



NOK CORPORATION

ESG DATA BOOK

2023

Content, Editorial Policy

This Data Book summarizes the NOK Group's performance data, policies, and initiatives related to the environment, society, and governance (ESG). Referring to multiple reporting guidelines, we have organized related numerical data for each ESG category. We consider this Data Book to be a vital means of improving communication with all of our stakeholders. We would appreciate your candid opinions and feedback on the report.

Period Covered

Most of the activities described in this report took place in fiscal 2022 (April 1, 2022, to March 31, 2023)

* Some activities are initiatives that began before the target period, as well very recent activities

Publication Date

July 2023 (published annually)

Scope of Coverage

NOK Corporation and 91 consolidated subsidiaries

Referenced Guidelines

- ISO 26000: 2010 - Guidance on social responsibility
- Global Reporting Initiative (GRI) Standards
- United Nations Global Compact
- Task Force on Climate-related Financial Disclosures (TCFD)

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Disclaimer

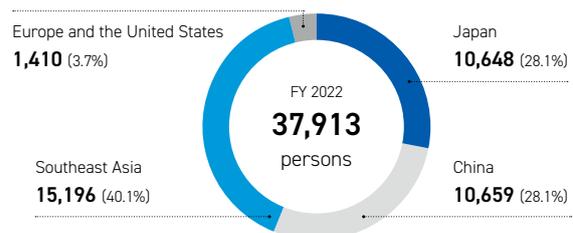
This Data Book contains forward-looking statements regarding the Group's plans, strategies, and performance. These are assumptions and judgments based on information available at the time of issue, which entail risk and uncertainty. Please understand that future performance may differ from these statements due to changes in the environment and other factors.

Basic Information

Company Profile

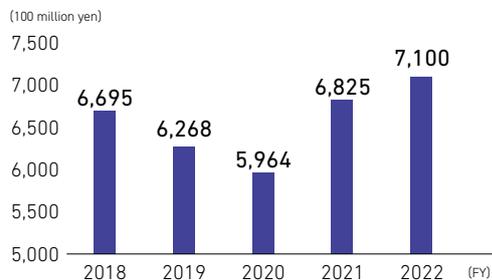
Company Name	NOK CORPORATION
Head Office	1-12-15 Shiba Daimon, Minato-ku, Tokyo 105-8585, Japan
Established	December 2, 1939
Founded	July 9, 1941
Capital	23,335 million yen (as of March 31, 2023)
Number of Employees	37,913 (consolidated, as of March 31, 2023) 3,419 (non-consolidated, as of March 31, 2023)
Consolidated Subsidiaries	91 companies

Composition of employees by region (consolidated)

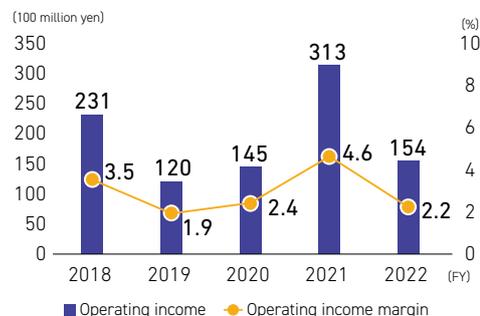


Financial Data

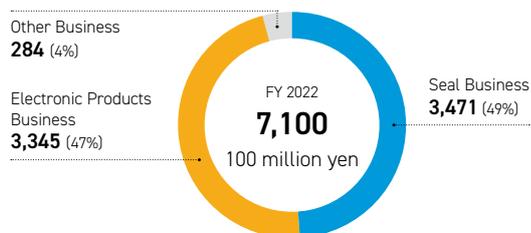
Net sales (consolidated)



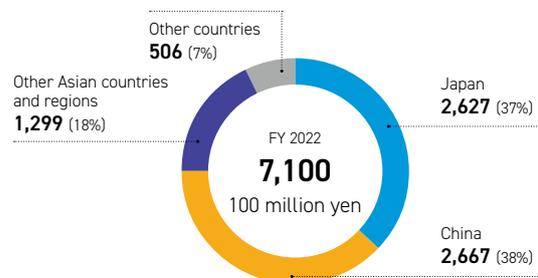
Operating income/Operating income margin (consolidated)



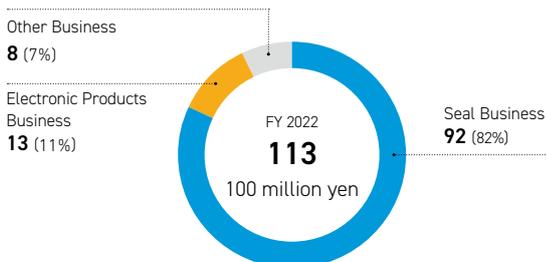
Net sales by business area (consolidated)



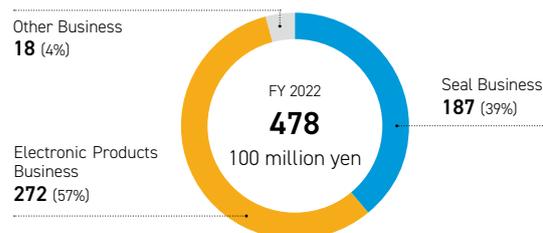
Net sales by geographic area (consolidated)



R&D expenses by business (consolidated)



R&D expenditure by business (consolidated)



Item	Scope of coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Profit attributable to owners of the parent	Consolidated	100 million yen	34	-22	-14	258	133
ROA (Return on Assets)	Consolidated	%	0.4	-0.3	-0.2	3.1	1.5
ROE (Return on Equity)	Consolidated	%	0.8	-0.5	-0.3	5.4	2.6
Capital expenditure	Consolidated	100 million yen	701	477	257	410	478
R&D expenditure	Consolidated	100 million yen	105	113	101	104	113
Total assets	Consolidated	100 million yen	7,851	7,287	8,030	8,573	8,628
Net assets	Consolidated	100 million yen	4,855	4,472	5,021	5,544	5,773
Income tax	Consolidated	100 million yen	130	92	65	113	175

Sustainability Overview

NOK Group Sustainability Statement

At NOK Group, we aim to extend 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 worldwide environmental and social challenges by leveraging the inherent value within our company to realize a sustainable society.

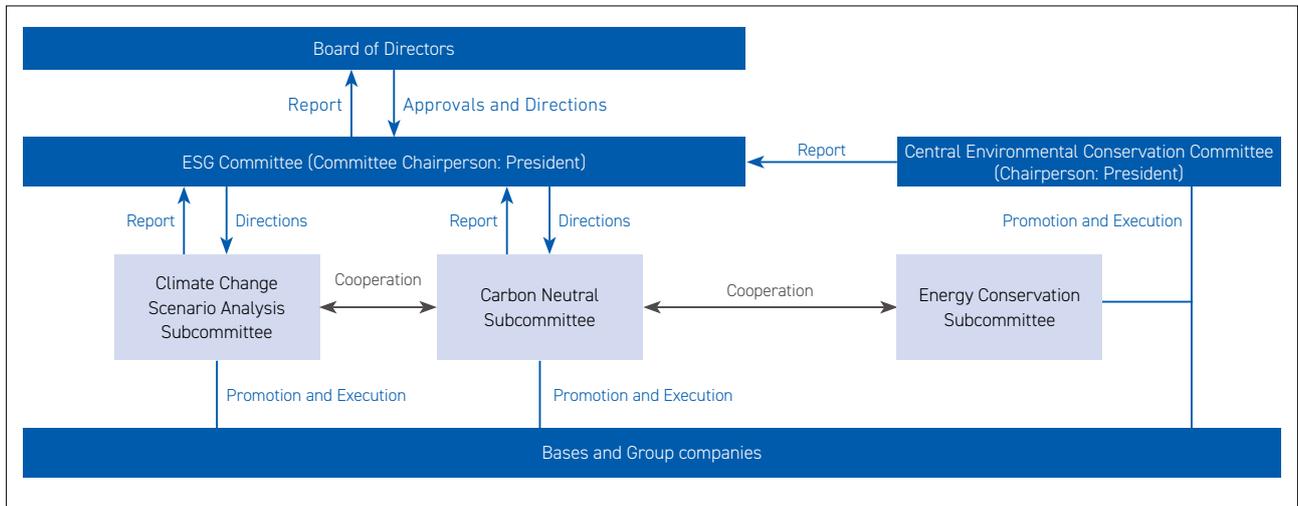
Sustainability Framework, Governance

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.



Participation in Initiatives

Initiatives in which NOK participates
CDP (formerly Carbon Disclosure Project)
United Nations Global Compact
Keidanren Japan Climate Initiative
Keidanren Initiative for Biodiversity Conservation
Ministry of the Environment Cool Choice
Keidanren Challenge Zero
Task Force on Climate-related Financial Disclosures (TCFD)

Environment

Environmental Management

Basic Concept

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

- 1 Based on our existing proprietary technologies, we strive to reduce environmental impact by promoting the improvement of technologies and the development of products that take environmental conservation into consideration.
- 2 We comply with environmental laws and regulations, local government ordinances, and regional agreements, etc., and promote activities for environmental conservation.
- 3 We promote energy conservation and reduction of greenhouse gas emissions to achieve a decarbonized society.
- 4 We strive to conserve resources and contribute to a circular society by reducing, reusing, and recycling waste.
- 5 To conserve water resources, we promote efficient water use and appropriate management of water quality.
- 6 We assess our impact on biodiversity and promote biodiversity conservation activities tailored to local characteristics in cooperation with business partners and external organizations.
- 7 We strive to prevent environmental pollution and reduce environmentally hazardous substances by thoroughly managing all chemical substances.
- 8 We disclose information on environmental conservation and social contribution activities and proactively communicate with local and broader society.
- 9 We promote environmental education for all our employees to raise awareness of the global environment.
- 10 We strive to continuously improve our environmental management system by setting targets, promoting activities to reduce environmental impact, and regularly assessing progress.

Enacted on September 17, 2001
Revised on June 28, 2023

Representative Director, Chief Executive Officer, NOK CORPORATION

Masao Tsuru

NOK's Environmental Strategy: Twin Green Plan 2030

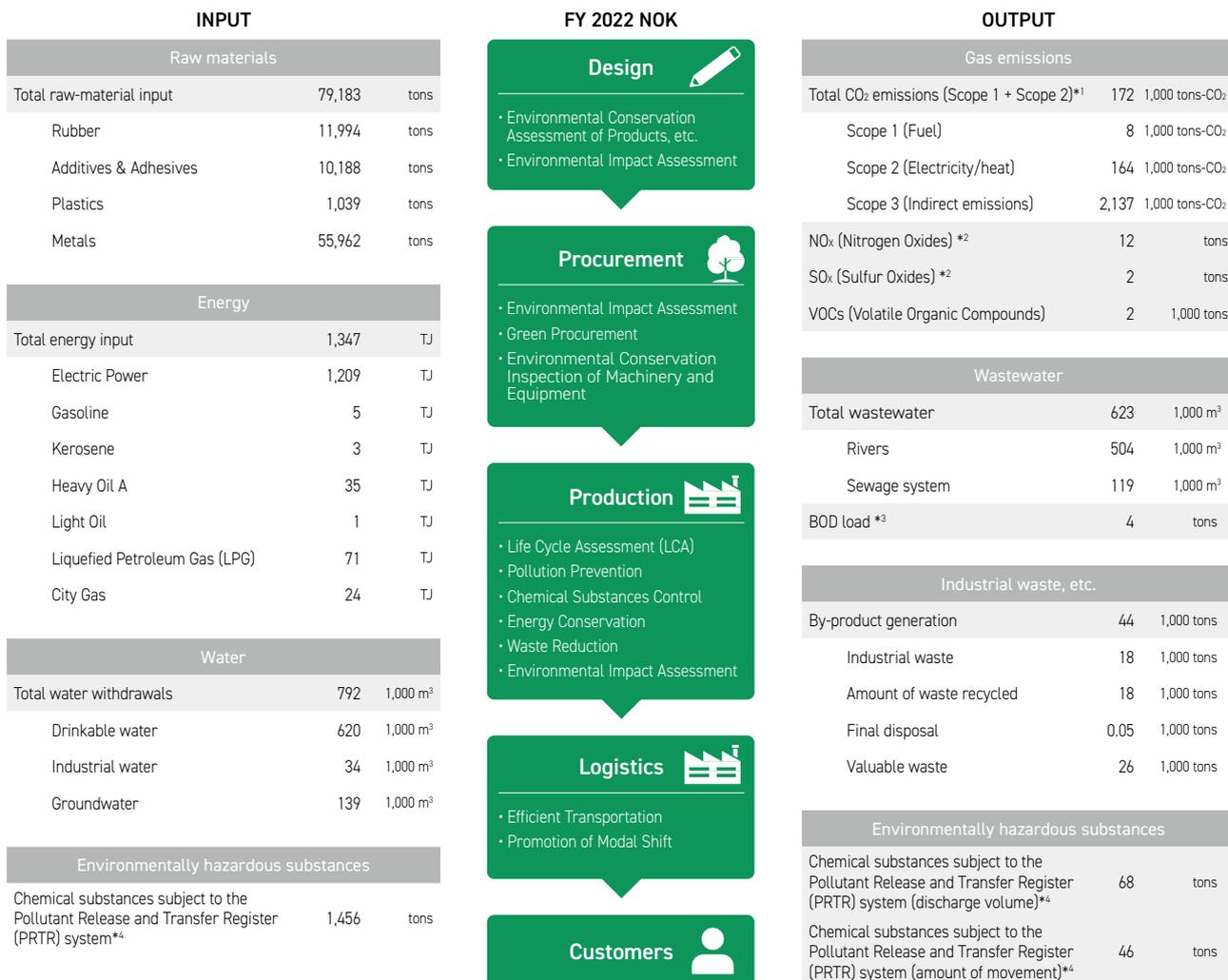
In response to the global trend toward carbon neutrality and the results of TCFD scenario analysis, we revised the NOK Twin Green Plan 2030, formulated in 2018, and declared that we will aim to achieve carbon neutrality by 2050.

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.

* For details, please refer to NOK's website:
<https://www.nok.co.jp/en/csr/twingreen.html>

Material Balance



*1 Total CO₂ emissions: Calculated based on the "Greenhouse gas emissions accounting and reporting manual." The emission factor is based on the national emission factor by country published by the International Energy Agency (IEA).

*2 NO_x (nitrogen oxides) and SO_x (sulfur oxides): Total amount of NO_x and SO_x generated from specified facilities under the Air Pollution Control Act.

*3 BOD load: Biochemical oxygen demand (BOD) is one of the indicators of water pollution, and represents the amount of oxygen used by microorganisms to decompose pollutant organic material in water. The figure for BOD load was obtained by multiplying the BOD measurement by the amount of effluent entering rivers.

*4 Substances subject to the PRTR system are preliminary figures as of May 30, 2023.

Concrete Activities

Environmental awards

In FY2020, the NOK Group introduced an environmental awards program for the purpose of breathing life into environmental activities within the Company and raising the awareness of every employee regarding environmental issues. The program comprehensively evaluates actions taken at each site to address climate change, resource efficiency and circulation, biodiversity, and other environmental issues.

The initiatives judged to be the most outstanding are recognized with an award. The program also provides incentives.

In FY2022, the gold prize went to Wuxi NOK-Freudenberg Oil Seal Co., Ltd. (WNF) for its work on reducing its overall

impact on the environment, taking into account its capacity to treat exhaust and wastewater when expanding production. The silver prize was awarded to the NOK Plastics & Polyurethane Division for achieving significant energy savings by reducing compressor power consumption and steam fuel. The bronze prize was presented to Thai NOK Co., Ltd. (TNC) for the various initiatives it undertook to curtail electricity use, utilize resources effectively, and plant trees. It is hoped that this program will continue to raise awareness of environmental conservation throughout the entire NOK Group and further improve environmental activities.

Compliance with environmental laws and regulations

The NOK Group faced no major fines, surcharges, or lawsuits related to environmental accidents or complaints in FY2022.

Environmental education

The NOK Group conducts a variety of education programs to foster a company-wide environmental spirit. The NOK Group conducts education by rank for its employees, as well as specialized education that covers ISO 14001 management, energy, waste, and chemical substance management, and drills based on emergency scenarios. The result is raising the environmental awareness of every employee.

	New employee	General employee	Management positions
Level-specific education	New employee training		
	General employee education		
			Education for management positions
Specialized education (for eligible employees)	Emergency-related education		
	Education for internal auditors		
	Waste-related education		
	Energy-related courses		
	Chemical substances-related education		

Working with suppliers

NOK administers an environmental survey to suppliers, seeking to work together across the supply chain to reduce environmental impact. Through this survey, we have been able to ascertain up to 76% of suppliers' CO₂ emissions from NOK alone. In addition, we have confirmed our water risk assessment initiatives, and 79% of the suppliers who responded to our survey have conducted water risk assessments. We will continue to pursue initiatives to improve environmental awareness among suppliers, and will expand the scope of our efforts to include consolidated companies so that we can reduce environmental impact across the supply chain.

External Recognition and Initiatives in the Environmental Field

The NOK Group has been recognized externally for its environmental actions. We have also endorsed, and signed up to, various initiatives.

CDP

Since 2016 we have continued to respond to the CDP's questionnaire.



The CDP is an international NGO in the environmental field, particularly climate change. It sends out questionnaires to the world's companies asking them to disclose information about their environmental activities. Based on the responses, it ranks the environmental actions of each company and globally discloses that information.

In FY2022, we scored a "B" in both the Climate Change and Water Security categories.

Going forward, we will continue to undertake initiatives geared towards improving environmental problems so that we might contribute to a sustainable society.

	2022
Climate Change	B
Water Security	B

Japan Climate Initiative

The Japan Climate Initiative is a network committed to strengthening the communication of information and exchange of opinions among mainly companies, local governments, and NGOs that are actively fighting climate change. The NOK Group became a member organization of the Japan Climate Initiative in FY2022. We endorsed the declaration of this initiative to join the frontline of the global decarbonization movement from Japan and we will continue to take steps to reduce our greenhouse gas emissions with a view to realizing a carbon-neutral society by 2050.

Initiative for Biodiversity Conservation

The NOK Group has supported the Keidanren Initiative for Biodiversity Conservation since 2019.

The Keidanren Initiative for Biodiversity Conservation is comprised of companies addressing more than one of the seven items in its revised action policy or companies that agree with its overall purpose.

We will continue to partner with external organizations to implement measures to help prevent deforestation and alleviate the impacts on biodiversity with the aim of contributing to the creation of a cohesive society in harmony with nature.

Cool Choice

NOK has supported the Cool Choice campaign of Japan's Ministry of the Environment since 2020.



Cool Choice is a popular movement initiated by the Ministry of the Environment to encourage all kinds of "smart choices" in the fight against global warming to achieve the Japanese government's stated targets under the Paris Agreement.

We will press ahead with energy-saving measures and other initiatives for reducing our CO₂ emissions as we work towards achieving carbon neutrality by 2050.

Challenge Zero

NOK has endorsed the Keidanren's Challenge Zero declaration since 2020.

Challenge Zero is a project that registers and promotes the "innovation challenges" of companies as they work towards achieving a carbon neutral society to realize, in the second half of this century, the Keidanren's stated aims of a carbon-free society and net-zero emissions.

NOK has registered a challenge that aims to realize a hydrogen society through the development of components for greater fuel cell adoption. We continue to work on developing

technologies and products that can help bring about a carbon-free society.

TCFD

In light of recent worldwide trends to achieve carbon neutrality, the NOK Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), in April 2022. The NOK Group had been promoting initiatives on climate change under the NOK Twin Green Plan 2030, its environmental vision for 2030, and now, based on its endorsement of TCFD, the Group intends to further strengthen its efforts. Based on the TCFD's recommendations, we will identify the risks and opportunities that climate change poses to our business activities, reflect them in our business strategies, and actively disclose information to enhance our corporate value.



Information Disclosure Based on TCFD Recommendations

In line with the recommendations of the TCFD, we disclose the NOK Group's business strategies related to climate change.

Governance

The NOK Group has established an ESG Committee under the auspices of the Board of Directors to formulate policies and targets related to environment, 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.

Also, with the framework we have in place, the Climate Change Scenario Analysis Subcommittee and the Carbon Neutral Subcommittee, under the direction of the ESG Committee, take the lead in collaborating with related internal organizations, business sites, and Group companies to promote climate change initiatives, reporting regularly to the ESG Committee.

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 countermeasure 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 reviewing and promoting actions to address the identified risks and opportunities as outlined on the right.

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.

Envisioned world	4°C scenario	2°C scenario
Temperature rise	By the end of the 21st century, the global temperature rises by about 4°C compared to the pre-industrial era.	By the end of the 21st century, the global temperature rise is kept to less than 2°C higher than the pre-industrial era.
Policies/energy	Little or no progress in carbon neutrality policies, no carbon tax introduced, limited deployment of renewable energy.	Carbon taxes are introduced, the share of renewable energy grows, business costs rise accordingly.
Markets/raw materials	The automotive industry gradually moves towards electrification, but the bulk of vehicles still run on internal combustion engines.	The automotive industry undergoes rapid electrification, which results in a decline in the number of internal combustion engine vehicles.
	Gradual advances in electrification are accompanied by a gradual rise in the price of related raw materials.	Markets related to renewable energy and the reduction of environmental footprints expand, and the robotics and semiconductor markets also expand with the acceleration of digitalization. The expansion of these markets is accompanied by rises in prices of related raw materials to levels even higher than in the 4°C scenario.
Physical risks	Rising temperatures increase damage from flooding and tropical cyclones, which affects factory operations and supply chains.	While rising temperatures cause damage from flooding and tropical cyclones, their impacts are smaller than under the 4°C scenario.

Scenario definition Period covered: 2030 Scope of coverage: Consolidated

Referenced scenarios: IEA 2DS, IEA SDS, IEA STEPS, RCP2.6, RCP4.5, RCP6.0, RCP8.5, etc.

Risks and Opportunities

Physical risks and our measures

More than 90% of the NOK Group's production sites are located in Japan and other parts of Asia. Among all 76 sites, eight have been assessed to be of high risk by the AQUEDUCT* flood risk assessment tool (rivers and coastline). The scale and frequency of floods and typhoon damage in the Asian region are expected to increase in the future as the impact of climate change worsens. Accordingly, all of NOK's sites, not just those currently designated as high risk, carry the risk of negatively impacting operations and upstream/downstream supply chains. To combat this risk, we are assessing the risk of hazards from natural disasters at each site and, together with the flood risk of every site, we are implementing longer-term (at least five years) water gating and other disaster-prevention measures. We are also ensuring we have enough raw materials and product inventory to cope with such risks in an effort to minimize the impacts on upstream and downstream supply chains.

* AQUEDUCT is a water risk assessment tool made available by the World Resources Institute (WRI). It is presented in the form of a world map that shows water risks in terms of quantity, quality, and regulatory and reputational risks.

Transition risks and our measures

The NOK Group's mainstay products stop oils, liquids, gases, and other substances in various forms from leaking out with the use of sealing technology. A typical NOK product is oil seals, which have long been used widely in the internal combustion engines of vehicles. Given that the transition to a low-carbon society for the purpose of neutralizing the

impacts of climate change is accelerating a shift towards EVs, we anticipate the risk of a decline in oil seal sales for internal combustion engine applications. In terms of response measures, the NOK Group is promoting product development and sales expansion in fields that offer potential growth in a low-carbon society, including electrical units for electric vehicles, seal products for batteries, and FPCs.

Also, another aspect of the global decarbonization movement is the possibility that carbon tax regulations in each country could be enacted and tightened. Most of the NOK Group's CO₂ emissions come from the use of electricity and there are concerns that business costs will increase if the amount of CO₂ we emit directly is taxed, or if our power costs are hit with a carbon tax. Therefore, with the aim of furthering our efforts to reduce CO₂ emissions, we raised our 2030 overall domestic CO₂ emissions reduction target to 50% and the overseas emissions intensity reduction target to 30%, compared to FY2018. We will continue to look at solar power generation and the capacity of other technologies and products that can be adopted immediately, but up ahead, we will closely examine and trial new emerging technologies and measures and make investment plans to ensure that we reach our reduction targets.

● 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 locations. ● 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.

Targets	
2050	Aiming to achieve carbon neutrality
2030	NOK consolidated (in Japan) 50% reduction in CO ₂ emissions (compared to 2018) NOK consolidated (overseas) 30% reduction in CO ₂ emissions per unit (compared to 2018)

Climate Change Countermeasure

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 our Company and promoting the incorporation of climate change countermeasure 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.

Three-Year Targets and Results (FY 2020–FY 2022)

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.

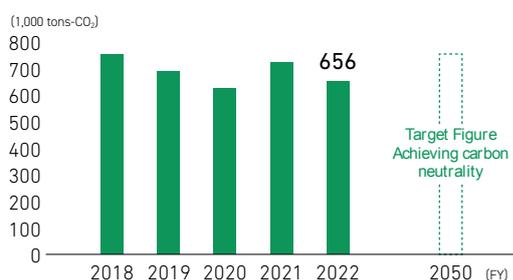
Three-year targets and results for FY 2022	Scope of coverage	Unit	Baseline figure/ Base year	Target figure/Target year	FY 2022 results
CO ₂ emissions reduction target	Consolidated	1,000 tons-CO ₂	759.36/2018	683.42/2022	655.94
CO ₂ emissions intensity reduction target	Domestic group companies	ton-CO 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%.

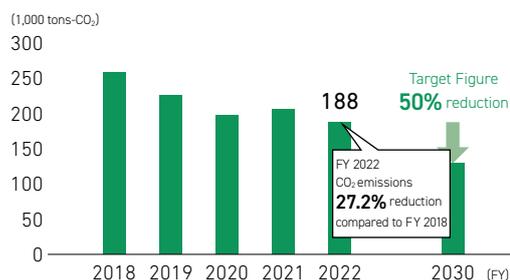
NOK Group Medium- to Long-Term Targets	Scope of coverage	Unit	Baseline figure/ Base year	Target figure/Target year	FY 2022 results
CO ₂ emissions reduction target	Consolidated	1,000 tons-CO ₂	759.36/2018	Carbon neutral/2050	655.94
CO ₂ emissions reduction target	Domestic group companies	1,000 tons-CO ₂	258.60/2018	129.3/2030	188.23
CO ₂ emissions intensity reduction target	Overseas group companies	ton-CO ₂ /million yen	1.31/2018	0.92/2030	1.09
Electricity consumption	Domestic group companies	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.

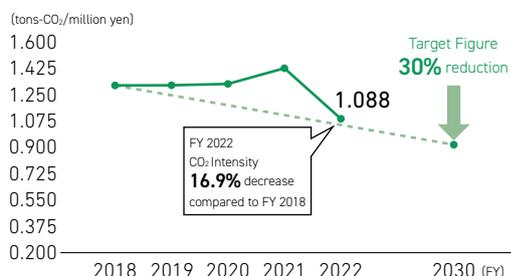
CO₂ emissions of the NOK Group (global)



CO₂ emissions of the NOK Group (domestic)



CO₂ intensity of the NOK Group (overseas)

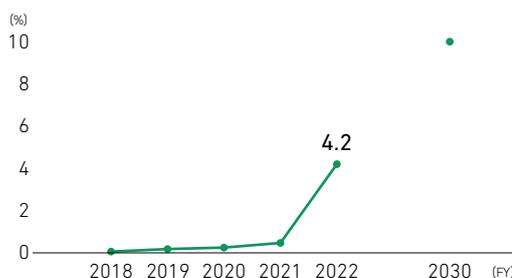


Total electricity consumption of the NOK Group (domestic)



Greenhouse gas breakdown	Scope of coverage	Unit	CO ₂ emissions	GWP reference
CO ₂ emissions not from energy sources	Domestic group companies	ton-CO ₂	76	IPCC Fourth Assessment Report (AR4 value for a 100-year time horizon)
CH ₄	Domestic group companies	ton-CO ₂	565	IPCC Fourth Assessment Report (AR4 value for a 100-year time horizon)
N ₂ O	Domestic group companies	ton-CO ₂	312	IPCC Fourth Assessment Report (AR4 value for a 100-year time horizon)
HFCs	Domestic group companies	ton-CO ₂	1,127	IPCC Fourth Assessment Report (AR4 value for a 100-year time horizon)
PFCs	Domestic group companies	ton-CO ₂	1,182	IPCC Fourth Assessment Report (AR4 value for a 100-year time horizon)
SF ₆	Domestic group companies	ton-CO ₂	62	IPCC Fourth Assessment Report (AR4 value for a 100-year time horizon)
NF ₃	Domestic group companies	ton-CO ₂	0	IPCC Fourth Assessment Report (AR4 value for a 100-year time horizon)

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



Concrete Activities

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.

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 equivalent to 772 tons. Mektec Manufacturing Corporation (Zhuhai) Ltd. is reducing an equivalent of 7,079 tons-CO₂ annually by adopting renewable energy sources.

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 the equivalent of 593 tons of CO₂.

FY 2022 Scope 3 breakdown		Scope of coverage	Unit	CO ₂ emissions
1	Purchased goods and services	Consolidated	1,000 tons-CO ₂	2,005
2	Capital goods	Consolidated	1,000 tons-CO ₂	1
3	Fuel- and energy-related activities (not included in Scopes 1 and 2)	Consolidated	1,000 tons-CO ₂	80
4	Upstream transportation and distribution	Non-consolidated	1,000 tons-CO ₂	10
5	Waste generated from operations	Consolidated	1,000 tons-CO ₂	20
6	Business travel	Consolidated	1,000 tons-CO ₂	5
7	Employee commuting	Consolidated	1,000 tons-CO ₂	15
8	Upstream leased assets	Non-consolidated	1,000 tons-CO ₂	0
9	Downstream transportation and distribution	Consolidated	1,000 tons-CO ₂	—
10	Processing of sold products	Consolidated	1,000 tons-CO ₂	0
11	Use of sold products	Consolidated	1,000 tons-CO ₂	N/A
12	End-of-life treatment of sold products	Consolidated	1,000 tons-CO ₂	—
13	Downstream leased assets	Consolidated	1,000 tons-CO ₂	N/A
14	Franchises	Consolidated	1,000 tons-CO ₂	N/A
15	Investments	Consolidated	1,000 tons-CO ₂	N/A
Total		Consolidated	1,000 tons-CO ₂	2,137

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

Resource Conservation and Waste Recycling

Basic Concept

We live a convenient and prosperous life surrounded by many things 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, many 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 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 our 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.

Three-Year Targets and Results (FY 2020–FY 2022)

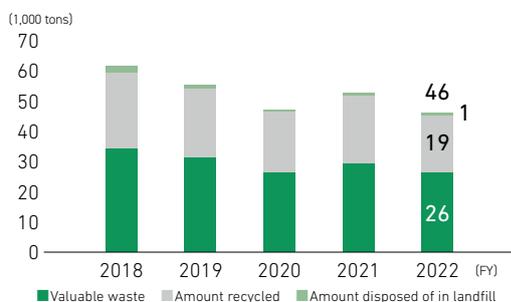
The amount of waste sent to domestic landfill in FY 2022 was 977 tons, a significant reduction from 1,986 tons in FY 2018, when the foundry began operations. However, the recycling rate was 97.9%, slightly below the target level.

Resource use targets and results for FY 2022	Scope of coverage	Unit	Baseline figure/ Base year	Target figure/Target year	FY 2022 results
By-product recycling rate	Domestic group companies	%	96.8/2018	100/2030	97.9

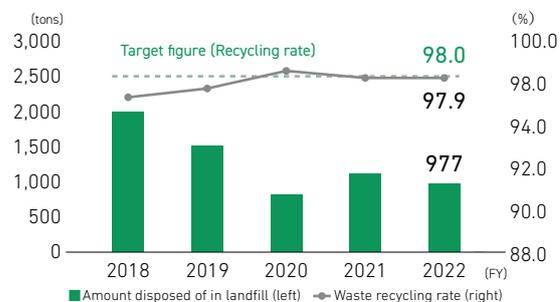
*1 By-product: General term for industrial waste and valuable resources.
 *2 Recycling rate: "Recycling rate = 1 - amount of landfill disposal / amount of by-product generated × 100"

Waste-related targets, and results for FY 2022	Scope of coverage	Unit	Baseline figure/ Base year	Target figure/Target year	FY 2022 results
Industrial waste	Domestic group companies	tons	23,486/2021	23,251/2022	20,038

Amount of industrial waste generated by the NOK Group (domestic)



NOK's final amount disposed of in landfill and waste recycling rate (domestic)



Concrete Activities

Reduction in volume of stretch film used (Japan)

NOK is working to reduce the amount of stretch film it uses when products are being transported. After examining safety, quality, and workability aspects, the department started using thinner stretch film and environmentally friendly strapping and belts as replacements for stretch film and polypropylene strapping. It also switched to wrap-free shipping and the use of energy-efficient materials. As a result, we were able to reduce waste by some 35 tons compared to 2019 and lower our CO₂ emissions by an equivalent 110 tons-CO₂.

Food loss reduction measures (Japan)

At the Shonan R&D Center, we are cooperating with the caterer we contract to operate the employee cafeteria to pursue activities aimed at reducing food loss.

We asked employees to adjust the amount of food they intend to eat, gave instructions on ways of reducing food loss, and carried out an initial survey of lunchtime visitors. As a result, we were able to reduce the amount of food waste in the employee cafeteria by 38%.

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

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.

Response to Water Risk

The NOK Group uses high-quality water in the manufacturing processes of our products. Ensuring a stable supply of high-quality water is important in conducting our business activities, so if a natural disaster or other event prevents a stable supply of high-quality water, we expect this to impact a variety of value chains and disrupt supply chains. This means business activities and water are closely related.

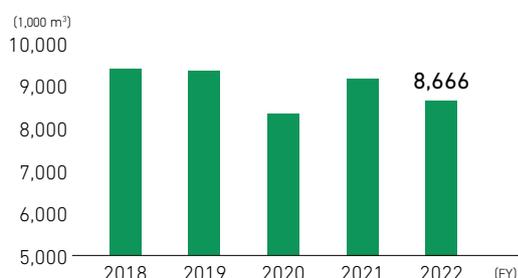
Moreover, since wastewater after use in the manufacturing process may contain harmful substances, there is a concern that if wastewater exceeding the effluent standard prescribed by law is discharged, it may cause environmental pollution and harm to the local community. For this reason, we regularly carry out thorough wastewater treatment control, run emergency drills, and check response procedures.

Three-Year Targets and Results (FY 2020–FY 2022)

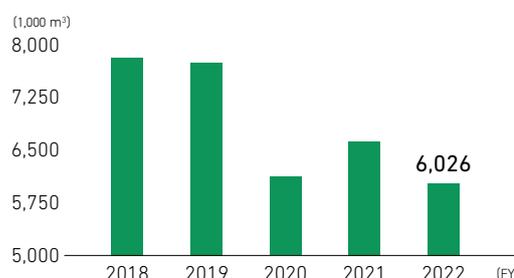
As a result of global efforts to grasp the volume of water withdrawals and wastewater at each plant and to reduce the volume of water withdrawals, the volume of water withdrawals and wastewater was 8,666,000 m³ and 6,026,000 m³, respectively, in FY2022. In the production process, efforts were made to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

Water resource targets and FY 2021 performance	Scope of coverage	Unit	Baseline figure/Base year	Target figure/Target year	FY 2022 results
Increase-controlled water withdrawals	Consolidated	1,000 m ³	9,187/2021	9,187/2022	8,666

NOK Group's total water withdrawals



NOK Group's wastewater

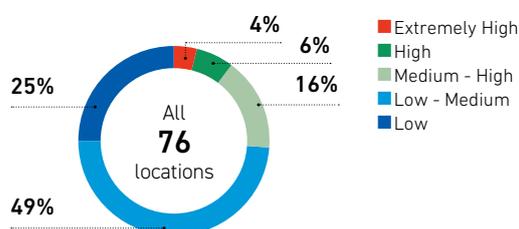


Assessment of Water Risks with AQUEDUCT

There were no major incidents of non-compliance in the NOK Group in FY2022 concerning water consumption and water quality.

The NOK Group conducts water risk assessments across the Group to efficiently promote response measures to water risks. The results of the study on water stress at global production locations obtained by using AQUEDUCT*, operated by the World Resources Institute (WRI), are as follows:

The survey revealed that of the total 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 with consideration for water withdrawals and wastewater.



* AQUEDUCT: 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.

Concrete Activities

Reduction in water withdrawal (China)

Mektec Manufacturing Corporation (Zhuhai) Ltd. is taking measures to reduce its volume of water withdrawal. With the use of reclaimed water recycling systems, it is reusing 60% of its wastewater by watering flower beds with rainwater and using RO concentrate in scrubber machines, to flush toilets, to clean floors, to spray building rooftops (as a cooling measure), and to dilute drug solutions for disposal.

Recycling of wastewater from the washing of molds and other operations (China)

Wuxi NOK-Freudenberg Oilseal Co., Ltd. previously used to treat and discharge some 7,600 tons of effluent annually. This effluent came from washing molds, exhaust treatment shower towers, removing static electricity and oil, and polishing. After adding a wastewater treatment process to the recycling process, it was able to recycle approximately

6,800 tons of wastewater per year, thereby reducing its annual volume of wastewater to just 800 tons.

Groundwater recharge (Japan)

In an effort to protect water resources, the Kumamoto Plant supports a project to recharge groundwater in the Kumamoto area promoted by the Kumamoto Groundwater Foundation. This is an activity in which farmers with rice paddies in groundwater recharge areas and companies and organizations that have signed owner agreements grow rice together, so that the water stored in the paddies penetrates underground and promotes groundwater recharge. In FY2022, rice transplanting and harvesting was carried out for the first time in three years. In addition, by donating 150 kilograms of harvested rice to food banks, we not only conserve water resources, but also actively contribute to society.

Management of Substances of Environmental Concern

Basic Concept

Owing to the fact that chemical substances are destroying ecosystems and harming people's health, regulations on substances of concern worldwide are being tightened year after year. Companies are required to comply with these regulations and manage and reduce their use of chemical substances, taking the entire life cycles of their products into consideration.

The NOK Group will reduce the substances of concern used and emitted in its business activities, minimize and try to eliminate the impacts of pollutants in society, identify and manage chemical substances throughout the product life cycle, and help reduce the environmental impacts in the entire supply chain.

Three-Year Targets and Results (FY 2020–FY 2022)

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.

VOC emission targets and FY 2022 results	Scope of coverage	Unit	Baseline figure	Target figure	FY 2022 results
Target VOC emissions	Consolidated	1,000 tons	—	5,86 or less	2,900

Total VOC emissions of the NOK Group



Concrete Activities

Expansion of adhesive exhaust gas treatment facilities at No. 3 Plant (China)

Given the growing volume of organic gas emitted on the adhesive production line, to comply with regulations and prepare to expand processing capacity in line with projected growth in production, we expanded our adhesive exhaust-gas treatment facilities. The result was an improvement in the exhaust-gas collection rate to 95%–98%. We were able to reduce VOC emissions to a far greater degree than the average for actual VOC emissions measured on site, leading to a better work environment.

Environmentally Friendly Products

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.

Standard of Environmental Impact Assessment for Design

We assess the environmental impact of designs of new products, new materials and new production machines in accordance with NOK's Standard of Environmental Impact Assessment for Design. Based on this standard, we undertake environmental assessments across the entire product lifecycle, starting with the design stage, including product and equipment processes, and promote the development of environmentally friendly products.

Assessment	Design	Production	Use	Disposal
Green procurement	○	○		
Disuse of substances of concern (regulatory compliance, minimizing external discharge and dispersion)	○	○		○
Reduction of energy consumption (using energy-efficient materials and equipment, contributing to energy savings during use)	○	○	○	
Use of resources (recyclable materials, fewer resources used, improved yields, improved service life)	○	○	○	
Reduction of waste (ease of disassembly, reuse, low disposal ratio)	○	○		○

Reduction of CO₂ via Eco-Friendly Products

As part of the Green Product component of the Twin Green Plan 2030, the NOK Group has continued to engage in business activities with the stated aim of helping to reduce CO₂ emissions through its products. To efficiently and effectively promote this initiative, we have calculated, based on our own standards, the size of our contributions to CO₂

reductions at the NOK product use stage. The result of our calculations for FY2021 came to a CO₂ reduction of 807,000 tons. We will continue to contribute to the goal of carbon neutrality by developing and expanding sales of products that help reduce CO₂ emissions.

Approach to calculating size of contributions to CO₂ reductions

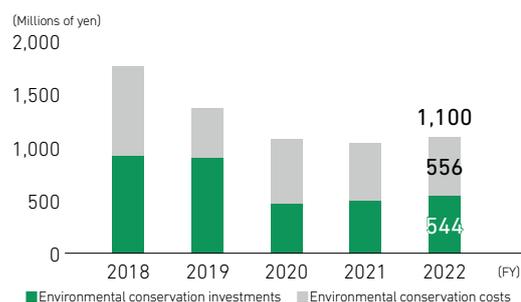
CO₂ reduction contribution [CO₂] = contribution to CO₂ reductions per product [CO₂/items/hours] x duration of use [hours] x annual sales volume [items]

* Only automotive products were included in the scope of calculation

Environmental Accounting

In targeting sustainable development and with the aim of efficiently and effectively taking action to address environmental conservation issues, every year we determine how much we need to invest and spend on environmental conservation in our business activities.

Trends in environmental investments and costs



Trends in environmental investments and costs	Scope of coverage	Unit	FY 2020	FY 2021	FY 2022
Environmental conservation investments	Non-consolidated	millions of yen	464	495	544
Environmental conservation costs	Non-consolidated	millions of yen	620	550	556
Total	Non-consolidated	millions of yen	1,084	1,045	1,100

Environmental conservation costs	Scope of coverage	Unit	FY 2022
Pollution and resource costs	Non-consolidated	millions of yen	168
Pollution and resource investments	Non-consolidated	millions of yen	2
Water risk costs	Non-consolidated	millions of yen	49
Water risk investments	Non-consolidated	millions of yen	33
Potential future costs (shadow costs)	We expect pollution and resource costs of 192 million yen (waste treatment, analysis of environmentally hazardous substances, etc.) and water risk costs of 39 million yen (analysis of wastewater and groundwater, purchase of wastewater treatment equipment and chemicals, etc.).		

Effects of environmental conservation	Scope of coverage	Unit	FY 2020	FY 2021	FY 2022
Reduction of power consumption	Non-consolidated	GWh	5	9	11
Reduction of CO ₂ emissions	Non-consolidated	ton-CO ₂	2,033	4,258	5,006

Economic effects of environmental conservation measures	Scope of coverage	Unit	FY 2020	FY 2021	FY 2022
Energy-saving effect	Non-consolidated	millions of yen	61	107	194
Gain on sales of recyclable materials	Non-consolidated	millions of yen	248	1,256	1,145

FY 2022 NOK environmental accounting				
Category	Main contents	Unit	Investments	Costs
Business area costs	Environmental conservation costs to control environmental burden caused by business activities within business areas	millions of yen	210	344
Pollution prevention costs	Investment, and maintenance and management costs related to pollution prevention activities	millions of yen	34	102
Global environmental conservation costs	Investment, and maintenance and management costs related to global warming countermeasures, including energy conservation	millions of yen	175	72
Resource circulation costs	Investment, and maintenance and management costs related to resource recycling activities, including waste disposal and recycling	millions of yen	2	169
Upstream and downstream costs	Costs of controlling the environmental burden that occurs in upstream and downstream processes, such as green procurement, etc.	millions of yen	0	0
Management activity costs	Costs associated with management activities such as ISO 14001 maintenance and operation	millions of yen	0	59
Research and development costs	Costs of research and development that contributes to the environment, such as the development of environmentally friendly products	millions of yen	334	135
Social activity costs	Costs related to greening of business establishments and support for the activities of environmental conservation groups	millions of yen	0	17
Costs involved in dealing with environmental damage	Costs associated with the removal of environmental burdens, such as special equipment and facilities	millions of yen	0	0
Fines, penalties and/or legal costs associated with the settlement of environmental accidents and complaints		millions of yen	0	0
Total		millions of yen	544	556
Aggregate total		millions of yen	1,100	

Conservation of Biodiversity

Basic Concept

In recent years, species have become extinct mainly as a result of the destruction of the natural environment, overexploitation, and climate change, and subsequently, the world's biodiversity is shrinking at an alarming rate. A new set of 23 targets for biodiversity through to the year 2030, known as the Kunming-Montreal Global Biodiversity Framework, was adopted at COP15 following the expiry of the Aichi Biodiversity Targets for 2020. Safeguarding biodiversity is considered to be one of many global issues, with all countries urged to take action. Companies, too, must protect biodiversity and consider the natural environment when doing business.

The NOK Group undertakes no business activities in regions designated as a World Heritage Site and has no plans to do so. As part of our efforts to protect biodiversity, we will carry out risk assessments and partner with external

organizations to implement measures to help prevent deforestation and alleviate the impacts on biodiversity.

We also ask that our suppliers take biodiversity into account when doing business and we intend to strengthen partnerships to ensure that net-positive impacts are felt across the entire supply chain, not just by our primary suppliers.

Biodiversity Risk Assessments

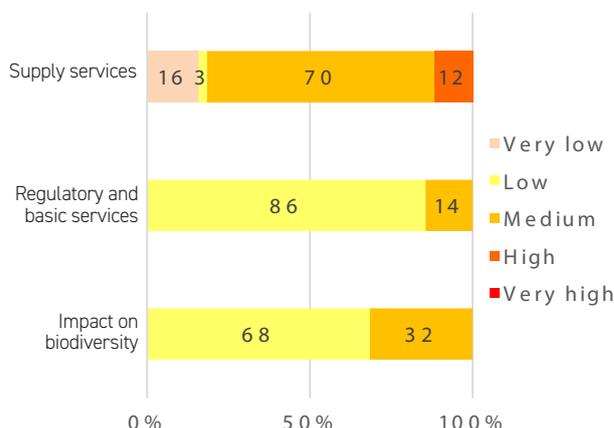
To assess the risks pertaining to how the NOK Group's business activities might affect biodiversity, we used the IBAT* to study the relationships between our production sites and key biodiversity areas. The results of the study revealed that of the sites where a nature reserve is located within a five-kilometer radius, one of them is a wetlands designated under the Ramsar Convention, while five others are IUCN Category II protected areas (national parks).

	No. of sites	World Heritage	Ramsar	MAB	IUCN			
					Ia	Ib	II	III
Domestic production sites	50	0	1	0	0	5	0	
Overseas production sites	26	0	0	0	0	0	0	
Total	76	0	1	0	0	5	0	

* IBAT is a biodiversity information database tool developed by an alliance comprising the IUCN, the UNEP-WCMC, Birdlife International (an international environmental NGO), and Conservation International.

We also used the WWF Biodiversity Risk Filter to assess biodiversity risks at all NOK Group sites. As a result, none of our 76 production sites were categorized as being "very high risk" in terms of supply services, regulatory and basic services, and impacts on biodiversity. We will continue to perform risk assessments of biodiversity and our business activities, leverage the results of these studies in our measures for safeguarding biodiversity, and press ahead with initiatives best suited to the characteristics of each region.

* The WWF Biodiversity Risk Filter is a risk assessment tool for biodiversity made available by the World Wide Fund for Nature.



Concrete Activities

Environmental conservation education at Ohba Reservoir (Japan)

At the Shonan R&D Center, with the aid of NPO Fujisawa Green Staff Association, we are working to preserve the wetlands of the Oba Reservoir, helping to improve the landscape and conserve wetland plant and animal life. In addition, with the aim of gaining a deeper understanding of the connection between living things and nature, a guide from the Green Conservation Section of the Fujisawa City Office led a walking tour to observe the habitats of plants and living creatures around the Ohba Reservoir and Hikichigawa Water

Park. We also held a nature observation event, offering a chance to come into contact with nature.

Reforestation activities (Thailand)

Thai NOK Co., Ltd. has conducted tree planting for three years in a row as part of its carbon capture initiative. As of 2022, to encourage the participation of all employees, the area for planting has been expanded by 2,800 m² to a total area of 4,400 m². In FY2022, more than 260 trees were planted. Planting trees is expected to contribute to carbon neutrality by absorbing CO₂ in the future.

Environmental Performance Data

Input	Scope of coverage	Unit	FY 2019	FY 2020	FY 2021	FY 2022
Total consumption of raw materials	Non-consolidated and manufacturing subsidiaries	tons	90,661	80,646	89,157	79,183
Rubber	Non-consolidated and manufacturing subsidiaries	tons	13,048	11,742	13,154	11,994
Compounding ingredients and adhesives	Non-consolidated and manufacturing subsidiaries	tons	10,971	9,921	11,012	10,188
Plastics	Non-consolidated and manufacturing subsidiaries	tons	1,083	965	1,149	1,039
Metals	Non-consolidated and manufacturing subsidiaries	tons	65,559	58,018	63,842	55,962
Total energy consumption	Non-consolidated and manufacturing subsidiaries	TJ	1,471	1,394	1,480	1,347
	Consolidated	TJ	5,094	4,700	5,255	4,797
Electricity	Non-consolidated and manufacturing subsidiaries	TJ	1,324	1,261	1,337	1,209
	Consolidated	TJ	4,385	4,071	4,581	4,160
Fuels	Non-consolidated and manufacturing subsidiaries	TJ	147	133	143	139
	Consolidated	TJ	709	629	674	637
Energy emissions intensity	Non-consolidated and manufacturing subsidiaries	TJ/millions of yen	0.011	0.011	0.011	0.010
	Consolidated	TJ/millions of yen	0.009	0.010	0.010	0.008
CO ₂ -free electricity ratio	Consolidated	%	0.2	0.3	0.5	4.2
Total water withdrawals	Non-consolidated and manufacturing subsidiaries	1,000 m ³	821	809	832	792
	Consolidated	1,000 m ³	9,363	8,347	9,187	8,666
City water	Non-consolidated and manufacturing subsidiaries	1,000 m ³	611	612	664	620
	Consolidated	1,000 m ³	4,990	4,569	4,960	4,269
Industrial water	Non-consolidated and manufacturing subsidiaries	1,000 m ³	37	27	31	34
	Consolidated	1,000 m ³	4,081	3,511	4,013	4,190
Ground water	Non-consolidated and manufacturing subsidiaries	1,000 m ³	173	171	137	139
	Consolidated	1,000 m ³	292	267	214	207
Inputs (water intake) emissions intensity	Non-consolidated and manufacturing subsidiaries	m ³ /millions of yen	6.2	6.5	6.1	6.1
	Consolidated	m ³ /millions of yen	17.0	17.0	16.6	14.1
Water consumption	Non-consolidated and manufacturing subsidiaries	1,000 m ³	240	224	164	169
	Consolidated	1,000 m ³	1,628	2,231	2,568	2,640
Consumption of substances subject to PRTR	Non-consolidated and manufacturing subsidiaries	1,000 tons	1.6	1.5	1.6	1.5

Output	Scope of coverage	Unit	FY 2019	FY 2020	FY 2021	FY 2022
Total CO ₂ emissions (Scope 1 + Scope 2)	Non-consolidated and manufacturing subsidiaries	1,000 tons-CO ₂	214	186	198	172
Location-base*	Consolidated	1,000 tons-CO ₂	722	636	741	661
Scope 1	Non-consolidated and manufacturing subsidiaries	1,000 tons-CO ₂	9	8	9	8
	Consolidated	1,000 tons-CO ₂	43	38	41	39
Scope 2	Non-consolidated and manufacturing subsidiaries	1,000 tons-CO ₂	205	178	189	164
	Consolidated	1,000 tons-CO ₂	679	598	700	622

Output	Scope of coverage	Unit	FY 2019	FY 2020	FY 2021	FY 2022
Total CO ₂ emissions (Scope 1 + Scope 2)	Non-consolidated and manufacturing subsidiaries	1,000 tons-CO ₂	195	183	189	171
Market-base*	Consolidated	1,000 tons-CO ₂	693	628	727	656
Scope 1	Non-consolidated and manufacturing subsidiaries	1,000 tons-CO ₂	9	8	9	8
	Consolidated	1,000 tons-CO ₂	43	38	41	39
Scope 2	Non-consolidated and manufacturing subsidiaries	1,000 tons-CO ₂	186	175	181	163
	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
NO _x	Non-consolidated and manufacturing subsidiaries	Kg	8,975	8,591	8,047	11,502
	Domestic group companies	Kg	23,490	23,072	20,838	21,697
SO _x	Non-consolidated and manufacturing subsidiaries	Kg	3,784	2,973	2,580	2,345
	Domestic group companies	Kg	3,784	2,973	7,757	3,103
VOC emissions	Non-consolidated and manufacturing subsidiaries	1,000 tons	2.1	1.8	1.9	1.6
	Consolidated	1,000 tons	3.4	3.1	3.2	2.9
Emissions of substances subject to PRTR	Non-consolidated and manufacturing subsidiaries	1,000 tons	0.132	0.102	0.123	0.068
Total wastewater	Non-consolidated and manufacturing subsidiaries	1,000 m ³	582	586	669	623
	Consolidated	1,000 m ³	7,735	6,116	6,619	6,026
River/lake	Non-consolidated and manufacturing subsidiaries	1,000 m ³	471	451	538	504
	Consolidated	1,000 m ³	3,845	2,758	3,014	2,641
Sewage system	Non-consolidated and manufacturing subsidiaries	1,000 m ³	111	135	130	119
	Consolidated	1,000 m ³	3,890	3,358	3,605	3,385
BOD load	Non-consolidated and manufacturing subsidiaries	tons	3.97	3.53	5.34	4.04
	Domestic group companies	tons	5.16	5.36	6.96	7.92
Industrial waste	Non-consolidated and manufacturing subsidiaries	1,000 tons	20	20	21	18
	Consolidated	1,000 tons	58	52	60	52
Amount of waste recycled	Non-consolidated and manufacturing subsidiaries	1,000 tons	20	20	21	18
	Consolidated	1,000 tons	42	44	50	43
Landfill disposal amount	Non-consolidated and manufacturing subsidiaries	1,000 tons	0.34	0.07	0.06	0.05
	Consolidated	1,000 tons	13	6	7	6
Valuable waste	Non-consolidated and manufacturing subsidiaries	1,000 tons	29	26	29	26
	Consolidated	1,000 tons	56	47	55	51
Recycling rate	Non-consolidated and manufacturing subsidiaries	%	99.3	99.8	99.9	99.9
	Consolidated	%	89.0	94.1	93.7	94.2

* CO₂ emissions are the sum of fuel and electricity consumption multiplied by a conversion factor. The CO₂ conversion factor for fuel uses an emission factor based on Japan's Act on Promotion of Global Warming Countermeasures.

For electric power CO₂ conversion factors, in Japan we use the emission factors of different general transmission and distribution utilities; overseas we use the CO₂ Emissions from Fuel Combustion factor of the International Energy Agency (IEA) (combining market- and location-based methods).

List of ISO14001-certified companies

In the NOK Group, 98.5% of plants/offices have obtained ISO14001.

Country	ISO14001-certified companies	Scope of application
Japan	NOK CORPORATION	Headquarters Factory Fukushima Plant: Certified as NOK
	Tenei Seal Industry Corporation	
	NOK METAL Co., Ltd.	
	Miyagi NOK Corporation	
	Miharu Industry Corporation	
	Tohoku Seal Industry Corporation	
	Nihonmatsu NOK Corporation	Certified as NOK
	Isohara Polyurethane Industry Corporation	Certified as NOK
	Isshin Industries Corporation	
	Kanasei Corporation	
	Kikugawa Seal Industry Co., Ltd.	Certified as NOK
	MYK Corporation	Certified as NOK
	TVC Co., Ltd.	
	Saga NOK Corporation	
	Kumamoto NOK Corporation	
	Kusu NOK Corporation	
	Nichinan NOK Corporation	
	Aso NOK Corporation	
	Nippon Mektron, Ltd.	
	MEKTEC-J Co., Ltd.	Certified as Nippon Mektron, Ltd.
	Synztec co., Ltd.	
	Kuki Roll Industry Co., Ltd.	Certified as Synztec co., Ltd.
	Tokiwa Industry Co., Ltd.	
	NOK KLUEBER CO., LTD.	
	UNIMATEC CO., LTD.	
	NOK Elastomers Processing Co., Ltd.	Tohoku Plant: Certified as NOK Kyusyu Plant
NOK Fugaku Engineering Co., Ltd.		
Kusu Seimitsu Co., Ltd.	Certified as NOK Fugaku Engineering Co., Ltd.	
Thailand	Thai NOK Co., Ltd.	
	Mektec Manufacturing Corporation (Thailand) Ltd.	
	Mektec Precision Component (Thailand) Ltd.	
Malaysia	Synztec (Malaysia) Sdn. Bhd.	
Vietnam	Vietnam NOK Co., Ltd.	
	Mektec Manufacturing Corporation (Vietnam) Ltd.	
	Synztec Vietnam Co., Ltd.	
Indonesia	PT. NOK Indonesia	
	PT. NOK Freudenberg Sealing Technologies	
	PT. NOK Precision Component Batam	
China	Wuxi NOK-Freudenberg Oil Seal Co., Ltd.	
	Changchun NOK-Freudenberg Oil seal Co., Ltd.	
	Taicang NOK-Freudenberg Sealing Products Co., Ltd.	
	NOK (Wuxi) Vibration Control China Co., Ltd.	
	Mektec Manufacturing Corporation (Zhuhai) Ltd.	
	Mektec Manufacturing Corporation (Suzhou) Ltd.	
	Synztec Precision Parts (Shenzhen) Co., Ltd.	
Taiwan	Mektec Corporation	
Germany	MEKTEC EUROPE GmbH (MEK-E)	
	Mektec Manufacturing Corporation Europe DE GmbH	Certified as MEKTEC EUROPE GmbH
Czech Republic	Mektec Manufacturing Corporation Europe CZ s.r.o.	Certified as MEKTEC EUROPE GmbH
Hungary	Mektec Manufacturing Corporation Europe HU Kft.	Certified as MEKTEC EUROPE GmbH

Environmental Performance Results Aggregation Range

Page	Item			Aggregation range
P.4	Material Balance	Input	Raw materials	Non-consolidated and manufacturing subsidiaries
			Energy	Non-consolidated and manufacturing subsidiaries
			Water	Non-consolidated and manufacturing subsidiaries
			Environmentally hazardous substances	Non-consolidated and manufacturing subsidiaries
		Output	Gas emissions	Non-consolidated and manufacturing subsidiaries
			Wastewater	Non-consolidated and manufacturing subsidiaries
			Industrial waste, etc.	Non-consolidated and manufacturing subsidiaries
P.9-11	Climate Change Countermeasure	Three-Year Targets and Results	CO ₂ emissions	Consolidated
			CO ₂ emission intensity	Domestic group companies
		NOK Group Medium- to Long-Term Targets	CO ₂ emissions (global)	Consolidated
			CO ₂ emissions (domestic)	Domestic group companies
			CO ₂ emission intensity (overseas)	Overseas group companies
			Electricity consumption	Domestic group companies
			CO ₂ -free electricity ratio	Consolidated
			Scope 3	Consolidated (Categories 4 and 8 are non-consolidated)
P.11-12	Resource Conservation and Waste Recycling	Three-Year Targets and Results	Landfill disposal amount	Domestic group companies
			By-product recycling rate	Domestic group companies
			Industrial waste	Domestic group companies
P.12	Conservation of Water Resources	Three-Year Targets and Results	Total water withdrawals	Consolidated
			Wastewater	Consolidated
			Water risk assessment	Consolidated
P.14	Management of Substances of Environmental Concern	Three-Year Targets and Results	VOC emissions into the atmosphere	Consolidated
P.15-16	Environmentally Friendly Products	Environmental Accounting	Various costs	Non-consolidated
P.18-19	Environmental Performance Data	Input	Raw materials	Non-consolidated and manufacturing subsidiaries
			Energy	Consolidated
			Water	Consolidated
			PRTR results	Non-consolidated and manufacturing subsidiaries
		Output	CO ₂ emissions	Consolidated
			NO _x	Domestic group companies
			SO _x	Domestic group companies
			VOC emissions into the atmosphere	Consolidated
			Wastewater	Consolidated (BOD indicates domestic group companies)
			Industrial waste, etc.	Consolidated
PRTR results	Non-consolidated and manufacturing subsidiaries			

Society

Human Rights

In its principles of corporate conduct, NOK 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.

NOK Group Human Rights Statement

Human Rights Statement

In line with our management philosophy of fostering a company driven by care and trust in our employees, the NOK Group places utmost importance on the well-being and dignity of each individual within our organization. We are committed to upholding human rights as protected in internationally recognized norms, including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the UN Global Compact.

1

The NOK Group aligns with and supports the United Nations Guiding Principles on Business and Human Rights, and our company policy is founded upon these principles. Furthermore, through our Principles of Corporate Behavior, we recognize that compliance with local laws, adherence to international norms — including human rights, and consideration of cultural diversity, customs, and stakeholder interests — are integral to our operations, and we pledge to respect human rights across all countries and regions where we conduct business.

Scope of Application

2

This policy applies to all individuals within the NOK Group, including officers, employees, suppliers, and other relevant parties. We require the utmost respect for human rights throughout our supply chain, ensuring that no entity associated with the NOK Group is complicit in any human rights violations.

Human Rights Due Diligence

3

Based on this policy, the NOK Group will institute and execute essential mechanisms for human rights due diligence. In alignment with the NOK Group Procurement Policy and CSR Procurement Guidelines, we require our suppliers to adhere to human rights standards. Additionally, we request our other business partners to uphold human rights based on this policy.

Remediation & Correction

4

We have implemented a dedicated point of contact for reporting human rights compliance violations and seeking consultations. Upon identifying a breach that has resulted in or contributed to an adverse impact on human rights, we take prompt action to address and rectify the situation.

Education & Training

5

To ensure a comprehensive understanding and consistent implementation of this policy among all officers and employees, we continually foster awareness through educational initiatives, training programs, and ongoing efforts. These initiatives specifically focus on enhancing knowledge and promoting a culture of respect for human rights and preventing harassment.

Priority Action Areas & Transparency

6

Following this policy, we concentrate on the designated priority action areas outlined separately to uphold our commitment to human rights. To ensure transparency and accountability, we diligently execute these initiatives and provide regular updates on our progress and outcomes through various channels, including our company website.

December 16, 2021
Revised: May 24, 2023

Representative Director, Chief Executive Officer, NOK CORPORATION

Masao Tsuru

Basic Concept

- **Ensuring freedom of association and collective bargaining rights**

NOK Group strictly adheres to the laws and regulations of the countries where we operate, ensuring that our employees are free to join or establish labor unions without any hindrance. Moreover, we actively recognize and support the exercise of collective bargaining rights.

- **Eliminating forced labor**

The NOK Group maintains a zero-tolerance policy towards forced labor and human trafficking, whereby individuals are coerced into work against their will and under the threat of punishment.

- **Eradicating child labor**

The NOK Group firmly opposes and prohibits child labor below the minimum age defined by labor laws and regulations in the countries and regions where we operate and international norms.

- **Ensuring equal opportunities and non-discrimination in employment**

The NOK Group is committed to providing equal and unbiased employment opportunities to all individuals, irrespective of their race, color, gender, religion, political opinion, national origin, social origin, age, disability, HIV/AIDS infection or development, labor union membership, sexual orientation, or political or personal beliefs. We strictly prohibit any form of discrimination based on these grounds.

- **Ensuring harassment prevention**

At the NOK Group, we hold the utmost respect for the human rights of every employee. We maintain a zero-tolerance policy towards all forms of harassment, including power harassment and sexual harassment.

- **Ensuring fair wages and responsible working hours**

We are dedicated to upholding the payment of wages following legal requirements and endeavor to provide living wages or higher. Additionally, we strictly prohibit excessive overtime work that surpasses the legal limits on working hours.

Confirming Human Rights Compliance

Regarding respect for human rights and compliance with labor laws at overseas subsidiaries, we confirm annually whether there has been any discriminatory treatment of employees or incidences of harassment, child labor, or forced labor.

Also, as a consultation service for human rights issues, we have set up internal and external reporting hotlines in Japan, staffed by a lawyer. We have also established an internal reporting hotline at each of our overseas subsidiaries. We receive several consultations every year and take corrective action in cases where we are able to confirm compliance violations, and may take disciplinary action for violations in accordance with internal guidelines. There were no major human rights violations in FY2022.

We conduct human rights due diligence as stipulated in our Human Rights Policy, including in the supply chain, and take corrective action when we identify any rights violations.

Respect for Basic Human Rights in Relation to Employees

Our Principles of Corporate Behavior set forth the values of respect for human rights and provision of a comfortable and secure working environment. Our Behavioral Guidelines on Employee Compliance also stipulate respect for human rights and the prohibition of discrimination and harassment.

Human Rights Supervisory Framework

The Corporate Administration Office is tasked with promoting and confirming the thorough implementation of human rights compliance at NOK and its subsidiaries.

Also, the Internal Control Audit Committee, an advisory body to the Board of Directors, regularly supervises and audits the human rights compliance framework of NOK and its subsidiaries based on Internal Control Regulations, and reports the results to the Board of Directors and the Board of Corporate Auditors.

Initiatives and Results for FY 2022

1. 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.

2. 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.

Basic Principle of Human Resources Development
 "A workplace nurtures its people, and people nurture their workplace"

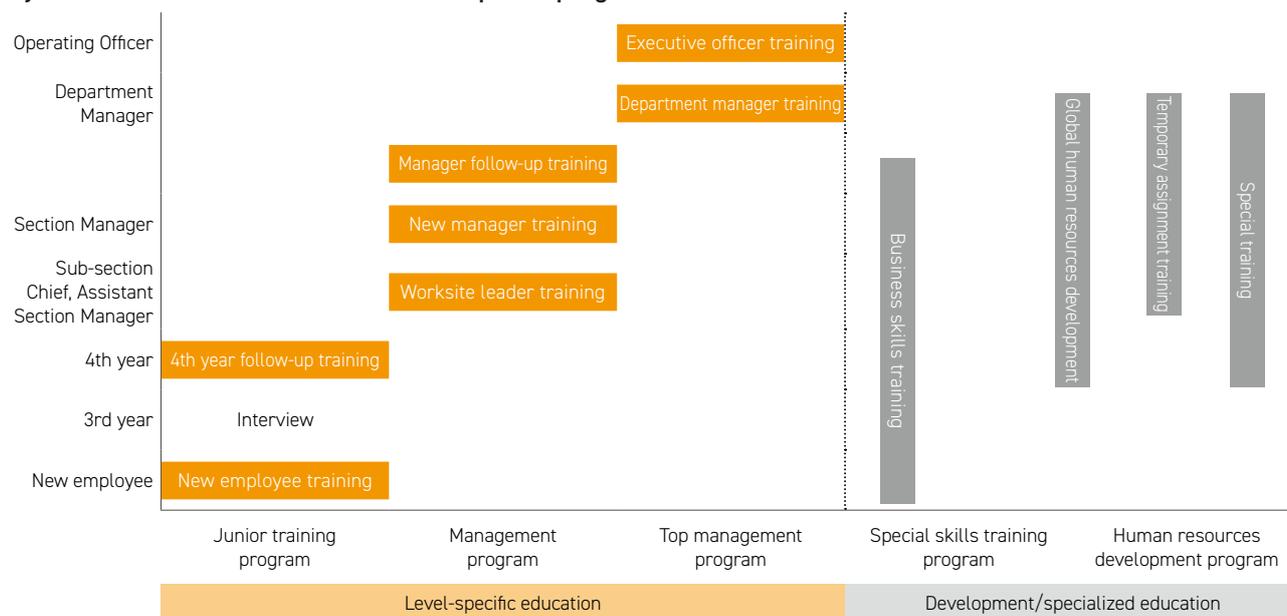
Vision of Human Resources Development
 "Development of human resources who take pride in their jobs and respect each other"

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.

System of NOK's human resources development program



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.

Human resource development programs	Scope of coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Number of participants	Major domestic group companies	persons	829	1,103	1,027	1,524	8,383
Training time results	Major domestic group companies	hours	13,741	13,992	15,763	17,512	22,940

Engagement Survey

We administered an engagement survey targeting regular employees and reemployed personnel of major domestic Group Companies. The response rate was 98%, representing nearly all targeted employees. Our comprehensive score surpassed that of peer companies of a similar corporate scale.

Going forward, we will pursue initiatives to enhance engagement, using the scores of peer companies in the top 20th percentile as a benchmark.

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. Measures that have a significant impact on employees are explained and discussed in advance.

The Company explains the business environment and management plan for the next fiscal year to the labor union and holds consultations about them. With that in mind, the union submits a demand for consensus-based compensation and working conditions for its members. In the spring of 2023's negotiations, the request was fully discussed and concluded.

(As of March 31, 2023)

Item		Scope of coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Composition of employees (by type of employment)	Regular employees	Non-consolidated	persons	3,419	3,529	3,676	3,489	3,419
	Non-regular employees	Non-consolidated	persons	410	389	389	398	401
	Total	Non-consolidated	persons	3,829	3,918	4,065	3,887	3,820
	Regular employees	Consolidated	persons	42,251	40,492	37,999	37,613	37,913
	Non-regular employees	Consolidated	persons	3,015	2,726	2,388	2,300	2,285
	Total	Consolidated	persons	45,266	43,218	40,387	39,913	40,198

Item	Scope of coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	
Composition of employees (by region)	Japan	Consolidated	persons	10,789	11,001	11,017	10,730	10,648
	China	Consolidated	persons	11,681	10,913	9,383	9,690	10,659
	Southeast Asia	Consolidated	persons	18,651	17,395	16,194	15,623	15,196
	Europe and the United States	Consolidated	persons	1,130	1,183	1,405	1,570	1,410
	Total	Consolidated	persons	42,251	40,492	37,999	37,613	37,913
Composition of employees (on the basis of gender)	Male	Non-consolidated (Major domestic group companies)	persons	2,677	2,747	2,857	2,704	2,643(3,446)
	Female	Non-consolidated (Major domestic group companies)	persons	742	782	819	785	776(877)
	Total	Non-consolidated (Major domestic group companies)	persons	3,419	3,529	3,676	3,489	3,419(4,323)
Average length of continuous service	Male	Non-consolidated (Major domestic group companies)	years	16.9	17.1	17.3	17.8	17.9(17.5)
	Female	Non-consolidated (Major domestic group companies)	years	18.9	19.3	19.5	20.0	20.7(19.3)
	Overall	Non-consolidated (Major domestic group companies)	years	17.4	17.6	17.8	18.3	18.5(17.9)
Average age	Male	Non-consolidated (Major domestic group companies)	age	40	40.1	40.3	40.9	41.1(41.3)
	Female	Non-consolidated (Major domestic group companies)	age	39.8	40.1	40.4	41.2	42(41.4)
	Overall	Non-consolidated (Major domestic group companies)	age	39.9	40.1	40.3	41.0	41.3(41.3)
Employee ratio by age	Age 20s and under	Non-consolidated (Major domestic group companies)	%	—	22.1	20.7	19.6	18.8(17.8)
	Age 30s	Non-consolidated (Major domestic group companies)	%	—	27.5	27.3	27.2	26.5(25.7)
	Age 40s	Non-consolidated (Major domestic group companies)	%	—	29.6	29.1	27.1	25.7(26.8)
	Age 50s	Non-consolidated (Major domestic group companies)	%	—	20.5	22.4	25.5	28.5(29)
	Age 60s and over	Non-consolidated (Major domestic group companies)	%	—	0.3	0.4	0.5	0.5(0.6)
Ratio of female in managerial positions	Domestic	Consolidated	%	0.5	0.8	0.5	0.3	1.7
	Overseas	Consolidated	%	29.2	28.1	30.0	35.7	32.1
	On a consolidated basis	Consolidated	%	—	—	—	—	26.9
Ratio of mid-career and foreign-national employees in managerial positions	Ratio of mid-career employees	Non-consolidated (Major domestic group companies)	%	—	—	9.8	9.8	11.3(12.3)
	Ratio of foreign-national employees	Non-consolidated (Major domestic group companies)	%	—	—	0.3	0.3	0.3(0.3)
Hiring of new graduates	Male	Non-consolidated (Major domestic group companies)	persons	115	117	92	30	68(80)
	Female	Non-consolidated (Major domestic group companies)	persons	32	34	25	11	12(16)
	Total	Non-consolidated (Major domestic group companies)	persons	147	151	117	41	80(96)
Rate of hiring of new female graduates for the managerial track	Hiring ratio	Non-consolidated (Major domestic group companies)	%	6.1	5.2	6.3	13.3	16.1(14.9)
Number of new hires (total of new graduates and mid-career hires)	Male	Non-consolidated (Major domestic group companies)	persons	—	134	98	47	88(113)
	Female	Non-consolidated (Major domestic group companies)	persons	—	42	26	22	22(30)
	Total	Non-consolidated (Major domestic group companies)	persons	0	176	124	69	110(143)
Number of new hires by age group (total of new graduates and mid-career hires)	Age 20s and under	Non-consolidated (Major domestic group companies)	persons	—	—	—	55	85(111)
	Age 30s	Non-consolidated (Major domestic group companies)	persons	—	—	—	12	19(21)
	Age 40s	Non-consolidated (Major domestic group companies)	persons	—	—	—	2	6(11)
	Age 50s	Non-consolidated (Major domestic group companies)	persons	—	—	—	0	0(0)
	Age 60s and over	Non-consolidated (Major domestic group companies)	persons	—	—	—	0	0(0)
Employee turnover (leaving on own volition)	Male	Non-consolidated (Major domestic group companies)	persons	—	34	48	44	63(81)
	Female	Non-consolidated (Major domestic group companies)	persons	—	12	18	16	16(16)
	Total	Non-consolidated (Major domestic group companies)	persons	0	46	66	60	79(97)

Item		Scope of coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Ratio of standard entry-level salary to regional minimum wage	Fukushima	Major production sites of NOK and Nippon Mektron, Ltd.	%	—	132.9	132.6	128.1	123.6
	Ibaraki	Major production sites of NOK and Nippon Mektron, Ltd.	%	—	—	—	—	116.4
	Kumamoto	Major production sites of NOK and Nippon Mektron, Ltd.	%	—	134.2	133.7	129.2	124.3
Ratio of senior management hired from regional communities		Non-consolidated (Major domestic group companies)	%	—	—	—	6.5	7.8(8.3)
Employee gender wage gap (percentage for female if men=100)	All workers	Non-consolidated	%	—	—	—	—	71.8
	Of which regular employees	Non-consolidated	%	—	—	—	—	75.3
	Of which part-time and fixed-term employees	Non-consolidated	%	—	—	—	—	55.4
Employee retention status	Rate of turnover	Non-consolidated (Major domestic group companies)	%	1.3	1.0	1.8	1.7	2.3(2.2)
Number of labor-management conferences held	Number of Central Labor Management Councils held	Major domestic group companies	sessions	16	16	17	16	17
Development staff		Major domestic group companies	persons	—	—	—	—	692

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 bases 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 female, 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.

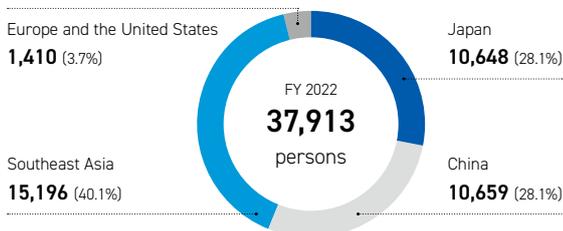
With the stance of localizing business execution by overseas bases, the NOK Group promotes the development

and appointment of human resources who acknowledge and understand local conditions, regardless of their race or gender.

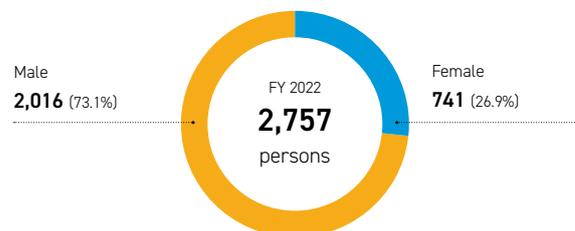
Interaction among executives and the technology, manufacturing, sales, operations, and other departments of both domestic and overseas bases is facilitated so that they can utilize the outcomes to develop personnel and improve operational quality and efficiency in each department.

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.

Composition of employees by region (consolidated)



Ratio of female in management positions (consolidated)



Concrete Activities

Female'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 career-minded female in leadership and specialist positions to 30%.

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

Enhancing the Employment and Support System for People with Disabilities

NOK furthers the employment of people with disabilities so that they can take jobs according to their abilities and competencies, and live independent lives in their communities. Divisions around Japan promote the allocation of people with disabilities to fulfilling jobs and the creation of workplaces that enable them to work comfortably to establish an environment where people with disabilities can work with vitality.

Human Resource and Welfare System

Basic Concept

As part of management based on respect for human dignity, NOK is making efforts to create working environments where employees can balance their job satisfaction with a comfortable lifestyle. In addition to past measures taken to help employees achieve both professional and personal goals, we now consider and undertake various other measures from the viewpoint of work-style reform.

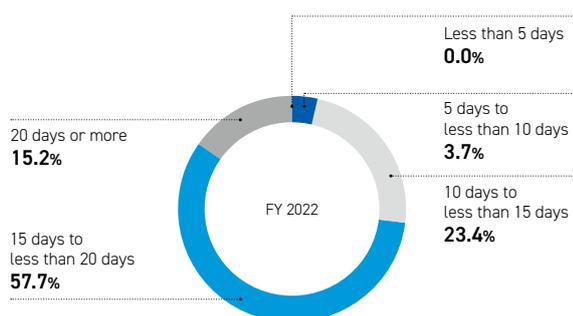
To realize flexible and diverse work styles, we are also working on implementing and improving a flextime system, childcare leave, nursing care leave, and other employee benefit systems, lowering the upper limit on overtime to shorten working hours, and improving the rate of paid leave taken by employees.

Work-life Balance

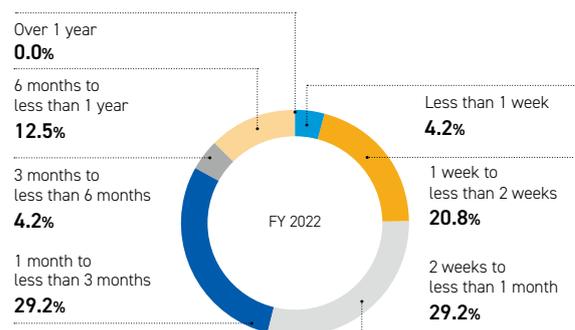
To ensure that each and every employee can work in a way that suits them, we have in place support systems that go beyond the legally required minimum, such as the system of shorter working hours for employees with children up to the fourth grade and the family care leave system, which allows employees to take up to one year of leave. To make it easier for employees to use these resources, we are working to ensure the system works properly by disseminating information and providing advice about it.

In addition, to create a more pleasant workplace, we have adopted flexible working hours with no core time and eased restrictions on working from home and taking half-day paid leave. In FY2022, to further promote support for balancing work and family life, we introduced a special leave system that enables employees to take special paid leave for treatment and recuperation related to personal injury, pregnancy and childbirth, and nursing and care for family members.

Number of days of annual paid leave taken



Length of childcare leave taken by men



Item		Scope of Coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Number of employees who took childcare leave	Male	Non-consolidated (Leave-taking rate for men)	persons	0	1	2	5	24(21.8)
	Female	Non-consolidated	persons	53	60	47	30	32
Rate of return-to-work after childcare leave	Male	Non-consolidated	%	—	—	—	100	100
	Female	Non-consolidated	%	—	—	—	100	100
Number of employees who took nursing care leave	Male	Non-consolidated	persons	0	0	1	1	2
	Female	Non-consolidated	persons	0	0	0	0	0
Number of persons reemployed	Male	Non-consolidated	persons	223	209	212	221	183
	Female	Non-consolidated	persons	6	6	10	12	12
Employment of disabled persons	Rate of employment	Non-consolidated (Consolidated)	%	2.06	2.06	2.03	2.15	2.56(0.71)
Hours worked per employee/ Average number of days of annual paid leave taken	Actual total hours worked per employee	Non-consolidated	hours	2,096.2	2,041.7	1,953.0	2,006.8	1,997.3
	Overtime worked per employee (on an annual basis)	Non-consolidated	hours	253	205.8	117	183.2	180.7
	Average number of days of annual paid leave taken	Non-consolidated	days	13.6	14.5	14.5	16	16.9

Concrete Activities

Reinforcing Efforts to Shorten Working Hours and Encourage Paid Leave-Taking

NOK has endeavored to shorten the total actual working hours to help employees pursue comfortable and prosperous lifestyles. The labor-management committee annually develops a plan for new initiatives and reviews the performance of previous initiatives. Specifically, we check the record of overtime work hours and paid leave actually taken on both a departmental and individual basis by using the relevant data, and thereby identify problems and develop a response plan. Our target at present is to keep total actual working hours to within 2,000 hours and for employees to take 17 or more days of paid leave.

To achieve these goals, we have adopted a policy of promoting digitization to improve operational efficiency, and are making active efforts to this end. The use of Web-based conferencing and the paperless system have taken root, and we will continue to promote digitization of business operations.

Participation in Initiatives and Collaboration by Industry and Theme

We take part in regular meetings and working group activities related to the personnel policies put in place by the industry associations of auto parts companies. This allows us to gain information on industry trends related to diverse work styles and revisions to labor-related laws and regulations, which is useful in considering improvements to the personnel systems.

Drawing on Career Aspiration Surveys and Interviews

Every year, NOK offers employees an opportunity to report on their current workplace situations and their job aspirations. At that time, supervisors hold an interview with employees regarding the content of the reports, including their career aspirations, which is used in personnel development and utilization, as well as to place the right people in the right positions.

Other forms of communication

1. Workplace communication

The NOK Group strives to always be an open and comfortable workplace. Managers take the initiative in achieving and maintaining a level of communication between superiors and subordinates, colleagues, and workplaces. For example, in addition to holding monthly departmental meetings, supervisors and subordinates are required to meet at least once every six months. An IT environment is also in place that enables employees to easily communicate with superiors, colleagues, and subordinates even when working from home.

2. Support for retiree associations

To help employees enrich their lives after retirement, NOK established retiree associations around Japan (eight regional blocks), and supports each association through holding regional gatherings and other events for retirees to interact.

Occupational Safety and Healthcare

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 NOK Group Safety Principles in FY2017 and are pursuing health and safety activities across the Group with the aim of eliminating industrial accidents.

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, which oversees the entire Company, 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.

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.

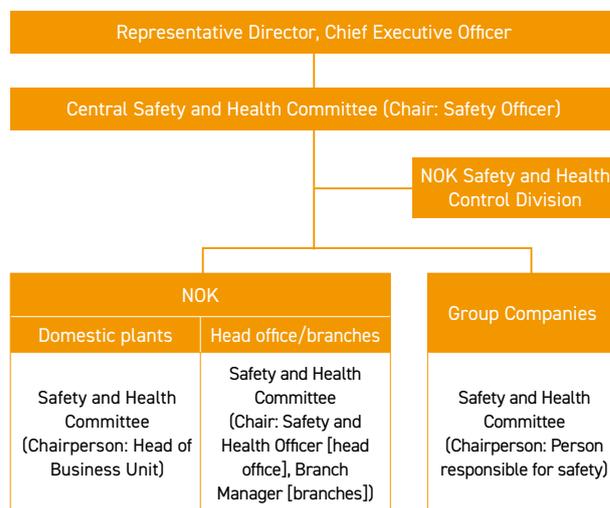
In addition, in FY2022, the President released a Health Declaration to indicate the commitment of top management to initiate health promotion based on a health management approach.

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



Medium-term Health and Safety Plan

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*1	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Manufacturing industry*2 (calendar year)	1.20	1.20	1.21	1.31	1.25
Domestic group companies	0.46	0.27	0.21	0.28	0.35

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

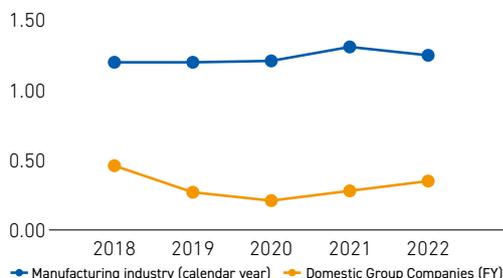
*2 Ministry of Health, Labour and Welfare 2021 Occupational Accident Trend Survey

Lost-time injury severity rate*1	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Manufacturing industry*2 (calendar year)	0.100	0.100	0.070	0.060	0.080
Domestic group companies	0.071	0.038	0.011	0.004	0.005

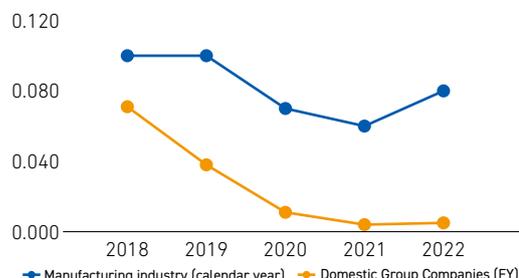
*1 Severity of injuries represented by the number of workdays lost per 1,000 hours

*2 Ministry of Health, Labour and Welfare 2021 Occupational Accident Trend Survey

Lost-time injury frequency rate



Lost-time injury severity rate



Item	Scope of coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Deaths due to occupational accidents	Domestic group companies	persons	0	0	0	0	0

Formulating Action Plans

We create annual action plans 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 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 Promotion Department follows up with these sites on an individual basis.

Distributing a Message from Top Management

Based on the NOK Group Safety Principles, we formulated the NOK Occupational Health and Safety Policy in FY2022. The policy indicates the specific direction of health and safety activities in line with the thinking of the Company's top management.

Safety Day Activities

We established a monthly Safety Day to carry out health and safety activities at each workplace. On these days, all employees at each workplace engage in health and safety activities, including identifying local risks and implementing response measures, as well as actions to raise mutual awareness.

Measures to Improve Safety

Based on risk assessment results and past data such as near-miss incidents and findings of safety patrols,

we identify processes, equipment, and tasks which have the potential to cause serious industrial accidents as "designated hazards," and prioritize response measures and management to address these hazards.

Health and Safety Education

Health and safety education begins when employees first enter the Company. We follow up with regular educational programs to help employees gain the knowledge and skills needed to work safely, as well as hazard simulations using hands-on hazard simulation equipment we designed in-house.

We also carry out training for line managers, seeking to instill unified thinking about health and safety management in their own workplaces and a shared awareness of health and safety as managers.

With the aim of instilling safety knowledge and maintaining and raising the safety awareness of employees, we also offer training at each workplace using our Safety and Health Guidelines. Created in 1972, we still use these guidelines as a tool for health and safety education and activities in the workplace, revising them as needed.

Fire Prevention

With a priority on preventing fire disasters and small fires, 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.

Health Maintenance and Promotion

(1) Health management

We have a 100% regular health checkup rate. In addition, we actively encourage medical examinations and provide health guidance with the aim of ensuring that 100% of employees undergo follow-up examinations for the early detection and treatment of illnesses.

For mental health issues, we make online interviews with an industrial physician or counselor available. We have also set up a 24-hour, year-round free telephone consultation service through an external specialist organization, putting in place a framework to respond early on to any issues and support a smooth return to work.

(2) Health promotion

To boost employee awareness of health, we introduced a health management app that for employee smartphones, and use it to disseminate health information.

We also provide aerobic workouts under the guidance of our athlete employees to help staff develop the habit of exercising. In particular, workouts held online aim to address the lack of exercise among employees working remotely.

Major safety activities	Scope of coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Safety, hygiene and health training for line managers	Major domestic group companies	persons	143	129	161	150	141
Facility safety training (simulations, safety standards training)	Non-consolidated	persons	330	59	146	102	274
No. of units undergoing facility safety improvements	Non-consolidated	units	622	1,131	994	646	194
Investment in facilities and equipment for safety measures	Non-consolidated	millions of yen	330	320	68	170	270
Total number of employees commended for safe driving (commended for 30 years or longer)	Major domestic group companies	persons	856(78)	910(124)	908(139)	963(158)	925(146)

Major mental and physical health initiatives	Scope of coverage	Unit	FY 2020	FY 2021	FY 2022
Number of health consultation calls	Major domestic group companies	cases	850	715	552

Concrete Activities

Traffic Safety Initiatives

The NOK Group is committed to creating a culture of traffic safety as a company engaging in transportation in society through our products.

To eliminate traffic accidents and violations among employees, we formulate annual action plans to promote safe-driving management throughout the Group. We are working to build a heightened awareness of safe driving practices, including driving for private purposes commuting.

For example, since the 1970s, before the Road Traffic Act mandated the wearing of seatbelts, we have worked to ensure that all occupants of our vehicles, not just drivers, wear a seatbelt. In addition, we provide education and guidance at each workplace to prevent speeding and driving under the influence, which can cause serious accidents.

In an effort to maintain and improve the road safety awareness of employees, we have also established a system to commend excellent drivers who continue to drive safely, awarding them according to their number of years without an accident or violation.

In addition, as part of safe-driving activities at each workplace, we use driving simulators to confirm driving tendencies and participate in community-sponsored zero-accident, zero-violation challenges. We also regularly hold

traffic safety seminars with the help of the Japan Automobile Federation (JAF) and local police stations.

Our actions have drawn acclaim. In FY2022, five business sites were commended by external organizations as excellent business sites.



Initiatives to Improve the Workplace Environment

The NOK Group first launched activities to improve our work environment in 1993. Since then, we have systematically implemented environment controls (noise, heat, and cold), safe work practices (working posture and the handling of heavy objects), and support systems (such as providing break-time facilities).

Starting in FY2019, we began reinforcing our efforts, with a focus on Group Companies.

In FY2022, we introduced work vests equipped with fans to protect against overheating during outdoor work, and installed humidifiers and air purifiers to protect against infectious diseases.

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.

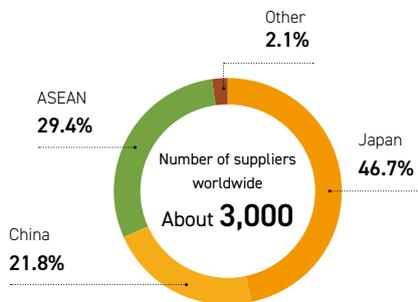
Today's society is also facing many problems such as environmental and human rights issues, and companies are expected to help address these to build a sustainable society. To this end, we established the NOK Group Procurement Policy for conducting procurement activities with suppliers.

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.

NOK Group Procurement Policy

1. We comply with laws, regulations and social norms.
2. Based on the idea of free competition, we select suppliers in a stringent manner by providing fair and equal opportunities.
3. We share mutual interests and benefits with suppliers based on the idea of mutual prosperity.
4. We engage in open communication and build relationships of trust with suppliers.
5. We conduct improvement activities proactively in collaboration with suppliers.

Breakdown of suppliers by region



Item	Scope of coverage	Unit	FY 2020	FY 2021
Breakdown of local procurement by region (by value)	In Japan	%	93.3	91.5
	In China	%	84.3	84.7
	Within ASEAN	%	72.2	77.3

CSR Procurement Guidelines

To fulfill our corporate social responsibility, we request that not only our Group but also our suppliers refer to these guidelines and actively promote CSR activities, including within their supply chains.

1 Compliance with laws and regulations

We will comply with laws and social norms in each country, including competition laws, trade-related laws, and environment-related laws.

Respect for human rights

- We do not deal with business entities that use forced or child labor, that engage in unlawful employment of foreign nationals or any other illegal employment, and that do not satisfy occupational safety and health regulations.

- We do not discriminate on the grounds of race, ethnicity, creed, gender, age, marital status, physical characteristics, disability, etc., in any employment or treatment (application, recruitment, promotion, remuneration, right to receive education, work grants, wages, welfare, punishment, dismissal, retirement, etc.).

2

- We comply with the laws and regulations of each country and region where employees are entitled to minimum wages, overtime, wage deductions, piece-work payment, other benefits, working hours (including overtime), holidays, and annual paid holidays. In particular, we recommend that wages exceed national and local laws and regulations, and we do not work excessive overtime hours.

- We respect the freedom of association and the right to participate in collective bargaining, and engage in good faith dialogue and consultation directly with employees or their representatives. We also recognize employees' right to freely associate or not in accordance with the laws and regulations of each country and region.

- We do not accept any form of harassment, including abuses of power and sexual harassment.

3

Safety

We prioritize the safety of customers and consumers, and purchase products that satisfy safety regulations.

4

Green procurement

We carry out procurement activities based on the NOK Group Green Procurement Guidelines with consideration for conserving the global environment.

5

Confidentiality

We deal with suppliers that can appropriately manage and control the confidentiality of information on customers, individuals and technologies, etc., obtained through business transactions.

6

Elimination of anti-social forces

We do not deal with any organized crime groups, any of their members and related individuals, any other antisocial forces, or any business entities associated with them.

7

Activities regarding conflict minerals

We strive to avoid purchasing minerals and their processed products sourced from countries where inhumane armed forces are active and mining minerals for their financial resources.

8

Contribution to local community and society

We contribute to the development of the local community and society by proactively doing business with local suppliers.

9

Information disclosure

We disclose business information related to management and finance, product handling and safety, quality, environment information, etc., to all stakeholders in a timely and appropriate manner, and develop and maintain mutual understanding and trust through open and fair communication.

10

Deployment of CSR to suppliers' own supply chain

To advance initiatives throughout the supply chain, we ask suppliers to implement initiatives throughout their own supply chain equivalent to those described in the NOK Charter of Corporate Behavior and CSR Procurement Guidelines.

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. 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.

Basic policy

"Putting quality first, we provide services and products that customers can trust at all stages of research and development, design, production, sales, service, etc."

Behavioral guidelines

1. All employees work together to make constant efforts to improve quality
2. Improve our unique technology
3. Continuously improve administration technology
4. Thoroughly comply with laws and regulations
5. Continuously manage the policy

NOK Group Three-Year Quality Assurance Policy (2020–2022) Return to the Basics of Quality

Priority Action Items

Under the Chairman's initiative of "Return to the Basics of Quality," we are working over a period of three years to get back to basics to ensure NOK Group quality that customers can rely on, guided by the following four points.

1. Thorough adherence to basics

In earning customer trust, our top priority is to stick to the basics. Specifically, we aim to educate our employees in quality assurance based on correct standards and ensure compliance, thereby continuously improving their skills in quality assurance. We will ensure that the products we deliver to customers do not cause any inconveniences due to inadequate work standards or non-compliance in some area of operations.

2. Prevention of serious quality problems

Growing demand for product safety and quality increases and increasingly sophisticated demands from customers for compliance and responses to product defects identified in the market require a new approach to process development. Therefore, we will enhance our manufacturing capabilities in all areas, ranging from development to production sites, to prevent defects from occurring.

3. Non-conformance reduction activities

From the perspectives of environmental conservation and contribution to the bottom line of the organization, we need to reduce non-conformity loss occurring at production sites. We are putting top priority on items with a high number of non-conformities, and each department is supporting and promoting these activities. Non-conforming products can also be the cause of complaints that inconvenience customers. Therefore, we have deployed an AI-based failure resolution method to identify the causes of non-conformities and ensure that measures are taken to prevent them.

4. IT-based quality control improvement

By promoting the digitalization of operations, we are striving to streamline tasks and avoid over-reliance on individual skills, techniques, and experience. In addition, we will improve the speed and accuracy of traceability by further enhancing the digitalization of quality records.

Quality Management Framework

To continue supplying products that meet customer needs, NOK has established a quality management framework based on ISO 9001 and other international standards, which we are operating in pursuit of ongoing improvement.

 See page 39 for our acquisition of quality management system certification.

Quality Assurance Framework

Quality Officers also supervise the planning, coordination, and promotion of quality assurance. 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 Activity 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.

Quality Assurance Review (QA Review)

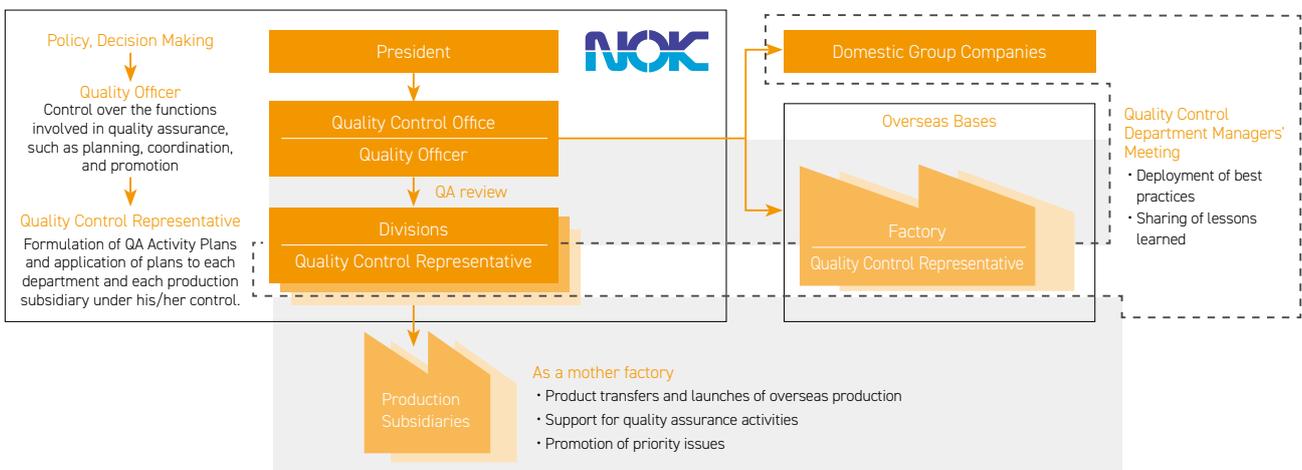
Quality Officers conduct on-site QA Reviews. They assess whether implementation plans have been formulated with an understanding of the intent of the Quality Assurance Policy and whether quality improvement activities are being carried out effectively. In recent years, one focus has been on addressing 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.

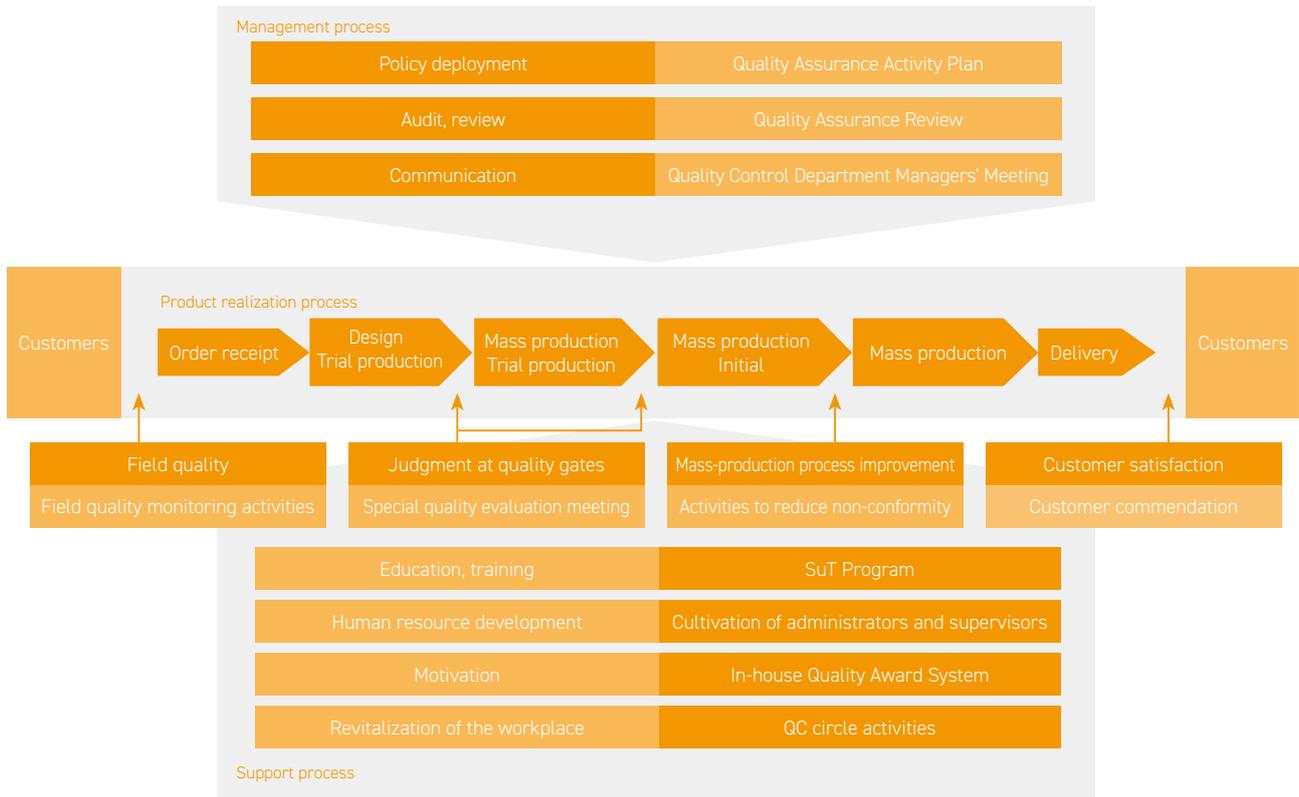
Quality Assurance System Overview



Quality Improvement Activities

We are taking steps to improve quality in all of our processes, from order receipt to delivery.

Overview of quality improvement activities

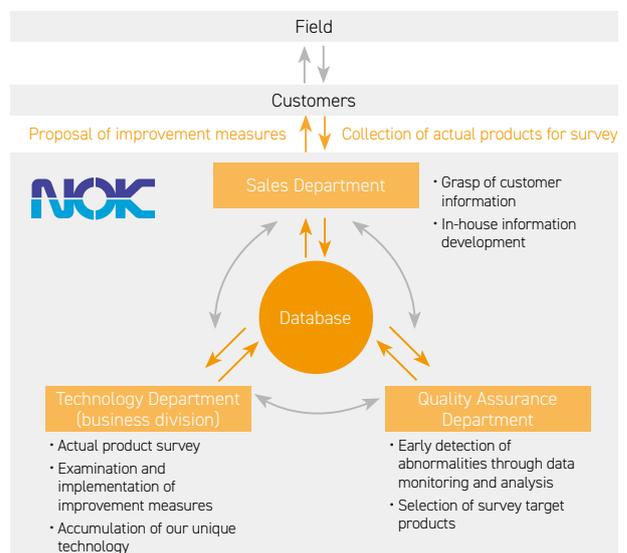


Field Quality Monitoring Activities

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.

There were no violations of various regulations or voluntary codes in FY2022.

Overview of field quality monitoring activities



Special Quality Evaluation Meeting

NOK engages in preventative activities to ensure the delivery of products of consistent quality to customers. This involves dividing new product development into three stages from design to production: prototype design; trial mass production; and management of initial mass production.

We have criteria in place to determine whether to move on to subsequent stages and address any issues at an early stage.

In particular, we hold special quality evaluation meetings for products that involve new development, based on which a Quality Officer makes a judgment about moving on to the next stage.

Reducing Non-Conforming Products Linked with Clarifying of Mechanisms

NOK is taking action to reduce product non-conformity to enhance quality and cut back on waste. Avoiding causing difficulties for customers means not generating non-conformity in the various production processes. To accomplish this, we start by implementing a response measure for a single instance of non-conformity until it is resolved, and then repeat this process for each instance of non-conformity in turn, until we have a series of measures in place to eliminate overall non-conformity. We pursue such Zero Non-Conformity Initiatives every year at each site on an array of themes.

The starting point for such activities is the careful observation of production sites, actual products, and actual situations as well as repeated verification based on a given mechanism. This approach has helped employees on site hone their problem-solving skills. In addition, representing the results of verification of the mechanism using Fault Tree Analysis (FTA*) enables the data to be managed for use in future proprietary technologies.

* A method of failure and accident analysis.

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.

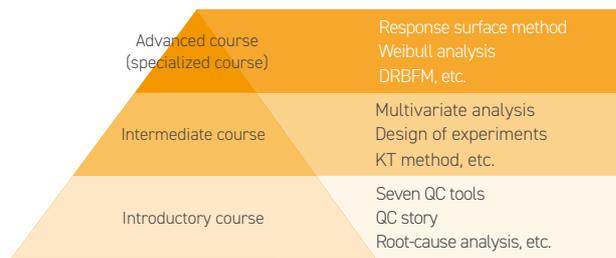
Having started out with a course on the "Seven QC tools," we now offer more than 20 courses ranging from multivariate analysis to design of experiments. We also have

an advanced curriculum to train participants in methods through hands-on exercises.

Many employees who have gone through the SuT Program are applying the methods they learned to various improvement activities.

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

Overview of the SuT Program



QC Circle Activities

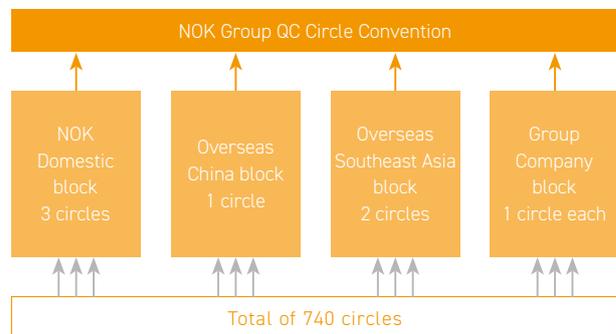
NOK employees take initiative in conducting quality control (QC) circles to pursue quality improvement activities in small groups.

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, 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.

Road to Qualifying for the Group Convention



Customer Commendations

We have received high marks from customers for our quality achievements and improvement activities.

In FY2022, we received 14 commendations for quality.

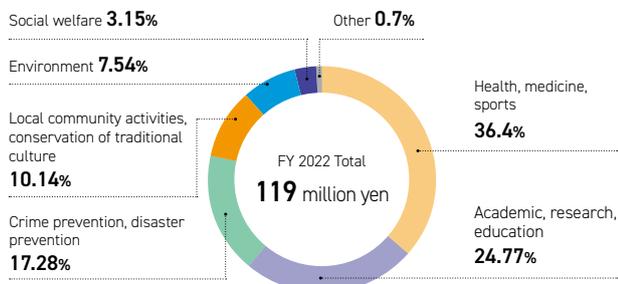
List of quality management system certified companies

Country	Certified companies (business divisions/business establishments)	Operating site	Type of standards	Date of acquisition	
Japan	NOK CORPORATION, Oil Seal Division		ISO 9001	7-Mar-14	
	Tenei Seal Industry Corporation		ISO 9001	18-Dec-20	
	Miharu Industry Corporation		ISO 9001	12-Apr-21	
	Tohoku Seal Industry Corporation		ISO 9001	2-Apr-21	
	Miyagi NOK Corporation		ISO 9001	15-Mar-21	
	Nihonmatsu NOK Corporation		ISO 9001	3-Mar-21	
	NOK METAL Co., Ltd.		ISO 9001	14-Apr-21	
	NOK CORPORATION, Plastics & Polyurethane Division	Kitaibaraki Plant		ISO 9001	3-Sep-07
		Isohara Polyurethane Industry Corporation		ISO 9001	15-Dec-14
	NOK CORPORATION, Gaskets & Boots Division	Shizuoka Plant		ISO 9001	9-Oct-13
		Nihonmatsu Plant		ISO 9001	9-Oct-13
		Tsukuba Plant		ISO 9001	9-Oct-13
		MYK Corporation		ISO 9001	9-Oct-13
		Kikugawa Seal Industry Co., Ltd.		ISO 9001	9-Oct-13
	NOK CORPORATION Tokai Plant		ISO 9001	17-Oct-07	
	NOK CORPORATION, Vibration Control Rubber Division	Tottori Plant		ISO 9001	3-Jun-09
		TVC Co., Ltd.		ISO 9001	3-Jun-09
	NOK CORPORATION, Precision Moldings & O-rings Division	Kumamoto Plant		ISO 9001	30-Sep-98
	Isshin Industries Corporation		ISO 9001	28-Nov-11	
	Kanasei Corporation		ISO 9001	13-Apr-11	
Saga NOK Corporation (Ureshino Plant)		ISO 9001	7-Feb-01		
Saga NOK Corporation (Tosu Plant)		ISO 9001	7-Nov-08		
Kusu NOK Corporation		ISO 9001	27-Mar-04		
Kumamoto NOK Corporation		ISO 9001	24-Mar-04		
Nichinan NOK Corporation		ISO 9001	24-Mar-05		
Aso NOK Corporation		ISO 9001	25-Jun-08		
Thailand	Thai NOK Co., Ltd.	Oil Seal Production	IATF 16949	28-Jan-18	
		Vibration Control Production	IATF 16949	24-Jan-18	
		Rubber Seal Production	IATF 16949	2-Feb-18	
Vietnam	Vietnam NOK Co., Ltd.		ISO 9001	1-Sep-09	
			IATF 16949	12-Dec-11	
Indonesia	P.T. NOK Indonesia		IATF 16949	26-Jul-17	
	PT. NOK Freudenberg Sealing Technologies		ISO 9001	10-Jul-18	
			IATF 16949	13-Jun-18	
China	Wuxi NOK-Freudenberg Oil Seal Co., Ltd.		ISO 9001	21-May-99	
			IATF 16949	17-Apr-18	
	Changchun NOK-Freudenberg Oil seal Co., Ltd.		IATF 16949	12-Jun-18	
	Taicang NOK-Freudenberg Sealing Products Co., Ltd.		ISO 9001	20-Feb-07	
			IATF 16949	20-Jan-16	
NOK (Wuxi) Vibration Control China Co., Ltd.		IATF 16949	15-Mar-19		
NOK (Wuxi) Water Treatment Technology Co., Ltd.		ISO 9001	29-Oct-20		

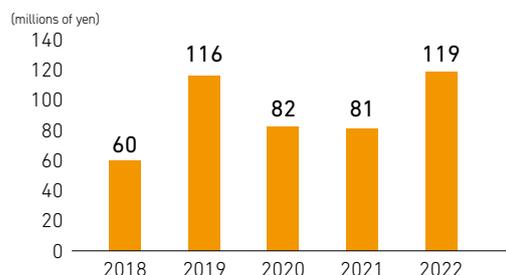
* This list covers establishments engaged in seal production among overseas group companies.

Participation in Communities and Community Development

Expenditures on Social Contribution Activities and Percentage by Field



Donations



NOK Group's Social Contribution Activities	Examples
Health, medicine, sports	Participating in blood donation events, Ecocap bottlecap recycling activities, medical assistance, sponsoring sports events, supporting and donating to school sports events
Academic, research, education	Accepting interns, granting scholarships, supporting events for next-generation development and school events
Crime prevention, disaster prevention	Participating in and donating to crime prevention and traffic safety activities, participating in disaster prevention activities, visiting victims after disasters
Local community activities, conservation of traditional culture	Sponsoring local festivals, making donations to shrines, donating goods to local communities, inviting local residents to festive events at the plants
Environment	Participating in local cleanup activities, tree planting activities, activities for water purification by utilizing paddy fields, recycling
Social welfare	Donations to the Red Cross and other social welfare organizations

Contributions to Local Communities

The NOK Group's plants in Japan and overseas Group Companies regularly conduct cleanup activities in their surrounding areas. We also engage in activities that are closely tied to local communities, such as co-sponsoring local festivals, inviting local residents to festivals held at business sites, and participating in volunteer activities.

Through support organizations, our business sites in Japan have donated canned food for use in disaster stockpiling at children's cafeterias, which provide free or reduce-priced meals to children.

Changchun NOK-Freudenberg Oil Seal Co., Ltd., a Group Company in China, donates picture books and teaching materials, holds storytelling sessions by employees, and supports children with disabilities.

Every year at the Kumamoto Plant, employees volunteer to help with open burning to preserve and restore the grasslands of Aso.



Contributing to Society through Sports

NOK supports athletes, driven by a strong desire to contribute to society through the dreams and inspiration that sports can offer to people. Since April 2019, we have employed four athletes under the Athlete Navigation System (Athnavi), a program run by the Japanese Olympic Committee (JOC) that offers job-search support for top athletes. While actively participating in competitions, the athletes also engage in activities to improve the health of our employees, including organizing and running remote workouts and employee training sessions.

Also, in collaboration with professional sports teams that have a vision for existing and prospering alongside their local communities, we hold sports workshops for local junior high-school students, and plan and hold events.

In addition, we support the activities of local elementary, junior high, and high schools and sports clubs by opening the gymnasiums and grounds of the NOK Group's domestic business sites and of overseas Group Companies.

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 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.

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 of the board who concurrently

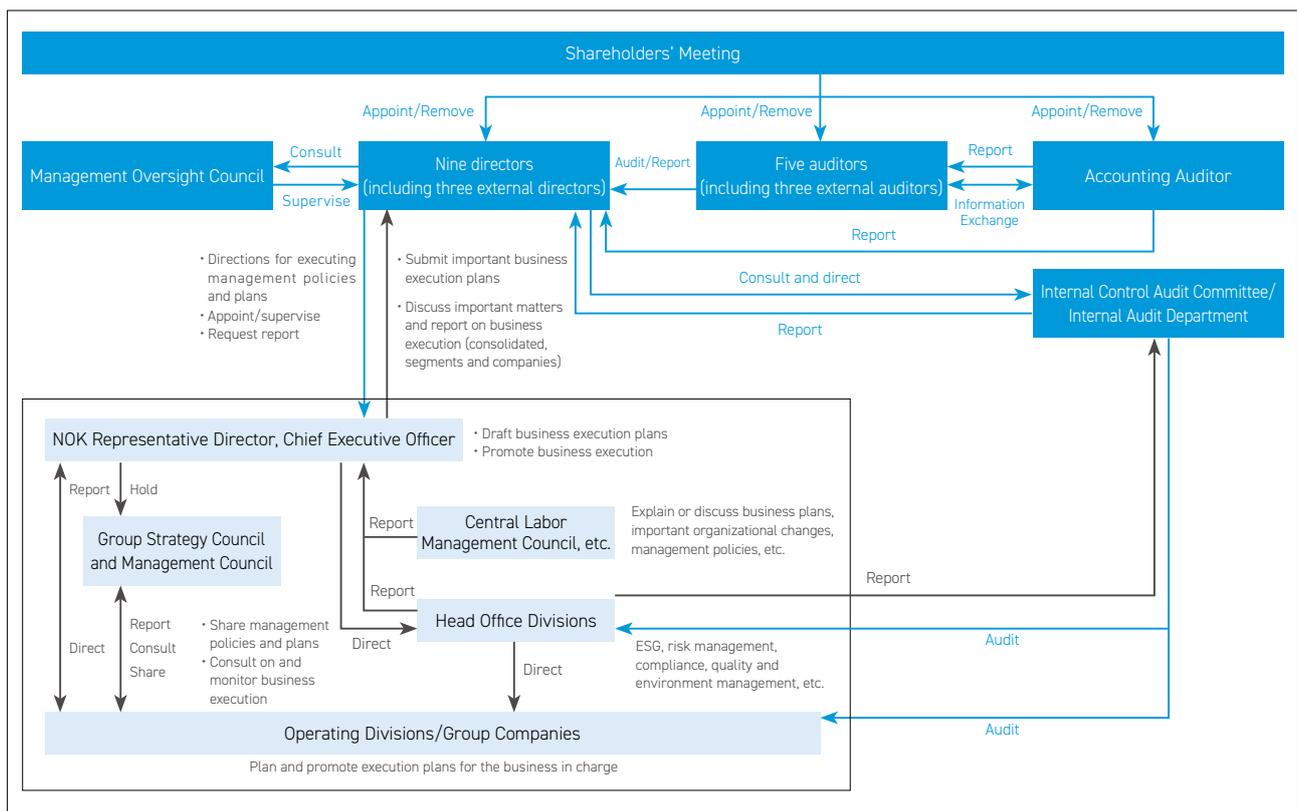
serve as executive officers cooperate with each other in the execution of their duties, while directors of the board, including external directors, mutually monitor each other. The corporate auditors, including external auditors, audit management. The Board of Directors and the Board of Corporate Auditors, 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.

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.

Corporate Governance Framework



Steps to enhance corporate governance

Year and month	Policy	Purpose
2004	Apr. Established the Crisis Management Office	Prevent and minimize negative impacts on business continuity
	Jul. Established the Accounting and Audit Division	Established as the Internal Audit Unit
2006	May Established the Basic Policy for the Internal Control System	Formulate basic policies for the internal control system
	Enacted the NOK Charter of Corporate Behavior	Enacted and declared Management Principles, Management Policies, and Principles of Corporate Behavior
	Aug. Enacted the Behavioral Guidelines on Employee Compliance	Enacted and disseminated guidelines on matters for employees to comply with
	Compliance Rules established	Provisions on the handling of compliance with laws and regulations and company rules and regulations
2007	Mar. Established the Risk Management Rules	Provisions on responses to the occurrence of business risks and emergencies
	Oct. Established the internal control subsidiary management rules	Prescribes instructions to subsidiaries and compliance by subsidiaries
	Established the internal control rules for financial reporting	Prescribes methods for developing and evaluating internal controls over financial reporting
2008	Jan. Established the Internal Control Audit Committee	Audit and maintain the state of the internal control system
2009	Jun. Introduced the Operating Officer System	Separate management oversight and executive functions, and establish an agile management framework
	Changed the term of office of directors to one year	Separate management oversight and executive functions, and establish an agile management framework
	Revised the executive compensation system	Introduce a long-term performance-based and performance-linked compensation system
2013	Jul. Established internal control rules	Consolidate Internal Control Subsidiary Management Rules and other internal control-related rules
2015	Jun. Established the Risk Management Committee	Minimize risk probability and losses through cross-organizational verification and evaluation
	One external director took office	Strengthen the management oversight function
2016	Apr. Installed a whistle-blowing system (that covers domestic Group Companies)	Created a whistle-blowing framework by establishing the Whistle-Blowing Hotline (in and outside the company)
	May Started assessing the effectiveness of the Board of Directors	Improve the effectiveness of the Board of Directors
	Jun. Increased the number of external directors to two	Strengthen the management oversight function
	Oct. Established the CSR Committee	Raise the awareness of CSR throughout the company and promote effective CSR activities
	Established the Central BCM Committee	Increase the effectiveness of the business continuity plan and help to improve corporate value
2017	Jan. Seal Segment BCM Committee established	Build and maintain the BCM within the segment as a sub-organization of the Central BCM Committee
	Mar. Electronic segment BCM committee established	Build and maintain the BCM within the segment as a sub-organization of the Central BCM Committee
2019	Jan. Established the Business Continuity Management Rules	Provides a business continuity management system
	Jul. Established the Management Oversight Council (composed of the President and Representative Director, external directors and auditors).	Check, assess, and advise on key management issues and serious risks
2020	Oct. Expanded the internal reporting system (China Group companies excluding Taiwan and Hong Kong)	Strengthen the reporting framework by expanding the establishment of some whistle-blowing desks at overseas bases
2021	May Established the ESG Committee	Promote the company's continued sustainable growth and the implementation of responsible initiatives
2022	Mar. Expanded and introduced a whistle-blowing system (Asian Group Companies outside mainland China)	Strengthen the reporting framework by expanding the establishment of some whistle-blowing desks at overseas bases
	Jun. Established the Internal Audit Department	Established a specialized department for internal control audits
	Formulated whistle-blowing regulations	Formulated regulations in compliance with the revised Whistleblower Protection Act
2023	Apr. Formulated NOK Group Anti-Bribery and Anti-Corruption Policy	Took actions and reinforced framework for bribery and corruption prevention
	Formulated basic rules for bribery and corruption prevention	

Remuneration of 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 by discussions at Board of Directors meetings and the amount for auditors by 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.

(As of June 30, 2023)

Composition of the Directors	Unit	Total	Gender		Internal/External	
			Male	Female	Internal	External
Directors	persons	8	8	0	5	3
Operating Officer*	persons	16	15	1	16	0

* Figures for operating officers do not include those concurrently serving as directors.

Item		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Composition of Management Oversight Council (advisory body for nominations, remunerations, etc.)	Chief Executive Officer	persons	—	2	2	2	2
	Directors	persons	—	0	0	0	0
	Outside Directors	persons	—	2	2	2	3
	Outside Auditors	persons	—	1	1	1	—
Management Oversight Council (advisory body for nominations, remuneration, etc.)	Number of board of statutory auditors' meetings held	sessions	—	2	2	2	2
	Average attendance rate	%	—	100	100	100	100
Composition of Board of Directors	Directors	persons	9	8	9	9	9
	Of which, the number of outside directors	persons	2	2	2	2	3
	Of which, the number of female directors	persons	0	0	0	0	0
Composition of auditors	Auditors	persons	5	5	5	5	5
	Of which, the number of outside auditors	persons	3	3	3	3	3
	Of which, the number of female auditors	persons	0	0	0	0	0
Board of Directors	Number of board of directors' meetings held (held on paper)	sessions	14 (0)	13 (2)	14 (2)	12 (0)	13 (1)
	Average attendance rate	%	97.7	98.2	100	99.1	100
Board of Statutory Auditors	Number of board of statutory auditors' meetings held	sessions	11	9	12	11	11
	Average attendance rate	%	92.7	97.8	98.3	100	98.2
Remuneration of Directors and Auditors* ¹	Directors	millions of yen	296	289	317	406	393
	Of which, the number of outside directors	millions of yen	12	12	11	14	25
Auditor Remuneration* ²	Auditors	millions of yen	60	59	60	67	75
	Of which, the number of outside auditors	millions of yen	18	18	17	17	27

*1 The directors' remuneration for FY 2018 includes remuneration for one auditor who retired from the position of board director at the conclusion of the 112th Ordinary General Meeting of Shareholders held on June 17, 2018.

The directors' remuneration for FY 2019 includes remuneration granted to a board director who stepped down as a director as of October 31, 2019.

The directors' remuneration for FY 2021 includes remuneration for one auditor who retired from the position of board director at the conclusion of the 115th Ordinary General Meeting of Shareholders held on June 25, 2021.

The directors' remuneration for FY 2022 includes remuneration for one auditor who retired from the position of board director at the conclusion of the 116th Ordinary General Meeting of Shareholders held on June 24, 2022.

*2 The directors' remuneration for FY 2020 includes remuneration for two auditors who retired from the position of board director at the conclusion of the 114th Ordinary General Meeting of Shareholders held on June 25, 2020.

Board of Directors and Skills Matrix

Officers	Name	Gender	Years in position	Skills possessed						
				Corporate management	Business and technology strategy	Sales strategy	Financial, accounting, and capital policies	Global management	New business	ESG (Environmental, Social, Governance)
Directors	Masato Tsuru	Male	44	○	○					
	Masao Tsuru	Male	3	○	○					
	Yasuhiko Kuroki	Male	10		○	○				
	Akira Watanabe	Male	10	○			○			
	Junichi Orita	Male	2					○	○	
	Kensaku Hogen <small>External</small>	Male	8	○				○		
	Makoto Fujioka <small>External</small>	Male	7	○						○
	Naoki Shimada <small>External</small>	Male	1	○					○	
Auditors	Nozomu Maehara	Male	3			○				○
	Hideki Watanabe	Male	3				○	○		
	Osamu Kobayashi <small>External</small>	Male	11				○			○
	Hideki Ogawa <small>External</small>	Male	7	○	○					
	Atsushi Kajitani <small>External</small>	Male	7	○						○

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 on 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.

Behavioral Guidelines on Employee Compliance (Plan)

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

NOK Charter of Corporate Behavior

We, NOK Corporation, are committed to being an entity that fulfills the role of driving efforts toward the realization of a sustainable society according to the Management Principles under the NOK spirit. We will pursue this through developing the Management Policies in such a way that all our stakeholders are proud of us and chase their dream with us; and, while upholding the principle of fair and free competition, through creating added value that is socially useful, generating employment, and acting autonomously and responsibly. In order to achieve this realization, we will behave according to the eleven principles set forth below in the Principles of Corporate Behavior in both domestic and overseas operations, so as to respect human rights, complying with related laws, regulations, and international rules as well as the spirit behind those, and discharge our social responsibility with a strong sense of ethical values.

Enacted on May 1, 2006

Revised on July 1, 2019

Management 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.

Management Policies

1. We are committed to be a strong and unique parts supplier while focusing its managerial resources on core business areas.
2. We are committed to be a profitable and robust company while fulfilling company-wide cost reduction programs ranging from front-line sales to manufacturing floor.
3. We are committed to continuously improving our quality while producing and selling our products that are proven to be technologically unique and socially useful, on a global scale.

Principles of Corporate Behavior

- | | |
|---|---|
| 1. Provision of Socially Useful Products | We will develop and provide socially useful and safe products through the creation of new value, and provide pertinent information regarding products and have sincere dialogues with end users and customers while also working to achieve sustainable economic growth and solve social issues, thereby gaining their satisfaction and deeper trust. |
| 2. Fair and Appropriate Trade | We will ensure that we engage in fair, transparent, and free competition, that transactions are appropriate, and that responsible procurement is carried out, when selling products and purchasing materials. Also, we will maintain a sound and proper relationship with political bodies and government agencies. |
| 3. Proper Disclosure and Management of Information | 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. Also, protect and properly manage personal and customer data and other types of information as well as intellectual property rights. |
| 4. Thorough Risk Management and Severance of all relations with Antisocial Forces and Groups | We will resolutely provide systematic risk management to prepare against activities of antisocial forces, terrorists, cyberattacks, natural disasters, and other elements that threaten the lives of the public and business activities. Especially we will resolutely confront any antisocial forces or groups and sever all relations with such groups. |
| 5. Commitment to Environmental Conservation | We will proactively initiate environmental conservation activities while taking into account the fact that commitment to solving environmental issues is a prerequisite for a company to engage in business activities as a going concern. |
| 6. Promotion of Social Contribution Activities | As a good corporate citizen, we will actively participate in communities and contribute to their development. |
| 7. Cooperation with the International Community | As a global corporation, we will comply with laws and regulations of the countries and regions where our business operations are based, and respect human rights and other international norms of behavior (ex. prohibition of child labour and forced labour). Also, conduct business by taking into consideration the local culture and customs as well as the interests of stakeholders, and contribute toward the development of the local economy and society. |
| 8. Respect for Human Rights | We will carry out management that respects the human rights of all people. |
| 9. Provision of a Safe and 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. |
| 10. Responsibilities of Our Officers | Our officers, while carrying out management with the recognition that it is their role to realize the spirit of this Charter, will establish effective internal control systems, and will take the lead in an exemplary manner to implement the Charter within the entire NOK Group, while encouraging our business counterparts to act in a manner consistent with this Charter. In addition, our officers will constantly listen to opinions from both within and outside the Company to ensure compliance with business ethics. |
| 11. Response to Problems | In the event that a matter in noncompliance with this Charter arises, which causes society to lose trust in us, our officers will take steps such as taking the lead in solving the problem, identifying the cause, and taking measures to prevent the recurrence of similar problems, thus fulfilling their responsibilities. Moreover, they will publicly disclose relevant information promptly and appropriately, fulfill their accountability requirements, indicate those who are in authority and those who are responsible, and severely punish those involved, including them. |

Prevention of Bribery and Corruption

The NOK Group declares in 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.

NOK Group Policy on Prevention of Corruption and Bribery

- 1 Compliance with Laws and Regulations**
 We will observe laws and regulations prohibiting bribery (hereinafter referred to as "bribery related laws and regulations") in the performance of group duties in the countries and regions concerned.

- 2 Prohibition of Provision or Receipt of Illicit Profit**
 We will not engage in any acts (including facilitation payments) that are prohibited by bribery related laws and regulations for the purpose of obtaining illicit or unfair profits, regardless of whether domestic or foreign, directly or indirectly, public officials, private citizens, or private companies.

- 3 Prohibition of Bribery Through Third Parties**
 We will prevent bribery through third parties and will not tolerate such acts by appropriately managing business relationships with third parties, such as agents and consultants.

- 4 Proper Accounting and Record Management**
 We will keep accurate and factual accounting books and other records for all transactions related to this policy, perform appropriate accounting procedures, and properly maintain these records.

- 5 Education and Training**
 We shall provide education and training on the prevention of corruption and bribery for officers and employees to thoroughly inform them of the purpose and content of this policy.

- 6 Effective Operation of the Whistle-Blowing System**
 We will establish a contact point for consultation and reporting for when we recognize an act that violates or may violate this policy, and we will use this contact point to prevent, detect early, and correct the act in question.

- 7 Risk Assessment and Review**
 We will periodically assess risks of corruption and bribery, handle high-risk business activities in a focused manner, and review this policy and responses based on this policy as necessary.

- 8 Monitoring and Continuous Improvement**
 We will monitor the status of compliance with this policy and internal rules concerning the prevention of corruption and bribery, and make continuous improvements based on the results.

Formulated: April 1, 2023

Compliance education	Implementation period	Target	Measure, purpose
Training for new employees	When joining Company (April)	New employees	Acquisition of basic compliance knowledge
Training for newly appointed managers	When appointed (twice a year)	Newly appointed managers	Acquisition of compliance knowledge necessary for labor management
Management training for seconded employees	When seconded (once a year)	Newly seconded officers	Acquisition of internal control and compliance knowledge
Group legal training	Once a year	Group company officials	Acquisition of compliance knowledge required for work
Compliance Promotion Month	Every October	All group officers and employees	Education via compliance primers and educational databases Compliance awareness surveys, comprehension tests, etc.
Distribution of compliance articles	Four times a year	All group officers and employees	Acquisition of knowledge on laws and regulations by theme and improvement of compliance awareness

Item	Scope of coverage	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Serious legal violations	Consolidated	cases	0	0	0	0	0
Amount of fines for legal violations	Consolidated	millions of yen	—	—	—	—	—
Violations of the Code of Conduct other than above	Consolidated	cases	3	6	8	4	4
Anti-corruption violations	Consolidated	cases	0	0	0	0	0
Amount of fines for anti-corruption violations	Consolidated	millions of yen	—	—	—	—	—
Track record of political contributions	Consolidated	millions of yen	0	0	0	0	0

Risk Management

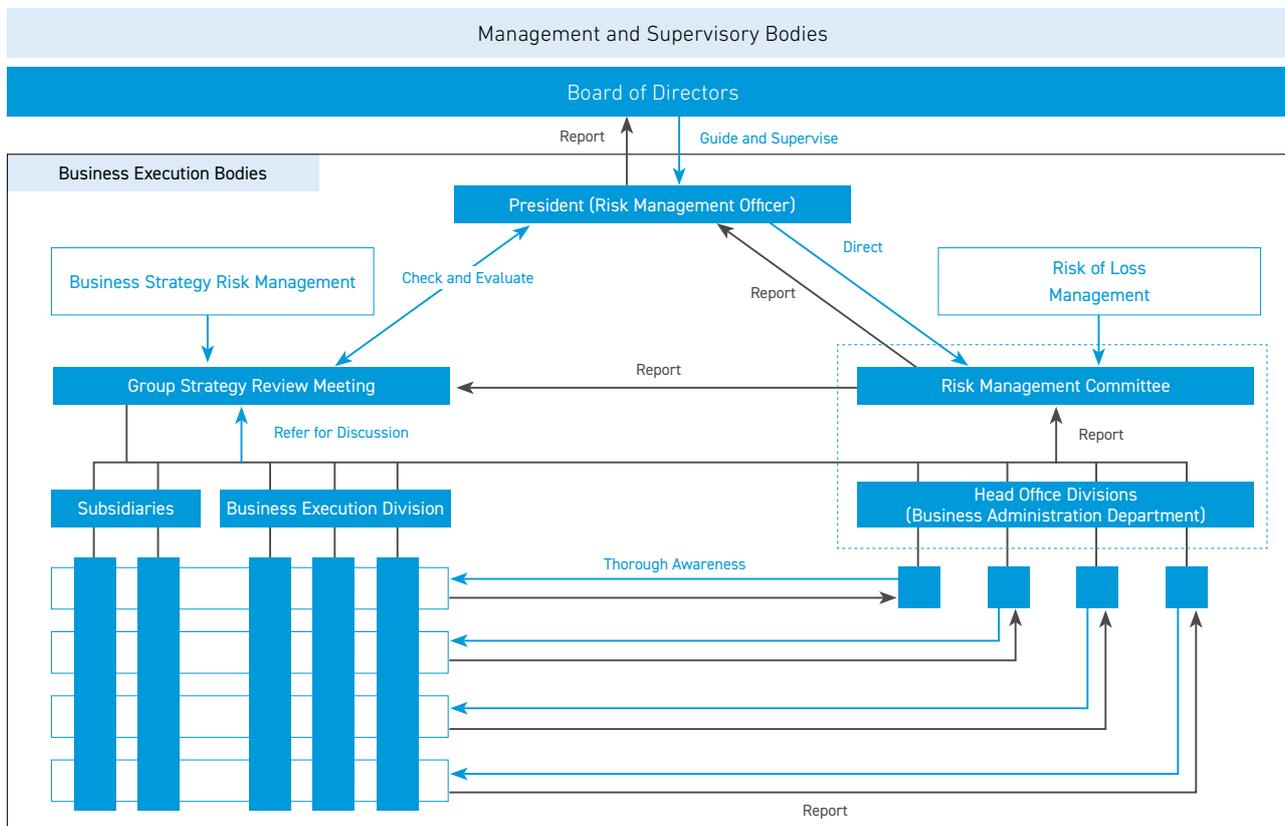
Basic Concept

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, in which we seek to maximize returns while balancing risks to enhance corporate value; and the risk of loss, in 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.

Risk Management Framework



Crisis and Risk Categories That May Significantly Impact Company Management

Risks of loss are categorized as follows based on the type of crisis that may significantly impact company management and its cause.

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, profit sharing, 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

Business Risks

1. Business strategy risk	
Strategic risk	<p>(1) Dependence on customer performance</p> <p>The bulk of the Group's business is the manufacture and sale of seal products and electronic products. In these fields, our major clients are leading domestic and foreign manufacturers of automobiles, construction machinery, and electronic devices. Sales to such client companies may be affected by factors beyond the Group's control, such as the companies' business performance and unforeseen changes in contracts. A decline in sales to such customers may affect the Group's operating results and financial position. The Group aims for a balanced customer portfolio and strives to minimize the risk of sales declines to client companies.</p>
	<p>(2) Alliances with other companies</p> <p>The Group engages in various alliances with other companies in developing its business. However, the Group's operating results and financial position may be affected by factors beyond its control, such as the dissolution of such alliances due to the peculiar circumstances of alliance partners.</p> <p>In particular, since 1960, the Company has been in a capital and technical alliance with Freudenberg in Germany. Freudenberg (including its group companies) has played an important role as a partner company in the business development of our Group.</p> <p>Freudenberg is currently our largest shareholder, holding 25.1% of outstanding shares of the Company through its investment arm, Freudenberg S.E. The Group recognizes that its alliance with Freudenberg will remain stable going forward. However, should there be a change in the relationship with Freudenberg or Freudenberg's business strategy or some other change, this may affect the business of the Group.</p>
Investment risk	<p>(1) Impact of changes in demand trends</p> <p>Oil seals and other mainstay products of the Group are primarily used in internal combustion engines. Fuel cell and electric vehicles have also entered the automotive market in recent years. Anticipating the future spread of such vehicles, the Group is also promoting R&D into new products that can be installed in the vehicles. At present, however, it is difficult to foresee the impact that the spread of fuel cell and electric vehicles will have on the Group's operating results and financial position.</p> <p>Moreover, as the trend toward the commoditization of automobiles, construction equipment, electronic device products, and office equipment grows, the number of local manufacturers in emerging countries has increased. Going forward, mounting competition may cause prices to decline, which may affect the Group's operating results and financial position.</p>
Market risk	<p>(1) Impact of exchange rate fluctuations</p> <p>With overseas sales accounting for roughly 70% of Group consolidated net sales in the fiscal year under review, exchange rate movements in various regions may affect the Group's operating results and financial position. For this reason, we hedge risks by means of foreign exchange forward contracts. However, as such contracts do not necessarily avoid exchange rate risks entirely, exchange-rate fluctuations may have an impact on the Group's operating results and financial position.</p>
	<p>(2) Impact of interest rate fluctuations</p> <p>The Group raises funds in consideration of the need for funds, the means of funding, and financial conditions. Fluctuations in interest rates on funding stemming from changes in financial conditions may affect the Group's operating results and financial position.</p>
	<p>(3) Impact of stock market trends</p> <p>Domestic and overseas stock market trends affect the valuation of investment securities held by the Company and the investment status of the Group's pension assets. A downturn in the stock market could subject investment securities to valuation losses, cause a decrease in pension assets, and increase the Company's burden.</p>
	<p>(4) Fluctuations in raw materials costs</p> <p>The costs of steel sheets, synthetic rubber, copper foil, resin films, gold, and other products that are the main raw materials for Group products fluctuate in line with supply and demand. As these fluctuations in raw materials costs are not always immediately reflected in product prices, they may affect the Group's operating results and financial position. Given such fluctuations in raw materials costs, the Group is seeking a broad range of business partners in Japan and worldwide to ensure a stable, continuous supply of raw materials.</p>
2. Risk of loss	
Legal risk	<p>(1) Impact of legal regulations</p> <p>The Group is subject to various laws and regulations in the various countries where it operates. We are working to develop internal regulations and manuals that conform to such laws and regulations, foster and thoroughly instill awareness of compliance through various types of education, and build a framework for collaboration with outside experts. However, if such laws and regulations are revised or made more stringent going forward, the additional costs incurred in complying with new regulations may affect the Group's operating results and financial position.</p>
	<p>(2) Risks related to lawsuits and other legal proceedings</p> <p>When doing business in various countries, the Group establishes frameworks for Group internal control and collaboration with outside experts and hedges risks by taking out various types of insurance. However, we may become a party to lawsuits, regulatory action, or other legal proceedings. If fines or restrictions on business execution are exacted on the Group as a result of such proceedings, this may affect the Group's operating results and financial position.</p>

2. Risk of loss

Legal risk	<p>(3) Impact of intellectual property infringement</p> <p>The Group guards its proprietary technology by obtaining patent rights and other intellectual property rights, and is also attentive to preventing infringement on the intellectual property rights of third parties. However, if the inability to adequately guard the Group's intellectual property rights due to factors such as disparities in country circumstances results in lower sales or in litigation costs, or if Group products unintentionally infringe on the intellectual property rights of other companies, resulting in the need to suspend sales or pay compensation, this may affect the Group's operating results and financial position.</p>
	<p>(4) Impact of environmental regulations</p> <p>The Group complies with environmental laws and regulations at its various sites and takes necessary measures to address the environmental demands of customers. In the future, however, laws and regulations or customer demands may become more stringent, the Group may bear additional environmental responsibilities, and business activities may be restricted. If responding to such developments incurs a sizable cost, this may affect the Group's operating results and financial position.</p>
Country risk	<p>(1) Political and economic conditions</p> <p>The Group operates in Japan, North America, Europe, China, and other Asian countries. Therefore, shifts in political and economic conditions in the countries and regions where the Group manufactures and sells products may affect the Group's operating results and financial position.</p>
Disaster risk	<p>(1) Natural disasters, etc.</p> <p>The Group's production and distribution activities may be hindered by earthquakes, typhoons, floods, volcanic eruptions, and other natural disasters, fires and other accidents, and the outbreak of infectious diseases. To prepare against such eventualities, we are striving to minimize business continuity risks by decentralizing production sites and putting safety measures in place. We also hedge risks by means of various types of insurance. However, it may not be possible to entirely prevent or mitigate the occurrence of such events, which may affect the Group's operating results and financial position.</p>
	<p>(2) Infectious diseases, etc.</p> <p>To prepare against situations in which an outbreak of infectious disease or other pandemic hinders production and transportation activities, the Group is striving to minimize business continuity risks by decentralizing production sites and putting safety measures in place.</p> <p>In particular, we have taken various measures to minimize the impact of COVID-19 since its global outbreak in 2020. Measures include drafting a response manual, allowing employees to work remotely and follow staggered working hours, and using remote working tools to create an environment where work can continue. There are signs that the pandemic is subsiding, as countries reassess their handling of the disease. However, if there is a resurgence in new infections or the pandemic is prolonged, the economic or business environment of the Group may deteriorate, which may affect the Group's operating results and financial position.</p>
Credit risk	<p>(1) Impact of information leaks</p> <p>In the conduct of business, the Group comes into possession of technical information, personal information, and other confidential information. We have established an internal framework and procedures to prevent leaks of such information. However, in the event that information is leaked due to unforeseen circumstances, this may affect the Group's operating results and financial position.</p>
	<p>(2) Impact of cyberattacks, etc.</p> <p>The Group makes use of outside organizations and other resources to investigate and implement preventive measures against operational shutdowns, loss of key data, and information leaks due to malicious cyberattacks. However, cyberattacks using unknown methods may affect operations.</p>
	<p>(3) Impact of product quality issues</p> <p>The Group manufactures products in accordance with globally recognized quality control standards at its various production sites. However, entirely eliminating product quality defects due to unpredictable causes is difficult. In the event of a product defect that leads to a large-scale recall or product liability, the significant cost of the response and the loss of social credibility may affect the Group's operating results and financial position.</p>

Responding to Disaster Risk

1. Business Continuity Management (BCM) System

Regarding business risks and emergencies, NOK 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.

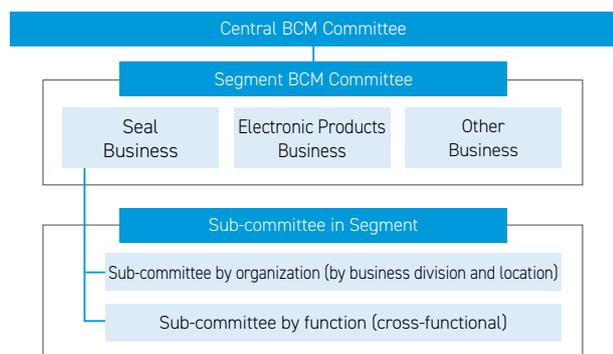
Specifically, the NOK Group BCM Committee was established as a standing committee to promote business

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.

Response to Disaster Risk



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

2. Planning and promoting business continuity plans (BCP)

NOK 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, 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.

Information Security Measures, Cyber Security Strategy

The NOK Group regards damage arising from the leak of customer or personal information and increasingly sophisticated cyberattacks as significant risks, and conducts assessments of such risks in the Risk Management Committee. Security risks identified by the committee are reported to the President and reviewed. In addition, having established an NOK Group Information Security Policy, the Central Information Security Committee and the information security committees established within each division and Group company systematically implement response measures for their organizations.

In FY2022, our activities centered on strengthening cyber security measures, such as shoring up vulnerability countermeasures and deploying tools to detect suspicious communications. Going forward, we will continue to implement a PDCA cycle, striving to maintain and enhance information security measures.

In addition, we will actively participate in joint measures to strengthen information security measures for the entire supply chain outside the Group as well, including those of industry groups.

Protection of Intellectual Property

The NOK Group has summarized key points regarding intellectual property-related laws in the Behavioral Guidelines on Employee Compliance, and works to ensure that all employees are aware of these points. In this way, the Group seeks to apply for and obtain intellectual property rights for our own inventions, as well as respects the intellectual property rights of other companies and strives to prevent infringements of others' rights by researching and identifying the patents belonging to other companies.

We have also set up an Anti-Counterfeit Committee to protect NOK brands and are working to confront counterfeiting overseas. In China, we are locating plants that manufacture counterfeit products and removing pages selling counterfeit products from online sales sites.

Item	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	
Exposing counterfeit product manufacturing sites	cases	8	4	3	9	8	
Deleting online sales sites	cases	629	830	664	5,093	5,284	
Patents held (non-consolidated)	Domestic	cases	1,316	1,355	1,267	1,265	1,202
	Overseas	cases	1,195	1,250	1,433	1,729	1,728
	Total	cases	2,511	2,605	2,700	2,994	2,930
Patents held (NOK Group)	Domestic	cases	1,868	1,882	1,768	1,770	1,666
	Overseas	cases	2,001	1,901	2,112	2,674	2,683
	Total	cases	3,869	3,783	3,880	4,444	4,349

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