

ESG 2024 REPORT





LETTER FROM OUR CEO



INTRODUCTION

Dear Stakeholders,

Tsubaki Nakashima's Purpose is to help the world to move by the power of precision. By supporting the medical, automotive, aerospace, and defense sectors, as well as households around the world, what we do changes lives and contributes to creating a sustainable world and future.

As a global company that plays a vital role in supporting everyday life and keeping the world moving, we take our responsibility in shaping a sustainable future seriously. We have set ambitious goals for advancing our sustainability practices, supporting our people and communities, and upholding ethical governance. I'm proud to share the significant progress we've made toward these objectives.

Since my appointment as CEO, we have been driving transformation starting in 2024. In order to build a strong organization that will help us realize our business goals and exceed the expectations of our customers and stakeholders, we have welcomed strong leaders from outside the company and promoted capable individuals from within to leadership roles.

This approach aims to boost the company's energy and dynamism, while respecting the achievements we've made over the past 90 years. We are positioning ourselves as a company that can adapt and thrive in an ever-changing world. To provide a clear and strong direction, we have published a new Mid-term Business Plan through 2029, which also includes our commitments to ESG. In addition, to align our focus and give us a clear sense of purpose, we have defined our Purpose, Vision, Mission, and Values.

In pursuit of these objectives, we are also focusing on diversifying our workforce, promoting gender equality, and fostering innovation and expertise across various countries and regions. We are confident that this strategy will unlock the full potential of our employees and pave the way for sustainable, profitable growth.

We are committed to becoming a company capable of meeting the demands of the world, while adhering to the highest standards of social, ethical, and legal responsibility. By continuously monitoring the dynamic external environment and striving for sustainable growth, we aim to earn the trust of society and fulfill the needs of our customers, business partners, stakeholders, and employees.

Through our dedication to community engagement and upholding the highest ethical standards, we are making meaningful strides in driving positive change. By working together, we can create a brighter future and leave a lasting legacy for future generations.

We appreciate your interest in our efforts and thank you for your continued support as we progress forward.

Sincerely,

Itaru Matsuyama



ESG

ESG AT A GLANCE





ESG AT A GLANCE

TRANSFORMING OUR TOMORROW TOGETHER

ENVIRONMENT

By embracing sustainability and setting ambitious Science Based environmental goals, Tsubaki Nakashima is taking a **proactive standing in fighting climate change** and contributing to a more sustainable future and growth.



SOCIAL

Tsubaki Nakashima is committed to provide **safe and healthy** working conditions for all employees. Tsubaki Nakashima **leverages its global footprint and the diversity of its teams** to create added value, while creating a safe work environment.



GOVERNANCE

Tsubaki Nakashima continues to improve its corporate governance system aiming to grow as an **environmentally responsible and ethical business**. The company reaffirms its commitment to transparency and good governance.





ESG AT A GLANCE

ESG VISION AND STRATEGY: ENVIRONMENT



ENERGY EFFICIENCY

Reduce the energy consumption of our plants through dedicated efficiency projects.



ELECTRIFICATION AND DECARBONIZATION

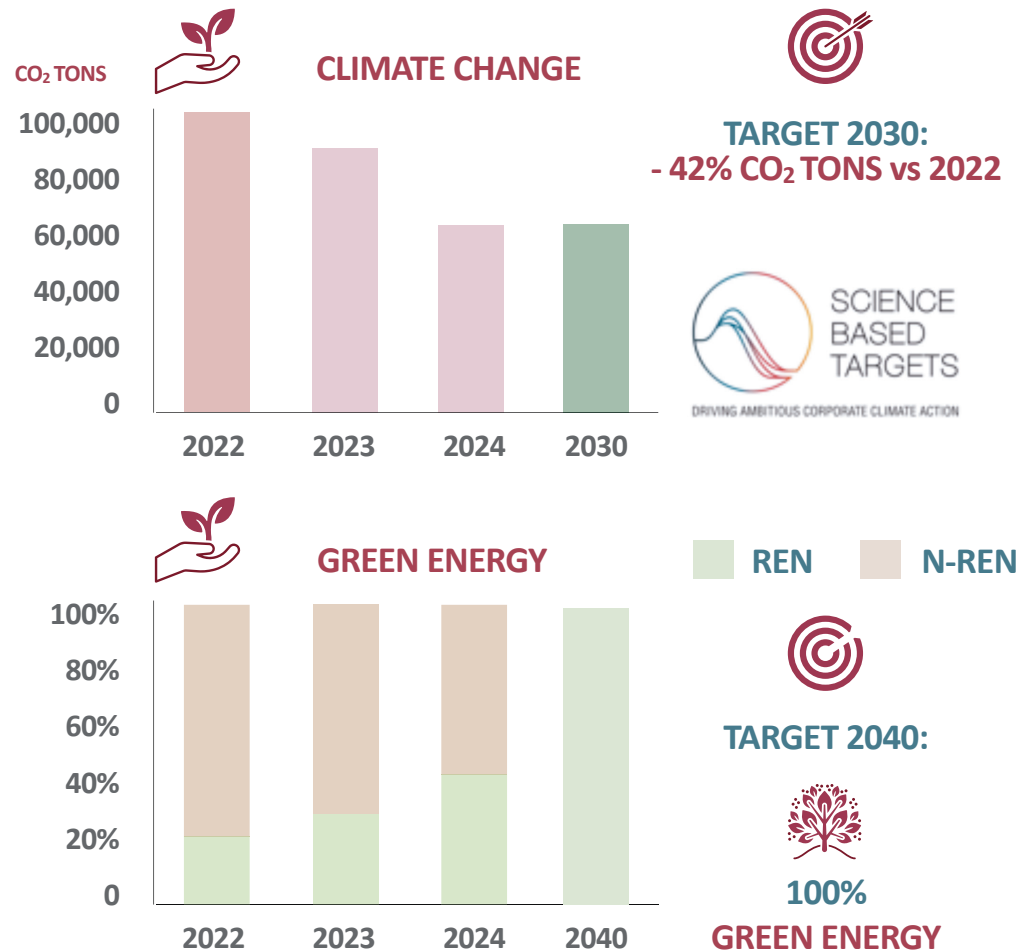
Eliminate all the fossil fuels. Purchase Renewable Energy Certificates and deploy renewable systems for green electricity.



INNOVATION

Improve the efficiency and flexibility of our plants through dedicated innovation projects.

OUR TARGETS





ESG AT A GLANCE

ESG VISION AND STRATEGY: SOCIAL

OUR STRATEGY



HEALTH & SAFETY

Provide and maintain a safe and healthy work environment and promote physical and mental well-being.



EMPLOYEE ENGAGEMENT

Employee engagement index of 70% or higher driving High Performance culture to create value for our customers, shareholders and local communities.



LEADERSHIP AND PROFESSIONAL DEVELOPMENT

In times of changes, we ensure that our people are equipped to deliver on transformation through training and coaching.



EQUALITY AND DIVERSITY

Drive innovation and accelerated growth leveraging our Global blueprint and diversity of our teams.



COMMUNITY ENGAGEMENT

Provide work opportunities to local citizens and make a positive impact for local communities.

OUR TARGETS



Improve safety performance 5% YOY with focused programs (Near miss reporting, Behavioral based safety) that move us from a reactive to a proactive mindset.



Drive employee engagement beyond 70% with YOY improvement delivered through targeted activities in response to employee feedback.



Achieve gender diversity target of 70/30 for male/female employees at the N-1/N-2 leadership levels by 2030 through recruitment and focused development.



ESG AT A GLANCE

ESG VISION AND STRATEGY: **GOVERNANCE**

OUR STRATEGY



CORPORATE GOVERNANCE

Code of Business Ethics and other related policies.



RISK MANAGEMENT

Enhance a risk assessment promotion system that enables us to assess the major risks and promote suitable countermeasures.



ETHICS AND COMPLIANCE

Strengthen the Internal Audit Division as ethics and compliance are the premise and foundation of corporate value.



CORPORATE DISCLOSURE

Disclose and publish transparent and fair information toward establishing the relationship of trust with stakeholders.

OUR TARGETS



Full execution of QCC (Quality Compliance Committee) Milestones by EOY 2025.



Coverage of Top risks in audit committee and BOD.



Scheduled Completion of trainings (Code of Business Ethics, compliance, etc.).



Review and harmonization of internal policy.



ESG GENERAL INFORMATION



GENERAL INFORMATION

AT A GLANCE...

Tsubaki Nakashima is a specialized manufacturer of precision balls and rollers as well ball screws and other mechanical parts, headquartered in Nara, Japan.

Around 3.000 employees work together across 21 locations worldwide in 11 countries.





GENERAL INFORMATION

BUSINESS ACTIVITIES, ORGANIZATIONAL STRUCTURE AND PRODUCTION NETWORK

Tsubaki Nakashima is a specialized manufacturer of precision balls and rollers as well ball screws and other mechanical parts, headquartered in Nara, Japan.

In addition to Japan, we manufacture in the United States, Italy, Poland, Slovakia, Bosnia, United Kingdom, China, Thailand, India and Taiwan.

The industry's most well-established production network enables us to respond to various customer needs, local procurement, quick delivery, and superior customer support.

Tsubaki Nakashima produces a broad range of high-quality precision balls, rollers and ball screws with more than 20,000 product types. Utilizing various materials, including ceramics and steels, in a range of sizes to meet our customers' specific requirements.

We have been a pioneer in the mass production of ceramic balls utilizing our manufacturing know-how and process technology in various areas. Our development capabilities and industry-leading product line-up allow us to fulfill a variety of needs from global customers, which enables us to support new demands from a variety of end-market products and uses.

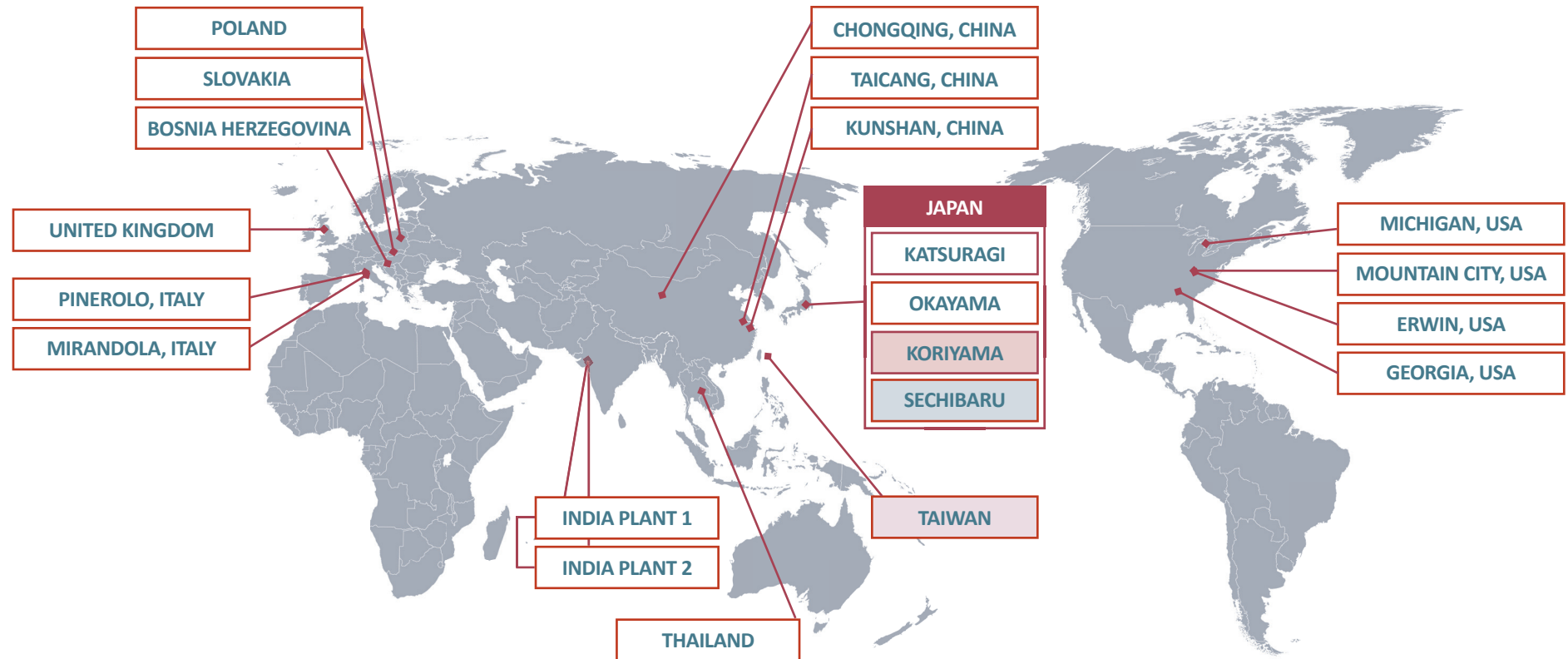
Our global manufacturing network and distribution locations enable us to meet customer deliveries on short notice for a wide range of precision products.

Our manufacturing network enhances our ability to manage production and inventory to meet rapidly changing customer needs for various ball/roller sizes and grades in significant quantities. This is our competitive advantage over smaller producers and supports our major customers as they expand their manufacturing operations.



GENERAL INFORMATION

BUSINESS ACTIVITIES, ORGANIZATIONAL STRUCTURE AND PRODUCTION NETWORK



21 FACTORIES IN 11 COUNTRIES

- PRECISION COMPONENT BUSINESS
- LINEAR BUSINESS (BALL SCREW)
- BLOWER BUSINESS (BLOWER)

Figure 1
Manufacturing Network



GENERAL INFORMATION

BUSINESS ACTIVITIES, ORGANIZATIONAL STRUCTURE AND PRODUCTION NETWORK

Even though Tsubaki Nakashima history dates back to 1939, the Company has been able to cope with the globalization-led processes.

Today, Tsubaki Nakashima is a worldwide leader in rolling elements and component solutions supplying EMEA, NAFTA, LATAM and APAC automotive markets; it is indeed a global leader with a large majority of its revenues coming from outside the Japanese territory. This feature confirms the Company's global presence that focuses mainly on the most specialized markets with growth potential.

The strategy of Tsubaki Nakashima is focused on the automotive sector, which constituted over 60% of net revenues in 2024.

The remainder mainly relates to the industrial sector, which represents 40% of the Group's total market.

Globalization has represented a precise target for the company over the last 10 years and Tsubaki Nakashima is now able to cover the world's three leading automotive markets.

Below the sales by product and by region are shown:



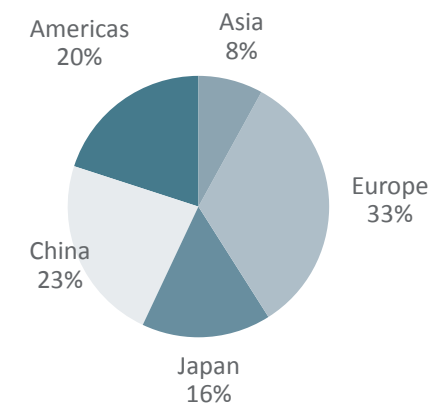
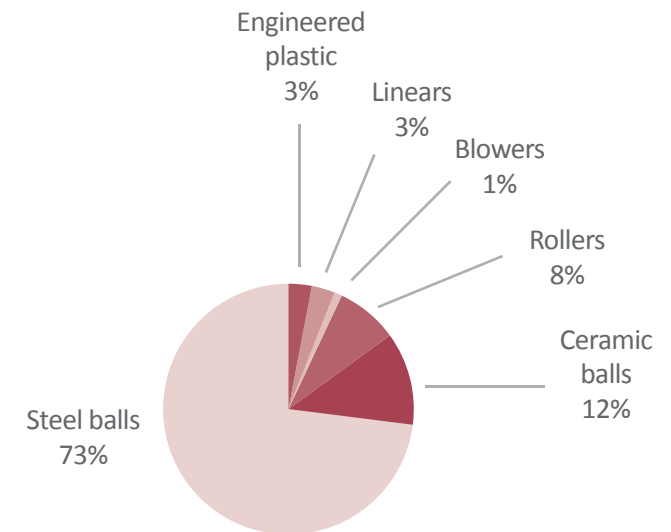
BY PRODUCT

Figure 2
Sales by product



BY REGION

Figure 3
Sales by region





GENERAL INFORMATION

BUSINESS ACTIVITIES, ORGANIZATIONAL STRUCTURE AND PRODUCTION NETWORK

The strategy implemented since 2020 has led to the creation of a production site in India exclusively focused on the local automotive market, the consolidation of Tsubaki Nakashima position in Rollers manufacturing and the expansion of a leading ceramic ball manufacturer in Thailand.

Tsubaki Nakashima manufactures production equipment in-house and owns a dedicated factory for:

- Almost all equipment other than the ball header process can be manufactured in-house.
- All equipment, including ball headers, can be overhauled.

Below the products portfolio and end applications are shown:



Figure 4
Tsubaki Nakashima products portfolio and end applications



GENERAL INFORMATION

COMPANY INFORMATION

Company Name	TSUBAKI NAKASHIMA CO. LTD.	
Businesses	Manufacturing and sale of industrial precision balls, rollers used for bearing and other applications.	
	Manufacturing and sale of medical equipment and hygiene equipment.	
Title and Name of Representative	Representative Executive Officer, CEO Itaru Matsuyama	
Global Headquarters	4-2-12, Honmachi, Chuo-ku, Osaka, Japan	
Headquarters, Registered Head Office	19, Shakudo, Katsuragi, Nara, Japan	
Established	June 1, 1936 (Founded in 1934)	
Capital	17,116.73 million yen (as of December 31, 2024)	
Stock Exchange Listing	The Prime Market of the Tokyo Stock Exchange	
Executives	Director, Representative Executive Officer, CEO	Itaru Matsuyama
	Director, Executive Officer, CFO	Yoichi Ueda
	Director, Executive Officer, CHRO	Anna Dolgikh
	Director (Outside)	Keizo Tannawa
	Director (Outside)	Noboru Yamamoto
	Director (Outside)	Tadatomo Kato
	Director (Outside)	Yuri Kato
Employees	2,776 (as of December 31, 2024)	



GENERAL INFORMATION

ACTIVITIES, ORGANIZATION AND BUSINESS RELATIONSHIPS'
SIGNIFICANT CHANGES DURING 2024**February 2024**

Notice of Company Split (Simplified Incorporation-Type Company Split), Change Regarding a Sub-subsidiary and Transfer of Shares in a Newly Incorporated Company.

Tsubaki Nakashima announced an agreement to transfer all shares of TN Linear Business (TJL & TJT plants) to MINEBEA MITSUMI Inc.

May 2024

Announcement of Change in Representative Executive Officer CEO. Effective July 1st, Itaru Matsuyama replaced Koji Hirota that resign as a director and executive officer at the end of August 2024.

During the period up to 2023, the Company has resolved compliance issues related to antitrust law and non-compliant products at the past Tsubaki Nakashima (Japan) and established measures to prevent recurrence and completed integration with ex-NN PBC division acquired in August 2017, and withdrawn from unprofitable and non-core businesses, which had been a long-standing concern.

Based on the above, the Company has decided that a change in leadership is appropriate to create a management structure which can provide new value to shareholders, customers, business partners, employees, and other stakeholders on a global basis and to enter a new growth trajectory.



GENERAL INFORMATION

ACTIVITIES, ORGANIZATION AND BUSINESS RELATIONSHIPS'
SIGNIFICANT CHANGES DURING 2024**August 2024**

Announcement of Organizational Reforms, and Appointments and Changes of Executive Officers, etc. Under the new leadership of Itaru Matsuyama, who was appointed Representative Executive Officer CEO in July 2024, the Company is building a new management organization to strengthen the future revenue base while implementing and accelerating measures to enter a new growth trajectory.

With these goals in mind the Company decided to implement organizational reforms, appointments, and changes involving executive officers.

1. Overview of Organizational Reforms

To optimize the organization and strengthen communications within the organization, the Company streamlined organizational structures to clarify organizational relationships and make the organization more agile. The new organization is based on business units (BU) and functions; optimal headcounts are allocated to each unit and function.

2. Appointments and Reassignments of Executive Officers, etc.

Provided change for the allocation of optimal headcounts and specific executive appointments and reassignments.

CEO *Itaru Matsuyama*

Figure 5
New Organizational Chart



GENERAL INFORMATION

POLICY COMMITMENTS

Tsubaki Nakashima strongly believes in its mission of **Developing, with Customer, innovative rolling elements and precision parts solutions.** Cooperating directly with clients increases the likelihood that the manufactured product fits with the market needs and meets customers' expectations worldwide.

Therefore, the mission of the Group is also summarized in its pay-off "*World rolling solutions*":

- **World:** Tsubaki Nakashima is a technology supplier, specializing in precision components, able to offer quality, high levels of service and significant technical competence primarily in Co-design activities. Tsubaki Nakashima also created a Product Innovation center, which fosters excellence in research and development in the sector.
- **Rolling:** Balls and Rollers represent the history of the company and reveal why the name Tsubaki Nakashima is recognized and respected worldwide.
- **Solutions** advanced precision components are an essential service offered by the Group in addition to balls and rollers. Tsubaki Nakashima offers products, services, components as well as ideas and solutions too.

Over the years, Tsubaki Nakashima has become a valuable support for customers in the processes of planning and validating complex products, including design, functional testing and the analysis of finished elements and prototyping.

Tsubaki Nakashima is committed to supply excellent products and services through manufacturing technologies, always listening to its customers and developing a strong and cooperative relationship with them. In doing this, Tsubaki Nakashima is determined in preserving and caring for the environment, monitoring its impacts on society and the surrounding environment and keeping quality at the core of its processes.

Customer satisfaction is Tsubaki Nakashima Group's final goal, with the main aim to support and supply consumers on a global scale.



GENERAL INFORMATION

POLICY COMMITMENTS

Tsubaki Nakashima **Policy** represents the actions we'll take to ensure our Vision, Mission and Management Principles are executed: aligned around People, Planet and Prosperity, we'll continue to measure our performance and improve all aspects of what we do.

The Tsubaki Nakashima **Code of Conduct** is a superior policy. It describes the fundament of Tsubaki Nakashima responsibilities towards employees, customers, the environment, societies and shareholders. There are several subordinate policies and instructions related to the Code of Conduct which further define the details of this commitment.

Tsubaki Nakashima acknowledges the legislative development in ESG compliance (Environment, Social, Governance) and are continuously reviewing the need for developing and renewing policies, instructions, and guidelines accordingly.

Group policies related to ESG include:

- **Environment:** environment and energy, conflict minerals, and hazardous substances in products.
- **Social:** equal pay, well-being, health and safety.
- **Governance** insider management, anticorruption, antitrust, whistleblowing, data privacy, trade.

For managing third parties, Tsubaki Nakashima has a **Supplier Quality Manual** that re-call the TN Code of Conduct.



GENERAL INFORMATION

STAKEHOLDERS' ENGAGEMENT

Tsubaki Nakashima places great importance on maintaining and building trust relationships with its stakeholders based on long term collaboration. We engage with a diverse group of stakeholders around the world, including the people who manufacture our products (our employees, our contractors, our agents), the communities we work in, the Customers and Suppliers that we work with and the Investors who make our work possible. Through these collaborations, we are working toward co-creating an equitable and regenerative future. We aim to center our business strategy, investments, engagement and reporting on the environmental, social and governance (ESG) topics that are most important to our business and our stakeholders across our value chain. As we seek to accelerate our progress — and leverage our size and scale to benefit people, the planet, and our business — our ESG priorities guide our actions in a cohesive, compelling and risk-minded manner. In order to have a common but also specific approach to our Stakeholders and respecting the ISOs requirements, we are dividing them into two main categories: internal and external.

- **Internal stakeholders:** are represented not only by shareholders and company management, but above all by employees and collaborators, the heart of the company, who are in direct contact with customers every day, representing Tsubaki Nakashima. The company strongly believes in the integration and concrete motivation of its employees by stimulating training at 360° and in particular on fundamental issues such as safety at work and the principles established by the highest ethical standards. Shareholders and company management guide the strategy and operations of the Company in compliance with and sharing ethical and moral principles.

- **External stakeholders:** include suppliers and contractors, who are selected through a precise evaluation system, as well as based on compliance with the principles governed by our Quality Management System and Global Sustainability System: being a supplier of Tsubaki Nakashima means committing to extend the same ethical principles that guide the company also to its supply chain and along the entire value chain. A relevant external stakeholder is the Customers.

Both categories of stakeholders (internal and external) have legitimate expectations regarding the work of Tsubaki Nakashima and, in relation to the most relevant stakeholders, the possibility of expressing opinions and suggestions, both in clear and anonymous (i.e. Surveys), through various sharing tools made available by the company and with periodic meetings. Thanks to these listening processes, the company has the opportunity to understand their needs and evaluate them to improve its activities and its impact on them. In general, stakeholder involvement takes place in compliance with the principle of inclusiveness, through which Tsubaki Nakashima undertakes to encourage the active participation of all internal stakeholders in corporate life and strategic decisions.



GENERAL INFORMATION

SUPPLIERS' ENGAGEMENT

During 2024 Tsubaki Nakashima developed additional projects to engage suppliers in sustainable development. We believe that all of our suppliers must be committed to the same challenges as we are facing, in other words, those related to sustainability. We also believe that it is powerful to share and support each other in this journey. For that reason, in addition to the sustainability self-assessment questionnaire useful to evaluate Social, Governance and Environmental impacts of our main suppliers, Tsubaki Nakashima developed:

- **Suppliers' code of conduct:**
Through the code of conduct developed compliance is required of all our suppliers regarding: driving integrity in business dealings, health and safety, diversity and inclusion, antitrust and competition laws, environmental responsibility, gifts and entertainment, conflicts of interest, sourcing materials from areas of conflict, driving integrity with good communication, respect for labor standards and human rights, conflict with other requirements, anticorruption and antibribery laws, driving integrity through our actions, driving integrity within our workplace, reporting concerns and non-retaliation. It is mandatory that all suppliers adhere to the developed code of conduct, which is therefore a powerful control tool for assessing the minimum requirements in the ESG area of our suppliers.
- **Climate change data self-assessment:**
To assess and measure in detail the environmental sustainability of suppliers Tsubaki Nakashima decided to develop an *ad hoc* climate change questionnaire. As a first step we engaged the raw material suppliers as they are responsible for most of the supply chain-related CO₂ emissions. This assessment will be used in 2025 to develop a specific emissions reduction strategy with our suppliers.



GENERAL INFORMATION

ABOUT THIS REPORT

The reporting period of Tsubaki Nakashima's Sustainability report corresponds to the fiscal year 1st January to 31st December 2024 and all the locations and entities of the production network are included in this report (cfr. *Figure 1*) excluding the Koriyama and Taiwan plants as discontinued operations. The Sustainability Report is published annually and has been prepared in accordance with GRI standards 2021.

This report is available in Japanese and English and in case of discrepancies, the English version is binding.

The CEO is ultimately responsible for this report and approves its publication.

Restatements of information and changes in reporting

Due to divestments (Koryama and Taiwan) and new plant (India) energy, greenhouse gas emissions related to Scope 1 and Scope 2 have been restated. Moreover, due to the validation by Science Based Target Initiative (SBTi) also the CO2 emissions reduction targets have been restated to comply with the SBTi standards.

In addition, during 2024, the full Scope 3 emissions assessment of Tsubaki Nakashima was conducted, which will be presented in this report, and an SBTi-compliant target for indirect emissions (Scope 3) was also developed.

Contact person for questions regarding this report is:

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*Global Sustainable
Development Manager*
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Stefania.Lamparelli@tsubaki-nakashima.com



ESG SUSTAINABILITY MANAGEMENT



SUSTAINABILITY MANAGEMENT

AT A GLANCE...

The Chief Operations Officer's function is responsible for sustainability.

The Sustainability Committee is responsible for assisting the Management Committee by fulfilling a preparatory, consultative and advisory role in assessments and decision-making processes with regard to ESG topics.

Tsubaki Nakashima developed the Global Sustainability System in accordance with the ISO standards which monitors and regulates all the sustainability activities.





SUSTAINABILITY MANAGEMENT

SUSTAINABILITY COMMITTEE

All the strategies and activities are reviewed by the Sustainability Committee, which is responsible for assisting the Management Committee by fulfilling a preparatory, consultative and advisory role in assessments and decision making processes with regard to Environmental, Social and Governance issues, related to Tsubaki Nakashima business and its engagement with all stakeholders, the Corporate Governance of the Company, and the review of scenarios envisaged in the preparation of the Mid-Term Business Plan, based also on the analysis of significant issues for the creation of long-term value. Sustainability Committee has the objective to plan, coordinate and implement the Sustainability initiatives and measures, in accordance with TN Policy, as well as review and adapt it to the global standards and trends.

The Sustainability Committee shall meet according to the following frequency:

- Two meetings per year.
- The **first meeting** at the beginning of the year will be used to discuss the previous year's ESG results for presentation to investors, the sustainability rating obtained through the CDP, to present the new targets and strategy for the current year and any special projects.
- The **second meeting**, on the other hand, will be held at the beginning of Q3 or end of Q2 and will be used to discuss the ESG report, to present a regulatory update on ESG with potential risks and impacts to our company, and any other important information.
- The committee will also meet whenever some ESG topic of relevance to the company arises (risks, opportunities, new rule etc.).

Sustainability Committee meetings are also a time for sharing and education on climate change, social and governance issues; each member can share relevant experience, knowledge and information thus increasing the collective knowledge on these issues.

The Sustainability Committee also delegates responsibilities for managing relevant ESG impacts, risks and opportunities, developing the sustainability strategy and monitoring it to the Chief Manufacturing Officer with support from the Operations Director and the Global Sustainability & Innovation manager.

In the next page the structure of the Sustainability Committee is presented:



SUSTAINABILITY MANAGEMENT

SUSTAINABILITY COMMITTEE

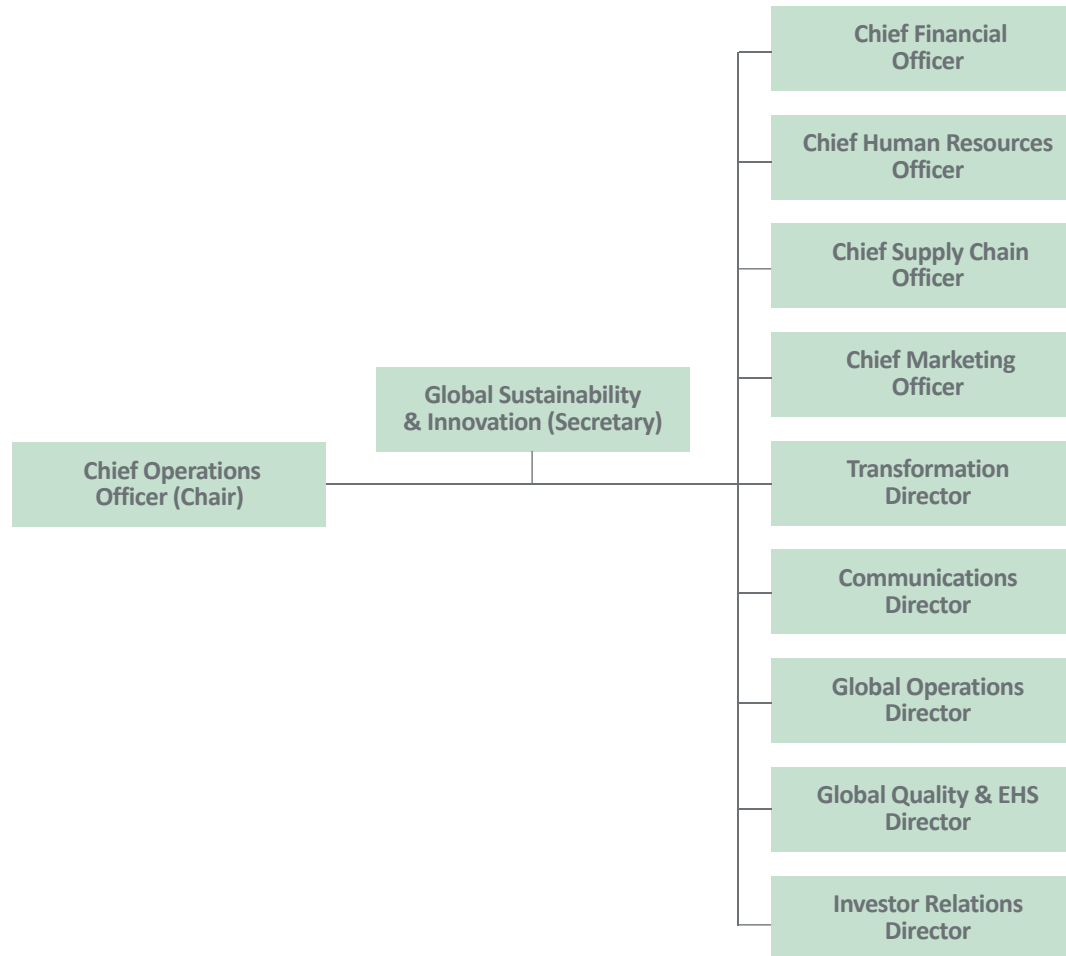


Figure 6
Sustainability Committee



SUSTAINABILITY MANAGEMENT

MATERIAL TOPICS

Tsubaki Nakashima would like to provide stakeholders with relevant information regarding operational, financial, environmental and social performance. From an ESG perspective, during 2024 Tsubaki Nakashima developed the impact materiality analysis following the below process:

1

Context analysis and benchmark analysis on the material topics identified by peers, customers and suppliers;

2

Identification of TN's impacts on environment, society and economy;

3

Impact materiality workshop for the evaluation of TN's impacts.

Impacts refer to the economic, environmental, and social effects, including those on human rights, that an organization has or could have, as a result of its activities or business relationships. These impacts can be:

- actual (already occurred) or potential (may occur),
- negative or positive, and reflect the organization's contribution, whether positive or negative, to sustainable development.

Moreover, an impact can be understood as:

- an impact caused by or to which the company has contributed,
- impacts directly related to the company's operations, its products/services, or its business relationships (including the upstream/downstream value chain).



SUSTAINABILITY MANAGEMENT

MATERIAL TOPICS

The impacts identified for Tsubaki Nakashima are subjected to its evaluation according to the following methodology, without taking into account any mitigation actions:

Benefit / Severity

The following should be considered

- **Scale:** (how positive / severe the impact is;
- **Scope:** how widespread the impact is;
- **Immediability** (for negative impacts only): how difficult it is to mitigate or compensate for the damage that results from the impact.

Not relevant

- 1 Not very significant and widespread impact to individuals or small groups.

Moderately relevant

- 2 Moderate and widespread impact to a few stakeholder classes.

Relevant

- 3 Significant and widespread impact on various classes of stakeholders.

Extremely relevant

- 4 Extremely significant and widespread impact on the entire ecosystem and/or community of reference.

Probability (for potential impacts only)

The following should be considered

- **Likelihood** of the impact occurring and, if applicable, its corresponding time horizon

Extremely unlikely

- 1 Extremely unlikely / unexpected impact, also considering the absence of known cases in the past.

Quite unlikely

- 2 Unlikely / unlikely to be expected impact, as only very few cases are known that have occurred in the past.

Likely

- 3 Likely / expected impact, as similar cases are known that have occurred in the past.

Actual / Extremely likely

- 4 Current impact that has already occurred or is expected to occur with almost certain probability



SUSTAINABILITY MANAGEMENT

MATERIAL TOPICS

The impact materiality assessment was performed with a process and method based on the CSRD requirements and EFRAG guidance available at the time of the assessment. Thanks to the impact materiality analysis Tsubaki Nakashima identifies the following material ESG topics.

ENVIRONMENT	SOCIAL	GOVERNANCE
Climate change	Own workforce	Business conduct
Indirect GHG emissions generation (Scope 3) Energy consumption Direct and indirect GHG emissions generation (Scope 1 and 2)	Work-related injuries Development and enhancement of workers' skills through training activities Breach and loss of workers' data Deterioration of relations with trade unions and associations Work-related ill health Inadequate remuneration Lack of diversity in governance bodies and among employees	Creating a culture of business ethics Incidents of corruption and anti-competitive practices Contribution to improving the ESG performance of suppliers
Circular economy		
Design along circular principles Waste generation Depletion of natural resources		
Water and marine resources	Workers in the value chain	
Water consumption upstream in the value chain	Breach and loss value chain workers' data Failure to enhance the skills of workers in the value chain	
	Consumers and end users	
	Offering safe products of high quality and durability Failure to meet customer applications Provision of misleading information	

In the following chapters of the ESG report Tsubaki Nakashima will then disclose the relevant information considering its materials topics.



ESG

ENVIRONMENTAL





ENVIRONMENTAL

AT A GLANCE...

During 2024 Tsubaki Nakashima's 2030 climate targets to reduce Scope 1, Scope 2, and Scope 3 emissions have been validated by the Science Based Targets initiative (SBTi).

During 2024 Tsubaki Nakashima's CO2 emissions (Scope 1+ Scope 2) decreased by 26,581 tons which is equivalent to a 28,9% decrease YoY.

Tsubaki Nakashima's energy efficiency improved by 2% over 2024.





ENVIRONMENTAL

CLIMATE CHANGE STRATEGY

Tsubaki Nakashima strongly believes in the **sustainable transformation** of its processes and products. From several years Tsubaki Nakashima has pursued the path of sustainable development, and it has taken a proactive standing in fighting climate change.

Tsubaki Nakashima's sustainability journey will not stop until carbon neutrality has been achieved.

For Tsubaki Nakashima, the necessity and a sense of urgency to develop a climate change strategy that enable to improve processes and facilities not only from the standpoint of CO₂ reduction and carbon footprint but also from the standpoint of profit and innovation has grown. Profit, climate change mitigation and innovation are merged into a single strategy, which is the roadmap for sustainable development and is perfectly rooted in the overall sustainability system we have developed to properly guide the company's sustainable growth.

Through the implementation of this strategy, successful results have been achieved in terms of CO₂ reduction, cost savings, improved energy efficiency, and technological progress.

Tsubaki Nakashima's strategy for sustainable development is based on the key concept of sustainable corporate growth. Therefore, all pillars have the dual purpose of limiting CO₂ emissions and environmental impacts of plants and improving our organization's efficiency, profit, innovation, and competitiveness.

Below are the five pillars of our strategy:

- 1 Energy efficiency:**
reduce the energy consumption of our plants through dedicated energy efficiency projects.
- 2 Electrification and decarbonization:**
eliminate all the fossil fuels. Purchase Renewable Energy Certificates and deploy renewable systems for green electricity.
- 3 Innovation:**
improve the efficiency and flexibility of our plants through dedicated innovation projects.



ENVIRONMENTAL

CLIMATE CHANGE STRATEGY



ENERGY EFFICIENCY

Energy efficiency projects allow Tsubaki Nakashima's plants to reduce and optimize energy consumption. Through new machinery, optimized use of our equipment, through careful maintenance, through monitoring our consumption, and through the adoption of innovative energy efficiency technologies the energy consumption of our plants will decrease. Energy efficiency measures are constantly evolving, we are learning from our plants, and we are testing and implementing energy efficiency projects that have led us to a 2% decrease in energy intensity (energy consumption / production) by 2023.



INNOVATION

The sustainability of our plants is also related to the general efficiency and innovation. Tsubaki Nakashima is analyzing innovative technologies (automation, digitalization etc.) to improve the efficiency and the flexibility of the plants. These projects will also help to reduce CO₂ emissions.



ELECTRIFICATION AND DECARBONIZATION

Photovoltaic systems are used to produce zero-emission electricity. Through the widespread installation of photovoltaic systems in our plants we will reduce Scope 2 emissions and increase our share of green energy. These projects are a concrete commitment to our green transition. During 2024 we produced 4.000 MWh of electricity by solar panels installed in our plants. Purchasing green energy is a skillful tool for lowering Tsubaki Nakashima's Scope 2 emissions. In addition, through corporate green power purchase, electricity suppliers will be increasingly incentivized to build new renewable energy power plants (wind farms, photovoltaic parks, hydroelectric power plants etc..) so we believe that this is also a key pillar in fighting climate change at the forefront and in our green transition. This tool will be especially useful in our plants where, due to geographical characteristics (solar irradiance/weather/exposure) and/or construction characteristics (roofs), it is not possible to install photovoltaic systems. During 2024 we purchased 70.000 MWh of green energy.

To lower to 0 Scope 1 emissions, the sources of emissions (i.e. fossil fuels combustion) must be directly eliminated. In our plants, the facilities that consume fossil fuels are mainly: furnaces and atmosphere gases, handling forklifts, and ambient heating equipment. Electrification projects are aimed at converting these facilities into electric systems so that green electricity can be used. This pillar is driven by technological innovation in the electric sector. Through electrification, not only will CO₂ emissions be reduced but also technological improvement of our factories will be achieved. During 2024 Tsubaki Nakashima analyzed the technology of induction furnaces to replace gas furnaces. A pilot project and related business case will be developed in 2025.



ENVIRONMENTAL

SCIENCE BASED TARGET INITIATIVE

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

SBTi provides a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement (limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C).

Tsubaki Nakashima commits to **reduce absolute scope 1 and 2 GHG emissions 42% by 2030** from 2022 base year and to **reduce absolute scope 3 GHG emissions 25% by 2030** from a 2023 base year.

The commitment made by Tsubaki Nakashima aligns with the growing trend of companies recognizing the need for urgent action and embracing their role in protecting the environment for future generations.



ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

Climate change is one of the world's most pressing challenges and affects the environment in many ways, including rising temperatures and sea levels, drought, flooding, and more. These events affect things that we depend upon and value, like water, energy, transportation, wildlife, agriculture, ecosystems, and human health. That is why Tsubaki Nakashima is making every effort to fight climate change and to reduce its climate impact.

Tsubaki Nakashima is a fairly energy intensive business – mainly use of electricity in the production processes of its factories around the world. Moreover, Tsubaki Nakashima uses raw materials which can be energy and carbon intensive – such as steel and in general the supply chain (upstream emissions) has a non-negligible weight in terms of climate impact as will be seen in *Table 3: Scope 3 emissions*.

To measure the environmental impact and to monitor the progress and effectiveness of the climate change strategy Tsubaki Nakashima analyze and calculate the following KPIs.

All the figures presented in this chapter consider only continued operations (excluded Linear Business)¹.

¹

differences from the data presented in past ESG Reports can be attributed to this exclusion.



ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

SCOPE 1 AND SCOPE 2 CO₂ EMISSIONS [CO₂ TONS]

Total CO₂ emissions of Scope 1 & Scope 2 are monitored monthly and calculated taking into account the guidelines provided by the GHG Protocol and ISO 14064.

Scope 1 emissions are mainly related to fossil fuels consumption in the production processes (natural gas or LPG for heat treatment process). Scope 1 emissions are calculated considering the fossil fuels consumption, DEFRA database emission factors and SBTi guidelines.

Scope 2 emissions, which are the majority (93% of the total in 2024) are instead allocated to electricity consumption for production processes. Scope 2 emissions are calculated using Market Based approach and emission factors. Market Based methodology results in being more accurate and it is more in line with the real situation.

<i>Table 1</i> <i>Scope 1 and Scope 2 emissions.</i>	2022 [CO ₂ tons]	2023 [CO ₂ tons]	2024 [CO ₂ tons]	2030 SBTi Target [CO ₂ tons]
SCOPE 1 CO ₂ EMISSIONS	6,581	5,801	4,858	3,817
SCOPE 2 CO ₂ EMISSIONS	95,130	86,249	60,610	55,175
SCOPE 1+2 CO ₂ EMISSIONS	101,711	92,050	65,469	58,992

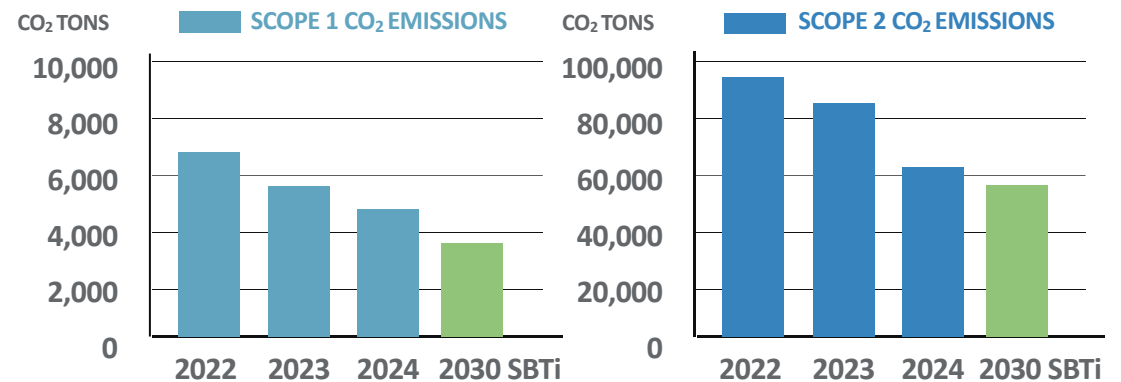


Figure 7
Scope 1 and Scope 2 emissions.



ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

CARBON FOOTPRINT [CO₂ tons/tons]

Tsubaki Nakashima carbon footprint is calculated taking into account Scope 1 and Scope 2 emissions and the production expressed in tons. This KPI reflects the sustainability of Tsubaki Nakashima factories and targets are set up considering the planned CO₂ reduction and the organization's future rate of production.

<i>Table 2</i> Carbon footprint	2022 [CO ₂ tons/tons]	2023 [CO ₂ tons/tons]	2024 [CO ₂ tons/tons]	2030 SBTi Target [CO ₂ tons/tons]
CARBON FOOTPRINT	1,08	1,02	0,72	0,64

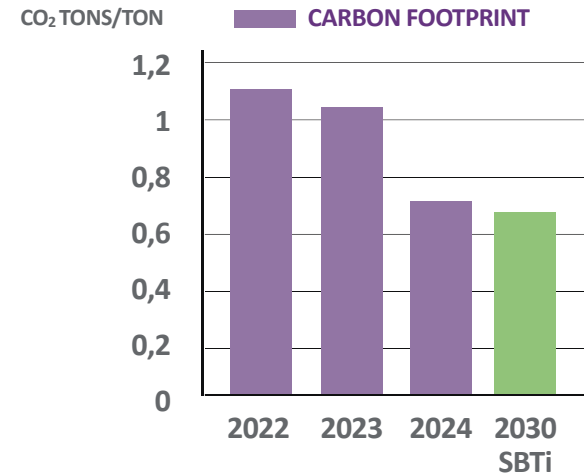


Figure 8
Carbon footprint



ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

SCOPE 3 CO₂ EMISSIONS
[CO₂ TONS]

In 2023 Tsubaki Nakashima started the screening and calculation of **scope 3 emissions** (i.e. indirect emissions linked to the value chain). In 2024 completed the analysis and calculation to get the reduction target approved by Science Based Target Initiative - SBTi. The methodology used to calculate each category of indirect emissions and the related numerical results for 2023 and 2024 are presented below. The chosen baseline year is 2023.

SCOPE 3 - CATEGORY 1
PURCHASED GOOD AND SERVICES

Tsubaki Nakashima is a manufacturing company that mainly operates with steel. Since main raw materials (steel wires and ceramic blanks) account for most of the total spent in 2023 and 2024 we started to collect primary emissions data of our raw materials suppliers. For the other categories of purchasing goods, we used the NAICS database (spend-based method) and the Ecoinvent database (average data method).

SCOPE 3 - CATEGORY 2
CAPITAL GOODS

Tsubaki Nakashima mainly purchases spare parts and machines used in the production process. In addition, one of our Japanese plants directly manufactures some of the machines that are used in our production process (these emissions therefore fall under Scope 1 and 2). To calculate these emissions, we used the spend-based method with the NAICS database.

SCOPE 3 - CATEGORY 3
FUEL AND ENERGY RELATED ACTIVITIES

Tsubaki Nakashima included in this category:

- Upstream emissions of purchased electricity (WTT)
- Transmissions and distribution (T&D) electricity
- Upstream emissions of purchased fuels (WTT)
- Upstream emissions of purchased steam (WTT)



ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

**SCOPE 3 - CATEGORY 4
TRANSPORTATION AND DISTRIBUTION**

Tsubaki Nakashima included in this category emissions related to the transport of raw materials because CO₂ emissions of raw materials account for 88% of the total CO₂ emissions of category 1. This means that transportation related to these raw materials will also have a great impact, especially considering that many steel mills are in different countries than our plants. We used the Distance-based method with emission factors from DEFRA database (WTW).

**SCOPE 3 - CATEGORY 5
WASTE GENERATED IN OPERATIONS**

Tsubaki Nakashima used a waste-type-specific method, which involves using emission factors for specific waste types and waste treatment methods from Ecoinvent database.

**SCOPE 3 - CATEGORY 6
BUSINESS TRAVEL**

Tsubaki Nakashima used a spend-based method, which involves determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used (NAICS database).

**SCOPE 3 - CATEGORY 7
EMPLOYEE COMMUTING**

Tsubaki Nakashima used the average-data method, which involves estimating emissions from employee commuting based on average data on commuting patterns.

**SCOPE 3 - CATEGORY 9
DOWNSTREAM TRANSPORTATION
AND DISTRIBUTION**

Tsubaki Nakashima included in the downstream transportation emissions the emissions related to transport of finished products for 80% of the main customers (Pareto rule). The remaining 20% is estimated through the extrapolation method. We used the Distance-based method with emission factors from DEFRA database (WTW).

**SCOPE 3 - CATEGORY 10
PROCESSING OF SOLD PRODUCTS**

Tsubaki Nakashima is a company that supplies parts (balls, rollers, medical products etc.) and not finished products. Most of the products sold by Tsubaki Nakashima are assembled in bearing production (ball bearings, roller bearings etc.). Through cooperation with our customers, we analyzed Scope 1 and Scope 2 emissions for the assembly of our balls/rollers into bearings.

**SCOPE 3 - CATEGORY 12
END-OF-LIFE TREATMENT
OF SOLD PRODUCTS**

In this category, we consider the disposal of our products that are intermediate products, so assumptions were made about the disposal methodology.



ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

<i>Table 3</i> Scope 3 emissions.	2023 [CO ₂ tons]	2024 [CO ₂ tons]	2030 SBTi Target [CO ₂ tons]
SCOPE 3 - CATEGORY 1	209,871	213,143	243,368
SCOPE 3 - CATEGORY 2	2,922	2,686	
SCOPE 3 - CATEGORY 3	13,475	12,900	
SCOPE 3 - CATEGORY 4	15,693	15,219	
SCOPE 3 - CATEGORY 5	11,907	16,229	
SCOPE 3 - CATEGORY 6	590	531	
SCOPE 3 - CATEGORY 7	23	23	
SCOPE 3 - CATEGORY 9	9,198	8,967	
SCOPE 3 - CATEGORY 10	56,355	46,677	
SCOPE 3 - CATEGORY 12	4,455	4,808	
TOTAL SCOPE 3	324,490	321,184	

Figure 9
2024 Scope 3 emissions.

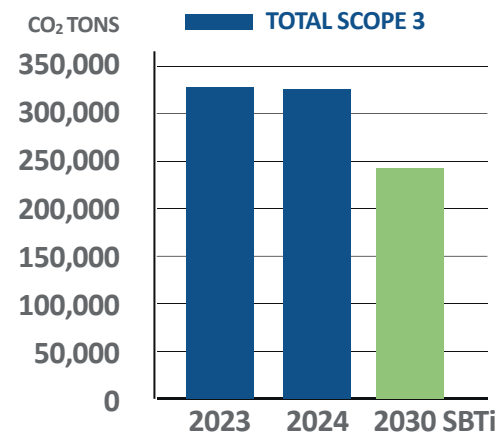
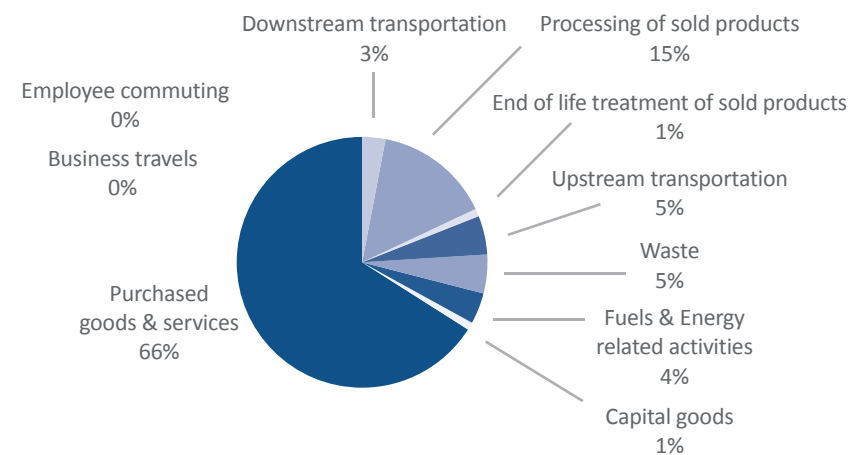


Figure 10
Scope 3 emissions.



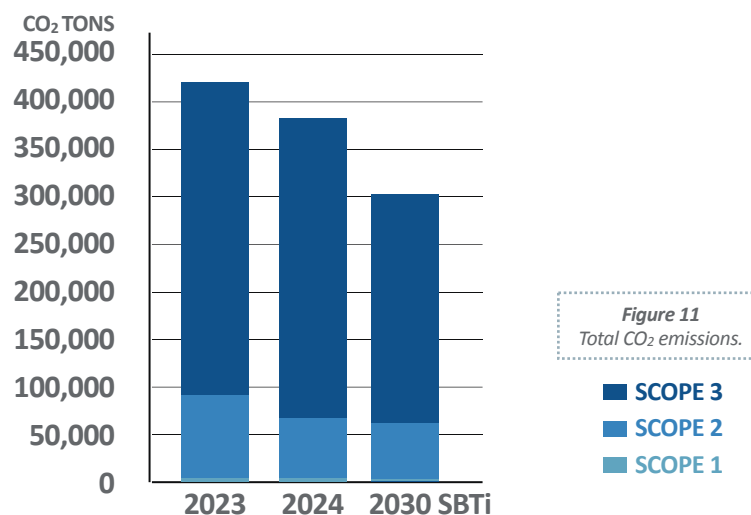
ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

TOTAL CO₂ EMISSIONS SCOPE 1, SCOPE 2 & SCOPE 3 [CO₂ TONS]

Below the total CO₂ emissions of Tsubaki Nakashima are shown.

<i>Table 4</i> Total CO ₂ emissions.	2022 [CO ₂ tons]	2023 [CO ₂ tons]	2024 [CO ₂ tons]	2030 SBTi Target [CO ₂ tons]
SCOPE 1	6,581	5,801	4,858	3,817
SCOPE 2	95,130	86,249	60,610	55,175
SCOPE 3	Not available	324,490	321,184	243,368
TOTAL	-	416,540	386,652	302,360





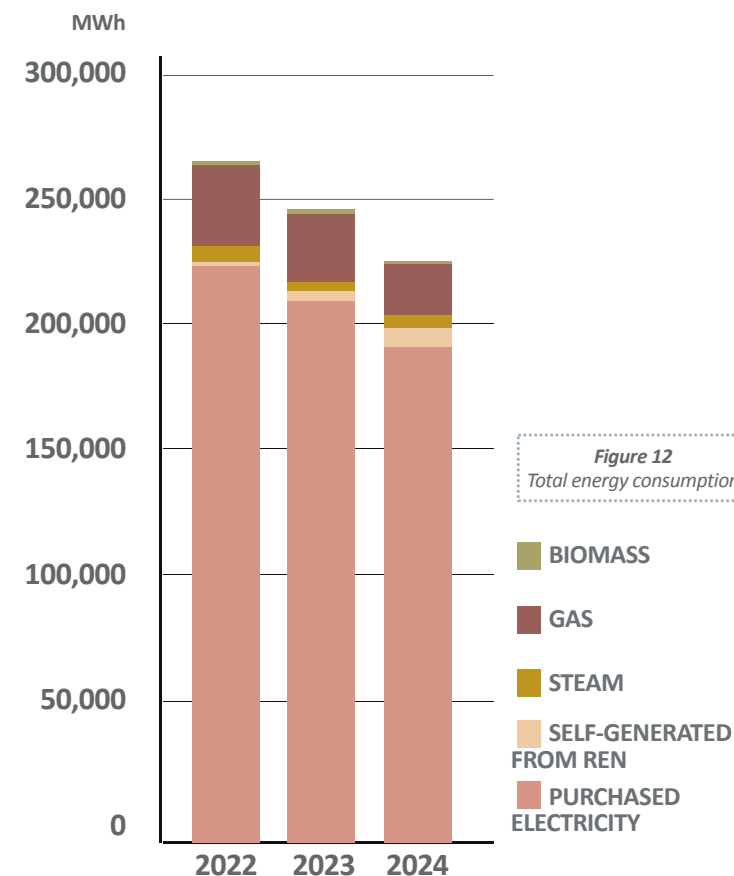
ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

ENERGY CONSUMPTION [MWh]

Total energy consumption of Tsubaki Nakashima's plants is monitored on a monthly basis. The majority of the energy consumption is related to electricity (87%), followed by gas. In the following table and chart Tsubaki Nakashima's energy consumptions are shown.

<i>Table 5</i> Energy consumption.	2022 [MWh]	2023 [MWh]	2024 [MWh]
PURCHASED ELECTRICITY	217,695	211,915	195,193
SELF GENERATED RENEWABLE ENERGY	252	1,206	4,046
STEAM	6,856	1,293	2,842
GAS	34,054	27,181	22,024
BIOMASS	164	438	95
TOTAL	259,021	242,033	224,199





ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

ENERGY INTENSITY [MWh/tons]

This KPI is the ratio between energy consumption and production expressed in tons and this is an indicator of the energy efficiency of Tsubaki Nakashima factories. **The lower this KPI and the higher the energy efficiency of Tsubaki Nakashima.**

In the following table and chart Tsubaki Nakashima's energy intensity is shown.

Table 6 Energy intensity.	2022	2023	2024
	[MWh/tons]	[MWh/tons]	[MWh/tons]
ENERGY INTENSITY	2,52	2,42	2,38

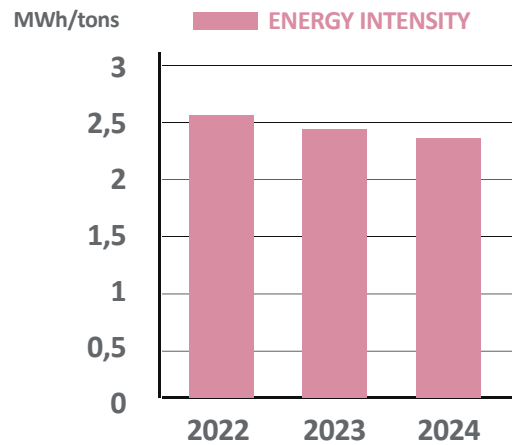


Figure 13
Energy intensity



ENVIRONMENTAL

CLIMATE CHANGE AND ENERGY EFFICIENCY

% OF GREEN ENERGY

This indicator is useful to monitor the amount of green energy consumed by the organization and to properly set the strategy on purchasing and self-producing green energy and to monitor the results obtained. Tsubaki Nakashima plans to consume 100% renewable electricity by 2040. The % of green energy is calculated by taking into account the country-specific fuel mix, green energy purchased through Renewable Energy Certificates, and self-generated green energy from photovoltaic systems installed in the plants.

In the following table and chart Tsubaki Nakashima's % of green energy is shown.

<i>Table 7</i> % of green energy.	2022 [%]	2023 [%]	2024 [%]	2040 TARGET [%]
% OF GREEN ENERGY	26%	39%	55%	100%

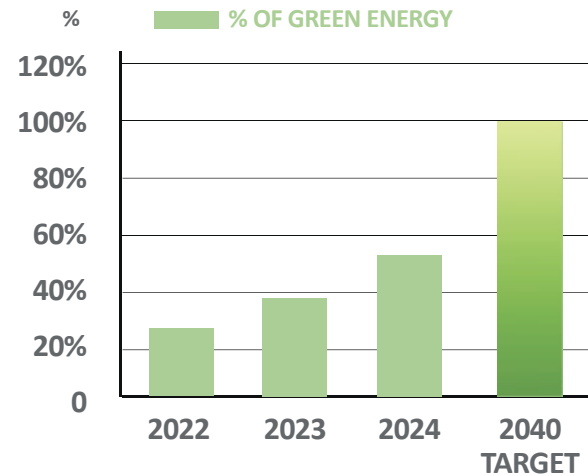


Figure 14
% of green energy.



ENVIRONMENTAL

WASTE MANAGEMENT AND CIRCULAR ECONOMY

Tsubaki Nakashima in addition to energy and CO₂ emissions aspects also takes care of waste management by trying to minimize the amount of waste from year to year and increase the recycling rate of waste through special circular economy projects. One of the most important project that we are developing considering waste recycling is about production sludge, our main waste mainly composed by steel. In 2024 we cooperated with the Polytechnic of Turin, that is the oldest Italian public technical university and it is among the top 100 (52nd) engineering and technology universities in the world, with a specific industrial Ph.D. on sludge recovery from a circular economy perspective. Such a project will not only help improve the KPI of recycling rate but will be an added value for the company, turning a cost into a benefit.

Beside the waste data and KPIs are presented.

<i>Table 8</i> <i>Waste data.</i>	2022 [%]	2023 [%]	2024 [%]
TOTAL AMOUNT OF WASTE [tons]	30,284	26,816	27,195
RECYCLING RATE [%]	41%	48%	40%



ENVIRONMENTAL

WATER AND EFFLUENTS

For what concern water and effluents Tsubaki Nakashima monitors the water footprint that is the ratio between water consumptions (m³) and the production expressed in tons. This indicator is another key aspect of a company's sustainability, but because no major deterioration is found, a long-term target has not been set. In addition, this indicator does not appear to be a key indicator for the organization with respect to CO₂ emissions and energy; for that reason Tsubaki Nakashima currently focuses its attention on reducing greenhouse gas emissions.

Tsubaki Nakashima water consumption in 2024 was equal to 252 million liters. Considering that, in average, one person consumes 237 liters of water per day, Tsubaki Nakashima water consumption during 2024 is equivalent to the annual water consumption of about 2,800 people.

The water footprint of Tsubaki Nakashima during 2024 was equal to 2,7 liters/kg (i.e. m³/tons) and this value is very low compared, for example, to the water footprint of beef production 15.000 liters/kg.

<i>Table 9</i> <i>Water data.</i>	2022	2023	2024
WATER CONSUMPTION [million liters]	277	252	252
WATER FOOTPRINT [liters /kg]	2,8	2,7	2,7



ESG SOCIAL





SOCIAL

AT A GLANCE...

2024 marked the beginning of a new chapter for Tsubaki Nakashima. The redesigned strategy is set to drive transformation and change – creating an integrated, engaged, equipped and ‘Built to Win’ organization.

Tsubaki Nakashima believes diversity is more than a metric—it’s a mindset. Whether across generations, genders, cultures, or abilities, we strive to build an environment where every individual can contribute their best.

At Tsubaki Nakashima, employee well-being is central to sustaining a healthy, high-performing organization. Our approach combines legal compliance with a strong ethical framework defined by the Tsubaki Nakashima Code of Business Ethics, managerial statements, and corporate values.





SOCIAL

COMMITMENT TO PEOPLE

2024 marked the beginning of a new chapter for Tsubaki Nakashima. As we laid the foundations for our future strategy with a Mid-Term Management Plan, we also undertook a comprehensive review of our People and Organization strategy to ensure alignment with evolving business goals.

The redesigned strategy is set to drive transformation and change – creating an integrated, engaged, equipped and ‘Built to Win’ organization. To achieve this ambition, we are focusing our efforts on four strategic pillars:

1 MOBILIZE GLOBAL SCALE

We accelerate speed and efficiency by leveraging global synergies – standardizing, simplifying, and optimizing global processes, while fostering collaboration and making smart use of financial and talent resources.

**2 CHAMPION GROWTH
AS A TALENT POWERHOUSE**

We strengthen our employer brand and talent acquisition capability while investing in internal leadership pipeline development to ensure sustainable business growth. We recognize Diversity, Equity & Inclusion (DE&I) as a critical business priority and are committed to fostering an environment where talent from diverse backgrounds can thrive. By embracing different perspectives and experiences, we aim to drive innovation and strengthen our organizational success.

3 UPSKILL AT SPEED AND SCALE

We standardize and scale up workforce skill development to keep pace with a rapidly evolving business landscape, mitigating risks and enhancing adaptability.

**4 FOSTER SUCCESS THROUGH
A HIGH-PERFORMING CULTURE**

We cultivate an environment where every employee can maximize their performance and potential, fostering a culture that drives excellence and sustained success.

We will actively implement initiatives and measure the progress based on these strategies to enhance the competitiveness of our entire organization.

Furthermore, in today’s rapidly evolving world, adaptability and innovation are not just choices – they are essential to driving our continued growth and long-term success.

We know where we’re going and how we want to get there. To enable us to succeed, we all need a clear and consistent view of why our work matters, what our goal is, and how we’ll achieve it.

That’s why we have launched the project to re-articulate our Purpose, Vision, Mission, and Values. The outcomes of this review will be shared in 2025.



SOCIAL

INCLUSION AND DIVERSITY

At Tsubaki Nakashima, we continue to place people at the heart of everything we do. Our commitment to human rights, diversity, and inclusion is rooted in international standards, including the Universal Declaration of Human Rights. These principles are embedded in our daily operations and formalized through our global Code of Conduct, which every employee receives during onboarding.

With operations in 11 countries across four continents, we embrace the strength that comes from a global workforce. Our teams represent 37 nationalities, and we actively empower local talent to lead within their regional contexts.

We believe diversity is more than a metric—it's a mindset. Whether across generations, genders, cultures, or abilities, we strive to build an environment where every individual can contribute their best. Our inclusive workplace policies are designed to dismantle barriers and promote equal opportunity, recognizing the distinct value each person brings.

SUPPORTING EVERY GENERATION

We continue to implement forward-thinking strategies that address the evolving needs of employees at all stages of their careers. We recognize the benefit of intergenerational collaboration and support programs that harness the diverse experiences of our workforce.

ADVANCING GENDER EQUALITY

We are firm in our stance against gender-based discrimination and stereotypes. By advancing initiatives that foster work-life balance, support family responsibilities, and ensure fair opportunities—regardless of gender identity or sexual orientation—we create space for every voice to be heard and respected.

EMBRACING DISABILITY INCLUSION

True inclusion means recognizing talent in all its forms. We remain committed to ensuring equal opportunities for individuals with sensory, cognitive, and motor disabilities. Through accessible work environments and inclusive practices, we enable full participation and help dismantle societal and physical barriers.

FOSTERING INTERCULTURAL UNDERSTANDING

Tsubaki Nakashima continues to promote a culture that welcomes diverse perspectives. We encourage open dialogue across cultures and geographies, guided by mutual respect and collaboration. Our commitment to intercultural engagement enhances innovation and supports sustainable global growth. As we look to the future, we remain dedicated to cultivating a workplace where people from all backgrounds can thrive—together.



SOCIAL

INCLUSION AND DIVERSITY

2918 EMPLOYEES HAVE A PERMANENT CONTRACT

Table 10
2024 Employees

2024 - ACTUAL SITUATION												
CLASSIFICATION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DIRECT	1648	1646	1633	1635	1627	1623	1619	1635	1648	1644	1642	1625
DIRECT TEMPORARY	350	364	367	370	363	370	375	344	334	320	305	298
TOTAL DIRECT	1998	2010	2000	2005	1990	1993	1994	1979	1982	1964	1947	1923
INDIRECT HOURLY	503	499	501	502	505	507	502	498	498	510	504	495
INDIRECT SALARIED	475	476	483	478	474	469	479	481	483	483	483	483
INDIRECT TEMPORARY HOURLY	83	87	87	92	102	108	112	104	102	93	108	106
INDIRECT TEMPORARY SALARIED	33	35	34	43	45	47	46	33	34	43	31	32
TOTAL INDIRECT	1094	1097	1105	1115	1126	1131	1139	1116	1117	1129	1126	1116
SG&A HOURLY	80	71	71	70	68	67	68	79	79	67	68	68
SG&A SALARIED	246	254	255	270	274	274	262	261	260	266	252	247
SG&A TEMPORARY	23	22	22	22	21	26	25	27	28	28	29	32
TOTAL SG&A	349	347	348	362	363	367	355	367	367	361	349	347
TOTAL EMPLOYEES	3441	3454	3453	3482	3479	3491	3488	3462	3466	3454	3422	3386

3386 EMPLOYEES

GRI 401

As of December 31, 2024, Tsubaki Nakashima had 3386 employees, of which 1923 direct workers, 1116 indirect workers and salaried workers, and 347 SG&A employees.

Proactive and agile headcount management enabled Tsubaki Nakashima to navigate market volatility while acquiring critical new capabilities essential for future business success.



SOCIAL

REMUNERATION

Our approach to remuneration ensures that employees are paid fairly and competitively. It outlines the terms for workers' compensation, benefits, short- and long-term incentives at different levels within our organization to enable the Company to attract and retain talent and motivate employees to achieve greater results by linking pay to business and individual performance.

Compensation and benefit provisions vary from country to country as they are determined by local laws and regulations, market practice, and collective agreements in half of our plants. But in every instance, they are deeply aligned with the Company's culture and adhere to the Management Principles and Corporate Governance.

Tsubaki Nakashima is deeply committed to fostering a work environment where everyone can thrive and achieve outstanding results. We believe that a holistic approach is essential to truly support and empower our team.

Clear and transparent rules concerning compensation and benefits increase employee motivation. We believe that reward and recognition, built to support a high-performance culture, encourage employees to bring their best to a workplace to meet personal and the Company's goals and objectives.

Effective and fair compensation also enriches our company culture by bringing new talent. Employees are more likely to recommend our organization as an employer, which proved to increase employees' loyalty and reduce turnover.

In every country where we operate, we ensure our entry-level wages are set at least at the legal minimum. This not only guarantees fair treatment to those, especially young people, approaching the world of work for the first time but also constitutes a solid basis for salary progression linked, in addition to the adjustments required by local laws or collective agreements, to the development of competence and professionalism, and career opportunities.

A second truly determining factor for Tsubaki Nakashima is the relationship with the communities and the territory in which we operate.



SOCIAL

REMUNERATION

In our hiring policies, we favor - with equal professionalism - local staff. But, while this is quite widespread for direct and indirect workers, we also measure our ability to attract and develop local management or those who then move close to the factories, progressively integrating into local communities. The table beside demonstrates what has been said:

% OF MANAGERS HIRED FROM LOCAL COMMUNITIES

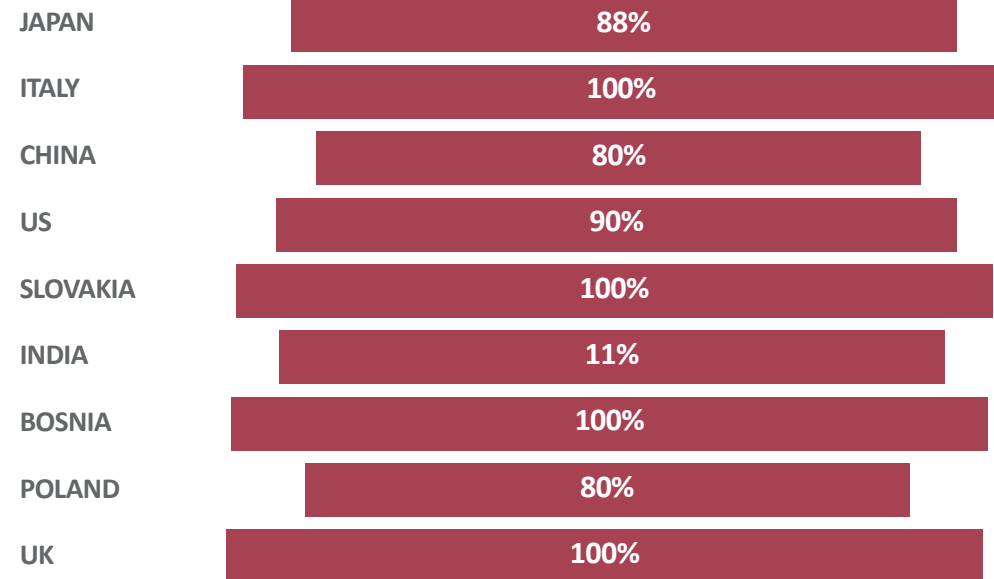


Figure 15
Proportion of management hired from the local communities (within a radius of 50 km/30 miles)



SOCIAL

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Respect—for individuals, for laws, and for the communities in which we operate—is a core principle at Tsubaki Nakashima. The freedom of association and the right to engage in open dialogue with company representatives are fully protected under our internal governance policies and in accordance with local laws.

In all countries where legislation supports collective agreements, whether at the national or company level, Tsubaki Nakashima upholds 100% protection for employees who choose to join unions. Constructive dialogue with employee representatives is not only encouraged but institutionalized, covering both employment relations and working conditions.

Where employee representation structures are in place, regular consultation and discussion meetings are held. In locations without formal representation, management ensures that employees remain informed through annual updates on company strategy, business trends, and performance.

Our commitment to transparency and mutual respect in labour relations reinforces trust and supports a responsible, inclusive workplace culture.



SOCIAL

EMPLOYEE WELL-BEING

At Tsubaki Nakashima, employee well-being is central to sustaining a healthy, high-performing organization. Our approach combines legal compliance with a strong ethical framework defined by the Tsubaki Nakashima Code of Business Ethics, managerial statements, and corporate values. These standards guide behaviour, decision-making, and reinforce our commitment to respect, safety, and integrity in the workplace.

We promote a safe and supportive environment where each team member is encouraged to care for themselves and one another. This includes adhering to employment laws across all operating companies — covering wages, working hours, benefits, and fair treatment — and extending our ethical standards to all stakeholders, including in new operations or acquisitions.

Our Labor Standards Policy aligns with the Universal Declaration of Human Rights and supports dignity, fairness, and respect for all. A positive work environment at Tsubaki Nakashima includes not only safe physical spaces, but also fair job conditions, pay and benefits, leadership engagement, and opportunities for development and feedback.

By integrating well-being into our corporate culture, we affirm that doing what is right applies both within the Company and in the communities we serve.

Tsubaki Nakashima also recognizes its responsibility to ensure its people can enjoy a work-life balance and are provided with opportunities to develop professionally. The following are example of benefits that Tsubaki Nakashima provides to its employees:

- **Health care and Disability (public and/or private) in every country;**
- **Life or accident insurance: 10 plants;**
- **Parental Leave in every country;**
- **Canteen and/or break rooms uniforms;**

Considering child labour in Tsubaki Nakashima there are no employees under 18 years of age in any of the factories.



SOCIAL

SMART - SETTING TARGETS AND EXPECTATIONS

At Tsubaki Nakashima, we believe in transparent, equitable performance management that supports both individual growth and organizational goals. Our approach applies equally to all employees — regardless of working hours — to ensure fair opportunities for development, recognition, and advancement.

We continue to use our unified **SMART** methodology as the foundation for setting and assessing goals and competencies. This system fosters consistency, alignment, and simplicity across the global organization.

Each employee's performance objectives are established collaboratively through the **Goals & Objectives (G&O)** process, which ensures targets are meaningful, measurable, and aligned with both strategic priorities and operational realities. The first-level manager and employee set these goals together, and they are reviewed by second-level leadership and HR to ensure clarity and alignment. A mid-year review offers a checkpoint to adjust or reaffirm targets as needed.

In parallel, the Performance Evaluation process goes beyond outcome tracking. It focuses on the development of the individual by assessing strengths and areas for improvement across a defined competency framework. This includes both behavioral dimensions — like leadership, growth mindset, and adaptability — and role-specific technical skills. Each evaluation results in a personalized development and training plan designed to support long-term success.

Our competency model remains anchored in four pillars:

- **Leadership and Behaviour**
(e.g., Leading by Example)
- **Future Orientation**
(e.g., Growth, Transformation)
- **Technical Expertise**
(skills related to specific roles)
- **Delivery Capability**
(meeting or exceeding expectations)

These competencies are not just benchmarks — they are part of our culture, integrated into every assessment and planning cycle. Together, they guide us in building a high-performance organization where all employees can thrive and contribute meaningfully.

Considering the percentage of employees receiving regular performance and career development reviews, in Tsubaki Nakashima all employees who are included in the Goals and Objectives processes are consequently involved in the Performance Evaluation processes, at least once a year and in a formal manner.

As regards the other employees, considering that every year there is a salary analysis which evidently has as its basis the evaluation of the technical-professional skills of the employees, 100% of our staff is evaluated.



SOCIAL

TRAINING AND EDUCATION

Tsubaki Nakashima recruits, develops, and promotes personnel based on merit and strives to maintain a work environment free from discrimination and harassment.

As we look ahead, we recognize the need to acquire and develop new capabilities – capabilities that will allow us to strengthen our commercial performance and enable us to build an agile, efficient global enterprise, fit for an ever-evolving marketplace. We continue to innovate in the way we deliver training, and as we move into 2025, we will enhance our learning systems and expand our program portfolio to meet the growing needs of our business and people.

OUR PROGRAMME

At Tsubaki Nakashima, building competence and professionalism begins with clarity—defining roles, expectations, and operational boundaries at every level. This foundation supports an effective training ecosystem that not only cultivates individual performance but also strengthens the overall organization. Two core tools underpin this process: structured job descriptions and the definition of baseline technical requirements through Gap Analysis.

Following the Gap Analysis, targeted training pathways are activated. These include practical instruction and competency-building sessions delivered through factory-specific systems and corporate learning platforms. In preparation for a more integrated and dynamic training experience, the company has begun transitioning from **Talent LMS** to **Leapsome**, a comprehensive platform that links learning with performance management. This transition, scheduled to be fully operational in **2025**, reflects our commitment to continuously enhancing employee development frameworks.



SOCIAL

TRAINING AND EDUCATION

A critical component of this development journey is our onboarding process. New team members are introduced through a phased approach designed to ensure clarity, engagement, and alignment from day one:

1 PRE-ARRIVAL READINESS

All logistical and operational preparations are completed prior to the employee's start date, including workspace setup and initial introductions.

2 ORIENTATION AND TRAINING

Employees receive an overview of the company, are briefed on responsibilities and job-specific requirements, and engage in on-the-job training aligned with operational needs.

3 GOAL ALIGNMENT

Individual objectives are defined using SMART criteria and aligned with the broader team strategy, regardless of the annual cycle's status.

4 PROGRESS CHECK-INS

HR and line managers conduct at least two structured follow-ups — one post-training and another after 90 days — to evaluate integration and gather feedback.

This structured approach supports long-term professional growth and underscores our belief that capability development is integral to ESG performance, culture, and sustainable business success.



SOCIAL

TRAINING AND EDUCATION

OUR TRAINING MAPPING AND UTILIZATION

To ensure maximum operational effectiveness and adherence to customer requirements, Tsubaki Nakashima implements structured evaluation processes for job-specific technical skills. Plant Managers and Management Team Members are responsible for assessing knowledge and technical abilities tied to specific machines, production stages, or specialized processes. This assessment is continuously tracked to uphold high-quality performance standards.

While the tools and formats may vary across our global facilities, the core content of each evaluation remains consistent. Department Supervisors review and confirm individual capabilities as documented in each employee's Skill Map or Training Plan. This process also helps identify training needs and determine actual proficiency levels. Each evaluation includes the date of assessment and a review of the training's effectiveness, ensuring accountability and measurable progress.

Mapping begins with clearly defined and formalized roles, particularly for key positions identified in the Performance Evaluation process and certain indirect roles. Local HR departments coordinate the data collection process, integrating results into broader Training and Development Plans.

Training is activated in response to several key scenarios:

- A ONBOARDING OF NEW**
- B JOB CHANGES, INCLUDING ROTATIONS OR DEPARTMENTAL TRANSFERS**
- C INTRODUCTION OF NEW TECHNOLOGIES, MACHINES OR TOOLS**
- D UPDATES TO WORK INSTRUCTIONS, PROCEDURES, POLICIES, SYSTEMS, OR CUSTOMER REQUIREMENTS**
- E SKILL RECOVERY OR DEVELOPMENT NEEDS IDENTIFIED THROUGH THE PERFORMANCE EVALUATION**

This approach enables targeted training investment, enhances job readiness, and supports continuous improvement across all operational areas.

We are also looking forward to implementing new learning tools that would further enable our capabilities in developing our Staff and having better metrics on the trainings completed.

484 USERS HAVE SPENT ABOUT 3.5 h

last year following globally available trainings

POTENTIAL	SAVINGS
539	LESS COMMUTE HOURS
\$ 62.5 k	TRAINING SAVINGS
484	BETTER SKILLED PEOPLE
-8.71 Mg CO ₂	ENVIRONMENTAL IMPACT

Figure 16
Key data on training.



SOCIAL

NON-DISCRIMINATION

In 2024 we have not received any complaints concerning a potential Incidents of discrimination.

As per our Policy 3&4 relating to the “Non-retaliation and Whistle Blower process” each employee has a protected approach to submitting potential incidents. Our Whistleblower policy is translated to local languages and is available on the company intranet.

DIVERSITY AND EQUAL OPPORTUNITIES

As of the end of 2024, Tsubaki Nakashima’s **Risk Management Committee and Sustainability Management Committee** demonstrate notable progress in leadership diversity, reinforcing our ESG governance structure with inclusive and globally attuned perspectives.

The **Risk Management Committee** comprises six members, with one-third of the seats held by women and two-thirds by individuals of non-Japanese nationality. This international and gender-balanced composition strengthens our capacity for comprehensive risk oversight by incorporating a broader range of insights and cultural perspectives, critical in managing the complexity of a global supply chain and regulatory environment.

Similarly, the **Sustainability Management Committee** includes five members, with women accounting for 40% of the group and non-Japanese nationals representing 40% as well. This composition reflects our commitment to ensuring that sustainability-related decisions are shaped by both gender-inclusive and globally representative leadership.

The presence of female and non-Japanese leaders in both committees aligns with our broader ESG goals of promoting equitable representation and fostering inclusive dialogue in strategic areas such as environmental responsibility and long-term value creation.

By ensuring that diversity is embedded in key governance structures, Tsubaki Nakashima continues to strengthen its accountability, risk resilience, and stakeholder responsiveness, hallmarks of robust ESG performance.

Our Labour Standards in combination with Managerial Statement and Code of Business Ethics reinforce that all employees are treated equitably and fairly. In our practices we ensure equal pay for employees performing the same job with the same level of experience and skills set while observing the minimum wage requirements set by the government and/or collective agreements.



SOCIAL

HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

In alignment with our commitment to sustainability, we have developed and deployed a **Global Sustainability System (GSS)** at each of our locations. This system not only integrates health and safety management but also encompasses environmental management, energy efficiency, and broader sustainability efforts. The GSS Policy sets high standards for health and safety, offering clear directives for management and employees alike, ensuring a holistic approach to well-being in our organization. Our company has also implemented and certified an ISO 45001:2018 Occupational Health and Safety Management System across seven of our facilities. This system ensures a comprehensive and structured approach to managing workplace health and safety, safeguarding the well-being of our employees, contractors, and visitors.

Detailed instructions and procedures related to health, safety, and hygiene management are integrated into the overall management system that spans across the Group, Business Units and individual locations. This system ensures compliance with legal requirements as well as those set forth by the Group, its clients, and other stakeholders. It also provides a framework for the continuous improvement of health and safety performance.

The scope of this management system includes both physical and mental health as well as safety. It covers not only employees at Tsubaki Nakashima locations (regardless of their employment type) but also contractors and visitors to our sites. Through this system, we aim to foster a safe, healthy, and sustainable work environment for everyone involved.



SOCIAL

HEALTH AND SAFETY

HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION

In Tsubaki Nakashima, the process of hazard identification and risk assessment is a key element of our safety management system. We regularly conduct health and safety inspections, audits, and analyze potential hazards to minimize the risk of accidents. Every workstation is evaluated for safety, and any dangerous situations are immediately identified and rectified by implementing appropriate protective measures.

In addition to standard risk assessments, we regularly conduct training sessions and workshops to raise awareness among employees about the hazards associated with their work. Our goal is to ensure that every employee knows safety procedures and can identify hazards in their environment. Furthermore, employees have the opportunity to report potential risks, enabling faster responses and the implementation of preventive actions.

After every workplace accident, we carry out a detailed investigation to determine the causes of the incident and implement appropriate preventive measures. Our team analyzes both the direct and systemic causes to identify the source of the problem and prevent its recurrence in the future. Through systematic data collection and accident analysis, we can implement effective corrective and preventive actions, improving safety within the company and protecting employee health. In this way, we create a work environment where hazards are minimized, and the risk of accidents is continuously reduced.



SOCIAL

HEALTH AND SAFETY

OCCUPATIONAL HEALTH SERVICES

We organize occupational health services at the legal entity or site level in accordance with local regulations. Tsubaki Nakashima appoints a local, usually external (third-party) doctor to provide services.

The majority of these doctors work off-site, but a number of doctors have a more permanent presence and provide in-house services at a few of our larger facilities. Appointed doctors regularly attend H&S committee meetings organized by local management to evaluate problems, issues and potential areas of improvement.

All our facilities provide comprehensive occupational health services, supporting both the physical and mental well-being of employees. Regular preventive medical examinations, occupational risk assessments, and consultations with occupational health physicians are conducted to ensure workplace safety and health.

As part of our proactive approach, we organize health training sessions, meetings with physicians, and awareness campaigns on ergonomics, occupational disease prevention, and stress management. Employees also have access to periodic health check-ups.

Additionally, our facilities implement preventive measures such as workplace condition monitoring, ergonomic improvements, and initiatives promoting a healthy lifestyle, including physical activity programs and educational nutrition workshops.



SOCIAL

HEALTH AND SAFETY

WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

In our company, we actively engage employees in occupational health and safety matters through regular health and safety committee meetings, consultations, and open communication. Employees have the opportunity to submit feedback, identify hazards, and propose actions to improve working conditions.

We also conduct cyclical training sessions and workshops, during which key safety issues and best practices are discussed. Communication regarding health and safety is supported by information boards, internal communication platforms, and educational campaigns, all of which help build a safety culture within the organization.

Employee involvement in health and safety processes is crucial for us, as it enhances hazard awareness, improves working conditions, and reduces the risk of accidents. Furthermore, we regularly review and update our safety procedures based on employee feedback and any emerging risks, ensuring continuous improvement and the active participation of all employees in maintaining a safe workplace.

Tsubaki Nakashima conducts consultations with the social side and trade union representatives on activities related to occupational health and safety. This includes discussions concerning changes in work organization and workstation equipment, the introduction of new technological processes, and chemical substances and preparations that may pose a threat to the health or life of employees, as well as the assessment of occupational risks associated with specific tasks.



SOCIAL

HEALTH AND SAFETY

WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

We recognize the importance of continuous education and training to ensure that our employees are well-equipped to work in a safe and healthy environment. In all our facilities, we provide regular and comprehensive training programs focused on occupational health and safety. These programs cover a wide range of topics, including hazard awareness, emergency procedures, safe work practices, and the proper use of personal protective equipment (PPE).

Training is tailored to specific roles and responsibilities, ensuring that all workers, from new employees to experienced personnel, receive the relevant knowledge and skills to effectively manage health and safety risks. Additionally, we foster a culture of safety through ongoing communication and refresher courses to keep our workforce informed about any updates in safety protocols or regulatory changes.

Some of our facilities have their own firefighters who take action to prevent fires and dangerous situations. They work closely with the local fire department and can respond quickly in emergencies. But in addition to taking action in emergencies, we also train employees to deal with hazards and sensitize them so that they can actively avoid situations involving risk. Facilities without their own fire department work closely with the local fire department.

Our commitment to worker training plays a key role in promoting a safe workplace, minimizing risks, and ensuring that employees are empowered to take responsibility for their own health and safety as well as that of their colleagues.

PROMOTION OF WORKER HEALTH

Across the Tsubaki Nakashima operates a wide range of activities and programs to promote the health and well-being of its employees, and also offers its employees the opportunity for preventive healthcare through various offers and activities. These include, for example, sports facilities, anti-smoking campaigns, check-ups, diet and health workshops, presentations on health issues.



SOCIAL

HEALTH AND SAFETY

PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LINKED BY BUSINESS RELATIONSHIPS

In Tsubaki Nakashima, we pay special attention to the prevention and mitigation of health and safety risks that may arise from business relationships, such as cooperation with suppliers, contractors, and external partners. As part of our collaboration with these entities, particularly in the production and logistics areas, we implement appropriate occupational risk assessment procedures to ensure that all parties adhere to high health and safety standards.

We also take steps to educate our suppliers and partners on safety management, including organizing training sessions and implementing joint preventive initiatives. Additionally, we regularly monitor the working conditions of our suppliers and contractors to ensure they comply with our health and safety standards.

In this way, we aim to minimize risks and impacts on the health and safety of our employees as well as those involved in the supply chain, ensuring appropriate control over the entire business process.

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

All Tsubaki Nakashima employees are covered by the Global Sustainability System (GSS). Additionally, seven of our facilities operate under a certified Occupational Health and Safety Management System ISO 45001:2018, ensuring the highest standards of workplace safety and well-being.

This system plays a crucial role in creating a safe and healthy work environment by identifying and mitigating risks, promoting a culture of continuous improvement, and ensuring compliance with legal and corporate safety requirements. By integrating occupational health and safety into our broader sustainability framework, we not only protect our employees but also enhance productivity, reduce workplace incidents, and foster a proactive approach to well-being.



SOCIAL

HEALTH AND SAFETY

WORKER RELATED INJURIES

In general, the production of precision balls and rollers can be considered to have a relatively low level of risk in the workplace. Nevertheless, there are still some activities that are associated with an increased risk of accidents. Typical workplace hazards include lifting and carrying loads, working in a noisy environment, and operating short-range transport equipment. As part of the GSS, workplace hazards are systematically assessed, and appropriate measures are implemented to protect employees.

Tsubaki Nakashima consistently strives to create safe and clean workplaces in production plants. This is done, for example, by optimizing and modernizing systems and processes, replacing hazardous substances, and reducing noise emissions. Workstations are also further optimized in terms of ergonomics.

Standardized reporting on occupational health and safety ensures that the efforts made are having the desired effect and that corrective measures can be taken at an early stage. In the year under review, a total of 27 accidents were recorded (previous year: 23 accidents), which corresponds to 702 lost working days due to accidents at work (previous year: 555 lost working days).

In the reporting year, the accident frequency rate increased to 0.9 (previous year: 0.7). Similarly, the accident severity rate rose to 24.0 (previous year: 15.7) over the same period.

However, during the reporting year, no serious or fatal workplace accidents were recorded.

WORK-RELATED ILL HEALTH

There were no new reports of occupational diseases among the employees of our company in 2024.



SOCIAL

2024 INITIATIVES FOR OUR EMPLOYEES

In this chapter, the most important initiatives for our employees carried out during 2024 are presented.

TN-AWARDS

In Tsubaki Nakashima, **we recognize and celebrate each other's achievements**, especially when we do something well or right. This is a key part of **TN's culture** and we pursue the recognition initiatives, which inspire employees to be better, think bigger, and continue to grow and achieve excellence in every aspect of the business including customers, employees and environment.

Every year we select *“The Best Run Plant”* that goes to the plant that has demonstrated **outstanding performance**, meeting the **4 Cardinal Points**.

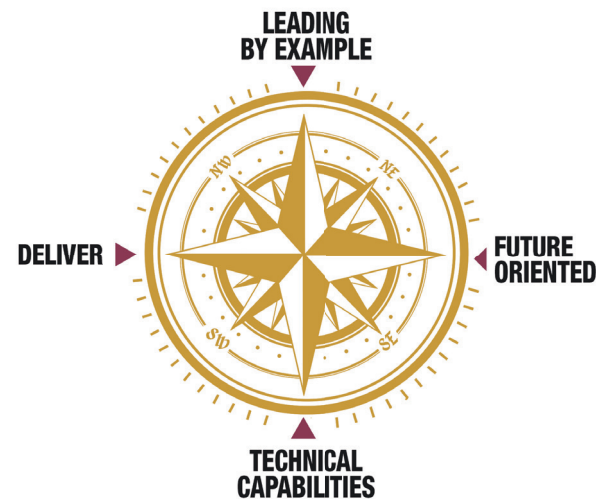


Figure 17
4 cardinal points for best run plant.



SOCIAL

2024 INITIATIVES FOR OUR EMPLOYEES



The 2024 Winner is TCT (Taicang Plant, China) for setting a new benchmark in delivering robust business results, increase in productivity and efficiency, developing and upgrading technologies and process-automation.

Figure 18
Taicang plant staff during TN Award ceremony.



SOCIAL

2024 INITIATIVES FOR OUR EMPLOYEES

TN-AWARDS



Figure 19
CEO, Taicang Plant Manager, China BU President

In day-to-day work, the efforts of employees have not gone unnoticed. We recognize the results of peers and colleagues who have achieved excellence and become an inspiration and example for others, irrespective of the role and the level of responsibility they fulfill, be it at a corporate, regional or plant level. Our goal is that every employee steps on board and feels the spirit of being part of a winning team. In 2024 Be Excellent awards went to 60 employees in all continents where we operate.

In 2025 we amplified the program even further, which signifies our commitment to supporting our organizational objectives and recognizing the individual contributions that drive our collective success.



SOCIAL

2024 INITIATIVES FOR OUR EMPLOYEES

OTHER INITIATIVES



POLISH PLANT

at the beginning of May, we organized a meeting between our employees and the representatives of **the National Health Found**. This meeting was aimed at promoting **the prevention of healthy eating, physical activity and ensuring proper hydration of the body.**



SOCIAL

2024 INITIATIVES FOR OUR EMPLOYEES

OTHER INITIATIVES



ITALIAN PLANT

Tsubaki Nakashima main sponsor of a mountain running competition.

US (ERWIN) PLANT

Employee Family Fun Day set for August 10.



SOCIAL

2024 INITIATIVES FOR OUR EMPLOYEES

OTHER INITIATIVES



CHINA (KUNSHAN) PLANT

Celebrate Women's Day.





SOCIAL

2024 INITIATIVES FOR OUR EMPLOYEES

OTHER INITIATIVES



CHINA (TAICANG) PLANT

Organize work injury prevention training.



SOCIAL

2024 INITIATIVES FOR OUR EMPLOYEES

OTHER INITIATIVES



THAILAND PLANT

Fire drills annual training on 19th Mar 2024.





ESG GOVERNANCE



GOVERNANCE

AT A GLANCE...

Tsubaki Nakashima Corporate Governance System consists of the Board of Directors, Nomination Committee, Compensation Committee, and Audit Committee as supervisory bodies.

To conduct business and grow on a global scale, the Group is working to strengthen its highly transparent and objective Integrated Corporate Governance System.





GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

The company believes corporate governance is one of the most important management issues as our basic management policy is to continue profitable growth and contribute to society.

The executive officers responsible for business execution are separated from the board of directors, which accounts for half of the external directors, to enhance the agility and flexibility of business execution while supervising the executive officers from the board of directors.

In addition, we have established three committees, the Nomination Committee, the Compensation Committee and the Audit Committee, which account for the majority of outside directors. As a result of this, we ensure “separation of supervision and execution” and enhance management transparency.

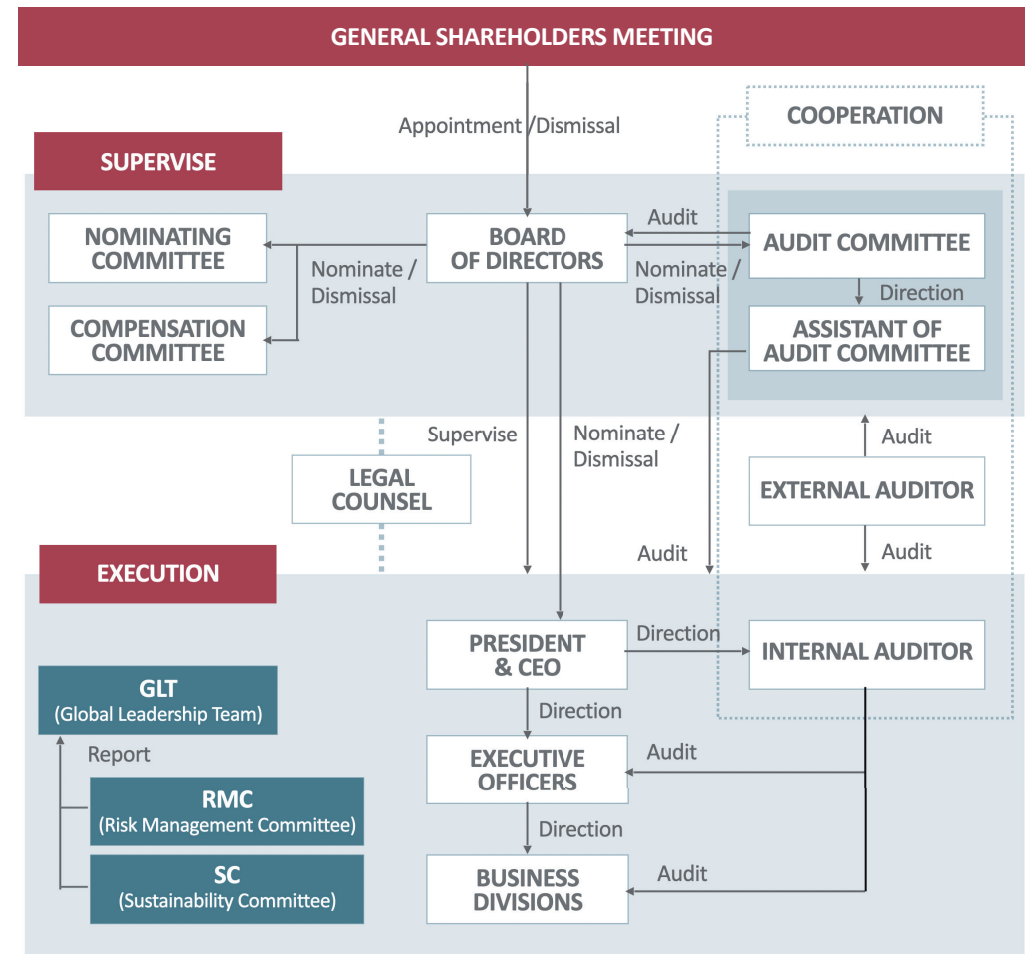


Figure 20
Diagram of Corporate Governance System



GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

From the perspective of conducting and growing our business on a global scale, we aim for a highly transparent and objective governance system. In addition, we will realize efficient and specialized group company management functions and build a group management system with a sense of unity.

The Executive Officers, who are responsible for business execution, and the Board of Directors, the majority of whom are outside directors, are separated, and the Board of Directors supervises Executive Officers while increasing the agility and flexibility of business execution.

In addition, we have established three committees: the Nomination Committee, the Remuneration Committee, and the Audit Committee, the majority of which are outside directors. As a result of the above, we are working to ensure the separation of supervision and execution and enhance the transparency of management.

THE COMPANY

- shall improve the agility of decision-making by clarifying the authority and scope of work of the Board of Directors and Executive Officers,
- improve management transparency by establishing the Nomination Committee, the Remuneration Committee, and the Audit Committee, the majority of which are outside directors, and make the supervisory function of the Board of Directors more effective by highly specialized outside directors, and
- with the aim of having independent and insightful outside directors provide advice to the Board of Directors and other committees from an outside perspective, the Company has adopted a company with a Nomination Committee as its organizational design.



GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The Board of Directors deliberates and makes resolutions on matters stipulated by laws and regulations and basic management matters, and supervises the execution of duties by Executive Officers. The Board of Directors meets once a month, and extraordinary meetings of the Board of Directors are held in a timely manner as necessary. The Board of Directors consists of seven directors (including four outside directors). The committee is chaired by Noboru Yamamoto, a member of the Board of Directors.

NOMINATION COMMITTEE

The Nomination Committee decides on the content of proposals for the appointment and dismissal of directors. The Nomination Committee consists of two outside directors (including the chairperson) and one internal director, and the majority of the members are outside directors, thereby ensuring the appropriateness of nominations.

COMPENSATION COMMITTEE

The Compensation Committee determines the basic policy on remuneration for directors and executive officers and the amount of remuneration for each individual. The Remuneration Committee consists of two outside directors (including the chairperson) and one internal director, and the majority of the members are outside directors to ensure the appropriateness of remuneration.

AUDIT COMMITTEE

The Audit Committee audits and supervises the execution of duties by directors and executive officers, and decides on the content of proposals for the appointment and dismissal of accounting auditors submitted to the General Meeting of Shareholders. The Audit Committee meets once a month and consists of three outside directors, each of whom has a different field of expertise, and is appointed in the belief that it is possible to conduct audits from various perspectives.

REPRESENTATIVE EXECUTIVE OFFICER, CEO AND EXECUTIVE OFFICER

The Representative Executive Officer and CEO execute business on behalf of the entire company, and the Executive Officer assists the Representative Executive Officer and CEO in the execution of business. In addition, the Global Leadership Team (GLT), which meets weekly meetings, shares information and conducts deliberations, and executes delegated duties under the supervision of the Board of Directors.



GOVERNANCE

CORPORATE GOVERNANCE POLICIES AND PROCEDURES

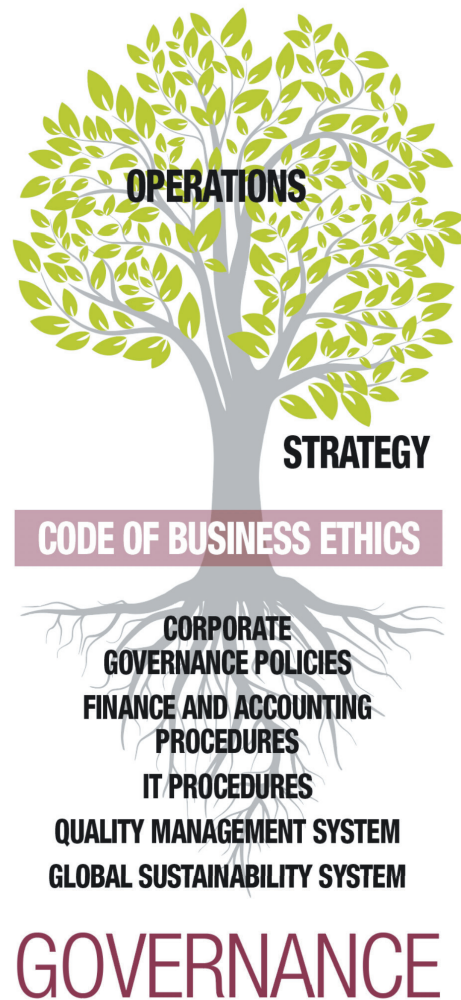
Tsubaki Nakashima has adopted a Manual of Compliance, Code of Business Ethics and related Policies addressed to all those who have employment, collaboration, consultancy, or other relationships with the Company. They dictate the rules of correctness and transparency that distinguish the Company's work and is based on a series of principles with values, which are then declined within the code:

- **health safety at work, environmental protection, responsible use of natural, resources**
- **social policies**
- **accounting accuracy**
- **confidential and relevant information**
- **protection of personal data**
- **personnel policies and labor standards**
- **relations with suppliers and interlocutors' social policies of the Company**
- **organizational model and supervisory bodies**
- **transparency and completeness of information**
- **relations with authorities and communities**
- **reporting in case of violations of the provisions of the code**



GOVERNANCE

CORPORATE GOVERNANCE POLICIES AND PROCEDURES



CODE OF BUSINESS ETHICS

- MANUAL OF COMPLIANCE
- CODE OF BUSINESS ETHICS
- NON-RETALIATION POLICY - WHISTLE-BLOWER
- CONFLICT OF INTEREST
- DATA PROTECTION
- TRACKING REGULATIONS
- PROTECT WELL-BEING
- CREATE POSITIVE RELATIONSHIPS
- LABOR STANDARDS
- CHILD LABOR
- NONDISCRIMINATION AND EQUAL OPPORTUNITIES
- INCLUSION AND DIVERSITY
- ASSOCIATION, BARGAINING, WORK ORGANIZATION
- TSUBAKI NAKASHIMA AWARDS
- GOALS AND OBJECTIVES - PERFORMANCE EVALUATION
- GOAL AND GAIN SHARING PROGRAM
- BONUS SYSTEM, ACCRUALS AND RELEASE OF ACCRUALS
- ONBOARDING POLICY
- BLOGGING AND SOCIAL MEDIA - EMAILING AND INTERNET POLICY
- TRAVEL POLICY
- GLOBAL MOBILITY PROGRAM
- COVID-19 - GUIDELINES BASED ON ISO 45005-2021
- CLIMATE CHANGE AND GHG EMISSIONS
- EDUCATIONAL ASSISTANCE PROGRAM
- COMPANY CARS EU – SUSTAINABILITY

Figure 21
Tsubaki Nakashima's Governance overview.



GOVERNANCE

CORPORATE GOVERNANCE POLICIES AND PROCEDURES

Moreover the Risk Management procedures, designed to improve Quality, Health and Safety, Environment, Energy and to address urgent and relevant issues (in all the business fields, including the Sustainability part) are applied to all risks that are present in the different Organizations and which could potentially harm the stakeholders, including workers, impact the environment, the energy management and reputation, liability, business in general.

The analysis and evaluation of individual risks inherent in business activities are carried out by the responsible of each business unit, as well as the global functions for manufacturing, quality, sales, purchasing, technology, finance, and human resources. When significant risks are identified, the Risk Management Committee (RMC) is convened to review the results of the risk analysis and evaluation conducted by each region and global functions. These results are then reported to the Global Leadership Team (GLT). GLT discusses and decides on the response to the identified risks and, if significant losses and other concerns are anticipated, promptly reports to the Board of Directors and takes appropriate measures.



ESG GRI CONTENT INDEX

**GRI CONTENT INDEX - ESG REPORT 2024**

Prepared in accordance with the GRI Standards (2021)

GRI STANDARD / DISCLOSURE	TITLE	PAGE NUMBER
GRI 2: General Disclosures 2021		
2-1	Organizational details	Pages 10-11-14
2-2	Entities included in the organization's sustainability reporting	Page 11
2-3	Reporting period, frequency and contact point	Page 21
2-4	Restatements of information	Page 4
2-5	External assurance	Page 33
2-6	Activities, value chain and other business relationships	Pages 12-13
2-7	Employees	Page 50
2-8	Workers who are not employees	Page 50
2-9	Governance structure and composition	Pages 77-82
2-10	Nomination and selection of the highest governance body	Page 80
2-11	Chair of the highest governance body	Page 77
2-12	Role of the highest governance body in overseeing management of impacts	Page 77
2-13	Delegation of responsibility for managing impacts	Pages 24-25
2-14	Role of the highest governance body in sustainability reporting	Pages 24-25
2-15	Conflicts of interest	Page 81
2-16	Communication of critical concerns	Page 81
2-17	Collective knowledge of the highest governance body	Page 9
2-18	Evaluation of the performance of the highest governance body	Page 77
2-19	Remuneration policies	Pages 78-79
2-20	Process to determine remuneration	Pages 78-79



GRI CONTENT INDEX - ESG REPORT 2024

Prepared in accordance with the GRI Standards (2021)

GRI STANDARD / DISCLOSURE	TITLE	PAGE NUMBER
GRI 2: General Disclosures 2021		
		Pages 10-11-14
2-22	Statement on sustainable development strategy	Pages 31-32
2-23	Policy commitments	Page 33
2-24	Embedding policy commitments	Pages 31-33 48-49
2-25	Processes to remediate negative impacts	Pages 27-28
2-26	Mechanisms for seeking advice and raising concerns	Page 81
2-27	Compliance with laws and regulations	Pages 7-80-81
2-28	Membership associations	Not explicitly disclosed
2-29	Approach to stakeholder engagement	Pages 18-20
2-30	Collective bargaining agreements	Page 53
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Pages 26-28
3-2	List of material topics	Page 28
3-3	Management of material topics	Throughout ESG section
Topics specific GRI Disclosures		
GRI 302	Energy	Page 41
GRI 305	Emissions	Pages 35-40
GRI 306	Waste	Pages 44-45
GRI 303	Water and Effluents	Page 45



GRI CONTENT INDEX - ESG REPORT 2024

Prepared in accordance with the GRI Standards (2021)

GRI STANDARD / DISCLOSURE

TITLE

PAGE NUMBER

Topics specific GRI Disclosures

GRI 401	Employment	Page 50
GRI 403	Occupational Health and Safety	Page 66
GRI 404	Training and Education	Pages 56-58
GRI 405	Diversity and equal opportunities	Page 59
GRI 406	Non-discrimination	Page 59
GRI 207	Tax	Not disclosed in this report