

Composition of Board of Directors and Initiatives for Enhancement

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 terms of expertise and business experience are considered to ensure that the Board maintains a well-balanced composition, considering the Company's mid- to long-term business strategy or managerial issues, and the size of the Board is considered to enhance the effectiveness of deliberations.

In appointing individual directors, in addition to selecting persons 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 are part of the selection criteria.

Board of Directors Skill Matrix/Composition of the Nomination, Audit, and Compensation Committees

◎Chair ○Members

Name	Outside Director	Date Appointed as Director	Experience and Expertise Expected					Nomination Committee	Audit Committee	Compensation Committee
			Business Management/ Top Management	Corporate Governance/ Internal Control	Global Business	Engineering/ Manufacturing	Finance/ Accounting/ Capital Policy			
Akitoshi Ichii		June 2017	●	●	●			○		
Keita Suzuki		June 2023		●	●		●			○
Saimon Nogami		June 2013	●	●	●		●			
Kenichi Yamana		June 2021		●	●		●		○	
Mitsuhiro Nagahama	●	June 2020	●	●	●		●		○	◎
Koichi Obara	●	June 2021	●	●	●	●				○
Junji Tsuda	●	June 2022	●	●	●	●		◎		
Sayoko Izumoto	●	June 2022		●			●		◎	
Mikio Fujitsuka	●	June 2023	●	●	●		●	○		

Initiatives to Further Enhance the Effectiveness of the Board of Directors

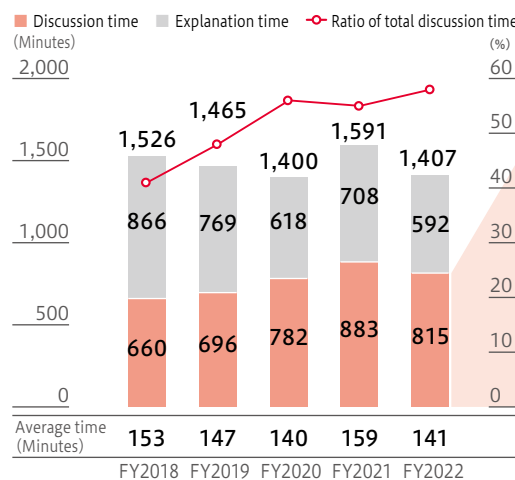
FY2022 Initiatives

NSK is engaged in efforts to enhance the effectiveness of the Board of Directors to ensure sustainable growth and greater mid- to long-term corporate value.

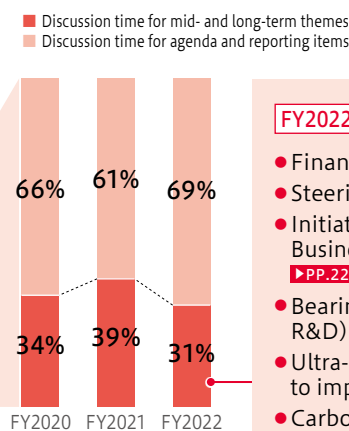
NSK's Board of Directors proactively delegates decisions regarding the execution of operations to the executive organizations, monitors the status of execution in an appropriate manner, and discusses themes related to mid- to long-term management issues and direction. To achieve active Board deliberations, the Company believes that it is important to provide information to directors in advance of the meeting. We provide information in an appropriate manner, including distributing materials to all directors in advance, and prior explanation by officers and the Board secretariat.

We will continue working to improve the Board's administration to ensure the Board of Directors becomes more effective.

Changes in Explanation and Discussion Times



Breakdown of Discussion Time



FY2022 Mid- and Long-Term Themes

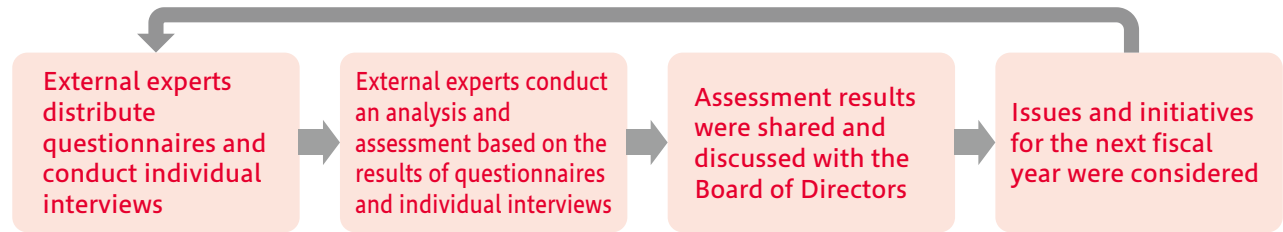
- Financial Policy ▶PP.28-31
- Steering Business Policy ▶P.25
- Initiatives of Industrial Machinery Business and Automotive Business ▶PP.22-25
- Bearings & Beyond (Initiatives of R&D) ▶PP.26-27,32-33
- Ultra-stable production (Initiatives to improve productivity) ▶P.34
- Carbon neutrality initiatives ▶PP.40-43

Overview of and Procedures for the Board of Assessment of Board of Directors' Effectiveness Assessment

NSK conducts annual assessments of the effectiveness of its Board of Directors functions and has worked to further enhance performance every year since FY2015. To maintain the objectiveness of these assessments, NSK commissions external experts to conduct assessments based on the results of these questionnaires and individual interviews with all directors.

Assessments conducted based on the following procedures confirmed that the Board of Directors has improved its effectiveness in FY2022. In particular, the Board was highly evaluated for its enhanced monitoring functions in supporting the execution of the business, such as confirming the progress of MTP2026.

Assessment Procedures



Target: 9 directors

- Questionnaire items: ① Management strategies and risk management ② Composition of the Board of Directors ③ Role and processes of the Board of Directors ④ Meeting management ⑤ Stakeholder engagement ⑥ CEO succession planning ⑦ Committees (Nomination, Audit, and Compensation Committees) ⑧ Culture ⑨ Directors' contributions
- Individual interview: Individual interviews conducted by external experts for one hour each based on questionnaire results

FY2022 Initiatives in Response to FY2021 issues of Effectiveness Assessment

FY2021 Issues	FY2022 Initiatives
Reaffirmation of the Role of the Board of Directors and Monitoring	<ul style="list-style-type: none"> ● After the formulation of MTP2026, the Board of Directors monitored the progress of important subjects from the perspective of supporting business execution.
Enhancement of mid- and long-term strategic discussion to enhance corporate value	<ul style="list-style-type: none"> ● Agendas for Board of Directors meetings were narrowed down to the most important items, time for discussion was ensured by efficiently explaining agenda items, and strategic discussions were held utilizing the knowledge of each director.
Strengthening of the composition of the Board of Directors to support strategic discussions and monitoring	<ul style="list-style-type: none"> ● Two outside directors were newly appointed to contribute to strategic discussions at Board of Directors' meetings by leveraging their experience and expertise in corporate management and accounting.
Separation of roles and functions between Chairperson of the Board of Directors and President & CEO	<ul style="list-style-type: none"> ● The chairperson of the Board of Directors continued to be a non-executive director.
Promotion of opportunities for communication and business understanding among board members	<ul style="list-style-type: none"> ● Two Board of Directors meetings were held at business sites other than NSK's headquarters, a practice that had been suspended due to the COVID-19 pandemic, and provided opportunities for outside directors to visit sites to promote business understanding ● Three meetings of outside directors were held to enhance communication

Future Initiatives in Response to FY2022 issues of Effectiveness Assessment

FY2022 Issues	Main Future Initiatives
Sharing roles of the Board of Directors amid business restructuring	<ul style="list-style-type: none"> ● Share awareness of issues relevant to each director through outside director meetings, etc. ● Recognize the subjects on which the Board of Directors should take action
Thorough and complete monitoring of the Mid-Term Management Plan	<ul style="list-style-type: none"> ● Coordinate with the executive side, based on shared understanding of monitoring granularity, frequency, methods, etc., as the Board of Directors ● Continue efforts to confirm progress and enhance strategic discussions that go beyond reporting and explanations
Further strengthening the contribution of outside directors	<ul style="list-style-type: none"> ● Establish opportunities for periodic site visits to deepen understanding of NSK's business ● Enhance mechanisms, including meetings of outside directors, that lead to better communication among outside directors