

## Third Party Opinion



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As the integrated report—a report that presents financial and non-financial information (such as CSR) in an integrated fashion—becomes a pressing task for, at the very least, globally-active companies, so the search for the proper way to accomplish this continues across the world.

With their second integrated report this year, NGK has masterfully shown through their NGK Report 2017 how to best accomplish this task. Indeed this report gets to the point and in a succinct way. The NGK Report 2017 (pamphlet) not only carefully selects the high priority issues from among the voluminous and diverse events happening currently, to happen in the future and having happened along their journey from the founding of the NGK Group, but they presented this information in a clear and easy-to-understand format using wording and illustrations that are succinct and dead on their mark. It hardly needs to be said that readers can search for more information on the NGK website.

Their top commitment is a declaration to aspire for sustained growth going into the future through the cultivation of three factors: their unique strengths, such as advanced technical capacity in ceramics since their founding, their people, who are the foundation for their growth, and a sustainable future, which holds the NGK Group's business activities and the solutions for the social problems of our day to be one and the same. This declaration from the management succinctly gets to the point even more.

Moreover, the company-wide efforts towards sustained growth, such as the New/reformed manufacturing structured initiatives to improve competitive edge in the medium to long terms, and the “2017 Challenge 30” that sets new product ratios of sales to above 30%, as well as the business overviews of the three business groups (Power, Ceramic Products, Electronics) are succinctly and clearly presented. This is especially the case with the business overviews of the three business groups, where the performance trends, outlooks, main products, FY2016 business conditions, FY2017 issues and initiatives, as well as the future prospects and efforts, which are plagued by uncertainty, are laid out in a simple, yet richly appealing form.

Additionally, the fact that they present themselves to be moving full-steam ahead with the pertinent efforts (such as their human rights initiatives with the start of their human rights due diligence, their general employee HR system reform carried out in April 2017 to allow all employees—from young hires to veterans—to work with more purpose, and their continued promotion of CSR procurement in their supply chain) they have selected amidst the on-going internal and external changes in the business environment speaks to the trustworthiness of the NGK Group. In conjunction with this, they make special mention of the increased intensity of their efforts towards the environment that they have been so committed to advance up to now—specifically that they are moving on track to reach the goal of the final year of their Five-Year Environmental Action Plan with the growth rate of sales of Products contributing to environmental protection.

In the future, I have expectations that they will level and even out the report content that varies in density here and there, and attempt to compile an even more succinct and to-the-point integrated report, so that they may incisively discern and swiftly adapt to the dynamics of the global business environment and continue to keep ahead of the competition.

### External Evaluation

NGK was selected for the first time in September 2016 for the Dow Jones Sustainability Asia Pacific Index in the Dow Jones Sustainability Indices, a major index for socially-responsible investment.

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