



# Glossary

Page of appearance	Term	Definition/explanation
4	<b>ROE</b>	ROE is one indicator of a company's profitability. ROE reveals how effectively shareholder equity is being used; higher ROE means higher profitability. [ROE = Net Income / Shareholders' Equity]
6	<b>BCP</b>	Business Continuity Plan. A plan of action to be taken by a company when an emergency situation arises, such as a major disaster or a large-scale accident, to ensure business continuity at a certain level, or if suspended, to realize quick recovery.
6	<b>Compliance</b>	When a company, as a member of society, fulfills its corporate responsibility by enhancing its corporate ethics, and by understanding the spirit and the purport of and complying with laws and regulations, international rules, social norms, and various in-house regulations.
6	<b>Risk Management</b>	Activities to systematically manage various risks related to business in corporate management. Specifically, activities to prevent risk occurrence, or reduce the damage incurred when a risk arises.
7	<b>On-time delivery</b>	Delivering orders on the deadline specified by the client.
9	<b>Three-way catalyst</b>	A device for cleansing harmful substances contained in gasoline-engine automobile exhaust (carbon monoxide (CO), hydrocarbons (HC) and nitrogen oxides (NOx)) through oxidation and conversion.
12	<b>CSR</b>	Corporate Social Responsibility.
12	<b>CSR procurement</b>	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.
14	<b>Authorized Exporters' Program</b>	Under this system, customs approves exporters who are excellent in legal compliance as authorized exporters, and gives them preferential treatment. This system is intended to speed up customs clearance procedures and strengthen security measures. Since the approved enterprises can proceed through customs clearance procedures more speedily and reliably, they can also expect shorter lead-times and reduced logistical costs.
15	<b>Smart device</b>	Multi-function information processing terminals that can be used for many purposes, such as smart phones and tablets.
15	<b>Act on the Protection of Personal Information</b>	An act on appropriate handling of personal information. The act prohibits using personal information about an individual for improper purposes without consent of the individual.
15	<b>Unfair Competition Prevention Act</b>	This law is intended to ensure fair competition among business operators. Under this law, operators' business reputations and confidentiality are protected. The law prohibits acts of illegally acquiring, using or disclosing trade secrets.
16	<b>BIA</b>	Business Impact Analysis. Quantitative and qualitative analysis and evaluation of the impact when business is suspended due to unforeseen circumstances. The first and essential step in devising the BCP.
17	<b>Corporate governance</b>	Refers to the process or systems to ensure that a company is managed by the business operator in an optimal and sound manner.
17	<b>Corporate officer system</b>	The operating officer system clearly divides and defines the roles of directors who handle management, and operating officers who execute operations.

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17	<b>Internal Control Report System</b>	In 2006, the former Securities and Exchange Act was revised and renamed the Financial Instruments and Exchange Act. Under the revised act, listed companies are required to submit internal control reports every fiscal year, to be subject to audits by certified public accountants or auditing firms, in order to improve the trustworthiness of financial reporting.
20	<b>QC Circle Activities</b>	QC stands for quality control. Small groups are formed within the workplace to encourage autonomous handling of such issues as safety measures, reduction of faulty products, as well as quality improvement and quality control of products.
20	<b>TQM</b>	Total Quality Management is an operational method and management technique that contributes to the improvement of operational quality in an enterprise.
22	<b>FTSE4Good Index Series</b>	A responsible investment index developed and managed by the FTSE Group (UK). Evaluation criteria for selecting a member company include environmental issues, human rights, supply chain labor standards, bribery prevention, climate change, etc.
22	<b>IR activities</b>	Investor Relations involve communicating detailed information about our management, finances and results.
22	<b>SRI</b>	Social Responsibility Investment refers to a type of investment approach. Under SRI, investors select a company they would like to invest in by not only analyzing a company in terms of its financial aspects such as profitability and growth potential, but also comprehensively evaluating the company based on its environmental efforts/ social contribution, such as its compliance with laws & regulations, response to employment conditions and human rights problems, and contribution to society/local communities.
27	<b>JISHA OSHMS Standards</b>	Standards established and published by JISHA (Japan Industrial Safety and Health Association). The standards determine whether OSHMS is appropriately introduced based on the Occupational Safety and Health Management System of the Ministry of Health, Labor and Welfare, and whether the occupational safety and health standards are being appropriately implemented to improve gradually.
27	<b>Frequency Rate</b>	The frequency rate of accidents. Calculated with the following formula. [Frequency Rate = (Number of Accidents / Actual Hours of Extended Labor) x 1 million]
28	<b>Risk Assessment</b>	Method to detect and evaluate potential dangers and hazards in a worksite, and eliminate/reduce them.
29	<b>KYT</b>	Danger anticipation training (stands for Kiken Yochi Training). Training conducted for the purpose of enhancing receptivity to dangers by sharing potential dangers within the workplace.
29	<b>WBGT</b>	WBGT (West-Bulb Globe Temperature), a practical index for evaluating heat effect on humans, is used to help prevent heat stroke in a hot work environment or in sports activities. The Ministry of the Environment calls the index the "Heat Index."
29	<b>Working Environment Measurement</b>	To protect the health of laborers and provide a suitable working environment, working environment measurement is conducted in terms of the level of harmful factors existing in the work environment and to what extent workers are exposed to such harmful factors. The results are evaluated and classified into the first, second, or third category.
29	<b>Industrial physician</b>	A doctor who is involved in managing the health of laborers in workplaces. The Industrial Safety and Health Act mandates companies constantly employing 50 workers or more in the workplace to hire an industrial physician.



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29	<b>Hiyari Hatto</b>	Events that fortunately did not, but could have turned into a major accident.
32	<b>TABLE FOR TWO</b>	Purchasing of the targeted low-calorie meal results in a 20 yen donation per meal to school lunches for children in developing countries (which costs 20 yen per meal). In other words, buying one meal for oneself results in the donation of one meal to a developing country. Conducted by TABLE FOR TWO International, a specified non-profit organization.
32	<b>Tag rugby</b>	A safer version of rugby, having a "no physical contact (such as tackling) rule"
32	<b>Plastic bottle cap collection</b>	860 bottle caps equal one polio vaccination. Conducted by Ecocap Movement, a specified non-profit organization.
34	<b>LCA</b>	Life Cycle Assessment. Method for quantitative and objective assessment of the environmental impact from all steps throughout the entire lifecycle of a product, including sourcing the raw materials, manufacturing, distribution, disposal, and recycling.
34	<b>PRTR substances</b>	Chemical substances designated in the Act on Confirmation, etc., of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof. This Act stipulates a system of grasping and notifying the amount of specific chemical substances released into the environment.
34	<b>VOC</b>	Volatile Organic Compounds. The source of photochemical oxidants and suspended particulates that pollute the atmosphere.
34	<b>Biodiversity</b>	The existence and maintenance of diversity in ecosystems, species and genes.
34	<b>Material Flow Cost Accounting</b>	Abbreviated as MFCA. Method of identifying costs by determining material costs, processing costs, and depreciation and amortization incurred by materials and energy losses (defective products, etc.) during production processes.
34	<b>Global warming</b>	A phenomenon where the average global temperature is increasing due to higher concentration of greenhouse gases that trap heat in the atmosphere and heat the surface of the Earth.
36	<b>ISO14001</b>	An international standard for environmental management systems. Business sites that have established systems in accordance with the standard can receive certification from an external organization.
37	<b>Eco-efficiency</b>	Index on rate of economic value against environmental burden accompanying business activities. The larger the figure, the better. [Eco-efficiency = Net sales / Environmental burden] *Due to changes in the main system, the numerator has been changed from added-value production to net sales.
39	<b>Greenhouse gases</b>	Gases that cause global warming. The Kyoto Protocol designates carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
39	<b>Act on the Rational Use of Energy</b>	Established in 1979, triggered by the oil crisis. Measures are stipulated for four categories of factories, etc.: transportation, buildings, and machinery and equipment. Amendment in 2008 changed the base of the control system for energy management for factories, etc. from factories/business sites to business operators (companies). Those consuming 1,500 kL (crude oil equivalent) or more of energy are designated as Specified Business Operators, and are required to appoint an Energy Management Control Officer, make basic unit improvements to an annual average of 1% per year.
39	<b>Law Concerning the Promotion of the Measures to Cope with Global Warming</b>	Under the System for Greenhouse Gases Computation, Reporting and Publication, businesses emitting 3,000 tons (CO <sub>2</sub> equivalent) or more of greenhouse gases are required to report their emission volumes.

Page of appearance	Term	Definition/explanation
40	<b>Natural energy</b>	Energy obtained from sunlight, solar heat, wind, water, biomass, tide, geothermal heat, snow/ice energy, etc.
41	<b>Zero Emissions</b>	As defined by this Company, when the effective utilization rate of industrial waste and general waste from business activities is 98% or higher. [Effective utilization rate = (reuse + recycle) / (reuse + recycle + landfill and incineration) ≥ 98%]
41	<b>Effective Utilization</b>	As defined by this Company, identifying value as a resource, reusing or recycling (including heat recovery) generated waste. Also includes selling the resulting valuable resources.
43	<b>AIS</b>	Article Information Sheet provided JAMP (Joint Article Management Promotion Consortium), used to convey information on chemical substances contained in products.
43	<b>IMDS</b>	International Material Data System that collects information on materials used and substances contained in approximately 30,000 automobile components.
43	<b>JGPPSI</b>	Japan Green Procurement Survey Standardization Initiative. A council comprising voluntary electrical and electronic equipment manufacturers aiming to share surveys on chemical substances contained in components and materials.
43	<b>REACH Regulation</b>	Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals. It is a comprehensive chemicals regulation for manufactured or imported substances and substances contained in products, effective from 2007 in the EU.
43	<b>EcoAction 21</b>	An environmental management system. This system is designed by the Ministry of the Environment for small to medium businesses to provide ISO 14001 accreditation at a lower cost as well as inspection/consultation.
44	<b>ELV Directive</b>	End-of-Life Vehicle Directive. A directive stipulating the recycling rate of end-of-life vehicles and regulated substances, effective from 2002 in the EU.
44	<b>RoHS Directive</b>	Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment. Became effective in 2006 in the EU.
45	<b>PCB</b>	Polychlorinated Biphenyl. Was widely used as insulating oil and for other purposes due to its high insulating ability and chemical stability, but being highly toxic to people, its production and use is now prohibited.
45	<b>Asbestos</b>	A fibrous mineral that had been widely used as an insulator. Inhalation may cause lung cancer or mesothelioma tumors.
45	<b>Accounting standards relating to asset retirement obligations</b>	Upon disposing of tangible fixed assets such as buildings, it is now mandatory for items which the law requires to be removed to be accounted for as liabilities. Examples include expenses for the treatment of asbestos, soil surveys, and decontamination.
45	<b>Soil Contamination Countermeasures Act</b>	The purpose of this act is to apprehend situations of soil contamination and prevent the contamination having a harmful effect on human health. The Act underwent substantial revision in April 2010 with additional provisions regarding the apprehension of situations and actions to be taken, including a requirement to notify changes in the character of land of 3,000 m <sup>2</sup> or more in area.
47	<b>Site-specific environmental reports</b>	By-company/plant reports on environmental preservation activities. Issued by four plants of NGK SPARK PLUG CO., LTD. and eight affiliates (excluding Nittoku Alfa Service Co., Ltd. and Nittoku Unyu Co., Ltd.).