

NOK CORPORATION

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**NOK CORPORATION
Integrated Report**

2023

NOK

CONTENTS

CHAPTER — 01 NOK Group's Value Co-Creation	Top Message	P.02	
	Corporate History	P.08	
	Value Creation Process	P.10	
	Management Capital	P.12	
	NOK Group's Main Businesses and Products	P.14	
	Long-Term Vision and Management Plan	P.20	
CHAPTER — 02 NOK Group Strategic Vision	Financial Strategy	P.22	
	R&D Strategy	P.24	
	Special Feature: NOK Group's "Exceeding Expectations with Extraordinary Efforts" in Manufacturing Technology	P.26	
	HR Strategy	P.30	
	Promotion of Sustainability Management	P.32	
	Information Disclosure Based on TCFD Recommendations	P.34	
	CHAPTER — 03 Implementing ESG Initiatives	Environment	Climate Change Countermeasures
Resource Conservation and Waste Recycling			P.42
Management of Substances of Environmental Concern			P.42
Conservation of Water Resources			P.43
Society		Human Rights	P.44
		Human Resources	P.44
		Diversity	P.45
		Labor Practices	P.45
		Occupational Health and Safety	P.46
		Supply Chain Management	P.47
Governance	Product Quality and Safety	P.48	
	Community Involvement and Development	P.50	
	External Director Interview	P.51	
	Corporate Governance	P.52	
Data / Information	Compliance	P.57	
	Risk Management	P.58	
	Financial Data	P.60	
	Non-financial Data	P.62	
	Corporate Profile / Stock Information	P.63	
	NOK Group Sites	P.64	

Editorial Policy

This report is designed to facilitate stakeholders' understanding of NOK's initiatives for medium- to long-term value creation from both financial and non-financial perspectives. We consider this report to be an important means of improving communication with you. Please also refer to the ESG Data Book 2023, which presents more details and related information. We would appreciate your candid opinions and thoughts about this report and our initiatives.

- **Period Covered**
FY2022 (April 1, 2022, to March 31, 2023)
* This report also includes some activities that predate the Period Covered or that were conducted after it.
- **Covered Organizations**
NOK CORPORATION and 91 consolidated subsidiaries
- **Date of issue**
November 2023
- **Referenced Guidelines and Initiatives**
 - International Integrated Reporting Framework
 - Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation
 - ISO 26000: 2010 - Guidance on social responsibility
 - Global Reporting Initiative (GRI) Standards
 - United Nations Global Compact
 - Task Force on Climate-related Financial Disclosures

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NOK Philosophy

NOK Group's management ethos, embodied in the principle of respect for employees based on care and trust, has served as the bedrock of our organization for nearly 80 years. In 2023, we built upon this enduring legacy by crafting **Our Purpose and Our Values** — new guiding principles thoughtfully aligned with the prevailing social context.

As Global One NOK, we unite with the shared values embraced by our worldwide workforce, and together, we aim to achieve a sustainable society while continuing to elevate our corporate worth. We intend to accomplish this goal by generating value that serves social needs and engaging in self-driven, responsible initiatives.

Our Purpose
Why we are here

Shaping Possibilities with Unique Technology

Our Values
The principles and values that guide us

RESPECT

We respect diversity and inclusivity

IGNITE

We ignite a passion for innovation

EXPLORE

We explore every possibility for better solutions

EXCEED

We exceed expectations by delivering exceptional results

We pursue our dreams

Our Founding Principles

- 1 The Management has to run the Company based on feelings of care and trust in its employees.
- 2 The Management has to run the Company while uniting to ensure full ventilation without forming any cliques.
- 3 The Management has to run the Company while making absolutely incredible efforts against all odds and risks.
- 4 The Management has to run the Company while pursuing dreams with management plan.

CHAPTER — 01

NOK Group's Value Co-Creation

Throughout our history, the NOK Group has been synonymous with delivering a diverse range of products characterized by unwavering quality and exceptional functionality, such as our advanced sealing technology that gives rise to reliable oil seals. Our commitment to society's well-being remains steadfast as we adapt to evolving times and market demands. To achieve this ongoing commitment, we must inspire our employees and the organization to venture into new domains, embracing challenges and fostering innovation. Through the relentless advancement of our proprietary technologies and our dedication to fostering a sustainable society, we persistently pursue our aspiration of becoming a company that resonates with pride among all our stakeholders.

CHAPTER 1 highlights how the NOK Group exemplifies a company dedicated to generating social and economic value through an interview with Representative Director, Chief Executive Officer Masao Tsuru.

Top Message	P.02
Corporate History	P.08
Value Creation Process	P.10
Management Capital	P.12
NOK Group's Main Businesses and Products	P.14



TOP MESSAGE

An organization where all can catalyze change during a transformative era for the automotive industry

Masao Tsuru

Representative Director,
Chief Executive Officer

TOP MESSAGE

Constructing a Foundation for Transformation People Can Be a Driving Force for Business Change

NOK's founding dates back to 1941, when it ventured into industrial product manufacturing amidst the turmoil of World War II. However, the post-war period marked a pivotal juncture, prompting the company to explore new avenues for business expansion. As the automobile industry began to take center stage in Japan, NOK's long-standing product, oil seals, assumed a crucial role as vital components in automobiles, effectively preventing oil leakage. NOK Group's remarkable growth journey was closely intertwined with its substantial contributions to the burgeoning automobile sector's development.

Over the next eight decades, the NOK Group has harnessed its extensive and distinctive technological expertise across a diverse spectrum, encompassing automobiles, mobility solutions, and telecommunications. NOK has played a pivotal role in enriching people's everyday lives and various industries by manufacturing essential core products such as oil seals — where NOK stands as the pioneer in Japan — and flexible printed circuits (FPCs).

However, we currently find ourselves in a changing environment characterized by growing uncertainty. One notable shift is the increasing emphasis on decarbonization, which is leading the automotive industry into a transformative phase where the primary energy sources are transitioning from fossil fuels to electricity and hydrogen. In light of this, the NOK Group faces mounting pressure to adjust and excel across all industry sectors. Historically, our business has thrived on a foundation of trust with our customers, primarily for our expertise in oil seals as the hallmark of NOK's reputation. However, moving forward, we must adapt to the evolving landscape by taking innovative approaches and tackling new challenges in emerging fields.

As part of its Medium-Term Management Plan

commencing in April 2023, the NOK Group's mission is to "Construct a Foundation for Transformation." Central to this transformation is the role of NOK employees. In its history, the NOK Group has weathered management crises. Yet, it has consistently emerged from these challenging periods while remaining steadfast in its commitment to one of its founding principles: Management with respect for people. This principle endures today. Our organization operates numerous plants and facilities responsible for producing valuable goods. However, the people within these facilities drive their functionality and success. We firmly believe that individuals have the potential to be a driving force for change within our business.

I frequently encourage NOK employees to utilize the company to their advantage. We provide opportunities for them to foster personal growth by actively engaging in educational initiatives, interfacing with suppliers within the NOK Group, and acquiring fresh knowledge. We believe that the first step toward change involves individuals developing the capacity to think independently about nurturing their own happiness instead of depending on external guidance to dictate their choices.

FY2022 in review and reinforcing Commitment Management

During FY2022, our consolidated net sales grew; however, our income declined. When examining our business segments, the seal business recorded an uptick in revenue, but a decrease in profit, primarily attributable to escalating raw material and energy costs, which surpassed the positive impact of price adjustments. In the electronic products business, we reduced operating losses thanks to increased sales, reduced labor expenses, and the influence of foreign exchange rate fluctuations.

The overall business environment in FY2022 proved challenging, with external factors impacting our business performance and stock price. Although economic activity

had temporarily contracted due to the COVID-19 lockdown in China and supply shortages of parts for semiconductors and other products, there has been a gradual recovery. Looking ahead to FY2023, the outlook remains uncertain. Demand from the automotive industry is subdued, owing to soaring raw material and energy costs and persistent supply shortages of semiconductors and other components in certain segments of the industry. The challenge ahead is the further recovery of profitability in the electronic product business, and we are actively implementing various measures to address this.

Throughout our company's history dating back to the 1950s, we have operated under a framework of planning management involving the formulation and execution of medium- to long-term plans. However, as witnessed in the previous fiscal year, external factors have the potential to impact our business performance, and adhering strictly to a plan does not always yield outcomes aligned with our expectations. The NOK Group's stock price and PBR (price book value ratio) have yet to reach the desired levels. Consequently, we are resolute in prioritizing tangible results in FY2023.

Aiming for one trillion yen in sales, minimum 8% operating income margin in FY2031

Our target for FY2031 is to reach a milestone of one trillion yen in net sales, accompanied by a minimum operating income margin of 8%. This ambitious goal has been set as we commemorate the 90th anniversary of our founding. To attain these objectives, we have devised a strategic plan that unfolds in three distinct phases spanning the next nine years. In the initial phase, covering the first three years of our Medium-Term Management Plan from 2023 to 2025, our primary aim is to elevate the profit margin of our seal business to 10% by the end of this period.

IT plays an essential role in enhancing operational efficiency. To begin with, we will drive the digital transformation of traditionally paper-based processes, such as converting slips and production plans into digital formats. Additionally, we will implement a system for managing Bill of Materials (BOM) and Bill of Process (BOP) data to enhance data quality. We aim to establish more accurate

profitability management practices by providing real-time visualization of fluctuating costs.

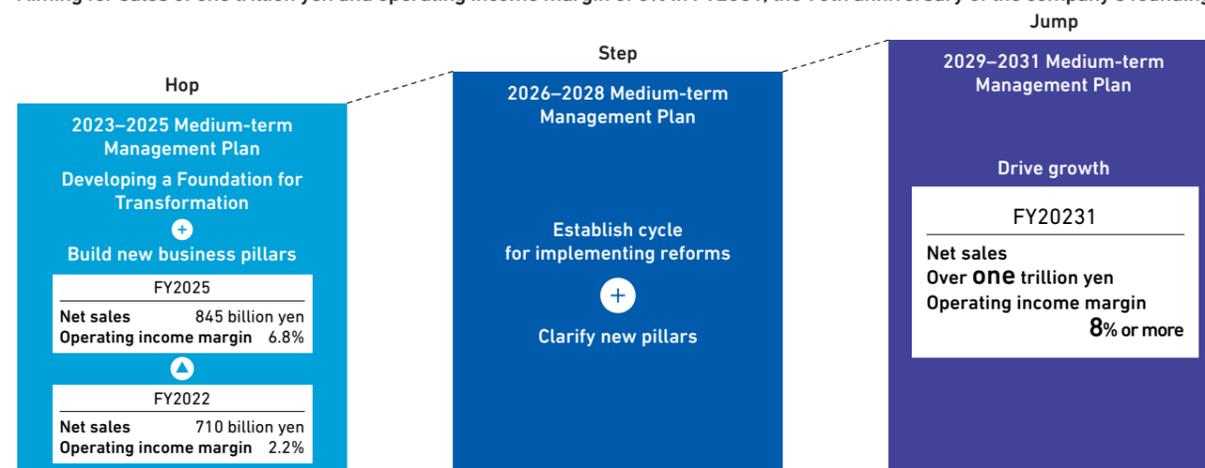
In the future, our strategic emphasis will be on marketing. Historically, NOK Group's sales have been managed by technically proficient sales professionals with deep knowledge of our technology and products. While this method enabled us to provide meticulous services and actively address our customers' challenges, it was a relatively passive strategy. Going forward, we intend to adopt a more assertive stance, proactively presenting bold proposals to our customers and demonstrating our capabilities with statements such as, "We can also provide this solution."

To proactively engage with customers and offer innovative development proposals, it is imperative that we bolster our technology development infrastructure. In April 2023, we consolidated our technical divisions and rechristened the Fujisawa Plant as the Shonan R&D Center, dedicated to research and development. This transformation has created an optimal environment for our researchers and engineers, enabling them to fully immerse themselves in their work while harnessing our extensive resources. With a unified technical department, we can now present comprehensive solutions to our customers, encompassing product development, design, and process design, all from a single integrated source.

Investment in growth drivers with a keen eye on evolving market dynamics, striving to expand market presence and bolster profitability

To navigate the evolving landscape effectively, NOK recognizes the importance of investing in growth-driving businesses. As the global push to curb the production and sale of gasoline-powered vehicles gains momentum, it is anticipated that the demand for engine and transmission components — NOK's traditional core business — may wane. Conversely, the surge in electric vehicles (EVs) presents an expanding market, with a rising need for FPCs integrated into battery monitoring systems. The trend towards decarbonization is an opportunity, as NOK Group's products have the potential to mitigate

Aiming for sales of one trillion yen and operating income margin of 8% in FY2031, the 90th anniversary of the company's founding



Four key initiatives to realize the Medium-Term Management Plan (FY2023-FY2025) goal of Constructing a Foundation for Transformation

Create new growth drivers	Optimize operational structure for global expansion	Construct diverse human capital foundation	Optimize management resources
<ul style="list-style-type: none"> Develop and expand sales for function-specific EV products Develop and expand sales for green energy-related products Expand sales for semiconductor equipment products 	<ul style="list-style-type: none"> Establish Audit & Supervisory Committee Strengthen diversity of Board of Directors Expand and accelerate data utilization Implement robust ESG initiatives 	<ul style="list-style-type: none"> Introduce new personnel system Invest in human resource development Implement DE&I initiatives 	<ul style="list-style-type: none"> Secure orders at fair market prices Execute capital policy

TOP MESSAGE

environmental impact, enhance fuel efficiency, and offer solutions to our customers' challenges.

Previously, our electronic products business, primarily centered around FPCs, faced financial challenges stemming from focused investments in specific products and elevated costs. In FY2023, we are embarking on a journey to restore profitability by reshaping our cost structure, notably by transitioning to products with predictable, stable demand. Our strategy involves periodic assessments of the business environment every three years. Simultaneously, we aim to generate cash from our established ventures, including engines and transmissions, while directing investments into emerging sectors like EVs. This adaptable approach aligns with the evolving business landscape.

▶▶ For more about NOK's R&D Strategy, refer to page 24.

We live in an era of rapid change, and the future remains uncertain. Although recent events like the COVID-19 pandemic and the situation in Ukraine were unforeseeable, there is a sense of retrospection regarding potential earlier interventions we could have made. Looking ahead, the ability to skillfully address emerging risk scenarios will gain greater significance. The NOK Group adheres to the foundational principle of local production for local consumption, strategically manufacturing and delivering products in proximity to our customers via a global network of facilities. In parallel, the exchange of equipment and materials essential for production occasionally occurs among our Group companies across international borders. In such instances, challenges within the supply chain can arise when transportation faces disruptions. Our proactive procurement department has instituted policies to ensure that any supply chain interruptions do not impede our customers' production processes. By mitigating risk for our customers, we aim to cultivate enhanced trust in the NOK Group, ultimately elevating our corporate value.

Shonan R&D Center



In April 2023, the Fujisawa Plant was rebranded as the "Shonan R&D Center." Simultaneously, the Technical Division, Cell Seal Development Office, and Production Engineering Division within the Center were merged and restructured into a unified entity named "NOK R&D."

Enhance corporate value through pursuing capital efficiency and generating profit exceeding stock market expectations

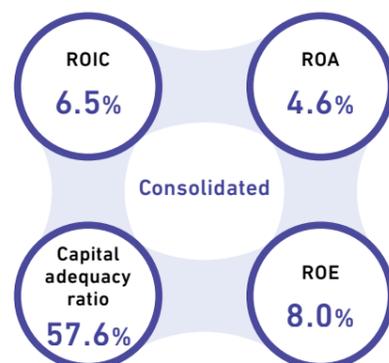
In addition to implementing reforms on the operational front, we are adopting a fresh capital policy for FY2023-25. Historically, our approach leaned heavily toward the P/L (profit and loss statement), with a concerted effort to elevate sales, operating income, and net income and maintain a steady dividend payout. In our Medium-Term Management Plan commencing in FY2023, we are shifting our emphasis toward capital efficiency, with ROIC (return on invested capital), ROA (return on assets), capital adequacy ratio, and ROE (return on equity) emerging as our primary financial objectives. Our approach entails more than merely attaining profitability; we are committed to elevating corporate value by surpassing market expectations in generating profits that exceed stock market expectations and judiciously returning these gains to shareholders through suitable dividend channels.

ROIC is applied not only at the consolidated level but also in optimizing earnings within specific business segments. Its role extends beyond ensuring business continuity; it enhances profitability through adaptable portfolio adjustments while evaluating future growth prospects.

Over the next three years, we anticipate an approximately 160 billion yen investment in our established business area and the promising sectors of automotive FPCs and emerging hydrogen-related (green energy) business. As we embark on portfolio restructuring, we will thoroughly evaluate our investment targets.

▶▶ For more on NOK's Financial Strategy, refer to page 22.

Key financial objectives and investment plans of the Medium-Term Management Plan



Investment Total approx. **160 billion yen** over three years

▶▶ For more on NOK's Financial Strategy, refer to page 22.

Evolving governance structure and cultivating a unified global company culture

As times change, so must our corporate culture and environment. The NOK Group significantly emphasizes diversity and has initiated our DE&I Project. We actively advocate for the participation of women and are committed to proactively recruiting individuals from diverse backgrounds. While the current representation remains modest, our future plans include increasing the presence of women and foreign nationals within our management ranks. We envision growing diversity within our workforce will give rise to a revitalized corporate culture.

▶▶ For more on our Diversity, Equity, and Inclusion (DE&I) initiatives, refer to HR Strategy on page 30.

The evolution of our governance structure is a vital aspect of our preparation for transformation. We intend to refresh our Board of Directors as needed, actively seeking individuals who align with our company's mid-to-long-term objectives and are connected to our business direction. We acknowledge society's call for diversity within our Board of Directors and seek individuals from diverse backgrounds who can genuinely contribute to NOK's growth.

Looking at our organization from a global perspective, the NOK Group has established a widespread presence worldwide, necessitating an urgent reinforcement of our organizational capabilities under the banner of "Global One NOK." With nearly 40,000 employees on a consolidated basis, our workforce is predominantly non-Japanese, with only around 10,000 Japanese employees. To enhance our global organizational prowess, we have outlined Our Purpose and Values as the guiding principles for all our employees. We aim to disseminate these principles to every member of our workforce, both in Japan and abroad.

While our overseas operations have traditionally centered on catering to regional customer needs, our future

Inaugural Global Summit in July 2023



NOK held the Global Summit 2023 as part of our commitment to bolster the organizational capabilities of "Global One NOK." This event convened approximately 500 participants, predominantly from management ranks, hailing from different corners of the globe, with the primary aim of enhancing their grasp of Our Purpose and Values.

▶▶ For more on the Global Summit, refer to page 31.



trajectory will be guided by our employees' collective aspiration to pioneer new frontiers as part of the NOK Group, driven by the recognition that we are a unified global entity.

To enhance the overall value of the NOK Group, our recruitment practices are evolving. Historically, the norm was for individuals to enter employment, implying a commitment to a single company for the entirety of their careers. In today's landscape, a more common approach is job-hunting, wherein individuals explore various career opportunities, and we've observed cases of former employees returning to the company. Our focus has expanded to encompass career recruitment across a broad spectrum of roles, ranging from middle management to executive positions. To support employee development post-hire, we have crafted an education system that empowers them to cultivate their skills and progress independently. This framework features parallel programs that foster leadership through volunteering and merit-based selection processes and training tailored to specific job levels.

We aim to effectively convey our philosophy, ensuring that people comprehend NOK's objectives articulated through our Purpose and Values. We strive for individuals to resonate with our values and corporate culture, fostering a sense of connection and a desire to be part of our organization.

▶▶ For more on Our Purpose and Values, refer to page 1.

Until now, NOK may have been perceived as a traditional manufacturer specializing in crucial functional components for the automotive and electronics sectors. In an era where established, large Japanese companies with outdated practices are often labeled as "Japanese Traditional Companies," the NOK Group is committed to preserving the positive aspects of its traditions while implementing necessary changes. We aim to convey not only our quantitative achievements but also our unparalleled technological capabilities, as well as the value and services we contribute to society. Through proactive communication with our customers and the market, we aspire to raise awareness about the untapped potential and strengths of the NOK Group that may not yet be familiar to our customers. Together, we hope to invigorate the manufacturing landscape in Japan.

Masaaki Tsurumi

Corporate History

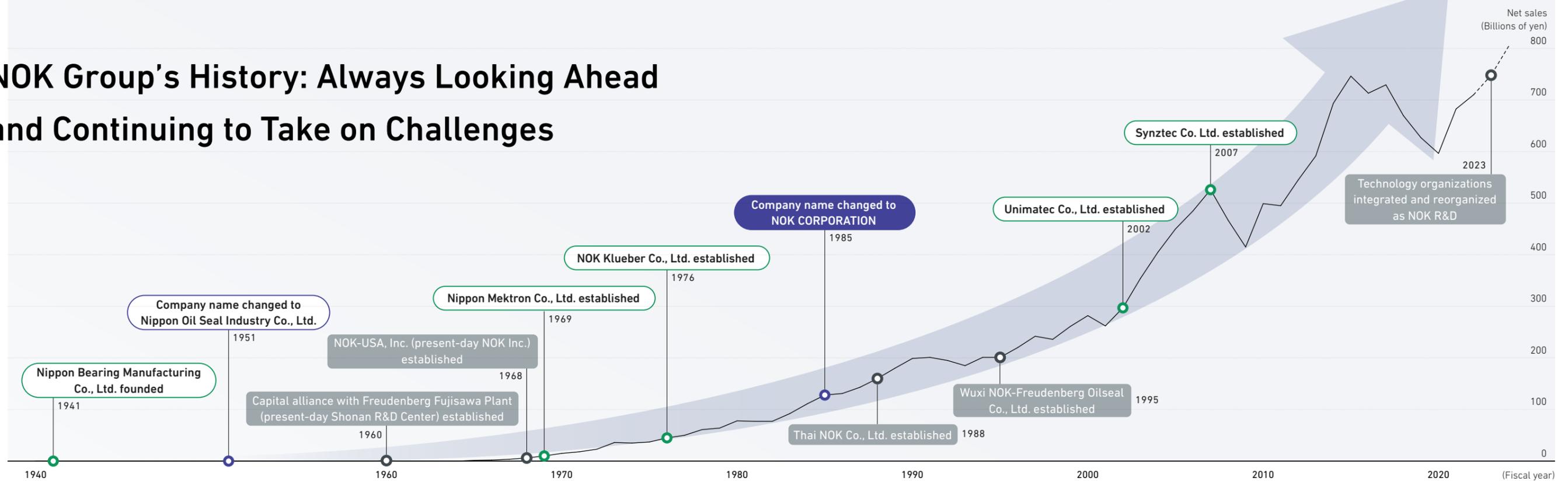
NOK celebrated its 80th anniversary on July 9, 2021.

Since its founding as the first oil seal manufacturer in Japan, the Company has expanded its business along with the growth of the market and contributed to the development of motorization. Working closely with customers not only in the automotive industry but also in a wide range of other industries, including electronics and industrial machineries, and refining our technical capabilities, we have been a source of products that are useful to society.

As we approach our centenary in 2041, we will continue to strive to provide safety and comfort.



NOK Group's History: Always Looking Ahead and Continuing to Take on Challenges



Development of motorization	Development of electronics	Progress of information technology	Mobility evolution
Changes in the automobile market Late 1960s • Greater motorization 1970s • Shift to car electronics	1960s • Downsizing of audio cassettes and videocassettes 1980s • Debut of notebook PCs	1980s • Electronization of cameras 1990s • Debut of mobile phones 1997 • Debut of mass-produced hybrid vehicles 2007 • Launch of the iPhone	2009 • Start of mass production of battery electric vehicles (BEVs) in Japan 2019 • Transition to 5G communication

Value Creation Process

Based on the NOK Philosophy, the NOK Group aims to create economic value and social value through the creation of value beneficial to society, acting autonomously and responsibly.



Targets in the Medium-Term Management Plan

	Net sales	Operating income	Operating income ratio	ROIC	ROA	Shareholders' equity ratio	ROE
Fiscal year ended March 2023	710 billion yen	15.4 billion yen	2.2%	1.9%	1.5%	60.6%	2.6%
Fiscal year ending March 2026	845 billion yen	57.5 billion yen	6.8%	6.5%	4.6%	57.6%	8.0%

Values Provided to Stakeholders

Customers	Suppliers	Shareholders and investors	Employees	Local communities	Global environment
<ul style="list-style-type: none"> Developing and supplying highly functional products that enhance the safety and comfort of our customers' products Cultivating trust by establishing a stable supply system without delay in any market conditions 	<ul style="list-style-type: none"> Trust and mutual prosperity built through fair and responsible transactions 	<ul style="list-style-type: none"> Appropriate shareholder returns that meet the expectations of shareholders and investors Evolution from plan-based management to commitment-based management 	<ul style="list-style-type: none"> Providing a working environment in which diverse human resources can experience job satisfaction Providing opportunities for every employee to develop his or her abilities Providing an environment in which researchers and engineers can focus and pursue their research themes 	<ul style="list-style-type: none"> Creating stable employment in regions where our facilities, such as production plants and research facilities, are located and contributing to local communities (We have a track record of building plants in locations to which it is easy for employees to commute.) 	<ul style="list-style-type: none"> Contributing to realization of a carbon neutral society by creating products that contribute to improvement of energy conversion rates Realization of environmentally friendly plant equipments

Management Capital

The NOK Group leverages its proprietary technologies to deliver safety and comfort. Our six capitals are the foundation for creating valuable and exceptionally dependable products for our customers. Our commitment extends to pursuing ongoing business expansion while strategically allocating capital to foster growth in key areas.



Human capital

Number of employees

Consolidated **37,913** (FY2022)

Non-consolidated: **3,419** (FY2022)

Including **692** R&D personnel
(major domestic Group companies,
FY2022)

Job satisfaction and growth for employees based on the founding principle of Management with Respect for Employees

Guided by the founding principle of "Management that operates with a foundation of care and trust for its employees," the NOK Group is dedicated to cultivating a work environment where our workforce can experience job satisfaction and personal growth. This commitment is deeply rooted in our Basic Philosophy and HR Development Vision. To realize this vision, we are actively enhancing the skills of our employees through tailored training programs based on job levels and specialized educational initiatives.

Our robust development capabilities are one of the NOK Group's distinctive strengths. We possess a unique ability to leverage the collective expertise of researchers in chemistry and physics to craft innovative products utilizing materials like rubber, resins, and metals, setting us apart from many other companies.

▶▶ For more on NOK's HR Strategy, refer to page 30.



Social and Relationship capital

Sales share for Oil seals

Approx. **70%** (in Japan)

Number of suppliers

Approx. **3,000** (worldwide)

Continue to Pursue Dreams in Management with a strong emphasis on stakeholder engagement

The NOK Group's Charter of Corporate Behavior underscores our dedication to becoming a driving force for realizing a sustainable society, stating, "We should maintain sight of our objective to be a source of prosperity and pride for all stakeholders and enable an environment where we can collectively pursue our shared dreams." Our commitment to enhancing product quality, coupled with a strong emphasis on engaging with stakeholders to advance our business, has garnered commendation from our customers. This approach has further contributed to our significant market share in oil seal products.



Financial capital

Shareholders' equity

411 billion yen (consolidated, FY2022)

Rating

Rating and Investment Information, Inc. (R&I):

A (FY2022)

Investment in growth drivers

50 billion yen or more (FY2023–FY2025)

Create high-value businesses by strategically allocating resources

In FY2022's consolidated financial results, net sales increased by 4.0% from the previous year, reaching 710 billion yen. However, operating income declined by 50.9%, totaling 15.4 billion yen, primarily due to the steep rise in raw material and energy prices. Despite the uncertain business landscape, we remain committed to our high-value business, bolstering our R&D efforts and venturing into new business prospects to ensure continued profitability.

▶▶ For more on NOK's Financial Strategy, refer to page 22.



Intellectual capital

Number of patents held

4,349

(NOK Group worldwide, as of March 2023)

Number of registered formulations

Approx. **88,000** formulations

Leveraging intellectual property for strengthening competitiveness

Intellectual capital is the driving force behind innovation within the NOK Group. Our strength lies in developing and formulating technologies for various products such as rubber, resin, adhesives, lubricants, and coatings. In particular, the number of registered formulations for rubber, essentially our "formulations," has reached 88,000. This enables us to create rubber, resin, adhesives, and coatings tailored to specific purposes and applications. At the NOK Group, we are dedicated to protecting and managing this intellectual property while focusing on maintaining and enhancing our competitiveness.

At the Shonan R&D Center in Kanagawa Prefecture, numerous researchers and technical experts collaborate, advancing our research and development efforts on a daily basis.

▶▶ For more on NOK's R&D Strategy, refer to page 24.



Manufacturing Capital

Number of production companies worldwide

58

Capital investment

47.8 billion yen (consolidated, FY2022)

Ensuring stable supply of high-quality products at domestic and international production bases

Commencing with the inauguration of the Fujisawa Plant in Kanagawa Prefecture in 1960, we have progressively expanded our manufacturing facilities in Japan and overseas, establishing a robust system dedicated to ensuring a consistent supply of premium-quality products. Our capabilities extend to designing our production facilities, tailored to accommodate a diverse range of product manufacturing, including rubber, resins, adhesives, and coatings.

Having achieved a solid global track record and reinforced our position as a comprehensive parts manufacturer, we strategically utilize our manufacturing bases to explore new avenues for added value in growth sectors such as EVs.

▶▶ For more on NOK's R&D Strategy, refer to page 24.



Natural capital

Electricity consumption

4,581 TJ (consolidated, FY2021)

→ **4,160** TJ (consolidated, FY2022)
Year-on-year decrease: **9.2%**

Total water withdrawals

9,187,000 m³ (consolidated, FY2021)

→ **8,666,000** m³
(consolidated, FY2022)
Year-on-year decrease: **5.7%**

Aligning with our long-term environmental vision: The NOK Twin Green Plan 2030 for environmental impact reduction

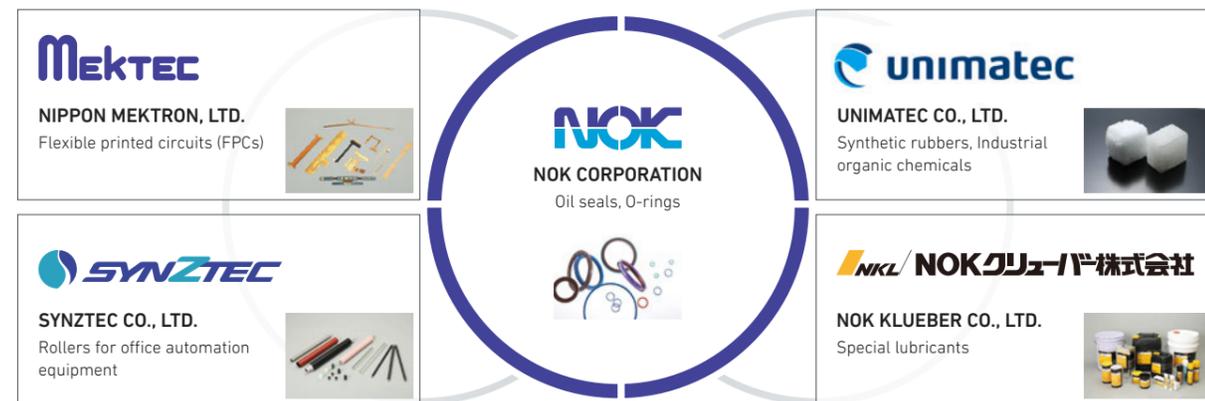
In line with our long-term environmental vision, the NOK Twin Green Plan 2030*, the NOK Group remains committed to conducting business operations while upholding its environmental responsibilities. Formulated in 2018, this visionary plan has set a clear objective: achieving carbon neutrality by 2050. Our dedicated efforts focus on reducing CO₂ emissions throughout the entire product lifecycle. Beyond carbon reduction, the plan actively promotes resource conservation, waste reduction, water usage minimization, and sustainable wastewater management.

The NOK Twin Green Plan 2030 underwent revisions in the FY2022 to further enhance its impact.

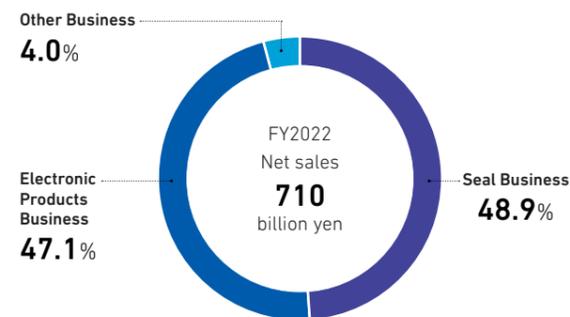
▶▶ For more on NOK and the Environment, refer to page 38.

NOK Group's Main Businesses and Products

The NOK Group is a comprehensive manufacturer of parts essential for products and services that underpin society and enrich everyday life. Our business operations comprise the Seal Business, Electronic Products Business, and Other Business, and our products are used in diverse fields, including the automotive sector. The Seal Business, mainly operated by NOK, manufactures and sells seal products and other products for automobiles, construction machinery, and general industrial equipment. The Electronic Products Business, mainly operated by NIPPON MEKTRON, manufactures and sells electronic components and other products. Other Business, mainly operated by NOK, SYNZTEC, and NOK KLUEBER, manufactures and sells rollers, special lubricants, and other products.



Sales Composition by Segment



Other Business

Net sales: **28.4** billion yen
Operating income: **1.2** billion yen

Sales increased reflecting a recovery in demand related to office equipment as well as the positive effect of foreign exchange rate movements, despite a decline in demand for special lubricants in conjunction with decreased demand for automobiles. As a result, net sales were 28.4 billion yen (up 11.8% year on year); operating income was 1.2 billion yen (up 34.3% year on year).

Seal Business

Net sales: **347.1** billion yen
Operating income: **17.9** billion yen

Sales for automobile applications increased as a result of foreign exchange rate movements as well as passing on soaring raw material prices and energy prices to selling prices, despite the negative effect of lockdown in China and the supply shortage of semiconductors and other components. Looking at demand for general industrial machinery applications, demand from manufacturers of machine tools in Japan remained firm. However, overall, excluding the impact of foreign exchange rates and the impact of selling price transfers, real net sales decreased. As a result, net sales stood at 347.1 billion yen (up 3.2% year on year). Operating income amounted to 17.9 billion yen (down 49.6% year on year).

Electronic Products Business

Net sales: **334.5** billion yen
Operating loss: **3.7** billion yen

Demand for automobile applications increased despite the negative impact of lockdown in China, the Russia-Ukraine conflict, and the supply shortages of semiconductors and other components. Demand for smartphones decreased due to the impact of new lockdowns in some Chinese cities. And demand for HDDs also decreased. Although sales volumes rose, real net sales decreased on the back of the significant effect of foreign exchange rate movements. As a result, net sales were 334.5 billion yen (up 4.2% year on year). Operating loss came to 3.7 billion yen (compared to an operating loss of 5.0 billion yen in the same period of the previous fiscal year).

NOK Group's Main Businesses and Products

Seal Business

Seals are indispensable for a wide range of machinery, including automobiles, construction machinery, general industrial equipment, and home appliances. NOK's numerous lines of seal products, including oil seals, offer high reliability underpinned by extensive research into the materials used and mechanical design.



Oil seals



Oil seals are functional parts used to seal oil. Composed of synthetic rubber, metal rings, and springs, they prevent oil from leaking from gaps in machine shafts. They also prevent the entry of dust from the outside.

Main applications

Automobiles, construction machinery, agricultural machinery, railroad vehicles, steel mills, industrial robots, aircraft, marine vessels, office automation equipment, home electronic appliances, etc.

O-rings



O-rings are O-shaped rubber ring gaskets. They are moderately compressed by fitting into grooves of machinery, and prevent leakage of various fluids, including oil, water, air, and other gases.

Main applications

Automobiles, construction machinery, agricultural machinery, piping joints, water-resistant cell phones, etc.

Industrial rubber products



These are functional parts for industrial use made of synthetic rubber, such as dust covers, boots, and diaphragms. We provide a wide range of products, including rubber products, as well as rubber-lined metal and resin products.

Main applications

Automobile suspension and steering, housing equipment, etc.

Rubber vibration/sound isolators



A wide variety of vibration/sound isolators are available, including torsional vibration dampers to reduce crankshaft vibration in automobile engines, and center-bearing supports to absorb and isolate vibration by supporting the propeller shafts of rear-wheel and four-wheel drive vehicles such as passenger cars and trucks.

Main applications

Crankshafts of automobile engines, drive shafts of rear-wheel and four-wheel drive cars, etc.

Iron Rubber (polyurethane elastomer) products



Iron Rubber (polyurethane elastomer), an intermediate product between rubber and plastic, demonstrates excellent performance in resisting abrasion and absorbing shock/vibration. We provide a wide range of products, including packing for reciprocating parts of equipment and traffic signs & safety devices that require superior durability.

Main applications

Construction machinery, automobiles, semiconductor manufacturing equipment, food manufacturing machinery, traffic signs & safety devices, etc.

NOXTITE



The NOXTITE acrylic elastomer has a number of well-balanced functions, including oil resistance, heat resistance, high strength, and resistance to permanent compression set. In addition to use as a material for oil seals and O-rings, it is used in devices that require heat resistance and oil resistance, such as those adjacent to automobile engines.

Main applications

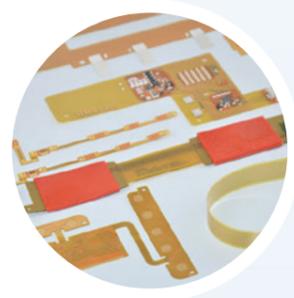
Special rubber materials

NOK Group's Main Businesses and Products



Electronic Products Business

The Electronic Products Business manufactures and sells flexible printed circuits (FPCs), which are used in information and precision equipment, and precision rubber and plastic components, which are products endowed with additional waterproofing functionality and an anti-shock mechanism (protection) by molding rubber or resin to FPCs. Our electronic products are used in digital devices such as mobile terminals, PCs, and cameras, for which miniaturization is required. In recent years, they have increasingly been adopted for automotive applications.



Single-sided FPCs



FPCs with circuits on one side are structured to best exhibit their thin and flexible characteristics. They are durable against repetitive bending and can be mounted on moving parts while taking up little space. They are also suitable for multi-dimensional wiring in narrow gaps.

Main applications

Automobiles, HDDs, digital cameras, media players, game consoles, medical and healthcare devices, etc.

Double-sided FPCs

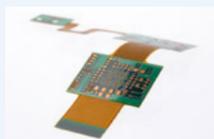


These have circuits on both sides. Compared to single-sided FPCs, they allow more complex wiring, and contribute to downsizing and weight reduction through the mounting of parts on both sides. They can also be used for various designs because they are freely bendable.

Main applications

Smartphones, digital cameras, automobiles, medical and healthcare devices, etc.

Multi-layer FPCs



These FPCs have realized higher functionality, smaller size, and lighter weight through multi-layered circuits. Integrated boards and cables contribute to downsizing, as they require no connectors.

Main applications

Smartphones, digital cameras, automobiles, medical and healthcare devices, etc.

Component assembly FPCs

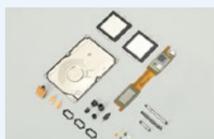


FPCs are very thin films and therefore require a special mounting process. Nippon Mektron not only manufactures FPCs, but also fulfills requests for FPC module units by mounting semiconductors, microchip components, and connectors on them.

Main applications

Smartphones, HDDs, digital cameras, automobiles, medical and healthcare devices, etc.

Precision rubber and plastic components



These products are sealing parts that prevent the entry of water and dust by fitting them inside HDDs and smartphones or on the exterior. Utilizing the technologies fostered in development and manufacturing processes, Mektron also offers products with additional waterproofing functionality and an anti-shock mechanism (protection) by molding rubber or resin to FPCs.

Main applications

HDDs, smartphones, automobiles, etc.

NOK Group's Main Businesses and Products



Other Business

Other Business manufactures and sells high-performance rollers for office automation equipment, and special lubricants. Rollers are widely used in office automation equipment such as copiers and printers. Special lubricants, which include oils, coatings, greases, etc., can withstand harsh operating conditions such as extreme temperatures, high speeds, and high loads. They are used mainly in automobiles, industrial machinery, home appliances, and food processing machinery.



Development rollers and charge rollers



The developing roller feeds a specified quantity of toner to the photoreceptor, and the charging roller applies a certain charge to the photoreceptor. The electric conductivity of these products is controlled with high precision.

Main applications

Area surrounding office machinery photoreceptors

Fixing belts and pressure rollers



Fixing belts are made by combining metal and rubber, with high heat conductivity and pyrogenicity. Pressure rollers are used to provide evenly distributed pressure when fixing toner. Stable fixing outcomes are maintained for a long time.

Main applications

Fixing parts of office automation equipment

Oils



Our high-performance oils provide outstanding lubricating performance, heat resistance, and oxidation resistance, leading to longer machine operating life and improved efficiency. NOK KLUEBER provides products suitable for various fields, including for large plants, precision machinery, food processing machinery, and semiconductor manufacturing equipment.

Main applications

Large plants, precision machinery, food processing machinery, semiconductor manufacturing equipment, etc.

Coatings



Our coating products offer beneficial effects such as excellent lubrication performance, resistance to wear, non-adhesiveness, and insulation performance, through their application to the surface of metal parts, including in environments where grease and oil cannot be used. They are employed in various fields such as automobiles, home electric appliances, and office automation equipment.

Main applications

Automobiles, household appliances, office automation equipment, etc.

Greases



Our grease features high reliability and long operating life even in severe environments such as extremes in temperature, high-speed machinery, and high-load applications. It is used in various fields such as automobiles, industrial machinery, household appliances, office machinery, food machinery, and semiconductor manufacturing equipment.

Main applications

Automobiles, industrial machinery, household appliances, office automation equipment, food processing machinery, semiconductor manufacturing equipment, etc.

CHAPTER 02

NOK Group Strategic Vision

The NOK Group is navigating a rapidly changing medium- to long-term landscape marked by the swift evolution of technologies like EVs and stringent environmental regulations. In response, we have crafted a three-year Medium-Term Management Plan spanning from FY2023 to FY2025. We aim to establish a robust business foundation, facilitating sustainable growth and enhanced corporate value in the medium to long term while undergoing a transformative journey. Guided by the overarching principle of Developing a Foundation for Transformation, this plan centers on four key initiatives. These include the creation of new growth drivers to foster the Group's global expansion.

Long-Term Vision and Management Plan	P.20
Financial Strategy	P.22
R&D Strategy	P.24
Special Feature: NOK Group's "Exceeding Expectations with Extraordinary Efforts" in Manufacturing Technology	P.26
HR Strategy	P.30
Promotion of Sustainability Management	P.32
Information Disclosure Based on TCFD Recommendations	P.34

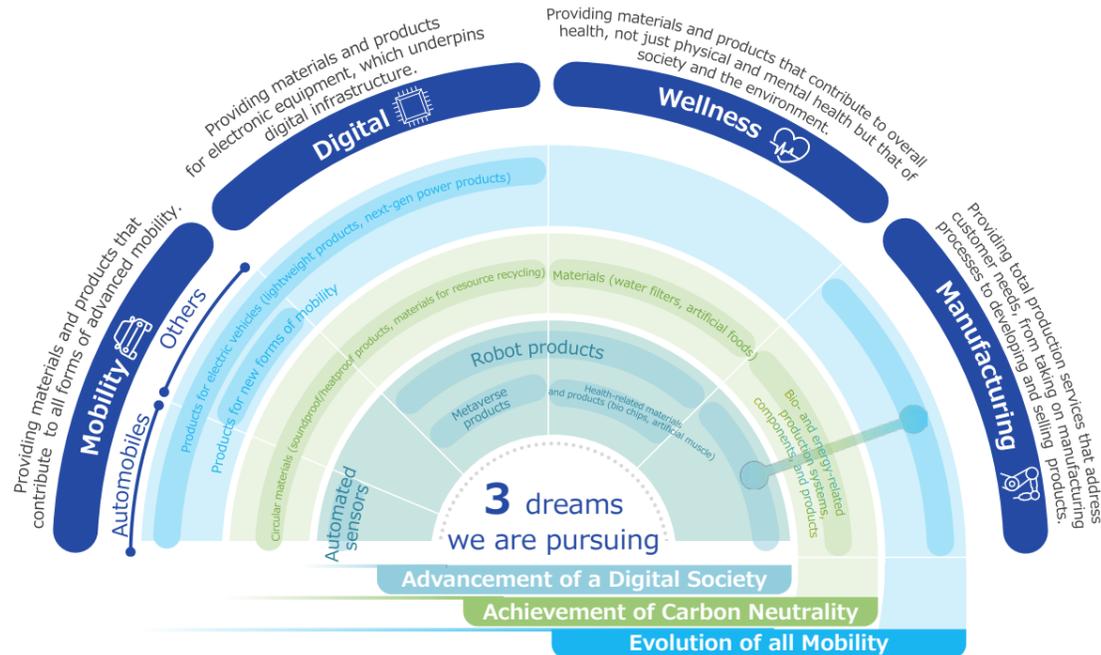


Long-Term Vision and Management Plan

Long-Term Vision: Dream Journey 2041

NOK created its long-term vision, "Dream Journey 2041," in honor of the company's 80th anniversary in 2022. The vision is a goal for the NOK Group to strive for as the company approaches its 100th anniversary and one that aligns with NOK's inherent strategy of Pursuing Dreams in Management.

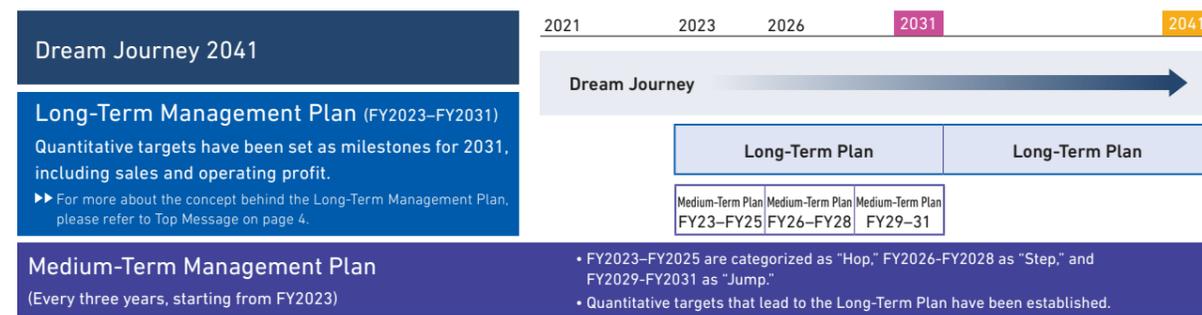
The three dreams we are pursuing are Evolution of all Mobility, Achievement of Carbon Neutrality, and Advancement of Digital Society. Additionally, we have identified four business drivers necessary for realizing these aspirations.



Three-Year Medium-Term Management Plan and Long-Term Management Plan for 2041

NOK has a history of crafting and executing comprehensive management plans since the 1950s. The inception of the Medium-Term Management Plan in FY2023 marked the

initial phase of the Long-Term Management Plan, strategically working backward from the envisioned Dream Journey 2041 to chart the path toward its realization.



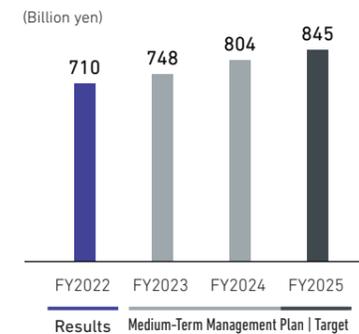
Four key initiatives to realize the Medium-Term Management Plan (FY2023-FY2025)

1 Create new growth drivers	2 Optimize operational structure for global expansion	3 Construct diverse human capital foundation	4 Optimize management resources
<ul style="list-style-type: none"> Develop and expand sales for function-specific EV products Develop and expand sales for green energy-related products Expand sales for semiconductor equipment products 	<ul style="list-style-type: none"> Establish Audit & Supervisory Committee Strengthen diversity of Board of Directors Expand and accelerate data utilization Implement robust ESG initiatives 	<ul style="list-style-type: none"> Introduce new personnel system Invest in human resource development Implement DE&I initiatives 	<ul style="list-style-type: none"> Secure orders at fair market prices Execute capital policy

Key objectives of the Medium-Term Management Plan for FY2023-FY2025

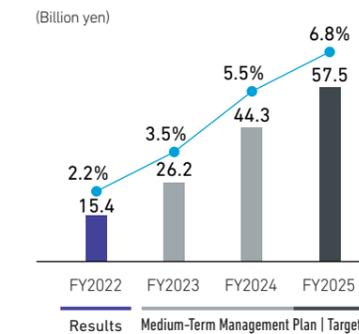
Financial targets ▶▶ CFO discusses financial strategy (Pg. 22-23)

Consolidated net sales



Three-year CAGR 6.0%

Consolidated operating income/margin

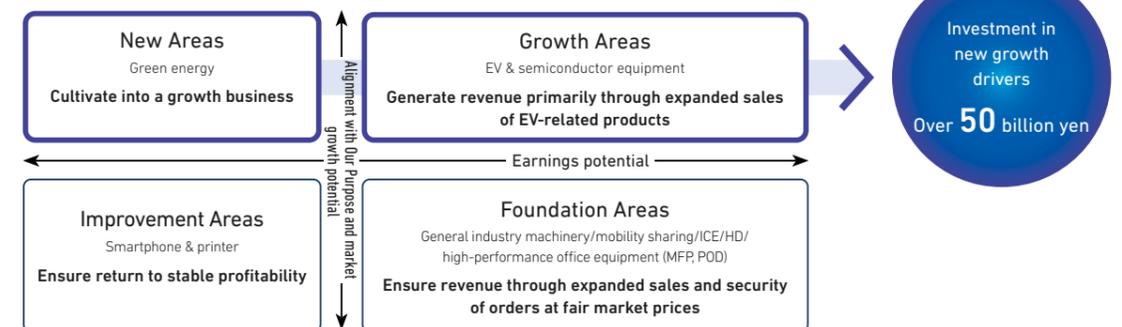


Three-year CAGR 55.1%

For consolidated net sales, we are targeting a three-year CAGR of 6.0%, with a target of 845 billion yen for FY2025. For operating income, we are targeting a three-year CAGR of 55.1% and operating income of 57.5 billion yen for FY2025.

Create new growth drivers ▶▶ CTO discusses R&D strategy (Pg. 24-25)

Over the next three years, starting from FY2023, we are committed to investing 160 billion yen across four key initiatives. Out of this total, over 50 billion yen will be directed towards expanding Electric Vehicle (EV) related products, semiconductor equipment, and our venture into the emerging field of green energy. Our approach to EVs will primarily involve the development of innovative products. In green energy, we will leverage our existing product portfolio, renowned for its high technological expertise and quality honed through ventures such as fuel cell development, to establish a strong foothold and nurture it as a burgeoning sector.



A foundation for human resource empowerment ▶▶ HR executive discusses HR strategy (Pg. 30-31)

Creating new corporate value occurs when a diverse range of employees harness their abilities and unique traits to their fullest potential. We will undertake a range of initiatives aimed at establishing the groundwork that enables every employee to actively contribute and excel.



Financial Strategy

FINANCIAL STRATEGY



Investing 50 Billion Yen in New Growth Drivers A CFO's New Financial Approach for NOK

Director, Executive Operating Officer,
Chief Financial Officer
Akira Watanabe

Prioritizing enhanced capital efficiency and risk analysis

As the CFO of NOK, I manage the end-to-end process, encompassing capital strategy planning through execution, while always remaining committed to enhancing our corporate value. In recent years, I've focused on enhancing capital efficiency, taking a holistic approach that considers both profit and loss and balance sheet aspects while remaining mindful of capital costs. Another key part of my role is to assess risks from short-term, medium-term, and long-term viewpoints in light of the volatile shifts in the external landscape and communicate strategic choices to the executive team. Our continuous endeavor is to uphold financial stability, ensuring our readiness to address any potential risks that may arise.

Historically, the NOK Group's approach prioritized enduring customer relationships over profit generation when navigating escalating costs. However, external

factors like the recent surge in raw material expenses prompted a shift. In FY2022, the Group witnessed an uptick in revenue accompanied by a decrease in profits. Despite our best corporate efforts, there are limits, so we've been engaging in ongoing consultations with our customers for multiple years to address price and cost adjustments.

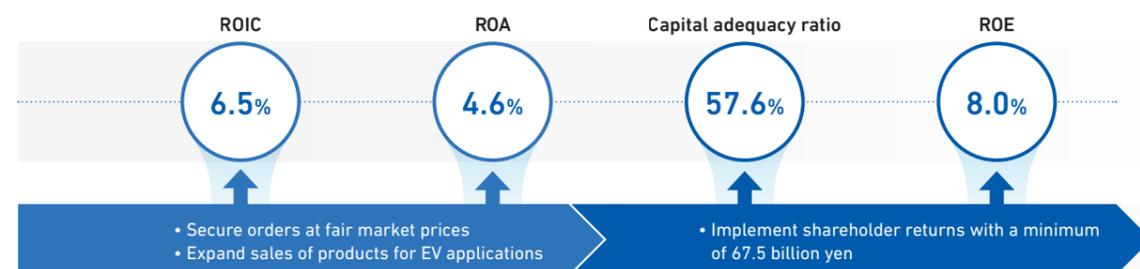
Furthermore, over the past several years, the automotive sector, closely intertwined with our operations, has been experiencing a monumental transformation characterized as a once-in-a-century occurrence. With the increasing prevalence of electric vehicles (EVs), the demand for engine oil seals is projected to diminish, underscoring the necessity of revamping our business, product, and market strategies. As CFO, I recognize that the moment has arrived for a new financial approach for the NOK Group.

Implemented ROIC, ROA, and ROE as key metrics in our Medium-Term Management Plan

To bolster our earnings potential, we've recognized the significance of utilizing ROIC (return on invested capital), ROA (return on assets), and ROE (return on equity) as key metrics for gauging capital efficiency and considering capital costs. Starting in April 2023, we have incorporated these metrics into our Medium-Term Management Plan. We aim

to reach the specified targets in our plan: "ROIC 6.5%," "ROA 4.6%," "Capital adequacy ratio 57.6%," and "ROE 8.0%." While achieving these targets according to our Medium-Term Plan may be challenging, we will do our best to make a positive EVA spread through heightened situational awareness.

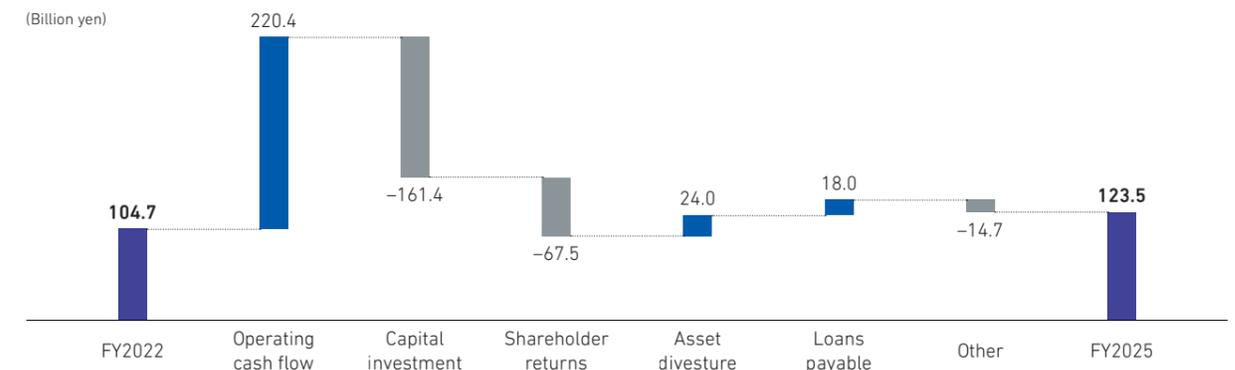
Advancing profit-oriented management with sound financial strategies



* Figures are consolidated data

Three-year cash allocation as indicated in the Medium-Term Management Plan (FY2023–2025)

1. Security	Maintain capital adequacy ratio of 55% to 58% in order to achieve stable business operations
2. Cross-shareholdings	Sell 25% of market capitalization over 3-year period
3. Return to shareholders	Minimum of 67.5 billion yen over a 3-year period



In our seal and electronic products businesses, we have computed ROIC on a per-business basis, focusing on portfolio management. We acknowledge that incorporating business-specific ROIC alongside the consolidated ROIC represents a significant milestone in our ongoing efforts to bolster our Group's profitability in the future.

Within our Medium-Term Management Plan, we

maintain a vigilant assessment of the practicality of our business strategy. Our projected operating income incorporates anticipated revenue from new business ventures and investments planned for the upcoming period. Of course, there are inherent risks, so we remain vigilant and prepared to take swift action if and when necessary.

Investing 50 billion yen in new growth drivers

Regrettably, our performance over the three years, encompassing FY2020 to FY2022, fell short of expectations. We acknowledge that our ability to adapt to significant external shifts, including the impact of the COVID-19 pandemic and surging raw material costs, could have been better. Consequently, we faced challenges in making swift decisions, such as transitioning from fixed to variable costs, and we are conscious that this as an area for improvement moving forward.

Conversely, as part of our transition toward the next phase of growth, we have outlined plans for a comprehensive investment of approximately 160 billion yen spanning from FY2023 to FY2025. Notably, over 50 billion yen of this budget will be allocated to nurture new growth initiatives. These growth prospects predominantly revolve around green

energy, electric vehicle technologies, and semiconductor equipment sectors. The outcomes of these investments are anticipated to manifest from 2026 onwards.

Furthermore, various endeavors are underway to extensively reshape our entire Group. In our commitment to human capital management, we are actively crafting Our Purpose and Our Values while concurrently instituting substantial modifications to our personnel framework. We have incorporated external perspectives and insights into Our Values by soliciting input from individuals outside the organization. Additionally, we are channeling investments into recruiting and developing exceptionally skilled professionals to drive our digital transformation efforts forward.

Meeting commitments to our investors

Our shareholder base comprises individuals with diverse investment strategies and motivations for holding our company's shares. To enhance the medium to long-term corporate value of NOK group, we place significant importance on listening to shareholder perspectives, and I personally derive great enjoyment and meaning from

engaging in these discussions. Over the upcoming three years, starting from FY2023, we will allocate profits to shareholders through dividends and share buyback, and we are dedicated to divesting policy shareholdings. I will persist in fulfilling my responsibilities by maintaining an open dialogue with investors.

R&D Strategy

R&D STRATEGY



The R&D Division is Driving Intra-Group Collaboration Challenging the Lead in Sales Expansion, Business Diversification, and Efficiency Enhancement

Senior Operating Officer, Chief Technology Officer, Head of NOK R&D
Yuki Sato

The R&D Division's three-year strategy embraces challenges with a shared goal of sales growth

The R&D Division has initiated a three-year plan slated for completion in 2025. Within this timeframe, we will pinpoint areas necessitating transformation and champion a range of strategic initiatives, with the primary objective being expanding our sales. Our overarching aim is to bolster

sales by introducing innovative products and nurturing untapped markets. The collaborative work by our R&D and sales divisions is of notable importance, with their particular emphasis on EVs in the core automotive sector and hydrogen in the green energy areas.

Shifting business areas by redefining our technology and business to develop new markets

We are directing our attention towards burgeoning markets that arise in response to evolving societal trends. The growing demand for environmentally sustainable hydrogen infrastructure presents exciting opportunities, and we are actively investing in this sector. In pursuing new market development, we are embracing a "shift" paradigm within our R&D endeavors. This entails a reevaluation of our established spheres, pivoting our focus. We will delve deeper into the technologies and operational assets within the Group's scope, adopting a fresh perspective to reinvent them as novel initiatives.

One of our ongoing projects entails the development of cell seals for water electrolysis equipment, leveraging our existing technologies. As we prepare for a significant increase in future orders, we are also actively working on enhancing our molding and design technologies. Furthermore, we are dedicated to advancing the materials used in EV components. During the development process, we remain committed to closely addressing EV-specific challenges and requirements, including electrical and heat conductivity and high-speed forward and reverse rotation.

Reviewing processes and eliminating the need for molds can contribute to reducing environmental impact

In line with the revolution in product development, we feel the need to drastically reform our production processes over the medium to long term. Our group has been good at mass production, but we will need to respond to small-lot production to meet customer needs in the future. Therefore, we have launched a project to build a line that can handle small-lot production and aim to have it up and running within 10 years.

to cater to small batches; for example, we could handle a customer request for just five pieces. In such a scenario, changing our approach, starting from product design, will be imperative. We are now initiating a movement to gather knowledge in design, manufacturing, and production technology and are also considering the materials we use. This marks the beginning of reevaluating our previous methods and ways of thinking.

Additionally, we are reevaluating the processes for the products we have been manufacturing up to this point. By reassessing our production lines, we can potentially reduce the manufacturing process of oil seals by half. And with 3D printers, storing molds becomes unnecessary, allowing us

The transformation is also driven by the societal importance of producing eco-friendly items and minimizing waste. For instance, drilling holes to fasten parts rather than using adhesives makes it easier to gather recyclable materials.

Enhancing cross-team collaboration to adapt quickly to customer requirements and promote a shift in employee mindsets

Historically, NOK has followed each business unit approach to product development. However, in line with our ongoing

transformation, we recognize the need to establish a system that empowers us to address unique customer

demands at the component level.

For example, the Oil Seal Division, one of our primary business units, currently manages established products for powertrains, such as engines and transmissions. In the future, the Oil Seal Division will need to develop innovative products not currently featured in the NOK product lineup, emphasizing the importance of adaptability. To create new products in response to customer demands, it is essential to adjust the organization's structure and processes and transform employee mindsets. Recognizing the imperative for change, the business unit leaders and employees across our technical and sales teams nationwide are being

encouraged and rallied.

When discussing expanding our sales efforts, we often focus on products, adhering to a philosophy that revolves around creating "physical items" for sale. We believe there's a need to modernize our existing catalogs by digitizing them, making them more accessible for reading, and facilitating updates to product listings. Simultaneously, we emphasize the value our products offer customers and promote a more "conceptual" approach to sales. We are actively exploring various avenues for marketing reform to gain fresh insights and perspectives.

Optimizing efficiency through the integration of technical departments and visualization of engineers' activities

In addition to our initiatives geared towards expanding sales, we are placing particular emphasis on consolidating our engineering departments. In April 2023, we rebranded our Fujisawa Plant as the "Shonan R&D Center" and merged our development and production engineering units into a unified entity named "NOK R&D." Within this consolidated organization, we will establish specialized teams for research, process development, prototyping, and mass production. While preserving the traditional functions of business divisions, projects, and development activities will be carried out collaboratively across the entire organization, fostering a cross-functional approach. We believe that companies should be able to institute significant changes as needed.

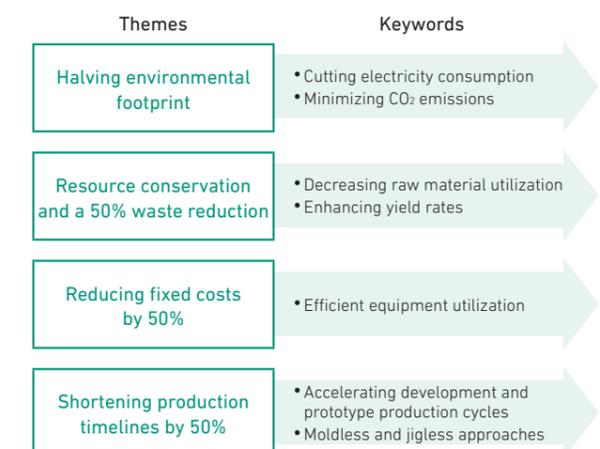
entails empowering each employee engaged in engineering and sales roles to record data on who they worked for, their tasks, and the duration of their efforts. We are actively exploring methods to gather this data efficiently, linking it to productivity enhancements and other strategic measures. We acknowledge that managers have demanding schedules, making it challenging to monitor our technical staff's diverse contributions comprehensively. By "visualizing" our engineers' career trajectories and development focuses, we gain greater clarity on their key areas of concentration and potential areas for improvement. This visibility into their ongoing projects also provides valuable insights into individual skill sets, facilitating collaboration on novel developments. For sales personnel, this system simplifies understanding the utilization of technology, enabling them to comprehend requests and effectively communicate feasible solutions. Furthermore, it streamlines scheduling, which is particularly beneficial for our busy engineers.

While FY2023 to FY2025, we have focused on DX efforts to enhance the efficiency of our R&D processes and optimize human resource management by aligning with individual aptitudes and skills. In practical terms, this

As the CTO, my role involves bridging the gap between engineers and management and proactively identifying potential risks

To be candid, our research and development expenditures may be relatively conservative compared to global standards. This is attributed to our historical approach of investing exclusively in business deemed highly likely to succeed. Our investments are typically made once we have secured customer orders and clearly understand the necessary equipment and personnel. In an era characterized by market expansion without substantial proactive efforts, such a cautious strategy proved successful, leading to the company's growth.

Themes and keywords for NOK R&D



However, as we navigate a rapidly evolving landscape, it becomes evident that sustaining growth with this approach is challenging. As the leader of the R&D department, I bear the responsibility of charting a growth strategy. This involves making decisions regarding investments, their scale, and the direction they take. It necessitates embracing DX to ascertain available resources and optimize marketing efforts. Furthermore, my role is to foster robust connectivity between our engineering teams and management, ensuring effective collaboration and alignment in our pursuit of growth in this dynamic era.

Special Feature

NOK Group's "Exceeding Expectations with Extraordinary Efforts" in Manufacturing Technology

The NOK Group possesses a wide array of expertise encompassing product design technology, formulation technology for rubber, resin, adhesives, and lubricants, in-house production technology, including molding machines, inspection equipment, and functional evaluation devices, and product quality management technology. The integration of these capabilities allows us to create high-quality products.

Achieving this level of excellence in manufacturing is driven by a spirit of innovation unbound by conventional norms. In this context, we will introduce NOK R&D and the manufacturing technology at Thai NOK Co., Ltd. as exemplary aspects of NOK Group's "exceeding expectations with extraordinary efforts."

NOK R&D

Relentless challenges in pursuit of principle-based technology — NOK Group's engineering spirit

"Exceeding expectations with extraordinary efforts" in manufacturing technology: Part one

Thoroughly clarifying and theorizing the principles underlying phenomena

The history of NOK Group's technical development can be described as a history of identifying and theorizing the factors behind phenomena. NOK initiated the production of oil seals, the company's founding business, in Japan for the first time in 1942. Oil seals are components used in machines and devices with rotating shafts or pistons, preventing the internal oil from leaking to the outside and keeping external elements like rainwater and dust from entering.

While rubber oil seals became widespread in Japan in the 1950s, the underlying principles of why oil did not leak were not fully understood by any manufacturer, and they were essentially designed and manufactured based on empirical knowledge. NOK was quick to embark on the

theoretical understanding and became a pioneer in the sealing industry by publishing research papers on the sealing principles of oil seals in 1959.

Behind this was the belief of the management at that time that "technology is the lifeblood of the company." To refine their technical expertise, the engineers at NOK pursued the underlying principles and were unwavering in their commitment to theorizing. This engineering spirit became a stance that remains to this day, characterized by the attitude that "if there were no testing machines or inspection equipment, we would create them ourselves to understand the theory."

"Exceeding expectations with extraordinary efforts" in manufacturing technology: Part two

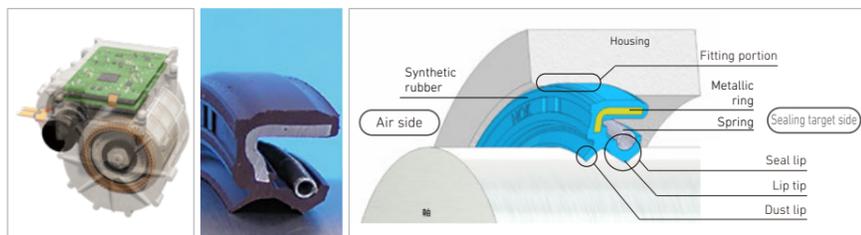
Combining product design and material technologies

Oil seals installed on machinery with rotating shafts require a thin film of oil to form between the rotating shaft, known as the lip, and the part it contacts to prevent wear as the shaft begins to rotate. The thickness of this film is at the level of a few micrometers (one micrometer is equivalent to one-millionth of a meter), and the product design for this extremely thin oil film is one of NOK's strengths. Blending technology that masters the use of

thousands of different materials depending on the sealing target is another of our strengths.

Combining product and material formulations enables the precise functioning of oil seals, and NOK possesses a wealth of expertise in this area. This has been cultivated through the adept utilization of organic chemistry and mechanical engineering techniques.

- (Left image) NOK Group products used in the e-Axle.
- (Center image) Cross-sectional photo of an oil seal.
- (Right image) Oil seal structure and the names of each part. A thin oil film of a few micrometers forms between the main lip and the shaft, enabling the sealing function.



"Exceeding expectations with extraordinary efforts" in manufacturing technology: Part three

One of NOK's assets is the knowledge we have gained from achieving technological advancements throughout the production process, from material and product development to manufacturing.

We can complete material and product development, manufacturing, and sales within our own Group. Among these capabilities, we specialize in the development and blending technology of materials such as rubber, resin, adhesives, and lubricants. We have registered over 80,000 different rubber formulations within our organization.

From this extensive knowledge base, we identify the optimal recipe based on elements such as the required functionality and characteristics and then develop and manufacture the product. The vast knowledge and expertise accumulated through pursuing fundamental principles underpinned the ability to accomplish such tasks.

"Exceeding expectations with extraordinary efforts" in manufacturing technology: Part four

Continual commitment to problem-solving

The engineer's spirit of pursuing fundamental principles is also applied to problem-solving. To understand the causes behind occurring issues, the team formulates hypotheses

before acquiring and analyzing supporting data. We are committed to never giving up until we identify the root cause and implement corrective measures.

We have strong connections with universities and provide a research environment where young researchers can collectively realize their ideas.

Head of Seal Research Section Engineering Research Department NOK R&D
Ayako Aoyagi



A photo of Aoyagi with colleagues from her department, with her in the center of the front row.

A free and open research environment that appeals to researchers

I specialized in chemistry during my master's program at graduate school, but I obtained my Ph.D. in mechanical engineering. This career path is likely similar to other NOK researchers. Traditionally, NOK has believed in educating researchers in chemistry and mechanical engineering, resulting in a significant number of researchers like me with expertise in both fields.

We have a free and open environment where researchers can bring their ideas to life, even allowing researchers to

build test machines themselves. It creates an atmosphere reminiscent of university research labs.

There is active collaboration with universities, too, and the connection between Kyushu University, where I earned my Ph.D., and NOK has a long history.

Current research themes

We are focusing on three research themes in Seal Research Section, where I am currently assigned. The first theme is "Wear Resistance Required for e-Mobility." In e-Mobility, situations arise where machine shafts rotate at ultra-high speeds. We are researching how to prevent any adverse phenomena during these high-speed rotations and how to address them if they occur.

The second theme, "Low Friction Technology," is directly related to energy-saving techniques. Even with insufficient oil film, achieving good boundary lubrication can reduce the coefficient of friction. While studying this mechanism, we are also advancing research on polymer brushes. By applying not only traditional oil films but also special macro-molecular-shin film polymer brushes to seal surfaces, we expect to reduce friction.

The third theme involves technological contributions to a

hydrogen energy society. We are engaged in two projects: one is our participation in a project with NEDO (New Energy and Industrial Technology Development Organization), where we conduct research through industry-academic collaboration. Hydrogen is often stored in high-pressure tanks, and we are investigating how rubber deteriorates or fails in such environments. Examining the condition of rubber under high pressure is challenging, but we envision ways to leverage NOK's expertise in visualization technology. The other project involves our participation in SICORP, which aims to develop low Life Cycle Assessment (LCA) materials for hydrogen energy compatibility. This is an international project in collaboration with NOK, Kyushu University, the Freudenberg Group and its subsidiary companies in Germany, as well as the German materials research institution BAM (Bundesanstalt für Materialforschung und -prüfung).

Special Feature

Thai NOK Co., Ltd.

The secret to maintaining NOK quality globally is the power of people

Thai NOK Co., Ltd., or TNC, was established in 1988 as the core company of the NOK Group in Southeast Asia. It has become the largest within the Group, with over 4,300 employees.

TNC manufactures all product items from business divisions and manufacturing subsidiaries in Japan.

The crucial skill of “adapting to manufacturing” is developed through training in Japan

In the manufacturing field, the management of “4M,” which stands for Man, Machine, Material, and Method, is crucial, and changes in 4M can be the cause of non-conformance issues.

The NOK Group emphasizes education in 4M management, including knowledge, to ensure consistent quality across different countries.

When innovative products from Japanese business divisions are transferred and production is initiated at TNC,

staff members led by TNC’s on-site leaders visit the relevant business division for training. They learn the management points of 4M and specific manufacturing points for the product by following manuals and through on-the-job training (OJT).

Through several months training periods, relationships between team members deepen, making it easier for them to consult with the personnel from the transferring business division when issues arise after their return.

Education, training, and material development for employees

At TNC, as with other overseas factories, we have developed our own education system. The Training Center is at the core of this system, providing education ranging from basic training for new employees to hierarchical education and OJT.

In the Training Center, the QC Room is a dedicated space for imparting the essential principles of quality. Central to this mission is the commitment to upholding standards. To instill this concept in new staff members, we have implemented innovative approaches to underscore its significance. One illustrative method involves the creation of story-driven picture books, which revolve around preparing the renowned Thai dish, Tom Yum Kung. These books employ the recipe as a metaphor for standards, shedding light on the consequences of deviating from the correct process. Additionally, we utilize cutaway automobile

models that integrate TNC products to underscore our message. These instructional materials and programs have greatly enhanced our ability to capture employees’ interests and facilitate enjoyable learning experiences, resulting in heightened awareness of the importance of quality.

This investment in personnel education has yielded results, allowing us to achieve NOK Quality in our manufacturing.



As one of our factory rules, Employee is taking good care of personal appearance.

Placing value on people at TNC



Thai NOK Co., Ltd.
Human Resource
Development Dept.

Department Head

Duangporn Takayanagi

My main role at TNC is HR development. Specifically, I am involved in creating development plans, ensuring the transfer of expertise, knowledge, and skills based on these plans, and nurturing the next generation of leaders.

I have been working on implementing ongoing education, including helping all department managers understand that HR development is crucial for the company’s sustainable growth. As a result, I feel that each employee’s skills are improving daily.

TNC practices management based on care and trust, cherishing its people, and continuously enhancing teamwork and unity. In the face of crises such as floods, the Lehman Shock, and the COVID-19 pandemic, everyone has come together to overcome challenges. Employee well-being is always a top priority for TNC, and employees take pride in being part of the TNC family.

Moving forward, we will consistently foster an environment and culture that empowers all employees to proactively pursue their own growth.

TOPIC

The Global Summit 2023 NOK Group: around 500 employees from around the world gathered to align on pursuing further global growth and to deepen their understanding of Our Purpose and Values

From an “international company” to a “global company”

Shifting away from a model where group companies in various countries operated independently as “international companies,” the NOK Group hosted its inaugural global gathering, the Global Summit 2023 NOK Group, in Tokyo on July 6th and 7th, 2023. Approximately 500 employees joined the event, with a predominant representation from management roles, encompassing 82 of the 91 consolidated group companies worldwide. As part of the NOK Group’s

longstanding global strategy, nurtured for over five decades, the summit provided an opportunity to disseminate our newly revised Purpose and Values (introduced in May 2023) to the organization. These new objectives aim to elevate the NOK Group’s worth and contribute to a more inclusive future for society, with a steadfast commitment to achieving further global growth.

International employees collaborate on empowerment programs for self-initiated transformation

At this event, organizational leaders orchestrated a series of initiatives to empower employees to drive their own transformative efforts. During a presentation led by the management team, CEO Masao Tsuru underscored the significance of fostering unity throughout the organization. He emphasized, “Even in an unpredictable world, it remains vital that we hold

our technical expertise and customer relationships dear while steadfastly practicing Our Purpose and Values, thereby realizing the vision of Global One NOK.” After the presentation, subject matter experts from diverse backgrounds shared cutting-edge perspectives on investments, technology advancement, and ESG during a lecture series.

Deepening understanding of Purpose and Values among employees of different nationalities

During the meeting, employees from diverse nationalities shared business strategies and identified challenges within their respective departments. They conducted discussions based on these insights. The sessions encouraged mutual understanding and communication among team members by incorporating team-building activities, resulting in a serious yet lively training environment. Employees engaged in group work sessions as the final part of the two-day

event. They were divided into smaller groups and guided by consultants who had helped shape NOK’s Purpose and Values. Within these sessions, employees enhanced their comprehension of the Purpose and Values while engaging in meaningful discussions.

NOK Group will continue to take steady steps toward becoming a global company, drawing from the experiences gained by multinational employees who participated in this summit.



Approximately 500 attendees engaged in various programs during the event, including meetings to identify current challenges, team-building activities, and workshops aimed at personalizing the Purpose and Values. Participants delved into the Medium-Term Business Plan and future initiatives, pledging to embrace the vision of transformation.

HR Strategy

HR Strategy



A Continual Process of Challenge and Growth Toward an Organization Where Employees Feel Fulfilled

Senior Operating Officer, General Manager, Corporate Administration Office
Noriyuki Takahashi

Introducing a Role Grade System to enhance engagement

One of the core values I hold most dearly is that every employee should engage in continuous challenges and growth that lead to fulfillment, and our HR system should be structured to realize this value.

For employees to embrace continuous challenges and growth, it's crucial for each individual to maintain and enhance their motivation. However, our previous system had certain limitations that made this challenging. Traditionally, we believed that rewards should match contributions and positions should align with virtues. This meant that compensation was determined based on seniority and performance, while job positions were assigned based on suitability. However, this approach did not always ensure a direct link between compensation and job position. This traditional approach strongly emphasized seniority, which could hinder employees from maintaining high motivation.

To address these challenges, we have been actively exploring reforms to our HR system for some time. We are revising our compensation structure based on roles rather than age or seniority. Starting from FY2024, we plan to introduce a new Role Grade System. Under this system, we aim to enhance transparency by openly providing feedback to employees regarding their performance evaluations and compensation adjustments. In this system, employees who achieve outstanding results will have the opportunity for promotion and advancement, accompanied by corresponding salary increases. This approach allows employees to experience the direct impact of their efforts on their career progression and financial rewards. Consequently, the Role

The growth cycle envisioned by the new system



Grade System is a highly motivating mechanism that fosters self-growth and development.

In implementing this Role Grade System, evaluators must provide effective feedback, and we have conducted training sessions on the new evaluation methods to facilitate this. We ran one such training session in FY2022 and plan to continue these sessions in FY2023 and beyond. Our objective is to ensure that evaluators are well-equipped to provide meaningful feedback. Furthermore, we are committed to enhancing evaluator education to support this process better. Additionally, considering the importance of aligning assessments with Our Values that we introduced in May 2023, we continuously examine how to effectively incorporate them into our assessments.

NOK U-35: Fostering young leaders

Our employee development efforts have emphasized creating a framework for nurturing young leaders. NOK U-35, which we internally solicited in July 2023, is a program designed to develop young leaders selected through a volunteer-based process. Those who pass the selection process are given the opportunity to undergo several years of challenging assignments, with the aim of nurturing future leaders who will contribute to the company's

management. Traditionally, our educational system primarily revolved around hierarchical training. However, this volunteer-based and selective educational approach marks a pioneering initiative within our organization.

When we initially considered introducing the NOK U-35 program, there were concerns about whether we would receive adequate applications. This program is not a short-term one or two-year commitment, and the specific

Key highlights for the new HR system commencing in FY2024

Implementation of Role Grading System

Replacement of the current salary system, which relies heavily on seniority, with a new "role grading system." Under this system, salaries will be determined based on employees' roles, positions, and performance.

Enhanced Evaluation Visualization

Implementation of a system to visually represent personnel evaluations, allowing for transparent feedback on evaluation outcomes and how they influence compensation. This visual representation facilitates a clearer understanding of the challenges that need to be overcome.

Talent Development

Prioritization of talent development initiatives that go beyond traditional job-level training to foster growth among our workforce. This includes specialized education programs to enhance expertise and leadership training tailored to young employees.

job roles are not known in advance. Recognizing that individuals have their own strengths and weaknesses, we anticipated that many employees might be hesitant to apply. However, the NOK Group has been actively rolling out new initiatives across various departments, fostering a culture that encourages and embraces challenges beyond just the HR department. This supportive environment, coupled with the prevailing momentum, led to a significant increase in the number of applications for the program.

Regarding employee education, defining the necessary skills and knowledge for each department and role is crucial. Subsequently, employees should comprehend what actions to take and what skills to acquire to fulfill their respective roles. This entails developing a structured approach at every hierarchical level.

By empowering employees to chart their own growth roadmaps and actively pursue them, we aim to cultivate an environment that facilitates the organization's overall growth.

Toward a genuinely equitable organization that empowers diverse talents

The impact of the COVID-19 pandemic accelerated the implementation of remote work at our company. While we previously had criteria, such as years of service, for determining eligibility for remote work, we recognized the need to reevaluate our work arrangements comprehensively in response to the pandemic. For instance, forcing employees to commute against their will due to personal circumstances, such as family obligations, is detrimental to both the employees and the company. However, creating rules to accommodate every possible situation is administratively challenging. To address these issues, we decided to embrace the concept of equity. It is a loss for both the individual and the company when personal circumstances or rules hinder individuals from realizing their full potential. While we have always been attentive to equality, we acknowledge that equality alone cannot give every employee equal opportunities. Moving forward, based on the principles of equity, we will work on creating a framework that allows diverse employees to unleash their potential in ways that align with their individual situations.

For example, a male-dominated organizational culture remains prominent within the NOK Group, where men account for more than two-thirds of the workforce. In the

Group, we have two categories of positions: major career path and minor career path. Initially, the sole distinction between these positions was whether they entailed job transfers. However, in practice, major career path tended to focus more on strategic responsibilities, while minor career path leaned towards routine tasks. To overcome this situation, we are introducing various career paths, such as courses aimed at becoming specialists in practical work, courses equivalent to current management roles, and courses that allow career expansion without job transfers, thus broadening the choices available to our employees.

Furthermore, in January 2023, we launched the DE&I Project. This is a diversity advancement initiative composed primarily of around 20 women employees, including returnees from maternity leave, paternity leave, and foreign nationals, among other employees with diverse backgrounds. The project involves conducting internal surveys, researching other company practices, and organizing seminars with external speakers to expand the project's impact across the entire NOK Group. We eagerly anticipate the future activities of project members.

Future challenges and initiatives

A key challenge moving forward is to ensure that these reforms are embraced and sustained throughout the organization. Additionally, as a measure of the effectiveness of our initiatives, we initiated an Employee Engagement

Survey from FY2022. We will analyze the survey results, identify areas related to job satisfaction and growth, and implement measures to enhance employee engagement.

Promotion of Sustainability Management

NOK Group Sustainability Statement

At the NOK Group, we aim to go beyond generating economic benefits for stakeholders: we aspire to evoke a profound sense of pride within them. To that end, we have been dedicated to fostering a sustainable society alongside our business endeavors since our founding.

Our Purpose statement, "Shaping Possibilities with Unique Technology," reflects our ambition to enhance people's lives with innovative products created using

proprietary technologies based on our R&D, and we strive to offer people safer and more comfortable lifestyles by harnessing these capabilities and embracing diversity and untapped possibilities.

We remain committed to proactively tackling world-wide environmental and social challenges by leveraging the inherent value within our company to realize a sustainable society.

Sustainability Framework, Governance

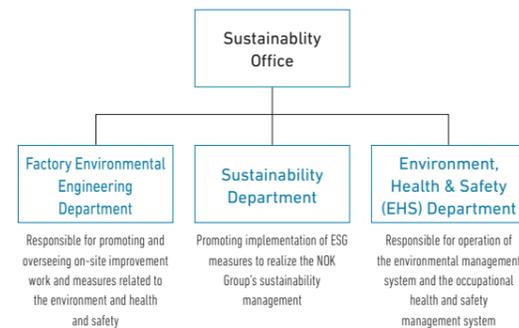
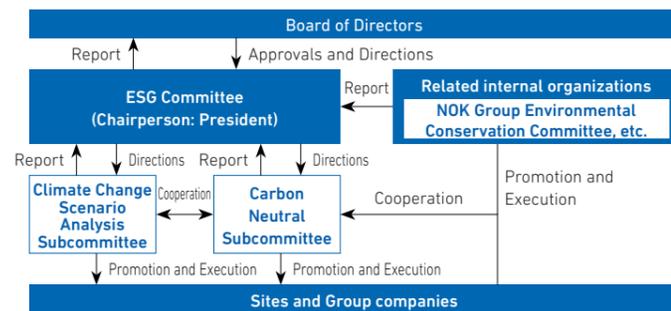
The NOK Group established an ESG Committee under the direction of the Board of Directors to be a body that formulates various management policies from a medium- to long-term perspective. The ESG Committee, chaired by the President and CEO, is made up of the various general managers and directors who oversee ESG activities. The committee promotes corporate management that incorporates ESG values, such as by establishing policies and targets for the NOK Group related to the environment, society, and governance and monitoring progress toward these targets.

The ESG Committee has also established two subcommittees to support the implementation of ESG measures from a specialist perspective. The Carbon Neutral Subcommittee works on efforts across the Group to achieve carbon neutrality. The Climate Change Scenario Analysis Subcommittee seeks to understand risks and opportunities for our business activities based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and to reflect these risks and opportunities in our business activities. Initiatives discussed by the ESG Committee are reviewed by the Board of Directors.

Reorganization and Establishment of the Sustainability Office

In May 2023, NOK established its Purpose and Values and formulated a medium-term management plan through FY2025 and the NOK Group Sustainability Statement. In June, NOK established the Sustainability Office as a dedicated organization responsible for promotion of sustainability management based on this statement. In order to realize a more effective and efficient management

system, the Sustainability Office is responsible for integrating and supervising the sustainability activities of individual organizations and Group companies. The Sustainability Office is within the Shonan R&D Center in order to work closely with NOK R&D, which creates new value to resolve social issues and develop products capitalizing on NOK's proprietary technologies.



Pickup Signing the UN Global Compact

The NOK Group is developing businesses globally in regions such as China and Southeast Asia. In April 2021, we became a signatory of the UN Global Compact (UNGC) to announce to the world that NOK is a company that aims to realize a sustainable society and is a company that addresses human rights issues. We are also actively collecting information and exchanging views by participating in several subcommittees.

We also support the Ten Principles of the UNGC and implement them in our business activities to contribute to the development of a sustainable society. The details of our initiatives will be disclosed to our stakeholders in a timely manner.

NOK Group's Products and Technologies Contributing to Sustainability

Contribution to sustainability	Products	Products and technologies that are particularly contributing to improvement of environmental and social issues
1 Not generating and emitting substances that affect the environment	 Oil seals	Dust-resistance improvement technology Technology that prevents sand and dust from entering an engine while maintaining stable seal performance in demanding environments such as deserts and very cold regions, and the rough and unpaved roads seen in developing countries.
2 Efficient energy transfer	 Le-μ's series	TF Coat oil seals Oil seals treated with a special coating called "TF Coat" achieve 30% torque reduction compared with existing oil seals. In addition to saving energy and reducing heat caused by sliding, the effect lasts for a long time because the coating is highly durable.
3 Reducing environmental impact	 Industrial membrane modules	Industrial membrane modules Industrial membrane modules are used to remove fine particles from water at various kinds of sites, including water purification and recovered water treatment facilities. NOK's industrial membrane module uses polysulfone, a membrane material with excellent pore size and flow rate balance, to achieve high filtration performance and contribute to the effective use of water, a global issue.
4 Extending product life	 Special lubricant grease	Rustector specification soft metal gaskets and special lubricant greases We have developed soft metal gaskets and greases resistant to saltwater corrosion that can be used for aluminum housings such as electric vehicle units. The Rustector specification soft metal gasket features a seal with a unique cross-sectional shape that effectively prolongs the life of units by slowing down the advance of corrosion while maintaining high sealing performance. Corrosion can be contained further by using the seal in combination with highly water-resistant grease.
5 Stable supply of necessary parts for devices that protect people's health	 Biological rubber electrodes	Biological rubber electrodes Biological rubber electrodes have opened up new possibilities that exceeded the capabilities of existing metal electrodes, such as the measurement of brain waves, electrocardiac signals, and myoelectric signals. With the adoption of these products, we expect to contribute to new R&D related to promoting people's health and wellness.
6 Recycling of raw materials	 Median strip blocks	Median strip blocks We produced a recycling system for median strip blocks used on roads whereby 98% of the raw materials are recycled. The blocks are highly durable, which extends their service life.
7 Provision of parts for electric vehicles Products used in electric vehicles https://www.nok.co.jp/en/product/ev.html	 Tran-Q rubber	Tran-Q rubber Thermally conductive rubber can be molded into a three-dimensional shape along the heating element. While having the elasticity peculiar to rubber, following the shape of the heating element increases the contact area and provides a higher heat dissipation effect compared to sheet-shaped heat conductive rubber. Since it has electrical insulation and low outgassing characteristics, it can be used in automobile units such as ECUs, inverters, and PCUs, as well as in the vicinity of electronic components.

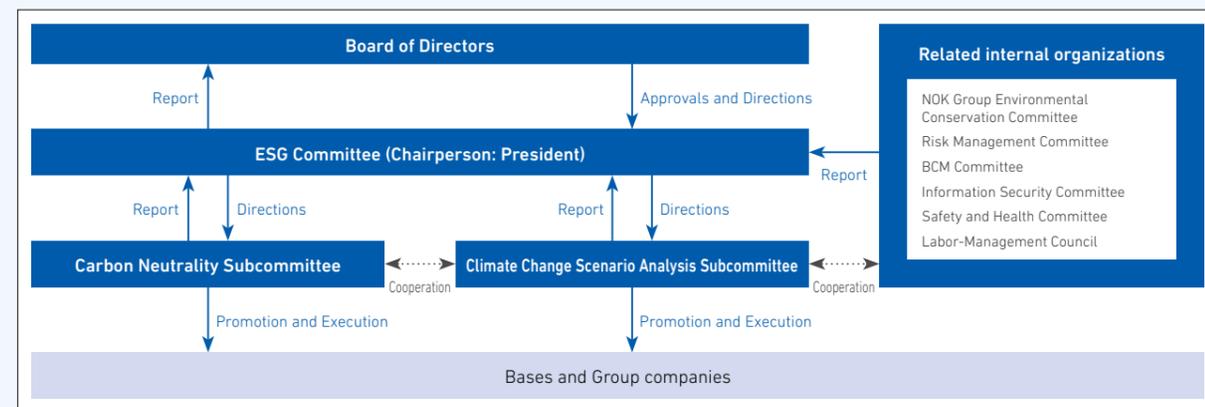
Information Disclosure Based on TCFD Recommendations



Governance

The NOK Group has established an ESG Committee under the auspices of the Board of Directors to formulate policies and targets related to environmental, social, and governance issues, and to also monitor progress made towards achieving those targets. Initiatives discussed by the ESG Committee are subject to review by the Board of Directors. In addition, the Climate Change Scenario Analysis Subcommittee and the Carbon Neutrality Subcommittee have been established under the ESG Committee as specialized bodies for climate

change actions. The Climate Change Scenario Analysis Subcommittee estimates the potential impacts of climate change, while the Carbon Neutrality Subcommittee formulates and promotes specific climate change actions. These subcommittees take the lead and work with related internal organizations, sites, and Group companies to promote climate change initiatives, and regularly report on the progress of these initiatives at ESG Committee meetings.



Risk Management

NOK's "Risk Management Regulations" stipulate the basic policy and management system for risk management across the entire Group. Based on these regulations, the Company has established a management system in which the CEO is responsible for risk management and promotes risk management for the Group. The ESG Committee evaluates and manages climate change risks and opportunities. The Climate Change Scenario Analysis Subcommittee

collaborates with related internal organizations to pick out and identify climate change risks and opportunities based on their degree and duration of impact on our businesses. The results of that identification process are reported to the ESG Committee, which then assesses and discusses them, before examining countermeasures and reflecting them in business strategies. The most important risks and opportunities are periodically reported to the Board of Directors.

Strategy

We recognize that climate change is an important management issue that will affect our finances into the future. As such, we have carried out scenario analyses in accordance with TCFD recommendations to assess the impact and reflect climate change countermeasures in our management strategy. Based on data from sources such as the International Energy Agency (IEA), the impacts of climate change on our businesses were defined under two

scenarios, the 4°C and 2°C scenarios. We then evaluated the risks and opportunities those two scenarios pose to the NOK Group. Based on the results of these scenario analyses, we will be promoting actions to address the identified risks and opportunities. We will also continue to expand our scenario analyses and incorporate their results into our business strategies and management plans. The goal is to improve the resilience of our management strategy.

For the "Scenario Definition," please refer to the NOK website. <https://www.nok.co.jp/en/csr/tcfd.html>

Risks and Opportunities

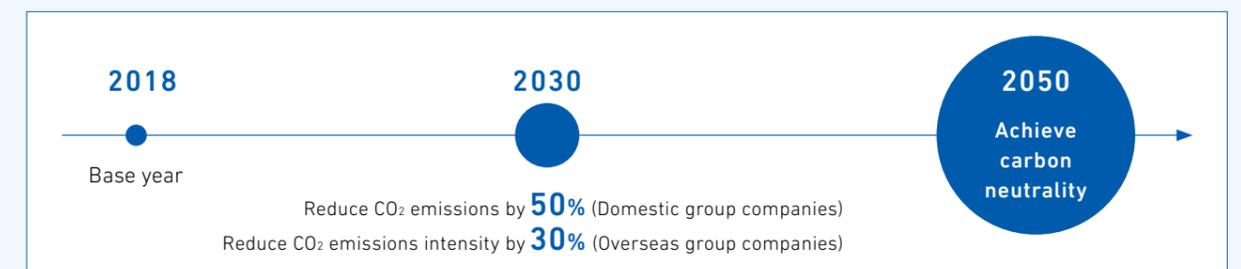
● Group-wide ● Seal ● Electronic Products

Impacts	Risks	Opportunities	Actions
Markets	<ul style="list-style-type: none"> Declining sales of conventional products for internal combustion engine applications due to the increase of electric vehicles. Declining market competitiveness due to delays in response to environmental issues (prices, customers' purchasing policies). 	<ul style="list-style-type: none"> Demand for control/electrical units and electronic components grows with electrification. Carbon neutrality increases opportunities to grow sales of low-friction, long-life products. Markets related to renewable energy, semiconductors, and labor- and power-saving (robots, etc.) grow. 	<ul style="list-style-type: none"> Expand sales to the electric vehicle (EV/FCV) market and growth industries (renewable energy, semiconductors, etc.). Create more opportunities to expand sales of seal products for electrical units and batteries for electric vehicles, as well as newly developed products. Develop and expand sales of products with smaller environmental footprints (low friction, long life, high durability, bio-based raw materials, etc.) Develop and expand sales of FPCs for electric vehicle batteries. Expand sales in the renewable energy storage battery market. Cultivate the electric vehicle infrastructure market (charging stations).
Raw materials	<ul style="list-style-type: none"> Rising procurement costs due to carbon taxes on raw materials. Rising raw-material prices due to shifts in supply-demand balance. 	<ul style="list-style-type: none"> Reduce raw-material costs through recycling and other effective uses of resources. Reduce costs by improving supply-chain efficiency. 	<ul style="list-style-type: none"> Monitor supply-and-demand forecasts for raw materials, and optimize procurement costs and prices. (Seal products: raw-rubber materials, steel materials, etc.; Electronic components: copper, etc.) Strategy for developing material-saving fabrication methods (to improve yields). Consider increasing the use of reused materials and product recycling.
Carbon price	<ul style="list-style-type: none"> Rising operating costs due to carbon taxes. 	<ul style="list-style-type: none"> Promote manufacturing efficiency and energy-saving initiatives. (Improve motivation to save energy.) 	<ul style="list-style-type: none"> Revise the targets in the NOK Twin Green Plan 2030. Introduce in-house carbon pricing. Develop new low-energy materials and fabrication methods.
Energy	<ul style="list-style-type: none"> Rising energy procurement costs due to shifts in electricity demand and power source makeup. 	<ul style="list-style-type: none"> Intensifying competition among electric power suppliers. Promote the introduction of in-house renewable energy power sources using public subsidies, etc. 	<ul style="list-style-type: none"> Optimize our power procurement sources. Introduce renewable energy sources such as solar power generation.
External evaluation	<ul style="list-style-type: none"> Corporate valuation negatively impacted due to insufficient environmental initiatives. Concerns that these will become a standard for making investment and funding decisions. 	<ul style="list-style-type: none"> Attract ESG investment by improving external evaluation. 	<ul style="list-style-type: none"> Proactively disclose corporate information in accordance with the ESG Framework.
Disasters	<ul style="list-style-type: none"> Supply-chain disruptions due to disasters. Suspension of operations at Company plants and damage to inventory in storage. 	—	<ul style="list-style-type: none"> Carry out hazard risk assessments and tropical cyclone/disaster countermeasures (water protection) at all sites. Secure inventory levels that are appropriate for the risk exposure.

Indicators and Targets

As part of our climate change actions, the NOK Group formulated the NOK Twin Green Plan 2030, and has been promoting the reduction of CO₂ emissions and development of next-generation eco-technologies. To strengthen our climate-change actions, we have recently raised the CO₂ emission reduction targets set in the NOK Twin Green Plan

2030 based on results from our TCFD scenario analyses. With the aim of achieving carbon neutrality by 2050, we will continue to promote efforts to address climate change and consider revisions to our targets from time to time based on the results of scenario analyses and social conditions.



See page 8 of ESG Data Book 2023 for details.

CHAPTER 03

Implementing ESG Initiatives

A company's operations are inherently reliant on the sustained existence of the Earth and society. In today's global landscape, marked by pressing social challenges such as climate change, poverty, human rights violations, and corruption, integrating ESG (Environmental, Social, and Governance) measures is an imperative aspect of corporate management.

CHAPTER 3 highlights the ESG initiatives of the NOK Group and the status of their implementation.

Environment	Climate Change Countermeasures	P.40
	Resource Conservation and Waste Recycling	P.42
	Management of Substances of Environmental Concern	P.42
	Conservation of Water Resources	P.43
Society	Human Rights	P.44
	Human Resources	P.44
	Diversity	P.45
	Labor Practices	P.45
	Occupational Health and Safety	P.46
	Supply Chain Management	P.47
	Product Quality and Safety	P.48
	Community involvement and development	P.50
Governance	External Director Interview	P.51
	Corporate Governance	P.52
	Compliance	P.57
	Risk Management	P.58



Environment

In recent years, a variety of environmental problems have emerged and are affecting our lives. To solve them and achieve a sustainable society, we must reduce the environmental burden in all aspects of our economic and social activities. In the Sustainable Development Goals (SDGs), environmental issues are regarded as one set of the social issues that must be resolved, and many countries are tightening environmental regulations and working to protect the environment. Companies are required not only to comply with the regulations of each country, but also to help realize a sustainable society by taking the environment into account in their overall corporate activities.

NOK has established a system in accordance with ISO 14001 standards, promotes environmental management, and strives to implement environmental management with the next generation in mind, thereby reducing its environmental burden. The current percentage of NOK Group establishments with ISO 14001 certification is 98.5%.

 Basic Policies on Environmental Conservation: <https://www.nok.co.jp/en/csr/environment/management.html>

Environmental Management System

With the Paris Agreement adopted in 2015 and the SDGs agreement for 2030, society's perception of environmental issues is also changing. The Task Force on Climate-related Financial Disclosures (TCFD) has proposed "climate-related disclosures that have an impact on corporate finances," and Science Based Targets (SBT) consistent with the levels required by the Paris Agreement have stimulated activities aimed at realizing a sustainable society, and corporations are being urged to implement "environmental management," which is a business activity that takes the environment into account.

The NOK Group established the NOK Twin Green Plan

2030, a long-term environmental vision for the year 2030 as its environmental management plan. Under this plan, we have been engaged in environmental protection activities such as climate change countermeasures, resource conservation and recycling, conservation of water resources, management of substances of environmental concern, development of environmentally friendly products, and conservation of biodiversity. To realize a sustainable society, we will continue to fulfill our social responsibility by promoting environmentally friendly business activities and provide environmental value to society by providing products that contribute to the environment.

Roadmap for Achieving Carbon Neutrality in 2050

In response to the global trend toward decarbonization and the results of TCFD scenario analysis, in 2022 we revised the NOK Twin Green Plan 2030 formulated in 2018 and declared that we will aim to achieve carbon neutrality by 2050. Under this long-term vision, the Group will work together to realize a sustainable society through the provision of eco-friendly products and business activities in response to electrification of automobiles and carbon neutrality.

Moreover, in order to achieve the long-term vision, the NOK Group set goals related to environmental management, climate change countermeasures, resource conservation and waste recycling, conservation of water

resources, management of substances of environmental concern, and environmentally friendly products as the Eighth Corporate Environmental Conservation Targets for FY2020 to FY2022. The progress has already met the target level, except for the targets for CO₂ emissions and water withdrawals. In addition, although we are making steady progress in reducing our CO₂ emissions and water withdrawal targets, we will continue to work hard to reduce them because of the significant impact of fluctuations in production trends arising from the COVID-19 situation. We are preparing a roadmap for reducing CO₂ emissions for 2030 and considering specific measures to reduce CO₂ emissions.



NOK Twin Green Plan 2030 Long-term Environmental Vision

Green Factory	Green Product
Climate change <ul style="list-style-type: none"> We aim to achieve carbon neutrality by 2050. As a milestone toward achieving carbon neutrality, reduce domestic CO₂ emissions by 50% by 2030 (compared to 2018) and overseas CO₂ emissions intensity by 30% (compared to 2018). Introduce internal carbon pricing to help reduce CO₂ emissions. We will actively promote the use of renewable energy. We will develop production facilities that reduce energy consumption by 20% compared to conventional facilities. 	Climate change <ul style="list-style-type: none"> We will respond to the electrification of automobiles and offer products that contribute to carbon neutrality through various approaches. Contributing to CO₂ reduction through our products by developing low-friction technology that helps to reduce fuel consumption. A sustainable company that provides products that contribute to the spread of renewable energy and promote the formation of a sustainable society. We will provide products that contribute to the spread of next-generation energy technologies such as fuel cells.
Resource circulation <ul style="list-style-type: none"> We aim to conserve resources, reduce waste, and achieve a recycling rate of 100%. 	Resource circulation <ul style="list-style-type: none"> Thorough control of chemical substances in products improves environmental quality.
Water risk <ul style="list-style-type: none"> We will work on reducing water use and ensuring cleaner water discharge. 	Water risk <ul style="list-style-type: none"> We will supply products that contribute to the effective use of water (sanitary water supply and water circulation).
Biodiversity <ul style="list-style-type: none"> We will promote biodiversity conservation activities tailored to local characteristics. 	
Supply chain <ul style="list-style-type: none"> We will work with suppliers to revitalize our efforts to address climate change, resource recycling, water risk, and biodiversity. 	

The Eighth Corporate Environmental Conservation Targets (FY2020 to FY2022)

Slogan: Creating corporate value by increasing environmental value

Category	Initiatives and targets	
Environmental management	[Fostering and establishing an environmental spirit] Promoting activities that contribute to a better environment, tailored to the characteristics of each region [Improving the management level of the environmental management system] Promoting and expanding education by rank and developing environmental human resources Reducing environmental protection risks through a steady PDCA cycle [Strengthening the prevention of environmental non-compliance] Promoting environmental risk assessments for equipment and facilities	
Climate change countermeasures	[Reducing CO ₂ emissions] Developing energy-saving equipment for production processes Reducing CO ₂ emissions in logistics processes Actively introducing renewable energy	[Targets] Global: • Reduce CO ₂ emissions by 10% (compared to FY2018) • Reduce five-year average CO ₂ emissions intensity by 1% or more (year on year)
Resource conservation and waste recycling	[Resource conservation] Promoting resource conservation through design and process changes, optimization of material inputs etc. [Waste reduction] Promoting recycling and countermeasures for product non-conformity, reducing the amount of waste disposal in landfills by converting waste to recyclable materials, and improving the recycling rate	[Target] Recycling rate of 98.0% or more * Recycling rate = (1 - Amount of landfill disposal / Total waste discharge) x 100
Conservation of water resources	Checking the volume of water withdrawals and water discharge in Japan and overseas Controlling the increase in water withdrawals	[Target] Global: • Clarify the current water consumption and curtail an increase
Management of substances of environmental concern	[Reducing the environmental burden] Reducing VOC emissions [Strengthening the chemical substance management system] Promoting green procurement (thorough management of chemical substances by suppliers)	[Target] Global: • Reduce VOC emissions to less than the results for FY2010
Environmentally friendly products	Developing environmentally friendly products Improving the level of environmental conservation assessment in products	

Environment

Climate Change Countermeasures

Basic Concept

Concerns have grown in recent years about how abnormal weather events occurring throughout the world may threaten the survival of the human race. In Japan and overseas, the decarbonization movement is gaining traction, highlighted by the adoption of the Paris Agreement in 2016, and the Japanese government's 2050 carbon neutral declaration. It has also become important for companies to pursue carbon neutrality as a factor that influences management. They are required to reflect this approach in their long-term management strategy, and also disclose measures and information about how they

are actively reducing greenhouse gas emissions.

Recognizing that climate change is an important global issue that must be addressed to create a sustainable society, the NOK Group is working to achieve carbon neutrality by 2050. In line with TCFD recommendations, we are analyzing the impact of climate change on the Company and promoting the incorporation of climate change countermeasures into our management strategies. We are also working to reduce CO₂ emissions throughout the product life cycle, including through energy-saving activities, the active introduction of renewable energy, and the reduction of fuel used in logistics.

Targets and Results

In terms of progress toward the current three-year (FY2020 to FY2022) targets, we have achieved a 13.6% reduction in CO₂ emissions from FY2018, achieving our target, and a 3.9%

reduction in CO₂ emissions intensity. The introduction of renewable energy sources and our day-to-day efforts to save energy are leading to reductions in CO₂ emissions.

Three-year Targets and Results for FY2022

	Unit	Baseline figure / Base year	Target figure / Target year	Results for FY2022
CO ₂ emissions reduction target (consolidated)	1,000 tons-CO ₂	759.36/2018	683.42/2022	655.94
CO ₂ emissions intensity reduction target (domestic)	ton-CO ₂ /million yen	1.251/2021	1.238/2022	1.203 (-3.87%)

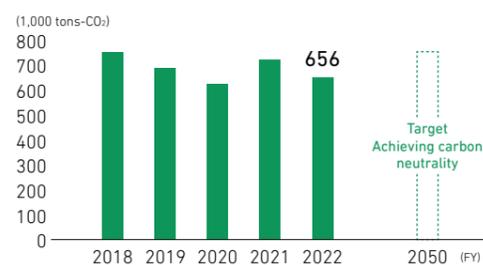
* CO₂ emissions are the sum of fuel and electricity consumption multiplied by the conversion factor. Fuel CO₂ conversion factors are calculated using emission factors based on the Law Concerning the Promotion of Measures to Cope with Global Warming. The CO₂ conversion factor for electric power is "CO₂ Emissions from Fuel Combustion" from the International Energy Agency (IEA) (based on a location-based method). CO₂ emissions intensity represents a five-year average; the target is to reduce the five-year average change year on year by 1%.

NOK Group Medium- to Long-Term Targets

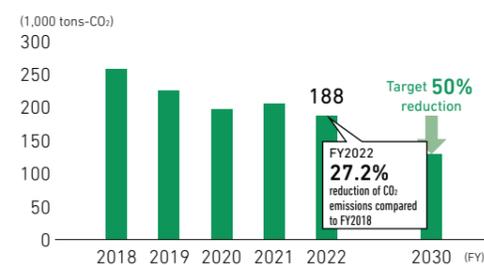
	Unit	Baseline figure / Base year	Target figure / Target year	Results for FY2022
CO ₂ emissions reduction target (consolidated)	1,000 tons-CO ₂	759.36/2018	Carbon neutral/2050	655.94
CO ₂ emissions intensity reduction target (domestic)	1,000 tons-CO ₂	258.60/2018	129.3/2030	188.23
CO ₂ emissions intensity reduction target (overseas)	ton-CO ₂ /million yen	1.31/2018	0.92/2030	1.09
Electricity consumption (domestic)	GWh	455.45/2018	373.47/2030	377.58
CO ₂ -free electricity ratio (consolidated)	%	0.06/2018	10/2030	4.20

* CO₂ emissions are the sum of fuel and electricity consumption multiplied by the conversion factor. Fuel CO₂ conversion factors are calculated using emission factors based on the Law Concerning the Promotion of Measures to Cope with Global Warming. The electric power CO₂ conversion factors are: domestic—emission factors by electric utility; and overseas—"CO₂ Emissions from Fuel Combustion" by the International Energy Agency (IEA) (using both market-based and location-based methods). The CO₂-free electricity ratio includes credits and certificates.

CO₂ emissions of the NOK Group (consolidated)



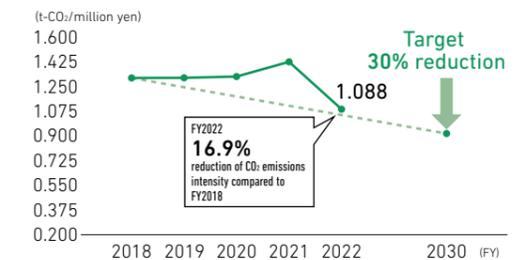
CO₂ emissions of the NOK Group (domestic)



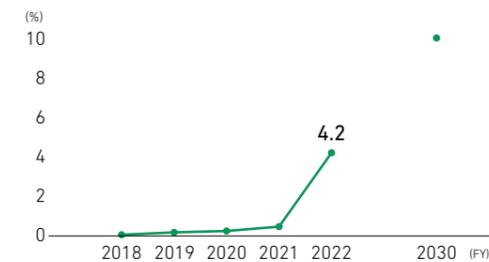
Total electricity consumption of the NOK Group (domestic)



CO₂ intensity of the NOK Group (overseas)



CO₂-free electricity ratio of the NOK Group (consolidated)



Adoption of internal carbon pricing

The NOK Group is promoting the adoption of internal carbon pricing (ICP) to further measures aimed at reducing CO₂ emissions with a view to achieving carbon neutrality. Internal carbon pricing is a mechanism that we use to attach our own monetary value (carbon price) to CO₂ emissions. In doing so, it provides a frame of reference for investment, thereby facilitating investment in equipment that contributes to CO₂ emission reductions. We have set

a carbon price of 30,000 yen/ton-CO₂ for capital investments (environmental investments) that help lower CO₂ emissions (Scope 1 and 2), such as in extremely energy-efficient equipment and renewable energy equipment (solar power generation). Using this mechanism, we intend to step up the pace of efforts to reduce CO₂ emissions and do everything we can to achieve carbon neutrality.

Reduction in energy consumed by recovering waste heat (China)

As a means of curbing its CO₂ emissions, NOK (Wuxi) Vibration Control China Co., Ltd. is reducing its energy consumption by recovering waste heat generated at its plants.

Waste heat (from compressors and VOC treatment)

generated in each process is reused and supplied as a heat source to a single plant with a heat pump. As a result, we were able to lower energy consumption in the factory and reduce emissions by 593 tons of CO₂ equivalent.

Purchase of renewable energy (Japan, China)

To achieve carbon neutrality, we continue to purchase renewable energy.

In November 2022, the Tokai Plant switched to 100% CO₂-free energy for the electricity it consumes. As a result, as of the end of March 31, 2023, the plant had been able to

reduce emissions by 772 tons of CO₂ equivalent. Mekttec Manufacturing Corporation (Zhuhai) Ltd. has reduced emissions by 7,079 tons of CO₂ equivalent annually by adopting renewable energy sources.

Environment

Resource Conservation and Waste Recycling

Basic Concept

We live a convenient and prosperous life with many material advantages in a social system of mass production, mass consumption and mass disposal. At the same time, various environmental problems are occurring, such as the depletion of natural resources and destruction of the environment. In recent years, people around the world are calling for a shift to a recycling society and demanding that businesses further promote the efficient use of resources, taking into account entire product lifecycles, as well as the

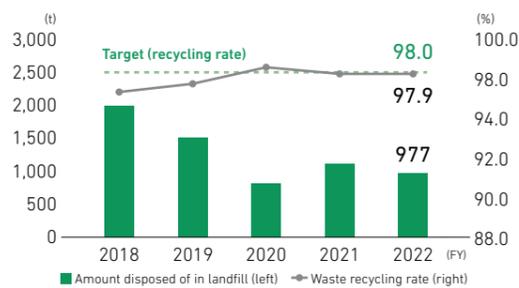
Targets and Results

The amount of waste sent to domestic landfill in FY2022 was 977 tons, a significant reduction from 1,986 tons in FY2018, when the foundry began operations. However, the recycling rate was 97.9%, slightly below the target level. Going forward, we will continue to reduce the amount of waste by implementing measures to conserve resources and prevent non-conforming products, such as checking mold shapes and reviewing the proper weight of rubber fabric, promoting recycling, and converting waste into valuable resources, in order to achieve the NOK Twin Green Plan 2030 target of a 100% recycling rate. In addition, the NOK Twin Green Plan 2030 clarifies our vision for resource recycling, and we aim to realize a recycling-oriented society through activities such as waste plastic reduction.

3Rs (Reuse, Reduce and Recycle).

The NOK Group has been promoting the 3R initiative to realize a recycling-oriented society. The Group strives to contribute to a sustainable society and to enhance corporate value through a range of measures throughout the product life cycle, including the efficient use of raw materials, water, and energy as well as waste reduction and recycling of resources by improving each process.

Final amount disposed of in landfill and waste recycling rate of the NOK Group (domestic)



Management of Substances of Environmental Concern

Basic Concept

To minimize the impacts of climate change, the depletion of resources, waste treatment, the growing demand for water resources, and other environmental risks, and to create a sustainable society, we cannot ignore the environmental burden of the products we use on a daily basis. Accordingly, companies must develop products and technologies that contribute to environmental protection

in ways that consider the entire life cycles of their products, from the procurement of raw materials to the products' manufacture, transportation, use, and disposal.

The NOK Group is developing products that contribute to next-generation eco-technologies, taking into account the entire product lifecycle.

Targets and Results

The NOK Group's VOC emissions during FY2022 were 2,900 tons, keeping its VOC emissions below the Group's target of 5,855 tons. NOK will continue to seek ways to reduce emissions from adhesives and paints at each stage of production so that we can maintain or reduce VOC emissions. We will also pursue the development of technologies to prevent an increase in VOC emissions when the use of organic solvents increases due to increased production.

Total VOC emissions of the NOK Group



Conservation of Water Resources

Basic Concept

Currently, the global shortage of water resources is seen as a problem, exacerbated by an increase in drought-stricken regions and the mounting severity of flood damage as a result of the worsening climate crisis. It has become increasingly important for companies to make effective use of water resources to build a sustainable society.

The NOK Group works to protect water resources by identifying and reducing the amount of water used in the

Targets and Results

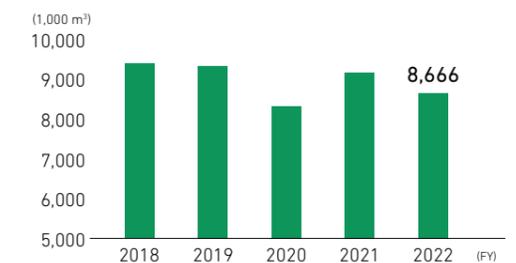
As a result of global efforts to grasp the volume of water withdrawals and water discharge at each plant and to reduce the volume of water withdrawals, the volumes of water withdrawals and water discharge were 8,666,000 m³ and 6,026,000 m³, respectively, in FY2022. In the production process, efforts were made to reduce water withdrawals by optimizing water circulation facilities in cooling towers that use water, and reusing wastewater. As a result of these activities, the actual amount of water withdrawals in FY2022 was lower than in FY2021.

In light of growing concerns about water risks worldwide, the NOK Group is working to conserve water resources internally and externally. We are proactively promoting internal activities to reduce our water withdrawals to achieve the target and are also participating in external

manufacturing process of our products, and by taking thorough measures to clean wastewater. In addition, the NOK Group assesses the water risks in each country and region to respond to different water risks according to the country and region, and promotes conservation of water resources activities tailored to the characteristics of each country and region.

water resource conservation activities such as groundwater recharge activities.

NOK Group's total water withdrawals



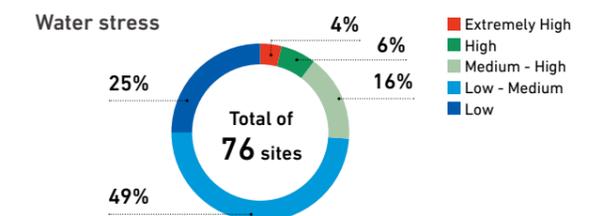
Assessment of Water Risks

The NOK Group conducts water risk assessments across the Group to efficiently promote measures in response to water risks. As a result of the survey on water stress at global production sites by using AQUEDUCT*, operated by the World Resources Institute (WRI), it was revealed that of the total of 76 sites, six sites in Thailand and China and two sites in Germany are production sites with high water stress.

The NOK Group is currently working to grasp and control water withdrawals on a consolidated global basis. In addition, we will conduct water risk assessments when new facilities are established, and we will strive to produce

and conserve water resources, taking water withdrawals and wastewater into consideration.

* A water risk assessment tool published by the World Resources Institute (WRI). It provides a world map with information on water risks such as quantity of water, water quality, regulations, and reputation.



Water withdrawals in regions with high water stress

Country	Manufacturing sites	Number of sites	Water stress	Amount of water withdrawals
Thailand	Thai NOK Co., Ltd.	2	Extremely High	660,448 m ³
China	Changchun NOK-Freudenberg Oil seal Co., Ltd.	1	Extremely High	54,939 m ³
Thailand	Mektec Manufacturing Corporation (Thailand) Ltd.	1	High	984,212 m ³
Thailand	Mektec Precision Component (Thailand) Ltd.	1	High	59,999 m ³

Legal Violation concerning Water Withdrawals and Wastewater

There have been no serious violations or fines related to water quality or wastewater.

See page 17 of ESG Data Book 2023 for conservation of biodiversity.

Society

Human Rights

Basic Concept

In its principles of corporate conduct, the NOK Group upholds an approach to management that respects human rights. To address respect for human rights more concretely, we formulated a Human Rights Policy with the desire to make our basic stance on human rights known across the Company and among outside stakeholders, and to gain understanding and cooperation in promoting respect for human rights. The Board of Directors approved the revised policy on May 24, 2023.

Our management principle is "Respectful management of people based on care and trust." We value the life of each employee and respect their humanity, and at the same time, we strive to maximize the potential of each employee. This is a key way we maintain and reinforce the Company's

competitive edge. That is to say, we firmly uphold the stance of respecting human dignity across all aspects of our operations.

A precondition for such management based on respect for the human dignity of employees is the idea of respect for basic human rights. Based on this principle, we respect the human rights outlined in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and we became a signatory of the UN Global Compact.

The NOK Principles of Corporate Behavior features the following declaration: "We will carry out management that respects the human rights of all people," and we are developing our business in accordance with this declaration.

 NOK Group Human Rights Policy: https://www.nok.co.jp/en/csr/human_rights.html

Initiatives for FY2022

Human rights due diligence

We carried out surveys on human rights and labor at domestic Group companies and certain overseas subsidiaries, confirming that there were no human rights violations requiring corrective action.

We also conducted similar surveys for our major suppliers and received responses from approximately 60% of them, confirming that there were no human rights

violations requiring corrective action. We will continue to carry out regular surveys, conduct ongoing monitoring, and propose improvements as necessary.

Human rights education

We offered education to all employees by producing a human rights education video and distributing it to Group companies in Japan and overseas.

Human Resources

Basic Concept

It is in the respective workplaces where employees can feel that the company is carrying out "management that respects people based on care and trust" as stipulated in the Management Principles. Under the Basic Principle of Human Resources Development and the Vision of Human

Resources Development, NOK aims to create workplaces where employees can find satisfaction in their jobs and feel that they are growing. To this end, we are working to develop personnel who can contribute to the creation of such workplaces through various programs.

<p>Basic Principle of Human Resources Development "A workplace nurtures its people, and people nurture their workplace"</p>	<p>Vision of Human Resources Development "Development of human resources who take pride in their jobs and respect each other"</p>
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NOK's Human Resources Development Program

The employee education program of NOK consists of level-specific education and development/specialized education. The level-specific education is intended to enable attendees to correctly understand their own roles and the expectations of the Company, and to contribute to the creation of workplaces where attendees themselves and their colleagues can find satisfaction in their jobs and feel that they are growing.

Rather than simply developing people who can speak English, the goal of the Global Human Resource Development program is to develop people who can work in English. To improve overall English communication skills, in addition

to regular language training, we provide opportunities to experience as many different cultures as possible while still in Japan, and are nurturing human resources who will be active globally.

In 2022, we introduced an online video learning service called Schoo and worked to expand learning opportunities for interested employees as a part of our development/specialized education program. Employees can watch videos on demand, but we also work to cultivate awareness of the importance of learning, including through group sessions watching videos on business skills and other areas directly related to work.

Diversity

Basic Concept

The NOK Group takes the stance of recruiting and appointing various diverse human resources regardless of their gender, race or nationality. Approximately 38,000 employees of diverse nationalities, races, genders, and employment types are currently working in the NOK Group. We ensure that executives at both domestic and overseas sites understand management based on respect for human dignity, which is the basic principle of the NOK Group, and promote the practice of such management in accordance with the circumstances in each region.

We are working to ensure that the percentage of women, foreign nationals, and mid-career hires who are promoted to management positions is at the same level as that of regular hires, and there is no discrimination regarding promotion.

With the stance of localizing business execution by

overseas sites, the NOK Group promotes the development and appointment of human resources who acknowledge and understand local conditions, regardless of their race or gender.

Interaction among executives and the technology, manufacturing, sales, operations, and other departments of both domestic and overseas sites is facilitated so that they can utilize the outcomes to develop personnel and improve operational quality and efficiency in each department.

Furthermore, non-Japanese employees are appointed to the executive positions of overseas subsidiaries. In addition, we proactively advance the appointment, development, and participation of employees of foreign nationalities by providing training for engineering staffs and manufacturing operators of overseas subsidiaries in the technology and manufacturing departments, and hiring non-Japanese students in Japan.

Women's Empowerment

NOK is taking various measures to increase the number of female career-track hires. We are also working to enhance training and guidance functions so that female employees currently in non-career-track positions can actively advance to career-track positions, and beyond that to management positions, in line with their willingness and abilities.

The medium-term plan in effect through FY2025 calls for NOK Corporation and major domestic Group companies

to double the number of female managers compared to the end of FY2022, and to raise the ratio of leader and professional career minded women to 30%.

We achieved our targets for FY2022, which were to raise the percentage of women hired for career-track positions up to 10% and to triple the number of female employees in management positions.

Labor Practices

Basic Concept

Practicing the management principle of respecting human dignity means respecting and protecting workers' rights. In putting into practice management that respects human dignity, we comply with Principles 1 to 6 of the UN Global Compact. Moreover, putting into practice one of NOK's Management Principles, to be "a company with open

communication," leads to the active promotion of dialogue among employees and between the Company and employees. Under these Management Principles, NOK is striving to create a workplace where employees can work with vitality and peace of mind.

Compliance with Labor-related Laws

Our domestic Group companies are instructed to ensure compliance with the Labor Standards Act, the Labor Union Act, and any and all other labor-related laws. Our overseas Group companies are also instructed to ensure compliance with labor-related laws of each relevant country corresponding to these labor-related laws.

There were no serious legal violations in FY2022 Business sites in Japan that accept foreign technical interns have been checked for compliance with the Immigration Control Act as well as for the working and living environment and working conditions for interns to ensure that there were no problems overall.

Establishment of Healthy Labor Management and Labor Relations Based on Dialogue

Dialogue between management and employees is essential to realizing "management that respects people based on care and trust" and promoting healthy development. Through respecting the right to organize, the right to bargain collectively, and other rights of workers, the NOK Group has built a healthy labor-management relationship.

100% of employees of NOK Corporation and major domestic Group companies are members of labor unions (apart from

non-eligible employees). Regular labor-management meetings are held with the participation of the top management. Not only do we carry out negotiations on working conditions, but also explain business conditions and present management issues. Also, discussions on the Company's important policies and measures take place so that both the labor side and the management side can cooperate in realizing business development and employee wellbeing.

Society

Occupational Health and Safety

Basic Concept

Respect for human dignity is one of the NOK Group's Management Principles, and we believe safety is a vital precondition for human dignity.

We have always operated our business according to the idea that health and safety are a top priority in everything we do. To communicate the safety commitment of top management more explicitly to employees, we formulated the Safety Principles of NOK Group in FY2017 and are pursuing health and safety activities across the Group with the aim of eliminating industrial accidents.

In addition, in FY2022, the President released a

Health Declaration to indicate the commitment of top management to initiate health promotion based on a health management approach.

As a company, we view mental and physical health as a management issue and are working to support employee health. We also encourage employees to engage in healthy activities on their own.

Safety Principles of NOK Group
"Safety is the foundation for implementing management spirit that respects human dignity, my desires, and my mission"

Occupational Health and Safety Promotion Framework

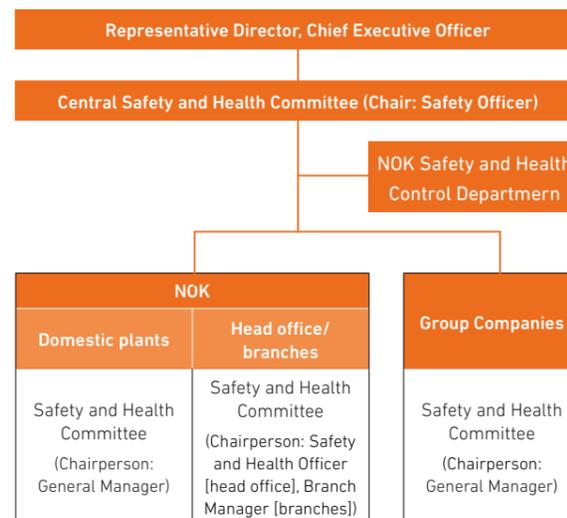
Although the NOK Group does not have a certified safety management system, we have established a labor health and safety management framework led by the President, and are pursuing a PDCA cycle in accordance with ISO 45001 standards for occupational health and safety management systems to promote health and safety activities for Group Companies and for all operations both on the premises of various business sites and beyond. Also, based on emergency response standards, each business site has established its own emergency response protocols.

In addition, at each business site we have formed health and safety committees made up of representatives from labor and management. The committees meet monthly to confirm the status of activities and discuss and decide on health and safety measures.

The Safety and Health Promotion Department*1 collaborates with the health and safety secretariats of each business site, branch, and Group company to maintain and improve the health and safety management level of the NOK Group.

*1 EHS Department, Sustainability Office since June 2023

Occupational Health and Safety Promotion Framework



Initiatives for FY2022

At the NOK Group, based on the status of industrial accidents, the Central Safety and Health Committee, chaired by the executive in charge of health and safety and made up of representatives from labor and management, deliberates and decides on the annual action plan, which it disseminates to all business sites along with priority action items. Business sites that have experienced industrial accidents and require particular improvement draw up improvement plans as designated "specified management business units." The safety and health control division follows up with these sites on an individual basis.

The NOK Occupational Health and Safety Policy formulated in FY2022 based on the Safety Principles of NOK Group indicates the specific direction of health and safety activities in line with the thinking of the Company's top management. We are implementing measures to enhance workplace safety, including establishment of a

monthly Safety Day to carry out health and safety activities at each workplace and elimination of hazards based on risk assessment results and past data such as near-miss incidents and findings of safety patrols. Health and safety education begins with basic education when employees first enter the Company and includes follow-up regular educational programs to help employees gain the knowledge and skills needed to work safely, as well as hazard simulations. We also carry out training for line managers to instill a shared awareness of health and safety.

As part of business continuity management (BCM), we have formed a fire prevention Task Force to consider issues and response measures and deploy them across the Group. We have also established a database that we use to share Group-wide information on near-miss incidents and small fires and deploy response measures horizontally.

See page 32 of ESG Data Book 2023 for our initiatives about health.

Supply Chain Management

Basic Concept

We believe that to fulfill our corporate social responsibility, it is essential to share a common awareness across the procurement supply chain while building relationships based on mutual trust.

Today's society is also facing many problems such as environmental and human rights issues, and companies are expected to help address these to build a sustainable society. To this end, we established the NOK Group Procurement Policy for conducting procurement activities

with suppliers.

At the same time, we ask suppliers to respect our Charter of Corporate Behavior, the NOK Group Human Rights Policy, the CSR Procurement Guidelines, and the NOK Group Green Procurement Guidelines as we work across the entire supply chain to achieve equitable, fair, and socially and environmentally friendly procurement and bring about a sustainable society.

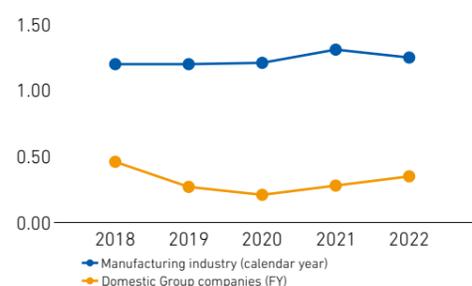
For the NOK Group Procurement Policy and the CSR Procurement Guidelines, please refer to the NOK website. <https://www.nok.co.jp/en/company/procurement.html>

Development of Medium-term Occupational Health and Safety Plan

We formulated a medium-term health and safety plan spanning FY2019 to FY2022 and have continued to take measures in the following three key areas.

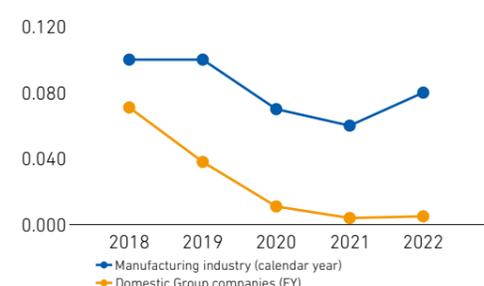
- 1 Improving the level of safety management to eliminate lost-time injuries and reduce the total number of occupational accidents to half
- 2 Equipment safety measures through risk assessment
- 3 Zero explosions and fires and thorough implementation of measures to prevent recurrence

Lost-time injury frequency rate*2



*2 Rate of lost-time injuries per 1 million hours

Lost-time injury severity rate*3



*3 Severity of injuries represented by the number of workdays lost per 1,000 hours

Building Relationships of Trust with Suppliers

We believe that mutual development with our suppliers is important, and are committed to building strong relationships of trust and long-term cooperation.

Considering trends in government and industry, the NOK Group joined the Declaration on Building Partnerships

in April 2022, and has held training sessions on topics for those involved in procurement operations to keep in mind, as well as guidelines for dealing with types of conduct that are likely to be seen as problematic. We are striving to practice proper trading while raising awareness.

Promotion of Green Procurement

We globally publish the NOK Group Green Procurement Guidelines, which describe the NOK Group's environmental policy and green procurement policy. We are working to reduce our environmental impact in the entire supply chain in cooperation with suppliers by asking them to submit

cooperation agreements to the NOK Group Green Procurement Guidelines to ensure that suppliers are aware of our environmental philosophy and policies, and that they can procure raw materials and parts in an environmentally conscious manner.

Society

Product Quality and Safety

Basic Concept

The NOK Group has long engaged in manufacturing under the concept that "quality is built in through the manufacturing process." Since our founding, our technology and quality have earned the trust of numerous customers, who use our products in a variety of fields.

To build in quality through the manufacturing process, our efforts have concentrated on cultivating the people involved in manufacturing under our Management Principles of respecting human dignity. This is the source of our quality.

Quality Management Framework

Quality Assurance Framework

The Quality Officer supervises planning, coordination, and promotion of quality assurance worldwide for all the operations of the Seal Business, the Electronic Products Business, and Other Business, regardless of their geographical locations. We develop Quality Assurance (QA) Action Plans in line with the NOK Quality Assurance Policy and conduct regular on-site Quality Assurance (QA) Reviews.

In addition, our mother factory in Japan takes the lead in supporting the launch of overseas production transfers, implementing priority action items, and resolving quality issues. The Quality Control Office is also involved in key matters associated with these operations, seeking their seamless implementation.

Quality Assurance Action Plan

We have deployed the quality assurance policy and quality targets to each business division, and they have formulated the action plans. We pursue activities by setting out priority action items and metrics for achieving quality goals.

We have developed a variety of educational programs for this purpose. Recently, we have focused in particular on strengthening the training of managers and supervisors, driven by the desire to pass on the basics of manufacturing to future generations as veteran employees retire from manufacturing sites.

In recent years, we have also been proactively incorporating digital technologies to further enhance customer satisfaction.

Quality Assurance Review (QA Review)

The Quality Officer conducts on-site QA Reviews to assess whether implementation plans have been formulated with an understanding of the intent of the Quality Assurance Policy and whether quality improvement activities are being carried out effectively. In recent years, one focus has been on addressing weaknesses by having production sites take the lead in conducting reviews.

Quality Control Department Managers' Meeting

This is a regular venue for quality control department managers to gather and exchange information on the development of priority action items for the fiscal year and the progress of activities. This occasion gives participating managers an opportunity not only to share best practice cases presented by various sites, but also to share lessons learned.

In this way, Group companies in Japan and abroad can readily exchange information on quality management systems in place to ensure that NOK's products have a uniform level of quality worldwide, thereby enhancing customer satisfaction.

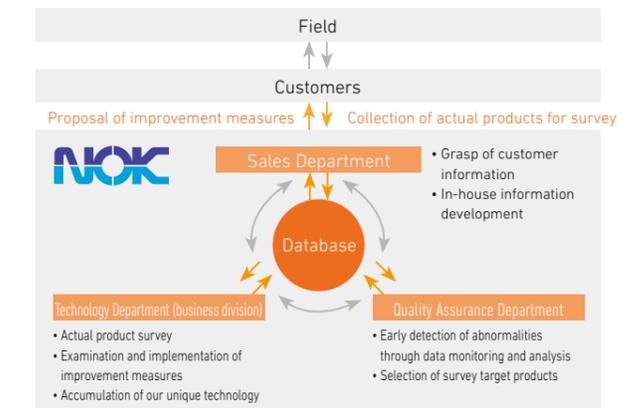
Quality Improvement Activities

The NOK Group is taking steps to improve quality in all of its processes, from order receipt to delivery. Our initiatives to ensure safety in the product realization process include those focused on field quality, judgment at quality gates, mass-production process improvement, and customer satisfaction. In the management process, we deploy policies in line with the quality assurance action plans, conduct

Field Quality Monitoring Activities

NOK draws on field quality data to regularly monitor for anything that could lead to significant complaints from the market. Using results obtained from past activity performance assessments, surveys, and analyses, among other data, we collaborate on initiatives related to themes that have been able to be established, including proposing improvements to customers.

audit and review, and emphasize communication at the Quality Control Department Managers' Meeting for thorough management. Moreover, the support process, which is the foundation of our quality improvement activities, includes internal education and training, human resource development, enhancement of motivation, and revitalization of workplaces.



Improvement Activities through Quality Control Education and Practice Based on QC-Oriented Thinking

NOK offers quality control education at each level of the organization. We put a particular emphasis on problem solving, where we advocate fact- and data-based logical analysis and improvement under the motto of "Let's argue from the data," which is a hallmark of QC-oriented thinking.

The business today demands a swift response at the point of problem solving. To achieve this, NOK offers a SuT* Program which aims to support the more widespread use of tools that help speed up problem-solving.

* SuT stands for Speed-up Tools of Problem Solution.

Having started out with a course on the "Seven QC tools," we now offer more than 20 courses ranging from multivariate analysis to Design of Experiments. We also have an advanced curriculum to train participants in methods through hands-on exercises.



QC Circle Activities

NOK employees take the initiative in conducting quality control (QC) circles to pursue quality improvement activities in small groups.

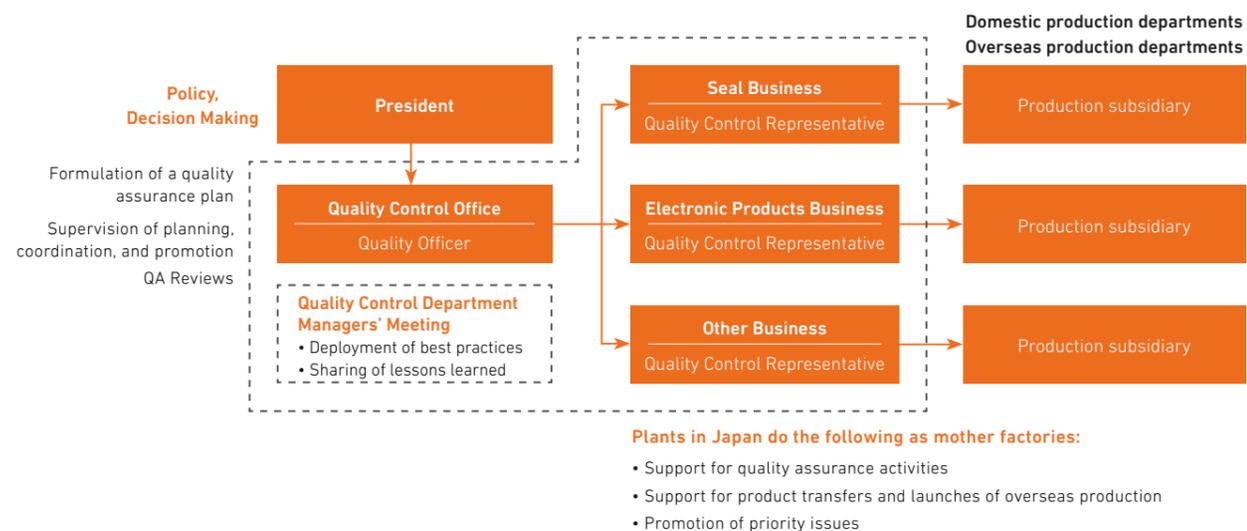
QC circles seek to resolve matters employees deal with in their day-to-day workplaces, and also provide a venue for the growth and character formation of members through shared activities, which also leads to more vibrant workplaces.

In FY2022, total 740 QC circles in Japan and overseas took part in a quality control competition. The top activity presentations of circles selected by each company were entered into the NOK Group QC Circle Convention, and the outcomes of the winning circles' activities were showcased.

Since the first NOK Group QC Circle Convention was held in 1963, this competition has been held 70 times over the span of 59 years.

Customer Commendations

We have received high marks from customers for our quality achievements and improvement activities. In FY2022, we received 14 commendations for quality.



See page 39 of ESG Data Book 2023 for our acquisition of quality management system certification.

Society

Community involvement and development

Youth development through rugby

NOK's Shonan R&D Center supports Fujisawa Rugby Kickball Club, an NPO that aims to facilitate the physical and mental development of youth by promoting and popularizing sports in the community.

In May 2022, the Shonan R&D Center made its sports field available for the holding of a kids' rugby school. Members of the Milky Class, ranging from preschoolers to second graders, gathered to play tag rugby, a game in which children compete for a tag belt worn around the waist instead of tackling each other. About 50 children and instructors participated in the event, which was a great success. Parents expressed their appreciation for the event.

The provision of the practice field had been temporarily suspended because of the COVID-19 pandemic, but has now resumed and the Shonan R&D Center will continue supporting the club in order to continue contributing to the community.



We have provided a training ground in Shonan R & D Center as a venue for Kids Rugby School

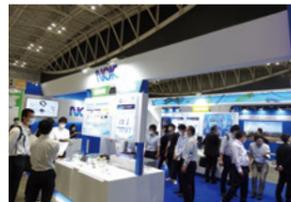
Proposing solutions to resolve social issues to customers at exhibitions

In order to expand contact with customers, the NOK Group exhibits various products and technologies aimed at resolving environmental and social issues at exhibitions throughout Japan.

At the Automotive Engineering Exposition 2022 held in Yokohama and Nagoya from May to July 2022, we introduced products with the performance required for environmentally friendly EVs. Among the products unveiled at the exhibition was ethylene propylene rubber (EPDM), a type of synthetic rubber made from biomass-derived raw materials. Compared to conventional general-purpose EPDM, CO2 emissions in the manufacturing process of the raw polymer were reduced by approximately 40%, contributing to progress toward carbon neutrality. Other exhibits included the Conductive Ring, an oil seal that energizes the motor shaft and housing while maintaining sealing performance. By preventing the entry of foreign matter, it solves problems such as AM radio noise and corrosion of bearing races, a type of wheel. The Conductive Ring has a simple structure, combining rubber with conductive properties, grease, and fabric, that reduces cost and space compared to the conventional structure.

At the 49th International Home Care & Rehabilitation Exhibition (H.C.R. 2022) held at Tokyo Big Sight in October 2022, we exhibited for the first time the new Sotto Fabric + (Plus), a new product in the Sotto series of rubber electrodes for biological signals, released in July 2022. It delivers uniform electrical muscle stimulation (EMS) over a wide area and high conductivity for high-precision sensing performance, enabling applications in physical therapy equipment used for rehabilitation of people requiring nursing care and athletes, EMS equipment, and "smart wear" for measuring biometric information.

By introducing highly functional products at exhibitions, the NOK Group helps customers address environmental issues and improve operational efficiency in the nursing care sector, and contributes to resolve diverse other issues.



Showcasing products for electric vehicles to achieve carbon neutrality



Showcasing composite materials to be applied for urination detection sensors and rehabilitation equipment

Sponsoring "Enosui eco" environmental activities promoted by Enoshima Aquarium

Since FY2019, NOK's Shonan R&D Center has been sponsoring "Enosui eco," environmental activities promoted by Enoshima Aquarium (Fujisawa City, Kanagawa Prefecture). In June and July 2022, a cumulative total of 102 employees of the Shonan R&D Center and their family members participated in the beach cleanup activities organized by Enoshima Aquarium.

On the beach, which is popular with local people and tourists, there was a lot of plastic debris scattered about. In recent years, microplastics, tiny pieces of plastic, have been identified as a major cause of marine pollution.

We will continue to engage in community revitalization, environmental beautification, waste reduction, and other environmental protection activities.



Sponsoring "Enosui eco" environmental activities promoted by Enoshima Aquarium

For other initiatives, please refer to the NOK website.

Social / Local Area Activities https://www.nok.co.jp/en/csr/social/social_contributions.html

Sports Promotion Activities <https://www.nok.co.jp/en/csr/social/sports.html>

Governance

External Director Interview



A Diverse Board of Directors Backs Up Proactive Management

External Director
Founder & CEO, P&E DIRECTIONS INC
Naoki Shimada

The role of stimulating management

I have been an external director at NOK since FY2022. The NOK Group has made a significant shift from defensive to proactive management, where quick decisions and the realization of new businesses and M&A are at the forefront. Specifically, as the Group possesses strong technical, manufacturing, and sales capabilities, it used to be a matter of efficiently producing what customers requested, resulting in profits. However, in line with the changing times, we are now proactively exploring new ways of selling and generating profits that align with the future business environment.

I was appointed as an external director based on the expectation that my experiences in entrepreneurship,

management, and working with foreign consulting firms would support a shift in business model thinking.

As the NOK Group launches its Medium-Term Management Plan this fiscal year, we are pursuing a Commitment Management approach. The "C" and "A" in the PDCA cycle are essential to our success; any minor deviations from our plan are quickly corrected to ensure a swift recovery. The board of directors plays a crucial role in monitoring and guiding these assessments. Additionally, achieving our goals demands fresh perspectives, where external directors are instrumental. I am committed to sharing candid opinions with the board, striving to challenge the Group's existing thought patterns.

Spirited discussions at board of directors' meetings

Within the board of directors are two other external directors. Kensaku Hogen, a former diplomat who has served as the Under-Secretary-General for Communications and Public Information, and Makoto Fujioka, who, after a diverse career at the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry), currently holds positions as an external director in multiple companies. Although their areas of expertise vary, spanning from global business to domestic administration, I find it intriguing that their opinions and ideas align remarkably when it comes to a particular managerial challenge.

Our monthly meetings cover a wide range of management issues, including overseas investments, M&A, fundraising,

and talent development. We also receive updates on the status of each business division. All directors and auditors actively share their opinions during these meetings, leading to spirited discussions, and I've noticed that our talks become livelier with each meeting.

In the early days of my tenure, I felt some hesitation among the executives when I brought up topics from industries outside their own. However, I now see an atmosphere where directors freely exchange their opinions, regardless of internal or external perspectives.

NOK CEO, Masao Tsuru, encourages active participation and discussion, so I believe I have been able to contribute to some extent.

Elevating marketing efforts at customer-centric NOK Group

Since my appointment, I have had the opportunity to visit various NOK business units and Group companies, and I've come to recognize several strengths. A wealth of knowledge in technology and production is accumulated at the grassroots level with a dedicated team of individuals who genuinely commit to their work. Furthermore, NOK Group's

significant power lies in the strong relationships of trust it has built with its customers. Looking ahead, it is crucial for NOK to make its offerings known to existing customers and potential new ones. Therefore, pursuing new sales and profit strategies through marketing efforts becomes paramount.

Governance

Corporate Governance

Basic Concept

The NOK Group aims not only to contribute to the development of economic society by creating added value through fair competition, but also to become a company that benefits society at large by promoting management that can make all stakeholders proud of the company and continue pursuing their dreams together. We are also promoting a management

Corporate Governance Framework

NOK has adopted the format of a company with a board of corporate auditors. To develop and provide products and services from the customer's perspective in a business environment where technological innovation and the needs of end users are rapidly changing, we believe it is important that directors who are well-versed in operating a business be involved in making key management decisions. From this point of view, the directors who concurrently serve as executive officers cooperate with each other in the execution of their duties, while directors, including external directors, mutually monitor each other. The corporate auditors, including external auditors, audit management. The Board of Directors and the Board of Corporate Auditors, which include personnel from outside the company, are the key to strengthening the checking function.

To improve objectivity and transparency regarding nominations and remuneration, the Board of Directors has established the Management Oversight Council with key members from outside the company as an advisory body to the Board of Directors, which regularly confirms important matters such as nominations and remuneration and provides appropriate advice to the Board of Directors.

plan to secure economic growth with stability and strong increases in revenue over the medium to long term.

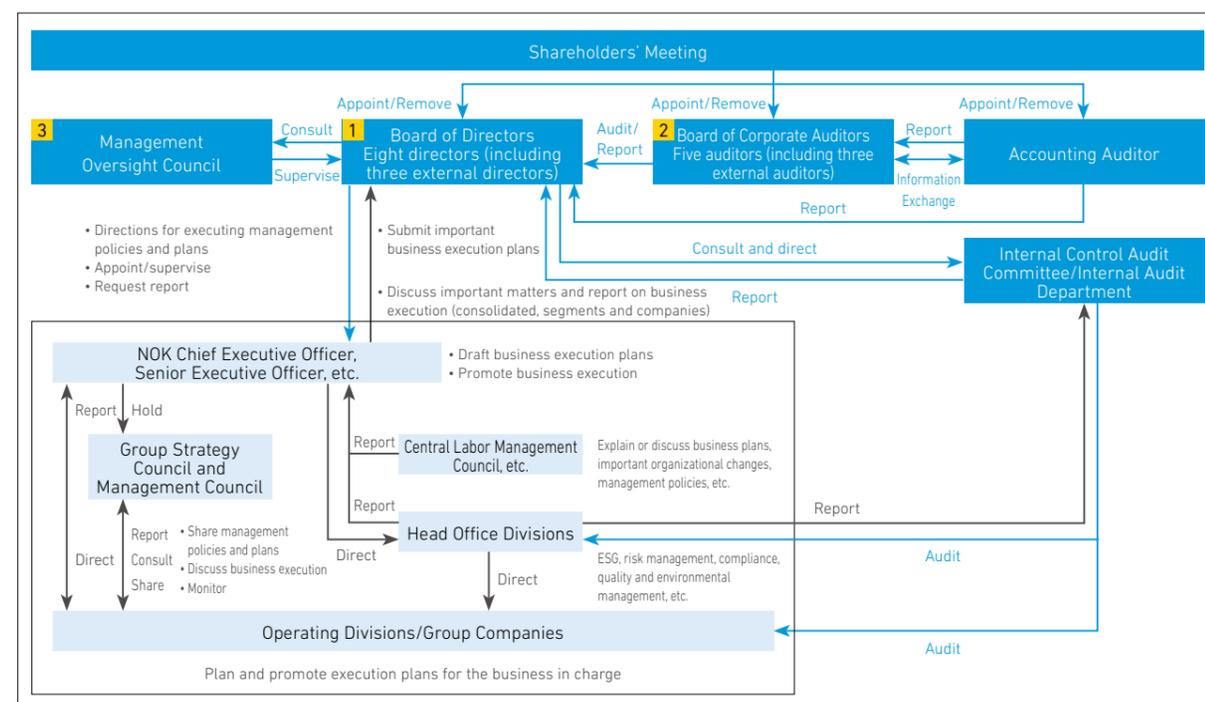
For this reason, the NOK Group considers continuously strengthening the corporate governance framework as one of our business management priorities, and we are committed to this goal.

In addition, significant management risks are checked and assessed at the Management Oversight Council periodically.

In terms of the internal audit function, the Internal Control Audit Committee, an advisory body to the Board of Directors, regularly audits the systems to ensure the proper operation of NOK and its subsidiaries in accordance with the Internal Control Regulations, and reports the results to the Board of Directors and the Board of Corporate Auditors.

On June 28, 2023, NOK introduced the CxO System in order to further strengthen the governance of the entire NOK Group in business execution. Specifically, we have established CEO, CFO, and CTO positions that we consider necessary as a manufacturing corporate group, and also organized their duties and authority. By separating and clarifying the governance of the entire Group from that of each business company and delegating appropriate authority in line with the actual situation, we have created a corporate system that enables swift decision-making and efficient group management.

See page 42 of ESG Data Book 2023 for our steps to enhance corporate governance.



1 Board of Directors

Composition	Eight directors (including three external directors)
Number of meetings held in FY2022	12
Overview	<ul style="list-style-type: none"> The Board of Directors determines allocation of duties of Directors and important matters such as business strategies and management policy. It appoints Operating Officers responsible for implementation of operations at individual divisions, authorizes them to execute operations at individual divisions, encourages them to execute operations quickly and accomplish objectives, and supervises them. Operational authorities and rules on decision-making are clarified pursuant to the Rules concerning the Operational Authorities of Upper Management. A system is in place to ensure execution of their respective duties in an appropriate and efficient manner by monitoring the progress of business plans, managerial policies, and operational implementation plans at regular management meetings and through management reviews. In order to ensure efficiency in the execution of duties by Directors, meetings of the Central Labor-Management Council consisting of the representatives of both the management team and employees, and other committee meetings are held and business plans, important changes to organizational structures, and managerial policies are explained and discussed.
Specific matters considered in FY2022	<ul style="list-style-type: none"> Matters concerning investments, fund procurement, medium- to long-term management plan, measures to deal with business risks, and other management strategies, including those of Group companies. Matters concerning governance, such as decisions to convene general meetings of shareholders, evaluation of effectiveness of internal controls, appointment of key employees, selection of representative directors, etc.

2 Board of Corporate Auditors

Composition	Five auditors (including three external auditors)
Number of meetings held in FY2022	11
Overview	<ul style="list-style-type: none"> In order to supervise the Directors' execution of their duties, the Board of Corporate Auditors formulates the audit policy and audit plan pursuant to the Board of Corporate Auditors Regulations and a system is in place that allows auditors to attend the Board of Directors meetings and other important meetings to investigate the Company's operational and financial conditions. Moreover, the Accounting Auditor and auditors exchange opinions on a regular basis. In addition to the formulation of the above policies and plans, the Board of Corporate Auditors determines the allocation of duties among the auditors, confirms the status of design and operation of the internal control system, and reviews the appropriateness of the method and results of audit by the Accounting Auditor.

3 Management Oversight Council

Composition	Masato Tsuru, Representative Director, Chairman of the Board; Masao Tsuru, Representative Director, Chief Executive Officer; three external directors
Number of meetings held in FY2022	2
Overview	<ul style="list-style-type: none"> The majority of the members of the Management Oversight Council are independent external directors. The Management Oversight Council regularly confirms particularly important matters such as nominations and remuneration, including succession planning, and provides appropriate advice to the Board of Directors from the perspective of diversity and skills. The Management Oversight Council periodically checks and assesses significant management risks.

Nomination of Directors and Auditors

NOK decides candidates for directors and auditors at meetings of the Board of Directors, taking into account their abilities, insight, character, etc., in a comprehensive manner. Specifically, the Company nominates directors and auditors based on their qualifications and aptitude for the position in accordance with the following nomination policy.

Directors

The Company believes that it is important for directors who execute business operations to be well-versed in the NOK Group's operations and involved in making key management decisions. Based on this belief, the Company nominates candidates for director in view of their experience.

External directors

In addition to complying with the external requirements set forth in the Companies Act and the independence criteria of the Tokyo Stock Exchange in nominating external directors, the Company expects external directors to be able to advise on the Company's corporate activities from an objective, wide-ranging and high-level perspective based on their wealth of experience and high-level insight.

In this way, the Company nominates candidates for external director on the basis that there is no conflict of interest with general shareholders.

Auditors

Auditors are expected to perform functions and roles such as conducting objective and appropriate audits based on their expertise. The Company nominates candidates for auditor on the basis that there is no risk of conflict of interest with general shareholders.

In addition to the above approach, candidates for external auditor positions are nominated in accordance with the external requirements set forth in the Companies Act and the independence criteria of the Tokyo Stock Exchange.

Governance

Assessing the Effectiveness of the Board of Directors

In May of each year, NOK administers a self-evaluation questionnaire to all directors and auditors, including those from outside the company, asking them questions about the composition, operation, and agendas of the Board of Directors, as well as questions about the structure that

supports the Board of Directors. The aggregate results of responses are shared with the Board of Directors. The analysis and assessment of the self-evaluation questionnaire survey conducted in May 2023 indicated that the Board of Directors as a whole was effective.

Cross-Shareholdings

The Company has cross-shareholdings as assets based on the following views and verifies the suitability of holding the shares at regular intervals. Based on the results of the verification, the Company determines whether to continue or reduce the cross-shareholdings.

a. Purpose of holding funds

The Company believes that it is necessary to secure a certain amount of funds to prepare for unforeseeable events under the challenging business environment in our operation of the Electronic Products Business, which is subject to high volatility in the short term, and the Seal Business, in view of concerns regarding a decrease in demand as electric vehicles and fuel cell vehicles become more popular in the medium to long term. Furthermore, to grow the Company and expand its business, the Company believes that it is necessary to secure funds on hand, separate from the usual working capital, as necessary funds for new investments that carry risk and funds to cover times when risks arise. Given the above reasons, the Company has determined that a certain amount of funds is necessary and is holding the funds as assets.

b. Purpose of cross-shareholdings

The Company believes that it is desirable to hold assets that provide three types of value, "financial value," as well as "business value" and "value as an investment," and has determined that listed shares of customers are appropriate. Although there are risks associated with listed shares, such as price fluctuation, the Company has the cross-shareholdings based on the Company's view that of the various kinds of assets such as government bonds, and real estate, only

listed shares can be expected to contribute to business growth and revenue.

c. Verification of cross-shareholdings

Regarding cross-shareholdings, the Company confirms the purpose of holding each issuer's stock individually at regular intervals, evaluates the cross-shareholdings at regular intervals based on the applicable standards of the evaluation standards that have been established, and verifies the necessity of the cross-shareholdings. According to the results of this verification, the Company believes that it is necessary to sequentially sell, or reduce the number of, the shares of issuers that are determined not to meet NOK's purpose of cross-shareholdings or the standards. The Company has established individual numerical values as the verification standards to determine whether the cross-shareholdings provide the three types of value, "financial value," "business value" and "value as an investment," evaluates individual issues of stock, and verifies the suitability of the cross-shareholdings.

At the meeting of the Board of Directors held on April 19, 2023, the Company resolved to reduce by 25% the total market value of its cross-shareholdings as of March 31, 2023, during the period of its Medium-Term Management Plan running from FY2023 to FY2025.

Framework of Remuneration for Directors and Auditors

With respect to the remuneration of directors and auditors, the Company has established the following policy for determining the details of remuneration for directors and auditors. Based on this policy, the amount of remuneration for directors is decided through discussions at Board of Directors meetings and the amount for auditors through discussions of auditors respectively, within the limits of the total amount determined at the general meeting of shareholders.

Basic Policy

The NOK Group aims to become a strong company generating high profitability by producing and selling unique, technology-backed products that are useful to society around the world. We believe that pursuing this policy as a Group with a medium- to long-term perspective will help to enhance the NOK Group's medium- to long-term corporate value and raise stakeholder satisfaction.

In carrying out this policy, we believe it is necessary to encourage management, including the directors of the core companies of the NOK Group, to achieve their goals and to enhance stakeholder satisfaction by means of compensation.

To this end, we have introduced a new stock-based compensation plan for the management of the NOK Group's core companies, in which a certain percentage varies according to the level of achievement of KPIs related to the priority implementation measures in the NOK Group's medium-term management plan. The goal is to increase corporate value over the medium to long term and to enhance stakeholder satisfaction through monetary and stock-based compensation, which varies according to the degree to which performance targets are achieved in a single fiscal year.

Remuneration for Directors	Directors' remuneration consists of a fixed remuneration portion, a remuneration portion for short-term expected achievements and a remuneration portion for long-term expected achievements, with consideration given to directors' responsibilities to improve business results each fiscal year and to increase the corporate value from a medium- to long-term perspective. The Company classifies the remuneration in three types: (1) basic remuneration (monetary), (2) short-term performance-linked remuneration (monetary) and (3) medium- to long-term performance-linked remuneration (shares). On the other hand, external directors are expected to provide objective opinions and suggestions from an external perspective independent from business execution, and in view of that role, they are paid only basic remuneration (monetary).
Remuneration for Auditors	As auditors are responsible for auditing the execution of duties across the NOK Group, they are paid only basic remuneration (monetary) according to their positions.

Directors

				
Masato Tsuru Representative Director, Chairman of the Board	Masao Tsuru Representative Director, Chief Executive Officer	Yasuhiko Kuroki Representative Director, Senior Executive Officer in charge of Corporate Sales & Marketing	Akira Watanabe Director, Executive Operating Officer, Chief Financial Officer	Junichi Orita Director, Executive Operating Officer, General Manager, Corporate Business Strategy Office
				
Kensaku Hogen Director	Makoto Fujioka Director	Naoki Shimada Director		

Auditors

				
Nozomu Maehara Standing Auditor	Hideki Watanabe Standing Auditor	Osamu Kobayashi Auditor	Hideki Ogawa Auditor	Atsushi Kajitani Auditor

 Refer to the Corporate Governance Report for the reasons for appointment of external directors and external auditors.

	Name	Skills possessed							Attendance at Board of Directors' meetings and Management Oversight Council meetings (FY2022)	
		Corporate management	Business and technology strategy	Sales strategy	Financial, accounting, and capital policies	Global management	New business	ESG (Environment, Social, Governance)	Board of Directors	Management Oversight Council
Directors	Masato Tsuru	○	○						12/12 (100%)	2/2 (100%)
	Masao Tsuru	○	○						12/12 (100%)	2/2 (100%)
	Yasuhiko Kuroki		○	○					12/12 (100%)	—
	Akira Watanabe	○			○				12/12 (100%)	—
	Junichi Orita					○	○		12/12 (100%)	—
	Kensaku Hogen	External	○			○			12/12 (100%)	2/2 (100%)
	Makoto Fujioka	External	○					○	12/12 (100%)	2/2 (100%)
	Naoki Shimada	External	○				○		9/9 (100%)	2/2 (100%)
Auditors	Nozomu Maehara			○				○	—	—
	Hideki Watanabe				○	○			—	—
	Osamu Kobayashi	External			○			○	—	—
	Hideki Ogawa	External	○	○					—	—
	Atsushi Kajitani	External	○					○	—	—

Governance

Internal Control System

The NOK Group has implemented an appropriate "System for Ensuring the Propriety of Operations (Basic Policy for the Internal Control System)" established in accordance with the provisions of the Companies Act, and is committed to establishing this system under the basic policy of continuing to strengthen corporate governance in accordance with the Corporate Governance Code stipulated by the Tokyo Stock Exchange.

Specifically, the Company has established Internal Control Regulations based on the Basic Policy for the

Internal Control System. NOK's Head Office divisions provide rules for the internal control system and give directions to NOK's operating divisions and subsidiaries, while the Internal Control Audit Committee periodically audits the internal control system to determine the progress of improvement and implementation. The results of these audits are reported once a year to the Board of Directors.

During FY2022, there were no legal violations or lawsuits that could have seriously affected the Company's performance.

Compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors, and the Unfair Competition Prevention Act

Based on the Principles of Corporate Behavior, the NOK Group stipulates in the "Behavioral Guidelines concerning Employee Compliance" its stance and relationship with agencies, distributors, competitors and suppliers, and complies with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors, and the Unfair Competition Prevention Act, etc. The NOK Group continuously raises employees' awareness of the principles by distributing an introductory compliance booklet and through education, etc., by the department in charge.

In addition, to ensure fair trade, the Company has established "Fair Trade Regulations," which stipulate prohibitions and management methods to ensure fair transactions.

In the event of a violation of the Group's anti-corruption policy, the Risk Management Committee is primarily responsible for taking action. Information on violations of the anti-corruption rules can be shared via the Whistle-Blowing Hotline.

The Internal Control Audit Committee conducts an annual audit on the status of compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors, and the Unfair Competition Prevention Act and reports its results to the Board of Directors. During FY2022, there were no violations in the NOK Group.

Prevention of Bribery and Corruption

The NOK Group declares in the NOK Charter of Corporate Behavior that it will maintain "fair, transparent, and free competition, appropriate business transactions, and sound and normal relations with political and administrative authorities," and that corruption and bribery are prohibited. As a signatory to the United Nations Global Compact, the NOK Group respects the Ten Principles of the United Nations Global Compact and has established the NOK Group Policy on Prevention of Corruption and Bribery to further promote

measures to prevent corruption and bribery. In the event of a violation of the Group's anti-corruption policy, the Risk Management Committee is primarily tasked with taking response measures. Our Whistle-Blowing Hotline also accepts information on violations of anti-corruption rules.

Meanwhile, the Internal Control Audit Committee conducts an annual anti-corruption audit of all domestic and international divisions and Group subsidiaries, and reports the results to the Board of Directors.

See page 46 of ESG Data Book 2023 for the NOK Group Policy on Prevention of Corruption and Bribery.

Communication with Shareholders and Investors

NOK states in its Principles of Corporate Behavior: "We will disclose accurate information about the Company timely and appropriately, and have constructive dialogues with the various stakeholders who surround our business in order to increase the corporate value." We also practice this in our investor relations activities, where senior executives and executives, led by the department in charge of investor relations, engage in dialogue with shareholders and investors.

The NOK group holds two financial results briefings every year: one in May for annual results and another in November for interim results. Securities analysts, institutional investors, research institutions, journalists and

financial institutions are invited to these sessions, where we explain the financial results and forecasts, and the representative director or other directors answer questions. During the question-and-answer session, questions about next-generation vehicles were asked, and the sales status and future prospects of products for electric vehicles were explained in detail. Presentation materials used for financial results briefings are available on NOK's website. In addition, from the standpoint of fair disclosure, NOK participates in events for individual investors every year. In FY2022, we participated in online events.

Compliance

Basic Concept

The NOK Group established the Compliance Rules in 2006, based on the NOK Charter of Corporate Behavior, which stipulates compliance with laws and regulations as well as the Company's various rules and regulations. The Company established the Behavioral Guidelines concerning Employee Compliance as a guide for specific details of the regulations.

This document specifies the items that employees must comply with in their business activities, and we ensure that all Group employees familiarize themselves with the Guidelines.

For the NOK Charter of Corporate Behavior, please refer to the NOK website. <https://www.nok.co.jp/en/csr/charter.html>

Behavioral Guidelines concerning Employee Compliance

- | | | |
|--|--|--|
| 1. Respect for Human Rights, Prohibition against Discrimination and Harassment | 5. Laws Related to Intellectual Property Rights | 9. Provision of Useful and Safe Products |
| 2. Fair and Appropriate Trade | 6. Severance of all Relations with Antisocial Forces | 10. Appropriate Management of Information |
| 3. Regulations against Insider Trading | 7. Environmental Conservation | 11. Prohibition Against Acts that May Damage the Company's Interests |
| 4. Export/Import Procedures (Security Trade Control) | 8. Safety and Health | 12. Giving Report of Violations of Ordinances etc. |

Compliance Promotion System and Initiatives

In the "Compliance Rules," the NOK Group designates departments in charge of individual laws and regulations that are responsible for promoting compliance activities in their respective operations. These departments act as contact points for reports and consultations on related laws, internal regulations, and rules.

The NOK Group has designated October of every year as the compliance promotion month to regularly inform employees of NOK's compliance initiatives and to help raise

their awareness of compliance, such as by conducting a survey of all employees on their compliance awareness. The Company also provides compliance education as part of the training for new employees and newly appointed managers. We have created educational materials for all employees titled "Introduction to Compliance" and regularly distribute articles on different themes concerning compliance to continuously promote awareness about compliance.

Reporting Desk and Whistle-Blowing Hotline

The NOK Group has established the NOK Group Reporting Desk and Whistle-Blowing Hotline to detect and correct illegal conduct that violates the Compliance Rules at an early stage.

Any employee who has noticed a violation can contact the Reporting Hotline. If the violation continues even after the report to the Reporting Desk or the employee finds it difficult to report the case, he or she can contact the Whistle-Blowing Hotline.

The Whistle-Blowing Hotline consists of the internal contact (NOK's Legal Affairs Department) and independent lawyers. Reports can be made anonymously, provided that

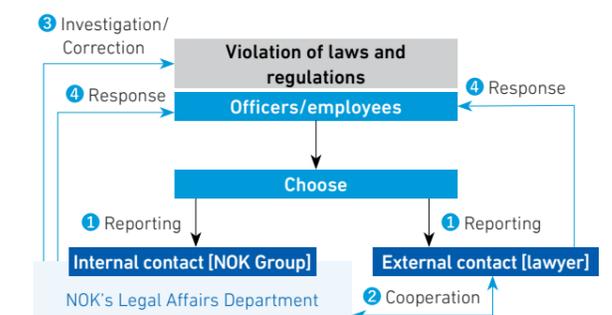
they are objective and specific. Moreover, the whistle-blower is protected against disadvantageous treatment under compliance regulations. Whenever a report or consultation is received, the Company takes appropriate action, such as investigating and correcting the situation in question.

Regarding overseas sites, in FY2019 and 2020, the Whistle-Blowing Hotline was set up (in and outside of the company) at our Group companies in China. Furthermore, in FY2021 and 2022, we expanded and established whistle-blowing hotlines at 32 Group companies in the rest of Asia to strengthen our whistle-blower system.

Reporting Desk



Whistle-Blowing Hotline



Governance

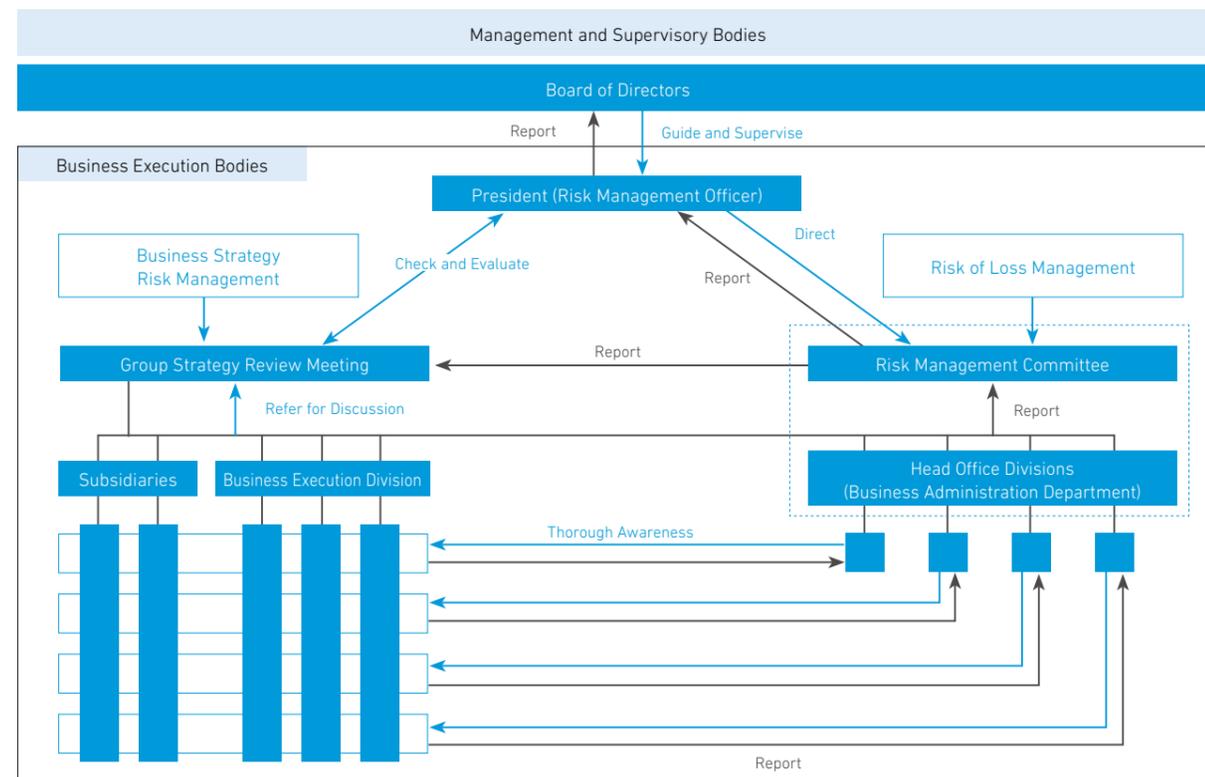
Risk Management

Basic Concept

NOK's Risk Management Regulations stipulate the basic policy and management framework for risk management across the entire Group. Based on these regulations, the Company has established a management framework in which the President is responsible for and promotes risk management for the Group. We believe there are two types of business risks that may affect the management of the Company: business strategy risk, for which we seek to maximize returns while balancing risks to enhance corporate value; and the risk of loss, for which we seek to prevent or minimize the probability of losses occurring to maintain corporate value.

Business strategy risk is assessed at meetings for examining the Group's management strategy, where risks associated with the promotion of business and new projects at Group companies are identified and discussed to maximize returns in a timely and appropriate manner. As for risk of loss, the Risk Management Committee is established to assist the chief risk management officer, who periodically identifies and analyzes risks, as well as quantifies them through risk-level assessments that take into account the frequency (timing) of occurrence and the scale of loss (amount of damage). Thus, the Risk Management Committee examines issues and response measures by prioritizing their importance and urgency.

See pages 49-50 of ESG Data Book 2023 for business risks.



Crisis and Risk Categories that May Significantly Impact Company Management

Risks of loss are categorized as follows based on the types of crisis that may significantly impact company management and their causes.

Type of crisis	Cause	Risk category
Shutdown of operations	Fire, explosion	<ul style="list-style-type: none"> Disaster risk Country risk
	Natural disasters (earthquakes, floods, etc.)	
	Illness (COVID-19, H1N1 influenza, SARS, etc.)	
	Suspension of materials supplies	
	Unlawful obstruction of business	
Legal violations, etc.	Disruption of critical infrastructure	<ul style="list-style-type: none"> Legal risk Credit risk
	Judicial risk (crime, provision of illicit profit, etc.)	
	Taxation (violation of tax laws, etc.)	
	Companies Act, Financial Instruments and Exchange Act (shareholder derivative lawsuits, etc.)	
	Environment (pollution, etc.)	
Employee death, serious injury, or the possibility thereof	Labor laws (violation of Labor Standards Act, sexual harassment, etc.)	<ul style="list-style-type: none"> Disaster risk Country risk
	Industrial accidents	
	Traffic accidents	
	Natural disasters (earthquakes, floods, volcanic eruptions, etc.)	
	Fire, explosion	
Lawsuits	Overseas armed conflict, riots, terrorism, kidnapping, etc.	<ul style="list-style-type: none"> Legal risk
Other matters that significantly impact company management	Loss, leakage of key confidential information	<ul style="list-style-type: none"> Credit risk
	Serious quality issues	<ul style="list-style-type: none"> Credit risk
	Other	<ul style="list-style-type: none"> Various risks

Responding to Disaster Risk

1. Business Continuity Management (BCM) System

Regarding business risks and emergencies, the NOK Group defines natural disasters, fires, explosions, serious accidents and epidemics of infectious disease as "events that interfere with business continuity." The Company established the Business Continuity Management System to ensure business continuity and to promote business continuity activities consistently and effectively should such an event occur.

Specifically, the NOK Group BCM Committee was established as a standing committee to promote business continuity management activities. The management framework consists of the BCM Committee, which is responsible for formulating, maintaining, and updating the business continuity plan (BCP), securing the budget and resources to implement it, implementing preventative measures, conducting education and training, conducting inspections, and engaging in ongoing activities.

In the event of an emergency, the Company must immediately set up an emergency response headquarters at the head office and on-site response headquarters at local business establishments. Depending on the situation, relevant departments and divisions will work together to deal with the situation promptly and appropriately.

2. Planning and promoting business continuity plans (BCP)

The NOK Group will proceed with business continuity measures based on the following basic policy:

1. Give top priority to ensuring safety, protecting people, and saving people's lives.
2. As a member of the local community, actively cooperate with the recovery of the whole region.
3. Minimize the impact on customers and stakeholders, and fulfill responsibilities as a business operator.

Each business site, including domestic and overseas Group companies, has a plan that outlines policies, systems,

NOK Group Business Continuity Management System



* A sub-committee is established in each segment's BCM Committee.

and procedures to ensure that important business operations are not interrupted or are restored as quickly as possible if an unforeseen event should occur. At the same time, the Company verifies the plan's effectiveness through training and responding to identified issues. It also continues to implement measures to minimize damage, improve emergency communication methods and reporting systems, and reinforce the earthquake resistance of our IT infrastructure. We are also working with suppliers to strengthen the business continuity of our supply chain BCM.

For information security measures, cyber security measures, and protection of intellectual property, please refer to the NOK website. https://www.nok.co.jp/en/csr/governance/risk_management.html

Financial Data

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating Results (Fiscal Year)										
Net Sales	Millions of yen	693,689	746,147	713,138	729,341	669,482	626,815	596,369	682,507	709,956
Gross Profit	Millions of yen	145,144	129,416	120,339	129,242	109,437	96,987	92,024	115,321	105,572
Selling, General and Administrative Expenses	Millions of yen	78,058	81,158	80,562	84,308	86,297	84,958	77,556	83,984	90,193
Of which R&D Expenses	Millions of yen	8,096	7,632	8,274	9,443	10,459	11,298	10,053	10,410	11,281
R&D Expenses to Revenue	%	1.2	1.0	1.2	1.3	1.6	1.8	1.7	1.5	1.6
Operating Income	Millions of yen	67,085	48,258	39,776	44,934	23,140	12,028	14,467	31,337	15,378
Cash Flows (Fiscal Year)										
Cash Flows from Operating Activities	Millions of yen	80,613	88,503	68,038	69,526	63,854	71,370	45,824	54,999	46,030
Cash Flows from Investing Activities	Millions of yen	(43,196)	(65,682)	(62,035)	(58,681)	(79,259)	(50,425)	(18,719)	(37,972)	(35,159)
Free Cash Flow	Millions of yen	37,416	22,820	6,003	10,844	(15,404)	20,945	27,104	17,026	10,870
Cash Flows from Financing Activities	Millions of yen	(18,061)	(24,008)	(7,327)	(13,010)	6,633	(17,497)	5,884	(32,070)	(21,441)
Financial Position (Fiscal Year-end)										
Total Assets	Millions of yen	755,084	696,989	751,797	793,314	785,133	728,695	803,000	857,324	862,750
Total Liabilities	Millions of yen	292,330	263,585	296,686	293,419	299,634	281,457	300,886	302,969	285,404
Total Net Assets	Millions of yen	462,754	433,404	455,111	499,894	485,498	447,238	502,114	554,355	577,346
Shareholders' Equity Ratio	%	55.9	56.7	55.7	57.9	56.6	55.9	57.0	58.6	60.6
Per Share Information										
Net Income (Loss) per Share	yen	271.21	173.97	158.39	204.17	19.77	(12.83)	(7.87)	149.37	77.55
Profit Attributable to Owners of Parent per Share	yen	2,440.93	2,293.76	2,424.43	2,657.85	2,567.92	2,353.56	2,644.14	2,903.78	3,082.93
Dividend per Share	yen	50.0	50.0	50.0	50.0	50.0	37.5	25.0	60.0	75.0
Other Financial Data										
Return on Invested Capital (ROIC)	%	—	—	—	—	—	—	—	—	1.9
Return on Assets (ROA)	%	6.60	4.14	3.77	4.57	0.43	(0.29)	(0.18)	3.11	1.55
Return on Equity (ROE)	%	12.43	7.35	6.71	8.03	0.76	(0.52)	(0.31)	5.38	2.60
Dividend on Equity (DOE)	%	2.0	2.2	2.1	1.9	1.9	1.60	0.90	2.1	2.4
Price-Earnings Ratio (PER)	times	13.35	11.05	16.31	10.12	87.15	(92.99)	(190.72)	7.68	18.87
Price-Book Ratio (PBR)	times	1.48	0.84	1.07	0.78	0.67	0.51	0.57	0.40	0.47
Capital Investment	Millions of yen	41,470	61,399	65,135	58,388	70,118	47,669	25,728	41,030	47,759

Non-financial Data

Environment

	Scope	Unit	FY2019	FY2020	FY2021	FY2022
Total CO ₂ emissions (Market base*)	(Scope 1+2) Consolidated	1,000 tons-CO ₂	693	628	727	656
	Scope 1 Consolidated	1,000 tons-CO ₂	43	38	41	39
	Scope 2 Consolidated	1,000 tons-CO ₂	650	590	685	617
CO ₂ emissions for Scope 3**	Consolidated	1,000 tons-CO ₂	268	269	2,169	2,137
Total energy consumption	Consolidated	TJ	5,094	4,700	5,255	4,797
VOC emissions	Consolidated	1,000 tons	3.4	3.1	3.2	2.9
Total water withdrawals	Consolidated	1,000 m ³	9,363	8,347	9,187	8,666
Total wastewater	Consolidated	1,000 m ³	7,735	6,116	6,619	6,026
Industrial waste	Consolidated	1,000 tons	58	52	60	52

*1 CO₂ emissions are the sum of fuel and electricity consumption multiplied by the conversion factor. Fuel CO₂ conversion factors are calculated using emission factors based on the Law Concerning the Promotion of Measures to Cope with Global Warming. The electric power CO₂ conversion factors are: domestic—emission factors by electric utility; and overseas—"CO₂ Emissions from Fuel Combustion" by the International Energy Agency (IEA) (using both market-based and location-based methods).

**2 Categories 9 and 12 are not included in the calculation because it is difficult to calculate their current status.

Social

	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees (by region)	Japan	persons	10,789	11,001	11,017	10,730	10,648
	China	persons	11,681	10,913	9,383	9,690	10,659
	Southeast Asia	persons	18,651	17,395	16,194	15,623	15,196
	Europe and the United States	persons	1,130	1,183	1,405	1,570	1,410
Ratio of female employees in staff positions	Consolidated	%	—	—	—	—	26.9
Ratio of mid-career hires in managerial positions	Major domestic Group companies (Non-consolidated)	%	—	—	-(9.8)	-(9.8)	12.3(11.3)
Number of new graduates hired	Major domestic Group companies (Non-consolidated)	persons	-(147)	-(151)	-(117)	-(41)	96(80)
Ratio of female new graduates hired for the managerial track	Major domestic Group companies (Non-consolidated)	persons	-(6.1)	-(5.2)	-(6.3)	-(13.3)	14.9(16.1)

Governance

	Scope	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Composition of the Board of Directors	Number of directors	persons	9	8	9	9	9
	Of which the number of external directors	persons	2	2	2	2	3
Board of Directors' meetings	Number of meetings held	sessions	14	13	14	12	13
	Average attendance rate	%	97.7	98.2	100	99.1	100
Number of patents held	Japan	NOK Group patents	1,868	1,882	1,768	1,770	1,666
	Overseas	NOK Group patents	2,001	1,901	2,112	2,674	2,683

Initiatives Endorsed by NOK



External Recognition



* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that NOK FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that NOK has been assessed according to the FTSE4 Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE4 Blossom Japan Sector Relative Index. The FTSE4 Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

Detailed data on ESG are available in the ESG Data Book 2023.

https://www.nok.co.jp/pdf/csr/report/2023/esg_databook_2023_e.pdf

Corporate Profile

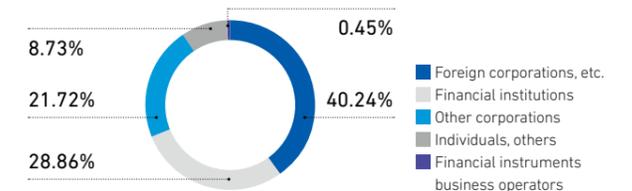
Company name	NOK CORPORATION	Employees	37,913 (Consolidated / as of March 31, 2023)
Head office	1-12-15 Shibadaimon, Minato-ku, Tokyo, Japan		3,419 (Non-Consolidated / as of March 31, 2023)
Established	December 2, 1939	Consolidated subsidiaries	91 subsidiaries
Founded	July 9, 1941	Securities code	7240
Capital	¥23,335 million (as of March 31, 2023)		

Stock Information

Status of Stock (as of June 30, 2023)

Number of shares issued and outstanding	173,138,537 shares
Number of authorized shares	600,000,000 shares
Number of shareholders	12,693

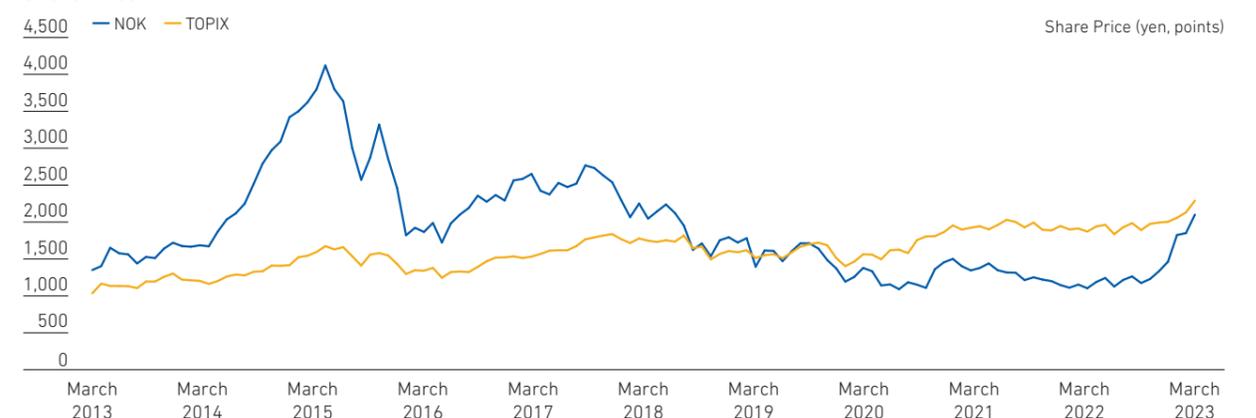
Shareholding by Shareholder Type (as of March 31, 2023)



Major Shareholders (as of June 30, 2023)

Shareholder	Number of shares held (shares)
Freudenberg S.E.	43,457,500
The Master Trust Bank of Japan, Ltd. (Trust account)	12,460,800
Custody Bank of Japan, Ltd. (Trust account)	10,225,800
Seiwa Jisho Co., Ltd.	8,773,000
The Dai-ichi Life Insurance Company, Ltd.	8,000,000
SSBTC CLIENT OMNIBUS ACCOUNT	6,832,184
Toyota Motor Corp.	6,809,500
Sumitomo Mitsui Banking Corporation	4,270,000
NOK Employees Stock Sharing Plan	3,613,088
Sompo Japan Insurance Inc.	3,036,400

Share Price



Total Shareholder Return (TSR)

	FY2018	FY2019	FY2020	FY2021	FY2022
NOK (%)	85.8	62.0	78.1	63.9	82.8
TOPIX including dividends (%)	95.0	85.9	122.1	124.6	131.8

NOK Group Sites

Japan

• NOK CORPORATION

- Head Office (Minato-ku, Tokyo)
- Shonan R&D Center (Fujisawa City, Kanagawa Prefecture)
- Fukushima Plant (Fukushima City, Fukushima Prefecture)
- Nihonmatsu Plant (Nihonmatsu City, Fukushima Prefecture)
- Kitaibaraki Plant (Kitaibaraki City, Ibaraki Prefecture)
- Tsukuba Plant (Tsukuba City, Ibaraki Prefecture)
- Shizuoka Plant (Makinohara City, Shizuoka Prefecture)
- Tokai Plant (Kikukawa City, Shizuoka Prefecture)
- Tottori Plant (Saihaku-gun, Tottori Prefecture)
- Kumamoto Plant (Aso City, Kumamoto Prefecture)

Major Domestic Group Companies

• NIPPON MEKTRON, LTD.

- Head Office (Minato-ku, Tokyo)
- Ushiku Plant (Ushiku City, Ibaraki Prefecture)
- Tokyo Office (Taito-ku, Tokyo)

• SYNZTEC CO., LTD.

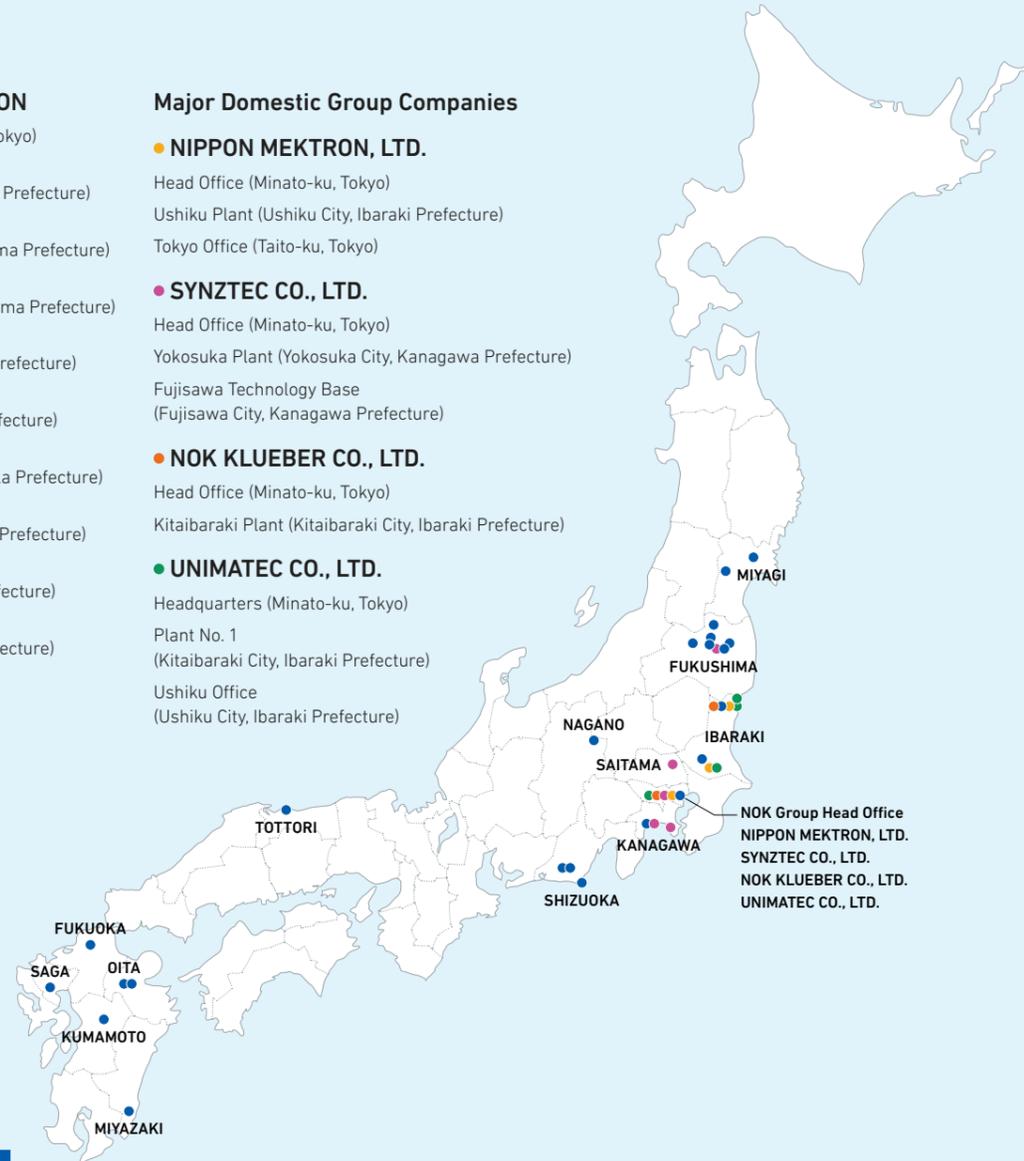
- Head Office (Minato-ku, Tokyo)
- Yokosuka Plant (Yokosuka City, Kanagawa Prefecture)
- Fujisawa Technology Base (Fujisawa City, Kanagawa Prefecture)

• NOK KLUEBER CO., LTD.

- Head Office (Minato-ku, Tokyo)
- Kitaibaraki Plant (Kitaibaraki City, Ibaraki Prefecture)

• UNIMATEC CO., LTD.

- Headquarters (Minato-ku, Tokyo)
- Plant No. 1 (Kitaibaraki City, Ibaraki Prefecture)
- Ushiku Office (Ushiku City, Ibaraki Prefecture)



Group Companies

Domestic Manufacturing Subsidiaries

- NOKMETAL Co., Ltd. (Toda-gun, Miyagi Prefecture)
- Miyagi NOK Corporation (Kami-gun, Miyagi Prefecture)
- Tohoku Seal Industry Corporation (Yama-gun, Fukushima Prefecture)
- Miharu Industry Corporation (Tamura-gun, Fukushima Prefecture)
- TSK CORPORATION (Iwase-gun, Fukushima Prefecture)
- Nihonmatsu NOK Corporation (Nihonmatsu City, Fukushima Prefecture)
- Isohara Polyurethane Industry Corporation (Kitaibaraki City, Ibaraki Prefecture)
- Isshin Industries Corporation (Kitasaku-gun, Nagano Prefecture)
- Kanasei Corporation (Fujisawa City, Kanagawa Prefecture)
- NOK Fugaku Engineering Co., Ltd. (Kikugawa City, Shizuoka Prefecture)
- Kikugawa Seal Co., Ltd. (Kikugawa City, Shizuoka Prefecture)
- MYK Corporation (Makinohara City, Shizuoka Prefecture)
- TVC Co., Ltd. (Saihaku-gun, Tottori Prefecture)
- NOK Elastomers Processing Co., Ltd. (Kama City, Fukuoka Prefecture)
- Saga NOK Corporation (Ureshino City, Saga Prefecture)
- Kumamoto NOK Corporation (Aso City, Kumamoto Prefecture)
- Aso NOK Corporation (Aso City, Kumamoto Prefecture)
- Kusu NOK Corporation (Kusu-gun, Oita Prefecture)
- Kusu Seimitu Co., Ltd. (Kusu-gun, Oita Prefecture)
- Nichinan NOK Corporation (Nichinan City, Miyazaki Prefecture)
- MEK-J Co., Ltd. (Ushiku City, Ibaraki Prefecture)
- Tokiwa Industry Co., Ltd. (Motomiya City, Fukushima Prefecture)
- Kuki Roll Industry Co., Ltd. (Kuki City, Saitama Prefecture)

Overseas Manufacturing Subsidiaries



• NOK CORPORATION

- Changchun NOK-Freudenberg Oil seal Co., Ltd., China
- Wuxi NOK-Freudenberg Oilseal Co., Ltd., China
- NOK (Wuxi) Vibration Control China Co., Ltd., China
- NOK (Wuxi) Water Treatment Technology Co., Ltd., China
- Taicang NOK-Freudenberg Sealing Products Co., Ltd., China
- Thai NOK Co., Ltd., Thailand
- Vietnam NOK Co., Ltd., Vietnam
- NOK Asia Company Pte. Ltd., Singapore
- PT. NOK Indonesia, Indonesia
- PT. NOK Freudenberg Sealing Technologies, Indonesia

• NIPPON MEKTRON, LTD.

- Mektec Manufacturing Corporation (Zhuhai) Ltd., China
- Mektec Manufacturing Corporation (Suzhou), China
- Mektec Corporation, Taiwan
- Mektec Manufacturing Corporation (Thailand) Ltd., Thailand
- Mektec Precision Component (Thailand) Ltd., Thailand
- Mektec Manufacturing Corporation (Vietnam) Ltd., Vietnam
- NOK Precision Component Singapore Pte. Ltd., Singapore
- PT. NOK Precision Component Batam, Indonesia

• SYNZTEC CO., LTD.

- Synztec Precision Parts (Shenzhen) Co., Ltd., China
- Synztec Vietnam Co., Ltd., Vietnam
- Synztec (Malaysia) Sdn. Bhd., Malaysia

• UNIMATEC CO., LTD.

- Unimatec Singapore Pte. Ltd., Singapore



• NIPPON MEKTRON, LTD.

- Mektec Manufacturing Corporation Europe DE GmbH, Germany
- Mektec Manufacturing Corporation Europe CZ s.r.o., Czechia
- Mektec Manufacturing Corporation Europe HU kft., Hungary