

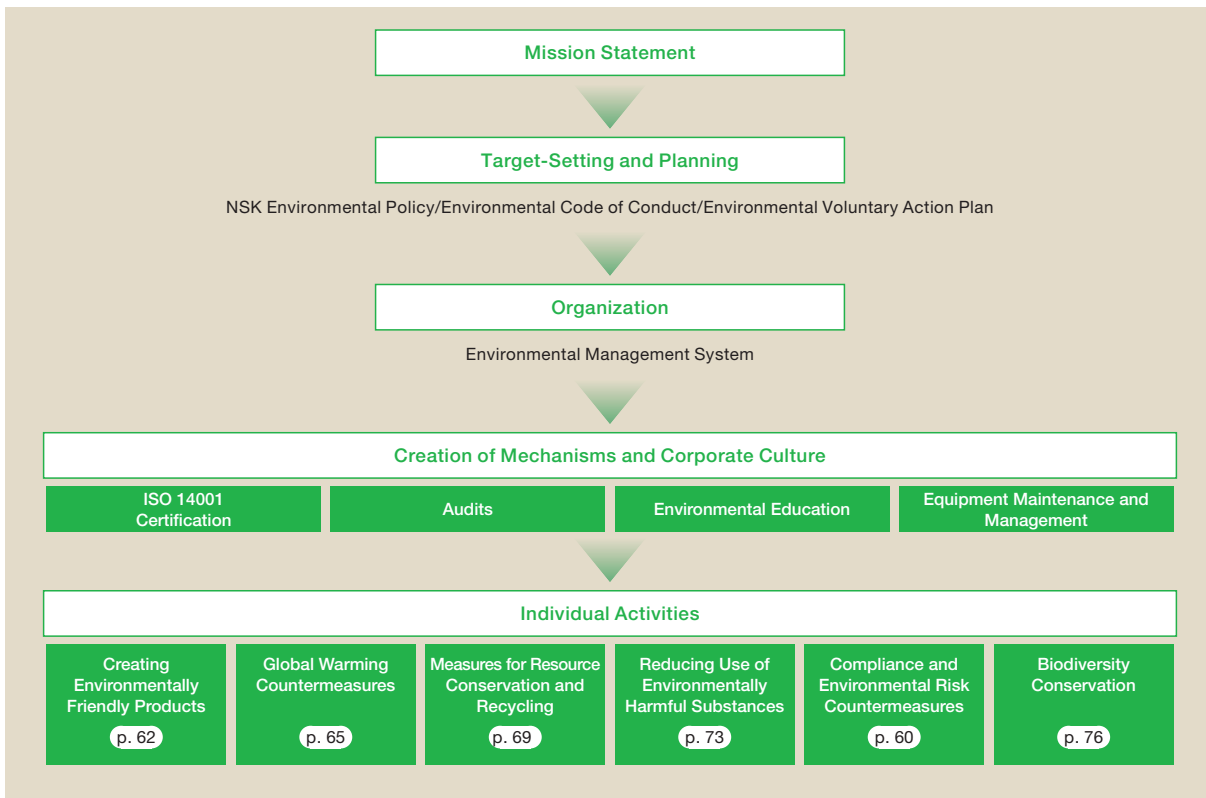
Environmental Management

Global environmental agreements as well as national and regional environmental regulations have been established with the aim of building more sustainable societies. People expect companies to continuously implement PDCA cycles in environmental management, in order to integrate environmental protection with economic advancement.

Overview of Environmental Management System

NSK adheres to the principle that global environmental protection, as outlined in the Group's mission statement, must be an ever-present concern in all its business activities. Accordingly, the Group states in its Environmental Policy that environmental management forms the basis of its existence and pursuits. While raising the awareness of each of its employees, NSK works to implement global warming countermeasures, enact measures to promote resource conservation and recycling, create environmentally friendly products, reduce use of environmentally harmful substances, and ensure compliance and take countermeasures for environmental risks.

● NSK Group's Environmental Management



Environmental Policy

NSK Environmental Policy

Our commitment to environmental management forms the basis of our existence and our pursuits. We are determined to take independent and assertive actions, aiming to establish recycling-oriented societies.

- 1. Prevention of Global Warming**
To actively support efforts to prevent global warming by developing environmentally friendly manufacturing processes and technologies.
- 2. Reduction of Negative Environmental Impact**
To establish and continually improve environmental management systems and systems for the management of chemical substances in products; to comply with regulations, to prevent pollution, and to reduce environmental impact.
- 3. Contribution to Societies**
To be actively involved in the social development of local communities where we operate by promoting our global corporate activities, to create affluent societies that are in harmony with the environment, and to promote the preservation of biodiversity.

● Environmental Code of Conduct

1. To promote the development of manufacturing technologies through the use of our Tribology (friction control and lubrication technologies) in order to create environmentally-oriented products.
2. To ensure energy and resource conservation within all spheres of our business operations.
3. To reform environmental management organizations by improving operational systems and clarifying chains of responsibility.
4. To more aggressively tackle environmental protection by setting and adhering to high internal standards, in addition to complying with laws, ordinances, and agreements.
5. To reduce environmental impact by promoting the switch from chemical substances that adversely affect the environment to environmentally friendly alternative substances, waste reduction, and recycling.
6. To encourage employees to understand our environmental policies and to ensure an environmental mindset in the company through education and internal communications.
7. To contribute to societies by conducting social environmental activities and addressing issues related to the preservation of ecosystems and human health.
8. To actively communicate with environmental authorities and local communities in order to receive insightful and constructive opinions, and to disclose the ongoing status of our environmental management activities to the public.

Established: December 12, 1997, Revised June 25, 2015

NSK Group Environmental Management System / Structure

NSK's Global Environment Protection Committee, which is chaired by a senior vice president and made up of 10 relevant officers, is the top decision-making body for environmental management.

Special subcommittees that deal with specific issues, such as energy conservation, resource conservation, and environmental products, along with the Global Environment Department, play a central role in operating the everyday environmental management system at all its sites based on decisions made by the global committee.

Under the leadership of the Group's regional headquarters in Japan, Europe, the Americas, and China, the plant managers at each site and the executives at affiliates are responsible for environmental management and the administration of chemical substances. In this way, PDCA cycles for improving environmental management are being implemented throughout the Group.

Efforts are made to achieve targets on a global scale under an environmental action plan through a cycle of progress checking and follow-ups, for instance including the holding of periodic environmental meetings focusing on specific issues or regions.

● Acquiring Environmental Management Certification

The NSK Group implements PDCA cycles for environmental management at all its sites. It gives special attention to environmental initiatives at development, design, manufacturing, and distribution sites, because these processes have a large environmental impact. The Group requires these sites to obtain external ISO 14001 certification—the international standard for environmental management systems—within three years of full-scale operation, typically represented by the start of mass production. The Group believes that the effectiveness of its management system will increase by obtaining certification for each site and undergoing regular reviews by third-party organizations.

In fiscal 2015, one site newly obtained certification. As of June 2016, 67 sites in 13 countries have obtained certification, and around 95% of the CO₂ emitted from development, design, manufacturing, and distribution process throughout the Group is managed under the scope of ISO 14001 certification. Offices and other sites use environmentally responsible practices based on NSK's own policies.

Mid-Term Targets (FY2016-2018)

In the new Environmental Voluntary Action Plan (see Mid-Term Targets on pp. 63, 65, 69, 73 and 77), which spans from fiscal 2016 through 2018, NSK will work to contribute even more to the environment through its products. NSK seeks to globally enhance its environmental management across the entire Group in order to cut the environmental impact of its business activities and help to build a society that has a low carbon footprint, is committed to recycling, and has a deep respect for the natural world.

Main FY2015 Initiatives

● Audits and Education

■ Environmental Audits

In addition to internal audits, third-party audits are regularly conducted in accordance with ISO 14001. Moreover, the NSK Group's Global Environment Department and regional headquarters conduct audits designed to prevent oil leakage accidents, ensure compliance with environmental laws, and properly manage waste. In fiscal 2015, audits of 41 sites were conducted. In addition, 15 sites were audited to strengthen management of environmentally harmful substances.

All audits conducted in fiscal 2015 found no serious problems, and minor findings were corrected.

Environmental Education

In order to further strengthen environmental protection initiatives and increase their effectiveness, the most important tasks are raising the awareness of every single employee and implementing measures based on sound knowledge.

In fiscal 2015, a total of 17,035 employees attended 276 training sessions in Japan. In addition, approximately 9,200 employees worldwide participated in the annual e-learning program, learning about global warming countermeasures through issues such as the risks associated with climate change caused by global warming, the responses of the international community, and the NSK Group's efforts to address global warming.

Fiscal 2015 Number of Environmental Education Courses and Participants (in Japan)

Training course type	Number of participants	Number of sessions
(1) Compliance with environmental laws and regulations	1,765	75
(2) Raising environmental awareness	14,898	159
(3) Acquisition of environmental qualifications	163	31
(4) Environmentally friendly design, green purchasing and procurement	209	11
Total	17,035	276

Compliance and Environmental Risk Countermeasures

Basic Approach

The NSK Group complies with relevant environment-related laws and carries out initiatives in line with policies for preventing environmental pollution and reducing environmental impact, including on air and water, by establishing independent standards that are more rigorous than laws. Additionally, in the event of an environmental accident or legal violation, the Group reports the matter to administrative bodies, investigates the cause, and promptly implements countermeasures.

Remediating Soil and Groundwater Pollution

The NSK Group completely eliminated the use of chlorinated organic solvents around the world in fiscal 2003. However, the remediation of groundwater is continuing at five sites where soil and groundwater pollution remains from past use. The Group regularly monitors groundwater and reports remediation progress to the authorities.

Dispensing with and Updating Underground Tanks

The condition of tanks and piping buried underground cannot be directly viewed, which means that, were an oil leak to occur, its discovery could be delayed. To prevent contamination of soil and groundwater caused by the leakage of oil used in the manufacture of products, each site in the NSK Group is dispensing with processes that use oil, moving underground tanks above ground and making them double-walled.

Preventing a Recurrence of Emissions Standards Being Exceeded

In fiscal 2015, there were no serious legal violations or environmental pollution accidents. However, there was one incident each of drainage standards being exceeded at a site in Japan and a site in China, as well as one incident of air emissions standards being exceeded at a site in the ASEAN region. The causes were checked and countermeasures were implemented, remedying the situation at all three sites.

Appendix P. 84 Acquiring ISO 14001 Certification; P. 86 Scope of Environmental Management



Reference data is available on NSK's website.

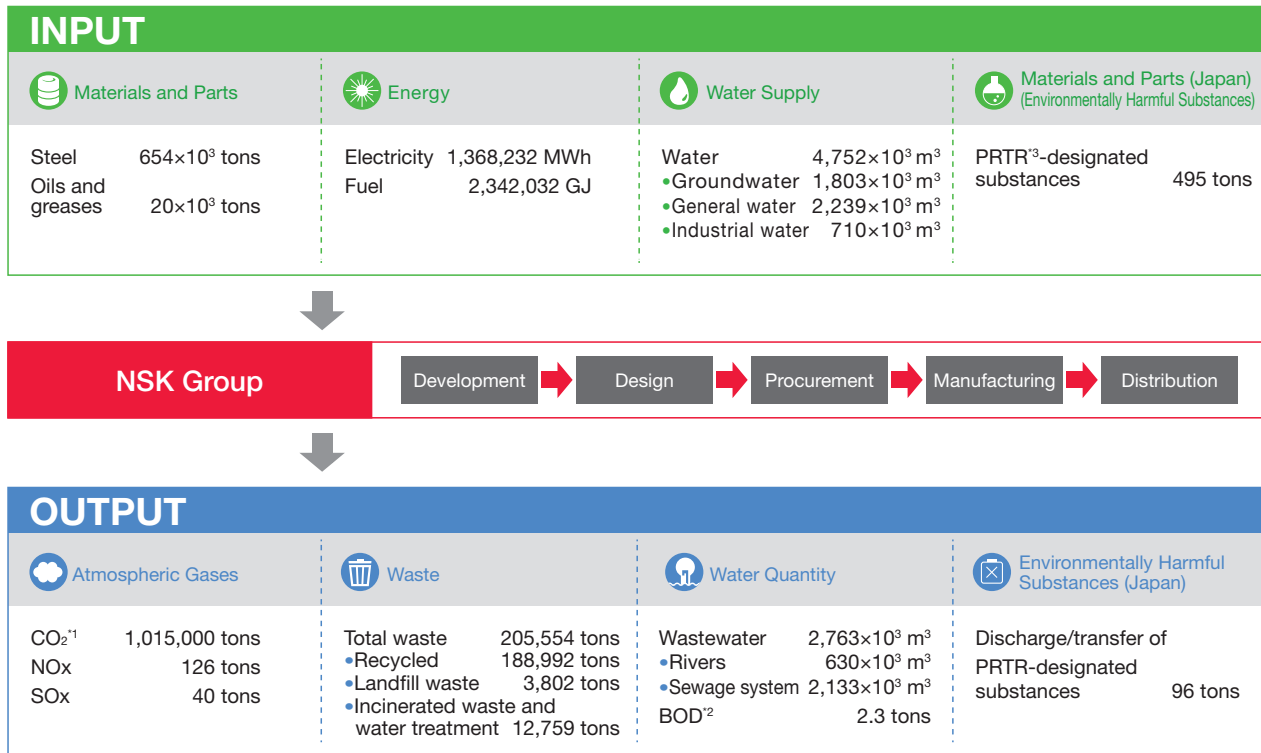
www.nsk.com > Sustainability > Environmental Activity > Environmental Management

- NSK Group Environmental Structure
- Scope of Environmental Management
- Acquiring ISO 14001 Certification
- Environmental Education

Material and Energy Balance

The NSK Group works hard to continually reduce its environmental impact and use energy and resources in the most effective manner by quantifying the amount of resources input into its business activities and the amount of waste, CO₂, and other emissions it outputs.

Input and Output of Global Business Activities



*1 CO₂ emissions for Japan are calculated in conformity with data from Japan's Ministry of the Environment. Also, different regional CO₂ emission coefficients are used for regions outside Japan.

*2 River discharge.

*3 Act on Confirmation, etc. of Related Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law Concerning Pollutant Release and Transfer Register/PRTR). This Japanese law is intended to facilitate the improvement of chemical substance management by ensuring that the amounts released into the environment are ascertained and reported to the authorities.

Environmental Accounting (Japan)

The NSK Group discloses the results of environmental accounting, a tool for quantitatively ascertaining and evaluating the costs and results of environmental protection activities. The Group also has introduced environmental accounting as an information tool to broaden people's understanding of the Group's activities.

Environmental conservation costs in fiscal 2015 consisted of about 2.6 billion yen in investments, including the improvement of underground tanks, and around 10.9 billion yen in expenses. The economic benefits of these investments amounted to roughly 0.8 billion yen. The NSK Group is striving to create products that help to reduce environmental impact. Approximately 68% of its environmental conservation costs were for R&D in environmentally friendly products and technologies. Please see the "Appendix" section of this report (p. 88) for more information.