


 Message
from the
President


Toshihiro Uchiyama
President and Chief Executive Officer, NSK Ltd.

Looking Toward the Next 100 Years, We Are Evolving in Order to Deliver New Value to Society

Our 100th Anniversary and NSK Vision 2026

In November 2016, NSK celebrated the 100th anniversary of its foundation. Since its establishment as Japan's first manufacturer of bearings in 1916, NSK has continued to contribute to the development of society by expanding its product lineup from bearings, to precision machinery and parts, through to automotive components, and by extending its reach from Japan to the entire world. I would like to express my sincere appreciation to all of our stakeholders for their support over the past century.

Looking back over the past 100 years, our customers have played a vital role in nurturing NSK. We have listened earnestly to calls for innovation and higher performance products, and we have worked hard to meet those requests by constantly striving to create products that surpass expectations. Now, as the Company heads into its next 100 years, I believe we must review the essence of NSK's social mission and reconsider whether our businesses and the products we make are truly up to the task. As the first step in this journey, we established NSK Vision 2026 to guide our progress over the next ten years. With the goal of *Setting the Future in Motion*, we are taking a more proactive stance in our mindset, behavior, and decision-making criteria in order to keep increasing the range and quality of our products and services.

NSK Vision 2026

Setting the Future in Motion

We bring motion to life, to enrich lifestyles, and to build a brighter future.

Dedicated to uncovering society's needs,
we set ideas in motion to deliver solutions beyond imagination.

We're NSK.

And, we're setting the future in motion.

See p. 6 for details.

Review of the Fourth Mid-Term Management Plan and Progress Toward Fifth Mid-Term Management Plan Goals

Our Fourth Mid-Term Management Plan, which spanned fiscal 2013 to fiscal 2015, has come to an end. We began our new three-year mid-term management plan in fiscal 2016.

Under the Fourth Mid-Term Management Plan, we carried out initiatives based on the dual approaches of “growth with focus on profitability” and “development of management capability to handle ¥1 trillion in sales volume,” in line with our vision of “establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion.” In terms of growth with focus on profitability, we achieved our numerical targets for net sales and operating income by increasing sales for electric power steering (EPS) systems and reinforcing our business operations in emerging nations, including China. As for the development of management capability to handle ¥1 trillion in sales volume, we accomplished results in such areas as the evolution of our global management system and enhancement of governance and compliance. However, we still have some way to go to reach our goal of establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion. Accordingly, we will continue efforts to standardize tasks and to establish corporate fundamentals that are highly resilient in the face of economic fluctuations.

Our Fifth Mid-Term Management Plan, positioned as our first step for the next 100 years, focuses on two key tasks. The first is “operational excellence.” We will pursue efficiency in all of our manufacturing, sales, technical, and administrative functions in order to achieve stronger corporate fundamentals and increase the competitiveness of our core businesses. The other task is “innovate and challenge.” We will secure a level of profitability necessary to reinvest in innovation for the next stage of development, aiming to achieve further growth.

Helping to Build a More Sustainable World

The business environment is shifting rapidly, with trends such as globalization, the expansion of emerging markets, the advancement and increasing sophistication of technology, and changing demographics. Today, companies are expected to play an active role in ushering in a sustainable world, while at the same time increasing their capacity to respond to change.

In 2015, the international community made two landmark agreements toward the resolution of issues such as human rights problems and global environment problems. One is the 2030 Agenda for Sustainable Development, adopted at the UN Sustainable Development Summit, with its Sustainable Development Goals (SDGs). The second is the Paris Agreement, adopted at the 2015 Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21).

The Sustainable Development Goals (SDGs) call on the international community to cooperate to solve such issues as respect for human rights, the elimination of poverty and hunger, and the resolution of environmental problems, while at the same time pursuing prosperity. The Paris Agreement, meanwhile, set out the goal of achieving net zero emissions of greenhouse gases with anthropogenic causes by the second half of this century, in order to hold the increase in the global average temperature to well below 2 °C.

Amidst this sweeping trend, the NSK Group is determined to play a substantial role in building a more sustainable world. We will make our safety, quality, and compliance even stronger in order to meet the expectations of the public. Moreover, we will improve our capabilities in technology, production, sales, and management to propel the evolution of high-quality and environmentally friendly manufacturing. Looking ahead 10 to 20 years into the future, we will set out the immediate actions the NSK Group must take, focusing not only on matters such as environmental protection and respect for human rights, but also on the further globalization of our business operations, the rollout of initiatives to strengthen the supply chain, and the development of innovative technologies and groundbreaking new products. In this way, we will move into the next century of our history by continuing to earn the trust of society and pursuing sustainable growth beyond this milestone. Going forward, the officers and employees of the NSK Group will make a concerted drive toward our mission of contributing to a safer, smoother society and protecting the global environment, as spelled out in our corporate philosophy.

One of the keys for the NSK Group to increase its ability to set the future in motion is to become a richly diverse organization in which each employee is free to think flexibly and respond actively to change, based on diverse values. We must not cling stubbornly to established practices but instead respect and accept, as an organization, diverse human resources and values. In other words, diversity is critical to our success. I will pursue the creation of a corporate culture and work environment where all employees can make the most of their abilities and individuality while experiencing satisfaction in their job. I believe this will ultimately lead to further innovation.

In Conclusion

I would like to once again express my sincere appreciation to all of our stakeholders for their ongoing support. The NSK Group is committed to deepening communication by conveying to our stakeholders, through the CSR Report, clear and highly transparent information on the details and progress of our social and environmental initiatives. We welcome your frank feedback in relation to this report or our business activities, and we look forward to your continued understanding and support.



Reference data is available on NSK's website.

www.nsk.com > Investors > IR Events

● Release of Mid-Term Plan (FY'13-FY'15)

www.nsk.com > NSK is Turning 100 > NSK Vision 2026

● NSK Vision 2026

www.nsk.com > Sustainability > 2016 CSR Report Questionnaire

● Questionnaire