NSK’s Collaborative Value Creation Process

Creating Collaborative Value with Stakeholders

NSK’s business is built on relationships of trust with its stakeholders. As a partner in the creation of collaborative value, nurturing increasingly positive ties through two-way communication and promoting a genuine understanding of NSK’s direction and value created is of the utmost importance.

In line with our Mission Statement, NSK upholds the SDGs in working to realize a sustainable society and has selected seven goals that are particularly interlinked with our business. NSK must work together with each of our stakeholders in targeting these key goals.

By collaborating with each stakeholder to create a range of value, NSK aims to contribute to the resolution of social issues while achieving sustainable growth as a company.

Collaborative Value with Stakeholders

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

Relationships with Stakeholders (related capital categories)

Customers

NSK’s customers and sales destinations encompass the machine manufacturers, auto and automotive components makers, distributors, and sales outlets that purchase our products directly, as well as the end users who utilize our products in the various machines produced by direct customers. (social/relationship capital)

NSK works to deepen our understanding of the needs of manufacturers, distributors, and sales outlets; strives to envision the future expectations of the end users; and reflects these expectations into our business activities, products, and services with the aim of creating various forms of collaborative value.

Main Engagement Channels

• Everyday sales activities
• Technological exchanges
• Exhibitions
• Joint research/joint development, etc.

Employees

NSK’s advanced technologies, as well as world-class products and services, are created by employees working all over the world. In addition to fostering creativity and individuality, NSK is working to revitalize a constructive labor-management dialogue, employee communications, and exchanges with external stakeholders. (human and intellectual capital)

Through these efforts, NSK raises the awareness of our employees and enhances their capabilities, while creating workplaces that enable our employees to set the future in motion.

Main Engagement Channels

• Manager/team dialogue
• Objective-based management, performance review systems
• Internal financial results briefings
• Training, self-improvement seminars, etc.

Stakeholder Expectations, Interests, and Values (outcomes)

Examples of Themes for More Meaningful Collaborative Value Creation

Customers

Q: Quality—Offer high-quality products and high-quality services
C: Cost—Use appropriate pricing
D: Delivery—Ensure stability in delivery, supply chain management, and strict adherence to laws and regulations
D: Development—Leverage technology innovation, find solutions to issues, develop partners, and develop products and technologies that contribute to the environment
S: Service—Support customers at our global sites in each region with reliability, security, and troubleshooting
M: Management—Provide management capabilities that support the above

Outcomes
Third highest share of the global bearings market, environmentally friendly products, amount of CO2 emissions avoided during use of NSK products, etc.

Employees

Offering engaging workplaces (respect of fundamental rights at work, equal opportunity, creating safe and inspiring workplaces, and health and productivity management)
Leveraging a diverse workforce, diversity and inclusion, work-life balance, and flexibility with work styles
Providing opportunities for growth, self-development, and educational opportunities

Outcomes
Number of patents held, environmentally friendly products, lost-worktime injury frequency rate, diversity (e.g., ratio of female employees, number of employees who took childcare leave), number of management college graduates, etc.

Contribution to Resolve Social Issues

NSK’s Seven Key SDGs

Examples of Themes for More Meaningful Collaborative Value between Stakeholders and NSK, Specific SDGs That Can Be Supported, and Further Collaborative Value Creation

Creating and proposing new collaborative value from an end-user perspective
Developing proposals for supply from optimal locations that leverage global production sites

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Increasing opportunities for dialogue with management, enhance two-way communication
Reviewing systems to achieve more diverse work styles
Promoting situational understanding and improvement activities through regular employee engagement surveys
Further enhancing educational and training programs

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### Relationships with Stakeholders (related capital categories)

#### Suppliers
- NSK’s businesses, which reach all corners of the globe, as well as their competiveness, are underpinned by the reliable supply of raw materials and components from suppliers around the world. (social/relationship capital, natural capital)
- 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, develop new technologies, protect the environment, and ensure that human rights are fully respected. These sincere efforts are essential for environmental conservation and mutual prosperity along the entire global supply chain.

**Main Engagement Channels**
- Daily procurement activities
- Procurement Policy Briefings
- NSK Supplier CSR Guidelines “self-diagnosis sheet,” etc.

#### Local Communities
- NSK’s global business depends on building harmonious relationships with local communities and fulfilling our corporate responsibility to contribute to the development of those communities. (social/relationship capital, natural capital)
- 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.

**Main Engagement Channels**
- Activities to contribute to local communities (e.g., donation drives, cleanup activities)
- Plant festivals
- Cooperating in community events, welfare programs, etc.

#### Shareholders and Investors
- As providers of financial capital, shareholders and investors play a critical role in supporting NSK’s growth and monitoring company management. (financial capital)
- NSK aims to grasp and meet the expectations of shareholders and investors by increasing the transparency of management based on appropriate disclosure, building relationships of trust through constructive dialogue, and promoting sound, sophisticated management.

**Main Engagement Channels**
- Shareholders’ meetings
- Plant tours for shareholders
- Financial conferences
- Business briefings

#### Future Generations
- Realizing a safe and prosperous society that will last long into the future is indispensable not only for NSK but also for the growth and development of society overall. (social capital, natural capital)
- To support the healthy development of the next generation that will be responsible for future society, 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 not only by conveying the enjoyment and importance of monozukuri to children and students but also by developing future generations of human resources.

**Main Engagement Channels**
- NSK Foundation for the Advancement of Mechatronics
- NSK Scholarship Foundation
- Science classes for children of materials for children (e.g., comic book, picture book, and technology introduction), etc.

### Stakeholder Expectations, Interests, and Values (outcomes) Examples

#### Environmentally harmful substance countermeasures, environmentally friendly products, amount of CO2 emissions avoided during use of NSK products, etc.
- Improving corporate value
- Maintaining proper stock prices
- Realizing shareholder returns that exceed capital costs
- Providing information in a proper, fair, and timely manner, and having sincere dialogue
- Proactively taking initiatives and making disclosures for global social issues, and CSR/ESG

**Outcomes 3**
- A TSR that exceeds the expected rate of return, reduced share price fluctuation risk, etc.

#### Collaborative Value between Stakeholders and NSK, Specific SDGs That Can Be Supported, and Further Collaborative Value Creation

- Ongoing maintenance and strengthening of favorable and strong relationships
- Enhancing the level of CSR management throughout the supply chain toward realizing a sustainable society

**Examples of Themes for More Meaningful Collaborative Value**

- *Environmental improvement contribution of shareholders*
- *Prosperous Wide-ranging Industries*

- *Increasing the opportunities for exchange to promote an understanding of safety and security and raise the degree of trust*
- *Engaging in ample activities to contribute to communities*

- *Environmental contribution* & *Prosperous Mobility society* & *Advanced technology* & *Prosperous mobility society* & *Environmental contribution* & *Prosperous* & *Wide-ranging Industries*

#### Relationship capital, natural capital
- Development and strengthening of favorable relationships and respected by communities around the world.