

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

The NSK Group considers it important to select issues to address and to set policies and attainment targets by taking into consideration such matters as regulatory requirements, the expectations and needs of stakeholders, potential risks and opportunities, and relevance to the NSK Group’s business endeavors. We work through the PDCA cycle, setting Mid-Term Management Plan targets, including for environmental (E), social (S) and governance (G) activities, and monitoring management indicators for assessing progress.

ESG category	Policy	Sixth Mid-Term Management Plan targets		FY2021 targets	FY2021 performance
Environment	Maximize the environmental contribution through products  Minimize the environmental impact from business activities	Environmental management	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 <sub>2</sub> emissions during the use of NSK products	2.0 million t-CO <sub>2</sub>	2.33 million t-CO <sub>2</sub>
		Fighting global warming and climate change	Manufacturing, technology, offices: CO <sub>2</sub> emissions : 7% reduction from FY2017	7% reduction	Reduced by 25.0%
		Resource conservation and recycling measures	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%
		Reducing use of environmentally harmful substances	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
			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%
		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
Safety Management	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” self-inspection 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 self-driven 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* and the safety practice of pointing and calling  * KYT: Kiken Yochi (hazard prediction) Training		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 self-driven 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)

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Quality Management	NSK Product Development System (NPDS)  This is NSK's proprietary quality management system for quickly transforming new orders into reliable, stable production.	Verify performance with a complete grasp of the level and conditions required by the field	Improve NPDS quality through proper assignment of DR experts and stricter DR meetings	Selected and trained DR experts outside Japan Assigned DR experts in the US (100% achieved) Training DR experts in Europe and China
		Improve field quality	Implement a global system addressing design <i>kakotora</i> (quality problems experienced in the past)	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>
	NSK Quality No. 1 (NQ1) Program  NSK is promoting initiatives to realize stable production and ensure zero defects.	Improve procurement quality	Standardize supplier system audits  Implement supplier quality defect system (SQC system) in Japan	Renewed supplier audit rules and guidance document  Completed and implemented a uniform SQC system at plants in Japan
		<i>Dantotsu</i> improvement activities (ongoing activities for zero defects)	Improve internal culture by ensuring penetration and vigor of <i>Dantotsu</i> activities (ongoing activities for zero defects)	Achieve global expansion of <i>Dantotsu</i> activities and implemented an internal awards scheme
		Identify <i>gemba</i> (frontline) 4Ms* quality risks, review good product conditions  * 4M: Man, Machine, Material, Method	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	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
		Enhance reoccurrence prevention	Improve the process reoccurrence prevention method	
	Human resource development  NSK is promoting the human resource development to build a stronger foundation for quality creation.	Foster quality-first human resource development	Expand Quality- <i>Dojo</i> * and entrench their effective utilization  * Quality- <i>Dojo</i> : A dedicated area for quality training put in place at each plant. Established in FY2019.	Established 10 basic quality principles Continued providing training in Quality- <i>Dojo</i>
			Effectively operate Quality- <i>Dojo</i> in technological divisions for design quality training	Launched online Quality-Dojo in technological divisions Training implemented by full-time instructors and shared among plants
			Effectively utilize quality engineering	Implemented FMEA e-learning Designed highly robust products using quality engineering
Supply Chain Management	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 follow-up done at 17 companies using on-site and remote visits.
		Sustainable and responsible procurement	Implementation of self-assessments based on the NSK Supplier CSR Guidelines (every other year)	Provided feedback and guidance for improvement to the 416 companies in Japan that responded to the FY2020 survey of initiatives.
			Survey customer requirements and other information for the next self-assessments in FY2022.	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.
Human Resource Management	Leverage a diverse workforce	Promote more diversity and inclusion (D&I)	Raise awareness of D&I	President's Diversity Message 2021 published
				Monthly diversity messages from management
				Held three diversity lectures
			Improve the paternal leave acquisition rate	Improved 8.1 points against previous fiscal year (Acquisition rate 58.4%)
			Continue to run caregiving seminars	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)	Started cross-cultural training planning, expanded support for language learning
				Held training courses for human resource consultation desk staff
			Create a comfortable work environment for LGBTQ+ individuals	Revised the company's employment regulations (providing benefits to same sex partners)
			Raise awareness of LGBTQ+ issues	Raised awareness of SOGI harassment and outing prevention

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Human Resource Management			Raise external awareness of our initiatives to promote D&I	Selected again as a <i>Nadeshiko</i> 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	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%)	Administrative and sales staff: 40%; Engineers: 10% achieved		
			Promote work-style reforms	Expand remote work	Issued remote work guidelines
			Promote health and wellness	Raise external awareness of our initiatives to improve the health of our employees	Retained certification as an Outstanding Health and Productivity Management Organization (White 500)
	Promote workplace improvements using the results of stress check organizational assessments	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.)			
Build more engaging workplaces		Train young employees at an early stage for career advancement (experience and knowledge)	Implemented young employee rotations		
		Continuously provide growth opportunities that encourage independence, self-reliance, and autonomy	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.		
Provide opportunities for growth	Support the career advancement of every employee				
Disaster Risk Management	Development of group crisis management systems	Strengthen cooperation with regional headquarters outside Japan	Strengthen reporting and information sharing systems	Shared countermeasures implemented in each region to prevent the spread of COVID-19 infection and maintain business continuity during the pandemic	
		Optimize crisis management system	Review the management system based on crisis response results	Shared the status of responses to risks arising from the Ukraine crisis	
	BCP creation and effectiveness enhancement	Japan: Improve BCP effectiveness for earthquake, wind, and flood damage	Enhance capabilities to continue product supply	Conducted self-check on business continuity management (BCM) system using a check sheet	
				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	
		Outside Japan: Establish a BCP against critical risks	Formulate a BCP for critical risks	Conducted BCP inspections based on a check sheet	
				Expanded sites formulating a BCP	
				Verified and improved the effectiveness of formulated BCPs	

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Information Security Management	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	Implemented ongoing ISMS activities
				Implemented and expanded the scope of real-time monitoring
		Obtain ISO 27001 certification	Renew ISO 27001 certification	Maintained ISO 27001 certification
				Expanded acquisition of equivalent certifications
		Strengthen incident response capability (including the C-SIRT* system) * C-SIRT: Acronym for Computer Security Incident Response Team. An organization that responds to cyberattacks and other information security threats.	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
Compliance	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	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	Further develop compliance training for operators working at plants	Conducted training at all production sites on a three-year cycle (FY2021 results: 5 plants)
			Make efforts to prevent the cartel incident fading from memory	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