

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 based on Environmental Philosophy and Guidelines for Environmental Action in order to bring its corporate activities into harmony with the environment

(revised in June 2019). 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	The NGK Group continues our commitment to improving the global environment through our "Triple E" businesses representing the energy, ecology, and electronic sectors.
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Reference URL	NGK's Environmental Initiatives https://www.ngk-insulators.com/en/sustainability/environment.html	
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NGK Endorses TCFD*

The NGK Group is committed to making even greater efforts amidst government and private sector actions to achieve the goals of the Paris Agreement. The Group's top management determined the importance of endorsing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which encourages the disclosure of climate-change related risks and opportunities towards making plans for reducing CO₂

emissions. In February 2020 the Group announced its endorsement of the recommendations of the TCFD.



*TCFD: The Task Force on Climate-Related Financial Disclosures was established by the Financial Stability Board (FSB). The G20 Osaka Summit in June 2019 provided the impetus for many Japanese companies to announce their endorsement of the TCFD recommendations. (As of June 22, 2020, 276 companies and organizations have announced endorsement.)

Five-Year Environmental Action Plan

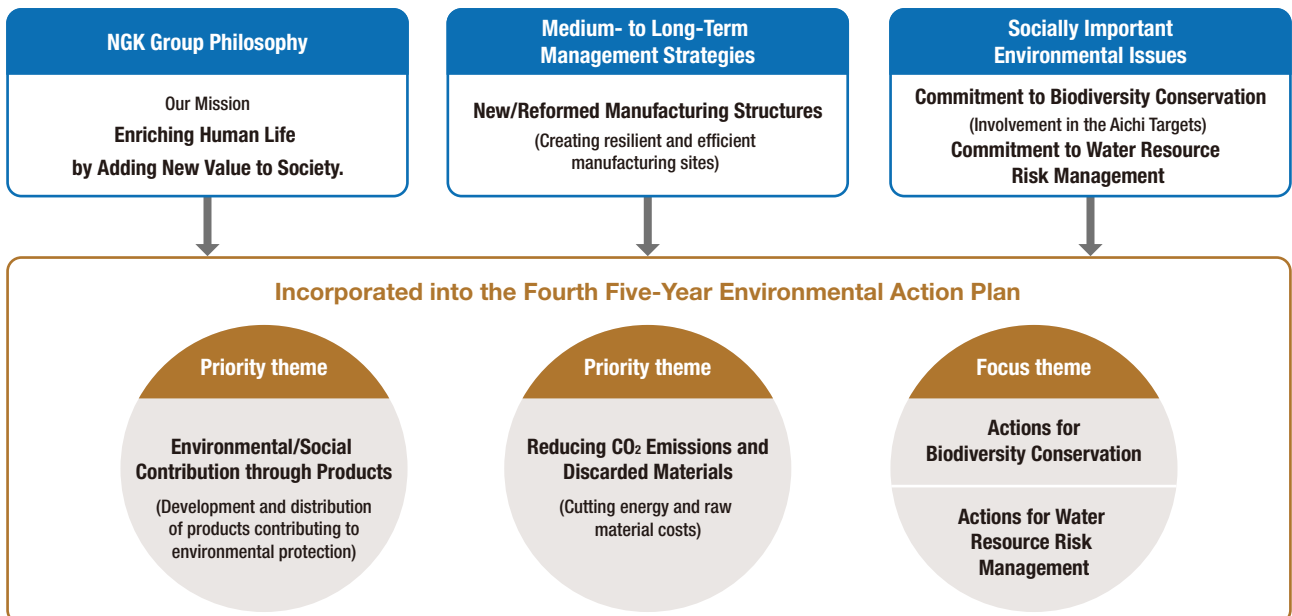
The NGK Group has established the Fourth Five-Year Environmental Action Plan (fiscal 2016–2020). To achieve the goals of the Plan, we are promoting environmental activities, setting annual targets.

■ Outline of the Fourth Five-Year Environmental Action Plan

The NGK Group organizes environmental initiatives by creating five-year action plans. The Fourth Five-Year Environmental Action Plan, initiated in fiscal 2016, has been formulated to broadly encompass major global environmental challenges that businesses are expected to take, and to select two key issues each for two

groups of themes, namely, priority themes and focus themes.

The two priority themes are: environmental/social contribution through products; and reducing CO₂ emissions and discarded materials. The first priority theme directly reflects the core concept of the corporate philosophy, while the other theme closely relates to NGK's medium- to long-term initiative of New/Reformed Manufacturing Structures for increasing competitiveness. For focus themes, we have also set two issues: biodiversity conservation and water resource risk management/response, both being major challenges for which socially responsible corporate action is required with greater urgency.

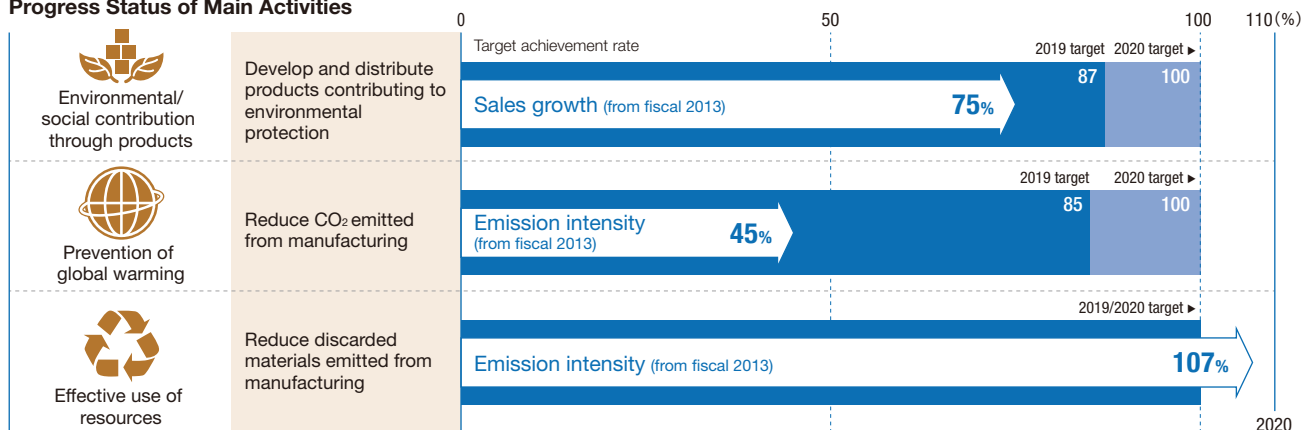


Five-Year Environmental Action Plan Progress Report

In fiscal 2019, compared to forecasts at the start of the period, negative factors such as lower sales volume in core products and negative currency effects prevented us from achieving annual goals for a number of the items for which we set numerical goals. Fiscal 2020 is the final year of the Fourth Five-Year Environmental Action Plan. Despite the uncertainty in the global economy

caused by the growing COVID-19 pandemic, the NGK Group is working in concert to undertake environmentally beneficial activities that will enable us to meet the targets of the Five-Year Environmental Action Plan, including the smooth start-up of new plants and production lines and an increase in the production yield ratio.

Progress Status of Main Activities



Protecting Biodiversity

In the NGK Group, we view the challenge of protecting biodiversity as an integral part of achieving a sustainable society, and towards that end we are undertaking the following activities.

■ Activities for achieving the Aichi Targets

The NGK Group has been pushing forward with activities pursuant to the Aichi Targets (international goals for biodiversity) agreed upon at the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10).

Since fiscal 2016 under the current Five-Year Action Plan, we have done biodiversity surveys of company-owned sites, taken part in the Ministry of the Environment's "My Action Declaration" initiative, and worked in unison with our suppliers.

■ Promoting participation in the Ministry of the Environment's "My Action Declaration" initiative

In fiscal 2017, as a way of raising awareness among employees, we began promoting participation in the "My Action Declaration" initiative led by the Japan Business Federation and the Ministry of the Environment. This project aims to have by 2020 a million people make a declaration to take action to conserve biodiversity.

Declarations have been received from a total of 5,200 employees who promised to take a personal interest in and work to protect the biodiversity around them. We have also expanded this initiative throughout NGK Group companies in Japan and so far a cumulative total of 6,500 group employees have made the declaration.

Aichi Targets	NGK Group Activities
1 Spread awareness	Employee environmental education, next-generation education, cooperation with suppliers, promoting employee participation in My Action Declaration initiative
4 Sustainable production and consumption	Expanding sales of products contributing to environmental protection, CO ₂ reduction, effective use of resources, cooperation with suppliers
5 Inhibit loss of all natural habitats	Voluntary employee participation in forestation and other environmental conservation activities, biodiversity survey/appropriate control of company-owned site
8 Control pollution by chemical substances, etc.	Chemical substance management, management of exhaust and wastewater, expanding sales of products that prevent air pollution, cooperation with suppliers

Aichi Targets	NGK Group Activities
9 Alien species	Biodiversity survey/appropriate control of company-owned site
11 Conserve protected areas	Voluntary employee participation in forestation and other environmental conservation activities
14 Ecosystem services	Voluntary employee participation in forestation and other environmental conservation activities, biodiversity survey/appropriate control of company-owned site

Note: Source: "Guidelines for Action by the E&E Industries concerning Biodiversity Conservation" (The Biodiversity Working Group, The 4 Electrical and Electronic Industry Associations)

Risk Management of Water Resources and Response

Within the NGK Group, we perform water risk assessments for all of our production bases, as well as promote more efficient water usage according to independently established guidelines. With regard to water risk, we utilize public tools to carry out self-assessments at all production bases, and at bases where

there are water shortage concerns, we bring in third parties to perform detailed analyses. Although no serious water-related risks have been identified to date at any of our facilities, we will continue to monitor the situation and stay abreast of regulatory trends to ensure stable operations in the future.