

NGK SPARK PLUG Group

CSR Report 2015

CSR Report <Digest Version>





1 Igniter Plug

Contributing to safe and reliable flight in harsh environments



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.

4 Ceramic Inserts

Contributing to high quality manufacturing through wear resistant cutting tools



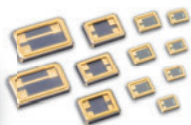
5 Zirconia Exhaust Gas Oxygen Sensor

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



2 Crystal Device/ SAW Filter Package

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



3 Iridium Plug

Contributing to low fuel consumption through outstanding ignitability and durability



6 Bone Filling Materials (Bio Ceramics)

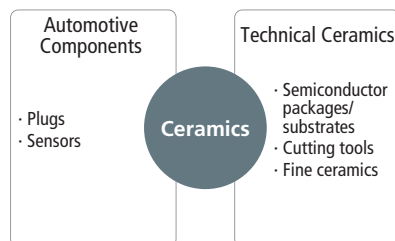
Contributing to recovery from bone fractures and bone loss on the frontline of advanced medical treatment



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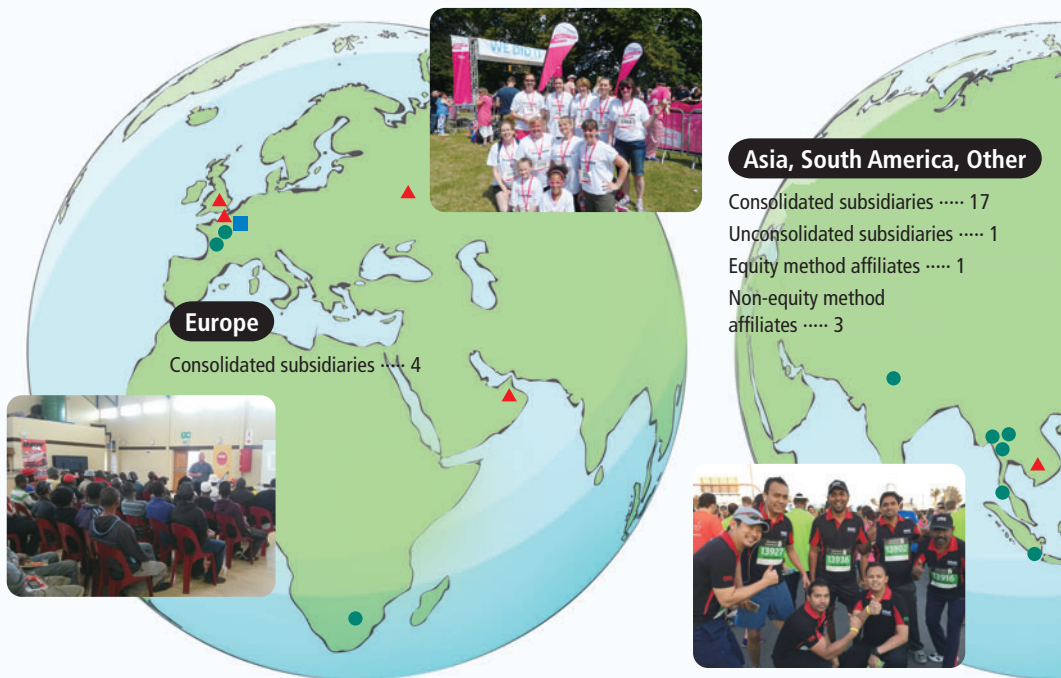
Content of Business Area



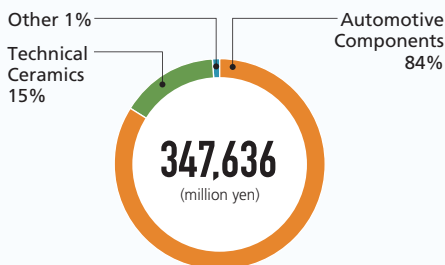
Editorial Policy

The CSR Report 2015 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/>

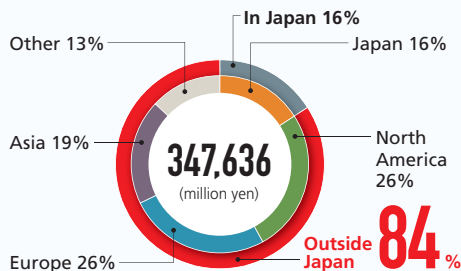
Contributing to Local Communities and the Environment Right Across the World



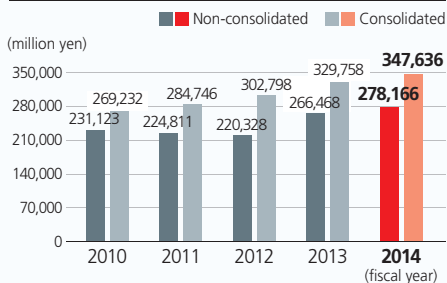
Net Sales by Segment



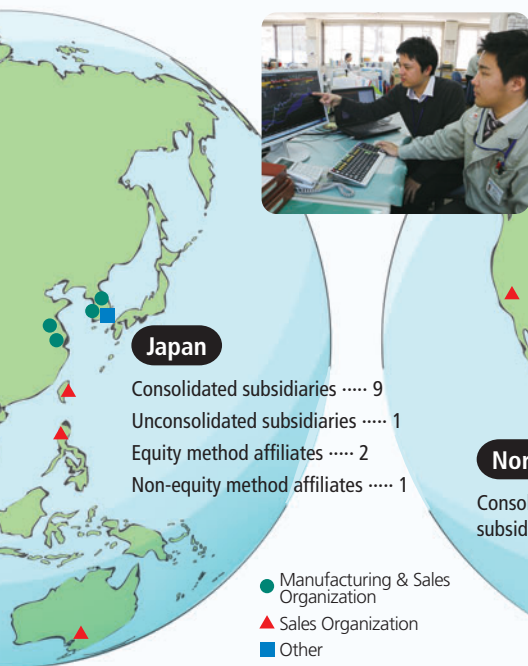
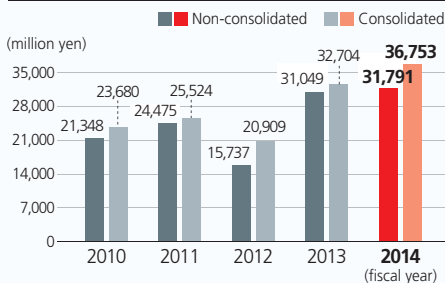
Percentage of Sales Outside Japan



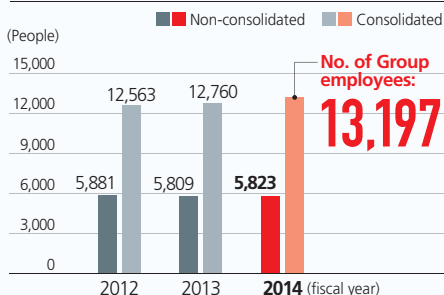
Net Sales



Net Income



No. of Employees



Corporate Outline (as of March 31, 2015)

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



Fulfilling NITTOKU SHINKARON

Initiatives Under the 2nd SHINKA (Renovating)

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). 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.

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.

Overview of Long-Term Management Plan NITTOKU SHINKARON



Towards “Evolution” Under NITTOKU SHINKARON

Fiscal 2015 is the final year of NITTOKU SHINKARON representing the 2nd SHINKA (Renovating). Currently, we are making steady progress on our most important issues that include further enhancing our spark plugs and sensors, exiting or restructuring unprofitable businesses, and quickly commercializing new products and business ventures.

Specifically, in February 2015 we completed the acquisition of Nihon Ceratec Co., Ltd. This acquisition will enable us to utilize Nihon Ceratec’s advanced technical strengths and cost competitiveness from small-lot, high mix production in the field of components for semiconductor manufacturing equipment. We will be able to expand our lineup to include all new products never offered before. We also determined that synergies can be realized between both companies by combining these with our overseas sales network and technological development capabilities from materials. From now on, we will work to deliver new value in the growing components business for semiconductor manufacturing equipment.

In May 2015, we determined the acquisition of Wells Vehicle Electronics from UCI Holdings of the United States. We examined various possibilities for further strengthening our Automotive Components Business, and among these we focused on ways to utilize our worldwide sales network, which is one of our greatest strengths. This brought us to Wells, which is a leading company in the United States automotive repair market. We determined that an acquisition would enable us to expand our product lineup further. We will continue to embrace new challenges going forward as we work to strengthen our Automotive Components Business further.

As for new business ventures, we have committed management resources predominantly to the environment/energy, healthcare, and next-generation vehicle segments. We finalized a partnership with United States venture company Spirometrix in order to gain a foothold in the healthcare sector as part of our medium- to long-term strategy. Under this partnership, we will aim to create new products together utilizing our existing sensor technologies. At the same time, we will continue to launch new products and new businesses, but to beat out competition globally, we will improve company-wide productivity, including not only the production floor but also the back office, and proactively engage in the development of personnel “assets” who will power these activities.

Promotion of CSR Management

To fulfill NITTOKU SHINKARON and achieve sustainable growth, we are strengthening our governance system across the entire group and steadily addressing important risks, including crisis management and raising awareness about compliance in accordance with our CSR policy. However, in fiscal 2014 business transactions from the past fiscal year were found to be in violation of competition and anti-trust laws in the United States and South Korea. We take this matter very seriously and have implemented a preventive program across the entire group to prevent future reoccurrences.

Additionally, we are actively developing environmentally-friendly products and reducing our CO₂ emissions to help preserve the natural environment. At the same time, we are carrying out citizenship activities closely in tune with our philosophy and policy. The NGK SPARK PLUG Group is committed to fulfilling its corporate social responsibilities and accountability as a corporation. Going forward, we will provide succinct and easy-to-understand information disclosures to all of our stakeholders about the processes we use to select important issues and the progress of such processes, among other information.

We are pleased to announce the release of CSR Report 2015, which details our activities during fiscal 2014.

We very much appreciate your honest and unreserved comments and opinions.

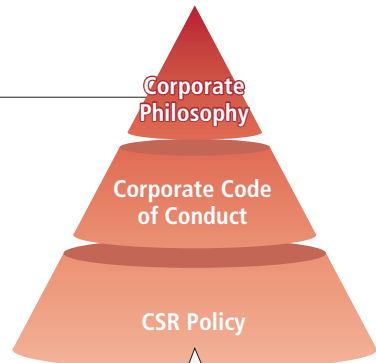
To Realize Our Corporate Philosophy, We Act Based on Our Corporate Code of Conduct and CSR Policy

Three elements constitute
our corporate philosophy.



Philosophy and Policy Organization

Enhancement of Corporate Value



- Risk Management Policy
- Compliance Policy
- Information Security Policy
- Corporate Quality Policy
- Information Disclosure Policy
- Procurement Policy
- Human Resource Policy
- Occupational Safety and Health Basic Policy
- Social Contribution Policy
- Environmental Policy

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.

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.

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.

Important Notification

Plea Agreement with the United States Department of Justice Regarding Our Automotive Parts and Announcement from Korea Fair Trade Commission

In August 2014, NGK SPARK PLUG CO., LTD. consented to a plea agreement with the United States Department of Justice that included the payment of a fine and other details as there had been some violations of U.S. antitrust laws with respect to some transactions related to automobile spark plugs and oxygen sensors for automobiles.

In addition, in March 2015, Korea Fair Trade Commission announced that it would impose a fine for violations of the country's Monopoly Regulation and Fair Trade Act. There is a risk that NGK SPARK PLUG Group may be a party to litigation and penalties and other legal procedures from regulatory authorities in relation to possible violations of anti-monopoly laws in other countries and regions in the future. NGK SPARK PLUG CO., LTD. apologizes profoundly for the serious concern caused to stakeholders, including shareholders, in relation to this series of incidents.

The NGK SPARK PLUG Group has positioned legal compliance as an important subject for management and has established a compliance system. We are taking this situation very seriously and are striving to prevent any recurrence and further strengthen our compliance system as we work to restore confidence. Specifically, we have established a special team for competition law compliance, and we are committed to making compliance with competition laws well known to all through awareness raising activities that include running special seminar training again for officers and employees throughout the group as well as progressively carrying out system audits that include group companies overseas.

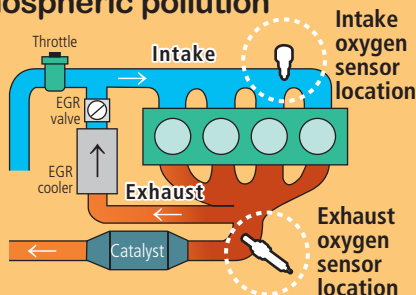
Providing new value to people worldwide

The NGK SPARK PLUG Group will provide new value in diverse fields in order to realize our corporate philosophy.

New products

Developing an intake oxygen sensor to prevent global warming and atmospheric pollution

NGK SPARK PLUG decided to develop and commercialize the intake oxygen sensor ahead of others in the industry, applying technology from automobile exhaust oxygen sensors, extensively used in many automotive sensors. The intake oxygen sensor will contribute greatly to further reducing NOx generated in diesel engines and CO₂ produced by gasoline engines by precisely controlling the EGR system that recirculates exhaust gas. In the future, we will make preparations for mass production and aim to expand deployment.



New businesses

Promoting the fuel cell business to contribute to solving environmental problems



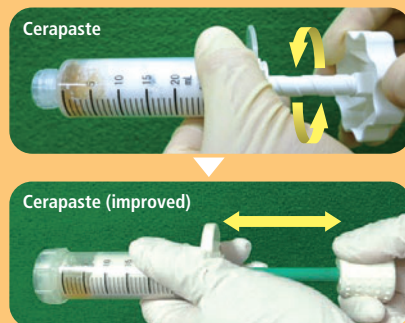
The commercialization of fuel cells as a next technology of power generation for business and industry is approaching. In 2014, NGK SPARK PLUG and Mitsubishi Hitachi Power Systems, Ltd. formed a business tie-up targeting mass production of cylindrical cell stacks, the power generating elements used in solid oxide fuel cells (SOFC). Combining our technologies, the two companies are working to construct a production line in fiscal 2017 in order to contribute to the realization of a low carbon society.

New products

Promoting improvements to products to lighten the load on the medical frontline

A bone filling material in paste-form is used for sites where a bone transplant is necessary such as bone loss or a fracture. Cerapaste is a paste-form bone filling material developed by NGK Spark Plug.

For the conventional product, mixing is performed by rotating a mixing rod, but lightening the workload involved in mixing was a challenge. In order to solve this, NGK SPARK PLUG has developed Cerapaste (improved) that can be mixed by just moving the mixing rod back and forth, which will contribute to lightening the load on the medical frontline.



through new products and new businesses

Pursuing the DNA Project: an engine to promote new businesses

The DNA (Dynamic New Approach) Project is an engine to promote new businesses launched in 2009. It is a new company-wide initiative to create new businesses separately from the conventional approach in research and development departments.

The 4th series of DNA initiated in spring 2014 brought together about 30 passionate volunteers with diverse skills and ideas, ranging from young employees through to veterans. They met up about once a week to pursue in-house and external investigations by each of the teams that were formed on a voluntary basis and pieced together proposals for new businesses.

Following a final review in spring 2015, a number of proposals are now progressing through investigation into commercialization. It is expected to produce rapid progress as a project to drive the future of the NGK Spark Plug Group, not only in the creation of new businesses, which was the original objective, but also in the development of human resources and organizational culture.



Voice of Our Project Member

What I got out of the activities was huge

Daisuke Tahira

Sensor Engineering Dept. II,
Sensor Division

I am very grateful to get the opportunity to actually shape the ideas that I want to try.

I think that experiencing the flow of a business proposal that cannot be experienced in the normal course of business, such as the difficulty of making a business materialize, interviews with potential customers following detailed study, and making a proposal to management, will be a great asset for me in tackling my work in the future.



Introducing CSR activities in Thailand

2015 marked 41 years since the NGK SPARK PLUG Group expanded into Thailand in 1974 as Siam NGK Spark Plug Co., Ltd. Today, three group companies are based in Thailand and are promoting the construction of a global production response to the increasing expansion in demand, mainly in emerging countries.

In Special Feature 2, we will report on activities in Thailand which is expected to continue playing an active role in the future as a core site in the Asia region.



Siam NGK Spark Plug Co., Ltd.



SparkTec (THAILAND) CO., LTD.



NGK Spark Plugs (Thailand) Co., Ltd.

Risk management and compliance

In 2011, there was large-scale flooding in Thailand, and local Japanese-affiliated companies also suffered significant damage. Fortunately, the NGK SPARK PLUG Group did not suffer any damage, but we have formulated a business continuity plan (BCP) in preparation for mitigating damage and early recovery of operations in the event that risks do materialize.

Moreover, in order to maintain fair and transparent relationships with customers and suppliers, we regularly conduct education on compliance, including Thailand's Competition Act, to raise awareness among employees.



Compliance study session

Aiming for an environmentally- and people-friendly plant that is also risk-resistant

We established two concepts taking the environment and safety into consideration when constructing the plant at SparkTec (THAILAND) CO., LTD., which commenced operations in April 2015. The first concept is “an environmentally- and people-friendly plant.” We have created an environment that is easy for employees to work in by establishing places for recreation, such as sports areas. The plant is also environmentally-friendly with consideration given to energy and cost savings, including measures to counter the heat with high ceilings and natural ventilation, and the use of sunlight for lighting. The second concept is “a plant that is disaster-resistant.” We have avoided risks due to heavy rain and flooding by taking measures against rainwater discharge that take into account maximum local rainfall and measures to prevent the inflow of rainwater from outside.



Plant using natural lighting



Sports area inside the plant grounds

Actively participating in social contribution and environmental preservation activities

We have continuously taken part in donating blood to the local Red Cross and making contributions to foundations that provide support to AIDS patients. NGK Spark Plugs (Thailand) CO., LTD. and Siam NGK Spark Plug Co., Ltd., are also involved in anti-drugs activities run by the local Labour Protection and Welfare Offices. All the employees at both companies have received certification that they are drug-free.

In the area of the environment, we actively participate in coastal clean ups and beachside tree planting activities with involvement from employees.



Participants in tree planting

Voice of a Participant in Tree-planting

In the area where our plant is located, there is a mangrove forest along the coastline. Therefore, we run tree-planting activities to protect the mangroves. Through these activities, we can contribute to protecting the environment and also get to know people in other departments.

We identified the priority themes for the NGK SPARK PLUG Group and established 30 items.

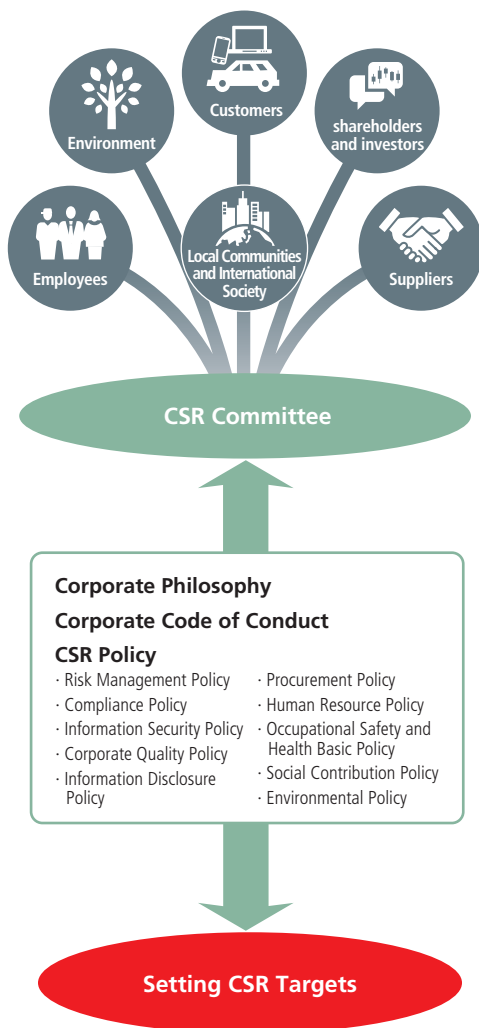
We Established CSR targets Based on our Corporate Philosophy, Corporate Code of Conduct and CSR Policy, and Considering the Expectations and Demands of Stakeholders.

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 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 2015, 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. - Implement activities for violation prevention - Understand the actual situation through awareness surveys etc. conducted on a regular basis	Compliance Committee	▶29p
	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.	
	Intellectual property	Establish security control and compliance systems regarding intellectual property	Intellectual Property Dept.	▶30p
	Risk management			
	BCP/BCM	- Recheck and improve our BCP and shift to BCM - Establish our BCP for procurement on a global basis - Implement IT-BCP measures	BCM Working Group Procurement Group Information Systems Dept.	▶30p
	Enterprise risk management	Establish enterprise risk management that is suitable for our company	Risk Management Working Group	
With Our Customers	Safety and quality	Continuously improve our products, work and mechanisms across the company in order to strengthen our manufacturing capabilities	Quality Committee	▶15p
With our shareholders and investors	Information disclosure	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	
With Our Employees	Employment and human rights	- Establish personnel and education systems to realize our management strategies and policies - Establish a human resource development system by occupational ability - Establish personnel recruitment management - Promote personnel appointment on a global basis - Promote diversity	Human Resources Dept.	▶20p
				▶19p
				▶20p
				▶22p
	Occupational safety and health	- Promote and entrench our new risk assessment system - Educate employees to be able to behave safely and establish a corporate culture of "safety first" on a global basis	Safety and Health Committee	
		- Develop a framework for minimizing health risks, and achieving a better awareness of these risks, and establish an appropriate system - Educate employees to be well-versed in safety, and establish an educational framework and system		▶21p
With Our Suppliers	CSR procurement	- Implement new criteria for supplier evaluation - Implement CSR procurement on a global basis	Procurement Group and CSR Promotion Office	▶18p
With Local Communities and International Society	Social contribution	Enhance social contribution activities	General Affairs Department and CSR Promotion Office	▶23p
For Environmental Protection	Environment	Achieve Eco Vision 2015 and globalize environmental management	Environment committee	▶26p



With Our Customers

Good!

Performance — Workplace CSR Activities

To Raise Global Customer Satisfaction Levels in After Sales Market, Including Repairs

We also provide high quality services based on the appropriate technology and knowledge in the automobile aftermarket and promote diverse activities around the globe to increase customer satisfaction.

So that they acquire the correct technology and knowledge, we focus on technical knowledge education for sales staff in Japan and overseas and training for technical sales staff overseas. In addition, we promote market research activities that include maintaining and expanding existing needs, exploring and fulfilling new needs, and collecting and providing technical information and new car and model information. Furthermore, we work on initiatives to further increase customer satisfaction by offering tailored assistance such as holding lectures on technology for customers in Japan and overseas, responses to customer inquiries and complaints to our website, and technical support for customers' racing activities as sales promotion activities.



Responding to a defect on a customer's site (Thailand)



Providing support at a repair shop (India)



Providing support at an automobile components store (India)

Voice of a Member of our Service Staff

We listen to the opinions of customers and are always conscious of improvement

In the Aftermarket Technical Service Department, we aim to raise customers' levels of satisfaction and understanding related to products and services.

As an example, we provide support for holding technical lectures. We constantly strive for improvement by conducting a survey on levels of satisfaction with the content of the lecture for each lecture and reflecting the results of the surveys into the content of lectures to enable greater customer satisfaction levels.

Daisuke Goto

Aftermarket Technical Service Dept.
Sales & Marketing Div.





■ Making People Raising the Quality of Our Manufacturing

We are working to develop our personnel “assets” as “making things is making people.” We have established training programs that include quality control, management engineering techniques, QC circle activities, quality management systems, and measurement control and offer practical guidance and support for the application of knowledge learned. We raise awareness of quality and provide motivation through quality expos and lectures, including training for new recruits.



Training for new recruits

Yuji Kimura

Corporate Quality Control Dept.

Voice of Our Training Leader

Participatory Training Held for Recruits to Think for Themselves

In training for new recruits, we run participatory training that facilitates learning through experience in order to achieve a high degree of understanding. We have realized the effectiveness of participatory training with a lot of feedback stating that having a go at doing things makes it really easy to understand. In the future, we want to contribute to raising employee awareness of quality and the quality of products and work through a range of innovative training.

My
CSR
Item

A text that explains
basic knowledge
on quality



■ Serving as Company Chairing the QC Circle Tokai Regional Chapter (Outside Organization)

Voice of the Executive Office, QC Circle, Tokai Regional Chapter

Applying the Valuable Experience to NQC Activities

In my duties for the Executive Office of the Tokai Regional Chapter, I worked with people from executive offices in other areas to organize regional chapter events and endeavored to popularize and expand QC Circle activities. Through these duties, I was able to acquire know how on organizing regional chapter presentation meetings and ways to promote and run QC Circle activities. I will apply these experiences to continue contributing to invigorating NQC activities.



Takahiro Abe

Corporate Quality Control Dept.

My
CSR
Item

Knowledge and know how
learned from outside
organization activities



With Our Shareholders and Investors

Good!

Performance — Workplace CSR Activities

Eliminating the Information Gap and Distributing a Variety of Information in Japan and Overseas in a Timely Manner

In order to disclose information fairly in Japan and overseas, we prepare materials related to business results and press releases in Japanese and English and post them at the same time on the company website. We also actively make contact with all shareholders and investors in both Japan and overseas in our day-to-day investor relations activities, striving for speedy and accurate disclosure of information.

We will continue to establish systems that enable us to meet the needs of all shareholders and investors in Japan and overseas with the focus on fair information disclosure.



Materials for business results briefing and press releases in English

Engaging in Activities to Make Shareholders and Investors Familiar with NGK SPARK PLUG

We hold company briefing session so that shareholders and investors have accurate and deep knowledge about NGK SPARK PLUG. In fiscal 2014, we visited areas all over Japan to get the unedited opinions of our shareholders and investors.

Going forward, we will continue working to focus on and encourage communication with all of our shareholders and investors.

Voice of Our Investor Relations Representative

Accurately Communicating NGK SPARK PLUG

As media exposure for NGK SPARK PLUG increases, the number of opportunities to hear voices that support the company and conversely harsh voices has also increased. In the future, we will continue listening to diverse opinions and strengthen our activities so that there is an accurate, deep, and lasting understanding of NGK SPARK PLUG.

Riki Matsuno
Public Relations Office



My
CSR
Item

Data collecting the
opinions of shareholders
and investors





With Our Suppliers

Good!

Performance — Workplace CSR Activities

Enhancing Seminars and Practical Onsite Courses for Suppliers

NGK SPARK PLUG holds seminars for suppliers on themes that include process improvement, quality control, industrial safety and health, and the environment as well as practical onsite courses in which we visit the production sites of suppliers to work for improvements. In addition, we are working to enhance these courses so that even more suppliers are able to take advantage of them.

We implement the activities to help with human resource development at our suppliers, enhancing the capabilities of their companies. Last fiscal year, we established a new course for beginners and held a total of 23 lectures. We aim to work in partnership with our suppliers in the future to enhance their manufacturing capabilities.



Scene at a seminar



Completion ceremony for a practical onsite course

Voice of a Practical Onsite Course Organizer

Where There is a Will, There is a Way

In practical onsite training, we not only communicate techniques alone, but also try to create an activity that will be sustained by valuing free exchange of information and autonomy of the participants and the enhancement of their awareness and motivation.

Masanori Maeda

Supplier Relations & Development
Procurement Group





With Our Employees

Good!

Performance — Workplace CSR Activities

Holding the ASEAN Human Resources Conference in Thailand Aimed at Building Global Mechanisms for Human Resource Development

We have been holding the Global Human Resource Conference every year since 2013 aimed at a global human resources system and human resources development. Under the initiatives to date, we have created a system for overseas employees to leave their home countries and take on new environments to capitalize on their careers at other group companies. Using this system, exchanges of human resources have commenced on a global scale through temporary transfers (cross-border temporary transfers from overseas group companies).

In order to expand the program further, we held the ASEAN Human Resources Conference in Thailand in 2015. Human resource managers from Group companies in Thailand, Indonesia, Malaysia, Vietnam, the Middle East and India took part in a lively exchange aimed at the introduction of unified policies and mechanisms related to human resource development in the ASEAN region, including India. Going forward, we will continue working to establish a framework in partnership with the Human Resource Dept. based on a global consciousness, as we strive for group-wide development of human resources.



Participant in the ASEAN Human Resources Conference

Voice of a Global Human Resources Organizer

Aiming to be a Personnel "Assets" Company

The participation of overseas human resources accounting for over one third of the group as a whole is a major driving force at NGK SPARK PLUG. There are differences in culture, religion, and customs, but I feel that discussing and working toward the major common objective of developing personnel "assets" with human resource organizers from countries around the world is really worthwhile. I will aim to further enhance the global network of the Human Resources Dept. to establish an environment that allows individual skills to develop and play an active part in the group overall.

Tomoyuki Kato
Human Resources Dept.



Strengthening and Maintaining Initiative to Promote Active Participation of Women

In fiscal 2013 we held training primarily for managers, and in fiscal 2014 we held training primarily for women. The action plans organized by the manager of each department, which commenced in fiscal 2013, have been maintained, increasing awareness of acting as a department.



Training for Next Generation Female Leaders

We held training for female supervisors and subsection chiefs, who are close to management positions, to learn about management, leadership, corporate strategy and other areas and to interact with officers of NGK SPARK PLUG and managers from other companies.

Career Advancement Support Program

Women who are aiming for supervisor positions took part with their bosses to attempt challenges one rank above them. In March, the participants presented the results of their efforts to the President and the Vice President.



Members of DIAMOND Project (Front row, center: Otsuka)

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. I hope we will be a company where all employees can work comfortably and their ideas can be realized.

Etsuko Otsuka

Human Resources Dept.



Expanding the New Human Resources System to Group Companies in Japan

We are working to consolidate our new human resources system, which was overhauled in April 2014, while repeating Plan-Do-Check-Act cycles in order to establish an environment for the development and active participation of diverse human resources and appropriately reward initiatives aimed at creating value.

In addition, we will introduce our new human resources system at group companies in Japan as well in order to

strengthen governance. In April 2015, we began introducing our new human resources system at NTK Ceramic Co. Ltd. and Ceramic Sensor Co., Ltd.

▼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



With Our Employees

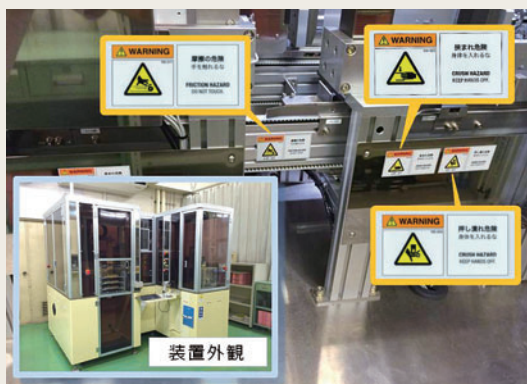
Good!

Performance — Workplace CSR Activities

Equipment Safety Activity in Production Engineering Depts.

Equipment safety in production sites is one of the important issues for a manufacturing company. Labor safety initiatives are required that not only conform to Japan's Industrial Safety and Health Act but also to international standards such as ISO (International Standards Organization) and IEC (International Electrotechnical Commission).

In this situation, we have been striving to make production equipment even safer at the stage of introduction under the Equipment Standardization Project since fiscal 2013. In addition to defining hazard sources and evaluating safety based on risk assessment, and taking measures to reduce risk, we are identifying residual risk and providing information to the production sites. In this way, we are promoting the establishment of a safe workplace through the introduction of equipment.



Communicating equipment risks using labels

Voice of Our Project Leader

We Provide Safe Equipment, Aiming to Realize "Zero Accidents"

As suppliers of equipment, one of our goals is "zero accidents," and we work to strengthen the provision of information to ensure this does not end up as a unilateral hope, but is a recognition that is shared with the production sites.

Going forward, we will aim to provide even safer equipment by working to upgrade the skills of designers and reviewing measures to reduce risk.

Kazuhiro Nozawa

Equipment Dept.



■ Toward the Spread and Consolidation of New Risk Assessment (RA)

There are a variety of potential risks in the workplace. New RA is a tool for systematically and objectively studying and evaluating hazard sources related to equipment and work in the workplace following the introduction of equipment and visualizing the degree of danger in the form of a risk level. It is an activity that we have been expanding in stages since fiscal 2013. We can pave the way to the creation of safe and secure workplaces by determining the order of priority according to the magnitude of risk and implementing workplace management measures that include countermeasures to systematically reduce risk and awareness raising about hazardous locations.



Scene from hands on RA training using actual equipment

Takahiro Kawakita
Environment
and Safety
Management Dept.

**Voice of Our Safety
and Health Leader**



We Aim for Penetration and Entrenchment of Risk Assessment

The power of every individual worker working on the frontline is essential for the implementation of risk assessment. In order to ensure that many people learn the right risk assessment philosophy and techniques, we hold regular Practical Risk Assessment Training. The training covers classroom lectures through to learning about identifying and evaluating hazard sources and managing residual risk using actual equipment, and we hope that they apply these skills to risk assessment in the workplace.

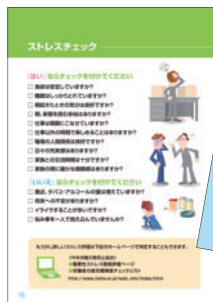
My
CSR
Item

**A text compiling
safety and health
knowledge**



■ Strengthening Mental Health Care

We are working on had in-house and external Line-Care educational programs for managers, and implementing to read the Self-care hand book in our workplace to make our employee prevent awareness of disease and self-management of health. Also we are strongly working on held in-house lectures and setting up the Support-line for employees who feel stress and problems mentally.



The Self-Care Handbook
(Japanese only)



With Local Communities and International Society

Good!

Performance — Workplace CSR Activities

We Support a Professional Soccer Team that Has a common Philosophy

Based on our social contribution policy of “contributing to society as a good corporate citizen,” NGK SPARK PLUG concluded an official partner agreement in January 2014 with FC Gifu, a professional soccer club. Based in Gifu Prefecture, a region with which NGK SPARK PLUG has strong ties, FC Gifu actively conducts social contribution activities under the theme of “a team for citizens of Gifu Prefecture.”

In July 2014, we established the NGK SPARK PLUG Prize for the MVP of the season determined by the votes of supporters strengthening the connections between the team and its supporters and creating a platform to push for promotion to the J. League Division 1. From now on, all of our employees, including those at group companies, will be united in boosting up FC Gifu.



NGK SPARK PLUG thank you match

Voice of FC Gifu “Gifu Genki Activities” Leader

We will Bring Gifu to Life in Partnership with Everyone at NGK SPARK PLUG!

Under the slogan “Competing, Together: Bringing Gifu to Life, Bringing Gifu Together,” we carried out activities that contributed to the local community a total of 467 times in 42 towns and villages in Gifu Prefecture during the 2014 season. These activities included holding soccer classes, participating in local events, providing exercise classes at senior citizens’ facilities, soccer coaching at child care centers and kindergartens, and lecture meetings. We have boasted the highest number of such activities in the J. League for some time.

In the 2015 season, we will rename our social contribution program “Gifu Genki Activities,” and further extend them to enliven Gifu in partnership with everyone at NGK SPARK PLUG based on our desire to bring Gifu to life.



Scene from the Doronko Soccer Tournament

Expanding our Locally Rooted Social Contribution Activities both in Japan and Abroad



NGK Spark Plug Middle East FZE

Participated in Clean Up UAE, organized by an environmental NGO in Dubai, and conducted clean-up activities in the desert.



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

Provided food and clothing for children in an orphanage, who were thrilled and sent thank you letters.



Ceramica e Velas de Ignicao NGK do Brasil Ltda.

Supported a local basketball team as a sponsor, contributing to development of local sport.



NGK SPARK PLUG CO., LTD. Komaki Plant

Participated in urban planning to reduce traffic accidents as members of a company in Aichi Prefecture which has the highest number of fatal traffic accidents in Japan.



NGK Spark Plugs (UK) Ltd.

Participated in and supported a rally for wounded soldiers and their families.



NGK Spark Plugs (U.S.A.), Inc.

Donated funds and provided a training area by giving access to company site in cooperation with local firefighting activities.



NTK Ceramic Co., Ltd.

Ran blood donation drive at request of the Red Cross.



NGK SPARK PLUG CO., LTD. Miyanojo Plant

Hosted students on work experience from local junior and senior high schools, and students experienced plug shipment packing work.



NGK Spark Plugs (India) Pvt. Ltd.

Donated water coolers so that children can drink cool water at school in India, where it is extremely hot in summer.



For Environmental Protection

Good!

Performance — Workplace CSR Activities

Establishing System for Environmental Commendations

We have launched a system of environmental commendations for the NGK SPARK PLUG Group in Japan to commend outstanding environmental initiatives with the aim of encouraging environmental activities. The best examples from improvements implemented in each area are selected to receive commendations from the President at the Central Environment Committee.

In fiscal 2014, which was the first year of the system, the four examples below received commendations.



Greening of area around Miyanojo Plant

Area	Department	Details
Komaki Plant	Sensor Production Engineering Dept.	Increased batch size in combustion furnaces
Komaki Plant	Production Support Engineering Dept.	Response to Revised Water Pollution Control Act
Miyanojo Plant	Entire plant	Outstanding Green Factory (Minister of Economy, Trade and Industry Award)
NTK Ceramic Co., Ltd.	Management Dept.	Integrated management of firing production plans across entire plant

Voice of Our Maintenance and Management Department

We will continue to promote creation of an environment that coexists with the community

The Kagoshima Miyanojo Plant, where an integrated production system for spark plugs has been established, produces the largest number of plugs for a single plant in the world.

Up to now, we have been promoting the beautification and greening of the environment in addition to carrying out diverse initiatives over many years. These include measures to tackle noise using plantings, development of a ground with natural turf which is provided to local high school rugby teams for matches and training camps, and the establishment of cherry trees and a promenade on the south side of the plant, which promotes health for employees who are encouraged to walk.

The hopes involved in each of these individual activities have led to the receipt of this award, and we take pride in being the department involved in the maintenance and management.



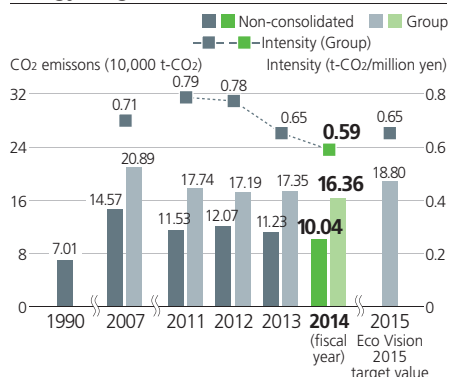
Environment Group

Miyanojo
Nittoku Alpha Service Co., Ltd.

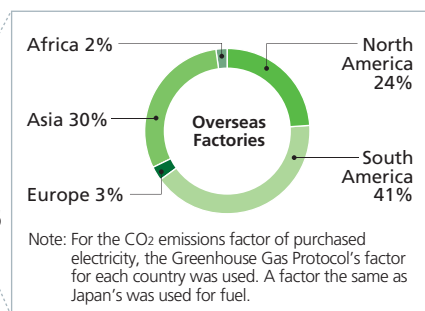
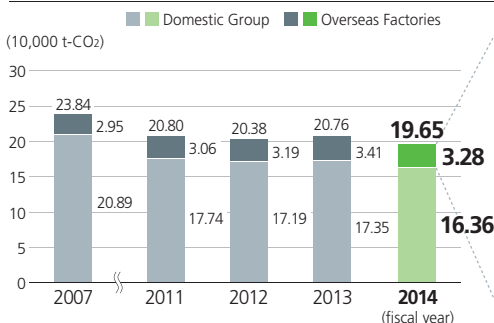
Meeting Our Target for Reducing CO₂ Emissions

In fiscal 2014, our CO₂ emissions was 163,600 tons, meeting our fiscal 2014 target of 175,000 tons and also lower than in fiscal 2013. In addition, intensity of emissions improved by 17% compared with fiscal 2007. The target was attained through energy transformation in the manufacturing process, updating of facilities (for energy efficiency), achieving an energy-savings effect by revising our manufacturing conditions, and transferring processes to affiliated companies.

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



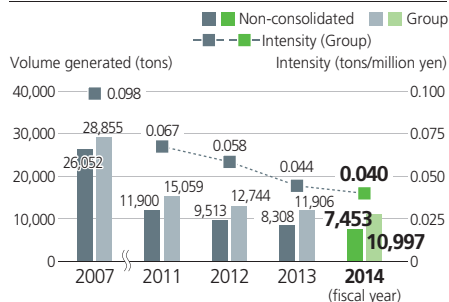
Trend in CO₂ Emissions (Group companies in Japan and overseas manufacturing and sales subsidiaries)



Trends in Waste Generated

In fiscal 2014, the waste intensity was 0.040 tons/million yen. By reducing the amount of ceramic sludge produced in our manufacturing process and increasing the manufacturing process yield, we have lowered the waste intensity 59% compared with the fiscal 2007 level.

Trends in Volume of Waste Generated



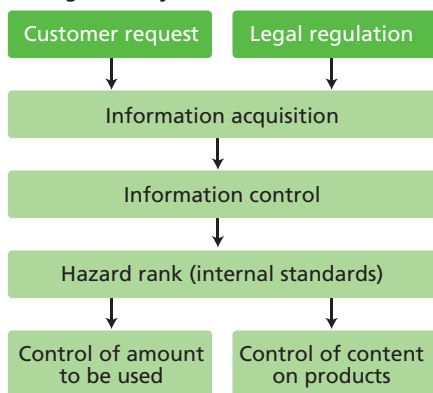


For Environmental Protection

■ Soundly managing chemicals to comply with the international regulations of different countries

To satisfy customer requests and regulations 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



Masanori Nishi
Electronic Component
Engineering Dept.

Voice of Our Controls Organizer

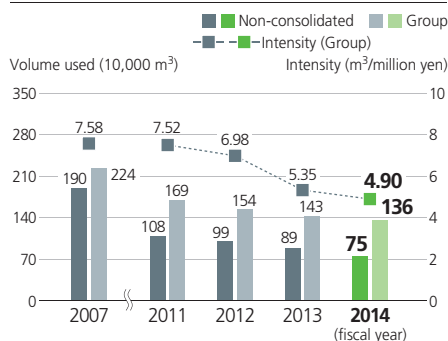
We strive for thorough management of chemical substances

Amidst progressing globalization, requests from customers relating to regulation of substances of environmental concern are increasing every year. In order to provide customers with even safer products, we strive for thorough management of the chemical substances in all the products we handle and compliance with laws and regulations in partnership with the Environment and Safety Management Dept.

■ Reducing the Amounts of Tap and Well Water Used

In fiscal 2014, the water use intensity was 4.90 m³/million yen. Water use intensity improved by 35% compared with fiscal 2007 due to conserving water by changing manufacturing conditions and upgrading and updating to equipment with a high water-savings effect.

Trends in Volume of Tap Water/Well Water Used



■ Developing Environmentally Friendly Products

Hexagon Socket Machining Tools that Last Longer and Conserve Resources Shaper Duo



Shaper Duo



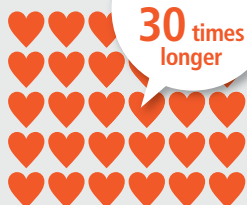
Shaper Duo has been accredited as an environmentally-friendly product by the Japan Cutting & Wear-resistant Tool Association for conserving resources and energy.

Conserving Resources

Comparative lifespan
of tools



Carbide tool
(conventional product)



Shaper Duo

Cutting tools for hexagonal socket machining of male screw heads on a lathe need to be durable. Shaper Duo contributes to reducing the volume of tool waste as it can last approximately 30 times longer than the conventional carbide tools in which the cutting blade is integrated with the holder.

Conserving Energy

Shaper Duo does not only have the advantage of conserving resources. The hexagonal socket machining of male screw heads, which was previously carried out through separate processes, can now be performed continuously immediately after processing of the shaft with a small automatic lathe.

This makes it possible to integrate the processes, thus contributing to conservation of energy in production.

Corporate Governance

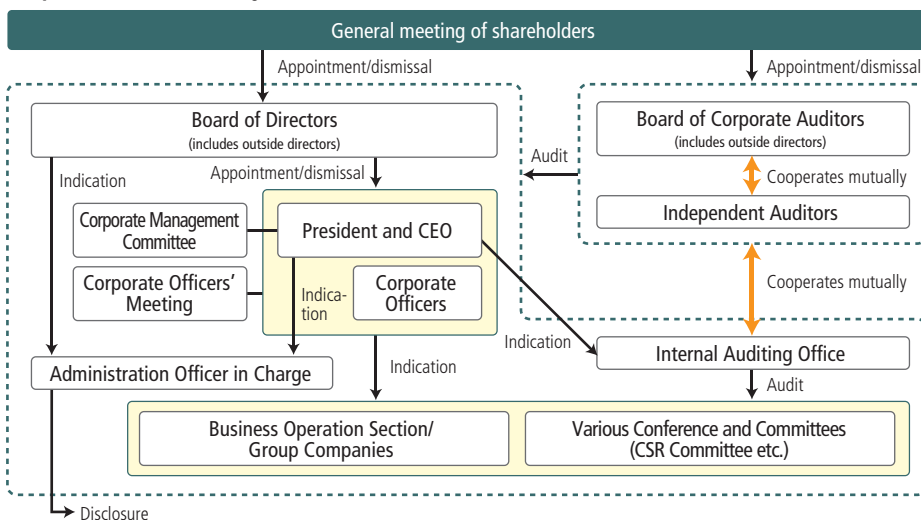
■ Nominating Outside Directors and Strengthening Corporate Governance

Our company aims to become a true global company and is endeavoring to further strengthen corporate governance. As one aspect of that, one outside director was appointed in June 2014, following the appointment of one outside director in June 2013, bringing the number of outside

directors to two.

The outside directors attend regular and ad hoc meetings of the Board of Directors, providing supervision for the execution of duties as well as advice where it is needed based on their great experience at global companies and deep insight.

Corporate Governance System



Compliance

■ Promoting Compliance Education

To reinforce employee awareness of compliance, we have been continuing to conduct workplace training based on conventional seminars aimed at different levels of the corporate structure, the Compliance Guidebook, and Compliance Newsletter. In fiscal 2014, we also ran seminars with external lecturers aimed at officers and divisional compliance promotion staff to encourage education and awareness-raising in all divisions and Group companies.



Seminar for divisional compliance promotion staff

■ 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.



Exchange of views with customs officials

Risk Management

Good!

Performance — Workplace CSR Activities

Distributing Disaster Prevention Goods to NGK SPARK PLUG Group Employees to Prepare for the Eventuality of a Disaster

In April 2014, we distributed survival kits, which are essential disaster prevention items, to NGK SPARK PLUG Group employees in Japan. The contents of the kits include a helmet, emergency food and water, work gloves, a mask and other items. These will be essential items for employees in a large-scale disaster. As much as possible, employees keep the kits close at hand to take with them immediately in the event of an emergency evacuation.



Survival kits at the workplace



Disaster prevention items

NGK SPARK PLUG CO., LTD.

14-18 Takatsuji-cho, Mizuho-ku
Nagoya, Aichi Prefecture 467-8525, Japan
<http://www.ngkntk.co.jp>

For inquiries, please contact our CSR Promotion Office
Tel: +81 52-872-6248 Fax: +81 52-872-5999
E-mail: csr@mg.ngkntk.co.jp

[Period covered]

From April 1, 2014 to March 31, 2015

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

[Publishing Director]

Shinichi Odo, President & Chief Executive Officer

[Editor in Chief]

Yukashi Ukai, General Manager of the CSR Promotion Office

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