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Corporate Governance Report

Last Update: July 1, 2022

NSK Ltd.

Representative Executive Officer and President

Akitoshi Ichii

Contact: 03-3779-7111

Securities Code: 6471

<https://www.nsk.com/jp/>

The corporate governance of NSK, Ltd. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The NSK Mission Statement is as follows: “NSK contributes to a safer, smoother society and helps protect the global environment through its innovative technology integrating Motion & Control™*.” As a truly international enterprise, we are working across national boundaries to improve relationships between people throughout the world. NSK Ltd. aims to fulfill this responsibility to society while maintaining an appropriate level of profitability that meets the expectations of our shareholders, thereby achieves sustainable growth and increases our mid- to long-term corporate value.

NSK believes that the establishment and maintenance of systems that ensure transparent, fair and timely decision-making is essential in order to achieve sustainable growth and increases our mid- to long-term corporate value. To realize this objective, we are working to construct our corporate governance systems based on the following four guiding principles.

We aim:

- (1) To increase the efficiency and agility of management by proactively delegating decision-making on the execution of the operations from the Board of Directors to the Company’s executive organizations.
- (2) To ensure that supervisory organizations have oversight of executive organizations by clearly separating the two.
- (3) To strengthen supervisory organizations’ oversight of the executive organizations by ensuring cooperation between the two.
- (4) To improve the fairness of management by strengthening compliance systems.

NSK has adopted a Company with Three Committees (Nomination, Audit and Compensation) system as its form of corporate organization to better achieve the aforementioned basic approach. We have articulated

this basic approach to corporate governance and its structure in our Corporate Governance Rules, which guide directors and executive officers in the performance of their duties.

(*MOTION & CONTROL™ defines the scope of NSK's present and future business. "MOTION" symbolizes our complex hardware, machinery, and systems, while "CONTROL" represents our sophisticated software and electronics systems.)

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

NSK complies with all principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4 Cross-Shareholdings]

(1) Policy on cross-shareholding

NSK aims to reduce the cross-holding of shares deemed to have little benefit in increasing mid- to long-term corporate value. Conversely, if we believe that there is a valid rationale for holding such shares, we will continue to do so. Regarding the appropriateness of cross-shareholdings, our executive organizations conduct quantitative and qualitative evaluations on an annual basis to determine whether each individual shareholding is delivering acceptable benefits in relation to our capital cost. The Board of Directors receives regular reports from the aforementioned executive organizations and studies the matter accordingly. We will sell any cross-shareholdings whose possession we believe cannot be justified, taking into account stock prices and market trends.

(2) Criteria for exercise of voting rights concerning cross-shareholdings

NSK has defined specific criteria for exercise of voting rights concerning cross-shareholdings. When exercising voting rights, we confirm that the proposal in question does not damage shareholder value, and that it serves to improve the mid- to long-term corporate value of both NSK and the company in which the stake is held.

[Principle 1-7 Related Party Transactions]

NSK's Board of Directors conducts prior approval of transactions with officers or major shareholders (transactions between related parties) in accordance with relevant laws such as the Companies Act, as well as internal regulations, to ensure that the interests of the Company and its shareholders are not harmed. The Board also receives regular status reports. Furthermore, the Audit Committee conducts audits on transactions where required.

[Supplementary Principle 2-4-1 Ensuring Diversity in Core Human Resources]

(1) Policy on ensuring diversity in core human resources

The NSK Group Management Principles clearly state that our aim is "to provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality." In acknowledgment of the fact that each employee is a priceless asset, we have committed ourselves to creating a "fair workplace that empowers the individual." This commitment features three key areas of focus: leveraging a diverse workforce, building more engaging workplaces and providing opportunities for growth.

As one concrete measure under "leveraging a diverse workforce," NSK is working to promote greater diversity and inclusion. We believe that employing people from diverse backgrounds - in gender, age, nationality, culture, lifestyle, values and career (knowledge and experience) - will foster a work environment full of new perspectives and ways of thinking. This, in turn, will strengthen NSK's competitiveness and capacity to avoid risks. We also place an emphasis on ensuring diversity among

managers and managerial candidates, and are working in a systematic manner to utilize human resources with diverse attributes and backgrounds.

More information on NSK's policy and key initiatives on diversity and inclusion can be found at the following website: <https://www.nsk.com/sustainability/hr/index/>

<Voluntary KPIs and their status>

	<<Scope>>	<<Goal>>	<<As of Mar. 2022>>
• Number of women in managerial positions and managerial candidates	Japan	FY26: 100	77
• Ratio of midcareer hires among managers and managerial candidates	Japan	FY26: 25% or more	23%

NSK has worked to localize its management with the aim of establishing a framework that enables it to conduct locally-oriented, agile business management in each region as it expands its operations outside Japan. Currently, we are expanding our business under local leadership by appointing a number of national employees to the “global posts” in each regional headquarters that we have defined as key positions in our global business operations, including regional heads.

	<<Scope>>	<<Goal>>	<<As of Mar. 2022>>
• Ratio of national employees assigned to global posts	Global	70% or more is kept	73%

(2) Policies for human resource development to ensure diversity and the status of their implementation

NSK created a roadmap for a three-phase initiative lasting from 2016 to 2026, and is promoting diversity and inclusion in line with this. In addition to empowering women, which is one of our important management objectives, we are also expanding our initiatives to other areas including empowerment of non-Japanese employees and those who identify as LGBTQ+. We also recognize that encouraging diverse employees to play an active role requires that we make progress in creating work arrangements with more flexibility. This is why we are moving forward with work-style reform, hand in hand with diversity and inclusion, recognizing that each complements the other.

Information on NSK's diversity and inclusion roadmap, key initiatives and status of implementation, policy on facilitating work-life balance and key initiatives can be found at the following websites and NSK Report:

- NSK website: Diversity - Leveraging a Diverse Workforce:

<https://www.nsk.com/sustainability/hr/diversity/>

- NSK website: Diversity - Safe and Healthy Workplaces and Work-Style Reforms: Building More Engaging Workplaces

https://www.nsk.com/sustainability/hr/health_wellness/

(Reference: Evaluation of NSK's human resources initiatives by external agencies)

■ *Nadeshiko* Brand: Selected for the 3rd straight year (Mar. 2022)*

<https://www.nsk.com/jp/company/news/2022/0322a.html>

■ *PRIDE* index, gold award (Nov. 2021)*

<https://www.nsk.com/jp/company/news/2021/1111a.html>

■ *Outstanding Health and Productivity Management Organization (White 500)*

Selected for the 5th straight year (Mar. 2022)*

<https://www.nsk.com/jp/company/news/2022/0309b.html>

*Only available in Japanese

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

NSK has established a Pension Administration Committee, to which it has assigned personnel from the human resources and finance divisions possessing appropriate knowledge and skills, and operates its pension assets in accordance with defined operating policies. We select the organizations to which we entrust the operation of our pension fund based on a comprehensive evaluation which encompasses investment policy, investment performance, compliance, and other perspectives. The management of our pension assets is commissioned to several organizations, and by entrusting the selection of investment targets and exercise of voting rights to each fund we ensure that no conflict of interest arises between pension beneficiaries and the Company.

[Principle 3-1 Full Disclosure]

(i) Company objectives, business strategies and business plans

NSK's mission is outlined in our Corporate Philosophy. The Board of Directors resolves mid- to long-term management strategies, management plans, and other key policies in line with this Philosophy.

Further information on our Corporate Philosophy can be found on the following website:

<https://www.nsk.com/company/visionandphilosophy.html>

For more information regarding our management strategies and management plans, NSK's mid-term plan and long-term vision can be found at the following website:

<https://www.nsk.com/investors/library/mtp.html>

(ii) Basic views and guidelines on corporate governance

NSK's basic approach and policy on corporate governance are as described in the section of this report entitled "I-1 Basic Views".

(iii) Policies and procedures of Compensation Committee in determining the compensation of senior management and directors

The policy in determining the compensation of directors and executive officers is as described in the section of this report entitled "II-1. [Compensation for Directors and Executive Officers (Shikkoyaku)]

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods".

(iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of director candidates

NSK's directors are required to possess experience and insight into either general business and management or a specific field of expertise, as well as high ethical principles and a sound knowledge of corporate governance. Based on this approach, candidates for director are determined by the Nomination Committee, and the Board of Directors then submits a resolution to the General Meeting of Shareholders for approval.

In the event that it is deemed that a director has failed to exercise appropriate duty of care or duty of loyalty, or is otherwise unsuitable to continue serving in the position, the Nomination Committee deliberates on their removal. The Board of Directors then submits a resolution to the General Meeting of Shareholders for approval.

NSK's executive officers are required to possess sufficient capability to swiftly and appropriately enact the decision-making responsibility delegated to them by the Board of Directors. This includes considerable knowledge and insight into business and/or a specific field of expertise, as well as high ethical principles and a sound knowledge of corporate governance. Appointment of executive officers is made via resolution by the Board of Directors, in order to construct an optimal operating framework for

management of the Group. In the event that the Board of Directors deems that an executive officer has failed to exercise appropriate duty of care or duty of loyalty, or is otherwise unsuitable to continue in the position, it shall pass a resolution to remove the officer in question from the position.

- (v) Explanations with respect to the individual appointments/dismissals and nominations by the Board of Directors based on (iv), when appointing/dismissing senior management or nominating director candidates

Reasons for selection of director candidates and the career history, positions, and assignments of directors and executive officers are listed in the Notice of the Ordinary General Meeting of Shareholders and the Securities Report, as well as disclosed on the following website:

[Notice of the Ordinary General Meeting of Shareholders]

<https://www.nsk.com/investors/stockandbond/meeting.html>

[Supplementary Principle 3-1-3 Initiatives for Sustainability]

- (1) Our initiatives for sustainability

Under NSK's corporate philosophy, which is to contribute to a safer, smoother society and help protect the global environment through its innovative technology integrating Motion & Control™ while working across national boundaries to improve relationships between people throughout the world, we will continue to collaborate with stakeholders to create value with the aim of contributing to the resolution of social issues while achieving sustainable growth as a company. The NSK "spirit" and "direction" espoused in our Corporate Philosophy continues to be the starting point of NSK's efforts at sustainability. With the goal of realizing this aim in mind, we will contribute to sustainable society development and aim to become a company that is needed, trusted, and relied upon by society, by creating synergies of tribology and digitalization, and undertake 3 key management tasks of "Growth with profitability", "Enhancement of managerial resources" and "ESG management" in our Mid-Term Management Plan 2026.

For more information and details regarding our sustainability initiatives, refer to NSK's website:

- NSK website, Sustainability Information: <https://www.nsk.com/sustainability/index.html>

NSK has formulated an SDGs Declaration that respects the spirit of the SDGs to realize a sustainable society and has selected seven key goals that are particularly interlinked with our business. In addition, we have formulated the Declaration of NSK's Initiatives as more concrete strategic measures. We are continuing to create collaborative value with our stakeholders through our business activities in order to achieve sustainable growth while contributing to the resolution of social issues and the achievement of the SDGs goals. Please see our website for more information on our SDGs initiatives:

- NSK website: Realizing the World Envisioned by NSK and the SDGs:
<https://www.nsk.com/sustainability/sdgs/>

- (2) Investments in Human Capital

The NSK Group Management Principles clearly state that our aim is "to provide challenges and opportunities to our employees, utilizing their skills and encouraging their creativity and individuality." In acknowledgment of the fact that each employee is a priceless asset, we have committed ourselves to creating a "fair workplace that empowers the individual." This commitment features three key areas of focus: leveraging a diverse workforce, building more engaging workplaces, and providing opportunities for growth. We have set "Create sustainable corporate value by maximizing human capital" as the HR policy in our Mid-Term Management Plan 2026, and put together initiatives of securing a diverse workforce and advancement, stimulating individual growth and motivating employees to take on new challenges, and have moved forward the measures.

Information on our specific measures can be found at the following websites:

- NSK website: Human Resource Management:

<https://www.nsk.com/sustainability/hr/index/>

- NSK website: Mid-Term Management Plan 2026:

<https://www.nsk.com/investors/library/pdf/mtp/mtp2026.pdf>

(3) Investment in Intellectual Property

NSK has set becoming a new type of trillion yen company as its aim, with “Change & Go Beyond” in the Mid-Term Management Plan 2026, and will go about this by tackling the three key management tasks of “Growth with profitability”, “Enhancement of managerial resources” and “ESG management.” To take on these measures, NSK intends to make R&D expenses, which we recognize as all expenses in the technology divisions, equivalent to 3 to 4% of sales. Additionally, we will make investments in intangible assets to enhance corporate value, make use of intellectual properties as investment of intellectual capital and promote IoT and Digital Transformation (DX) as investment of IT and software.

Our Four Core Technologies, consisting of tribology, materials, numerical simulation, and mechatronics and with the “plus One” of manufacturing engineering will enable us to quickly supply sophisticated products with new features to the market. Moreover, we will contribute to the realization of a more abundant, sustainable society by engaging in activities to save energy, reduce CO2 emissions, and conserve the global environment.

Please see the following links for our Mid-Term Management Plan and R&D philosophy:

- NSK website: Mid-Term Management Plan 2026:

<https://www.nsk.com/investors/library/pdf/mtp/mtp2026.pdf>

- NSK website: Research & Development - Four Core Technologies plus One

<https://www.nsk.com/rd/technology.html>

(4) The impact which risks and opportunities in relation to global warming and climate change have on business activities or profits

The NSK Group seeks to minimize CO2 emissions from its business operations to address the problems of global warming and climate change. Our specific efforts include making technical innovations in production processes, visualizing energy use, and expanding the adoption of renewable energy. We have also set an ambitious goal of completely offsetting CO2 emissions from our business operations by fiscal 2026 by maximizing our contribution to reducing our customers’ CO2 emissions through development, design, production and sales of renewable energy compatible products such as products with low-friction performance or bearings for wind power generation.

We also promote “ESG management” in Mid-Term Management Plan 2026, where we aim to build a carbon-neutral society through “Create” and “Utilize” approach, with the new targets as follows:

<Target>

Achieve Scope 1+2 -50% CO2 emissions compared to FY17 by FY26.

Achieve Scope 1+2 carbon neutrality by FY35.

More information on our Mid-Term Management Plan can be found at the following link:

- NSK website: Mid-Term Management Plan 2026:

<https://www.nsk.com/investors/library/pdf/mtp/mtp2026.pdf>

In January 2020, NSK endorsed the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with the recommendations of the TCFD, NSK identifies business risks and opportunities, adapts management plans, and enhances information disclosure with the aim of contributing to both the sustainable development of society and the sustainable growth of NSK, while endeavoring to take its environmental activities to the next level.

For information based on TCFD recommendations, please refer to our website.

- NSK website: Information disclosure based on TCFD Recommendations:

<https://www.nsk.com/sustainability/TCFD/>

[Supplementary Principle 4-1-1 Role and Responsibilities of the Board of Directors]

NSK's Board of Directors determines basic management policies, etc. with the aim of achieving the Group's sustainable growth and increasing its mid- to long-term corporate value. In order to achieve fair, transparent, and swift decision-making based on the aforementioned policies, the Board proactively delegates decision-making on the execution of the operations to executive officers, while monitoring the status of implementation in an appropriate manner. A list of the items which must be resolved by NSK's Board of Directors can be found at the following website:

<https://www.nsk.com/company/governance/index.html>

The Board of Directors also discusses long-term and strategic issues from the perspective of the NSK Group's stakeholders, and advises executive officers regarding the planning and implementation of long-term strategy.

[Principle 4-8 Effective Use of Outside Directors]

NSK maintains a principle that at least one third of its Board should be comprised of outside directors, and has appointed five independent outside directors possessing outstanding character and a broad range of knowledge. These individuals provide expert knowledge beneficial to the Group and contribute to achieving sustainable growth and increasing its mid- to long-term corporate value. We hold meetings comprised of independent outside directors to facilitate information exchange and foster shared understanding. While respecting the objective of these meetings as an opportunity to freely share opinions, the Board secretariat follows up any relevant matters as appropriate to improve the effectiveness of the Board of Directors.

[Principle 4-9 Independence Standards and Qualification for Outside Directors]

When electing outside directors' nominee, we refer to the following criteria:

- Persons who have neither a special interest with the Company nor conflict of interest with regular shareholders
- Persons who meet NSK's criteria for independence
- Persons who have considerable experience and deep insight as a corporate executive or as experts
- Persons who can devote sufficient time to perform duties as an outside director of NSK

The Nomination Committee determines outside director candidates who meet the above criteria.

The criteria for the independence of NSK's outside directors can be found in the section of this report entitled "II-1 Independent Directors," as well as the following website:

<https://www.nsk.com/company/governance/index.html>

These criteria satisfy those of the Tokyo Stock Exchange, Inc., and each of the outside directors has been registered with the Tokyo Stock Exchange as an independent director.

[Supplementary Principle 4-11-1 Composition of the Board of Directors]

The Company believes that the Company's Board of Directors should be well versed in the Company's businesses and be capable of supervising important managerial judgments related to business execution, with the aim of enhancing the sustainable growth and mid- to long-term corporate value of the NSK Group. Career diversity in field of expertise and business experience are considered to ensure that the Board maintains a well-balanced composition, in light of the Company's mid- to long-term business strategy or managerial issues, and the size of the Board is also considered to enhance the effectiveness of deliberations.

In appointing individual directors, in addition to selecting based on experience in business and management in general or experience in their area of expertise, high ethical standards in management and their insight into corporate governance is also in the selection criteria.

For reference, the current Board of Directors consists of total of nine directors (including one female) who have experienced the fields of business management/top management, corporate governance/internal control, global business, engineering/production, finance/accounting/capital policy: five outside directors, two internal directors who do not concurrently serve as executive officers and two internal directors who concurrently serve as executive officers.

For more details on the skill matrix for NSK's Board of Directors, we disclose on the following website.

- NSK website, Corporate Governance:

<https://www.nsk.com/company/governance/index.html>

- NSK website: Notice of The Fiscal 2021 (161st) Ordinary General Meeting of Shareholders p.18 Skills Matrix of Board of Directors

https://www.nsk.com/investors/stockandbond/pdf/notice_gm161.pdf

[Supplementary Principle 4-11-2 Status of Directors with Concurrently Held Posts]

NSK discloses important concurrently held posts of each director in the Business Report and Reference Material sections of the Notice of the Ordinary General Meeting of Shareholders, as well as at the following website:

<https://www.nsk.com/investors/stockandbond/meeting.html>

[Supplementary Principle 4-11-3 Assessment of Board of Directors]

In order to achieve sustainable growth and increase our mid- to long-term corporate value, NSK conducts annual assessments of the effectiveness of its Board function and works to further enhance performance. To maintain the objectiveness of these assessments, we commission external experts to conduct assessment based on questionnaires and interviews and the results are discussed by the Board.

[Assessment process]

- Conduct questionnaires for each director.
- Conduct one hour interview for each director. *Interview was done in person or on remote in fiscal 2020.

[Main contents of questionnaire]

The main contents of the questionnaire conducted in fiscal 2020 are outlined below.

- Management strategies and risk control
- Composition, role and process of the Board of Directors
- Stakeholder engagement
- CEO succession planning
- Operation of committees (Nomination/Audit/Compensation Committees)

[Assessment Results and Future Initiatives]

An assessment conducted in 2020 by external experts concluded that the Board of Directors maintained a high level of effectiveness with the purpose of sustainable growth and mid- to long-term corporate value. The main results are as follows.

- All the directors including outside directors who have extensive knowledge keep contributing to active discussions, backed by a close relationship of mutual trust.
- The structure of Board of Directors was changed to consist of majority of outside directors.

Furthermore, the Board delegated more authority to the executive organization, which enabled the Board to focus on monitoring, and discussing mid- to long-term strategies.

We will continue to improve the effectiveness of our Board of Directors, consisting of a majority of outside directors, to contribute further enhancement of corporate value by strengthening our corporate governance system, focusing on improved monitoring function and placing more emphasis on discussions regarding the direction of long-term management.

[Supplementary Principle 4-14-2 Officer Training]

NSK provides training to its directors and executive officers to enhance their knowledge regarding relevant laws such as the Companies Act of Japan, corporate governance, its business, and its financial status.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

(1) Basic Approach

NSK discloses its management information in a fair and timely manner and strives to maintain a healthy dialogue with investors. By delivering stable shareholder returns and working to secure sustainable growth and increasing mid- to long-term corporate value, we aim to constantly exceed the expectations of our stakeholders, including shareholders and investors.

(2) Investor Relations Framework

NSK positions investor relations initiatives as one of its key management tasks. Accordingly, we have established the Corporate Communications Department, a specialized organization which reports directly to the CEO and is overseen by the executive officer responsible for corporate communications. The Corporate Communications Department works with the Company's various departments to develop systems by which to disclose business strategies and financial information, as well as non-financial information such as ESG initiatives, in a fair and appropriate matter.

(3) Method of Dialogue and Status of Initiatives

NSK recognizes the General Meeting of Shareholders as an important opportunity for dialogue with its shareholders. When setting meeting dates, we strive to avoid clashes with other companies and work to achieve swift disclosure by sending the Notice of Convocation and Business Report to our shareholders as early as possible.

We also hold face-to-face dialogue between shareholders and investors through briefing meetings for institutional investors and analysts, hosted by top management, to explain our corporate results and mid-term management plans. Specific efforts are as described in the section of this report entitled “III-2 IR Activities”.

We also began publishing the NSK Report (Integrated Report) as a tool for advancing constructive dialogue with investors and a range of other stakeholders and conduct constructive dialogue (engagement) relevant to our management strategy and ESG initiatives.

(4) Feedback

NSK has developed systems to swiftly relay the feedback obtained at its General Meeting of Shareholders and through the IR initiatives outlined above to the Board of Directors, upper management, and relevant departments.

(5) Management of Insider Information

NSK will not disclose or divulge insider information during dialogue with shareholders and investors. When disclosing important information regarding NSK that might influence investment decisions of investors as outlined in relevant laws and regulations, the Disclosure Committee will confirm the timeliness and appropriateness of the information prior to release. In addition, we will refrain from dialogue for a certain period prior to the release of our quarterly results, referred to as the “Silent Period”.

(6) Initiatives to Ensure Fair Disclosure

NSK promotes fair disclosure to prevent any information gaps regarding our company between market participants. In addition to exercising caution during communication with shareholders and investors, we work to make information regarding the Company broadly available through our website and other means.

2. Capital Structure

Percentage of Foreign Shareholders	From 10% to less than 20%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	83,296,500	16.06
Custody Bank of Japan (Trust Account)	32,896,300	6.34
Meiji Yasuda Life Insurance Company	27,626,000	5.32
Fukoku Mutual Life Insurance Company	22,400,000	4.32
Nippon Life Insurance Company	22,034,490	4.25
Mizuho Bank, Ltd.	18,211,000	3.51
The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation Account)	10,709,600	2.06
Toyota Motor Corporation	10,000,000	1.92
NSK Customer Shareholding Association	9,390,618	1.81
NSK Employee Shareholders Association	8,176,020	1.57

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market of the Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Three Committees (Nomination, Audit and Compensation)
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	No maximum number
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding those with concurrent position as President)
Number of Directors	9

[Outside Directors]

Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoshitaka Fujita	From another company								△			
Mitsuhiro Nagahama	From another company								△			
Koichi Obara	From another company								△			
Junji Tsuda	From another company								△			
Sayoko Izumoto	Certified Public Accountant											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

* "△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

* "▲" when a close relative of the director fell under the category in the past

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- A party whose major client or supplier is the Company or an executive thereof

- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Committees	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshitaka Fujita	Nomination Committee /Audit Committee	Independent Director	Yoshitaka Fujita has not been engaged in business execution at Murata Manufacturing Co., Ltd since July 2019. Although there are mutual transactions between the Company and Murata Manufacturing Co., Ltd., the value of such transactions was less than 0.1% of net sales of the Company, constituting no special interest between the Company and Mr. Fujita. Mr. Fujita fulfills the Company's Criteria for Independence of Outside Directors and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has	Yoshitaka Fujita has actively expressed his opinions at meetings of the Board of Directors from a fair and independent standpoint, and we expect him to supervise the Company's management and provide advice on business execution in general based on considerable experience and insight as a corporate executive. As a member of the Nomination Committee, he has played a role in the Committee discussions and deliberations and provided appropriate guidance on proposals for the election of Directors and in successor planning. As a member of the Audit Committee, he has played a role in Committee discussions and deliberations, and provided appropriate guidance on the operation and enhancement of internal auditing systems. We expect that he will keep on contributing to the enhancement and reinforcement of the Company's corporate governance and the improvement of its corporate value.

			filed Mr. Fujita as an Independent Director with the Tokyo Stock Exchange.	
Mitsuhiro Nagahama	Compensation Committee /Audit Committee	Independent Director	<p>Mitsuhiro Nagahama has not been engaged in operations at Mizuho Securities, Co., Ltd. since April 2015. Although there are mutual transactions between the Company and Mizuho Securities, the value of such transactions was less than 0.1% of net sales of Mizuho Securities, constituting no special interest between the Company and Mr. Nagahama. Mr. Nagahama fulfills the Company's Criteria for Independence of Outside Directors and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Nagahama as an Independent Director with the Tokyo Stock Exchange.</p>	<p>Mitsuhiro Nagahama has actively expressed his opinions at meetings of the Board of Directors from a fair and independent standpoint, and we expect him to supervise the Company's management and provide advice on business execution in general based on his considerable experience, high sense of ethics and insight as a corporate executive. As the Chair of the Compensation Committee, he has played a leading role in the Committee through discussions and deliberations on proposals for executive compensation policy and decisions. As a member of the Audit Committee, he has played a role in Committee discussions and deliberations, and provided appropriate guidance on the operation and enhancement of internal auditing systems. We expect that he will keep on contributing to the enhancement and reinforcement of the Company's corporate governance and improvement of its corporate value.</p>
Koichi Obara	Compensation Committee	Independent Director	<p>Koichi Obara has not been engaged in business execution at Maeda Corporation since July 2019. Although there are mutual transactions between the Company and Maeda Corporation, the value of such transactions was less than 0.1% of net sales of the</p>	<p>Koichi Obara has actively expressed his opinions at meetings of the Board of Directors from a fair and independent standpoint, and we expect him to supervise the Company's management and provide advice on business execution in general based on considerable experience, high sense of ethics and insight as a corporate executive. As a member of the Compensation Committee, he has played a role in the Committee discussions and deliberations</p>

			<p>Company, constituting no special interest between the Company and Mr. Obara. Mr. Obara fulfills the Company's Criteria for Independence of Outside Directors and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Obara as an Independent Director with the Tokyo Stock Exchange.</p>	<p>on proposals for executive compensation policy and decisions. We expect that he will contribute to the enhancement and reinforcement of the Company's corporate governance, and improvement of its corporate value.</p>
Junji Tsuda	Nomination Committee	Independent Director	<p>Junji Tsuda has not been engaged in operations at Yasukawa Electric Corporation since June 2022. Although there are mutual transactions between the Company and Yasukawa Electric Corporation, the value of such transactions was less than 0.1% of net sales of each company, constituting no special interest between the Company and Mr. Tsuda. Mr. Tsuda fulfills the Company's Criteria for Independence of Outside Directors and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Mr. Tsuda as an Independent Director with the Tokyo Stock Exchange.</p>	<p>Junji Tsuda has considerable experience, high sense of ethics and insight as a corporate executive. With the above-mentioned experience and knowledge, as well as his independence from the Company, we believe that he will sufficiently be qualified to supervise the Company's management and provide advice on business execution in general based on his experience as an outside director, and that he will contribute to the enhancement and reinforcement of the Company's corporate governance and improvement of its corporate value.</p>

Sayoko Izumoto	Audit Committee	Independent Director	Sayoko Izumoto has not been engaged in operations at Deloitte Touche Tohmatsu Limited since August 2016. There are no mutual transactions between the Company and Deloitte Touche Tohmatsu Limited, constituting no special interest between the Company and Ms. Izumoto. Ms. Izumoto fulfills the Company's Criteria for Independence of Outside Directors and the criteria for independence laid out by the Tokyo Stock Exchange. The Company has filed Ms. Izumoto as an Independent Director with the Tokyo Stock Exchange.	Sayoko Izumoto has considerable experience, high sense of ethics and insight as a corporate executive. With the above-mentioned experience and knowledge, as well as her independence from the Company, the Company believes that she will sufficiently be qualified to supervise the Company's management and provide advice on business execution in general based on her experience as an outside director, and that she will contribute to the enhancement and reinforcement of the Company's corporate governance, and improvement of its corporate value.
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[Committees]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Nomination Committee	3	0	1	2	Outside Director
Compensation Committee	3	0	1	2	Outside Director
Audit Committee	4	1	1	3	Outside Director

[Executive Officers (Shikkoyaku)]

Number of Executive Officers (Shikkoyaku)	21
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Status of Additional Duties

Name	Additional Duties as Director
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	Representative Authority		Nomination Committee Member	Compensation Committee Member	Additional Duties as Employee
Akitoshi Ichii	Yes	Yes	Yes	-	-
Saimon Nogami	Yes	Yes	-	Yes	-
Tomoyuki Yoshikiyo	-	-	-	-	-
Hideki Ochiai	-	-	-	-	-
Nobuaki Mitamura	-	-	-	-	-
Kunihiko Akashi	-	-	-	-	-
Masaru Takayama	-	-	-	-	-
Guoping Yu	-	-	-	-	-
Keita Suzuki	-	-	-	-	-
Susumu Ishikawa	-	-	-	-	-
Hayato Omi	-	-	-	-	-
Narihito Otake	-	-	-	-	-
Hikomichi Takemura	-	-	-	-	-
Tatsufumi Soda	-	-	-	-	-
Michio Ozaki	-	-	-	-	-
Hidenori Oka	-	-	-	-	-
Tamami Murata	-	-	-	-	-
Ulrich Nass	-	-	-	-	-
Brian Parsons	-	-	-	-	-
Gen Murayama	-	-	-	-	-
Hideaki Hayami	-	-	-	-	-

[Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (Shikkoyaku)

NSK's Internal Audit Department is designated as the organization tasked with supporting the duties of the Audit Committee. Selected employees of the Internal Audit Department are assigned to support Audit Committee duties, on either a full-time or part-time basis. The Internal Audit Department reports directly to the CEO, and is independent from audit subject divisions and the executive officer(s) responsible. The Audit Committee may give direct instructions/directions to employees belonging to the Internal Audit Department. Official notification of appointment or disciplinary disposition of the aforementioned Internal Audit Department staff requires the prior consent of the Audit Committee. In addition, the Audit Committee may state opinions regarding the performance evaluation of Internal Audit Department staff. As an internal director has been designated as a standing member of the Audit Committee, allowing committee members to focus solely on monitoring duties, no other directors have been assigned to support the duties of the Audit Committee.

The Audit Committee receives reports from the accounting auditor at the time of formulation of the accounting auditor's audit plan and at appropriate intervals, such as on a quarterly basis. Matters for discussion include the implementation status of the accounting auditor's duties and the results of audits of the Group's non-consolidated and consolidated financial statements. Where necessary, the Audit Committee requests further clarification. The above system maintains the independence of the accounting auditor and ensures that the auditing duties of the Audit Committee are monitored to verify their appropriate operation.

The Audit Committee also creates an audit policy as well as an annual audit plan. In addition to conducting day-to-day auditing duties, the Committee also coordinates with the Internal Audit Department in order to audit the Group.

In addition, the Audit Committee reviews the plans, implementation status, and results of audits performed by the Internal Audit Department (including appraisal of internal control over financial reporting) and directs changes or improvements where necessary. The Committee also receives monthly reports from the Internal Audit Department detailing eventuated or underlying risks related to business operation and directs additional investigations or other follow-up actions as required.

[Independent Directors]

Number of Independent Directors	5
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Matters relating to Independent Directors

NSK classifies all outside directors who meet the criteria for independent officers as Independent Directors. Criteria for independence is outlined below:

<Criteria for Independence of Outside Directors>

The following persons are ineligible to become independent director candidates of the Company.

- 1) Persons holding positions at a company which constituted 2% or more of the previous year's consolidated sales of NSK, or persons who held such a position until recently.
- 2) Persons holding positions at a company which made 2% or more of its previous year's consolidated sales to NSK or a subsidiary of NSK, or persons who held such a position until recently.
- 3) Persons holding positions at a financial institution which NSK relies on for funding, or persons who held such a position until recently.
- 4) Consultants, accounting or legal professionals receiving significant financial compensation in addition to compensation for the NSK independent director position, or persons who held such a position until recently.
- 5) Persons belonging to a company or organization which held 10% or more of NSK's total number of shares issued at the end of the most recent financial reporting period, or persons belonging to such a company or organization until recently.
- 6) Persons belonging to a company or organization which NSK holds 10% or more of the company's total number of shares issued at the end of the most recent financial reporting period, or persons belonging to such a company or organization until recently.
- 7) Relatives within the second degree, or family members living in the same household as persons specified in items 1 to 6 (excluding non-key posts). ("Key posts" are generally assumed to refer to executive or senior managers of relevant companies or trading partners, chartered public accountants belonging to relevant audit firms, and legal professionals belonging to relevant legal firms.)
- 8) Persons who hold executive positions at NSK or a subsidiary of NSK, or relatives within the second degree or family members living in the same household of persons who held such positions until recently.

The wording “recently” in the items above shall be assumed to be a period of three years or less from the date NSK elects directors.

* This information is also available on the Company’s website below:
<https://www.nsk.com/company/governance/index.html>

[Incentives]

Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	Introduction of performance-based compensation system
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Supplementary Explanation

At the Compensation Committee meeting held on May 16, 2016, the decision was made to end stock option programs. Furthermore, at the Compensation Committee meeting held on March 27, 2019, the committee resolved to revise the stock compensation program for executive officers from the year ending March 31, 2020, changing it into a performance-based program. However, the stock compensation program for directors will be operated as previously as a stock compensation program with no added incentive for business performance, in consideration of the supervisory role of directors. For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

Details of performance-based and stock compensation can be found in the sections of this report entitled “Compensation for Directors and Corporate Executive Officers (Shikkoyaku), Disclosure of Policy on Determining Compensation Amounts and Calculation Methods”.

Recipients of Stock Options	
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Supplementary Explanation

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[Compensation for Directors and Executive Officers (Shikkoyaku)]

Disclosure of Individual Directors’ Compensation	Individual compensation is not disclosed
Disclosure of Individual Executive Officers’ (Shikkoyaku) Compensation	Selected corporate executive officers (shikkoyaku)

Supplementary Explanation

Compensation for year ended March 31, 2022

	Total compensation	Fixed compensation		Short-term Performance-based salary		Stock options	
		No. of officers	Amount	No. of officers	Amount	No. of officers	Amount
Directors (internal)	¥137 million	5	¥120 million	-	-	3	¥17 million
Directors (outside)	¥74 million	6	¥66 million	-	-	6	¥8 million

Executive Officers	¥1,243 million	29	¥862 million	28	¥107 million	38	¥273 million
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1. Compensation (excluding stock compensation) for directors (internal) includes compensation for directors who also serve as executive officers.
2. The amount of performance-based salary is the planned amount to be paid on July 1, 2022, based on the results for the year ended March 31, 2022.
For reference, the amount paid on July 1, 2021, based on the results for the year ended March 31, 2021 was 279 million yen.
3. The amount of stock compensation is the amount recorded as expenses for the current fiscal year.
4. Figures listed above are rounded down to the nearest one million yen.

Policy on Determining Compensation Amounts and Calculation Methods	Appointed
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Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

As a Company with Three Committees (Nomination, Audit, and Compensation), NSK Ltd. makes decisions on executive compensation structure, compensation levels, and individual compensation, etc., at a Compensation Committee chaired by an outside director, and based on advice from external consultants as well as objective information on compensation levels and trends at other companies. The Company will determine compensation for director and executive officer positions separately. When a director also serves as an executive officer, the total of respective compensation amount shall be paid.

For directors who also serve as executive officers, stock-based compensation for the director position will not be provided.

1. Executive Officers' Compensation

The compensation package for executive officers consists of a fixed basic compensation and a performance-based compensation that fluctuates with performance. The Company generally sets a compensation ratio of 4:6 of fixed compensation to performance-based compensation.

(1) Basic compensation

The amount of basic compensation is determined according to the title of the executive officer. Moreover, an additional amount will be paid to executive officers with representation rights.

(2) Performance-based compensation

The performance-based compensation consists of a short-term performance-based compensation and a mid- to long-term performance-based stock compensation.

i) Short-term performance-based compensation

The short-term performance-based compensation will be determined based on metrics consistent with management goals to increase profitability, raise efficiency of shareholders' equity, and improve corporate value: metrics related to the operating income margin, ROE, cash flow, and the ratio of new product sales to the total sales as well as an achievement target for ESG goals for CO2 emission reductions and safety and quality improvement. The individual's level of achievement in their designated job duties are also evaluated when determining the amount of compensation paid to each executive officer.

ii) Mid- to long-term performance-based stock compensation

In order to further incentivize contributions to a sustainable improvement of corporate value, to ensure they share the interests with shareholders, and to further reinforce the link between executive officer compensation and mid- to long-term stock value, the Company has introduced a performance-based stock compensation program using a Board Benefit Trust system. Through the system, points are fixed every three years based on a relative evaluation of the total shareholder return (TSR) of the Company's

shares through a comparison with the TOPIX growth rate, the equivalent for which company shares are then distributed upon retirement. However, for a certain portion of the above shall be provided in the form of cash obtained by converting shares into cash.

2. Directors' Compensation

The compensation package for directors consists of a fixed basic compensation and stock compensation which is variable compensation.

(1) Basic compensation

Basic compensation is determined based on whether the director is an outside director or an internal director in addition to the director's role on committees and the Board of Directors to which the director belongs.

(2) Stock compensation

In order to further incentivize contributions to a sustainable improvement of corporate value and to ensure they share the interests of shareholders, the Company has introduced a stock compensation program using a Board Benefit Trust system. The system distributes company shares upon retirement based on points allocated each fiscal year, of which separate amounts are given for outside and internal directors. However, for a certain portion of the above shall be provided in the form of cash obtained by converting shares into cash. For directors who also serve as executive officers, stock-based compensation will not be provided for the director position.

3. Other

In addition, in the event a member of a management team of another company such as a subsidiary or an affiliate, etc., assumes an executive officer position, compensation will be determined separately.

[Supporting System for Outside Directors]

NSK provides information to its outside directors in an appropriate manner, including distributing meeting materials to all directors in advance, and providing prior explanation by the officers responsible or the Board secretariat. Furthermore, in previous years, we have provided opportunities for outside directors to visit business facilities in Japan and overseas, which enables them to deepen their understanding of NSK's business and matters specific to NSK, although such site visits were not carried out in 2021, due to the spread of COVID-19 pandemic.

Each outside director is a member of either the Nomination, Audit, or Compensation committees, and are supported in the corresponding duties by the respective secretariats.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Norio Otsuka	Honorary advisor	Key external engagements to further the Company's activities in the business world	Part-time, compensated	6/24/2015	Maximum of five years

Number of retired presidents/CEOs holding
advisory positions (sodanyaku, komon, etc.)

1

- Honorary advisor has no involvement in managerial decision-making. He engages in social activities and public services including key external engagements that serve to increase the Group's corporate value.
- "Term" in the above table indicates the maximum term of honorary advisor.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)

(1) Current Framework

NSK's Board of Directors determines basic management policies, etc. with the aim of achieving the Group's sustainable growth and increasing its mid- to long-term corporate value. The Board proactively delegates decision-making on the execution of the operations to executive organizations, while supervising the status of implementation in an appropriate manner. In addition, Nomination Committee, Audit Committee, and Compensation Committee, each of which are chaired by an outside director, have been granted independent authority, and work to strengthen the monitoring function by fulfilling the criteria defined by the Companies Act etc. and the rules of each board committee. At the time of this report, our Board is comprised of nine directors, five of whom are outside directors (four men, one woman), while four are internal directors (two of whom concurrently serve as executive officers). The CEO has the ultimate authority and responsibility for all decision-making on the execution of the operations and operational executive functions delegated by the Board. Under the direction of the CEO, executive officers are responsible for executing their respective duties in accordance with the division of duties. We also maintain an Operating Committee, which functions as an organization to support the CEO in the decision-making process. The Committee deliberates on policies and key matters related to the NSK Group's business operations. NSK also holds Officers' Meeting, to foster a common understanding by sharing information of managerial issues, operational direction and status of the execution of their duties. The Officers' Meeting consists of the CEO, Executive Officers, Operating Officers and Group Officers, and is chaired by the CEO.

The structure of the Board and each committee and the number of times each meeting was convened during the period from April 1, 2021 to March 31, 2022, and the attendance record of each member are outlined below.

[Board of Directors]

- Objectives and authority
 - Passes statutory resolutions related to basic management policies, etc. (including delegation of decision-making on the execution of the operations to executive officers)
 - Supervises execution of duties by executive officers
- Structure: 9 members: (5 outside directors, 4 internal directors; Chair: non-executive director)
- Number of times convened: 10
- Secretariat: Employees from the Corporate Planning Division Headquarters and the Secretariat Office perform secretariat duties in addition to their regular duties.
- Members (number of meetings attended):
 - Toshihiro Uchiyama (10/10)
 - Akitoshi Ichii (10/10)
 - Saimon Nogami (10/10)
 - Kenichi Yamana (8/8) *appointed as of June 25, 2021
 - Hajime Bada (10/10)

Akemi Mochizuki (10/10)
Yoshitaka Fujita (10/10)
Mitsuhiro Nagahama (10/10)
Koichi Obara (8/8) *appointed as of June 25, 2021

Directors Hajime Bada and Akemi Mochizuki retired from their positions as of June 28, 2022, and Junji Tsuda and Sayoko Izumoto were appointed as directors on the same date.

[Nomination Committee]

- Objectives and authority
 - Determines the content of proposals submitted to the General Meeting of Shareholders regarding the appointment or dismissal of directors
- Structure: 3 members: (2 outside directors, 1 internal director; Chair: outside director)
- Secretariat: Employee from the Human Resources and General Affairs Division Headquarters performs secretariat duties in addition to the regular duties.
- Number of times convened: 7
- Members (number of meetings attended)
Hajime Bada (7/7)
Yoshitaka Fujita (7/7)
Akitoshi Ichii (5/5) *appointed as of June 25, 2021

Hajime Bada retired from his position as of June 28, 2022, and Junji Tsuda was appointed to the position on the same date.

[Audit Committee]

- Objectives and authority
 - Audits the duties of directors and executive officers
 - Creates audit reports
 - Determines the content of proposals related to appointment or dismissal of accounting auditor and other matters.
- Structure: 4 members: 3 outside directors, 1 internal director (standing Audit Committee member);
Chair: outside director
- Secretariat: Employees from the Internal Audit Department perform secretariat duties either exclusively or in addition to their regular duties.
- Number of times convened: 14
- Members (number of meetings attended)
Akemi Mochizuki (14/14)
Yoshitaka Fujita (14/14)
Mitsuhiro Nagahama (14/14)
Kenichi Yamana (9/9) *appointed as of June 25, 2021

Akemi Mochizuki retired from her position as of June 28, 2022, and Sayoko Izumoto was appointed to the position on the same date.

[Compensation Committee]

- Objectives and authority
 - Determines policies on the compensation of directors and executive officers

- Determines the individual compensation provided to directors and executive officers, and other matters
- Structure: 3 members: (2 outside directors, 1 internal director; Chair: outside director)
- Secretariat: Employee from Human Resources and General Affairs Division Headquarters performs secretariat duties in addition to the regular duties.
- Number of times convened: 5
- Members (number of meetings attended)
 - Mitsuhiro Nagahama (5/5)
 - Koichi Obara (4/4) *appointed as of June 25, 2021
 - Saimon Nogami (4/4) *appointed as of June 25, 2021

Toshio Iwamoto, and Akitoshi Ichii retired from their positions as of June 25, 2021, and Koichi Obara, and Saimon Nogami were appointed to their positions on the same date.

(2) Initiatives to Strengthen Audit Committee Functions

As a Company with Three Committees (Nomination, Audit and Compensation), in order to maximize the efficiency and effectiveness of our Audit Committee function, we strive to place outside directors with correlating expertise and experience, such as Certified Public Accountants, on the Committee. In addition, we have assigned an internal director who does not concurrently serve as an executive officer as a full-time (standing) member of the Committee. Furthermore, we have established a dedicated (full-time) secretariat to support the Audit Committee, while the Internal Audit Department, the Group's internal auditing division, collaborates with the Committee to perform audits of the Group's operations.

(3) Liability Limitation Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act and Article 27 of the Articles of Incorporation of the Company, the Company has executed agreements to limit liability for damage of Directors under Article 423, Paragraph 1 of the Companies Act with all Directors (excluding executive directors). The limits of liability for damage under the agreement are equal to the minimum amount of liability as set forth in the relevant laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

NSK has adopted a Company with Three Committees (Nomination, Audit and Compensation) system as its form of corporate organization to better achieve the basic approach described in the section of this report entitled “I-1 Basic Views”.

We believe that this organizational design—in which outside directors who have no conflict of interest of interest with regular shareholders participate in Board of Directors meetings as well as the three supervisory committees (Nomination, Audit and Compensation) to determine key management policies and monitor the duties of executive officers—serves to further the transparency and soundness of our corporate management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	NSK has been working on early disclosure of the Notice of the Ordinary General Meeting of Shareholders, and registered it with Tokyo Stock

	Exchange and disclosed on the company's website on Monday, May 23, 2022, 36 days prior to the Shareholders' Meeting.
Scheduling AGMs Avoiding the Peak Day	In general, NSK aims to hold its Ordinary General Meeting of Shareholders at least two days prior to the busiest date for shareholders meetings in Japan. The meeting for fiscal 2020 (the year ended March 31, 2021) was held on Tuesday, June 28.
Allowing Electronic Exercise of Voting Rights	NSK has allowed the electronic exercise of voting rights since fiscal 2008.
Participation in Electronic Voting Platform	NSK has allowed the electronic exercise of voting rights since fiscal 2008.
Providing Convocation Notice in English	NSK registers English-language versions of its basic information to the Tokyo Stock Exchange and publishes the same information on its website.
Other	NSK publishes the Notice of the Ordinary General Meeting of Shareholders and Business Report on its website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative of the Company
Preparation and Publication of Disclosure Policy	NSK strives to disclose information rapidly and fairly to investors and other stakeholders. Accordingly, we have published our disclosure policy, which outlines our basic approach of actively engaging in dialogue with stakeholders, on our website at the address below: https://www.nsk.com/investors/management/disclosurepolicy.html	
Regular Investor Briefings for Individual Investors	We hold several briefings per year for individual investors.	No
Regular Investor Briefings for Analysts and Institutional Investors	We hold quarterly briefings, hosted by top management, to explain our corporate results and mid-term management plans as well as the progress of each. In addition, we hold several small meetings per year hosted by our CEO.	Yes
Regular Investor Briefings for Overseas Investors	NSK aims to communicate proactively with investors outside Japan. Our senior management makes annual visits to Europe, the United States and Asia to engage with institutional investors. We also participate in several conferences per year for overseas investors held by securities companies.	Yes
Posting of IR Materials on Website	NSK's quarterly financial results, securities reports, reporting materials (business reports, consolidated and non-consolidated financial statements, audit reports, etc.), NSK Report (Integrated Report), results presentation materials, fact books, mid-term management plans, and other reference materials are published on our website below: https://www.nsk.com/investors/	

Establishment of Department and/or Manager in Charge of IR	NSK has established the Corporate Communications Department, a specialized organization which reports directly to the CEO and is overseen by the executive officer responsible for corporate communications.	
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3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	With the NSK Corporate Philosophy serving as the cornerstone for all our management decisions, respect for the position of our stakeholders is ingrained in all our internal regulations, such as the NSK Code of Corporate Ethics, Corporate Governance Rules, and Compliance Rules. We regard customers, suppliers, employees, shareholders and investors, local communities, and future generations as important stakeholders of the NSK Group.
Implementation of Environmental Activities, CSR Activities etc.	We report on implementation status of our activities related to sustainability including environmental and social issues, in our NSK Report and on our website below: NSK Report https://www.nsk.com/investors/library/nsk_report.html NSK Website Sustainability https://www.nsk.com/sustainability/index.html
Development of Policies on Information Provision to Stakeholders	We realize that improving the soundness and transparency of our management to achieve smooth business operations ultimately contributes to the profitability of NSK. To ensure transparency, we have set out rules for timely disclosure of financial and other corporate information in the NSK Group Management Rules, and proactively work to provide key corporate information. In the aforementioned website which has information related to sustainability, we provide information on implementation of our activities related to sustainability including environmental and social issues in line with GRI (Global Reporting Initiative) Sustainability Reporting Standards.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

1. Basic policy on the development of internal control systems

Since resolving the Basic Policy on the Development of Internal Control Systems in 2006, NSK's Board of Directors has continually reviewed and updated this policy in light of the changing societal expectations placed on companies. Our current policy is outlined below.

(1) Structure to ensure appropriateness of operations in the NSK Group

NSK shall aim to improve internal control over the NSK Group as a whole, improve the soundness and transparency of its management, and manage its business smoothly in line with "NSK Group Management Rules." Based on this policy, NSK aims to establish a structure that ensures the appropriateness of operations throughout the NSK Group. In addition, NSK shall receive, on a regular or continuous basis, reports from the NSK Group's respective divisions regarding relevant duties, and reports from directors of subsidiary companies or equivalent persons regarding the performance of their duties, in accordance with the NSK Group rules governing management and business procedures. The Audit Committee or Audit Committee members appointed by the Audit Committee shall receive reports

from subsidiaries on a regular basis. If necessary, they may visit the subsidiaries themselves or cooperate with the auditor of each subsidiary to inspect the status of operations and assets. In addition, when the Audit Committee finds it necessary, it may have the Internal Audit Department to perform this task under the direction of Audit Committee members.

- (2) Structure to ensure executive officers and employees of NSK and directors and employees of its subsidiaries conform to laws and regulations and the Articles of Incorporation during performance of duties
“NSK Code of Corporate Ethics,” “Corporate Governance Rules” and “Compliance Rules,” based on the NSK Corporate Philosophy, lay down the fundamental principles that executive officers and employees of NSK and directors and other officers/employees of subsidiaries shall comply with when conducting business activities, the structure for promoting compliance, and basic matters for operation (organization, structure for training, internal whistleblowing system, etc.). By fostering awareness of compliance among all officers and employees and strengthening/improving internal controls, NSK aims to prevent violation of laws, regulations, and the Articles of Incorporation. Especially NSK will prevent violation of competition laws in Japan and abroad by ensuring adherence to “Rules for Compliance with Competition Law.” In order to strengthen the compliance structure of the NSK Group, NSK will maintain a Core Values Committee and install dedicated organizations to implement concrete measures based on the policies set by the aforementioned committee. The organizations shall work on an ongoing basis to raise awareness of and strengthen compliance through educational initiatives to encourage all NSK Group employees to recognize their responsibility to act as good corporate citizens and to oversee the implementation status of designated measures. Furthermore, the Group’s Finance Division Headquarters shall ensure the establishment and operation of internal controls over financial reporting by the NSK Group as a whole, based on the “Rules for Internal Control over Financial Reporting,” while the Internal Audit Department (IAD) shall evaluate their implementation. This system secures a structure from which reasonable assurance of financial reporting reliability can be obtained. As its basic policy, NSK takes a resolute stance against all antisocial forces that threaten the order and safety of civil society, and shall decline relationships, including business relationships, with such parties. In addition, NSK shall not accede to any unreasonable or illegal demands from such parties.
- (3) Structure for ensuring efficient performance of duties by executive officers of NSK and directors and other officers of subsidiaries
“NSK Group Management Rules” provide the framework to ensure efficient performance of duties by executive officers of NSK and directors and other officers/employees of subsidiaries regarding principles governing group management, decision-making mechanisms, continuous monitoring of business risks, and each NSK group company’s performance targets and management.
- (4) Rules and other frameworks in the NSK Group for management of risk of loss
The NSK Group’s Risk Management Rules stipulate the responsible persons and roles of organizations in the execution system, govern the Group’s risks exhaustively and comprehensively, and clarify the risk management system. The Internal Audit Department audits risk the management status of each division and reports results to the Audit Committee. The Committee reports this information to the Board of Directors on a regular basis.
- (5) Framework concerning saving and retention of information related to performance of duties by executive officers of NSK and directors and other officers/employees of subsidiaries
The framework for saving and retention of information regarding performance of duties by executive officers of NSK and directors and other officers of subsidiaries shall follow the provisions “NSK Group

Management Rules,” “NSK Group Rules on Saving and Retention of Documents” and “NSK Group Information Security Standards.” Executive officers of NSK and directors and other officers/employees of subsidiaries shall make information regarding the above readily available upon request of the Audit Committee or Audit Committee member(s) appointed by the Committee.

(6) Matters required for the execution of Audit Committee duties

1) Matters concerning members of the board and employees who should support the duties of the Audit Committee

The Internal Audit Department is appointed as the organization which supports the duties of the Audit Committee. Selected employees of the Internal Audit Department shall support the duties of the Audit Committee either full-time or part-time.

2) Matters concerning independence from the executive officer in charge of the Internal Audit Department and effectiveness of directions issued to the Internal Audit Department

The Internal Audit Department shall be an organization reporting directly to the CEO, independent from audit subject divisions. In order to conduct organizational audits, the Audit Committee may give direct instructions/directions to the head of the Internal Audit Department or employees belonging to the Internal Audit Department. Official notification of appointment or disciplinary disposition of the head of the Internal Audit Department and Internal Audit Department staff requires the prior consent of the Audit Committee.

3) NSK Group framework for reporting to the Audit Committee

The NSK Group shall establish a framework under which the responsible persons in business divisions and Group Companies are required to report on items deemed necessary by the Audit Committee. Any events with the potential to cause substantial detriment to the NSK Group must be reported to the Audit Committee on a regular basis. When it is judged that an event likely to cause substantial detriment to the Group has occurred, details must be reported to the Audit Committee immediately. As a means to complement reports, Audit Committee members appointed by the Audit Committee may attend important meetings of the NSK Group which the Audit Committee finds necessary, with consent of the host of the meeting. In addition, executive officers shall establish an internal whistleblowing system in the NSK Group and report the operation and status of whistle-blowing to the Audit Committee or Audit Committee member(s) appointed by the Committee without delay. In addition to the content or methods of the reports stipulated above, directors, executive officers, employees, and auditors of the NSK Group, or persons receiving reports from the aforementioned parties, may report to the Audit Committee. The NSK Group shall prohibit unfavorable treatment of any person reporting to the Audit Committee as a result of the aforementioned or other reports, regardless of the reporting format, and ensure that this policy is understood throughout the NSK Group.

4) Other structures for ensuring effective auditing by the Audit Committee

The Audit Committee shall exchange opinions with the CEO and accounting auditor on a regular basis, and, in order to ensure the effectiveness of internal audits performed by the Internal Audit Department, may recommend to executive officers changes to audit plans, performance of additional audits, or improvements in light of the annual internal audit plan, its implementation status, and results. In addition, if necessary, during the course of their auditing duties the Audit Committee may hire their own consulting lawyer, or receive advice from specialist lawyers or accountants. NSK shall process expenses incurred during the performance of Audit Committee members' duties in a prompt and appropriate manner, either via pre-payment of reimbursement, in accordance with the designated methods.

2. Functions and Organization Related to Internal Control

The main functions related to the development, maintenance, and operation of the NSK Group's internal control systems as well as the role of the organizations responsible are outlined below. The following organizations play a key role in the development and operation of internal control systems.

(Compliance)

The Core Values Committee develops policies designed to strengthen the compliance of the overall NSK Group, sets and promotes compliance enhancement measures to realize these policies, supervises their implementation, and periodically reports to the Board on the progress of these measures.

The Legal and Compliance Division Headquarters as the operational arm of the Core Values Committee is responsible for implementing measures to strengthen compliance based on the policies set by the Committee. It also monitors the operation of initiatives and reports their progress to the Core Values Committee on a regular basis.

(Risk Management)

Corporate Planning Division Headquarters and Finance Division Headquarters coordinate with each business, functional and regional headquarters to support the CEO and oversee and manage general risks related to management of the NSK Group. It is also responsible for maintaining and enhancing the internal control systems necessary for the operation of the NSK Group's global business.

The Internal Audit Department conducts regular stock takes of risks and performs risk and monitoring to ascertain their management status. It also studies the appropriateness of internal systems and performs business audits to facilitate corrective measures or improvement initiatives.

The Risk Management Committee is responsible for preparing and strengthening risk management systems in order to prevent or minimize the damage from major risks to the NSK Company, such as natural disasters, pandemics, or major accidents. It is also responsible for leading a swift and appropriate response in the event of a disaster.

(Approval and Reporting)

Each NSK Group Company shall duly apply for approval to the CFO for matters related to corporate management, systems, governance structure and interest of shareholder, or to the controlling business or functional division headquarters in the case of important decisions related to business operation. NSK Group Companies also report on the status of their operations to the Company on a regular basis.

2. Basic Views on Eliminating Anti-Social Forces

As its basic policy, NSK takes a resolute stance against all antisocial forces that threaten the order and safety of civil society, and shall decline relationships, including business relationships, with such parties. NSK shall not accede to any unreasonable or illegal demands from such parties. In order to ensure a systematic response across the NSK Group, this policy is clarified in the NSK Code of Corporate Ethics, and we are making ongoing efforts to promote awareness as well as strengthening collaboration with the police and other external organizations.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation

I. Outline of the Basic Policy regarding Persons Controlling the Company's Decisions concerning Financial and Business Policies

The Company is a stock company whose shares are traded on capital markets, and therefore, the Company believes that, in the case of a large-scale purchase of the Company shares, the decision whether to accept such a purchase should ultimately be left to the shareholders.

However, there is a possibility that a sudden and unsolicited large-scale purchase of shares could occur without necessary and sufficient information being disclosed and an opportunity to consider the proposal being given to the shareholders, and without the NSK's Board of Directors being provided with the information and time to express its opinion and make an alternative proposal. Such large-scale purchases of shares could damage the Company's corporate value and the common interests of its shareholders if, for instance, the purchaser does not intend to manage the Company reasonably or in good faith.

We believe that any party that makes a large-scale purchase of the Company shares that damages NSK's corporate value and the common interests of its shareholders is not an appropriate party to control decisions concerning financial and business policies.

II. Special Endeavors which Contribute to the Realization of the Basic Guidance

a) Endeavors to Enhance Corporate Value under the Mid-Term Management Plan

NSK Group will continue to contribute to the development of a sustainable society development by creating value through the fusion of tribology and IT or digital technology in accordance with our corporate philosophy, aiming to be a company that is needed and trusted by society. To achieve this goal, we have launched our "Mid-Term Management Plan 2026", which covers the five-year period from fiscal 2022 to 2026. The goal of Mid-term Management Plan 2026 is to "change and go beyond to become a new form of one trillion yen company." We will make our core values our shared value standard with the highest priority and address three key management tasks of "Growth with profitability," "Enhancement of managerial resources" and "ESG management."

The three key management tasks and details of initiatives are shown below.

1. Growth with profitability:

- Promote business portfolio reform through expansion of the industrial machinery business and response to automotive electrification.
- Improve profitability through structural reform of the steering business and achieve synergy through business collaboration.
- Under the slogan of "Bearings & Beyond," we will aim to strengthen product appeal of existing products and expand new products and businesses.

2. Enhancement of managerial resources:

- NSK will promote Digital Transformation (DX) to further enhance quality, technology, and operational capabilities, which are the source of NSK's competitiveness.
- We have adopted a manufacturing policy of "ultra-stabilization of production" and aim to create plants that do not produce defects and that operate non-stop.
- We will aim to maximize the value of our human capital through the appointment of diverse human resources, the development of digital human resources, and the allocation of the right personnel to the right places.

3. ESG Management:

- We aim to achieve carbon neutrality in terms of direct CO2 emissions (Scope 1) and energy use (Scope 2) by 2035.
- We will contribute to the creation of a recycling-oriented society by providing environmentally friendly products and services.
- We will further advance diversity and inclusion and reform of work styles to create a better working environment.
- We will strengthen group governance and deepen dialogue with stakeholders.

We will continue to “change and go beyond” on the above issues, and through corporate activities based on our corporate philosophy and the evolution of Motion & Control, we will continue to contribute to the resolution of social issues and the sustainable development of society.

b) Endeavors to Enhance Corporate Governance

The Company has been actively working to improve the transparency and soundness of its management-related decision-making in order to fulfill its social responsibilities as well enhance its corporate value and, by extension, the common interests of its shareholders. Even before shifting to a Company with Committees, etc. governance system in 2004, the Company worked to enhance its governance by introducing an executive officer system, inviting outside directors onto its board, and voluntarily establishing a Compensation Committee and Audit Committee. The Company is currently endeavoring to further improve its management transparency and soundness under a Company with Three Committees (Nomination, Audit and Compensation) system, with each the three committees (Nomination Committee, Audit Committee and Compensation Committee) comprised of an internal director and a majority of outside directors.

Each of the Company’s outside directors has been registered to the Tokyo Stock Exchange as an independent director.

III. Endeavors to Prevent Decisions concerning the Company’s Financial and Business Policies from Being Controlled by Inappropriate Persons in Light of the Basic Policy

Based on the resolution of General Meeting of Shareholders held on June 30, 2020, the Company continues to take countermeasures (the “Plan”) regarding the large-scale purchase of the Company's shares. The Plan is effective through to the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in June 2023.

The Plan applies to any person ("Large-Scale Share Purchaser") who conducts or intends to conduct a purchase, etc. of the Company's shares, etc. for the purpose of increasing the ratio of voting rights of a specific group of shareholders to 20% or more ("Large-scale Share Purchase"). The Company requires a Large-Scale Share Purchaser who conducts or intends to conduct a Large-scale Purchase to comply with the procedures prescribed in this Plan ("Large-Scale Purchase Rules"). Large-scale Share Purchase Rules state that the Large-scale Share Purchaser can only commence the Large-scale Share Purchase after providing information necessary and sufficient for shareholders to make a decision and for the Board of Directors to evaluate etc., and, after providing this information, completion of a specified period during which the Board of Directors will evaluate and examine the proposal of the Large-scale Share Purchase, negotiate with the Large-scale Share Purchaser, form its opinion on the Large-scale Share Purchase and/or elaborate alternative proposals (the “Board of Directors’ Evaluation Period”).

In the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, the Board of Directors will, as a general rule, not trigger countermeasures to such Large-scale Share Purchase. The Board of Directors, however, may express its objections, etc., to shareholders. In addition, if such Large-scale Share Purchase is deemed to constitute an abusive acquisition, such as in the case that the Large-scale Share Purchaser is a "greenmailer," or in the case where it is judged that the purchasing method of the Company's suggested by the Large-scale Share Purchaser may force the selling of shares upon the Company’s shareholders by restricting the opportunity or freedom of judgment by shareholders, such as a coercive two-tier purchase, such Large-scale Share Purchase is reasonably deemed to materially damage the Company’s corporate value and shareholders’ common interests, and the board of directors may trigger countermeasures.

On the other hand, in the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, the Board of Directors may trigger countermeasures to secure and enhance its corporate value and its shareholders’ common

interests. Notwithstanding the foregoing, if the board of directors reasonably determines that it is practicable and is appropriate to hold a shareholders' meeting in order to confirm its shareholders' opinion and to have them decide whether to trigger countermeasures, the board of directors shall, after the expiration of the Board of Directors' Evaluation Period, hold a shareholders' meeting, and leave the shareholders to decide whether to trigger countermeasures. In case the Company's Board of Directors hold the Meeting of Shareholders mentioned above, the Large-scale Share Purchaser is not able to commence the purchase.

When the board of directors decides on whether to trigger countermeasures, it shall take the following measures in order to secure the reasonableness and fairness of the board of directors' decision.

Before triggering the countermeasures, the board of directors shall consult with the Independent Committee regarding whether to trigger countermeasures, whereupon the Independent Committee shall make a recommendation and the board of directors shall this recommendation to the greatest extent possible. The board of directors shall unanimously resolve to trigger countermeasures at a board of directors' meeting at which all directors are present. Under the Plan, the Company will trigger an allotment of share options without contribution as a countermeasure.

Procedures related to the Plan are outlined on the following page. With respect to the details of the Plan, please see the "Continuation of the Response Measures to Large-scale Purchases of the Company Shares (Takeover Defenses)" as of date June 2, 2020, which is published on the Company's website at the address below.

<https://www.nsk.com/company/governance/index.html>

IV. Judgments of the Board of Directors and reasons therefor regarding the endeavors described above

The endeavors described in [II] above are part of the Company's basic endeavors for the mid- to long-term improvement of the Company's corporate value, and have been undertaken for the purpose of enhancing the Company's corporate value and the common interests of its shareholders.

The endeavors described in [III] above have been introduced to require the Large-scale Share Purchaser to provide necessary information on the Large-scale Share Purchase, and secure the necessary period to evaluate etc. the substance of the Large-scale Share Purchase in order to secure and enhance the Company's corporate value and the common interests of its shareholders. In the endeavors described in [III] above, by preventing large-scale share purchases that fall under a certain type outlined in the plan, we will refer to the basic policy of [I] above to prevent the decisions of our financial and business policies from being controlled by inappropriate persons. Furthermore, as described in [III] above, there is a general rule to triggering countermeasures that requires the Board of Directors to hold a shareholders' meeting. If the Board of Directors resolves to trigger the countermeasures, the Board of Directors shall respect the recommendation of the Independent Committee to the greatest extent possible, before coming to a unanimous resolution on triggering countermeasures at a Board of Directors' meeting at which all of the directors are present. As a result, a range of systems and procedures have been put in place to eliminate any arbitrariness in the Board of Directors' decision-making and to secure the reasonableness and fairness of the endeavors.

Therefore, the Board of Directors believes that the endeavors described in [II] and [III] above are consistent with the basic policy described in [I] above, do not damage the common interests of the Company's shareholders, and are not for the purpose of allowing the Company's directors to maintain their position.

2. Other Matters Concerning to Corporate Governance System

【Overview of Timely Disclosure System】

1. Basic Views

NSK will disclose management information rapidly and fairly, and actively engage in dialogue with our stakeholders, including customers, suppliers, shareholders and investors, employees, local communities,

and future generations. NSK will disclose information in compliance with the Financial Instruments and Exchange Act of Japan and all other applicable laws and regulations (hereinafter “laws and regulations”) as well as the regulations of the stock exchanges on which NSK is listed.

In addition, NSK will disclose not only information required by laws and regulations, but also management and financial information it regards as useful in deepening stakeholder understanding of NSK management policy and business activities. NSK will also disclose non-financial information regarding the environmental and social impact of its activities.

2. Internal Structures for Timely Disclosure

(1) Disclosure Committee

NSK has established the Disclosure Committee, an organization directly under the control of the Representative Executive Officer, Senior Executive Vice President, and CFO, to control information disclosure. In order to ensure the timeliness and appropriateness of disclosure of important corporate information, the Disclosure Committee considers whether or not information requires timely disclosure based on the Timely Disclosure Rules, as well as matters such as the content and timing of disclosed information.

<Members of the Disclosure Committee>

Chairperson: Representative Executive Officer, Senior Executive Vice President, and CFO

Committee Members:

Executive Officer responsible for Corporate Planning Division Headquarters

Executive Officer responsible for Finance Division Headquarters

Executive Officer responsible for Human Resources and General Affairs Division Headquarters

Head of Legal and Compliance Division Headquarters

Head/Deputy Head of Corporate Communications Department

Senior Manager/Group Manager, Finance Division Headquarters

Senior Manager of General Affairs Department of Human Resources and General Affairs Division Headquarters

Senior Specialist of Corporate Planning Division Headquarters

Secretariat: Corporate Planning Division Headquarters

<Convocation of Disclosure Committee Meetings>

-Prior to the release of quarterly and full-year results

-When a fact that should be disclosed arises, such as an important decision or occurrence of fact

-Prior to release of important disclosure documents such as quarterly reports and annual securities reports

(2) Implementation of Timely Disclosure

1. Decisions, company earnings information, and other matters related to institutional decisions

When resolution of the Board of Directors is required in accordance with Board of Directors Rules, such matters will be disclosed only after approval by the Board of Directors. As the Company is a company

with Three Committees (Nomination, Audit and Compensation), matters that are transferred to the Representative Executive Officer and President will be determined by the Representative Executive Officer and President and disclosed without delay.

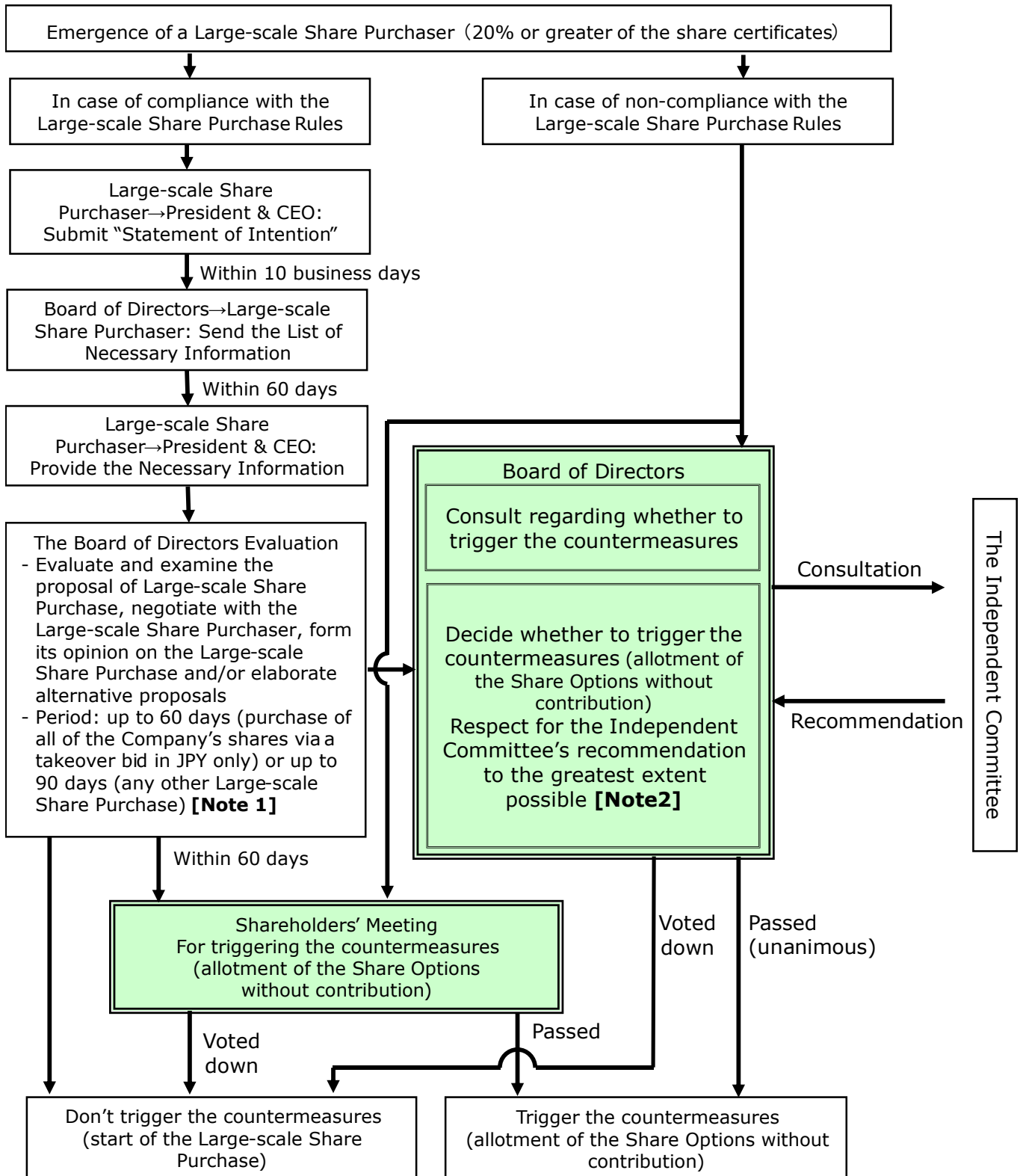
2. Facts which Occurred

Members of the Disclosure Committee will disclose information without delay after reporting to the Representative Executive Officer and President.

3. Audit Structure related to Timely Disclosure

NSK's Audit Committee conducts audits on timely disclosure to ensure that the financial and corporate information disclosed is transparent and reliable.

Flow Chart of the Procedures Related to the Plan



[Note 1] Provided, however, that the period may, after consulting with the Independent Committee and by respecting the Independent Committee's recommendation to the greatest extent possible, be extended up to an additional 30 days by unanimous resolution of the board of directors including the outside directors (provided that the extension may be made only once.).

[Note 2] The board of directors may trigger the countermeasures in the following cases, provided, however, that the determination to trigger the countermeasures shall be made by unanimous resolution of the board of directors including the outside directors, after consulting with the Independent Committee and by respecting the Independent Committee's recommendation to the greatest extent possible:

- (1) when the Large-scale Share Purchaser does not comply with the Large-scale Share Purchase Rules;
- (2) when the Large-scale Share Purchase falls under any of five types and such Large-scale Share Purchase is reasonably considered to materially harm the Company's corporate value and shareholders' common interests.

Except for the cases of **[Note 1]** and **[Note 2]**, the resolution of the board of directors shall be made by a majority of the directors who are present at the meeting.

With respect to the procedures, etc. related to the implementation of this Plan, the Guideline has been established separately.

