

CSR REPORT 2019

NOK CORPORATION

Supplementary Version



NOK

NOK CORPORATION CSR Report 2019 Supplementary Version

In this supplementary version of the CSR Report 2019,
we have included the items and information that we were unable to
publish in the primary report.

We hope that you will read this document
through in addition to the main report.

December 2019



Environmental Management

Environmental Management System

NOK has established a mechanism compliant with ISO14001 and is implementing an environmental management system, while at the same time working to contribute to the reduction of environmental impacts as a manufacturer. To ensure compliance with environmental laws and regulations, NOK's production sites and group companies have identified the laws and regulations that they must observe, along with key control items. They maintain control over such items and periodically check and evaluate their compliance status. We will continue our effort for early detection of possible risks related to environmental accidents and compliance and for prevention of nonconformities.

●Registration Agency: Registration Body, Japan Automobile Research Institute
Certificate Number: JAER 0335

Compliance with Environmental Laws and Regulations

In FY2018, the NOK Group faced no financial penalties, charges or lawsuits in relation to environmental accidents or complaints.

Environmental Communication

Providing suppliers and affiliates with environmental education

In order to foster the implementation of the environmental policy and activities for environmental impact reduction, NOK held environmental seminars for its suppliers and affiliates during the period from FY2018 to FY2019. At these events participants were briefed on international environmental trends, newly established laws and NOK's future environmental measures. The seminars provided NOK with a meaningful opportunity to communicate its environmental policy to its partners. We will continue to conduct environmental activities in cooperation with our suppliers and affiliates, thereby making more contributions to the reduction of environmental impacts across our supply chain.

Kyoei-kai

In FY2019, in order to communicate the environmental policy to suppliers and further reduce environmental impacts in cooperation with them, NOK established a system to commend outstanding environmental initiatives. We rate the performance of 28 suppliers comprising the "Kyoei-kai" group in terms of their contribution to NOK's measures to deal with CO2 emissions, waste and environmental impact. Based on the results, we give commendations to companies that have made contributions to environmental impact reduction. For this fiscal year, Isshin-Kogyo Co., Ltd. received the highest commendation in recognition of its outstanding energy conservation activities. We will continuously foster environmental impact reduction activities based on cooperation across our supply chain.

Cooperation with other companies

For the creation of a sustainable society, NOK exchanges information about environmental issues with other companies. Through this activity we learn about other companies' environmental approaches and measures while also introducing examples of NOK's initiatives, thereby promoting cooperation for the reduction of environmental impact across multiple supply chains. In FY2019 we joined a CO2 emission reduction management group organized by the cooperating companies and visited nine of the members to learn about their situations, identify common problems and search for clues to finding solutions. When members of the group visited NOK's Shonan Development Center, we introduced a case in which we made improvements on air leakage for energy conservation. We will continue to make exchanges with other companies for environmental impact reduction.



Environmental Performance

Environmental Management

List of ISO14001-Certified Companies

国	取得企業	適用範囲	EMS取得状況
日本	NOK株式会社	福島事業場福島サイト	ISO14001
		福島事業場二本松サイト	ISO14001
		北茨城事業場	ISO14001
		磯原事業場	ISO14001
		豊田事業所	ISO14001
		白沢事業所	ISO14001
		藤沢事業場	ISO14001
		静岡事業場	ISO14001
		東海事業場	ISO14001
		鳥取事業場	ISO14001
		熊本事業場	ISO14001
	TSK株式会社	本社工場	ISO14001
		福島工場：NOK株式会社として取得	ISO14001
	NOKメタル株式会社	籠岳工場(本社)	ISO14001
		川俣工場	ISO14001
		川俣工場(小神)	ISO14001
		川俣工場二本松：NOK株式会社として取得	ISO14001
	宮城NOK株式会社	登米工場(旧仙北工業)	ISO14001
		宮崎工場(旧宮崎工業)	ISO14001
	三春工業株式会社		ISO14001
	東北シール工業株式会社		ISO14001
	二本松シール工業株式会社	NOK株式会社として取得	ISO14001
	磯原ウレタン工業株式会社	NOK株式会社として取得	ISO14001
イツシン工業株式会社		ISO14001	
神奈川精機株式会社	福島工場	ISO14001	
菊川シール工業株式会社	本社工場：NOK株式会社として取得	ISO14001	
	本所工場：NOK株式会社として取得	ISO14001	
株式会社エム・ワイ・ケー	本社工場：NOK株式会社として取得	ISO14001	
TVC株式会社		ISO14001	
佐賀NOK株式会社(旧佐賀シール工業)		ISO14001	
熊本NOK株式会社(旧熊本シール工業)	本社工場	ISO14001	
	第一工場	ISO14001	
玖珠NOK株式会社		ISO14001	
鳥栖NOK株式会社(旧鳥栖シール工業)		ISO14001	
日南NOK株式会社		ISO14001	
阿蘇NOK株式会社(旧河津工業)		ISO14001	
タイ	TNC THAI NOK CO., LTD	Panthong Plant	ISO14001
		Bangpakong Plant	ISO14001
		Rubber seal production Plant	ISO14001
ベトナム	VIETNAM NOK CO.,LTD.		ISO14001
インドネシア	P.T.NOK Indonesia		ISO14001
	PT. NOK ASIA BATAM		ISO14001
中国	無錫恩福油封有限公司		ISO14001
	長春恩福油封有限公司		ISO14001
	恩歐凱(無錫)振橡膠有限公司		ISO14001
	恩歐凱(無錫)水処理技術有限公司		-

Of global NOK Group companies, those engaged in the seal business are included in this list.



Global Warming Countermeasures

Social Background

The issue of climate change has recently become more pronounced, with attendant global warming effects including rising temperatures, droughts and rises in sea level. This is an issue that threatens the very existence of humankind. In response, in 2016, the Paris Agreement was effectuated by the United Nations toward the goal of keeping the increase in global average temperature to below 2 degrees Celsius above preindustrial levels and making efforts to limit the rise to below 1.5 degrees Celsius. Accordingly, countries are more proactively implementing measures to reduce greenhouse gases and conserve energy, and companies are also required to focus on energy conservation and CO2 emissions reduction in their management strategies.

NOK' s Policy

The NOK Group will work to reduce emissions of CO2, which is a major greenhouse gas, for the prevention of global warming. Our manufacturing teams are developing energy-efficient equipment to reduce the amount of energy used for production, while our logistics arm is reducing the amount of fuel needed for transportation. We are also adopting renewable energy across the company in our effort to reduce CO2 emissions from our products throughout their life cycles.

NOK' s Targets and Results

- FY2018 targets: Refer to the CSR Report.
- Long-term target: Refer to the NOK Twin Green Plan 2030.
- FY2018 results: Refer to the CSR Report.

Progress made with NOK' s targets

The amount of CO2 emitted from NOK' s production sites totaled 50,243 tons for FY2018. Relative to the emissions target, we achieved a reduction of 2,653 tons. Also, for emission intensity, we achieved a 5.8% reduction relative to the previous fiscal year, exceeding the year-on-year target of a 1% reduction. Although we fostered the development of energy-efficient equipment and use of renewable energy at the NOK group companies in and outside Japan, their total emissions came to 821,341 tons against the target of 788,364 tons. We will continue to work tirelessly to reduce our CO2 emissions.

Breakdown of Scope 1 emissions in FY2018

Greenhouse gas	[t-CO2]	Reference for GWPs
CO2	7256	IPCC fifth assessment report (AR5 – 100-year value)
CH4	0	IPCC fifth assessment report (AR5 – 100-year value)
N2O	0	IPCC fifth assessment report (AR5 – 100-year value)
HFCs	0	IPCC fifth assessment report (AR5 – 100-year value)
PFCs	0	IPCC fifth assessment report (AR5 – 100-year value)
SF6	0	IPCC fifth assessment report (AR5 – 100-year value)
NF3	0	IPCC fifth assessment report (AR5 – 100-year value)

Breakdown of Scope 3 emissions in FY2018

	Category	CO2 emissions
1	Purchased Goods and Services	282083
2	Capital Goods	20045
3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	14527
5	Waste Generated in Operations	3703
6	Business Travel	444
7	Employee Commuting	1236
9	Downstream Transportation and Distribution	10542



Global Warming Countermeasures

NOK Group' s Measures

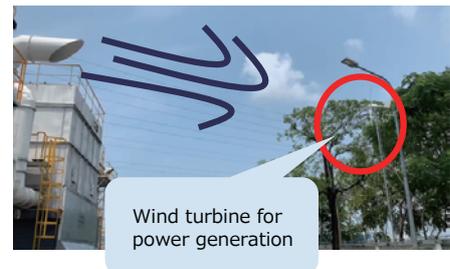
Programmed activation of the fan for the cooling water tower (in China)

Wuxi NOK-Freudenberg Oil Seal (WNF) had been operating the fan for its cooling water tower around the clock every day but stopped this practice in order to conserve energy. The company installed a water temperature gauge for the programmed activation/suspension of the fan, thereby making it possible to use the fan only when it was truly necessary in light of the water temperature and day-to-day weather. As a result, WNF reduced its annual consumption of electricity by 59,000 kWh.



Installing a wind turbine at the vent of the dust collector

Thai NOK Co., Ltd. (TNC) installed a wind turbine at the vent of its dust collector to make use of the ventilation wind for power generation. The electricity thus generated is used for outdoor lighting, and the plant is fostering the reduction of CO2 emissions by energy circulation on its premises.





Resource Conservation and Recycling

Social Background

We have been leading lives of affluence and convenience in our society, which is based on the mass production, mass consumption and mass disposal of lots and lots of things. We are thereby consuming the Earth’s finite resources and energy in vast amounts and generating much waste, and as a result are facing the depletion of natural resources and environmental destruction. In response, there are increasing calls across the world for a shift away from mass production, mass consumption and mass disposal and toward a recycling-oriented society, and companies are required to make efficient use of resources and foster 3Rs for the entire life cycles of their products, from the procurement of materials through to product disposal. Moreover, there are concerns that the globally expanding demand for water resources will cause a water crisis, necessitating that companies make effective use of water for the conservation of water resources.

NOK’s Policy

The NOK Group is conducting “reuse, reduce and recycle” (3Rs) activities. In consideration of the entire life cycles of our products, we are working to make efficient use of materials, water and energy and to improve each of our processes to reduce and recycle waste, thereby contributing to a sustainable society and increasing our corporate value.

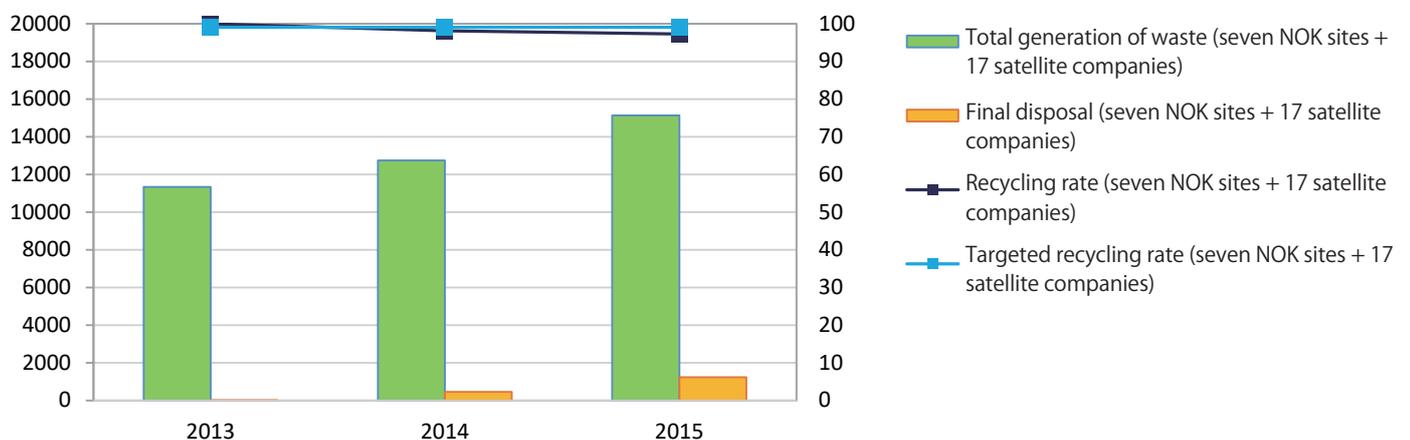
NOK’s Targets and Results

- FY2018 target (Waste recycling rate: 99% or higher): Refer to the CSR Report.
- Long-term target: Refer to the NOK Twin Green Plan 2030.
- FY2018 results: Refer to the CSR Report

Progress made with NOK’s targets

The NOK Group has changed the rubber product molding method in an effort to save resources. As for waste, we worked to reduce the number of defective products and recycled the waste generated from our foundries. However, the average recycling rate of seven NOK production sites and 17 satellite companies for FY2018 came to 97.3% and thus was below the targeted recycling rate of at least 99%.

●Industrial waste generation and recycling rates



Recycling rates: Calculated based on the internal criteria and in consideration of the amount of valuable waste.



Resource Conservation and Recycling

NOK Group's Measures

For detailed results and specific activities, refer to the CSR Report.

Reuse of resources (in Vietnam)

Vietnam NOK Co., Ltd. (VNN) recycles used oil as part of resource recycling. In the manufacturing process, VNN recovers and reuses processing oil by using an internally made filtering device. Also, in the process in which springs are soaked in anti-rust oil, it uses an internally made separator to remove excess oil from the springs for collection in the treatment tank, thereby reducing the monthly rate of oil consumption for the effective use of resources.



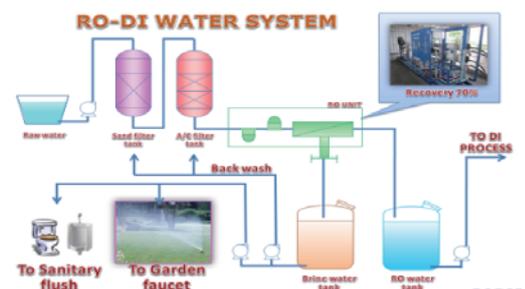
Conservation of water resources (in Japan)

In FY2019, we participated in the groundwater protection project promoted by the Kumamoto Groundwater Foundation. Farmers having paddy fields in the groundwater protection area and companies/groups that have concluded ownership agreements with the farmers grow rice in the fields together so that water stored in the paddy fields will permeate the ground to recharge the groundwater. The project contributed to recharging groundwater by an amount of 3,043 m3 (estimate).



Water recycling (in Thailand)

Thai NOK CO., Ltd. (TNC) internally produces the RO water to be used in the product manufacturing process. TNC then uses the brine water generated in the process as toilet flush water, thereby reducing its overall use of water. By building this water recycling system, the company cut its annual water consumption by 73,920 m3





Measures against Environmentally Hazardous Substances

Social Background

Chemical substances are indispensable to our daily lives, but it is also true that these substances have been causing problems such as the destruction of ecosystems and having harmful impacts on people. Toward the goal set at the World Summit on Sustainable Development (WSSD) held in 2002, which is “by 2020, that chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment,” each country has been progressively enhancing regulations on environmentally hazardous substances. In order to protect the Earth’s ecosystems and protect people from the adverse effects of these substances, companies are required to comply with the regulations and manage and reduce their use of chemical substances in consideration of the entire life cycles of their products.

NOK’s Policy

We regard it as one of our corporate social responsibilities to comply with the regulations on chemical substances, which are becoming stricter year by year, as well as with criteria set independently by our customers. To fulfill this responsibility, the NOK Group will work to reduce the use and release of environmentally hazardous substances in its manufacturing process, identify and manage the use of chemical substances throughout the life cycles of its products, and contribute to the reduction of environmental impacts across the supply chain.

NOK’s Targets and Results

- FY2018 targets: Refer to the CSR Report.
- Long-term target: Refer to the NOK Twin Green Plan 2030.

NOK Group’s Measures

For detailed results and specific activities, refer to the CSR Report.

Measures for VOCs

Introduction of exhaust gas combustion equipment (in Japan)

In order to reduce VOC emissions, NOK has been undertaking examinations to improve the manufacturing process and replace certain materials with others. We introduced exhaust gas combustion equipment for a substantial reduction of VOC emissions and have reduced these emissions by 50%.



Green procurement

NOK has published the NOK Group Green Procurement Guideline for global use, in which NOK’s environmental and green procurement policies are described. With a view to increasing the awareness of NOK’s environmental approach and policy among suppliers and fostering the procurement of environment-friendly materials and components, we ask each supplier to submit an agreement to cooperate with us in line with the Guideline. We are thus working for environmental impact reduction across our supply chain in cooperation with our suppliers. Refer to the homepage on the Green Procurement Guideline.



Environmentally Friendly Products

Social Background

Recently, environmental risks have been recognized and worried about across the world, including those related to climate change, resource depletion, waste treatment and expanding demand for water resources. In order to reduce these risks and create a sustainable society, it is necessary to deal with the environmental impact of daily-use products. Accordingly, companies are required to develop products and technologies that contribute to environmental protection in consideration of the life cycles of their products, from the procurement of materials through to manufacture, transportation, use and disposal. Companies also need to make better use of renewable energy, thereby contributing to the solution of environmental issues, such as climate change and resource depletion.

NOK's Policy

In order to contribute to environmental impact reduction, the NOK Group is fostering the development of products that contribute to the development of next-generation eco-friendly technologies, giving consideration to the entire life cycles of its products, including the procurement of materials, manufacture, transportation, use and disposal.

For details, refer to the NOK Twin Green Plan 2030.

NOK's Achievements

For details, refer to the CSR Report.

All NOK products support our customers' products, thereby contributing to the environment behind the scenes. The functions of NOK products, backed by technology, range broadly from sealing, liquid control, and vibration and sound isolation to low friction, membrane separation and others. These NOK products are incorporated in customers' products, and within their various final products, demonstrate their functions for protecting the environment, such as "avoid generating or leaking," "convey efficiently," "reduce loads" and "lengthen product lives." NOK is determined to offer products that support the realization of a sustainable society and, moreover, push forward with the development of new technologies.

◆ Avoid generating or leaking what adversely affects the environment

Oil seals, O-rings, packings, electromagnetic shield rubber (EM guard), mechanical seals, metallic bellows and others



◆ Convey energy efficiently

Le- μ 's technology, iron rubbers, accumulators, solenoids, actuators, and heat-conductive rubbers and others



◆ Reduce loads on products and the environment

Vibration and sound isolators, special lubricants, coating products, membrane modules for wastewater treatment, separation membrane modules and others



◆ Lengthen product lives

Le- μ 's technology, special lubricant grease, special coating and others





Local Contribution

Hand in Hand with Local Communities

“As a good corporate citizen, we will actively participate in communities and contribute to their development.” (Item 6, Principles of Corporate Behavior)

The NOK Group includes local communities among its important stakeholders. We aim to become an organization that is supported by local communities as a localized company in which local people can take pride and to achieve development hand in hand with them.

Relations with Employees

Measures for Human Rights

“We will carry out management that respects the human rights of all people.” (Item 8, Principles of Corporate Behavior)

The NOK Group upholds the following as one of its Management Principles: “Management that runs the Company based on feelings of love and trust in its employees.” We believe that protecting human rights provides the basis for such management and are committed to respecting basic human rights in our business operations.

Human Resource Development and Creation of a Comfortable Working Environment

We will realize a work style that enhances the abilities of employees while respecting their diversity, character and personality, and by drawing a line between public and private matters, and maintaining order in the workplace, we will realize a comfortable working environment that takes cleanliness, health, and safety into consideration. (Item 9, Principles of Corporate Behavior)

Basic philosophy for human resource development: Valuable workers are developed at workplaces and they in turn develop the workplaces.

Vision for human resource development: Develop valuable workers who take pride in their jobs and demonstrate mutual respect

“Management that runs the Company based on feelings of love and trust in its employees” shall be achieved at each workplace for the benefit of employees. Based on its basic philosophy and vision for human resource development, NOK aims to create workplaces where employees can work with satisfaction and grow in recognizable ways. We are implementing a range of human resource development programs to achieve this target.

Dialogue with Employees (Labor Union)

To achieve “Management that runs the Company based on feelings of love and trust in its employees” and ensure sound corporate growth, it is essential for the company to engage in dialogues with employees. The NOK Group respects the rights of workers, including the rights to organize and to collective bargaining, and has built sound relationships of trust with workers. At the regular labor-management meetings held with the participation of top executives, the two sides share information about the management situation and issues and discuss important corporate measures to cooperate for the development of the company and welfare of employees.



Social Performance

Measures to Shorten Total Working Hours

The NOK Group is striving to shorten the total working hours of employees based on labor-management cooperation. At the annual labor-management committee meeting, participants make annual plans and check the results for the past year. Based on the overtime work records and paid leave taken by employees, working hours are checked by department and by individual for the identification of any problems and formulation of countermeasures. Then the Central Labor Management Council checks the details to reduce overtime work and encourage employees to take paid leave.

Moreover, priorities were clarified for higher operational efficiency and the in-house decision-making organizations were reviewed. In FY2019 we set an internal upper limit of 70 hours for overtime work and have been making efforts for the further reduction of overtime.

Human Resources-Related Data for FY2018

Composition of employees (by employment type) As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Regular employees	3,051	3,085	3,143	3,248	3,419
Non-regular employees	406	424	431	427	410
Total	3,457	3,509	3,574	3,675	3,829

Composition of employees (by region) As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	9,349	9,420	9,807	10,158	10,789
China	18,350	16,296	14,683	12,774	11,681
Southeast Asia	21,066	20,890	23,003	19,891	18,651
Western countries	267	263	688	706	1,130
Total	49,032	46,869	48,181	43,529	42,251

Composition of employees (by gender) As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Men	2,384	2,404	2,448	2,535	2,677
Women	667	681	695	713	742
Total	3,051	3,085	3,143	3,248	3,419

Average years of service As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Men	18.2	17.7	17.1	17.1	16.9
Women	18	18.1	18.6	18.8	18.9
Total	18.2	17.8	17.5	17.4	17.4



Social Performance

Human Resources-Related Data for FY2018

Average age

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Men	40.7	40.4	40	40	40
Women	38.1	38.3	38.9	39.5	39.8
Total	40.2	39.9	39.7	39.9	39.9

Percentage of women among officers and managers

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Officers	0.00%	0.00%	0.00%	0.00%	0.00%
Departmental managers	0.00%	0.00%	0.00%	0.00%	0.00%
Sectional managers	0.24%	0.24%	0.25%	0.23%	0.23%

Composition of officers

As of November 1st, 2019

	Total	Gender		Inside/Outside	
		Men	Women	Inside	Outside
Directors	13	13	0	8	5
Operating officers	16	16	0		

Number of new graduates employed by the company

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Men	69	100	102	87	115
Women	21	19	23	25	32
Total	90	119	125	112	147

Retention of employees

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Turnover	1.0	1.2	1.2	1.1	1.3

Number of employees who took childcare leave

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Men	0	0	0	1	0
Women	57	51	47	53	53

Number of employees who took nursing care leave

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Men	0	0	0	0	0
Women	1	1	0	1	0



Social Performance

Human Resources-Related Data for FY2018

Number of reemployed employees

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Men	144	166	202	210	223
Women	4	4	6	5	6

Employment rate of people with disabilities

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Employment rate	1.78	1.96	1.98	2.06	2.06

Average number of working hours and paid holidays taken by employees

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Total working hours per employee	2107.1	2110.6	2117.8	2100.1	2096.2
Annual overtime work hours per employee	258.3	267.4	273.8	256.1	253
Average no. of paid holidays taken	12.9	13.6	13.5	13.5	13.6

Frequency of labor-management meetings

As of March 31, 2019

	FY2014	FY2015	FY2016	FY2017	FY2018
Frequency of Central Labor Management Council meeting	15	16	20	15	16