

With Our Suppliers

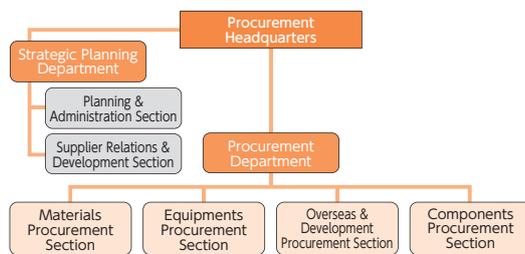
Basic Philosophy

It is indispensable to establish healthy partnerships with our suppliers to procure better raw materials and parts in a more timely and stable manner. Through our supply chain system, we work hard together with suppliers, aiming at mutual prosperity and further strengthened mutual trust.

New Organizational System

Aiming to strengthen mutual trust and relationships with suppliers and incorporating our procurement policy into our supply chain, we at NGK Spark Plug Co., Ltd. conducted an organizational reform of our procurement division, under the catch phrase of "Change & Challenge!"

Organizational Chart of our Procurement Headquarters



<Priority Issues of Our New Organizational System>

- Cross-sectional information sharing on business/purchasing strategies among respective business divisions
- Centralized management of information on our suppliers and their purchase data
- Strengthening of the overseas procurement function and the procurement development function
- Restructuring of our frameworks and systems for supplier support, evaluation and auditing
- Promotion of CSR procurement*1

Web
Green purchasing requirements

*1
CSR Procurement
CSR procurement is a continuous purchasing and procurement practice, requiring suppliers to comply with procurement criteria in terms of social responsibility activities. The CSR procurement criteria include human rights, work conditions, as well as workplace safety and health, etc.

Voice

The task of the procurement division is not limited to responding to the purchasing needs of our manufacturing and technical divisions; it is also an important mission to become a product manufacturing partner of these divisions, thereby realizing the most suitable procurement system for our company as a whole. To this end, we also have to build suitable and healthy business relations based on mutual trust with our suppliers. I am confident that building partnerships both within and outside our company is sure to contribute to the further development of our company and our suppliers.

Aiming to achieve these goals, the Procurement Headquarters will strive to promote our CSR procurement activities, ensuring our suppliers' understanding and support for us.



Takeshi Nakagawa
Managing Director
Procurement Headquarters

Procurement Policy

We aim to realize globally optimal procurement based on our quality products principle. To this end, we focus on strengthening cooperation with suppliers and promoting our CSR efforts throughout our supply chain system, while at the same time striving to carry out proper purchasing transactions when procuring materials and parts, based on the following guidelines:

[Action Guidelines]

- We conduct rational transactions based on fair, transparent, and open competition.
- We select a supplier based on comprehensive assessment of its product quality, technology, prices, deliveries, and efforts to continuously make improvements.
- Aiming to become a good corporate citizen, we are engaged in business operations complying with applicable national and international laws and regulations.
- We ensure stable procurement of better quality products at a reasonable cost and an earlier delivery.
- Aiming to procure more eco-friendly products, we strive to promote our green supplier system.
- Aiming to have our suppliers understand our company, we strive to establish mutual trust with our suppliers. Recognizing that we and our suppliers can be good partners for each other, we strive to realize out mutual development.

Sharing Corporate Policy

We hold a corporate policy seminar to our main suppliers, offering them an opportunity to deepen their understanding of the present situation of our company and our goals.

At the seminar held in May, 2010, explanation was given about our business performance, the fifth medium-term management plan, as well as respective division's policy under the plan. We also showed the direction to be taken by our company, reaffirming that we would work with suppliers to overcome the current severe business environments. In addition, we requested our suppliers to take responsible actions to appropriately control substances of environmental concern, promote quality improvement and cost reduction, and facilitate CSR activities.



Corporate policy seminar