

# Compliance

## Fiscal 2011 Topics

- In February 2012, we launched the compliance promotion system, clarifies which particular divisions are in charge of relevant laws and regulations.
- The Compliance Guidebook was distributed to all employees working at the NGK SPARK PLUG Group.
- The Compliance Regulations were adopted.

## Basic Philosophy

We work to increase awareness among employees regarding compliance to act in a socially sensible manner, helping them to bear in mind that our enterprise is a member of society.

## Compliance Policy

We acknowledge that our company is a member of society. In the light of this, we enhance corporate ethics, comply with laws and ordinances, international rules, and company regulations, striving to become a company trusted by the international community.

### Action Guidelines

- We comply with all relevant laws and ordinances, the Corporate Code of Conduct, and company regulations.
- We regularly educate and raise the awareness of all our employees to impart a high-level of ethics and correct knowledge, with which they can act voluntarily to prevent compliance problems.
- Should a problem occur, we will promptly deal with the problem and fulfill our accountability, and will strive to identify the causes and prevent recurrence.

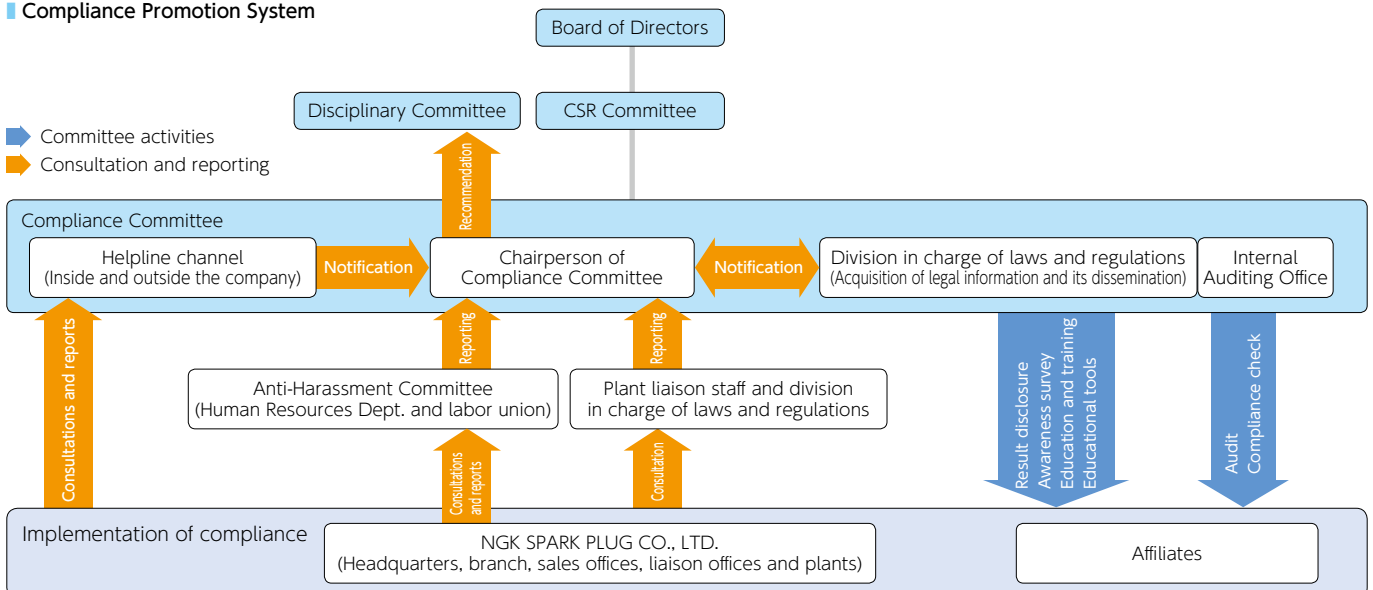
## Compliance Promotion System

To promote compliance implementation, the Compliance Committee was set up as an expert committee under the CSR Committee. The divisions in charge of relevant laws and regulations obtain information on these laws and regulations, standardize compliance procedures, disseminate them to other divisions concerned, and check their compliance with these laws and regulations.

[Major roles of Compliance Committee]

- ① To provide guidance and surveillance to each division, as to its activities toward preventing compliance violations, and as to the division's responses if violation occurs.
- ② To accept and appropriately deal with consultations and reports submitted through the Corporate Ethics Helpline system.
- ③ To deal with consultations and reports regarding harassment, in cooperation with the Anti-Harassment Committee.

### Compliance Promotion System



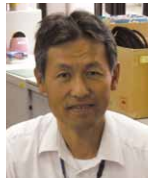
Compliance

## Corporate Ethics Helpline

We have established an internal reporting system, called the "Corporate Ethics Helpline," to prevent compliance violations and to swiftly resolve any problems. We also set up reporting and consultation channels within and outside the company, which can be used by employees and other informers who have discovered an illegal or possibly illegal act, as a means of providing information

**VOICE**

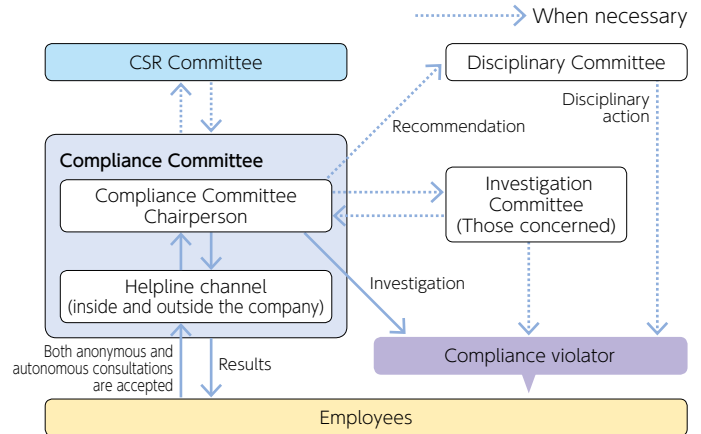
I have been working as a contact person of the Helpline since February 2012. Our company's Corporate Ethics Helpline system was established in 2003, but has remained almost unused, because the system has not been well known to employees. To address this problem, we hold compliance explanation meetings through which we promote the use of the Corporate Ethics Helpline system. Anonymous consultations are also accepted, making it easier for employees to use the system. The reported or consulted compliance violations are addressed promptly.



Yoshiaki Saiki  
Senior Manager  
General Administration Dept.

and seeking consultation. We strive to create an environment in which, from the informer's viewpoint, it is easy to consult, by clearly announcing that the confidentiality of all informers is protected.

**Flow after Report Is Received via Helpline**



## Compliance Education and Awareness-Raising

We encourage every employee to take interest in business and legal affairs, and to be aware of the importance of such affairs. This will result in reducing risks not only to individual employees, but to our company as well. In this recognition, we compiled into a Compliance Guidebook, which has been distributed to all employees, the action guidelines as well as laws and regulations to be followed by Group employees. Employees at each workplace confirm the content of this guidebook to each other, so as to enhance their compliance awareness. We also hold compliance lectures during level-specific training programs, in which familiar examples are used to foster trainees' better understanding.



Compliance Guidebook

## Export Controls

To maintain international peace and security, Japan has imposed legal regulations on trade that may assist the occurrence or expansion of conflict. NGK SPARK PLUG CO., LTD. has stipulated its Export Management Regulations to ensure thorough compliance with export restrictions, and has established a system that can flexibly deal with regulation revisions. In June 2008, our company was approved as an authorized exporter under the Authorized Exporters' Program, in recognition of its efforts in establishing cargo security management and compliance systems. We are committed to making proper import/export declarations.

We will continue to promote export controls and trade-related business in compliance with laws and regulations, and to improve trade efficiency, while fulfilling our responsibility as an enterprise with a high export ratio.

**VOICE**

In fiscal 2011, I served as a lecturer in the on-site seminars about the Act against Delay in Payment of Subcontract Proceeds etc. to Subcontractors. While the Act is a law closely relating to corporate activities, it is not familiar to the general public. I therefore attempted to give participants explanations, primarily focusing on the Act's outline and basic items. Every time I lectured, I received many questions from participants. I will make effective use of those questions and answers as valuable examples for future lectures.



Keizo Watanabe  
General Administration Dept.

**VOICE**

For a company like us with a high export ratio, appropriate export management is indeed a matter of vital importance, and should be given high priority. The General Administration Department holds explanation meetings tailored to each workplace, to facilitate better employee understanding of the importance of export management, as part of our efforts to promote appropriate export management. We will continue striving to obtain the understanding and cooperation of each workplace.



Hiroki Inui  
General Administration Dept.

Compliance

Security Control / Information Security

Needless to say, it is of great importance for companies to properly manage confidential information, in compliance with relevant legislation, including the Unfair Competition Prevention Act and the Act on the Protection of Personal Information. That importance is increasing with the rapid progress in information technology in recent years.

Under such circumstances, our company established the Confidentiality Management Regulations as part of our endeavors to properly manage the private information of our company, customers and suppliers. In response to the need of an information-oriented society, we plan to introduce smart devices in an appropriate manner, to ensure that we can swiftly carry out our work anytime and anywhere, giving top priority to the security of classified information. Our Privacy Policy is available on our website.

VOICE

To ensure security control, I consider it essential to develop individual employee awareness. If employees are not aware of what is confidential, they may leak confidential information without evil intention, resulting in tremendous damage to the company.

The Confidentiality Management Committee has formulated the rules that provide guidance for concrete confidential management, and works to make these rules known to all employees.

Tadashige Maegawa  
Manager  
General Administration Dept.



Information Security Policy

We regard our own information assets as one of our management resources. Through the protection and effective use of our information assets, we pursue healthy maintenance and development of our business.

Action Guidelines

- We establish information security regulations that clearly define the system and responsibilities to protect all the information assets we keep for our customers, our information assets as information resources, and personal data.
- We comply with laws, ordinances, and regulations regarding information security.
- We educate all executives and employees who handle information assets about the importance of information security, and about specific items to be observed.
- We continuously implement measures necessary to improve the management system and to protect our information assets, keeping pace with a rapidly-changing information society.
- If a problem with the information security system is predicted to occur due to unforeseen circumstances, we will promptly take action to prevent an accident associated with the problem. Should the accident occur, we will strive to minimize the damage and take preventive measures against reoccurrence.

Privacy Policy

<http://www.ngkntk.co.jp/english/privacy.html>

Protection and Effective Use of Intellectual Properties

To protect its existing and newly developed products, NGK SPARK PLUG CO., LTD. takes measures to actively acquire intellectual property rights and make effective use of them. We investigate and identify the intellectual property rights of third parties in all production processes, from early stages of development to mass production, to avoid the risk of infringing the intellectual property rights of third parties or violating laws and regulations. We will henceforth strengthen management of intellectual properties across the Group, as the basis for our continued evolution as a "manufacturing company".

Intellectual Property Training and the Incentive System

We hold level-specific training programs for engineers and technicians, to enable them to improve their knowledge regarding intellectual properties, accurately understand the value of inventions and acquire their rights. We also organize seminars on intellectual property rights strategies for managers, and invite outside lecturers. Moreover, a system was established to provide incentives or rewards for employee inventions, thereby enhancing their motivation for invention.



Intellectual Property Training

Anti-Counterfeit Measures

Counterfeits of some NGK SPARK PLUG Group products have been found. We require local regulatory agencies concerned to take appropriate action, not only because these counterfeits violate the intellectual property rights of our Group, but also because the use of low-quality counterfeit products may cause a malfunction or accident. We have also participated in activities led by industrial associations to eliminate counterfeits.



Spark plug package  
(Upper: counterfeit, lower: genuine product)

VOICE

Although intellectual property rights are not conspicuous under normal conditions, they play an important role behind the scenes; actually, intellectual property rights are essential for advantageously carrying out business activities. During in-house training programs on intellectual property rights, we impart to trainees the necessity of intellectual property rights for our business operations. We also explain to trainees that raising compliance awareness among engineers and technicians is an important element that determines whether we succeed or fail as a manufacturing company.

Kohei Abukawa  
Supervisor  
Intellectual Property Dept.

