

Third party verification report for the “NGK Group CSR Report 2012”

NGK SPARK PLUG CO., LTD.

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1. Scope, purpose and subject of verification

NGK Spark Plug Co., Ltd. (hereinafter referred to as the organization) has prepared the “NGK Group CSR Report 2012” and the information directly related to the report. TÜV Rheinland Japan Ltd. (hereinafter referred to as the verification body) has been commissioned as an independent third party to implement a specific and agreed-upon verification process with the purpose to confirm;

- Rational calculation methods and the reliability of environmental reporting, performance indicators and accounting information as well as the validity of statement including social reporting
- Completeness of the report disclosing important environmental issues
- Reporting including social activity without intention to mislead readers

The purpose of this verification is to report the results including verification opinions.

2. Verification process

The following verification process has been performed based on the agreement with the organization.

- (1) Outline of the environmental performance indicators: Process overview to figure out the environmental performance indicators and items for data collection were learned and examined.
- (2) Process of data collection, calculation and reporting: As basic information pertaining to environmental performance indicators and environmental accounting indicators, the data collection process and the calculation method were examined.
- (3) Accuracy of data: For the environmental performance indicators and the environmental accounting indicators, the accuracy of data and reliability of calculations have been assessed by comparing selected data with basic information, and confirming their consistency.
- (4) Correctness of reported information and completeness of important issues: Information indicated in the report has been confirmed by interviews with responsible persons, on-site visit and comparison between internal and external information.

Our verification process includes document verification of the organization’s draft report, on-site verification for overall data aggregation, verification of contents of the report, verification of sampled-site data aggregation process and confirmation of the organization’s final draft that includes corrective action implementation. The detail of our verification process including required corrective actions, implemented corrective actions by the organization, and reporting is disclosed in our home page (<http://www.tuv.com/>).

As the result of above-mentioned processes, the verification body judged that it had obtained reasonable information to conclude.

Ministry of Environment’s “Environmental Reporting Guidelines, and Environmental Reporting Standard”, and GRI’s “Sustainability Reporting Guideline” were considered during the verification process however, the statement does not imply certification or compliance with these guidelines.

* Visited site for the verification: Headquarters, Headquarters plant and Komaki Plant and Ise Plant

* Sampled sites: Headquarters and Headquarters plant
(Focal points of verification: data aggregation in PRTR and CO2)

3 . Conclusion

The verification process has been performed as planned, and it was confirmed that corrective actions requested during the verification have been properly implemented. As a result, the audit team concludes that the “NGK Group CSR Report 2012” and relevant information cover and correctly provide important environmental information in accordance with the Ministry of Environment’s “Environmental Reporting Guidelines.”

4. Verification opinion

【 General evaluation 】

The organization has changed its editorial policy of the CSR report since this year to disclose entire contents of the report on its website. Although a report booklet is still available, it is provided as the report summary. By taking advantage of the website report, it is expected that the organization will disclose a wide variety of information more actively through the report to further meet the needs of readers. In order to do so, continual improvement of the report is essential from both perspectives: contents and the method of disclosure, so that diverse information of the report could satisfy a wide range of people from ordinary readers to specialists in both quality and quantity and provide clear and easy-to-understand a variety of topics in the CSR report. Further enhancement in the future can be expected as awareness of the organization for continual improvement toward website disclosure can be seen in improvements including a glossary with a new feature added to the website report from this report by making effective use of characteristics of PDF.

While the organization could take advantage of shifting to the website report, it is necessary to deal with disadvantage of that. It is hoped that the organization could respond to those who have been accustomed to reading a booklet report for a long time so they can smoothly take the website report.

【 Environmental activities 】

The organization has been steadily enhancing its process of aggregating environmental performance data. The report of CO₂ emissions started to be issued on a monthly basis after collecting performance of individual divisions, which enables the organization to well understand the status of energy efficiency improvement activity taken by the entire group of the organization. However, continual improvement should be done further so that the organization can get the data aggregation results in a timely manner and swiftly utilize it for check and action of PDCA cycle. Therefore, further enhancement would be needed to reduce the time for data aggregation as well as for verifying the results. Regarding the data collection method of PRTR substances, it is carried out in line with the on site process and the up-to-date status is reported, confirmation of data collection should be partly necessary. Water consumption data has been continuously and accurately collected and managed with software.

Promising technology essential to such an era of environmental management has been continuously focused and described in the special feature 1 and 2, which makes us expect to learn about the organization's eco-friendly products and R&D. Including this representative example, further enhancement can be made in describing environmental performance of the products continuously and systematically by including the vision, advancedness and recyclability.

The organization has renewed its report as the "CSR report" since last year. As a global company that should provide environmental information as well as information of global and social initiatives, one of challenges for the organization is how to quickly build a system that collects data from overseas subsidiaries as implementation of environmental activities in accordance with the environmental policy by global and localized management is becoming more and more vital.

Regarding a remaining issue of "shift to achievement from process" in controlling target, the "Eco Vision 2015" includes representative examples such as positive challenges and improvement of initiatives for the challenges. However, there are some items whose targets have already achieved by the efforts or others resulting in little progress. It is hoped that the organization will appropriately review the targets and initiatives on an annual basis.

【 Social activities 】

Management related articles including corporate governance describe initiatives to strengthen the control and supervision of the entire organization by the "divisional system" that enables to make quick decisions and efficient individual business operations, and by the "horizontal management" to achieve well balanced growth of the company. It is expected that the organization will further enhance its corporate governance which is the base of CSR management by the executive corporate officer system which was introduced as of April 1st this year.

Moreover, attitude of the organization trying to enrich contents including relationship with employees such as initiatives for occupational health and safety, voice of employees and the like is valuable. Given the higher proportion of exports which is the characteristics of the organization, it is also hoped that such an attitude trying to achieve CSR management appropriate for regions where the organization carries out its business operations, while understanding its role there, will be reflected on the report.

【 Environmental accounting 】

Attitude of the organization toward disclosure of the environmental accounting has been well shown by the chart for environmental conservation cost and conservation effects in both amount and quantity, and the 5-year trend graph and eco-efficiency (environmental efficiency). Accumulated experience and know-how in data aggregation process is utilized and a system that can manage environmental debt related items without missing is expected to achieve.

It would be a good time to consider rebuilding the framework of environmental accounting for further advancement as new items surrounding environmental management such as purchasing system of renewable energy start gain more attention, and revised part of "Environmental Reporting Guidelines 2012" includes such a perspective of "linking between environmental management information and business activity/financial information".