

# Compliance

## NSK's Approach

NSK has positioned compliance as one of its core values. For NSK, compliance goes beyond adherence to laws and regulations. It also entails acting in accordance with internal rules, social norms, and the Corporate Philosophy in a sincere and fair manner. Moreover, compliance means earning the trust of society and contributing to the development of the economy and society in Japan and around the world.

### Policy

The NSK Group aims to continue developing as a company that is trusted by international society and local communities by adhering to the laws and regulations of each country in its corporate activities around the world, and by taking actions based on high ethical standards as a corporate citizen.

## ■ NSK's Efforts to Enhance Compliance Key initiatives to enhance compliance to date are as follows.

Item	NSK Group Initiatives
Strengthening Systems	Established the Compliance Committee (meetings held 3 or 4 times a year)
	Established the Compliance Enhancement Office (a dedicated organization)
	Holds Global Legal and Compliance meetings (once or twice a year) with legal and compliance representatives outside Japan
Establishing Relevant Regulations & Systems	Holds a Compliance Conference (twice a year) with compliance representatives in Japan
	Operates a system for examining whether to participate in meetings attended by competitors
	Distributed the NSK Compliance Guidebook to officers and employees (revised in 2018)
	Established the Rules for Compliance with the Competition Law
	Revised the Hotline Operational Rules to reflect the Consumer Affairs Agency's guidelines concerning the operation of internal reporting systems
Strengthening Education and Awareness Raising Activities	Revised Internal Regulation for Preventing Insider Trading, introduced a prior approval system for selling NSK stock and prohibited buying of NSK stock on the open market
	Established Anti-Bribery Standards
	Formulated Personal Information Management Regulations
	Regularly distributed the president's message calling for thorough compliance
	Implemented compliance e-learning for officers and employees
Strengthening Monitoring	Conducted compliance training at sales divisions, plants, engineering sections, and Group companies
	Started a regular Compliance Newsletter
	Designated July 26 as "NSK Corporate Philosophy Day"
	Internally shared compliance violation information
Strengthening Monitoring	Conducted internal audits of sales divisions relating to Antimonopoly Act compliance
	Inspected specific categorical risks in compliance for the NSK Group
	Conducted an employee engagement survey for the NSK Group (compliance awareness survey)
	Has in place and operates a compliance hotline (whistleblowing system) in each region

## Examples of Fiscal 2020 Initiatives

### 1 NSK Corporate Philosophy Day

To revisit the lessons learned from past incidents, reconfirm the resolve of all NSK Group employees that no anti-competitive incident will ever occur again and ensure that all employees review the Corporate Philosophy and make it their own code of conduct, July 26 has been designated as "NSK Corporate Philosophy Day."

In fiscal 2020, employees at our domestic and overseas bases watched videos titled "Message from the President," "Understanding Our Corporate Philosophy," and "A Look Back at the Cartel Incident." Thereafter, in Japan, officers explained the Corporate Philosophy and practical examples are introduced. Overseas, after a message from the management of local bases, each site held its own events that included lectures by outside experts and discussions on compliance.

### 2 Employee Engagement Surveys (Compliance Awareness Surveys)

An employee engagement survey is conducted with the Human Resources Department. The objective is to assess the level of compliance awareness and the condition of work environments, in terms of motivation and opportunities for growth for each employee. In fiscal 2020, the sixth time the survey was conducted in Japan, 14,963 officers and employees responded. Overseas, we continued to work on issues identified in the fiscal 2019 engagement survey, such as further improving the reliability of the compliance hotline (whistleblowing system).

## ■ NSK Group Compliance System (As of August 2021)

