

CSR/ESG Management

NSK's Approach: CSR in Corporate Value Creation

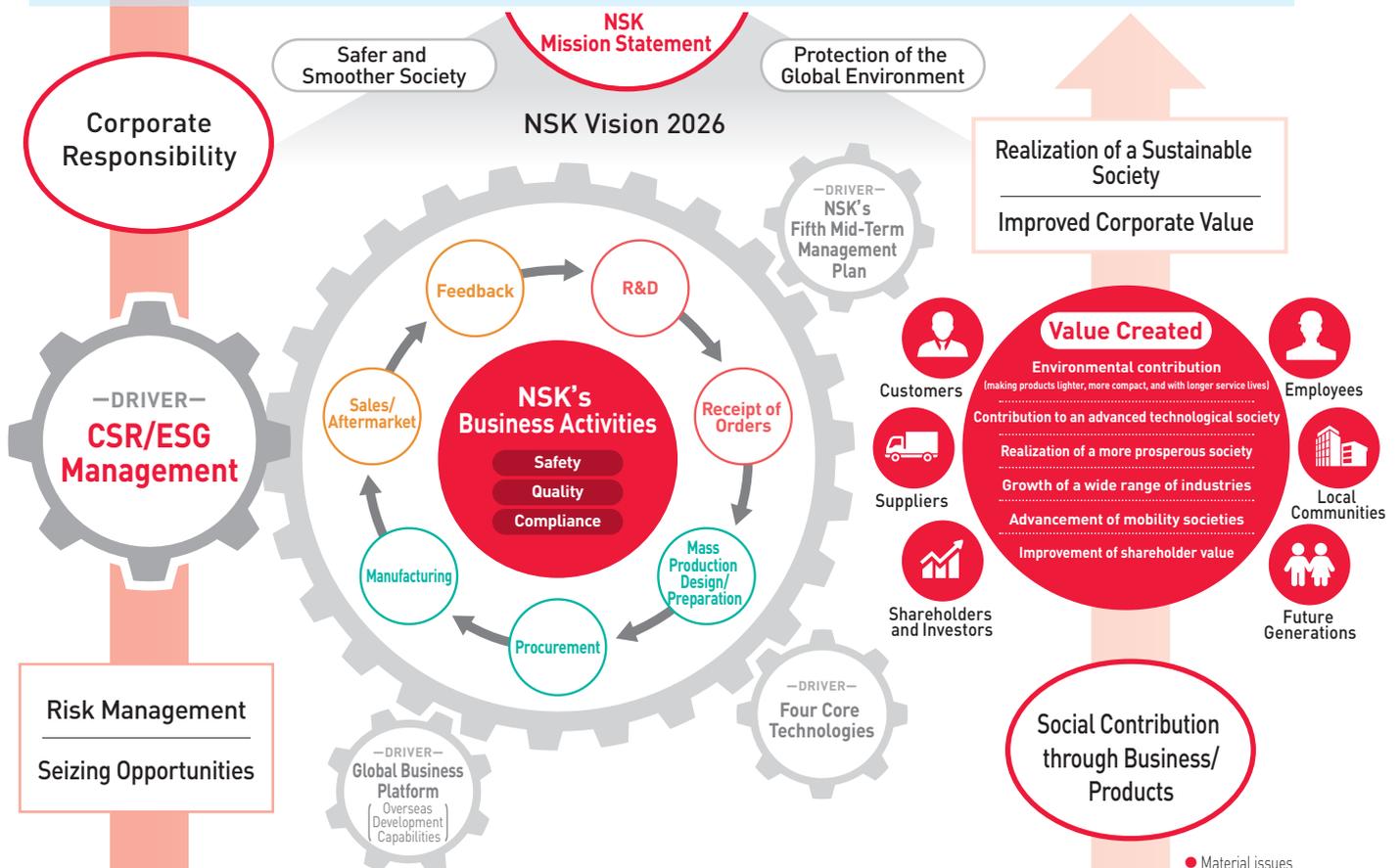
Society is facing a broad range of challenges on the path to greater sustainability and prosperity for all. To engage the potential of our increasingly interlinked global community, the Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015. They serve as a call to action for governments, companies, and citizens to cooperate and work toward overcoming these challenges.

NSK is a proud member of a diverse range of local, regional, and global communities. In our mission statement, we clearly affirm our commitment to creating a "safer, smoother society" and our drive to protect the global environment. CSR/ESG management is accordingly positioned as a key mechanism in the creation of corporate value. At all steps of NSK's business activities, from research and development to distribution and after-sales service, we aim to thoroughly grasp stakeholders' needs and expectations from their perspective and respond through comprehensive action across the business. This feeds into our value creation cycle, thereby improving corporate value through social contribution, sustainable initiatives, and new products, solutions, and services adapted to the needs of today and tomorrow.

Societal Issues

- Climate Change
- Natural Disaster Response
- Resource Depletion
- Water Shortages
- Ecosystem Conservation
- Hygienic Facility Maintenance
- Water Safety
- Product Safety
- Eradication of Poverty and Hunger
- Preventing/Reducing Inequality
- Preventing Forced Labor and Child Labor
- Quality of Education
- Gender Equality
- Eradication of Conflict/Terrorism
- Population Growth
- Falling Birthrates/Aging Populations

(Amongst other issues)



● Material issues

Environmental Initiatives (E)

- **Environmental Management** (P. 50)
 - Creating Environmentally Friendly Products
 - Global Warming Countermeasures
 - Measures for Resource Conservation and Recycling
 - Reducing the Use of Environmentally Harmful Substances
 - Biodiversity Conservation

Social Initiatives (S)

- Research and Development
- **Quality Management** (P. 48)
- **Safety Management** (P. 49)
 - Working with Local Communities (Social Contribution Initiatives)
- **Human Resource Management** (P. 52)
- **Supply Chain Management** (P. 54)

Governance Initiatives (G)

- **Corporate Governance** (P. 55)
- **Compliance** (P. 59)
 - Risk Management

Initiatives to Promote Understanding of SDGs

To make progress in efforts relating to SDGs, it is important for each and every employee to understand the value that NSK provides/can provide to society as a whole. Of course, it is also necessary for employees to deepen their understanding of the actual goals adopted by the UN. Accordingly, NSK is making the following efforts to encourage and enhance employee understanding.

- Messages from senior management
- Overview of SDGs on company intranet
- SDG posters (at all business sites in Japan)
- SDG topic stickers placed around relevant facilities
- Employee briefings

In addition to continuing to develop these activities, we plan to formulate more specific targets and initiatives as part of our Sixth Mid-Term Management Plan.



SDG poster



SDG sticker

Needs and Expectations of NSK Stakeholders

NSK's business is dependent upon the trust of a diverse range of stakeholders. We strive to engage in multifaceted collaborative efforts with stakeholders to create corporate, social, and environmental value, and thereby pursue the realization of a sustainable society.



Customers

NSK's products are used in a wide range of industries, including automotive, rail, and home appliance industries, as well as in steel manufacturing equipment and industrial robots. We consider our customers to include not only the machine manufacturers that purchase our products directly, but also the end users who utilize our products in the various machines produced by direct customers.

Our customers require continuous technological innovation, the development of high-quality, environmentally friendly products and solutions, and stable, consistent supply all over the world.

In addition to deepening our understanding of the needs of machine manufacturers through everyday sales assurance and technological exchanges, we also strive to address the expectations of end users.

Effectively incorporating direct customer and end user perspectives facilitates the development of products and services that provide real value to users and society, from environmental conservation to advanced technologies, to the realization of a safe, prosperous society for all.



Suppliers

NSK's businesses, which reach all corners of the globe, are underpinned by numerous suppliers around the world. Suppliers that support the competitiveness of our businesses through the provision of superior components and raw materials are important stakeholders. Suppliers ask for close collaboration in quality assurance and technology development and require fair transaction practices.

NSK strives to develop mutually beneficial relationships through frank and open exchange of opinions in daily procurement activities and mutual improvement initiatives. For example, NSK works with suppliers to raise the level of quality assurance, to develop new technologies, to protect the environment, and to ensure that human rights are fully respected. These sincere efforts are essential for environmental conservation and mutual prosperity along the entire global supply chain.



Shareholders and Investors

As providers of financial capital, shareholders and investors are important stakeholders who play a critical role in supporting NSK's growth and monitoring company management. Our shareholders expect us to realize a positive return on investment through sustainable growth, and also demand ESG management initiatives that emphasize maintaining a harmonious balance between society and the environment.

NSK aims to grasp and meet the expectations of shareholders and investors through sincere efforts to maintain a constructive dialogue and further increase the soundness and transparency of company management.



Employees

The value created by NSK, including advanced technology and world class products, is driven by a diverse team of employees working all over the world. Our employees are important stakeholders, and we strive to develop vibrant, motivating workplaces to fully enable each employee's potential.

In addition to fostering creativity and individuality, NSK is working to revitalize a constructive labor-management dialogue, employee communications, and exchanges with external stakeholders. Through these efforts, NSK aims to raise the awareness of each employee to promote the creation of open, transparent workplaces that enable employees to set the future in motion and increase corporate value.



Local Communities

NSK's globally expanding business depends on building harmonious relationships with local communities, and fulfilling our corporate responsibility to contribute to the development of those communities.

NSK aims to grow as a company that is needed, loved, and respected by communities around the world. We strive to respect cultures, customs, and needs by engaging, communicating, and working closely with each community to achieve mutually beneficial development and the protection of local environments.



Future Generations

Realizing a prosperous society that will last long into the future is indispensable not only for NSK but also for the growth and development of society as a whole. Future generations, which will be responsible for shaping future society, are important NSK stakeholders.

To support the healthy development of future generations, we conduct science classes, offer internships, and provide scholarships as efforts geared toward long term growth. Through these activities, we aim to realize a prosperous society for the future by not only conveying the enjoyment and importance of *monozukuri* to children and students but also by developing future generations of human resources.