

# Global Business Foundation

In expanding business globally, NSK maintains the necessary sites, human resources, and management structure as an essential foundation, and strives to expand business in each region while promoting global projects through collaboration between regions. In addition, the Company has made contributing to the development of each country and region the highest priority while emphasizing such issues as job creation and environmental protection. Looking ahead, NSK will give exhaustive consideration to being a good corporate citizen and will endeavor to further enhance and strengthen its global business foundation.

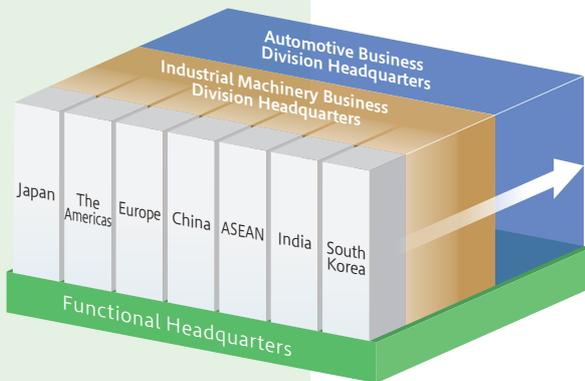
## Global Management

### Organizations That Support Global Management

Underpinned by the two Industrial Machinery and Automotive business axes, NSK employs a “matrix”-type organizational structure supported by regional headquarters that execute operations in each region and functional headquarters that buoy business in a cross-sectional manner from a functional standpoint.

From the business execution standpoint, a regional headquarters is positioned to oversee a region under each business headquarters, and each business site is positioned beneath each regional headquarters. Orders and directions on business planning and strategy implementation flow from the business headquarters to regional headquarters and then to individual sites. On the other hand, each functional headquarters located at headquarters in Japan supervises and supports shared Group-wide functions such as human resources, legal affairs, and accounting at sites worldwide from the perspective of policy and standardization.

Adopting this type of organization is aimed at effectively 1) reducing overlapping operations and costs under a policy of making shared Group-wide functions consistent and 2) speeding up business execution responsiveness by entrusting decision-making to lower-tier organizations based on a broad framework decided by upper-tier organizations.



Note: Individual sites are divided by regions they have a presence in: Japan, The Americas, Europe, China, ASEAN, India, and South Korea.

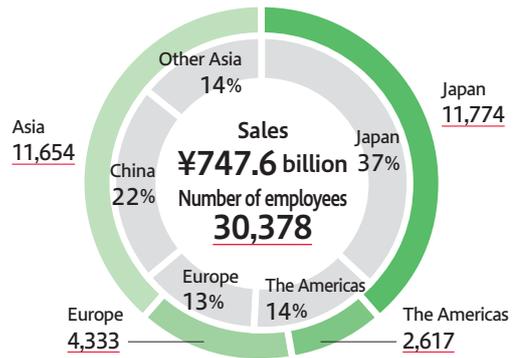
### Global Management Evolution

NSK has worked to localize management with the aim of building a system able to undertake locally oriented, agile business management in each region as it expands operations overseas. Currently, the Company is expanding business under local leadership by placing numerous local employees in key posts that include regional managers.

With the perspective of fostering global management cooperation, NSK has held the International Management Committee (IMC) meeting, where top regional managers discuss mid-term management plans, business strategies, and fiscal year business budgets biannually at the Tokyo headquarters. The IMC goes beyond simply strengthening collaboration across regions and headquarters to serve as a platform for all regions to participate in global management. IMC meetings have been held for around 30 years.

### Sales Breakdown by Region (based on customer location) / Number of Employees Breakdown by Region (consolidated)

(Year ended March 31, 2021)



### Global Sites

205 locations in 32 countries and regions

	Head-quarters	Production Sites	Sales Sites, etc.	R&D Centers
<b>The Americas</b>				
U.S.	1	7	8	3
Canada			2	
Mexico		2	1	
Brazil		1	2	1
Peru			1	
Argentina			1	
6 countries and regions Total	1	10	15	4
<b>Europe/Middle East/Africa</b>				
U.K.	1	4	2	1
Germany		2	4	2
Denmark				1
France			1	
Italy			1	
Netherlands			1	
Spain			1	
Poland		4	3	1
Russia			1	
Turkey			1	
UAE			1	
South Africa			1	
Morocco		1		
13 countries and regions Total	1	11	17	5
<b>Asia/Oceania</b>				
Japan	1	20	31	7
Singapore	1		2	
Indonesia		3	2	
Thailand		2	5	1
Malaysia		2	3	
China	1	11	19	1
Taiwan			3	
South Korea		2	2	1
Philippines			1	
Vietnam			2	
India	1	5	7	2
Australia			2	
New Zealand			1	
13 countries and regions Total	4	45	80	12
<b>Global Total</b>	<b>6</b>	<b>66</b>	<b>112</b>	<b>21</b>

(As of March 31, 2021)

# Evolution of the Mother Plant System

Based on NSK's 100-year history

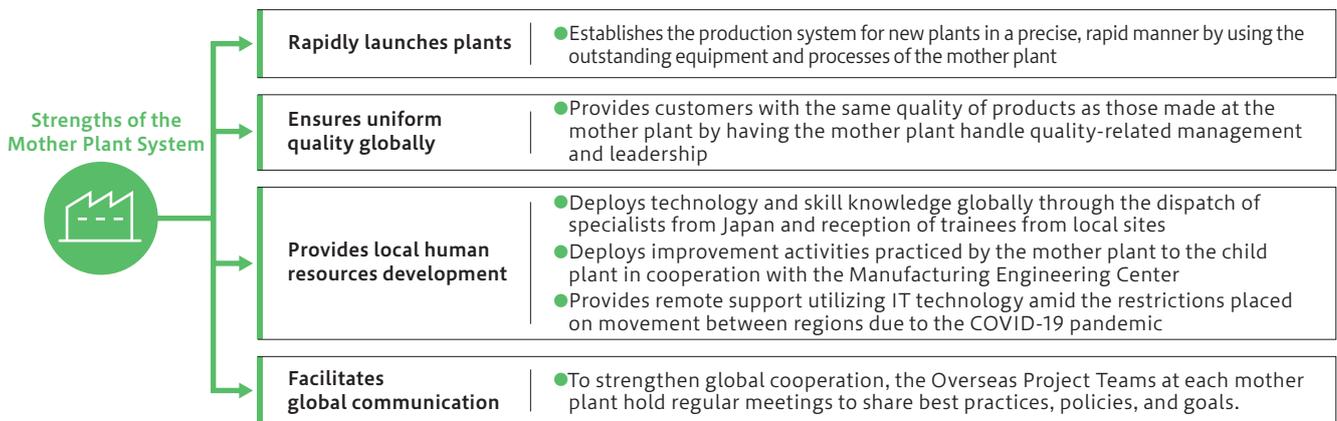
## What is the Mother Plant System?

The mother plant system is one of the schemes that NSK uses as a foundation to support global production. The mother plant system employs a model plant (mother plant), primarily a site in Japan, to provide support for plant operations when launching a new plant outside Japan (child plant) and to ensure production continuity thereafter. NSK links mother plants and child plants for each product, whereby the "Overseas Project Team" at each mother plant acts as the contact point for providing actual support and the mother plant as a whole conducts support activities.

The mother plant system (originally called the Lead Plant System) got its start in 1970 when NSK introduced an approach whereby we assigned the Tamagawa Plant (closed in 1999) to take responsibility for leading the establishment of the Geelong Plant in Australia (closed in 1977). As part of this effort, the Tamagawa Plant formed a project team whose members provided direction on machinery installation and technology, thereby playing the role of a mother plant. This mother plant system has served as a major strength in ensuring the success of plant construction and setup ever since.



NSK Manufacturing Australia's Geelong Plant manufacturing line



## Mother Plant System Initiatives – Expanding the diverse capital of NSK globally –

### Strengthening human resources development – Establishment of the Hefei Plant, China

As part of the launch of the Hefei Plant in China (production commenced in 2012), along with the Ohtsu Plant, the Kunshan Plant in China provided support as the first plant outside of Japan to serve as a mother plant. In preparation for launch, the Kunshan Plant systematically provided training before the Hefei Plant buildings were completed, thereby shortening the period from completion of construction to actual production. Moreover, the Kunshan Plant currently serves as an engineer development site and provides technical training on maintenance and other tasks to trainees from around China. Even after the launch of the Hefei Plant, this initiative continued to aim for training independence as a child plant, for example, by focusing efforts on educating local trainers to enable skill education and training locally when installing additional equipment.

### Support from global sites – Establishment of the Mexico Plant

The launch of the Mexico Plant (production commenced in 2014) received support from several global sites in addition to the mother plant in Japan and was characterized by an attempt to utilize production know-how acquired over many years and globally minded talent. The plant is operated entirely by locally hired staff from Mexico and relies on staff from outside of Japan; for example, those from NSK Brasil are involved in support for plant management. Moreover, because the plant utilizes machinery built by the Kunshan Plant and equipment built in South Korea to enhance cost competitiveness, the plant was launched using staff from the Kunshan Plant and the Changwon Plant in South Korea. This move also minimized support from employees at Japanese plants during the plant launch. Although the establishment of the Mexico Plant was a new approach that was supported by various sites, including plants outside Japan, it serves as an example of success in overcoming language and cultural barriers.

Over the 50 years since its introduction, the mother plant system has undergone changes as NSK has expanded overseas. Along with transforming from a system originally led entirely from Japan to one in which each site is independent and works together today, this approach is leading to the further evolution of NSK's global production system.

### Example of the spread of NSK capital through the mother plant system

- Manufacturing Capital
- Human Capital
- Intellectual Capital
- Support from sites in Japan to sites outside Japan (First phase)
- Support between sites outside Japan (Second phase)

