

Providing Products that Contribute to Better Social Environment

The NGK Group considers the provision of products and services that contribute to a better social environment to be one of its most important missions. To this end, we strive to create quality that is based on the customer's perspective and trusted by society.

Quality Activities at Overseas Production Bases

Overseas production bases have created quality systems appropriate to their situations to promote enhanced quality activities. Under the NGK group quality activity system, each base reports on situations regarding customer complaints and manufacturing quality, which are discussed at Quality Activity Meetings to evaluate the Group's overall situations in a timely manner. Other measures are also taken to develop and enhance quality activities.

Strengthening Quality Education

In recent years, we face increasingly sophisticated and diversifying customer requirements for quality in many different markets. To meet such quality needs required for each product line and business division, we offer more practical programs where issues that are most relevant to participants are addressed.

| Program Name | Objective |
|--|---|
| Quality Basic II | Build problem-solving skills using quality engineering methods |
| Preventive action training | Learn basic approaches of preventive / corrective actions and risk examination procedures |
| | Experience the risk identification and countermeasure planning using a development project. |
| Method of creation and learning from failure | Improve analysis and development skills to learn from failure and apply for the future |

QuiC Activities to Improve Quality with Full Employee Participation

Since 2003, the NGK Group has developed QuiC (Quality up innovation Challenge) quality improvement activities in which all employees participate. These activities consist of quality improvement activities by small groups and suggestions that strive to enhance the quality of products and work; the best practices are shared by the entire NGK Group. In the fiscal 2016 contest, 12 manufacturing practices including overseas plants and 4 office practices were presented.

| Fiscal 2016 Suggestion Activity Participation Rate | | |
|--|-----------------------------|-----------------------|
| Manufacturing Divisions | Non-manufacturing Divisions | Number of Suggestions |
| 100% | 93% | Approx. 39,000 |



In 2016, a representative of the Polish production base won the Grand Prize at the Activities Contest for the second year in a row.

Topics

Quality Activities Meeting Held at 5 Overseas Production bases

Discussions were held on the important subject of each plant to improve quality.

Information was also provided on the situations of the NGK Group's quality activities.

The seminar was held at:

- NGK Stanger Pty Ltd
- NGK Ceramics Polska Sp. z o.o.
- NGK Electronics Devices (M) Sdn. Bhd.
- Siam NGK Technocera Co., Ltd.
- NGK Ceramics Europe S.A.



The quality activities meeting at Siam NGK Technocera Co., Ltd.

Thorough Enforcement of Compliance/ Risk Management

Viewing compliance as the foundation of CSR, the NGK Group positions it as the most important initiative to enhance trustworthiness. Based on this perspective, the Group strives to create specific systems to inculcate this view among employees, prevent corruption, and comply with laws and regulations.

Moreover, in line with business expansion, the NGK Group is also engaged in minimizing risks related to globalization and diversification while augmenting our risk management structure.

Strict Adherence to Competition Laws

The NGK Group strictly adheres to competition laws (Antimonopoly Act) and other laws and regulations pertaining to business transactions. In Japan, seminars led by lawyers were provided to all corporate officers and Managerial class. At overseas Group companies, training sessions were led by lawyers or conducted by using original DVDs. We are also engaged in other initiatives to strengthen education, including creation and distribution of the English and Chinese editions of the Competition Laws Compliance Handbook to Group companies in the U.S. and China.



Competition Laws Compliance Handbook in English and Chinese

Competition Laws Training Conducted in Fiscal 2016

| Title | Content | No. of times conducted |
|---|---|--|
| Competition laws training for newly appointed directors | Companies Act, competition laws | 1 |
| Competition laws compliance lectures | Antitrust seminar | 13 (4 live lectures and 9 DVD lecture presentations) |
| Competition Laws training for Group companies in Japan | Competition laws, anti-bribery | 3 (DVD lecture presentations) |
| Competition Laws training conducted by internal lecturers | Outline of competition laws, internal regulations | 3 |
| Competition laws training for overseas Group companies | Lectures by lawyers | 28 companies (including training at 7 companies using DVDs, teleconferencing and printed materials) |

Anti-corruption Measures

The NGK Group has been taking anti-bribery measures in order to ensure fair and transparent transactions. We enacted the internal anti-bribery rules for dealing with foreign public officials in fiscal 2015 and started their operation in 2016. Moreover, we enacted internal rules at 19 Group companies in the U.S., Asia and Australia during fiscal 2016.



Anti-bribery training for employees of NGK Technologies India

Intellectual Property (IP) Education

The NGK Group encourages the creation of IP rights with IP education, and works to ensure proper acquisition and use of IP rights.

Topics

Overseas IP Training

NGK offers overseas training programs to develop international IP experts, sending young employees to the U.S. and Europe. Since 2016, Mr. Masashi Yasui of the Intellectual Property Department has been undertaking training at the Munich Intellectual Property Law Center (MIPLC) in Munich, Germany. Starting in October, he will also receive practical training at local patent firms.



Mr. Yasui (last row, sixth from the left) and fellow students at MIPLC

Respect of Humanity and Assurance of Comfortable Working Environment

The NGK Group makes an effort to respect the humanity of its employees and provide a safe and comfortable working environment. In the interest of fair treatment, NGK employs a human resources system that enables employees to maximize their potential.

Setting the Retirement Age at 65

In April 2017, NGK revised its human resources system for general employees to enable all employees, from the young to the experienced, to work with a sense of enjoyment and fulfillment. As NGK develops its businesses across the globe and promotes the creation of new products and businesses, it is essential to motivate young and mid-level employees who will play key roles and encourage them to demonstrate their full potential. The revised system aims to build the environment that makes this possible.

| Key Points of the Revised System | |
|----------------------------------|--|
| Qualifications | Developing a mechanism whereby all employees can take on challenges to move to a higher job grade. Clarifying the definition of each qualification. |
| Evaluation | Shifting from age-based evaluation to evaluation based on effort and result. |
| Retirement age at 65 | Maintaining the level of salary after age 60. |

Topics

Developing an Environment that Allows Employees to Demonstrate Their Full Potential

In the new human resources system revised in April 2017, we have clarified what kind of human resources the company is looking for and developed a system that allows young and mid-level employees to demonstrate their full potential; I hope they can actively take on challenges to move to higher stages. This system also allows mature workers to keep working in the same way until their retirement age at 65. I hope this revised human resources system can also increase motivation among women and drive the initiatives by the NGK Group to promote women's active participation.



Human Resources Department
Manager

Yuka Sugiura

Enhancing Safety and Health Activities

Promotion of Experience-based Safety Education

We are seeing a growing number of accidents among workers with a shorter work history and those with less experience. In response, we have established training centers at three sites in Nagoya, Chita and Komaki, as well as at the Ishikawa Plant, where trainees can actually experience workplace hazards. Establishing these centers in-house means that more workers can now take enhanced training.

Training for *Safety Assessors at the Manufacturing Division

We have been encouraging employees at the Manufacturing Division to acquire Safety Assessor certification. There are four levels of certification in the system, awarded according to applicants' knowledge and skills. In fiscal 2016, we started by encouraging worksite leaders and above at the Manufacturing Division as well as those in charge of safety and health to acquire the entry-level Safety Basic Assessor certification.



In fiscal 2016 **317** acquired the certification

* Qualification granted by Japan Certification Corporation to recognize people who have a wide range of knowledge and skills necessary for the safe operation of machinery based on international safety standards.

Promoting the Active Participation of Women

The NGK Group strives to increase opportunities for motivated and skilled people to demonstrate their potential regardless of gender. We are also engaged in the creation of an environment that makes working comfortable for women. We encourage the active participation of women through various systems.

Supervisor Training to Promote Women's Active Participation

Since March 2017, NGK has hosted training programs for supervisors of female staff. The goal is to help these supervisors recognize the importance of women's active participation and to learn about their own roles in promoting the speedy career advancement of their staff.



Certified as an "L-Boshi" Company for Its Excellence in Promoting Women's Active Participation



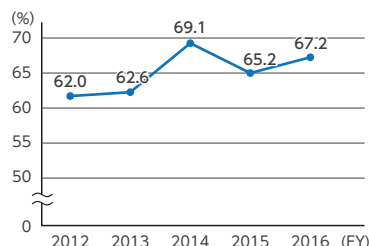
* Certification granted to companies that have done excellent jobs in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace.

Work-Life Balance

Initiatives to Limit Overtime Work

Each year, NGK discloses statistics on hours worked and paid leave utilization to its Worker's Union for discussion and countermeasure deliberation purposes. When cases of long working hours are found, the Worker's Union meets with each workplace to devise countermeasures. When long working hours are found for employees who have been temporarily assigned overseas, they must submit in writing the reason for the long working hours and undergo a health check. These measures are taken to identify the reasons for long working hours and to develop countermeasures.

Rate of Paid Leave Utilization



Supporting Work-Life Balance

NGK has a flexible system that promotes employees' work-life balance. Regarding childcare and nursing care, in addition to flexible working arrangements, such as the shortened working hour system, we also provide extensive financial support, including subsidies for childcare expenses and allowances to support caregiving.

We have launched a support site for diverse work styles on the company intranet to widely announce our measures to support the balance between work and family life. The new site is a redesigned and more user-friendly version of the Work and Life style, Especially Family Life Support Site. Its new features include, for example, a handbook on childcare and nursing care.



Focus on Human Resource Development

At NGK, people are our most precious management resource. With respect for employee motivation and ambition, we engage in developing human resources who will lead the next generation.

On-site Leader Human Resource Development

As veteran employees retire in large numbers, the ratio of employees with limited experience is increasing at manufacturing sites. In response, the NGK Group provides training to develop in-house instructors with the aim of educating human resources able to lead the manufacturing divisions in order to strengthen worksite capabilities.

Topics

Encouraging and Developing Young Employees

As global competition intensifies, we urgently need to develop human resources at overseas factories. Accordingly, in-house instructors are taking innovative measures by introducing various mechanisms to develop talented young workers within the context of the daily work environment.

During training and education, I focus on encouraging each employee to take the initiative and on introducing trainees to the joy of work and collaboration with their colleagues. I strive to give trainees a sense of joy and accomplishment at the end of the program.

Manufacturing Section, Insulator Division, Power Business Group
In-House Instructor

Masato Sujino



Implementation of Fair, Free and Transparent Transactions

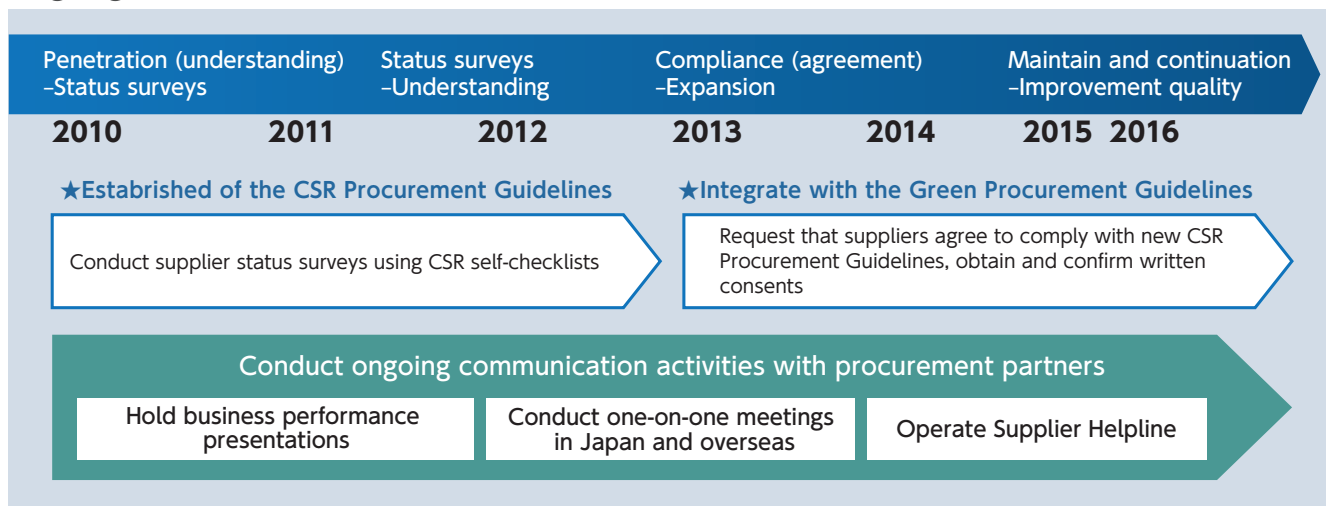
With a basic policy centered on the three principles of openness and fairness, partnership, and relationship with society, the NGK Group is engaged in fair and honest business transactions with the procurement partners in our supply chain.

Promotion of CSR Procurement

In response to the rising social expectation for CSR-oriented supply chain management, the NGK Group promotes CSR procurement. We preferentially select CSR-aware companies and purchase CSR-based raw materials and services.



Ongoing Promotion of CSR Procurement



Organizing Purchasing Liaison Meetings for Overseas Group Companies

In 2016, the Purchasing Department of NGK held a purchasing liaison meeting at NGK Ceramics USA and NGK Ceramics Mexico in May and October, respectively. In the meetings, buyers from each company reported on

their issues associated with purchasing and logistics and conducted cost cutting measures. The meetings helped enhance the relevant expertise of participants and further develop purchasing functions of the two companies.

Promoting BCP* through the Diversification of Procurement Resources

* Business Continuity Planning

In preparation for unforeseen circumstances such as a major natural disaster, we promote the multi-sourcing policy for critical purchased goods as part of our BCP efforts. For items which are available from only one supplier, we are in the process of ensuring sufficient inventory and that the storage facilities for these items are

located in a safe place that cannot be damaged by tsunami. In addition, when selecting a new procurement partner, we take into consideration the existence or absence of multiple supply bases and efforts to ensure inventory.

Preservation of Global Environment

NGK's Core Policy on the Environment

Recognizing that protecting the environment is a vital issue that all of humanity must face, the NGK Group formulated its Core Policy on the Environment in April 1996 consisting of its Environmental Philosophy and Environmental Action Guidelines in order to bring its corporate activities into harmony with the environment. On the basis of this policy, the NGK Group works to reduce the environmental impact of business activities, and actively strives to help protect the environment by developing products and technologies to that end.

Environmental Philosophy

Given its corporate philosophy—"NGK products and technologies must create new value and contribute to the quality of life"—NGK will contribute to tackling environmental issues through its "Triple-E" business segments of **ecology, electronics and energy** to create a comfortable environment for future generations.

Overall Perspective of Environmental Impact

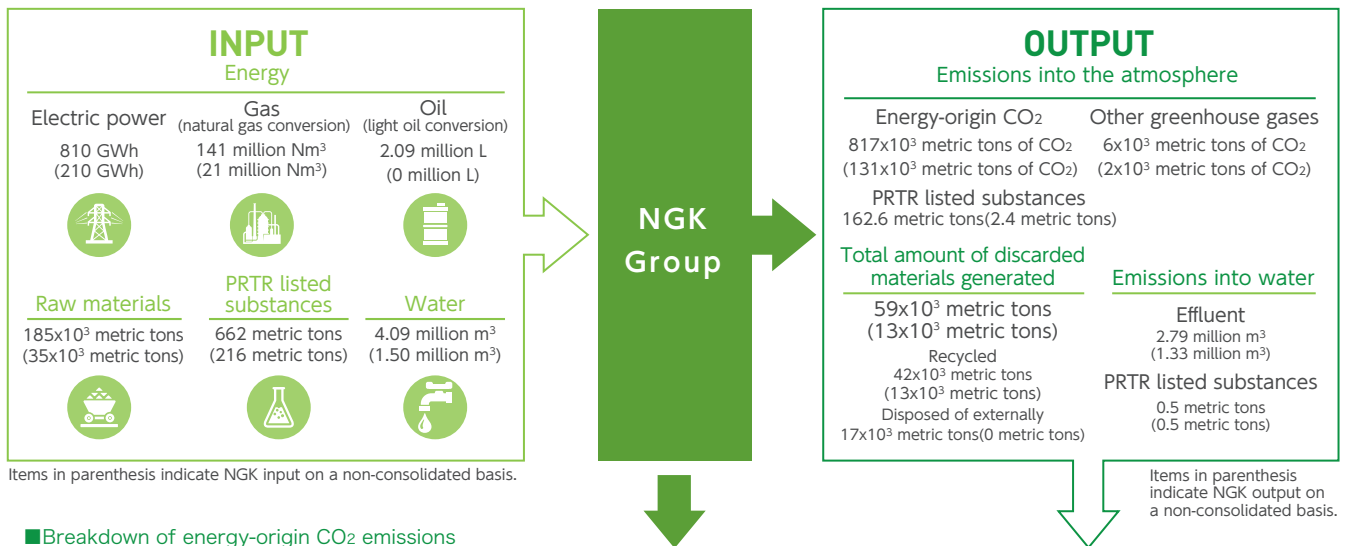
The diagram below shows aggregate inputs to and outputs from manufacturing operations of the entire NGK Group engaged in at all domestic and overseas sites. Inputs represent

data for raw materials and energy etc. and outputs for manufactured products and services as well as substances that are discharged into the atmosphere and into water.

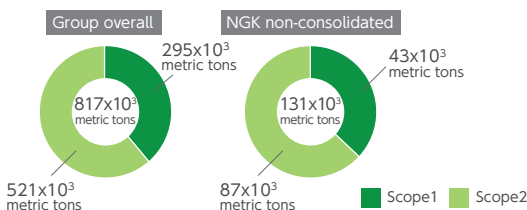
Activities covered

- NGK Headquarters/Nagoya Site/Chita Site/Komaki Site/Ishikawa Plant (does not include Tokyo Main Office, Osaka Branch and six other sales offices)
- Group companies: 42 manufacturing-related consolidated subsidiaries (19 in Japan; 23 overseas)

NGK Group Material Balance (Input and Output)



Breakdown of energy-origin CO₂ emissions








Notes:

1. Environmental performance values in this report have been rounded up for convenience; therefore the sum of individual values may not match the totals.
2. "Discarded materials" indicates the total amount of industrial waste and valuables.
3. CO₂ conversion factors (kg-CO₂/unit) used in calculating NGK's CO₂ emissions on a non-consolidated basis are as follows (units are indicated in parentheses): Purchased electric power (kWh): 0.42, Fuel oil A (liters): 2.677, Diesel fuel (liters): 2.64, Kerosene (liters): 2.49, City gas (Nm³): 2.29, LPG (kg): 3.007, LNG (kg): 2.70, Gasoline (liters): 2.322 Sources: The Federation of Electric Power Companies of Japan (actual figures for fiscal 1990), Ministry of the Environment. Some factors calculated independently by NGK have been used. Incidentally, the fiscal 2016 energy-origin actual CO₂ emissions volume for NGK on a non-consolidated basis is 146x10³ metric tons when using the CO₂ conversion factor provided by the Order for Enforcement of the Act on Promotion of Global Warming Countermeasures (revised in May 2016).

Results of Initiatives within the Fourth Five-Year Environmental Action Plan (2016-2020)

The NGK Group organizes environmental initiatives by creating five-year action plans. The Fourth Five-Year Environmental Action Plan has been formulated to broadly encompass major global environmental challenges that businesses are expected to take responsible actions to address, and to select two key issues each for two groups of themes, namely, priority themes and focus themes. The two priority themes are reducing both CO₂ emissions and discarded materials, an issue for which the Group

has been taking measures in recent years; and promotion of products contributing to environmental protection, a new area of focus. For focus themes, we have picked water resources-related risk management and biodiversity conservation. For the fiscal 2016 initiatives, almost all yearly numerical targets have been achieved, and for non-numerical targets steady progress was made as initially planned, indicating that we have made a successful start to the Five-Year Plan.

| Category | Item | KPI | Fiscal 2016 | | | Fiscal 2017 | Fiscal 2020 | |
|-----------------------------------|---|--|--|--|---|---|--|--|
| | | | Target | Result | Self-evaluation ¹ | Target | Target | |
| Environmental/social contribution |  | Develop and distribute products contributing to environmental protection | Sales growth (%) | Increase by 25% from fiscal 2013 (consolidated) | Increased by 26% from fiscal 2013 (consolidated) | ○ | Increase by 30% from fiscal 2013 (consolidated) | Reduce by at least 60% from fiscal 2013 (consolidated) |
| | | Promote green procurement | Plan progress (%) | At least 99% of NGK's suppliers in Japan agree to comply with the CSR Procurement Guidelines | 99.4% agreed (100% including suppliers who partially agreed) | ○ | Maintain the level for Japanese suppliers, conduct research on approaches for overseas suppliers (study other companies, etc.) | Maintain in Japan, expand overseas |
| |  | Contribute to local community | Plan progress (%) | Send instructors to guest lecture programs | Sent instructors to local children's centers | ○ | Send instructors to guest lecture programs | Continually enhance actions partnering with communities |
| | | Raise environmental awareness | Plan progress (%) | Provide environmental education for employees, establish employee communication on environmental themes, encourage participation in environmental events | Provided training programs by job grade, organized CSR Talk Live, installed "green curtains" | ○ | Provide environmental education for employees, establish employee communication on environmental themes, encourage participation in environmental events | Continually enhance environmental training and information disclosure |
| |  | Promote actions based on biodiversity conservation guidelines | Plan progress (%) | Explore and implement new approaches/initiatives | Conducted biodiversity surveys at company-owned sites, requested partner companies to conduct similar surveys | ○ | Continue biodiversity survey at company-owned sites, promote an action commitment declaration project for employees | Expand and enhance the content of Aichi Target actions |
| | | | | | | | | |
| Environmental impact reduction |  | Reduce CO ₂ emitted from manufacturing | Basic unit per net sales | Reduce by 9% from fiscal 2013 (consolidated) | Reduced by 10% from fiscal 2013 (consolidated) | ○ | Reduce by 11% from fiscal 2013 (consolidated) | Reduce by 20% from fiscal 2013 (consolidated) |
| | | | Reduction rate against BAU (%) ² | Reduce by at least 12.3% from fiscal 2013 (consolidated) | Reduced by 15% from fiscal 2013 (consolidated) | ○ | Reduce by 15% from fiscal 2013 (consolidated) | Reduce by 15% from fiscal 2013 (consolidated) |
| | Effective use of resources | Reduce CO ₂ emitted from supply chains | Basic unit per transport volume ³ | Reduce by 1% per year on five-year average (unconsolidated) ⁴ | Increased 2% on average per year (unconsolidated) ⁴ | × | Reduce by 1% per year on five-year average (unconsolidated) ⁴ | Reduce by 1% per year on five-year average (unconsolidated) ⁴ |
| | | | Reduction rate against BAU (%) ² | Reduce by at least 11.6% from fiscal 2013 (consolidated) | Reduced by 18% from fiscal 2013 (consolidated) | ○ | Reduce by 19% from fiscal 2013 (consolidated) | Reduce by 20% from fiscal 2013 (consolidated) |
| |  | Promote resource recycling | Recycling rate | Maintain at over 99% (in Japan) | Maintained at 99.2% (in Japan) | ○ | Maintain at over 99% (in Japan) | Maintain at over 99% in Japan |
| | | | | Manage and respond to water resources risks | Plan progress (%) | Conduct a third-party water risk survey | Conducted surveys at five sites | ○ |

Notes:

1. Self-evaluation standards for achievement level: ○: Target achieved ×: Target not achieved
2. Reduction rate against BAU (business as usual) indicates the percentage rate of emissions reduction resulting from implemented actions against a computed value for the hypothetical absence of the actions. By not incorporating the influence of foreign exchange movements and other factors, this indicator allows a direct grasp of the efforts by each site.
3. NGK basic unit per transport volume expresses in metric ton-kilometers the amount of crude oil equivalent fuel used.
4. Based on the computation criteria stipulated in the Act on the Rational Use of Energy

[Base year, target year, control scope] Base year: fiscal 2013; target year: fiscal 2020

The new Five-Year Environmental Action Plan has been designed to correspond with the business initiative of new/reformed manufacturing structures. Accordingly, the base year and target year of the Plan have been set to coincide with the initiative. In principle, activities will be managed on a consolidated basis, embracing those based in and outside of Japan, in place of the previous method of managing domestic

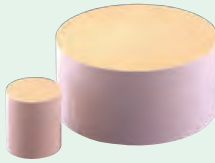
and overseas activities separately. The consolidation method has been adopted to improve management efficiency and effectiveness in response to the recent changes in our global production output structure, particularly increased amounts from overseas manufacturing sites as well as from production chains through multiple global locations.

Development and Distribution of Products Contributing to Environmental Protection

Under the Fourth Five-Year Environmental Action Plan, initiated in fiscal 2016, NGK is committed to the development and distribution of products contributing to environmental protection as a top priority theme. We aim to achieve a growth in sales for products contributing to environmental protection of 60% compared to fiscal 2013 (and maintain the sales percentage for products contributing to environmental protection at over 50% of all products) by fiscal 2020, the final year of the Five-Year Plan. In fiscal 2016, we achieved sales growth of 26% from fiscal 2013, exceeding the annual target of 25%.

HONEYCERAM®

HONEYCERAM is a ceramic substrate for catalytic converters to purify harmful contents in the exhaust gases of automobiles. The product is currently manufactured in eight countries around the world with cumulative shipment exceeding 1.2 billion units.



NOx sensors

NGK has developed the world's first in-vehicle sensor to measure concentrations of nitrogen oxides (NOx) in exhaust gas with high precision.

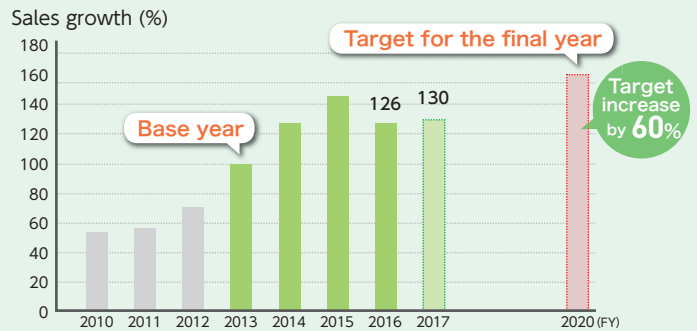


Low-level radwaste treatment system

NGK has developed a wide range of systems to safely treat low-level radioactive waste and has supplied these systems to nuclear power stations and related facilities across Japan. The systems are developed utilizing NGK's proprietary treatment technology and high-performance filter-based dust collection technology.



Sales growth for products contributing to environmental protection



* Figures are indexed with fiscal 2013 set at 100.

Diesel particulate filter (DPF)

The DPF is a porous ceramics filter used worldwide in the exhaust systems of diesel vehicles. With a pore structure, the filter ensures particulate matter (PM) is captured to purify the exhaust gas emitted from diesel vehicles.



NAS® Battery

NGK was the world's first manufacturer to commercialize the NAS battery megawatt-class storage system. NAS systems enable the global spread of stable renewable energy and are thereby contributing to the prevention of global warming.



Initiatives for Biodiversity Conservation

The NGK Group recognizes the conservation of biodiversity as an important issue for the company in achieving a sustainable society. Specifically, we have been pushing forward with activities pursuant to "Aichi Target" international goals for biodiversity agreed upon at the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10). In fiscal 2016, we prioritized relevant activity areas and set two new ones: biodiversity survey of company-owned sites and cooperation with suppliers.



Aichi Target *1

NGK Activities *2

| | | |
|-----------|--|--|
| Target 1 | Spread awareness | Employee environmental education, next-generation education, cooperation with suppliers |
| Target 4 | Sustainable production and consumption | Expanding sales of products contributing to environmental protection, CO ₂ reduction, effective use of resources, cooperation with suppliers |
| Target 5 | Prevent loss of all natural habitats | Voluntary employee participation in forestation and other environmental conservation activities, biodiversity survey/appropriate control of company-owned sites |
| Target 8 | Control pollution from chemical substances, etc. | Chemical substance management, management of exhaust and wastewater, expanding sales of products that prevent air pollution, cooperation with suppliers |
| Target 9 | Alien species | Biodiversity survey/appropriate control of company-owned sites |
| Target 11 | Conserve protected areas | Voluntary employee participation in forestation and other environmental conservation activities |
| Target 14 | Ecosystem services | Voluntary employee participation in forestation and other environmental conservation activities, biodiversity survey/appropriate control of company-owned sites |

Notes:

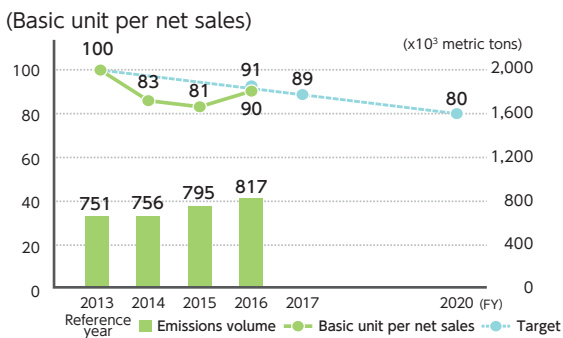
- Source: "Guidelines for Action by the E&E Industries concerning Biodiversity Conservation" (The Biodiversity Working Group, The 4 Electrical and Electronic Industry Associations)
- NGK activities commenced in fiscal 2016 are marked in red.

Reduction of CO₂ Emissions and Discarded Materials

We achieved the fiscal 2016 targets to reduce CO₂ emissions from manufacturing activities by making steady progress under the Five-Year Action Plan. This accomplishment resulted from our successful efforts to carry out reduction measures as initially planned, despite the basic unit per net sales decreasing from the previous year due to a number of negative factors, such as the stronger yen, change in the product mix, and a new production line launched overseas. The reduction rate against BAU reached the 2020 target of 15%, backed by a significant improvement in the basic unit per

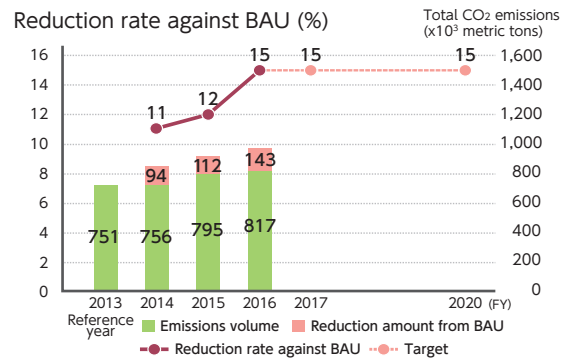
production volume. As for the reduction of discarded materials, we exceeded the annual targets, securing the basic unit per net sales at the level of the previous year, despite negative factors similar to those for reducing CO₂ emissions. This achievement resulted from the manufacturing division's outperforming efforts directed at an increased material utilization rate and production yield for each process and a higher recycling rate within processes. The reduction rate against BAU also saw a substantial improvement.

CO₂ emissions/basic unit per net sales (NGK Group)



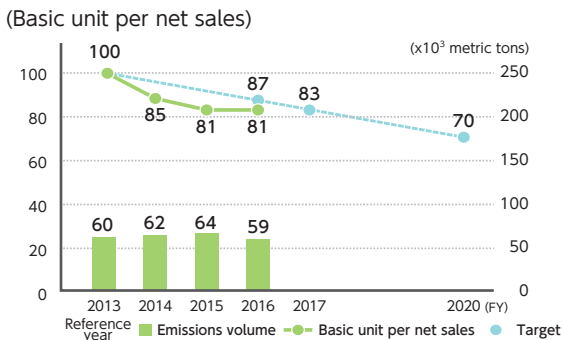
* Basic unit per net sales calculated with the value in fiscal 2013 set at 100.

CO₂ emissions/reduction rate against BAU* (NGK Group)



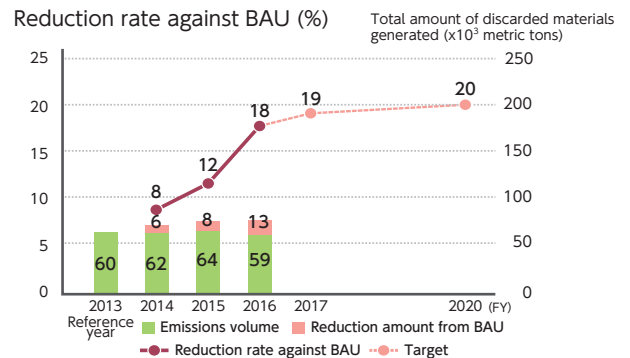
* Reduction rate against BAU: The percentage rate of emissions reduction resulting from implemented actions against a computed value for the hypothetical absence of the actions.

Amount of discarded materials generated/basic unit per net sales (NGK Group)



* Basic unit per net sales calculated with the value in fiscal 2013 set at 100.

Amount of discarded materials generated/reduction rate against BAU* (NGK Group)



* Reduction rate against BAU: The percentage rate of emissions reduction resulting from implemented actions against a computed value for the hypothetical absence of the actions.

Water Resources Risk Management and Response

The NGK Group has been conducting water risk assessments for all manufacturing sites while carrying out inspections to ascertain the efficiency of water usage using guidelines aimed at managing water usage appropriately. In fiscal 2016, we newly introduced a third-party survey to provide advanced analyses for sites where concerns are identified from the internal screening. The external survey reported that no serious water risks have been identified at any surveyed site. In addition, the NGK Group asks its suppliers to practice water resources-related risk management and efficient water usage via the CSR Procurement Guidelines.

Example of Group Company Initiatives

At NGK Ceramics Mexico, manufacturing process wastewater is filtered using reverse osmosis membranes and the recycled water is reused as coolant and boiler water or sprinkled on vegetation.



Coordination with Local Communities and Promotion of Contribution to the Society

The NGK Group has an interest in the social issues of the countries and regions we operate in, and, with the aspiration of being a trusted corporate citizen in our communities, we are engaged in activities that give back to our communities in response to their needs in three main realms: people/education, the environment, and connecting with our regional communities.

Supporting International Students

To do our part to contribute to training the people that will help develop our global society, NGK has established the NGK Foundation for International Students, and continues to assist international students who visit Japan by primarily providing residence for them as well as a scholarship stipend.

We are also engaged in various events that serve as an opportunity for grassroots international relations among supported students, regional communities and our employees. We offer language classes taught by international students and cross-cultural exchange meetings where international students introduce their native countries.



NGK International House, housing for international students, provided housing for 40 students from 8 countries in 2016



A welcome party for international students with NGK employees participating

Number of supported students (FY1997-2016)

Total of **752** students

Efforts in Social Contribution Activities

The NGK Group aspires to be a trusted corporate citizen in our communities and we work with regional communities, NPOs, and others, to carry out social contribution activities in response to regional needs.

TABLE FOR TWO

NGK has participated in the TABLE FOR TWO (TFT) Program since September 2010. When a meal is ordered from the employee cafeteria's healthy menu, a donation equivalent to one school lunch (20 yen) is provided to children in Africa. This program is provided at all of the NGK cafeterias. The Group companies also participate in the TFT program through vending machines.

Cumulative total FY 2010-2016
Equivalent of **260** thousand school lunches



The "Healthy Box" with reduced calories and sodium

Social Contribution Activities by NGK Group Companies

Employee volunteers of NGK Group companies, both in Japan and overseas, are engaged in social contribution activities within their regional communities.



Donation of Christmas presents to children in an orphanage (NGK Metals, a group company in the US)

Topics

NGK Science Site Awarded Advertising Prize

NGK, being a company involved in manufacturing, set up a website, the NGK Science Site, as a mean to communicate information to teach children, who will be the next generation of leaders, the joys of science. This website demonstrates scientific experiments, under the supervision of a specialist, and the detailed procedures that go into them.

The interesting illustrations of the experiments and their home-based set-up received acclaim, and the NGK Science Site was awarded the 38th 2017 Japan BtoB Advertising Prize, a gold prize in the category of magazine advertisements, from the Japan BtoB Advertising Association.



Communication with Stakeholders

The NGK Group uses many opportunities to endeavor to communicate as well as build and maintain relations of trust with our various stakeholders, including our customers, suppliers, community members and our employees.

Communication with Our Customers

As of May 2017, it has been a full 15 years since NGK began our sales of C1, a household water filter, from our desire to use the skills we have cultivated in ceramics as a top industrial ceramics manufacturer to give back to regular households. We set up a dedicated C1 customer consultation helpdesk in-house to create a process for reflecting customer feedback in our products and services. In FY 2016 we also displayed C1 at exhibition and family fairs, introducing the wonderful features of C1 to customers directly.



Customer Cards received from customers who purchased C1



C1 Home-use water purifier

Interacting with the Regional Community

The NGK Group works to deepen relations with the members of our communities through a variety of opportunities, such as plant visit and regional events, and utilize these relations in our business and CSR activities. In addition to our Komaki office, in 2016, we also held the first Summer Festival at our Ishikawa Plant, where we deepened our relationship with the surrounding residents and expressed our gratitude to local officials.



Communication with Our Procurement Partners

NGK holds a results review meeting every year, where we invite our main suppliers. At these results review meetings, we highlight our efforts in handling global production and CSR procurement in the supply chain, and we ask our suppliers for their cooperation and understanding with these efforts.



Communication with Our Employees

To improve our employees' understanding of CSR and our efforts involved with that, the NGK Group holds the CSR Talk Live event where employees have the opportunity to speak directly with the top management. In 2016, as a new effort, we held a Talk Live event, where we openly solicited for participants, entitled "CSR Informed by Corporate History".

