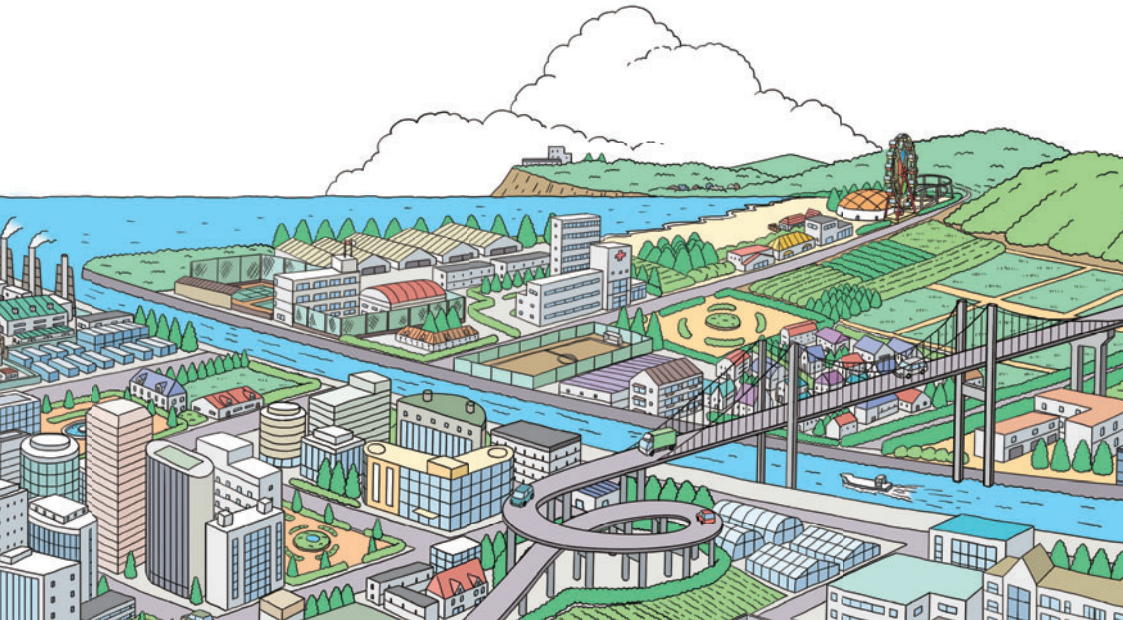


NGK SPARK PLUG Group



CSR Report 2014

CSR Report <Digest Version>



Exhibiting Visible Effects in Unseen Places

Even though many of our products are small,
they actually make a big contribution to your
life, society and the environment.

Crystal Device/ SAW Filter Package

Contributing to miniaturization and
weight reduction of
telecommunications devices with
achievement of super compact
and thin ceramic packages



Ceramic Inserts

Contributing to high quality
manufacturing through wear
resistant cutting tools



Iridium Plug

Contributing to low fuel
consumption through outstanding
ignitability and durability



Zirconia Exhaust Gas Oxygen Sensor

Contributing to cleaner exhaust gas
as a key component in air-fuel ratio
control



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Content of Business Area

Automotive Components

- Spark Plugs
- Glow Plugs
- Sensors

Technical Ceramics

- Semiconductor Components
- Electronic Components
- Medical Products
- Industrial Components
- Cutting Tools

Ceramics

Editorial Policy

The CSR Report 2014 is edited with the intention of informing all of our various stakeholders about the CSR activities of the NGK SPARK PLUG Group.

Please refer to the Company's website for detailed information.

<http://www.ngkntk.co.jp/english/csr/>

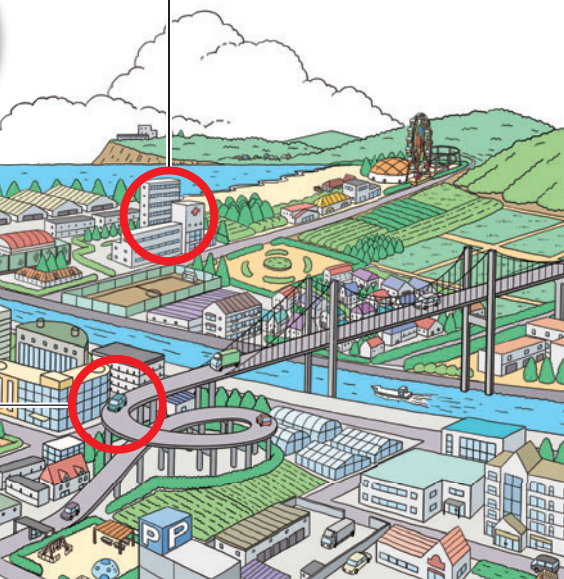
Igniter Plug

Contributing to safe and reliable flight in harsh environments



Bone Filling Materials (Bio Ceramics)

Contributing to recovery from bone fractures and bone loss on the frontline of advanced medical treatment



Our Business Activities

Europe

Consolidated subsidiaries 4



Asia, South America, Other

Consolidated subsidiaries 17

Unconsolidated subsidiaries 1

Equity method affiliates 1

Non-equity method affiliates 3

Share of global
spark plug
market

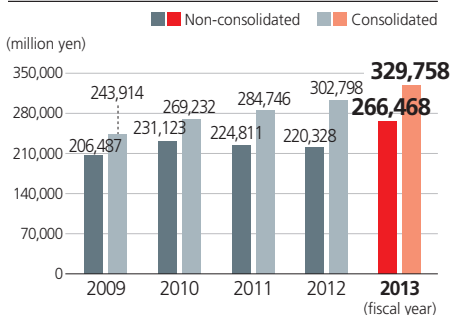
No.1

- Manufacturing & Sales Organization
- ▲ Sales Organization
- Other

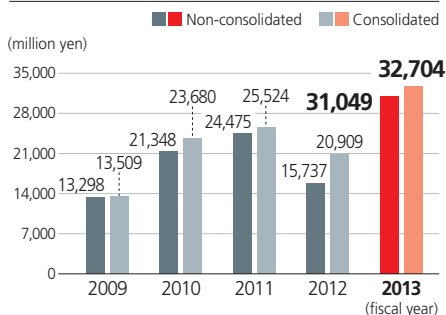


Contributing to Local Communities and the Environment Right Across the World

Net Sales



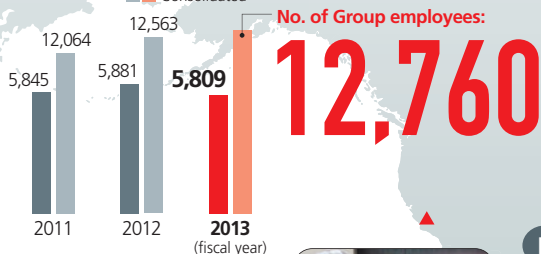
Net Income



No. of Employees

(People)

■ Non-consolidated
■ Consolidated



North America

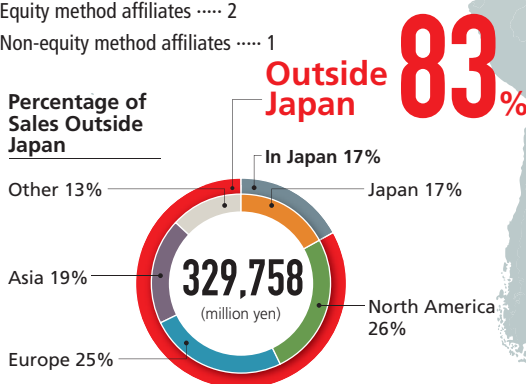
Consolidated subsidiaries 4



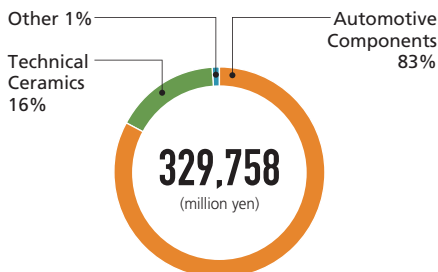
Japan

Consolidated subsidiaries 9
Unconsolidated subsidiaries 1
Equity method affiliates 2
Non-equity method affiliates 1

Percentage of Sales Outside Japan



Net Sales by Segment



Corporate Outline (as of March 31, 2014)

Company name: NGK SPARK PLUG CO., LTD.
Headquarters: 14-18, Takatsuji-cho, Mizuho-ku, Nagoya
Establishment: October 26, 1936
Capital: 47,869 million yen
Business:
1. Manufacturing and selling spark plugs and related products for internal-combustion engines
2. Manufacturing and selling technical ceramics and applicable products
Group companies: 36 subsidiaries (ten in Japan and 26 outside Japan) and seven affiliates



Transitioning from the 1st SHINKA (Delving) to the 2nd SHINKA (Renovating) Phase

**Creating New Value for Society through
Our Businesses and Products**

Shinichi Odo

President & Chief Executive Officer
NGK SPARK PLUG CO., LTD.



NITTOKU SHINKARON (The Evolution of NGK SPARK PLUG)

In fiscal 2010, the NGK SPARK PLUG Group formulated a long-term management plan called NITTOKU SHINKARON (The Evolution of NGK SPARK PLUG), which sets out the vision for NGK SPARK PLUG in 2020. Under this plan, our goal is to become a distinguished manufacturing company, a highly profitable company, a progressive company, and a personnel “assets” company. Having achieved these goals, we will deliver real value to stakeholders around the world. The Evolution of NGK SPARK PLUG has been broken down into three separate three-year stages called the 1st SHINKA (Delving), 2nd SHINKA (Renovating), and 3rd SHINKA (Evolving). The year 2014 is the second year of the 2nd SHINKA (Renovating) stage, which also represents our sixth medium-term management plan. In the Delving stage that lasted until fiscal 2012 we focused efforts on changing the foundation of the company, or our organizational structure and culture, as well as adopted the corporate officer system and formulated new human resources systems.

Overview of the New Medium-Term Management Plan



For the three-year period of the 2nd SHINKA (Renovating) launched in fiscal 2013 we have adopted a basic policy to fully leverage our management resources to tackle bold challenges in new business domains and fields, with the aim of evolving to the final stage of the long-term management plan. Using the foundation constructed during the three years of the 1st SHINKA (Delving), we now accelerate decision making and execution as well as work on launching new products.

The Second Year of the 2nd SHINKA – The Midway Point of The Evolution of NGK SPARK PLUG

In April 2014, we introduced a new human resources system under which we will aim to achieve real human resources development that considers the career paths of individual employees, delivering flexibility to their future with the company, and that can adapt to the changing environment surrounding the NGK SPARK PLUG Group. Additionally, as part of our initiatives for capitalizing on our diverse pool of human resources, first we are developing a framework to promote the active participation of women. We will proactively hire people with ambition and a challenging spirit, regardless of gender, nationality, age, or disability.

In the Automotive Components Business, we will aim to further enhance our spark plugs and sensors and toward that end we are diligently working on the next innovation and revolution that will form the foundation of our new manufacturing philosophy. We stand fully committed to complying with the stricter environmental regulations of countries around the world and to building a supply system where we can deliver our products in a stable and speedy manner.

With regard to the Technical Ceramics Business, we have established a new fabless business model for organic IC packages through our capital and business tie-up with Eastern Co., Ltd. We will be able to supply products that can adapt to the evolution of the smartphone and tablet devices.

We will develop our core technologies for use in fields such as the environment, energy and EV. We will also develop solid oxide fuel cells (SOFC) and hydrogen leak detection sensors for fuel cell vehicles, as well as become actively involved in the joint development of next-generation vehicles. By being the first to develop in-demand ecological products through our core business to realize a low-carbon society, we will be able to contribute to the sustainable society of tomorrow.

Promotion of CSR Management

In November 2010, we established our CSR Committee. The CSR Committee, with an eye on our CSR policy, takes the lead in establishing targets for initiatives necessary for the continual and sustainable growth of our company, and works to continually make improvements.

In practicing compliance, we address various tasks, such as raising awareness about the helpline and fostering a better workplace environment, based on the results of our compliance survey.

We have also carried out a business impact analysis (BIA) for a major earthquake and formulated a business continuity plan (BCP), under which we are making improvements.

We will promote communication with individual investors by increasing the number of briefings, and soliciting various feedback.

For our business partners, we have published and rolled out CSR procurement guidelines.

We held a free family musical in December 2013 at the NTK Hall (Nagoya City), which we obtained the naming rights to in 2012. We invited people displaced by the Great East Japan Earthquake who are currently living in Nagoya and children raised in orphanages as well as other families in the region. Going forward, we will continue to plan similar events as part of community contributions.

We hereby release CSR Report 2014, which compiles our activities during fiscal 2013.

We would very much appreciate your unreserved comments and opinions.

1 **SHINKA** (Delving) of Automobile Oxygen Sensors

Helping Prevent Atmospheric Pollution by Controlling
the Exhaust Gas Cleaning Performance of the Three-Way Catalyst*

* An exhaust gas cleaning device that simultaneously eliminates carbon monoxide (CO), hydrocarbons (HC) and nitrogen oxides (NOx) in exhaust gas through oxidation or reduction.

History of Oxygen Sensors

1980s

Automobile oxygen sensor
launched in 1982

Early oxygen sensors

2000s

Wide range oxygen sensors allow
more precise control of stoichiometric
air-fuel ratio Application in diesel
engines also advancing

Wide range oxygen sensors

Conventional oxygen sensor
with the most extensive
track record

Activation time: 15 seconds

Conventional oxygen sensors

Late-model oxygen sensors
delivering high performance
and reliability

Activation time: 5 seconds

Late-model oxygen sensors



Voice of our Developer

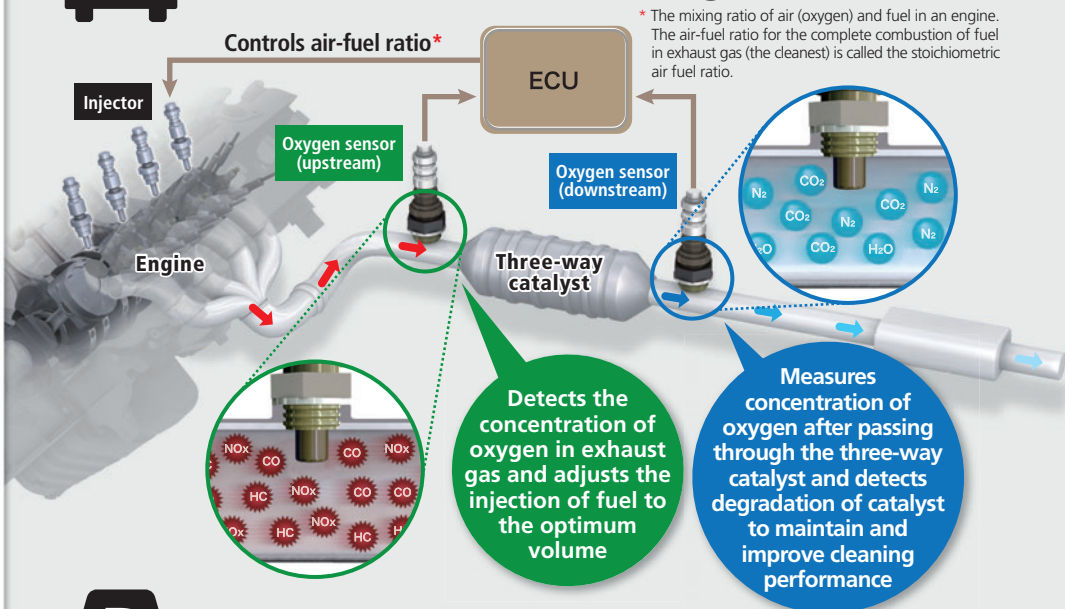
Daisuke Uematsu

Sensor Engineering Dept.II, Sensor Division,
Automotive Components Group

Aiming to establish new elemental technologies

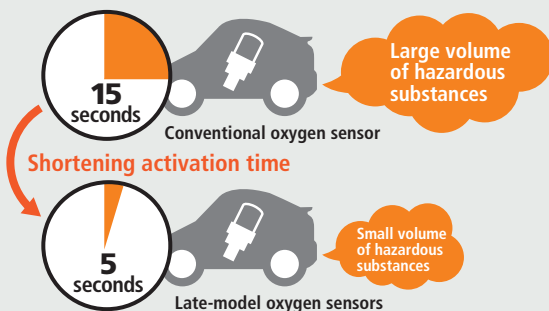
The precious metal platinum is needed to make the elements in oxygen sensors perform their function, but it is an extremely expensive metal, which is a factor in pushing up the cost of sensors. We go to a lot of trouble to identify the minimum amount of platinum required to strike a balance between guaranteeing the functional aspect of the sensor with cost reductions. Oxygen sensors still have a short history relative to the history of the internal combustion engine, and that is why there is still unexplored territory in terms of methods of usage and development goals. We will work to establish elemental technologies in order to handle new areas.

Controls Exhaust Gas Cleaning Performance



Preventing Atmospheric Pollution

Oxygen sensors need to function in the shortest possible time after the engine starts. The activation time for NGK SPARK PLUG's late-model sensors is a mere five seconds. They also meet exhaust gas regulations becoming stricter around the world.



Supplying NOx Sensors to Meet Stringent NOx Regulations

Highly precise control of NOx is needed to meet the stringent NOx regulatory values of recent years.

NOx sensors measure the concentrations of NOx and oxygen in exhaust gas in real time, contributing to energy conservation and clean air by controlling NOx in gasoline direct injection engines and diesel engines.



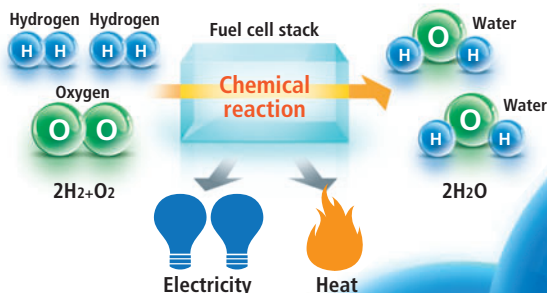
WEB

<http://www.ngkntk.co.jp/english/csr/feature01.html>

2 SHINKA (Renovating) for the Advent of the Hydrogen Society

Hydrogen Leak Detection Sensor Developed to Ensure Safety when Using Hydrogen*

* Hydrogen is expected to be used for fuel cell vehicles (cars and forklifts), hydrogen-filling stations, residential fuel cells and other applications.



Hydrogen has promise as a clean energy without exhaust gas* emissions

* CO₂, NO_x, SO_x, PM

(Internal substrate)



Hydrogen leak detection sensor

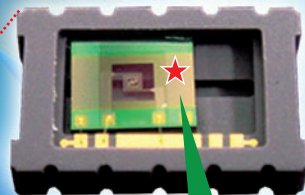
Utilizing advanced microelectromechanical systems (MEMS) processing technology and circuit design technology

(Main unit)



★ Newly developed thermal conductive element

MEMS element that responds sensitively to even slight changes in thermal conduction



Rapid start up with 1 micron thick heater



Voice of our Developer

Daisuke Ichikawa

New Business Strategy Dept.,
New Business Advancement Group

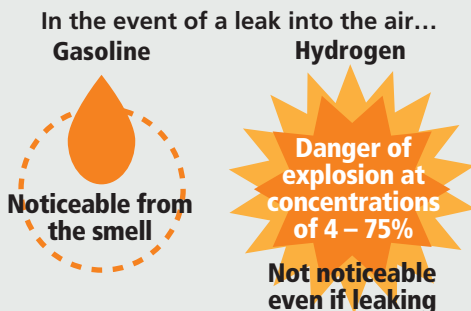
Toward development of non-degrading sensor to maintain FCV safety

Rapid and accurate detection of a hydrogen leak is one of the critical factors for the life of the driver in a fuel cell vehicle (FCV) that runs on hydrogen. Therefore, it is necessary to develop a sensor that is non-degrading at the same time as being highly precise.

NGK SPARK PLUG's hydrogen leak detection sensor is still under development, but we take pride in the facts that it uses a method of detection that is different from those of our competitors and that the durability of the sensor is superior to those of our competitors. First of all, we are aiming to develop a sensor that will be fitted to FCVs for mass production and gain the No. 1 share of the market in this area.

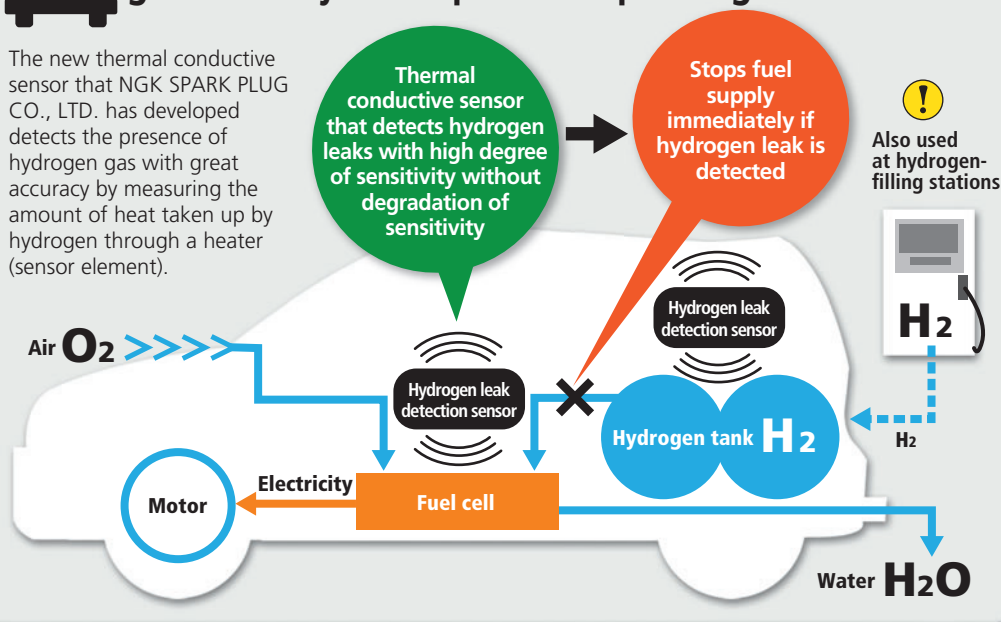
nsuring Safety During Use

Hydrogen is colorless, transparent and odorless, so a driver would not be able to notice it if it leaked into the air. A highly accurate sensor that can rapidly detect even the slightest leak is essential for safe operation of FCVs.



igh Sensitivity and Rapid Start-up through New Method

The new thermal conductive sensor that NGK SPARK PLUG CO., LTD. has developed detects the presence of hydrogen gas with great accuracy by measuring the amount of heat taken up by hydrogen through a heater (sensor element).



Taking Part in Development Project for Advanced Electric Vehicles

NGK SPARK PLUG has also widened its approach to the field of electric vehicles (EVs). The Company is gathering and building up technical data leading into research and development on cutting edge EVs through its participation in EV projects at SIM-Drive and FOMM.



The SIM-CEL developed by SIM-Drive

Compact EV under development by FOMM



<http://www.ngkntk.co.jp/english/csr/feature02.html>

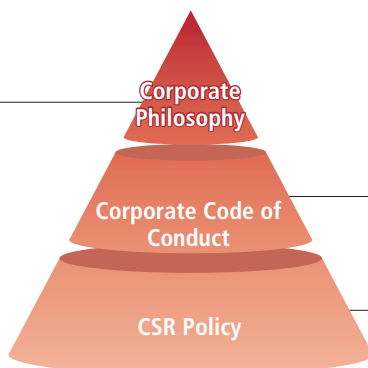
To Realize Our Corporate Philosophy, We Act Based on Our Corporate Code of Conduct and CSR Policy

Three elements constitute
our corporate philosophy.



Philosophy and Policy Organization

Enhancement of Corporate Value



Management Policy

We offer a working environment in which each one of us is encouraged to make full use of his or her personality and capability. With all our power we are dedicated to pursue management based on trust and confidence.

Commitment

With full use of the most suitable technology and our accumulated experience, we continue striving to offer new values to the people of the world.

Action Guideline

Ever onward ! Always mindful of what is the best course, we swiftly put it into action.

Slogan

With established trust and confidence inside and outside the Corporation, we aim to contribute to the peoples of the world by creating and putting at their disposal new values for the future.



Corporate Code of Conduct

At NGK SPARK PLUG CO., LTD., in order to make the corporate philosophy expressed in our slogan, "With established trust and confidence inside and outside the company, we aim to contribute to the peoples of the world by creating and putting at their disposal new values for the future" an everyday reality, we undertake to conduct ourselves in a socially responsible manner in accordance with the following 10 principles.

1. We shall respect human rights and observe both the spirit as well as the letter of all laws and regulations applicable to our activities throughout the world.
2. We shall develop and provide socially beneficial and safe goods and services by making full use of the most suitable technologies and our accumulated experience and shall strive to earn the confidence of our consumers and customers, while taking necessary measures to protect personal data and customer-related information.
3. We shall promote fair, transparent, free competition and sound trade. We shall also ensure that our relationships and contacts with government agencies and political bodies are of a sound and proper nature.
4. Emphasizing communication not only with our shareholders but also with members of society at large, we shall engage in active and fair disclosure of corporate information through ongoing corporate communications.
5. Recognizing that a positive involvement in environmental issues is a priority for all humanity and an essential aspect of our activities and a prerequisite for our very existence as a company, we shall approach these issues voluntarily, proactively, and speedily.
6. As a good corporate citizen, we shall actively engage in philanthropic activities and other activities of benefit to society.
7. We shall strive to respect the diversity and individuality of our employees and foster a safe and excellent working environment where they can realize their full potential.
8. We shall reject all contacts with organizations involved in activities in violation of the law or accepted standards of responsible social behavior.
9. We shall respect the cultures and the customs of local communities where we do business and strive to manage our activities throughout the world in such a way as to promote and contribute to the development of local communities.
10. Management shall exercise leadership in making the letter and spirit of the Code of Conduct integral to everyday business practice, thoroughly implementing the Code of Conduct throughout the Company and inculcating it throughout the Group and its supply chain. To this end, management shall continually improve internal systems while striving to cultivate ethics.

CSR Policy (excerpt) (Enacted April 1, 2011) Note: We establish action guidelines for each policy.

We view CSR not just as a responsibility but as an opportunity to be accountable through review of the NGK SPARK PLUG Group's economic, environmental and social activities from a global perspective, to enhance corporate value, and to contribute to the sustainable development of society in accordance with our Corporate Philosophy.

Risk Management Policy

We are prepared to deal with various possible risks, such as natural disasters, accidents and spread of new infectious diseases. If such a risk should arise, we will act to minimize the impact on our stakeholders. We also work to restore and continue smooth business operations, thereby maintaining trust from our stakeholders.

Compliance Policy

We acknowledge that our company is a member of society. In the light of this, we enhance corporate ethics, comply with laws and ordinances, international rules, and company regulations, striving to become a company trusted by the international community.

Information Security Policy

We regard our own information assets as one of our management resources. Through the protection and effective use of our information assets, we pursue healthy maintenance and development of our business.

Corporate Quality Policy

We continue to supply "Quality Products" to society with an emphasis on "Customer First," "Total Involvement," and "Continuous Improvement" principle.

Information Disclosure Policy

Aiming to become an enterprise capable of receiving great support and popularity from people around the world, we strive to conduct transparent business operations and fair information disclosure.

Procurement Policy

We aim to realize globally optimal procurement based on our quality products principle. To this end, we focus on strengthening cooperation with suppliers and promoting our CSR efforts throughout our supply chain system, while at the same time striving to carry out proper purchasing transactions when procuring materials and parts, based on the following guidelines:

Human Resource Policy

We acknowledge that employees are the most important management resources. In the light of this, we respect the diversity and individuality of our employees and cultivate abundant human resources, striving to promote the further development of our Group as a whole.

Occupational Safety and Health Basic Policy

We strive for occupational safety and health as the starting point of business activities on the basis of respect for human life and dignity.

Social Contribution Policy

As a good corporate citizen, we at the NGK SPARK PLUG Group aim to contribute to society through the effective use of management resources.

Environmental Policy

We positively promote actions for environmental conservation through all business activities to contribute to construction of a sustainable society with the participation of everyone concerned.

We made Clear the Important Social Responsibilities of the NGK SPARK PLUG Group.

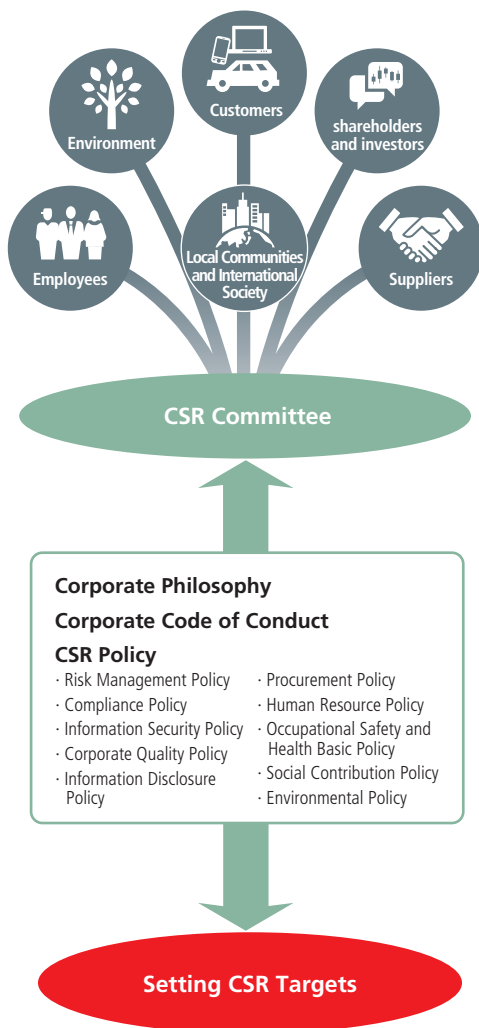
We Established CSR targets Based on our Corporate Philosophy, Corporate Code of Conduct and CSR Policy, and Considering the Expectations and Demands of Stakeholders.

We view CSR not just as a responsibility but as an opportunity to be accountable through review of the NGK SPARK PLUG Group's economic, environmental and social activities from a global perspective, to enhance corporate value, and to contribute to the sustainable development of society in accordance with our Corporate Philosophy.

The CSR Committee, established in 2010, determines the priority themes for each fiscal year, to implement CSR Policy. The Committee also oversees and evaluates CSR-related activities implemented by the respective committees, working groups and divisions, and makes appropriate proposals regarding them, so as to achieve full optimization of CSR activities, thereby strengthening our business foundations.

The NGK SPARK PLUG Group is connected to and supported by customers, shareholders, investors and various other stakeholders. For that reason, for the group to be sustainable in the future, we must aim to grow our business while meeting the expectations and needs of our stakeholders.

When we set our targets for fiscal 2014, first each expert committee and division confirmed the expectations and demands of all our stakeholders. Then they compared them to our corporate philosophy, Corporate Code of Conduct and CSR Policy and drafted targets. Finally, the CSR Committee approved them.





CSR Targets and Results

Field of activities		Medium-term targets (by fiscal 2015)	Department in charge	Page
Management	CSR management	- Implement PDCA cycle to promote CSR on a global basis - Promote CSR awareness-raising activities on a global basis	CSR Promotion Office	▶13p
	Compliance			
	Promotion system	Develop a compliance promotion system and ensure an appropriate response to violations, on a global basis.	Compliance Committee	
		Implement activities for violation prevention		
		Understand the actual situation through awareness surveys etc. conducted on a regular basis		
	Security control	Continuously improve the PDCA cycle for security control and its global expansion	Confidentiality Management Committee	
	Export control	Strengthen professional education on export controls and reinforce the export control surveillance system	Export Control Committee	
	Information security	Establish network security standards on a global basis	Information Systems Dept.	▶29p
	Intellectual property	Establish security control and compliance systems regarding intellectual property	Intellectual Property Dept.	▶29p
	Risk management			
With Our Customers	Safety and quality	Recheck and improve our BCP and shift to BCM	BCM Working Group	▶30p
		Establish our BCP for procurement on a global basis	Procurement Group	
With our shareholders and investors	Information disclosure	Implement IT-BCP measures	Information Systems Dept.	
		Establish enterprise risk management that is suitable for our company	Risk Management Working Group	
With Our Employees	Employment and human rights	Continuously improve our products, work and mechanisms across the company in order to strengthen our manufacturing capabilities	Quality Committee	▶15p
		Maintain and improve internal control over financial reporting	Accounting & Finance Dept.	
		Disseminate information in an easy-to-understand and friendly manner on a global basis	Public Relations Office and CSR Promotion Office	▶17p
		Disseminate information in response to stakeholders' expectations and the changes in social trends	CSR Promotion Office	
	Occupational safety and health	Establish personnel and education systems to realize our management strategies and policies	Human Resources Dept.	▶20p
		Establish a human resource development system by occupational ability		
		Establish personnel recruitment management		
		Promote personnel appointment on a global basis		
		Promote diversity		▶19p
With Our Suppliers	CSR procurement	Promote and entrench our new risk assessment system	Safety and Health Committee	▶21p
		Educate employees to be able to behave safely and establish a corporate culture of "safety first" on a global basis		▶21p
With Local Communities and International Society	Social contribution	Develop a framework for minimizing health risks, and achieving a better awareness of these risks, and establish an appropriate system		▶21p
		Educate employees to be well-versed in safety, and establish an educational framework and system		
For Environmental Protection	Environment	Implement new criteria for supplier evaluation	Procurement Group and CSR Promotion Office	▶18p
		Implement CSR procurement on a global basis	CSR Promotion Office	▶18p
For Environmental Protection	Environment	Enhance social contribution activities	General Affairs Department and CSR Promotion Office	▶23p
		Achieve Eco Vision 2015 and globalize environmental management	Environment committee	

With Our Customers



Highlights

Improving Worksite Capacity by SDCA (Standardize, Do, Check & Act) Aiming to Make Superior Manufacturing a Matter of Course



Manufacturing worksite SDCA activity

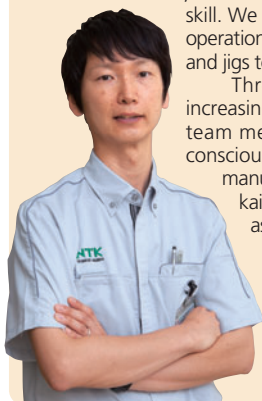
Standardizing our work and operations plays an important role in supporting total quality management (TQM). As a manufacturer, we are promoting the manufacturing worksite SDCA (Standardize, Do, Check & Act) activity to stably and reliably conduct daily management at our manufacturing worksites. We are working to improve the quality of our manufacturing by encouraging awareness of any abnormalities in the worksites and on a daily basis maintaining a worksite without muri, muda and mura (unreasonableness, waste and inconsistency) through good communication.

Voice of Our Activity Promoter

We are endeavoring to standardize our work with the goal of producing superior products through the participation of all employees

In the SE Production Department, to minimize variation in the amount of silicon used in manufacturing of electrostatic chucks, we have established a set amount, where in the past we relied on individuals' intuition or skill. We are also endeavoring to standardize every kind of operation from the arrangement of printing equipment and jigs to the main task.

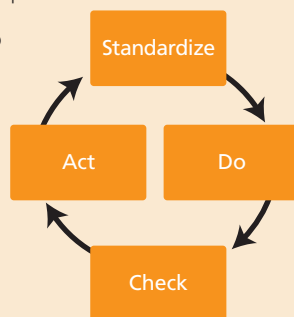
Through these activities, in addition to increasing the knowledge and abilities of our team members, we are aiming to instill consciousness of the quality necessary at a manufacturing worksite and a culture of kaizen (improvement) in the workplace, as well as aiming to produce superior products through the participation of all employees.



Sachihiro Murata

SE Production Dept.
NTK Ceramic Co., Ltd.

We are working hard to promote the standardization of every kind of operation!





Promoting NQC Activity (Small Group Improvement Activity) in Each Department



Promotion of NQC activity by expert advisors

In an attempt to activate NQC activity to continuously solve daily workplace problems with the goal of training human resources and improving workplace capacity, we launched the expert committees in fiscal 2013. They are made up of Certified QC Circle Trainers and expert advisors. In particular, they give expert advisors knowledge and practical skills related to NQC activity through two years of activities (as internal workshop instructors, promoter and commentator and in external training courses).

Expert committees established to further activate NQC activity!

Voice of Certified QC Circle Trainer

I joined the expert committee as certified QC circle trainer this year

For administrative departments, it can be difficult to carry out NQC activity. They may have trouble selecting themes, grasping the existing state of affairs, and verifying results. However, with regard to the distinctive problems and issues facing administrative departments, I would like to contribute to activating NQC activity by putting my knowledge, experiences and know-how to use and continually providing guidance and support using flexible and unique thinking.

Yoko Kato

Human Resources Dept.



Calibration Skill Training and Company-wide Certification System

Measurement equipment is one of the key factors to produce quality products and adequate calibration skills are essential to have reliable measurement results. Therefore we provide calibration skill training and company-wide calibration certification system as a part of our global educational backup activities.

We periodically visit overseas plants to provide calibration skills based on company-wide certification system. In this way, we contribute to produce globally standardized quality products.

Voice of Quality Control Manager, Overseas Plant

I recognized again the importance of measurement control

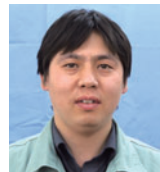
I asked for calibration skill training because I recognized again the importance of measurement control in a manufacturing manager meeting.

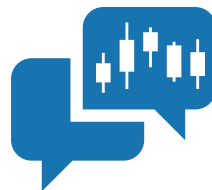
They offer very useful proposals which contribute to quality assurance, such as provision of guidelines for measurement equipment control, certification system for calibration skills, and on-site training.

We keep on making efforts to improve our manufacturing ability with their backup activities.

Zhenying Yu

General Manager
Quality Assurance Department
NGK Spark Plug (Shanghai) Co., Ltd.





With Our Shareholders and Investors

Highlights

Accelerating Communication with Our Shareholders and Investors



Briefings for individual investors

We value communication with our shareholders and investors, and are working to accelerate it. We increased the number of briefings for individual investors in the fiscal 2013 and held them not only in major metropolitan areas, but also in regional hubs.

We will continue to increase the number of opportunities to directly explain the company and its policies to all our investors.

Expanding out briefings for individual investors beyond major cities

Distribution of Financial Information in Japan and Abroad on a Timely Basis

We were posting the presentation materials that we use at financial results information sessions only on our Japanese website so far. From the results briefing of the fiscal 2013, we post the English version of the presentation materials on our international website at the same time. We are also working to disclose our information in a timely manner on our day-to-day investor relations activities both in Japan and abroad.



Voice of our Investor Relations Representative

We will strive to increase the number of NGK SPARK PLUG fans

NGK SPARK PLUG has a low profile at this moment, and we strongly believe that our investor relations activities are very important since many investors have interests in our business when we talk with them at briefings. Through our various activities, we will strive to increase the number of NGK SPARK PLUG fans.



Hiromi Kitagawa
Public Relations
Office



<http://www.ngkntk.co.jp/english/csr/investor.html>
<http://www.ngkntk.co.jp/english/csr/business.html>

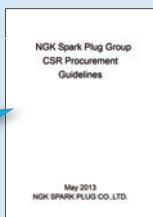
With Our Suppliers

Highlights

Promoting CSR Procurement by Surveying the State of Suppliers

In May 2013, we established our CSR Procurement Guidelines and posted them on our website, and in July we published an English version. We announced it at our corporate policy conference, and carried out an investigation and analysis using a checklist in order to understand suppliers' status regarding their CSR initiatives.

CSR
Procurement
Guidelines that
use clear language
to promote
understanding



Corporate policy conference

Improving Our Supplier Evaluation System

We already had a system in place for evaluating our suppliers with regard to quality, deadlines and cost, but we improved it to be more fair, impartial and open. Furthermore, we have recognized suppliers that received particularly excellent evaluations at our corporate policy conferences.



Appreciation
of daily efforts

Voice of Our Supplier Evaluation Organizer

We perform fair and open evaluations

Our suppliers are extremely varied and wide-ranging with regard to the scope of our dealings with them, type of product and other factors, so it was not easy to produce a fair and open framework. For our suppliers, the evaluation could also be called a report card, so every day we work with an awareness of that high level of responsibility.



Naoki Kato

Supplier Relations & Development
Procurement Group



With Our Employees

Highlights

Promote the Active Participation of Women as a Management Strategy and Devising and Executing Action Plans

We are promoting the active participation of women as a management strategy from the top down. First, we held training for all managers in fiscal 2013 with the theme "Change your consciousness." We also designated each department manager as a leader, and they formulated action plans and carried them out.

We held training for women in non-managerial positions as well. They were able to build networks that transcend their positions through group discussions, and talking directly to the company president, vice president and senior managing officer gave them the opportunity to deeply understand how serious the company is about promoting the active participation of women.

Change of consciousness —
"Everyone must cooperate in promoting the active participation of women"



Vice President and CFO Shinji Shibagaki at a lecture meeting for general managers and senior managers



President and CEO Shinichi Odo at a discussion meeting with female employees with a prospect of promotion

Voice of the Project Leader

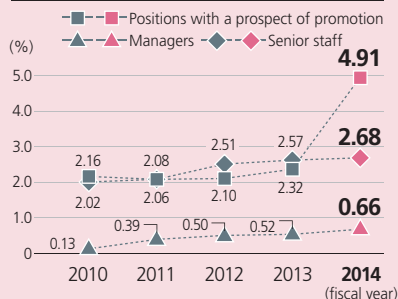
We aim to create a company where all employees can play an active role

Our company has many excellent female employees, and not making full use of them is a waste. I want our company to be one where all employees can work comfortably and play an active role.

Etsuko Otsuka (right)
Accounting and Finance Dept.



Percentages of Female Employees with a Prospect of Promotion and Managers





Establishing and Putting to Work a New Human Resources System

We began making use of our new human resources system in April 2014. This system was established with the objectives of achieving the ideal NGK SPARK PLUG envisioned for ten years later in our NITTOKU SHINKARON (The Evolution of NGK SPARK PLUG) and correcting problems in our previous human resources system.

We will create a work environment where diverse human resources can grow and flourish, appropriately reward efforts to create value, and when the business situation changes, reallocate human resources in a timely and appropriate manner.

Voice of Our Human Resources Manager

Anticipating challenges that will change the company

This is a big change from our previous human resources system, and people who can truly bring about change are required. We have reformed the system that forms the foundation, so now it is necessary for individual employees to change.



Tsuyoshi Takahashi
Human Resources Dept.



Human Resources System Working Group

Our new human resources system to drive the evolution of NGK SPARK PLUG is now in use!

Main human resources systems

- Occupation type, qualification and managerial position systems
- Wage, bonus and retirement money systems
- Annual salary system
- Rating system and objective management system
- Continued employment system

Various Education and Training Programs to Cultivate Personal “Assets”

We have a wide range of programs that include training by organizational level to provide necessary knowledge and skills according to occupational type, capacity and role, training offered in partnership with the MONODUKURI Ability Enhancement Dept. for people moving to a different division to acclimate to the workplace culture and acquire the necessary skills, product-quality education, environment education, manufacturing education, education in global business and career improvement support. In fiscal 2013, 6,223 employees participated in our training.



6,223 people participated in a variety of education and training!

With Our Employees



Highlights

We are Using Simulation-based Training for Improving Safety Awareness



Simulation of being caught in a machine

We provide simulation-based safety training with equipment that allows trainees to experience the terror of getting caught in moving equipment and the importance of pointing and calling methods.

In fiscal 2013, we additionally installed new equipment so that trainees can learn about the other types of dangers that trainees can learn about the other types of dangers. We also established a risk prediction training space to remind of hidden dangers by showing dummies with unsafe position that may lead to accidents in worksites.



Risk prediction training with dummies

Find hidden dangers to prevent accidents caused by unsafe acts!

Voice of Training Manager

Keep colleagues from dangers and create a safe workplace



I always say the above words to trainees in our safety training. Through our training, we expect all members to acquire a keen sense of hidden dangers and risks in their worksites and to find solutions to create safe work environments.

Junichi Tanabe
MONODUKURI Ability
Enhancement Dept.





Safety and Health Committee Activities with Workers in the Workplace

As one activity to create a safe and secure workplace, the Safety and Health Committee conducts workplace inspection tours. Committee members from other departments visit each workplace and carry out improvement activities such as exposing danger areas, taking permanent countermeasures and reexamining health management. Inspection tours by committee members from other departments allow each department to share its initiatives and culture and raise the consciousness of occupational safety and health.

Voice of the Safety and Health Committee Secretariat Organizer

We conduct inspection tours to help form a safety culture

Committee members wearing green vests conduct inspection tours to increase safety consciousness. During the tours, committee members not only point out problem areas, they also listen to employees' concerns and then cooperate with employees to find solutions.



Makoto Tagahara
Environment and
Safety Management Dept.



Simulation of being caught in a machine

Implementing
monthly safety
and health
inspection tours
conducted jointly
by labor and
management

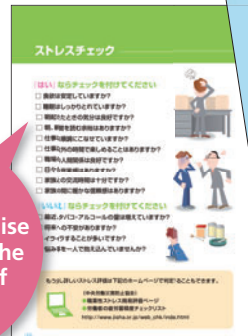
Main inspection items

- Exposing hazards
- Installation of protective covers
- Installation of area sensors
- Harmful substance exposure prevention
- Status of local exhaust ventilation installation
- Work environment checking

Strengthening Mental Health Care

We arrange in-house and external training programs for managers in observing workers' mental health. We also provide employees with a Self-Care Handbook and encourage them to use the stress check sheet in the handbook to increase their awareness of the importance of self-care. We hold in-house lectures to teach about disease prevention and self-health management. We have also established a hotline that employees can call for counseling when they are worried about their mental state.

Using the
handbook to raise
awareness of the
importance of
self-care



With Local Communities and International Society



Highlights

We Conveyed the Importance of Traffic Safety and Environmental Conservation



During class

As a company involved in the automobile industry, NGK Spark Plug (Shanghai) Co., Ltd. wants to reduce the number of traffic accidents and promote awareness of environmental issues. Based on these desires, our employees visited schools for children of migrant workers and taught classes in traffic safety and environmental conservation. Hundreds of students at five schools took the classes.



Creating and distributing textbook with plentiful illustrations

Voice of Social Contribution Organizer

We are continuing our activities to ensure the safety of children

In 2013, we began traffic safety and environmental conservation education at schools for children of migrant workers. We expect children to become more careful about traffic safety and to learn the importance of environmental conservation. We increased the number of schools by two in 2014 and when they have time left over, our staff tries to work as crossing guards near the schools and make sure the children return home safely.

Donghui Jiang
General Administration
Dept.,
NGK Spark Plug
(Shanghai) Co., Ltd.



After class



Expanding Our Locally Rooted Philanthropic Activities both in Japan and Abroad



NGK SPARK PLUG CO., LTD.

Held a musical event and invited families displaced in the 2011 Great East Japan Earthquake and currently living in Nagoya, as well as children from the local areas.



NGK SPARK PLUG CO., LTD. Komaki Plant

Obtained the naming rights to the pedestrian bridge in front of the plant and named it Nittoku Iwasakihara Omoiari (Compassion) Pedestrian Bridge in the hope of preventing accidents.



NGK SPARK PLUG CO., LTD. Ise Plant

Received students on social studies field trips from neighboring elementary schools, gave them an overview of the plant and showed them the manufacturing process of the knock sensors.



NGK SPARK PLUG CO., LTD. Miyanojo Plant

At a tag rugby tournament aimed at elementary school students in the town, held a rugby school put on by some of the rugby team members.



Bujias NGK de Mexico S.A. de C.V.

Donated food and drinks to people affected by flooding due to Hurricane Ingrid and Hurricane Manuel.



NGK Spark Plugs SA (Pty) Ltd.

Because inadequacy of the educational infrastructure is a cause of unemployment and poverty in South Africa, we are investing in education and training programs.



NGK SPARK PLUG CO., LTD. Komaki Plant

As members of a company involved in the automobile industry, we regularly stand in the street and hold up placards encouraging drivers and pedestrians to practice traffic safety.



NGK Spark Plugs Malaysia Berhad.

Employees regularly engage in cleaning to maintain the environment around the company and the plant.



NGK Spark Plugs (UK) Ltd.

Provide clothing and products to a Motocross Challenge Project that supports young riders.



For Environmental Protection

Highlights

A New, Environmentally Friendly and Energy Efficient Plant has been Completed



Work began at the Nittoku Spark Tech Tono Co., Ltd. Nino Headquarters Plant in April 2014. This plant was designed to be energy-efficient, under the concept “a plant that is friendly to people and the environment.” We incorporated into the design measures to benefit the environment and save energy including adopting a monitor roof that lets light in while allowing heat to escape, reducing the electricity used in air conditioning by introducing a vaporization-type blower and reducing the load on indoor air conditioners by using outside air for dust collection and venting. It also leases its rooftop for the installation of mega solar panels and has other features that take the environment into consideration.

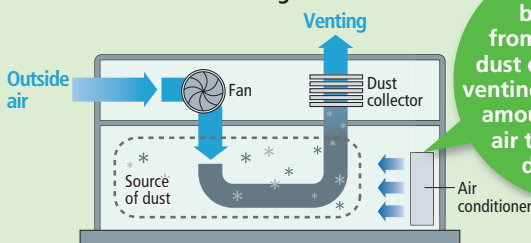
Production items

Insulators for spark plugs

Production capacity

13.5 million per month
(Phased increases in production capacity)

Dust collection and venting mechanism



Voice of the Organizer

Making a factory friendly to people and the environment

In the past when we created environmentally friendly facilities, it often resulted in complex systems, placing a burden on employees. This time we chose equipment and systems that are easy for employees to maintain, aiming for both energy efficiency and ease of maintenance.

Yuki Morishita

Production Support Engineering Dept.



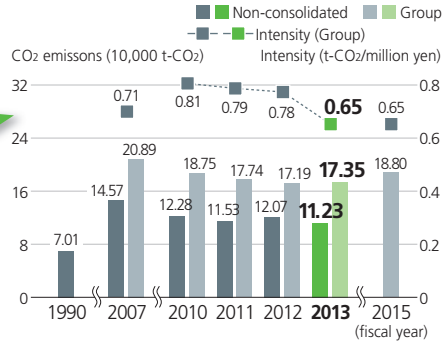


Meeting Our Target for Reducing CO₂ Emissions

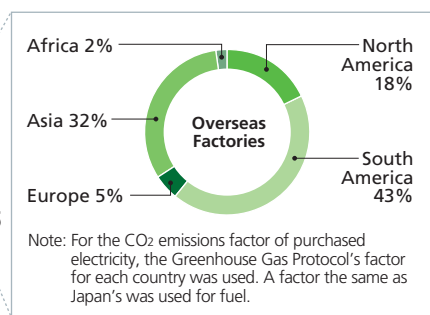
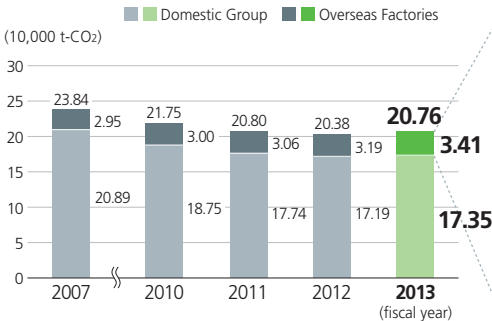
In fiscal 2013, our CO₂ emissions figure was 173,500 tons, meeting our fiscal 2013 target of 182,000 tons. The target was attained through energy transformation in the manufacturing process, updating of facilities (for energy efficiency) and achieving an energy-savings effect by revising our manufacturing conditions.

Promoting measures such as energy conversion and equipment updates

Transition of Emission Volume of Energy-Origin CO₂ (Offices and Plants)



Trend in CO₂ Emissions (Domestic Group + Overseas Factories)

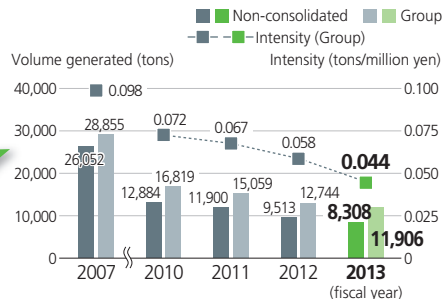


Reduction in Waste Generated

In fiscal 2013, the waste intensity was 0.044 tons/million yen. By reducing the amount of ceramic sludge produced in our manufacturing process and increasing manufacturing process yield, we have lowered the waste intensity 55% compared with the fiscal 2007 level.

Reducing volume of ceramic sludge discharged in manufacturing processes

Trends in Volume of Waste Generated

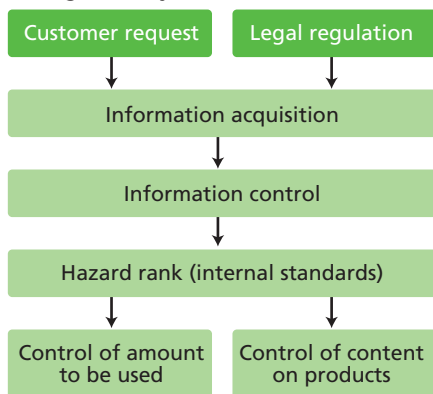


For Environmental Protection

Soundly Managing Chemical Substances to Comply with the International Regulations of Different Countries

To satisfy customer requests and regulation such as the ELV Directive, RoHS Directive and REACH Regulation of the EU, we assign hazard ranks to substances of environmental concern. With handling standards for each rank, we carefully manage non-containment and reduce their use.

Management System



Voice of Our Controls Organizer

Incorporating regulations and customer desires into our work plans

We are incorporating within our department information on regulations from the Environment and Safety Management Department and requests from customers related to regulated substances to help configure plans for making environmentally friendly products.

Keiji Sekido

Engineering Dept. 1
Semiconductor Div.



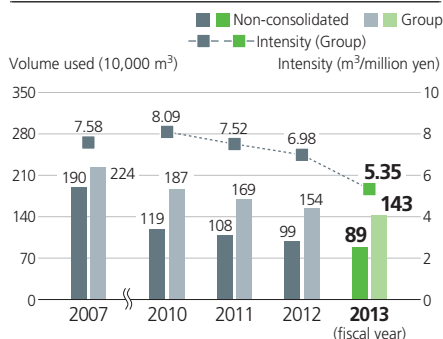
Establishing hazard rankings and managing chemical substances appropriately

Water consumption per unit of production improved by 29% since fiscal 2007

Reducing the Amounts of Tap and Well Water Used

In fiscal 2013, the water use intensity was 5.35 m³/million yen. In the manufacturing process, we conserved water by using recycled water, adjusting the number of units operating and changing manufacturing conditions, achieving a 29% improvement over the fiscal 2007 level.

Trends in Volume of Tap Water/Well Water Used

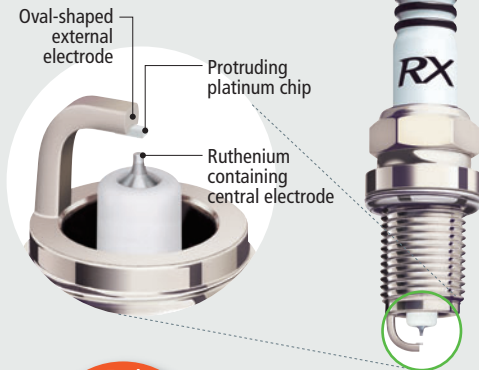




Developing Environmentally Friendly Products

Energy-Efficient, Environmentally Friendly Premium RX Spark Plugs

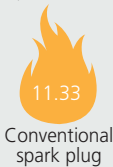
Using a first-of-its-kind central electrodes containing ruthenium and an oval shaped external electrodes with protruding platinum chip, this spark plug achieves outstanding ignitability and low fuel consumption. It is a next-generation premium plug with outstanding overall performance, including environmental performance.



A new design that achieves premier performance!

Improved Fuel Efficiency

JC08 mode fuel efficiency
(km/l)



Test vehicle:
2,400 cc
Gasoline used:
regular

Fuel efficiency
up **2.2%**
(compared to
NGK SPARK PLUG's
conventional
plugs)

Through outstanding ignitability and fuel efficiency, it achieves a 2.2 percent improvement in fuel efficiency compared with conventional plugs even in the new standard JC08 mode. In addition, it uses 1.9 percent less gasoline than conventional plugs when idling at stoplights or when stuck in traffic.

Reduced CO₂ Emissions

Premium RX Spark Plugs reduce CO₂ emissions and are environmentally friendly. Compared to conventional spark plugs, they reduce CO₂ emissions by the amount two Japanese beech trees would absorb in a year.

Basis for calculation: Driving 5,000 km per year/carbon dioxide emission factor 2.31 kg-CO₂/L gasoline (Environmental Agency's "Report on Survey of Carbon Dioxide Emissions") /amount of CO₂ absorbed by a Japanese beech tree in a year 11 kg CO₂/year (calculated by the Forestry and Forest Products Research Institute).

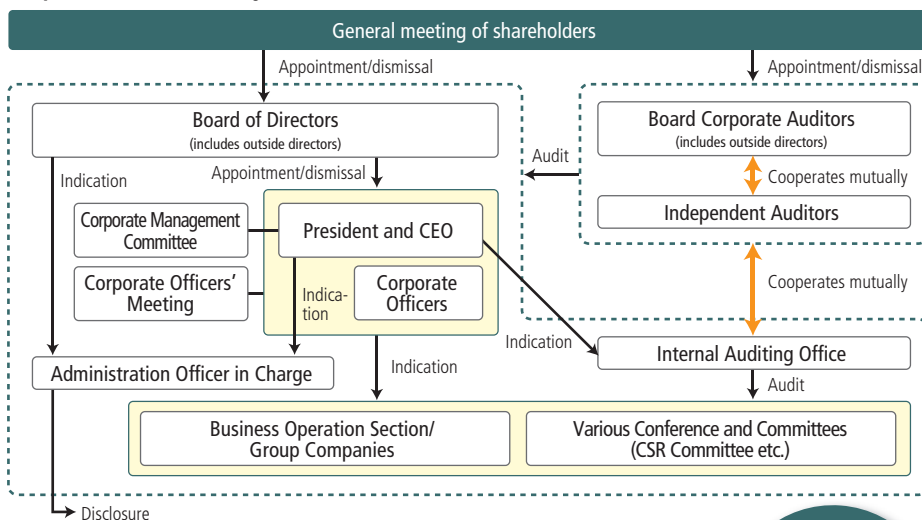
Corporate Governance

Nominating Outside Directors and Strengthening Corporate Governance

Our company aims to become a true global company and is endeavoring to further strengthen corporate governance. As one aspect of that, in June 2013, we appointed an outside director for the first time. The

outside director attend the meetings of the Board of Directors and state their opinions as necessary, based on their great experience at global companies and deep insight.

Corporate Governance System



Compliance

Promoting Measures to Stamp Out Counterfeit Goods

Counterfeit NGK spark plug goods are spreading, mainly in emerging nations. To ensure the safety of users and protect our corporate brand, we are working in cooperation with police and customs officials in various countries to expose counterfeiters and destroy counterfeit goods. We will also proactively participate in educational activities to stamp out counterfeit goods in cooperation with government bodies and industry organizations.

Participating in a counterfeit good eradication seminar in the UAE



A seminar for the controlling authorities (UAE)



Risk Management

Highlights

Aiming to Ensure Employee Safety and Early Recovery We are Carrying Out Disaster Preparedness Training

In November 2013, we carried out companywide simultaneous disaster preparedness training for a major earthquake. Furthermore, in February 2014, as one aspect of Business Continuity Management, we carried out training on how to quickly recover such company infrastructure as electricity, telephone, gas, and water supply as well as important facilities of each division based on a Business Impact Analysis.

Carrying out companywide disaster training



Early recovery training



Central Emergency Headquarters receives a report on the results of the training

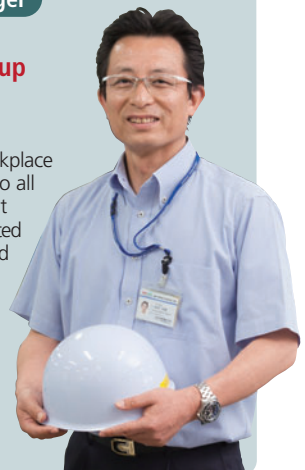
Voice of Our Training Manager

We are promoting the participation of all group employees in disaster preparedness activities

In April 2013, we distributed a Workplace Disaster Preparedness Handbook to all employees and we are carrying out workplace education. We also distributed an Earthquake Countermeasures and Survival Card and are focusing on educating employees to respond as instructed on the card in the event of a large earthquake to maintain their own safety.

Yuki Aida

General Administration Dept.



Workplace Disaster Preparedness Handbook



Earthquake Countermeasures and Survival Card

[Period covered]

From April 1, 2013 to March 31, 2014

Some other very recent activities and cases are also included.

[Organizations Covered]

● Social aspects: NGK SPARK PLUG CO., LTD.

However, this Report may also cover the activities of subsidiaries and affiliates inside and outside Japan.

In such cases, specific company names are indicated.

● Environmental aspects: NGK SPARK PLUG Group

· NGK SPARK PLUG CO., LTD.

· Nine consolidated subsidiaries and one affiliate in Japan

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