshitaka Fujita has actively participated in Board of Directors meetings from an independent and fair standpoint, drawing on his extensive experience and insight as a corporate executive. 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 succession planning. Furthermore, as a member of the Audit Committee, he has played an appropriate role through discussions and deliberations at committee meetings regarding the enhancement of the audit system and its operation. We nominated Mr. Fujita as a candidate for outside director because we expect that he will continue to supervise management and provide advice on overall management as an outside director, thereby contributing to the improvement and strengthening of our corporate governance and enhancement of our corporate value.
Mitsuhiro Nagahama	○	We expect Mr. Mitsuhiro Nagahama to supervise management and provide advice on general management from an independent and fair standpoint, drawing on his extensive experience as a corporate manager, high ethical standards, and broad insight, and he has actively participated in Board of Directors meetings. As chairman of the Compensation Committee, he plays a leading role in the discussion and deliberation of executive compensation policies and decisions on compensation. Furthermore, as a member of the Audit Committee, he has played an appropriate role in enhancing the audit system and its operation through discussions and deliberations at committee meetings. We nominated Mr. Nagahama as a candidate for outside director because we believe that he will continue to contribute to improving and strengthening our corporate governance and enhancing our corporate value.
Koichi Obara	○	Koichi Obara has a wealth of experience as a corporate manager, high ethical standards, and broad insight, and he actively participates in Board of Directors meetings from an independent and fair standpoint. 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 nominated Mr. Obara as a candidate for outside director because we believe that he will contribute to improving and strengthening our corporate governance and enhancing our corporate value by continuing to supervise management and provide advice on overall management as an outside director.
Junji Tsuda	○	We believe that Junji Tsuda has a wealth of experience as a corporate manager, high ethical standards, and broad insight, which he will utilize in supervising management from an independent and fair standpoint. We have nominated Mr. Tsuda as a candidate for outside director because we expect that he will contribute to improving and strengthening our corporate governance and increasing our corporate value by supervising management and providing advice on overall management as an outside director.
Sayoko Izumoto	○	We believe that Sayoko Izumoto has a wealth of experience as a certified public accountant, high ethical standards, and broad insight, which she will utilize in supervising management from an independent and fair standpoint. We have nominated Ms. Izumoto as a candidate for outside director because we expect that she will contribute to improving and strengthening our corporate governance and increasing our corporate value by supervising our 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

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, although such site visits were not carried out in fiscal 2021, due to the spread of COVID-19 pandemic.

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

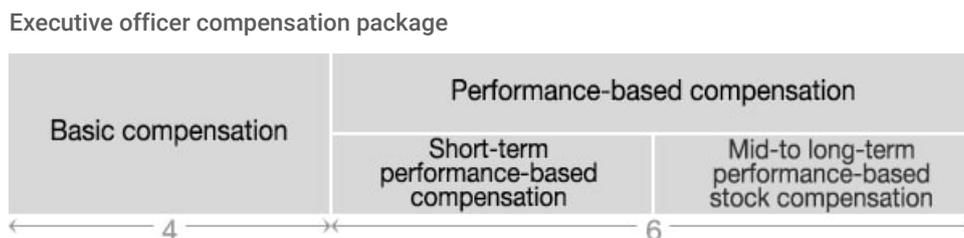
Compensation for Directors and Executive Officers, Policy on Determining Compensation Amounts and Calculation Methods

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 longterm performance-based stock compensation.

a) Short-term performance-based compensation

The short-term performance-based compensation are determined based on metrics consistent with management goals to increase profitability, raise efficiency of shareholders' equity, and improve corporate value: metrics related to the operating income margin, ROE, cash flow, and ratio of new product sales to total sales as well as an achievement target for ESG goals for CO₂ emission reductions and safety and quality improvement. The individual's level of achievement in their designated job duties are also evaluated when determining the amount of compensation paid to each executive officer.

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

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

| Directors' Compensation

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

(1) Basic compensation

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

(2) Stock compensation

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

| Other

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

Assessment of Effectiveness of Board of Directors

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

| Assessment process

Conduct questionnaires for each director.

Conduct one hour interview for each director. *Interview was done in person or on remote in fiscal 2020.

| Main contents of questionnaire

Management strategies and risk control

Composition, role and process of the Board of Directors

Stakeholder engagement

CEO succession planning

Operation of each committee (Nomination/Audit/Compensation Committees)

An assessment conducted in 2020 by external experts concluded that the Board of Directors maintained a high level of effectiveness with the purpose of sustainable growth and mid- to long-term corporate value. The main results are as follows.

All the directors including outside directors who have extensive knowledge keep contributing to active discussions, backed by a close relationship of mutual trust.

The structure of Board of Directors was changed to consist of majority of outside directors. Furthermore, the Board delegated more authority to the executive organization, which enabled the Board to focus on monitoring, and discussing mid- to long-term strategies.

We will continue to improve the effectiveness of our Board of Directors, consisting of a majority of outside directors, to contribute further enhancement of corporate value by strengthening our corporate governance system, focusing on improved monitoring function and placing more emphasis on discussions regarding the direction of long-term management.

Takeover Defenses

NSK continues to have its response measures to large-scale purchases of the Company's shares ("Takeover Defenses") based on the resolution of the Ordinary General Meeting of Shareholders held in June 2020.

NSK is a listed company whose shares are freely tradable by shareholders and investors on capital markets, and therefore, NSK believes that, in the case of a large-scale purchase of its shares, the decision whether or not to accept such a purchase should ultimately be left to the shareholders.

In light of recent social and economic conditions, as well as the state of the capital markets, however, there is a possibility that a sudden and unsolicited large-scale purchase of the Company's shares could occur without necessary and sufficient information being disclosed, and without an opportunity to consider the proposal being given to the shareholders of the Company, or without NSK's Board of Directors being provided with the information and time to express its opinion and make an alternative proposal. Such large-scale purchases of shares could damage the Company's corporate value and the common interests of its shareholders, such as the case in which a purchaser does not intend to manage the Company reasonably or in good faith.

For this reason, NSK decided to introduce and keep to have Takeover Defenses for the purpose of securing and enhancing corporate value and the common interests of its shareholders, believing that shareholders, who will make the final decision, should have an adequate understanding of any proposals for the large-scale purchase of shares by the Large-Scale Share Purchaser, so they can make an appropriate decision.

For details of the Company's Takeover Defenses, please see "[Continuation of the Response Measures to Large-scale Purchases of the Company Shares \(Takeover Defenses\)](#)".

Corporate Governance Library

- ▶ [Corporate Governance Report](#)
- ▶ [NSK Report](#)
- ▶ [ESG Data](#)

Risk Management

NSK's Approach	System	Representative Risks Deemed of High Importance (Business Risks)
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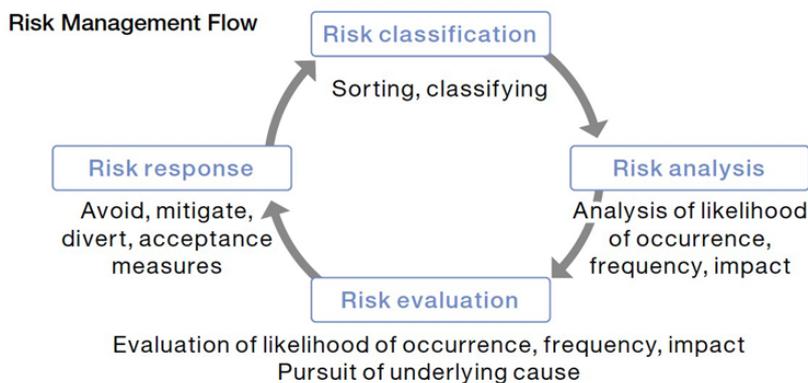
NSK's Approach

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

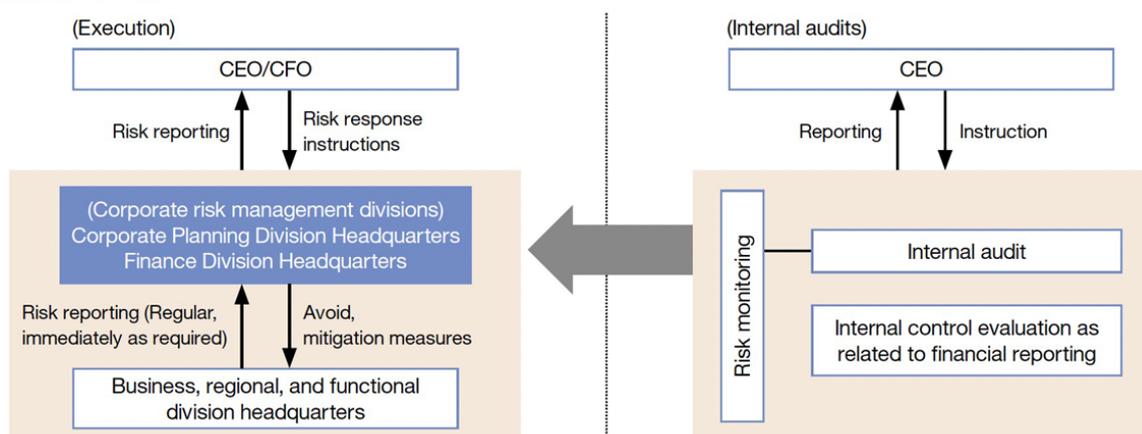
System

— Risk Management Systems

NSK works to build a risk management system based on clearly stipulated fundamental principles aimed at effectively enabling global Group management and internal control functions. Every year, all of the business sites perform their own risk assessment, classifying, analyzing and evaluating risks in accordance with changes in the social environment, the frequency of risk occurrence, the size of impact, and other factors to identify risks that should be addressed. The Corporate Planning Division Headquarters and the Finance Division Headquarters coordinate with business, regional and functional headquarters with regard to risks identified by each division and each business site, which are managed in accordance with prescribed reporting systems. While putting in place preventive measures, the Company devises steps to swiftly and appropriately take action in the unfortunate event a risk should actually manifest, and then works to mitigate impact. In addition, the internal audit division coordinates with the Audit Committee to monitor the tasks carried out by executive divisions, build an internal control system and audit operational status.



Risk Management System

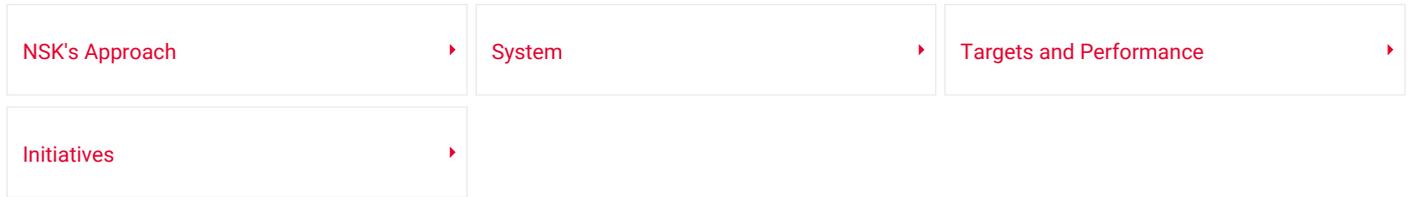


Representative Risks Deemed of High Importance (Business Risks)

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

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

Disaster Risk Management



NSK's Approach

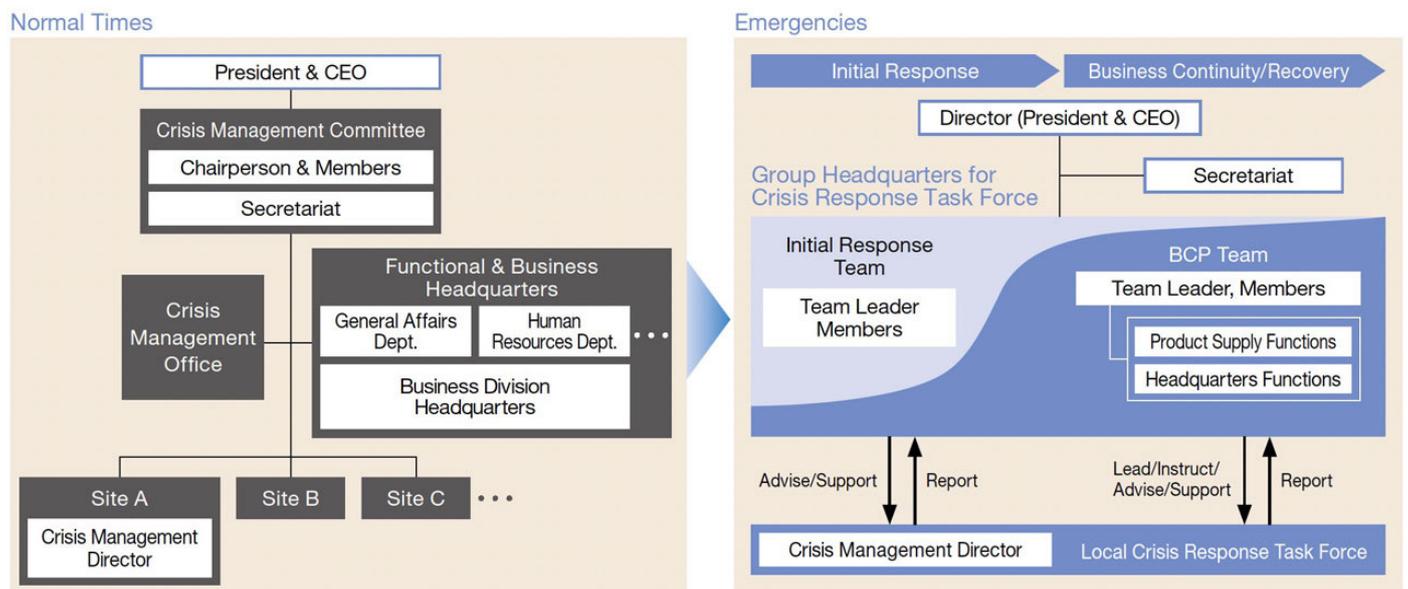
With a basic policy of placing top priority on securing human safety, NSK's objective is to protect lives, as people are the foundation of its business, and to resume business activities as soon as possible after an emergency arises. To this end, the NSK Group has established a permanent Crisis Management Committee to oversee Group-wide initiatives to address disaster risk, including natural disasters such as large-scale earthquakes, wind and flood damage, infectious disease outbreaks, and other major incidents. The Committee plans and implements measures to prevent crises and minimize damage in the event that these risks materialize, and is also responsible for establishing and improving business continuity plans (BCP).

System

The Crisis Management Committee is an organization under the direct control of the CEO and includes the heads of functional and business divisions at the head office. During normal times, the committee decides basic policies and principal measures relating to emergency management.

In the event of a crisis, crisis response task forces are set up at the head office as well as at the site of the crisis, and relevant departments cooperate to handle the situation quickly and accurately according to the circumstances. Organizations have also been established in each region outside Japan to supervise crisis management in their respective locations. When a relevant emergency occurs, the Crisis Management Committee in Japan works with the organizations concerned to deal with the crisis.

Crisis Management Structure for Disaster Risks



Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Policy	Sixth Mid-Term Management Plan targets	FY2021 targets	FY2021 performance
Development of group crisis management systems	Strengthen cooperation with regional headquarters outside Japan	Strengthen reporting and information sharing systems	<ul style="list-style-type: none"> Shared countermeasures implemented in each region to prevent the spread of COVID-19 infection and maintain business continuity during the pandemic Shared the status of responses to risks arising from the Ukraine crisis Conducted self-check on business continuity management (BCM) system using a check sheet
	Optimize crisis management system	Review the management system based on crisis response results	
BCP creation and effectiveness enhancement	Japan: Improve BCP effectiveness for earthquake, wind, and flood damage	Enhance capabilities to continue product supply	<ul style="list-style-type: none"> Strengthened emergency response capabilities through training for Site Crisis Response Task Forces Conducted a trial of task force meetings by web meeting system through a Group Crisis Response Task Force workshop Conducted BCP inspections based on a check sheet
	Outside Japan: Establish a BCP against critical risks	Formulate a BCP for critical risks	

— Mid-Term Management Plan 2026 (MTP2026) Targets (FY2022–2026) and the FY2022 Targets

Policy	MTP2026 targets	FY2022 targets
Development of group crisis management systems	<ul style="list-style-type: none"> Implement a BCM in accordance with global standards Strengthen the information sharing platform 	<ul style="list-style-type: none"> Design and conduct a trial of the BCM processes Streamline and establish redundancy in normal and emergency reporting as well as information sharing methods
BCP formulation and effectiveness enhancement	<ul style="list-style-type: none"> Formulate a BCP for critical functions Enhance the effectiveness of the BCP formulated 	<ul style="list-style-type: none"> Create specific BCP guidelines by function Verify and optimize BCP effectiveness through drills, workshops, and BCP inspections

Initiatives

— Strengthening Risk Response Capabilities with Business Continuity Planning

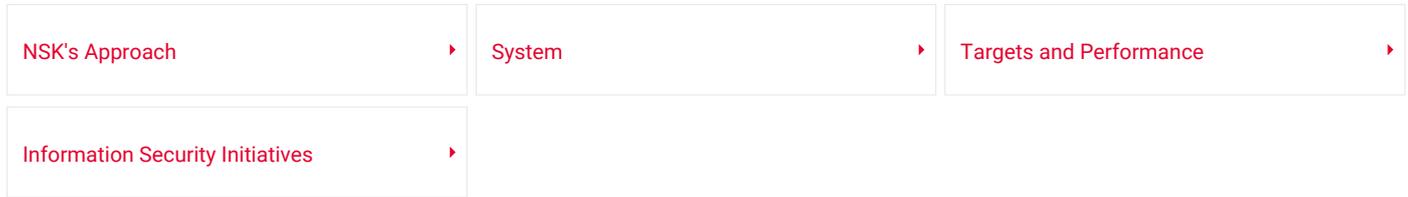
Setting Recovery Time Objectives

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

Specific Initiatives

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

Information Security Management



NSK's Approach

Recent advances in information and communications technology (ICT) have dramatically enhanced the convenience of information handling. However, this has also dramatically increased the risks associated with digital information. In addition to the risk of mishandling information, there is a greater risk of information security incidents, such as sensitive information being stolen or leaked through sophisticated cyberattacks, or due to the growing number of people working from home. To mitigate these risks and remain in compliance with increasingly tighter regulations related to information security, the NSK Group views information security as an important management task and is taking steps to strengthen it. We maintain ISO 27001 certification, an international standard for managing information security. Moreover, we are building even more robust mechanisms and strengthening our network security measures and other organizational structures to address today's increasingly sophisticated cyberattacks.

— Basic Policy and Management Standards and Rules

In June 2003, the NSK Group issued the NSK Basic Policy on Information Security as well as the Rules of NSK Information Management. We subsequently established rules concerning information security and strengthened our Group-wide efforts. In June 2019, the NSK Group Basic Policy on Information Security was updated to clarify the need for continuous improvement of security activities and to revise the relevant rules that serve as specific action guidelines.

Main information security policies and standards of the NSK Group

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 regulations and contracts, as well as education and continuous improvement)

NSK Group Information Security Management Standards
As the top information security directives in the NSK Group, these standards outline the principles for bringing the levels of information security management across the Group up to the same high standard.

NSK Group Information Security Procedural Standards
These rules stipulate measures to protect information assets, such as proper methods for handling information assets that need to be adopted across the NSK Group.

System

— Information Security Management System (ISMS)

The NSK Group established the Information Security Enhancement Office under the ICT Division HQ in order to implement more comprehensive information security enhancement measures globally. Risks related to information security are linked to the corporate risk management system, and the Board of Directors discusses issues related to information security measures and oversees risk mitigation for the entire Group.

The Information Security Enhancement Office regularly holds global meetings, and plans and implements information security measures for the Group, working in cooperation with information security management committees in Japan, the Americas, Europe, China, ASEAN and Oceania, India and South Korea.



Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Policy	Sixth Mid-Term Management Plan targets	FY2021 targets	FY2021 performance
<ul style="list-style-type: none"> Respond to risks associated with the convenience of information handling due to the rapid development of information and communication technology and strengthen compliance with relevant laws and regulations Build even more robust network mechanisms and organizational structures to counter increasingly sophisticated cyberattacks 	Enhance information security infrastructure	Continue to implement PDCA cycles for the Information Security Management System (ISMS), strengthen monitoring	<ul style="list-style-type: none"> Implemented ongoing ISMS activities Implemented and expanded the scope of real-time monitoring
	Obtain ISO 27001 certification	Renew ISO 27001 certification	<ul style="list-style-type: none"> Maintained ISO 27001 certification Expanded acquisition of equivalent certifications
	Strengthen incident response capability (including the C-SIRT* system)	Strengthen SIRT system and continue incident response training	Conducted incident response training under the C-SIRT system and developed a security readiness system for manufactured products
	Enhance ID and access management	Establish and implement an ID and access management system	Completed implementation of ID and access management system

*C-SIRT: Acronym for Computer Security Incident Response Team. An organization that responds to cyberattacks and other information security threats.

— Mid-Term Management Plan 2026 (MTP2026) Targets (FY2022–2026) and the FY2022 Targets

Policy	MTP2026 targets	FY2022 targets
<ul style="list-style-type: none"> Respond to risks associated with the convenience of information handling due to the rapid development of information and communication technology and strengthen compliance with relevant laws and regulations Establish a highly secure IT infrastructure to address today's increasingly sophisticated cyberattacks and take initiatives to strengthen readiness for cyberattacks 	Strengthen security governance management operations	<ul style="list-style-type: none"> Make efforts to improve security standards based on official guidelines* Strengthen readiness against cyberattacks
	Strengthen cyber security risk countermeasures	Improve cybersecurity response capability by providing education and training
	Strengthen infrastructure security	Establish a security-focused next-generation network and strengthen vulnerability management

*Official guidelines: Guidelines and frameworks developed by professional cybersecurity organizations that have been adopted worldwide

Information Security Initiatives

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

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

— Status of Security Certifications

NSK maintains ISO 27001 certification at previously certified sites (Japan, Korea, and India). In addition, based on demands from customers, we acquired TISAX, a security certification broadly adopted in Germany's automobile industry, in Europe in fiscal 2021, and in China and Japan in fiscal 2022.

— Training and Countermeasures against Cyberattacks

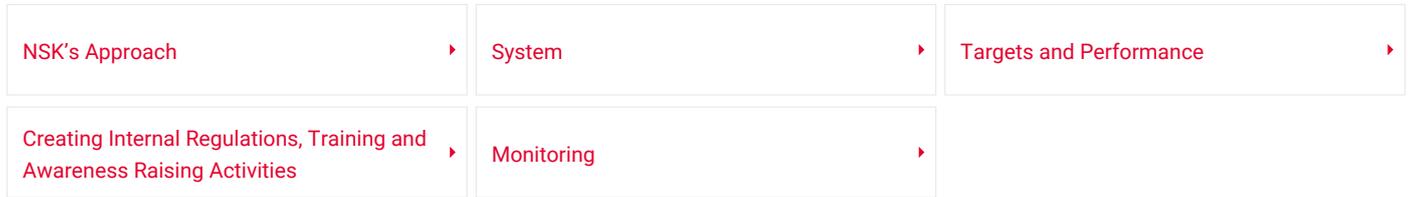
NSK provided targeted threat e-mail training to all NSK Group employees, including those at overseas sites, and training that assumes the occurrence of incidents was conducted in cooperation with system management divisions. Some of the technological measures we have promoted in order to prevent damage from recent ransomware attacks include enhancing phishing e-mail monitoring and strengthening monitoring and countermeasures for vulnerabilities using external security evaluation services. In addition, given the growing risk of attacks against the supply chain, we have enhanced security systems at factories and implemented risk assessments and management for control equipment. Furthermore, assessments of critical systems have been conducted by an external expert contractor, and we are continuing to identify and address problem areas. We have established a system and operation manual to ensure swift and appropriate response in the event of a security incident, and we conduct training and evaluate and improve our response readiness.

— Prevention of Information Leaks and Information Security Education

The NSK Group takes meticulous care in the handling of confidential information and works hard to prevent the leakage of information. We are deploying tools that enhance security across the Group and are taking steps to mitigate the risk of information leaks from not only PCs but also paper documents. We also categorize information according to its level of confidentiality and set rules for proper handling.

As part of the NSK Group's information security education and awareness activities, the Group provides education on information security via e-learning programs for all officers, employees, and temporary employees who use PCs. We conduct regular security inspections to determine the degree of compliance with rules on information handling and document classification according to confidentiality. In addition, we provide rank and function-specific training on information security, including executive training, training for system personnel, training for mid-career hires, and training before international assignment. We also provide information security education to the contractors who perform work on NSK premises.

Compliance



NSK's Approach

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

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

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

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

[1] NSK Corporate Ethics Policies

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

[2] NSK Code of Conduct Concerning Compliance

1. Compliance with Competition Laws

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

2. Compliance with Import- and Export-Related Laws

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

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

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

4. Transactions with Public Institutions and Handling of Political Donations

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

5. Accurate Recording and Processing

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

6. Prohibition of Insider Trading

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

7. Handling of Intellectual Property Rights

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

8. Prohibition of Illegal and Criminal Conduct

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

9. Protection of Corporate Assets

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

10. Handling of Confidential and Personal Information

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

11. Relations with Customers

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

12. Relations with Suppliers

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

13. Prohibition of Acts Discrediting Competitors

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

14. Prohibition of Discrimination, Cultivation of a Sound Workplace

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

15. Respect of Fundamental Rights at Work

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

16. Global Environmental Protection

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

[3] Disciplinary Actions

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

System

— Compliance Promotion System

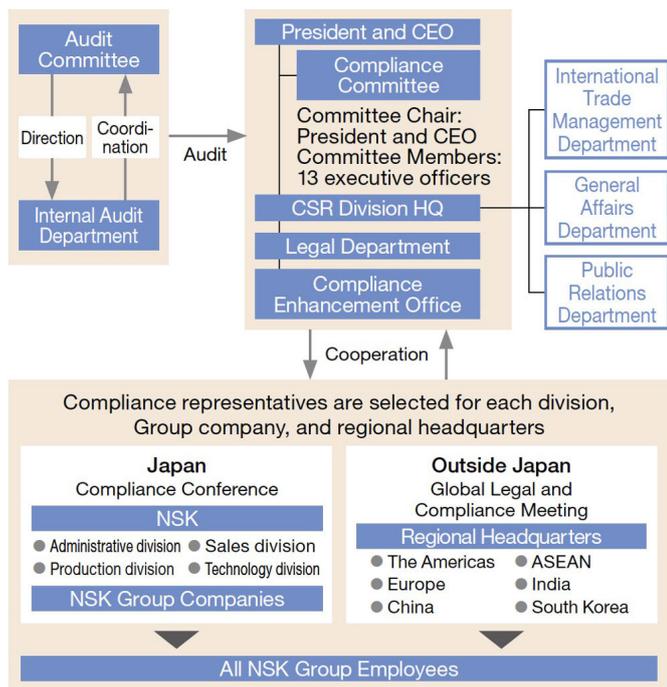
NSK has established a Compliance Committee chaired by the president. The committee formulates policies aimed at strengthening compliance and formulates and promotes initiatives to strengthen compliance in order to achieve those policies. At the same time, it monitors and supervises the implementation of those initiatives and reports regularly to the Board of Directors.

We have also established a Compliance Enhancement Office in the Legal Department at CSR Division Headquarters and tasked it with overseeing the practical work related to compliance across the entire NSK Group based on the decisions of the Compliance Committee. 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.

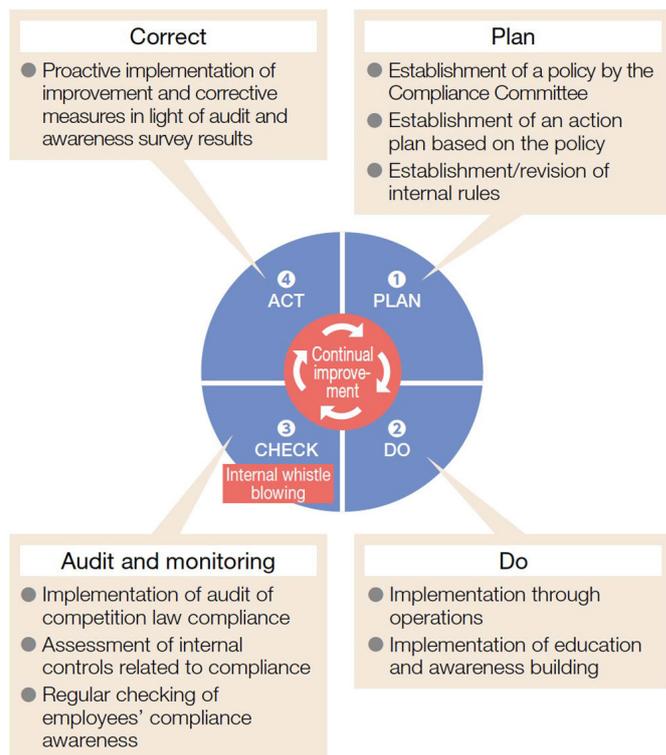
— Global Legal and Compliance Meetings

In order to strengthen the global compliance system, global legal and compliance meetings are held once or 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 (As of August 2020)



PDCA Cycle for Continual Compliance Improvement



Targets and Performance

— Sixth Mid-Term Management Plan Targets (FY2019–2021) and the FY2021 Targets and Performance

Policy	Sixth Mid-Term Management Plan targets	FY2021 targets	FY2021 performance
Increase trust from international and regional society by completely adhering to the laws and regulations, and by taking actions based on high ethical standards	Further strengthen the global compliance system	Strengthen support and monitoring of autonomous compliance systems and activities in each region	<ul style="list-style-type: none"> Monitored compliance plans outside Japan and their progress through global legal and compliance meetings and monthly meetings Held “NSK Corporate Philosophy Day” (worldwide) and made efforts to raise awareness of compliance Followed up on employee engagement surveys (compliance awareness surveys) in regions outside Japan
	Improve sophistication of compliance risk management	Competition law (antitrust law) audits (worldwide)	Conducted competition law (antitrust law) audits and ascertained risks (worldwide)
	Heighten employee compliance awareness	<ul style="list-style-type: none"> Further develop compliance training for operators working at plants Make efforts to prevent the cartel incident fading from memory 	<ul style="list-style-type: none"> Conducted training at all production sites on a three-year cycle (FY2021 results: 5 plants) Expanded e-learning to factory operators in addition to PC users Provided competition law training to sales staff
	Increase the compliance hotline’s reliability	Share information on usage status and corrective measures (worldwide)	Information on system usage and corrective measures shared in the Compliance Newsletter and via other channels such as digital signage

— Mid-Term Management Plan 2026 (MTP2026) Targets (FY2022–2026) and the FY2022 Targets

Policy	MTP2026 targets	FY2022 targets
Increase trust from international and regional society by completely adhering to the laws and regulations, and by taking actions based on high ethical standards	Maintain and improve compliance awareness	<ul style="list-style-type: none"> Renew the NSK Compliance Guidebook and conduct educational activities Increase awareness and promote use of the compliance hotline
	Further enhance the reduction of compliance risks	<ul style="list-style-type: none"> Further expand compliance training for sales, engineering, and production divisions Conduct competition law (antitrust law) audits (worldwide)

Creating Internal Regulations, Training and Awareness Raising Activities

— Distribution of Compliance Guidebook

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

▶ [NSK Compliance Guidebook](#)

— Preventing Violations of the Competition Law

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

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

— Anti-bribery

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

Based on the Anti-Bribery Standards, localized internal regulations have been established for Group companies worldwide, based on relevant anti-bribery laws. These are communicated through training and e-learning programs to prevent bribery.

— Preventing Insider Trading

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

— Security Export Control

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

— Protecting Personal Information

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

— No Association with Organized Crime

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

— Tax Compliance

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

— Other Training and Awareness Raising Activities

The NSK Group supports information sharing with internal communications such as the Compliance Newsletters, group training and e-learning activities to further raise compliance awareness among officers and employees. The training content is tailored to the particular risks faced by each department in every Group company. It covers a wide range of topics, including compliance with competition law, anti-bribery measures, and prevention of insider trading.

Since fiscal 2019, we have conducted compliance training for all operators working at plants to further raise compliance awareness. With department managers serving as the instructors, the training covers NSK's basic approach to compliance. Group discussions are also carried out using video teaching materials on the topic of product quality. The employees renew their appreciation of the importance of quality assurance and internal rules.

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 fiscal 2013, the Compliance Enhancement Office in NSK's Legal Department has been conducting annual audits to assess the extent of compliance with competition law. We also use self-inspections to check for risks relating to specific compliance topics.

— Compliance Hotline (Whistleblowing System)

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

In Japan, we established hotline operational rules to ensure that the functioning of our system is in full compliance with Japan's Whistleblower Protection Act. In fiscal 2017, we changed the hotline system to enable users to contact the Audit Committee concerning officer compliance matters. This point of contact is independent of executive personnel, and has further increased the effectiveness of the compliance hotline. The system allows hotline users to remain anonymous, and rules are established to ensure they are protected from disadvantageous repercussions. Reported incidents are investigated by the CSR 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 working to ensure that employees are well informed about the compliance hotline. This is done by putting up posters about the compliance hotline and distributing business card-sized cards containing the hotline contact information.

Editorial Policy

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

— Scope of Coverage

| Period of Coverage

Primarily fiscal 2021 (April 1, 2021 to March 31, 2022).
Some activities from before March 2021 and after April 2022 are also covered.

| Organizations Covered

NSK Ltd. and its consolidated subsidiaries (90 companies in all).
Affiliates accounted for using the equity method (16 companies).

| Scope of Performance Data

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

— Reference Guidelines

Sustainability Reporting Standards by the Global Reporting Initiative (GRI)

— Contact Us Regarding our Sustainability Website

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