

Message from the President



Shinichi Odo
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Shinichi Odo', written in a cursive style.

September 2011

I would like to offer our deepest sympathy to all those affected by the Great East Japan Earthquake that struck in March this year. We sincerely pray for their safety and the earliest possible recovery of the disaster-hit regions. NGK Spark Plug Co., Ltd. is determined to extend as much assistance as possible to the victims.

Reinforcing Our Operating Base and Achieving Further Development

This year, NGK Spark Plug Co., Ltd. celebrates its 75th anniversary. We are aware that our expansion and success to date has been entirely due to our customers and suppliers, and would like to express our warmest gratitude for their kind patronage and support. At the same time, let me show our profound respect for our predecessors for their great endeavor. Our Company has been engaged in manufacturing based on the philosophy of producing quality products with participation by all employees, a philosophy that we have maintained since our founding. We have also proposed and provided products and services that meet the needs of the times, without being afraid of change. In keeping with these two attitudes, we will continue to pursue further development in the future.

In the automotive industry, the NGK Spark Plug Group's principal business field, we have seen increasing demand for environmentally friendly vehicles, such as fuel-efficient, high-powered compact cars and hybrid cars, reflecting the rise in global awareness of environmental preservation and fossil fuel depletion. Automotive manufacturers are making progress with the development of next-generation electric vehicles. To meet such demand, our Company strives to develop new products of spark plugs and related component that can effectively improve fuel efficiency. In the electronics and semiconductor industry, we focus on smartphones (multifunctional mobile phones), mobile products, digital consumer appliances and automotive devices, while looking at tablet terminals as a primary target for the exploitation of a new market.

Last year we started to implement our 5th Medium-term Management Plan, the basic policy of which is "to reinforce the operating base and establish a framework for further development" in light of the NGK Spark Plug Group's vision 10 years ahead into the future. Under the Plan, we promote an initiative to develop next-generation technologies aiming to contribute to the realization of an energy infrastructure for the near future. As part of the initiative, we will put our energy into the development of innovative

technologies, including a hydrogen energy-related product lineup comprising solid oxide fuel cell (SOFC) and a hydrogen leak detection sensor.

Establishment of Our CSR Policy

In April this year, NGK Spark Plug Co., Ltd. established its CSR Policy, on the basis of the objectives and action guidelines set forth in our Corporate Philosophy and Corporate Code of Conduct, and made the Policy known throughout the Company. We will first review our compliance and risk management systems, which form the foundation for corporate activities. If shortcomings are identified, we will visualize them to make improvements accordingly.

Compliance means adherence to laws and regulations as well as to corporate ethics. It is therefore our natural obligation to assure compliance. Now that we have newly established the Compliance Policy and set its action guidelines, by ensuring that all executives and employees follow these guidelines, I believe that we can build up a more sound business structure. To this end, we work to further improve our in-house education and awareness-raising activities, so as to achieve thorough compliance. We will also share such compliance-related information across the Group worldwide to help resolve problems in each country and region.

To smoothly continue corporate activities, it is important to implement strict risk management to deal with risks at an early stage. Notably, in the aftermath of the recent devastating earthquake, Japan has encountered numerous unexpected circumstances one after the other. The NGK Spark Plug Group has also recognized anew how it is difficult to ensure business continuity in a disaster situation. Since many business sites of the Group are located in the Tokai region, we will review our scenario to prepare for the occurrence of major earthquakes, for instance, a possible Tokai Earthquake. By strengthening our disaster-preparedness, we strive to minimize the possible adverse effect on customers who purchase our products, suppliers from which we procure raw materials, and all other stakeholders involved in the supply chain.

Eco Vision 2015 Initiatives

We should never forget the fact that corporate activities have a great impact on the ecosystems on our planet. In this sense as well, we believe that global environmental problems are a common issue for all humanity, and that it is imperative for companies to address these challenges. As part of such efforts, we implemented Eco Vision 2010 from fiscal 2004 to 2010. Although we were unable to accomplish 100% achievement of the Vision, we produced some positive results. In the future, looking toward the achievement of Eco Vision 2015 stipulated in April 2011, we will make proactive efforts worldwide to help conserve the global environment.

As a Company That Coexists with Society

We have made various improvements and thereby received social acclaim. This has enabled us to continue to operate offering products and services. By further reinforcing our Company's strength, I strongly hope that we can keep on evolving as an enterprise capable of fulfilling customer needs through outstanding quality and superior service, and growing as an enterprise that coexists with society.

To realize this hope, we will continue to embrace both change and challenge, while correctly perceiving major changes in business climates, and seeking an optimal balance between management, society and the environment.

Above all, we will strive to offer a working environment in which individual employees can enthusiastically enjoy their work. Greater employee satisfaction will enable us to offer products and services that ensure greater customer satisfaction. Moreover, if we can receive increased recognition through the provision of excellent products and services, it will have a positive effect on our employees' awareness and motivation, thus generating a virtuous cycle. We aspire to be an enterprise characterized by such a virtuous cycle.

We hereby release the CSR Report 2011, which compiles our activities during fiscal 2010. The name and configuration have been changed from the previous Environmental & Social Report, since we started companywide CSR activities by establishing the CSR Promotion Department in April 2010. I look forward to receiving your unreserved comments and opinions.