

Public [NSK]

NSK Compliance Guidebook 2022

NSK Compliance Guidebook 2022

Let's work together to become
a company that is needed,
trusted, and relied upon by society.



You have probably heard the word “compliance” in the office before, but do you know what compliance actually means and why it’s important? Our company has established internal rules and regulations in accordance with various laws and regulations. For the NSK Group, “compliance” does not only mean obeying these rules and regulations. It also means following social norms and practicing fairness and honesty in line with our corporate philosophy. It is important that each individual practices compliance so that the NSK Group can continue to grow and earn the trust of society. That’s why the NSK Group has positioned compliance as a core value (that has the highest priority in management decision-making and activities).

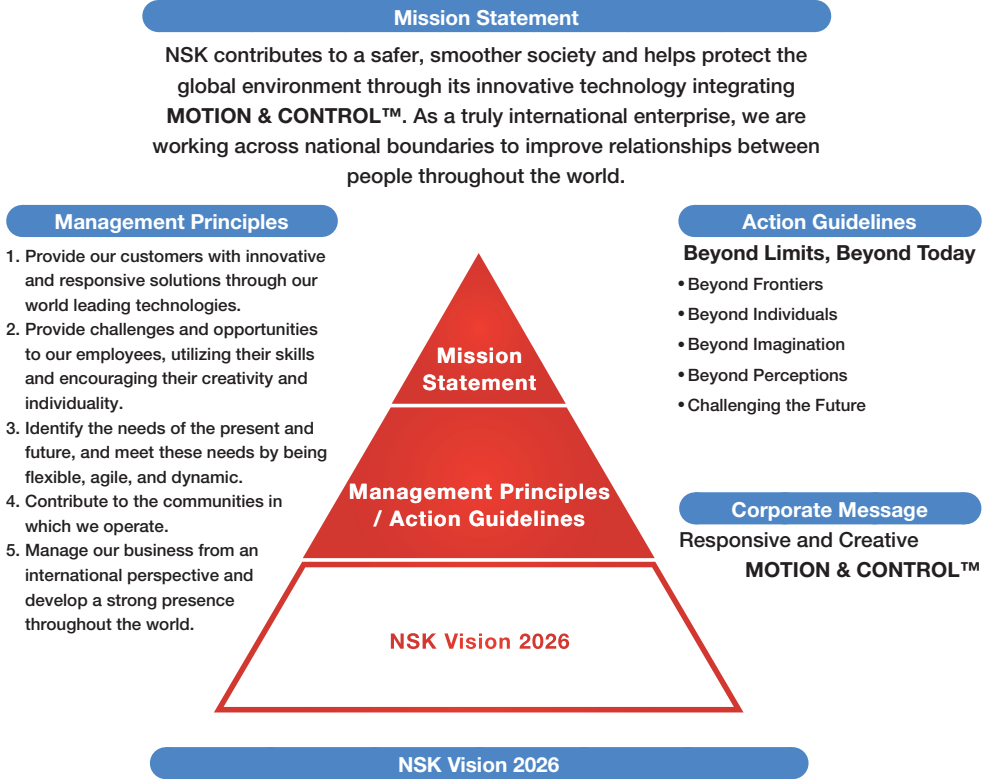
The NSK Code of Conduct Concerning Compliance, which is part of the NSK Code of Corporate Ethics, defines 16 topics in particular that must be observed by our company as part of the NSK Group’s compliance requirements. To make these 16 topics easier to understand and more accessible, we have added new columns and case studies, and we have published NSK Compliance Guidebook 2022 updated to reflect recent legal changes and new societal demands. It is important for everyone who has a copy of this guidebook to know how to make use of it going forward.

I have a request for everyone who works in the NSK Group. For starters, each of you should read this guidebook carefully and reflect on the behavior and work processes of yourself and those around you. Next, everyone in the workplace should talk to each other about what they think and what they’ve noticed. If you notice a potential compliance risk during this process (or in your daily work), please “speak up” immediately instead of putting it off or turning a blind eye. Workplace leaders need to listen when people speak. Instead of ignoring feedback, work together with everyone in the workplace to make improvements. By doing so, we can prevent compliance violations before they occur and create a lively and open workplace in which everyone can participate. This is how the NSK Group will implement compliance, and I believe we will achieve our vision of becoming a company that is needed, trusted, and relied upon by society as a result. Let’s all work on this together.

April 2022
Akitoshi Ichii
President and CEO
NSK Ltd.

The NSK Corporate Philosophy and NSK Vision 2026

The NSK Corporate Philosophy was established in 1991 on the occasion of the 75th anniversary of NSK’s founding as a declaration of what the NSK Group aims to achieve, what kinds of corporate activities it will conduct, and how it will contribute to society, as well as to demonstrate the spirit of the NSK Group, the path that NSK should follow, and the ideal image of NSK in the 21st century. NSK Vision 2026, which was formulated on the occasion of NSK’s 100th anniversary in 2016, expresses the vision that we aspire to achieve over the medium- to long-term, targeting 2026.



SETTING THE FUTURE IN MOTION

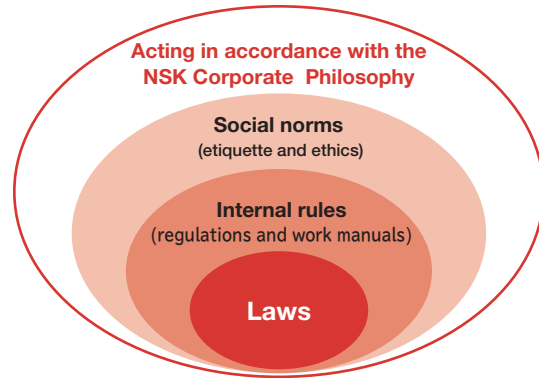
We bring motion to life,
to enrich lifestyles,
and to build a brighter future.

Dedicated to uncovering society’s needs,
we set ideas in motion,
to deliver solutions beyond imagination.

We’re NSK.
And, we’re setting the future in motion.

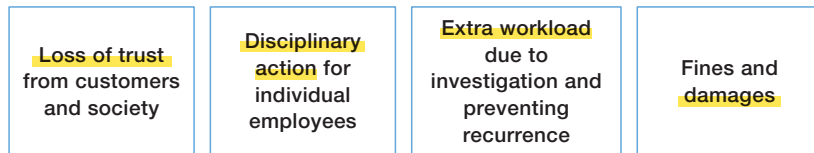
NSK Group Compliance

For the NSK Group, compliance goes beyond adherence to laws and regulations. It also entails acting in accordance with internal rules, social norms, and the NSK Corporate Philosophy in a sincere and fair manner. By practicing compliance, we can gain the trust of society and contribute to economic and social development in Japan and globally.



What if...

What if a compliance violation occurs?



Nothing good results from compliance violations.

If you are having difficulty making a decision in your daily work, ask yourself the "Five Questions."

Five Questions for Compliance **NSK**

1. Are you violating any laws or rules?
2. Are you acting in line with the Corporate Philosophy?
3. Would you be proud to discuss it with your family and loved ones?
4. Do you think "it's no problem as long as no one finds out?"
5. Could the NSK brand be damaged?

If you are unsure of what to do, consult with a compliance representative or with your superior.

Compliance Hotline (Whistleblowing System)

The Compliance Hotline (Whistleblowing system) enables the early detection and correction of compliance violations and suspected violations. Identifying and improving on our shortcomings as a company is essential to maintaining the trust of our shareholders, partners, customers, and end users.

Please use this system if you notice any compliance violation or potential violation that you are unable to discuss with your supervisor or the senior employees at your workplace or that cannot be resolved even after discussing it with them.

The system even accepts anonymous reports and reports regarding issues involving company executives. Furthermore, whistleblowers will not suffer any disadvantages, such as retaliation, for submitting a report. Please be assured that this system is safe to use.

1. **What can be reported to the Hotline?** — Compliance violations or potential compliance violations.
*Please provide as much specific information as possible so that we can conduct an investigation.
*If the matter involves harassment, please contact the Harassment Consultation Service at the Human Resources and General Affairs Division HQ instead.
2. **Who can use the Hotline?** — NSK Group employees, former employees, clients, partners, and executives.

3. Report process

Whistleblower (You) submits Hotline report → (External attorney) → Head of Legal and Compliance Division HQ → Legal and Compliance Division HQ conducts investigation in cooperation with relevant departments → If a compliance issue is identified, implement response measures → Feedback to the whistleblower

Q&A



I am worried that my supervisor will find out that I reported the incident and that I will be transferred or my job evaluation will be affected.



In order for people to be reassured that they can safely use the Hotline, it is especially important that whistleblowers are not identified and are not disadvantaged. Therefore, when conducting investigations and implementing a response, we take special care to ensure that any information that could identify the whistleblower is known only to those who need to know it in order to conduct the investigation or response, and that the consent of the whistleblower (your consent) is obtained in advance. This means that we obtain consent from the whistleblower (you) before proceeding with each step of the investigation and response.

1.

Compliance with Competition Laws

Personnel must not make agreements with competitors to set selling price or territorial sales markets, restrict resale price, or perform other anticompetitive acts. Personnel will conduct legitimate trade through free and fair market competition.

Compliance Requirements

1. Do not make contact (i.e., speak or exchange emails) with competitors unless you have a legitimate reason to do so. Do not make deals or exchange information with competitors regarding price, production quantity, sales channels, etc.
2. If you obtain information regarding a competitor from a customer or another source, or if you share that information internally, you must record and clearly state the source of that information.
3. Do not specify resale prices or impose unreasonable demands on agents and distributors.

Explanation

1. Making deals with competitors that affect competition is called a “cartel.” It is prohibited by the antitrust and competition laws in various countries. The reason for prohibiting contact with competitors is to avoid being suspected of anticompetitive or cartel activities. Caution is required even when dealing with friends and acquaintances if they are employees of competitors.
2. Without a record of the source of information regarding a competitor, you may be suspected of violating competition laws by obtaining information directly from that competitor. In all cases, keep a record of the name of the company, department, and person from whom you obtained the information.
3. Acts that impede free competition among agents and distributors are also prohibited by antitrust laws and competition laws of various countries. Do not take advantage of your superior position, but act as a fair and trusted member of our company.

Terminology **Competition**

Competition is when companies strive to provide better products and services at lower prices. Competition between companies is in the best interest of customers and end users. Antitrust laws and the competition laws of various countries prohibit activities that would impede competition.

check!

Let's check our own behavior.

Rule 1

As a rule, you must not have any contact with competitors.

- Do you know which companies are considered our competitors?
- Have you checked Notification Requirement Criteria, FAQ, and Notification Confirmation to determine whether your actions count as “contact” with a competitor?

Rule 2

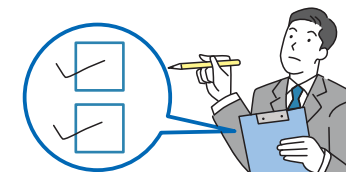
If contact with a competitor is unavoidable, you are required to submit a prior application for approval and a report after making contact to record the details. Do not exchange information that could affect competition, such as prices, production quantity, customers, and sales channels.

- If you are going to attend a meeting or other event that a competitor is eligible to attend, have you reconsidered the necessity of attending, and have you obtained in advance approval from the Legal and Compliance Division HQ?
- If contact with a competitor is unavoidable, have you recorded the date, time, identity of the other party, and the contents of your conversation? Have you reported those details to the Legal and Compliance Division HQ?
- Do you know what information must not be exchanged with competitors?

Rule 3

If you obtain unpublicized information regarding a competitor, the source of that information must be clearly recorded.

- If you have obtained information regarding a competitor, do you record the name of the person, the department, and the company from which you obtained that information?



2.

Compliance with Import and Export Related Laws

Compliance with international rules is essential for freedom of global business activities. Personnel must comply with all import and export related laws.

Compliance Requirements

1. Do not export goods or provide technology illegally. Be especially wary of transactions where there is a concern that they are for military purposes.
2. Obey the Customs Act and other laws and regulations when declaring imports and exports. Additionally, be sure to properly label the country of origin on all products.

Explanation

1. In order to comply with the Foreign Exchange and Foreign Trade Control Act (Foreign Exchange Act) and prevent legal violations, NSK has established internal export control regulations (compliance program) related to the export of goods and the provision of technology.

To ensure that a transaction is not restricted by the Foreign Exchange Act, please make sure to undergo an export review when exporting goods or providing technology to an entity outside Japan.

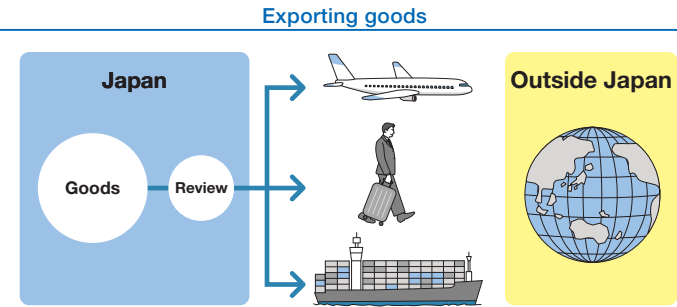
Violating the Foreign Exchange Act carries a risk of criminal penalties and administrative penalties (revocation of export licenses and suspension of exports). Additionally, activities in violation of laws in other countries could have a serious impact on our business. For example, violating the US Export Administration Regulations (EAR) could result in the inability to handle U.S. origin goods.

2. When importing and exporting, the laws, regulations, and local conditions of each country must be taken into account, and classification of products and price baselines for taxation established by each country must be properly declared. If you obtain a preferential tax rate, you must confirm in advance that NSK meets the applicability requirements under that country's taxation framework. Some countries also require importers to label their products' country of origin. You must understand the laws and regulations of the destination country, and the country of origin must be properly labeled.

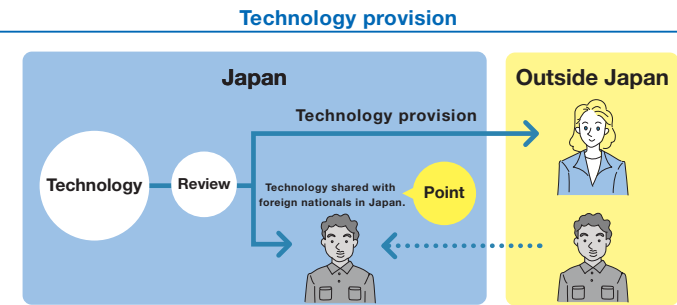
Cases Requiring Export Review

- Transportation of production equipment, maintenance parts, materials, oils and lubricants, finished products, prototypes, test products, exhibits, etc. to countries outside Japan.
- Sending or transmitting blueprints, technical data, manuals, etc. to countries outside Japan.
- Technical support and technical guidance in countries outside Japan.
- Technical guidance in Japan for trainees from outside Japan or temporary returnees.
- Disclosure of technical data to foreign visitors of NSK Group worksites in Japan.

Terminology “Exporting goods and providing technology”



Items to be imported or exported are called “goods.” Please note that goods, including items in carry-on baggage, is considered exported as soon as it has been loaded onto an airplane or ship.



The export of technology (including information related to the design, manufacture, and usage of goods) is considered to be “technology provision.” (It is also called a “service transaction.”) Technology provision is considered to have occurred as soon as the information has been disclosed to the other party, regardless of the location or method used. For example, disclosure of technical information in Japan to non-residents, such as foreigners who have come to Japan, and to residents who are strongly influenced by a particular country is also subject to export regulations. Please exercise caution.

Companies that export goods are required by law to appoint a person to be responsible for verifying the applicability of export regulations. NSK Group also appoints people responsible for verifying export regulation applicability at each NSK Group company engaged in exporting activities.

3.

Prohibition of Commercial Bribery (handling of entertainment, gifts, etc.)

In giving and receiving of entertainment and gifts, bribery - as well as any act deviating from socially-accepted norms - is prohibited. Personnel must not provide entertainment and gifts to officials and employees of public institutions unless there are special reasons for doing so.

Compliance Requirements

1. Regardless of the monetary amount, be cautious when business entertaining or giving gifts to business partners (customers, etc.).
2. Do not request or accept excessive business entertainment or gifts from business partners (distributors, dealers, suppliers, etc.) that go beyond the bounds of social norms.

Explanation

1. Business entertainment and gifts offered with the intention of building good relationships with business partners (customers, etc.) are not necessarily always prohibited. However, in some countries, offering business entertainment and gifts to executives and employees of private companies is punishable as a crime. Offering business entertainment and gifts to executives and employees of private companies should be conducted in accordance with laws and regulations and within the bounds of social norms. Some companies do not allow accepting gifts from others, so care must be taken in offering gifts.
2. When accepting offers of business entertainment or gifts, make your decision on the basis of laws and regulations as well as on social norms.

Note that excessive favors in return are not required. Your decision to do business with someone must be based on your evaluation of the quality, price, delivery time, and service of the products involved in the deal.

Do not choose a business partner (distributor, dealer, supplier, etc.) simply because they offered you business entertainment or a gift. Selecting business partners on the basis of business entertainment and gifts is not a fair and honest way to conduct yourself as a member of the NSK Group.

In addition to legal penalties, you might also be subject to disciplinary measures.

Terminology **Bounds of Social Norms**

The “bounds of social norms” should be considered as the extent to which business entertainment and gifts will not influence one’s business-related decisions. Specifically, you must decide on a case-by-case basis whether a gift is appropriate from a third-party perspective (i.e., whether it could be suspected of influencing business decisions), based on the parties’ positions, the economic situation in that country, the timing of the business entertainment or gift, and other factors.

Case Study

May I provide excessive business entertainment to a customer in order to earn preferential treatment?

During a critical time while you are receiving an order for a large new project, your customer contact is replaced with someone new.

As a sales representative, you are worried that a competing company will get the order, so you consult with your supervisor.

- You** ▶ Wouldn't it be a good idea to provide the customer with business entertainment in order to secure their order?
- Supervisor** ▶ Yes, you're right. This is an important project, so we should offer lots of business entertainment over the next month! I'll allot a sizeable budget. Make the arrangements immediately. Come to think of it, the former customer contact said that the new person likes to play golf.

From the supervisor’s comment, you set about creating a month-long entertainment schedule. You make reservations to play at a prestigious golf club, you book a table for lunch at a high-class restaurant, and you make arrangements for a chauffeured car to pick up and drop off the customer.

Point

Offering excessive business entertainment is not acceptable, even if the project is important. Make sure that business entertainment offered to private companies is within the bounds of social norms.

Entertainment that would clearly influence a third party’s decision to do business with the company, such as asking the company to increase the value of its transactions or to switch transactions from another company to the company, should be judged with caution.

If you are dealing with an important customer and wish to do business with them over the long term, it is even more important to be fair and honest with them, which will enhance their trust in the company and help to build a good relationship with them.

4.

Transactions with Public Institutions and Handling of Political Donations

Personnel must comply with all laws related to transactions with public institutions. Personnel must also comply with all laws related to political donations and must avoid questionable expenditures/provision of benefits.

Compliance Requirements

1. Do not bribe public officials.
2. You must not offer business entertainment or gifts to public officials.
3. If you do business with national or local government agencies through a third party, take care to ensure that the third party is not bribing those public officials.
4. Political contributions must only be made in accordance with laws and regulations.

Explanation

1. The laws of various countries prohibit the giving of bribes to public officials, public company employees, and other public office holders (hereinafter, “public officials”). In some cases, small payments are made for the purpose of facilitating government operations. However, such payments are considered to be bribery in some countries, even if the amount of money is small. The recognition of which persons are the public officials depends on each country. Whenever you are dealing with executives and employees of state-sponsored corporations or corporations connected to national interests, such as energy and infrastructure, you have to be acutely aware of bribery.
2. Offering benefits to public officials is considered to be bribery. “Benefits” includes not only money but also food and drink, golf outings, travel, theater visits, and so on.
3. If an intermediary bribes a public official, their client might also be charged with a crime. Therefore, it is important to confirm in advance that local agents are trustworthy, and to ensure that the amount paid in commissions and other fees is appropriate and that payments are not passed on to public officials through intermediaries.
4. When making political contributions, you need to be fair and honest, and you must comply with all relevant laws and regulations.

Case Studies

Paying for a public official's meal is bribery!

You were visiting a government office for a sales meeting. Your contact there just happens to be a senior from your high school days. You felt nostalgic after seeing him for the first time in years, so the two of you decided to go to a nearby pub that evening. While catching up with each other, you ask him to send some business your way and buy him a drink.



Point

There is nothing wrong with going out for a drink with a high school acquaintance (who is also a business interest). However, if you pay for their meal in its entirety or in part, that is considered a bribe regardless of the amount.

Bribery can be punished simultaneously under the laws of more than one country.

You are planning to go on a business trip to an office in the US, and a senior employee stationed there asks you, “Can you do me a favor? Could you please buy a nice gift item from Japan? I don’t care how much money it costs.” That employee goes on to say, “When I visit Canada on my next business trip to discuss the acquisition of a major deal, I would like to quietly give the local government official a gift.” You reply, “Giving gifts to government officials is a bad idea” as you remember studying the US’s FCPA in a recent compliance workshop.

Point

In this example, an employee stationed in the US giving an expensive gift to someone in Canada as a business favor might be considered a bribe under the US Foreign Corrupt Practices Act (FCPA) and punishable by law. The punishment of an offense committed in another country under the laws of one’s own country, as in this example, is called “extraterritorial application of law.” Extraterritorial application of law applies not only to the US, but also to Japan, the UK, and other countries. It should be noted that a single act of bribery is not only punishable under the laws of the country where the bribe was made. In some cases, it may be punishable under the laws of more than one country simultaneously.

5.

Accurate Recording and Processing

All business activities must be accurately recorded and archived, and processed appropriately in accordance with related laws and regulations.

In the event of an audit, whether internal or external, personnel must cooperate fully and provide honest information.

Compliance Requirements

1. You must perform proper record keeping and management of records for procurement, evaluation, inspection, production, distribution, sales, and so on.
2. Data utilized for quality assurance and technical documentation must be recorded by appropriately qualified personnel and must never be tampered with or covered up.
3. You must provide proper accounting and tax information.
4. You must provide sincere cooperation with internal and external audits and investigations and strive to give accurate information.

Explanation

1. All corporate activities must be properly recorded and managed to eliminate errors and fraud.
2. Falsification and fabrication of data used for quality assurance or technical documentation can greatly damage the safety, security, and trust of people around the world. Quality inspections must be performed by personnel with proper qualifications. Unqualified inspections (inspections that require qualifications being performed by unqualified people) should never be performed.
3. Sharing accounting procedures and financial information outside the company is called financial reporting. Financial reporting is extremely important for management decision-making and for providing information to shareholders, investors, etc. Ensuring the reliability of financial reporting is essential to maintaining and improving public trust in a company. Inaccurate financial reporting can seriously damage trust and cause harm to numerous stakeholders.
4. The NSK Group is required by the Rules for Internal Control over Financial Reporting to evaluate and report on its internal controls for financial reporting reliability (J-SOX) every fiscal year. Accordingly, all relevant documents must be stored in accordance with the internal rules in order to provide accurate information.

Terminology Falsification and Fabrication

Falsification: The act of intentionally altering data or results by modifying evaluation results, test results and inspection results, or copying data or results from other evaluations, tests or inspections. Double claiming of expenses to be reimbursed is also falsification.

Fabrication: The act of making up data or test results, or pretending to have conducted evaluations or inspections without actually having done so. Obtaining blank receipts and writing the monetary amounts yourself in order to have expenses reimbursed is also fabrication.

Is Your Conduct Appropriate?

	Item	Score
Proper recording	You properly recorded inspection results.	GOOD!
	You did not record data so as to be misleading.	GOOD!
	You suspect that the measurement method is incorrect, but it's always been done this way, so you use it as is.	NG!
	You see that since the qualified person is taking day off, an unqualified person is performing the inspections so that deadlines can be met.	NG!
Prohibition of falsification and fabrication	You correctly enter work hours.	GOOD!
	You record data even though no measurements were taken.	NG!
	You selectively choose a convenient subset to use from all the data available.	NG!
Proper processing	You were running out of time, so you reused the data from last time.	NG!
	You altered the data in order to fit the standard.	NG!
	You established an effectively controlled workflow instead of making one person make all the decisions.	GOOD!
Providing accurate information	You couldn't understand the process, so you repeated what was done before.	NG!
	You assumed that the previous process was carried out correctly, so you carried out the next step without performing the necessary checks.	NG!
	You hid a document in your drawer since it could cause problems if it was discovered during an audit.	NG!
Providing accurate information	You delayed cooperating with an audit because you were busy with work.	NG!
	You have been organizing the documents required so that you can provide a succinct explanation during the audit.	GOOD!

6.

Prohibition of Insider Trading

Personnel must not trade in stock or other securities with the knowledge of non-public insider information or provide said information to any third party, including family members.

Compliance Requirements

1. If you learn a non-public material fact about the NSK Group or other company, you must not buy or sell stock or other securities issued by that company before the material fact is made public.
2. If you learn a non-public material fact about the NSK Group or other company, you must not tell your family or friends about it or encourage them to buy or sell stock or other securities.
You must not divulge non-public material facts about the NSK Group and other companies.

Explanation

1. Insider trading is the buying and selling of stock or other securities with knowledge of non-public material facts. Using information about a company obtained in the course of business to buy or sell stocks and to earn profit or avoid losses is prohibited by the Financial Instruments and Exchange Act, because ordinary investors view this as unfair and it would lead to a loss of trust in the stock market.
2. If you disclose non-public material facts to a family member or acquaintance and that person buys or sells related stocks, not only will the person who carried out the transaction be punished, but you might also be punished. Furthermore, there is a risk that the company's social credibility might be severely damaged due to perceived flaws in our information management systems. If you learn a non-public material fact about the NSK Group or other company, you must never disclose that information to anyone else, including family and friends, except to the extent that is necessary to conduct business activities.

Terminology **Material Facts**

A "Material fact" is any information that has the potential to significantly influence the company's share value. This includes both positive and negative information about the company. Examples include information on company financial results, the development of innovative technologies, acquisition of patents, serious product defects that could lead to recalls, and corporate scandals.

check!

Before you sell NSK shares...	
Check	Item
<input type="checkbox"/>	Have you applied in advance and obtained final approval from the Legal and Compliance Division HQ Head?
<input type="checkbox"/>	If you don't understand the application procedure, have you checked with the Legal Department or the Human Resources department of your workplace?
<input type="checkbox"/>	Did you know that if you retired or left the NSK Group less than one year ago (or your reemployment contracted ended less than one year ago), you must apply for approval to sell NSK shares?
<input type="checkbox"/>	Did you know that you must apply in order to sell odd-lot shares as well?

7.

Handling of Intellectual Property Rights

Personnel shall strive to create, protect, and utilize intellectual property, such as inventions, and must handle intellectual property rights with great care.

In addition, personnel must not infringe the intellectual property rights of others.

Compliance Requirements

1. Personnel must protect the inventions, devices, know-how, etc. of the company.
2. When you are making a presentation to an external audience, make sure that you have taken appropriate steps to protect our intellectual property before your presentation.
3. Do not infringe on the intellectual property rights of others.
4. Confidential information obtained from others must not be misused and must be managed properly to prevent leakage.

Explanation

1. Technology and knowledge gained through work, investments etc. are valuable. "Intellectual property" is a general term for intangible assets that include creative works (inventions, devices, and copyrighted work, etc.), display of products and services (trademarks, trade names, etc.), and technical and sales information. Intellectual property rights exist to protect these intangible assets.
2. The right timing is important for acquiring intellectual property rights. In particular, it is very important to apply for patents on the results of research and development before they are presented externally at conferences, customer presentations, etc. If others learn of your results before you file a patent application, you might not be able to obtain it, and your achievements might be easily copied.
3. Any unauthorized use of text, photographs, diagrams, computer programs, etc. from books, magazines, or websites is an infringement of intellectual property rights. Additionally, before you design and manufacture a product, you must search for patents held by others in order to confirm that your product does not infringe on anyone's patents.
4. You must not disclose or file a patent application that includes confidential information obtained from others without their consent.

Terminology Intellectual Property Rights

The following are typical examples of intellectual property rights.

Intellectual Property Rights	Target	Example
Patents	Inventions	Heat treatment method for bearings
Utility models	Devices	Shape of seals for bearings
Industrial designs	Designs	Product designs
Trademarks	Trademark	NSK's corporate logo
Copyright	Copyrighted work	Software, presentation materials

Terminology Know-how

"Know-how" refers to information or technical knowledge, etc. necessary for development and production of products, etc. Know-how is important intellectual property, but it does not receive legal protection unless it meets certain conditions and is properly managed as a trade secret. It is essential that know-how be managed with strict confidentiality.

Case Study

What do I have to do before presenting at an academic conference?

- Your supervisor** ▶ How is the presentation and display panels coming? For the announcement of the new, never-before-seen product at the upcoming conference.
- You** ▶ I have already sent the files to the printing company because the deadline was coming up soon.
- Your supervisor** ▶ It has information about the new product, right? It needed to be checked in advance to ensure that the content is appropriate to display outside the company.

Point

In this case, there is a risk that valuable intellectual property that is not protected by patents could easily become known to others, or that the presentation might infringe on the patents of others. Be sure to check in advance whether a patent application for new technology is required, whether your presentation infringes on the rights of others, and whether the content of your presentation contains confidential information. If you have any questions, please contact the Intellectual Property Department.

8.

Prohibition of Illegal and Criminal Conduct

Personnel must adopt a resolute stance against illegal or antisocial conduct and must not interact with organizations that are engaged in criminal activities or threaten social order and security.

Compliance Requirements

1. Do not engage in illegal or antisocial behavior.
2. Do not form relationships with organized crime.
3. Before you conduct business with another party, you must make sure that the person/company is not connected to organized crime.
4. You must not give in to any demands by organized crime.

Explanation

1. As a member of the NSK Group and as a member of society, you must not engage in illegal or antisocial behavior.
2. As part of corporate social responsibility, we must prevent and eliminate all connections with organized crime. Criminal organizations try to approach others by pretending to be ordinary companies, citizens, political organizations, and so on. They might make unreasonable demands disguised as business transactions, or they might pretend to be groups of ordinary citizens and demand donations. They might also take advantage of company or employee scandals to extort money or other favors.
3. Whenever you start a new business deal, you must always check if the partner company has any connections with organized crime. When you notice anything suspicious about the other party after the business deal goes into effect, instead of doing nothing, you must check if they are involved in organized crime.
4. It is important for individuals and departments not to accommodate unreasonable demands, because there is a risk that the demands will escalate to the point that they are impossible to handle. Report immediately to a supervisor so that we can address the problem as an organization. To this end, our company is strengthening its cooperation with external organizations, such as lawyers and police. Do not respond to unreasonable demands from business partners with ambiguous responses or in a way that may lead them to believe that the NSK Group may possibly comply in any way.

Case Study

What do you have to do before signing a business contract?

You would like to change your industrial waste disposal contractor as the production of your factory increases.

You mention this to your sales contact at a client, and he introduces you to a good industrial waste disposal company he knows about.

The price and other conditions that they offer also seem to be better. They were referred to you by a trustworthy client, so you decide to ask the industrial waste disposal company to take the job.



Point

Even if a company was referred to you by a trustworthy client, or the price or conditions offered are better than those of the current vendor, you need to confirm that the company has no connections with organized crime before signing a new business contract.

Look up information about the company online, and if necessary, contact the police or an agency that specializes in organized crime, such as the National Center for Removal of Criminal Organizations in your local prefecture. If you suspect that a business partner is a criminal organization, contact the General Affairs Department.

When you sign a business contract, use a “Statement/Confirmation Form” to ensure that organized crime is not involved in the management of the company.

Additionally, any contract you sign must include a clause stating that the contract can be terminated if, after the contract is signed, it comes to light that the company has any connection with organized crime.

Contract prices and terms and conditions should be considered only after the above checks have been completed.

9.

Protection of Corporate Assets

Personnel must use corporate assets in an appropriate manner, solely for the purpose of corporate operations, and endeavor to protect such assets. Personnel must avoid the misuse and waste of corporate facilities, equipment, tools, materials, spare parts and network systems.

Compliance Requirements

1. Do not use company property for personal purposes.
2. Do not take company equipment, inventory, etc. home without permission from the company (your supervisor).

Explanation

1. Desks and chairs used by the company are company assets, as are computers and phones that are loaned out by the company.
Phone lines and network systems provided by the company for corporate operations all constitute corporate assets and using them for personal purposes constitutes misuse.

Examples of Company Assets

- Inventory
- Production facilities
- Jigs and tools
- Computers
- Cell phones
- Network systems
- Company vehicles
- Copy paper
- Company envelopes
- Ballpoint pens, labels, and other stationery, etc.

2. Taking company equipment without permission from the company (your supervisor) may be regarded as theft. Even if you have permission from the company (your supervisor) to take equipment outside the company, you must be careful not to lose or damage it. For example, losing documents containing trade secrets could lead to information leaks, so special care must be taken.

Terminology Trade Secret

A trade secret is information that meets the following three requirements: being deliberately kept secret (confidentiality), being useful to the company's business (usefulness), and not being publicly known (non-public).

Confidentiality	Information that is marked "Confidential" and is managed separately from general public information (as secret information)
Usefulness	If the information satisfies the requirements of confidentiality and not being publicly known, it will usually be recognized as useful.
Non-public	In general, non-public information is information that is only available in materials that are difficult to acquire or that can only be obtained through significant expenditure of money and time or through analysis by specialists.

Case Studies

Who owns the items provided by the company for the purpose of work?

Your friend has come to visit you at home. the person see your work uniform hanging up to dry on the balcony and mention "that design is popular on auction sites."
You hear the person and think to yourself, "Is that so? I might get a good price if I sell it. I should list it and see what happens."



Point

Items provided by the company for the purpose of work are company assets, and not personal property. Such items cannot be used for personal purposes, and you cannot list them for auction or sell them to other people.

A colleague asked me to copy something for them. Is it okay if it's not too many copies?

While you are copying documents for a conference, a colleague asks you, "could you make 20 copies of this flyer for the local neighborhood association's summer festival?"



Point

Company assets must not be used for personal purposes. The company pays for the copy paper, ink, and maintenance fees for the company photocopiers. Using these for personal use undermines the company's interests. Saying that "it's only a few copies" is not a justification. Minor acts of dishonesty should not be overlooked. Maintain strict self-discipline with a firm determination not to mix your work with your private life.

10.

Handling of Confidential and Personal Information

Personnel must not obtain confidential information of companies, customers, suppliers, etc. through wrongful means, disclose such information to any third party, nor use for private purposes, including after leaving the company. Personal must manage personal information appropriately in order to protect privacy.

Compliance Requirements

1. Information about the NSK Group and other people must be obtained, managed, and used properly as company secrets, and you must ensure that information leakage does not occur.
2. Personal information should be handled properly without putting individuals at any disadvantage.

Explanation

1. Company secrets must be properly managed in accordance with internal regulations. Information security measures, such as setting restrictions on who can view information according to its level of importance, must be implemented to ensure that company secrets are not leaked or used for personal purposes — not only while one is employed, but also after retirement.

In addition, company secrets disclosed by other parties should be handled properly in accordance with our contracts with them and in accordance with internal regulations. Some information possessed by NSK is legally protected as trade secrets, and the unauthorized acquisition or use of trade secrets may be illegal.

For details, please refer to the Information Security Regulations.

2. Personal information is any information that can identify a specific individual such as name, date of birth, or other specific characteristics. Such information is protected by the Personal Information Protection Act, and it may only be used within the scope of the purpose of use that has been specifically communicated to the individual unless the purpose of use is announced publicly in advance in the NSK Privacy Policy.

If you wish to provide personal information to another party outside the NSK Group, you must obtain consent from the individual concerned in advance. Furthermore, in the event that an individual requests disclosure of personal information held by the company, the notification of the purpose of use, correction, addition, deletion, or suspension of use, please respond in accordance with internal rules. Laws protecting personal information exist not only in Japan but in other countries as well, and personal information must be obtained, managed, and used properly in those countries.

Case Studies

Are you careful about what you say in public?

A new employee, accompanies their supervisor to visit a customer and then stops by a coffee shop to ask their supervisor a question about something that just occurred, opening up a document while doing so.

The supervisor checks their surroundings before answering.

“It’s crowded right now, so it’s likely that no one is paying attention to us, but you should put that document back in your bag first. We don’t know if anyone is watching. You have to be careful, because documents sometimes contain trade secrets or personal information.”



Point

Don’t talk about your work in public places. If you must answer your phone while you are out, move to an uncrowded location.

Don’t open documents in public. You must exercise adequate caution to ensure no one nearby sees any work documents and that you don’t leave any behind.

Can I post company information on social media?

A new employee posts about company-related information on social media using in-house jargon. That prompts a colleague who follows their account to say “You probably shouldn’t have posted that.”



Point

Do not post information known only within the company on social media, even if you have restricted the content to be viewed only by you and your friends. This may lead to information being leaked and misused.

You must never do so, because it could result in trade secrets being leaked.

11.

Relations with Customers

Personnel must always provide high-quality, safe, and secure products and services. Personnel must always commit themselves to fair trade practices, being sincere in attitude and proactively making proposals in order to enhance trust in the NSK brand.

Compliance Requirements

1. Be fair and honest in relationships with customers.
2. Ensure that customer needs and requests are reliably communicated to all relevant departments within the company.
Clarify what can and cannot be done with respect to customer requests, and discuss with the customer how to address requests that cannot be fulfilled.
3. Make proactive proposals that take advantage of the comprehensive capabilities of the NSK Group. We must deliver safe, high-quality products and services to customers.

Explanation

1. The NSK Group aims to continue its development as an honest, fair and trusted organization in international and local communities.
In order to achieve, we need to comply with relevant laws and regulations and internal rules and to ensure fairness in interactions with customers.
2. In order to meet the needs and requests of our customers, we need to ensure that they are communicated to all relevant departments within the company.
If, as a result of communication and discussion within the company, we find that we are unlikely to be able to satisfy a customer's requests, we must immediately report this to the customer and work with the customer to determine how to address the situation.
3. The NSK Group and its customers do business in a wide range of industries, including automobiles, machine tools, steel, construction machinery, and semiconductors.
The NSK Group addresses the diverse needs of its customers by offering proactive proposals that take advantage of our comprehensive capabilities and by providing safe, secure, high-quality products, which leads to greater customer trust.

check! Check your own behavior and build trust with customers.

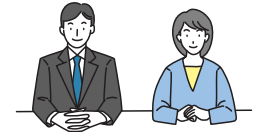
Doing Business Fairly

- Do you understand the laws and regulations that apply to the business deal?
- Are you proceeding with the business deal on the basis of internal rules?
- Are you conducting business in a way that breaks the rules, hoping no one will find out?



Integrity

- Have you communicated the customer's requests to relevant departments within the company?
- Have you cooperated with the customer to address requests that are difficult or impossible?
- Can you speak with pride about your actions to family and loved ones?



Proactive Proposals

- Are the customer's requests clear?
- Are you proactively making proposals that take advantage of the NSK Group's comprehensive capabilities?
- Are you proposing products that satisfy the customer's requests?



Providing High-Quality, Safe, Secure Products and Services at All Times



12.

Relations with Suppliers

Selection of suppliers must be based on fair criteria. When conducting business with a supplier, personnel shall comply with relevant laws and treat the supplier as an equal business partner. In addition, personnel shall not solicit nor receive personal profit or benefits using a dominant bargaining position.

Compliance Requirements

1. Be fair when selecting suppliers.
2. Treat suppliers in a fair and honest manner, and do not take advantage of your position to demand personal favors.
3. Transactions with suppliers to whom the Subcontract Act applies must be conducted in accordance with the Subcontract Act and other relevant laws and regulations as well as relevant guidelines.

Explanation

1. You must always be aware that you represent the company when you interact with suppliers, and you must conduct transactions on the basis of fair evaluation criteria.
2. In procurement transactions, the procuring side is generally in a position of superiority. Taking advantage of that position to commit extortion (which includes making private demands) is a violation of social norms. Additionally, in order to prevent individuals from seeking personal gain at the company's expense, the NSK Group Basic Policy for Procurement stipulates, "You must not have any personal interest in suppliers and prospective suppliers." This includes doing business with a company owned by you or a family member. If you are placed in a situation where a conflict of interest is likely to arise in this way, promptly notify your supervisor.
3. The Subcontract Act was established as a special law under the Antimonopoly Act to protect small- and medium-sized enterprises (SMEs). It stipulates four obligations and eleven prohibitions that apply to purchasers. It should be noted that even in situations where the Subcontract Act is not applicable, it is possible to violate the Antimonopoly Act through "abuse of a superior bargaining position." The business operations of the NSK Group are supported by numerous suppliers. We must share the NSK Group Basic Policy for Procurement and NSK Supplier CSR Guidelines with our suppliers and treat them as business partners in our business transactions.

Case Studies

Payment must be completed by the due date.

After receiving goods from a supplier, you forget to notify the Procurement Department, which processes payments.

As a result, the invoice was not processed, and payment to the supplier was late.

Point

If a transaction is subject to the Subcontract Act, then payment must be made by the due date (within 60 days after the goods have been received). If payment is not made within 60 days, interest will accrue on the unpaid amount. Interest is calculated at an annual rate of 14.6%, prorated to the number of days that elapse between the 60-day deadline to the date of actual payment. Do not be careless with regard to business procedures, such as providing notification about goods received.

Always issue order forms!

You place an order with your procurement partner over the telephone, and you forget to issue an order form because you are so busy with other tasks.

The next day, your supervisor notices the oversight at a group meeting and tells you, "you must always issue an order form when you arrange a transaction."

Point

Transactions to procure materials and parts used in NSK products as well as consumables and indirect materials produced to NSK specifications are subject to the Subcontract Act, and any orders that are placed verbally are in violation of the Subcontract Act. Make sure that you always issue an order form. You should also issue order forms even for transactions that are not subject to the Subcontract Act in order to avoid problems with suppliers.

The Four Obligations for Purchasers

1. Obligation to supply documents
2. Obligation to set the date of payment
3. Obligation to prepare and preserve documents
4. Obligation to pay interest on late payments

The Eleven Prohibitions for Purchasers

1. Refusing to receive work
2. Delaying payment
3. Reducing subcontract proceeds
4. Returning goods
5. Making low-ball offers
6. Coercing the use of certain goods or services
7. Taking retaliatory measures
8. Making the subcontractor pay early for the cost of raw materials, etc.
9. Conducting payment using a financial instrument or method that is difficult to process
10. Asking the subcontractor to provide unfair financial favors
11. Changing the contents of the deliverables or requiring rework without a valid reason

13.

Prohibition of Acts Discrediting Competitors

Business must be conducted in accordance with the principles of free and fair competition. Personnel must not unfairly undermine competitors' credibility by disseminating arbitrary information about competitors or their products, including libel, slander, or defamation.

Compliance Requirements

1. When asked for opinions on competitors' products from customers, the information you provide must be reliable and accurate.
2. You must not provide false information to customers or others in order to give yourself an advantage.

Explanation

1. Providing customers with information about the products of competitors that is not based on objective facts is not a fair and honest business practice. It might violate laws and regulations in some instances, and it would end up damaging the credibility of the NSK Group.
2. Competition with competitors can only be beneficial to society if we compete in accordance with laws and regulations, NSK Code of Corporate Ethics, and other relevant rules.

Do not slander or defame competitors or give customers information that disparages a competitor's product in order to gain an advantage for your company.

Terminology Discrediting acts

Misrepresenting the facts is a direct assault on the business credibility of a company, something of utmost importance to them. Article 2, Paragraph 1, Item 21 of the Unfair Competition Prevention Act prohibits acts of defamation as "the act of making or circulating false allegations that harm the business reputation of a business competitor."

Examples:

- Producing advertisements that slander a competitor's products with no basis in fact
- Distributing documents that slander a competitor to customers

Case Study

You really want to make a sale!

What sales practices are not permitted by the company?

Your job is to sell the company's product to customers. Your supervisor is urging you to do whatever it takes to sell the product.

One day, you visit a customer and make an aggressive sales pitch for the product. You have a lively conversation with the customer, and when the moment seems right for closing the sale, the customer says, "I'd like to know how your product differs from those of other companies so that I can consider the purchase." In response, instead of telling the customer the differences, you make dubious remarks about the products of competitors, saying, "I hear they don't offer good support" and "I hear their products tend to break down."



Point

If a customer asks for your opinion about a competitor's product, the information you provide should be reliable and accurate.

Even if you are desperate to make the sale at any cost, providing dubious information is clearly not acceptable behavior.

In this case, even providing the product information that the customer asks for (the differences between our product and the competitors') would be illegal unless you had a clear basis for that information.

You should endeavor to provide only objective facts and emphasize the appeal of our own products.

14.

Prohibition of Discrimination, Cultivation of a Sound Workplace

Personnel must respect the rights of individuals and shall not unfairly discriminate on the basis of race, appearance, belief, gender, social status, lineage, ethnicity, nationality, age, marital status, physical disability, or other inappropriate reason. In addition, personnel must not engage in acts that are disturbing or threatening to others.

Compliance Requirements

1. Have respect for individuals. You must not discriminate on the basis of race, appearance, belief, gender, social status, lineage, ethnicity, nationality, age, marital status, sexual orientation, gender identity, physical disability, etc.
2. Do not engage in behavior/harassment that makes others feel uncomfortable.

Explanation

1. We operate at the global level, so understanding that we have people from diverse backgrounds and respecting the rights of individuals are important. There should be no discrimination with respect to work duties or working conditions on the basis of race, gender, etc. You must not press individuals to reveal private information. We should aim to create a rewarding work environment in which every person who works for the NSK Group can make the most of their abilities.
2. You must not engage in any conduct that makes other people feel uncomfortable or is detrimental to the performance of their work, and you must not abuse others or give work instructions that result in a worse working environment. Such actions may constitute harassment even if that is not your intention.
 - **Power harassment** — This refers to work instructions or abuse that takes advantage of a dominant position in the workplace, going outside the proper scope of their duties and making the work environment worse.
 - **Sexual harassment** — This refers to sexual speech and actions that are offensive to the other person. All genders can commit and be victims of sexual harassment. Furthermore, sexual harassment can take place not only between individuals of different genders but also between individuals of the same gender.
 - **SOGI harassment** — This refers to harassment related to the victim's sexual orientation or gender identity.
 - **Harassment related to pregnancy, childbirth, childcare leave, and family care leave** — This refers to negative verbal, psychological, or physical abuse toward someone who is pregnant, giving birth, seeking fertility treatment, or wishes to make use of childcare leave or family care leave benefits. This includes forms of harassment sometimes referred to as maternity harassment and paternity harassment.

Case Studies

Temporary employees are also our colleagues in the workplace. We should show respect toward others.

- Junior employee** ▶ Sir, the floor at line N where I work is dangerously slippery, so I'm going to clean it up.
- Senior employee** ▶ It should be the temp worker who does that kind of thing. It's not the responsibility of us regular employees.
- Temporary employee** ▶ I've already been instructed to patrol line S, which is where I work. Which task should I prioritize?
- Senior employee** ▶ You're useless! Don't talk back, just do what you're told!

Point

You cannot make discriminatory remarks like those the senior employee makes. Words and actions that deny someone's value as a human being constitute power harassment.

Don't Out the Gender/Sexuality of Others!

- Manager** ▶ Note that Mr. K is gay, so be aware of that.
- You** ▶ Who should I inform? There are other members in our project team. Should I just tell everyone?
- Manager** ▶ I haven't been told anything specific about what to be careful of, but it's best if everyone knows, so you should tell them.

Point

Do not discuss someone's sexual orientation or gender identity with other people unless you have that person's permission. Mr. K might not want to tell everyone in the workplace about his sexual orientation yet. You need to listen carefully to what he wants, including how much you can tell other people. (Even if you're discussing someone with your superior or with the hotline, you still need that person's permission.)

Basic Knowledge About Harassment

Why is harassment bad?

The NSK Group's management principles clearly state that we "provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality." We believe that each person who works for the NSK Group is a valuable asset. Harassment can have a variety of negative effects, such as creating a poor workplace environment, damaging the mental and physical health of employees, lowering workplace productivity, increasing employee turnover, rumors spreading that accuse the company of exploitation, and preventing job-seekers from applying even when job openings are advertised. There is nothing good about harassment.

Prohibited Behaviors

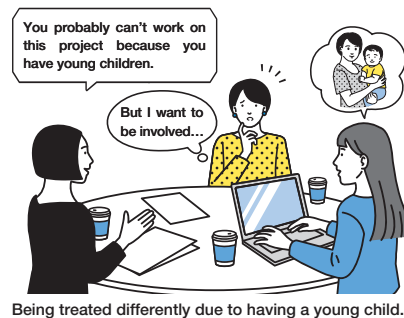
Examples of Sexual Harassment



Example of Power Harassment



Example of Harassment Related to Pregnancy, Childbirth, Childcare Leave, and Family Care Leave



Do you ever behave or think this way? (Examples of unconscious bias)

- "Young people these days..." "He's old, so he probably doesn't like anything new."
- "Women are more detail-oriented." "Be a man!"
- "Employees who leave work on time are less committed!"
- "X is normal." "Y should be done this way." "We've always done things this way."

Unconscious biases are formed by past experiences, and we all have them. However, each individual is separate from the group, and we all have our own sense of values. As such, words or attitudes expressed on the basis of your own biases may send a negative message to other people, causing pain or stress.

What is SOGI?

SOGI stands for Sexual Orientation and Gender Identity. Sexual orientation describes one's preferences with regard to sexual and romantic interest, and gender identity is the way in which a person perceives their own gender. Regardless of one's sexual orientation and gender identity, everyone should be respected as individuals without discrimination.

What is Outing?

Outing refers to talking about or divulging sensitive personal information about someone, such as their sexual orientation or gender identity, without that person's consent.

In June 2020, the Revised Act on Comprehensive Promotion of Labor Measures, which mandates the prevention of power harassment in the workplace, went into effect. According to the government guidelines based on this law, "Revealing sensitive personal information such as a worker's sexual orientation, gender identity, medical history, or fertility treatments to others without the worker's consent" could constitute power harassment as a violation of that individual's rights.

It needs to be understood that outing is a serious form of harassment.

The first step in preventing harassment is being considerate toward others.

Within our company, there are people who are in the hospital to receive treatment for various illnesses, people who are working while they provide family care or childcare, people working while they undergo fertility treatment, and people in many other situations.

Let's have respect for each person's individual circumstances and create a company culture of caring for each other!

In the regrettable event that harassment occurs, we have established a hotline service that people can contact without worry.

We provide consultation for a wide variety of circumstances, including situations that might not necessarily be considered harassment. You don't need to worry alone. Please use the hotline.

15.

Respect for Fundamental Rights at Work

Personnel must not use forced or child labor. In addition, personnel must comply with all labor laws and respect fundamental rights at work.

Compliance Requirements

1. Do not use forced labor or child labor.
2. Manage working hours properly and pay appropriate wages.
3. Enable employees to discuss issues directly with the company on an equal footing.
4. Maintain a safe and healthy work environment.

Explanation

1. In line with international treaties, the Labor Standards Act prohibits children from working until the end of day on the first March 31st following their 15th birthday, and it restricts “persons under the age of 18” from working at night and performing hazardous work.

In order to prevent human rights violations due to forced labor and child labor, we have clearly stated in our Rules of Employment that forced labor and child labor are prohibited, and we explain the details of our labor contracts to new employees when they are hired.

2. The working hours, holidays, and vacation time stipulated by our Rules of Employment as well as laws and regulations must be observed, and working hours must be properly recorded.

Our company properly pays additional wages for overtime work. We communicate payment details to employees in a timely and appropriate manner, and we do not impose unreasonable deductions or reductions in pay.

3. We respect conversation with employees, enabling direct communication with the company on an equal footing and without fear of retaliation or harassment.

4. Safety takes priority over everything else.

We aim to create a safe, secure, and comfortable workplace, and we must strive to make our workplaces and facilities safe and sanitary to prevent work-related accidents and illnesses. Additionally, we strive to provide employee health management that takes physically demanding work into consideration.

To ensure that all employees are individually aware of hazards and act safely, we are endeavoring to foster a culture of safety through the activities at each workplace.

Case Studies

Do you consult with your supervisor before coming in to work on holidays in advance?

- Senior employee** ▶ Tomorrow is Saturday. It's been a while, but would you like to go fishing?
- Junior employee** ▶ I'd really like to, but I actually have too much work to do. There was still plenty of time until the deadline when I accepted this project, but I completely forgot about it while I was doing other work.
- Senior employee** ▶ I see. That's too bad. Did you notify your supervisor?
- Junior employee** ▶ It's my own fault that this project is behind schedule, so I didn't want to say anything. I'll just come to work quietly and finish it.

Point

If you're going to come in to work on a holiday, you must notify or consult your supervisor in advance and ask for instructions. Even if you need to make up for a project that's behind schedule, the necessity of working on a holiday is a decision that needs to be made by a supervisor and not by the worker themselves.

Recovery of short stops can only be dealt with after the equipment has been completely shut down!

- Team leader** ▶ (In the morning meeting)
Today is the last day of the month. Production is slightly behind schedule. Please do whatever you can to get back on track.
- Worker** ▶ (Thirty minutes before the end of the work day)
I can't believe there's a short stop now when the work day is about to end. It takes time to shut down the equipment and then deal with the short stop so that work can resume, and I wanted to get production back on track...
I know! If I stick my arm through the gap under the safety cover and fix the stop, I might be able to avoid an equipment shutdown and make up for the production delay. I'll give it a try!

Point

Short stops and other equipment malfunctions can only be fixed after the equipment has been completely shut down.

In this case, if the worker doesn't turn off the power, release the residual pressure, and then check to make sure the equipment is shut down, someone could get unexpectedly hurt.

You must always “Stop, Call, Wait” and follow the established procedure.

16.

Global Environmental Protection

Personnel must comply with environment-related laws and internal rules. In addition, personnel must be conscious of the effect their work has on the environment, and strive to prevent pollution as well as protect human health and the ecosystem in order to pass on a better environment to the next generation.

Compliance Requirements

1. Establish and operate environmental management systems.
2. Comply with laws and internal rules.
3. Strive to prevent environmental pollution.
4. Strive to promote global warming countermeasures.
5. Strive to promote resource conservation and recycling.
6. Control environmentally hazardous substances, and refrain from using prohibited substances.
7. Strive to preserve biodiversity.

Explanation

1. The NSK Group has established the NSK Environmental Policy and the NSK Environmental Code of Conduct as well as an environmental management system to promote its global environment protection activities and set targets for conservation, and is conducting a range of initiatives to achieve these targets.
2. The NSK Group clarifies relevant environmental laws and regulations, and in addition to complying with them, we also establish internal regulations to minimize our environmental impact.
3. Daily management is important as a preventative activity in order to prevent environmental pollution. We are working to reduce our use of substances that pollute the air and water, as well as to prevent leakage accidents. Furthermore, we carry out proper waste disposal.
4. In addition to reducing CO₂ emissions at the customer usage stage by developing and popularizing environmentally friendly products, we promote CO₂ emission reductions through our business activities.
5. We promote the three Rs (reduce, reuse, and recycle) in all our business activities, including development, design, procurement, production, and logistics.
6. We are striving to develop a system for controlling environmentally hazardous substances that includes green procurement, and we are committed to manufacturing products that do not use substances prohibited by laws and regulations.
7. We strive to understand the impact of our business activities on biodiversity and to reduce our impact, as well as to conserve biodiversity through social contribution activities.

Case Study

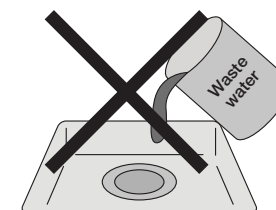
Follow the rules when disposing of waste oil and wastewater.

- Senior employee** ▶ Where did you put the wastewater that was produced from cleaning the factory floor today?
- Junior employee** ▶ Oh, there wasn't very much of it, so I poured it down the drain.
- Senior employee** ▶ What? Wastewater and waste oil contain oil and other hazardous substances. You mustn't pour them down the drain!

Point

Wastewater and waste oil must be disposed of properly in accordance with the rules established at each workplace.

For example, our factories have designated temporary storage areas for wastewater and waste oil, and they outsource collection and disposal to specialized companies.

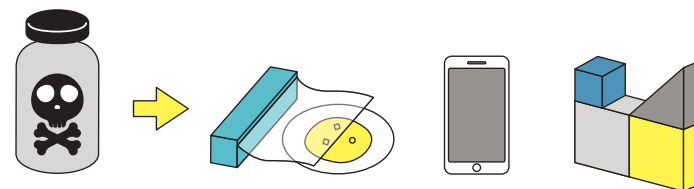


Management of Environmentally Hazardous Substances

These days, we are required to manage all chemicals we use, including not only poisonous and deleterious substances but also carcinogens and other substances contained in products used by ordinary consumers. There is also a greater focus on preventing the release of environmentally hazardous substances, including the emission of air pollutants and leakage of factory effluents and oil. All around the world, the regulatory requirements concerning environmentally hazardous substances have become stricter.

The responsibility has fallen heavily on manufacturers to notify government agencies in accordance with legal requirements and to submit notifications of changes in accordance with customer requests. The NSK Group will put additional effort into building a management system for environmentally hazardous substances that includes green procurement.

Changes to Managed Substances
(From Poisonous and Deleterious Substances to All Chemical Substances)

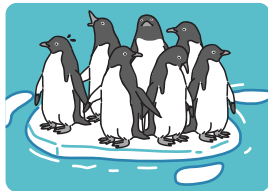


We Should Be Environmentally Conscious!

The Consequences of Global Warming

If global warming continues at its current rate, the polar ice caps and mountaintop glaciers will melt, increasing the amount of water in the oceans and causing low lying land and islands to be submerged by the ocean. Additionally, climate change will cause flooding and numerous other natural disasters in some locations and droughts and water shortages in others. The various effects of climate change could also include food shortages and an increase in the number of people suffering from communicable diseases.

Rising in sea levels



Climate change



Increase in communicable diseases



It is important for each person to do their part in preventing global warming.

The NSK Corporate Philosophy establishes “protecting the global environment” as one of our goals, and in 2019, the environment was added as an NSK core value (given the highest priority in management decision-making and activities) alongside safety, quality, and compliance.

In June 2021, we established the Carbon Neutrality Department to promote three categories of initiatives for reducing CO₂ emissions from business activities: (1) technological innovation, (2) energy conservation and phasing out fossil fuels, and (3) adoption of renewable energy.

While the necessity for corporate initiatives goes without saying, approximately 15% of Japan’s total CO₂ emissions come from households, with particularly high amounts of CO₂ being emitted due to (1) lighting and household appliances, (2) automobiles, and (3) air conditioning systems.*

That’s why it’s important for each person to do their part. The checklist on the next page can help you practice environmental conservation activities for individuals.

*Source: The Greenhouse Gas Inventory Office and the Japan Center for Climate Change Actions website (<https://www.jccca.org/>)

check! Are you doing your part to protect the environment?

Conserving energy and reducing power usage

- You set the air conditioner to a moderate temperature (28°C in summer and 20°C in winter.)
- You frequently turn off lights and electrical devices when not in use.
- You’re changing your lights to LEDs.

Reducing water usage

- You don’t leave the water running while you wash your hands and brush your teeth.
- You use leftover bathwater to do the laundry or water plants.
- You’ve switched to a low-flow shower head.

Reducing and sorting garbage

- You only buy what you need, when you need it.
- You sort your garbage at work and at home, and you dispose of it in accordance with the rules.
- You use your own shopping bag and drink bottles in order to minimize use of disposable plastics.
- You take steps to reduce uneaten food both at home and elsewhere.

Consumption and behavior

- You’re replacing old household appliances with energy-saving models.
- You’ve switched to a power company that uses mostly renewable energy (that has low CO₂ emissions).
- You actively use public transport; and when you do drive, you do so in a manner that minimizes fuel consumption and emissions.
- You get packages shipped together in order to reduce redelivery.
- You actively gather information and generate more opportunities to learn about the environment.

Protecting the Oceans and Forests

- You take the oceans and forests into consideration when selecting and buying products (FSC certification, MSC certification, ASC certification, etc.*).
- You take all your garbage home with you when you visit beaches and wilderness areas for recreation.
- You participate in social contribution activities that take biodiversity into consideration.
- You are careful not to generate plastic waste.

*For example The following certification labels are affixed to products.



MOTION & CONTROL™
NSK