**NSK’s Collaborative Value Creation Process**

### NSK’s Business Model for Collaborative Value Creation

Under its Corporate Philosophy, NSK presented “NSK Vision 2026” and “Vision for 2026,” and is currently implementing the 6th Mid-Term Management Plan (6th MTP), which is positioned to cover the first three years for realizing these visions. The business environment encompassing NSK is continuously changing. The Company therefore aims to balance its contributions to resolving social issues with its sustainable growth as a company by continuing to create collaborative value with stakeholders throughout the value chain. This effort will rely on effectively and efficiently utilizing a diverse range of capital while capturing global megatrends and the direction of progress.

<table>
<thead>
<tr>
<th>Global Megatrends</th>
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<tbody>
<tr>
<td>Decarbonization, Electrification, Automation, Renewable Energy, IoT, AI, Digitalization, Remote, Distributed, Non-contact, Falling Birthrates, Aging Populations</td>
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### Contribution to Resolve Social Issues

#### Diverse Capital and Inputs

- **Manufacturing Capital**
  - Raw materials: Steel, greases, and oils, externally procured components
  - Global production sites, manufacturing facilities
  - Process set-ups, process controls

- **Intellectual Capital**
  - 100 years of accumulated know-how
  - Four Core Technologies plus One
  - Knowledge/expertise in specialist fields
  - R&D centers

- **Human Capital**
  - Highly qualified engineers, skilled workforce, sales personnel, globally minded talent
  - Corporate governance structure (Three Committees system, global compliance framework)

- **Financial Capital**
  - Capital, interest-bearing debt, cash reserves

- **Social/Relationship Capital**
  - Relationships of trust with external parties (customers, distributors, sales outlets, users, suppliers, local communities)
  - R&D structures with external parties
  - Globally recognized and trusted NSK brand

- **Natural Capital**
  - Minerals (e.g., iron ore, coal), water, energy

#### Production sites (plants)
- **Japan**: 20
- **Overseas**: 46

#### R&D centers
- At 21 locations in 11 countries
- Technology-related expenses
  - ¥28.6 billion

#### Ratio of new employees with science backgrounds (annual average over the past five years)
- 79.5%

#### Number of employees worldwide (consolidated)
- 30,378

#### Seminars on balancing work and caregiving (Japan)
- Total: 39 times
- Participants: 2,183

#### Total equity
- ¥573.4 billion
  - Interest-bearing debt
  - ¥332.4 billion
  - Cash and cash equivalents
  - ¥176.6 billion

#### Customer access points
- Number of customer inquiries to NSK sales people
- 3,046 cases/year

#### Number of product and service page views on corporate website
- 3.94 million/year

#### Energy input (per year)
- 6,845 TJ
  - (7,330 TJ in the previous fiscal year)

(As of March 31, 2021)

*Calculation criteria have been revised relative to the previous year.*
Philosophy

Sustainable Growth of NSK

Evolution of Motion & Control™

Management Plan

Output and Outcomes

Outcomes

Collaborative Value with Stakeholders

Customers

Environmental contribution (low friction, high efficiency, improvement of transmission efficiency)

Contribution to an advanced technological society

Realization of a more prosperous society

Growth of a wide range of industries

Advancement of a mobility society

Improvement of shareholder value

NSK’s Seven Key SDGs

Future Generations

Employees

Shareholders and investors

Local Communities

Special Feature

Strategies and Performance

Foundation Supporting Sustainability

Data Section

NSK REPORT 2021

Output

Products/Services

• Industrial Machinery Bearings
• Precision Machinery and Parts
• Automotive Bearings
• Automotive Components
• Maintenance & Repair, Aftermarket Services
• Condition Monitoring Technology

Financial Outcomes from Provision of Added Value

• Cash generation
• Improvement in ROE
• Improvement in share price/market capitalization/TSR
• Internal reserves for investment in growth
• Maintenance of stable ratings

Impact on Society/Environment

• Reduction of investment resource/energy usage through improved production processes
• Promotion of human resource diversity and inclusion
• Improvement of compliance awareness
• Compliance with varying regulations in each country (e.g., avoiding use of conflict minerals, Modern Slavery Act)

(Output as a burden on the environment)

• Greenhouse gases (GHG), industrial waste, water discharge

Share of bearings market

Ranked third in the world

Number of EPS* mounted on vehicles (cumulative total)

Approx. 100 million

Number of patents held

8,172 patents

(8,052 patents in the previous fiscal year)

Net cash provided by operating activities

¥53.8 billion

Dividends/Payout ratio

¥10.4 billion/2,885.8%

Lost-worktime injury frequency rate (global)

0.43 (0.35 in the previous fiscal year)

Diversity (global)

Ratio of female employees 18.0%

(19.0% in the previous fiscal year)

Number of employees who took childcare leave

Men: 185 Women: 42

Japan Management College
Total number of graduates over 18 terms: 397*

(including graduates of the former Management School)

Global Management College
Total number of graduates over all nine terms: 111

Number of Regions: Graduates from 21 countries

Number of employees who have attained a TOEIC score of 750 or higher

660 (631 in the previous fiscal year)

Amount of CO2 emissions avoided during use of NSK products

2.51 million t-CO2*

Development of environmentally friendly products

238 products (cumulative total)

GHG emissions

31.0% decrease (compared with FY2017)

*1 EPS: Electric power steering
*2 Figures revised following recalculation

Values

Compliance

PP. 21, 37

Environment

PP. 55

Sourcing Sustainability

Global Business Foundation

P. 50

Corporate Governance

P. 60

for 2026 beyond

Utilization of Robust Managerial Resources

Mass Production Design/Preparation

Procurement

Manufacturing

Sales/Aftermarket